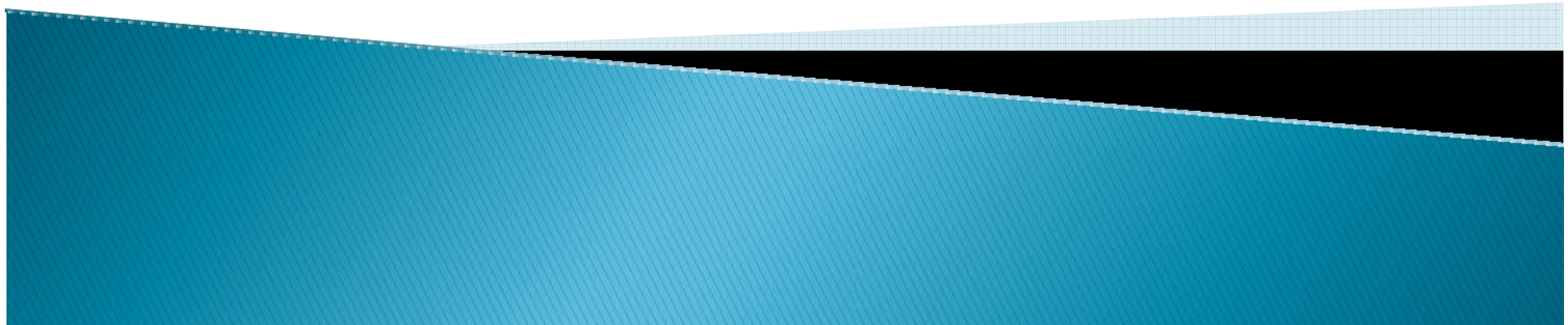




JOINT-STOCK COMPANY

KYIVENERGO

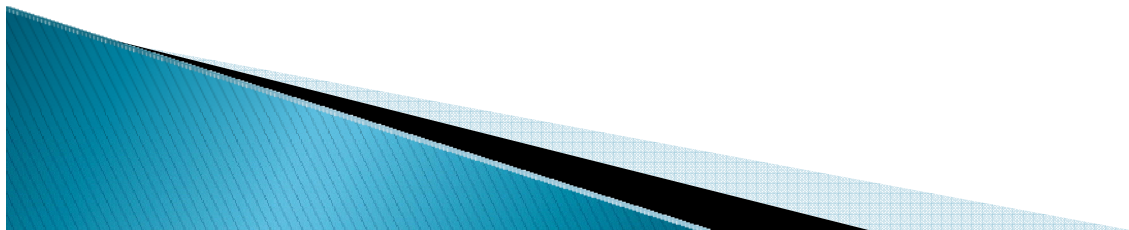


Joint Stock Company "Kyivenergo" is the unique power complex that completely meets the demand of Kyiv in power supply that includes process continuity of generation, transmission and distribution of heat and electric power.

- ▶ **Our mission** – is covering community needs for electricity, heat and other products and services, that are performed by the Company, as well as receiving profit for serving the interests of the shareholders, economic and social needs of Kyivenergo staff.

Results of the activity, warmth of their hearts and energy of their hands the personnel of Kyivenergo delivers to the dwellings of the Kievers, so as all the residents and guests of the Capital fill comfort and convenient in their everyday life, have favorable living conditions, can live “on the fat of the land”.

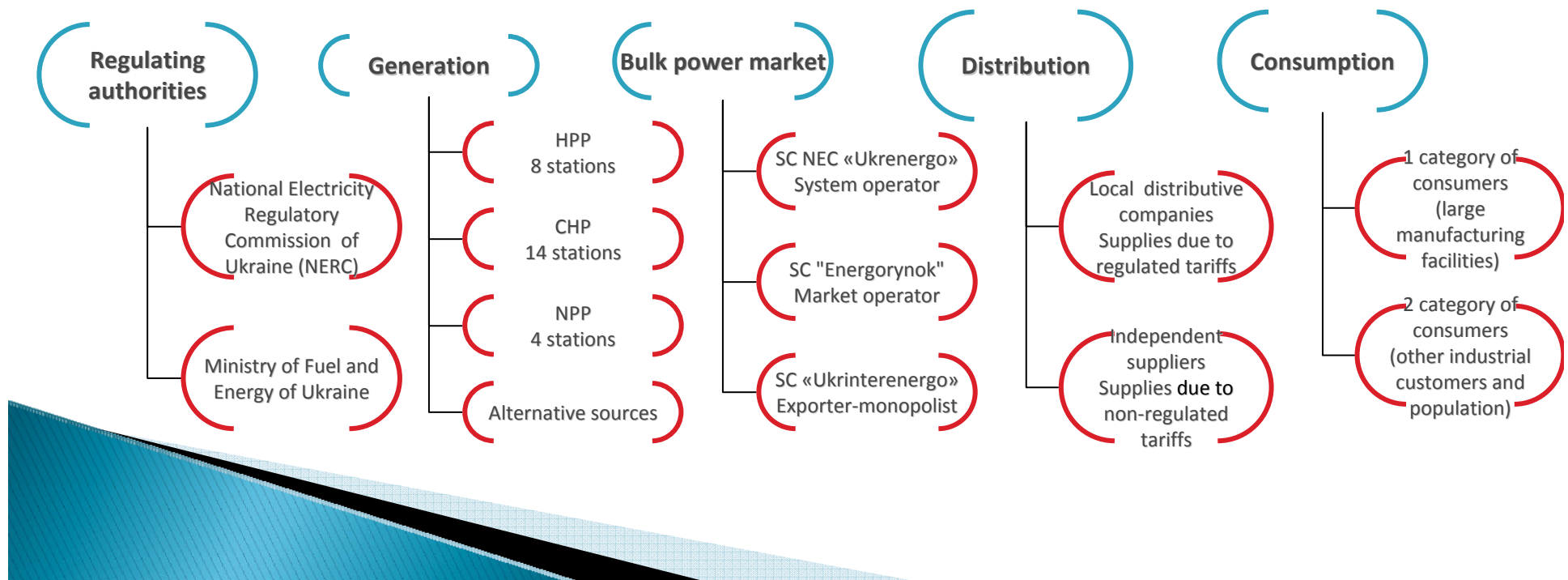
- ▶ **Implementation** – twenty- four- hour work of our multiple team, application of technical knowledge and experience of the real professionals – power specialists.
- ▶ **Responsibility of the Company** is not limited to its responsibility as an effective business-structure which takes care only for financial results. The team of Kyivenergo enables realization of state social policy and development of the infrastructure of Kyiv. We realize that 24 hours we bear responsibility for the quality of our products and services; for our duties before consumers and shareholders.



Industry overview

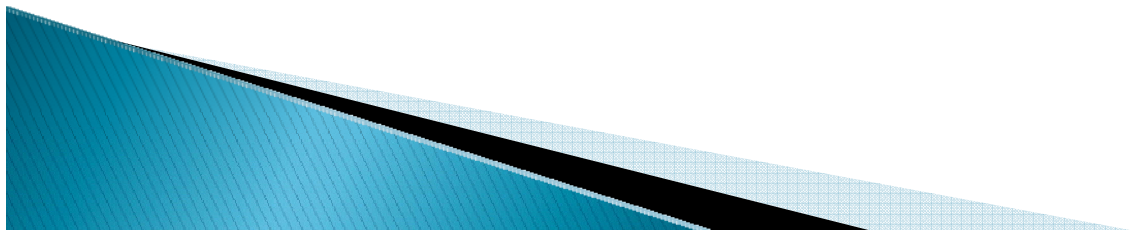
- ▶ Interconnected Electric Power System (further regarded as – IEPS) is the basis of electrical power industry of Ukraine, performing centralized power supplies to internal consumers , interacting with electric power systems of adjacent states, and also insuring export, import and transit of electricity. IEPS includes generating capacities, distribution mains and intergovernmental transmission facilities.

Chart 4. Breakdown of electric power industry of Ukraine

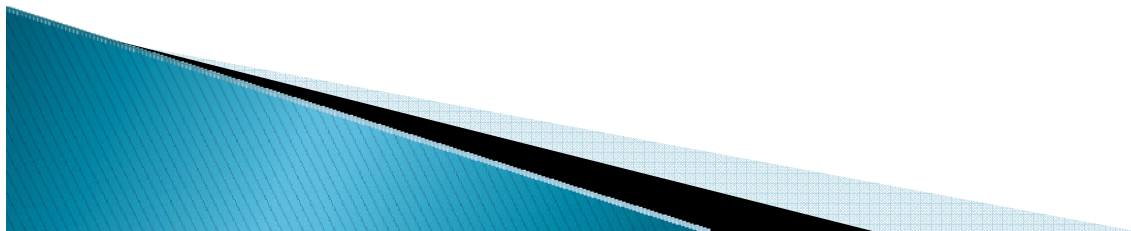


Market development outlook

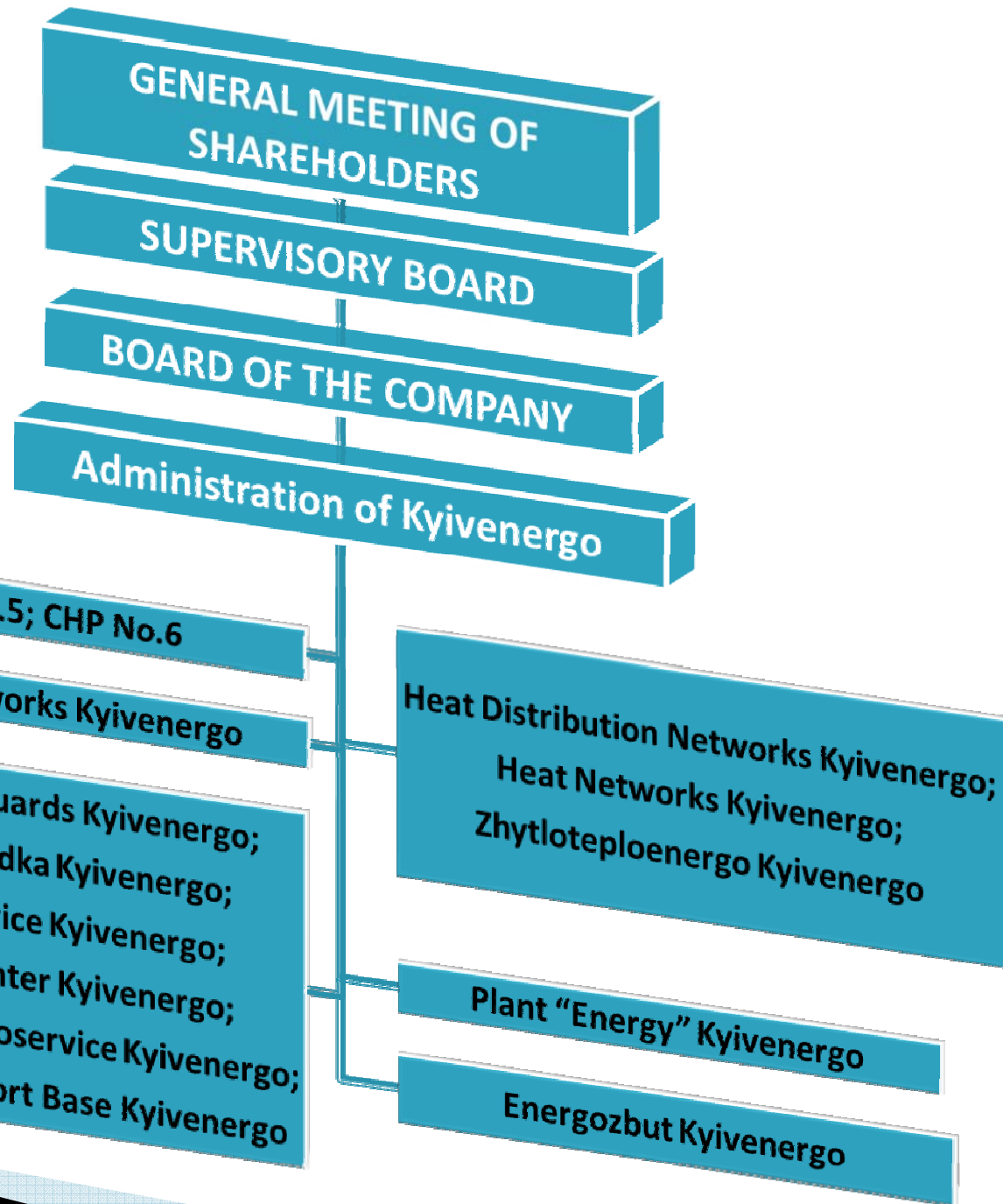
- ▶ According to analysts' conclusions, current model of electric power distribution (operator purchases the whole volume of electricity output with the following reselling to supply companies, which in their turn resale electric power) has a number of serious unsatisfactory features:
- ▶ high level of political risks of administrative interference into cash flow management and distribution of electricity output;
- ▶ partial payment for electricity;
- ▶ imperfective system of contract relations and price determination;
- ▶ absence of intermediate system services market;
- ▶ cross-subsidization;
- ▶ insufficient regulation and transparency of export, import and transit of electric power;
- ▶ absence of impetus for cost reduction.



- ▶ To solve above mentioned problems Cabinet of the Ministers of Ukraine is going to change in 2014 market model, envisaging conclusion of direct contracts between producers and suppliers of electric power, as well as existence of balancing market. To fulfill the target in the beginning of 2008, Ministry of Fuel and Energy of Ukraine has started the project for implementation of stimulating system of tariff making on electric power distribution market— setting threshold level of tariffs for electricity for a long period, that would be interesting to producers of electric power for cost reducing for gaining more profit. Alternatively, the system of stimulating regulation and supposing an opportunity of gaining profit by shareholders and thus creates impetus for cost reducing and attracting investments to industry sector, may be applied.
- ▶ **Development outlook**
- ▶ Analysts assume that in the midterm electric power market is expecting:
- ▶ Electricity consumption increase, caused by increase of GDP. At the same time decrease of power consumption of production sector is expected because of energy saving programmes implementation. Electricity consumption by population will increase, notwithstanding decline of demographic situation, for the reason of the increase of specific consumer of electricity by population;
- ▶ Regular increase of tariffs for electricity, caused with the increase of market prices for energy commodities and the rate of inflation;
- ▶ Necessity of massive investment into nuclear generation;
- ▶ Switching to the new model of energy market and tariff reduction of GC TES because of the improvement of the effectiveness in the new terms;
- ▶ Government will tend to suppress electricity tariffs increase (which was the result of fuel prices increase), that will bring to retention of the rate of the other fringes (for efficiency and flexibility, investment component).

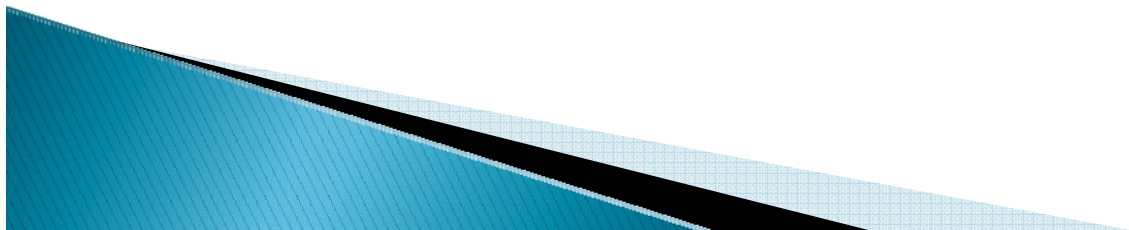


Загальна
організаційна
структура АК
"Київенерго"



Short description of branches

- ▶ **«CHP-5» and «CHP-6 Kievenoergo»** – production of thermal and electric power
- ▶ **«Cable Networks Kyivenergo »** – transportation and distribution of electric power to/among the end consumers;
- ▶ **Heat Networks Kyivenergo, Heat Distribution Networks Kyivenergo, Zhytloteploenergo Kyivenergo,** – production, transportation and distribution of thermal power;
- ▶ **Plant “Energy” Kyivenergo** – processing of domestic and industrial waste; production, transportation and distribution of thermal power;
- ▶ **Energoladka Kyivenergo** – setup, diagnosis, assembly and repairs of the main and supporting equipment of the power generating units of the Company;
- ▶ **Energoservice Kyivenergo** – maintenance and service of social and catering facilities, recreation centers and the housing stock of the Company;
- ▶ **Militarized Guards Kyivenergo** – protection of the Company’s facilities.
- ▶ **Training Center of Kyivenergo** – training, retraining and training of employees of the Company’s branches and other enterprises belonging to the field in new and allied professions;
- ▶ **Logistical Support Base Kyivenergo** – provision of the Company’s branches with tangible and technical resources for engaging in the production and maintenance activities;
- ▶ **Spetsenergoavtoservice Kyivenergo** – provision of motor transport services in the field of goods and passengers transportation.



Operational performance

▶ Characteristics of electric power plants and electric mains

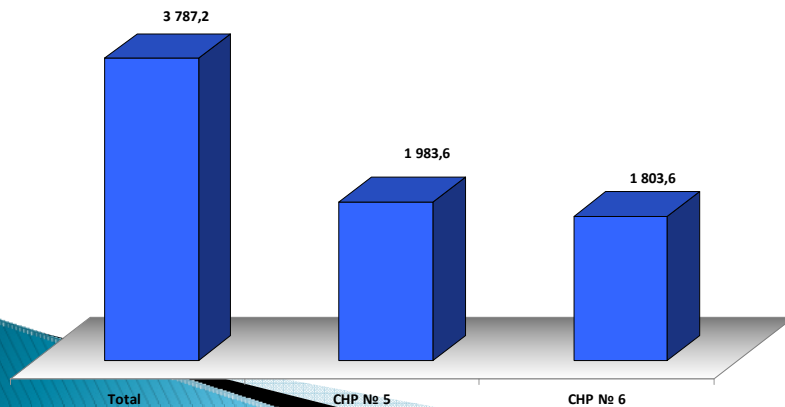
▶ Installed capacity of the electric power plants:

- ▶ - CHP-5 Kyivenergo - 700 MW;
- ▶ - CHP-6 Kyivenergo - 500 MW.

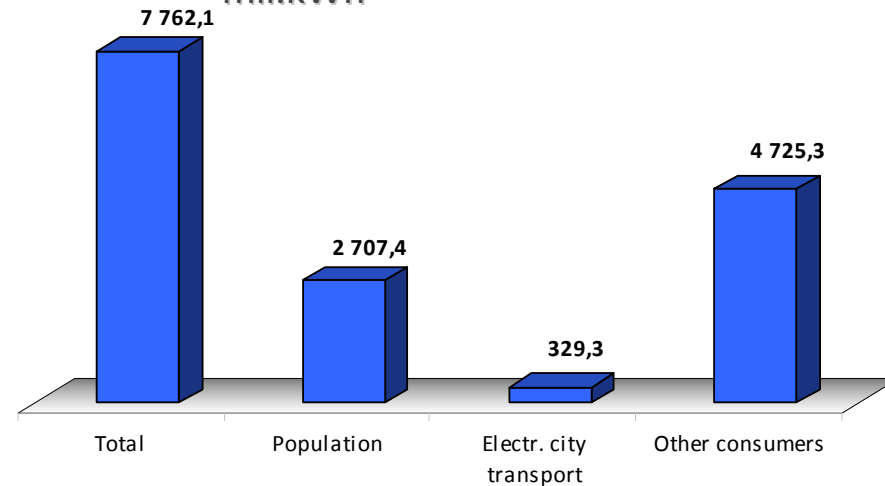
The total length of 0,4-110 kV cable power transmission lines is 9,6 thousand km, the length of the aerial lines is - 1,6 thousand km.

The transformation and power supply management is carried out at 60 substations of 35-110 kV having the total capacity of 3670,4 MVA and 3175 transforming substations of 6-10/0.4 kV having the total capacity of 2195.9 MVA

Electricity generation,
mil.kWh



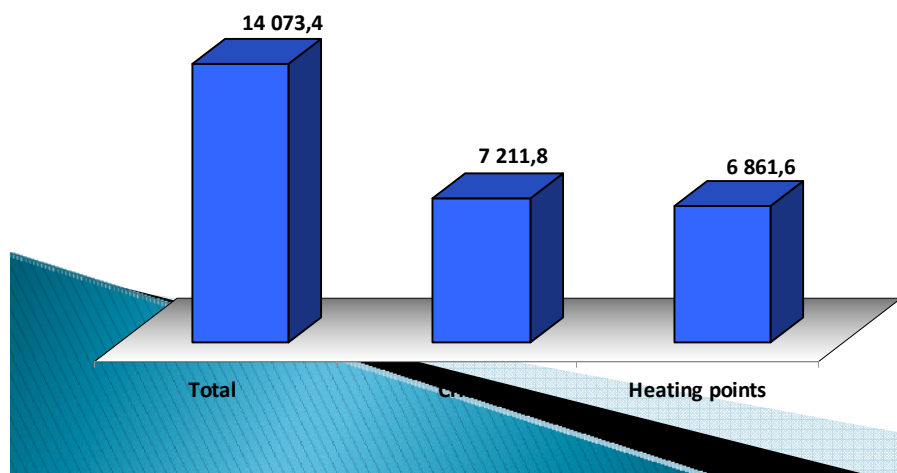
Output structure
mil.kWh



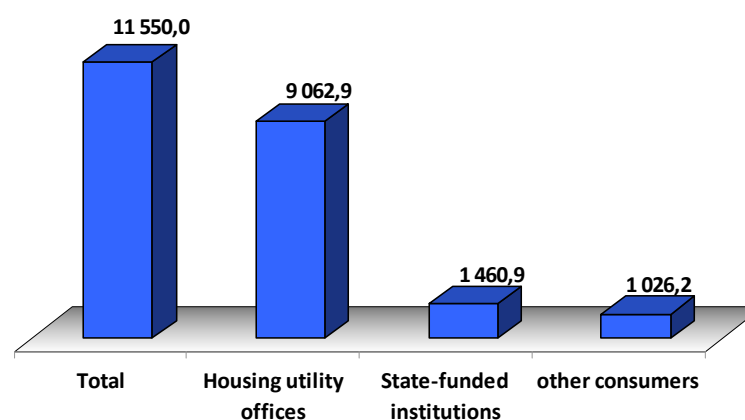
▶ **Characteristic of heating sources and heating mains**

The installed thermal power of CHP-5 is 1874 Gcal/h, CHP-6 – 1740 Gcal/h, heat networks – 3106 Gcal/h, Zhytloteploenergo – 1731 Gcal/h, Energy Plant – 104 Gcal/h. Heat is distributed and transported to consumers by means of a network of hot-water pipelines having the total length of 4,4 thousand km. 19 pump stations ensure the necessary hydraulic mode of heat networks operation. The Company owns and maintains more than 2 thousand heat points.

▶ Heat production, thousand gCal



▶ Output structure, thousand gCal

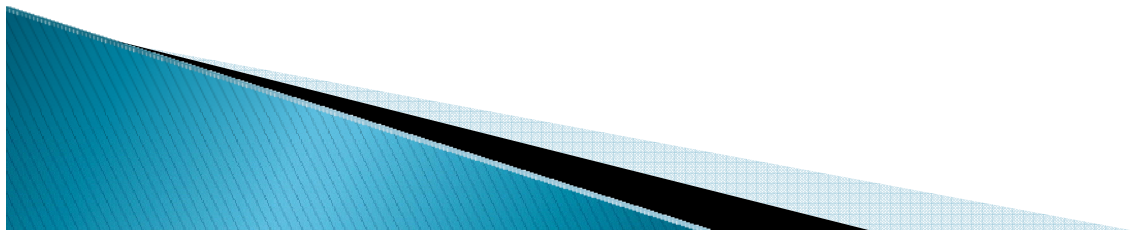


Personnel

▶ Current manning level of the Company comprises of 13 809 persons.
Following table represents changes in number and structure of JSC «Kievenoergo» personnel.

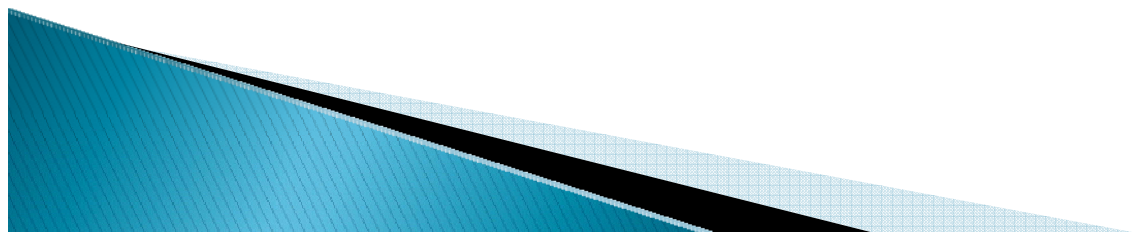
▶ **Table 2. Personnel**

Accounting data of regular employees	
Period	Total, persons
As of 31.12.07	13 472
As of 31.12.08	13 970
As of 31.12.09	13 809



Staffing breakdown according to the structure of the Company is following:

Company	%	Staffing as of 31.12.2009
Administration of Kyivenergo	6	776
«CHP-5 Kievenergo» and «CHP-6 Kievenergo»	10	1,431
«Heat Distribution Networks Kyivenergo», «Heat Networks Kyivenergo», «Zhytloteploenergo Kyivenergo»	50	6,893
«Cable Networks Kyivenergo»	11	1,531
Plant «Energy»	2	256
«Energozbut Kyivenergo Detached Division»	8	1,166
«Militarized Guards Kyivenergo», «Energonaladka Kyivenergo», «EnergoserviceKyivenergo», «Training Center Kyivenergo», «Spetsenergoavtoservice Kyivenergo Detached Division», Logistical Support Base Kyivenergo	13	1,756
Total		13,809



JSC “Kyivenergo” finance results for the period of 2007-2009

	2007	2008	2009
revenues	4,624.1	5,943.7	6,417.9
EBITDA	162.0	(72.8)	181.7
Net profit/(loss)	6.2	(488.4)	(129.9)

