

## **8. Election of the Company's sole executive body**

Election of the Company's sole executive body is subject to approval by the Annual General Meeting of Shareholders of JSC "Inter RAO" (paragraph 3 of Art. 69 of the Federal Law "On Joint Stock Companies", subpar.10.1.11 par. 10.1 of the Company's Charter).

Pursuant to paragraph 1 of Article 53 of the Federal Law "On Joint-Stock Companies" and paragraph 12.1 of Article 12 of the Company's Charter, shareholder(s) being in the aggregate the owner(s) of at least 2% of voting shares in the Company may, within 60 days after the end of the financial year, include issues in the agenda of the annual General Meeting of Shareholders and recommend nominees to the Board of Directors of the Company and the Revision Commission of the Company.

It is stated in paragraph 5 of Article 53 of the Federal Law "On Joint-Stock Companies" that the Board of Director shall consider any proposal received from shareholders within 5 days after the end of the specified period.

Among other issues, due to the expiry of the powers of the Chairman of the Management Board on June 25, 2015, OJSC ROSNEFTEGAZ made a proposal to include the issue of election of the sole executive body of the Company in the agenda of the annual General Meeting of Shareholders of the Company.

On March 06, 2015 the Board of Directors of the Company has approved the proposals received from shareholders concerning a nomination of the candidates to the Board of Directors and the Revision Commission, and inclusion of issues in the agenda of the Annual General Meeting of Shareholders (Minutes No. 135 dated March 10, 2015).

The Board of Directors at the meeting on April 7, 2015 (Minutes as of 09.04.2015 №138) included in the list of candidates for election to the position of a Chairman of the Management Board Boris Kovalchuk Yurevich – a current Chairman of the Management Board and presented recommendations to the Annual General Meeting of Shareholders to elect him for a term of 5 years.

The activities of B. Yu. Kovalchuk in the position of the Chairman of the Management Board are characteristic of the following key achievements.

In 2010, at JSC Inter RAO, the mid-term Development Strategy was approved in which an objective was set to become one of the 10 largest players in the international energy market by 2020. The Company has been confidently moving in this direction.

The period of 2010 to 2013 is related to a large-scale development of the company: as part of strategic consolidation of assets, JSC Inter RAO became a controlling shareholder of JSC WGC-1, JSC WGC-3 and JSC TGK-11, five power sales companies – guaranteed supply companies. As part of the mandatory investment program, the company started building new facilities, and implementing the program for technical upgrading and reconstruction of plants. New assets were purchased in Turkey and Bashkiria. The aggregate installed capacity of power plants managed by JSC Inter RAO increased by 26.86 GW during five years and reached 35 GW. The company increased the share in the electric power retail market to 15.9%.

Having completed the period of active mergers and acquisitions, the Company naturally came up to the stage of organic growth. In early 2014, the Board of Directors of JSC Inter RAO updated the development strategy of the company for the period until 2020.

Inter RAO Group was the first among major Russian holding companies who published its IFRS statements for 2014. In 2014, despite a complicated economic situation in the country, EBITDA increased by 47.4% as compared to the previous year and was RUB 57.8 bln. Moreover, net profit increased – RUB 9.8 bln against loss of RUB 24 bln for 2013 and revenue – by 11.9% – to RUB 741.1 bln.

In its production activities, the Group also demonstrated growth with regard to certain indicators. The installed electric capacity as at the end of 2014 was 35.038 GW – growth of 4.3%. The growth of production indicators of Russian sales assets was reflected in the increase

of the share in the retail market to 15.9%. All that became possible due to the selected strategy – reduction of costs, optimization of production and increase of labor capacity

## **Information on activities of the Company in the period of 2010 – 2014 and the fact sheet about the nominee to the position of the Chairman of the Management Board**

### **Description of the Activities of the Company for the Period from 2010 to 2014**

#### **2010**

In 2010, JSC Inter RAO did a considerable amount of work to form a solid foundation for further growth of the company value. Pursuant to the Decree of the President of the Russian Federation, corporate processes related to integration of the state assets transferred to the company were started, investment programs of subsidiaries were implemented, new facilities were put into operation, the board of directors approved the development strategy of JSC Inter RAO, several agreements were signed to create strategic alliances with leading global market players.

Already in 2010, practical implementation of the company strategy aimed at expanding business in Russia and abroad, achieving leadership positions in the Russian power industry, ensuring energy security, increasing energy efficiency and implementation of innovations was started.

As part of development of engineering and production of equipment, in December 2010, JSC Inter RAO signed an agreement with State Corporation Rostekhnologii and General Electric, an international corporation, for joint production, assembly, sale and maintenance of high-efficiency industrial gas-fired plants. In September, a joint venture of JSC Inter RAO and an Australian company, WorleyParsons, was registered for transfer of up-to-date technologies in electric power engineering to the Russian market. Moreover, in July 2010, a transaction to purchase a controlling block of shares in Russian Group of Companies Quartz, one of the leaders in engineering and service in Russia, was closed.

Partnership was developed in the alternative power industry and energy efficiency sector. In particular, a memorandum of understanding in the wind power and heat generation sector was entered into with an Italian company, Enel S.p.A.

2010 was marked by putting into operation of some new power facilities. In late December, as part of implementation of the federal program for development of the Kaliningrad Region and ensuring energy security of the region, the second power unit of Kaliningradskaya TPP-2 with a capacity of 450 MW was put into operation. In partnership with Group of Companies Quartz, a new power unit of Tyumenskaya TPP-1 was put into operation, and the third power unit of Kashirskaya GRES was transferred to coal. Generation was also developed outside the Russian Federation: in early 2010, a subsidiary of JSC Inter RAO, CJSC Electric Networks of Armenia, after the reconstruction, put into operation the Echmiadzin and Abovyan substations.

In 2010, with participation of JSC Inter RAO, a complete set of agreements was signed to ensure parallel operation of the Russian and Kazakhstan power systems. Also in 2010, the term of the agreements for supply of electric power to Mongolia was extended, and exportation of electric power to Turkey was started.

Moreover, the business in the Russian territory was also expanded. In August 2010, JSC Inter RAO purchased shares in six power sales companies which allowed considerably strengthening the company's position in the retail sales segment.

In 2010, certain events were held to optimize the structure of the company's expenses which allowed improving the financial indicators of JSC Inter RAO. At year-end, operating margin increased from 4.58% to 5.13%, while the Company's revenue increased by 31.09%, amounting to RUB 61.39 bln. In 2010, companies of Inter RAO generated 8,979.1 million kWh of electric power and 1,272.7 thousand Gcal of heat power. At year-end, revenue from foreign economic activities was RUB 29.02 bln.

#### **2011**

To the fullest extent and in accordance with the specified term, the events related to consolidation of electric power companies owned by the Russian Federation and companies with public ownership as part of the additional issue of shares in JSC Inter RAO were held. The report on the additional issue of shares (6,822,972,629,771 shares totaling RUB 365.029 bln (on the basis of the placement price of RUB 0.0535 per share) placed during the consolidation was registered by the Federal Financial Markets Service of the Russian Federation on June 09, 2011. The agreed-upon blocks of shares in electric power

companies (including the ones provided for in Decree No. 1190 dated September 30, 2010, of the President) were included in the Group profile.

The performance indicators and volume of foreign trade activities of the Group in the electric power export/import sphere exceeded the relevant indicators of the previous year by 21.3%. The contracts for supply of equipment to Venezuela and Ecuador to the amount exceeding USD 450 mln took effect. A letter of intent was signed to implement the project of construction of the cascade of hydroelectric power plants by and between JSC Inter RAO and the Republic of Ecuador.

The criteria of reliability and security of operation of production facilities of the Group set forth for 2011 were met to the fullest extent. As part of the transition to the targeted corporate structure in 2011, management was centralized and divisions and service companies were formed with regard to the following key areas of activities: generation, retail sale, procurement, engineering, export activities related to supply of equipment.

Business and regional strategies for key areas of activities of Inter RAO Group were developed and approved. Key mid-term program documents (investment program; innovative development program; technical upgrading and reconstruction program and repair program; energy efficiency and energy saving improvement program; R&D program, etc.) were developed and approved. The Technical Policy of Inter RAO Group was developed and approved.

Certain transactions to purchase generating and engineering assets in the territory of the Russian Federation and abroad were entered into: JSC Khrameshi I, JSC Khrameshi II, Vydmantai wind park, UAB.

JSC Inter RAO and State Corporation Rosatom started their joint work on energy saving and energy efficiency improvement as a result of purchase by the state corporation of the share in LLC INTER RAO UES Energy Efficiency Centre implementing in the Russian territory the up-to-date energy saving and energy efficiency improvement programs, taking part in development of new innovative technologies in the energy efficiency sphere, and providing training and advanced training for energy auditors and specialists of power engineering services of companies.

## **2012**

2012 became one of the key stages in implementation of the development strategy of Inter RAO Group which was started in 2010. It was a year of confident growth and sequential development using both internal resources and new acquisitions in Russia and abroad.

Consolidation of assets was completed. The business structure reorganization process, the most complicated project inside Inter RAO, was launched. One of the first results of this process was the target generation management model in Russia, i.e. the 100% ownership of all generating assets of the Group, implemented by the end of 2012.

The largest gas supply contract in the Russian history was signed with OJSC Rosneft Oil Company. Term of the contract – 25 years, volume – up to 35 billion cubic meters a year, implementation will start in 2016. Hence, business sustainability of Inter RAO in the long term is ensured and electric power generation efficiency is considerably improved.

2012 was related to the expansion of the geographical presence of Inter RAO – assets in Turkey (Trakya Elektrik plant) and Bashkiria (LLC Bashkir Generating Company and LLC BashRTS) were purchased.

Key events of 2012 include completion of construction of the power facilities under capacity supply agreements. With the aggregate installed capacity exceeding 1 GW, in 2012, the units at JSC Ivanovo CCPP, Urengoykaya GRES and Kharanorskaya GRES were put into operation, the gas-turbine plant was put into operation at Tomskaya TPP-1.

The subsidiary, Inter RAO – Lithuania got listed at the Warsaw Exchange, the largest exchange in Eastern Europe. Foreign investors highly appreciated its recent dynamic growth, its strong market position and were aware of its huge development potential.

## **2013**

The year became significant for the Group with regard to implementation of the investment program, expansion of the sales segment and attraction of loans for development of its activities.

In 2013, Inter RAO Group kept the status of one of the largest Russian diversified energy holding companies and improved its position in all business segments. The growth of the production volume, revenue and EBITDA exceeding estimated indicators and market expectations was ensured. The

performance results in 2013 confirmed sustainability of the Group's business with regard to turbulence of the external environment and determination of the management to achieve its strategic goals.

Under the capacity supply agreement, construction of the fourth power unit of Permskaya TPP with an installed capacity of 800 MW was started. Construction of the twelfth power unit of Verkhnetagilskaya GRES with the installed capacity of 420 MW was started. Putting into operation of a new power unit will allow taking out of operation the outdated coal equipment without reduction of the total energy generated and considerably increasing the indicators of production, environmental and economic efficiency of the plant operation.

A new power unit of Omskaya TPP-3 with an installed electric capacity of 85.2 MW and heating capacity of 50 Gcal/h was put into operation resulting in the increase of the aggregate capacity of the entire Omsk power generation to 1,517 MW. Construction was finished in less than two years and allowed replacing the worn-out and outdated steam-power facilities of TPP-3.

After the reconstruction and technical upgrading, the power unit with an installed capacity of 210 MW was put into operation at Gusinoozerskaya GRES which allowed considerably increasing the reliability of power supply to consumers of the Zabaikalye Territory, Republic of Buryatia and the Irkutsk Region and ensured additional demand for regional enterprises of the coal-mining industry.

The Dzhubginskaya TPP with the aggregate installed capacity of 200.7 MW was put into operation. The Dzhubginskaya TPP covered the peak load during the 2014 Olympic Games. The plant is the key element of the power system for stable electric power exchange between the grids of 110 kV and 220 kV which allowed effectively ensuring the standby ongoing power supply to all consumers in the region.

In September, Inter RAO Group purchased a large block of shares in JSC Tomsk Power Supply Company from private investment funds. The purchase of this sales asset gave a synergetic effect from assets of various electric power businesses of the Group located in the same region: in the Tomsk Region, there are power plants of JSC TGK-11 100% of shares in which are owned by Inter RAO Group.

Inter RAO Group and the European Bank for Reconstruction and Development (EBRD) entered into a package transaction for raising a long-term credit of RUB 12 bln for a term of up to seven years for financing of construction, delivery of equipment and putting into operation of the combined cycle power plant with a capacity of 420 MW at Verkhnetagilskaya GRES.

In December, Inter RAO Group entered into a credit agreement with VTB Group to the amount of RUB 35 bln with the period of tranches of up to five years for financing of operating and business activities of the companies of the Group.

Inter RAO Group entered into a credit agreement with ING Bank (ING DiBa AG). Raising of a long-term credit amounting to EUR 48.4 mln for a term exceeding ten years for refinancing of deliveries of Siemens equipment as part of construction and putting into operation of Power Unit No. 2 of Yuzhnouralskaya GRES-2. The security with regard to this credit is the insurance policy of Euler Hermes Deutschland AG, a German export credit agency (ECA).

Inter RAO Group and CELEC, an Ecuador-based state electric power corporation, signed a contract for expansion of Termogas Machala TPP in Ecuador, including construction of the gas-turbine unit and the steam turbine with a capacity of 100 MW. As a result of implementation of the contract, the electric power plant will be the first TPP in Ecuador working in the combined (gas-steam) cycle. The cost of the project was about USD 230 mln.

The Coating Center was put into operation in the territory of Kostromskaya GRES, a branch of JSC Inter RAO - Electric Power Plants, an up-to-date and equipped specialized center for repair and restoration of electric power equipment and machinery in Russia.

## **2014**

In 2014, the period of active mergers and acquisitions was over, having started a new stage in the development of the Group. Upon approval by the Board of Directors of the updated development strategy for the period up to 2020, Inter RAO Group came up to the organic growth stage and set a course for implementation of the potential increase of asset efficiency and optimization of investment activities.

Despite a complicated economic situation in the country, on the basis of the IFRS statement results JSC Inter RAO demonstrated the EBITDA growth by 47.4% as compared to the previous year - up to RUB 57.8 bln. Moreover, net profit increased - RUB 9.8 bln against loss of RUB 24 bln for 2013 and revenue - by 11.9% - to RUB 741.1 bln. In its production activities, the Group also demonstrated growth with regard to certain indicators. The installed electric capacity as at the end of 2014 was 35.038 GW -

growth of 4.3%. The growth of production indicators of Russian sales assets was reflected in the increase of the share in the retail market to 15.9%.

All that became possible due to the correctly selected strategy – reduction of costs, optimization of production and increase of labor capacity

Pursuant to Order No. 22-r dated January 16, 2014, of the Government of the Russian Federation, OJSC Rosneftegaz purchased 13.76% of shares in JSC Inter RAO from Rosimushchestvo. The share of Rosneftegaz Group in the authorized capital of JSC Inter RAO increased to 27.63%.

Inter RAO Group put into operation the first power unit of a new power plant, Yuzhnouralskaya GRES-2. The project of construction of this combined-cycle unit with a capacity of 400 MW was included in the List of Generating Facilities approved by the Government of the Russian Federation using which the capacity would be delivered under the capacity supply agreement.

Substantial changes took place in the geography of the power sales business of Inter RAO Group. On February 1, LLC Inter RAO - Orel Energy Distribution became the sole guaranteed supply company in the Orel Region. On March 1 2014, JSC Saint-Petersburg Sale Company got the status of a guaranteed supply company in the Omsk Region.

The Board of Directors of JSC Inter RAO approved the updated development strategy of Inter RAO Group until 2020.

Power Unit No. 3 of Nizhnevartovskaya GRES (controlled by 75% by Inter RAO Group and by 25% by Rosneft Group) with a capacity of 410 MW was put into operation. The project was included in the List of Generating Facilities approved by the Government of the Russian Federation using which the capacity would be delivered under the capacity supply agreement. A special feature of all the three power units of Nizhnevartovskaya GRES is that the main fuel for them is dry stripped gas, an associated oil gas conversion product. Therefore, the new power unit does not only solves the electric power deficit issues in the key oil-producing region of Russia but also makes a considerable contribution to the state program for effective use of the associated oil gas.

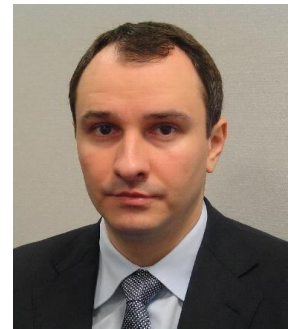
Price bids for capacity of Russian power plants of Inter RAO Group won the capacity competitive auction for 2015 held by UES System Operator.

LLC Russian Gas Turbines, a joint venture of Inter RAO Group, GE and OJSC Unified Engine-Building Corporation, opened a plant for production, sale and maintenance of gas turbines of the 6FA (6F.03) type with a capacity of 77 MW in Rybinsk, Yaroslavl Region. Two first units will be assembled in 2015. The production capacity of the new plant will satisfy the demand for highly effective power units for combined thermal and electric power generation projects.

The second unit of Yuzhnouralskaya GRES-2 with a capacity of 417 MW and the eighth unit of Cherepetskaya GRES with a capacity of 225 MW were successfully put into operation.

**Boris Yuryevich Kovalchuk**

**Chairman of the Management Board  
Open Joint Stock Company  
Inter RAO UES (JSC Inter RAO)  
(working since November 26, 2009)**



**PROFESSIONAL EXPERIENCE**

<b>from</b>	<b>to</b>	<b>position, place of employment</b>
11.2009	to date	Chairman of the Management Board, Administration of the Management Board of Open Joint Stock Company Inter RAO UES (JSC Inter RAO)
04.2009	11.2009	Deputy CEO for Development, State Atomic Energy Corporation ROSATOM
03.2006	01.2009	Assistant First Deputy Chairman of the Government of the Russian Federation for D. A. Medvedev for the term of office of D. A. Medvedev, Director of the Department for Priority National Projects of the Government of the Russian Federation, the class ranking of the government service of the Russian Federation of Active State Advisor of the Russian Federation of Class 3 was assigned, Central Office of the Government of the Russian Federation
08.1999	02.2006	Legal Advisor at the Legal Department, Legal Advisor at the Office of Contracts, Legal Advisor at the Financial Analysis Department, Legal Advisor at the Legal Administration, Federal State Unitary Enterprise Central Research Institute Granit
09.1994	06.1999	Studies at St. Petersburg State University

Education, educational institution: Higher professional education, St. Petersburg State University, 1994-1999  
Specialty: Law  
Qualification: Lawyer

Advanced training: UES Corporate Educational and Scientific Center, 2010  
2010 - Institute for Advanced Training of Executive Employees and Specialists of the Fuel and Energy Sector (FGU IPK TEK), "Organization of National Security Information Protection," Certificate of Advanced Training, reg. No. 5396 dated March 24, 2010

2010 - UES Corporate Educational and Scientific Center, Certificate of Advanced Training under the Program "Management of Technological Processes at Thermal Power Plants," reg. No. 012 dated August 20, 2010

2015 - Institute for Advanced Training of Executive Employees and Specialists of the Fuel and Energy Sector (FGU IPK TEK), "Organization of National Security Information Protection," Certificate of Advanced Training, reg. No. 427/03 dated January 17, 2015

Languages: English (reading and oral communication)

Age/place of birth: 36 years old, Leningrad

Marital status: married, one child

Awards: Letter of gratitude of the Prefect's Office of the Central Administrative District of Moscow - January 19, 2010  
Honorary title "Honored Energy Worker" of the Ministry of Energy of the Russian Federation - May 25, 2011  
Order of Honor, Decree of the President of the Russian Federation - May 30, 2012  
Order of Friendship, Decree of the President of the Russian Federation - September 01, 2014  
Commemorative medal "XXII Olympic Winter Games and XI Paralympic Winter Games 2014 in Sochi" - December 25, 2014

**Annual General Meeting of Shareholders is proposed to adopt the following resolution:**

**Elect Boris Yu. Kovalchuk as the Chairman of the Company's Management Board effective on June 26, 2015 for the 5-year period due to the expiry of the term of powers of the Chairman of the Company's Management Board.**