



TGC-1: 2009 IFRS RESULTS

Saint-Petersburg, June 10, 2010

Karelia Republic

- 1 CHPP: 280MW/689 Gcal
- 17 HPPs: 633 MW
- 1 diesel PP: 2 MW

Murmansk region

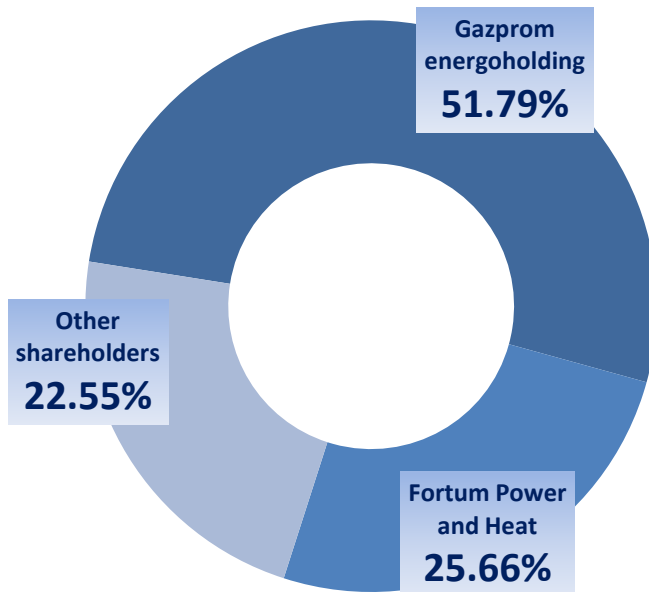
- 2 CHPPs: 345 MW /1,846 GCal
- 17 HPPs: 1,595 MW

City of St. Petersburg and Leningrad region

- 11 CHPPs: 2,805 MW/11,827 Gcal
- 6 HPPs: 664 MW

- 40 HPPs: 2,893 MW
- 14 CHPPs: 3,420 MW/14,548 GCal
- 1 diesel station: 2 MW

- c. 3% of total installed electric capacity in Russia
- c. 6% of hydro installed capacity in Russia
- 3rd largest TGC by electric capacity
- the sole TGC with sizable hydro capacity and export



- The world's largest state-owned gas producer and exporter
- The largest investor in power generation in Russia (over RUR 140 bln to this day, RUR 250 bln to be invested in 2009-2013)



- Largest integrated utilities company in the Nordic area with highest eco-standards
- High corporate governance standards
- Expertise in operation of HEPPs

- Share capital – RUR 38.5 bn
- Over 300,000 shareholders
- Shares listed in A1 quotation list on MICEX
- GDR program (OTC market)
- S&P corporate governance score since 2006 (CGS as at 2008 - 5)
- Best IR and shareholders relations professionals in Russian utilities (Thomson Reuters Extel Surveys 2008 & 2009)

	2008	2009
Installed electric capacity, MW	6,279	6,315*
Installed heat capacity, GCal	14,548	14,362*
Electricity output, mn. kWh	26,926	26,761
- <i>Thermal generation</i>	13,403	12,801
- <i>Hydrogeneration</i>	13,523	13,960
Useful electricity output, mn kWh **	28,221	30,658
Heat output, '000 Gcal **	26,345	26,916
Useful heat output, '000 GCal **	25,289	25,718

* - installed capacity as at January 1, 2010

** - including purchased energy

- In 2009, electricity output was down 0.6%, while electricity consumption in regions of operation declined 3% in St. Petersburg, Leningrad and Murmansk regions – and 7% in Karelia.
- The share of hydro in total 2009 output was 52%.
- Heat output in 2009 as compared to 2008 was up 2.2%, which is explained by lower temperatures.
- Specific consumption of fuel (heat rates) of TGC-1 are among the lowest among other TGCs.

	<i>mn RUR</i>	2009	2008
Revenue		41,350.00	33,589.55
Operating expenses, net		36,382.42	33,736.90
Impairment loss reversed during the year		6,154.98	1,456.68
Impairment loss recognized during the year		(722.07)	(277.23)
Operating profit		10,400.49	1,032.10
Profit before income tax		10,695.96	1,302.07
EBITDA*		13,191.19	3,782.53
Profit for the year		8,414.56	1,180.47
EBITDA margin, %		32.6%	11.3%
Net margin, %		20.3%	3.5%

Following IFRS management considered recent favourable changes in operation of the Russian electricity market and decided to release of impairment provision related to thermal power plants of Nevsky branch and heating networks of Nevsky branch in the amount of RUB 4,295 mn and RUB 1,860 mn respectively.

On the other hand, management recognized further impairment loss in respect of the property, plant and equipment of subsidiary – Murmanskaya thermal power plant – in the amount of RUB 722,1 mn.

* - for purposes of business-planning TGC-1 calculates EBITDA as “operating profit + amortization”

<i>mn RUR</i>	2009	share, %	2008	share, %
Sales of electricity	15,685.7	38%	12,161.4	36%
Regulated contracts	4,945.3	12%	5,214.2	16%
Day-ahead market	6,709.6	16%	5,205.8	15%
Balancing market	348.3	1%	617.4	2%
Unregulated electricity+capacity contracts	553.7	1%	0,0	-
Unregulated long-term electricity contracts	1,273.3	3%	-	-
Export	1,687.1	4%	999.2	3%
Retail	168.4	0%	124.8	0%
Capacity sales	6,634.0	16%	5,584.1	17%
Regulated contracts	4,375.9	11%	5,142.7	15%
Unregulated electricity+capacity contracts	1,937.5	5%	158.6	0%
Competitive capacity screening sales (KOM)	320.6	1%	282.8	1%
Heat sales	18,023.0	44%	14,778.4	44%
Other sales	1,007.30	2%	1,065.7	3%
Total revenue	41,350.0	100%	33,589.6	100%

- Sales of electricity in unregulated sectors (including export) increased by 55% in 2009.
- After capacity market was launched in 2008 the share of unregulated capacity sales increased from 3% to 29% in total capacity sales.
- Sales of heat rose by 22% on the back of higher output due to colder winter and higher tariffs.

Operating expenses

	<i>mn RUR</i>	2009	2008
Fuel		15,692.7	15,546.1
Employee benefits		5,149.7	4,818.7
Electricity and heat purchases		4,740.2	2,844.9
Depreciation		2,790.7	2,750.4
Repairs and maintenance		1,783.7	1,231.9
Water usage expenses		1,708.4	1,681.5
Heat distribution		1,191.9	1134.6
Taxes other than income tax		1,032.0	929.2
Dispatcher's fees		604.0	460.2
Gain from property plant and equipment received as compensation		(1,376.5)	-
Impairment of available-for-sale investments		(266.5)	341.1
Provision for inventory obsolescence		(11.0)	(23.0)
Provision charge for taxes other than on income and penalties		-	209.9
Other operating income		(406.0)	(713.3)
Other operating expenses *		3,749.3	2,524.7
Total operating expenses, net		36,382.4	33,736.9

* - includes expenses each comprising \leq 1% of total expenses

- Higher water levels in 2009 let the Company to partly substitute thermal generation with cheaper hydrogeneration which led to fuel expenses increase of only 0.9%.
- Electricity and heat purchases increased mainly due to the need to fulfill unregulated contracts and export sales; repairs and maintenance expenses increased to ensure reliable operation of generating equipment and heating grids.
- TGC-1 in 2009 implemented a number of cost-cutting measures which led to flat or marginally increased y-o-y non-priority expenses.

JSC «TGC-1»

Thank you!