

## EXPLANATORY NOTE

to OGK-1 Board of Directors' resolution on the issue  
"Recommendations on Company profit and loss allocation  
for the financial year of 2008"

### Draft resolution:

Recommend to the General Shareholders Meeting to approve the following Company profit (loss) allocation for the financial year of 2008:

Item	Thousand rubles
Retained profit (loss) of the reporting period:	1, 086, 285
Allocate to: Reserve Fund	54, 314
Savings	1, 031, 971
Coverage of prior years' loss	-

In accordance with legislation on Joint Stock Companies and article 8 of the Articles of Association of the Company a Reserve Fund in the amount of 5 (five) percent of the authorized capital should be formed. The obligatory annual payments to the Company's Reserve Fund amount to at least 5 (five) percent of the Company's net profit and are to be transferred before the Reserve Fund meets an established requirement (in accordance with the Articles of Association, Company's Reserve Fund amounts to 1, 283, 001 thousand rubles. According to the audited financial statements as of 31.12.2008, Company's Reserve Fund amounts to 160, 306 thousand rubles. Thus, 5% of Company's net profit in the amount of 54, 314 thousand rubles is to be transferred to the Company's Reserve Fund).

The recommendation to allocate a part of the Company's net profit for the financial year of 2008 on "Savings" is explained by the following reasons:

1. Necessity to show a part of the Company's reporting period profit as a source to finance its investment program in order to submit the report on the use of the investment part of the electricity tariff, approved for the year of 2008, to the Russian Federal Tariff Service (608, 500 rubles to the reconstruction of the power unit № 3 of Kashirskaya GRES)
2. Necessity to allocate Company's own funds on the implementation of its priority investment projects in the situation, when the funding from the strategic investor, State is absent and the cost to repay Company's debt, raised to finance its investment program and operational activity due to the non-payments for the electricity sold, is increasing. The amount of the non-payments is expected to be at about 10% of Company's revenue.

Financial Director

S.A. Kirov