

OGK-4

open joint-stock company
generation
company
four of the
wholesale market of
power and energy

ANNUAL REPORT 2005

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MESSAGE TO SHAREHOLDERS



Dear Shareholders!

Here, we sum up the results of the 2005 operations of Generation Company Four of the Wholesale Market of Power and Energy (OGK-4).

The past year was marked with the continuation of the Russian electricity sector reform process and the implementation of its phase 2, involving the interregional consolidation of new companies established in the process of reorganization and split-up of regional energy companies. One of the main goals of the given period was the establishment of large interregional energy companies, the main entities of the future electric power market.

The year of 2005 was also the time for the formation of OGK-4. The Company was registered in March 2005. Pursuant to the relevant resolution of the Government of the Russian Federation, OGK-4 will include five thermal power plants – Surgutskaya GRES-2, Berezovskaya GRES-1, Shaturskaya GRES-5, Smolenskaya GRES, and Yaivinskaya GRES. Before mid-2005, the new joint stock companies on the base of power plants were in the process of formation, as well as the management of the Company. The preparatory stage was implemented successfully. From September 1, 2005, OGK-4 started to act as a management organization of the sole executive body of all the five facilities. At the initial operational stage, this was one of the most important decisions of the shareholders of OGK-4 and the given thermal power plant companies, which enabled the Company's Management, upon the establishment of the new joint stock companies, to start the development and implementation of integrated management policy for all the AO-Power Plants to be taken over by OGK-4.

At the structural reformation stage, the OGK-4 Board of Directors ensured the observance of legitimate rights and interests of the Company's shareholders, their active participation in the decision-making process related to strategic and current issues of the Company's formation and development, the financial and economic situation with the assets under management,

the reliability of power equipment operation, and the fulfillment of obligations to consumers. The Board of Directors held more than ten meetings and reviewed 52 issues.

The Board of Directors paid close attention to issues related to the reformation of OGK-4 and the companies to be taken over. The decisions made ensured adherence to the approved schedule for the reorganization of the Company and the assets under management and laid the basis for successful completion of this process in the following year.

The Board of Directors approved common approaches within the Company to the major areas of activities ensuring stable operation of the power plants. Among other things, the Board adopted the regulation for technical policy and repair and procurement activity. The Company established the Reliability Committee, whose functions are to review and analyze investment programs, plans for repair and modernization of the power plants' main equipment, and their implementation. The Board decisions were instrumental in forming strategic plans for the Company's development for the following 10-15 years and preparing investment programs and projects related to reconstruction and modernization of the thermal power plants.

One of the main results of the Company's operations in 2005 was the entry of the thermal power plants managed by OGK-4 to the wholesale power market (WPM) and the commissioning, against a tight schedule, of automated electricity metering systems (AEMS). The timely completion of those tasks will enable the facilities managed by the Company to gain necessary operational experience in the free power trade sector and occupy a worthy place in operations of a full-fledged market.

The mobilization of efforts of the OGK-4 Management and the labor teams of the companies to be taken over make it possible to achieve high financial and economic results. The Company has a high growth potential, which should be used in the power market environment.

In the following year, the strategic goal of OGK-4 and its managed assets is to complete the process of reorganization through the takeover by OGK-4 and establish, in July 2006, a unified operation company. In addition, it is necessary to start the implementation of pilot investment projects related to reconstruction and construction and new equipment at the power plants. At the same time, our main objective is to ensure reliable operation of the managed assets and uninterrupted power supply to consumers.

I am positive that the activity of the OGK-4 Board of Directors in 2006 will make it possible to preserve the transparency of decisions on the most important issues related to the Company's operations on the whole and ensure active participation of all shareholders of the Company in the decision-making process.

I wish you all fruitful work and success!

**Yours sincerely,
Chairman of the OGK-4 Board of Directors
Yuri P. Makushin**



Dear Shareholders!

This is the 2005 Annual Report of OGK-4 summing up the results of the Company's operations in the past year.

The year of 2005 was a historical stage in the Russian electricity sector's restructuring process. In fact, this short period was marked with a changed energy map of Russia and new contours of the Russian power industry's structure. In this sector, 2005 was the year of establishment, formation, and initial development of new power companies. Today, it is safe to say that OGK-4 has managed to occupy a worthy place in this process and the Company's Management has done all it could to accomplish the tasks set by the shareholders.

From the second half of 2005, OGK-4 started its full-fledged management of five power plants and, notwithstanding all the challenges of the transition period, all the facilities under the Company's management operated in the past year without fail and timely accomplished their current and strategic tasks. In 2005, our Company supplied a total of about 49 billion kWh of electricity to consumers, which by 3 billion kWh exceeded the 2004 figure for all the power plants under management. Due to a set of organizational measures implemented – changing the fuel structure, reducing the expenditures, increasing the load and capacity factor for all the plants, especially Shaturskaya GRES-5 – the Company managed to significantly increase the efficiency of power generation. This enabled the Company to achieve high financial and economic indicators and attain the objective for efficiency. The Company's total net profit was about 1 billion rubles, which was about twice as much as the planned figure we hoped to achieve. Last year, we managed to considerably, by 32 million rubles, reduce the target losses for Smolenskaya GRES, which were formed as a result of economically unsound low electricity tariffs.

All the power plants timely carried out necessary repairs and were granted certificates of preparedness for operations in the

autumn-winter season. During the year, the Boards of Directors of all the assets under management approved uniform regulations for technical policy and repair operations. The Company established a Reliability Committee, that includes the managers of technical divisions of all the power plants.

In 2005, the power plants were prepared for operating in a market environment, which was one of the main objectives of the Company. From January 1, 2006, all the assets under management commissioned automated electricity metering systems, and the Company itself established a dispatcher service for those systems. From January 1, 2006, AO-Power Plants to be taken over became full-fledged entities of the wholesale electric power market.

Last year, OGK-4 developed the main guidelines for the Company's growth for the following decade. Drafting of the investment program for AO-Power Plants to be taken over by OGK-4 will soon be completed. The project related to the construction of new 400-MW power unit at Shaturskaya GRES-5 is being prepared for implementation. The main principle of the investment program is to develop in those areas where our capacities are in demand today. Basically all the AO-Power Plants managed by the Company are located in areas marked with high economical growth rates, growing power consumption, and a potential for development. Our objective is to prepare expert, economically feasible, and effective projects.

In the forthcoming year we will encounter equally strenuous work and responsible tasks. The completion of the Company's reorganization through the takeover by OGK-4 of the power plants under management is scheduled for July 2006. We hope that the potential of OGK-4 will be estimated at its true worth by the investor community – the price of OGK-4 shares will substantially increase in the market and correspond to its real market value. Our task is to become a leader in this matter.

The implementation of these plans will enable OGK-4 to occupy a worthy place in electricity market in the future, continue its development, and carry out the main mission of power generation company – provide consumers with heat and electricity. For its part, the Company Management will apply best efforts for OGK-4 to achieve new positive results in 2006, as a unified company by that time.

Yours sincerely,
Director General of OGK-4
Andrey V. Kitashev

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GENERAL INFORMATION



OGK-4

GENERAL INFORMATION

Generation Company Four of the Wholesale Market of Power and Energy (hereinafter, «OGK-4» or the «Company») was incorporated on March 4, 2005.

Director General of OGK-4: Andrey Kitashev.

Authorized capital: 8,210,830,760 rubles.

Legal address: Russian Federation, Tyumen Region, Khanty-Mansiysk Autonomous District, Surgut, Surgutskaya GRES-2.

Address of the Moscow Representative Office: 40, bld.4, Bolshaya Ordynka Str., Moscow, 119017, Russia.

The subsidiary of OGK-4 is BGRES-1 OJSC.

Core activity: exercise of powers of executive bodies at joint-stock companies and other business companies (before the takeover of GRESes by OGK-4); generation and sale of electric and heat power (after the takeover of GRESes by OGK-4).

The total number of employees working for OGK-4 and GRESes to be taken over by the Company is about 6,000.

BRIEF HISTORICAL BACKGROUND OF THE COMPANY

September 1, 2003

The Government of the Russian Federation issued Decree №1254-r «On the Establishment of Generation Companies of the Wholesale Market of Electric Power», pursuant to which the composition of generating facilities (AO-Power Plants) to be included in OGKs was determined.

Pursuant to this document, OGK-4 will include the following power plants:

- Surgutskaya GRES-2;
- Berezovskaya GRES-1;
- Shaturskaya GRES-5;
- Smolenskaya GRES;
- Yaivinskaya GRES.

September 26, 2003

The Board of Directors of RAO UES of Russia (Minutes № 150) approved the «basic» scenario for the OGKs establishment.

November 26, 2004

The Board of Directors of RAO UES of Russia (Minutes № 181) approved the participation of RAO UES of Russia in OGK-4.

March 2, 2005

By Decree of the RAO UESR Management Board № 34r, OGK-4 was established.

March 4, 2005

Incorporation of OGK-4 in Surgut, Khanty-Mansiysk Autonomous District.

May 3, 2005

The Federal Financial Markets Service registered the Decision Relating to the Issue of Registered Ordinary Shares and the Report on the Results of the Issue of Registered Ordinary Shares in OGK-4.

May 27, 2005

The Board of Directors of RAO UES of Russia (Minutes № 196) approved the transitional operational model for OGK-4, which provided for the transfer to OGK-4 of powers of the sole executive body of AO-Power Plants to be included in OGK-4.

September 1, 2005

OGK-4 started to exercise the rights and perform the functions of the sole executive body (Director General) of BGRES-1 OJSC, Smolenskaya GRES OJSC, Surgutskaya GRES-2 OJSC, Shaturskaya GRES-5 OJSC, and Yaivinskaya GRES OJSC (hereinafter, «the facilities under management», «the assets to be taken over», «the assets under management», «GRESes», «AO-Power Plants», Berezovskaya GRES-1, Smolenskaya GRES, Surgutskaya GRES-2, Shaturskaya GRES-5, and Yaivinskaya GRES).

December 23, 2005

The General Meeting of Shareholders of OGK-4 (Board of Directors of RAO UES of Russia) approved the reorganization of the Company through the takeover by OGK-4 of BGRES-1, Smolenskaya GRES, Surgutskaya GRES-2, Shaturskaya GRES-5, and Yaivinskaya GRES, and determined the coefficients for conversion of the shares in AO-Power Plants to be taken over by the OGK-4 for the additional ordinary shares in OGK-4.

GENERAL INFORMATION ABOUT THE ASSETS UNDER MANAGEMENT

In 2005, the total installed capacity of the AO-Power Plants managed by OGK-4 was 8,570 MW (from January 1, 2006 : 8,630 MW) and the annual electric power output was 48,982 MM kWh.



Main Production and Technical Characteristics and 2005 Performance Results of AO-Power Plants Managed by OGK-4

Description of GRES	Years of Com- missioning	Installed Capacity, MW (% of OGK-4)	Load Factor N inst., %	Electric Power Output, MM kWh, %	Heat Energy Output, thsd Gcal	Staff on Payroll	Net Profit, MM rubles	Revenues, MM rubles
Surgutskaya GRES-2	1985–1988	4,800 (56 %)	76.0	31,936 (66 %)	902.05	556	243.2	5,428.3
Berezovskaya GRES-1	1987–1989	1,440* (17 %)	52.9	6,675 (14 %)	781.29	1,757	432.9	3,072.5
Shaturskaya GRES-5	1971–1982	1,100 (13 %)	47.5	4,581 (9 %)	489.29	1,718	268.1	3,384.4
Smolenskaya GRES	1978–1979	630 (7 %)	38.8	2,139 (4 %)	71.0	635	- 84.8	1,056.9
Yaivinskaya GRES	1963–1965	600 (7 %)	69.5	3,651 (7 %)	98.94	481	128.0	1,604.8
Total for GRESes in 2005		8,570 (100 %)	65.2	48,982 (100%)	2,355.25	5,147	987.4	14,546.9

* from January 1, 2006 – 1,500 MW

TARGETS, OBJECTIVES AND MISSION

The main mission of OGK-4 is to form on the base of the AO-Power Plants to be taken over by the Company an efficient company that would be attractive as an investment and rely on the implementation of advanced production and management technologies to ensure reliable and profitable operation of the GRESes and be instrumental in profit earning by the shareholders and increasing the Company's capitalization.

The priority targets of the OGK-4 Management are as follows:

- to enhance the Company's attraction as an investment tool and increase the value of its shares;
- to implement a long-term (until 2013) investment program for the assets under management;
- to ensure reliable equipment operation and uninterrupted supply of electricity to consumers.

These targets cannot be reached without attaining a set of objectives.

The key objectives of the current phase are as follows:

- to complete the process of reorganization and formation of OGK-4 as a unified operating Company;

- to observe legitimate rights of all minority shareholders in the course of corporate changes in the OGK-4 formation process;
- to enhance the level of equipment handling and decrease accidental risks;
- to improve the corporate governance system and implement advanced standards of leading Russian and foreign companies;
- to enter the wholesale power (capacity) market as a large unified entity of the wholesale power market (WPM);
- to float the Company's securities on the stock exchanges;
- to maintain and develop the Company's positions in heat and electric power markets;
- to optimize the Company's cost structure;
- to improve professional skills of the Company's staff who are to work toward achieving the above targets and objectives.

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GEOGRAPHICAL LOCATION

From September 1, 2005, OGK-4 started to perform the functions of the sole executive body of five GRESes (Berezovskaya GRES-1, Smolenskaya GRES, Surgutskaya GRES-2, Shaturskaya GRES-5, and Yaivinskaya GRES) located in five regions of the Russian Federation (Moscow Region, Tyumen Region, Smolensk Region, Perm Territory, and Krasnoyarsk Territory) and four federal districts (Central District, Volga District, Ural District, and Siberia District). All the AO-Power Plants to be taken over by OGK-4 play an important role in the economic and industrial development of their respective areas and supply electric and heating energy to major industrial enterprises and housing and

utility sites. The Central Office of OGK-4 is located in Moscow.

Surgutskaya GRES-2 (installed capacity 4800 MW; year of commissioning: 1985) is located in Surgut, Khanty-Mansiysk Autonomous District, Tyumen Region, in close proximity to developed regions of the European part of Russia (especially, the Ural District). Surgutskaya GRES-2 is the largest thermal power plant in Eurasia. The main fuel used is associated gas.

The construction of this largest thermal power plant in the country was started due to a fast expansion of oil and gas production in the Middle Ob Region in the





1980s, which, in its turn, lead to a considerable increase in electricity consumption in the Tyumen Region. The main features determining the attraction of this region as an investment include availability of various natural resources, a high industrial potential, and political stability. The fast economic growth in recent years brought about a deficiency of generating capacities in this region, which favors further development of Surgutskaya GRES-2 and completion of the construction of 800 MW Power Unit # 7.

Berezovskaya GRES-1 (installed capacity: 1,440 MW (from January 1, 2006: 1,500 MW); year of commissioning:

1987) is located in Sharypovo, Krasnoyarsk Territory, 320 kilometers south-west of Krasnoyarsk. Berezovskaya GRES-1 is an urban enterprise of the town of Sharypovo. It is located on the territory of a deposit containing an inexhaustible supply of brown coal (Berezovsky-1 Coal Strip Mine of the Kansk-Achinsk Coal Basin, 14 kilometers away from the industrial site of the Power Plant). Berezovskaya GRES-1 supplies electricity to the Integrated Power Grid of Siberia and provides heat energy to population centers of the Krasnoyarsk Territory, playing a prominent role in the economic development of the entire area.



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Shaturskaya GRES-5 (installed capacity 1,100 MW; year of commissioning: 1920) is located in Shatura, Moscow Region. Before the reorganization of the Moscow Energy System (April 2005) it was part of Mosenergo. This is one of the first thermal power plant in Russia built according to the GOELRO (State Committee for Electrification of Russia) Plan and one of a few GRESes in the country that operate on five fuels: peat, two types of coal, oil fuel, gas.

The geographic location of Shaturskaya GRES-5 determines a considerable demand for the plant's further development. The fast economic and industrial development of the Moscow Region has led to an acute deficiency of generating capacities, which opens favorable avenues for the reconstruction and modernization of this GRES. Shaturskaya GRES-5 supplies electricity to the Moscow Region and ensures stable functioning and development of enterprises involved in light, machine-building, food and chemical, and nonferrous industries. The electric power generated by this plant accounts for about 10% of the total electricity consumption in Moscow and the Moscow Region.

Smolenskaya GRES (installed capacity 630 MW; year of commissioning: 1978) is located in Ozerny Settlement, Dukhovshchinsky District, Smolensk Region. The Region has gas pipelines, power transmission lines, railroads, and Smolensk NPP, which factors significantly affect the results of electricity generation and sales and further development of Smolenskaya GRES. Coal and peat had long been the main fuels for the plant. Since 1985 (when the construction of a gas pipeline for Smolenskaya GRES was completed), gas has accounted for about 80% in the plant's fuel mix. Coal, however, remains an important type of fuel for the GRES.

Yaivinskaya GRES (installed capacity 600 MW; year of commissioning: 1963) is located in Yaiva Settlement, Aleksandrovsk District, Perm Territory. Yaivinskaya GRES had an important role in the development of the Bereznikovsko-Solikamsky economic region of the Perm Territory, a location for large enterprises operating in chemical and nonferrous-metals industries. Today, the Perm Territory is one of Russia's most developed industrial area. Its powerful research and production potential, significant natural reserve, and concentration of various industrial productions determine the region's dynamic development and attraction as an investment. The favorable geographic location of Yaivinskaya GRES affords grounds to believe that in the future the Plant will continue to play a key role

in supplying electric and heat energy to the largest production centers of the northern part of the Perm Territory.

COMPETITIVE ENVIRONMENT OF THE COMPANY

The electric power generated by the power plants to be taken over by OGK-4 is sold in the wholesale power market.

Smolenskaya GRES, Surgutskaya GRES-2, Shatur-skaya GRES-5, and Yaivinskaya GRES are included in the first price zone (European part of Russia and the Ural Region).

Berezhovskaya GRES-1 is part of the second price zone (Siberia) of the wholesale power market.

Within each price zone, the wholesale market comprises three trade sections:

- ✱ the regulated sector;
- ✱ the free trade sector;
- ✱ the deviation sector (balancing market).

The regulated sector is the part of the wholesale power market where electricity is traded at prices approved by the Federal Tariff Service.

In the free trade sector and the balancing sector, the volume of supply and prices are formed by trade participants themselves (sellers and buyers, according to classical principles of market (competitive) price determination), not by regulators, by balancing demand and supply. In the WPM, due to its market mechanisms, the most efficient suppliers have their electricity sales increased considerably.

At present, the anticipated demand for electricity supplied in the European part of Russia is limited to an annual increase of 2-3%. In this connection, the increase in consumption for the following developed economic regions is forecasted to be higher than average estimations: the Moscow Region and the Tyumen Region, the Perm Territory and the Krasnoyarsk Territory, where, inter alia, the AO-Power Plants managed by OGK-4 are located. These areas are the largest power consumer constituents of the Russian Federation with developed power grid infrastructures.

Wholesale Generation Companies (OGKs), established on the base of thermal generation, and Territorial Generation Companies (TGCs) are part of the competitive power market sector, where they will compete with one another. The comparison characteristics of the technical and economic indicators of the GRESes to be taken over by OGK-4 allows us to make optimistic forecasts regarding competitive positions of power companies in the market and their development prospects.

Surgutskaya GRES-2 is the largest thermal power plant not only among those managed by OGK-4 but also in Russia. This is one of Russia's most cost effective gas-fired power plants that has an indubitable competitive edge in the wholesale power market. The steady growth of power consumption in this area in recent years will guarantee a stable load for the Plant, while the redistribution of supply throughout the WPM and the increase in the Plant's power sales in the competitive sectors will make it possible for Surgutskaya GRES-2 to significantly increase its profitability.

Berezhovskaya GRES-1 has the lowest tariffs as compared with the federal GRESes of the second price zone. This is one of the most cost effective coal-fired power plants in this country. In 2005, Berezhovskaya GRES-1 had maximum possible sales in the free trade sector of the wholesale power market. In low water seasons with high power consumption in Siberia, Berezhovskaya GRES-1 has a high facilities load. To increase the Plant's load, bilateral agreements with consumers were entered into in 2005. The power undersupply risks are, as a rule, due to availability of cheap above-plan hydro generation in this area (especially, in the flood period).

The competitiveness of **Shatur-skaya GRES-5** largely depends on generation facilities or fuel (gas, coal, oil fuel, or milled peat) used for power generation. The use of peat and coal for power generation is not competitive in the WPM due to high costs of equivalent fuel in relation to generating sources operating on gas or nuclear fuel. On the other hand, Shatur-skaya GRES has quite acceptable cost indicators at its gas-fired power units and is very promising in terms of using existing sites for the commissioning of new facilities (gas turbine units). It is also noteworthy that the power deficiency increasing from year to year in the Moscow Region has a strong effect on the growth of the Plant's indicators with regard to its capacity utilization (in peak hours, loads can reach 1,080 MW).

The price for electricity generated by **Smolenskaya GRES** in the wholesale market in 2005 was close to the electricity prices of deficient entities of the WPM. In addition, with the GRES's significant power reserve (capacity factor: about 40%) one can count on additional revenues in the balancing market and capacity market.

The technical and economic indicators of **Yaivinskaya GRES** also have competitive advantages on the wholesale power market. In 2005, Yaivinskaya GRES had maximum possible sales in the free trade sector of the wholesale power market in accordance with the effective Rules for the Wholesale Power (Capacity) Market. With its low in-

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dicators regarding the fuel factor, Yaivinskaya GRES has all reasons to continue its minimum power sales history in the competitive sectors of the wholesale market.

The Company intends to continually monitor the market trends and use all opportunities for reducing power generation costs to retain the competitive advantages of its power plants.

On the whole, the situation in the power market is quite favorable for OGK-4 in all sectors; the demand for the Company's electricity is characterized by a steady growth. In the following years, it is not expected that there would be any considerable decrease in the demand for electricity on account of commissioning of new facilities by large local power consumers or implementation of energy-saving technologies, so a stable growth of electricity generation and sales is forecasted for the Company on the whole.

RISK FACTORS

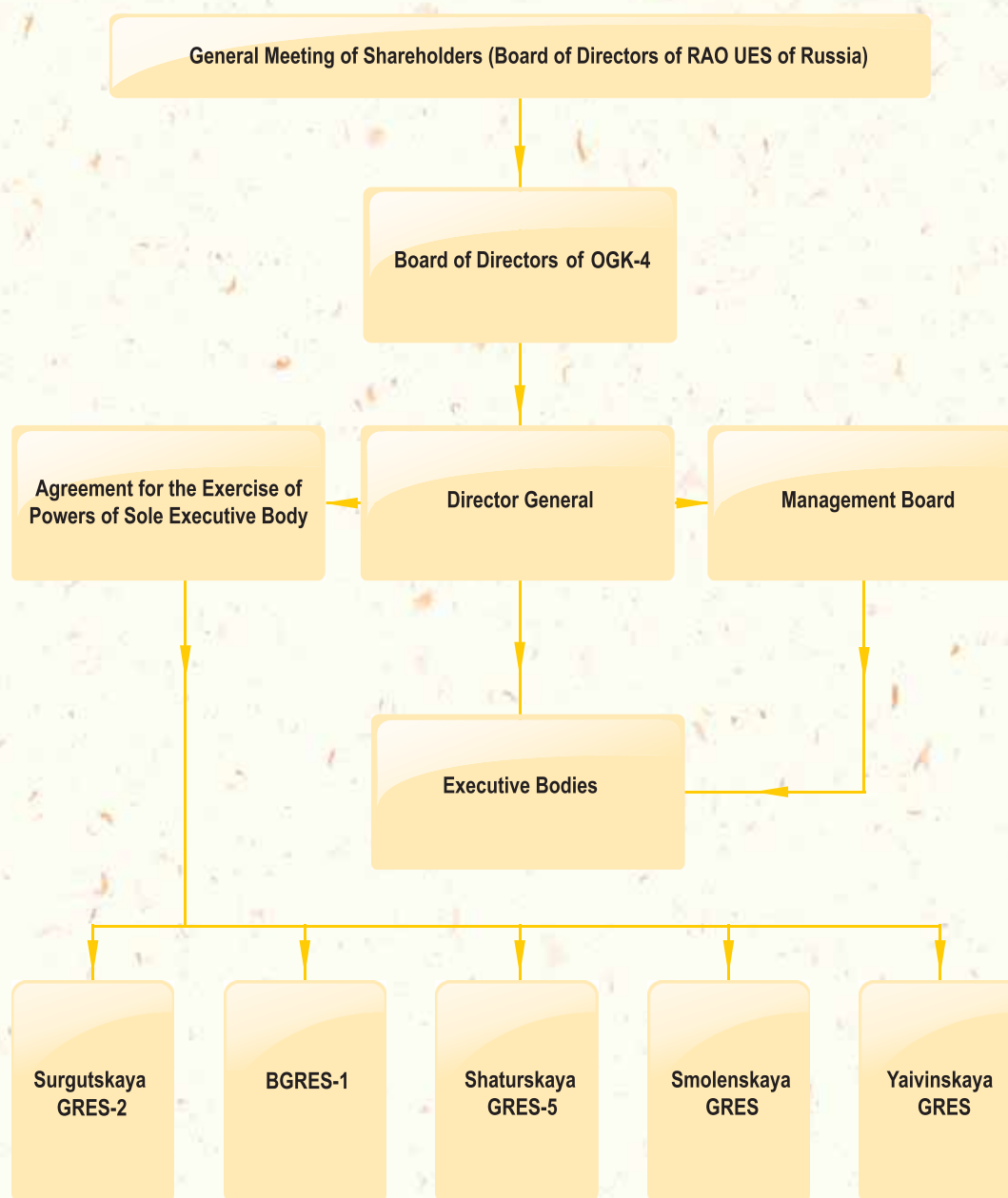
There are two groups of risk factors that may considerably affect the activity of OGK-4: risks that can be controlled by the Company and those that cannot. The latter are key factors that determine the development strategy of OGK-4. The factors that are beyond the control of the Company's Management include: decisions of governmental authorities, change of ownership, and sectoral system solutions.

The risks that are beyond the Company's control and have the greatest effect on the Company's financial standing are related to tariff regulation.

The most significant risk of this category is the cost imbalance in the WPM, which arises from the unbalance of electricity tariffs for suppliers and consumers set by regulators. The cost imbalance leads to insufficient payments for electricity supplied by power plants and requires countervailing measures. This problem within the sector is solved by the adoption of new Rules for the Wholesale Power (Capacity) Market, which will contribute to the Company's financial stability.

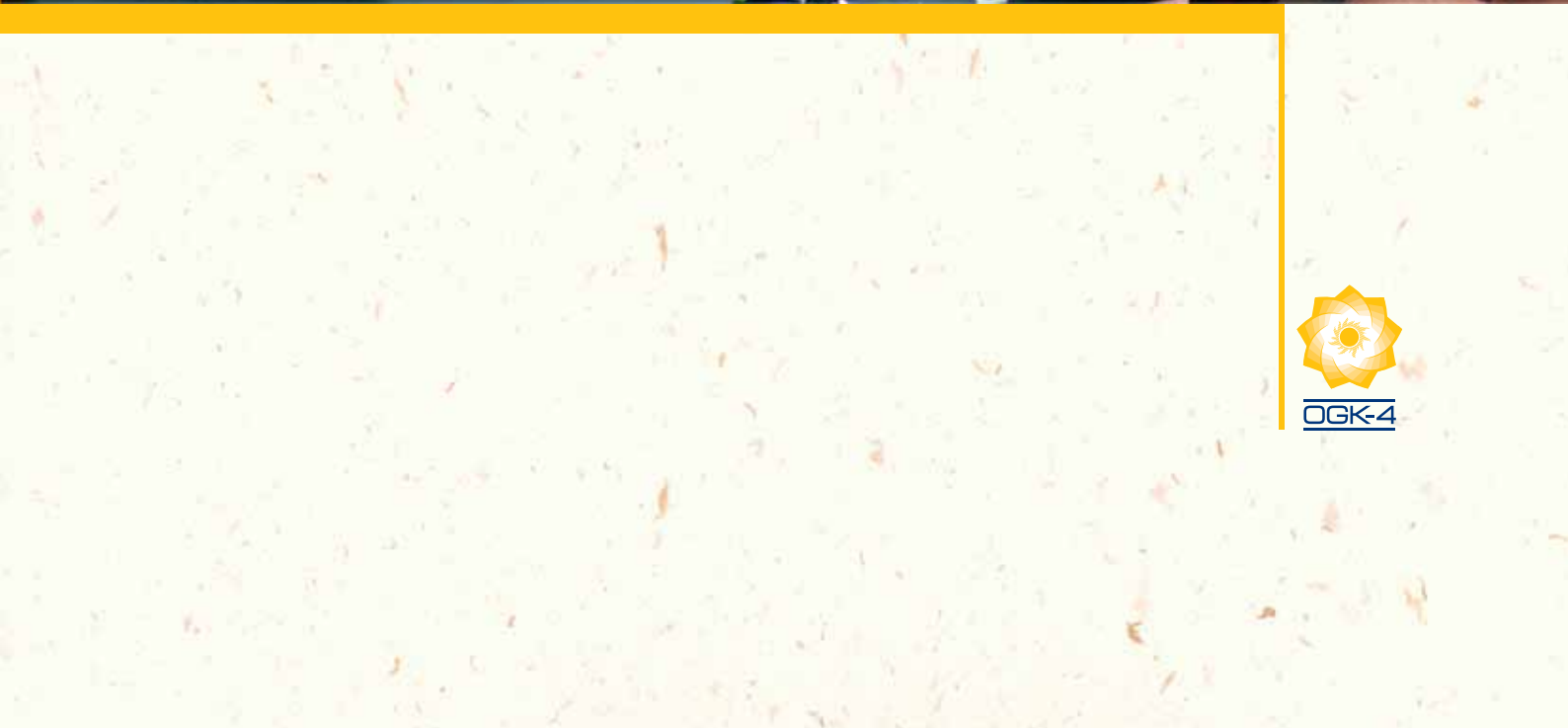
Financial, investment, sales, corporate, and fuel risks belong to the category of controllable risks. The management of such risks is part of the Company's current economic activities and does not particularly affect its development strategy. The OGK-4 Management monitors changes in risk factors on a regular basis and takes measures to minimize the risks that impede the Company's stable operation.

Structure of OGK-4





CORPORATE GOVERNANCE





CORPORATE GOVERNANCE PRINCIPLES

At present, effective corporate governance is becoming a determinant factor for successful performance of any organization and, eventually, determines any organization's reputation and attraction as an investment.

The key targets of the Company's corporate governance are as follows:

- ✱ to enhance efficiency of the Company's shareholders' control over the activity of the Company's Management;
- ✱ to strengthen potential investors' confidence in the Company's investment attraction mechanisms;
- ✱ to increase the Company's capitalization.

The organization of the corporate governance system of OGK-4 has several specific features. First of all, the Company has a sole shareholder (RAO UES of Russia) that owns 100% of shares in the Company. Secondly, the Company performs the functions of the sole executive body of five thermal power plants: Surgutskaya GRES-2, BGRES-1, Shaturskaya GRES-5, Yaivinskaya GRES, and Smolenskaya GRES.

The Company's corporate governance system is fully based on the Corporate Governance Code approved at the meeting of the Russian Federation government of November 28, 2001, (Minutes No. 49) and recommended for application by Decree No. 421/r of April 4, 2002, «On Recommendations for the Application of the Corporate Governance Code» of the Federal Commission for the Securities Market of the Russian Federation.

Recognizing the responsibility and importance of corporate governance for the Company's successful business activity and for the achievement of mutual understanding between all the parties interested in the Company's activity, OGK-4 considers it necessary to adhere to the following corporate governance principles:

- ✱ to protect the rights of the Company's shareholders by preliminary management and settlement of arising conflicts of interest;
- ✱ to ensure equal attitude toward all groups of the Company's shareholders, including minority and foreign shareholders, and provide each one of them equally effective protection if their rights are violated;
- ✱ to secure the shareholders' right for obtaining information about the Company's activity, including the right to familiarize oneself with corporate documents (The Articles of Association of the Company, internal documents, annual reports, documents related to financial accounting and reporting, etc.);
- ✱ to timely disclose information about the Company, inc-

luding its financial status, economic indicators, ownership and management structures;

- ✱ to ensure effective control over the Company's financial and economic activity;
- ✱ to ensure the observance of legal rights of the Company's employees, develop partner relations between the Company and its personnel in the settlement of social issues and regulation of labor conditions;
- ✱ to ensure that the Corporate Governance adheres to the requirements of Russian laws while performing their obligations and invariably does so in the interests of the Company and all its shareholders;
- ✱ to observe the interests of the Company and its shareholders while concluding transactions for the purpose of earning profits and increasing the value of the Company's assets.

Basic Documents Regulating OGK-4 Activity

- ✱ The Articles of Association
- ✱ The Regulations for the Procedure for Convening and Holding Meetings of the Board of Directors
- ✱ The Regulations for the Management Board of the Open Joint-Stock Company
- ✱ The Regulations for the Internal Audit Commission
- ✱ The Procedure for the Interaction of OGK-4 with the Organizations in which the Company Participates
- ✱ The Regulations for Insider Information
- ✱ The Standards for Organizing the Activity of the OGK-4 Representatives in the Management Bodies of the Company's Subsidiaries and Affiliates
- ✱ The Standards for Forming Management Bodies and Internal Auditor Bodies of the Company's Subsidiaries and Affiliates
- ✱ The Regulations for the OGK-4 Insurance Coverage
- ✱ The Regulations for the OGK-4 Loan Policy

To enhance the Company's corporate governance level, it is planned for 2006 to further formalize the corporate governance process to reduce time and financial expenses regarding following corporate procedures, rationalize and simplify specialists' work, ensure that corporate decisions are made on a timely basis, etc.

In 2006, the GRESes will cease to exist as independent corporate entities and become subsidiaries of OGK-4. Therefore, the measures to improve the Company's corporate governance will also be taken to develop and ap-

prove internal documents related to the functioning of the GRESes as subsidiaries of OGK-4: the Regulations for the Subsidiary, the Letter of Attorney of the Subsidiary's Director, etc.

INFORMATION ABOUT ADHERENCE TO THE FCSM CORPORATE GOVERNANCE CODE

In 2005, the Management of OGK-4 took a set measures aimed to protect the rights of shareholders and investors at the GRESes managed by the Company.

The protection of the shareholders' and investors' rights is carried out along the following lines:

- the protection of the shareholders' share ownership right from any violations is carried out by means of registering the right and keeping and storing the Shareholder Register by the professional participants of the securities market Moscow Central Depository (OGK-4, BGRES-1, Smolenskaya GRES, Surgutskaya GRES, Yaivinskaya GRES) and ZAO Reyestr-Servis (Shaturskaya GRES-5), which have appropriate facilities, control system, and an unblemished reputation;

- the regular and timely provision of the shareholders of the GRESs and OGK-4 with relevant information is carried out by means of formalizing and disclosing financial statements in accordance with the requirements of Russian laws;
- in addition to the mandatory information disclosed by the Company and GRESes in accordance with the Federal Law "On Joint-Stock Companies", the Federal Law "On the Securities Market", and regulations of the Federal Financial Markets Service of the Russian Federation, the Company has developed a system for disclosing additional information. To ensure information openness, the Company has its official website (www.ogk-4.ru);
- the Company has a Public Relations Department, which organizes the publication of the corporate newspaper Megawatt, releases video materials, radio news, booklets, and prepares stories about the Company's activity to be published in local, territorial, and federal mass media;
- the Company has a Department for Shareholder and Investor Relations.

Information About Adherence to the Corporate Governance Code

Regulation of the Corporate Governance Code	Observed/ Not Observed	Note
General Meeting of Shareholders		
1 Notice of the General Meeting of Shareholders shall be given not later than 30 days prior to the date of its Meeting regardless of the issues on its Agenda, unless otherwise provided by the applicable law	Observed	As per paragraph 11.5 of the Articles of Association of the Company
2 The Shareholders shall be enabled to familiarize themselves with the list of persons authorized to participate in the General Meeting of Shareholders, from the date of the notice related to holding the General Meeting of Shareholders to the date of closing the General Meeting of Shareholders with voting in presence, and to the last date for submitting voting ballots in the event of the General Meeting of Shareholders with absentee voting	Observed	As per Article 51 of the Federal Law «On Joint-Stock Companies», the list of persons authorized to participate in the General Meeting of Shareholders shall be presented by the Company for familiarization upon request of the persons included in this list and owning at least 1 percent of votes
3 The Shareholders shall have an opportunity to familiarize themselves with the information (materials) to be submitted when preparing for the General Meeting of Shareholders, by electronic telecommunications means, including the Internet	Observed	As per paragraph 11.7 of the Articles of Association of the Company



4	The Shareholders shall have an opportunity to propose agenda items at the General Meeting of Shareholders, or call for the General Meeting of Shareholders without submitting an extract from the Shareholder Register, if his/her share rights are recorded in accordance with the Shareholder Register's maintenance procedure; in the event that his/her share rights are recorded to the custody account, a statement of the custody account shall be sufficient for the above rights to be exercised	Observed	As per Article 13 of the Articles of Association of the Company
5	The Articles of Association or internal documents of the Company shall specify the requirement that the Director General, members of the Management Board, members of the Auditing Commission and the External Auditor attend the General Meeting of Shareholders on a mandatory basis	Partially observed	As per paragraph 2, Article 67 of the Federal Law "On Joint-Stock Companies" and paragraph 10.10 of the Articles of Association of the Company
6	The candidates shall be required to attend the General Meeting of Shareholders when the agenda includes items on electing members of the Board of Directors, Director General, members of the Management Board, members of the Auditing Commission, and approval of the External Auditor	Not observed	The Articles of Association and the internal documents of the Company do not contain such requirements
7	The internal documents of the Company shall provide for the registration procedure for the participants of the General Meeting of Shareholders	Observed	As per paragraph 11.10 of the Articles of Association of the Company, paragraph 3.1 of the «Regulations for Procedure of Holding the General Meeting of Shareholders» of OGK-4
Board of Directors			
8	The Articles of Association shall specify the powers of the Board of Directors to approve the annual financial and business plan of the Company	Observed	As per paragraph 15.1 of the Articles of Association of the Company
9	The Board of Directors of the Company shall approve risk management procedures	Not observed	
10	The Articles of Association shall provide the right for the Board of Directors to suspend the powers of the Director General, who is appointed by the General Meeting of Shareholders	Observed	The Director General is appointed by the Board of Directors. The Board of Directors is entitled to suspend the powers of the managing organization
11	The Articles of Association shall provide the right for the Board of Directors to set requirements for the qualification and amount of remuneration of the Director General, members of the Management Board, heads of the major divisions of the Company	Partially observed	As per Article 20 of the Articles of Association of the Company, the Board of Directors is entitled to approve the provisions of the employment contract with the Director General and the members of the Management Board
12	The Articles of Association of the Company shall provide the right for the Board of Directors to approve the terms of the agreements with the Director General and the Board of Directors	Observed	Article 20 of the Articles of Association of the Company
13	The Articles of Association or internal documents of the Company shall require when approving the terms of employment contracts with the Director General (managing organization, manager) and the members of the Management Board, the votes of the Board of	Not observed	

	Directors, who are Director General and members of the Management Board are not counted		
14	The Board of Directors shall include at least three independent directors who act in compliance with the Regulation of the Corporate Governance Code	Observed	
15	The Board of Directors of the Company shall not have persons who were found guilty of economic crimes, crimes against the government, public bodies or bodies of local self-government or the persons who have a record of administrative offences in the areas of entrepreneurial operations, finance, taxes and duties, and securities market	Observed	
16	The Board of Directors of the Company shall not include persons who may be members, director general (manager), members of the management board or employees of a corporate entity that may compete with the Company	Observed	
17	The Articles of Association of the Company shall require that the Board of Directors be elected by means of cumulative voting	Observed	Paragraph 10.8 of the Articles of Association of the Company
18	The internal documents of the Company shall include responsibilities of the members of the Board of Directors to refrain from any actions that may lead or may implicitly lead to any conflict of their interests with the Company's interests; and in the event of emergence of such conflict, shall be liable to disclose the information on such conflict to the Board of Directors	Partially observed	Paragraph 15.3 of the Articles of Association of the Company, paragraph 3.5 of the "Regulations for Procedure of Holding the General Meeting of Shareholders" of OGK-4
19	The internal documents of the Company shall specify the responsibility for the members of the Board of Directors to notify the Board of Directors in writing of their intention to enter into any transactions with securities of the Company, which Board of Directors' members they are or its affiliates (dependent) companies; as well as to disclose information on any transactions entered into by them with such securities	Observed	In accordance with section 4 of the "Regulations for Inside Information" of OGK-4
20	The internal documents of the Company shall require that the Meeting of the Board of Directors be held at least once in six weeks' time	Not observed	
21	The meetings of the Board of Directors of the Company shall be held during the year; and the annual report of the Company shall be made with intervals at least once in six weeks' time	Observed	Over a period of 04.03.2005 to 31.12.2005, ten meetings of the Board of Directors have been held.
22	The internal documents of the Company shall include the procedure of holding meetings of the Board of Directors	Observed	Article 7 of the «Regulations for Procedure of Convening and Holding the General Meeting of the Board of Directors» of OGK-4
23	The internal documents of the Company shall set forth the provision that the Board of Directors approves the transactions entered into by the Company in the amount equal to and in excess of, 10% of the total value of the Company's assets except for the trans-	Observed	Subparagraph 37, paragraph 15.1 of the Articles of Association of the Company



	actions made in connection with its routine business operations		
24	The internal documents of the Company shall entitle the members of the Board of Directors to receive from the executive bodies and heads of the major divisions of the Company any information requisite for the performance of their functions and shall specify their liabilities for failure to present such information	Observed	Article 3 "Regulations for Procedure of Convening and Holding the General Meeting of the Board of Directors" of OGK-4
25	The Board of Directors shall establish the Committee for Strategic Planning or assign the functions of such committee to another committee (except for the Audit Committee and the Human Resources and Remuneration Committee)	Not observed	
26	The Board of Directors shall establish the Audit Committee that recommends the External Auditor to the Board of Directors and cooperates with him/her and the Auditing Commission of the Company	Not observed	
27	The Audit Committee shall consist of only independent and non-executive directors	Not observed	The Company does not have the Audit Committee under the Board of Directors
28	The management of the Committee for Internal Audit shall be carried out by an independent director	Not observed	The Company does not have the Audit Committee under the Board of Directors
29	The internal documents of the Company shall set forth the access for all the members of the Audit Committee to any documents and information of the Company provided their confidentiality is preserved	Not observed	The Company does not have the Audit Committee under the Board of Directors
30	The Board of Directors shall form the Human Resources and Remuneration Committee, which function is to determine criteria for selection of nominees to the members of the Board of Directors and to determine the Company's remuneration policy	Not observed	
31	An independent director shall manage the Human Resources and Remuneration Committee	Not observed	The Company does not have the Human Resources and Remuneration Committee under the Board of Directors
32	The Human Resources and Remuneration Committee of the Company shall not include officers of the Company	Not observed	The Company does not have the Human Resources and Remuneration Committee under the Board of Directors
33	The Board of Directors shall form the Risk Management Committee or assign its functions to another committee (except for the Audit Committee and the Human Resources and Remuneration Committee.)	Not observed	
34	The Board of Directors shall form the Corporate Conflicts Resolution Committee or assign its functions to another committee (except for the Audit Committee and the Human Resources and Remuneration Committee.)	Not observed	
35	The Corporate Conflicts Resolution Committee shall not include officers of the Company	Not observed	

36	An independent director shall manage the Corporate Conflicts Resolution Committee	Not observed	
37	The internal documents of the Company approved by the Board of Directors that set forth the procedure of formation and activities of the Committees under the Board of Directors	Partially observed	The Board of Directors approved the "Regulations for the Committee for Reliability under the Board of Directors of the Company"
38	The Articles of Association of the Company shall specify the procedure how to determine a quorum of the Board of Directors that allows providing a mandatory participation of independent directors in the meetings of the Board of Directors	Not observed	

Executive Bodies

39	A collective executive body of the Company (the Board of Management) shall be established	Observed	
40	The Articles of Association or internal documents of the Company shall set forth the provisions that the Management Board of the Company approves transactions involving real estate and loans received by the Company, in the event that such transactions are not material transactions and their settlement is not related to the routine business operations of the Company	Partially observed	As per paragraph 21.2 of the Articles of Association of the Company
41	The internal documents of the Company shall specify the procedure how to coordinate the operations that are beyond the scope of the financial and economic plan of the Company	Observed	As per subparagraph 48, paragraph 15.1 of the Articles of Association of the Company, the Board of Directors has the competence «to preliminarily approve transactions that may involve obligations expressed in foreign currency (or obligations which value depends on rates of foreign currency)» Submission of this issue under consideration of the Board of Directors is made under the standard procedure established at the Company to propose issues to the Board of Directors
42	The executive bodies of the Company shall not employ persons in who may be members, director general (manager), member of management board or employees of a corporate entity that may compete with the Company	Observed	This recommendation is observed but the Articles of Association and internal documents of the Company do not contain the regulations that could set restrictions listed in the recommendation for persons, who are in the composition of the executive bodies of the Company
43	The executive bodies of the Company shall not employ persons who were found guilty of economic crimes, crimes against the government, public bodies or bodies of local self-government or the persons who have a record of administrative offences in the areas of entrepreneurial operations, finance, taxes and duties, and security market. If the functions of the sole execu-	Observed	The recommendation is observed, but the Articles of Association and internal documents of the Company do not contain the regulations that could set restrictions listed in the recommendation for persons, who are in the composition of the executive



	tive body are performed by a managing organization, manager, the Director General and the members of the management board of the managing organization or manager shall comply with the requirements set forth for the Director General and members of the management Board of the Company		bodies of the Company
44	The Articles of Association or internal documents of the Company shall contain the veto for a managing organization (manager) to perform similar functions in a competing company, and to have any property relations with the Company other than rendering services to a managing organization (manager)	N/A	The functions of the sole executive body of the Company have not been transferred to the managing organization (manager)
45	The internal documents of the Company shall set forth the responsibility for the executive bodies to refrain from any actions that will result or may implicitly lead to a conflict between their interests and the interests of the Company; and should any such conflict arise, they shall accordingly notify the Board of Directors	Not Observed	The internal documents of the Company do not contain the statement of such responsibilities. At the same time, as per the Articles of Association of the Company, (paragraph 20.11) the «Director General, members of the Management Board of the Company, the acting Director General of the Company as well as the managing organization (manager) when exercising his/her and discharging his/her duties shall act in the interests of the Company and exercise rights and perform duties towards the Company in good faith and reason»
46	The Articles of Association or internal documents of the Company shall contain the criteria for selection of a managing organization (manager)	Not observed	The functions of the sole executive body of the Company have not been transferred to the managing organization (manager)
47	The executive bodies of the Company shall submit monthly reports on their activities to the Board of Directors	Not observed	The reports on the Company's activities are submitted to the Board of Directors every three months
48	The employments contracts between the Company and the Director General (managing organization, manager) and the members of the Management Board Allocation shall specify responsibility for violation of provisions related to the use of confidential and inside information Secretary of the Company	Observed	In accordance with paragraph 3.1.5 of the «Regulations for the Management Board of OGK-4», «the members of the Board of Directors shall be liable to the Company for any losses incurred by the Company due to their wrongful acts (failure to act), unless any other grounds or extent of liability are specified in federal laws». In accordance with paragraph 4.7 of the «Regulations for Insider Information of OGK-4», «The officials of the Company and the members of the Board of Directors shall be liable for illegal use and dissemination of information of confidential nature pursuant to the applicable law»

Corporate Secretary		
49	The Company shall have a special officer (Secretary of the Company), whose objective should be to ensure that corporate bodies and officers of the Company comply with procedural requirements safeguarding the rights and interests of the Company's shareholders	Observed Article 4 "Regulations for Procedure of Convening and Holding Meetings of the Board of Directors of OGK-4"
50	The procedure for appointment (election) of the Secretary and his/her responsibilities shall be set forth in the Articles of Association or the internal documents of the Company	Observed Article 18 of the Company's Articles of Association and Article 4 of the "Regulations for Procedure of Convening and Holding Meetings of the Board of Directors of OGK-4"
51	The requirements for the nomination of the Secretary of the Company shall be set forth in the Articles of Association	Not observed The Articles of Association do not set forth such requirements
Major Corporate Actions		
52	The Articles of Association or the internal documents of the Company shall contain requirements that material transactions be approved prior to their consummation	Observed Paragraph 15.1 of the Articles of Association of the Company
53	An independent assessor shall be employed to determine the current market value of the property, which is the object of a material transaction	Observed Paragraph 15.1 of the Articles of Association of the Company
54	The Articles of Association of the Company shall have the veto to take any actions when purchasing (taking over) large percentage of shares of the Company aimed at protecting the interests of the executive bodies (members of such bodies) and members of the Board of Directors of the Company, and which may result in weakening the position of Shareholders compared to their current position (specifically, the Board of Directors shall have to refrain, pending the expiration of the shares acquisition period from making a decision to issue additional shares, securities convertible to shares or securities that entitle to purchase the Company's shares, even if such decision-making is authorized by the Articles of Association	Not observed The Articles of Association do not set forth such requirements
55	The Articles of Association of the Company shall have a requirement to employ the services of an independent assessor to determine the current market value of the Company's shares and how their market value may be affected by the take-over	Not observed
56	The Articles of Association shall not relieve the purchaser of the responsibility to offer the shareholders to sell their ordinary shares of the Company (issue-grade securities convertible into ordinary shares) at take-over	Observed
57	The Articles of Association shall contain the requirement to employ an independent assessor to determine the conversion ratio of shares at the reorganization	Not observed The Articles of Association or the internal documents do not set forth such requirements
Information Disclosure		
58	The Board of Directors shall approve the internal document that determines the Company's approach	Not observed At the present time, these Regulations are in its development stage



and rules towards disclosing information (Regulations for Information Policy)

59	The internal documents of the Company shall contain the requirements for disclosure of information with regard to the goals of shares' distribution, the persons purchasing new shares, including those who intend to purchase a large percentage of shares, including the information whether the high ranking officers of the Company may purchase new shares of the Company	Not observed	The Articles of Association or the internal documents do not set forth such requirements
60	The internal documents of the Company contain the list of information, documents and materials that the shareholders shall be provided with, to resolve the issues submitted to the General Meeting of Shareholders	Not observed	The list of information and materials shall be defined by the Board of Directors of the Company within the procedure of preparing the General Meeting of Shareholders
61	The Company shall have its own Website on the Internet and shall disclose information on a regular basis about the Company on such Website	Observed	www.ogk-4.ru
62	The internal documents of the Company shall contain requirements to disclose information about the Company's transactions entered into with the persons belonging to the high ranking officers of the Company as per the Articles of Association, including the information about the Company's transactions entered into with the organizations, where the Company's high ranking officers own 20 percent or more of the Authorized Capital of the Company, or the organizations that may be essentially influenced by such persons	Not observed	The internal documents of the Company do not set forth such requirement. As per requirements under paragraph 1.14 (subparagraph "a" and "d") of "Regulations for Information Disclosure by Issuers of Issue-Grade Securities", approved by Bylaw of the FCSM of Russia no.03-32/PS dated 02.07.2003, the Company shall disclose information on the transaction of interest if the money value of such transaction shall be 5 percent and more of the balance sheet assets of the Company determined by the accounting statements as of the deadline reporting date prior to the approval of such transaction by the authorized body of the Company
63	The internal documents of the Company shall contain requirements for disclosure of information on all the transactions that may affect the market value of the Company's shares	Not observed	The internal documents of the Company do not set forth such requirement. As per "Regulations for Information Disclosure by Issuers of Issue-Grade Securities", (paragraph 1.14 and paragraph 6.1), approved by Bylaw of the FCSM of Russia no.03-32/PS dated 02.07.2003, the Company shall disclose the information that affects the market value of its securities as well as the information in the form of messages containing the essential facts of the Company. In addition to those items, the Company shall

		disclose information, on a regular basis, on all essential transactions by means of distributing press-releases and through the Company's Website on the Internet
64	The Board of Directors shall approve an internal document regulating the use of essential information about the activities of the Company, shares and other securities of the Company, transactions entered into with them; the information which may not be made public and which disclosure may exercise essential influence on the market value of shares and other securities of the Company	Observed The Company applies the "Regulations for Insider Information" approved by the Board of Directors" on October 4, 2005
Supervision of Financial and Business Operations		
65	The Board of Directors shall provide the system of internal control procedures of financial and business operations of the Company	Not observed The procedure of internal control is developed in the Company at the present time
66	The Company shall create a special body to ensure observance of the internal control procedures (the Audit Commission)	Observed The Department for internal control and audit has been operating at the Company since December 2005
67	The internal documents of the Company approved by the Board of Directors shall provide requirements with regard to the structure and composition of the control and audit service of the Company	Not observed The Audit Commission of the Company shall be elected by the General Meeting of Shareholders of the Company, and the Head of Department for Internal Control and Audit shall be appointed by the Director General of the Company
68	The audit and control service shall not have persons who were found guilty of economic crimes, crimes against the government, public bodies or bodies of local self-government or the persons who have a record of administrative offences in the areas of entrepreneurial operations, finance, taxes and duties, and security market	Observed
69	The persons who participate in the executive bodies of the Company, or the persons who are its members, the general manager (manager), members of the governing bodies or officers of other legal entities competing with the Company shall not be employees of the audit and control service	Observed
70	The internal documents of the Company shall specify the date of presentation of documents and materials for evaluation of the financial and business operations and the responsibility of the officials and employees of the Company for failure to present same within the specified period	Partially observed The internal documents of the Company do not set forth such requirement
71	The internal documents of the Company shall specify responsibilities of the control and audit service to provide the Audit Committee with information on revealed violations; and in the event when it is absent, to present such information to the Board of Directors	Not observed The internal documents of the Company do not set forth such requirement
72	The Articles of Association of the Company shall set	Not observed The Articles of Association of the





	forth the requirement for preliminary evaluation by the control and audit service of the expediency to carry out operations falling outside the scope of the financial and business plan of the Company (non-standard operations)		Company do not set forth such requirement
73	The internal documents of the Company shall set forth the coordination procedure approved by the Board of Directors for carrying-out non-standard operations	Not observed	As per subparagraph 48, paragraph 15.1 of the Articles of Association of the Company, the Board of Directors has the competence «to preliminarily approve transactions that may involve obligations expressed in foreign currency (or obligations which value depends on rates of foreign currency)» Submission of this issue under consideration of the Board of Directors is made under the standard procedure established at the Company to propose issues to the Board of Directors
74	The Board of Directors shall approve the internal document that specifies the procedure of conducting audits of the financial and business activities of the Company by the Audit Commission	Observed	«The Regulation on the Audit Commission of OGK-4» (paragraph 7 «Procedure of Conducting Audits»)
75	The Audit Committee shall evaluate the audit report prior to its submission to the General Meeting of Shareholders	Not observed	The Audit Committee acting under the Board of Directors has not been established in the Company
Dividends			
76	The Board of Directors shall approve the internal document so as to govern its policy in deciding amount of dividends (the Regulation on Dividend Policy)	Not observed	The Board of Directors (Minutes no.13 dated 09.02.2006) approved the Guidelines on Dividend Policy of OGK-4
77	The Regulation on Dividend Policy shall provide procedures for determining the minimal portion of net profit of the Company directed towards the payment of dividends, and circumstances under which dividends are not paid or paid only partially on preference shares, with respect to which the amount of dividends is specified by the Articles of Association of the Company	Not observed	Observed in 2006. The recommendations pertaining to the payment of dividends on preference shares are not applicable to the Company due to absence of this class of shares in the Company
78	The information on the Company's dividend policy and all amendments to it shall be published in a periodical publication, authorized by the Articles of Association of the Company to announce the holding of the General Meeting Shareholders as well as allocation of such information on the Company's Website on the Internet	Not observed	The information on Guidelines of dividend policy of the Company (with their approval by the Board of Directors) was allocated on the Website on the Internet as well as by means of press-releases; thereby, this information was not published in periodical publications authorized by the Articles of Association of the Company

Guarantees for Shareholders and Investors

The principle of ensuring the rights and legitimate interests of shareholders, creditors, and investors in the process of restructuring the Russian electric power industry is stipulated in the Guidelines for the Reform of the Electric Power Industry of the Russian Federation approved by Russian Government Resolution No. 526 of July 11, 2001 («Reform Guidelines»).

In particular, the Reform Guidelines stipulate that in the course of restructuring of the electric power industry the following should be ensured:

- * reservation of shareholders' right of share ownership;
- * shareholders' right to participate in the discussion and decision-making process related to structural changes affecting their rights;
- * each shareholder's right to access the information related to structural changes affecting his/her rights;
- * adherence to the principle of retaining the shareholder equity structure and the size of each shareholder's equity stake in companies to be established in the restructuring process.

In full accordance with the last principle, the shareholder equity structure of the AO-Plants to be taken over by OGK-4 was preserved while splitting them off from AO-Energo companies. In the future procedure for establishing the structure of the authorized capital of OGK-4, the interests of shareholders will be observed by establishing pro-rata exchange of AO-plants shares for the shares of OGK-4.

The regulatory and legal framework of the industry takes into account the importance of attracting private investments and observation of shareholder rights. Accordingly, Article 29 of the Law "On the Electric Power Industry" stipulates the principles of the State's investment policy regarding the electric power industry, and specifically:

- * creation of a favorable investment climate;
- * creation of stable conditions for entrepreneurial activities;
- * ensuring the inviolability of private property and the freedom of movement of goods and services;
- * ensuring an economically justifiable rate of return on investments in those spheres of activity of entities of the electric power industry where the State price (tariff) adjustment is applied;
- * ensuring protection and support for the development of Russian manufacturers, and utilization of innovative investment attraction instruments;
- * ensuring economic incentives for the introduction of new high technologies in the electric power industry, and for development of the smaller and non-conventional electric power industry.

The investment activity is also encouraged by reducing certain limitations for private investments in the industry. For instance, the Law "On Specifics for Disposing of State-Held Shares of RAO UES of Russia and Other Joint Stock Companies of the Electric Power Industry" of May 7, 1998, became ineffective on January 1, 2005, pursuant to the Federal Law "On Specific Features of Functioning of Electric Power Industry During the Transitional Period". Therefore, the earlier limitations for the participation of foreign investors in the electric power industry were lifted, making it possible to attract direct foreign investments in the sector.

In order to ensure the rights and legitimate interests of the shareholders of OGK-4, the Board of Directors approved (on June 30, 2005) the Procedure for the Interaction of OGK-4 with the Organizations in Which the Company Participates. This Procedure stipulates how the Management of OGK-4 should approach issues related to the implementation of shareholder rights with regard to its subsidiaries and affiliates (S&A), with the purpose of ensuring the attraction of OGK-4 and S&A as an investment destination by guaranteeing their corporate transparency, equilibrium, and predictability of the corporate policy on the whole.

The unswerving observance of the rights and legitimate interests of shareholders and investors is one of the key principles for the formation of OGK-4 as an operating company.

Information about OGK-4 for all stakeholders is available at www.ogk-4.ru





GOVERNANCE BODIES

- ★ General Meeting of Shareholders
- ★ Board of Directors
- ★ Management Board
- ★ Director General

THE GENERAL MEETING OF SHAREHOLDERS

According to Article 10 of the Articles of Association of OGK-4, the General Meeting of Shareholders is the highest management body of the Company. The issues within the competence of the General Meeting of Shareholders are set forth in paragraph 10.2 of Article 10 of the Articles of Association of OGK-4.

Overview of Shareholder Meetings of 2005

OGK-4 is a wholly-owned subsidiary of RAO UES of Russia. The Board of Directors of RAO UES of Russia acts as the OGK-4 General Meeting.

In 2005 three General Meetings of Shareholders of OGK-4 were held.

July 1, 2005: approval of the restated Articles of Association of OGK-4.

July 29, 2005: approval of the Company's External Auditor, the Internal Audit Commission of the Company, and the Company's Internal Regulations regulating the work of the General Meetings of Shareholders, the Board of Directors, the Management Board, and the Internal Audit Commission of the Company.

December 23, 2005: approval of the decision to reorganize the Company through the takeover by OGK-4 of BGRES-1, Surgutskaya GRES-2, Smolenskaya GRES, Shaturskaya GRES-5, and Yaivinskaya GRES according to the terms and conditions provided for in the Agreement for the Takeover by OGK-4 of BGRES-1, Surgutskaya GRES-2, Smolenskaya GRES, Shaturskaya GRES-5, and Yaivinskaya GRES:

- ★ approval of the decision to increase the Company's authorized capital by the placement of additional shares (placement method: share conversion);
- ★ approval of coefficient for the share conversion;
- ★ amendment of the Articles of Association with regard to the number of authorized shares.

THE BOARD OF DIRECTORS

The procedures for the activity and meetings of the Board of Directors of OGK-4 are regulated by the Regulations for the Procedure for Convening and Holding Meetings of the Board of Directors of OGK-4.

According to these Regulations and the Articles of Association, the Board of Directors is responsible for:

- ★ the general management of the Company except for the issues falling within the competence of the General Meeting of Shareholders as provided for in the Federal Law "On Joint Stock Companies";
- ★ the control over the implementation of decisions made by the General Meeting of Shareholders and the observance of the shareholders' rights in accordance with the laws of the Russian Federation.

The issues falling within the competence of the Board of Directors are set forth in Article 15 of the Articles of Association of OGK-4. The full text of the Company's Articles of Association and the Regulations for the Procedure for Convening and Holding Meetings of the Board of Directors of OGK-4 is available at the Company's official website (www.ogk-4.ru)

The Board of Directors of OGK-4

According to paragraph 16.1 of the Articles of Association of the Company, the number of the members of the Board of Directors to be elected is 11 (eleven) persons.

The Board of Directors' members were elected by a decree of the Chairman of the Management Board of RAO UES of Russia upon the approval of the decision to establish the Company on March 2, 2005.

There were no changes in the Board of Directors of the Company in 2005.

Ten members of the Board of Directors of the Company have an independent director status according to paragraph 2.2.2 of the Corporate Governance Code recommended for application by the Federal Financial Markets Service recommended for application by the Federal Financial Markets Service of the Russian Federation (Decree No. 421/r of April 4, 2002).

Chairman of the Board of Directors OGK-4

Yury Makushin (born in 1959)

2004–present: Deputy Managing Director of RAO UESR Business Unit No. 2

2001–2004: Chief Financial Officer of Mid-Volga Inter-

regional Management Power Company

1999–2001: acting Deputy Director for Economy and Finance, Deputy Director for Economy and Finance of Samaraenergo

Members of the Board of Directors of OGK-4

Dmitry Burnashev (born in 1964)

2004–present: Head of the Business Planning Department of the RAO UESR Corporate Center

2002–2004: Head of the Department for Economy of the Holding Company and Subsidiaries of RAO UES of Russia

2001–2002: Deputy Head of the Department for Economy of the Holding Company and Subsidiaries of RAO UES of Russia

2000–2001: Deputy Director for Economy and Finance of Orelenergo

Andrey Vagner (born in 1957)

2004–present: Deputy Managing Director of RAO UESR Business Unit No. 2

2000 - 2004: Head of the Department for Power Plant of RAO UES of Russia

1998 – 2000: Executive Director – First Deputy Director General, First Deputy Director General of Kuzbassenergo

Aleksey Gan (born in 1966)

2005 – present: Director of the Department for Strategy of the Power Complex of SUEK (Siberian Coal Energy Company)

2004 – 2005: Director of the Department for Strategy of the Power Complex of ZAO SUEK Holding Company

2003-2004: Director of the Department for Strategy of the Power Complex of ZAO MC MDM Group

2002-2003: member of the Management Board, First Deputy Chairman of the Management Board for Competitive Market of ATS

1998–2002: Head of the Department for Non-Financial Assets Accounting, Head of the Department for Property and Rights Management, Deputy Head of the Department for Capital Management, First Deputy Head of the Department for Market Development of RAO UES of Russia

Andrey Kitashev (born in 1957)

2005 – present: Director General, Chairman of the Management Board, member Board of Directors OGK-4

2005-2005: Director General (as part-time official) of GRES-5, Yaivinskaya GRES, Smolenskaya GRES, BGRES-1, Surgutskaya GRES-2, member Board of Directors Surgutskaya GRES-2

2001-2005: Director General of Permenergo

2000-2001: Deputy Director General for Finance of Permenergo

1999–2000: Deputy Director General of the Representative Office of RAO UES of Russia for Volgaenergo

Aleksey Matviyenko (born in 1973)

2002 – present: analyst of the Department for Investment Projects of INTERROS Holding Company;

2000-2002: student of MBA at the London School of Business

Valery Nepsha (born in 1976)

2003 – present: Deputy Director General of the “Institute of Professional Directors” Foundation

2000-2003: Main Specialist of the Department for Corporate Policy of RAO UES of Russia

Vladimir Tyurenkov (born in 1963)

2000 – present: Managing Director for Investments in East European and CIS Countries of Hansberger Global Advisors

Dmitry Fedorchuk (born in 1980),
Deputy Chairman of the Board of Directors

2000 – present: Specialist of Category 1, Leading Specialist, Head of Department, Head of the Corporate Governance Department of RAO UESR Business Unit No. 2

1999–2000: Lawyer of Advocats B Judicial Office

Larisa Shiryayeva (born in 1967)

2004 – present: Head of the Market Department of the RAO UESR Reform Management Center

2000-2004: Consultant of OOO Karana



Dmitry Shtykov (born in 1976)

2003 – present: Director General of the “Institute of Professional Directors” Foundation

1999–2003: Leading Specialist, Main Specialist, acting Head of Department, Head of Department of RAO UES of Russia

Overview of Meetings of the Board of Directors of 2005

In 2005, the Board of Directors of the Company held 10 meetings.

At its meetings, the Board of Directors of the Company addressed the following issues:

- * Procurement activity of the Company;
- * Approval of the head of the Central Purchasing Authority;
- * Approval of the Regulation for Ensuring Insurance Coverage of the Company for the Period Ending January 1, 2008;
- * Approval of the Regulation for the Loan Policy of the Company;
- * Ensuring Information and Economic Security of the Company;
- * Approval of the Company's symbols;
- * Approval of changes in the operational structure of the Executive Bodies of OGK-4;
- * Reorganization of the Company through the takeover by the Company of BGRES-1, Yaivinskaya GRES, Smolenskaya GRES, Shaturskaya GRES-5 and Surgutskaya GRES-2;
- * Establishment of the Reliability Committee under the Board of Directors of OGK-4;
- * Approval of the Regulation for the Technological Policy of OGK-4;
- etc.

Decisions of the Board of Directors of the Company are available at www.ogk-4.ru

Information on Remuneration and Compensation for Members of the Board of Directors

According to the Regulations for Remuneration and Compensation for Members of the Board of Directors of OGK-4, remuneration for members of the Board of Directors for 2005 is determined as follows:

- * For his/her participation in a meeting of the Board of Directors (irrespective of the meeting form) a member of Board of Directors of the Company is paid a remuneration, which amount is equivalent to three minimum monthly wage rates of a worker of category 1 according to the Sectoral Tariff Agreement for the Electricity Complex of the Russian Federation (hereinafter, the Agreement) as of the day of the meeting of the Board of Directors of the Company, with the indexation accounted for as provided for in the Agreement, within seven calendar days after the meeting of the Board of Directors of the Company.

ration, which amount is equivalent to three minimum monthly wage rates of a worker of category 1 according to the Sectoral Tariff Agreement for the Electricity Complex of the Russian Federation (hereinafter, the Agreement) as of the day of the meeting of the Board of Directors of the Company, with the indexation accounted for as provided for in the Agreement, within seven calendar days after the meeting of the Board of Directors of the Company.

- * When the General Meeting of Shareholders of the Company approves a decision to pay dividends on ordinary shares of the Company based on the results of the fiscal year (or first quarter/six months/nine months), a member of the Board of Directors of the Company is paid a remuneration, which amount is calculated on the basis of the amount of dividends on ordinary shares announced by the Company and the number of meetings in which a member of the Board of Directors of the Company participated.

The total amount of remuneration and compensation paid to members of the Board of Directors of the Company in 2005 was 345,420.0 rubles.

The full text the Regulations for Remuneration and Compensation for Members of the Board of Directors of OGK-4 is available at www.ogk-4.ru

BOARD COMMITTEES

To ensure effective work of the Board of Directors of the Company with regard to solving issues related to evaluation of investment programs, power facility repair plans, control and assessment of activity of the Company's technical services, the Board of Directors of OGK-4 established the Reliability Committee under the Board of Directors of the Company on December 20, 2005.

According to the Decision of the Board of Directors (Minutes No. 10 of December 23, 2005) Reliability Committee comprises 6 (six) persons. By this Decision, specific 5 (five) members of Reliability Committee under the Board of Directors of the Company were approved:

- * Vladimir Lipanin, Chairman of the Committee under the Board of Directors of the Company, head of the Department for Analysis and Methodological Support for Production of RAO UES of Russia (Business Unit No. 2);
- * Vasily Belyi, Deputy Director General for Production of OGK-4;
- * Yevgeny Gorev, Head of the Directorate for Production of OGK-4;
- * Sergey Reichel, Head of the Department for Repair



Management of OGK-4;

- * Anatoly Yegorov, Deputy Director General, Technical Director of IES.

No remunerations were paid for 2005 to the members of the Reliability Committee.

THE MANAGEMENT BOARD OF OGK-4 (KEY MANAGEMENT)

The procedures for the activity and meetings of the Management Board of OGK-4 are regulated by the Regulations for Management Board of OGK-4 and the Articles of Association of the Company.

The Management Board of OGK-4 is responsible for the management of current operations of the Company and is accountable to the Board of Directors and the General Meeting of Shareholders. The issues falling within the competence of the Management Board of OGK-4 are set forth in paragraph 21.2 of Article 21 of the Articles of Association of OGK-4.

The full text of the Articles of Association of the Company and the Regulations for Management Board of OGK-4 is available at www.ogk-4.ru.

Members of the Management Board of OGK-4

According to paragraph 21.1. of the Articles of Association of the Company, members of the Management Board of the Company are elected by the Board of Directors of the Company, which number is determined by the Board of Directors of the Company.

The Management Board of the Company comprises at least three members.

According to the decision of the Board of Directors of OGK-4 (Minutes No. 3 of June 30, 2005) the Management Board consisted of 7 (seven) members in 2005.

The Chairman of the Management Board of the Company is Andrey Kitashev, Director General of the Company.

Overview of Meetings of the Management Board of the Company

In 2005, ten meetings of the Management Board of the Company were held. The first meeting of the Management Board of the Company was held on September 8, 2005. It was determined that meetings of the Management Board of the Company would be held at least twice a month (every 2nd and 4th Thursday of the current month).

At its meetings in 2005, the Management Board of the Company addressed the following issues:

- * approval of the Regulations for Organizing and Holding Meetings of the Management Board of OGK-4; preparation of OGK-4 (including AO-Power Plants) for operations in the autumn-winter period;
- * report on the Results of the Company's (including AO-Power Plants) Procurement Operations in 3Q2005;
- * report on the Results of the Company's (including AO-Power Plants) Power Sales Operations in 3Q2005;
- * consideration of the Company's (including AO-Power Plants) Power Sales Operation Plan for 4Q2005;
- * approval of the Extent and Contents of the Report of the Management Organization (OGK-4);
- * approval of the OGK-4 Development Plan for 2005-2008 (information memorandum);
- * personnel selection policy of OGK-4;
- * consideration of the OGK-4 Investment Program for 2006 (including GRESes);
- * consideration of the Regulations for the OGK-4 Investment Operations;
- * consideration of the operational structure of OGK-4 (including AO-Power Plants);
- * consideration of the results of financial and economic operations of OGK-4 (including GRESes) in 3Q2005;
- * approval of the plan of work related to the configuration of the Company's management of IT operations;
- * consideration of the integrated procurement program for OGK-4 (including AO-Power Plants) for 2006;
- * consideration of the OGK-4 Regulations for Repair Operations;
- * consideration of the information related to accounts receivable of the assets under management as of November 1, 2005. Approval of the Regulations for Management of Overdue Accounts Receivable;
- * consideration of the Agreement for the Takeover by OGK-4 of BGRES-1, Smolenskaya GRES, Surgutskaya GRES, Shaturskaya GRES, Yaivinskaya GRES, and some other issues.

Information on Remuneration and Compensation for Members of the Management Board

In 2005, no remunerations or compensations were paid to members of the Management Board of GRES-4.

CORPORATE GOVERNANCE

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ANNUAL REPORT OF OPEN JOINT
STOCK COMPANY OGK-4 2005





Andrey Zhukovsky (born in 1962)

2005 – present: member of the Management Board, Deputy Director General for Power Markets of OGK-4

2003-2005: Head of the Directorate for Power Market Development of Permenergo

2002-2003: Assistant Director General of Permenergo

1999-2002: Assistant Director General, Business Director of Energosevis

Andrey Kitashev (born in 1957)

2005 – present: Director General, Chairman of the Management Board, member Board of Directors OGK-4

2005-2005: Director General (as part-time official) of GRES-5, Yaivinskaya GRES, Smolenskaya GRES, BGRES-1, Surgutskaya GRES-2, member Board of Directors Surgutskaya GRES-2

2001-2005: Director General of Permenergo

2000-2001: Deputy Director General for Finance of Permenergo

1999-2000: Deputy Director General of the Representative Office of RAO UES of Russia for Volgaenergo





Vasily Belyi (born in 1951)

2005 – present: member of the Management Board, Deputy Director General for Production of OGK-4

2000-2005: Director General of BGRES-1

2000-2000: acting Director General of BGRES-1

1992-2000: Director of the Minusinsk Thermal Cogeneration Plant of Krasnoyarskenergo

”

Vladimir Cherevko (born in 1955)

2006 – present: member of the Management Board, Deputy Director General for Investments of OGK-4

2004-2006: Deputy Director General for Investment Implementation and Capital Construction of TGK-9

2003-2004: Deputy Director General for Capital Construction, Investments, and Development of Permenergo

2000-2003: Director General of Instroy (construction and consulting company), Perm





Sergey Zhizhoma (born in 1973)

2005 – present: member of the Management Board, Deputy Director General for Corporate Policy of OGK-4

2003-2005: Deputy Director General for Legal Matters and Corporate Policy of Permenergo

2002-2003: Head of Legal Directorate of Permenergo

1999–2002: Senior Legal Adviser of the Liquidation Committee of OAO AKB Bis-Kredit

Vladimir Fedotovskiy (born in 1964)

2005 – present: member of the Management Board, Deputy Director General for Supply of Resources and General Issues of OGK-4

2001-2005: Deputy Director General for Supply of Resources and General Issues of Permenergo

1992-2001: Director of Avers



Roman Lenkov (born in 1973)

2005 – present: member of the Management Board, Deputy Director General for Finance and Economy of OGK-4

2003-2005: Deputy Director General for Finance of Permenergo

2001-2003: Head of the Directorate for Finance of Permenergo

2001-2001: Deputy Head of Treasury of Permenergo

2000-2001: Deputy Head of the Finance Department of Permenergo

1997-2000: Head of the Sector for Budgetary and Extra-budgetary Funds of Permenergo

Andrey Buzov (born in 1969)

2005 – present: member of the Management Board, Deputy Director General for Personnel Management of OGK-4

2001-2005: Director for Personnel Management of Volzhsky Gidroenergetichesky Kaskad Management Company

2001-2001: Head of the Department for Personnel Management of Volzhskaya HPP

1997-2001: Engineer of Category 2 of the Personnel Department, Personnel Specialist of Category 1 of Volzhskaya HPP



OGK-4



DIRECTOR GENERAL

According to paragraph 22.1. of the Articles of Association of the Company, the Director General is responsible for the day-to-day management of the Company pursuant to the decisions made by the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company and approved within their competence.

The competence of the Director General of the Company covers all issues relating to the day-to-day management of the Company except for the issues falling within the competence of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company.

The Director General of the Company is entitled to act for and on behalf of the Company without any further authorization including the limitations as specified by the applicable law, the Articles of Association of the Company and the decisions made by the Company's Board of Directors. The issues falling within the competence of the Director General are provided for in Article 22 of the Articles of Association of OGK-4.

The full text of the Articles of Association of the Company is available at www.ogk-4.ru

Information on the Director General of the Company

Andrey Kitashev (born in 1957), Director General

The Director General of the Company was elected on March 2, 2005.

The employment agreement with the Director General is entered into by the Board of Directors of the Company. The employment agreement with Andrey Kitashev was entered into for a term of one year.

At the meeting of the Board of Directors of the Company (Minutes No. 14) held on March 1, 2006, the term of office of Director General of the Company Andrey Kitashev was extended to and including March 3, 2007.

The Regulations for the Material Incentives for the Director General of the Company, which is an integral part of the employment agreement with the Director General of the Company, regulates the issues related to material incentives and sets forth the procedure for determining, approving, and changing the amount of the official salary of the Director General of the Company, the indicators of the material incentives (remuneration) and their types, and the procedure for paying the official salary and material incentives (remuneration).

THE INTERNAL CONTROL OF THE COMPANY

THE INTERNAL AUDIT COMMISSION

To control the financial and economic operations of the Company, the General Meeting of Shareholders elects the Internal Audit Commission of the Company for a term until the next annual General Meeting of Shareholders.

The procedure for the activity and the holding of meetings of the Internal Audit Commission of OGK-4 is regulated by Regulations for the Internal Audit Commission, approved by the Extraordinary General Meeting of Shareholders of OGK-4 (Minutes No. 200 of July 29, 2005, of the meeting of the Board of Directors of RAO UES of Russia), and the Articles of Association of the Company.

According to these Regulations and the Articles of Association of the Company, the Internal **Audit Commission**:

- * is a continuing body for the internal control of the Company, which is responsible for exercising regular control over the financial and economic operations of the Company, its subdivisions, the officers of the Company's management bodies and the organizational departments of the Company's Executive Bodies with a view to adherence to the laws of the Russian Federation, the Articles of Association of the Company, and the Company's internal documents;
- * acts in the interests of the Company's shareholders and is accountable in its activity to the General Meeting of Shareholders of the Company;
- * in its activity, is independent of the officers of the Company's management bodies and the managers of the organizational departments of the Company's Executive Bodies;
- * in its activity, is governed by the laws of the Russian Federation, the Articles of Association of the Company, these Regulations, and other internal documents of the Company approved by the General Meeting of Shareholders of the Company.

The issues within the competence of the Internal Audit Commission are set forth in Article 23 of the Articles of Association of OGK-4.

The full text of the Articles of Association of the Company and the Regulations for the Internal Audit Commission of OGK-4 is available at www.ogk-4.ru

Members of the Internal Audit Commission of OGK-4

According to paragraph 21.1. of the Articles of Association of the Company, the number of members of the Internal

Audit Commission is 5 (five) persons.

The Internal Audit Commission was elected by the General Meeting of Shareholders of OGK-4 (by decision of the Board of Directors of RAO UES of Russia) on July 29, 2005, Minutes No. 200.

There were no changes in the Internal Audit Commission of the Company in 2005.

Chairman of the Internal Audit Commission

Lyudmila Matyunina (born in 1950)

2004 – present: First Deputy Head of the Internal Audit Department of the RAO UESR Corporate Center

1998-2004: Deputy Head of the Department for Financial Audit of RAO UES of Russia

Members of the Internal Audit Commission

Natalya Kleshnina (born in 1960)

2004 – present: Lead Expert of the Internal Audit Department of the RAO UESR Corporate Center

2000-2004: Main Specialist of the Department for Internal Audit of RAO UES of Russia

Mikhail Morozov (born in 1945)

2004 – present: Head of Department – Deputy Head of the Internal Audit Department of the RAO UESR Corporate Center

2002-2004: Division Head of the Internal Audit Department of the RAO UESR Corporate Center

1998-2002: Division Deputy Head of the Internal Audit Department of the RAO UESR Corporate Center

Yelena Smirnova (born in 1976)

2004 – present: Division Head of the Economic Planning and Financial Control Department of RAO UESR Business Unit No. 2

1999-2001: Deputy Chief Accountant of Avikom A;

2003-2004: Deputy Director General for Economy of Transservisenergo

2001-2003: Adviser for the Activity of the Internal Audit Commissions of the Representative Office of RAO UES of Russia for Tsentrenerg

Irina Bochka (born in 1980)

2003 – present: Specialist of Category 1, Main Specialist of the Department for Corporate Policy, Division Head of the Corporate Governance Department of RAO UESR Business Unit No. 2

2002-2003: Lawyer of Poselok Sokol

1999-2002: Lawyer of VANIN i PARTNERY Advocatory Bureau

Information on Remuneration and Compensation for Members of the Internal Audit Commission

According to the Regulations for Remuneration and Compensation for Members of the Internal Audit Commission of OGK-4, the remuneration for members of the Internal Audit Commission for 2005 are determined as follows:

- ✳ for his/her participation in the audit (inspection) of the financial and economic operations of the Company, the member of the Internal Audit Commission is paid a lump-sum remuneration, which amount is equivalent to three minimum monthly wage rates of a worker of category 1 according to the Sectoral Tariff Agreement for the Electricity Complex of the Russian Federation (hereinafter, the Agreement) as of the day of the audit (inspection), with the indexation accounted for;
- ✳ for every audit (inspection) of the financial and economic operations of the Company, the members of the Internal Audit Commission may be paid an additional remuneration, which amount is equivalent to three minimum monthly wage rates of a worker of category 1 according to the Agreement, with the indexation accounted for as provided for in the Agreement;
- ✳ the procedure and term for the payment of the additional remuneration is determined by the Board of Directors of the Company.

In 2005, no payments were made to the members of the Internal Audit Commission.

The full text of the Regulations for Remuneration and Compensation for Members of the Internal Audit Commission of OGK-4 is available at www.ogk-4.ru

INTERNAL AUDITOR

To organize systematic internal control, the Directorate for Internal Control and Audit was established. This body is a special independent organizational department of the Executive Bodies of OGK-4.

The Directorate for Internal Control and Audit became an organizational department of the Executive Bodies of OGK-4 by the decision of December 20, 2005 (Minutes No. 10), of the Board of Directors. Initially, the Directorate for Internal Control and Audit was under the supervision of the Deputy Director General for Finance and Economy. By the decision of March 1, 2006 (Minutes No. 14), of the Board of Directors of OGK-4, the Directorate for Internal Control and Audit is subordinate to the Director General of the Company.

The core activity of the Directorate for Internal Control and

Audit is to organize and take auditing and analytical measures in the organizational departments of the Company and the assets under management (GRESes), to formalize and submit reports and cumulative information related to audit results to the Director General.

The functions of the Directorate for Internal Control and Audit are as follows:

- ✦ to assist the Company's on the whole and its divisions in the implementation of its plans and the achievement of assigned objectives by analyzing the efficiency of

business processes of the Company and developing recommendations;

- ✦ to assess the efficiency of the Company's risk management system and develop recommendations for its improvement;
- ✦ to assist in ensuring efficient and cost effective use by the Company of its resources;
- ✦ to assess the Company's existing internal control system and develop recommendations for its improvement.

SHAREHOLDER EQUITY

The authorized capital of the Company is 8,210,830,760 (eight billion, two hundred ten million, eight hundred thirty thousand, seven hundred sixty) rubles.

The Company placed 8,210,830,760 (eight billion, two hundred ten million, eight hundred thirty thousand, seven hundred sixty) uncertificated registered ordinary shares, each with a par value of 1 (one) ruble.

Shareholder Equity Structure

Shareholder Name	Par Value of One Share (Russian Rubles)	Total Quantity of Shares	Including:		Share in Authorized Capital
			Qty of Preference Shares	Qty of Ordinary Shares	
Authorized Capital					
(Total) including:	1	8,210,830,760	–	8,210,830,760	100 %
1. RAO UES of Russia	1	8,210,830,760	–	8,210,830,760	100%

INFORMATION ON OGK-4 SECURITIES

In March 2005, ordinary shares in OGK-4 were paid by the sole founder (RAO UES of Russia) of the Company when it was founded.

Pursuant to Decree No. 05-758/pz-n of May 3, 2005 of Federal Financial Markets Service, the issue of OGK-4 ordinary shares and the report on results of the issue were registered. The state registration number of the issue is 1-01-65104-D of May 3, 2005.

As the Company was registered as a corporate entity on March 4, 2005, the information is given from the state

registration date.

As RAO UES of Russia owns 100% of the shares in the Company, OGK-4 shares did not enter the public market in 2005.

No other securities were issued by the Company.



SHAREHOLDER	Share in Authorized Capital as of	
	04.03.2005	31.12.2005
RAO UES of Russia	100 %	100 %

INFORMATION ON THE REGISTRAR OF THE COMPANY

The maintainer of the Company's Register is the Registrar, with which an agreement for maintaining the Shareholder Register of the Company is entered into. It is within the competence of the Board of Directors to approve the Company's Registrar, the terms and conditions for an agreement to be entered into with it, and terminate such agreement.

The Registrar may provide additional services to the Company (payment of dividends to shareholders), with the material condition of such services to be provided for in such agreement.

According to the decision of the Board of Directors of the Company (Minutes No. 1 of March 30, 2005), Moscow Central Depository maintains the Shareholder Register of OGK-4.

The Registrar's license number is 10-000-1-00255 of September 13, 2002. This license was issued by the Federal Commission for the Securities Market. The license period is perpetual.

Agreement for Maintaining the Shareholder Register of OGK-4: No. 1/TsDPF/119Yur-106 of June 6, 2005.

Date of the first registration of the issuer's registered securities with the Registrar: June 6, 2005.

Postal address: 34, bld. 8, Bolshaya Pochtovaya str., Moscow, 105082, Russia

Registered address: 3, corp B, Orlikov Pereulok str., corp. B, Moscow, 107078, Russia

Telephone: +7 495 263 81 53

Fax: +7 495 264 42 67

E-mail: nd@mcd.ru **www.mcd.ru**

RELATED PARTIES

List of Related Parties as of December 31, 2005

Item No	Related parties as of	JUSTIFICATION DATE:	Share in Ordinary Shares of the Company, %	Share in Total Amount of Votes, %
1	Yury Makushin		—	—
	JUSTIFICATION:			
	Member of the Board of Directors of the Joint Stock Company	March 4, 2005		
	Member of the Group	April 1, 2005		
2	Andrey Vagner		—	—
	JUSTIFICATION:			
	Member of the Board of Directors of the Joint Stock Company	March 4, 2005		
	Member of the Group	April 1, 2005		
3	Dmitry Fedorchuk		—	—
	JUSTIFICATION:			
	Member of the Board of Directors of the Joint Stock Company	March 4, 2005		
	Member of the Group	April 1, 2005		
4	Dmitry Burnashev		—	—
	JUSTIFICATION:			
	Member of the Board of Directors of the Joint Stock Company	March 4, 2005		
	Member of the Group	April 1, 2005		





5 Larisa Shirayeva	—	—
JUSTIFICATION:		
Member of the Board of Directors of the Joint Stock Company	March 4, 2005	
Member of the Group	April 1, 2005	
6 Aleksey Gan	—	—
JUSTIFICATION:		
Member of the Board of Directors of the Joint Stock Company	March 4, 2005	
Member of the Group	April 1, 2005	
7 Vladimir Tyurenkov	—	—
JUSTIFICATION:		
Member of the Board of Directors of the Joint Stock Company	March 4, 2005	
Member of the Group	April 1, 2005	
8 Aleksey Matviyenko	—	—
JUSTIFICATION:		
Member of the Board of Directors of the Joint Stock Company	March 4, 2005	
Member of the Group	April 1, 2005	
9 Dmitry Shtykov	—	—
JUSTIFICATION:		
Member of the Board of Directors of the Joint Stock Company	March 4, 2005	
Member of the Group	April 1, 2005	
10 Valery Nepsha	—	—
JUSTIFICATION:		
Member of the Board of Directors of the Joint Stock Company	March 4, 2005	
Member of the Group	April 1, 2005	
11 Andrey Kitashev	—	—
JUSTIFICATION:		
Member of the Board of Directors of the Joint Stock Company	March 4, 2005	
Member of a collegial executive body of the Company	March 4, 2005	
Sole Executive Body of the Joint Stock Company	March 4, 2005	
Member of the Group	April 1, 2005	
12 Vasily Belyi	—	—
JUSTIFICATION:		
Member of a collegial executive body of the Company	March 4, 2005	
Member of the Group	April 1, 2005	
13 Andrey Buzov	—	—
JUSTIFICATION:		
Member of a collegial executive body of the Company	June 30, 2005	
Member of the Group	June 30, 2005	
14 Sergey Zhizhoma	—	—
JUSTIFICATION:		

	Member of a collegial executive body of the Company	June 30, 2005		
	Member of the Group	June 30, 2005		
15	Andrey Zhukovsky		—	—
	JUSTIFICATION:			
	Member of a collegial executive body of the Company	June 30, 2005		
	Member of the Group	June 30, 2005		
16	Roman Lenkov Roman		—	—
	JUSTIFICATION:			
	Member of a collegial executive body of the Company	March 4, 2005		
	Member of the Group	April 1, 2005		
17	Fedotovskiy Vladimir		—	—
	JUSTIFICATION:			
	Member of a collegial executive body of the Company	June 30, 2005		
	Member of the Group	June 30, 2005		
18	RAO UES OF RUSSIA		100	100
	REGISTERED ADDRESS: Russia, Moscow, Postal address: 101, corp. 3, Vernadskogo av., Moscow, 119526, Russia			
	JUSTIFICATION:			
	The joint-stock company may control more than 20% of the total number of votes attaching to the shares (contributions, equities) comprising the authorized (share) capital of such person	March 4, 2005		
	Member of the Group	March 4, 2005		
19	Berezovskaya GRES-1		—	—
	Open Joint Stock Company			
	JUSTIFICATION:			
	The joint-stock company may control more than 20% of the total number of votes attaching to the shares (contributions, equities) comprising the authorized (share) capital of such person	May 3, 2005		
	Member of the Group	May 3, 2005	—	—
20	Yaivinskaya GRES			
	Open Joint Stock Company			
	JUSTIFICATION:			
	Member of the Group	April 1, 2005	—	—
21	Surgutskaya GRES-2			
	Open Joint Stock Company			
	JUSTIFICATION:			
	Member of the Group	July 1, 2005	—	—
22	Smolenskaya GRES			
	Open Joint Stock Company			
	JUSTIFICATION:			
	Member of the Group	June 2, 2005	—	—
23	Shaturskaya GRES-5			
	Open Joint Stock Company			
	JUSTIFICATION:			



	Member of the Group.	May 21, 2005	—	—
24	KATEKenergoremont Open Joint Stock Company		—	—
	JUSTIFICATION:			
	Member of the Group	May 3, 2005	—	—
25	Transavto Open Joint Stock Company			
	JUSTIFICATION:			
	Member of the Group	May 3, 2005	—	—
26	Stroitelno-Montazhnoye Upravleniye Open Joint Stock Company		—	—
	JUSTIFICATION:			
	Member of the Group	May 3, 2005		

No consent was given by the above individuals to indication of their place of residence.

INFORMATION ON SUBSIDIARIES AND AFFILIATES

When it was decided to establish OGK-4 (Decree of the Chairman of the Management Board of RAO UES of Russia No. 34/r of March 2, 2005) the authorized capital of OGK-4 was secured with shares in BGRES-1, which money value (according to an independent appraiser's opinion about the market value of the property) is 8,190,330,759 (eight billion, one hundred ninety million, three hundred thirty thousand, seven hundred fifty-nine) rubles and 12 kopecks, including: 515,624,043 (five hun-

dred fifteen million, six hundred twenty-four thousand, forty-three) ordinary shares in Berezovskaya GRES-1, with a par value of 50 (fifty) kopecks each, and 161,272 (one hundred sixty-one thousand, two hundred seventy-two) preference shares of type A in Berezovskaya GRES-1, with a par value of 50 (fifty) kopecks each.

Accordingly, Berezovskaya GRES-1 is basically a wholly-owned subsidiary of OGK-4. One ordinary share in Berezovskaya GRES-1 is owned by RAO UES of Russia.

Subsidiaries and Affiliates

Name of Company	Core Activities	Amount of Contribution, rubles	Share in Authorized Capital, % as of December 31, 2005
Berezovskaya GRES-1 (BGRES-1)	Generation of electric and heat energy Supply (sales) of electric and heat energy Transmission of heat energy Heat network operations	8,190,330.76	100% minus 1 (one) share



INFORMATION ON MATERIAL FACTS

No information in the form of Material Fact Notifications was disclosed by the Company. Basis: Decree of Federal Financial Markets Service No. 05-5/pz-n of March 16, 2005 "On Approval of the Regulations for Disclosure of Information by Issuers of Issue-Grade Securities".

INFORMATION ON MATERIAL TRANSACTIONS

No transactions, which are material transactions according to the Federal Law "On Joint-Stock Companies", were entered into in 2005.

INFORMATION ON RELATED PARTY TRANSACTIONS

As RAO UES of Russia owns 100% of shares in OGK-4, the rules for approval of transactions, which are related party transaction according to the Federal Law "On Joint-Stock Companies", are not applicable.



KEY PERFORMANCE INDICATORS



OGK-4

GENERATING FACILITIES

The installed capacity of all the power plants managed by OGK-4 is 8,570 MW. In 2005, there was no increase in the installed capacity of the assets under management (GRESes) as compared with 2004.

In 2005, after a large-scale modernization, every power unit of Berezovskaya GRES-1 was uprated from 720 MW to 750 MW. As of January 1, 2006, the installed capacity of all the power plants managed by OGK-4 reached 8,630 MW.

Installed Electric Capacity of the Assets under Management (GRESes) as of the End of the Reporting Period, MW

Management Company, GRES	2004	2005	Variance
Total for OGK-4,	8,570	8,570	0
including:			
Surgutskaya GRES-2	4,800	4,800	0
Berezovskaya GRES-1	1,440	1,440	0
Shaturskaya GRES-5	1,100	1,100	0
Smolenskaya GRES	630	630	0
Yaivinskaya GRES	600	600	0

Generating capacity of the Assets Under Management (GRESes)

Management Company, GRES	Capacity Electric, MW	Heat, Gcal/h	Year of Comm- issioning of the First Turbine	Electric Power Output in 2005, MM kWh	Heat Energy Output in 2005, thsd Gcal
Total for OGK-4	8,570	2,279.30		48,982.55	2,355.247
including:					
Surgutskaya GRES-2	4,800	840	1985	31,936.10	902.05
Berezovskaya GRES-1	1,440	960	1987	6,674.87	781.29
Shaturskaya GRES-5	1,100	344.30	1971	4,580.80	489.29
Smolenskaya GRES	630	66	1978	2,138.98	71.0
Yaivinskaya GRES	600	69	1963	3,651.80	98.94

In 2005, there was no dismantling of worn-out or morally obsolete equipment at the facilities managed by OGK-4 Power Plants.

No new capacities were commissioned either at the assets under management (GRESes) in 2005.

REPAIR OF BASIS PRODUCTION ASSETS (BPA)

In 2005, all the power plants managed by OGK-4 implemented their repair programs for main and auxiliary equipment for a total of 2.6 bn rubles. The breakdown of the BPA repair expenses was as follows: repair of power units accounted for 40% of the total repair expenses; repair of heat networks, 1%; repair of buildings, 10%; repair of general power plant equipment, 49%. The implementation of the repair program made it also possible to

fully prepare the equipment of the GRESes managed by OGK-4 for maximum load operation in the autumn-winter period of 2005-2006 and timely obtain Preparedness Certificates for the winter season.

There were no emergencies at the GRESes managed by OGK-4 in 2004-2005. In 2005, the general number of malfunctions decreased from 75 to 70 as compared with 2004.



Implementation of Overall and Medium Repair Program at OGK-4 and GREs under management in 2004-2005

Implementation of Schedule, including	Planned 2004	Actual 2004	% of Schedule	Planned 2005	Actual 2005	% of Schedule
Surgutskaya GRES-2						
turbines, MW	1,600	1,600	100	800	800	100
power boilers, tonnes/h	5,300	5,300	100	2,650	2,650	100
hot water boilers, Gcal/h	–	–	–	–	–	–
heat networks, km	–	–	–	–	–	–
Repair amount, MM rubles	1,178.14	1,338.59	113.62	1,469.219	1,464.74	100
Bereзовskaya GRES-1						
turbines, MW	720	720	100	0	0	
power boilers, tonnes/h	2,260	2,260	100	0	0	
hot water boilers, Gcal/h	0	0	–	0	0	–
heat networks, km	4.78	4.78	100	5.15	5.15	100
Repair amount, MM rubles	351.328	351.584	100	316.341	317.171	100
Shaturskaya GRES-5						
turbines, MW	420	420	100	600	600	100
power boilers, tonnes/h	1,340	1,340	100	1,920	1,920	100
hot water boilers, Gcal/h						
heat networks, km	0.8	0.8	100	0.755	0.755	100
Repair amount, MM rubles	436.649	454.283	104	513.58	501.98	98
Smolenskaya GRES						
turbines, MW	210	210	100	210	210	100
power boilers, tonnes/h	670	670	100	670	670	100
hot water boilers, Gcal/h	–	–	–	–	–	–
heat networks, km	0.6	0.6	100	0.909	0.909	100
Repair amount, MM rubles	204.956	173.407	85	178.36	165.807	93
Yaivinskaya GRES						
turbines, MW	450	450	100	450	450	100
power boilers, tonnes/h	1,500	1,500	100	1,500	1,500	100
hot water boilers, Gcal/h	–	–	–	–	–	–
heat networks, km	0.055	0.055	100	0	0	0
Repair amount, MM rubles	149.671	139.766	93	178.095	190.686	107
OGK-4 total:						
turbines, MW	3,400	3,400	100	2,060	2,060	100
power boilers, tonnes/h	11,070	11,070	100	6,740	6,740	100
hot water boilers, Gcal/h	–	–	–	–	–	–
heat networks, km	6,235	6,235	100	6,814	6,814	100
Repair amount, MM rubles	2,320.744	2,457.63	105.9	2,655.595	2,640.384	99.4

KEY PERFORMANCE INDICATORS

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OGK-4

ELECTRICITY GENERATION

ELECTRIC POWER OUTPUT

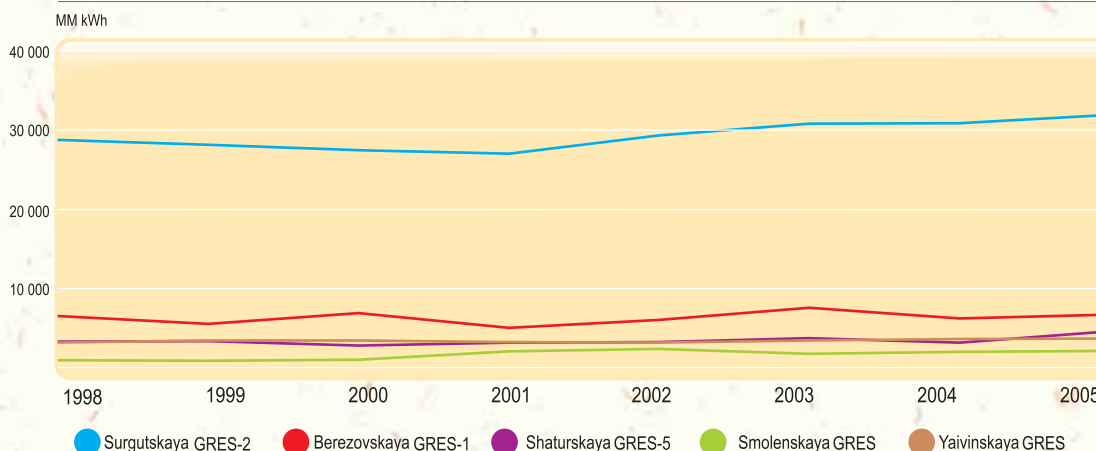
The year of 2005 was marked with a positive dynamics for power generation by all the companies managed by OGK-4 as compared with 2004. In 2005, the total output of all the GRESes to be taken over by OGK-4 was 48,982.55 MM kWh – a 6.9% increase (by 3,170,691 MM kWh) YOY. This growth was due to the increased generating equipment loading by SO-CDA UES. Surgutskaya GRES-2 accounts for more than 60% of the total power output of the AO-Power Plants managed by OGK-4.

In 2005, all the GRESes successfully fulfilled the operating capacity task of SO-CDA UES. The increase in load factor was due to the increase in the electricity output at all the power plants of the companies managed by OGK-4. The power reserve indicators varied from 6.7% (Surgutskaya GRES-2) to 45.5% (Shaturinskaya GRES-5).

Electricity Generated During Reporting Period by AO-Power Plants Managed by OGK-4 , MM kWh

Management Company, GRESes	2004	2005	Variance
Total for OGK-4,	45,811.86	48,982.55	3,170.69
including:			
Surgutskaya GRES-2	30,867.00	31,936.10	1,069.10
Bereznovskaya GRES-1	6,197.19	6,674.87	477.68
Shaturinskaya GRES-5	3,153.60	4,580.80	1,427.20
Smolenskaya GRES	1,967.37	2,138.98	171.61
Yaininskaya GRES	3,626.70	3,651.80	25.10

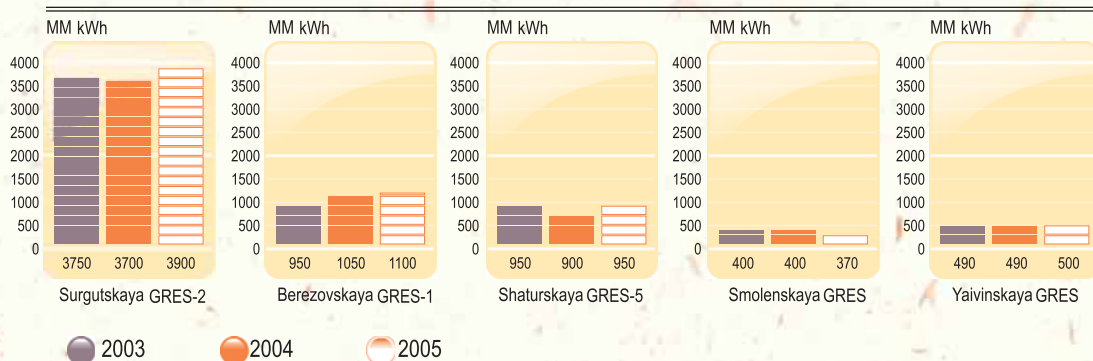
Electricity Generated During Reporting Period by AO-Power Plants Managed by OGK-4, MM kWh



Load factor, %

GRES	2004	2005	Deviation, (+/-)
Total for OGK-4, including:	61.0	65.2	4.2
Surgutskaya GRES-2	73.2	76.0	2.8
Berezhovskaya GRES-1	49.1	52.9	3.8
Shaturskaya GRES-5	32.8	47.5	14.7
Smolenskaya GRES	36.0	38.4	2.4
Yaivinskaya GRES	68.8	69.5	0.7

Evolution of Operating Power Capacity for GRESes of OGK-4 in 2003-2005

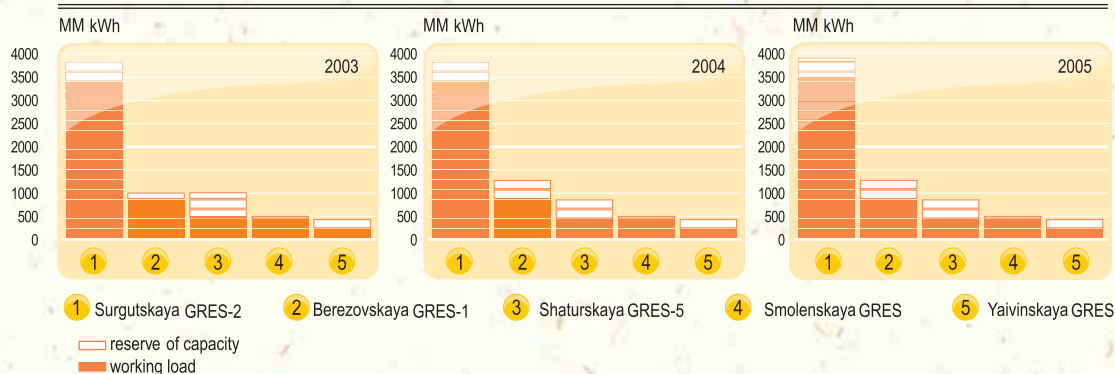


KEY PERFORMANCE INDICATORS

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STOCK COMPANY OGK-4 2005

Evolution of Loads and Reserve Capacity for GRESes of OGK-4 in 2003-2005



OGK-4

FUEL PROCUREMENT

GENERAL CHARACTERISTIC OF FUEL PROCUREMENT AND TYPES OF FUEL USED

In 2005, the GRESes managed by OGK-4 spent a total of 9,206,966.1 thousand rubles on fuel procurement. As compared with 2004, fuel prices increased on the average by 9% for Berezovskaya GRES-1, 15% for Smolenskaya GRES, 9% for Yaivinskaya GRES, and 25% for Shatur-skaya GRES-5. No information for Surgutskaya GRES-2 is available, as all the fuel calculations in 2004 and in the first six months of 2005 were made by Tyumenenergo. In the first six months of 2005, fuel was supplied to the GRESes under the agreements entered into by AO-Energo companies in which configuration the assets managed by GRES-4 were included before their split-off. In the second half-year of 2005, after the function to manage AO-Power Plant were transferred to GRES-4, the fuel supply agreements were renegotiated according to the terms of the earlier agreements to prevent a decrease in reliability of fuel procurement for the GRESes. Apart from Smolenskaya GRES, direct agreements were also entered into with fuel producers (milled peat) for Shatur-skaya GRES-5.

In 2005, the actual fuel reserves at the power plants and the control reserves were in accordance with the task values determined by RAO UES of Russia and the Ministry of Industry and Energy of the Russian Federation.

According to existing fuel modes, the main fuels at the GRESs managed by OGK-4 are as follows:

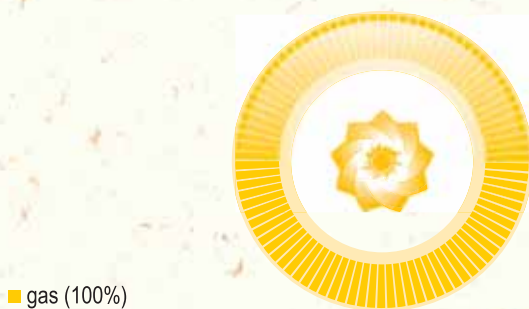
GRESes Managed by OGK-4	Main (backup) Fuel
Surgutskaya GRES-2	gas
Berezovskaya GRES-1	coal
Shaturskaya GRES-5	peat, oil fuel (gas)
Smolenskaya GRES	gas, coal
Yaivinskaya GRES	coal (gas)

In 2005, natural gas was actually the main fuel used at Shaturskaya GRES-5, Smolenskaya GRES, Yaivinskaya GRES. From the second half-year of 2005, oil fuel was used only as starting fuel at all the gas and oil fuel GRESes. From the second half-year of 2005, Smolenskaya GRES changed its gas supplier, Generalnaya Energeticheskaya Toplivnaya Kompaniya. With the new supplier, NOVATEK, the price for additional supplied gas was reduced by 15.5%.

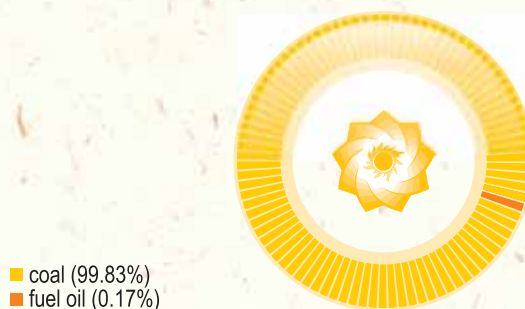
Actual Fuel Supply of the Companies managed by OGK-4

Power Plant	Fuel	Quantity, thousand tonnes, MM cbm
Surgutskaya GRES-2	Associated gas	7,746.384
	Natural gas	446.223
Berezovskaya GRES-1	Coal	4,188.548
	Oil fuel	2.867
Shaturskaya GRES-5	Gas	1,143.61
	Peat	595.8
	Coal	135.0
	Oil fuel	25.843
Smolenskaya GRES	Gas	603.542
	Coal	69.144
	Peat Briquette	0.473
Yaivinskaya GRES	Gas	1,105.100
	Coal	23.476

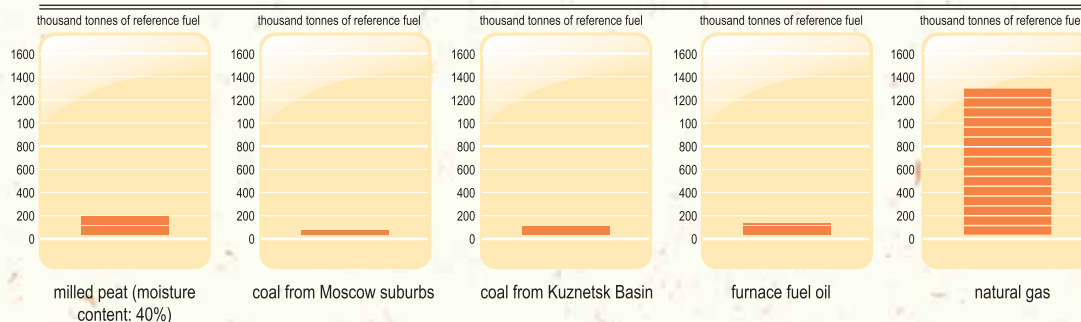
Spent Fuel Structure in Surgutskaya GRES-2



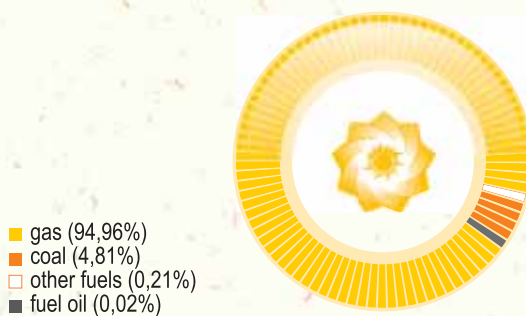
Spent Fuel Structure in Berezovskaya GRES-1



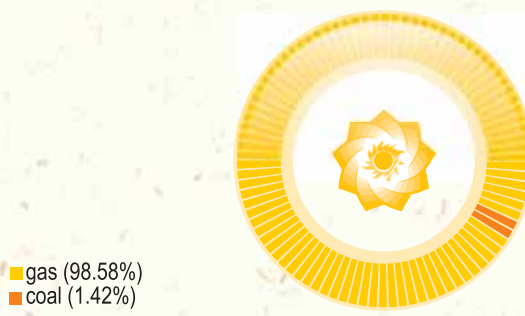
Spent Fuel Structure in Shaturinskaya GRES-5



Spent Fuel Structure in Smolenskaya GRES



Spent Fuel Structure in Yaivinskaya GRES



KEY PERFORMANCE INDICATORS

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STOCK COMPANY OGC-4 2005



OGC-4

ENERGY SALES ACTIVITY

ELECTRICITY

NET POWER GENERATION

In 2005, the net power generation of the GRESes managed by GRES-4 increased by 2,961.52 MM kWh, or by 6.6%, as compared with 2004 and reached 46,922.1 MM kWh. In 2005, the evolution of the net power generation of the OGKs managed by GRES-4 was the same as their power output.

All the electricity generated by Smolenskaya GRES, Surgutskaya GRES-2, Shaturskaya GRES-5, and Yaivinskaya GRES was sold before their restructuring by regional AO-Energo companies in the retail power market and then by the power sales companies split-off as a result of the unbundling of AO-Energos. From the date of their split-off from AO-Energos, Smolenskaya GRES, Shaturskaya GRES-5, Surgutskaya GRES-2, and Yaivinskaya GRES worked with the power sales companies in the retail market under agreements for power (capacity) purchase and sale:

Smolenskaya GRES from February 1, 2005;
Shaturskaya GRES-5 from April 1, 2005;
Surgutskaya GRES-2 from July 1, 2005;
Yaivinskaya GRES from April 1, 2005.

In accordance with the terms and conditions of the agreements entered into, the final settlements for the actual electricity supply were made in the month that followed the billing month, which is why the payments for the produce of Shaturskaya GRES-5 and Surgutskaya GRES-2 were made with retardation.

The electricity generated by BGRES-1, which before the transfer of the sole Executive Body functions to OGK-4 had been an entity of the federal power (capacity) wholesale market and independently participated in the power (capacity) wholesale market, was sold in FOREM.

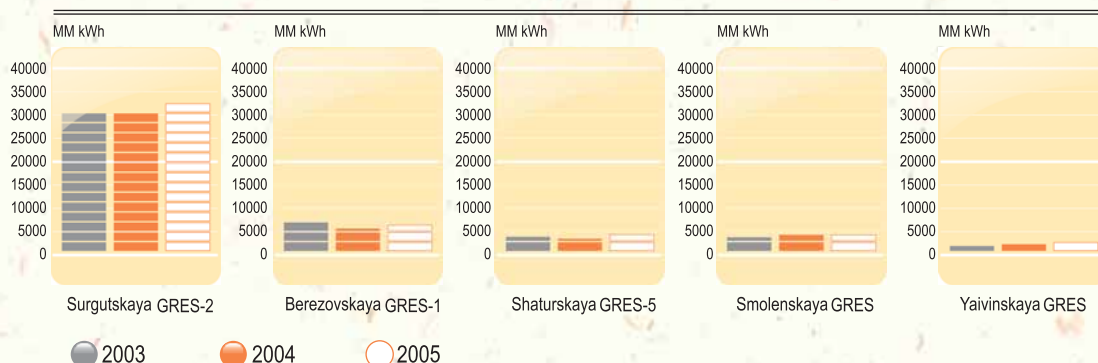
BGRES-1 sold less than it produced due to the underpayment with regard to the balance and the tariffs set by Federal Tariff Service, which in 2005 accounted for 5.5% of the produce.

In 2005, in the power sales structure of AO-Power Plants to be taken over by OGK-4, the settlements with monetary resources amounted to 100%.

Net Power Generation of Facilities under Management (GRESes), MM kWh

GRES	2003	2004	2005
Surgutskaya GRES-2	29,967.2	30,047.2	31,085.6
Berezhovskaya GRES-1	7,015.7	5,734.2	6,177.9
Shaturskaya GRES-5	3,460.5	2,880.3	4,216.9
Smolenskaya GRES	1,606.4	1,838.3	1,988.3
Yaivinskaya GRES	3,204.1	3,426.1	3,453.5
Total	45,253.9	43,926.1	46,922.1

Evolution of Net Power Generation for GRESes Managed by OGK-4 in 2003-2005



Electricity Generated and Sold by Facilities Managed by OGK-4 in 2005
(BGRES-1 – 2005; other GRESes – from split-off from AO-Energos)
MM rubles, inclusive of VAT

GRES	Produce	Sales	Payment, %
Surgutskaya GRES-2	6,336.3	5,935.8	93.7
Berezovskaya GRES-1	3,375.3	3,185.5	94.4
Shaturskaya GRES-5	3,867.3	3,630.0	93.9
Smolenskaya GRES	1,225.54	1,227.2	100.1
Yaivinskaya GRES	1,854.0	1,879.0	101.3
TOTAL for OGK-4	16,658.4	15,857.5	92.0

SPECIFIC FUEL CONSUMPTION FOR ELECTRICITY GENERATION

In 2005, the specific fuel consumption for electricity generation at the GRESes managed by OGK-4 reduced (as compared with standard values), which was due to the measures taken to enhance the efficiency of equipment operation. The increase in the specific fuel consumption for electricity generation at Berezovskaya GRES-1 (as compared with 2004) was due to a difference in methods for calculating the specific consumption for generation

of electric and heat energy. The increase in the specific fuel consumption for electricity generation at Yaivinskaya GRES and Smolenskaya GRES (as compared with 2004) was due to a difference in the structure of fuels used (increase in the share of the solid fuel used). The increase in the reference fuel consumption was also due to the increased unevenness of both daily and seasonal load schedules.

Specific Reference Fuel Consumption for Electricity Generated by Assets Under Management (GRESes) During Reporting Period, g/kWh

GRES	2004 Actual	2005 Planned	2005 Actual	Variation from Planned Figure (–savings, + excessive consumption)	Variation from Previous Year (–savings, + excessive consumption)
Surgutskaya GRES-2	304.9	307.5	306.4	-1.1	1.5
Berezovskaya GRES-1	344.7	350.4	350.0	-0.4	5.3
Shaturskaya GRES-5	403.3	386.3	383.0	-3.3	-23.2
Smolenskaya GRES	357.3	357.9	357.9	0	0.6
Yaivinskaya GRES	364.2	367.4	364.6	-2.8	0.4

HEAT ENERGY

HEAT ENERGY OUTPUT

In 2005, the AO-Power Plants to be taken over by OGK-4 generated 2,355.2 thousand Gcal of heat energy. The reduction in heat output in 2005 was due to higher average annual temperatures of the outdoor air as compared with 2004 and a decrease in heat consumption. This is why the net heat energy output at the facilities under management of OGK-4 (GRESes) went down by 126.1 thousand Gcal in 2005, or by 9.4% as compared with 2004. As the share of heat energy in the commercial output of the

GRESes was insignificant, the decrease of the supply volume did not basically have any impact on the results of the thermal power plants financial and economic operations. The companies under management of OGK-4 sell heat energy in local heat energy markets, while their electricity sales were made in both the wholesale and retail markets in 2005. Their primary heat energy consumers are the local population and the local industrial enterprises.

KEY PERFORMANCE INDICATORS

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OGK-4

Heat Energy Output of Assets Under Management During Reporting Period, thsd Gcal

AO-Power Plant	2004	2005	Variance
Total for OGK-4,	2,440.82	2,355.25	-85.57
including:			
Surgutskaya GRES-2	994.30	902.05	-92.25
Berezhovskaya GRES-1	788.15	781.29	-6.86
Shaturskaya GRES-5	491.38	489.29	-2.09
Smolenskaya GRES	85.00	71.00	-14.00
Yaivinskaya GRES	106.79	98.94	-7.85

Evolution of Net Heat Energy Generation, thsd Gcal

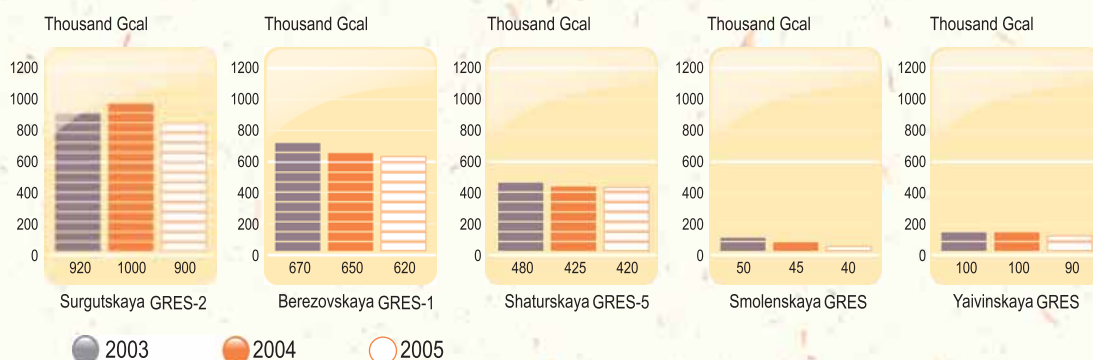
Management Company, GRES	2004	2005
Total for OGK-4,	2,231.7	2,105.6
including:		
Berezhovskaya GRES-1	632.0	619.0
Surgutskaya GRES-2	994.3	902.1
Shaturskaya GRES-5	442.6	439.3
Smolenskaya GRES	60.2	50.0
Yaivinskaya GRES	102.6	95.2

KEY PERFORMANCE INDICATORS

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ANNUAL REPORT OF OPEN JOINT
STOCK COMPANY OGK-4 2005

Net Heat Energy Generation in 2003-2005



SPECIFIC REFERENCE FUEL CONSUMPTION FOR HEAT ENERGY GENERATION



The increase in the reference fuel consumption of the heat output at Surgutskaya GRES-2, Smolenskaya, and Yaivinskaya GRESes is connected with the reduction in the annual heat output. The decrease in the reference fuel consumption at Berezhovskaya GRES-1 can be explained by the changes in the accounting treatment of the

reference fuel consumption in the heat and electric energy output. The decrease in the reference fuel consumption at Shaturskaya GRES-5 is caused by the excess fuel flow in the heat output in 2004 due to a lengthy downtime during the overhaul of the dual-purpose turbine plant PT 80/130 of St. No. 6.

Specific Reference Fuel Consumption for Heat Energy Generated by Assets Under Management (GRESes) During Reporting Period, kg/Gcal

GRES	2004 Actual	2005 Planned	2005 Actual	Variation from Planned Figure (–savings, + excessive consumption)	Variation from Previous Year (–savings, + exces- sive consumption)
Surgutskaya GRES-2	163.50	163.90	164.10	0.2	0.6
Berezovskaya GRES-1	156.50	129.50	129.30	-0.2	-27.2
Shaturskaya GRES-5	159.40	149.20	149.00	-0.2	-29.1
Smolenskaya GRES	185.40	187.16	187.16	0	1.76
Yaivinskaya GRES	171.30	172.10	173.00	0.9	1,7

SALES OF HEAT ENERGY

As the four power plants to be taken over by OGK-4 (Surgutskaya GRES-2, Shaturskaya GRES-5, Smolenskaya GRES and Yaivinskaya GRES) were earlier part of AO-Energo companies, the data on them are submitted from

the date of reorganization of corresponding AO-Energos to December 31, 2005. The information about Berezovskaya GRES-1, which used to be a federal plant, covers the year of 2005.

Heat Supply to Consumers

GRES	AO-Energo Restructuring Date	Heat Supply to Consumers, thsd Gcal	Average Supply Tariff, rubles/Gcal	Cost of Supplied Thermal Energy (exclusive of VAT), MM rubles
Total for OGK-4, including:		1,304.00	261.73	336.8
Surgutskaya GRES-2	01.07.05	372.80	116.10	43.3
Berezovskaya GRES-1	-	608.50	264.00	160.6
Shaturskaya GRES-5	01.04.05	236.90	430.31	101.9
Smolenskaya GRES	01.02.05	35.30	330.49	11.7
Yaivinskaya GRES	01.04.05	50.50	381.34	19.3

Surgutskaya GRES-2: This company generates heat energy in the form of hot water and steam. The only consumer of its heat energy in the form of hot water is Tyumen Regional Generation Company. Its heat energy in the form of steam for technological purposes is used by industrial consumers.

From July 1, 2005, to December 31, 2005, Surgutskaya GRES-2 supplied its consumers with 372.8 thousand Gcal in the amount of 43.3 million rubles, exclusive of VAT.

In the heat energy sales structure, settlements in monetary funds account for 100%.

Berezovskaya GRES-1: The heat energy generated by BGRES-1 is used for heating of and hot water supply to the housing facilities, social institutions, enterprises, and organizations of Sharypovo, Dubinino

Settlement, and Kholmogorskoye Village. The principle consumers of its heat energy include the population and organizations that are financed from the budgets of all levels. It is worth mentioning that the power plant provides 100% of demand for this produce.

In 2005, BGRES-1 supplied its consumers with 608.5 thousand Gcal of heat energy for 160.6 million rubles, exclusive of VAT.

Shaturskaya GRES-5: From April 4, 2005, to December 31, 2005, the net heat energy output of Shaturskaya GRES-5 was 236.9 thousand Gcal for 101.9 million rubles, exclusive of VAT.

In the heat energy sales structure, settlements in monetary funds account for 100%.

KEY PERFORMANCE INDICATORS

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OGK-4

Smolenskaya GRES: From February 1, 2005 to December 31, 2005, Smolenskaya GRES supplied its consumers with 35.3 thousand Gcal of heat energy for 11.7 million rubles.

Yaivinskaya GRES: This company generates heat with hot water and, to a small extent, with steam. The heating systems provide heating and hot water supply to connected consumers and for its own needs.

The principle consumer of heat energy (about 85% of the total net output) is housing services and public utilities. The industrial consumers account for an insignificant share in the total heat energy consumption.

From April 1, 2005, to December 31, 2005, Yaivinskaya GRES supplied its consumers with 50.5 thousand Gcal for 19.3 million rubles, exclusive of VAT.

SETTLEMENTS WITH CONSUMERS AND CUSTOMER LIABILITIES STRUCTURE

In 2005, the AO-Power Plants managed by OGK-4 took active efforts to reduce their accounts receivable for supplied electricity. Specifically, an agreement for debt redemption was entered into to this end between BGRES-1 and Altaienergo. Claim administration work is in progress with regard to the indebtedness of Kurganenergo, Novosibirskenergo, and Tyvaenergo to the AO-Power Plants

managed by OGK-4. In 2005, following statements of claim, the accounts receivable recovered from Kirov Perm Plant was 31.9 million rubles (54%).

However, the growth of accounts receivable in 2005 at the AO-Power Plants managed by OGK-4 was mainly due to an increase in the share of the cost imbalance in the wholesale power market.

KEY PERFORMANCE INDICATORS

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Structure of Accounts Receivable of Assets Managed by OGK-4 in 2005, MM rubles, inclusive of VAT

GRES	As of Split-off from AO-Energo*	As of January 1, 2006	Variance (+increase /- decrease)
Surgutskaya GRES-2	202.1	248.4	46.3
Debtor:			
Kurganenergo	127.9	127.9	
Underpayment related to balance and tariffs of the Federal Tariff Service	74.2	120.5	46.3
Berezhovskaya GRES-1	301.3	512.7	211.4
Debtor:			
Altaienergo	15.6	32.4	16.8
Novosibirskenergo	7.3	12.0	4.7
Tyvaenergo	19.1	26.7	7.6
Underpayment related to balance and tariffs of the Federal Tariff Service	161.3	343.6	182.3
RAO UES of Russia	98.0	98.0	
Shaturskaya GRES-5			
Smolenskaya GRES			
Yaivinskaya GRES:	59.4	27.5	- 31.9
Debtor:			
Kirov Perm Plant	59.4	27.5	- 31.9
Total for OGK-4	562.8	788.6	225.8

* As Berezhovskaya GRES-1 used to be a federal power plant, the information about BGRES-1 is given as of January 1, 2005.



ELECTRIC POWER TARIFFS

Pursuant to effective regulatory documents for tariff regulation, the prices for electricity supplied by Smolenskaya GES, Shaturskaya GES-5, Surgutskaya

GRES-2, and Yaivinskaya GES were set in 2005 by regional energy commissions and the Federal Tariff Service for those of BGRES-1. The tariffs were as follows:

Electric Power (Capacity) Tariffs in 2005

Management Company, GES	Electric Power, rubles/MW/hr	Capacity, rubles/MW/month	Basis	Tariff Date
Surgutskaya GRES-2	335.70	–	Resolution of the Regional Energy Commission No. 71 of June 22, 2005	July 1, 2005
Berezovskaya GRES-1	206.64	93,916.79	Decree of the Federal Tariff Service No. 211-e/3 of November 30, 2004	January 1, 2005
Shaturskaya GRES-5	710.50 1,110.10 rubles/MW/hr, one-rate tariff	88,739.10	Minutes of the Management Board of the Energy Commission of the Moscow Region No. 7 of April 14, 2005	April 1, 2005
Smolenskaya GRES	574.00	–	Resolution of the Regional Energy Commission No. 210 of December 28, 2005 (as amended by Resolution of the Regional Energy Commission No. 11 of January 31, 2005)	January 1, 2005
Yaivinskaya GRES	609.64	–	Resolution of the Management Board of the Regional Energy Commission No. 2 of March 30, 2005	April 1, 2005

KEY PERFORMANCE INDICATORS

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Heat Energy Tariff of AO-Power Plants Managed by OGC-4 in 2005

Name of GES	Heat Energy Tariff, rubles/Gcal	Justification	Tariff Date
Surgutskaya GRES-2	116	Resolution of the Regional Energy Commission of the Tyumen Region of the Khanty-Mansiysk Autonomous District and the Yamalo-Nenets Autonomous District No. 176 of December 8, 2004	January 1, 2005
BGRES-1	264	Resolution of the Regional Energy Commission of the Krasnoyarsk Territory No. 119 of December 2, 2004	January 1, 2005 for a term until December 31, 2005
Shaturskaya GRES-5	489.78 including generation tariff : 385.13	Minutes of the Management Board of the Energy Commission of the Moscow Region No. 7 of April 14, 2005	From State Registration Date (April 1, 2005)
Smolenskaya GRES	As hot water: 331 from cooperatives: 300	Resolutions of the Regional Energy Commission of the Smolensk Region No. 210 of December 28, 2004, and No. 11 of October 31, 2005	January 1, 2005
Yaivinskaya GRES	Direct reduced steam: 351.43 from heat networks: 381.5	Resolution of the Management Board of the Regional Energy Commission of the Perm Territory No. 3 of March 30, 2005	January 1, 2005



OGC-4



MAIN INDICATORS OF FINANCIAL AND ACCOUNTING STATEMENTS





MAIN PROVISIONS OF THE COMPANY'S ACCOUNTING POLICY

The Company's Accounting Statement is formalized according to Russia's effective rules for accounting and accounting statement of the Russian Federation. Specifically, Federal Law No. 129-FZ of November 21, 1996, "On Accounting"; the Regulation for Accounting PBU 1/98 "Accounting Policy of Organizations" approved by Decree of the Ministry of Finance of the Russian Federation No. 60n of December 9, 1998; the Regulation for Maintenance of Accounting and Reports in the Russian Federation approved by Decree of the Ministry of Finance of the Russian Federation No. 34n of July 29, 1998.

The Company's assets and obligations are evaluated in its reports according to the actual expenditures related to their acquisition, excluding the fixed assets.

FIXED ASSETS

The fixed assets include equipment and other types of fixed assets with service life exceeding 12 months.

The facilities of the fixed assets are accounted for according to the actual acquisition and construction expenses. In the reports, the fixed assets are shown according to their initial cost less the amortization accumulated over the whole period of their operation.

The Company has set the following terms for useful utilization:

Fixed Assets Group	Term of Useful Utilization (number of years)
Machinery and equipment	3-20 years
Production and business implements	3-6 years

SHARE INVESTMENTS

The share investments are shown according to actual acquisition expenses.

LONG-TERM FINANCIAL INVESTMENTS

The Company's long-term financial investments as of the end of the fiscal year were 8,190,331 thousand rubles, which represent (100%) the contribution of RAO UES of

Russia into the Company's authorized capital with shares in BGRES-1. These financial investments do not circulate in the market and their market price is not evaluated.

As these financial investments were made on May 3, 2005, the Company's Management is not aware of any facts indicating the necessity for checking whether there are conditions for a steady decrease in the financial investment value.

The Company's shareholder meeting represented by the Board of Directors of RAO UES of Russia (Minutes No. 211 of December 23, 2005) made a decision on the takeover in 2006 of Berezovskaya GRES-1 subsidiary and the following companies:

Smolenskaya GRES;
Shaturskaya GRES-5;
Yaivinskaya GRES;
Surgutskaya GRES-2.

The shareholder meeting decided that the assets of Berezovskaya GRES, according to the Russian Accounting Rules, will be evaluated in accordance with the book value, which is considerably lower than the market value, appraised by KOSMOS Appraisal Consortium, based on which the Company's long-range investments were appraised. The Company estimates that, in the book records, the loss that may be incurred due to the reorganization in terms of a difference between the amount of the authorized capital of the company to be taken over and the estimated value of their shares included in the balance will be 3,047,951 thousand rubles.

TRADE RECEIVABLES

Trade receivables are determined on the basis of the costs of the Company's (Management Organization's) services and consists of two parts:

- * constant component of the cost of services within the limits of the cost estimate approved by the Company;
- * variable component of the cost of services.

REVENUE RECOGNITION

The service sales revenue was recognized for accounting purposed as services and settlement documents were provided to buyers. The service sales revenue is reflected in the profit and loss statement less VAT, sales tax, export duties, discounts for buyers, and other similar compulsory payments.

The service sales revenue was recognized for taxation purposes according to delivery.

Dividends were recognized as part of the Company's revenue as announced.

ANALYSIS OF CHANGES IN PERFORMANCE AND FINANCIAL STATUS

FIXED ASSETS

The breakdown of the Company's fixed assets is shown as of December 31, 2005.

The fixed assets were 9,380 thousand rubles as of December 31, 2005.

Asset Value by Group, thousand rubles

Description of Fixed Assets Group	Present Value As of December 31, 2005	Book Value December 31, 2005	% of total December 31, 2005
Machinery and equipment	3,909	3,771	40.2
Production and business implements	5,718	5,609	59.8
Total:	9,627	9,380	100.0

LONG-TERM FINANCIAL INVESTMENTS

The Company's long-term financial investments as of the end of the fiscal year were 8,190,331 thousand rubles, which represent (100%) the contribution of RAO UES of Russia into the Company's authorized capital with shares in BGRES-1. The financial investments are investments, on which basis the market price is not determined, that must be reflected in book records and accounting statements as of the reporting date according to the initial cost (paragraph 21 of PBU 19/02).

RECEIVABLES FROM BUYERS AND CUSTOMERS

The core activity of the Company is to exercise the functions of executive bodies in joint-stock companies and other business companies according to the procedure and conditions as provided for in the Agreements.

The Company has no receivables whose recovery is unreal. There are no accounts receivables (with payments expected in more than 12 months after reporting date) according to balance line 230.

Breakdown of Accounts Receivable

(with payments expected within 12 months after reporting date) According to Balance Line 240, thousand rubles

Description	Amount
Buyers, customers, including:	13,849
Berezovskaya GRES-1	10,185
Smolenskaya GRES	1,618
Yaivinskaya GRES	2,046
Receivables of subsidiaries and affiliates	69,152
Berezovskaya GRES-1	69,152
Other debtors, including	3,367
Berezovskaya GRES-1	3,367
Total:	86,368



SHORT-TERM ACCOUNTS PAYABLE

Composition of Short-Term Accounts Payable, thousand rubles

Accounts payable,	Amount
including:	17,902
suppliers and contractors:	(balance item 621) 311
including:	
payables to personnel of companies	(balance item 622) 4,874
payables to governmental extra budgetary funds	(balance item 623) 23
payables related to taxes and dues	(balance item 624) 4,824
other creditors	(balance item 625) 7,870
Total:	17,902

THE COMPANY'S SHARES

OGK-4 is a subsidiary of RAO UES of Russia which owns 100% of the Company's ordinary shares.

As of December 31, 2005, the authorized capital of the

Company was fully paid for. It was 8,210,830,760 rubles and consisted of 8,210,830,760 uncertificated registered ordinary shares with a par value of 1 ruble each.

Indicator	Total Quantity of Shares	Par Value (rubles)	Total Par Value of Shares
Ordinary Shares	8,210,830,760	1.0	8,210,830,760

MAIN SUBSIDIARIES AND AFFILIATES

The Company holds 515,624,043 ordinary shares and 161,272 preference shares in BGRES-1. The shareholding in the authorized capitals of the Company's subsidiaries

did not change. RAO UES of Russia holds one ordinary share in BGRES-1.

The Company has no other subsidiaries or affiliates.

Name of Subsidiary	Shareholding of OGK-4 in Authorized Capital	Location	Type of Activity
BGRES-1 (Berezhovskaya GRES-1)	100% less 1 share	Sharypovo, Krasnoyarsk Territory	Electricity generation and supply

REVENUES AND EXPENSES RELATING TO ORDINARY ACTIVITIES

The revenues and expenses for the fiscal year are reflected in the profit and loss statement, with a breakdown for ordinary activities, operational and extraordinary revenues and expenses.

For the fiscal year, the revenues were **143,578 thousand rubles**.

OTHER OPERATING REVENUES AND EXPENSES

The other operating revenues and expenses consist of the following groups:

thousand rubles

Indicator	2005
Other operating revenues	1
including:	
from sales of other assets	1
Other operating expenses	255
including:	
property tax	39
services of banks	216

OTHER EXTRAORDINARY REVENUES AND EXPENSES

The other extraordinary revenues and expenses consist of the following groups:

Indicator	thousand rubles 2005
Other extraordinary revenues	0
Other extraordinary expenses	7,368
including:	
fines, penalty fees, and cancellation penalties	21
material assistance to employees	10
payments to the Board of Directors	345
nonrefundable VAT	169
membership fee to the National Pension Fund	5,500
sports events	506
write off of non-production materials	574
other unsubstantial indicators of under 5%	243

TAXES

For taxation purposes, the Company recognizes sales revenue based on delivery of services. In this connection, the main tax liabilities of the Company in the fiscal year are characterized by the following data:

Indicator	Method of Recognizing Sales Revenue in Book Records	Method of Recognizing Sales Revenue for Taxation	Variance
Profits tax	Based on delivery	Based on delivery	No
Value-added tax	Based on delivery	Based on delivery	No

PROFITS TAX

The assessment of profits tax is reflected in the book records pursuant to PBU 18/02 Reporting Profits Tax Settlements approved by Decree of the Ministry of Finance of the Russian Federation No.114n of November 19, 2002.

Indicator	thousand rubles 2005
Contingent expenses (gain)	26,631
Deferred tax liabilities	(57)
Regular tax liabilities (assets)	20,293
Profits tax	6,281

TAXES OTHER THAN PROFITS TAX

Indicator	thousand rubles 2005
Property tax	39

EARNINGS PER SHARE

The basic earnings per share is given in Table.

The diluted earnings per share are not accounted for by the Company.

Indicator	thousand rubles 2005
Basic earnings during the fiscal year, thsn rubles	104,626
Weighted average number of ordinary shares outstanding during the fiscal year, thsn shares	8,210,831
BASIC EARNINGS PER SHARE, RUBLES	0.0127



CONDENSED ACCOUNTING BALANCE SHEET as of December 31, 2005

The information given below was taken by the Management of Open Joint Stock Company Generation Company Four of the Wholesale Market of Power and Energy from the complete set of the Russian Accounting Statement of OGK-4, which was audited by PricewaterhouseCoopers Audit. The Audit Report attached hereto as Appendix

was issued for the complete set of the Russian Accounting Statement and does not cover the Condensed Accounting Balance Sheet and the Condensed Profit and Loss Statement given below. It is advisable to familiarize oneself with the condensed Statements together with the complete audited set.

Indicator	Line Code	As of Beginning of Fiscal Year	As of End of Fiscal Year
ASSETS		-	8,333,416
Intangible assets	110	-	-
Fixed assets	120	-	9,380
Construction-in-progress	130	-	3,086
Long-term financial investments	140	-	8,190,331
Deferred tax assets	148	-	-
Other non-current assets	150	-	-
Reserves	210	-	500
VAT	220	-	569
Accounts receivable (long-term)	230	-	-
Accounts receivable (short-term)	240	-	102,344
Short-term financial investments	250	-	-
Monetary resources	260	-	27,206
Other current assets	270	-	-
LIABILITIES		-	8,333,416
Authorized capital	410	-	8,210,831
Additional capital	420	-	-
Reserve capital	430	-	-
Target financing	450	-	-
Undistributed earnings (uncovered loss)		-	104,626
Undistributed profit of past years	460	-	-
Uncovered loss of past years	465	-	-
Undistributed profit of current fiscal year	470	-	104,626
Uncovered loss of current fiscal year	475	-	-
Debt and borrowing (long-term)	510	-	-
Other long-term liabilities	520	-	-
Debt and borrowing (short-term)	610	-	-
Accounts payable	620	-	17,902
Arrears of income payment to founders	630	-	-
Unearned Revenue	640	-	-
Reserve for future expenses and payments	650	-	-
Other short-term liabilities	660	-	-

**CONDENSED PROFIT
AND LOSS STATEMENT**
During March 4 - December 31, 2005

Indicator	Line Code	During Reporting Period	During the Same Period of Previous Year
Proceeds (net) from sales of, products, work, and services	010	235,781	—
Costs of sold goods, products, work, and services	020	(117,378)	—
Business expenses	030	-	—
Administrative expenses	040	-	—
Sales profit (loss)	050	26,200	—
Interest receivable	060	183	—
Interest due	070	-	—
Proceeds from participation in other companies	080	92,203	—
Other operating revenue.	090	1	—
Other operating expenses	100	(255)	—
Non-sale revenues	120	-	—
Non-sale expenses	130	(7,368)	—
Pretax earnings (loss)	140	110,964	—
Current profits tax	150	(6,281)	—
Profit (loss) from ordinary operations	160	104,626	—
Extraordinary revenues	170	-	—
Extraordinary expenses	180	-	—
net profit (undistributed earnings (loss) of current reporting period	190	104,626	—
Regular tax liabilities (assets)	200	1,835	—

All types of the Company's financial statements for 2005 are available at www.ogk-4.ru

INFORMATION ABOUT THE EXTERNAL AUDITOR

The Company's External Auditor is Pricewaterhouse
Coopers Audit.
Address: 52, bld. 5, Kosmodamianskaya Nab str.,
Moscow, 115054, Russia
Telephone: +7 495 967 6000 Fax: +7 495 967 6001
www.pwc.com

The amount of remuneration payable to the External Auditor of the Company is determined by the Board of Directors. According to the decision made by the Board of Directors of the Company at its meeting held on September 6, 2005 the amount payable to the External Auditor is 7,552,000 rubles inclusive of VAT (Minutes No. 6).

MAIN INDICATORS
OF FINANCIAL AND
ACCOUNTING STATEMENTS

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INVESTMENT ACTIVITY



TARGETS AND OBJECTIVES OF THE COMPANY'S INVESTMENT ACTIVITY

The main target of the investment activities of OGK-4 is the implementation of projects based on the principles of their economic effectiveness aimed at the competitive recovery of the Company and safe performance of the plant and equipment.

The main directions of the investment activities are as follows:

- * to extend operational life of power-generating equipment of the power plants;
- * to replace used-up power-generating equipment for modern equipment with high production and economic performance;
- * to launch new facilities;
- * to enhance reliability of power-generating equipment;
- * to ensure industrial safety;
- * to improve the Company's technical and economic indicators of the Company's activities.

THE COMPANY'S INVESTMENTS

The major directions for the investment programs of the AO-Power Plants managed by OGK-4 (GRESes) included modernization and technical upgrade of energy generating facilities.

In 2005, there was no commissioning of new facilities.

The planned investment volume for 2005 was 1,256,391 thousand rubles, including:

- * 1,230,141 thousand rubles were planned to be used for technical upgrade and modernization (97% of the total volume of investments);
- * 26,250 thousand rubles for new construction and expansion (2% of the total volume of investments).

The actual volume of investments made was 1,222,947 thousand rubles, including:

- * 1,098,001 thousand rubles were used for technical upgrade and modernization (89% of the total volume of investments);
- * 124,946 thousand rubles were used for new construction and expansion (10% of the total volume of investments).

INVESTMENT ACTIVITY

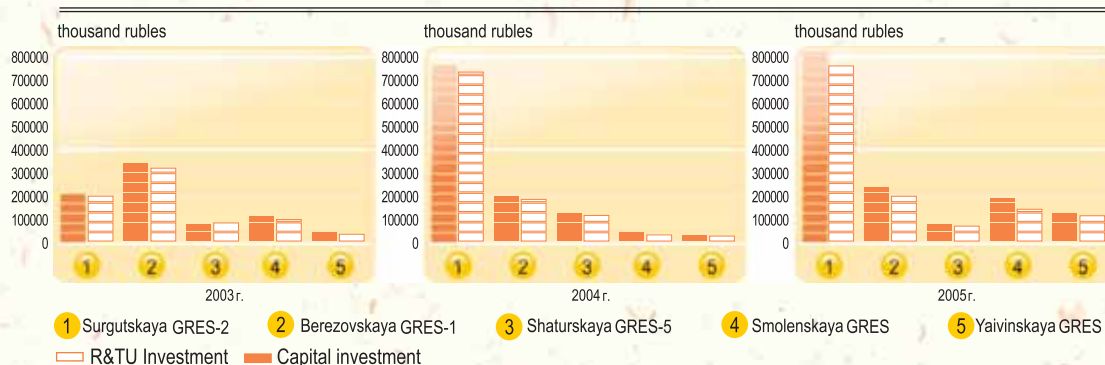
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Indicators for Implementation of 2005 Investment Program, thousand rubles exclusive of VAT

AO-Power Plant	Total Capital Investments			Technical Upgrade and Reconstruction		
	Planned	Actual	%	Planned	Actual	%
Total for OGK-4,	1,256,391	1,222,947	97	1,230,141	1,098,001	89
including:						
Surgutskaya GRES-2	796,691	792,046	99	746,691	688,584	86
Berezovskaya GRES-1	257,186	229,270	89	242,186	212,236	88
Shaturinskaya GRES-5	84,180	68,630	82	84,180	68,630	82
Smolenskaya GRES	30,670	19,790	65	23,970	16,378	68
Yaivinskaya GRES	87,664	113,211	129	83,114	112,173	135

Capital Investments (CI) and R&TU Investments in Facilities Managed by OGK-4 (GRESes) During the Past Three Years



FINANCING SOURCES FOR INVESTMENT PROGRAMS

In 2005, the investment programs of the GRESes managed by OGC-4 were financed from the own funds. The financing sources for the investment programs included profits (603,242 thousand rubles) and amortization (628,462 thousand rubles).

In 2005, no debt resources were used for investment projects.

MAIN DIRECTIONS OF MEASURES

Related to the 2005 Investment Program for Technical Upgrading and Reconstruction:

- * enhancement of reliability of operation of GRES's main equipment;
- * enhancement of usability and flexibility of power units;
- * improvement of quality of power frequency control;
- * improvement of technical and economic indicators;
- * automation of thermal energy output control;
- * automation of electricity metering;
- * reproduction of fixed assets.

Related to new construction:


- * antiterrorist measures;
- * pre-investment development of GRES expansion scenarios based on combined-cycle plants and investment feasibility evaluation

RESULTS OBTAINED FROM INVESTMENT PROGRAM IMPLEMENTATION

The implementation of the 2005 Investment Program resulted in:

- * reconstruction and replacement of obsolete and over-age equipment, which made it possible to enhance its reliability and usability, reduce specific fuel consumption for generation, and ensure certain economic effect for the GRESes;
- * automated electricity metering systems, which meet the requirements of the Sales System Administrator, were adopted by all the GRESes;

The financing sources for the investment programs

- 
- profits (49%)
 - amortization (51%)

- * enhancement of operational reliability and flexibility of Power Unit No. 4 and Surgutskaya GRES-2 on the whole;
- * reconstruction of the gas pipelines of HRSG # 4, main heat networks, information and measuring complexes of open distribution systems (Shaturskaya GRES-5), modernization of convection passes of boilers, reconstruction of electrolysis installation (Yaivinskaya GRES), and other types of work under the Investment Program.

NON-CORE FINANCIAL INVESTMENTS

Pursuant to the Reform Strategy of RAO UES of Russia determined by the Decision of the Board of Directors of RAO UES of Russia (Minutes No. 111 of March 6, 2002) and Decree No. 368 of June 28, 2002, related to the termination of the companies' participation in non-core business activity, OGC-4 did not make any non-core financial investments.

RAISING DEBT FOR INVESTMENT PROJECTS

In 2005, no debt resources were raised for investment projects.

INVESTMENT ACTIVITY

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PROSPECTS OF TECHNICAL REEQUIPMENT AND DEVELOPMENT





PROSPECTS OF TECHNICAL REEQUIPMENT AND DEVELOPMENT

While creating replacement capacities and in new construction at the GRESes managed by OGK-4, the main measures will involve the use of combined cycle technology for the plants using gas as their main fuel. For instance, it is planned to create replacement capacity on the base of CCGT-400 at Shaturskaya GRES-5 in 2006-2008; CCGT-800 at Surgutskaya GRES-2 in 2008-2010; and CCGT-400 at Yaivinskaya in 2008-2010.

As for the power plants using solid fuel (Berezovskaya GRES-1), it is planned to use power units with improved efficiency (more than 42%) on the base of steam power technology. At Berezovskaya GRES-1, it is planned to commission Power Unit st. No. 3 on the base of SPP-800 by 2010.

Dynamics of Installed Capacity Changes for GRESes under Management for the Period Ending 2013, MW

GRES	2006	2007	2008	2009	2010	2011	2012	2013
Surgutskaya GRES-2	4,800	4,800	4,800	4,800	5,600	5,600	5,600	5,600
Berezovskaya GRES-1	1,500	1,500	1,500	1,500	1,500	2,300	2,300	2,300
Shaturskaya GRES-5	1,100	1,100	1,500	1,500	1,500	1,500	1,500	1,500
Smolenskaya GRES	630	630	630	630	630	630	630	630
Yaivinskaya GRES	600	600	600	600	600	600	600	1,000
Total for OGK-4	8,630	8,630	9,030	9,030	9,830	10,630	10,630	11,030

BRIEF CHARACTERISTIC OF INVESTMENT PROJECTS

Pursuant to the Regulations for Investment Activity of OGK-4 and the Regulations for the Technological Policy of OGK-4, projects are structured according to economical efficiency indicators and capital investment volumes.

Major Projects

SURGUTSKAYA GRES-2

Project Description:

Creation of replacement capacity on the base of CCGT-800 at Surgutskaya GRES-2.

Project Goal:

Installed capacity increase by 800 MW;
Creation of replacement capacities;
Enhancement of technical and economic indicators of the power plant.

Implementation Term:

Completion of construction and assembly work: 2007-2009; commissioning: December 2009.

Capital Investment Volume:

The capital investment volume will amount to 21,171.90 MM rubles (inclusive of VAT).

Technical and Economic Indicators of the Project

Description of Indicator	Value
Net present value (NPV), MM rubles	819
Internal rate of return (IRR), %	13.6
Payback period (PBP), years	11
Discounted Payback (DPB), years	27

BGRES-1

Project Description:

Completion of construction of the third power unit SPP-800.

Project Goal:

Installed capacity increase by 800 MW.

Increase in the efficiency of production.

Enhancement of technical and economic indicators of the power plant.

Implementation Term:

Completion of construction and assembly work: 2008-2009; commissioning: December 2009.

Capital Investment Volume:

The capital investment volume will amount to 6,571.21 MM rubles (inclusive of VAT).

Technical and Economic Indicators of the Project

Description of Indicator	Value
Net present value (NPV), MM rubles	2,441
Internal rate of return (IRR), %	29
Payback period (PBP), years	8
Discounted Payback (DPB), years	10

SHATURSKAYA GRES-5

Project Description:

Creation of replacement capacity on the base of CCGT-400.

Project Goal:

Replacement of overage equipment;

Enhancement of technical and economic indicators of the power plant.

Implementation Term:

Completion of construction and assembly work: 2006 - 2008; commissioning: December 2008.

Capital Investment Volume:

The capital investment volume will amount to 10,020.78 MM rubles (inclusive of VAT).

Technical and Economic Indicators of the Project

Description of Indicator	Value
Net present value (NPV), MM rubles	1,008
Internal rate of return (IRR), %	13.2
Payback period (PBP), years	11
Discounted Payback (DPB), years	27

YAIVINSKAYA GRES

Project Description:

Creation of replacement capacity on the base of CCGT-400.

Project Goal:

Replacement of overage equipment.

Enhancement of technical and economic indicators of the power plant.

Implementation Term:

Completion of construction and assembly work: 2007-2009; commissioning - December 2009.

Capital Investment Volume:

The capital investment amount will amount to 13,731.45 million rubles (including VAT).

Technical and Economic Indicators of the Project

Description of Indicator	Value
Net present value (NPV), MM rubles	185
Internal rate of return (IRR), %	13.2
Payback period (PBP), years	10
Discounted Payback (DPB), years	29

PROSPECTS OF
TECHNICAL
REEQUIPMENT AND
DEVELOPMENT

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OGK-4



INFORMATION TECHNOLOGY STATUS AND DEVELOPMENT



INFORMATION TECHNOLOGY STATUS AND DEVELOPMENT

In 2005, OGK-4 and the assets under management took the following measures to develop their IT infrastructure:

- * a bidding was held to develop the Company's IT Strategy aimed at reporting the current and target condition of the Company's IT System and the means of transition to the target condition in three major aspects:

- * IT infrastructure;
- * information systems used;
- * IT control processes.

- * the works are carried out in close cooperation with RAO UES of Russia, which will help to use the project's results as basis for similar projects in other subsidiaries of RAO UES of Russia;

- * the work was completed to implement ERP system at Berezovskaya GRES-1 within the framework of the requirements specification. Requirements specifications were created for complete integrated automation of the Company's management in the context of the implemented project. The implementation period of the requirements specifications is 2006-2007;

- * an integrated survey of the IT infrastructure of the assets under management (GRESes) and the management Company were completed. As a result of this survey, the documents base was systematized and recommendations for the development of the Company's integrated IT infrastructure were worked out;

- * a bidding for the construction of backbone links was prepared and held in order to create an integrated corporate data-transmission network with guaranteed reliability and quality. In accordance with the bidding results, an agreement was entered into to perform work in II and III quarters of 2006;

- * the capacity of digital communication channels between the assets under management (GRESes) and Internet service providers and cooperating enterprises was considerably increased;

- * the server pool unitization and the conditioning of computational power to meet the requirements of the information systems used by the Company and the GRESes were started;

- * the PC pool and other IT equipment for workstations were considerably updated;

- * a standard organizational structure of IT-services has been elaborated. In accordance with the decision made by the Management Board of RAO UES of Russia, the work toward determining IT service structure and developing (elaborating) requirement criteria was started;

- * automated electricity metering systems were implemented at Surgutskaya GRES-2, Yaivinskaya GRES, Shaturskaya GRES-5, and Smolenskaya GRES;

- * an automated process control system was implemented for Power Unit 4 of Surgutskaya GRES-2.

In 2005 OGK-4 and the managed assets have implemented the following works with regard to development of informational technologies:

- * a bidding was held to develop the Company's IT Strategy aimed at reporting the current and target condition of the Company's IT System and the means of transition to the target condition in four major aspects:

- * IT infrastructure;
- * business processes and information systems;
- * IT management model;

- * organization and establishment of IT divisions;

- * the works were carried out in close cooperation with RAO UES of Russia, which will help to use the project's results as basis for similar projects in other subsidiaries of the Holding Company;

- * the work was completed to implement ERP systems at Berezovskaya GRES-1 within the framework of the requirements specification;

- * requirements specifications were created for complete integrated automation of the Company's management in the context of the implemented project. The implementation period of the requirements specifications is 2006-2007;

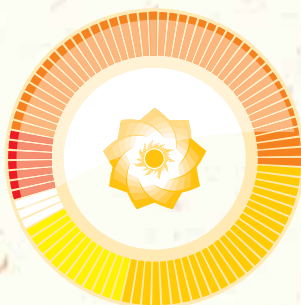
- * automated electricity metering systems were implemented at Surgutskaya GRES-2, Yaivinskaya GRES, Shaturskaya GRES-5, and Smolenskaya GRES;

- * an automated process control system was implemented for Power Unit 4 of Surgutskaya GRES-2;

- * an integrated survey of the IT infrastructure of OGK-4 and the assets under management (GRESes) were completed. As a result of this survey, the documents base was systematized and recommendations for the development of the Company's integrated IT infrastructure were worked out.

Telecommunication cost structure

- Data transmission media (2,330)
- Voice transmission media (12,397)
- External network service providers (6,475)
- Cordless communication media (3,495)
- Other (838)



The analysis of the Company's telecommunication cost structure showed that it was necessary to improve the integration of IT systems, which would make it possible to enhance the completeness, promptness, and reliability of information required for the decision-making process at all management levels.

To this end, the following measures were taken:

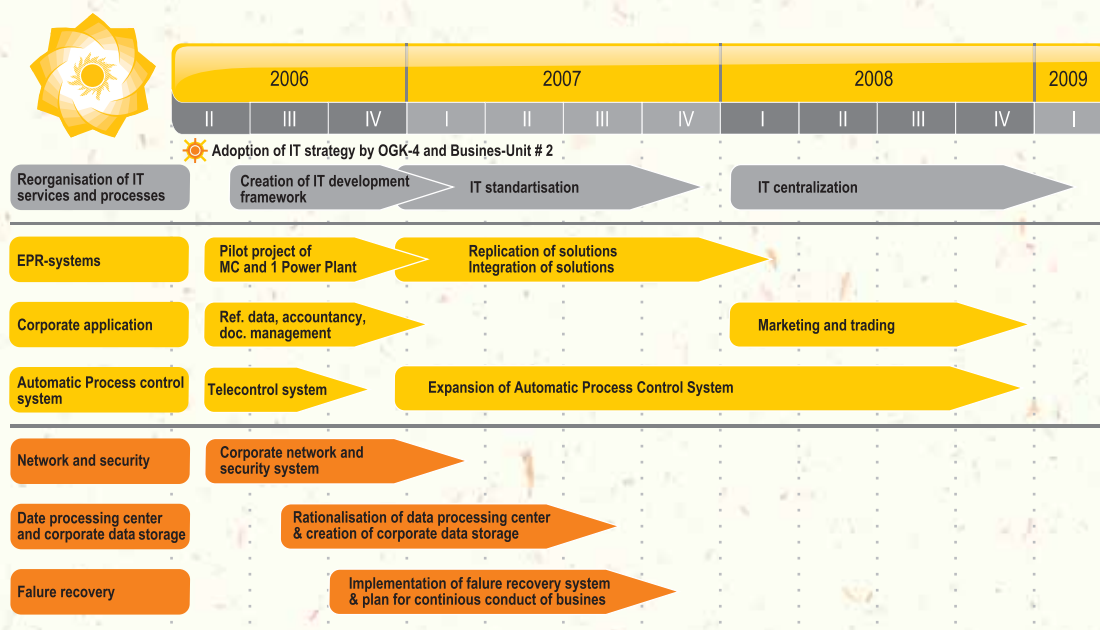
- ✦ a bidding for the construction of backbone links of OGK-4 and the GRESes under management was prepared and held in order to create an integrated corporate data-transmission network with guaranteed reliability and quality. In accordance with the bidding results, an agreement was entered into to perform work in I - II quarters of 2006;

- ✦ the capacity of digital communication channels between the assets under management (GRESes) and Internet service providers and cooperating enterprises was considerably increased;
- ✦ the server pool unitization and the conditioning of computational power to meet the requirements of the information systems used by the Company and the GRESes were started;
- ✦ the PC pool and other IT equipment for workstations were considerably updated.

Analyses of the organizational and personnel structures of IT divisions were made in 2005. To provide high quality IT services and implement the Company's projects, relevant competences were identified. Local personnel resources were reviewed for adequacy to the assigned tasks.

This resulted in the development of a standard organizational structure of IT services for the Company and the assets under management. Pursuant to Decision 1289 made by the Management Board of RAO UES of Russia on September 9, 2005, the work toward determining IT service structure and developing (elaborating) requirement criteria was started.

The first priority measures implemented in 2005 to solve the most urgent problems identified at the time of the Company's establishment correlate well with the following Long-Term IT Development Plan drawn up in accordance with the Company's business requirements.





ENVIRONMENT PROTECTION





ENVIRONMENT PROTECTION

In 2005, the power plants managed by OGK-4 gave much attention to measures related to the protection of environment against atmospheric emissions of polluting substances, against the pollution water bodies with impurities and disposal of waste formed in the process of electric and heat energy production. Altogether, 114,592.7 thousand rubles were allocated for the 2005 environment protection measures.

For OGK-4 on the whole, with the increase of electric power output in 2005 by 6.39% as compared with 2004,

the total emissions reduced by 2.4 thousand tonnes (3%), the discharge of pollutant effluents into the water bodies increased by 5.2 thousand cbm (by 1%), and the water extraction from nature sources increased by 8.1 million cbm (1.3%).

The comparison of the results of specific emissions of the GRESes managed by OGK-4 for both generation and fuel consumption shows a reduction of the adverse impact on the environment of the power plants using gas as the main fuel.

Ecological indices of OGK-4

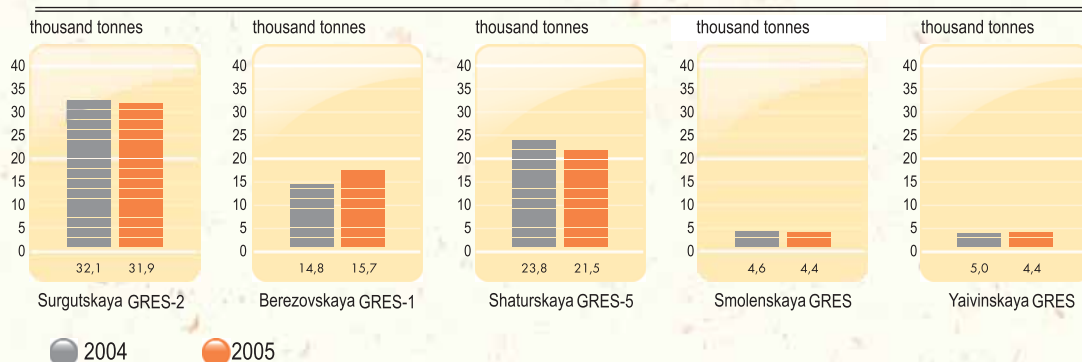
Indices	unit	Year		change (+/-)
		2004	2005	
Gross discharge of contaminants in air, total	thousand tonnes	80.300	77.900	-2.400
including				
solid fuel ashes		4.550	4.290	-0.260
gaseous and liquid		75.690	73.580	-2.110
among them				
sulfur dioxide		22.770	17.669	-5.101
carbon oxide		11.536	10.094	-1.442
nitrogen oxide		41.350	45.790	4.440
Water usage for production purposes	mln m ³	600.060	608.200	8.140
Recycled water volume	mln m ³	5,805.100	5,542.900	-262.200
Pollutant effluents discharge	mln m ³	502,112	507,290	5,178
Ash waste formation	thousand tonnes	283,858	286,998	3.140

Specific discharge indices for production

GRES	production		emission		specific discharge th.tons/ bln kWh
	bln kWh	% from OGK	thousand tons	% from OGK	
Surgutskaya GRES-2	31.936	65.20	31.9	40.95	0.999
Berezovskaya GRES-1	6.675	13.60	15.7	20.15	2.352
Shaturskaya GRES-5	4.581	9.40	21.5	27.60	4.690
Smolenskaya GRES	2.139	7.54	4.4	5.65	3.863
Yaivinskaya GRES	3.652	4.40	4.4	5.65	1.205
OGK-4 in 2005	48.983	100.00	77.9	100.00	1.590
OGK-4 in 2004	45.794		80.3		1.754



Gross discharge of contamination in air in 2004-2005



Surgutskaya GRES-2:

At increase of electric power production in 2005 compared to 2004 by 3.5%, gross discharge of contaminants in air decreased by 0.2 thousand tons. This became possible thanks to elimination of burners and gas-air flow duct defects, as well as realization of operational works for optimization of burning process. In 2005 there is introduced a continuous monitoring of pollutant emissions of contaminants in air. Every plant is equipped with two stationary gas analyzers that are intended for continuous automatic measurement of actual concentration of contaminants in smoke fumes of boilers, and for control of boiler operation mode.

Berezovskaya GRES-1:

At increase of electric power production in 2005 compared to 2004 by 7.7%, gross discharge of contaminants in air decreased by 0.9 thousand tons. Repair of electrostatic filters at plants # 1 and # 2, implementation of turbine condenser ball cleaning system, and implementation of undergrate blast system at plant # 1 contributed to decrease of specific discharge.

Shaturskaya GRES-5:

At increase of electric power production in 2005 compared to 2004 by 46%, gross discharge of contaminants in air decreased by 2.3 thousand tons. This took place because of decrease of coal combustion fraction, and implementation of measures, increasing economical efficiency; sealing of combustors and chimneys of boilers ## 1-7 in order to reduce leakages, cleaning of turbine condensers and VZP cyclone separators.

Smolenskaya GRES:

At increase of electric power production in 2005 compared to 2004 by 8.7%, gross discharge of contaminants in air decreased by 0.2 thousand tons. In the end of 2005, a scheme of two-stage fuel burning was implemented. That scheme allowed decreasing the discharge of nitric oxides, not lowering boiler effectiveness. Construction of fish protector at Soshno lake water abstraction is finished. At the expense of lowering recirculated water temperature by 0.5°C at condenser inlet, specific reference fuel consumption decreased by 0.15 g/kWh.

Yaivinskaya GRES:

At increase of electric power production in 2005 compared to 2004 by 0.6%, gross discharge of contaminants in air decreased by 0.6 thousand tons. This took place not only because of decrease of coal combustion fraction by 46.9 thousand tons, but realization of capital repairs and testing of ash collectors on the plant # 4 (decrease of ash emission by two times).

In 2006-2008 it is planned to invest 427.3 mln rubles for implementation of environmental actions at power plants of OGK-4.



PERSONNEL AND SOCIAL POLICY SOCIAL PARTNERSHIP



PERSONNEL AND SOCIAL POLICY. SOCIAL PARTNERSHIP

The main purpose of personnel policy is the implementation of strategic challenges, set in front of the Company, by optimal usage of human resources.

The main challenges in the sphere of human resource management are the following:

- * formation of optimal organizational arrangement, corresponding to the Company strategic targets;
- * orientation to growth of own personnel, preparation of internal reserve;
- * realization of unified system of personnel encouragement;
- * preparation, adaptation, and accompanying of personnel to changes;
- * development of personnel circulation technology, including aspects of geographical migration at career development;
- * realization of social programs (non-state pension fund scheme, voluntary health insurance, etc.);
- * creation of unified automated system for personnel management;

The following social privileges and guarantees are envisaged by Provisions for remuneration, motivation, privileges, compensations, and other social payments (social package) to the employees of OGK-4:

- * lump sum payments at delivery of a child, first marriage, in case of close relatives death;
- * lump sum payments for jubilees (women – for 50- and 55-year anniversary, men – for 50- and 60-year anniversary);
- * granting of annual corporative season ticket for visiting fitness-club;
- * voluntary health insurance;
- * accident insurance;
- * non-state pension coverage;
- * lump sum payments in case of awarding by sector and departmental rewards.

Dynamics of average staffing number of the plants is drawn up on the basis of reports on the forms of federal state statistical monitoring.

Average staffing number of OGK-4 for 2003 – 2005 (pers.)

exponent	OGK-4	Surgutskaya	Berezovskaya			Shaturskaya			Smolenskaya			Yaivinskaya		
		GRES-2	GRES-1			GRES-5			GRES			GRES		
		2005	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
Average staffing number, total	30	556	3,118	1,925	1,757	1,845	1,811	1,718	779	717	635	574	478	481
including PP*		556	2,886	1,820	1,683	1,669	1,668	1,654	691	637	567	530	450	454
NPP**			232	105	74	176	143	64	88	80	68	44	28	27

*PP – production personnel

**NPP – non-production personnel



SYSTEM OF PERSONNEL DEVELOPMENT

In 2005 the Company administration paid a lot of attention to personnel development. Over the period under review, 39 persons (among them 18 persons – managers and 21 persons – specialists), and at AO-Power Plants – 3,467

persons, have undergone training following the Programs for advanced training and professional training.

Education and advanced training of AO-Power Plants personnel

Personnel education and advanced training	Surgutskaya GRES-2			Berezovskaya GRES-1			Shaturskaya GRES-5			Smolenskaya GRES			Yaivinskaya GRES		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
Managers	110	200	191	98	101	132	135	170	100	19	16	27	5	8	29
Office Staff	–	–	–	–	–	2	–	–	–	–	3	–	–	–	–
Specialists	284	189	258	177	180	317	67	181	59	40	67	58	2	1	35
Workers	811	832	673	467	562	980	947	947	556	20	22	35	76	20	15
Total	1,205	1,221	1,122	742	843	1,431	1,149	1,298	715	79	108	120	83	29	79

Advanced training of managers and specialists of OGC-4 and AO-Power Plants took place at the following educational institutions and centers: NP KONTs UES, OAO Institute of Corporate Governance, NP ATS, Institute of Marketing Technologies, MIS “East – West”, VIPKenergo, IPKgosszluzhby, GOUDPO PEIpk and others.

Workers’ advanced training took place at: ANO Professional Education Center (Surgutskaya GRES-2), OAO Smolenskenergo (Smolenskaya GRES), NOU TzPK Mosenergo (Shaturskaya GRES-5), Training Center of

the town of Dobrianka (Yaivinskaya GRES), Training Station of BGRES-1.

Selection of managers, specialists, and officials is carried out on a competitive basis, according to the internal Regulation “On creation of candidates data base and about competitive selection for turnover rate” dated October 11, 2005.

In order to provide AO-Power Plants with young specialists, students of profiled institutions are regularly enlisted for practical training.

Education and advanced training of AO-Power Plants personnel

directions of students practical training	Surgutskaya GRES-2	BGRES-1	Shaturskaya GRES-5	Smolenskaya GRES	Yaivinskaya GRES
Economics	3	18	1	3	2
Finance	4	5	–	7	–
Law	–	4	–	–	2
Technology	65	156	18	20	21
Informational Technologies	11	10	–	9	11
Management	–	2	–	6	1
Total:	83	195	19	45	37

PERSONAL AND
SOCIAL POLICY
SOCIAL PARTNERSHIP

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OGC-4



TASKS AND PROSPECTS FOR 2006



OGK-4

TASKS AND PROSPECTS FOR 2006

Main events, that shall take place in 2006 within the frames of electrical energy industry reform, afford grounds to hope for successful results of OGK-4 in the next year. According to the reform plan and strategy, the Company shall be finally formed in II quarter of 2006 and shall rank among the biggest entities of wholesale electric power market. Also it is awaited that essential expansions shall concern electric power market itself, as well as the infrastructure of financial markets of Russia, a full-hedged member of which OGK-4 will become after consolidation of its assets.

The Management of OGK-4 express confidence, that all the changes will favorably affect the financial and economic activities of the Company, and will allow OGK-4 to take the leading positions in the sector in the nearest future.

Taking into account a predictable macroeconomical climate in Russia in 2006, and considering the plans of electric power industry reform implementation, the Management of the Company assigned the main tasks for the next year.

OGK-4, providing competitiveness of OGK-4 in new economical conditions;

- ★ improvement of professional level of OGK-4 employees, who will resolve all the enumerated tasks and attain the set goals.

FORMING OF OGK-4

Establishing of OGK-4, among other power generation auction companies, is an integral part of the process of reforming of Russian electric power industry. According to the reform strategy, OGK-4 shall become the main participant of competitive electric power wholesale market. The main task of OGK-4 forming process is the establishment of integrated production company on the basis of AO-Power Plants, comprising OGK-4.

MAIN TASKS OF THE COMPANY FOR 2006:

- ★ forming of OGK-4 as solid production company;
- ★ observance of legal rights of all the minority shareholders during realization of corporative reorganizations in the course of forming of OGK-4;
- ★ guarantee of stable operation of heat power-stations, reliable and uninterrupted electrical and heat supplies for consumers, considered not only as social function, but also as the criterion of economical efficiency;
- ★ improvement of corporate management system, implementation of advanced standards of the leading Russian and foreign companies;
- ★ penetration of OGK-4 to the wholesale market of electric energy and power as an integrated outstanding entity of the Wholesale Electric Power Market (WEPM);
- ★ floatation of OGK-4 shares on the stock markets of Russia;
- ★ maintaining and advancing of positions of OGK-4 at heat and electric power markets;
- ★ optimization of costs structure of OGK-4; working-out and adoption of investment strategy of



Schedule of OGK-4 Formation Measures

main actions	Term of Implementation (not later than)
Signing of treaty of accession by one-man Executives of OGK-4 and BGRES-1, Yaivinskaya GRES, Smolenskaya GRES, Shaturskaya GRES-5, Surgutskaya GRES-2	January 12, 2006
Extraordinary general meetings of shareholders of AO-Power Plants on the following matters: about restructuring of the Company in the form of accession; about approval of treaty of accession; about approval of deed of transfer	February 28, 2006
Obtainment of Federal Antimonopoly Service sanction for accession	March 29, 2006
OGK-4 Board of Directors on the matter: about calling of general meeting of shareholders of companies, reorganized in the form of accession (OGK-4, BGRES-1, Yaivinskaya GRES, Smolenskaya GRES, Shaturskaya GRES-5, Surgutskaya GRES-2)	March 29, 2006
Combined general meeting of shareholders of companies, reorganized in form of accession (OGK-4, BGRES-1, Yaivinskaya GRES, Smolenskaya GRES, Shaturskaya GRES-5, Surgutskaya GRES-2) on the matter: about insertion of changes and additions to the Charter of OGK-4, related to reorganization in form of accession	May 22, 2006
State registration of the Decision on OGK-4 shares issue (for the purpose of conversion)	June 13, 2006
Making an entry into the Unified State Register of Legal Entities about discontinuation of activities of BGRES-1, Yaivinskaya GRES, Smolenskaya GRES, Shaturskaya GRES-5, Surgutskaya GRES-2, in consequence of their accession to OGK-4. Completion of undertakings on formation of OGK-4	July 1, 2006

TASKS AND PROSPECTS
FOR 2006

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THE COMPANY TASKS IN THE SPHERE OF PRODUCTION

The analysis of technical condition of plants' main equipment shows, that:

- * the main production-technical decision for the nearest 2-3 years is still the elongation of service life of worn-out equipment, the capacity of which for OGK-4 GRESes within the period under consideration reaches 1,350 MW;
- * generating equipment needs replacement for the capacity of 450 MW, including the capacity of substituting combined-cycle and gas-turbine plants of 450 MW;
- * for the new equipment, expected for implementation at GRESes, preference shall be given to gas-vapor technologies. At the beginning the capacity of combined-cycle plant will reach 450 MW;
- * it is necessary to take the measures on decrease of specific fuel rate and increase of effectiveness of the plants. This shall be done by way of modification and technical retooling of the operated equipment;

- upgrade of cycle arrangement. Potential of plant effectiveness increase in this case will be up to 1.5 – 1.8%;
- upgrade of turbine plant. Potential of plant effectiveness increase in this case will be up to 4.6%;
- upgrading of boiler plant efficiency. Potential of plant effectiveness increase for different types of boilers at the expense of the mentioned and other measures will be up to 2.7 – 3.4%;
- upgrade of auxiliary equipment. Potential of plant effectiveness increase for auxiliary equipment in this case will be up to 2.6%.





THE COMPANY TASKS IN THE SPHERE OF COSTS DECREASE

Fuel factor. This type of expenses comprises the most ponderable rate of the cost value (about 66%). The effective management of fuel factor will lead to considerable decrease in system-wide expenses.

The following measures are planned to be taken:

- * accounting during working out planned balances of electric energy and power of increase of average loading at power plants;
- * decrease of specified fuel consumption rate by updating of fuel balance structure – increase of gas rate and decrease of burning fuel oil;
- * improvement of fuel purchasing tactics: suppliers selection on the principle of minimum price, by way of competitive bidding;
- * timely stock forming within the periods of low price purchasing: maximum purchase of reduced fuel oil for winter stocks and current expenses in spring period, as far as the dynamics of price for fuel oil in summer shows its natural growth, related to purchasing of this kind of fuel at domestic and foreign markets;
- * samples of the supplied limit gas in full size;
- * decrease of reduced fuel oil rate at provisioning.

Optimization of remuneration of labour, considering the reached financial and economical indicators of production personnel.

Optimization of expenses for service payment of production and non-production character, insurance expenses, other expenses by means of open biddings and selection of the winner following the criterion of the lowest price.

Decrease of operating expenses, related to handling of credits and loans (lowering of payment percentage of debt credits and loans at the expense of refinancing on more favourable terms).

Decrease of extraordinary charges: for financing of community facilities and housing and utilities infrastructure, for maintenance of non-core assets. It is planned to hand over community facilities on balance of municipal budgets, as well as to realize non-core assets, using the mechanism of open tenders.

One of the main tasks that the Company allots for itself, is the increase of business attraction for investment. Aspects, related to investors' interest, are the critical ones in the Company strategy. Unblemished business reputation of the Company, its positive image shall become a convincing intangible cost component of the Company.

THE COMPANY TASKS IN THE SPHERE OF INFORMATION POLICY

Information policy of the Company is an important factor for overall estimate of the Company operation by shareholders and potential investors. The main principles followed by the Company in the sphere of information policy, are the following:

- * information openness of the Company;
- * regularity and efficiency of furnishing of information concerning the Company activities;
- * reliability and completeness of the information provided;
- * objectiveness in disclosure of information;
- * accessibility of information.

IR-division is organized in OGK-4 for effective work with shareholders and investors.

COMPANY INTRODUCTION TO RUSSIAN AND FOREIGN GILT-EDGED MARKETS

On February 28, 2006 shareholders of managed assets of OGK-4 took the decision about reorganization in form of accession to OGK-4. Conversion of AO-Power Plants' shares into shares of OGK-4 shall take place in the frames of accession procedure. For the purpose of the share conversion, OGK-4 shall organize the additional issue of shares.

The process of share conversion shall be finished in July, 2006.

OGK-4 plans to introduce the shares to the stock-market in II quarter of 2006, after conversion of AO-Power Plants' shares into shares of OGK-4.

THE COMPANY TASKS IN THE SPHERE OF CORPORATE GOVERNANCE UPDATE

The main goals of corporate governance in the Company are:

- * enhancement of efficiency of control over the Company management activities from the side of shareholders;
- * increase in confidence of potential investors to the Company mechanisms of attracting investments;
- * the Company plough-back increase.

In order to enhance corporate governance in OGK-4,

it is planned to carry out formalization of corporate governance process for the purpose of lowering of time and finance expenditures for carrying out of corporate procedures, rationalization and simplification of specialists' work, provision of taking corporate decisions in the needed period, etc., in particular, carrying-out the following activities:

Schedule for carrying-out activities in the sphere of corporate governance

actions	lead time
Drafting of Regulations on preparation of materials for Board meetings	II quarter of 2006
Drafting of OGK-4 Corporate Governance Code	III quarter of 2006
Organization of committees at OGK-4 Board of Directors:	
audit committee	
appointments and remuneration committee	III quarter of 2006
Drafting and approving at OGK-4 Board of Directors of "Provision on staff and payment committee" and "Provision on audit committee"	III quarter of 2006
Drafting and approving at OGK-4 Board of Directors of "Provision on procedures of in-house audit of financial and economic activities of the Company"	III quarter of 2006
Introduction of changes and additions into Charter of OGK-4 for the purpose of inclusion into the Charter of legal norms, regulated by "Corporate Governance Code" and the List of stock-market requirements for introduction of shares into quotation lists	III quarter of 2006
Drafting of Provision on Information Policy	III quarter of 2006

TASKS AND PROSPECTS
FOR 2006

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INFORMATION FOR SHAREHOLDERS



OGK-4



REFERENCE INFORMATION FOR SHAREHOLDERS

CONTACT INFORMATION

Full trade name of the Company:

Generation Company Four of the Wholesale Market of
Power and Energy (Open Joint Stock Company)

Short trade name of the Company: OGK-4

Registered address:

628406, Russian Federation, Tyumen Region,
Khanty-Mansiysk Autonomous District, Surgut,
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Telephone: +7 3462 28 00 37

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www.ogk-4.ru

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INFORMATION ABOUT THE REGISTRAR OF OGK-4:

Full trade name: Moscow Central Depository

Short trade name: MCD

Registered address: 3, korp. B, Orlikov

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Telephone: +7 495 263 81 53

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E-mail: nd@mcd.ru

www.mcd.ru

EXTERNAL AUDITOR:

Full trade name: ZAO PricewaterhouseCoopers Audit

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Postal address: 52, bld. 5, Kosmodamianskaya Nab. str.,
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Fax: +7 495 967 60 01

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INFORMATION ABOUT THE APPRAISER:

KOSMOS Appraiser Consortium: Central Finance and
Appraisal Company; Institute for Evaluation of Property
and Financial Operations; DISTAN; and LAIR represented
by Central Finance and Appraisal Company.

Full trade name: Central Finance and Appraisal Closed
Joint Stock Company

Short trade name: ZAO CFAC

Registered address: Moscow, 22/2,

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Telephone/Fax: +7 495 937 53 85/86; +7 495 291 60 67

E-mail: ozenka@cfok.ru

Full trade name: DISTAN Limited Liability Company

Short trade name: OOO DISTAN

Registered address: 2, Krasnogorskoye Shosse str.,
Moscow Region, Odintsovo, 143007, Russia

Telephone/Fax: +7 495 593 49 16

E-mail: distan@pisem.net

Full trade name: Institute for Evaluation of Property and
Financial Operations Limited Liability Company

Short trade name: OOO Institute for Evaluation of Prop-
erty and Financial Operations

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INFORMATION ABOUT APPRAISAL SERVICES PROVIDED BY THE APPRAISER:

Under the terms and conditions of Agreement TAL-050-4,
KOSMOS Appraiser Consortium appraised the market
value of 1 (one) ordinary and 1 (one) preference share
in OGK-4 to determine the market value of the shares at
reference and liquidity levels.

The appraisal was made as of July 1, 2005. The results of
this appraisal were used for the calculation of coefficients
for converting shares in the OGK-4 AO-Power Plants into
OGK-4 shares for the purpose of takeover by OGK-4 of
such AO-Power Plants.