

2015
2012
2009

Events geography

REORGANIZATION
ASSETS ACQUISITION

CONSTRUCTION OF NEW UNITS
INFRASTRUCTURE PROJECTS



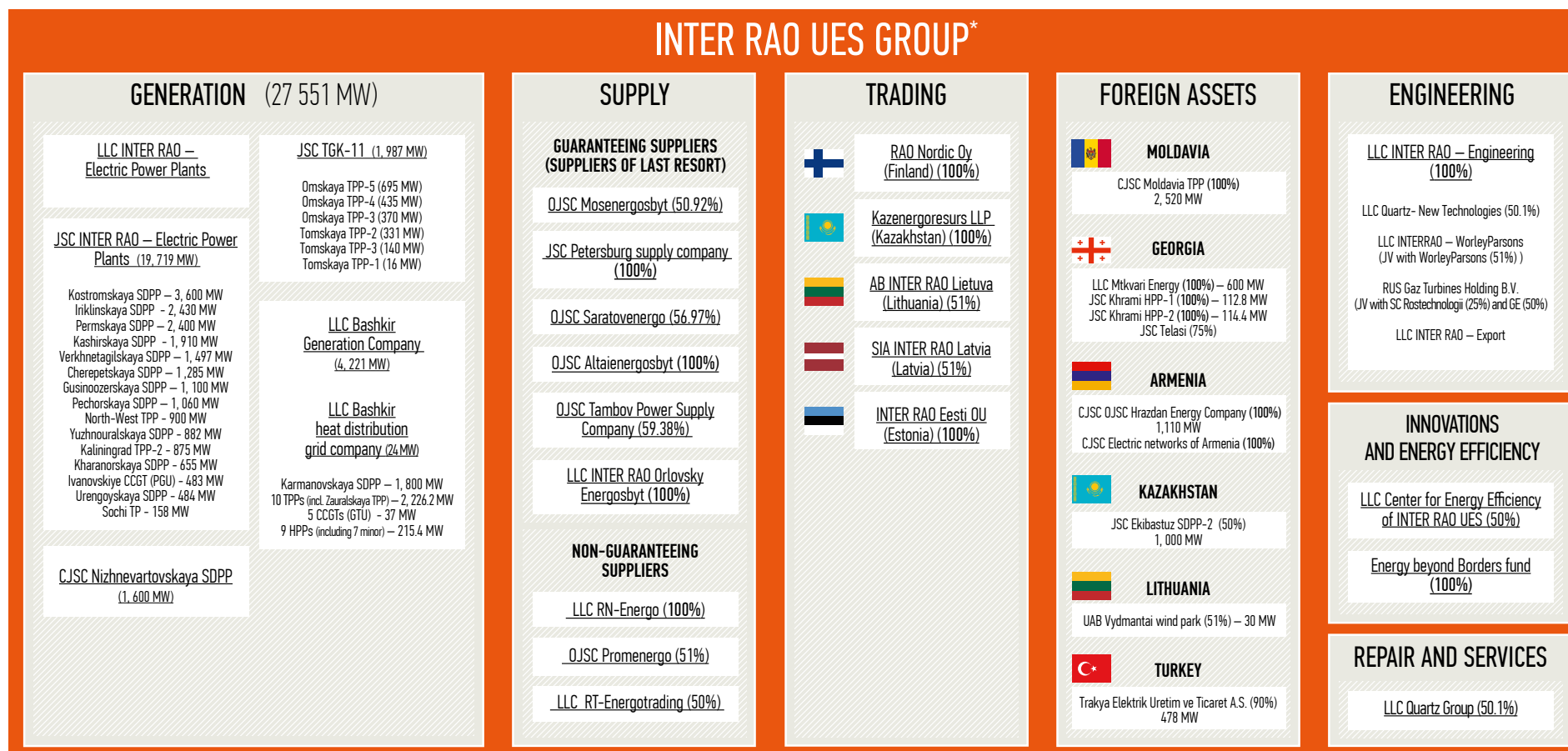
TABLE OF CONTENTS

1. GENERAL INFORMATION ABOUT THE GROUP	4	6. COMPANY IN CAPITAL MARKETS	120
1.1. INTER RAO UES GROUP	4		
1.2. KEY EVENTS	10		
2. CHAIRMAN'S STATEMENT AND CEO'S REVIEW	12		
3. THE COMPANY'S DEVELOPMENT STRATEGY	18	7. CORPORATE SOCIAL RESPONSIBILITY	128
3.1. THE COMPANY'S STRATEGY	18	7.1. THE COMPANY'S SUSTAINABLE DEVELOPMENT POLICY	128
3.2. BUSINESS MODEL OF THE GROUP	22	7.2. HUMAN RESOURCES MANAGEMENT	129
3.3. INVESTMENTS AND INNOVATIONS	23	7.3. CHARITY WORK	135
		7.4. ECOLOGICAL POLICY	136
		8. RISK MANAGEMENT	144
4. OPERATING ACTIVITIES OF INTER RAO UES GROUP	34		
4.1. OVERVIEW OF SEGMENTS	34	9. PROCUREMENT ACTIVITIES	160
4.2. KEY FINANCIAL PERFORMANCE INDICES OF THE GROUP	35		
4.3. SEGMENT "GENERATION IN THE RUSSIAN FEDERATION"	38	10. FINANCIAL RESULTS	166
4.4. SEGMENT "SUPPLY IN THE RUSSIAN FEDERATION"	42		
4.5. SEGMENT "TRADING IN THE RUSSIAN FEDERATION AND EUROPE"	45	11. SUPPLEMENTS	172
4.6. SEGMENT "ENGINEERING, MAINTENANCE AND TECHNICAL SERVICE IN THE RUSSIAN FEDERATION"	49	11.1. MINUTES OF THE AUDIT COMMISSION MEETING	172
4.7. GEORGIA SEGMENT	54	11.2. REPORTING IFRS	174
4.8. ARMENIA SEGMENT	57	11.3. REPORTING RAS	180
4.9. MOLDAVIA SEGMENT	60	11.4. INFORMATION ON OBSERVANCE OF THE CORPORATE CONDUCT CODE	186
4.10. TURKEY SEGMENT	62	11.5. MAJOR AND RELATED PARTY TRANSACTIONS	186
4.11. KAZAKHSTAN SEGMENT	64	11.6. INFORMATION ON PARTICIPATION IN OTHER COMPANIES	186
		11.7. LOCAL REGULATIONS APPLICABLE TO THE COMPANY	197
5. CORPORATE GOVERNANCE	70	11.8. INFORMATION ABOUT ACTUAL PERFORMANCE WITH RESPECT TO THE INSTRUCTIONS OF THE PRESIDENT OF THE RUSSIAN FEDERATION AND OF THE GOVERNMENT OF THE RUSSIAN FEDERATION	199
5.1. CORPORATE GOVERNANCE SYSTEM AND PRINCIPLES	70	11.9. STATE SUPPORT	200
5.2. SHAREHOLDERS' RIGHTS	73	11.10. INFORMATION ABOUT MAJOR LEGAL PROCEEDINGS	201
5.3. GENERAL MEETING OF SHAREHOLDERS	73	11.11. GLOSSARY	202
5.4. BOARD OF DIRECTORS	74		
5.5. MANAGEMENT BOARD	97	12. CONTACT DETAILS	203
5.6. CORPORATE CONTROL	110		
5.7. INFORMATION DISCLOSURE	115		

1. GENERAL INFORMATION ABOUT THE GROUP

1.1. INTER RAO UES GROUP

INTER RAO UES GROUP IS A DIVERSIFIED ENERGY HOLDING COMPANY OPERATING ACROSS SEVERAL SEGMENTS OF THE ELECTRIC POWER INDUSTRY IN RUSSIA AND ABROAD. THE COMPANY PLAYS A LEADING ROLE IN THE EXPORT AND IMPORT OF ELECTRIC POWER IN RUSSIA. THE COMPANY SEEKS TO ACTIVELY EXPAND ITS GENERATION AND SUPPLY OPERATIONS AS WELL AS DEVELOP NEW LINES OF BUSINESS.

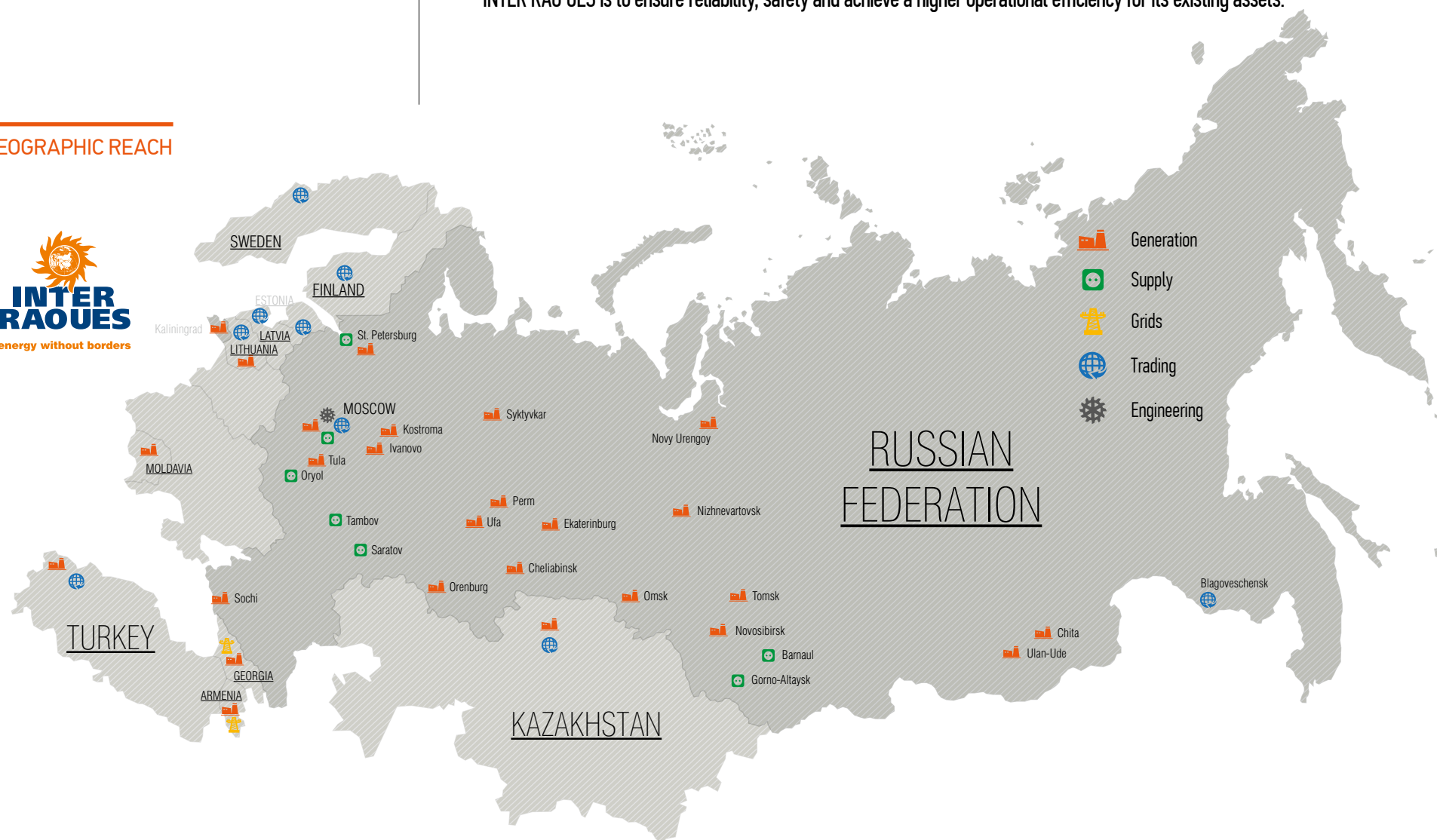


* Main assets of the Group are listed.

The strategy of INTER RAO UES Group is to grow into a global electric power company, becoming a key player in the international electricity market.

INTER RAO UES is actively working to ensure further growth in thermal energy generation, engineering, supply, exports, and the acquisition of additional foreign assets. The company is focused on energy efficiency, energy saving and the introduction of new innovative technologies, the transfer of technologies and the development of new types of electric power equipment. The Group continually strives to diversify its fuel sources and develop its fuel business. In the production business, the main goal of INTER RAO UES is to ensure reliability, safety and achieve a higher operational efficiency for its existing assets.

GEOGRAPHIC REACH





INTER RAO UES GROUP



GENERATION

THE INSTALLED CAPACITY **33,5 GW**

46 THERMAL POWER PLANTS

13 HYDROELECTRIC PLANTS, INCLUDING 9 SMALL-SCALE PLANTS

2 WIND FARMS



TRADING

THE LARGEST RUSSIAN POWER OPERATOR THAT EXPORTS AND IMPORTS ELECTRIC POWER

In accordance with Resolution of the Russian Government No 163-r dated Feb 9, 2012 INTER RAO UES can act as a commercial agent in transactions involving the transmission of electric power (capacity) between member states of the Common Economic Space.

WE EXPORT ELECTRICITY TO FINLAND, BELARUS, LATVIA, LITHUANIA, UKRAINE, GEORGIA, AZERBAIJAN, SOUTH OSSETIA, KAZAKHSTAN, CHINA, MONGOLIA



ENGINEERING

CONSTRUCTION AND MODERNIZATION OF ELECTRIC POWER FACILITIES, ENGINEERING CONSULTING, RESEARCH AND DEVELOPMENT



SALES

9 ELECTRICITY RETAILERS THAT INCLUDE ENERGY RESALE COMPANIES WHICH SUPPLY ELECTRICITY TO MAJOR INDUSTRIAL CONSUMERS

INTER RAO UES currently holds a **14,7%** share of the Russian retail electricity market.



GRID ASSETS

INTER RAO UES GROUP INCLUDES TWO DISTRIBUTION GRID COMPANIES:

TELASI AND ELECTRIC NETWORKS OF ARMENIA.

THEY OPERATE IN GEORGIA AND ARMENIA RESPECTIVELY.

The total length of power transmission lines operated by INTER RAO UES is **more than 34,000 kilometers**.

2012 KEY INDICATORS

REVENUE	RUB 556.2 billion
EBITDA	RUB 26.5 billion
EBITDA PER kWh	RUB 0.15 per kWh
ELECTRICITY GENERATION	127.4 billion kWh
ELECTRICITY SALES	153.0 billion kWh
AVERAGE SELLING PRICE OF ELECTRICITY	RUB 1.25 per kWh
TOTAL NUMBER OF EMPLOYEES (All data presented are as of December 31, 2012)	> 57,000 ppl.
AVERAGE NUMBER OF STAFF PER 1 mW OF INSTALLED CAPACITY	1.7 ppl. per mW

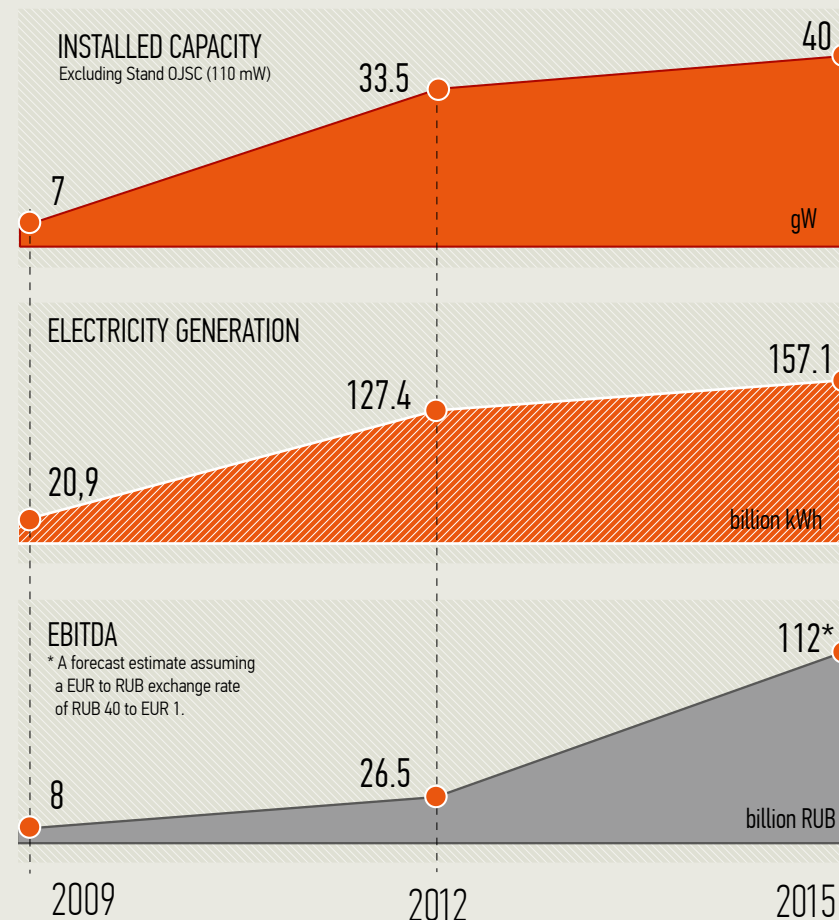
THE COMPANY'S SHARES ARE TRADED ON THE MOSCOW STOCK EXCHANGE ON QUOTATION LIST A, FIRST LEVEL [IRAQ]

GLOBAL DEPOSITARY RECEIPTS OF INTER RAO UES CAN BE TRADED ON THE IOB PLATFORM OF THE LONDON STOCK EXCHANGE [IRAQ, IRAA] IN THE ADMISSION TO TRADING ONLY SEGMENT

FITCH'S LONG-TERM CREDIT RATING OF THE COMPANY IS BB+ (STABLE FORECAST) ON THE NATIONAL AA SCALE (RUS)

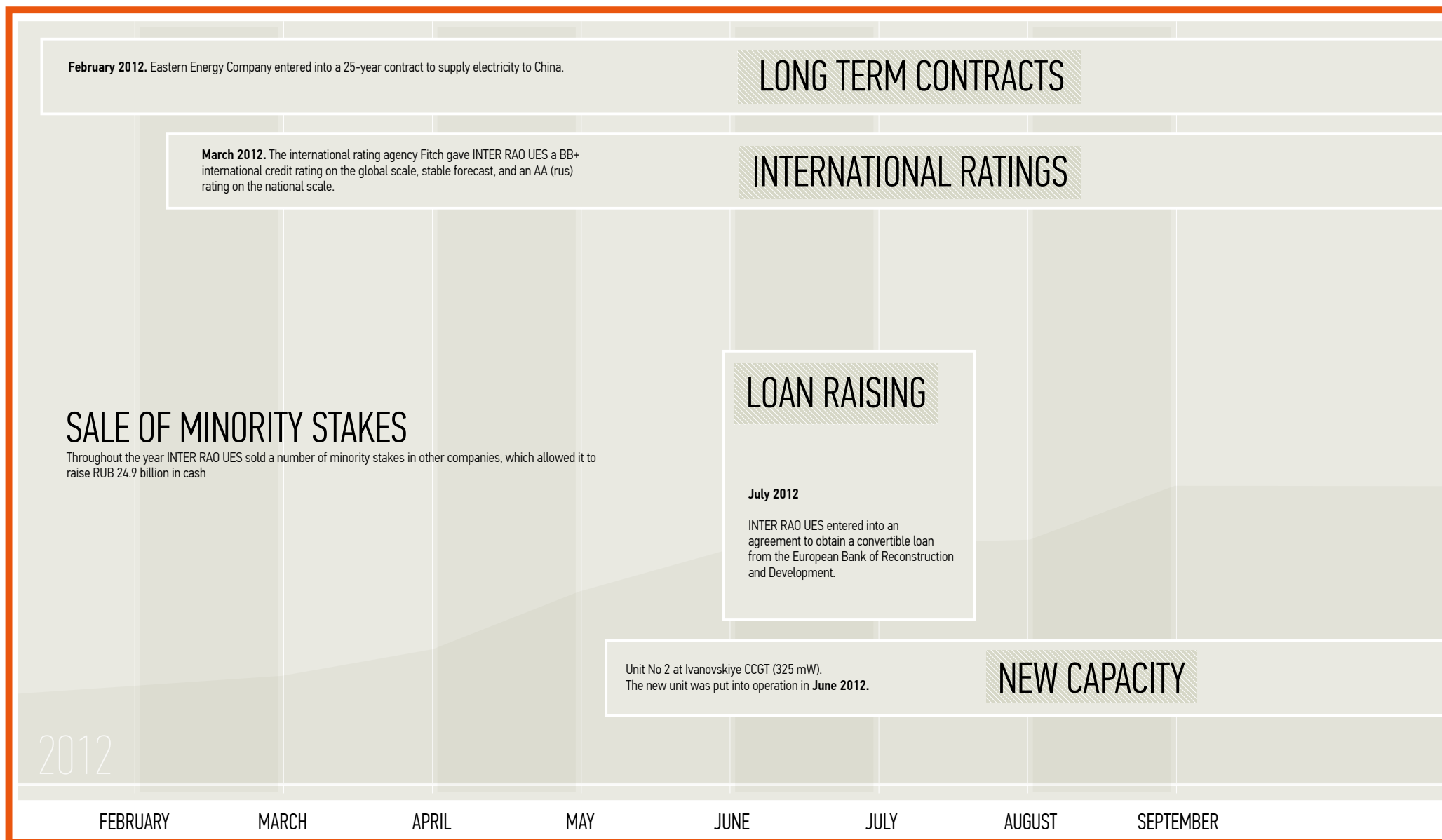
MOODY'S GIVES THE COMPANY A BA1 CORPORATE CREDIT RATING (STABLE FORECAST) ON THE NATIONAL AA1.RU SCALE

KEY GROWTH INDICATORS. TRENDS.



ON SEPTEMBER 30, 2012 THE PRESIDENT OF THE RUSSIAN FEDERATION ISSUED ORDER NO. 1190 THAT INDICATED THE COMPANY IS ON THE LIST OF STRATEGIC BUSINESSES AND JOINT-STOCK COMPANIES APPROVED BY THE PRESIDENT OF RUSSIA'S ORDER NO. 1009 DATED AUGUST 2004 ON THE "APPROVAL OF A LIST OF STRATEGIC BUSINESSES AND STRATEGIC JOINT-STOCK COMPANIES"

KEY EVENTS



November 2012. INTER RAO UES and NK Rosneft signed a 25-year contract under which INTER RAO UES will be supplied with up to 875 billion cubic meters of natural gas.

October 2012. The International rating agency, Moody's Investor Services, gave INTER RAO UES a Ba1 global scale corporate credit rating, stable forecast, appraising it an Aa1.ru national scale rating

REORGANIZATION OF GENERATING ASSETS

October 2012

INTER RAO UES Group completed a reorganization, as a result of which the Russian generation assets, which had formerly been combined within OGK-1 and OGK-3, became wholly owned subsidiaries of INTER RAO UES through INTER RAO UES Electric Power Plants.

The authorized capital of INTER RAO UES increased by 7.5%; the percentage of publicly traded shares increased from 16.19% to 18.06%.

ACQUISITIONS

November 2012

INTER RAO UES purchased a 100% stake in the generating assets of Bashkirenergo.

December 2012

INTER RAO Turkey Energy Holding A.S., a member of INTER RAO UES Group, bought a 90% stake in the natural gas power plant Trakya Elektrik Uretim Ve Ticaret A.S. (Trakya Elektrik) located in Turkey 100 km from Istanbul. The stake was purchased from the international energy company AEI Services Limited.

The CCGT-450 generating unit of the Urengoykaya SDPP (460 mW). Generating unit No 3 at the Kharanorskaya SDPP (225 mW). The units were put into operation in **November 2012**.

Installation of CCGT-16 with a recycling boiler in the TPP-1 of the Tomsk branch of TGK-11. Technical readiness - December 2012. Will be put into operation in **February 2013**.

EVENTS AFTER THE REPORTING DATE

February 2013.

INTER RAO UES registered the additional issues of shares: shares of OGK-1, OGK-3, INTER RAO Energy and INTER RAO Energy Asset were converted and merged with the principal issue of shares. The shares of the principal issue merged with the additionally issued shares were included in Quotation List A, First Level of the MICEX Stock Exchange (Moscow Stock Exchange). The total number of shares outstanding is now 10,380,956,390,935.

March 2013.

INTER RAO UES began the construction of a CCGT generating unit at Permskaya SDPP.

INTER RAO UES had its power management system certified for conformance to the ISO 50001 international standard.

The Fitch Ratings agency confirmed INTER RAO UES international credit rating of BB+ on the global scale, stable forecast and the AA (rus) rating on the national scale.

The additional share issues of INTER RAO UES that the shares of Bashenergoaktiv had been converted into, were merged with the main share issue of the Group. Since March 21, 2013 all the shares of INTER RAO UES making up its authorized capital have been trading in the First Level Quotation List of the MICEX Stock Exchange. The total number of shares of the Group is 10,440,000,997,683.

INTER RAO UES Group began the construction of a combine cycle gas turbine unit at Verkhnetagilskaya SDPP with an installed capacity of 420 mW.

2013

OCTOBER

NOVEMBER

DECEMBER

JANUARY

FEBRUARY

MARCH

1.2. KEY EVENTS

REORGANIZATION OF GENERATING ASSETS

In October 2012, INTER RAO UES Group completed a reorganization, as a result of which the Russian generation assets, which had formerly been combined within OGC-1 and OGC-3, became wholly owned subsidiaries of INTER RAO UES through INTER RAO UES Electric Power Plants.

The authorized capital of INTER RAO UES increased by 7.5%; the percentage of publicly traded shares increased from 16.19% to 18.06%.

IN 2012 INTER RAO UES WAS NAMED COMPANY OF THE YEAR BY THE RBC MEDIA HOLDING AND RODIONOV PUBLISHING HOUSE IN THE CATEGORY 'FOR EFFECTIVE INTEGRATION OF ELECTRIC POWER GENERATION ASSETS'

SALE OF MINORITY STAKES

Throughout the year INTER RAO UES sold a number of minority stakes in other companies, which allowed it to raise RUB 24.9 billion in cash.

ACQUISITIONS

In November 2012 INTER RAO UES purchased a 100% stake in the generating assets of Bashkirenergo.

In December 2012, INTER RAO Turkey Energy Holding A.S., a member of INTER RAO UES Group, bought a 90% stake in the natural gas power plant Trakya Elektrik Uretim Ve Ticaret A.S. (Trakya Elektrik) located in Turkey 100 km from Istanbul. The stake was purchased from the international energy company AEI Services Limited. The power plant is a modern combined-cycle gas-turbine power plant with an installed capacity of 478 mW and long-term contracts for natural gas purchase and electricity sale. The deal was approved by the antimonopoly authorities and the Ministry for Energy and Natural Resources of Turkey

NEW CAPACITY

UNIT NO 2 AT IVANOVSKIYE CCGT (325 MW)

The new unit was put into operation in June 2012. A CCGT power plant featuring two CCGT-325 units is being built in the town of Komsomolsk, Ivanovo region, as part of the Fuel and Energy federal program. The project is unique in that it includes the development and refinement of Russia's first high-powered gas turbine CCGT-110. The generating units of Ivanovskiye CCGT are being used to test cutting-edge technologies and power equipment manufactured in Russia, which could then be used for the subsequent retooling and modernization of other power plants across Russia.

THE CCGT-450 GENERATING UNIT OF THE URENGOYSKAYA SDPP (460 MW)

The generating unit was put into operation in November 2012. The installed capacity of the Urengoykaya SDPP increased from 24 mW to 484 mW. CCGT-460 conforms to the latest environmental safety and environmental efficiency requirements. The combination of steam and gas turbines in a single production cycle makes it possible to generate additional heat and electricity, thereby increasing the efficiency of the power plant's equipment. The efficiency of the new generating unit reaches 52.5%, which is significantly higher than the efficiency of traditional gas turbine units (35-40%). This means that the new unit consumes up to 20-25% less fuel per unit of generated power than steam turbine units. The launch of the new generating unit at the Urengoykaya SDPP helps solve the problem of electricity shortages in the northern part of the Tyumen region.

GENERATING UNIT NO 3 AT THE KHARANORSKAYA SDPP (225 MW)

The unit was put into operation in November 2012. The installed capacity of the power plant reached 655 mW as a result. The third generating unit of the SDPP uses domestically manufactured equipment supplied by OJSC Power Machines and OJSC EMalliance. The equipment is very efficient and environmentally friendly. The main fuel used by the new generating unit will be the coal extracted from the Kharanorskoye and Urtuiskoye deposits.

INSTALLATION OF CCGT-16 WITH A RECYCLING BOILER IN THE TPP-1 OF THE TOMSK BRANCH OF TGK-11

In February 2013 Tomskaya TPP-1 operated by TGK-11 (part of the INTER RAO UES Group) put into operation a CCGT unit with an installed capacity of 14.7 mW of electric power and 19.5 Gcal per hour of heat (technical readiness of the unit - December 2012). With the launch of the CCGT unit, the peak reserve boiler station which houses the unit was given the status of a thermal power plant and the historic name Tomskaya TPP-1. The launch of the new generating unit increased the total power generation in Tomsk to 486 mW.

LONG TERM CONTRACTS

In February 2012 Eastern Energy Company entered into a 25-year contract to supply electricity to China

OJSC Eastern Energy Company, a subsidiary of INTER RAO UES, signed a long-term contract with the state power grid corporation of China to supply electricity via 110, 220 and 500 KV power transmission lines to China. The contract was entered into for a period of 25 years over which it is expected that the total amount of electricity supplied will be about 100 billion kWh.

In November 2012 INTER RAO UES and NK Rosneft signed a 25-year contract under which INTER RAO UES will be supplied with up to 875 billion cubic meters of natural gas.

Under the contract OJSC Samaraneftegaz (or another Rosneft subsidiary) will supply the power plants of INTER RAO UES Electric Power Plants (or other TPPs of INTER RAO UES) with up to 35 billion cubic meters of natural gas on an annual basis from January 1, 2016 through December 31, 2040.

LOAN RAISING

In July 2012 INTER RAO UES entered into an agreement to obtain a convertible loan from the European Bank of Reconstruction and Development

INTER RAO UES Group and the European Bank of Reconstruction and Development (EBRD) entered into an integrated contract for the provision of a convertible loan of RUB 9.6 billion to INTER RAO UES for up to five years at an adjustable interest rate. According to the documents signed by the parties, INTER RAO UES will give the EBRD the option to convert the loan into ordinary shares of the company during the first 4.5 years after the provision of the loan. The money raised through this loan will allow INTER RAO UES to optimize its capital structure in line with the strategy approved by the Board of Directors. As of December 31, 2012 no money was disbursed under the loan agreement.

INTERNATIONAL RATINGS

In March 2012 the international rating agency Fitch gave INTER RAO UES a BB+ international credit rating on the global scale, stable forecast, and an AA (rus) rating on the national scale.

In its assessment of the credit portfolio of INTER RAO UES Fitch used a methodology that allowed it to assess the interrelations between the company and its majority shareholder, the Russian Federation. Under this methodology the rating given to INTER RAO UES depends directly on the sovereign debt rating of Russia. The agency noted the strategic importance of the company for the national economy, the strong positions that INTER RAO UES has in across-the-border transmission of electricity, the well-balanced credit portfolio of the Group as well as the positive impact on the overall liquidity of the Group resulting from the actions taken by the company to monetize its minority stakes.

In October 2012 the International rating agency, Moody's Investor Services, gave INTER RAO UES a Ba1 global scale corporate credit rating, stable forecast, appraising it an Aa1.ru national scale rating

When assessing the credit portfolio of INTER RAO UES, Moody's used a methodology that allowed it to assess the direct and indirect control over the company by the state (Government related issuer). In accordance with this methodology, Moody's gave a high score to the state support to INTER RAO UES. At the same time, the agency noted the strategic importance of INTER RAO UES for the power market in Russia, its leading positions in electricity trading and the wide geographic reach of the company in the overseas markets of electricity generation and distribution.

EVENTS AFTER THE REPORTING DATE

In February 2013 INTER RAO UES registered the additional issues of shares: shares of OGK-1, OGK-3, INTER RAO Energy and INTER RAO Energy Asset were converted and merged with the principal issue of shares. The shares of the principal issue merged with the additionally issued shares were included in Quotation List A, First Level of the MICEX Stock Exchange (Moscow Stock Exchange). The total number of shares outstanding is now 10,380,956,390,935.

In March 2013 INTER RAO UES began the construction of a CCGT generating unit at Permskaya SDPP. The new unit will utilize Siemens AG combined cycle gas turbine equipment that meets all applicable environmental safety standards and features one of the highest efficiency coefficients in the industry. Permskaya SDPP will increase its installed capacity to 3,200 mW, becoming one of Russia's five largest thermal power plants.

In March 2013 INTER RAO UES had its power management system certified for conformance to the ISO 50001 international standard. The Group's companies were audited by GUTcert, a subsidiary of the AFNOR international group accredited by DakkS (Germany).

In March 2013 the Fitch Ratings agency confirmed INTER RAO UES international credit rating of BB+ on the global scale, stable forecast and the AA (rus) rating on the national scale.

In March 2013 the additional share issues of INTER RAO UES that the shares of Bashenergoaktiv had been converted into, were merged with the main share issue of the Group. Since March 21, 2013 all the shares of INTER RAO UES making up its authorized capital have been trading in the First Level Quotation List of the MICEX Stock Exchange. The total number of shares of the Group is 10,440,000,997,683.

In March 2013 INTER RAO UES Group began the construction of a combine cycle gas turbine unit at Verkhnetagilskaya SDPP with an installed capacity of 420 mW. The new unit will utilize unique modern combined-cycle gas turbine equipment.

2. CHAIRMAN'S STATEMENT AND CEO'S REVIEW



Grigory Kurtser
Chairman of the Board
of JSC INTER RAO UES



Boris Kovalchuk
Chairman of the Management Board
of JSC INTER RAO UES

**Through a series of selective mergers and acquisitions,
INTER RAO UES became one of the largest players
in the Russian economy.**

Dear Shareholders,

2012 was a milestone year for our Company which is on its way to achieving the goals of the INTER RAO UES Group strategy launched in 2010. The year saw sustained growth and continued development, secured both through the use of our own resources and new acquisitions in Russia and abroad.

We completed the consolidation of our assets, which, no doubt, was one of the largest transformational projects not just in our sector but in the Russian economy as a whole over the past few years. Simultaneously, we started a most challenging project - the internal restructuring of INTER RAO UES. One of the first outcomes of this process was the successful introduction, in late 2012, of the new management model for our generation assets in Russia - now all generation assets are wholly owned subsidiaries of the Group.

We also signed a contract with JSC 'NK Rosneft' for the supply of natural gas, the largest contract in Russia's history. The 25-year contract envisages deliveries of up to 35 bcm of natural gas per year. The contract will begin in 2016. Through this contract we have ensured the long-term sustainability of our businesses and at the same time have significantly boosted the economic efficiency of our power generation.

In 2012, INTER RAO UES also expanded its geographic reach by acquiring new assets in Turkey (Trakya Elektrik Uretim Ve Ticaret A.S.) and in Bashkiria (Bashkir Generation Company and BashRTS).

The Turkish electricity market is a priority market for our international strategy. Our recent acquisition in Turkey incorporates a high tech power plant that will strengthen

our position in the market and significantly enhance our future growth prospects in the region. Moreover, the most efficient technological and management practices used by Trakya will definitely be introduced at our other power plants and vice versa – the best practices of INTER RAO UES power plants will be employed to ensure top performance of our new Turkish asset.

The acquisition of the generation assets in Bashkiria has enabled INTER RAO UES not only to set a foothold in this promising regional electricity market but also to increase the total installed capacity of the Group by 4.7 gW, making INTER RAO UES the third largest power company in Russia in terms of installed capacity (our total installed capacity now exceeds 33.5 gW).

Another key event of 2012 was the commissioning of the electricity generation facilities under capacity supply contracts. In 2012 new power generation units were put into operation at Ivanovskiye CCGT, Urengoykaya and Kharanorskaya SDPPs and a new gas turbine unit with a total installed capacity exceeding 1 gW was launched at Tomskaya TPP-1. These cutting-edge assets are the pride of INTER RAO UES not only due to the state-of-the-art solutions, the quality and speed of their construction, but also because they have an extremely low environmental footprint.

Despite headwinds in the electricity market, we can still see growth potential for this business and in the case of favorable market conditions and government regulation, we expect that this segment can potentially generate sizable profits.

In 2012 we completed the development of our engineering business, covering the full cycle from design to turnkey construction of electric power facilities. Last year our subsidiary INTER RAO Engineering not only became operational but managed to secure an impressive portfolio of projects of varying sizes and risk profiles both in Russia and elsewhere.

One of last year's major events was the listing of our subsidiary INTER RAO Lietuva on the Warsaw Stock Exchange, the largest stock exchange in Eastern Europe. International investors duly appreciated the company's fast growth over the recent years, its strong market position and significant development upside.

The financial indicators of the Group showed slightly negative trends due to changes in the market environment. Despite a 3.7% y-o-y revenue growth rate, operating costs were up 8.2%, primarily driven by non-cash items (such as fixed assets depreciation), rising fuel prices, and an upsurge in power transmission rates. At the same time, in 2012 our capital expenditures peaked (an 85.2% increase y-o-y). In addition, our financial performance was negatively impacted by the fact that the electricity rates were adjusted for inflation from July 1 rather than January 1. Meanwhile, in our trading business segment the prices in the Scandinavian market dropped because of massive supply of cheap hydroelectric power from Norway, which reduced Russian exports of electricity to Finland by more than 60%.

Nevertheless, on the whole last year, INTER RAO UES demonstrated substantial development, validating the strategic priorities we set for the development of our Company.

Through a series of selective mergers and acquisitions, INTER RAO UES became one of the largest players in the Russian economy. This means that in the short term one of the most important objectives facing our Company is to capitalize on this growth for the benefit of the Company and its shareholders. A key priority for 2013 will be to improve operating efficiency as we expect that the extensive growth phase that we have become accustomed to in the past three years is coming to an end.

The main goal for the company, alongside reliable zero-outage power supply, will be the efficient operation of our stand-alone assets, including both recently acquired and long-running facilities, and also of the company as a whole.

Now the main goal for the company, alongside reliable zero-outage power supply, will be the efficient operation of our stand-alone assets, including both recently acquired and long-running facilities, and also of the company as a whole. A tactically important role in this process will be played by the cost management program, and across the whole business INTER RAO UES will address the task of capturing operating synergies between various subsidiaries representing different components of the value chain in the electric power industry.

To achieve this objective we intend to promote better efficiency at the level of every employee. The management has set an ambitious goal for the company: to increase labor productivity by 30% over the next two years. We are confident that the development strategy we have mapped out for the Company will be implemented, making INTER RAO UES a leading player in the international energy market.

Grigory Kurtser
Chairman of the Board
of JSC INTER RAO UES

Boris Kovalchuk
Chairman of the Management Board
of JSC INTER RAO UES

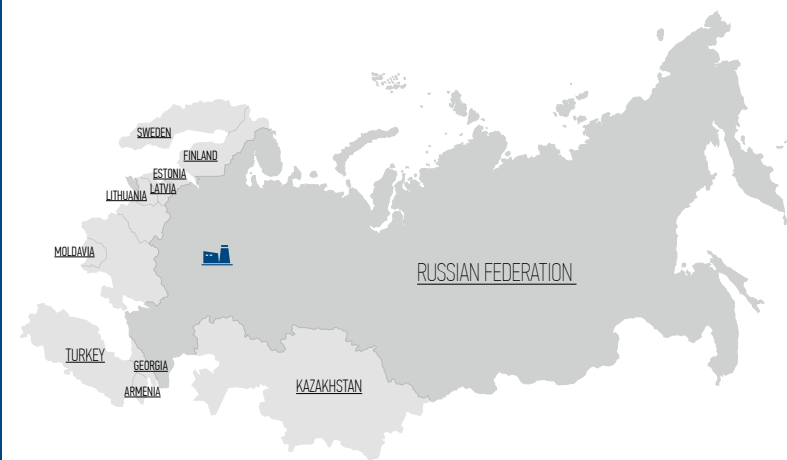
2012 IVANOV REGION

GENERATING UNIT NO 2
AT IVANOVSKIYE CCGT
WAS PUT INTO OPERATION
IN JUNE 2012 (325 MW)

THE PROJECT FOR THE CONSTRUCTION OF IVANOVSKIYE CCGT WITH INSTALLATION OF TWO GENERATING UNITS – 325 IS BEING CARRIED OUT IN THE KOMSOMOLSK IVANOV REGION UNDER THE FEDERAL TARGET PROGRAM 'FUEL AND ENERGY'. THE PROJECT IS UNIQUE SINCE WITHIN THE FRAMEWORK OF THE ELECTRIC POWER PLANT CONSTRUCTION THE FIRST RUSSIAN GAS TURBINE ENGINE OF HIGH CAPACITY GTD-110 IS BEING DESIGNED, MANUFACTURED AND RETROFITTED. RUSSIAN CUTTING EDGE TECHNOLOGIES AND ENERGY EQUIPMENT THAT COULD BE USED FOR FURTHER RETROFITTING AND UPGRADING OF POWER PLANTS ACROSS RUSSIA ARE BEING TESTED AT IVANOVSKIYE CCGT.

RUSSIA, IVANOV REGION, KOMSOMOLSK

IVANOVSKIYE CCGT



THE BEGINNING OF POWER PLANT CONSTRUCTION: 2005

COMMISSIONING: 2008

INSTALLED
ELECTRIC
CAPACITY

325
MW

INSTALLED
THERMAL
CAPACITY

79
Gcal/h

BASIC
FUEL IS
NATURAL
GAS

IVANOVSKIYE CCGT IS THE FIRST RUSSIAN POWER PLANT WITH COMBINED CYCLE GAS TURBINES EQUIPPED WITH DOMESTICALLY MANUFACTURED EQUIPMENT.

The new power plant is located on the industrial site of the Ivanovskaya SDPP, which is why the history of CCGT is so closely connected with the history of the 'veteran' of the energy sector.

The Ivanovskaya SDPP generated its first current in 1930. It was built in an area surrounded by three large bogs and for many years it was heated by sod peat. Three peat mines were connected by tens of kilometers of light narrow-gauge railroad by which the fuel was delivered. In the 1930s several thousand workers, mainly women, cut peat bricks by standing knee-high in water. At the same time two thousand workers were digging the pit of a large cooling pond, which has been providing the power plant with water up to now.

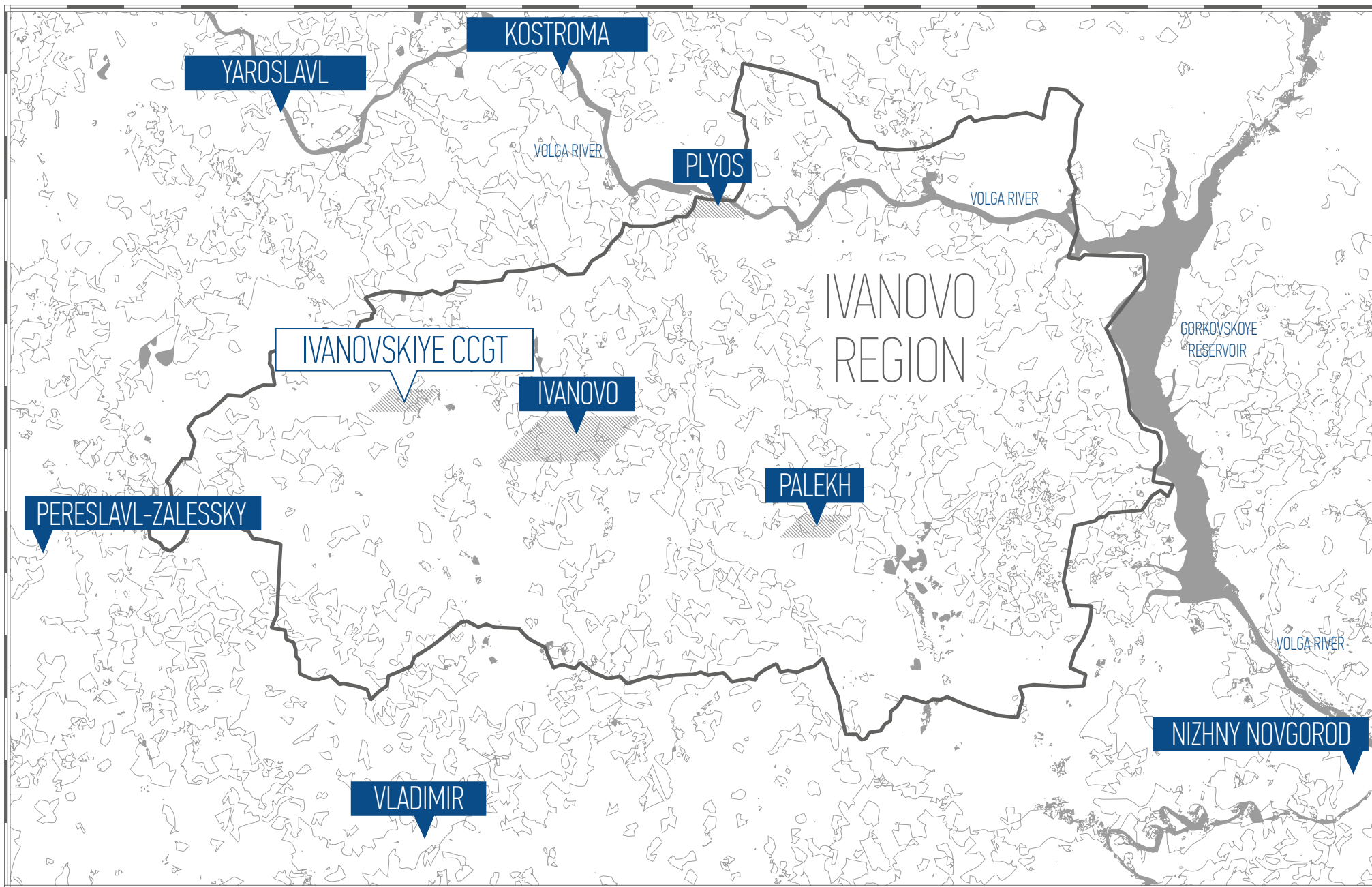
During World War II women replaced their husbands at the Ivanovskaya SDPP as these men were sent to fight on the frontlines. Due to the critical situation on the frontlines, the threat of aerial attack escalated in October 1941. And to protect this strategic location, measures to blackout the power plant and energy workers habitation were enhanced. Namely, during the evening, workshop lighting was reduced to a minimum. According to eyewitnesses, the main power station facility was covered with camouflage netting, anti-aircraft guns were installed on the roof, and a dummy of the Ivanovskaya SDPP was built a few kilometers from the power plant to disorientate the enemy. The power channel and the spillway channel were covered with shields, and deceptive models were made on the opposite side of the reservoir. More than 900 power plant workers were honoured for their conscientious and dedicated labor during World War II.



In the 1980s the reconstruction of the Ivanovskaya SDPP started under which the installation of three gas turbines for peak load operations was envisaged. The construction of Ivanovskiye CCGT started in February 2005 on the industrial site of the Ivanovskaya SDPP. In May 2008 a ceremony launching generating unit No.1 CCGT-325 took place. Generating unit No.2 -325 was commissioned in June 2012. Both generating units are furnished with process control systems.

The Ivanovskiye CCGT project is unique. It is one of the first constructions of a large power generating unit in Russia after many years of standstill, where domestically manufactured equipment and new technologies are tested. Moreover, the power plant is a major employer in the Komsomolsk district, and its employees are for the most part young people.





IVANOVO REGION

IVANOVO

In 1742 the first linen manufacturer was opened and shortly thereafter a large finishing plant followed. At the beginning of the 19th century the first spinning factory was opened due to the arrival of steaming machines. The city has traditionally been the center of light industry in Russia. Today Ivanovo is primarily famous for its industry, educational institutions and revolutionary history.



There you can find many architectural monuments dating back to the period of constructivism. The ship-house, constructed in 1934 to the design of the architect Friedman, is one of the



most unusual residential buildings in Ivanovo. The most impressive element of the structure is the five-storey building facing the square, the plan and the shape of which resemble a ship. The chamfered right end of the building imitates the nose of a ship while the eight-storey tower on the opposite side resembles the stern. The wide band of the shop-windows on the first floor visually separates the building from the ground. The two balcony galleries resemble chimneys, and

the small balconies which feature concrete guard rails resemble small bridges. The building is one of the paragons of Soviet architecture of the 1920s, the dynamic features of which reveal the search for symbolism and romanticism. In Soviet times, when you wanted to send a letter at this address, you did not need to write the post code and the street name but just write: Ivanovo, the Ship-House.

PALEKH

The first reference to this settlement dates back to the 17th century (the property register of 1645). Since the pre-Peter period Palekh has been renowned for its icon painters. Palekh icon painting reached its height in the period from the 17th to the – early 19th centuries. In 1918 a craft workshop, an association of painters and craftsmen was established in the village. In 1922 Ivan Golikov, a Palekh painter, created his first piece of miniature lacquered painting in the unique style which later became known as Palekh painting. The typical subjects refer to scenes of everyday life, classic literary works, fairy tales, Russian folk tales and songs. The works are mainly painted using gold paints over a black background.



PLYOS

Plyos is a town located in the Privolzhsky district which sits north of the Ivanovo region of Russia. The first mention of Plyos dates back to 1141 in the Novgorod Chronicles. In 1410 the Prince of Moscow Vasily I, son of Dmitry Donskoy, gave an order to build a fortified customs outpost here. The Volga does not bend in this area making it possible to see the enemy at long range.

The town appealed to painter Isaak Levitan, who spent three extremely productive summer seasons there from 1888 through to 1890. About 200 works painted by him during the three summers made Levitan widely popular, and Plyos won great popularity with landscape painters. The painting "Eternal Rest" is believed to be the "most Russian picture" of those ever painted on the subject of Russia.



“In 2012 INTER RAO UES Group made significant progress in implementing its development strategy. The most important achievement along these lines was the consolidation of its power generation assets: OGK-1, OGK-3, Bashkirenergo, TGK-11. The Group also bought a 90% stake in the Turkish combined-cycle gas turbine power plant Trakya Elektrik A.S. As a result, the installed capacity of the Group’s generation assets reached 33.5 gW.”

Ilmar Mirsiyapov

Member of the Management Board, Head of the Strategy and Investments Unit of JSC INTER RAO UES

3. THE COMPANY’S DEVELOPMENT STRATEGY

3.1. THE COMPANY’S STRATEGY

From 2012, on an annual basis, the Board of Directors of the Company will approve annual strategic development priorities for INTER RAO UES. A report on the achievement of the strategic priorities will also be approved by the Board of Directors. From 2012 the company’s strategic governance system is linked with the incentive management system.

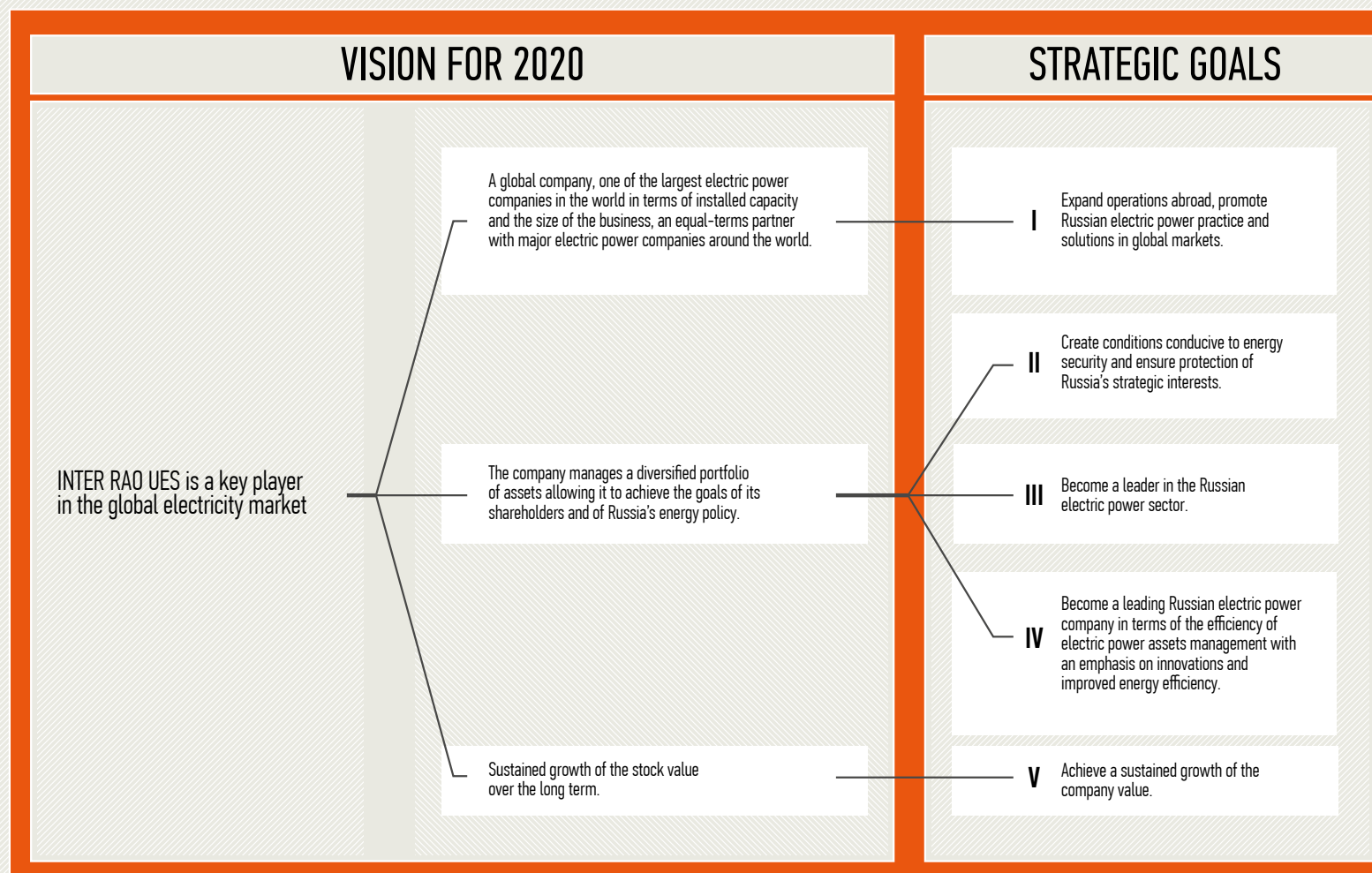
THE STRATEGY OF INTER RAO UES FOR THE PERIOD TO 2015 (INCLUDING AN OUTLINE FOR THE PERIOD TO 2020) WAS APPROVED BY THE BOARD OF DIRECTORS OF INTER RAO UES ON DECEMBER 24, 2010 (MINUTES NO 35 DATED DECEMBER 27, 2010).

The mission of the company is to promote sustainable development of the economy and a better quality of life in all the regions the Company lin which the Company operates by providing reliable power supply, satisfying rising demand for electric power and applying innovative technologies and solutions to improve energy efficiency and energy savings.

VISION FOR 2020

- ▶ INTER RAO UES Group operates in various segments of the value creation chain in the power industry from extraction and supply of fuel to the distribution and sale of electricity to end consumers.
- ▶ The company manages a well balanced portfolio of highly-efficient power generation assets and pursues a policy of environmental responsibility.
- ▶ INTER RAO UES is one of the largest global energy traders in terms of sales.
- ▶ Managing assets in Russia and abroad, the Group plays an important part in the integration of national power grids into transnational systems as well as in the strengthening of links between electricity markets.
- ▶ The company’s projects and solutions in the fields of power equipment engineering and manufacturing as well as in the field of energy efficiency are making a significant contribution to the modernization of Russia’s power industry and the innovative development of the country.

STRATEGY



STRATEGY IMPLEMENTATION PROGRESS IN 2012 AND KEY STRATEGIC PRIORITIES UNTIL 2015 AND PROSPECTS FOR 2020		
AREAS OF DEVELOPMENT	PROGRESS IN 2012	FUTURE GOALS
Ensuring the reliability, safety and operating efficiency of existing assets	<p>Key strategic documents for the medium term were approved (programs for investment, innovative development, maintenance and repairs for key equipment, energy efficiency, R&D).</p> <p>The Technical Policy of INTER RAO UES Group, the Declaration on Environmental Responsibility were approved by the Company.</p> <p>The newly launched Projects are aiming to optimize the Group's asset and fund management systems by minimizing the cost of ownership and operation of equipment as well as developing a system of preventive maintenance for the group's assets.</p>	<p>Reliable and safe operation of the company's production facilities will be achieved primarily through the implementation of a standard Company-wide technology policy and a series of long-term retooling and modernization programs.</p> <p>The Company plans to implement measures to improve the energy efficiency of its electricity and heat production, and to become a leader in operating efficiency in Russia.</p>
Further growth in the heat generation segment in Russia	<p>INTER RAO UES and AFK Sistema completed the reorganization of OJSC Bashkirenergo, as a result INTER RAO UES gained control over 100% of the shares of Bashkirenergo's generation assets in Bashkiria with a total installed capacity of 4.2 gW.</p> <p>Consolidation of 100% of the shares of TGK-11 was completed.</p> <p>In March 2013 TGK-11's Tomsкая TPP-1 launched a combined cycle gas turbine with an installed capacity of 14.7 mW of electricity and 19.5 Gcal per hour of heat.</p> <p>New generating units were put into operation at Urengoyanskaya (CCGT-460 mW) and Kharanorskaya SDPPs (225 mW); in June the capacity certification tests were completed at the second 325 CCGT generating unit of Ivanovskiy CCGT; May saw the start of the construction of the second generating unit of the Yuzhnouralskaya SDPP-2 power plant with an installed capacity of 400 mW.</p>	<p>The Company plans to work on further improving the operating efficiency and profitability of its heat generation business.</p>
Expanding the number and diversity of foreign assets	<p>As part of efforts to expand its presence in foreign markets INTER RAO UES Group bought a 90% stake in the combined cycle gas turbine power plant in Turkey with an installed capacity of 478 mW.</p>	<p>The Company's foreign policy aims at expanding presence in its target markets and ensuring efficient management of foreign assets to increase their profitability.</p>
Foreign trade activity and promoting links between electricity markets	<p>JSC Eastern Energy Company, belonging to INTER RAO UES Group, signed a 25-year contract with the State Power Grid Corporation of China to sell electricity to it. The total sales of electricity under the contract may reach up to 100 billion kWh.</p>	<p>A key objective in this field is to increase the amount of profitable export transactions.</p>
Supply promotion	<p>INTER RAO UES completed the consolidation of 100% of the shares of Petersburg Supply Company.</p>	<p>The Company should become a leader in Russia's retail electricity market. One way this can be achieved is by offering customers in the regions a one-stop retail outlet for the whole range of services. A priority segment of the retail market for the company should be the market for energy efficiency and energy conservation services.</p>
Engineering programs, transfer of technologies and manufacture of new types of power equipment	<p>In February 2012 INTER RAO Engineering began operations. The new company manages all the engineering assets of the Group. Its functions include provision of the full range of engineering services both during the implementation of the Group's projects as well as to outside customers.</p> <p>In October 2012 construction began of a new manufacturing facility for making 6FA gas turbines under the auspices of the LLC Russian Gas Turbines joint venture set up by GE, INTER RAO UES Group and Russian Technologies. The new manufacturing facility will manufacture and maintain high-efficiency gas turbines with a capacity of 77 mW and low emission levels.</p>	<p>An important priority in this field is the provision of the full range of engineering services from design to operation of various types of electric power facilities at globally competitive rates. The internal functions of the Group's engineering division will include optimization of the timeframe and costs of new construction projects. The company will make every effort to promote the development of the Russian power engineering industry and standard technology solutions for the thermal power sector, including solutions that can be applied abroad.</p>
Further efforts in energy savings, energy efficiency, and innovations	<p>In 2012 the Center for Energy Efficiency of INTER RAO UES continued to implement projects aimed at increasing the energy efficiency of the Group's facilities. Declaration of responsibility of JSC INTER RAO UES for saving power and improving power efficiency was approved.</p>	<p>The company strives to serve as a platform for the implementation of the national policy for promoting energy efficiency and innovation while becoming a leading provider of energy efficiency services in Russia.</p>

The business of INTER RAO UES Group is impacted by a number of factors both in the domestic market and abroad. The company defines its strategic priorities for 2013 taking into account these challenges.

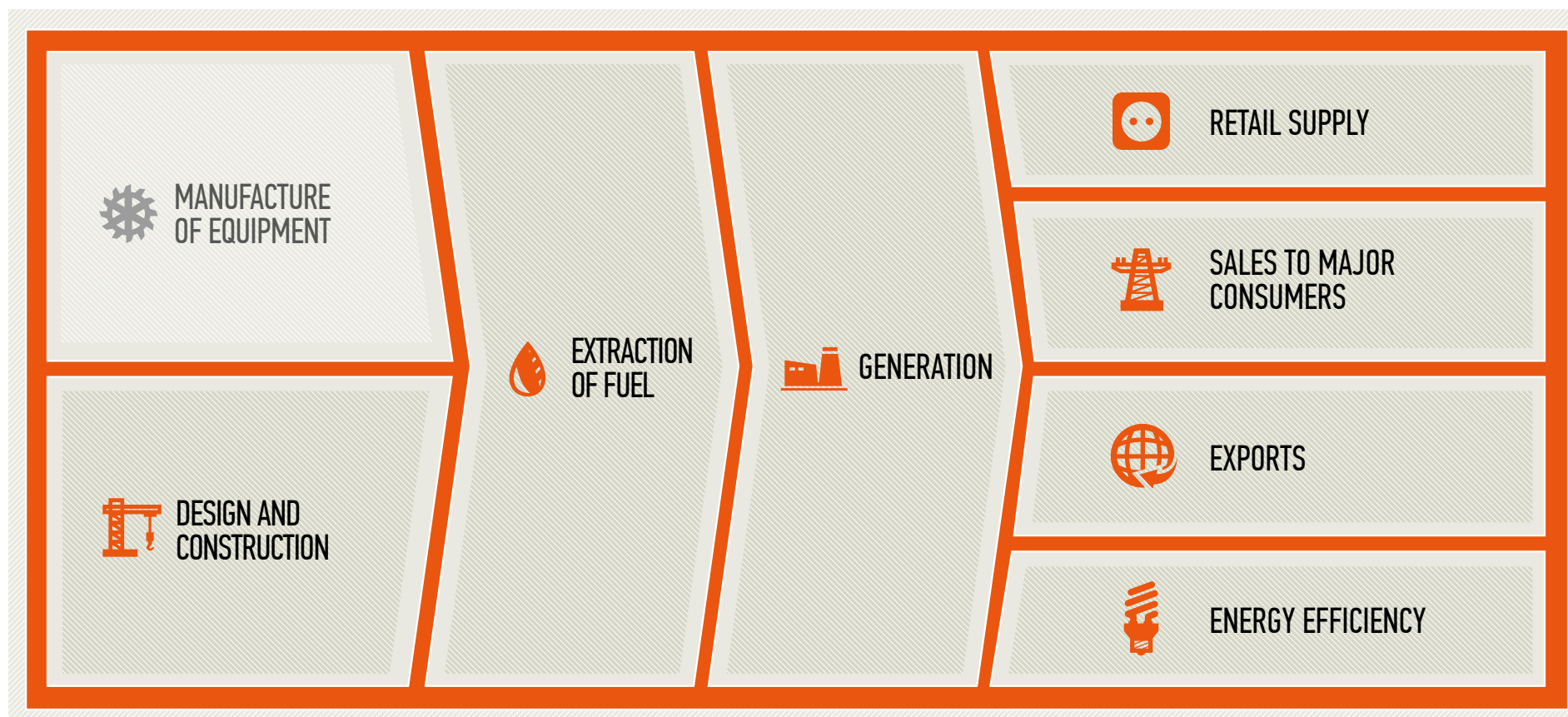
STRATEGIC PRIORITIES AND OBJECTIVES OF INTER RAO UES GROUP FOR 2013			
Power generation in Russia	<ul style="list-style-type: none"> Ensure reliability and energy safety Improve the operating efficiency of power generation assets Modernization and advanced technological development Increase in the installed capacity through implementation of investment projects Prepare proposals for building new prospective generation facilities Prepare and promote proposals aimed to develop the wholesale electricity (capacity) market in Russia Improve the efficiency of equipment maintenance by setting up a single repair and maintenance company 	Innovations, energy efficiency, energy conservation	<ul style="list-style-type: none"> Ensure innovative development of the Group Improve energy efficiency and energy conservation of the Group Introduce an energy management system Promote energy efficiency and energy conservation efforts
Supply business	<ul style="list-style-type: none"> Prepare and promote proposals on changes to the current laws and regulations to develop the retail market Expand the company's presence in retail electricity markets and increase retail sales Improve the operating efficiency of the Group's energy sale companies Improve customer service Diversify the business and increase the revenue from provision of other services. 	International operations	<ul style="list-style-type: none"> Improve the operating efficiency of the Group's foreign assets Implement international infrastructure projects Ensure the economic efficiency of international operations.
Thermal energy business	<ul style="list-style-type: none"> Prepare and promote proposals for increased profitability of the thermal energy business through amendments to laws and regulations Increase the operating efficiency of the thermal energy business Expand operations in Russia's thermal energy sector Introduce management-by-objectives model for the thermal energy assets of the company 	Distributed generation	<ul style="list-style-type: none"> Develop a distributed generation concept Put forward and promote proposals on how to promote the growth of distributed generation through making amendments to laws and regulations Develop commercial proposals on how to best implement distributed generation projects
Engineering business	<ul style="list-style-type: none"> Expand operations and sales in the engineering services market Increase the number of projects being implemented by the Group's engineering division Ensure cost optimisation of the generating assets construction Develop manufacturing facilities for making modern electric power equipment 	Improving the efficiency of management	<ul style="list-style-type: none"> Refine corporate governance Optimize management costs, including the reduction of managerial staff Introduce management-by-objectives in the Group and update its organizational structure accordingly Integrate newly acquired assets into the organizational structure of the Group Develop efficient remuneration packages for employees
The company's own sources of coal	<ul style="list-style-type: none"> Improve the efficiency of the coal assets Buy controlling stakes in promising coal assets Develop and introduce a management-by-objectives model for the coal business 	Making the company more attractive to investors	<ul style="list-style-type: none"> Sustained growth of the value of the company to make it a better investment Maintaining favorable international credit ratings

3.2. BUSINESS MODEL OF THE GROUP

The strategy of INTER RAO UES is to turn the Group into a global electric power company and a key player in the global electric power market. The Company is striving to be present in all the key segments of the electricity market. The Group is working hard to expand its presence in the generation and supply segments, implementing measures to improve energy efficiency as well as developing new businesses, such as fuel and engineering.

INTER RAO UES is a diversified energy holding company, operating across several segments of the electric power sector both in Russia and abroad. The company's operations include the generation and sale of electricity and thermal energy, international electricity trading and the design and construction of power plants.

The company aims to keep increasing its equity value, a key goal of the Group, by developing its business at every stage of the value creation chain from designing power plants to the manufacture of electric power equipment to the distribution and sale of electricity to end consumers.



3.3. INVESTMENTS AND INNOVATIONS

SINCE INTER RAO UES GROUP IS THE BACKBONE OF THE COUNTRY'S ELECTRIC POWER INDUSTRY, THE GROUP'S INNOVATION EFFORTS ARE AN IMPORTANT FACTOR IN THE DEVELOPMENT OF THE RUSSIAN ELECTRIC POWER SECTOR AS A WHOLE

Among the most important objectives of the strategic development of INTER RAO UES Group are investment and innovation programs for the Group's companies. The Group's investment program includes major projects involving the construction of new power plants utilizing high efficiency cutting-edge technologies, efforts to ensure reliability and availability of existing equipment, improve its energy efficiency and reduce its negative environmental impact. At the same time the Company aims to promote the achievement of INTER RAO UES strategic goals that include development of Russia's R&D potential in the power engineering industry, modernizing the company's equipment and ensuring it holds onto its leadership position in the industry.

INVESTMENT PROGRAM

The goals of INTER RAO UES Group's investment projects include:

- ▶ Ensuring reliable supply of quality electric power to customers, while minimizing the amount of outages or restrictions on available electricity for consumers under conditions of increasing electricity consumption and anticipated shortages of power generation capacity in the regions in which the company operates;
- ▶ Increasing the amount of electricity production to meet expanding demand in order to secure additional profit;
- ▶ Increasing the share of total electricity consumption supplied by the Group's power plants;
- ▶ Reducing electricity production costs and improving the quality of the electricity produced by the company.

In 2012 the investment program of INTER RAO UES was financed by both equity and debt.

"The innovative development program of INTER RAO UES includes goals for the introduction of innovative technologies at the production facilities of the Group as well as mechanisms for the introduction of such new technologies through implementation of research and development projects as well as energy conservation and energy efficiency projects. The goals are ambitious but achievable. We aim to improve our technologies, achieve better reliability and safer equipment operations at our power facilities, introduce innovative solutions to upgrade the equipment, promote competitive research and development traditions and practices as well as to improve the infrastructure of innovation-related activities."

Valery Murgulets

Member of the Management Board, Head of Innovations,
Investments and Costs Management of INTER RAO UES

MAJOR CONSTRUCTION PROJECTS

INVESTMENT PROJECTS IN 2012-2016			
Renovation of Ivanovskaya SDPP involving the installation of power generation unit No. 2	<p>Generating unit No 2 was put into operation in June 2012</p> <p>The construction of generating unit No 2 was carried out as part of the program to renovate the Ivanovskaya SDPP originally launched by RAO UES of Russia. The first generating unit was put into operation in 2004.</p>	Construction of generating units No 1 and No 2 at the Dzhubginskaya TPP	<p>In 2012 the company performed the construction of two new 90 mW generating units in the vicinity of Defanovka, Tuapse district, Krasnodar territory. The project is implemented as part of the program to build new facilities for the Olympic Games and transform Sochi into a major mountain and climate resort destination (in accordance with the Russian government's Resolution No 991 dated December 29 2007).</p> <p>The generating unit is to go into operation in 2013.</p>
Construction of generating unit No. 3 at Kharanorskaya SDPP	<p>In October 2012 generating unit No 3 with an installed capacity of 225 mW was put into operation at the Kharanorskaya SDPP in the Trans-Baikal region</p> <p>The installed capacity of the power plant reached 655 mW.</p>	Retooling of the turbines in generating unit 13 at Omskaya TPP-3, increasing the capacity by 10 mW	<p>In 2012 R&D and survey work was carried out, working documentation was developed and biddings were organized to find a supplier of main equipment.</p> <p>The facility will be put into operation in 2013. The capacity will have been increased by 10 mW</p>
Construction of a new power unit at Urengoykaya SDPP	<p>December 2012 saw commissioning a CCGT-460 mW generating unit</p> <p>The installed capacity of the Urengoykaya SDPP went up from 24 mW to 484 mW</p>	Construction of generating unit No 3 at Nizhnevartovskaya SDPP	<p>Work was carried out on schedule in 2012. This include the construction of the main production building, heat insulation of the building, installation on the foundations of the gas turbine and the generating units attached to the gas turbine and the steam turbine, 70% of the recycling boiler was completed.</p> <p>The facility is to be put into operation in 2014.</p>
Installation of CCGT-16 with a recycling boiler in the PRK of the Tomsk branch of TGK-11	<p>In December 2012 a gas turbine unit was put into operation that has an electric power capacity of 14.7 mW and a thermal capacity of 19.5 Gcal per hour. The total electric power generation capacity in Tomsk increased to 486 mW.</p> <p>Work on the project began in 2010</p>	Construction of generating unit No. 12 at Verkhnetagilskaya SDPP	<p>The installed electric capacity of unit No. 12 Verkhnetagilskaya SDPP will be 420 mW</p> <p>The facility is to be put into operation in December 2015.</p>
Construction of two generating units at Cherepetskaya SDPP	<p>Construction of two 225 mW generating units was underway throughout 2012 on the site of the Cherepetskaya SDPP (Suvorov, Tula region)</p> <p>Generating unit No 8 is to be put into operation in 2013, unit No 9 is to go online in 2014</p>	Construction of generating units No 1 and 2 at the Yuzhnouralskaya SDPP	<p>In 2012 the company performed construction work on two 400 mW generating units in the Uvelsky municipal district in the Chelyabinsk region.</p> <p>Unit 1 is to be put into operation in 2013 and unit 2 in 2014.</p>
Construction of a CCGT-90 at Omskaya TPP-3 in Omsk	<p>In 2012 the company prepared working documentation, installed main and auxiliary equipment; build the viaducts for the production pipeline and natural gas line.</p> <p>The implementation of the project commenced in 2010. The power unit will be put into operation in 2013.</p>	Expansion and renovation of SDPP-2 in Ekibastuz including the installation of generating unit No. 3	<p>In 2012 the company installed generating unit No. 3 under the agreement between the Russian government and the government of the Republic of Kazakhstan about the construction and operation of generating unit No. 3 at SDPP-2 in Ekibastuz, signed on Sep 11 2009.</p> <p>The unit is to go into operation in late 2015.</p>
Renovation and restoration of generating unit No 4 at Gusinoozerskaya SDPP	<p>In 2012 work was underway to restore generating unit No 4 at Gusinoozerskaya SDPP (Gusinoozersk, Republic of Buryatia) so that it could be operated at design capacity. The renovation efforts included installation of missing equipment and replacement of obsolete/worn down equipment.</p> <p>The unit is to be put into operation in 2013. The installed capacity of generating unit 4 will increase by 30 mW, allowing it to be operated at its design capacity of 210 mW.</p>	Construction of generating unit 4 at Permskaya SDPP	<p>A preliminary feasibility study was carried out for the project in 2012, allowing the team to arrive at a more precise estimate of the cost of the project and develop technical solutions. An agreement was signed to buy main production equipment from Siemens.</p> <p>The generating unit is to be put into operation in 2015.</p>
Retooling of the turbines in generating unit 12 at Omskaya TPP-3	<p>In 2012 the company completed all the turbine retooling jobs on schedule.</p> <p>The facility is to go online in Q3 2013. The installed capacity will be increased by 10 mW.</p>	Installation of a new T-120 turbine in place of the old PT-50-130 turbine in generating unit 10 at Omskaya TPP-3	<p>In 2012 the installation of the new turbine was carried out on schedule</p> <p>The new generating unit is to go into operation in 2016.</p>

INVESTMENT PLANS OF THE GROUP FOR 2013 AND FOR THE MEDIUM TERM

Investment projects for construction of generating facilities under capacity delivery agreements

Strategic priorities for the Group in its investment activities include the implementation in 2013-2015 of a series of projects for construction of generating facilities in accordance with the list specified in the Government of Russia's resolution No 1334-r dated August 11 2010 (as amended by Resolution No 1637-r dated September 10 2012, issued by the Government of Russia). Under this resolution, generating facilities included in the list will provide capacity under capacity delivery agreements (CDA).

In 2012 the Government of Russia issued resolution No 1637-r dated September 10 2012 which made the following amendments to the list of CDA generating facilities originally approved by resolution No 1334-r dated August 11, 2010:

- ▶ The capacity of generating unit No 4 to be built at the Permskaya SDPP was increased from 410 mW to 800 mW while the project to build generating unit No 3.2 with an installed capacity of 410 mW at the Nizhnevartovskaya SDPP was struck off the list;
- ▶ Construction of generating unit No 3 at SDPP-2 in the Yuzhnouralskaya (installed capacity of 400 mW, to be commissioned on December 31 2014) was replaced with the construction of generating unit No 12 at the Verkhnetagilskaya SDPP (installed capacity of 420 mW, to be put into operation on December 31 2014).

Refurbishment and renovation of power plant equipment

The medium term investment program of INTER RAO UES Group includes retooling and renovation of power plant equipment, which should ensure safe operation of the equipment, thermal networks, buildings and installations, as well as promote reliable supply of thermal energy and electric power with minimal outages. Key objectives of the retooling and innovation program include:

- ▶ Increase the reliability and safety of production assets by modernizing obsolete and worn-down equipment;
- ▶ Minimize fuel consumption per unit of electricity and thermal energy produced by introducing up-to-date efficient equipment;
- ▶ Improve the efficiency of the monitoring and diagnostics of equipment and increase the level of production automation;
- ▶ Reduce the environmental footprint of power plants through broader introduction of more environmentally friendly equipment and removal of obsolete equipment.

INVESTMENTS OF INTER RAO UES GROUP¹

PROJECT	CHARACTERISTICS OF THE PROJECT				
	Type	Fuel	MW	Date of commissioning ²	Fuel equivalent consumption per unit of electricity/thermal energy produced ³
Russian assets – new construction in accordance with capacity delivery agreements (CDA)					
Renovation of generating unit No 2 at Ivanovskiye CCGT	new	natural gas	325	2012	251
Construction of CCGT-460 at Urengoyetskaya SDPP	new	natural gas	460		256
Construction of generating unit No. 3 at Kharanorskaya SDPP	new	coal	225		310
Installation of GTU-16 with a recycling boiler at PRK TF	new	natural gas	16		375
Construction of generating unit No. 8 at Cherepetskaya SDPP	new	coal	225	2013	317
Reconstruction and refurbishment of generating unit No. 4 at Gusinozerskaya SDPP	modernization	coal	199.5		347
Construction of generating unit No 1 at Yuzhnouralskaya SDPP	new	natural gas	400		229
Construction of generating units No 1 and 2 at Dzhubginskaya TPP	new	natural gas	2*90		295
Retooling of the turbine in generating unit No 12 at Omskaya TPP-3 to increase the capacity by 10 mW	modernization	natural gas, fuel oil	60/10 ⁴		320
Retooling of the turbine in generating unit No 13 at Omskaya TPP-3 to increase the capacity by 10 mW	modernization	natural gas, fuel oil	60/10	2014	320
Construction of CCGT -90 at Omskaya TPP-3	new	natural gas	90		207
Construction of unit No. 12 at Verkhnetagilskaya SDPP	new	natural gas	420		224
Construction of generating unit No 3 at Nizhnevartovskaya SDPP	new	natural gas	410		225
Construction of generating unit No 9 at Cherepetskaya SDPP	new	coal	225		317
Construction of generating unit No 2 at Yuzhnouralskaya SDPP	new	natural gas	400	2015	229
Renovation of the steam turbine in generating unit No1 at Omskaya TPP-5	modernization	coal	98/18		325.7
Construction of generating unit No 4 at Permskaya SDPP	new	natural gas	800		221
Renovation of the steam turbine in generating unit No2 at Omskaya TPP-5	modernization	coal	98/18	2016	325.7
Installation of a new T-120 turbine to replace the PT-50-130 turbine in generating unit No 10 at Omskaya TPP-3	modernization	natural gas, fuel oil	120		229
Foreign assets – new construction					
Expansion and renovation of SDPP-2 in Ekibastuz including the installation of generating unit No. 3	new	coal	600	2015	n/a

¹ The capacity for all the project is specified in accordance with capacity delivery agreements (CDA)

² Scheduled commissioning date

³ The data is specified in accordance with project documentation

⁴ 60/10 means: 60 mW - capacity put into operation, 10 mW - capacity gain after turbine modernization. Other indices in the Table are specified in accordance with this approach.

INNOVATION

RUSSIAN ENERGY EFFICIENCY LEADER – THE NATIONAL ENERGY EFFICIENCY COMPETITION ‘ENERGIUM-2012’

THE FUND FOR THE SUPPORT OF RESEARCH AND DEVELOPMENT ‘ENERGY BEYOND BORDERS’ – PRIZE WINNER IN THE “TIME FOR INNOVATIONS-2012” COMPETITION IN THE CATEGORY ORGANIZATIONAL/MANAGEMENT INNOVATION OF THE YEAR.

THE KEY GOAL OF THE INNOVATION EFFORTS OF INTER RAO UES GROUP IS TO ENSURE RELIABLE SUPPLY OF POWER TO CUSTOMERS BY USING NEW EFFICIENT TECHNOLOGIES AND EQUIPMENT CONFORMING TO BEST INTERNATIONAL PRACTICES

In its innovation efforts INTER RAO UES Group draws special attention to structural changes to provide an environment conducive to new technology and equipment. In 2012 the company developed an innovative development program until 2016 with an outlook through to 2020. The program was prepared and approved by the Board of Directors. It aims to secure technology leadership for INTER RAO UES Group in the Russian electric power sector as well as to ensure sustainable development of its assets and competitiveness of the Group in the long term. It is assumed that the goals of the program will be achieved by introducing innovative solutions at every step of the value creation chain.

The Group's innovation goals:

- ▶ Improve the technology, reliability, safety and efficiency of the company's generating assets to the level of the best global competitors;
- ▶ Reduce the environmental footprint of electricity production;
- ▶ Reduce production costs;
- ▶ Conserve energy resources;
- ▶ Improve the quality of services provided to energy consumers;
- ▶ Develop research and development facilities to ensure innovative development of the Group and Russia's electric power industry as a whole.

The innovative development program of INTER RAO UES is broken down into several stages. The first stage (2012-2015) will see the development of the necessary organizational mechanisms that will allow the Group to achieve its objectives as well as the beginning of the implementation of projects in every field of innovation. Key events of the second stage of the program (2016-2020) will include an across-the-board upgrade of power generating equipment utilizing cutting-edge technologies, implementation of the bulk of pilot projects at Kashirskaya SDPP, Cherepetskaya SDPP, Omskaya TPP-3, Tomskaya SDPP-2 and other projects involving the introduction of technological, product, service, marketing and management innovations.

KEY INNOVATIVE DEVELOPMENT MEASURES¹

MEASURES AIMED AT THE INTRODUCTION OF NEW TECHNOLOGIES		MEASURES TO INTRODUCE INNOVATIVE PRODUCTS	
Wide use of new production technologies	Programs to improve energy efficiency Programs to reduce environmental footprint Measures to introduce cutting-edge electricity generation technologies (pilot projects) Measures to modernize existing capacity	Developing new businesses based on transfer of technologies (engineering, power engineering)	Creating a high-tech power engineering production cluster and localization in Russia of the manufacture of cutting-edge gas turbines Setting up a joint venture with Alstom to provide maintenance and modernization services to the power plants of the Group
Measures to introduce cutting-edge electricity generation technologies (pilot projects)	Kashirskaya SDPP ² : <ul style="list-style-type: none">Developing technical solutions and carrying out feasibility studies into the key economic and technical parameters of coal fired generating units featuring installed capacities of up to 400 mW for new construction or modernization of obsolete SKD coal fired generating units. Cherepetskaya SDPP: <ul style="list-style-type: none">A study is to be carried out into the construction of a 400-600 mW CCS generating unit with an efficiency in excess of 43%, featuring deep recycling of exhaust fumes and improve steam parameters (28MPa, 580C) by capitalizing on the technical solutions used in the CCS-330 generating unit at Novocherkassk SDPP and the CCS generating unit in Logizh, Poland. Omskaya TPP-3: <ul style="list-style-type: none">Developing a new heat system and key technical solutions as well as a feasibility study into the technical and economic parameters of a production complex based around a GT-6FA unit utilizing RAT, including RAT that includes a 110 mW CCGT. Tomskaya SDPP-2: <ul style="list-style-type: none">Developing a thermal energy system and key technical solutions, a feasibility study and optimization of the parameters of the thermal efficiency of the production system based on GT-6FA units utilizing RAT, including a 220 mW CCGT.	New products and services for the retail market <	

¹ The data presented in the table were taken from the innovative development program of INTER RAO UES for the period through to 2016 with an outlook until 2020.

² The projects included in the section on the Introduction of New Electric Power Generation Technologies (pilot projects) are undergoing review.

INNOVATIVE DEVELOPMENT TARGETS¹

INDICATORS	UNIT	2013	2014	2015	2016	2020
CO ₂ emissions per unit of generated electric power	grams of CO ₂ /kWh	587	577	530	520	501
Fuel consumption per unit of electricity sold	g/kWh	317,8	312,7	307,2	299,3	289,5
Fuel consumption per unit of thermal energy sold	kg/Gcal	148,8	148,0	147,5	147,2	143,0
Completion of projects recommended for implementation at the production facilities of the Group	%, at least	60	65	70	75	80
Number of intellectual property rights registered based on the discoveries made during the implementation of innovation projects	units at least	8	16	24	32	40
Number of applications submitted by outside contractors for R&D projects	units	188	207	228	250	367
Number of staff per mW of installed capacity	ppl./mW	0,86	0,86	0,85	0,84	0,83
Percentage of additional services provided in the retail market in total revenue	%	0,59	0,63	0,67	0,69	0,72
Percentage of R&D expenditures in total revenue of the Group's generating assets	%	1,4	1,4	1,4	1,4	1,4
Average operating efficiency	%	38,7	39,3	40,0	41,1	42,4
Percentage of new advanced technologies in total TPP capacity of the Group	%	15,62	17,21	22,59	24,00	24,26

¹ The data presented in the table are from the innovative development program of INTER RAO UES for the period through 2016 with an outlook until 2020.

COOPERATION WITH REGIONAL INNOVATION CLUSTERS AND PARTICIPATION IN THE ACTIVITIES OF TECHNOLOGY PLATFORMS

In order to capitalize on the accumulated scientific, innovation and industrial potential of Russian regions, INTER RAO UES plans to build relations with regions and territories promoting the development of regional innovation clusters such as:

- ▶ Gas pipe manufacturing and power engineering cluster in the Yaroslavl region;
- ▶ Deep processing of coal and industrial waste in the Kemerovo region;
- ▶ Power engineering cluster in Saint Petersburg.

INTER RAO UES also directly participates in the activities of four technology platforms included in the list of the Governmental Commission for High Technologies:

- ▶ Intellectual power system of Russia
- ▶ Environmental friendly high-efficiency thermal power generation
- ▶ Promising renewable energy technologies
- ▶ Small-scale distributed generation.

In addition, employees of the Group participate in the scientific coordination council for the Federal Program 'Research and Development for the Advancement of Russia's Scientific and Technology Potential in 2007-2013'

INNOVATION ACTIVITIES IN INTER RAO UES ARE BASED ON A SYSTEMS APPROACH INTEGRATING INDUSTRY, SCIENCE AND INTERNATIONAL PRACTICES

RESEARCH AND DEVELOPMENT

Research and development (R&D) is conducted in cooperation with leading science and research organizations in Russia and global leaders in power engineering. The company pays special attention to developing partnerships with small and medium sized businesses.

A key aspect of the group's international cooperation is transfer of new technologies to localize manufacture of modern equipment in Russia. To that end the company is currently working on the following projects:

- ▶ A joint venture with GE (USA) to manufacture modern gas turbine units with capacities of up to 77 mW in Russia
- ▶ A joint venture with WorleyParsons (Australia) – INTERRAO WorleyParsons – specializing in engineering and design
- ▶ A joint venture with Alstom (France) specializing in thermal energy engineering.

In addition, international cooperation agreements were signed with Siemens (Germany), EdF (France), Enel (Italy), Alstom (France), Xinhua (China).

ENERGY BEYOND BORDERS

To organize and promote research and development INTER RAO UES set up Russia's first fund whose main mission is to support research and innovation. The fund Energy beyond Borders creates an innovation platform for the electric power industry. On April 16, 2012 the fund and Gazprom Energoholding signed a memorandum on joint research. In addition, strategic partnership agreements were signed with a number of other organizations such as:

- ▶ Skolkovo Foundation;
- ▶ ROSNANO Fund for Infrastructure and Education Programs;
- ▶ The mathematics and mechanics institute of the Urals branch of the Russian Academy of Sciences;
- ▶ Saint Petersburg State Polytechnic University;
- ▶ STANKIN Moscow State Technology University;
- ▶ The National Polytechnic Research Institute in Tomsk;
- ▶ The National Research University of the Moscow Power Engineering Institute
- ▶ V. Steklov Mathematics Institute of the Russian Academy of Sciences.

The Energy beyond Borders fund is responsible for the day-to-day management of the R&D Program of INTER RAO UES Group.

KEY PROJECTS OF 2012

- ▶ Localization of the manufacture of the 6FA General Electric gas turbine in Russia, deployment of 6FA gas turbine units at power plants.
- ▶ Development of new generation coal-fired TPP generating units offering capacities of 100-120 mW and improved technical and economic characteristics to replace existing equipment or for use in new power plants.
- ▶ Modernization/replacement of powerful coal-fired condensation generating units, including projects utilizing super critical parameters.
- ▶ Research and development to find ways to use heat accumulators at thermal power plants, to increase fuel and power utilization.
- ▶ Development of an all-mode combined cycle gas turbine unit with a capacity of 20-25 mW for commercial use in distributed generation of electric power and thermal energy for end consumers.
- ▶ Development of nanostructured amorphous coatings (thermal barriers, wearable/protective surfaces) for steam and gas turbines and technologies for applying them.
- ▶ Installation of a 600 mW generation unit manufactured by the Harbin Energy Corporation at Ekibastuz SDPP-2.

FINANCING OF R&D ACTIONS OF INTER RAO UES¹

NO	R&D AREAS	IMPLEMENTATION PERIOD	ALLOCATED FUNDS, MILLION RUBLES
1.	Developing cutting edge power technologies to define the scientific and technology process in the industry	2012-2017	4.1
2.	Increasing the energy efficiency, reliability, safety and environmental parameters of existing equipment	2012-2014	1.2
3.	Developing organizational and marketing innovations	2012-2013	0.04

¹ The data presented in the table is based on the Innovative development program of INTER RAO UES for the period through to 2016 with an outlook until 2020.

2012 NOVY URENGOY

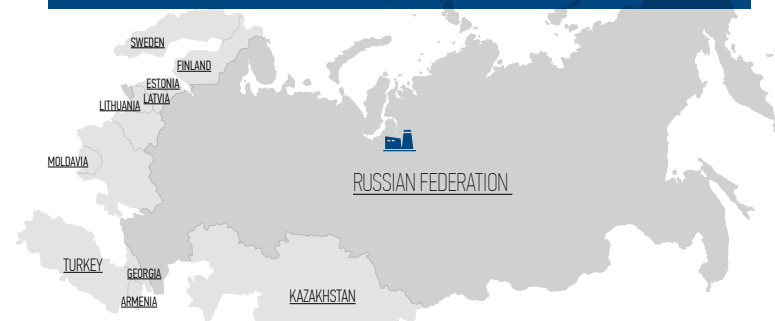
NOVEMBER 2012 SAW
COMMISSIONING A NEW
GENERATING UNIT CCGT-460
AT URENGOYSKAYA SDPP.
THE INSTALLED CAPACITY OF THE
POWER PLANT WENT UP FROM
24 MW TO 484 MW.

CCGT-460 (460 MW) MEETS THE MOST ADVANCED ENVIRONMENTAL AND ENERGY-EFFICIENCY STANDARDS. A COMBINED CYCLE OF GAS AND STEAM TURBINES MAKE IT POSSIBLE TO GENERATE ADDITIONAL THERMAL AND ELECTRIC ENERGY THUS INCREASING THE EFFICIENCY FACTOR OF THE POWER PLANT EQUIPMENT. THE EFFICIENCY FACTOR OF THE NEW GENERATING UNIT REACHES 52.5%, WHICH IS MUCH HIGHER THAN THE PERFORMANCE OF TRADITIONAL GAS-TURBINE UNITS (35–40%). THIS ALLOWS SAVINGS OF UP TO 20–25% OF FUEL AS COMPARED WITH STEAM-TURBINE GENERATING UNITS.

RUSSIA, TYUMEN REGION, YAMALO-NENETS AUTONOMOUS DISTRICT
NOVY URENGOY, LYAMBYAYAKHA

URENGOYSKAYA SDPP

FIRST STATIONARY THERMAL POWER PLANT WITHIN THE
TERRITORY OF THE YAMALO-NENETS AUTONOMOUS DISTRICT



COMMISSIONING: 1987

INSTALLED
ELECTRIC
CAPACITY

484
MW

INSTALLED
THERMAL
CAPACITY

410
Gcal/h

BASIC
FUEL IS
NATURAL
GAS

YAMALO-NENETS AUTONOMOUS DISTRICT LIES IN THE ARCTIC AREA OF THE WEST SIBERIAN PLAIN IN THE CENTER OF THE FAR NORTH OF RUSSIA AND OCCUPIES AN AREA 1.5 TIMES THE SIZE OF FRANCE.

The climate is generally characterized by permafrost, long winters with temperatures as low as -67°C and frequent magnetic storms with aurora borealis. The economy of the district is based on oil and gas recovery. Novy Urengoy is the second largest city in the district and the largest in terms of economic significance and population size. The city became crucially important in the 1960s, when a new unique natural gas field was discovered in Western Siberia – the Urengoykoye field. The local SDPP is of vital importance for the city's economy.



After commissioning a new CCGT generating unit in 2012, the capacity of the SDPP went up from 24 mW to 484 mW.

THE LAUNCH OF A NEW POWER UNIT AT THE URENGOYSKAYA SDPP MAKES IT POSSIBLE TO ALLEVIATE THE ENERGY DEFICIT IN THE NORTH OF THE TYUMEN REGION.

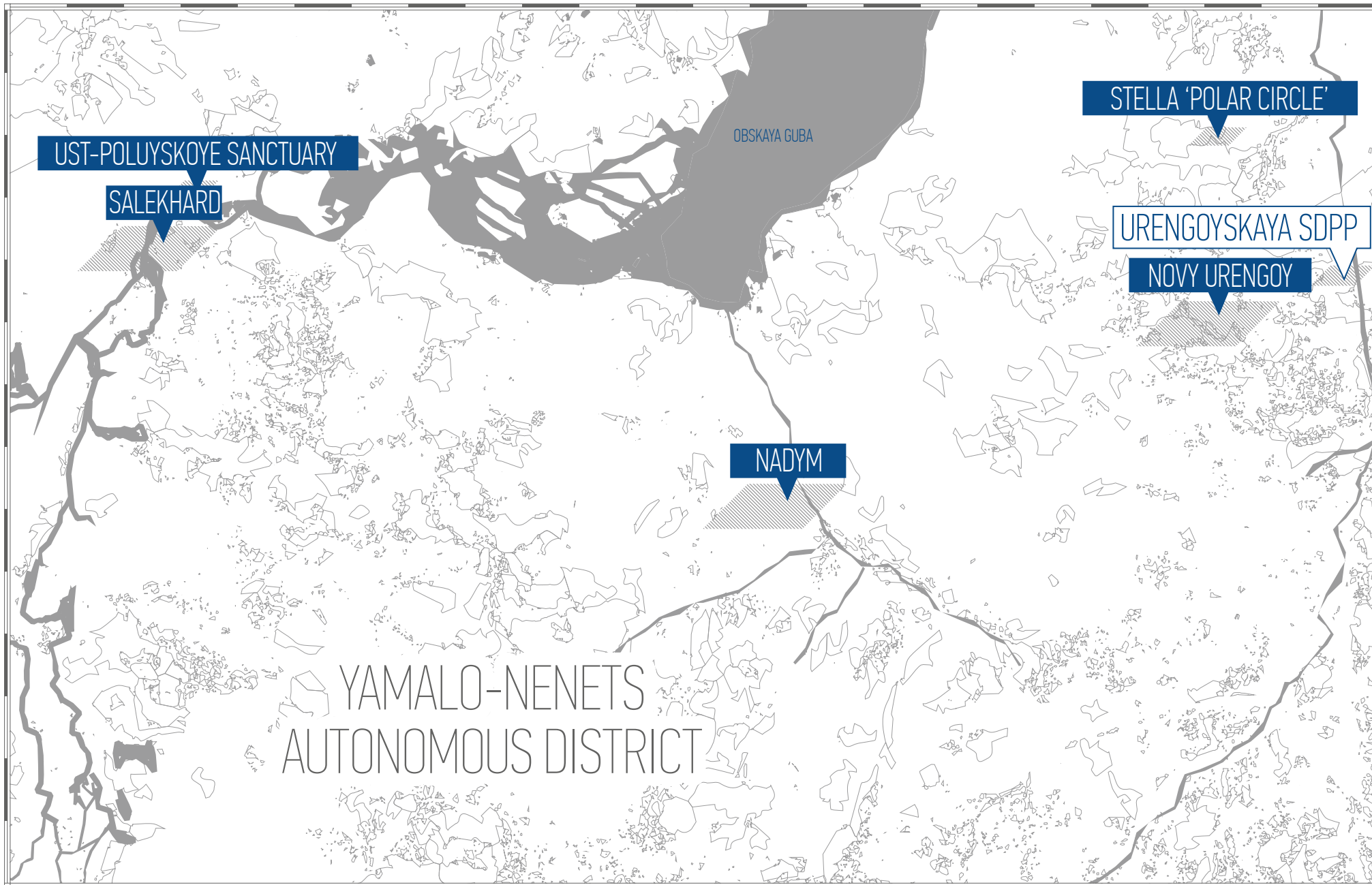
The SDPP is acquiring new consumers, including Novy Urengoy gas fields, the Novy Urengoy Gas and Chemical Complex and the Vankor field in the Krasnoyarsk territory.



The Urengoykayskaya SDPP is a unique power plant due to the fact that it is the first SDPP on Yamal and sits under permafrost conditions. When constructing the SDPP an unparalleled method of electric melting for soil penetration was used. It involves first melting frozen areas by means of electrodes and then erecting foundations for buildings.

The town of energy workers that emerged around the power plant was first planned to be named "Tikhy". However, the delegation of the Central Committee of the Communist Party of the Soviet Union adopted a decision to give this settlement a name in the indigenous people language. This is how the settlement received the name of the Lyambyayakha river, which means the Eagle River as eagles, eating fish, did affect in this territory previously.





UST-POLUYSKOYE SANCTUARY

SALEKHARD

OBSKAYA GUBA

STELLA 'POLAR CIRCLE'

URENGOYSKAYA SDPP

NOVY URENGOY

NADYM

YAMALO-NENETS
AUTONOMOUS DISTRICT

NOVY URENGOY AND YAMALO-NENETS AUTONOMOUS DISTRICT

Novy Urengoy is the largest city in the Yamalo-Nenets Autonomous District and one of the few Russian regional cities that surpass the administrative center of its constituent entity of the Federation (Salekhard) both in terms of population and industrial development. As a production center of the largest gas-bearing area, Novy Urengoy is the unofficial Russian gas-producing capital.

THE ARCTIC CIRCLE BOUNDARY

At a distance of one hundred thirty kilometers north of Novy Urengoy one can see a metal sphere with the inscription "The Arctic Circle". The motorway between Novy Urengoy and Yamburg runs not far from the sphere, and on the asphalt a line has been drawn which symbolizes this boundary. Beyond the Arctic Circle on the day of the summer solstice the sun does not go down over the horizon, and during the winter solstice it does not appear at all. As we travel from the Arctic Circle boundary further to the north the length of the polar day and the polar night increases. The area beyond the boundary is the Arctic region.

UST-POLUYSKOYE SANCTUARY

In 1932 at a distance of four kilometers from Salekhard the so-called Ust-Poluyskoye Sanctuary was discovered. The Sanctuary dates back to the Iron Age (4th century B.C. – 2nd century A.D.). The ancient people used to live there in a fortified village of mud huts. Even today, articles made from bone and stone, bronze decorations, iron knives, earthenware, tools for bronze melting are found in the settlement excavations. The inhabitants of Ust-Poluy used bows and arrows, light spears and bone harpoons. They had dogsleds, and were proficient in hunting and fishing. The first excavations of the village took place in 1935–1936 and turned out to be extremely fruitful: over this period archeologists have found about 18,000 unique articles. The excavations are still under way. In recent years archeologists have brought to light over 7,000 artifacts, including decorations, arrowheads, elements of deer drag harnesses, and animal skeletons. Many of these findings are now exhibited in different museums.

MONUMENTS TO MAMMOTH

The first monument to the mammoth was erected in 1841 on the outskirts of the Kuleshovka village in the Sumy region of Ukraine. It is a cast iron monument three meters high, set up to honor the well-preserved skeleton of a mammoth that was first discovered in 1839 by the Ukrainian natural scientist I.I. Kalinichenko. It was the only mammoth monument for a long time. Today in Russia there are monuments to the mammoth in Salekhard, Yakutsk and Khanty-Mansiysk.

MONUMENT TO EXPLORATION PIONEERS

The monument to Urengoy exploration pioneers was unveiled in 2003 in connection with the 25th anniversary of Urengoygazprom, on the eve of the Day of gas and oil workers. The monument was designed by Nikolay Raspopov, a highly honored artist of Russia.

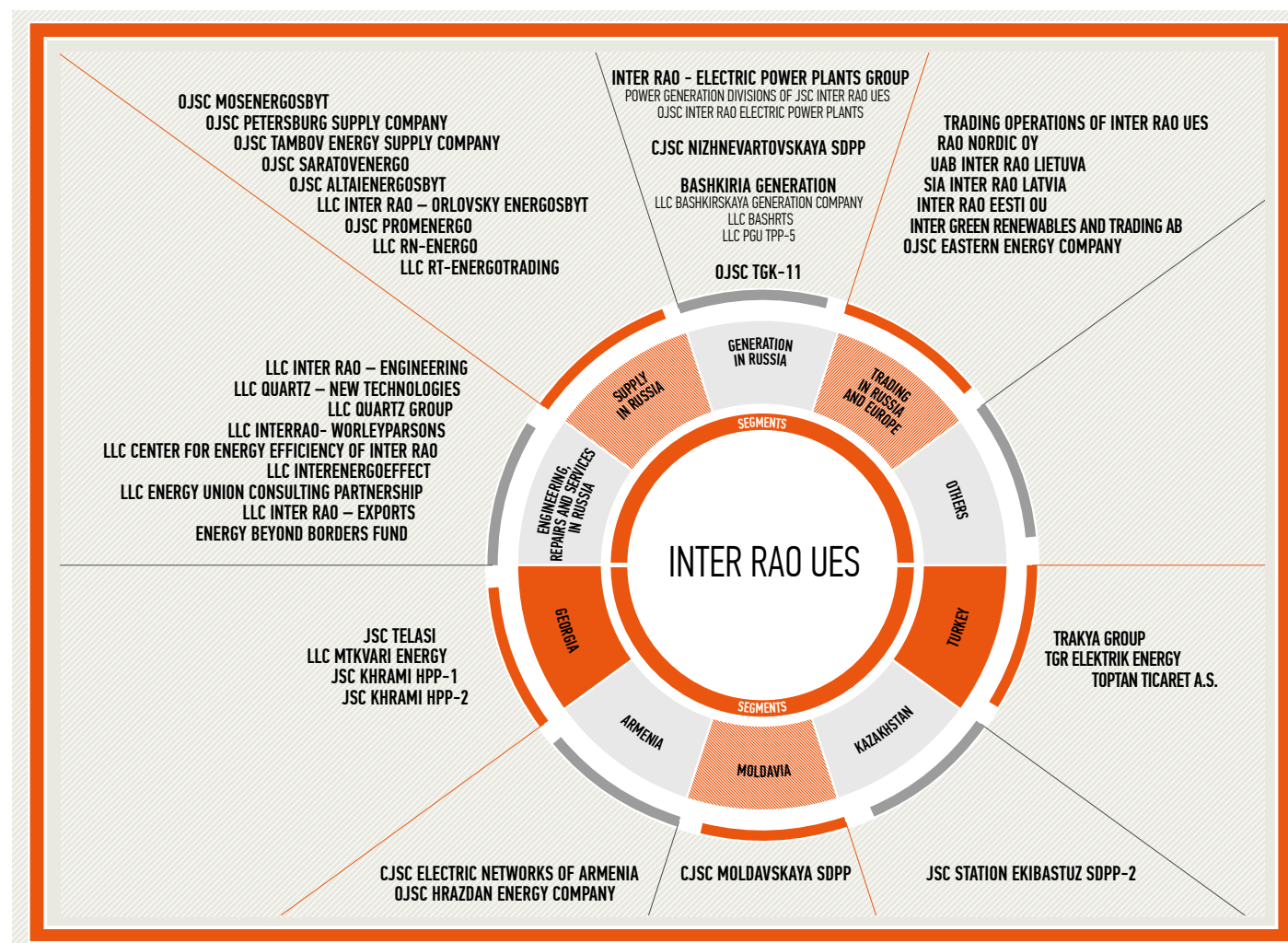
The monument to Exploration Pioneers, 12 meters high and weighing 3 tonnes, is installed in the square close to the building of the gas production directorate. A statue of a copper woman symbolizing the Motherland is placed on the granite pedestal. With her left hand she tries to suppress the power of Earth, soothing and mitigating this element. In her right hand the woman holds a torch cup as if showing the way and inviting others to follow the course of the pioneering explorers. A time capsule containing a message to the future generations was laid in the foundation of the monument. The capsule will be opened on the 50th anniversary of Urengoygazprom, i.e. in 2028.



4. OPERATING ACTIVITIES OF INTER RAO UES GROUP

4.1. OVERVIEW OF SEGMENTS

In 2011 the Management Board of INTER RAO UES reported the financial results of the operating segments of the company's business using international financial reporting standards (IFRS), analysed by region (for each country where the group has registered subsidiaries) and by type of operations (power generation, trading, sales of electricity, distribution, engineering etc.). Accordingly, every segment represents a specific type of operations in a given region.



4.2. KEY FINANCIAL PERFORMANCE INDICES OF THE GROUP

FOR THE YEAR ENDED ON DECEMBER 31, 2012, MILLION RUBLES													
	SUPPLY	GENERATION			TRADING						ENGINEERING		
	THE RUSSIAN FEDERATION	THE RUSSIAN FEDERATION			THE RUSSIAN FEDERATION AND EUROPE	ARMENIA	GEORGIA	MOLDAVIA	KAZAKHSTAN	TURKEY	THE RUSSIAN FEDERATION	OTHER	UNALLOCATED AMOUNTS AND ELIMINATIONS
		INTER RAO – ELECTRICITY GENERATION GROUP	TGK-11	BASHKIR GENERATION									
Total revenue	359,105	119,917	24,009	8,416	45,249	8,729	5,719	6,484	238	1,665	1,034	782	(25,158)
Revenue from external customers	358,955	97,857	23,720	7,616	44,087	8,729	5,720	6,485	238	1,665	863	254	–
Revenue between segments	150	22,060	289	800	1,162	–	(1)	(1)	–	–	171	528	(25,158)
operating expenses including:													
Purchases of electricity and capacity	(191,675)	(6,766)	(1,769)	(550)	(35,957)	(4,318)	(636)	–	(180)	–	–	(11)	24,471
Electricity transmission	(146,025)	–	–	(4)	(4,498)	(212)	(351)	(152)	(37)	–	–	–	–
Fuel	(18)	(72,270)	(11,676)	(5,692)	–	(1,517)	(1,497)	(3,974)	–	(1,508)	–	–	–
Share in the profit/(loss) of jointly controlled companies	43	1,083	–	–	–	–	–	–	1,216	–	(173)	–	–
EBITDA	6,294	13,505	1,298	557	4,396	205	1,575	1,503	1,233	60	(220)	63	(3,976)
Depreciation	(1,132)	(11,724)	(1,214)	(751)	(58)	(462)	(458)	(477)	(3)	(2)	(3)	(184)	(128)
Interest revenue	1,033	1,986	–	25	56	28	4,945	–	1	–	173	65	(4,132)
Interest expenses	(105)	(1,500)	(191)	(9)	(35)	(391)	(4,980)	(163)	–	(50)	(1)	(664)	4,293

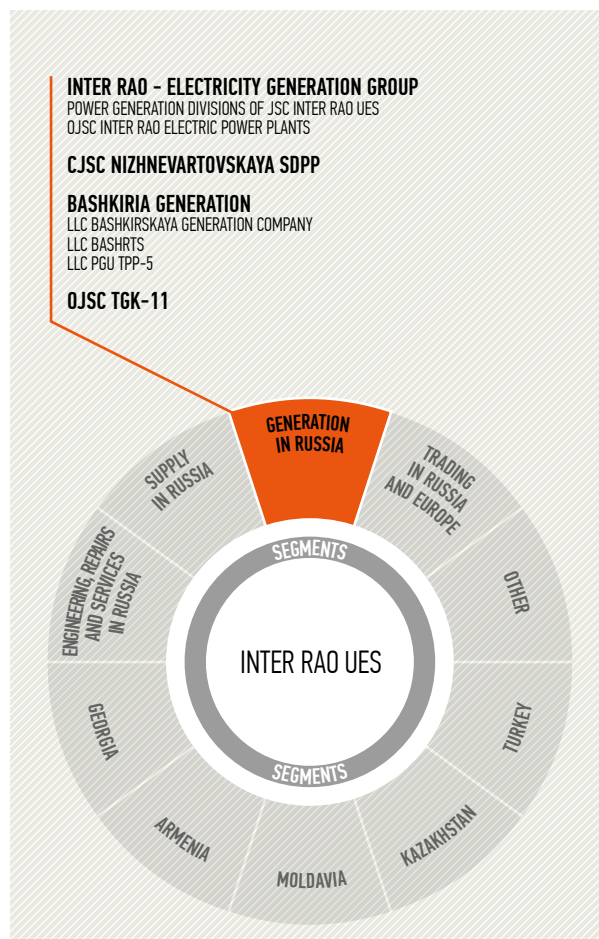
FOR THE YEAR ENDED ON DECEMBER 31, 2011, MILLION RUBLES													
	SUPPLY	GENERATION		TRADING						ENGINEERING			
	THE RUSSIAN FEDERATION	THE RUSSIAN FEDERATION		THE RUSSIAN FEDERATION	ARMENIA	GEORGIA	MOLDAVIA	KAZAKHSTAN	TURKEY	THE RUSSIAN FEDERATION	OTHERS	UNALLOCATED AMOUNTS AND ELIMINATIONS	TOTAL
		INTER RAO – ELECTRICITY GENERATION GROUP	TGK-11										
Total revenue	362,616	105,952	21,024	58,231	8,587	5,965	5,506	751	342	–	942	(33,672)	536,244
Revenue from external customers	362,445	77,250	20,766	54,327	8,587	5,625	5,499	751	342	–	652	–	536,244
Revenue between segments	171	28,702	258	3,904	–	340	7	–	–	–	290	(33,672)	–
operating expenses including:													
Purchases of electricity and capacity	(190,825)	(6,950)	(1,443)	(45,633)	(3,178)	(1,031)	(122)	(592)	(278)	–	(47)	33,413	(216,686)
Electricity transmission	(140,323)	–	–	(6,873)	(349)	(356)	(114)	(69)	–	–	–	–	(148,084)
Fuel	(165)	(61,430)	(9,695)	–	(1,139)	(1,603)	(3,322)	–	–	–	–	115	(77,239)
Share in the profit/(loss) of jointly controlled companies	(7)	1,711	–	–	–	–	–	1,190	–	(3)	(60)	–	2,831
EBITDA	16,907	16,360	1,633	5,260	1,641	1,211	1,127	1,249	(1)	(5)	(301)	(3,424)	41,657
Depreciation	(934)	(9,523)	(1,157)	(35)	(437)	(389)	(406)	(4)	–	–	(104)	(27)	(13,016)
Interest revenue	564	6,994	1	46	45	35	–	–	–	–	426	(240)	7,871
Interest expenses	(51)	(1,225)	(157)	(52)	(428)	(284)	(192)	–	(24)	–	(660)	(151)	(3,224)

FOR THE YEAR ENDED ON DECEMBER 31, 2012														
INDICATOR		SUPPLY IN RUSSIA	INTER RAO - ELECTRICITY GENERATION GROUP	TGK-11 GROUP	BASHENERGOAKTIV GROUP (NOV 1 2012 -DEC 31 12)	TRADING IN RUSSIA AND EUROPE	ARMENIA	GEORGIA	MOLDAVIA	TURKEY (DEC 1 2012- 31 2012)	KAZAKHSTAN	ENGINEERING RUSSIA	OTHERS ¹	TOTAL
Installed capacity	mW	-	21,319	1,971	4,245	-	1,110	827	2,520	478	1,000	-	30	33,501
Electricity generation	mln kWh	-	100,131	9,817	4,008	-	797	1,808	4,375	306	6,134	-	63	127,438
Sales of electricity	mln kWh	152,957				-	-	-	-	-	-	-		152,957
Sales of thermal energy	k Gcal		4,754	14,037	4,994	-	-	-	95	-	39	-		23,920
Installed capacity utilization	%		55.2%	56.7%	94.4%	-	8.2%	24.9%	19.8%	98.1%	69.8%	-	24.0%	50.3%

¹ Others include the financial performance indicators of Vydmantai wind park, UAB.

FOR THE YEAR ENDED DECEMBER 31, 2011														
INDICATOR		SUPPLY IN RUSSIA	INTER RAO - ELECTRICITY GENERATION GROUP	TGK-11 GROUP	BASHENERGOAKTIV GROUP	TRADING IN RUSSIA AND EUROPE	ARMENIA	GEORGIA	MOLDAVIA	TURKEY	KAZAKHSTAN	ENGINEERING RUSSIA	OTHERS	TOTAL
Installed capacity	mW		20,444	1,971			1,110	827	2,520		1,000	-	30	27,902
Electricity production	mln kWh		93,020	8,685			628	2,046	4,255		5,918	-	27	114,579
Electricity sales	mln kWh	144,757										-		144,757
Sales of thermal energy	k Gcal		3,944	13,613					97		36	-		17,690
Installed capacity utilization	%		63.1%	48.0%			8.9%	28.2%	19.3%		67.6%	-	41.3%	49.8%

4.3. SEGMENT “GENERATION IN THE RUSSIAN FEDERATION”



IN ACCORDANCE WITH THE DEVELOPMENT STRATEGY, THE TOTAL INSTALLED CAPACITY OF THE GROUP'S POWER PLANTS SHOULD REACH 40 GW BY 2015. THIS WILL ALLOW INTER RAO UES TO BECOME ONE OF THE TEN LARGEST PLAYERS IN THE GLOBAL ELECTRICITY MARKET.

“INTER RAO UES Group manages power generation assets in many regions of Russia and is one of Russia’s largest power generation companies in terms of installed capacity and electricity produced. The large scale of the Group business, its leading position in the electric power generation segment and its socio-economic importance mean that it has every opportunity to realize its potential for further growth and improvement of its financial and business performance.”

Pavel Okley

Member of the Management Board, Head of Production Operations of JSC INTER RAO UES

ABOUT THE SEGMENT

The power generation in Russia segment includes the following sub-segments:

- ▶ The electric power generation division within the electric power generation departments of the parent company¹, INTER RAO Electric Power Plants, CJSC Nizhnevartovskaya SDPP²;
- ▶ TGK-11;
- ▶ Bashkir Generation (represented by LLC Bashkir Generation Company, LLC BashRTS and LLC PGU TPP-5 since November 2012.

¹ In the annual financial statements for 2011 and the provisional financial statements for 2012 the group presented three different sub-segments: OGK-1, OGK-3 and the generation assets of the parent company. The final statements for 2012 consolidated these sub-segments into one following their merger in 2012. Consequently the group changed the way it presents information about these segments for 2011.

² This is accounted for using the equity method.

INTER RAO - ELECTRICITY GENERATION GROUP

In 2012, in order to improve the efficiency and transparency of the management structure of INTER RAO UES Group, the power generation assets were restructured. The new organizational structure maximizes the synergies between the companies of the Group and promotes the achievement of the strategic goal INTER RAO UES of becoming a leading electricity producer.

As a result of the reorganization, the Group's Russian generation assets that were formerly grouped in OGK-1 and OGK-3 were transferred under the control of INTER RAO Electric Power Plants, a wholly owned subsidiary of INTER RAO UES. The shares of OGK-1 and OGK-3 that were held by the minority shareholders of the corresponding companies were converted into additional issues of ordinary shares of INTER RAO UES. From October 1, 2012 all transactions in the securities of OGK-1 and OGK-3 ceased.

TGK-11

The TGK-11 group was set up during the reform of Russia's electric power sector. It includes generating capacity in the Omsk and Tomsk regions. The company's operations have transregional significance because it operates in three regions of Russia: the Omsk, Tomsk and Novosibirsk regions.

BASHKIR GENERATION

In 2012, INTER RAO UES and OJSC AFK Sistema completed the reorganization of OJSC Bashkirenergo. In accordance with an agreement signed between AFK Sistema and INTER RAO UES in May 2012 as well as the resolution of an extraordinary meeting of the shareholders of OJSC Bashkirenergo, the company was reorganized by being divided into two companies: OJSC Bashkiria Power Grid Company (the power transmission assets of Bashkirenergo) and OJSC Bashkirenergoaktiv (the generating and other assets of Bashkirenergo, except for power transmission lines), which was simultaneously acquired by INTER RAO UES. As a result, on November 6, 2012 INTER RAO UES Group gained 100% control over the generation assets of OJSC Bashkirenergo. The shares of the minority shareholders of OJSC Bashkirenergo were converted into additional issues of shares of INTER RAO UES. The result of all this reorganization is that as of December 31, 2012 the electric power generation segment of the Group comprised the following companies: LLC Bashkir Generation Company, LLC BashRTS and LLC PGU TPP-5.

MARKET OVERVIEW

The segment generating assets of the segment are located in five of the seven power grids within the Russian national grid:

INDICATOR	UOM	TOTAL FOR THE RUSSIAN POWER GRID	CENTRAL POWER GRID	NORTH-WESTERN GRID	SOUTH-ERN GRID	URALS GRID	SIBERIAN GRID
Installed capacity of the grid	mW	223,071	51,290	23,390	18,606	46,240	48,533
including TPP	mW	151,828	36,618	14,682	10,996	43,797	24,931
Installed capacity of the Segment's TPPs	mW	27,535	7,278	2,835	158	13,538	3,726
Share of the Segment's installed capacity in the grid total installed capacity	%	12%	14%	12%	1%	29%	8%
Share of the Segment's installed capacity in the TPP installed capacity of the grid	%	18%	20%	19%	1%	31%	15%
Share of the grid capacity in the Segment's total installed capacity	%	100%	26%	10%	1%	49%	14%

As of the end of 2012 the total installed capacity of power plants in Russia's national power grid was 223 gW while the installed capacity of INTER RAO UES power plants reached 27.5 gW. Thus, the share of the Group's installed capacity in Russia's national power grid amounted to 12% (compared to 10.2% in 2011).

In 2012, the power plants connected to Russia's power grid produced 1,032.3 billion kWh of electricity. INTER RAO UES power generation segment produced 114.0 billion kWh, thus the share of the company in Russia's total electricity production was 11.0% in 2012 (compared to 10% in 2011).

At present, a reform of Russia's heat supply system is underway, which is having a significant impact on the market of thermal energy. The reform was commenced after the issuance of Federal Law No. 190-FZ dated July 27, 2010 on Heat Supply. The pricing principles for the segment were approved by the Russian government in its resolution No. 1075 Basic Principles of Heat Supply Pricing: the document is to go into effect in 2014. Once

the reform has been completed, companies operating in the thermal energy market will be able to enter into long-term contracts to supply thermal energy, organize trading at unregulated prices and obtain the status of a monopoly heat supplier in the regions of operation.

The main competitive advantages of INTER RAO UES Group companies in the thermal energy market include high efficiency, low production costs of heat produced as by-production of electricity generation, high reliability of its heat supply systems and plenty of resources for connecting up new customers. The Group's competitors include municipal thermal energy generation and distribution companies as well as boiler stations operated by various businesses as non-core assets. INTER RAO UES cannot easily increase its market share in thermal energy generation due to limitations of the thermal energy market: thermal energy can only be sold through heat supply networks, which means that the market share cannot be increased in the short term.

OPERATING RESULTS

In 2012 INTER RAO UES power plants generated 114 billion kWh of electricity, which was 12% more than the previous year. The increase in the amount of generated electricity resulted primarily from a 13% increase in equipment utilization at TGK-11 (installed capacity utilization went up by 18.1%), as well as the acquisition of the BGK Group's assets.

Sales of thermal energy totaled 23.8 million Gcal, which was 35.5% more than in 2011. This growth resulted primarily from the acquisition of the generating assets of Bashkirenergo.

Fuel consumption per kWh of energy sold went up by 0.6% from 324 grams of fuel equivalent per kWh in 2011 to 326 grams of fuel equivalent per kWh in 2012. Fuel consumption per unit of thermal energy sold went up by 0.5% from 148.2 kg of fuel equivalent per Gcal in 2011 to 149 kg of fuel equivalent per Gcal in 2012.

The key factors contributing to the rise were increased production utilizing the condensation mode at the request of the System Operator to compensate for the fall ingeneration by Siberian hydroelectric power plants as well as an increase in the share of coal in total fuel consumed.

	INDICATOR	UOM	2011	2012	%
1	Installed capacity at the end of the period ¹	mW	22,415	27,535	22.8%
2	Type of fuel (fuel structure)				
	Fuel equivalent consumption				
	Natural gas	%	75.8	74.7	-1.1 pp
	Coal	%	23.6	24.8	1.2 pp
	Fuel oil	%	0.5	0.5	0 pp
	other fuels	%	0.0	0.0	0 pp
3	Electricity generation in Russia	mln kWh	1,019,400	1,032,271	1.3%
4	Electricity generation by the segment	mln kWh	101,705	113,955	12.0%
5	Share of INTER RAO UES in Russia's total generation	%	10.0	11.0	1 pp
6	Consumption of fuel equivalent per kWh of electricity produced	g/kWh	324.0	326.0	0.6%
7	Average consumption of fuel equivalent per kWh of electricity produced for the industry	g/kWh	330.6	328.8	-0.5%
8	Installed capacity utilization	%	55.3%	55.6%	0.3 pp
9	Thermal energy sales in Russia	k Gcal	518,000	505,000	-2.5%
10	Thermal Energy sales by the segment	k Gcal	17,557	23,786	35.5%
11	INTER RAO UES share in total thermal energy sales in Russia	%	3.4	4.7	1.3 pp
12	Average fuel consumption per Gcal of thermal energy produced in Russia	kg/Gcal	143.8	145.2	1%
13	Fuel consumption per Gcal of thermal energy produced	kg/Gcal	148.2	149.0	0.5%

¹ Excluding OJSC Stand (110 mW).

FINANCIAL RESULTS

The increase in revenue is attributed to:

- ▶ A 13% increase in revenue of the Electric Power Plants Group as a result of increased capacity utilization caused by increased consumption, the launch of new capacity at Kharanorskaya SDPP, Urengoykaya SDPP and Ivanovskiye CCGT, as well as the inclusion of the revenue of the generation branches of OGK-3 for the whole of 2012, while in 2011 revenue for OGK-3 was only included after April 1, 2011.
- ▶ Increased revenue for TKG-11 which grew owing to the increased capacity utilization resulting from increased consumption and increased production to compensate for the fall in production by Siberian hydroelectric power plants owing to low water. In addition, revenue was driven up by the acquisition of the generating assets of OJSC Bashkirenergo in November 2012.

INDICATOR	UOM	GENERATION IN RUSSIA							
		ELECTRICITY GENERATION			TKG-11			BASHKIRIA GENERATION	
		2011	2012	2012/2011%	2011	2012	2012/2011%	2011	2012
Revenue	mIn RUB	105,952	119,917	13%	21,024	24,009	14%		8,416
Share in the revenue of INTER RAO UES Group	%	20%	22%	2pp	4%	4%	0 pp		2%
Operating expenses, including									
Purchases of electricity and capacity	mIn RUB	(6,950)	(6,766)	-3%	(1,443)	(1,769)	23%		(550)
Fuel	mIn RUB	(61,430)	(72,270)	18%	(9,695)	(11,676)	20%		(5,692)
Share in the profit/loss of jointly controlled companies	mIn RUB	1,711	1,083	-37%	-	-	0%		-
EBITDA	mIn RUB	16,360	13,505	-17%	1,633	1,298	-21%		557
EBITDA margin	%	15%	11%	-4 pp	8%	5%	-3 pp	0%	7%
Share in the EBITDA of INTER RAO UES	%	39%	51%	12 pp	4%	5%	1 pp	0%	2%

EBITDA decreased primarily as a result of the effect of the government's resolution No. 1178 dated December 29 2011 On the Regulation of Electricity Rates (Prices). In accordance with this resolution, the prices for capacity for suppliers under Competitive Capacity Outtake (CCO) 2012 were adjusted for inflation from July 1, 2012 while the prices for electricity and capacity for suppliers under regulated contracts were set for the entire year with no adjustments for inflation.

GROWTH PROSPECTS

The development of the generation segment and achievement of the Group's strategic goals in electricity generation hinges on continued replacement and modernization of existing equipment. The company strives to minimize the ownership costs of its assets by reducing production costs, as well as by improving reliability and safety of its production processes. The Group plans to continue to modernize and upgrade its generating equipment as it transitions to new technologies. In 2013 a number of major investment projects will be completed, allowing the group to increase its installed capacity by more than 1.2 gW.

INTER RAO UES Group is looking into opportunities to cooperate with Russian oil companies to use the associated gas for the generation of electricity. This cooperation will also include promising distributed generation projects.

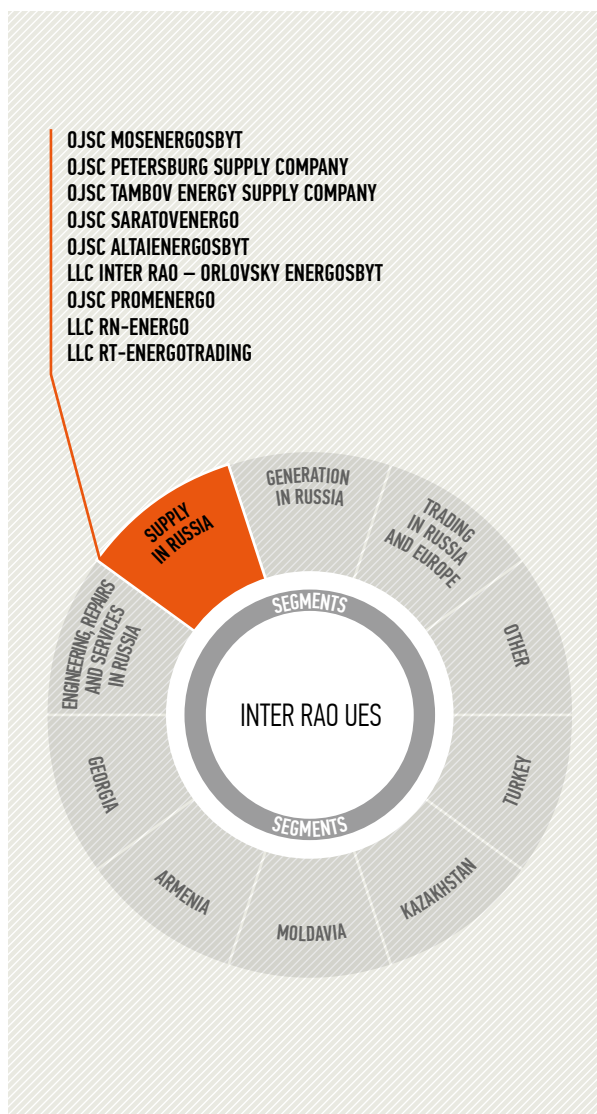
The company is also constantly on the lookout for ways to improve the efficiency of thermal energy generation and is looking into ways to obtain the status of monopoly thermal energy supplier in the territories where it has thermal energy generation capacity.

The company is constantly looking for ways to maximize return on investment and is increasing sales of thermal energy at competitive prices while ensuring the required profit margin on every such sale. In its current operation the company pays close attention to reducing the cost of in-house generation and transport of thermal energy, ensuring maximum utilization of thermal energy generation capacity and monitoring the transfer of payments collected from customers to companies supplying heat to households and companies providing utility services. The companies of the Group take an active role in the development of heat supply systems for cities and municipal settlements, working on securing

guarantees of sales of thermal energy. All these efforts help improve production efficiency over the long term. The Group is also taking measures to improve the energy efficiency of its electricity and thermal energy generation and to become an operating efficiency leader among Russian power companies.

4.4. SEGMENT “SUPPLY IN THE RUSSIAN FEDERATION”

COMPANIES OF THE RUSSIAN FEDERATION SUPPLY SEGMENT FOCUSED THEIR EFFORTS ON IMPROVEMENT OF CUSTOMER RELATIONS, DEVELOPMENT AND IMPLEMENTATION OF UP-TO-DATE SERVICE STANDARDS AND HIGH-TECH CUSTOMER SERVICE



ABOUT THE SEGMENT

In 2012 the Russian Federation Supply segment comprised: JSC Mosenergosbyt, JSC Petersburg Supply Company, JSC Tambov Energy Supply Company, JSC Saratovenergo, JSC Altaienergosbyt, LLC INTER RAO – Orel Energy Sales Company, their management company: JSC United Energy Supply Company, as well as JSC Industrial Energy, LLC RN-Energo, and LLC RT-Energotrading¹.

During the past reporting period, JSC United Energy Supply Company worked to improve our customer service quality and implement modern working standards and high-tech customer services. In 2012, the Retail Office Development Programs were developed and approved for JSC Mosenergosbyt and JSC Petersburg Supply Company. Moreover, all businesses managed by JSC United Energy Supply Company implemented a uniform class of commercial services and a customer service standard system (pursuant to Resolution No.442 of the Government of the Russian Federation), as well as online customer services. The retail companies managed by JSC United Energy Supply Company are prioritizing, among other things, the development of non-core businesses to ensure diversification and find new sources of profit.

In 2012, the company worked hard to develop remote and interactive communication channels and customer services. The following initiatives were implemented:

- ▶ retail office innovations: 'one stop' principle, electronic queue, children's playsets, and services for disabled people;
- ▶ new customer service formats: light offices, mobile offices, office terminals 'Video Adviser';
- ▶ expanded call center functionality for customers;
- ▶ new mobile application developed to pay for electric power consumption;
- ▶ bulk SMS mailing to consumers;
- ▶ involvement in social networks by the Company.

During the past year, the companies of INTER RAO UES Group focused significant efforts on implementation of energy saving and energy efficiency enhancement programs. Specifically, JSC Altaienergosbyt completed the construction of four gas boiler houses in Gorno-Altai, the capital of the Republic of Altai, within the scope of 'Energy Efficient Town' program, and JSC Tambov Energy Supply Company constructed a modular gas boiler house in Michurinsk of the Tambov Region.

The construction of boiler houses is environmentally positive in supporting the decrease in pollutant emissions, as well as improving heat supply reliability due to the use of state-of-the-art equipment and new technologies.

In 2013, INTER RAO UES resolved to liquidate JSC United Energy Supply Company, since it has successfully completed its task to integrate the retail assets into the Group. The segment saw implementation of a new management model bringing all power sale assets directly under the Group management.

In addition to the companies formerly managed by JSC United Energy Supply Company, the Russian Federation Supply segment also included JSC Promenergo, LLC RN-Energo, and LLC RT-Energotrading, which provide electric power supplies for major industrial consumers.

¹ LLC RT-Energotrading is accounted using the equity method.

MARKET OVERVIEW

“Throughout the reporting period we continued to further expand our customer base, diversify energy sales business, develop and implement modern working standards and high-tech customer services. In 2012 the companies of the segment took an active role in establishing and implementing regional energy saving and energy efficiency enhancement programs.”

Dmitry Orlov

Head of Supply Business Unit of JSC INTER RAO UES

Consumption of electric power in the Energy System in Russia in 2012 increased by 1.6% against 2011, totaling 1,016.3 bn kWh¹. Overall power consumption in Russia in 2012 reached 1,038.1 bn kWh, which is 1.7% higher than in 2011. In total, retail power sales increased by 5.7%.

In 2012 more than 1,000 electric power retailers were operating in the Russian market. The following types of businesses are involved in electricity supplies:

- ▶ suppliers of last resort;
- ▶ independent (non-regulated) power retailers;
- ▶ power suppliers in non-price and isolated zones;
- ▶ management companies (for servicing people in apartment buildings);
- ▶ power generation companies operating in the retail market;
- ▶ grid companies (distribution and municipal grid companies).

In 2008-2011 many power retailers were acquired by major power players, which resulted in establishment of several major power retail holdings. In 2012, the aggregate share of INTER RAO UES in the Russian power retail market was 14.7%.

In 2012 the operations of retailers were greatly influenced by changes in the tariff policies and retail regulation, some of which adversely affected the earnings of power retailers. During the past year, the following regulatory documents were approved and came into effect:

- ▶ Resolution No. 877 of the Government of the Russian Federation dated November 4, 2011 “On Amending Certain Regulatory Documents of the Government of the Russian Federation to Improve Relationship between Electric Power Suppliers and Consumers in the Retail Market” (enacted on April 1, 2012), cancelling the differentiation of consumers by number of hours of capacity utilization;
- ▶ Resolution No. 442 of the Government of the Russian Federation dated May 4, 2012 “On Operation of Electric Power Markets, Complete and/or Partial Limitation of Electric Power Consumption Mode” (issuing proforma invoices to consumers for up to 70% of current consumption, with the balance of 30% to be paid in the following month);
- ▶ Resolution No. 354 of the Government of the Russian Federation dated May 6, 2011 “On Provision of Municipal Services to Owners and Tenants of Houses and Premises in Apartment Buildings” resulting in increased costs of energy billing and bill delivery to consumers, as well as changes in the procedure of metering and recording of power supply for households (enacted on September 1, 2012).

¹ Updated information of SO UES.

OPERATING RESULTS

Most of the Group's retail supply assets reported an increase in electric power sales. However, such increase was partly offset by reduced supply of JSC Altaiennergosbyt due to a level 2 last-resort supplier, JSC Altaikraienergo appearing in the wholesale electricity (capacity) market and decrease in sales of JSC Industrial Energy because of bankruptcy of one of its major customers, CJSC VMZ Red October. Besides, termination of a number of agreements with suppliers of last resort in pursuance of Resolution No. 442 also adversely affected the sales.

The total number of consumers in the segment increased by 3.0%, represented by growth in corporate entities (+3.1%) and individuals (+3.0%).

FINANCIAL RESULTS

In 2012, the revenue of the segment was RUB 359.1 bln, which is RUB 3.5 bln less than in 2011. The principal factors affecting revenue are specified below:

- ▶ reduction in non-regulated electricity price for consumers due to changes in pricing principles for retail markets (Government Resolution No. 877 dated November 4, 2011); namely, cancelling the differentiation of consumers by number of hours of capacity utilization;
- ▶ new price categories introduced for billing to consumer;
- ▶ tariff indexation rescheduled from January 1, 2012 to July 1, 2012 pursuant to Government Resolution No. 1178 dated December 29, 2011.

In 2012, EBITDA was RUB 6.3 bln compared to RUB 16.9 bln in 2011. The decrease of RUB 10.6 bln was due to a drop in the margin as a result of increased variable costs, whilst the earnings were kept on a level with the previous year. Increased expenses resulted from the following factors:

- ▶ increased service prices of grid operators;
- ▶ changes in the procedure for the determination of supplied electricity quantities from estimated values to actual readings of electricity meters installed for separate houses;
- ▶ increased prices of electric power purchased in the wholesale electricity (capacity) market.

DEVELOPMENT PROSPECTS

With regard to the management of supply operations in the energy market, INTER RAO UES is striving to increase its asset capitalization through retaining and expanding the customer base, increasing its share in the existing energy retail markets and entering regional markets with high growth rates of power consumption.

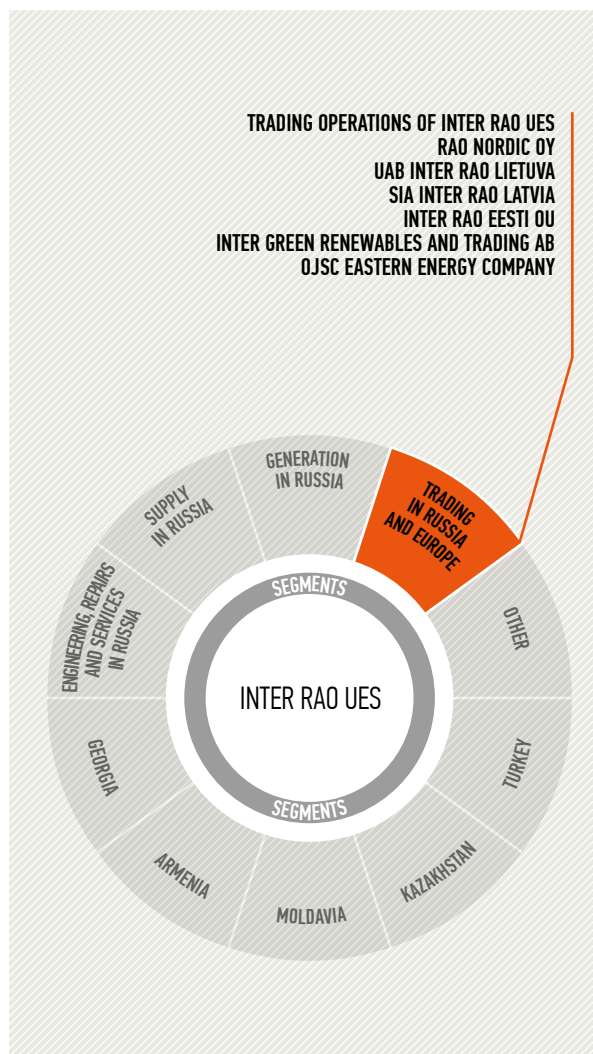
	PERFORMANCE INDICATOR	UNIT	2011	2012	%
1	Net delivery in Russia	mIn kWh	1,021,100	1,038,100	1.7%
2	Net delivery for the Segment	mIn kWh	144,757	152,957	5.7%
3	Share in the Russian net delivery for the Segment	%	14.2%	14.7%	0.5 pp
4	Number of consumers, to include		10,204,075	10,508,632	3.0%
4.1.	corporates		326,861	337,005	3.1%
4.2.	individuals	persons	9,877,214	10,171,627	3.0%

PERFORMANCE INDICATOR	RUSSIAN FEDERATION RETAIL SALES			
	UoM	2011	2012	2012/2011, %
Revenue	mIn RUB	362,616	359,105	-1%
Share in INTER RAO UES Group revenues	%	68%	65%	-3 pp
Operating expenses, including				
Power purchase expenses	mIn RUB	(190,825)	(191,675)	0%
Power transmission expenses	mIn RUB	(140,323)	(146,025)	4%
EBITDA	mIn RUB	16,907	6,294	-63%
EBITDA margin	%	5%	2%	-3 pp
Share in EBITDA of INTER RAO UES Group	%	41%	24%	-17 pp

In addition, the company intends to focus its attention on expanding the energy services and services related to power supply, as well as streamlining the positive effects derived from synergy of the power sales business and power generation assets of the holding company. To achieve its strategic objectives, the Company is

planning to implement a number of initiatives to increase net sales, ensure income growth, and improve service quality.

4.5 SEGMENT “TRADING IN THE RUSSIAN FEDERATION AND EUROPE”



INTER RAO UES GROUP IS THE ONLY EXPORT/IMPORT OPERATOR IN THE RUSSIAN FEDERATION'S WHOLESALE ELECTRICITY (CAPACITY) MARKET

“Electricity import and export are traditional core operations of INTER RAO UES Group. Due to the integration of Russian and European trading assets of the Group into a separate operating segment, we managed to achieve synergies between the trading businesses operating in various markets in Europe and Asia.”

Karina Tsurcan

Member of the Management Board, Head of the Trading Unit of JSC INTER RAO UES

ABOUT THE SEGMENT

The core business of the Trading in the Russian Federation and Europe Segment are the trading operations of INTER RAO UES, RAO Nordic Oy, AB INTER RAO Lietuva, SIA INTER RAO Latvia, INTER RAO Eesti OU, INTER Green Renewables and Trading AB and Eastern Energy Company¹.

¹ JSC Eastern Energy Company in 2011 was included in the segment “Other.” For the purposes of presentation, the Group has changed its 2011 disclosure for segments in IFRS statements.

RAO NORDIC OY

RAO Nordic Oy is a Finland-based subsidiary of INTER RAO UES Group. The development of RAO Nordic Oy business is of strategic importance with regard to expansion of the Group's business in the European market.

RAO Nordic Oy and its subsidiary INTER Green Renewables and Trading AB, purchase electricity from INTER RAO UES under a supply contract and deliver it to consumers in the North European market, as well as selling directly to their counterparties. In addition, RAO Nordic Oy offers energy derivative products and customer-oriented structured products (based on bilateral contracts with direct counterparties) on the Nasdaq OMX Commodities Exchange.

INTER GREEN RENEWABLES AND TRADING AB

INTER Green Renewables and Trading AB is a subsidiary of RAO Nordic Oy. The company was established in November 2011 in Sweden to develop the Group's business and expand its operations in Europe. In 2012 INTER Green purchased power from INTER RAO UES under a supply contract, for the subsequent sale on the Nord Pool.

AB INTER RAO LIETUVA

AB INTER RAO Lietuva, a subsidiary of RAO Nordic Oy, is also a member of the INTER RAO UES Group's trade segment. INTER RAO Lietuva is a leading player in the Baltic electricity market, one of the largest independent power suppliers in Lithuania actively deploying operations in Latvia and Estonia. INTER RAO Lietuva is comprised of the following subsidiaries: INTER RAO Latvia, INTER RAO Eesti, IRL Polska and IRL Wind, managing the Vydmantai Wind Park. The company trades in the European energy market through Nord Pool.

The successful placement of 20% of shares on the Warsaw Stock Exchange in 2012 was an important step in the strategic development of the company.

SIA INTER RAO LATVIA

SIA INTER RAO Latvia was founded in January 2010 to create a competitive player in the Latvian electricity sales market. SIA INTER RAO Latvia is a subsidiary of AB INTER RAO Lietuva.

In March 2010 the company obtained an independent power supplier license enabling it to conduct retail electricity sales in the Latvian market.

The company is one of the largest power suppliers in the country, providing electricity to both public and private sectors of the Latvian economy. SIA INTER RAO Latvia is striving for further expansion of its operations in the national market in order to improve its competitiveness and optimize electricity costs for its customers.

INTER RAO EESTI OÜ

INTER RAO Eesti was founded in January 2010 establish a competitive electric power trader in the Estonian market. INTER RAO Eesti OU is a subsidiary of AB INTER RAO Lietuva.

INTER RAO Eesti plans to supply electricity to the country's major consumers under direct wholesale trade contracts. After the EstLink 2 project (cable between Estonia and Finland) is implemented, opportunities will arise to increase wholesale electricity trading in the Estonian market. According to forecasts, national demand for imported electric power will increase in early 2016 when new and more stringent environmental requirements for electric power production will come into force in the EU. New development opportunities will also emerge in the Baltic region after completion of the connection between Lit Pool 1 and 2, and Nord Balt power grids.

EASTERN ENERGY COMPANY

During the past year, JSC Eastern Energy Company belonging to the Group was involved in electricity delivery to China and Mongolia. The aggregate export to that region doubled in 2012 due to the commissioning of Amurskaya – Heihe, a new 500 kV interstate power transmission line, in 2011, which enabled a significant increase of Russian exports to China.

MARKET OVERVIEW

The power generation companies of INTER RAO UES Group in Russia were engaged in electricity sales in the wholesale electricity (capacity) market. Most of the generated electric power is sold under regulated bilateral contracts. The amounts not covered by such contracts are sold in competitive markets (day-ahead market and balancing market).

From June 2012, a uniform exchange platform, Nord Pool, started its operations for the Northern European countries, Estonia, Lithuania which purchase electric power from INTER RAO UES. This platform performs trading in a variety of sectors: day-ahead market, spot market, and financial derivatives market. In the Northern European countries derivatives are also traded on Nasdaq OMX Commodities. In 2012 there was a slight decrease in average annual prices, which was caused by the increase of countries own hydroelectric plants generation.

Businesses of the INTER RAO UES Group are also involved in electricity supplies to Belarus, Kazakhstan, Georgia, Ukraine, Azerbaijan, China, and Mongolia. In these countries, the government regulates wholesale power markets.

OPERATING RESULTS

Electricity sales in 2012 within the Trading Segment declined by 3.8 bln kWh (14.5%) compared to 2011.

Sales to Finland plunged by as much as 60% due to a significant reduction in spot prices in Finland (Nord Pool) caused by significant level of production in Norway and Switzerland. The supply schedule was adjusted downward for the "capacity control hours" to optimize the purchase costs.

Supplies to Lithuania fell by 37.3%. This was largely due to the situation in the internal and external markets, as well as to limitations imposed by OJSC SO UES on electricity supplies from April to September 2012, for the period of operational maintenance.

The reduction in supplies to Scandinavian countries was partially compensated by such factors as:

- ▶ supplies to Belarus boosted by 20% through supplementary unguaranteed electricity supplies ;
- ▶ increased supplies to Kazakhstan under the contract with KEGOC;
- ▶ increased supplies to Mongolia due to growing consumption;
- ▶ growth in sales to China due to improved exporting capabilities after completion and commissioning of Amurskaya – Heihe, a new 500 kV power transmission line in 2011, as well as due to the increased contractual quantities. Supply takes place under a long-term (25 years) contract.

Imports decreased by 24% compared to the same period of the previous year.

Thus, a 14.5% reduction in sales resulted from the decreased electricity prices in external markets. The drop in value of imports outpaced the decrease in the value of exports, in terms of percent though, imported quantities are not

substantial if compared to exports. Imports have dropped largely because of reduced supplies from Kazakhstan and Georgia.

	UOM	2011	2012	%
Total by country:	mln kWh	26,406	21,777	-17.5%
Russia	mln kWh	3,403	2,587	-24.0%
Finland	mln kWh	9,654	3,861	-60.0%
Lithuania	mln kWh	6,217	3,895	-37.3%
Belarus	mln kWh	3,173	3,807	20.0%
Latvia	mln kWh	1,564	1,114	-28.8%
China	mln kWh	-	2,630	-
Mongolia	mln kWh	-	393	-
Other	mln kWh	2,182	3,490	59.9%

In order to increase information sufficiency the way of data presentation has been changed for number of routes.

FINANCIAL RESULTS

2012 was notable for the significant decrease of prices on all main export markets. For instance spot prices at Nord Pool (Finland zone) decreased by 25.68% due to significant electricity generation volumes in such Scandinavian countries as Sweden and Norway. In Lithuania (BaltPool), the average electricity price remained practically unchanged since 2011 (-1.32%).

In 2012 revenue within the segment declined by RUB 13 bln (22%) compared to 2011. This reduction was largely a result of smaller supply quantities (90%), and, to a lesser extent, to lower supply prices (10%). The reduction in quantities was due to supply schedule optimization aimed to reduce purchase value, which is intended to maximize the results of energy sales, given the significant lowering of spot prices in the countries where the Group operates.

Under the conditions of lower prices and falling sales, 2012 EBITDA was RUB 4.4 bln, or RUB 0.9 bln (16%) lower than in 2011, while the EBITDA margin grew from 9% in 2011 to 10% in 2012.

PERFORMANCE INDICATOR	UOM	TRADING IN THE RUSSIAN FEDERATION AND EUROPE		
		2011	2012	2012/2011%
Revenue, including:	mln RUB	58,231	45,249	-22%
Russian Federation	mln RUB	13,735	12,294	-10%
Finland	mln RUB	19,008	6,210	-67%
Lithuania	mln RUB	11,222	7,324	-35%
Belarus	mln RUB	5,553	7,356	32%
Latvia	mln RUB	2,978	2,055	-31%
China	mln RUB	1,641	4,023	145%
Others	mln RUB	4,094	5,987	46%
Share in revenues of INTER RAO UES Group	%	11%	8%	-3 pp
Power and capacity purchase expenses	mln RUB	(45,633)	(35,957)	-21%
Power transmission expenses	mln RUB	(6,873)	(4,498)	-35%
EBITDA	mln RUB	5,260	4,396	-16%
EBITDA margin	%	9%	10%	1 pp.
Share in EBITDA of INTER RAO UES Group	%	13%	17%	4 pp

DEVELOPMENT PROSPECTS

In 2013, the Company intends to expand its business in European energy markets and participate in the integration of power grids and energy markets of various countries. In 2013, no material changes are expected in demand, market volumes, and price-related conditions with regards supplies to Lithuania, Belarus, Finland, Kazakhstan, and Azerbaijan. As for imports, steady market behavior is forecast in respect to quantities and structure of supplies.

In the mid-term, INTER RAO UES Group intends to keep working on projects aimed at building an international power grid infrastructure, in cooperation with European countries and contributing to Russia's significant potential exports to Europe. The following projects are envisaged by INTER RAO UES: the construction of an interstate Pechenga Power Bridge connecting the power systems of Russia and Norway, as well as construction and enhancement of interstate relations in electric power industry between Kaliningrad Region of the Russian Federation and the neighboring European countries.

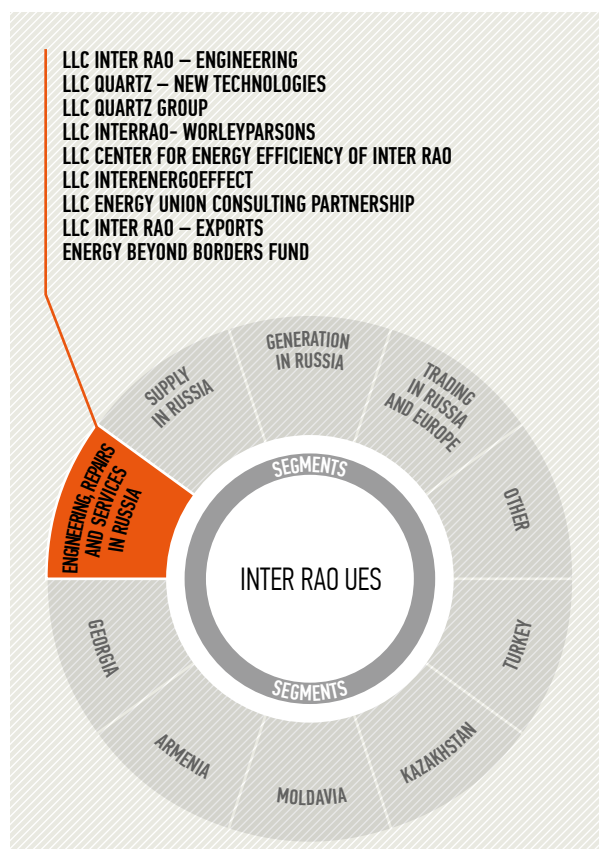
AB INTER RAO Lietuva will focus its efforts on further strengthening its market position. Specifically, the company's priorities include: active development of the supply segment, attracting new customers, research of new market development opportunities and building cooperation with major electric power market players in the region.

4.6. SEGMENT “ENGINEERING, MAINTENANCE AND TECHNICAL SERVICE IN THE RUSSIAN FEDERATION”

‘The past year was crucial for the development of a new configuration of the INTER RAO UES Group engineering business. INTER RAO Engineering, the Group’s 100% owned subsidiary, started its operations on February 1, 2012. The company was established to ensure efficient management of the INTER RAO UES investment program. Within such a short period, INTER RAO Engineering has realised considerable achievements. All key logistics and procurement tasks have been successfully implemented within the uniform management system, baseline regulations developed and approved, self-regulated organization permits and all other required authorizations are obtained, and key business processes have been fully developed and implemented.’

Yuri Sharov

Member of the Management Board, Head of the Engineering Unit of JSC INTER RAO UES



ABOUT THE SEGMENT

The Segment “Engineering, Maintenance and Technical Service in Russian Federation” comprises LLC INTER RAO Engineering (since late September 2011), LLC Quartz – New Technologies (accounted using equity method), LLC Quartz Management Company (accounted using equity method), LLC INTERRAO-WorleyParsons (accounted using equity method), LLC INTER RAO Energy Efficiency Center (accounted using equity method), LLC INTERENERGOEFFEKT (accounted using equity method), LLC EnergoSoyuz Consulting Agency, LLC INTER RAO Export, and a non-profit organization The Energy without Limits Fund – for support of research-and-engineering and innovation activities.

LLC INTER RAO ENGINEERING

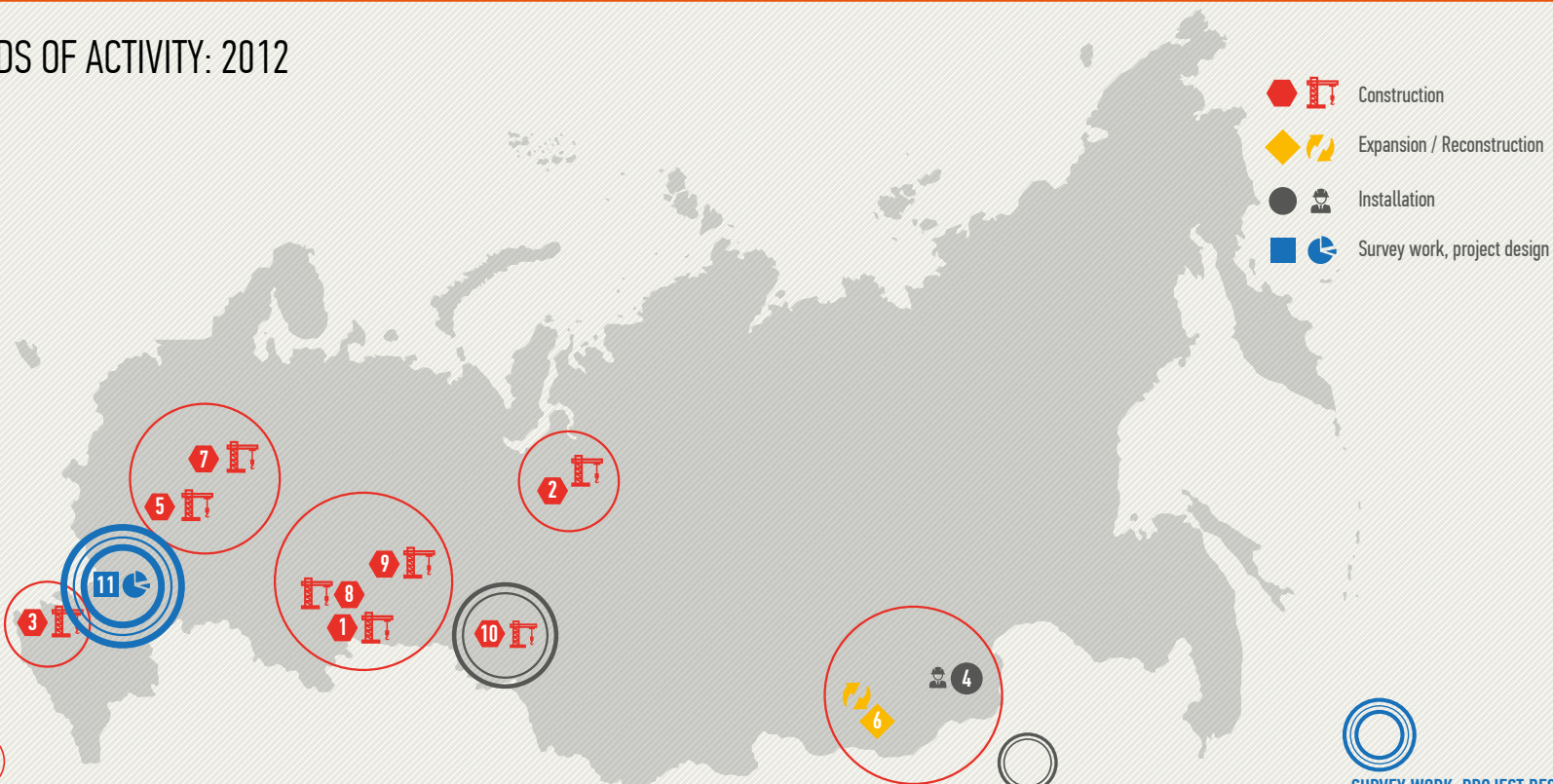
LLC INTER RAO Engineering was established in 2011 engaging the engineering assets of INTER RAO UES Group and started its operations in 2012. INTER RAO Engineering has demonstrated successful results in optimizing construction project management and development of the engineering business as a separate operating unit. The company possesses thorough experience and all required resources for implementation of turnkey construction projects and reconstruction and upgrade projects for power generating facilities.

Currently INTER RAO Engineering acts as a developer for 11 construction projects involving thermal power facilities in Russia and Kazakhstan with the aggregate installed capacity of 3 gW. During 2012 the company was directly involved in implementation of construction projects for new power generating

facilities under the INTER RAO UES Group’s investment program. Along with the current operations, INTER RAO Engineering successfully dealt with key logistics tasks within a uniform management system and business process architecture during the past year.

In 2012 INTER RAO Engineering successfully completed projects at Urengoykaya SDPP, Kharanorskaya SDPP, and Ivanovskiye CCGT units with the aggregate electric capacity exceeding 1,000 mW. The company continued work on six more projects with the aggregate electric capacity exceeding 2,300 mW, and construction started of power units at Permskaya and Verkhnetagilskaya SDPPs with the aggregate electric power capacity exceeding 1,200 mW.

FIELDS OF ACTIVITY: 2012



BUILDING OWNER FUNCTIONS REGARDING CONSTRUCTION AND UPGRADE OF POWER GENERATION FACILITIES

- 1** Construction of Yuzhnouralskaya SDPP-2 power complex (Unit No. 1, Unit No. 2)
- 2** Construction of combined cycle gas turbine power unit at Urengoykaya SDPP with the installed capacity of 450 mW
- 3** Construction of Dzhubginskaya TPP (Generating units No. 1 and No. 2)
- 4** Installation of Unit 3 of 225 mW at Kharanorskaya SDPP

- 5** Construction of two 225 mW generating units at Cherepetskaya SDPP (Unit No. 8, Unit No. 9)
- 6** Reconstruction and refurbishment of generating unit No. 4 at Gusinozerskaya SDPP
- 7** Construction of power generation unit No. 2 with total capacity of 325 mW at the industrial site of the Ivanovskaya SDPP

In late 2012 the Company commenced its work on two new projects:

- 8** Construction of CCGT unit at Permskaya SDPP with the installed capacity of at least 800 mW
- 9** Construction of CCGT unit at Verkhnetagilskaya SDPP with the installed capacity of at least 410 mW

ENGINEERING CONSULTING

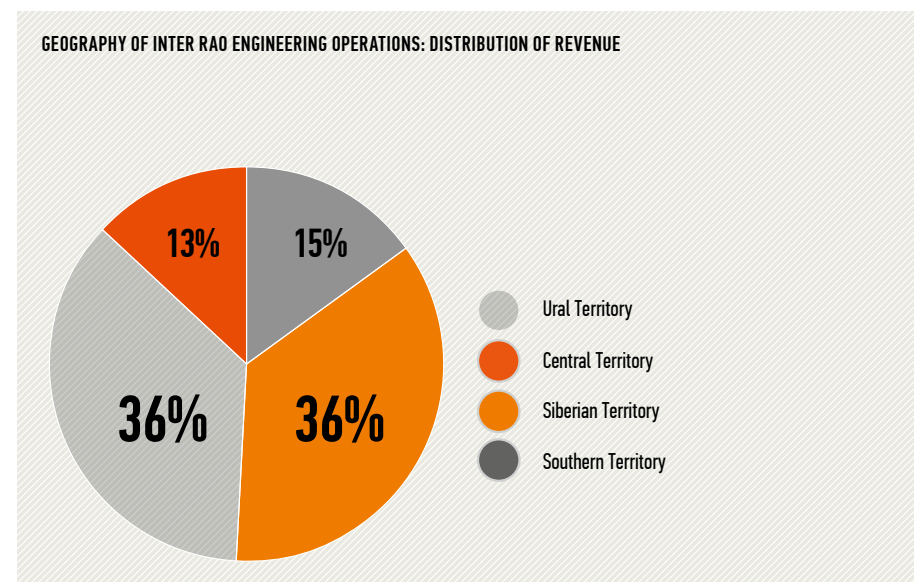
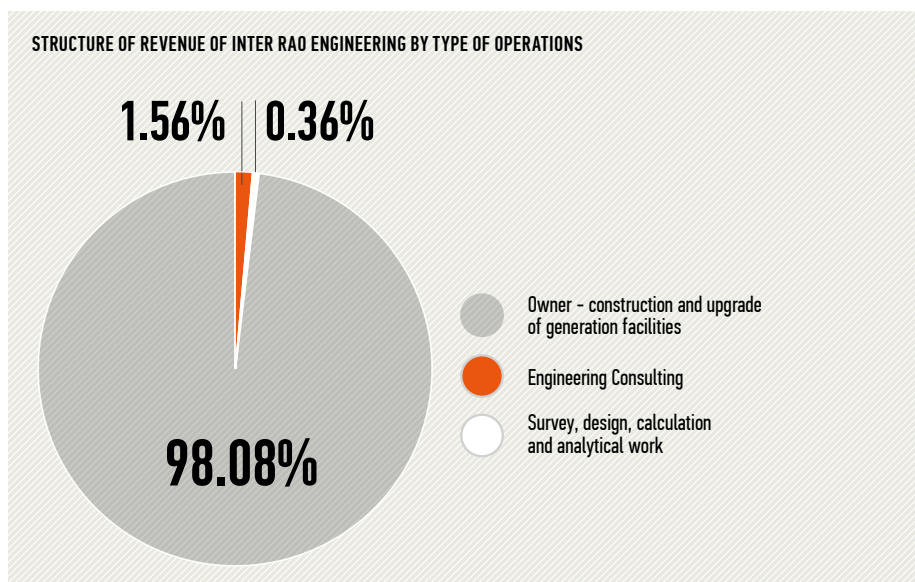
- 10** Engineering services for the construction of 90 mW CCGT unit (PGU-90) at Omskaya TPP-3 of the Omsk branch of OJSC TGK-11

SURVEY WORK, PROJECT DESIGN, COMPUTATION AND ANALYTICAL WORK

- 11** Development of working documents for the hanger-support system of superheated steam and hot reheat lines at Power Unit 9 of Novoerkasskaya SDPP

FIELDS OF ACTIVITY: 2012

<p>Building owner functions regarding construction and upgrade of power generation facilities</p>	<p>Construction of Yuzhnouralskaya SDPP-2 power complex (Unit No.1, Unit No. 2)</p> <p>Construction of combined cycle gas turbine power unit at Urengoyskaya SDPP with the installed capacity of 450 mW</p> <p>Construction of Dzhubginskaya TPP (Generating units No. 1 and No. 2)</p> <p>Construction of two 225 mW generating units at Cherepetskaya SDPP (Unit No. 8, Unit No. 9)</p> <p>Installation of Unit 3 of 225 mW at Kharanorskaya SDPP</p> <p>Reconstruction and refurbishment of generating unit No. 4 at Gusinozerskaya SDPP</p> <p>Construction of power generation unit No 2 with total capacity of 325 mW at the industrial site of the Ivanovskaya SDPP</p> <p>In late 2012 the Company commenced its work on two new projects:</p> <p>Construction of CCGT unit at Permskaya SDPP with the installed capacity of at least 800 mW;</p> <p>Construction of CCGT unit at Verkhnetagilskaya SDPP with the installed capacity of at least 410 mW</p>
<p>Engineering consulting</p>	<p>Engineering services for the construction of 90 mW CCGT unit (PGU-90) at Omskaya TPP-3 of the Omsk branch of OJSC TGK-11</p>
<p>Survey work, project design, computation and analytical work</p>	<p>Development of working documents for the hanger-support system of superheated steam and hot reheat lines at Power Unit 9 of Novocherkasskaya SDPP</p>



LLC INTERRAO-WORLEYPARSONS

INTERRAO-WorleyParsons Limited Liability Company was established on August 31, 2010 as a joint venture of INTER RAO and WorleyParsons to work on projects in the field of nuclear industry-related projects and other engineering services.

In 2012, along with the work on the current projects, INTERRAO-WorleyParsons entered into the new agreements, including the consultancy service agreement for the review and analysis of tender documents prepared by the Consortium of Russian companies to participate in the bidding process for the construction of two power units at Temelin NPP; the agreement for progress monitoring and quality assessment for the implementation of the Sarov Technopark project.

During 2012, other promising projects were prepared, including the Turkish NPP construction project (engineering services for the customer during the Turkish NPP construction); Antratsit project (EPCM contractor for coal chemistry integrated works); Sberbank of Russia project (construction and technology examination/monitoring of Investment projects).

In 2013, the company intends to enter into several large engineering contracts for the Group and as EPCM contractor and engineering consultant.

QUARTZ – NEW TECHNOLOGIES

QUARTZ – New Technologies is a member of the Group's engineering segment. In 2012, among the priority activities of QUARTZ – New Technologies was the management of peak loads on two strategic sites, including Dzhubginskaya CHP, at the Olympic venue, where the company is in charge of building a 180 mW gas turbine unit, and Omskaya TPP-3 for turnkey construction of CCGT-90 unit. In 2012, the company's Board of Directors agreed to purchase additional assets, CJSC Tiumentenergonaladka and LLC JV Eastenergo. The in-house design facility and startup-setup operator will enable QUARTZ – New Technologies to establish the unified center responsible to customers and ensure performance of the full range of high-quality services.

MARKET OVERVIEW

The formation of the engineering services market began about 5 years ago and today this market is still in its development process. The considerable potential of this segment is determined by the need for upgrading power generating facilities and the increasing demand for new capacities in the Russian Federation.

Among the major players in the Russian market in the fields of new construction, retrofitting, and upgrade of thermal power facilities are the following companies: E4 Group, TEK-Mosenergo, VO Tekhnopromexport, Quartz – New Technologies, and Amalgamated Company NIAEP–Atomstroyexport. The aggregate share of these companies in the market of project contracts for thermal power construction exceeds 50%.

The engineering services market of the Russian Federation is driven by the following factors:

- ▶ higher requirements for quality (safety, controllability, reserve formation, etc.) and quantity characteristics of new electric power facilities (performance factor, installed capacity utilization factor, reducing number of operating personnel, service life, service maintenance, etc.)
- ▶ increased importance of innovation in respect to design, management, technology, and construction operations;
- ▶ evolving engineering trend in design and construction of renewable energy production facilities; property development;
- ▶ wider industry diversification of engineering companies (rendering services to various industry sectors).
- ▶ increased influence of management process automation in engineering companies on the quality of project implementation in electric power industry.
- ▶ higher demand for competent engineering personnel and project management staff.

OPERATING RESULTS

The aggregate contract value in 2012 amounted to RUB 1,407.2 bln. The largest share in the contract portfolio is represented by contracts on behalf of the Group for construction and upgrade of power facilities (98%). The major part of the contract work is in the Siberian and Urals Federal Districts (72% of all work under the contracts).

FINANCIAL RESULTS

In 2012 sales revenues were received under contracts for construction, equipment supply, energy efficiency audit and standard compliance inspection, as well as under the agreements for technical agent services or project owner and developer services.

The expenses are inclusive of direct costs of services rendered and overheads. The negative EBITDA is explained by specific business processes, namely, long periods of project implementation. A further element is the impact of the results of the Energy without Limits Fund, a non-profit organization involved in implementation of the research program, as well as R&D, pilot and innovation activities intended to enhance the research and technology potential of energy businesses.

	UOM	ENGINEERING ASSETS		
		2011	2012	2012/2011%
Revenue	mIn RUB	-	1,034	100%
Share in INTER RAO UES Group revenues	%	0.0%	0.2%	0.2 pp
Expenses	mIn RUB	(2)	(1,081)	53,950%
EBITDA	mIn RUB	(5)	(220)	-4,300%
EBITDA margin	%	0%	-21%	- 21 pp
Share in EBITDA of INTER RAO UES Group	%	0%	-1%	- 1 pp
Share in the profit/loss of jointly controlled companies	mIn RUB	(3)	(173)	5,667%

DEVELOPMENT PROSPECTS

Implementation of construction projects for power generating facilities for the aggregate capacity 41 gW under capacity supply agreements will be one of the priorities in the Russian energy industry development until 2017. Currently no legal mechanism is in place to recover investments made into new facility construction upon expiration of capacity supply agreements. However, considering that by 2020, the useful life of 57% of the TPP facilities will expire, the programs for reconstruction and upgrade of existing facilities are likely to become of primary importance for the thermal power generation industry.

Facing the active development and modernization of the existing engineering market, the strategy of INTER RAO Engineering purports to establish the first fully-fledged Russian holding company providing a full range of services, thus enhancing the equity value of INTER RAO UES Group and improving its attractiveness to investors.

In 2013 and into the mid-term, INTER RAO Engineering intends to focus on developing the complete cycle of engineering competences, expanding its market share in Russia and abroad, and diversifying its operations in the engineering segment.

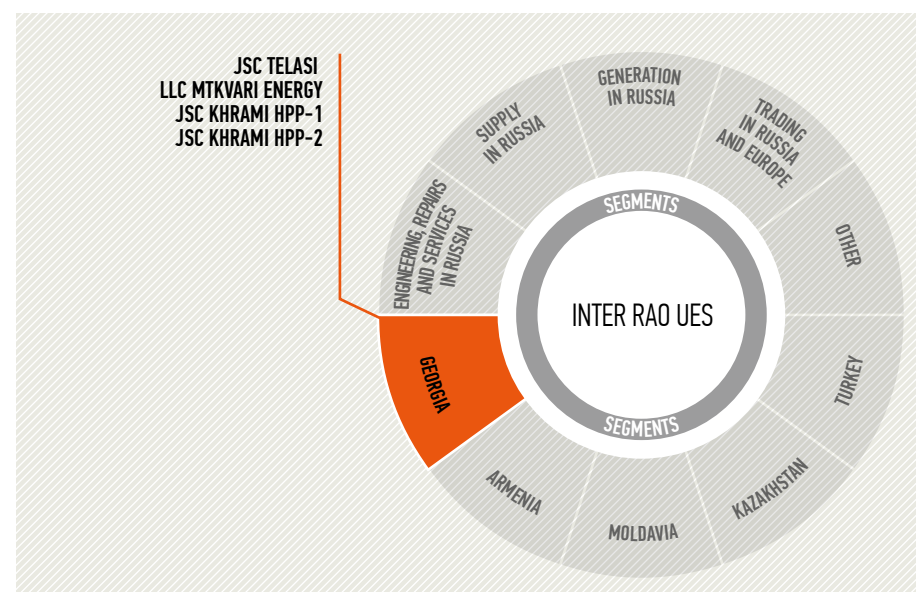
4.7. GEORGIA SEGMENT

ABOUT THE SEGMENT

In Georgia the Group manages a balanced portfolio consisting of LLC Mtkvari Energy thermal plant, JSC Khrami HPP-1 and JSC Khrami HPP-2 hydro-power plants, and Telasi grid company. In 2012 the company rendered services to its customers in the region and focused its efforts on further business expansion. The liaison with the Georgian government on energy pricing issues became an important cooperation channel. In December 2012, a provisional memorandum was signed, leading to price reductions for certain groups of consumers. Long-term electricity tariffs, when established, will be equally beneficial for JSC Telasi, INTER RAO UES Group and for electric power consumers in Georgia, and foremost, for the country's population.

IN 2012 MTKVARI ENERGY THERMAL PLANT PRODUCED ABOUT 12% OF ALL POWER PRODUCTION IN GEORGIA.

KHRAMI HPP-1 AND KHRAMI HPP-2 ANNUALLY GENERATE MORE THAN 5% OF THE ELECTRICITY PRODUCED IN GEORGIA.



LLC MTKVARI ENERGY

INTER RAO UES Group owns a 100% stake in LLC Mtkvari Energy. The power plants annual output is approximately 10% of the total national electric power output. According to the 2012 results, it accounts for 12% of the market. The company owns two power units with total installed capacity of 600 mW. The operating unit utilizes gas and its installed capacity is 300 mW. Electricity delivered by the power plant is sold under contracts between Telasi JSC and a commercial power operator in Georgia.

KHRAMI HPP-1 AND KHRAMI HPP-2

JSC Khrami HPP-1 and JSC Khrami HPP-2 are a series of hydroelectric plants on the Khrami River. Currently 100% of shares in JSC Khrami HPP-1 and JSC Khrami HPP-2 are owned by Gardabani Holdings B.V., a subsidiary of INTER RAO UES.

The aggregate installed capacity of Khrami HPP-1 and Khrami HPP-2 amounts to 227.2 mW. They cover more than 5% of Georgian electric power generation. Both hydroelectric plants are fully functional and operated throughout the year. Electricity is sold under the agreements signed with JSC Telasi.

JSC TELASI

INTER RAO UES Group owns 75.108% of the shares in JSC Telasi; 24.529% of shares belong to the government of Georgia.

JSC Telasi is one of the largest Georgian grid operators. It is involved in electricity distribution and sales, supplying Tbilisi, the capital of Georgia, and its suburbs. JSC Telasi manages a network of 16 branches, and its number of subscribers exceeds 500,000. The company owns 1,726 power transformer stations. The total length of its power transmission lines is 4,087 km. It owns the lines of 0.4 to 110 kV (110 kV and higher – 247 km; 1-35 kV – 1,764 km; 0.4 kV – 2,076 km), the overhead lines are 1,803 km long, cable lines – 2,284 km.

In December 2012 INTER RAO UES Group and the Georgian government entered into an interim memorandum for cooperation effective until March 31, 2013, envisaging a decrease in tariffs by 3.54 tetri (VAT included) per kWh for electricity supplied by Telasi for households consuming below 301 kWh per month. After the reporting period, in April 2013, a tariff agreement was signed for the period until 2016, within the scope of the long-term cooperation memorandum effective until 2025.

MARKET OVERVIEW

The aggregate installed capacity is about 3,800 mW. The greatest share belongs to hydroelectric plants. The priority concern of Georgia's energy industry is construction of hydroelectric plants producing cheap electricity for households and industrial facilities in autumn and wintertime, and for exportation in summer. Gas power plants and energy imports are used to satisfy the peak winter demand.

Tariffs for electricity, capacity, and heat in Georgia are regulated by the consumer protection laws. Energy prices for electricity supplied by Telasi to households are indicated in the memorandum for cooperation between the Georgian government and INTER RAO UES Group.

OPERATING RESULTS

A 11.7% decline in the output of the power generation assets was caused by seasonal fluctuations and system limitations.

The number of operating hours for unit No. 9 of Mtkvari Energy in 2012 was reduced pursuant to the resolution of the central system operator of the Georgian power grid. This, in turn, adversely affected the installed capacity utilization factor and the specific fuel consumption (operation in fuel-efficient mode) if compared to the previous year.

Reduction in water regimen in 2012 as against 2011 resulted in decreased power generation by Khrami HPP-1 by 13%, and Khrami HPP-2, by 10%.

The electricity sales by Telasi grid operator remained at the past year level. Due to improved metering, power losses in the grid reduced to 10%.

	PERFORMANCE INDICATOR	UOM	2011	2012	%
1	Installed capacity	mW	826.8	827.2	0.0%
2	Fuel type (structure of fuel mix)				
	Gas	%	100	100	0.0 pp
3	Power generation within the Country	mIn kWh	11,037	9,698	-12.1%
4	Power generation within the Segment	mIn kWh	2,046	1,808	-11.7%
5	Segment share in power generation in the Country	%	18.5	18.6	0.1 pp
6	Specific fuel equivalent consumption for power production	g/kWh	330.1	327.2	-0.9%
7	Installed capacity utilization factor	%	28.2%	24.9%	-3.3 pp
8	Total length of power transmission lines for the Segment	km	3,930	4,087	4.0%
9	Delivery to networks, with account for losses in the Segment	mIn kWh	2,167	2,023	-6.7%
10	Delivery to networks, with account for losses in the Country	mIn kWh	9,257	9,379	1.3 %

FINANCIAL RESULTS

According to the 2012 operating results, the commodity sales revenue remained at the level of 2011 revenue. The reduced sales of generated power caused by the lower output as against 2011 are compensated by the growth in revenue of Telasi grid operator, which in turn, was connected with increased consumption.

In 2012 EBITDA in the segment grew by RUB 0.36 bln (30%) compared to 2011 due to the positive margin development. Costs of power generation came down (as a result of reduced specific fuel consumption and other expenses) faster than power sales revenue, which provided for an increase in EBITDA of RUB 0.19 bln (54%) against 2011. JSC Telasi grid operator improved its EBITDA by RUB 0.17 bln (20%) due to the higher growth rates of electricity sales revenue in comparison with the growth rates of costs.

PERFORMANCE INDICATOR	UNIT	GEORGIA					
		GENERATION			GRIDS		
		2011	2012	2012/2011%	2011	2012	2012/2011%
Revenue*	mln RUB	2,705	2,384	-12%	4,476	4,797	7%
Share in INTER RAO UES Group revenues	%	0.5%	0.4%	-0.1 pp	0.8%	0.9%	0.1 pp
Operating expenses, to include							
Power and capacity purchase expenses*	mln RUB	(297)	(6)	-98%	(1,950)	(2,092)	7%
Power transmission expenses	mln RUB	(38)	(1)	-97%	(318)	(350)	10%
Fuel purchase expenses	mln RUB	(1,603)	(1,497)	-7%	-	-	0%
EBITDA	mln RUB	356	549	54%	855	1,026	20%
EBITDA margin	%	13%	23%	10 pp	19%	21%	2 pp
Share in EBITDA of INTER RAO UES Group	%	0.9%	2.1%	1.2 pp	2.1%	3.9%	1.8 pp
*Including the flows within the segment:							
Revenue	mln RUB	1,154	1,462		62	-	
Power and capacity purchase expenses	mln RUB	(62)	-		(1,154)	(1,462)	

DEVELOPMENT PROSPECTS

Tariffs for electricity, capacity, and heat in Georgia are set on a competitive basis and regulated by consumer protection laws.

Further development of the Georgian Segment is connected with the industry trends in the country and the region. According to economic development forecasts, Georgian GDP growth is expected to be solid. By 2015, power consumption is expected to increase 1.3 times

compared to 2010. Per capita power consumption is forecast to increase by 6% per year until 2020.

On March 31, 2013 the Georgian Government, JSC Partnership Fund, and INTER RAO UES Group entered into the memorandum for cooperation in the energy industry to implement the arrangements previously made. Execution of the Memorandum promoted the establishment of efficient and transparent regulation of Telasi operations. This step is intended to improve

the efficiency of Georgian operations within the INTER RAO UES Group. We expect that the above memorandum will have a positive effect on the value of the Group's assets in Georgia.

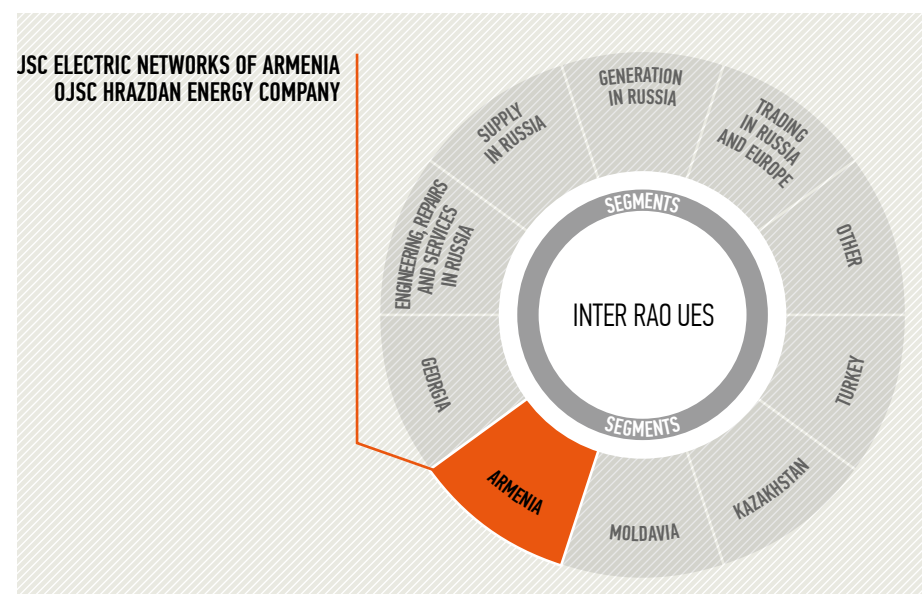
4.8. ARMENIA SEGMENT

HRAZDAN ENERGY COMPANY IS THE ARMENIA'S LARGEST THERMAL POWER PLANT.

JSC ELECTRIC NETWORKS OF ARMENIA IS THE ONLY ARMENIAN COMPANY INVOLVED IN POWER DISTRIBUTION AND SALES.

ABOUT THE SEGMENT

The Armenia Segment consists of JSC Hrazdan Energy Company (HrazTES) and Electric Networks of Armenia. The Segment operating and financial results in 2012 were significantly affected by adverse tariff regulation in the national industry. Nevertheless, the Armenia Segment companies have great development potential owing to their significance for the energy industry in the country, due to the monopoly of Electric Networks of Armenia for electricity distribution and supply.



JSC HRAZDAN ENERGY COMPANY

INTER RAO UES Group owns a 100% stake in Hrazdan Energy Company (Hrazdan TPP). Hrazdan Power Plant is Armenia's largest power plant: its aggregate capacity is 1,110 mW, and thermal capacity is 560 Gcal/h. The company's annual output is about 5-6% of the aggregate national electricity output in Armenia.

The company is the largest Armenian consumer of Russian natural gas: Hrazdan TPP utilizes only Russian natural gas to generate electricity. Raw material supplies are provided by CJSC ArmRosgazprom, in which Gazprom owns an 80% share and the Ministry of Energy of the Republic of Armenia owns 20%.

CJSC ELECTRIC NETWORKS OF ARMENIA

INTER RAO UES Group owns 100% of Electric Networks of Armenia. The company is the only electricity purchaser among all national power generation companies and the only electricity seller to subscribers across Armenia. CJSC Electric Networks of Armenia is responsible for the distribution and sales of 100% of electric power consumed in the country (over 940,000 subscribers). Electricity sale and purchase tariffs are subject to approval by the Committee for Public Service Regulation of the Republic of Armenia.

The company comprises 11 branches all over Armenia. Electric Networks of Armenia owns transmission lines 0.4 - 110 kV, of which 25,196 km are overhead lines and 5,693 km cable lines, with 324 transformer substations and 7,996 transformers.

Currently the Republic of Armenia utilizes a high voltage transmission line of 220 kV, two 110 kV high-voltage transmission lines connecting Armenia with Georgia, and two 220 kV high-voltage transmission lines connecting Armenia with Iran. Two more 400 kV high-voltage transmission lines between Armenia and Iran are under construction. The network of 220 kV power transmission lines is more than 1,400 km; it includes 15 transformer substations, rendering services for almost the whole country

MARKET OVERVIEW

According to 2012 data, the aggregate installed capacity of power plants in Armenia is around 3,300 mW. The Armenian electricity market consists of three segments: production, transmission, and distribution. Hrazdan Energy Company is the largest facility in the power generation segment. Monopoly players are operating in the transmission and distribution segments.

Electric Networks of Armenia is the sole Armenian electric power distributor.

The Armenian electric power market is regulated by the Law of the Republic of Armenia "On the Energy Industry". Tariffs for electric power sale and purchase in the internal market, as well as for transit and dispatching services, are established by the Committee for Public Service Regulation. At the same time, the export power prices are determined on the basis of contractual obligations and are not subject to regulation.

OPERATING RESULTS

In 2012, electric power output grew by 26.9% due to an increase in demand. The specific consumption of fuel equivalent increased by 2% compared to 2011, which was due to changes in the operating mode. The installed capacity utilization factor increased by 26.5% because of higher power production against 2011.

Delivery to distribution networks, which account for the losses, exceeded 2011 indices by 20.4% because of the higher consumption level, mostly by households. The total length of power transmission lines increased by 2.2%, covering 30,889 km.

In 2012, the average specific fuel equivalent consumption by Hrazdan TPP made 368 grams of fuel equivalent per kWh. The actual installed capacity utilization factor was 8.2% because of shut down of boilers, turbines, and power units with auxiliary equipment for maintenance to enhance equipment reliability and efficiency.

	PERFORMANCE INDICATOR	UOM	2011	2012	%
1	Installed capacity	mW	1,110	1,110	0.0%
2	Fuel type (structure of fuel mix)				
	Gas	%	100	100	0.0 pp
3	Power generation within the Country	mln kWh	7,433	8,036	8.1%
4	Power generation within the Segment	mln kWh	628	797	26.9%
5	Segment share in power generation in the Country	%	8.5	9.9	1.4 pp
6	Specific fuel equivalent consumption for power production	g/ kWh	360.6	367.8	2.0%
7	Installed capacity utilization factor	%	6.5%	8.2%	1.7 pp
8	Total length of power transmission lines in the Segment	km	30,218	30,889	2.2%
9	Delivery to networks, with account for losses in the Segment	mln kWh	5,071	5,304	4.6%
10	Delivery to networks, with account for losses in the Country	mln kWh	5,071	5,304	4.6%

FINANCIAL RESULTS

The bulk of the revenue was generated by Electric Networks of Armenia. Compared to 2011, revenue increased by RUB 0.14 bln, or 2%, as a result of the growth in electricity sales due to the increased consumption of households (average sales price is the highest for this consumer category).

The negative EBITDA of Hrazdan TPP resulted from the growth rate of fuel expenses outpacing the growth in sales revenue. The gas price, denominated in US dollars, caused an adverse effect in 2012 resulting in increased fuel expenses. The reduced EBITDA for the Armenia Segment was mainly influenced by the performance of Electric Networks of Armenia. Whilst sales in 2012 grew by 4.6% as against 2011, with costs relatively stable at the 2011 level, the marginal income diminished. Such downward movement was due to the increase in the power purchase tariff by 29%, with the power sale tariff remaining unchanged.

PERFORMANCE INDICATOR	UOM	ARMENIA					
		GENERATION			GRIDS		
		2011	2012	2012/2011%	2011	2012	2012/2011%
Revenue*	mIn RUB	1,485	1,711	15%	8,604	8,744	2%
Share in INTER RAO UES Group revenues	%	0.28%	0.31%	0.03 pp	1.60%	1.57%	-0.03 pp
Operating expenses, to include							
Power and capacity purchase expenses*	mIn RUB	(16)	(15)	-6%	(4,662)	(6,027)	29%
Power transmission expenses	mIn RUB	-	-	0%	(349)	(212)	-39%
Fuel purchase expenses	mIn RUB	(1,139)	(1,517)	33%	-	-	0%
EBITDA	mIn RUB	126	(7)	-106%	1,515	212	-86%
EBITDA margin	%	8%	0%	-8 pp	18%	2%	-16 pp
Share in EBITDA of INTER RAO UES Group	%	0.3%	0.0%	-0.3 pp	4%	1%	-3 pp
*Including the flows in the segment:							
Revenue	mIn RUB	1,485	1,711	15.2%	17	15	-11.8%
Power and capacity purchase expenses	mIn RUB	(16)	(15)	-6.3%	(1,484)	(1,709)	15.2%

DEVELOPMENT PROSPECTS

In the mid-term, the Armenian market is expected to remain saturated, in terms of capacity and electric power indicators. The completion of a number of interstate projects strengthening the relations between the countries is scheduled for 2020. Implementation of all construction plans may result in drastic changes in the configuration of synchronous zones of IES/UES and Armenia-Iran-Turkmenistan.

The INTER RAO UES Group development strategy for the Armenia Segment is focused on: operating efficiency optimization, business diversification of companies within the Segment, social responsibility policy, financial stability, and economic efficiency of businesses. Moreover, the Group intends to take part in improving the regulations of the internal market of electric power and capacity. INTER RAO UES considers the opportunities to

export electric power to adjacent countries as one of its priorities in business development.

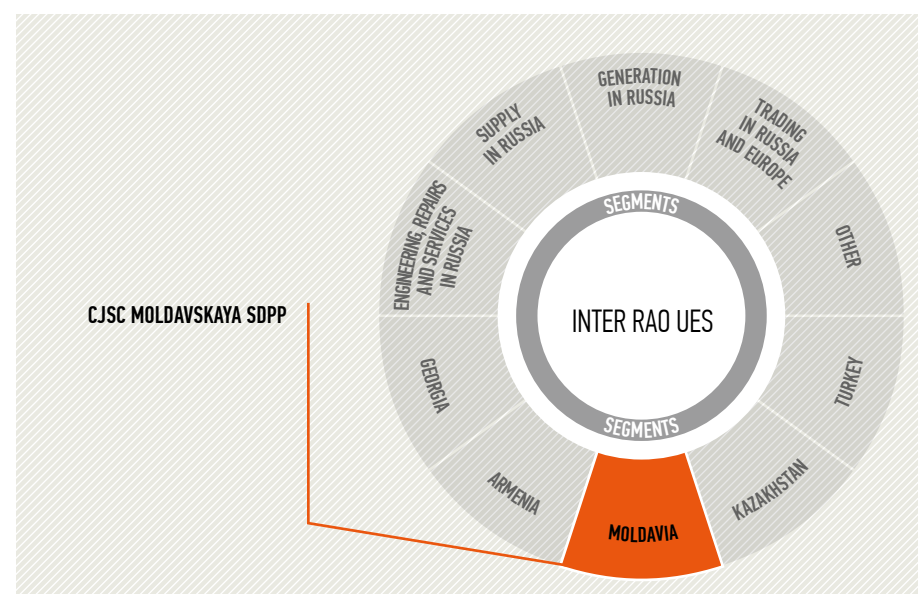
4.9. MOLDAVIA SEGMENT

ABOUT THE SEGMENT

The Moldova Segment of INTER RAO UES Group consists of CJSC Moldavskaya SDPP, one of the largest thermal plants of this type in Europe. The plant is an important player of the Transnistrian energy industry. The company produced almost 90% power in the region in 2012. Along with the current operations, the company is successfully implementing its maintenance program. Further plans include the reconstruction and upgrade of the plant equipment and developing its export potential.

The plant comprises 12 power units with the aggregate installed capacity of 2,520 mW and an installed thermal capacity of 166 Gcal/h. The total length of Moldavskaya SDPP's power lines is 11.6 km. The power supplied by the plant is delivered to Moldavian and Romanian consumers. The plant is also connected through transmission lines to the Ukrainian power grid. The open switchyards of 110, 330, and 400 kV of Moldavskaya SDPP are crucial for power supplies to Moldavian consumers and to the EU countries.

MOLDAVSKAYA SDPP REPRESENTS 98.1% OF INSTALLED CAPACITY AMONG TRANSNISTRIAN POWER GENERATING COMPANIES



MARKET OVERVIEW

The electric power industry is crucial for the Transnistrian economy: in 2012, this segment accounted for 36.7% of industrial output. The energy sector plays a leading role in implementing national economic development programs and ensuring social stability. Transnistria, facing power overproduction, exports about 76% of electricity it generates. Moldavskaya SDPP is the unquestioned leader in the power generation sector, representing 98.1% of the market in terms of installed capacity, whilst Dubossarskaya HPP holds only 1.9% of that market. In addition to power generation, the power market of Transnistria is characterized by the development of the transmission and dispatching sector under the auspices of the government company, GK Dnestrenergo, and the distribution and sales sector with the sole player, the state unitary enterprise United Power Distribution Grids.

The power produced by Moldavskaya SDPP is sold both in retail and wholesale markets. The domestic market sales are subject to prices regulated on the yearly basis by orders of the Transnistrian President. Pursuant to the Presidential order, in 2012 the gas price for power generation grew by 7% for the period from July to December. The price of exported power is established under sales contracts and is not subject to regulations. Power supplies to Moldova are made under conditions of price competition with the Ukrainian power market.

OPERATING RESULTS

Power production in 2012 totalled 4,375 mln kWh, with net delivery to consumers reaching 4,053 mln. In 2012, electric power production within the segment grew by 2.8% due to increases in consumption.

The net delivery of heat in 2012 was 95,000 Gcal, where more than 80% was the delivery to households and state-financed entities. Weather conditions, coupled with reduced actual demand from consumers, resulted in heat sales decreasing by 2.4%.

Along with power production operations, in 2012 the company was engaged in the maintenance of its operating assets. During the course of the year the maintenance program was implemented in full.

FINANCIAL RESULTS

In 2012, Moldavskaya SDPP demonstrated growth in revenue and EBITDA. Due to increased exports, revenue climbed by 18%, or RUB 0.978 bln. The increased fuel purchase expenses in 2012 against 2011 were caused by a change in the price for gas utilized for power production since July 2012.

The increased profit margin provided for 33% growth in EBITDA versus 2011. Compared to the same period of the previous year, the 2012 revenue growth rates outpace the increase in costs.

DEVELOPMENT PROSPECTS

The Moldavia segment has a favorable position in the regional market. The company maintains a stable relationship with the regional authorities and leading managers in the industry. Improvement of the electric power regulatory base helps promote further business development in the region.

The Group's strategy envisages the development of the Moldavia Segment to improve the plant's power efficiency, refurbishment and upgrade of its equipment and the deployment of its export potential. Incremental power production by Moldavskaya SDPP will depend on capital overhaul of power units and the expansion of the electricity retail market.

To further develop its exports the company is implementing a promising investment project "Antenna", for synchronizing Power Units 11 and 12 of Moldavskaya SDPP with the ENTSO-E zone, thus boosting its electricity supplies to Romania and improving its export sales to other countries in the Balkan region. The supply under the "Antenna" project will reach at least 400 mW.

	PERFORMANCE INDICATOR	UOM	2011	2012	%
1	Installed capacity	mW	2,520	2,520	0.0%
2	Fuel type (structure of fuel mix)				
	Gas	%	97.3	99.0	1.7 pp
	Coal	%	2.4	0.8	-1.6 pp
	Fuel oil	%	0.3	0.2	-0.1 pp
3	Power generation PMR ¹	mln kWh	4,770	4,869	2.1%
4	Power generation within the Segment	mln kWh	4,255	4,375	2.8%
5	Segment share in power generation in the Country	%	93.3	89.6	-3.7 pp
6	Specific fuel equivalent consumption for power production	g/kWh	361.8	356.9	-1.4%
7	Installed capacity utilization factor	%	19.3%	19.8%	0.5 pp
8	Heat supply within PMR	k Gcal	1,659	1,644	-0.9%
9	Net delivery of heat for the Segment	k Gcal	97.3	94.9	-2.4%
10	Segment share in heat supply in the Country	%	6.0	5.7	-0.3 pp

¹ According to the data of the Pridnestrovian Moldavian Republic State Statistics Service for 2012.

		MOLDAVIA		
PERFORMANCE INDICATOR	UOM	2011	2012	2012/2011%
Revenue	mln RUB	5,506	6,484	18%
Share in the INTER RAO UES Group revenues	%	1%	1%	0 pp
Power and capacity purchase expenses	mln RUB	(122)	-	-100%
Power transmission expenses	mln RUB	(114)	(152)	33%
Fuel purchase expenses	mln RUB	(3,322)	(3,974)	20%
EBITDA	mln RUB	1,127	1,503	33%
EBITDA margin	%	20%	23%	3 pp
Share in INTER RAO UES Group EBITDA	%	3%	6%	3 pp

4.10. TURKEY SEGMENT

ABOUT THE SEGMENT

The Turkey Segment of INTER RAO UES Group is comprised of the Trakya Group and TGR Elektrik Energy Toptan Ticaret A.S. In December 2012 INTER RAO UES Group purchased a 90% stake in Trakya Elektrik Uretim Ve Ticaret A.S. The installed capacity of Trakya Elektrik plant is 478 mW, with two Siemens V 94.2 turbines (154 mW each) and a Siemens steam turbine (170 mW). Natural gas is mostly used as fuel. Moreover, liquid fuel can be utilized as an alternative resource. Trakya Elektrik Uretim Ve Ticaret A.S. commenced a new stage in its development after its acquisition by INTER RAO UES Group.

Trakya Elektrik Uretim Ve Ticaret A.S. is in Marmara Ereglisi, the fast-growing Turkish region, 100 km to the west of Istanbul.

The power plant operates under the BOT scheme (build, operate and transfer). A BOT contract is a concession agreement. Its duration is until 2019 and this term can be extended until 2046. The Company entered into a gas purchase contract with BOTAS, the Turkish state oil and gas pipeline operator, valid until 2014 with a possibility for extension. In addition, a power supply contract was

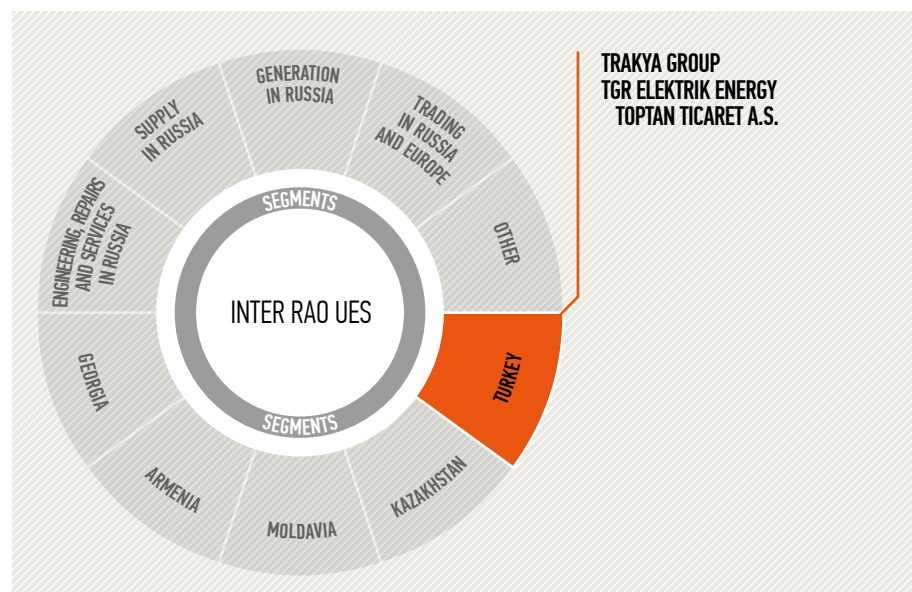
signed with TETAS, the Turkish state-owned power company, to remain effective until 2019 with possible renewal until 2046. The contractual obligations are secured with guarantees from the Turkish government. The existing contractual arrangements enable mitigation of electricity price volatility risks in the Turkish market and insure a guaranteed level of return on investments.

MARKET OVERVIEW

In 2012 total power consumption in Turkey was 241,900 gWh, with the peak capacity reaching 39 gW. The market share of Trakya Elektrik Uretim Ve Ticaret A.S. remained almost unchanged at 1.6%. The plants operated under the BOT scheme (including Trakya Elektrik Uretim Ve Ticaret A.S.) occupy as much as 5% of the market. Natural gas and coal are the principal fuels. The power transmission lines in Turkey have two voltage levels: 400 kV and 154 kV.

Pursuant to the existing regulations, the market is divided into the following segments: balancing power market, with financial settlements on per hour basis; day-ahead market; balancing power market; spot market. All of the power produced by Trakya Elektrik Uretim Ve Ticaret A.S. is sold subject to the terms and conditions of the existing long-term contract.

**IN DECEMBER 2012 INTER RAO UES GROUP
ACQUIRED A 90% STAKE IN TRAKYA ELEKTRIK
URETIM VE TICARET A.S.**



OPERATING RESULTS

In 2012, the total output of Trakya Elektrik Uretim Ve Ticaret A.S. was 3,836 mln kWh.

Gas and diesel fuel were used during 2012 at Trakya Elektrik Uretim Ve Ticaret A.S. for power generation. In 2012, the average gas price rose 19.6% compared to 2011. However, this price change did not affect economic efficiency, because pursuant to the existing contracts the fuel cost component represents only part of the tariff for the power produced.

The company's maintenance program is run under long-term agreements with Siemens Sanayi ve Ticaret A.Ş. and Siemens Aktiengesellschaft ("Siemens") effective until 2020.

	PERFORMANCE INDICATOR	UOM	2011	2012 (01.12. – 31.12.2012)	%
1	Installed capacity	mW	-	478	-
2	Fuel type (structure of fuel mix)		-		
	Gas	%	-	100.0	-
3	Power generation within the Country	mln kWh	-	241,900	
4	Power generation within the Segment	mln kWh	-	306	-
5	Segment share in power generation in the Country	%	-	0.1	
6	Specific fuel equivalent consumption for power production	g/kWh	-	269	-
7	Installed capacity utilization factor	%	-	98.1%	-

FINANCIAL RESULTS

PERFORMANCE INDICATOR	UNIT	TURKEY		
		2011	2012	2012/2011%
Revenue	mln RUB	342	1,665	387%
Share in INTER RAO UES Group revenues	%	0.1%	0.3%	0.2 pp
Operating expenses, to include				
Power and capacity purchase expenses	mln RUB	(278)	-	-100%
Fuel purchase expenses	mln RUB	-	(1,508)	100%
EBITDA	mln RUB	(1)	60	6100%
EBITDA margin	%	0%	4%	4 pp
Share in INTER RAO UES Group EBITDA	%	0.0%	0.2%	0.2 pp

DEVELOPMENT PROSPECTS

The Turkish market is one of INTER RAO UES strategic priorities for the Group's international development. A number of factors, above all, the Turkish economy and impressive power consumption growth rates, contribute to the market's attractiveness. The average annual increase since 2004 is 7%, and it is expected to further climb at 6.2% for the 2012-2020 period. The national power generation and distribution sectors are undergoing de-regulation and privatization processes, thus creating new opportunities to expand our market presence. The market potential is also determined by a number of major infrastructure projects scheduled for the near future.

Russia is the largest exporter to Turkey, supplying about 28-30 bln cub.m yearly, which can provide conditions for building, in the long term, a 'gas to power' chain and establishing strategic partnership relations between INTER RAO UES Group and Russian gas suppliers.

Among others, the company's development priorities for 2013 are as follows: restructuring the Trakya assets to improve the management efficiency; extending the gas supply contract with BOTAS and repurchase of a 10% minority stake in GAMA Group, subject to approval by the Ministry of Energy and Natural Resources of Turkey (which happened in May, 2013).

4.11. KAZAKHSTAN SEGMENT

ABOUT THE SEGMENT

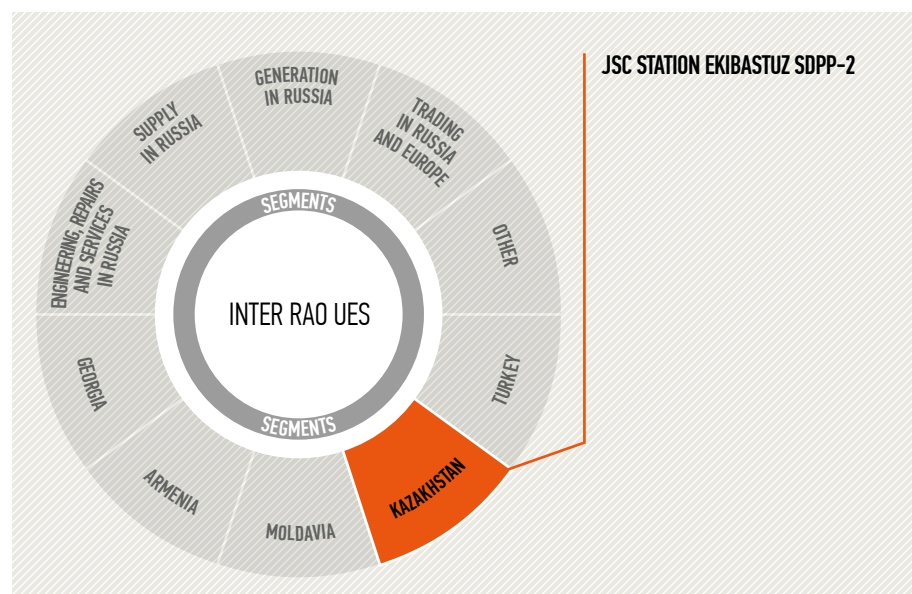
The Kazakhstan Segment consists of JSC Ekibastuz SDPP-2¹. INTER RAO UES Group holds 50% of the shares in JSC Ekibastuz SDPP-2 Power Station, the other 50% belonging to JSC Samruk Energo. The plant capacity is 1,000 mW. It operates two power units of 500 mW each. In July 2011 the construction project was launched for Power Unit 3 of Ekibastuz SDPP-2, with a designed capacity of at least 600 mW. Its commencement is scheduled for December 2015, which will enable the company to boost its production and expand market opportunities.

The plant is located on the eastern shore of Shandoksor Lake, 38 km to the north-east of Ekibastuz.

The availability of cheap coal contributes to high economic efficiency of the plant. Ekibastuz SDPP-2 was the first plant with boilers enabling the use of coals with up to 53% ash content. The company is operating licensed medium-speed MPS-2560 coal pulverizers combining the benefits of cost effectiveness and high performance.

¹ Accounted in IFRS using the equity method

EKIBASTUZ SDPP-2 PRODUCES 6 TO 7% OF THE AGGREGATE ANNUAL POWER OUTPUT IN KAZAKHSTAN.



MARKET OVERVIEW

Ekibastuz SDPP-2 produces 6 to 7% of the aggregate annual power output in Kazakhstan. In 2012 the company's share was 6.78%.

Currently there are about 70 power plants of various types operating in Kazakhstan, with an aggregate installed capacity of 20,000 mW. The major part of the power in the country is produced by 37 thermal power plants utilizing coal from Ekibastuz, Maikub, Turgai, and Karaganda basins. Kazakhstan also has significant hydraulic resources. Large thermal plants are national producers (Ekibastuz SDPP-2 is one of that list), along with high capacity hydro power plants.

The country's power market consists of two levels: wholesale electricity (capacity) and power market and regional retail power markets. In the wholesale market, power generation companies freely sell the produced power to wholesale buyers and the sale prices are subject to sale and purchase contracts between the buyer and the seller. Power grid companies supply electricity to consumers in the retail market. The grid company tariffs for power sales are established by the Kazakhstan Agency for Regulating Natural Monopolies. Part of power sold in the retail market is purchased by wholesale market intermediate buyers.

OPERATING RESULTS

Electric power output in 2012 grew by 3.7% due to the growth in demand. This increase in electric power production and sales during the past year resulted from low emergency work of power units and reduced outage time during non-scheduled maintenance. All the same, due to process reasons, the specific fuel equivalent consumption increased 1.1% in 2012.

The installed capacity utilization ratio improved by 3.4% in 2012 due to increased output. In 2012 heat sales scored a 7.3% increase owing to growing heat consumption by third party customers. The specific fuel equivalent consumption for heat production remained at the 2011 level.

Kazenergoresurs LLP and Central Asia LLP have no production facilities or power grids in their balance sheets.

	PERFORMANCE INDICATOR	UOM	2011	2012	%
1	Installed capacity	mW	1,000	1,000	0.0%
2	Fuel type (structure of fuel mix)				
	Coal	%	99.7	99.7	0 pp
	Fuel oil	%	0.3	0.3	0 pp
3	Power production within the Country	mln kWh	86,203	90,247	4.7%
4	Power production within the Segment	mln kWh	5,918	6,134	3.7%
5	Segment share in power generation in the Country	%	6.9	6.8	-0.1 pp
6	Specific fuel equivalent consumption for power production	g/kWh	368.1	372.2	1.1%
7	Installed capacity utilization factor	%	67.6%	69.8%	2.2 pp
8	Heat supply within the Country	k Gcal	95,803	97,987	2.3%
9	Net delivery of heat for the Segment	k Gcal	36	39	7.3%
10	Segment share in heat supply in the Country	%	0.04	0.04	0 pp
11	Specific fuel equivalent consumption for heat supply	kg/Gcal	194.6	195.9	0.7%

DEVELOPMENT PROSPECTS

JSC Ekibastuz SDPP-2 Power Station, jointly controlled by INTER RAO UES and JSC Samruk Energo, is one of the largest businesses in Kazakhstan's power industry. The company development directly depends on the national power industry trends.

The development potential for the industry and its companies is associated with its high importance for the national economy. Today, Kazakhstan's power industry is viewed as a balanced system "energy-economy-nature-society". The main objective of national policy in this area is to ensure sustainable development of power industry based on new high efficiency technologies, combined with steady reduction of energy intensity in Kazakhstan's GDP.

FINANCIAL RESULTS

In 2012 earnings in the Kazakhstan Segment dropped by 68% after the curtailing of power sales by Kazenergoresurs LLP and Central Asia LLP owing to enactment of the Law of Kazakhstan limiting the sales to direct power consumers. This adversely affected EBITDA.

As regards jointly controlled entities, the EBITDA growth rates in the Segment were notably connected with increased earnings from share participation in the Ekibastuz SDPP-2. The increase in EBITDA was also contributed to by larger revenue from power sales resulting from both price rises and production growth.

Overall EBITDA showed a 1% loss in 2012 against 2011. Positive influence of JSC Ekibastuz SDPP-2 dynamics was offset by the negative trend related to the EBITDA of Kazenergoresurs LLP and Central Asia LLP.

PERFORMANCE INDICATOR	UNIT	KAZAKHSTAN		
		2011	2012	2012/2011%
Revenue	mln RUB	751	238	-68%
Share in INTER RAO UES Group revenues	%	0.1%	0.0%	-0.1 pp
Power and capacity purchase expenses		(592)	(180)	-70%
Fuel purchase expenses		-	-	
Power transmission expenses	mln RUB	(69)	(37)	46%
Share in the profit/loss of jointly controlled companies	mln RUB	1,190	1,216	2%
EBITDA	mln RUB	1,249	1,233	-1%
EBITDA margin	%	166%	518%	352 pp
Share in EBITDA of INTER RAO UES Group	%	3%	5%	2 pp

The principal vectors of national power industry development are set forth in Kazakhstan's Electric Power Industry Development Program for 2010-2014 developed within the scope of the Strategic Development Plan for the Republic of Kazakhstan until 2020, as well as in the State Program for Accelerated Industrial and Innovation Development of Kazakhstan for 2010-2014.

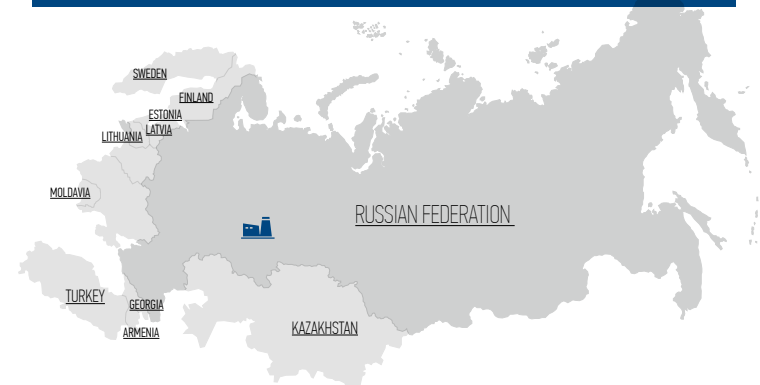
Construction of Power Unit 3 adds to the growth potential of Ekibastuz SDPP-2, enabling an increase of the plant capacity of more than 1.5 times.

2012 BASHKORTOSTAN

INTER RAO UES GROUP ACQUIRED 100% OF GENERATING ASSETS OF BASHKIRENERGO GROUP

ACQUISITION OF BASHKIR GENERATING ASSETS NOT ONLY ENABLED JSC INTER RAO UES TO ENTER THE PROMISING ENERGY MARKET OF THE REGION, BUT ALSO INCREASED THE INSTALLED CAPACITY OF THE GROUP BY 4.7 GW WHICH MADE IT POSSIBLE FOR INTER RAO UES TO BECOME THE THIRD POWER COMPANY IN RUSSIA IN TERMS OF INSTALLED CAPACITY (OVER 33.5 GW).

BASHKORTOSTAN GENERATION



LLC BASHKIR GENERATION COMPANY

KARMANOVSKAYA SDPP
(1,800 MW)

4 GAS-TURBINE MINI COMBINED HEAT
AND POWER PLANTS

3 GAS-PISTON MINI COMBINED HEAT
AND POWER PLANTS

10 THERMAL
POWER PLANTS

9 HYDROELECTRIC POWER PLANTS
(INCLUDING 7 SMALL HPPS)

INSTALLED ELECTRIC
CAPACITY 4,221 MW

INSTALLED THERMAL
CAPACITY 7,810.243 Gcal/h

LLC BASHRTS

EXTENT OF
THERMAL NETWORKS 889,463 route km

INSTALLED
ELECTRIC CAPACITY 24 MW

INSTALLED THERMAL
CAPACITY OF HOT WATER
AND THERMAL BOILERS 3600.99 Gcal/h

LLC PGU TPP-5

THE BEGINNING OF CONSTRUCTION: 2008

ACCORDING TO THE PROJECT
INSTALLED ELECTRIC
CAPACITY 440 MW

ACCORDING TO THE PROJECT
THE INSTALLED THERMAL
CAPACITY 290 Gcal/h

THE FIRST PLANTS AND ELECTRIC INSTALLATIONS IN RUSSIA WERE CONSTRUCTED AT THE END OF THE XIX CENTURY. AT THE SAME TIME THE FIRST PUBLIC STATIONARY ELECTRIC POWER PLANT IN UFA WAS PUT INTO OPERATION.

In the center of the town Gostiny dvor (shopping arcades), office buildings and houses belonging to favored citizens were located. Exactly here, on Aleksandrovskaya Street, Nikolay Konshin, a mining engineer, constructed a power plant in 1898 and the city power networks which were about 10 km long were built.

Before the revolution the power supply sources of Bashkiria steadily extended. Small power plants were constructed in the different cities and villages. In 1917 in Ufa alone, excluding the city power plant, over a dozen power plants and electric installations were in operation.



The next steps in the electrification of the republic were taken in the 1920s in the period of the New Economic Policy. In 1928 in the Bashkir ASSR, 23 power plants were in operation when the government made a decision about the construction of a new powerful station in the city of Ufa, which until 1940 was the largest in the republic and formed the key power supply sources for the development of industrial and cultural and general facilities of the capital of Bashkiria.

When the war began the industrial facilities of the country were moved to eastern areas. 172 production facilities, separate workshops and installations were evacuated to the territory of Bashkiria. During the war years 364 plants, factories, shops and businesses were put into operation, all of which needed additional electric power.

DURING THE WWII IN HARD CONDITIONS THE POWER SUPPLIERS SUCCESSFULLY INCREASED ELECTRICITY OUTPUT WITHIN A SHORT PERIOD OF TIME.

In the post-war years the energy potential of the republic grew considerably. New power plants were constructed; the transmission systems and heat networks were extended. By the early 1990s it was one of the largest power systems in the country. Over 40 large and medium-sized businesses employing about 30 thousand people were established. In 1992 the Bashkir power supply system was reincorporated as Open Joint-Stock Company Bashkirenergo.

As a result of the company reorganization in 2012 INTER RAO UES embraced some generation facilities (Bashkir Generation Company, service subsidiaries and thermal grids), Bashkirskie Raspredelitelnye Teplovye Seti (BashRTS) and PGU TPP-5.



BASHKORTOSTAN GENERATION

UFA

CHISHMY

BELAYA RIVER

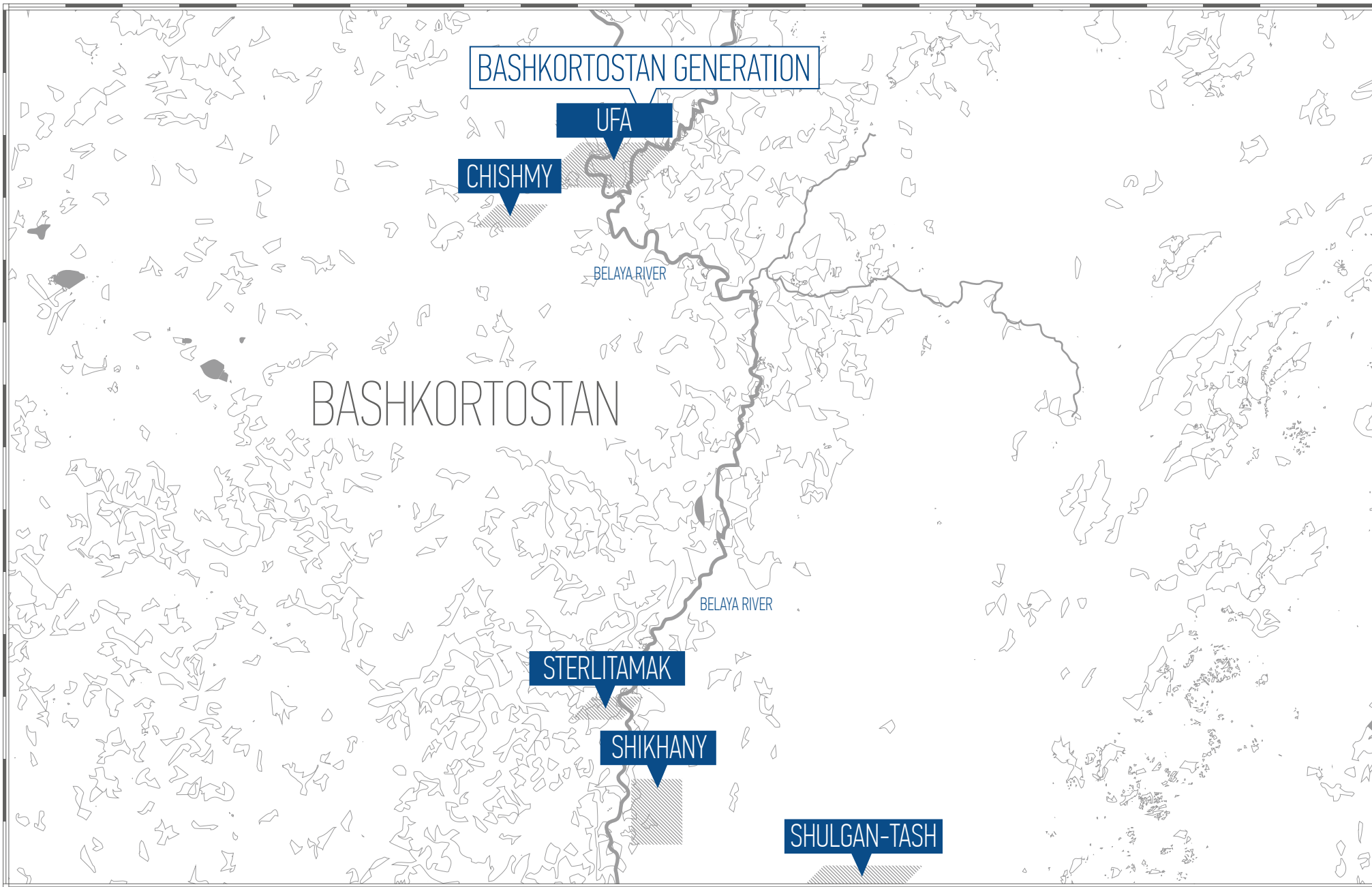
BASHKORTOSTAN

BELAYA RIVER

STERLITAMAK

SHIKHANY

SHULGAN-TASH



BASHKORTOSTAN

Ufa, the capital of Bashkortostan, is a large industrial, transport, sports, scientific and cultural center of Russia. Ufa has been chosen to host the SCO and BRICS summits in 2015, as well as a number of world sporting events. According to the integral rating of the 100 largest cities in Russia for 2012, Ufa takes the second place in terms of comfortable conditions for life, and according to Forbes rating for 2011, the city takes the second place by investment appeal.

AKSAKOV HOUSE-MUSEUM

Aksakov's memorial house-museum commemorates the memory of the great Russian writer, Aksakov, and of his childhood spent in Ufa. The museum is one of the oldest wooden buildings in the city.



NATIONAL MUSEUM OF BASHKORTOSTAN

One of the oldest museums in Russia, it was founded in 1864. Today the museum houses over one hundred thousand exhibits. The museum expositions are devoted to the nature, archeology, history and ethnography of the people of Bashkortostan.

SHULGAN-TASH

The Bashkir State Nature Reserve Shulgan-Tash is the only place on the planet where wild bees still live and honey from wild hives is still collected. There one can visit the Kapova cave known for rock paintings of the Paleolithic Age discovered in 1954.



MONUMENT TO SALAVAT YULAEV

The Salavat Yulaev monument in Ufa is the biggest equestrian statue in Europe. Its height is 9.8 meters, and it weighs 40 tonnes. The sculptural work is devoted to Salavat Yulaev, who is the national poet of Bashkortostan and the hero of the Peasants' war of 1773-1775. The monument was unveiled on November 17, 1967. The author of the monument, Soslanbek Tavasiev, worked on it for thirty years, and in 1970 he was awarded the USSR State Prize for this work.

MAUSOLEUM OF HUSSEIN-BEK

The burial place of Haji-Hussein-bek, the first imam (spiritual head of Muslims) in the territory of modern Bashkortostan. It has the status of a Muslim shrine. In 1393-94 Khan Tamerlane began his campaign against Rus. Soon he reached the Volga region where he plundered numerous lands, but Bashkirs received the Khan with honors and therefore avoided looting and death. Having come across the grave of Haji-Hussein-bek, Tamerlane erected a majestic tomb in his honor. It had been almost completely destroyed by the 18th century and restored again only in the early years of the 20th century.



SHIKHANY

Four isolated peaks: Tratau, Shakhtau, Uraktau and Kushtau, forming a narrow string, stretch over 20 kilometers along the Belaya river. These mountains are unique monuments of nature – the remains of a barrier reef that was part of the sea of the Permian Period.

The stones of these shikhany bear prints of the most ancient plants and animals.

5. CORPORATE GOVERNANCE

“The existing corporate governance system of INTER RAO UES is fully compliant with the legal requirements. The company’s management is striving to apply international standards and the best practices in this area. The Board of Directors and other managers constantly work to develop the corporate governance system of INTER RAO UES and its subsidiaries. Pursuant to the resolution of the Board of Directors, corporate governance improvement was recognized as one of the Company’s key strategic priorities.

It is noteworthy that in 2012 independent advisors were engaged to conduct the Company’s corporate governance assessment to develop recommendations for improvement and development of a comprehensive plan for its further enhancement.”

Ilnar Mirsiyapov

Member of the Management Board, Head of the Strategy and Investments Unit of JSC INTER RAO UES

5.1. CORPORATE GOVERNANCE SYSTEM AND PRINCIPLES

CORPORATE GOVERNANCE STRUCTURE OF INTER RAO UES
ENSURES EFFICIENT MANAGERIAL DECISION MAKING,
TRANSPARENCY OF OPERATIONS AND FINANCE, AND DUE
CONSIDERATION FOR SHAREHOLDERS’ RIGHTS AND INTERESTS.

Key principles of INTER RAO UES corporate governance (as defined by the Corporate Conduct Code of JSC INTER RAO UES, approved by the Board of Directors on April 23, 2008 (Minutes No 1 dated April 23, 2008))

- ▶ **Accountability.** The Code provides for accountability of the Company’s Board of Directors to all shareholders in accordance with the applicable laws and represents the guide for the Board of Directors in decision-making and supervision of the Company’s executive bodies.
- ▶ **Fairness.** The Company undertakes to protect the shareholders’ rights and ensure equal attitude to all shareholders. The Board of Directors ensures efficient protection for all shareholders whose rights are violated.
- ▶ **Transparency.** The Company provides timely disclosure of accurate information of all material facts concerning the Company’s operations, including its financial standing, social and environmental indices, operating results, Company property and management structure, as well as free access to such information for all parties concerned.
- ▶ **Responsibility.** The Company recognizes all legal rights of all concerned parties and strives to cooperate with such parties to ensure the Company’s development and financial stability.

The Company strives for continuous improvement of corporate governance methods and procedures to comply with the best international standards. In 2012, under the Loan Agreement with the EBRD, INTER RAO UES assumed the obligation to arrange development and approval of the 2013-2014 Corporate Development Action Plan. In 2012 to evaluate governance compliance of INTER RAO UES and its subsidiaries with the laws of the Russian Federation and best practices, a corporate governance assessment program was launched with the involvement of independent advisors. On commencement of the assessment program, the Board of Directors approved, for the first time, a Rotation Policy for the Company's external auditor establishing a transparent procedure for selection of the Company's external auditor, as well as regulating the issues of independence of external auditors and the audit team leader. In accordance with the document, the bidding procedures are conducted with active involvement of the Audit Committee.

The Corporate Development Action Plan based on the assessment results was approved by the Company's Board of Directors at their meeting on March 28, 2013.

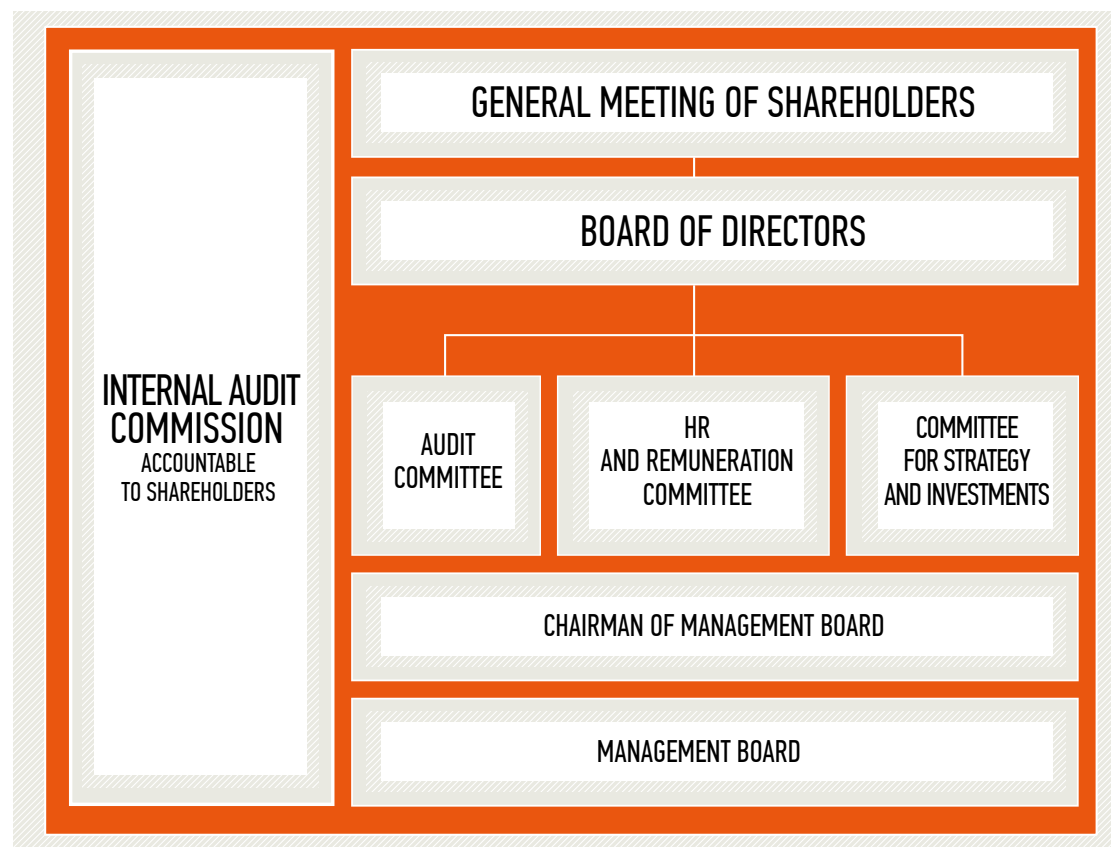
To review the texts of the Company's Charter and internal regulations please visit the Company's site:
<http://www.interrao.ru/investors/uprav/docs/>

DOCUMENTS REGULATING THE CORPORATE GOVERNANCE SYSTEM AND PRINCIPLES APPROVED /AMENDED IN 2012

DOCUMENT NAME AND DESCRIPTION	AMENDMENTS AND SUPPLEMENTS ADOPTED IN 2012
ARTICLES OF ASSOCIATION (CHARTER)	
<p>The Charter is the Company's constituent document. It includes information about the Company's legal status, purposes and types of activity, authorized capital, shareholders' rights, and contains the description of the Company's bodies, their competence and operational procedure.</p> <p>The current version of the Charter was approved on February 15, 2012 by the Extraordinary General Meeting of shareholders of INTER RAO UES (minutes No.10 dated February 17, 2012) and registered with Inter-district Inspectorate No.46 of the Federal Tax Service in Moscow on March 11, 2012.</p>	<p>As a result of the Company's reorganization in 2012, through takeover of OJSC OGK-1, OJSC OGK-3, OJSC INTER RAO Energy, INTER RAO Energy Asset and Bashenergoaktiv, the authorized capital of INTER RAO UES was increased; it reached 293,339,702,832.56769861 rubles. The number of shares authorized but not placed amounted to 7,234,112,847,330 shares.</p> <p>Pursuant to resolution of the Extraordinary General Meeting of shareholders dated April 26, 2012 and the Additional Security Issue Reports filed with the Federal Securities Market Commission of the Russian Federation on October 25, 2012 and December 6, 2012, relevant Charter amendments were registered with Inter-district Inspectorate No.46 of the Federal Tax Service in Moscow on December 4, 2012 and December 25, 2012.</p>
CORPORATE CODE OF CONDUCT	
<p>The Corporate Code of Conduct was approved by resolution of the Company's Board of Directors on October 18, 2011 (minutes No.50 dated October 21, 2011). The Code sets forth the principles, standards, and rules for corporate ethics whereby the Company is bound to abide. The Code's provisions are mandatory for the members of the Company's Board of Directors, Management Board, and Audit Commission, as well as for all INTER RAO UES employees regardless of their job positions.</p>	<p>On February 13, 2012 the Company's Board of Directors by its resolution (minutes No.59 dated February 16, 2012) adopted Amendments to the Corporate Code of Conduct providing for the obligation of all members of the Company's Board of Directors and Management Board to declare their revenues and liabilities subject to the procedure and time limits established by the HR and Remuneration Committee of the Company's Board of Directors.</p>
REGULATION ON REMUNERATION AND COMPENSATIONS TO MEMBERS OF THE BOARD OF DIRECTORS	
<p>In 2012, upon reorganization of INTER RAO UES, the number of the Company's shareholders grew significantly, exceeding 400,000. Both individuals and institutional investors, including banks, pension and investment funds are among its shareholders.</p> <p>To represent its shareholders and investors, the Company must comply with the generally accepted corporate governance practices, including the requirement that the Board of Directors should include an independent member.</p> <p>The new version of the Regulation on Remuneration and Compensation Paid to Members of the Board of Directors of INTER RAO UES is aimed to develop the role of independent directors and improve the motivation system for the Board of Directors.</p>	<p>Based on the analysis undertaken by INTER RAO UES with the respect to the practices applied to determine remuneration for work in the Board of Directors, the basic remuneration was increased from RUB 1.4 million to RUB 3 million.</p> <p>The special coefficient ratio was introduced for participation in joint meetings in the presence of the Board of Directors.</p> <p>The special coefficient ratio was introduced depending on term of appointment for each BoD member during the year.</p> <p>The introduced amendments provide for, inter alia, payment of remuneration in foreign currencies based on prevailing exchange rates established by the Bank of the Russian Federation.</p> <p>On June 25, 2012 the Annual General Meeting of Shareholders of INTER RAO UES (Minutes No.12 dated June 27, 2012) approved the revised Regulation on Remunerations and Compensations to Members of The Board of Directors of INTER RAO UES.</p>
REGULATION ON THE COMMITTEE FOR STRATEGY AND INVESTMENTS OF THE BOARD OF DIRECTORS	
<p>The revised version of the Regulation on the Committee for Strategy and Investments of the Board of Directors of INTER RAO UES was approved by resolution of the Company's Board of Directors dated July 12, 2012 (minutes No. 74 dated July 16, 2012) and sets forth the goals, functions, and the competence of the Committee, the procedures of its formation, rights and obligations of the Committee members, procedure for the Committee meetings and the procedure and amount of remuneration and compensation paid for the Committee members which are not members of the Board of Directors.</p>	<p>Additions (expansion) to the competence of the Committee for Strategy and Investments. The Committee's competence was expanded with the powers to issue recommendations to the Board of Directors for approval of transactions with the value exceeding 5% of the Company's book value of assets and Board of Directors recommendations to the Shareholders' Meeting regarding split-up and consolidation of shares.</p> <p>Introduced the office of Committee Deputy Chairperson. The Deputy Chairperson office was required to call and hold meetings where the Chairperson is absent.</p>
EXTERNAL AUDITOR ROTATION POLICY	
<p>The External Auditor Rotation Policy of INTER RAO UES governs the procedure and criteria for selection of the Company's auditor according to the selection results; procedure for auditor approval by the Company's Annual General Meeting of Shareholders; rules for rotation of audit team leaders.</p>	<p>The External Auditor Rotation Policy of INTER RAO UES was approved by resolution of the Company's Board of Directors dated November 29, 2012 (Minutes No.82 dated December 3, 2012).</p>

COMPANY MANAGEMENT BODIES

Pursuant to the Company's Charter, the Company Management Bodies include the General Meeting of Shareholders, Board of Directors, Management Board, and the Sole Executive body (Chairperson of the Management Board). The Audit Committee shall exercise control over the financial and economic activities of the Company.



The activities of the Board of Directors are provided by the committees, which are competent in developing recommendations, evaluating the efficiency of corporate governance procedures, and exercising other functions to maintain the high standard of activities conducted by the Board of Directors. All committees are accountable to the Board of Directors.

COMMITTEE NAME	COMMITTEE FUNCTIONS
Audit Committee	Develop recommendations to select an independent audit firm. Evaluate the auditor's opinion. Evaluate the efficiency of internal control procedures and make suggestions to improve them. Develop and submit recommendations (opinions) to the Board of Directors regarding the Company audit and statements.
HR and Remuneration Committee	Develop principles and criteria for determining the remuneration for the members of the Board of Directors, Management Board, and the person performing the functions of the sole executive body. Set the criteria to select the members of the Company's Board of Directors, Management Board, and the sole executive body. Make preliminary evaluation of the proposed candidates. Approve the target (adjusted) values of the Company's KPI and the relevant compliance reports. Other matters.
Strategy and Investment Committee	Develop and present to the Board of Directors recommendations on the following activities: <ul style="list-style-type: none"> — set the priorities, strategic goals, and key principles for the Company's strategic development; — improve the Company's investment attraction; — improve investment activities and make reasonable investment decisions.

5.2. SHAREHOLDERS' RIGHTS

INTER RAO UES Group places special emphasis on observance of its shareholder's rights and interests. Its interaction with shareholders is subject to the laws of the Russian Federation and the Company's Charter. In accordance with the Company's Charter, the shareholders holding common shares shall have the following rights:

- ▶ participate in the General Meeting of Shareholders with the right to vote on all the matters within his/her competence, personally or through a proxy;
- ▶ elect and be elected to management bodies and supervising bodies of the Company, subject to the procedure established by the laws of the Russian Federation and the Company's Charter;
- ▶ dispose of their shares without consent from other shareholders or the Company;
- ▶ receive a part of net profit (dividends) subject to distribution between the shareholders, subject to the procedure provided for by the laws of the Russian Federation and the Company's Charter;
- ▶ access the documents of the Company, subject to the procedure provided for by the laws of the Russian Federation and the Company's Charter;
- ▶ demand from the Company to repurchase all or a part of his/her shares in cases provided for by the laws of the Russian Federation;
- ▶ preemption right, when the Company provides an open subscription, to purchase additional shares and equity securities convertible into shares, pro rata to the amount of shares of the relevant category (type) held by such shareholder;
- ▶ receive a part of the Company's property (its liquidation value) subject to the procedure provided for by the laws of the Russian Federation and the Company's Charter;
- ▶ exercise other rights as provided for by the laws of the Russian Federation, Charter, and resolutions of the General Meeting of Shareholders.

A dedicated hotline service was established for the Company's shareholders (8 (800) 700-03-70, toll free in the Russian Federation).

All entities of the Group conduct activities to the benefit of the Company's shareholders. In 2012, within the reorganization process, the Company and its subsidiaries met the demands of minority shareholders of INTER RAO UES, OGK-1 and OGK-3 to redeem the shares that voted against reorganization or failed to vote on such matter for the aggregate amount of RUB 11.7 bln. The rest of shareholders in the subsidiaries involved in reorganization became the Company's shareholders purchasing liquid financial instruments through conversion.

Moreover, in 2012 INTER RAO UES Group in pursuance of the strategy approved by the Board of Directors redeemed, subject to the provisions of Chapter XI.1 of the Federal Company Law, up to 100% of shares in OJSC Petersburg Supply Company and OJSC TGK-11 from minority shareholders at a fair market value.

On October 31, 2012, the HR and Remuneration Committee approved the selection criteria for membership in the Board of Directors in 2013, intended to inform the shareholders about expectations regarding the proposed candidates.

5.3. GENERAL MEETING OF SHAREHOLDERS

The supreme management body of the Company is the General Meeting of Shareholders. The scope of competence the General Meeting of Shareholders, time, procedure for convocation and holding of meetings, types of meetings are defined in the Federal Law "On Joint-Stock Companies", the Charter, the Procedure for Convocation and Holding of Meetings of the General Meeting of Shareholders.

The General Meeting of Shareholders enables shareholders to exercise their right for participation in the Company management through approval of resolutions on the important issues related to the Company's business. The Board of Directors, executive bodies, Internal Audit Commission are accountable to the General Meeting of Shareholders.

The annual General Meeting of Shareholders in the form of joint presence (in presentio) of the meeting members is convened by the Board of Directors and held at least once a year. The meeting considers the issues relating to the election of members of the Board of Directors, the Internal Audit Commission, approval of the Company's Auditor, approval of the following documents submitted by the Company's Board of Directors: the annual report of the Company, the annual accounting statements, including the income statements (profit and loss accounts) of the Company, as well as distribution of profit (including dividend payment (declaration), except for the profit distributed in the form of dividends in accordance with the results of the first quarter, half year, 9 months of the relevant financial year) and losses of the Company in accordance with the yearly financial results.

The shareholders meetings held outside the regular timetable of annual meetings are extraordinary meetings of shareholders. Such extraordinary meetings are held pursuant to the decision of the Company's Board of Directors on its own initiative, subject to the request of the Company's Internal Audit Commission, the Auditor of the Company, and subject to the request of the shareholder (shareholders) owning at least 10 percent of the Company's voting shares. The issues submitted for review by the extraordinary General Meeting of Shareholders are formulated in the request for calling such extraordinary meeting.

INFORMATION ABOUT THE GENERAL MEETING OF SHAREHOLDERS HELD IN 2012

THE MEETING CATEGORY (ANNUAL / EXTRAORDINARY MEETING)	DATE OF THE MEETING	FORM OF THE MEETING	VENUE OF THE MEETING (HELD IN PRESENTIO)	DATE AND NUMBER OF THE MEETING MINUTES
The extraordinary meeting	15-Feb-2012	in presentio	Moscow, Europe Square 2, Radisson Slavyanskaya Hotel, Conference hall	17-Feb-2012, № 10
The extraordinary meeting	26-Apr-2012	absentee voting	-	28-Apr-2012, № 11
The annual meeting	25-June-2012	in presentio	Moscow, Krasnopresnenskaya nab., 12 (International Business Center), entrance 4, floor 2, Amphitheater hall	27-June 2012, № 12

The agenda of the Company's Annual General Meeting of Shareholders held on June 25, 2012 included the following issues:

- ▶ approval of the annual report of the Company;
- ▶ approval of the annual accounting statements, including the income statements (profit and loss accounts) of the Company;
- ▶ distribution of profit (including payment (declaration) of dividends) and losses of INTER RAO UES in accordance with the results of the 2011 financial year;
- ▶ payment of remuneration to the members of the Board of Directors for their work in the Board of Directors: the remuneration for non-government employees is determined in accordance with the internal documents of the Company;
- ▶ payment of additional remuneration to the members of the Company's Internal Audit Commission;
- ▶ election of the members of the Company's Board of Directors;
- ▶ election of the members of the Company's Internal Audit Commission;
- ▶ approval of the Company's Auditor;
- ▶ approval of the revised version of the Regulation on Remuneration and Compensation Paid to the Board of Directors of INTER RAO UES;
- ▶ determination of value (money value) of services purchased by INTER RAO UES subject to liability insurance contracts for directors, officers and corporate entities, entered into between INTER RAO UES and SOGAS;
- ▶ approval of related-party transactions.

The extraordinary meetings held in 2012 adopted the resolutions of priority importance for INTER RAO UES Group. On February 15, 2012, the General Meeting of Shareholders elected Ferdinando Beccalli-Falco to the members of the Board of Directors: a candidate complying with the independence requirements established by Corporate Governance Code of the United Kingdom. The extraordinary meetings held on April 26, 2012 approved the decisions on the Company's restructuring in the form of takeover of OGK-1, OGK-3 and other companies within the restructuring process completed in late 2012.

More details about the Company's meeting of shareholders held in 2012 is available on the company's website: <http://www.interrao.ru/investors/meetings/>

5.4. BOARD OF DIRECTORS

The operating procedures of the Board of Directors are regulated by the Russian law and the Company's internal regulations. The Board of Directors operates in compliance with the Board of Directors Work Plan. The Plan for the corporate year 2012-2013 was approved by the Board of Directors' Resolution dated August 31, 2012 (Minutes No 77 dated September 3, 2012). The Board's scope of operations includes review of the most critical areas, such as:

- ▶ determination of the Company's key lines of business;
- ▶ review and approval of the Company's strategy;
- ▶ review and approval of the Company's risk management policy;
- ▶ approval of remuneration plans for the members of the Management Board;
- ▶ approval of non-standard transactions;
- ▶ making decisions on key corporate actions;
- ▶ defining the Company's position on key operations of the Company's subsidiaries and affiliates.

Virtually any issue to be submitted to the Board of Directors for approval is to be pre-reviewed by the Management Board to define the Company's perspective on the issue. Some issues pertaining to the competence of the Committees of the Board of Directors shall be pre-reviewed by relevant committees.

Members of the Company's Board of Directors are elected on an annual basis by the annual General Meeting of Shareholders through cumulative voting of 11 people. No member of the Board of Directors is limited in terms of the time he/she can serve as a Board member. Nomination procedure is regulated by the Federal Law "On Joint-Stock Companies". Constantly striving to improve its corporate

governance, the Company adheres to not only legislative requirements, but also to the best international practices to ensure the best combination of professional skills, expertise and experience on the Board. The company also retains a commitment to diversity. An example to illustrate this is the election of Natalia Khanzhenkova, a female representative of the EBRD to the Strategy and Investments Committee in 2012.

The Human Resources and Remuneration Committee's Resolution dated October 31, 2012 (Minutes No 38) approved the criteria for selecting candidates to the Company's Board of Directors, including, among others, Board member independency criteria. The established criteria fully comply with the UK Corporate Governance Code and the Regulation "On Managing Federally Owned Joint-Stock Companies' Shares and Exercising Special Right to Russia's 'Golden Share' Participation in Joint-Stock Companies" approved by the Russian Government's Ordinance No 738 dated December 3, 2004 (Management Regulation). Management's regulatory requirements are sometimes even more stringent than those of the UK Corporate Governance Code.

Once candidates have been nominated to the Board of Directors, Human Resources and Remuneration Committee checks their compliance with the established criteria. In 2013, for the purposes of this Annual Report the Human Resources and Remuneration Committee checked compliance of JSC INTER RAO UES Board members with the criteria for independence of directors (Minutes No 454 dated April 11, 2013).

BOARD COMPOSITION



Beccalli-Falco, Ferdinando

Born: 1949

First elected to the Company's Board of Directors on February 15, 2012

President and Chief Executive Officer, General Electric (GE) Europe and Northern Asia. Chief Executive Officer, GE Germany.

Ferdinando Beccalli-Falco holds top management positions in Emmanuel Center Stiftung, Germany (Board member); GE Foundation (Board member); Junior Achievement Young Enterprise (Board member). Nissan Motor Company Ltd. – Advisory Council of Suppliers (2006–2009); Singapore Economic Development Council — International Advisory Council (2008–2011); Trilateral Commission; The Center for European Policy Studies (CEPS) – member of the Board of Directors; International Advisor of Bocconi University, Milan; International Advisor to Prime Minister Raffarin of France (1994–1995); International Advisor to the Finance Minister of Poland (1995).

In 2007, the President of Italy, Giorgio Napolitano, appointed Mr. Beccalli "Cavaliere del Lavoro". In 2009, the President of France, Nicholas Sarkozy, awarded Mr. Beccalli "La Légion d'Honneur".

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education

Ferdinando Beccalli-Falco holds a degree in chemical engineering from Turin Polytechnic Institute, Italy.

Exposure to Strategic Management

In January 2011, Ferdinando Beccalli-Falco was appointed President and Chief Executive Officer of GE Europe and Northern Asia and Chief Executive Officer of GE Germany. He is responsible for strengthening GE's positions in developed markets outside of the USA, for client and government relations management, and for developing new business markets. Ferdinando Beccalli-Falco is also responsible for developing and implementing the One GE approach in Germany. Before, he was President and Chief Executive Director of GE International. When in that position, Ferdinando Beccalli-Falco was for more than nine years in charge of managing the international staff of GE. Prior to that, he held top management positions in the business units of GE Capital and GE Plastics in the USA, the Netherlands and Japan.

Experience of sitting on Boards of Directors or holding top positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), including positions in global companies

In 2001–2010, he was President and Chief Executive Director of GE International. Since February 2012 Ferdinando Beccalli-Falco has been a member of JSC INTER RAO UES Board of Directors.

Ferdinando Beccalli-Falco is an independent director as defined by the independence criteria established by the UK Corporate Governance Code, the criteria established by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board of Directors on October 31, 2012 (Minutes No 38), and as defined by the Corporate Conduct Code recommended by the Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS

PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors
2011	Present	GE Germany	Chief Executive Officer
2011	Present	GE Europe	President and Chief Executive Officer
2001	2010	GE International	President and Chief Executive Officer

No JSC INTER RAO UES shares owned.



Budargin, Oleg Mikhaylovich

Born: 1960

First elected to the Company's Board of Directors on August 31, 2011

Chairman of the Management Board, member of the Board of Directors of OJSC FGC of UES.

Member of the Human Resources and Remuneration Committee and Audit Committee of the Board of Directors of JSC INTER RAO UES.

Between 1984 and 2000 Oleg Budargin worked for the Norilsk Mining and Metallurgical Combined Plant, where progressed his career from unit foreman to Deputy General Director for HR. During his service as Mayor of Norilsk and later as Governor of Taimyr (Dolgano-Nenetsk) Autonomous District (2000–2007), the incomes of public sector workers were increased almost threefold, trade turnover doubled and quality of medical services improved greatly.

After the Taimyr Autonomous District, Evenkiyskiy Autonomous District and Krasnoyarsk Territory united into one constituent entity of Russia in 2007 Oleg Budargin was appointed Assistant to the Representative of the President of Russia in the Siberian Federal District and served in that position until he moved to OJSC FGC of UES in 2009. Currently, he heads Boards of Directors in a number of large energy companies, such as Open Joint-Stock Company of Kuban for Power and Electrification.

Since 2011 Oleg Budargin has been a member of the Supervisory Board of OJSC All-Russian Regions Development Bank.

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education Degrees/Diplomas

1982: graduated from Norilsk Industrial Institute, major in Industrial and Civil Construction; qualification: civil engineer.

Exposure to finance

Candidate of Economic Sciences. In 2005, Oleg Budargin received a Letter of Acknowledgement from the President of the Russian Federation for his merits related to the social and economic development of the Taimyr (Dolgano-Nenetsk) Autonomous District.

Exposure to electric power sector and strategic management

Member of the Committee of the President of the Russian Federation for strategic development of the fuel and energy sector and environmental security and also Chairman of the Supervisory Board of the Non-Commercial Partnership "Association of Solar Energy Companies".

2012: Decree No 859 of the President of Russia dated June 15, 2012 awarded Mr. Budargin the title "Honorable Power Engineer of the Russian Federation"; Mr. Budargin was also awarded with the Order of Honor, medal of the Order of Service to the Motherland, Class II, as well as some other awards.

Experience of sitting on Boards of Directors or holding top positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), including positions in global companies

Mr. Budargin heads boards of directors in the following public energy companies: OJSC Interregional Distribution Grid Company of Siberia, OJSC Moscow United Electric Grid Company. Mr. Budargin is a member of the Board of Directors of JSC INTER RAO UES and Chairman of the Management Board of OJSC Interregional Distribution Grid Companies Holding. Since 2009 he heads OJSC Federal Grid Company of the United Energy System.

Apart from membership in the Board of Directors of JSC INTER RAO UES, Oleg Budargin sits on boards of other companies, including OJSC FGC of UES. As the total value of transactions between OJSC FGC of UES and JSC INTER RAO UES in 2011 exceeded 10 % of the balance sheet value of JSC INTER RAO UES assets, and as Oleg Budargin is a representative of a major shareholder, he cannot be recognized as an independent director as defined by The UK Corporate Governance Code and the criteria approved by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board on October 31, 2012 (Minutes No 38).

Oleg Budargin is an independent director as defined by the Corporate Conduct Code recommended by the Russian Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

No JSC INTER RAO UES shares owned.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS			
PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Open Joint-Stock Company "Interregional Distribution Grid Companies Holding"	Chairman of the Management Board
2012	Present	Open Joint-Stock Company of Kuban for Power and Electrification	Chairman of the Board of Directors
2012	Present	Open Joint-Stock Company "Interregional Distribution Grid Company of Siberia"	Chairman of the Board of Directors
2012	Present	Open Joint-Stock Company "Moscow United Electric Grid Company"	Chairman of the Board of Directors
2011	Present	Non-commercial Partnership "Association of Solar Energy Companies"	Chairman of the Supervisory Board
2011	Present	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors
2011	Present	Open Joint-Stock Company "All-Russian Regions Development Bank"	Member of the Supervisory Board
2010	Present	Open Joint-Stock Company "Federal Grid Company of the United Energy System"	Member of the Board of Directors
10.2009	Present	Open Joint-Stock Company "Federal Grid Company of the United Energy System"	Chairman of the Management Board
07.2009	10.2009	Open Joint-Stock Company "Federal Grid Company of the United Energy System"	Acting Chairman of the Management Board
2007	2009	Siberian Federal District	Assistant to the Plenipotentiary Representative of the President of the Russian Federation in the Siberian Federal District
2003	2007	Taimyr (Dolgano-Nenetsk) Autonomous District	Governor



Dmitriev, Vladimir Aleksandrovich

Born: 1953

First elected to the Company's Board of Directors on June 25, 2008. Member of the Board of Directors until October 23, 2008. Re-elected as member of the Board of Directors on June 25, 2010

Chairman of State Corporation "Bank for Development and Foreign Economic Affairs" (Vnesheconombank).

In 1975-1979 Vladimir Dmitriev worked as an engineer in the State Committee for Foreign Economic Relations of the USSR's Council of Ministers. Subsequent positions include, in 1979-1986: Attaché, Third Secretary of the USSR Ministry of Foreign Affairs Department. In 1986-1987: researcher in the Institute for World Economy and International Relations at the Academy of Science of USSR. In 1987-1992: Second, then First Secretary of the Soviet Embassy of the USSR Ministry of Foreign Affairs. In 1992-1993: First Secretary of the Soviet Embassy of the USSR Ministry of Foreign Affairs. In 1993-1997: Deputy Head, then Head of Department in the Ministry of Finance of the Russian Federation.

1997: appointed First Deputy Chairman of Vnesheconombank of the USSR. In 2002-2004: Vladimir Dmitriev held the position of Deputy President and Chairman of the Board of Vneshtorgbank OJSC; in 2004-2007 — Chairman of Vneshtorgbank of the USSR. In June 2007, works in the capacity of Chairman of State Corporation "Bank for Development and Foreign Economic Affairs" (Vnesheconombank). Mr. Dmitriev is also a member of the Board of Trustees of the Skolkovo Foundation, a Board member and a Management Board member of the All-Russian Employers' Association "Russian Union of Industrialists and Entrepreneurs" and the All-Russian Public Organization "Russian Union of Industrialists and Entrepreneurs".

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education Degrees/Diplomas

1975: graduated from the Moscow Financial Institute, majoring in International Economic Relations. Associate of the Russian Academy of Natural Sciences.

Exposure to finance and investments

Doctor of Economic Sciences. Mr. Dmitriev is a renowned expert in economics and management which he extraordinarily demonstrated when implementing anti-crisis measures of the Russian Government and Central Bank in 2008-2009. For his great contribution to the development of the Russian financial and banking system, many years and good-faith work he was awarded with the Order of Alexander Nevsky, Order of Service to the Motherland Class IV, Order of Honor, Honorary Award Badge of the Association of Russian Banks "For Service to the Bank Community". He also has other awards as well as Letters of Acknowledgement from the President and Government of the Russian Federation.

Experience in sitting on boards of directors or holding other top management positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), including positions in global companies

Since 2010: a member of the Board of Directors of JSC INTER RAO UES, also a Board member in other public companies, including OJSC ROSNANO, OJSC United Aircraft Corporation and OJSC KAMAZ.

As the total value of transactions between Vnesheconombank and JSC INTER RAO UES in 2010 exceeded 10 % of the balance sheet value of JSC INTER RAO UES assets, Vladimir Dmitriev cannot be recognized as an independent director as defined by The UK Corporate Governance Code and the criteria approved by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board on October 31, 2012 (Minutes No 38).

Vladimir Dmitriev jointly with Boris Kovalchuk, another member of the Board of Directors of JSC INTER RAO UES, are Management Board members of the All-Russian Employers' Association "Russian Union of Industrialists and Entrepreneurs" and the All-Russian Public Organization "Russian Union of Industrialists and Entrepreneurs". However, as the said organizations are non-commercial, this fact is not taken into account when declaring independency of this Board member.

Vladimir Dmitriev is an independent director as defined by the Corporate Conduct Code recommended by the Russian Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

No JSC INTER RAO UES shares owned.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS			
PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Limited Liability Company Management Company of RFPI	Member of the Supervisory Board
2011	Present	Open Joint-Stock Company "Far East and Baikal Region Development Foundation"	Chairman of the Board of Directors
2011	Present	Open Joint-Stock Company "Russian Agency for Insuring Export Credits and Investments"	Member of the Board of Directors
2011	Present	Autonomous Non-commercial Organization "Agency for Strategic Initiatives for New Projects Promotion"	Member of the Supervisory Board
2011	Present	Non-commercial Fund "Analytical Center "Forum"	Member of the Board of Trustees
2011	Present	Autonomous Non-commercial Organization "Organizational Committee Russia-2018"	Member of the Supervisory Board
2010	Present	Open Joint-Stock Company "Northern Caucasus Development Corporation"	Chairman of the Board of Directors
2010	Present	Open Joint-Stock Company KAMAZ	Member of the Board of Directors
06.2010 03.2008	Present 10.2008	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors
2009	Present	Limited Liability Company "Investment Company of Vnesheconombank" (VEB Capital)	Chairman of the Supervisory Board
2009	Present	Public Organization "All-Russian Volleyball Federation"	Member of the Supervisory Board
2009	Present	Public Joint-Stock Company "Joint-Stock Commercial Industry and Investment Bank"	Chairman of the Supervisory Board
2009	Present	Closed Joint-Stock Company "Commercial Bank "GLOBEX"	Chairman of the Board of Directors
2008	Present	Federal Residential Construction Development Fund	Member of the Board of Trustees
2008	Present	Joint Limited Liability Company "Minsk-City"	Member of the Supervisory Board
2008	Present	Open Joint-Stock Company "United Ship Building Corporation"	Member of the Board of Directors
2008	Present	Open Joint-Stock Company "United Aircraft Corporation"	Chairman of the Board of Directors
2008	Present	Federal Residential Construction Development Fund	Member of the Board of Trustees
2008	Present	All-Russian Organization "Union of Russian Machine Builders"	Member of the Central Council, member of the Central Council Bureau
2008	2012	Open Joint-Stock Company "Aeroflot – Russian Airlines"	Member of the Board of Directors
2008	2009	Open Joint-Stock Company "Sheremetyevo International Airport"	Member of the Board of Directors
2008	2009	Non-commercial organization "Bicycling Development Fund"	Member of the Board of Trustees
2007	Present	Open Joint-Stock Company "ROSNANO" (until March 11, 2011 – State Corporation "Russian Nanotechnology Corporation"	Member of the Board of Directors
2007	Present	State Corporation "Bank for Development and Foreign Economic Relations" (Vnesheconombank)	Chairman of Vnesheconombank
2007	Present	Non-commercial Organization "Support Foundation of the Governor of the Sverdlovsk Region"	Foundation Management Board member
2006	Present	All-Russian Employers' Association Russian Union of Industrialists and Entrepreneurs	Management Board member, a member of the Management Board Bureau – since April 15, 2010
2006	2010	Non-commercial Partnership for Assistance to Cooperation between Country Members of CIS "Financial-Banking Council"	Coordination Council member
2006	2009	Open Joint-Stock Company "Stroytransgaz"	Member of the Board of Directors
2006	Present	All-Russian Public Association Russian Union of Industrialists and Entrepreneurs	Management Board member, member of the Management Board Bureau - since April 15, 2010
2005	Present	Autonomous Non-Commercial Organization "Russian-Arab Business Council"	Coordination Council member
2004	Present	Non-Commercial Non-State Pension Fund of Vnesheconombank "Vnesheconomfund"	Foundation Council member
2004	2012	Non-Commercial Organization (Association) "Italian-Russian Trade Chamber"	Administrative Council member
2004	2011	Open Joint-Stock Company "NOVATEK"	Member of the Board of Directors



Kovalchuk, Boris Yuryevich

Born: 1977

First elected to the Company's Board of Directors on June 25, 2009

Chairman of the Management Board of JSC INTER RAO UES.

In 2009 Boris Kovalchuk served as Acting Chairman of Board and since 2010 he holds the position of the Management Board Chairman of JSC INTER RAO UES, also being a member of the Company's Board of Directors.

In 2006-2009, he assisted the Front Office of the First Deputy Chairman of the Russian Government, being Director of the National Priority Projects Department of the Russian Government.

In 2009 he worked as Deputy General Director for Development in the State Atomic Energy Corporation Rosatom.

Since 2010 Mr. Kovalchuk has been a Management Board member in the All-Russian Employers' Association "Russian Union of Industrialists and Entrepreneurs" and the All-Russian Public Association "Russian Union of Industrialists and Entrepreneurs".

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education Degrees/Diplomas

1999: graduated from Saint Petersburg State University, major in Law.

Exposure to law

In 1999-2006 Mr. Kovalchuk worked as a legal advisor in the Federal State Unitary Enterprise (FSUE) TsNII Granite.

Exposure to the electric power sector

Mr. Kovalchuk is awarded with the title 'Honorable Power Engineer' and the Order of Honor. Boris Kovalchuk heads Boards of Directors in the following large energy companies: CJSC Kambaratinskaya HPP-1, OJSC Mosenergosbyt, also being a Board member in such power sector companies as OJSC Center for Financial Settlements, OJSC Petersburg Supply Company.

Experienced in sitting on board of directors or holding other top management positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), including positions in global companies

Mr. Kovalchuk heads the Board of Directors of OJSC Mosenergosbyt; he is also a Board member in the following large public companies: OJSC FGC of UES, OJSC Irkutskenergo and JSC INTER RAO UES*. He previously held the position of the Chairman of Board in OJSC Tambov Power Supply Company and the position of a Board member in OJSC Saratovenergo, OJSC OGK-1 and OJSC OGK-3.

As Boris Kovalchuk is the Chairman of the Management Board of JSC INTER RAO UES and a representative of the Russian Federation, he cannot be recognized as an independent director as defined by the independency criteria established by the UK Corporate Governance Code, the criteria approved by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board on October 31, 2012 (Minutes No 38), and as defined by the Corporate Conduct Code recommended by the Russian Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

Boris Kovalchuk is an executive director of the Company.

No JSC INTER RAO UES shares owned.

* Mr. Kovalchuk was a member of the Board of Directors of OJSC RusHydro till April 19, 2013.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS			
PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Open Joint-Stock Company "Federal Grid Company of the United Energy System"	Member of the Board of Directors
2010	2013	Open Joint-Stock Company "United Energy Supply Company"	Member of the Board of Directors
2010	2011		Chairman of the Board of Directors
2011	Present	Open Joint-Stock Company All-Russian Regions Development Bank	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Center for Financial Settlements	Member of the Board of Directors
2011	2012	Open Joint-Stock Company "The Third Generation Company of the Wholesale Electric Power Market"	Member of the Board of Directors
2011	2011	Limited Liability Company INTER RAO – Management of Electric Power Plants	Chairman of the Board of Directors
2010	Present	Closed Joint-Stock Company Kambaratinskaya Hydro Power Plant -1	Chairman of the Board of Directors
2010	Present	All-Russian Employers' Association "Russian Union of Industrialists and Entrepreneurs"	Board member
2010	Present	All-Russian Public Association "Russian Union of Industrialists and Entrepreneurs"	Board member
2011	Present	Open Joint-Stock Company "Petersburg Supply Company"	Chairman of the Board of Directors
2010	Present		Member of the Board of Directors
2010	Present	Open Joint-Stock Company Mosenergosbyt	Chairman of the Board of Directors
2010	Present	Limited Liability Company INTERRAO-WorleyParsons	Member of the Board of Directors
2010	2013	Open Joint-Stock Company "Federal Hydro Generation Company "RusHydro"	Member of the Board of Directors
2010	Present	Open Joint-Stock Company INTER RAO UES	Chairman of the Management Board
2010	Present	Irkutsk Open Joint-Stock Company for Power and Electrification "Irkutskenergo"	Member of the Board of Directors
2010	2012	Open Joint-Stock Company "The First Generation Company of the Wholesale Electricity Market"	Chairman of the Board of Directors
2009	2012		Member of the Board of Directors
2010	2012	Open Joint-Stock Company Saratovenergo	Member of the Board of Directors
2010	2011	Open Joint-Stock Company Tambov Power Supply Company	Chairman of the Board of Directors
2010	2011	Open Joint-Stock Company Altaienergosbyt	Chairman of the Board of Directors
2010	2011	Open Joint-Stock Company Trading System Administrator of the Electric Energy Wholesale Market	Member of the Board of Directors
2010	Present	Open Joint-Stock Company INTER RAO UES	Chairman of the Management Board
2009	2010		Acting Chairman of the Management Board
2009	Present		Member of the Board of Directors
2009	2009	State Atomic Energy Corporation Rosatom	Deputy General Director for Development
2006	2009	Office of the Government of the Russian Federation	Director of the National Priority Projects Department



Kravchenko, Vyacheslav Mikhaylovich

Born: 1967

First elected to the Company's Board of Directors on October 23, 2008

Chairman of the Management Board of NP Market Council

Member of the Audit Committee and Strategy and Investments Committee of the JSC INTER RAO UES Board.

Mr. Kravchenko is a renowned expert in the electric energy sector. He is an experienced public and private energy sectors expert.

From 1993 to 1998 he held various positions in JSC Russian Energy Company. In 1998-2001: Head of Compliance, Federal Energy Commission of the Russian Federation. In 2001-2004: Head of the Natural Monopolies Restructuring Department of the Ministry for Economic Development of Russia. From 2004 to 2008: employed by the Ministry of Industry and Energy of the Russian Federation. His last held position is Director of the Electric Energy Department. From 2008 to 2010: General Director of LLC RN-Energo. From 2010 to 2012 Vyacheslav Kravchenko served as General Director of OJSC United Energy Supply Company.

Since 2012: Chairman of the Management Board of NP Market Council, Board Chairman of OJSC Trading System Administrator.

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education Degrees/Diplomas

In 1995: graduated from Lomonosov Moscow State University, major in Law.

Legal exposure

In 1998-2001: Vyacheslav Kravchenko was Head of Compliance Department of the Federal Energy Commission of the Russian Federation.

Exposure to the electric power sector

Mr. Kravchenko is present on the board of various major public sector energy companies and holds managerial positions in such energy backbone companies as OJSC System Operator of the Unified Energy System, OJSC Trading System Administrator of the Electric Energy Wholesale Market and CJSC Center for Financial Settlements.

Experienced in sitting on boards of directors or holding other top management positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), including positions in global companies

Mr. Kravchenko is a Board member of the following large public companies in the energy sector: OJSC Interregional Distribution Grid Companies Holding, OJSC Federal Grid Company of the United Energy System and JSC INTER RAO UES.

Mr. Kravchenko was previously a Board member for OJSC Tambov Power Supply Company, OJSC Saratovenergo and OJSC Mosenergosbyt.

As Vyacheslav Kravchenko and one more JSC INTER RAO UES Board member sit on boards of other companies, he cannot be recognized as an independent director as defined by the independency criteria established by The UK Corporate Governance Code, and by the criteria approved by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board on October 31, 2012 (Minutes No 38).

Vyacheslav Kravchenko is an independent director as defined by the Corporate Conduct Code recommended by the Russian Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

No JSC INTER RAO UES shares owned.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS			
PERIOD		ORGANIZATION	POSITION
From	Until		
2013	Present	Open Joint-Stock Company All-Russian Regions Development Bank	Member of the Board of Directors
2012	Present	Open Joint-Stock Company System Operator of the United Energy System	Chairman of the Board of Directors
2012	Present	Open Joint-Stock Company Federal Grid Company of the United Energy System	Chairman of the Board of Directors
2012	Present	Open Joint-Stock Company Trading System Administrator of the Electric Energy Wholesale Market	Member of the Board of Directors, Chairman of the Management Board
2012	Present	Non-commercial partnership Market Council for Organization of an Efficient Power and Capacity Wholesale and Retail Trade	Chairman of the Board
2011	Present	Open Joint-Stock Company Interregional Distribution Grid Companies Holding	Member of the Board of Directors
2011	Present	Closed Joint-Stock Company Center for Financial Settlements	Member of the Board of Directors
2011	2012	Open Joint-Stock Company Altaienergosbyt	Member of the Board of Directors
2011	2012	Open Joint-Stock Company for Power and Electrification Saratovenergo	Member of the Board of Directors
2011	2012	Open Joint-Stock Company Tambov Power Supply Company	Member of the Board of Directors
2011	2012	Open Joint-Stock Company Petersburg Supply Company	Member of the Board of Directors
2011	2012	Open Joint-Stock Company Mosenergosbyt	Member of the Board of Directors
2010	2012	Open Joint-Stock Company United Energy Supply Company	Member of the Board of Directors
2010	2012	Open Joint-Stock Company United Energy Supply Company	General Director
2008	Present	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors
2008	2011	Limited Liability Company RN-Energy	General Director
2004	2008	Ministry of Industry and Energy of the Russian Federation	Deputy Head of Department of Structure and Investment Policy in Industry and Energy; Head of Department of Natural Monopolies Structure and Pricing; Head of Electric Power Department, Ministry of Industry and Energy of the Russian Federation



Kurtser, Grigory Markovich

Born: 1980

First elected to the Company's Board of Directors on October 23, 2008

Chairman of the Board of Directors of JSC INTER RAO UES.

From 2010 to 2012, Grigory Kurtser headed OJSC All-Russian Regions Development Bank.

Since 2012 he has been employed as an Advisor to Vice-President, Head of Security Service (Bad Assets Management) of OJSC Rosneft Oil Company.

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education Degrees/Diplomas

2003: graduated from the Financial Academy of the Russian Government, majoring in Finance and Credit.

Exposure to finance

Grigory Kurtser is an expert in the domain of economics and finance, distinguished with his highest level of financial expertise. After graduation from the Financial Academy in 2003 Mr. Kurtser worked for OJSC VTB, starting his professional career as a dealer in the Ruble Instruments Operations Department and finishing the year 2008 as Deputy Head of Treasury.

Experienced in sitting on boards of directors or holding other top management positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), including positions in global companies

Grigory Kurtser was a member of the Management Board of OJSC Federal Hydro Generation Company – RusHydro whose shares are traded on the Moscow Stock Exchange and whose depositary receipts are traded on the London Stock Exchange (Great Britain) and OTC (USA).

As Grigory Kurtser and one more member of JSC INTER RAO UES Board of Directors sit on the board of another company, and Mr. Grigory Kurtser is a representative of the Russian Federation, he cannot be recognized as an independent director as defined by the independency criteria established by the UK Corporate Governance Code, and by the criteria approved by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board on October 31, 2012 (Minutes No 38), and as defined by the Corporate Conduct Code recommended by the Russian Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

Grigory Kurtser is a non-executive director.

No JSC INTER RAO UES shares owned.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS			
PERIOD		ORGANIZATION	POSITION
From	Until		
2011	Present	RUSENERGO FUND LIMITED	Member of the Board of Directors
2011	2013	Open Joint-Stock Company Federal Hydro Generation Company – RusHydro	Member of the Board of Directors
2011	Present	Open Joint-Stock Company National Bank TRUST	Member of the Board of Directors
2010	Present	Open Joint-Stock Company Far Eastern Bank	Chairman of the Board of Directors
2010	2012	Open Joint-Stock Company All-Russian Regions development Bank	President
2010	2012	Open Joint-Stock Company RAO Energy Systems of the East	Member of the Board of Directors
2010	2010	Open Joint-Stock Company All-Russian Regions Development Bank	Director
2009	Present	Open Joint-Stock Company All-Russian Regions Development Bank	Member of the Supervisory Board
2008	2009	Open Joint-Stock Company Foreign Trade Bank	Deputy Head of Treasury - Head of the Resources Management Unit of the Treasury, Financial Department
2008	Present	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors (since 2011 - Chairman of the Board)
2007	2008	Open Joint-Stock Company Foreign Trade Bank	Head of the Resources Management Unit of the Treasury, Financial Department
2010	2011	NPF Neftegarant	Member of the Board of Directors
2010	Present	Closed Joint-Stock Company Settlement and Depository Company	Member of the Board of Directors
2012	Present	Open Joint-Stock Company "Rosneft Oil Company"	Advisor to Vice-President, Head of Security Service (Bad Assets Management)



Lokshin, Aleksandr Markovich

Born: 1957

First elected to the Company's Board of Directors on June 25, 2010

Management Board member, First Deputy General Director for Operations Management of the State Atomic Energy Corporation Rosatom.

Member of the Human Resources and Remuneration Committee and Audit Committee of the JSC INTER RAO UES Board of Directors.

The entire working career of Aleksandr Lokshin has been devoted to energy sector since 1980.

In 1980: appointed as an engineer at Smolensk NPP, where he worked in various positions (the last one being Head of Shift, Phase 1 station) before he moved to Federal State Unitary Enterprise "Energoatom Concern" in 1996. In 1996–2010 Mr. Lokshin held managerial positions in FSUE Rosatom Concern. In 2010 he moved to Rosatom State Corporation.

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education Degrees/Diplomas

1980: graduated from Kalinin Leningrad Polytechnic Institute (now – Saint Petersburg State Polytechnic University), major in thermal physics. Trained in the National Economy Academy of the Russian Government, President Program.

Experienced in sitting on boards of directors or holding other top management positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), including positions in global companies

Since 2010 Aleksandr Lokshin is a member of JSC INTER RAO UES Board of Directors.

Exposure to electric energy

Mr. Lokshin is a recognized nuclear energy expert awarded with the title 'Honored Energy Expert of Russia'.

In 1996–1998: Deputy Head of the General Directorate, Deputy Head of Commercial Department – Head of Information and Analysis Department of Rosenergoatom (Moscow).

In 1998–2001: First Deputy Director for Marketing, Economics and Commercial Operations, Rosenergoatom.

In 2001–2006: Acting Director, then Director, then Deputy General Director of Rosenergoatom — Head of Smolensk HPP, Branch of Rosenergoatom. In 2006–2008: First Deputy General Director, then Acting General Director of FSUE Rosenergoatom Concern OJSC. From June 2008 to January 2010: Deputy General Director of Rosatom State Corporation. Since February 2010: Deputy General Director, Director of the Nuclear Energy Facilities Directorate, Rosatom State Corporation. From April 2011 to November 2012: First Deputy General Director – Director of the Nuclear Energy Facilities Directorate. From November 2012: First Deputy General Director for Operations Management.

As Aleksandr Lokshin represents a major shareholder, he cannot be recognized an independent director as defined by the independency criteria established by The UK Corporate Governance Code, as well as the criteria approved by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board of Directors on October 31, 2012 (Minutes No 38).

Aleksandr Lokshin is an independent director as defined by the Corporate Conduct Code recommended by the Russian Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

No JSC INTER RAO UES shares owned.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS			
PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	State Atomic Energy Corporation Rosatom	First Deputy General Director for Operations Management
2011	2012	State Atomic Energy Corporation Rosatom	First Deputy General Director, Director of the Nuclear Energy Facilities Directorate
2010	Present	Open Joint-Stock Company TVEL	Member of the Board of Directors
2010	Present	Open Joint-Stock Company Russian Concern for the Production of Electric and Thermal Energy at Nuclear Power Stations	Member of the Board of Directors
2010	Present	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors
2009	Present	Closed Joint-Stock Company Atomstroyexport	Member of the Board of Directors
2009	Present	Open Joint-Stock Company EGМК-Project	Member of the Board of Directors
2009	Present	Limited Liability Company New Composite Materials	Member of the Board of Directors
2009	2011	Open Joint-Stock Company Atomredmetzoloto	Member of the Board of Directors
2008	Present	State Atomic Energy Corporation Rosatom	First Deputy General Director, Director of the Nuclear Energy Facilities Directorate
2008	Present	State Atomic Energy Corporation Rosatom	Board member
2008	2009	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors
2008	2010	State Atomic Energy Corporation Rosatom	Deputy General Director
2006	2008	FSUE Russian Concern for the Production of Electric and Thermal Energy at Nuclear Power Stations Rosenergoatom	First Deputy General Director, Acting General Director
2002	2011	CJSC Moscow Joint-Stock Insurance Company	Member of the Board of Directors



Seleznyov, Kirill Gennadyevich

Born: 1974

First elected to the Company's Board of Directors in 2008

Member of the Management Board, Head of the Gas and Liquid Hydrocarbons Marketing and Processing Department of JSC GAZPROM.

Mr. Seleznyov is highly experienced in holding top management positions in companies quoted at stock exchange, the Company included. In 1997-1998: manager of LLC Baltic Financial Company.

In 2001-2002: Deputy Head of the Management Committee — Assistant to OJSC Gazprom Board Chairman. In 2002 Mr. Seleznyov was appointed Head of the Gas and Liquid Hydrocarbons Marketing and Processing Department of OJSC Gazprom.

Since 2007 Kirill Seleznyov is General Director of LLC Gazprom Mezhhregiongaz (LLC Mezhhregiongaz until September 2010).

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education Degrees/Diplomas

1997: Graduation from Ustinov Baltic State Technical University, major in Impulsive Aggregates and Automatic Rotor Lines.

2002: Graduation from Saint Petersburg State University, major in Finance and Credit.

Exposure to finance

Candidate of Economic Sciences.

In 1998-1999: Technical Analyst for Equity Market Tools; Expert; Senior Securities Expert of the Equity Operation Department, OJSC Investment and Financial Group "Management. Investment. Development."

In 1999-2000: Senior Expert of the Investment Coordination Group in OJSC Saint Petersburg Seaport.

In 2000-2001: Head of Tax Group in OJSC Baltic Pipeline System (BPS), then in BPS branch OJSC Verkhnevolzhsk Main Oil Pipelines.

Experience in sitting on boards of directors or holding other top management positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), international companies included

Mr. Seleznyov is a member of the Board of Directors in such large public energy companies as JSC INTER RAO UES, OJSC Mosenergo, OJSC TGK-1; also a member of the Board of Directors in OJSC NOVATEK, OJSC Gazprom Neft and OJSC Gazprombank.

As Kirill Seleznyov and one more JSC INTER RAO UES Board member sit on the boards of other companies too, and Kirill Seleznyov holds a managerial position in a company competitor of JSC INTER RAO UES, he cannot be recognized as an independent director as defined by the independency criteria established by the UK Corporate Governance Code or by the criteria approved by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board of Directors on October 31, 2012 (Minutes No 38).

Kirill Seleznyov is an independent director as defined by the Corporate Conduct Code recommended by the Russian Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

No JSC INTER RAO UES shares owned.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS			
PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Limited Liability Company Gazprom Gas Engine Fuel	Member of the Board of Directors
2011	Present	Open Joint-Stock Company JSB ROSSIYA	Member of the Board of Directors
2011	Present	Gazprom Neft Finance B.V.	Member of the Supervisory Board
2010	Present	Open Joint-Stock Company Gazprombank	Member of the Board of Directors
2008	Present	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors
2008	Present	Open Joint-Stock Company Territorial Generation Company No 1	Chairman of the Board of Directors
2007	Present	Open Joint-Stock Company Gazprom neftekhim Salavat	Chairman of the Board of Directors
2007	Present	Open Joint-Stock Company for Power and Electrification Mosenergo	Chairman of the Board of Directors
2007	Present	Open Joint-Stock Company Gazpom Neft	Member of the Board of Directors
2007	Present	Open Joint-Stock Company NOVATEK	Member of the Board of Directors
2007	Present	Limited Liability Company Gazprom Mezhhregiongaz	General Director (combined position)
2007	Present	Closed Joint-Stock Company Nortgaz	Member of the Board of Directors
2007	Present	Open Joint-Stock Company Gazprom	Board member, Head of the Gas and Liquid Hydrocarbons Marketing and Processing Department
2006	Present	Closed Joint-Stock Company Zenith Football Club	Member of the Board of Directors
2006	Present	Non-commercial partnership Russian Gas Company	Member of the Supervisory Board
2006	Present	Open Joint-Stock Company Tomskgasprom	Member of the Board of Directors
2006	Present	JSC Latvijas Gāze	Member of the Board of Directors, Chairman of the Board of Directors
2005	Present	Limited Liability Partnership KazRosGaz	Member of the Supervisory Board
2004	Present	Open Joint-Stock Company Gazprom Gas Distribution	Chairman of the Board of Directors
2004	Present	Open Joint-Stock Company Lietuvos Dujos	Board member
2004	2008	Russian Open Joint-Stock Company for Power and Electrification “UES of Russia”	Member of the Board of Directors
2003	Present	Open Joint-Stock Company Vostokgazprom	Member of the Board of Directors



Fedorov, Denis Vladimirovich

Born: 1978

First elected to the Company's Board of Directors on June 24, 2011

Head of the Unit for Power Sector Development and Marketing in Power Generation, Gas and Liquid Hydrocarbons Marketing and Processing Department, OJSC Gazprom.

Member of the Human Resources and Remuneration Committee and Audit Committee of the Board of Directors of JSC INTER RAO UES.

In 2003 Mr. Fedorov was recognized the best young scientist of Russia in the domain of physics and mathematics; he is an author of 15 scientific publications and two monographs. He has been teaching at Moscow Power Engineering Institute (TU) for more than three years. Since 2012 he has been a member of the Management Board of Nadezhda Foundation for Development of Education, Science and Technology.

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education Degrees/Diplomas

In 2001 he graduated from the Bauman Moscow State Technical University, majoring in economics and management. In 2003 he graduated from the Moscow Power Engineering Institute (Technical University, post-graduate studies with majors in economics and industrial thermal energy)

Exposure to finance

Candidate of Economic Sciences.

2003-2006: Head of the Directorate for Investment Technology and Technology Projects of LLC EuroSibEnergo-Engineering; Head of the Investment Directorate of Gazenergom Corporation LLC.

Exposure to electric power sector

2001-2003: Mr Fedorov worked at RAO UES of Russia, and then subsequently at CJSC NVPN Turbocon. From 2006 to 2008 he held the position of General Director of OJSC Mezhtrengosbyty; since 2009 – General Director of LLC Gazprom Energy Holding. Since 2012 he has been the General Director and a member of the Board of Directors of OJSC Tsentrenergoholding. Mr. Fedorov heads the Boards of Directors of power energy companies, such as OJSC Tyumen Power Supply Company and OJSC OGC-2.

He is a member of the Board of Directors of LLC Heat Supply Company. He is also Chairman of the Supervisory Board of Non-commercial Partnership "Council of Energy Producers". Other positions include Board member of CJSC Fortis Energy.

Experience in sitting on boards of directors or holding other top positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), international companies included

Mr. Fedorov heads the Board of Directors of OJSC OGC-2; he is a Board member in large public energy companies such as JSC INTER RAO UES, OJSC MRSK Holding, OJSC FGC of UES, OJSC Mosenergo and OJSC TGK-1.

As Mr. Fedorov and some other JSC INTER RAO UES Board members sit on the boards of other companies too, and as Mr. Fedorov holds managerial positions in corporate competitors of JSC INTER RAO UES, he cannot be recognized as an independent director as defined by the independency criteria established by the UK Corporate Governance Code or as defined by the criteria approved by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board of Directors on October 31, 2012 (Minutes No 38).

Denis Fedorov is an independent director as defined by the Corporate Conduct Code recommended by the Russian Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

No JSC INTER RAO UES shares owned.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS			
PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Open Joint-Stock Company for Power and Electrification Mosenergo	Member of the Board of Directors
2012	Present	Open Joint-Stock Company "Tyumen Power Supply Company"	Chairman of the Board of Directors
2012	Present	Open Joint-Stock Company "Territorial Generation Company No 1"	Member of the Board of Directors
2012	Present	Open Joint-Stock Company "Interregional Distribution Grid Companies Holding"	Member of the Board of Directors
2012	Present	Open Joint-Stock Company "Tsentrenergoholding"	Member of the Board of Directors
2012	Present	Nadezhda Foundation for Development of Education, Science and Technology	Member of the Management Board
2012	Present	Non-commercial Partnership "Council of Energy Producers"	Chairman of the Supervisory Board
2012	Present	Open Joint-Stock Company "Second Generation Company of the Wholesale Electric Power Market"	Chairman of the Board of Directors
2012	Present	Open Joint-Stock Company "Federal Grid Company of the United Energy System"	Member of the Board of Directors
2012	Present	Limited Liability Company "Heat Supply Company"	Member of the Board of Directors
2011	Present	Closed Joint-Stock Company Kaunass Thermofication Plant	Member of the Management Board
2011	Present	Closed Joint-Stock Company Kauno Elektrine	Member of the Management Board
2011	Present	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors
2009	Present	Closed Joint-Stock Company "Fortis Energy"	Member of the Management Board
2009	Present	Open Joint-Stock Company "Tsentrenergoholding"	General Director
2009	Present	Limited Liability Company "Gazprom Energy Holding"	General Director
2007	Present	Open Joint-Stock Company Gazprom	Head of the Electric Power Sector Marketing and Development Unit, Gas and Liquid Hydrocarbons Marketing and Processing Department
2006	2008	Open Joint-Stock Company Mezhtregionenergosbyt	General Director



Strzhalkovsky, Vladimir Igorevich

Born: 1954

First elected to the Company's Board of Directors on June 24, 2011

From 2008 to 2012: General Director – Chairman of the Management Board of OJSC Mining and Metallurgical Company Norilsk Nickel, and since 2012 – Vice-President of the same company.

Mr. Strzhalkovsky started his professional career at the R&D Institute of Control Devices (Leningrad) in 1977. From 1980 to 1991 he worked in state security authorities. In 1991 he set up CJSC Firma Neva, a tourist business, in Saint Petersburg (a Top 5 Russian Tourism Operator) and was its General Director until 1999.

From November 1999 he was Deputy Minister of the Russian Federation for Physical Culture, Sports and Tourism. From June 2000 Mr. Strzhalkovsky held the position of Chairman of the State Committee of Russia for Physical Culture, Sports and Tourism. In 2004 the Government of Russia appointed Mr. Strzhalkovsky Head of the Federal Agency for Tourism, where he worked up to 2008.

Mr. Strzhalkovsky is Active State Advisor Class 1 of the Russian Federation; Awards: The Order of Honor, The Order of Friendship, numerous medals and Letters of Acknowledgment from the President and Government of the Russian Federation. On August 4, 2008 Ordinance No 1119-r awarded Mr. Strzhalkovsky with a Diploma of the Russian Government for long years of effective civil service for the sake of the state.

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education Degrees/Diplomas

1977: graduated from Ulyanov Leningrad Power Engineering Institute, major in Applied Mathematics.

Exposure to finance

Candidate of Economic Sciences. From 2000 to 2004: Deputy Minister for Economic Development and Trade of the Russian Federation.

Experienced in sitting on boards of directors or holding other top management positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), including positions in global companies

From 2008 to 2012 Mr. Strzhalkovsky was Chairman of the Management Board of OJSC MMC Norilsk Nickel. Since 2011 he has been a member of JSC INTER RAO UES Board of Directors.

As Vladimir Strzhalkovsky represents a major shareholder, he cannot be recognized as an independent director as defined by the independency criteria established by The UK Corporate Governance Code or as defined by the criteria approved by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board of Directors on October 31, 2012 (Minutes No 38).

Vladimir Strzhalkovsky is an independent director as defined by the Corporate Conduct Code recommended by the Russian Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

No JSC INTER RAO UES shares owned.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS

PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Open Joint-Stock Company Mining and Metallurgical Company Norilsk Nickel	Vice-President
2011	Present	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors
2008	2013	Open Joint-Stock Company Mining and Metallurgical Company Norilsk Nickel	Member of the Board of Directors
2008	2012	Open Joint-Stock Company Mining and Metallurgical Company Norilsk Nickel	General Director – Chairman of the Management Board
2008	2009	State Corporation for Construction of Olympic Facilities and Development of Sochi City as a Mountain Climate Resort	Member of the Supervisory Board
2004	2008	Federal Agency for Tourism	Head
2001	2008	Inter-governmental Commissions for Trade and Economic partnerships with Indonesia, Greece, Spain, Bulgaria, the Netherlands and Cyprus.	Head, Deputy Head for Russia



Shugaev, Dmitry Evgenyevich

Born: 1965

First elected to the Company's Board of Directors on June 24, 2011

Deputy General Director of the Rostechonology State Corporation.

Member of the Human Resources and Remuneration Committee and Strategy and Investment Committee of the Board of Directors, JSC INTER RAO UES.

Mr. Shugaev has extensive management experience, both in the public service and in commercial organizations. 1997-2001: Executive Director of CJSC Legal Profile.

2001-2008: Consultant to the Deputy General Director; Assistant to First Deputy General Director; Head of the General Director's Office, FSUE Rosoboronexport.

2008-2009: Head of the General Director's Office, Rostechonology State Corporation.

Member of the Board of Directors in OJSC NPO Saturn, LLC Marketing and Investment Projects and some other companies.

Awarded with the medal of the Order of Merit for the Service to Motherland, Class II.

EDUCATION, SKILLS AND PROFESSIONAL BACKGROUND

Higher Education Degrees/Diplomas

1987: graduated from Moscow State Institute of International Relations at the Ministry of Foreign Affairs of the USSR, majoring in International Journalism.

Exposure to Finance

Candidate of Economic Sciences.

Experience in sitting on boards of directors or holding other top positions in other joint-stock companies whose securities are quoted on organized trading platforms (stock exchanges), international companies included

Since 2011 Mr. Shugaev has been a member of the Management Board of OJSC Rosneft Oil Company and JSC INTER RAO UES. Dmitry Shugaev is a member of the Management Board of a state corporation, i.e. an organization affiliated with the state - a shareholder of the Company holding more than 60% of the Company's shares. Nevertheless, with due account of the pattern of this Director's voting at the meetings of the Company's Board of Directors, JSC INTER RAO UES has no grounds to believe that the position of this member of the Company's Board of Directors is not independent or that he acts in the interest of a specific shareholder (a group of shareholders) or any other interested parties. Besides, this candidate has neither been nominated by the Russian Federation, nor voted under directives of the Russian Federation executed in writing.

Therefore, Dmitry Shugaev is recognized as an independent director as defined by the independency criteria established by the UK Corporate Governance Code, or as defined by the criteria approved by the Human Resources and Remuneration Committee of JSC INTER RAO UES Board of Directors on October 31, 2012 (Minutes No 38), or as defined by the Corporate Conduct Code recommended by the Russian Federal Securities Commission's Ordinance No 421/P dated April 4, 2002.

No JSC INTER RAO UES shares owned.

ALL POSITIONS HELD IN THE ISSUER AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, INCLUDING COMBINED POSITIONS

PERIOD		ORGANIZATION	POSITION
From	Until		
2011	Present	Open Joint-Stock Company Rosneft Oil Company	Member of the Board of Directors
2011	Present	Open Joint-Stock Company INTER RAO UES	Member of the Board of Directors
2011	Present	Open Joint-Stock Company NPO Saturn	Member of the Board of Directors
2011	2011	Open Joint-Stock Company RAO Energy Systems of Vostok	Member of the Board of Directors
2010	2012	Limited Liability Company RT-Expo	Member of the Board of Directors
2009	Present	Limited Liability Company Marketing and Investment Projects	Member of the Board of Directors (since 07.2010 Chairman of the Board of Directors)
2008	Present	Open Joint-Stock Company Russia Transport and Exhibition Complex	Member of the Board of Directors (since 06.2010 Chairman of the Board of Directors)
2008	Present	Non-commercial Partnership "National Aircraft Engineering Center"	Deputy Chairman of the Supervisory Board
2008	Present	State Corporation Rostechonology	Head of the General Director's Office, Deputy General Director
2008	2011	Open Joint-Stock Company Aviasalon	Member of the Board of Directors
2001	2008	Federal State Unitary Enterprise Rosoboronexport	Consultant to Deputy General Director, Assistant to First Deputy General Director, Head of the General Director's Office

In 2012 there were no transactions with shares owned by the members of the Board of directors of JSC INTER RAO UES.

CHANGES TO THE BOARD OF DIRECTORS' COMPOSITION MADE IN 2012:

In 2012 the Board of Directors was elected twice:

- By the Extraordinary General Shareholders Meeting that took place on February 15, 2012. The Meeting resolved that Evgeny Dod, Chairman of the Management Board of OJSC RusHydro should leave the Board of Directors; Ferdinando Beccalli-Falco, President and Chief Executive Officer of General Electric in Europe and Northern Asia and Chief Executive Officer of GE in Germany, was elected as an independent director as defined by the criteria established by The UK Corporate Governance Code;
- By the Annual General Shareholders' Meeting that took place on June 25, 2012. The Meeting resolved to re-elect the Board of Directors as it was.

Newly elected members of the Board of Directors are to attend an inaugural briefing with the Company management. In 2013, JSC INTER RAO UES plans to produce and approve an inaugural program for the newly elected members of the Board of Directors.

BOARD OF DIRECTORS PERFORMANCE REPORT

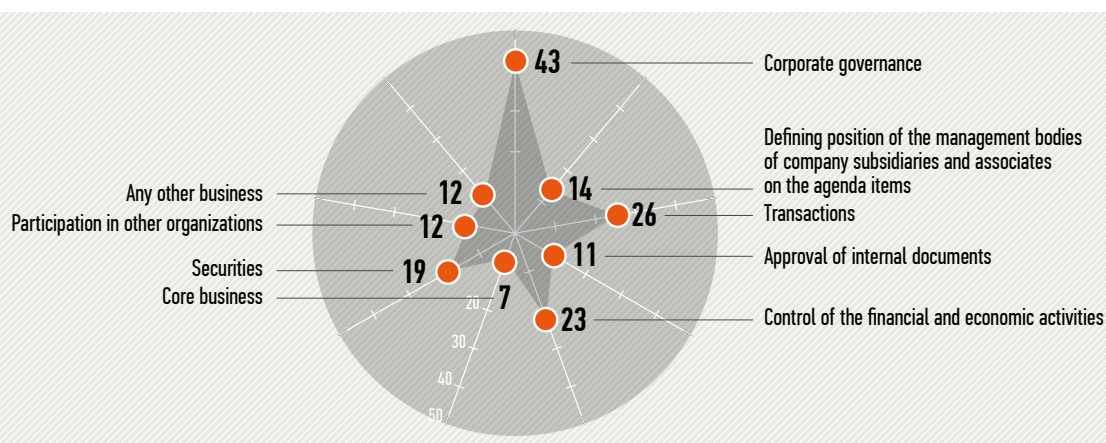
In 2012, meetings of the Board of Directors were held both in presentio and in absentia. The most important issues that require personal presence of directors at discussions are submitted to the Board meetings held in presentio. Such issues include those related to the preparation of the annual general meeting of shareholders, the company's strategy, the Company's business plans, investment programs and program progress reports.

In 2012, 28 meetings of the Board of Directors took place, out of which 3 were held in presentio and 25 in absentia; all in all 160 agenda items were reviewed, including 13 directives. Resolutions were passed on all the said issues. Minutes of the Board meetings are available at <http://www.interrao.ru/investors/uprav/org/minutes/2012.php>.

ATTENDANCE OF THE BOARD OF DIRECTORS MEMBERS AT BOARD MEETINGS IN 2012

SURNAME, FIRST NAME, OTHER NAMES	NUMBER OF MEETINGS ATTENDED BY THE MEMBER OF THE BOARD OF DIRECTORS	MAXIMUM NUMBER OF MEETINGS THAT THE MEMBER OF THE BOARD OF DIRECTORS COULD HAVE ATTENDED DURING THE PERIOD
Beccalli-Falco, Ferdinando (since February 15, 2012)	23	26
Budargin, Oleg Mikhaylovich	25	28
Dmitriev, Vladimir Aleksandrovich	19	28
Dod, Evgeny Vyacheslavovich (until February 15, 2012)	2	2
Kovalchuk, Boris Yuryevich	28	28
Kravchenko, Vyacheslav Mikhaylovich	26	28
Kurtser, Grigory Markovich	28	28
Lokshin, Aleksandr Markovich	25	28
Seleznyov, Kirill Gennadyevich	23	28
Strzhalkovsky, Vladimir Igorevich	19	28
Fedorov, Denis Vladimirovich	27	28
Shugaev, Dmitry Evgenyevich	28	28

ISSUES RESOLVED BY THE BOARD OF DIRECTORS IN 2012



REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS

The amounts and the manner of payment of remuneration and compensations to the members of the Company's Board of Directors are determined by the Regulations on Remuneration and Compensations to Members of the Board of Directors of JSC INTER RAO UES. The last revision of the Regulations was approved by the Annual General Shareholders Meeting on June 25, 2012 (Minutes No 12 dated June 27, 2012). The changes to the Regulations were driven by the goal set to develop the institution of independent directors and to improve the incentive system for the members of the Board of Directors. In particular, the following changes were made:

- ▶ the basic component of the remuneration was extended from RUB 1.4 million to RUB 3 million based on the analysis made by JSC INTER RAO UES to fix remuneration payable to the members of the Board of Directors;
- ▶ a special rate was introduced for attending Board meetings in presentio;
- ▶ a special rate was introduced to pay remuneration based on the term of the powers of Board members during the year;
- ▶ corrections were made to pay, inter alia, remuneration in foreign currencies based on the exchange rates established by the Bank of Russia.

The full text of the Regulations is available on the Company's web-site: www.interrao.ru.

In 2012, members of the Board of Director of JSC INTER RAO UES were paid RUB 12,907,500 in total for their participation in the Board meetings in 2011. This amount does not include the remuneration paid to the Management Board Chairman, as it is accounted as part of the total remuneration paid to the Management Board members for 2012, as provided for in the Regulations.

REMUNERATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS IN 2012

NAME OF THE BOARD MEMBER	AMOUNT, RUB
Beccalli-Falco, Ferdinando	700,000.00
Budargin, Oleg Mikhaylovich	1,440,000.00
Dmitriev, Vladimir Aleksandrovich	1,322,500.00
Dod, Evgeny Vyacheslavovich	650,000.00
Kravchenko, Vyacheslav Mikhaylovich	1,540,000.00
Lokshin, Aleksandr Markovich	1,625,000.00
Seleznyov, Kirill Gennadyevich	1,210,000.00
Strzhalkovsky, Vladimir Igorevich	1,050,000.00
Fedorov, Denis Vladimirovich	1,620,000.00
Shugaev, Dmitry Evgenyevich	1,750,000.00

COMMITTEES OF THE BOARD OF DIRECTORS

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The primary objective of the Human Resources and Remuneration Committee is to make sure the Company is managed by qualified experts and to provide for incentives to drive the experts to success. One of the key decisions taken by the Committee in 2012 was approval of the criteria to select candidates to the Board of Directors (Resolution dated October 31, 2012, Minutes No 38). In addition, the Committee reviewed issues related to election of Management Board members and termination of their powers, financial incentives, approval of KPI and KPI-based performance reports, etc.

The Company's Board of Directors fixed the number of the Committee members to be no less than 3 and no more than 7. The Board of Directors elects Committee members out of the candidates nominated by the members of the Company's Board of Directors.

In 2012, the Human Resources and Remuneration Committee held 18 meetings in absentia to resolve on issues falling within the competence of the Committee.

In 2012, the Human Resources and Remuneration Committee's composition changed three times, each being valid as follows:

- ▶ from January 1, 2012 to February 28, 2012 (elected by the resolution of the Board of Directors on September 27, 2011);
- ▶ from February 28, 2012 to July 12, 2012 (elected by the resolution of the Board of Directors on February 28, 2012);
- ▶ from July 12, 2012 to December 31, 2012 (elected by the resolution of the Board of Directors on July 12, 2012).

The composition of the Human Resources and Remuneration Committee of the Company's Board of Directors valid from July 12, 2012 to December 31, 2012 (elected by the resolution of the Board of Directors on July 12, 2012):

Shugaev, Dmitry Evgenyevich (Chairman of the Committee)	Member of the Board of Directors, Deputy General Director of the State Corporation for Assistance in Design, Production and Export of High Technology Industrial Products "Rostechology"
Beccalli-Falco, Ferdinando	President and Chief Executive Officer (CEO) of GE Europe & Northern Asia, CEO GE Germany
Budargin, Oleg Mikhaylovich	Member of the Board of Directors, Chairman of the Management Board of Open Joint-Stock Company "Federal Grid Company of the United Energy System"
Lokshin, Aleksandr Markovich	Member of the Board of Directors, First Deputy General Director, Director of the Nuclear Complex Directorate of Rosatom State Corporation
Fedorov, Denis Vladimirovich	Member of the Board of Directors, Head of the Department of Electric Energy Sector Development and Marketing, Open Joint-Stock Company Gazprom, General Director of the Open Joint-Stock Company Tsentrenergoholding, General Director of Limited Liability Company Gazprom Energy Holding

Changes to the composition of the Human Resources and Remuneration Committee made in 2012:

- ▶ on July 12, 2012 the Board of Directors passed a resolution to elect Ferdinando Beccalli-Falco, President and Chief Executive Officer of General Electric (GE) Europe & Northern Asia and Chief Executive Officer of GE Germany, as a member of the Committee.

In 2012, remuneration was paid to the Human Resources and Remuneration Committee members in compliance with the Regulations on Remuneration and Compensations to the Members of Company's Board of Directors, with due account of all relevant multiplying ratios.

AUDIT COMMITTEE

The scope of Audit Committee's activities covers producing and presenting recommendations to the Company's Board of Directors in the domain of audit and external control. The Audit Committee ensures the actual involvement of the Board of Directors in controlling the Company's financial and economic operations. It also produces recommendations in selecting an independent auditor and recommendations in interacting with the Company's Internal Audit Commission and Auditor. The Committee acts subject to the Regulations approved by the Board of Directors' resolution on September 21, 2009 (Minutes No 18 dated September 21, 2009). The Committee may be composed of 3 to 7 members.

The Board of Directors determines the composition of the Audit Committee. Only independent non-executive directors can be members of the Audit Committee, as required by stock exchanges for issuers whose shares are on A Quotation List.

In 2012 the Committee held 5 meetings in presentio and 1 meeting in absentia, where the Committee resolved on the issues falling within its competence.

The composition of the Audit Committee of the Board of Directors changed 3 times in 2012:

- ▶ from January 1, 2012 to February 28, 2012 (elected by the resolution of the Board of Directors on September 27, 2011);
- ▶ from February 28, 2012 to July 12, 2012 (elected by the resolution of the Board of Directors on February 28, 2012);
- ▶ from July 12, 2012 to December 31, 2012 (elected by the resolution of the Board of Directors on July 12, 2012).

The composition of the Audit Committee of the Company's Board of Directors valid from July 12, 2012 to December 31, 2012 (elected by the resolution of the Board of Directors on July 12, 2012):

Lokshin, Aleksandr Markovich (Chairman of the Committee)	Member of the Board of Directors, First Deputy General Director, Director of the Nuclear Complex Directorate of Rosatom State Corporation
Budargin, Oleg Mikhaylovich	Member of the Board of Directors, Chairman of the Management Board of Open Joint-Stock Company "Federal Grid Company of the United Energy System"
Kravchenko, Vyacheslav Mikhaylovich	Chairman of the Management Board, Non-Commercial Partnership "Market Council for Organization of an Effective System of Wholesale and Retail Power (Capacity) Trade"
Fedorov, Denis Vladimirovich	Member of the Board of Directors, Head of the Department of Electric Energy Sector Development and Marketing, Open Joint-Stock Company Gazprom, General Director of the Open Joint-Stock Company Tsentrenergoholding, General Director of Limited Liability Company Gazprom Energy Holding

Changes made to the Audit Committee in 2012:

- ▶ on July 12, 2012 the Board of Directors passed a resolution to elect Kravchenko, Vyacheslav Mikhaylovich, Chairman of the Management Board, Non-Commercial Partnership "Market Council for Organization of an Effective System of Wholesale and Retail Power (Capacity) Trade, to the Committee.

In 2012, remuneration was paid to the Audit Committee members in compliance with the Regulations on Remuneration and Compensations to the Members of Company's Board of Directors, with due account of all relevant multiplying ratios.

STRATEGY AND INVESTMENT COMMITTEE

The functions of the Strategy and Investment Committee include producing and presenting recommendations to the Company's Board of Directors in the following domains: selection of priority business lines, strategic goals and basic principles of the Company's strategic development; increasing the attractiveness of the Company to investors; improving its investment operations and making informed investment decisions.

On July 12, 2012 the Board of Directors of JSC INTER RAO UES (Minutes No 74 dated July 16, 2012) passed a resolution to approve a new revision of the Regulations for the Strategy and Investment Committee of the Board of Directors of JSC INTER RAO UES. The new revision introduced extra (expanded) authorities to the Strategy and Investment Committee and also introduced the position of Deputy Chairman of the Committee. Furthermore, the competence of the Committee was expanded with new powers to make recommendations to the Board of Directors with regard to approval of transactions worth more than 5% of the book value of the Company's assets and recommendations of the Board of Directors to the GSM with regard to share division and consolidation. To ensure convocation and holding of meetings in the absence of the Chairman, the position of Deputy Chairman of the Committee was introduced.

In 2012 the Strategy and Investment Committee held 1 meeting in presentio and 13 meetings in absentia, where resolutions were passed on issues falling within the competence of the Committee.

In 2012 there were four compositions of the Strategy and Investment Committee at the Board of Directors:

- ▶ one from January 1, 2012 to February 28, 2012 (elected by the Board of Directors resolution dated September 27, 2011);
- ▶ one from February 28, 2012 to July 12, 2012 (elected by the Board of Directors resolution dated February 28, 2012);
- ▶ one from July 12, 2012 to December 14, 2012 (elected by the Board of Directors resolution dated July 12, 2012);
- ▶ one from December 14, 2012 to December 31, 2012 (elected by the Board of Directors resolution dated December 14, 2012).

Composition of the Strategy and Investment Committee of the Company's Board of Directors valid from December 14, 2012 to December 31, 2012 (elected by the Board of Directors' resolution dated December 14, 2012)

Kurbatov, Mikhail Yuryevich (Chairman of the Committee)	Deputy Minister of Energy of the Russian Federation
Bugrov, Andrey Evgenyevich	Deputy General Director, member of the Management Board, Closed Joint-Stock Company Interros Holding Company.
Hexter, David	International Advisor, XENON
Kazachenkov, Andrey Valentinovich	First Deputy Chairman of Open Joint-Stock Company "Federal Grid Company of the United Energy System"
Kravchenko, Vyacheslav Mikhaylovich	Chairman of the Non-Commercial Partnership "Market Council for Organization of an Effective System of Wholesale and Retail Power (Capacity) Trade".
Mirsiyapov, Ilmar Ilmatyrovich	Member of the Management Board, JSC INTER RAO UES
Khanzhenkova, Natalia Vladimirovna	Managing Director for Russia, European Bank for Reconstruction and Development
Shugaev, Dmitry Evgenyevich	Member of the Board of Directors, Deputy General Director of the State Corporation for Assistance in Design, Production and Export of High Technology Industrial Products "Rostechology"

Changes made to the composition of the Strategy and Investment Committee in 2012:

- ▶ On February 28, 2012 the Board of Directors resolved to terminate the powers of Kravchenko, Vyacheslav Mikhaylovich - General Director of the Open Joint-Stock Company United Energy Supply Company.
- ▶ On June 12, 2012 the Board of Directors resolved to make the following changes to the Committee composition:
 - powers of Klishas, Andrey Aleksandrovich, President of Joint-Stock Company MMC Norilsk Nickel, and Tikhonova, Maria Gennadyevna, Director of the Department of Economic Regulation and Property Relations in the Fuel & Energy Complex at the Ministry of Energy of the Russian Federation, were terminated;
 - Bugrov, Andrey Evgenyevich, Deputy General Director, member of the Management Board of Closed Joint-Stock Company Interros Holding Company; Kazachenkov, Andrey Valentinovich, First Deputy Chairman of the Management Board of Open Joint-Stock Company "Federal Grid Company of the United Energy System"; Kravchenko, Vyacheslav Mikhaylovich, Chairman of the Management Board of Non-Commercial Partnership "Market Council for the Organization of an Effective System of Wholesale and Retail Power (Capacity) Trade" were elected to the Committee.

- ▶ On December 14, 2012 the Board of Directors of JSC INTER RAO UES resolved to re-elect two candidate members to the Committee (Minutes No 83 dated December 17, 2012):

- powers of Nikonov, Vasily Vladislavovich, Director of the Power Energy Development Department of the Ministry of Energy of the Russian Federation, and Nikitin, Gleb Sergeyevich, Deputy Head of the Federal State Property Management Agency, were terminated;
- Kurbatov, Mikhail Yuryevich, Deputy Minister of Energy of the Russian Federation, and Khanzhenkova, Natalia Vladimirovna, Managing Director for Russia, European Bank for Reconstruction and Development, were elected to the Committee.

Remuneration is paid to the members of the Strategy and Investment Committee in compliance with the Regulations on the Strategy and Investment Committee of JSC INTER RAO UES that introduced the following limitations making Committee members non-eligible to remuneration:

- ▶ membership in the Board of Directors;
- ▶ legal prohibition, if any;
- ▶ an employment agreement with the Company.

Thus the only Committee member to meet the limitation criteria was David Hexter, who was paid a remuneration of RUB 700,000.

5.5. MANAGEMENT BOARD

Being a collegial body of the Company, the Management Board manages the Company's operations and is responsible for implementing the Company's goals and strategies, and pursuing the Company's policies. The Management Board reports to the Company's General Shareholders Meeting and to the Board of Directors. The Management Board composition and the number of its members are determined by the Board of Directors. The Company's Management Board members are elected for 5 years by the Company's Board of Directors at the suggestion of the Company's Chairman of Board.

The activity of the Management Board is regulated by the Charter and Management Board Regulations approved by the Management Board of JSC RAO UES of Russia on March 28, 2008 (Minutes No 1854pr/3 dated March 28, 2008).

MANAGEMENT BOARD COMPOSITION



Kovalchuk, Boris Yuryevich

Born: 1977

Chairman of the Management Board of JSC INTER RAO UES

The Chairman of the Management Board manages the daily operations of the Company in compliance with the Charter and those resolutions of the Company's General Shareholders Meeting, Board of Directors and Management Board that fall within their competence. The Chairman of the Management Board ensures that the Company's goals are met by coordinating members of the Management Board and heads of all directly reporting business units.

1999: graduation from the Legal Department of Saint Petersburg State University.

1999-2006: Legal Advisor in the Federal State Unitary Enterprise (FSUE) TsNII Granite. In 2006-2009, he assisted in the Front Office of the First Deputy Chairman of the Russian Government, being Director of the National Priority Projects Department of the Russian Government. In 2009 he worked as Deputy General Director for Development in the State Atomic Energy Corporation Rosatom. Since 2009: Acting Chairman of the Management Board of JSC INTER RAO UES, and since 2010 – Chairman of the Management Board of JSC INTER RAO UES and a member of the Board of Directors.

Mr. Kovalchuk is a Management Board member in the All-Russian Public Association "Russian Union of Industrialists and Entrepreneurs".

Mr. Kovalchuk holds the title of Honorary Power Engineer and The Badge of Honor.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Open Joint-Stock Company "Federal Grid Company of the United Energy System"	Member of the Board of Directors
2010	2013	Open Joint-Stock Company "United Energy Supply Company"	Member of the Board of Directors
2010	2011		Chairman of the Board of Directors
2011	Present	Open Joint-Stock Company All-Russian Regions Development Bank	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Center for Financial Settlements	Member of the Board of Directors
2011	2012	Open Joint-Stock Company "The Third Generation Company of the Wholesale Electric Power Market"	Member of the Board of Directors
2011	2011	Limited Liability Company INTER RAO – Management of Electric Power Plants	Chairman of the Board of Directors
2010	Present	Closed Joint-Stock Company Kambaratinskaya Hydro Power Plant -1	Chairman of the Board of Directors
2010	Present	All-Russian Employers' Association "Russian Union of Industrialists and Entrepreneurs"	Board member
2010	Present	All-Russian Public Association "Russian Union of Industrialists and Entrepreneurs"	Board member
2011	Present	Open Joint-Stock Company "Petersburg Supply Company"	Chairman of the Board of Directors
2010	Present		Member of the Board of Directors
2010	Present	Open Joint-Stock Company Mosenergosbyt	Chairman of the Board of Directors
2010	Present	Limited Liability Company INTERRAO-WorleyParsons	Member of the Board of Directors

No JSC INTER RAO UES shares owned.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2010	2013	Open Joint-Stock Company "Federal Hydro Generation Company "RusHydro"	Member of the Board of Directors
2010	Present	Open Joint-Stock Company INTER RAO UES	Chairman of the Management Board
2010	Present	Irkutsk Open Joint-Stock Company for Power and Electrification "Irkutskenergo"	Member of the Board of Directors
2010	2012	Open Joint-Stock Company "The First Generation Company of the Wholesale Electricity Market"	Chairman of the Board of Directors
2009	2012		Member of the Board of Directors
2010	2012	Open Joint-Stock Company Saratovenergo	Member of the Board of Directors
2010	2011	Open Joint-Stock Company Tambov Power Supply Company	Chairman of the Board of Directors
2010	2011	Open Joint-Stock Company Altaienergosbyt	Chairman of the Board of Directors
2010	2011	Open Joint-Stock Company Trading System Administrator of the Electric Energy Wholesale Market	Member of the Board of Directors
2010	Present		Chairman of the Management Board
2009	2010	Open Joint-Stock Company INTER RAO UES	Acting Chairman of the Management Board
2009	Present		Member of the Board of Directors
2009	2009	State Atomic Energy Corporation Rosatom	Deputy General Director for Development
2006	2009	Office of the Government of the Russian Federation	Director of the National Priority Projects Department



Artamonov, Vyacheslav Yuryevich

Born: 1957

Member of the Management Board of JSC INTER RAO UES

Coordinates operations of the Trading Methodology and Development Department, oversees trading methodology issues

1980: graduated from the Moscow Power Engineering Institute (Technical University), major in Electric Machines, degree in electric engineering.

Candidate of Technical Sciences, author of thesis "Design of Frequency Managed Asynchronous Power Engines for Combustion Engine Testing Stands"

Mr. Artamonov holds the Honorary Title of the Distinguished Employee of the United Energy System of Russia and a Badge of 85-Year Anniversary of GOELRO.

Fluent in French

Mr. Artamonov has been working for the INTER RAO UES Group since 2000.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2011	2012	Open Joint-Stock Company The Third Generation Company of the Wholesale Electricity Market	Member of the Board of Directors
2011	2011	Limited Liability Company INTER RAO – Management of Electric Power Plants	Member of the Board of Directors
2010	2012	Open Joint-Stock Company United Energy Supply Company	Member of the Board of Directors
2010	2012	Open Joint-Stock Company Enel OGK-5	Member of the Board of Directors
2010	2011	Open Joint-Stock Company Altaienergoby	Member of the Board of Directors
2009	2012	Open Joint-Stock Company Mosenergobirzha	Member of the Board of Directors
2009	2011	Open Joint-Stock Company The First Generation Company of the Wholesale Electricity Market	Member of the Board of Directors
2008	Present	Open Joint-Stock Company INTER RAO UES	Member of the Management Board
2008	2009	Open Joint-Stock Company Ivanovskaya State District Power Plant Test Stand	Member of the Board of Directors
2008	2009	TGR ENERJI ELEKTRIK TOPTAN TICARET A.S.	Member of the Management Board
2008	2008	UAB Energijos Realizacijos Centras	Member of the Management Board
2007	2009	Closed Joint-Stock Company Promenergo	Member of the Board of Directors
2007	2008	Open Joint-Stock Company North-Western TPP	Member of the Board of Directors
2007	2007	RAO Nordic Oy	Member of the Management Board

Participation interest in the Company's authorized capital: 0.0191%



Boris, Alexander Gennadyevich

Born: 1959

Member of the Management Board of JSC INTER RAO UES

Coordinates public relations, human resources management, information technologies procurement and implementation; oversees the Company's social and charitable activities.

1985: graduated from Leningrad Refrigeration Industry Technology Institute, major in refrigeration and compressor machines and installations, degree in Mechanical Engineering. 2005: graduated from the North-Western Public Service Academy, major in State and Municipal Management.

Mr. Boris started his working career as machine assembly engineer at the Baranovichi Trade Machinery Plant in 1976. 2004-2006: held managerial positions in the Federal Tax Service; 2006-2009 – work in the Administration of the Government of the Russian Federation; 2009-2010: Director of the Development Center, State Atomic Energy Corporation Rosatom.

Since 2009: member of the Management Board, JSC INTER RAO UES,

Awarded with the Order of Merit for Services to Motherland, Class II, and with the Order of Honor. Active State Advisor.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Open Joint-Stock Company Territorial Generation Company No 11	Member of the Board of Directors
2011	Present	Closed Joint-Stock Company ELECTROLUCH	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Petersburg Supply Company	Member of the Board of Directors
2011	2012	Open Joint-Stock Company The Third Generation Company of the Wholesale Electricity Market	Member of the Board of Directors
2011	2011	Limited Liability Company INTER RAO UES – Management of Electric Power Plants	Member of the Board of Directors
2010	2011	Open Joint-Stock Company Technology Transport Management	Chairman of the Board of Directors
2010	2011	Open Joint-Stock Company Lukomorye Health and Recreation Resort	Chairman of the Board of Directors
2010	2011	Closed Joint-Stock Company ELECTROLUCH	Chairman of the Board of Directors
2009	Present	Open Joint-Stock Company INTER RAO UES	Member of the Management Board
2009	2010	State Atomic Energy Corporation Rosatom	Director of the Development Center
2006	2009	Government of the Russian Federation	Deputy Director of the National Priority Projects Department

No JSC INTER RAO UES shares owned.



Mirsiyapov, Ilmar Ilbatiyovich

Born: 1982

Member of the Management Board, Head of the Strategy and Investment Business Unit of JSC INTER RAO UES; Head of Corporate and Property Relations Business Unit.

2005: graduated from the Moscow State Institute of International Relations, major in management and second major in foreign languages. 2007: graduated from Almet'yev State Oil Institute, major in Development and Exploitation of Oil and Gas Deposits, degree in Engineering. 2012: graduated from Kutafin Moscow State Legal Academy, major in Law. Candidate of Economic Sciences and Candidate of Sociology.

2006-2009: held managerial positions in the State Atomic Energy Corporation Rosatom. Since 2009 employed by JSC INTER RAO UES.

In 2012 awarded with the Honorary Certificate of JSC INTER RAO UES for his great contribution to Energy Assets Consolidation Project.

Fluent in Spanish, English, Arabic and Tatar.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Limited Liability Company RT-Energotrading	Member of the Board of Directors
2012	Present	Closed Joint-Stock Company Kambaratinskaya HPP – 1	Member of the Board of Directors
2012	Present	Irkutsk Open Joint-Stock Company for Power and Electrification	Member of the Board of Directors
2012	Present	AB INTER RAO Lietuva	Member of the Management Board
2012	Present	Limited Liability Company Bashkir Generation Company	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Sangtundinskaya HPP-1	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Volzhskaya Territorial Generation Company	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Territorial Generation Company No 6	Member of the Board of Directors
2011	Present	Open Joint-Stock Company United Power Sales Company	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Mosenergo	Member of the Board of Directors
2011	2012	Open Joint-Stock Company The Third Generation Company of the Wholesale Electricity Market	Member of the Board of Directors
2011	2012	Bashkir Open Joint-Stock Power for Power and Electrification "Bashkirenergo"	Member of the Board of Directors
2011	2011	Open Joint-Stock Company The Sixth Generation Company of the Wholesale Electricity Market	Member of the Board of Directors
2010	Present	RAO Nordic Oy	Member of the Management Board
2010	Present	Limited Liability Company INTER RAO Invest	Chairman of the Board of Directors

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2010	Present	Open Joint-Stock Company Eastern Energy Company	Member of the Board of Directors
2010	Present	Open Joint-Stock Company INTER RAO UES	Member of the Management Board, Head of Strategy and Investment Business Unit
2010	2011	AB INTER RAO Lietuva	Member of the Management Board
2010	2011	Closed Joint-Stock Company Armenian NPP	Member of the Board of Directors
2010	2011	Open Joint-Stock Company Territorial Generation Company No 11	Member of the Board of Directors
2010	2011	TGR ENERJI ELEKTRIK TOPTAN TICARET A.S.	Member of the Management Board
2010	2011	Closed Joint-Stock Company INTER RAO Capital	Chairman of the Board of Directors
2009	2010	Open Joint-Stock Company INTER RAO UES	Head of Strategy and Investment Business Unit, Advisor to the Chairman of the Management Board
2008	2009	State Atomic Energy Corporation Rosatom	Deputy Director of the Corporate Governance and Development Department, Deputy Director of the Corporate Governance Department, Acting Director of Department, Deputy Director of Legal and Corporate Affairs Department
2007	2008	Open Joint-Stock Company Nuclear Energy Industry Facilities	Director of Administrative Support Department
2006	2007	Federal Atomic Energy Agency (Rosatom)	Deputy Head of the General Affairs Unit, Deputy Head of the General Affairs Department and Administration Support Unit

No JSC INTER RAO UES shares owned.



Murgulets, Valery Valeryevich

Born: 1977

Member of the Management Board, Head of Innovations, Investment and Costs Business Unit, JSC INTER RAO UES

1999: graduated from Saint Petersburg State University. 2006: graduation from the Stockholm School of Economy.

Fluent in English.

2007-2010: Head of the Financial Department, LLC Konstantinovsky Congress-Center. In 2010 Mr. Murgulets joined JSC INTER RAO UES as Head of Investment Program Department. In 2011 appointed Head of Innovations, Investment and Costs Management Business Unit.

2012 – Member of the Management Board of JSC INTER RAO UES, Head of Innovations, Investment and Costs Management Business Unit.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Limited Liability Company INTER RAO UES Energy Efficiency Center	Member of the Board of Directors
2012	Present	Open Joint-Stock Company INTER RAO UES	Member of the Management Board, Head of Innovations, Investment and Costs Management Business Unit
2012	Present	Non-commercial Partnership Innovative Power Technology Center	Member of the Board of Directors
2012	Present	Limited Liability Company KP EnergoSoyuz	Member of the Board of Directors
2012	Present	Non-commercial partnership Innovative Power Technology Center	Member of the Supervisory Board
2011	Present	Open Joint-Stock Company INTER RAO Electric Power Plants	Member of the Board of Directors
2011	Present	Closed Joint-Stock Company Promenergo	Member of the Board of Directors
2011	Present	Closed Joint-Stock Company Petroelectrosbyt	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Territorial Generation Company No 11	Member of the Board of Directors
2011	Present	Limited Liability Company ENERGY HOLDING	Member of the Board of Directors
2011	Present	Science, Technology and Innovation Support Foundation Energy Beyond Borders	Fund Manager
2011	Present	INTER RAO Finance B.V.	Member of the Supervisory Board
2011	Present	INTER RAO Credit B.V.	Member of the Supervisory Board
2011	2012	Open Joint-Stock Company The First Generation Company of the Wholesale Electricity Market	Member of the Board of Directors
2011	2012	Limited Liability Company INTER RAO – Management of Electric Power Plants	Member of the Board of Directors
2010	2012	Open Joint-Stock Company INTER RAO UES	Director for Investment
2009	2010	Open Joint-Stock Company INTER RAO UES	Head of Investment Department
2007	2009	Limited Liability Company Konstantinovsky Congress-Center	Head of Financial Department

No JSC INTER RAO UES shares owned.



Okley, Pavel Ivanovich

Born: 1970

Member of the Management Board, Head of the Production Business Unit, JSC INTER RAO UES

1992: graduation from Omsk Transport Engineering Institute, major in Automation, Telemechanics and Communication in Transport, degree of transport power engineer.

Candidate of Economic Sciences.

2001-2005: OJSC Omskenergo. 2005-2008: managerial positions in OJSC FGC of UES. 2008-2010: Deputy General Director of OJSC MRSK Holding. Since 2010 – Head of Production Business Unit, a member of the Management Board of JSC INTER RAO UES.

Awarded with the Honorary Certificate of OJSC RAO UES of Russia in 2007, Honorary Title "Distinguished Employee of the United Energy System of the Russian Federation", Honorary Certificate of the Ministry of Energy of the Russian Federation in 2009, Honorary Badge "For Flawless Work in the Distribution Grid Sector" in 2010.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2013	Present	Limited Liability Company QUARZ Group	Chairman of the Board of Directors
2012	Present	Irkutsk Open Joint-Stock Company for Power and Electrification	Member of the Board of Directors
2012	Present	Limited Liability Company INTER RAO UES Energy Efficiency Center	Member of the Board of Directors
2012	Present	Non-commercial Partnership Innovative Power Technology Center	Member of the Supervisory Board
2011	Present	Telasi JSC	Member of the Supervisory Board
2011	Present	Open Joint-Stock Company Territorial Generation Company No 11	Chairman of the Board of Directors
2011	Present	Open Joint-Stock Company Volzhskaya Territorial Generation Company	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Territorial Generation Company No 6	Member of the Board of Directors
2011	2013	Limited Liability Company QUARZ Management Company	Chairman of the Board of Directors
2011	2012	Bashkir Open Joint-Stock Company for Power and Electrification "Bashkirenergo"	Member of the Board of Directors
2011	2012	Open Joint-Stock Company Kuban Generation Company	Member of the Board of Directors
2011	2012	Open Joint-Stock Company The Third Generation Company of the Wholesale Electricity Market	Member of the Board of Directors
2011	2011	Limited Liability Company INTER RAO – Management of Electric Power Plants	General Director
2011	2011	Limited Liability Company INTER RAO – Management of Electric Power Plants	Member of the Board of Directors
2011	2011	Open Joint-Stock Company Territorial Generation Company No 11	Member of the Board of Directors
2010	Present	Open Joint-Stock Company INTER RAO UES	Member of the Management Board, Head of Production Business Unit
2010	2011	Open Joint-Stock Company The First Generation Company of the Wholesale Electricity Market	Executive Director
2010	2011	Open Joint-Stock Company The First Generation Company of the Wholesale Electricity Market	Member of the Management Board
2008	2010	Open Joint-Stock Company Interregional Distribution Grid Companies Holding	Deputy General Director, CTO
2008	2008	Russian Open Joint-Stock Company for Power and Electrification "UES of Russia"	Deputy Director, MRSK Holding Business Unit (combined position)
2005	2008	Open Joint-Stock Company Federal Grid Company of the United Energy System	Deputy Head of the Interregional Distribution Facilities Management Center, Deputy Head of the Center for Technology Development, later Head of the Interregional Distribution Facilities Management Center

No JSC INTER RAO UES shares owned.



Palunin, Dmitry Nikolayevich

Born: 1969

Member of the Management Board, Head of the Financial and Economic Center of JSC INTER RAO UES

1992: graduated from Moscow State Aviation Institute (Technical University), major and degree in Radio Engineering. 2008: MBA from the National Economy Academy at the Government of the Russian Federation.

1986-1993: engineer in the Scientific and Technology Center of the Federal Agency for Government Communications at the President of the Russian Federation. 1994-2002: employed in the banking sector. Since 2002: work for JSC INTER RAO UES; held managerial positions in the Financial Settlement Department, Economics and Finance Department, Financial and Economic Center.

Fluent in English.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Irkutsk Open Joint-Stock Company for Power and Electrification	Member of the Board of Directors
2012	Present	Open Joint-Stock Company Volzhskaya TGK (TGK-7)	Member of the Board of Directors
2012	Present	Open Joint-Stock Company Hrazdan Energy Company (HrazTES)	Member of the Supervisory Board
2012	Present	Limited Liability Company INTER RAO – Procurement Management Center	Member of the Board of Directors
2012	Present	AB INTER RAO Lietuva	Member of the Management Board
2011	Present	Telasi JSC	Member of the Supervisory Board
2011	Present	INTER RAO Credit B.V.	Director
2011	2012	INTER RAO Finance B.V.	Member of the Supervisory Board
2010	Present	TGR ENERJI ELEKTRIK TOPTAN TICARET A.S.	Member of the Management Board
2010	Present	Open Joint-Stock Company Sangtudinskaya HPP-1	Member of the Board of Directors
2010	Present	Open Joint-Stock Company Eastern Energy Company	Member of the Board of Directors
2010	Present	Open Joint-Stock Company INTER RAO UES	Member of the Management Board, Head of the Financial and Economic Center
2010	Present	Limited Liability Company INTER RAO SERVICE	Member of the Board of Directors
2010	Present	Limited Liability Company INTER RAO Invest	Member of the Board of Directors
2010	Present	Limited Liability Partnership Kazenergoresurs	Member of the Supervisory Board
2010	2012	AB INTER RAO Lietuva	Member of the Management Board
2010	2011	Closed Joint-Stock Company INTER RAO UES	Member of the Board of Directors

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2010	2011	Open Joint-Stock Company Lukomorye Health and Recreation Resort	Member of the Board of Directors
2010	2011	Closed Joint-Stock Company Armenian NPP	Member of the Board of Directors
2010	2011	Open Joint-Stock Company Territorial Generation Company No 11	Member of the Board of Directors
2010	2011	Open Joint-Stock Company Petersburg Supply Company	Member of the Board of Directors
2009	Present	Open Joint-Stock Company ELECTROLUCH	Member of the Board of Directors
2009	Present	Limited Liability Partnership INTER RAO Central Asia	Member of the Supervisory Board
2009	Present	RAO Nordic Oy	Member of the Management Board
2009	Present	Closed Joint-Stock Company Electric Networks of Armenia	Member of the Board of Directors
2009	2011	Open Joint-Stock Company The First Generation Company of the Wholesale Electricity Market	Member of the Management Board
2009	2011	Open Joint-Stock Company Stand	Member of the Board of Directors
2009	2010	Closed Joint-Stock Company Moldavskaya State District Power Plant	Member of the Board of Directors
2009	2010	Limited Liability Company INTER RAO SERVICE	Chairman of the Board of Directors
2008	2010	Open Joint-Stock Company INTER RAO UES	Deputy Financial Director for Corporate Finance, Head of the Treasury Department
2007	2012	Limited Liability Company INTER RAO FINANCE	Deputy Chairman of the Board of Directors, member of the Board of Directors
2007	2009	Limited Liability Company INTER RAO FINANCE	General Director
2002	2008	Closed Joint-Stock Company INTER RAO UES	Deputy CFO for Corporate Finance, Head of the Treasury Department

Participation interest in the Company's authorized capital: 0.0019%



Pakhomov, Aleksandr Aleksandrovich

Born: 1973

Member of the Management Board, Head of Legal Business Unit, OJSC INTER RAO UES

1995: graduated from the Military University of the Ministry of Defense of the Russian Federation. 1999: graduation from the Russian Academy of Public Service at the President of the Russian Federation, major in Law.

1997-1999: work in the Legal Department of Alba Alliance Bank. 1999-2003: General Director of LLC Arbiter Legal Protection Center. Mr. Pakhomov started his employment with OJSC INTER RAO UES in 2003. Between 2003 and 2011 he held various positions, including those of the Head of the Legal Affairs Department, Head of the Tax Planning Directorate, Deputy Head of the Tax and Accounting Department, Director for Legal Affairs of OJSC INTER RAO UES. Since 2011: Mr Pakhomov has been a member of the Management Board of OJSC INTER RAO UES and is Head of the Legal Business Unit.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Irkutsk Open Joint-Stock Company for Power and Electrification	Member of the Board of Directors
2012	Present	AB INTER RAO Lietuva	Member of the Supervisory Board
2011	Present	Open Joint-Stock Company Hrazdan Energy Company	Member of the Board of Directors
2011	Present	TGR ENERJI ELEKTRIK TOPTAN TICARET A.S.	Member of the Management Board
2011	2011	Limited Liability Company INTER RAO UES – Electric Power Plants	Member of the Board of Directors
2010	Present	RUS GAS Turbines Holdings B.V.	Director
2008	Present	INTER RAO Holding B.V.	Director
2008	Present	INTER RAO Management B.V.	Director
2008	2012	Gardabani Holdings B.V.	Director
2008	2012	Silk Road Holdings B.V.	Director
2007	2011	Saint Guidon Invest N.V.	Director

Participation interest in the Company's authorized capital: 0.0025%



Tsurcan, Karina Valeryevna

Born: 1974

Member of the Management Board, Head of the Trading Business Unit, OJSC INTER RAO UES

1999: Bachelor's degree from the International Independent University of Moldavia, major in Economic Law.

2004: MBA degree from the University Consortium of Spain (IUP).

Employed by various OJSC INTER RAO UES companies since 2005.

In 2012 Ms. Tsurcan was elected as a member of the Management Board of JSC INTER RAO UES.

Fluent in English, Romanian and Spanish.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Open Joint-Stock Company INTER RAO UES	Member of the Management Board, Head of the Trading Business Unit
2012	Present	Joint-Stock Company United Energy System of GRUZROSENERGO	Member of the Supervisory Board
2012	Present	TRAKYA ELEKTRIK URETIM VE TICARET A.S.	Member of the Board of Directors
2012	Present	Open Joint-Stock Company Eastern Energy Company	Member of the Board of Directors
2012	Present	AEI Enerji Holding A.S.	Member of the Board of Directors
2012	Present	AEI Enerji A.S.	Member of the Board of Directors
2012	Present	SII Enerji Ve Uretim Limited S.	Member of the Board of Directors
2012	Present	AB INTER RAO Lietuva	Chairman of the Management Board
2012	2013	Limited Liability Partnership INTER RAO Central Asia	Member of the Supervisory Board
2012	2013	Limited Liability Partnership Kazenergoresurs	Member of the Supervisory Board
2012	2013	Open Joint-Stock Company United Energy Supply Company	Member of the Board of Directors
2011	Present	Inter Green Renewables and Trading AB	Chairman of the Management Board
2011	Present	RAO Nordic Oy	Chairman of the Management Board
2011	Present	TGR ENERJI ELEKTRIK TOPTAN TICARET A.S.	Chairman of the Management Board
2011	Present	Joint Limited Liability Company Energoconnect	Chairman of the Board of Directors
2011	Present	Limited Liability Company Mtkvari Energy	Member of the Supervisory Board
2011	2012	Open Joint-Stock Company INTER RAO UES	Head of Europe Division
2010	Present	Closed Joint-Stock Company Moldavskaya State District Power Plant	Chairman of the Board of Directors
2010	2011	Open Joint-Stock Company INTER RAO UES	Head of Moldavia, Ukraine and Romania Division
2009	2010	Open Joint-Stock Company INTER RAO UES	Deputy Head of Division, Head of Europe Division Management and Development Department
2008	2009	Open Joint-Stock Company INTER RAO UES	Deputy Head of Division, Head of Foreign Economic Relations Department for the Eastern and Western Europe, Europe Division
2007	2008	Closed Joint-Stock Company INTER RAO UES	Head of Ukraine, Moldavia and Balkans Regional Development Directorate

Participation interest in the issuer's authorized capital: 0.0019%.



Sharov, Yury Vladimirovich

Born: 1959

Member of the Management Board – Head of Engineering Unit, OJSC INTER RAO UES

1986: graduation from Moscow Power Engineering Institute (Technical University), major in Electric Systems Cybernetics, degree in power engineering. 1998: graduation from the Plekhanov Russian Economic Academy, major in Finance and Credit.

Candidate of Technical Sciences, Professor. Head of Power Engineering Systems (PES) Department of the Federal State Budget Institution of Higher Vocational Education "National R&D "Moscow Power Engineering Institute".

Mr. Sharov holds the Honorary Title of Distinguished Power Engineer of the Russian Federation, has Letters of Acknowledgement from the President of the Russian Federation, The Order of Honor.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2012	Present	Limited Liability Company INTER RAO – Engineering	General Director
2012	Present	Limited Liability Company Khrami HPP-3	Chairman of the Supervisory Board
2012	Present	Non-commercial Partnership Innovative Power Technology Center	Deputy Chairman of the Supervisory Board
2012	Present	Limited Liability Company Southern Power Engineering Center	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Sangtudinskaya HPP-1	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Eastern Energy Company	Chairman of the Board of Directors
2011	Present	Limited Liability Company QUARZ – New Technologies	Chairman of the Board of Directors
2011	Present	Open Joint-Stock Company "Promenergo"	Member of the Board of Directors
2011	Present	Limited Liability Company QUARZ – New Technologies	Chairman of the Board of Directors
2011	2012	Open Joint-Stock Company The Third Generation Company of the Wholesale Electricity Market	Member of the Board of Directors
2011	2012	Open Joint-Stock Company PKhK CSA	Member of the Board of Directors
2011	2012	Limited Liability Company Khrami HPP-3	Member of the Supervisory Board
2011	2012	National Association of Engineering Companies	President
2011	2011	Open Joint-Stock Company Hrazdan Energy Company (HrazTES)	Member of the Board of Directors
2011	2011	Limited Liability Company INTER RAO – Power Generation Management	Member of the Board of Directors
2010	Present	Limited Liability Company QUARZ Group	Member of the Board of Directors
2010	Present	Limited Liability Company INTERRAO – WorleyParsons	Member of the Board of Directors

No JSC INTER RAO UES shares owned.

POSITIONS HELD OVER THE LAST 5 YEARS

PERIOD		ORGANIZATION	POSITION
From	Until		
2010	Present	Limited Liability Company INTERENERGOEFFECT	Chairman of the Board of Directors
2010	Present	Limited Liability Company INTER RAO-Export	Chairman of the Board of Directors
2010	2012	Non-commercial Partnership "Innovative Power Technology Center"	Member of the Supervisory Board
2010	2012	Limited Liability Company INTER RAO UES Energy Efficiency Center	Member of the Board of Directors
2010	2011	Open Joint-Stock Company The First Generation Company of the Wholesale Electricity Market	Member of the Board of Directors
2010	2011	Closed Joint-Stock Company QUARZ – New Technologies	Member of the Board of Directors
2009	Present	JSC Ekibastuz SDPP-2 Power Station	Member of the Board of Directors
2009	Present	Closed Joint-Stock Company Kambaratinskaya HPP-1	Member of the Board of Directors
2009	2011	Open Joint-Stock Company The First Generation Company of the Wholesale Electricity Market	Member of the Management Board
2009	2011	Open Joint-Stock Company Scientific Technical Center of Electric Power	Member of the Board of Directors
2009	2010	Open Joint-Stock Company Krzhizhanovsky Energy Institute	Member of the Board of Directors
2009	2010	Open Joint-Stock Company RusHydro	Member of the Management Board
2009	2010	Open Joint-Stock Company Dalenergosetproyekt	Member of the Board of Directors
2008	Present	Open Joint-Stock Company INTER RAO UES	Board member, head of the Engineering Unit
2008	2011	Open Joint-Stock Company Eastern Energy Company	General Director, member of the Board of Directors
2008	2009	Open Joint-Stock Company "Scientific Technical Center of Electric Power"	Chairman of the Board of Directors

In 2012 there were no transactions with shares owned by the members of the Management Board of JSC INTER RAO UES.

CHANGES TO THE MANAGEMENT BOARD COMPOSITION MADE IN 2012

Between January 1, 2012 and February 13, 2012 members of the Management Board included:

- | | |
|--|--|
| 1. Kovalchuk, Boris Yuryevich – Chairman of the Management Board; | 6. Mirsiyapov, Ilnar Ilbatyrovich – member of the Management Board, Head of Strategy and Investment Business Unit, OJSC INTER RAO UES; |
| 2. Artamonov, Vyacheslav Yuryevich – Deputy Chairman of the Management Board, Head of the Trading Business Unit, OJSC INTER RAO UES; | 7. Okley, Pavel Ivanovich – member of the Management Board, Head of Production Business Unit, OJSC INTER RAO UES; |
| 3. Sharov, Yury Vladimirovich – Deputy Chairman of the Management Board, head of Capital Construction and Engineering Business Unit, OJSC INTER RAO UES; | 8. Palunin, Dmitry Nikolayevich – member of the Management Board, Financial Director of OJSC INTER RAO UES; |
| 4. Boris, Aleksandr Gennadyevich – member of the Management Board of OJSC INTER RAO UES; | 9. Pakhomov, Aleksandr Aleksandrovich – member of the Management Board, Head of Legal Business Unit, OJSC INTER RAO UES; |
| 5. Golovlev, Andrey Vladimirovich – member of the Management, Head of the Financial and Economic Center, OJSC INTER RAO UES; | 10. Rumyantsev, Sergey Yuryevich – member of the Management Board, Director for Economics, OJSC INTER RAO UES. |

- ▶ Board of Directors of OJSC INTER RAO UES resolved on February 13, 2012 (Minutes No 59 dated February 16, 2012) that the Management Board shall consist of 11 members. For the first time a woman - Karina Tsurcan, Head of the Trading Business Unit of OJSC INTER RAO UES - was elected as a member of the Management Board.
- ▶ Board of Directors of OJSC INTER RAO UES resolved on May 5, 2012 (Minutes No 67 dated May 10, 2012) to terminate the authorities of Mr. Golovlev, Andrey Vladimirovich as a Management Board member and to have 10 members on the Management Board.
- ▶ Board of Directors of OJSC INTER RAO UES resolved on September 24, 2012 (Minutes No 79 September 26, 2012) to have 11 persons on the Management Board. Mr. Murgulets, Valery Valeryevich, Head of Innovations, Investment and Costs Management Business Unit of JSC INTER RAO UES, was elected a member of the Management Board.
- ▶ Board of Directors of OJSC INTER RAO UES resolved on December 14, 2012 (Minutes No 83 dated December 17, 2012) to terminate the authorities of Rumyantsev, Sergey Yuryevich as a Management Board member and to have 10 persons on the Management Board.

As at December 31, 2012 the Management Board consisted of:

- | | |
|---|---|
| 1. Kovalchuk, Boris Yuryevich – Chairman of the Management Board; | 6. Okley, Pavel Ivanovich – member of the Management Board, Head of Production Business Unit, JSC INTER RAO UES; |
| 2. Artamonov, Vyacheslav Yuryevich – member of the Management Board of JSC INTER RAO UES; | 7. Palunin, Dmitry Nikolayevich – member of the Management Board, Head of the Financial and Economic Center, JSC INTER RAO UES; |
| 3. Boris, Aleksandr Gennadyevich – member of the Management Board of JSC INTER RAO UES; | 8. Pakhomov, Aleksandr Aleksandrovich – member of the Management Board, Head of Legal Business Unit, JSC INTER RAO UES; |
| 4. Mirsiyapov, Ilnar Ilbatyrovich – member of the Management Board, Head of Strategy and Investment Business Unit, JSC INTER RAO UES; | 9. Tsurcan, Karina Valeryevna, member of the Management Board, Head of the Trading Business Unit, JSC INTER RAO UES; |
| 5. Murgulets, Valery Valeryevich, member of the Management Board, Head of Innovations, Investment and Costs Management Business Unit, JSC INTER RAO UES | 10. Sharov, Yury Vladimirovich – member of the Management Board, Head of Engineering Business Unit, JSC INTER RAO UES. |

MANAGEMENT BOARD PERFORMANCE REPORT

79 meetings of the Company's Management Board took place in 2012, including 21 meetings held in presentio and 58 meeting held in absentia.

ATTENDANCE OF MANAGEMENT BOARD MEMBERS AT MANAGEMENT BOARD MEETINGS IN 2012

Name of Management Board member	Meetings attended (total)	Meetings attended in presentio	Meetings attended in absentia
Kovalchuk, Boris Yuryevich	77	19	58
Artamonov, Vyacheslav Yuryevich	71	17	54
Sharov, Yury Vladimirovich	60	9	51
Boris, Aleksandr Gennadyevich	67	18	49
Golovlev, Andrey Vladimirovich (until May 5, 2012)	26	8	18
Mirsiyapov, Ilmar Ilbatiyrovich	69	17	52
Murgulets, Valery Valeryevich (since September 25, 2012)	22	3	19
Okley, Pavel Ivanovich	71	17	54
Palunin, Dmitry Nikolayevich	74	19	55
Pakhomov, Aleksandr Aleksandrovich	64	19	45
Rumyantsev, Sergey Yuryevich (until December 14, 2012)	69	18	51
Tsurcan, Karina Valeryevna (since December 14, 2012)	66	13	53

REMUNERATION TO THE MEMBERS OF THE MANAGEMENT BOARD

The incentive system established for the members of the Management Board of JSC INTER RAO UES aims at ensuring their financial interest in reaching the Company's strategic objectives and securing efficient operational management of the Company. The procedure for granting material incentives to the Management Board members is defined in the Regulations on Material Incentives for the Chairman of the Management Board, Deputy Chairman of the Management Board and members of the Company's Management Board approved by a resolution of the Board of Directors of JSC INTER RAO UES dated December 24, 2010 (Minutes No 35 dated December 27, 2010) subject to amendments dated June 21, 2011 and September 28, 2012.

The components of the Material Incentive System for the members of the Management Board of the JSC INTER RAO UES are manager position salary and bonus for the Company's reaching the quarterly/annual KPI targets. Bonuses are granted to members of the Company's Management Board upon reaching the pre-set key performance indicators (KPI) for the current quarter/year. The list of quarterly and annual KPI and their target values for the Company's Management Board are approved by the Board of Directors based on the Company's approved business plan. In 2012, the members of the Management Board (including Chairman of the Management Board) were paid remuneration (including compensation) in the amount of RUB 607,728,528.87 (with due account of the salary, bonuses, benefits and the option program).

In 2012, remuneration was paid to the Management Board members according to the Labor Contracts signed with the Management Board members and based on the following resolutions of the Company's Board of Directors:

- ▶ Dated April 27, 2012 (Minutes No 66 dated May 2, 2012);
- ▶ Dated May 25, 2012 (Minutes No 69 dated May 28, 2012);
- ▶ Dated June 9, 2012 (Minutes No 70 dated June 13, 2012);
- ▶ Dated July 12, 2012 (Minutes No 74 dated July 16, 2012);
- ▶ Dated September 24, 2012 (Minutes No 79 dated September 26, 2012);
- ▶ Dated November 29, 2012 (Minutes No 82 dated December 3, 2012);
- ▶ Dated December 14, 2012 (Minutes No 83 dated December 17, 2012);
- ▶ Dated December 27, 2012 (Minutes No 85 dated December 29, 2012).

5.6. CORPORATE CONTROL

The system designed to control the Company's financial and business operations aims at identifying and reducing any risks that hamper achievement of strategic goals and lead to losses; preserving assets; using resources efficiently; ensuring observance of the Russian law and corporate regulations. Internal control is exercised by the Internal Audit, Controlling and Risk Management Unit, and also by the Internal Audit Commission. In addition, the Company is governed by external controls through its external auditor.

INTERNAL CONTROL

INTERNAL AUDIT COMMISSION

Annually, the General Meeting of Shareholders elects an Internal Audit Commission made up of 5 persons to exercise control over the financial and business operations of JSC INTER RAO UES. As a rule, the composition of the Committee is valid until the next Annual General Meeting of Shareholders. The Internal Audit Commission members' election procedure is regulated by Article 85 of the Federal Law No 208-FZ "On Joint-Stock Companies" dated December 26, 1995 (Revision dated December 29, 2012). The procedure of the Internal Audit Commission's operations is regulated by the Charter and Regulations on the Internal Audit Commission approved by the management Board of OJSC RAO UES of Russia on March 28, 2008 (Minutes No 1845pr/3 dated March 28). The Internal Audit Commission reports to the General Meeting of Shareholders.

COMPOSITION OF THE INTERNAL AUDIT COMMISSION AFTER JUNE 25, 2012 (POSITION INDICATED ON THE DATE OF NOMINATION):

Varlamov, Nikolay Nikolayevich	Deputy Chairman of the Management Board, Open Joint-Stock Company "Federal Grid Company of the United Energy System"
Drokov, Anna Valeryevna	Deputy Head of the Management Department, Federal Property Management Agency
Kabizskina, Elena Aleksandrovna	Deputy Head of Control and Inspection Department, Open Joint-Stock Company "Federal Grid Company of the United Energy System"
Heimits, Ekaterina Viktorovna	Deputy Head of the Directorate, Head of Assets Soundness Unit, Control and Inspection Group, Internal Control Department of OJSC MMC Norilsk Nickel
Shcherbakov, Yuri Aleksandrovich	Head of the Treasury Department, JSC INTER RAO UES

CHANGES MADE TO THE COMPOSITION OF THE INTERNAL AUDIT COMMISSION IN 2012.

- Up to February 15, 2012 the Internal Audit Commission included:

1. Abramkov, Aleksandr Evgenyevich, Head of the Internal Audit, Controlling and Risk Management Unit, JSC INTER RAO UES;
2. Ananyeva, Natalia Aleksandrovna, Head of Foreign Assets Audit Directorate, Internal Audit Department, Internal Audit, Controlling and Risk Management Unit, JSC INTER RAO UES;
3. Ivanova, Elena Fedorovna, Deputy Chairman of the Internal Audit Department, Internal Audit, Controlling and Risk Management Unit, JSC INTER RAO UES;
4. Meshcherina, Svetlana Gennadyevna, Deputy Chief Accountant of Rosatom State Corporation;
5. Ryzhkova, Elena Gennadyevna, Director for Internal Audit in Internal Audit, Controlling and Risk Management Unit, JSC INTER RAO UES.

- In between February 15, 2012 and June 25, 2012 the Internal Audit Commission included:

1. Varlamov, Nikolay Nikolayevich, Deputy Chairman of the Management Board, Open Joint-Stock Company "Federal Grid Company of the United Energy System";
2. Kabizskina, Elena Aleksandrovna, Deputy Head of Control and Inspection Department, Open Joint-Stock Company "Federal Grid Company of the United Energy System";
3. Meshcherina, Svetlana Gennadyevna, Deputy Chief Accountant of Rosatom State Corporation;
4. Shpakova, Svetlana Valeryevna, Head of the Economic Planning Department, JSC INTER RAO UES subsidiaries and affiliates and their subsidiaries and affiliates;
5. Shcherbakov, Yury Aleksandrovich, Head of the Treasury Department, JSC INTER RAO UES.

- The current composition of the Internal Audit Commission is valid since June 25, 2012.

INFORMATION ABOUT THE INTERNAL AUDIT COMMISSION MEMBERS ELECTED TO THE COMMITTEE BY THE RESOLUTION OF THE GENERAL SHAREHOLDERS MEETING OF INTER RAO UES DATED JUNE 25, 2012 (MINUTES NO 12 DATED JUNE 17, 2012).

Varlamov, Nikolay Nikolayevich

Born: 1974

Education: Higher Education, Financial Academy (graduation year 2000), Economics; Lomonosov Moscow State University.

ALL POSITIONS HELD IN JSC INTER RAO UES AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, COMBINED POSITIONS INCLUDED

PERIOD		ORGANIZATION	POSITION
From	Until		
2011	Present	OJSC FGC of UES	Deputy Chairman of the Management Board
2008	2011	Federal Service for Financial Monitoring	Official Secretary – Deputy Head
2007	2008	Government of the Russian Federation	Assistant Chairman of Government of the Russian Federation
2002	2007	Federal Service for Financial Monitoring	Head of Administration

Kabizskina, Elena Aleksandrovna

Born: 1964

Education: Higher Education, Far Eastern Fishing Institute.

ALL POSITIONS HELD IN JSC INTER RAO UES AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, COMBINED POSITIONS INCLUDED

PERIOD		ORGANIZATION	POSITION
From	Until		
2010	Present	OJSC FGC of UES	Deputy Head of Control and Inspection Department
2009	2010	OJSC FGC of UES	Chief Expert of Control and Inspection Department
2007	2009	OJSC FGC of UES	Senior Expert of Financial Control and Internal Audit Directorate
2005	2007	OJSC FGC of UES	Chief Expert of Financial Control and Internal Audit Directorate

Drokov, Anna Valeryevna

Born: 1985

Education: Higher Education, State Management University.

ALL POSITIONS HELD IN JSC INTER RAO UES AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, COMBINED POSITIONS INCLUDED			
PERIOD		ORGANIZATION	POSITION
From	Until		
2011	Present	Open Joint-Stock Company Bazhenov Geophysical Expedition	Member of the Board of Directors
2011	Present	Open Joint-Stock Company GosEcoCenter	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Kama R&D Institute of Complex Deep and extra Deep Wells Exploration	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Krasny Yakor	Member of the Board of Directors
2011	Present	Open Joint-Stock Company R&D Institute of Applied Ecology	Member of the Board of Directors
2011	Present	Open Joint-Stock Company R&D Center of the Industry for Diamonds and Precious Metals Mining and Processing	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Planning, Surveying and R&D Institute for Designing Energy Systems and Power Grids ENERGOSSET PROJECT	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Sevszapoelectrosetstroy	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Siberian Mining Institute for Designing Mines, Open Pits and Refining Plants	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Sibneftegeofizika	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Stavropolneftegeofizika	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Mosenergostroy Construction and Industrial Company	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Territorial Generation Company No 5	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Mosenergomontazh	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Far Eastern Power Management Company	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Oboronpromkompleks	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Volgogradneftegeofizika	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Teplopribor R&D Institute	Member of the Board of Directors
2011	Present	Open Joint-Stock Company Kaliningradgazifikatsiya	Member of the Board of Directors
2009	Present	Federal State Property Management Agency	Senior Expert, Chief Expert, Advisor, Deputy Head of TEC and Coal Industry Organization Unit, Department for MIC Infrastructure Industries and Organizations
2008	2009	Open Joint-Stock Company Alfa Insurance	Banks' Corporate Clients Manager
2007	2008	Limited Liability Company Quality-Pack	Expert of Sales Department

Heimits, Ekaterina Viktorovna

Born: 1976

Education: Higher Education, Norilsk Industrial University.

ALL POSITIONS HELD IN JSC INTER RAO UES AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, COMBINED POSITIONS INCLUDED			
PERIOD		ORGANIZATION	POSITION
From	Until		
2008	Present	OJSC MMC Norilsk Nickel	Deputy Head of the Directorate, Head of Assets Soundness Unit, Control and Inspection Group, Internal Control Department of OJSC MMC Norilsk Nickel
2006	2008	OJSC MMC Norilsk Nickel	Deputy Head of the Financial Department

Shcherbakov, Yury Aleksandrovich

Born: 1977

Education: Higher Education, Financial Academy of the Government of the Russian Federation.

ALL POSITIONS HELD IN JSC INTER RAO UES AND OTHER ORGANIZATIONS OVER THE LAST 5 YEARS IN DATE ORDER, COMBINED POSITIONS INCLUDED			
PERIOD		ORGANIZATION	POSITION
From	Until		
2008	Present	JSC INTER RAO UES	Head of Treasury Department
2007	2008	CJSC INTER RAO UES	Head of Treasury Department
2002	2007	CJSC AKB "Rus-Bank"	Head of Division

The audit (revision) of the Company's financial and business operations may be initiated at anytime by the Company's Internal Audit Commission, a resolution of the General Shareholders' Meeting, the Company's Board of Directors or at the instruction of a Company shareholder (shareholders) who owns (own) together no less than 10% of the Company's voting shares. In 2012 all the audits were planned audits.

The functions of the Internal Audit Commission include:

- ▶ Confirmation of the data contained in the Company's Annual Report, Balance Sheet, Profit & Loss Account;
- ▶ Analysis of the Company's financial standing, identification of reserves to improve the Company's financial standing and production of recommendations to the Company's governance bodies;
- ▶ Organization and performance of audits (inspections) of the Company's financial and business operations, in particular, audits (inspections) of the Company's financial, accounting, payment settlement and other documentation related to the Company's financial and business operations to check its compliance with the Russian law, Charter and other regulations of the Company;
- ▶ Control over the safe-keeping and utilization of fixed assets;
- ▶ Control over observance of the established order of writing off bad debts as the Company's losses;
- ▶ Control over disbursement of the Company's cash in compliance with the Company's approved business plan and budget;
- ▶ Control over the formation and use of the Company's reserves and special funds;
- ▶ Checking correctness and timeliness of the accrual and payment of dividends on the Company's shares, bond interests, incomes on other securities;
- ▶ Checking performance to the earlier issued ordinances for rectification of defects and shortcomings identified during previous audits (inspections).

Internal Audit Commission members are paid principal remuneration and may be paid extra remuneration for arranging for audits of the Company's financial and business operations.

The procedures for paying remuneration to members of the Revision Commission are determined in the Regulations on Remuneration and Compensations to members of the Revision Commission of JSC INTER RAO UES as approved by the Management Board of OJSC RAO UES of Russia dated March 28, 2008 (Minutes No 1845pr/3 dated March 28, 2008).

In 2012, the Company credited remuneration (salary, bonuses, benefits and remuneration) to those members of the Revision Commission who audited the financial and business operations in the year 2011 for their service on the Revision Commission to a total of RUB 13,541,923.55.

Name of the Internal Audit Commission member	Amount, RUB	Name of the Internal Audit Commission member	Amount, RUB
Varlamov, Nikolay Nikolayevich	167,400.00	Shpakova, Svetlana Valeryevna	6,563,366.39
Kabizskina, Elena Aleksandrovna	111,600.00	Shcherbakov, Yury Aleksandrovich	6,587,957.16
Meshcherina, Svetlana Gennadyevna	111,600.00		

INTERNAL AUDIT, CONTROLLING AND RISK MANAGEMENT UNIT

In addition to the Internal Audit Commission JSC INTER RAO UES has an internal audit function represented by the Internal Audit, Controlling and Risk Management Unit. The Unit is an independent entity of the Company. Regulations relating to the Unit were approved by the Board of Directors of JSC INTER RAO UES on June 22, 2010.

The structure of the Internal Audit, Controlling and Risk Management Unit includes:

- ▶ Foreign Assets Audit Department
- ▶ Trading Efficiency Audit Directorate
- ▶ Audit Support Directorate
- ▶ Internal Control and Risk Management Department
 - Internal Control Directorate
 - Controlling Directorate
 - Risk Management Directorate
 - Risk Simulation and Assessment Directorate

The regulations governing the Unit provide for a separation of responsibility, tasks and functions of business units; the Regulations prevent interference of third parties on how the scope of audit and units to be audited are selected, how audits are performed and how audit reports are presented. The Unit interacts with other Group's governance and management bodies, officials and business units, as well as with external auditors, independent experts and consultants, Company's counterparties and subsidiaries.

The functions of the Internal Audit, Controlling and Risk Management Unit include:

- ▶ Testing management, accounting (financial) and tax systems to check effectiveness of their organization, their completeness, reliability and compliance with the local laws and internal documents;
- ▶ Checking completeness and trustworthiness of the Group's financial and management statements;
- ▶ Financial control over the Group's operations;
- ▶ Assessment of effectiveness of the operations of JSC INTER RAO UES, its subsidiaries and affiliates;
- ▶ Checking observance by the Group companies' employees of corporate standards, laws of the Russian Federation or another country where a subsidiary may be located.

The Unit is led by the Head of the Unit who is appointed or removed from his/her position by the Chairman of the Management Board. The Head of the Unit reports to the Audit Committee of the Board of Directors of JSC INTER RAO UES and is administratively subordinated to the Chairman of JSC INTER RAO UES' Management Board. Mr. Abramkov, Aleksandr Evgenyevich is the current Head of Unit. The functions of the Unit Head include, inter alia:

- ▶ Approval of standards and methodology (methodology recommendations), standing orders, and other internal documents that regulate internal audits of the entities within the INTER RAO UES Group;
- ▶ Selecting the scope of audit and business units to be audited; making decisions on the frequency and order of audits; submitting audit schedules to the Chairman of the Management Board for approval.

EXTERNAL CONTROL

The General Meeting of Shareholders approves the Company Auditor on an annual basis to audit and approve the Company's financial statements. The Company Auditor audits the Company's financial and business operations pursuant to the requirements of the Russian law and the Contract signed with the Auditor. The External Auditor Rotation Policy of JSC INTER RAO UES was approved by the Board of Directors on November 29, 2012 (Minutes No 82 dated December 3, 2012).

The External Auditor has the right to freely contact and communicate with the internal auditors. Once an audit of the Company's financial and business operations is completed, the Internal Audit Commission and the Auditor jointly produce an audit opinion that is expected to contain the following:

- ▶ Confirmation of the accuracy of the data contained in the Company's reports or other financial documents;
- ▶ Information about any facts of infringement of the accounting and financial statements filing procedures regulated by the regulations of the Russian Federation, as well as those legal regulations of the Russian Federation that regulate the Company's financial and business operations.

The Annual General Shareholders' Meeting of JSC INTER RAO UES that took place on June 25, 2012 (Minutes No 12 dated June 27, 2012) resolved to appoint Ernst & Young Ltd. (proposed by the Board of Directors of JSC INTER RAO UES) as the Company's External Auditor for 2012.

5.7. INFORMATION DISCLOSURE

JSC INTER RAO UES adheres to the principle of financial transparency by ensuring timely disclosure of accurate information about all material facts, including the Company's financial standing, social and environmental performance ratios, performance indicators, shareholder and governance structure. As far as information disclosure is concerned, JSC INTER RAO UES is guided by the norms of the Russian law and best corporate governance practices. In September 2011, the Board of Directors of JSC INTER RAO UES approved a revision of the Information Policy Regulations that define key principles for disclosing information on the Company's operations, manner and terms for such disclosure and presentation, as well as a list of data and documents to be disclosed. Furthermore, in March 2012 the Group adopted a Communication Strategy to define principles and directions of the Group's communication with external audiences, excluding what regards information disclosure.

In addition to the compulsory information disclosure in line with the federal laws and other regulations and requirements of securities trade organizers, the Company strives for extra information disclosure to make its operations as transparent as possible.

JSC INTER RAO UES DISCLOSURE POLICY PRINCIPLES

- ▶ **Regularity and timeliness.** The Company provides information about its operations to all the interested parties regularly and informs all the stakeholders of any material facts or events on a timely basis.
- ▶ **Access to information.** When distributing information, the Company uses those communication channels that provide stakeholders with free, non-selective access to the information disclosed.
- ▶ **Completeness and accuracy of the information disclosed.** The Company provides its stakeholders with trustworthy information to the extent that it enables the stakeholders to have a full and clear picture of the Company's operations.
- ▶ **Equality.** The Company secures exercise by all stakeholders of their equal rights of access to information about the Company's operations.
- ▶ **Balance.** The Company maintains reasonable balance with regards to serving the Company's commercial interests and the disclosure and transparency of the Company.
- ▶ **Protection of information resources.** The Company utilizes all the tools and means permitted by Russian law to protect information that is considered commercially confidential by the Company.

INFORMATION DISCLOSURE METHODS

- ▶ Mass media publications.
- ▶ Publications on the Company's corporate web-site www.interrao.ru (in Russian and English languages).
- ▶ Brochures, leaflets, other printed and electronic media.
- ▶ Providing shareholders with access to information (documents) and sending the shareholders copies of requested documents on demand when required by the law.
- ▶ Press conferences, Internet conferences, briefings, conference calls, meetings with stakeholders, other public events.

In 2012, JSC INTER RAO UES published 289 material fact statements and 23 press releases as RSS news for CJSC Interfax, the information agency authorized by the Company.

2012 ZABAIKALYE TERRITORY

INTER RAO UES GROUP PUT
INTO OPERATION GENERATING
UNIT NO 3 WITH AN INSTALLED
CAPACITY OF 225 MW AT THE
KHARANORSKAYA SDPP IN THE
TRANSBAIKAL REGION

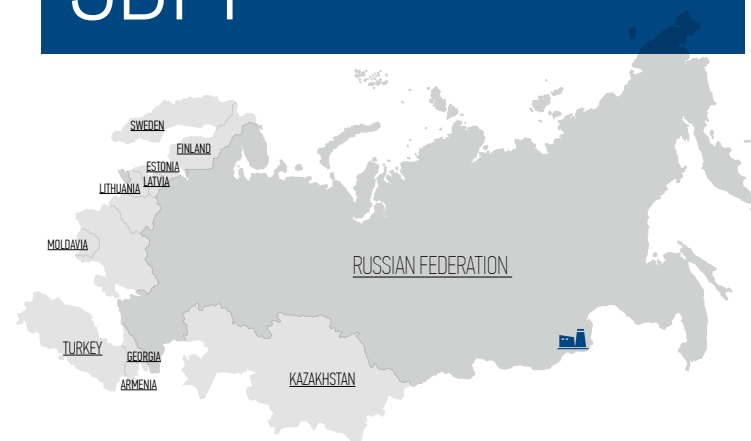
WITH COMMISSIONING OF THE NEW POWER UNIT THE INSTALLED CAPACITY OF THE POWER PLANT REACHED 655 MW. GENERATING UNIT NO 3 OF THE KHARANORSKAYA SDPP IS FURNISHED WITH UNIQUE EQUIPMENT MANUFACTURED BY POWER MACHINES AND EMALLIANCE. THIS EQUIPMENT PROVIDES ENVIRONMENTALLY CLEAN AND SAFE OPERATIONS OF THE FACILITY AND IS RESOURCE SAVING.

THE COMMISSIONING OF POWER UNIT NO 3 OF THE KHARANORSKAYA SDPP IS AN IMPORTANT MILESTONE FOR THE IMPLEMENTATION OF THE LEADERSHIP STRATEGY OF INTER RAO UES GROUP IN THE RUSSIAN MARKET. THE NEW CAPACITIES DESIGNED IN VIEW OF THE MOST CUTTING EDGE TECHNOLOGIES OF EFFICIENCY AND ENVIRONMENTAL SAFETY, ARE URGED TO PROMOTE THE SUSTAINABLE DEVELOPMENT OF GENERATION OF INTER RAO UES GROUP AND INTENSIVE ECONOMIC DEVELOPMENT OF THE TRANSBAIKAL AREA.

RUSSIA | ZABAIKALYE TERRITORY

OLOVYANNINSKY DISTRICT, YASNOGORSK VILLAGE

KHARANORSKAYA SDPP



COMMISSIONED: 1995

INSTALLED
ELECTRIC
CAPACITY

655
MW

INSTALLED
THERMAL
CAPACITY

3293
Gcal/h

BASIC
FUEL IS
COAL
FROM URTUYSKY
AND KHARANORSKY
OPEN CUTS

KHARANORSKAYA SDPP IS BASED IN THE SOUTH-WEST TRANSBAIKAL NEAR THE ONON RIVER AND THE RAILWAY. IT IS LOCATED AT A DISTANCE OF 300 KM FROM THE REGIONAL CENTER, CHITA, AND 325 KM FROM THE BORDER WITH CHINA AND MONGOLIA.

The Kharanorkaya SDPP is the largest thermal power plant in the Eastern Transbaikial region and the most powerful station of the Transbaikial grid system. The station makes a significant contribution to the region development. The main consumers of the Kharanorskaya SDPP are mining, railway transport and agricultural ventures. All produced energy comes to the wholesale electricity market.



IN 2012 KHARANORSKAYA SDPP ELECTRICITY OUTPUT EXCEEDED 3,119 MLN KWH, SUPPLY OF HEAT ENERGY FROM COLLECTORS - 129.8 THOU. GCAL, YIELD - 101.3 THOU. GCAL.

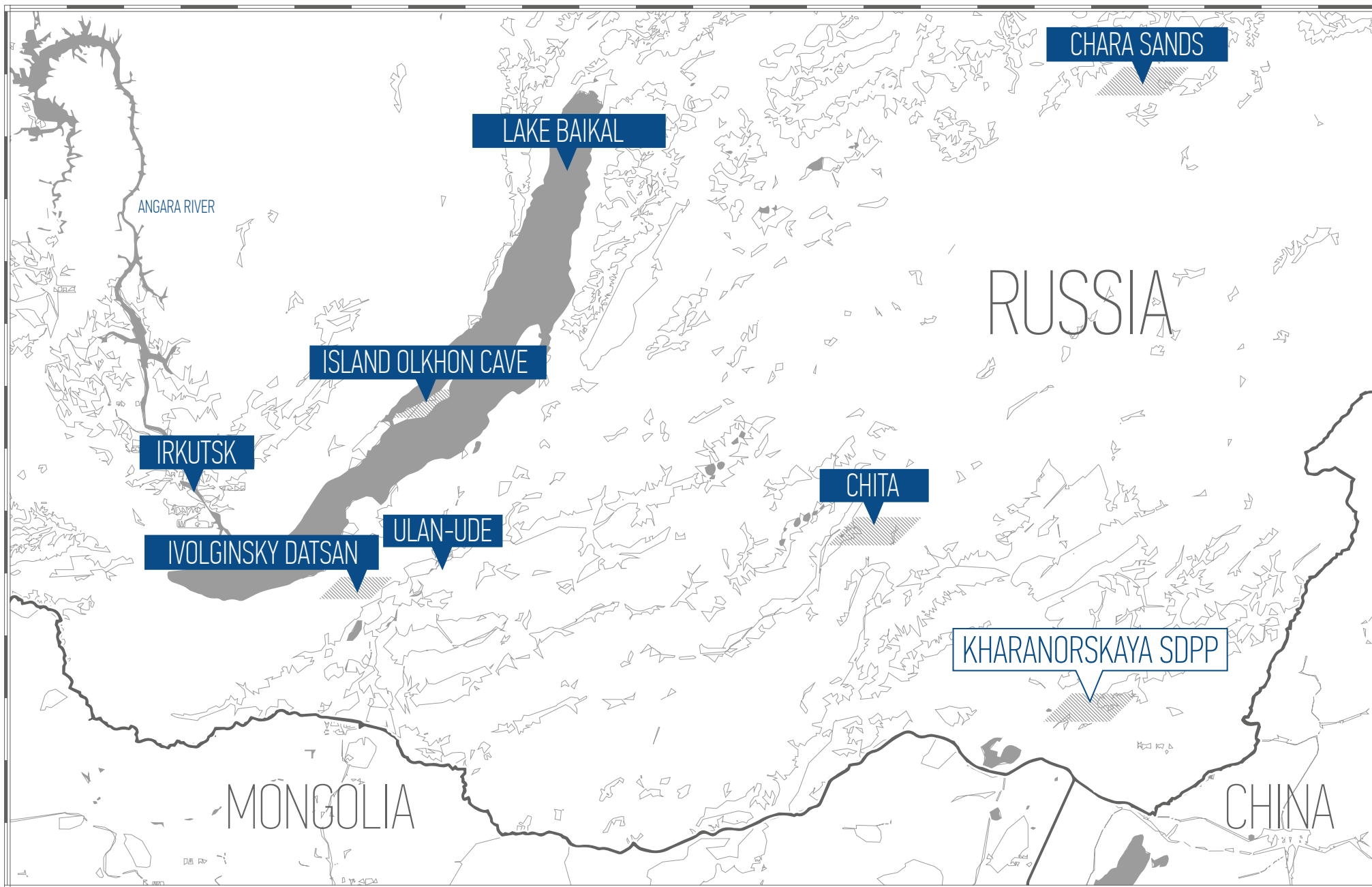


The choice of the plant location was defined by the following factors: the presence of the existing railway line, the proximity of the coal deposits and the water source (the Onon river). The technical design for the SDPP construction was approved by the Ministry of Energy and Electrification of the USSR in October 1977. The main station construction works were carried out from 1990 through to 1995. The integrity test of the first power unit equipment, whose capacity was 215 MW, was held on October 11, 1995. Generating unit No.2 was launched at the Kharanorskaya SDPP on October 10, 2001.

POWER UNIT NO. 3 WAS LAUNCHED IN NOVEMBER 2012.

Its uniqueness lies in the fact that for live steam pipe manufacturing high-alloy steels were used. The generator air-cooling system was integrated instead of the hydrogen cooling system for first time in Russia.





ZABAIKALYE TERRITORY

IVOLGINSKY DATSAN

Pandito Khambo lama residence – he is the head of the traditional Buddhist Sangha of Russia, the Buddhist center of Russia, a large Buddhist monastery complex, historical and architectural monument. Located in the Republic of Buryatia, in the village of Verkhnyaya Ivolga.

Ivolginsky Datsan was founded in 1946 by the USSR Sovnarkom's decree with Joseph Stalin's personal approval.

A year before, a group of Buryat monks, gathered signatures of the 16 oldest lamas and former exiles. They went to Moscow to ask for an appointment with the Soviet leader and they were fortunate to obtain the construction license. Today it is the main Buddhist temple of Siberia.

In 1991 on the basis of Datsan the Buddhism Institute was founded. Students learn the philosophy of tsanid, the basics of tantrism,

correct performance of religious ceremonies, medicine, astrology and the five principal Buddhist sciences. In addition to these disciplines they study the Tibetan, old Mongolian, English, Russian and Buryat languages, computer science basics, history and ethnography, culture and art of the people of Central Asia.

In the Ivolginsky Datsan area one can see temples, the institute buildings, houses of lamas, the museum-library, a special greenhouse with sacred Bodhi trees and five sacred stupas.

Services-Hurals, dedicated to the most important events in Buddhist history, daily rituals in honor of defenders and keepers of the sahyusan doctrine and other ceremonies are arranged in Datsan. In addition, the Ivolginsky Datsan attendants are engaged in the treatment of parishioners using Tibetan natural medicine.



Baikal is beautiful, and it is not without reason that Siberians refer to it not as a lake, but as a sea. Its water is unusually transparent, so that one can look through it as through air; its color is soft turquoise, pleasant to the eye. Its shores are mountainous and forest-covered; impenetrable wilderness all around. A profusion of bears, sables, wild goats and a variety of other wild animals...

A.P. Chekhov

CHITA

Chita, the capital of the Zabaikalye Territory, is often compared with Jerusalem: these are the only cities in the world where on one hill there are temples of three religions: a Christian church, a synagogue and a mosque. Among the monuments of the pre-revolution period – the Church of the Decembrists (end of XVIII century) and also stone and wooden houses of merchants-gold producers of the end of the XX century. The Pacific Fleet has a submarine named after Chita.

CHARA SANDS

The natural boundary Chara Sands of the Zabaikalye Territory is 10 km from the station of Novaya Chara on the BAM railway. This government protected site reminds one of the surrealistic landscapes created by an unknown artist. Drifting sands is a unique natural phenomenon. In Transbaikalia they occupy an area of about 50 sq.km. Drifting sand dunes, connecting in a chain, follow one by one, rising as high as 80 m. They are interspersed with patches of loose sand.

It is an extraordinary sight and nowhere else in the world you can see anything like the Chara Sands and scientists still debate on their origin. Extreme enthusiasts come here to admire the Martian landscapes.

BAIKAL CAVES

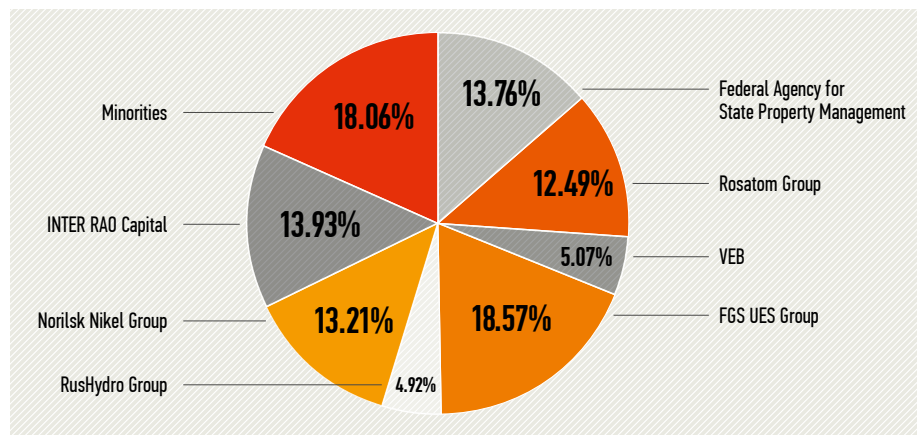
On almost all sides Lake Baikal is surrounded by high mountain ranges. There are several dozen different caves around the lakeshore. All in all there are more than 200 caves in the Transbaikalia area. The most famous Transbaikalia cave is the one on the Shaman's rock on Olkhon Island. The cave in the cliff of Shamanka Cape, which has long offered sacrifices and vows, was one of the nine major shrines in Asia. It is also worth noting such caves as: Mechta, Bolshaya and Malaya Baidingskie, Aya, Storozhevaya, Sagan-Zaba and Okhotnichya.

Many legends are associated with the caves which are often quite diverse and often have no similar features at all. The walls of some Baikal caves are covered with ice crystals, which make beautiful snow garlands. Practically all year round the temperature in the caves is the same: 2-4 degrees above zero Celsius. One can still find well-preserved traces of prehistoric wall painting in some of the caves today.

6. COMPANY IN CAPITAL MARKETS

The authorized capital of JSC INTER RAO UES is RUB 293,339,702,832.56769861 and is divided into 10,440,000,997,683 ordinary shares with a par value of RUB 0.02809767 each. The number of authorized but outstanding shares is 7,234,112,847,330. As of December 31, 2012 JSC INTER RAO UES has no privileged shares.

AUTHORIZED CAPITAL COMPOSITION OF JSC INTER RAO UES AS OF DECEMBER 31, 2012



As of December 31, 2012 18.06% of the authorized capital of JSC INTER RAO UES was free float. The Russian Federation represented by the Federal State Property Management Agency owns 13.76% or 1,436,971,195,062 shares of the Company; no special right has been reserved for the Russian Federation to participate in managing the Company (no golden share).

Entities registered on the Register of JSC INTER RAO UES shareholders that own more than 5% of the Company's voting shares as of December 31, 2012 (regardless disclosure of nominal holders) include:

SURNAME, FIRST NAME, OTHER NAMES / ORGANIZATION	LOCATION	NUMBER OF SHARES	
		TOTAL	% OF THE AUTHORIZED CAPITAL
Open Joint-Stock Company Nuclear Power Industry Complex	119017, Moscow, ul. B. Ordynka, 24	819,255,165,615	7.8473
Russian Federation represented by the Federal State Property Management Agency	109012, Moscow, per. Nikolsky, 9	1,436,971,195,062	13.7641
Non-banking organization Closed Joint-Stock Company "National Settlement Depository" (nominal holder)	125009, Moscow, per. Sredny Kislovsky, 1/13, bldg.(str.) 8	1,776,781,609,757	17.0190
Limited Liability Company Depository and Corporative Technology (nominal holder)	107014, Moscow, ul. Stromynka, 4, bldg.(str.)1	5,415,824,028,173	51.8757
TOTAL for the list: (Accounts: 4)		9,448,831,998,607	90.5060

SHARE ISSUES: DATES OF STATE REGISTRATION AND STATE REGISTERED NUMBERS

DATE OF THE STATE REGISTRATION OF THE ISSUE	STATE REGISTRATION NUMBER OF THE ISSUE	DATE OF ISSUE REPORT REGISTRATION	DATE FOR NULLIFICATION OF THE INDIVIDUAL NUMBER (CODE) OF ADDITIONAL ISSUE
October 29, 2009	1-03-33498-E	November 19, 2009	-
September 11, 2012	1-03-33498-E-003D	October 25, 2012	February 5, 2013
September 11, 2012	1-03-33498-E-004D	October 25, 2012	February 5, 2013
September 11, 2012	1-03-33498-E-005D	October 25, 2012	February 5, 2013
September 11, 2012	1-03-33498-E-006D	October 25, 2012	February 5, 2013
September 11, 2012	1-03-33498-E-007D	December 6, 2012	March 12, 2013
September 11, 2012	1-03-33498-E-008D	December 6, 2012	March 12, 2013

SHARES OF JSC INTER RAO UES, PRINCIPAL ISSUE (1-03-33498-E):

JSC INTER RAO UES shares of the principal issue are traded on the United Russian Stock Exchange MICEX-RTS (First level A Quotation List).

As of December 31, 2013 the number of principal issue shares was 10,440,000,997,683.

ADDITIONAL SHARE ISSUES OF JSC INTER RAO UES (003D-006D):

- ▶ 003D State Registration Number 1-03-33498-E-003D dated September 11, 2012 (date of the state registration of the report on the additional securities issue as of October 25, 2012), assigned to the additional issue of ordinary registered book-entry shares of Open Joint-Stock Company INTER RAO UES (conversion of OJSC OGC-1 shares);
- ▶ 004D State Registration Number 1-03-33498-E-004D dated September 11, 2012 (date of the state registration of the report on the additional securities issue as of October 25, 2012), assigned to the additional issue of ordinary registered book-entry shares of Open Joint-Stock Company INTER RAO UES (conversion of OJSC OGC-3 shares);
- ▶ 005D State Registration Number 1-03-33498-E-005D dated September 11, 2012 (date of the state registration of the report on the additional securities issue as of October 25, 2012), assigned to the additional issue of ordinary registered book-entry shares of Open Joint-Stock Company INTER RAO UES (conversion of the shares of OJSC INTER RAO – Energy Assets);
- ▶ 006D State Registration Number 1-03-33498-E-006D dated September 11, 2012 (date of the state registration of the report on the additional securities issue as of October 25, 2012), assigned to the additional issue of ordinary registered book-entry shares of Open Joint-Stock Company INTER RAO UES (conversion of the shares of OJSC INTER RAO – Energy).

JSC INTER RAO UES shares of additional issues 1-03-33498E-003D, 1-03-33498E-004D, 1-03-33498E-005D and, 1-03-33498E-006D, into which the shares of the minority shareholders OJSC OGC-1, OJSC OGC-3, OJSC INTER RAO–Energy and OJSC INTER RAO–Energy assets were converted, were added to B Quotation List of CJSC MICEX Stock Exchange. As a result of the consolidation of shares of the said additional issues with the principal issue shares after FFMS Russia nullified individual numbers (codes) of the additional issues on February 8, 2013, the shares of the said additional issues are traded within First level B Quotation List, CJSC MICEX Stock Exchange as part of the principal issue.

ADDITIONAL SHARE ISSUES OF JSC INTER RAO UES (007D-008D):

- ▶ 007D State Registration Number 1-03-33498-E-007D dated September 11, 2012 (date of the state registration of the report on the additional securities issue as of October 25, 2012), assigned to the additional issue of ordinary registered book-entry shares of Open Joint-Stock Company INTER RAO UES (conversion of the ordinary shares of OJSC Bashenergoaktiv);
- ▶ 008D State Registration Number 1-03-33498-E-008D dated September 11, 2012 (date of the state registration of the report on the additional securities issue as of October 25, 2012), assigned to the additional issue of ordinary registered book-entry shares of Open Joint-Stock Company INTER RAO UES (conversion of the privileged shares Type A of OJSC Bashenergoaktiv).

JSC INTER RAO UES shares of additional issues (state registration numbers of additional shares: 1-03-33498-E-007D and 1-03-33498-E-008D), into which the shares of OJSC Bashenergoaktiv (company incorporated as a result of reorganization of OJSC Bashkirenergo) were converted, were added to B Quotation List of CJSC MICEX Stock Exchange. As a result of the consolidation of shares of the said additional issues with the principal issue shares after FFMS Russia nullified individual numbers (codes) of the additional issues on March 21, 2013 the shares of the said additional issues are traded within First Level A Quotation List as part of the primary issue.

From the said date onwards, all the JSC INTER RAO UES shares that constitute the Company's authorized capital are traded within A Quotation List of CJSC MICEX Stock Exchange.

DEPOSITARY RECEIPTS:

On November 28, 2011 global depositary receipts representing shares of JSC INTER RAO UES were admitted to trading on the London Stock Exchange (LSE) in the IOB (International Order Book) segment.

SHARES OF PRIMARY ISSUE

MICEX - RTS (FIRST LEVEL A QUOTATION LIST)			
MARKET SECTOR	TICKER	ISIN	TRADE ACCESS DATE
Primary market	IRAO ¹	RU000A0JPNM1	July 17, 2008
Classica	IRAO	RU000A0JPNM1	July 17, 2008
Standard	IRAOS	RU000A0JPNM1	December 6, 2010

¹ IUES ticker from December 1, 2009 to November 18, 2011.

SHARES OF ADDITIONAL ISSUES

MICEX-RTS (FIRST LEVEL B QUOTATION LIST)				
MARKET SECTOR	TICKER	ISIN	SCOPE OF ISSUE	TRADE ACCESS DATE
Primary market	IRAO-003D	RU000A0JT0B5	210,141,861,720	November 9, 2012
Primary market	IRAO-004D	RU000A0JT0C3	431,451,853,160	November 9, 2012
Primary market	IRAO-005D	RU000A0JT2S5	475,352,112	November 9, 2012
Primary market	IRAO-006D	RU000A0JT2T3	22,887,323,943	November 9, 2012
Primary market	IRAO-007D	RU000A0JT0D1	47,241,491,977	December 25, 2012
Primary market	IRAO-008D	RU000A0JT2U1	11,803,114,771	December 25, 2012

More than 20 experts from leading Russian and international banks ensure analytical coverage of the Company. The Consensus Forecast tool published on the Company's website in the To Shareholders and Investors section provides quick access to updated analysts' recommendations. Quotation data are also accessible online on the Company's web-site.

The Company builds its work with investors in compliance with the best international practices, maintaining a non-stop dialog with analysts, investors and other representatives of the financial community. In 2012, the high quality of the Company's investor relations was acknowledged with a Certificate of IR magazine Russia & CIS in the category "Grandprix for best overall investor relations, midcap".

On December 18, 2012 INTER RAO Lietuva, a trader of INTER RAO UES Group, was listed on the Warsaw Stock Exchange (WSE). Earlier the company placed 4 million shares with the nominal rate of 1 litas worth 5.85 euro per share during its IPO. As a result, the authorized capital structure of INTER RAO Lietuva changed as follows: the share of RAO Nordic Oy (subsidiary of JSC INTER RAO UES) remained 51%, the share of the Lithuanian company Scaent Baltic was reduced from 49% to 29%, and free float amounted to 20%.

ORDINARY SHARES OF JSC INTER RAO UES ARE INCLUDED IN THE CALCULATIONS OF THE FOLLOWING INDEXES:

INDEX	TICKER	WEIGHT OF INTER RAO UES SECURITIES WITHIN THE INDEX, %	UPDATE
MSCI Russia Index	MXRU	0.70	December 27, 2012
MSCI Emerging Markets Index	MXEM	— ¹	December 27, 2012
FTSE Emerging Markets Index	FTR1ALEM	0.04	December 27, 2012
MICEX Index (composite index)	INDEXCF	0.82	December 27, 2012
MICEX Index Power Sector (industry index)	MICEXPWR	14.73	December 27, 2012
MICEX Index Mid Cap (capitalization index)	MICEXMC	7.50	December 27, 2012
RTS Index	RTSI	0.86	December 27, 2012

¹ Securities of JSC INTER RAO UES are included in the calculations of MSCI Russia index.

DIVIDEND POLICY

The Company declares and pays dividends in accordance with the Federal Law "On Joint Stock Companies" and Regulations on Dividend Policy of JSC INTER RAO UES approved on April 29, 2011 at the meeting of the Board of Directors of JSC INTER RAO UES (the Minutes No 41 dated May 3, 2001).

The Company's dividend policy aims to best satisfy shareholders' interests by finding an optimal balance of capitalized net profit and the portion of the net profit to be distributed as dividends. Pursuant to the Regulations, the Dividend Policy is to address the following issues:

- Optimization of the Company's net profit distribution;
- Raising the investment appeal of the Company;
- Meticulous observance of the rights and rightful interests of the Company's shareholders.

The source of dividend payments is the Company's profit after tax (the Company's net profit) as in the Company's RAS accounting statements. The Regulations on Dividend Policy provide that at least five per cent of the net profit of JSC INTER RAO UES be allocated to pay dividends (subject to the amount of the financial investment reassessment). When calculating the portion of net profit to be repaid as dividends, the following factors are taken into account:

- ▶ Need to form the Company's funds;
- ▶ Company's net profit forecasts for next financial year;
- ▶ Requirements to finance the Company's investments;
- ▶ Finding accessible and optimal sources of funds to finance the Company's investment plans.

The General Meeting of the Company's Shareholders resolves issues on dividend payment/non-payment, dividends on shares and the manner of dividend payment, upon the recommendation of the Board of Directors.

DIVIDENDS PAID IN PAST YEARS

DIVIDEND PAYMENT PERIOD	DATE OF DIVIDEND RECOMMENDATION BY THE BOARD OF DIRECTORS	REGISTER CLOSING DATE	GSM DECISION DATE	DIVIDEND PER SHARE, RUB	TOTAL DIVIDENDS DECLARED, '000 RUB	TOTAL DIVIDENDS PAID ¹	DIVIDENDS / NET PROFIT (RAS) ,%	DIVIDENDS / BASE AS PER DIVIDEND POLICY, %
2009	-	-	-	-	-	-	-	-
2010	May 16, 2011	May 17, 2011	June 24, 2011	0.00001544	150,015	148,819	5.55	11.93
2011	-	-	-	-	-	-	-	-

¹ Valid on the last date of dividend payment in accordance with Article 42 of the Federal Law "On Joint-Stock Companies".

Subject to the limitations imposed by the Federal Law "On Joint-Stock Companies", dividends cannot be paid out if the Company has no net profit (RAS). It is for this reason that the Company did not pay dividends in 2009 and 2011.

Federal Law "On Amendments to Some Laws of the Russian Federation and Nullification of Some Provisions of the Russian Laws" as of December 29, 2012 No 282-FZ made material changes to the dividend payment procedure. The amendments will become effective on January 1, 2014 and are related to the form, terms and procedure of dividend payment. Notably, from the effective date onwards, dividends will be paid in non-cash form only.

2012 TURKEY

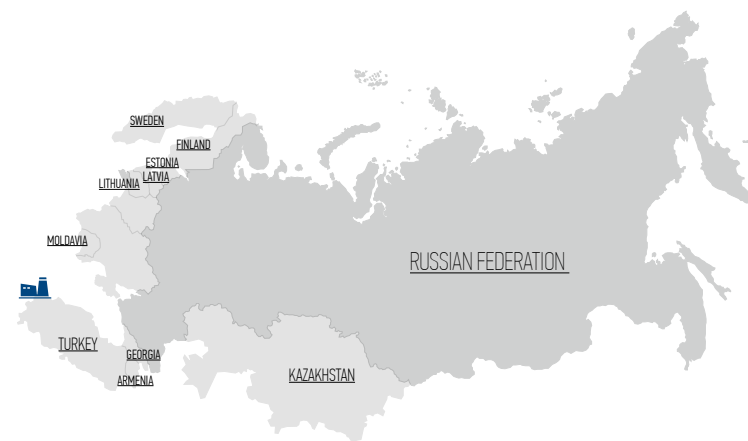
INTER RAO TURKEY ENERJI
HOLDING A.S., PART OF
INTER RAO UES GROUP,
PURCHASED A 90% STAKE IN
THE GAS POWER PLANT TRAKYA
ELEKTRIK URETIM VE TICARET A.S.
(TRAKYA ELEKTRIK) IN TURKEY

THE INSTALLED CAPACITY OF THE TRAKYA POWER PLANT IS 478 MW. THE PLANT OPERATES TWO TURBINES SIEMENS V 94.2 (154 MW EACH) AND ONE STEAM TURBINE SIEMENS (170 MW). NATURAL GAS IS PRIMARILY USED AS FUEL. IT IS ALSO POSSIBLE TO USE AN ALTERNATIVE LIQUID FUEL. AFTER BECOMING PART OF INTER RAO UES, TRAKYA ELEKTRIK URETIM VE TICARET A.S. HAS ENTERED A NEW STAGE OF DEVELOPMENT.

TRAKYA ELEKTRIK URETIM VE TICARET A.S. POWER PLANT IS LOCATED IN RAPIDLY DEVELOPING REGION OF TURKEY—MARMARA EREGLISI –100 KM TO THE WEST FROM ISTAMBUL.

WEST TURKEY

TRAKYA ELEKTRIK
URETIM VE TICARET A.S.



BEGINNING OF THE POWER PLANT CONSTRUCTION: 1996

COMMISSIONING: 1999

INSTALLED
ELECTRIC
CAPACITY

478
MW

THE POWER PLANT SUPPLIES 100%
OF ALL CAPACITY AND ELECTRIC POWER
TO THE STATE TURKISH COMPANY
TETAS.

BASIC
FUEL IS
NATURAL
GAS

THE STEAM-GAS POWER PLANT OF TRAKYA ELEKTRİK
IS LOCATED ON THE PICTURESQUE COAST OF THE SEA OF
MARMARA IN THE MARMARA ERELİSİ DISTRICT OF TEKİRDAĞ
PROVINCE TO THE WEST OF İSTANBUL.

During the early 1990s, Turkey was undergoing significant political and economic transformations. In particular, measures to develop the power supply system of the country were taken and the law on introducing the principle "Construction – Operation – Transfer" was signed (COT). The Trakya Elektrik power plant was constructed and is to be operated on the basis of this principle for a period of 50 years according to the contract (until 2046), signed with the Ministry of Energy and Natural Resources of the Republic of Turkey.



The power plant construction began in September 1996, and it was completed in June 1999.

THE PRESIDENT OF TURKEY SÜLEYMAN DEMİREL TOOK PART IN THE OFFICIAL CEREMONY MARKING THE START OF CONSTRUCTION WORK.



The project was developed in view of the fact that Marmara Erelisi is in a seismically active area of Turkey. The powerful earthquake which took place in August, 1999, just a few months after the power plant start-up, had no impact on it. The Trakya Elektrik personnel actively helped the local municipalities eliminate the consequences of the disaster.

Social programs play an important role in the Trakya Elektrik's management policy. Every year the company allocates funds to charity (mainly for supporting education and medical care for the local population). Many employees of the power plant have been working there from the very beginning of the plant's construction. The plant has an amateur football team which will participate for the first time in a tournament arranged for INTER RAO UES Group companies this summer.





NORTHWEST TURKEY



ISTANBUL

Istanbul is the largest city in Turkey and is the main shopping, industrial and cultural center, and well as the key sea port of the country. It is located on the coastline of the Bosphorus Strait which separates it into the European (main) and Asian parts connected by bridges. In terms of population, Istanbul is the third largest city in Europe. It was the former capital of the Roman, Byzantine, Latin and Ottoman empires. The first known date in the history of the city is 659 B.C., when on the Asian side of the Bosphorus the first Greek settlers appeared. Since then the history of the city has been saturated with grandiose and dramatic events, stories about which will never end. The main cluster of the city sights is located in the historical heart of the Istanbul – Sultanahmet area. In 1985 the historical part of the area was added to the UNESCO world heritage list. The area comprises outstanding monuments of world architecture such as the Saint Sofia Cathedral, the Blue Mosque, the Topkapi Palace and the Basilica Cistern. Sights of Istanbul are numerous and millions of tourists are coming here to feel the breath of history.



The Sea of Marmara dividing Europe and Asia by the Dardanelles and the Bosphorus Straits is located in the northwest part of Turkey. Here lies Istanbul, the largest city in Turkey, the historical part of which is included in the UNESCO list of the world heritage. Two more pearls of northwest Turkey are also included in this list – the archeological excavations of ancient Troy and the Selimiye mosque in the city of Edirne.

SEIMIYE MOSQUE

It is the paragon of the Turkish mosque located in the city of Edirne and included by UNESCO in the list of the World heritage. The Selimiye Mosque, erected by architect Sinan in 1569-1575, belongs to outstanding architectural achievements of the Islamic culture and it is considered the most harmonious temple complex in the country. The yard and the building are not separated parts but are a coherent whole. The complex of buildings is called külliye and includes a hospital, a school, a library and baths, constructed around a mosque, and also madrasah, dar-ül hadis (house of hadises), a clock room and some shops. It also includes the Sultan Bayezid II Mosque which now houses a Health Care Museum.



SEA OF MARMARA

The name of the sea originates from the name of the island of Marmara where large quantities of white marble were extracted. The Ancient Greek name of the sea – Propontida, i.e. "before sea", was already used by the writers of the V century Aeschylus and Herodotus. It confirms the fact that Greeks crossed this sea on the way to the Black Sea. In the northeast the Sea of Marmara is connected with the Black sea by the Bosphorus Strait, in the southwest – with the Aegean Sea by the Dardanelles Strait. The Sea of Marmara is 280 km long and nearly 80 km wide at its greatest width, the depth reaches a maximum of 1,355 m.

TROY

The capital of the Turkish province with the same name, the city of Canakkale is located on the coast of the Dardanelles. To the west, near an entrance to the strait, the excavation site of ancient Troy is located. The search for Homer-praised city had been unsuccessful for many years until 1873 when the German entrepreneur and amateur archaeologist, Heinrich Schliemann, discovered under the ruins of classic epoch Greek city the remains of an older city and several cultural layers dating back to the Bronze Age. For the most part, Schliemann's findings now reside in the Pushkin Museum in Moscow and in the State Hermitage Museum in St. Petersburg.

7. CORPORATE SOCIAL RESPONSIBILITY

7.1. THE COMPANY'S SUSTAINABLE DEVELOPMENT POLICY

“Corporate social responsibility has a real economic effect. By investing into the development of society, we invest into the development of our market, our consumers and employees.

We wish to create an environment in which we can work efficiently, doing good for our shareholders, partners, employees and clients. It is long-term investment which may only prove effective in many years. However the company cannot develop normally without it”.

Aleksandr Boris
JSC INTER RAO UES Board Member

IN 2012 THE COMPANY ISSUED A FIRST REPORT ON SUSTAINABLE DEVELOPMENT AND ECOLOGICAL RESPONSIBILITY (FOR 2011) IN CONFORMITY WITH THE RECOMMENDATIONS OF THE GLOBAL REPORTING INITIATIVE (GRI).

THE HEADCOUNT OF THE INTER RAO UES GROUP TOTALS 57,069 PEOPLE AS OF DECEMBER 31, 2012

THE GROUP'S AVERAGE EMPLOYEE IS 41 YEARS OLD

IN 2012 75% OF EMPLOYEES RECIEVED TRAINING THROUGH VARIOUS PERSONNEL TRAINING PROGRAMS

IN 2012 3,048 MILLION RUBLES WAS SPENT ON ENVIRONMENTAL PROTECTION

The INTER RAO UES Group carries out a sustainable development policy as a concept of business management in the interests of all the parties involved including shareholders, investors, company personnel, society, business partners and competitors.

The need for the company to develop steadily is directly related to the important role INTER RAO UES plays in the socioeconomic development of the countries and regions where it operates, specifically for their power security which largely depends on reliable and uninterrupted supplies of electric and thermal power. As one of the leaders in the Russian electric power market, the Group contributes significantly to the sustainable development of the power industry, both by solving problems and coping with challenges. These include the growing demand for electricity, the need for improving the system of managing power assets, the need for innovative technologies and decisions on using and saving power efficiently.

7.2. HUMAN RESOURCES MANAGEMENT

In 2012 JSC INTER RAO UES published its first report on sustainable development and ecological responsibility (for 2011) in conformity with the recommendations of the Global Reporting Initiative (GRI). The document reviews and analyzes the Group's efforts to ensure the economic stability, reliability and ecological security of its production activities, the socioeconomic development of the regions it operates in and to control the personnel's productivity.

In order to improve the system of managing its sustainable development the INTER RAO UES Group has defined responsibilities of its functional units:

- ▶ The Group's management defines targets and determines principles of interaction with internal and external stakeholders.
- ▶ The department heads implement business processes of corporate social activities, take part in carrying out social programs and introduce modern principles of social responsibility.
- ▶ The unit of human resources management and organization development works out approaches and introduces modern methods of corporate social activities, and integrates the concept of social responsibility into the Group's corporate management system. These units also supervise and carry out social programs and consolidate, systematize and analyze these programs to assess their efficiency and prepare annual social reports.
- ▶ The human resources management departments of the Group's companies introduce and implement methods of corporate social activities.
- ▶ The personnel are fully engaged in all the social programs.

HUMAN RESOURCES POLICY

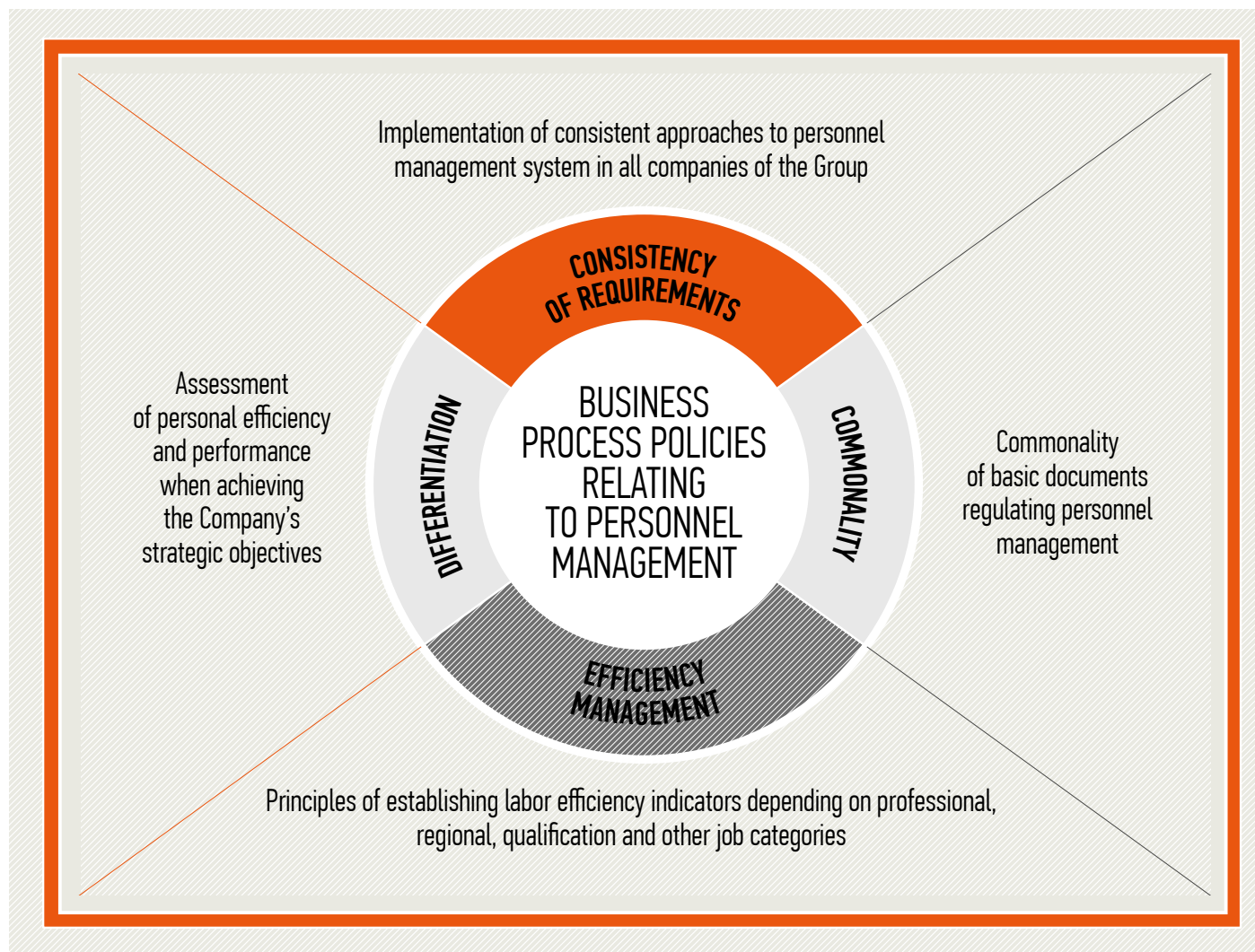
The human resources policy of INTER RAO UES is based on understanding that effective personnel control is essential for the Group's successful fulfillment of its strategic tasks. The company regards its personnel as a key asset and guarantee of its competitive performance and steady growth. The company's human resources policy aims at developing a flexible and efficient personnel control system, employing competent managers and highly qualified specialists, providing competitive working conditions, building competence and professionalism of the personnel, maintaining corporate culture, teaching personnel to uphold the Group's values and ideals, and maintaining a positive image of INTER RAO UES in the labor markets of the countries it operates in.

THE MAIN AREAS OF WORK IN 2012

In 2012 the top priority in working with the personnel was to make the management system more efficient through integrating the assets of INTER RAO UES including improving the organizational structure of the companies, raising the personnel's productivity and developing a unified system of labor remuneration.

Because of its socially responsible approach to business management in the process of integration, INTER RAO UES closely studies and analyzes business processes in the assets it acquires, works out objectives and tasks common for the Group's companies, introduces a unified model of competences and organizational structure, and defines yearly and quarterly key performance indicators (KPI) and test scores (TS).

BUSINESS PROCESS POLICIES RELATING TO PERSONNEL MANAGEMENT



In 2012 to solve problems related to personnel control the Group's companies launched a number of pilot projects. The resulting solutions are expected to be put into effect at all the INTER RAO UES facilities.

PROJECT NAME	PROJECT TARGET	PROJECT RESULTS
"Improving the system of personnel recruitment and adaptation" on the basis of the Dzhubginskaya TPP and the Sochi TPP, branches of OJSC INTER RAO – Electric Power Plants.	Developing an optimized operational procedure of personnel recruitment. Improving the system of personnel adaptation. Building up an internal and external pool of candidates.	Rules and regulations for personnel recruitment and adaptation have been worked out and introduced. A work plan for the adaptation period has been introduced and further improved, an employee's one-year development plan has been proposed in order to minimize the time an employee needs to get adapted and achieve peak efficiency. A basis for an external and internal reserve has been laid out.
"Improving the organizational structure" on the basis of the Kashirskaya SDPP, a branch of OJSC INTER RAO – Electric Power Plants.	Building an organizational structure with a high control coefficient ¹ . Certifying standards of organizational control structure.	A standard of a Branch's organization structure has been certified. The control coefficient has gone up by 27%. Maximal responsibility and authority are concentrated in the mid-level of control and lie with line managers.
"Improving the system of labor remuneration" on the basis of the Irikliinskaya SDPP, a branch of OJSC INTER RAO – Electric Power Plants.	Developing and approving a single unified system of labor remuneration. Developing a system of grades ² for 100% of positions. Developing key efficiency indices for managers.	Positions have been documented and defined; a hierarchy of positions has been drawn up. The constant and variable components of the payment system have been formed. A system of labor remuneration has been developed and introduced.
"Improving the system of personnel training and development" including cooperation with leading educational institutions on the basis of the Permskaya SDPP, a branch of OJSC INTER RAO – Electric Power Plants.	Perfecting the mechanism of forming individual development programs. Compiling a list of e-learning programs. Cooperating with the main higher educational institutions with a view to attract recent graduates. Training tutors to supervise young specialists.	The personnel's individual development programs have been worked out. A list of e-learning programs has been compiled. The mechanism of attracting recent graduates has been optimized. Tutors have been trained. The training packages have been adapted for use at the Group's other companies; programs for training the reserve personnel have been detailed.
"Improving the system of developing a pool of candidates" on the basis of the Ivanovskiye CCGT, a branch of OJSC INTER RAO – Electric Power Plants.	Forming a reserve of managers and specialists from among the company personnel. Developing ways to control an employee's career. Raising labor productivity.	Key positions have been defined and work-related standards have been worked out. Candidates have been chosen from the personnel pool and their competence has been tested. Individual development programs have been drawn up for succession candidates and budget costs have been calculated.
"A system of social benefits" on the basis of the Yuzhnouralskaya SDPP, the Permskaya SDPP, the Verkhnetagilskaya SDPP branches of OJSC INTER RAO – Electric Power Plants.	Raising the personnel's loyalty and motivation. Increasing cost effectiveness of expenditures.	Proposals have been made for introducing changes into a branch's existing system of social benefits. Priority directions for developing social programs have been defined. Budget costs of the proposed changes have been calculated.

¹ A control coefficient measures the average load of one manager controlling a certain number of subordinates against the span of control.

² A grade is the rating of a position in the hierarchy of the organizational structure, the level of authority and the responsibility involved.

In 2013 work will continue on raising the control system efficiency through the optimization of "administration" costs, transition to a target-oriented business model and a corporate structure of the Group, the monitoring of the corporate integration of the acquired assets into the Group's structure as well as the development of an effective system of labor remuneration.

DESCRIPTION OF THE GROUP'S PERSONNEL

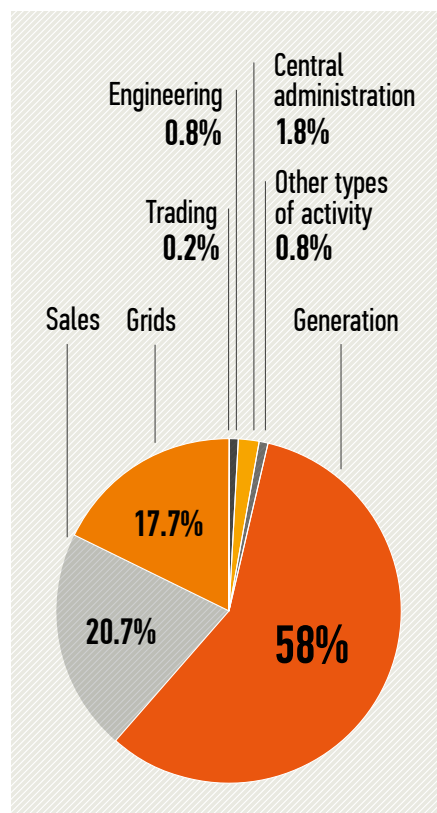
As of the end of 2012 the personnel of the INTER RAO UES Group including all the production segments totalled 57,069 people. Moreover, the quantitative indicators of human resources availability are stable and stay sufficiently high.

The averaged indicator of the staffing level of the Group's companies in 2012 amounted to 93.6%, while in the personnel register positions the staffing level was on average 97% for power generating Russian and foreign companies and 93% for power supply companies. The Group's companies are characterized by a rather low fluctuation of personnel, namely in 2012 this index averaged 6.2% and 8.6% for power generating companies in Russia and abroad and 14.3% for power supply companies.

PERSONNEL STRUCTURE OF INTER RAO UES GROUP BY BUSINESS SEGMENTS (AS OF DECEMBER 31, 2012), %

Highly qualified experts, specialists, managers and workers are the backbone of the INTER RAO UES workforce. At year-end 2012, 82% of managers, specialists and technical personnel and 18% of workers had higher professional education, a second higher education, an MBA, or degrees of a Ph. D. or Doctor of sciences.

The most able-bodied age groups of employees under 50 dominate in the personnel structure. Their share is 70% of the total personnel number. As of December 31, 2012, the average age of INTER RAO UES personnel was 41.

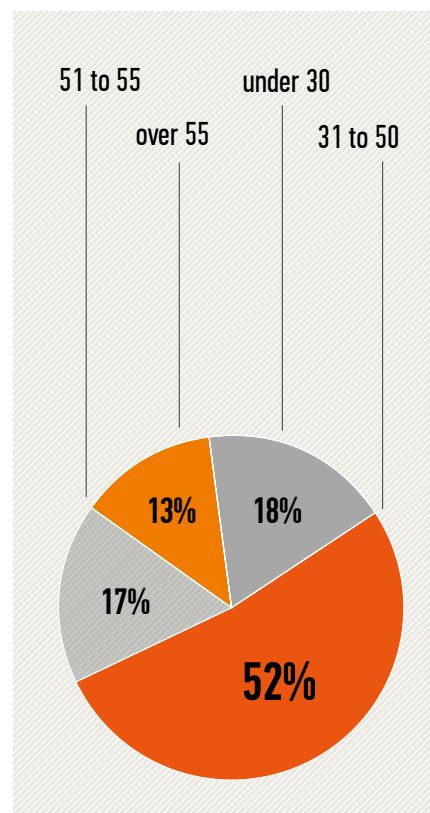


PERSONNEL STRUCTURE OF INTER RAO UES GROUP BY AGE (AS OF DECEMBER 31, 2012)

In order to overcome the personnel "ageing" tendency, which is common for the industry, INTER RAO UES undertakes to attract more recent graduates, and arranges training of personnel reserve for positions

held by senior group specialists. Thus, in 2012 over 800 students had a training course or internship at the Group's companies; over 100 of them were later offered jobs. In addition, more than 230 students participate in graduate-oriented training programs provided by educational institutions specializing in the field, with a view for future employment at the Group's companies.

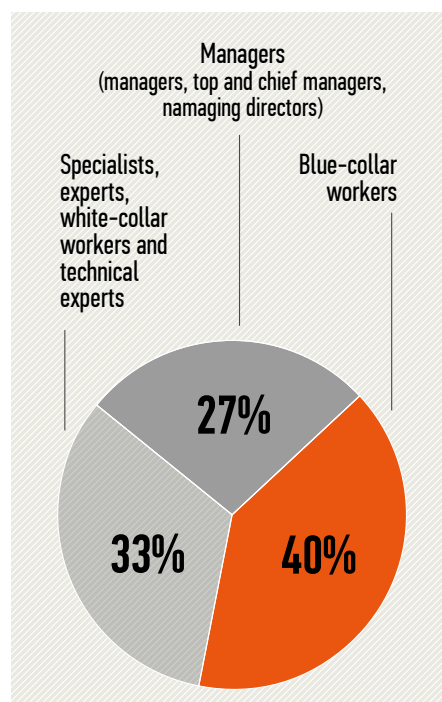
The Company's labor remuneration policy is to ensure a competitive level of payment conditional on meeting the required key performance indicators (KPI), i.e. a system of financial and non-financial indicators bringing about quantity and quality changes in the results related to the strategic targets of the Group. In order to stimulate the personnel to achieve targets the INTER RAO UES Group has introduced financial and economic KPI as well as KPI assessing the fulfillment of the investment program and the Company management's efforts to secure uninterrupted power supply, fulfill the repair work program, and ensure reliable and accident-free operation of the equipment. To encourage the personnel to grow professionally and to build up corporate spirit, in addition to financial incentives INTER RAO UES has a system of non-financial recognition of the personnel through corporate awards. In 2012 INTER RAO UES gave awards to its 1,998 best employees for high professionalism and efficient performance.



PERSONNEL TRAINING AND DEVELOPMENT

INTER RAO UES implements a system of career planning, continuous training and personnel development. In 2012 75% of the Group's personnel took part in various training programs. In accordance with the requirements of the legislation, 53% of the average headcount of personnel underwent compulsory training.

EMPLOYEES OF THE GROUP COMPANIES WHO COMPLETED TRAINING IN 2012 (BY JOB CATEGORIES)



In 2012 the Group's personnel received training and development specializing in the most needed and strategically important fields such as management of innovative projects, electric power supply of industrial companies, engineering protection of the environment, construction of power facilities, current changes in the rules and regulations for the electric power market and the legislative framework of the Russian Federation.

The Group's personnel training is arranged on the basis of educational institutions specializing in the field including HVE Ivanovo State Power Engineering University, State Educational Institution of Higher Professional Training Moscow Power Engineering Institute (Technical University), St. Petersburg State Polytechnic University and others. The Company has further plans to set up a Personnel Development Center, which will focus on testing and training the personnel and developing a personnel reserve and tutorship.

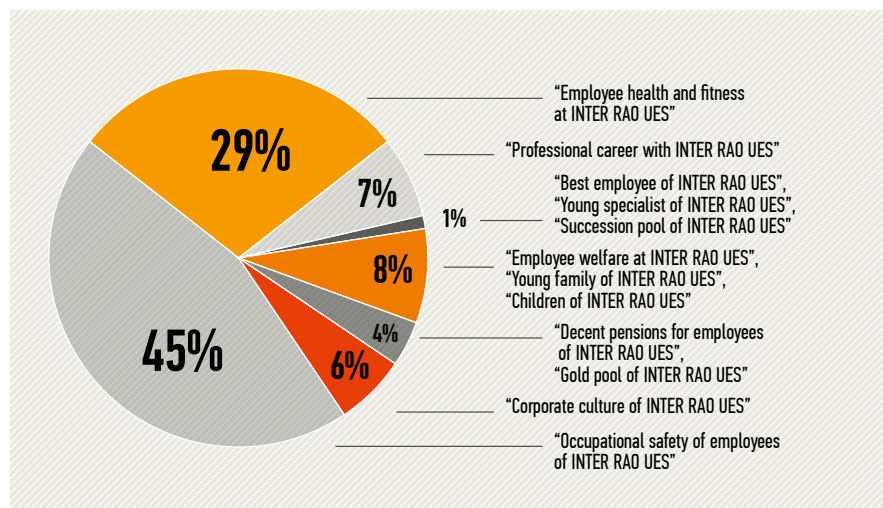
SOCIAL POLICY

Developing corporate social programs is instrumental in implementing corporate social responsibility of business in the INTER RAO UES Group. In accordance with the concept of social policy the Group's companies have 12 specific social programs designed to ensure life and work safety, health care and social welfare as well as career growth of the personnel. Many of these programs do not only cover the personnel but are also extended to their family members and pensioners who no longer work. Social programs are part of labor contracts of the Group's companies.

SOCIAL PROGRAMS OF THE INTER RAO UES GROUP

"Occupational safety of employees"	Preventing work-related injuries and occupational diseases, health problems and accidents
"Employee health and fitness"	Ensuring health and high activity of the personnel, easing physical and moral stress at work, preventing diseases and reducing infection rate
"Young specialist of INTER RAO UES"	Attracting young specialists
"Succession pool of INTER RAO UES"	Training a personnel reserve for key jobs and positions, reducing the rate of personnel turnover
"INTER RAO UES best employee"	Raising the personnel's professionalism, spreading modern technologies, increasing motivation and status value of key jobs
"Professional career in INTER RAO UES"	Improving professional competence, forming the personnel's readiness to introduce new production technologies and control work
"Golden pool of INTER RAO UES"	Building an effective system of knowledge management to share professional experience of best-performing specialists in the field and involve them in innovative processes
"Children of INTER RAO UES" "Young family of INTER RAO UES"	Providing additional support for employees' families and attracting young specialists
"Welfare of INTER RAO UES employees" "Decent pensions for INTER RAO UES employees"	Supporting employees in life crises and raising social protection of employees after they reach pension age
"INTER RAO UES corporate culture"	Developing ethical principles of corporate culture, consolidating interpersonal and social group relations in teams of employees

DISTRIBUTION OF INTER RAO UES GROUP EXPENSES ON IMPLEMENTATION OF SOCIAL PROGRAMS IN 2012



In 2012 within the framework of its social programs the INTER RAO UES Group initiated a series of special projects and events, namely: formed the Youth Core of the Group, held The Second Research and Practice Conference on the subject of INTER RAO UES: "solutions in the field of innovations, saving power and improving power efficiency", arranged The Third Corporate Open Competitions of multiple-skill crews operating the TPP unit plants of the INTER RAO UES Group, organized the Second Conference to hear progress reports on the Group's personnel and social policies.

Additionally, in 2012 INTER RAO UES continued cooperating closely with the trade unions of its companies, engaging them in fulfilling the goals of personnel and social policies. At the end of 2012 the total number of trade union members amounted to 55% of the Group's total personnel number and more than 90% of the personnel had employment contracts.

LABOR PROTECTION

Control of on-the-job, industrial, fire and ecological safety is one of the strategic priorities of business operations of JSC INTER RAO UES. The Group has worked out unified requirements for controlling on-the-job, industrial, fire and ecological safety at all of its companies. The main objectives in this field include:

- ▶ preventing work-related injuries and occupational diseases;
- ▶ preventing accidents, fires and process breakdowns;
- ▶ minimizing negative effects on people and the environment;
- ▶ defining and using unified requirements for all work done to ensure on-the-job, industrial, fire and ecological safety.

In 2012 the company initiated and continued working on a number of top priority programs in the field of on-the-job, industrial, fire and ecological safety including:

- ▶ planned auditing of the safety techniques of operational procedures in the Group's companies;
- ▶ working out local standard acts regulating issues pertaining to on-the-job, industrial, fire and ecological safety in the Group's companies;
- ▶ measures to ensure safety of operational procedures at the Group's facilities;
- ▶ developing and putting into operation an automated information system which integrates all levels of controlling and monitoring the situation in terms of on-the-job, industrial, fire and ecological safety (AIS Control).
- ▶ defining and attaining Key Performance Indicators - 2012 (KPI-2012) necessary to ensure safe and risk-free power production;

All of the power facilities of the INTER RAO UES Group have been inspected, tested and found fully equipped and ready for work in the period of autumn and winter of 2012-2013. All of the INTER RAO UES Group power facilities and electric power engineering entities have been given Certificates of Readiness based on the inspection results.

7.3. CHARITY WORK

JSC INTER RAO UES is guided in its activities by the principles of socially responsible business management. The Group's social policy is aimed at fulfilling long-term strategic goals by making a contribution into the socioeconomic development of society in Russia and the other countries where it operates. Since 2009 INTER RAO UES has been developing social policy and standards for charity programs which are unified across each of the companies included in its structure.

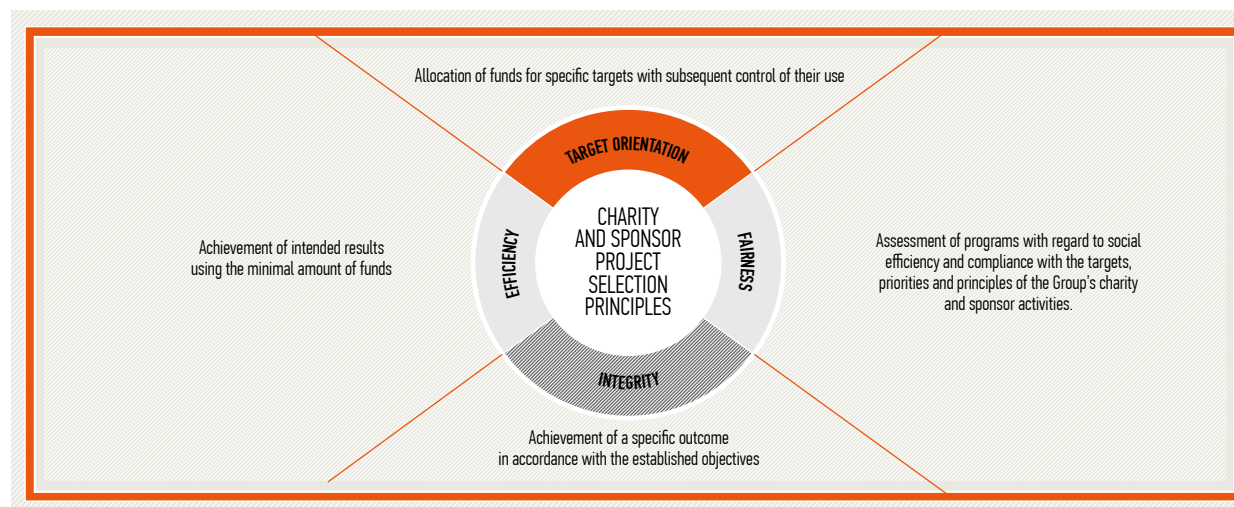
The main directions of the Group's social investment include:

- ▶ programs to support disadvantaged categories of the population, orphaned children, disabled children, needy families;
- ▶ projects to support educational institutions and healthcare facilities, mass and youth sport;
- ▶ aid to cultural figures, support of cultural events, financing sites and objects of historical and cultural value;
- ▶ special programs to support the industry's long-service employees and veterans of combat operations;
- ▶ support for nature conservation organizations, ecological reserves.

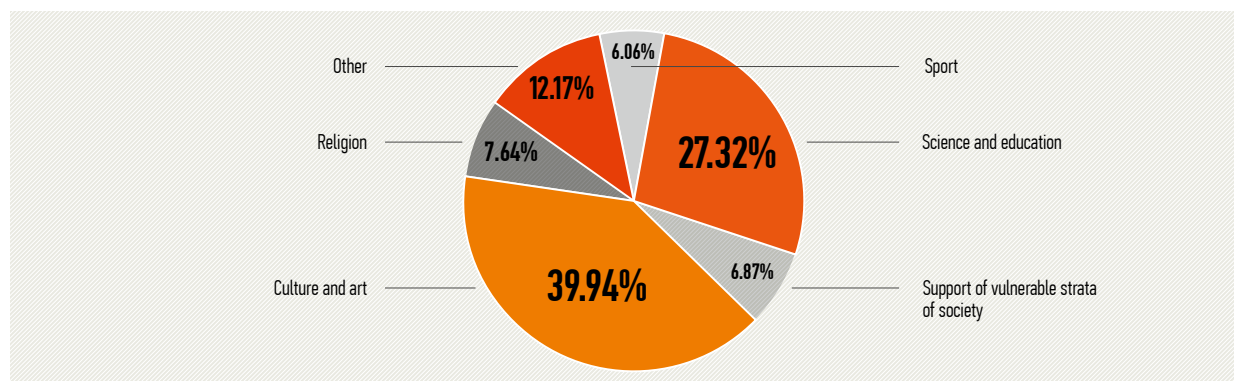
The INTER RAO UES Group companies constantly support public organizations, educational institutions, healthcare and cultural facilities. The Group's companies are guided by the unified principles of social policy; however they have enough authority to make their own decisions to finance certain social and charity programs taking into consideration the specifics of the regions in which they operate. Charity programs are often carried out in close cooperation with regional and local authorities.

In 2012 the INTER RAO UES Group spent 622 million rubles on charity and social programs.

CHARITY AND SPONSOR PROJECT SELECTION PRINCIPLES



ALLOCATION OF EXPENSES FOR CHARITY AND SOCIAL PROGRAMS IN 2012



7.4. ECOLOGICAL POLICY

The INTER RAO UES Group's ecological policy, which is an integral part of its sustainable development concept, is directed at solving environmental problems in close cooperation with all of the interested parties: the population, the authorities, partner companies and public organizations. The Company improves its ecological performance indicators by developing and introducing new technologies and modernizing equipment, raising power efficiency, and developing alternative non-fuel power production.

In order to optimize corporate management processes with a view to making production eco-friendly the Company adopted a number of new regulatory documents in 2012.

- ▶ Declaration of responsibility of JSC INTER RAO UES for saving power and improving power efficiency
- ▶ Technical policy of the INTER RAO UES Group
- ▶ Regulations for a system of power management
- ▶ Form and content requirements for the program of saving power and improving power efficiency in the INTER RAO UES Group (generation)
- ▶ Methods of auditing the system of power management of JSC INTER RAO UES
- ▶ Regulations for a top manager of JSC INTER RAO UES in the system of power management
- ▶ Instructions for an officer-in-charge of the systems of power management of JSC INTER RAO UES
- ▶ Regulations for the Commission of JSC INTER RAO UES on saving power and improving power efficiency

In accordance with the Declaration of ecological responsibility the main guidelines on the Group's work to make production eco-friendly and reduce its negative effects on the environment are as follows:

- ▶ raising power efficiency of production, saving power and using resources cost-effectively, improving technical discipline;
- ▶ developing non-conventional power engineering based on renewable sources;
- ▶ developing ecological management systems in the Group's companies, improving ecological supervision of production;
- ▶ taking into consideration ecological aspects when designing and constructing new power assets, modernizing and reconstructing equipment;
- ▶ reducing consumption of water resources;
- ▶ salvaging production waste including ashes and slag waste;
- ▶ wherever possible excluding from production ecologically dangerous and harmful substances and banning high waste operational procedures;
- ▶ engaging all the Group's personnel in environmental activities, encouraging ecologically responsible behavior;
- ▶ analyzing and assessing ecological risks, initiating and supporting scientific research aimed at developing promising environmentally friendly and power-saving technologies;
- ▶ making the Group's power assets and environmental activity results transparent and accessible to any interested parties.

At the present time the Company is developing an Ecological Program for a period up to 2030 which aims to improve ecological safety of production. Additionally, in order to optimize corporate management processes in the field of environmental protection in 2012 – 2014 JSC INTER RAO UES has plans to develop and introduce systems of ecological management in the Group's companies in accordance with international standard ISO 14001:2004. As of the end of year 2012 the company has developed and certified systems of ecological management in LLC BGK, OJSC TGK-11, JSC Ekibastuz SDPP-2 Power Station.

REDUCING NEGATIVE EFFECTS ON THE ENVIRONMENT

In 2012 the INTER RAO UES Group's companies implemented a number of projects and took measures to reduce the negative impact of production on the environment, namely:

- ▶ installed devices for integrated dry cleaning and desulphurization using NID technology at the power generating units of the Cherepetskaya SDPP which are under construction. Project dust cleaning efficiency is 99.8%; project desulphurization efficiency is about 40%. Such facilities have not been previously used in the Russian Federation.
- ▶ put into operation a facility for selective non-catalytic regeneration of nitrogen oxides in boiler P-50R at st. No.3 of the Kashirskaya SDPP;
- ▶ modernized the wet ash collectors by installing ring-shaped emulgators of the KOCH firm in the pulverized coal fired units of the Yuzhnouralskaya and Verkhnetagilskaya SDPP;
- ▶ invested into the project of "designing a low emission combustion chamber for electricity-generating gas turbine of the GTE-110 type";
- ▶ did the necessary work to improve ecological safety of ashes and slag waste sites at some of the Group's coal-fired power stations, namely: the Verkhnetagilskaya, Kashirskaya, Cherepetskaya, Gusinoozerskaya, Yuzhnouralskaya SDPP, Omskaya TPP-4 and TPP -5;
- ▶ worked on reconstructing the water disposal systems by introducing run-around systems at the Kostromskaya, Cherepetskaya, Irikinskaya SDPP;
- ▶ started projects on utilization and commercial use of ashes and slag waste at the Kashirskaya, Verkhnetagilskaya, Cherepetskaya, Gusinoozerskaya, Kharanorskaya and Yuzhnouralskaya SDPP.

In total the Group spent 3,048 million rubles on environmental protection in 2012, which is 619 million rubles more than in 2011. Nearly half the sum went to conservation and rational use of lands including:

- ▶ reconstruction works to improve the industrial and ecological safety of ash dumps at the coal-fired power stations Omskaya TPP-5, Kashirskaya SDPP, Cherepetskaya SDPP, and Gusinoozerskaya SDPP;
- ▶ implementing a package plan of environmental protection when constructing CCGT-460 at the Urengoykaya SDPP;
- ▶ installing a dry ash collector and evacuator at power-generating units st. No. 5 and 6 of the Gusinoozerskaya SDPP. It is planned to be put into operation in 2013 after which the facility will become part of a technological complex making cement for road building from ashes and slag waste produced by the electric power station.

INVESTMENT INTO ENVIRONMENTAL PROTECTION AND RATIONAL USE OF NATURAL RESOURCES BY INTER RAO UES GROUP'S RUSSIAN COMPANIES

INDICATORS	UOM	TOTAL IN INTER RAO UES		OJSC INTER RAO – ELECTRIC POWER PLANTS	OJSC TKG-11				LLC BGK	
		2011	2012		2012	2011	2012		2011	2012
Total investment	mIn RUB	2,429	3,048	771	1,926	1,485	920		172	201
including spending on										
conservation and rational use of water resources	mIn RUB	1,369	1,020	358	798	875	95		136	127
atmospheric air protection	mIn RUB	438	468	187	160	222	262		29	46
land conservation and rational use	mIn RUB	591	1,539	196	950	388	561		7	28
land recultivation	mIn RUB	3	3	3	1	-	2		-	0.09
protection and reproduction of fish reserves	mIn RUB	27	17	27	17	-	-		-	-

In 2012 the atmospheric emissions from the Group's companies amounted to 464 thousand tonnes, which is 2% more than in 2011. The higher indicator can be accounted for by a certain increase in the share of coal in the fuel mix (from 19.2 to 20.5%). During the year the INTER RAO UES companies worked on minimizing the air emissions. As a result the following major projects have been implemented:

- ▶ full repairs and operating maintenance of the dust and gas cleaning facilities at the coal-fired power stations of all subsidiaries and affiliated companies;
- ▶ reconstruction of the electric filters on unit No.7 of the Omskaya TPP-5 which resulted in more efficient cleaning of smoke fumes from coal ash, which will reduce air emissions by 250 tonnes per year. This work is part of a program for reconstructing the dust collecting equipment of TPP-5;
- ▶ work done to increase the natural gas share in the fuel mix of the Tomskaya SDPP-2. As a result the atmospheric emissions from the power station will drop by 4.5 tonnes per year;
- ▶ integrated reconstruction works on the boiler equipment of LLC BGK which resulted in reducing the atmospheric emissions by 319 tonnes of pollutants.

Owing to the Group's purposeful efforts to introduce water recycling and reusing systems, the water use indicators continued to show positive dynamics in 2012. The share of water recycling versus sequential water consumption in Russian plant assets has increased against the 2011 level from 53% to 61%; consequently the amount of water extracted from surface and underground water bodies has gone down by 25% and 10% respectively, the volume of effluent disposal to the environment has reduced by 25%. It has brought about a corresponding decrease in the water supply expenses of the Group's companies. Among the largest water protection programs put into effect in 2012 there are the following projects:

- ▶ completing the construction of a bypass canal at the Irikhinskaya SDPP which will considerably increase the share of water recycling and reduce fresh water consumption by 30-40%;
- ▶ constructing waste water treatment facilities for the new CCGT-460 power generating unit at the Urengoyanskaya SDPP;
- ▶ continuing the reconstruction of the waste water and hydraulic ash removal systems at the Chrepetskaya SDPP with a view to meeting the norms of discharge of pollutants into the environment;
- ▶ putting into operation facilities for residual extraction (filtering presses) at the Ufimskaya TPP-1 and TPP-3, which make it possible to reuse the service effluent;
- ▶ carrying out running maintenance of the water waste treatment facilities at all of the electric power stations of the Group's subsidiaries and affiliated companies.

INDICATORS OF IMPACT ON THE ENVIRONMENT OF THE INTER RAO UES RUSSIAN COMPANIES

INDICATORS	UOM	TOTAL IN THE GROUP'S RUSSIAN COMPANIES			OJSC INTER RAO – ELECTRIC POWER PLANTS		JSC TGK-11		LLC BGK	
		2011	2012	2012/2011	2011	2012	2011	2012	2011	2012
Electric supply	mln kWh	126,915	124,646	98%	97,989	95,777	7,486	8,491	21,440	20,378
Heat power supply	thou Gcal	38,322	37,860	99%	4,025	4,021	15,985	16,466	18,312	17,373
Aggregate electric supply	mln kWh	171,483	168,677	98%	102,670	100,453	26,077	27,641	42,737	40,583
Gross air emissions of pollutants, total	thou t	454.8	463.7	102%	286.4	282.4	133.2	144.8	35.2	36.5
solid matter	thou t	160.0	163.2	102%	99.6	95.1	55.1	58.5	5.3	9.6
gaseous matter	thou t	294.7	300.5	102%	186.9	187.2	78.1	86.3	29.8	26.9
sulphur dioxide	thou t	136.3	137.0	101%	82.3	78.1	47.3	52.6	6.6	6.3
carbon dioxide (CO)	thou t	14.0	14.2	101%	7.5	7.2	4.8	5.4	1.8	1.5
nitrogen oxides(in NO ₂ equivalent)	thou t	142.2	148.9	105%	95.1	101.8	26.0	28.2	21.1	18.9
Carbon intensity of atmospheric emissions per unit of power supplied	g/kWh	2.65	2.75	104%	2.79	2.81	5.11	5.24	0.82	0.90
Greenhouse gas emission	mln t – eq CO ₂	96.2	96.7	101%	55.6	59.1	11.5	8.9	29.2	28.7
Greenhouse gas intensity per unit of power supplied	kg/kWh	0.56	0.57	102%	0.54	0.59	0.44	0.32	0.68	0.71
Water used	mln m³	18,439	16,476	89%	15,010	12,945	1,122	1,281	2,307	2,250
water from surface water bodies	mln m ³	8,523	6,414	75%	8,315	6,208	13	16	195	190
water from third-party suppliers	mln m ³	83	83	99%	2.4	2.3	61	56	20	24
water from underground water bodies	mln m ³	5.8	5.2	90%	5.0	4.5	0.0009	0.0008	0.8	0.7
recycled water	mln m ³	9,572	9,755	102%	6,460	6,538	1,041	1,201	2,071	2,015
reused water	mln m ³	254	220	86%	227	192	7.0	7.1	20	20
Recycled and reused water share in overall water consumption	%	53%	61%	114%	45%	52%	93%	94%	91%	90%
Water used per unit of electricity supplied	m³/MWh	145	132	91%	153	135	150	151	108	110
Fresh water used per unit of electricity supplied	m³/MWh	68	52	77%	85	65	10	9	10	11
Waste water production	mln m³	8,263	6,186	75%	8,116	6,042	3.1	2.6	145	142
Discharged to outside agencies for further treatment	mln m ³	13.1	7.1	55%	3.2	2.9	0.5	0.8	9.4	4.3
Discharged to the environment	mln m ³	8,250	6,178	75%	8,112	6,039	2.6	2	135	138
partially clean water without treatment	mln m ³	8,231	6,160	75%	8,099	6,025	-	-	132	135
effluent treated to standard quality	mln m ³	2.9	2.1	71%	1.4	0.9	-	-	1.5	1.2
insufficiently treated effluent	mln m ³	8.3	6.6	79%	4.6	5.2	2.1	1.5	1.6	1.3
untreated contaminated effluent	mln m ³	7.8	8.1	104%	7.3	8.1	0.5	0.4	-	-
Share of pollutant effluents discharged to the environment in total water waste	%	0.19%	0.24%	121%	0.15%	0.22%	83%	71%	1.10%	0.94%
Ashes and slag waste produced	thou t	3,821.96	3,963	104%	2,113	2,047	1,654	1,829	55	88
Beneficially used at TPP and by outside agencies	thou t	139	179	129%	108	134	31	45	-	0.04
Share of beneficially used ashes and slag waste	%	3.6%	4.5%	124%	5.1%	6.5%	1.9%	2.4%	0.0%	0.0%

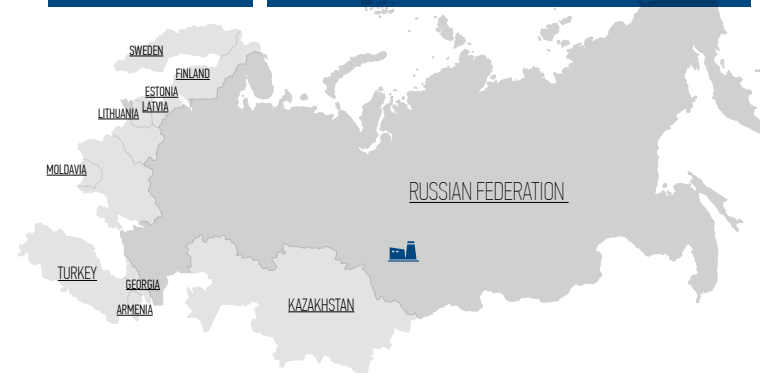
2013 TOMSK

IN FEBRUARY, 2013 A GAS-TURBINE
UNIT WITH THE INSTALLED
ELECTRIC CAPACITY OF 14.7 MW AND
THERMAL CAPACITY OF 19.5 Gcal/H
WAS PUT INTO OPERATION
AT TOMSK TPP-1 OF TGK-11.

WITH THE LAUNCH OF THE CCGT UNIT, THE PEAK RESERVE BOILER STATION WHICH HOUSES THE UNIT WAS GIVEN THE STATUS OF A THERMAL POWER PLANT AND THE HISTORIC NAME TOMSKAYA TPP-1. THE LAUNCH OF THE NEW GENERATING UNIT INCREASED THE TOTAL POWER GENERATION IN TOMSK TO 486 MW.

RUSSIA

TOMSK REGION



TOMSK BRANCH OF TGK-11

TOMSK
TPP-1

TOMSK
TPP-3

TOMSK
SDPP-2

TGK-11 BELONGS TO INTER RAO UES GROUP

GENERAL INSTALLED
ELECTRIC CAPACITY
AS OF THE END OF Q1 2013

485.7 MW

GENERAL INSTALLED
THERMAL CAPACITY
AS OF THE END OF Q1 2013

2,533.7 Gcal/h

INTER RAO UES GROUP INCREASED THE CAPACITY OF TOMSK TPP-1

The peak reserve boiler station (PRK) was originally intended for heating the hot water delivered to Tomsk from a distant water supply in hard frosts – the Siberian NPP, better known as the Reactor plant of Siberian Chemical Complex (Seversk, 12 km from Tomsk).



The first stage of PRK was put into operation in December, 1973. The mains supplying the regional center with heat generated by the nuclear power plant was put into service the same year.

According to the agreement between Russia and the USA about cessation of production of military plutonium, all nuclear reactors of the Siberian nuclear power plant in June, 2008 were stopped. In this connection the load of PRK considerably increased and there was a need to increase its capacity.

During the first stage, the boiler station Boiler No. 1 was replaced which increased thermal energy output and allowed the boiler station to switch from the peak and reserve mode to the basic operating mode. The second stage included the construction of a gas-turbine unit. The project was managed by LLC INTER RAO Engineering which belongs to INTER RAO UES Group.

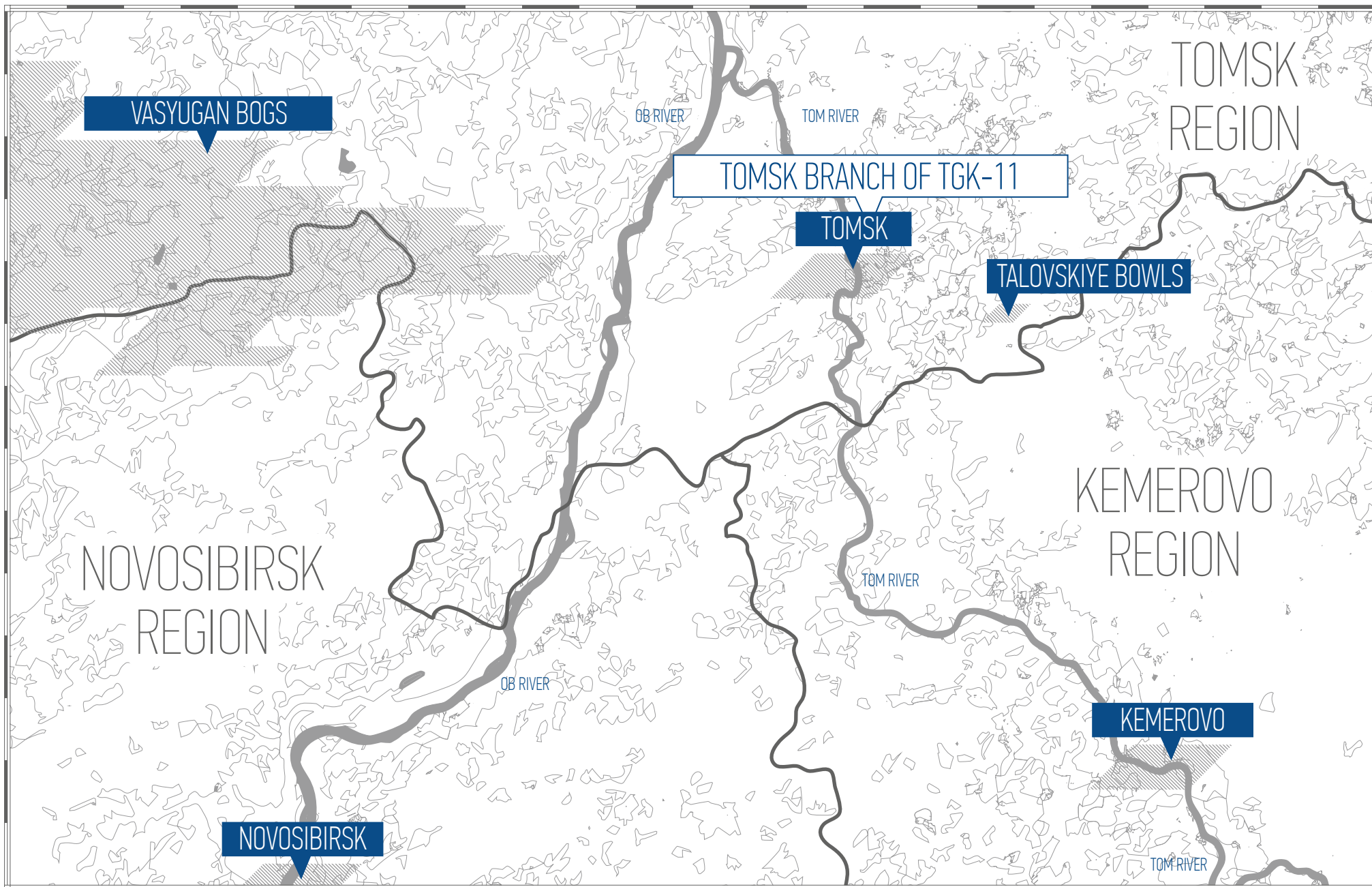
The general contractor of the project and the supplier of the capital power equipment was CJSC ROSENGINEERING. Works on preparing a site for the construction of a gas turbine unit began in September, 2011. The main works were performed in 2012.

“THE CONSTRUCTED GAS-TURBINE UNIT TPP-1 CONFORMS TO ALL MODERN TECHNICAL AND ECOLOGICAL REQUIREMENTS.

ITS LAUNCH, WHICH WAS CARRIED OUT UNDER THE CONTRACT FOR CAPACITY SUPPLY, WILL ENABLE TGK-11 TO SUPPLY ITS CONSUMERS WITH ELECTRIC POWER AT A HIGHER LEVEL OF RELIABILITY AND QUALITY AND WILL MAKE THE COMPANY’S PRICES FOR THE GENERATED ELECTRICITY MORE COMPETITIVE”.

CHAIRMAN OF THE MANAGEMENT BOARD OF JSC INTER RAO UES
BORIS KOVALCHUK





TOMSK AND TOMSK REGION

Tomsk is the oldest Siberian educational, scientific and innovative center.

TOMSK STATE UNIVERSITY

The first Russian university in the territory of Siberia (actually the first Russian university to the east of the Volga), was established by the Decree of the State Council of the Russian Empire on 16 (28) May, 1878 in Tomsk. By 2012 TSU accounted for 23 faculties, where over 20 thousand students were trained. The university is proud of its Scientific Library, one of the largest university libraries in Russia, and the Siberian botanical garden created in the 19th century.



TOMSK PLANETARIUM

The planetarium was among the first three opened in the Soviet Union. Its history begins in 1946 when a trophy German optical device of the well-known firm Carl Zeiss Jena was brought to Tomsk. Despite post-war difficulties, it was still possible to construct a planetarium. The telescope was established inside the former house church of the Tomsk bishop in the building of the local history museum. Lectures were delivered there, and among the attendees were all of the senior municipal and regional officers and leading scientists.

TOMSK WOODEN ARCHITECTURE MUSEUM

The museum is housed in the former mansion of civil engineer Kryachkov – a monument of wooden architecture of federal importance and an outstanding example of modernism. Tomsk wooden architecture, including the carved decor, being its integral part, has experienced all stages of development from archaic constructions to the modern style, and became part of the history of domestic architecture. The exhibitions mostly include numerous wooden fragments of houses, generally architraves, pilasters, eaves and other samples of carved decor. In this museum one can also see a unique collection of cast iron oven articles produced at various iron-works, including at Akinfy Demidov's plants in Kasli.

VASYUGAN BOGS

These are one of the biggest bogs in the world. They are located in Western Siberia, between the Ob and the Irtysh, on the territory of the Vasyugan Plain lying for the most part in the Tomsk region. The area of the bogs is 53 thousand km² (for comparison: the area of Switzerland is 41 thousand km²), stretching as far as 573 km from the West to the East and 320 km from the North to the South. Since their emergence about 10 thousand years ago, the bogs have been constantly extending – 75% of their modern area has become boggy for the last 500 years. The bogs are the main source of fresh water in the region (water-supplies – 400 km³). About 800 thousand small lakes are located here and many rivers also originate from here. Bogs contain huge stocks of peat (explored reserves are more than 1 billion tonnes). The local fauna is very diverse and include squirrels, elks, sables, wood grouse, white grouse, hazel grouse, black grouse, minks, otters and gluttons. Rare species of animals such as reindeer, golden eagles, white-tailed eagles, fish hawks, gray shrikes and sapsan also live in the bogs. Here one can find a wide variety of rare and endangered plant species.



TALOVSKIYE BOWLS

40 km from Tomsk lime formations in the form of bowls filled with water – Talovskiye bowls (according to the name of the neighboring village Talovka) – are located. They reach up to 1 meter high and were formed because of the outcrop of the waters saturated with lime. All bowls have an oval form. In total, 4 large bowls and a few smaller ones are known. If normally in natural conditions water is located in lowlands, here the water is above the relief. The locals consider water from these springs curative. Some scientists connect the existence of Talovskiye bowls with mythical bowls of Graal, legends about which were brought by the ancient Germanic tribes of Goths migrating to Europe from Siberia.



8. RISK MANAGEMENT

Running the INTER RAO UES Group as a diversified power engineering holding is subject to certain risks and efficient risk management is a fundamental element of the strategy and operating efficiency of the Group's activities.

The INTER RAO UES risk management priorities are to fulfill strategic goals and ensure the Group's growth is in full balance with the interests of all the parties concerned.

KEY OBJECTIVES IN RISK MANAGEMENT

- ▶ **Carrying out the Group's strategy.**
- ▶ **Adapting in a timely manner to changes in the internal and external environment.**
- ▶ **Ensuring the Group's efficient performance, stability and prospects for further development.**

WINNER IN THE CATEGORY OF "THE BEST INTEGRATED RISK MANAGEMENT PROGRAM", "THE BEST RISK MANAGEMENT IN RUSSIA" AND "THE CIS-2012" AWARDS

The INTER RAO UES does not only regard risks as a threat to its activities but also as a source of potential benefit. Therefore the Group continuously studies the external environment with a view to adapting internal business processes to new promising markets which it wants to enter.

The Group's risk management policy, principles and standards are defined by the "Policy of corporate risk management" and the "Regulations for risk management" of JSC INTER RAO UES as well as the accepted rules of procedures and methods.

The corporate risk management system of JSC INTER RAO UES has been designed in conformity with the Laws of the Russian Federation, the best practices as well as universally recognized international standards in corporate risk management.

- | | |
|---|---|
| ▶ FERMA Risk Management Standards, 2002 | ▶ GOST R51897-2002. Risk management. Terms and definitions. |
| ▶ COSO ERM Standard: "Enterprise Risk Management – Integrated Framework", 2004. | ▶ GOST R51901.4-2005 Risk management. A reference guide to designing. |
| ▶ ISO/FDIS 3100: "Risk management – Principles and Guidelines", 2009. | ▶ GOST R ISO/IEC 31010-2011 (ISO/IEC 31010:2009). Risk management. Risk assessment methods. |
| ▶ AIRMIC (A Risk Management Standard), ALARM, IRM, 2002. | |

In accordance with best practices, the responsibility for the continuous functioning of the risk management system lies with the Board of Directors of JSC INTER RAO UES. The Board is authorized to approve critical risk charts and measures planned to manage critical risks, to hear reports on their results as well as to assess the efficiency of the risk management system in general.

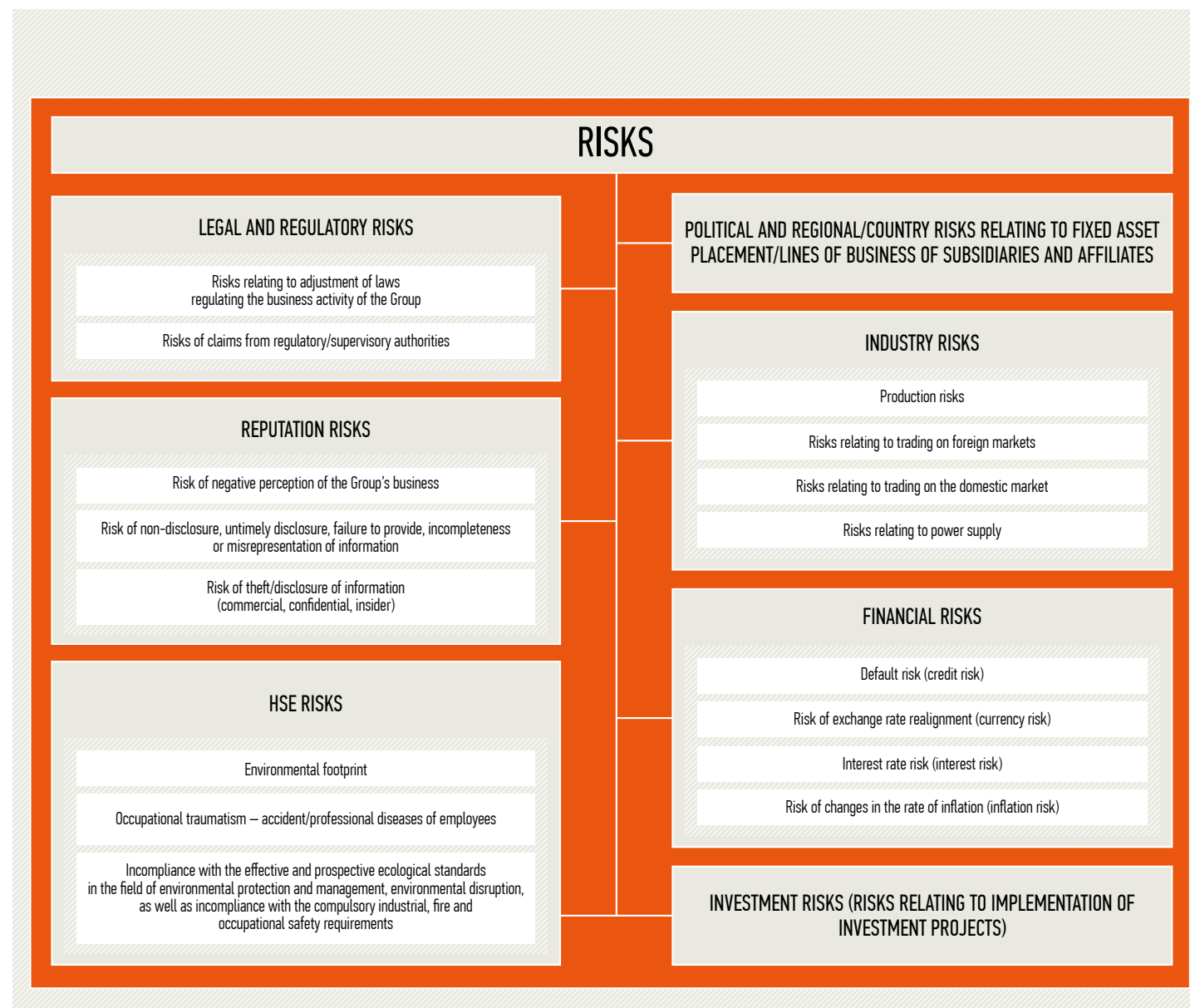
All work done to identify, assess and analyze risks, introduce and periodically actualize methods, write up reports, disclose information as well as communicate with the Boards of Directors is coordinated by the Internal Control and Risk Management Department which is part of the Internal Audit, Controlling and Risk Management Unit.

To comply with the principles of independence, neutrality and accountability of the risk management system to shareholders, the risk management branch is subordinated to the Audit Committee of JSC INTER RAO UES Board of Directors.

Managing specific functional risk groups is within the terms of reference of respective managers – risk owners. The management of the Holding is responsible for the performance of the management risk systems of major subsidiaries and affiliated companies.

In 2012 the INTER RAO UES Group continued improving the corporate risk management system based on the principle of preventive response before losses are incurred. Special attention was given to assessment and control of mitigation of critical risks. Due to its timely and adequate response to a number of risks the Group managed to reduce the expected losses.

TO SUM UP THE RESULTS OF THE YEAR UNDER REVIEW, THE INTER RAO UES GROUP IS SENSITIVE TO RISKS WITHIN CONTROLLED LIMITS, WHICH DO NOT UNDERMINE ITS ABILITY TO FULFILL ITS OBLIGATIONS.



POLITICAL AND REGIONAL / COUNTRY RISKS RELATING TO FIXED ASSET PLACEMENT / LINES OF BUSINESS OF SUBSIDIARIES AND AFFILIATES

The parent company of the INTER RAO UES Group is registered as a taxpayer and performs its main operations in the Russian Federation. Being a diversified multi-purpose power engineering holding which operates and possesses assets on the territories of the Baltic states, Scandinavia, Central and Eastern Europe, the Greater Black Sea area, Central Asia and the Far East, the Group regularly monitors the external and internal environment in order to assess the feasibility of the chosen strategy, prospects for further business development and look for possible directions of diversification.

Signs of the crisis are still apparent in the economies of most states including Russia, and the crisis manifests itself in considerable volatility of quotations of securities and currency rates, a slower pace of growth, and a reduced level of mutual trust in the field of investments and credit financing. The post-crisis slow down of the growth rate of the Russian economy leads to lower electric power consumption and power output forecasts in some industries. This in turn affects the trends in prices for electricity and wattage in the free segment of the electric power and wattage wholesale market of the Russian Federation.

The Group takes into consideration political, macroeconomic and social risks in the countries and regions where it does business as well as risks related to the geographical specifics of the countries and regions it operates in.

Operating in its strategic presence regions the Group takes the following measures to minimize risks:

- ▶ analyzing how the market works including its regulatory framework in the countries where it operates;
- ▶ analyzing new markets including their regulatory frameworks and consulting with competent organizations on possible risks;
- ▶ using the state support in the Russian Federation (wherever possible in the regions), taking part in the elaboration of intergovernmental agreements;
- ▶ cooperation with state authorities and major companies in the states where the Group operates or has plans to operate;
- ▶ promoting projects for the development of interstate links in promising directions;
- ▶ using well-adjusted methods to assess risks to investments abroad;
- ▶ selecting business partners carefully and monitoring their activities;
- ▶ diversifying activities and investments;
- ▶ making stock of the investment and contract portfolios periodically in order to balance the Group's potential and responsibilities;
- ▶ generating scenarios of future work conditions in strategic business segments based on a global prognosis of economic, political and technological factors and their time history.

If there are any risks caused by the political, economic and social situation in Russia or any of the regions where the Group operates as well as risks caused by fluctuations of the world economy the Group will take adequate measures to limit their negative impact. These measures may include optimizing expenses, cutting down spending, correcting investment plans, carrying out a rational policy of borrowing and fund raising.

INDUSTRY RISKS

PRODUCTION RISKS

The Group performs regular activities aimed at identification, assessment and management of risks relating to the Company's production activities in the "Generation in the Russian Federation" segment.

Most attention is paid to the prevention of the following major risks in this area:

- ▶ possibility of accidents at hazardous industrial facilities and hydraulic structures;
- ▶ threat to life and health of production personnel relating to the performance of technological processes and labor conditions.
- ▶ possible failure of technological equipment and, consequently, electric power and heat supply interruptions;

In 2012 most of the focus was on the management of the following critical risks:

- ▶ risk of technological violations;
- ▶ fuel supply risks.

The risk of technological violations is a major risk for the Group due to the specific nature of the "Generation" segment activities. During the 12 months of 2012 the increased number of technical incidents with the equipment was recorded as compared to the same period in the previous year. The increased number of technical violations is mostly connected with the increased number of boiler equipment damage cases due to long operation time of the boiler equipment (in particular, at Kashirskaya SDPP, Verkhnetagilskaya SDPP, Irikhinskaya SDPP). Significant impact on the damage rate of boiler heating surfaces, pumping equipment and draught machines was caused by changes in the operating mode of power generating units due to extension of the control load range and reduction of operating time in the base part of the schedule at the initiative of SO UES. Failures are also due to technological processes relating to the commissioning of new (Unit No. 3 of Kharanorskaya SDPP) as well as auxiliary equipment (pulverizing mills, Cherepetskaya SDPP).

Fuel supply risks include the risk of increase in fuel prices leading to increased expenses and reduced marginal profit as well as the risk of absence of the required fuel reserve (gas, coal, fuel oil) which may cause production interruptions, and non-fulfillment of the heat and electric power production and capacity supply schedule.

The following arrangements are made to manage technological risks:

- ▶ investigations of all cases of technological violations are performed and arrangements are developed to prevent such violations;
- ▶ the personnel of power facilities are informed of major industrial accidents and incidents;
- ▶ equipment damage rate analysis is sent to subsidiaries on a quarterly basis for elaboration with the personnel and development of arrangements;
- ▶ arrangements to increase the professional level of employees are implemented in specialized educational institutions and training centers;
- ▶ plans of administrative and technical arrangements with an account for specific indicators and particularities of each subsidiary are developed on a quarterly and annual basis as well as following the results of the autumn and winter period.
- ▶ planning of industrial maintenance programs, reconstructions and retrofitting on the basis of damage rate analysis.

The influence of the sectoral fuel price growth on the Group's activities in the reporting year was almost mitigated by efficient business planning. The plans of generating companies for 2012 contained the price growth for all types of fuel as compared to 2011 comparable with the sectoral trends.

Moreover, the following arrangements were in response to the fuel supply risks:

- ▶ monitoring and dynamic response to gas pressure changes;
- ▶ arrangement of inspections of the supplier's gas metering stations with engagement of expert organizations;
- ▶ arrangement of prompt procurement of emergency fuel;
- ▶ compensation of imbalance on account of the difference in meter readings in favor of the buyer;
- ▶ maximum compensation of expenses in electric power sale price;
- ▶ entering into long-term gas supply contracts with major companies to hedge fuel risks.

RISKS OF TRADING ACTIVITIES

EXTERNAL MARKETS

In 2012 the conditions of foreign economic activities of the "Trading" segment were not quite favorable mainly due to the pricing environment on the power markets. The basis of electric power export of JSC INTER RAO UES in terms of actual volume in 2012 was formed by supplies to Lithuania, Finland and Belarus. The establishment of a single exchange market - Nord Pool in Europe was accompanied by a rapid price decrease in the above countries. In 2012 the price of electric power in the Finnish sector of the Nord Pool market decreased by an average of 25.7% as compared to the previous year. The decrease in the price of export sale to Finland and Lithuania following the results of 2012 has led to the decreased amount of export and import operations in these regions. The unfavorable pricing environment on Nord Pool was accompanied by the increase in the purchase price on the Russian wholesale market which manifested in the insignificant average price increase on the internal wholesale market in the first pricing zone.

The main critical risk affecting the Group's activities in 2012 was price risk.

Commercial risks are risks relating to deviation from the planned prices and the amount of electric power and capacity sale transactions due to changes in the pricing environment on the power markets, decreased consumption etc.

Trading price risk is associated with possible losses due to power market price volatility.

In the reporting period commercial risks relating to trading were mitigated by the following scheduled risk management arrangements:

- ▶ Planning of export/import electric power supplies with due account for repairs of UES electrical equipment.
- ▶ Approval of applications for repair of high-voltage equipment and overhead lines.
- ▶ Cooperation with Non-profit Partnership Market Council, participation in interdepartmental workgroups and initiation of proposals to adjust regulatory framework and the model of the wholesale market of electric power and capacity, including with regard to amendments to the Government Decrees taking into account the specific nature of organizations performing export and import operations.

Price risks in the reporting period were mitigated by the following scheduled arrangements:

- ▶ Entering into foreign economic contracts at fixed prices or with price parameter restrictions.
- ▶ Price risk hedging on the day-ahead market using electric power futures. Hedging operations using electric power futures were performed from November 2011 until December 2012 to secure electric power purchase under foreign economic contracts with CJSC INTER RAO Lietuva (Lithuania) and LLP Batys Energoresursy (Kazakhstan).

- ▶ Control of compliance with the limits established for speculative trading activities using electric power futures.
- ▶ The management passes a resolution to waive transactions or to reduce the volume of electric power supply for export, if the possibility of a negative financial result is high.
- ▶ Development of methodological database in the field of assessment and management of price risks relating to trading activities.
- ▶ Prompt adjustment of electric power supply schedule under the contract depending on the pricing situation. Due to spot price reduction on the Scandinavian Nord Pool and simultaneous growth of electric power purchase prices on the wholesale market of electric power and capacity resolutions were passed to reduce the volume of electric power supply to Finland at certain hours in order to secure export and minimize losses.

RISKS OF TRADING-PRODUCTION ACTIVITIES

DOMESTIC MARKET

The most significant changes in the rules of the wholesale market of electric power and capacity that led to the reduction of profit from sales in 2012 as compared to 2011 are as follows:

- ▶ adoption of compulsory pricetaking to the volume of technological minimum (from July 2011);
- ▶ extension of Competitive Capacity Outtake (CCO) indexing deadlines.
- ▶ adjustment of the principles of paid capacity volume determination;

Adoption of unfavorable tariff solutions also had negative impact on the Group's indicators: Tariffs for the supply of electric power and capacity under regulated contracts have not been reviewed on the basis of clause 7 of Decree of the Government of the Russian Federation No. 1178 dated December 29, 2011.

At the same time competition between heat power plants had grown due to commissioning of new efficient stations, increase of HPP and NPP output, reduction of consumption and other factors.

Critical risks affecting the activities of the Group in the "Generation in the Russian Federation" segment in 2012 are as follows:

- ▶ industry regulation risk (risk of regulatory control of operations on the wholesale market of electric power and capacity);
- ▶ risks relating to change in market environment and rules of the market.

Industry regulation risk is a major risk for the operations of the "Generation" segment. Electric power and capacity markets are strongly affected by direct regulatory influence through the establishment of tariffs under regulated contracts (RC) as well as indirectly through the adjustment of the rules of the wholesale market of electric power and capacity. The above significantly affects the revenue generated from electric power and capacity sales.

Risks relating to change of market environment and rules of the market manifested during the reporting period due to increased competition in the electric power market caused by increased HPP and NPP output, as well as increased numbers of commissioned facilities under capacity supply contracts (CSC) outpacing the increase of consumption. The increased competition leads to a situation when there is more demand for more efficient and cheap equipment on the day-ahead market which leads to lag of day-ahead market price growth behind fuel price due to marginal pricing on the day-ahead market. The other negative consequence of competition increase may be the reduction of the volume of electric power sales on the day-ahead market.

Subject to reduced ability to affect those risks the management made the following arrangements:

- ▶ monitoring changes in the regulatory framework of the industry, development of remarks to draft amendments and proposals;
- ▶ analysis of draft orders of the Federal Tariff Service on amendment of the existing methods or approval of new methods;
- ▶ establishment of a viewpoint on the site of Non-profit Partnership Council of Power Producers;
- ▶ participation in consensus meetings and meetings of the Management Board of the Federal Tariff Service of Russia;
- ▶ participation in the consensus meetings at Non-profit Partnership Market Council and voting at the meetings of the Supervisory Board of Non-profit Partnership Market Council;
- ▶ timely compliance with all procedures relating to the establishment of prices and tariffs regulated by the state;
- ▶ ensuring the required quality and completeness of supporting materials.

RISKS RELATING TO POWER SUPPLY

The power supply business of the Group is strongly affected by industry regulation risks due to the significant influence of the state on the operations of the wholesale and retail electric power markets. In the reporting period, the activities of the segment were mostly affected by changes in pricing principles which led to unregulated price reduction for electric power consumers in accordance with Decree of the Government of the Russian Federation No. 442 dated May 4, 2012 "On operation of retail electric power markets, complete and (or) partial restriction of electric power consumption mode".

It is also important to highlight other regulatory changes affecting the industry:

- ▶ Starting with April 1, 2012 cancellation of differentiation by the number of hours of capacity utilization in accordance with Decree of the Government of the Russian Federation No. 877 dated November 4, 2011 "On amendment of certain regulations of the Government of the Russian Federation to improve relations between electric power suppliers and consumers on the retail market".
- ▶ Adoption of Order of the Federal Tariff Service No. 703-e dated October 30, 2012 "On approval of practical guidelines for sales premium calculation of last resort suppliers" establishing the rules of sales premium calculation.
- ▶ Adoption of Decree of the Government of the Russian Federation No. 354 dated May 4, 2012 has led to changes in the procedure of accounting and recognition of electric power supply to the general public.

These changes determined the list of key risks of power supply activities of the Group in 2012.

- ▶ Risks relating to changes in the environment and rules of the wholesale and retail electric power and capacity markets.
- ▶ Risks relating to major clients switching to power supply companies or major clients entering the wholesale market of electric power and capacity.
- ▶ Credit risk - risk of failure to pay for electric power supplied to the consumers (accounts receivable).

Risks relating to change of the environment and rules of the wholesale and retail electric power and capacity markets lie in change of transmission price calculation, contractual models unfavourable for the segment's activities electric power price reduction on the wholesale market of electric power and capacity which may lead to reduced revenue and changes of business processes of the Group's power supply companies.

Risks relating to major clients switching to power supply companies or major clients entering the wholesale market of electric power and capacity involves reduction of the volume of net supply due to changes in client base caused by simplification of the procedure of entering the wholesale market of electric power and capacity.

Risks of accounts payable in the power supply business segment involve losses due to default or improper performance of payment obligations by the Group's counterparties (electric power consumers) which leads to the increase of accounts receivable, increase in the amount of third-party financing required to cover cash deficiency as well as reduction of sales.

Considering the external nature of industry risk factors the ability of the management to manage such risks is limited. Nevertheless, a number of activities aimed at timely response to changes and mitigation of the negative impact thereof on the financial results are being implemented.

With respect to response to industry changes of regulatory framework governing the environment and rules of the markets:

- ▶ cooperation with Non-profit Partnership Market Council, participation in the transmission workgroup under the Market Model Committee of the Supervisory Board of Non-profit Partnership Market Council for the purposes of timely notification of planned amendment of laws and elaboration of a viewpoint on planned changes.

With regard to the increase of payment collectibility and control of accounts receivable dynamics:

- ▶ control of the level of indebtedness for each consumer;
- ▶ informational work with consumers via mass media;
- ▶ claim administration, first of all with regard to the consumers with the largest indebtedness;
- ▶ cooperation with the state authorities with regard to repayment of indebtedness of housing maintenance and utilities consumers, budgetary and agro-industrial consumers.
- ▶ publication of the list of deliberate non-payers on the web-site of power supply companies;

LEGAL AND REGULATORY RISKS

INTER RAO UES Group in its activities follows the policy of strict compliance with tax, customs and currency laws, monitors and reacts to changes in due time and thrives to achieve meaningful dialogue with the regulatory authorities with regard to interpretation of legal provisions. The Group monitors changes of laws regulating its activities to mitigate the adverse effect of the following risks:

- ▶ risks relating to changes of laws regulating the Group's activities, including currency exchange regulation, tax laws, rules of customs control and duties, requirements to licensing of core business or licensing of rights to use the facilities with limited turnover (including natural resources);
- ▶ risks relating to change of court practice with regard to issues relating to the Group's activities (including licensing issues) which may adversely affect business results as well as the results of current court proceedings involving the Group companies;
- ▶ risks relating to the inability to extend the license of JSC INTER RAO UES for certain types of activities or for the use of facilities with limited turnover (including natural resources);
- ▶ risk relating to claims of regulatory/supervisory authorities.

In order to prevent legal risks due to changes in laws, Group companies arrange for weekly monitoring of the legislation, court or other law enforcement practices.

In 2012 the **risk relating to claims of regulatory/supervisory authorities (including tax authorities)** was added to the list of critical risks of the Group subject to priority management.

The nature of the risk lies in possible court proceedings on the basis of violation of legal provisions in the field of tax, anti-monopoly regulation, transfer pricing, environmental management, technical standards and rules and other regulated provisions by lines of business of the Group companies. Possible consequences – losses of Group companies and officers on the basis of court judgments. In 2012 such risks mostly involved tax claims. As the result of appeals and court proceedings about 88.15% of additional charges of tax authorities were dismissed.

The following arrangements in the field of management of risks relating to claims of regulatory/supervisory authorities (including tax authorities) have been implemented by the management:

- ▶ annual review of the Accounting Policy for the purposes of tax accounting;
- ▶ weekly monitoring of the legislation, court and other law enforcement practices;
- ▶ verification of draft contracts entered into by the Group companies for possible tax consequences, law-making activities,
- ▶ obtaining clarifications from the regulatory authorities, consulting of Group company business units,
- ▶ development (quarterly update) of the list of interdependent persons and the list of controlled transactions;
- ▶ development (quarterly update) of the list of interdependent persons and the list of controlled transactions, development of notifications under the controlled transactions (Chapter 14.4 of the Tax Code of the Russian Federation);
- ▶ approval of market price determination methods by types of transactions between interdependent persons;
- ▶ verification of pricing for compliance with the market figures upon execution of contracts;
- ▶ in order to prevent risk manifestation as the result of inspection performed by tax authorities with regard to transfer pricing and following the results of price analysis under the lease contract for compliance with the market level income was adjusted to the level of market prices.

FINANCIAL RISKS

Financial risk assessment, development of financial risk management arrangements, monitoring and control thereof are performed by the operating unit of JSC INTER RAO UES on a regular basis. Financial risk management arrangements are performed by the Company with due account for the impact of such arrangements on subsidiaries. By approval of corporate standards, the main principles and approaches to financial risk management of the Group adopted by the holding company is extend to its subsidiaries.

- ▶ Default risk (credit risk).
- ▶ Interest rate risk (interest risk)
- ▶ Risk of exchange rate realignment (currency risk).
- ▶ Risk of changes in the rate of inflation (inflation risk).

Default risk (credit risk). The dominant trend of 2012 in major world economies as well as in the Russian financial system is the increase of state participation in the settlement of debt issues of the corporate and financial sectors.

Due to the unstable international environment, credit risks of countries are increasing. In particular, loans for Russian banks may become less available which will adversely affect companies in the sector with high leverage. Under these circumstances INTER RAO UES Group pays special attention to the assessment of credit risk and the ability of counterparties to settle their obligations. The risk of default in the course of trading activities in the Russian Federation is still considerable.

- ▶ In order to prevent the risk of default by counterparties and minimize possible losses, credit risks are managed in cooperation with the external counterparties (buyers and suppliers), subsidiaries (in the course of intra-group financing) as well as financial organizations, including banks and insurance companies.
- ▶ Instruments aimed at credit risk reduction (advance payments, use of letters of credit, bank guarantees and suretyship) are used in the course of contract execution. The same arrangements are used in the course of procurement activities.
- ▶ To minimize losses due to risk of default, the Company implements the following preventive arrangements: analysis of counterparties with respect to their ability to pay and financial stability, accounts receivable monitoring.
- ▶ Special attention is paid to the credit risks of counterparty banks. Limits for placement of funds in the counterparty banks of the Groups are established on the basis of assessment of the credit solvency of the banks.
- ▶ Control of the level of the Group's accounts receivable within the established limits.

Currency risks. The international nature of INTER RAO UES Group business exposes the Group to a high degree of currency risk. At the same time, however, the Group's presence in different countries allows the reduction the risk through currency diversification.

In general, there were no significant fluctuations in the Russian economy in 2012, on the contrary, the successful election of the President of the Russian Federation, entering into the World Trade Organization as well as relatively stable high oil prices during the whole year had a positive impact on the economic situation.

Despite the absence of adverse factors effecting the country, the dynamics of the Russian ruble exchange rate to the main international currencies – euro and US dollar in 2012 was very volatile. The cost of the bi-currency basket in 2012 fluctuated over a broad range – between 33.3 rubles in March 2012 and 37.2 rubles in June 2012. As at December 31, 2012 the cost of the bi-currency basket was 34.8 rubles (compared to 35.9 rubles at the beginning of the year).

For the purposes of efficient management of currency risk INTER RAO UES Group performs regular assessment of currency risk using Value-at-Risk, Earnings-at-Risk, scenario simulation and stress testing approaches. The applied risk assessment methods comply with the generally accepted international practices. On the basis of currency risk assessment, the Group implements the following main arrangements to manage currency risks:

- ▶ entering into derivative transactions (hedging). In 2012 the profit of JSC INTER RAO UES from the currency risk hedging transactions amounted to RUB 650 mln;
- ▶ optimization of the currency structure of cash assets and the currency structure of the Group's credit portfolio;
- ▶ currency risk control upon entering into contracts.

Interest risks of the Group may arise mainly due to interest rate review upon refinancing of loans and as the result of changes of floating loan interest rates.

Generally the liquidity situation on the Russian money market was rather tense in 2012. The Russian interbank lending rates started to grow in April 2012, thus, Mosprime3M rate reached 7.47% by the end of the year (April minimum rate – 6.65%). On the international money market, against the background of the active efforts of eurozone governments to establish support mechanism for countries suffering debt issues, the reduction of rates was observed. For instance, the London Interbank Offered Rate LIBOR 6M decreased from 0.81% to 0.50% in Q4 2012.

As the share of long-term loans in the loan portfolio structure is significant, and the fact that there is only a small number of loans with floating interest rates uncovered by the relevant hedging contracts, interest risk is not critical at the moment for the Company.

For the purposes of interest risk management the Group performs regular assessment of interest risk using Value-at-Risk, Earnings-at-Risk, scenario simulation and stress testing approaches. To limit interest risk exposure the Group methodically implements the following arrangements:

- ▶ increase of the term of loans;
- ▶ inclusion of the provision for early repayment of borrowed funds in the contracts;
- ▶ optimization of loan portfolio structure;
- ▶ use of derivatives to hedge interest risk.

Inflation risk lies in the influence of macroeconomic factors and affects the activities of the Group to the same extent as other business entities. According to the data of the Federal State Statistics Service, the rate of inflation in 2008 was 13.3%, in 2009 8.8%, in 2010 8.8%, in 2011 6.1%, in 2012 6.6%. In 2013, the Ministry of Economic Development of the Russian Federation expects inflation at the level of 6%. The systematic decrease of inflation in the Russian Federation positively affects the business of INTER RAO UES Group as it contributes to the reduction of the value of credit resources and reduces a number of other risks listed below.

The negative impact of inflation on the financial and economic activities of the Group may be caused by the following risks:

- ▶ risk of the actual value of accounts receivable in case of significant grace period or delay of payment;
- ▶ risk of increased cash cost of goods, products, work, services due to increased price of energy resources, transport expenses, salaries etc.;
- ▶ risk of increased interest payable;
- ▶ risk of increased cost of the investment program.

If inflation significantly exceeds estimated levels, the Group will make arrangements to optimize expenses and increase the revenue response rate to inflation growth rate.

INVESTMENT RISKS

The investment program of INTER RAO UES Group is oriented at the commissioning of new capacities using high-payoff technology, ensuring reliability and operational integrity of the existing equipment, increasing energy efficiency and reducing the negative impact of production on the environment.

Investment risks are unavoidable in the course of implementation of major investment projects. The Group's critical risk list includes the risk of violation of capacity supply deadlines under capacity supply contracts due to technological factors (violation of facility construction deadlines) as well as organizational factors (delayed commissioning of facilities, failure to obtain the right to trade on the wholesale electric power and capacity market). The consequences of the risk include decreased revenue and, in some cases, delay damages under capacity supply contracts.

During the reporting period, the risks manifested with regard to three facilities under capacity supply contracts due to delayed commissioning. The reasons were financial insolvency of the general contractor, incompleteness and defects of the supplied equipment, failure of the manufacturers to observe the contractual delivery deadlines.

The management of the Group took the following actions:

- ▶ establishment of workgroups to monitor the fulfillment of the schedule and settle current issues under the project;
- ▶ control of observance of deadlines by the contractor;
- ▶ audit of the incurred and scheduled expenses, optimization thereof;
- ▶ inclusion of guarantee obligations in the supply / service contracts in excess of those established by the relevant laws;
- ▶ optimization of settlements scheme (partial payment at the request of the general contractor to subcontractors and suppliers to eliminate the risk of failure of the general contractor to pay for work performed and deliveries made by them);
- ▶ claim administration in respect of failure of the contractor to perform his obligations relating to the commissioning of the facility subject to capacity supply contract.

To mitigate the adverse effect of the risk, the management entered into supplementary agreement with OJSC FSC, OJSC SO UES, OJSC Trading System Administrator of the Wholesale Electric Power Market, Non-profit Partnership Market Council adjusting the commencement date for the performance of obligations relating to capacity supply to the wholesale market under projects implemented by OJSC INTER RAO Electric Power Plants at Urengoykaya SDPP, Kharanorskaya SDPP and Gusinozerskaya SDPP.

Moreover, as at December 31, 2012 a reserve for delay damages in 2013 relating to Gusinozerskaya SDPP is recorded as part of estimated liabilities.

REPUTATION RISK

Being a public company JSC INTER RAO UES takes into account the reputation component of the business and makes arrangements to mitigate the adverse impact of risks on the Group's brand. The Company is focused on the interests of investors and stakeholders, constantly informs them of the Company's activities, is committed to the principles of reliability, transparency and promptness of information disclosure in public sources. The Group also controls the risks of insider information dissemination to prevent fraud using insider information and manipulation of prices on the securities market. The Company has adopted Insider Information Regulations of INTER RAO UES.

The main reputation risks observed by the Group in 2012 were:

- ▶ The risk of negative perception of the Group's business.
- ▶ The risk of theft/disclosure of information (commercial, confidential, insider)
- ▶ The risk of non-disclosure, untimely disclosure, failure to provide, incompleteness or misrepresentation of information

These risks may arise due to dissemination of false or misleading information about the Group in public space as well as due to public coverage of adverse business facts (major technological violations, supply interruptions etc., labor disputes), or as the result of improper use of insider information.

The following arrangements are made to manage reputation risks: a balanced information policy is implemented, arrangements aimed at protection and promotion of the values, brand, reputation and interests of the Group in public space are made to achieve the strategic development targets. In response to risk situations arrangements are implemented to prepare the company's viewpoint within an hour upon receipt of information about possible dissemination of negative information, holding of discussions in social media promptly after the news publication, retranslation of the Group's viewpoint in the Russian and international mass media, discussion of the problems with the journalists of major mass media upon request.

HEALTH, SAFETY & ENVIRONMENTAL RISKS

INTER RAO UES Group is completely aware of its responsibility for ensuring occupational safety and due care for the environment. The Group thrives to maintain strict control and prevent the risks of environmental damage, violation of ecological standards, risks of occupational traumatism, professional diseases and industrial accidents. Each Group company has functional business units responsible for health, safety and environment.

Most attention is paid to the prevention of the following major risks:

- ▶ risk of occupational traumatism - accident, professional diseases of employees (life and health risks of production personnel relating to the performance of technological processes and labor conditions);
- ▶ risks relating to possible incompliance with the effective and prospective ecological standards in the field of environmental protection and management, environmental disruption, as well as incompliance with the compulsory industrial, fire and occupational safety requirements.
- ▶ risks of environmental footprint;

Risks relating to environmental footprint are mostly related to the activities of the "Generation" segment and, first of all, to heat power plants using mineral fuel - coal and natural gas. Burning of fuel leads to the emission of hazardous substances and greenhouse gases into the atmosphere, and if coal is used, the formation of significant amounts of ashes and slag waste. The Declaration of Ecological Responsibility of JSC INTER RAO UES has been in force since 2011. It determines the strategic objectives of the Group in the field of environmental protection and rational environmental management. The Group also takes into account possible ecological consequences of the risks of major technological violations. No ecological risks resulting from accidents at the Group's production facilities manifested in the reporting year.

The list of arrangements made by the Group's production companies in order to reduce the risk of occupational traumatism and improve compliance with occupational safety standards and labor protection, includes, but is not limited to the following:

- ▶ performance of scheduled audits of technical safety of production activities of the Group companies;
- ▶ maintenance of commissions for incoming control of purchased workwear, safety shoes, personal and collective protection equipment;
- ▶ control of the use by the personnel of workwear, safety shoes, personal and collective protection equipment, electric arc resistant equipment.
- ▶ development of motor transport routes in the territory of power facilities with indication of hazardous areas, implementation of speed control systems and satellite vehicle monitoring systems;
- ▶ extraordinary briefing of electrotechnical personnel, regular training of such personnel;
- ▶ material incentives for employees for working without violations of HSE regulations;
- ▶ the practice of termination of employment contracts with employees for a single gross violation of labor obligations (article 81 of the Labor Code of the Russian Federation).

A significant part of investments to the equity capital in 2012 is aimed at environmental protection and rational use of natural resources, capital repairs of key assets intended for environmental protection purposes and the current environmental protection expenses of the Russian companies of INTER RAO UES Group. In order to manage these risks the following groups of arrangements are implemented:

- ▶ increase of the performance and ecological parameters of the equipment, increase of the share of recirculating and consequent water consumption to increase water use within the framework of the retrofitting and reconstruction program;
- ▶ implementation of major environmental investment projects within the framework of innovative, scientific research and development programs;
- ▶ commissioning of an automated information system of integration on all levels of management and control of labor protection, industrial, fire and ecological safety (AIS Control);
- ▶ Development and certification of ecological management system at OJSC TGK-11, LLC BGK, JSC Ekibastuz SDPP-2 Power Station.

The Group strives not to exceed the acceptable levels of emissions in the course of its business. At the same time in case of increased emissions due to accident, the management shall perform all the scheduled arrangements set out in the Accident Elimination Plans. For the purposes of preventing the risk of incompliance with the compulsory safety standards and to reduce the ecological impact of the industrial risks multilevel control of compliance with the technical production safety requirements is exercised at the power facilities of INTER RAO UES Group.

2013 PERM

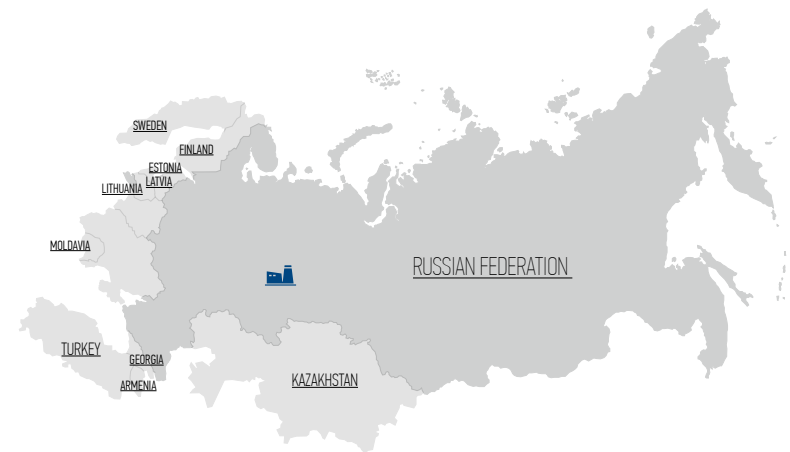
IN MARCH, 2013 INTER RAO UES GROUP STARTED CONSTRUCTION OF A NEW COMBINED CYCLE GAS TURBINE UNIT WITH INSTALLED CAPACITY OF 800 MW AT PERMSKAYA SDPP.

THE NEW UNIT WILL UTILIZE SIEMENS COMBINED CYCLE GAS TURBINE EQUIPMENT THAT MEETS ALL APPLICABLE ENVIRONMENTAL SAFETY STANDARDS AND FEATURES ONE OF THE HIGHEST EFFICIENCY COEFFICIENTS IN THE INDUSTRY: 57–58%.

PERMSKAYA SDPP WILL INCREASE ITS INSTALLED CAPACITY TO 3,200 MW, BECOMING ONE OF RUSSIA'S FIVE LARGEST THERMAL POWER PLANTS.

RUSSIA, PERM REGION, DOBRYANKA CITY

PERMSKAYA SDPP



COMMISSIONING: 1986

INSTALLED
ELECTRIC
CAPACITY

2,400
MW

INSTALLED
THERMAL
CAPACITY

620
Gcal/h

BASIC
FUEL IS
NATURAL
GAS

PERMSKAYA SDPP IS THE LARGEST POWER PLANT OF THE KAMA REGION AND CAN MEET THE NEEDS OF MORE THAN HALF OF THE CONSUMERS IN THE REGION.

The newspaper Zvezda announced the coming of the legendary Permskaya SDPP as follows: "In the USSR there are currently no thermal power plants of such capacity. Permskaya SDPP will be able to generate more than two times more electric power than all power plants of the Kama region. This giant will be controlled by means of the automated system. Two stacks 330 m high will rise over the power plant, each 128 m higher than the tower of the Perm television center".

Exhaust fans, circulation pumps, a generator circuit breaker and live steam pipes were used for the first time only at Permskaya SDPP. The aggregate weight of all of the equipment exceeded 50 thousand tonnes, and a huge building – approximately 40-storeys – was needed for its installation. Permskaya SDPP was the only power plant in the USSR where such a system of automatic control was implemented. It happened for the first time in the history of the Ministry of Energy of the USSR.

Today the steam power units of Permskaya SDPP remain among the best in the industry in terms of performance, industrial and ecological safety and level of process automation.

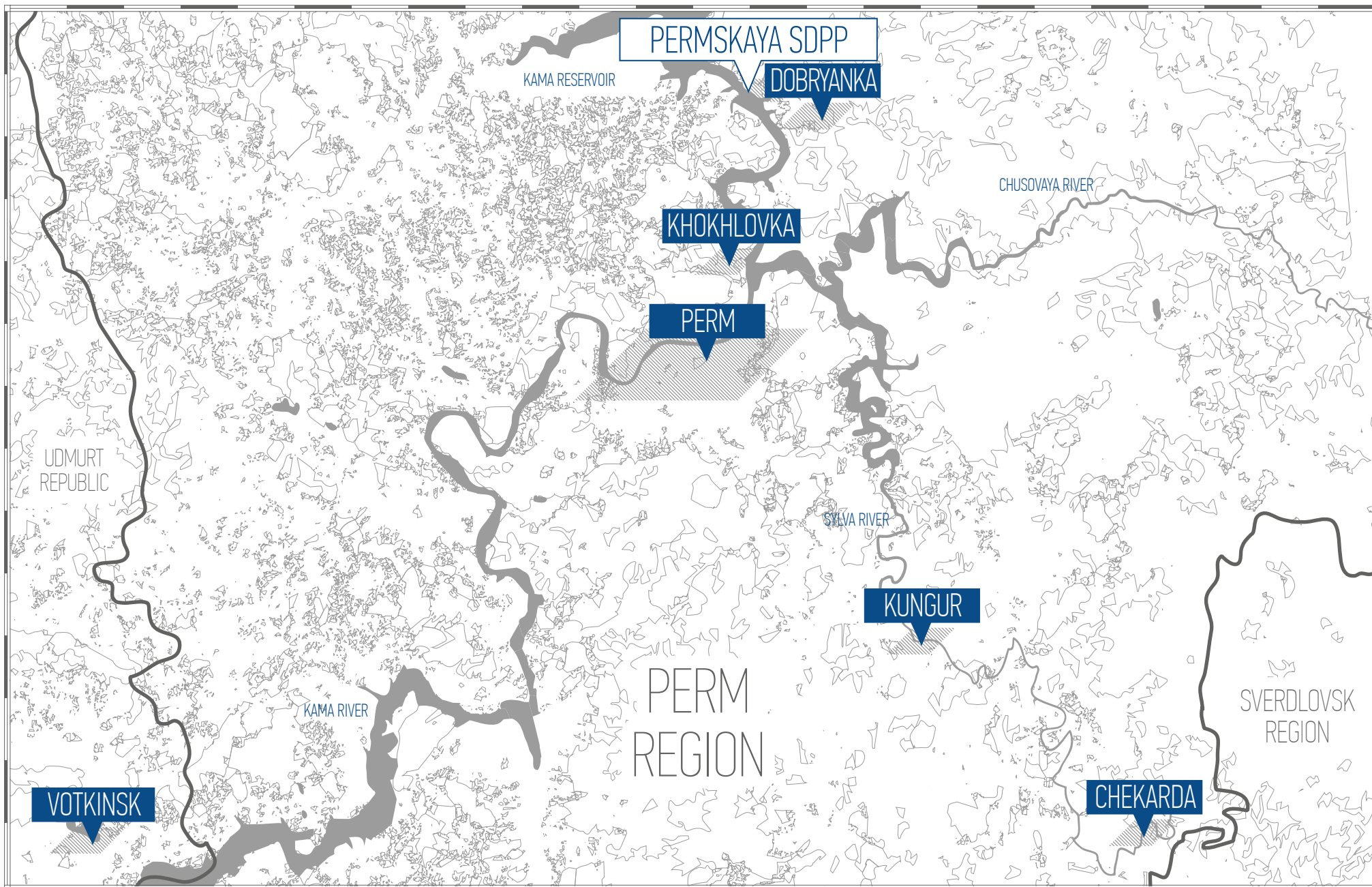
Permskaya SDPP is the recipient of a huge number of awards, prizes and diplomas. For example, in 1996 the Advisory Council of the UN gave the power plant the status of the Leader of the Russian economy, and the World Bank added it to "the register of the largest companies of the world".

"LARGE-SCALE EXPANSION OF PERMSKAYA SDPP NOT ONLY IS IN LINE WITH ONE OF STRATEGIC PRIORITIES OF THE DEVELOPMENT OF INTER RAO UES GROUP CONNECTED WITH INCREASE IN INSTALLED CAPACITY IN THE DOMESTIC MARKET, BUT ALSO IS A VITALLY IMPORTANT PROJECT IN TERMS OF DEVELOPMENT OF THE REGIONAL AND FEDERAL POWER SUPPLY SYSTEM.

IN THE LONG TERM DUE TO STRENGTHENING OF THE MAIN NETWORK INFRASTRUCTURE PERMSKAYA SDPP WILL HAVE AN OPPORTUNITY TO SUPPLY ELECTRIC POWER TO THE CENTRAL REGIONS OF RUSSIA".

CHAIRMAN OF THE MANAGEMENT BOARD OF JSC INTER RAO UES
BORIS KOVALCHUK





PERM AND PERM REGION

PERM ART GALLERY

It is the most famous museum in the region. Here the world famous collection of the Perm wooden sculpture resides. It is also one of the richest repositories of masterpieces of Russian icon painting (the Stroganovsky school icon collection) and Russian paintings (Repin, Levitan, Savrasov, Serov) in Russia.

PERM LOCAL HISTORY MUSEUM

The exhibition of the museum based in Perm, contains many interesting exhibits detailing the nature of the Kama region. The exhibits explain its great historical past from the prehistoric times to present day. The articles in "the Perm animal style" are of special interest.



MUSEUM KHOKHLOVKA

Khokhlovka is an architectural and ethnographic museum of the Perm Territory established in 1969. It is located on the picturesque bank of the Kama river 43 km from Perm, near the village of Khokhlovka. It is the first open-air museum of wooden architecture in the Urals. It comprises 23 unique monuments from the end of 17th to the first half of the 20th centuries. Wooden buildings and constructions brought here from other places and representing the best examples of national construction and art culture of the region are placed in an area of about 40 hectares. Many of these monuments house ethnically stylized interiors and exhibition complexes.

KUNGURSKAYA ICE CAVE

It is one of the most popular sights of the Urals – a natural landmark of national importance. A unique geological monument – one of the largest karst caves in the European part of Russia is the world's seventh plaster cave by extent. The length of the cave is about 5.7 km, 1.5 km of which is open for tourist visits. The average air temperature in the center of the cave is +5 °C. The Kungur cave contains 48 grottos and 70 lakes. In the cold part of the cave magnificent ice crystals covering its arch and walls remain all year round. During severe winters long stalagmites grow, reaching the height of a human. In 1959 ancient cave painting relating to the Stone Age was discovered here.



Perm stretches 80 km along the Kama and thus takes the third place in size after St. Petersburg and Sochi. Besides three large rivers, there are over 300 small rivers and streams – by their quantity Perm is the champion among the cities of Russia. It is assumed that Perm is a prototype of the city of Yuryatin from Boris Pasternak's novel "Doctor Zhivago". Here the first soviet stamps, postage stamps of the Perm Sovdep for the district post were printed. The local factory "Goznak" manufactures every third plastic card in Russia, the page for a new series passport into which a microchip is implanted.



PERMIAN PERIOD

The last geological period of the Palaeozoic Era lasting about 50 million years began about 300 million years ago. It was described in 1841 by the British geologist Roderick Murchison on the basis of the materials found around the city of Perm. The Permian Period ended with the Permian-Triassic species extinction event, the most large-scale of all ever known on Earth. About 90% of marine species (including the last trilobite) and 70% of land species disappeared. One of the explanations of this extinction comes down to the impact of a large asteroid which caused significant climate change. Another more widespread version assumes that extinction was caused by a global stepping up of volcanic activity.

One of the most known places where fossils of the Permian Period were found is on the left bank of the Sylva river near the Chekarda village.

9. PROCUREMENT ACTIVITIES

THE GROUP'S POLICY IN THE FIELD OF PROCUREMENT

In 2012 INTER RAO UES Group continued to perform its procurement activities within the framework of a centralized supply system established in 2011. The functions of a specialized procurement organization (SPO) during the year were performed by LLC INTER RAO - Procurement Management Center: 95% of all competitive procurement procedures for INTER RAO UES Group were performed on its basis in 2012.

Procurement activities of the Group companies are governed by the laws of the Russian Federation and the internal regulations, including:

- ▶ Regulations on the procedure of performing regulated purchase of goods, works, services for JSC INTER RAO UES (subject to Amendment No. 2 approved by resolution of the Board of Directors dated January 31, 2013 (minutes No. 86 dated February 4, 2013).
- ▶ Regulations on the Central Procurement Committee of JSC INTER RAO UES approved by the resolution of the Board of Directors dated December 27, 2012 (Minutes No. 85 dated December 29, 2012).

From January 1, 2012 Federal Law "On procurement of goods, work, services by certain types of juridical persons" No. 223-FZ dated July 18, 2011 and a series of regulations adopted by the Government of the Russian Federation for the purposes of implementation of the Federal Law applies to some companies of INTER RAO UES Group. For the purposes of complying with the requirements of the law INTER RAO UES made such arrangements as:

- ▶ Development and approval of the Regulations on the procedure of performing regulated purchase of goods, works, services for JSC INTER RAO UES.
- ▶ Publication of information about the purchases on the Internet in accordance with the requirements of the Russian laws.
- ▶ Registration of the company's employees on the official website www.zakupki.gov.ru
- ▶ Development and implementation of standard forms of documents on arrangement and performance of procurement procedures for all procurement methods in accordance with the laws of the Russian Federation and the Regulations on Procurement.

In 2012, employees of the company engaged in procurement activities were trained in accordance with the "Placement of a purchase order for goods, work, services in accordance with Federal Law "On procurement of goods, work, services by certain types of juridical persons" No. 223-FZ dated July 18, 2011" program on the basis of FGAOU VPO National Research University Higher School of Economics.

PROCUREMENT IN 2012

In 2012 INTER RAO UES Group performed 13,333 procurement procedures for the aggregate amount of RUB 107,989.38 mln net of VAT.

PROCUREMENT STATISTICS

NAME	PROCUREMENT PROCEDURES PERFORMED			INFORMATION ABOUT PURCHASES MADE	
	QTY	INITIAL COST	FINAL COST	EFFICIENCY	
				MLN RUBLES NET OF VAT	% OF INITIAL COST
Repairs					
Materials	2,126	1,704.08	1,641.07	63.01	3.7%
Services, work	991	3,738.07	3,654.46	83.61	2.2%
Operation					
Materials	2,134	1,100.85	1,026.24	74.62	6.8%
Services, work	1,983	3,875.14	3,716.29	158.85	4.1%
Capital construction					
Materials	173	549.20	526.21	22.99	4.2%
Services, work	139	3,171.60	2,945.66	225.93	7.1%
Retrofitting and reconstruction					
Materials	307	1,734.66	1,714.91	19.75	1.1%
Services, work	475	4,865.23	4,570.32	294.91	6.1%
Other					
Materials	932	861.40	764.89	96.51	11.2%
Services, work	3,991	14,554.40	13,055.96	1,498.44	10.3%
Total					
Materials	5,672	5,950.20	5,673.32	276.88	4.7%
Services, work	7,579	30,204.43	27,942.69	2,261.75	7.5%
TOTAL, w/o fuel	13,251	36,154.63	33,616.01	2,538.63	7.0%

PROCUREMENT SYSTEM DEVELOPMENT

For the purposes of further improvement of procurement activities, the Group implements cutting edge technological solutions and develops the regulatory framework. The Company develops a Unified Procurement Information System (UPIS), which will make the automation of procurement procedures possible and simplify reporting procedures. At the same time the Group is working on the development of auxiliary local regulations in accordance with the laws of the Russian Federation and the Regulations on Procurement aimed at standardization of business processes relating to procurement, including such documents as:

- ▶ Regulations on business process of procurement procedures.
- ▶ Regulations on business process of the Central Procurement Committee operations.
- ▶ Regulations on business process of expert evaluation of the bids of procurement participants.
- ▶ Regulations on business process of the development, adjustment and execution control of the annual comprehensive procurement program.

Moreover, the standardization of procurement processes will be facilitated by the development of the centralized system of regulatory information (RI) aimed at:

- ▶ the creation of a corporate system of structured analytics for the preparation of analytical reports of INTER RAO UES Group companies;
- ▶ cost reduction in the business processes of the company relating to the development of corporate reports;
- ▶ increasing the efficiency of management processes of INTER RAO UES Group due to higher quality of the obtained analytical information;
- ▶ resource conservation and reduction of load on the personnel of INTER RAO UES Group.
- ▶ increasing the quality and promptness of preparation of consolidated financial statements of INTER RAO UES Group;

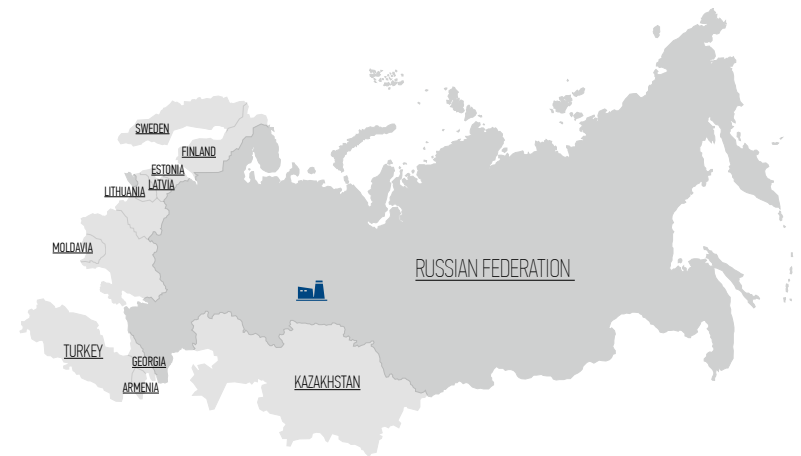
2013 VERKHNY TAGIL

IN MARCH, 2013 INTER RAO UES GROUP STARTED THE CONSTRUCTION OF A COMBINED CYCLE GAS TURBINE UNIT WITH INSTALLED CAPACITY OF 420 MW AT VERKHNETAGILSKAYA SDPP.

THE NEW POWER UNIT WILL UTILIZE UNIQUE CUTTING EDGE STEAM-GAS EQUIPMENT.

RUSSIA, SVERDLOVSK REGION, VERKHNY TAGIL CITY

VERKHNETAGILSKAYA SDPP



BEGINNING OF THE STATION CONSTRUCTION: 1951

COMMISSIONING: 1956

INSTALLED
ELECTRIC
CAPACITY

1,497
MW

INSTALLED
THERMAL
CAPACITY

480
Gcal/h

BASIC
FUEL IS
NATURAL
GAS
AND COAL

The Verkhny Tagil's history began in 1712 when under the instruction of Tsar Peter I the Tula workman and merchant Nikita Demidov started an iron foundry and an ironworks plant on the Tagil river. They also produced carts, sledges, tubs, caps, short fur coats and extracted gold in the river floodplain and mountains.

The construction of Verkhnetagilskaya SDPP in the 1950s gave the city new life: the former Demidovsky settlement became a beautiful modern small town of energy workers with magnificent green spaces and multi-storey buildings.

LOCATED IN THE CENTER OF THE POWER SUPPLY SYSTEM OF THE CENTRAL URAL MOUNTAINS, VERKHNETAGILSKAYA SDPP IS ONE OF THE MAIN SUPPLIERS OF ELECTRIC POWER IN THE SVERDLOVSK REGION.

Initially the power plant was constructed for providing the Novouralsk Electrochemical Complex with thermal and electric energy. Today the basic quantity of generated electric power is distributed by the grids of the Sverdlovsk region.

In March, 2013 INTER RAO UES Group started the construction of a new combined cycle gas turbine unit with the installed capacity of 420 MW.

“THE BEGINNING OF CONSTRUCTION OF A MODERN COMBINED CYCLE GAS TURBINE UNIT AT VERKHNETAGILSKAYA SDPP IS THE NEXT IMPORTANT STEP WITHIN IMPLEMENTATION OF ONE OF INTER RAO UES GROUP'S STRATEGIC DEVELOPMENT AREAS CONNECTED WITH ENHANCEMENT OF RELIABILITY, SAFETY AND OPERATIONAL EFFICIENCY OF OUR GENERATING ASSETS.



THE EXPECTED IMPROVEMENT OF KEY PERFORMANCE INDICATORS OF VERKHNETAGILSKAYA SDPP, WILL UNDOUBTEDLY INCREASE ITS COMPETITIVENESS IN THE WHOLESALE MARKET OF ELECTRIC POWER, AND WILL ALSO PROMOTE REDUCTION IN THE POWER'S ENVIRONMENTAL FOOTPRINT”.

CHAIRMAN OF THE MANAGEMENT BOARD OF JSC INTER RAO UES
BORIS KOVALCHUK

NIZHNY TAGIL

SVERDLOVSK
REGION

VISIMSKY NATURE RESERVE

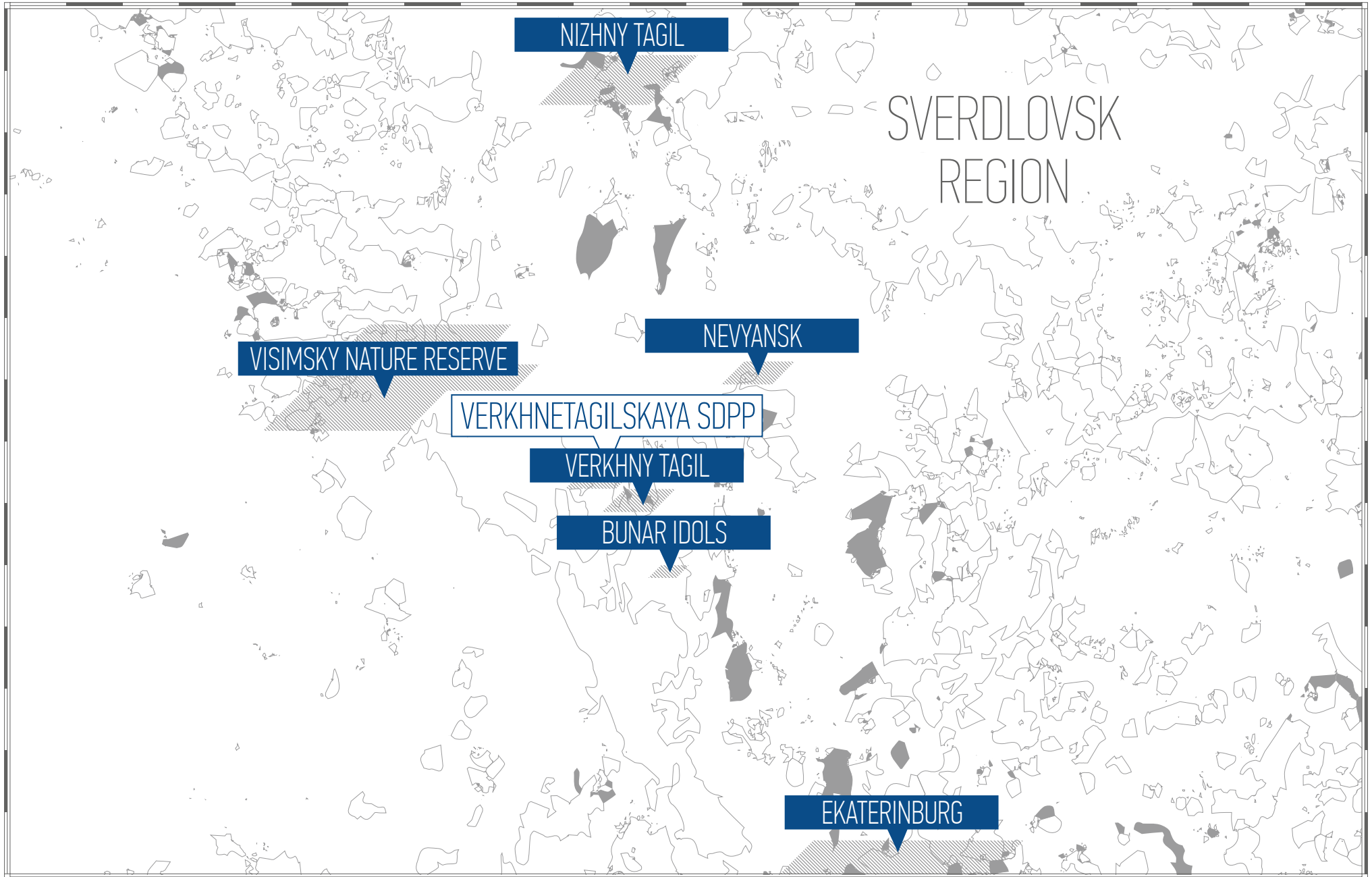
NEVYANSK

VERKHNETAGILSKAYA SDPP

VERKHNY TAGIL

BUNAR IDOLS

EKATERINBURG



VERKHNY TAGIL AND SVERDLOVSK REGION

URAL HISTORY

According to an ancient legend, a handsome young hunter by the name of Tagil met a beauty called Tura. They fell in love with each other. They gave birth to their sons, Tobol and Irtysh. Hunters assumed that the Ural father became related to the Siberia mother, having accepted Tobol and Irtysh in the mighty embraces of Ob.

In the 17th century many mineral deposits were revealed in the Urals. The Russian government turned their attention to the Urals as an important source of raw materials. At the beginning of the 18th century large-scale industrial construction began in the Urals caused by the development and military needs of the Russian state.

Verkhny Tagil was founded soon after 1712 when the construction of Demidovsky plants on the Tagil river began.

VERKHNY TAGIL EMBLEM

Here is how the city emblem was described several centuries ago: "On the shield, painted with dark red and sky-blue there is an open golden disk of the sun with crossed hammers in the color of the same metal above the sun at the top of the shield; a silver column goes from top downward, made of squirrel skins with their narrow ends up. The shield is topped with a crown".



VISIMSKY NATURE RESERVE

20 km from Verkhny Tagil extends a broken range of bare rocky mountains bearing the name of Veselye mountains. Long since in Russia the name "veselie" (joy) was given to eye-pleasing beautiful places. The highest point of the range is Starik Kamen mountain (stony old man) which sits 755.4 m high. Its top is on the nominal boundary between the continents of Europe and Asia. Starik mountain is located in the preserve zone of the Visimsky Nature Biosphere Reserve. The mountain area around Starik Kamen is interesting from a historical point of view. It was the site of ancient nomad camps of the Mansi people, memorable places of Old Believers and caches of fugitives from Demidovsky plants.

BUNAR IDOLS

These are several stone sculptures on Bunar mountain, which is located 8 km south of Verkhny Tagil. From the top of the mountain one can enjoy fabulous views of the surroundings.



NEVIAN LEANING TOWER

Not far from Verkhny Tagil, in the center of Neviansk city, the Leaning Tower is located. It was constructed in the first half of the 18th century by the order of industrialist Akinfy Demidov. The height of the Tower is 57.5 m and the foundation is a square with sides of 9.5 m. The Tower's vertical deviation is about 1.85 m. According to one of the stories, Demidov minted counterfeit coins here and according to another, he secretly melted silver and gold in his Altai ore workings taken from the state treasury. According to the legend, because of an unexpected visit of the auditor from St. Petersburg the cellars of the Tower had to be urgently flooded together with all workers minting counterfeit money there. This actually led to the inclination of the Tower.

10. FINANCIAL RESULTS

“Two credit ratings of the largest international rating agencies Fitch and Moody’s (BB+ and Ba1 respectively) were obtained in 2012, which opens new possibilities to operate on the debt capital markets and indicates a significant improvement in the financial accounting and management system as well as the work performed to optimize the Group’s debt structure and maintain low cost of debt.

At the same time a number of adverse trends were observed in almost all business segments of the Group in 2012. These adverse consequences were caused by the change of pricing principles on the wholesale market of the Group’s sales segment, adverse pricing environment on the Finnish market as well as no indexing of tariffs and prices on electric power and capacity in the first half of 2012.

Moreover, in 2012 INTER RAO UES Group completed the consolidation of power generating assets which had commenced as early as 2010. The Group has successfully completed the reorganization processes, all Russian generating assets of the Group were united to make unified centralized management possible thereof, the management accounting system is being improved, business processes are being automated, debt financing structures are being optimized. Further, in 2012 as the result of purchase of minority stakes in OJSC Petersburg Supply Company and OJSC TGK-11 (under the voluntary and compulsory offer) the Group became a 100% owner of the shares of these companies”.

Dmitry Palunin

Member of the Management Board, Head of Financial and Economic Center of JSC INTER RAO UES

MAIN FINANCIAL AND ECONOMIC PERFORMANCE INDICATORS

INDICATOR	31.12.2012	31.12.2011	% CHANGE	STATUS
Financial leverage	0.49	0.36	36.1	perfect
Equity ratio	0.67	0.73	-8.2	perfect
Absolute liquidity ratio	0.45	0.66	-31.8	perfect
Quick liquidity ratio	1.05	1.34	-21.6	perfect
Current liquidity ratio	1.61	3.11	-48.2	satisfactory
Payables to receivables ratio	1.38	1.30	6.2	satisfactory
Working capital, billion RUB	64.6	138.4	-53.3	good
Profit margin, %	-0.06	-0.01	-	satisfactory
Net profit margin, %	-0.04	0.08	-	satisfactory
Return on assets, %	-0.04	0.08	-	satisfactory
Equity turnover	0.37	0.68	-45.6	satisfactory
Return on equity, %	-0.06	0.11	-	satisfactory
Receivables turnover, days	141.18	61.00	131.4	satisfactory
Payables turnover, days	190.39	79.75	138.7	satisfactory

FINANCIAL RESULTS OF 2012

INDICATOR	2012	2011	CHANGE, %
Revenue	556.2	536.2	3.7%
Operating expenses	593.4	548.5	8.2%
Operating losses	-31.7	-4.5	-
Net (loss)/profit	-22.4	41.5	-
Adjusted net profit ¹	5.1	12.9	-60.5%
EBITDA ²	26.5	41.7	-36.5%
Capital expenses	48.9	26.4	85.2%

1 Adjusted net profit net of reserves and depreciations (-39.4 billion rubles in 2012, -30.3 billion rubles in 2011) as well as the effect of the excess of the fair value of the acquired share of identifiable assets and liabilities over the cost of investments resulting from the acquisition of companies (11.6 billion rubles in 2012 and 44.7 billion rubles in 2011) and revaluation of associated companies (0.3 billion rubles in 2012 and 14.2 billion rubles in 2011).

2 Financial indicators of Bashkir Generation Company Group and Trakya Elektrik Uretim ve Ticaret A.S. are specified in the reports beginning from the date of acquisition thereof (November-December 2012), therefore the 2012 reports reflect the financial results of these companies only for the period from November to December 2012. Financial indicators of OJSC OGK-3, JSC Khrami HPP-1 and JSC Khrami HPP-2 are included in the reports from the date of acquisition thereof, therefore the 2011 reports reflect the financial results of these companies only for the period from April 1, 2011. Including the share in net profit/(losses) of jointly controlled companies.

THE REVENUE OF INTER RAO UES GROUP IN 2012 GREW BY 3.7% AND AMOUNTED TO RUB 556.3 BLN.

The increase in revenue in the **“Generation in the Russian Federation”** segment by RUB 31.2 bln (31.8%) up to RUB 129.2 bln is due to the inclusion of OJSC OGK-3 from Q2 in 2011 while in 2012 it is reflected in revenue for the whole period. In addition, Bashkir Generation Company Group was consolidated by INTER RAO UES from November 6, 2012 (total revenue for November-December 2012 amounted to RUB 7.6 bln) and the increase in revenue from OJSC TKG-11 of RUB 3 bln from RUB 20.8 bln, mainly due to the growth in net supply of heat power due to the increase of the heating season in 2012 as compared to 2011 also positively contributed to results. The additional effect was due to the commissioning of new capacities in November 2012 at Kharanorskaya and Urengoykaya SDPP and Ivanovskiye CCGT in June 2012. The revenue thereof amounted to RUB 1.8 bln. The aggregate revenue under all capacity supply contracts of the Group in 2012 amounted to RUB 3.8 bln, which significantly exceeds the 2011 figure of – RUB 1.9 bln.

The reduction of revenue in the **“Sales in the Russian Federation”** by RUB 3.5 bln (1.0%) down to RUB 359 bln is due to the reduction of sale prices by power supply companies due change of pricing principles on the retail market (Decree of the Government of the Russian Federation No. 877 dated November 4, 2011) eliminating the possibility of the power supply companies to gain profit in the form of differentiated payment for capacity on the basis of actual hours of capacity utilization beginning from April 2012. The additional effect was caused by tariff indexing term postponement from January 1, 2012 to July 1, 2012 in accordance with Decree of the Government of the Russian Federation No. 1178 dated December 29, 2011.

The reduction of revenue in the **“Trading in the Russian Federation and Europe”** by RUB 10.2 bln (18.8%) to RUB 44.1 bln is due to decreased export of Russian electric power and unfavorable pricing environment. The main price reduction and, consequently, reduction of supply volumes was observed in the Scandinavian direction. This was partially mitigated by favorable pricing environment in CIS countries and increased volumes of supply to Belarus, Kazakhstan, Mongolia and China.

The revenue of the new segment – **“Engineering in the Russian Federation”** tottated RUB 0.9 bln due to implementation of the main stage of construction of power generating facilities in Kemerovo region in 2012 by Consulting Partnership Energosoyuz and delivery of power generating equipment for OJSC Kuznetskie Ferrosplavy.

OPERATING EXPENSES GREW BY 8.2% AND AMOUNTED TO RUB 593.4 BLN

The main “non-cash” factor contributing to the increase of the Group’s operating expenses was fixed asset depreciation in the amount of RUB 27.1 bln (RUB 3.8 bln in 2011) due to accrual of depreciation by OJSC INTER RAO Electric Power Plants subsidiaries caused by reduction of estimated electric power price and estimated electric power generation volumes.

During the reporting period expenses on process fuel increased significantly by RUB 20.9 bln (27.1%) to RUB 98.2 bln. This is mainly due to addition of new assets to the consolidation perimeter: OJSC OGK-3 as the result of acquisition in April 2011 (in 2011 only data for the 9 months of 2011 were consolidated); gaining control of Bashkir Generation Company Group assets as the result of reorganization of OJSC Bashkirenergo from November 2012 as well as Elektrik Uretim ve Ticaret A.S. as the result of acquisition in December 2012.

During the reporting period, expenses on electric power transmission increased by RUB 3.2 bln (2.2%) due to the change of electric power transmission tariffs indexed in the second half of 2012.

Additional of payroll expenses (which increased by RUB 5.6 bln) is due to addition of OJSC OGK-3 to the asset consolidation perimeter from April 2011 (in 2011 only data for the 9 months of 2011 were consolidated) and Bashkir Generation Company Group from November 2012.

EBITDA DECREASED BY 36.5% AND AMOUNTED TO RUB 26.5 BLN

Under the influence of the above factors EBITDA of all business segments for 2012 changed as compared to the same period of the previous year as follows:

- “Generation in the Russian Federation” - reduction by RUB 2.6 bln (14.4%) to RUB 15.4 bln;
- “Trading in the Russian Federation and Europe” - reduction by RUB 0.9 bln (17%) to RUB 4.4 bln;
- “Sales in the Russian Federation” - reduction by RUB 10.6 bln (62.7%) to RUB 6.3 bln;
- “Foreign assets” - reduction by RUB 0.6 bln (11.5%) to RUB 4.6 bln.

THE SHARE IN PROFITS OF ASSOCIATED AND JOINTLY CONTROLLED COMPANIES DECREASED BY 84.1% AND AMOUNTED TO RUB 2.7 BLN

The share in profits of associated and jointly controlled companies amounted to RUB 2.7 bln. This reduction of RUB 14.3 bln is mainly due to “non-cash” effect of revaluation of OJSC Bashkirenergo package performed in 2011 amounting to RUB 14.2 bln.

IN 2012 NET LOSSES AMOUNTED TO RUB 22.4 BLN. IN 2011 NET PROFIT IN THE AMOUNT OF RUB 41.5 BLN WAS RECORDED

Historical volatility of this indicator results from intensive non-organic growth of the Group mainly due to consolidation of shares in the charter capital of public power companies. In 2011 net profit reflected the excess of the fair value of the acquired share of identifiable assets and liabilities over the cost of investments resulting from the acquisition of OJSC OGK-3 and assets available and held for sale in the total amount of RUB 44.7 bln. In this period this item reflects the effect of the acquisition of Bashkir Generation Company Group and Trakya Elektrik Uretim ve Ticaret A.S. in the amount of RUB 11.6 bln.

The share in the profit of associated and jointly controlled companies reflected the effect of revaluation of investments in OJSC Bashkirenergo as the result of its transfer to associated companies in 2011 in the amount of RUB 14.2 bln and as the result of retirement (within the framework of reorganization and acquisition by INTER RAO UES Group of Bashkir Generation Company Group) in 2012 in the amount of RUB 0.3 bln.

Thus, considering the “non-cash effect” in net losses/profit structure in 2012 and 2011 the level of adjusted net profit will amount to RUB 5.1 bln and RUB 12.9 bln respectively, and that the reduction of the adjusted net profit will amount to RUB 7.8 bln. (60.5 %). This is due to outstripping growth rate of expenses as compared to revenue.

ASSETS AND LIABILITIES CHANGE ANALYSIS

INDICATOR	AS AT DECEMBER 31, 2012	AS AT DECEMBER 31, 2011	CHANGE, %
Total assets	528.6	531.9	-0.6%
Total capital	353.8	390.7	-9.4%
Loans and borrowings ¹	64.8	48.6	33.3%
Net debt ²	10.6	-33.5	-

¹ Including debts in jointly controlled companies.

² Including deposits for the period from 3 to 12 months.

NON-CURRENT ASSETS GREW BY 9.1% (RUB 29.9 BLN) AND AMOUNTED TO RUB 358 BLN.

The main factors contributing to the increase of non-cash assets of the Group was the increase of fixed assets as the results of OJSC Bashkirenergo reorganization and acquisition of the Bashkir Generation Company Group (transfer from associated companies to subsidiaries and affiliates of the Group) as well as commissioning of new capacities of OJSC INTER RAO Electric Power Plants which was evened by depreciation of fixed assets and unfinished construction of the Group as well as depreciation of investments available for sale (AFS). Further, the increase is due to recognition of identifiable intangible asset (public-private partnership agreement) as the result of acquisition of Trakya Elektrik Uretim ve Ticaret A.S. in the amount of RUB 5.1 bln.

CURRENT ASSETS DECREASED BY 16.3% (33.2 BILLION RUBLES) AND AMOUNTED TO RUB 203.8 BLN.

The main factors contributing to the reduction of current assets of the Group are the sale of investments classified as held for sale (HFS) in 2012 for cash consideration in the amount of RUB 23.7 bln and financing of the investment program of OJSC INTER RAO Electric Power Plants which was partially evened by the increase of accounts receivable as the result of acquisition of Bashkir Generation Company Group and Trakya Elektrik Uretim ve Ticaret A.S.

EQUITY DECREASED BY 9.4% (RUB 36.9 BLN) AND AMOUNTED TO RUB 390.7 BLN

The decrease of Equity is mostly due to the reduction of the Non-controlling Stake as the result of the purchase of minority stakes in OJSC Petersburg Supply Company and OJSC TGK-11 (under the voluntary and compulsory offer). As the result, as at December 31, 2012 the Group became a 100% owner of the above companies. Further, as the result of OJSC OGK-1 and OJSC OGK-3 reorganization the Group became 100% owner of OJSC INTER RAO - Electric Power Plants shares. Net losses of the Group in the amount of RUB 22.4 bln had a negative impact on the Equity reduction.

TOTAL OBLIGATIONS GREW BY 23.7% AMOUNTING TO RUB 174.8 BLN

The main factors contributing to the increase of total obligations are the increase of the obligation under the option agreement with State Corporation Vnesheconombank amounting to RUB 13.5 bln as at December 31, 2012 (RUB 5.9 bln as at December 31, 2011) and issue of bonds in favor of OJSC Sistema - Invest for the amount of RUB 10.0 bln in the course of Bashkir Generation Company Group acquisition transaction.

DEBT BURDEN HAS GROWN BY 33.3% UP TO RUB 64.8 BLN.

The aggregate amount of loans and borrowings of the Group's subsidiaries without the share of debt from jointly controlled companies increased by RUB 11.4 bln (23.8%) to RUB 59.4 bln as the result of USD loans due to acquisition of Trakya Elektrik Uretim ve Ticaret A.S. (the loan portfolio of the asset as at December 31, 2012 amounted to RUB 4.3 bln) and a loan procured by INTER RAO Turkey Energy Holding A.S. to finance this transaction (RUB 2.1 bln) as well as extension of new loans to replenish the current assets of CJSC Electric Networks of Armenia, OJSC Petersburg Supply Company, OJSC Saratovenergo and OJSC TGK-11 for the aggregate amount of RUB 3.1 bln. Within the framework of Bashkir Generation Company Group acquisition the Group has additionally incurred three debt obligations for the aggregate amount of RUB 2.3 bln.

The ratio of the long-term to short-term part of borrowed assets (without taking into account the share of loans and borrowings in jointly controlled companies) was 92.7% to 7.3% as at the beginning of the year and 74.7% to 25.3% as at the end of the year. The change of the ratio of long-term to short-term part of borrowed assets is due to transfer of a part of long-term loans in the amount of RUB 10.5 bln to short-term loans as well as the increase of short-term indebtedness of the Group companies to replenish current assets.

The share of loans and borrowings of jointly controlled companies in the principal debt structure amounted to RUB 5.4 bln (increase of RUB 4.7 bln) due to disbursement of long-term loan funds of JSC Ekibastuz SDPP-2 Power Station for the purposes of financing of an investment program - the construction of Unit 3, at that, the Group's share in the loan portfolio amounted to 4.9 billion rubles in 2012.

The net debt of the Group¹ amounted to RUB 10.6 bln as at the end of 2012 against RUB -33.5 bln as at the end of 2011 due to reduction of bank deposits for the period from 3 to 12 months by RUB 32.6 bln (84.2%) due to expenditure of cash assets to implement the investment program of OJSC INTER RAO Electric Power Plants as well as the increase of debt load by RUB 16.2 bln (33.3%).

In order to maintain the credit ratings INTER RAO UES Group continues to make centralized external borrowings which enables the diversification of the sources of financing day-to-day and investment activities and optimization of the cost of the Group's loan portfolio.

¹ The "Net debt" indicator is calculated as follows: Short-term loans and borrowings plus long-term loans and borrowings (including the share of loans and borrowings in jointly controlled companies) minus cash and cash equivalents minus short-term financial investments.

KEY LOANS RAISED BY THE GROUP:

- ▶ Entering into loan agreement with EBRD (convertible loan) for the amount of RUB 9.6 bln for 5 years. As at December 31, 2012 no cash assets were disbursed.
- ▶ Entering into loan agreement with ING Bank N.V. for the amount of USD 75 million for 5 years to purchase a power generating asset in Turkey (Trakya Elektrik Uretim ve Ticaret A.S.).

CASH FLOW

BRIEF CASH FLOW STATEMENT OF INTER RAO UES GROUP FOR 2011-2012, BILLION RUBLES.

INDICATORS	2012	2011
Net cash inflow from operating activities	6.5	46.0
Net cash inflow from investment activities	8.8	-24.9
Net cash expenditure on financial activities	-11.8	-9.1
Net inflow of cash and cash equivalents	4.5	12.2

Net inflow of cash and cash equivalents recorded in the reporting period in the amount of RUB 4.5 bln is due to the following multidirectional factors:

- ▶ cash inflow from operating activities (RUB 6.5 bln) - cash inflow from investment activities (RUB 8.8 bln) due to return of deposits as well as cash assets obtained from the sale of shares in financial assets available for sale and assets classified as held for sale;
- ▶ cash expenditure on financial activities (RUB 11.8 bln) mainly resulting from redemption by JSC INTER RAO UES of own shares and purchase of non-controlling stakes in certain subsidiaries;
- ▶ long-term exchange rate differences due to exchange rate realignment have reached RUB 1.1 bln by the end of the reporting period.

MAIN FINANCIAL AND ECONOMIC PERFORMANCE INDICATORS

the main factors affecting the financial performance of the Group are:

- ▶ in accordance with Decree of the Government of the Russian Federation No. 1178 dated December 29, 2011:
 - the prices on capacity determined for the suppliers following the results of CPT for 2012 were indexed for the period from July 1, 2012 to January 1, 2013 in accordance with the adjustment of consumer price index determined and published by the federal executive authority in the field of collecting official statistical information by 6.1%;
 - tariffs for electric power (capacity) supplied to the wholesale market of electric power and capacity under regulated contracts were determined in accordance with the established procedure without application of 2012 price indices.
- ▶ Reduction of average sale prices by power supply companies due change of pricing principles on the retail market (Decree of the Government of the Russian Federation No. 877 dated November 4, 2011);
- ▶ "Non-cash" effect of fixed asset depreciation
- ▶ Decrease of the amount of export and import operations due to unfavorable pricing environment on the Nord Pool market in Finland.
- ▶ Non-organic growth of the Group due to acquisition in 2012 of Bashkir Generation Company Group and Trakya Elektrik Uretim ve Ticaret A.S.

MAIN INDICES

INDICATOR	31.12.2012	31.12.2011	% CHANGE
Financial leverage	0.49	0.36	36.1
Equity ratio	0.67	0.73	-8.2

Financial leverage defines the reliance of the holding company on borrowed capital.

Equity ratio defines the share of the company's assets covered by equity capital (secured by own sources of capital).

As at the end of the reporting period the financial leverage amounted to 0.49 having increased by 36.1% as compared to the same period of the previous year. The equity ratio amounted to 0.67 having decreased by 8.2% as compared to the same period of 2011.

Changes of the above indicators were affected by the following factors:

- ▶ increase of debt load of INTER RAO UES Group (without the share of loans and borrowings in jointly controlled companies) by RUB 11.4 bln (23.8%);
- ▶ equity reduction by RUB 36.9 bln (9.4%) due to the reduction of the Non-controlling Stake as the result of the purchase of minority stakes in OJSC Petersburg Supply Company and OJSC TGK-11 (under the voluntary and compulsory offer).

INDICATOR	31.12.2012	31.12.2011	% CHANGE
Absolute liquidity ratio	0.45	0.66	-31.8
Quick liquidity ratio	1.05	1.34	-21.6
Current liquidity ratio	1.61	3.11	-48.2

Absolute liquidity ratio is calculated as a ratio of cash and short-term financial investments to short-term liabilities.

Quick liquidity ratio is calculated as a ratio of high liquidity current assets to short-term liabilities.

Current liquidity ratio is calculated as a ratio of current assets to short-term liabilities

Liquidity ratios have decreased in the reporting period, but such decrease does not relate to the impairment of the Group's financial condition, but is caused by reduction of current assets and increase of short-term liabilities for reasons stated above.

INDICATOR	31.12.2012	31.12.2011	% CHANGE
Working capital amount, billion rubles	64.6	138.4	-53.3
Profit margin, %	-0.06	-0.01	-
Net profit margin, %	-0.04	0.08	-
Return on assets, %	-0.04	0.08	-
Return on equity, %	-0.06	0.11	-

Working capital is calculated as a difference between current assets and current liabilities. Following the results of 2012 this indicator amounted to RUB 64.6 bln which is RUB 73.8 bln (53.3%) less than the same indicator as at the end of 2011. This is due to reduction of current assets mainly relating to sale of investments classified as held for sale (HFS) in 2012 as well as financing of the investment program of OJSC INTER RAO Electric Power Plants, increase of short-term obligations under the option agreement with State Corporation Vnesheconombank and issue of bonds in the course of Bashkir Generation Company Group acquisition transaction.

Profit margin is a ration equal to the ratio of profit from sales to the amount of revenue.

Net profit margin defines the rate of return of a company's business. Net profit margin is a ratio of net profit to revenue.

Return on assets defines the efficiency of utilization of a company's property, professional qualification of the company's management and is a percentage ratio of net profit (loss) to the total assets of the company.

Return on equity indicates the amount of profit which a company (organization) will obtain per equity cost unit.

Following the results of 2012 all profit margin indicators showed a negative trend. The main factor significantly affecting the reduction of the indicators is net loss in the amount of RUB 22.4 bln against net profit of RUB 41.5 bln as at the end of 2011.

INDICATOR	31.12.2012	31.12.2011	% CHANGE
Equity turnover	0.37	0.68	-45.6
Payables to receivables ratio	1.38	1.30	6.2
Receivables turnover, days	141.18	61.00	131.4
Payables turnover, days	190.39	79.75	138.7

Equity turnover ratio is equal to the ratio of the volume of sales to the median annual value of equity. In 2012 this ratio decreased by 45.6%. All turnover indicators are normal.

Payables to receivables ratio has increased by 6.2% up to 1.38. Receivables and payables turnover has increased by 131.4% and 138.7% respectively due to increase of receivables and payables.

The receivables turnover ratio is lower than the **payables turnover ratio** which is positive.

In general, the analysis of changes in the asset and liability structure, sources of financing of INTER RAO UES Group activities as well as the assessment of the efficiency of operating activities shows sustainable development of the Group aimed and the implementation of its long-term strategy.

11. SUPPLEMENTS

11.1. MINUTES OF THE AUDIT COMMISSION MEETING

STATEMENT OF THE AUDIT COMMISSION OF JOINT STOCK COMPANY "INTER RAO UES"

April 24, 2013
Moscow

In accordance with the Articles of Association of JSC INTER RAO UES (hereinafter referred to as "Company"), the Federal Law of Russia On Joint-Stock Companies No. 208-FZ dated December 26, 1995, and a decision of JSC "INTER RAO UES" (Minutes No. 1 dated July 16, 2012 and No. 2 August 9, 2012), the Audit Commission of the Company made an audit of the financial and economic activity of the Company for 2012 in the period from March 25, 2013 to April 24, 2013.

The key targets of the audit included the following:

- a) to make sure that the key financial indicators of the Company's activity recorded in the accounting reports are reliable;
- b) that in the course of its financial and economic activity the Company observed the financial accounting procedure and met the legal requirements of the Russian Federation.

The management of the Company is responsible for the preparation of reliable accounting reports and for compliance with the financial accounting procedure and other requirements of the legal acts of the Russian Federation under the laws of the Russian Federation.

The responsibility of the Audit Commission consisted in obtaining reasonable assurance that the key targets of the audit were achieved and that the conclusions were made on the basis of a maximally objective and sufficient analysis of all the information, data and documents provided for the control, by way of making a selective revision audit.

In the opinion of the Audit Commission, the data, information and documents obtained provide a sufficient base for preparing its conclusions and the final statement. The overall results of the audit and the recommendations to the Company management are set forth in the attached act.

As a result of the audit, the Audit Commission communicates the following:

- a) We did not notice any instances of failure to observe substantive external or internal requirements;
- b) We did not notice any defects in the recording of the financial indicators of the Company's activity that could lead to significant misstatement of the assets and liabilities as of December 31, 2012 and the financial results of the Company's activity for 2012.

The auditor of JSC "INTER RAO UES", Ernst and Young LLC elected by the Annual General Meeting of Shareholders of the Company (Minutes No. 12 dated June 25, 2012), made an audit of the Company's accounting reports for the period from January 1, 2012 to December 31, 2012, delivering Audit Report No. n/d dated February 21, 2013.

On the basis of the completed revision audit and considering the opinion of the Company auditor, the Audit Commission has a sufficient basis for confirming the reliability of the annual accounting reports of the Company for 2012 in all their significant aspects.

Members the Audit Commission of JSC "INTER RAO UES":

Deputy Chairman of the Management Board, Open Joint-Stock Company "Federal Grid Company of the United Energy System", Chairman of the Audit Commission of JSC "INTER RAO UES"	Varlamov N.N.
Deputy Head of Control and Inspection Department, Open Joint-Stock Company "Federal Grid Company of the United Energy System"	Kabizskina E.A.
Deputy Head of the Management Department, Federal Property Management Agency	Drokov A.V.
Deputy Head of the Directorate, Head of Assets Soundness Unit, Control and Inspection Group, Internal Control Department of OJSC MMC Norilsk Nickel	Heimits E.V.
Head of Treasury Department of Joint-Stock Company "INTER RAO UES"	Shcherbakov Yu.A.

The statement was read by:

Chairman of the Management Board of JSC "INTER RAO UES"	Kovalchuk B.Yu.
Chief Accountant	Chesnokova A.O.

STATEMENT OF THE AUDIT COMMISSION OF JOINT STOCK COMPANY "INTER RAO UES"

April 24, 2013
 Moscow

The Audit Commission communicates the following:

1. The Company's annual report for 2012 includes not only the data on the corporate entity JSC INTER RAO UES, but also on the corporate entities belonging to INTER RAO UES Group.
2. The Company's annual report for 2012 has been prepared using the data of the IFRS reporting of INTER RAO UES Group for 2012.

For auditing the data of JSC INTER RAO UES annual report for 2012, the Audit Commission has used the materials of the Company's financial and economic activity audit for 2012.

According to the results of the conducted audit the Audit Commission has a sufficient base for confirming the accuracy and completeness of the data in the JSC INTER RAO UES annual report for 2012 regarding the information on the corporate entity JSC INTER RAO UES.

Members the Audit Commission of JSC "INTER RAO UES":

Deputy Chairman of the Management Board, Open Joint-Stock Company "Federal Grid Company of the United Energy System", Chairman of the Audit Commission of JSC "INTER RAO UES"	Varlamov N.N.
Deputy Head of the Management Department, Federal Property Management Agency	Drokov A.V.
Deputy Head of Control and Inspection Department, Open Joint-Stock Company "Federal Grid Company of the United Energy System"	Kabizskina E.A.
Deputy Head of the Directorate, Head of Assets Soundness Unit, Control and Inspection Group, Internal Control Department of OJSC MMC Norilsk Nickel	Heimits E.V.
Head of Treasury Department of Joint-Stock Company "INTER RAO UES"	Shcherbakov Yu.A.

The statement was read by:

Chairman of the Management Board of JSC "INTER RAO UES"	Kovalchuk B.Yu.
Chief Accountant	Chesnokova A.O.

11.2.REPORTING IFRS

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (TRANSLATION OF THE ORIGINAL IN RUSSIAN LANGUAGE)

To the Shareholders and Board of Directors of JSC INTER RAO UES

The accompanying summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2012, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, are derived from the audited consolidated financial statements of JSC INTER RAO UES for the year ended 31 December 2012. We expressed an unmodified audit opinion on these consolidated financial statements in our audit report dated 15 April 2013. The consolidated financial statements and the summary consolidated financial statements do not reflect the effect of events that occurred subsequent to the date of our audit report on the consolidated financial statements of JSC INTER RAO UES.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited financial statements of JSC INTER RAO UES.

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Management of JSC INTER RAO UES is responsible for the preparation of the summary consolidated financial statements in accordance with the principles described in note 1.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

OPINION

In our opinion, the summary consolidated financial statements derived from the consolidated financial statements of JSC INTER RAO UES for the year ended 31 December 2012 are consistent, in all material respects, with the consolidated financial statements, based on the principles described in note 1.

Ernst & Young LLC
8 May 2013

Note 1

The summary consolidated financial statements comprise consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows included in the audited consolidated financial statements prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards.

CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION¹ (IN MILLIONS OF RUB)

	31 DECEMBER 2012	31 DECEMBER 2011
Assets		
Non-current assets		
Property, plant and equipment	282,761	227,525
Investment property	–	1,211
Intangible assets	8,864	4,814
Investments in associates and jointly controlled entities	26,681	48,035
Deferred tax assets	1,974	1,104
Available-for-sale financial assets	32,563	40,651
Other non-current assets	5,177	4,751
Total non-current assets	358,020	328,091
Current assets		
Inventories	12,954	9,945
Accounts receivable and prepayments	63,079	44,488
Income tax prepaid	1,498	1,543
Cash and cash equivalents	48,049	43,518
Other current assets	6,986	42,669
	132,566	142,163
Assets classified as held for sale	38,048	61,662
Total current assets	170,614	203,825
Total assets	528,634	531,916

	31 DECEMBER 2012	31 DECEMBER 2011
Equity and liabilities		
Equity		
Share capital	293,340	272,997
Treasury shares	(41,363)	(34,612)
Share premium	69,312	69,706
Hedge reserve	111	306
Fair value reserve	(3,354)	(329)
Foreign currency translation reserve	(1,369)	(313)
Retained earnings	32,438	39,725
Total equity attributable to shareholders of the Company	349,115	347,480
Non-controlling interest	4,723	43,177
Total equity	353,838	390,657
Non-current liabilities		
Loans and borrowings	44,377	44,514
Deferred tax liabilities	17,412	18,939
Other non-current liabilities	7,033	12,347
Total non-current liabilities	68,822	75,800
Current liabilities		
Loans and borrowings	15,034	3,458
Accounts payable and accrued liabilities	87,130	57,932
Other taxes payable	3,643	3,681
Income tax payable	167	388
Total current liabilities	105,974	65,459
Total liabilities	174,796	141,259
Total equity and liabilities	528,634	531,916

Chairman of the Management Board B. Kovalchuk
8 May 2013

¹ The consolidated statement of financial position is to be read in conjunction with note 1 to, and forming an integral part of, the summary financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME¹ (IN MILLIONS OF RUB)

	FOR THE YEAR	
	2012	2011
Revenue	556,189	536,244
Other operating income	5,506	7,775
Operating expenses, net	(593,433)	(548,502)
Operating loss	(31,738)	(4,483)
Excess of the acquired share in the fair value of the identifiable assets and liabilities over the cost of investment and gain from acquisition of available-for-sale financial assets and assets classified as held for sale, net	11,645	44,652
Finance income	4,911	9,099
Finance expenses	(11,800)	(14,417)
Share of profit of associates and jointly controlled entities, net	2,709	16,973
(Loss) / income before income tax	(24,273)	51,824
Income tax benefit / (expense)	1,918	(10,367)
(Loss) / income for the period	(22,355)	41,457
Other comprehensive (loss) / income		
Loss on available-for-sale financial assets, net of tax	(3,025)	(319)
Net (loss) / gain on hedge instruments, net of tax	(195)	1,536
Exchange (loss) / gain on translation to presentation currency	(1,147)	1,420
Other comprehensive (loss) / income, net of tax	(4,367)	2,637
Total comprehensive (loss) / income for the year	(26,722)	44,094
(Loss) / income attributable to:		
Shareholders of the Company	(22,818)	36,144
Non-controlling interest	463	5,313
	(22,355)	41,457
Total comprehensive (loss) / income attributable to:		
Shareholders of the Company	(27,094)	38,719
Non-controlling interest	372	5,375
	(26,722)	44,094
Basic (loss) / earnings per ordinary share for (loss) / income attributable to the shareholders of the Company	RUB	RUB
	(0.00263)	0.00493
Diluted (loss) / earnings per ordinary share for (loss) / income attributable to the shareholders of the Company	RUB	RUB
	(0.00275)	0.00493

Chairman of the Management Board B. Kovalchuk
8 May 2013

¹ The consolidated statement of comprehensive income is to be read in conjunction with note 1 to, and forming an integral part of, the summary financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS¹
(IN MILLIONS OF RUB)

	FOR THE YEAR	
	2012	2011
Operating activities		
(Loss) / profit before income tax	(24,273)	51,824
Adjustments to reconcile (loss) / profit before tax to net cash flows from operating activities:		
Depreciation and amortisation	16,596	13,016
Provision for impairment of accounts receivable	4,638	3,624
Other provisions charge / (release)	365	(199)
Impairment of available-for-sale financial assets and assets classified as held for sale	6,324	23,110
Impairment of property, plant and equipment, intangible assets and goodwill	28,083	3,739
Excess of the acquired share in the fair value of the identifiable assets and liabilities over the cost of investment and gain from acquisition of available-for-sale financial assets and assets classified as held for sale, net	(11,645)	(44,652)
Share of profit of associates and jointly controlled entities	(2,709)	(16,973)
Income from electricity derivatives, net	(521)	(547)
Foreign exchange (gain) / loss, net	(90)	349
Interest income	(4,180)	(7,871)
Other finance income	(280)	(196)
Interest expense	3,796	3,224
Other finance expenses	395	367
Dividend income	(361)	(881)
Income from sale of available-for-sale financial assets and assets classified as held for sale	(1,525)	(1,553)
Loss on exchange of treasury shares for shares in available-for-sale financial assets	78	–
Shares option plan	543	1,134
Put and call option agreement	7,609	10,826
Loss on disposal of controlling interest	56	19
Other non-cash operations / items	264	574
Operating cash flows before working capital adjustments and income tax paid	23,163	38,934
Increase in inventories	(858)	(830)
(Increase) / decrease in accounts receivable and prepayments	(16,577)	5,660
Decrease / (increase) in value added tax recoverable	5,633	(1,016)
Decrease in other current assets	687	524
Increase in accounts payable and accrued liabilities	2,080	11,732
Decrease in taxes other than income tax prepaid / payable, net	(2,823)	(1,140)
Other working capital adjustments	(741)	(187)
	10,564	53,677
Income tax paid	(4,076)	(7,676)
Net cash flows from operating activities	6,488	46,001

¹ The consolidated statement of comprehensive income is to be read in conjunction with note 1 to, and forming an integral part of, the summary financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
(IN MILLIONS OF RUB)

	FOR THE YEAR	
	2012	2011
Investing activities		
Proceeds from disposal of property, plant and equipment	187	39
Purchase of property, plant and equipment and intangible assets	(48,884)	(26,430)
Purchase of associates and jointly controlled entities	–	(4)
Purchase of controlling interest, net of cash acquired	(6,663)	11,914
Purchase of available-for-sale financial assets	(407)	(600)
Increase in share capital in an associate	–	(1,131)
Proceeds from disposal of controlling interest	(42)	(23)
Proceeds from disposal of available-for-sale financial assets and assets classified as held for sale	24,883	3,560
Proceeds from repayment of loans issued	477	2,959
Loans issued	(1,406)	(2,983)
Bank deposits placed	(13,877)	(15,385)
Bank deposits and promissory notes returned	53,885	2,718
Cash flows (used for) / derived from other investing activities	(2)	30
Dividends received	617	398
Net cash flows from / (used for) investing activities	8,768	(24,938)
Financing activities		
Proceeds from loans and borrowings	49,413	45,092
Repayment of loans and borrowings	(44,656)	(49,801)
Repayment of finance leases	(512)	(583)
Interest paid	(2,098)	(2,718)
Dividends paid	(2,248)	(1,631)
Purchase of non-controlling interest in subsidiaries	(7,893)	(235)
Disposal of non-controlling interest in subsidiaries	2,622	3
Proceeds from additional issue of shares	–	50
Redemption of treasury shares	(6,493)	–
Proceeds from treasury shares sold	43	726
Net cash flows used in financing activities	(11,822)	(9,097)
Effect of exchange rate fluctuations on cash and cash equivalents	1,097	282
Net increase in cash and cash equivalents	4,531	12,248
Cash and cash equivalents at the beginning of the year	43,518	31,270
Cash and cash equivalents at the end of the period	48,049	43,518

Chairman of the Management Board B. Kovalchuk
8 May 2013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY¹
(IN MILLIONS OF RUB)

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY								NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	FOREIGN CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	HEDGE RESERVE	RETAINED EARNINGS	TOTAL		
Balance at 31 December 2010	81,287	(1,173)	11,460	(1,671)	(10)	(1,230)	27,874	116,537	22,602	139,139
Total comprehensive income / (loss) for the year ended 31 December 2011	–	–	–	1,358	(319)	1,536	36,144	38,719	5,375	44,094
Dividends to shareholders	–	–	–	–	–	–	(565)	(565)	(477)	(1,042)
Acquisition of non-controlling interest in subsidiaries	–	–	–	–	–	–	(433)	(433)	(75)	(508)
Acquisition of Group entities	–	–	–	–	–	–	–	–	(38)	(38)
Disposal of non-controlling interest in subsidiaries	–	–	–	–	–	–	221	221	31	252
Additional issue of shares	191,710	(34,006)	58,246	–	–	–	(27,124)	188,826	15,759	204,585
Call option agreement	–	–	–	–	–	–	2,352	2,352	–	2,352
Sale of treasury shares	–	521	–	–	–	–	159	680	–	680
Shares option plan	–	46	–	–	–	–	1,097	1,143	–	1,143
	191,710	(33,439)	58,246	–	–	–	(24,293)	192,224	15,200	207,424
Balance at 31 December 2011	272,997	(34,612)	69,706	(313)	(329)	306	39,725	347,480	43,177	390,657
Total comprehensive (loss) / income for the year ended 31 December 2012	–	–	–	(1,056)	(3,025)	(195)	(22,818)	(27,094)	372	(26,722)
Dividends to shareholders	–	–	–	–	–	–	–	–	(2,414)	(2,414)
Additional issue of shares	20,343	(9,547)	(394)	–	–	–	7,916	18,318	(17,231)	1,087
Acquisition of controlling interest in subsidiary	–	–	–	–	–	–	–	–	376	376
Acquisition of non-controlling interest in subsidiaries	–	7,116	–	–	–	–	8,847	15,963	(23,856)	(7,893)
Disposal of non-controlling interest in subsidiaries	–	–	–	–	–	–	(1,677)	(1,677)	4,299	2,622
Acquisition of available-for-sale financial assets	–	2,069	–	–	–	–	(33)	2,036	–	2,036
Acquisition of treasury shares	–	(6,424)	–	–	–	–	(69)	(6,493)	–	(6,493)
Shares option plan	–	–	–	–	–	–	543	543	–	543
Sale of treasury shares	–	35	–	–	–	–	4	39	–	39
	20,343	(6,751)	(394)	–	–	–	15,531	28,729	(38,826)	(10,097)
Balance at 31 December 2012	293,340	(41,363)	69,312	(1,369)	(3,354)	111	32,438	349,115	4,723	353,838

Chairman of the Management Board B. Kovalchuk
8 May 2013

¹ The consolidated statement of comprehensive income is to be read in conjunction with note 1 to, and forming an integral part of, the summary financial statements.

11.3.REPORTING RAS

AUDIT REPORT ON FINANCIAL (ACCOUNTING) STATEMENTS

Set out below is the text of the audit report by Ernst & Young LLC based on the results of conducted audit of the condensed financial statements of Open Joint Stock Company INTER RAO UES (hereinafter referred to as the Company) for the period from January 1 to and including December 31, 2012, prepared on the basis of the Company's audited financial (accounting) statements. The audit report of the Company's financial (accounting) statements has not been included in this Annual Report and is available on the corporate website INTER RAO UES www.interrao.ru section 'Financial information' <http://www.interrao.ru/investors/funds>.

AUDIT REPORT OF AN INDEPENDENT AUDITOR ON THE CONDENSED FINANCIAL STATEMENTS

To the shareholders of JSC INTER RAO UES

The attached financial statements of JSC INTER RAO UES, comprising the annual balance sheet and the annual statement of financial results as of and for the year ended December 31, 2012, were prepared subject to the audited financial (accounting) statements of JSC INTER RAO UES for the period January 1 to and including December 31, 2012. We have issued the audit report containing the auditor's unmodified opinion of February 21, 2013 on these financial (accounting) statements. These financial (accounting) statements and the attached condensed financial statements of JSC INTER RAO UES do not contain any data on the events that occurred after the issue of the audit report of February 21, 2013.

Condensed financial statements do not include all disclosures required by the laws of the Russian Federation regarding the preparation of financial (accounting) statements. Therefore considering the attached financial (accounting) statements cannot be adequate to considering the audited financial (accounting) statements of JSC INTER RAO UES.

THE AUDITEE'S LIABILITY FOR THE CONDENSED FINANCIAL STATEMENTS

JSC INTER RAO UES management shall be liable for preparing these condensed accounting statements based on the audited financial (accounting) statements in accordance with Order of the Finance Ministry of the Russian Federation No. 101 dated November 28, 1996 'On procedures for publishing financial statements by open joint stock companies'.

THE AUDITOR'S LIABILITY

We shall be held liable for expressing an opinion regarding the condensed financial statements on the basis of the procedures complying with the federal auditing standards effective in the Russian Federation and the International Auditing Guidelines.

(signature by the original)

D.E. Lobachev

Partner, CEO Ernst & Young LLC

May 8, 2013

OPINION

In our opinion, the attached condensed financial statements prepared subject to the audited financial (accounting) statements of JSC INTER RAO UES for the period January 1 to and including December 31, comply, in all material aspects, with the aforementioned financial (accounting) statements in accordance with Order of the Finance Ministry of the Russian Federation No. 101 dated November 28, 1996 'On procedures for publishing financial statements by open joint stock companies'.

OTHER INFORMATION

The attached condensed financial statements do not intend to convey the financial standing and the performance results in accordance with accounting principles and methods commonly accepted in countries and other administrative and territorial entities other than the Russian Federation. Respectively, the attached condensed financial statements are not designed for those who are not aware of the accounting principles, procedures and methods accepted in the Russian Federation.

INFORMATION ON THE AUDITEE

NAME: JSC INTER RAO UES

Details of the corporate entity registration in the Unified State Register of Legal Entities (Certificate of Entry in the Unified State Register of Legal Entities No. 1022302933630, issued by the Interdistrict Inspectorate of the Federal Tax Service of the Russian Federation No.7 for the Krasnodar Territory (Territorial subdivision 2320 for the Central District) dated November 1, 2002).

Location: 119435, Russia, Moscow, Bolshaya Pirigovskaya St., 27, bldg 3.

INFORMATION ON THE AUDITOR

NAME: ERNST & YOUNG LLC

Primary State Registration Number 1027739707203.

Location: 115035, Russia, Moscow, Sadovnicheskaya emb., 77, bldg 1.

Ernst & Young LLC is a member of Non-profit Partnership Russian Audit Chamber (NP APR). Ernst & Young LLC is registered in the register of auditors and audit organizations of the Non-profit Partnership Russian Audit Chamber under registration number 3028, and is also included in the control copy of the register of auditors and audit organizations, identification number 10201017420.

Appendix No. 1 to Order of the Ministry of Finance of Russia dated July 2, 2010 No. 66n

BALANCE SHEET

as of December 31, 2012

Company *Open Joint Stock Company INTER RAO UES*

Taxpayer Identification Number

Type of business activity *resale and generation of electric power*Legal form/ Property Category *open joint stock company / private property*

Measurement unit: mln roubles.

Location (address) *119435 Moscow, Bolshaya Pirogovskaya St., 27, building 3*

Form as per the Russian Classification of Management Documentation (OKUD)

Date (day, month, year)

as per All-Russian Classifier of Businesses and Organisations (OKPO)

INN

as per Russian Classification of Economic Activities (OKVED)

as per Russian Classification of Organisational and Legal Forms / Russian Classification of Property Categories (OKOPF/OKFS)

as per Russian Classification of Measurement Units (OKEI)

CODES		
0710001		
31	12	2012
33741102		
2320109650		
40.10.11; 51.56.4		
47	41	
385		

Item	Item code	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010
ASSETS				
I. NON-CURRENT ASSETS				
Intangible Assets	1110	76	7	4
Research and developments results	1120	-	2	6
Fixed assets	1150	3,241	28,552	61,771
including construction in progress	1151	11	9,425	22,340
Income-bearing investments in tangible assets	1160	85	42	18
Financial investments	1170	334,946	241,150	46,454
Deferred tax assets	1180	3,815	8,010	471
Other non-current assets	1190	27,152	5,000	5,279
including long-term accounts receivable	1191	26,968	3,862	2,308
Section I total	1100	369,315	282,763	114,003
II. CURRENT ASSETS				
Inventory	1210	14	852	657
VAT on purchased valuables	1220	765	868	1,079
Accounts receivable	1230	59,346	61,498	11,329
including Buyers and customers	1231	2,806	3,773	5,113
Financial investments (excluding cash equivalents)	1240	938	6,028	4,021
Cash and cash equivalents	1250	14,070	4,869	4,063
Other current assets	1260	210	440	125
Section II total	1200	75,343	74,555	21,274
BALANCE	1600	444,658	357,318	135,277

Form 0710001 p. 2

Item	Item code	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010
LIABILITIES				
III. EQUITY AND RESERVES				
Authorized capital	1310	293,340	272,997	81,287
Treasury shares	1320	(1)	-	-
Revaluation of non-current assets	1340	309	353	6,110
Incremental capital (without revaluation)	1350	195,416	195,091	21,772
Reserve capital	1360	296	296	161
Retained profit (uncovered loss), including:	1370	(105,341)	(154,609)	(16,953)
Undistributed profit of past years	1371	(90,980)	(11,481)	(16,953)
Undistributed profit of the current year	1372	(14,361)	(143,128)	-
Section III total	1300	384,019	314,128	92,377
IV. LONG-TERM LIABILITIES				
Borrowed funds	1410	10,952	17,965	19,732
Deferred tax liabilities	1420	53	241	698
Other long-term liabilities	1450	1,726	19,269	-
Section IV total	1400	12,731	37,475	20,430
V. SHORT-TERM LIABILITIES				
Borrowed funds	1510	3,235	340	661
Accounts payable	1520	43,778	4,482	6,812
including:				
Suppliers and contractors	1521	3,490	3,585	2,920
Payables to employees of the company	1522	2	-	6
Tax and fee arrears	1524	-	51	406
Advance payments received	1525	2,097	497	615
other accounts payable	1526	38,189	349	2,865
Estimated liabilities	1540	895	893	568
Other short-term liabilities	1550	-	-	14,429
including: Targeted financing	1552	-	-	14,429
Section V total	1500	47,908	5,715	22,470
BALANCE	1700	444,658	357,318	135,277

Chairman of the Management Board

"8"

May

2013

(signature)

B. Kovalchuk

(printed name)

Appendix to Order of the Ministry of Finance of Russia dated July 2, 2010 No. 66n

STATEMENT OF FINANCIAL RESULTS

for January 1 – December 31, 2012.

Company *Open Joint Stock Company INTER RAO UES*

Taxpayer Identification Number

Type of business activity *resale and generation of electric power*Legal form/ Property Category *open joint stock company / private property*

Measurement unit: mln roubles.

Location (address) *119435 Moscow, Bolshaya Pirogovskaya St., 27, building 3*

Form as per the Russian Classification of Management Documentation (OKUD)

Date (day, month, year)

as per All-Russian Classifier of Businesses and Organisations (OKPO)

INN

as per Russian Classification of Economic Activities (OKVED)

as per Russian Classification of Organisational and Legal Forms / Russian Classification of Property Categories (OKOPF/OKFS)

as per Russian Classification of Measurement Units (OKEI)

CODES		
0710002		
31	12	2012
33741102		
2320109650		
40.10.11; 51.56.4		
47	41	
385		

Item	Code	For January - December, 2012.	For January - December, 2011.
Net sales of goods, products, work, services (exclusive of VAT, excise taxes and other similar dues), including:	2110	42,692	73,388
Export of electric power	2111	25,575	36,919
Sale of electric power (capacity) on domestic market	2112	16,646	35,264
Other issues	2114	471	1,205
Production cost of goods, products, work, services sold	2120	(35,175)	(60,755)
Purchase of electric power (capacity) on domestic market	2121	(27,696)	(40,351)
Generation of elect power (capacity)	2122	(4,396)	(16,291)
Import of electric power	2123	(2,261)	(2,914)
Other issues	2125	(822)	(1,199)
Gross profit	2100	7,517	12,633
Selling expenses	2210	(4,153)	(6,646)
Administration expenses	2220	(4,510)	(3,899)
Profit (loss) from sales	2200	(1,146)	2,088

Item	Code	For January - December, 2012.	For January - December, 2011.
Earnings from interest in other organisations	2310	2,573	1,355
Interest receivable	2320	1,724	1,263
Interest payable	2330	(1,919)	(1,739)
Other income	2340	121,530	65,328
Other expenses	2350	(132,551)	(218,699)
Profit (loss) before taxes	2300	(9,789)	(150,404)
Current income tax	2410	(660)	(627)
including permanent tax liabilities (assets)	2421	7,196	23,558
Change in deferred tax liabilities	2430	172	(192)
Change in deferred tax assets	2450	(4,236)	7,613
Other issues	2460	152	482
Net profit (loss) of the accounting period	2400	(14,361)	(143,128)
FOR REFERENCE			
Results of revaluation of non-current assets not included into net profit (loss) for the period	2510	-	-
Total financial result of the period	2500	(14,361)	(143,128)
Basic profit (loss) per share (kop.)	2900	(0.1472)	(2.0824)
Diluted profit (loss) per share (kop.)	2910	(0.1472)	(2.0824)

Chairman of the Management Board

"8"

May

201 3

(signature)

B. Kovalchuk
(printed name)

11.4. INFORMATION ON OBSERVANCE OF THE CORPORATE CONDUCT CODE

The information is provided on the Company's website at www.interrao.ru.

11.5. MAJOR AND RELATED PARTY TRANSACTIONS

In 2012 the Company had no major transactions.

The information on the related party transactions is provided on the Company's website at www.interrao.ru.

11.6. INFORMATION ON PARTICIPATION IN OTHER COMPANIES

		STAKE OF JSC INTER RAO UES IN THE AUTHORIZED CAPITAL OF THE COMPANY		BOOK VALUE OF SHARES, STAKES IN THE COMPANY		DIVIDEND AMOUNT, '000 RUBLES (UNLESS OTHERWISE SPECIFIED)	FINANCIAL INDICATORS FOR 2012		BUSINESS TYPE AS PER ARTICLES OF ASSOCIATION	INFORMATION ON CHANGES MADE IN THE PARTICIPATION IN THE COMPANY OR SHARE/STAKE PURCHASE AGREEMENTS ENTERED INTO IN 2012
	COMPANY NAME	01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
INFORMATION ON BUSINESS ENTITIES IN WHICH JSC INTER RAO UES HOLDS 2 TO 20 %										
1	Open Joint Stock Company Sangtudinskaya HPP-1	14.87%	14.87%	399,515 thou. rubles	399,515 thou. rubles	0	1,101,411 thou. rubles	99,803 thou. rubles	Generation and supply (sale) of electric power.	No changes.
2	Open Joint Stock Company Volzhskaya TGK	18.04%	18.04%	15,370,715 thou. rubles	18,968,509 thou. rubles	0	52,961,014 thou. rubles	-91,505 thou. rubles	Generation of electric and thermal power; Activities related to supply (sale) of electric and thermal power from the wholesale electric power and capacity market; operation of thermal power grids; Energy supply of consumers connected to electric power grids and thermal power grids of the Company in accordance with the relevant contracts; Arrangement of energy-saving supply modes of equipment operation at power plants; compliance with energy supply modes in accordance with the contracts.	No changes.
3	AKKUYU NGS ELEKTRİK ÜRETİM ANONİM ŞİRKETİ	3.4719%	3.4719%	1,025,707 thou. rubles	1,025,707 thou. rubles	0	0	- 456,857 thou. rubles	Design, construction, financing, holding, operation, maintenance and decommissioning of the nuclear power plant, sales and/or export the electric power and/or capacity owned by the company or generated by a power plant owned by the company and additional electric power purchased by the company.	No changes.
INFORMATION ON AFFILIATED COMPANIES IN WHICH JSC INTER RAO UES HOLDS OF 20 TO 50 %										
4	Open Joint Stock Company Territorial Generation Company No. 6	21.54%	21.54%	1,857,822 thou. rubles	3,254,521 thou. rubles	0	27,793,997 thou. rubles	-37,822 thou. rubles	Generation of electric power by thermal power plants (40.10.11). Generation of steam and hot water (heat energy) by thermal power plants (40.30.11)	No changes.
5	Irkutsk Open Joint Stock Company for Energy and Electrification	40%	40%	32,263,558 thou. rubles	28,594,384 thou. rubles	235,330 thou. rubles	74,825,381 thou. rubles	11,400,465 thou. rubles	Generation of electric power (40.10.1)	No changes.
6	Open Joint Stock Company Tomsk Power Supply Company	24.99%	24.99%	83,602 thou. rubles	83,062 thou. rubles	0	9,660,030	14,817	Sales of electric power	No changes.

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		01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
7	Joint Limited Liability Company Energoconnect	50%	50%	4,229 thou. rubles	4,229 thou. rubles	none	-	182,848 thou. Belarusian rubles	Implementation of cross-border projects for design and installation of DC links, performance and development of export of electric power via the power grid infrastructure created by the Company for electric power generated in Russia and Belarus as well as electric power from third countries	No changes.
8	Open Joint Stock Company INTER RAO LED Systems	35.17%	35.17%	600 thou. rubles	600 thou. rubles	5,280 thou. rubles	22,167 thou. rubles	21,269 thou. rubles	Production of semiconductor elements including photosensitive and optoelectronic ones	No changes.
9	LLC RT-Energotrading	50%	50%	9,805 thou. rubles	9,805 thou. rubles	2,916 thou. rubles	5,117,868 thou. rubles	80,174 thou. rubles	Wholesale trade in electric and thermal power (without transmission or distribution thereof); Wholesale trade via agents (for a fee or under a contract); Agency in electric and thermal power wholesale trade (without generation, transmission and distribution thereof); Other activities not prohibited by the current laws of the Russian Federation.	No changes.
10	Limited Liability Company INTER RAO UES Energy Efficiency Center	50%	0%	45,000 thou. rubles	0	0	6,424,844 thou. rubles	82,291 thou. rubles	Work/services in the field of energy efficiency and energy saving	On 20.01.2012 transactions were made for alienation of stakes held by LLC INTER RAO UES FINANCE and LLC INTER RAO SERVICE to JSC INTER RAO UES.
11	Limited Liability Company INTERENERGOEFFECT	50%	50%	1,105 thou. rubles	4,004 thou. rubles	0	0	-1,956 thou. rubles	Work/services in the field of energy efficiency and energy saving	No changes.
12	Joint Stock Company Station Ekibastuz TPP-2	50%	50%	603,311 thou. rubles	603,311 thou. rubles	0	7,297,212 thou. rubles	2,354,185 thou. rubles	Generation, transmission and distribution of electric and thermal power	No changes.
13	Limited Liability Company PGU TETs-5	43.69%	0%	2,193,231 thou. rubles	0	0	5,471 thou. rubles	21,885 thou. rubles	Functions of customer-developer for construction of buildings and structures	Transfer of the stake of OJSC Bashkirenergo to JSC INTER RAO UES, 43.69%
14	Closed Joint Stock Company Industrial Energy Company	50%	50%	-	-	0	0	0	Supply of electric power to defense industry companies of the Russian Federation and other consumers	No changes.
INFORMATION ON SUBSIDIARIES IN WHICH JSC INTER RAO UES HOLDS 50 % + 1 SHARE TO 100 %										
15	Closed Joint Stock Company INTER RAO Capital	100%	100%	23,392,963 thou. rubles	-	0	44,904,961 thou. rubles	23,600,901 thou. rubles	- Wholesale trade in electric and thermal power (without transmission and distribution). - Participation in investment projects aimed at purchasing assets abroad and in the Russian Federation including shares (stakes) in foreign and Russian electric power companies or management rights with respect to them etc.	No changes.
16	RAO Nordic Oy	100%	100%	43,410 thou. rubles	43,410 thou. rubles	205,982 thou. rubles	157,042,732 thou. euros	7,377.55 thou. euros	Electric power trade	No changes.
17	TGR Enerji	70%	70%	32,264	32,077	0	0	-17,515 Turkish liras	Import of electric power and sale thereof on the Turkish domestic market	No changes.
18	INTER RAO Holding B.V.	100%	100%	4,413,668 thou. rubles	3,724,544 thou. rubles	0	0	415,098 euros	Holding	Increase of authorized capital of the company by 17,000 shares equivalent to 17 mln euros

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		01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
19	Limited Liability Partnership INTER RAO Central Asia	100%	100%	47,443 thou. rubles	47,443 thou. rubles	8,309 thou. rubles	117,041.9 thou. rubles	8,054.03 thou. rubles	Lease of the property complex of the structural subdivision of the territorial entity of Severny coal mine, Trudovaya and Udarnaya railway stations; purchase of electric power with the purpose of sale; development of investment projects aimed at purchasing assets in the Republic of Kazakhstan and abroad related to energy.	No changes.
20	Open Joint Stock Company Eastern Energy Company	100%	100%	2,190,290 thou. rubles	2,190,290 thou. rubles	-	4,829,386 thou. rubles	39,949 thou. rubles	Electric power wholesale.	No changes.
21	Open Joint Stock Company Test Facility of Ivanovskaya TPP	82.84%	82.84%	103,707 thou. rubles	103,707 thou. rubles	-	8,286 thou. rubles	- 22,953 thou. rubles	Pre-delivery and acceptance tests of serial gas turbine engines GTD-110 and their modifications, and pilot operation of GTD-110; generation and sales of electric power (capacity).	No changes.
22	Closed Joint Stock Company Kambaratinskaya HPP-1	50%	50%	28,864 thou. rubles	28,864 thou. rubles	0	0	2,130 thou. rubles	Generation and supply (sales) of electric power.	No changes.
23	Open Joint Stock Company ELEKTROLUCH	99.82%	98.03%	2,065,573 thou. rubles	2,020,825 thou. rubles	0	390,671 thou. rubles	-75,931 thou. rubles	Lease of own non-residential real property	On 05.03.2012 JSC INTER RAO UES purchased, based on a redemption request, 1.8% shares (340 pieces with a par value of 6 rubles each) from individual shareholders.
24	Closed Joint Stock Company Moldavia TPP	80.9%	80.9%	4,964,103 thou. rubles	4,964,103 thou. rubles	0	2,319,583 thou. rubles PMR	235,173 thou. rubles PMR	Production and supply (sales) of electric energy	No changes.
25	INTER RAO Middle East B.V.	100%	100%	245,362 thou. rubles	245,362 thou. rubles	0	0	0	Design	No changes.
26	Limited Liability Company INTERRAO – WorleyParsons	51%	51%	19,384 thou. rubles	19,384 thou. rubles	0	265,894 thou. rubles	25,006 thou. rubles	Architectural activities, engineering and design in industry and construction; Construction of buildings and structures; Installation of utility systems of buildings and structures.	No changes.
27	RAO Intertech B.V.	100%	100%	371,370 thou. rubles	71,169 thou. rubles	0	0	0	Design	No changes.
28	Limited Liability Company INTER RAO – Management of Electric Power Plants	100%	100%	500 thou. rubles	500 thou. rubles	0	1,899,377 thou. rubles	160,564 thou. rubles	Management of financial and industrial groups and holding companies.	No changes.
29	Open Joint Stock Company INTER RAO – Electric Power Plants	100%	100%	183,775,712 thou. rubles	3,463,149 thou. Rubles	0	45,572,345 thou. rubles	-430,568 thou. rubles	Generation of electric and thermal power.	No changes.
30	INTER RAO Finance B.V.	100%	100%	82,748 thou. rubles	82,748 thou. rubles	0	0	-4,222.14 euros	Establishment, participation of any kind, management, control, use and promotion of production facilities, organizations and companies; Financing of production facilities and companies; Consultancy and other services for the group companies and third parties.	No changes.

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		01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
31	Open Joint Stock Company Altayenergosbyt	100%	100%	330,000 thou. rubles	330,000 thou. rubles	0	10,581,339 thou. rubles	18,590 thou. rubles	Purchasing of electric power on the wholesale and retail market of electric power (capacity); Sales of electric power on the wholesale and retail market of electric power (capacity) to consumers (including citizens) etc.;	No changes.
32	Open Joint Stock Company United Energy Supply Company	100%	100%	44,800 thou. rubles	44,800 thou. rubles	0	630,907 thou. rubles	36,602 thou. rubles	Acting as executive bodies in joint stock and other business companies in accordance with the procedure prescribed by the laws and contracts etc.;	No changes.
33	Open Joint Stock Company Saratovenergo	56.97%	56.97%	220,357 thou. rubles	279,404 thou. rubles	0	14,731,684 thou. rubles	-	Purchasing of electric power on the wholesale and retail market of electric power (capacity); sales of electric power on the wholesale and retail market of electric power (capacity) to consumers (including citizens) etc.;	No changes.
34	Open Joint Stock Company Tambov Energy Supply Company	59.38%	59.38%	246,129 thou. rubles	343,489 thou. rubles	66,647.3 thou. rubles	3,890,499 thou. rubles	2,021 thou. rubles	purchasing of electric power on the wholesale and retail market of electric power (capacity); sales of electric power on the wholesale and retail market of electric power (capacity) to consumers (including citizens) etc.;	No changes.
35	Open Joint Stock Company Mosenergosbyt	50.92%	50.92%	6,363,592 thou. rubles	6,675,731 thou. rubles	1,928,927.9 thou. rubles	213,460,628 thou. rubles	1,519,595 thou. rubles	Purchasing of electric power on the wholesale and retail market of electric power (capacity); Sales of electric power on the wholesale and retail market of electric power (capacity) to consumers (including citizens) etc.;	No changes.
36	Open Joint Stock Company Territorial Generation Company No. 11	98.53%	67.53%	7,907,858 thou. rubles	3,115,973 thou. rubles	0	22,802,418 thou. rubles	227,108 thou. rubles	Generation of electric and thermal power	Stake in the Company was increased (contract of December 26 w/o number).
37	Open Joint Stock Company St. Petersburg Supply Company	100%	88.27%	12,623,062 thou. rubles	9,838,857 thou. rubles	0	52,679,483 thou. rubles	176,765 thou. rubles	Purchasing of electric and thermal power on the wholesale and retail market of electric and thermal power (capacity); sales of electric and thermal power on the wholesale and retail market of electric and thermal power (capacity) to consumers (including citizens) etc.;	Stake in the Company was increased to 100% (contract of December 26 w/o number).
38	Open Joint Stock Company Hrazdan Energy Company	100%	100%	624,579 thou. rubles	624,579 thou. rubles	0	1,669,753 thou. rubles	-26,423 thou. rubles	Generation of electric power.	No changes.
39	Limited Liability Company INTER RAO – Export	100%	100%	300,000 thou. rubles	30,000 thou. rubles	0	148,791 thou. rubles	18,723 thou. rubles	Core business: wholesale trade in machinery and equipment	No changes.
40	Limited Liability Company RN-Energo	100%	100%	4,995,803 thou. rubles	4,995,103 thou. rubles	0	40,839,716 thou. rubles	1,754,643 thou. rubles	Wholesale trade in electric and thermal power (without transmission and distribution). Installation of utilities of buildings and structures. Electric installation work.	No changes.
41	Limited Liability Company INTER RAO – Orel Power Supply Company	100%	100%	60,000 thou. rubles	10,000 thou. rubles	0	2,344,163 thou. rubles	17,445 thou. rubles	Purchasing of electric and thermal power on the wholesale and retail market of electric and thermal power (capacity); sales of electric and thermal power on the wholesale and retail market of electric and thermal power (capacity) to consumers (including citizens) etc.;	No changes.
42	Limited Liability Company INTER RAO – Engineering	100%	100%	775 thou. rubles	775 thou. rubles	0	1,407,209 thou. rubles	215,424 thou. rubles	General construction of thermal and other power plants; General construction of buildings; Installation of other engineering equipment.	No changes.

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		01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
43	Limited Liability Company INTER RAO Finance (earlier OGK-1 Finance LLC)	100%	0%	10,000 thou. rubles	0	0	2,542 thou. rubles	140 thou. rubles	operations with securities; securities investments; property investments; other financial intermediation; consulting in financial intermediation; consulting in business and management; agency and trading; export and import of capital goods and consumer goods, expertise and services;	Transfer of ownership to JSC INTER RAO UES was made due to reorganization of OJSC OGK-1 by way of merger with JSC INTER RAO UES, it became a subsidiary of JSC INTER RAO UES as of October 1, 2010.
44	Limited Liability Company Ugolny Razrez	100%	0	79,515.00 thou. rubles	0	0	1,175,140.0 thou. rubles	-309,608.0 thou. rubles	Open-pit mining of brown coal	Since October 1, 2012 due to reorganization of OJSC OGK - 3 through affiliation LLC Ugolny Razrez has become a 100% subsidiary of JSC INTER RAO UES
45	Limited Liability Company Bashkir Heat Distribution Grid Company	92.84%	0%	1,687,485 thou. rubles	0	-	6,753,315 thou. rubles	-497,803 thou. rubles	Generation of heat and electric power	Transfer of the stake of OJSC Bashkirenergo to JSC INTER RAO UES, 92,84%
46	Limited Liability Company Bashkir Generation Company	100%	0%	1,687,485 thou. rubles	0	-	22,683,975 thou. rubles	64,661 thou. rubles	Generation of electric and heat power	Transfer of the stake of OJSC Bashkirenergo to JSC INTER RAO UES, 100%
DETAILS OF THE ORGANIZATIONS WHICH ARE PART OF THE HOLDING STRUCTURE										
47	Limited Liability Company Mosenergosbyt – Sergiev Posad	0	0	0	0	0	101,058 thou. rubles	4,056 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
48	Silk Road Holdings B.V.	0	0	0	0	0	-	446,186 thou. rubles	Holding	No changes.
49	Limited Liability Company Mosenergosbyt - Zhukovsky	0	0	0	0	0	32,643 thou. rubles	1,151 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
50	Limited Liability Company INTER RAO Information Technology	0	0	0	0	0	133,879 thou. rubles	2,679 thou. rubles	Development and introduction of software and related consulting	No changes.
51	INTER RAO Management B.V.	0	0	0	0	0	-	0	Holding/ management	No changes.
52	Gardabani Holdings B.V.	0	0	0	0	0	2,396 euros	6,848 euros	Holding	No changes.
53	Closed Joint Stock Company Power Grids of Armenia	0	0	0	0	0	8,515,436 thou. rubles	-768,169 thou. rubles	Distribution of electric power	No changes.
54	Limited Liability Company Mtkvari Energy	0	0	0	0	0	1,981,661 thou. rubles	334,263 thou. rubles	Generation of electric and thermal power.	No changes.
55	Joint Stock Company Telasi	0	0	0	0	0	4,697,922 thou. rubles	457,720 thou. rubles	Generation and supply (sales) of electric and thermal power.	No changes.
56	Joint Stock Company Khrami HPP I	0	0	0	0	0	108,493 thou. rubles	-9,866 thou. rubles	Generation of electric power.	No changes.
57	Joint Stock Company Khrami HPP II	0	0	0	0	0	234,371 thou. rubles	- 27,655 thou. rubles	Generation of electric power.	No changes.
58	AB INTER RAO Lietuva	0	0	0	0	0	877,301 thou. litas	56,925 thou. litas	Any legitimate business including, without limitation, production, transmission, distribution and sales of electric power, investment in energy sector and implementation of other investment projects.	No changes.

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		01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
59	INTER RAO Trust B.V.	0	0	0	0	0	10,000 euros	0	Holding	No changes.
60	Asia Energy B.V.	0	0	0	0	0	-	0	Holding	No changes.
61	Silverteria Holdings Limited	0	0	0	0	0	-	2,110 thou. euros	Design	No changes.
62	Limited Liability Company INTER RAO Service	0	0	0	0	0	48,469 thou. rubles	5,519 thou. rubles	Functions of a customs agent and customs broker	No changes.
63	Closed Joint Stock Company Turbina-Yutem	0	0	0	0	0	2,830,476 thou. rubles PMR	-1,239,742 thou. rubles PMR	Activities not prohibited by law	No changes.
64	Orange Wings Ltd	0	0	0	0	0	0	0	Design	No changes.
65	Limited Liability Company INTERSTROY	0	0	0	0	0	235,085 thou. rubles	793 thou. rubles	Construction of power and civilian facilities. Installation, adjustment and repairs of power facilities and electric power equipment.	No changes.
66	Limited Liability Partnership Kazenergoresurs	0	0	0	0	0	126,246 thou. rubles	509 thou. rubles	Purchase and sale of electric power for the purposes of energy supply of production facilities and populated areas.	No changes.
67	Limited Liability Company INTER RAO Invest	0	0	0	0	0	6,760 thou. rubles	143,544 thou. rubles	- Brokerage. - Investment in securities. - Dealing. - Securities management. - Depositary business etc.	No changes.
68	SIA INTER RAO Latvia	0	0			0	1,272 thou. lat	58 thou. lat	Electric power trade	No changes.
69	INTER RAO Eesti OU	0	0			0	0	- 26,000 euros	Electric power trade	No changes.
70	NVGRES Holding Limited	0	0	0	0	0	420,280 thou. rubles	499,508 thou. rubles	Granting loans to CJSC Nizhneartovskaya SDPP	No changes.
71	Open Joint Stock Company Lukomorye Sanatorium	0	0	0	0	0	97,171 thou. rubles	435 thou. rubles	Activities of health resort facilities	No changes.
72	Open Joint Stock Company Production Transport Administration	0	0	0	0	0	106,045 thou. rubles	95 thou. rubles	Passenger carriage; cargo transportation; management of special vehicles and hoisting mechanisms; motor vehicle repair and maintenance services	No changes.
73	Closed Joint Stock Company Nizhneartovskaya SDPP	0	0	0	0	0	11,322,547 thou. rubles	960,897 thou. rubles	Generation of electric and thermal power	No changes.
74	ISKOM OJSC	0	0	0	0	0	1,204,062 thou. rubles	93,220 thou. rubles	Assembly and installation of concrete, reinforced concrete, brick, wooden and stone structures, finishing etc.	No changes.
75	Open Joint Stock Company Energoservice	0	0	0	0	0	378,108 thou. rubles	15,162 thou. rubles	Ensures uniform and accurate measurements in generation, distribution and sales of electric and thermal power, designing of power facilities, carries out metrological supervision, surveillance.	No changes.
76	Open Joint Stock Company Production and Repair Company Omskenergoemont	0	0	0	0	0	1,031,888 thou. rubles	22,030 thou. rubles	Operability assurance of electric and thermal power grids; Construction, expansion, reconstruction, installation, capital repairs of buildings and structures of second importance level.	No changes.

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		01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
77	Limited Liability Company SibErgoFinance	0	0	0	0	0	120 thou. rubles	22,921 thou. rubles	Implementation of investment projects, capital investments, securities management and other activities for the benefit of OJSC TGK-11	No changes.
78	Limited Liability Company QUARTZ Group	0	0	0	0	0	513,845 thou. rubles	- 72,598 thou. rubles	Investment in securities	No changes.
79	Closed Joint Stock Company Quartz – Western Siberia	0	0	0	0	0	924,250 thou. rubles	- 48,707 thou. rubles	Services and work related to construction, installation, repairs, maintenance, reconstruction, modernization, technical upgrades.	No changes.
80	Open Joint Stock Company Surgutsibenergontazh	0	0	0	10	0	0	0	Recycling of waste and ferrous metal scrap	No changes.
81	Open Joint Stock Company Stavenergoremont	0	0	0	0	0	0	0	General construction work related to laying local pipelines, communication and transmission lines including interconnected by-work	No changes.
82	Limited Liability Company PermGRESenergoremont	0	0	0	0	0	779,621 thou. rubles	75,404 thou. rubles	Operability assurance of power plants	No changes.
83	Limited Liability Company Remenergontazh	0	0	0	0	0	880,591 thou. rubles	- 85,789 thou. rubles	Operability assurance of power plants	No changes.
84	Limited Liability Company KATEnergoremont	0	0	0	0	0	315,591 thou. rubles	35,810 thou. rubles	Production services	No changes.
85	Open Joint Stock Company Transvto	0	0	0	0	0	0	0	Motor freight transport business	No changes.
86	Open Joint Stock Company Construction and Assembly Administration	0	0	0	0	0	0	0	General construction of heat and other power plants	No changes.
87	Closed Joint Stock Company Tyumenenergonaladka	0	0	0	0	0	38,004 thou. rubles	-12,743 thou. rubles	General construction of heat and other power plants	Alienation of 100% of shares of LLC QUARTZ - New Technologies on January 15, 2013
88	Limited Liability Company Joint Venture Istenergo	0	0	0	0	0	82,040 thou. rubles	-6,599 thou. rubles	Design and survey in the energy field	Alienation of 100% of shares of LLC QUARTZ - New Technologies on February 1, 2013
89	Limited Liability Company QUARTZ - New Technologies	0	0	0	0	0	8,479,507 thou. rubles	103,545 thou. rubles	Investment activity and implementation of investment projects: construction, reconstruction, modernization and introduction of new technologies at facilities of fuel energy, oil and gas, petrochemical, engineering and construction industry; arrangement of, participation in and carrying out independent expert reviews, tenders, proposals, auctions, drafting of contracts for construction, reconstruction, modernization and introduction of new technologies at facilities of fuel energy, oil and gas, petrochemical, engineering and construction industry;	No changes.
90	Limited Liability Company Tyumenenergoremont	0	0	0	0	0	201,508 thou. rubles	6,054 thou. rubles	Repairs of equipment, buildings, technical structures, transfer devices involved in generation and transmission of electric power; Production of spare parts and industrial products required for such repairs	No changes.
91	Limited Liability Company Verkhnetagilskaya Kommunalnaya Kompaniya	0	0	0	0	0	34,227 thou. rubles	2,098 thou. rubles	Maintenance and operation services	No changes.
92	Open Joint Stock Company Mosenergosbyt – Serpukhov	0	0	0	0	0	50,527 thou. rubles	4,171 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.

	COMPANY NAME	STAKE OF JSC INTER RAO UES IN THE AUTHORIZED CAPITAL OF THE COMPANY		BOOK VALUE OF SHARES, STAKES IN THE COMPANY		DIVIDEND AMOUNT, '000 RUBLES (UNLESS OTHERWISE SPECIFIED)	FINANCIAL INDICATORS FOR 2012		BUSINESS TYPE AS PER ARTICLES OF ASSOCIATION	INFORMATION ON CHANGES MADE IN THE PARTICIPATION IN THE COMPANY OR SHARE/STAKE PURCHASE AGREEMENTS ENTERED INTO IN 2012
		01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
93	Limited Liability Company Mosenergosbyt - Lukhovitsy	0	0	0	0	0	21,472 thou. rubles	1,967 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
94	Limited Liability Company Mosenergosbyt - Chekhov	0	0	0	0	0	60,935 thou. rubles	3,859 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
95	Limited Liability Company Mosenergosbyt - Shatura	0	0	0	0	0	32,942 thou. rubles	1,471 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
96	Limited Liability Company Mosenergosbyt - Yegoryevsk	0	0	0	0	0	33,669 thou. rubles	925 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
97	Limited Liability Company Mosenergosbyt - Orekhovo-Zuevo	0	0	0	0	0	57,355 thou. rubles	3,525 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
98	Limited Liability Company Mosenergosbyt - Elektrostal	0	0	0	0	0	56,376 thou. rubles	1,851 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
99	Open Joint Stock Company Mosenergosbyt - Pushkino	0	0	0	0	0	52,795 thou. rubles	3,552 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
100	Limited Liability Company Mosenergosbyt - Domodedovo	0	0	0	0	0	68,441 thou. rubles	4,339 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
101	Open Joint Stock Company Mosenergosbyt - Podolsk	0	0	0	0	0	56,623 thou. rubles	277 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
102	Limited Liability Company Mosenergosbyt - Naro-Fominsk	0	0	0	0	0	126,911 thou. rubles	2,816 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
103	Limited Liability Company Integrator-IT	0	0	0	0	0	183,973 thou. rubles	13,120 thou. rubles	Creation of protected document flow systems and rendering encryption services, maintenance and distribution of encryption (cryptographic) devices	No changes.
104	Open Joint Stock Company Moscow Region Energy Supply Company	0	0	0	0	0	2,630,303 thou. rubles	57,753 thou. rubles	- purchasing of electric power on the wholesale and retail market of electric power (capacity); - sales of electric power on the wholesale and retail market of electric power (capacity) to consumers (including citizens) etc.;	No changes.
105	Closed Joint Stock Company Petroelektrosbyt	0	0	0	0	0	1,833,476 thou. rubles	43,171 thou. rubles	-purchase and sales of electric and thermal power; -Collection and recording of payments for electric power, utility services.	No changes.
106	Limited Liability Company ENERGIA HOLDING	0	0	0	0	0	12,528,652 thou. rubles	641,885 thou. rubles	- purchasing of electric power on the wholesale and retail market of electric power (capacity), sales of Electric power on the wholesale and retail market of electric power (capacity) to consumers (including citizens).	No changes.
107	Open Joint Stock Company Repair and Maintenance Company of Kostromskaya SDPP	0	0	0	0	0	549,792 thou. rubles	285 thou. rubles	The Company is entitled to pursue any activities including: Current, medium and capital repairs of technical equipment; maintenance of technical equipment; reconstruction and modernization and capital repairs of technical equipment; maintenance of technical equipment; reconstruction and modernization of power plants and their individual elements; other activities not prohibited by the laws of the Russian Federation.	1. Sale and purchase agreement of September 24, 2012 No.D/PVN/231. The number of transferred securities is 1 (one) The transaction price is 962,96 (nine hundred sixty-two ninety-six kopecks). The Buyer is LLC INTER RAO Invest. 2. Sale and purchase agreement of September 24, 2012 No.D/PVN/227. The number of transferred securities is 26,999. The transaction price is 25,999,037 (twenty five million nine hundred ninety nine thousand nine hundred thirty seven rubles four kopecks). The Buyer is CJSC INTER RAO Capital.

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		01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
108	Open Joint Stock Company Repair and Maintenance Company for Heating and Underground Utilities of Kostromskaya SDPP	0	0	0	0	0	241,002 thou. rubles	191 thou. rubles	Operation and repairs of heating, water supply and sewerage networks; transportation and sales of thermal power	No changes.
109	Open Joint Stock Company Comprehensive Energy Repairs	0	0	0	0	0	0	-14,408 thou. rubles	Repairs of boiler supervision Facilities; Manufacture of non-standard equipment accountable to Rostekhnadzor; repairs and adjustment of hoisting structures	No changes.
110	Open Joint Stock Company Heat Service Company	0	0	0	0	0	277,715 thou. rubles	-12,603 thou. rubles	Operation and operability assurance of thermal power grids; Operation, maintenance and repairs of hot water supply networks	No changes.
111	Open Joint Stock Company Kommunalnik	0	0	0	0	0	106,497 thou. rubles	123 thou. rubles	Operation and operability assurance of thermal power grids	No changes.
112	Open Joint Stock Company Energia-1	0	0	0	0	0	142,075 thou. rubles	-6,207 thou. rubles	Operation and operability assurance of thermal power grids, distribution and sales of thermal power	No changes.
113	Open Joint Stock Company Hotel of Kostromskaya SDPP	0	0	0	0	0	13,618 thou. rubles	-314 thou. rubles	Hotel services	No changes.
114	Open Joint Stock Company South Urals Heat Supply Company	0	0	0	0	0	235,302 thou. rubles	-18,009 thou. rubles	Operation and operability assurance of thermal power grids of Yuzhnouralsk; supply of thermal power to consumers	No changes.
115	INTER RAO Credit B.V.	0	0	0	0	0	0	68,053.63 euros	Establishment, participation of any kind, management, control, use and promotion of production facilities, organizations and companies; Financing of production facilities and companies; Consultancy and other services for the group companies and third parties; Borrowing, lending and recovery of money including issuance of bonds, promissory notes or other securities or debt instruments and entering into agreements in connection with the above activities; Issuance of guarantees, binding the company and pledging its assets to secure the obligations of production facilities and the group companies and on behalf of third parties; Receipt, alienation, management and operation of registered property and assets in general; Trading in foreign currency, securities and property in general; Obtaining and trading in patents, trademarks, licenses, know-how and other rights to industrial property; Any and all activities of industrial, financial and commercial nature and activities related to, connected with, or contributing to the above in the broadest sense.	No changes.
116	Limited Liability Company Consulting Partnership Energosoyuz	0	0	0	0	0	856,749 thou. rubles	14,484 rubles	Engineering, construction consulting, energy audit.	No changes.
117	UAB IRL Wind	0	0	0	0	0	60 thou. litas	6,240 thou. litas	Any legitimate business including, without limitation, production, transmission, distribution and sales of electric power	No changes.
118	UAB Vydmantai wind park	0	0	0	0	0	18,892 thou. litas	8,372 thou. litas	Generation and sales of electric power	No changes.
119	Inter Green Renewables and Trading AB	0	0	0	0		21,949.1 thou. euros	80.95 thou. euros	Trading in electric power	No changes.

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		01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
120	Limited Liability Company Khrami HPP-3	0	0	0	0	0	0	202	Construction of power plants.	No changes.
121	INTER RAO Europe B.V.	0	0	0	0	0	0	0	Design	No changes.
122	INTER RAO Turkey Enerji Holding Anonim Şirketi	0	0	0	0	0	0	0	Holding/operation	No changes.
123	IRL POLSKA spółka z ograniczoną odpowiedzialnością	0	0	0	0		-	-	Generation, distribution, sales of electric power	Established
124	Limited Liability Company Energoremont	0	0	0	0	0	700,256 thou. rubles	14,245 thou. rubles	Repairs, installation, reconstruction, modernization, adjustment, diagnostics, tests of electric power and thermal power equipment of power plants and power units of consumers	Transfer of the stake of OJSC Bashkirenergo to LLC BGK , 99.999%
125	Limited Liability Company Energoavtomatika	0	0	0	0	0	279,680 thou. rubles	5,044 thou. rubles	Reconstruction, modernization, technical upgrade and capital repairs of instrumentation and control systems including automatic process control systems	Transfer of the stake of OJSC Bashkirenergo to LLC BGK , 99.999%
126	Limited Liability Company Energoteplotremont	0	0	0	0	0	55,999 thou. rubles	-21,889 thou. rubles	General construction work related to laying local pipelines, communication and transmission lines including interconnected by-work	Transfer of the stake of OJSC Bashkirenergo to LLC BGK , 99.999%
127	Limited Liability Company Bashenergotrans	0	0	0	0	0	354,020 thou. rubles	605 thou. rubles	Motor transportation of passengers, cargos, oversize cargos, hazardous cargos.	Transfer of the stake of OJSC Bashkirenergo to LLC BGK , 99.999%
128	Limited Liability Company Energosnabkomplekt	0	0	0	0	0	1,026 thou. rubles	-4,805 thou. rubles	All kinds of trading (including retail, wholesale, commission trade, itinerant trade, trade in industrial and consumer goods, equipment, devices, raw and consumable materials, spare parts etc.)	Transfer of the stake of OJSC Bashkirenergo to LLC BGK , 99.999%
129	Limited Liability Company Agricultural Company Mir	0	0	0	0	0	6,625 thou. rubles	370 thou. rubles	Production, processing and sales of agricultural products including livestock breeding, crop farming, poultry farming, fish farming, bee-keeping, horse breeding.	Transfer of the stake of OJSC Bashkirenergo to LLC BGK , 99.999%
130	Limited Liability Company Health Center Energetik	0	0	0	0	0	252,000.0 thou. rubles	49,712.0 thou. rubles	Services related to health resort and preventive care; Medical services; Operation of buildings and structures; Property management	Transfer of participatory interest from LLC BashRES to INTER RAO Invest, 0.001%. Withdrawal of LLC BashRES from membership (application No. 0274/ RES of December 24, 2012)
131	INTER RAO Trakya Enerji Holding A.S. (earlier AEI Enerji Holding A.S.)	0	0	0	0	0	0	- 1,411,566 TRL	Holding	Is a member of INTER RAO group since December 11, 2012
132	INTER RAO Trakya Enerji Holding A.S. (earlier AEI Enerji A.S.)	0	0	0	0	0	0	- 95,060 TRL	Holding	Is a member of INTER RAO group since December 11, 2012
133	INTER RAO Trakya Enerji Holding A.S. (earlier AEI Elektrik Uretim ve Ticaret A.S.)	0	0	0	0	0	0	- 105,346 TRL	Holding	Is a member of INTER RAO group since December 11, 2012
134	SII Enerji ve Uretim L.S.	0	0	0	0	0	0	13,910 TRL	Operation and maintenance of CCGT plants (Trakya Elektrik station)	No changes.
135	Trakya Elektrik Uretim ve Ticaret A.S.	0	0	0	0	0	15,362,128	626,942 TRL	Generation and sales of electric power	INTER RAO Turkey Enerji Holding A.S. purchased one share of Trakya Elektrik of Mesquite Holdings B.V.
136	LLC Mosenergosbyt – Solnechnogorsk	0	0	0	0	0	25,136 thou. rubles	1,700 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
137	OJSC Mosenergosbyt-Shchelkovo	0	0	0	0	0	44,243 thou. rubles	931 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
138	LLC Mosenergosbyt – Noginsk	0	0	0	0	0	57,468 thou. rubles	1,772 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.

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		01.01.2013	01.01.2012	01.01.2013	01.01.2012		REVENUE	NET PROFIT		
139	Limited Liability Company Mosenergosbyt - Ramenskoe	0	0	0	0	0	87,612 thou. rubles	11,101 thou. rubles	Rendering services related to sales of electric power, including collection of payments for goods sold, services rendered etc.	No changes.
140	Joint Limited Liability Company Energospetsservisobsluzhivanie	0%	0%	0	0	0	6,563,792 thou. rubles PMR	44,762 thou. rubles PMR	Activities not prohibited by law	No changes.

11.7. LOCAL REGULATIONS APPLICABLE TO THE COMPANY

NO	NAME OF THE LOCAL REGULATORY ACT	MAIN PROVISIONS	MANAGEMENT BODY APPROVING THE DOCUMENT
1.	Provision on Preparation and the Procedure of the Annual General Meeting of Shareholders of JSC "INTER RAO UES"	The documents regulates preparation and the procedure of Annual General Meetings of the Company's Shareholders (hereinafter – "the Meetings") and also includes provisions on: - order of convening of and preparation to the Meetings; - specifics of an extraordinary Meeting convening; - the Meetings' information support; - holding the Meetings in the form of an assembly; - holding the Meetings in the form of absentee voting; - operating control of the Company's Meetings; - financial support of holding the Company's Meetings.	General Meeting of Shareholders (Minutes No. 5 dated June 25, 2010)
2.	Provision on Convening and Holding of the INTER RAO UES OJSC Board of Directors' Meetings	The documents regulates preparation and the procedure of meetings of the Company's Board of Directors and also includes provisions on: - convening and holding the meetings of the Company's Board of directors; - organization of the Board's operation; - rights, duties, responsibilities of the Company's Board members; - order of absentee voting; - order of minutes execution with respect to the Company's Board meetings.	General Meeting of Shareholders (Minutes No. 8 dated June 28, 2011)
3.	Regulations on the Audit Committee for the JSC "INTER RAO UES" Board of Directors		Board of Directors (Minutes No. 18 dated September 21, 2009)
4.	Provision on the Committee of the Board of Directors on Strategy and Investments of JSC "INTER RAO UES" (redrafted)	The regulations define objectives, functions, and competences of Committees, order of the Committees' formation, rights and duties of the Committees' members, regulate the order of convening and holding the Committees' meetings, as well as the issues related to interaction with the Company's management bodies and other parties.	Board of Directors (Minutes No. 74 dated July 16, 2012)
5.	Regulations on the Audit Committee for the JSC "INTER RAO UES" Board of Directors		Board of Directors (Minutes No. 46 dated August 5, 2011)
6.	Provision on the Management Board of JSC "INTER RAO UES"	The provision regulates the procedure of the Management Board forming, rights, duties and responsibilities of the Management Board members, prescribes convening and holding the Management Board meetings in the form of the Members' presence, the decision making procedure by absentee voting, and establishes control of execution of the Management Board's decisions.	The Management Board of RAO UES of Russia JSC which acted as an extraordinary General Meeting of Shareholders. Sochi TES OJSC, March 28, 2008 (extract from the Minutes of the Management Board's meeting of March 28, 2008 No. 1845pr/3).
7.	Provision on Audit Committee of JSC "INTER RAO UES"	The document defines the tasks of the Audit Committee, its rights and duties, covers organization of the Audit Committee's work, establishes the audit procedure and specifies the requirements to the Audit Committee's conclusion (act).	The Management Board of RAO UES of Russia JSC which acted as an extraordinary General Meeting of Shareholders. Sochi TES OJSC, March 28, 2008 (extract from the Minutes of the Management Board's meeting of March 28, 2008 No. 1845pr/3).
8.	The rotation policy for JSC INTER RAO UES external auditor	The policy regulates the procedure and selection criteria for the Company's auditor based on the outcome of the tendering procedures, the procedure for approving the auditor at the Company's annual General meeting of shareholders, rotation principles for the audit engagement partners.	Board of Directors (Minutes No.82 dated December 3, 2012)
9.	Provision on remunerations and compensations to Directors of JSC "INTER RAO UES" (redrafted)	The provision establishes the amount and the procedure of remuneration and compensation payments to the Company's Directors.	General Meeting of Shareholders (Minutes No. 12 dated June 27, 2012)

NO	NAME OF THE LOCAL REGULATORY ACT	MAIN PROVISIONS	MANAGEMENT BODY APPROVING THE DOCUMENT
10.	Provision on remunerations and compensations to the members of the Audit Committee of JSC "INTER RAO UES"	The provision establishes the amount and the procedure of remuneration and compensation payments to the Audit Committee members.	The Management Board of RAO UES of Russia JSC which acted as an extraordinary General Meeting of Shareholders. Sochi TES OJSC, March 28, 2008 (extract from the Minutes of the Management Board's meeting of March 28, 2008 No. 1845pr/3).
11.	Corporate Management Code of JSC "INTER RAO UES"	The Company's document representing the body of principles and rules adopted by the Company and aimed at observance of rights and legal interests of all participants of corporate relations, perfection and systematization of corporate management of JSC "INTER RAO UES", ensuring additional transparency of the Company's management. The Code covers: - the Company's corporate governance practices; - information about the Company's shareholders (shareholders' rights and their protection, General Shareholders' Meeting, dividend policy); - information disclosure policy; - principles and practices of relationship with subsidiary and affiliated business entities.	Board of Directors (Minutes No. 1 dated April 23, 2008)
12.	Corporate Ethics Code of JSC "INTER RAO UES" (as amended)	The document covering the standards of conduct accepted by the Company that determine fundamental requirements with respect to ethical corporate behavior.	Board of Directors (Minutes No. 50 dated October 21, 2011) Amendments to the Code were approved by the resolution of the Board of Directors of February 13, 2012 (Minutes No. 59 dated February 16, 2012)
13.	Provision on the information policy of JSC "INTER RAO UES"	The provision covers the main principles with respect to disclosure of information about the Company's activities, order and time periods of its disclosure and provision, as well as the list of pieces of information and documents to be disclosed to shareholders, creditors, potential investors, mass media and public organizations, professional securities market makers, state agencies and other interested parties.	Board of Directors (Minutes No. 48 dated September 30, 2011)
14.	Provision on the dividend policy of JSC "INTER RAO UES"	The document covers the order of dividends calculation, the procedure of decision making on declaration of dividends (payment), terms of dividends payment (declaration), and limitation of dividend payment (declaration).	Board of Directors (Minutes No. 41 dated May 3, 2011)
15.	Provision on the insider information of JSC "INTER RAO UES"	The Provision regulates the issues related to handling the insider information and its protection, and establishes insiders' responsibility.	Board of Directors (Minutes No. 47 dated September 1, 2011)
16.	The internal control policy of JSC "INTER RAO UES"	The policy defines objectives, basic principles, and common approaches to organization of the Company's internal control, as well as roles and responsibility of the internal control subjects.	Board of Directors (Minutes No. 41 dated May 3, 2011)
17.	Provision on risk management of JSC "INTER RAO UES"	The document defines main objectives, principles, and approaches to the Company's risk management, as well as the concept of the integrated corporate risk management.	Board of Directors (Minutes No. 33 dated November 1, 2010)
18.	Provision on the internal audit, controlling, and risk management department of JSC "INTER RAO UES" (as amended)	The provision defines objectives, tasks, and functions of the department, subordination, rights, duties, and responsibilities of the department's employees.	Board of Directors (Minutes No. 28 dated June 22, 2010) Amendments to the Provision are approved by the resolution of the Board of Directors dated August 3, 2011 (Minutes No. 46 dated August 5, 2011)
19.	Provision on handling marginal assets of JSC "INTER RAO UES"	The provision defines general principles and operational procedures of the Company with respect to handling the Company's marginal assets, and determines principles and organization of the marginal assets' sale, specifies other activities with respect to marginal assets.	Board of Directors (Minutes No. 41 dated May 3, 2011)
20.	Regulations on insurance protection of JSC INTER RAO UES	The Regulations establish the Company's requirements for insurance coverage of each acquired type of insurance, the Company's requirements for insurance companies, and stages of arranging for the Companies insurance protection.	Board of Directors (Minutes No. 83 dated December 17, 2012)
21.	Declaration on Environmental Liability of JSC INTER RAO UES	The Declaration defines the Company's strategic objectives in the field of environment protection and sustainability as well as the Company's lines of business in terms of reaching the environmental goals.	Board of Directors (Minutes No. 64 dated April 2, 2012)
22.	Regulations on the procedure of regulated procurement of products, works and services to meet the needs of JSC INTER RAO UES (amended and restated)	The Regulations govern the procurement relations including content, succession, deadlines for procurement procedures completion and key functions of the purchasing entity.	Board of Directors (Minutes No. 63 dated March 19, 2012) Amendments to the Regulations are approved by the resolution of the Board of Directors (Minutes No. 85 dated December 29, 2012, Minutes No. 86 dated February 4, 2013)

11.8. INFORMATION ABOUT ACTUAL PERFORMANCE WITH RESPECT TO THE INSTRUCTIONS OF THE PRESIDENT OF THE RUSSIAN FEDERATION AND OF THE GOVERNMENT OF THE RUSSIAN FEDERATION

INFORMATION ABOUT ACTUAL PERFORMANCE WITH RESPECT TO THE INSTRUCTIONS OF THE PRESIDENT OF THE RUSSIAN FEDERATION AND OF THE GOVERNMENT OF THE RUSSIAN FEDERATION AIMED AT IMPROVEMENT OF ECONOMIC ACTIVITY OF JSC INTER RAO UES

	TYPE OF INSTRUCTION	DATE OF RECORD	INSTRUCTION	PERFORMANCE	DETAILS OF DECISIONS MADE
1.	Instruction of the President of the Russian Federation	Dated June 6, 2010 No. Pr-1640	On adopting resolutions in state-owned joint-stock companies on development of proposals on the procedure for using voluntary mechanisms of environmental liability	Completed	<p>Resolution of the Board of Directors of JSC INTER RAO UES dated March 30, 2012 (Minutes dated April 2, 2012 No. 64).</p> <p>Approve the proposals of JSC INTER RAO UES on the procedure for using voluntary mechanisms of environmental liability and compulsory regular publication of non-financial reports related to sustainability of the Company's development starting with the non-financial report for 2011, prepared on the basis of international guidelines on preparation of non-financial reports developed by the Global Reporting Initiative (GRI).</p> <p>Approve the Environmental Liability Declaration of JSC INTER RAO UES in accordance with Appendix No. 1.</p> <p>Approve the following procedure for implementation of voluntary mechanisms of environmental liability of the Company:</p> <p>3.1. Development, implementation and pilot operation in 2012-2013 of an environmental management system of the Company, which conforms to ISO 14001:2004 Environmental management systems - Requirements with guidance for use and obligations of the Environmental Liability Declaration of JSC INTER RAO UES.</p> <p>The environmental management system must, inter alia, ensure performance of voluntary obligations of the Company, implementation of mechanisms of setting environmental goals of the Company, motivation of the Company personnel to achieve these goals, environmental protection planning, environmental disclosure;</p> <p>3.2. Certification of compliance of the environmental management system of the Company with ISO 14001:2004 Environmental management systems - Requirements with guidance for use in 2014</p> <p>3.3. Development 2012-2013 of guidelines for development and implementation of environmental management systems for subsidiaries and affiliates of JSC INTER RAO UES.</p> <p>4. Recommend that the Chairman of the Management Board of the Company should introduce proposals on development, implementation and certification of environmental management systems based on the guidelines of ISO 14001:2004 Environmental management systems - Requirements with guidance for use, which shall be submitted to the governing bodies of subsidiaries engaged in production.</p>
2.	Governmental Commission on High Technology and Innovations	Minutes dated January 30, 2013 No. 1	Ensure that the innovative development program is adopted	Completed	<p>Resolution of the Board of Directors of JSC INTER RAO UES dated March 30, 2012 (Minutes dated April 2, 2012 No. 64).</p> <p>Approve the Innovative Development Program of JSC INTER RAO UES for the period until 2016 with potential extension until 2020.</p>
3.	Instruction of the Chairman of the Russian Government	Dated December 28, 2011 No. VP-P13-9308	On submission to the Ministry of Energy of the Russian Federation, Federal Financial Monitoring Service and the Federal Tax Service of Russia of statements of income, property and property obligations of the management (including members of the Board of Directors) and their family members and close relatives.	Completed	<p>Resolution of the Board of Directors of JSC INTER RAO UES dated February 13, 2012 (Minutes dated February 16, 2012 No. 59).</p> <p>Supplement clause 6.1 of the Code of Corporate Conduct of JSC INTER RAO UES by subclause f as follows:</p> <p>Members of the Board of Directors of the Company and Management Board of the Company shall declare their income and liabilities in accordance with the procedure and within the period determined by the Human Resources and Remuneration Committee of the Board of Directors.</p>
4.	Instruction of the Chairman of the Russian Government	Dated December 28, 2011 No. VP-P13-9308	On disclosure by counterparties under effective contracts of information on the whole chain of proprietors including beneficiaries including UBOs) supported by relevant documents.	Completed	<p>Order of JSC INTER RAO UES dated February 16, 2012 No. IRAO/87</p> <p>1.1. by March 19, 2012, organize and perform the work related to entering into supplementary agreements to the Contracts which shall contain a provision on disclosure of beneficiaries;</p> <p>1.2. under the contracts with respect to which the counterparties provide reasonable refusals to disclose beneficiaries, consider the possibility and practicability of early termination of the contract.</p>
5.	Directive of the Chairman of the Russian Government	Dated September 17, 2012 No. 4965p-P13	On practicability of alienation of core assets	Completed	<p>Resolution of the Board of Directors of JSC INTER RAO UES dated October 26, 2012 (Minutes dated October 29, 2012 No. 81).</p> <p>1.1. With regard to the Strategy of JSC INTER RAO UES for the period until 2015 (with possible extension until 2020) approved by the Board of Directors of the Company on December 24, 2010 (Minutes dated December 27, 2010 No. 35), acknowledge the alienation of core assets of JSC INTER RAO UES as impracticable.</p> <p>1.2. Note that the management and disposal of uncontrolled core assets (with the Company's stake in the authorized capital being no more than 50%) must be retained in accordance with the Guidelines for disposal of electric power assets owned or controlled by JSC INTER RAO UES, approved by the Board of Directors of JSC INTER RAO UES on May 20, 2010 (Minutes dated May 24, 2010 No. 27).</p>

11.9. STATE SUPPORT

In accordance with Federal Law dated December 2, 2009 No. 308-FZ On the Federal Budget for 2010 and planning period of 2011 and 2012 and regulations enacted for the purposes of implementation thereof, JSC INTER RAO UES did not receive direct financial support from the Federal Budget.

At the same time, INTER RAO UES is implementing a number of projects using state support measures, which include:

- ▶ Project for construction of Urengoykaya SDPP (the amount of RUB 21.3 bln received by JSC INTER RAO UES from Vnesheconombank in 2010 for the funding of the project as a contribution to the authorized capital of the Company was contributed by the Company to the authorized capital of OJSC OGK-1 in the same year). In 2012 project costs were RUB 8.355 bln; for the total amount of EUR 2 mln have been entered into and are being performed. As part of cooperation with the state Russian export credit agency EXIAR, an insurance coverage was obtained, which is supported by a state guarantee of the Government of the Russian Federation for a total amount of EUR 500,000.
- ▶ Project for construction and operation of the nuclear power station on the site of Akkuyu in Turkey being implemented by the Project Company with participation of JSC INTER RAO UES. In 2011, RUB 21.872 bln was disbursed from the Federal Budget to increase the authorized capital of said Project Company. In 2011, JSC INTER RAO UES contributed 49,995,000 Turkish liras (EUR 22,668,329) to the authorized capital of the company. In 2012, 10.5 mln Turkish liras, equivalent to approximately RUB 200 mln was allocated for the authorized capital of the Project Company;
- ▶ Under the Intergovernmental Agreement with the Republic of Venezuela, which designates JSC INTER RAO UES as the authorized person on the Russian side for development of cooperation in the electric power field, equipment for the amount of USD 309 mln was manufactured in 2012.
- ▶ Project for supply of electric power equipment by JSC INTER RAO UES for Toachi-Pilaton HPP (Ecuador) with the contract price of USD 145 mln. The amount of loan granted by CJSC Eximbank of Russia under a state guarantee of the Russian Federation is USD 123.3 mln. In 2012, the received advance payment of USD 30 mln (20% of the contract price) was allocated for the design and production of equipment;
- ▶ Project for export supply of electric power equipment for modernization of the 4 existing and construction of 2 new power units of Maximo Gomez TPP, Mariel (the Republic of Cuba) implemented by JSC INTER RAO UES at the expense of the state loan granted by the Government of the Russian Federation to the Government of the Republic of Cuba. 5 supply contracts

11.10. INFORMATION ABOUT MAJOR LEGAL PROCEEDINGS

MAJOR LEGAL PROCEEDINGS INVOLVING JSC INTER RAO UES AS THE CLAIMANT OR DEFENDANT WHICH HAVE TAKEN PLACE AS OF DECEMBER 31, 2012

Claimant	Defendant	Subject of claims	Claim amount, rubles	Probability of unfavorable outcome	The phase of proceedings
JSC INTER RAO UES	OJSC Nurenergo	Inclusion in the register of claims in bankruptcy proceedings	145,155,718.54	low	1. By resolution of the Federal Antimonopoly Service of the North Caucasus District dated March 22, 2013, the ruling on implementation of supervision is cancelled, the case is submitted for reconsideration. The date of court session is not determined.
JSC INTER RAO UES	OJSC NPO Saturn	Recovery of a penalty under a supply contract	69,055,717.36	average	1. By court judgment dated June 28, 2012 the claims were partially satisfied, the amount of 39,800,757 rubles was claimed in favor of JSC INTER RAO UES. 2. By resolution of court of appeal dated October 5, 2012 the resolution was left unchanged. 3. By resolution of court of cassation dated January 21, 2013 the resolution was left unchanged.
JSC INTER RAO UES	OJSC Ivenergosbyt	Recovery of debt for electric power supplied	59,349,265.61	low	1. By resolution of court dated March 27, 2013 the claims were satisfied in full.
JSC INTER RAO UES	OJSC Ivenergosbyt	Recovery of debt for electric power supplied	45,260,036.85	low	1. By resolution of court dated April 1, 2013 the claims were satisfied in full.
JSC INTER RAO UES	OJSC NPO Saturn	Recovery of losses due to improper performance of a supply contract	41,592,490	average	1. The court session was appointed for April 25, 2013.
JSC INTER RAO UES	OJSC Kapital Insurance	Recovery of insurance indemnity	176,000,000	average	1. By court judgment dated February 12, 2013, the amount of 111 million rubles was recovered from OJSC Kapital Insurance 2. The session of the court of appeal was appointed for April 29, 2013.
JSC INTER RAO UES	Interdistrict Inspectorate of the Federal Tax Service No.4	Invalidation of resolution No. 03-1-21/362	23,638,000	low	1. By court judgment dated September 27, 2012, resolution of Interdistrict Inspectorate of the Federal Tax Service No. 4 was invalidated in full. 2. By resolution of the 9 th court of appeal dated February 1, 2013 No.09AP-35259/2012 the award of the Arbitration Court of Moscow dated October 4, 2012 on case No.A40-56419/12-91-316 was left unchanged, and the appeal was not satisfied. 3. The session of the court on the cassation appeal of Interdistrict Inspectorate of the Federal Tax Service No. 4 was appointed for May 21, 2013.
JSC INTER RAO UES	OJSC NPO Saturn	Recovery of losses due to improper performance of a supply contract	20,066,793	average	1. The session of the court of appeal was appointed for April 25, 2013.
JSC INTER RAO UES	OJSC Dagestan Energy Supply Company	Recovery of debt for electric power supplied	19,847,933.72	low	1. By resolution of court dated December 28, 2012 the claims were satisfied in full.
JSC INTER RAO UES	Interdistrict Inspectorate of the Federal Tax Service No.4	Invalidation of resolution of Interdistrict Inspectorate of the Federal Tax Service No.4	17,689,674	average	1. By court judgment dated December 26, 2012 resolution of Interdistrict Inspectorate of the Federal Tax Service No. 4 was invalidated in full.

11.11. GLOSSARY

ABBREVIATIONS

TSA	Administrator of the trade system of the wholesale electric power market	OPEM	Wholesale Electricity (Capacity) Market
BM	Balancing market	IPS	Integrated power systems
GS	Guaranteeing supplier	CCGT	Combined cycle gas-turbine unit
SDPP (GRES)	State district power plant (in Russia: thermal power stations)	RGC	Regional generating companies
GTP (GTPP)	Gas-turbine plant (gas-turbine power plant)	RA	Regulated agreements
HPP (GES)	Hydraulic power plant	RDO	Regional dispatching offices
S&A	Subsidiaries and affiliates	RAS	Russian Accounting Standards
CSA	Capacity supply agreement	DAM	Day-ahead market
CCO	Competitive capacity uptake	NECC	Non-regulated electricity and capacity contract
KPI	Key performance indicators	UES SO	System operator of the Unified Energy System
IDGC	Interregional distribution grid companies	TS	Trade schedule
IFRS	International Financial Reporting Standards	TGC	Territorial generating companies
NP	Non-commercial partnership	TPP (TES)	Thermal power station
OGK	Generating wholesale market players	TPP (TEC)	Combined heat and power plant
UDO	United dispatching offices	UES FGC	Federal Grid Company of Unified Energy System
AWP	Autumn and winter period	FTS	Federal Tariff Service

UNITS OF MEASUREMENT

gW	Gigawatt	Electrical capacity measurement unit	kW	Kilowatt	Electrical capacity measurement unit
Gcal	Gigacalorie	Thermal power measurement unit	kWh	Kilowatt-hour	Generated electric power measurement unit
Gcal/h	Gigacalorie/hour	Thermal capacity measurement unit	MW	Megawatt	Electrical capacity measurement unit
Hz	Hertz	Electrical frequency	TNT	Tonne of natural fuel	Measurement unit
kV	Kilovolt	Voltage measurement unit	TFOE	Tonne of fuel oil equivalent	Measurement unit
KVA	Kilovolt-ampere	Generated electric power measurement unit	t/h	Tonne per hour	Steaming capacity measurement unit

FINANCIAL TERMS

MSCI Emerging Markets – index of the stock markets of the emerging markets calculated and published by Morgan Stanley Capital International. Index consist of 26 indices of emerging markets (Russia, Argentina, Mexico, Thailand etc) and is designed to measure equity market performance in the global emerging markets.

MSCI Russia – index of the companies operating in the Russian market, included in the MSCI Emerging Markets index group. Index is calculated by the Morgan Stanley Capital International analytical agency for the Russian companies with high and average market capitalization and is used as a landmark for many international investors, investing money in the Russian assets, as well as the investors who employ an index investment strategy.

MICEX – price, weighted market capitalization (free-float) composite index of the Russian stock exchange, including 30 of the most liquid shares of the largest and dynamically developing Russian issuers, types of business operations of which relate to the principal economic sectors, presented on the MICEX.

MICEX Mid Cap – price, weighted market capitalization (free-float) index of the most liquid shares of the Russian companies with standard capitalization, which have been admitted for trade on the MICEX.

Power Sector MICEX – price, weighted market capitalization (free-float) index, including the most liquid shares of the Russian companies operating within the power market, which have been admitted for trade on the MICEX.

RTS – price, weighted market capitalization (free-float) index, including the shares of 50 most capitalized Russian companies, which have been admitted for trade on the RTS.

Treasury shares - (eng. treasury stock in the USA, eng. treasury share in the UK) — shares owned by their issuer. Treasury shares do not have any voting and pre-emptive rights, do not participate in dividend distribution and property distribution in the event of the issuer's liquidation. Treasury shares are outstanding, i.e. they are issued but not redeemed. However they can be cancelled according to the procedure established by the articles of association and the legislation with a relevant decrease in the authorized capital.

12. CONTACT DETAILS

FULL COMPANY NAME IN RUSSIAN:

Open Joint-Stock Company INTER RAO UES

SHORT COMPANY NAME IN RUSSIAN:

JSC INTER RAO UES

DETAILS OF STATE REGISTRATION

Primary State Registration Number of the corporate entity (OGRN): 1022302933630

Date of state registration: November 1, 2002

Name of the registering authority according to the data specified in the Certificate of Entry in the Unified State Register of Legal Entities:
Inspectorate of the Ministry of Taxation of the Russian Federation for Sochi, Krasnodar Territory.

Series and number of the Certificate of Entry in the Unified State Register of Legal Entities:
Series 23 No. 002387411

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