



**RAO ES
OF EAST**

Annual report **2011**



The Annual Report has been approved
by the JSC "RAO Energy Systems of East"
Board of Directors on April 25, 2012
and submitted for approval
by the Annual Shareholders Meeting
scheduled for June 6, 2012

JSC "RAO ENERGY SYSTEM OF EAST" 2011 ANNUAL REPORT

Director General



S.N. Tolstoguzov

Chief Accountant



A.P. Vainilavichute





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АНАДЫРЬ

ЯКУТСК **МАГАДАН**

ПЕТРОПАВЛОВСК-КАМЧАТСКИЙ

БЛАГОВЕЩЕНСК
БИРОБИДЖАН

ХАБАРОВСК

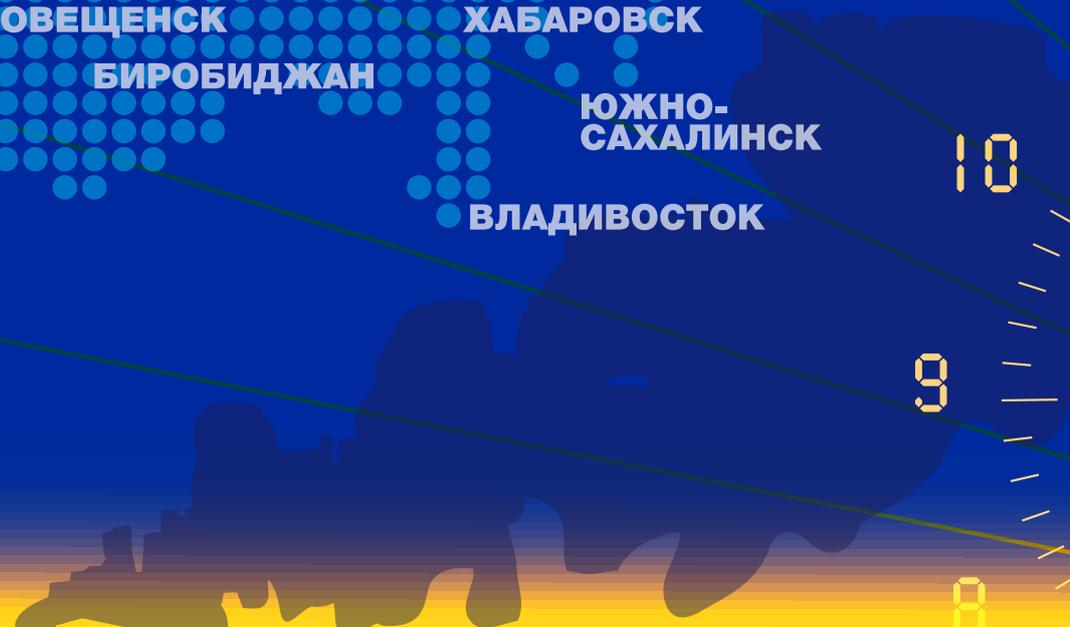
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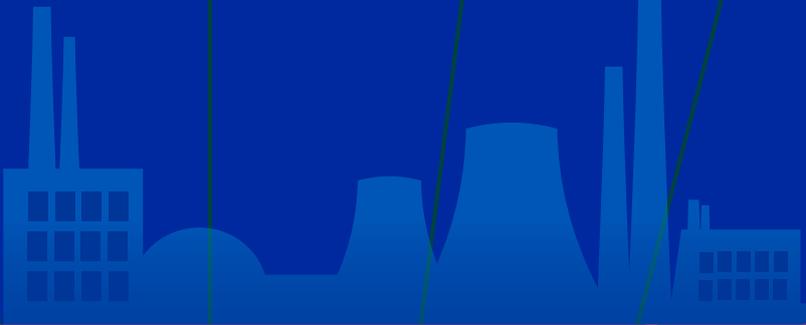
ВЛАДИВОСТОК

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9

8





**Key
events
in 2011**



МОСКВА

ХАБАРОВСК





1. KEY EVENTS IN 2011

January

An Agreement between the Administration of the Amur Oblast and JSC "RAO Energy Systems of East" on cooperation in implementation of projects for development of the regional energy system was signed.

The key element of the Agreement is construction of the second phase of the Blagoveshchensk Heat and Power Plant (HPP). The project is one of the high priority ones on the JSC "RAO ES of East" investment program; the second phase of BHPP is expected to be commissioned in 2013. The parties also agreed to jointly finance preparation of a program for innovation-based development of the Amur Oblast energy system.

February



JSC "RAO ES of East" in cooperation with a subsidiary company of JSC "Mobile Energy Systems" put in operation a new 12 MW energy unit at a gas turbine power plant located in Labytnangy municipality in Yamalo-Nenets Autonomous Okrug of the Tyumen Oblast.

Administrations of the YNAO and the town of Labytnangy had demonstrated a strong commitment to the project and had been providing direct support to implementation of the investment project for construction of the 4th energy unit of the "Labytnangy" Mobile Power Plant.

An extraordinary JSC "RAO ES of East" General Shareholders Meeting was held on February 15, 2011.

Issues related to determination of the number, the nominal value, the category (type) of all newly authorized shares, rights associated with such shares, as well as amendments to the Company Charter relating to authorized shares were considered at the meeting.

March

The future of the Far-Eastern "smart energy sector" was discussed at the Third Far-Eastern IT Forum in Yuzhno-Sakhalinsk.

As always, "RAO ES of East" Holding was the main organizer and driving force for the event.

More than two dozens of Russian and foreign major IT companies, regional authorities, management and specialists of the JSC "RAO ES of East" took part in the Forum. During four days of the Forum the participants presented about fifty topic-specific reports; models and ways of further development of the energy system in line with the "smart energy" approach were discussed.

On March 23, 2011 the JSC "RAO ES of East" Board of Directors decided to increase the Company's Charter capital through issuance of 3 636 867 919 (Three billion six hundred thirty-six million eight hundred sixty-seven thousand nine hundred and nineteen) additional ordinary shares with the nominal value of 0.5 rubles each.

April

A working group attached to the Government Commission on high-tech and innovations approved a program for innovation-based development of the "RAO ES of East" Holding. The program had been developed at the RF President Dmitry Medvedev's request; it represents a document for long-term in-

novation-oriented decisions planning based on modernization of the Holding's management system. The program covers the whole cycle from development of a technical solution to its implementation in the production process, with identification of targets and financing needs.

JSC "Sakhalinenerg" received confirmation from JSC "Gazprom" that the latter can supply natural gas to the 5th energy unit of the Yuzhno-Sakhalinsk HPP-1 (Heat and Power Plant). Such confirmation had been a necessary precondition for the Sakhalin Oblast Government's giving its consent to building a new energy unit at the power plant as part of implementation of the JSC "RAO ES of East" investment program.

May

JSC "RAO ES of East" had fully met its financial obligations related to construction of the 4th energy unit at the Yuzhno-Sakhalinsk HPP-1. The Company paid its last 400 mil rubles contribution to the Charter capital of JSC "Sakhalin Energy Company". In total, JSC "RAO ES of East" directed 1 billion rubles towards implementation of this project.

Site preparation work began for construction of the 5th energy unit at the Yuzhno-Sakhalinsk HPP-1.

FSFM of Russia registered an additional issue of JSC "RAO ES of East" shares under the state registration number 1-01-55384-E-001D of May 24, 2011.

June

JSC "RAO ES of East" embarked on construction of a new Heat and Power Plant in the town of Sovietskaya Gavan'. Sovgavan HPP is one of the key projects on the



Holding's investment program. Total construction costs are to exceed 12 bil rubles. The facility is expected to be commissioned in the fourth quarter of 2013. The new plant has the installed electricity generating capacity of 120 MW and heat generating capacity of 200 Gcal/hour. The project has been assigned high priority for the region and put on the Federal target-oriented program "Far East and Trans-Baikal Region until 2013".

On June 23, 2011 an annual General Meeting of JSC "RAO ES of East" shareholders was held. The JSC "RAO ES of East" 2010 annual report and accounts, including income statement, as well as distribution of the financial year's profits and losses were approved. The shareholders decided that no dividends shall be paid on any categories of JSC "RAO ES of East" shares for the year 2010. The shareholders elected members of the JSC "RAO ES of East" Board of Directors and the Auditing Commission and approved the Company's auditor.

July

The VTB Bank and JSC "RAO ES of East" signed a cooperation agreement. The Agreement envisages a possibility for VTB Bank's providing a full range of banking services to the Holding and all its constituent companies, as well as financing for projects in the area of international energy cooperation.





A meeting featuring participation of representatives of the Holding Company's subsidiaries was held, at which a Holding's R&D program incorporating R&D programs of the Holding Company's subsidiary and dependent and mutually dependent companies was approved. Issues related to centralization of implementation of the Holding constituent companies' programs for innovation-based development, carrying out R&D activities and mechanisms for their financing were considered at the meeting.

August

An JSC "RAO ES of East" Board of Directors Meeting was held, at which Eduard Volkov was elected Chairman of the Board, taking over from the Deputy Minister of Energy Andrei Shishkin. The Board of Directors also appointed the First Deputy Director General and Chief Operations Officer Sergei Tolstoguzov to the Executive Board as an Executive Board member and Deputy Chairman of the Executive Board.

September



As part of implementation of the project for switching the Vladivostok heat and power plants to natural gas, the first boiler unit of the Vladivostok HPP-2 was switched to gas. Switching the Vladivostok HPP-2 to natural gas is part of the Federal target-oriented program "Economic and Social Development of the Far East and Trans-Baikal Region for the period until 2013" and is financed by JSC "Far East Generation Company". Total project costs exceed 5.44 bil rubles.

JSC "RAO ES of East", OOO "Investor Energy", member of the Summa Group, Administrations of Primorsky Krai, Ussuriysk and Nakhodka urban districts signed Letters of Intent with regard to implementation of projects for construction of the Ussuriysk HPP. Each facility will have an installed electricity generating capacity of 370 MW and heat generating capacity of 560 Gcal/hour; implementation period: 2012-2015.

The Kamchatka Krai Government, JSC "RAO ES of East" and JSC "Kamchatskenergo" signed an Agreement for creation of a unified power system. The subject of the Agreement is implementation of measures aimed at development of electricity and heat production in Kamchatka Krai and appointing JSC "Kamchatskenergo" as a single supplier of heat within the boundaries of Petropavlovsk-Kamchatsky urban district, Yelizovo, Milkovo and Ust-Bolsheretsk districts.

October

Representatives of Finnish and Japanese energy and investment companies, Extraordinary and Plenipotentiary Ambassadors of Finland in Russia and Japan visited the Vladivostok HPP-2. The delegation included member of the JSC "RAO Energy Systems of East" Board of Directors, head of the "Kiuru Partners" Company Seppo Yuha Remes.

JSC "RusHydro" acquired a controlling stake in JSC "RAO ES of East". The change in the controlling shareholder resulted from implementation of the RF Government Decree No. 1174-p of June 07, 2011, pursuant to which federal stakes in JSC "RAO ES of East", JSC "Far East Generation Company", JSC "Joint-Stock Company "Yakutskenergo", JSC "Sakhalin Energy Company" and other energy companies had been contributed by the Russian Federation to the charter capital of JSC "RusHydro" in payment for additional shares issued by JSC "RusHydro".

November

Installation of the 5th energy unit two gas turbine generators began at the Yuzhno-Sakhalinsk HPP-1. The project for construction of the 5th energy unit is one of

the JSC "RAO ES of East" priority investment projects for development of the island's energy system. The two gas turbine generators will have total capacity of 91.2 MW.



JSC «EMalliance» and JSC «RAO ES of East» signed an Agreement on long-term cooperation in the supply of modern energy equipment and technologies, increasing reliability, economic efficiency, operational and environmental characteristics of the energy equipment used by the Holding's generation companies. According to the document, the parties agreed to cooperate in implementation of the JSC "RAO ES of East" investment program and the integrated program for modernization of the Holding's existing energy facilities, including small-scale generating facilities.

An extraordinary General Meeting of JSC "RAO ES of East" shareholders took place, at which Sergey Nikolaevich Tolstoguzov was elected the Company's Director General. At the General Meeting the shareholders also adopted a new version of the Company Charter, operational guidelines for the Company's governing and auditing bodies, as well as a document regulating compensations and allowances payable to the members of the Company Board of Directors and Auditing Commission.

December

At a meeting convened by the President's Plenipotentiary in the Far Eastern Federal District Victor Ishaev an Integrated Program for Development of the Far Eastern Federal District Energy Sector for

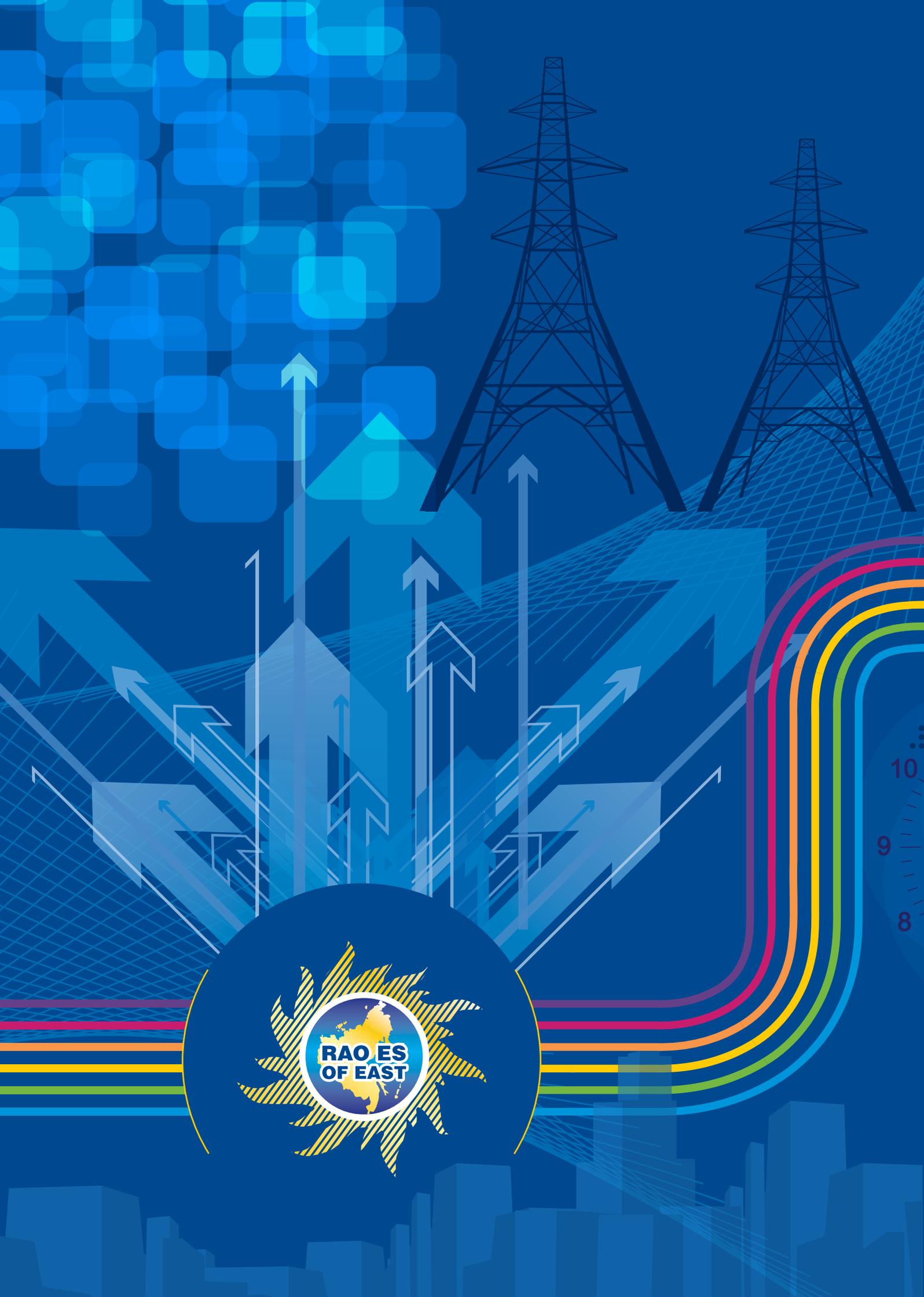
the period until 2025 was approved. The document had been prepared by specialists of JSC "RAO ES of East" in close cooperation with the governments of



the subjects of the Russian Federation. The Program for Development of the Energy Sector is the only integrated document in Russia that takes into account the specifics associated with development of the Far Eastern territories. It identifies the lines, along which the Far Eastern Federal District energy system shall be developed with account taken of its current state and prospects for the region's integrated social and economic growth.

The JSC "RAO ES of East" Board of Directors elected Evgeny Dod, Chairman of the JSC "RusHydro" Executive Board, Chairman of the Board of Directors of JSC "RAO ES of East". Stanyulenaite Yanina Eduardovna, Director for Corporate Governance of JSC "RusHydro", was elected Deputy Chairman of the Company's Board of Directors.

JSC "RAO ES of East" and JSC "Far East Generation Company", in conformity with the schedule adopted by the RF Ministries of Energy and Regional Development, had fully implemented the first stage of the investment project "Modernization of the Vladivostok HPP-2 involving switching of equipment to combustion of natural gas". Six power plant's boiler units now run on natural gas; this allowed diminishing the amount of waste generated by the Vladivostok HPP-2 by 40%.



**RAO ES
OF EAST**

Address by the Chairman of the Board of Directors and the Director General





ADDRESSES BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



Dear Esteemed Shareholders,

Activities of JSC "RAO ES of East" in 2011 have been directed towards addressing issues that are of strategic importance for increasing quality, reliability, efficiency of energy supply to consumers in the Far Eastern Federal District and that generally create favorable conditions for increasing the Company's capitalization and investment attractiveness.

In 2011 the Company has been implementing a large-scale investment program for construction of new generating facilities, development of grid infrastructure and lifting the limitations associated with underdeveloped grids. About 21 bil rubles have been directed towards these ends.

Preparation of a Program for Development of the Far Eastern Federal District Energy Sector was, with-

out a doubt, the most important event for the energy sector of the Far East in 2011. Measures envisaged by the Program create conditions for integrated social and economic growth of the District as a whole. The Program is based on the assumption that the consumption of energy in the Unified Energy System of the East will grow from 30.7 to 42.9 bil kWh, i.e. by 40%, over the next ten years. To address these needs, in 2011 JSC "RAO ES of East", which is a co-author of the said document, already embarked on implementation of measures aimed at achieving targets and accomplishing tasks set forth in the document.

The most important corporate event in 2011 was JSC "RusHydro" assuming control over JSC "RAO ES of East". I am confident that this transition will lead to a substantial increase in the Company's investment



potential, its activities becoming more transparent for shareholders, while the strategic course for modernization of production, development of the sector in the region will be stayed with dignity.

All year long the Company has been operating in close contact with shareholders and the Board of Directors. At the Company Board of Directors meetings decisions on Company's key current operational issues and strategically important aspects of its development were taken. One of the key Board decisions was, in particular, its approval of the additional JSC "RAO ES of East" shares issue aimed at financing the Company's investment projects.

Decisions taken by the Board of Directors contributed to the reliable performance of the energy and auxiliary equipment and JSC "RAO ES of East" and

its subsidiary companies' successful implementation of the investment program.

One of the key tasks for the Company management and its Board of Directors in 2012 will be adopting a Company Strategic Plan aimed at further increasing the operational efficiency, stability and shareholder value.

Despite all the complexity of the tasks faced by JSC "RAO ES of East", one can say with confidence that the work carried out by the Company's management and its whole team lays foundation for stability of the energy sector in the Far Eastern Federal District.

Evgeny Dod,
Chairman of the Board of Directors



ADDRESSES BY THE DIRECTOR GENERAL



Dear Esteemed Shareholders,

Over the course of the year 2011 the "RAO ES of East" Holding's constituent companies were fulfilling their main task, i.e. ensuring reliable and uninterrupted energy supply to consumers in the Far East region. The Company was also actively engaged in development of the Far East energy sector through modernization of energy facilities and implementation of investment programs.

For the "RAO ES of East" Holding the year 2011 effectively marked the beginning of the active implementation of investment projects. From planning and calculations the Company turned to the design of specific plants and their actual construction. The Company's project portfolio currently includes a number of energy facilities, creation of which will

finally favorably affect economic indicators of the whole Far East region and the quality of life of the District inhabitants.

In total, 3.78 MW of electricity generation capacity, 1569 km of electricity transmission lines, 731.75 MVA of transformation capacity have been put in operation by the Holding's constituent companies. The Company embarked on construction of the 5th energy unit of the Yuzhno-Sakhalinsk HPP-1 and a heat and power plant in the town of Sovetskaya Gavan'. Implementation of a big project for construction of distribution grids and substations to ensure power supply to mobile radio and telephone communication facilities located along the M58 Chita – Khabarovsk "Amur" Highway continued, and so did the work on switching the Vladivostok generating facilities to natural gas.



To raise the reliability and efficiency of energy supply to consumers, in 2011 JSC "RAO ES of East" developed and adopted a Program for Innovation-based Development. The priority component of this Program is energy saving and increasing energy efficiency in view of cutting fuel costs. The Program's another vector is implementation of information technologies and elements of the Smart Grid approach in view of improving manageability of the electric transmission network of the Far Eastern region.

The Holding constituent companies' production indicators improved in 2011. Power generation by "RAO ES of East" plants increased by 7.3% to 30341.1 mil kWh, heat sales also grew by 3.0% compared to 2010 and reached 31031.3 thousand Gcal. In the power generation pattern JSC "Far East Generation Company" accounts for more than 70%

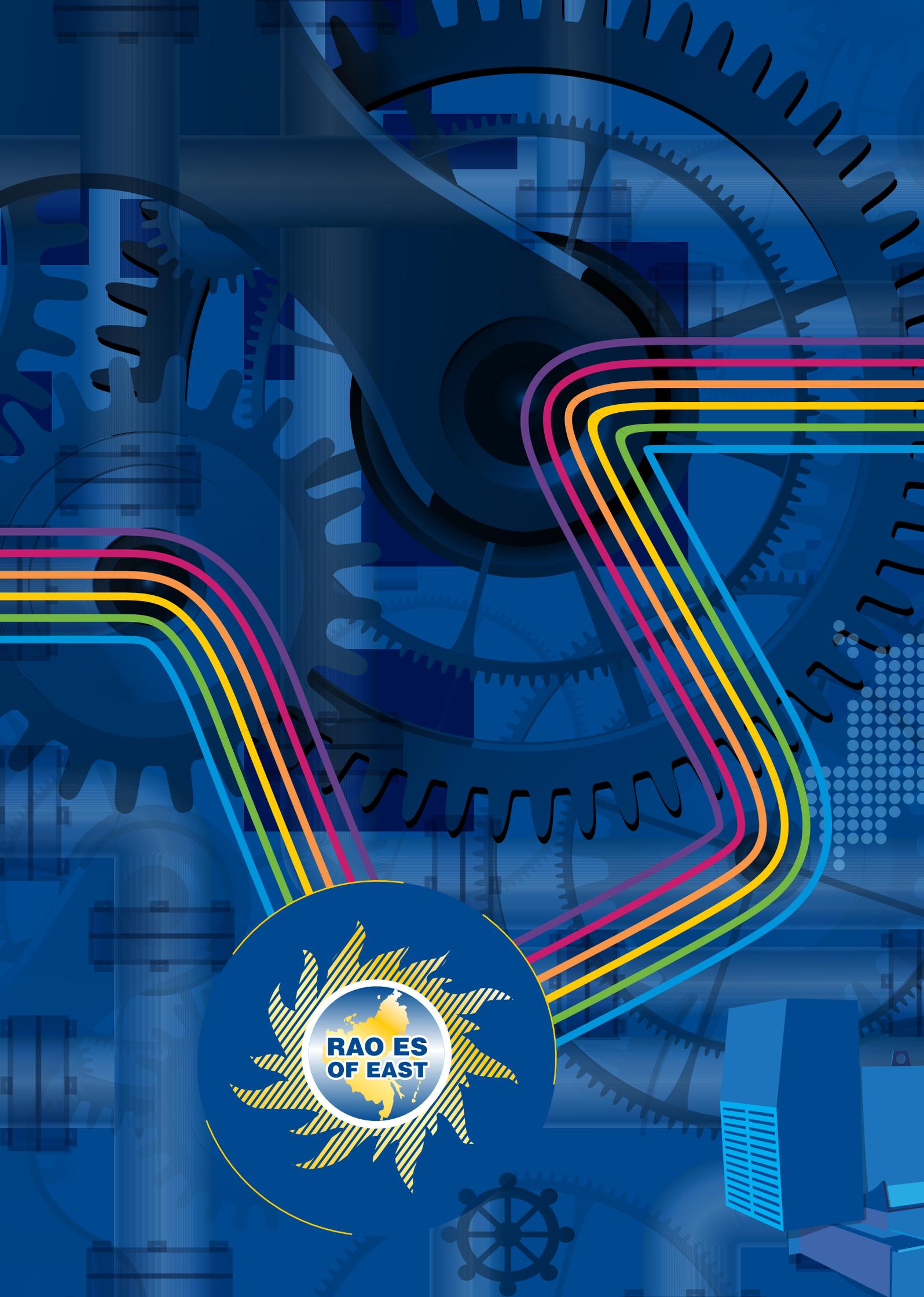
of the total generation. The output trends are due to increased energy consumption by the transport infrastructure located within the Unified Energy System of the East operating zone.

One of the main objectives of the management is, of course, improving the Company's financial results. The Company's 2011 revenue was 6.2% up compared to the previous year. In 2012 the management will intensify efforts aimed at the Company's stable and efficient operation, its development and capitalization growth.

When developing the Far East energy sector our Company aims to be a reliable and efficient entity working for the economic well-being and prosperity of the whole Far East region.

**Sergey Tolstoguzov,
Director General**





**RAO ES
OF EAST**

The background is a complex collage of blue-toned industrial and maritime imagery. At the top, three high-voltage power line towers are silhouetted against a lighter blue background. Below them, a series of horizontal lines in pink, orange, and yellow cross the page. The middle section features a world map composed of small dots, with a ship's steering wheel icon centered over it. The bottom section shows three detailed 3D models of industrial engines or turbines, each mounted on a base. The overall aesthetic is technical and professional.

Company profile



3.1. GENERAL INFORMATION

JSC "RAO ES of East" was created as a result of reorganization of JSC RAO "UES of Russia" through separation in accordance with the decision of the JSC RAO "UES of Russia" extraordinary General Shareholders Meeting of October 26, 2007 (minutes unnumb. dated October 30, 2007) and registered on July 1, 2008 by the Federal Tax Service Interdistrict Inspectorate No. 46 in the city of Moscow under the main state registration number (OGRN) 1087760000052.

According to the terms of reorganization approved by the decision of the JSC RAO "UES of Russia" extraordinary General Shareholders Meeting of October 26, 2007, shares of JSC "RAO ES of East" were distributed on July 1, 2008 among JSC RAO "UES of Russia" shareholders that had been in possession of JSC RAO "UES of Russia" shares as of

June 6, 2008. At the time of registration the Russian Federation was the Company's main shareholder with 52.68% stake in charter capital.

The Company has its registered office at: 28, Shevchenko Str., Blagoveshchensk, Amur Oblast, 675000 Russia.

The Company's main activity is managing holding companies.

JSC "RAO ES of East" manages energy companies that produce, dispatch, distribute, transmit and sell electricity and heat in the territory of the Far East.

3.2. MAIN ACHIEVEMENTS IN 2011

1 The amount of electricity generated by the "RAO ES of East" Holding's constituent companies increased **by 7.3% in 2011 to 30341.1 mil kWh,** and heat sales grew **by 3.0% to 31031.3 thousand Gcal.**

JSC "RAO ES of East" embarked on implementation of the Holding's priority investment project – that for construction of the Yuzhno-Sakhalinsk HPP-1 5th energy unit



2

In 2011 the "RAO ES of East" Holding directed more than 20 721.9 mil rubles towards implementation of its investment program, the number exceeding the 2010 figure by one third

20 721 900 000



3



4

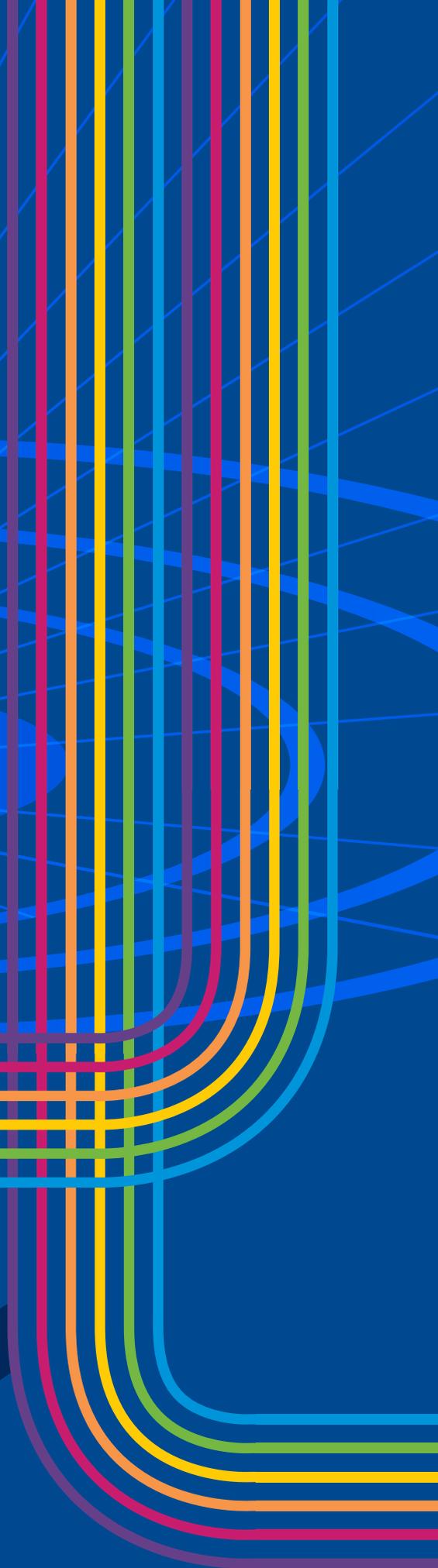
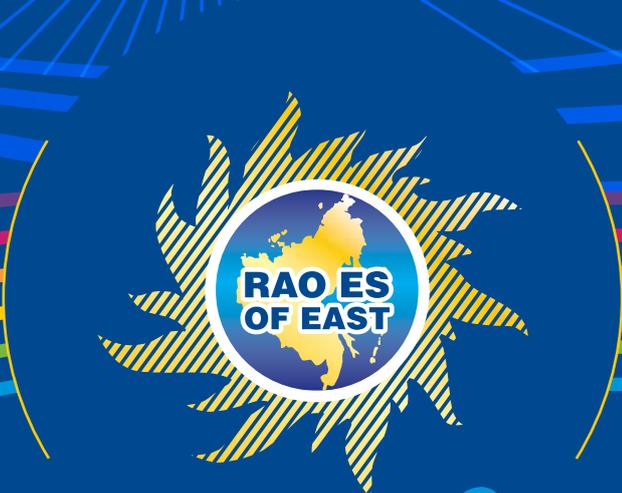
The first implementation stage of the key investment project "Modernization of the Vladivostok HPP-2 involving switching of equipment to combustion of natural gas" was fully completed

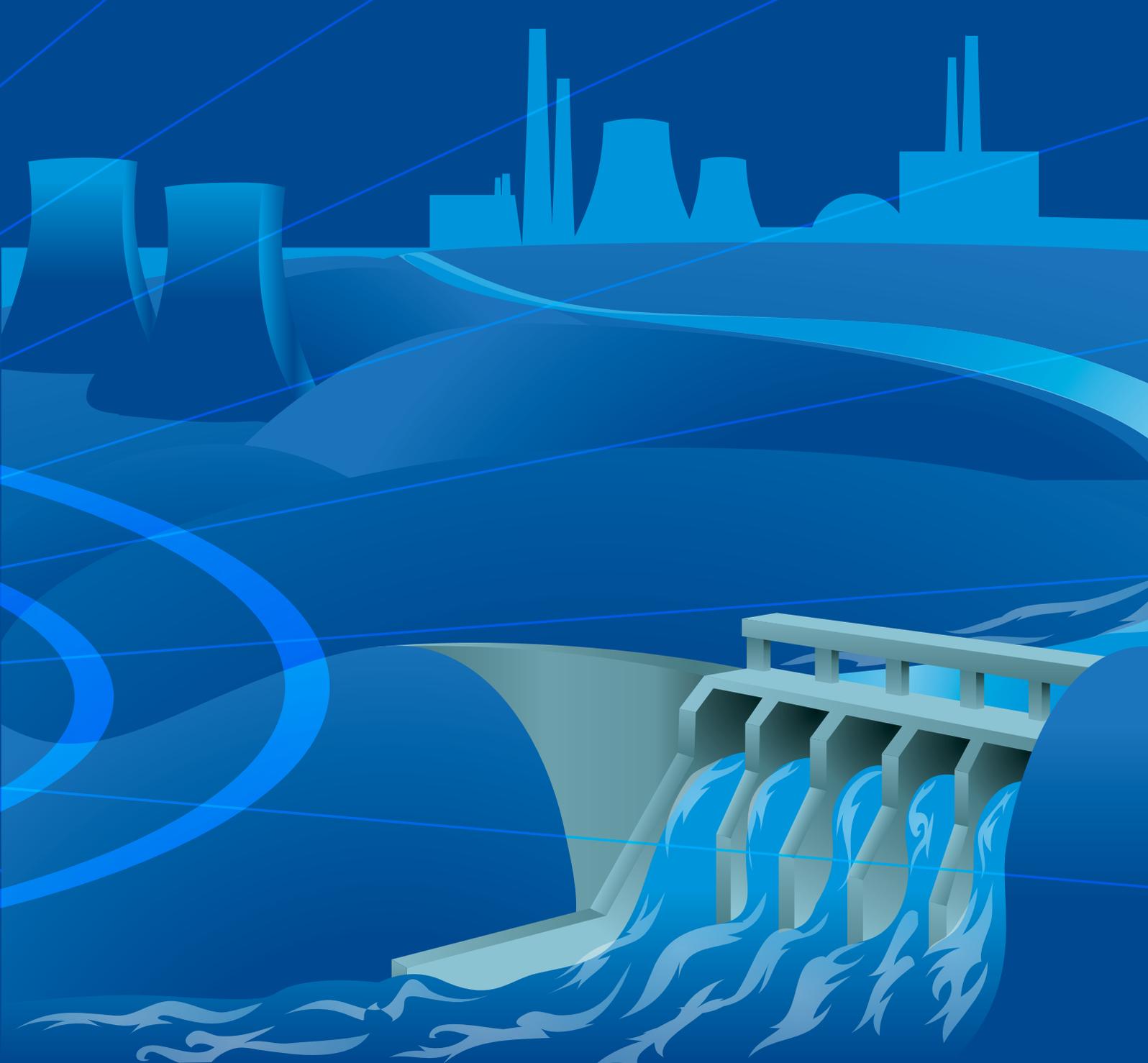


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3.78 MW of electricity generation capacity
1 569 km of transmission lines and
731.75 MVA of transformation capacity have been put in operation







Corporate governance





4.1. CHARTER CAPITAL AND STOCK MARKET

CHARTER CAPITAL

AS OF JANUARY 1, 2011 and December 31, 2011 the JSC "RAO ES of East" Charter Capital stood at 21 558 451 684.00 rubles and was divided into 43 116 903 368 shares of equal nominal value of 0.5 rubles per share, including 41 041 753 984 inscribed ordinary shares and 2 075 149 384 inscribed preferred shares.

The issue of JSC "RAO ES of East" inscribed ordinary shares was registered by the Federal Service for Financial Markets (FSFM of Russia) on July 29, 2008. The state registration number 1-01-55384-E was assigned to the issue.

The issue of JSC "RAO ES of East" inscribed preferred shares was registered by FSFM of Russia on December 8, 2009 under the state registration number 2-02-55384-E. This issue of JSC "RAO ES of East" inscribed preferred shares was distributed by way of conversion of the inscribed preferred shares (state registration number 1-02-55384-E of July 29, 2008) into shares of the same category with different attached rights.

On March 23, 2011 the JSC "RAO ES of East" Board of Directors decided to increase the Company Charter Capital through placing additional inscribed ordinary shares of JSC "RAO Energy Systems of East" (hereinafter – the Shares) on the following conditions:

- the number of Shares to be placed: 3 636 867 919;
- each Share nominal value: 0.5 rubles;
- Shares placing method: public offering;
- Shares placing price (including the price of acquisition of Shares by persons enjoying the pre-emption right in respect of newly issued shares): 0.5 rubles per Share;
- payment method: the shares shall be paid for in cash in rubles of the Russian Federation.

The decision to increase the Company's Charter Capital was taken in view of raising funds including federal budget funds for financing the Holding's investment projects.

FSFM of Russia by its decision of **May 24, 2011** registered the issue of JSC "RAO ES of East" non-certificated inscribed ordinary shares to be placed through public offering, issue state registration number **1-01-55384-E-001D**, and the Issue Prospectus.

As of December 31, 2011, the placement of additional JSC "RAO ES of East" shares had not been completed.

The Company's additional issue placement report was registered by FSFM of Russia on **February 7, 2012**. The additional issue resulted in placement of 2 317 068 930 inscribed ordinary shares of JSC "RAO ES of East" with the nominal value of 1 158 534 465 rubles; 746 236 200.00 rubles of federal budget funds had been raised as a result of the issue.

Amendments to the JSC "RAO ES of East" Charter related to increasing the Charter Capital were registered by the Federal Tax Service Interdistrict Inspectorate No. 1 in the Amur Oblast on **February 29, 2012**. According to the amendments, the JSC "RAO ES of East" Charter Capital stands at 22 716 986 149.00 rubles and is divided into 45 433 972 298 shares of equal nominal value of 0.5 rubles each, including 43 358 822 914 inscribed ordinary shares and 2 075 149 384 inscribed preferred shares with the nominal value of 0.5 rubles per share.

In 2011 the Company did not purchase own shares.

The Russian Federation, subjects of the Russian Federation, municipal units do not enjoy any special rights in respect of their participation in managing the JSC "RAO ES of East".

Until October 28, 2011 the Russian Federation represented by the Federal Agency for Administration of State Property (Rosimushchestvo) had owned a 52.6832% stake in JSC "RAO ES of East".

In pursuance of the RF Government Decree No. 1174-p of June 07, 2011, the federal stake in JSC «RAO ES of East» was in October 2011 transferred to pay for additional stake in JSC "RusHydro", which in accordance with the decision on additional issue of JSC "RusHydro" shares (state registration number 1-01-55038-E-040D of August 16, 2011) could, among other options, be paid for in kind using ordinary or preferred shares in JSC "RAO ES of East". The JSC "RusHydro" shareholders' exercising their pre-emption right in respect of additional JSC "RusHydro" shares and the contribution of the

Russian Federation and other Company shareholders' stakes in JSC "RAO ES of East" as a payment for the JSC "RusHydro" additional shares resulted in that as of December 31, 2011 the JSC "RusHydro" stake in the JSC "RAO ES of East" Charter Capital stood at 69.28%.

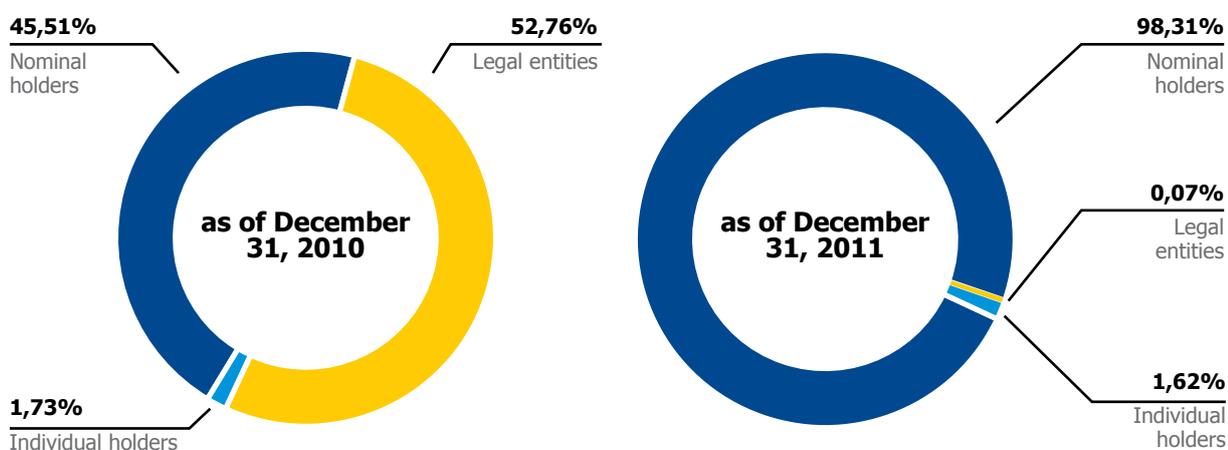
As of December 31, 2011 subjects of the Russian Federation owned 0.0086% stake in JSC "RAO ES of East". The said shares belonged to the Chukotka Autonomous Okrug represented by the Department of Finance, Economy and Property Relations of the Chukotka Autonomous Okrug.

The number of JSC "RAO ES of East" shareholders inscribed in the Company register as of December 31, 2011 (without disclosing nominal holders' clients) totaled **283 917**.

| Shareholders by type (as of December 31, 2011) | | | | |
|--|-------------------|------------------|---------------|----------------------------------|
| Type of shareholder | Number of holders | Number of shares | | Stake in the Managing Company, % |
| | | ordinary | preferred | |
| Individual holders | 283 343 | 520 231 988 | 180 071 464 | 1,6242 |
| Legal entities | 546 | 26 748 765 | 1 900 381 | 0,0664 |
| Nominal holders | 25 | 40 494 770 129 | 1 893 177 539 | 98,3093 |
| Trustees | 3 | 3 102 | 0 | 0,00000719 |
| TOTAL | 283 917 | 41 041 753 984 | 2 075 149 384 | 100,00 |

Without regard to disclosure of the nominal holders' clients

Shareholders' stakes in the Company Charter Capital, %

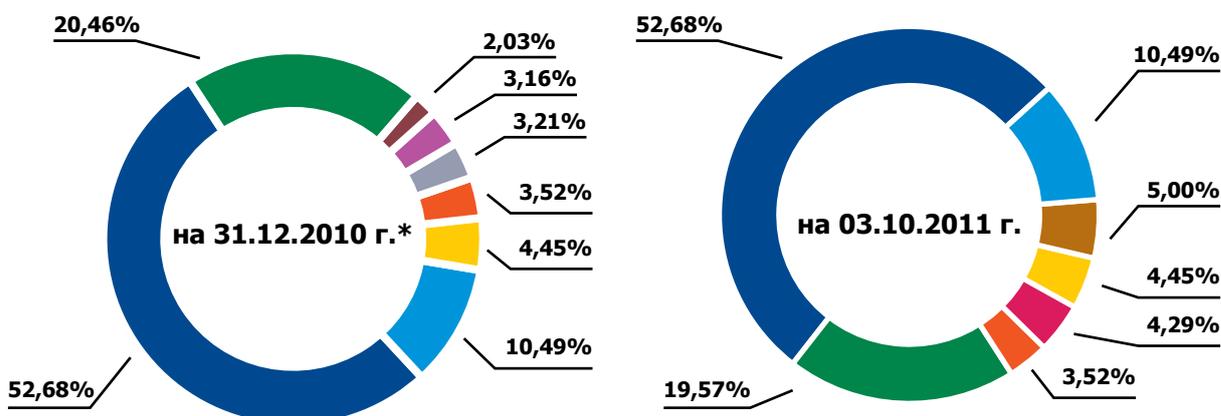




Information on owners holding greater than 2% stakes in the Company Charter Capital (as of October 3, 2011 – the date the list of persons entitled to participate in the extraordinary General Shareholders Meeting of November 30, 2011 was drawn up)

| Name | Number of shares | | Stake in the Managing Company, % |
|---|------------------|-------------|----------------------------------|
| | ordinary | preferred | |
| Russian Federation represented by the Federal Agency for Administration of State Property | 22 569 834 761 | 145 523 224 | 52,6832 |
| Limited liability company LLC "Gazpromenergoholding" | 4 522 879 000 | 100 | 10,4898 |
| ENERGYO SOLUTIONS RUSSIA (CYPRUS) LIMITED | 2 034 593 237 | 122 498 532 | 5,0029 |
| RUSENERGO FUND LIMITED | 1 919 333 600 | 0 | 4,4515 |
| Open joint-stock company JSC "INTER RAO UES" | 1 445 375 963 | 405 126 593 | 4,2918 |
| Open joint-stock company JSC "Mining and Metallurgical Company "Norilsk Nickel" | 1 016 370 000 | 500 000 000 | 3,5169 |

Persons holding greater than 2% stakes in the Company Charter Capital (as of the dates the lists of persons entitled to participate in the General Shareholders Meetings were drawn up), %

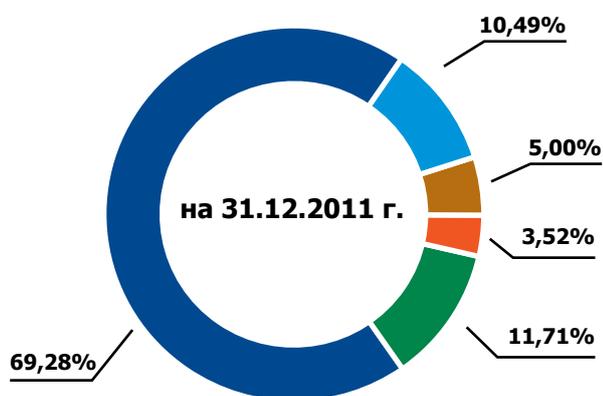


- Russian Federation represented by the Federal Agency for Administration of State Property
- Limited Liability Company "Gazprom Energoholding"
- RUSENERGO FUND LIMITED
- Open Joint-Stock Company "Mining and Metallurgical Company "Norilsk Nickel"
- Limited Liability Company "Index Energetiki FGC UES"
- HQ BANKAKTIEBOLAG
- Hakyon Power Investment Company Limited
- Other shareholders

- Russian Federation represented by the Federal Agency for Administration of State Property
- Limited Liability Company "Gazprom Energoholding"
- ENERGYO SOLUTIONS RUSSIA (CYPRUS) LIMITED
- RUSENERGO FUND LIMITED
- Open Joint-Stock Company "INTER RAO UES"
- Open Joint-Stock Company "Mining and Metallurgical Company "Norilsk Nickel"
- Other shareholders

* December 31, 2010 is the day the list of persons entitles to participate in the extraordinary General Shareholders Meeting of February 15, 2011 was drawn up

**Persons holding greater than 2% stakes in the Company
Charter Capital, %***



- Open Joint-Stock Company "Federal Hydro Generation Company – RusHydro"
- Limited Liability Company "Gazprom Energoholding"
- ENERGO SOLUTIONS RUSSIA (CYPRUS) LIMITED
- Open Joint-Stock Company "Mining and Metallurgical Company "Norilsk Nickel"
- Other shareholders

As of February 7, 2012 the Russian Federation represented by the Federal Agency for Administration of State Property owned 1 492 472 400 ordinary shares in the Company, which accounted for 3.28% of the JSC "RAO ES of East" Charter Capital.

* the JSC "RusHydro" stake as of the indicated dates has been calculated based on the number of JSC "RAO ES of East" shares acquired by JSC "RusHydro" as part of JSC "RusHydro" shareholders' execution of their pre-emption right in respect of the additional issue of JSC "RusHydro" shares. Minority shareholders' stakes have been calculated based on the number of JSC "RAO ES of East" shares in their ownership as indicated in the list of persons entitled to participate in the JSC "RAO ES of East" extraordinary General Shareholders Meeting of November 30, 2011 (the list reflected the status as of October 3, 2011). The Company has no information regarding any changes in these persons' holdings.

**Information on JSC "RAO ES of East" shares owned
by the Company's subsidiaries,
as of December 31, 2011**

| Subsidiary Name | Number of securities | | Stake in the Charter Capital, % |
|--|----------------------|------------------|---------------------------------|
| | ordinary shares | preferred shares | |
| JSC "Joint-Stock Company "Yakutskenergo" | 16 200 | 0 | 0,000038 |

JSC "Joint-Stock Company "Yakutskenergo" had owned 16200 ordinary shares in JSC RAO "UES of Russia". As a result of the JSC RAO "UES of Russia" reorganization through separation that took place on July 1, 2008 JSC "Joint-Stock Company "Yakutskenergo"

received shares in target companies, including those in JSC "RAO ES of East".

In January 2012 LLC "Vostok-Finance", in which JSC "RAO ES of East" is the sole participant, acquired 820 835 079 of additional shares issued by the Company. As of February 7, 2012 (date of state registration of the JSC "RAO ES of East" additional issue placement report), LLC "Vostok-Finance" stake in the JSC "RAO ES of East" Charter Capital stood at 1.81%.





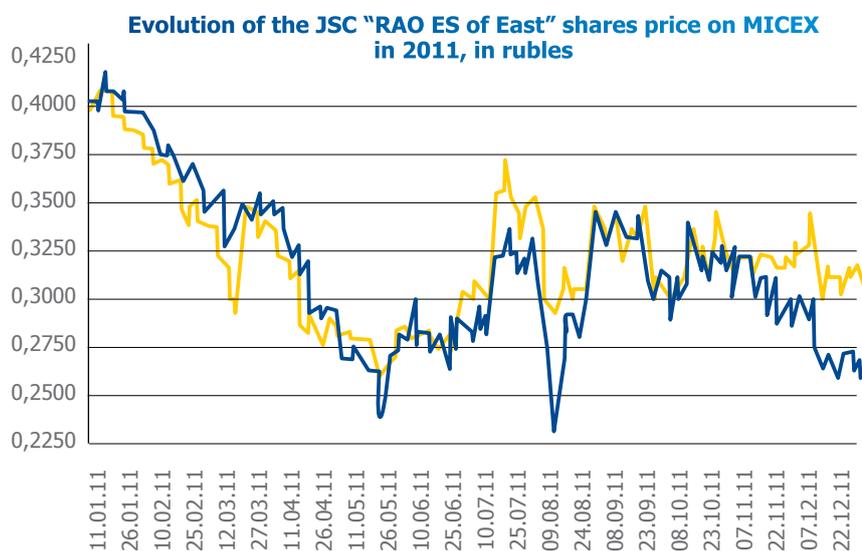
STOCK MARKET REVIEW

In 2011 the Company's ordinary and preferred shares were traded in RTS (JSC RTS) and on MICEX (CJSC "MICEX Stock Exchange"), with the ordinary shares listed by CJSC "MICEX Stock Exchange" on the Quotation List B.

In 2011 the Company's ordinary and preferred shares were de-listed from the JSC RTS quotation list because of the JSC RTS winding-up as a result of its reorganization through merger with CJSC MICEX.

JSC "RAO ES of East" ticker codes in the main trading systems in 2011

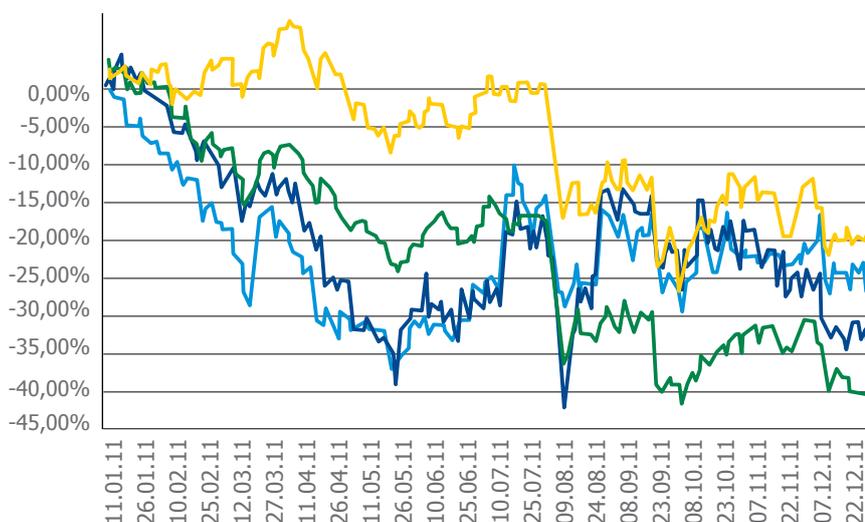
| Stock Exchange | Ordinary shares | Preferred shares |
|---------------------------|-----------------|------------------|
| JSC RTS | VRAO, VRAOG | VRAOP, VRAOPG |
| CJSC MICEX Stock Exchange | VRAO | VRAOP |



Over the year 2011 the JSC "RAO ES of East" ordinary share price on MICEX fell by more than 26% from 0.40800 rubles as of January 11, 2011 to 0.30000 rubles as of December 30, 2011; the preferred share price fell by more than 34% from 0.39430 rubles as of January 11, 2011 to 0.26000 rubles as of December 30, 2011.

■ Ordinary shares
■ Preferred shares

Performance of JSC "RAO ES of East" shares in comparison to stock market indexes in 2011 (MICEX quotes at the close of trading)



The MICEX index declined in 2011 by 18% from 1713.97 as of January 11, 2011 to 1402.33 as of December 30, 2011. Over the same period the MICEX Energy index fell by more than 40% from 3435.23 to 2053.02.

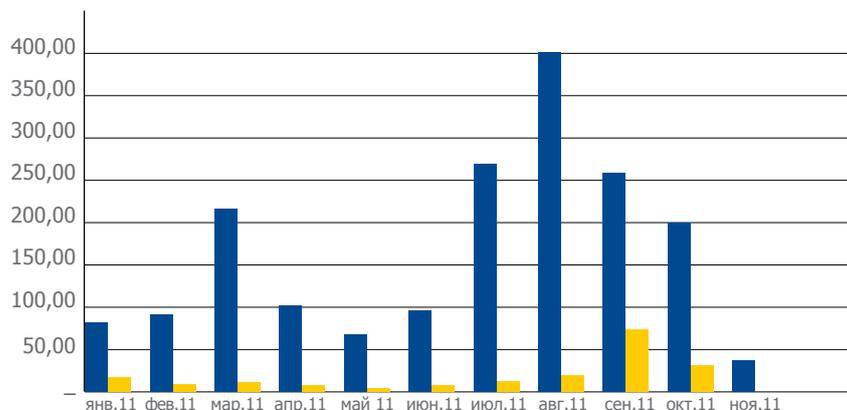
■ MICEX Index
■ MICEX Energy Index
■ Ordinary Shares
■ Preferred Shares

Evolution of JSC "RAO ES of East" capitalization in 2011 based on MICEX quotes at the close of trading, bil. rubles



In 2011 JSC "RAO ES of East" capitalization fell by more than 26% from 17.52 to 12.88 bil. rubles.

The volume of JSC "RAO ES of East" shares traded on MICEX in 2011, mil rubles



45763 transactions involving JSC "RAO ES of East" ordinary shares and 8 688 transactions involving JSC "RAO ES of East" preferred shares had been made on MICEX, with the volume of trading totaling 5 821 705 100 ordinary shares and 623 096 000 preferred shares worth 1 887 mil rubles and 199 mil rubles, respectively.

■ Ordinary shares
■ Preferred shares

MICEX trading data for JSC "RAO ES of East" shares, 2010 - 2011

| | 2011 | | 2010 | |
|--|---------------|-------------|---------------|-------------|
| | Ordinary | Preferred | Ordinary | Preferred |
| Minimum (rubles) | 0,26001 | 0,20504 | 0,33160 | 0,28750 |
| Maximum (rubles) | 0,41000 | 0,42000 | 0,62500 | 0,59400 |
| The year-end average weighted price (rubles) | 0,30056 | 0,26061 | 0,40050 | 0,38250 |
| Number of transactions | 45 763 | 8 688 | 58 041 | 15 531 |
| The number of shares traded | 5 821 705 100 | 623 096 000 | 4 930 879 000 | 494 392 000 |
| Trade volume (in mil. rubles) | 1 887 | 199 | 2 139 | 210 |





4.2. THE COMPANY GOVERNING BODIES

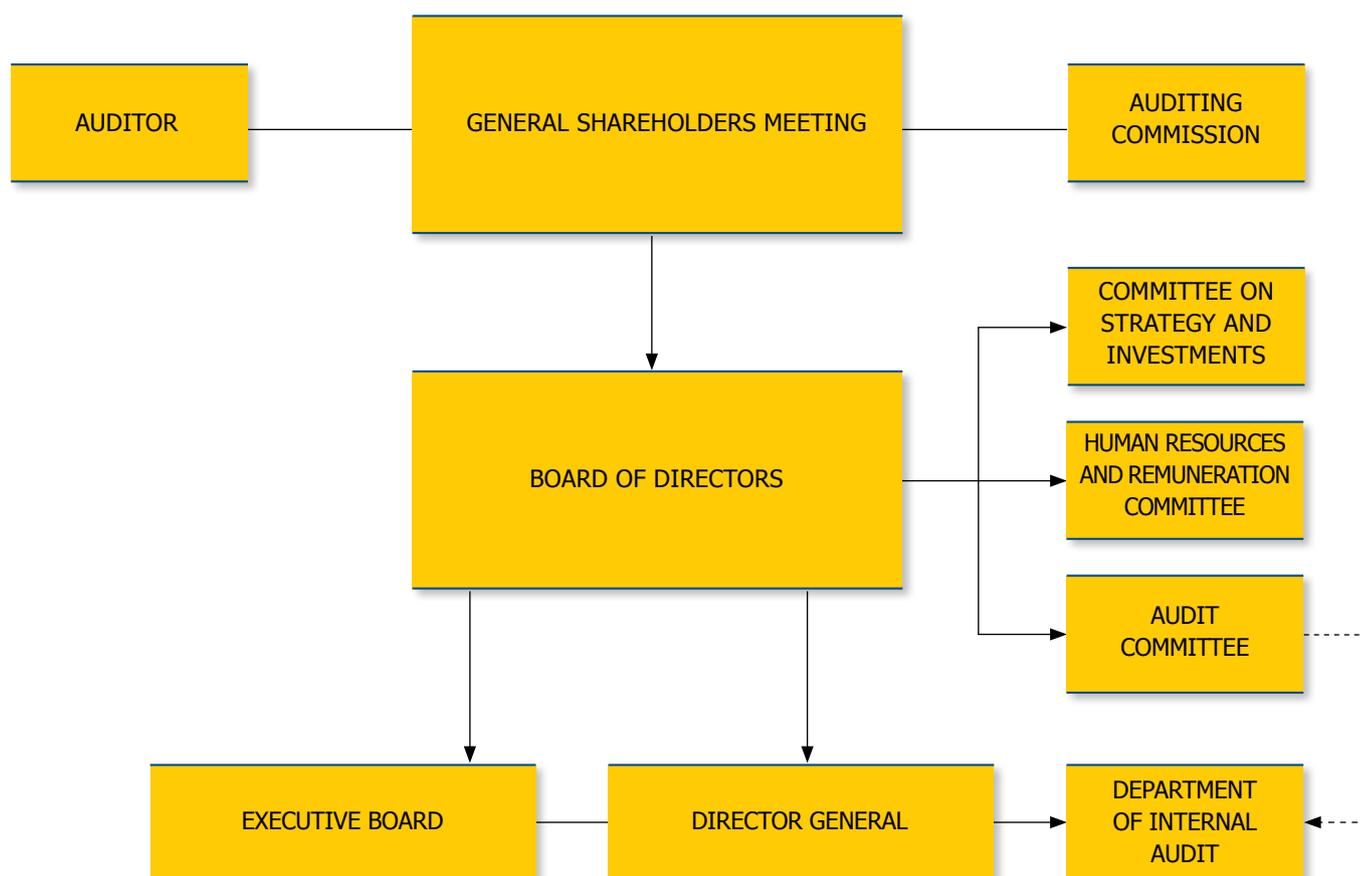
IN ACCORDANCE with the Federal Law "On Joint-Stock Companies" and the Company Charter, the JSC "RAO ES of East" highest governing body is the General Shareholders Meeting. The shareholders exercise their right for participation in the Company's governance via their participation in General Meetings.

The general direction of the Company is provided by the Board of Directors.

The Company executive bodies – the Director General (Chairman of Executive Board) and the Executive Board – manage the Company's current operations.

The Auditing Commission oversees the Company's financial and economic activities.

An independent auditor ensures the truthfulness of the Company's financial statements.



GENERAL SHAREHOLDERS MEETING

Powers pertaining to the competence of the General Shareholders Meeting are those defined in the Federal Law "On Joint-Stock Companies".

An extraordinary General Shareholders Meeting was held on February 15, 2011 (minutes No. 4 dated February 18, 2011).

The following issues were considered at the Meeting:

1. Determination of the number, the nominal value and the categories (types) of authorized shares and rights attached to those shares;
2. Amending the Company Charter.

The annual General Shareholders Meeting was held on June 23, 2011 (minutes No. 5 dated June 28, 2010).

The following issues were considered at the Meeting:

1. Approval of the Company 2010 Annual Report and accounts, including income statement (profit and loss account).
2. Distribution of the Company FY 2010 profits (including a decision on payment (declaration) of dividends) and losses.
3. Election of members of the Company Board of Directors.
4. Election of members of the Company Auditing Commission.
5. Approval of the Company auditor.
6. Compensation payable to members of the Company Board of Directors.

An extraordinary General Shareholders Meeting was held on November 30, 2011 (minutes No. 6 dated November 30, 2011).

The following issues were considered at the Meeting:

1. Election of the Company Director General.
2. Approval of the new version of the Company Charter.
3. Early termination of powers of members of the Board of Directors and election of members of the Company Board of Directors.
4. Early termination of powers of members of the Auditing Commission and election of members of the Company Auditing Commission.
5. Compensation payable to members of the Company Board of Directors.
6. Compensation payable to members of the Company Auditing Commission.
7. Approval of new version of the Company internal regulations:
 - 7.1. Approval of a new version of the Guidelines for preparation and holding the Company General Shareholders Meetings;
 - 7.2. Approval of a new version of the Procedure for convocation of and holding the Company Board of Directors meetings;
 - 7.3. Approval of a new version of the Regulations on the Company Auditing Commission;
 - 7.4. Approval of a new version of the Regulations on the Company Executive Board.





BOARD OF DIRECTORS

The Company Board of Directors provides the general direction to the Company except on issues, which in accordance with the Federal Law "On Joint-Stock Companies" and the Company Charter shall fall within the competence of the General Shareholders Meeting.

The Company Board of Directors is composed of 9 (nine) members. The members of the Company Board of Directors shall be elected by the General Shareholders Meeting through cumulative voting for the period until the next annual General Shareholders Meeting. Powers of the Board of Directors members can be terminated early by the decision of a General Shareholders Meeting.

Shareholders holding at least 2% of the Company's voting shares can nominate candidates for the Board of Directors. In case of absence or insufficient number of candidates nominated by shareholders for the Company Board of Directors the Board of Directors can nominate candidates at its discretion.

18 Board of Directors meetings were held in 2011, none of them in the form of a physical meeting. 63 issues have been considered by the Board of Directors.

According to the acting legislation the Board of Directors considered and took decisions in respect of related party transactions prior to the Company entering into such transactions. Information on such transactions is summarized in the Annex 2.

In 2011 JSC "RAO ES of East" did not enter into any transactions related to acquisition, alienation or a possibility for alienation of property worth 25 or more percent of the Company assets' balance sheet value as of the last reporting date (major transactions).

The Board of Directors is currently composed of the following members elected at the JSC "RAO ES of East" extraordinary General Shareholders Meeting on November 30, 2011 (minutes No. 6 dated November 30, 2011):

Information on the Board of Directors members' stakes in the JSC "RAO ES of East" Charter Capital and the percentage of JSC "RAO ES of East" ordinary shares held by them is as of December 31, 2011 (additional issue shares placed not included).

Dod Evgeny Vyacheslavovich **Chairman of the Company Board of Directors**



Date first elected to the Board of Directors: November 30, 2011

Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies

Kozhemyako Oleg Nikolaevich **Independent Director**



Date first elected to the Board of Directors: November 30, 2011

Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies

Savel'ev Ivan Vyacheslavovich **Independent Director**



Date first elected to the Board of Directors: November 30, 2011

Owns 0.01164% stake in the Charter Capital of JSC "RAO ES of East". Percentage of JSC "RAO ES of East" ordinary shares held – 0.01223%.

Does not own shares in any subsidiary/ dependent companies.

Stanyulenaite Yanina Eduardovna
Deputy Chairman of the Company Board of Directors



Date first elected to the Board of Directors: November 30, 2011

Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies

Kirov Sergey Anatolyevich



Date first elected to the Board of Directors: November 30, 2011

Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies

Posevina Irina Olegovna
Independent Director



Date first elected to the Board of Directors: November 30, 2011

Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies

Remes Seppo Yuha
Independent Director



Date first elected to the Board of Directors: June 23, 2011

Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies

Tolstoguzov Sergey Nikolaevich



Date first elected to the Board of Directors: November 30, 2011

Owns 0.00022% stake in the Charter Capital of JSC "RAO ES of East".
Percentage of JSC "RAO ES of East" ordinary shares held – 0.000231%.
Does not own shares in any subsidiary/ dependent companies.

Shatsky Pavel Olegovich
Independent Director



Date first elected to the Board of Directors: June 23, 2011

Owns 0.000028% stake in the Charter Capital of JSC "RAO ES of East".
Percentage of JSC "RAO ES of East" ordinary shares held – 0.0000049%.
Does not own shares in any subsidiary/ dependent companies.





The Board of Directors is currently composed of the following members elected at the JSC "RAO ES of East" extraordinary General Shareholders Meeting on November 30, 2011 (minutes No. 6 dated November 30, 2011)

| Surname, first name, patronymic | Positions occupied over the last five years: |
|---|--|
| <p>Dod Evgeny Vyacheslavovich (Chairman of the Company Board of Directors)</p> <p>Year of birth: 1973 Education: university level degree (graduated from the Moscow Aviation Institute (State Technical University) in 1995 with specialization in Economic Issues and Management in the Machinery Manufacturing Sector; PhD in Economics) Date first elected to the Board of Directors: November 30, 2011</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies</i></p> | <p>Period: 2009 – present Institution: JSC "RusHydro" Position: Chairman of Executive Board</p> <p>Period: 2008 – 2009 Institution: JSC "INTER RAO UES" Position: Chairman of Executive Board</p> <p>Period: 2000 – 2008 Institution: CJSC "INTER RAO UES" Position: Director General</p> |
| <p>Stanyulenaite Yanina Eduardovna (Deputy Chairman of the Company Board of Directors) Independent Director</p> <p>Year of birth: 1980 Education: university level degree (graduated from the Department of Law of the Moscow State University named after M. V. Lomonosov with specialization in Jurisprudence in 2002, the RF Government Academy of National National Economy in 2009, Institute of Business and Business Administration; MBA in Strategic Management) Date first elected to the Board of Directors: November 30, 2011</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies</i></p> | <p>Period: 2010 – present Institution: JSC "RusHydro" Position: Director for Corporate Governance</p> <p>Period: 2003 – 2010 Institution: JSC "INTER RAO UES" (prior to 2008 – CJSC "INTER RAO UES"). Position: Director for Corporate Governance – Head of the Sector of Corporate and Property Relations</p> |
| <p>Kirov Sergey Anatolyevich</p> <p>Year of birth: 1976 Education: university level degree (graduated from the Perm State Agricultural Academy named after D. N. Pryanishnikov with specialization in Economic Issues and Management in the Agricultural Sector in 1998; qualification of "Economist") Date first elected to the Board of Directors: November 30, 2011</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies</i></p> | <p>Period: 2010 – present Institution: JSC "RusHydro" Position: Director for Economic Affairs</p> <p>Period: 2009 – 2010 Institution: JSC "INTER RAO UES" Position: Deputy Head of the Sector of Economic Affairs and Investment Programs</p> <p>Period: 2006 – 2009 Institution: JSC "Wholesale Generating Company -1" (OGK-1). Position: Financial Director, Deputy Executive Director for Economic Affairs and Finance, member of Executive Board</p> <p>Period: 2005 – 2006. Institution: JSC "Kashira State-owned District Power Plant - 4" ("Kashira GRES-4"). Position: Deputy Executive Director for Economic Affairs and Finance, Financial Director.</p> |
| <p>Kozhemyako Oleg Nikolaevich Independent Director</p> <p>Year of birth: 1962 Education: university level degree (graduated from the Far Eastern Institute of Commerce with specialization in Economic Issues in the Trade Sector in 1992; PhD in Economics) Date first elected to the Board of Directors: November 30, 2011</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies</i></p> | <p>Period: 2008 – present Institution: Government of the Amur Oblast Position: Amur Oblast Governor</p> <p>Period: 2007 – 2008 Institution: Administration of the President of the Russian Federation Position: Assistant to the Head of the Administration of the President of the Russian Federation</p> <p>Period: 2005 – 2007 Institution: Administration of the Koryak Autonomous Okrug Position: Koryak Autonomous Okrug Governor</p> |

| | |
|---|---|
| <p>Posevina Irina Olegovna Independent Director</p> <p>Year of birth: 1970 Education: university level degree (graduated from the G. V. Plekhanov Russian Economic Academy with specialization in Accounting, Controls and Business Analysis in 1994; qualification of "Economist") Date first elected to the Board of Directors: November 30, 2011</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies</i></p> | <p>Period: 2010 – present Institution: JSC "RusHydro" Position: Director for Internal Controls and Risk Management</p> <p>Period: 2008 – 2010 Institution: JSC "INTER RAO UES" Position: Deputy Head for Internal Controls – Head of the Sector of Internal Audit, Controlling and Risk Management; Deputy Head for Internal Controls – Head of the Department of Internal Audit; Director for Audit – Head of the Department of Internal Audit, Chief Auditor – Head of the Department of Internal Audit</p> |
| <p>Remes Seppo Yuha Independent Director</p> <p>Year of birth: 1955 Education: university level degree (graduated in Economics from the University of Oulu (Finland) in 1986; graduated from the School of Economics and Business Administration in Turku (Finland) in 1994; PhD in Economics) Date first elected to the Board of Directors: June 23, 2011</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/ dependent companies</i></p> | <p>Period: 2008 – present Institution: OOO "KIURU" Position: Director General</p> |
| <p>Savel'ev Ivan Vyacheslavovich Independent Director</p> <p>Year of birth: 1984 Education: university level degree (M. V. Lomonosov Moscow State University, 2007; Master's in Financial Management) Date first elected to the Board of Directors: November 30, 2011</p> <p><i>Owns 0.01164% stake in the Charter Capital of JSC "RAO ES of East" Percentage of JSC "RAO ES of East" ordinary shares held – 0.01223%</i> <i>Does not own shares in any subsidiary/ dependent companies</i></p> | <p>Period: 2010 – present Institution: JSC "RusHydro" Position: Director for Strategic Transactions and Capital Markets, Advisor to a Deputy Chairman of Executive Board</p> <p>Period: 2005 – 2010 Institution: JSC "INTER RAO UES" (prior to 2008 – CJSC "INTER RAO UES") Position: Deputy Head of the Sector of Strategy and Investments, Head the Department of Capital Markets</p> |
| <p>Tolstoguzov Sergey Nikolaevich</p> <p>Year of birth: 1964 Education: university level degree (graduated from the Magnitogorsk Mining and Metallurgical Institute named after G. I. Nosov with specialization in Power Supply to Industrial Enterprises, Urban and Rural Areas in 1992; qualification of "Electrical Engineer") Date first elected to the Board of Directors: November 30, 2011</p> <p><i>Owns 0.00022% stake in the Charter Capital of JSC "RAO ES of East" Percentage of JSC "RAO ES of East" ordinary shares held – 0.000231%</i> <i>Does not own shares in any subsidiary/ dependent companies</i></p> | <p>Period: 2011 – present Institution: JSC "RAO Energy Systems of East" Position: Director General, First Deputy Director General – Chief Operations Officer</p> <p>Period: 2011 – 2011 Institution: JSC "Foreign Trade Consortium "Technopromexport" Position: Deputy Director General</p> <p>Period: 2007 – 2011 Institution: JSC "INTER RAO UES" (prior to 2008 – CJSC "INTER RAO UES") Position: Head of the Sector of Assets Management of the JSC "INTER RAO UES" Moscow branch; Head of the Sector of Assets Management of the JSC "INTER RAO UES", Member of Executive Board – Head of the Sector of Assets Management, Member of Executive Board – Head of the Sector of Production Operations; Deputy Director General for Assets Management, head of the project team for consolidation of assets (part time).</p> |
| <p>Shatsky Pavel Olegovich Independent Director</p> <p>Year of birth: 1972 Education: university level degree (graduated from the State Agricultural Extramural University in 1997, graduated from the State Institution of Higher Education "The State University of Management" in 2002) Date first elected to the Board of Directors: June 23, 2010</p> <p><i>Owns 0.000028% stake in the Charter Capital of JSC "RAO ES of East" Percentage of JSC "RAO ES of East" ordinary shares held – 0.000049%</i> <i>Does not own shares in any subsidiary/ dependent companies</i></p> | <p>Period: 2008 – present Institution: OOO "Gazprom Energoholding" (prior to 2009 - OOO "GAS ENERGY COMPANY"). Position: First Deputy Director General</p> <p>Period: 2005 – 2008 Institution: JSC "Siberian Coal Energy Company" Position: Director of the Department of Energy Complex Strategy; Deputy Director for Energy Sector, Mergers and Acquisitions</p> |





Before the current members of the Board of Directors were elected and the new version of the Company Charter was approved at the extraordinary General Shareholders Meeting of November 30, 2011, the Board of Directors had been composed of 15 (fifteen) members. The following persons also served as Board of Directors members in the course of the year 2011:

Members of the JSC "RAO Energy Systems of East" Board of Directors elected at the annual General Shareholders Meeting on June 23, 2011 (Board members' positions are as of the date of the candidates' nomination to the Board of Directors):

1. Volkov Eduard Petrovich – JSC "Energy Institute named after G. M. Krzhizhanovskiy", Chairman of the Board of Directors, Director General (owns 0.00006% stake in the JSC "RAO ES of East" Charter Capital, holds 0,000063% of the JSC "RAO ES of East" ordinary shares, does not own stakes in any subsidiary/dependent companies);

2. Badenkov Anton Yurievich – JSC "INTER RAO UES", Advisor to the Chairman of Executive Board (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

3. Binko Gennady Felixovich – JSC "Inter-Regional Distribution Grid Holding Company", Deputy Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

4. Blagodyr Ivan Valentinovich – JSC "RAO ES of East" Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

5. Zhukov Yuri Nikolaevich – JSC "RAO ES of East" First Deputy Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

6. Ivanov Timur Vadimovich – Federal State Institution "Russian Energy Agency", General Director (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

7. Kurtser Grigory Markovich – CJSC "All-Russia Bank for Development of Regions", President (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

8. Maslov Sergey Vladimirovich – CJSC "Saint-Petersburg International Commodity Exchange", President (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

9. Remes Seppo Yuha – LLC "Kiuru", Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

10. Semenov Victor Germanovich – JSC "VNIPInergoprom", Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

11. Sergienko Valentin Ivanovich – Chairman of the Far Eastern Division of the Russian Academy of Sciences (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

12. Sokolov Andrey Gennadyevich – Ministry of Economic Development of Russia, Department Director (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

13. Shatsky Pavel Olegovich – LLC "Gazprom Energoholding", First Deputy Director General (owns 0.000028% stake in the JSC "RAO ES of East" Charter Capital, holds 0.0000049% of the JSC "RAO ES of East" ordinary shares, does not own stakes in any subsidiary/dependent companies);

14. Shishkin Andrey Nikolaevich – Deputy Minister of Energy of the Russian Federation (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

15. Shugaev Dmitry Evgenyevich – State Corporation "Rostekhnologii", Deputy Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies).

Members of the JSC "RAO Energy Systems of East" Board of Directors elected at the annual General Shareholders Meeting on June 23, 2010 (Board members' positions are as of the date of the candidates' nomination to the Board of Directors):

1. Shishkin Andrey Nikolaevich – Chairman of the Board of Directors; Deputy Minister of Energy of the Russian Federation (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

2. Ivanov Timur Vadimovich – Deputy Chairman of the Board of Directors; Federal State Institution "Rosinformresurs" of the Russian ministry of Energy, General Director (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

3. Badenkov Anton Yurievich – JSC "INTER RAO UES", Advisor to the Chairman of Executive Board (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

4. Binko Gennady Felixovich – JSC "Moscow Regional Grid Holding Company", Deputy Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

5. Blagodyr Ivan Valentinovich – JSC "RAO ES of

East" Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

6. Volkov Eduard Petrovich – JSC "Energy Institute named after G. M. Krzhizhanovsky", Executive Director (owns 0.00006% stake in the JSC "RAO ES of East" Charter Capital, holds 0,000063% of the JSC "RAO ES of East" ordinary shares, does not own stakes in any subsidiary/dependent companies);

7. Zhukov Yuri Nikolaevich – JSC "RAO ES of East" First Deputy Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

8. Kurtser Grigory Markovich – CJSC "All-Russia Bank for Development of Regions", Acting President (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

9. Maslov Sergey Vladimirovich – CJSC "Saint-Petersburg International Commodity Exchange", President (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

10. Semenov Victor Germanovich – JSC "VNIPienergoprom", Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

11. Sergienko Valentin Ivanovich – Chairman of the Far Eastern Division of the Russian Academy of Sciences (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

12. Sokolov Andrey Gennadyevich – Ministry of Economic Development of Russia, Department Director (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

13. Solovyov Yuri Alexeevich – CJSC "VTB Capital", Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

14. Fyodorov Denis Vladimirovich – JSC "Gazprom", Head of the Directorate for Energy Sector Development and Marketing in the Electrical Energy Sector; JSC "Centrenergoholding", Director General; LLC "Gazpromenergoholding", Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

15. Shatsky Pavel Olegovich – LLC "Gazprom Energoholding", First Deputy Director General (owns 0.000028% stake in the JSC "RAO ES of East" Charter Capital, holds 0.0000049% of the JSC "RAO ES of East" ordinary shares, does not own stakes in any subsidiary/dependent companies).

In the course of the year 2011 members of the Company Board of Directors did not enter into any transactions involving JSC "RAO ES of East" shares.

COMPENSATION FOR MEMBERS OF THE BOARD OF DIRECTORS

Before November 30, 2011 compensation and reimbursements for members of the Company Board of Directors had been governed by the Regulations on Compensation and Reimbursements for members of the JSC "RAO ES of East" Board of Directors, approved by the Company annual General Shareholders Meeting of June 23, 2010.

The said Regulations did not apply to members of the Company Board of Directors who at the same time served on the Company collective or as the Company individual executive body.

Compensation or reimbursements for members of the Company Board of Directors, in respect of which a federal law contains provisions limiting or prohibiting these persons from accepting any pay from commercial institutions, were not paid or accrued.

Members of the Company Board of Directors were compensated at the end of their term for the period from the date the candidate had been elected to the Company Board of Directors to the date a new Board of Directors was elected. Members of the Board of Directors received lump sum compensation in Russian rubles.

The amount of compensation for serving on the Company Board of Directors was calculated for each Board member based on the total number of Board of Directors meetings held over the course of the past corporate year and the number of meetings in which the said Board member had participated, according to the formula:

$$S(1) = \text{BaseC} * 100 / 130 * (n/m), \text{ where}$$

S(1) – the amount of compensation for serving on the Company Board of Directors;

BaseC – base compensation equal to 900 thousand rubles;

n – the number of Board of Directors meetings (regardless of the form in which they had been held), in which the member of the Board of Directors had participated during the period between the annual General Shareholders Meetings;

m – the total number of Board of Directors meetings (regardless of the form in which they had been held) held during the period between the annual General Shareholders Meetings.

In addition to the amount of compensation calculated according to the above formula, the Chairman of the Board of Directors was entitled to a 30% increase, the Chairman of a Board of Directors specialized Committee





was entitled to a 20% increase, and members of a Board of Directors specialized Committee were entitled to a 10% increase.

With all the increments taken into account the total compensation payable to a member of the Board of Directors could not exceed 900 thousand rubles.

At the same time, the compensation was not payable where a member of the Company Board of Directors had not participated in more than 50% of the Board of Directors meetings held during the period from the date of his or her election to the Board to the date he or she ceased to be a member of the Board; and the increments did not apply where a member of the Board of Directors had acted in the corresponding capacity at less than 50% of the corresponding body's meetings held during the period from the date of his or her election to the date he or she ceased to be a member of that body.

A member of the Board of Directors was entitled to reimbursement of actual expenses associated with his or her participation in the Company Board of Directors meetings (travel, accommodation, meals etc). Members of the Board of Directors were also entitled to reimbursement of their business trip expenses associated with their visiting Company sites, meeting shareholders or investors, participating in the Company General Shareholders Meetings, or when carrying out other assignments related to their acting in the capacity of a member of the Company Board of Directors.

Since November 30, 2011 compensation and reimbursements for members of the Company Board of Directors have been governed by the Regulations on Compensation and Reimbursements for members of the JSC "RAO ES of East" Board of Directors, approved by the Company extraordinary General Shareholders Meeting of November 30, 2011.

In accordance with the aforementioned Regulations, compensation or reimbursements for the Chairman or members of the Company Board of Directors, in respect of which a federal law contains provisions limiting or prohibiting them from accepting any pay from commercial institutions, shall not be paid or accrued.

A member of the Board of Directors is entitled to compensation for his or her participation in a Board of Directors meeting equal to 1 (one) minimum monthly remuneration payable to a first category worker as set by the Russian Federation Electric Energy Sector Tariff Agreement as of the date of the Board of Directors meeting that shall be paid within 30 (thirty) days from

the date of the Board of Directors meeting. The Chairman of the Board of Directors compensation shall be increased by 30%.

The total compensation payable to each member of the Board of Directors for the period from the date he or she is elected to the Board of Directors by a General Shareholders Meeting to the date this Board of Directors steps down shall not exceed the base amount of compensation equal to 100 000 (one hundred thousand) rubles.

Members of the Board of Directors are entitled to reimbursement of actual expenses (travel, accommodation, meals etc) associated with their visiting Company sites, participating in meetings with shareholders or investors, General Shareholders Meetings or Company Board of Directors meetings, as well as their carrying out other assignments related to their acting in the capacity of members of the Company Board of Directors in accordance with the Company business trip expenses reimbursement norms.

At the JSC "RAO ES of East" annual General Shareholders Meeting of June 23, 2011 shareholders did not decide on paying compensation to members of the Company Board of Directors (for their participation in the Board of Directors activities during the period from June 23, 2010 to June 23, 2011) in accordance with the Regulations on Compensation and Reimbursements for members of the JSC "RAO ES of East" Board of Directors.

At the Company extraordinary General Shareholders Meeting of November 30, 2011 shareholders decided on compensating members of the Company Board of Directors elected at the annual General Shareholders Meeting of June 23, 2011 in accordance with the Regulations on Compensation and Reimbursements for members of the JSC "RAO ES of East" Board of Directors approved by the Company annual General Shareholders Meeting of June 23, 2010.

Compensation for participating in the Board of Directors activities during the period from June 23, 2011 to November 30, 2011 shall be paid to the members of the Board of Directors in 2012.

Members of the Board of Directors elected at the Company extraordinary General Shareholders Meeting of November 30, 2011 shall be compensated for their participation in the meetings held during the period from November 30, 2011 to December 31, 2011 in 2012.

Therefore, **in the reporting period no compensations for members of the Board of Directors have been paid.**

EXECUTIVE BOARD

The Executive Board chaired by the Director General is a collective executive body of the Company. The Director General proposes to the Board of Directors, and the Board of Directors determines the number of members that the Executive Board shall consist of. Members of the Company Executive Board, except the Director General, shall be appointed to 5 year terms at a recommendation of the Director General and can be dismissed from office before the end of

their terms by the Company Board of Directors. The Executive Board is governed by the Charter and Regulations on the Executive Board approved by the JSC "RAO ES of East" extraordinary General Shareholders Meeting of November 30, 2011. Regulations on the JSC "RAO ES of East" Executive Board stipulate the procedure for convocation, including the relevant deadlines, and holding Executive Board meetings, as well as the Executive Board decision making procedure.

On December 22, 2011 the Board of Directors terminated powers of the members of Executive Board (minutes No. 69 dated December 22, 2011) that had been elected by the Company Board of Directors earlier (minutes No. 14 dated January 22, 2009; minutes No. 27 dated August 7, 2009; minutes No. 35 dated February 16, 2010; minutes No. 49 dated November 22, 2010; minutes No. 64 dated August 10, 2011), decided that the Company Executive Board shall consist of 7 (seven) members, and elected the members of the Executive Board.



**Tolstoguzov
Sergey Nikolaevich**

Director General

| As of December 31, 2011 the Company Executive Board was composed of the following members | |
|---|---|
| Surname, first name, patronymic | Positions occupied over the last five years |
| <p>Tolstoguzov Sergey Nikolaevich (chairs the Executive Board pursuant to Art. 69 part 1 of the Federal Law "On Joint-Stock Companies")</p> <p>Year of birth: 1964 Education: university level degree</p> <p><i>Owns 0.00022% stake in the Charter Capital of JSC "RAO ES of East" Percentage of JSC "RAO ES of East" ordinary shares held – 0.000231% Does not own shares in any subsidiary/dependent companies</i></p> | <p>Period: 2011 – present Institution: JSC "RAO Energy Systems of East" Position: Director General, First Deputy Director General – Chief Operations Officer</p> <p>Period: 2011 – 2011 Institution: JSC "Foreign Trade Consortium "Technopromexport" Position: Deputy Director General</p> <p>Period: 2007 – 2011 Institution: JSC "INTER RAO UES" (prior to 2008 – CJSC "INTER RAO UES") Position: Head of the Sector of Assets Management of the JSC "INTER RAO UES" Moscow branch; Head of the Sector of Assets Management of the JSC "INTER RAO UES", Member of Executive Board – Head of the Sector of Assets Management, Member of Executive Board – Head of the Sector of Production Operations; Deputy Director General for Assets Management, head of the project team for consolidation of assets (part time).</p> |





**Negomedzyanov
Alexander Alexandrovich**

**First Deputy Director General –
Chief Operations Office**



**Vasilyev
Valery Alexandrovich**

**Deputy Director General for
Energy Sales**

| Surname, first name, patronymic | Positions occupied over the last five years |
|--|--|
| <p>Negomedzyanov Alexander Alexandrovich Chairman of Executive Board)</p> <p>Year of birth: 1952 Education: university level degree</p> <p><i>Owns 0.0000046% stake in the Charter Capital of JSC "RAO ES of East"</i> <i>Percentage of JSC "RAO ES of East" ordinary shares held – 0.0000049%</i> <i>Does not own shares in any subsidiary/dependent companies</i></p> | <p>Period: 2010 – present Institution: JSC "RAO Energy Systems of East" Position: First Deputy Director General – Chief Operations Officer, Deputy Director General for Economic Affairs and Finance</p> <p>Period: 2008 – 2009. Institution: JSC "Wholesale Generating Company – 5" (OGK-5) Position: First Deputy Director General – Executive Director</p> <p>Period: 2005 – 2008 Institution: JSC "Mosenergo" Position: First Deputy Director General for Financial and Economic Affairs</p> |
| <p>Vasilyev Valery Alexandrovich</p> <p>Year of birth: 1958 Education: university level degree</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies</i></p> | <p>Period: 2008 – present Institution: JSC "RAO Energy Systems of East" Position: Deputy Director General for Energy Sales, Energy Sales Director</p> <p>Period: 2008 – 2008 Institution: JSC RAO "UES of Russia" Position: Chief Expert – Advisor</p> <p>Period: 2005 – 2007 Institution: JSC "Wholesale Generating Company – 3" (OGK-3) Position: Head of the Sales Division, Deputy Director General for Sales, Deputy Director General for Energy Sales in the Wholesale Energy Market and for Sales of Heat</p> |



**Vainilavichute
Alla Petrasovna**

Chief Accountant



**Kaplun
Alexei Alexandrovich**

**Deputy Director General for
Strategy and Investments**

| Surname, first name, patronymic | Positions occupied over the last five years |
|--|--|
| <p>Vainilavichute Alla Petrasovna</p> <p>Год рождения: 1961. Year of birth: 1961 Education: university level degree</p> <p><i>Owns 0.00000037% stake in the Charter Capital of JSC "RAO ES of East"</i></p> <p><i>Percentage of JSC "RAO ES of East" ordinary shares held – 0.00000027%</i></p> <p><i>Does not own shares in any subsidiary/dependent companies</i></p> | <p>Period: 2011 – present Institution: JSC "RAO Energy Systems of East" Position: Chief Accountant</p> <p>Period: 2009 – 2011 Institution: JSC "Wholesale Generating Company – 3" (OGK-3) Position: Chief Accountant</p> <p>Period: 2008 – 2009 Institution: State Corporation "Russian Nanotechnology Corporation" Position: Deputy Chief Accountant for General and Tax Accounting Methodology</p> |
| <p>Kaplun Alexei Alexandrovich</p> <p>Year of birth: 1973 Education: university level degree</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies</i></p> | <p>Period: 2011 – present Institution: JSC "RAO Energy Systems of East" Position: Deputy Director General for Strategy and Investments, Counselor of the 1st category</p> <p>Period: 2007 – 2011 Institution: JSC "INTER RAO UES" (prior to 2008 – CJSC "INTER RAO UES") Position: Head of a Project Team, Head of the Directorate for Organization of Management, Head of the Department of Production, Deputy Head of Sector – Head of the Production Development Department of the Sector of Production</p> |



**Linetsky
Stanislav Vladimirovich**

**Deputy Director General for
Corporate and Legal Support**



**Linker
Lada Alexandrovna**

**Director for Economic Affairs and
Tariffs**

| Surname, first name, patronymic | Positions occupied over the last five years: |
|---|--|
| <p>Linetsky Stanislav Vladimirovich</p> <p>Year of birth: 1975 Education: university level degree</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies</i></p> | <p>Period: 2011 – present Institution: JSC "RAO Energy Systems of East" Position: Deputy Director General for Corporate and Legal Support, Counselor of the 1st category</p> <p>Period: 2009 – 2011 Institution: CJSC "Krasny Kotel'shchik – Vostok" Position: Deputy Director General</p> <p>Period: 2008 – 2009 Institution: JSC "Eastern Energy Company" Position: Director of Legal Department</p> |
| <p>Linker Lada Alexandrovna</p> <p>Year of birth: 1971 Education: university level degree</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies</i></p> | <p>Period: 2009 – present Institution: JSC "RAO Energy Systems of East" Position: Director for Economic Affairs and Tariffs</p> <p>Period: 2005 – 2009 Institution: JSC "Wholesale Generating Company – 3" (OGK-3) Position: Head of the Department of Economic Planning and Analysis</p> <p>Period: 2001 – 2005 Institution: Regional Tariffs Service (Volgograd) Position: Head of the Department of Tariffs</p> |

Information on the Executive Board members' stakes in the JSC "RAO ES of East" Charter Capital and the percentage of JSC "RAO ES of East" ordinary shares held by them is as of December 31, 2011 (additional issue shares placed not included).

In total, 35 Executive Board meetings were held in 2011 with 135 items on the agenda.

JSC "RAO ES of East" has no regulations concerning compensation or reimbursements for members of the Executive Board.

Members of the Company Executive Board are entitled to salary, bonuses, commission fees, benefits, reimbursement of expenses in accordance with the labor contracts they have entered into as the Company employees.

The overall amount of compensation that has in the reporting period (2011) been paid to all persons that

served in the course of the reporting period on the Company collective executive body (Executive Board), including to the person serving as the individual executive body (Director General) and members of the Executive Board whose powers were terminated in 2010, stands at 93 062.16 thousand rubles (including salary, bonuses, termination benefits, leave benefits).

The following changes in the composition of the Company Executive Board took place in the course of the year 2011.

As of January 1, 2011 the Company Executive Board was composed of the following persons:

- **Blagodyr Ivan Valentinovich** – the Company Director General, pursuant to Art. 69 part 1 of the Federal Law "On Joint-Stock Companies" chaired the Company Executive Board (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

- **Demchenko Oleg Vasilyevich** – the Company Deputy Director General for Strategy and Development (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

- **Zhukov Yuri Nikolaevich** – the Company First Deputy Director General (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

- **Linker Lada Alexandrovna** – the Company Officer for Economic Affairs and Tariffs (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies);

- **Negomedzyanov Alexander Alexandrovich** – the Company First Deputy Director General – Chief Operations Officer (owns 0.0000046% stake in the JSC "RAO ES of East" Charter Capital, holds 0.0000049% of the JSC "RAO ES of East" ordinary

shares, does not own shares in any of the JSC "RAO ES of East" subsidiary/dependent companies);

- **Suyunova Madina Mukharbievna** – the Company Officer for Strategy (owns 0.00052% stake in the JSC "RAO ES of East" Charter Capital, holds 0.00056% of the JSC "RAO ES of East" ordinary shares, does not own shares in any of the JSC "RAO ES of East" subsidiary/dependent companies);

- **Smirnov Vladimir Ivanovich** – the Company Deputy Director General for Security (does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies).

On August 10, 2011 the Board of Directors decided (minutes No. 64 dated August 10, 2011) on early termination of powers of the Executive Board members Zhukov Yuri Nikolaevich and Suyunova Madina Mukharbievna, reduced the number of Executive Board members from 7 (seven) to 6 (six), and appointed Tolstoguzov Sergey Nikolaevich, First Deputy Director General – Chief Operations Officer, to the Company Executive Board.

In the course of the year 2011 members of the Company Executive Board did not enter into any transactions involving JSC "RAO ES of East" shares.





DIRECTOR GENERAL

Director General is the Company individual executive body. The Director General manages the Company's current operations in compliance with the decisions taken by the General Shareholders Meeting and the Company Board of Directors within their respective competence. The Director General chairs the Company Executive Board.

According to the JSC "RAO Energy Systems of East" Charter the Director General is the competent body for all issues related to management of the Company's current operations except for issues that fall within the competence of the General Shareholders Meeting, the Board of Directors and the Executive Board.

The General Shareholders Meeting is the body competent for election and early termination of powers of the Company Director General. In addition, the

Board of Directors can at any time suspend the powers of the Director General, create a temporary individual executive body of the Company (Director General) and convene an extraordinary General Shareholders Meeting that shall consider early termination of the powers of the Director General and form the new executive body.

The Company extraordinary General Shareholders Meeting of November 30, 2011 elected **Tolstoguzov Sergey Nikolaevich** the JSC "RAO ES of East" Director General effective December 1, 2011.

Year of birth – 1964.

Holds 0.00022% stake in the JSC "RAO ES of East" Charter Capital (0.000231% of the JSC "RAO ES of East" ordinary shares); does not hold shares in any subsidiary/dependent companies.



Sergey Nikolaevich Tolstoguzov **JSC "RAO ES of East"** **Director General**

Sergey Nikolaevich Tolstoguzov was born in the town of Kumertau, Bashkir Autonomous Soviet Socialist Republic.

He is energy professional and holds an honorary title "Veteran of the Energy Sector".

He has higher professional education. In 1992 he graduated from the Magnitogorsk Mining and Metallurgical Institute named after G. I. Nosov with specialization in Power Supply to Industrial Enterprises, Urban and Rural Areas. He also has secondary professional education with specialization in Mining Electromechanical Machinery.

He joined JSC "RAO ES of East" in August 2011 as the First Deputy Director General – Chief Operations Officer and was elected JSC "RAO ES of East" Director General effective December 1, 2011.

Earlier he occupied various positions at JSC "RAO UES of Russia", JSC "INTER RAO UES", "Rosenergoatom" Consortium and JSC "Bashkirenergo".

From the date of the Company state registration (July 1, 2008) till November 30, 2011 Blagodyr Ivan Valentinovich had been serving as the JSC "RAO ES of East" Director General. Powers of Blagodyr I. V. were terminated in accordance with the decision of the Company extraordinary General Shareholders Meeting of November 30, 2011.

The salary for the Director General is set by a decision of the Company Board of Directors or a person authorized by the Company Board of Directors to determine the terms of a labor contract with the Director General and sign such contract on behalf of the Company.

In accordance with the Regulations on Compensation (Economic Stimulation) and Reimbursements

(Social Benefits) Payable to the JSC "RAO ES of East" Director General, the Company Director General is entitled to bonuses for achieving key efficiency indicators, fulfillment of particularly important tasks (work), as well as to one-time bonuses in cases of his receiving State, Government, Sector, Corporate or other Awards.

The KPI-based compensation (bonus) payable to the Director General depends on attainment (progress in attainment) of the Company target KPIs as set by the Company Board of Directors for various reporting periods (quarter, year).

He began his professional career as an engineer and grew to the level of a company Director General. In various years he was holding the following posts:

- From 1989 to 1997: Production and Technical Service engineer, Chief Engineer of the Kumertau Power Distribution Grid, Deputy Chief Engineer of the Kumertau Power Grids of JSC "Bashkirenergo".
- From 1997 to 2003: Head of the Reliability and Technical Safety Service, Deputy Director for General Affairs of the Kumertau Heat and Power Plant of JSC "Bashkirenergo".
- From 2003 to 2005: Chief Specialist of the Department of Technical Support and Development of the Central Commercial Dispatching Administration of the FGUP "Russian State Consortium "Energoatom".

- From 2005 to 2007: Head of the Generation Facilities Operating Department, Deputy Managing Director, Head of the Construction Complex and Generation Management Department of the "Service" Business Unit of JSC "RAO UES of Russia".

- From April 2007 to April 2008: Deputy Director General for Assets Management, Head of the Project Team for consolidation of CJSC "INTER RAO UES" assets.

- From May 2008 to January 2011: member of Executive Board – Head of the Sector of Assets Management, member of Executive Board – Head of the Sector of Production, Advisor to the Chairman of the JSC "INTER RAO UES" Executive Board.

- From February 2011 to August 2011: Deputy Director General of JSC "Foreign Trade Consortium "Technopromexport".





4.3. BOARD OF DIRECTORS COMMITTEES

According to the JSC "RAO ES of East" Charter creation of Board of Directors Committees, appointing members to the Committees, approval of regulations on Company Board of Directors Committees fall within the competence of the Company Board of Directors. By a decision of the Company Board of Directors of April 29, 2009 (minutes No. 21 dated April 29, 2009) the following Board of Directors Committees were created:

1. **Audit Committee;**
2. **Human Resources and Remuneration Committee;**
3. **Committee on Strategy and Investments.**

There had been changes in the Board of Directors Committees membership between the Committees' creation date and the end of the reporting period.

THE JSC "RAO ENERGY SYSTEMS OF EAST" BOARD OF DIRECTORS AUDIT COMMITTEE

In accordance with the Regulations on the Company Board of Directors Audit Committee, the Committee's objective is to develop and present to the Company Board of Directors recommendations (opinions) on the following issues:

- oversight and analysis of the Company financial and economic activities;
- evaluation of candidates for the Company auditor, evaluation of the auditor opinions, evaluation of effectiveness of the Company internal controls and development of proposals for their strengthening.

According to a decision of the Company Board of Directors the Audit Committee shall consist of not less than 3 (three) and not more than 11 (eleven) members.

In accordance with Art 1.3.1 Chapter 8 of the Corporate Governance Code, implementation of which has been recommended by the FSFM decree No. 421/p of April 4, 2002 in view of ensuring the due objectivity of companies' financial and economic activities oversight process, it is recommended that audit committees be composed only of independent directors. Where this is not possible for objective reasons, the audit committee shall be chaired by an independent director and consist of independent and non-executive directors.

The composition of the Board of Directors Audit Committee changed twice in 2011.

As of December 31, 2011 the Company had the Audit Committee elected by the JSC "RAO ES of East" Board of Directors on December 22, 2011 (minutes No. 69 dated December 22, 2011). The Audit Committee consists of the following Board of Directors members:

| December 22, 2011 – Present |
|---|
| Posevina Irina Olegovna – JSC "RusHydro" Director for Internal Controls and Risk Management; JSC "RAO ES of East" Board of Directors member and Chair of the Audit Committee |
| Remes Seppo Yuha – LLC "Kiuru" Director General; member of JSC "RAO ES of East" Board of Directors |
| Kirov Sergey Anatolievich – JSC "RusHydro" Director for Economic Affairs; member of JSC "RAO ES of East" Board of Directors |

The Audit Committee members' positions are as of the date of their election to the Audit Committee

Before the Board of Directors Audit Committee was elected at the Company Board of Directors meeting of December 22, 2011, the composition of the Audit Committee had undergone the following changes.

In the period between September 19, 2011 and December 22, 2011 the Audit Committee was, pursuant to the Board of Directors decision of September 19, 2011 (minutes No. 65 dated September 19, 2011), composed of the following members of the Board of Directors:

| September 19, 2011 – December 22, 2011 |
|---|
| Semenov Victor Germanovich – member of the JSC “RAO ES of East” Board of Directors (until November 30, 2011), Chairman of the Audit Committee; |
| Kurtser German Markovich – member of JSC “RAO ES of East” Board of Directors (until November 30, 2011) |
| Maslov Sergey Vladimirovich – member of JSC “RAO ES of East” Board of Directors (until November 30, 2011) |

In the period between September 16, 2010 and September 19, 2011 the Audit Committee was, pursuant to the Board of Directors decision of September 16, 2010 (minutes No. 48 dated September 19, 2010), composed of the following members of the Board of Directors:

| September 16, 2010 – September 19, 2011 |
|--|
| Binko Gennady Felixovich – Chairman of the Committee, member of the JSC “RAO ES of East” Board of Directors (until November 30, 2011) |
| Semenov Victor Germanovich – member of JSC “RAO ES of East” Board of Directors (until November 30, 2011) |
| Fyodorov Denis Vladimirovich – member of JSC “RAO ES of East” Board of Directors (until June 23, 2011) |

No compensation had been paid to the Board of Directors Audit Committee members in 2011.

JSC “RAO ES OF EAST” BOARD OF DIRECTORS HUMAN RESOURCES AND REMUNERATION COMMITTEE

In accordance with the Regulations on the Company Board of Directors Human Resources and Remuneration Committee, the Committee’s objective is to develop and present to the Company Board of Directors recommendations (opinions) on the following issues:

- determination of criteria for selection of candidates for the Director General and the Company collective executive body;
- analysis and evaluation of performance of the Director General and the Company collective executive body;
- development of principles and criteria for compensation and economic stimulation for members of the Company Board of Directors, the Company Director General, members of the Company collective executive body, members of the Company Auditing Commission.

According to a decision of the Company Board of Directors the Human Resources and Remuneration Committee shall consist of not less than 3 (three) and not more than 11 (eleven) members.

The composition of the Board of Directors Human Resources and Remuneration Committee changed twice in 2011.

As of December 31, 2011 the Company had the Human Resources and Remuneration Committee elected by the JSC “RAO ES of East” Board of Directors on December 22, 2011 (minutes No. 69 dated December 22, 2011). The Human Resources and Remuneration Committee consists of the following members:

| December 22, 2011 – Present |
|--|
| Galka Vadim Vadimovich – JSC “RusHydro” Director for Personnel Management; Chairman of the Human Resources and Remuneration Committee |
| Stanyulenaite Yanina Eduardovna – JSC “RusHydro” Director for Corporate Governance; member of the JSC “RAO ES of East” Board of Directors |
| Kirov Sergey Anatolyevich – JSC “RusHydro” Director for Economic Affairs; member of the JSC “RAO ES of East” Board of Directors |
| Korobkina Irina Yurievna – Deputy Head of the Electric Energy Sector Development and Marketing Division, JSC “Gazprom” |

The Human Resources and Remuneration Committee members’ positions are as of the date of their election to the Human Resources and Remuneration Committee





Before the Board of Directors Human Resources and Remuneration Committee was elected at the Company Board of Directors meeting of December 22, 2011, the composition of the Human Resources and Remuneration Committee had undergone the following changes.

In the period between September 19, 2011 and December 22, 2011 the Human Resources and Remuneration Committee was, pursuant to the Board of Directors decision of September 19, 2011 (minutes No. 65 dated September 19, 2011), composed of the following members:

| September 19, 2011 – December 22, 2011 |
|--|
| Volkov Eduard Petrovich – Chairman of the Committee, member of the JSC “RAO ES of East” Board of Directors (until November 30, 2011) |
| Galka Vadim Vadimovich – JSC “RusHydro” Director for Personnel Management |
| Kirov Sergey Anatolyevich – JSC “RusHydro” Director for Economic Affairs; member of the JSC “RAO ES of East” Board of Directors (since November 30, 2011) |

In the period between September 16, 2010 and September 19, 2011 the Human Resources and Remuneration Committee was, pursuant to the Board of Directors decision of September 16, 2010 (minutes No. 48 dated September 19, 2010), composed of the following members:

| September 16, 2010 – September 19, 2011 |
|--|
| Sokolov Andrey Gennadievich – Chairman of the Committee, member of the JSC “RAO ES of East” Board of Directors (until November 30, 2011) |
| Ivanov Timur Vadimovich – member of the JSC “RAO ES of East” Board of Directors (until November 30, 2011) |
| Korobkina Irina Yurievna – Deputy Head of the Department of Electric Energy Sector Reform, Electric Energy Sector Development and Marketing Division, JSC “Gazprom” |

JSC “RAO ES OF EAST” BOARD OF DIRECTORS COMMITTEE ON STRATEGY AND INVESTMENTS

In accordance with the Regulations on the Company Board of Directors Committee on Strategy and Investments, the Committee’s objective is to develop and present to the Company Board of Directors recommendations (opinions) on the following issues:

In the strategy domain:

- priority areas of activity, strategic issues of development of the Company, its subsidiary and dependent companies and the Holding as a whole;
 - Company assets structuring and management;
 - increasing the Company and its subsidiary and dependent companies investment attractiveness and capitalization;
 - Company long-term performance evaluation and development of recommendations for the Board of Directors concerning adjustments to the existing Company and its subsidiary and dependent companies’ development strategy;
 - overseeing progress in implementing programs and projects approved by the Company.

In the area of investments:

- giving preliminary consideration to the Company investment projects and modalities of their implementation;
- development and improvement of the Company and its subsidiary and dependent companies’ investment policy, ensuring timely and quality expert assessment of investment projects and programs;
- overseeing implementation of the Company and its subsidiary and dependent companies’ investment programs.

According to a decision of the Company Board of Directors the Committee on Strategy and Investments shall consist of not less than 3 (three) and not more than 11 (eleven) members.

The composition of the Board of Directors Committee on Strategy and Investments changed several times in 2011.

As of December 31, 2011 the Company had the Committee on Strategy and Investments elected by the JSC "RAO ES of East" Board of Directors on December 22, 2011 (minutes No. 69 dated December 22, 2011). The Committee on Strategy and Investments consists of the following members:

| December 22, 2011 – Present |
|---|
| Rizhinashvili George Ilyich – JSC "RusHydro" Deputy Chairman of Executive Board; Chairman of the Committee on Strategy and Investments |
| Akhtyamov Bulat Rifovich – Head of the Department of Strategy and Investment Analysis, JSC "RusHydro" |
| Gorev Evgeny Evgenyevich – member of the JSC "RusHydro" Executive Board |
| Kaplun Alexei Alexandrovich – Deputy Director General for Strategy and Investments, JSC "RAO ES of East" |
| Kirov Sergey Anatolyevich – JSC "RusHydro" Director for Economic Affairs; member of the JSC "RAO ES of East" Board of Directors |
| Kudryavy Victor Vasilyevich – CJSC "Eurocement Group", Advisor to the President; member of the JSC "RusHydro" Board of Directors |
| Mantrov Mikhail Alexeevich – Deputy Chairman of Executive Board, JSC "RusHydro" |
| Tolstoguzov Sergey Nikolaevich – JSC "RAO ES of East" Director General, member of the JSC "RAO ES of East" Board of Directors |
| Remes Seppo Yuha – LLC "Kiuru", Director General; member of the JSC "RAO ES of East" Board of Directors |
| Tikhonova Maria Gennadyevna – Director of the Department of Economic Regulation and Property Relations in the Fuel and Energy Sector, Russian Ministry of Energy |
| Fil Sergey Sergeevich – Director for Corporate Affairs and Law, LLC "Gazpromenergoholding" |

The Strategy and Investments Committee members' positions are as of the date of their election to the Strategy and Investments Committee

Before the Board of Directors Committee on Strategy and Investments was elected at the Company Board of Directors meeting of December 22, 2011, the composition of the Committee on Strategy and Investments had undergone the following changes.

In the period between September 19, 2011 and December 22, 2011 the Committee on Strategy and Investments was, pursuant to the Board of Directors decision of September 19, 2011 (minutes No. 65 dated September 19, 2011), composed of the following members:

| September 19, 2011 – December 22, 2011 |
|---|
| Rizhinashvili George Ilyich – JSC "RusHydro" Deputy Chairman of Executive Board; Chairman of the Committee on Strategy and Investments |
| Blagodyr Ivan Valentinovich – JSC "RAO ES of East" Director General (until November 30, 2011), member of the JSC "RAO ES of East" Board of Directors (until November 30, 2011) |
| Gorev Evgeny Evgenyevich – member of the JSC "RusHydro" Executive Board |
| Kaplun Alexei Alexandrovich – Advisor to the Director General, JSC "RAO ES of East" |
| Kirov Sergey Anatolyevich – Director for Economic Affairs, JSC "RusHydro" |
| Kudryavy Victor Vasilyevich – CJSC "Eurocement Group", Advisor to the President; member of the JSC "RusHydro" Board of Directors |
| Mantrov Mikhail Alexeevich – Deputy Chairman of Executive Board, JSC "RusHydro" |
| Negomedzyanov Alexander Alexandrovich – First Deputy Director General – Chief Operations Officer, JSC "RAO ES of East" |
| Nikonov Vasily Vladislavovich – Director of the Department of Electric Energy Sector Development, Russian Ministry of Energy |
| Remes Seppo Yuha – LLC "Kiuru", Director General; member of the JSC "RAO ES of East" Board of Directors |
| Tikhonova Maria Gennadyevna – Director of the Department of Economic Regulation and Property Relations in the Fuel and Energy Sector, Russian Ministry of Energy |

On October 31, 2011 the JSC "RAO ES of East" decided (minutes No. 67 dated November 2, 2011) on early termination of powers of the member of the JSC "RAO ES of East" Board of Directors Committee on Strategy and Investments **Nikonov Vasily Vladislavovich**; **Molchanov Mikhail Sergeevich**, Deputy Director of the Department of Electric Energy Sector Development of the Russian Ministry of Energy, was elected to the Committee on Strategy and Investments.





In the period between September 16, 2010 and September 19, 2011 the Committee on Strategy and Investments was, pursuant to the Board of Directors decision of September 16, 2010 (minutes No. 48 dated September 19, 2010), composed of the following members:

| September 16, 2010 – September 19, 2011 |
|---|
| Maslov Sergey Vladimirovich – Chairman of the Committee, member of the JSC “RAO ES of East” Board of Directors (until November 30, 2011) |
| Volkov Eduard Petrovich – member of the JSC “RAO ES of East” Board of Directors (until November 30, 2011) |
| Zhukov Yuri Nikolaevich – member of the JSC “RAO ES of East” Board of Directors (until November 30, 2011) |

| |
|---|
| Kudryavy Victor Vasilyevich – Advisor to the President of CJSC “Eurocement Group” |
| Nikonov Vasily Vladislavovich – Director of the Department of Electric Energy Sector Development, Russian Ministry of Energy |
| Rogov Alexander Vladimirovich – Head of the Department of Electric Energy Sector Development, Electric Energy Sector Development and Marketing Division, JSC “Gazprom” |
| Sokolov Andrei Gennadyevich – member of the JSC “RAO ES of East” Board of Directors (until November 30, 2011) |
| Tatsy Vladimir Vitalyevich – First Vice-President, Gazprombank (JSC) |
| Tikhonova Maria Gennadyevna – Director of the Department of Economic Regulation and Property Relations in the Fuel and Energy Sector, Russian Ministry of Energy |

4.4. AUDITING COMMISSION

TO OVERSEE the Company financial and economic activities an Auditing Commission composed of 5 (five) members shall be elected annually at the Company General Shareholders Meeting.

Where the Auditing Commission is elected at an extraordinary General Shareholders Meeting, the powers of the Auditing Commission members shall remain in force until the Company annual General Shareholders Meeting is held.

Shareholders at a General Shareholders Meeting can decide on early termination of powers of the Auditing Commission members.

The Auditing Commission shall act within its area of competence set forth in the Federal Law “On Joint-Stock

Companies”. The Auditing Commission operational procedures are governed by the Charter and the Regulations on Auditing Commission.

The audit (inspection) of the Company financial and economic activities shall be carried out as at the year-end or at any other time as the Company Auditing Commission, shareholders at a General Shareholders Meeting or the Company Board of Directors may decide or a shareholder (shareholders) holding in total not less than 10 (ten) percent of the Company voting shares may request.

At the extraordinary General Shareholders Meeting of November 30, 2011 the Auditing Commission was elected as follows (minutes No. 6 dated November 30, 2011):

| Surname, first name, patronymic | Positions occupied over the last five years |
|---|---|
| Azhimov Oleg Evgenyevich Year of birth: 1977 Education: university level degree <i>Does not own shares in JSC “RAO ES of East” or any of its subsidiary/dependent companies</i> | Period: 2010 – present Institution: JSC “RusHydro” Position: Head of the Department of Internal Audit, head of a directorate of the Department of Internal Audit |
| | Period: 2008 – 2010 Institution: JSC “Inter-Regional Distribution Grids Company of Urals” Position: Head of the Internal Controls and Audit Department, Deputy Head of the Internal Controls and Audit Department |
| | Period: 2004 – 2008 Institution: LLC “ADK Audit” Position: Head of the Department of Fiscal Audit and IAS, Lead Auditor. |

| | |
|---|---|
| <p>Babaev Konstantin Vladimirovich Year of birth: 1983 Education: university level degree</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies</i></p> | <p>Period: 2008 – present Institution: JSC "RusHydro" Position: Head of the Risk Management Directorate, Chief Expert of the Risk Management Directorate</p> <p>Period: 2006 – 2008 Institution: JSC "Mosenergo" Position: Chief Specialist for Operations in NWMEC (New Wholesale Market for Electric Energy and Capacity); Commercial Dispatcher of the Directorate for Wholesale Electric Energy Market Operations.</p> |
| <p>Maximova Nadezhda Borisovna Year of birth: 1955 Education: university level degree</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies</i></p> | <p>Period: 2010 – present Institution: JSC "RusHydro" Position: Head of the Investment Audit Division of the Department of Internal Audit</p> <p>Period: 2008 – 2010 Institution: LLC "Fineart-Audit" Position: Vice-President for Investment Projects</p> <p>Period: 2007 – 2008 Institution: JSC "RusHydro" (prior to 2007 - JSC "HydroOGK Managing Company"). Position: Division Head</p> |
| <p>Rokhlina Olga Vladimirovna Year of birth: 1974 Education: university level degree</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies</i></p> | <p>Period: 2010 – present Institution: JSC "RusHydro" Position: Chief Expert of the Department of Internal Audit</p> <p>Period: 2008 – 2010 Institution: JSC "Inter-Regional Distribution Grids Holding Company" Position: Chief Expert of the Department of Internal Audit</p> <p>Period: 2004 – 2008 Institution: JSC "RAO UES of Russia" Position: Lead Expert of the Department of Internal Audit of the Corporate Center</p> |
| <p>Chigirin Ivan Ivanovich Year of birth: 1975 Education: university level degree</p> <p><i>Does not own shares in JSC "RAO ES of East" or any of its subsidiary/dependent companies</i></p> | <p>Period: 2010 – present Institution: JSC "RusHydro" Position: Head of the Operational Audit Division of the Department of Internal Audit</p> <p>Period: 2007 – 2010 Institution: JSC "INTER RAO UES" Position: Head of the Operational Audit Directorate of the Department of Internal Audit</p> <p>Period: 2005 – 2007 Institution: JSC "Mobile TeleSystems" Position: Lead Expert of the Department of Internal Audit</p> |

In the period between June 23, 2011 and November 30, 2011 the Company Auditing Commission was composed of the following members that had been elected at the annual General Shareholders Meeting of June 23, 2011:

- Oreshkin Oleg Anatolyevich;
- Tomilina Elena Nikolaevna;
- Pakhomov Sergey Alexandrovich;
- Dmitrieva Julia Petrovna;
- Bednyakov Sergey Gennadyevich.

In the period between June 23, 2010 and June 23, 2011 the Company Auditing Commission was composed of the following members that had been elected at the

JSC "RAO ES of East" annual General Shareholders Meeting of June 23, 2010:

- Upatova Galina Vasilyevna (Commission Chair);
- Kolyada Andrei Sergeevich;
- Kuryanov Alexander Mikhailovich;
- Oreshkin Oleg Anatolyevich;
- Yugov Alexander Sergeevich.

The Company Auditing Commission convened 3 times in the period from January 1 to June 23, 2011 and once in the period from December 1 to December 31, 2011 to take organizational and methodological decisions related to the Company Auditing Commission activities.





COMPENSATION FOR MEMBERS OF THE AUDITING COMMISSION

Before November 30, 2011 compensation and reimbursements payable to members of the Company Auditing Commission had been governed by the Regulations on Compensation and Reimbursements Payable to Members of the JSC "RAO ES of East" Auditing Commission approved at the Company annual General Shareholders Meeting of June 25, 2009.

The above Regulations also applied to government employees serving on the Company Auditing Commission, subject to limitations and requirements set out by acting legislation in respect of this category of persons.

For participation in an audit (inspection) of the financial and economic activities a member of the Company Auditing Commission was entitled to lump-sum compensation equivalent to the minimum monthly remuneration payable to a first category worker as set by the Russian Federation Electric Energy Sector Tariff Agreement (the Agreement) for the period in which the audit (inspection) was held, subject to indexation as provided for in the Agreement, multiplied by 10.

Compensation for the Chairman of the Company Auditing Commission was increased by 50%.

Members of the Company Auditing Commission were entitled to reimbursement of expenses associated with their participation in Company Auditing Commission meetings and audits according to the Company business trip expenses reimbursement norms effective at the time the meeting or audit is held.

Since November 30, 2011 sums payable to members of the Company Auditing Commission have been governed by the Regulations on Compensation and Reimbursements Payable to Members of the JSC "RAO ES of East" Auditing Commission approved at the Company extraordinary General Shareholders Meeting of November 30, 2011.

In accordance with the aforementioned Regulations, compensation for members of the Auditing Commission, in respect of which a federal law contains provisions limiting or prohibiting them from accepting any pay from commercial institutions, shall not be paid or accrued.

For participation in an audit (inspection) of the financial and economic activities a member of the Auditing Commission is entitled to lump-sum compensation equivalent to the minimum monthly remuneration payable to a first category worker as set by the Russian Federation Electric Energy Sector Tariff Agreement as of the date of the audit report multiplied by 3 (three).

Compensation for the Chairman of the Company Auditing Commission shall be subject to a 30% increase.

Members of the Auditing Commission shall be entitled to reimbursement of actual expenses (travel, accommodation, meals etc) associated with their visiting Company sites, participation in meetings with shareholders or investors, General Shareholders Meetings, Company Board of Directors and Auditing Commission meetings, as well as with their carrying out other assignments in the capacity of members of the Company Auditing Commission.

No compensation or reimbursements had been paid to members of the Accounting Commission in 2011.

4.5. DIVIDEND POLICY

THE JSC "RAO ES OF EAST" dividend policy priorities include creation of a transparent and clear mechanism for determination of the dividend amount and payment procedure, maintaining the balance of interests between the Company and its shareholders, increasing the Company capitalization and investment

attractiveness. The acting legislation of the Russian Federation, the Company Charter and internal documents provide foundation for protection of shareholder rights.

The Company has placed ordinary and preferred shares. The amount of dividend payable on each or-

dinary share shall be determined by shareholders at a General Shareholders Meeting.

Dividend payable on each preferred share is fixed. In accordance with Art 6.4 of the JSC "RAO ES of East" Charter, the total amount of dividend payable on each preferred share shall be 10 (ten) percent of the Company net profit for the financial year divided by the number of shares, which as of the date of the Company state registration account for 25 (twenty-five) percent of the Company Charter Capital. Where the amount of dividend payable on each ordinary share in a given year exceeds the amount of dividend payable on each preferred share calculated in accordance with the above formula, the dividend payable on each preferred share shall be increased to match that payable on each ordinary share.

Decisions on payment (declaration) of dividends, including decisions on the amount and form of the dividends payable on shares of each particular category (type), shall be taken by shareholders at a Company General Shareholders Meeting.

The amount of dividend shall not exceed that recommended by the Company Board of Directors.

Shareholders at the General Shareholders Meeting can decide that dividends shall not be paid on shares of each category (type).

The dividend payment date shall be determined by shareholders at the General Shareholders Meeting and shall not be later than 60 (sixty) days after the decision on paying the dividends is taken.

JSC "RAO ES of East" was founded on July 1, 2008. No decision on paying interim dividends was taken in 2008.

At the 2008 annual General Shareholders Meeting shareholders decided not to pay dividends on ordinary and preferred shares. That decision was taken in view of the loss made by the Company in 2008.

In accordance with the RF legislation, holders of preferred stock in a company are entitled to participate in General Shareholders Meetings with the voting right on all issues within the General Shareholders Meeting's area of competence starting from the Meeting that follows the annual General Shareholders Meeting at which a decision on not paying or partial payment of dividends on preferred shares is taken. This right of the preferred stock holders terminates on the date the dividend on the said shares is first paid in full.

Therefore, at the Company 2009 annual General Shareholders Meeting preferred stock holders enjoyed

the voting right on all issues on the General Shareholders Meeting agenda.

No decisions on paying interim dividends were taken in 2009.

At the 2009 annual General Shareholders Meeting shareholders decided not to pay dividends on ordinary and preferred shares. That decision was taken in view of the fact that in 2009 the Company made profit that resulted from revaluation of treasury shares held by the Company based on their market value as of December 31, 2009.

Therefore, at the Company extraordinary General Shareholders Meeting of February 15, 2011 and the Company 2010 annual General Shareholders Meeting preferred stock holders enjoyed the voting right on all issues on the General Shareholders Meetings agenda.

No decisions on paying interim dividends were taken in 2010.

At the 2010 annual General Shareholders Meeting shareholders decided not to pay dividends on ordinary and preferred shares. That decision was taken in view of the fact that the Company made profit that resulted from revaluation of treasury shares held by the Company based on their market value as of December 31, 2010.

Therefore, at the JSC "RAO ES of East" extraordinary General Shareholders Meeting of November 30, 2011 preferred stock holders enjoyed the voting right on all issues on the General Shareholders Meeting agenda. Preferred stock holders shall also enjoy the voting right on all issues on the 2011 annual General Shareholders Meeting agenda.

No decisions on paying interim dividends were taken in 2011.

Decision on distribution of the Company 2011 net profit (loss) is to be taken at the JSC "RAO ES of East" annual General Shareholders Meeting scheduled for June 6, 2012.







2011 financial and operating results





5.1. REVIEW AND ANALYSIS OF THE COMPANY FINANCIAL AND OPERATING RESULTS OVER THE LAST 3 YEARS

| Evolution of the Company financial and operating indicators in 2009 – 2011, thousand rubles | | | | | |
|---|--|-------------|--------------|--------------|----------------------|
| Item No. | Indicator | 2009 | 2010 | 2011 | Growth Rate, (5/4) % |
| 1 | Revenue | 499 293 | 865 537 | 919 287 | 106,21 |
| 2 | Cost of Products (Services), total | (25 535) | (61 283) | (62 029) | 101,22 |
| 3 | Gross Margin | 473 758 | 804 254 | 857 258 | 106,59 |
| 4 | Administrative Expenses | (1 058 334) | (1 094 755) | (1 252 737) | 114,43 |
| 5 | Profit (Loss) on Sales | (584 576) | (290 501) | (395 479) | 136,14 |
| 6 | Interest Receivable | 566 846 | 885 247 | 963 089 | 108,79 |
| 7 | Interest Payable | 0 | 0 | 0 | 0,00 |
| 8 | Other Income, total | 14 441 051 | 25 300 320 | 5 466 810 | 21,61 |
| 9 | Other Expenses, total | (2 994 821) | (13 816 135) | (12 001 455) | 86,87 |
| 10 | Profit (Loss) Before Taxes | 11 428 500 | 12 078 931 | (5 967 035) | -49,40 |
| 11 | Changes in Deferred Tax Assets | 76 660 | (76 660) | 8 | -0,01 |
| 12 | Changes in Deferred Tax Liabilities | - | - | (467) | 0,00 |
| 13 | Income Tax for the Year | 0 | (1 724 231) | (153 361) | 8,89 |
| 14 | including Fixed Tax Liabilities (Assets) | (2 362 360) | (618 443) | 1 347 227 | -217,84 |
| 15 | Other Similar Mandatory Payments | 0 | (1441) | (1) | 0,07 |
| 16 | Net Profit | 11 505 160 | 10 276 599 | (6 120 856) | -59,56 |

In 2011 the Company revenue reached 919 287 thousand rubles, which represented a 6.21% growth compared to 2010. The cost of Company sales in 2011 amounted to 62 029 thousand rubles, up 1.22% compared to 2010. The growth in both indicators led to the Company gross margin having increased in 2011 by 6.59% over 2010; the gross margin reached 857 258 thousand rubles.

The 73.35% growth in the Company revenue in 2010 compared to 2009 was due to the Company broadening the range of services it was providing.

The Company administrative expenses grew in 2011 by 14.43% over 2010 and stood at 1 252 737 thousand rubles. The increase resulted from creation of reserves for contingent liabilities, growth in salary expense and in the amount of contributions to extra-budgetary funds due to the increase in the number of staff.

In 2010 the Company other income grew by 10 859 269 thousand rubles compared to 2009, or by 75.20%.

Such a big growth resulted from selling stakes in Energy Sales Companies that the Company had been holding on its balance sheet since the reform of the JSC "RAO UES of Russia". In 2011 other income amounted to 5 466 810 thousand rubles, down 78.39% compared to 2010. The main reasons for such a sharp decline were the lack of income from mark-to-market revaluation of JSC "RAO ES of East" financial investments and the fact that income generated from the sale of stakes in Energy Sales Companies had been received in 2010.

The 6 120 856 thousand rubles loss made by the Company in 2011 is to a significant extent a non-cash one, since it resulted from downward mark-to-market revaluation of financial investments and creation of contingency reserves.

5.2. AUDITOR OPINION



*JSC “RAO Energy Systems of East”
Audit report
according to the accounting report for 2011*

The Auditor’s Data

| | |
|---|--|
| <i>Company name:</i> | Close Joint Stock Company “KPMG”. |
| <i>Legal address:</i> | Olimpiyskiy prospect 18/1, office 3035 Moscow Russian Federation 129110. |
| <i>Postal address:</i> | Presnenskaya naberezhnaya 10, block “C”, floor 31 Moscow Russian Federation 123317. |
| <i>State registration:</i> | Registered by Moscow Registration Chamber. Certificate No. 011.585 dated May 25, 1992. |
| | Inserted in the Unified State Register of Legal Entities by Inter-District Inspectorate of the Ministry for Taxes and Levies of the Russian Federation No. 39, Moscow city, under No. 1027700125628 on August 13, 2002. Certificate series 77 No. 005721432. |
| <i>Membership in self- regulatory organization of auditors:</i> | The member of Nonprofit Partnership “Russian Audit Chamber”. |
| | Principal Number of Registration Entry in the State Register of auditors and audit organizations 10301000804. |

The Auditee’s Data

| | |
|----------------------------|---|
| <i>Company name:</i> | Open Joint Stock Company “RAO Energeticheskie Systemy Vostoka” (English: JSC “RAO Energy Systems of East”) |
| <i>Legal address:</i> | Shevchenko 28 Blagoveshchensk Amur Region Russian Federation 675000 |
| <i>Postal address:</i> | Shevchenko 28 Blagoveshchensk Amur Region Russian Federation 675000 |
| <i>State registration:</i> | Registered in the Unified State Register of Legal Entities by Inter-District Inspectorate of the Federal Tax Service No. 46, Moscow city, under No. 1087760000052 on July 1, 2008. Certificate series 77 No. 011168014. |





*JSC “RAO Energy Systems of East”
Audit report
according to the accounting report for 2011*

Audit report

To the shareholders of the Open Joint Stock Company “RAO Energy Systems of East”

We have conducted an audit (appended to the present Audit report) of the accounts of Open Joint Stock Company “RAO Energy Systems of East” (hereinafter referred to as “Company”) for the year 2011.

The accounting report on 63 pages includes:

- accounting balance-sheet as of December 31, 2011;
- profit and loss statement for 2011;
- addendums to accounting balance-sheet and profit and loss statement, including:
 - statement of changes in equity for 2011;
 - cash flow statement for 2011;
 - comments on the accounting balance-sheet and profit and loss statement;
- explanatory note.

Responsibility of the Company for the accounting report

Company management is responsible for composition and authenticity of the present accounting report in accordance with Russian rules of preparation of accounting reports and for internal control system necessary for preparation of the accounting report without considerable distortions caused by unfair acts or mistakes.

Auditor's responsibility

Our responsibility is to give an opinion basing on the conducted audit concerning authenticity of the accounting report in all important respects. We have conducted the audit in accordance with federal auditing standards. Given standards require observance of applicable ethical norms and planning and conduction of audit in order to become confident enough that the accounting report contains no important distortions.

The audit included audit actions aimed to obtain auditing proofs confirming figures in the accounting report and disclosure of information in it. The choice of audit procedures was subject to our opinion based on risk assessment of considerable distortions caused by unfair acts or mistakes. Taking into account this risk we examined the internal control system, which secures authenticity of the accounting report, in order to select proper audit procedures but not for the purpose to express our opinion about the efficiency of the internal control system.

The audit also included evaluation of applied accounting policy and propriety of figures submitted to the Company management and evaluation of the accounting report on the whole.



*JSC "RAO Energy Systems of East"
Audit report
according to the accounting report for 2011*

We consider that audit facts, gathered during the audit procedure, give enough grounds to express an opinion about authenticity of the accounting report.

Opinion

According to our opinion, the accounting report of the Company appended to the present Audit report authentically and in all important respects reflects financial situation as of December 31, 2011, and results of financial and economic activity and cash flow for 2011 in accordance with Russian rules of preparation of accounting reports.

Miscellaneous

The audit of the accounting report for 2010 was conducted by another auditor which expressed a presumptive opinion in its audit report dated March 10, 2011.

Director of CJSC "KPMG"
(Letter of attorney No. 52/10 dated October 1, 2010)

Usov A.I.

February 27, 2012





5.3. COMPANY 2011 ACCOUNTS

Accounting balance-sheet as of December 31, 2011

Company name

Joint-Stock Company "RAO Energy Systems of East"

Tax payer's identification number

Type of economic activity

Management of holding companies

Legal form

Open Joint Stock Companies

Form of ownership

Mixed Russian ownership with the share of federal ownership

Measurement: Thousand roubles

Address: Shevchenko 28, Blagoveshchensk, Amur Region, Russian Federation,
675000

Form of OKUD

| Codes | | |
|--------------|----|------|
| 0710001 | | |
| 31 | 12 | 2011 |
| OKPO Code | | |
| 85115294 | | |
| TIN | | |
| 2801133630 | | |
| OKVED Code | | |
| 74.15.2 | | |
| OKOPF / OKFS | | |
| 47 | | 41 |
| Code | | |
| 384 | | |
| OKEI Code | | |
| 384 | | |

Date (YY/MM/DD)

OKPO Code

TIN

OKVED Code

OKOPF / OKFS

Code

OKEI Code

| Comments | Indicator name | As of December 31, 2011 | As of December 31, 2010 | As of December 31, 2009 |
|------------------|--|-------------------------------|-------------------------------|-------------------------------|
| | ASSET | | | |
| | I. CAPITAL ASSETS | | | |
| | Intangible assets | | | |
| 1 | Results of researches and developments | 4 417 | – | – |
| 2 | Permanent assets | 3 351 175 | 1 741 741 | 1 790 295 |
| 2.1. | Including: | | | |
| Permanent assets | 1 665 082 | 1 728 230 | 1 790 295 | |
| 2.2. | Construction–in–progress | 1 686 093 | 13 511 | – |
| | Income–bearing investments into tangible assets | – | – | – |
| 3 | Financial investments | 20 167 358 | 25 543 616 | 20 574 042 |
| | Deferred tax assets | 8 | – | 76 660 |
| | Other capital assets | – | 21 676 | 10 800 |
| | Total section I | 23 522 958 | 27 307 033 | 22 451 797 |
| 4 | II. CIRCULATING ASSETS | | | |
| | Resources | | | |
| | Value added tax on acquired assets | 43 546 | – | 39 |
| 5 | Accounts receivable | 3 396 179 | 3 241 427 | 5 798 661 |
| 5.1. | Including: | | | |
| | Accounts receivable (to be paid in more than 12 months after the reporting date) | 1 004 549 | 1 062 622 | 47 477 |
| 5.1. | Accounts receivable (to be paid within 12 months after the reporting date) | 2 391 630 | 2 178 805 | 5 751 184 |
| 3 | Financial investments (except for money equivalents) | 10 424 346 | 12 355 205 | 4 307 030 |
| | Monetary items and money equivalents | 1 004 895 | 25 587 | 20 949 |
| | Other circulating assets | – | 353 | 14 |
| | Total section II | 14 872 387 | 15 626 772 | 10 130 934 |
| | BALANCE | 38 395 345 | 42 933 805 | 32 582 731 |

| Comments | Indicator name | As of December 31, 2011 | As of December 31, 2010 | As of December 31, 2009 |
|----------|---|-------------------------------|-------------------------------|-------------------------------|
| | LIABILITIES | 21 558 452 | 21 558 452 | 21 558 452 |
| | III. CAPITAL AND RESERVES | | | |
| | Authorized capital (joint-stock capital, authorized fund, partners' investments) | | | |
| | Treasury shares | – | – | – |
| | Reappraisal of capital assets | – | – | – |
| | Additional capital (without reappraisal) | – | – | – |
| | Surplus | 1 077 923 | 1 077 923 | – |
| | Retained profits (uncovered loss) | 13 918 010 | 20 038 866 | 10 840 189 |
| | Total section III | 36 554 385 | 42 675 241 | 32 398 641 |
| | IV. LONG-TERM LIABILITIES | – | – | – |
| | Borrowed assets | | | |
| | Deferred tax liabilities | 467 | – | – |
| | Estimated liabilities | – | – | – |
| | Other liabilities | – | – | – |
| | Total section IV | 467 | – | – |
| | V. SHORT-TERM LIABILITIES | – | – | – |
| | Borrowed assets | | | |
| 5.2. | Accounts payable | 1 631 029 | 127 506 | 51 544 |
| | Including: | 153 285 | 95 240 | 12 516 |
| | Suppliers and contractors | | | |
| | payables to employees | 4 748 | 11 235 | 16 941 |
| | payables to state non-budgetary funds | 1 409 | 492 | 3 100 |
| | Tax and duty liabilities | 12 055 | 19 698 | 17 414 |
| | Other creditors | 1 459 532 | 841 | 1 573 |
| | Deferred revenue | – | – | – |
| 6 | Estimated liabilities | 209 464 | 131 058 | 132 546 |
| | Other liabilities | – | – | – |
| | Total section V | 1 840 493 | 258 564 | 184 090 |
| | BALANCE | 38 395 345 | 42 933 805 | 32 582 731 |

Director _____ Tolstoguzov Sergey Vainilavichute
 (signature) Nikolaevich Accountant General Alla Petrasovna
 (signature) (clarification of signature) (clarification of signature)

February 27, 2012





**Profit and loss statement
For January – December 2011**

Company name

Joint-Stock Company “RAO Energy Systems of East”

Tax payer's identification number

Type of economic activity

Management of holding companies

Legal form

Open Joint Stock Companies

Form of ownership

Mixed Russian ownership with the share of federal ownership

Measurement: Thousand roubles

Address: Shevchenko 28, Blagoveshchensk, Amur Region, Russian Federation,
675000

| Codes | | |
|-------------------|------------|---------|
| Form of OKUD | 0710001 | |
| Date (YY/MM/DD) | 31 | 12 2011 |
| OKPO Code | 85115294 | |
| TIN | 2801133630 | |
| OKVED Code | 74.15.2 | |
| OKOPF / OKFS Code | 47 | 41 |
| OKEI Code | 384 | |

| Comments | Indicator | For January – December 2011 | For January – December 2010 |
|-----------------------|---|--------------------------------|--------------------------------|
| Item 12 Section IV | Revenue | 919 287 | 865 537 |
| Item 13 Section IV | Cost of sales | (62 029) | (61 283) |
| | Gross profit (loss) | 857 258 | 804 254 |
| | Commercial expenses | - | - |
| Item 13 Section IV | Management expenses | (1 252 737) | (1 094 755) |
| | Sales profit (loss) | (395 479) | (290 501) |
| | Participation capital | - | - |
| Item 14 Section IV | Interest receivable | 963 089 | 885 247 |
| | Interest payable | - | - |
| Item 14 Section IV | Other proceeds | 5 466 810 | 25 300 320 |
| Item 14 Section IV | Other expenses | (12 001 455) | (13 816 135) |
| | Profit (loss) before tax | (5 967 035) | 12 078 931 |
| | Current profit tax | (153 361) | (1 724 231) |
| | Including constant tax liabilities (assets) | 1 347 227 | (618 443) |
| | Changes in deferred tax liabilities | (467) | - |
| | Changes in deferred tax assets | 8 | (76 660) |
| | Others | (1) | (1 441) |
| | Net profit (loss) | (6 120 856) | 10 276 599 |

| Comments | Indicator name | For January – December 2011 | For January – December 2010 |
|-----------------------|---|--------------------------------|--------------------------------|
| | FOR REFERENCE ONLY Result of reappraisal of capital assets not included in net profit (loss) for the period | – | – |
| | Result of other operations not included in net profit (loss) for the period | – | – |
| | Total financial result for the period | (6 120 856) | 10 276 599 |
| Item 15 Section IV | Basic earnings (loss) per share | (0.1491) | 0.2504 |
| | Dilluted earnings (loss) per share | – | – |

Director _____ Tolstoguzov Sergey
 (signature) (clarification of signature)

Accountant General _____ Vainilavichute
 (signature) (clarification of signature)

February 27, 2012





5.4. CALCULATION OF THE COMPANY NET ASSET VALUE

THE COMPANY net asset value has been calculated according to the RF Ministry of Finance and the Federal Commission for Securities Markets Decree No. 10н / 03-6/пз of January 29, 2003 "On Approval of the Procedure for Calculation of Joint-Stock Companies Net Asset Value".

| Calculation of the JSC "RAO ES of East" Net Asset Value, thousand rubles | | |
|--|-------------------------|-------------------------|
| | As of December 31, 2010 | As of December 31, 2011 |
| ASSETS | | |
| 1. Intangible Assets | – | 4417 |
| 2. Fixed Capital | 1 728 230 | 1 665 082 |
| 3. Unfinished Construction | 13 511 | 1 686 093 |
| 4. Income-Earning Investments in Tangible Assets | – | – |
| 5. Long-term and Short-term Financial Investments | 37 898 821 | 30 591 704 |
| 6. Other Non-Current Assets | 21 676 | 8 |
| 7. Inventory | 4200 | 3421 |
| 8. VAT on Value Items Acquired | – | 43 546 |
| 9. Accounts Receivable | 3 241 427 | 3 396 179 |
| 10. Cash | 25 587 | 1 004 895 |
| 11. Other Current Assets | 353 | – |
| 12. Eligible Assets, total (sum of lines 1 through 11) | 42 933 805 | 38 395 345 |
| LIABILITIES | | |
| 13. Long-term Loan and Credit Liabilities | – | – |
| 14. Other Long-term Liabilities | – | 467 |
| 15. Short-term Loan and Credit Liabilities | – | – |
| 16. Accounts Payable | 127 506 | 1 631 029 |
| 17. Participants (Founders) Earnings Payable | – | – |
| 18. Reserves for Future Expenses | – | – |
| 19. Other Short-term Liabilities | 131 058 | 209 464 |
| 20. Eligible Liabilities, total (sum of lines 13 through 19) | 258 564 | 1 840 960 |
| 21. Net Asset Value (line 12 less line 20) | 42 675 241 | 36 554 385 |

The Company net assets value at the end of the reporting period stood at 36 554 385 thousand rubles. Over the year 2011 this indicator, therefore, fell by 6 120 856 thousand rubles.

5.5. AUDITING COMMISSION OPINION

To the General Meeting of Shareholders
of JSC “RAO Energy Systems of East”

**Conclusion of the Audit Commission
based on the inspection results of financial and economic activity
of JSC “RAO Energy Systems of East” for 2011**

Moscow

March 12, 2012

In accordance with the decision of the Audit Commission of JSC “RAO Energy Systems of East” (minutes of the meeting of the Audit Commission dated 16.01.2012 No. 2) the audit inspection of financial and economic activity of JSC “RAO Energy Systems of East” (hereinafter referred to as “Company”) for the period since January 01, 2011 till December 31, 2011 has been conducted.

Core aims of the Audit inspection are to become rationally confident in the following:

- data in reports and other financial documents of the Company is authentic;
- accounting records and financial reports were executed in accordance with the applicable legislation and local standard acts of the Company;
- financial and economic activity was conducted serving interests of the Company and its shareholders (participants).

Executive body of the Company bears responsibility for the RF law observance while conducting financial and economic operations, for operations serving interests of the Company and its shareholders (participants) and for authentic financial report.

The Audit inspection was conducted on a sample basis and included examination on a test basis of proofs, confirming significance and disclosure of information about financial and economic activity of the Company in financial reports in order to become rationally confident that bookkeeping (financial) report for 2011 does not contain important distortions.

During the inspection there were revealed no facts of violation of legal acts of the Russian Federation in financial and economic activity which could have significantly influenced financial results of the Company.

The financial report was made in accordance with applicable legislation of the Russian Federation in the part of preparation of bookkeeping (financial) report.

According to our point of view, the report of the Company for 2011 authentically reflects in all essential aspects the financial status and results of financial and economic activity of the Company for the period from 01.01.2011 – 31.12.2011 inclusive.

Approved by the Minutes of the Audit Commission dated 12.03.2012 No. 3.

The Chairman of the Audit Commission
of JSC “RAO Energy Systems of East”
The Member of the Audit Commission
of JSC “RAO Energy Systems of East”
The Member of the Audit Commission
of JSC “RAO Energy Systems of East”
The Member of the Audit Commission
of JSC “RAO Energy Systems of East”
The Member of the Audit Commission
of JSC “RAO Energy Systems of East”

Azhimov O.E.

Babaev K.V.

Maximova N.B.

Rokhlina O.V.

Chigirin I.I.







Activities of the Holding



6.1. ANALYSIS OF THE HOLDING CONSTITUENT COMPANIES' FINANCIAL INDICATORS OVER THE LAST 3 YEARS

IN AGGREGATE, in 2011 the JSC "RAO ES of East" subsidiary and dependent companies made a loss of 2 160.3 mil rubles. The negative aggregate financial result was first of all due to losses incurred by JSC "Far Eastern Generating Company" (JSC "FEGC"), JSC "Far Eastern Regional Grid Company" (JSC "FERGC") and JSC "Kamchatskenergo".

However, over the last 3 years the Holding constituent companies' financial indicators have been demonstrating an upward trend driven by efficient decisions taken by the JSC "RAO ES of East" management. JSC "RAO ES of East" intends to stay this political course while ensuring

that the Holding aggregate financial result is in the positive area through:

1. Efficient interaction with regulatory authorities concerning their taking well-grounded decisions on tariffs.
2. Implementation of the Holding's investment program.
3. Development of the Holding's innovation-oriented activities.

Main financial and operating indicators for the "RAO ES of East" Holding constituent companies for 2009 – 2011 are outlined below:

JSC "FAR EASTERN ENERGY COMPANY" (JSC "FEEC")

| Indicator | MU | 2009 | 2010 | 2011 |
|---|---------------|------------|------------|------------|
| Revenue | thous. rubles | 47 498 713 | 54 888 886 | 58 205 541 |
| Cost of goods sold and marketing expenses | thous. rubles | 48 821 158 | 53 474 955 | 57 322 304 |
| Net profit (loss) | thous. rubles | -4 180 340 | 304 288 | 27 652 |
| Accounts receivable (230+240) | thous. rubles | 4 506 940 | 4 768 100 | 5 945 034 |
| Accounts payable (520+620) | thous. rubles | 4 602 824 | 6 108 264 | 6 237 992 |
| Credits and loans (510+610) | thous. rubles | 6 857 000 | 3 143 000 | 3 378 000 |
| EBITDA | thous. rubles | -2 870 191 | 1 611 720 | 655 763 |
| DEBT/EBITDA | | -4,04 | 5,79 | 14,96 |
| Debt/EBITDA | | -2,39 | 1,95 | 5,15 |
| Liquidity coverage ratio | | 0,53 | 0,70 | 0,66 |

In 2011, the revenue amounted to 58 205.5 mil rubles and the cost of goods sold – to 57 322.3 mil rubles. Net profit fell by 276.6 mil rubles compared to 2010 and stood at 27.7 mil rubles. The main reasons for the net profit's decline in comparison with the year 2010 were:

- the increase in cost of goods sold and marketing expenses (7.2%) outrunning the revenue growth (6%);
- in 2011 income from selling stakes in companies was not there, while income from selling the stake in

JSC "Federal Grid Company UES" (JSC "FGC UES") had boosted the 2010 profit by 91.2 mil rubles.

In 2011 the Company was implementing measures aimed at optimization of its portfolio of credits. To that end, besides making all debt repayments in strict conformity with the credit agreements, in 2011 the Company redeemed 1 200.0 rubles of its debt obligations ahead of schedule in view of decreasing the overall debt level.

Financial ratios are within the acceptable range as set by the acting norms.

JSC "FAR EASTERN GENERATING COMPANY" (JSC "FEGC")

| Indicator | MU | 2009 | 2010 | 2011 |
|--------------------------------------|---------------|------------|------------|------------|
| Revenue | thous. rubles | 41 198 758 | 45 145 222 | 51 520 061 |
| Cost of sales and marketing expenses | thous. rubles | 37 464 009 | 42 610 795 | 50 151 631 |
| Net profit (loss) | thous. rubles | 117 366 | -2 280 458 | -1 639 557 |
| Accounts receivable (230+240) | thous. rubles | 7 932 814 | 7 412 817 | 8 536 088 |
| Accounts payable (520+620) | thous. rubles | 4 010 936 | 5 506 570 | 5 594 721 |
| Credits and loans (510+610) | thous. rubles | 24 153 149 | 25 555 944 | 31 536 654 |
| EBITDA | thous. rubles | 5 643 380 | 3 109 930 | 4 273 266 |
| DEBT/EBITDA | | 5,06 | 10,27 | 9,14 |
| Debt/EBITDA | | 4,28 | 8,22 | 7,38 |
| Liquidity coverage ratio | | 0,37 | 0,29 | 0,55 |

In 2011, the revenue amounted to 51 520.1 mil rubles and the cost of goods sold – to 50 151.6 mil rubles. Net financial result improved by 641.0 mil rubles compared to 2010. The Company made a net loss of 1 639.6 mil rubles. The main reasons for the Company incurring losses were:

- big portfolio of credits (loans and credits outstanding amounted to 31 536.7 mil rubles as of December 31, 2011) that resulted in high debt servicing expenses (the amount of interest payable for 2011 reached 2 047.4 mil rubles);
- the actual rise in fuel prices exceeded the 2010 expected deflator as set by the RF Ministry of Economic Development (for example, the actual growth in coal prices reached 12.6% – above the expected level of 10.9%; the price for heating oil grew by

29.1%, while it had been expected to rise only by 0.2%).

The investment program being implemented by the Company in conformity with its schedule allows maintaining the high level of reliability achieved by the Company, while the ongoing projects for switching Vladivostok Heat and Power Plants to natural gas will help decrease the unit fuel costs.

Within the context of measures for financial rehabilitation, a medium-term plan for the Company activities in the period of 2012 – 2016 has been developed. The plan includes measures aimed at raising revenue, decreasing costs, optimization of the portfolio of credits.

Financial ratios are within the acceptable range as set by the acting norms.





JSC "FAR EASTERN DISTRIBUTION GRID COMPANY" (JSC "FEDGC"):

| Indicator | MU | 2009 | 2010 | 2011 |
|--------------------------------------|---------------|------------|------------|------------|
| Revenue | thous. rubles | 12 267 504 | 18 316 355 | 18 986 369 |
| Cost of sales and marketing expenses | thous. rubles | 12 058 226 | 17 151 276 | 19 114 919 |
| Net profit (loss) | thous. rubles | -228 796 | 488 072 | -639 351 |
| Accounts receivable (230+240) | thous. rubles | 1 122 522 | 1 942 457 | 2 509 547 |
| Accounts payable (520+620) | thous. rubles | 1 612 823 | 2 263 437 | 3 462 975 |
| Credits and loans (510+610) | thous. rubles | 2 920 342 | 3 272 288 | 6 609 551 |
| EBITDA | thous. rubles | 1 409 229 | 2 398 725 | 1 325 201 |
| DEBT/EBITDA | | 3,41 | 2,45 | 8,07 |
| Debt/EBITDA | | 2,07 | 1,36 | 4,99 |
| Liquidity coverage ratio | | 1,08 | 0,64 | 0,50 |

In 2011, the revenue amounted to 18 986.4 mil rubles and the cost of goods sold – to 19 114.9 mil rubles. Net financial result deteriorated by 1 127.4 mil rubles compared to 2010. The Company made a net loss of 639.4 mil rubles.

The deteriorated financial result in comparison with the year 2010 was due mainly to a decline in revenue from LLC "Rusenergosbyt" caused by the lack of clarity concerning

"last mile" agreements.

The Company takes measures aimed at raising revenues from the "last mile" facilities. It is expected that the 2012 net profit with the account taken of the "last mile" facilities revenue will stand at 776.8 mil rubles.

Financial ratios are within the acceptable range as set by acting norms.

JSC "SAKHALINENERGO"

| Indicator | MU | 2009 | 2010 | 2011 |
|--------------------------------------|---------------|-----------|-----------|-----------|
| Revenue | thous. rubles | 5 274 758 | 5 809 765 | 6 734 861 |
| Cost of sales and marketing expenses | thous. rubles | 5 936 627 | 6 340 862 | 6 934 672 |
| Net profit (loss) | thous. rubles | 18 469 | -244 342 | 183 715 |
| Accounts receivable (230+240) | thous. rubles | 829 406 | 899 573 | 1 173 643 |
| Accounts payable (520+620) | thous. rubles | 930 855 | 963 581 | 1 180 802 |
| Credits and loans (510+610) | thous. rubles | 1 663 626 | 2 165 500 | 2 631 942 |
| EBITDA | thous. rubles | 609 682 | 310 306 | 886 341 |
| DEBT/EBITDA | | 4,36 | 10,32 | 4,59 |
| Debt/EBITDA | | 2,73 | 6,98 | 2,97 |
| Liquidity coverage ratio | | 0,57 | 0,64 | 0,79 |

In 2011, the revenue amounted to 6 734.9 mil rubles and the cost of goods sold – to 6 934.7 mil rubles. Net financial result improved by 428.1 mil rubles compared to 2010. The Company made a net profit of 183.7 mil rubles. The improvement in the Company financial result in comparison with the year 2010 was due mainly to the growth in revenue outpacing that in expenses. In particular, the revenue grew by 15.9%, including 16.4%

growth in that from sales of electric energy (productive supply grew by 0.2%, average weighted sale tariff – by 4.5%), and 17.7% growth in the revenue from sales of heat (average tariff grew by 20.4%, while the productive supply fell by 2.3%). At the same time the cost of goods sold increased by 9.4%.

Financial ratios are within the acceptable range as set by the acting norms.

JSC "JOINT-STOCK COMPANY "YAKUTSKENERGO"

| Indicator | MU | 2009 | 2010 | 2011 |
|--------------------------------------|---------------|------------|------------|------------|
| Revenue | thous. rubles | 16 488 516 | 20 489 139 | 19 664 823 |
| Cost of sales and marketing expenses | thous. rubles | 17 043 092 | 19 523 232 | 19 371 777 |
| Net profit (loss) | thous. rubles | -1 892 413 | 218 239 | 233 430 |
| Accounts receivable (230+240) | thous. rubles | 5 935 065 | 4 862 724 | 4 224 351 |
| Accounts payable (520+620) | thous. rubles | 3 678 583 | 3 655 833 | 3 824 644 |
| Credits and loans (510+610) | thous. rubles | 7 166 629 | 5 952 941 | 5 704 274 |
| EBITDA | thous. rubles | 369 243 | 2 644 055 | 2 307 141 |
| DEBT/EBITDA | | 31,47 | 3,90 | 4,63 |
| Debt/EBITDA | | 19,41 | 2,25 | 2,47 |
| Liquidity coverage ratio | | 0,66 | 1,18 | 1,03 |

In 2011, the revenue amounted to 19 664.8 mil rubles and the cost of goods sold – to 19 371.8 mil rubles. Net financial result slightly improved compared to 2010 (by 15.2 mil rubles). The Company made a net profit of 233.4 mil rubles.

In 2011 the Company had been taking measures

aimed at optimization of its portfolio of credits, which resulted in the debt level having declined by 248.7 mil rubles and the amount of accrued interest payable – by 92.5 mil rubles.

Financial ratios are within the acceptable range as set by the acting norms.

JSC "KAMCHATSKENERGO"

| Indicator | MU | 2009 | 2010 | 2011 |
|--------------------------------------|---------------|-----------|-----------|------------|
| Revenue | thous. rubles | 5 464 425 | 6 477 001 | 9 225 767 |
| Cost of sales and marketing expenses | thous. rubles | 6 812 108 | 7 771 130 | 10 602 898 |
| Net profit (loss) | thous. rubles | 360 928 | 265 210 | -398 569 |
| Accounts receivable (230+240) | thous. rubles | 3 420 792 | 3 652 470 | 3 872 777 |
| Accounts payable (520+620) | thous. rubles | 1 070 690 | 1 229 213 | 1 722 477 |
| Credits and loans (510+610) | thous. rubles | 2 881 000 | 2 706 000 | 3 360 000 |
| EBITDA | thous. rubles | 1 067 249 | 615 332 | 649 492 |
| DEBT/EBITDA | | 3,70 | 6,40 | 8,13 |
| Debt/EBITDA | | 2,70 | 4,40 | 5,17 |
| Liquidity coverage ratio | | 0,84 | 1,61 | 1,40 |

In 2011, the revenue amounted to 9 255.8 mil rubles and the cost of goods sold – to 10 602.9 mil rubles. Net financial result deteriorated by 663.8 mil rubles compared to 2010. The Company made a net loss of 398.6 mil rubles. The deteriorated financial result in comparison with the year 2010 was due mainly to creation of reserves for doubtful debts in the amount of 884.7 mil rubles (in conformity with the accounting standards).

The Company takes measures aimed at reining

up the increase in doubtful receivables; for example, it created a "Communal Energy" branch using assets of the municipal heat distribution networks in view of improving the collection rate in this market segment. The net profit is expected to reach 1.6 mil rubles.

Financial ratios are within the acceptable range as set by the acting norms.





JSC "MAGADANENERGO"

| Indicator | MU | 2009 | 2010 | 2011 |
|--------------------------------------|---------------|-----------|-----------|-----------|
| Revenue | thous. rubles | 4 390 625 | 4 793 341 | 5 754 452 |
| Cost of sales and marketing expenses | thous. rubles | 4 668 238 | 5 044 424 | 5 782 165 |
| Net profit (loss) | thous. rubles | 10 203 | 72 919 | 53 212 |
| Accounts receivable (230+240) | thous. rubles | 1 265 848 | 1 266 796 | 1 254 180 |
| Accounts payable (520+620) | thous. rubles | 429 989 | 476 631 | 531 098 |
| Credits and loans (510+610) | thous. rubles | 950 000 | 950 000 | 950 000 |
| EBITDA | thous. rubles | 446 075 | 478 445 | 735 533 |
| DEBT/EBITDA | | 3,45 | 3,32 | 2,70 |
| Debt/EBITDA | | 2,13 | 1,99 | 1,29 |
| Liquidity coverage ratio | | 1,00 | 0,89 | 0,96 |

In 2011, the revenue amounted to 5 754.5 mil rubles and the cost of goods sold – to 5 782.2 mil rubles. Net financial result deteriorated by 19.7 mil rubles compared to 2010. The Company made a net profit of 53.2 mil rubles.

The decline in net profit in comparison with the year 2010 was due mainly to creation of reserves for doubtful debts in the amount of 216.9 mil rubles (in conformity with the accounting standards).

The Company stable financial condition is reflect-

ed in the increased EBITDA (257.1 mil rubles growth compared to 2010), as well as in the investment program implementation progress indicators beating the 2011 plan (with financing of fixed capital investments at 127% of the planned figure, utilization of funds allocated for fixed capital investments at 118% of the plan, and new fixed assets commissioned at 114% of what had been envisaged by the plan).

Financial ratios are within the acceptable range as set by the acting norms.

JSC "MOBILE ENERGY"

| Indicator | MU | 2009 | 2010 | 2011 |
|--------------------------------------|---------------|-----------|-----------|-----------|
| Revenue | thous. rubles | 1 040 276 | 1 141 370 | 1 207 299 |
| Cost of sales and marketing expenses | thous. rubles | 1 079 696 | 1 200 925 | 1 468 146 |
| Net profit (loss) | thous. rubles | 223 128 | 150 575 | 19 178 |
| Accounts receivable (230+240) | thous. rubles | 171 321 | 147 485 | 189 680 |
| Accounts payable (520+620) | thous. rubles | 68 635 | 39 683 | 190 111 |
| Credits and loans (510+610) | thous. rubles | 0 | 0 | 0 |
| EBITDA | thous. rubles | 342 699 | 272 948 | 232 985 |
| DEBT/EBITDA | | 0,25 | 0,24 | 1,07 |
| Debt/EBITDA | | 0,00 | 0,00 | 0,00 |
| Liquidity coverage ratio | | 3,87 | 4,85 | 1,59 |

In 2011, the revenue amounted to 1 207.3 mil rubles and the cost of goods sold – to 1 468.1 mil rubles. Net financial result deteriorated by 131.4 mil rubles compared to 2010. The Company made a net profit of 19.2 mil rubles.

The decline in net profit in comparison with the year 2010 was mainly due to the cost of goods sold growing faster (22.3%) than revenue (5.8%); that, in

turn, resulted from a 74 mil rubles growth in depreciation expense due to accelerated depreciation of the newly commissioned 4th energy unit of the "Labytnangy" Mobile Power Plant.

Financial ratios are within the acceptable range as set by acting norms.





6.2. ANALYSIS OF THE HOLDING'S OPERATING INDICATORS OVER THE LAST 3 YEARS

CHANGES IN THE POWER PLANTS' INSTALLED CAPACITY

JSC "RAO ES of East" operates in the Far Eastern Federal District. The Holding also comprises JSC "Mobile Energy", which supplies electric energy to consumers in the Yamalo-Nenets and the Khanty-Mansi Autonomous Okrugs.

As of January 1, 2012 the installed capacity of power plants of the JSC "RAO ES of East" subsidiary and de-

pendent companies' operating in the Far East stood at 8772.28 MW, down 47.463 MW compared to January 1, 2011.

The installed capacity of JSC "Mobile Energy" power plants did not change over the year 2011 and as of January 1, 2012 stood at 217 MW.

| Changes in installed capacity of the JSC "RAO ES of East" subsidiary and dependent companies' power plants | | | | | | | |
|--|---------------------------|----------------|---------------|--|-----------------------------|---------------|---|
| Subsidiary/ dependent Company | Installed Capacity, MW | | Change, MW | Reason for Changes in 2010 | Installed Capac- ity, MW | | Reason for Changes in 2011 |
| | 01.01. 2010 | 01.01. 2011 | | | 01.01. 2012 | Change, MW | |
| JSC "FEGC" | 5845,58 | 5901,58 | 56,0 | Commissioning of the turbine unit No. 3 at the Partizansk Heat and Power Plant (GRES) – 100 MW, re-classification to 56 MW | 5901,58 | 0,0 | – |
| JSC "Joint-Stock Company "Yakutskenergo" | 1235,04 | 1252,97 | 17,93 | Putting on the books a diesel power plant that earlier belonged to JSC "Sakhaenergo" – 17.93 MW | 1250,40 | –2,57 | Change in installed capacity of diesel power plants of the JSC "Joint-Stock Company "Yakutskenergo" central and western energy systems |
| JSC "Sakhaenergo" | 212,898 | 189,645 | -23,253 | Transfer of ownership to JSC "Joint-Stock Company "Yakutskenergo", de-installation of outdated equipment | 186,579 | –3,07 | 7.468 MW put in operation; 10.651 MW de-installed; re-classification and more precise definition of capacity: +0.117 MW |
| JSC "Magadanenergo" | 320,00 | 320,00 | 0,0 | – | 320,00 | 0,00 | – |
| JSC "Teploenergoservice" | 11,00 | 11,00 | 0,0 | – | 13,90 | 2,9 | Acquisition of 7 Back-up Power Supply Units for the Ust-May-sky Branch: + 0.95 MW; Incorporation of the Aldan and Okhotsk Branches into JSC "Teploenergoservice": + 2.508 MW. Taking stock of available Back-up Power Supply Units: -0.558 MW |

| Subsidiary/ dependent Company | Installed Capacity, MW | | Change, MW | Reason for Changes in 2010 | Installed Capac- ity, MW | Change, MW | Reason for Changes in 2011 |
|---|---------------------------|----------------|---------------|--|--------------------------------|----------------|---|
| | 01.01. 2010 | 01.01. 2011 | | | | | |
| JSC "Chuko- tenergo" | 147,15 | 153,15 | 6,0 | Replacement of TU-1 stage 1 type K-6-35 for П-6- 35/5M with T-6-2 generator at Egvekinotskaya Heat and Power Plant (GRES) | 153,15 | 0,0 | – |
| JSC "Kam- chatsken- ergo" | 406,80 | 406,80 | 0,0 | – | 406,80 | 0,0 | – |
| JSC "Ka- mchatka Southern Electric Grid" (JSC "KSEG") | 55,043 | 54,843 | –0,200 | Replacement of diesel genera- tors with modern ones | 58,115 | 3,272 | Commissioning of Diesel Power Plant: +2,416 MW, de-installation: -0.864 MW, putting in operation, replace- ment: +1.720 MBt |
| JSC "Novikovskiy Diesel Power Plant" | 4,75 | 4,75 | 0,0 | – | 4,75 | 0,0 | – |
| JSC "Sakha- linenergo" | 525,00 | 525,00 | 0,0 | – | 477,00 | -48,000 | Since March 1, 2011 the Sakhalin Heat and Power Plant (GRES) turbine units have been re-classified from K-50-90 to K-42/50-90 due to inconsistency between the aggregate nominal steam consumption at turbine heads and the aggregate nominal design capacity of boilers |
| "RAO ES of East" Hold- ing subtotal for the Far Eastern Federal District | 8763,26 | 8819,74 | 56,48 | – | 8772,28 | -47,463 | – |
| JSC "Mobile Energy" | 205 | 217 | 12,0 | Commissioning of the 4th Gas Turbine Unit at "Labytnangy" Mo- bile Power Plant | 217 | 0,0 | – |
| RAO ES of East" Hold- ing, Total | 8968,26 | 9036,74 | 68,48 | – | 8989,28 | -47,463 | – |

The following facilities were operating in 2011 in the pilot production mode:

- 48 MW back-up unit at the Yakutsk Heat and Power Plant (GRES) (JSC "Joint-Stock Company "Yakutskenergo");
- Mini Heat and Power Plants in the Deputatskiy village: three 2.5 MW units (JSC "Joint-Stock Company "Sakhaenergo").





INSTALLED CAPACITY UTILIZATION RATE (ICUR)

The overall Installed Capacity Utilization Rate (ICUR) of "RAO ES of East" thermal power plants located in the Far Eastern Federal District rose over the period of 2010 – 2011 from 36.6% to 40.6%.

Among thermal power plants of the Unified Energy System of East synchronous zone maximum ICUR levels have been achieved at the "Neryungri GRES" heat and power plant (60.2%), Blagoveshchensk Heat and Power Plant (56.6%), "Partizansk GRES" heat and power plant (57%) and Artyomovsk Heat and Power Plant (65.3%). ICUR of power plants of the JSC "FEGC" "Primorye Generation" branch is higher than that at other JSC "FEGC" branches, which can be explained

by the specifics of the Unified Energy System of East operation.

Among thermal power plants of the isolated energy systems maximum ICUR levels have been achieved at the Yuzhno-Sakhalinsk Heat and Power Plant – 1 (66.7%) and the "Yakutsk GRES" heat and power plant (54.5%).

Commissioning of a GTU-12 MW at the Labytnangy Mobile Power Plant contributed to the JSC "Mobile Energy" power plants ICUR decrease in 2010 by 4.3% compared to 2009; in 2011 the JSC "Mobile Energy" ICUR rose by 9.5% over 2010. Growth in the Kazym and Urenгой mobile power plants generation contributed to the increase in ICUR.

| Changes in the JSC "RAO ES of East" subsidiary and dependent companies' thermal power plants ICUR | | | | | | |
|---|---|------|------|-----------------------|------|-----------------------|
| Item No. | Company/Plant Name | Year | | Difference, 2010/2009 | Year | Difference, 2011/2010 |
| | | 2009 | 2010 | % | 2011 | % |
| 1 | "RAO ES of East" Holding, in the territory of the Far Eastern Federal District | 36,6 | 37 | 1,1 | 40,6 | 9,7 |
| 2 | JSC "FEGC", including: | 37,7 | 38,3 | 1,6 | 42,5 | 11,00 |
| 3 | "Amur Generation" branch | 37,5 | 38,3 | 2,1 | 47,7 | 24,5 |
| 4 | "Raichikhinsk GRES" HPP | 16,7 | 16,9 | 1,2 | 23,3 | 37,9 |
| 5 | Blagoveshchensk HPP | 45,1 | 46,1 | 2,2 | 56,6 | 22,8 |
| 6 | "Primorye Generation" branch | 49,3 | 50,6 | 2,6 | 51,4 | 1,6 |
| 7 | Artyomovsk HPP | 59,8 | 60,8 | 1,7 | 65,3 | 7,4 |
| 8 | Vladivostok HPP-2 | 45,3 | 47,9 | 5,7 | 42,6 | -11,1 |
| 9 | Partizansk GRES (HPP) | 47,8 | 48,3 | 1,0 | 57,0 | 18,0 |
| 10 | "LuFEC" branch "Primorsk GRES" HPP | 31,8 | 32,6 | 2,5 | 38,1 | 16,9 |
| 11 | "Khabarovsk Generation" branch | 34,7 | 34,4 | -0,9 | 35,7 | 3,8 |
| 12 | "Maysk GRES" HPP | 19,5 | 19,6 | 0,5 | 21,1 | 7,7 |
| 13 | Khabarovsk HPP-1 | 42,5 | 42 | -1,2 | 43,7 | 4,04 |
| 14 | Khabarovsk HPP-3 | 40,1 | 38,9 | -3,0 | 39,4 | 1,3 |
| 15 | Komsomolsk HPP-2 | 36,3 | 38,8 | 6,9 | 40,5 | 4,4 |
| 16 | Komsomolsk HPP-3 | 35,7 | 32,9 | -7,8 | 35,1 | 6,7 |
| 17 | Amur HPP-1 | 17,8 | 20,2 | 13,5 | 22,1 | 9,4 |
| 18 | Nikolaevsk HPP | 21,7 | 21,2 | -2,3 | 21,3 | 0,5 |
| 19 | "Neryungri GRES" branch | 39,9 | 43,8 | 9,8 | 57,4 | 31,0 |
| 20 | "Neryungri GRES" HPP | 41,3 | 45,5 | 10,2 | 60,2 | 32,3 |
| 21 | Chulman HPP | 23,5 | 24,1 | 2,6 | 23,2 | -3,7 |

| Item No. | Company/Plant Name | Year | | Difference, 2010/2009 | Year | Difference, 2011/2010 |
|--|--|------|------|-----------------------|------|-----------------------|
| | | 2009 | 2010 | % | 2011 | % |
| 22 | Isolated energy systems: | | | | | |
| 23 | JSC "Sakhalinenergo", including: | 46,1 | 45,7 | -0,9 | 46,3 | 1,3 |
| 24 | "Sakhalin GRES" HPP | 29,7 | 30,6 | 3,0 | 31,0 | 1,3 |
| 25 | Yuzhno-Sakhalinsk HPP-1 | 67,9 | 66 | -2,8 | 66,7 | 1,1 |
| 27 | JSC "Kamchatskenergo", including: | 27,6 | 27,7 | 0,4 | 27,3 | -1,4 |
| 28 | Kamchatka HPP-1 | 14,5 | 11,2 | -22,8 | 11,3 | 0,9 |
| 29 | Kamchatka HPP-2 | 49,9 | 53,9 | 8,0 | 52,8 | -2,0 |
| 30 | JSC "Magadanenergo", including: | 5 | 4,9 | -2,0 | 5,1 | 3,8 |
| 31 | Magadan HPP | 12,3 | 12,2 | -0,8 | 12,9 | 5,7 |
| 32 | "Arkagalinsk GRES" HPP | 1,9 | 1,8 | -5,3 | 1,8 | 0 |
| 33 | JSC "Chukotenergo", including: | 20,2 | 18,4 | -8,9 | 17,8 | -3,3 |
| 34 | Anadyr HPP | 20 | 13,8 | -31,0 | 13,7 | -0,7 |
| 35 | Anadyr Gas Engine HPP | 14,3 | 22,5 | 57,3 | 22,3 | -0,9 |
| 36 | "Chaunskaya" HPP | 16,5 | 15,2 | -7,9 | 16,5 | 8,6 |
| 37 | "Egvekinot GRES" HPP | 31,2 | 25,8 | -17,3 | 23,6 | -8,5 |
| 38 | JSC "Joint-Stock Company "Yakutskenergo", including: | 54,3 | 54,7 | 0,7 | 54,5 | -0,4 |
| 39 | "Yakutsk GRES" HPP | 54,2 | 54,8 | 1,1 | 54,5 | -0,5 |
| 40 | Yakutsk HPP | 56,3 | 52,2 | -7,3 | 54,2 | 3,8 |
| Subsidiary and dependent companies outside the Far Eastern Federal District | | | | | | |
| 1 | JSC "Mobile Energy", including: | 39,6 | 37,9 | -4,3 | 41,5 | 9,5 |
| 2 | "Labytnangy Mobile PP" branch | 27,5 | 22,2 | -19,3 | 21,7 | -2,3 |
| 3 | "Kazym Mobile PP" branch | 45,1 | 46,2 | 2,4 | 51,8 | 12,1 |
| 4 | "Urengoy Mobile PP" branch | 44,3 | 45,4 | 2,5 | 51,1 | 12,6 |

CONSUMPTION OF STANDARD FUEL PER UNIT OF PRODUCTION

The average consumption of standard fuel (CSF) per unit of electric energy production by the "RAO ES of East" Holding's thermal power plants located in the Far Eastern Federal District increased from 381.16 g/kWh in 2009 to 383.7 g/kWh in 2010 (up 0.66%) and to 385.01 g/kWh in 2011 (up 0.3%). CSF per unit of heat production decreased from 154.3 kg/Gcal in 2009 to 153.2 kg/Gcal in 2010 (down 0.71%), and then increased to 153.43 kg/Gcal in 2011 (up 0.1%).

The increase in consumption of fuel per unit of electric energy production is first of all due to the economi-

cally non-optimal UES of East thermal power plants' operating regime under conditions of increased power consumption in the UES of East operating territory and exports of electric energy to China.

"Maysk GRES" power plant has been demonstrating the highest CSF per unit of electric energy production (700.5 g/kWh in 2010 and 677.07 g/kWh in 2011) and Komsomolsk HPP-3 has been demonstrating the lowest CSF per unit of electric energy production (285.3 g/kWh in 2010 and 288.70 g/kWh in 2011) among the synchronous zone thermal power plants.





Kamchatka HPP-2 (313.54 g/kWh in 2010 and 313.50 g/kWh in 2011) and Anadyr Gas Engine HPP (210.4 g/kWh in 2010 and 211.87 g/kWh in 2011) have been demonstrating the lowest CSF per unit of electric energy production among the isolated energy systems' power plants.

In the isolated energy systems, a decrease in the unit consumption of fuel has been achieved by JSC "Chukotenergo" through optimization of the energy system operating regime and an increase in the amount of energy generated by more economically efficient plants.

"Maysk GRES" power plant has been demonstrating the highest CSF per unit of heat production (271.0 kg/Gcal in 2010 and 276.1 g/kWh in 2011) and Komsomolsk HPP-3 has been demonstrating the lowest CSF per unit of heat production (135.3 kg/Gcal in 2010 and 134.5 g/kWh in 2011) among the synchronous zone thermal power plants.

Kamchatka HPP-1 (129.7 kg/Gcal in 2010 and 130.7 g/kWh in 2011) and Kamchatka HPP-2 (135.4 kg/Gcal in 2010 and 135.8 g/kWh in 2011) have been demonstrating the lowest CSF per unit of heat production among the isolated energy systems' power plants.

Changes in CSF per unit of electric energy production by JSC "RAO ES of East" subsidiary and dependent companies' plants

| Item No. | Company/Plant Name | CSF, g/kWh | | Difference, 2010/2009 | | CSF, g/kWh 2011 | Difference, 2011/2010 | |
|----------|---|------------|--------|-----------------------|------|--------------------|-----------------------|-------|
| | | 2009 | 2010 | g/kWh | % | | g/kWh | % |
| 1 | "RAO ES of East" Holding, in the territory of the Far Eastern Federal District | 381,16 | 383,67 | 2,51 | 0,7 | 385,01 | 1,34 | 0,3 |
| 2 | JSC "FEGC", including: | 371,85 | 373,67 | 1,82 | 0,5 | 378,20 | 4,53 | 1,2 |
| 3 | "Amur Generation" branch | 353,68 | 352,14 | -1,54 | -0,4 | 363,56 | 11,42 | 3,2 |
| 4 | "Raichikhinsk GRES" HPP | 594,14 | 595,97 | 1,83 | 0,3 | 578,78 | -17,19 | -2,9 |
| 5 | Blagoveshchensk HPP | 324,37 | 322,62 | -1,75 | -0,5 | 333,21 | 10,59 | 3,3 |
| 6 | "Primorye Generation" branch | 421,97 | 423,02 | 1,05 | 0,2 | 430,71 | 7,69 | 1,8 |
| 7 | Artyomovsk HPP | 422,92 | 423,18 | 0,26 | 0,1 | 422,17 | -1,01 | -0,2 |
| 8 | Vladivostok HPP-2 | 411,08 | 407,04 | -4,04 | -1,0 | 425,17 | 18,13 | 4,5 |
| 9 | Partizansk GRES (HPP) | 449,89 | 457,56 | 7,67 | 1,7 | 459,02 | 1,46 | 0,3 |
| 10 | Vladivostok HPP-1 | 428,39 | 453,58 | 25,19 | 5,9 | 385,25 | -68,33 | -15,1 |
| 11 | "LuFEC" branch "Primorsk GRES" HPP | 397,35 | 395,19 | -2,16 | -0,5 | 398,05 | 2,86 | 0,7 |
| 12 | "Khabarovsk Generation" branch | 334,83 | 337,11 | 2,28 | 0,7 | 341,44 | 4,33 | 1,3 |
| 13 | "Maysk GRES" HPP | 715,06 | 700,49 | -14,57 | -2,0 | 677,09 | -23,40 | -3,3 |
| 14 | Khabarovsk HPP-1 | 349,14 | 353,83 | 4,69 | 1,3 | 353,03 | -0,80 | -0,2 |
| 15 | Khabarovsk HPP-3 | 286,85 | 289,68 | 2,83 | 1,0 | 296,45 | 6,77 | 2,3 |
| 16 | Komsomolsk HPP-2 | 346,26 | 347,51 | 1,25 | 0,4 | 359,95 | 12,44 | 3,6 |
| 17 | Komsomolsk HPP-3 | 289,5 | 285,26 | -4,24 | -1,5 | 288,70 | 3,44 | 1,2 |
| 18 | Amur HPP-1 | 409,81 | 407,93 | -1,88 | -0,5 | 402,74 | -5,19 | -1,3 |
| 19 | Nikolaevsk HPP | 524,48 | 508,66 | -15,82 | -3,0 | 510,91 | 2,25 | 0,4 |
| 20 | "Neryungri GRES" branch | 343,01 | 345,54 | 2,53 | 0,7 | 351,82 | 6,28 | 1,8 |
| 21 | "Neryungri GRES" HPP | 336,09 | 338,88 | 2,79 | 0,8 | 344,59 | 5,71 | 1,7 |
| 22 | Chulman HPP | 522,49 | 533,47 | 10,98 | 2,1 | 642,24 | 108,77 | 20,4 |

| Item No. | Company/Plant Name | CSF, g/kWh | | Difference, 2010/2009 | | CSF, g/kWh | Difference, 2011/2010 | |
|--|--|------------|---------|-----------------------|------|------------|-----------------------|-------|
| | | 2009 | 2010 | g/kWh | % | | 2011 | g/kWh |
| Isolated energy systems | | | | | | | | |
| 23 | JSC "Sakhalinenergo", including: | 448,74 | 448,75 | 0,01 | 0,0 | 446,81 | -1,94 | -0,4 |
| 24 | "Sakhalin GRES" HPP | 592,52 | 587,69 | -4,83 | -0,8 | 585,04 | -2,65 | -0,5 |
| 25 | Yuzhno-Sakhalinsk HPP-1 | 364,8 | 361,84 | -2,96 | -0,8 | 360,41 | -1,43 | -0,4 |
| 26 | JSC "Kamchatskenergo", including: | 343,49 | 338,76 | -4,73 | -1,4 | 342,20 | 3,44 | 1,0 |
| 27 | Kamchatka HPP-1 | 415,33 | 423,29 | 7,96 | 1,9 | 422,80 | -0,49 | -0,1 |
| 28 | Kamchatka HPP-2 | 312,96 | 313,54 | 0,58 | 0,2 | 313,50 | -0,04 | 0,0 |
| 29 | JSC "Magadanenergo", including: | 663,75 | 717,09 | 53,34 | 8,0 | 663,97 | -53,13 | -7,4 |
| 30 | Magadan HPP | 478,3 | 492,79 | 14,49 | 3,0 | 469,91 | -22,88 | -4,6 |
| 31 | "Arkagalinsk GRES" HPP | 1074,5 | 1318,58 | 244,08 | 22,7 | 1159,65 | -158,93 | -12,1 |
| 32 | JSC "Chukotenergo", including: | 500,53 | 471,77 | -28,76 | -5,7 | 468,22 | -3,55 | -0,8 |
| 33 | Anadyr HPP | 472,8 | 478,6 | 5,80 | 1,2 | 478,40 | -0,20 | 0,0 |
| 34 | Anadyr Gas Engine PP | 220,8 | 210,4 | -10,40 | -4,7 | 211,87 | 1,47 | 0,7 |
| 35 | "Chaunskaya" HPP | 622,9 | 623,8 | 0,90 | 0,1 | 622,93 | -0,87 | -0,1 |
| 36 | "Egvekinot GRES" HPP | 613,9 | 613,7 | -0,20 | 0,0 | 614,03 | 0,33 | 0,1 |
| 37 | JSC "Joint-Stock Company "Yakutskenergo", including: | 396,97 | 413,23 | 16,26 | 4,1 | 402,53 | -10,70 | -2,6 |
| 38 | "Yakutsk GRES" HPP | 395,19 | 411,93 | 16,74 | 4,2 | 398,40 | -13,54 | -3,3 |
| 39 | Yakutsk HPP | 469,75 | 474,36 | 4,61 | 1,0 | 481,09 | 6,73 | 1,4 |
| Subsidiary and dependent companies outside the Far Eastern Federal District | | | | | | | | |
| 1 | JSC "Mobile Energy", including: | 476,00 | 472,00 | -4,00 | -0,8 | 462,00 | -10,00 | -2,1 |
| 2 | "Labytnangy Mobile PP" branch | 489,00 | 494,00 | 5,00 | 1,0 | 485,61 | -8,39 | -1,7 |
| 3 | "Kazym Mobile PP" branch | 459,10 | 451,20 | -7,90 | -1,7 | 441,95 | -9,25 | -2,1 |
| 4 | "Urengoy Mobile PP" branch | 477,00 | 475,00 | -2,00 | -0,4 | 472,24 | -2,76 | -0,6 |

| Changes in CSF per unit of heat production by JSC "RAO ES of East" subsidiary and dependent companies' plants | | | | | | | | |
|--|---|--------------|--------|-----------------------|------|--------------|-----------------------|---------|
| Item No. | Company/Plant Name | CSF, kg/Gcal | | Difference, 2010/2009 | | CSF, kg/Gcal | Difference, 2011/2010 | |
| | | 2009 | 2010 | kg/Gcal | % | | 2011 | kg/Gcal |
| 1 | "RAO ES of East" Holding, in the territory of the Far Eastern Federal District | 154,33 | 153,24 | -1,1 | -0,7 | 153,43 | 0,2 | 0,1 |
| 2 | JSC "FEGC", including: | 152,85 | 152,06 | -0,8 | -0,5 | 154,80 | 2,7 | 1,8 |
| 3 | "Amur Generation" branch | 145,89 | 144,75 | -1,1 | -0,8 | 146,34 | 1,6 | 1,1 |
| 4 | "Raichikhinsk GRES" HPP | 167,25 | 169,83 | 2,6 | 1,5 | 183,30 | 13,5 | 7,9 |





| | | | | | | | | |
|---------------------------------|---|--------|--------|-------|------|--------|------|------|
| 5 | Blagoveshchensk HPP | 144,34 | 142,97 | -1,4 | -0,9 | 143,74 | 0,8 | 0,5 |
| 6 | "Primorye Generation" branch | 173,79 | 173,8 | 0,0 | 0,0 | 175,19 | 1,4 | 0,8 |
| 7 | Artyomovsk HPP | 181,13 | 180,67 | -0,5 | -0,3 | 181,11 | 0,4 | 0,2 |
| 8 | Vladivostok HPP-2 | 170,84 | 170,76 | -0,1 | 0,0 | 172,61 | 1,8 | 1,1 |
| 9 | Partizansk GRES (HPP) | 195,44 | 195,31 | -0,1 | -0,1 | 192,22 | -3,1 | -1,6 |
| 10 | Vladivostok HPP-1 | - | - | - | - | - | - | - |
| 11 | "LuFEC" branch "Primorsk GRES" HPP | 181,5 | 181,38 | -0,1 | -0,1 | 180,61 | -0,8 | -0,4 |
| 12 | "Khabarovsk Generation" branch | 142,92 | 141,75 | -1,2 | -0,8 | 141,76 | 0,0 | 0,0 |
| 13 | "Maysk GRES" HPP | 290,18 | 270,95 | -19,2 | -6,6 | 276,06 | 5,1 | 1,9 |
| 14 | Khabarovsk HPP-1 | 144,79 | 144,15 | -0,6 | -0,4 | 145,28 | 1,1 | 0,8 |
| 15 | Khabarovsk HPP-3 | 140,89 | 137,86 | -3,0 | -2,2 | 136,36 | -1,5 | -1,1 |
| 16 | Komsomolsk HPP-2 | 141,74 | 140,15 | -1,6 | -1,1 | 139,17 | -1,0 | -0,7 |
| 17 | Komsomolsk HPP-3 | 135,98 | 135,25 | -0,7 | -0,5 | 134,48 | -0,8 | -0,6 |
| 18 | Amur HPP-1 | 150,83 | 154,34 | 3,5 | 2,3 | 154,48 | 0,1 | 0,1 |
| 19 | Nikolaevsk HPP | 148,62 | 152,6 | 4,0 | 2,7 | 155,71 | 3,1 | 2,0 |
| 20 | "Neryungri GRES" branch | 164,26 | 163,93 | -0,3 | -0,2 | 163,91 | 0,0 | 0,0 |
| 21 | "Neryungri GRES" HPP | 161,48 | 161,07 | -0,4 | -0,3 | 160,91 | -0,2 | -0,1 |
| 22 | Chulman HPP | 181,23 | 181,29 | 0,1 | 0,0 | 181,52 | 0,2 | 0,1 |
| Isolated energy systems: | | | | | | | | |
| 23 | JSC "Sakhalinenergo", including: | 151,84 | 149,92 | -1,9 | -1,3 | 150,83 | 0,9 | 0,6 |
| 24 | "Sakhalin GRES" HPP | 211,82 | 211,26 | -0,6 | -0,3 | 211,21 | 0,0 | 0,0 |
| 25 | Yuzhno-Sakhalinsk HPP-1 | 150,5 | 148,4 | -2,1 | -1,4 | 149,31 | 0,9 | 0,6 |
| 26 | JSC "Kamchatskenergo", including: | 135,42 | 133,59 | -1,8 | -1,4 | 134,20 | 0,6 | 0,5 |
| 27 | Kamchatka HPP-1 | 135,89 | 129,73 | -6,2 | -4,5 | 130,70 | 1,0 | 0,7 |
| 28 | Kamchatka HPP-2 | 135,2 | 135,35 | 0,2 | 0,1 | 135,80 | 0,5 | 0,3 |
| 29 | JSC "Magadanenergo", including: | 181,39 | 181,86 | 0,5 | 0,3 | 176,80 | -5,1 | -2,8 |
| 30 | Magadan HPP | 175,8 | 176,35 | 0,5 | 0,3 | 170,60 | -5,8 | -3,3 |
| 31 | "Arkagalinsk GRES" HPP | 268,6 | 264,86 | -3,7 | -1,4 | 280,53 | 15,7 | 5,9 |
| 32 | JSC "Chukotenergo", including: | 185,81 | 184,19 | -1,6 | -0,9 | 186,45 | 2,3 | 1,2 |
| 33 | Anadyr HPP | 175,8 | 175,6 | -0,2 | -0,1 | 185,53 | 9,9 | 5,7 |
| 34 | Anadyr Gas Engine PP | 159,7 | 159,6 | -0,1 | -0,1 | 156,82 | -2,8 | -1,7 |
| 35 | "Chaunskaya" HPP | 198,8 | 199,4 | 0,6 | 0,3 | 198,76 | -0,6 | -0,3 |
| 36 | "Egvekinot GRES" HPP | 200,6 | 200,5 | -0,1 | 0,0 | 200,36 | -0,1 | -0,1 |
| 37 | JSC "Joint-Stock Company "Yakutskenergo", including: | 155,8 | 155,5 | -0,3 | -0,2 | 157,08 | 1,6 | 1,0 |
| 38 | "Yakutsk GRES" HPP | 149,4 | 149,03 | -0,4 | -0,2 | 148,91 | -0,1 | -0,1 |
| 39 | Yakutsk HPP | 165,47 | 166,04 | 0,6 | 0,3 | 168,83 | 2,8 | 1,7 |

ELECTRIC GRIDS

As of December 31, 2011 the total length of 35-220 kV electric transmission lines was 35259.9 km, up 35.1 km compared to 2010. In 2010 the total length of 35-220 kV electric transmission lines increased by 127.6 km compared to 2009.

The aggregate power transformation capacity of JSC "RAO ES of East" subsidiary and dependent companies' 35-220kV substations stands at 19 921.3 MVA and has grown by 408.8 MVA compared to 2010. In 2010 the aggregate power transformation capacity of 35-220kV substations fell by 125.2 MVA compared to 2009.

Changes in the total length of electric transmission lines and the substations' aggregate power transformation capacity over 2010 and 2011 were mainly due to JSC "FEGC" implementing its grid development program.

| Indicator | As of December 31, 2009 | As of December 31, 2010 | As of December 31, 2011 |
|---|-------------------------|-------------------------|-------------------------|
| Total length of 35-220 kV electric transmission lines, km | 35 097,2 | 35 224,8 | 35 259,9 |
| 35-220 kV substations' power transformation capacity | 19 637,7 | 19 512,5 | 19 921,3 |

The amount of energy lost in the JSC "RAO ES of East" subsidiary and dependent companies' electric grids in 2011 totaled 3865.6 mil kWh (11.71% of energy supplied to the grid), compared to 2010 this amount decreased by 83.8 mil kWh in absolute terms. In terms of a percentage of energy supplied to the grid, the energy losses increased by 1.18%.

JSC "RAO ES of East" subsidiary and dependent companies' amount of energy supplied to the grid and electric energy losses, 2009 – 2011

| Indicator | 2009 | 2010 | 2011 |
|---|---------|---------|---------|
| Amount of electric energy supplied, mil kWh | 32816,8 | 35916,9 | 33002,8 |
| Electric energy losses, mil kWh, including: | 3924,6 | 3781,8 | 3865,6 |
| processing losses within the tolerance range, mil kWh | 3396,0 | 3455,7 | 3528,5 |
| losses outside the tolerance range, mil kWh | 528,6 | 326,0 | 337,0 |
| Electric energy losses as a percentage of energy supplied to the grid | 11,96 | 10,53 | 11,71 |





JSC "RAO ES OF EAST" SUBSIDIARY AND DEPENDENT COMPANIES' REPAIRS PROGRAM

| Implementation of the JSC "RAO ES of East" subsidiary and dependent companies' Repairs Program in 2009 – 2011 | | | | | | |
|---|-------|-------------------------|-------------------------|---------------|-------------------------|-------|
| Equipment Name | MU | 2009 Actual performance | 2010 Actual performance | Plan for 2011 | 2011 Actual performance | 2011 |
| Turbine Units (heavy, medium, current repairs) | pcs | 248 | 269 | 237 | 252 | 106,3 |
| | MW | 16 935 | 18 625 | 16 261 | 17 597 | |
| Boiler Units (heavy, medium, current repairs) | pcs | 374 | 416 | 368 | 368 | 100,0 |
| | ton/h | 81 185 | 92 765 | 79 445 | 80 205 | |
| Generators | pcs | 11 | 29 | 20 | 20 | 100,0 |
| | MW | 782 | 2 397 | 1479 | 1479 | |
| Transformers | pcs | 325 | 162 | 136 | 136 | 100,0 |
| | MVA | 2 054 | 1 032 | 762 | 842 | |
| Electric Grids | km | 4 611 | 3 799 | 4 153 | 4 285 | 103,2 |
| Forest Corridors Clearing | ha | 4 785 | 4 312 | 4 616 | 5 479 | 118,7 |
| Heat Distribution Grids | km | 32,64 | 50,0 | 55,2 | 60,8 | 110,2 |

In 2011 the number of heavy and medium repairs increased by 1 turbine unit and 7 boiler units compared to 2010, the length of heat distribution lines laid anew increased by 10.8 km.

Major items of "RAO ES of East" Holding equipment that underwent repairs in the course of 2011:

252 turbine units with the total capacity of 17 597 MW, of which:

- 25 turbine units with the total capacity of 1 769 MW underwent heavy and medium repairs;
- 227 turbine units with the total capacity of 15 828 MW underwent current repairs.

368 boiler units with the total steam production capacity of 80 205 ton/h, of which:

- 39 boiler units with the total capacity of 8 835 ton/h underwent heavy and medium repairs;
- 329 boiler units with the total capacity of 71 370 ton/h underwent current repairs.

About 4.3 thousand km of electric transmission lines of various voltage classes underwent heavy repairs; 60.8 km of heat distribution lines were laid anew.

The "RAO ES of East" Holding Repairs Program has been fully implemented (actual performance to plan ratio at 100%).

The quality of reparation work carried out in 2011 was evaluated against the institution standard (SO 34.04.181-2003).

Overall assessment of the repaired equipment is in conformity with the normative and technical documents.

6.3. PROTECTION OF ENVIRONMENT

JSC "RAO ES of East" pays serious attention to protection of environment, increasing environmental safety and implementation of safe energy production technologies; it also seeks to minimize environmental impact of its activities.

The "RAO ES of East" Holding's environmental activities are organized and carried out in accordance with the Russian Federation law "On Protection of Environment" (Federal Law No. 7-FZ of January 10, 2002).

The Holding's enterprises make systemic efforts aimed at decreasing the anthropogenous impact on environment:

- decreasing the amount of fuel combustion pollutants released into the atmosphere (nitrogen oxides, sulfur oxides, particulates);
- decreasing the amount of liquid waste released into water;
- disposal of ashes and slag waste.

A lot of attention is paid to improving technological processes in the production, transmission and distribution of energy, implementation of new and modernization of the existing equipment in view of minimizing the negative environmental impact.

Measures aimed at increasing energy efficiency and energy saving are being implemented.

The main sources of environmental risks within the "RAO ES of East" Holding are thermal power plants. It is worth noting that the 7.3% growth in electric energy generation in 2011 over 2010 was accompanied by only 1.7% growth in the amount of pollutants released into the atmosphere and 3.7% growth in ashes and slag waste creation. The amount of liquid waste being released into water is down 8%.

Increasing the share of natural gas in the fuel balance resulted in 18% lower emission of greenhouse gases.

Aggregate data on the Holding's enterprises pollution level in 2009 – 2011

| Item No. | Indicator | 2009 Actual amount | 2010 Actual amount | Difference % | 2011 Actual amount | Difference % |
|----------|---|--------------------|--------------------|--------------|--------------------|--------------|
| 1 | Total pollution, thousand tons | 289,521 | 294,704 | 1,8 | 299,819 | 1,7 |
| | Solid | 121,61 | 123,25 | 1,3 | 113,478 | -7,9 |
| | Gas and liquid, including | 168,424 | 171,454 | 1,8 | 186,341 | 8,7 |
| | sulfur dioxide | 94,084 | 95,584 | 1,6 | 98,552 | 3,1 |
| | carbon monoxide | 17,854 | 18,592 | 4,1 | 25,51 | 37,2 |
| | nitrogen dioxide | 56,486 | 57,278 | 1,4 | 59,01 | 3,0 |
| 2 | Emission of greenhouse gases, mil tons | 42,74 | 42,35 | -0,9 | 34,648 | -18,2 |
| 3 | Pollutant effluents discharge, mil m ³ | 229,7 | 228,04 | -0,7 | 210,0 | -8,0 |
| 4 | Ashes and slag waste creation, thousand tons | 4143,2 | 4153,3 | 0,2 | 4306,54 | 3,7 |
| 5 | Fuel consumption, mil tons of standard fuel | 12,03 | 12,91 | 7,3 | 12,331 | -4,5 |

Among the Holding's enterprises, power plants of the JSC "FEGC" are responsible for the biggest share of the total pollutants discharged, including (2011):

- 97.219 thousand tons of solid pollutants;
- 148.267 thousand tons of gas and liquid pollutants;
- 25.182 million tons of greenhouse gases emitted.





PROTECTION OF THE ATMOSPHERE

In view of minimizing the negative environmental impact on atmosphere "RAO ES of East" Holding takes measures aimed at improving the quality of the coal it procures, the heat and power plants' boiler units are being switched to combustion of gas fuel, new technologies for fuel combustion and gas waste treatment are being implemented.

Switching of power plants to combustion of natural gas is currently underway at heat and power plants of the Sakhalin Oblast, Primorsky Krai, Kamchatsky Krai and Khabarovsk Krai. Production of electric energy by the JSC "Chukotenergo" Anadyr Gas Engine Heat and Power Plant, which uses natural gas, has increased, too.

JSC "Magadanenerg" and JSC "Chukotenergo" have repaired their boilers' ashes capturing systems.

WATER PROTECTION ACTIVITIES

In view of minimizing the negative environmental impact on water:

- construction of industrial rain-storm runoff treatment facilities is ongoing at the JSC "FEGC" Khabarovsk Heat and Power Plant – 1;
- an electronic fish-protecting complex PIRS has been installed near the JSC "Kamchatskenergo" Heat and Power Plant – 2 water intake facility on the Khalaktyrskoye Lake, which has the status of a water body with high degree of fisheries sensitivity;
- regular hydrogeological surveys of the underground water dynamics are carried out in the area of location of the Kamchatka Heat and Power Plant – 1 slag storage facility (near the village of Radygino). In accordance with the existing contracts accredited laboratories (Hydrometeorology and Environmental Monitoring Administration, Center of Laboratory Analysis and Technical Metrology division in the Kamchatka Krai, Hygienic and Epidemiological Center division in the Kamchatka Krai) measure the water quality indicators.

ENVIRONMENTAL MONITORING

In accordance with the acting legislation, the Industrial Environmental Monitoring (IEM) of quality of the liquid effluents, parameters of the natural water, compliance with the existing air pollution norms is being carried out by both the "RAO ES of East" Holding's own chemical laboratories and external specialized service-providers.

There were no industrial accidents with undesired environmental effects at the Holding's enterprises in 2011.

SAFE WASTE MANAGEMENT

Safe waste management principles have been implemented at all the JSC "RAO ES of East" enterprises.

Industrial sites are equipped with special facilities intended for storage and temporary location of waste in conformity with environmental, hygienic and epidemiological norms.

Reconstruction of the existing ash-disposal areas at Artyomovsk HPP, Vladivostok HPP-2 and "Partizansk GRES" HPP, creation of new ash-disposal areas at "Primorye GRES" HPP, "Partizansk GRES" HPP, Khabarovsk HPP-3 and Birobidjan HPP, and restoration of land in the old ash-disposal areas (at Khabarovsk HPP-3) by JSC "FEGC" is fully underway.

ENVIRONMENTAL COSTS

In 2011 the "RAO ES of East" Holding spent 611.918 mil rubles for environment protection related activities, up 48% (197.057 mil rubles) compared to 2010, and up 70% (253.657 mil rubles) compared to 2009.

The amount of environmental payments for allowable and above the allowable level emissions was 5% lower than in 2010 and 1.5% lower than in 2009, and stood at 150.0 mil rubles.



6.4. INVESTMENT ACTIVITIES

6.4.1. FIXED CAPITAL INVESTMENTS

THE "RAO ES OF EAST" HOLDING investment program is aimed at ensuring quality and reliable electric energy supply to consumers and meeting growing demand for electric energy in the region, modernization of the Holding's productive fixed capital.

Implementation of the investment program in the medium run will allow achieving the following Holding's strategic objectives:

- Addressing capacity needs in areas suffering from power shortages.
- Laying the energy foundation for the Far Eastern territories' social and economic development.
- Construction of new sources of energy in territories of growing or newly emerging energy consumption.
- Replacement of inefficient sources of electric energy and heat with more efficient ones.
- Implementation of modern technologies and innovations.
- Development of small-scale energy sources in areas of de-centralized energy supply; implementation of programs for optimization of local energy systems in technically isolated zones of energy supply.
- Decreasing the fixed capital depreciation level through replacement of fixed assets.
- Increasing reliability of energy supply to consumers.
- Implementation of measures aimed at increasing energy efficiency and energy saving.

"RAO ES OF EAST" HOLDING 2011 INVESTMENT ACTIVITIES HIGHLIGHTS

The actual amount directed towards financing the "RAO ES of East" Holding investment program over the twelve months of 2011 reached 20721.9 mil rubles, VAT included, or 82% of the amount that had been envisaged in the plan for the reporting period, the "RAO ES of East" Holding constituent companies included.

The actual fixed capital formation under the "RAO ES of East" Holding investment program over the twelve months of 2011 reached 16252.5 mil rubles, VAT excluded, or 100% of the amount that had been envisaged in the plan for the reporting period.

| Financing the "RAO ES of East" Holding investment program over the 12 months of 2011 | | | | | |
|--|---|---|----------|------------|------------------------|
| Item No. | Name | Over 12 months of 2011 | | | |
| | | Amount directed towards financing fixed capital investments, mil rubles, VAT included | | | |
| | | Plan | Actual | Difference | Actual to Plan ratio % |
| | "RAO ES of East" Holding | 25 306,3 | 20 721,9 | -4 584,4 | 82 |
| 1 | JSC "RAO ES of East" | 7 854,9 | 3 749,0 | -4 105,9 | 48 |
| 2 | JSC "Kamchatskenergo" | 532,7 | 447,8 | -84,9 | 84 |
| 3 | JSC "Joint-Stock Company "Yakutskenergo" | 2 942,4 | 2 600,0 | -342,4 | 88 |
| 4 | JSC "Sakhalinenergo" | 1 326,9 | 1 208,9 | -118,0 | 91 |
| 5 | JSC "FEGC" | 6 337,6 | 5 865,2 | 118,0 | 93 |
| 6 | JSC "FEEC" | 384,7 | 355,9 | -28,8 | 93 |
| 7 | JSC "Mobile Energy" | 352,3 | 329,7 | -22,6 | 94 |
| 8 | JSC "Southern Electric Grids of Kamchatka" (JSC "SEGK") | 56,1 | 54,1 | -2,0 | 96 |
| 9 | JSC "Chukotenergo" | 151,3 | 156,1 | 4,8 | 103 |
| 10 | JSC "Far Eastern Distribution Grid Company" | 4 937,3 | 5 408,1 | 470,8 | 110 |
| 11 | JSC "Magadanenergo" | 430,0 | 547,0 | 117,0 | 127 |

CAPACITY COMMISSIONED OVER THE TWELVE MONTHS OF 2011

GENERATIO**Plan: 3.97 MW****Actual: 3.78 MW****Actual/plan ratio: 95%**

- Retooling the diesel power plants located in the villages of Dolinovka, Ossora, Palana with the total capacity of 1.7 MW (JSC "SEGK").

- Construction of a back-up diesel power plant in the village of Vitim, delivery of the AD-60 generator and a gas generator with the total capacity of 1.57 MW to the village of Yuren (JSC "Joint-Stock Company "Yakutskenergo").

- Construction of distribution grids and substations intended for providing energy supply to mobile radiotelephone communication facilities located along the federal Chita – Khabarovsk "Amur" highway, with the capacity of 0.51 MW (JSC "RAO ES of East").





In 2011 the list of priority projects included in the JSC "RAO ES of East" own investment program has been revised based on the Far Eastern energy sector's needs for new generating capacity. The list contains the following projects:

| Construction of a heat and power plant in Sovietskaya Gavan' | |
|--|--|
| Location: | Implementation Status: The plant design process continued in 2011. The first stage of the design process was concluded. In addition, a contract for the design of a non-general use rail connection to the heat and power plant located in the town of Sovietskaya Gavan' was concluded. Contracts for delivery of boiler units, steam turbines and turbine generators, electrofilters were concluded in March 2011. A preparatory stage construction contract was concluded in May 2011. In accordance with the work schedule, on the construction site the contractor is carrying out de-installation, site clearing and territory planning operations, building an access road to the plant, installing temporary lighting and fencing. In September 2011 a technological connection contract was concluded with a grid company. |
| the town of Sovietskaya Gavan', Khabarovsk Krai. | |
| Project Objectives: | |
| <ul style="list-style-type: none"> • Ensuring reliable, uninterrupted and economically efficient energy supply to consumers in the Sovietskaya Gavan' and Vanino districts. • Increasing reliability of electric energy supply in the Sovietskaya Gavan' energy hub. • Meeting growing local demand for electric energy stemming from expanding the seaport, construction of the Far East largest coal terminal and development of the transport hub. • Replacement of the existing municipal and agency-held boiler-houses based system of heat supply to consumers located in the town of Sovietskaya Gavan' and nearby villages with a centralized energy supply system | |
| Implementation Period: | |
| 2010–2014 | |
| Project Cost: | |
| 12 115 million rubles | |
| Project Sources of Financing in 2011: | |
| JSC "RAO ES of East" own funds | |
| Technical Characteristics: | |
| 120 MW, 200 Gcal/hour | |

| Construction of a GTU-HPP on the Vladivostok HPP-2 and the Central Steam and Water Boiler Station (CSWB) sites | |
|---|--|
| Location: | Implementation Status: Design contracts (separately in respect of the Vladivostok HPP-2 and the CSWB sites) were concluded in March – April 2011. A gas supply contract was concluded in October 2011. Draft contracts and technical specifications for procurement of part of the major equipment items (gas turbine units, booster compressor stations, transformers) have been prepared and are in process of receiving the necessary clearances. |
| Vladivostok, Primorsky Krai | |
| Project Objectives and Tasks: | |
| <ul style="list-style-type: none"> • Ensuring reliable power supply to consumers in the South of Primorsky Krai (meeting condition N-1, lifting the status of a "high risk region"). • Addressing the growing electric energy consumption in Vladivostok. • Addressing the pollution problem in Vladivostok and that of the Vladivostok HPP-2 ash-disposal areas nearing their capacity limit. | |
| Implementation Period: | |
| 2011–2014 | |
| Project Cost: | |
| 10 414 million rubles | |
| Project Sources of Financing in 2011: | |
| JSC "RAO ES of East" own funds | |
| Technical Characteristics: | |
| 232.5 MW, 200 Gcal/hour | |

Construction of the "Yakutsk GRES-2" heat and power plant (1st stage)

| | |
|---|---|
| Location: | Implementation Status: A design contract concluded in June 2011. The 1st stage (development of main technical solutions) has been fully accomplished. Technical specifications for connecting the facility to a source of gas supply were received from JSC "Sakhatransneftegaz" in June 2011. |
| Republic of Sakha (Yakutia) | |
| Project Objectives and Tasks: | |
| <ul style="list-style-type: none"> • Providing substitute for the "Yakutsk GRES" capacity being de-commissioned. • Ensuring reliable heat and electric energy supply to consumers in the Republic of Sakha (Yakutia) central energy district with account taken of prospects for the region's development until 2020 and the expected growth in energy consumption in the Republic of Sakha (Yakutia) central energy district over the period until 2020. • Increasing the share of the combined electricity and heat generation with the corresponding increase in the energy sources' economic efficiency and lower gas fuel consumption. • Introduction of modern, reliable, economically efficient and environmentally friendly energy equipment. • Improving the ecological situation through replacement of the existing boiler stations and expanding the centralized heat supply zone. | |
| Implementation Period: | |
| 2011–2014 | |
| Project Cost: | |
| 11 700 million rubles | |
| Project Sources of Financing in 2011: | |
| JSC "RAO ES of East" own funds | |
| Technical Characteristics: | |
| 170 MW, 160 Gcal/hour | |

Construction of the 2nd stage of the Blagoveshchensk Heat and Power Plant

| | |
|--|--|
| Location: | Implementation Status: A design contract concluded in April 2011. In December 2011 the design documentation was provided to JSC "RAO ES of East" for consideration and approval. |
| Blagoveshchensk, Amur Oblast | |
| Project Objectives and Tasks: | |
| <ul style="list-style-type: none"> • Addressing the current deficit and meeting the growing demand for heat in the Amur Oblast. • Ensuring systemic reliability under conditions of electric energy exports to China. • Increasing the efficiency of the heat supply system through providing substitute capacity for economically inefficient Blagoveshchensk boiler stations to be de-commissioned. | |
| Implementation Period: | |
| 2011–2014 | |
| Project Cost: | |
| 4 000 million rubles | |
| Project Sources of Financing in 2011: | |
| JSC "RAO ES of East" own funds | |
| Technical Characteristics: | |
| 110 MW, 175 Gcal/hour | |





| Construction of the "Sakhalin GRES-2" power plant | |
|---|--|
| Location: | Implementation Status: The design tender was announced in February 2012. |
| Sakhalin Oblast, central part of the Sakhalin Island | |
| Project Objectives and Tasks: | |
| <ul style="list-style-type: none"> • Providing substitute for the "Sakhalin GRES" capacity to be de-commissioned, as well as increasing the island energy system total capacity to meet new demands in line with economic development prospects. • Creation of the energy infrastructure reserve capacity and reliability margin necessary for the region's industrial growth and development of its production sector. | |
| Implementation Period: | |
| 2011–2017 | |
| Project Cost: | |
| 21 850 million rubles | |
| Project Sources of Financing in 2011: | |
| JSC "RAO ES of East" own funds | |
| Technical Characteristics: | |
| 330 MW, 15 Gcal/hour | |

| Construction of the 5th energy unit at Yuzhno-Sakhalinsk HPP-1 | |
|---|---|
| Location: | Implementation Status: A design contract concluded in April 2011. Government experts' positive opinion and the construction permission were received in September 2011. A contract for delivery of gas turbine units was signed, and 100% prepayment made in the reporting period. In addition, contracts for delivery of fume stacks, graduation towers, electric equipment, booster compressor stations were concluded. Active construction and assembling operations are ongoing. |
| Yuzhno-Sakhalinsk, Sakhalin Oblast | |
| Project Objectives and Tasks: | |
| <ul style="list-style-type: none"> • Addressing the capacity deficit in the Sakhalin energy system and ensuring availability of a stand-by reserve in the energy system during consumption peaks. • Increasing reliability of the energy supply to consumers through creation of a flexible generating capacity capable of responding to short-term changes in the energy system operating regime. • Partial substitution of inefficient and run-down capacity of the "Sakhalin GRES" plant. | |
| Implementation Period: | |
| 2011–2012 | |
| Project Cost: | |
| 2 697.1 million rubles | |
| Project Sources of Financing in 2011: | |
| JSC "RAO ES of East" own funds | |
| Technical Characteristics: | |
| 91.2 MW | |

| Construction of the Ussuriysk Heat and Power Plant | |
|---|---|
| Location: | Implementation Status: Negotiations with credit institutions and potential investors concerning financing of the project are ongoing. |
| Ussuriysk, Primorsky Krai | |
| Project Objectives and Tasks: | |
| <ul style="list-style-type: none"> • Meeting the growing demand for energy and addressing the current capacity deficit in the south of Primorsky Krai. • Increasing reliability and efficiency of the energy system of the south of Primorsky Krai. • Lifting the "high risk region" status, making sure the reliability criterion (N-1) is met. | |
| Implementation Period: | |
| 2011–2016 | |
| Project Cost: | |
| 23 100 million rubles | |
| Project Sources of Financing in 2011: | |
| JSC "RAO ES of East" own funds | |
| Technical Characteristics: | |
| 370 MW, 560 Gcal/hour | |

| Construction of distribution grids and substations intended for providing energy supply to mobile radiotelephone communication facilities located along the federal Chita – Khabarovsk "Amur" highway | |
|--|---|
| Location: | Implementation Status: Connection to 37 communication facilities located along the federal Chita – Khabarovsk "Amur" highway is expected to be provided as a result of the project implementation. The initial permissive documentation is being drafted separately in respect of each site. As of the end of 2011, all the 37 facilities were connected to power supply, of which 22 base stations had permanent electric grid connections and 15 stations used temporary sources of power supply (diesel generators). The latter 15 stations provide uninterrupted access to mobile communication network and the same quality of services as those having permanent connections; they are scheduled to be connected permanently before the end of the first half of 2012. |
| Amur Oblast, Jewish Autonomous Oblast | |
| Project Objectives: | |
| providing energy supply to mobile communication base stations located along the M58 "Amur" highway | |
| Implementation Period: | |
| 2011–2012 | |
| Project Cost: | |
| 746.2 million rubles | |
| Project Sources of Financing in 2011: | |
| federal budget funds | |
| Technical Characteristics: | |
| 0.5 MW, 226.1 km, 1575 MVA | |



АНАДЫРЬ

ЯКУТСК

МАГАДАН

ПЕТРОПАВЛОВСК-КАМЧАТСКИЙ

БЛАГОВЕЩЕНСК

ХАБАРОВСК

БИРОБИДЖАН

ЮЖНО-САХАЛИНСК

ВЛАДИВОСТОК

**RAO ES
OF EAST**



Contact information





CHAPTER 7: CONTACT INFORMATION

| | |
|---------------------------------|--|
| Company Full Name in Russian | Открытое акционерное общество «РАО Энергетические системы Востока» |
| Company Short Name in Russian | ОАО «РАО Энергетические системы Востока» |
| Company Full Name in English | Joint Stock Company «RAO Energy System of East» |
| Company Short Name in English | JSC «RAO Energy System of East» |
| Company Address (legal address) | 28, Shevchenko Str., Blagoveshchensk, Amur Oblast 675000 Russia |
| General Director (CEO) | Tolstoguzov Sergey Nikolaevich |
| Postal addresses, phone numbers | 46, Leningradskaya Str., 680021 Khabarovsk, Russia Tel.: +7 (4212) 26-44-03; Fax: +7 (4212) 26-44-02 |
| | 21 building A, Obratsova Str., 127018 Moscow, Russia Tel. +7 (495) 287-67-01; Fax: +7 (495) 287-67-02 |
| Date of State Registration | 01 July 2008 |
| Main State Registration Number | 1087760000052 |
| Registering Authority | Interdistrict Inspectorate No. 46 in the city of Moscow of the Federal Tax Service of Russia |
| Bank Details | Taxpayer Identification Number (ИНН) 2801133630, Code of Reason for Taxpayer Registration (КПП) 997450001, Russian Classifier of Businesses and Organizations (ОКПО) 85115294, Russian Classifier of Types of Economic Activity (ОКВЭД) 74.15.2 JSC «VTB Bank» Branch in the city of Khabarovsk Current account 407 028 104 020 000 077 33 Bank Identification Number (БИК) 040813727, Correspondent account 301 01 810 400 000 000 727 |
| E-mail Address | rao-esv@rao-esv.ru |
| Web Site | http://www.rao-esv.ru/ |



BRIEF INFORMATION ON THE COMPANY'S AUDITOR

| | |
|---------------------------------------|--|
| Full Name | Closed Joint-Stock Company «KPMG» |
| Short Name | CJSC «KPMG» |
| Location | 10 Block C, Presnenskaya Embankment (18, Krasnopresnenskaya Embankment), 123317 Moscow |
| Postal Address | 10 Block C, Presnenskaya Embankment (18, Krasnopresnenskaya Embankment), 123317 Moscow |
| Taxpayer Identification Number (ИНН) | 7702019950 |
| Main State Registration Number (ОГРН) | 1027700125628 |
| Telephone | +7 (495) 937-44-77 |
| Fax | +7 (495) 937-44-99 |
| E-mail | moscow@kpmg.ru |
| Web Site | http://www.kpmg.com/ru |





BRIEF INFORMATION ON THE COMPANY'S REGISTRAR

| Closed Joint-Stock Company «Registering Company «STATUS» | |
|--|--|
| Short Name | CJSC «STATUS» |
| License | Registrar License No. 10-000-1-00304 of 12 March 2004 issued by the Federal Service for Financial Markets, with unlimited period of validity |
| Location | 32 building 1, Novorogozhskaya Str., 109544 Moscow, Russia |
| Postal Address | 32 building 1, Novorogozhskaya Str., 109544 Moscow, Russia |
| Taxpayer Identification Number (ИИИ) | 7707179242 |
| Main State Registration Number (ОГРН) | 1027700003924 |
| Company's Business Hours | from 9:00 to 18:00 |
| Operating Halls Opening Hours | from 10:00 to 16:00, without a lunch break |
| Telephone | (495) 974-83-45, (495) 974-83-50 |
| Fax | (495) 678-71-10 |
| E-mail Address | info@rostatus.ru |
| Web Site | office@rostatus.ru |
| | www.rostatus.ru |

| CJSC "STATUS" branches | | |
|------------------------|--|---|
| Name | Location, Postal Address | Telephone/Fax/E-mail |
| Alexeevka Branch | 2A buildings 13-14, Frunze Str., the town of Alexeevka, Belgorod Oblast, 309850 Russia | Tel.: (47234) 325-18 Fax: (47234) 325-18 E-mail: alekseevka@rostatus.ru |
| Arkhangelsk Branch | 5 building 1, Roza Luxemburg Str., 163000 Arkhangelsk, Russia | Tel.: (8182) 633 260 E-mail: arhangelsk@rostatus.ru |
| Vladivostok Branch | Office #216, 2, Dalzavodskaya Str., 690091 Vladivostok, Russia | Tel.: (423) 220-49-88 E-mail: vladivostok@rostatus.ru |
| Vladikavkaz Branch | Office #1, 5, Revolution Str., Vladikavkaz, North Ossetia - Alania Republic, 362040 Russia | Tel./ Fax: (8672) 54-96-82 E-mail: vladikavkaz@rostatus.ru |
| Vologda Branch | 26, Dobrolyubova Str., 160000 Vologda, Russia | Tel.: (8172) 54-97-46 E-mail: vologda@rostatus.ru |
| Voronezh Branch | 4, Feoktistova Str., 394000 Voronezh, Russia | Tel. / Fax: (4732) 53-13-54, 64-44-47, 64-44-49 E-mail: voroneg@rostatus.ru |
| Izhevsk Branch | Office #456, 53, 10 Let Oktyabrya Str., Izhevsk, Udmurt Republic, 426011 Russia | Tel.: (3412) 90-13-30 E-mail: Izhevsk@rostatus.ru |
| Yekaterinburg Branch | 62, Krasnoarmeyskaya Str., Yekaterinburg, Sverdlovsk Oblast, 620075 Russia | Tel./ Fax: (343) 266-91-30, 266-91-31, 266-91-32 E-mail: ekaterinburg@rostatus.ru |
| Kaluga Branch | Office #3, 23, Saltykov-Shchedrin Str., 248002 Kaluga, Russia | Tel./ Fax: (4842) 56-43-07, 56-43-06, 56-31-90 E-mail: kaluga@rostatus.ru |
| Kostroma Branch | 49, Pyatnitskaya Str., 156000 Kostroma, Russia | Tel./ Fax: (4942) 31-64-04 E-mail: kostroma@rostatus.ru |

| | | |
|---------------------------|--|---|
| Krasnodar Branch | Office #902, 30/1, Krasnoarmeyskaya Str., 350000 Krasnodar, Russia Postal Address: CJSC "STATUS" Krasnodar Branch, P.O. Box 2854, 350047 Krasnodar | Tel./ Fax: (861) 274-88-85, 274-88-86 E-mail: krasnodar@rostatus.ru |
| Magnitogorsk Branch | 9, Zavenyagina Str., Magnitogorsk, Chelyabinsk Oblast, 455044 Russia | Tel. / Fax: (3519) 25-60-22, 25-60-23 E-mail: magnitogorsk@rostatus.ru |
| Naberezhnye Chelny Branch | 6, Kh. Tufana Avenue, Naberezhnye Chelny, Republic of Tatarstan, 423834 Russia Postal Address: P.O. Box 97, Naberezhnye Chelny, Republic of Tatarstan, 423810 | Tel./Fax: (8552) 35-80-89 E-mail: nchelny@rostatus.ru |
| Nizhny Novgorod Branch | Premises #15, 32, Bolshaya Pecherskaya Str., 603155 Nizhny Novgorod, Russia | Tel.: (831) 436-07-52 Tel./ Fax: (831) 436-06-43 E-mail: nnovgorod@rostatus.ru |
| Omsk Branch | 10, Kemerovskaya Str., 644043 Omsk, Russia | Tel.: (3812) 25-05-50 Tel./ Fax: (3812) 24-45-11 E-mail: omsk@rostatus.ru |
| Orel Branch | Office #201, Entrance No.1, 32, Saltykov- Shchedrin Str., 302028 Orel, Russia | Tel / Fax: (4862) 44-23-58 E-mail: orel@rostatus.ru, statusorel@rekom.ru |
| Ryazan Branch | Office #15, 3rd floor, 52, Sobornaya Str., 390000 Ryazan, Russia | Tel: (4912) 99-49-77 Fax: (4912) 28-44-76 E-mail: ryazan@rostatus.ru |
| Samara Branch | 132 building 412, Galaktionovskaya Str., 443100 Samara, Russia | Tel.: (846) 332-41-77 Fax: (846) 332-82-29 E-mail: samara@rostatus.ru |
| Saint-Petersburg Branch | 9A, Chapaeva Str., 197046 Saint-Petersburg, Russia | Tel.: (812) 702-43-03 Fax: (812) 498-12-04 E-mail: spb@rostatus.ru |
| Saratov Branch | Office #214, 35, Moskovskaya Str., 410031 Saratov, Russia | Tel.: (8452) 23-39-91, 23-74-82 Fax: (8452) 27-43-73 E-mail: saratov@rostatus.ru |
| Togliatti Branch | 6A, Frunze Str., Togliatti, Samara Oblast, 445051 Russia | Tel.: (8482) 53-40-36 Fax: (8482) 53-40-23 E-mail: togliatti@rostatus.ru |
| Ufa Branch | 119, Industrialnoye Highway, Ufa, Republic of Bashkortostan, 450030 Russia | Tel./ Fax: (347) 238-32-77, 238-18-81 E-mail: ufa@rostatus.ru www.rostatus-ufa.ru |
| Ulyanovsk Branch | Office #4, 17A, Mira Str., Ulyanovsk, Ulyanovsk Oblast, 432063 Russia | Tel.: (8422) 42-30-55, 96-87-53 E-mail: ulyanovsk@rostatus.ru |
| Perm Standalone Division | Office #702, 50, Lenina Str., 614990 Perm, Russia | Tel.: (342) 218-01-66 E-mail: perm@rostatus.ru |



APPENDIXES



INFORMATION ON JSC “RAO ES OF EAST” PARTICIPATION IN LEGAL ENTITIES (AS OF DECEMBER 31, 2011)

| Item No. | Company full and short name, location, web-site | Main areas of activity (according to the Charter) | |
|---|---|--|--|
| Companies, in which JSC “RAO ES of East” holds 100% of voting rights | | | |
| 1 | <p>Открытое акционерное Open Joint-Stock Company “Central Dispatching Of- fice of the Unified Energy System of the Russian Federation” (JSC CDO UES of Russia)</p> <p>Location: 7, Kitaygorodsky proezd, 103074 Moscow, Russia Web-site: n/a</p> | Company in liquidation | |
| 2 | <p>Open Joint-Stock Com- pany “Daltekhenergo” (JSC “DTE”)</p> <p>Location: 10/9, Uborevicha Str., Vladivostok, Primor- sky Krai, 690091 Russian Federation Web-site: http://www.daltekhenergo.com/</p> | <ul style="list-style-type: none"> – Provision of adjustment, introduction, organizational services when introducing new equipment or advanced technology or when improving operating practices at energy facilities being designed, constructed, modernized or at facilities in operation; – Provision of the full range of start-up, commissioning and operating regime adjustment services in respect of all the power plants’ heat and electricity distribution grids’ and boiler stations’ major and auxiliary equipment; – Development of technical solutions for reconstruction and modernization of all types of energy equipment, schemes and systems in view of increasing their reliability, economic efficiency, maintainability and serviceability; – Development of energy production automated control systems; adjustment and modernization of communication and telemechanical tools; – Inspection of production facilities in view of identifying their true state and technical and economic parameters; implementation of energy saving technologies. | |
| 3 | <p>Limited Liability Company “Vostok-Finance” (LLC “Vostok-Finance”)</p> <p>Location: 6G building 3, Se- menovsky Val Str., 105094 Moscow, Russia Web-site: n/a</p> | <ul style="list-style-type: none"> – Acting in capacity of executive bodies in joint-stock and other companies in accordance with the procedure prescribed by the law and the contracts concluded; – Fiduciary property management; – Acting as an agent; – Provision of legal, consulting, marketing, informational, intermediary, management and other services to individuals and legal entities; – Development and implementation of programs for reform of the management structure and development of organizations. | |
| Companies, in which JSC “RAO ES of East” holds from 75% to 100% of the voting rights | | | |
| 4 | <p>Open Joint-Stock Company of Energy and Electrifica- tion “Kamchatskenergo” (JSC “Kamchatskenergo”)</p> <p>Location: 10, Naberezhnaya Str., Petropavlovsk-Kam- chatsky, 683000 Russian Federation Web-site: http://www.kamenergo.ru/</p> | <ul style="list-style-type: none"> – Delivery (sale) of electricity and heat at prescribed tariffs in accordance with the dispatch schedule for electricity and heat load; – Receipt (purchase) of electricity in the regional and wholesale electric energy (power) markets; – Receipt (purchase) of heat and electricity from producers; – Production of electricity and heat; – Transmission of electricity and heat. | |

| | Categories of shares held by JSC "RAO ES of East" | Shares' nominal value, rubles/ share | Number of shares held by JSC "RAO ES of East", pcs | Stake in Charter Capital, % | Percent of vote, % | JSC "RAO ES of East" earnings generated from participation in legal entities (dividends) in 2011, rubles |
|--|---|--------------------------------------|--|-----------------------------|--------------------|--|
| | Ordinary Shares | 0,50 | 19 685 367 | 100,00 | 100,00 | - |
| | Ordinary Shares | 1000,00 | 3 000 | 100,00 | 100,00 | - |
| | Stake in the Charter Capital | | | 100,00 | 100,00 | - |
| | Ordinary Shares | 0,10 | 41 478 895 996 | 98,68 | 98,68* | - |





| Companies, in which JSC "RAO ES of East" holds from 51% to 75% of the voting rights | | |
|---|---|--|
| 5 | <p>Open Joint-Stock Company "Far Eastern Energy Company" (JSC "FEEC")</p> <p>Location: 19, Tigrovaya Str., 690091 Vladivostok, Russia Web-site: http://www.dvec.ru/</p> | <ul style="list-style-type: none"> – Purchase of electricity in the regional and wholesale electric energy (power) markets; – Sale of electricity in the regional and wholesale electric energy (power) markets to consumers (including individuals); – Provision of services to third parties, including those related to collection of payments for goods sold and services provided; – Diagnostics, maintenance, repair, replacement and inspection of electricity and heat measurement and recording tools. |
| 6 | <p>Open Joint-Stock Company of Energy and Electrification "Magadanenergo" (JSC "Magadanenergo")</p> <p>Location: 24, Sovetskaya Str., 685000 Magadan, Russian Federation Web-site: http://www.magadanenergo.ru/</p> | <ul style="list-style-type: none"> – Production of electricity and heat; – Delivery (sale) of electricity and heat at prescribed tariffs in accordance with electricity and heat load dispatch schedules; – Transmission of electricity and heat; – Dispatching and ensuring compliance with energy saving and energy consumption regimes; – Ensuring energy equipment is operated in accordance with the acting norms; carrying out timely and quality repairs, technical retooling and reconstruction of energy facilities, as well as development of the energy system. |
| 7 | <p>Open Joint-Stock Company of Energy and Electrification "Mobile Energy" (JSC "Mobile Energy")</p> <p>Location: 6G building 3, Semenovskiy Val Str., 105094 Moscow, Russia Web-site: n/a</p> | <ul style="list-style-type: none"> – Wholesale trade in electricity and heat (excluding their production, transmission and distribution); – Production, transmission and distribution of electricity; – Activities in the area of electric communications. |
| 8 | <p>Open Joint-Stock Company "Joint-Stock Company "Yakutskenergo" (JSC "JSC "Yakutskenergo")</p> <p>Location: 14, Fyodora Popova Str., Yakutsk, Republic of Sakha (Yakutia) Web-site: http://www.yakutskenergo.ru/</p> | <ul style="list-style-type: none"> – Delivery (sale) of electricity and heat at prescribed tariffs in accordance with electricity and heat load dispatch schedules; – Receipt (purchase) of electricity in the wholesale electric energy (power) market; – Receipt (purchase) of heat and electricity from the producers; – Production of electricity and heat; – Transmission of electricity and heat; – Dispatching and ensuring compliance with energy saving and energy consumption regimes; – Ensuring energy equipment is operated in accordance with the acting norms; carrying out timely and quality repairs, technical retooling and reconstruction of energy facilities, as well as development of the energy system; – Operating energy facilities not on the Company books in accordance with contracts concluded with these energy facilities' owners. |
| Companies, in which JSC "RAO ES of East" holds from 25% to 51% of the voting rights | | |
| 9 | <p>Open Joint-Stock Company of Energy and Electrification "Sakhalinenergo" (JSC "Sakhalinenergo")</p> <p>Location: 43, Kommunisticheskiy Prospekt, 693000 Yuzhno-Sakhalinsk Web-site: http://www.sahen.elektra.ru/</p> | <ul style="list-style-type: none"> – Delivery (sale) of electricity and heat at prescribed tariffs in accordance with electricity and heat load dispatch schedules; – Receipt (purchase) of electricity in the wholesale electric energy (power) market; – Receipt (purchase) of heat and electricity from the producers; – Production of electricity and heat; – Transmission of electricity and heat; – Dispatching and ensuring compliance with energy saving and energy consumption regimes |

| | | | | | | |
|--|-----------------|-------|---------------|-------|-------|--------------|
| | Ordinary Shares | 1,00 | 8 789 417 300 | 51,03 | 51,03 | - |
| | Ordinary Shares | 1,00 | 298 660 646 | 49,00 | 64,39 | - |
| | Ordinary Shares | 0,02 | 4 991 700 | 49,00 | 65,33 | 4 458 996,88 |
| | Ordinary Shares | 1,00 | 4 405 323 304 | 47,39 | 55,32 | - |
| | Ordinary Shares | 10,00 | 144 142 833 | 49,00 | 49,00 | - |

* at the JSC "Kamchatskenergo" 2010 annual General Shareholders Meeting shareholders decided not to pay dividends on preferred shares, the percentage of voting rights held by JSC "RAO ES of East" fell from 99.11 to 98.68





| | | | |
|--|---|--|--|
| 10 | <p>Open Joint-Stock Company "Energy Institute named after G. M. Krzhizhanovsky (JSC "EINK")</p> <p>Location: 19, Leninsky Prospekt, Moscow, Russian Federation Web-site: http://www.enin.su/</p> | <ul style="list-style-type: none"> – Carrying out science and research, development and engineering, design and accompanying works in the electric energy sector aimed at increasing reliability and economic efficiency of generation, transmission, distribution and consumption of electric energy; – Carrying out integrated energy and economic research in strategic areas of energy sector development; – Development of methods for mathematical modeling of gas dynamic and electro-physical processes necessary for creation of new and modernization of existing technologies in the electric energy sector; – Development of methods for application of the most advanced information technologies in the electric energy sector; – Development of methods for the use of low-grade fuels and protection of environment from pollution generated by energy facilities. | |
| Companies, in which JSC "RAO ES of East" holds less than 25% of the voting rights | | | |
| 11 | <p>Open Joint-Stock Company "Sakhalin Energy Company" (JSC "SEC")</p> <p>Location: 43, Kommunistichesky Prospekt, 693000 Yuzhno-Sakhalinsk Web-site: http://www.sec-energo.ru/</p> | <ul style="list-style-type: none"> – Activities in the area of architecture, civil and industrial construction and related technical consulting; – Provision of multiproduct intermediary services in the conclusion of contracts for the full range of architectural, research and design, construction and assembly, design and experimental, technological, start-up and commissioning and other types of services in the area of construction; – Engineering research for construction of buildings of the 1st and 2nd levels of importance in conformity with the state standard; – Design of buildings and installations of the 1st and 2nd levels of importance in conformity with the state standard; – Construction of buildings and installations of the 1st and 2nd levels of importance in conformity with the state standard; – Investment activities; – Fiduciary property management; – Provision of consulting services. | |
| 12 | <p>Open Joint-Stock Company "Pilot Heat and Power Plant" (JSC "Pilot Heat and Power Plant")</p> <p>Location: NGRES settlement, the town of Krasny Sulin, Rostov Oblast, 346353 Russia Web-site: http://etes.ru/newsite/index.php</p> | <ul style="list-style-type: none"> – Delivery (sale) of electricity and heat at prescribed tariffs in accordance with electricity and heat load dispatch schedules; – Production of electricity and heat; – Transmission of electricity and heat; – Dispatching and ensuring compliance with energy saving and energy consumption regimes; – Other activities. | |
| 13 | <p>Open Joint-Stock Company "Nogliki Gas Power Plant" (JSC "NGPP")</p> <p>Location: Nogliki village, Sakhalin Oblast Web-site: n/a</p> | <ul style="list-style-type: none"> – Design, construction, expansion, reconstruction, technical retooling and major repair of energy facilities at the Nogliki Gas Power Plant; – Delivery (sale) of heat and electric energy and power at prescribed tariffs in accordance with electricity and heat load dispatch schedules, making profit; – Production of electricity and heat. | |
| 14 | <p>Open Joint-Stock Company "Far Eastern Energy Managing Company" (JSC "FEEMC")</p> <p>Location: 19, Tigrovaya Str., Vladivostok, Primorsky Krai, 690091 Russia Web-site: http://www.dveuk.ru/</p> | <ul style="list-style-type: none"> – Consulting on commercial operations and management issues, including acting as the Commissioner in projects for construction of buildings and installations; – Construction of buildings and installations; – Carrying out general construction work in projects for construction of thermal and other power plants; – Carrying out general construction work in projects for laying long-distance pipelines, communication lines and electricity transmission lines; – Mounting engineering equipment of buildings and installations; – Rental of construction vehicles and equipment with operator. | |

| | | | | | | |
|--|--|---------|-----------|--------|--------|------------|
| | Ordinary Shares | 0,50 | 1 628 433 | 30,42 | 30,42 | 595 024,71 |
| | | | | | | |
| | Ordinary Shares | 1000,00 | 300 000 | 17,27 | 17,27 | - |
| | Ordinary Shares (of the 1st additional issue) | 1000,00 | 700 000 | | | |
| | Ordinary Shares | 100,00 | 676 319 | 9,86 | 9,86 | - |
| | Ordinary Shares | 0,35 | 2 927 500 | 9,76 | 9,76 | - |
| | Ordinary Shares | 1000,00 | 150 | 0,0013 | 0,0013 | 445,87 |





| | | |
|----|---|--|
| 15 | <p>Open Joint-Stock Company "Federal Hydro Generation Company" (JSC "RusHydro")</p> <p>Location: 51, Respubliki Str., Krasnoyarsk, Krasnoyarsky Krai, 660075 Russia Web-site: http://www.rushydro.ru/</p> | <ul style="list-style-type: none"> - Creating conditions for ensuring generating facilities reliability and safety; - Implementation of the state policy in the hydro energy sector; - Creating conditions for efficient functioning of the wholesale electric energy (power) market; - Ensuring hydro energy facilities' efficient operation and centralized technological control. |
| 16 | <p>Limited Liability Company "IT Energy Service" (LLC "IT Energy Service")</p> <p>Location: Office #C-214, 101, Vernadskogo Prospekt, 119526 Moscow Web-site: http://it-energy.ru/</p> | <ul style="list-style-type: none"> - Consulting on IT hardware; - Software development and consulting; - Data processing; - Creation and use of databases and information resources. |

| | | | | | | |
|--|------------------------------|------|------------|---------|---------|------------|
| | Ordinary Shares | 1,00 | 48 605 474 | 0,0167 | 0,0167 | 380 426,31 |
| | Stake in the Charter Capital | | | 19,9999 | 19,9999 | - |





INFORMATION ON JSC “RAO ES OF EAST” PARTICIPATION IN NONPROFIT PARTNERSHIPS AND INSTITUTIONS (AS OF DECEMBER 31, 2011)

| Name of Institution | Reasons for participation |
|--|--|
| Nonprofit Partnership “Market Council” (NP “Market Council”) | <p>Through the concept of its membership NP “Market Council” seeks to bring together sellers and buyers of electric energy (power), who make deals in the wholesale market and participate in the circulation of electricity in the wholesale market, organizations that ensure functioning of the wholesale market commercial and technological infrastructure, other organizations that operate in the electric energy sector.</p> <p>Membership in the NP “Market Council” entitles JSC “RAO ES of East” to voice the Company interests and take part in:</p> <ul style="list-style-type: none"> – the Partnership’s governance; – activities of committees, working groups, commissions and other NP “Market Council” bodies on issues related to operation of the electric energy and power wholesale and retail markets; – drafting rules for electric energy and power wholesale and retail markets; – drafting wholesale market regulations, preparing standard templates of contracts and other documents that allow trading in the wholesale market for electric energy and power; – development and approval of the contract for joining the wholesale trading system; – overseeing the wholesale market participants’ and commercial and technological infrastructure institutions’ abiding by the wholesale electric energy and power market rules. <p>Conditions for participation in the NP “Market Council”:</p> <ul style="list-style-type: none"> – entrance (lump-sum) fee: 5 000 000 (five million) rubles. |
| Nonprofit Partnership “Union of Energy Engineers” (NP “UEE”) | <p>Nonprofit partnership “Union of Energy Engineers” was founded in 2008 with support from the Ministry of Energy of the Russian Federation.</p> <p>Membership in the Partnership creates additional opportunities for JSC “RAO ES of East” participation in preparation and development of strategically important decisions, voicing its own interests in the energy and power market, development and access to high-quality energy consumption and capacity development forecasts. Another benefit from participation is preferences in information exchange on issues related to technological activities, economic, legal and regulatory matters.</p> <p>Conditions for participation in NP “UEE”:</p> <ul style="list-style-type: none"> – entrance fee: 50 000 rubles; – the amount of current (regular) and other membership fees shall be determined by members at a Nonprofit Partnership “Union of Energy Engineers” General Meeting. |
| Nonprofit Partnership “Scientific and Technical Council of the Unified Energy System” (NP “STC UES”) | <p>Nonprofit partnership “Scientific and Technical Council of the Unified Energy System” (NP “STC UES”) was founded in 2008 by JSC “FGC UES”, JSC “WGC-1”, JSC “WGC-2”, JSC “TGC-04” and JSC “RusHydro”. The Partnership’s main objective is to facilitate formulation of a scientifically grounded technical policy in the Unified Energy System of Russia by the Partnership members. Under conditions of a large-scale program for the sector technical retooling unfolding, measures aimed at achieving capacity growth targets, developing grids, increasing reliability of power supply to consumers being implemented, participation in activities of the Nonprofit Partnership “Scientific and Technical Council of the Unified Energy System” becomes timely and necessary, especially on issues related to development of a scientifically grounded technical policy in respect of each JSC “RAO ES of East” power plant and its distribution grid, on investment and tariff policy, environmental issues and other matters.</p> <p>Conditions for participation in NP “STC UES”:</p> <ul style="list-style-type: none"> – entrance (lump-sum) fee: 1 573 000 rubles; – the entrance fee shall be paid in cash; – the amount, form and timetable for payment of membership fees shall be determined by the NP “STC UES” Supervisory Board. |

| | |
|---|--|
| <p>Nonprofit Partnership "Russian Heat" (NP "RH")</p> | <p>Nonprofit Partnership "Russian Heat" was created in August 2003 by a group of non-government institutions: Russian Association "Communal Energy Sector", Energy Sector Supervision Interregional Association, Association of Energy Sector Managers, CJSC "Roscommunenergo", NP "Heating, Air Ventilation and Conditioning, Heat Supply and Construction Thermal Physics Engineers", Regional Non-Government Organization "Academy Center for Heat and Energy Efficient Technologies of the city of Saint-Petersburg" and others.</p> <p>The Partnership provides support to its members for their implementation of measures aimed at increasing efficiency and reliability of heat supply systems, building efficient mutual relationships between heat supplying organizations, administrations and supervisory authorities responsible for the quality of heat supply, and protects their professional interests.</p> <p>The JSC "RAO ES of East" Board of Directors (minutes No. 51 dated December 30, 2010) approved the Company participation in NP "RH" on the following conditions:</p> <ul style="list-style-type: none"> – entrance (lump-sum) fee: 48 000 rubles; – annual membership fee: 48 000 rubles. |
| <p>SELF-REGULATING ORGANIZATION NONPROFIT PARTNERSHIP "Association of Constructors "MONOLITH" (SRO NP "MONOLITH")</p> | <p>SRO NP "MONOLITH" is a self-regulating organization composed of construction organizations that carry out all types of construction, reconstruction and repair operations.</p> <p>In view of obtaining a competency certificate in respect of operations that affect the safety level of facilities built under capital construction projects, which in accordance with the RF legislation should be issued by a self-regulating organization, for the JSC "RAO ES of East" to perform the construction supervision function in the process of implementation of the "Construction of a Heat and Power Plant in the town of Sovietskaya Gavan" and other investment projects in 2011 the JSC "RAO ES of East" joined the SRO NP "MONOLITH".</p> <p>Conditions for participation in SRO NP "MONOLITH":</p> <ul style="list-style-type: none"> – entrance (lump-sum) fee: 50 000 rubles; – membership (regular) fee: 40 000 rubles per year; – mandatory (lump-sum) contribution to the compensation fund: 300 000 rubles; – civil liability insurance: 12 000 rubles per year. |





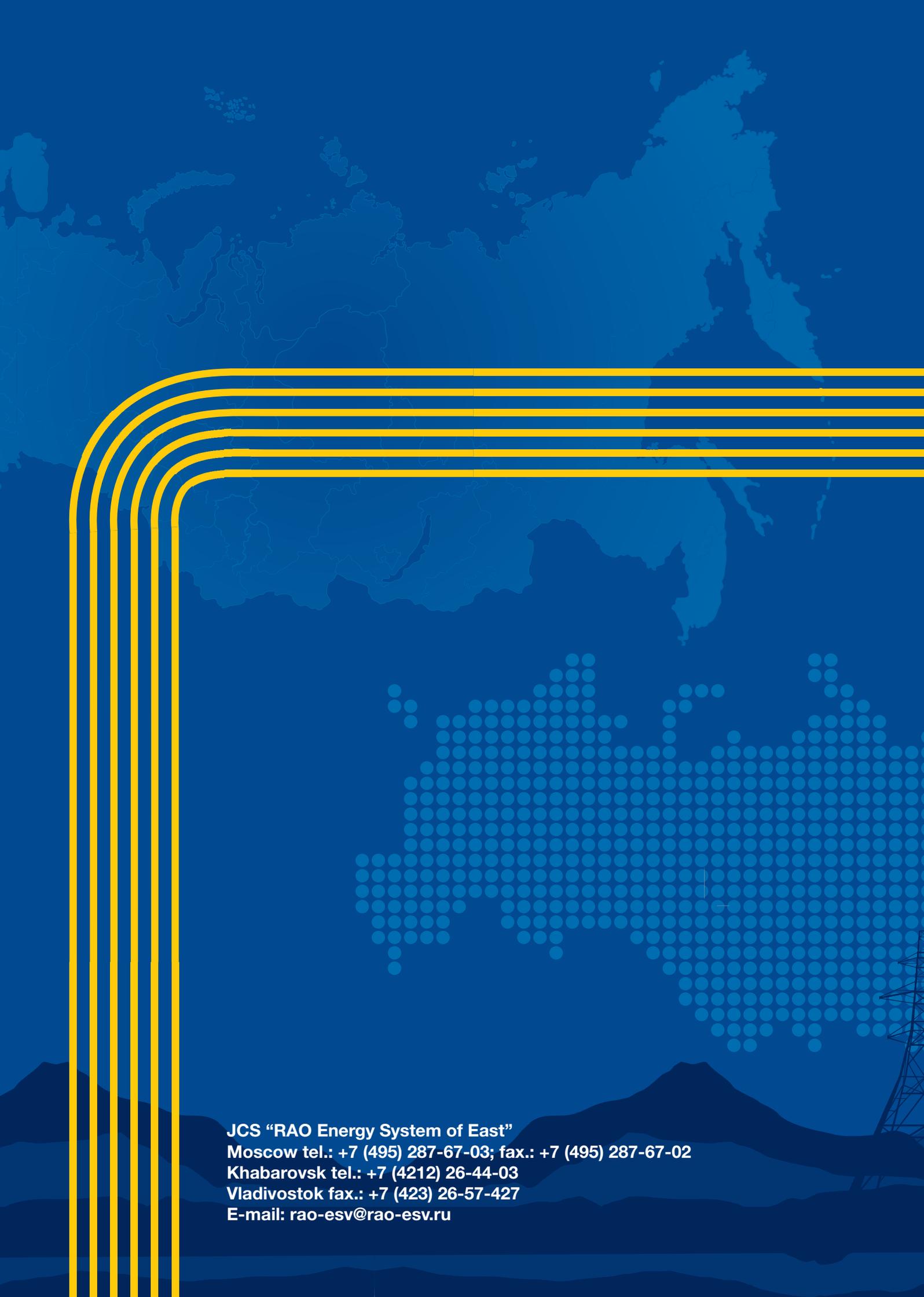
INFORMATION ON RELATED PARTY TRANSACTIONS

| № | Transaction | Parties | Person interested in the transaction | |
|---|--|---|--|--|
| 1 | Voluntary Medical Insurance Policy | Policyholder: JSC "RAO Energy Systems of East" Insurer: LLC "Region Soyuz" Insurance Company" | JSC "RAO Energy Systems of East" Director General Blagodyr I. V., Board of Directors member Zhukov Yu. N., members of the Executive Board Demchenko O. V., Linker L. A., Negomedzyanov A. A., Smirnov V. I., Suyunova M. M. and their close relatives are beneficiaries (receivers of medical services) under the transaction. | |
| 2 | Accidents and Disease Insurance Policy | Policyholder: JSC "RAO Energy Systems of East" Insurer: LLC "Rosgosstrakh" | JSC "RAO Energy Systems of East" Director General Blagodyr I. V., members of the Executive Board Demchenko O. V., Linker L. A., Negomedzyanov A. A., Tolstoguzov S. N., Smirnov V. I. and their close relatives are beneficiaries under the transaction | |
| 3 | JSC "RAO Energy Systems of East" additional contribution to the LLC "Vostok-Finance" Charter Capital | Participant: JSC "RAO Energy Systems of East"; Company: LLC "Vostok-Finance" | JSC "RAO Energy Systems of East" shareholder holding more than 20% of the voting shares (JSC "RusHydro"), since its affiliated party (LLC "Vostok-Finance", member of the JSC "RusHydro" Group) is a party to the transaction | |
| 4 | Acquisition of non-certificated inscribed JSC "RAO Energy Systems of East" ordinary shares | Buyer: LLC "Vostok-Finance"; Seller: JSC "RAO Energy Systems of East" | JSC "RAO Energy Systems of East" shareholder holding more than 20% of the voting shares (JSC "RusHydro"), since its affiliated party (LLC "Vostok-Finance", member of the JSC "RusHydro" Group) is a party to the transaction | |

¹ Since the validity period of the Voluntary Medical Insurance Policy No. 13-10-27-055-0001 of 29 January 2010 was set to expire on 31 January 2011, an Open Tender without a pre-qualification of bidders in view of allocating contracts for voluntary medical insurance and for travelers' insurance in the interests of JSC "RAO Energy Systems of East" was announced. After evaluation of Bids the tendering commission declared LLC "Region Soyuz" Insurance Company" the winner in the Open Tender. The Voluntary Medical Insurance Policy No. 13-11-27-055-0001 of 28 January 2011 was concluded without a prior consent from the Company Board of Directors because the winner in the tender for allocating a voluntary medical insurance contract in the interests of JSC "RAO Energy Systems of East" was identified on 28 January 2011, while the previous policy was set to expire on 31 January 2011.

| Subject | Price, rubles | Transaction date | Validity Period | Minutes of the BD meeting, at which the transaction was approved (Number and date) |
|--|---|---|---|--|
| Upon occurrence of an insured event the Insurer shall organize provision of medical services to an insured person in accordance with the lists of insured persons provided to the Insurer by the Policyholder and pay for such services against payment by the Policyholder of an insurance premium as set in the insurance contract (policy). | 5 499 127 (five million four hundred ninety-nine thousand one hundred twenty-seven) | 28 Jan. 2011 | 01 Feb. 2011 – 31 Jan. 2012 | Not approved ¹ |
| Upon an insured person facing an insured event the Insurer shall pay an insurance compensation to the insured person or, in case of the insured person's death, to the beneficiary, against payment of an insurance premium as set in the insurance contract (policy). | Up to 1 330 870.88 (one million three hundred thirty thousand eight hundred seventy rubles 88 kopecks) | 31 Oct. 2011 | 01 Nov. 2011 - 31 Oct. 2012 | Minutes No. 67 of 02 Nov. 2011 |
| JSC "RAO Energy Systems of East" making additional monetary contribution to the LLC "Vostok-Finance" Charter Capital in the amount of 410 417 540 (four hundred and ten million four hundred seventeen thousand five hundred forty) rubles | 410 417 540 (four hundred and ten million four hundred seventeen thousand five hundred forty) | 27 Dec. 2011 | Payment deadline: 15 Jan. 2012 | Minutes No. 70 of 28 Dec. 2011 |
| 820 835 079 (Eight hundred twenty million eight hundred thirty-five thousand seventy-nine) non-certificated inscribed ordinary shares in JSC "RAO Energy Systems of East" (state reg. No. 1-01-55384-E-001D of 24 May 2011), each share nominal value: 0.5 (zero point five) rubles | 410 417 539.50 (four hundred and ten million four hundred seventeen thousand five hundred thirty-nine rubles fifty kopecks) | 27 Dec. 2011 (the date the seller's bid acceptance letter was received by the buyer who had made the offer) | In accordance with the decision on additional issue of JSC "RAO ES of East" securities of 24 May 2011 | Minutes No. 70 of 28 Dec. 2011 |





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