

**Explanatory note on the items No. 5-6
of the agenda for the Extraordinary General Meeting of Shareholders
of JSC "INTER RAO UES" (February 15, 2012)**

ITEM 5: Concerning approval of a revised version of the Charter of JSC «INTER RAO UES»

The current edition of Charter of JSC "INTER RAO UES" was approved by the Extraordinary General Meeting of Shareholders of JSC "INTER RAO UES" on February 21, 2011 (Minutes of 02/24/2011 # 6).

Annual General Meeting of Shareholders of JSC "INTER RAO UES" on June 24, 2011 (Minutes of 06/28/2011 # 8) has approved amendments to the Charter relating to, among other things, changing of the registered address of the Company.

In addition, the Charter has been amended as a result of an increase of the authorized capital of the Company, on the basis of a decision taken by the Annual General Meeting of JSC "INTER RAO UES" on June 25, 2010 (Minutes of 06/25/2010 # 5), as well as in connection with the opening of representative offices in the Kingdom of Belgium, the closure of the Omsk branch (on the basis of a decision of the Board of Directors of May 16, 2011 (Minutes of 05/18/2011 # 42)).

Thus, a revised Charter with a number of registered changes leads to an increase of the cost for producing hardcopies of it and makes it difficult for shareholders to this document.

At the same time it is proposed to clarify certain provisions of the Charter in order to improve corporate governance.

Details of the amendments made to the Charter are indicated in the accompanying summary table.

ITEM 6: Concerning approval of related party transactions.

6.1. Concerning approval of agreement(s) between JSC «INTER RAO UES» and GPB (OJSC), OJSC VTB Bank, OJSC CB ROSSIYA, State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)", as related party transactions (several inter-related interested party transactions).

6.2 Concerning approval of guarantee agreement(s) between JSC «INTER RAO UES» and/or GPB (OJSC) and/or OJSC VTB Bank and/or VTB Capital plc and/or OJSC Sberbank of Russia and/or OJSC CB ROSSIYA and/or OJSC ALFA-BANK and/or OJSC TransCreditBank and/or State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" and/or European Bank For Reconstruction and Development and/or Nordea Bank AB and/or Russian Commercial Bank (Cyprus) Limited and/or ING Bank N.V and/or Commerzbank AG and/or HSBC Holdings plc and/or Raiffeisen Bank S.A. and/or Standard Bank Group Limited and/or Sumitomo Mitsui Banking Corporation and/or UniCredit Group and/or Bank of America Corporation and/or Barclays and/or BNP Paribas and/or Goldman Sachs and/or Deutsche Bank and/or Intesa Sanpaolo and/or Royal Bank of Scotland and/or Bank of America Merrill Lynch and/or Citigroup and/or China Construction Bank (CCB) and/or UBS and/or Societe Generale (collectively referred to as the "Banks", and each individually referred to as the "Bank"), and their affiliates, as interested party transactions made in the ordinary course of business of JSC «INTER RAO UES»

6.3. Concerning approval of loan agreement(s) between JSC «INTER RAO UES» and INTER RAO Credit B.V. (hereinafter referred to as the "Agreement(s)") related party transaction(s) made in the ordinary course of business.

6.4. Concerning approval of guarantee agreement(s) for obligations of INTER RAO Credit B.V. under credit agreement(s) as related party transactions (inter-related interested party transactions).

On March 07, 2011, a wholly owned 1st tier subsidiary of JSC «INTER RAO UES» – INTER RAO Finance B.V. was established, and on March 28, 2011, a 2nd tier subsidiary – INTER RAO Credit B.V. (registered in the Netherlands as well) was established.

The main activity of the established companies is the implementation of centralized external borrowings of JSC «INTER RAO UES» Group, as well as intercompany credit and loan operations in order to differentiate the flow of external borrowings and intercompany transactions.

Obligations of INTER RAO Finance and INTER RAO Credit owed to debt creditors will be secured by guarantees of Affiliates/Subsidiaries of the Group in the amount of Debt Capacity that is maximum possible for the Affiliates/Subsidiaries.

The proposed scheme will reduce the cost of debt for the Group and each of the Affiliates/Subsidiaries individually by consolidation, attraction and use of credit potential and credit capacity of the entire Group rather than individual Affiliate/Subsidiary, and will significantly reduce the cross default risks for the Group as a whole.

In order to refinance the current loan portfolio of INTER RAO UES Group with INTER RAO Credit B.V. leverage, the possibility of attracting credit resources in the leading Russian and foreign banks able to offer the most favorable credit terms is being considered.

Currently, the agreements do not provide for a fee for the guarantor, however in view of change in tax laws as from January 01, 2012 with regard to transfer pricing, intercompany guarantees on a fee paid basis are to be implemented.

The borrower company receives the economic benefits derived from the guarantee in the form of interest savings, and the guarantor company takes the commercial risks associated with the need to service the loan in case of deterioration in financial situation of the borrower.

6.5. Concerning approval of guarantee agreement(s) between JSC «INTER RAO UES» and/or GPB (OJSC) and/or OJSC VTB Bank and/or VTB Capital plc and/or OJSC Sberbank of Russia and/or OJSC CB ROSSIYA and/or OJSC ALFA-BANK and/or OJSC TransCreditBank and/or State Corporation “Bank for Development and Foreign Economic Affairs (Vnesheconombank)” and/or European Bank For Reconstruction and Development and/or Nordea Bank AB and/or Russian Commercial Bank (Cyprus) Limited and/or ING Bank N.V and/or Commerzbank AG and/or HSBC Holdings plc and/or Raiffeisen Bank S.A. and/or Standard Bank Group Limited and/or Sumitomo Mitsui Banking Corporation and/or UniCredit Group and/or Bank of America Corporation and/or Barclays and/or BNP Paribas and/or Goldman Sachs and/or Deutsche Bank and/or Intesa Sanpaolo and/or Royal Bank of Scotland and/or Bank of America Merrill Lynch and/or Citigroup and/or China Construction Bank (CCB) and/or UBS and/or Societe Generale (collectively referred to as the "Banks", and each individually referred to as the "Bank"), and their affiliates, as interested party transactions made in the ordinary course of business of JSC «INTER RAO UES»

6.6. Concerning approval of guarantee agreement(s) for obligations of INTER RAO Credit B.V. under credit agreement(s) as related party transactions (inter-related interested party transactions).

6.7. Concerning approval of loan agreement(s) between JSC «INTER RAO UES» and INTER RAO Credit B.V. (hereinafter referred to as the "Agreement(s)") as related party transaction(s) made in the ordinary course of business.

As part of the M&A transactions in the strategically attractive target markets, approval of transaction structuring/financing scheme is required.

Financing of the acquisition is expected to be 100% borrowed money by bringing a bridge loan for a period of 2 years in the initial stage. The bridge loan will be directed to the single borrowing point of the JSC «INTER RAO UES» Group established in 2011 – INTER RAO Credit B.V. – guaranteed by JSC «INTER RAO UES» over the next two years, the Group is planning to refinance the bridge loan through the issuance of public financial instruments after receiving a credit rating by two reputable rating agencies of the open market, such as Eurobonds.

Parties to the guarantee agreement(s) for the credit agreement: JSC «INTER RAO UES» – Guarantor; Bank – Creditor; Beneficiary party under the agreement(s) – INTER RAO Credit B.V.;

Subject of the guarantee agreement(s):

- amount not exceeding one billion six hundred fifty million (1,650 million) Euros or equivalent amount in U.S. dollars or Russian rubles.
- Interest rate: 1) For credit in rubles – not more than the refinancing rate of the Central Bank of Russian Federation plus four point five (4.5) percent per annum; 2) For credit in U.S. dollars or Euros – at the rate of not more than 8%/year or at variable rate not more than the rate LIBOR/EURIBOR increased by 6%/year.

Term of the guarantee agreement(s): to three (3) years from the expiration date of obligation secured by the guarantee.

Under the transaction, it is assumed that the obligations of INTER RAO Credit B.V. owed to banks for the credit will be guaranteed by JSC «INTER RAO UES»

In connection with the need of a fee in favor of JSC «INTER RAO UES» for providing the guarantee, the respective transaction, which is inter-related with the guarantee agreement, must be approved, in the amount of not more than 0.5 percent per annum of the obligation secured by the guarantee.

After completion of additional issue shares of JSC «INTER RAO UES» investments of the Company are represented, inter alia, by minority stakes in energy companies, service providers and other companies. In line with the strategy of disposal of the specified stakes, if the Company's share in equity of companies cannot be of 50% and more, these minority stakes are to be sold or exchanged. Monetary funds received after the implementation of minority stakes are to be used as a source of repayment of interest and principal debt under the credit agreement between INTER RAO Credit B.V. and respective Bank for purchase of the target assets. In this connection, an intercompany Loan Agreement between JSC «INTER RAO UES» and INTER RAO Credit B.V. is to be signed.

Parties to the Loan Agreement(s): INTER RAO Credit B.V. – the "Borrower"; JSC «INTER RAO UES» – the "Lender".

Subject of the Loan Agreement(s):

- Loan amount: Up to one billion six hundred fifty million (1,650 million) Euros or equivalent amount in U.S. dollars or Russian rubles.
- Interest rate: 1) For credit in rubles – variable rate of not more than the refinancing rate of the Central Bank of Russian Federation increased by 4.75%/year; 2) For credit in U.S. dollars or Euros – not more than 8.25%/year or variable rate of not more than the rate LIBOR/EURIBOR increased by 6.25%/year.

Term of the Agreement(s): up to 3 years as from the date of signing.

6.8. Concerning approval of the contract for purchase and sale of electric energy No. 02-246/2007-1 dated December 20, 2007 between JSC «INTER RAO UES» and RAO Nordic Oy as provided for in the Addendum as interested party transaction.

On December 20, 2007, the contract for purchase and sale of electric energy No. 02-246/2007-1 was concluded between JSC «INTER RAO UES» and RAO Nordic Oy. Under this contract, JSC «INTER RAO UES» acts as Seller, and RAO Nordic Oy acts as Buyer. Electric energy is delivered on terms DAF Finnish/Russian state border via the overhead power transmission lines 400 kV connecting the Vyborg substation (Russia) and the Yllikkälä and Kymi substations (Finland).

The price of delivery is determined based on hourly prices at the ElSpot NordPool market for hours of actual delivery and acceptance of delivery of electric energy for the day of delivery, as published on the official NordPool website www.nordpoolspot.com.

The pricing formula also involves Variable and Fixed transportation costs, including all fees charged by the Buyer's Technical Provider as follows: Finnish transmission system operator Fingrid OYJ. The size of these payments is determined by Fingrid OYJ and is collected from all importers of Russian electric energy.

The above contract also enables the parties to supply electric energy at a fixed price. In determining the price, prices approved in the Business plan of JSC «INTER RAO UES» for the relevant year shall be the reference. The Parties shall agree on the period of supply of electric energy, the power, the amount of electric energy supplied and the fixed price in a separate bilateral Agreement.

In 2007, when Fingrid OYJ, JSC FGC UES and JSC SO UES signed the new Intersystem Agreement on 400 kV cross-border electrical connections between Russia and Finland and two agreements thereto: Agreement on operations of 400 kV cross-border electrical connections between the Vyborg substation (Russia) and the Yllikkälä / Kymi substations (Finland) and the Agreement on use of transmission capacity and implementation of cross-border trade via 400 kV electrical connections Vyborg substation (Russia) – Yllikkälä / Kymi substations (Finland), it was decided to implement market-based approaches for use transmission capacity through the introduction of procedure for direct trade as a basic outline for the intra-day trade between Russia and Finland.

On June 22, 2011, years of negotiations resulted in signing of the Agreement on use of transmission capacity and implementation of cross-border trade via 400 kV electrical connections Vyborg substation (Russia) – Yllikkälä / Kymi substations (Finland) Section 2 of which states that trade on the Russia-Finland transmission system can be implemented by direct trade of JSC «INTER RAO UES» on Nord Pool power exchange in the sectors Elspot and Elbas, as well as on the day ahead market and balancing market of the wholesale electricity market of Russia within the limits of not more than 100 MW.

In view of the fact that JSC «INTER RAO UES» was not a participant in the Nord Pool market, it was decided to implement direct trade through the current contract No. 02-246/2007-1 as of December 20, 2007 signed with RAO Nordic Oy.

The direct trade mechanism allows quick changing the delivery schedule in the day X-1, subject to formation of unfavorable prices on the Nord Pool market (in accordance with the power exchange regulations the price can be configured to minus 200 Euro/MWh).

This Addendum will enable to:

- Carry out Direct trade under the existing contract with RAO Nordic Oy, and therefore a new formula to determine the price of electricity supplies in the direct trade should be introduced to the calculations.