



Influence of world financial crisis on power engineering



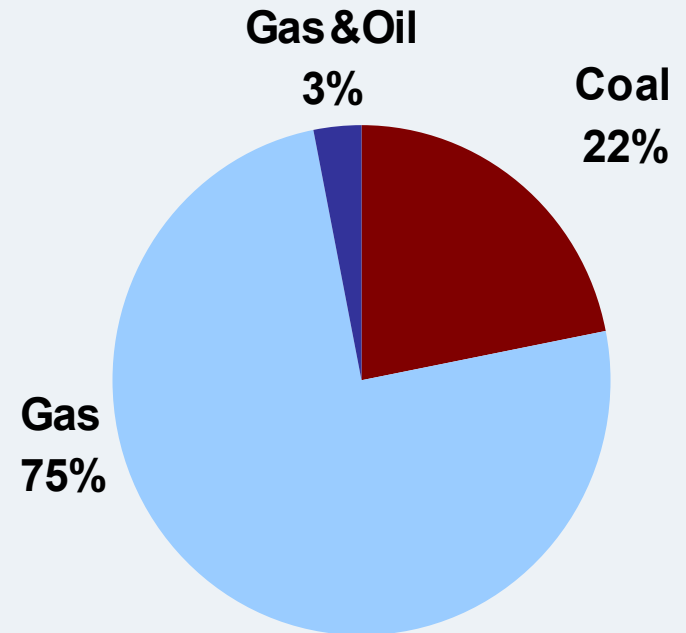
**Analysis of investment programs realization of the companies
established in the frames of RAO UES reforming.
Period 2008-2012.**

**According to the investment program
for the period 2008-2012
37066 MW
of new generating capacities
have to be installed:**

Coal – 8134 MW

CCPP (gas) – 27791 MW

Gas&Oil – 1281 MBT

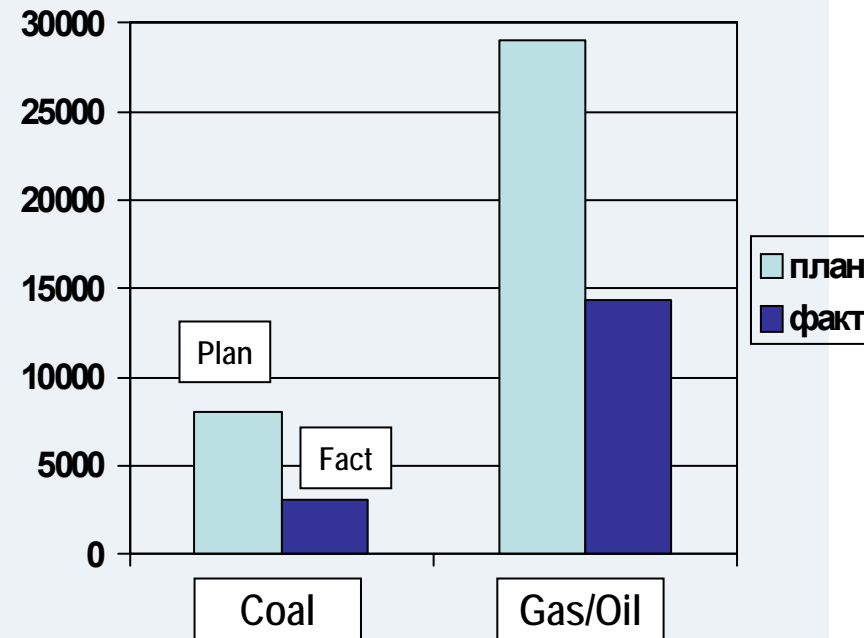


Analysis of investment programs realization of the companies established in the frames of RAO UES reforming. Period 2008-2012.

As of end of November 2008 tenders for 17490 MW of new generating capacities have been held:

Coal – 3105 MW, i.e. circa 38% of the planned volume

Gas/Gas&Oil – 14385 MW, i.e. 49.5% of the planned volume



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➔ Demand returned to the level of 2007. Demand growth in 2009 – 2010 is forecasted not more than 1-2% annually.

➔ Demand for the base output will be decreased but for the peak output will be growing (industry sector dropped)

➔ Financial resources is the main restriction. Total deficit for the thermal power industry accounts 440 bln. Rub for 2009-2012.

➔ Cost of money is extremely high and term of loans reduced to 1 year

Market is not stable at present. It is forecasted to “freeze” range of tenders that have already been held and postpone new capacity construction planned earlier.

Nevertheless, generating companies have to invest in modernization of current capacity at least..

Influence of the current situation on EMAlliance



Decreasing of the Company orders portfolio



Decreasing of cash flow



Difficulties to open new credit lines



Lack of working capital to finance business



Vacancies cutting down

Crisis-proof policy

Control under production planning and cost cutting

Application of commodity credit. Attraction of finance partners to realize projects

Company strategy program adjustment

Production of BOP, spare parts and equipment for the other sectors of industry

Strengthening service and repairing units. Modernization of existing objects.

Crisis-proof policy

Placing orders from the other plants in case technological processes are similar

Enter into neighbor sectors

Changing priorities to export

Regular monitoring of the company most important risks, development and implementation of measures to minimize them

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