

# QUARTERLY REPORT

## Joint-Stock Company Federal Hydrogeneration Company RusHydro

Code of the Issuer: 55038-E

for Q1 2014

Location of the Issuer: 51 Respubliki St., Krasnoyarsk, Krasnoyarsk Krai, Russia, 660075

**The information contained herein is subject to disclosure pursuant to the securities legislation of the Russian Federation**

Chairman of the Management Board

Date: 15.05.2014

\_\_\_\_\_ E.V. Dod  
signature

Chief Accountant

Date: 15.05.2014

\_\_\_\_\_ D.V. Finkel  
signature

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The address of the Internet site (sites) where the information contained herein is to be disclosed:

**www.rushydro.ru, <http://www.e-disclosure.ru/portal/company.aspx?id=8580>**

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## Introduction

Grounds for the Issuer's obligation to disclose information in the form of a quarterly report

***The securities prospectus with regard to the Issuer's securities (hereinafter RusHydro, the Company) has been registered.***

On December 3, 2012, the Federal Financial Markets Service of Russia registered an additional issue of JSC RusHydro securities (registration number 1-01-55038-ED).

On December 26, 2013, the report on the results of the additional issue of securities was registered, in relation to which this Quarterly Report provides for participatory interest allowing for the allotted shares of the additional issue.

This Quarterly Report contains evaluations and expectancies of the Issuer's authorized management entities with regard to future events and/or actions, development prospects of the economic sector where the Issuer is carrying out its primary activities, and results of the Issuer's activities, including the Issuer's plans, likelihood of certain events and performance of certain actions. Investors shall not rely entirely upon the evaluations and expectancies of the Issuer's management entities, since, in future actual results of the Issuer's activities may differ from the expected results for various reasons. Acquisition of the Issuer's securities is connected with the risks described herein.

# I. Summary on Members of the Issuer's Management Entities, Information on Bank Accounts, Auditor, Appraiser, and Financial Advisor of the Issuer, as well as on Other Persons who Have Signed the Quarterly Report

## 1.1. Members of the Issuer's Management Entities

Composition of the Board of Directors (Supervisory Board) of the Issuer

Full Name	Born in
Boris Ilyich Ayuev	1957
Dr. Christian Andreas Berndt	1956
Andrey Evgenyevich Bugrov	1952
Maksim Sergeevich Bystrov	1964
Viktor Ivanovich Danilov-Daniliyan	1938
Evgeniy Vyacheslavovich Dod	1973
Viktor Mikhaylovich Zimin	1962
Sergey Nikolaevich Ivanov	1961
Denis Stanislavovich Morozov	1973
Vyacheslav Viktorovich Pivovarov	1972
Mikhail Igorevich Poluboyarinov	1966
Vladimir Mikhaylovich Stolyarenko	1961
Sergey Vladimirovich Shishin	1963

Sole executive body of the Issuer

Full Name	Born in
Evgeniy Vyacheslavovich Dod	1973

Composition of the Issuer's Collective Executive Body

Full name	Born in
Evgeniy Vyacheslavovich Dod	1973
Sergey Nikolaevich Abrashin	1959
Rakhmetulla Shamshievich Alzhanov	1950
Konstantin Valeryevich Bessmertniy	1973
Boris Borisovich Bogush	1952
Sergey Modestovich Voskresenskiy	1956
Yuriy Vasilyevich Gorbenko	1958
Evgeniy Evgenyevich Gorev	1975
Mikhail Alekseevich Mantrov	1965
Vladimir Alekseevich Pekhtin	1950
George Ilyich Rizhinashvili	1981
Stanislav Valeryevich Savin	1972
Sergey Nikolaevich Tolstoguzov	1964
Sergey Petrovich Tsoy	1957

## 1.2. Information on the Issuer's Bank Accounts

### Information on credit company

Full corporate name: **Branch of Sberbank of Russia Joint Stock Company, Moscow Bank**

Abbreviated corporate name: **Moscow Bank, Sberbank of Russia JSC**

Location: **19 Vavilova St., Moscow, 117997**

INN: **7707083893**

BIC: **044525225**

Account number: **40702810438090001390**

Correspondent account: **30101810400000000225**

Account type: **settlement account** in RUB

### Information on credit company

Full corporate name: **Gazprombank (Open Joint Stock Company)**

Abbreviated corporate name: **GPB (OJSC)**

Location: **63 Novocheremushkinskaya St., Moscow, 117418**

INN: **7744001497**

BIC: **044525823**

Account number: **40702810400000003242**

Correspondent account: **30101810200000000823**

Account type: **settlement account** in RUB

### Information on credit company

Full corporate name: **OPEN JOINT STOCK COMPANY ALFA-BANK**

Abbreviated corporate name: **OJSC ALFA-BANK**

Location: **27 Kalanchevskaya St., Moscow, 107078**

INN: **7728168971**

BIC: **044525593**

Account number: **40702810701200001242**

Correspondent account: **30101810200000000593**

Account type: **primary**

## 1.3. Information on the Issuer's Auditor (Auditors)

Information about the auditor(s) shall be specified performing independent audit of the Issuer's accounting (financial) statements, as well as the consolidated accounting (financial) statements of the Issuer and/or a group of organizations, being controlling and/or controlled entities in respect of one another or obliged to prepare such statements otherwise and under the procedure specified by federal laws, if the Issuer is at least one of the specified organizations (hereinafter the consolidated accounting (financial) statements of the Issuer); such statements shall form a part of the quarterly report pursuant to the agreement entered into with it, as well as about the auditor(s) approved (elected) for the audit of the Issuer's annual accounting (financial) statements, including its consolidated accounting (financial) statements for the current and the last completed financial year.

Full corporate name: **Closed Joint Stock Company PricewaterhouseCoopers Audit**

Abbreviated corporate name: **CJSC PwC Audit**

Location: **10 Butyrsky Val St., Moscow, Russian Federation, 125047**

INN: **7705051102**

OGRN: **1027700148431**

Tel.: **(495) 967-6000**

Fax: **(495) 967-6001**

E-mail: non

Information about membership of the auditor in self-regulated organizations of auditors

Full name: **Non-Profit Partnership "Audit Chamber of Russia"**

Location

**3/9 3rd Syromyatnichesky Lane, bldg. 3, Moscow, Russia, 105120**

**Additional information: registration number 870 in the register of members of ACR; Principal Number of Registration Entry (PNRE) in the registry of audit organizations: 102010003683**

**Financial year(s) from the last five completed financial years and current financial year, for which the auditor carried out (will carry out) an independent audit of the Issuer's annual accounting (financial) statements**

Accounting (financial) statements, year	Consolidated accounting statements, year	Consolidated financial statements, year
2009		2009
2010		2010
		2011
2012		2012
2013		2013
2014		2014

**The Auditor did not perform any procedures in relation to or give its opinion on the reliability of quarterly accounting statements of the Issuer for 3 months of 2014 attached to this quarterly report and prepared in accordance with RAS.**

**Factors which can influence the auditor's independence from the Issuer, including information on the availability of material interests connecting the auditor (officials of the auditor) with the Issuer (officials of the Issuer)**

There are no factors which can influence the auditor's independence from the Issuer, as well as material interests connecting the auditor (officials of the auditor) with the Issuer (officials of the Issuer)

**The Issuer's auditor selection procedure**

**Availability of the tender procedure connected with the auditor's selection, and its key conditions:**  
RAS 2012–2014

In accordance with Federal Law No. 307-Φ3 dated December 30, 2008 On Audit Activities, tender selection of the Company's Auditor for 2012–2014 was performed on the basis of Federal Law No. 94-Φ3 dated July 21, 2005 On Placing of Orders for Supplies of Goods, Performance of Work, and Rendering of Services for State and Municipal Requirements.

Tender documentation of the open tender concerning entry into a services agreement for the audit of RusHydro accounting statements, prepared in accordance with Russian Accounting Standards for 2012–2014 (hereinafter the Tender Documentation) was prepared on the basis of Federal Law No. 94-Φ3 dated July 21, 2005 On Placing of Orders for Supplies of Goods, Performance of Work, and Rendering of Services for State and Municipal Requirements.

The Tender Documentation of the open tender concerning entry into a services agreement for the audit of RusHydro accounting statements, prepared in accordance with Russian Accounting Standards for 2012–2014 was approved by decision of the Buying Audit Committee dated December 09, 2011.

On the basis of the approved Tender Documentation, the Tender Committee carried out the appropriate procedure for selection of the Company's auditor for 2012–2014 from January to February 2012. In accordance with the minutes of the Tender Committee on Assessment and Comparison of Bids concerning entry into services agreement for the audit of RusHydro accounting (financial) statements, prepared in accordance with Russian Accounting Standards for 2012–2014 (Minutes No. 3 dated February 03, 2012 (04190000011100002)), Closed Joint-Stock Company PricewaterhouseCoopers Audit won the open tender.

2012–2014 (according to IFRS)

In order to apply funds of RusHydro effectively and economically, as well as pursuant to the Regulations for the Procedure for Scheduled Procurement of Goods, Works, Services, approved by decision No. 241 of the Board of Directors of the Company, upon decision of the Central Buying Committee of RusHydro dated August 30, 2011, scheduled procurement was arranged and carried out concerning entry into services agreement for the audit (review) of the consolidated financial statements of RusHydro Group, RAO Energy Systems of East Group, Yakutskenergo Group, Far East Energy Company Group and separate financial statements of Far-Eastern



Distribution Company, JSC Far East Generating Company, CJSC Non-Bank Financial Company Interbank Settlement Center, prepared in concordance with International Financial Reporting Standards (IFRS) for 2012–2014 through open single-stage multi-lot request for proposals without prequalification of bidders.

The procurement documentation on an open single-stage multi-lot request for proposals without prequalification of bidders concerning entry into a services agreement for the audit (review) of the consolidated financial statements of RusHydro Group, RAO Energy Systems of East Group, Yakutskenergo Group, Far East Energy Company Group and separate financial statements of JSC Far-Eastern Distribution Company, JSC Far East Generating Company, CJSC Non-Bank Financial Company Interbank Settlement Center, prepared in concordance with International Financial Reporting Standards (IFRS) for 2012–2014, was approved by decision of the Buying Audit Committee dated November 16, 2011.

In accordance with the minutes of the Buying Committee (No. 2 dated December 22, 2011), Closed Joint-Stock Company PricewaterhouseCoopers Audit won the open single-stage multi-lot request for proposals without prequalification of bidders.

**The auditor nomination procedure for approval by the meeting of shareholders (participants), including the management body taking the relevant decision:**

The Board of Directors of the Issuer nominates the auditor to be approved by the General Meeting of Shareholders of the Company.

In accordance with legislation, the Issuer shall audit its financial statements on an annual basis. In order to audit and confirm the annual financial statements, the General Meeting of Shareholders shall approve the auditor of the Company on an annual basis.

CJSC PwC Audit was approved as an auditor of the Issuer for 2013 under the decision of the General Meeting of Shareholders of the Company (Minutes No. 11 dated June 28, 2013).

The Issuer's auditor shall, under the agreement entered into with it, audit the Issuer's financial and business activity in accordance with the legislation of the Russian Federation.

**Information on work of the auditor within special audit engagements:** none

**The procedure for determination of the auditor's remuneration, actual remuneration paid by the Issuer to the auditor, according to the results of the last completed financial year for which the auditor performed an independent audit of accounting (financial) statements of the Issuer, information on deferred and outstanding payments for services rendered by the auditor:**

The payment procedure and remuneration of the audit organizations and individual auditors for audit (including mandatory) and associated services is specified in the audit services agreements and cannot depend on any requirements of the audited entities with regard to the content of conclusions which can be made during the audit.

The remuneration for the Issuer's auditor, approved by the Annual General Meeting of Shareholders of the Issuer, for mandatory annual audit and confirmation of the Issuer's annual financial statements, shall be determined by the Board of Directors of the Issuer.

The auditor's remuneration shall be determined according to the tender results when the Company's auditor is selected.

Actual remuneration to be paid by the Issuer to the auditor according to the results of the 2013 financial year, for which the auditor performed an independent audit of accounting and financial statements of the Issuer in accordance with RAS, as well as consolidated accounting (financial) statements prepared in accordance with IFRS, amounts to RUB 72,303,750 (VAT included).

**Information on deferred and outstanding payments for services rendered by the auditor:** There are no deferred or outstanding payments for services rendered by the auditor

Full corporate name: **HLB Vneshaudit Closed Joint Stock Company**

Abbreviated corporate name: **HLB Vneshaudit CJSC**

Location: **25-27/2 Bolshaya Yakimanka St., Moscow, Russian Federation, 109180**

INN: **7706118254**

OGRN: **1027739314448**

Tel.: **(495) 967-0495**

Fax: **(495) 967-0497**

E-mail: [info@vneshaudit.ru](mailto:info@vneshaudit.ru)

Information about membership of the auditor in self-regulated organizations of auditors

Full name: **Non-Profit Partnership Institute of Professional Auditors**

Location

**14 Nametkina St., bldg. 1, Moscow, Russia, 109180**

Additional information: **Principal Number of Registration Entry in the registry of auditors and audit organizations: 10202000095.**

**Financial year(s) from the last five completed financial years and current financial year for which the auditor carried out (will carry out) an independent audit of the Issuer's annual accounting (financial) statements**

Accounting (financial) statements, year	Consolidated accounting statements, year	Consolidated financial statements, year
2011		

**Factors which can influence the auditor's independence from the Issuer, including information on the availability of material interests connecting the auditor (officials of the auditor) with the Issuer (officials of the Issuer)**

There are no factors which can influence the auditor's independence from the Issuer or material interests connecting the auditor (officials of the auditor) with the Issuer (officials of the Issuer)

**The Issuer's auditor selection procedure**

**Availability of the tender procedure connected with the auditor's selection, and its key conditions:**

In accordance with Article 5 of Federal Law No. 307-Ф3 dated December 30, 2008 On Audit Activities, the agreement for mandatory audit of accounting statements of the organization the share of state-owned property in the authorized (reserve) capital of which is at least 25 per cent shall be concluded according to the results of order placement through bidding in the form of open tender in accordance with the procedure specified in Federal Law No. 94-Ф3 dated July 21, 2005 On Placing of Orders for Supplies of Goods, Performance of Work, and Rendering of Services for State and Municipal Requirements.

In order to meet the above requirement, RusHydro approved the composition of the Tender Committee selecting the auditor of the Company (Minutes of the Audit Committee of the Board of Directors of RusHydro No. 17/1 dated February 05, 2010).

In accordance with the minutes of the Tender Committee on Assessment and Comparison of Bids concerning entry into services agreement for the audit of RusHydro accounting statements, prepared in accordance with Russian Accounting Standards for 2011 (Minutes No. 628/4 dated April 08, 2011 (0419000000111000001)), HLB Vneshaudit Closed Joint-Stock Company won the open tender.

**The auditor nomination procedure for approval by the meeting of shareholders (participants), including the management body taking the relevant decision:**

The Board of Directors of the Issuer nominates the auditor to be approved by the General Meeting of Shareholders of the Company.

In accordance with legislation, the Issuer shall audit its financial statements on an annual basis. In order to audit and confirm the annual financial statements, the General Meeting of Shareholders shall approve the auditor of the Company on an annual basis.

HLB Vneshaudit CJSC was approved as the auditor of the Issuer for 2011 under the decision of the General Meeting of Shareholders of the Company (Minutes No. 7 dated July 04, 2011).

**Information on work of the auditor within special audit engagements:** The auditor did not perform any work within special audit engagements.

**The procedure for determination of the auditor's remuneration, actual remuneration paid by the Issuer to the auditor according to the results of the last completed financial year, for which the auditor performed an independent audit of accounting (financial) statements of the Issuer, information on deferred and outstanding payments for services rendered by the auditor:**

The payment procedure and remuneration of the audit organizations and individual auditors for audit (including mandatory) and associated services is specified in the audit services agreements and cannot depend on any requirements of the audited entities with regard to the content of conclusions which can be made during the audit.

The remuneration for the Issuer's auditor, approved by the Annual General Meeting of Shareholders of the Issuer, for mandatory annual audit and confirmation of the Issuer's annual financial statements, shall be determined by the Board of Directors of the Issuer.

The auditor's remuneration shall be determined according to the tender results when the Company's auditor is selected.

Actual remuneration paid by the Issuer to the auditor according to the results of the 2011 financial year, for which the auditor performed an independent audit of accounting and financial statements of the Issuer in accordance with RAS, amounts to RUB 14,950,000 (VAT included).

**Information on deferred and outstanding payments for services rendered by the auditor:** No deferred or overdue payments for the services rendered by the auditor.

## 1.4. Information on the Issuer's Appraiser

Full name: *Ekaterina Mikhaylovna Bogatova*

*The Appraiser works pursuant to a labor agreement with the legal entity*

Tel.: +7 (812) 703-4090

Fax: +7 (812) 703-3008

E-mail: *mail@ipp.spb.ru*

Information about the legal entity with which the Appraiser entered into a labor agreement

Full corporate name: *Limited Liability Company Institute for Enterprise Issues*

Abbreviated corporate name: *LLC IEI*

Location: *11, lit. A, 12-ya liniya V.O., room 3-N, Saint Petersburg, Russian Federation, 199178*

INN: *7801017111*

OGRN: *1027800561458*

Information about membership of the appraiser in self-regulated organizations of appraisers

Full name: *Non-Profit Partnership of Appraisers Expert Council*

Location

*2/1 B. Trekhsvyatitsky per., bldg. 2, Moscow, 109028*

Registration date of the appraiser in the register of self-regulated organization of appraisers: *October 20, 2010*

Registration number: *0031*

Information about appraisal services rendered by the appraiser:

*Determination of the market value of placed securities and of property which may be used by the Issuer in order to pay for the placed securities*

## 1.5. Information on the Issuer's Consultants

Financial consultants were not engaged within 12 months before the end of the reporting quarter to sign the securities prospectus and quarterly report of the Issuer.

## 1.6. Information on Other Persons who have Signed the Quarterly Report

Full name: *Dmitry Vladimirovich Finkel*

Born in: *1977*

Information on primary employment:

Company: *JSC RusHydro*

Position: *Chief Accountant, Head of the Corporate Governance Department*

## II. Key Information on Financial and Economic Performance of the Issuer

### 2.1. The Issuer's Financial and Economic Performance Indicators

Dynamics of indicators characterizing financial and economic activity of the Issuer, calculated on the basis of accounting (financial) statements.

Standard (rule), in accordance with which the accounting (financial) statements are prepared, on the basis of which indicators are calculated: RAS

Unit of measure for workforce productivity calculation: **RUB'000/person**

Indicator	2013	Q1 2014
Operational efficiency, RUB'000/person	18,660	4,547
Debt-to-equity ratio	0.31	0.18
Leverage ratio	0.15	0.14
Debt coverage ratio	1.07	0.65
Overdue debt rate, %	0	0

All indicators are calculated on the basis of recommended calculation procedures.

#### **Analysis of the Issuer's financial and economic activity on the basis of economic analysis of dynamics of the given indicators:**

Debt-to-equity ratio characterizes the correlation between external and own sources of financing. Decrease in the indicator from 0.31 according to the results of 2013 to 0.18 in Q1 2014 is due to the growth in equity: changes in the authorized capital were registered; the increase amounted to RUB 68,617.9 mln.

The debt coverage ratio shows the extent of current liabilities which may be covered by funds that are available or expected in the nearest future. At the end of 2013 that indicator was equal to 1.07, i.e. practically 100% of liabilities may be covered by profits according to the results of 2013. The ratio in the first quarter amounted to 0.65 demonstrating its positive dynamics due to the decrease in short-term liabilities (registration of additional issue and transfer of short-term liabilities to the authorized capital).

Overall, analysis of the creditworthiness indicators allows one to state that the Issuer's financial status in the period reviewed was stable.

### 2.2. The Issuer's Market Capitalization

*Market capitalization is calculated as the product of the number of shares of the relevant category (type) and the market value of one share disclosed by the securities market operator and determined under the Procedure for Determination of Securities Market Value, Securities Estimated Price, as well as Limit of Fluctuation of Securities Markets for the purposes of Chapter 23 of the Tax Code of the Russian Federation, approved by Order of the Federal Commission for Securities Market of Russia No. 10-65/pz-n dated November 09, 2010.*

Unit of measure: **RUB**

Indicator	2013	Q1 2014
Market capitalization	180,291,056,405.35	177,686,428,740.58

Information on the securities market operator providing the data for calculation of the market capitalization, as well as any other additional information on public trading of securities at the Issuer's discretion:  
Source of information: MICEX official website (<http://moex.com/>)

Market capitalization is calculated without regard for allotted shares of additional issue (registration number 1-01-55038-E-041D).

## 2.3. The Issuer's Liabilities

### 2.3.1. Borrowed Funds and Accounts Payable

Structure of the Issuer's borrowed funds for the last completed financial year as well as for 3 months of the current year:

**for 2013**

#### Structure of borrowed funds

Unit of measure: RUB

Indicator	Amount
Long-term borrowed funds	97,965,164,216.91
including:	
credits	42,965,164,216.91
loans, except for bond loans	20,000,000,000.00
bond loans	35,000,000,000.00
Short-term borrowed funds	4,926,148,352.20
including:	
credits	3,913,768,900.15
loans, except for bond loans	280,479,452.05
bond loans	731,900,000.00
Total overdue debt on borrowed funds	0
including:	
on credits	0
on loans, except for bond loans	0
on bond loans	0

#### Structure of borrowed funds for 3 months of 2014

Unit of measure: RUB

Indicator	Amount
Total accounts payable	79,496,206,868.87
including overdue	0
including	
to the budget and state extra-budgetary funds	2,656,652,327.96
including overdue	0
to suppliers and contractors	5,638,657,519.57
including overdue	0
to employees of the organization	601,413,322.26
including overdue	0
other	70,599,483,699.08

There are no overdue accounts payable.

**Creditors with at least 10 per cent of the total accounts payable or at least 10 per cent of the total borrowed (long-term and short-term) funds:**

Full corporate name: **Sberbank of Russia** Joint Stock Company  
 Abbreviated corporate name: **Savings Bank of the Russian Federation (OJSC)**  
 Location: **19 Vavilova St., Moscow, 117997**  
 INN: **7707083893**  
 OGRN: **1027700132195**  
 Debt: **RUB 31,069,945,310.89**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**none**

The creditor is not an affiliate of the Issuer

Full corporate name: **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**  
 Abbreviated corporate name: **EBRD**  
 Location: **One Exchange Square London EC2A 2JN United Kingdom**  
 Debt: **RUB 11,094,003,171.84**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**none**

The creditor is not an affiliate of the Issuer

Full corporate name: **Gazprombank Open Joint-Stock Company**  
 Abbreviated corporate name: **Gazprombank (OJSC), Moscow**  
 Location: **16 Nametkina St., bldg. 1, Moscow, 117420**  
 OGRN: **1027700167110**  
 Debt: **RUB 15,233,100,000.00**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**none**

The creditor is not an affiliate of the Issuer

Full corporate name: **RusHydro Finance Limited**  
 Abbreviated corporate name: **RusHydro Finance Limited**  
 Location: **53 Merrion Square, Dublin 2, Ireland**  
**Non-resident of the Russian Federation**  
 Debt: **RUB 20,280,479,452.05**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**none**

The creditor is not an affiliate of the Issuer

Full corporate name: **Sberbank CIB Closed Joint Stock Company**  
 Abbreviated corporate name: **Sberbank CIB CJSC**  
 Location: **4 Romanov Lane, Moscow, Russian Federation, 125009**  
 INN: **7710048970**  
 OGRN: **1027739007768**  
 Debt: **RUB 20,498,800,000.00**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**none**

The creditor is not an affiliate of the Issuer

Full corporate name: **Federal Agency for State Property Management**

Abbreviated corporate name: **Federal Agency for State Property Management**

Location: **9 Nikolsky Lane, Moscow, 103685**

INN: **7710723134**

OGRN: **1087746829994**

Debt: **RUB 66,006,190,950.00**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**none**

The creditor is not an affiliate of the Issuer

**For 3 months of 2014**

**Structure of borrowed funds**

Unit of measure: **RUB**

Indicator	Amount
Long-term borrowed funds	101,120,667,533.98
including:	
credit	46,120,667,533.98
loans, except for bond loans	20,000,000,000.00
bond loans	35,000,000,000.00
Short-term borrowed funds	5,325,674,543.84
including:	
credit	3,913,588,927.40
loans, except for bond loans	668,835,616.44
bond loans	743,250,000.00
Total overdue debt on borrowed funds	0
including:	
on credit	0
on loans, except for bond loans	0
on bond loans	0

**Structure of accounts payable**

Unit of measure: **RUB**

Indicator	Amount
Total accounts payable	11,586,126,856.86
including overdue	0
including	
to the budget and state extra-budgetary funds	3,392,226,114.64
including overdue	0
to suppliers and contractors	5,377,914,590.96
including overdue	0
to employees of the organization	228,087,129.83
including overdue	0
other	2,587,899,021.43
including overdue	0

**There is no overdue accounts payable.**

Creditors with at least 10 per cent of the total accounts payable or at least 10 per cent of the total borrowed (long-term and short term) funds:

Full corporate name: **Sberbank of Russia Joint Stock Company**

Abbreviated corporate name: **Savings Bank of the Russian Federation (OJSC)**

Location: **19 Vavilova St., Moscow, 117997**

INN: **7707083893**

OGRN: **1027700132195**

Debt: **RUB 31,045,634,420.72**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**None**

The creditor is an affiliate of the Issuer: **No**

Full corporate name: **RusHydro Finance Limited**

Abbreviated corporate name: **RusHydro Finance Limited**

Location: **53 Merrion Square, Dublin 2, Ireland**

**Non-resident of the Russian Federation**

Debt: **RUB 20,668,835,616.44**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**None**

The creditor is an affiliate of the Issuer: **No**

Full corporate name: **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

Abbreviated corporate name: **EBRD**

Location: **One Exchange Square London EC2A 2JN United Kingdom**

Debt: **RUB 13,950,946,814.15**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**None**

The creditor is an affiliate of the Issuer: **No**

Full corporate name: **Gazprombank Open Joint-Stock Company**

Abbreviated corporate name: **Gazprombank (OJSC), Moscow**

Location: **16 Nametkina St., bldg. 1, Moscow, 117420**

OGRN: **1027700167110**

Debt: **RUB 15,000,000,000.00**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**None**

The creditor is an affiliate of the Issuer: **No**

Full corporate name: **Sberbank CIB Closed Joint Stock Company**

Abbreviated corporate name: **Sberbank CIB CJSC**

Location: **4 Romanov Lane, Moscow, Russian Federation, 125009**

INN: **7710048970**

OGRN: **1027739007768**

Debt: **RUB 20,000,000,000.00**

Amount and terms and conditions of the overdue debt (interest rate, fine sanctions, penalties):

**None**

The creditor is an affiliate of the Issuer: **No**

### **2.3.2. Credit History of the Issuer**

Execution by the Issuer of its obligations under the facility agreements and/or loan agreements in force within the last completed financial year and current financial year, including those concluded due to issue and sale of bonds, the principal debt under which is 5 and more per cent of the Issuer's balance sheet assets as of the end of



the last completed reporting period (quarter, year) preceding conclusion of the relevant agreement, in respect of which the established period for submission of accounting (financial) statements has expired, as well as other facility agreements and/or loan agreements, which the Issuer deems material.

<b>Type and Identification Characteristics of Liabilities</b>	
<b>1. Credit, European Bank for Reconstruction and Development</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	European Bank for Reconstruction and Development, One Exchange Square, London EC2A 2JN, United Kingdom
Principal debt as at the date of liabilities, RUB	6,300,000,000 RUB X 1
Principal debt as at the end of the reporting quarter, RUB	2,776,363,638.11
Credit (loan) period, (years)	14
Average interest on credit, loan, % per annum	11.21
Number of interest (coupon) periods	57
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	October 8, 2020
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	

<b>Type and Identification Characteristics of Liabilities</b>	
<b>2. Credit, EM Falcon Limited</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	EM Falcon Limited (legal successor of Morgan Stanley), 11/12 Warrington Place, Dublin 2, Ireland
Principal debt as at the date of liabilities, RUB	RUB 1,500,000,000
Principal debt as at the end of the reporting quarter, RUB	RUB 1,500,000,000
Credit (loan) period, (years)	7
Average interest on credit, loan, % per annum	9.75
Number of interest (coupon) periods	14
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	April 25, 2014
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	

<b>Type and Identification Characteristics of Liabilities</b>	
<b>3. Loan, Rushydro Finance Limited</b>	
<b>Terms and conditions of liability and information on its execution</b>	

Name and location or full name of the creditor (lender)	Rushydro Finance Limited, 53 Merrion Square, Dublin 2, Ireland
Principal debt as at the date of liabilities, RUB	RUB 20,000,000,000
Principal debt as at the end of the reporting quarter, RUB	RUB 20,000,000,000
Credit (loan) period, (years)	5
Average interest on credit, loan, % per annum	7.875
Number of interest (coupon) periods	10
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	October 28, 2015
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	

<b>Type and Identification Characteristics of Liabilities</b>	
<b>4. Bonds, series 01</b>	
<b>State registration number and registration date: 4-01-55038-E dated September 23, 2010,</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue,
Principal debt as at the date of liabilities, RUB	RUB 10,000,000,000
Principal debt as at the end of the reporting quarter, RUB	RUB 10,000,000,000
Credit (loan) period, (years)	10
Average interest on credit, loan, % per annum	8
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	April 12, 2021*
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	Maturity of RusHydro bonds is 10 years. Tender offer for acquisition of bonds at the owner's request for a period of 5 years is possible in respect of the securities.

<b>Type and Identification Characteristics of Liabilities</b>	
<b>5. Credit, Joint Stock Company Sberbank of Russia</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	Joint-Stock Company Sberbank of Russia, 19 Vavilova St., Moscow, 117997
Principal debt as at the date of liabilities, RUB	RUB 40,000,000,000
Principal debt as at the end of the reporting quarter, RUB	RUB 20,000,000,000

Credit (loan) period, (years)	9
Average interest on credit, loan, % per annum	8.26
Number of interest (coupon) periods	36
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	November 17, 2020
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	

<b>Type and Identification Characteristics of Liabilities</b>	
<b>6. Credit, Unicredit Bank Austria AG</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	Unicredit Bank Austria AG, 1010 Wien, Schottengasse 6 — 8, Austria
Principal debt as at the date of liabilities, EUR	EUR 127,796,550
Principal debt as at the end of the reporting quarter, EUR	EUR 63,647,649
Credit (loan) period, (years)	15
Average interest on credit, loan, % per annum	3.15
Number of interest (coupon) periods	60
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	August 28, 2026
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	Drawdown is performed until 2017

<b>Type and Identification Characteristics of Liabilities</b>	
<b>7. Credit, European Bank for Reconstruction and Development</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	European Bank for Reconstruction and Development, One Exchange Square, London EC2A 2JN, United Kingdom
Principal debt as at the date of liabilities, EUR	RUB 8,000,000,000
Principal debt as at the end of the reporting quarter, EUR	RUB 7,500,000,000
Credit (loan) period, (years)	10
Average interest on credit, loan, % per annum	9.86
Number of interest (coupon) periods	34
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period	September 7, 2021

(date)	
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	

<b>Type and Identification Characteristics of Liabilities</b>	
<b>8. Credit, Bayerische Landesbank</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	Bayerische Landesbank, Brienner Str. 18 80333 Munich, Germany
Principal debt as at the date of liabilities, EUR	EUR 16,485,731.83
Principal debt as at the end of the reporting quarter, EUR	EUR 7,463,581.83
Credit (loan) period, (years)	12.5
Average interest on credit, loan, % per annum	1.16
Number of interest (coupon) periods	26
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	April 30, 2025
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	Drawdown is performed for the period from 2012 to 2017

<b>Type and Identification Characteristics of Liabilities</b>	
<b>9. Bonds, series 02</b>	
<b>State registration number and registration date: 4-01-55038-E dated September 23, 2010</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue,
Principal debt as at the date of liabilities, RUB	RUB 5,000,000,000
Principal debt as at the end of the reporting quarter, RUB	RUB 5,000,000,000
Credit (loan) period, (years)	10
Average interest on credit, loan, % per annum	8
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	April 12, 2021*
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	Maturity of RusHydro bonds is 10 years. Tender offer for acquisition of bonds at the owner's request for a period of 5 years is possible in respect of the securities.

<b>Type and Identification Characteristics of Liabilities</b>	
<b>10. Credit, Joint-Stock Company Sberbank of Russia</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	Joint-Stock Company Sberbank of Russia, 19 Vavilova St., Moscow, 117997
Principal debt as at the date of liabilities, RUB	RUB 10,612,753,821
Principal debt as at the end of the reporting quarter, RUB	RUB 10,612,753,821
Credit (loan) period, (years)	5
Average interest on credit, loan, % per annum	7.99
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	December 04, 2018
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	
<b>Type and Identification Characteristics of Liabilities</b>	
<b>11. Credit, EM Falcon Limited</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	EM Falcon Limited (Morgan Stanley) 11/12, Warrington Place, Dublin 2, Ireland
Principal debt as at the end of the last completed reporting period until approval date of the listing prospectus, RUB/foreign currency	RUB 3,000,000,000
Principal debt as at the end of the reporting quarter, RUB	-
Credit (loan) period, (years)	7
Average interest on credit, loan, % per annum	8.71
Number of interest (coupon) periods	28
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	-
Scheduled credit (loan) payment period (date)	December 13, 2013
Actual credit (loan) payment period (date)	December 13, 2013
Other information on liabilities specified at the Issuer's discretion	Liability is due to legal succession under obligations of consolidated Saratovskaya HPP JSC.

<b>Type and Identification Characteristics of Liabilities</b>	
<b>12. Credit, European Bank for Reconstruction and Development</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	European Bank for Reconstruction and Development One Exchange Square, London EC2A 2JN, United Kingdom
Principal debt as at the date of liabilities, RUB/foreign currency	RUB 4,400,000,000
Principal debt as at the end of the last completed reporting period until approval	RUB 3,530,000,000

date of the listing prospectus, RUB/foreign currency	
Credit (loan) period, (years)	2
Average interest on credit, loan, % per annum	9.96
Number of interest (coupon) periods	48
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	October 14, 2025
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	

<b>Type and Identification Characteristics of Liabilities</b>	
<b>13. Bonds, series 07</b>	
<b>State registration number and registration date: 4-07-55038-E dated December 27, 2012</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue
Principal debt as at the date of liabilities, RUB	RUB 10,000,000,000
Principal debt as at the end of the reporting quarter, EUR	RUB 10,000,000,000
Credit (loan) period, (years)	10
Average interest on credit, loan, % per annum	8.50
Number of interest (coupon) periods	20
Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	February 14, 2023
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	Maturity of RusHydro bonds of series 07 is 10 years. Tender offer for a period of 5 years is possible in respect of the securities.

<b>Type and Identification Characteristics of Liabilities</b>	
<b>14. Bonds, series 08</b>	
<b>State registration number and registration date: 4-08-55038-E dated December 27, 2012</b>	
<b>Terms and conditions of liability and information on its execution</b>	
Name and location or full name of the creditor (lender)	Transferees of securities of the issue
Principal debt as at the date of liabilities, RUB	RUB 10,000,000,000
Principal debt as at the end of the reporting quarter, EUR	RUB 10,000,000,000
Credit (loan) period, (years)	10
Average interest on credit, loan, % per annum	8.50
Number of interest (coupon) periods	20

Delays in payment of interest on credit (loan), and total number of such delays and duration thereof in days (if any)	None
Scheduled credit (loan) payment period (date)	February 14, 2023
Actual credit (loan) payment period (date)	existing
Other information on liabilities specified at the Issuer's discretion	Maturity of RusHydro bonds of series 08 is 10 years. Tender offer for a period of 5 years is possible in respect of the securities.

### 2.3.3. Liabilities of the Issuer under Security provided to Third Parties

Information on the Issuer's total liabilities out of security provided by it and total liabilities of third parties, for which the Issuer has provided security, including in the form of pledge or guarantee, with limitation of the Issuer's liability under such liability of third parties, determined subject to conditions of the security and actual outstanding loan debt of the third party.

Unit of measure: **RUB**

Indicator	2014, 3 months
Total liabilities of the Issuer under security provided by it	73,646,805,846.94
Total liabilities of third parties, for which the Issuer has provided security, with limitation of the Issuer's liability under such obligation of third parties, determined subject to conditions of the security and actual outstanding loan debt of third parties	73,646,805,846.94
Including in the form of pledge or guarantee	73,646,805,846.94

The Issuer's liabilities arising from the security provided to third parties within the period from the beginning of the current financial year to the end of each reporting quarter, including in the form of pledge or guarantee, amounting to at least 5 per cent of the book value of the Issuer's assets as at the final date of the last completed reporting period preceding the provision of such security

***There are no such liabilities in this reporting period***

Exposure of the Issuer to risks related to non-fulfillment or improper fulfilment of the secured liabilities of third parties is estimated as low.

### 2.3.4. Other Liabilities of the Issuer

There are no other obligations not recognized in the accounting (financial) statements that could materially affect the Issuer's financial status, liquidity, sources of financing, and terms and conditions of application thereof, performance results and expenses

## 2.4. Risks Inherent to Acquisition of Equity Securities Being Placed (Placed)

**The Issuer's risk management policy:**

**Detailed analysis of risk factors related to acquisition of the placed equity securities, in particular:**

**Industry risks**

**Country and regional risks**

**Financial risks**

**Legal risks**

**Risks related to the Issuer's activities**

Emerging wholesale and retail electricity and capacity markets have a higher risk level than developed markets of other products and services and include significant legal, economic, and, because of high social significance for country, political risks. Dynamic development of these markets allows us to suppose, with a high probability, that information contained herein can be promptly outdated. Current information uncertainty because of the dynamic change of factors can influence the Issuer's future activity, possibility of asset sale, and meeting of repayment deadlines. The investors shall take that uncertainty into account in estimating own risks and taking a decision on investment feasibility. In addition, some risks that are not material at the moment may become material in future.

In order to optimize risks, the Issuer performs regular work on their recognition, assessment, and control, as well as development and application of risk response measures, business continuity management, and aspires to meet international and national risk management standards (COSO ERM 2004, ISO 31000, Risk Management Professional Standard (RSPP-RusRisk) and others).

In May 2013, the RusHydro risk management team was the winner of the international Best Risk Management-2013 competition in the category Best Integrated Risk Management Program. The competition has been conducted since 2006 by Russian Risk Management Society RusRisk, the Russian National Association of Risk Managers, a member of the Federation of European Risk Management Association (FERMA). According to the competition results RusHydro won one further award: Konstantin Babaev, Head of the Risk Management Directorate, was the winner in The Best Risk Manager of Russia 2013 category.

The Issuer's activity with regard to risk management is connected with the need to reconstruct operating and construct new generating facilities, including:  
Improving reliability, safety, and cost effectiveness of the equipment by regenerating worn main and auxiliary equipment;

Increase technical-and-economic characteristics of HPP for operation on the competitive electrical energy market, and reduce repair expenses;

Increase in operating performance through implementation of a program to reduce operating costs and make savings;

Targeted financial policy;

Continuous analysis of electric energy market conditions;

Competitive environment in procurement, works, and services.

**The Issuer's risk management policy:**

The Issuer's risk management policy implies timely recognition and prevention of possible risks in order to minimize losses.

The Issuer's activities within specific risks management are described in Clauses 2.4.1.-2.4.5. below.

## **2.4.1. Industry Risks**

**Influence of possible decline in the Issuer's industry on its activities and fulfillment of the obligations under securities. Major possible changes in the sector according to the Issuer (separately in domestic and foreign markets), as well as prospective actions of the Issuer in these circumstances:**

Foreign market:

The Issuer is exposed to comparatively moderate external industry risks. For example, during seismic shift in corporate defaults in 2009, connected with the global financial and economic crisis, annual default frequency of the Issuers in the power industry with Moody's ratings was 2.7%. However, due to gradual stabilization of the global economy, annual default frequency of the Issuers in the power industry with Moody's ratings was 1.4% with an absolute decrease in the total number of defaults from 261 in 2009 to 57 in 2010 and to 37 in 2011 (see Moody's Investors Service, Special comment: Corporate Default and Recovery Rates, 1920–2011).

Domestic market:



The Issuer is exposed to industry risks primarily because of possible changes in electric power industry. Nonetheless, it is to be noted that currently that risk is mitigated sufficiently due to adoption of the targeted Rules of the wholesale electricity and capacity market (Regulation of the Government of the Russian Federation No. 1172 dated December 27, 2010).

Furthermore, in order to manage that risk the Issuer takes required actions for formation of the regulatory and legal framework of electricity and capacity market performance favorable to the Issuer. For the purposes hereof the Issuer is fully engaged in development processes of laws and regulations in the electric power industry, performed by the Ministry of Energy of the Russian Federation, NP Market Council and Federal Tariffs Service of the Russian Federation.

Formation of the competitive power and capacities market is the most significant event in the power industry for the Issuer.

As part of continued reforms, the norms governing the Russian power market, as well as the norms applied to market liberalization, specification of the power tariffs, functioning of the capacity market, and relationships between power manufacturers and consumers are subject to current material changes.

Since the official beginning of the reform process in July 2001, the implementation term of the reform stages and the scope of these stages have changed several times, but it can now be stated that the current plan of the Russian Federation Government on liberalization of the power and power capacity market for non-domestic needs is implemented.

As a result of the reform process and uncertainty due to its completion and final coverage, the Russian power market has undergone fundamental changes and has been operating in relevant uncertainty. Along with the existing risks inherent to the Russian power supply market, a large number of operational, commercial, engineering, management, regulatory, and other risks may arise, which are difficult or impossible to foresee at the present moment and which are outside the control of the Issuer. Such changes and associated uncertainty may have a material, adverse effect on the Issuer's business activity, its income and results of its operations.

Under the current market model, the risk that the prices achieved on the long-term power market may be inadequate to cover fixed expenses, is still relevant. The Issuer is exposed to the competitive expansion risk on the retail market due to activation of power supply companies aspiring to render services to large consumers. In order to manage that risk the Issuer is focused on maintenance of and increase in the customer base. Measure on risk elimination connected with loss of consumers:

- Individual relationship building with large consumers;
- Promotion of the company's reliability on basic consumer markets;
- Transfer to new relations with consumers: consumer services of high quality, considering needs and expectations of customers, and strict observance of obligations;
- Continued status of guaranteeing supplier for concentration of the customer base and reduction of costs per energy unit.

According to the Issuer's assessment, decline in the industry may be associated with the following risk groups:

1. Operational (industrial) risks related to wear and tear, infringement of operational conditions, and critical changes in working conditions of equipment. Realization of such risks may result in equipment breakdown (emergency cases) and structural destruction. Systematic emergencies may result in power system separation, a rolling blackout of consumers, and operation of capital equipment under critical conditions.

Hydroelectric power plants are essential for providing the required quality of power supply, covering uneven sections of daily load curves and being a short term operative and emergency power reserve.

Fairly tough operational conditions of the on-site capital equipment lead to a process of its progressive wear and tear.

Unsatisfactory equipment conditions due to its wear and tear is one of the main causes of operational risks, which are, but are not limited to:

- Risk of full performance of the system-wide regime and regulating functions by hydro power plants (regulation of frequency, voltage, etc.), that involves a failure to use the opportunities appearing in the process of power industry reorganization;
- Decrease in the operational and economic indicators of HPP;
- Adverse environmental consequences;
- Risk of emergency resulting in lack of electric power and difficult environmental and social consequences;
- Operation of engineering devices at hazardous production facilities (storage and utilization of combustible materials, exploitation of pressure-operated elevating installations and equipment) of the branches and RusHydro beyond the normative period, that increases significantly the risk of emergencies and accidents at hazardous production facilities;
- Risk of personnel injury.

The vast majority of the Issuer's equipment is not in a good state and to a significant extent is exposed to natural disasters, malfunction, etc. These factors decrease the reliability of equipment, enhance the likelihood of failure, and increase maintenance costs.

Action plan for management of these risks:

Production operational risk management of RusHydro branches forms the basis for decision making on technical and engineering issues by the Issuer, when planning equipment technical influence programs (within the prospective technical reconstruction and modernization, repair and maintenance program).

To manage the risks related to production assets reliability more effectively, RusHydro actively implements various methods of risk management, including an automated risk management system connected with production operations.

The possibility of equipment failure is assessed at an average statistical level. All main production facilities of the Issuer are insured. In addition, a set of measures is performed to ensure reliability of the equipment and constructions to an adequate extent, i.e.:

- Repair works are performed in full. Integration of repair and service functions in one company is completed in the second quarter of 2013. Four RusHydro S&A went out of business—JSC REMIK, JSC Sayano-Shushenskaya HPP (SShHPP), JSC Turboremont VCC, and JSC Elektromont VCC. The staff of these companies was transferred to Hydroremont VCC, which assumed all obligations of liquidated subsidiaries and affiliates and commenced its activity in a new capacity as a unified repair and services company of RusHydro;

- Technical Policy approved by the Board of Directors (Minutes No. 133 dated September 05, 2011) is applied in the Company. It is based on the principle of compliance with the Company's strategic aims, integrated management of the Company's engineering system, transparency, and economic feasibility of accepted engineering decisions. The implemented technical reconstruction and modernization program, approved by the Board of Directors within the Company's investment program for 2011–2013 (minutes dated October 15, 2010), is based on the principles of the Technical Policy;

- A contemporary method of diagnostics without equipment shutdown is implemented;
- The structure and volumes of spare parts are regularly optimized;
- A tender selection of service and supply organizations is implemented to improve the quality of services and materials provided, increase contractors' responsibility and reduce the cost per unit.

There is a risk of a system-based emergency. To ensure reliability of the system, emergency automation is implemented and constantly updated in accordance with modern requirements. The objectives of the centralized emergency automation system include provision of system reliability across the entire power network in the event of a local emergency.

Risk management in compliance with industrial safety requirements in the entire production risk management structure of RusHydro branches is ensured by compliance with federal legislation on industrial safety and on the basis of the effective system of production control over compliance with the requirements of industrial safety at RusHydro branches.

2. Environmental risks, represented by possible oil leakage to rivers from the hydroelectric generating set of HPPs and dam benchmarks (storage reservoir) overflow in the upstream and downstream pools.

Fines for possible oil leakages will not affect the Issuer's creditworthiness, so this risk may be considered as insignificant. In addition, during implementation of actions stipulated by the prospective technical reconstruction and modernization program, the Issuer replaces the elements and units of the hydroturbines with state-of-the-art equivalents, the structure of which ensures high ecological compatibility of the production process.

A rise of the storage reservoir level in the upper or lower benchmarks could result in flooding of the coastal areas where the production and residential facilities and natural complexes are located.

Action plan for management of these risks:

The storage reservoir level control is carried out in strict compliance with the schedule issued by the Inter-Agency Operational Team. To prevent underflooding, protective dams and installations are used. It is the owners' responsibility to ensure their proper condition, and the timely fortification of disintegrating dam sections. The Issuer shall for its part inform water consumers in a timely fashion, based on meteorological forecasts for the period of flood inflows on possible river levels, to allow them to take necessary protection measures.

To improve the environmental protection management process further, JSC RusHydro implements an environmental management system in accordance with the international standard ISO-14001:2004.

3. Risks related to construction of alternative power supply facilities by large consumers.

One of the objectives of the reformation of the Russian power industry is creation of competition within Russian power generation and power supply sectors. Construction of alternative power supply facilities by large consumers may result in competitive expansion and reduction of the Issuer's future power production and sales volumes.

The Issuer's action plan for management of this risk:

To mitigate this risk, the Issuer performs active work with its consumers aimed at establishment of mutually advantageous and long-term relations.

Additional actions by the Issuer for mitigation of the said risks:

- Increase in operating performance through implementation of a program for reducing operating costs and make cost savings;
- Work on increasing the share of long-term contracts for power supply in the total volume of the executed contracts;
- Implementation by the Issuer of a balanced financial policy.

#### 4. Risks related to uncertainty of power generation ("water content" risk) and demand forecast

The risk of power generation uncertainty for the Issuer involves the impossibility of precise forecasting of the volumes of power generated in the medium and long term. This risk basically affects fulfillment of the Issuer's obligations on power supply on the wholesale electricity (capacity) market. The Issuer may face a failure to generate electric energy required by generation contracts and, as a consequence, will have to buy additional volumes at higher prices on the wholesale market.

The Issuer may also face the risk of annual, seasonal, and daily fluctuations of energy demand owing to weather conditions and other factors. Demand for electric energy is usually higher from October to March because of more prolonged nights and colder weather, as well as during office hours, resulting in the complete workload of the Issuer's capacity within the stated periods. In this connection the Issuer may face the risk of it being impossible to earn the potential income during maximum workload of production capacities and to compensate for lost income over the period of diminution in the demand for electric energy.

The Issuer's action plan for management of these risks:

This risk is mitigated within the production and sales activities of RusHydro due to:

- Preparation of offers on amendments to the applicable regulations as regards HPP daily planning discretion concerning its own output and filing of price applications;
- Protection of the HPP's interests in the Interdepartment Operating Groups of the Federal Water Resources Agency;
- Execution of hedging bilateral agreements for the day-ahead market (including purchase of electric power as collateral for obligations).

In accordance with the foregoing, the Issuer believes that a possible decline in the Issuer's industry, adverse changes in the operation and production process, construction of alternative power supply facilities by large consumers may affect the Issuer, but shall not substantially affect fulfillment of its obligations under its securities.

#### **Risks related to possible changes of prices for raw materials and services used by the Issuer (separately on the domestic and foreign markets) and their influence on the Issuer's activities and fulfillment of obligations under securities:**

Foreign market:

Risks inherent in volatility of global prices for raw materials and services used by the Issuer in its activity have no impact on the Issuer's activity, as their share in production cost is about 1% and the share of import deliveries for the Issuer is insignificant.

Domestic market:

Since the key raw material for the Issuer during electric energy generation is water resources, and increase of the water tax rate over the price for electric energy is not forecasted, risks inherent in a possible change in the raw material price are not significant. Nonetheless, the Issuer recognizes the risk of a potential rise in prices for raw materials, if it were to prove necessary to buy missing electric energy for performance of its obligations under generation agreements, but such risk shall not materially influence performance of the Issuer's obligations under securities.

Risks inherent in a rise in prices for equipment and other material and technical resources used by the Issuer in its activity:

Foreign market:

Risks inherent in volatility of global prices for equipment and other materials and technical resources used by the Issuer in its activity have no impact on the Issuer's activity, as the import share in production cost is not significant.

Domestic market:

These risks are principally due to the development of inflation in the national economy and may be minimized by the following measures:

- Improvement of operational efficiency by implementation of programs to reduce production costs and make cost savings (creation of competition in the works and services procurement sector, optimization of repair and maintenance, as well as capital construction costs, etc.);

- Implementation of a balanced financial policy as regards compliance with the payment discipline to mitigate insolvency risks and procurement of financial stability of the Issuer and compliance with the standards of business planning.

This risk shall not materially influence performance of the Issuer's obligations under securities.

**Risks related to possible changes of prices for the Issuer's products and/or services (separately on the domestic and foreign markets), their influence on the Issuer's activities and fulfillment of obligations under securities:**

Foreign market:

The Issuer to a small extent exports electric energy (capacity) on the foreign market; in this respect risks inherent in possible change in prices for products and/or services on the foreign market shall be deemed non significant.

Domestic market:

Most significant risks for the Issuer are risks related to possible changes of (decrease in) sales prices for electric power on the wholesale market (day-ahead market, balancing market). Due to the fact that the Issuer sells the entire "liberalized" power volume on the wholesale market at free unstable prices, there is a risk of proceeds falling compared to scheduled indicators due to a decrease in the weighted average sales price for power on the wholesale electricity market.

The risk is seen as insignificant.

Influence of possible decline in the Issuer's industry on its activities and fulfillment of obligations under securities.

Foreign market:

Potential deterioration of the situation in the world hydropower industry, which may have a material impact on the Issuer's activity, may be connected with some global changes and, within the period for which securities are issued shall not have a significant influence on performance of its obligations under securities. This risk influences the Issuer to the same extent as it does other members of the market.

Domestic market:

The Issuer is the largest hydropower company in Russia, holding a key position in the national economy. The Issuer believes that a possible decline in the Issuer's industry, adverse changes in the operation and production process, construction of alternative power supply facilities by large consumers may affect the Issuer, but shall not substantially affect fulfillment of its obligations under securities.

## **2.4.2. Country and Regional Risks**

**Risks inherent in the political and economic situation in a country (countries) and region, where the Issuer is registered as a taxpayer and/or performs its primary activity, provided that primary activity of the Issuer in such a country (region) brings 10 and more per cent of income for the last complete reporting period preceding the securities prospectus approval date.**

### **Country Risks**

The Russian economy has no protection against market recessions or a slowdown in global economic development.

Due to the impact of the global financial crisis and heightened perception of risks of investment into developing countries, the volume of foreign investments into Russia is on the decrease, which has an adverse effect on the Russian economy. Furthermore, as Russia produces and exports large volumes of natural gas and oil, the Russian economy is particularly vulnerable to changes in international prices for energy products, and a slide in natural gas and oil prices may have a significant effect on development of the Russian economy. These events may limit the Issuer's access to capital and adversely affect the purchasing ability of the Issuer's consumers. The Issuer supposes implementation of all the actions intended for a decrease in the influence of such events on its activities by optimizing leverage in crisis conditions.

Furthermore, due to the world financial market crisis and a slump in industrial production, there is a risk of a drop in demand for power, which may lead to a reduction in sales volumes and in the Issuer's proceeds, as well as a risk of accounts receivable growth due to non-payment by power consumers.

On March 28, 2013, Moody's International Rating Agency confirmed the long-term credit rating of Russia (Baa1) with a stable outlook, relying upon such factors as relatively low state debt, a predominantly balanced state budget, as well as positive changes in the Russian Federation monetary policy. According to other rating agencies, the rating is stable at the level of BBB (according to Standard & Poor's and Fitch).

Due to aggravation of the international situation in spring 2014 and the deterioration of credit rating

forecasts of international rating agencies (S&P and Fitch) of the Russian Federation and state-controlled companies, including the Issuer, at the end of March 2014 (from stable to negative) as well as due to the threat of economic sanctions and force majeure, there is possibility of growth in the risk connected with failure to discharge obligations by separate foreign suppliers and contractors, contraction of the sales market and contract revision.

The Company is monitoring the situation and now sees positive dynamics using the example of statements from such companies as Siemens.

#### **Political Risks**

Due to the tightening of control on the part of energy sector regulatory agencies, the Company is taking steps necessary to avoid a detrimental effect of the above-mentioned risks on its activity. In particular, key attention is paid to ensuring transparency and reliability of control procedures for expenditure of budgetary funds under implementation of the Company's investment program, as well as implementation of risk management measures, as described in this section.

#### **Regional Risks**

The Issuer is registered as a taxpayer in Krasnoyarsk Krai, but productive assets and the operations themselves are carried out in many regions of the Russian Federation. In this respect it is possible to define specific risk in two regions: risks inherent in potential terrorist activity are a burning problem for the North Caucasus, and the Far East is characterized by earthquake activity and the inaccessibility of certain areas. Measures are being taken in respect of these risks and they are described in the following two sections. The risk on the whole is assessed as insignificant.

Assumed actions of the Issuer in the event of an adverse effect of changes in the situation in the country (countries) and the region (regions) on its activities.

To mitigate the consequences of the risks related to an emergency at the Sayano-Shushenskaya HPP, the Issuer carries out the following activities:

The plant is being reconstructed with engagement of the Sayano-Shushenskaya HPP personnel;

Work is progressing on amendment of Russian Federation legislation and corporate standards in technical regulation as regards procurement of hydropower engineering facility safety and reliability;

The Issuer continues implementation of the social policy, directed to support relatives of the deceased and injured persons and to develop the region as a whole (for detailed information please visit the Issuer's corporate site <http://www.sshges.rushydro.ru/>, SShHPP Reconstruction).

Changes in the situation in the country and regions of the Issuer's activities, the nature and frequency of such changes, and risks inherent thereto are difficult to predict, as it is the case with their effect on the future activities of the Issuer. Most of these risks are beyond the control of the Issuer due to their global scale. In case of disruption in the situation in Russia or the regions, which may adversely affect the Issuer's activities, the Issuer's management will undertake a number of actions for crisis management to mitigate to the greatest possible extent the adverse effect of the situation on the company.

Risks related to possible military conflicts, imposition of a state of emergency or strikes in the country and region where the Issuer is a tax resident and/or carries out its principal activities.

In case of possible military conflicts, as well as a threat of terrorist exposure to the Issuer's facilities, there are possible risks of personnel death and capital asset breakdown. The Issuer's region of registration and many regions of the Issuer's activities are characterized by a peaceful political situation. The probability of military conflicts, a declaration of a state of emergency and strikes in these regions is minimal, except for constituent entities of the Russian Federation located on the border with Ukraine and in the North Caucasian Federal District. In connection with possible escalation of the Georgian-Ossetian conflict, the described risk may arise in the region of the Issuer's activities – the Republic of North Ossetia-Alania.

According to the results of sabotage at the Baksanskaya HPP (July 21, 2010) and detection of an explosive device at the Irganayskaya HPP (September 7, 2010), the Issuer carried out comprehensive reassessment of safety systems at every facility. According to its results, a comprehensive plan for protection enhancement at the Issuer's facilities has been implemented, within which changes in the ongoing safety program at the Issuer's plants, including those in progress, have been introduced.

In case of this risk occurrence, the Issuer will take actions to mitigate the consequences thereof, including:

Evacuation of personnel and construction equipment located in close proximity;

Enhancement of security of the Issuer's facilities by engaging additional forces of the Ministry of Internal Affairs of the Russian Federation in order to prevent risks.

Risks related to geographic features of the country and region where the Issuer is registered as a tax resident and/or carries out its principal activities, including the heightened danger of natural disasters, possible cessation of transportation due to remoteness and/or inaccessibility, etc.

In the third quarter, the risk of natural disasters, which on a regular basis makes the list of the Issuer's critical risks taking the form of flooding in the Far East, had a significant effect on the Issuer's activity. In these

circumstances, facilities of the Issuer in the Far East operate in accordance with instructions of the interagency working group under the Federal Water Resources Agency of Russia. Control over business assets is tightened. No emergencies were defined.

Overflow of 2013 was the largest for the last 120 years. According to experts, hydraulic structures of Zeyskaya and Bureyskaya HPPs held in their own reservoirs over 65% of inflow, seriously reducing probable negative consequences for downstream settlements.

Under the decision of Evgeniy Dod, Chairman of the Management Board of RusHydro, the company explicated an ambitious program of social assistance to persons who have suffered from flooding in the Far East. RusHydro allocated RUB 200 million to mitigate the consequences of such flooding. These funds were directed at the provision of assistance to Amur Oblast, Khabarovsk Krai and the Jewish Autonomous District. Within this social program, RusHydro's community liaison office was opened in Zeya, Amur Oblast where Zeyskaya HPP is located, for rendering targeted assistance to the residents of the Far East Region.

Previously, a donation of RUB 700,000, transferred by companies and employees of the energy branch to the Soprichastnost fund, were directed to the rural council of Beregovoy, Seya District, Amur Oblast, for the acquisition of a special-purpose vehicle for waste water withdrawal. Financial assistance in the amount of RUB 1.6 million was transferred to the Zeya Administration for reserve water withdrawal and rehabilitation of the city infrastructure.

Hydraulic power engineers also purchased and handed over to EMERCOM of Russia (Ministry of the Russian Federation for Civil Defense, Emergencies and Elimination of Consequences of Natural Disasters) special vehicles and equipment for the performance of operations connected with the evacuation of people in Amur Oblast who have suffered from underflooding.

During the first days when Amur Oblast was battered by floods, RAO Energy Systems of East (a subsidiary of RusHydro) provided its educational and training ground to accommodate 420 people affected by the floods.

RAO Energy Systems of East has already directed about RUB 1.5 million for acquisition of food packages for evacuated residents of the Jewish Autonomous District. Assistance connected with additional food was provided to 1,415 people affected, including 559 children.

Bureyskaya HPP purchased food to a value of RUB 700,000 for temporary accommodation points in Amur Oblast. Help is primarily directed at 129 children located in these points.

Generally, the regions of the Issuer's activity are characterized by a well-developed transport infrastructure and are not exposed to risks connected with termination of transport connection. In this respect, some generating assets of the Issuer are located in remote areas with a severe, harsh climate, including in Krasnoyarsk Krai and some areas of the Far Eastern Federal District. The Issuer constantly advances technologies of access to and work in severe weather conditions of these areas. However, there is no guarantee that the Issuer will not incur additional expenses in overcoming technical difficulties associated with climate and accessibility of these areas, which may exert a negative influence on the Issuer's business, income, financial standing, performance, and prospects. In the foreseeable future, these risks are assessed by the Issuer as insignificant.

Risks also related to geographic features of regions include: risk of losses (for instance, lay up of fixed assets) in connection with seismic activity, avalanches and mudslides, possible landslides and rain-caused floods, as well as other adverse weather conditions (tornados, strong snowfalls and frost, etc.). The majority of the Company's facilities is located in seismically quiet regions, however, such facilities as the Pauhetskaya GeoPC and the Verkhne-Mutnovskaya GeoPC are located in an earthquake zone with potential earthquake strength up to 9 on the Richter Scale. An emergency action plan has been developed in the event of earthquakes with continuous monitoring of the situation. Transport connection is being elaborated in advance with a focus on the aforesaid risk, cargo and personnel delivery scheme being optimized.

### **2.4.3. Financial Risks**

Exposure of the Issuer to risks inherent in a change in interest rates, foreign currency exchange rates, due to activity of the Issuer or due to hedging performed by the Issuer with a view to reduce adverse effects of the above risks.

Exposure of the Issuer's financial standing, its liquidity, sources of funding, performance, etc., to a change in currency exchange rate (exchange risks):

The financial status of the Issuer, its liquidity, sources of financing and performance results do not depend heavily on foreign exchange differences and interest rate changes.

The Issuer sells power on the domestic market of the Russian Federation and settlements with suppliers of the resources, accrual and receipt of payments from power consumers are performed mostly in the Russian

currency – RUB. The influence of shifts of the national currency exchange rate compared to foreign currencies on the Issuer's financial status is assessed as insignificant.

Expected actions of the Issuer in the event of a negative impact of changes in currency exchange rate and interest rate on the Issuer's activity.

Practically all obligations of the Issuer are expressed in the currency of the Russian Federation — RUB. The proportion of obligations expressed in foreign currency in total amounts to less than 5%. For this reason exposure of the Issuer to the risk of foreign exchange fluctuations is assessed by Issuer as immaterial.

Some loans of the Issuer are connected with floating interest rates of MosPrime and Euribor. However, a share of loans with a fixed interest rate is over 85% of the Issuer's credit portfolio. In order to minimize the interest risk on financial obligations of the Issuer, swap contracts were concluded in Q2 2010 so as to fix variable interest rates in relation to loans of EBRD (RUB 2.8 billion as at March 31, 2014) and EM Falcon Limited (successor of Morgan Stanley) (RUB 1.5 billion as at March 31, 2014) with regard to all interest payments until their final redemption date.

There is no guarantee that concluded swap contracts will be effective or that the Issuer will not be exposed to interest risks in future.

According to the Issuer, inflation has a critical influence on securities payments, inflation levels as well as expected actions of the Issuer with regard to a decrease in the above risk:

The inflation level directly depends on the political and economic situation in the country. Since the Issuer carries out its activities within the Russian Federation, it is also subject to the influence of fluctuations in the inflation level. An increase in the inflation level in the Russian Federation leads to an overall increase in interest rates.

The adverse effect of inflation on financial and economic activities of the Issuer may result from the following risks:

- Risk of loss related to a decrease in the actual cost of accounts receivable in case of significant deferral or delay in payment;
- Risk of increase in the cost of financial debt;
- Risk of increase in product, works and services cost due to an increase in prices for energy resources, transport expenses and salaries, etc.;
- Risk of reduction of actual cost of funds raised for financing the investment program.

Inflation risk may arise if received cash income is depreciated compared to the actual purchasing capacity of money faster than it is nominally growing. Inflation growth significantly affects the financial performance results of the Issuer. It may lead to an increase in the entity's costs (due to an increase in prices for power resources and inventories) and as a consequence to a fall in profits and, therefore, in the profitability of its activities. Moreover, a rise in inflation will lead to an increased cost of borrowed funds for the Issuer, which may lead to a shortage of working assets within the company.

Critical significance of inflation, according to the Issuer:

According to the Issuer, taking into account the order of the Chairman of the Government of the Russian Federation with respect to limitation of the growth in housing and public utilities rates by no more than 6% in annual average calculation, compared with the level of utility charges in December 2012, and taking into account the level of potential earnings of the Issuer's activity, the critical inflation level under which the Issuer would have difficulties is equal to at least 20% per annum.

In the event of a rise in inflation, the Issuer plans to raise working capital turnover by amending contractual relations with its consumers.

Liquidity risk:

Rational liquidity risk management includes maintaining sufficient monetary funds and convertible securities so as to maintain the Issuer's ability to execute its current obligations. Temporarily disposable monetary resources are placed in short-term financial instruments, generally in bank deposits and promissory notes. The list of credit institutions and calculation of risk limits concerning placement of temporarily disposable

monetary resources is approved on a quarterly basis under the Rules accepted by the Company.

Due to aggravation of the international situation in spring 2014 and deterioration of credit rating forecasts of international rating agencies (S&P and Fitch) of the Russian Federation and state-controlled companies, including the Issuer (from stable to negative) as well as due to a threat of economic sanctions and force majeure, there is a possibility of growth in risks connected with the Issuer's difficulties to gain access to loan funds of foreign contracting parties, a rise in the value of the Issuer's debt obligations, losses due to an increase in euro rates and interest rates. Control over these risks is connected with a decrease in limits for agency banks with reduced ratings, stress testing of possible losses due to the growth in euro rates and interest rates under the currency and interest risks management methodology approved by the Issuer, as well as with legal support of the contract base. Practically all credit facilities are used, and there is no risk of unavailability of material credit resources under previously opened credit facilities.

Indices of the Issuer's financial statements subject to change to a greater extent as a result of the aforesaid financial risks. Risks, probability and nature of changes in statements:

Risk	Probability	Indices of financial statements subject to change to a greater extent as a result of the said financial risks	Nature of changes in statements
Increase in loan rates of banks	average	Balance sheet (form No. 1): 1) Accounts payable (other creditors) Statement of Financial Performance (form No. 2): 1) Interest payable 2) Net profit	Profit decrease, increase of interest costs
Exchange risk	low	Balance sheet (form No. 1): 1) Accounts receivable 2) Accounts payable 3) Cash — Statement of Financial Performance (form No. 2): 1) Other income and expenses 2) Net profit 3) Interest payable	Growth in investment costs, increase in accounts payable, growth in other expenses, increase in expenditures connected with interest and reduction of net profit
Inflation risks	low	Statement of Financial Performance (form No. 2): 1) Other expenses 2) Cost of goods, products, works, services sold 3) Net profit	Profit decrease
Liquidity risk	low	Balance sheet (form No. 1): 1) Accounts receivable 2) Cash 3) Accounts payable Statement of Financial Performance (form No. 2): 1) Other income and expenses 2) Net profit	Profit decrease

#### 2.4.4. Legal Risks

##### **Legal risks related to the Issuer's activities**

In connection with the emergency at the P.S. Neporozhny Sayano-Shushenskaya HPP on August 17, 2009, there is a possibility of:

- A considerable volume of court proceedings, the subject of which may be, inter alia, compensation for damage to life and health and compensation for moral harm;
- Carrying out inspections of the Issuer's activities by the prosecution authorities and other regulatory authorities (Russian Federal Service for Ecological, Technical and Atomic Supervision, Federal Service for Supervision of Natural Resource Usage, etc.), according to the results of which the Issuer and/or its officials may be brought to account as stipulated by law.

Since generation as well as the purchase and sale of electricity and capacity is the core business of the Issuer, legal risks concerning regulation of this type of activities may significantly affect the Issuer's status, i.e. lead to a decrease in the Issuer's net profits. A decrease of the net profits of the Issuer in turn may lead to a decrease in the amount of dividends payable.

##### **Risks related to amendments to currency control**

###### **Domestic market:**

Taking into account that the Issuer's export of products is insignificant, the risk of changes to currency regulation shall likewise be deemed insignificant.

###### **Foreign market:**

Taking into account that the Issuer's import of products is insignificant, the risk of changes to currency regulation shall likewise be deemed insignificant.



#### **Legal risks related to changes in customs regulations and duties**

##### **Domestic market:**

Taking into account that the Issuer's export of products is insignificant, the risk of changes in customs regulations and duties shall likewise be deemed insignificant.

##### **Foreign market:**

Taking into account that the Issuer's import of products is insignificant, the risk of changes in customs regulations and duties shall likewise be deemed insignificant.

#### **Risks related to amendments to the tax law**

##### **Domestic market:**

The Russian tax system is characterized by a large number of taxes and frequent changes in regulations. Russian tax legislation is subject to varying interpretations and changes, which can occur frequently. Laws and regulations often include unclear and contradictory wording and allow varying interpretation of the same issue. As a consequence, tax authorities often have different views on interpretation of the same regulatory documents at different levels. Therefore, operations and activities which have never been contested before may be contested. Tax audits may cover three calendar years of activity immediately preceding the year of audit. Under certain conditions even the earlier periods may become subject to audit.

Amendments to the tax legislation as regards an increase in the tax rates or changes to the tax calculation and payment procedure or terms may result in a decrease in the net profits of the Issuer, that in its turn may lead to a decrease in the amount of dividends payable. These risks of the Issuer are considered insignificant.

##### **Foreign market:**

Risks related to amendments to the tax law are considered insignificant. These risks influence the Issuer to the same extent as other members of the market.

#### **Risks related to changes in requirements for licensing of the Issuer's principal activities or licensing rights to use objects with limited circulation (including natural resources) as well as requirements for environmental and other permits and compliance with established standards**

##### **Domestic market:**

Changes to the Issuer's licensing requirements as regards principal activities may detain preparation of the documents necessary for prolongation of the license, as well as require from the Issuer compliance with the stated requirements. In general this risk should be deemed insignificant, except that for prolongation of the license or performance of the activities subject to licensing such requirements will be specified which the Issuer will not be able to comply with or compliance with which will be closely related to excessive expenditure, which may result in the Issuer ceasing such activities.

##### **Foreign market:**

In the event of changes to the Issuer's licensing requirements as regards principal activities, the Issuer shall act in accordance with new requirements, including receipt of the necessary licenses.

#### **Risks related to changes in the legal practice in relation to issues concerning the Issuer's activities (including issues of licensing which may adversely affect the results of its activities, as well as the results of on-going legal proceedings involving the Issuer)**

##### **Domestic market:**

Changes in the legal practice in relation to issues concerning the Issuer's activities may lead to increased costs for engagement of qualified lawyers, as well as judgments against the Issuer which may adversely affect the Issuer's operational results.

##### **Foreign market:**

This risk influences the Issuer to the same extent as it does all other members of the market.

### **2.4.5. Risks Related to the Issuer's Activities**

There are no court proceedings, participation in which may materially affect financial and economic activities of the Company.

#### **Risks of the inability to renew any of the Issuer's licenses to any specific type of activity or to use any facilities that have limited transferability (including natural resources):**

The Issuer does not use in its activity non-fully tradable facilities (including natural resources), does not engage in banking, insurance activities, is not a professional securities trader or investment fund. The Issuer also does not extract commercial minerals and does not render communication services.

After establishment of the institution of self-regulated organizations (SRO), licensing of construction activities was replaced from January 01, 2010 by a competency certificate to be granted by the SRO.

Subsidiaries of RusHydro joined NP ENERGOPROJECT (a self-regulating organization in project activities), NP ENERGOSTROY (self-regulating organization in building activities) and NP AISS (self-regulating organization in engineering surveys). The Issuer is a member of the NP EnergoStroiAllianz Group of Construction Organizations.

Work permits to conduct activities related to building, refurbishment and overhaul of capital construction projects, front-end engineering design of capital construction projects, and engineering surveys of capital construction projects were received by construction, repair, design, and research and development subsidiaries and affiliates of RusHydro.

The Issuer shall meet all license requirements in a timely manner and in full. The Issuer does not foresee any difficulty in the renewal of current licenses (a complete list of the Issuer's licenses is disclosed in Clause 3.2.5. Information on the Issuer's Authorizations (Licenses) or Permits to Perform Separate Types of Works).

These risks are assessed by the Issuer as insignificant.

Additional actions of the Issuer for management of this risk:

Work on receipt by the Issuer's branches of waste disposal limits in accordance with the established procedure.

**Risks related to potential liability of the Issuer for debts of third parties, including subsidiaries of the Issuer:**

Liability for debts of subsidiaries may incur as provided by the applicable laws of the Russian Federation, specifically, if the Issuer's instructions, binding on subsidiaries, result in losses or bankruptcy of subsidiaries. The probability of these risks is low.

Due to the acquisition during emission of RAO Energy Systems of East shares by the Company in 2011–2013, the Issuer integrated all business processes of two companies in order to detect and manage new risks. As a result, since the beginning of 2012, the project is being implemented on creation of a corporate risk management system of RAO ES of East Holding, in accordance with the Issuer's Risk Management Policy. In particular, based upon the developed and previously approved register of strategy risks of RAO ES of East, the Board of Directors of RAO ES of East approved strategy risk management plan in the second quarter. The procedure for regular reporting on execution of the Strategy Risk Management Plan to the Board of Directors both subsidiaries and RAO ES of East is being implemented.

**Risks related to the loss of possible consumers that provide for turnover amounting to at least 10 per cent of total revenues from sales of the Issuer's products (works, services):**

Due to the fact that the Issuer sells practically all produced electricity on the wholesale market, this risk is insignificant.

Other risks related to the issuer's activities

Risks related to the actions of third parties:

The Issuer is exposed to risks related to third-party operations during performance of works at the HPP, and other risks:

1. Failure to fulfill obligations within terms stipulated by a contract may result in untimely commissioning of power generating equipment and that will affect power generation.

2. If default under contracts as to the terms of completion of works involves large volumes, this may lead to an extension of the terms of completion of repair works and lead to a depreciation of capital funds. This may affect the operational reliability of power plant equipment.

3. Contractors, due to their ignorant management and performance of works may impair plant equipment, and this may result in equipment emergency shutdowns, which may affect power generation.

4. System and commercial operators.

The Issuer depends upon the system operator, which undertakes the functions and assets of regional dispatching administrations of energy networks, and the commercial operator, which manages the mercantile system within the wholesale electricity market. Failure to render required services by the system or commercial operator to the Issuer for one reason or another, or a delay in rendering services may decrease the volume of generated electric power or supplied electricity, which will have a material adverse effect on the Issuer's business, income, financial standing, and performance.

5. Risks inherent in trade unions and retention of qualified managerial personnel.

These risks are assessed as insignificant due to the considerable efforts undertaken by the Issuer with respect to staff retention and development. In particular, creation of a targeted order for specialist training, recovery an average technical personnel potential in the hydropower industry, creation of Young Hydropower Workers circles based on youth technical creativity centers within the corporate footprint of the Company, and enhancement of interaction with educational specialized universities and scientific institutes.

Special attention is paid to increasing motivation, material and moral incentives, and social protection of

staff.

RusHydro's policy in relation to employees is based on the following principles:

- Increase in qualification of the employees through implementation of training programs;
- Granting the best social packages in the electric power industry to the employees;
- Development of an employee motivation/stimulation system for the purposes of growth in efficiency of staff and the Issuer as a whole.

Due to the necessity of staff assistance in commissioning 22.2 GW of new capacities by 2020 and implementation of key objectives of the Company's production plan, such as maintenance of reliable and uninterrupted operation of facilities and an increase in operating performance, mitigation of human factor risks by means of better professional training and staff accountability at all levels, in September 2010, E.V. Dod, Chairman of the RusHydro Management Board approved the Human Resources Priority Development Concept within the campaign From New School to Work Area and Program of its Implementation. The primary objective of the Program is development of technical education and an increase in the prestige of technical professions, creating conditions for the satisfaction of RusHydro's needs for professionals, who are educated in a quality manner, and who are to operate the Company's facilities, both current and planned for commissioning, and maintain their reliable and uninterrupted operation.

The risk of the inability to conclude an agreement under terms and conditions acceptable for employees is assessed by the Issuer as insignificant in the medium term. The risk of the inability to select qualified managerial personnel is minimized by the Company's measures on creation of a candidates pool, preparation of newcomers of specialized professions, to which end a number of partner agreements with specialized universities are concluded.

#### 6. Covenant in credit agreements.

In accordance with the terms and conditions of some credit agreements, the Issuer is obliged to execute imposed financial and other restrictions limiting its ability without limitation to transfer property to pledge or other encumbrance, acquire assets or invest, sell, transfer or otherwise dispose of its assets or accounts receivable, carry out merger or acquisition, insert amendments in its business or dividend payment policy. Terms and conditions of some credit agreements make the Issuer achieve certain financial ratios. The need to adhere to financial ratios and other restrictions may prevent the Issuer from executing its business strategies. Moreover, any restriction violation indicated in credit agreements by the Issuer may cause a default of such obligation and, correspondingly, immediate debt repayment. The consequence thereof may be a significant adverse effect on business, income, financial standing, performance of the Issuer and its ability to fulfill obligations, as well as pay dividends.

The Issuer has formalized the control process concerning covenant observance (the relevant local normative act is in force), when management decisions are made, and that particular risk is estimated on a regular basis. Therefore, the Issuer considers these risks as insignificant.

#### 7. Observance of terms and conditions of credit agreements with SC Vnesheconombank.

Today, there is a risk of untimely commissioning of the aluminum smelter capacities, which may result for RusHydro in risks of absence lack of consumers for Boguchanskaya HPP capacities being commissioned.

RUSAL and RusHydro control progress, observance of established projected timetables, as well as monitor observance of indicators established by credit agreements.

#### 8. Health and safety.

Powers, responsibilities, and accountability in the health, safety and security management system at facilities is divided from the site manager to employees in accordance with administrative and functional subordination under local administrative and regulatory documents of the facility (orders, regulations, procedures).

Specific powers, responsibilities, and accountability of representatives of non-governmental organizations are specified in decisions of workforce, collective agreements, and Regulations on Safety Management System at Facility.

At RusHydro strict observance of labor safety standards is the responsibility of all employees carrying out work at the Company's facilities.

Control over compliance with health and safety standards is placed specially on the reliability and occupational safety service. Control over compliance with health and safety standards when performing specific works is vested in work organizers and managers.

Facilities have all necessary regulatory technical and legal bases, and local normative documents (labor protection regulations) for all professions and types of work are developed.

Blue-collar employees have monthly briefing on 3–4 health and safety matters as a whole and on profession and types of performed work in particular.

Blue-collar employees have an annual test of their knowledge of health and safety standards.

Management of all levels involved in production is also briefed and their knowledge is tested.

Workplace labor conditions compliance certification is carried out at all facilities of the Company. Independent accredited laboratories and expert organizations are engaged for workplace assessment and production control.

Specialized medical institutions are engaged for mandatory periodic medical professional examination.

Independent expert organizations are engaged to assess structural and equipment safety.

The Company has an effective alert system which records all undesirable events (incidents).

Each and every incident is subject to investigation.

Hazardous production facilities of RusHydro are operated in accordance with legislation related to industrial safety: the system of production control over compliance with industrial safety requirements is in effect, the necessary authorization documents are in place for operation of hazardous production facilities, the risk of civil liability during operation of hazardous production facilities is insured, and the facilities' personnel of the Company is certified in industrial safety.

Fire safety declarations have been elaborated. Fire risk does not exceed the acceptable value established in accordance with fire-safety legislation. A fire safety system has been created and is used at the Company's production facilities.

Industrial safety declarations and hydropower plant safety declarations are drawn up and updated at all facilities of the Company.

The Issuer's action plan for management of these risks:

- Tightening of control over activity of the Issuer's contractors and subcontractors at facilities, including a series of actions with respect to rendering transparent contract operations of contractors and subcontractors, has been adopted in the reporting period;

- Introduction of unfair contractors into the black list;

- Insuring the power plant equipment against damage by third-party operations;

- Granting work permits only to qualified personnel;

- Carrying out claim administration works with contractors exceeding work completion terms as to payment of penalties for default under contract;

- Monitoring on a monthly basis of work progress at the plants.

This section covers only risks which are significant in the Issuer's opinion. Other risks not covered by this section are also possible. Any other risks unknown to or insignificant for the Issuer at the moment may also negatively affect the Issuer's business activities and fulfillment of its obligations, as well as dividend payments.

## III. Detailed Information on the Issuer

### 3.1. History of the Issuer's Foundation and Development

#### 3.1.1. Information on the Issuer's Corporate Name (Name)

Full corporate name of the Issuer: *Joint-Stock Company Federal Hydrogeneration Company RusHydro - in English: Open Joint-Stock Company Federal Hydro-Generating Company — RusHydro*

Effective date of the current full corporate name: *July 13, 2011*

Abbreviated corporate name of the Issuer: *JSC RusHydro*

Effective date of the current abbreviated corporate name: *July 13, 2011*

Full or abbreviated corporate name of the Issuer (name for non-profit organization) is similar to the name of another legal entity.

Names of such legal entities:

Limited Liability Company RusHydro (OGRN 1103459004417, INN 3442111016)

Clarifications necessary to avoid confusion between the specified names:

The Issuer in formal contracts and documents shall use full corporate name, location, INN, and/or assigned individual registration numbers OGRN for its identification.

If the corporate name of the Issuer (name for non-profit organization) is registered as trademark or service mark, **information on their registration shall be specified:**

**Information on registration of the specified trademarks:**

Certificate of trademark (service mark):

No. 454339, registered with the Public Register of Trademarks and Service Marks of the Russian Federation on

February 20, 2012, the registration will expire on July 02, 2019;  
No. 454053, registered with the Public Register of Trademarks and Service Marks of the Russian Federation on February 16, 2012, the registration will expiry on February 16, 2021;  
No. 440951, registered with the Public Register of Trademarks and Service Marks of the Russian Federation on July 13, 2011, the registration will expiry on February 16, 2021;  
No. 453894, registered with the Public Register of Trademarks and Service Marks of the Russian Federation on February 15, 2012, the registration will expiry on February 16, 2021.

#### **All previous names of the Issuer over the entire period of its operation.**

If within the Issuer's existence its corporate name (name for non-profit organization) has changed, all its previous full and abbreviated corporate names (names) and forms of incorporation, with specification of the date and reasons of the change.

Full corporate name: *Joint-Stock Company Federal Hydrogeneration Company RusHydro*

Abbreviated corporate name: *JSC RusHydro*

Effective date of the name: *July 13, 2011*

Reasons for the name coming into effect: *State registration of new version the Issuer's Charter on July 13, 2011, approved by the decision of the Annual General Meeting of Shareholders of the Issuer dated June 30, 2011 (Minutes No. 7 dated July 04, 2011) and Resolution No. 1322-r of the Ministry of Justice of the Russian Federation dated June 17, 2011.*

Full corporate name: *Joint-Stock Company Federal Hydrogeneration Company*

Abbreviated corporate name: *JSC RusHydro*

Effective date of the name: *July 14, 2010*

Reasons for the name coming into effect: *State registration of new version the Issuer's Charter on July 14, 2010, approved by the decision of the Annual General Meeting of Shareholders of the Issuer dated June 30, 2010 (Minutes No. 5 dated June 30, 2010) and Resolution No. 5006-r of the Ministry of Justice of the Russian Federation dated June 28, 2010.*

Full corporate name: *Joint-Stock Company RusHydro*

Abbreviated corporate name: *JSC RusHydro*

Effective date of the name: *July 4, 2008*

Reasons for the name coming into effect: *State registration of new edition of the Issuer's Charter on July 04, 2008, approved by the decision of the Annual General Meeting of Shareholders of the Issuer dated June 25, 2008 (Minutes No. 1 dated June 26, 2008).*

Full corporate name: *Joint-Stock Company Federal Hydrogeneration Company*

Abbreviated corporate name: *JSC HydroOGC*

Effective date of the name: *December 26, 2004*

Reasons for the name coming into effect: *State registration of the legal entity on December 26, 2004*

### **3.1.2. Information on State Registration of the Issuer**

Primary state registration number of the legal entity: *1042401810494*

State registration date: *December 26, 2004*

Name of the registering authority: *Inspectorate of the Ministry of Taxation of the Russian Federation for Zheleznodorozhniy District of Krasnoyarsk, Krasnoyarsk Krai.*

### **3.1.3. Information on Foundation and Development of the Issuer**

The Issuer is established for an unspecified period of time.

**The period of the Issuer's operation as of the state registration date, as well as the period till which the Issuer will operate in case it is established for a specified period or until a defined objective is achieved:** nine years and three months.

**Brief history of the Issuer's establishment and development. The purposes of the Issuer's establishment, the Issuer's mission (if any), and other information on the Issuer's business, which is important for taking decision on acquisition of the Issuer's securities:**

RusHydro was established in accordance with Resolution No. 526 of the Russian Federation Government dated July 11, 2001 "Main Directions of Electrical Power Industry Reform in the Russian Federation" and

Directive No. 1254-p of the Russian Federation Government (as amended on October 25, 2004, No. 1367-p) as a wholly owned subsidiary of OAO RAO UES of Russia.

State registration of the Issuer took place on December 26, 2004.

In 2005, the Board of Directors of RAO UES of Russia approved a target model of RusHydro in the form of an Operating Company managing its branches established on the basis of JSC HPPs during reorganization of subsidiaries and affiliates (S&A) in the form of affiliation with RusHydro (Minutes No. 204 dated September 30, 2005 – October 4, 2005).

On April 27, 2005, the Board of Directors of RAO UES of Russia approved a plan of accelerated consolidation of the Issuer into a unified Operating Company, providing for affiliation with RusHydro of subsidiary JSC HPPs (without construction sites and infrastructure subsidiaries), other JSC HPPs, as well as JSC State Holding HidroOGK and JSC Minority Holding HidroOGK, established as a result of reorganization of RAO UES of Russia in the form of split-off (Minutes No. 250 dated April 27, 2007). The Issuer's Operating Company with the direct participation in the Issuer's authorized capital of shareholders of subsidiaries and affiliates (S&A), as well as shareholders of RAO UES of Russia (through JSC Minority Holding HidroOGK and JSC State Holding HidroOGK) was formed within 2007–2008 through reorganization in the form of affiliation with RusHydro of the following joint-stock companies (hereinafter referred to as the Affiliated Companies):

JSC Bureyskaya HPP, JSC Volzhskaya HPP, JSC Votkinskaya HPP, JSC Dagestan Regional Generation Company, JSC Zhigulevskaya HPP, JSC Zagorskaya PSHPP, JSC Zeyskaya HPP, JSC Zelenchukskiye HPPs, JSC Kabardino-Balkarian Hydrogeneration Company, JSC KabbalkHPP, JSC Kamskaya HPP, JSC Cascade of VV HPPs, JSC Cascade of NChHPPs, JSC Nizhegorodskaya HPP, JSC Saratovskaya HPP, JSC North Ossetian HGC, JSC Stavropol Electricity Generating Company, JSC Sulakenergo, JSC Cheboksarskaya HPP, JSC Neporozhny SShHPP, CJSC EOZ, JSC Irganayskaya HPP, JSC State Holding HidroOGK, JSC Minority Holding HidroOGK.

Therefore, in July 2008, the Company's target model was implemented. In the same year, the Company's shares were brought to the Russian shares market. In order to upsurge liquidity, increase market capitalization, and attract new investors, as well as observe the interests of former holders of depositary receipts of OAO RAO UES of Russia, the Company launched a program of depositary receipts, with the depositary bank being Bank of New York Mellon.

Following the results of consolidation, the Company consolidated over 50 HPPs in 18 regions of the Russian Federation.

The Issuer's strategic objectives are major guidelines for both day-to-day operations and development of the Issuer.

The strategic objectives of the Issuer:

- Safe and secure operation of the Company's facilities;
- Increase in energy efficiency through sustainable development of electrical power generation based on renewable energy sources;
- Increase in the Company's value.

Outlook of the Issuer. On the horizon until 2020 RusHydro is a global transnational vertically-integrated holding company, one of the global leaders in the development of renewable energy sources.

Other information on the Issuer's activities that is important when taking decisions on acquisition of the Issuer's securities: N/A.

### 3.1.4. Contact Information

Location of the Issuer

**51 Respubliki St., Krasnoyarsk, Krasnoyarsk Krai, 660075**

Other address for correspondence

**7 Malaya Dmitrovka St., Moscow, Russia, 127006**

Tel.: +7 800 333 8000

Fax: +7 (495) 225 37 37

E-mail: [office@rushydro.ru](mailto:office@rushydro.ru)

Address of website (websites) where information on the Issuer, its securities issued or being issued is available:

[www.rushydro.ru](http://www.rushydro.ru)

<http://www.e-disclosure.ru/portal/company.aspx?id=8580>

Name of the Issuer's special division working with shareholders and investors of the Issuer:

**IR Directorate (Shareholder and Investor Relations Directorate)**

Location of the division: **7 Malaya Dmitrovka St., Moscow, Russia, 127006**

Tel.: +7 800 333 8000

Fax: +7 (495) 225-37-37

E-mail: [ir@rushydro.ru](mailto:ir@rushydro.ru)

Website address: [www.rushydro.ru](http://www.rushydro.ru)

Name of the Issuer's special division working with shareholders and investors of the Issuer:

**Corporate Governance Department**

Location of the division: *7 Malaya Dmitrovka St., Moscow, Russia, 127006*

Tel.: +7 800 333 8000

Fax: +7 (495) 225-37-37

E-mail: [office@rushydro.ru](mailto:office@rushydro.ru)

Website address: [www.rushydro.ru](http://www.rushydro.ru)

### 3.1.5. Taxpayer Identification Number

2460066195

### 3.1.6. Branches and Representative Offices of the Issuer

The Issuer has no representative office.

#### **Information about the Issuer's branches in accordance with the Issuer's Charter.**

Name: **JSC RusHydro branch — Bureyskaya HPP**

Location: Talakan, Bureysky District, Amur Region, Russian Federation

Opening date: August 27, 2007

Head of the branch

Full name: Aleksandr Sergeevich Garkin

Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Volzhskaya HPP**

Location: 1a Lenina Avenue, Volzhsky, Volgograd Region, Russian Federation

Opening date: August 27, 2007

Head of the branch

Full name: Sergey Nikolaevich Bologov

Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Votkinskaya HPP**

Location: Chaykovsky, Perm Krai, Russian Federation

Opening date: August 27, 2007

Head of the branch

Full name: Aleksey Georgievich Byakov

Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Dagestan branch**

Location: Russian Federation, Republic of Dagestan, Kaspiysk, ul, M. Khalilova, 5

Opening date: August 27, 2007

Head of the branch

Full name: Timur Gamzatovich Gamzatov

Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Zhigulevskaya HPP**

Location: Zhigulevsk, Samara Region, Russian Federation

Opening date: August 27, 2007

Head of the branch

Full name: Oleg Vladimirovich Leonov

Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Zagorskaya PSHP**

Location: 100, Bogorodskoe, Sergievo-Posadsky District, Moscow Region, Russian Federation

Opening date: August 27, 2007

Head of the branch

Full name: Vladimir Ivanovich Magruk

Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Zeiskaya HPP**  
Location: Zeya, Amur Region, Russian Federation  
Opening date: August 27, 2007  
Head of the branch  
Full name: Irina Dmitrievna Savelyeva  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Kabardino-Balkarsky branch**  
Location: Russian Federation, Kabardino-Balkar Republic, 361800, Chereksky District, Kashkhatau, ul. Mechieva, 1A  
Opening date: August 27, 2007  
Head of the branch  
Full name: Kurman Magomedovich Otarov  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Kamskaya HPP**  
Location: Kamskaya HPP, Perm, Russian Federation  
Opening date: August 27, 2007  
Head of the branch  
Full name: Viktor Georgievich Alekseev  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Karachaevo-Cherkessky branch**  
Location: Pravokubansky, Karachaevo-Cherkesskaya Republic, Russian Federation  
Opening date: August 27, 2007  
Head of the branch  
Full name: Grigor Aslibekovich Saratikyan  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Cascade of Verkhnevolzhskiy HPPs**  
Location: Rybinsk, Yaroslavl Region, Russian Federation  
Opening date: August 27, 2007  
Head of the branch  
Full name: Andrey Vladimirovich Derezhkov  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Cascade of Kuban HPPs**  
Location: 360a Vodoprovodnaya Street, Nevinnomyssk, Stavropol Territory, Russian Federation  
Opening date: August 27, 2007  
Head of the branch  
Full name: Gennadiy Evgenyevich Sergeev  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — CorUnH**  
Location: Russian Federation, Moscow, ul. Arkhitekora Vlasova, 49  
Opening date: December 05, 2007  
Head of the branch  
Full name: Elena Anatolyevna Aksenova  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Nizhegorodskaya HPP**  
Location: 14 Privokzalnaya St., Zavolzhye, Gorodets District, Nizhny Novgorod Oblast, Russian Federation  
Opening date: August 27, 2007  
Head of the branch  
Full name: Aleksandr Arkadyevich Goyzenband  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Novosibirskaya HPP**  
Location: Russian Federation, Novosibirsk Region, Novosibirsk, ul. Novomorskaya, 4  
Opening date: April 10, 2006  
Head of the branch



Full name: Viktor Ivanovich Serzhun  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Saratovskaya HPP**  
Location: Saratovskaya HPP, Balakovo, Saratov Region, Russian Federation  
Opening date: August 27, 2007  
Head of the branch  
Full name: Lyudmila Vladimirovna Odintsova  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Neporozhny Sayano-Shushenskaya HPP**  
Location: Cheremushki, Sayanogorsk, the Republic of Khakassia  
Opening date: August 27, 2007  
Head of the branch  
Full name: Valeriy Arturovich Kyari  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Severo-Osetinsky branch**  
Location: Russian Federation, Republic of North Ossetia – Alania, Vladikavkaz, ul. Vaso Abaeva, 63  
Opening date: August 27, 2007  
Head of the branch  
Full name: Taymuraz Vladimirovich Balataev  
Validity period of the power of attorney: until January 31, 2015

Name: **JSC RusHydro branch — Cheboksarskaya HPP**  
Location: 34 Naberezhnaya Street, Novocheboksarsk, the Chuvash Republic, Russian Federation  
Opening date: August 27, 2007  
Head of the branch  
Full name: Vladimir Georgievich Dorofeev  
Validity period of the power of attorney: until January 31, 2015

## 3.2. Core Business Activity of the Issuer

### 3.2.1. The Issuer's Industry

Principal sectoral businesses of the Issuer according to OKVED: **40.10.12**

OKVED codes
40.10.14
40.10.42
40.10.44
51.56.4
71.3
74.14
74.20.55
80.22.22

### 3.2.2. Core Business Activity of the Issuer

Core business activities (types of activity, types of products (works, services)) provided for at least 10% of the Issuer's sale revenues (sales volume) for each of the reporting periods:

Unit of measure: RUB

**Type of business activity — electricity (capacity) generation and sale**

Indicator	2012	2013
Volume of revenues (incomes) from this type of business activity	93,707,841,654	108,226,505,510

Proportion of revenues (incomes) from this type of business activity within the total volume of revenues (incomes) of the Issuer, %	99.5%	99.5%
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Indicator	2013, 3 months	2014, 3 months
Volume of revenues (incomes) from this type of business activity	25,288,160,666	26,772,980,002
Proportion of revenues (incomes) from this type of business activity within the total volume of revenues (incomes) of the Issuer, %	99.4%	99.5%

**Changes in the sales revenue (sales volume) of the Issuer from its core business activity by 10 and more per cent as compared with the same reporting period of the previous year and reasons therefor:**

Growth in revenues following the results of 2013 as compared with 2012 was 15.5%, which was due to a 17.2% increase in electricity production by the Issuer's hydropower plants.

**Geographic areas bringing 10 and more per cent of revenues (income) for each reporting period and changes in the volume of revenues (income) of the Issuer from such geographic areas by 10 and more per cent as compared with the same reporting period of the previous year and reasons therefor.**

The Russian Federation is the only geographic area bringing 10 and more per cent of revenues.

**Seasonal nature of the Issuer's core business activity.**

The Issuer's core business activity has no seasonal nature.

The volume of electric power generation by the Issuer considerably depends on the available water inflow in the basins of rivers where its generating capacities are located, and is distributed non-uniformly on an annual basis depending on the season. In addition, possibilities of forecasting, as well as decisions by authorities regulating water economy relations in the Russian Federation influence the volume generated.

**General structure of the Issuer's production cost with regard to the specified items as a percentage of total production cost.**

Name of cost items	2013	2014, 3 months
Raw and other materials, %	0.8	0.7
Acquired component, semi-finished goods, %	0.0	0.0
Outsourced production-related works and services, %	7.4	4.6
Fuel, %	0.0	0.0
Energy, %	28.4	27.9
Labor costs, %	11.7	10.1
Interest on loans, %	0.0	0.0
Lease payment, %	3.3	3.2
Social allocations, %	2.4	2.9
Amortization of fixed assets, %	20.1	22.4
Taxes included in production cost, %	12.3	12.9
Other expenses (with specification)	13.6	15.2
amortization of intangible assets, %	0.05	0.5
remuneration for rationalization proposals, %	0.0	-
mandatory insurance payments, %	2.3	1.9

entertainment allowance, %	0.1	0.0
other, %	11.3	12.8
Total: expenses for production and sale of products (works, services) (production costs), %	100.0	100.0
For reference: Proceeds from sale of products (works, services), % of production cost	184.8	193.1

\* including expenses on electricity and capacity market performance in 2013 — 4.5%, in 2014 (3 months) — 5%; expenses on protection of facilities in 2013 — 2.4%, in 2014 (3 months) — 2.9%.

**New types of products (works, services) being of essential importance offered by the Issuer on the market of its core business to the extent it corresponds with public information on such types of products (works, services). Development state of such types of products (works, services) shall be specified.** The Issuer does not offer new types of products (works, services) on the market of its primary activity. Development thereof is not in progress. There are no new types of products (works, services) being of essential importance.

**Standards (rules) in accordance with which the Issuer's accounting (financial) statements are prepared and calculations specified in this Clause of the Quarterly Report are made.**

The Issuer's accounting statements are prepared in accordance with the accounting and reporting rules currently effective in the Russian Federation, stipulated by Federal Law On Accounting No. 402-ФЗ dated December 06, 2011 and Regulation on Accounting and Reporting in the Russian Federation approved by Order No. 34Н of the Ministry of Finance of the Russian Federation dated July 29, 1998, as well as other regulations included in the system of accounting regulation and preparation of statements by companies in the Russian Federation.

### **3.2.3. Materials, Goods (Raw Materials) and Suppliers of the Issuer**

Name, location, INN (if any), OGRN (if any) of the Issuer's suppliers accounting for at least 10 per cent of all supplies of materials and goods and their shares in total supply for the last completed financial year as well as for the last completed reporting period until the approval of the securities prospectus.

#### **For 2013**

**Suppliers of the Issuer which account for at least 10 per cent of all deliveries of materials and goods (raw materials)**

Full corporate name: **Open Joint-Stock Company Financial Settlement Center**

Abbreviated corporate name: **OJSC FSC**

Location: **12 Krasnopresnenskaya Embankment, entrance 7, 7th–8th floors, Moscow, Russian Federation**

INN: **7705620038**

OGRN: **1047796723534**

Share in the total supplies, %: **94.18**

**Information on price adjustments for basic materials and goods (raw materials) by more than 10 per cent within the relevant reporting period as compared with the reporting period for the previous financial year or on absence of such change**

The price for basic materials and goods (raw materials) was not adjusted by more than 10% within the relevant reporting period

**Share of import in deliveries of materials and goods, forecast for availability of sources of import and possible alternative sources**

There are no import deliveries.

#### **For 3 months of 2014**

**Suppliers of the Issuer which account for at least 10 per cent of all deliveries of materials and goods (raw materials)**

Full corporate name: **Open Joint-Stock Company Financial Settlement Center**

Location: **12 Krasnopresnenskaya Embankment, entrance 7, 7th–8th floors, Moscow, Russian Federation**

INN: **7705620038**

OGRN: **1047796723534**

Share in the total supplies, %: **90.99**

**Information on price adjustments for basic materials and goods (raw materials) by more than 10 per cent within the relevant reporting period as compared with the reporting period for the previous financial year or on absence of such change.**

The price for basic materials and goods (raw materials) was not adjusted by more than 10% within the relevant reporting period

**Share of import in deliveries of materials and goods, forecast for availability of sources of import and possible alternative sources**

There are no import deliveries.

### **3.2.4. Sales Markets for Products (Works, Services) of the Issuer**

#### **Key markets where the Issuer conducts its business:**

The Issuer conducts its business within several constituent entities of the Russian Federation. The Issuer's current core business is electricity (capacity) production and sale.

In accordance with Regulation No. 1172 of the Russian Federation Government On Approval of Regulations for Wholesale Electricity and Capacity Market and Introduction of Amendments to Certain Acts of the Government of the Russian Federation Regarding Functioning of the Wholesale Electricity and Capacity Market dated December 27, 2010 (hereinafter referred to as the "Wholesale Market Regulations"), the Issuer carries out its activities connected with sale of electricity (capacity) in the following segments of the wholesale market:

#### Regulated Contracts (RC):

Trade in electricity (capacity) is carried out under terms and conditions of regulated contracts concluded on the wholesale electricity (capacity) market at regulated prices (rates), approved by the Federal Tariff Service of the Russian Federation. The cumulative volume of electricity and the cumulative volume of capacity supplied under RC in the relevant calendar year by the Issuer shall not exceed 35 per cent of the overall electricity and capacity production specified in the budgeted balance sheet for the period of regulation for the Issuer.

#### Competitive trade in generating capacity, competitive capacity outtake (CCO):

Since June 1, 2008, capacity trade is conducted on the basis of competitive capacity outtake (CCO), conducted by the system operator. Customers are obliged to pay for all capacity selected at CCO in their pricing zone.

The Wholesale Market Regulations make it possible to sell capacity both at CCO prices and free prices in case of conclusion of electric power and capacity purchase agreements (NRECC), including on the stock exchange. Under Regulation No. 89 of the Russian Federation Government dated February 24, 2010 and henceforth Wholesale Market Regulations, provisions were approved ensuring implementation of a long-term capacity market model (LTCM). The long-term capacity market model provides for marginal pricing. In this respect, as with regard to trade in electricity, since 2011 capacity is supplied under regulated contracts only in volumes necessary for delivery to the population and equivalent classes of consumers, except for capacity supplied by hydro power plants located in the second pricing zone. Hydro power plants supplying capacity in the second pricing zone shall supply capacity at regulated prices.

On the long-term market competitive capacity outtake is carried out on the basis of anticipated demand formed by the system operator for the relevant supply period. If actual demand for capacity exceeds anticipated demand, a corrective competitive outtake procedure may be implemented.

During the course of CCO, capacity, generated under CSA and other agreements similar to CSA concluded with NPP and HPP, is selected in the first instance. Capacity, which failed at competitive capacity outtake, is not paid for, except for the capacity of generating facilities, the operation of which is necessary for maintaining the technical regime of the electric power system or heat energy supply (forced generator).

In accordance with the Wholesale Market Regulations, capacity is sold using the following contractual constructions, namely, agreements for:

- Purchase/sale of capacity selected according to the results of competitive capacity outtake, under capacity purchase and sale agreements, concluded according to the results of competitive capacity outtake;
- Purchase/sale of capacity under free capacity purchase and sale agreements (non-regulated capacity contracts), including on the stock exchange;
- Purchase/sale of capacity under capacity supply agreements and under capacity purchase and sale agreements with new nuclear power plants and hydro power plants, similar to CSA;

- Purchase/sale of capacity of generating facilities, classified as generating facilities, supplying capacity in forced regime;
- Purchase/sale of capacity under regulated contracts (in supply volumes to the population and equated categories);
- Purchase/sale of capacity of generating facilities, determined according to the results of additional selection of investment projects conducted when the capacity volume, selected based on the results of competitive capacity outtake in any free power transfer zone, does not satisfy the demand for capacity;
- Purchase/sale of capacity of generating facilities determined based on the results of investment project competitions on formation of promising technological capacity margin.

In December 2010, the first campaign with respect to signing of capacity purchase and sale agreements with new HPP/PSHPP was completed. Hydro power plants, commissioned under capacity purchase and sale agreements with new HPP/PSHPP, obtain a guarantee of capacity payment for 20 years, ensuring repayment of capital expenditures and specified operating costs.

#### Day-Ahead Market (DAM):

The volume of electricity generated above the RD volumes is sold at free prices on the day-ahead market and shortages are purchased on the DAM so as to provide for RC. The rules of the wholesale market provide for the possibility of electricity sale/purchase under free bilateral contracts (FBC). Participants in the wholesale market independently determine counteragents under contracts, as well as prices and volumes of deliveries within free bilateral contracts.

#### Balancing Market (BM):

Deviations of the actual electricity production volume from the planned production volume are traded on the balancing market at prices formed on the basis of competitive selection of price bids of participants.

The Issuer sells a share of electricity produced on the wholesale market at free non-regulated prices.

#### The market of system services on reactive-power control without electricity generation (MSS):

In accordance with Regulation No. 117 of the Russian Federation Government On the Procedure for Selection of Electricity Engineering Entities and Electricity Users Rendering Services in System Reliability Maintenance and Rendering such Service, as well as On Approval of Changes in Acts of the Government of the Russian Federation Regarding Rendering of Services in System Reliability Maintenance dated March 3, 2010, in 2012 the Issuer and SO UPS, JSC concluded a new Services Contract for Reactive-Power Control without Electricity Generation. The first system service agreement was entered into in July 2011.

Under the terms and conditions of the agreement, the Issuer renders services to SO UPS, JSC in reactive-power control without electricity generation using generating equipment of Volzhskaya, Votkinskaya, Zhigulevskaya, Zelenchukskaya, Kamskaya, Nizhegorodskaya, Ezminskaya, Gizeldonskaya HPPs and Zagorskaya PSHPP.

Services associated with reactive-power control without electricity generation is one of four types of services in maintenance of system reliability (system services). The system service market began its operation at the beginning of 2011 after rendering by thermal power units in UES of Russia of services associated with standardized primary frequency control (SPFC) and automatic secondary regulation of frequency and active-power flow (ASRFAPF).

Rendering of services in reactive-power control using generating equipment of power plants, where electricity has not been generated over the period of rendering services, includes operation of generating equipment in synchronous compensator mode. Utilization of hydro power plant equipment for rendering such services does not reduce the possibility of generating electricity, because equipment is used in synchronous compensator mode in case of impossibility or absence of demand for its operation in generator mode.

#### **Factors that may have a negative impact on the sale of the Issuer's products (works, services) and possible actions of the Issuer so as to reduce such impact:**

Change in the regulatory and legal framework in the electric power industry associated with enhancement of tariff regulation at the electricity and capacity market.

#### **The Issuer's measures on minimization of negative factors:**

Formation of a regulatory and legal framework favorable to the Issuer for electricity and capacity market performance. For the purposes thereof, the Issuer is fully engaged in development processes of laws and regulations in the electric power industry performed by the Ministry of Energy of the Russian Federation, NP Market Council and Federal Tariffs Service of the Russian Federation.

### **3.2.5. Information on the Issuer's Authorizations (Licenses) or Permits for Separate Types of Works**

Authority (organization) issuing the relevant authorization (license) or permit for separate types of works:  
***Federal Service for Environmental, Engineering and Nuclear Supervision***

Number of authorization (license) or document evidencing the receipt of permit for separate types of

works: **VP-00-009772**

Type of activity (work) in relation to which the Issuer has received the relevant authorization (license) or permit: **Operation of explosion/fire hazardous production facilities**

Issue date of the authorization (license) or permit for separate types of works: **September 22, 2011**

Validity period of the authorization (license) or permit for separate types of works: **Unlimited**

Authority (organization) issuing the relevant authorization (license) or permit for separate types of works: **Self-Regulating Organization Non-Commercial Partnership "EnergoStroiAlyans Group of Construction Organizations"**

Number of authorization (license) or document evidencing the receipt of permit for separate types of works: **No. C-089-03-01240**

Type of activity (work) in relation to which the Issuer has received the relevant authorization (license) or permit: **Certificate of permit for separate type or types of work having influence on the safety of capital construction projects.**

Issue date of the authorization (license) or permit for separate types of works: **July 26, 2012**

Validity period of the authorization (license) or permit for separate types of works: **Unlimited**

Authority (organization) issuing the relevant authorization (license) or permit to separate types of works: **Eniseyskoye Administration of the Federal Service for Environmental, Engineering and Nuclear Supervision.**

Number of authorization (license) or document evidencing the receipt of permit to separate types of works: **No. A66-02932**

Type of activity (work) in relation to which the Issuer has received the relevant authorization (license) or permit: **Certificate of Registration of Hazardous Industrial Facilities.**

Issue date of the authorization (license) or permit for separate types of works: **December 16, 2013**

Validity period of the authorization (license) or permit for separate types of works: **Unlimited**

Authority (organization) issuing the relevant authorization (license) or permit for separate types of works: **Centre for Licensing, Certification, and Protection of State Secrets of the FSS of Russia**

Number of authorization (license) or document evidencing the receipt of permit for separate types of works: **GT No. 0062928 Reg. No. 4409**

Type of activity (work) in relation to which the Issuer has received the relevant authorization (license) or permit: **Works involving use of information classified as state secret**

Issue date of the authorization (license) or permit for separate types of works: **September 4, 2012**

Validity period: **September 2, 2015**

Authority (organization) issuing the relevant authorization (license) or permit for separate types of works: **Centre for Licensing, Certification, and Protection of State Secrets of the FSS of Russia**

Number of authorization (license) or document evidencing the receipt of permit for separate types of works: **GT No. 0062935 Reg. No. 4410**

Type of activity (work) in relation to which the Issuer has received the relevant authorization (license) or permit: **Measures and/or services with regard to protection of state secrets**

Issue date of the authorization (license) or permit for separate types of works: **September 10, 2012**

Validity period of the authorization (license) or permit for separate types of works: **September 2, 2015**

Upon expiry of the validity period of the above mentioned licenses, the Issuer plans to take all possible steps in order to prolong them or to obtain new licenses. The impossibility to prolong licenses or to obtain new ones can have a material adverse effect on the activities and financial results of the Issuer's operations. The possibility of such risk is low.

### **3.2.6. Information on Activities of Separate Types of Issuers of Equity Securities**

The Issuer is not a Joint-Stock investment fund, insurance or credit organization, or mortgage agent.

### **3.2.7. Additional Requirements Governing Issuers, the Primary Line of Business of which is Mining Operation**

The primary line of business of the Issuer is not mining operation

### **3.2.8. Additional Requirements Governing Issuers, the Primary Line of Business of which is Rendering Services**

The primary line of business of the Issuer is not rendering services

### **3.3. Plans for the Issuer's Future Activities**

#### **Brief description of the Issuer's plans in relation to its future activities:**

In accordance with the Charter, the purposes of the Issuer's activities are as follows:

- Creating conditions for reliability and safety assurance of generating facilities;
  - Implementing national policy in the hydro power industry;
  - Creating adequate conditions for the effective functioning of the wholesale electricity (capacity) market; Exercising effective operation and centralized process management of hydro power facilities; Pursuing a uniform investment and capital raising strategy to address system-wide tasks of hydro power development;
  - Developing and implementing research and technical policy and introducing new, advanced engineering facilities and technologies, including the development of renewable energy sources;
- Profit generation.

#### **Sources of future income:**

The Issuer plans to gain in future profits from its core business: production and sale of electricity and capacity on the retail and wholesale electricity and capacity markets.

#### **Plans for organizing new production, expanding or reducing production, developing new types of products, upgrading and reconstructing fixed assets:**

The Investment Program of RusHydro for 2014–2016, approved by Order No. 640 of the Ministry of Energy of the Russian Federation dated September 24, 2013, provides for the following in 2014:

1. Introduction of additional capacity in the volume of 1,077.8 MW. In addition, it is proposed to commission three of ten hydro units (1,920 MW), completely replaced with new ones within the investment project Complete Reconstruction of Sayano-Shushenskaya HPP.

2. Financing of RusHydro investment projects in the amount of RUB 96,641.06 million, including:

- Technical reconstruction and modernization projects implemented within the Complex Modernization Program for Generating Facilities for 2012–2025 — RUB 41,255.27 million;
- Reconstruction of Sayano-Shushenskaya HPP — RUB 3,210.49 million;
- Priority projects at the Far East (TPP in Sovetskaya Gavan, Sakhalin SDPP-2) (1st stage), Yakutsk SDPP-2 (1st stage), 2nd stage of Blagoveshchenskaya TPP), implemented in execution of Decree No. 1564 of the President of the Russian Federation dated November 22, 2012 On Further Development of Joint-Stock Company Federal Hydrogeneration Company – RusHydro – RUB 24,129.23 million;
- Facilities under construction — RUB 23,991.57 million;
- Renewable energy sources projects, including Small HPPs in the North Caucasian Federal District — RUB 2,133.28 million;
- Other projects — RUB 1,500.54 million.

In addition, financing of Boguchansk Aluminum Smelter in the amount of RUB 17,472.54 million is planned in 2014.

#### **Information on a possible change in primary activity:**

The Issuer does not plan to change its primary activity.

### 3.4. The Issuer's Participation in Banking Groups, Banking Holdings, Holdings, and Associations

Name of group, holding, concern or association: *Siberian Energy Association*

Timeframe of the Issuer's participation: since **2008**

*Role (place) and functions of the Issuer in such organization:*

Member of association. Participation in attaining the association's next goals:

- Representation and protection of interests of its Members in the executive authorities of the Russian Federation, including while taking tariff-balance decisions by the federal executive authority in the state regulation of tariffs;
- Organizational, informational and analytical, methodological, legal and other assistance to its Members;
- Enhancing the prestige and reliability of and mutual trust between the Members, expansion of business partnership between the Members, as well as contacts between their heads and specialists;
- Extension of cooperation of Members with executive authorities of the Russian Federation and energy companies of a federal level;
- Assistance to the Members of and Participants in the Association in consolidating their resources in order to implement energy supply system integrated development programs and subsequent coordination of their activities;
- Development and application in activities of constituent entities;
- Regulation of typical rules for tariff management and its subsequent support.

Name of group, holding, concern or association: **International Hydropower Association, Great Britain**

Timeframe of the Issuer's participation: since **2006**

**Role (place) and functions of the Issuer in such organization:**

Member of association. Participation in attaining the association's next goals:

- Development of consolidated viewpoint on renewable energy (wind, solar, geothermal energy, and hydropower industry), presentation and promotion of that viewpoint at all authorities and social structures;
- Prevention of adverse effect of aggressive campaigns aimed at discrediting the hydropower industry;
- Implementation of initiatives on the increase of the share of renewable energy sources, primarily, the hydropower industry.

### 3.5. Companies Controlled by the Issuer and Having Substantial Significance for it

Full corporate name: Joint-Stock Company Zagorskaya PSHPP-2

Abbreviated corporate name: JSC Zagorskaya PSP-2

Location: 101 **Bogorodskoe**, Sergievo-Posadsky **District**, Moscow Oblast, Russian Federation

INN: 5042086312

OGRN: 1065042071137

Reason (reasons) due to which the Issuer controls the controlled company (participation in the Issuer's controlled company, conclusion of a property trust agreement, simple partnership agreement, agency agreement, shareholders' agreement, or other agreement, the subject matter of which is execution of rights certified by shares of the Issuer's controlled company):

**participation in the Issuer's controlled company**

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): **direct control**

Nature of the control over the organization in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: the **right to dispose of over 50 per cent in the supreme management body of the Issuer's controlled company**

Share of the Issuer in the authorized capital of the controlled company: 100%

Portion of the controlled company's equity shares held by the Issuer: 100%

Share of the controlled company in the authorized capital of the Issuer: 0%

Portion of the Issuer's equity shares held by the controlled company: 0%



Description of the controlled company's core business: Performance of building owner's functions in reconstruction projects of electric power facilities and new construction of power industry facilities, as well as of other industrial and civilian facilities

#### Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %	Portion of the Issuer's equity shares held by the person, %
Sergey Alekseevich Shmanenkov (Chairman)	0	0
Yanina Eduardovna Stanyulenayte	0	0
Vladimir Ivanovich Magruk	0.000040	0.000040
Vasiliy Vasilyevich Suzdalev	0	0
Sergey Anatolyevich Kirov	0	0

#### Members of the Collective Executive Body

The collective executive body is not provided for by the Charter

#### Sole executive body of the controlled company

Full name	Share of the person in the authorized capital of the Issuer, %	Portion of the Issuer's equity shares held by the person, %
Vladimir Ivanovich Magruk	0.000040	0.000040

Full corporate name: **Open Joint-** Stock Company RAO Energy **Systems** of East

Abbreviated corporate name: JSC RAO Energy **Systems** of East

Location: 46 Leningradskaya St., Khabarovsk, 680021

INN: 2801133630

OGRN: 1087760000052

Reason (reasons) due to which the Issuer controls the controlled company (participation in the Issuer's controlled company, conclusion of a property trust agreement, simple partnership agreement, agency agreement, shareholders' agreement, or other agreement, the subject matter of which is execution of rights certified by shares of the Issuer's controlled company):

#### participation in the Issuer's controlled company

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): **direct control**

Nature of control over the organization in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: the **right to dispose of over 50 per cent in the supreme management body of the Issuer's controlled company**

Share of the Issuer in the authorized capital of the controlled company: 84.39%

Portion of the controlled company's equity shares held by the Issuer: 85.163759%

Share of the controlled company in the authorized capital of the Issuer: 0.012584%

Portion of the Issuer's equity shares held by the controlled company: 0.012584%

Description of the controlled company's core business: **management of generating companies to satisfy demand for electrical and thermal power in the Far-Eastern Federal District and in the neighboring territories effectively and with quality; agency activities; investment activities.**

#### Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Evgeniy Vyacheslavovich Dod (Chairman)	0.118435	0.118435
Sergey Nikolaevich Tolstoguzov	0.000135	0.000135
Oleg Nikolaevich Kozhemyako	0	0
Ivan Vyacheslavovich Savelyev	0.001836	0.001836

Irina Olegovna Posevina	0	0
Sergey Anatolyevich Kirov	0	0
Yanina Eduardovna Stanyulenayte	0	0
Sergey Sergeevich Fil	0.000010	0.000010
Sergey Yuryevich Yanson	0	0

**Members of the controlled company's collective executive body**

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Sergey Nikolaevich Tolstoguzov (Chairman)	0.000135	0.000135
Ilya Yuryevich Lishanskiy	0	0
Alla Petrasovna Vaynilavichute	0.0000001	0.0000001
Aleksey Aleksandrovich Kaplun	0	0
Stanislav Vladimirovich Linetskiy	0	0
Lada Aleksandrovna Linker	0	0
Nina Lipatovna Zapryagaeva	0	0
Viktor Nikolaevich Borodin	0	0
Dmitriy Viktorovich Churilov	0	0
Vladimir Ivanovich Smirnov	0	0

**Sole executive body of the controlled company**

Full name	Share of the person in the authorized capital of the Issuer, %	Portion of the Issuer's equity shares held by the person, %
Sergey Nikolaevich Tolstoguzov	0.000135	0.000135

Full corporate name: **Open** Joint-Stock Company Far East Energy Company

Abbreviated corporate name: **OJSC** Far East Energy Company

Location: 19 Tigrovaya St., Vladivostok, Primorsky Krai, Russia, 690091

INN: 2723088770

OGRN: 1072721001660

Reason (reasons) due to which the Issuer controls the controlled company (participation in the Issuer's controlled company, conclusion of a property trust agreement, simple partnership agreement, agency agreement, shareholders' agreement, or other agreement, the subject matter of which is execution of rights certified by shares of the Issuer's controlled company):

**participation in the Issuer's controlled company**

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): **indirect control**

Nature of control over the organization in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: **the right to dispose of over 50 per cent in the supreme management body of the Issuer's controlled company**

Share of the Issuer in the authorized capital of the controlled company: **1.037643%**

Portion of the controlled company's equity shares held by the Issuer: **1.037643%**

In case of indirect control—successively all the Issuer's controlled companies (chain of companies under direct or indirect control of the Issuer), through which the Issuer controls the company, in relation to which it is a controller. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

**Open Joint-Stock Company RAO Energy Systems** of East, 46 Leningradskaya St., Khabarovsk, 680021, INN 2801133630, OGRN 1087760000052

**Open Joint-Stock Company RAO Energy Systems of East is a controlled company of the Issuer (direct control). Open Joint-Stock Company Far East Energy Company is a controlled company of Open Joint-Stock Company RAO Energy Systems of East (direct control).**

Share of Open Joint-Stock Company RAO Energy Systems of East in the authorized capital of the controlled company OJSC Far East Energy Company: **51.03%**

Portion of equity shares of OJSC Far East Energy Company held by RAO Energy Systems of East: **51.03%**

Share of the controlled company in the authorized capital of the Issuer: **0.018920 %**

Portion of the Issuer's equity shares held by the controlled company: **0.018920%**

Description of the controlled company's core business:

- Acquisition of electric energy **on** wholesale and retail electricity (capacity) markets;
- Sale of electric energy **on** wholesale and retail electricity (capacity) markets to consumers (including **civilians**);
- Rendering services to third parties, including on collection of payments for sold goods and rendered services;
- Diagnostics, operation, repair, replacement, and check of electricity and heat measuring devices.

#### **Members of the controlled company's Board of Directors**

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Vladimir Grigoryevich Akulshin	0	0
Aleksey Valeryevich Vlasov (Chairman)	0	0
Aleksey Evgenyevich Bay	0	0
Andrey Nikolayevich Bolshakov	0	0
Igor Vladimirovich Gribanovskiy	0	0
Aleksey Aleksandrovich Kovalenko	0	0
Stanislav Sergeevich Koptiyakov	0	0
Valentin Gennadyevich Kudryashov	0	0
Igor Yuryevich Sorokin	0	0
Sergey Konstantinovich Storozhuk	0	0
Svetlana Viktorovna Suvorova	0	0
Sergey Vasilyevich Tikhomirov	0	0
Aleksey Anatolyevich Udalov	0	0
Dmitriy Viktorovich Churilov	0	0
Aleksey Dmitrievich Yakovlev	0.0000089	0.0000089

#### **Members of the controlled company's collective executive body**

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Viktor Vladimirovich Milush (Chairman)	0.000070	0.000070
Svetlana Yuryevna Guseva	0	0
Aleksandr Sergeevich Efremov	0	0
Elena Yuryevna Tyurina	0	0
Sergey Andreevich Khitun	0.000011	0.000011

#### **Sole executive body of the controlled company**

Full name	Share of the person in the authorized capital of the Issuer, %	Portion of the Issuer's equity shares held by the person, %
Viktor Vladimirovich Milush	0.0000699	0.0000699

Full corporate name: **Open** Joint-Stock Company Far East Generating Company  
 Abbreviated corporate name: **OJSC** FEGC  
 Location: 49 Frunze St., Khabarovsk, Russia, 680000  
 INN: 1434031363  
 OGRN: 1051401746769

Reason (reasons) due to which the Issuer controls the controlled company (participation in the Issuer's controlled company, conclusion of a property trust agreement, simple partnership agreement, agency agreement, shareholders' agreement, or other agreement, the subject matter of which is execution of rights certified by shares of the Issuer's controlled company):

**participation in the Issuer's controlled company**

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): **indirect control**

Nature of control over the organization in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company): **the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company**

Share of the Issuer in the authorized capital of the controlled company: **0%**

Portion of the controlled company's equity shares held by the Issuer: **0%**

In case of indirect control—successively all the Issuer's controlled companies (chain of companies under direct or indirect control of the Issuer), through which the Issuer controls the company, in relation to which it is a controller. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

**Open** Joint-Stock Company RAO Energy Systems of East, 46 Leningradskaya St., Khabarovsk, 680021, INN 2801133630, OGRN 1087760000052.

**Open** Joint-Stock Company Far East Energy Company, 19 Tigrovaya St., Vladivostok, Primorsky Krai, Russian Federation, 675000, INN 2723088770, **OGRN** 1072721001660

**Open Joint-Stock Company RAO Energy Systems of East is a controlled company of the Issuer (direct control).**

**Open Joint-Stock Company Far East Energy Company is a controlled company of the Issuer (indirect control). Information on OJSC Far East Energy Company is given above in this section.**

Share of Open Joint-Stock Company Far East Energy Company in the authorized capital of the controlled company OJSC FEGC, %: **100**

Portion of equity shares of OJSC FEGC held by OJSC Far East Energy Company, %: **100**

Share of the controlled company in the authorized capital of the Issuer: **0%**

Portion of the Issuer's equity shares held by the controlled company: **0%**

Description of the controlled company's core business:

- Supply (sale) of electric and heat power under the set rates and in accordance with electrical and heat load dispatch schedules;

- Electric and heat energy generation;

- **Arrangement of power-saving mode of equipment operation at power plants, and energy delivery according to agreements;**

- **Sale of heat energy at retail heat markets to consumers (including citizens).**

**Members of the controlled company's Board of Directors**

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Aleksey Dmitrievich Yakovlev (Chairman)	0.0000089	0.0000089
Aleksey Evgenyevich Bay	0	0
Andrey Nikolayevich Bolshakov	0	0
Sergey Vasilyevich Tikhomirov	0	0
German Olegovich Mustafin	0	0
Igor Nikolaevich Nekrasov	0	0
Andriyan Valeryevich Shamayko	0	0
Evgeniy Yuryevich Konev	0.0000005	0.0000005

Stanislav Sergeevich Koptyakov	0	0
Elena Vladimirovna Kolmogorova	0	0
Andrey Sergeevich Telegin	0	0
Eduard Yuryevich Orlov	0	0
Dmitriy Viktorovich Churilov	0	0

#### Members of the controlled company's collective executive body

The collective executive body is not provided for by the Charter

#### Sole executive body of the controlled company

Full name	Share of the person in the authorized capital of the Issuer, %	Portion of the Issuer's equity shares held by the person, %
Mikhail Innokentyevich Shukaylov	0.0000018	0.0000018

Full corporate name: Joint-Stock Company Krasnoyarskenergosbyt

Abbreviated corporate name: **OJSC Krasnoyarskenergosbyt**

Location

43 Dubrovinskogo, Krasnoyarsk, Krasnoyarsk Krai, Russia, 660017

INN: 2466132221

OGRN: 1052460078692

Reason (reasons) due to which the Issuer controls the controlled company (participation in the Issuer's controlled company, conclusion of a property trust agreement, simple partnership agreement, agency agreement, shareholders' agreement, or other agreement, the subject matter of which is execution of rights certified by shares of the Issuer's controlled company):

#### **participation in the Issuer's controlled company**

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): **indirect control**

Nature of control over the organization in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: the right to dispose of over 50 per cent of votes in the **supreme management body** of the Issuer's controlled company

Share of the Issuer in the authorized capital of the controlled company: **0%**

Portion of the controlled company's equity shares held by the Issuer: **0%**

In case of indirect control—successively all the Issuer's controlled companies (chain of companies under direct or indirect control of the Issuer), through which the Issuer controls the company, in relation to which it is a controller. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

**Open Joint-Stock Company ESC RusHydro, 51 Arkhitektora Vlasova St., Moscow, Russian Federation, INN 7804403972, OGRN 1089848039973**

**Open Joint-Stock Company ESC RusHydro is a subsidiary of the Issuer.**

Share of Open Joint-Stock Company ESC RusHydro in the authorized capital of the controlled company OJSC Krasnoyarskenergosbyt, %: **51.75**

Portion of equity shares of OJSC Krasnoyarskenergosbyt held by OJSC ESC RusHydro, %: **66.33**

Share of the controlled company in the authorized capital of the Issuer: **0%**

Portion of the Issuer's equity shares held by the controlled company: **0%**

Description of the controlled company's core business:

- **Sale of electric energy in Krasnoyarsk Krai;**
- **Acquisition and/or sale (supply) of electric energy on the wholesale electricity and capacity market;**
- **Acquisition and/or sale (supply) of capacity on the wholesale electricity and capacity market;**
- **Sale (supply) of electric energy (capacity) on the retail electricity and capacity market to electric energy (capacity) consumers, including energy services to electrical (capacity) users, including conclusion of a services agreement for power transfer to consumers with network organizations on behalf of electrical (capacity) users or on its own behalf, but in the interests of electrical (capacity) users;**
- **Acquisition of electric energy (capacity) on retail electricity (capacity) markets.**

#### Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Aleksei Sergeevich Shakhmatov	0	0
Aleksandr Yuryevich Arkhipchenko	0	0
Sergey Anatolyevich Kirov	0	0
Igor Olegovich Kopylov	0	0
Oleg Vladimirovich Dyachenko	0	0
Ivan Vyacheslavovich Savelyev	0.001836	0.001836
Aleksey Aleksandrovich Zotov	0	0
Maksim Valentinovich Zavalko (Chairman)	0.000071	0.000071
Aleksandr Vladimirovich Zhdanov	0	0

#### Members of the controlled company's collective executive body

The collective executive body is not provided for by the Charter

Authorities of the Company's sole executive body are transferred to the **management company**

Full corporate name: **Open Joint-Stock Company ESC RusHydro**

Abbreviated corporate name: **OJSC ESC RusHydro**

Location: 51 Arkhitekтора Vlasova St., Moscow, Russia, 117393

INN: 7804403972

OGRN: 1089848039973

Share of the Issuer in the authorized capital of the management company, %: 99.99

Portion of the management company's equity shares held by the Issuer, %: **99.99**

Share of the management company (manager) in the Issuer's authorized (reserve) capital (unit fund): **0**

Portion of the Issuer's equity shares held by the management company, %: **0**

Full corporate name: Limited Liability Company Energy Sales Company of Bashkortostan

Abbreviated corporate name: LLC ESCB

Location

31/4 Stepana Zlobina St., Ufa, Republic of Bashkortostan, **Russian Federation**

INN: 0275038496

OGRN: 1020202770642

Reason (reasons) due to which the Issuer controls the controlled company (participation in the Issuer's controlled company, conclusion of a property trust agreement, simple partnership agreement, agency agreement, shareholders' agreement, or other agreement, the subject matter of which is execution of rights certified by shares of the Issuer's controlled company):

#### **participation in the Issuer's controlled company**

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): **indirect control**

Nature of control over the organization in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: **the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company**

Share of the Issuer in the authorized capital of the controlled company: **0%**

Portion of the controlled company's equity shares held by the Issuer: **is not a joint-stock company**

In case of indirect control—successively all the Issuer's controlled companies (chain of companies under direct or indirect control of the Issuer), through which the Issuer controls the company, in relation to which it is a controller. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

**Open Joint-Stock Company ESC RusHydro, 51 Arkhitekтора Vlasova St., Moscow, Russian Federation, INN 7804403972, OGRN 1089848039973**

#### **Open Joint-Stock Company ESC RusHydro is a subsidiary of the Issuer.**

Share of Open Joint-Stock Company ESC RusHydro in the authorized capital of the controlled company LLC ESCB, %: **100%**

Portion of equity shares of LLC ESCB held by OJSC ESC RusHydro, %: **is not a joint-stock company**  
 Share of the controlled company in the authorized capital of the Issuer: **0%**  
 Portion of the Issuer's equity shares held by the controlled company: **0%**  
 Description of the controlled company's core business:  
**- Sale of electric energy in the Republic of Bashkiria;**

**Members of the controlled company's Board of Directors**

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Islan Isanovich Guyrabekov (Chairman)	0	0
Alexander Andreevich Sviridov	0	0
Oleg Borisovich Kozlov	0	0
Maksim Valentinovich Zavalko	0.000071	0.000071
Sergey Anatolyevich Kirov	0	0

**Members of the controlled company's collective executive body**

The collective executive body is not provided for by the Charter

Authorities of the Company's sole executive body are transferred to the **management** company

Full corporate name: **Open** Joint-Stock Company ESC RusHydro

Abbreviated corporate name: **OJSC** ESC RusHydro

Location: 51 Arkhitekтора Vlasova St., Moscow, Russia, 117393

INN: 7804403972

OGRN: 1089848039973

Share of the Issuer in the authorized capital of the management company, %: 99.99

Portion of the management company's equity shares held by the Issuer, %: 99.99

Share of the management company (manager) in the Issuer's authorized (reserve) capital (unit fund): 0

Portion of the Issuer's equity shares held by the management company, %: 0

Full corporate name: **Open** Joint-Stock Company **Joint-Stock Company** Yakutskenergo

Abbreviated corporate name: **OJSC** JSC Yakutskenergo

Location

14 Fedora Popova St., Yakutsk, **Sakha** Republic (Yakutia), 677000, **Russian Federation**

INN: 1435028701

**OGRN: 1021401047260**

Reason (reasons) due to which the Issuer controls the controlled company (participation in the Issuer's controlled company, conclusion of a property trust agreement, simple partnership agreement, agency agreement, shareholders' agreement, or other agreement, the subject matter of which is execution of rights certified by shares of the Issuer's controlled company):

**participation in the Issuer's controlled company**

Type of control over the organization in relation to which the Issuer is a controlling entity (direct control, indirect control): **indirect control**

Nature of control over the organization in relation to which it is a controlling entity (the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company, the right to appoint (elect) the sole executive body of the Issuer's controlled company, the right to appoint (elect) over 50 per cent of the collective management body of the Issuer's controlled company: **the right to dispose of over 50 per cent of votes in the supreme management body of the Issuer's controlled company**

Share of the Issuer in the authorized capital of the controlled company: **29.795104%**

Portion of the controlled company's equity shares held by the Issuer: **29.002941%**

In case of indirect control—successively all the Issuer's controlled companies (chain of companies under direct or indirect control of the Issuer), through which the Issuer controls the company, in relation to which it is a controller. Full name, location, INN (if applicable), and OGRN (if applicable) shall be specified for each such company:

**Open Joint-Stock Company RAO Energy Systems** of East, 46 Leningradskaya St., Khabarovsk, 680021, **Russian Federation**, INN 2801133630, OGRN 1087760000052.

Share of Open Joint-Stock Company RAO Energy Systems of East in the authorized capital of the controlled company OJSC JSC Yakutskenergo, %: **49.37**

Portion of equity shares of OJSC JSC Yakutskenergo held by OJSC RAO Energy Systems of East, %: **57.63**

Share of the controlled company in the authorized capital of the Issuer: 0.000014%

Portion of the Issuer's equity shares held by the controlled company: 0.000014%

Description of the controlled company's core business:

Electric and heat energy generation, transportation and sale

#### Members of the controlled company's Board of Directors

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Vasiliy Andreevich Belosevich (Chairman)	0	0
Yuriy Aleksandrovich Andreychenko	0	0
Artem Sergeevich Korablev	0	0
Valentin Gennadyevich Kudryashov	0	0
Oleg Andreevich Morozov	0	0
German Viktorovich Tyutyukov	0.0000013	0.0000013
Aleksey Anatolyevich Udalov	0	0
Nadezhda Valeryevna Rukina	0	0
Pavel Alekseevich Marinychev	0	0

#### Members of the controlled company's collective executive body

Full name	Share of the person in the authorized capital of the Issuer, %:	Portion of the Issuer's equity shares held by the person, %
Oleg Vladimirovich Tarasov (Chairman)	0	0
Sergey Yuryevich Gavrilov	0	0
Aleksandr Stepanovich Sloik	0	0
Irina Petrovna Sysolyatina	0.0000036	0.0000036
Yuriy Stepanovich Savchuk	0	0
Oksana Leonidovna Sologub	0	0
Petr Mikhaylovich Dyakonov	0	0
Andrey Fedorovich Sanachev	0	0

#### Sole executive body of the controlled company

Full name	Share of the person in the authorized capital of the Issuer, %	Portion of the Issuer's equity shares held by the person, %
Oleg Vladimirovich Tarasov	0	0

### 3.6. Composition, Structure and Value of the Issuer's Fixed Assets, Information on Plans for Acquisition, Replacement, and Retirement of Fixed Assets, as well as on All Encumbrances on the Issuer's Fixed Assets

#### 3.6.1. Fixed assets

As at December 31, 2013

Unit of measure: RUB



Group of fixed asset items	Initial (replacement) cost	Amount of amortization accrued
Buildings	39,106,629,694.27	3,758,381,616.17
Structures	218,381,753,581.54	21,582,941,439.01
Equipment	105,144,223,422.5	28,059,545,082.93
Other	1,935,612,076.54	989,803,833.98
<b>TOTAL</b>	<b>364,568,218,774.85</b>	<b>54,390,671,972.09</b>

**Information on amortization accrual methods by groups of fixed asset items:** Groups of fixed asset items are amortized using a straight-line method on the basis of the useful service life of such items.

**Results of the last fixed assets and long-term leased fixed assets reassessment performed within the last complete financial year, with specification of the reassessment date, total and residual (net of amortization) balance value of fixed asset before reassessment, and total and depreciated replacement value (net of amortization) of fixed asset taking into account reassessment. The specified information is given by groups of fixed asset items:**

Fixed assets and long-term leased fixed assets were not reassessed within the last completed financial year.

**Fixed assets reassessment method (by ratios of federal executive statistics authority, by market value of relevant fixed assets supported by documents or expert opinions).**

Fixed assets for the above mentioned period were not reassessed.

**Plans concerning acquisition, replacement, and retirement of fixed assets, the value of which amounts to 10 per cent and more of the value of the Issuer's fixed assets and other fixed assets at the Issuer's discretion:** none.

**Encumbrance on fixed assets (with specification of the nature of encumbrance, date of its occurrence, its validity period and other conditions at the Company's discretion):** none.

**As at the end of the reporting quarter.**

Unit of measure: **RUB**

Group of fixed asset items	Initial (replacement) cost	Фыцкешяфешцт accrued
Buildings	39,087,312,272.87	3,944,381,770.6
Structures	218,744,131,482.45	22,787,414,050.97
Equipment	108,977,745,024.21	29,835,797,334.47
Other	1,946,335,841.24	1,058,086,090.95
<b>TOTAL</b>	<b>368,755,524,620.77</b>	<b>57,625,679,246.99</b>

**Information on amortization accrual methods by groups of fixed asset items:** Groups of fixed asset items are amortized using a straight-line method on the basis of the useful service life of such items.

**Results of the last fixed assets and long-term leased fixed assets reassessment performed within the last complete financial year, with specification of the reassessment date, total and residual (net of amortization) balance value of fixed asset before reassessment, and total and residual replacement value (net of amortization) of fixed assets taking into account reassessment. The specified information is given by groups of fixed asset items. Information on amortization accrual methods by groups of fixed asset items is specified.**

Fixed assets for the above mentioned period were not reassessed

**Information is specified about plans for acquisition, replacement, and retirement of fixed assets, the value of which amounts to 10 per cent and more of the Issuer's fixed assets, and other fixed assets at the Issuer's discretion, as well as information about all encumbrances on the Issuer's fixed assets (with specification of the nature of the encumbrance, the date of its occurrence, its validity period and other conditions at the Issuer's discretion):**

Acquisition, replacement, and retirement of fixed assets, the value of which amounts to 10 per cent and more of the value of the Issuer's fixed assets, is not planned.



## IV. Information on Financial and Economic Activities of the Issuer

### 4.1. Financial and Economic Performance of the Issuer

Dynamics of indicators characterizing financial and economic performance of the Issuer, including profits and losses, calculated on the basis of accounting (financial) statements.

Standard (rule), in accordance with which the accounting (financial) statements are prepared, on the basis of which indicators are calculated: RAS

Unit of measure for the uncovered loss: RUB

Indicator	2013	2014, 3 months
Net profit margin, %	32.5	35.9
Asset turnover ratio, times	0.13	0.03
Return on assets, %	4.33	1.16
Return on equity, %	5.66	1.38
Amount of uncovered losses as of the reporting date, RUB	0	0
Ratio between uncovered losses as of the reporting date and the balance sheet assets, %	0	0

In order to calculate given indices, methodology was used recommended by the Regulation on Information Disclosure by Issuers of Equity Securities approved by Order No. 11-46/ПЗ-Н of the Federal Financial Markets Service, dated October 04, 2011.

#### **Economic analysis of the Issuer's profitability/unprofitability on the basis of the dynamics of the given indexes.**

The net profit margin characterizes the rate of return from business activities of the company. That index in 2013 amounted to 32.5%, in Q1 2014 — 35.9%.

The asset turnover ratio shows how often over a period, usually within one year, complete production cycle and circulation takes place which brings effect in the form of profit. The utilization efficiency by the company of all available resources, irrespective of sources of their attraction, is characterized. That index in 2013 amounted to 0.13 times, in Q1 2014 — 0.03 times. Indices for periods change due to the lack of comparability between annual and quarterly net profit.

Profitability ratios, that are the relation between profit (net income) and profit earning means, are characterized by the operating efficiency of the company—productivity or return on financial resources.

The return on assets is the effectiveness of using funds belonging to owners of an enterprise. It serves as the key criterion when assessing the share level at a stock exchange. The return on assets in terms of net profit shall guarantee the payback of funds invested in the enterprise by its shareholders. This ratio shows what profit the company receives from every Russian ruble invested in assets. The return on assets defining the effectiveness of the use of the company's property amounted to 4.33% for 2013 and 1.16% for 2014 (3 months). The return on equity demonstrates the utilization efficiency of the Issuer's equity. The return on equity in 2013 amounted to 5.66%, in 2014 (3 months) to 1.38%. Indices for periods change due to the lack of comparability between annual and quarterly net profit.

### 4.2. Liquidity of the Issuer, Capital and Fixed Asset Adequacy

Dynamics of indicators characterizing liquidity of the Issuer, calculated on the basis of accounting (financial) statements

Standard (rule), in accordance with which the accounting (financial) statements are prepared, on the basis of which indicators are calculated: RAS

Unit of measure for Net Working Capital: RUB mln

Indicator	2013	2014, 3 months
-----------	------	----------------

Net working capital, RUB'000	145,931	125,617
Current liquidity ratio	2.72	8.27
Quick liquidity ratio	2.69	8.04

All indicators are calculated on the basis of recommended calculation procedures.

Economic analysis of liquidity and financial solvency of the Issuer, capital adequacy of the Issuer for performance of short-term obligations and coverage of current operating expenditures on the basis of economic analysis of dynamics of the given indicators, with a description of factors, which, according to the management entities of the Issuer, have the most significant impact on liquidity and financial solvency of the Issuer:

Net working capital shows the amount of current assets financed at the company's own expenses, and the amount financed at the expense of bank loans. Net working capital is needed to maintain financial stability of the company, because excess of current assets over short-term liabilities means that the company may not only redeem its short-term liabilities, but has reserves for business expansion. Decrease according to the results of Q1 2014 is due to a reduction in current assets—transfer of a part of financial indebtedness of S&A/Associates to the Issuer to non-current assets.

The current liquidity ratio allows assessment of the current assets per one Russian ruble of current liabilities. This ratio exceeded the standard value for the period under analysis (1.5); as at March 31, 2014 it amounted to 8.27. The growth in ratio in Q1 2014 as compared with 2013 is caused by a decrease in (absence of) accounts payable in relation to the additional issue.

The quick ratio is similar to the current liquidity ratio. It assesses the liquidity of assets, but it is calculated on the basis of a narrower range of current assets when inventories, the least liquid part, are excluded from calculations. This ratio exceeded the standard value for the period under analysis (0.95); as at March 31, 2013 it amounted to 8.04.

On the whole, liquidity ratios show that the company's position is stable.

### 4.3. Financial Investments of the Issuer

#### For 2013

The list of the Issuer's financial investments making up 5 per cent and more of its all financial investments as of the expiry date of the reporting period:

#### Investments in equity securities

type of securities: **registered equity shares**

Full corporate name of the Issuer: **Open Joint-Stock Company Kolymaenergo**

Abbreviated corporate name of the Issuer: **OJSC Kolymaenergo**

Location of the Issuer: **84 Proletarskaya St., bldg. 2, Magadan, Russia**

INN: **4908000718**

OGRN: **1024900959467**

state registration numbers of the securities issues: **1-01-00335-A**

state registration date: **August 29, 2003**

registering authorities which carried out state registration of the securities issues: **Federal Securities**

#### Commission of Russia

number of securities owned by the Issuer: **12,063,052,613**

total par value of securities owned by the Issuer: RUB 12,063,052,613

total balance sheet value of securities owned by the Issuer (balance sheet value of securities of subsidiaries and affiliates shall be specified separately): **RUB 13,186,556,857.15**

The Issuer of securities is a subsidiary in relation to the Issuer that prepared this Quarterly Report.

Dividend on preferred shares and procedure for determination thereof when it is specified in the Charter of Issuer being a joint-stock company, repayment period: **shares are not preferred**

Declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available, dividend for the previous year shall be specified), repayment period: **In 2013 decisions**

**on dividend payment were not taken. In 2012, the amount of the declared dividends per one share was RUB 0.0008; repayment period is 60 days upon taking such decision**

Should contributions of the Issuer to shares of joint-stock companies be increased due to an increase in the authorized capital of a joint-stock company at the expense of property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none**

type of securities: **registered equity shares, preferred shares**

Full corporate name of the Issuer: **Open Joint-Stock Company RAO Energy Systems of East**

Abbreviated corporate name of the Issuer: **JSC RAO Energy Systems of East**

Location of the Issuer: **46 Leningradskaya St., Khabarovsk, 680021**

INN: **2801133630**

OGRN: **1087760000052**

state registration numbers of the securities issues: **1-01-55384-E dated July 29, 2008; 1-02-55384-E dated December 08, 2009; 2-02-55384-E dated December 08, 2009;**

registering authorities which carried out state registration of the securities issues: **Federal Financial Markets Service of Russia**

number of securities owned by the Issuer: **38,342,248,473 (equity shares – 36,926,003,433, preferred shares - 1,416,245,040)**

total par value of securities owned by the Issuer: **19,171,124,236.5 (equity shares – 18,463,001,716.5, preferred shares – RUB 708,122,520)**

total balance sheet value of securities owned by the Issuer (balance sheet value of securities of subsidiaries and affiliates shall be specified separately): **RUB 18,495,246,562.82 .**

The Issuer of securities is a subsidiary in relation to the Issuer that prepared this Quarterly Report

Dividend on preferred shares and the procedure for determination thereof when it is specified in the Charter of the Issuer being a joint-stock company, repayment period: **In 2012 and 2013 decisions on dividend payment were not taken.**

Declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available, dividend for the previous year shall be specified), repayment period: **In 2012 and 2013 decisions on dividend payment were not taken.**

Should contributions of the Issuer to shares of joint-stock companies be increased due to increase in the authorized capital of a joint-stock company at the expense of property of such joint-stock company, number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none**

type of securities: **registered equity shares**

Full corporate name of the Issuer: **Joint-Stock Company Zagorskaya PSHPP-2**

Abbreviated corporate name of the Issuer: **JSC Zagorskaya PSPP-2**

Location of the Issuer: **101 Bogorodskoye industrial community, Bogorodskoye urban settlement, Sergievo-Posadsky municipal district, Moscow Oblast, Russian Federation**

INN: **5042086312**

OGRN: **1065042071137**

state registration numbers of the securities issues: **1-01-11397-A**

state registration date: **January 18, 2007**

registering authorities which carried out state registration of the securities issues: **Regional Branch of the Federal Financial Markets Service of Russia in the Central Federal District**

number of securities owned by the Issuer: **2,770,683,692**

total par value of securities owned by the Issuer: **RUB 2,770,683,692,000**

for bonds and other equity securities as well as for options of the Issuer—repayment period: **not applicable for shares**

The Issuer of securities is a subsidiary in relation to the Issuer that prepared this Quarterly Report

total balance sheet value of securities owned by the Issuer (balance sheet value of securities of subsidiaries and affiliates shall be specified separately): **RUB 9,780,133,932.76**

Dividend on preferred shares and procedure for determination thereof when it is specified in the Charter of Issuer being a joint-stock company, repayment period: **shares are not preferred**

Declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available, dividend for the previous year shall be specified), repayment period: **In 2012 and 2013 decisions on dividend payment were not taken.**

Should contributions of the Issuer to shares of joint-stock companies be increased due to increase in the authorized capital of a joint-stock company at the expense of property of such joint-stock company, number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none**

type of securities: **registered equity shares**

Full corporate name of the Issuer: **Joint-Stock Company Ust-Srednekamskaya HPP**

Abbreviated corporate name of the Issuer: **JSC Ust-Srednekamskaya HPP**

Location of the Issuer: **84 Proletarskaya St., bldg. 2, Magadan, 685030**

INN: **4909095293**

OGRN: **1074910002310**

state registration numbers of the securities issues: **1-01-56315-E, 1-01-56315-E-004D**

state registration date: **September 11, 2007, December 03, 2013**

registering authorities which carried out state registration of the securities issues: **Federal Financial**

#### **Markets Service of Russia**

number of securities owned by the Issuer: **10,419,961,845.00**

total par value of securities owned by the Issuer: **RUB 10,419,961,845.00**

The Issuer of securities is a subsidiary in relation to the Issuer that prepared this Quarterly Report

total balance sheet value of securities owned by the Issuer (balance sheet value of securities of subsidiaries and affiliates shall be specified separately): **RUB 10,419,961,845.00**

Dividend on preferred shares and procedure for determination thereof when it is specified in the Charter of Issuer being a joint-stock company, repayment period: **shares are not preferred**

Declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available, dividend for the previous year shall be specified), repayment period: **In 2012 and 2013 decisions on dividend payment were not taken.**

type of securities: **registered equity shares**

Full corporate name of the Issuer: **Open Joint-Stock Company Sulaksky Hydrocascade**

Abbreviated corporate name of the Issuer: **OJSC Sulaksky Hydrocascade**

Location of the Issuer: **7a Avtomobilistov Lane, Makhachkala, Russia, 376000**

INN: **0516009712**

OGRN: **1070546001173**

state registration numbers of the securities issues: **1-01-35005-E**

state registration date: **April 07, 2008**

registering authorities which carried out state registration of the securities issues: **Federal Financial**

#### **Markets Service of Russia**

number of securities owned by the Issuer: **8,961,493,852**

total par value of securities owned by the Issuer: **RUB 8,961,493,852.00**

total balance sheet value of securities owned by the Issuer (balance sheet value of securities of subsidiaries and affiliates shall be specified separately): **RUB 10,093,588,948.00**

The Issuer of securities is a subsidiary in relation to the Issuer that prepared this Quarterly Report

dividend on preferred shares and procedure for determination thereof when it is specified in the Charter of Issuer that is a joint-stock company, and repayment period: **shares are not preferred**

declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available; dividend for the previous year shall be specified) and repayment period: **In 2012 and 2013 decisions on dividend payment were not taken.**

type of securities: **registered equity shares**

Full corporate name of the Issuer: **Open Joint-Stock Company Irkutsk Electric Grid Company**

Abbreviated corporate name of the Issuer: **OJSC IEGC**

Location of the Issuer: **257 Lermontova St., Irkutsk, Russian Federation**

INN: **3812122706**

OGRN: **1093850013762**

state registration numbers of the securities issues: **1-01-55459-E**

state registration date: **August 27, 2009**

registering authorities which carried out state registration of the securities issues: **Federal Financial**

#### **Markets Service of Russia**

number of securities owned by the Issuer: **1,991,444,568**

total par value of securities owned by the Issuer: **RUB 8,861,928,327.60**

total balance sheet value of securities owned by the Issuer (balance sheet value of securities of subsidiaries and affiliates shall be specified separately): **RUB 8,543,297,196.72**

The Issuer of securities is an affiliate in relation to the Issuer that prepared this Quarterly Report

dividend on preferred shares and procedure for determination thereof when it is specified in the Charter of Issuer that is a joint-stock company, and repayment period: **shares are not preferred**

declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available; dividend for the previous year shall be specified) and repayment period: **In 2012 and 2013 decisions on dividend payment were not taken.**

Should contributions of the Issuer to shares of joint-stock companies be increased due to increase in the authorized capital of a joint-stock company at the expense of property of such joint-stock company, number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none**

#### **Investments in non-equity securities**

There are no investments in non-equity securities amounting to 5 per cent and more of all financial investments.

#### **Other financial investments**

Type of investments; **interest-bearing loan**

Full corporate name: **Open Joint-Stock Company Far East Generating Company**

Abbreviated corporate name: **OJSC FEGC**

Location: **49 Frunze St., Khabarovsk, Russia, 680000**

INN: **1434031363**

OGRN: **1051401746769**

Investment in terms of money: **RUB 8,000,000,000.00**

Income from financial investment facility or procedure for its determination, repayment period: **Interest rate within interest period No. 1 is 8.834% per annum, within interest period No. 2 – MOs Prime + 3.09% per annum. Interest is paid at the closing date of the interest period. Loan repayment term: September 15, 2021**

Information on the amount of potential losses connected with bankruptcy of organizations (enterprises), to which investments have been made, by every type of the specified investments: **Amount of potential losses connected with bankruptcy of organizations (enterprises), to which investments have been made, by every type of the specified investments, is limited by the amount of invested funds.**

If the Issuer's funds are placed on deposit or other accounts with banks and other credit organizations, licenses of which have been suspended or withdrawn, as well as if the decision on reorganization, liquidation of such credit organizations, initiation of bankruptcy proceedings or recognition of such organizations as insolvent (bankrupt), information on losses (potential losses) connected with such events shall be specified: **none**

Accounting standards (rules), in accordance with which calculations have been made by the Issuer, are specified in this clause of the Quarterly Report:

**Federal Law No. 402-Φ3 dated December 06, 2011 On Accounting, RAS 19/02**

#### **As at the end of the reporting quarter**

**The list of the Issuer's financial investments making up 5 per cent and more of its financial investments as at the expiry date of the reporting period**

#### **Investments in equity securities**

Type of securities: **equity shares, preferred shares**

Full corporate name of the Issuer: **Open Joint-Stock Company RAO Energy Systems of East**

Abbreviated corporate name of the Issuer: **JSC RAO Energy Systems of East**

Location of the Issuer: **46 Leningradskaya St., Khabarovsk, 680021**

INN: **2801133630**

OGRN: **1087760000052**

state registration numbers of the securities issues: **1-01-55384-E dated July 29, 2008; 1-02-55384-E dated December 08, 2009; 2-02-55384-E;**

state registration date: **29.07.2008, December 08, 2009**

registering authorities which carried out state registration of the securities issues: **Federal Financial Markets Service of Russia**

number of securities owned by the Issuer: **38,342,248,471 (equity shares – 36,926,003,431, preferred shares - 1,416,245,040)**

Total par value of securities owned by the Issuer: **RUB 19,171,124,235.5 (equity shares – 18,463,001,715.5, preferred shares - 708,122,520)**

Total balance sheet value of securities owned by the Issuer: **RUB 18,495,246,562.12 (equity shares – RUB 17,758,922,972.87, preferred shares — RUB 736,323,589.25)**

The Issuer of securities is a subsidiary in relation to the Issuer that prepared this Quarterly Report

Dividend on preferred shares and procedure for determination thereof when it is specified in the Charter of Issuer being a joint-stock company, repayment period: **In 2014 and 2013 decisions on dividend payment were not taken.**

Declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available, dividend for the previous year shall be specified), repayment period: **In 2013 and 2014 decisions on dividend payment were not taken.**

Should contributions of the Issuer to shares of joint-stock companies be increased due to increase in the authorized capital of a joint-stock company at the expense of property of such joint-stock company, number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none.**

Type of securities: **equity shares**

Full corporate name of the Issuer: **Open Joint-Stock Company Kolymaenergo**

Abbreviated corporate name of the Issuer: **OJSC Kolymaenergo**

Location of the Issuer: **84 Proletarskaya St., bldg. 2, Magadan, Russia**

INN: **4908000718**

OGRN: **1024900959467**

state registration numbers of the securities issues: **1-01-00335-A**

state registration date: **August 29, 2003**

registering authorities which carried out state registration of the securities issues: **FCSM of Russia**

Number of securities owned by the Issuer: **12,063,052,613**

Total par value of securities owned by the Issuer: **RUB 12,063,052,613**

Total balance sheet value of securities owned by the Issuer (balance sheet value of securities of subsidiaries and affiliates shall be specified separately): **RUB 13,186,556,857.15**

The Issuer of securities is a subsidiary in relation to the Issuer that prepared this Quarterly Report

Dividend on preferred shares and procedure for determination thereof when it is specified in the Charter of Issuer being a joint-stock company, repayment period: **shares are not preferred**

Declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available, dividend for the previous year shall be specified), repayment period: **In 2013 and 2014 decisions on dividend payment were not taken.**

Should contributions of the Issuer to shares of joint-stock companies be increased due to increase in the authorized capital of a joint-stock company at the expense of property of such joint-stock company, number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none**

Type of securities: **registered equity shares**

Full corporate name of the Issuer: **Joint-Stock Company Zagorskaya PSHP-2**

Abbreviated corporate name of the Issuer: **JSC Zagorskaya PSPP-2**

Location of the Issuer: **101 Bogorodskoye industrial community, Bogorodskoye urban settlement, Sergievo-Posadsky municipal district, Moscow Oblast, Russian Federation**

INN: **5042086312**

OGRN: **1065042071137**

state registration numbers of the securities issues: **1-01-11397-A, 1-01-11397-A-002D**

state registration date: **January 18, 2007, January 31, 2013**

registering authorities which carried out state registration of the securities issues: **Federal Financial Markets Service of Russia, Bank of Russia**

Number of securities owned by the Issuer: **48,914,680,785**

Total par value of securities owned by the Issuer: **RUB 48,914,680,785.00**

Total balance sheet value of securities owned by the Issuer (balance sheet value of securities of subsidiaries and affiliates shall be specified separately): **RUB 55,924,131,025.76**

The Issuer of securities is a subsidiary in relation to the Issuer that prepared this Quarterly Report

Dividend on preferred shares and procedure for determination thereof when it is specified in the Charter of Issuer being a joint-stock company, repayment period: **shares are not preferred**

Declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available, dividend for the previous year shall be specified), repayment period: **In 2013 and 2014 decisions on dividend payment were not taken.**



Should contributions of the Issuer to shares of joint-stock companies be increased due to increase in the authorized capital of a joint-stock company at the expense of property of such joint-stock company, number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none**

Type of securities: **registered equity shares**

Full corporate name of the Issuer: **Joint-Stock Company Ust-Srednekamskaya HPP**

Abbreviated corporate name of the Issuer: **JSC Ust-Srednekamskaya HPP**

Location of the Issuer: **84 Proletarskaya St., bld. 2, Magadan, 685030**

INN: **4909095293**

OGRN: **1074910002310**

state registration numbers of the securities issues: **1-01-56315-E, 1-01-56315-E-004D**

state registration date: **September 11, 2007, December 03, 2013**

registering authorities which carried out state registration of the securities issues: **Federal Financial Markets Service of Russia**

Number of securities owned by the Issuer: **13,291,933,831**

Total par value of securities owned by the Issuer: **RUB 13,291,933,831.00**

Total balance sheet value of securities owned by the Issuer (balance sheet value of securities of subsidiaries and affiliates shall be specified separately): **RUB 17,593,815,035.08**

The Issuer of securities is a subsidiary in relation to the Issuer that prepared this Quarterly Report

Dividend on preferred shares and procedure for determination thereof when it is specified in the Charter of Issuer being a joint-stock company, repayment period: **shares are not preferred**

Declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available, dividend for the previous year shall be specified), repayment period: **In 2013 and 2014 decisions on dividend payment were not taken.**

Should contributions of the Issuer to shares of joint-stock companies be increased due to increase in the authorized capital of a joint-stock company at the expense of property of such joint-stock company, number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none**

Type of securities: **registered equity shares**

Full corporate name of the Issuer: **Joint-Stock Company Zaramagskiye HPPs**

Abbreviated corporate name of the Issuer: **JSC Zaramagskiye HPPs**

Location of the Issuer: **34 Pervomaiskaya St., Vladikavkaz, the Republic of North Ossetia-Alania, 362003, Russia**

INN: **1505008701**

OGRN: **1021500822001**

state registration numbers of the securities issues: **1-01-32047-E**

state registration date: **May 26, 2000**

registering authorities which carried out state registration of the securities issues: **Federal Financial Markets Service of Russia**

Number of securities owned by the Issuer: **17,933,142**

Total par value of securities owned by the Issuer: **17,933,142,000.00 RUB**

Total balance sheet value of securities owned by the Issuer (balance sheet value of securities of subsidiaries and affiliates shall be specified separately): **RUB 17,216,207,775.52**

The Issuer of securities is a subsidiary in relation to the Issuer that prepared this Quarterly Report

dividend on preferred shares and procedure for determination thereof when it is specified in the Charter of Issuer being a joint-stock company, repayment period: **shares are not preferred**

declared dividend on equity shares (if no information on declared dividend on equity shares for the current year is available, dividend for the previous year shall be specified), and repayment period: **In 2013 and Q1 2014 decisions on dividend payment were not taken.**

Should contributions of the Issuer to shares of joint-stock companies be increased due to an increase in the authorized capital of a joint-stock company at the expense of property of such joint-stock company, the number and par value (increase in par value) of such shares received by the Issuer shall be specified: **none**

#### **Investments in non-equity securities**

There are no investments in non-equity securities amounting to 5 per cent or more of all financial investments.

Information on the amount of potential losses connected with bankruptcy of organizations (enterprises),

to which investments have been made, by every type of the specified investments: **Amount of potential losses connected with bankruptcy of organizations (enterprises), to which investments have been made, by every type of the specified investments, is limited by the amount of invested funds.**

If the Issuer's funds are placed on deposit or other accounts with banks and other credit organisations, licenses of which have been suspended or withdrawn, as well as if the decision on reorganisation, liquidation of such credit organizations, initiation of bankruptcy proceedings or recognition of such organizations as insolvent (bankrupt), information on losses (potential losses) connected with such events shall be specified: *none*

Accounting standards (rules), in accordance with which calculations have been made by the Issuer, are specified in this clause of the Quarterly Report: **Federal Law No. 402-Φ3 dated December 06, 2011 On Accounting, RAS 19/02**

#### 4.4. Intangible Assets of the Issuer

For 2013

Unit of measure: **RUB**

Group of intangible asset items	Initial (replacement) cost	Amount of amortization accrued
Intangible assets of the Company	749,431,693.30	208,714,645.45
Expenses for research, development, and engineering work	204,365,774.12	0
Patents	48,040,875.29	249,667.78
<b>TOTAL</b>	<b>1,001,838,343.71</b>	<b>208,964,313.23</b>

**Accounting standards (rules) in accordance with which the Issuer submits information on its intangible assets:** RAS 4/99 Financial Statements of the Company (approved by Order No. 43H of the Ministry of Finance of Russia dated July 06, 1999); Regulations for Financial Accounting “Intangible Asset Accounting” RAS 14/2000 (approved by Order No. 91H of the Ministry of Finance of Russia dated October 16, 2000).

**As at the end of the reporting quarter, March 31, 2014**

Unit of measure: **RUB**

Group of intangible asset items	Initial (replacement) cost	Amortization accrued
Intangible assets of the Company	971,150,691.39	276,676,623.58
Expenses for research, development, and engineering work	165,523,946.30	0
Patents	48,040,875.29	849,620.23
<b>TOTAL</b>	<b>1,184,715,512.98</b>	<b>277,526,243.81</b>

**Accounting standards (rules) in accordance with which the Issuer submits information on its intangible assets:** RAS 4/99 Financial Statements of the Company (approved by Order No. 43H of the Ministry of Finance of Russia dated July 06, 1999); Regulations for Financial Accounting “Intangible Asset Accounting” RAS 14/2000 (approved by Order No. 91H of the Ministry of Finance of Russia dated October 16, 2000).

#### 4.5. Information on the Issuer's Policy and Expenses in the Area of Scientific and Technical Development, in relation to Licenses and Patents, New Developments, and Research

The Issuer regularly carries out research and development in order to improve technological processes (to examine properties of materials, condition of equipment, testing, etc.) to enhance the reliability, safety and effectiveness of HPP operation.

Information on the Issuer's policy in scientific and technical development for the corresponding reporting period preceding the expiry date of the last reporting quarter, including disclosure of expenses on research and development activity financed using the Issuer's own funds in the said reporting period:

**For 12 months of 2013, tenders concerning the following research and development works were announced by the Issuer:**

1. Development and testing of asynchronous generator prototype of HPP/PSHPP with variable speed.  
Stage 1. Design adaptation of RusHydro PSHPP, operating and under construction, for the introduction of an asynchronous engine-generator technology (ASEG).
2. Development and testing of asynchronous generator prototype of HPP/PSHPP with variable speed.  
Stage 2. Justification of the use of asynchronous generator (ASG) during modernization of Chirkeyskaya HPP.
3. Development of implementation considerations with regard to optical current transformers and voltage transformers.
4. Development of repair procedures and new design of keys of interblock joints of HPP.
5. Research activity in technical regulation, including development of STO 2012–2017 according to the list.

**In 2013, results of the following research and development works were received by the Issuer:**

1. Examination of hydroelectric potential of the North Caucasus Region with regional planning with regard to allocation of hydraulic power industry facilities.
2. Examination of hydroelectric potential: north-east of the European part of the Russian Federation.
3. Estimation of aeration efficiency of waste flow so as to increase overhaul life.
4. Examination of non-steady process in high-pressure high-capacity turbines.
5. Data collection system development based on the results of R&D in the hydropower industry using CEATI databases.
6. Environmental progress of the HPP with hydraulic components admitting passage of fish through the hydraulic tract.
7. Examination of damage in case of downstream submergence of RusHydro HPPs during rare floods.
8. Examination of electromagnetic compatibility between integrated security systems and process equipment.
9. Development of new approaches to the aseismic design of high-head HPPs.
10. Development of typical equipment for low-pressure mini HPPs with orthographic hydroelectric installations.

**In Q1 2014, results of the following research and development works were received by the Issuer:**

1. Optimization of RusHydro HPP operation, taking into account climate change in the reservoir zone for the long-term.

Costs associated with scientific and technological activities at the Issuer's own expense in 2013 amounted to RUB 234.0 million, including VAT.

Costs associated with scientific and technological activities at the Issuer's own expense in Q1 2014 amounted to RUB 32.72 million, including VAT.

**Information on creation of major intellectual property and its legal protection obtained by the Issuer (including information on the date of issue and the validity periods of patents for invention, a useful model and an industrial design, state registration of trade and service marks, name of the place of origin of commodities), guidelines for and results of the use of the Issuer's major intellectual property.**

Based on the results of research and development under the Issuer's order, the following patents were received:

1. For invention No. 2478114 "Multilayer Combined Antifouling Coating with Repellent and Chemobiocidal Protection" (issued on March 27, 2013, valid until November 29, 2031).
2. For utility model No. 130639 "Low-Head Hydroelectric Station" (issued on July 27, 2013, valid until December 27, 2022).
3. For invention No. 2490393 "Pump-Storage Power Plant with Underground Location of Lower Reservoir and Combined Method of Passing Lower Reservoir" (issued on August 20, 2013, valid until December 15, 2031).

4. For invention No. 2499096 "Pump-Storage Power Plant with Underground Location of Lower Reservoir and Method of Passing Lower Reservoir" (issued on November 20, 2013, valid until December 15, 2031).
5. For utility model No. 138311 "Water Outlet of Facility" (issued on February 10, 2014, valid until October 31, 2023).
6. For invention No. 2506369 "Erection Method of Thin-Wall Labyrinth Overflow Edge from Molded Concrete Units" (issued on February 10, 2014, valid until August 31, 2023).

**Principal directions and results of the use of the Issuer's major intellectual property:**

Intellectual property items are used to increase the effectiveness of principal processes at all life cycle stages of the RusHydro engineering system.

Due to the uniqueness of items and sector-specific research, development, and engineering works, intellectual property items are not commercially applied now.

**Risk factors connected with the possible expiry of the validity period of patents and licenses to use trademarks essential for the Issuer:**

There are no risk factors connected with the possible expiry of the validity period of patents and licenses to use trademarks essential for the Issuer.

## **4.6. Analysis of Development Trends in the Area of the Issuer's Core Business**

**Basic development trends of the branch of the economy where the Issuer carries out its core activities:**

In 2013, the Russian power industry, including the hydro power industry, was stable, providing for the required needs of the country's economy and social sphere.

1. Strategic developments of the sector

Over the last 5 years, planning and forecasting technology of long-term development in the energy sector has been rapidly developing and implementing.

The Concept of Long-Term Social and Economic Development of the Russian Federation until 2020 was approved by Resolution No. 1662-p of the Russian Federation Government dated November 17, 2008, which aimed at determination of ways and methods in the long-term (until 2020) for a steady welfare rise of Russian Federation citizens, national security, dynamic development of the economy and consolidation of the position of Russia in the world community.

Regulation of the Government of the Russian Federation No. 1715-p dated November 13, 2009 approved the Energy Strategy of the Russian Federation until 2030. The main objective of the document is creation of priority growth area of the power industry for the long term until 2030. Currently, the draft Energy Strategy of the Russian Federation until 2035 has been prepared by the Ministry of Energy of the Russian Federation and is at the discussion stage.

Decree of the Government of the Russian Federation No. 2084-p dated November 11, 2013 approves the Area Planning Scheme of the Russian Federation applicable to the power industry.

The document includes new power engineering facilities, planned to be constructed by 2030, as well as expanding power engineering facilities, in respect of which the need for additional land allotment was not determined as along with maps of the scheduled allocation of objects of federal significance for the period until 2030.

Decree of the Government of the Russian Federation No. 215-P dated February 22, 2008 approved the Master Plan of Power Industry Facilities Allocation until 2020. The key purpose of the Master Plan is the formation, based on current potential and the established sector development priority, of reliable, cost effective and rational generating mix and power supply network facilities, effectively using the country's fuel resources and creating conditions for the prevention of the forecasted deficit of electrical power and capacity most effectively.

The Plan and Development Program of the Unified Energy System of Russia for 2013–2019 were approved by Order of the Ministry of Energy of the Russian Federation No. 309 dated June 19, 2013 within

implementation of medium term planning tools.

The main objective of the plan and program is assistance in development of networked infrastructure and generating capacities as well as ensuring the satisfaction of long-term and medium-term demand for electric energy and capacity.

A number of regulatory legal documents for supporting the Russian economy was accepted, including the energy industry. The Issuer was included in the list of the country's strategic enterprises, which means it can count on implementation of measures of state support.

## 2. Electricity and capacity consumption.

According to recent reports of SO UPS, JSC, consumption of electric energy for two months of 2014 as a whole in Russia amounted to 191.3 bln kWh, which is 0.1 % below that for the same period of 2013. At UES of Russia, energy consumption since the beginning of the year amounted to 187.1 bln kWh, which corresponds to the consumption level in January–February of 2013.

## 3. Electric power generation.

According to recent reports of SO UPS, JSC since the beginning of 2014 electricity production in Russia as a whole amounted to 193.3 bln kWh, which is 0.7% below that in January–February of 2013. At UES of Russia energy generation for two months of 2014 amounted to 189.2 bln kWh, which is also 0.7% below the same for the similar period of the previous year.

Thermal power plants (TPP) played a key role in ensuring demand for electric energy in the UES of Russia within two months of 2014, which generated 119.7 bln kWh, which is 2.3% below that in January–February of 2013. Generation of HPPs for the same period amounted to 28.8 bln kWh (increase by 12.1% as compared with two months of 2013), generation of NPPs — 30.7 bln kWh (6.2% lower than in the same period in 2013), generation of power plants of industrial enterprises — 10 bln kWh (an increase of 4.6% compared with January–February of 2013).

## 5. Wholesale electricity and capacity market

Currently, the Russian Federation has a two-level (wholesale and retail) electricity and capacity market. Sellers and buyers on the wholesale market are power generation companies, electricity export/import operators, energy sales organizations (including guarantee suppliers), Federal Grid Company (as regards acquisition of electricity for covering of transmission losses), and large consumers. Participants in the wholesale market can act as both sellers and buyers of electric power and capacity. In order to become a participant on the wholesale market, a company shall meet the requirements set out in the Regulations for Wholesale Electricity and Capacity Market and in the Agreement for Integration into the Trade System of the Wholesale Market, approved by Regulation No. 1172 of the Government of the Russian Federation dated December 27, 2010.

Since January 1, 2011, all electric power and capacity sold in pricing zones of the wholesale market are sold at non-regulated prices, except for electric power and capacity designated for supply to the population and equivalent classes of consumers, as well as consumers located in the North Caucasus, in the Republic of Tyva. Power capacities of hydro power plants located in the second pricing zone (Siberia) in the first quarter of 2014 were supplied only according to tariff.

RusHydro sells the main part of generated electricity (capacity) on the wholesale market being fully engaged in development of rules and regulations for all segments of that market.

## 6. Renewable energy sources

Regulation No. 449 and Decree No. 861-P of the Government of the Russian Federation dated May 28, 2013 determine the mechanism and parameters supporting generation based on RES in the Russian Federation for wind, solar energy and SHPPs, which open for the company new opportunities for implementation of cost-effective projects in those areas on the wholesale market.

On September 19, 2013, JSC ATS published results of selection of projects on construction of generating facilities operating on the basis of renewable energy resources (RES project selection).

On March 11, 2014, JSC ATS published information necessary for competitive selection of investment projects for the construction of generating facilities operating on the basis of renewable energy resources for 2015–2018. Selection of projects helps to enhance project economy. Currently RusHydro examines the possibility and conditions for filing applications for SHPP projects in relation to the specified project selection.

Competitive selection period and application submission period:

In accordance with clause 196 of the Wholesale Market Regulations, selection of RES in 2014 shall be completed by June 30, 2014.

Applications may be submitted from May 28 to June 10, 2014.

## 7. Retail electricity markets

Within the electricity retail markets electricity is sold that is acquired on the wholesale electricity (capacity) market, as well as electricity of generating companies that are not participants in the wholesale market.

Main provisions of electricity retail markets are approved by Resolution No. 442 of the Government of the Russian Federation On Operation of Electricity Retail Markets, Complete and/or Partial Limitation of Electricity Consumption dated May 4, 2012.

RusHydro supplies electric power and capacity to the retail electricity market in a number of Russian regions, mostly in the North Caucasian Federal District, as well as in electricity systems located in the Far East, isolated from UES of Russia.

#### 8. System services market

The market for services in system reliability maintenance (system services) is one of the instruments for maintaining the desired level of quality and reliability of operation of the Unified Energy System of Russia under the conditions of full deregulation of the electricity and capacity market. The system services market has been operating in the UES of Russia since 2011.

Types of services on maintenance of system reliability, procedures for selection of electric power engineering entities and electric users rendering such services, as well as rules of rendering thereof and pricing models are determined by Regulation No. 117 of the Government of the Russian Federation On the Procedure for Selection of Electric Power Engineering Entities and Electric Users Rendering Services in System Reliability Maintenance and Rendering such Service, as well as On Approval of Changes in Acts of the Government of the Russian Federation Regarding Rendering of Services in System Reliability Maintenance dated March 3, 2010.

In the first quarter of 2014, RusHydro and SO UPS, JSC concluded a Services Contract for Reactive-Power Control without Electricity Generation (hereinafter the RRSK Contract).

According to such RRSK Contract, RusHydro shall render services to SO UPS, JSC connected with reactive-power control

#### 6. Retail electricity markets.

Within the electricity retail markets electric energy is sold that is acquired on the wholesale electricity (capacity) market, as well as electric energy of generating companies that are not participants on the wholesale market.

Main provisions of electricity retail markets are approved by Resolution No. 442 of the Government of the Russian Federation On Operation of Electricity Retail Markets, Complete and/or Partial Limitation of Electric Energy Consumption dated May 04, 2012.

RusHydro supplies electric power and capacity to the retail electricity market in a number of Russian regions, generally, in the North Caucasian Federal District, as well as in electric energy systems located in the Far East, isolated from the UES of Russia.

#### 7. System services market.

The market of services in system reliability maintenance (system services) is one of the instruments for maintaining the desired level of quality and reliability of operation of the Unified Energy System of Russia under the conditions of full deregulation of the electricity and capacity market. The system services market has been operating in the UES of Russia since 2011.

Types of services on maintenance of system reliability, procedures for selection of electric power engineering entities and electric users rendering such services, as well as rules of rendering thereof and pricing models are determined by Regulation No. 117 of the Government of the Russian Federation dated March 03, 2010 On the Procedure for Selection of Electric Power Engineering Entities and Electric Users Rendering Services in System Reliability Maintenance and Rendering such Service, as well as On Approval of Changes in Acts of the Government of the Russian Federation Regarding Rendering of Services in System Reliability Maintenance.

In the first quarter of 2014, RusHydro and SO UPS, JSC concluded the Services Contract for Reactive-Power Control without Electrical Energy Generation (hereinafter the RRSK Contract).

According to such RRSK Contract, RusHydro shall render services to SO UPS, JSC connected with reactive-power control.

#### 9. Innovation development of the power industry and energy efficiency

In accordance with the instructions of the President of the Russian Federation (list of instructions based on the results of work of the Committee under the President of the Russian Federation with respect to modernization and technological development of the economy in June – December 2009 No. IIP-2 dated January 4, 2010) and Government Commission for Advanced Technology and Innovation (Minutes No. 4 dated August 3, 2010), RusHydro developed and approved (Minutes of the Board of Directors No. 130 dated August 2, 2012)

the Innovation Development Program of JSC RusHydro for 2011–2015 with an outlook until 2021.

In 2013, under the Innovation Development Program of RusHydro and S&A critical decisions were taken on formation of the Scientific and Technical Development Fund of RusHydro. In this respect, projects of Investment Declaration and Investment Regulations of the Scientific and Technical Development Fund were developed, specifying the investment limits, investment procedures and principles and management of the Fund's investment into innovative companies. Work is being performed on consolidation of the innovative development systems of RusHydro and RAO Energy System of East so as to increase implementation efficiency of the Innovation Development Programs.

Assessment of results of the Issuer's activities:

General assessment of the Issuer's results in such sector is positive.

Results of the Issuer's activities correspond to the trends of the sector's development.

The main reasons for the obtained results are effective performance of the Issuer on the wholesale electricity and capacity market, efficient management of expenses and appropriate job management.

JSC RusHydro was the third among all generating companies participating in the wholesale market as regards Efficiency on the Market and the second as regard Economic Efficiency in the Final Annual Rating of Non-Profit Partnership Market Council for 2013, and it considerably improved similar positions for 2012.

#### **4.6.1. Analysis of Factors and Conditions Influencing the Issuer's Activities**

**Basic factors influencing the sector:**

- GDP growth rates determining demand for electric power and setting requirements or the quality of electric power and schedules of its consumption, and the level of investment in new capacities;

- Legislative base determining the payback period for projects in the electric power sector, sources and structure of the investment portfolio of energy companies, the level of competition, etc.;

- Level of state incentives concerning development of specific types of electric power generation;

- Condition of fixed production assets used by enterprises in the sector;

- Social and economic situation in the country;

- Accessibility of capital markets, including credit resources;

- Level of payment discipline of electric power consumers.

**Factors and conditions influencing the Issuer's activities and results of its activities:**

1. Reliability and safety of equipment and hydropower facilities

Physical wear and technological ageing of fixed assets, enhanced requirements for the reliable and accident-free operation of the Unified Energy System of Russia, the growing need for regulating capacity of daily electricity consumption in the European part of the Unified Energy System of Russia, the increasing threat of human-caused accidents with grave consequences as a result of the destruction of hydropower facilities and generating equipment and the increased standards of seismic safety at the location of the Issuer's HPPs require special attention to reliability and safety of assets and funds.

2. Seasonality

The Issuer's core business activity has no seasonal nature.

The volume of electric power generation by the Issuer considerably depends on the available water inflow in the basins of rivers, where its generating capacities are located, and is distributed non-uniformly on an annual basis depending on the season. In addition, possibilities of forecasting, as well as decisions by authorities regulating water economy relations in the Russian Federation influence the volume generated.

3. Tariff-making mechanisms

Some of the Issuer's capacities are located in the Far East where electricity and capacity markets are not expected

to be liberalized in the foreseeable future. Prices (rates) for electricity and capacity are regulated by the state in the Far East. All volumes of electricity and capacity within the given territory are sold at regulated prices (rates) through one buyer in the East UPS and through guaranteeing supplier within the isolation zones. Tariff settlement for generation is possible only on the basis of the cost-plus method. According to the given procedure, it is practically impossible to include investment in the tariff. Taking into account government policy aimed at the accelerated social and economic development of the Far East, the tariff-making mechanisms for the region may fail to ensure the profitable operation of the Issuer's generating capacities in the region. The tariff situation applied in the region also does not create economic motivation for improving the effectiveness and construction of new generating facilities. At the same time, liberalization of the wholesale market in other regions may fail to guarantee the Issuer's profits sufficient for cross-subsidy of the Far Eastern region.

#### 4. The pace of Russia's hydro potential development

Russia's undeveloped hydro potential is concentrated in areas where there are currently no large consumers or the necessary infrastructure, while the tariff-making model does not provide for the required rate of return on investment. At the same time, development of these territories is a key direction of Russian regional policy.

#### 5. State support of the Issuer

The specific nature of the Issuer's activity is defined and will be defined subsequently through the availability of two basic vectors: the need to resolve state problems while ensuring an increase in the Issuer's business value.

#### 6. Forming a new model of markets

The market model being formed will define in the long term the efficiency and reliability of operation of electric power plants using renewable energy sources, the pace at which their use will develop, and the degree of compensation for the unique contribution by HPPs to system reliability. Currently, regulatory documents defining the rules of markets (capacity market, system services market, retail markets) are being updated.

#### 7. Participation in securities market grouping

Inclusion of the Issuer's securities in the listing of leading markets imposes strict requirements in terms of information disclosure in accordance with the requirements of stock exchanges and market regulators, both Russian and international.

8. Development of electric power generation based on other renewable energy sources (wind, warmth of the earth, small hydro power, and other energy)

The focus on development of electric power generation based on renewable energy sources in the world, the need to diversify energy sources and reduce load on the environment along with the availability of considerable undeveloped potential of renewable energy sources under the conditions of adopted legislation, supporting generation in pricing zones of the wholesale market in the Russian Federation open up fresh opportunities for development of electric power generation based on renewable energy sources, both on the wholesale and retail markets. The Issuer prepares projects for participation in competitive selection on the wholesale market, and implements pilot projects on construction of RES generation facilities in isolation zones of the Far East for subsequent transition to implementation of full-scale programs.

#### 9. Possibilities of related sectors

Research and development, design and survey, engineering and construction sectors have sustained considerable losses in the past few decades due to the low demand for their products and services. In the short term, the Issuer will need large volumes of design and survey works, construction services, and deliveries of equipment and materials. Limitations caused by the shortage of goods and services on these markets may considerably affect the rate of the Issuer's development.

#### 10. Staff assistance

One of the most acute problems of large-scale hydro power development is the shortage of engineering and technical personnel, undermined professional continuity and the degraded system of personnel training for the sector.

#### 11. Global climate change

The problem of climate change renders an increasingly greater direct influence on the Issuer's activities, which is represented in a complication of forecasting water regimes due to growth in deviations from long-time annual averages of hydrographs and weather records.

### **Forecast concerning duration of the specified factors and conditions**



The given factors and conditions will have a considerable impact on the Issuer's activity over the coming several years.

**Steps taken or planned to be taken by the Issuer in the future for the effective use of these factors and conditions:**

- Overcoming the trends of growing obsolescence and physical deterioration of equipment, raising reliability and safety of hydro power plants through the Complex Modernization Program for Generating Facilities.

- Finding a strategy of balanced development meeting the interests of all groups of shareholders, new schemes of financing and property distribution, including efforts to determine forms of and procedure for the state's participation in the Issuer's projects;

- Opening opportunities and submitting projects to the state and regions concerning industrial, infrastructure, and social development, requiring operation of hydro power plants and constant demand for their output;

- Assistance in forming a model of markets ensuring efficiency of RES construction and ensuring adequate compensation for the Issuer's contribution to system reliability;

- Development of competencies with regard to work in public conditions, meeting the requirements of the investment community and minority shareholders, and also using the best corporate management practices;

- Developing an effective system of interaction with key participants of resources markets, reduction of risks through business diversification, support for sectoral science and innovation technologies;

- Creating an effective system of engineering personnel training, including a system of interaction with specialized educational institutions, and also mechanisms stimulating an inflow of personnel into the sector, and development of professional knowledge and skills;

- Creation of a water regime forecasting and observation system. Methods used and planned to be used by the Issuer to reduce the negative effect of factors and conditions affecting the Issuer's activities:

- Strategic planning;
- Investment planning;
- Business planning;
- Budget planning;
- Tax planning;
- Corporate management;
- Applying modern motivation systems;
- Enhancing financial control and introducing a cost-cutting program.

**Material events/factors that may have the largest negative effect on the Issuer's ability to achieve the same or higher results in the future as compared with the results achieved in the latest reporting period:**

Significant events/factors that may have the largest negative effect on the possibility for the Issuer to achieve high results in the future are as follows:

- Unfavorable tariff decisions, including establishing tariff levels insufficient for financing necessary expenditures on technical reconstruction, modernization, and further construction of the Issuer's facilities;

- High capital intensity and long implementation periods of projects on HPP construction. The projects for hydro power plant construction form the basis for the Issuer's development. However, they are capital-intensive and are characterized by long periods of implementation; moreover, expenses on the construction of

electricity grids for the supply of electric power generated by HPPs are in many cases also extremely large. Therefore, these projects, as a rule, are characterized by low economic efficiency;

- Uncertainty of demand for electric power, both due to falling investment in construction of new production facilities, and due to closure of ineffective operating hydro power facilities, to which the functional generating capacities were oriented;

- Failure to adopt required regulatory acts in electricity and capacity markets. Hydro power engineering can currently be viewed as one of the means for controlling the growth of electricity tariffs and prices in crisis conditions.

The Issuer assesses the probability of the occurrence of these factors as average.

**Significant events/factors that may improve the results of the Issuer's activities, the probability of their occurrence and their duration:**

Significant events/factors that may improve the Issuer's activities include factors influencing the sector as a whole. In order to function more effectively in new conditions, the Issuer is required to:

- Implement the developed long-term Program of Complex Modernization of the Issuer, including programs providing for an increase in installed capacity, maneuverability and control of equipment operating modes, technological process automation, and the use of new technologies, helping to avoid the dangers connected with the wear and ageing of equipment, reducing the threat of accidents, and raising the efficiency of the operation of existing facilities;

- Address the tasks faced by the Issuer's management: increasing operating performance, quality of corporate management in view of the need to meet the requirements of the investment community for public companies;

- Stimulate the demand of large consumers for electric power generated by HPPs, joining strategic alliances with federal companies interested in the implementation of cluster development projects;

- Assist in development of the organization chart of regional development management — corporations for regional development, and improvement of the effectiveness of export deliveries;

- Apply long-term tariff regulation using the return-on-investment approach in non-price zones and isolated power districts and, to this end, be fully engaged in development by the Federal Tariff Service of Russia of additional methodology instructions concerning price (tariff) formation in technologically isolated territorial energy systems according to the return on investment method within implementation of Regulation No. 1178 of the Government of the Russian Federation dated December 29, 2011.

- Assist in practical application of the procedure for conclusion of bilateral agreements between new generating facilities and consumers at a price not exceeding the threshold level of adjustable prices/tariffs within the approved Rules for Retail Electricity and Capacity Markets.

- Assist in adopting the rules for capacity markets and system services, ensuring adequate compensation for the contribution of PSHPPs to system reliability and safety;

- Assist in adoption of enactments focused on ensuring state support of RES use and RES project payback in non-price and isolation zones of the electricity and capacity market.

The likelihood of the first two events/factors is assessed by the Issuer as high, and that of the remaining factors as medium.

#### **4.6.2. Competitors of the Issuer**

Apart from Federal Hydrogeneration Company of the Wholesale Market (RusHydro), the major part of generating assets of the country is concentrated in 5 heat-generation companies of the wholesale electricity market (WGC), 15 territorial generating companies (TGC), and the Rosenergoatom state concern. A part of heat and territorial generating companies, in their turn, is combined in large state and private holdings. JSC INTER RAO UES is also worth mentioning among the largest companies of the sector; it is an electricity export/import operator holding a number of generating assets within and outside Russia.

No.	Holding Company	Generating Companies Being Members of the Holding	Description	Area of Competition
1	Rosatom	Rosenergoatom Concern PIMCU (Priargunsky Industrial Mining and Chemical Union) SGChE (Siberian Group of Chemical Enterprises)	The competitor's advantages: Considerable installed capacity of energy facilities is concentrated in the European part of the Russian Federation; the load is close to optimum. The competitor's disadvantage: low maneuverability, as a consequence, low effect from the balancing market. There are practically no generating capacities in the Siberia UPS and the Far East UPS.	In relation to trade, it may form only upon an extremely significant excess of supply over demand. In relation to development, in the struggle for state financing resources.
2	Inter RAO UES	INTER RAO Electrogeneratsiya (including assets of OGK-1 and WGC-3) TGC-11 Bashkir Generation Company	Export-import operator and management company of generating facilities in Russia and abroad. The competitor's advantages — dominant position in export and import electricity supply operations. The competitor's disadvantages — regulated activities, decrease in export opportunities under the conditions of deficit.	In relation to trade in electricity, competition with respect to volume at various hours of the day. In relation to development, competition for the right to be the state's agent in implementing international projects.
3	EuroSibEnergo	Irkutskenergo Krasnoyarskaya HPP TPP GAZA	Irkutskenergo (over 9,000 MW per HPP), Krasnoyarskaya HPP (6,000 MW).	In relation to trade in electricity, competition concerning volumes during the high-water period. In relation to development, competition with shareholders of private HPPs for the right to develop hydro potential.
4	Gazprom Energoholding	TGC-1 OJSC Mosenergo (TGC-3) OGK-2 (includes assets of former OGK-2 and OGK-6) MIPC (Moscow Integrated Power Company)	The competitor's advantages: Broad territorial "dispersion", main generating capacities in the Russian Federation (70%), possibility of submitting price bids on the DAM and priority of loading in heating cycle. The competitor's disadvantages: comparatively low maneuverability, dependence of the return on sales of generated electricity upon the prices for fuel.	In relation to trade in electricity, competition with respect to volume at various hours of the day in the heating cycle.
5	KES Holding	TGC-5 TGC-6 TGC-7 (Volga TGC) TGC-9		
6	E.ON	OGK-4		
7	Enel	OGK-5		
8	SUEK (Siberian Coal Energy Company)	Kuzbassenergo (TGK 12) TGC-13		
9	LUKOIL	LUKOIL Ecoenergo (TGK 8)		
10	UMMC (Ural Mining and Metallurgical Company)	Novosibirskenergo		
11	Sintez Group	TGC-2		

No.	Holding Company	Generating Companies Being Members of the Holding	Description	Area of Competition
12	Onexim	Kvadra (TGC-4)		
13	Fortum	Fortum (TGC-10)		
14	RZHD (Russian Railways)	TGC-14		
15	TAIF	TGC-16		

**The list of the Issuer's competitiveness factors with a description of their degree of influence, in the Issuer's opinion, on the competitiveness of products (works, services):**

1. Environmental friendliness. Hydro resources are renewable and the most ecological source of energy, the use of which makes it possible to cut discharges into the atmosphere by thermal electric power plants and to preserve hydrocarbon reserves.
2. A high degree of maneuverability because it is HPPs that are the most maneuverable and capable, if necessary, of substantially increasing the volumes produced in just a few minutes covering peak loads.
3. Absence of a fuel component in the production cost, independence from changes in prices for energy sources and, as a consequence, the possibility of long-term price guarantees for consumers.

The Issuer's competitors abroad:

No.	Company	Installed Capacity, MW
1	Eletrobras (Brazil)	43,333
2	Hydro-Québec (Canada)	36,829
3	China Yangtze Power (China)	25,277
4	United States Corps of Engineers (USCE) (USA)	21,000
5	Edelca (Venezuela)	15,667
6	US Bureau of Reclamation	14,722
7	Statkraft (Norway)	17,607
8	BC Hydro (Canada)	11,000

There is a number of generation companies in the world, the capacities of which are based on hydro power plants and are held by the state.

1. Brazilian Eletrobras (42,333 MW) is the largest hydro generation company in the world. At the same time, it is the largest generation company in Brazil and Latin America. Its assets include a number of large HPPs, including Itaipu HPP on the Parana River, the second in terms of capacity in the world. The company is controlled by the state, which holds 52% of its shares.

2. RusHydro — 37,510 MW at HPPs located from Magadan to Stavropol Krai (including Sayano-Shushenskaya HPP and Volzhsko-Kamsky Cascade's plants) as well as at the Far East (JSC RAO Energy System of East) and the Republic of Armenia. The state holds about 60% of the company's shares.

3. Canadian Hydro-Québec (36,829 MW), the largest generation company of Canada which played a considerable role in the economic development of the Province of Quebec. The company's assets include a great number of HPPs, including large cascades at the Manicouagan and La Grande rivers. The company is owned by the authorities of the Province of Quebec.

4. China Yangtze Power located in China (25,277 MW). That company has only two HPPs. The Three Gorges Dam is the largest hydro power plant in the world with a designed capacity of 22.4 GW, and downstream HPP, the Gezhouba Dam, with a capacity of 3.1 GW. The company is controlled by the state.

5. The United States Corps of Engineers (USCE), 21,000 MW. This is not an energy company in the truest sense of the word, but a state office engaged in construction and operation of HPPs (electricity is sold by other state structures).

6. Norwegian Statkraft — 17,607 MW. It is the largest energy producer in Norway and the third in Scandinavia. About 150 HPPs are held by the company, the majority with storage reservoirs for multiannual regulation. The company is a 100% state company.

7. Venezuela Edelca, 15,667 MW. The main asset of the company is Guri HPP on the Caroni River with a capacity of 10.2 GW, which comes third in the world in terms of capacity. The company ensures the majority of power supply of Venezuela and is fully controlled by the state.

8. The US Bureau of Reclamation, 14,722 MW. Again, this is not an energy company in a traditional sense, but it operates a variety of HPPs, including the famous Hoover Dam.

9. Canadian BC Hydro (11,000 MW), the largest electricity producer in the province of British Columbia. The company owns 30 HPPs and the company itself is owned by the authorities of the province.

### Electric Power Market of Armenia

In 2011, RusHydro acquired 90% of the shares of Sevan-Razdansky Cascade of HPPs in the Republic of Armenia with a total capacity of 562 MW of installed capacity. Thus, entering the electric power market of Armenia, RusHydro has occupied a substantial share of that market.

Generation Object	Type	Installed Capacity, MW	Guarantee Companies	Parent Company
Sevano-Razdansky Cascade of HPPs	HPP	562	CJSC International Power Corporation	JSC RusHydro
Vorotansky Cascade of HPPs	HPP	404	CJSC Vorotansky Cascade of HPPs	Government of Armenia (applicant for acquisition of CJSC Contour Global Hidrocaskade (USA))
Dzoragetskaya HPP	HPP	25	CJSC Dzora HPP	Offshore company Global-Contact
Small HPPs	HPP	66	SHPPs	Private investors
Armenian NPP	NPP	440	CJSC Armenian NPP	JSC Inter RAO UES, management
Razdanskaya TPP	HPP	1110	LLC RazTES	JSC Inter RAO UES
Razdanskaya TPP (5th energy unit)	HPP	467	CJSC ArmRosgazprom	OJSC Gazprom
Erevanskaya TPP	TPP	100	CJSC Erevanskaya TPP	Government of Armenia

## **V. Detailed Information on Members of the Issuer's Management Entities, the Issuer's Bodies, Monitoring Financial and Economic Activities, and Backgrounds of the Issuer's Employees (Workers)**

### **5.1. Information on Structure and Terms of reference of the Issuer's Management Entities**

**Full description of the structure and competence of the Issuer's management bodies pursuant to the Issuer's Charter (constituent documents):**

The management bodies of the Issuer:

General Meeting of Shareholders;

Board of Directors.

The executive bodies of the Issuer:

Management Board, the collective executive body;

Chairman of the Management Board, the sole executive body;

The competence of the General Meeting of Shareholders is specified in Article 10 of the Issuer's Charter:

"10.2. The General Meeting of Shareholders shall have the competence to:

- Amend the Charter or approve a restated version of the Charter;
- Reorganize the Company;
- Liquidate the Company, appoint the Liquidation Commission, and approve interim and final liquidation balance sheets;
- Determine the number, par value, category (class) of authorized shares and rights that these shares bestow;
- Increase the Company's authorized capital by raising the par value of shares or by placing additional shares as specified in the Federal Law On Joint-Stock Companies;
- Decrease the Company's authorized capital by reducing the par value of shares, acquiring by the Company of a part of the shares in order to reduce their total number, and by way of redeeming the shares acquired or bought out by the Company;
- Split and consolidate shares in the Company;
- Pass a resolution on placement by the Company of bonds convertible into shares and other investment securities convertible into shares;
- Elect members of the Company's Board of Directors and terminate their powers;
- Elect members of the Company's Internal Audit Commission and terminate their powers;
- Approve the Company's Auditor;
- Approve annual reports, annual financial statements, including income statement (profit and loss accounts) of the Company, as well as distribute profits (including pay (declare) dividends, with the exception of profits distributed as dividends for the first three, six or nine months of the financial year) and losses incurred by the Company in the financial year;
- Pay (declare) dividends for the first three, six or nine months of the financial year;
- Take decisions to approve material transactions as provided for by Article 79 of the Federal Law on Joint-Stock Companies;
- Take decisions to approve transactions as provided for by Article 83 of the Federal Law on Joint-Stock Companies;
- Take decisions to participate in financial-industrial groups, associations and other groups of commercial organizations;
- Approve internal documents governing the activities of the Company's management and supervisory bodies;
- Pass resolutions on payment of remuneration and/or compensation to the Internal Audit Commission's members;
- Pass resolutions on payment of remuneration and/or compensation to the Board of Directors;
- Adopt decisions on application for delisting of the Company's shares and/or equity securities of the Company converted into its shares;
- Resolve other matters as provided for by the Federal Law on Joint-Stock Companies.

10.3. Matters falling under the competence of the General Meeting of Shareholders may not be transferred to the Board of Directors, Management Board or Chairman of the Management Board of the Company.

The General Meeting of Shareholders may not discuss and decide on any issues outside its competence under the Federal Law On Joint Stock Companies.

The competence of the Board of Directors is specified in Article 12 of the Issuer's Charter:

"12.1. The Board of Directors shall exercise general management of the Company's activities, except for the matters falling under the competence of the General Meeting of Shareholders by the Federal Law On Joint Stock Companies and the Charter.

Competence of the Board of Directors shall include the following issues:

- 1) Determine priority areas of the Company's activities and approve long-term development programs of the Company (including the Company's investment program);
- 2) Convene annual and extraordinary General Meetings of Shareholders, and pass resolutions on issues related to the calling, preparing, and holding General Meetings of Shareholders;
- 3) Place the Company's bonds and other equity securities, unless otherwise provided for by the Federal Law On Joint-Stock Companies and by this Charter;
- 4) Approve decisions on the issue of securities, prospectuses of securities, reports on acquisition of shares from the Company's shareholders, reports on redemption of shares, reports on the results of requests by the Company's shareholders concerning buyout of shares held by them;
- 5) Determine the price (money value) of property, the price of placement or the procedure for determining the price of equity securities placement, and the price of repurchase of the Company's equity securities, as provided for by the Federal Law On Joint-Stock Companies, and when resolving the issues stated in Subclauses 7, 20, and 21 of Clause 12.1 of this Charter;
- 6) Acquire shares, bonds, and other securities issued by the Company, as provided for by the Federal Law On Joint-Stock Companies;
- 7) Dispose of (sell) the Company's shares acquired by the Company as a result of purchase or buyout of shares from the Company's shareholders or otherwise in accordance with laws and regulations of the Russian Federation;
- 8) Determine the number of members in the Company's Management Board, elect the Management Board's members, determine remuneration and compensation payable to them, terminate their powers, including passing a decision on termination of their contracts;
- 9) Elect the Chairman of the Management Board and terminate his/her powers, including passing a decision terminating his/her labor contract, apply disciplinary penalties and incentives to the Chairman of the Management Board in accordance with labor laws of the Russian Federation, pass decisions on nominating the Chairman of the Management Board for national and industry awards;
- 10) Authorize the Chairman of the Management Board and members of the Management Board holding posts in management bodies of other companies, as well as other paid positions in other companies;
- 11) Elect the Chairman and Deputy Chairman of the Board of Directors and terminate their powers;
- 12) Form committees of the Company's Board of Directors, elect members of the Board of Directors' committees, and approve regulations for the committees of the Company's Board of Directors;
- 13) Elect the Corporate Secretary of the Company and terminate his/her powers;
- 14) Approve (adjust) the Company's key performance indicators, business plan of the Company, and review reports on their implementation;
- 15) Determine remuneration payable to the Auditor;
- 16) Give recommendations to the General Meeting of Shareholders on the size of dividends on shares and the procedure for dividend payment;
- 17) Approve internal documents of the Company establishing the procedure for formation and use of the Company's funds, and pass decisions on the use of the Company's funds;
- 18) Approve internal documents of the Company, other than internal documents to be approved by the General Meeting of Shareholders or relegated to the executive bodies of the Company, and approve internal documents drafted for the purpose of compliance with the requirements of laws and regulations of the Russian Federation and securities market organizer's regulations for issuers whose shares are traded on the stock market;
- 19) Establish affiliates and open representative offices of the Company, liquidate them, make amendments to the Company's Charter concerning establishment of affiliates and opening of representative offices (including changes in names and locations of affiliates and representative offices of the Company) and their liquidation;
- 20) Adopt resolutions on participation and termination of participation of the Company in other companies (except for the companies specified in Subclause 16, Clause 10.2, Article 10 of the Charter);
- 21) Give prior approval of decisions on the Company's entering into:
  - a) Transactions with non-current assets of the Company in excess of ten (10) per cent of the balance sheet value of such assets of the Company as at the date of the decision to enter into such transaction;
  - b) Transactions (several associated transactions) involving disposal or potential disposal of the Company's property making fixed assets, intangible assets, and construction in progress in cases (amounts) and in a manner subject to individual resolutions to be passed by the Company's Board of Directors;
  - c) Transactions with shares and interest of companies, where the Company has a share, in cases (amounts) and in a manner specified by the Company's Board of Directors, or in other cases when the procedure for making such decisions by the Company's Board of Directors is not established.

22) Determine the Company's lending policy insofar as issue of loans by the Company, entering into credit agreements and loan agreements, issue of guarantees, assumption of liabilities under a bill (issue of promissory notes or bills of exchange), and pass decisions on the Company's effecting the said transactions, where the procedure for making decisions thereon is not defined in the lending policy of the Company, and pass decisions in accordance with the accepted lending policy;

23) Take decisions on the Company's transactions associated with transferring the Company's property without compensation or property right (claims) to itself or to third parties; transactions associated with release from property obligation before itself or before third parties; transactions associated with rendering services (performing works) by the Company to third parties without compensation, in cases (amounts) determined by separate decision of the Board of Directors;

24) Approve major transactions as specified in Chapter X of the Federal Law On Joint-Stock Companies;

25) Approve transactions as specified in Chapter XI of the Federal Law On Joint-Stock Companies;

26) Approve the Company's registrar and terms and conditions of its contract; terminate contract with the registrar;

27) Approve the procedure for cooperation of the Company with business companies, where the Company has shares and interest;

28) Define the attitude of the Company (representatives of the Company), including instructions to participate or not to participate in voting on items on the agenda, vote for or against or abstain from voting with respect to the following items on the agenda of the management bodies of subsidiaries and affiliates (hereinafter referred to as the S&A):

a) Concerning reorganization or liquidation of an S&A;

b) Concerning determination of the quantity, nominal value, and category (class) of the declared shares of S&A and the rights provided by the said shares;

c) Concerning increase in the authorized capital of S&A through increase in the par value of shares or placement of additional shares;

d) Concerning placement of S&A securities convertible into equity shares;

e) Concerning splitting or consolidation of S&A shares;

f) Concerning acquisition by S&A of shares (interest in the authorized capital) of other business companies, including in case of incorporation of companies, if the price of such transaction is 15 per cent and more of the book value of S&A's assets, determined based on S&A's financial statements as at the last reporting date;

g) Concerning approval of major transactions to be entered into by S&A;

h) Concerning entering into transactions by S&A (including several associated transactions) that involve disposal or potential disposal of the S&A's property comprising fixed assets, intangible assets, and construction in progress designated for production, transmission, dispatching, and distribution of electricity and heat in cases (amounts) determined by the procedure for cooperation between the Company and companies, in which the Company is a member, subject to approval by the Company's Board of Directors;

i) Concerning transactions made by S&A for disposal, pledge or other encumbrance (by making one or more related transactions) of shares and interest of secondary subsidiaries and affiliates producing, transferring, dispatching, distributing, and selling electric and heat power, regardless of the amount of shares (interest in the authorized capital) held by such companies.

29) Determine the policy of the Company in terms of insurance coverage for the Company and approve the Insurer for the Company;

30) Define the procurement policy of the Company, including the Regulations for the Procedure for the Regular Procurement of Goods, Works, and Services, and take decisions in accordance with the approved Regulations;

31) Approve the procedure for the selection of the appraisers and/or candidate appraiser(s) to assess the value of shares, property, and other assets of the Company as provided for by the Federal Law On Joint-Stock Companies, this Charter, and individual resolutions of the Company's Board of Directors;

32) Examine the Company' corporate structure;

33) Approve the collective agreement;

34) Increase the Company's authorized capital through placement of additional shares within the number of authorized shares, taking into account limitations established by the Federal Law On Joint-Stock Companies and this Charter;

35) Make a decision on filing an application for listing of the Company's shares and/or the Company's equity securities convertible into its shares in cases set forth in the Federal Law On Joint-Stock Companies and other regulations of the Russian Federation;

36) Take decisions on other matters included in the competence of the Board of Directors by the Federal Law On Joint-Stock Companies and this Charter.

12.2. Matters falling under the competence of the Company's Board of Directors may not be transferred to the Chairman of the Management Board and the Management Board.



The Issuer's executive bodies:

Under Clause 17.1, Article 17 of the Issuer's Charter, the control over the Company's current activities shall be undertaken by the sole executive body, the Company's Chairman of the Management Board, and the collective executive body, the Company's Management Board.

The competence of the Issuer's Management Board is specified in Article 18 of the Issuer's Charter:

"18.2. The Management Board of the Company shall be competent to:

- Develop and submit to the Board of Directors of priority areas of the Company's activities and long-term implementation plans;
- Prepare reports on the implementation of decisions passed by the General Meeting of Shareholders and the Company's Board of Directors;
- Submit to the Company's Board of Directors reports on reaching basic performance indicators by the Company and implementation of the Company's business plan;
- Approve (adjust) the Company's budget;
- Define the attitude of the Company (representatives of the Company), including instructions to participate or not to participate in voting on items on the agenda, vote for or against or abstain from voting with respect to the items on the agenda of the management bodies of subsidiaries and affiliates (hereinafter referred to as the S&A):
  - a) Concerning approval (adjustment) of the key performance indicators (KPI) of S&A and consideration of reports on their fulfillment;
  - b) Concerning participation of S&A in other entities (joining an existing entity or establishing a new one), and acquisition, disposal or encumbering of shares and interests in the authorized capital of entities, in which S&A participates, changing of interests in the authorized capital of the relevant entity, except for issues attributed to exclusive competence of the Company's Board of Directors;
  - c) Concerning determination of the attitude of S&A representatives on items on the agenda of management bodies of S&A's subsidiaries and affiliates with respect to entering into (approval of) transactions (including several associated transactions) involving disposal or potential disposal of property comprising fixed assets, intangible assets, or construction in progress designated for production, transmission, dispatching, and distribution of electricity and heat;
  - d) Concerning determination of the attitude of S&A representatives on items on the agenda of management bodies of S&A's subsidiaries and affiliates engaged in production, transmission, dispatching, distribution, and sale of electricity and heat, relating to reorganization, liquidation, increase of the authorized capital through an increase in the par value of shares, placement of additional shares or issue of securities convertible into equity shares;
    - Nominate persons by the Company to be elected to the sole executive bodies, other management bodies, control bodies, and nominate the auditor for organizations, in which the Company participates;
    - Pass decisions on matters relegated to the competence of the supreme management bodies of business companies, in which one hundred (100) per cent of the authorized capital is held by the Company;
    - Pass decisions on other issues of management of the Company's day-to-day operations pursuant to resolutions of the General Meeting of Shareholders and the Board of Directors, and issues referred to the Management Board by the Chairman of the Management Board."

The competence of the Issuer's Chairman of the Management Board is specified in Article 19 of the Issuer's Charter:

"19.1. All matters related to the management of the Company's day-to-day operations, except for any issues falling within the competence of the General Meeting of Shareholders, the Board of Directors, or the Management Board of the Company, shall be delegated to the competence of the Chairman of the Management Board.

The Chairman of the Management Board shall act on behalf of the Company without a power of attorney, including as follows:

- Enter into transactions on behalf of the Company, issue powers of attorney, and open the Company's settlement and other accounts with banks;
- Dispose of the Company's property at its discretion subject to restrictions stipulated by the effective laws and regulations and the Company's Charter;
- Hire and dismiss employees of the Company, and apply incentives and disciplinary penalties to them;
- Organize the work of the Company's Management Board and chair its meetings;
- Submit proposals to appoint or dismiss members of the Management Board for approval by the Board of Directors;
  - Approve personnel arrangements and salaries of the Company's employees;
  - Distribute duties among the deputies of the Chairman of the Management Board;
  - Provide for implementation of the Company's action plans necessary to reach its objectives;
  - Approve regulations for the Company's branches and representative offices, and appoint directors of the Company's branches and representative offices;
  - Make arrangements for keeping the Company's records and accounts;

- Issue orders, approve directives and other internal documents of the Company related to matters falling under the competence of the Chairman of the Management Board, and give instructions binding upon all employees of the Company;

- Address other matters in the day-to-day operations of the Company with the exception of issues falling under the competence of the General Meeting of Shareholders, the Board of Directors, and the Management Board of the Company."

**Information on the Issuer's Code of Corporate Governance (Management) or other similar document.**

The Code of Corporate Governance of Joint Stock Company RusHydro is approved by the Issuer's Board of Directors (Minutes No. 94 dated April 02, 2010).

**Information on changes in the Issuer's Charter as well as internal documents governing activities of its management bodies for the last reporting period:**

There were no changes in the Charter and internal documents governing activities of JSC RusHydro management bodies for the reporting period.

## 5.2. Information on Members of the Issuer's Management Entities

### 5.2.1. Composition of the Board of Directors (Supervisory Board) of the Issuer

Full name: *Boris Ilyich Ayuev*

Born in: *1957*

Education: *Higher education, Ural Polytechnic Institute, major — Electric Power Plants, graduation year: 1979*

Positions held by this person in the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2002	present	JSC SO UPS	Member of the Management Board
2004	present	JSC SO UPS	Chairman of the Management Board, Member of the Board of Directors
2004	2013	JSC FGC UES	Member of the Board of Directors
2005	2011	CJSC Energy Forecasting Agency	Member of the Board of Directors
2008	2013	JSC ATS	Member of the Board of Directors
2008	2013	JSC FSC	Member of the Board of Directors
2009	present	NP RNC CIGRE	Chairman
2009	2010	Joint-Stock Company United Energy System (JSC UES) GruzRosenergo	Member of the Supervisory Board
2012	present	JSC RusHydro	Member of the Board of Directors
2013	present	JSC Russian Grids	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: *0.008024*

Share of the Issuer's equity shares held by the person, %: *0.008024*

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

Full corporate name: **Joint-Stock Company RAO Energy System of East**

INN: **2801133630**

OGRN: **1087760000052**

Share of the person in the authorized capital of the company, %: **0.019754**

Share of the company's equity shares held by the person, %: **0.020699**

Full corporate name: **JSC INTER RAO UES**

INN: **2320109650**

OGRN: **1022302933630**

Share of the person in the authorized capital of the company, %: **0.002**

Share of the company's equity shares held by the person, %: **0.002**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic infringements, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: **Dr. Christian Andreas Berndt**

Born in: **1956**

Education: **Higher education, V.V. Kuybyshev Order of the Red Banner of Labor Moscow Institute of Civil Engineering, Civil Engineer, graduation year: 1981, Ph.D. in Technical Sciences, graduation year: 1985.**

Positions held by this person in the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2005	2012	LLC EnergoFikhtner	CEO
2012	present	LLC EF-TEK	CEO
2013	present	JSC RusHydro	Member of the Board of Directors
2013	present	JSC TEK Mosenergo	Deputy CEO for Strategic Development

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: **none**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions on the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic infringements, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the

bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

*The person has not held such positions*

Full name: **Andrey Evgenyevich Bugrov**

Born in: **1952**

Education: **Higher education, Moscow State Institute for International Relations, major — International Economic Relations, graduation year: 1974, Ph.D. in Economics, graduation year: 1977.**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2002	2009	Joint-Stock Commercial Bank Rosbank (Joint-Stock Company)	Member of the Board of Directors
2002	2011	Joint-Stock Company Mining and Metallurgical Company Norilsk Nickel	Member of the Board of Directors
2002	present	Non-Governmental Public Association Council for Foreign and Defense Policies	Member of the Board of Directors
2004	2008	Russian Joint-Stock Company of Power and Electrification Unified Energy System of Russia	Member of the Board of Directors
2004	2010	Closed Joint-Stock Company INTERROS Holding Company	Managing Director
2006	2010	LLC Altpoint Capital Partners	Member of the Board of Directors
2006	present	Russian Union of Industrialists and Entrepreneurs	Member of the Management Board
2007	2008	Joint-Stock Company Territorial Generating Company No. 1	Member of the Board of Directors
2007	2008	Joint-Stock Company Third Power Generating Company on the Wholesale Energy Market	Chairman of the Board of Directors
2007	2008	Advanced Metallurgical Group N.V.	Member of the Board of Directors
2007	2008	Limited Liability Company Prof-Media Management	Member of the Board of Directors
2007	2009	Autonomous Non-Commercial Organization Sustainable Energy Development Centre	Member of the Board of Governors
2007	2011	Fund Bureau of Economic Analysis	Chairman of the Management Board
2008	2010	Closed Joint-Stock Company INTERROS Holding Company	Member of the Board of Directors
2008	2011	Limited Liability Company Prof-Media Management	Chairman of the Board of Directors
2010	2013	Closed Joint-Stock Company INTERROS Holding Company	Member of the Management Board, Deputy CEO
2011	2013	Joint-Stock Company Mining and Metallurgical Company Norilsk Nickel	Chairman of the Board of Directors
2013	2013	Russian Union of Industrialists and Entrepreneurs	Vice-President
2013	present	Joint-Stock Company Mining and Metallurgical Company Norilsk Nickel	Deputy Chairman of the Board of Directors, Deputy CEO, Member of the Management Board

2013	present	Closed Joint-Stock Company INTERROS Holding Company	Vice-President
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Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Maksim Sergeevich Bystrov***

Born in: ***1964***

Education: ***Higher education, Moscow Institute of Civil Engineering named after V.V. Kuybyshev, Hydraulic Engineering of River Installations and Hydro Power Plants, graduation year: 1986; Russian Academy for Foreign Trade, Global Economics, graduation year: 1998.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2009	LLC En+ Management	State Authorities Interaction Director
2009	2010	Government of the Russian Federation	Deputy Director of the Industry and Infrastructure Department
2010	2013	Administration of the President of the Russian Federation	Deputy Plenipotentiary of the President of the Russian Federation in North Caucasian Federal District
2012	present	LLC Managing Company Airport Mineralnye Vody	Chairman of the Board of Directors
2013	present	JSC Northern Caucasus Resorts	Chairman of the Board of Directors
2013	present	JSC RusHydro	member of the Board of Directors
2013	present	NP Market Council	Acting Chairman of the Management Board
2013	present	JSC ATS	Chairman of the Management Board

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates:

**none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Viktor Ivanovich Danilov-Daniliyan***

Born in: ***1938***

Education: ***Higher education, M. V. Lomonosov Moscow State University, Mechanical Mathematical Department, graduation year: 1960, Doctor of Economics, Professor, Corresponding Member of the Russian Academy of Sciences***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2003	present	Federal State Budgetary Institution of Sciences Institute for Water Problems of the Russian Academy of Sciences	Director, Chairman of the Academic Council
2005	present	Sustainable Development Fund	Chairman of the Board of Directors
2005	present	Peoples' Friendship University of Russia	Head of the Ecology and Water Resources Management Department, member of the Academic Council
2007	present	Publishing House Entsiklopediya	Editor-in-Chief
2009	present	M.V. Lomonosov Moscow State University	Head of the Natural Resources Management Department of the State Management Faculty, member of the Academic Council
2011	present	JSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none.**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the

bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

*The person has not held such positions*

Full name: *Evgeniy Vyacheslavovich Dod*

Born in: *1973*

Education: *Higher education, Moscow Aeronautical Institute (State Technical University), major — economics and management in machine building, graduation year: 1995*

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2000	2008	CJSC INTER RAO UES	CEO
2008	2012	JSC INTER RAO UES	Chairman of the Management Board, Member of the Board of Directors
2008	present	All-Russia Association of Employers Russian Union of Industrialists and Entrepreneurs	Member of the Management Board
2008	present	LLC Russian Union of Industrialists and Entrepreneurs	Member of the Management Board
2009	2012	JSC Irkutskenergo	Member of the Board of Directors
2009	present	JSC RusHydro	Chairman of the Management Board
2010	present	JSC RusHydro	Member of the Board of Directors
2009	2010	JSC SO UPS	Member of the Board of Directors
2011	present		
2010	present	JSC RusHydro	Member of the Board of Directors
2010	2011	JSC FSC	Member of the Board of Directors
2010	2013	JSC Russian Regional Development Bank	Member of the Supervisory Board
2010	present	NP Hydraulic Power of Russia	Member of the Supervisory Board
2011	2013	JSC ATS	Member of the Board of Directors
2011	present	ANO International Sustainable Energy Development Centre	Member of the Board of Governors
2011	present	JSC RAO Energy System of East	Chairman of the Board of Directors
2012	present	RNC WEC	Member of the Presidium
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians and of the Board of the Fund

Share of the person in the authorized capital of the Issuer, %: **0.118435**

Share of the Issuer's equity shares held by the person, %: **0.118435**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Viktor Mikhaylovich Zimin***

Born in: ***1962***

Education: ***Higher education, Tomsk State Architectural and Construction University, major — Cars and Vehicle Fleet, Engineer, graduation year: 2007***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2007	2009	State Duma of the Federal Assembly of the Russian Federation	Member of the Committee on Agrarian Issues of the State Duma, Deputy of the Fifth Convocation of the State Duma of the Federal Assembly of the Russian Federation
2009	present	Government of the Republic of Khakassia	Chairman of the Government of the Republic of Khakassia, Head of the Republic of Khakassia — Chairman of the Government of the Republic of Khakassia
2010	present	JSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: **none**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none.**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Sergey Nikolaevich Ivanov***



Born in: **1961**

Education: **Higher education, Moscow Engineering and Physics Institute, Theoretical Nuclear Physics, graduation year: 1984, Doctor of Economics: 2007, Professor: 2010, Corresponding Member of the Russian Academy of Sciences: 1999.**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
1992	present	JSC ERKO	Member of the Board of Directors
2008	2010	JSC FGC UES	First Deputy Chairman of the Management Board
2009	present	ANO National Institute of Energy Security	Chairman of the Presidium
2010	present	JSC ERKO	Acting CEO, CEO
2011	present	JSC Corporation Nechernozemagropromstroy	Chairman of the Board of Directors
2012	present	JSC Corporation Nechernozemagropromstroy	CEO of the Management Company
2012	2013	CJSC Sbercred Bank	Member of the Board of Directors
2012	present	JSC Exhibition Pavilion Electrification	Member of the Board of Directors
2012	present	CJSC Investment Scientific and Production Company Russian Energy Technologies	Chairman of the Board of Directors
2012	present	LLC LENSENT	CEO of the Managing Company
2012	present	LLC Strakhovoy Aspekt	CEO of the Managing Company
2012	present	JSC SVENT	CEO of the Managing Company
2013	present	JSC RusHydro	Member of the Board of Directors
2013	present	LLC Lisiteya	CEO of the Managing Company
2013	present	LLC Pacife	CEO of the Managing Company
2013	present	LLC Metida	CEO of the Managing Company
2013	present	LLC Amalteya	CEO of the Managing Company
2013	present	LLC Oberon	CEO of the Managing Company

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none.**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations,

or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Denis Stanislavovich Morozov***

Born in: ***1973***

Education: ***Higher education, M.V. Lomonosov Moscow State University: Political Economics, graduation year: 1993; Legal Science, graduation year: 1996.***

***Swiss Banking School, graduation year: 2000.***

***Postgraduate school of the Moscow State Institute of International Relations of the Ministry of Foreign Affairs of the Russian Federation, International Economic Relations, Ph.D. in Economics, graduation year: 2000.***

***Harvard Business School, advanced management training, graduation year: 2009.***

***International Relations and Government Management School of Columbia University, Master of Sciences in Government Management, economic policy management program, graduation year: 2011.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2009	2010	Ltd. United Grain Company	Member of the Board of Directors
2010	2010	JSC Uralkaly	President, CEO, member of the Board of Directors
2010	2010	CJSC Belarusian Potash Company	Member of the Board of Directors
2011	present	European Bank for Reconstruction and Development	Representative of the Russian Federation in the Board of Directors, Managing Director from Russia, Belarus, and Tadzhikistan
2011	present	JSC Russian Agency for Export Credit and Investment Insurance (JSC EKSAR)	Member of the Board of Directors
2012	present	JSC ALROSA (JSC)	Member of the Board of Directors
2013	present	JSC Russian Grids	Member of the Board of Directors
2013	present	JSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: **none**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Vyacheslav Viktorovich Pivovarov***

Born in: ***1972***

Education: ***Higher education, Sergo Ordzhonikidze State Management Academy, graduation year: 1995; American University in Paris, Applied Economics, graduation year: 1995; Stanford School of Business, MBA, graduation year: 2002.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2009	2011	Ministry for Economic Development of the Russian Federation	Freelance counsel to the Minister
2011	present	Altera Capital LLC	CEO
2012	2013	JSC Kvadra	Member of the Board of Directors
2013	present	JSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none.**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Mikhail Igorevich Poluboyarinov***

Born in: ***1966***

Education: ***Higher education, Moscow Institute of Finance (Finance Academy under the Government of the Russian Federation), Credit and Economic Department, major — Economist, graduation year: 1988; extra-mural postgraduate school of the G.V. Plekhanov Academy of National Economy, PhD in Economics, graduation year: 1998***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2003	2009	JSC Aeroflot — Russian Airlines	Member of the Management Board, Deputy CEO for

			Finance and Planning
2005	2009	Moscow Insurance Company JSC	Chairman of the Board of Directors
2006	2010	JSC Terminal	Chairman of the Board of Directors
2009	present	State Corporation - Bank for Development and Foreign Economic Affairs (Vnesheconombank)	Member of the Management Board — First Deputy Chairman, Member of the Management Board — Deputy Chairman, Deputy Chairman, Director of the Infrastructure Department
2010	2011	Rostelecom JSC	Member of the Board of Directors
2010	present	JSC Northern Caucasus Resorts	Member of the Board of Directors
2011	2011	LLC VEB Engineering	Member of the Board of Directors
2011	present	JSC RusHydro	Member of the Board of Directors, Chairman of the Board of Directors
2012	present	CJSC Lider	Member of the Board of Directors
2012	present	JSC Sovkomflot	Member of the Board of Directors
2013	present	JSC Zarubezhneft	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Vladimir Mikhailovich Stolyarenko***

Born in: ***1961***

Education: ***Higher education, Leningrad Financial and Economic Institute, Finance and Credit, graduation year: 1983; Moscow State Law Academy, Legal Studies, graduation year: 2002; Law School of Harvard University (USA), post-doctoral, graduation year: 2002; London Business School and Business School of Columbia University, EMBA Global, graduation year: 2008.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2003	2012	JSC JOINT-STOCK COMMERCIAL BANK EVROFINANCE MOSNARBANK	President — Chairman of the Management Board
2006	present	National Research University Higher School of Economics	Professor of the department "Theory and practice of interaction between business and authorities"
2006	present	Board of Association of Russian Banks	Member of the Board of Directors
2006	present	Board of Guardians of St. Petersburg Economics and Finance University	Member of the Board of Guardians
2008	present	Board of Guardians of Diplomatic Academy of the Ministry of Foreign Affairs of the Russian Federation	Member of the Board of Guardians
2009	present	Non-Commercial Partnership Club of Harvard University Graduates (Moscow)	Member of the Supervisory Board
2010	present	Board of Guardians of the Banking Law Institute of Moscow State Law Academy named after O.E. Kutafin	Member of the Board of Guardians
2010	present	Public Council under the Federal Security Service of the Russian Federation	Member of the Council
2012	2013	JSC Zarubezhneft	Member of the Board of Directors, member of the HR and Remuneration Committee under the Board of Directors
2012	present	JSC JOINT-STOCK COMMERCIAL BANK EVROFINANCE MOSNARBANK	Chairman of the Supervisory Board
2013	present	JSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Sergey Vladimirovich Shishin***

Born in: ***1963***

Education: ***Higher education, Higher Border Guards Academy of the Committee for State Security of the USSR, graduation year: 1984; Institution of Higher Education of the Committee for State Security of the USSR, graduation year: 1990; Russian Academy of Public Administration under the President of the Russian Federation, State and Municipal Management, graduation year — 1999***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2007	present	VTB Bank JSC	Senior Vice-President
2011	2013	JSC Rosneft Oil Company	Deputy Chairman of the Board of Directors
2011	present	JSC RusHydro	Member of the Board of Directors
2011	present	JSC Russian Regional Development Bank	Member of the Supervisory Board

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: none

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

## 5.2.2. Information on the Issuer's Sole Executive Body

Full name: ***Evgeniy Vyacheslavovich Dod***

Born in: ***1973***

Education: ***Higher education, Moscow Aeronautical Institute (State Technical University), major — economics and management in machine building, graduation year: 1995***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2000	2008	CJSC INTER RAO UES	CEO
2008	2012	JSC INTER RAO UES	Chairman of the Management Board, Member of the Board of Directors
2008	present	All-Russia Association of Employers Russian Union of Industrialists and Entrepreneurs	Member of the Management Board
2008	present	LLC Russian Union of Industrialists and Entrepreneurs	Member of the Management Board
2009	2012	JSC Irkutskenergo	Member of the Board of Directors
2009	present	JSC RusHydro	Chairman of the Management

			Board
2010	present	JSC RusHydro	Member of the Board of Directors
2009	2010	JSC SO UPS	Member of the Board of Directors
2011	present		
2010	present	JSC RusHydro	Member of the Board of Directors
2010	2011	JSC FSC	Member of the Board of Directors
2010	2013	JSC Russian Regional Development Bank	Member of the Supervisory Board
2010	present	NP Hydraulic Power of Russia	Member of the Supervisory Board
2011	2013	JSC ATS	Member of the Board of Directors
2011	present	ANO International Sustainable Energy Development Centre	Member of the Board of Governors
2011	present	JSC RAO Energy System of East	Chairman of the Board of Directors
2012	present	RNC WEC	Member of the Presidium
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians and of the Board of the Fund

Share of the person in the authorized capital of the Issuer, %: **0.118435**

Share of the Issuer's equity shares held by the person, %: **0.118435**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

### 5.2.3. Composition of the Issuer's Collective Executive Body

Full name: ***Evgeniy Vyacheslavovich Dod***

Born in: ***1973***

Education: ***Higher education, Moscow Aeronautical Institute (State Technical University), major — economics and management in machine building, graduation year: 1995***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2000	2008	CJSC INTER RAO UES	CEO
2008	2012	JSC INTER RAO UES	Chairman of the Management Board, Member of the Board of

			Directors
2008	present	All-Russia Association of Employers Russian Union of Industrialists and Entrepreneurs	Member of the Management Board
2008	present	LLC Russian Union of Industrialists and Entrepreneurs	Member of the Management Board
2009	2012	JSC Irkutskenergo	Member of the Board of Directors
November 2009	present	JSC RusHydro	Chairman of the Management Board
2010	present	JSC RusHydro	Member of the Board of Directors
2009	2010	JSC SO UPS	Member of the Board of Directors
2011	present		
June 2010	present	JSC RusHydro	Member of the Board of Directors
2010	2011	JSC FSC	Member of the Board of Directors
2010	2013	JSC Russian Regional Development Bank	Member of the Supervisory Board
2010	present	NP Hydraulic Power of Russia	Member of the Supervisory Board
2011	2013	JSC ATS	Member of the Board of Directors
2011	present	ANO International Sustainable Energy Development Centre	Member of the Board of Governors
2011	present	JSC RAO Energy System of East	Chairman of the Board of Directors
2012	present	RNC WEC	Member of the Presidium
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians and of the Board of the Fund

Share of the person in the authorized capital of the Issuer, %: **0.118435**

Share of the Issuer's equity shares held by the person, %: **0.118435**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Sergey Nikolaevich Abrashin***

Born in: ***1959***

Education: ***Higher education, major — Radiocommunication Engineer and Legal Studies***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in



chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2010	JSC Transnefteprodukt	Vice-President
2010	present	JSC RusHydro	Chairman's Advisor, Member of the Management Board
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians

Share of the person in the authorized capital of the Issuer, %: **0.002577**

Share of the Issuer's equity shares held by the person, %: **0.002577**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Rakhmetulla Shamshievich Alzhanov***

Born in: ***1950***

Education: ***Higher education, Novocherkassk Polytechnic Institute, major — Power Plants (Electrical Engineer), graduation year: 1972.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2005	2009	JSC Sangtudinskaya HPP-1	CEO
2009	present	JSC RusHydro	Member of the Management Board, Deputy Chairman of the Management Board — Chief Engineer, Deputy Chairman of the Management Board
2010	present	NP Board of Energetics Veterans	Member of the Supervisory Board
2010	present	NP Hydraulic Power of Russia	Member of the Supervisory Board
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians

Share of the person in the authorized capital of the Issuer, %: **0.000035**

Share of the Issuer's equity shares held by the person, %: **0.000035**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**  
 Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Konstantin Valeryevich Bessmertniy***

Born in: ***1973***

Education: ***Higher education, N.E. Bauman Moscow State Technical University, major — Automated Information Processing and Management Systems, qualification — Systems Engineer, graduation year: 1996;***

***SEI Academy of National Economy of the Russian Federation Government, major — Corporate Finance Management, qualification — Master of Business Administration, graduation year: 2008***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2000	2008	CJSC INTER RAO UES	Advisor, Financial Director
2008	2010	JSC INTER RAO UES	Advisor
2009	2010	CJSC Nizhnevartovskaya SDPP, Moscow branch	Director of the Moscow Branch
2010	present	JSC RusHydro	Financial Director, Member of the Management Board
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians

Share of the person in the authorized capital of the Issuer, %: ***0.009061***

Share of the Issuer's equity shares held by the person, %: ***0.009061***

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: none

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Boris Borisovich Bogush***

Born in: ***1952***

Education: ***Higher education, Saratov Polytechnic Institute, graduation year: 1975, Mechanic Engineer,***

**Academy of National Economy of the Russian Federation Government, graduation year: 2004**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2007	present	JSC RusHydro	Managing Director, Head of the Production Business Unit, Member of the Management Board — Chief Engineer
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians
2013	present	LLC VolgaHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, %: **0.004234**

Share of the Issuer's equity shares held by the person, %: **0.004234**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Sergey Modestovich Voskresenskiy***

Born in: ***1956***

Education: ***Higher education, All-Union Extra-Mural Polytechnic Institute of the Order of the Red Banner of Labor, major — Economics and Construction Management, Engineer-Economist, graduation year: 1984, Ph.D. in Economics: 1998***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2007	2014	JSC Lenhydroproject	CEO, member of the Board of Directors
2012	present	JSC RusHydro	Member of the Management Board
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians

Share of the person in the authorized capital of the Issuer: **none**

Share of the Issuer's equity shares held by the person: **none**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Yuriy Vasilyevich Gorbenko***

Born in: ***1958***

Education: ***Higher education, Krasnoyarsk Engineering and Building Institute, graduated in 1992; major — Industrial and Civil Construction, qualification: Building Engineer;***

***Academy of National Economy of the Russian Federation Government, program of professional retraining in Company Development Management, graduation year: 2004, Ph.D. in Economics***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
1998	2008	JSC Bureyskaya HPP	CEO
2007	2009	JSC MC HydroOGC	Head of the Far East Division
2007	present	JSC RusHydro	Managing Director, Member of the Management Board
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians

Share of the person in the authorized capital of the Issuer, %: ***0.005410***

Share of the Issuer's equity shares held by the person, %: ***0.005410***

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: ***none***.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: ***none***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Evgeniy Evgenyevich Gorev***

Born in: ***1975***

Education: ***Higher education, Law Department, M.V. Lomonosov Moscow State University, graduation year: 1998***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		

2006	2008	CJSC INTER RAO UES	Deputy Director for Corporate Development, Head of the Legal Department of the Corporate Centre
2008	2008	JSC INTER RAO UES, Moscow Branch	Deputy Head of the Corporate Centre — Director for Corporate Development
2008	2009	JSC INTER RAO UES	Deputy Head of the Corporate Centre, Director for Corporate Development
2009	present	JSC RusHydro	Member of the Management Board
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians

Share of the person in the authorized capital of the Issuer, %: **0.006472**

Share of the Issuer's equity shares held by the person, %: **0.006472**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Mikhail Alekseevich Mantrov***

Born in: ***1965***

Education: ***Higher education, Moscow Energy Institute (Technical University), major — Cybernetics of Electric Systems, qualification: Electrical Engineer; graduation year: 1988, Academy of National Economy of the Russian Federation Government, graduation year: 1996, major — Financial Management***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2000	2008	CJSC INTER RAO UES	Deputy CEO
2008	2009	JSC INTER RAO UES	Deputy Chairman of the Management Board, Head of the Corporate Centre
2009	present	JSC RusHydro	Member of the Management Board, Deputy Chairman of the Management Board
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians and of the Board of the Fund

Share of the person in the authorized capital of the Issuer, %: **0.024186**

Share of the Issuer's equity shares held by the person, %: **0.024186**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Vladimir Alekseevich Pekhtin***

Born in: ***1950***

Education: ***Higher education, M.I. Kalinin Order of Lenin Leningrad Polytechnic Institute, major — Hydraulic Engineering of River Installations and Hydro Power Plants, graduation year: 1974***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2007	2011	State Duma of the Federal Assembly of the Russian Federation	Deputy of the Fifth Convocation of the State Duma of the Federal Assembly of the Russian Federation, member of the Budget and Taxation Committee
2009	present	NP Hydraulic Power of Russia	Chairman of the Supervisory Board
2009	present	Russian National Committee on Large Dams	Chairman
2011	2013	State Duma of the Federal Assembly of the Russian Federation	Deputy of the Sixth Convocation of the State Duma of the Federal Assembly of the Russian Federation, Chairman of the Deputy Ethics Commission, member of the Federalism and Local Government Committee
2011	present	Non-commercial partnership "National association of self-regulatory organizations in sphere of energy inspection"	President
2013	present	JSC RusHydro	Member of the Management Board, Deputy Chairman of the Management Board

Share of the person in the authorized capital of the Issuer, %: **0.0000001**

Share of the Issuer's equity shares held by the person, %: **0.0000001**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***George Ilyich Rizhinashvili***

Born in: ***1981***

Education: ***Higher education, master course at M.V. Lomonosov Moscow State University, major — Economics, graduation year: 2004, Ph.D. in Economics: 2011***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2007	2008	CJSC INTER RAO UES	Head of the Strategy and Investment Department, Investment Director
2008	2009	JSC INTER RAO UES	Deputy Head of the Block, Strategy and Investment Director, Head of the Strategy and Investment Block, Member of the Management Board
2009	present	JSC RusHydro	Member of the Management Board, Deputy Chairman of the Management Board
2010	present	NP KONTs UES	Member of the Supervisory Board
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians

Share of the person in the authorized capital of the Issuer, %: ***0.014193***

Share of the Issuer's equity shares held by the person, %: ***0.014193***

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: ***none***.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: ***none***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Stanislav Valeryevich Savin***

Born in: ***1972***

Education: ***Higher education, Moscow State University of Railway Engineering (MSURE), major — Cars,***

**qualification — Mechanic Engineer, graduation year: 1997**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2007	2008	JSC INTER RAO UES	Head of the Central Asia and the Far East Markets Directorate, International Business Department
2008	2010	JSC INTER RAO UES	Deputy Director of the Geographical Division Central Asia — Far East Director of the Geographical Division Central Asia
2010	present	JSC RusHydro	Member of the Management Board
2010	present	NP Market Council	Member of the Supervisory Board of A List of House of Representatives of Electrical Power Sellers
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians

Share of the person in the authorized capital of the Issuer, %: **0.004283**

Share of the Issuer's equity shares held by the person, %: **0.004283**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Sergey Nikolaevich Tolstoguzov***

Born in: ***1964***

Education: ***Higher education, G.I. Nosov Magnitogorsk Mining and Smelting Institute, Mechanical Engineering faculty, major — Power Supply of Enterprises, Cities and Agriculture, qualification — Electrical Engineer, graduation year: 1992***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2011	JSC INTER RAO UES	Head of the Asset Management Block of JSC INTER RAO UES, Moscow branch, Head of the Asset Management Block



			of JSC INTER RAO UES, Member of the Management Board — Head of the Asset Management Block, Member of the Management Board — Head of the Production Activity Block, Member of the Management Board of the Management Committee Administration, Advisor to the Chairman of the Management Board
2011	2011	JSC Technopromexport	Deputy CEO
2011	present	JSC RAO Energy Systems of East	First Deputy CEO — Operations Director, Acting Director General, Director General, Chairman of the Management Board, Member of the Board of Directors
2013	present	JSC RusHydro	Member of the Management Board
2013	present	NP SEB of UES	Member of the Supervisory Board

Share of the person in the authorized capital of the Issuer, %: **0.000135**

Share of the Issuer's equity shares held by the person, %: **0.000135**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

Full corporate name: Open Joint-Stock Company RAO Energy Systems of the East

INN: **2801133630**

OGRN: **1087760000052**

Share of the person in the authorized capital of the company, %: **0.000220**

Share of the company's equity shares held by the person, %: **0.000231**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Sergey Petrovich Tsoy***

Born in: ***1957***

Education: ***Higher education, M.A. Suslov Rostov State University, Journalism Department, graduation year: 1982; Political Psychology Department, M.V. Lomonosov Moscow State University, graduation year: 2005, Ph.D.in Political Science***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		

2003	2010	Moscow City Government	Head of the Press Office of the Moscow Mayor and Government, spokesperson of the Moscow Mayor
2007	2010	JSC TV Center	Chairman of the Board of Directors
2010	present	JSC RusHydro	Member of the Management Board, Deputy Chairman of the Management Board
2013	present	Not-for-profit Charitable Fund Soprichastnost	Member of the Board of Guardians and of the Board of the Fund

Share of the person in the authorized capital of the Issuer, %: **0.002589**

Share of the Issuer's equity shares held by the person, %: **0.002589**

Number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**.

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: **none**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

### **5.3. Information on Remuneration, Benefits, and/or Compensation as to the Issuer's Management Entities**

Information on remuneration of each management entity (excluding the individual performing the functions of the Issuer's sole executive body). All types of remuneration, including salaries, bonuses, commission remuneration, benefits and/or compensation, as well as other types of remuneration:

#### **Board of Directors**

Unit of measure: **RUB**

Indicator	2013	2014, 3 months
Remuneration for participation in the management entities' activities	4,852,958.59	0
Salary	0	0
Bonuses	0	0
Commission	0	0
Perquisites	0	0
Compensation of expenses	0	0
Other types of remuneration	0	0
<b>TOTAL</b>	<b>4,852,958.59</b>	<b>0</b>

**Information on the correspondent agreements as to such payments during the current financial year:**

Remuneration is paid to the members of the Board of Directors pursuant to the Regulations "On Payment

of Remuneration to Members of the Board of Directors of RusHydro", approved by the annual General Meeting of Shareholders of JSC RusHydro (Minutes No. 5 dated June 30, 2010).

The Regulations with regard to remuneration shall not apply to the members of the Board of Directors being the sole executive body of the Company or a member of the Company's Management Board, as well as to members of the Company's Board of Directors holding state positions or positions in the state civil service.

To a Member of the Board of Directors of the Company:

- Remuneration is paid as a lump-sum after termination of powers of members of the Board of Directors (according to the results of work at the Board of Directors);

- Basic remuneration for every member of the Board of Directors amounts to RUB 900,000;

- Remuneration depends upon the number of meetings, in which the Board of Directors' member has participated;

- Remuneration is increased, if the member of the Board of Directors is the Chairman of the Board of Directors (by 30%), Chairman of the Board of Directors' committee (by 20%), or member of the Board of Directors' committee (by 10%).

Total remuneration, taking into account additional premiums, specified by the Regulations, shall not exceed one million (1,000,000) RUB.

[http://www.rushydro.ru/file/main/global/investors/disclosure/documents/Polozhenie\\_o\\_vyplate\\_chlenam\\_SD\\_Obschestva\\_voznagrazhdenij\\_-\\_2010.pdf](http://www.rushydro.ru/file/main/global/investors/disclosure/documents/Polozhenie_o_vyplate_chlenam_SD_Obschestva_voznagrazhdenij_-_2010.pdf)

#### **Management Board**

Unit of measure: **RUB**

Indicator	2013	2014, 3 months
Remuneration for participation in the management entities' activities	0	0
Salary	111,936,811.92	25,939,555.64
Bonuses	500,324,406.00	0
Commission	0	0
Perquisites	0	0
Compensation of expenses	0	0
Other types of remuneration	0	0
<b>TOTAL</b>	<b>612,261,217.92</b>	<b>25,939,555.64</b>

#### **Information on the correspondent agreements as to such payments during the current financial year:**

Remuneration and compensation are paid to the members of the Management Board of the Issuer subject to the conditions of labor agreements and Regulations "On Payment of Remuneration and Compensation to Members of the Management Board of JSC RusHydro", approved by the resolution of the Company's Board of Directors dated November 16, 2010 (Minutes No. 111 dated November 19, 2010).

During the current financial year, the Issuer has concluded no additional agreements with the members of the Management Board as to payment of remuneration or other financial rewards and incentives.

### **5.4. Information on Structure and Terms of Reference of the Issuer's Bodies, Monitoring Financial and Economic Activities**

Full description of the structure of the Issuer's bodies monitoring financial and economic activities and their terms of reference pursuant to the Issuer's Charter (constituent documents) and internal documents:

In accordance with Clause 20.1 of Article 20 of the Company's Charter, the General Meeting of Shareholders shall elect the Internal Audit Commission of the Company annually in order to control financial and economic activities of the Company.

The Internal Audit Commission of the Company is elected at the General Meeting of Shareholders of the Company on an annual basis in the amount of five (5) persons. The Internal Audit Commission of the Company takes decisions by a majority vote of its members.

The Internal Audit Commission of the Company acts within its terms of reference established by the Federal Law "On Joint-Stock Companies", Charter of the Company, as well as Regulations "On the Internal Audit Commission of Joint-Stock Company Federal Hydrogeneration Company", approved by the decision of the Management Board of JSC RAO UES of Russia, acting as the General Meeting of Shareholders of the Company (Minutes No. 1187pr/3 dated April 06, 2005)

The Company's Internal Audit Commission shall be empowered to:

1) Confirm the reliability of information contained in the annual report, balance sheet, and the profit and loss account of the Company;

2) Analyze the financial condition of the Company, identify existing reserves for improving the financial condition of the Company, and develop recommendations for the management entities of the Company;

3) Organize and conduct audits of the financial and economic activities of the Company, in particular:

- Audits of financial, accounting, payment-and-settlement and other documents of the Company related to its financial and economic activities in respect of its compliance with the laws of the Russian Federation, Charter and internal documents of the Company;

- Control over the preservation and use of fixed assets;

- Control over compliance with the established procedure for charging insolvent debtors' liabilities to the losses of the Company;

- Control over the Company's expenditures in accordance with the approved financial documents of the Company;

- Control over formation and use of the reserve fund and other specialized funds of the Company;

- Checking if dividends on the Company's shares, interest on bonds, and return on other securities are correctly and timely calculated and paid;

- Checking if earlier prescriptions to remedy violations or defects revealed by previous audits have been satisfied;

- Other actions (measures) related to the audits of financial and economic activities of the Company.

In accordance with Clause 20.9. of Article 20 of the Company's Charter, the auditor shall audit the Company's financial and economic activities in accordance with the legislation of the Russian Federation and pursuant to an agreement entered into with it.

The General Meeting of Shareholders shall approve the Company's auditor with no financial interest in the Company or its shareholders on an annual basis. The remuneration for the auditor's services shall be determined by the Company's Board of Directors.

Information on the auditor of JSC RusHydro is given in Clause 1.3 of the Quarterly Report.

In accordance with Article 16 of the RusHydro Charter, committees of the Board of Directors are formed under the decision of the Board of Directors and created in order to examine issues within the terms of reference of the Board of Directors or examined by the Board of Directors in order to control activity of executive bodies

of the Company, and to develop necessary recommendations for the Board of Directors and executive bodies of the Company.

The Audit Committee under the Board of Directors of RusHydro was elected by the Board of Directors of RusHydro on July 15, 2013 (Minutes No. 184).

The Audit Committee acts on the basis of the Regulations "On the Audit Committee under the Board of Directors" (approved by the Board of Directors of RusHydro on July 25, 2012, Minutes No. 157).

The main objective of the Audit Committee is to ensure the effective work of the Board of Directors with respect to resolution of issues falling under its terms of reference, and ensuring direct control of the Board of Directors of the Company over financial and economic activities of the Company.

**Information on the Internal Audit Service (other than the Internal Audit Commission (Internal Auditor)), a body in charge of internal control over financial and economic activities of the Issuer, its composition and working period:**

**The Audit Committee under the Board of Directors of the Company** was elected by the Board of Directors of the Company on July 15, 2013 (Minutes No. 184).

The Audit Committee acts on the basis of the Regulations on the Audit Committee under the Board of Directors (approved by the Board of Directors of RusHydro on July 25, 2012, Minutes No. 157).

There are 3 members in the Audit Committee under the Company's Board of Directors. It operates since July 15, 2013.

**Internal Control and Risk Management Block**

The Block includes:

- Internal Audit Department;
- Internal Control Department;
- Risk Management Directorate.

As at March 31, 2014, the Internal Control and Risk Management Block included 28 persons.

The Internal Audit Service shall work 5 years at most.

Main functions of the Internal Audit Service (other than the Internal Audit Commission (Internal Auditor), its accountability and interaction with executive management entities of the Issuer and the Board of Directors (the Supervisory Board) of the Issuer:

**Main functions of the Internal Audit Service (other than the Internal Audit Commission (Internal Auditor)), its accountability and interaction with executive management entities of the Issuer and the Board of Directors (the Supervisory Board) of the Issuer:**

**Audit Committee under the Board of Directors of the Company**

The main objective of the Audit Committee is to ensure the effective work of the Board of Directors with respect to resolution of issues relegated to its competence, and ensuring direct control of the Board of Directors of the Company over financial and economic activities of the Company.

Accountability and interaction with executive management bodies of the Issuer:

The interaction procedure between the Audit Committee under the Company's Board of Directors and executive management bodies of the Issuer is specified in the Regulations on the Audit Committee under the Board of Directors of RusHydro (approved by decision of the Board of Directors of RusHydro No. 188 dated October 15, 2013).

URL to its full contents:

<http://www.rushydro.ru/corporate/committees/audit/>

**Internal Control and Risk Management Block**

Control over financial and economic activities in the Company is one of functions performed by the Internal Control and Risk Management Block.

The Head of the Internal Control and Risk Management Block is Irina Posevina, Director for Internal Control and Risk Management. The Director for Internal Control and Risk Management is administratively

directly subordinated to the Chairman of the Management Board and functionally to the Audit Committee.

The organizational structure and personnel of the Internal Control and Risk Management Block shall be approved by the Chairman of the Issuer's Management Board.

#### **Internal Audit Department**

In accordance with the Regulations "On the Internal Audit Department" (hereinafter referred to as the "Regulations") in force as of the end date of the reporting quarter, the key tasks and functions of the Internal Audit Service are as follows:

- Exercising control over compliance of the business and economic transactions entered into by the Company, the Company's branches or structural subdivisions with the Company's interests;
- Verification of the Company's bookkeeping and operation-related information submitted by subdivisions of the Company's management structure or the Company's branches;
- Arrangement of the Company's property audit;
- Evaluation and analysis of the Company's financial standing in the aggregate and that of the Company's branches or structural subdivisions according to the directions issued by the Chairman of the Company's Management Board;
- Exercising control over non arm's-length transactions and material transactions;
- Monitoring procedures for internal control over the Company's operation and analysis of the Company's internal control system efficiency;
- Development and introduction of methodologies for internal control system arrangement in the Company, the Company's branches and structural subdivisions;
- Identification, classification, and analysis of risks connected with financial and economic activities, drafting proposals on risk mitigation;
- Cooperating with the Company's Internal Audit Commission and outside auditors;
- Timely provision of information to the Chairman of the Company's Management Board on the detected deviations or violations in the Company's operation, and submitting proposals on rectification of deviations or elimination of violations in the Company's operations, detected as a result of audit and monitoring of violations and drawbacks, and provision of recommendations for enhancing management efficiency;
- Analysis and development of arrangements aimed at enhancing efficiency and productivity of the Company's financial and economic activities, assessment of applicability of the approved standards, regulations and techniques practiced in the Company;
- Exercising internal control in the Company's subsidiaries and affiliates (S&A) through the S&A Internal Audit Commissions;
- Arrangement of cooperation with the Accounts Chamber of the Russian Federation and other governmental agencies of financial control;
- Cooperating with the Audit Committee under the Company's Board of Directors;
- Control of compliance by the members of the Board of Directors, the Company's management entities, and other employees with norms of the effective legislation and special requirements provided for in the Company's internal documents in order to prevent a conflict of interests and constrain insider information abuse.

#### **Internal Control Department**

In accordance with the Regulations "On the Internal Control Department" in force as of the end date of the reporting quarter, the Internal Control Department ensures methodological support of internal control arrangement and management within the Company; evaluation of system effectiveness and internal control;

control of the Company's and S&A's operations concerning compliance with the laws and regulations of the Russian Federation, approved plans and interests of shareholders; making recommendations on system and internal control development; participation in projects on system and internal control development.

The Issuer approved [Regulations on the Company's Internal Audit Policy](#).

URL of its full contents: [http://www.rushydro.ru/corporate/regulations\\_and\\_docs/documents/other\\_doc/](http://www.rushydro.ru/corporate/regulations_and_docs/documents/other_doc/)

**Cooperation between the Internal Audit Service (other than the Internal Audit Commission (Internal Auditor)) and outside auditor of the Issuer:**

In accordance with the Regulations On Internal Audit Department, one of the main functions of the Internal Audit Service is cooperation with outside auditors of the Issuer.

The Internal Audit Department shall analyze results of the Issuer's audits, monitor development and accomplishment of events aimed at elimination of violations discovered during audits.

The Director for Internal Control and Risk Management monitors implementation of procedural guidelines of the Issuer's auditor.

The interaction procedure between the Audit Committee under the Company's Board of Directors and external auditor is specified in the Regulations on the Audit Committee under the Board of Directors of RusHydro (approved by decision of the Board of Directors of RusHydro No. 188 dated October 15, 2013).

URL to its full contents:

<http://www.rushydro.ru/corporate/committees/audit/>

**Information on the Issuer's internal document specifying rules for preventing illegal use of confidential (insider) information:**

Regulations for the Issuer's Insider Information have been approved by the Company's Board of Directors, Minutes No. 158 dated October 10, 2012.

For free access to its full contents, see the website: <http://www.rushydro.ru/investors/disclosure/inside/>

## 5.5. Information on Members of the Issuer's Bodies, Monitoring Financial and Economic Activities

Name of the Issuer's financial and economic activities monitoring body: **Internal Audit Commission**

Full name: **Alan Fedorovich Khadziev (Chairman)**

Born in: **1981**

Education: **Higher education**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2008	LLC Sameta — Corporate Consulting	Attorney
2008	2009	LLC Sameta — Tax and Legal Consulting	Attorney
2009	2010	JSC Mosenergoemont	Deputy CEO
2011	present	Ministry of Energy of the Russian Federation	Division Head of the Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

**The person has no said shares**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Leonid Valeryevich Neganov***

Born in: ***1972***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2009	CJSC Opitma-energostroy	First Deputy CEO, CEO
2009	2011	JSC Bashkirenergo	Deputy CEO
2012	2012	JSC Aydis Group	CEO
2012	present	Ministry of Energy of the Russian Federation	Deputy Director of the Electric-Power Industry Development Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: ***none***

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Anna Valeryevna Drokova***

Born in: ***1985***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2009	AlfaStrakhovanie PLC	Sales manager
2009	present	Federal Agency for State Property Management	Leading expert specialist, chief expert specialist, advisor, deputy head of fuel and energy



			and coal industry companies department of the Infrastructure Branches Administration and Deputy Head of the Troubled Assets Department of the Judicial Support and Protection Administration
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Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

**The person has no said shares**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

**There is no said kinship**

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

**No said sanctions have been imposed upon the person**

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

**The person has not held such positions**

Full name: **Mariya Gennadyevna Tikhonova**

Born in: **1980**

Education: **Higher education**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2005	2013	Ministry of Energy of the Russian Federation	Director of the Department of Corporate Management, Pricing Environment and Auditing in the Fuel and Energy Complex, Deputy Director of the Department of Economic Regulation and Property Relations in the Fuel and Energy Complex, Leading Specialist, Chief Specialist — Expert, Deputy Head of the Property Relations Division of the Judicial Support and Property Relations Administration in the Fuel and Energy Complex of the Federal Energy Agency in the Fuel and Energy Complex

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

**The person has no said shares**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: *Vladimir Vasilyevich Khvorov*

Born in: *1947*

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2009	present	Ministry for Economic Development of the Russian Federation	Assistant of the Division, Leading Expert of the Division

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: ***none***

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

***Audit Committee under the Board of Directors***

Full name: *Viktor Ivanovich Danilov-Daniliyan (Chairman)*

Born in: *1938*

Education: ***Higher education, M. V. Lomonosov Moscow State University, Mechanical Mathematics Department, graduation year: 1960, Doctor of Economics, Professor, Corresponding Member of the Russian Academy of Sciences***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2003	present	Federal State Budgetary Institution of Sciences Institute for Water Problems of the Russian Academy of Sciences	Director, Chairman of the Academic Council
2005	present	Sustainable Development Fund	Chairman of the Board of Directors
2005	present	Peoples' Friendship University of Russia	Head of the Ecology and Water

			Resources Management Department, member of the Academic Council
2007	present	Publishing House Entsiklopediya	Editor-in-Chief
2009	present	M. V. Lomonosov Moscow State University	Head of the Natural Resources Management Department of the State Management Faculty, member of the Academic Council
2011	present	JSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

**The person has no said shares**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

**There is no said kinship**

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

**No said sanctions have been imposed upon the person**

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

**The person has not held such positions**

Full name: **Dr. Christian Andreas Berndt**

Born in: **1956**

Education: **Higher education, V.V. Kuybyshev Order of the Red Banner of Labor Moscow Institute of Civil Engineering, Civil Engineer, graduation year: 1981, Ph.D. in Technical Sciences, graduation year: 1985.**

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2005	2012	LLC EnergoFikhtner	CEO
2012	present	LLC EF-TEK	CEO
2013	present	JSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

**The person has no said shares**

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

**There is no said kinship**

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

**No said sanctions have been imposed upon the person**

Information on the person holding any position in management entities of commercial organizations during any

period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Sergey Nikolaevich Ivanov***

Born in: ***1961***

Education: ***Higher education, Moscow Engineering and Physics Institute, Theoretical Nuclear Physics, graduation year: 1984, Doctor of Economics: 2007, Professor: 2010, Corresponding Member of the Russian Academy of Sciences: 1999.***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2010	JSC FGC UES	First Deputy Chairman of the Management Board
2009	present	ANO National Institute of Energy Security	Chairman of the Presidium
2010	present	JSC ERKO	Acting CEO, CEO, member of the Management Board
2012	present	JSC Corporation Nechernozemagropromstroy	Chairman of the Board of Directors
2012	present	CJSC Sbercred Bank	Member of the Board of Directors
2012	present	JSC Exhibition Pavilion Electrification	Member of the Board of Directors
2012	present	CJSC Investment Scientific and Production Company Russian Energy Technologies	Chairman of the Board of Directors
2013	present	JSC RusHydro	Member of the Board of Directors

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: ***none***

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

#### ***Internal Control and Risk Management Block***

Full name: ***Irina Olegovna Posevina***

Born in: ***1970***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2010	JSC INTER RAO UES	Deputy Director for Internal Control, Head of the Internal Audit, Controlling and Risk Management Block
2010	present	JSC RusHydro	Director for Internal Control and Risk Management

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Oleg Evgenyevich Azhimov***

Born in: ***1977***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2010	JSC IRGC of Urals	Head of the Internal Control and Audit Department
2010	present	JSC RusHydro	Head of the Internal Audit Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Nadezhda Borisovna Maksimova***

Born in: ***1955***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2010	LLC Fineart Audit	Vice President for Investment Projects
2010	present	JSC RusHydro	Head of the Investment Audit Administration of the Internal Audit Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: ***none***

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Polina Vladiminorva Krivonogova***

Born in: ***1976***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2007	2009	JSC ADK-audit (renamed as LLC ADK-audit), Yekaterinburg	Auditor
2007	2009	JSC Profi Consult Group (renamed as JSC ADK-audit), Yekaterinburg	Auditor, part-time
2009	2013	JSC IRGC of Urals	Leading Specialist of the Field Check Office, Head of the Internal Audit and Risk Management Department
2013	present	JSC RusHydro	Head of the Operational Audit Administration of the Internal Audit Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise

of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Olga Vladimirovna Rokhlina***

Born in: ***1974***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2004	2008	JSC RAO UES of Russia, Corporate Center	Leading Expert of the Internal Audit Department
2008	2010	JSC IRGC Holding	Chief Expert of the Internal Audit Department
2010	2011	JSC RusHydro	Chief Expert of the Internal Audit Department
2011	present	JSC RusHydro	Head of the Financial Audit Administration of the Internal Audit Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Marina Petrovna Boyko***

Born in: ***1977***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in

chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2009	2010	LLC Fineart Audit	Senior Manager of the Accounting and IFRS Department
2010	present	JSC RusHydro	Chief Expert of the Financial Audit Administration of the Internal Audit Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person can acquire in result of execution of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Roman Sergeevich Kosarev***

Born in: ***1980***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2010	JSC INTER RAO UES	Chief Expert of the Investment Program Department
2010	present	JSC RusHydro	Chief Expert of the Investment Audit Administration of the Internal Audit Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: **none**

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any



period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Evgeniy Petrovich Safonov***

Born in: ***1963***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2005	2010	JSC INTER RAO UES	Chief Expert of the Internal Audit Department
2010	present	JSC RusHydro	Chief Expert of the Operational Audit Administration of the Internal Audit Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: ***none***

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: ***the person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions***

Full name: ***Ivan Ivanovich Chigirin***

Born in: ***1975***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2007	2010	JSC INTER RAO UES	Head of the Operational Audit Directorate
2010	2012	JSC RusHydro	Head of the Operational Audit Administration of the Internal Audit Department
2012	present	JSC RusHydro	Head of the Internal Control Department

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: ***none***

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates

***The person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations:

***The person has not held such positions***

Full name: ***Dmitriy Alekseevich Kartsev***

Born in: ***1975***

Education: ***Higher education***

Positions held by this person at the Issuer and other organizations in the past 5 years and currently, in chronological order, including part-time positions

Period		Name of the company	Title
from	to		
2008	2012	JSC RusHydro	Chief Expert of the Internal Audit Department
2012	present	JSC RusHydro	Head of the Internal Control & Methodology Administration

Share of the person in the authorized capital of the Issuer, share of the Issuer's equity shares held by the person and number of the Issuer's shares of any category (type) that such person may acquire as a result of the exercise of rights under the Issuer's options in its possession: ***none***

Share of the person in the authorized (reserve) capital (unit fund) of the Issuer's subsidiaries and affiliates: ***the person has no said shares***

Information on the nature of any kinship with other individuals included into the Issuer's management entities and/or bodies monitoring financial and economic activities:

***There is no said kinship***

Information on imposition of administrative sanctions upon the person due to violations in finance, taxes and levies, securities market, or imposition of penal sanctions (previous convictions) due to economic violations, or wrongful acts against state authorities:

***No said sanctions have been imposed upon the person***

Information on the person holding any position in management entities of commercial organizations during any period when an action of bankruptcy was brought against the said organizations and/or one of the bankruptcy procedures stipulated by the insolvency (bankruptcy) laws of the Russian Federation was implemented against the said organizations: ***the person has not held such positions***

## **5.6. Information on Remuneration, Benefits, and/or Compensation as to the Issuer's Bodies, Monitoring Financial and Economic Activities**

Information on remuneration as to the Issuer's financial and economic monitoring bodies. All types of remuneration, including salaries, bonuses, commission remunerations, benefits and/or compensation, as well as other types of remuneration paid by the Issuer for the last completed calendar year and for the first quarter, shall be specified:

Unit of measure: ***RUB***

***Internal Audit Commission***

Unit of measure: ***RUB***

Indicator	2013	2014, 3 months
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	242,450.00	0
Salary	0	0
Bonuses	0	0
Commission	0	0
Perquisites	0	0
Compensation of expenses	0	0
Other types of remuneration	0	0
TOTAL	242,450.00	0

Information on the correspondent agreements as to such payments during the current financial year:

*None.*

***Audit Committee under the Board of Directors***

Unit of measure: **RUB**

Indicator	2013	2014, 3 months
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	0	0
Salary	0	0
Bonuses	0	0
Commission	0	0
Perquisites	0	0
Compensation of expenses	0	0
Other types of remuneration	0	0
TOTAL	0	0

Information on the correspondent agreements as to such payments during the current financial year:

*None.*

***Internal Control and Risk Management Block***

Unit of measure: **RUB**

Indicator	2013	2014, 3 months
Remuneration for participation in activities of the Issuer's financial and economic activities monitoring body	0	0
Salary	37,068,624.77	10,354,332.44
Bonuses	26,512,497.00	297,500.00
Commission	0	0
Perquisites	0	0
Compensation of expenses	0	0
Other types of remuneration	0	0
TOTAL	63,581,121.77	10,354,332.44

**Information on the correspondent agreements as to such payments during the current financial year:**

Remuneration is specified cumulatively by two subdivisions of the Issuer — Internal Audit Department and Internal Control Department, which, in accordance with the Risk Control and Management Policy approved

by the Board of Directors of the Issuer and published by the Issuer on the Internet ([http://www.rushydro.ru/file/main/global/investors/disclosure/documents/other\\_doc/Politika\\_vnutren\\_kontrolya.pdf](http://www.rushydro.ru/file/main/global/investors/disclosure/documents/other_doc/Politika_vnutren_kontrolya.pdf)), monitor the Company's financial and economic activities.

Remuneration is paid to the employees in accordance with the terms and conditions of their labor agreements.

## **5.7. Information on the Number, General Information on Content of the Issuer's Employees (Workers), and Alterations of the Number of the Issuer's Employees (Workers)**

Average number of employees (workers) of the Issuer, including employees (workers) working at its branches and representative offices as well as contributions to salary and social security

Indicator	2013	2014, 3 months
Average number of employees, persons	6,157.3	6,223.9
Total payroll for the reporting period, RUB	6,938,159,952	1,373,966,803
Social payments to the employees for the reporting period, RUB	267,401,396	47,792,148

Employees (workers) of the Issuer include employees having significant impact on financial and economic activities of the Issuer (key employees). Information on such key employees of the Issuer:

- Evgeniy Dod, Chairman of the Management Board, member of the Board of Directors (personal information shall be given in clause 5.2. of the quarterly report);
- Dmitriy Finkel, Chief Accountant (personal information shall be given in clause 1.6 of the quarterly report).

Employees of the Issuer did not create a trade union committee. As a result of affiliation of S&A to the Company during the Issuer's reorganization, employees of the affiliated S&A, which currently are members of various trade unions created in S&A before affiliation with the Issuer, were included in the Issuer's staff.

## **5.8. Information on Any Liabilities of the Issuer to its Employees (Workers) Concerning their Possible Participation in the Issuer's Authorized (Reserve) Capital (Unit Fund)**

*The Issuer has no liabilities to its employees (workers) as to the possibility of their participation in its authorized capital*

## **VI. Information on the Issuer's Participants (Shareholders) and Non arm's-length Transactions Made by the Issuer**

### **6.1. Information on Total Number of the Issuer's Participants (Shareholders)**

Total number of persons with non-zero balances on their personal accounts recorded in the Issuer's register of shareholders as at the end of the reporting quarter: **305,108**

Total number of the Issuer's nominee shareholders: **19**

Total number of persons included in the final list of persons which had (have) the right to participate in the General Meeting of Shareholders of the Issuer (other list of persons composed for purposes of execution of rights attached to the Issuer's shares and for composition of which the Issuer's nominee shareholders presented data on persons, in the interests of which they hold the Issuer's shares): **361,414**

Preparation date of the final list of persons which had (have) the right to participate in the General Meeting of Shareholders of the Issuer: **May 23, 2013**

Equity shareholders of the Issuer which had to be included in such list: **361,414**

### **6.2. Information on the Issuer's Participants (Shareholders) Holding at least 5 Per Cent of the Authorized (Reserve) Capital (Unit Fund) or at least 5 Per Cent of its Equity Shares, as well as Information on Persons Controlling such Participants (Shareholders) and, in the Absence thereof, on their Participants (Shareholders) Holding at least 20 Per Cent of the Authorized (Reserve) Capital (Unit Fund) or at least 20 Per Cent of their Equity Shares**

The Issuer's participants (shareholders), holding at least 5 per cent of its authorized (reserve) capital (unit fund) or at least 5 per cent of its equity shares

Full corporate name: ***Russian Federation represented by the Federal Agency for State Property Management***

Abbreviated corporate name: ***Russian Federation represented by the Federal Agency for State Property Management***

Location

***9 Nikolskiy Pereulok, Moscow, Russia, 109012***

INN: ***7710723134***

OGRN: ***1087746829994***

Share of the person in the authorized capital of the Issuer, %: ***66.836992***

Share of the Issuer's equity shares held by the person, %: ***66.836992***

Persons controlling the Issuer's participant (shareholder)

***None***

Participants (shareholders) of such person, holding at least 20 per cent of its authorized (reserve) capital (unit fund) or at least 20 per cent of its equity shares: ***None***

#### ***Nominee holder***

Information on the nominee holder:

Full corporate name: ***Non-bank Credit Institution National Settlement Depository Closed Joint-Stock Company***

Abbreviated corporate name: ***NCO CJSC NSD***

Location

***1/13 Sredny Kislovsky Pereulok, Bldg. 8, Moscow, Russian Federation, 129009***

INN: 7702165310  
OGRN: 1027739132563  
Tel.: (495) 234-4827  
Fax: (495) 956-0938  
E-mail: [info@ndc.ru](mailto:info@ndc.ru)

Information of the license of the securities market professional

Number: 177-03431-000100

Date of issue: February 19, 2009

Expiry date: *Unlimited*

Name of the issuing authority: *Federal Financial Markets Service of Russia*

Number of the Issuer's equity shares, registered in the Issuer's register of shareholders in favor of the nominee holder: 110,862,679,603

Number of the Issuer's preferred shares, registered in the Issuer's register of shareholders in favor of the nominee holder: 0

### **6.3. Information on the Share of the State or Municipal Entity in the Authorized (Reserve) Capital (Unit Fund) of the Issuer, and Availability of the Special Right (Golden Share)**

#### ***Information on the share of the state (municipal entity) in the authorized (reserve) capital (unit fund) of the Issuer and special right:***

share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: 66.932375

Information on managers of state, municipal blocks of shares: *None*

Person acting as the Issuer's participant (shareholder) on behalf of the Russian Federation, constituent entity of the Russian Federation or municipal entity

#### ***Federal property***

Name: *Russian Federation represented by the Federal Agency for State Property Management*

Location: *9 Nikolsky Per., Moscow, 109012*

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: 66.836992

#### ***Municipal property***

Name: *Bureysky District Administration for Amur Oblast*

Location: *49 Sovetskaya St., Novobureysk, Amur Oblast, 676701*

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: 0.000394

#### ***Property of Russian Federation constituent entities***

Name: *Chukotka Autonomous District represented by the Finance, Economy and Property Relations Department of Chukotka Autonomous District*

Location: *2 Otko St., Anadyr, Chukotka Autonomous District, 689000*

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: 0.003304

#### ***Municipal property***

Name: *Administration of municipal entity Selsovet Zubutli-Miatlinsky of Kizilyurtovsky District of the Republic of Dagestan*

Location: *Lenina St., Zubutli-Miatli, Kizilyurtovsky District, Republic of Dagestan, Russia*

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent

entities), municipal ownership: **0.000085**

***Municipal property***

Name: ***Administration of municipal entity Selsovet Miatlinsky of Kizilyurtovsky District of the Republic of Dagestan***

Location: ***Miatli, Kizilyurtovsky District, Republic of Dagestan, Russia***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.000792**

***Municipal property***

Name: ***Administration of Ashilta***

Location: ***Ashilta, Untsukulsky District, Republic of Dagestan, 368240***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.001704**

***Municipal property***

Name: ***Administration of Verkhny Chiryurt-Gelbakh***

Location: ***2-11-38 Verkhny Chiryurt, Kizilyurtovsky District, Republic of Dagestan, 368100***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.010122**

***Municipal property***

Name: ***Administration of Gergebil***

Location: ***Gergebil, Gergebil District, Republic of Dagestan, 368250***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.005553**

***Municipal property***

Name: ***Administration of Untsukul***

Location: ***Untsukul, Untsukul District, Republic of Dagestan, 368240***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.002901**

***Municipal property***

Name: ***Municipal entity of rural settlement Chirkata rural community of Gumbetovsky District of the Republic of Dagestan***

Location: ***Chirkata, Gumbetovsky District, Republic of Dagestan, 368933***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.011710**

***Municipal property***

Name: ***Administration of Chirkey***

Location: ***Chirkey, Buynaksky District, Republic of Dagestan, 368114***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.050897**

***Municipal property***

Name: ***Administration of rural settlement Selsovet Khvartikuninsky***

Location: ***Khvartikuni, Gergebil District, Republic of Dagestan, 368258***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.005553**

***Municipal property***

Name: ***Municipal Property Management Committee of Zeya***

Location: ***217 Mukhina St., Zeya, Amur Oblast, 676246***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.000356**

***Municipal property***

Name: ***State budgetary institution of Rostov Oblast Property Fund of Rostov Oblast***

Location: ***112 Sotsialisticheskaya St., Rostov-on-Don, Rostov Oblast, 344050***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.000022**

***Municipal property***

Name: ***MUNICIPAL EDUCATIONAL INSTITUTION OF MIXED TYPE BOARDING SCHOOL***

Location: ***32 Chkalova St., Partizansk, Primorsky Krai***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.00000002**

***Municipal property***

Name: ***Finance Department of Orenburg Oblast Administration***

Location: ***54 Sovetskaya St., Orenburg, 460311***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.00000005**

***Municipal property***

Name: ***Finance Department of Orenburg Oblast Administration***

Location: ***54 Sovetskaya St., Orenburg, 460311***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.00000004**

***Federal property***

Full corporate name: ***Federal State Unitary Enterprise Information Telegraph Agency of Russia (ITAR-TASS)***

Location: ***10–12 Tverskoy Blvd., Moscow, 125993***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.000064**

***Federal property***

Full corporate name: ***Federal State Unitary Enterprise State Transport Company Rossiya***

Location: ***18, bldg. 4, Pilotov St., Saint Petersburg, Russian Federation 196210***

Share of the Issuer's authorized (reserve) capital (unit fund) in state (federal, Russian Federation constituent entities), municipal ownership: **0.001927**

Availability of the special right of the Russian Federation, constituent entity of the Russian Federation, municipal entity to participate in management of the Issuer — joint-stock company (golden share), validity of the special right (golden share)

***There is no such right***

## **6.4. Information on Restriction to Participate in the Issuer's Authorized (Reserve) Capital (Unit Fund)**

***There are no restrictions to participate in the Issuer's authorized (reserve) capital (unit fund).***

## **6.5. Information on Changes in the Structure and Interests of the Issuer's Participants (Shareholders), Holding at least 5 Per Cent of its Authorized (Reserve) Capital (Unit Fund) or at least 5 Per Cent of its Equity Shares**

Structure of the Issuer's participants (shareholders) holding at least 5 per cent of the Issuer's authorized (reserve)



capital (unit fund) and being joint-stock companies for the Issuer, as well as at least 5 per cent of the Issuer's equity shares specified as of the date of the list of persons which had right to participate in each General Meeting of Shareholders (Participants) of the Issuer held for the last complete financial year preceding the end date of the reporting quarter, as well as for the period after the start date of the current year and up to the end date of the reporting quarter, according to the list of persons which had right to participate in every such meeting.

Preparation date of a list of persons entitled to take part in the General Meeting of Shareholders (Participants) of the Issuer: **March 5, 2013**

List of shareholders (participants)

Name: **Russian Federation represented by the Federal Agency for State Property Management**

Location: **9 Nikolsky Per., Moscow 109012**

INN: **7710723134**

OGRN: **1087746829994**

Share of the person in the authorized capital of the Issuer, %: **81.27**

Portion of the Issuer's equity shares held by the person, %: **67.12**

Preparation date of a list of persons entitled to take part in the General Meeting of Shareholders (Participants) of the Issuer: **May 23, 2013**

List of shareholders (participants)

Name: **Russian Federation represented by the Federal Agency for State Property Management**

Location: **9 Nikolsky Per., Moscow 109012**

INN: **7710723134**

OGRN: **1087746829994**

Share of the person in the authorized capital of the Issuer, %: **81.27**

Portion of the Issuer's equity shares held by the person, %: **67.12**

## 6.6. Information on Non arm's-length Transactions Made by the Issuer

Information on the number and volume of transactions in monetary terms made by the Issuer, which in accordance with the laws of the Russian Federation are considered as non-arm's length transactions requiring approval of the authorized management entities of the Issuer, according to the results of the last reporting quarter

Unit of measure: **RUB**

Indicator	Total number	Total volume in monetary terms
Non arm's-length transactions made by the Issuer for the reporting period, requiring approval of the authorized management entity of the Issuer	93	1,415,531,150.82
Non arm's-length transactions made by the Issuer for the reporting period, which have been approved by the General Meeting of Shareholders (Participants) of the Issuer	-	-
Non arm's-length transactions made by the Issuer for the reporting period, which have been approved by the Board of Directors (the Supervisory Board of the Issuer)	93	1,415,531,150.82
Non arm's-length transactions made by the Issuer for the reporting period, requiring approval of, but have not been approved by, the authorized management entity of the Issuer	-	-

Transactions (groups of related transactions), the price of which is 5 per cent and more of the Issuer's balance sheet assets, determined according to its accounting statements at the closing date before settlement of transaction, made by the Issuer for the last reporting quarter: **None**

Non arm's-length transactions (groups of related transactions), the decision on approval of which has not been taken by the Board of Directors (Supervisory Board) or the General Meeting of Shareholders (Participants) of the Issuer, if such approval is mandatory according to the laws of the Russian Federation: **None**

## 6.7. Information on Accounts Receivable

Structure of the Issuer's accounts receivable for the last completed financial year and the last completed current year.

**For 2013**

Unit of measure: RUB

Наименование показателя	Amount
Дебиторская задолженность покупателей и заказчиков	5,751,083,639.96
в том числе просроченная	220,127,980.43
Дебиторская задолженность по векселям к получению	49,994,446,656.75
в том числе просроченная	0
Дебиторская задолженность участников (учредителей) по взносам в уставный капитал	0
в том числе просроченная	0
Прочая дебиторская задолженность	177,734,257,973.17
в том числе просроченная	141,794,047.28
Общий размер дебиторской задолженности	233,479,788,269.88
в том числе общий размер просроченной дебиторской задолженности	361,922,028.31

Debtors owning less than 10 per cent of the total accounts payable for the specified reporting period

*As at December 31, 2013*

Full corporate name: **Joint-Stock Company Zagorskaya PSHPP-2**

Abbreviated corporate name: **JSC Zagorskaya PSPP-2**

Location: **101 Bogorodskoye industrial community, Bogorodskoye urban settlement, Sergievo-Posadsky municipal district, Moscow Oblast, Russian Federation**

INN: **5042086312**

OGRN: **1065042071137**

Accounts receivable: **RUB 46,207,231,375.88**

Amount and terms and conditions of the overdue accounts receivable (interest rate, fine sanctions, penalties): **None**

The debtor is an affiliate of the Issuer: **Yes**

The Issuer's share in the authorized capital of the company, %: **100**

Portion of the company's equity shares held by the Issuer, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0.00**

Portion of the Issuer's equity shares held by the company, %: **0.00**

Full corporate name: **Open Joint Stock Company Power machines – ZTL, LMZ, Electrosila, Energomachexport**

Abbreviated corporate name: **JSC Power Machines**

Location: **3, Lit. A, Vatutina St., St. Petersburg, Russia, 190000**

INN: **7702080289**

OGRN: **1027700004012**

Accounts receivable: **RUB 26,127,349,085.61**

Amount and terms and conditions of the overdue accounts receivable (interest rate, fine sanctions, penalties): **None**

The debtor is an affiliate of the Issuer: **none**

The Issuer's share in the authorized capital of the company, %: **0**

Portion of the company's equity shares held by the Issuer, %: **0**

Share of the person in the authorized capital of the Issuer, %: **0.00**

Portion of the Issuer's equity shares held by the company, %: **0.00**

As at the end of the reporting quarter, March 31, 2014

Unit of measure: RUB

Indicator	Amount
Accounts receivable of buyers and customers	5,207,994,914.64
including overdue	193,170,501.69
Accounts receivable for bills receivable	46,103,719,552.48
including overdue	14,612,357,565.62
Accounts receivable of members (founders) as to contributions to the authorized capital	0
including overdue	0
Other accounts receivable	93,717,156,676.48
including overdue	1,558,723,265.88
Total accounts receivable	145,028,871,143.6
including total overdue accounts receivable	16,364,251,333.19

Debtors owning less than 10 per cent of the total accounts payable for the specified reporting period

Full corporate name: **Open Joint-Stock Company Power machines – ZTL, LMZ, Electrosila, Energomachexport**

Abbreviated corporate name: **JSC Power Machines**

Location: **3, Lit. A, Vatutina St., St. Petersburg, Russia, 190000**

INN: **7702080289**

OGRN: **1027700004012**

Accounts receivable: **RUB 17,951,692,571.53**

Amount and terms and conditions of the overdue accounts receivable (interest rate, fine sanctions, penalties): **No**

The debtor is an affiliate of the Issuer: **none**

The Issuer's share in the authorized capital of the company, %: **0**

Portion of the company's equity shares held by the Issuer, %: **0**

Share of the person in the authorized capital of the Issuer, %: **0.00**

Portion of the Issuer's equity shares held by the person, % **0.00**

Full corporate name: **Joint Stock Company Boguchanskaya HPP**

Abbreviated corporate name: **JSC Boguchanskaya HPP**

Location: **1 Unified Base No. 1, Left Bank Construction Base, Kodinsk, Kezhemskiy District, Krasnoyarsk Krai, Russia, 663491**

INN: **2420002597**

OGRN: **1022400828119**

Accounts receivable: **RUB 21,027,454,895.67**

Amount and terms and conditions of the overdue accounts receivable (interest rate, fine sanctions, penalties): **No**

The debtor is an affiliate of the Issuer: **none**

The Issuer's share in the authorized capital of the company, %:

Portion of the company's equity shares held by the Issuer, %:

Share of the person in the authorized capital of the Issuer, %:

Portion of the Issuer's equity shares held by the person, %

## **VII. Accounting (Financial) Statements of the Issuer and other Financial Information**

### **7.1. Annual Accounting (Financial) Statements of the Issuer**

Accounting (financial) statements of the Issuer for 2013 (Appendix No. 1 to this quarterly report) include:

- Balance sheet as of December 31, 2013;
- Profits and losses statement for 2013;
- Statement of changes in equity for 2013;
- Cash flow statement for 2013;
- Explanatory notes to balance sheet and profits and losses statement for 2013;
- Auditor's report.

The Issuer does not prepare separate annual financial statements in accordance with IFRS or other internationally accepted rules different from IFRS.

The Issuer prepares consolidated financial statements of JSC RusHydro and subsidiaries (hereinafter referred to as the Group) in accordance with IFRS.

### **7.2. Quarterly Accounting (Financial) Statements of the Issuer**

Accounting (financial) statements for three months of 2014 attached to this quarterly report (Appendix No. 2) include:

- Balance sheet as of March 31, 2014;
- Profit and loss statement for 3 months of 2014;

The Auditor did not perform any procedures in relation to or give its opinion on reliability of quarterly accounting statements of the Issuer for 3 months of 2014 attached to this quarterly report and prepared in accordance with RAS.

The Issuer does not prepare separate quarterly financial statements in accordance with IFRS or other internationally accepted rules, different from IFRS.

### **7.3. Consolidated Accounting (Financial) Statements of the Issuer**

The Issuer does not prepare cumulative (consolidated) financial statements in accordance with Russian Federation laws due to the fact that it prepares consolidated financial statements in accordance with IFRS which complies with the requirements of clause 22 of Federal Law On Consolidated Financial Statements No. 208-ФЗ dated July 27, 2010.

Consolidated financial statements of the Group prepared in accordance with IFRS and the auditor's report for the year ended on December 31, 2013 and as at that date (Appendix No. 3):

- Auditor's report;
- Consolidated statement of financial position as at December 31, 2013;
- Consolidated profit and loss statement for year ended on December 31, 2013;
- Consolidated statement on total income for year ended on December 31, 2013;
- Consolidated cash flow statement for year ended on December 31, 2013;
- Consolidated statement of changes in equity for year ended on December 31, 2013;

Notes to consolidated financial statements for year ended on December 31, 2013.

### **7.4. Information on the Accounting Policy of the Issuer**

## **Accounting policies**

These statutory financial statements have been prepared on the basis of the following accounting policies:

### **1.1 Basis of presentation**

The Company's statutory financial statements are prepared in accordance with the accounting and reporting rules currently effective in the Russian Federation provided for by the Federal Law "On Accounting" and "Regulation on Accounting and Reporting in the Russian Federation" as well as other accounting regulations approved by the Russian Ministry of Finance.

Assets and liabilities are stated at actual cost, except for property, plant and equipment and investments for which the current market value can be determined, and assets against which impairment provisions have been duly formed, as well as estimated liabilities.

### **1.2 Assets and liabilities denominated in foreign currency**

Business transactions in foreign currencies were recorded using the official Rouble exchange rate as of the date of the relevant transaction. Cash on hand and in bank accounts (bank deposits), cash and payment documents, accounts receivable (except for advances received and issued and prepayments) including loans receivable and payable), denominated in foreign currencies are recorded in the financial statements in the amounts calculated based on the official currency exchange rates effective as of the reporting date.

Exchange differences arising during the year from translation (including those as of the reporting date) of foreign currency-denominated assets and liabilities payable in foreign currencies or Russian roubles were reported in the statement of financial results as other income or expenses.

### **1.3 Accounting for assets and liabilities**

In the balance sheet, investments, accounts receivable and accounts payable, including bank credits and loan liabilities, are treated as short-term if the term of their circulation (maturity) does not exceed 12 months after the reporting date. Other assets and liabilities are recognised as long-term.

Interest on loans issued and other investments are recorded in the balance sheet line 1230 "Accounts receivable"; interest on bank credits and loans received are recorded in the balance sheet line 1510 "Borrowings".

Advances to the suppliers of equipment and capital construction contractors are recognised in line 1230 "Accounts receivable".

VAT on advances issued and received is recognised on a gross basis in the balance sheet line 1260 "Other current assets", 1450 "Other liabilities" and 1550 "Other liabilities", respectively.

Deferred tax asset and deferred tax liability are recognized on the balance sheet on a net basis.

#### 1.4 Property, plant and equipment, construction-in-progress and income-bearing investments in tangible assets

Property, plant and equipment are accounted for in accordance with the Russian Accounting Regulation "Accounting for property, plant and equipment" (RAR 6/01).

Property, plant and equipment include land, buildings, facilities, machinery, equipment, transport vehicles and other assets whose useful lives are over 12 months.

Property, plant and equipment are recognized at their historical cost equal to actual acquisition (construction, production) cost.

The acquired property, plant and equipment with historical cost of below RUB 40 thousand per unit which were initially recognised after 1 January 2011 are accounted for within inventories; property, plant and equipment which were initially recognised before 1 January 2011 were accounted for within inventories, if their historical cost did not exceed RUB 20 thousand per unit.

Real property assets which have been constructed, put into operation and are actually used but the title to which was not registered under the procedure established by the effective legislation are accounted for within property, plant and equipment in a separate line.

Property, plant and equipment are recognised on the balance sheet at cost less depreciation accumulated from the date of their independent valuation for merging subsidiaries and associates (hereinafter - SAC) into the Company in 2008 or over the whole period of their operation, if they were put into operation after merging SAC into the Company.

The Company does not perform the revaluation of property, plant and equipment items.

Useful lives of the acquired property, plant and equipment including those which had been in operation before the acquisition, received as a contribution to the share capital or under legal succession in connection with restructuring, are established by the review committee for commissioning of a facility based on the Classification of the Company's property, plant and equipment when PP&E item is initially recognised.

The adopted standard useful lives by groups of property, plant and equipment in accordance with the Classification of the Company's property, plant and equipment are presented below.

Property, plant and equipment group	Useful lives of property, plant and equipment (years) on the balance sheet
Facilities and transmission equipment	3 to 100
Machinery and equipment	1 to 40
Buildings	7 to 75
Other	1 to 20

Depreciation of property, plant and equipment is accrued on a straight-line basis proceeding from their historical values and depreciation rates calculated based on their useful lives.

Depreciation is not accrued on:

- land plots and natural resources;
- housing assets commissioned prior to 1 January 2006 (similar assets acquired after 1 January 2006 are depreciated in accordance with the generally accepted procedure);
- fully depreciated assets that are still on the balance sheet.
- assets that are temporarily shutdown for more than three months and during the restoration period which exceeds twelve months.

Gains and losses on disposal of property, plant and equipment are recorded in the statement of financial results within other income and expenses.

Construction-in-progress includes real estate assets under construction, which have not been put into operation, equipment to be installed and other investments in non-current assets which are not included in PP&E. Equipment which does not require installation, stored in the warehouse and intended for assets under construction are recorded within construction-in-progress in a separate line.

These items are recognised in the balance sheet line 1150 "Property, plant and equipment".

Interest on borrowings raised for the purposes directly related to acquisition, construction and/or manufacture of investment assets, accrued prior to initial recognition of the assets is included in their historical cost; that accrued after the initial recognition of the assets are recognised in the statement of financial results within other expenses.

Interest on borrowings raised for the purposes not related to acquisition, construction and/or manufacture of investment assets, but actually used to purchase the investment assets are included in the cost of investment

assets in proportion to the share of the above borrowings in total amount of borrowings raised for the purposes not related to acquisition, construction, manufacture of investment assets.

Income-bearing investments in tangible assets represent PP&E items acquired for leasing out to generate income.

These assets are recognised at their historical cost determined under the procedure used for general PP&E items.

Leased PP&E items are recognised in off-balance-sheet accounts at cost specified in the lease agreement/determined based on the acceptance certificate. If the lease agreement and acceptance certificate do not specify the cost of these assets, property, plant and equipment are recorded in the off-balance-sheet accounts at the following values:

- land plots having the cadastral value - at their cadastral value;
- other PP&E items - in the amount of lease payments inclusive of VAT under lease agreement including the repurchase price of the leasing item.

## **1.5 Investments**

Investments are accounted for in accordance with the Russian Accounting Regulation "Accounting for investments" (RAR 19/02).

Investments include:

- contributions to the share capital of other entities (including subsidiaries);
- debt securities (including bonds, promissory notes);
- deposits in credit institutions except for short-term deposits classified as cash equivalents (paragraph 2.9 of the Explanatory Notes);
- loans issued to other entities;
- government and municipal securities and other investments.

Investments are initially recognised at their actual cost of acquisition.

The Company's actual costs to purchase investments represent the historical cost of investments purchased at a charge.

The historical cost of investments in the Company's share capital is presented by their monetary value agreed by the Company's founders, if not specified otherwise by the Russian legislation.

Investments, the current market value of which can be determined under the established procedure, are recognised on the balance sheet at their current market value as of the end of each reporting period (on a quarterly basis). The difference between the value of these investments as of the current reporting date and their prior value is recorded within other income and expenses.

Current market value of the securities which are traded by the institutors of trading is determined at market prices established at OAO MICEX-RTS (<http://moex.com>).

Investments for which no current market value is determinable are recorded on the balance sheet at their carrying (book) value, except for investments for which there are indications that the decline in their value (impairment) is significant and non-temporary as of the reporting date.

Investments are tested for their impairment once a year as of 31 December of the reporting year, if there are indications of impairment.

The Company accrues the impairment provision for the amount of difference between carrying (book) value and estimated value of the investments with regard to investments for which significant and constant impairment indicators are proved by impairment test. The estimated value of investments is determined based on the data about net assets, revenue, composition of expenses, schedule of projects financing and other factors.

Despite of the fact that well-grounded judgements are applied to determine the estimated value of investments, there are unavoidable limitations as in any valuation technique. Therefore, the estimated value represents the Company management's best estimate based on all the information available as of the reporting date. Future events will also have impact on determining the estimated value and impact of such events can be significant for the Company's financial statements.

Difference between the historical cost and nominal value of debt securities for which current market value is not determinable, is recorded on a straight-line basis during the period of their circulation and is recognised in the Company's financial results within other income (expenses). When investments for which current market value is not determinable are disposed, they are carried at book value of each unit of these investments except for issuance securities (shares, bonds) which are disposed under FIFO; when investments for which current market value is determinable under the established procedure are disposed - based on the latest valuation.

The Company discloses information about measurement at discounted value, the amount of the discounted value of debt securities of other related parties and loans issued to them.

Income and expenses associated with investments are reported within other income or expenses. Interest on loans issued and other income from investments are recognised in the balance sheet line 1230 "Accounts receivable".

## **1.6 Inventories**

Inventories are accounted for in accordance with the Russian Accounting Regulation "Accounting for inventories" (RAR 5/01).

Inventories are accounted for at their actual cost of acquisition (production).

If market value of inventories as of the end of the reporting year is below their historical cost including due to on-going (long-term) price reduction, Company makes a provision in the amount of inventory impairment which is charged against increase in other expenses. Such inventories are recognised on the balance sheet net of the inventories' impairment provision.

The average cost method is applied to determine the material expenses when writing-off inventories used to produce goods (provide services).

## **1.7 Expenses of future periods**

Expenses incurred by the Company in the reporting period but related to future reporting periods (payments under voluntary and mandatory insurance of property and employees, one-off payments to purchase licenses and other expenses) are recorded as expenses of future periods. These expenses are written-off on a straight-line basis during the periods which they relate to.

Expenses of future periods to be written-off during the period exceeding twelve months are recognised on the balance sheet as non-current assets in line 1190 "Other non-current assets"; those to be written-off during twelve months - in line 1210 "Inventories".

## **1.8 Accounts receivable**

Trade receivables are accounted for in the amount of services provided, works performed, good dispatched at justified prices and established tariffs. Settlements with other debtors are recognised for accounting and reporting purposes based on the contractual prices.

Accounts receivable which are overdue or unlikely to be repaid by the contractual deadlines and are not secured by guarantees, pledges or otherwise, are recognised on the balance sheet net of doubtful debt provision. The provision is based on the conservative assessment made by the Company's management with regard to the portion of receivables which is unlikely to be repaid.

Doubtful debts provision is made on a quarterly basis as of the end of the respective period. The provision amount is separately determined based on the unbiased information about solvency of the specific debtor and assessment of probability of receivables repayment in full or partially.

Accrual (release) of doubtful debts provision increases other expenses (income).

Uncollectable receivables are written-off when recognized as such. These receivables are recorded in off-balance-sheet accounts over five years after the debt is written off for monitoring whether there is a possibility of their collection in case of any changes in the debtor's property status.

## **1.9 Cash equivalents and presentation of cash flows in the statement of cash flows**

Cash equivalents comprise current highly liquid investments, which are readily convertible into a predictable amount of cash and are exposed to an insignificant risk of changes in value.

The Company recognises short-term bank deposits with a maturity of up to three months (not longer than 91 days) within cash equivalents if they are treated as funds used for settlements and repayment of liabilities, not intended for investment and other purposes.

The Company's cash flows which cannot be clearly attributed to cash flows from operating, investing or financing activities are included in the cash flows from operating activities in the statement of cash flows. Such cash flows include receipts and payments related to financial instruments of forward deals.

The following items are presented on a net basis in the statement of cash flows:

- indirect taxes within receipts from buyers and customers and payments to suppliers and contractors;
- cash flows used for investing activities and received on repayment of short-term bank deposits (with a maturity of more than three months) within the same reporting period, if they are characterised by quick return, large amounts and short-term maturity.



Cash receipts and payments do not include cash flows changing the structure of cash equivalents, but not changing their total amount.

### **1.10 Share capital, reserve and additional capital**

The Company's share capital has been recorded in the amount of the nominal value of ordinary shares purchased by shareholders. The share capital is equal to the amount specified in the Company's Charter.

When the share capital is increased through placement of additional shares, transactions associated with the formation of the share capital are accounted for when the respective changes made in the Company's constituent documents are registered.

The Company's additional capital includes share premium resulted from placement of the Company's shares at price exceeding their nominal value and total of additional capital of subsidiaries, associates merged into the Company during the 2008 reorganisation.

In accordance with legislation the Company forms a reserve fund in the amount of 5% of the share capital. The amount of mandatory annual deductions to reserve fund is 5% of the Company's net profit until it reaches the specified level.

### **1.11 Loans and bank credits received**

Loans and bank credits are accounted for in accordance with the Russian Accounting Regulation "Accounting for loans and bank credits" (RAR 15/2008).

Loans payable are stated inclusive of interest payable as of the end of the reporting period according to the loan agreements.

Interest is accrued on a monthly basis at the end of each reporting period. If a lender provides for interest calculation attributable to different reporting periods, the amount of interest shall be allocated and included in the amount payable separately for each month.

Additional expenses incurred in connection with borrowings are charged to expenses of future periods with subsequent straight-line inclusion in other expenses over the repayment period.

### **1.12 Estimated liabilities, contingent liabilities and contingent assets**

#### ***Estimated liabilities***

The Company recognises estimated liability, which meets the recognition criteria established in the Russian Accounting Regulation "Estimated liabilities, contingent liabilities and contingent assets" (RAR 8/2010).

The Company recognises an estimated liability for earned but unused employee vacations, which is determined as of the end of the reporting year with reference to the number of unused vacation days of each employee at the reporting date and employee's average salary, inclusive of insurance contributions.

#### ***Contingent liabilities and contingent assets***

Contingent liabilities and contingent assets are not recorded on the balance sheet, but instead are disclosed in the Explanatory Notes to the balance sheet and statement of financial results.

Contingent liability (contingent asset) arises as a result of past business events when existence of a liability (asset) of the Company at the reporting date depends on occurrence/non-occurrence) of future uncertain events, which are beyond the Company's control.

Contingent liability is disclosed in the Explanatory Notes to financial statements, except where the likelihood of a decrease in economic benefits associated therewith is remote. Contingent asset is disclosed in the Explanatory Notes when the inflows associated therewith are probable. There is a need to disclose its estimated amount or a range of estimated amounts, if such values are identifiable.

### **1.13 Revenue recognition**

Revenue from sales of products (provision of services) is recognized on an accrual basis (as the products/services are delivered/provided and relevant settlement documents presented to buyers). Revenue is presented net of value added tax and other similar mandatory charges.

Other revenues of the Company include:

- proceeds from sale of property, plant and equipment, investments and other assets;
- interest received in connection with providing the Company's cash for use, interest for the bank's use of cash sitting on the Company's bank accounts in the bank and interest on the acquired interest-bearing

notes of the third parties - in accordance with interest provision in the note when presenting it for payment. The Company recognises the above income in the statement of financial results in line 2320 "Interest income";

- income from participation in share capital of other entities (dividends). is recognised by Company when announced and included in the statement of financial results in line 2310 "Income from participation in other entities";
- income from transactions with derivatives when the respective trading positions are closed;
- fines, penalties and interest for breaching contractual terms;
- prior year profit identified in the reporting year (considering the requirements of the Russian Accounting Regulation "Correction of errors in accounting and reporting" (RAR 22/2010);
- other proceeds (income) according to the Russian Accounting Regulation "Income of an organisation" (RAR 9/99) (including income in the form of insurance indemnity).

#### **1.14 Recognition of expenses**

Accounting for expenses is regulated by the Russian Accounting Regulation "Expenses of an organisation" (RAR 10/99) under which the Company's expenses are divided into general expenses and other expenses.

Administrative expenses are written-off against the cost of goods sold (services provided).

General expenses are recognised in the reporting period wherein they were incurred irrespective of the actual closure of accounts payable.

Expenses shall be accounted for irrespective of the intention to generate revenue or other income and their form.

Other expenses include:

- expenses incurred in disposal and other write-off of property, plant and equipment, investments and other assets;
- interest paid by the Company for provided cash (bank credit, loans); the Company recognises these expenses in the statement of financial results in line 2330 "Interest expense";
- expenses incurred in payment of services provided by credit institutions;
- doubtful debts provision calculated on the basis of the reporting period results in accordance with the Company's accounting policies (see paragraph 2.8 of the Explanatory Notes);
- expenses from transactions with derivatives when the respective trading positions are closed;
- fines, penalties and interest for breaching contractual terms, compensation of losses caused by the Company;
- prior year losses identified in the reporting period (considering the requirements of the Russian Accounting Regulation "Correction of errors in accounting and reporting" (RAR 22/2010);
- charity and social security;
- expenses incurred as a result of extraordinary events in business operations (natural disaster, fire, accident, etc.)
- other expenses according to RAR 10/99.

### **7.5. Information on the Total Amount of Export, as well as on Export Share in Total Sales**

The Issuer does not export products (goods, works, services).

### **7.6. Information on Material Changes in the Issuer's Property since the Expiry Date of the Last Complete Financial Year**

Information on material changes in the Issuer's property which took place within 12 months prior to the expiry date of the reporting quarter:

There were no material changes in the Issuer's property within 12 months prior to the expiry date of the reporting quarter.

### **7.7. Information on the Issuer's Participation in Judicial Proceedings, if such Participation may have a Material Effect on Financial and Business Activities of the Issuer**

The Issuer did not participate/is not participating in any judicial proceedings, which had/may have a material effect on financial and business activities of the Issuer, within the period from the start date of the last complete financial year to the expiry of the reporting quarter.

## VIII. Additional Information on the Issuer and Equity Securities Placed by it

### 8.1. Additional Information on the Issuer

#### 8.1.1. Information on the Amount and Structure of the Authorized (Reserve) Capital (Unit Fund) of the Issuer

Amount of the authorized (reserve) capital (unit fund) of the Issuer as at the end date of the last reporting quarter: **three hundred eighty-six billion two hundred fifty-five million four hundred sixty-four thousand eight hundred and ninety (386,255,464,890) RUB**

Equity shares

Total par value: **three hundred eighty-six billion two hundred fifty-five million four hundred sixty-four thousand eight hundred and ninety (386,255,464,890) RUB**

Share in the authorized capital, %: **100**

Preferred

Total par value: **0**

Share in the authorized capital, %: **0**

Information on correspondence between the amount of the authorized capital specified in this Clause and the Issuer's constituent documents: ***The amount of the authorized capital corresponds to the constituent documents***  
***Some shares of the Issuer are traded outside the Russian Federation in accordance with foreign laws on foreign issuers' securities, certifying rights to the specified shares of the Issuer***

Category (class) of shares traded outside the Russian Federation

Type of securities: ***shares***

Category of shares: ***equity***

Percentage of shares traded outside the Russian Federation from the total shares of the relevant category (class): **5.228899%**

Foreign issuer, securities of which certify rights in respect to the Issuer's shares of such category (class)

Full corporate name: ***The Bank of New York Mellon***

Location: ***One Wall Street & 101 Barclay Street, New York City, New York***

Summary description of the program (program type) on issue of securities of a foreign issuer, certifying rights in respect to shares of such category (class):

Program type	GDR according to Rule 144A ADR, 1st level
Depository bank	The Bank of New York Mellon
Relation	1 GDR, 1 ADR = 100 equity shares
Ticker	HYDR
Number CUSIP GDR 144A Number CUSIP ADR 1st level	466294204 466294105
Opening date of the program: GDR according to Rule 144A ADR, 1st level	June 17, 2008 August 07, 2009
Maximum possible program capacity, pcs	832,131,000

Information on obtaining a permit from the federal executive securities market authority to place and/or arrange trade in the Issuer's shares of the relevant category (type) outside the Russian Federation (if applicable):

*permit of the Federal Financial Markets Service of the Russian Federation No. 08-EK-03/10335 dated May 23, 2008, permit of the Federal Financial Markets Service of the Russian Federation No. 09-EK-03/27137 dated November 19, 2009, permit of the Federal Financial Markets Service of the Russian Federation No. 11-SH-03/350 dated November 17, 2010, permit of the Federal Financial Markets Service of the Russian Federation No. 11-SH-03/21348 dated August 18, 2011.*

Name of the foreign listing authority, through which the Issuer's shares are traded (depository securities certifying rights in respect to the Issuer's shares) (in case of such trade):

*London Stock Exchange, Main Market (trading with listing procedure) and in USA electronic system of over-the-counter trading OTCQX, 304 Hudson Street, 2nd Floor, New York, NY 10013, USA.*

### 8.1.2. Information on Change in the Amount of the Authorized (Reserve) Capital (Unit Fund) of the Issuer

Information on changes in the Issuer's authorized (reserve) capital (unit fund) for the last completed financial year preceding the end of the reporting quarter as well as for the period from the beginning date of the current year to the end date of the reporting quarter:

The amount and the structure of the authorized (reserve) capital (unit fund) of the Issuer prior to relevant change;	Name of the Issuer's management body taking the decision on change in the amount of the authorized (reserve) capital (unit fund) of the Issuer;	Date and number of the minutes of the meeting of the Issuer's management body, on which the decision on change in the amount of the authorized (reserve) capital (unit fund) of the Issuer has been taken;	Dated of change in the amount of the authorized (reserve) capital (unit fund) of the Issuer;	The amount and the structure of the authorized (reserve) capital (unit fund) of the Issuer after relevant change.
As at January 01, 2013 RUB 317,637,520,094 100% of the authorized capital are equity shares of the Issuer	General Meeting of Shareholders of the Issuer	Minutes No. 9 dated November 19, 2012	January 28, 2014	RUB 386,255,464,890 100% of the authorized capital are equity shares of the Issuer

### 8.1.3. Information on Convening and Holding the Meeting of the Issuer's Supreme Management Body

**Name of the Issuer's supreme management body:** General Meeting of Shareholders

**Procedure for notification of shareholders (participants) of holding of the meeting of the Issuer's supreme management body:**

The notice of the General Meeting of Shareholders shall be brought to the information of the shareholders at least thirty (30) days prior to the General Meeting of Shareholders, and if the expected agenda of the extraordinary General Meeting of Shareholders contains an item on election of members to the Board of Directors, at least seventy (70) days prior to the General Meeting of Shareholders as follows:

- Publication thereof in the newspaper *Rossiyskaya Gazeta* by the Company;
- Publication on the Company's website.

**Persons which may call for (demand calling for) an extraordinary meeting of the Issuer's supreme management body, as well as the procedure for sending such requests:**

The extraordinary General Meeting of Shareholders shall be held by a resolution of the Board of Directors passed on its own initiative, upon the request of the Internal Audit Commission, the Company's Auditor, or shareholders holding at least ten (10) per cent of the voting shares of the Company as at the date when the request is submitted.

The extraordinary General Meeting of Shareholders, at the request of the Internal Audit Commission of the Company, Auditor of the Company, as well as shareholders holding at least ten (10) per cent of the Company's voting shares at the date of request, is called by the Board of Directors and shall be held within forty (40) days upon the request.

Should the proposed agenda of the extraordinary General Meeting of Shareholders contain an item on election of members of the Board of Directors of the Company, such General Meeting of Shareholders shall be held within seventy (70) days upon the request.

Within five (5) days upon the request for calling the extraordinary General Meeting of Shareholders, the Board of Directors shall take the decision on calling the extraordinary General Meeting of Shareholders or refuse to call it.

The resolution of the Board of Directors on calling the extraordinary General Meeting of Shareholders or reasoned resolution on refusal shall be sent to persons demanding it within three (3) days of the date thereof.

**Procedure for determining of the date of the meeting of the Issuer's supreme management body:**

The annual General Meeting of Shareholders shall be held not earlier than two months and not later than six months after the end of the financial year.

The annual General Meeting of Shareholders shall be called and held upon the Board of Directors' decision.

The extraordinary General Meeting of Shareholders shall be held by a resolution of the Board of Directors, passed on its own initiative, upon the request of the Internal Audit Commission, the Company's Auditor, or shareholders holding at least ten (10) per cent of the voting shares of the Company as at the date when the request is submitted.

The extraordinary General Meeting of Shareholders, at the request of the Internal Audit Commission of the Company, Auditor of the Company, as well as shareholders holding at least ten (10) per cent of the Company's voting shares at the date of request, is called by the Board of Directors and shall be held within forty (40) days upon the request.

Should the proposed agenda of the extraordinary General Meeting of Shareholders contain an item on election of members of the Board of Directors of the Company, such General Meeting of Shareholders shall be held within seventy (70) days upon the request.

**Persons who may propose items on the agenda of the Issuer's supreme management body, as well as the procedure therefor:**

Shareholders holding, individually or together, at least two (2) per cent of the voting shares in the Company may place items on the agenda of the annual General Meeting of Shareholders and propose candidates for election to the Board of Directors and Internal Audit Commission of the Company, as long as the number of such candidates does not exceed the number of members of the given body.

Such proposals shall be submitted to the Company not later than ninety (90) days after the end of the financial year.

The extraordinary General Meeting of Shareholders shall be held by a resolution of the Board of Directors, passed on its own initiative, upon the request of the Internal Audit Commission, the Company's Auditor, or shareholders holding at least ten (10) per cent of the voting shares of the Company as at the date when the request is submitted. The proposals of agenda items for the General Meeting of Shareholders and proposals concerning nomination of candidates shall be submitted in writing, with specification of the name (corporate name) of shareholders submitting the proposal, and the quantity and category (class) of shares held by them under the shareholders' signature.

The proposals of agenda items for the General Meeting of Shareholders shall contain the wording of each proposed item, and proposals concerning nomination of candidates — name and ID details (serial and/or number of the document, date and place of its issue, issuing authority) of each nominee, name of the body for election to which it is nominated.

The Board of Directors of the Company shall examine the proposals submitted and decide on placing items on the agenda of the General Meeting of Shareholders or refuse to place them within five (5) days upon the expiry of the period specified in Clause 11.1 of JSC RusHydro Charter.

The Board of Directors may refuse to place items proposed by shareholders on the agenda of the General Meeting of Shareholders, as well as to include recommended candidates in the list of candidates for election to the relevant body of the Company in cases specified by the Federal Law On Joint-Stock Companies and other legislative and regulatory acts of the Russian Federation.

The reasoned refusal of the Board of Directors to include the proposed item in the agenda of the General

Meeting of Shareholders or a candidate in the list of candidates for voting for election to the relevant body of the Company shall be sent to the shareholder(s), who put forward such item or recommended the candidate, within three (3) days upon its signature.

The Board of Directors may not change wording of items proposed to be included in the agenda of the General Meeting of Shareholders, and wordings of resolutions on such issues (if any).

Apart from the items proposed for inclusion on the agenda of the General Meeting of Shareholders by the shareholders, and also if no such proposals were made, if no candidates or an insufficient number of candidates were proposed for the formation of the given body, the Board of Directors may put items on the agenda of the General Meeting of Shareholders or include candidates in the list of candidates at its own discretion.

**Person who may familiarize themselves with information (materials) provided for preparation and holding of the meeting of the Issuer's supreme management body, as well as familiarization procedure:**

Information (materials) concerning the agenda items of the General Meeting of Shareholders shall be made available to persons entitled to participate in the General Meeting of Shareholders for review at the addresses stated in the notice of the General Meeting of Shareholders, and shall be placed on the Company's website thirty (30) days before the General Meeting of Shareholders (or twenty (20) days before the General Meeting of Shareholders in case of an extraordinary General Meeting of Shareholders, the agenda of which includes an item under subclause 4, clause 1, Article 48 of the Federal Law On Joint-Stock Companies).

The list of persons entitled to participate in the General Meeting of Shareholders is compiled based upon the Company's register of shareholders as at the date established by the Board of Directors when deciding on holding of the General Meeting of Shareholders according to Article 51 of the Federal Law On Joint-Stock Companies.

The procedure for familiarization of persons entitled to participate in the General Meeting of Shareholders with information (materials) on the agenda of the General Meeting of Shareholders and the list of such information (materials) is determined by the Board of Directors.

**Procedure for announcement (notification of shareholders (participants) of the Issuer) of decisions accepted by the supreme management body of the Issuer, as well as voting results:**

The minutes of the General Meeting of Shareholders shall be made within three (3) business days after the General Meeting of Shareholders, when the General Meeting of Shareholders is held in the form of joint attendance, or after the deadline for acceptance of ballots, when the General Meeting of Shareholders is held in the form of voting in absentia.

The minutes of the General Meeting of Shareholders shall be signed by the Chairman of the General Meeting of Shareholders (presiding over the General Meeting of Shareholders) and Secretary of the General Meeting of Shareholders.

Voting results and decisions taken at the General Meeting of Shareholders may be announced at the General Meeting of Shareholders of the Company.

If decisions taken at the General Meeting of Shareholders, as well as voting results were not announced at the General Meeting of Shareholders, at which voting took place, the Company, within ten (10) days after drawing up the report on voting results, shall publish them in the newspaper *Rossiyskaya Gazeta* in the form of a voting results report, as well as post it on the Company's website.

### **8.1.4. Information on Commercial Organizations, in which the Issuer Holds at least 5 Per Cent of the Authorized (Reserve) Capital (Unit Fund) or at least 5 Per Cent of Equity Shares**

The list of commercial organizations, where, as of the end date of the last reporting quarter, the Issuer holds at least 5 per cent of the authorized (reserve) capital (unit fund) or at least 5 per cent of equity shares

1. Full corporate name: *Closed Joint-Stock Company HydroEngineering Siberia*

Abbreviated corporate name: *CJSC HydroEngineering Siberia*

Location: *2Zh Akademiya Vavilova St., Krasnoyarsk, Krasnoyarsk Krai, Russian Federation, 660093*

INN: *7804328940*

OGRN: *1057813314525*

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: *100*

Percentage of equity shares held by the Issuer in such joint-stock company, %: *100*

Share of the person in the authorized capital of the Issuer, %: *0*

Share of the Issuer's equity shares held by the person, %: 0

2.Full corporate name: ***B.E. Vedeneev Russian Research Hydrotechnics Institute Joint-Stock Company***

Abbreviated corporate name: ***B.E. Vedeneev VNIIG JSC***

Location: ***21 Gzhatskaya St., St. Petersburg, Russia, 195220***

INN: ***7804004400***

OGRN: ***1027802483400***

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: ***100***

Percentage of equity shares held by the Issuer in such joint-stock company, %: ***100***

Share of the person in the authorized capital of the Issuer, %: ***0***

Share of the Issuer's equity shares held by the person, %: ***0***

3.Full corporate name: ***Joint-Stock Company Geoterm***

Abbreviated corporate name: ***JSC Geoterm***

Location: ***60 Akademika Koroleva St., Petropavlovsk-Kamchatsky, Russia, 683980***

INN: ***4101023932***

OGRN: ***1024101023429***

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: ***99.65***

Percentage of equity shares held by the Issuer in such joint-stock company, %: ***99.65***

Share of the person in the authorized capital of the Issuer, %: ***0***

Share of the Issuer's equity shares held by the person, %: ***0***

4.Full corporate name: ***Joint-Stock Company Zaramagskiye HPPs***

Abbreviated corporate name: ***JSC Zaramagskiye HPPs***

Location: ***7A, bldg. 5, Stroitelny Proezd, Moscow, Russian Federation***

INN: ***1505008701***

OGRN: ***1021500822001***

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: ***98.346714***

Percentage of equity shares held by the Issuer in such joint-stock company, %: ***98.346714***

Share of the person in the authorized capital of the Issuer, %: ***0.070239***

Share of the Issuer's equity shares held by the person, %: ***0.070239***

5.Full corporate name: ***Joint-Stock Company Hydroinvest***

Abbreviated corporate name: ***JSC Hydroinvest***

Location: ***4/3 Oktyabrya Prospekt, Ufa, Republic of Bashkortostan, Russia, 450001***

INN: ***7814388285***

OGRN: ***1077847558381***

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: ***100***

Percentage of equity shares held by the Issuer in such joint-stock company, %: ***100***

Share of the person in the authorized capital of the Issuer, %: ***10.924536***

Share of the Issuer's equity shares held by the person, %: ***0.924536***

6.Full corporate name: ***Joint-Stock Company Leningradskaya PSHP***

Abbreviated corporate name: ***JSC Leningradskaya PSHP***

Location: ***4 Pionerskaya St., Yanega, Lodeynopolsky District, Leningrad Oblast, Russian Federation, 187727***

INN: ***7804328926***

OGRN: ***1057813313315***

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: ***100***

Percentage of equity shares held by the Issuer in such joint-stock company, %: ***100***

Share of the person in the authorized capital of the Issuer, %: ***0***

Share of the Issuer's equity shares held by the person, %: ***0***

7.Full corporate name: ***Joint-Stock Company Scientific Research Institute of Energy Structures***

Abbreviated corporate name: ***JSC NIIES***



Location: **7a Stroitelny Proezd, Moscow, Russia, 125362**

INN: **7733021533**

OGRN: **1027739536868**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

8.Full corporate name: **Joint-Stock Company Experimental-Industrial Verkhne-Mutnovskaya GeoPP**

Abbreviated corporate name: **JSC Experimental-Industrial Verkhne-Mutnovskaya GeoPP**

Location: **60 Akademika Koroleva St., Petropavlovsk-Kamchatsky, Russia, 683049**

INN: **4101100400**

OGRN: **1054100011668**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **48.04**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **48.04**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

9.Full corporate name: **Joint-Stock Company Managing Company HydroOGK**

Abbreviated corporate name: **JSC MC HydroOGC**

Location: **51 Arkhitektova Vlasova St., Moscow, Russia, 117393**

INN: **5260096381**

OGRN: **1025203040136**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

10.Full corporate name: **Joint-Stock Company Energy Construction Complex of UES**

Abbreviated corporate name: **JSC ECC of UES**

Location: **91 Vavilova St., Bldg. 2, Moscow, Russia, 117335**

INN: **7729540430**

OGRN: **1067746217373**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

11.Full corporate name: **Closed Joint-Stock Company Construction Contractor of Boguchanskaya HPP**

Abbreviated corporate name: **CJSC Construction Contractor of Boguchanskaya HPP**

Location: **1 Unified Base No. 1, Left Bank Construction Base, Kodinsk, Kozhemy District, Russia, 663491**

INN: **2420070942**

OGRN: **1072420000135**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **51**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **51**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

12.Full corporate name: **Closed Joint-Stock Company Construction Customer of Boguchanskaya HPP**

Abbreviated corporate name: **CJSC Construction Customer of Boguchanskaya HPP**

Location: **10/1 Leninskogo Komsomola Prosp., Kodinsk, Kozhemy District, Krasnoyarsk Krai, Russia, 663491**

INN: **2420070910**

OGRN: **1072420000168**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **49**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **49**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

13. Full corporate name: ***Closed Joint-Stock Company Construction Contractor of Boguchansk Aluminium Smelter***

Abbreviated corporate name: ***CJSC Construction Contractor of Boguchansk Aluminium Smelter***

Location: ***10/1 Leninskogo Komsomola Prosp., Kodinsk, Kozhemy District, Krasnoyarsk Krai, Russia, 663491***

INN: ***2420070928***

OGRN: ***1072420000157***

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **49**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **49**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

14. Full corporate name: ***Closed Joint-Stock Company Construction Customer of Boguchansk Aluminium Smelter***

Abbreviated corporate name: ***CJSC Construction Customer of Boguchansk Aluminium Smelter***

Location: ***10/1 Leninskogo Komsomola Prosp., Kodinsk, Kozhemy District, Krasnoyarsk Krai, Russia, 663491***

INN: ***2420070935***

OGRN: ***1072420000146***

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **51**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **51**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

15. Full corporate name: ***Joint-Stock Company Nizhne-Bureyskaya HPP***

Abbreviated corporate name: ***JSC Nizhne-Bureyskaya HPP***

Location: ***49 Sovetskaya St., Novobureysky, Bureysky District, Amur Oblast, Russia, 676720***

INN: ***2813006299***

OGRN: ***1062813007817***

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

16. Full corporate name: ***Joint-Stock Company Nizhne-Zeiskaya HPP***

Abbreviated corporate name: ***JSC Nizhne-Zeiskaya HPP***

Location: ***225/3 Zeyskaya St., Blagoveshchensk, Amur Oblast, Russia, 675000***

INN: ***2801112479***

OGRN: ***1062801070331***

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

17. Full corporate name: ***Joint-Stock Company Zagorskaya PSHPP-2***

Abbreviated corporate name: ***JSC Zagorskaya PSPP-2***

Location: ***101 Bogorodskoye industrial community, Bogorodskoye urban settlement, Sergievo-Posadsky municipal district, Moscow Oblast, Russian Federation***

INN: ***5042086312***

OGRN: **1065042071137**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

18.Full corporate name: **Joint-Stock Company Transport Company RusHydro**

Abbreviated corporate name: **JSC SShTC RusHydro**

Location: **63 Cheremushki, Sayanogorsk, Republic of Khakassia, Russia, 655619**

INN: **1902018248**

OGRN: **1031900676356**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

19.Full corporate name: **Joint-Stock Company Renewable Energy Engineering Center**

Abbreviated corporate name: **JSC Renewable Energy Engineering Center**

Location: **51 Arkhitektova Vlasova St., Moscow, Russia, 117393**

INN: **7728638105**

OGRN: **1077762186633**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

20.Full corporate name: **Joint-Stock Company Yuzhno-Yakutsky Hydropower Complex**

Abbreviated corporate name: **JSC South Yakutia HPC**

Location: **29 Dzerzhinskogo St., Aldan, Republic of Sakha (Yakutia), Russia, 678900**

INN: **1402046840**

OGRN: **1061402006126**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

21.Full corporate name: **Joint-Stock Company Sulaksky Hydrocascade**

Abbreviated corporate name: **JSC Sulaksky Hydrocascade**

Location: **7A Stroitelny Proezd, Moscow, 125362**

INN: **0516009712**

OGRN: **1070546001173**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

22.Full corporate name: **Joint-Stock Company Service Center of Neporozhny Sayano-Shushenskaya HPP**

Abbreviated corporate name: **JSC SC NSShHPP**

Location: **63 Cheremushki, Sayanogorsk, Republic of Khakassia, Russia, 655619**

INN: **1902018368**

OGRN: **1031900677324**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: 0

23. Full corporate name: **Joint-Stock Company Hydroremont VCC**

Abbreviated corporate name: **JSC Hydroremont VCC**

Location: **8a Vernadskogo Prospekt, Moscow, Russia, 119311**

INN: **6345012488**

OGRN: **1036301733005**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

24. Full corporate name: **Joint-Stock Company Karachaevo-Cherkesskaya Hydrogeneration Company**

Abbreviated corporate name: **JSC Karachaevo-Cherkesskaya HGC**

Location: **7A, bldg. 5, Stroitelny Proezd, Moscow**

INN: **0917001661**

OGRN: **1050900973177**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

25. Full corporate name: **Private Company Limited by Shares HYDROOGK ALUMINIUM COMPANY LIMITED**

Abbreviated corporate name: **HydroOGK Aluminium Company Limited**

Location: **16 Kyriakos Matsis Avenue Nicosia, Cyprus**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

26. Full corporate name: **Private Company Limited by Shares HYDROOGK POWER COMPANY LIMITED**

Abbreviated corporate name: **HYDROOGK POWER COMPANY LIMITED**

Location: **16 Kyriakos Matsis Avenue Nicosia, Cyprus**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

27. Full corporate name: **Joint-Stock Company Zharki**

Abbreviated corporate name: **JSC Zharki**

Location: **Territory of Zharki Leisure Centre, Bldg. 1, Bolshoy Babik river mouth, Beysky District, Republic of Khakassia, Russia, 655770**

INN: **1902017734**

OGRN: **1031900671780**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **25.000964**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **25.000964**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

28. Full corporate name: **Joint-Stock Company Lenhydroproject**

Abbreviated corporate name: **JSC Lenhydroproject**

Location: **22 Ispytateley Prospekt, Saint Petersburg, Russia, 197227**

INN: **7814159353**

OGRN: **1077763382597**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

29. Full corporate name: **Joint-Stock Company Kolymaenergo**  
Abbreviated corporate name: **JSC Kolymaenergo**  
Location: **84 Proletarskaya St., Bldg. 2, Magadan, Russia, 685000**  
INN: **2460215591**  
OGRN: **1092468017751**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **98.759682**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **98.759682**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

30. Full corporate name: **Joint-Stock Company Energy Main Computer Centre**  
Abbreviated corporate name: **JSC Energy MCC**  
Location: **16 Bersenevskaya Nab., building 5, Moscow, Russia, 119072**  
INN: **7705020880**  
OGRN: **1027739064858**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **42.536397**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **42.536397**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

31. Full corporate name: **Joint-Stock Company ChirkeyGESstroy**  
Abbreviated corporate name: **JSC ChirkeyGESstroy**  
Location: **7a Avtomobilistov Pereulok, Kazbekova, Makhachkala, Republic of Dagestan, Russia, 367000**  
INN: **0533001760**  
OGRN: **1020501741523**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **75**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **75**  
Share of the person in the authorized capital of the Issuer, %: **0.007561**  
Share of the Issuer's equity shares held by the person, %: **0.007561**

32. Full corporate name: **Joint-Stock Company Urals Energy Managing Company**  
Abbreviated corporate name: **JSC UEMC**  
Location: **37 Vernadskogo Prospekt, Bldg. 2, Moscow, Russia, 119415**  
INN: **8602066780**  
OGRN: **1028600586838**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **20.666667**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **20.666667**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

33. Full corporate name: **Joint-Stock Company Ust-Srednekamskaya HPP**  
Abbreviated corporate name: **JSC Ust-Srednekamskaya HPP**  
Location: **84 Proletarskaya St., Bldg. 2, Magadan, Russia, 685030**  
INN: **2460215591**  
OGRN: **1092468017751**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **50.044812**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **50.044812**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

34. Full corporate name: **Joint-Stock Company ESC RusHydro**  
Abbreviated corporate name: **JSC ESC RusHydro**  
Location: **51 Arkhitekatora Vlasova St., Moscow, Russia, 117393**  
INN: **7804403972**  
OGRN: **1089848039973**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100 minus one share**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100 minus one share**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

35. Full corporate name: **Joint-Stock Company Nizhne-Kureyskaya HPP**  
Abbreviated corporate name: **JSC Nizhne-Kureyskaya HPP**  
Location: **2Zh Akademika Vavilova St., Krasnoyarsk, Krasnoyarsk Krai, Russian Federation, 660093**  
INN: **2460215591**  
OGRN: **1092468017751**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

36. Full corporate name: **Joint-Stock Company Far East WPP**  
Abbreviated corporate name: **JSC Far East WPP**  
Location: **7A Stroitelny Proezd, Bldg. 5, Office 13, Moscow, Russian Federation, 125362**  
INN: **2536217601**  
OGRN: **1092536005297**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

37. Full corporate name: **RusSUNHydro Limited**  
Abbreviated corporate name: **RusSUNHydro Ltd**  
Location: **42 Nestoros, Kaimakli, 1026 Nicosia, Cyprus,**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **50**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

38. Full corporate name: **Closed Joint-Stock Company Malaya Dmitrovka**  
Abbreviated corporate name: **CJSC Malaya Dmitrovka**  
Location: **7 Malaya Dmitrovka St., Moscow, Russia, 127006**  
INN: **7727685303**  
OGRN: **1097746103905**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

39. Full corporate name: **Joint-Stock Company Small HPPs of Altai**  
Abbreviated corporate name: **JSC Small HPPs of Altai**  
Location: **73 Chonos-Gurkina, Gorno-Altaysk, Republic of Altai, Russia, 649006**  
INN: **0411151856**  
OGRN: **1100411007674**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

40. Full corporate name: **Joint-Stock Company Small HPPs of Dagestan**

Abbreviated corporate name: **JSC SHPPs of Dagestan**

Location:

**7A Stroitelny Proezd, Bldg. 5, Moscow, Russia**

INN: **0562068208**

OGRN: **1042401810494**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

41. Full corporate name: **RusHydro International B.V.**

Abbreviated corporate name: **RusHydro International B.V.**

Location: **Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

42. Full corporate name: **Joint-Stock Company Aktsionernaya Kompaniya Yakutskenergo**

Abbreviated corporate name: **JSC AK Yakutskenergo**

Location: **14 Fedora Popova St., Yakutsk, Republic of Sakha (Yakutia), Russia, 677000**

INN: **1435028701**

OGRN: **1021401047260**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **29.795104**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **29.002941**

Share of the person in the authorized capital of the Issuer, %: **0.000014**

Share of the Issuer's equity shares held by the person, %: **0.000014**

43. Full corporate name: **Joint-Stock Company Kamchatka Gas Power Complex**

Abbreviated corporate name: **JSC KamGEK**

Location: **40 Klyuchevskaya, Petropavlovsk-Kamchatsky, Kamchatka Krai, Russia, 683003**

INN: **4101047002**

OGRN: **1024101019469**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **96.583531**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **96.583531**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

44. Full corporate name: **Joint-Stock Company Pavlodolskaya Hydroelectric Power Plant**

Abbreviated corporate name: **JSC Pavlodolskaya HPP**

Location: **7A, bldg. 5, Stroitelny Proezd, Moscow, Russian Federation**

INN: **1510012774**

OGRN: **1041500751016**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

45. Full corporate name: **Joint-Stock Company RAO Energy System of East**

Abbreviated corporate name: **JSC RAO Energy System of East**

Location: **46 Leningradskaya St., Khabarovsk, 680021**

INN: **2801133630**

OGRN: **1087760000052**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **84.39**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **85.163759**

Share of the person in the authorized capital of the Issuer, %: **0.012584**

Share of the Issuer's equity shares held by the person, %: **0.012584**

46.Full corporate name: **Joint-Stock Company Sakhalin Energy Company**

Abbreviated corporate name: **JSC CEK**

Location: **40 Dzerzhinskogo, Yuzhno-Sakhalinsk, Russia, 693007**

INN: **6501210088**

OGRN: **1096501006030**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **31.489950**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **31.489950**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

47.Full corporate name: **Limited Liability Company IT Energy Service**

Abbreviated corporate name: **LLC IT Energy Service**

Location: **7 Kitaygorodsky Prospekt, Moscow, Russia, 109074**

INN: **7729403949**

OGRN: **1037700018751**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **19.99**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

48.Full corporate name: **Limited Liability Company Hydroservice**

Abbreviated corporate name: **LLC Hydroservice**

Location: **7 Malaya Dmitrovka St., Moscow, Russia, 127006**

INN: **1902022558**

OGRN: **1091902000772**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

49.Full corporate name: **Limited Liability Company Verkhnebalkarskaya Small HPP**

Abbreviated corporate name: **LLC Verkhnebalkarskaya SHPP**

Location: **7A, bldg. 5, Stroitelny Proezd, Moscow, Russian Federation**

INN: **0706004536**

OGRN: **1090720000370**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

50.Full corporate name: **Limited Liability Company Fiagdonskaya Small HPP**

Abbreviated corporate name: **LLC Fiagdonskaya SHPP**

Location: **7A, bldg. 5, Stroitelny Proezd, Moscow, Russian Federation**

INN: **1514005915**

OGRN: **1091514000467**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**



51. Full corporate name: **Limited Liability Company Small HPPs of Stavropol and Karachayev-Cherkessia**  
Abbreviated corporate name: **LLC SHPPs Stavropol and KCh**  
Location: **7A, bldg. 5, Stroitelny Proezd, Moscow, Russian Federation**  
INN: **0917014406**  
OGRN: **1090917001867**  
The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

52. Full corporate name: **Closed Joint-Stock Company Verkhne-Narynskie Hydroelectric Power Plants**  
Abbreviated corporate name: **CJSC Verkhne-Narynskie HPP**  
Location: **326 Zhibek-Zholu Prospekt, Bishkek, Kyrgyz Republic**  
INN: **02510201210033**  
OGRN: **125748-3300-3AO**  
The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **50**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **50**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

53. Full corporate name: **Joint-Stock Company Irkutsk Electric Grid Company**  
Abbreviated corporate name: **JSC IEGC**  
Location: **257 Lermontova St., Irkutsk, Russian Federation, 664033**  
INN: **3812122706**  
OGRN: **1093850013762**  
The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **42.75**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **42.75**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

54. Full corporate name: **Closed Joint-Stock Company TPP in Sovetskaya Gavan**  
Abbreviated corporate name: **CJSC TPP in Sovetskaya Gavan**  
Location: **31A Komsomolskaya, Sovetskaya Gavan, Khabarovsk Krai, Russia, 682800**  
INN: **2704022491**  
OGRN: **1132709000489**  
The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

55. Full corporate name: **Closed Joint-Stock Company Blagoveshchenskaya TPP**  
Abbreviated corporate name: **CJSC Blagoveshchenskaya TPP**  
Location: **28-30 Shevchenko St., Blagoveshchensk, Amur Oblast, Russia, 675000**  
INN: **2801186142**  
OGRN: **1132801005556**  
The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**  
Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**  
Share of the person in the authorized capital of the Issuer, %: **0**  
Share of the Issuer's equity shares held by the person, %: **0**

56. Full corporate name: **Closed Joint-Stock Company Sakhalin SDPP-2**  
Abbreviated corporate name: **CJSC Sakhalin SDPP-2**  
Location: **43 Kommunisticheskyy Prospekt, Yuzhno-Sakhalinsk, Sakhalin Oblast, Russia, 693000**  
INN: **6501256357**

OGRN: **1136501004012**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

57. Full corporate name: **Closed Joint-Stock Company Yakutsk SDPP-2**

Abbreviated corporate name: **CJSC Yakutsk SDPP-2**

Location: **23 Dzerzhinskogo St., Office 304, Yakutsk, Republic of Sakha (Yakutia), Russia, 677000**

INN: **1435269489**

OGRN: **1131447010640**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **100**

Percentage of equity shares held by the Issuer in such joint-stock company, %: **100**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

58. Full corporate name: **Limited Liability Company VOLGAHYDRO**

Abbreviated corporate name: **LLC VOLGAHYDRO**

Location: **76 30 let Pobedy St., Balakovo, Saratov Oblast, Russia, 413840**

INN: **6439082561**

OGRN: **1136439001841**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company, %: **50% + 1 Russian ruble**

Share of the person in the authorized capital of the Issuer, %: **0**

Share of the Issuer's equity shares held by the person, %: **0**

59. Full corporate name: **Closed Joint-Stock Company Kholdingovaya Kompaniya BoAZ**

Abbreviated corporate name: **CJSC Kholdingovaya Kompaniya BoAZ**

Location: **7A, bldg. 5, Stroitelny Proezd, Moscow, Russian Federation, 125362**

INN: **7733866026**

OGRN: **5137746242420**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company: **100%**

Percentage of equity shares held by the Issuer in such joint-stock company: **100%**

Share of the person in the authorized capital of the Issuer: **0%**

Share of the Issuer's equity shares held by the person: **0%**

60. Full corporate name: **Closed Joint-Stock Company Kholdingovaya Kompaniya BoGES**

Abbreviated corporate name: **CJSC Kholdingovaya Kompaniya BoGES**

Location: **7A, bldg. 5, Stroitelny Proezd, Moscow, Russian Federation, 125362**

INN: **7733866019**

OGRN: **5137746242376**

The Issuer's share in the authorized (reserve) capital (unit fund) of the commercial company: **100%**

Percentage of equity shares held by the Issuer in such joint-stock company: **100%**

Share of the person in the authorized capital of the Issuer: **0%**

Share of the Issuer's equity shares held by the person: **0%**

### **8.1.5. Information on Major Transactions Made by the Issuer**

Such transactions were not made within the completed financial year and the first quarter of the current year.

### **8.1.6. Information on the Issuer's Credit Ratings**

In respect of every credit ratings, known to the Issuer, for the last complete financial year, as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter the following is to be specified:

Rating object: **Issuer**

Rating company

Full corporate name: **Fitch Ratings Ltd.**

Abbreviated corporate name: **Fitch**

Location: **Fitch Ratings 101Finsbury Pavement London EC2A 1 RS UK (central office), 6 Gasheka St., Dukat Place III, Moscow (Moscow office)**

Description of credit rating methods or URL where information on credit rating methods is posted in free access:

<https://www.fitchratings.com>, <http://www.fitchratings.ru>

Credit rating as at the end of the reporting quarter: **BB+ according to international scale, AA (rus) according to national scale**

Credit rating change history for the last completed financial year, preceding the end date of the reporting quarter, as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, with specification of the credit rating and allocation (change) date thereof

Allocation date	Credit rating
September 09, 2013	Fitch Ratings Ltd. confirmed Stable outlook of JSC RusHydro and confirmed its credit ratings at BB+ (foreign long-term rating) and AA(rus) (national long-term rating).
March 24, 2014	Fitch Ratings Ltd. changed Stable to Negative outlook of JSC RusHydro (due to similar change of sovereign credit rating outlook of the Russian Federation on March 21, 2014) and confirmed its credit ratings at BB+ (long-term rating in foreign and national currencies) and AA(rus) (national long-term rating).

Rating object: **Issuer**

Rating company

Full corporate name: **Standard & Poor's International Services, Inc.**

Abbreviated corporate name: **S&P**

Location: **55 Water Street New York, NY, United States, 10041 (central office), 4/7 Vozdvizhenka St., bldg. 2, Mokhovaya Business Centre, Moscow, 125009 (Mokhovaya Business Centre, Moscow office)**

Description of credit rating methods or URL where information on credit rating methods is posted in free access:

<http://www.standardandpoors.com>, <http://standardandpoors.ru>

Credit rating as at the end of the reporting quarter: **BB+ according to international scale, ruAA+ according to national scale**

Credit rating change history for the last completed financial year, preceding the end date of the reporting quarter, as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, with specification of the credit rating and allocation (change) date thereof

Allocation date	Credit rating
April 09, 2013	Standard&Poor's Rating Agency revised JSC RusHydro rating outlook from Negative to Stable and confirmed its credit ratings at BB+ (foreign long-term rating) and ruAA+ (national long-term rating).
March 28, 2014	Fitch Ratings Ltd. changed Stable to Negative outlook of JSC RusHydro (due to similar change of sovereign credit rating outlook of the Russian Federation on March 20, 2014) and confirmed its credit ratings at BB+ (long-term rating in foreign and national currencies) and ruAA+ (national long-term rating).

Rating object: **Issuer**

Rating company

Full corporate name: **MOODY'S Investors Service Ltd. together with Closed Joint-Stock Company Moody's Interfax Rating Agency**

Abbreviated corporate name: **MOODY'S and CJSC Moody's Interfax Rating Agency**

Location: **7 World Trade Center at 250 Greenwich Street New York, NY 10007 USA and 2 1-ya Tverskaya-Yamskaya St., Moscow, Russia, 103006 (Four Winds Plaza Business Centre)**

Description of credit rating methods or URL where information on credit rating methods is posted in free

access:

<https://www.moodys.com/> , <http://www.moodys.ru> and <http://www.rating.interfax.ru>

Credit rating as at the end of the reporting quarter: **Ba1 according to international scale, Aa1.ru according to national scale**

Credit rating change history for the last completed financial year, preceding the end date of the reporting quarter, as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, with specification of the credit rating and allocation (change) date thereof

Allocation date	Credit rating
July 24, 2013	MOODY'S Investors Service Ltd. Rating Agency together with CJSC Moody's Interfax Rating Agency confirmed Stable rating outlook for JSC RusHydro and confirmed its credit ratings at Ba1 (foreign long-term rating) and Aa1.ru (national long-term rating).

Rating object: **securities of the Issuer**

Information on securities

Type of securities: **bonds**

Series, other identification characteristics of securities: **bonds, series 07, 08**

State registration date of issue: **December 27, 2012**

Registration number: **4-07-55038-E , 4-08-55038-E**

Rating company

Full corporate name: **Fitch Ratings Ltd.**

Abbreviated corporate name: **Fitch**

Location: **Fitch Ratings 101Finsbury Pavement London EC2A 1 RS UK (central office), 26 Valovaya St., Moscow, 115054 (LightHouse Business Centre) Fitch Ratings CIS Ltd (Moscow office)**

Description of credit rating methods or URL where information on credit rating methods is posted in free access:

<https://www.fitchratings.com>, <http://www.fitchratings.ru>

Credit rating as at the end of the reporting quarter: **priority unsecured rating BB+ according to international scale**

Credit rating change history for the last completed financial year, preceding the end date of the reporting quarter, as well as for the period after the beginning date of the current year and up to the end date of the reporting quarter, with specification of the credit rating and allocation (change) date thereof

Allocation date	Credit rating
February 15, 2013	Fitch Ratings attached priority unsecured rating BB+ to 10 years Russian ruble bonds of JSC RusHydro to the amount of RUB 20 billion with coupon rate of 8.5% per annum.
September 09, 2013	Fitch Ratings confirmed rating of JSC RusHydro for Russian ruble bonds.
March 24, 2014	Fitch Ratings confirmed BB+ priority unsecured rating of JSC RusHydro for RUB bonds.

## 8.2. Information on each category (class) of the Issuer's shares

Category of shares (equity, preferred) and type for preferred shares:

**equity registered**

Par value of a share: **one (1) Russian ruble**

Outstanding shares (placed and not cancelled shares): **386,255,464,890**

Additional shares which can be placed or are being placed (shares of additional issue, state registration of which is completed, but in respect of which state registration of the additional issue results report is not performed or notification of additional issue results is not provided, if, in accordance with the Federal Law On Securities Market, state registration of the additional share issue results report is not performed): **0**

Number of authorized shares: **54,047,237,489**

Shares at the Issuer's disposal (balance sheet): **0**

Additional shares, which can be placed as a result of conversion of placed securities convertible into shares or as a result of performance of option obligations of the Issuer: **0**

State registration number of the Issuer's share issue and state registration date thereof, if there are additional issues of the Issuer's shares, in relation to which registering authority has not taken decision on cancellation of their individual number (code), then state registration number and state registration date of each such additional issue:

Principal issue: **1-01-55038-E**

State registration date of issue: **February 22, 2005**

State registration date of the report on the results of the issue: **February 22, 2005**

Public registrar of the issue and report on the results of the issue: **Federal Financial Markets Service of Russia**

Additional issue: **1-01-55038-E-041D**

State registration date of additional issue: **December 03, 2012**

State registration date of the report on the results of additional issue: **December 26, 2013**

Public registrar of additional issue: **Federal Financial Markets Service of Russia**

#### **Rights of shareholders:**

These rights are specified in clause 6.2. of Article 6 of the Issuer's Charter:

"Each equity share of the Company shall grant an equal scope of rights to its owner (shareholder).

Shareholders holding equity shares of the Company shall be entitled to:

- 1) Participate in person or by proxy in the Company's General Meetings of Shareholders with the right to vote on all issues within its competence;
- 2) Propose items for the agenda of the General Meeting of Shareholders under the procedure established by the laws of the Russian Federation and this Charter;
- 3) Obtain information on the Company's activity and familiarize themselves with the Company's documents in accordance with Article 91 of the Federal Law On Joint-Stock Companies;
- 4) Receive dividends announced by the Company;
- 5) Pre-emptive right to acquisition of additional shares placed by subscription and equity securities convertible into shares in the amount in proportion to the number of shares of that category (class) owned by them;
- 6) Receive a part of the Company's property in case of its liquidation;
- 7) Exercise other rights provided for by applicable laws of the Russian Federation and this Charter."

**The Issuer did not issue preferred shares.**

**Other information on shares specified at the Issuer's discretion; none**

### **8.3. Information on Previous Issues of the Issuer's Equity Securities, Except for the Issuer's Shares**

#### **8.3.1. Information on Issues with Cancelled Securities**

None.

#### **8.3.2. Information on Issues with Outstanding Securities**

Information about the total number and amount according to par value (if there is a notional value for such a type of securities) of all the Issuer's securities of each separate type excluding shares, issue(s) of which was (were) registered (or they were assigned with an identification number if in accordance with the Federal Law On the Securities Market issue(s) of securities are not subject to state registration) and which are not paid off (they may be placed, are being placed, have been placed and/or circulate).

Total amount: **35,000,000**

Total amount in terms of par value: **RUB 35,000,000,000**

Type, series (class), form and other identifiers of securities	certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series 01 with possible early redemption at the request of the holder and at the discretion of the Issuer
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State registration number of the securities issue and state registration date thereof (identification number of the issue and allocation date thereof, if the securities issue is not subject to state registration)	4-01-55038-E dated September 23, 2010
Registering authority which carried out state registration of the securities issues (organization which allocated identification number to the securities issue, if the securities issue is not subject to state registration)	Federal Financial Markets Service of Russia
Number of securities of the issue	10,000,000
Number of securities issued at their par value or specification than in accordance with the laws of the Russian Federation such type of securities has no par value	RUB 10,000,000,000
Status of securities of the issue (not placed; are being placed; placed; outstanding)	outstanding
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	On March 05, 2013, the notice of the results of the securities issue was submitted to the Federal Financial Markets Service of Russia.
Number of interest (coupon) periods, during which yield (coupon, interest) on securities of the issue is paid (for bonds)	20
Maturity period (date) of the issue	April 12, 2021
URL where text of the securities issue resolution and securities prospectus is posted (if any)	<a href="http://www.rushydro.ru/investors/disclosure/greports/">http://www.rushydro.ru/investors/disclosure/greports/</a> <a href="http://www.edisclosure.ru/portal/company.aspx?id=8580">http://www.edisclosure.ru/portal/company.aspx?id=8580</a>

Type, series (class), form and other identifiers of securities	certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series 02 with possible early redemption at the request of the holder and at the discretion of the Issuer
State registration number of the securities issue and state registration date thereof (identification number of the issue and allocation date thereof, if the securities issue is not subject to state registration)	4-02-55038-E dated September 23, 2010
Registering authority which carried out state registration of the securities issues (organization which allocated identification number to the securities issue, if the securities issue is not subject to state registration)	Federal Financial Markets Service of Russia
Number of securities of the issue*	5,000,000
Number of securities issued at their par value or specification than in accordance with the laws of the Russian Federation such type of securities has no par value*	RUB 5,000,000,000
Status of securities of the issue (not placed; are being placed; placed; outstanding)	outstanding
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	On March 05, 2013, the notice of the results of the securities issue was submitted to the Federal Financial Markets Service of Russia.
Number of interest (coupon) periods, during which yield (coupon, interest) on securities of the issue is paid (for bonds)	20
Maturity period (date) of the issue	April 12, 2021

URL where text of the securities issue resolution and securities prospectus is posted (if any)	<a href="http://www.rushydro.ru/investors/disclosure/greports/">http://www.rushydro.ru/investors/disclosure/greports/</a> <a href="http://www.e-disclosure.ru/portal/company.aspx?id=8580">http://www.e-disclosure.ru/portal/company.aspx?id=8580</a>
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\*registered number of securities of the issue is 10,000,000 with total par value of RUB 10,000,000,000, 5,000,000 bonds with total par value of RUB 5,000,000,000 were placed

Type, series (class), form and other identifiers of securities	certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series 07 with possible early redemption at the request of the holder and at the discretion of the Issuer
State registration number of the securities issue and state registration date thereof (identification number of the issue and allocation date thereof, if the securities issue is not subject to state registration)	4-07-55038-E dated December 27, 2012
Registering authority which carried out state registration of the securities issues (organization which allocated identification number to the securities issue, if the securities issue is not subject to state registration)	Federal Financial Markets Service of Russia
Number of securities of the issue	10,000,000
Number of securities issued at their par value or specification than in accordance with the laws of the Russian Federation such type of securities has no par value	RUB 10,000,000,000
Status of securities of the issue (not placed; are being placed; placed; outstanding)	outstanding
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	On March 05, 2013, the notification of securities issue results was submitted to the Federal Financial Markets Service of Russia.
Number of interest (coupon) periods, during which yield (coupon, interest) on securities of the issue is paid (for bonds)	20
Maturity period (date) of the issue	February 02, 2023
URL where text of the securities issue resolution and securities prospectus is posted (if any)	<a href="http://www.rushydro.ru/investors/stockmarket/bonds/bond_issue/obligatsii_07080910/">www.rushydro.ru/investors/stockmarket/bonds/bond_issue/obligatsii_07080910/</a>

Type, series (class), form and other identifiers of securities	certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, series 08 with possible early redemption at the request of the holder and at the discretion of the Issuer
State registration number of the securities issue and state registration date thereof (identification number of the issue and allocation date thereof, if the securities issue is not subject to state registration)	4-08-55038-E dated December 27, 2012
Registering authority which carried out state registration of the securities issues (organization which allocated identification number to the securities issue, if the securities issue is not subject to state registration)	Federal Financial Markets Service of Russia
Number of securities of the issue	10,000,000
Number of securities issued at their par value or specification than in accordance with the laws of the Russian Federation such type of securities has no par value	RUB 10,000,000,000

Status of securities of the issue (not placed; are being placed; placed; outstanding)	outstanding
Date of state registration of the report on the results of the securities issue (date of notice on the results of the securities issue)	On March 05, 2013, the notification of securities issue results was submitted to the Federal Financial Markets Service of Russia
Number of interest (coupon) periods, during which yield (coupon, interest) on securities of the issue is paid (for bonds)	20
Maturity period (date) of the issue	February 02, 2023
URL where text of the securities issue resolution and securities prospectus is posted (if any)	<a href="http://www.rushydro.ru/investors/stockmarket/bonds/bond_issue/obligatsii_07080910/">www.rushydro.ru/investors/stockmarket/bonds/bond_issue/obligatsii_07080910/</a>

Securities of the issue are not secured bonds

Securities of the issue are not convertible securities

Securities of the issue are not options of the Issuer

Securities of the issue are not Russian depository receipts

There were no instances of non-performance or improper performance of the Issuer's matured obligations on securities of the issue, including due to the fault of the Issuer (delay of the debtor) or holder of securities (delay of the creditor)

## 8.4. Information on Persons Providing a Security for the Issuer's Secured Bonds, as well as on Terms of Securing Performance of the Issuer's Secured Bonded Obligations

*The Issuer did not register the secured bond prospectus, secured exchange bonds were not listed on the stock exchange.*

### 8.4.1. Terms of Securing Performance of Obligations under Mortgage-Backed Bonds

*The Issuer did not place mortgage-backed outstanding bonds.*

## 8.5. Information on Companies Registering Rights to the Issuer's Equity Securities

Person maintaining the register of holders of the Issuer's registered securities (Issuer, registrar).

**The register of holder of the Issuer's registered securities is maintained by the registrar.**

Full corporate name: **Open Joint-Stock Company R.O.S.T. Registrar**

Abbreviated corporate name: **OJSC R.O.S.T. Registrar**

Location: **18 Stromynka St., bldg. 13, Moscow**

INN: **7726030449**

OGRN: **1027739216757**

number, date of issue and validity period of the license of the registrar to maintain the register of security holders, issuing authority:

Number: **10-000-1-00264**

Date of issue: **December 03, 2002**

Expiry date: **Unlimited**

Name of the issuing authority: **FCSM of Russia**

Date from which the registrar maintains the register of the Issuer's security holders: **November 02, 2010**



Other information on maintaining the register of holders of the Issuer's registered securities specified at the Issuer's discretion: **none**

**The certificated securities with obligatory central storage are traded**

Full corporate name of the depository: **Non-bank Credit Institution National Settlement Depository Closed Joint-Stock Company**

Abbreviated corporate name: **NCI NSD CJSC**

Location: **12 Spartakovskaya St., Moscow, 105066**

number, date of issue and validity period of the license of a professional securities market participant for the securities market depository activity, issuing authority.

**Professional securities trader license for custody business No. 177-12042-000100 issued by the FFMS of Russia on February 19, 2009. The validity period of the license is unlimited.**

## **8.6. Information on Legislative Enactments Governing Import and Export of Capital, which may Influence Payment of Dividends, Interest and Others Payments to Non-Residents**

International double taxation agreements and treaties (concerning income and property tax, as well as tax avoidance prevention concerning income and property tax);

Civil Code of the Russian Federation (Part One) No. 51-Φ3 dated November 30, 1994;

Tax Code of the Russian Federation (Part One) No. 146-Φ3 dated July 31, 1998;

Tax Code of the Russian Federation (Part Two) No. 117-Φ3 dated August 05, 2000 (Articles 207, 208, 215, 224, 284, 310, 312);

Federal Law No. 35-Φ3 On Electric Power Industry dated March 26, 2003;

Federal Law No. 208-Φ3 On Joint-Stock Companies dated December 26, 1995 (Articles 42, 43);

Federal Law No. 39-Φ3 On Securities Market dated April 22, 1996;

Federal Law No. 46-Φ3 On Protection of Rights and Legitimate Interests of Investors on the Securities Market dated March 05, 1999;

Federal Law No. 115-Φ3 On Combating Legalization of Illegally Gained Income and Financing of Terrorism dated August 07, 2001;

Federal Law No. 115-Φ3 On Legal Status of Foreign Citizens in the Russian Federation dated July 25, 2002;

Federal Law No. 39-Φ3 On Investment Activity in the Russian Federation Accomplished in the Form of Capital Investments dated February 25, 1999;

Federal Law No. 57-Φ3 On the Procedure of Making Foreign Investments in Commercial Entities of Strategic Significance for the National Security of the Russian Federation dated April 29, 2008;

Federal Law No. 127-Φ3 On Insolvency (Bankruptcy) dated October 26, 2002;

Federal Law No. 173-Φ3 On Currency Regulation and Currency Control dated December 10, 2003;

Federal Law No. 409-Φ3 On Amendments to Certain Legislative Acts of the Russian Federation with Regard to Regulation of Dividend Payment dated December 28, 2010;

Decree No. 1564 of the President of the Russian Federation dated November 22, 2012 On Further Development of Joint-Stock Company Federal Hydrogeneration Company – RusHydro;

Resolution No. 27 of the Federal Securities Commission of Russia On Approval of Regulations on Share Register Management dated October 02, 1997;

Resolution No. 19 of the Plenum of the Supreme Arbitration Court of the Russian Federation On Certain Application Issues of the Federal Law On Joint-Stock Companies dated November 18, 2003 (Clause 15).

## **8.7. Taxation Procedure for Yield on the Issuer's Equity Securities Placed and Being Placed**

Taxation procedure for yield on the Issuer's securities placed and being placed, including relevant tax rates for various categories of holders (individuals, legal entities, residents, non-residents), payment term and procedure, including:

procedure for and terms of taxation on income of individuals (both tax residents of the Russian Federation and non-residents receiving income from sources in the Russian Federation) in the form of dividends and interest received from the Issuer of securities as well as income from sale of the Issuer's securities both in and outside the Russian Federation;

procedure for and terms of profit taxation of legal entities (both Russian and foreign companies performing their activities in the Russian Federation through permanent representative offices and/or receiving income from sources in the Russian Federation) calculated taking into account income from sale of securities and in the form of dividends and interest received from the Issuer of securities.

Taxation of yield on the Issuer's equity securities placed and being placed is governed by the Tax Code of the Russian Federation (hereafter referred to as the Tax Code), as well as other laws and regulations of the Russian Federation accepted in accordance with the Tax Code of the Russian Federation.

#### TAX RATES

Type of income	Legal entities		Individuals	
	Residents	Non-residents	Residents	Non-residents
Coupon yield	20% (including federal budget –2%; budget of the constituent entity—18%)	20%	13%	30%
Yield on securities	20% (including federal budget –2%; budget of the constituent entity—18%)	20%	13%	30%
Dividend yield	9%*	15%	9%	15%

\* or 0% on yield received by Russian companies in the form of dividends, provided that, as of the date of decision on dividend payment, the company receiving dividends within at least 365 calendar days has been continuously holding at least a 50% deposit (share) in the authorized (reserve) capital (fund) of the company distributing dividends or depositary receipts, entitling receipt of dividends in an amount corresponding to at least 50 per cent of the total dividends paid by the company.

#### TAXATION PROCEDURE FOR INDIVIDUALS

Type of tax — personal income tax (PIT).

Income sourced in the Russian Federation:

Dividends and interest received from Russian company, as well as interest received from Russian individual entrepreneurs and/or foreign company due to the activity of its permanent representative office in the Russian Federation;

Income from sale of shares or other securities in the Russian Federation, as well as interest in the authorized capital of companies.

Tax base.

When determining the tax base, all income of taxpayers received both in monetary form and in kind, or the right to dispose of which has arisen, as well as income in the form of financial benefit, is taken into consideration.

Income of taxpayers received in the form of financial benefit is financial benefit received from acquisition of securities. Upon receipt by the taxpayer of income in the form of financial benefit from acquisition of securities, the tax base is defined as excess of the market value of securities, term transaction financial instruments over actual gross expenditures of the taxpayer connected with such acquisition.

The market value of publicly traded securities is defined on the basis of their market price, taking into account the fluctuation limit.

The market value of securities not publicly traded is defined on the basis of their estimated price, taking into account the fluctuation limit.

The procedure for determination of the securities market price, estimated price, as well as procedure for determination of the fluctuation limit of markets is established by the federal executive securities market authority as agreed with the Ministry of Finance of the Russian Federation.

When determining the tax base concerning income on securities transactions, income on the following transactions is taken into account:

With publicly traded securities;

With securities not publicly traded.

Securities publicly traded include, inter alia, securities listed by the Russian listing authority, including on the stock exchange. These securities relate to publicly traded securities, if market quotation of securities is calculated. Market quotation of securities means:

1) Weighted average price for securities under transactions made within one trading day through the Russian listing authority, including stock exchange, for securities listed by such listing authority or stock exchange;

2) Closing price for a security, calculated by the foreign exchange under transactions made within one trading day through such exchange, for securities listed by such foreign exchange.

Securities for PIT tax purposes are also deemed sold (acquired) in case of termination of the taxpayer's obligations to pass (accept) relevant securities through set-off of counter claims of the same kind, including during clearing in accordance with the laws of the Russian Federation.

Claims of the same kind are claims to transfer securities of one issuer with similar rights, of one type, and one category (class).

In these circumstances the set-off of counter claims of the same kind in accordance with the laws of the Russian Federation shall be evidenced in the documentation on termination of obligations to transfer (accept) securities, including reports of the clearing organization, persons acting as a broker, or managers, which in accordance with the laws of the Russian Federation render clearing, brokerage services to the taxpayer or act as a trustee on behalf of the taxpayer.

Yield on transactions in securities shall be deemed to be yield from purchase and sale (redemption) of securities received within the tax period.

Interest (coupon, discount) income received within the tax period with respect to securities is included in the yield on transactions in securities, unless otherwise stipulated in Article 214.1 of the Tax Code.

Yield on transactions in publicly traded securities and securities not traded on the organized securities market, as settled by the trust manager (except for the managing company performing trust management, comprising the share investment fund) in favor of the beneficiary (individual) is included in yield of the beneficiary on relevant transactions in securities.

Expenses with respect to transactions in securities shall be deemed documented and actual expenses of the taxpayer, associated with acquisition, sale, storage, and redemption of securities. Such expenses shall include:

Amounts paid by the Issuer of securities as a payment for placed securities, as well as amounts paid according to securities agreements, including coupon amounts;

Payment for services rendered by securities market professionals, as well as exchange intermediaries and clearing centers;

Exchange duty (fee);

Payment for services of persons maintaining the register;

Tax paid by the taxpayer upon receipt of securities by way of inheritance;

Tax paid by the taxpayer upon receipt of shares, interest by way of gift in accordance with Clause 18.1, Article 217 of the Tax Code;

Interest paid by the taxpayer with respect to loans and borrowing received for settlement of transactions in securities (including interest on loans and borrowing for settlement of margin transactions) up to the amount calculated on the basis of the discount rate of the Central Bank of the Russian Federation as at the interest payment date, increased by 1.1 for loans and borrowing in RUB, and on the basis of 9 per cent for loans and borrowing in foreign currency;

Other expenses directly relating to transactions in securities.

The financial result with respect to transactions in securities is defined as operating income less relevant expenses described above.

In this respect expenses, which cannot be directly associated with a decrease in yield on transactions in publicly traded securities or securities not publicly traded or with a decrease in relevant type of income, are divided in proportion to every type of income.

The financial result is defined with regard to every transaction and to every series of transactions in securities. The financial result is defined upon completion of the tax period, unless otherwise provided by Article 214.1 of the Tax Code.

A negative financial result received in the tax period with respect to individual transactions in securities reduces the financial result received in the tax period with respect to a series of relevant transactions. In this respect with regard to transactions in publicly traded securities, the amount of negative financial result reducing the financial result with respect to transactions in publicly traded securities is defined taking into account the limit fluctuation of market price for securities.

A negative financial result received in the tax period with respect to individual transactions in securities not publicly traded, which as of the date of their acquisition referred to publicly traded securities, may reduce the financial result received in the tax period with respect to transactions in publicly traded securities.

A negative financial result with regard to every series of transactions in securities is deemed to be loss. Loss with respect to transactions in securities is recorded in accordance with Articles 214.1 and 220.1 of the Tax Code.

Upon sale of securities, expenses in the form of the acquisition cost of securities are recognized according to the cost of first acquisitions (FIFO).

Should the issuing company exchange (convert) shares, upon sale of shares received by the taxpayer as a result of exchange (conversion), expenses on acquisition of shares held by the taxpayer before exchange (conversion) thereof are recognized as documented expenses of the taxpayer.

Upon sale of shares (interest, equity units) received by the taxpayer in case of reorganisation of companies, expenses for their acquisition are expenses determined in compliance with Clauses 4-6, Article 277 of the Tax Code, provided that the taxpayer's expenses on acquisition of shares (interest, equity units) of reorganized companies are documentary supported.

If the taxpayer acquires title to (including receives free of charge or with partial payment, as well as by way of gift or inheritance) securities, during taxation of yield from purchase and sale (redemption) of securities,

amounts used for charging and payment of tax in case of acquisition (receipt) of these securities and tax amount paid by the taxpayer are deemed as documented expenses for acquisition (receipt) of these securities.

If upon receipt of securities by the taxpayer by way of gift or inheritance, tax in compliance with Clauses 18 and 18.1, Article 217 of the Tax Code is not charged, during taxation of yield from purchase and sale (redemption) of securities received by the taxpayer by way of gift or inheritance, documented expenses of the grantor (ancestor) on acquisition of these securities are also taken into account.

Amounts paid by the taxpayer for acquisition of securities, in relation to which partial redemption of the par value of securities is possible during stock trading, are deemed as expenses in case of such partial redemption in proportion to yield receive from partial redemption in the aggregate redeemable amount.

The tax base with respect to transactions in securities is deemed a positive financial result with regard to a series of relevant transactions calculated for the tax period.

The tax base with respect to every series of transactions (transactions in publicly traded securities and transactions in securities not publicly traded) is defined separately.

Taxpayers who incurred losses in the preceding tax period with respect to transactions in publicly traded securities may decrease the tax base with respect to transactions in publicly traded securities in the current tax period to a full amount of incurred losses or to any part thereof (losses carried forward).

In this respect the tax base of the current tax period is determined taking into account special aspects specified in Articles 214.1 and 220.1 of the Tax Code.

Losses received with respect to transactions in publicly traded securities, which are carried forward, reduce the tax base for the relevant tax period with respect to such transactions.

It is not allowed to carry forward losses received with respect to transactions in securities not publicly traded.

The taxpayer may carry forward losses within 10 years after the tax period when these losses have been received.

The taxpayer may carry losses received in the preceding tax periods to the current tax period. In this respect losses not carried to the nearest next year may be carried in whole or in part to the next year from the following nine years.

If the taxpayer sustains losses in several tax periods, such losses may be carried forward in such order, in which they are incurred.

The taxpayer shall keep documents confirming losses it has incurred during the period when it decreases the taxable base of the current tax period by the amount of previously incurred losses.

Losses according to Article 220.1 of the Tax Code shall be recorded by the taxpayer upon submission of the tax return to the tax authority upon completion of the tax period.

Amounts, paid under the trust agreement to the trust manager in the form of remuneration and recompense for incurred expenses on settled transactions in securities, are recognized as expenses decreasing income from relevant transactions. In this respect, if the trustor is not a beneficiary under the trust agreement, such expenses are taken into account during calculation of financial result of the beneficiary only.

If the trust agreement provides for several beneficiaries, yield on transactions in securities settled by the trust manager in favor of the beneficiary is distributed between them on the basis of terms and conditions of the trust agreement.

If during trust management transactions in publicly traded securities and/or securities that are not publicly traded are settled, as well as if in the course of trust management other types of income arise (including dividend yield, interest income), the taxable base is determined separately with regard to transactions in publicly traded securities and not securities that are not publicly traded and with regard to every type of income. In this respect expenses, which cannot be directly associated with decrease in yield on transactions in publicly traded securities or securities that are not publicly traded or with a decrease in the relevant type of income, are divided in proportion to every type of income.

A negative financial result with respect to separate transactions in securities, settled by the trust manager in the tax period, reduces the financial result with respect to a series of relevant transactions. In this respect the financial result is determined separately with respect to transactions in publicly traded securities and transactions in securities not publicly traded.

The trust manager is deemed a tax agent in relation to a person in the interests of whom trust management is performed according to the trust management agreement.

The tax base in respect of transactions in securities is determined upon completion of the tax period.

The tax agent (trust manager, broker, person carrying out transactions under an engagement agreement, commission agreement, agency agreement in favor of the taxpayer, other persons recognized as tax agents in accordance with the Tax Code) determines the tax base of the taxpayer for all types of income from transactions settled by the tax agent in favor of the taxpayer. In this respect the trust manager, broker, person carrying out transactions under an engagement agreement, commission agreement, agency agreement in favor of the taxpayer, and other persons recognized as tax agents in accordance with the Tax Code, is deemed a tax agent in respect of tax amounts not withheld by the securities issuer, including in case of a transaction settled in favor of the taxpayer, the tax base in respect of which is determined in accordance with Articles 214.3 and 214.4 of the Tax Code.

The tax amount is calculated, deducted, and paid by the tax agent upon completion of the tax period, as well as until the expiry of the tax period or before the expiry of the validity term of the trust management agreement.

The cash outlay means payment of disposable funds by the tax agent to the taxpayer or third party at the taxpayer's request, as well as transfer of funds to the bank account of the taxpayer or third party at the taxpayer's request.

Income payment in kind for the purposes of this Clause is deemed transfer of securities by the tax agent to the taxpayer from the tax agent's custodian account (personal account) or the taxpayer's custodian account (personal account), of which the tax agent is authorized to dispose. Income payment in kind is not deemed a transfer of securities by the tax agent at the taxpayer's request, connected with settlement of securities transactions by the latter, provided that funds under relevant transactions were received in full on the taxpayer's account (including bank account) opened with that tax agent.

When the tax agent pays monetary funds (income in kind) until the expiry of the tax period or before the expiry of the validity term of the trust management agreement, tax is charged on the tax base determined according to Article 214.1 of the Tax Code.

When determining the tax base, the tax agent calculates the financial result of the taxpayer receiving monetary funds or income in kind as at the date of income payment. In this respect, if monetary funds payable to the taxpayer do not exceed the calculated financial result of the taxpayer with regard to transactions, in respect of which the trust manager (broker, person carrying out transactions under engagement agreement, commission agreement, agency agreement in favor of the taxpayer, other persons recognized as tax agents in accordance with the Tax Code) acts as a tax agent, tax is accrued on the payment amount.

In case of income payment in kind, the payment amount is determined in the amount of actual and documented expenses for acquisition of securities passed to the taxpayer.

If monetary funds payable to the taxpayer exceed the calculated financial result of the taxpayer with regard to transactions, in respect of which the trust manager (broker, person carrying out transactions under an engagement agreement, commission agreement, agency agreement in favor of the taxpayer, other persons recognized as tax agents in accordance with the Tax Code) acts as a tax agent, tax is accrued on the amount of the calculated financial result of the taxpayer with regard to transactions, in respect of which the trust manager (broker, person carrying out transactions under an engagement agreement, commission agreement, agency agreement in favor of the taxpayer, other persons recognized as tax agents in accordance with the Tax Code) acts as a tax agent.

If the tax agent pays monetary funds (income in kind) to the taxpayer several times within the tax period, tax is assessed cumulatively with a set-off of previously paid tax.

If the taxpayer has different types of proceeds (including income taxable at different rates) from transactions settled by the tax agent in favor of the taxpayer, the order of their payment to the taxpayer in case of cash outlay (income in kind) until the expiry of the tax period (before the expiry of the validity term of the trust management agreement) is determined by agreement between the taxpayer and the tax agent.

Should it be impossible to deduct the assessed taxes (in part or in full) from the taxpayer, the tax agent (broker, person carrying out transactions under an engagement agreement, commission agreement, agency agreement in favor of the taxpayer, other persons recognized as tax agents in accordance with the Tax Code) within one month from the date of these circumstances shall notify the tax authority at the place of its registration in writing of the impossibility of the specified deduction and outstanding amount of the taxpayer.

In that case tax shall be paid in accordance with Article 228 of the Tax Code.

Tax agents shall calculate, withhold, and transfer tax deducted from the taxpayer within one month upon the expiry of the tax period or after the date of cash outlay (transfer of securities).

Deduction of actual and documented expenses shall be granted to the taxpayer during tax calculation and payment by the tax agent (broker, trust manager, managing company performing property trust composing investment fund, or other person settling transactions under an engagement agreement, commission agreement, agency agreement, or any similar agreement in favor of the taxpayer) or upon completion of the tax period when submitting the tax return to the tax authority.

Special aspects of the tax base determination in respect of REPO transaction in securities and securities lending are determined by Articles 214.3 and 214.4 of the Tax Code correspondingly.

#### TAXATION PROCEDURE FOR LEGAL ENTITIES.

Type of tax — income tax.

Income includes:

Proceeds from sales of property rights (sales income);

Non-operating income in the form of interest on securities and others debt obligations and/or from interest in other organizations.

Tax base.

Proceeds of the taxpayer from transactions in respect of sale or other retirement of securities (including redemption) are determined on the basis of the price of sale or other retirement of securities, as well as accumulated interest (coupon) yield paid by the buyer to the taxpayer and interest (coupon) yield paid to the

taxpayer by the Issuer. In this respect proceeds of the taxpayer from sale or other retirement of securities do not include interest (coupon) yield previously taken into account during tax assessment.

Expenses upon sale (or other retirement) of securities are determined on the basis of the acquisition price for securities (including acquisition expenses), sale expenses, discount rates applied to the estimated value of the investment unit, accumulated interest (coupon) yield paid by the taxpayer to the seller of securities. In this respect expenses do not include accumulated interest (coupon) yield previously taken into account during tax assessment.

Securities are also deemed sold (acquired) in case of termination of the taxpayer's obligations to pass (accept) relevant securities through set-off of counter claims of the same kind, including in case of termination of such obligations during clearing in accordance with the laws of the Russian Federation.

Securities are deemed publicly traded unless and until all of the following conditions have been fulfilled:

- 1) If they are traded by at least one listing authority entitled in accordance with national legislation;
- 2) If information on their prices (quotations) is published in mass media (including online media) or may be presented by the listing authority or other authorized person to any interested person within three years after the date of transactions in securities;
- 3) If within last three months preceding the date of transaction in securities settled by the taxpayer, the market quotation for them is calculated, if it is provided by the applicable legislation.

Applicable legislation means legislation of a state in the territory of which securities are traded (conclusion by the taxpayer of civil transactions resulting in passing of title to securities). If it is impossible to unambiguously define in the territory of which state securities transactions have been settled out of the organized securities market, including transactions concluded through electronic communications networks, the taxpayer, in accordance with accounting policies accepted by it for tax purposes may independently choose such state depending on the location of the seller or buyer of securities.

The market quotation of securities for tax purposes means the weighted average price for securities under transactions settled within one trading day through the Russian listing authority, including stock exchange, for securities listed by such listing authority or such stock exchange, or the closing price for security estimated by the foreign exchange in respect of transactions settled within one trading day through such stock exchange for securities listed by such stock exchange. If transactions in the same security have been settled through two and more listing authorities, the taxpayer may independently choose the market quotation of one of the listing authorities. If the weighted average price has not been calculated by the listing authority, for the purposes of this Chapter the weighted average price means a half of the highest and lowest prices for transactions settled within one trading day through such listing authority.

The accumulated interest (coupon) yield means a part of interest (coupon) yield to be paid under terms and conditions of issue of such security, estimated in proportion to calendar days passed after the date of security issue or payment date of the last coupon yield up to the date of settlement of transaction (transfer of securities).

The market price for publicly traded securities for tax purposes means an actual cost of sale or other retirement of securities, if such price is within the lowest and highest prices under transactions (price range) in the specified securities registered by the listing authority at the date of relevant transaction. If a transaction is settled through the listing authority, the date of transaction shall mean an auction date when the relevant securities transaction has been settled. If a security is sold out of the organized securities market, the date of transaction shall mean a date when all material terms and conditions of security transfer are determined, i.e. the date of agreement.

If as at the specified date transactions in the same security have been settled through two and more listing authorities, the taxpayer may independently choose the listing authority, the price range of which would be used by the taxpayer for tax purposes.

In the absence of information on the price range of the listing authorities as at the date of transaction, the taxpayer shall use the selling price range for securities of these listing authorities as at the date of the nearest auction which took place before the date of the relevant transaction, if the securities auction has been conducted by the listing authority at least once within the last three months.

If the taxpayer observes the procedure specified above, the actual price for sale or other retirement of securities within the relevant price range is deemed for tax purposes as a market price.

In case of sale (acquisition) of publicly traded securities at a price below the lowest price (above the highest price) under transactions on the organized securities market, the lowest (highest) price under transaction on the organized securities market is used to determine the financial result.

In respect of securities not publicly traded, the actual price of the transaction is used for tax purposes, if that price is within the range between the lowest and highest prices, determined on the basis of the estimated price for securities and maximum price deviation. The maximum deviation of prices for securities not publicly traded is determined at the rate of 20 per cent upwards or downwards from the estimated price for securities. In case of sale (acquisition) of securities not publicly traded at a price below the lowest price (above the highest price), determined on the basis of the estimated price for securities and maximum price deviation, the lowest (highest) price determined on the basis of the estimated price is used to determine the financial result.

## 8.8. Information on Declared (Accrued) and Paid Dividends on the Issuer's Shares, as well as on the Issuer's Bond Yield

### 8.8.1. Information on Declared and Paid Dividends on the Issuer's Shares

Information about declared and/or paid dividends on the Issuer's shares for the last 5 completed financial years as well as for the period from the beginning date of the current year to the end date of the reporting quarter:

According to the results of 2008, the Issuer's dividends were not accrued and paid.

At year-end 2009, the Issuer's dividends were not accrued or paid.

Indicator	Dividend period: 2010
Category of shares and type for preferred shares	equity registered
Management body of the Issuer which took decision on dividend declaration, date of such decision, date of preparation and number of minutes of the meeting of the Issuer's management body where such decision was taken	General Meeting of Shareholders of the Issuer, date of the decision: June 30, 2011, Minutes No. 7 dated July 04, 2011
Declared dividends per one share, RUB	RUB 0.00860091
Declared dividends per all shares of that category (class), RUB	2,496,867,415.91
Date of making a list of persons entitled to dividends	May 23, 2011
Reporting period (year, quarter), for which (according to the results of which) declared dividends are (were) paid	2010
Established payment period (date) of declared dividends	60 days
Form of payment of declared dividends (money, other property)	In monetary form
Source of payment of declared dividends (net profit for the reporting year, undistributed net profit for prior years, special purpose fund)	Net profit
Share of the declared dividends in the net profit for the reporting year, %	6.6%
Total dividends paid on shares of such category (class), RUB	RUB 2,483,552,422
Share of paid dividends in total declared dividends on shares of that category (class), %	99.46%
If declared dividends were not paid or incompletely paid by the Issuer, reasons for failure to pay declared dividends shall be specified	According to the results of 2010, dividends are paid to all persons included in the dividend list, apart from persons who failed to submit in the enquiry form of the registered person the reliable and complete details necessary for dividend payment
Other information on declared and/or paid dividends specified at the Issuer's discretion	None

Indicator	Dividend period: 2011
Category of shares and type for preferred shares	equity registered
Management body of the Issuer which took decision on dividend declaration, date of such decision, date of preparation and number of minutes of the meeting of the Issuer's management body where such decision was taken	General Meeting of Shareholders of the Issuer, date of the decision: June 29, 2012, Minutes No. 8 dated June 29, 2012
Declared dividends per one share, RUB	RUB 0.00789317
Declared dividends per all shares of that category (class), RUB	RUB 2,500,000,051.36
Date of making a list of persons entitled to dividends	May 24, 2012

Reporting period (year, quarter), for which (according to the results of which) declared dividends are (were) paid	2011
Established payment period (date) of declared dividends	60 days
Form of payment of declared dividends (money, other property)	In monetary form
Source of payment of declared dividends (net profit for the reporting year, undistributed net profit for prior years, special purpose fund)	Net profit of the reporting year
Share of the declared dividends in the net profit for the reporting year, %	8.16%
Total dividends paid on shares of such category (class), RUB	2,479,026,321.55
Share of paid dividends in total declared dividends on shares of that category (class), %	99.16%
If declared dividends were not paid or incompletely paid by the Issuer, reasons for failure to pay declared dividends shall be specified	According to the results of 2011, dividends are paid to all persons included in the dividend list, apart from persons who failed to submit reliable and complete details necessary for dividend payment in the questionnaires of registered persons or failed to receive their dividends in cash registers of the paying agent.
Other information on declared and/or paid dividends specified at the Issuer's discretion	None

Indicator	Dividend period: 2013
Category of shares and type for preferred shares	equity registered
Management body of the Issuer which took decision on dividend declaration, date of such decision, date of preparation and number of minutes of the meeting of the Issuer's management body where such decision was taken	General Meeting of Shareholders of the Issuer, date of the decision: June 28, 2013, minutes No. 11 dated June 28, 2013
Declared dividends per one share, RUB	RUB 0.00955606
Declared dividends per all shares of that category (class), RUB	RUB 3,675,573,209.73
Date of making a list of persons entitled to dividends	May 23, 2013
Reporting period (year, quarter), for which (according to the results of which) declared dividends are (were) paid	2012
Established payment period (date) of declared dividends	60 days
Form of payment of declared dividends (money, other property)	In monetary form
Source of payment of declared dividends (net profit for the reporting year, undistributed net profit for prior years, special purpose fund)	Net profit
Share of the declared dividends in the net profit for the reporting year, %	25%
Total dividends paid on shares of such category (class), RUB	3,651,514,949.38
Share of paid dividends in total declared dividends on shares of that category (class), %	99.34%
If declared dividends were not paid or incompletely paid by the Issuer, reasons for failure to pay declared dividends shall be specified	According to the results of 2011, dividends are paid to all person included in the dividend list, apart from persons who failed to submit reliable and complete details necessary for dividend payment in the questionnaires of registered persons or failed to receive their dividends in cash registers of the paying agent.



Other information on declared and/or paid dividends specified at the Issuer's discretion	None
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### 8.8.2. Information on Accrued and Paid Yield on the Issuer's Bonds

Indicator	Reporting period: 2011–2013
Type of securities (bonds), series, form, and other identifiers of securities issue	Bonds, series 01, certificated to the bearer. Certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, possible early redemption at the request of the holder and at the discretion of the Issuer, quantity – 10,000,000, issue at par value – RUB 10,000,000,000.
State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, if the bonds issue is not subject to state registration)	4-01-55038-E dated September 23, 2010
Type of yield paid on bonds of the issue (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	RUB 39.89 (thirty-nine rubles eighty-nine kopecks)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	RUB 1,994,500,000 (one billion nine hundred ninety-four million five hundred thousand rubles)
Established payment period (date) of bond yield of the issue	The first coupon yield is paid on October 24, 2011; The second coupon yield is paid on April 23, 2012; The third coupon yield is paid on October 22, 2012; The fourth coupon yield is paid on April 22, 2013; The fifth coupon yield is paid on October 21, 2013
Form of revenue payment upon the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form.
Total yield paid on all bonds of the issue, RUB/foreign currency	RUB 1,994,500,000 (one billion nine hundred ninety-four million five hundred thousand rubles)
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Company's discretion	Maturity of JSC RusHydro bonds is 10 years. Tender offer for purchase of the bonds at the request of their holders for the period of 5 years from the beginning of placement is possible in respect of the said securities.

Indicator	Reporting period: 2011–2013
Type of securities (bonds), series, form, and other identifiers of securities issue	Bonds, series 02, certificated to the bearer. Certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, possible early redemption at the request of the holder and at the discretion of the Issuer, quantity – 5,000,000, issue at par value – RUB 5,000,000,000.

State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, if the bonds issue is not subject to state registration)	4-02-55038-E dated September 23, 2010
Type of yield paid on bonds of the issue (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	RUB 39.89 (thirty-nine rubles eighty-nine kopecks)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	RUB 997,250,000 (nine hundred ninety-seven million two hundred and fifty thousand rubles)
Established payment period (date) of bond yield of the issue	The first coupon yield is paid on October 24, 2011; The second coupon yield is paid on April 23, 2012 The third coupon yield is paid on October 22, 2012; The fourth coupon yield is paid on April 22, 2013; The fifth coupon yield is paid on October 21, 2013;
Form of revenue payment upon the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form.
Total yield paid on all bonds of the issue, RUB/foreign currency	RUB 997,250,000 (nine hundred ninety-seven million two hundred and fifty thousand rubles)
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Company's discretion	Maturity of JSC RusHydro bonds is 10 years. Tender offer for purchase of the bonds at the request of their holders for the period of 5 years from the beginning of placement is possible in respect of the said securities.

Indicator	Reporting period: 2011–2013
Type of securities (bonds), series, form, and other identifiers of securities issue	Bonds, series 07, certificated to the bearer. Certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, possible early redemption at the request of the holder and at the discretion of the Issuer, quantity – 10,000,000, issue at par value – RUB 10,000,000,000.
State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, if the bonds issue is not subject to state registration)	4-07-55038-E dated December 27, 2012
Type of yield paid on bonds of the issue (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	RUB 42.38 (forty-two rubles thirty-eight kopecks)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	RUB 847,600,000 (eight hundred forty-seven million six hundred thousand RUB)

Established payment period (date) of bond yield of the issue	The first coupon yield is paid on August 15, 2013; The second coupon yield is paid on February 13, 2014
Form of revenue payment upon the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	RUB 847,600,000 (eight hundred forty-seven million six hundred thousand RUB)
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Company's discretion	Maturity of JSC RusHydro bonds of series 07 is 10 years. Tender offer for the period of 5 years from the beginning of placement is possible in respect of securities.

Indicator	Reporting period: 2011–2013
Type of securities (bonds), series, form, and other identifiers of securities issue	Bonds, series 08, certificated to the bearer. Certificated inconvertible interest bearing bonds to the bearer with obligatory central storage, possible early redemption at the request of the holder and at the discretion of the Issuer, quantity – 10,000,000, issue at par value – RUB 10,000,000,000.
State registration number of the bonds issue and state registration date thereof (identification number of the issue and allocation date thereof, if the bonds issue is not subject to state registration)	4-08-55038-E dated December 27, 2012
Type of yield paid on bonds of the issue (par value, interest (coupon), etc.)	Coupon yield
Yield available for disbursement against bonds of the issue, in terms of money, as per one bond of the issue, RUB/foreign currency	RUB 42.38 (forty-two rubles thirty-eight kopecks)
Yield available for disbursement against bonds of the issue, in terms of money, as per all bonds of the issue, RUB/foreign currency	RUB 847,600,000 (eight hundred forty-seven million six hundred thousand RUB)
Established payment period (date) of bond yield of the issue	The first coupon yield is paid on August 15, 2013; The second coupon yield is paid on February 13, 2014
Form of revenue payment upon the Issuer's bonds (money, other property)	Money in the currency of the Russian Federation in cashless form
Total yield paid on all bonds of the issue, RUB/foreign currency	RUB 847,600,000 (eight hundred forty-seven million six hundred thousand RUB)
Share of paid bond yield of the issue in total payable bond yield of the issue, %	100
If bond yield to be paid was not paid or incompletely paid by the Issuer, reasons for failure to pay such yield shall be specified	-
Other information on bonds of the issue specified at the Company's discretion	Maturity of JSC RusHydro bonds of series 08 is 10 years. Tender offer for the period of 5 years from the beginning of placement is possible in respect of securities.

## 8.9. Other Information

On October 28, 2010, a euroissue within the currency medium term note issue program (LPN) was completed, the Issuer of which was the special purpose vehicle Rushydro Finance Ltd.

Proceeds from the euroissue were directed to financing the RusHydro loan. The euroissue amounted to RUB 20 billion. Eurobonds maturing in 2015 were issued with a coupon rate of 7.875% per annum. JP Morgan, JSC Gazprombank, and Troika Dialog IC CJSC arranged the issue. Eurobonds were listed on the London Stock Exchange according to Reg S rules.

## **8.10. Information on Underlying Securities and the Issuer of Underlying Securities, Title to which is Certified by Russian Depositary Receipts**

The Issuer is not the Issuer of underlying securities, title to which is certified by Russian depositary receipts.

***Open Joint-Stock Company Federal  
Hydro-Generating Company – RusHydro***

Auditor's Report  
on Financial Statements  
2013

Translation from Russian original



## ***Auditor's Report***

To the Shareholders of Open Joint-Stock Company Hydro-Generating Company – RusHydro:

### **Client**

Open Joint-Stock Company Hydro-Generating Company – RusHydro (OJSC RusHydro)

State registration certificate with inclusion in the Unified State Register of Legal Entities No. 1042401810494 issued by the Inspectorate of the Russian Ministry of Taxes and Levies of Krasnoyarsk on 26 December 2004.

660075, Russian Federation, Krasnoyarsky region, Krasnoyarsk, Respubliki str, 51

### **Auditor**

ZAO PricewaterhouseCoopers Audit (ZAO PwC Audit) located at: 125047, Russian Federation, Moscow, Butyrsky Val, 10.

State registration certificate No. 008.890, issued by Moscow Registration Bureau on 28 February 1992.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700148431 issued by Interregional Inspectorate of the Russian Ministry of Taxes and Levies No. 39 for the Moscow City on 22 August 2002.

Member of non-profit partnership “Audit Chamber of Russia” (NP ACR) being a self-regulating organisation of auditors – registration number 870 in the register of NP ACR members.

Major registration record number (ORNZ) in the register of auditors and audit organisations – 10201003683.

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*ZAO PricewaterhouseCoopers Audit  
White Square Office Center 10 Butyrsky Val Moscow, Russia, 125047  
T: +7 (495) 967-6000, F: +7 (495) 967-6001, [www.pwc.ru](http://www.pwc.ru)*

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



## ***Auditor's Report***

To the Shareholders of Open Joint-Stock Company Hydro-Generating Company – RusHydro:

We have audited the attached financial statements of Open Joint-Stock Company Hydro-Generating Company – RusHydro (hereinafter – OJSC RusHydro) which comprise the balance sheet as of 31 December 2013, and statement of financial results, statement of changes in equity and statement of cash flows for the year ended 31 December 2013 and notes to the balance sheet and statement of financial results (hereinafter all the reports together are referred to as the “financial statements”).

### **OJSC RusHydro's responsibility for the financial statements**

OJSC RusHydro's management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting rules established in the Russian Federation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **The auditor's responsibility**

Our responsibility is to express an opinion as to whether the financial statements are fairly presented based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of OJSC RusHydro, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of OJSC RusHydro as of 31 December 2013 and the results of its operations and its cash flows for the year then ended in accordance with the reporting rules established in the Russian Federation.



## ***Auditor's Report***

### **Emphasis of matter**

Without modifying our opinion on the fairness of the financial statements we draw attention to Note 3.1.2 Long-term investments (balance sheet line 1170) to the financial statements which describes the reasons for non-revaluation of quoted financial investments in shares of OAO RAO Energy Systems of East, OAO Yakutskenergo and OAO Far East Energy Company at their current market values.

As of 31 December 2013 the amount of unrecognised decrease in the market value as compared to the carrying value of these investments is RUB 12,394 million, as of 31 December 2012 – RUB 9,887 million.

Director of ZAO PricewaterhouseCoopers Audit

T. V. Sirotinskaya

28 February 2014



# BALANCE SHEET

## as at 31 December 2013

Organisation **Open joint stock company Federal Hydro Generating Company (OAO RusHydro)**

Taxpayer identification number

Type of activity **Electricity generation by hydroelectric power plants**

Form of incorporation/form of ownership

**Open joint-stock company/mixed Russian ownership with a federal ownership share**

Measurement unit: **RUB mln**

Address: **51 Respubliki Street, Krasnoyarsk, the Krasnoyarsk Territory, Russia, 660075**

Form on OKUD  
Date (year, month, day)

OKPO

INN

OKVED

OKOPF/OKFC

OKEI

CODES

**0710001**

**2013/12/31**

**75782411**

**2460066195**

**40.10.12**

**12247 / 41**

**385**

Note	Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
1	2	3	4	5	6
	<b>I. NON-CURRENT ASSETS</b>				
	Intangible assets	1110	1,078	719	335
	Results of research and development	1120	859	751	516
3.1.1	Property, plant and equipment, incl.:	1150	350,049	331,879	313,331
	fixed assets	1151	302,864	288,823	275,792
	construction in process	1152	47,185	43,056	37,539
3.1.1	Income-bearing investments in tangible assets	1160	7,313	7,437	7,561
3.1.2	Financial investments	1170	143,059	93,660	100,982
	investments in subsidiaries, associates and other entities	1171	110,041	74,900	78,047
	loans issued	1172	33,018	18,760	16,036
	promissory notes	1173	-	-	6,899
	other financial investments	1174	-	-	-
3.1.3	Other non-current assets	1190	2,987	2,772	711
	<b>Total Section I</b>	<b>1100</b>	<b>505,345</b>	<b>437,218</b>	<b>423,436</b>
	<b>II. CURRENT ASSETS</b>				
3.2.1	Inventories	1210	2,861	2,055	1,524
3.10	Value added tax on goods purchased	1220	356	505	358
3.2.2	Accounts receivable, incl.:	1230	233,480	226,374	202,835
	accounts receivable (payments expected later than 12 months after the reporting date), incl.:	1231	80,323	75,630	89,269
	buyers and customers	1231.1	103	128	37
	advances issued	1231.2	35,084	37,426	26,308
	promissory notes	1231.3	27,040	26,633	27,219
	loans issued	1231.4	16,817	9,235	31,423
	other debtors	1231.5	1,279	2,208	4,282
	accounts receivable (payments expected within 12 months after the reporting date), incl.:	1232	153,157	150,744	113,566
	buyers and customers	1232.1	5,648	6,567	6,058
	advances issued	1232.2	15,517	12,173	10,541
	promissory notes	1232.3	22,954	73,502	75,669
	loans issued	1232.4	5,552	42,312	14,603
	other debtors	1232.5	103,486	16,190	6,695
3.2.3	Financial investments (excl. cash equivalents)	1240	55,608	63,790	1,500
	bank deposits	1241	50,000	50,000	-
	loans issued	1242	5,568	12,290	-
	promissory notes	1243	40	711	711
	other financial investments	1244	-	789	789
3.2.4	Cash and cash equivalents	1250	18,546	23,820	30,628
	Other current assets	1260	10	17	11
	<b>Total Section II</b>	<b>1200</b>	<b>310,861</b>	<b>316,561</b>	<b>236,856</b>
	<b>TOTAL</b>	<b>1600</b>	<b>816,206</b>	<b>753,779</b>	<b>660,292</b>

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Note	Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
1	2	3	4	5	6
	<b>III. CAPITAL AND RESERVES</b>				
3.3.1	Charter capital	1310	317,638	317,638	290,303
3.3.2	Revaluation of non-current assets	1340	53,325	53,578	53,982
3.3.3	Additional capital (excl. revaluation)	1350	58,424	58,424	40,657
3.3.4	Reserve capital	1360	6,474	5,739	4,208
	Retained earnings (loss), incl.:	1370	188,482	157,319	146,252
	undistributed profit of previous years	1371	153,161	142,617	115,630
	undistributed profit of the current year	1372	35,321	14,702	30,622
	<b>Total Section III</b>	<b>1300</b>	<b>624,343</b>	<b>592,698</b>	<b>535,402</b>
	<b>IV. LONG-TERM LIABILITIES</b>				
3.4.1	Borrowings and bank loans	1410	97,965	49,866	66,688
3.10	Deferred tax liabilities	1420	7,184	5,252	2,840
3.4.2	Other liabilities	1450	2,028	1,950	754
	<b>Total Section IV</b>	<b>1400</b>	<b>107,177</b>	<b>57,068</b>	<b>70,282</b>
	<b>V. SHORT-TERM LIABILITIES</b>				
3.5.1	Borrowings and bank loans	1510	4,926	44,906	2,519
3.5.2	Accounts payable, incl.:	1520	77,468	57,822	51,405
	suppliers and contractors	1521	5,170	5,326	5,221
	payables to employees	1522	601	717	742
	payables to state non-budgetary funds	1523	87	59	29
	taxes payable	1524	2,570	1,296	1,396
	dividends payable	1525	47	33	9
	payables in respect of shares issued	1526	68,618	50,000	43,604
	other creditors	1527	375	391	404
	Income of future periods	1530	77	76	75
3.5.3	Estimated liabilities	1540	1,020	408	325
	Other liabilities	1550	1,195	801	284
	<b>Total Section V</b>	<b>1500</b>	<b>84,686</b>	<b>104,013</b>	<b>54,608</b>
	<b>TOTAL</b>	<b>1700</b>	<b>816,206</b>	<b>753,779</b>	<b>660,292</b>

Chairman of Management Board

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**E. V. Dod**

(clarification of signature)

Chief accountant

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**D. V. Finkel**

(clarification of signature)

28 February 2014

# STATEMENT OF FINANCIAL RESULTS for the year ended 31 December 2013

Organisation **Open joint stock company Federal Hydro Generating Company (OAO RusHydro)**  
 Taxpayer identification number \_\_\_\_\_  
 Type of activity **Electricity generation by hydroelectric power plants**  
 Form of incorporation/form of ownership **Open joint-stock company/mixed Russian ownership with a federal ownership share**  
 Measurement unit: **RUB mln**

Form on OKUD \_\_\_\_\_  
 Date (year, month, day) **2013/12/31**  
 OKPO **75782411**  
 INN **2460066195**  
 OKVED **40.10.12**  
 OKOPF/OKFC **12247 / 41**  
 OKEI **385**

CODES
0710002
2013/12/31
75782411
2460066195
40.10.12
12247 / 41
385

Note	Narrative	Line code	Year ended 31 December 2013	Year ended 31 December 2012
1	2	3	4	5
3.7.1	Revenue	2110	108,794	94,207
3.7.2	Cost of sales	2120	(58,873)	(55,987)
	<b>Gross profit</b>	<b>2100</b>	<b>49,921</b>	<b>38,220</b>
	<b>Profit from sales</b>	<b>2200</b>	<b>49,921</b>	<b>38,220</b>
3.13.9	Income from participation in other companies	2310	408	269
	Interest income	2320	9,609	5,523
	Interest expense	2330	(5,876)	(4,095)
3.9	Other income	2340	69,813	18,084
3.9	Other expense	2350	(76,560)	(35,167)
	<b>Profit before tax</b>	<b>2300</b>	<b>47,315</b>	<b>22,834</b>
3.10	Current income tax, incl.:	2410	(9,862)	(6,193)
	permanent tax liabilities (assets)	2421	2,340	3,675
	Change in deferred tax liabilities	2430	(1,715)	(2,163)
	Change in deferred tax assets	2450	(139)	155
	Other	2460	(278)	69
	<b>Net profit</b>	<b>2400</b>	<b>35,321</b>	<b>14,702</b>
	REFERENCE			
	Gain or loss from other operations not included in the net profit of the period	2520	-	-
	Total financial result for the period	2500	35,321	14,702
3.12	Basic earnings per share, RR	2900	0,09248	0,04635

Chairman of Management Board \_\_\_\_\_

**E. V. Dod**  
(clarification of signature)

Chief accountant \_\_\_\_\_

**D. V. Finkel**  
(clarification of signature)

28 February 2014

**STATEMENT OF CHANGES IN EQUITY**  
for 2013

Organisation **Open joint stock company Federal Hydro Generating Company (OAO RusHydro)**  
Taxpayer identification number  
Type of activity **Electricity generation by hydroelectric power plants**  
Form of incorporation/form of ownership  
**Open joint-stock company/mixed Russian ownership with a federal ownership share**  
Measurement unit: **RUB mln**

	CODES
Form on OKUD	<b>0710003</b>
Date (year, month, day)	<b>2013/12/31</b>
OKPO	<b>75782411</b>
INN	<b>2460066195</b>
OKVED	<b>40.10.12</b>
OKOPF/OKFC	<b>12247 / 41</b>
OKEI	<b>385</b>

**I. Changes in equity**

Narrative	Line code	Share capital	Additional capital	Reserve capital	Retained earnings	Total
1	2	3	4	5	6	7
<b>Equity as of 31 December 2011 for 2012</b>	<b>3100</b>	<b>290,303</b>	<b>94,639</b>	<b>4,208</b>	<b>146,252</b>	<b>535,402</b>
Increase of equity, including:	3210	27,335	17,768	-	14,702	59,805
net profit	3211	x	x	x	14,702	14,702
additional shares issue	3214	27,335	17,768	x	x	45,103
decrease of equity, including:	3220	-	-	-	(2,509)	(2,509)
Dividends	3227	x	x	x	(2,500)	(2,500)
Other	3228	-	-	x	(9)	(9)
Additional capital change	3230	x	(405)	x	405	x
Reserve capital change	3240	x	x	1,531	(1,531)	x
<b>Equity as of 31 December 2012 for 2013</b>	<b>3200</b>	<b>317,638</b>	<b>112,002</b>	<b>5,739</b>	<b>157,319</b>	<b>592,698</b>
Increase of equity, including:	3310	-	-	-	35,321	35,321
net profit	3311	x	x	x	35,321	35,321
additional shares issue	3314	-	-	x	x	-
Decrease of equity, including:	3320	-	-	-	(3,676)	(3,676)
Dividends	3327	x	x	x	(3,676)	(3,676)
Other	3328	-	-	x	-	-
Additional capital change	3330	x	(253)	x	253	x
Reserve capital change	3340	x	x	735	(735)	x
<b>Equity as of 31 December 2013</b>	<b>3300</b>	<b>317,638</b>	<b>111,749</b>	<b>6,474</b>	<b>188,482</b>	<b>624,343</b>

**III. Net assets**

Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
1	2	3	4	5
Net assets	3600	624,420	592,774	535,477

**Chairman of Management Board**

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**E. V. Dod**

(clarification of signature)

**Chief accountant**

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**D. V. Finkel**

(clarification of signature)

28 February 2014

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## STATEMENT OF CASH FLOWS

for 2013

Organisation **Open joint stock company Federal Hydro Generating Company (OAO RusHydro)**  
 Taxpayer identification number  
 Type of activity **Electricity generation by hydroelectric power plants**  
 Form of incorporation/form of ownership  
**Open joint-stock company/mixed Russian ownership with a federal ownership share**  
 Measurement unit: **RUB mln**

CODES	
Form on OKUD	<b>0710004</b>
Date (year, month, day)	<b>2013/12/31</b>
OKPO	<b>75782411</b>
INN	<b>2460066195</b>
OKVED	<b>40.10.12</b>
OKOPF/OKFC	<b>12247 / 41</b>
OKEI	<b>385</b>

Note	Narrative	Line code	For 2013	For 2012
1	2	3	4	5
	<b>Cash flows from operating activities</b>			
	Receipts, including:	4110	110,298	93,515
	sales of products, goods, work and services	4111	107,557	91,925
	lease payments, license payments, royalties, commissions and other payments	4112	237	186
3.2.4	other receipts	4119	2,504	1,404
	Payments including:	4120	(63,290)	(55,154)
	to suppliers (contractors) – raw materials, works and services	4121	(29,466)	(29,030)
	wages and salaries	4122	(6,221)	(5,971)
	interest on debt liabilities	4123	(5,496)	(3,851)
	corporate income tax	4124	(10,067)	(4,541)
3.2.4	other payments	4129	(12,040)	(11,761)
	<b>Net cash flows from operating activities</b>	<b>4100</b>	<b>47,008</b>	<b>38,361</b>
	<b>Cash flows from investing activities</b>			
	Receipts, including:	4210	59,435	23,670
	sale of non-current assets (except for investments)	4211	29	29
	sale of shares of other organisations (ownership interest)	4212	1,663	-
	from return of loans, sales of debt securities (chose of possession of cash from third parties)	4213	47,094	19,946
	dividends, interests from long term financial investments and receipts from participation in other entities	4214	10,649	3,695
	Payments, including:	4220	(115,307)	(142,375)
	purchase, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(31,767)	(42,019)
	related to purchase of shares of other organisations (ownership interest)	4222	(54,932)	(2,905)
	purchase of debt securities (chose of possession of cash from third parties), loans issued	4223	(25,667)	(44,907)
	borrowing costs included in the cost of the investment assets	4224	(2,941)	(2,544)
324	other payments	4229	-	(50,000)
	<b>Net cash flows from investing activities</b>	<b>4200</b>	<b>(55,872)</b>	<b>(118,705)</b>

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Note	Narrative	Line code	For 2013	For 2012
1	2	3	4	5
	<b>Cash flows from financing activities</b>			
	Receipts, including:	4310	31,156	78,324
	borrowings and bank loans	4311	11,134	26,826
	issue of shares, increase in ownership interest	4313	22	51,498
	issue of bonds, promissory notes and other debt securities, etc.	4314	20,000	-
	Payments, including:	4320	(27,584)	(4,789)
	dividends and other distributions to owners	4322	(3,554)	(2,387)
	redemption (buyback) of promissory notes and other debt securities, loan repayment	4323	(23,556)	(1,752)
3.2.4	other payments	4329	(474)	(650)
	<b>Net cash flows from financing activities</b>	<b>4300</b>	<b>3,572</b>	<b>73,535</b>
	<b>Net cash flows for the reporting period</b>	<b>4400</b>	<b>(5,292)</b>	<b>(6,809)</b>
	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>4450</b>	<b>23,820</b>	<b>30,628</b>
	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4500</b>	<b>18,546</b>	<b>23,820</b>
	Foreign exchange rate difference	4490	18	1

Chairman of Management Board

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**E. V. Dod**  
(clarification of signature)

Chief accountant

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**D. V. Finkel**  
(clarification of signature)

28 February 2014

**Explanatory Notes to the 2013 balance sheet and statement of financial results**

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## I. General information

### 1.1 Information about the Company

Principal activities of open joint stock company Federal Hydro Generating Company (ОАО RusHydro, hereinafter - the Company) are the generation and sale of electricity (power). The Russian Government is the Company's major shareholder.

The Company's registered address is: 51, Republic str., Krasnoyarsk, Krasnoyarsk Territory, Russian Federation, 660075. The Company's postal address: 7, Malaya Dmitrovka str., Moscow, Russian Federation, 127006.

As of 31 December 2013 the Company employed 6,305 people (as of 31 December 2012 – 6,101 people).

The Company's shares are traded on OAO MICEX-RTS stock exchange (<http://moex.com>). Level 1 American depository receipts, each of which corresponds to 100 ordinary shares of the Company are traded on the Main Market of London Stock Exchange and over-the-counter market of the USA.

As of 31 December 2013 the ownership share of the Russian Federation in the Company's share capital amounted to 60.50% less actually placed additional shares of the Company under the current additional issue of shares (see paragraph 3.3.1 of the Explanatory Notes). Considering the additionally placed shares as of 31 December 2013 the ownership interest of the Russian Federation in the Company's share capital amounted to 66.84%.

As of 31 December 2013 the Company has 19 branches registered in the Russian Federation, including: branch Bureyskaya GES, branch Volzhskaya GES, branch Votkinskaya GES, Dagestan branch, branch Zhigulevskaya GES, branch Zagorskaya GAES, branch Zeiskaya GES, Kabardino-Balkarsky branch, branch Kamskaya GES, Karachaevo-Cherkessky branch, branch Cascade of Verkhne-Volzhsky GES, branch Cascade of Kuban GES, branch Corporate Energy University, branch Nizhegorodskaya GES, branch Novosibirskaya GES, branch Saratovskaya GES, branch Sayano-Shushenskaya GES named after P.S. Neporozhny, Severo-Osetinsky branch, branch Cheboksarskaya GES.

Membership of the Company's Board of directors as of 31 December 2013 is as follows:

- Boris Ayuev, Chairman of the Management Board of OAO SO UES;
- Christian Andreas Berndt, General Director, EF-TEK LLC;
- Andrey Bugrov, Vice-President of INTERROS Holding Company CJSC, Deputy General Director, Deputy Chairman of Board of Directors, member of the Management Board of MMC Norilsk Nickel OJSC, Vice-President of RSPP;
- Maxim Bystrov, Chairman of the Management Board of ATS JSC, Acting Chairman of the Management Board of Non-profit Partnership Market Council;
- Victor Danilov-Danilyan, Head of Sectoral and Natural Resources Management Department, member of Academic Council of Lomonosov Moscow State University;
- Evgeny Dod, Chairman of OAO RusHydro Management Board;
- Sergey Ivanov, General Director, Russian Energetic Company OJSC;
- Victor Zimin, Chairman of Republic of Khakassia Government;
- Denis Morozov, Managing Director from Russian Federation, Belarus and Tadzhikistan, Representative of the Russian Federation in the Board of Directors, European Bank for Reconstruction and Development;
- Mikhail Polyboyarinov, member of the Management Board, First Deputy of Chairman of SC Vnesheconombank;
- Vyacheslav Pivovarov, General Director, Altera Capital LLC;
- Vladimir Stolyarenko, Professor of the specialized department "Theory and practice of interaction between business and authorities" of National Research University Higher School of Economics;
- Sergey Shishin, Senior Vice-President of OAO VTB Bank.

According to the decision made by the Company's extraordinary general meeting of shareholders held on 19 April 2013 (Minutes No. 10) Eduard Volkov, Ilya Gubin, Viktor Kudryavyy, Denis Morozov, Denis Nozdrachev, Vyacheslav Pivovarov, Berndt Pfaffenbach and Vladimir Stolyarenko were elected to the Board of Directors; the powers of Boris Kovalchuk, Grigory Kurtser, Andrey Malyshev, Vladimir Tatsy, Evgeny Tugolukov, Rashid Sharipov, Mikhail Shelkov and Sergey Shishin were terminated.

According to the decision made by the Company's general meeting of shareholders held on 28 June 2013 (Minutes No 11) Christian Andreas Berndt, Andrey Bugrov, Maxim Bystrov, Sergey Ivanov and Sergey Shishin were elected to the Board of Directors; the powers of Eduard Volkov, Ilya Gubin, Viktor Kudryavyy, Denis Nozdrachev and Berndt Pfaffenbach were terminated.

As of 31 December 2013 the Company's Management Board includes:

- Evgeny V. Dod, Chairman of the Management Board,
- Sergei Abrashin,
- Rakhmetulla Alzhanov, Deputy Chairman of the Management Board,
- Konstantin Bessmertny,
- Boris Bogush,
- Sergei Voskresensky,
- Yury Gorbenko,
- Evgeny Gorev,
- Mikhail Mantrov, Deputy Chairman of the Management Board,
- Vladimir Pekhtin, Deputy Chairman of the Management Board,
- George Rizhinashvili, Deputy Chairman of the Management Board,
- Stanislav Savin,
- Sergey Tolstoguzov,
- Sergey Tsoy, Deputy Chairman of the Management Board.

According to the decision made by the Company's Board of Directors of 16 April 2013 (Minutes No 180) Vladimir Pekhtin was elected to the Company's Management Board. According to the decision made by the Company's Board of Directors of 17 September 2013 (Minutes No 187) – Sergey Tolstoguzov was elected to the Company's Management Board; the powers of Aleksey Maslov were terminated.

As of 31 December 2013 members of the Company's Internal Audit Commission included:

- Anna Drokova, deputy head of Federal Agency for State Property Management Directorate's department,
- Leonid Neganov, Deputy Department Head in the Russian Ministry of Energy,
- Maria Tikhonova, Secretary of interdepartmental commission for business efficiency analysis of companies of fuel and energy sector,
- Alan Khadziyev, Department Head in the Russian Ministry of Energy,
- Vladimir Hvorov, Department Expert in the Russian Ministry of Economic Development.

According to the decision made by the Company's annual general meeting of shareholders held on 28 June 2013 (Minutes No 11) Leonid Neganov, Maria Tikhonova and Vladimir Hvorov were elected to the Internal Audit Commission; the powers of Adelya Vyaseleva, Dmitry Gorevoy, Elena Litvina were terminated.

## **1.2 The Company's operating environment**

The Russian economy displays certain characteristics of an emerging market. The legal, tax and customs frameworks continue to develop and are subject varying interpretation.

The on-going uncertainty and volatility of the financial markets, in particular in Europe may have a negative effect on the Russian financial and corporate sectors. Future economic and regulatory situation, internal and external business environment may differ from Company management's current expectations.

The Company's operations are to a greater or lesser degree, exposed to various types of risks (financial, legal, country and regional, reputation, etc.).

The Company's risk management policy specifies the continuous efforts to identify risks, assess them and control and also develop and implement actions for addressing the risks, business continuity management in accordance with international and national standards of risk management (COSO ERM 2004, ISO 31000, professional standard "Risk management of an organisation", etc.).

### ***Financial risks***

Financial risk includes market risk (currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

Information about the Company's exposure to financial risks, their reasons and risk management tools is presented in paragraph 3.16 of the Explanatory Notes.

### ***Legal risks***

The reasons for legal risks are associated with potential changes in legal and regulatory base including currency and customs regulations, tax legislation and others.

Legal risks in domestic market related to regulation of electricity generation and its sale/purchase, which represent the Company's principal activities, can significantly impact the Company's position by decreasing its net profit.

Legal risks in external market related to currency and customs regulation are insignificant due to insignificant volume of foreign trade transactions the Company participates in, which are managed through legal support and control of these transactions and liability insurance.

To manage the legal risks the Company employed experienced lawyers, monitors legislation and makes amendments in the regulatory base.

### ***Country and regional risks***

The reasons for country and regional risks are associated with political and economic situation, the geographic features of the country or the region where the entity operates and (or) is registered as a taxpayer.

Exposure to country risk may be indirectly assessed by credit rating with some assumptions (less political risks for business). Rating of Russia is BBB at positive forecast (according to Fitch rating agency) that means good creditworthiness of the state which however, can be worsened due to negative changes in the economic environment.

The economy of the Russian Federation is not protected from softening of market and economic recession. Due to the impacts of the global financial crisis, the financial problems and strained perception of risks associated with investments in the emerging economies decrease the volume of foreign investments in Russia and have negative impact on the Russian economy.

In the crisis environment experienced by the financial market and reduction of manufacturing output there is a risk of decrease in electricity demand that may result in reduction of sales and decrease in the Company's revenue and also a risk of increase in accounts receivable due to non-payments by the consumers of electricity.

The management believes that it has been taking all necessary measures to mitigate the impact of these events on its activities: optimisation of the obtained cash use, assessment of the buyers' solvency, diversification of resources use and others.

Due to elevation of political risks in the world and Russian Federation in 2012 and enhancement of the state control over energy industry the Company takes the required steps to prevent negative influence of the above risks on its operations.

The Russian regions where the Company performs its operations are characterised by peaceful political situation. Probability of war conflicts, strikes, introduction of the state of emergency in these regions is low except for entities located in North-Caucasus Federal District.

However, changes in the Company's business environment in Russia and in the regions of the Company's presence, the nature and frequency of such changes and related risks are hard to

predict and so are their effects on the Company's operations in the future. Such risks are largely beyond the Company's control due to their global scale. If the situation is destabilised in Russia or any Russian regions, the Company will implement crisis management strategies to minimise the risk of the negative effect of the situation on the Company to the fullest extent possible.

To manage the risks the Company is implementing a complex action plan to enhance safety of the Company's facilities under which the existing plan on ensuring safety at the power plants, including those under construction is amended.

***Reputation risks***

Reputation risks are associated with a decrease in the number of an entity's customers as a result of negative perception of the quality of products, works, services sold, the ability to meet the deadlines for products delivery, work performance, etc.

The Company assesses its exposure to these risks as low due to the fact that the Company sells electricity and capacity in the wholesale market and has high and sustainable reputation in the market.

To manage these risks the Company analyses key indicators of reputation risks based on the forecast of changes in the share of positive references in mass media, control over compliance with production and market discipline, cooperating actively with all stakeholders to maintain high reputation.

***Other risks***

To manage the risks the Company focuses on other operating risks including - industry risk, production risk, risk of hydraulicity, risks associated with compliance with legislation on labour safety, risks of industrial safety, environmental risks and risks associated with the third parties' activities and others.

The reasons for these risks are associated with the industry-specific factors that are relevant to the operations, condition of property, plant and equipment. There is an exposure to these risks, degree of possibility of events is at statistically average or low levels. On a permanent basis, the Company implements actions for monitoring the risks and decreasing the probability of their occurrence and severity of the potential adverse consequences including assignment of responsibility, control, diversification and insurance.

## **II. Accounting policies**

These statutory financial statements have been prepared on the basis of the following accounting policies:

### **2.1 Basis of presentation**

The Company's statutory financial statements are prepared in accordance with the accounting and reporting rules currently effective in the Russian Federation provided for by the Federal Law "On Accounting" and "Regulation on Accounting and Reporting in the Russian Federation" as well as other accounting regulations approved by the Russian Ministry of Finance.

Assets and liabilities are stated at actual cost, except for property, plant and equipment and investments for which the current market value can be determined, and assets against which impairment provisions have been duly formed, as well as estimated liabilities.

### **2.2 Assets and liabilities denominated in foreign currency**

Business transactions in foreign currencies were recorded using the official Rouble exchange rate as of the date of the relevant transaction. Cash on hand and in bank accounts (bank deposits), cash and payment documents, accounts receivable (except for advances received and issued and prepayments) including loans receivable and payable, denominated in foreign currencies are recorded in the financial statements in the amounts calculated based on the official currency exchange rates effective as of the reporting date. The exchange rates were as follows: USD 1 = RUB 32.7292 as of 31 December 2013 (31 December 2012: USD 1 = RUB 30.3727, 31 December 2011: USD 1 = 32.1961), EUR 1 = RUB 44.9699 as of 31 December 2013 (31 December 2012: EUR 1 = RUB 40.2286, 31 December 2011: EUR 1 = RUB 41.6714).

Exchange differences arising during the year from translation (including those as of the reporting date) of foreign currency-denominated assets and liabilities payable in foreign currencies or Russian roubles were reported in the statement of financial results as other income or expenses.

### **2.3 Accounting for assets and liabilities**

In the balance sheet, investments, accounts receivable and accounts payable, including bank credits and loan liabilities, are treated as short-term if the term of their circulation (maturity) does not exceed 12 months after the reporting date. Other assets and liabilities are recognised as long-term.

Interest on loans issued and other investments are recorded in the balance sheet line 1230 "Accounts receivable"; interest on bank credits and loans received are recorded in the balance sheet line 1510 "Borrowings".

Advances to the suppliers of equipment and capital construction contractors are recognised in line 1230 "Accounts receivable".

VAT on advances issued and received is recognised on a gross basis in the balance sheet line 1260 "Other current assets", 1450 "Other liabilities" and 1550 "Other liabilities", respectively.

Deferred tax asset and deferred tax liability are recognized on the balance sheet on a net basis.

**2.4 Property, plant and equipment, construction-in-progress and income-bearing investments in tangible assets**

Property, plant and equipment are accounted for in accordance with the Russian Accounting Regulation "Accounting for property, plant and equipment" (RAR 6/01).

Property, plant and equipment include land, buildings, facilities, machinery, equipment, transport vehicles and other assets whose useful lives are over 12 months.

Property, plant and equipment are recognized at their historical cost equal to actual acquisition (construction, production) cost.

The acquired property, plant and equipment with historical cost of below RUB 40 thousand per unit which were initially recognised after 1 January 2011 are accounted for within inventories; property, plant and equipment which were initially recognised before 1 January 2011 were accounted for within inventories, if their historical cost did not exceed RUB 20 thousand per unit.

Real property assets which have been constructed, put into operation and are actually used but the title to which was not registered under the procedure established by the effective legislation are accounted for within property, plant and equipment in a separate line.

Property, plant and equipment are recognised on the balance sheet at cost less depreciation accumulated from the date of their independent valuation for merging subsidiaries and associates (hereinafter - SAC) into the Company in 2008 or over the whole period of their operation, if they were put into operation after merging SAC into the Company.

The Company does not perform the revaluation of property, plant and equipment items.

Useful lives of the acquired property, plant and equipment including those which had been in operation before the acquisition, received as a contribution to the share capital or under legal succession in connection with restructuring, are established by the review committee for commissioning of a facility based on the Classification of the Company's property, plant and equipment when PP&E item is initially recognised.

The adopted standard useful lives by groups of property, plant and equipment in accordance with the Classification of the Company's property, plant and equipment are presented below.

<b>Property, plant and equipment group</b>	<b>Useful lives of property, plant and equipment (years) on the balance sheet</b>
Facilities and transmission equipment	3 to 100
Machinery and equipment	1 to 40
Buildings	7 to 75
Other	1 to 20

Depreciation of property, plant and equipment is accrued on a straight-line basis proceeding from their historical values and depreciation rates calculated based on their useful lives.

Depreciation is not accrued on:

- land plots and natural resources;
- housing assets commissioned prior to 1 January 2006 (similar assets acquired after 1 January 2006 are depreciated in accordance with the generally accepted procedure);
- fully depreciated assets that are still on the balance sheet.
- assets that are temporarily shutdown for more than three months and during the restoration period which exceeds twelve months.

Gains and losses on disposal of property, plant and equipment are recorded in the statement of financial results within other income and expenses.

Construction-in-progress includes real estate assets under construction, which have not been put into operation, equipment to be installed and other investments in non-current assets which are not included in PP&E. Equipment which does not require installation, stored in the warehouse and intended for assets under construction are recorded within construction-in-progress in a separate line.

These items are recognised in the balance sheet line 1150 "Property, plant and equipment".

Interest on borrowings raised for the purposes directly related to acquisition, construction and/or manufacture of investment assets, accrued prior to initial recognition of the assets is included in their historical cost; that accrued after the initial recognition of the assets are recognised in the statement of financial results within other expenses.

Interest on borrowings raised for the purposes not related to acquisition, construction and/or manufacture of investment assets, but actually used to purchase the investment assets are included in the cost of investment assets in proportion to the share of the above borrowings in total amount of borrowings raised for the purposes not related to acquisition, construction, manufacture of investment assets.

Income-bearing investments in tangible assets represent PP&E items acquired for leasing out to generate income.

These assets are recognised at their historical cost determined under the procedure used for general PP&E items.

Leased PP&E items are recognised in off-balance-sheet accounts at cost specified in the lease agreement/determined based on the acceptance certificate. If the lease agreement and acceptance certificate do not specify the cost of these assets, property, plant and equipment are recorded in the off-balance-sheet accounts at the following values:

- land plots having the cadastral value - at their cadastral value;
- other PP&E items - in the amount of lease payments inclusive of VAT under lease agreement including the repurchase price of the leasing item.

## **2.5 Investments**

Investments are accounted for in accordance with the Russian Accounting Regulation "Accounting for investments" (RAR 19/02).

Investments include:

- contributions to the share capital of other entities (including subsidiaries);
- debt securities (including bonds, promissory notes);
- deposits in credit institutions except for short-term deposits classified as cash equivalents (paragraph 2.9 of the Explanatory Notes);
- loans issued to other entities;
- government and municipal securities and other investments.

Investments are initially recognised at their actual cost of acquisition.

The Company's actual costs to purchase investments represent the historical cost of investments purchased at a charge.

The historical cost of investments in the Company's share capital is presented by their monetary value agreed by the Company's founders, if not specified otherwise by the Russian legislation.

Investments, the current market value of which can be determined under the established procedure, are recognised on the balance sheet at their current market value as of the end of each reporting period (on a quarterly basis). The difference between the value of these investments as of the current reporting date and their prior value is recorded within other income and expenses.

Current market value of the securities which are traded by the institutors of trading is determined at market prices established at OAO MICEX-RTS (<http://moex.com>).

Investments for which no current market value is determinable are recorded on the balance sheet at their carrying (book) value, except for investments for which there are indications that the decline in their value (impairment) is significant and non-temporary as of the reporting date.

Investments are tested for their impairment once a year as of 31 December of the reporting year, if there are indications of impairment.

The Company accrues the impairment provision for the amount of difference between carrying (book) value and estimated value of the investments with regard to investments for which

significant and constant impairment indicators are proved by impairment test. The estimated value of investments is determined based on the data about net assets, revenue, composition of expenses, schedule of projects financing and other factors.

Despite of the fact that well-grounded judgements are applied to determine the estimated value of investments, there are unavoidable limitations as in any valuation technique. Therefore, the estimated value represents the Company management's best estimate based on all the information available as of the reporting date. Future events will also have impact on determining the estimated value and impact of such events can be significant for the Company's financial statements.

Difference between the historical cost and nominal value of debt securities for which current market value is not determinable, is recorded on a straight-line basis during the period of their circulation and is recognised in the Company's financial results within other income (expenses). When investments for which current market value is not determinable are disposed, they are carried at book value of each unit of these investments except for issuance securities (shares, bonds) which are disposed under FIFO; when investments for which current market value is determinable under the established procedure are disposed - based on the latest valuation.

The Company discloses information about measurement at discounted value, the amount of the discounted value of debt securities of other related parties and loans issued to them.

Income and expenses associated with investments are reported within other income or expenses. Interest on loans issued and other income from investments are recognised in the balance sheet line 1230 "Accounts receivable".

## **2.6 Inventories**

Inventories are accounted for in accordance with the Russian Accounting Regulation "Accounting for inventories" (RAR 5/01).

Inventories are accounted for at their actual cost of acquisition (production).

If market value of inventories as of the end of the reporting year is below their historical cost including due to on-going (long-term) price reduction, Company makes a provision in the amount of inventory impairment which is charged against increase in other expenses. Such inventories are recognised on the balance sheet net of the inventories' impairment provision.

The average cost method is applied to determine the material expenses when writing-off inventories used to produce goods (provide services).

## **2.7 Expenses of future periods**

Expenses incurred by the Company in the reporting period but related to future reporting periods (payments under voluntary and mandatory insurance of property and employees, one-off payments to purchase licenses and other expenses) are recorded as expenses of future periods. These expenses are written-off on a straight-line basis during the periods which they relate to.

Expenses of future periods to be written-off during the period exceeding twelve months are recognised on the balance sheet as non-current assets in line 1190 "Other non-current assets"; those to be written-off during twelve months - in line 1210 "Inventories".

## **2.8 Accounts receivable**

Trade receivables are accounted for in the amount of services provided, works performed, good dispatched at justified prices and established tariffs. Settlements with other debtors are recognised for accounting and reporting purposes based on the contractual prices.

Accounts receivable which are overdue or unlikely to be repaid by the contractual deadlines and are not secured by guarantees, pledges or otherwise, are recognised on the balance sheet net of doubtful debt provision. The provision is based on the conservative assessment made by the Company's management with regard to the portion of receivables which is unlikely to be repaid.



Doubtful debts provision is made on a quarterly basis as of the end of the respective period. The provision amount is separately determined based on the unbiased information about solvency of the specific debtor and assessment of probability of receivables repayment in full or partially.

Accrual (release) of doubtful debts provision increases other expenses (income).

Uncollectable receivables are written-off when recognized as such. These receivables are recorded in off-balance-sheet accounts over five years after the debt is written off for monitoring whether there is a possibility of their collection in case of any changes in the debtor's property status.

## **2.9 Cash equivalents and presentation of cash flows in the statement of cash flows**

Cash equivalents comprise current highly liquid investments, which are readily convertible into a predictable amount of cash and are exposed to an insignificant risk of changes in value.

The Company recognises short-term bank deposits with a maturity of up to three months (not longer than 91 days) within cash equivalents if they are treated as funds used for settlements and repayment of liabilities, not intended for investment and other purposes.

The Company's cash flows which cannot be clearly attributed to cash flows from operating, investing or financing activities are included in the cash flows from operating activities in the statement of cash flows. Such cash flows include receipts and payments related to financial instruments of forward deals.

The following items are presented on a net basis in the statement of cash flows:

- indirect taxes within receipts from buyers and customers and payments to suppliers and contractors;
- cash flows used for investing activities and received on repayment of short-term bank deposits (with a maturity of more than three months) within the same reporting period, if they are characterised by quick return, large amounts and short-term maturity.

Cash receipts and payments do not include cash flows changing the structure of cash equivalents, but not changing their total amount.

## **2.10 Share capital, reserve and additional capital**

The Company's share capital has been recorded in the amount of the nominal value of ordinary shares purchased by shareholders. The share capital is equal to the amount specified in the Company's Charter.

When the share capital is increased through placement of additional shares, transactions associated with the formation of the share capital are accounted for when the respective changes made in the Company's constituent documents are registered.

The Company's additional capital includes share premium resulted from placement of the Company's shares at price exceeding their nominal value and total of additional capital of subsidiaries, associates merged into the Company during the 2008 reorganisation.

In accordance with legislation the Company forms a reserve fund in the amount of 5% of the share capital. The amount of mandatory annual deductions to reserve fund is 5% of the Company's net profit until it reaches the specified level.

## **2.11 Loans and bank credits received**

Loans and bank credits are accounted for in accordance with the Russian Accounting Regulation "Accounting for loans and bank credits" (RAR 15/2008).

Loans payable are stated inclusive of interest payable as of the end of the reporting period according to the loan agreements.

Interest is accrued on a monthly basis at the end of each reporting period. If a lender provides for interest calculation attributable to different reporting periods, the amount of interest shall be allocated and included in the amount payable separately for each month.

Additional expenses incurred in connection with borrowings are charged to expenses of future periods with subsequent straight-line inclusion in other expenses over the repayment period.

## **2.12 Estimated liabilities, contingent liabilities and contingent assets**

### ***Estimated liabilities***

The Company recognises estimated liability, which meets the recognition criteria established in the Russian Accounting Regulation "Estimated liabilities, contingent liabilities and contingent assets" (RAR 8/2010).

The Company recognises an estimated liability for earned but unused employee vacations, which is determined as of the end of the reporting year with reference to the number of unused vacation days of each employee at the reporting date and employee's average salary, inclusive of insurance contributions.

### ***Contingent liabilities and contingent assets***

Contingent liabilities and contingent assets are not recorded on the balance sheet, but instead are disclosed in the Explanatory Notes to the balance sheet and statement of financial results.

Contingent liability (contingent asset) arises as a result of past business events when existence of a liability (asset) of the Company at the reporting date depends on occurrence/non-occurrence) of future uncertain events, which are beyond the Company's control.

Contingent liability is disclosed in the Explanatory Notes to financial statements, except where the likelihood of a decrease in economic benefits associated therewith is remote. Contingent asset is disclosed in the Explanatory Notes when the inflows associated therewith are probable. There is a need to disclose its estimated amount or a range of estimated amounts, if such values are identifiable.

## **2.13 Revenue recognition**

Revenue from sales of products (provision of services) is recognized on an accrual basis (as the products/services are delivered/provided and relevant settlement documents presented to buyers). Revenue is presented net of value added tax and other similar mandatory charges.

Other revenues of the Company include:

- proceeds from sale of property, plant and equipment, investments and other assets;
- interest received in connection with providing the Company's cash for use, interest for the bank's use of cash sitting on the Company's bank accounts in the bank and interest on the acquired interest-bearing notes of the third parties - in accordance with interest provision in the note when presenting it for payment. The Company recognises the above income in the statement of financial results in line 2320 "Interest income";
- income from participation in share capital of other entities (dividends). is recognised by Company when announced and included in the statement of financial results in line 2310 "Income from participation in other entities";
- income from transactions with derivatives when the respective trading positions are closed;
- fines, penalties and interest for breaching contractual terms;
- prior year profit identified in the reporting year (considering the requirements of the Russian Accounting Regulation "Correction of errors in accounting and reporting" (RAR 22/2010);
- other proceeds (income) according to the Russian Accounting Regulation "Income of an organisation" (RAR 9/99) (including income in the form of insurance indemnity).

## **2.14 Recognition of expenses**

Accounting for expenses is regulated by the Russian Accounting Regulation "Expenses of an organisation" (RAR 10/99) under which the Company's expenses are divided into general expenses and other expenses.

Administrative expenses are written-off against the cost of goods sold (services provided).

General expenses are recognised in the reporting period wherein they were incurred irrespective of the actual closure of accounts payable.

Expenses shall be accounted for irrespective of the intention to generate revenue or other income and their form.

Other expenses include:

- expenses incurred in disposal and other write-off of property, plant and equipment, investments and other assets;
- interest paid by the Company for provided cash (bank credit, loans); the Company recognises these expenses in the statement of financial results in line 2330 "Interest expense";
- expenses incurred in payment of services provided by credit institutions;
- doubtful debts provision calculated on the basis of the reporting period results in accordance with the Company's accounting policies (see paragraph 2.8 of the Explanatory Notes);
- expenses from transactions with derivatives when the respective trading positions are closed;
- fines, penalties and interest for breaching contractual terms, compensation of losses caused by the Company;
- prior year losses identified in the reporting period (considering the requirements of the Russian Accounting Regulation "Correction of errors in accounting and reporting" (RAR 22/2010);
- charity and social security;
- expenses incurred as a result of extraordinary events in business operations (natural disaster, fire, accident, etc.)
- other expenses according to RAR 10/99.

## **2.15 Changes in the accounting policies**

There are no significant changes in the Company's accounting policies for 2013 and 2014 based on the Russian Accounting Regulation "Accounting policies of an organisation" (RAR 1/2008).

With effect from the Company's accounting reports for 2013, the Company retrospectively amended detailing of some balance sheet items, in particular the lines 1170 Investments, 1230 Accounts Receivable, 1240 Investments (except for cash equivalents), 1370 Retained Earnings (Accumulated Deficit) and 1520 Accounts Payable. Such amendment allows the best presentation of the Company's financial position as of the reporting date.

### III. Disclosure of material indicators

#### 3.1 Non-current assets (Section I of the balance sheet)

##### 3.1.1 Property, plant and equipment (line 1151 of the balance sheet), construction-in-progress (line 1152 of the balance sheet), income-bearing investments in tangible assets (line 1160 of the balance sheet)

PP&E group	Net book value		
	31 December 2013	31 December 2012	31 December 2011
<b>Line 1151 Property, plant and equipment, including:</b>			
Facilities and transmission equipment	189,486	191,295	192,712
Machinery and equipment	77,085	61,930	47,618
Buildings	35,348	34,778	34,448
Motor vehicles	406	212	379
Production and maintenance tools	349	407	444
Land plots	3	3	3
Other types of property, plant and equipment	187	198	188
<b>Total line 1151 "Property, plant and equipment"</b>	<b>302,864</b>	<b>288,823</b>	<b>275,792</b>
<b>Line 1160 "Income-bearing investments in tangible assets", including:</b>			
Facilities and transmission equipment	7,313	7,437	7,561
<b>Total in line 1160 "Income-bearing investments in tangible assets"</b>	<b>7,313</b>	<b>7,437</b>	<b>7,561</b>

As of 31 December 2013 income-bearing investments in tangible assets amount to RUB 7,313 million (as of 31 December 2012 r. – RUB 7,437 million, as of 31 December 2011 – 7,561 ) and relate to five dams in Irkutsk region received in 2011 as part of additional issues of the Company's shares (see paragraph 3.3.1 of the Explanatory Notes).

Currently, ОАО Irkutskenergo is leasing dams from the Company under the long-term lease agreements.

**OAo RusHydro**
**Explanatory Notes to the 2013 Balance sheet and Statement of Financial Results**

(in millions of Russian Roubles unless otherwise stated)

**Availability and movement of property, plant and equipment and income-bearing tangible assets**

Narrative	Period	At the beginning of the year		Additions*	Changes for the period			At the end of the year	
		Cost	Accumulated depreciation		Disposals		Depreciation accrued*	Cost	Accumulated depreciation
					Cost	Accumulated depreciation			
<b>Property, plant and equipment</b>	<b>2012</b>	<b>308,044</b>	<b>(32,252)</b>	<b>25,484</b>	<b>(2,138)</b>	<b>777</b>	<b>(11,092)</b>	<b>331,390</b>	<b>(42,567)</b>
including:	<b>2013</b>	<b>331,390</b>	<b>(42,567)</b>	<b>27,408</b>	<b>(1,822)</b>	<b>829</b>	<b>(12,374)</b>	<b>356,976</b>	<b>(54,112)</b>
Facilities and transmission equipment	2012	205,890	(13,178)	2,758	(98)	12	(4,089)	208,550	(17,255)
	2013	208,550	(17,255)	2,335	(95)	49	(4,098)	210,790	(21,304)
Machinery and equipment	2012	63,774	(16,156)	21,540	(1,864)	709	(6,073)	83,450	(21,520)
	2013	83,450	(21,520)	23,382	(1,688)	762	(7,302)	105,144	(28,060)
Buildings	2012	36,814	(2,366)	1,017	(8)	-	(679)	37,823	(3,045)
	2013	37,823	(3,045)	1,286	(2)	1	(714)	39,107	(3,758)
Motor vehicles	2012	628	(249)	17	(158)	48	(74)	487	(275)
	2013	487	(275)	273	(5)	3	(77)	755	(349)
Production and maintenance tools	2012	662	(218)	114	(8)	6	(149)	768	(361)
	2013	768	(361)	111	(31)	13	(151)	848	(499)
Land plots	2012	3	-	-	-	-	-	3	-
	2013	3	-	-	-	-	-	3	-
Other types of property, plant and equipment	2012	273	(85)	38	(2)	2	(28)	309	(111)
	2013	309	(111)	21	(1)	1	(32)	329	(142)
<b>Income-bearing investments in tangible assets</b>	<b>2012</b>	<b>7,592</b>	<b>(31)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(124)</b>	<b>7,592</b>	<b>(155)</b>
including:	<b>2013</b>	<b>7,592</b>	<b>(155)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(124)</b>	<b>7,592</b>	<b>(279)</b>
Facilities and transmission equipment	2012	7,592	(31)	-	-	-	(124)	7,592	(155)
	2013	7,592	(155)	-	-	-	(124)	7,592	(279)

\* Cost of property, plant and equipment received in 2013 and depreciation for the period includes cost of property, plant and equipment repurchased at the expiration of the lease agreements and accumulated depreciation of RUB 585 million (for 2012 : RUB 400 million). Exposure of leased property, plant and equipment is described in paragraph 3.6.1 of the Explanatory Notes.

***Changes in the cost of property, plant and equipment as a result of further construction, re-equipping, reconstruction or partial liquidation***

Narrative	2013	2012
<b>Increase in the cost of property, plant and equipment as a result of further construction, re-equipping, reconstruction including:</b>	<b>13,791</b>	<b>14,000</b>
Machinery and equipment	11,962	11,827
Facilities and transmission equipment	1,359	1,432
Other types of property, plant and equipment	470	741
<b>Decrease in value of property, plant and equipment as a result of partial liquidation including:</b>	<b>657</b>	<b>821</b>
Machinery and equipment	612	817
Other types of property, plant and equipment	45	4

***Other use of property, plant and equipment***

Narrative	31 December 2013	31 December 2012	31 December 2011
Leased out PP&E recognised on the balance sheet	1,593	1,821	1,557
Leased PP&E recognised on the balance sheet	-	-	313
Leased PP&E recognised in the off-balance-sheet accounts	33,754	33,906	26,330
Real estate assets which were put into operation and actually used but are in the process of state registration	1,716	1,103	11,058
PP&E that have been temporarily shut down	94	40	41

**Construction-in-progress and purchase of property, plant and equipment and income-bearing investments in tangible assets**

Narrative	Period	At the beginning of the year	Changes for the period				At the end of the year
			Costs for the period	Written off	Other movement*	Recognised as PP&E or uplifted	
<b>Construction-in-progress and purchase of property, plant and equipment and income-bearing investments in tangible assets, including:</b>	<b>2012</b>	<b>37,539</b>	<b>31,616</b>	<b>(109)</b>	<b>(906)</b>	<b>(25,084)</b>	<b>43,056</b>
	<b>2013</b>	<b>43,056</b>	<b>31,407</b>	<b>(469)</b>	<b>14</b>	<b>(26,823)</b>	<b>47,185</b>
Construction-in-progress	2012	28,339	17,046	(39)	13,802	(24,835)	34,313
	2013	34,313	16,797	(220)	14,756	(26,380)	39,266
Incomplete transactions on purchasing property, plant and equipment and income-bearing investments in tangible assets	2012	77	148	(1)	55	(249)	30
	2013	30	415	-	25	(443)	27
Equipment for installation	2012	9,123	14,422	(69)	(14,763)	-	8,713
	2013	8,713	14,195	(249)	(14,767)	-	7,892

\* Transfer of equipment for installation, reclassification of equipment to be installed to construction-in-progress and other movement not related to transfer of assets to property, plant and equipment

**3.1.2 Long-term investments (line 1170 of the balance sheet)**

Line 1170 "Financial investments" includes contributions to share capital of subsidiaries, associates and other entities, debt securities and long-term loans issued to subsidiaries and associates:

<b>Narrative</b>	<b>31 December 2013</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Investments in subsidiaries	95,619	66,355	67,134
Investments in associates	11,210	2,284	2,300
Investments in other entities	3,212	6,261	8,613
Long-term loans issued	33,018	18,760	16,036
Debt securities	-	-	6,899
<b>Total line 1170 "Financial investments"</b>	<b>143,059</b>	<b>93,660</b>	<b>100,982</b>

Exposure of long-term investments to financial risks is described in paragraph 3.16 of the Explanatory Notes.



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**Availability and movement of long-term investments**

Narrative	Period	At the beginning of the year		Changes for the period					At the end of reporting period	
		Cost	Accumulated adjustment*	Additions	Changes in current market value	Disposed (settled)		Other movements**	Cost	Accumulated adjustment*
						Cost	Accumulated adjustment*			
<b>Long-term investments including:</b>	<b>2012</b>	<b>105,163</b>	<b>(4,181)</b>	<b>15,704</b>	<b>(2,356)</b>	<b>(12,971)</b>	<b>-</b>	<b>(7,699)</b>	<b>107,896</b>	<b>(14,236)</b>
	<b>2013</b>	<b>107,896</b>	<b>(14,236)</b>	<b>62,138</b>	<b>(3,119)</b>	<b>(10,394)</b>	<b>-</b>	<b>774</b>	<b>159,640</b>	<b>(16,581)</b>
Investments in subsidiaries	2012	67,134	-	-	-	-	-	(779)	67,134	(779)
	2013	67,134	(779)	28,485	-	-	-	779	95,619	-
Investments in associates	2012	2,300	-	-	-	-	-	(16)	2,300	(16)
	2013	2,300	(16)	10,367	-	(1,441)	-	-	11,226	(16)
Investments in other entities	2012	12,794	(4,181)	9	(2,356)	-	-	(5)	12,803	(6,542)
	2013	12,803	(6,542)	75	(3,119)	-	-	(5)	12,878	(9,666)
Long-term loans issued	2012	16,036	-	15,695	-	(12,971)	-	-	18,760	-
	2013	18,760	-	23,211	-	(8,953)	-	-	33,018	-
Debt securities	2012	6,899	-	-	-	-	-	(6,899)	6,899	(6,899)
	2013	6,899	(6,899)	-	-	-	-	-	6,899	(6,899)

\* Accumulated adjustment includes difference between original and current market value of investments for which current market value can be determined; difference between original and current market value of investments for which current market value is not determinable; provision for impairment of investments.

\*\* Other movements include changes in provision for impairment of investments, accrual of discount on debt securities and reclassification within the balance sheet line 1170 "Investments".

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***Investments in subsidiaries, associates and other entities***

The balance sheet line 1170 "Investments" includes the below investments in subsidiaries, associates and other organisations:

Subsidiaries and associates and other entities	31 December 2013		31 December 2012		31 December 2011	
	Carrying amount	Share, %	Carrying amount	Share, %	Carrying amount	Share, %
<b>Subsidiaries</b>	<b>95,619</b>		<b>66,355</b>		<b>67,134</b>	
ОАО RAO ES of the East	18,495	84.39%	15,530	65.75%	15,530	69.28%
ОАО Ust-Srednekanskaya GES	14,722	50.04%	8,049	35.21%	8,049	41.48%
ОАО Kolymaenergo	13,187	98.76%	13,187	98.76%	13,187	98.76%
ОАО Sulaksky Hydrocascade	10,094	100.00%	1,134	100.00%	1,134	100.00%
ОАО Zagorskaya GAES-2	9,780	100.00%	9,780	100.00%	9,780	100.00%
ZAO Malaya Dmitrovka	5,455	100.00%	2,055	100.00%	2,055	100.00%
ОАО Lenhydroproject	3,260	100.00%	3,260	100.00%	3,260	100.00%
ОАО Yuzhno-Yakutsky GEK	3,255	100.00%	10	100.00%	10	100.00%
ОАО ESK RusHydro	2,864	100.00% - 1 share	2,864	100.00% - 1 share	2,864	100.00% - 1 share
ОАО Geotherm	2,425	99.65%	829	92.80%	829	92.80%
ОАО Zaramagskie GES	1,904	98.35%	1,904	98.35%	1,904	98.35%
ОАО Leningradskaya GAES	1,690	100.00%	1,690	100.00%	1,690	100.00%
ОАО Yakutskenergo*	1,671	29.80%	1,671	29.80%	1,671	29.80%
HydroOGK Power Company Ltd	1,171	100.00%	1,171	100.00%	1,171	100.00%
HydroOGK Aluminium Company Ltd	779	100.00%	-	100.00%	779	100.00%
ОАО Renewable Energy Engineering Centre	694	100.00%	-	100.00%	-	100.00%
ОАО CSO SGES	589	100.00%	22	100.00%	22	100.00%
ОАО Kamchatsky gas and energy complex	531	96.58%	531	96.58%	531	96.58%
ОАО VNIIM named after B. E. Vedeneev	448	100.00%	448	100.00%	448	100.00%
ОАО Nizhne-Bureyskaya GES	408	100.00%	408	100.00%	408	100.00%
ОАО Nizhne-Zeyskaya GES	350	100.00%	-	100.00%	-	100.00%
ОАО NIIES	338	100.00%	338	100.00%	338	100.00%
ZAO Hydro-Engineering Siberia	300	100.00%	300	100.00%	300	100.00%
RusHydro International B. V.	245	100.00%	245	100.00%	245	100.00%
ОАО ChirkeiGESstroi	229	75.00% - 1 share	229	75.00% - 1 share	229	75.00% - 1 share
ОАО ESKO UES	226	100.00%	226	100.00%	226	100.00%
ООО Verkhnebalkarskaya MGES	118	100.00%	118	100.00%	118	100.00%
ОАО MGES Dagestan	101	100.00%	101	100.00%	101	100.00%
Other	290		255		255	
<b>Associates:</b>	<b>11,210</b>		<b>2,284</b>		<b>2,300</b>	
ОАО Irkutsk Electric Grid Company	8,543	42.75%	-	-	-	-
ОАО Sakhalin energy company	2,567	31.49%	743	12.44%	743	17.77%
OJSC Trest Hydromontazh	-	-	1,441	33.54%	1,441	33.54%
Other	100	-	100		116	
<b>Other entities:</b>	<b>3,212</b>		<b>6,261</b>		<b>8,613</b>	
ОАО Inter RAO UES	2,027	1.94%	5,077	1.94%	7,428	2.09%
ZAO Boguchanskaya GES	1,081	2.88%	1,081	2.88%	1,081	2.88%
Other	104		103		104	
<b>Total:</b>	<b>110,041</b>		<b>74,900</b>		<b>78,047</b>	

\* Investment in ОАО Yakutskenergo (29.80%) is recorded within subsidiaries as the Company has control over these entities indirectly via other subsidiaries.

Key factors affected changes in the value of investments in subsidiaries, associates and other entities in 2013 are as follows:

- acquisition of additionally issued shares of subsidiaries for the total of RUB 20,326 million, including OAO Sulaksky Hydrocascade for the amount of RUB 8,960 million, ZAO Malaya Dmitrovka for the amount of RUB 3,400 million, OAO Yuzhno-Yakutsky GEK for the amount of RUB 3,245 million, OAO Geotherm for the amount of RUB 1,596 million, OAO Ust-Srednekanskaya GES for RUB 1,480 million, OAO Renewable Energy Engineering Centre for RUB 694 million, JFJ CSO SShGES for RUB 567 million and other companies for the amount of RUB 384 million;
- receipt as payment for the Company's additional issue registered on 3 December 2012 (see paragraph 3.3.1 of the Explanatory Notes) of equity stakes in the utilities companies for the total of RUB 18,596 million, including OAO Irkutsk Electric Grid Company for the amount of RUB 8,543 million, OAO Ust-Srednekanskaya GES for RUB 5,193 million, OAO RAO Energy Systems of the East for the amount of RUB 2,965 million, OAO Sakhalin Energy Company for the amount of RUB 1,824 million and OAO Irkutskenergo for the amount of RUB 71 million;
- disposal of investment in OAO Trest Hydromontazh with the value of RUB 1,441 million in connection with the sale of OAO TEK Mosenergo for RUB 1,663 million;
- valuation of investments which have a current market value and related recording of a loss for the total of RUB 3,119 million (see paragraph 3.16 of the Explanatory Notes), including the loss for the total of RUB 3,050 million related to the shares of OAO Inter RAO UES;
- assessment of investments having current market value with recognition of a loss amounting to RUB 3,119 million (see paragraph 3.16 of the Explanatory Notes) including a loss amounting to RUB 3,050 million related to OAO INTER RAO UES shares.

In June 2013, four new 100%-owned subsidiaries were established, with the share capital of RUB 0.5 million each, for implementing construction projects in the electricity sector in the Russian Far East, i.e. – ZAO Blagoveshchenskaya CCGT, ZAO Sakhalin GRES-2», ZAO CCGT in the City of Sovetskaya Gavan and ZAO Yakutsk GRES-2. Construction will be financed with special purpose budgetary funds in the amount of RUB 50,000 million received from the government as part of the Company's additional issue registered on 3 December 2012 (see paragraph 3.3.1 of the Explanatory Notes). As of 31 December 2012 the shares of these companies were transferred for trust management to OAO RAO Energy Systems of the East.

#### ***Investments in subsidiaries that have current market value***

As of 31 December 2013, 31 December 2012 and 31 December 2011, investments included shares of the Company's subsidiaries, i.e. OAO RAO Energy Systems of the East, OAO Yakutskenergo and OAO Far East Energy Company, received in 2011–2013 as a result of the additional issue of the Company's shares which are cognised on the Company's balance sheet. These investments are recorded at the value agreed with the founders and determined on the basis of the market valuation performed by an independent appraiser totalling 20,204 million as of 31 December 2013 (as of 31 December 2012 and 31 December 2011: 17,239 million). This valuation exceeds the current market value of the shares as of 31 December 2013, 31 December 2012 and 31 December 2011 by RUB 12,394, RUB 9,887 million and RUB 7,048 million, respectively.

The Company's management plans to get benefits from investments in OAO RAO Energy Systems of the East, OAO Yakutskenergo and OAO Far East Energy Company by controlling their business operations rather than as a result of fluctuations in their market value. Thus, according to the Company's management, current market quotes do not fairly reflect the fair value of the controlling shareholdings in these companies as the number of shares traded in the market is not representative; not more than 1% of total shares issued are in circulation on a daily basis.

In view of these circumstances and considering that the Company has no plans to sell these investments, in accordance with paragraph 6 of the Russian Accounting Regulation "Accounting reports of an organisation" (RAR 4/99), approved by order No. 43n of the Russian Ministry of Finance of 6 July 1999, the Company decided against performing revaluation of its investments in

shares of OAO RAO Energy Systems of the East, OAO Yakutskenergo and OAO Far East Energy Company at the current market value from acquisition date.

The amount of unrecognised change in the market value as compared to the carrying amount as of 31 December 2013 is RUB 12,394 million (as of 31 December 2012: RUB 9,887 million; as of 31 December 2011: 7,048 million). The Company's net assets would have amounted to RUB 612,026 million, if it included the above unrecognised change in the value (as of 31 December 2012: RUB 582,287 million, as of 31 December 2011: RUB 528,429).

***Impairment of investments in subsidiaries, associates and other entities for which current market value is not determinable***

The Company's management analysed the negative trends related to a number of subsidiaries, which is presented below: The management performed the analysis of investments to the share capital of the entities listed below for possible signs of impairment, and also analysed possible impairment of other assets related to these subsidiaries, including those recorded within accounts receivable (see paragraph 3.2.2 of the Explanatory Notes).

***HydroOGK Aluminium Company Ltd.*** The Company is engaged on parity with United Company RUSAL ("UC Rusal") in the Project of Boguchansky Aluminium Plant construction (the "Project"). The Company together with UC Rusal have a joint control over ZAO Boguchansky Aluminium Plant. The subsidiary – HydroOGK Aluminium Company Ltd – was established for the Company to participate in this Project and implement the corporate governance of the Project. Boguchansky Aluminium Plant's financing is provided for in the Company's Investment Programme approved by the Russian Ministry of Energy and is implemented partly through the Company's acquisition of HydroOGK Aluminium Company Ltd's and ZAO Boguchansky Aluminium Plant's promissory notes.

As of 31 December 2013, the Company's balance sheet carries the following Project-related assets:

- within the accounts receivable: interest-free promissory notes of ZAO Boguchansky Aluminium Plant with redemption "on demand but not earlier than 31 December 2024" for the total of RUB 4,662 million and interest-free promissory notes of HydroOGK Aluminium Company Ltd with redemption "on demand but not earlier than 31 December 2013" for the total of RUB 3,338 million (see paragraph 3.3.2 of the Explanatory Notes);
- within long-term investments: shares of HydroOGK Aluminium Company Ltd for the amount of RUB 779 million.

The analysis of recoverability of these assets performed by the Company as of 31 December 2013 was based on the following key factors:

- the Company intends to complete construction of Boguchansky Aluminium Plant injecting additional investments into the Project, if necessary;
- the Company plans to receive economic benefits in the form of return on capital invested into the Project. Consequently, the Company has no intention to demand redemption of the above interest-free promissory notes with cash as it plans their capitalisation in the share capital of the Project's participating parties, except for a portion of promissory notes of HydroOGK Aluminium Company Ltd which will be paid using cash currently carried on its balance sheet.

Based on the analysis of the factors that might indicate the impairment of assets related to the construction of Boguchansky Aluminium Plant, the Company's management concluded that there were no impairment indicators as of 31 December 2013.

***OAO Zagorskaya HAEPP-2*** In September 2013, Zagorskaya HAEPP-2 which is currently under construction suffered from the flooding of a section of the HAEPP building from the lower reservoir. Due to the technical complexity of identifying the losses as a result of the accident, management are not able to estimate the amount of expenses needed to rectify the accident consequences and write off the damaged items of construction in progress.

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Summarised information in relation to OAO Zagorskaya HAEPP-2 on the balance sheet of OAO RusHydro is as follows:

- within long-term investments: shares of OAO Zagorskaya HAEPP-2 for the amount of RUB 9,780 and interest-bearing loan for the amount of RUB 7,029 million;
- within other accounts receivable for additional shares issued but not yet transferred to the Company in the course of OAO Zagorskaya HAEPP-2's additional share issue: accounts receivable for the total amount of RUB 46,071 million (see paragraph 3.3.2 of the Explanatory Notes).

The analysis of recoverability of these assets performed by the Company as of 31 December 2013 was based on the following key factors:

- Construction works and the assets are insured. In accordance with the insurance contracts and under the current Russian law, the acknowledgement of the fact that the accident at Zagorskaya HAEPP-2 which is currently under construction is the insurable event and subsequent payment of compensation is only due after the thorough analysis of the accident reasons by insurance companies based on the report on investigation of the causes of the flooding.
- Management plans to perform recovery work and complete construction of Zagorskaya HAEPP-2. Capacity supply contracts were concluded in respect of Zagorskaya HAEPP-2. There are specific rules for the price setting in respect of new HPPs (including pumped-storage power plants) being constructed: the price is set in a manner that guarantees payback period of 20 years for all CAPEX invested in construction.
- Following the decision of the regulatory body NP Market Council of 16 December 2013 the commissioning date for generating assets of Zagorskaya HAEPP-2 and the start date of fulfilment of obligations under the committed capacity supply contracts for new HPPs (including pumped-storage power plants) was transferred from the beginning of 2014 to the beginning of 2017. As these dates were adjusted for OAO Zagorskaya HAEPP-2 is not subject to any penalties for under-supplied capacity under the above contracts.

As of 31 December 2013 there is no significant uncertainty in terms of the expenses to be incurred on recovery of damage caused by the flooding at Zagorskaya HAEPP-2. However, these expenses can be significant.

Based on the analysis of factors that might indicate impairment of assets related to Zagorskaya HAEPP-2 construction project, the Company's management concluded that there were no such indicators as of 31 December 2013.

No negative trends which may result in impairment of other shareholdings were observed.

Provision for impairment of investments for which current market value is not determinable amounts to RUB 58 million (as of 31 December 2012: RUB 832 million; as of 31 December 2011: RUB - 32 million). Original cost of long-term investments for which provision for impairment of investments was made amounts to RUB 96 million as of 31 December 2013 (as of 31 December 2012 - RUB 874 million, as of 31 December 2011 - 79 million).

**(b) Long-term loans issued**

Loan recipient's name	31 December 2013	31 December 2012	31 December 2011	Annual rate,%
<b>Long-term loans issued to related parties, including:</b>				
OAO Far East Generating Company	11,538	8,000	-	MosPrime + 3.09%/ 7.997%
OAO Zagorskaya GAES-2	7,029	-	2,727	8.213%
OAO Sakhaenergo	3,476	-	-	7.997%
OAO Hydroinvest	2,082	2,282	2,553	7.875%
OAO Ust-Srednekanskaya GES	1,747	-	1,099	8.213%
OAO ESK RusHydro	1,700	3,294	3,000	8.00%

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

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Loan recipient's name	31 December 2013	31 December 2012	31 December 2011	Annual rate,%
OAo Far East Distribution Grid Company	1,670	-	-	7.997%
ZAO Tekhnopark Rummyantsevo	1,508	1,503	1,965	7.875% – 8.25%
OAo Teploenergосervice	929	-	-	7.997%
ZAO Malaya Dmitrovka	205	3,400	2,972	7.875%
OAo Leningradskaya GAES	-	-	1,051	
Other	1,134	281	669	
<b>Total long-term loans issued</b>	<b>33,018</b>	<b>18,760</b>	<b>16,036</b>	

As of 31 December 2013 the balance sheet line 1170 "Investments" includes the following long-term loans issued:

- loan to OAo Far East Generating Company amounting to RUB 11,538 million to refinance liabilities maturing by 3 December 2018 and 15 September 2021;
- loans to OAo Zagorskaya GAES-2 in the total amount of RUB 7,029 million issued to finance expenses related to investment project OAo Zagorskaya GAES-2 maturing by 05 February 2018 transferred from short-term loans due to changes of the conditions of the agreement;
- loan to OAo Sakhaenergo in the total amount of RUB 3,476 million issued to refinance liabilities maturing by 03 December 2018;
- loans to OAo Hydroinvest in the total amount of RUB 2,082 million issued to finance purchase of OAo Hydroproject Institute, OAo Krasnoyarskenergosbyt maturing by 20 October 2015;
- loans to OAo Ust-Srednekanskaya GES in the total amount of RUB 1,747 million issued to finance expenses related to investment project «Ust-Srednekanskaya GES» maturing by 5 February 2018 transferred from short-term loans due to changes of the conditions of the agreement;
- loans to OAo EKS RusHydro amounting to RUB 1,700 million to purchase an ownership interest in OOO EKS Bashkortostan and OAo RusHydro Bashkortostan maturing by 31 December 2015;
- loan to OAo Far East Distribution Grid Company amounting to RUB 1,670 million to refinance liabilities maturing by 3 December 2018;
- loans to ZAO Tekhnopark Rummyantsevo in the total amount of RUB 1,508 million issued to refinance liabilities maturing by 30 December 2015 and 30 November 2022;
- loan to OAo Teploenergосervice in the total amount of RUB 929 million issued to refinance liabilities maturing by 03 December 2018.

There are no indicators of a prolonged decline in the value of the above investments.

**(c) Long-term debt securities**

Issuer's name	31 December 2013	31 December 2012	31 December 2011	Due for repayment	Annual rate,%
<b>Receivables from other counterparties related to long-term promissory notes, including:</b>					
				On demand but not earlier than 12 December 2014	
OOO Energo-Finance		-	6,899		13.00%
<b>Total debt securities</b>		-	<b>6,899</b>		

Based on the assessment of the recoverable amount of OOO Energo-Finance promissory notes which was determined based on the forecast net assets of RUSENERGO FUND Ltd. which acted as a guarantor of OOO Energo-Finance promissory notes, the Company's management concluded that as of 31 December 2012, the value of OOO Energo-Finance promissory notes may not be recovered. As a result, a provision for impairment of the above investment amounting to RUB 6,899 million was made as of 31 December 2012.

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In 2013, net assets of RUSENERGO FUND Ltd. continued to decrease. As a result, as of 31 December 2013 there were no changes in the Company's management assessment of the carrying amount of OOO Energo-Finance promissory notes.

### 3.1.3 Other non-current assets (line 1190 of the balance sheet)

Line 1190 "Other non-current assets" includes expenses of future periods to be written-off from expense account during the period beyond 12 months of the reporting date.

Breakdown of total expenses of future periods by types is presented in the table below:

Narrative	31 December 2013	31 December 2012	31 December 2011
Project documentation on the construction of Cheboksarskaya GES related to uplifting water reservoir level	1,620	1,526	-
Software and licenses	1,239	823	611
Borrowing costs	647	715	353
Other	393	332	219
<b>Total expenses of future periods, including:</b>	<b>3,899</b>	<b>3,396</b>	<b>1,183</b>
Long-term expenses of future periods which are subject to writing-off from expense account during the period beyond 12 months of the reporting date (within the balance sheet line 1190)	2,987	2,772	711
Short-term expenses of future periods which are subject to writing-off from expense account during 12 months of the reporting date (within the balance sheet line 1210)	912	624	472

As a result of works performed to uplift the level of Cheboksary water reservoir it is planned to increase the production capacity of Cheboksary GES and eliminate the increased depreciation of equipment and hydraulic engineering installations. If the Company becomes aware that it won't obtain the expected additional economic benefits, the above expenses of future periods will be written-off against other expenses.

## 3.2 Current assets (Section II of the balance sheet)

### 3.2.1 Inventories (line 1210 the balance sheet)

Narrative	31 December 2013	31 December 2012	31 December 2011
Raw, materials and other inventories	1,813	1,428	1,051
Short-term expenses of future periods which are subject to writing-off from expense account during 12 months of the reporting date (see paragraph 3.1.3 of the Explanatory Notes)	912	624	472
Other	136	3	1
<b>Total line 1210 "Inventories"</b>	<b>2,861</b>	<b>2,055</b>	<b>1,524</b>

Raw, materials and other inventories are measured at actual cost of acquisition. As of 31 December 2013 the provision for their impairment amounted to RUB 105 million (31 December 2012: RUB 20 million, 31 December 2011: RUB 30 million).

### 3.2.2 Accounts receivable (line 1230 of the balance sheet)

#### **(a) Long-term accounts receivable (payments expected beyond 12 months of the reporting date)**

Total long-term accounts receivable were RUB 80,323 million, 75,630 million and 89,269 million as of 31 December 2013, 2012 and 2011, respectively.

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Breakdown by types of long-term accounts receivable is as follows:

Type of long-term accounts receivable	31 December 2013	31 December 2012	31 December 2011
Advances issued to suppliers of equipment and capital construction contractors	35,074	37,296	26,246
Interest-free promissory notes received	27,040	26,633	27,219
Interest-free loans issued	16,817	9,235	31,423
Lease receivables	927	1,431	1,984
Buyers and customers	103	128	37
Other long-term accounts receivable	362	907	2,360
<b>Total line 1231 "Long-term accounts receivable (payments expected beyond 12 months of the reporting date)"</b>	<b>80,323</b>	<b>75,630</b>	<b>89,269</b>



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**Long-term accounts receivable and their movement**

Item	Period	Opening balance		Changes for the period*					Closing balance	
		Recognised under contract	Doubtful debt provision	Additions		Repayment*	Disposals		Recognised under contract	Doubtful debt provision
				As a result of economic transactions*	Reclassified from short-term to long-term		Accrual/release of doubtful debt provision	Reclassified from long-term to short-term		
<b>Long-term accounts receivable, including:</b>	<b>2012</b>	<b>89,269</b>	<b>-</b>	<b>22,166</b>	<b>694</b>	<b>(183)</b>	<b>(2,735)</b>	<b>(33,581)</b>	<b>78,365</b>	<b>(2,735)</b>
	<b>2013</b>	<b>78,365</b>	<b>(2,735)</b>	<b>12,944</b>	<b>13,519</b>	<b>(149)</b>	<b>-</b>	<b>(21,621)</b>	<b>83,058</b>	<b>(2,735)</b>
Advances issued to suppliers of equipment and capital construction contractors	2012	26,246	-	17,688	486	(163)	-	(6,961)	37,296	-
	2013	37,296	-	7,787	611	-	-	(10,620)	35,074	-
Interest-free promissory notes received	2012	27,219	-	413	-	-	-	(999)	26,633	-
	2013	26,633	-	1,061	-	(149)	-	(505)	27,040	-
Interest-free loans issued	2012	31,423	-	1,133	12	-	-	(23,333)	9,235	-
	2013	9,235	-	3,260	12,840	-	-	(8,518)	16,817	-
Lease receivables	2012	1,984	-	278	32	-	-	(863)	1,431	-
	2013	1,431	-	157	53	-	-	(714)	927	-
Buyers and customers	2012	37	-	109	11	(2)	-	(27)	128	-
	2013	128	-	4	-	-	-	(29)	103	-
Other long-term accounts receivable	2012	2,360	-	2,545	153	(18)	(2,735)	(1,398)	3,642	(2,735)
	2013	3,642	2,735	675	15	-	-	(1,235)	3,097	(2,735)

\* Movements of accounts receivable arising as a result of economic transactions and settled within the same reporting period are presented on a gross basis.

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(in millions of Russian Roubles unless otherwise stated)

Long-term accounts receivable include interest-free loans issued to the following counterparties:

Counterparty	31 December 2013	31 December 2012	31 December 2011
<b>Subsidiaries, including:</b>	<b>16,530</b>	<b>9,006</b>	<b>31,321</b>
ОАО Hydroinvest	12,381	-	20,883
ZАО Blagoveschenskaya TEC	1,473	-	-
ОАО ESK RusHydro	1,034	8,926	8,420
ОАО МGES Kabardino-Balkarii	678	-	-
ZАО Yakutskaya GRES-2	674	-	-
ОАО Zagorskaya GAES-2	-	-	1,102
Other	290	80	916
<b>Other related parties, including:</b>	<b>18</b>	<b>24</b>	<b>101</b>
Loans issued to the Company's key management	18	24	101
<b>Total interest-free loans issued to related parties</b>	<b>16,548</b>	<b>9,030</b>	<b>31,422</b>
Other	269	205	1
<b>Total interest-free loans issued to other counterparties</b>	<b>269</b>	<b>205</b>	<b>1</b>
<b>Total long-term interest-free loans issued</b>	<b>16,817</b>	<b>9,235</b>	<b>31,423</b>

As of 31 December 2013, long-term interest-free loans issued included loans of ОАО Hydroinvest amounting to RUB 12,381 million including a loan of RUB 11,301 million repayable before 20 December 2015 for financing purchase and sale agreements for ОАО RusHydro shares and a loan of RUB 1,068 million repayable before 20 December 2015 for replenishing current assets which were reclassified from short-term interest-free loans in 2013 due to amending the contractual terms.

In addition, as of 31 December 2013, long-term interest-free loans issued included a loan of ZАО Blagoveshchenskaya TPP amounting to RUB 1,473 million repayable on 20 December 2015 for replenishing current assets to ensure the priority works on constructing the second phase of Blagoveshchenskaya TPP.

Long-term accounts receivable include interest-free promissory notes issued by the following issuers:

Issuer	31 December 2013	31 December 2012	31 December 2011
<b>Other related parties, including:</b>	<b>25,689</b>	<b>25,689</b>	<b>25,642</b>
ZАО Boguchanskaya GES	21,027	21,027	21,027
ZАО Boguchansky Aluminium Smelter	4,662	4,662	4,615
<b>Total interest-free promissory notes from related parties</b>	<b>25,689</b>	<b>25,689</b>	<b>25,642</b>
ОАО Alfa-Bank	944	707	389
ОАО ROSBANK	290	-	-
ОАО Ulyanovskenergo	62	212	212
ОАО SO UES	-	-	705
ОАО Nomos-Bank	-	-	269
Other	55	25	2
<b>Total interest-free promissory notes from other counterparties</b>	<b>1,351</b>	<b>944</b>	<b>1,577</b>
<b>Total long-term interest-free promissory notes received</b>	<b>27,040</b>	<b>26,633</b>	<b>27,219</b>

As of 31 December 2013, the Company's long-term accounts receivable represented by other related parties' long-term interest-free promissory notes purchased for financing investment program consist of the following promissory notes:

- ОАО Boguchanskaya GES: promissory notes for RUB 21,027 million payable on demand after 31 December 2029 (the present value of the promissory notes reflecting time value of money as of 31 December 2013 is RUB 4,741 million);
- ZАО Boguchansky Aluminium Smelter: promissory notes for RUB 4,662 million payable on demand after 31 December 2024 (the present value of the promissory notes reflecting time value of money as of 31 December 2013 is RUB 1,633 million).

Long-term accounts receivable include advances issued to the following suppliers of equipment and capital construction contractors:

Counterparty	31 December 2013	31 December 2012	31 December 2011
ОАО Silovye Mashiny	19,713	23,460	20,158
ООО Corporation SpetsHydroProject	5,534	4,642	1,870
Voith Hydro GmbH & Co KG	5,214	4,483	1,998
ОАО Hydroremont-BKK	3,818	2,883	111
Other	795	1,828	2,109
<b>Total advances issued to suppliers of equipment and capital construction contractors</b>	<b>35,074</b>	<b>37,296</b>	<b>26,246</b>

Advances issued to suppliers of equipment and capital construction contractors relating to the equipment (work) with expected supply during 2014 are included within short-term advances issued.

Counterparty	31 December 2013	31 December 2012	31 December 2011
<b>Interest receivable accrued on loans issued and promissory notes received, including:</b>	<b>336</b>	<b>758</b>	<b>2,273</b>
ООО Energo-Finance	-	-	1,836
Subsidiaries	336	758	437
<b>Other accounts receivable</b>	<b>26</b>	<b>149</b>	<b>87</b>
<b>Total other long-term accounts receivable</b>	<b>362</b>	<b>907</b>	<b>2,360</b>

As the Company's management does not expect that the value of ООО Energo-Finance promissory notes may be recovered in foreseeable future, the Company made a provision for impairment of these assets as of 31 December 2012 (see para 3.1.2 of the Explanatory Notes) and a doubtful debt provision for the interest accrued as of 31 December 2012 amounting to RUB 2,735 million. In addition, starting from 1 January 2013 the Company discontinued accruing interest income on ООО Energo-Finance promissory notes.

**(a) Short-term accounts receivable (payments expected within 12 months of the reporting date)**

Total short-term accounts receivable less doubtful debt provision were RUB 153,157 million, 150,744 million and 113,566 million as of 31 December 2013, 2012 and 2011, respectively.

Type of short-term accounts receivable	31 December 2013	31 December 2012	31 December 2011
<b>Buyers and Customers, including:</b>	<b>5,648</b>	<b>6,567</b>	<b>6,058</b>
Accounts receivable for electricity and capacity	5,437	6,381	5,933
Other	211	186	125
<b>Advances issued, including:</b>	<b>15,517</b>	<b>12,173</b>	<b>10,541</b>
Advances issued to suppliers of equipment and capital construction contractors	14,309	10,995	9,179
Other advances issued	1,208	1,178	1,362
<b>Other debtors, including:</b>	<b>131,992</b>	<b>132,004</b>	<b>96,967</b>
Interest-free promissory notes received	22,954	73,502	75,669
Interest-free loans issued	5,552	42,312	14,603
Accounts receivable from subsidiaries as part of additional issues before title for the shares issued is transferred to the Company	98,530	10,714	-
Taxes receivable	2,596	2,982	4,865
Lease receivables	805	1,037	1,399
Other	1,555	1,457	431
<b>Total line 1232 "Long-term accounts receivable" (payments expected within 12 months of the reporting date)</b>	<b>153,157</b>	<b>150,744</b>	<b>113,566</b>

## OAo RusHydro

### Explanatory Notes to the 2013 Balance sheet and Statement of Financial Results

(in millions of Russian Roubles unless otherwise stated)

#### Short-term accounts receivable and their movement

Item	Period	Opening balance		Changes for the period*								Closing balance	
		Recognised under contract	Doubtful debt provision	Additions		Disposals		Release of provision	Accrual of provision	Reclassified from long-term to short-term and vice versa	Write-off of receivables against provision	Recognised under contract	Doubtful debt provision
				As a result of economic transactions*	Interest, penalties and other accruals	Repayment*	Write-off to the financial result						
<b>Short-term accounts receivable,</b>	<b>2012</b>	<b>116,731</b>	<b>(3,165)</b>	<b>184,769</b>	<b>-</b>	<b>(178,744)</b>	<b>-</b>	<b>678</b>	<b>(2,412)</b>	<b>32,887</b>	<b>33</b>	<b>155,610</b>	<b>(4,866)</b>
including:	<b>2013</b>	<b>155,610</b>	<b>(4,866)</b>	<b>264,908</b>	<b>-</b>	<b>(268,908)</b>	<b>(108)</b>	<b>1,480</b>	<b>(3,060)</b>	<b>8,102</b>	<b>1</b>	<b>159,603</b>	<b>(6,446)</b>
Buyers and customers	2012	8,177	(2,119)	112,073	-	(109,896)	-	512	(2,196)	16	5	10,365	(3,798)
	2013	10,365	(3,798)	128,609	-	(128,238)	(104)	1,384	(2,599)	29	-	10,661	(5,013)
Advances issued	2012	10,585	(44)	27,672	-	(32,590)	-	5	(5)	6,550	21	12,196	(23)
	2013	12,196	(23)	26,464	-	(33,288)	-	7	(6)	10,167	-	15,539	(22)
Other debtors	2012	97,969	(1,002)	45,024	-	(36,258)	-	161	(211)	26,321	7	133,049	(1,045)
	2013	133,049	(1,045)	109,835	-	(107,382)	(4)	89	(456)	(2,094)	1	133,403	(1,411)

\* Movements of accounts receivable arising as a result of economic transactions and settled within the same reporting period are presented on a gross basis.

## ОАО RusHydro

### Explanatory Notes to the 2013 Balance sheet and Statement of Financial Results

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Short-term accounts receivable include advances issued to the following suppliers of equipment and capital construction contractors relating to the equipment (work) with expected supply within 12 months of the reporting date.

Counterparty	31 December 2013	31 December 2012	31 December 2011
ОАО Silovye Mashiny	6,401	6,200	6,375
Voith Hydro GmbH & Co KG	2,194	242	-
ОАО Hydroremont-BKK	1,365	143	197
IBERDROLA	1,061	-	-
ООО Corporation SpetsHydroProject	1,016	13	-
ОАО Hydroelectromontazh	420	1,533	922
ООО Energy Standard	135	989	375
Other	1,717	1,875	1,310
<b>Total advances issued to suppliers of equipment and capital construction contractors</b>	<b>14,309</b>	<b>10 995</b>	<b>9 179</b>

Short-term accounts receivable include interest-free promissory notes issued by the following issuers:

Issuer	31 December 2013	31 December 2012	31 December 2011
<b>Subsidiaries, including:</b>	<b>22,453</b>	<b>72,350</b>	<b>74,998</b>
ООО Index energetiki – HydroOGK	13,668	13,688	13,706
ОАО Ust-Srednekanskaya GES	4,105	3,455	-
HydroOGK Aluminium Company Ltd	3,338	3,338	3,386
ОАО Karachaeve-Cherkesskaya Hydrogenerating Company	244	244	1,943
ОАО Zagorskaya GAES-2	-	31,071	31,071
ОАО Zaramagskie GES	-	13,325	12,559
ЗАО Hydro-engineering Siberia	-	1,992	1,992
ОАО Nizhne-Bureyskaya GES	-	1,885	1,885
ОАО Leningradskaya GAES	-	1,466	1,466
ОАО Sulaksky Hydrocascade	-	-	4,316
Other	1,098	1,886	2,674
<b>Total interest-free promissory notes from related parties</b>	<b>22,453</b>	<b>72,350</b>	<b>74,998</b>
ОАО Alfa-Bank	416	176	577
ОАО SO UES	-	705	-
Other	85	271	94
<b>Total interest-free promissory notes from other counterparties</b>	<b>501</b>	<b>1,152</b>	<b>671</b>
<b>Total short-term interest-free promissory notes received</b>	<b>22,954</b>	<b>73,502</b>	<b>75,669</b>

As of 31 December 2013, short-term receivables from subsidiaries on short-term interest-free promissory notes acquired by the Company is represented by promissory notes payable on demand.

Short-term accounts receivable include interest-free loans issued to the following counterparties:

Counterparty	31 December 2013	31 December 2012	31 December 2011
<b>Subsidiaries, including:</b>	<b>5,494</b>	<b>42,265</b>	<b>14,419</b>
ООО EZOP	5,423	5,423	5,255
ОАО Renewable Energy Engineering Centre	8	697	555
ОАО Hydroinvest	-	21,951	1,080
ОАО Zagorskaya GAES-2	-	6,446	-
ОАО Ust-Srednekanskaya GES	-	2,501	2,501
ОАО Nizhne-Bureyskaya GES	-	1,863	77

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Counterparty	31 December 2013	31 December 2012	31 December 2011
ОАО Ленинградская GAES	-	1,138	-
ОАО ESK RusHydro	-	549	549
ОАО Yuzhno-Yakutsky GEK	-	-	2,139
ОАО Sulaksky Hydrocascade	-	-	1,668
Other	63	1,697	595
<b>Other related parties, including:</b>	<b>6</b>	<b>7</b>	<b>76</b>
Loans issued to the Company's key management	6	7	76
<b>Total interest-free loans issued to related parties</b>	<b>5,500</b>	<b>42,272</b>	<b>14,495</b>
Total short-term interest-free loans issued to other counterparties	52	40	108
<b>Total short-term interest-free loans issued</b>	<b>5,552</b>	<b>42,312</b>	<b>14,603</b>

As of 31 December 2013, short-term interest-free loans issued include loans to ООО EZOP (operator of the Company's stock option program) in the amount of RUB 5,423 million payable on demand issued (among other purposes) for purchasing ordinary registered uncertificated shares of the Company's additional issue.

In addition, short-term accounts receivable include receivables from the following subsidiaries, arising after partial payment for shares of additional issues but before the title to the issued shares is transferred to the Company:

Counterparty	31 December 2013	31 December 2012	31 December 2011
ОАО Загорская GAES-2	46,071	-	-
ОАО Зарамagskie GES	15,139	-	-
ОАО Hydroinvest	9,550	-	-
ОАО ESK RusHydro	8,969	-	-
ОАО Нижне-Бурейская	8,265	-	-
ОАО Ленинградская GAES	4,202	-	-
ОАО Уст-Среднеканская GES	2,872	-	-
ЗАО Hydro-engineering Siberia	1,992	-	-
ОАО Sulaksky Hydrocascade	-	7,566	-
ОАО Yuzhno-Yakutsky GEK	-	3,148	-
Other	1,470	-	-
<b>Total accounts receivable from the following subsidiaries, arising after partial payment for shares of additional issues but before the title to the issued shares is transferred to the Company</b>	<b>98,530</b>	<b>10,714</b>	<b>-</b>

Short-term accounts receivable includes the following types of tax receivables:

Item	31 December 2013	31 December 2012	31 December 2011
Income tax	2,082	2,212	3,462
Value added tax	-	-	1,029
Other taxes and levies	514	770	374
<b>Total tax receivables</b>	<b>2,596</b>	<b>2,982</b>	<b>4,865</b>

**Overdue accounts receivable**

Item	31 December 2013		31 December 2012		31 December 2011	
	Recognised under contract	Carrying amount	Recognised under contract	Carrying amount	Recognised under contract	Carrying amount
<b>Total, including:</b>	<b>6,455</b>	<b>362</b>	<b>5,104</b>	<b>846</b>	<b>3,315</b>	<b>151</b>
Buyers and customers	4,931	220	4,211	655	2,243	124
Advances issued	137	115	206	183	44	-
Other debtors	1,387	27	687	8	1,028	27

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**3.2.3 Short-term investments (Line 1240 of the balance sheet)**

The structure of the Company's short-term investments is represented by the following assets:

Type of investment	31 December 2013	31 December 2012	31 December 2011
Bank deposits	50,000	50,000	-
Loans issued	5,568	12,290	-
Promissory notes	40	711	711
Other investments	-	789	789
<b>Total line 1240 "Investments" (excluding cash equivalents)</b>	<b>55,608</b>	<b>63,790</b>	<b>1,500</b>



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**Short-term investments and their movements**

Item	Period	Opening balance		Changes for the period*				Closing balance	
		Historical cost	Accumulated adjustment	Additions*	Disposal (repayment)		Accrual of impairment provision	Historical cost	Accumulated adjustment
					Historical cost*	Accumulated adjustment			
<b>Short-term investments, including:</b>	<b>2012</b>	<b>1,500</b>	-	<b>83,892</b>	<b>(21,428)</b>	-	<b>(174)</b>	<b>63,964</b>	<b>(174)</b>
	<b>2013</b>	<b>63,964</b>	<b>(174)</b>	<b>234,449</b>	<b>(242,805)</b>	<b>174</b>	-	<b>55,608</b>	-
Bank deposits	2012	-	-	61,445	(11,445)	-	-	50,000	-
	2013	50,000	-	222,711	(222,711)	-	-	50,000	-
Short-term loans issued	2012	-	-	22,447	(9,983)	-	(174)	12,464	(174)
	2013	12,464	(174)	11,648	(18,544)	174	-	5,568	-
Promissory notes	2012	711	-	-	-	-	-	711	-
	2013	711	-	90	(761)	-	-	40	-
Other investments	2012	789	-	-	-	-	-	789	-
	2013	789	-	-	(789)	-	-	-	-

\* Movements of short-term investments received and disposed of (repaid) in the same reporting period are presented on a gross basis.

Exposure of short-term investments to financial risks is described in paragraph 3.16 of the Explanatory Notes.

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**(a) Bank deposits**

As of 31 December 2013, bank deposits include a short-term deposit of RUB 50,000 million placed with OAO Sberbank of Russia maturing by 7 February 2014 (as of 31 December 2012 – RUB 50,000 million maturing by 18 January 2013). The deposited cash was received by the Company as a result of additional issue (paragraph 3.3.1 of the Explanatory Notes).

**(b) Short-term loans issued**

Loan recipient's name	31 December 2013	31 December 2012	31 December 2011	Annual rate, %
<b>Short-term loans issued to related parties, including:</b>				
OAO ESK RusHydro	1,520	-	-	8.00%
OAO Far East Distribution Grid Company	1,430	-	-	8.213% / 8.407%
OAO Far East Generating Company	1,000	-	-	MosPrime + 3.09%
ZAO Verkhne-Narynskie GES	530	-	-	LIBOR + 1.5%
OAO ChirkeiGESstroi	300	300	-	8.57% / 8.834%
ZAO Malaya Dmitrovka	300	-	-	8.51%
OAO ESKO UES	275	-	-	8.212%
OAO Zagorskaya GAES-2	-	7,029	-	
OAO Ust-Srednekanskaya GES	-	1,747	-	
OAO Leningradskaya GAES	-	1,321	-	
OAO Nizhne-Bureyskaya GES	-	694	-	
OAO MGES Kabardino-Balkarii	-	408	-	
ООО Verkhnebalkarskaya MGES	-	377	-	
Other	213	414	-	
<b>Total short-term loans issued</b>	<b>5,568</b>	<b>12,290</b>	-	

As of 31 December 2013, short-term loans issued include:

- OAO ESK RusHydro's short-term part of long-term loans in the total amount of RUB 1,520 million issued for acquisition of shares in the ООО «Bashkortostan» and participation in equity of OAO «RusHydro Bashkortostan Efficiency» maturing by 31 December 2015 (paragraph 3.1.2 of the Explanatory Notes);
- OAO Far East Distribution Grid Company's loans in the total amount of RUB 1,430 million issued for addition of current assets maturing by 14 March 2014;
- OAO Far East Generating Company's short-term part of long-term loan in the total amount of RUB 1,000 million issued for refinance liabilities maturing by 15 September 2021 (paragraph 3.1.2 of the Explanatory notes);
- ZAO Verkhne-Narynskie GES's loan in the total amount of RUB 530 million issued for refinance construction works of Verkhne-Narynskiy cascade of GES.

As of 31 December 2013 loans to OAO Zagorskaya GAES-2, OAO Ust-Srednekanskaya GES, OAO Nizhne-Bureyskaya GES and OAO MGES Kabardino-Balkarii were reclass to short-term loans due to changes of the conditions of the agreements (paragraph 3.1.2 of the Explanatory Notes).

There are no indicators of a prolonged decline in the value of investments.

**3.2.4 Cash and cash equivalents (line 1250 of the balance sheet)**

Item	31 December 2013	31 December 2012	31 December 2011
Cash in bank	1,981	1,615	1,093
Cash equivalents	16,565	22,205	29,535
<b>Total line 1250 "Cash and cash equivalents"</b>	<b>18,546</b>	<b>23,820</b>	<b>30,628</b>

As of 31 December 2013, 2012 and 2011, there is no restricted cash.

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**OAo RusHydro****Explanatory Notes to the 2013 Balance sheet and Statement of Financial Results**

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As of 31 December 2013, 2012 and 2011, cash equivalents included short-term bank deposits with original maturities of three months or less.

As of 31 December 2013 there were cash balances denominated in US dollars equivalent to RUB 29 million (31 December 2012, 31 December 2011: RUB 0 million). As of 31 December 2013 there were no cash balances denominated in Euro. (31 December 2012: RUB 26 million, 31 December 2011: RUB 0 million).

As of 31 December 2013, interest rates on Rouble deposits were 5.29% – 7.40% p.a. (31 December 2012: 5.44% – 7.95%, 31 December 2011: 5.60% – 8.55%).

The Company holds cash and cash equivalents in the following credit institutions:

Credit institution	Rating	Rating agency	31 December 2013	31 December 2012	31 December 2011
<b>Bank deposits, including:</b>					
OAo Sberbank of Russia	Baa1	Moody's	5,437	9,905	2,835
ZAO UniCredit Bank	BBB	Standard & Poor's	4,500	-	-
OAo Nordea Bank	BBB+	Fitch Ratings	2,910	2,100	3,460
OAo VTB Bank	Baa2	Moody's	2,140	820	14,550
OAo Gazprombank	BBB-	Standard & Poor's	1,578	2,200	8,690
OAo Alfa-Bank	BBB-	Fitch Ratings	-	5,780	-
OAo TransCreditBank	-	-	-	1,400	-
<b>Total cash equivalents</b>			<b>16,565</b>	<b>22,205</b>	<b>29,535</b>
<b>Cash in banks, including:</b>					
OAo Sberbank of Russia	Baa1	Moody's	1,931	326	186
OAo Gazprombank	BBB-	Standard & Poor's	21	472	457
OAo Alfa-Bank	BBB-	Fitch Ratings	14	182	429
OAo VTB Bank	Baa2	Moody's	11	2	3
ZAO VTB-24	Baa1	Moody's	4	6	7
ZAO Peresvet	-	-	-	600	-
ZAO UniCredit Bank	BBB	Standard & Poor's	-	26	-
OAo Eurofinance Mosnarbank	Ba3	Moody's	-	1	11
<b>Total cash in bank</b>			<b>1,981</b>	<b>1,615</b>	<b>1,093</b>

**Notes to the statement of cash flows**

Cash flows required for the purposes of supporting the existing scope of the Company's operations are presented within current operations. Cash flows related to expansion of the Company's business are included in investing activities.

Cash flows spent on investments and received on repayment of cash equivalents (excluding accrued interest) are not included in the cash flow statement.

Cash flows spent on investments and received on repayment of short-term bank deposits (with a maturity of more than three months) within the same reporting period, are recorded on a net basis in line 4219 "Other receipts" or line 4229 "Other payments" of the cash flow statement if they have such characteristics as quick return, large amount and short-term maturity.

Breakdown for lines "Other receipts" and "Other payments" of the statement of cash flows is presented below:

Item	2013	2012
<b>Other receipts from operating activities (line 4119), including:</b>		
	2,504	1,404
Receipt of proceeds of insurance and compensation for losses	76	228
Value added tax	1,877	715
Penalties, interest and fines recognised or for which court rulings on collection have been received	117	80
Other receipts from operating activities	434	381
<b>Other payments related to operating activities (line 4129), including:</b>		
	(12,040)	(11,761)

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Item	2013	2012
Taxes and levies	(7,024)	(6,439)
Charity payments	(1,130)	(1,357)
Non-budget funds	(1,324)	(1,229)
Water usage expenses	(995)	(769)
Business trip expenses	(813)	(720)
Other payments related to operating activities	(754)	(1,247)
<b>Other payments related to investing activities (line 4229), including:</b>	-	(50,000)
Cash placement on a short-term deposit other than cash equivalent	-	(50,000)
Other payments related to investing activities	-	-
<b>Other payments related to financing activities (line 4329), including:</b>	(474)	(650)
Settlement of finance lease obligations (payments under lease contracts)	(473)	(650)
Other payments related to financing activities	(1)	-

### 3.3 Equity and reserves (Section III of the balance sheet)

#### 3.3.1 Share capital (line 1310 of the balance sheet)

As of 31 December 2013, 2012 and 2011, the Company's share capital is registered according to the established procedure and fully paid:

Share capital composition	Number of shares at 31 December 2013	Number of shares at 31 December 2012	Number of shares at 31 December 2011
Ordinary shares with nominal value of RUB 1 per share	317,637,520,094	317,637,520,094	290,302,702,379

As of 31 December 2013, the following shareholders are registered in the register of shareholders:

Shareholder	Type of shareholder	Number of shares	Ownership share, %
Russian Federation represented by the Federal Agency for State Property Management	beneficial owner	258,161,535,606	66.84%
Non-Banking Credit Organisation ZAO National Settlement Depository	nominee holder	110,327,350,871	28.56%
ООО Depository and Corporate Technologies	nominee holder	10,191,600,852	2.64%
Other		7,574,977,561	1.96%
<b>Total</b>		<b>386,255,464,890</b>	<b>100.00%</b>

As of 31 December 2013, the number of shares registered in the register of shareholders exceeds the number of shares in the Company's share capital as of 31 December 2013 due to the additional issue of shares registered on 3 December 2012 by 110,000,000,000 shares, including 68,617,944,796 shares that were actually placed as of the reporting date. As of 31 December 2013 the placement of the additional shares was completed but changes in the share capital were registered in accordance with the established procedure in 2014, the Company did not increase the share capital.

#### **Additional issue in 2012-2013**

The Company's extraordinary general meeting of shareholders held on 16 November 2012 (Minutes No. 9) made the decision to increase the Company's share capital by placing 110,000,000,000 additional ordinary registered shares with the nominal value of RUB 1 each through public offering with payment in cash and non-monetary assets. Non-monetary assets include ordinary registered shares of the following joint stock companies: ОАО RAO Energy Systems of the East, ОАО Ust-Srednekanskaya GES, ОАО SEC, ОАО Irkutskenergo, ОАО Irkutsk Electric Grid Company.

The Company's Board of directors approved the decision on additional issue of the Company's securities on 22 November 2012 (Minutes No.166). The Company's Board of directors approved the placing price of the Company's additional shares – RUB 1 each – on 10 December 2012 (Minutes No.169).

On 3 December 2012, the Federal Service of Financial Markets (hereinafter FSFM of Russia) registered the additional issue of the Company's 110,000,000,000 ordinary registered shares No. 1-01-55038-E-041D.

26 November 2013 is the actual completion date of the placement. FSFM of Russia registered the Report based on the results of additional issue of shares on 26 December 2013. Changes in the Company's founding documents are registered on 28 January 2013.

68,617,944,796 shares were actually placed as a result of this issue, which represents 62.38% of the issue's total number of securities

As part of this issue Company had been received as payment:

- blocks of shares of energy sector companies (paragraph 3.1.2 of the Explanatory Notes);
- cash in the total amount of RUB 50,022, including cash from Russian Federation represented by the Federal Agency for State Property Management in the amount of RUB 50,000 for funding construction of electricity assets in the Russian Far East (see paragraphs 3.1.2 and 3.2.3 of the Explanatory Notes).

#### ***Additional issue in 2011-2012***

The Company's annual general meeting of shareholders held on 30 June 2011 (Minutes No. 7) made the decision to increase the Company's share capital by placing 89,000,000,000 additional ordinary registered shares with the nominal value of RUB 1 each through public offering with payment in cash and non-monetary assets.

The Company's Board of directors approved the decision on additional issue of the Company's securities on 29 July 2011 (Minutes No.129). The Company's Board of directors approved the placing price of the Company's additional shares – RUB 1.65 each – on 2 August 2011 (Minutes No.130).

On 16 August 2011, the Federal Service of Financial Markets registered the additional issue of the Company's 89,000,000,000 ordinary registered shares No. 1-01-55038-E-040D. FSFM of Russia permitted the circulation of 50% of the placed additional shares outside Russia.

20 June 2012 is the actual completion date of the placement. FSFM of Russia registered the Report based on the results of additional issue of shares on 6 September 2012. Changes in the Company's founding documents are registered on 1 October 2012.

27,334,817,715 shares were actually placed as a result of this issue, which represents 30.71% of the issue's total number of securities.

As of 31 December 2013, 651 million shares of the total number of ordinary shares are owned by the Company's Management Board members (31 December 2012: 593 million shares, 31 December 2011: 516 million shares). Subsidiaries and associates own 8,704 million shares of the Company (31 December 2012: 8,704 million shares, 31 December 2011: 8,704 million shares).

#### **3.3.2 Revaluation of non-current assets (line 1340 of the balance sheet)**

As of 31 December 2013, the amount of accumulated revaluation of non-current assets is RUB 53,325 million (31 December 2012: RUB 53,578 million, 31 December 2011: RUB 53,982 million). This metric consists of the amounts of revaluation accumulated by subsidiaries and associates which the Company acquired as part of the 2008 restructuring process.

The amount of accumulated revaluation was decreased by RUB 253 million in 2013 due to disposal of items of property, plant and equipment revalued earlier (31 December 2012: RUB 404 million).

### 3.3.3 Additional paid-in capital (line 1350 of the balance sheet)

As of 31 December 2013, 2012 and 2011, the Company's additional paid capital was RUB 58,424 million, RUB 58,424 million and 40,657 million, respectively, and consisted of share premium of the Company and subsidiaries and associates which the Company acquired as part of the 2008 restructuring process.

### 3.3.4 Reserve capital (line 1360 of the balance sheet)

As of 31 December 2013, 2012 and 2011, the Company's reserve capital was RUB 6,474 million, RUB 5,739 million and RUB 4,208 million, respectively.

In accordance with the decision of the Company's annual general meeting of shareholders of 28 June 2013. (Minutes No. 11), the Company allocated 5% of its net profit for 2012 in the amount of RUB 735 million to the reserve capital.

## 3.4 Non-current liabilities (Section IV of the balance sheet)

### 3.4.1 Long-term borrowings (line 1410 of the balance sheet)

Balance sheet line 1410 "Borrowings" includes long-term loans payable:

Lender / creditor	31 December 2013	31 December 2012	31 December 2011
OAO Sberbank of Russia	30,613	-	23,520
RusHydro Finance Ltd	20,000	20,000	20,000
Russian bonds issued in February 2013	20,000	-	-
Russian bonds issued in April 2011	15,000	15,000	15,000
European Bank for Reconstruction and Development	9,155	10,984	3,813
UniCredit Bank Austria AG	2,862	2,336	-
Bayerische Landesbank (BayernLB)	335	46	-
EM Falcon Ltd	-	1,500	2,423
CF Structured Products B.V.	-	-	1,932
<b>Total line 1410 "Borrowings"</b>	<b>97,965</b>	<b>49,866</b>	<b>66,688</b>

In February 2013, the Company placed non-convertible interest-bearing ten-year bonded loans of Series 07 and 08 for the total of RUB 20,000 million. The buy-back option period (period of redemption on demand from holders of securities) established by the Company is five years.

In December 2013, the Company received RUB 10,613 million under the agreement on non-revolving credit facility with OAO Sberbank of Russia to refinance the existing liability of the subsidiaries of RAO Energy Systems of the East Group that is controlled by the Company.

The Company also restructured the existing liabilities to OAO Sberbank of Russia under the agreement on credit line facility amounting to RUB 40,000 million concluded in 2011 for a period of two years. Out of the total amount received RUB 20,000 million were repaid in 2013; the period for repaying the remaining part of debt was extended by seven years, up to 2020.

The key provisions of the contracts were as follows:

Lender / creditor	Agreement effective year	Redemption year	Amount in million units (in the currency of the loan)	Currency	Loan interest rate
Bayerische Landesbank	2012	2024 / 2025*	16	Euro	Euribor + 0.85%
RusHydro Finance Ltd	2010	2015	20,000	Russian Roubles	7.875%
UniCredit Bank Austria AG	2011	2026	128	Euro	3.35%**
EBRD (Tranche 1)	2006	2020	2,300	Russian Roubles	MosPrime + 3.65%
EBRD (Tranche 2)		2014	850		MosPrime + 2.75%
EBRD (Tranche 3)		2016	3,150		MosPrime + 3.05%

Lender / creditor	Agreement effective year	Redemption year	Amount in million units (in the currency of the loan)	Currency	Loan interest rate
EBRD	2011	2021	8,000	Russian Roubles	MosPrime + 2.75%
Russian bonds issued in April 2011	2011	2016***	15,000	Russian Roubles	8.00%
Russian bonds issued in February 2013	2013	2018***	20,000	Russian Roubles	8.50%
OAO Sberbank of Russia	2011	2020	20,000	Russian Roubles	8.30% / 9.30%****
OAO Sberbank of Russia	2013	2018	10,613	Russian Roubles	7.99% / 8.99%****

\* The final redemption date depends on the redemption commencement date.

\*\* Fixed interest rate is applied to 90% of the loan amount, variable quarterly interest rate published by OeKB (Oesterreichische Kontrollbank AG) less 0.25% is applied to the remaining 10% of the loan amount.

\*\*\* Bonds maturity is 10 years, and the bond holders have the right to call for an early redemption in 2016.

\*\*\*\* Variable quarterly interest rate determined due to agreement's conditions.

As of 31 December 2013, the total amount of long-term loans to be repaid within 12 months of the reporting date and reclassified to short-term category was RUB 3,329 million (31 December 2012: RUB 43,512 million.) (see paragraph 3.5.1 of the Explanatory Notes).

In addition to the credit facilities from Bayerische Landesbank (BayernLB) и UniCredit Bank Austria AG which were undrawn as of 31 December 2013, the Company can raise RUB 4,400 million after 31 December 2013 under a loan agreement with the European Bank for Reconstruction and Development (EBRD) for 12 years to refinance current liabilities of OAO FEDGC, a member of RAO Energy Systems of the East Group and support upgrading the Company's distribution networks.

**Ageing analysis:**

Due for repayment	31 December 2013	31 December 2012	31 December 2011
From 1 to 2 years	21,676	3,329	27,204
From 2 to 3 years	16,693	21,663	2,329
From 3 to 4 years	1,529	16,663	20,659
From 4 to 5 years	32,142	1,447	15,659
Over five years	25,926	6,764	837
<b>Total line 1410 "Borrowings"</b>	<b>97,965</b>	<b>49,866</b>	<b>66,688</b>

**Interest on borrowings included into the cost of investment assets**

In 2013, the amount of interest on borrowings included into the cost of investment assets was RUB 2,830 million (2012: RUB 2,868 million), of which RUB 2,481 million was the interest accrued on borrowings where the agreement does not specify that the funds are provided for special investment purpose (2012: RUB 2,360 million).

**3.4.2 Other non-current liabilities (line 1450 of the balance sheet)**

Line 1450 "Other liabilities" includes long-term VAT on advances issued in the amount of RUB 1,559 million as of 31 December 2013 (31 December 2012: RUB 1,265 million, 31 December 2011: RUB 271 million) and trade payables in the amount of RUB 469 million as of 31 December 2013 (31 December 2012: RUB 685 million, 31 December 2011: RUB 483 million).

### 3.5 Current liabilities (Section V of the balance sheet)

#### 3.5.1 Short-term borrowings (line 1510 of the Balance sheet)

Lender / creditor	Period	Opening balance	Received / accrued	Paid / settled	Closing balance
	<b>2012</b>	<b>1,752</b>	<b>43,764</b>	<b>(1,941)</b>	<b>43,575</b>
<b>Borrowings, including:</b>	<b>2013</b>	<b>43,575</b>	<b>3,329</b>	<b>(43,575)</b>	<b>3,329</b>
European Bank for Reconstruction and Development (EBRD)	2012	829	829	(829)	829
	2013	829	1,829	(829)	1,829
EM Falcon Ltd	2012	923	923	(923)	923
	2013	923	1,500	(923)	1,500
ОАО Sberbank of Russia	2012	-	40,000	-	40,000
	2013	40,000	-	(40,000)	-
CF Structured Products B.V.	2012	-	2,012	(189)	1,823
	2013	1,823	-	(1,823)	-
<b>Interest on borrowings, including:</b>	<b>2012</b>	<b>767</b>	<b>6,969</b>	<b>(6,405)</b>	<b>1,331</b>
	<b>2013</b>	<b>1,331</b>	<b>8,706</b>	<b>(8,440)</b>	<b>1,597</b>
Russian bonds issued in February 2013	2012	-	-	-	-
	2013	-	1,346	(847)	499
ОАО Sberbank of Russia	2012	73	3,192	(2,679)	586
	2013	586	3,170	(3,299)	457
RusHydro Finance Ltd	2012	280	1,575	(1,575)	280
	2013	280	1,575	(1,575)	280
Russian bonds issued in April 2011	2012	224	1,203	(1,197)	230
	2013	230	1,200	(1,197)	233
European Bank for Reconstruction and Development (EBRD)	2012	92	490	(439)	143
	2013	143	1,131	(1,164)	110
Other	2012	98	509	(515)	92
	2013	92	284	(358)	18
<b>Total line 1510 "Borrowings"</b>	<b>2012</b>	<b>2,519</b>	<b>50,733</b>	<b>(8,346)</b>	<b>44,906</b>
	<b>2013</b>	<b>44,906</b>	<b>12,035</b>	<b>(52,015)</b>	<b>4,926</b>

#### 3.5.2 Accounts payable (line 1520 of the balance sheet)

Total short-term accounts payable were RUB 77,468 million, 57,822 million and 51,405 million as of 31 December 2013, 2012 and 2011, respectively.



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**Accounts payable and their movement**

Item	Period	Opening balance	Changes for the period*					Closing balance
			Additions		Disposals		Reclassified from long-term to short-term and vice versa	
			As a result of economic transactions*	Receivable on interest, penalties and other accruals	Repayment*	Write-off to the financial result		
Accounts payable, including:	2012	51,405	212,044	-	(205,449)	-	(178)	57,822
	2013	57,822	307,588	-	(288,156)	(1)	215	77,468
Trade payables	2012	5,221	65,976	-	(65,693)	-	(178)	5,326
	2013	5,326	67,762	-	(68,132)	(1)	215	5,170
Wages payable	2012	742	6,796	-	(6,821)	-	-	717
	2013	717	7,063	-	(7,179)	-	-	601
Payable to state non-budget funds	2012	29	1,332	-	(1,302)	-	-	59
	2013	59	1,436	-	(1,408)	-	-	87
Taxes payable	2012	1,396	23,321	-	(23,421)	-	-	1,296
	2013	1,296	27,343	-	(26,069)	-	-	2,570
Payables to the participants (founders) related to income payment	2012	9	2,387	-	(2,363)	-	-	33
	2013	33	3,543	-	(3,529)	-	-	47
Payables in respect of shares issued before the changes to the Charter	2012	43,604	51,498	-	(45,102)	-	-	50,000
	2013	50,000	18,618	-	-	-	-	68,618
Other payables	2012	404	60,734	-	(60,747)	-	-	391
	2013	391	181,823	-	(181,839)	-	-	375

\* Movements in accounts payable which arose and were settled in the same reporting period are presented on a gross basis.

The balance sheet line 1521 "Trade accounts payable" includes the following types of payables:

Type of payables	31 December 2013	31 December 2012	31 December 2011
Payables to capital construction contractors	1,640	2,259	1,602
Payables to suppliers of equipment and other non-current assets	1,753	1,520	1,598
Payables for purchase of electricity and capacity	759	634	521
Payables to suppliers of repair and maintenance services	329	233	334
Other	689	680	1,166
<b>Total line 1521 "Trade accounts payable"</b>	<b>5,170</b>	<b>5,326</b>	<b>5,221</b>

The balance sheet line 1524 "Taxes payable" includes current payables on the following taxes:

Tax	31 December 2013	31 December 2012	31 December 2011
Property tax payable	1,429	1,063	1,247
VAT payable	1,053	60	1
Income tax payable	-	69	36
Other taxes payable	88	104	112
<b>Total line 1524 "Taxes payable"</b>	<b>2,570</b>	<b>1,296</b>	<b>1,396</b>

As of 31 December 2013 the balance sheet line 1526 "Other accounts payable" includes payable to the acquirers of the Company's shares of additional issue in the amount of RUB 68,618 million (31 December 2012: RUB 50,000 million, 31 December 2011: RUB 43,604 million), including payables to the Federal Agency for Federal Property Management in the amount of RUB 66,006 million (31 December 2012: RUB 50,000 million, 31 December 2011: RUB 34,766 million) (see paragraph 3.3.1 of the Explanatory Notes).

### 3.5.3 Estimated liabilities (line 1540 of the balance sheet)

As of 31 December 2013 the total estimated liabilities are RUB 1,020 million (31 December 2012: RUB 408 million, 31 December 2011: RUB 325 million).

The estimated liability for forthcoming payment of earned but unused employee vacations has a short-term nature.

Item	Period	Opening balance	Recognised	Settled	Written off as surplus	Closing balance
<b>Estimated liabilities, including:</b>	<b>2012</b>	<b>325</b>	<b>934</b>	<b>(661)</b>	<b>(190)</b>	<b>408</b>
	<b>2013</b>	<b>408</b>	<b>2,365</b>	<b>(1,503)</b>	<b>(250)</b>	<b>1,020</b>
for forthcoming payment of earned but unused employee vacations	2012	325	934	(661)	(190)	408
	2013	408	1,044	(713)	(250)	489
for litigation on property tax	2012	-	-	-	-	-
	2013	-	1,321	(790)	-	531

## 3.6 Off-balance-sheet valuables

### 3.6.1 Leased property, plant and equipment

As of 31 December 2013, the total leased property, plant and equipment are RUB 33,754 million (31 December 2012: RUB 33,906 million, 31 December 2011: RUB 26,330 million).

In 2013, the Company did not receive any property, plant and equipment under lease contracts. In 2013, no lease items were recognised on the Company's balance sheet under concluded contracts.

The Company will make lease payments of RUB 352 million (including VAT) for property, plant and equipment received under lease contracts over the period until they expire, including payment of RUB 315 million in 2014. In 2013, the Company accrued RUB 1,097 million (excluding VAT)

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and paid RUB 559 million in lease payments (RUB 1,298 million and RUB 650 million in 2012, respectively).

The Company leased and received items of property, plant and equipment under lease contracts from the following entities:

<b>Lessor</b>	<b>31 December 2013</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
ОАО Zaramagskie GES	4,995	4,995	4,983
Ministry of Property Relations of Moscow region	4,531	2,808	2,808
ZАО Malaya Dmitrovka	3,349	3,637	-
Territorial Office of Federal Property Management Agency (Rosimyschestvo) in the Stavropol Territory	2,549	2,549	112
Territorial Office of Federal Property Management Agency in the Irkutsk Region	2,154	2,154	1,960
Perm Department of Land and Property Relations	1,245	27	-
Department of Property and Land Relations of Kochubeevsky region	1,190	745	-
Novosibirsk Department of Land and Property Relations	779	779	741
Corporate Jet Management Limited	-	2,005	2,125
Other	4,668	5,698	4,616
<b>Total lease of property, plant and equipment</b>	<b>25,460</b>	<b>25,397</b>	<b>17,345</b>
ООО Leasefinance	3,546	3,353	3,366
ООО RB-Leasing	2,383	2,832	2,832
ООО IR-Leasing	1,815	1,815	1,815
ZАО Business Alliance	321	321	333
Other	229	188	639
<b>Total lease of property, plant and equipment under lease contracts</b>	<b>8,294</b>	<b>8,509</b>	<b>8,985</b>
<b>Total lease of property, plant and equipment</b>	<b>33,754</b>	<b>33,906</b>	<b>26,330</b>

In 2013, the cadastral values of the following land plots were increased:

- land plots leased from the Ministry of Property Relations of Moscow region (as of 31 December 2013 the value was RUB 4,531 million);
- land plots leased from the Department of Land Relations of Perm (as of 31 December 2013 the value was RUB 1,245 million);
- land plots leased from the Department of Property and Land Relations of Kochubeevsky region (as of 31 December 2013 the value was RUB 1,190 million).

**3.6.2 Collateral for liabilities and payments received**

<b>Counterparty</b>	<b>31 December 2013</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
ООО EZOP	5,428	5,428	5,428
ОАО Hydroinvest	3,919	3,919	3,919
Voith Hydro GmbH & Co KG	3,213	2,098	1,196
ОАО Silovye Mashiny	2,345	2,300	1,301
Alstom Hydro France	1,038	1,068	270
ООО Energy Standard	582	1,216	1,306
ООО Alstom	273	602	602
ОАО Hydroelectromontazh	46	1,679	1,427
ОАО United Energy Construction Corporation	-	532	620
RUSENERGO FUND Ltd	-	-	8,735
Other	3,151	2,537	1,597
<b>Total collateral for liabilities and payments received</b>	<b>19,995</b>	<b>21,379</b>	<b>26,401</b>

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The Company received its own shares purchased by ООО EZOP and ОАО Hydroinvest as a pledge to secure loans issued for the purpose of acquisition of the Company's shares by ООО EZOP and ОАО Hydroinvest (see paragraph 3.2.2 of the Explanatory Notes).

For a number of agreements for delivery of equipment and capital construction with Voith Hydro GmbH & Co KG, ОАО Silovye Mashiny, Alstom Hydro France, ООО Energy Standard, ООО Alstom and others the Company received bank guarantees for return, in full or in part, of the advances issued to these entities or due fulfilment of the contractual scope of work by these entities.

#### 3.6.3 Collateral for liabilities and payments issued

The Company issued the following collaterals and guarantees:

Creditor	Debtor	31 December 2013	31 December 2012	31 December 2011
ОАО Vnesheconombank	ЗАО Богучанская GES	46,632	40,973	31,574
ОАО Bank of Moscow	ОАО Far East Generating Company	7,001	6,208	-
ОАО Vnesheconombank	ЗАО Богучанский Aluminium Smelter	4,615	4,615	4,615
ОАО VTB Bank	ОАО Far East Generating Company	4,543	-	-
European Bank for Reconstruction and Development (EBRD)	ОАО RAO Energy Systems of the East	4,070	-	-
ОАО Sberbank of Russia	ОАО Камчатскэнерго	3,978	-	-
ОАО Bank of Moscow	ОАО Сахалинэнерго	700	701	-
ОАО Sberbank of Russia	ОАО Сахалинэнерго	651	-	-
Solios Environnement S. A., ALSTOM Grid SAS (AREVA T&D S. A.), ЗАО Commerzbank (Eurasija)	ЗАО Богучанский Aluminium Smelter	82	929	1,423
Other	Other	1,398	1,164	1,246
<b>Total collateral for liabilities and payments issued</b>		<b>73,670</b>	<b>54,590</b>	<b>38,858</b>

In 2013, the Company issued guarantees for liabilities of ОАО Far East Generating Company and ОАО RAO Energy Systems of the East under the loan agreements with ОАО VTB Bank and European Bank for Reconstruction and Development (EBRD) respectively, including the principal amount of the loan and accrued interest. Liabilities due date is 26 December 2015.

Guarantees issued by the Company for liabilities of ОАО Богучанская GES under its loan agreement with ОАО Vnesheconombank include:

- total liabilities of ОАО Богучанская GES under the loan agreement, including accumulated interest in the amount of RUB 25,605 million as of 31 December 2013 (31 December 2012: RUB 19,946 million);
- pledge of ОАО Богучанская GES's interest-free promissory notes for the total of RUB 21,027 million (see Note 3.2.2 of the Explanatory Notes) and pledge of shares for the total of RUB 14 thousand.

RUSAL Group undertakes to reimburse the Company for 50 per cent of liabilities settled under this guarantee by the Company for ОАО Богучанская GES.

During 2011 the Company pledged interest-free promissory notes of ЗАО Богучанский Aluminium Smelter for the total of RUB 4,615 million (see paragraph 3.2.2 of the Explanatory Notes) and shares for the total of RUB 14 thousand as a guarantee of settlement by ЗАО Богучанский Aluminium Smelter of its liabilities under the loan agreement with SC Vnesheconombank.

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**3.7 Income and expenses on operating activities (statement of financial results)**

**3.7.1 Revenue (line 2110 of the statement of financial results)**

Revenue from sales of electricity and capacity has the largest percentage in the Company's revenue structure (99.5%).

Item	2013	2012
Sale of electricity	78,975	65,553
Sale of capacity	29,251	28,155
Sale of heat	141	141
Other	427	358
<b>Total line 2110 "Revenue"</b>	<b>108,794</b>	<b>94,207</b>

The Company sells a major part of its produced electricity and capacity (99.9%) on the wholesale electricity and capacity market, where sales are made at non-regulated prices (except for sales at regulated tariffs in the RF Far East non-pricing zone and volumes produced for selling to households or equivalent consumer categories).

**3.7.2 Cost of sales (line 2120 of the statement of financial results)**

Item	2013	2012
Purchased electricity and capacity	16,696	16,489
Depreciation and amortisation	11,853	10,810
Wages and social insurance contributions	8,357	8,058
Property tax	6,004	5,246
Repairs and maintenance	3,308	3,515
Fees for administering the wholesale market of electricity and capacity (ОАО СО UES, ОАО АRS, ЗАО СFR)	2,672	2,425
Third party services	1,863	1,646
Fire and other security services	1,434	1,311
Insurance expenses	1,328	1,505
Lease of power equipment	1,097	1,298
Lease expenses	1,038	797
Water usage expenses, water tax	967	817
Other expenses	2,256	2,070
<b>Total line 2120 "Cost of sales"</b>	<b>58,873</b>	<b>55,987</b>

Operating expenses broken down by cost elements are as follows:

Item	2013	2012
Material expenses	21,166	20,644
Payroll expenses	6,915	6,737
Social contributions	1,442	1,321
Depreciation and amortisation	11,853	10,810
Other costs	17,497	16,475
<b>Total for elements of costs</b>	<b>58,873</b>	<b>55,987</b>
Change in balances of work in progress, finished goods, etc. (increase [-] / decrease [+])	-	-
<b>Total expenses incurred on operating activities</b>	<b>58,873</b>	<b>55,987</b>

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**3.8 Expenses on purchase and use of energy resources**

Type of energy resource	Total costs							
	2013				2012			
	Purchase	Use			Purchase	Use		
for production purposes*		for internal needs	losses	for production purposes*		for internal needs	losses	
Electricity** and capacity, including:	2,862	2,005	791	66	2,535	1,653	824	58
Electricity	2,857	2,005	786	66	2,529	1,653	818	58
Capacity	5	-	5	-	6	-	6	-

\* Electricity consumption in normal pump operation by Zagorskaya GAES (Zagorskaya GAES branch) and Kuban GAES (Cascade of Kuban GES branch).

\*\* This category does not include expenses for electricity purchased to fulfil obligations under electricity sales contracts which were RUB 13,834 million in 2013 and RUB 13,954 million in 2012 (see paragraph 3.7.2 of the Explanatory Notes).

**3.9 Other income and expenses (line 2340 and line 2350 of the statement of financial results)**

Item	2013		2012	
	Income	Expenses	Income	Expenses
Gain and loss on sale of promissory notes	62,720	(62,720)	15,015	(15,015)
Income and expenses due to sale or other disposal of securities (exception promissory notes)	1 663	(1 441)	-	-
Doubtful debt provision	1,480	(3,049)	678	(5,147)
Income and expenses from sale of right of demand	1 117	(893)	-	-
Income and expenses from sales, write-off and other transactions with assets	445	(1,354)	549	(1,680)
Provision for impairment of investments	174	(5)	-	(7,873)
Foreign exchange differences from remeasurement of assets and liabilities denominated in foreign currencies	136	(391)	621	(555)
Gains / (losses) from revaluation of investments measured at current market value	-	(3,119)	14	(2,370)
Charity donations	-	(1,321)	-	(1,352)
Expenses for social events	-	(512)	-	(482)
Other income and expenses	2,078	(1,755)	1,207	(693)
<b>Total line 2340 "Other income" and 2350 "Other expenses"</b>	<b>69,813</b>	<b>(76,560)</b>	<b>18,084</b>	<b>(35,167)</b>

**3.10 Taxes**

**Value Added Tax**

Total VAT calculated with due account of recovered tax amounts was RUB 32,149 million in the reporting year (2012: RUB 26,763 million), including:

- VAT calculated on sales of goods (work, services) is RUB 19,639 million (2012: RUB 16,998 million);
- VAT calculated on the amounts of received payment or partial payment for goods (work, services) to be delivered in the future is RUB 10,797 million (2012: RUB 8,694 million);
- recoverable amount of tax is RUB 1,713 million (2012: RUB 1,071 million).

Total VAT recoverable in the reporting period was RUB 23,529 million (2012: RUB 21,455 million), including:

- VAT recoverable invoiced to the taxpayer on acquisition of goods (work, services), property rights in Russia was RUB 10,182 million (2012: RUB 10,168 million);
- VAT calculated on the amounts of received payment or partial payment for goods (work, services) to be deducted from their delivery date was RUB 10,797 million (2012: RUB 8,693 million);
- VAT calculated on the amounts of payment or partial payment for goods (work, services) to be delivered in the future was RUB 2,390 million (2012: RUB 2,578 million);
- VAT recovered in 2013 which was paid earlier when the goods were imported to the Russian customs territory was RUB 151 million (2012: RUB 0 million);
- other recoverable VAT was RUB 9 million (2012: RUB 16 million).

The Company decreases the calculated VAT by the amount invoiced on purchase of goods (work, services) in Russia, according to tax legislation.

**Corporate income tax**

Deferred tax assets and deferred tax liabilities were:

Item	31 December 2013	31 December 2012	31 December 2011
Deferred income tax assets	(2,260)	(2,318)	(2,285)
Deferred tax liabilities	9,444	7,570	5,125
<b>Total line 1420 "Deferred tax liabilities"</b>	<b>7,184</b>	<b>5,252</b>	<b>2,840</b>

Income tax calculated on the basis of the accounting profit (theoretical income tax charge) for the reporting year was RUB 9,342 million (2012: RUB 4,525 million).

When calculating theoretical income tax charge, income from participation in other entities in the amount of RUB 408 for 2013 (2012: RUB 269 million) was deducted from income included in the accounting profit of the reporting period, as for accounting purposes such income is recorded less withholding tax.

In the reporting year, the amount of non-temporary differences which affected the theoretical income tax charge adjustment for the purposes of income tax calculated for tax accounting purposes (current income tax) was RUB 10,910 million (2012: RUB 20,361 million).

The above non-temporary differences arise from differences in recognising the following income and expenses for accounting and income tax purposes:

- income in the amount of RUB 3,609 million in 2013 (2012: RUB 1,233 million) which is not recognised for tax accounting purposes and resulted in the tax asset, including:
  - Income from reversal of doubtful debt provision in the amount of RUB 1,480 million (2012: RUB 678 million);
  - other income in the amount of RUB 2,129 million (2012: RUB 555 million);
- expenses in the amount of RUB 14,519 million in 2013 (2012: RUB 21,325 million) which are not recognised for tax accounting purposes and resulted in the tax liability, including:
  - depreciation of RUB 3,926 million (2012: RUB 4,047 million);
  - charges to doubtful debt provision in the amount of RUB 2,260 million (2012: RUB 2,969 million);
  - decrease in investments measured at current market value in the amount of RUB 3,119 million (2012: RUB 2,369 million);
  - expenses related to sale, disposal or other transactions with assets in the amount of RUB 826 million (2012: RUB 1,143 million);
  - charges to the provision for impairment of investments in the amount of RUB 5 million (2012: RUB 7,873 million);
  - charity donations in the amount of RUB 1,121 million (2012: RUB 1,352 million);
  - financial support and other social payments to employees in the amount of RUB 292 million (2012: RUB 237 million);
  - other expenses in the amount of RUB 2,770 million (2012: RUB 1,604 million).

The total amount of deductible temporary differences, which affected the adjustment of the theoretical income tax charge for the purpose of the current income tax calculated for tax accounting purposes, was RUB 49 million (2012: RUB 166 million), including those originated – RUB 1,258 million (2012: RUB 621 million) and settled – RUB 1,209 million (2012: RUB 455 million).

Total amount of taxable temporary differences that affected the theoretical income tax expense adjustment for the purpose of the income tax calculation for tax accounting purposes, was RUB 10,092 million (2012: RUB 11,845 million), including those originated – RUB 16,552 million (2012: RUB 13,885 million) and settled – RUB 6,460 million (2012: RUB 2,040 million).

In 2013, movement in deductible and taxable temporary differences was mainly due to:

- different useful lives of property, plant and equipment for accounting and income tax purposes;
- recognition of depreciation premium on items of property, plant and equipment for income tax purposes;
- application of multiplying factor for accrual of depreciation charges on property, plant and equipment used in operations in a hostile environment with a high turnover for tax accounting purposes in prior periods;
- capitalisation of interest on borrowings in the cost of investment assets for accounting purposes;
- including the costs of insurance in the value of investment assets in the accounting records of the Company.

The Company applied tax rate of 20% in the calculation of income tax based on accounting profit received by the Company's branches (excluding profits received by branches Kamskysya GES and Votkinskaya GES that apply 15.5% rate).

According to the tax accounting data, the taxable profit for 2013 was RUB 49,764 million (2012: RUB 31,247 million).

#### ***Other taxes and levies***

In 2013, operating expenses include other taxes and levies in the amount of RUB 7,478 million (2012: RUB 6,597 million), including:

- property tax in the amount of RUB 6,004 million (2012: RUB 5,246 million), including accrual provision for estimated liabilities for property tax;
- insurance contributions to the Pension Fund of the Russian Federation, Social Insurance Fund of the Russian Federation and obligatory medical insurance funds in the amount of RUB 1,442 million (2012: RUB 1,321 million), including contributions related to estimated liabilities on future payment of employee vacations earned but not used;
- other taxes and levies in the amount of RUB 32 million (2012: RUB 30 million).

#### ***Relations with tax authorities***

In 2013, tax authorities performed a field tax audit covering 2009-2011 which resulted in additionally assessed taxes of RUB 394 million. As of 31 December 2013, these tax claims are contested through pre-trial procedures in the Federal Tax Service of Russia.

The Russian tax system is characterised by a large number of taxes and frequent changes in regulations. Russian tax legislation is subject to varying interpretations and changes, which can occur frequently. The laws often include unclear and contradictory wording and allow varying interpretation of the same issue. As a consequence, tax authorities often have different views on interpretation of the same regulatory documents at different levels. Therefore, it is probable that transactions and activities that have not been challenged in the past and the tax accounting treatment of some of the Company's income and expenses may be challenged. As a result, significant additional taxes, penalties and late payment interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.



In December 2012, the Company entered into an agreement with the Federal Tax Service on extended communication, i.e. horizontal monitoring. Under the agreement, the tax authority will monitor the Company's business transactions on-line which will allow the Company to agree its position on tax issues in advance and decrease the uncertainty in interpretation and application of the tax law.

As of 31 December 2013, the Company's management believe that their interpretation of the relevant legislation was appropriate, tax liabilities are recorded in full and the Company's tax and currency positions will be sustained.

### 3.11 Dividends

The Company's annual general meeting of shareholders held on 28 June 2013 (Minutes No. 11) made the decision to pay dividends on the Company's ordinary shares for 2012 in the amount of RUB 0.00955606 per 1 share for the total of RUB 3,676 million.

The Company's annual general meeting of shareholders held on 29 June 2012 (Minutes No. 8) made the decision to pay dividends on the Company's ordinary shares for 2011 in the amount of RUB 0.00789317 per 1 share for the total of RUB 2,500 million.

### 3.12 Earnings per share

Basic earnings per share reflect a portion of reporting period's profit that may be potentially distributed between the shareholders – owners of ordinary shares. It is calculated by dividing basic profit of the reporting year by the weighted average number of ordinary shares outstanding during the year. Basic profit is equal to net profit of the reporting year (Line 2400 of the statement of financial results).

Item	2013	2011
Basic profit for the reporting year (RUB million)	35,321	14,702
Weighted average number of ordinary shares, outstanding during the reporting year (shares)	381,935,404,392	317,183,526,761
<b>Basic earnings per share (RUB)</b>	<b>0.09248</b>	<b>0.04635</b>

Weighted average number of ordinary shares, outstanding during the reporting year was calculated as follows:

Item	2013
Number of ordinary shares outstanding as of 1 January 2013 (shares)	367,637,520,094
Number of shares of additional issue registered on 3 December 2013 which were placed in 2013 and paid by shareholders (see paragraph 3.3.1 of the Explanatory Notes) (shares)	18,617,944,796
Number of ordinary shares outstanding as of 1 December 2013 (shares)	386,255,464,890
Number of ordinary shares outstanding as of 31 December 2013 (shares)	386,255,464,890
Weighted average number of ordinary shares, outstanding in 2013 (shares) (367,637,520,094 shares * 2 months + 384,632,705,292 shares * 9 months + 386,255,464,890 * 1 month) / 12 months	381,935,404,392
Item	2012
Number of ordinary shares outstanding as of 1 January 2012 (shares)	316,729,533,428
Number of shares of additional issue registered on 16 August 2011 which were placed in 2012 and paid by shareholders (see paragraph 3.3.1 of the Explanatory Notes) (shares)	907,986,666
Number of ordinary shares outstanding as of 1 December 2012 (shares)	317,637,520,094
Number of ordinary shares outstanding as of 31 December 2012 (shares)	367,637,520,094
Weighted average number of ordinary shares, outstanding in 2012 (shares) (316,729,533,428 shares * 6 months + 317,637,520,094 shares * 6 months) / 12 months	317,183,526,761

In 2013 and 2012, the Company had no debt securities potentially convertible to shares.

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### 3.13 Related Parties

The Company's related parties are its subsidiaries and associates and other entities where the Company has indirect control or significant influence through its subsidiaries and associates.

The list of the Company's related parties is given on the web-site – [www.rushydro.ru/investors/disclosure/affiliated](http://www.rushydro.ru/investors/disclosure/affiliated)

#### 3.13.1 Controlling entity

As of 31 December 2013 the Company is controlled by the Russian Government (represented by the Federal Agency for Federal Property Management) which owns, 66.84% of the Company's ordinary shares (see paragraph 3.3.1 of the Explanatory Notes).

#### 3.13.2 Sales to related parties

Total revenue from sales to related parties was:

Name of the buyer	2013	2012
<b>Revenue from sales to subsidiaries, including:</b>		
ОАО Far East Energy Company	5,436	5,162
ОАО Чувашская Энергия Продажи	1,386	522
ОАО Красноярскэнерго	931	782
ОАО Рязанская Энергия Продажи	650	284
ООО ЕСК Башкортостан	412	290
Other subsidiaries	262	274
<b>Revenue from sales to related parties, including:</b>		
ОАО Красноярская ГЭС	1,077	925
<b>Total sales to related parties</b>	<b>10,154</b>	<b>8,239</b>

Sales to related parties include, among others, sales of electricity and capacity in the regulated sector of WEM at tariffs determined by the Federal Tariff Service and in the competitive sector at commercial prices established in accordance with the Wholesale Market Rules and Regulation of the Russian Government No. 109 of 26 February 2004, On Pricing of Electric and Heating Energy in the Russian Federation, and Regulation on the Company's sales policy for operating generation assets in the price zones of the wholesale electricity (capacity) market (minutes of the meeting of the Management Board No. 528 of 17 September 2010).

#### 3.13.3 Purchases from related parties

The cost of services provided by related parties was:

Supplier	2013	2012
<b>Repair and technical maintenance services, including:</b>		
<b>Subsidiaries</b>		
ОАО Ремонт-БКК	2,087	1,004
ОАО Турбоборозка-БКК	414	967
ОАО СШГР	191	426
ОАО Ремонт-БКК	125	414
ОАО РЕМ	21	173
Other	157	37
<b>Total repair and maintenance services</b>	<b>2,995</b>	<b>3,021</b>
<b>Electricity purchases</b>	<b>4</b>	<b>4</b>
<b>Other services of third parties</b>	<b>1,618</b>	<b>1,093</b>
<b>Total purchases from related parties</b>	<b>4,617</b>	<b>4,118</b>

#### 3.13.4 Settlements with non-state pension fund

Non-state Pension Fund of Electrical Energy Industry is the non-state pension fund for implementation of the non-governmental pension security program for the Company's employees.

The total amount of contributions to the pension fund was RUB 443 million and RUB 619 million for 2013 and 2012, respectively.

### 3.13.5 Settlements with related parties

As of 31 December 2013, 2012 and 2011, accounts receivable from related parties to the Company less doubtful debt provision were (see paragraph 3.2.2 of the Explanatory Notes):

Type of accounts receivable	31 December 2013	31 December 2012	31 December 2011
Short-term interest-free promissory notes received	22,453	72,350	74,998
Short-term interest-free loans issued	5,500	42,272	14,495
Long-term interest-free promissory notes received	25,689	25,689	25,642
Accounts receivable from subsidiaries as part of additional issues before title for the shares issued is transferred to the Company	98,530	10,714	-
Long-term interest-free loans issued	16,548	9,030	31,422
Accounts receivable related to other sales	1,090	774	835
Other settlements with related parties	7,054	6,290	2,191
<b>Total accounts receivable from related parties</b>	<b>176,864</b>	<b>167,119</b>	<b>149,583</b>

Terms and conditions of settlements with related parties provide for the Company to make advance payments on transactions with individual related parties. As of 31 December 2013 balances include advances issued for the amount of RUB 6,257 million (31 December 2012: RUB 4,420 million, 31 December 2011: RUB 1,647 million).

Doubtful debt provision for related parties' accounts receivables as of 31 December 2013 was RUB 364 million (31 December 2012: RUB 379 million; 31 December 2011: RUB 520 million).

As of 31 December 2013, 2012 and 2011, the Company's accounts payable to other related parties were:

	31 December 2013	31 December 2012	31 December 2011
Subsidiaries	1,404	1,095	1,367
Associates	24	-	1
<b>Total accounts payable to related parties</b>	<b>1,428</b>	<b>1,095</b>	<b>1,368</b>

The whole amount accounts payable to related parties is payable in cash.

### 3.13.6 Related parties' debt within investments

As of 31 December 2013, 2012 and 2011, The Company's investments include the following amounts due from related parties (see paragraphs 3.1.2 and 3.2.3 of the Explanatory Notes):

Type of financial investments	31 December 2013	31 December 2012	31 December 2011
Loans issued to related parties	38,586	31,050	16,036
Other investments	40	1,500	1,500
<b>Total related parties' debt within investments</b>	<b>38,626</b>	<b>32,550</b>	<b>17,536</b>
Total debt within long-term investments (Line 1170 of the Balance sheet)	33,018	18,760	16,036
Total debt within short-term investments (Line 1240 of the Balance sheet)	5,608	13,790	1,500

Interest income on loans issued to related parties and promissory notes received from related parties:

Entity	2013	2012
<b>Subsidiaries, including:</b>	<b>2,518</b>	<b>2,096</b>
OAO Far East Generating Company	840	249
OAO Zagorskaya GAES-2	513	405

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Entity	2013	2012
ОАО ESK RusHydro	263	269
ОАО Hydroinvest	166	311
ЗАО Malaya Dmitrovka	116	258
Other	620	604
<b>Total interest income</b>	<b>2,518</b>	<b>2,096</b>

**3.13.7 Income from investments in other companies (related parties)**

Income from investments in other companies includes income from investments in subsidiaries in the amount of RUB 381 million for 2013 (2012: RUB 269 million).

**3.13.8 Remuneration to key management personnel**

The Company's key management personnel includes members of the Board of directors and Management Board and also includes heads of the Company's business divisions.

The remuneration to the members of the Board of directors is calculated according to the *Regulations on the payment of remuneration to OAO RusHydro's directors* approved by the Annual General Meeting of Shareholders held on 30 June 2010 (Minutes No. 5).

Remuneration is paid to members of the Management Board and other management personnel of the Company for their services in management positions and is made up of a contractual salary and performance bonuses depending on the results for the period calculated based on key performance indicators approved by the Company's Board of directors.

The list of members of the Company's Board of directors and Management Board is included in paragraph 1.1 of the Explanatory Notes).

In 2013 and 2012, the Company paid remuneration to key management personnel within the limits set out in their employment agreements for the total amount of RUB 1,110 million and RUB 1,509 million, respectively (excluding insurance contributions).

**3.13.9 Cash flows between the Company and subsidiaries/associates**

Item	Line code	2013	2012
<b>Cash flows from operating activities</b>			
<b>Receipts, including:</b>	4110	7,556	6,424
sales of products, goods, work and services	4111	7,439	6,331
lease payments, licence payments, royalties, commission and other payments	4112	107	62
other receipts	4119	10	31
<b>Payments, including:</b>	4120	(4,542)	(4,375)
suppliers (contractors) – raw materials, work and services	4121	(4,445)	(4,285)
other payments	4129	(97)	(90)
Net cash flows from operating activities	4100	3,014	2,049
<b>Cash flows from investing activities</b>			
<b>Receipts, including:</b>	4210	49,826	19,806
sale of non-current assets (except for investments)	4211	17	18
repayment of loans issued, sale of debt securities (rights of claiming cash to third parties)	4213	45,768	18,476
dividends, interest on debt investments and similar proceeds from equity participation in other organisations	4214	4,041	1,312
<b>Payments, including:</b>	4220	(82,134)	(48,842)
acquisition, creation, modernisation, reconstruction and preparation for use of non-current assets	4221	(6,807)	(9,979)
purchase of shares (interest) in other entities	4222	(54,928)	(2,897)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(20,399)	(35,966)
Net cash flows from investing activities	4200	(32,308)	(29,036)

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Item	Line code	2013	2012
<b>Cash flows from financing activities</b>			
<b>Payments, including:</b>	4320	(77)	(61)
dividend payments or other distribution of profit to owners (participants)	4322	(77)	(61)
redemption (buy-back) of promissory notes and other debt securities, loan repayment	4323	-	-
Net cash flows from financing activities	4300	(77)	(61)
<b>Net cash flows for the reporting period</b>	<b>4400</b>	<b>(29,371)</b>	<b>(27,048)</b>

### 3.14 Segment Information

The Company does not identify any reporting segments in its operations, as the Company's core business activity is production of electricity and capacity – their share in the revenue from sales is 99.5%. The Company does not identify trading of purchased electricity and capacity in the wholesale energy and capacity market (WEM) as a separate type of activity. The Company is also involved in other activities that are not material and do not form separate reporting segments.

### 3.15 Contingent liabilities

As of 31 December 2013, the Company had outstanding issued guarantees to the third parties' creditors and pledged assets for the total amount of RUB 73,670 million (31 December 2012: RUB 54,590 million, 31 December 2011: RUB 38,858 million) (see paragraph 3.6.3 of the Explanatory Notes). According to the Company's management expectations, no material liabilities will arise in connection with these guarantees.

A significant number of legal claims may be filed following the accident at Sayano-Shushenskaya GES in August 2009. The subject of such claims may include:

- compensation of damage caused to life and health, compensation of moral damage;
- compensation of losses from termination of contracts;
- other legal proceedings.

Moreover, the prosecutor's office and other oversight bodies examined operations of the Company, and this also may result in additional claims filed against the Company and its employees.

The Russian transfer pricing legislation was amended effective from 1 January 2012. The new rules are more detailed and better aligned with the international principles developed by the Organisation for Economic Cooperation and Development (OECD). The new legislation allows tax authorities to assess additional taxes for controlled transactions (transactions between related parties and some transactions between unrelated parties) if such transactions are not on an arm's length basis. The Company's management believe that the prices applied by the Company are at the market level and the Company has implemented internal control procedures to ensure compliance with transfer pricing law.

Since currently there is no practice for application of the new rules, the outcome of any disputes with tax authorities over applied prices cannot be estimated reliably but may have a material effect on the Company's financial results and operations.

### 3.16 Financial risk management

The primary objectives of the financial risk management function are to provide reasonable assurance of achieving the Company's goals by developing a methodology of risk identification, analysis and assessment, as well as to establish risk limits, and then ensure that exposure to risks stays within these limits and if the limits are exceeded – to treat this risk accordingly.

#### **Market risks**

The Company is subject to market risks that arise from open positions in foreign currencies, interest bearing assets and liabilities, all of which are exposed to general and specific market movements. The Company establishes acceptable risk limits and monitors them on a daily basis.

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However, this approach may not prevent losses incurred due to overlimits caused by significant market fluctuations.

**Currency risk.** The Company sells its produced electricity and capacity in the Russian domestic market at prices denominated in national currency, therefore, the Company's operations are subject to insignificant currency risk. The Company's financial position, its liquidity, sources of financing and performance largely are not impacted by currency exchange rates as the Company's operations are planned and carried out in such a way that all its assets and liabilities are denominated in the national currency.

Information on the Company's exposure to currency risk is presented in line with its use for the preparation of RusHydro Group's IFRS financial statements as defined in IFRS 7:

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
<b>31 December 2013</b>			
US Dollars	779	-	799
Euro	54	(3,280)	(3,226)
<b>Total</b>	<b>833</b>	<b>(3,280)</b>	<b>(2,477)</b>
<b>31 December 2012</b>			
US Dollars	266	(1,894)	(1,628)
Euro	26	(2,400)	(2,374)
<b>Total</b>	<b>292</b>	<b>(4,294)</b>	<b>(4,002)</b>
<b>31 December 2011</b>			
US Dollars	105	(2,008)	(1,903)
<b>Total</b>	<b>105</b>	<b>(2,008)</b>	<b>(1,903)</b>

The above analysis includes only monetary assets and liabilities. Investments in shares and non-monetary assets are not considered to give rise to significant currency risk.

Changes in exchange rates have no significant influence on the Company's financial position.

**Interest rate risk.** The Company's operating profits and cash flows from operating activity are substantially independent of the changes in market interest rates.

The effect of changes in the average market interest rates on the value of the Company's investments is insignificant as the rates of return on the Company's investments are fixed.

The fixed and floating interest rate loans received by the Company (see paragraph 3.4.1 of the Explanatory Notes) expose it to interest rate risks.

The Company also receives loans with floating interest rates based on MOSPRIME, Euribor, OeKB rates. The influence of changes in these rates on the Company's profit is insignificant.

The Company's monitors interest rate risk for its financial instruments. Effective interest rates as of the end of the period are presented in paragraph 3.4.1 of the Explanatory Notes.

To mitigate the interest rate risk, the Company takes the following measures:

- monitors the credit market to identify favourable terms of financing;
- diversifies credit portfolio by raising fixed and floating rate loans.

**Price risk.** The price risk determines the possible changes / fluctuations in the fair value or future cash flows due to changes in market prices (excluding changes leading to interest rate or currency risk).

The table below includes the Company's investments exposed to the price risk.

Category of investments	31 December 2013	31 December 2012	31 December 2011
Equity investments for which current market value can be determined, including:	2,079	5,128	7,484
OAo Inter RAO UES	2,027	5,077	7,428
OAo Irkutskenergo	33	11	10
OAo Krasnoyarskaya GES	19	40	46

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Category of investments	31 December 2013	31 December 2012	31 December 2011
Equity investments to subsidiaries measured at current market value but not revalued as of the reporting date	20,204	17,239	17,239
Equity investments for which current market value cannot be determined	87,758	52,533	53,324
<b>Total equity investments (see paragraph 3.1.2 of the Explanatory Notes)</b>	<b>110,041</b>	<b>74,900</b>	<b>78,047</b>

Current market value of quoted securities is determined by market prices established on the stock exchange OAO MICEX-RTS ([www.rts.micex.ru](http://www.rts.micex.ru)), according to the 'Procedure for determining market value of securities, estimated price of securities and the threshold for the fluctuations of securities' market price for the purpose of Chapter 23 of the Russian Tax Code' approved by Order of the Federal Service for Financial Markets No. 10-65/pz-n of 9 November 2010.

***Credit risk***

Credit risk is the possibility of the Company's losses resulting from the counterparty's inability to meet its obligations under the contract. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

Although collectability of receivables can be influenced by economic factors, management believe that there is no significant risk of loss to the Company beyond the provision for impairment of receivables already recorded.

Due to the absence of an independent assessment of customers' creditworthiness, the Company performs such an assessment at the contracting stage taking into account the customer's financial position and credit history. The Company regularly monitors existing receivables and undertakes actions to collect them and minimize losses.

Cash has been placed in financial institutions, which are considered at the time of deposit to have minimal risk of default. The Company approves deposit banks as well as rules for making cash deposits. The Company performs regular review of financial institutions, monitors their ratings assigned by independent agencies as well as other performance indicators of these financial institutions.

Summary information on cash deposits and their equivalents including names of banks and other financial institutions and their ratings as of the end of the reporting period is provided in paragraph 3.2.4 of the Explanatory Notes.

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Efficient liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring the availability of additional funding through an adequate amount of committed credit facilities. The Group follows the balanced model of working capital financing when both long-term and short-term sources of finance are used. The Company places available cash to short-term financial instruments, mainly, bank deposits and short-term bank promissory notes. Short-term liabilities are represented mainly by trade accounts payable.

The Company has implemented controls over the contracting process by using standard financial procedures that include standard payment structure, standard payment time, standard correlation between the advance and final settlement amounts, etc. This way the Company controls the maturity structure of capital.

The ageing analysis for long term borrowings is presented in paragraph 3.4.1 of the Explanatory Notes.

### **3.17 Subsequent events**

There are no significant events which have affected or could affect the Company's financial position, cash flows or its performance in the period between the reporting date and the date of signing the financial statements for 2013.

Chairman of the Management Board of ОАО RusHydro

E. V. Dod

Chief Accountant of ОАО RusHydro

D. V. Finkel

28 February 2014



**BALANCE SHEET**  
as at 31 March 2014

Company Open Joint Stock Company Federal Hydro-Generating Company – RusHydro  
(OJSC RusHydro)

Taxpayer identification number

Field of activity Electricity generation by hydro power plants

Legal form / form of ownership

Open Joint Stock Company / mixed Russian property with a federal share

Unit of measurement: millions of RR

Address: 51 Respubliki Street, Krasnoyarsk, the Krasnoyarsk Territory, Russia, 660075

Form on OKUD	Codes
Date (year, month, day)	<b>0710001</b>
	<b>2014/03/31</b>
OKPO	<b>75782411</b>
INN	<b>2460066195</b>
OKVED	<b>40.10.12</b>
OKOPF / OKFS	<b>47 / 41</b>
OKEI	<b>385</b>

Note	ASSETS	Line code	As at 31 March 2014	As at 31 December 2013	As at 31 December 2012
1	2	3	4	5	6
	<b>I. NON-CURRENT ASSETS</b>				
	Intangible assets	1110	1 076	1 078	719
	Results of research and development	1120	831	859	751
	Property, plant and equipment, incl.:	1150	353 607	350 049	331 879
	fixed assets	1151	303 848	302 864	288 823
	construction in process	1152	49 759	47 185	43 056
	Income-bearing investments in tangible assets	1160	7 282	7 313	7 437
	Financial investments	1170	244 966	143 059	93 660
	Other non-current assets	1190	2 870	2 987	2 772
	<b>Total Section I</b>	<b>1100</b>	<b>610 632</b>	<b>505 345</b>	<b>437 218</b>
	<b>II. CURRENT ASSETS</b>				
	Inventories	1210	3 774	2 861	2 055
	Value added tax on goods purchased	1220	94	356	505
	Accounts receivable, incl.:	1230	145 029	233 480	226 374
	accounts receivable (payments expected later than 12 months after the reporting date), incl.:	1231	77 602	80 323	75 630
	buyers and customers	1231.1	95	103	128
	advances issued	1231.2	32 326	35 084	37 426
	other debtors	1231.3	45 181	45 136	38 076
	accounts receivable (payments expected within 12 months after the reporting date), incl.:	1232	67 427	153 157	150 744
	buyers and customers	1232.1	5 113	5 648	6 567
	advances issued	1232.2	16 975	15 517	12 173
	other debtors	1232.3	45 339	131 992	132 004
	Financial investments (excl. cash equivalents)	1240	48 205	55 608	63 790
	Cash and cash equivalents	1250	23 388	18 546	23 820
	Other current assets	1260	12	10	17
	<b>Total Section II</b>	<b>1200</b>	<b>220 502</b>	<b>310 861</b>	<b>316 561</b>
	<b>TOTAL</b>	<b>1600</b>	<b>831 134</b>	<b>816 206</b>	<b>753 779</b>

*This is an English language translation of the document originally prepared in the Russian language. The Russian version is formalized and shall irrevocably prevail.*

Note	LIABILITIES	Line code	As at 31 March 2014	As at 31 December 2013	As at 31 December 2012
1	2	3	4	5	6
	<b>III. CAPITAL AND RESERVES</b>				
	Charter capital	1310	386 255	317 638	317 638

Revaluation of non-current assets	1340	53 302	53 325	53 578
Additional capital (excl. revaluation)	1350	58 425	58 424	58 424
Reserve capital	1360	6 474	6 474	5 739
Retained earnings (loss), incl.:	1370	198 171	188 482	157 319
undistributed profit of previous years	1371	188 507	153 161	142 617
undistributed profit of the current year	1372	9 664	35 321	14 702
<b>Total Section III</b>	<b>1300</b>	<b>702 627</b>	<b>624 343</b>	<b>592 698</b>
<b>IV. LONG-TERM LIABILITIES</b>				
Borrowings and bank loans	1410	101 121	97 965	49 866
Deferred tax liabilities	1420	7 968	7 184	5 252
Other liabilities	1450	2 058	2 028	1 950
<b>Total Section IV</b>	<b>1400</b>	<b>111 147</b>	<b>107 177</b>	<b>57 068</b>
<b>V. SHORT-TERM LIABILITIES</b>				
Borrowings and bank loans	1510	5 326	4 926	44 906
Accounts payable, incl.:	1520	9 528	77 468	57 822
suppliers and contractors	1521	5 378	5 170	5 326
payables to employees	1522	228	601	717
payables to state non-budgetary funds	1523	102	87	59
taxes payable	1524	3 290	2 570	1 296
dividends payable	1525	46	47	33
other creditors	1526	484	68 993	50 391
Income of future periods	1530	77	77	76
Estimated liabilities	1540	1 134	1 020	408
Other liabilities	1550	1 295	1 195	801
<b>Total Section V</b>	<b>1500</b>	<b>17 360</b>	<b>84 686</b>	<b>104 013</b>
<b>TOTAL</b>	<b>1700</b>	<b>831 134</b>	<b>816 206</b>	<b>753 779</b>

Chairman of Management Board

\_\_\_\_\_  
(signature)

**E. V. Dod**  
\_\_\_\_\_  
(print full name)

Chief Accountant

\_\_\_\_\_  
(signature)

**D. V. Finkel**  
\_\_\_\_\_  
(print full name)

\_\_\_\_\_  
2014

*This is an English language translation of the document originally prepared in the Russian language. The Russian version is formalized and shall irrevocably prevail.*

**STATEMENT OF FINANCIAL RESULTS  
for the three months ended 31 March 2014**

Company Open Joint Stock Company Federal Hydro-Generating Company – RusHydro  
(OJSC RusHydro)  
Taxpayer identification number  
Field of activity Electricity generation by hydro power plants  
Legal form / form of ownership  
Open Joint Stock Company / mixed Russian property with a federal share  
Unit of measurement: millions of RR

Form on OKUD  
Date (year, month, day)

OKPO  
INN  
OKVED  
OKOPF / OKFS  
OKEI

Codes
0710002
2014/03/31
75782411
2460066195
40.10.12
47 / 41
385

Note	Narrative	Line code	Three months ended 31 March 2014	Three months ended 31 March 2013
1	2	3	4	5
	Revenue	2110	26 918	25 444
	Cost of sales	2120	(13 939)	(12 258)
	<b>Gross profit</b>	<b>2100</b>	<b>12 979</b>	<b>13 186</b>
	<b>Profit from sales</b>	<b>2200</b>	<b>12 979</b>	<b>13 186</b>
	Income from participation in other companies	2310	-	-
	Interest income	2320	2 305	2 362
	Interest expense	2330	(1 443)	(1 342)
	Other income	2340	5 107	40 422
	Other expense	2350	(6 484)	(42 147)
	<b>Profit before tax</b>	<b>2300</b>	<b>12 464</b>	<b>12 481</b>
	Current income tax, incl.:	2410	(2 014)	(2 437)
	permanent tax liabilities (assets)	2421	343	612
	Change in deferred tax liabilities	2430	(802)	(499)
	Change in deferred tax assets	2450	4	(149)
	Other	2460	12	(59)
	<b>Net profit</b>	<b>2400</b>	<b>9 664</b>	<b>9 337</b>
	REFERENCE			
	Gain or loss from other operations not included in the net profit of the period	2520	-	-
	Total financial result for the period	2500	9 664	9 337
	Basic earnings per share, RR	2900	0,02502	0,02501

Chairman of Management Board

\_\_\_\_\_  
(signature)

**E. V. Dod**

\_\_\_\_\_  
(print full name)

Chief Accountant

\_\_\_\_\_  
(signature)

**D. V. Finkel**

\_\_\_\_\_  
(print full name)

\_\_\_\_\_  
2014

*This is an English language translation of the document originally prepared in the Russian language. The Russian version is formalized and shall irrevocably prevail*

# **RUSHYDRO GROUP**

**Consolidated Financial Statements  
prepared in accordance with IFRS  
with independent auditor's report**

**As at and for the year ended 31 December 2013**

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## ***Independent Auditor's Report***

To the Shareholders and Board of Directors of Open Joint Stock Company Federal Hydro-Generating Company – RusHydro (OJSC RusHydro)

We have audited the accompanying consolidated financial statements of OJSC RusHydro and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for 2013, and notes comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the fair presentation of these consolidated financial statements based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to express an opinion on the fair presentation of these consolidated financial statements.



**Independent Auditor's Report (Continued)**

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and its financial performance and its cash flows for 2013 in accordance with International Financial Reporting Standards.

*ZAO PricewaterhouseCoopers Audit*

20 March 2014

Moscow, Russian Federation

T.V. Sirovinskaya, Director (licence no. 01-000527),  
ZAO PricewaterhouseCoopers Audit



Audited entity: OJSC RusHydro

Certificate of inclusion in the Unified State Register of Legal Entities  
№ 1042401810494 issued on 26 December 2004

51 Respubliki str, Krasnoyarsk, Krasnoyarsky region, Russian  
Federation, 660075

Independent auditor: ZAO PricewaterhouseCoopers Audit

State registration certificate № 008.890, issued by the Moscow  
Registration Bureau on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities  
№ 1027700148431 issued on 22 August 2002

Certificate of membership in self regulated organisation non-profit  
partnership "Audit Chamber of Russia" № 870. ORNZ 10201003683  
in the register of auditors and audit organizations

**RusHydro Group**  
**Consolidated Statement of Financial Position**  
(in millions of Russian Rubles unless noted otherwise)

	Note	31 December 2013	31 December 2012 (restated)	1 January 2012 (restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	633,846	604,461	568,629
Investments in associates and joint ventures	8	30,301	17,860	33,686
Available-for-sale financial assets	9	5,794	14,326	19,738
Other non-current assets	10	24,976	25,048	36,136
<b>Total non-current assets</b>		<b>694,917</b>	<b>661,695</b>	<b>658,189</b>
<b>Current assets</b>				
Cash and cash equivalents	11	34,472	39,819	47,337
Income tax receivable		2,679	2,842	3,718
Accounts receivable and prepayments	12	45,385	46,670	46,153
Inventories	13	21,449	19,578	17,972
Other current assets	14	53,144	53,787	9,944
		<b>157,129</b>	<b>162,696</b>	<b>125,124</b>
Assets of subsidiary acquired exclusively with a view for resale	2	-	28,479	28,470
Non-current assets classified as held for sale	8	-	1,397	-
<b>Total current assets</b>		<b>157,129</b>	<b>192,572</b>	<b>153,594</b>
<b>TOTAL ASSETS</b>		<b>852,046</b>	<b>854,267</b>	<b>811,783</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	15	386,255	317,637	290,302
Treasury shares	15	(10,662)	(10,662)	(10,662)
Share premium	15	39,202	39,202	21,434
Retained earnings and other reserves		164,735	168,909	196,611
<b>Equity attributable to the shareholders of OJSC RusHydro</b>		<b>579,530</b>	<b>515,086</b>	<b>497,685</b>
Non-controlling interest		17,177	25,319	27,711
<b>TOTAL EQUITY</b>		<b>596,707</b>	<b>540,405</b>	<b>525,396</b>
<b>Non-current liabilities</b>				
Deferred income tax liabilities	16	31,000	39,482	44,245
Non-current debt	18	131,890	67,283	102,624
Other non-current liabilities	19	12,030	12,079	13,451
<b>Total non-current liabilities</b>		<b>174,920</b>	<b>118,844</b>	<b>160,320</b>
<b>Current liabilities</b>				
Current debt and current portion of non-current debt	18	19,887	73,752	21,414
Accounts payable and accruals	20	49,473	46,164	40,030
Accounts payable in respect of share issues	15	-	50,000	43,604
Current income tax payable		115	509	407
Other taxes payable	21	10,944	8,540	7,611
		<b>80,419</b>	<b>178,965</b>	<b>113,066</b>
Liabilities of subsidiary acquired exclusively with a view for resale	2	-	16,053	13,001
<b>Total current liabilities</b>		<b>80,419</b>	<b>195,018</b>	<b>126,067</b>
<b>TOTAL LIABILITIES</b>		<b>255,339</b>	<b>313,862</b>	<b>286,387</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>852,046</b>	<b>854,267</b>	<b>811,783</b>

Chairman of Management Board

E. V. Dod

Chief Accountant

D. V. Finkel

20 March 2014

The accompanying notes are an integral part of these Consolidated Financial Statements





**RusHydro Group**  
**Consolidated Income Statement**  
(in millions of Russian Rubles unless noted otherwise)

	Note	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
Revenue	22	313,632	298,805
Government grants	23	13,246	10,796
Expenses	24	(272,784)	(271,181)
Impairment of property, plant and equipment	7	(18,995)	(19,332)
Impairment of long-term promissory notes	10	(1,633)	(9,363)
Impairment of available-for-sale financial assets	9	(7,944)	(8,041)
Loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale	2	(4,804)	(4,144)
Impairment of goodwill and intangible assets	10	-	(2,975)
Curtailment in pension plan	17	1,609	-
Gain on disposal of subsidiaries and associates		517	133
<b>Operating profit / (loss)</b>		<b>22,844</b>	<b>(5,302)</b>
Finance income	25	9,008	5,079
Finance costs	25	(9,222)	(6,780)
Profit / (loss) in respect of associates and joint ventures	8	2,555	(14,199)
<b>Profit / (loss) before income tax</b>		<b>25,185</b>	<b>(21,202)</b>
Total income tax expense	16	(4,192)	(4,122)
<b>Profit / (loss) for the year</b>		<b>20,993</b>	<b>(25,324)</b>
Attributable to:			
Shareholders of OJSC RusHydro		19,767	(22,631)
Non-controlling interest		1,226	(2,693)
Earnings / (loss) per ordinary share for profit attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	26	0.0638	(0.0780)
Weighted average number of shares outstanding – basic and diluted (thousands of shares)	26	309,873,684	290,262,445

The accompanying notes are an integral part of these Consolidated Financial Statements

**RusHydro Group**  
**Consolidated Statement of Comprehensive Income**

(in millions of Russian Rubles unless noted otherwise)

	Note	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
Profit / (loss) for the year		20,993	(25,324)
<b>Other comprehensive income / (loss), net of tax:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Impairment of revalued property, plant and equipment	7	(19,637)	(10,646)
Loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale	2	(646)	-
Remeasurement of pension benefit obligations	17	101	2,058
<b>Total items that will not be reclassified to profit or loss</b>		<b>(20,182)</b>	<b>(8,588)</b>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Loss arising on available-for-sale financial assets	9	(647)	(296)
Loss arising on impaired available-for-sale financial assets	9	(289)	(3,438)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	350	6,451
Other comprehensive loss		(51)	-
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>(637)</b>	<b>2,717</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>174</b>	<b>(31,195)</b>
Attributable to:			
Shareholders of OJSC RusHydro		(785)	(27,887)
Non-controlling interest		959	(3,308)

The accompanying notes are an integral part of these Consolidated Financial Statements

**RusHydro Group**  
**Consolidated Statement of Cash Flows**  
(in millions of Russian Rubles unless noted otherwise)

	Note	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Profit / (loss) before income tax</b>		<b>25,185</b>	<b>(21,202)</b>
Depreciation of property, plant and equipment and intangible assets	7, 24	18,218	18,232
Loss on disposal of property, plant and equipment, net	24	1,447	1,925
(Profit) / loss in respect of associates and joint ventures	8	(2,555)	14,199
Gain on disposal of subsidiaries and associates		(517)	(133)
Finance income	25	(9,008)	(5,079)
Finance costs	25	9,222	6,780
Impairment of property, plant and equipment	7	18,995	19,332
Impairment of goodwill and intangible assets	10	-	2,975
Impairment of available-for-sale financial assets	9	7,944	8,041
Loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale	2	4,804	4,144
Impairment of long-term promissory notes	10	1,633	9,363
Impairment of accounts receivable, net	24	4,895	5,611
Effect of Share Option Programme expenses		-	141
Curtailement in pension plan	17	(1,609)	-
Pension expenses		568	260
Other (income) / loss		(55)	396
<b>Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities</b>		<b>79,167</b>	<b>64,985</b>
Working capital changes:			
Increase in accounts receivable and prepayments		(4,312)	(6,490)
Increase in inventories		(2,326)	(1,468)
(Decrease) / increase in accounts payable and accruals		(1,034)	9,363
Increase in other taxes payable		2,751	765
Increase in other non-current assets		(277)	(4,454)
(Decrease) / increase in other non-current liabilities		(1,119)	1,988
Income tax paid		(10,422)	(5,813)
<b>Net cash generated by operating activities</b>		<b>62,428</b>	<b>58,876</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(61,641)	(83,042)
Proceeds from sale of property, plant and equipment		356	168
Investment in bank deposits and purchase of other investments		(110,567)	(75,925)
Redemption of bank deposits and proceeds from sale of other investments		111,763	33,187
Contribution to share capital of associates and joint ventures		(533)	(504)
Interest received		7,554	4,490
Proceeds from sale of associates	8	1,913	-
<b>Net cash used in investing activities</b>		<b>(51,155)</b>	<b>(121,626)</b>

The accompanying notes are an integral part of these Consolidated Financial Statements

**RusHydro Group**  
**Consolidated Statement of Cash Flows**  
(in millions of Russian Rubles unless noted otherwise)

	Note	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from current debt	18	87,352	46,416
Proceeds from non-current debt	18	67,554	48,841
Repayment of debt	18	(153,114)	(75,928)
Interest paid		(13,580)	(11,574)
Dividends paid to the shareholders of OJSC RusHydro		(3,586)	(2,408)
Dividends paid by subsidiaries to non-controlling interest holders		(160)	(170)
Prepayments and proceeds from share issue	15	22	51,498
Finance lease payments		(1,194)	(1,404)
Purchase of non-controlling interest in subsidiaries		-	(58)
<b>Net cash (used in) / generated by financing activities</b>		<b>(16,706)</b>	<b>55,213</b>
Foreign exchange gain / (loss) on cash balances		48	(20)
<b>Decrease in cash and cash equivalents</b>		<b>(5,385)</b>	<b>(7,557)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>39,857</b>	<b>47,414</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>11</b>	<b>34,472</b>	<b>39,857</b>

**RusHydro Group**  
**Consolidated Statement of Changes in Equity**

(in millions of Russian Rubles unless noted otherwise)

	Note	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve	Available-for-sale financial assets	Remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of OJSC RusHydro	Non-controlling interest	Total equity
<b>As at 1 January 2012</b>		<b>290,302</b>	<b>(10,662)</b>	<b>21,434</b>	<b>(127,216)</b>	<b>228,680</b>	<b>(2,273)</b>	-	<b>98,225</b>	<b>498,490</b>	<b>27,169</b>	<b>525,659</b>
Application of IAS 19 revised		-	-	-	-	-	-	(150)	(655)	(805)	542	(263)
<b>As at 1 January 2012 (restated)</b>	<b>2</b>	<b>290,302</b>	<b>(10,662)</b>	<b>21,434</b>	<b>(127,216)</b>	<b>228,680</b>	<b>(2,273)</b>	<b>(150)</b>	<b>97,570</b>	<b>497,685</b>	<b>27,711</b>	<b>525,396</b>
Loss for the year		-	-	-	-	-	-	-	(22,631)	(22,631)	(2,693)	(25,324)
Loss arising on available-for-sale financial assets	9	-	-	-	-	-	(226)	-	-	(226)	(70)	(296)
Loss arising on impaired available-for-sale financial assets	9	-	-	-	-	-	(3,438)	-	-	(3,438)	-	(3,438)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	-	-	-	-	-	6,451	-	-	6,451	-	6,451
Remeasurement of pension benefit obligations	17	-	-	-	-	-	-	1,070	-	1,070	988	2,058
Impairment of revalued property, plant and equipment	7	-	-	-	-	(9,113)	-	-	-	(9,113)	(1,533)	(10,646)
<b>Total comprehensive loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,113)</b>	<b>2,787</b>	<b>1,070</b>	<b>(22,631)</b>	<b>(27,887)</b>	<b>(3,308)</b>	<b>(31,195)</b>
Share issue		27,335	-	17,768	-	-	-	-	-	45,103	-	45,103
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	2,448	2,448	1,086	3,534
Dividends	15	-	-	-	-	-	-	-	(2,431)	(2,431)	(170)	(2,601)
Effect of Share Option Programme		-	-	-	-	-	-	-	141	141	-	141
Purchase of subsidiaries		-	-	-	-	-	-	-	27	27	-	27
Transfer of revaluation reserve to retained earnings		-	-	-	-	(810)	-	-	810	-	-	-
<b>As at 31 December 2012 (restated)</b>	<b>2</b>	<b>317,637</b>	<b>(10,662)</b>	<b>39,202</b>	<b>(127,216)</b>	<b>218,757</b>	<b>514</b>	<b>920</b>	<b>75,934</b>	<b>515,086</b>	<b>25,319</b>	<b>540,405</b>

The accompanying notes are an integral part of these Consolidated Financial Statements

**RusHydro Group**  
**Consolidated Statement of Changes in Equity**

(in millions of Russian Rubles unless noted otherwise)

	Note	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve	Available-for-sale financial assets	Remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of OJSC RusHydro	Non-controlling interest	Total equity
<b>As at 31 December 2012 (restated)</b>	<b>2</b>	<b>317,637</b>	<b>(10,662)</b>	<b>39,202</b>	<b>(127,216)</b>	<b>218,757</b>	<b>514</b>	<b>920</b>	<b>75,934</b>	<b>515,086</b>	<b>25,319</b>	<b>540,405</b>
Profit for the year		-	-	-	-	-	-	-	19,767	19,767	1,226	20,993
Loss arising on available-for-sale financial assets	9	-	-	-	-	-	(587)	-	-	(587)	(60)	(647)
Loss arising on impaired available-for-sale financial assets	9	-	-	-	-	-	(289)	-	-	(289)	-	(289)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	-	-	-	-	-	350	-	-	350	-	350
Remeasurement of pension benefit obligations	17	-	-	-	-	-	-	(45)	-	(45)	146	101
Impairment of revalued property, plant and equipment	7	-	-	-	-	(19,593)	-	-	-	(19,593)	(44)	(19,637)
Loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale	2	-	-	-	-	(337)	-	-	-	(337)	(309)	(646)
Other comprehensive loss		-	-	-	-	-	-	-	(51)	(51)	-	(51)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,930)</b>	<b>(526)</b>	<b>(45)</b>	<b>19,716</b>	<b>(785)</b>	<b>959</b>	<b>174</b>
Share issue		68,618	-	-	-	-	-	-	-	68,618	-	68,618
Transactions with the Government and companies under common control	15	-	-	-	(7,859)	-	-	-	6,252	(1,607)	(6,270)	(7,877)
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	1,812	1,812	(2,671)	(859)
Dividends	15	-	-	-	-	-	-	-	(3,594)	(3,594)	(160)	(3,754)
Transfer of revaluation reserve to retained earnings		-	-	-	-	(812)	-	-	812	-	-	-
<b>As at 31 December 2013</b>		<b>386,255</b>	<b>(10,662)</b>	<b>39,202</b>	<b>(135,075)</b>	<b>198,015</b>	<b>(12)</b>	<b>875</b>	<b>100,932</b>	<b>579,530</b>	<b>17,177</b>	<b>596,707</b>

The accompanying notes are an integral part of these Consolidated Financial Statements

**Note 1. The Group and its operations**

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2013 for OJSC RusHydro (hereinafter referred to as “the Company”) and its subsidiaries (hereinafter referred to as the “Group”).

The Company was incorporated and is domiciled in the Russian Federation. The Company is a joint stock company limited by shares and was set up in accordance with Russian regulations.

The Group’s primary activities are generation and sale of electricity and capacity on the Russian wholesale and retail markets, as well as generation and sale of heat energy.

**Economic environment in the Russian Federation.** The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and high interest rates.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

Management is unable to predict all developments which could have an impact on the Russian economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it takes all the necessary measures to support the sustainability and development of the Group’s business.

**Relations with the Government and current regulation.** As at 31 December 2013 the Russian Federation owned 66.84 percent of the total voting ordinary shares of the Company (31 December 2012: 60.50 percent).

The Group’s major customer base includes a large number of entities controlled by, or related to the Government. Furthermore, the Government controls contractors and suppliers, which provide the Group with electricity dispatch, transmission and distribution services, and a number of the Group’s fuel and other suppliers (Note 6).

In addition, the Government affects the Group’s operations through:

- participation of its representatives in the Company’s Board of Directors;
- regulation of tariffs for electricity, capacity and heating;
- approval and monitoring of the Group’s investment programme, including volume and sources of financing.

Economic, social and other policies of the Russian Government could have a material effect on operations of the Group.

**Overview of the electricity and capacity market.** Capacity and electricity, while interrelated, are treated as separate economic products. The capacity market represents the obligation and ability to keep sufficient generation capability in reserve in order to satisfy a target level of potential demand, while the sale of electricity represents the actual delivery of electricity to the purchaser.

The Russian electricity and capacity market consists of wholesale and retail markets.

Participants of the wholesale market include: generating companies, electricity sales companies (including guaranteeing suppliers), electricity export / import operator, Federal Grid Company (in terms of electricity purchases to cover transmission losses), large electricity consumers. Participants of the wholesale market can act as electricity and capacity sellers and buyers.

Participants of the retail markets include: consumers, providers of public utilities, guaranteeing suppliers, electricity sales (supply) companies, electricity generators of retail markets, grid companies, participants of electricity dispatch.

**Wholesale electricity and capacity market.** The wholesale electricity and capacity market operates in accordance with the Resolution of the Russian Government No. 1172 dated 27 December 2010.

A wholesale market for electricity and capacity functions on the territory of the regions, which are integrated in pricing areas. European Russia and Urals are included in the first pricing area, Siberia is included in the second pricing area. In non-pricing areas (Arkhangelsk and Kaliningrad regions, Komi Republic, regions of the Far East), where the competitive market relationships are not possible due to technological reasons, sales of electricity and capacity are carried out based on regulated tariffs.

In the isolated energy systems which are not technically integrated into the country’s unified energy system, there is no electricity and capacity wholesale market and electricity is supplied through the regulated retail markets.

*Wholesale electricity market*

The wholesale electricity market has a number of sectors varying in contractual terms, conditions and delivery time frames: sector of regulated contracts, day-ahead market, sector of unregulated bilateral contracts and the balancing market.

During 2013 the electricity traded in pricing zones of wholesale market was sold at unregulated prices excluding of volumes designated for delivery to population, groups of customers equivalent to population and customers located in North Caucasus and Republic of Tyva.

Electricity and capacity supply tariffs for the Russian Federation are calculated using the price indexing formulas determined by the Federal Tariff Service (hereinafter referred to as "the FTS").

Electricity and capacity supply volumes are determined based on the estimated consolidated balance of electricity production and supply prepared by the FTS, so that for the electricity and capacity generator supply under regulated contracts does not exceed 35 percent of the total electricity and capacity supply to the wholesale market determined by the decision on balance for such generator.

Electricity volumes that are not covered by the regulated contracts are sold at unregulated prices on the day-ahead market (DAM) and balancing market (BM).

DAM is a competitive selection of seller and buyer price bids on the day ahead of actual electricity supply, including prices and volumes for each of 24 hours. The selection is managed by the Commercial Operator of the wholesale market (OJSC ATS). On DAM, the price is determined by balancing the demand and supply, and such price is applied to all market participants. To mitigate the price manipulation risk, DAM introduced a system encouraging the participants to submit competitive price bids – in accordance with the trading rules, the lowest price bids for electricity supply are satisfied first.

Price indices and trade volumes in DAM are published daily on the web-site of OJSC ATS.

Electricity volumes sold under bilateral contracts and on DAM constitute scheduled electricity consumption. However, actual consumption is inevitably different from the planned one. Deviations from scheduled production / consumption are traded on a real-time basis on BM, and the System Operator of the wholesale market (OJSC SO UES) holds additional tenders to select bids every three hours.

Under unregulated bilateral contracts, the market participants independently determine supply counter parties, prices and volumes.

*Wholesale capacity market*

The Resolution of the Russian Government No. 89 dated 24 February 2010 approved amendments to regulations of the electricity and capacity market providing for organisation of long-term capacity market.

Capacity is traded based on the following trading mechanisms:

- purchase / sale of capacity under capacity sales contracts, concluded as a result of capacity competitive selection of bids;
- purchase / sale of capacity under unregulated contracts, including concluded through the exchange;
- purchase / sale of capacity under contracts to provide capacity and under sale contracts of new nuclear power plants and hydroelectric power plants, similar to capacity sale contracts;
- purchase / sale of capacity produced by forced generators;
- purchase / sale of capacity under regulated contracts (within the volumes for delivery to population and groups of customers equivalent to population);
- purchase / sale of capacity of generating facilities selected by additional screening of investment projects performed when capacity selected through capacity competitive selection of bids in any area does not guarantee meeting the demand for capacity;
- purchase / sale of capacity of generating facilities determined upon the results of competitive selection of investment projects on developing the prospective technological capacity reserves.

During 2013 and 2012, similar to trading operations with electricity, capacity is supplied under regulated contracts only in the volumes required for supply to the population, equivalent consumer categories and consumers operating in some parts of the wholesale market pricing zones, consisting Russian constituent territories as determined by the Russian Government (North Caucasus and Republic of Tyva).

During 2013 and 2012, the volumes of capacity of hydropower plants located in the second pricing area were supplied for tariffs approved by the FTS.



In the capacity market, capacity tenders are held based on the demand estimated for the respective supply period by OJSC SO UES. If the actual demand for capacity is above the forecast one, additional tender selection may be held for adjusting it.

The tender first selects capacity commissioned under capacity supply contracts (CSC) entered into with heating generation sites and contracts with nuclear power plants and hydro power plants similar to CSC. Non-selected capacity that failed to pass through the tender is not paid for, excluding the capacity of the generating sites that are required to maintain the technological operating modes of the energy system or supply heat ("forced" generators). The capacity of "forced" generators is paid for using the tariff set up by the FTS.

In December 2010 first capacity sale contracts for new hydroelectric power plants and pump storage power plants were concluded. Heating generation site commissioned under CSC, receives guaranteed payment for capacity for 10 years, to offset the maintenance cost and capital expenditures covered by agreement. Under these contracts such power plants receive guaranteed payment for capacity for 20 years. Maintenance and capital expenditures used to calculate the cost of capacity under capacity supply contracts are determined by Resolution of the Russian Government No. 238 dated 13 April 2010.

#### *Non-pricing zone of the Far East*

Territories of the Amur Region, Primorsky Region, Khabarovsk Region, Jewish Autonomous Region and the Southern District of the Sakha Republic (Yakutia) are integrated into a single non-pricing zone of the wholesale electricity and capacity market of the Far East. There are specific features of managing electricity and capacity trading operations due to limitations in the competition among electricity suppliers and grid-imposed limitations for electricity flow.

Tariffs for electricity supplied by the Far East energy companies to the consumer (end-consumer tariffs) are approved by regional regulatory authorities based on the threshold tariff levels approved by the FTS for the regulated period.

The threshold tariff levels for electricity supplied to population or equivalent consumer categories and other consumers in the Russian constituent territories are determined by the FTS in accordance with the forecast of social and economic development in the Russian Federation for the regulated period.

The single buyer wholesale market model is implemented in the Far East non-pricing zone. Suppliers of the wholesale market supply electricity and capacity to the wholesale market using the tariffs established for them by the FTS.

The single buyer purchases electricity and capacity on the wholesale market at indicative prices calculated by OJSC ATS based on the tariffs for suppliers of wholesale market approved by the FTS.

OJSC ATS makes sure settlements between the electricity generators and buyers. Functions of the single buyer are assigned to OJSC DEK on the territory of Amur Region, Jewish Autonomous Region, Khabarovsk Region, Primorsky Region and the Southern District of the Sakha Republic (Yakutia).

However there are regions with only retail market operations – they are isolated energy systems of Kamchatsky Region, Magadan Region, Chukotsk Autonomous Region, Western and Central Regions of Sakha Republic (Yakutia) and Sakhalin Region where systems are not technically integrated into the unified energy system.

**Retail electricity market.** In the retail electricity markets the sales of electricity purchased on the wholesale electricity and capacity market and electricity of generating companies which are not participants of the wholesale market are carried out.

The retail market rules were approved by Resolution of the Government No. 442 dated 4 May 2012 "On functioning of retail electricity markets, complete and (or) partial constraint of electricity consumption" (hereinafter referred to as "the retail market rules").

In the territories of the constituent regions of the Russian Federation integrated into pricing zones of the wholesale market electricity is sold at unregulated prices except for electricity sales to population and equivalent consumer categories.

Electricity is supplied to population and groups of customers equivalent to population at regulated prices (tariffs) approved by executive authorities of the constituent regions of the Russian Federation in terms of state tariff regulation.

Regulated prices are established based on forecast of social and economic development of Russian Federation for the next year approved by the Government. The FTS determines the threshold levels for regulated tariffs for electricity supplied to population and equivalent consumer categories.

The guaranteeing suppliers sell electricity at unregulated prices within the threshold limits of unregulated prices determined and applied according to the retail market rules. Electricity sales (supply) companies sell electricity at unregulated prices. Electricity generators in the retail markets sell electricity at unregulated prices except for sales of electricity to guaranteeing supplier.

In the territories of the constituent regions of the Russian Federation integrated into non-pricing zones of the wholesale market for determination of prices for electricity supplied to final customers in the retail markets principles of prices translation of wholesale market established by the retail market rules and Rules of application of the prices (tariffs) approved by the order of the FTS No. 364-э/4 dated 30 November 2010 are applied. Translation of prices of wholesale market is performed for all final customers except for population and equivalent consumer categories.

Translation prices calculated by electricity sales companies according to the Rules of application of the prices (tariffs) are determined based on regulated tariffs set up for the respective group of customers and cost of purchase of electricity and capacity by guaranteeing supplier (electricity sales company) in the wholesale market. Population and equivalent consumer categories pay for electricity under the tariffs set up by executive authorities of the constituent regions of the Russian Federation.

In the territories of isolated energy systems – sales of electricity to all consumer categories are carried out at regulated prices approved by the FTS and executive authorities of the constituent regions of the Russian Federation in terms of state tariff regulation in the territories where such energy systems are located.

**Heating market.** Operations of the heating market are regulated by Federal Law No.190-FZ “On Heating” dated 27 July 2010 and Resolution of the Government No. 1075 dated 22 October 2012 “On pricing of heating supply”.

The Group’s entities that are included into the segment RAO Energy System of the East Group are participants on the retail heating markets in the territories of their presence. Heat energy is supplied on the centralised basis from the heat power plants and boiling houses operated by the energy systems. And a number of energy systems are involved in supplies of heat, generating and distributing heat energy, while others – just generate heat energy.

Heating market provides for:

- supply of heat and heat transfer public utilities relating to hot water and heating supply needs;
- supply of heat for the entities’ technological needs.

According to the Russian legislation, sales of heat energy are fully regulated.

Prices (tariffs) for heat supplied by utilities for all consumer groups are approved by executive authorities in the Russian constituent regions responsible for state regulation of prices (tariffs).

Service fee for maintenance of spare heat capacity when there is no heat consumption and fee for connection to the system of heating supply are also regulated by executive authorities in the Russian constituent regions responsible for state regulation of prices within the threshold limits of tariffs approved by the FTS.

**Market of services for provision of system reliability.** Types of services for provision of system reliability (hereinafter referred to as “the system services”), rules of their rendering, pricing mechanism and procedure of selection of the constituents of the utilities industry rendering such services and electricity consumers were introduced by Resolution of the Government No. 117 dated 3 March 2010.

Functions of selection of the constituents of the utilities industry rendering system services, conclusion of contracts with such constituents and service charge as well as coordination of actions of participants of the system services market are assigned to OJSC SO UES.

System services market is commissioned to provide functioning of the economic mechanisms stimulating maintenance and development of equipment in United Energy System (UES) of Russia with specific optional features for all constituents:

- ability to participate in standardized primary frequency regulation;
- ability to participate in automated secondary frequency regulation at heat power plants;
- reactive power regulation with use of generation equipment of the power plants which are not participating in generating of active capacity;
- operation of elements of emergency control system in UES of Russia created for the purpose of increase of carrying capacity in controlled sections of electric grid.

From the outlined system services the Group provides services for reactive power regulation with use of generation equipment of the hydroelectric power plants which are not used for electricity generation during the period of rendering the services.

**Renewable-based power generation.** Russian Government's order No. 449 of 28 May 2013 *On incentive mechanisms for using renewables in the wholesale electricity and capacity market* and Russian Government's Resolution No. 861-r of 28 May 2013 approved the pricing rules for capacity of renewable ("Renewables") power generation assets and mechanisms and key parameters of support for renewable-based power generation in Russia.

The basic mechanism of support is as follows:

- The Russian Government set out annual limits for capacity commissioning for each of three technologies until 2020: wind, distributed power generation (5 to 25 mW) and solar energy.
- The government established the capital expenditure ceilings, localisation requirements, installed capacity utilisation benchmarks (ICUB) and operating expenses.
- ATS performs the annual competitive selection of capacity for the term of 4 years out of the assets of wholesale market zones 1 and 2 based on the minimal capital expenditure criterion.
- The tender winners sign a capacity supply contract (Renewable CSC), which guarantees the minimum capacity payments to investors over 15 years from the commissioning date.
- The contract provides for penalties for violating the terms and conditions set out in Renewable CSC (failure to meet the commissioning deadlines and localisation requirements, and under-supply of capacity).

On 19 September 2013, ATS published the results of the first tender for the construction of renewable energy projects.

The adoption of the above regulatory framework by the Russian Government guarantees economic efficiency of investments in renewable power generation projects.

The Group currently considers in future participation in the tender for the construction of renewable energy projects.

## **Note 2. Summary of significant accounting policies**

**Basis of preparation.** These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS") under the historical cost convention, as modified by the financial instruments initially recognised at fair value, revaluation of property, plant and equipment and available-for-sale financial assets. The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Each company of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with Russian standards of accounting (hereinafter referred to as "RSA"). The accompanying consolidated financial statements are based on the statutory records with adjustments and reclassifications made for the purpose of fair presentation in accordance with IFRS.

**Functional and presentation currency.** The functional currency of the Company and its subsidiaries, and the Group's presentation currency, is the national currency of the Russian Federation, Russian Rubles.

**Consolidated financial statements.** Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis at the non-controlling interest's proportionate share of net assets of the acquiree.

Goodwill is measured by deducting the fair value of the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between the Group's entities are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

**Purchases and sales of non-controlling interests.** The Group applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction directly in equity.

**Acquisition of subsidiaries from parties under common control.** Acquisitions of subsidiaries from parties under common control are accounted for using the predecessor values method. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to merger reserve within equity. Under this method the consolidated financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented, i.e. retrospectively except for acquisition of subsidiaries acquired exclusively with a view for resale which are accounted for using predecessor values method prospectively from the acquisition date.

**Investments in associates and joint ventures.** Investments in associates and joint ventures are accounted for using the equity method of accounting, based upon the percentage of ownership held by the Group. Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as profit or loss in respect of associates and joint ventures, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, and (iii) all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the profit or loss in respect of associates and joint ventures.

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is defined by making of decisions about the relevant activities required the unanimous consent of the parties sharing control.

The Group discontinues the use of the equity method from the date on which it ceases to have joint control over, or have significant influence on joint ventures and associates.

Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity.

**Disposals of subsidiaries, associates or joint ventures.** When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**Intangible assets and goodwill.** The Group's intangible assets other than goodwill have definite useful lives and primarily include customer base acquired in business combination (Note 10), which is amortised over 5 years, and capitalised computer software. Intangible assets are amortised using the straight-line method over their useful lives. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell. Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

**Financial instruments – key measurement terms.** Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. The Group uses such valuation techniques of fair value which are the most acceptable in the circumstances and as much as possible use the observable basic data.

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- level 3 measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

For disclosure of information on fair value the Group classified assets and liabilities on the basis of an appropriate level of hierarchy of fair value as it is stated above (Note 31).

**Amortised cost** is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

**Classification of financial assets.** Financial assets have the following categories: (i) loans and receivables; (ii) available-for-sale financial assets; (iii) financial assets held to maturity and (iv) financial assets at fair value through profit or loss. The description of categories of financial assets of the Group is given below.

*Loans and receivables* are unquoted non-derivative financial assets with fixed or determinable payments.

*Derivative financial instruments.* Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Group does not apply hedge accounting.

All other financial assets are included in the *available-for-sale* category, which includes investment securities which the Group intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

**Classification of financial liabilities.** Financial liabilities have the following measurement categories: (i) financial liabilities at fair value through profit or loss and (ii) other financial liabilities. All financial liabilities of the Group including loans are categorised as other and carried at amortized cost.

**Available-for-sale financial assets.** Available-for-sale financial assets are carried at fair value. Interest income on available-for-sale debt securities is calculated using the effective interest method and recognised in profit or loss for the year as finance income. Dividends on available-for-sale equity instruments are recognised in profit or loss for the year as finance income when the Group's right to receive payment is established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognised in other comprehensive income until the investment is derecognised or impaired at which time the cumulative gain or loss is reclassified from other comprehensive income to finance income in profit or loss for the year.

Impairment losses are recognised in profit or loss for the year when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of available-for-sale financial assets. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is reclassified from other comprehensive income to finance costs in profit or loss for the year. Impairment losses on equity instruments are not reversed and any subsequent gains are recognised in other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through current period's profit or loss.

**Foreign currency.** Monetary assets and liabilities, which are held by the Group's entities and denominated in foreign currencies at the end of the reporting period, are translated into Russian Rubles at the exchange rates prevailing at that date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

As at 31 December 2013, the official rate of exchange, as determined by the Central Bank of the Russian Federation, between Russian Ruble and US Dollar (hereinafter referred to as "USD") was RR 32.73: USD 1.00 (31 December 2012: RR 30.37: USD 1.00), between Russian Ruble and Euro was RR 44.97: EUR 1.00 (31 December 2012: RR 40.23: EUR 1.00).

**Property, plant and equipment.** Property, plant and equipment are stated at revalued amounts less accumulated depreciation and provision for impairment (where required). Office buildings and land owned by the Group are stated at cost.

Property, plant and equipment are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. Any accumulated depreciation at the date of revaluation is eliminated against the gross amount of the asset.

The revaluation surplus included in equity is transferred directly to retained earnings when the revaluation surplus is realised on disposal of the asset.

The Group charges deferred tax liabilities directly to other comprehensive income in respect of revaluation of property, plant and equipment that are recorded directly in other comprehensive income.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired. Depreciation on the assets under reconstruction and modernisation ceases if reconstruction period is estimated to take more than one year.

Social assets are not capitalised if they are not expected to result in future economic benefits to the Group. Costs associated with fulfilling the Group's social responsibilities are expensed as incurred.

**Depreciation.** Depreciation on other items of property, plant and equipment (except for land) is calculated using the straight-line method over their estimated useful lives.

The useful lives of property, plant and equipment are subject to annual assessment by management and if expectations differ from previous estimates, the changes of useful lives are accounted for as a change in an accounting estimate prospectively.

The average useful lives of property, plant and equipment by type of facility, in years, were as follows:

<b>Type of facility</b>	<b>Average useful lives</b>
Production buildings	25–80
Facilities	10–100
Plant and equipment	5–40
Other	3–30

Depreciation is charged once an asset is available for service. Land and assets under construction are not depreciated.

**Impairment of property, plant and equipment.** Impairment reviews for property, plant and equipment are carried out when there is an indication that impairment may have occurred, or where it is otherwise required to ensure that property, plant and equipment are not carried above their estimated recoverable amounts (Note 7). If such indication exists, management estimates the recoverable amount which is determined as the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell represents the amount that can be generated through the sale of assets. Value in use represents the present value of expected future cash flows discounted on a pre-tax basis, using the estimated cost of capital of the cash-generating unit.

The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year to the extent it exceeds the previous revaluation surplus in equity. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

**Investment property.** Investment property is property held by the Group to earn rental income which is not occupied by the Group (Note 10). Investment properties are stated at cost. If any indication exists that investment properties may be impaired, the Group estimates the recoverable amount as the higher of value in use and fair value less costs to sell. The carrying amount of an investment property is written down to its recoverable amount through a charge to profit or loss for the year. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount.

**Cash and cash equivalents.** Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

**Trade and other receivables.** Trade and other receivables are carried at amortised cost using the effective interest method.

**Impairment of financial assets carried at amortised cost.** Impairment losses are recognised in profit or loss when incurred as a result of one or more events (“loss events”) that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Group determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. The primary factors that the Group considers in determining whether a financial asset is impaired are its overdue status and realisability of related collateral, if any. The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred: (i) any portion or instalment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems; (ii) the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains; (iii) the counterparty considers bankruptcy or a financial reorganisation; (iv) the value of collateral, if any, significantly decreases as a result of deteriorating market conditions.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms.

Impairment losses are always recognised through an allowance account to write down the asset’s carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined.

**Prepayments.** Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group.

**Inventories.** Inventories are recorded at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Cost of inventory that is expensed is determined on the weighted average basis.

**Non-current assets classified as held for sale. Discontinued operations.** Non-current assets and disposal groups (which may include both non-current and current assets) are classified in the consolidated statement of financial position as “non-current assets held for sale” if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within 12 months after the reporting period. Assets are reclassified when all of the following conditions are met: (i) the assets are available for immediate sale in their present condition; (ii) the Group’s management approved and initiated an active programme to locate a buyer; (iii) the assets are actively marketed for a sale at a reasonable price; (iv) the sale is expected within one year; and (v) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period’s consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current and / or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition. Non-current assets are assets that include amounts expected to be recovered or collected more than 12 months after the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property, plant and equipment are not depreciated or amortised. Reclassified non-current financial instruments and deferred taxes are not subject to the write down to the lower of their carrying amount and fair value less costs to sell.



Liabilities directly associated with the disposal group that will be transferred in the disposal transaction are reclassified and presented separately in the consolidated statement of financial position.

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operations; (ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (iii) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

Disposal groups or non-current assets that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and (ii) its recoverable amount at the date of the subsequent decision not to sell.

**Income taxes.** Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantially enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

**Uncertain tax positions.** The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

**Debt.** Debt is recognised initially at its fair value. Fair value is determined using the prevailing market rate of interest for a similar instrument, if significantly different from the transaction price. In subsequent periods, debt is stated at amortised cost using the effective interest method; any difference between the fair value of the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statement as an interest expense over the period of the debt obligation.

**Capitalisation of borrowing costs.** Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets, if the commencement date for capitalisation is on or after 1 January 2009.

The commencement date for capitalisation is when (i) the Group incurs expenditures for the qualifying asset; (ii) it incurs borrowing costs; and (iii) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

Interest payments capitalised as part of the cost of an assets are classified as cash outflows from financing activities.

**Employee benefits.** Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Group.

**Pension and post-employment benefits.** In the normal course of business the Group contributes to the Russian Federation defined contribution state pension scheme on behalf of its employees. Mandatory contributions to the governmental pension scheme are expensed when incurred and included in employee benefit expenses and payroll taxes in the consolidated income statement.

**Defined benefit plans.** The Group operates defined benefit plans that cover the majority of its employees. Defined benefit plans define the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The net liability recognised in the statement of financial position in respect of defined benefit pension plans operated by the Group is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets.

The defined benefit obligations are calculated by independent actuary using the projected unit credit method. The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid associated with the operation of the plans, and that have terms to maturity approximating the terms of the related pension liabilities.

Actuarial gains and losses arising from remeasurement of pension benefit obligations are recognised in other comprehensive income. Past service cost is immediately recognised in profit or loss within operating expenses.

**Defined contribution plans.** For defined contribution plans, the Group pays contributions and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

**Share-based payment transactions.** The share option programme allows the Group's key management to acquire shares of the Company. The fair value of the options is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured based on the Black-Scholes formula.

**Finance lease liabilities.** Where the Group is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Group, the assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest cost is charged to profit or loss over the lease period using the effective interest method. The assets acquired under finance leases are depreciated over their useful life or the shorter lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term.

**Operating leases.** Where the Group is a lessee in a lease which does not transfer substantially all the risk and rewards incidental to ownership from the lessor to the Group, the total lease payments, including those on expected termination, are charged to profit or loss on a straight-line basis over the period of the lease.

When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term.

**Environmental liabilities.** Liabilities for environmental remediation are recorded where there is a present obligation, the payment is probable and reliable estimates exist.

**Revenue recognition.** Revenue is recognised on the delivery of electricity and heat, provisioning for capacity, supply of non-utility services and on the dispatch of goods during the period. Revenue from retail operations is recognised on delivery of electricity and heat to the customer. Revenue amounts are presented exclusive of value added tax.

Revenue transactions under free bilateral contracts are shown net of related purchases of equivalent electricity volumes which the market participant is obliged to make in accordance with the industry regulations. Additional turnover in the amount of RR 10,198 million for the year ended 31 December 2013 (for the year ended 31 December 2012: RR 9,090 million) is shown net for presentation purposes to reflect the economic substance of transactions.

**Government grants.** Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets. Government grants are included in cash flows from operating activities.

**Earnings per share.** The earnings per share are determined by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, excluding the average number of treasury shares held by the Group.

**Share capital.** Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the placement value over the par value of shares issued is recorded as share premium in equity.

**Treasury shares.** Where the Company or its subsidiaries purchase the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners until the equity instruments are reissued, disposed of or cancelled. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

**Dividends.** Dividends are recognised as a liability and deducted from equity at the end of the reporting period only if they are declared (approved by shareholders) before or at the end of the reporting period. Dividends are disclosed when they are declared after the end of the reporting period, but before the consolidated financial statements are authorised for issue.

**Social expenditure.** To the extent that the Group's contributions to social programmes benefit the community at large without creating constructive obligations to provide such benefits in the future and are not restricted to the Group's employees, they are recognised in the income statement as incurred.

**Financial guarantees.** Financial guarantees are irrevocable contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition, and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

**Segment reporting.** Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

#### **Critical accounting estimates and judgments in applying accounting policies**

The Group makes estimates and assumptions that affect the amounts recognised in the Consolidated Financial Statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the Consolidated Financial Statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

**Impairment of non-financial assets.** At each reporting date management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the consolidated income statement to the extent it exceeds any previous revaluation surplus held in equity. An impairment loss recognised for an asset in prior years may be reversed if there has been a positive change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Accounting for impairment of non-financial assets includes impairment of property, plant and equipment and impairment of investments in associates.

The effect of these critical accounting estimates and assumptions is disclosed in Notes 7 and 8.

**Fair value estimation for acquisitions.** In accounting for business combinations, the purchase price paid to acquire a business is allocated to its assets and liabilities based on the estimated fair values of the assets acquired and liabilities assumed as of the date of acquisition. The excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired is recorded as goodwill. A significant amount of judgment is involved in estimating the individual fair values of property, plant and equipment and identifiable intangible assets. Management of the Group use all available information to make these fair value determinations and, for certain acquisitions, engage third-party consultants for assistance. The estimates used in determining fair values are based on assumptions believed to be reasonable but which are inherently uncertain. Accordingly, actual results may differ from the projected results used to determine fair value.

**Recognition of deferred tax assets.** At each reporting date management assesses recoverability of deferred tax assets arising from operating losses and asset impairments in the context of the current economic environment, particularly when current and expected future profits have been adversely affected by market conditions. Management considers first the future reversal of existing deferred tax liabilities and then considers future taxable profits when evaluating deferred tax assets. The assessment is made on a tax payer basis.

Management considered the recoverability of deferred tax assets, including those on tax losses carried forward, as probable (Note 16).

**Useful life of property, plant and equipment.** The estimation of the useful life of an item of property, plant and equipment is a matter of management judgment based upon experience with similar assets and other factors. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear, warranty terms as well as the environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates which can affect the reported income.

**Discontinued operations.** As at 31 December 2012 OJSC DRSK was classified as a subsidiary acquired exclusively with a view for resale due to Group's intentions in respect of OJSC DRSK after receiving of control over it were connected with the transfer of its shares to OJSC Russian Grids.

The changes to the Federal Law "On Electric Power Industry" and article 81 of Federal Law "On Joint Stock Companies" were made at the end of year 2013. According to these changes, lease of OJSC Federal Grid Company's grids is prolonged until 1 July 2029 for territorial grid companies in a number of regions of the Russian Federation including the Amur Region and Jewish Autonomous Region where OJSC DRSK operates. Thus the Group could be compensated for the shortfall in income which has arisen due to withdrawal of some consumers from "the last mile" agreements, resulting in the Group's intentions concerning the transfer of the shares to change. In November 2013, management made the announcement of the decision not to sell OJSC DRSK.

Based on the above facts, OJSC DRSK is no longer classified as a discontinued operation and as of 31 December 2013 its assets and liabilities of OJSC DRSK are recognised at their recoverable amount at the date of the decision not to sell and a loss in the amount of RR 5,450 million was recognised: RR 4,804 million in profit and loss and RR 646 million (net of tax of RR 144 million) in other comprehensive loss. The Consolidated Income Statement and Consolidated Statement of Cash Flows for the year 2012 are presented as if OJSC DRSK was classified as a part of continuing operations.

### **Reclassifications**

Certain reclassifications have been made to prior year data to conform to the current year presentation. These reclassifications are not material.

**Adoption of New or Revised Standards and Interpretations**

The following new standards and interpretations became effective from 1 January 2013:

**IFRS 10, Consolidated Financial Statements** (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) replaces all of the guidance on control and consolidation in IAS 27, *Consolidated and separate financial statements* and SIC-12, *Consolidation - special purpose entities*. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. The standard did not have any material impact on the Group's consolidated financial statements.

**IFRS 11, Joint Arrangements** (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) replaces IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities—Non-Monetary Contributions by Venturers*. Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. The standard did not have any material impact on the Group's consolidated financial statements.

**IFRS 12, Disclosure of Interests in Other Entities** (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It replaces the disclosure requirements previously found in IAS 28, *Investments in associates*. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgements and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities. The standard resulted in additional disclosures in these consolidated financial statements (Notes 4, 8).

**IFRS 13, Fair Value Measurement** (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) improved consistency and reduced complexity by providing a revised definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs. The price within the bid-ask spread that is most representative of fair value in the circumstances is used to measure fair value, which management considers is the last trading price on the reporting date. Prior to 1 January 2013, the quoted market price used for financial assets was the current bid price; the quoted market price for financial liabilities was the current asking price. The standard did not have any material impact on the measurement of assets and liabilities of the Group, but resulted in additional disclosures in these consolidated financial statements for assets and liabilities for which fair value was defined. The fair value hierarchy is presented in Note 31.

**IAS 27, Separate Financial Statements** (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013) was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, *Consolidated Financial Statements*. The amended standard did not have any impact on the Group.

**IAS 28, Investments in Associates and Joint Ventures** (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013). The amendment of IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged. The amended standard did not have any material impact on the Group's consolidated financial statements.

**Amendments to IAS 1, Presentation of Financial Statements** (issued in June 2011, effective for annual periods beginning on or after 1 July 2012) changed the disclosure of items presented in other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The suggested title used by IAS 1 has changed to statement of profit or loss and other comprehensive income. The amended standard resulted in changed presentation of consolidated financial statements, but did not have any impact on measurement of transactions and balances.

**Amended IAS 19, Employee benefits** (issued in June 2011, effective for periods beginning on or after 1 January 2013). From 1 January 2013 the Group has applied the amendments to IAS 19 retrospectively in accordance with the transition provisions of the standard. Amended IAS 19 makes significant changes to the recognition and measurement of defined benefit pension expenses and to disclosures of all employee benefits. The material impacts of IAS 19 (revised) on the Group's consolidated financial statements are as follows:

- Actuarial gains and losses are renamed "remeasurements" and now are recognised immediately in other comprehensive income and thus, will no longer be deferred using the corridor;
- Past-services costs are recognised immediately through profit and loss when they occur;
- The annual expense for the funded benefit plan now include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This replaces the finance charge on liabilities and expected return on plan assets.

**Disclosures – Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7** (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013). The amendment requires disclosures that enable users of an entity's consolidated financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off. The amendments did not have any material impact on the Group's consolidated financial statements.

**Improvements to International Financial Reporting Standards** (issued in May 2012 and effective for annual periods beginning 1 January 2013). The improvements consist of changes to five standards. IFRS 1 was amended to (i) clarify that an entity that resumes preparing its IFRS financial statements may either repeatedly apply IFRS 1 or apply all IFRSs retrospectively as if it had never stopped applying them, and (ii) to add an exemption from applying IAS 23, *Borrowing costs*, retrospectively by first-time adopters. IAS 1 was amended to clarify that explanatory notes are not required to support the third balance sheet presented at the beginning of the preceding period when it is provided because it was materially impacted by a retrospective restatement, changes in accounting policies or reclassifications for presentation purposes, while explanatory notes will be required when an entity voluntarily decides to provide additional comparative statements. IAS 16 was amended to clarify that spare parts, stand-by and servicing equipment is classified as property, plant and equipment rather than inventory if it complies with definition of property, plant and equipment. The requirement to account for spare parts and servicing equipment as property, plant and equipment only if they were used in connection with an item of property, plant and equipment was removed because this requirement was too restrictive when compared with the definition of property, plant and equipment. IAS 32 was amended to clarify that certain tax consequences of distributions to owners should be accounted for in the income statement as was always required by IAS 12. IAS 34 was amended to bring its requirements in line with IFRS 8. IAS 34 now requires disclosure of a measure of total assets and liabilities for an operating segment only if such information is regularly provided to chief operating decision maker and there has been a material change in those measures since the last annual consolidated financial statements. The amended standards did not have any material impact on the Group's consolidated financial statements.

**Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12** (issued in June 2012 and effective for annual periods beginning 1 January 2013). The amendments clarify the transition guidance in IFRS 10, *Consolidated Financial Statements*. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2012) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, *Joint Arrangements* and IFRS 12, *Disclosure of Interests in Other Entities*, by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied. The amended standards did not have any material impact on the Group's consolidated financial statements.

**Other revised standards and interpretations:** IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, considers when and how to account for the benefits arising from the stripping activity in mining industry. The interpretation did not have significant impact on the Group's consolidated financial statements. Amendments to IFRS 1, *First-time adoption of International Financial Reporting Standards - Government Loans*, which were issued in March 2012 and are effective for annual periods beginning 1 January 2013, give first-time adopters of IFRSs relief from full retrospective application of accounting requirements for loans from government at below market rates. The amendment is not relevant to the Group.

**RusHydro Group****Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013**

(in millions of Russian Rubles unless noted otherwise)

**Change of comparative data**

The retrospective changes to the comparative figures of Group's Consolidated Financial Statements driven by application of amended IAS 19 from 1 January 2012 and representation of Consolidated Income Statement items due to changes of intentions of the Group in respect of OJSC DRSK as described above.

	<b>1 January 2012 (as reported)</b>	<b>Recalculation due to IAS 19 amendments</b>	<b>1 January 2012 (restated)</b>
Retained earnings and other reserves	197,416	(805)	196,611
Non-controlling interest	27,169	542	27,711
<b>Total effect on equity</b>		<b>(263)</b>	
Deferred tax liabilities	44,340	(95)	44,245
Other non-current liabilities	13,001	450	13,451
Liabilities of disposal group classified as held for sale	13,093	(92)	13,001
<b>Total effect on liabilities</b>		<b>263</b>	

	<b>31 December 2012 (as reported)</b>	<b>Recalculation due to IAS 19 amendments</b>	<b>31 December 2012 (restated)</b>
Investments in associates and joint ventures	17,865	(5)	17,860
Assets of subsidiary acquired exclusively with a view for resale	28,954	(475)	28,479
<b>Total effect on assets</b>		<b>(480)</b>	
Retained earnings and other reserves	168,473	436	168,909
Non-controlling interest	23,745	1,574	25,319
<b>Total effect on equity</b>		<b>2,010</b>	
Deferred tax liabilities	39,668	(186)	39,482
Other non-current liabilities	14,035	(1,956)	12,079
Accounts payable and accruals	46,171	(7)	46,164
Liabilities of disposal group classified as held for sale	16,394	(341)	16,053
<b>Total effect on liabilities</b>		<b>(2,490)</b>	

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

	Year ended 31 December 2012 (as reported)	Recalculation due to IAS 19 amendments	Reclas- sification of OJSC DRSK	Year ended 31 December 2012 (restated)
Revenue	294,979	-	3,826	298,805
Government grants	10,782	-	14	10,796
Expenses	(268,663)	238	(2,756)	(271,181)
Loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale	-	(475)	(3,669)	(4,144)
Operating loss	(2,482)	(235)	(2,585)	(5,302)
Finance costs, net	(1,379)	11	(333)	(1,701)
Loss before income tax	(18,058)	(226)	(2,918)	(21,202)
Total income tax expense	(5,315)	441	752	(4,122)
Loss for the year from continuing operations	(23,373)	215	(2,166)	(25,324)
Loss for the year from discontinued operations	(2,166)	-	2,166	-
Loss for the year	(25,539)	215	-	(25,324)
Attributable to:				
Shareholders of OJSC RusHydro	(22,802)	171	-	(22,631)
Non-controlling interest	(2,737)	44	-	(2,693)
Remeasurement of pension benefit obligations	-	2,058	-	2,058
Total comprehensive loss for the year	(33,468)	2,273	-	(31,195)
Attributable to:				
Shareholders of OJSC RusHydro	(29,128)	1,241	-	(27,887)
Non-controlling interest	(4,340)	1,032	-	(3,308)
Loss per ordinary share attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	(0.0785)			(0.0780)
Net cash generated by operating activities	59,666	-	(790)	58,876
Net cash used in investing activities	(120,740)	-	(886)	(121,626)
Net cash generated by financing activities	53,576	-	1,637	55,213

As a result of IAS 19 application, the amount of defined benefit plan obligations as at 31 December 2012 decreased by RR 2,297 million, that was primarily driven by the actuarial gains of RR 2,572 million and past service cost of RR 707 million recognised in 2012.

Remeasurement of pension benefit obligations, recognised in 2012, comprised RR 2 058 million (net of tax of RR 514 million) and was recognised in other comprehensive income. Remeasurement includes actuarial gains on experience adjustments in the amount of RR 1,374 million and gains due to changes in actuarial assumptions in the amount of RR 1,198 million before income tax.

The effect of change in accounting policy due to IAS 19 amendments on the Consolidated Statement of Cash Flows was immaterial.

#### Note 3. New accounting pronouncements

The following new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2014 or later approved for adoption in the Russian Federation and which the Group has not early adopted:

**IFRS 9, Financial Instruments: Classification and Measurement.** Key features of the standard issued in November 2009 and amended in October 2010, December 2011 and November 2013 are:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.



- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent payments of principal and interest only (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The amendments made to IFRS 9 in November 2013 removed its mandatory effective date, thus making application of the standard voluntary. The Group does not intend to adopt the existing version of IFRS 9.

**Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32** (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The Group does not expect the amendment to have any significant impact on its financial statements.

**Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities** (issued on 31 October 2012 and effective for annual periods beginning 1 January 2014). The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity will be required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. The Group does not expect the amendment to have any significant impact on its financial statements.

**IFRIC 21 – Levies** (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The Group is currently assessing the impact of the amendments on its financial statements.

**Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets** (issued in May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period). The amendments remove the requirement to disclose the recoverable amount when a cash generating unit contains goodwill or indefinite lived intangible assets but there has been no impairment. The Group is currently assessing the impact of the amendments on its financial statements.

**Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting** (issued in June 2013 and effective for annual periods beginning 1 January 2014). The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e. parties have agreed to replace their original counterparty with a new one) to effect

clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The Group does not expect the amendment to have any impact on its financial statements.

The following new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2014 or later that are not yet adopted in the Russian Federation and which the Group has not early adopted.

**Amendments to IAS 19 – Defined benefit plans: Employee contributions** (issued in November 2013 and effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The Group does not expect the amendment to have any impact on its financial statements.

**Annual Improvements to IFRSs 2012** (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements consist of changes to seven standards. IFRS 2 was amended to clarify the definition of a ‘vesting condition’ and to define separately ‘performance condition’ and ‘service condition’; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (1) disclosure of the judgments made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity’s assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (‘the management entity’), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The Group is currently assessing the impact of the improvements on its consolidated Group financial statements.

**Annual Improvements to IFRSs 2013** (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to four standards. The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The Group is currently assessing the impact of the improvements on its consolidated Group financial statements.

**IFRS 14, Regulatory Deferral Accounts** (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). The standard is applicable only to IFRS first-time adopters.

**Amendments to IFRS 9** (issued in November 2013) removed its mandatory effective date, thus making application of the standard voluntary. The Group does not intend to adopt the existing version of IFRS 9.

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

#### Note 4. Principal subsidiaries

All principal subsidiaries are incorporated and operate in the Russian Federation. Differences between the ownership interest and voting interest held by some subsidiaries represent the effect of preference shares and / or effects of indirect ownership, or non-corporate partnership (LLC).

The Group operates in the three main reportable segments one of which is presented by the Group's parent company – OJSC RusHydro (Note 5). The principal subsidiaries are presented below according to their allocation to the reportable segments as at 31 December 2013 and 31 December 2012.

#### ESC RusHydro subgroup segment

ESC RusHydro subgroup segment includes the Group's subsidiaries which sell electricity to final customers. All the entities included in this segment with the exception of OJSC ESC RusHydro have the guaranteeing supplier status and are obliged to sign contracts on supplies with all final consumers of their region upon their request.

	31 December 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC ESC RusHydro	100.00%	100.00%	100.00%	100.00%
OJSC Krasnoyarskenergosbyt	65.81%	69.40%	65.81%	69.40%
OJSC Ryazan Power Distributing Company	90.52%	90.52%	90.52%	90.52%
OJSC Chuvashskaya energy retail company	100.00%	100.00%	100.00%	100.00%
LLC ESC Bashkortostan	100.00%	-	100.00%	-

#### RAO Energy System of East subgroup segment

RAO Energy System of East subgroup segment consists of OJSC RAO Energy System of East and its subsidiaries that generate, distribute and sell electricity and heat in the Far East region of the Russian Federation and render transportation, distribution, construction, repair and other services.

Principal subsidiaries of this segment are presented below:

	31 December 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC RAO Energy System of East*	85.92%	86.20%	66.93%	67.55%
OJSC DEK**	44.92%	52.17%	35.23%	52.17%
OJSC DGK**	44.92%	100.00%	35.23%	100.00%
OJSC DRSK**	44.92%	100.00%	35.23%	100.00%
OJSC Kamchatskenergo	84.83%	98.74%	66.09%	98.74%
OJSC Magadanenergo	42.10%	64.39%	32.80%	64.39%
OJSC Sakhalinenergo	47.72%	55.55%	37.18%	55.55%
OJSC Yakutskenergo	72.21%	79.16%	62.84%	86.63%

\* Voting and ownership percent interests in OJSC RAO Energy System of East include 1.80 percent interest held by the Group's subsidiary LLC Vostok-Finance.

\*\* Principal subsidiaries included in DEK subgroup.

The Group's interest in OJSC RAO Energy System of East and its subsidiaries changed following additional share issue of the Company (Note 15).

#### Other segments

Other segments include:

- the Group's subsidiaries with production and sale of electricity and capacity;
- the Group's subsidiaries primarily engaged in research and development related to the utilities industry and construction of hydropower facilities;
- the Group's subsidiaries engaged in repair, upgrade and reconstruction of equipment and hydropower facilities;
- the Group's subsidiaries engaged primarily in hydropower plants construction;
- minor segments which do not have similar economic characteristics.

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

Principal subsidiaries included in all other segments are presented below:

	31 December 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC VNIIG	100.00%	100.00%	100.00%	100.00%
OJSC Geotherm	99.65%	99.65%	92.80%	92.80%
OJSC Gidroremont-VKK	100.00%	100.00%	100.00%	100.00%
OJSC Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
OJSC Zaramag HS	98.35%	98.35%	98.35%	98.35%
OJSC Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
OJSC Kolimaenergo	98.76%	98.76%	98.76%	98.76%
OJSC Lenhydroproject	100.00%	100.00%	100.00%	100.00%
OJSC NIIES	100.00%	100.00%	100.00%	100.00%
OJSC Sulak GidroKaskad	100.00%	100.00%	100.00%	100.00%
OJSC Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
OJSC Ust'-Srednekanskaya HPP	99.43%	100.00%	84.60%	85.17%
OJSC Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
OJSC ESCO UES	100.00%	100.00%	100.00%	100.00%

The Group's interest in OJSC Ust'-Srednekanskaya HPP changed following additional share issue of the Company (Note 15).

#### Non-controlling interest

Summarised financial information related to subsidiaries with significant amount of non-controlling interest before elimination of operations between the Group's subsidiaries are presented below:

Financial position	RAO Energy System of East subgroup		including DEK subgroup	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Percent of non-controlling interest	14.08%	33.07%	55.08%	64.77%
Percent of voting rights, attributable to non-controlling interest	13.80%	32.45%	47.83%	47.83%
Non-current assets	87,925	55,195	53,356	55,059
Current assets	49,753	75,329	25,157	21,654
Non-current liabilities	(59,191)	(33,940)	(41,731)	(32,590)
Current liabilities	(50,207)	(72,500)	(33,061)	(39,543)
<b>Net assets</b>	<b>28,280</b>	<b>24,084</b>	<b>3,721</b>	<b>4,580</b>
<b>Carrying value of non-controlling interest</b>	<b>15,766</b>	<b>23,696</b>	<b>4,101</b>	<b>5,056</b>
Financial results	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2012
Revenue	139,596	131,284	91,216	86,383
Profit / (loss)	4,681	(4,824)	1,888	315
Total comprehensive income / (loss)	4,200	(6,807)	1,900	1,702
Profit / (loss), attributable to non-controlling interest	1,576	(3,083)	101	(2,972)
Changes in other comprehensive income, attributable to non-controlling interest	(38)	(369)	(301)	(216)
Cash flows	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2012
Cash generated by operating activities	15,970	16,112	6,979	5,845
Cash used in investing activities	(11,326)	(11,388)	(6,541)	(8,501)
Cash generated by financing activities	(2,911)	(3,312)	1,690	3,278
<b>Increase in cash and cash equivalents</b>	<b>1,733</b>	<b>1,412</b>	<b>2,128</b>	<b>622</b>

The rights of the non-controlling shareholders of the presented subgroups are determined by the Federal Law 'On Joint Stock Companies' and the charter documents of OJSC RAO Energy System of East and OJSC DEK.

**Note 5. Segment information**

Operating segments are components of the Group engaged in operations from which they may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Group. The individual financial information of the segments is available and is regularly reviewed by the chief operating decision maker (CODM) to make operating decisions about resources to be allocated and the performance of segments' operating activities.

In 2012 the Group disclosed Generation segment which contained two subsegments a) Group's parent company – OJSC RusHydro and b) the Group's subsidiaries with production and sale of electricity and capacity. In 2013 the Group started to analyse the information of two subsegments separately. For the presentation purposes the Group adjusted the comparative segment information for the year 2012.

Information concerning the Group is considered by the groups of operations which are consolidated in the following separate reportable segments: OJSC RusHydro (Group's parent company), OJSC ESC RusHydro subgroup, RAO Energy System of East subgroup and other segments (Note 4). Transactions of other segments are not disclosed as reportable segments as the performance is based on quantitative indicators for the periods presented.

Management of operating activities of segments is performed with direct participation of individual segment managers accountable to the CODM. Segment managers on a regular basis submit for approval to the CODM results of operating activities and financial performance of segments. The CODM approves the annual business plan at the level of reportable segments as well as analyses actual financial performance of segments. Management bears responsibility for execution of approved plan and management of operating activities at the level of segments.

In year 2013 due to the changes in business planning system the CODM analyses results of segments' operating activities and other information prepared on the same basis as in the Group's consolidated financial statements prepared in accordance with IFRS. Comparative data for year 2012 were changed for compliance with the current presentation. The effect of change of EBITDA for year 2012 comprised RR 2,451 million and represents primary quantification of distinctions between RSA data used earlier and IFRS data.

The segments' operational results are estimated on the basis of EBITDA, which is calculated as operating profit / loss excluding depreciation of property, plant and equipment and intangible assets, impairment of property, plant and equipment, impairment of available-for-sale financial assets, accounts receivable, long-term promissory notes, goodwill and and intangible assets, loss on disposal of property, plant and equipment, loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale and curtailment in pension plan. This method of definition of EBITDA may differ from the methods applied by other companies. CODM believes that EBITDA represents the most useful means of assessing the performance of ongoing operating activities of the Company and the Group's subsidiaries, as it reflects the earnings trends without showing the impact of certain charges.

Segment information also contains capital expenditures and the amount of debt as these indicators are analysed by the CODM. Intersegment debt's balances are excluded.

Other information provided to the CODM complies with the information presented in the consolidated financial statements.

Intersegment sales are carried out at market prices.

Segment information for the years ended 31 December 2013 and 31 December 2012 and as at 31 December 2013 and 31 December 2012 is presented below:

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

	OJSC RusHydro	ESC RusHydro subgroup	RAO Energy System of East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
<b>Year ended 31 December 2013</b>							
<b>Revenue</b>	<b>99,138</b>	<b>79,168</b>	<b>139,596</b>	<b>25,977</b>	<b>343,879</b>	<b>(30,247)</b>	<b>313,632</b>
<i>including:</i>							
from external companies	88,882	78,712	138,925	7,285	313,804	(172)	313,632
sales of electricity	66,132	77,951	86,866	292	231,241	-	231,241
sales of heat and hot water sales	141	-	33,002	4	33,147	-	33,147
sales of capacity	22,317	-	2,786	197	25,300	-	25,300
other revenue	292	761	16,271	6,792	24,116	(172)	23,944
from intercompany operations	10,256	456	671	18,692	30,075	(30,075)	-
Government grants	-	-	13,233	13	13,246	-	13,246
Gain on disposal of subsidiaries and associates	224	-	-	51	275	242	517
Expenses (excluding depreciation and other non-monetary items)	(36,244)	(78,933)	(135,797)	(25,500)	(276,474)	28,250	(248,224)
<b>EBITDA</b>	<b>63,118</b>	<b>235</b>	<b>17,032</b>	<b>541</b>	<b>80,926</b>	<b>(1,755)</b>	<b>79,171</b>
Depreciation of property, plant and equipment and intangible assets	(11,380)	(670)	(5,174)	(1,238)	(18,462)	244	(18,218)
Other non-monetary items of expenses	(28,826)	(1,170)	(4,830)	(2,469)	(37,295)	(814)	(38,109)
<i>including:</i>							
(impairment) / reversal of impairment of property, plant and equipment	(16,927)	59	-	(2,127)	(18,995)	-	(18,995)
loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale	-	-	(4,804)	-	(4,804)	-	(4,804)
impairment of long-term promissory notes	(1,633)	-	-	-	(1,633)	-	(1,633)
impairment of accounts receivable, net	(1,592)	(1,229)	(1,778)	(296)	(4,895)	-	(4,895)
impairment of available-for-sale financial assets	(7,944)	-	-	-	(7,944)	-	(7,944)
(loss) / profit on disposal of property, plant and equipment, net	(730)	-	143	(46)	(633)	(814)	(1,447)
curtailment in pension plan	-	-	1,609	-	1,609	-	1,609
<b>Operating profit / (loss)</b>	<b>22,912</b>	<b>(1,605)</b>	<b>7,028</b>	<b>(3,166)</b>	<b>25,169</b>	<b>(2,325)</b>	<b>22,844</b>
Finance income							9,008
Finance costs							(9,222)
Profit in respect of associates and joint ventures							2,555
<b>Profit before income tax</b>							<b>25,185</b>
Total income tax expense							(4,192)
<b>Profit for the year</b>							<b>20,993</b>
<b>Capital expenditure</b>	<b>35,632</b>	<b>233</b>	<b>16,821</b>	<b>22,943</b>	<b>75,629</b>	<b>(5,375)</b>	<b>70,254</b>
<b>31 December 2013</b>							
<b>Non-current and current debt</b>	<b>102,576</b>	<b>2,196</b>	<b>44,492</b>	<b>2,513</b>	<b>151,777</b>	<b>-</b>	<b>151,777</b>

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

	OJSC RusHydro	ESC RusHydro subgroup	RAO Energy System of East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
<b>Year ended 31 December 2012</b>							
<b>Revenue</b>	<b>85,145</b>	<b>82,498</b>	<b>131,284</b>	<b>28,812</b>	<b>327,739</b>	<b>(28,934)</b>	<b>298,805</b>
<i>including:</i>							
<i>from external companies</i>	77,189	82,260	131,102	8,254	298,805	-	298,805
<i>sales of electricity</i>	54,600	81,662	83,065	348	219,675	-	219,675
<i>sales of heat and hot water sales</i>	141	-	31,346	6	31,493	-	31,493
<i>sales of capacity</i>	22,185	-	1,654	157	23,996	-	23,996
<i>other revenue</i>	263	598	15,037	7,743	23,641	-	23,641
<i>from intercompany operations</i>	7,956	237	182	20,558	28,933	(28,933)	-
Government grants	-	-	10,796	-	10,796	-	10,796
Expenses (excluding depreciation and other non-monetary items)	(35,182)	(81,153)	(129,664)	(26,953)	(272,952)	27,539	(245,413)
<b>EBITDA</b>	<b>49,963</b>	<b>1,345</b>	<b>12,416</b>	<b>1,859</b>	<b>65,583</b>	<b>(1,395)</b>	<b>64,188</b>
Depreciation of property, plant and equipment and intangible assets	(12,249)	(865)	(4,374)	(946)	(18,434)	202	(18,232)
Other non-monetary items of expenses	(36,777)	(3,405)	(10,356)	(79)	(50,617)	(641)	(51,258)
<i>including:</i>							
<i>(impairment) / reversal of impairment of property, plant and equipment loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale</i>	(16,684)	-	(2,736)	88	(19,332)	-	(19,332)
<i>impairment of long-term promissory notes</i>	-	-	(4,144)	-	(4,144)	-	(4,144)
<i>impairment of accounts receivable, net</i>	(9,363)	-	-	-	(9,363)	-	(9,363)
<i>impairment of available-for-sale financial assets</i>	(1,652)	(428)	(3,133)	(398)	(5,611)	-	(5,611)
<i>impairment of goodwill and intangible assets</i>	(8,041)	-	-	-	(8,041)	-	(8,041)
<i>(loss) / profit on disposal of property, plant and equipment, net gain on disposal of subsidiaries and associates</i>	-	(2,975)	-	-	(2,975)	-	(2,975)
	(1,037)	(2)	(476)	231	(1,284)	(641)	(1,925)
	-	-	133	-	133	-	133
<b>Operating (loss) / profit</b>	<b>937</b>	<b>(2,925)</b>	<b>(2,314)</b>	<b>834</b>	<b>(3,468)</b>	<b>(1,834)</b>	<b>(5,302)</b>
Finance income							5,079
Finance costs							(6,780)
Loss in respect of associates and joint ventures							(14,199)
<b>Loss before income tax</b>							<b>(21,202)</b>
Total income tax expense							(4,122)
<b>Loss for the year</b>							<b>(25,324)</b>
<b>Capital expenditure</b>	<b>36,906</b>	<b>252</b>	<b>15,444</b>	<b>31,630</b>	<b>84,232</b>	<b>5,108</b>	<b>89,340</b>
<b>31 December 2012</b>							
<b>Non-current and current debt</b>	<b>94,851</b>	<b>-</b>	<b>44,578</b>	<b>1,606</b>	<b>141,035</b>	<b>-</b>	<b>141,035</b>

**Note 6. Related party transactions**

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal related parties for the year ended 31 December 2013 were joint ventures, associates (Note 8) of the Group and government-related entities.

**Joint ventures**

The Group had the following balances with its joint ventures:

	<b>Note</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
Promissory notes	10	4,741	5,804
Loans issued		533	3
Advances received		-	120

The Group had the following transactions with its joint ventures:

	<b>Year ended 31 December 2013</b>	<b>Year ended 31 December 2012</b>
Sales of electricity and capacity	179	184
Other revenue	818	1,252

**Associates**

The Group had the following balances with its associates:

	<b>Year ended 31 December 2013</b>	<b>Year ended 31 December 2012</b>
Trade and other receivables	198	1,496
Accounts payable	26	1,909

The Group had the following transactions with its associates:

	<b>Year ended 31 December 2013</b>	<b>Year ended 31 December 2012</b>
Sales of electricity and capacity	3,040	1,124
Other revenue	409	779
Construction services	3,193	6,833
Purchased electricity and capacity	319	344

**Government-related entities**

In the normal course of business the Group enters into transactions with the entities controlled by the Government.

The Group had transactions during the years ended 31 December 2013 and 31 December 2012 and balances outstanding as at 31 December 2013 and 31 December 2012 with the following government-related banks: SC Vnesheconombank, OJSC Sberbank of Russia, OJSC Gazprombank, OJSC VTB Bank, CJSC VTB24, OJSC Bank of Moscow, OJSC Rosselkhozbank (Notes 11, 14, 18). All transactions are carried out on market rates.

The Group's sales of electricity, capacity and heat to government-related entities comprised approximately 28 percent of total sales of electricity, capacity and heat for the year ended 31 December 2013 (for the year ended 31 December 2012: approximately 25 percent). Sales of electricity and capacity under the regulated contracts are conducted directly to the consumers, within the day-ahead market (DAM) – through commission agreements with OJSC Centre of Financial Settlements (hereinafter referred to as "CFS"). Electricity and capacity supply tariffs under the regulated contracts are approved by FTS. On DAM the price is determined by balancing the demand and supply and such price is applied to all market participants. Sales of heat are subject to tariff regulations (Note 1). During the period the Group received government subsidies in amount of RR 13,246 million (in 2012 in the amount of RR 10,796 million) (Note 23).

The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 27 percent of total expenses on purchased electricity, capacity and fuel for the year ended 31 December 2013 (for the year ended 31 December 2012: approximately 20 percent).



Electricity distribution services provided to the Group by government-related entities comprised approximately 62 percent of total electricity distribution expenses for the year ended 31 December 2013 (for the year ended 31 December 2012: approximately 51 percent). The distribution of electricity is subject to tariff regulations.

**Key management of the Group.** Key management of the Group includes members of the Board of Directors of the Company, members of the Management Board of the Company, heads of the business subdivisions of the Company, key management of RAO Energy System of East Group.

Remuneration to the members of the Board of Directors of the Company for their services in their capacity and for attending Board meetings is paid depending on the results for the year and is calculated based on specific remuneration policy approved by the Annual General Shareholders Meeting of the Company.

Remuneration to the members of the Management Board and to other key management of the Group is paid for their services in full time management positions and is made up of a contractual salary and performance bonuses depending on the results of the work for the period based on key performance indicators approved by the Board of Directors of the Company.

Main compensation for Key management of the Group generally is short-term excluding future payments under pension plans with defined benefits. Pension benefits for key management of the Group are provided on the same terms as for the rest of employees.

Short-term remuneration paid to the key management of the Group for the year ended 31 December 2013 comprised RR 1,715 million (for the year ended 31 December 2012: RR 2,102 million).

**RusHydro Group**
**Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013**

(in millions of Russian Rubles unless noted otherwise)

**Note 7. Property, plant and equipment**

Revalued amount / cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
<b>Opening balance as at 31 December 2012</b>	<b>68,697</b>	<b>342,120</b>	<b>148,798</b>	<b>222,895</b>	<b>12,625</b>	<b>795,135</b>
Impairment of revalued property, plant and equipment	(1,574)	(18,942)	(3,996)	-	(34)	(24,546)
Additions	191	544	2,008	66,665	845	70,253
Transfer from assets of subsidiary previously acquired with a view for resale	4,701	19,257	12,779	2,490	1,061	40,288
Transfers	7,180	34,943	33,382	(76,085)	580	-
Disposals and write-offs	(483)	(493)	(1,594)	(966)	(457)	(3,993)
<b>Closing balance as at 31 December 2013</b>	<b>78,712</b>	<b>377,429</b>	<b>191,377</b>	<b>214,999</b>	<b>14,620</b>	<b>877,137</b>
<b>Accumulated depreciation (including impairment)</b>						
<b>Opening balance as at 31 December 2012</b>	<b>(20,946)</b>	<b>(68,659)</b>	<b>(52,488)</b>	<b>(44,876)</b>	<b>(3,705)</b>	<b>(190,674)</b>
Impairment charge	(2,543)	(2,257)	(6,732)	(11,829)	(248)	(23,609)
Reversal of impairment	393	3,194	628	378	21	4,614
Charge for the period	(1,541)	(6,426)	(9,457)	-	(1,419)	(18,843)
Transfer from assets of subsidiary previously acquired with a view for resale	(1,570)	(8,421)	(5,549)	(515)	(447)	(16,502)
Transfers	(1,020)	(25,581)	(3,053)	29,685	(31)	-
Disposals and write-offs	88	145	986	253	251	1,723
<b>Closing balance as at 31 December 2013</b>	<b>(27,139)</b>	<b>(108,005)</b>	<b>(75,665)</b>	<b>(26,904)</b>	<b>(5,578)</b>	<b>(243,291)</b>
<b>Net book value as at 31 December 2013</b>	<b>51,573</b>	<b>269,424</b>	<b>115,712</b>	<b>188,095</b>	<b>9,042</b>	<b>633,846</b>
<b>Net book value as at 31 December 2012</b>	<b>47,751</b>	<b>273,461</b>	<b>96,310</b>	<b>178,019</b>	<b>8,920</b>	<b>604,461</b>
<b>Revalued amount / cost</b>	<b>Buildings</b>	<b>Facilities</b>	<b>Plant and equipment</b>	<b>Assets under construction</b>	<b>Other</b>	<b>Total</b>
<b>Opening balance as at 31 December 2011</b>	<b>67,454</b>	<b>342,495</b>	<b>121,156</b>	<b>180,338</b>	<b>11,575</b>	<b>723,018</b>
Impairment of revalued property, plant and equipment	(2,379)	(8,125)	(2,788)	-	(16)	(13,308)
Additions	348	1,483	1,672	85,115	722	89,340
Transfers	3,809	6,527	30,290	(41,488)	862	-
Disposals and write-offs	(535)	(260)	(1,532)	(1,070)	(518)	(3,915)
<b>Closing balance as at 31 December 2012</b>	<b>68,697</b>	<b>342,120</b>	<b>148,798</b>	<b>222,895</b>	<b>12,625</b>	<b>795,135</b>
<b>Accumulated depreciation (including impairment)</b>						
<b>Opening balance as at 31 December 2011</b>	<b>(17,591)</b>	<b>(52,558)</b>	<b>(35,326)</b>	<b>(45,068)</b>	<b>(3,846)</b>	<b>(154,389)</b>
Impairment charge	(2,214)	(9,062)	(6,403)	(4,774)	(144)	(22,597)
Reversal of impairment	660	-	499	934	1,172	3,265
Charge for the period	(1,534)	(6,554)	(8,942)	-	(1,113)	(18,143)
Transfers	(331)	(529)	(2,962)	3,826	(4)	-
Disposals and write-offs	64	44	646	206	230	1,190
<b>Closing balance as at 31 December 2012</b>	<b>(20,946)</b>	<b>(68,659)</b>	<b>(52,488)</b>	<b>(44,876)</b>	<b>(3,705)</b>	<b>(190,674)</b>
<b>Net book value as at 31 December 2012</b>	<b>47,751</b>	<b>273,461</b>	<b>96,310</b>	<b>178,019</b>	<b>8,920</b>	<b>604,461</b>
<b>Net book value as at 31 December 2011</b>	<b>49,863</b>	<b>289,937</b>	<b>85,830</b>	<b>135,270</b>	<b>7,729</b>	<b>568,629</b>

As at 31 December 2013 included in the net book value of the property, plant and equipment are office buildings and plots of land owned by the Group in the amount of RR 8,014 million (31 December 2012: RR 8,280 million) which are stated at cost.

Assets under construction represent the expenditures for property, plant and equipment that are being constructed, including hydropower plants under construction, and advances to construction companies and suppliers of property, plant and equipment. As at 31 December 2013 such advances amounted to RR 49,577 million (31 December 2012: RR 48,326 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 6,502 million, the capitalisation rate was 8.09 percent (for the year ended 31 December 2012: RR 7,523 million, the capitalisation rate was 8.32 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 1,056 million (for the year ended 31 December 2012: RR 687 million).

Other property, plant and equipment include motor vehicles, land, computer equipment, office fixtures and other equipment.

Management of the Group considers that the carrying amount of property, plant and equipment as at 31 December 2013 does not differ materially from their fair value at the end of the reporting period.

***Process of fair value of property, plant and equipment assesment***

Management of the Group determines the fair value of property, plant and equipment according to the following procedures.

The Group's property, plant and equipment are mainly represented by specialised property: the Group's key assets are represented by unique hydro engineering structures and power equipment manufactured under certain technical specifications for each power plant; such equipment is rarely sold in the market.

The Group's management determines the value of the specialised property on a regular basis, using the cost approach. The cost approach is based on the economic concept which implies that a buyer will pay no more for an asset than it would cost to develop or obtain another asset with the same functionality. The total costs of replacement or reproduction of the analysed asset resulting from such measurement are decreased by the amount of physical, functional and economic depreciation.

The replacement costs are determined based on specialised reference books, regulatory documents, construction rates, manufacturer's prices in effect as of the valuation date; physical and functional depreciation is measured based on the age of the assets, their actual condition and operating mode, etc.

To determine the economic depreciation of specialised assets, the Group's management calculates the recoverable amount using the income approach. It is based on discounted cash flow method, and the Group uses certain assumptions when building the cash flow forecast. In particular, these assumptions are used to determine the expected cash flows, capital expenditures, discount rates for each cash generating unit, etc. The Group's management determines the forecast horizon, and net cash inflows from the asset's operation are calculated for each period of this horizon. The recoverable amount of the cash generating unit is determined by recalculating the discounted net cash flows. The Group's management believes that the Group subsidiaries and Company's branches are separate cash generating units.

When the recoverable amount of the cash generating unit is higher than the replacement cost less physical and functional depreciation of property, plant and equipment included in this cash generating unit, it is concluded that there is no economic depreciation. If this is not the case, the economic impairment is determined as the difference between the recoverable amount and the replacement costs less physical and functional depreciation.

***Impairment as at 31 December 2013 and 31 December 2012***

The following key assumptions were used when the cash flow testing was performed for the years ended 31 December 2013 and 31 December 2012:

<b>Key assumptions used in the cash flow testing</b>	<b>Year ended 31 December 2013</b>	<b>Year ended 31 December 2012</b>
Information used	Actual operating results for 2013 and business plans for 2014–2017	Actual operating results for 2012 and business plans for 2013–2016
Forecast period*	10 years (2014–2023)	10 years (2013–2022)
Forecasted growth rates in terminal period	3.0 – 3.9 percent, depending on the length of the forecast period	3.3 percent
Discount rate before tax (based on weighted average cost of capital)	12.4 – 14.0 percent (RR)	11.0 – 14.8 percent (RR)
Forecast of electricity and capacity tariffs in the isolated energy systems and in non-pricing zone of the Far East	Based on methodology of tariffs calculation adopted by regulatory authority	
Forecast of electricity and capacity prices in competitive market	Based on the forecast prepared by reputable independent company CJSC Energy Forecasting Agency	
Forecast of capacity prices related to competitive capacity selection	For 2014 – based on the results of competitive capacity selection, except for stations, where regulated tariffs are used  For 2015–2023 – adjusted on consumer index price	For 2013 – based on the results of competitive capacity selection, except for stations, where regulated tariffs are used  For 2014–2022 – adjusted on consumer index price
Forecast of electricity and capacity volumes	Based on the Company's management assessment of future trends in the business	
Forecast of capital expenditures	Based on the management valuation of capital expenditures on modernisation and reconstruction programme	

\* Management considers that a forecast period greater than five years is appropriate as the wholesale electricity and capacity market is expected to change significantly over the forecast period and cash flow projections will not be stabilised within five years. However a forecast period of cash flows was defined by remaining useful life of assets tested. For hydroelectric power plants this period exceeds 100 years due to the fact that key asset is a dam. In this regard the recoverable amount of assets was defined based on cash flows during the forecast period and terminal values.

The values assigned to the key assumptions represent management's assessment of future trends in the business and are based on both external and internal sources.

Due to the deterioration in expectations as regards the achievable sales prices and volumes in the new market conditions for a number of cash-generating units net book value of property, plant and equipment as at 31 December 2013 decreased for the total amount of RR 43,541 million. As a result, impairment loss in the amount of RR 18,995 million was recognised in Consolidated Income Statement and decrease of previous revaluation reserve in the amount of RR 24,546 million (before income tax of RR 4,909 million) – in other comprehensive loss.

The net book value of property, plant and equipment of the Group decreased for the total amount of RR 43,541 million, the effects relate mainly to the following cash-generating units:

- Cascade of Verkhnevolzhskie HPPs – impairment loss in the amount of RR 2,723 million and decrease of previous revaluation reserve in the amount of RR 2,360 million;
- Cascade of Kubanskiye HPPs – impairment loss in the amount of RR 3,076 million and decrease of previous revaluation reserve in the amount of RR nil million;
- Karachaevo-Cherkessian branch – impairment loss in the amount of RR 2,175 million and decrease of previous revaluation reserve in the amount of RR 82 million;
- Saratovskaya HPP – impairment loss in the amount of RR 2,541 million and decrease of previous revaluation reserve in the amount of RR 12,618 million;
- Sayano-Shushenskaya HPP – impairment loss in the amount of RR 2,378 million and decrease of previous revaluation reserve in the amount of RR 4,264 million;
- Cheboksarskaya HPP – impairment loss in the amount of RR 2,916 million and decrease of previous revaluation reserve in the amount of RR 4,840 million;

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

- Nizhne-Bureiskaya HPP – impairment loss in the amount of RR 2,748 million and decrease of previous revaluation reserve in the amount of RR nil million.

The sensitivity analysis of the recoverable amounts of cash-generating units for the key assumptions is presented in Note 31.

As at 31 December 2012 net book value of property, plant and equipment decreased for the total amount of RR 32,640 million. As a result, impairment loss in the amount of RR 19,332 million was recognised in Consolidated Income Statement and decrease of previous revaluation reserve in the amount of RR 13,308 million (before income tax of RR 2,662 million) – in other comprehensive loss.

The carrying amount of each class of property, plant and equipment that would have been recognised had the assets been carried under the cost model is as follows:

	Production buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Net book value as at 31 December 2013	27,834	107,607	101,344	192,075	4,235	433,095
Net book value as at 31 December 2012	23,564	109,557	79,386	181,999	5,513	400,019

**Events on Zagorskaya GAES-2.** On 17 September 2013 on Zagorskaya GAES-2 which is under construction the local flooding of the building of GAES from lower reservoir via functional joints of station block and cavity in the right junction of the foundation of building of GAES-2 took place.

Currently the Group cannot estimate expenses that may be necessary as a consequences of the flooding and possible write-off of the assets under construction. However such expenses can be material for the Group.

Construction-assembly works as well as equipment are insured. According to the terms of insurance agreements and provisions of current legislation of the Russian Federation recognition of the accident on Zagorskaya GAES-2 as insurable event and subsequent payment of insurance indemnity are possible only after certain conditions are met. Insurance companies need to analyse the causes and nature of the accident based on the accident investigation act with supporting documentation, as well as studying other documents, which confirm the nature and economic evaluation of the damage, such as: accident recovery work expenses, direct damage to equipment, constructions and facilities, other recovery expenses.

As at 31 December 2013 the total amount of construction costs for Zagorskaya GAES-2 was RR 59,424 million.

Management of the Group considers that no impairment of Zagorskaya GAES-2 is to be recognised due to the fact that long-term capacity supply contracts were concluded in respect of its generating facilities that guarantee payments for capacity during 20 years to cover all the capital expenditures.

**Leased equipment.** The Group leases equipment under a number of finance lease agreements. At the end of each of the leases the Group has the option to purchase the equipment at a beneficial price. As at 31 December 2013 the net book value of leased equipment was RR 4,564 million (31 December 2012: RR 5,932 million). The leased equipment is pledged as a security for the lease obligation.

**Operating lease.** The Group leases a number of land areas owned by local governments and production buildings under non-cancellable operating lease agreements. Land lease payments are determined by lease agreements. The land areas leased by the Group are the territories on which the Group's hydropower plants and other assets are located. According to the Land Code of the Russian Federation such land areas are limited in their alienability and cannot become private property. The Group's operating leases typically run for an initial period of 5-49 years with an option to renew the lease after that date. Lease payments are reviewed regularly to reflect market rentals.

The future payments under non-cancellable operating leases are as follows:

	31 December 2013	31 December 2012
Less than one year	2,290	1,875
Between one and five years	3,635	5,148
After five years	35,332	49,274
<b>Total</b>	<b>41,257</b>	<b>56,297</b>

**Pledged assets.** There are no property, plant and equipment pledged as collateral for borrowings as at 31 December 2013 (31 December 2012: RR 211 million).

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

#### Note 8. Investments in associates and joint ventures

The Group's interests in associates and joint ventures and its carrying value were as follows:

	Place of business	% held		Carrying value	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>Associates</b>					
OJSC Krasnoyarskaya HPP	Russia	25.12%	25.12%	15,209	8,621
OJSC Irkutsk Electronetwork Company (OJSC IENC)	Russia	42.75%	-	8,420	-
OJSC Sakhalin Energy Company (OJSC SEC)	Russia	40.47%	24.53%	3,341	1,812
Other				267	215
<b>Total associates</b>				<b>27,237</b>	<b>10,648</b>
<b>Joint ventures</b>					
BoGES Group	Russia	50.00%	50.00%	1,960	6,648
BALP Group	Russia	50.00%	50.00%	-	-
Other				1,104	564
<b>Total joint ventures</b>				<b>3,064</b>	<b>7,212</b>
<b>Total investments in associates and joint ventures</b>				<b>30,301</b>	<b>17,860</b>

The amounts in respect of associates and joint ventures recognised in the Income Statement are as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
<b>Associates</b>		
OJSC Krasnoyarskaya HPP	6,589	(12,925)
OJSC IENC	(97)	-
OJSC SEC	266	(21)
Other	55	(99)
<b>Total associates</b>	<b>6,813</b>	<b>(13,045)</b>
<b>Joint ventures</b>		
BoGES Group	(4,216)	(1,135)
BALP Group	-	-
Other	(42)	(19)
<b>Total joint ventures</b>	<b>(4,258)</b>	<b>(1,154)</b>
<b>Profit / (loss) in respect of associates and joint ventures</b>	<b>2,555</b>	<b>(14,199)</b>

#### Associates

##### *OJSC Krasnoyarskaya HPP*

OJSC Krasnoyarskaya HPP operates Krasnoyarsk Hydro Generation Plant with installed capacity of 6,000 mW. The core activity of OJSC Krasnoyarskaya HPP is the generation and sale of electricity and capacity to large consumers and utilities companies, i.e. entities operating in the wholesale electricity and capacity market. OJSC Krasnoyarskaya HPP is controlled by EN+ Group.

The Group's investments in OJSC Krasnoyarskaya HPP represent its strategic assets and allow the Group to use them in the consolidation and asset exchange transactions; in addition, they represent a source of dividends.

##### *OJSC Irkutsk Electronetwork Company (OJSC IENC)*

OJSC IENC maintains 0.4–500 kW electric grids of the Irkutsk region with the total length of over 40,000 km and more than 8,900 transforming substations with total capacity of over 26,000 MVA. The core activities of OJSC IENC are provision of services of electricity transmission via electric grids in the interests of large consumers and utilities companies, i.e. entities operating in the wholesale electricity and capacity market. OJSC IENC is controlled by EN+ Group.

The Group's investments in OJSC IENC represent its strategic assets and allow the Group to use them in the consolidation and asset exchange transactions; in addition, they represent a source of dividends.

During the year ended 31 December 2013 in exchange for additional shares of the Company the Group has received 42.75 percent shares of OJSC IENC (Note 15). Independent appraisal of the fair value of identifiable assets and liabilities of OJSC IENC has been completed as at 31 December 2013, goodwill on the date of acquisition was amount of RR 946 million (Note 31).

**RusHydro Group****Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013**

(in millions of Russian Rubles unless noted otherwise)

*OJSC Sakhalin Energy Company (OJSC SEC)*

OJSC SEC is the customer-developer of a number of electricity sector assets in the Sakhalin region as part of the federal special purpose program Economic and Social Development of the Far East and Transbaikalia until 2013 and the oblast's special purpose program Power Sector Development in the Sakhalin Region until 2010 and for the Long-term Period until 2020. OJSC SEC's major investment project is the Construction of Power Generating Unit No. 4 at Yuzhno-Sakhalinsk Thermal Power Plant-1, to be operated by OJSC Sakhalinenergo, Group's subsidiary, under a lease agreement. Other OJSC SEC's shareholders, in addition to the Group, are the Russian Government and the government of the Sakhalin region represented by the Ministry of Land and Property Affairs of Sakhalin region

The Group's investments in OJSC SEC represent strategic assets which allow a more efficient joint operation of the assets of Sakhalinenergo and OJSC SEC.

The Group's share in OJSC SEC changed as a result of two opposite effects: dilution of the Group's interest following the additional share issues of OJSC SEC and contribution of 24.54 percent interest of OJSC SEC in exchange for additional shares of the Company (Note 15). Additional investment was recognised at the fair value of transferred shares of the Company at the date of acquisition. As at 31 December 2013 the Group's share in OJSC SEC comprised 40.47 percent.

*Non-current assets classified as held for sale*

*OJSC Bureyagesstroy.* In January 2013 the Group sold a 25 percent plus 1 share interest in OJSC Bureyagesstroy for the cash consideration in the amount of RR 250 million. As at 31 December 2012 the investment was classified as non-current asset held for sale.

*OJSC Trest Gidromontazh.* In October 2013 the Group sold a 33.54 percent interest in OJSC Trest Gidromontazh for the cash consideration in the amount of RR 1,663 million. As at 31 December 2012 the investment was classified as non-current asset held for sale.

Summarised financial information for significant associates as at and for the years ended 31 December 2013 and 31 December 2012:

	OJSC Krasnoyarskaya HPP		OJSC IENC		OJSC SEC	
	2013	2012	2013	2012	2013	2012
<b>As at 31 December</b>						
Non-current assets	50,576	31,532	25,489	-	9,361	8,094
Current assets	12,270	8,290	2,129	-	2,537	2,666
Non-current liabilities	(6,787)	(2,736)	(5,638)	-	-	(246)
Current liabilities	(860)	(1,244)	(4,498)	-	(1,207)	(3,126)
<b>Net assets</b>	<b>55,199</b>	<b>35,842</b>	<b>17,482</b>	<b>-</b>	<b>10,691</b>	<b>7,388</b>
<b>For the year ended 31 December</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Revenue	15,569	12,562	11,210	-	1	2
Reversal of impairment / (impairment) of property, plant and equipment	20,778	(20,778)	-	-	-	-
<b>Profit / (loss) for the year</b>	<b>19,357</b>	<b>(15,473)</b>	<b>(227)</b>	<b>-</b>	<b>437</b>	<b>(349)</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>19,357</b>	<b>(15,473)</b>	<b>(227)</b>	<b>-</b>	<b>437</b>	<b>(349)</b>

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

Reconciliation of the summarised financial information presented to the carrying value of interest in associates:

	OJSC Krasnoyarskaya HPP	OJSC IENC	OJSC SEC	Others	Total
<b>Net assets as at 31 December 2011</b>	<b>53,315</b>	-	<b>5,230</b>	<b>3,699</b>	<b>62,244</b>
(Loss) / profit for the year	(15,473)	-	(325)	283	(15,515)
Additional share issue	-	-	2,483	-	2,483
Reclassification to assets classified as held for sale	-	-	-	(3,312)	(3,312)
Dividends	(2,000)	-	-	(33)	(2,033)
<b>Net assets as at 31 December 2012</b>	<b>35,842</b>	-	<b>7,388</b>	<b>637</b>	<b>43,867</b>
Interest in associates	9,003	-	1,812	200	11,016
Goodwill	8,619	-	-	-	8,619
Accumulated impairment of investments in associates	(9,100)	-	-	-	(9,100)
Accumulated losses	-	-	-	15	15
Other movements	98	-	-	-	98
<b>Carrying value as at 31 December 2012</b>	<b>8,621</b>	-	<b>1,812</b>	<b>215</b>	<b>10,648</b>
<b>Net assets as at 31 December 2012</b>	<b>35,842</b>	-	<b>7,388</b>	<b>637</b>	<b>43,867</b>
Net assets at the date of the purchase	-	17,777	-	200	17,977
Profit / (loss) for the year	19,357	(227)	437	(23)	19,544
Additional share issue	-	-	2,866	-	2,866
Dividends	-	(68)	-	-	(68)
<b>Net assets as at 31 December 2013</b>	<b>55,199</b>	<b>17,482</b>	<b>10,691</b>	<b>814</b>	<b>84,186</b>
Interest in associates	13,866	7,474	4,327	266	25,933
Goodwill	8,619	946	-	-	9,565
Accumulated impairment of investments in associates	(7,276)	-	-	-	(7,276)
Effect of recognition of fair value of interest received as a result of additional share issues	-	-	(986)	-	(986)
Accumulated losses	-	-	-	1	1
<b>Carrying value as at 31 December 2013</b>	<b>15,209</b>	<b>8,420</b>	<b>3,341</b>	<b>267</b>	<b>27,237</b>

The Group's share of OJSC Krasnoyarskaya HPP profit for the year ended 31 December 2013 is primarily attributed to the reversal of impairment of property, plant and equipment. Management of the Group has considered that recoverable amount of investment in OJSC Krasnoyarskaya HPP has also increased. As a result, reversal of impairment of the Group's investment in OJSC Krasnoyarskaya HPP in the amount of RR 1,824 million was recognised.

#### Joint ventures

##### *BoGES Group and BALP Group*

Starting from 2006 the Company and RUSAL Group have been jointly implementing the BEMA project based on an agreement for mutual financing, completion and subsequent operation of Boguchanskaya HPP, with an installed capacity of 2,997 MW, and Boguchansky aluminium plant, with a capacity of 600,000 tonnes of aluminium per annum. Within the BEMA project on parity basis joint ventures BoGES Ltd (Cyprus) and BALP Ltd (Cyprus) were formed, which have controlling interests in OJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant.

BoGES Ltd and OJSC Boguchanskaya GES together form BoGES Group. BALP Ltd and CJSC Boguchansky Aluminium Plant together form BALP Group.

BoGES Ltd and BALP Ltd provide corporate governance of Boguchanskaya HPP and Boguchansky Aluminium Plant in line with the parity of interests of the investors and are not engaged in other operations.

Starting from November 2012, Boguchanskaya HPP sells electricity and capacity to large consumers and utilities companies, having commissioned hydroelectric generating units of Boguchanskaya HPP and having the status of an entity operating in the wholesale electricity and capacity market.



## RusHydro Group

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The construction of Boguchansky Aluminium Plant is ongoing. Boguchansky Aluminium Plant will become a key consumer of energy generated by Boguchanskaya HPP. The plant's production complex will include electrolytic, casting and anode production facilities.

Summarised financial information for significant joint ventures as at and for the years ended 31 December 2013 and 31 December 2012 is as follows:

As at 31 December	BoGES Group		BALP Group	
	2013	2012	2013	2012
Non-current assets	44,673	47,624	9,999	6,942
Current assets including:	2,054	2,556	1,023	1,585
<i>Cash and cash equivalents</i>	248	10	194	65
Non-current liabilities including:	(41,128)	(34,809)	(32,202)	(18,908)
<i>Non-current financial liabilities (excluding trade payables)</i>	(34,634)	(28,137)	(30,220)	(17,277)
Current liabilities including:	(1,627)	(1,404)	(1,527)	(1,460)
<i>Current financial liabilities (excluding trade payables)</i>	(22)	(17)	(63)	(42)
<b>Net assets</b>	<b>3,972</b>	<b>13,967</b>	<b>(22,707)</b>	<b>(11,841)</b>
<b>For the year ended 31 December</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Revenue	4,249	1,270	252	227
Depreciation of property, plant and equipment	(405)	(282)	(59)	(54)
Interest income	20	1	1	-
Interest expense	(2,401)	(1,528)	(1,963)	(927)
Impairment of property, plant and equipment	(7,296)	-	(9,724)	(9,401)
Loss before income tax	(11,663)	(3,545)	(13,571)	(10,109)
Income tax benefit	1,795	301	2,705	1,998
<b>Loss for the year</b>	<b>(9,868)</b>	<b>(3,244)</b>	<b>(10,866)</b>	<b>(8,111)</b>
Other comprehensive loss for the year	(127)	-	-	-
<b>Total comprehensive loss for the year</b>	<b>(9,995)</b>	<b>(3,244)</b>	<b>(10,866)</b>	<b>(8,111)</b>

Reconciliation of the summarised financial information presented to the carrying value of interest in joint ventures:

	BoGES Group	BALP Group	Others	Total
<b>Net assets as at 31 December 2011</b>	<b>17,211</b>	<b>(3,730)</b>	<b>223</b>	<b>13,704</b>
Net assets at the date of the purchase	-	-	1,012	1,012
Loss for the year	(3,244)	(8,111)	(45)	(11,400)
<b>Net assets as at 31 December 2012</b>	<b>13,967</b>	<b>(11,841)</b>	<b>1,190</b>	<b>3,316</b>
Interest in joint ventures	6,984	(5,921)	564	1,627
Non-controlling interest	(336)	-	-	(336)
Accumulated losses	-	5,921	-	5,921
<b>Carrying value as at 31 December 2012</b>	<b>6,648</b>	<b>-</b>	<b>564</b>	<b>7,212</b>
<b>Net assets as at 31 December 2012</b>	<b>13,967</b>	<b>(11,841)</b>	<b>1,190</b>	<b>3,316</b>
Net assets at the date of the purchase	-	-	1,156	1,156
Loss for the year	(9,995)	(10,866)	(105)	(20,966)
<b>Net assets as at 31 December 2013</b>	<b>3,972</b>	<b>(22,707)</b>	<b>2,241</b>	<b>(16,494)</b>
Interest in joint ventures	1,986	(11,354)	1,100	(8,268)
Non-controlling interest	(26)	-	-	(26)
Accumulated losses	-	11,354	4	11,358
<b>Carrying value as at 31 December 2013</b>	<b>1,960</b>	<b>-</b>	<b>1,104</b>	<b>3,064</b>

In September 2013 the Annual General Meeting of shareholders of the Company approved agreement between the Company, OJSC RUSAL, that provide financing to CJSC Boguchansky aluminum plant to ensure payments under the loan agreement between CJSC Boguchansky aluminum plant and the State Corporation Vnesheconombank. This general agreement is needed as a for increased loan limit for the construction of the Boguchansky aluminum plant. The loan facility amounts to RR 16,800 million and is equally allocated to the Company and OJSC RUSAL.

The Group has issued guarantees for CJSC Boguchansky Aluminium Plant in favour of its suppliers for future equipment deliveries and for OJSC Boguchanskaya HPP for the loan facility in favour of the State Corporation Vnesheconombank (Note 28).

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In accordance with approved investment programme of the Company dated 24 September 2013 the Group has to invest RR 142 million for the period 2014-2016 in construction Boguchanskaya HPP (RR 9,918 million for the period 2013-2015), as well as RR 25,257 million for the period 2014-2016 in construction Boguchansky Aluminium Plant (RR 44,188 million for the period 2013-2015).

#### Note 9. Available-for-sale financial assets

	31 December 2013		31 December 2012	
	% of ownership	Fair value	% of ownership	Fair value
OJSC INTER RAO UES	4.92%	5,132	4.92%	12,726
OJSC Russian Grids*	0.28%	356	0.93%	831
OJSC FGC UES	0.13%	150	0.13%	334
OJSC Boguchanskaya HPP	2.89%	28	2.89%	317
Other	-	128	-	118
<b>Total available-for-sale financial assets</b>		<b>5,794</b>		<b>14,326</b>

\* On 23 March 2013 OJSC IDGC Holding was renamed as OJSC Russian Grids.

The fair values of available-for-sale financial assets were calculated based on quoted market prices, for those which are not publicly traded fair values were estimated by reference to the discounted cash flows of the investees (Note 31).

For the year ended 31 December 2013 an impairment of available-for-sale financial assets in respect of shares of OJSC INTER RAO UES was recognised in profit or loss in the amount of RR 7,594 million (for the year ended 31 December 2012: RR 8,041 million).

Loss arising on other available-for-sale financial assets for the year ended 31 December 2013 totaled RR 936 million was recorded within other comprehensive income in amount of RR 586 million, net of tax, (for the year ended 31 December 2012: RR 296 million, net of tax) and in profit or loss in amount of RR 350 million (for the year ended 31 December 2012: RR nil million).

#### Note 10. Other non-current assets

	31 December 2013	31 December 2012
Long-term promissory notes	5,644	6,515
(Net of discount of RR 17,021 million as at 31 December 2013 and RR 20,255 million as at 31 December 2012)		
VAT recoverable	5,381	5,419
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	5,573	5,668
Customer base of LLC ESC Bashkortostan	1,662	2,214
Goodwill	929	929
Other non-current assets	5,787	4,303
<b>Total other non-current assets</b>	<b>24,976</b>	<b>25,048</b>
Reference:		
Other non-current assets of subsidiary acquired with a view for resale	-	114

	Rating	Rating agency	Effective interest rate	Maturity date	31 December 2013	31 December 2012
<b>Long-term promissory notes</b>						
OJSC Boguchanskaya HPP	-	-	9.75%	2029	4,741	4,320
CJSC Boguchansky Aluminium Plant	-	-	10.00%	2024	-	1,484
OJSC Alfa Bank	BBB-	Fitch Ratings	10.00–12.20%	2014–2020	668	646
Other			-		235	65
<b>Total long-term promissory notes</b>					<b>5,644</b>	<b>6,515</b>

**Promissory notes of CJSC Boguchansky Aluminium Plant.** As at 31 December 2013 the Group assessed the recoverable amount of non-interest-bearing promissory notes of CJSC Boguchansky Aluminium Plant. The recoverable amount was determined taking into account the following factors:

- continuing aluminium price reduction on the London Metal Exchange (LME) during the 2013 year as well as decrease of aluminium production volumes according to the actual consumption rates;
- growth of US dollar exchange rate against Russian Ruble during the 2013 year and respective growth of amount of liabilities of CJSC Boguchansky Aluminium Plant to the State Corporation Vnesheconombank under the loan agreement;
- cumulative losses of BALP Group, the Group's joint venture, which controls CJSC Boguchansky Aluminium Plant (Note 8).

As a result of the performed analysis, management of the Group concluded that as at 31 December 2013 promissory notes of CJSC Boguchansky Aluminium Plant are highly probable not recoverable and recognised an impairment loss of RR 1,633 million (including unwinding of discount for the period).

**Promissory notes of OJSC Boguchanskaya HPP.** As at 31 December 2013 the amortised cost of interest-free long-term promissory notes of OJSC Boguchanskaya HPP (payable not earlier than 31 December 2029 with total nominal value of RR 21,027 million) pledged as collateral to the State Corporation Vnesheconombank amounted to RR 4,741 million (31 December 2012: RR 4,320 million) (Note 8).

**Promissory notes of LLC Energo-finance.** Based on the assessment of the recoverable amount of promissory notes of LLC Energo-finance determined based on forecast net assets of Rusenergo Fund Limited which acted as a guarantor of LLC Energo-finance promissory notes, the management of the Group concluded that as at 31 December 2012 the value of LLC Energo-finance promissory notes may not be recovered. As a result as at 31 December 2012 an impairment loss in amount of RR 9,363 million including accumulated interest was recognised. During year 2013 the net assets of Rusenergo Fund Limited continue to decrease. As consequence as at 31 December 2013 there were no indicators for reversal of impairment of these promissory notes.

**Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs.** Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs were received in 2011 in the course of additional share issue. They are currently being rented out to OJSC Irkutskenergo under the terms of a long-term operating lease. Management of the Group estimated the recoverable amount of these dams by determining value in use based on future cash flows. Key assumption used for the cash flows analysis is the ability of the Group to renegotiate rental payments. As a result, the carrying value of the dams does not exceed their recoverable amount as at 31 December 2013 and 31 December 2012.

**Goodwill and customer base.** Presented below is the carrying value of goodwill:

	Year ended 31 December 2013	Year ended 31 December 2012
Gross book value as of 1 January	3,013	3,013
Accumulated impairment losses as of 1 January	(2,084)	-
<b>Carrying amount as of 1 January</b>	<b>929</b>	<b>3,013</b>
Impairment loss	-	(2,084)
<b>Carrying amount as of 31 December</b>	<b>929</b>	<b>929</b>
Gross book value as of 31 December	3,013	3,013
Accumulated impairment losses as of 31 December	(2,084)	(2,084)

**Goodwill of OJSC Institute Hydroproject.** Goodwill of RR 929 million was recognised at the date of the acquisition of OJSC Institute Hydroproject in October 2010 as the Group was able to receive economic benefits from the expected synergy from the high qualification of engineering specialists and long-term relationships between OJSC Institute Hydroproject and customers, including the Group entities.

As at 31 December 2013 and 31 December 2012, the Group tested goodwill related to OJSC Institute Hydroproject for its potential impairment. For the testing purposes, OJSC Institute Hydroproject was considered as a single cash generating asset.

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

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Presented below are key assumptions used for the impairment testing purposes for the years ended 31 December 2013 and 31 December 2012:

Key assumptions used for the impairment testing purposes	For the year ended 31 December 2013	For the year ended 31 December 2012
Information used	Actual performance for 2013 and results of business plans for 2014-2018	Actual performance for 2012 and results of business plans for 2013-2017
Forecast period	5 years	5 years
Growth interest rate after the forecast period	3.6 percent	3.0 percent
Discount rate	18.0 percent	18.0 percent
Net cash inflow after the forecast period	Minimum expectation: RR 216 million in 2014, RR 179 million in 2015, RR 200 million in 2016, RR 234 million in 2017, RR 243 million in 2018	Minimum expectation: RR 67 million in 2013, RR 97 million in 2014, RR 173 million in 2015, RR 211 million in 2016, RR 227 million in 2017
Net cash inflow after the forecast period	Minimum expectation: RR 250 million per year	Minimum expectation: RR 235 million per year

Based on the above assumptions, as at 31 December 2013 and 31 December 2012 the recoverable amount of OJSC Institute Hydroproject as a cash generating asset exceeded the carrying amount – there is no economic impairment.

*Goodwill of LLC ESC Baskortostan.* Goodwill of RR 2,084 million was recognised at the date of the purchase of LLC ESC Baskortostan in September 2011 due to the Group's ability to receive economic benefits from the expected synergy which was related to the Group's strong position on the retail energy market in the Republic of Bashkortostan.

As at 31 December 2013 and 31 December 2012 the Group tested goodwill related to LLC ESC Baskortostan for potential impairment. For the testing purposes LLC ESC Baskortostan was considered as a single cash generating unit.

Presented below are key assumptions used for the impairment testing purposes:

Key assumptions used for the impairment testing purposes	For the year ended 31 December 2013	For the year ended 31 December 2012
Information used	Actual performance for 2013 and results of business plans for 2014-2018	Actual performance for 2012 and results of business plans for 2013-2017
Forecast period*	10 years (2014-2023)	10 years (2013-2022)
Growth interest rate after the forecast period	2.3 percent	3.1 percent
Discount rate	14.2 percent	14.2 percent
Forecast electricity sales	Based on management forecast	
Forecast electricity tariffs	2014 – based on tariffs set by regulators 2015-2023 – based on the consumer price index	2013 – based on tariffs set by regulators 2014-2022 – based on the consumer price index

\* The management believes that the forecast period exceeding five years is more reliable as the electricity and capacity market is expected to undergo significant changes during the forecast period, and cash flows will not flatten out within five years.

During 2012, Rules for the Wholesale Electricity and Capacity Market and a number of other regulations were amended, which significantly changed the position of guaranteeing suppliers and other energy sale companies in the wholesale and retail markets of electricity and capacity, including LLC ESC Baskortostan. The described circumstances and events resulted in the deterioration of the expected recoverable amount of LLC ESC Baskortostan. As a result, the Group recognised goodwill impairment following from LLC ESC Baskortostan acquisition in the full amount of RR 2,084 million. Moreover, a loss on impairment related to the customer base of LLC ESC Baskortostan in the amount of RR 891 million was recognised.

As at 31 December 2013 the recoverable amount of LLC ESC Baskortostan exceeded the carrying amount – no loss on impairment related to the customer base of LLC ESC Baskortostan was recognised.

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

#### Note 11. Cash and cash equivalents

	31 December 2013	31 December 2012
Cash at bank	10,744	10,259
Cash equivalents (contractual interest rate: 4.30-8.75%)	23,712	29,547
Cash in hand	16	13
<b>Total cash and cash equivalents</b>	<b>34,472</b>	<b>39,819</b>
Reference:		
Cash and cash equivalents of subsidiary acquired with a view for resale	-	38

Cash equivalents held as at 31 December 2013 and 31 December 2012 comprised short-term bank deposits with original maturities of three months or less.

Cash and cash equivalents balances denominated in US Dollars as at 31 December 2013 were RR 252 million (31 December 2012: RR 17 million). Cash and cash equivalents balances denominated in Euros as at 31 December 2013 were RR 682 million (31 December 2012: RR 665 million).

As at 31 December 2012 the line "Cash and cash equivalents" in the Consolidated Statement of Cash Flows included RR 38 million of cash and cash equivalents held by OJSC DRSK.

Cash and cash equivalents are deposited in several institutions as follows:

	Rating	Rating agency	31 December 2013	31 December 2012
<b>Cash at banks</b>				
OJSC Sberbank of Russia	Baa1	Moody's	4,827	2,297
OJSC Gazprombank	BBB-	Standard & Poor's	2,115	1,268
CJSC Peresvet Bank	B+	Standard & Poor's	1,940	2,739
OJSC ROSBANK	BBB+	Fitch Ratings	299	590
OJSC VTB Bank	Baa2	Moody's	258	138
CJSC VTB24	Baa2	Moody's	106	228
OJSC Alfa-Bank	BBB-	Fitch Ratings	27	227
CJSC Raiffeisenbank	BBB	Standard & Poor's	22	614
OJSC Bank Vozrozhdenie	BB-	Standard & Poor's	96	117
LLC Creditinvestbank	-	-	-	296
Other			1,054	1,745
<b>Total cash at banks</b>			<b>10,744</b>	<b>10,259</b>
<b>Bank deposits</b>				
OJSC Sberbank of Russia	Baa1	Moody's	7,151	12,040
CJSC UniCredit Bank	BBB	Fitch Ratings	4,500	-
CJSC Peresvet Bank	B+	Standard & Poor's	3,477	1,750
OJSC Nordea Bank	BBB+	Fitch Ratings	2,910	2,100
OJSC VTB Bank	Baa2	Moody's	2,150	962
OJSC Gazprombank	BBB-	Standard & Poor's	1,781	3,133
CJSC Raiffeisenbank	BBB	Standard & Poor's	652	885
OJSC Alfa-Bank	BBB-	Fitch Ratings	31	5,780
OJSC Transcreditbank	-	-	-	1,420
Other			1,060	1,477
<b>Total cash equivalents</b>			<b>23,712</b>	<b>29,547</b>

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

#### Note 12. Accounts receivable and prepayments

	31 December 2013	31 December 2012
Trade receivables	30,342	30,330
(Net of provision for impairment of accounts receivable of RR 16,094 million as at 31 December 2013 and RR 11,409 million as at 31 December 2012)		
VAT recoverable	8,059	9,171
Advances to suppliers and other prepayments	4,152	4,376
(Net of provision for impairment of accounts receivable of RR 460 million as at 31 December 2013 and RR 406 million as at 31 December 2012)		
Other receivables	2,832	2,793
(Net of provision for impairment of accounts receivable of RR 1,798 million as at 31 December 2013 and RR 2,650 million as at 31 December 2012)		
<b>Total accounts receivable and prepayments</b>	<b>45,385</b>	<b>46,670</b>

Reference:

Accounts receivable and prepayments of subsidiary acquired with a view for resale	-	808
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The provision for impairment of accounts receivable has been determined based on specific customer identification, customer payment trends, subsequent receipts and settlements and the analysis of expected future cash flows (Note 2). The Group believes that the Group's subsidiaries will be able to realise the net receivable amount through direct collections and other non-cash settlements, and the carrying value approximates their fair value.

Movements in the impairment provision for accounts receivables and prepayments are as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
As at 1 January	14,465	9,695
Charge for the year	7,241	6,657
Reversal of impairment	(2,754)	(1,414)
Trade receivables written-off as uncollectible	(618)	(278)
Transfer of assets of the subsidiary acquired with a view to resale	18	-
Disposal of impairment provision due to disposal of subsidiaries	-	(195)
<b>As at 31 December</b>	<b>18,352</b>	<b>14,465</b>

The ageing analysis of trade and other accounts receivable is as follows:

	31 December 2013	Provision as at 31 December 2013	31 December 2012	Provision as at 31 December 2012
Not past due	23,855	(548)	23,418	(1,181)
Past due for less than 3 months	5,021	(897)	5,411	(1,009)
Past due for 3 months to 1 year	8,344	(4,854)	5,867	(2,408)
Past due for more than 1 year	13,183	(11,594)	11,587	(9,461)
<b>Total</b>	<b>50,403</b>	<b>(17,893)</b>	<b>46,283</b>	<b>(14,059)</b>

The majority of trade debtors which are neither past due nor impaired could be aggregated in several groups based on similarities in their credit quality: large industrial consumers – participants of the wholesale and retail electricity and capacity market as well as public sector entities and population.

The Group does not hold any accounts receivable pledged as collateral.

#### Note 13. Inventories

	31 December 2013	31 December 2012
Fuel	13,329	12,432
Materials and supplies	6,249	5,221
Spare parts	1,524	1,463
Other materials	536	557
<b>Total inventories before provision for impairment</b>	<b>21,638</b>	<b>19,673</b>
<b>Provision for impairment of inventories</b>	<b>(189)</b>	<b>(95)</b>
<b>Total inventories</b>	<b>21,449</b>	<b>19,578</b>

Reference:

Inventories of subsidiary acquired with a view for resale	-	331
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There are no inventories pledged as collateral for borrowings as at 31 December 2013 and as at 31 December 2012.

**RusHydro Group****Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013**

(in millions of Russian Rubles unless noted otherwise)

**Note 14. Other current assets**

				31 December 2013	31 December 2012
Promissory notes and deposits				52,406	53,535
Other short-term investments				738	252
<b>Total other current assets</b>				<b>53,144</b>	<b>53,787</b>
	Rating	Rating agency	Effective interest rate	31 December 2013	31 December 2012
<b>Promissory notes</b>					
OJSC Alfa-Bank	BBB-	Fitch Ratings	-	416	176
OJSC SO UES	-	-	-	-	705
Other promissory notes				125	311
<b>Deposits</b>					
OJSC Sberbank of Russia	Baa1	Moody's	5.59–7.15%	50,726	50,078
CJSC Peresvet Bank	B3	Moody's	8.75%	833	1,593
Other deposits				306	672
<b>Total promissory notes and deposits</b>				<b>52,406</b>	<b>53,535</b>

Deposits held as at 31 December 2013 comprised cash in the amount of RR 50,000 million obtained in the course of additional share issue (Note 15).

**Note 15. Equity**

	Number of issued ordinary shares (Par value of RR 1.00)
As at 31 December 2013	386,255,464,890
As at 31 December 2012	317,637,520,094
As at 31 December 2011	290,302,702,379

**Additional share issue 2012–2013.** On 16 November 2012 the Extraordinary General Meeting of shareholders of the Company adopted a resolution to make a placement of 110,000,000,000 ordinary shares with a par value of RR 1.00 by open subscription with cash and non-cash considerations. On 10 December 2012 the Board of Directors of the Company determined the placement price of RR 1.00 per share.

As part of this issue the Group received:

- in 2012 the funds in amount RR 50,000 million from the Russian Federation to fund construction of four heat power plants in the Far East region;
- 19.54 percent shares of OJSC RAO Energy System of East, 24.54 percent shares of OJSC SEC, 14.83 percent shares of OJSC Ust'-Srednekanskaya HPP, 42.75 percent shares of OJSC IENC, 0.08 percent shares of OJSC Irkutskenergo.

68,617,944,796 shares were actually placed as a result of the issue, which represents 62.38 percent of the additional issue's total number of securities.

As at 31 December 2013 share capital of the Company was increased due to registration of the Report based on the results of additional issue of shares on 26 December 2013.

As at 31 December 2013 the Group recorded RR 50,000 million of cash received from the Russian Federation, represented by the Federal Agency for State Property Management, as a contribution for the additional share issue.

**Treasury shares.** As at 31 December 2013 and 31 December 2012 treasury shares were represented by 8,703,807,839 ordinary shares in the amount of RR 10,662 million.

Treasury shares carry voting rights in the same proportion as other ordinary shares. Voting rights of ordinary shares of the Company held by entities within the Group are effectively controlled by management of the Group.

**Transactions with the Government and companies under common control.** The change of merge reserve for the year ended 31 December 2013 in the amount of RR 7,859 million relates to assets that were received in 2013 from the Russian Federation and companies under common control in the course of additional share issue 2012–2013.

As a result of the increase in Group's share in OJSC RAO Energy System of East non-controlling interest decreased by RR 6,563 million and retained earnings of the Group increased in the same amount.

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

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As a result of the increase in Group's share in OJSC Ust'-Srednekanskaya HPP non-controlling interest increased by RR 293 million and retained earnings of the Group decreased by the same amount due to increase of share of Group's shareholders in losses accumulated by OJSC Ust'-Srednekanskaya HPP.

**Effect of changes in non-controlling interest of subsidiaries.** In 2013 in the course of additional share issue 2012–2013 the Group also has received shares of OJSC RAO Energy System of East from shareholders which are not controlled by the Government. As a result non-controlling interest decreased by RR 2,671 million and retained earnings of the Group increased by RR 1,812 million.

For the year ended 31 December 2012 non-controlling interest in OJSC RAO Energy System of East increased by RR 1,566 million and retained earnings of the Group decreased by RR 814 million as a result of the Group's interest dilution following the additional ordinary share issue of OJSC RAO Energy System of East, which placement was registered by the Federal Financial Markets Service (FFMS) on 7 February 2012.

On 26 April 2012 the placement of additional share issue of OJSC Ust'-Srednekanskaya HPP was registered by FFMS, main part of the shares issued were bought by the Russian Federation. As the contribution made by the State was higher than the contribution made by the Group, the Group recognised a gain in the amount of RR 3,163 million in retained earnings for the year ended 31 December 2012. As a result of the dilution of the Group's interest in OJSC Ust'-Srednekanskaya HPP non-controlling interest decreased by RR 502 million due to increase of share in losses of OJSC Ust'-Srednekanskaya HPP previously absorbed by shareholders of the Group.

**Dividends.** In accordance with the Russian legislation the Company and its subsidiaries distribute profits as dividends on the basis of financial statements prepared in accordance with Russian accounting standards.

On 28 June 2013 the Company declared dividends for the year ended 31 December 2012 of RR 0.0096 per share in the total amount of RR 3,594 million.

On 29 June 2012 the Company declared dividends for the year ended 31 December 2011 of RR 0.0079 per share in the total amount of RR 2,431 million.

Dividends in favour of non-controlling interest holders were declared by the Group's subsidiaries in the amount of RR 160 million for the year ended 31 December 2013 (for the year ended 31 December 2012: RR 170 million).

#### Note 16. Income tax

Income tax expense is as follows:

	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
Current income tax expense	10,248	6,908
Deferred income tax benefit	(6,056)	(2,786)
<b>Total income tax expense</b>	<b>4,192</b>	<b>4,122</b>

The income tax rate applicable to the majority of the Group's entities for the year ended 31 December 2013 is 20 percent (for the year ended 31 December 2012: 20 percent).

A reconciliation between the expected and actual income tax expense is provided below:

	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
<b>Profit / (loss) before income tax</b>	<b>25,185</b>	<b>(21,202)</b>
Theoretical tax (expense) / income at a statutory rate of 20 percent	(5,037)	4,240
Tax effect of items which are not deductible or assessable for taxation purposes	(2,335)	(4,204)
Change in unrecognised deferred tax assets in respect of associates and joint ventures (Note 8)	511	(2,840)
Write-off / decrease of deferred tax related to subsidiary acquired exclusively with a view for resale (Note 2)	1,873	381
Unrecognised deferred tax assets related to impairment of available-for-sale financial assets (Note 9)	(1,589)	(1,608)
Change in other unrecognised deferred tax assets	1,695	301
Other	690	(22)
<b>Total income tax expense</b>	<b>(4,192)</b>	<b>(4,122)</b>



## RusHydro Group

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The total amount of deductible temporary differences for which deferred income tax assets have not been recognised by the Group as at 31 December 2013 comprised RR 46,574 million (31 December 2012: RR 55,047 million). These temporary differences mainly relate to accumulated impairment of property, plant and equipment of several Group's subsidiaries and impairment of available-for-sale financial assets.

**Deferred income tax.** Differences between IFRS and statutory taxation regulations in the Russian Federation give rise to temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20 percent (for the year ended 31 December 2012: 20 percent).

	31 December 2012 (restated)	Income tax charge	Charged directly to other comprehensive income	Reclassification of discontinued operations	Other movement	31 December 2013
Property, plant and equipment	44,523	(2,875)	(5,066)	2,960	-	39,542
Accounts receivable	(4,835)	(705)	-	(13)	-	(5,553)
Inventories	(27)	28	-	-	-	1
Loans and borrowings	388	16	-	-	-	404
Losses carried forward	(744)	(253)	-	(202)	-	(1,199)
Investment in OJSC DRSK	1,873	(1,873)	-	-	-	-
Other	(1,696)	(394)	29	(415)	281	(2,195)
<b>Deferred income tax liabilities, net</b>	<b>39,482</b>	<b>(6,056)</b>	<b>(5,037)</b>	<b>2,330</b>	<b>281</b>	<b>31,000</b>
Deferred income tax assets	(18,845)	(2,178)	29	(630)	281	(21,343)
Deferred income tax liabilities	58,327	(3,878)	(5,066)	2,960	-	52,343

	31 December 2011 (restated)	Income tax charge (restated)	Charged directly to other comprehensive income (restated)	Reclassification of discontinued operations (restated)	Other movement (restated)	31 December 2012 (restated)
Property, plant and equipment	47,675	(697)	(2,662)	191	16	44,523
Accounts receivable	(4,867)	30	-	(39)	41	(4,835)
Inventories	(36)	9	-	-	-	(27)
Loans and borrowings	462	(74)	-	-	-	388
Losses carried forward	(383)	(563)	-	202	-	(744)
Investment in OJSC DRSK	2,254	(381)	-	-	-	1,873
Other	(860)	(1,110)	514	-	(240)	(1,696)
<b>Deferred income tax liabilities, net</b>	<b>44,245</b>	<b>(2,786)</b>	<b>(2,148)</b>	<b>354</b>	<b>(183)</b>	<b>39,482</b>
Deferred income tax assets	(16,561)	(3,035)	514	176	61	(18,845)
Deferred income tax liabilities	60,806	249	(2,662)	178	(244)	58,327

Under existing Group' structure tax losses and current income tax assets of different Group's entities may not be offset against current income tax liabilities and taxable profits of other Group's entities and, accordingly, taxes may be accrued even where there is a consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only when they relate to the same taxable entity.

## RusHydro Group

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#### Note 17. Pension benefit obligations

The tables below provide information about the benefit obligations and actuarial assumptions used for the years ended 31 December 2013 and 31 December 2012.

Amounts recognised in the Group's Consolidated Statement of Financial Position among other non-current liabilities (Note 19):

	31 December 2013	31 December 2012 (restated)	1 January 2012 (restated)
Fair value of plan assets	(856)	(824)	(294)
Present value of defined benefit obligations	9,243	10,482	12,277
<b>Net liability</b>	<b>8,387</b>	<b>9,658</b>	<b>11,983</b>

The movements in the defined benefit liability for the years ended 31 December 2013 and 31 December 2012 are presented in the tables below:

	Present value of defined benefit obligations	Fair value of plan assets	Total
<b>At 1 January 2013</b>	<b>10,482</b>	<b>(824)</b>	<b>9,658</b>
Reclassification of plan assets	-	67	67
Current service cost	442	-	442
Interest expense / (income)	628	(57)	571
Past service cost	9	-	9
Curtailment in pension plan	(1,609)	-	(1,609)
Remeasurement effects (for other long-term benefits):			
Actuarial gain - changes in actuarial assumptions	(17)	-	(17)
Actuarial gain - experience adjustment	(23)	-	(23)
<b>Recognised in profit or loss for the year ended 31 December 2013</b>	<b>(570)</b>	<b>(57)</b>	<b>(627)</b>
Remeasurements (for post-employment benefits):			
Actuarial loss - change in demographic assumptions	249	-	249
Actuarial gain - change in financial assumptions	(1,131)	-	(1,131)
Actuarial loss / (gain) - experience adjustments	824	(68)	756
<b>Recognised other comprehensive income for the year ended 31 December 2013 before income tax charge of RR 25 million</b>	<b>(58)</b>	<b>(68)</b>	<b>(126)</b>
Contributions	-	(585)	(585)
Payments	(611)	611	-
<b>At 31 December 2013</b>	<b>9,243</b>	<b>(856)</b>	<b>8,387</b>

On 29 March 2013 OJSC DGK decided to cancel the defined benefit pension plan. The pension liability of the plan on cancellation date was RR 2,458 million. Following the defined benefit pension plan cancellation lump sum payment liabilities have increased for RR 315 million and periodical retirement payments liabilities have increased for RR 534 million. These payments were included in collective agreement and were alternatives for defined benefit pension plan. As a result the Group recognised RR 1,609 million curtailment gain for the year ended 31 December 2013.

**RusHydro Group**
**Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013**

(in millions of Russian Rubles unless noted otherwise)

	Present value of defined benefit obligations	Fair value of plan assets	Total
<b>As at 1 January 2012 (restated)</b>	<b>12,277</b>	<b>(294)</b>	<b>11,983</b>
Reclassification of plan assets	12	(488)	(476)
Current service cost	654	-	654
Interest expense / (income)	1,019	(18)	1,001
Past service cost	(145)	-	(145)
Remeasurement effects (for other long-term benefits):			
Actuarial loss - changes in actuarial assumptions	71	-	71
Actuarial gain - experience adjustment	(50)	-	(50)
<b>Recognised in profit or loss for the year ended 31 December 2012</b>	<b>1,549</b>	<b>(18)</b>	<b>1,531</b>
Remeasurements (for post-employment benefits):			-
Actuarial gain - change in demographic assumptions	(757)	-	(757)
Actuarial gain - change in financial assumptions	(441)	-	(441)
Actuarial (gains) / losses - experience adjustments	(1,378)	4	(1,374)
<b>Recognised other comprehensive income for the year ended 31 December 2012 before income tax charge of RR 514 million</b>	<b>(2,576)</b>	<b>4</b>	<b>(2,572)</b>
Contributions	-	(808)	(808)
Payments	(780)	780	-
<b>At 31 December 2012 (restated)</b>	<b>10,482</b>	<b>(824)</b>	<b>9,658</b>

Principal actuarial assumptions for the Group are as follows:

	31 December 2013	31 December 2012
Nominal discount rate	7.90%	7.00%
Inflation rate	5.10%	5.50%
Wage growth rate	6.60%	7.00%
Staff turnover	Staff turnover depending on age based on statistics for three years	
Mortality table	Russia-2011	Russia-1998

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions as at 31 December 2013 is presented below:

	Change in assumption	Effect on net liability	Effect on net liability, %
Nominal discount rate	+ 1%	(785)	-8%
	- 1%	934	10%
Inflation rate	+ 1%	608	7%
	- 1%	(512)	-6%
Wage growth rate	+ 1%	350	4%
	- 1%	(303)	-3%
Staff turnover	+ 3%	(929)	-10%
	- 3%	1,356	15%
Mortality Rates	+ 10%	(189)	-2%
	- 10%	206	2%

The Group expects to contribute RR 547 million to the defined benefit plans in 2014.

The weighted average duration of the defined benefit obligation of the Group is 10 years.

**Retirement benefit plan parameters and related risks.** The Group has liabilities under retirement benefit plans in Russia. The retirement benefit plan includes benefits of the following types: lump sum payment upon retirement, jubilee benefits paid at certain age or upon completion of a certain number of years of service, financial aid and compensation to cover funeral expenses in the event of an employee's or pensioner's death, financial aid provided to pensioners, pension benefits paid to former employees through the non-state pension fund (hereinafter referred to as the "NPF").

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The amount of benefits depends on the period of the employees' service (years of service), salary level over the recent years preceding retirement, predetermined fixed amount or a combination of these factors.

As a rule, the above benefits are indexed according to the inflation rate and salary growth for benefits that depend on the salary level, excluding the retirement benefits paid through NPF, which are not indexed for the inflation rate at the time the payment is made (following the retirement of employees, all risks are borne by NPF).

In addition to the inflation risk, all retirement benefit plans of the Group are exposed to mortality and survival risks.

Plan assets held on NPF's accounts are governed in accordance with the local legislation and regulatory practices.

The Group and NPF are severally liable for plans management, including investments decisions and the contribution schedule.

NPF invests the Group's funds in a diversified portfolio. When investing pension savings and placing the pension reserves, NPF is guided by the Russian legislation that provides a strict regulation with respect to the possible list of financial instruments and restricts their utilisation, which also leads to diversification and reduces investment risks.

The Group transfers the obligation to pay lifelong non-state pension benefits to the Group's former employees to NPF and funds these obligations when awarding the pension. Therefore, the Group insures the risks related to payment of non-state pensions (investment risks and survival risks).

#### Note 18. Current and non-current debt

##### Non-current debt

	Effective interest rate	Due date	31 December 2013	31 December 2012
OJSC Sberbank of Russia	7.70–10.00%	2014–2020	46,295	55,139
Russian bonds (OJSC RusHydro) issued in February 2013	8.50%	2018*	20,478	-
Eurobonds (RusHydro Finance Ltd)	7.875%	2015	20,254	20,239
Russian bonds (OJSC RusHydro)	8.00%	2016*	15,225	15,218
EBRD	MOSPRIME+1.50–3.65% / LIBOR6M + 3.45%	2014–2027	14,971	11,616
OJSC Bank of Moscow	9.31%	2014–2015	7,700	7,717
OJSC Bank VTB	8.39%	2015-2018	4,500	-
UniCredit Bank Austria AG	3.35%**	2017-2026	2,523	1,971
OJSC Gazprombank	8.60–10.50%	2014–2015	1,997	3,494
Municipal authority of Kamchatka region	8.57%	2034	1,572	1,359
OJSC ROSBANK	7.30–9.70%	2014–2015	1,558	6,132
EM Falcon Ltd	MOSPRIME+1.40%	2014	1,517	2,443
Russian bonds (OJSC Yakutskenergo)	-	-	-	3,000
CF Structured Products B. V.	-	-	-	1,894
OJSC Transcreditbank	-	-	-	901
Other long-term debt	-	-	1,282	1,888
Finance lease liabilities	8.70–21.00%	-	2,082	2,263
<b>Total</b>			<b>141,954</b>	<b>135,274</b>
Less current portion of non-current			(9,057)	(66,663)
Less current portion of finance lease liabilities			(1,007)	(1,328)
<b>Total non-current debt</b>			<b>131,890</b>	<b>67,283</b>
Reference:				
Non-current debt of subsidiary acquired with a view for resale			-	3,951

\* The bonds mature in 10 years with a put option to redeem them in 2016.

\*\* Fixed interest rate applied to 90 percent of the credit facility, to the rest 10 percent of the facility the quarterly variable export finance rate published by OeKB (Oesterreichische Kontrollbank AG) less 0.25 percent is applied.

## RusHydro Group

### Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013

(in millions of Russian Rubles unless noted otherwise)

**Russian bonds issued in February 2013.** In February 2013 the Group placed non-convertible ten years interest bearing bonds of series 07 with a nominal amount of RR 10,000 million and series 08 with a nominal amount of RR 10,000 million. The term of the offer (period of redemption of bonds on request of their owners) – five years, coupon rate of 8.50 percent per annum was determined for the first five years only.

**OJSC Sberbank of Russia.** In December 2013 the Group obtained RR 10,613 million under the agreement of non-revolving credit line with OJSC Sberbank of Russia to refinance the existing liability of the subsidiaries of RAO Energy System of the East Group.

The Group restructured the current payables to OJSC Sberbank of Russia under the agreement of credit line amounting to RR 40,000 million conducted in 2011 for a period of 2 years. Out of the total amount received RR 20,000 million was repaid in 2013; the period for repaying the remaining part of debt was extended by 7 years up to 2020.

#### Current debt

	Effective interest rate	31 December 2013	31 December 2012
OJSC ROSBANK	7.68–9.00%	3,419	1,930
OJSC Sberbank of Russia	7.61–8.86%	2,350	2,622
OJSC Gazprombank	7.90–8.60%	2,323	215
OJSC Bank VTB	7.97%	950	-
OJSC Nomos-Regiobank	-	-	219
Current portion of non-current debt	-	9,057	66,663
Current portion of finance lease liabilities	8.70–21.00%	1,007	1,328
Other current debt	-	781	775
<b>Total current debt and current portion of non-current debt</b>		<b>19,887</b>	<b>73,752</b>
Reference:			
Current debt and current portion of non-current debt of subsidiary acquired with a view for resale		-	4,187

**Compliance with covenants.** The Group is subject to certain covenants related primarily to its debt.

As at 31 December 2013 and 31 December 2012 some of the Group's credit contracts are subject to covenant clauses, whereby the Group is required to meet certain key performance indicators. As at 31 December 2013 the Group met all required covenant clauses of the credit agreements. The Group did not fulfill some of the requirements as at 31 December 2012. Before the 31 December 2012 management received covenant waivers from banks confirming absence of intention to request early repayment of loans.

**Effective interest rate.** The effective interest rate is the market interest rate applicable to the loans at the date of origination for fixed rate loans and the current market rate for floating rate loans. The Group has not entered into any hedging arrangements in respect of interest rate exposures.

**Finance lease liabilities.** Minimum lease payments under finance leases and their present values are as follows:

	Due in 1 year	Due between 2 and 5 years	Due after 5 years	Total
<b>Minimum lease payments as at 31 December 2013</b>	<b>1,044</b>	<b>1,420</b>	-	<b>2,464</b>
Less future finance charges	(37)	(345)	-	(382)
<b>Present value of minimum lease payments as at 31 December 2013</b>	<b>1,007</b>	<b>1,075</b>	-	<b>2,082</b>
<b>Minimum lease payments as at 31 December 2012</b>	<b>1,392</b>	<b>1,127</b>	-	<b>2,519</b>
Less future finance charges	(64)	(194)	-	(258)
<b>Present value of minimum lease payments as at 31 December 2012</b>	<b>1,328</b>	<b>933</b>	-	<b>2,261</b>

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**Note 19. Other non-current liabilities**

	31 December 2013	31 December 2012 (restated)
Pension benefit obligations (Note 17)	8,387	8,257
Other non-current liabilities	3,643	3,822
<b>Total other non-current liabilities</b>	<b>12,030</b>	<b>12,079</b>
Reference:		
Other non-current liabilities of subsidiary acquired with a view for resale	-	1,401

**Note 20. Accounts payable and accruals**

	31 December 2013	31 December 2012
Trade payables	30,968	29,739
Advances received	8,869	7,606
Settlements with personnel	6,933	6,317
Dividends payable	85	77
Other accounts payable	2,618	2,425
<b>Total accounts payable and accruals</b>	<b>49,473</b>	<b>46,164</b>
Reference:		
Total accounts payable and accruals of subsidiary acquired with a view for resale	-	3,785

All accounts payable and accruals are denominated in Russian Rubles.

**Note 21. Other taxes payable**

	31 December 2013	31 December 2012
VAT	5,982	4,362
Property tax	2,412	1,540
Insurance contributions	1,937	1,826
Other taxes	613	812
<b>Total other taxes payable</b>	<b>10,944</b>	<b>8,540</b>
Reference:		
Total other taxes payable of subsidiary acquired with a view for resale	-	159

**Note 22. Revenue**

	Year ended 31 December 2013	Year ended 31 December 2012
Sales of electricity	231,241	219,675
Sales of heat and hot water	33,147	31,493
Sales of capacity	25,300	23,996
Other revenue	23,944	23,641
<b>Total revenue</b>	<b>313,632</b>	<b>298,805</b>

Other revenue includes revenue earned from transportation of electricity and heat, connections to the grid, rendering of construction, repairs and other services.

**Note 23. Government grants**

In accordance with legislation of the Russian Federation, several companies of the Group are entitled to government subsidies for the cancellation of cross-subsidisation in electricity tariffs, to compensate for the difference between approved economically viable electricity and heat tariffs and actual reduced tariffs and for compensation of losses on purchased fuel. During the year ended 31 December 2013 the Group received government subsidies in the amount of RR 13,246 million (for the year ended 31 December 2012: RR 10,796 million) in the following subsidised territories: Kamchatsky territory, the Sakha Republic (Yakutia), Magadan Region and other Far East regions.

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**Note 24. Expenses**

	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
Employee benefit expenses (including payroll taxes and pension benefit expenses)	56,907	53,522
Purchased electricity and capacity	54,622	57,878
Fuel expenses	44,472	45,231
Electricity distribution expenses	37,922	38,271
Depreciation of property, plant and equipment and intangible assets	18,218	18,232
Other materials	9,599	9,839
Taxes other than on income	9,295	7,357
Third parties services, including:		
Services of subcontracting companies	5,096	4,510
Repairs and maintenance	3,608	3,425
Services of SO UES, ATS, CFS	3,480	3,180
Security expenses	2,759	2,548
Purchase and transportation of heat power	2,699	2,572
Rent	1,802	2,419
Consulting, legal and information expenses	1,575	1,918
Transportation expenses	1,344	1,271
Insurance cost	1,086	1,038
Other third parties services	4,703	4,628
Accrual of impairment for accounts receivable, net	4,895	5,611
Water usage expenses	2,742	2,536
Social charges	2,082	2,302
Loss on disposal of property, plant and equipment, net	1,447	1,925
Purchase of oil products for sale	718	6
Other expenses	1,713	962
<b>Total expenses</b>	<b>272,784</b>	<b>271,181</b>

**Note 25. Finance income, costs**

	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
<i>Finance income</i>		
Interest income	7,917	4,804
Income on discounting	677	104
Foreign exchange gain	276	155
Gain on derivative financial instruments	-	16
Other income	138	-
<b>Total finance income</b>	<b>9,008</b>	<b>5,079</b>
<i>Finance costs</i>		
Interest expense	(7,259)	(4,226)
Expense on discounting	(690)	(326)
Foreign exchange loss	(426)	(180)
Finance lease expense	(323)	(352)
Loss on derivative financial instruments	-	(213)
Other costs	(524)	(1,483)
<b>Total finance costs</b>	<b>(9,222)</b>	<b>(6,780)</b>

**Note 26. Earnings per share**

	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
Weighted average number of ordinary shares issued (thousands of shares)	309,873,684	290,262,445
Profit / (loss) for the period attributable to the shareholders of OJSC RusHydro	19,767	(22,631)
<b>Earnings / (loss) per share attributable to the shareholders of OJSC RusHydro – basic and diluted</b>		
(in Russian Rubles per share)	<b>0.0638</b>	<b>(0.0780)</b>

**Note 27. Capital commitments**

**Capital commitments.** In accordance with approved investment programme of the Company dated 24 September 2013 and approved separate investment programmes of subsidiaries of RAO Energy System of East Group, the Group has to invest RR 324,878 million for the period 2014-2016 for reconstruction of the existing and construction of new power plants (RR 283,687 million for the period 2013-2015).

Capital commitments of the Group as at 31 December 2013 are as follows: 2014 year – RR 121,588 million, 2015 year – RR 115,934 million, 2016 year – RR 87,355 million.

Future capital expenditures are mainly related to reconstruction of equipment of power plants: Saratovskaya HPP in the amount of RR 20,541 million, Zhigulevskaya HPP in the amount of RR 16,921 million, Volzhskaya HPP in the amount of RR 13,487 million; and to construction of power plants: Nizhne-Bureiskaya HPP in the amount of RR 23,782 million, Yakutskaya GRES-2 in the amount of RR 16,676 million, HPP in Sovetskaya Gavan in the amount of RR 15,046 million, Sakhalin GRES-2 in the amount of RR 14,414 million.

The Government controls investment programmes execution on a regular basis. Management of the Group plans to finance capital expenditures within investment programmes both from own and borrowed funds.

Starting from 2013, the Group discloses capital commitments based on the data from Investment programmes as this provides more reliable and relevant information in respect of Group commitments for the acquisition of property, plant and equipment.

**Note 28. Contingencies**

**Social commitments.** The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services, recreation and other social needs in the geographical areas in which it operates.

**Political environment.** The operations and earnings of the Group's subsidiaries continue, from time to time and in varying degrees, to be affected by political, legislative, fiscal and regulatory developments, including those related to the environmental protection, in the Russian Federation.

**Insurance.** The Group holds limited insurance policies in relation to its assets, operations, public liability or other insurable risks. Accordingly, the Group is exposed for those risks for which it does not have insurance.

**Legal proceedings.** The Group's subsidiaries are parties to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, upon final disposition, will have a material adverse effect on the position of the Group.

In connection with the accident at Sayano-Shushenskaya HPP in August 2009, there is a possibility of a large number of claims related to the accident, which subject may include: compensation of damage caused to life and health, compensation of losses from termination of contracts, other proceedings. Moreover, the prosecutor's office and other oversight bodies are examining operations of the Company and this also may result in additional claims against the Company and its employees.

**Tax contingencies.** The Russian tax legislation is subject to varying interpretation and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. As a result, significant additional taxes, penalties and interest may arise.



Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances review may cover longer periods.

Amended Russian transfer pricing legislation took effect from 1 January 2012. The new transfer pricing rules appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Co-operation and Development (OECD). The new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

During the year ended 31 December 2013 the Group's subsidiaries had controlled transactions and transactions which highly probably will be considered by tax authorities to be controlled based on the results of the year 2012. Management has implemented internal controls to be in compliance with the new transfer pricing legislation.

Given that the practice of implementation of the new Russian transfer pricing rules has not yet developed, the impact of any challenge of the Group's transfer prices cannot be reliably estimated, however, it may be significant to the financial conditions and/or the overall operations of the Group.

Management believes that as at 31 December 2013 its interpretation of the relevant legislation was appropriate and the Group's tax position would be sustained.

**Environmental matters.** The Group's subsidiaries and their predecessor entities have operated in the utilities industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group's subsidiaries periodically evaluate their obligations under environmental regulations. Group accrued assets retirement obligation for ash dumps used by the Group which is included in other non-current liabilities (Note 19) and comprised RR 693 million as at 31 December 2013 (31 December 2012: RR 618 million).

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

**Guarantees.** The Group has issued guarantees for CJSC Boguchansky Aluminium Plant in favour of its suppliers for future equipment deliveries and for OJSC Boguchanskaya HPP in favour of the State Corporation Vnesheconombank for the loan facility:

<b>Counterparty</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
<i>for OJSC Boguchanskaya HPP:</i>		
State Corporation Vnesheconombank	25,605	19,946
<i>for CJSC Boguchansky Aluminium Plant:</i>		
Solios Environnement S. A.	-	534
ALSTOM Grid SAS	82	395
<b>Total guarantees issued</b>	<b>25,687</b>	<b>20,875</b>

**Note 29. Financial risk management**

The risk management function within the Group is carried out in respect of financial risks, which include market risks, credit risks and operational risks. Market risks comprise currency risk, interest rate risk, price risk and liquidity risk. The primary objectives of the financial risk management function are to provide reasonable assurance for achievement of the Group's objectives by establishing Group's overall framework, identifying, analyzing and evaluating risks, establishing risk limits, and then ensuring that exposure to risks stays within these limits and in case of exceeding these limits to impact on the risks.

In order to optimise the Group's exposure to risks, the Company constantly works on their identification, assessment and monitoring, as well as the development and implementation of activities which impact on the risks, business continuity management and insurance, seeks to comply with international and national standards of advanced risk management (COSO ERM 2004, ISO 31000 and others), increases the culture of risk management and continuously improves risk management.

**Credit risk.** Credit risk is the risk of financial loss for the Group in the case of non-fulfillment by the Contractor of the obligations on the financial instrument under the proper contract. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the Note 32.

Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provision for impairment of receivables already recorded.

There is no independent rating for the Group's customers and therefore the Group considers the credit quality of customers at the contract execution stage. The Group considers their financial position and credit history. The Group monitors the existing receivables on a continuous basis and takes actions regularly to ensure collection or to minimise losses.

To reduce the credit risk in the wholesale electricity and capacity markets the Group has introduced marketing policy and procedure to calculate internal ratings of counterparties in the unregulated market, based on the frequency of default, and to establish limits based on the rating of the customers' portfolio.

The Group's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 12.

Cash has been deposited in the financial institutions with no more than minimal exposure to the default risk at the time of account opening. The Group approved the list of banks for deposits, as well as rules for their placement. Moreover, the Group constantly evaluates the financial condition, ratings assigned by independent agencies, background and other factors of such banks.

The tables in Notes 10, 11 and 14 show deposits with banks and other financial institutions and their ratings at the end of the reporting period.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as a result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Group uses the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

The Group's maximum exposure to credit risk for off-balance sheet financial instruments is as follows:

	<b>31 December 2013</b>	<b>31 December 2012</b>
Financial guarantees (Note 28)	25,687	20,875
<b>Total off-balance sheet exposure</b>	<b>25,687</b>	<b>20,875</b>

**Market risk.** The Group takes on exposure to market risks. Market risks arise from open positions in (i) foreign currencies, (ii) interest bearing assets and liabilities, and (iii) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated.

**Currency risk.** Electricity and capacity produced by the Group is sold on the domestic market of the Russian Federation at the prices fixed in Russian Rubles. Hence, the Group does not have significant foreign currency exchange risk. The financial condition of the Group, its liquidity, financing sources and the results of operations do not considerably depend on currency rates as the Group operations are planned to be performed in such a way that its assets and liabilities are to be denominated in the national currency.

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The table below summarises the Group's exposure to foreign currency exchange rate risk:

	31 December 2013			31 December 2012		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
USD	782	(2,232)	(1,450)	17	(3,276)	(3,259)
EUR	682	(2,988)	(2,306)	665	(2,095)	(1,430)
Other	15	-	15	10	-	10
<b>Total</b>	<b>1,479</b>	<b>(5,220)</b>	<b>(3,741)</b>	<b>692</b>	<b>(5,371)</b>	<b>(4,679)</b>

The above analysis includes only monetary assets and liabilities. Equity investments and non-monetary assets are not considered to give rise to any material currency risk.

There is no significant effect of the changes of foreign currency rates on the Group's financial position.

**Interest rate risk.** The Group's operating profits and cash flows from operating activities are not dependent largely on the changes in the market interest rates. Borrowings issued at variable rates (Note 18) expose the Group to cash flow interest rate risk.

The Group obtains debt financing with floating rates, which are established on the basis of the MOSPRIME, Euribor, Libor rates.

As at 31 December 2013, had interest rates at that date been 0.5 percent higher (31 December 2012: 0.5 percent higher), with all other variables held constant, profit would have been RR 182 million (31 December 2012: RR 79 million) lower, mainly as a result of higher interest expense on variable interest liabilities.

The Group monitors interest rates for its financial instruments. Effective interest rates at the end of the reporting period are disclosed in Note 18.

For the purpose of interest risk reduction the Group makes the following arrangements:

- credit market monitoring to identify favourable credit conditions,
- diversification of credit portfolio by raising of borrowings with fixed rates and floating rates.

**Liquidity risk.** Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding from an adequate amount of committed credit facilities. The Group adheres to the balanced model of financing of working capital – both at the expense of short-term sources and long-term sources. Temporarily free funds are placed into short-term financial instruments, mainly bank deposits and short-term bank promissory notes. Current liabilities are represented mainly by the accounts payable to suppliers and contractors.

The Group has implemented a control system under its contract conclusion process by introducing and applying typical financial arrangements which include standardised payment structure, payment deadlines, percentage ratio between advance and final settlement, etc. In such a manner the Group controls capital maturity.

The table below shows liabilities as at 31 December 2013 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges). Such undiscounted cash flows differ from the amount included in the Consolidated Statement of Financial Position because this amount is based on the discounted cash flows.

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The maturity analysis of financial liabilities as at 31 December 2013 is as follows:

	2014 year	2015 year	2016 year	2017 year	2018 year	Starting from year 2019
<b>Liabilities</b>						
Current and non-current debt (Note 18)	31,678	51,943	26,024	9,466	47,280	38,020
Trade payables (Note 20)	30,968	-	-	-	-	-
Financial guarantees (Note 28)	-	727	579	702	919	22,760
Dividends payable (Note 20)	85	-	-	-	-	-
Finance lease liabilities (Note 18)	1,044	778	334	244	64	-
Net settled derivatives	(14)	10	13	8	7	8
<b>Total future payments, including principal and interest payments</b>	<b>63,761</b>	<b>53,458</b>	<b>26,950</b>	<b>10,420</b>	<b>48,270</b>	<b>60,788</b>

The maturity analysis of financial liabilities as at 31 December 2012 is as follows:

	2013 year	2014 year	2015 year	2016 year	2017 year	Starting from year 2018
<b>Liabilities</b>						
Current and non-current debt (Note 18)	82,609	14,477	35,329	19,119	2,703	9,910
Trade payables (Note 20)	29,739	-	-	-	-	-
Financial guarantees (Note 28)	-	929	503	452	675	18,316
Dividends payable (Note 20)	77	-	-	-	-	-
Finance lease liabilities (Note 18)	1,392	592	316	154	65	-
Net settled derivatives	(23)	(9)	(4)	(5)	1	6
<b>Total future payments, including principal and interest payments</b>	<b>113,794</b>	<b>15,989</b>	<b>36,144</b>	<b>19,720</b>	<b>3,444</b>	<b>28,232</b>
<b>Liabilities of discontinued operation</b>	<b>16,053</b>					

**Note 30. Management of capital**

Compliance with Russian legislation requirements and capital cost reduction are key objectives of the Group's capital risk management.

The following capital requirements have been established for joint stock companies by the legislation of the Russian Federation:

- share capital cannot be lower than 1,000 minimum shares on the date of the company's registration;
- if the share capital of the entity is more than the statutory net assets of the entity, such entity must decrease its share capital to the value not exceeding its net assets;
- if the minimum allowed share capital is more than the statutory net assets of the entity, such entity is subject to liquidation.

As at 31 December 2013 and 31 December 2012 the Company was in compliance with the above share capital requirements.

The Group's objectives in respect of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The amount of capital that the Group managed as at 31 December 2013 was RR 596,707 million (31 December 2012: RR 540,405 million).

Consistent with others in the energy industry, the Group monitors the gearing ratio, that is calculated as the total debt divided by the total capital. Debt is calculated as a sum of non-current and current debt, as shown in the Consolidated Statement of Financial Position. Total capital is equal to the total equity, as shown in the Consolidated Statement of Financial Position. The gearing ratio was 0.25 as at 31 December 2013 (31 December 2012: 0.26).

**Note 31. Fair value of assets and liabilities**

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) Level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) Level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) Level 3 measurements are valuations not based on observable market data (that is, unobservable inputs).

**a) Recurring fair value measurements**

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

<b>31 December 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Available-for-sale financial assets	5,766	-	28	<b>5,794</b>
<b>Non-financial assets</b>				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	437,737	<b>437,737</b>
<b>Total assets recurring fair value measurements</b>	<b>5,766</b>	<b>-</b>	<b>437,765</b>	<b>443,531</b>
<b>31 December 2012</b>				
<b>Financial assets</b>				
Available-for-sale financial assets	14,009	-	317	<b>14,326</b>
<b>Non-financial assets</b>				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	418,162	<b>418,162</b>
<b>Total assets recurring fair value measurements</b>	<b>14,009</b>	<b>-</b>	<b>418,479</b>	<b>432,488</b>

The Group had no liabilities measured at fair value as at 31 December 2013 and 31 December 2012.

The valuation technique, inputs used in the fair value measurement for significant Level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 31 December 2013:

	<b>Fair value</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Reasonable change</b>	<b>Sensitivity of fair value measurement</b>
<b>Non-financial assets</b>					
Property, plant and equipment (except for construction in progress, office buildings and land)	437,737	Replacement cost and discounted cash flows	Electricity and capacity prices Discount rate Capital expenditures	-10% +1% +10%	(29,975) (30,663) (10,495)
<b>Total recurring fair value measurements at Level 3</b>	<b>437,737</b>				<b>(71,133)</b>

The above tables disclose sensitivity to valuation inputs for property, plant and equipment as changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly.

There were no changes in valuation technique for Level 3 recurring fair value measurements during the years ended 31 December 2013 and 31 December 2012.

**(b) Non-recurring fair value measurements**

Independent appraisal of the fair value of identifiable assets and liabilities of OJSC IENC (Note 8) was performed based on cost approach that was adjusted for economic depreciation of the specialised property using income approach based on discounted cash flow method. The valuation technique and inputs used in relation to the main OJSC IENC asset are presented below:

	Fair value	Valuation technique	Significant unobservable inputs	Range of inputs (weighted average)
<b>Non-financial assets</b>				
Property, plant and equipment	18,377	Replacement cost and discounted cash flows	Discount rate Consumer price index 2013-2024 Producer price index 2013-2024 Forecast period	12.6% 3.7 – 7.1% (4.8%) 3.6 – 8.3% (5.1%) 12 years

**(c) Assets and liabilities not measured at fair value but for which fair value is disclosed**

**Financial assets carried at amortised cost.** The Group considers that the fair value of cash, short term deposits and accounts receivable approximates their carrying value (Level 3 of the fair value hierarchy). The fair value of long term accounts receivable is estimated based on future cash flows expected to be received including expected losses (Level 3 of the fair value hierarchy), the fair value of these assets approximates their carrying value.

**Liabilities carried at amortised cost.** The fair value of floating rate liabilities approximates their carrying value. The fair value of Eurobonds and Russian bonds is based on quoted market prices (Level 1 of the fair value hierarchy). Fair value of the fixed rate liabilities is estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity (Level 3 of the fair value hierarchy). The fair value of liabilities carried at amortised cost approximates their carrying value.

**Investments in associates.** The fair value of the Group investment in OJSC Krasnoyarskaya HPP is based on market quotes (Level 1 of the fair value hierarchy) and comprised RR 4,203 million as at 31 December 2012 (31 December 2012: RR 8,621 million). The carrying value of OJSC Krasnoyarskaya HPP is disclosed in Note 8.

**Note 32. Presentation of financial instruments by measurement category**

The following table provides a reconciliation of classes of financial assets with the measurement categories of IAS 39, *Financial Instruments: Recognition and Measurement* as at 31 December 2013:

	Loans and receivables	Available-for-sale financial assets	Total
<b>Assets</b>			
<b>Other non-current assets (Note 10)</b>	<b>5,878</b>	-	<b>5,878</b>
Promissory notes	5,644	-	5,644
Deposits	38	-	38
Long-term loans receivable	196	-	196
<b>Available-for-sale financial assets (Note 9)</b>	-	<b>5,794</b>	<b>5,794</b>
<b>Trade and other receivables (Note 12)</b>	<b>32,511</b>	-	<b>32,511</b>
Trade receivables	30,342	-	30,342
Promissory notes receivable	1	-	1
Other financial receivables	2,168	-	2,168
<b>Other current assets (Note 14)</b>	<b>52,409</b>	-	<b>52,409</b>
Promissory notes and deposits	52,409	-	52,409
<b>Cash and cash equivalents (Note 11)</b>	<b>34,472</b>	-	<b>34,472</b>
<b>Total financial assets</b>	<b>125,270</b>	<b>5,794</b>	<b>131,064</b>
<b>Non-financial assets</b>			<b>720,982</b>
<b>Total assets</b>			<b>852,046</b>

All of the Group's financial liabilities are carried at amortised cost. Financial liabilities are represented mainly by the current and non-current debt (Note 18), trade payables and other account payable (Note 20).

**RusHydro Group****Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2013**

(in millions of Russian Rubles unless noted otherwise)

The following table provides a reconciliation of financial assets with the measurement categories as at 31 December 2012:

	<b>Loans and receivables</b>	<b>Available-for-sale financial assets</b>	<b>Total</b>
<b>Assets</b>			
<b>Other non-current assets (Note 10)</b>	<b>6,680</b>	-	<b>6,680</b>
Promissory notes	6,515	-	6,515
Deposits	13	-	13
Long-term loans receivable	152	-	152
<b>Available-for-sale financial assets (Note 9)</b>	-	<b>14,326</b>	<b>14,326</b>
<b>Trade and other receivables (Note 12)</b>	<b>32,225</b>	-	<b>32,225</b>
Trade receivables	30,330	-	30,330
Promissory notes receivable	7	-	7
Other financial receivables	1,888	-	1,888
<b>Other current assets (Note 14)</b>	<b>53,535</b>	-	<b>53,535</b>
Promissory notes and deposits	53,535	-	53,535
<b>Cash and cash equivalents (Note 11)</b>	<b>39,819</b>	-	<b>39,819</b>
<b>Total financial assets</b>	<b>132,259</b>	<b>14,326</b>	<b>146,585</b>
<b>Non-financial assets</b>			<b>677,806</b>
<b>Total assets of subsidiary acquired exclusively with a view for resale</b>			<b>29,876</b>
<b>Total assets</b>			<b>854,267</b>

**Note 33. Subsequent events**

There were no significant subsequent events that can influence the Group's financial position, cash flows or operating results which took place during the period between reporting date and date of signing of the Group's consolidated financial statements for the year ended 31 December 2013 prepared in accordance to IFRS.