

RusHydro

Annual report 2013



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RusHydro

JSC RUSHYDRO ANNUAL REPORT

2013

Effectively utilize hydro resources, to create conditions required for the reliable performance of Russia's Unified Energy System (UES) and to enhance renewable energy source (RES) usage to benefit the Company's shareholders and society as a whole

Responsibility Statement

We confirm that to the best of our knowledge:

(a) The financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of JSC RusHydro, and the undertakings included in the consolidation, taken as a whole; and

(b) The management report includes a fair review of the development and performance of JSC RusHydro's business and the Company's position, and the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that the Company faces.

E.V. Dod

Chairman
of the Management Board

D.V. Finkel

Chief Accountant

Location: 51 Respubliki Street, Krasnoyarsk, the Krasnoyarsk Region, Russia, 660075
INN 2460066195 OGRN 1042401810494
Registration date: December 26th, 2004
The Zheleznodorozhsky Inspectorate of the Ministry of Taxation of the Russian Federation,
Krasnoyarsk, the Krasnoyarsk Region

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See the JSC RusHydro Annual Report 2013 Appendices Book — an integral part of this Annual Report

A Message to the Shareholders



M.I. Poluboyarinov
Chairman of the Board of Directors

E.V. Dod
Chairman of the Management Board

Dear shareholders,

We have every reason to consider 2013 as an important and successful stage in JSC RusHydro's development. In the past year, despite natural disasters in the Far Eastern regions, which required considerable financial, organizational and technical resources, we raised the total installed electrical capacity of our plants to 37.5 GW and strengthened our position among global hydro-power industry leaders. The Group's employees can be proud of the 2013 achieved production figures. Total electricity production during the period was 124 billion kWh, which was 10.4% more than in 2012. This is an absolute record in corporate history. The Group's financial performance is undoubtedly positive. Adjusted net income increased 63% compared with the previous year and stood at RUR 52.7 billion.

The key factors contributing to this strong performance included: increasing electricity generation by hydro-power plants, implementing programs to minimize operating costs, and reducing the cost of fuel and purchased electricity and capacity.

The unprecedented flooding in the Far East stands apart among 2013 events. It not only tested the strength of the Region's residents and authorities, but also hydro-power engineers. The Zeyskaya HPP, the Bureyskaya HPP and the Kolymskaya HPP worked very effectively. They contained

an essential part of the flood flow, which significantly reduced the scale of the disaster. In doing so, the power plants' hydro-power structures and equipment demonstrated reliability and trouble-free operation during extreme conditions.

Despite unexpected and unplanned tasks, the Company has never left existing projects unattended. So, Sayano-Shushenskaya HPP reconstruction in strict accordance with the schedule and increasing it to the designed capacity, but with a new and higher level of efficiency, reliability and security has always been a corporate priority over the last few years. In 2013, the Company started the third and final stage of restoring the power plant, during which another three new hydro-power units were commissioned. This immediately influenced power plant performance and contributed to the overall success of JSC RusHydro. During 2012, electricity generation was 18 billion kWh; in 2013 this figure was surpassed already by November and by the end of the year amounted to 25 billion kWh. In 2014, the remaining three hydro-power units will be replaced with new ones and the HPP will finally pick up its usual, the country's record-breaking capacity of 6,400 MW.

The importance of commissioning the 168 MW first start-up complex of the Ust-Srednekanskaya HPP cannot be

overestimated for the energy-isolated Magadan Region. Up to now, the region's power supply was provided by only one power plant, the Kolymskaya HPP. When the first two hydro-power units of the Ust-Srednekanskaya HPP were commissioned, the Magadan Region had a highly flexible backup power generation source, which will have the most positive impact on power supply reliability to both residents and industrial enterprises. The power plant will provide electricity to the developing mining industry, primarily – the gold industry. Hydro-power generation development also stimulates the creation of new business enterprises that are unique to the region. An example is a liquefied hydrogen plant; an agreement on constructing one was signed in June between JSC RusHydro and the Japanese company, Kawasaki. In addition, the hydro-power plant will facilitate shipping, regulating the flow of the Kolyma River. It will be possible to refuse to construct thermal power plants, which will reduce the consumption of imported fuel and decrease electricity tariff growth by reducing the prime cost.

By mid-December, the country's most modern hydro power plant, the Boguchanskaya HPP, had generated the first 5 billion kWh of electricity. This was preceded by the installation of all nine hydro-power units and the commissioning of five of them.

In 2013, the Company began construction of the Upper Naryn Cascade of HPPs in Kyrgyzstan. This is a very interesting project technically. There will be four dammed and diversion power plants, erected at a height of more than 2,000 m. The project is being implemented rapidly: many infrastructure facilities, including the construction camp, have already been built, and a feasibility study has been approved. Work commencement on major structures will be a task for 2014.

Nine revamped hydro-power units with a total capacity of 737 MW were commissioned as part of the Comprehensive Modernization Program for JSC RusHydro's Generating Facilities. In total, in 2013, the Company invested more than RUR 32 billion in the modernization of hydro-power plants. The rate of renewal for obsolete equipment is unprecedented in our country. Turbines were replaced and reconstructed at the Rybinskaya HPP, the Cheboksarskaya HPP, the Kamskaya HPP, the Zhigulevskaya HPP, the Saratovskaya HPP, the Volzhskaya HPP, the Novosibirskaya HPP and the Mainskaya HPP. The Company performed extensive work on replacing hydro-mechanical equipment and power distribution scheme equipment at many power plants. In 2014, as part of the modernization of existing HPPs, the Company has had to do many things, including: mounting the first new vertical turbines at the Saratovskaya HPP, making a contract for hydro-power units for the Votkinskaya HPP, starting priority work on revamping the HPPs of the North Ossetia branch and deploying reconstruction of the Kuban Cascade of HPPs.

Four priority projects in the Far East, which the Company has implemented pursuant to the Decree of Russian President Vladimir Putin, are being realized in strict accordance with the schedule. The Company has obtained a favorable opinion from the State Expertise of Russia on the technical and budget estimates of the design documentation, as well as favorable process and price audit conclusions for the 1st stage of the Yakutskaya SDPP-2 and the 2nd stage of the Blagoveschenskaya CHP. Independent audit results have been further reviewed by experts from the Scientific and Technical Council of the UES and the Scientific Council of the RAS on problems related to the reliability and safety of large-scale power

systems. Project documentation for the Sakhalinskaya SDPP-2 and the CHP in the Sovetskaya Gavan has been sent for State Expertise. General contractors and suppliers of basic equipment for the Yakutskaya SDPP-2 and the 2nd stage of the Blagoveschenskaya CHP have been selected; equipment for the CHP has been purchased in the Sovetskaya Gavan. EPC contracts for the Sakhalinskaya SDPP-2 and the Sovgavanskaya CHP and for the supply of the main equipment for the new plant in Sakhalin will be concluded in Q2 and Q3 2014. Plots of land for the construction of the CHP in the Sovetskaya Gavan have been leased, with plots of land for the Yakutskaya SDPP-2 and the Sakhalinskaya SDPP-2 being in the leasing process. Construction of the 2nd stage of the Blagoveschenskaya CHP is already being performed at the site of the operating plant. The rate of progress gives reason for confidence that the facilities will be commissioned on time.

Today, in the year which marks the Company's tenth anniversary, we can state that the Company has been successfully resolving its tasks and has been moving forward confidently. JSC RusHydro is not only one of the largest, but also one of the most dynamically developing Russian industrial groups. The Russian business community's high opinion of the Company is confirmed by the Company's win in the category "Investment activity" of Expert-400's Largest Companies Rating and the rating of employers with high levels of attractiveness. The Company's risk management is recognized as the best in Russia and the CIS.

International recognition of the Company is not unimportant either. For the period from June 2013 to June 2014, JSC RusHydro is the chair of the Global Sustainable Electricity Partnership (GSEP), an international energy organization that comprises the world's largest electric power companies. As declared by the Company, the main focus of the partnership for this year is the theme "Innovations – A Fast Track to a Sustainable World". In our opinion, this theme reflects the main challenge of the time; the development problem cannot be solved without innovation.

During the current year, JSC RusHydro continues to focus on strategic development objectives set for the

Company by its shareholders. First of all, we have to finish the full restoration and modernization of equipment of the Sayano-Shushenskaya HPP. Commissioning all the hydro-power units of Russia's largest power plant will allow for a new level of security and resolve the problem of sustainable energy supply for Siberian Region consumers. As part of the investment program, the Company plans to put into operation 333 MW of the Boguchanskaya HPP in the Krasnoyarsk Region, 140 MW of the Zelenchukskaya HPP-PSPP in Karachay-Cherkessia and 100 MW of the Gotsatlinskaya HPP in Dagestan. Needless to say, the intensive construction of four thermal generation plants in the Far East is the most significant aspect of our work this year. The Company has a very difficult and responsible task to face - it has to build and put into operation 543 MW of electric power and 863 Gcal/h of thermal power within a very limited period of time (prior to the end of 2016). Commissioning these facilities will increase generating capacities in the Far East. These generating capacities will become a strong base for further economic development of the region.

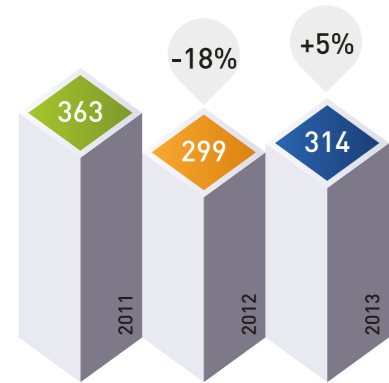
Ensuring the reliable operation of existing facilities also remains a priority task. To this end, in 2014, the Company will continue to implement comprehensive modernization of hydro-power turbines and hydro-power generators at the Volzhskaya HPP, reconstruction of a 500 kV outdoor switchgear at the Votkinskaya HPP, comprehensive reconstruction of 20 hydro-power units at the Zhigulevskaya HPP and replacement of three hydro-power units at the Rybinskaya HPP, modernization of 22 hydro-power turbines at the Saratovskaya HPP, replacement of hydro-power turbines at the Novosibirskaya HPP, and comprehensive modernization of the Cascade of Kuban HPPs.

Carrying out these intense activities, the Company's management follows the interests of shareholders and relies on the active support of JSC RusHydro's Board of Directors. The combination of these factors suggests the Company's confident forward movement, in the course of which JSC RusHydro will confirm its status as a leader in both the Russian and global power industry.

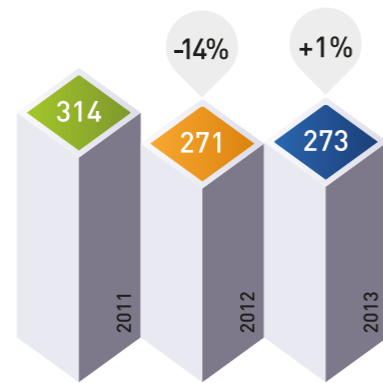
Key Company Performance Indicators

Financial Performance

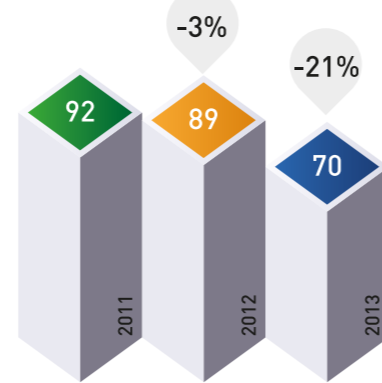
Revenue, RUR billion



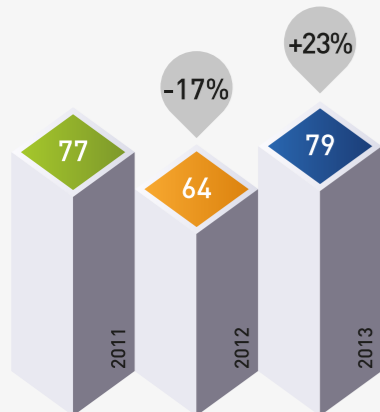
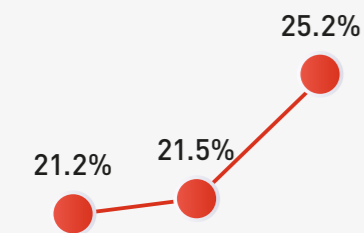
Operating expenses, RUR billion



CAPEX, RUR billion

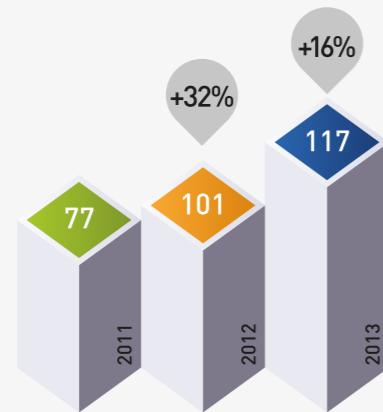
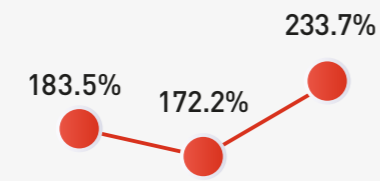


EBITDA, RUR billion



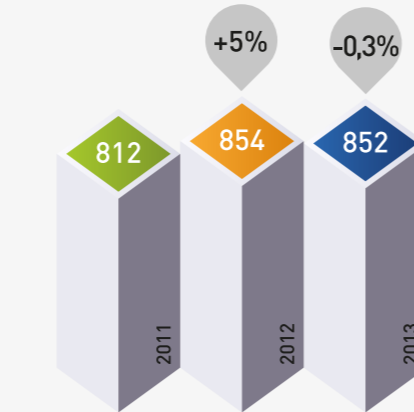
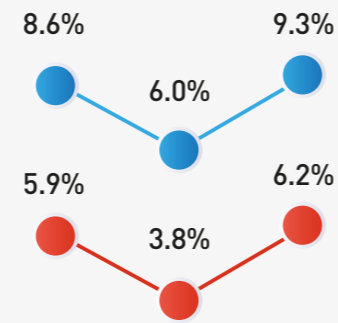
● EBITDA margin, %

Net debt, RUR billion



● Debt-Equity Ratio, %

Assets, RUR billion



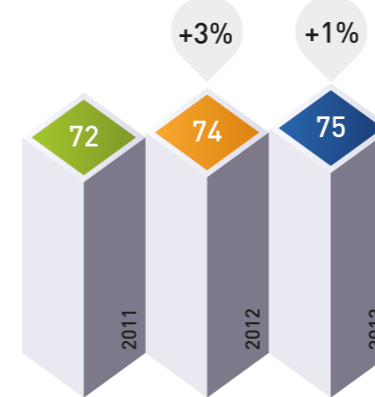
● Return on Assets (ROA), %

● Return on Equity (ROE), %

Production Performance

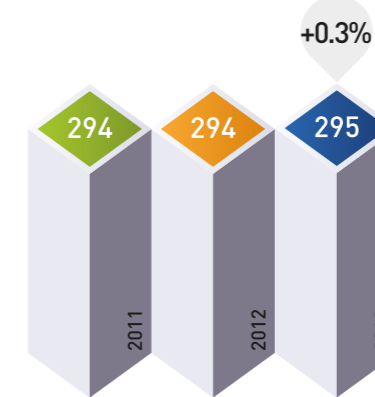
Number of Generating Facilities, units

Source of Electric Power:
Water / Geothermal Energy
JSC RusHydro

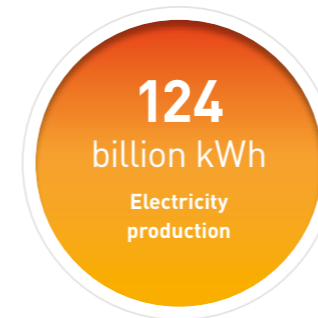
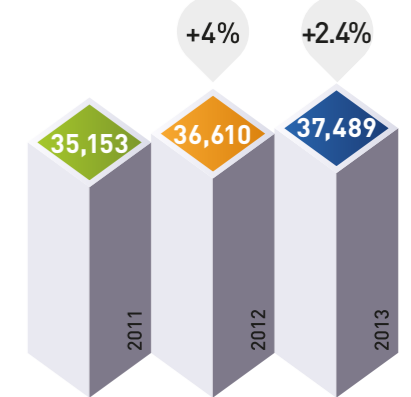


Number of Generating Facilities, units

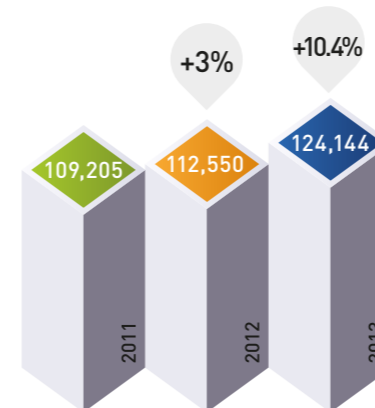
Source of Electric Power:
Organic Fuel JSC RAO Energy
System of the East



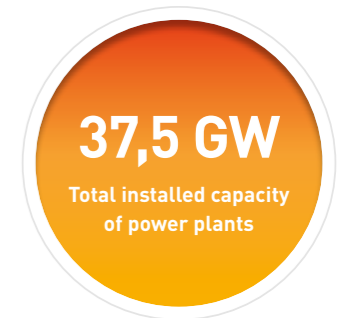
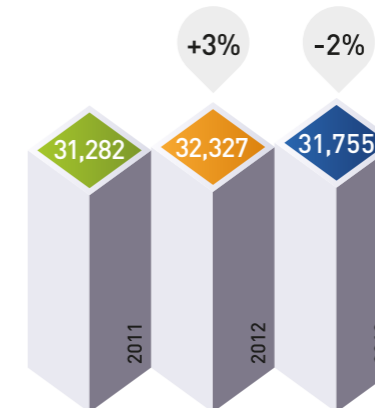
Installed Capacity, MW



Electricity Production, million kWh



Heat Energy Output, thousand Gcal



Information about the Company is presented taking into account JSC RusHydro's branches, as well as JSC Kolymaenergo, JSC Geoterm, JSC Pauzhetskaya GeoPP, CJSC MEK, JSC Boguchanskaya HPP, the Holding JSC "RAO Energy System of East" and JSC Ust-Srednekanskaya HPP.

The Volga

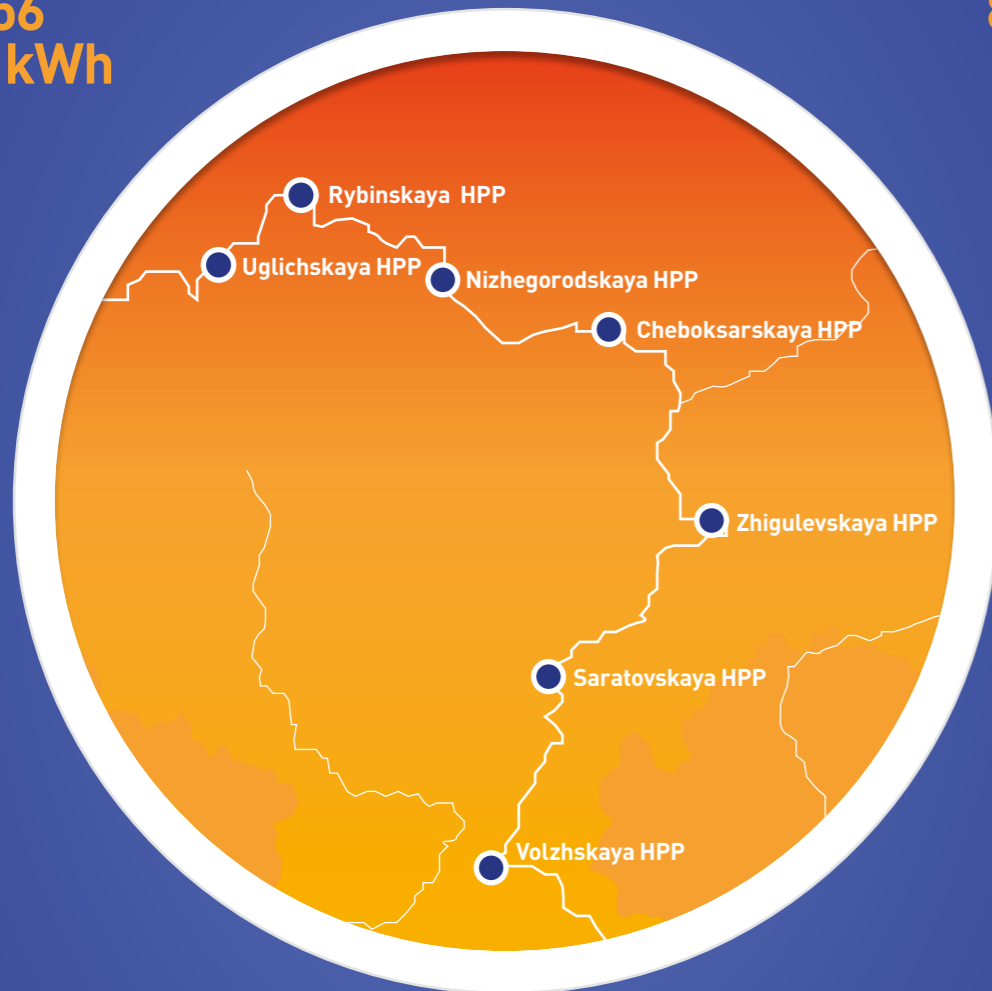
One of the largest rivers in the world and the biggest in Europe, the Volga is located in the European part of Russia. It springs from the Valdai Hills (at an altitude of 228 m) and flows into the Caspian Sea. It is mentioned in Roman sources of the II-IV centuries as the river Ra — “generous”, and in Arabic texts of the IX century it is called Atel, the “river of rivers, the great river”.



32,556 million kWh



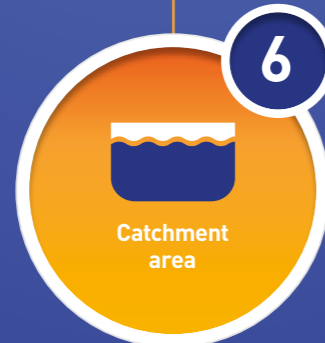
8,726 MW



Position among Russian rivers



3,530 km



1,361,000 km²

Position among Russian rivers



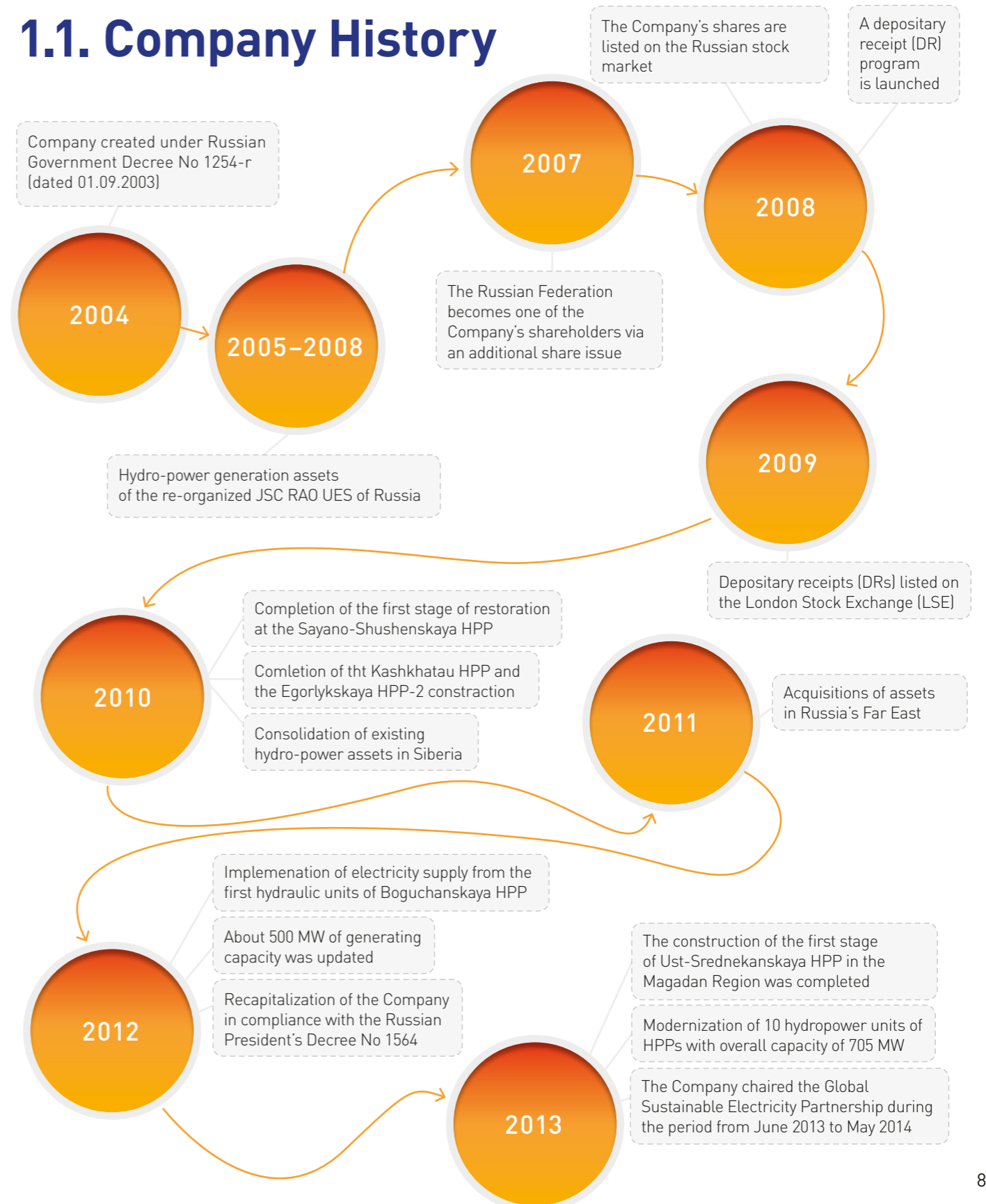
8,060 m³/sec

1. About RusHydro Group



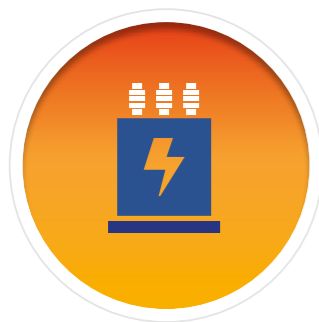
- 1.1. Company History
- 1.2. RusHydro Today
- 1.3. Holding Structure
- 1.4. Geographical Footprint of the Company
- 1.5. International Activity

1.1. Company History



1.2. RusHydro Today

RusHydro Group is one of the largest energy groups in Russia and is the Russian leader in terms of energy production using renewable energy sources (RES). The Company develops generation based on water flows, sea tides, wind and geo-thermal energy.



37.5 GW

Total installed capacity of power plants

More than 70 renewable energy objects

The Company unites more than 70 renewable energy source facilities, among which are the largest Russian power plant, the Sayano-Shushenskaya HPP, the newest and most modern HPP in Russia, the Boguchanskaya HPP, nine HPPs of the Volzhsko-Kamskiy Cascade, the Zeyskaya HPP, the Bureyskaya HPP, the Novosibirskaya HPP, HPPs in the North Caucasus region, geo-thermal plants in Kamchatka, the Zagorskaya PSPP in the Moscow Region, and the Cascade of the Sevano-Razdanskaya HPPs in the Republic of Armenia, as well as the largest supplier of electrical and thermal energy on the territory of the Russian Far East, the Holding JSC "RAO Energy System of East" (more than 300 generating facilities).



17,912.7

thousand

Gcal/h

Total thermal capacity

The RusHydro Group also unites R&D, design and engineering facilities, as well as retail energy companies. Power sales assets are consolidated within the subsidiary, JSC ESK RusHydro, repair and maintenance functions are consolidated in the united repair and service company, JSC Hydroremont-VKK, created on the basis of five companies in 2013, with the aim of fulfillment the Program for the complex modernization of JSC RusHydro's production assets and their subsequent servicing.

Development and usage of renewable energy sources

The Company performs exploration and evaluation of potential wind sites, geothermal fields and the power sites of small HPPs, both with the usage of pilot projects and the organization of comprehensive work, for example, work

upon the study of hydro energy potential for the river-basins in the North Caucasus, Siberian, North-West and Volga Federal Districts. This allows the selection of the most advanced technologies for design and construction.

Large scale investment projects

The Company realizes large-scale investment projects in various Russian regions: restoration of the Sayano-Shushenskaya HPP (the Khakassia Republic), the completion of construction and putting into operation the Boguchanskaya HPP (the Krasnoyarsk Region), the Bureyskaya HPP (the Amur Region), the Zagorskaya PSPP-2 (Sergievo-Posadskiy District, Moscow Region), the launch of the Zelenchukskaya HPP-PSPP (the Karachay-Cherkess Republic), the Zaragizhskaya MHEP (the Kabardino-Balkar Republic), the Gotsatlinskaya HPP (the Dagestan Republic), and the realization of four projects for thermal generation development in the Far East (the first stage of the Sakhalinskaya TPP-2 (the Sakhalin Region), the CHP in Sovetskaya Gavan (the Khabarovsk Region), the second stage of the Blagoveschenskaya CHP (the Amur Region) and the first stage of the Yakutskaya TPP-2 (Yakutia).

In 2012, according to a Decree of the President of the Russian Federation, JSC RusHydro was included in the list of strategic enterprises and strategic joint stock companies. Currently, JSC RusHydro plays a key role in the Russian energy sector and ensures national energy independence.



Capital construction

1. The Nizhne-Bureiskaya HPP (the Amur Region) –a foundation was unwatered, the construction of basic facilities was launched, and a contract for delivering hydro-power units was concluded;
2. The Verkhne-Naryn Cascade of HPPs (Kyrgyzstan) – the preparatory stage of work was started, a working village for hydro-constructors was constructed, and a feasibility study of the project was approved;
3. The Gotsatlinskaya HPP (the Republic of Dagestan) - installation of hydro-power units began, construction of a dam is underway;
4. The Zelenchukskaya HPP-PSPP (the Karachay-Cherkessia Republic) - construction of a water passage for the tail pond was started, construction of the lower reservoir and the derivation is underway;
5. Small HPPs in Kabardino-Balkaria and Karachay-Cherkessia – the readiness of the Zaragizhskaya HPP exceeded 50%, the project on the Big Zelenchuk Small HPP was approved.



Commissioning new hydro-generating capacities

1. Completing the construction of the Boguchanskaya HPP (the Krasnoyarsk Region) –construction work on eight hydro-power units out of nine with a total design capacity of 2,664 MW were fully completed;
2. Restoring the Sayano-Shushenskaya HPP (the Republic of Khakassia) – three hydro-power units were commissioned, as a result, operating capacity rose to 4,480 MW;
3. Constructing the Ust-Srednekanskaya HPP (the Magadan Region) - two hydro-power units with a total capacity of 168 MW were put into operation.

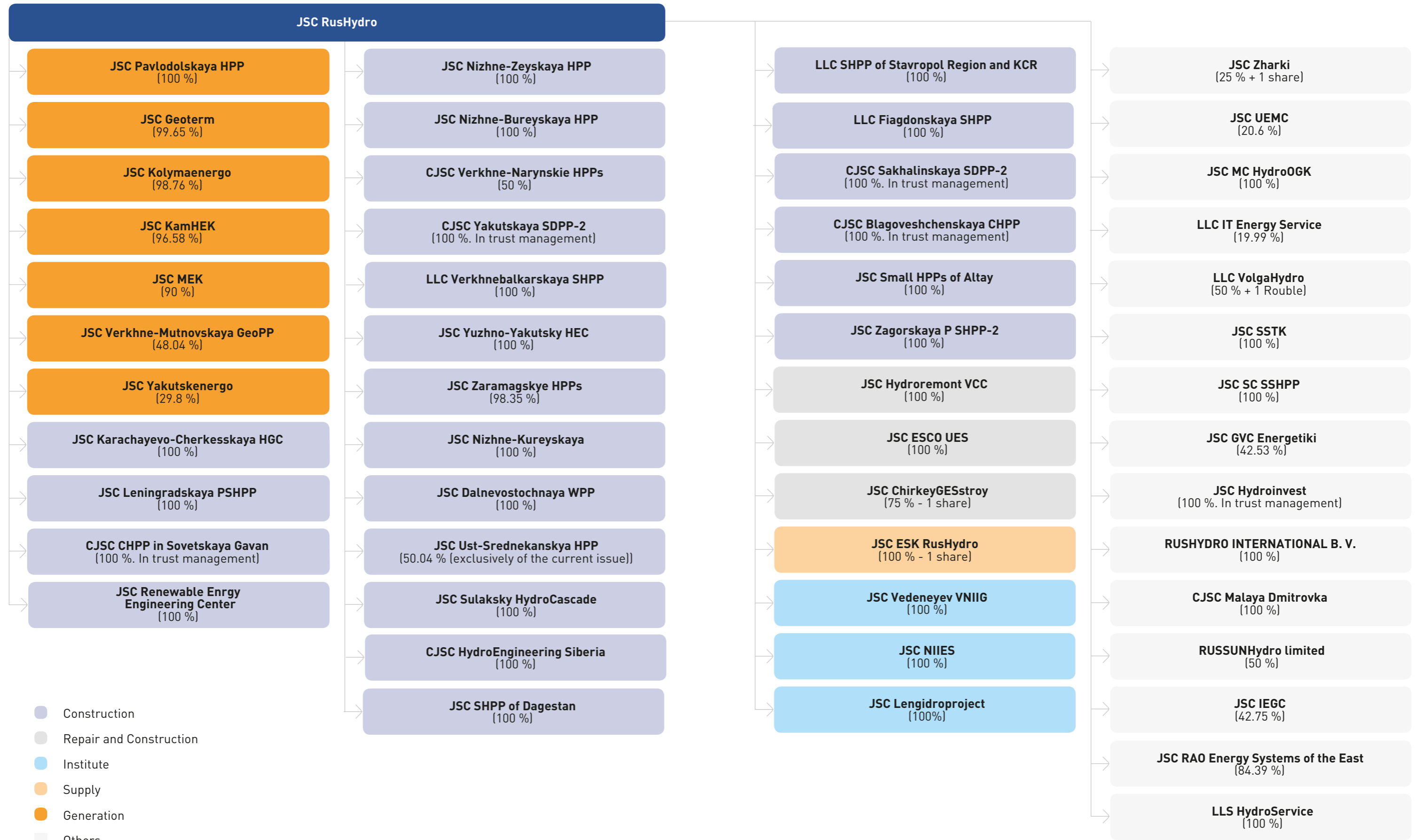


Start of the construction programs for new thermal generating facilities in the Far East

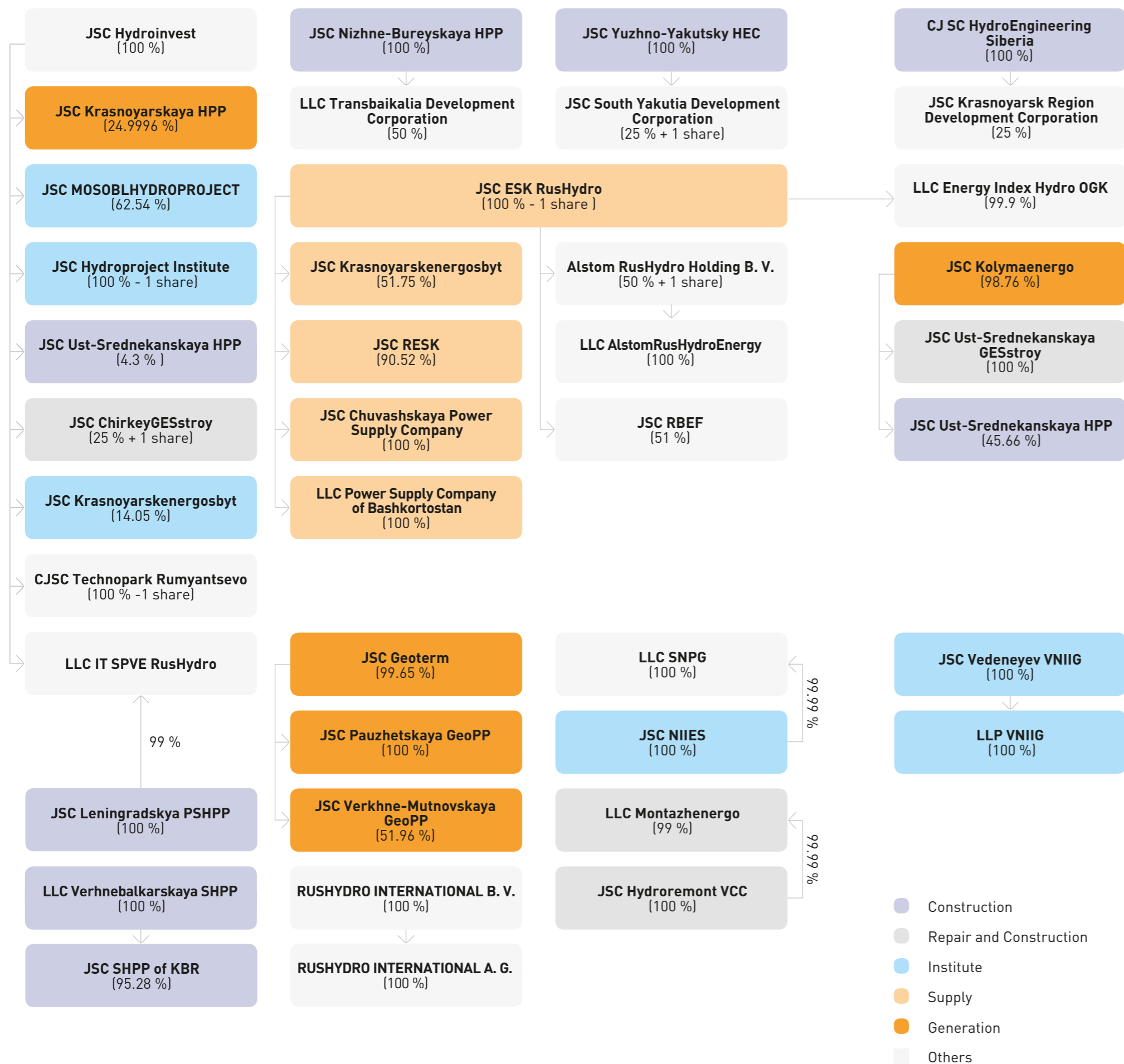
1. The Yakutskaya SDPP-2 (Phase 1), Yakutsk (the Republic of Sakha (Yakutia));
2. The Blagoveschenskaya CHP plant (Phase 2), Blagoveshchensk (the Amur Region);
3. The CHP plant in Sovetskaya Gavan (the Khabarovsk Region);
4. The Sakhalinskaya SDPP-2 (Phase 1), Ilyinskii village (the Sakhalin Region).

1.3. Holding Company's Structure

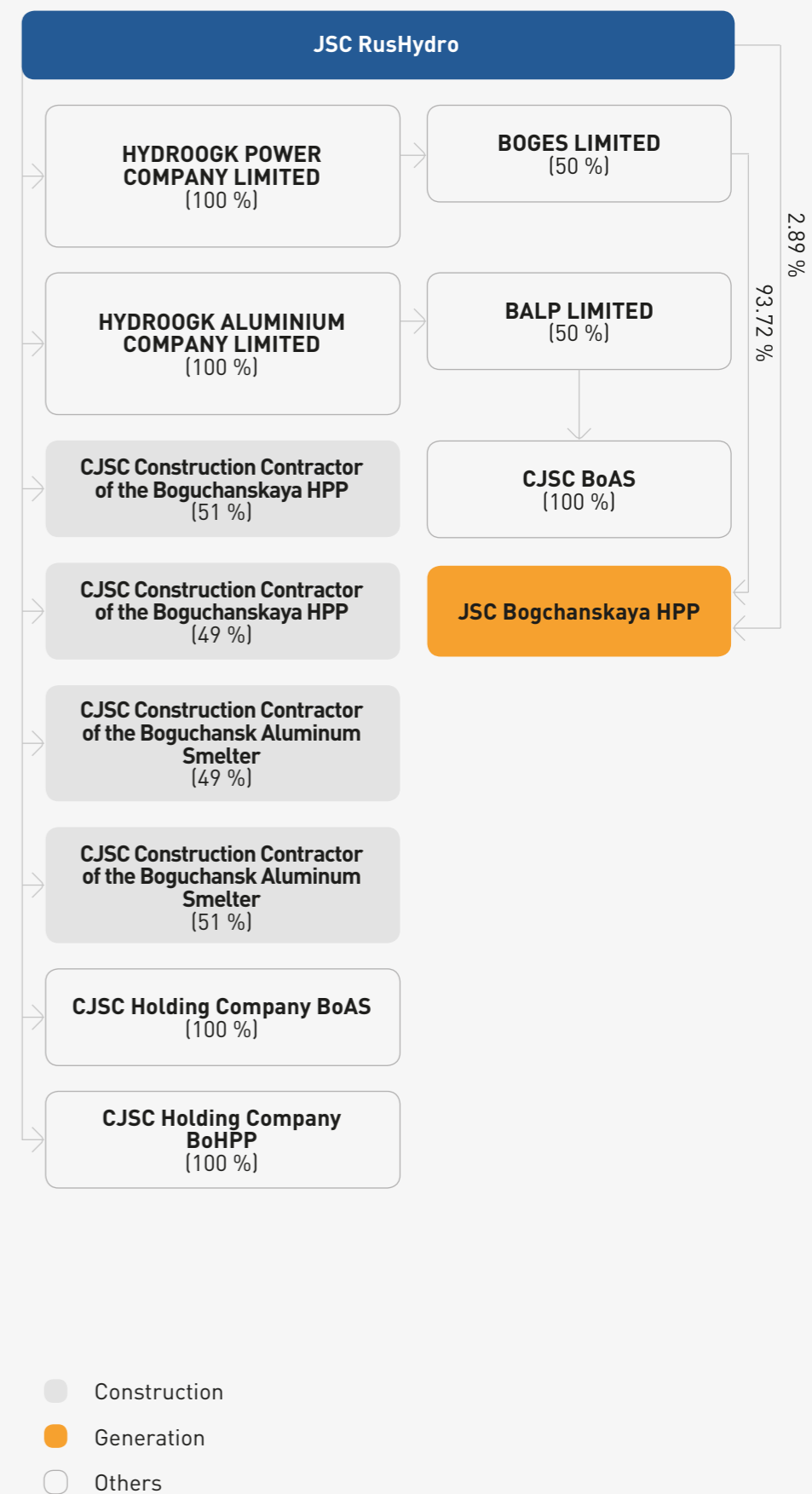
Holding JSC "RusHydro" on 31.12.2013



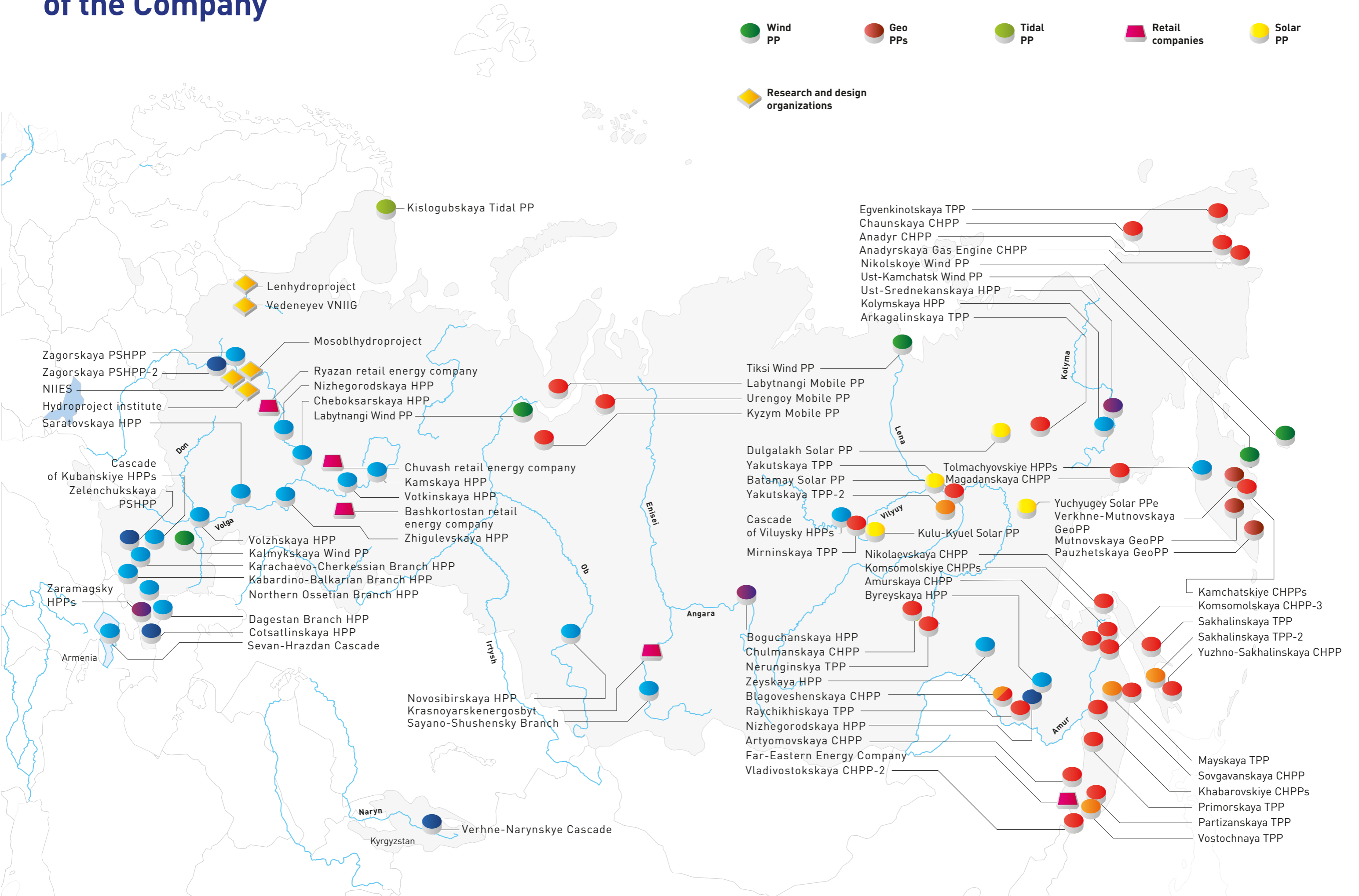
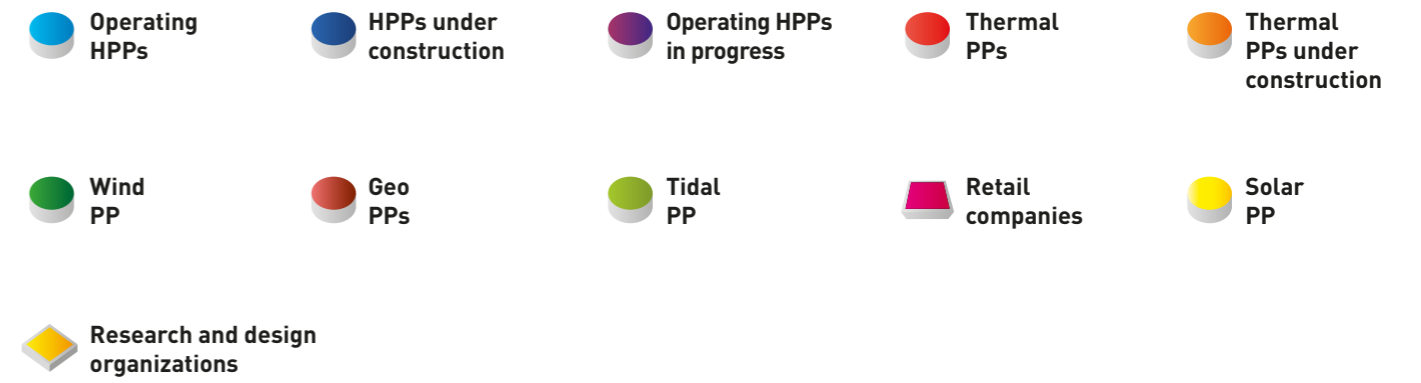
Information on JSC RusHydro's second tier subsidiary and dependent companies



Information about the companies in which JSC RusHydro has a holding within the framework of the BEMO Project



1.4. Geographical Footprint of the Company



1.5. International Activity

JSC RusHydro continues to pay great attention to developing international cooperation, the aim of which is broadening the geographic scope of the Company's presence, and attracting foreign investment and technologies to new prospective projects within the sphere of hydro-power and renewable energy sources, as well as fostering bilateral cooperation with foreign electric power, design and engineering companies.

Broadening the geography of the Company's presence

JSC RusHydro owns CJSC International Energy Corporation (CJSC IEC), which possesses seven hydro power plants of the Sevan-Hrazdan Cascade with installed capacity of 561 MW, located on the Razdan River. In 2013, electricity generation amounted to 467.896 million kWh.

Currently, the state of the Cascade requires a number rehabilitation measures that will significantly prolong its service life and reduce the risk of accidents. The Company pursues a policy of restoration and technical upgrading of the Cascade power plants and plans to renovate the diversion channels of the system. The Cascade modernization and reconstruction program is scheduled to be realized until 2017.

In 2013, the Company began the practical realization of the Russian-Kyrgyz Inter-governmental Agreement on the construction and operation of the Upper Naryn Cascade of HPPs (which was signed in 2012). A technical and economic assessment of the project was prepared, and in June 2013 an official ceremony took place, dedicated to the beginning of construction at the site of the first stages of the Cascade of HPPs.

The Cascade will consist of four consecutive steps: the Akbulunskaya HPP, the Narynskaya HPP-1, the Narynskaya HPP-2 and the Narynskaya

HPP-3. Optimizing the engineering and technological solutions will increase the installed capacity of the Cascade by 25% and bring it to 237.7 MW, with an average annual electrical energy output of approximately 1 bln kWh.

Attracting foreign investment and technologies

Within the framework of the realization of joint projects with the French company Alstom and the Austrian company Voith Hydro, aimed at localizing modern hydro-power equipment production on the territory of the Russian Federation, which is planned to be used during modernization of the Company's active HPPs, the formation of the required contractual and legal base is ongoing, as well as the development of technical documentation, the designation of construction sites and the fulfillment of relevant preliminary work.

In particular, in August 2013, the Company and Voith Hydro, an Austrian company, registered a joint venture, VolgaHydro LLC, the activity of which is aimed at producing equipment for hydro-electric power plants. The project will ensure the transfer of modern technologies in the sphere of producing and assembling power engineering equipment to Russia, as well as the introduction of programs for the training and re-training of production personnel. The economic efficiency of the joint venture will be achieved not only by production of equipment for JSC RusHydro. The joint venture also plans to work with other companies in Russia and abroad, including on service contracts. The launch of the plant is scheduled for April 2015, while full-scale operation is scheduled for 2020.

The Company continues to implement the JSC RusHydro and Alstom project for the construction of the plant producing equipment for small HPPs with a capacity up to 25 MW, medium capacity HPPs (to 100 MW), for pumped storage power plants up to 150 MW, as well as auxiliary equipment. This will be a high-tech enterprise, equipped with the most modern equipment that has no analogues in Russia. Our partners are already preparing for the delivery of the first sets of equipment for installation.

Simultaneously, joint efforts are being made to search for new projects in Russia and the CIS to increase the load of the plant. In 2013, the main part of the design work for the plant was performed. Preparatory work is underway at the site.

Participating in inter-governmental cooperation

JSC RusHydro regularly participates in inter-governmental commissions for trade and the economy, as well as in scientific and technical cooperation between the Russian Federation and foreign countries, as well as energy working groups within this framework. In 2013, Company representatives participated in 16 respective events. JSC RusHydro also participates in international forums organized within the framework of the Russian Union of Industrialists and Entrepreneurs and the Chamber of Commerce and the Industry of Russia.

Cooperating with foreign companies

In 2013, JSC RusHydro concluded a number of business-to-business memorandums and agreements on cooperation with foreign companies:

- The Company concluded agreement on cooperation in the sphere of the joint realization of projects for the construction of HPPs in the confluents of the Amur River and on conducting research and development work with the China Three Gorges Corporation;
- The Company signed a Memorandum of understanding providing for the possibility of cooperation in the modernization of current power plants and the construction of new power plants, as well as other energy objects and constructions on the territory of the Russian Federation with the Korean company Samsung Engineering;
- An agreement on cooperation in realizing the project of industrial production of liquefied nitrogen without CO2 emission on the territory of the Russian Far East was signed between the Japanese company Kawasaki Heavy Industries and the Holding JSC "RAO Energy System of East";
- The Company signed a letter of intent on cooperation on hydro-power with the State energy corporation of the Bolivian Republic of Venezuela CORPOELEC;

- The Company signed an addendum to the Memorandum of understanding (signed May 24, 2011) confirming the intention of the parties to continue the development of bilateral cooperation and specifying the directions of respective cooperation with the Argentinean ENARSA company.

A protocol of intent upon interaction within the realization of the project on the expansion of the Vladivostokskaya CHP-2, as well as other projects for the construction of generation objects in the South of the Primorsk Region of the Russian Federation, was signed between the Holding JSC "RAO Energy System of East", LLC GE Rus (a subsidiary of General Electric) and LLC Russian Gas Turbines.

Agreement on the provision of technical services providing for the provision by RusHydro International AG of services on the technical administration of the Kainji HPP (760 MW) and the Jebba (578 MW) on the Niger River and the organization of their modernization was signed between RusHydro International AG and Nigerian Mainstream Energy Solutions. The Company will provide administration of production activity of the power plants, aimed at maximizing capacity usage.

Interacting with non-commercial partnerships and international organizations

JSC RusHydro's representatives continue to participate in the committees and

working groups of numerous non-profit partnerships and international organizations, in which the Company participates:

- The Global Sustainable Electricity Partnership, GSEP;
- The World Economic Forum, WEF;
- The International Hydro-power Association, IHA;
- The International Commission on Large Dams, ICOLD;
- The International Association for Hydro-Environment Engineering and Research, IAHR.

JSC RusHydro cooperates without being a member in some professional international organizations. Among these organizations, in particular, are:

- The Technology Association of Canada (the Centre for Energy Advancement through Technological Innovation, CEATI);
- The European Small Hydro Association, ESHA;
- The International Council on Large Electric Systems (Conseil International des Grands Réseaux Électriques – CIGRE);
- The International Network of Basin Organizations (Réseau International des Organismes de Bassin, RIOB);
- The Union of the Electricity Industry, Eurelectric.

Also, JSC RusHydro fosters cooperation within the work of international governmental organizations and integration associations. Among these are:

- The Electric Power Council of the CIS (EPC of CIS);
- The Eurasian Economic Community (EurAsEC);
- The International Energy Agency (IEA);
- The Asia-Pacific Economic Cooperation (APEC);
- The Baltic Sea Region Economic Cooperation (BASREC);
- The United Nations Economic Commission for Europe (UNECE).

Participating in international seminars and forums

With the aim of supporting Russia's chairmanship of BASREC in 2012-2013, an international seminar was organized on the subject "Design, construction and maintenance of small HPPs" in November 2013 in St. Petersburg. Also, during the reporting year, the Company's management took part in the Davos Economic Forum (Switzerland) and the Congress of World Energy Council (Korea).

JSC RusHydro's Chairmanship of GSEP

In June 2013, the Company officially chaired the Global Sustainable Electricity Partnership (GSEP) (<http://www.globalelectricity.org/en/>) for the period from June 2013 to May 2014. Russia's year of chairing GSEP is a milestone event for the Company and the Russian electrical energy industry, on the whole. The topic of the year was "Innovations – a fast track to a sustainable world", as the solution of sustainable development problems is impossible without innovation breakthroughs.

GSEP is an international organization founded in 1991 that unites the largest electric power companies from Group of Eight member states (except for the UK). At present, GSEP includes 14 of the

world's leading electricity companies. The main objectives of GSEP include, among others: the development of a joint policy for sustainable power industry development, the organization of large-scale discussions on issues related to environmental protection, climate change, globalization and social policy, the sharing of experiences in the sphere of electric power production and use, and the development of electric power markets and renewable energy sources, as well as the provision of assistance to developing countries.

Fulfilling the functions of the chair company of the Partnership, in October 2013, JSC RusHydro held meetings of the project, policy and management committees in St. Petersburg. At the



initiative of JSC RusHydro, elaboration on projects in the field of cyber-security and countering computer viruses in industrial systems was started within the framework of the Partnership. The Company also took part in a number of international events organized within the framework of the GSEP, including the events of the GSEP, which are part of the program of public-private partnership development, held in Warsaw under the auspices of the 19th United Nations Climate Change Conference (COP-19) and in Belgrade at the 22nd World Energy Congress. In June 2013, in Yakutsk, an international conference on hybrid systems in isolated zones, "Renewable energy in isolated systems of the Far East of Russia", was organized.

Key 2013 Events

January

Installed capacity of the Volzhskaya HPP was increased by 15.5 MW to 2,608 MW through the modernization of hydro-power units with the replacement of turbines

Hydro-power unit No.4 of the Boguchanskaya HPP is commissioned with an installed capacity of 333 MW

February

Hydro-power unit No.5 of the Volzhskaya HPP was commissioned after modernization

The Company successfully placed a bond issue in the amount of RUR 20 bln

March

Hydro-power unit No.10 of the Sayano-Shushenskaya HPP was put into operation after restoration

Company shares are included in T+2 system trading at the MICEX Stock Exchange, as the most liquid shares, admitted to trading

April

The Board of Directors approved creation of four companies to implement the construction of new generating facilities in the Far East: heat and power plant in Sovetskaya Gavan, the Sakhalinskaya power plant No.2, the Yakutskaya power plant No.2 and the Blagoveschenskaya power plant No.2.

Hydro-power unit No.4 of the Saratovskaya HPP was commissioned after modernization

May

RusHydro International A.G., a subsidiary of JSC RusHydro, signed a contract on the administration and modernization of HPPs in Nigeria with an overall capacity of 1.3 GW

June

JSC RusHydro officially chaired the Global Sustainable Electricity Partnership (GSEP) for the period from June 2013 to June 2014

The Annual General Meeting of the Company was held, at which the annual report, as well as financial statements and a resolution on dividend payments in the amount of RUR 3.7 billion for 2012 were adopted

July

JSC RusHydro united maintenance and service functions in single company JSC Gidroremont-VKK

Moody's Investors Service agency affirmed the outlook for the Company's ratings at "Stable" level, affirming the long-term credit rating according to the national scale in foreign currency at the "Ba1" level and the rating according to the national scale at the "Aa1.ru" level

The hydro-power unit No.6, the first one among reconstructed units of the Sayano-Shushenskaya HPP, was put into operation

August

The installed capacity of the Zhigulevskaya HPP was increased by 10.5 MW to 2,351.5 MW through the modernization of hydro-power unit No.2

The modernized hydro-power unit No.19 was commissioned at the Kamskaya HPP after an overhaul

The Company provided material and social support to regions of the Far East of Russia, which were affected by a major flood

September

Fitch Ratings agency affirmed the long-term credit ratings of the Company in foreign and national currency at the "BB+" level and the national long-term credit ratings at the "AA(rus)" level with a "Stable" outlook

October

One of the deepest wells at the Mutnovskaya geothermal deposit, with a depth of 2,200 meters, was put into operation and the disposed capacity of the Mutnovskaya GeoPP-1 was increased at the average by 8 MW to 48 MW

The first launch site of the Ust-Srednekanskaya HPP was put into operation

The Company opened a specialized department of hydro-power and renewable energy sources in the scientific research institute "Moscow Power Engineering Institute" for training highly-qualified personnel in hydro-power engineering

November

The installed capacity of the Volzhskaya HPP was increased by 21 MW to 2,629 MW through the modernization of hydro-power units at the power plant

The RusHydro Group provided own funds for the construction of four high priority thermal generation power facilities in the Far East in the amount of more than RUR 3 bln

Hydro-power unit No.5 was commissioned at the Boguchanskaya HPP

December

The installed capacity of the Zhigulevskaya HPP was increased by 10.5 MW to 2,362 MW after the modernization of hydro-power unit No.4 and the installation of a new five-bladed bucket wheel

Hydro-power unit No.5 was commissioned at the Sayano-Shushenskaya HPP with an installed capacity of 640 MW

Hydro-power unit No.19 of the Zhigulevskaya HPP was commissioned after modernization

The Bank of Russia registered the Report on the placement of the additional share issue of the Company (State registration number 1-01-55038-E-041D dated 03.12.2012)

Events after the Reporting Date

January

Modernization of hydro-power unit No.2 of the Rybinskaya HPP was completed

February

Assembling of the main equipment of the 220 kV switchgear of a modern design was completed at the Mainskaya HPP, which is part of the Sayano-Shushenskiy hydro-power complex

March

The Company attracted two credit lines in the amount of EUR 190 million under a guarantee of the OeKB Export Agency from syndicate of ING Bank and CACIB, aimed to modernize the Saratovskaya HPP

JSC RusHydro received a permission by appropriate ministries and governmental agencies allowing the Company to use target budgetary funds out of RUR 50 billion allocated by the state for construction of heat generating facilities in Russia's Far East and deposited with JSC Sberbank of Russia

Hydro-power unit No.4 of the Sayano-Shushenskaya HPP with an installed capacity of 640 MW was put into operation

April

The installed capacity of the Rybinskaya HPP was increased by 10 MW to 356.4 MW after replacement of hydro-power unit No.2

Sberbank CIB arranged financing for RusHydro Group in the sum of RUR 2.776 for current loan refinancing

The Kama

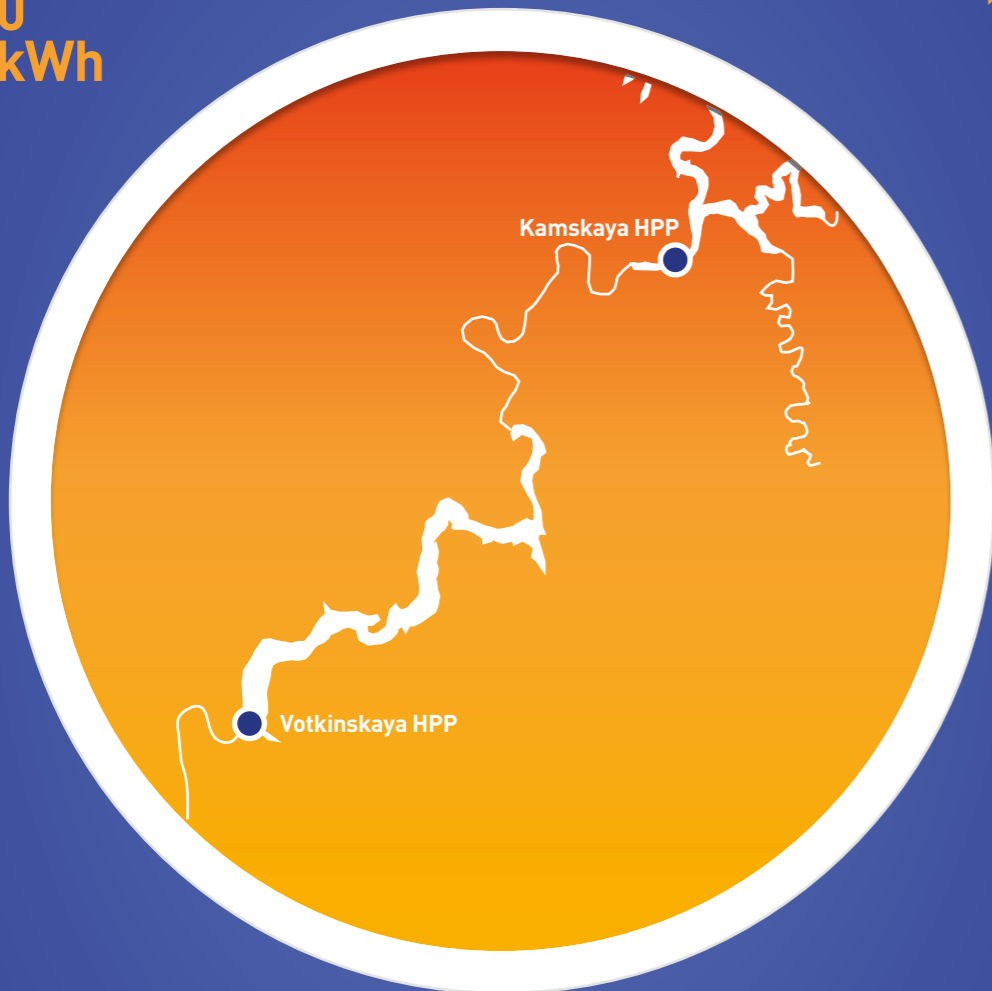
This is the left and biggest tributary of the Volga. Its name is of ancient Finno-Ugric origin. Some scholars believe that the name comes from the Udmurt word "Kema", meaning "long".



3,990 million kWh



1,557 MW



Position among Russian rivers



1,805 km



507,000 km²

Position among Russian rivers



3,500 m³/sec

2. Strategy and Investment



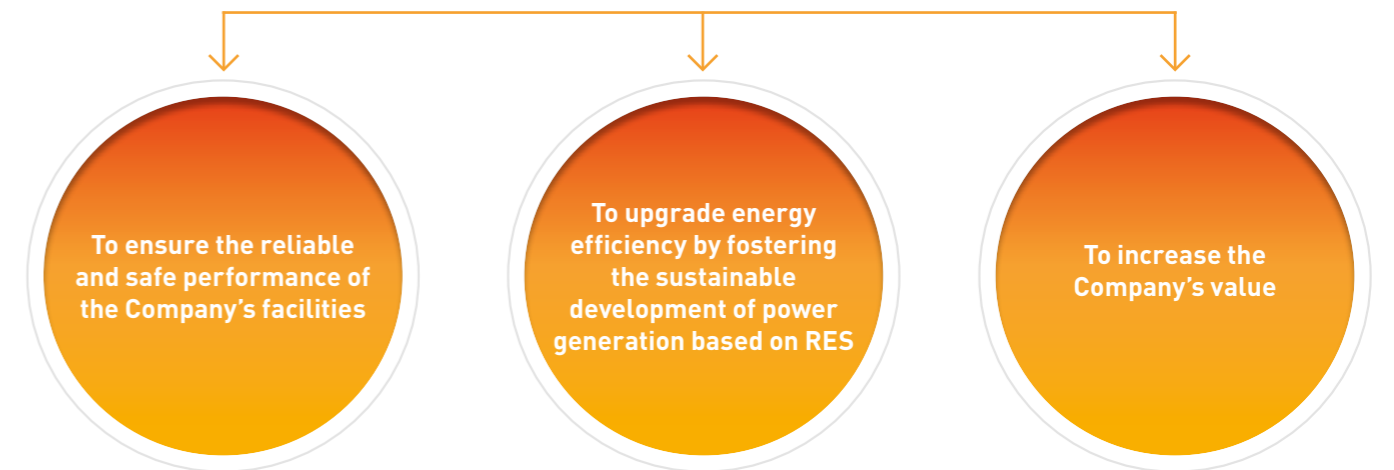
2.1. Strategy
2.2. Investment

2.1. Strategy

The Company's strategy is represented as the Strategic plan till 2015, with future development till 2020. JSC RusHydro's Strategic plan was adopted by resolution No. 100 of the Company's Board of Directors (dated June 16, 2010).

THE COMPANY'S MISSION

is the efficient use of water resources, the creation of conditions to ensure Unified Energy System (UES) reliability and the expanded use of renewable energy sources (RES) to benefit both shareholders and society as a whole



Ensuring the reliable and safe functioning of equipment and hydro-power structures for society and the environment, taking into account the economic feasibility of funds allocated to minimize risk and reduce potential damage

The Company makes every effort to increase the share of renewable energy sources (RES), including hydro-generation, in the energy balance, holding Russia's leading position in RES usage

The Company seeks to maximize its value to the State, shareholders, society and employees

The strategic plan was developed in accordance with the following documents in State strategic planning:

1. The Concept for Russia's Long-term Socio-economic Development till 2020;
2. The Long-term Development Forecast of the Russian economy till 2030;
3. Russia's Energy Strategy till 2030;
4. The General Lay-out of Power Facilities till 2020 (forecast till 2030);
5. Regional strategies for socio-economic development and energy strategies for the regions;
6. Sector strategies and long-term plans for the development of the oil and gas industry, ferrous metallurgy, transport infrastructure, etc.

Implementation mechanisms for the Company's strategy

The Company has implemented and operates a strategic management system, which integrates strategic management processes with motivation system. The main instruments to implement the Strategy are the Company's Growth Priorities for the current year (Priorities) and the Strategy Implementation Plan (SIP). Both documents refer to the annual strategic management cycle.

Priorities are a formalized list of key strategic goals, projects and programs, the implementation of which ensures the achievement of the Company's strategic goals and

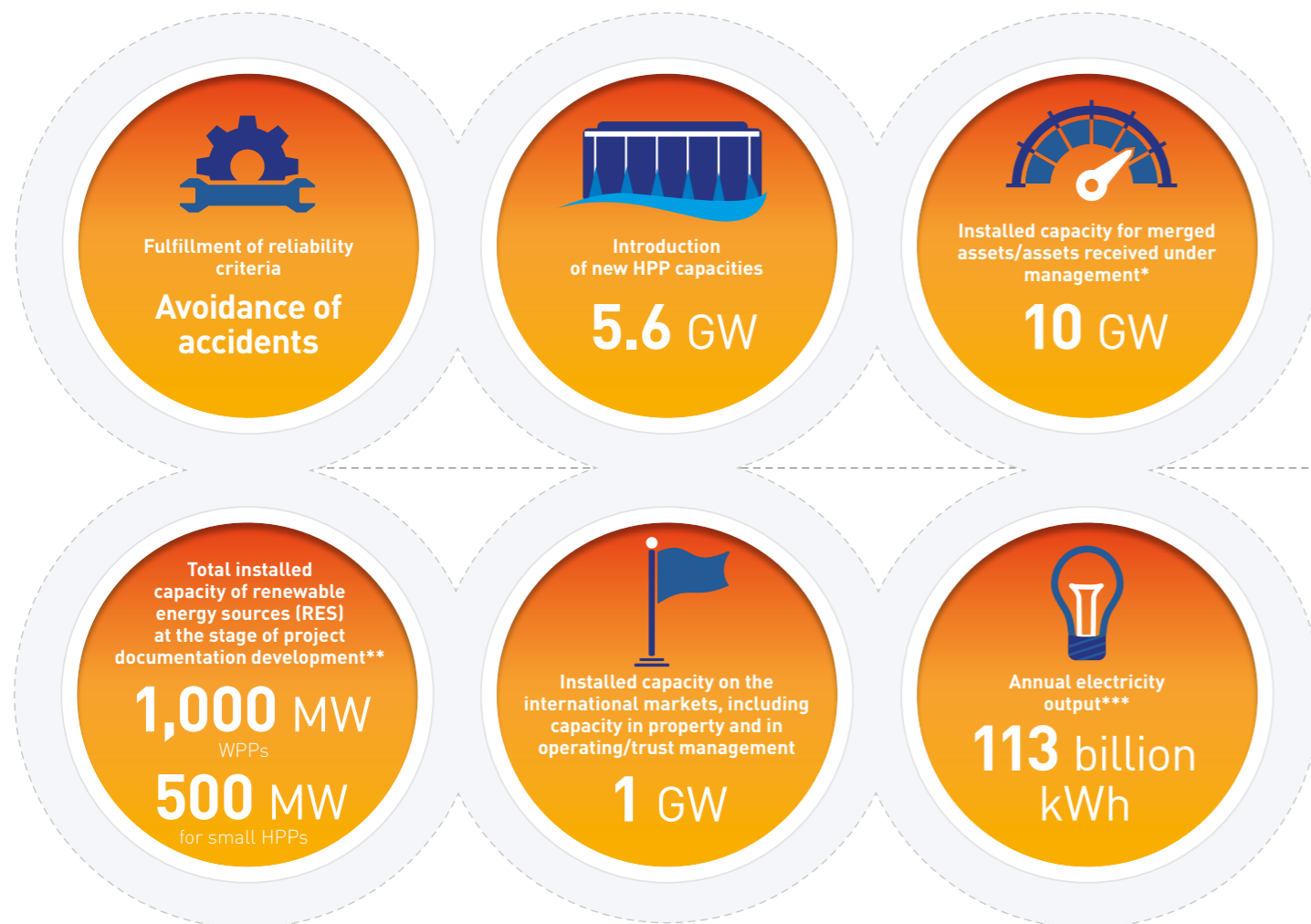
maximum synergy during the current year. The purpose of the Priorities is to focus the Company's resources on the most important targets and indicators. Responsibility for implementing Priorities rests on the Company's senior management team, which is responsible for the comprehensive implementation of all Priorities.

The Strategy Implementation Plan is a detailed document that includes a set of annual objectives and performance indicators, the accomplishment of which provides for the Company's strategic goals. The aim of forming the SIP is the Company's communication and operationalization within a one-year period. The SIP contains targets and indicators

The Strategy Implementation Plan is a detailed document that includes a set of annual objectives and performance indicators, the accomplishment of which provides for the Company's strategic goals.

for the current year, indicating which of the Company's officials and departments are responsible for implementation. The aggregate of the SIP's indicators in their areas of responsibility is one of the annual key performance indicators (KPIs).

2015 Target value



* In case of the realization of all strategic initiatives

** in case of the adoption of State support measures for renewable energy, the indicator will be updated

*** For existing business and investment projects for construction on Russian territory

The strategic plan was developed in accordance with the following documents in State strategic planning:



2013 Strategy Implementation

Development priorities for 2013 were adopted by a resolution of the Company's Board of Directors dated February 20, 2013 (Minutes No. 175).

1. Ensuring the reliability and modernization of existing assets

A constant annual strategic priority for the Company is ensuring the operating reliability of existing assets. This is performed in numerous ways, including via the Complex Modernization Program for JSC RusHydro's Generating Facilities till 2025.

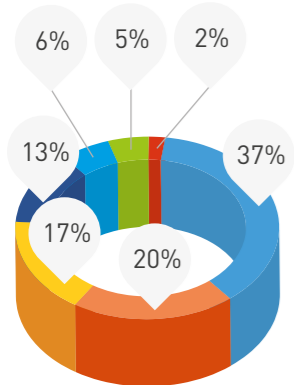
Realization of the Complex Modernization Program for JSC RusHydro's Generating Facilities

About the Complex Modernization Program

Most power plants in Russia were put into operation 40-50 years ago and many facilities are even older. Thus, much of the equipment needs to be replaced and/or overhauled.

The problem is complicated by the fact that during the Soviet period no large modernization projects in this sphere were conducted; and in the 1990s, there were simply not enough funds. During the early years of the 21st century, equipment replacement started, but at a rate which was evidently insufficient. The problem had to be resolved radically, and in 2012, RusHydro adopted a large-scale Complex Modernization Program for Generating Assets. In accordance with the Program, by 2025, the Company will replace all HPP equipment that has an expired operational lifetime.

Financing Requirement for the Complex Modernization Program



- Turbines
- Generators
- Auxiliary equipment
- Safety, automation
- Hydro-power structure reconstruction
- Transformers
- Design works

Main parameters of the Complex modernization program Planned to be replaced



154 hydro turbines or 55% of turbines



119 generators or 42% of generator fleet



176 transformers or 61% of transformer fleet



396 high voltage switches



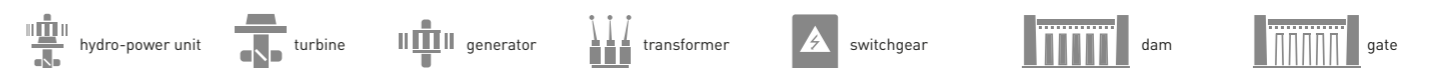
8 thousand units of secondary control wiring equipment



4 thousand unit of auxiliary equipment

Results of the Fulfillment of the Complex Modernization Program in 2013

In 2013, the Company undertook the following measures	Modernization	Reconstruction	Replacement
1 The Rybinskaya HPP	One 55 MW turbine	One switchgear, One dam	Two transformers
2 The Nizhegorodskaya HPP	One switchgear		One gate
3 The Cheboksarskaya HPP	One 78 MW turbine		
4 The Zhigulevskaya HPP	Two turbines and one hydro-power unit with 345 MW total capacity	One switchgear	One gate
5 The Saratovskaya HPP	Two generators with 120 MW total capacity and one 45 MW hydro-power unit	One dam	One transformer
6 The Volzhskaya HPP	Three turbines with 345 MW total capacity		
7 The Kamskaya HPP	Three turbines with 63 MW total capacity, Two generators with 42 MW total capacity	One dam	One gate
8 The Votkinskaya HPP	One switchgear		
9 The Yegorlykская HPP	THE COMPANY BEGAN BUILDING THE NEW SPILLWAY		
10 The Novosibirskaya HPP	One dam		
11 The Maynskaya HPP	One switchgear		
12 The Zeyskaya HPP	One switchgear, One dam		



Reconstruction of the Sayano-Shushenskaya HPP named after P. S. Neporozhny is performed in accordance with the adopted schedule

In 2013, the supply of hydro-power equipment and transformers was completed, the last station service transformer and auxiliary equipment for reconstruction of the 500 kV outdoor switchgear was delivered, the 500 kV cable and equipment for automation, protection and alarm system were installed, 500 kV gas insulated system sections with T5 and T3 units and high voltage transmission lines 541, 543 and 544 were put into operation, and the reconstruction of the T3 unit's transformer platform was completed.

With the aim of ensuring comprehensive quality control for the fulfilled construction and installation work and the supplied equipment, the Company actively attracts specialized organizations. Among these

are: the autonomous non-commercial organization Soyuzekspertiza of the Russian Chamber of Commerce, which controls the production quality of the hydro-power equipment and welding work, as well as JSC KTB Zhelezobetona, which controls the quality of concrete work, as well as reinforcing work.

In addition, supervisory authorities (Rostekhnadzor and Rosprirodnadzor) conduct inspections, as a result of which the Company undertakes required measures in a timely manner and ensures that work corresponds with the requirements of normative documents.

Ensuring (recovering) the readiness of the Company's HPPs for automatic frequency regulation

In 2013, the Company reconstructed and put into operation systems for the group regulation of active capacity (GRAC) with the capability of participating in the automated secondary regulation of current

frequency and active electric capacity flows at the following JSC RusHydro facilities:

- the Bureyskaya HPP,
- the Volzhskaya HPP,
- the Votkinskaya HPP,
- the Zhigulevskaya HPP,
- the Zeyskaya HPP,
- the Zelenchukskaya HPP,
- the Irganayskaya HPP,
- the Kamskaya HPP,
- the Nizhegorodskaya HPP,
- the Novosibirskaya HPP,
- the Rybinskaya HPP,
- the Saratovskaya HPP,
- the Uglichskaya HPP,
- the Cheboksarskaya HPP.

In 2014, the Company plans to complete the reconstruction of the GRAC at the Sayano-Shushenskaya HPP, the Chirkeyskaya HPP, the HPP-2 of the Kuban Cascade of the HPPs and in JSC RusHydro, as a whole. In addition, the Company will continue the connection of modernized hydro-power units and their automatic systems to the GRAC.

2. Increase in the effectiveness of repair and maintenance service for facilities

Due to the necessity for centralized repair and maintenance services, on June 1, 2013, JSC RusHydro formed an integrated repair and maintenance company – RSK, which united the resources and technologies of five maintenance SDCs

of JSC RusHydro at the basis of JSC Hydroremont VKK. RSK operations will optimize maintenance and repair costs, at the same time ensuring a high level of production asset reliability. In addition, RSK will be a center of engineering

competence for the Company and will allow it to broaden the technical competence and tools of the Company's maintenance personnel.

3. Increase installed capacity through the realization of investment projects

Introduction of capacities at the Zagorskaya PSPP-2 (630 MW)

The planned volume of installed capacities (630 MW) was indicated in accordance with the investment program adopted during the formation of Priority Development Indicators for 2013 with reference to possible changes within the consideration of the report on the fulfillment of the investment program by JSC RusHydro's Board of Directors.

Practically, work on the installation of two hydro-power units – 420 MW (hydro-power unit No.1 and hydro-power unit No.2 with capacity of 210 MW each) were fully fulfilled already in 2012. In December 2012, a test launch was performed, but the connection of the

Zagorskaya PSPP to the UES did not take place due to the unavailability of the power distribution scheme, which JSC FGC UES is working on. In accordance with a resolution of JSC RusHydro's Board of Directors dated March 29, 2013 (Minutes No. 177 dated April 1, 2013) within the report on the fulfillment of the investment program, the introduction of the 420 MW hydro-power unit No.1 and hydro-power unit No.2 with capacity of 210 MW each was recorded as 2012.

In accordance with JSC RusHydro's adjusted Investment Program for 2013 adopted by the Russian Energy Ministry (Order No. 639 dated 24.09.2013), the introduction of capacity for the Zagorskaya PSPP-2 project is not foreseen for the reporting period. 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 Company estimates expenses that may be necessary as a consequence of the flooding and possible write-off of the assets under construction. Construction-assembly works as well as equipment are insured. Insurance companies need to analyze the causes of the accident based on the accident investigation act with supporting documentation, as well as studying other documents, which confirm the nature, quantitative and economic evaluation of the damage. Due to these facts, in 2014, the Company postponed

putting into operation the first start-up facility of Zagorskaya GAES-2 to 2017.

Introduction of capacities at the Boguchanskaya HPP (999 MW)

The planned volume of introduced capacities (999 MW hydro-power units No.7, 8, 9 of 333 MW each) were indicated in accordance with the investment program adopted during the formation of priority development indicators for 2013 with reference to possible changes within the consideration of the report on the fulfillment of the investment program by JSC RusHydro's Board of Directors.

The Russian Energy Ministry adopted the adjustment of JSC RusHydro's investment program for 2013 in terms of postponing the launch of hydro-power unit No.9 (333 MW)

due to the unavailability of the 500 kV grid (Order No.639 dated September 24, 2013).

Thus, in accordance with JSC RusHydro's Investment Program adopted by the Russian Energy Ministry in 2013, the Company plans to introduce two hydro-power units (hydro-power unit No.7 and hydro-power unit No.8 with a capacity of 333 MW each) at the Boguchanskaya HPP.

As of January 1, 2014 the permit to conduct start-up and adjustment operations of the hydro-power units No.7 and No.8 was received, the technical launch of hydro power units No.7-9 was conducted, and the protocol of readiness of the waterfront up to 205 meters mark was signed. At the same time, the readiness of the power distribution scheme from part of the Krasnoyarsk

Region was provided to an extent, allowing for the power distribution of four hydro-power units.

The construction preparedness of hydro-power units No.7 and No.8 of the Boguchanskaya HPP and the capacity of their placement under load, as well as the unavailability of the 500 kV power distribution scheme which did not allow for the provision of power distribution for more than four hydro-power units of the Boguchanskaya HPP, were noted at a meeting of the operations center of the Russian Energy Ministry dedicated to launch preparation of the Boguchanskaya HPP (Minutes No. KV-3pr dated December 20, 2013).

4. Competitive increase of the project complex: managerial consolidation of project institutes

To solve the task of growth in competitiveness, JSC RusHydro plans to create a consolidated center for planning scientific and design studies and works, form a center to organize the execution of such works and control of their results, and organize a unified information space for design and research institutes. This

will enable the Company to improve the quality of design solutions, ensure the reliability and safety of hydraulic works and equipment, synchronize the development of scientific and engineering SDCs, as well as optimize the performance of human resources.

In 2013, the Company was carrying out the work on the draft Concept of the management system for scientific & design and technological complex of JSC RusHydro. The Concept is scheduled to be completed and start to be implemented in 2014.

5. Increase in the profitability of power sales companies

Centralized system for the management of power sales companies within JSC ESK RusHydro

In 2013, the Company undertook numerous actions aimed at centralizing the system for the management of JSC RusHydro's power sales companies. This activity was conducted with the aim of fulfilling a resolution of the Management Board on the adoption of a centralized system for the management of power sales companies within JSC ESK RusHydro and the adoption of a Program for the development of JSC RusHydro's power sales companies in 2012-2014.

Measures undertaken during the reporting year ensured the successful start of the centralization of the system for managing power sales companies and were aimed at:

- Fulfilling the functions of the sole executive body (SEB) for earlier concluded agreements;
- Elaborating on and introducing regulations for the interactions of the SEB and power sales SDCs;
- Standardizing the activity of power sales companies.

In 2014-2015, the Company plans to further enhance the management system of power sales holding JSC ESK RusHydro.

Improving the operational efficiency of power sales companies

The 2013 Strategy Implementation Plan of JSC RusHydro aims to increase the operational efficiency of power sales companies by decreasing expenses at least 10%.

According to managerial reporting data from 2012-2013, the plan to increase operational efficiency by decreasing expenses was fulfilled for each power sales company, among which are: JSC Krasnoyarskelektrosbyt, JSC Ryazan Power Sales Company, JSC Chuvash Power Sales Company and LLC Power Sales Company of Bashkortostan.

6. Corporate consolidation of hydro-power assets: acquiring shares in or managing economically efficient hydrogeneration assets, which are privately owned in Russia

The Company's Management Board annually adopts the Report on the Fulfillment of the Annual Program of Strategic and Other Material Transactions of RusHydro Group. The 2013 Report was adopted by a Management Board resolution (Minutes No.814pr dated December 20, 2013).

Key strategic and other material transactions concluded in 2013 are:

- Reorganization of JSC RusHydro's repair SDCs (State registration of SDCs was performed July 1, 2013);
- Project on the creation of a joint venture with Voith Hydro (a company to produce hydro-power equipment, LLC VolgaHydro, was registered August 19, 2013 on the territory of the Saratov Region);
- Disposal of shares of JSC Trust Gidromontazh (sale of 33.54% of shares

to JSC TEK Mosenergo was performed October 16, 2013).

In 2014, the realization of the following transaction will continue: transfer under Russian jurisdiction companies of the Boguchanskoye Energy and Metal Complex (BEMC), included in Annual Program of Strategic and Other Material Transactions for 2013.

7. Development of an effective system for innovation management and forming a sustainable innovation process in the Company's activity: formation of a center for innovative solutions in the sphere of new technologies for producing electrical energy, design work and construction in the field of RES, including HPPs

The RusHydro Group has a design and research complex that integrates design institutes (JSC Hydroproject Institute, JSC Lenhydroproject, JSC Mosoblhydroproject) and research organizations (JSC Vedeneev VNIIG and JSC NIIES). The complex activities

are aimed at the development of innovative technologies in the field of "green" energy. In particular, in 2013, the specialists of JSC NIIES obtained a positive opinion of the state examination for the Bolshoy Zelenchuk Small HPP project developed by them. In

addition, JSC NIIES is working on the design of orthogonal turbine impeller to be used in low-head mini HPPs and also participates in the construction of a binary power plant at the Puzhetskaya GeoPP site as general designer.

8. Development of human resources potential: development of a system for primary and supplementary professional education on the basis of the Moscow Power Engineering Institute and the Corporate University of Hydro-power Engineering, as well as the Company's Scientific and Production Information Center.

JSC RusHydro aims to create an educational environment on the basis of an internal system of workplace mentoring, the Corporate University of Hydro-power Engineering, the Sayano-Shushenskaya Branch of the Siberian Federal University located in close vicinity to the largest HPP and a network of field-oriented universities and technical schools both on the federal and regional level.

In October 2013, the Company opened the Department of Hydro-power Engineering and Renewable Energy Sources in the National Research Institute Moscow Power Engineering Institute. This will allow the Company to participate in training engineers for every stage of the production asset lifecycle: design, research, construction and operation. The Department will ensure the formation of

a methodological center for increasing the effectiveness of professional development for personnel in production, repair and construction facilities, as well as the scientific and project complex of the hydro-power holding.

9. Development of activities in the field of water resources: development of a Concept for the modernization and effective management of Russia's water resources complex

To fulfill the task of JSC RusHydro's participation in the management of Russia's water resources complex, a Concept for the modernization and effective management of Russia's water resources complex was developed. The Concept, as well as suggestions on RusHydro Group's participation in its realization were submitted for consideration by the interested Russian Ministry.

After a discussion of the matters on the form of JSC RusHydro's potential participation in the development of Russia's water resources complex, federal executive authorities suggested to designate sectors of water supply, water discharge and wastewater treatment. In addition, it was proposed that the Company exercise functions of strategic planning, the management of the modernization processes, the

organization of inter-regional interaction, investment attraction, the development of international ties and the creation of an industrial base for industry equipment and component production on Russian territory.

10. Transition to a target capital structure and broaden sources for realizing the Investment Program

The attraction of additional financial resources for financing the investment program within the framework of JSC RusHydro's re-capitalization

Effective usage of funds for the investment programs of the Holding JSC "RAO Energy System of East"

In 2012, a resolution was adopted to increase the charter capital of JSC RusHydro via an additional share issue (Decree of the Russian President No.1564 dated November 22, 2012) on the condition that the share of the Russian Federation in the Company's charter capital will not amount to less than 60.5%.

Raised funds will be channeled to finance the construction of the following facilities of the electrical energy industry on the territory of Russia's Far East:

- CHP in Sovetskaya Gavan;
- Sakhalinskaya TPP-2 (first stage);
- Yakutskaya TPP-2 (first stage);
- Blagoveschenskaya CHP (second stage).

On November 26, 2013, the placement of the shares of the additional issue was completed, and the securities offering report was registered by the Bank of Russia on December 26, 2013.

On 3 December 2013, the Company's Board of Directors approved the model for construction management of generating capacities in the Far East. According to the model, the shares of four SDCs that belong to JSC RusHydro and to be subsequently purchased shall be transferred in trust management of the Holding JSC "RAO Energy System of East" without the right to receive dividends and without the ability to dispose of and encumber the shares and assign rights

to the shares. On 23 December 2013, JSC RusHydro and the Holding JSC "RAO Energy System of East" signed an agreement for trust management of shares belonging to engineering SDCs.

Thus, the recapitalization of JSC RusHydro for financing its investment program was finalized. In 2014, the Company will continue to work on the construction of generating capacities in the Far East. The next step will be carrying out the price and technological audit, obtaining positive conclusions by Federal Autonomous Establishment Glavgosexpertiza of Russia, as well as concluding general contracts for the construction of facilities.

11. Broadening the Company's presence on international markets: realization of the project to construct the Upper Naryn Cascade of HPPs (Kyrgyzstan), including elaborating on the technical and economic assessment of the investment and development of project work

Development of the Upper Naryn Cascade of HPPs is conducted within the framework of the Agreement between the Russian Government and the Government of the Kyrgyz Republic on the construction and operation of the Upper Naryn Cascade of HPPs, signed September 20, 2012.

In January 2013, JSC Lenhydroproject, a SDC of JSC RusHydro, won the tender for a feasibility study (FS) for the construction of the Upper Naryn Cascade of HPPs. In November 2013, the feasibility study was approved by the Board of Directors of CJSC Upper Naryn HPPs.

The project developed provides for the construction of the Cascade of HPPs, including: the Akbulinskaya HPP, the

Narynskaya HPP-1, the Narynskaya HPP-2 and the Narynskaya HPP-3, with an overall installed capacity of 237.7 MW and an annual electricity output of 942.47 million kWh. The Cascade is situated in the Naryn Region of the Kyrgyz Republic.

Preparatory work on the construction of the cascade began in June 2013. As a result of this work, by the end of the reporting year, the first phase of the rotational camp with the necessary infrastructure was completed, a concrete plant and a crushing and grading complex were commissioned and access roads were constructed. In 2014, the Company will start construction work of the main structures of the cascade. The project is scheduled to be completed in 2013-2019.

In addition to the priorities listed above, due to the Company's special importance or due to the necessity of continuing work, the following Priorities are transitional and are included in 2014 development priorities with new target indicators:

- Ensuring the reliability and modernization of existing assets;
- Increasing installed capacity through the realization of investment projects;
- Upgrading the competitiveness of the project complex;
- Creating an effective system for innovation management and forming a sustainable innovation process within the Company's activity;
- Developing its human resource potential.

2014 Development Priorities

The Company's 2014 development priorities were adopted by a resolution of the Board of Directors (Minutes No. 190 dated November 29, 2013).



* Real estate that is not involved in electricity generation, distribution, transmission and operational control

Strategy of the Holding JSC "RAO Energy System of East"

Mission:

The Holding JSC "RAO Energy System of East" (JSC RAO Energy System of East, the Holding Company) as the main producer of electric and thermal energy for the Far Eastern Federal District, understands its social responsibility toward the State in the sphere of providing a reliable and safe energy supply to consumers on the territory in which the Company operates, in accordance with the Strategic Plan for the Development of the Holding JSC "RAO Energy System of East" for the period till 2015 with an outlook till 2020, which is in turn aimed at realizing the Strategy of JSC RusHydro.

Strategic aims of the Holding JSC "RAO Energy System of East"



Ensuring reliable and uninterrupted power supply for consumers of electrical and thermal energy

Being the main producer of electrical and thermal energy on the territory of the Far Eastern Federal District, the Holding Company understands the fulness of its social responsibility and attributes maximum efforts for ensuring of sustainable and efficient development of the power industry on the territory of the Far Eastern Federal District, creation and support of the unified control circuit, realization of state policy in respect to development of the power industry of this region, stipulated by the program documents of the federal and regional levels and above all, ensuring of reliability and safety of functioning of the utilized equipment and facilities.



Entry into new markets

The Holding Company aims at the development of existing types of activity and at the entry into new markets. One of the prospective directions for business development is the export of electrical energy, which will allow the Holding Company to broaden the end markets.



Ensuring of sustainable growth of fundamental value in long term prospective

The Holding Company aims at increasing its fundamental value and its value for shareholders, employees and the society as a whole. The instruments for pursuing of this goal include both gradual vertical integration and the optimization of operational costs of the Holding Company as well as the increase in efficiency of the business processes and development of governance system.

Strategic management system of the Holding JSC "RAO Energy System of East"

One of the instruments for realizing the strategy on a one year timeframe are the Priorities of the Development of the Holding, which represent a list of key aims and measures (the fulfillment of which are considered to be the most important during the current year). The basis for forming the Priorities of the Development of the Holding JSC "RAO Energy System of East" is the Priorities of Development of JSC RusHydro for the corresponding period.

A constant priority of the Holding is ensuring the reliable and safe performance of existing facilities by fulfilling the Complex modernization program of the Holding JSC "RAO Energy System of East", as well as increasing the installed capacity of the Holding's assets through the realization of investment projects.

Significant attention is given to controlling the efficient usage of funds directed at investment projects and maintenance work. The schemes for financing each project are elaborated on

individually taking into account the principles of economic efficiency and expediency, as well as the potential usage of borrowed funds upon more favorable conditions within the RusHydro Group, the attraction of budgetary funds and the realization of large-scale projects together with bulk consumers of electrical energy.

With the aim of ensuring a complex approach to the development of the energy industry in the Far East in 2014, the Group plans to complete elaboration and adopt the Program for the prospective development of the energy industry complex on the territory of the Far Eastern Federal District in the area of responsibility for the Holding JSC "RAO Energy System of East" till 2025.

To enhance the efficiency of corporate governance and optimize the corporate structure a plan for consolidating the assets of the Holding JSC "RAO Energy System of East" will be formed.

The implemented policy of upgrading energy efficiency in the production of electrical and thermal energy through the use of modern technologies in modernizing existing and constructing new power generation facilities,

as well as the policy for decreasing losses in thermal and electric grids and developing renewable energy sources, will contribute to the enhancement of the Holding's operational efficiency.

Enhancement of the efficiency of electric and thermal energy production will be ensured through optimizing the system of the repair and maintenance service, decreasing expenses on fuel supply through the demonopolization of the fuel and energy market of the Far Eastern Federal District and broadening competition between suppliers, as well as by realizing target programs for the introduction of innovations, including in energy efficiency.

In the sphere of tariff regulation, the key aims of the Holding are stimulating a transition to a long-term system of tariff setting, which will ensure maintaining of the economy from an increase in operational efficiency and a decrease of costs in the tariff revenue of the Company, as well as the capability of reflecting the costs of technical rehabilitation and modernization in the planned gross revenue requirement to the full (required) extent.

2014 Development Priorities of the Holding JSC "RAO Energy System of East"



* Approval by the Holding's Board of Directors in spring 2014

2.2. Investment

Principles of the Investment Policy

The Company's investment policy and the adoption of the related decisions are based on the following principles:

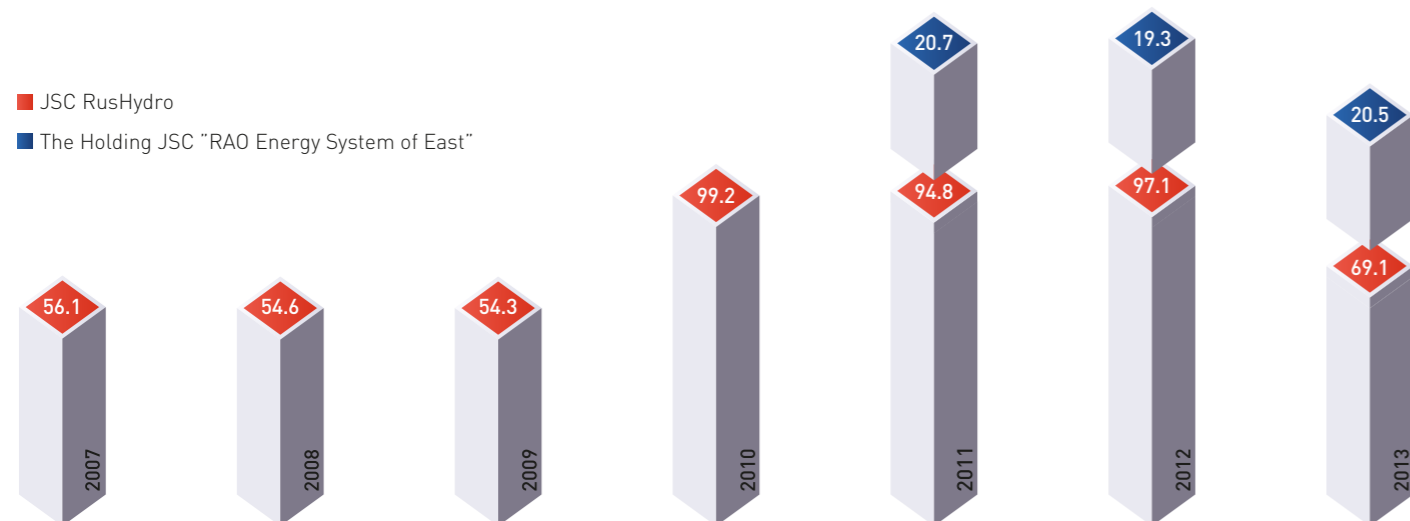
- investment decisions and the project's compliance with legislatively established requirements, building codes and environmental standards;
- following the sequence of steps and stages for investment project implementation;
- investment decisions and the project's compliance with profitability and risk requirements, established by the Company's Board of Directors;
- analysis of costs and benefits for alternative investment decisions at the end of each investment project stage when basic parameters change;
- funding sources available for all investment projects.

The Company's investment activity is regulated by a single consolidated document – the Regulations on the Investment Management Process in the Form of Capital Investments (approved September 30, 2013). Approval of the Company's Investment Program is the responsibility of the Company's Board of Directors. At the same time, in accordance with the Procedure for Approving Investment Programs for Electric Power Entities as a State-linked Company (approved December 1, 2009, by Government Decree No. 977), the investment programs, before being approved by JSC RusHydro's Board of Directors, are agreed upon with executive authorities and approved by the Russian Ministry of Energy.

In accordance with Government Decree No. 1172 (December 27, 2010) On the Endorsement of the Rules of the Wholesale Electricity and Capacity Market and on Amendments to Some Acts of the Government of the Russian Federation on the Issues of the Organization of the Functioning of the Wholesale Electricity and Capacity Market, a target investment component (TIC) has not been set since 2012.

In 2013, the introduction of a corporate automated information system for investment management processes in the form of capital investments in JSC RusHydro and its SDCs and auxiliary dependent companies was finalized.

Investment Dynamics, RUR billion



2013 Investment Program

Implementation of the Company's Investment Program is one of the strategic objectives.

JSC RusHydro's 2013-2015 Investment Program was adopted by Order of the Russian Ministry of Energy No.665 (dated December 28, 2012). 2013 financing volumes were adjusted within the framework of the 2013 Investment Program of JSC RusHydro (adjusted) adopted by Order of the Russian Ministry of Energy No.639 (dated September 24, 2013).

Investment program adjustment is due to:

- Necessity of including investment projects on the territory of the Far East into the overall investment program;
- Significant decrease in planned revenue growth mainly due to the impossibility of placement under load

of constructed generation capacities, which in turn negatively influence the financial indicators of JSC RusHydro, and as a result affects the maximum possible volume of financing for the investment program;

- Necessity of adjusting the time schedule for a number of investment projects taking into account differences in financing investment projects resulting from investment program realization in 2012.

The overall volume of the 2013 adjusted investment program is RUR 78,870.09 mln. In addition, in 2012 the Company plans to provide financing for the construction of the Boguchany

Aluminium Smelter in the volume of RUR 18,930.51 mln. The 2013 volume of commissioned capacity amounted to 896 MW.

The 2013 investment program of the Holding JSC "RAO Energy System of East" was formed in the amount of RUR 20,985.3 million, including VAT. The 2013 financing plan corresponds to the approved parameters of the Holding's SDCs' investment programs that underwent reconciliation and approval procedures in accordance with the RF Government Decree No 977 (dated December 1, 2009).

2013 fulfillment of the Investment Program

Actual financing in the amount
89.6
RUR bln
(90%)

Commissioning of capacities
896 MW
(100%)

The main parameters of the realization of the investment programs of JSC RusHydro and the Holding JSC "RAO Energy System of East" in 2013

	JSC RusHydro	The Holding JSC "RAO Energy System of East"	Total
Adopted volume of investment, billion rubles	78.9	21.0	99.9
Fulfillment of the Investment Program, billion rubles	69.1	20.5	89.6
Fulfillment of the Investment Program, %	88	97	90.1
Plan for commissioning capacities, MW	896	4.2	900.2
Fulfillment of the plan for commissioning capacities, MW	896	4.3	900.3
Fulfillment of the plan for commissioning capacities, %	100	102	100

Main investment directions in 2013

The main directions of investment for JSC RusHydro in 2013 were:

- Technical rehabilitation and modernization measures – RUR 31.48 bln;
- Complex reconstruction of the Sayano-Shushenskaya HPP – RUR 3.1 bln;
- Priority projects in the Far East – RUR 2.1 bln;
- Facilities under construction – RUR 30.1 bln;

- RES projects – RUR 0.9 bln;
- Facilities under design – RUR 0.2 bln;
- Other projects – RUR 1.2 bln (JSC RusHydro: restoration of the Sayano-Shushenskaya HPP, completion of work at the Bureyskaya HPP, R&D program, completion of work at the Nizhne-Chereksky Cascade of HPPs and the Cheboksarskaya HPP).

Among the main directions of investment of the Holding JSC "RAO Energy System of East" in 2013 were:

- Measures of technical rehabilitation and modernization – RUR 10.1 bln;
- New construction – RUR 7.8 bln;
- Other projects – RUR 2.6 bln.

Major investment projects

JSC RusHydro

Technical rehabilitation and modernization

Measures of technical rehabilitation and modernization within JSC RusHydro's Investment Program are realized in accordance with the Complex Modernization Program for the Company's Generating Facilities till 2025 and are aimed at achieving its target indicators in terms of decreasing the overall level of wear on major production equipment.

Restoration of the Sayano-Shushenskaya HPP, 6,400 MW

Work on managing the renovation of hydro-power units with the full replacement of hydro-generation, hydro-turbine equipment, automation and operation systems, alarm systems, safety communications system, and defense and devices.

Ust-Srednekanskaya HPP, 570 MW

The aim of the project is to meet the electrical energy requirement of consumers of the central load center of the Magadan Region and partly of consumers of the Oimyakon District of the Sakha Republic, as well as the supply of reasonably priced energy to new gold and precious metal mining companies. The network's activities schedule has been fulfilled on time and in full.

Boguchanskaya HPP, 2,997 MW

Completion of the construction of the HPP has great importance for the development of the Lower Angara region and the Siberian economic region, as a whole. More than half of all electric energy produced by the HPP will be used for the constructed aluminum plant.

Gotsatlinskaya HPP, 100 MW

The aim of the project is energy and capacity supply to the deficient North Caucasus UES, as well as carrying out the task of the Russian Prime Minister to undertake efforts to remedy the social and political situation in and to upgrade the social status of Dagestan.

Small HPPs

These advanced projects provide for commissioning new generating units using RES and the enhancement of the sustainable energy supply to mountainous regions of the North Caucasus.

Bureyskaya HPP (2,010 MW) and Nizhne-Bureyskaya HPP (320 MW)

These HPPs are aimed at the energy supply of industrial facilities of the Amur Region, the Khabarovsk Region and the Primorsk Region, as well as preventing winter floods in villages located in the lower pool of the Bureyskaya HPP, and protection of the lower pool of the Nizhne-Bureyskaya HPP, including the area bordering the Amur River.

Zelenchukskaya HPP-PSPP (140 MW)

The aim of the project is to enhance the reliability of the energy supply to the North Caucasus energy system and balance the daily schedule of the Kuban River.

Construction of CHP in Sovetskaya Gavan with an electrical capacity of 120 MW and a thermal capacity of 200 Gcal/hr

The CHP is constructed to substitute the disabled facilities of the Mayskaya TPP and to ensure meeting the growing electric energy needs of the special economic zone port in Sovetskaya Gavan.

Construction of the 1st phase of the Yakutskaya TPP-2 with an electric capacity of 193.48 MW and a thermal capacity of 469.6 Gcal/hr

The project is realized to replace the disabled facilities of the Yakutskaya TPP and meet consumption growth for energy and enhance energy supply reliability.

Construction of the 2nd phase of the Blagoveschenskaya CHP with an electric capacity of 120 MW and a thermal capacity of 188 Gcal/hr

The aim of construction is to liquidate the existing capacity deficit and meet future thermal energy consumption growth; to enhance energy supply reliability, as well as to meet the irregular part of the load schedule of UES of the East.

Construction of the Sakhalinskaya TPP-2 with an electric capacity of 120 MW and a thermal capacity of 150 Gcal/hr

The new TPP will replace the disabled capacities of the Sakhalinskaya TPP, as well as increase the efficiency of the Sakhalin energy system.

The Holding JSC "RAO Energy System of East"

The Holding JSC "RAO Energy System of East" investment program included the completion of designing the following facilities: CHP in Sovetskaya Gavan, the Sakhalinskaya SDPP-2 (Phase 1), the Yakutskaya SDPP-2 (Phase 1), the Blagoveschenskaya CHP (Phase 2) for transferring the project documentation for construction of power plants to JSC RusHydro in accordance with the Russian Federation Presidential Decree (No 1564 dated 22.11.2012) "On the further development of JSC RusHydro", and the construction of associated infrastructure for the above facilities, including the construction of electric and thermal power distribution scheme of CHP in Sovetskaya Gavan; construction of electric power distribution schemes for the Sakhalinskaya SDPP-2 (Phase 1) and the Yakutskaya SDPP-2 (Phase 1); construction of off-site branch railways to CHP in Sovetskaya Gavan, etc.

Transition to natural gas burning of the Vladivostokskaya CHP-2 (JSC DGK)

The purpose of reconstruction is to improve technical and economic parameters of the plant and reduce air emissions that have a negative impact on the environment. By the end of 2013, Phase 3 of the plant reconstruction was completed, 10 of 14 boiler units were shifted to gas.

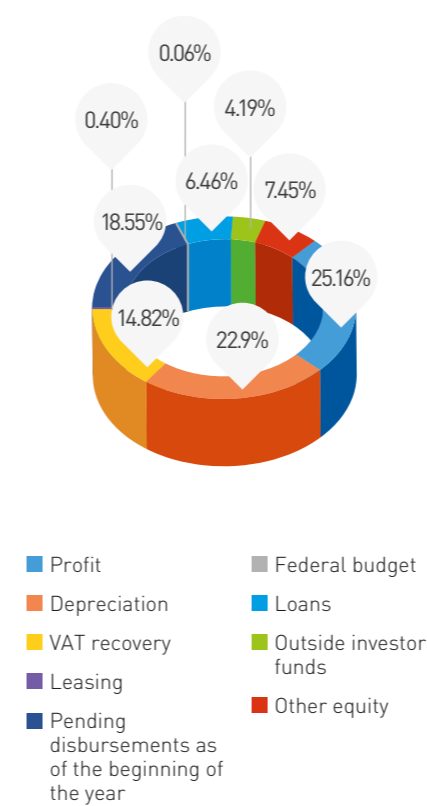
Transition of the boiler units of the Yuzhno-Sakhalinskaya CHP-1 to natural gas burning (JSC Sakhalinenergo)

The purpose of reconstruction is to upgrade technical and economic parameters of the plant, improve the environment situation in Yuzhno-Sakhalinsk by reducing harmful air emissions and enhance the level of energy security of the Sakhalin energy grid. The project was completed in the fourth quarter of 2013 and the facilities were commissioned.

Construction of CCGT with an electric capacity of 139.5 MW and a thermal capacity of 420 Gcal/hr at the site of the central steam water boiler plant

The new facilities will ensure stable energy supply for the southern part of the Primorsk Region, as well as to meet load growth in Vladivostok.

Financing sources structure



As part of interaction with an independent Expert Community and Open Government, in order to upgrade the efficiency of using budgetary funds, cut costs and reduce construction time, as well as to improve the production competitiveness of major projects worth more than RUR 1.5 billion, the Company performed a technological audit of JSC RusHydro investment projects for compliance with the best domestic and international construction technologies, technological and design solutions, modern building materials and equipment.

The issue of public and price audit is particularly relevant to the projects financed from the budget. In this regard, the Company adopted the Corporate Standard "On public and price audit of large investment projects" and performed an audit of the following projects: the construction of the Leningradskaya PSPP, the Kankunskaya HPP, the Ussuriyskaya CHP, the Sakhalinskaya SDPP-2, the Blagoveschenskaya CHP and the Yakutskaya SDPP-2.

Fulfillment of the plan for commissioning JSC RusHydro capacities

In accordance with the adjusted Investment Program of JSC RusHydro in 2013, the Company plans to commission capacities in the volume of 896 MW, including:

- Volzhskaya HPP – 21 MW,
- Zhigulevskaya HPP – 21 MW,
- Kamskaya HPP – 6.0 MW,
- Saratovskaya HPP – 9.0 MW,
- Novosibirskaya HPP – 5.0 MW,
- Ust-Srednekanskaya HPP – 168.0 MW,
- Boguchanskaya HPP – 666.0 MW.

As a result of the fulfillment of the Investment Program in 2013, the Company commissioned 896 MW (100%) of new capacity including:

- Volzhskaya HPP – 21 MW,
- Zhigulevskaya HPP – 21 MW,
- Kamskaya HPP – 6.0 MW,
- Saratovskaya HPP – 9.0 MW,
- Novosibirskaya HPP – 5.0 MW,
- Ust-Srednekanskaya HPP – 168.0 MW,
- Boguchanskaya HPP – 666.0 MW.

Fulfillment of the plan for commissioning capacities of the Holding JSC "RAO Energy System of East"

In accordance with the Investment Program of the Holding JSC "RAO Energy System of East" in 2013, the Company planned to commission capacities in the volume of:

- 4.2 MW (generation);
- 674.5 km (grid infrastructure).

As a result of the fulfillment of the Investment Program of the Holding JSC "RAO Energy System of East" in 2013, the following were commissioned:

- Generation: 4.3 MW;
- Grid infrastructure: 1,009.4 km.

Overfulfillment of the plan for commissioning capacities in terms of grid infrastructure was mainly due to the performance of grid connection work and the reconstruction of the distribution grid complex.

2014 Investment Program

JSC RusHydro's 2014-2016 Investment Program was adopted by Order No. 640 of the Russian Ministry of Energy (dated September 24, 2013). The Investment

Program of the Holding JSC "RAO Energy System of East" was adopted by Order No. 638 of the Russian Ministry of Energy (dated September 24, 2013).

The adopted investment volume for 2014 was RUR 122,391.96 mln, including:

- JSC RusHydro - RUR 96,641.06 mln;
- The Holding JSC "RAO Energy System of East" – RUR 25,750.9 mln.

Note: sums of investments in the section "Investment" include VAT.

Plan for commissioning capacities

In accordance with JSC RusHydro's 2014 Investment Program, it is planned to commission capacities in the volume of 1,077.8 MW including:

- Branch of JSC RusHydro – the Volzhskaya HPP – 10.5 MW;
- Branch of JSC RusHydro – the Zhigulevskaya HPP – 10.5 MW;
- Branch of JSC RusHydro – the Kamskaya HPP – 6.0 MW;
- Branch of JSC RusHydro – the Cascade of the Verkhnevolzhskiy HPPs – 10.0 MW;
- Branch of JSC RusHydro – the Saratovskaya HPP – 9.0 MW;

- Branch of JSC RusHydro – the Dagestan branch – 10.0* MW;
- Boguchanskaya HPP – 333.0 MW;
- Gotsatlinskaya HPP – 100.0 MW;
- Zelenchukskaya HPP-PSPP – 140.0 MW;
- Zaragizhskaya small HPP – 28.8 MW.

In accordance with the 2014 Investment Program of the Holding JSC "RAO Energy System of East", it is planned to commission capacities in the volume of:

- 7.8 MW (generation);
- 750.2 km (grid infrastructure).

The Ob

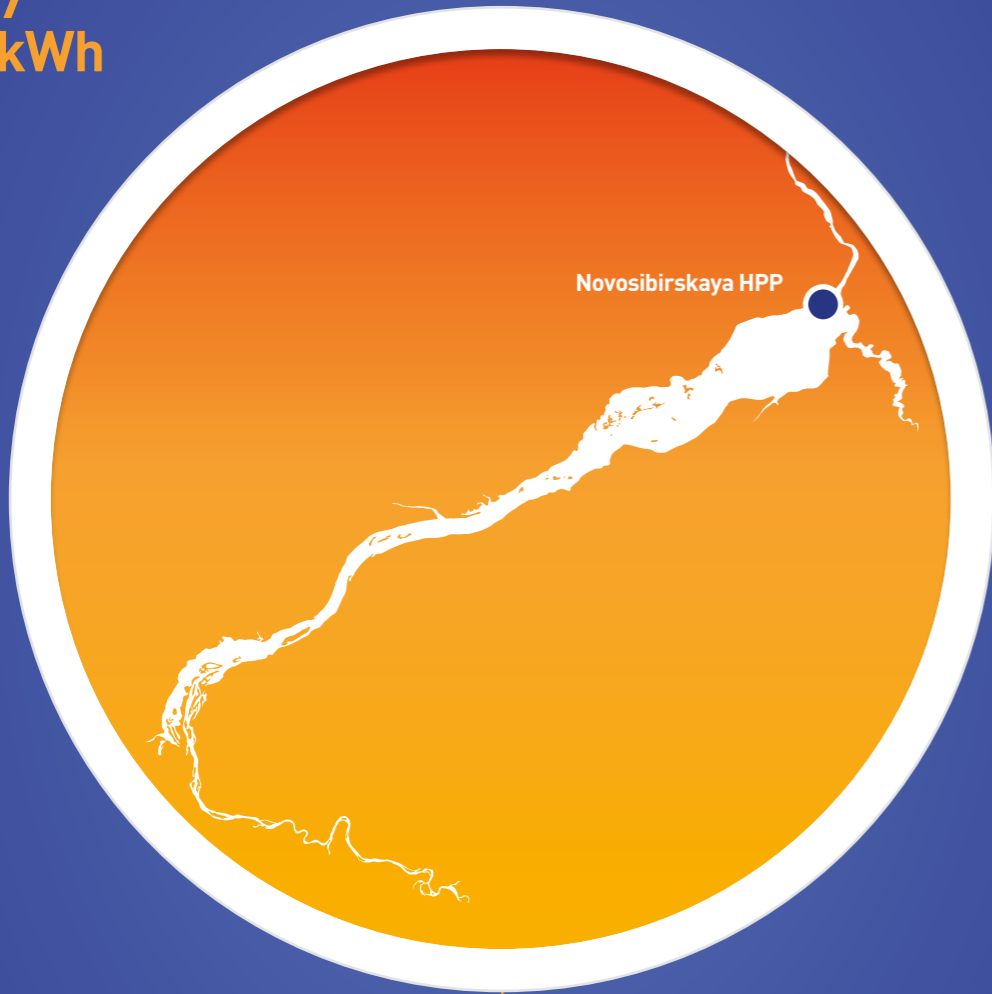


1,687 million kWh

One of the world's largest rivers, the Ob flows in Western Siberia. The Nenets, living in the lower reaches of the river, called her Salia-yam, which means "cusp river". Khanty and Mansi gave it the name As — "big river", Selkups called the River Kwai, Eme, and Quai. These names all mean "big river". At the mouth, the river forms the Ob estuary and empties into the Kara Sea.



460 MW



Position among Russian rivers



3,650 km



2,990,000 km²

Position among Russian rivers



12,300 m³/sec

3. Risks

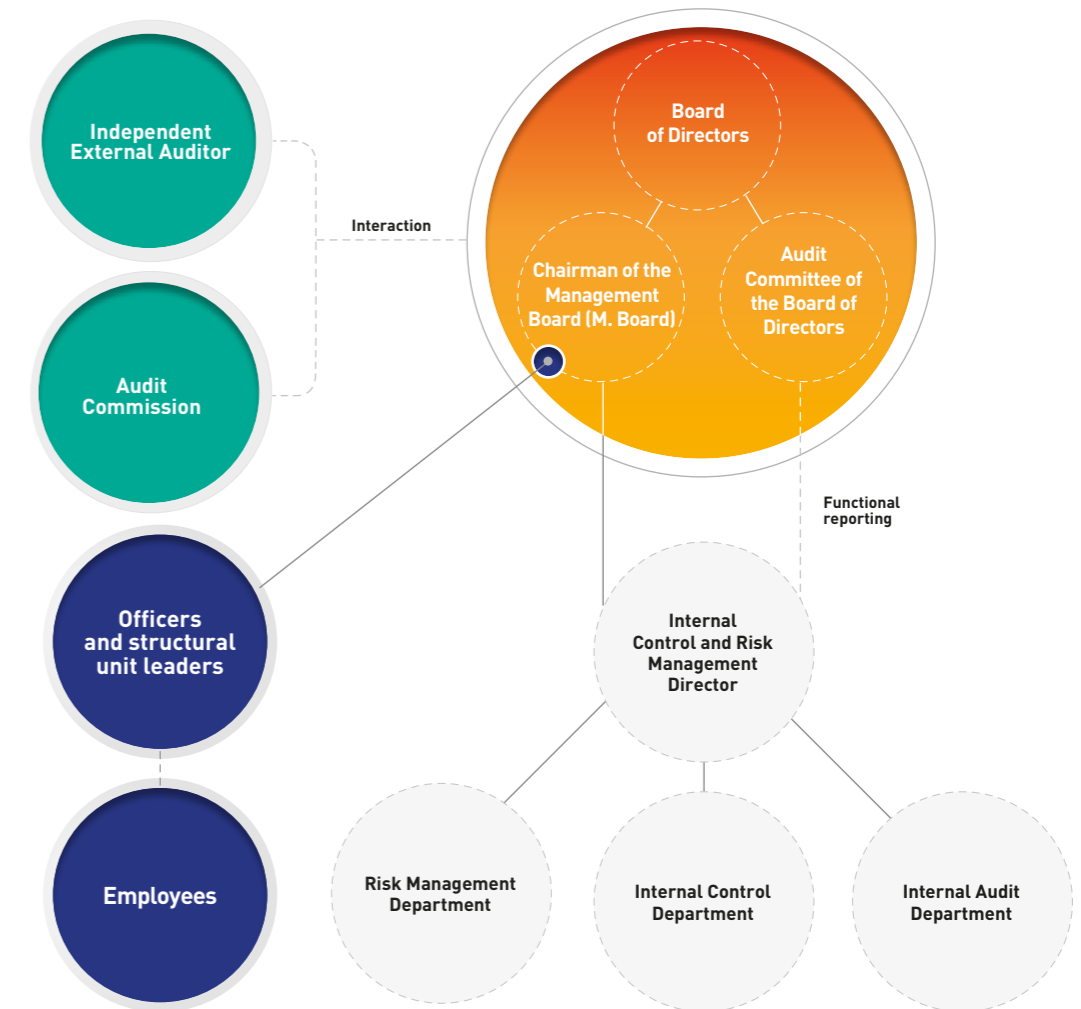


- 3.1. Risk Management Policy
- 3.2. Risk Register
- 3.3. JSC RusHydro Insurance Protection

3.1. Risk Management Policy

The Company's activities are associated with numerous risks, which under certain circumstances may affect the Company's production and financial results, as well as its social and natural environment. To reduce the negative impact of potential risks and optimize valuable opportunities, a risk management system to ensure corporate strategy implementation was created.

JSC RusHydro's organizational structure of financial and business operations control and risk management



To organize risk management processes, the Company has created and operates the Risk Management Division, as part of an internal control and risk management unit. In 2013, RusHydro's risk management team won the international "Best Risk Management 2013" contest in

the category "Best comprehensive risk management program" and the Head of the Risk Management Division, Mr. Konstantin Babayev, was a winner in the category "Best Risk Manager of Russia 2013". This contest has been held every year since 2006 by the Russian Risk

Management Society, RusRisk, a Russian national risk management association, which is part of FERMA, the Federation of European Risk Management Associations.

Documents Regulating the Risk Management System

Regulations on the Internal Audit and Risk Management Policy are a principal document defining the goals, objectives and principles of JSC RusHydro's

corporate risk management system. The policy takes into account the methodological developments of best global practices and philosophies of the ISO 31000 standard, "Risk management – Principles and guidelines", adopted by the International Standards Organization

(ISO) in 2009. Methods for recognizing, assessing and responding to risks take into account COSO ERM principles and ISO31000 and ISO31010 risk management standards.

Documents governing operational major strategic risk management



Independent Third Party Risk Assessment

On an on-going basis, the Company provides independent third party risk assessment. In 2013, 11

production facilities were surveyed by representatives of Willis CIS Insurance Broker LLC. Moreover, the Company is monitoring the implementation of plans for carrying out the survey company's recommendations from previous years.

Mandatory due diligence, as part of merger and acquisition risk assessment, is performed and recommendations of the Company's third party auditor are taken into account.

Improving the Risk Management System in 2013

To improve the risk management system in 2013, the following activities were undertaken:

- for the first time ever, JSC RusHydro updated the register of strategic risks based on data from the automated internal control and risk management system, which increased the share of quantitative risk assessments and reduced the need for expert opinions;
- the Company continued to work on the draft for JSC RAO ES of East's risk management system, which is analogous to the approach implemented by JSC RusHydro;
- a standard risk management policy for subsidiaries was developed. This policy is being adopted in all newly established companies where JSC RusHydro has a participation share and has been implemented in existing SDCs;
- a single Register for the risks of accidents and crashes at RusHydro's hydro-power facilities was formed to expand the base of risk situation scenarios both for operational facilities and facilities under construction and to upgrade efficiency for implementing production programs, as well as other risk management measures that are associated with the operation of the Company's assets;
- JSC RusHydro's sales policy was updated with a focus on risks. The Company also developed and validated the method for determining minimum price indices on the wholesale market for electricity and power based on the VaR method to assess and mitigate the risk of reducing revenue from the sales of electricity and power;
- The method of currency and interest rate risk management was worked out and

approved. The Company also developed a mathematical model to assess the level of these risks, as well as a model to calculate the efficiency of risk hedging by derivative financial instruments.

As part of implementing the project of an automated internal control and risk management system, a risk treatment module was introduced to perform the functions of monitoring and control over the implementation of risk management actions. The Company also performed work to introduce the TeamMate system to automate the Company's internal audit procedures and implemented a function for the automated verification of information on individuals' affiliation with JSC RusHydro. This development was registered as a JSC RusHydro trade secret and the Company filed an application with the Russian Agency for Patents and Trademarks to register intellectual property rights.

Main Process Stages and Risk Management Methods

The Regulations on JSC RusHydro's strategic management is a basic document that determines the process of making up a register/plan/report for strategic risk management and relevant performance indicators (KPIs)

Risk Management Stages



The Company annually draws up a strategic risk register defining risk owners, which is approved by the Management Board. The register is used both to disclose information about risks to shareholders, rating agencies and the auditor and to further develop and control the implementation of risk management measures as part of implementing JSC RusHydro's strategy. For risks that fall into the category of critical and material risks, the Management Board approves the strategic risk management action plan which defines for each action the period, people responsible for its implementation and the expected result at the end of the reporting period.

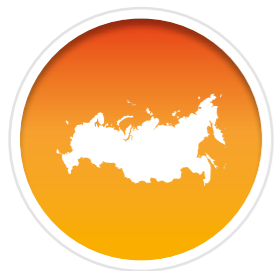
Implementing strategic risk management measures is accounted for in the approved performance indicators in accordance with JSC RusHydro's Strategy Implementation Plan. Meeting KPIs is taken into account when awarding employees (via remuneration). Independent monitoring of Plan realization and control over its implementation are performed by the Company's risk managers.

The report on the actual performance of the action plan for strategic risk management is prepared by the Risk Management Department at the end of the reporting period and submitted to the Chairman of the Board for approval.

Besides, the Company's risk management regularly interacts with the Audit Committee of the Board of Directors as part of exercising control over the functioning of the risk management system of JSC RusHydro.

Since 2012, the Company has been implementing an automated internal control and risk management system project for the technical support of the risk management process due to the need to process data and provide for the operational monitoring of key risk indicators.

3.2. Risk Register



Country Risks

The Company operates in the Russian Federation and therefore, it is influenced by economic and political risks that are inherent in Russia. The Russian national economy is vulnerable to market downturns and slowdowns in economic growth in other countries. As a result of the global financial crisis, financial problems or the heightened perception of risks related to investing in emerging market economies led to a decline in foreign investment in Russia and negatively impacted the Russian economy. In addition, Russia produces and exports large volumes of natural gas and oil.

Therefore, the Russian economy is particularly vulnerable to changes in global prices for natural gas and oil and a fall in natural gas and oil prices can slow or shake Russian economic development. These factors may constrain the Company's access to funding sources and may adversely affect consumers' purchasing power for the Company's products.

According to the international rating agency Moody's, a long-term credit rating of Russia is at Baa1 due to such factors as the relatively low level of public debt, predominantly balanced state budget, as well as positive changes in the monetary policy pursued by the Russian Federation. As estimated by other rating agencies, the rating stably remains at BBB (according to Standard & Poor's and Fitch). Due to the worsening of the international situation in the spring of 2014, the rating agencies Standard & Poor's and Fitch at the end of March 2014 changed their outlooks on the Russian Federation ratings from stable to negative, while the rating agency Moody's made the outlook revision with possible changes to negative. Consequently and due to the threat of economic sanctions and the occurrence of force majeure, there might be an increase of risks associated with the failure of individual foreign suppliers to fulfill their commitments, the reduction of market outlets and the revision of contracts.

In addition to economic factors, the political situation in Russia (the State is the Company's largest shareholder), inconsistent and frequent changes in tax and currency legislation, imperfections in the judicial system and high levels of depreciation for infrastructure facilities in the energy and transportation spheres may negatively impact corporate activities.



Financial Risks

Financial risks can be categorized as the risk of growth rates in bank loans, foreign currency risk, inflation risk and liquidity risk. The impact of these risks on the Company's performance is not considered to be material to the Company.

Financial metrics, liquidity, financing sources and JSC RusHydro's performance are not very responsive to changes in the exchange rate and interest rates, because the Company sells energy on the domestic market, as well as settles accounts with resource suppliers, and accrues and receives payments from consumers mainly in the national currency - Russian rubles. Besides, almost all corporate liabilities are denominated in rubles, while the liabilities denominated in foreign currency are in total less than 5%.

The Company received several loans with floating interest rates denominated in rubles. To minimize the interest rate risk on financial liabilities, the Company entered into swap contracts; these swap contracts, for the most part, fixed the floating interest rates on all interest payments until the maturity date.

The inflation rate depends directly on Russia's political and economic situation in which the Company operates. The negative impact of inflation on the Company's financial and economic performance may be due to the following risks:

- risk of losses associated with a decrease in the true cost of the accounts

- receivable in case of a significant delay or past due payments;
- risk associated with an increase in the cost of debt;
- risk associated with an increase in the cost of goods, products, work and services due to an increase in energy prices, transport costs, and wages, etc.;
- risk associated with a reduction in the true cost of funds raised to finance the investment program;
- risk associated with an increase in the cost of borrowings.

At the end of 2013, the inflation rate in Russia was 6.5%, well below the critical inflation rate of at least 20% per annum which is considered by the Company to be the rate at which the Company may experience difficulties.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities to fulfill current obligations. Temporarily free funds placed in short-term financial instruments are mainly bank deposits and promissory notes.

Due to the aggravation of the international situation and the worsening of the outlook of international rating agencies' credit ratings of the Russian Federation and state-controlled companies, including JSC RusHydro and due to the threat of economic sanctions and the occurrence of force majeure, there might be an increase of risks associated with difficulties in the Company's access to credit funds of foreign counterparts, appreciation of the Company's debt obligations and losses due to the rise of the euro exchange rate and interest rates.

These risks are controlled by the reduction of the limits for counterparty banks with a decreased rating, stress-testing of potential losses due to the rise of the euro exchange rate and interest rates, using the currency and interest rate risk management procedure approved by the Company, and legal support of contractual framework. Almost all funds of the credit lines have been received there is no risk of inaccessibility to significant credit resources on previously opened credit lines.



Industry Risks

The reorganization of RAO UES of Russia, formerly the major State-owned electric power Group, resulted in the separation of electric power generation, transmission, distribution and the sales of electricity to end customers, repair and maintenance led to competition between generation, retail, repair and maintenance companies. Since 2011, Russia has been forming an electricity market, where energy is sold at free market prices, based on market supply and demand. The temporary exception is energy sold to the general population, as well as in non-price and technologically isolated territorial electric energy systems. Norms that regulate the activities of Russian energy companies and relate to the establishment of electricity tariffs, power market operations and the relationships between electricity producers and consumers are undergoing significant changes. Under the current market model, the risk that the prices achieved on the long-term capacity market may be insufficient to cover fixed costs, remains relevant.

The Company is exposed to industry-specific risks primarily due to possible changes in the

power industry. It should be noted that this risk is offset by the adoption of the "target" Rules of the Wholesale Electricity and Capacity Market (Decree No 1172 of the Russian Government as of December 27, 2010). To manage these risks, the Company provides expert assistance in the development of the regulatory and legal framework of the electricity and capacity market exercised by the RF Ministry of Energy, the NP Market Council and the Federal Tariff Service of Russia.

The government tightens control over the spending of allocated budget funds by electricity sector companies. JSC RusHydro undertakes necessary measures to ensuring the transparency and reliability of control procedures for budget fund expenditures in the execution of the investment program and the implementation of risk management measures.



Risks Associated with Corporate Activities

The 2013-2014 Risk Register was made up based on the 2012-2013 Register, the analysis of external information, including

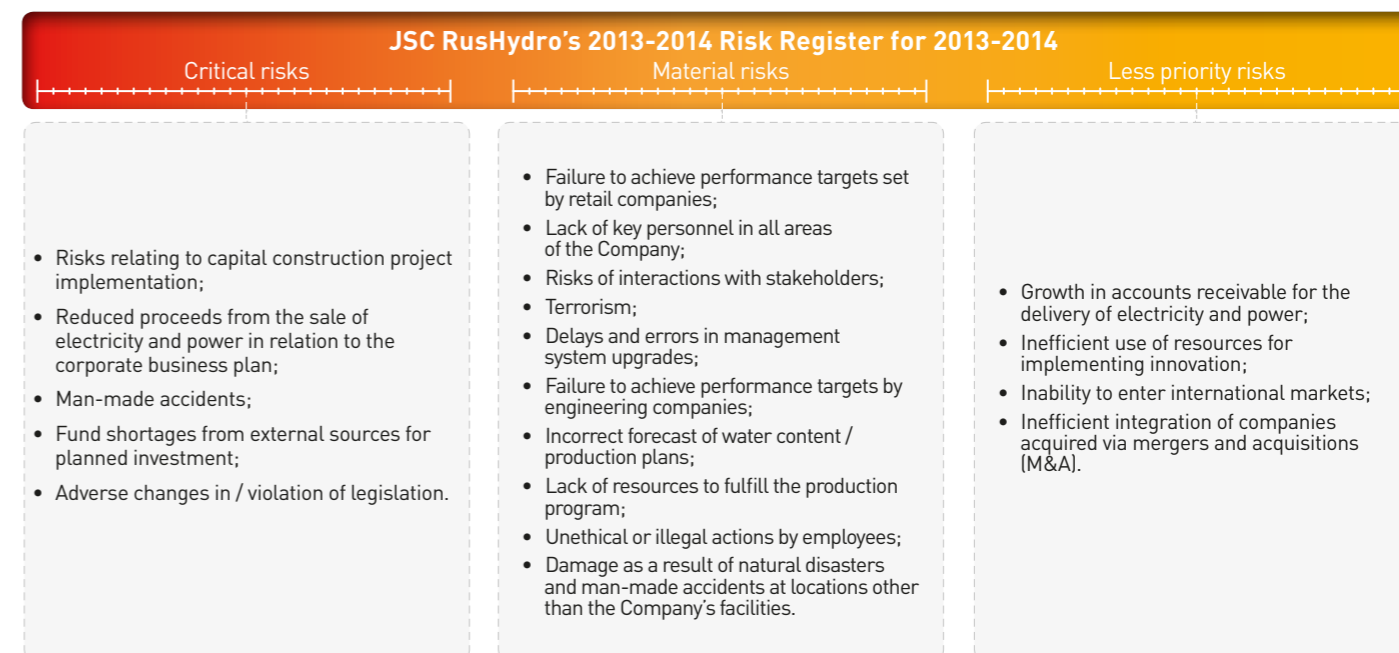
the experience of the world's largest companies in the electric power industry, consulting and insurance companies' risk reports related to fuel & energy complex companies and business in general, and the global risk report of the annual World Economic Forum in Davos. In 2013, when revising the risk register, JSC RusHydro compared the rating (critical level) of risk monitoring for ten major risks and opportunities for the electric power industry. This monitoring was stated in the international industry survey performed by Ernst & Young.



Risks relating to capital construction project implementation

This risk is critical to the Company and is associated with large-scale investment programs for the coming years. Risk factors are:

- a great deal of uncertainty in project justification;
- nonconformity in the quality of design documentation, the execution of work and services, and equipment supplied to stated requirements;



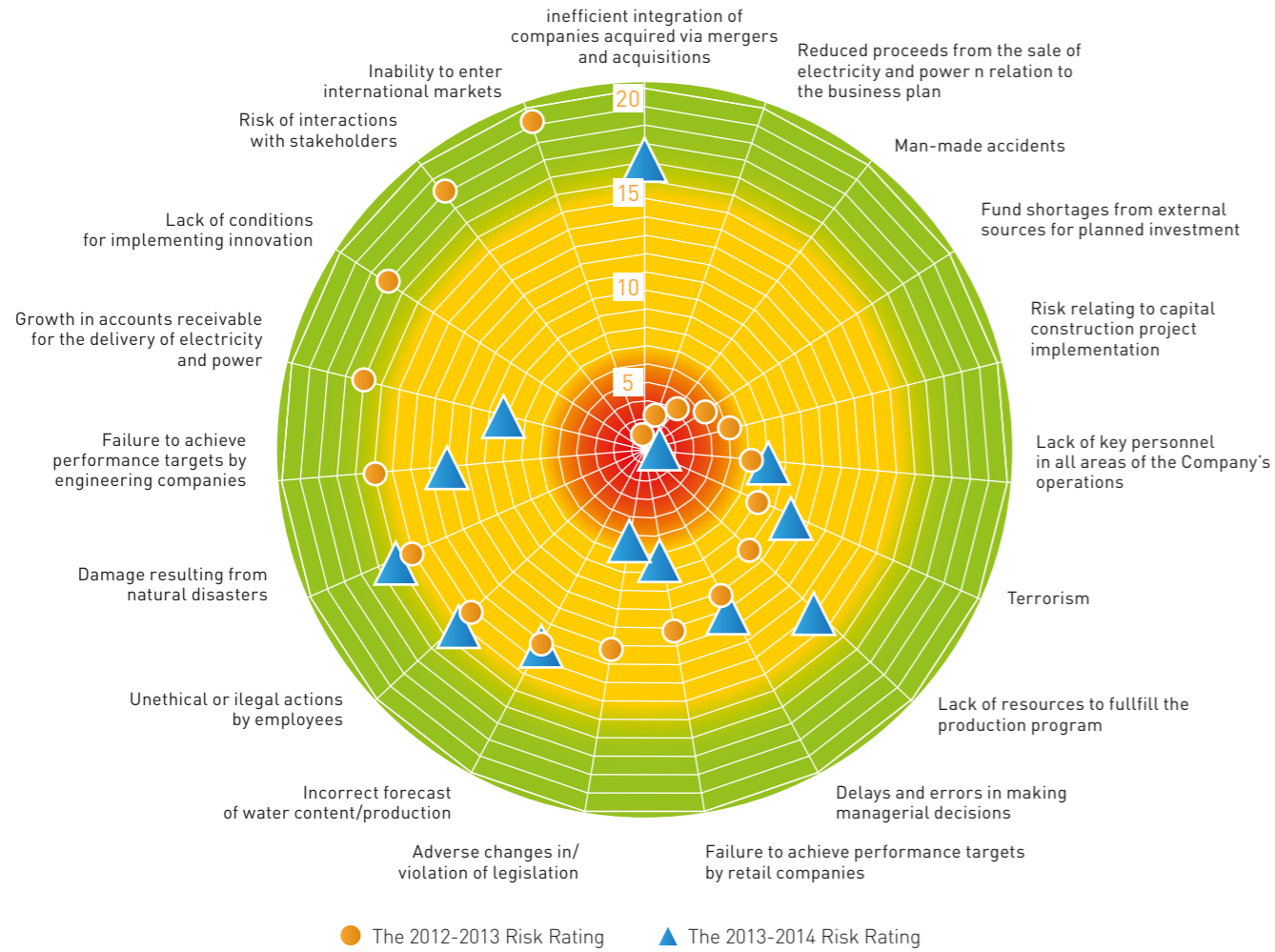
In 2013, the priority level of risks relating to capital construction project implementation, adverse changes in legislation (red zone), failure to reach

performance targets by power sales companies, public relations risks and the risks of failure to reach performance targets by engineering companies (yellow

area) increased and the relevance of risks associated with mergers and acquisitions declined significantly.

The 2012-2013/2013-2014 "Risk Radar"

The highest priority risks are in the center of the "radar", while the lowest priority risks are on edges of the "radar".



- problems with preparing flood zones in water storage basins;
- substantial dependence of projects' economic parameters on environmental factors (the availability of network infrastructure, and target markets by the time of commissioning a construction facility);
- growth in the prices for equipment and materials in the construction process;
- disruptions in supply chains for various reasons;
- issues of communications with JSC RusHydro's shareholders.

To mitigate the negative impact of the risk, the following activities are carried out by the Company:

- Developing a corporate project management system to organize data both for existing and designed facilities;
- Increasing the efficiency of design institutes and procurement activities aimed at strengthening the role of its own design institutes with regard to

- conducting an internal examination of design and working documentation;
- Regulating activities connected with an internal examination of design documentation;
- Optimizing the insurance and procurement system related to construction and installation work;
- Drafting regulatory documents for the execution of certain types of work, implementing a permit-to-work system for personnel with the possibility of personal removal from the realization of future projects if material violations have been made;
- Developing a supplied equipment quality control system (including the process of its production and shipment/delivery).



Reduced proceeds from the sale of electricity and power in relation to the business plan

This risk is critical because of the over-regulation of the Wholesale Electricity and Capacity Market rules, the high volatility of electricity prices on the Wholesale Electricity and Capacity Market, volatility in fuel prices, a reduction in the solvency of counter-parties as a result of the financial crisis, unfavorable conditions (dry years), and difficulty in predicting equipment load. This risk is strongly correlated with the risk of incorrect forecasts of water content.

To reduce the negative impact of the risk on the Company, the following activities are carried out:

- Preparing proposals for making changes to regulatory acts in the matter of electric power;
- Regularly revising JSC RusHydro's marketing policy;
- Concluding bilateral hedging RSV (day ahead market) contracts (including the purchase of electricity to ensure the execution of obligations);
- Introducing a commercial dispatching control system;
- Working on reducing accounts receivable for electricity and capacity supply.

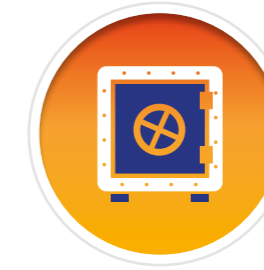


The risk of man-made accidents

The Company pays special attention to the risk of various man-made accidents, which can threaten the life and health of people, lead to interruptions in production and subsequent revenue shortfalls. These risk factors are design flaws that appear at the operational stage, wear and tear, the breach of operation conditions and untimely repairs and re-tooling and modernization, and human errors, and environmental influences. Equipment failure and waterwork destruction can result from these risks. According to a corporate assessment, the risk probability is average. All major production facilities are insured. A range of measures exist to ensure the reliability of equipment and facilities at an adequate level, including:

- Fully implementing repairs and the fulfillment of a long-term modernization and reconstruction program;
- Developing a supplied equipment quality control system (including the process of its production and shipment/delivery), implementing construction and installation work and commissioning work, as well as upgrading the level of suppliers/contractors' contractual liability in the manufacture and supply of equipment and materials;
- Making claims against unscrupulous contractors/suppliers;

- Implementing recommendations given as result of surveys made at JSC RusHydro facilities;
- Strengthening on-site control over contractors/sub-contractors, as related to reducing injuries, fires, unethical behavior and theft;
- Developing normative and technical documents aimed at upgrading design and construction management;
- Utilizing modern diagnostic methods without stopping equipment, modern technologies for production asset management, including necessary information technology;
- Optimizing the structure and size of spare parts volume;
- Developing a life-cycle management process for equipment within the existing HPP system.



Fund shortages from external sources for planned investment

The risk relating to fund shortages from external sources for planned investment is critical for the Company. It is closely linked to the risk related to capital construction implementation. A reduction in all or part of the sources provided for funding the investment program can lead to the failure to meet JSC RusHydro's implementation date for projects or a scenario in which JSC RusHydro will be forced to stop construction or even mothball numerous generating facilities that are under construction. Taking into account the high conservation cost of assets under construction, which in some cases is comparable to the cost of continuing construction, this fact will affect both the economic efficiency of the Company's investment projects and the results of its financial and economic results, as a whole.

The Company manages this risk by the following methods:

- Maintaining sufficient cash and making financial resources available via the provision of credit lines;
- Implementing a balanced model of financing working capital through both short-term and long-term sources;
- Monitoring compliance with loan

- agreements to avoid breaking the Company's financial covenants;
- Placing temporarily free funds in short-term financial instruments (bank deposits and promissory notes);
- Applying "standard financial terms" when making contracts with counter-parties;
- Implementing management techniques for interest and currency risks (taking into account the Company's credit policy);
- Working on preparing flood zones for HPP reservoirs under construction from federal budgetary resources and the budgets of Russian constituent entities.



The risk of adverse changes in / violations of legislation

The critical risk of adverse changes in / violations of legislation is marked as one of the most significant risks for the electric power industry, not only in Russia, but also throughout the world. The Company is constantly monitoring initiated and pending legislative changes that could potentially impact its activities, and the monitoring and revision of existing standards and regulations in the field of technical regulations. JSC RusHydro representatives take part in important events and roundtables devoted to making legislative changes to represent corporate interests. Such events and roundtables are conducted by legislative, executive and judicial authorities, public associations, professional associations and legal associations. Environmental audits are conducted on a regular basis and recommendations given are followed. JSC RusHydro takes part in the working groups of the RF Ministry of Energy on technical regulation issues (regarding Technical rules) and Technical Committee № 330 "Rostechregulation" (regarding national standards).



Risk of incorrect forecast of water content

This risk is the inability to accurately predict the volume of electricity produced over both the medium- and long-term. To reduce the negative impact of the risk on the Company, the following activities are carried out:

- Optimizing the water resource usage of JSC RusHydro's Energy Saving Program;
- Developing an industry hydro-meteorological observation system and protecting the interests of the HPPs in inter-agency operational groups under the Federal Agency for Water Resources (Rosvodresurs).



Risk of damage as a result of natural disasters and man-made accidents at locations other than the Company's facilities

There is a possibility of accidents of a systemic nature, as well as of losses due to natural disasters. To ensure reliability throughout the grid in the event of local failures, the Company has implemented a centralized emergency control system, which is being modernized to meet today's requirements. The Company complies with Russian legislation in the field of industrial safety and uses a production control system functioning on a legislative basis.



Risk of failure to achieve performance targets by engineering companies

The Company considers this risk significant due to the possible loss of the engineering part of the business due to inadequate efficiency and strong competition. To reduce the impact of this risk on the Company, the following activities are carried out:

- Implementing a development program of engineering subsidiaries;
- Developing personnel and training scientific manpower;
- Working out standard work scope sheets for equipment and waterwork repair operations;
- Creating a single repair and service company, JSC Hydroremont-VCC;
- Minimizing the risks associated with inefficient management of non-core activities by their consolidation in specialized service subsidiaries.



Risk of failure to achieve performance targets by its own sales companies

This is a significant risk to the Company. Risk factors include a high level of competition, the risk of losing the status of a guaranteeing supplier in retail regions and the possibility that large consumers will construct alternative electricity supply facilities. To minimize the impact of this risk, the following activities are carried out:

- Monitoring the Company's compliance as a guaranteeing supplier with financial stability criteria in accordance with retail market rules;
- Actively working with consumers to establish a mutually beneficial relationship, including through JSC ESK RusHydro;
- Introducing a corporate risk management system for JSC RusHydro in its subsidiary sales companies.



Risk relating to a lack of key personnel

To reduce the risk associated with lack of key personnel, the Company takes part in the Russian Ministry of Energy's working groups on the development of professional standards and the staffing roadmap for fuel & energy companies, enters into agreements with specialized colleges and technical schools to upgrade the quality of education taking into account JSC RusHydro's performance standards, forms talent pools for managerial positions, and introduces targeted benefits and programs to attract and retain personnel.



Risk of interactions with stakeholders

To develop cooperation with stakeholders, the Company organizes joint public events, conducts special activities for the mass media, regularly updates information in the corporate blog, in the community in LiveJournal, on Facebook, and regularly monitors the mass media.



Risk of delays and errors in upgrading the management system

In order to manage this risk, the Company is developing a system to regulate business process activities and management, optimizing the timing and coordination of procurement, and is interacting with stakeholders. JSC RusHydro's internal control unit analyzes the main business processes to improve the control system and upgrade process efficiency. The Company's management and officers have third party liability insurance. The Company is implementing corporate management standards into the newly acquired or founded SDCs and is introducing a management system for organizational projects, grading employees, and certifying management personnel and implementing individual employee development plans.



Risk of unethical or illegal actions by employees

As part of upgrading the control system, to reduce the risk of unethical practices in the Company, the following measures are undertaken to prevent unlawful actions: introducing an integrated automated system to control the distribution of commercial information, monitoring compliance by the Company's employees with Regulations on insider information, and implementing other measures to influence the factors and consequences of the risk related to unethical or illegal actions by employees.

Information about Possible Circumstances that Objectively Hamper the Company's Activity

Risks associated with the region's geographical features can include the risk of losses (for example, the risk related to the decommissioning of fixed assets) due to seismic activity, avalanches and mudslides, possible landslides and rainfall related floods and other adverse weather conditions (hurricanes, heavy snowfalls and frosts).

In general, the regions in which the Company operates have a developed

transportation infrastructure and are not exposed to the risks associated with the disruption of the transportation link. However, some generating assets are located in remote areas with harsh climates, including in the Krasnoyarsk Region and in the areas of the Far Eastern Federal District. The Company is constantly working to upgrade the technologies of access and work in harsh climatic conditions in these areas. However, one cannot guarantee that

no additional costs will be required to overcome technical difficulties associated with the climate and the (lack) accessibility of these locations, which may negatively impact earnings, financial conditions, and the Company's performance and prospects. Within the foreseeable future, these risks are estimated as insignificant.

Terrorism

Due to the tense political and social situation, the activities of armed gangs in the North Caucasus Region and their efforts to extend their activities to other regions of the Russian Federation, a high probability of local and regional armed conflict, a growing threat of international terrorism, increased political instability in several developing countries due to the ongoing economic crisis, the activity of radical organizations and the development of industrial terrorism, the Company assumes the occurrence of risks associated with terrorist activities, directed to hydrogenation facilities, including in the regions adjacent to the border with the Ukraine. To reduce these risks, the Company regularly carries out measures to ensure safety. A comprehensive program to ensure that the Company's facilities are safe and protected from terrorism has been developed and implemented. The Company regularly inspects anti-terrorism protection and conducts staff trainings, including specialized anti-terrorism exercises and trainings for security guards at corporate facilities.

The Company has implemented a comprehensive plan of main measures to strengthen the security of the Company's facilities. As part of this plan, the Company has made changes to the existing security system at corporate stations, including those under construction. The Company is also monitoring factors influencing the

security of the Company's facilities and is conducting informational and technical security audits.

Power facilities are protected by armed guards of the FSUE Departmental Security Agency of the Russian Ministry of Energy and non-departmental security forces of the RF Ministry of Internal Affairs, as well as extra-departmental guards from the Russian Ministry of Internal Affairs. Interaction Plans exist with law enforcement authorities to prevent terrorist acts from being carried out or the threat of terrorist acts at corporate facilities. On the territory of the hydropower facilities, there are robust access regimes and internal security regimes. In conjunction with law enforcement agencies, theft prevention measures are also organized. The most dangerous threats are assessed and plans are developed to eliminate consequences, in conjunction with the Russian Civil Defense and the Emergency Situations Agency at the Company's generating assets.

The Company's fixed assets insurance package includes insurance against terrorism. The Company will hold a road-show and undertake other similar measures to mitigate negative effects on positioning the occurring insured events related to terrorism and the sabotage risk on the international insurance market.

Earthquake-prone areas

Most of the Company's facilities are located in seismically quiet regions. However, such facilities as the

Pauzhetskaya GeoPP and the Verkhne-Mutnovskaya GeoPP are located in seismic zones, with possible earthquake intensity up to 9 points on the Richter scale. The Company has worked out an emergency plan in case of earthquakes and is constantly monitoring the situation. There are seismic monitoring stations at the Company's facilities. Issues relating to the transportation link are worked out in good time with a focus on the above-mentioned risk. Cargo and people delivery schemes are optimized. All corporate facilities comply with earthquake resistance standards.

Seasonal flooding areas

The risk of seasonal floods plays an important role in corporate activities and is regularly included in the list of critical risks. To manage this, a water regime management, including: forecasting and monitoring hydrological regimes, reservoir regulation, spillway construction and operation and other measures, has been implemented.

Last year's unprecedented flood situation in the Far East significantly impacted the Company's performance. However, all the Company's facilities in the region worked in accordance with the instructions given by the inter-agency working group of the Federal Agency for Water Resources (WAWR of Russia). The Company has strengthened control over the condition of its production assets. No accidents took place at the Company's facilities.

3.3. JSC RusHydro Insurance Protection

Insurance protection in JSC RusHydro is built based on the normalization principles of the insurance protection system, the optimization of insurance coverage, the unity of approaches to insurance organization, and insurance continuity.

Selection of insurance companies

The selection of insurance companies is carried out on a competitive basis to select insurers that offer the best quality-to-price ratio for insurance services. Requirements for the insurance cover terms and conditions are formed based on the Company's current risk situation analysis, the supply analysis of the insurance market, and social policy and legal requirements.

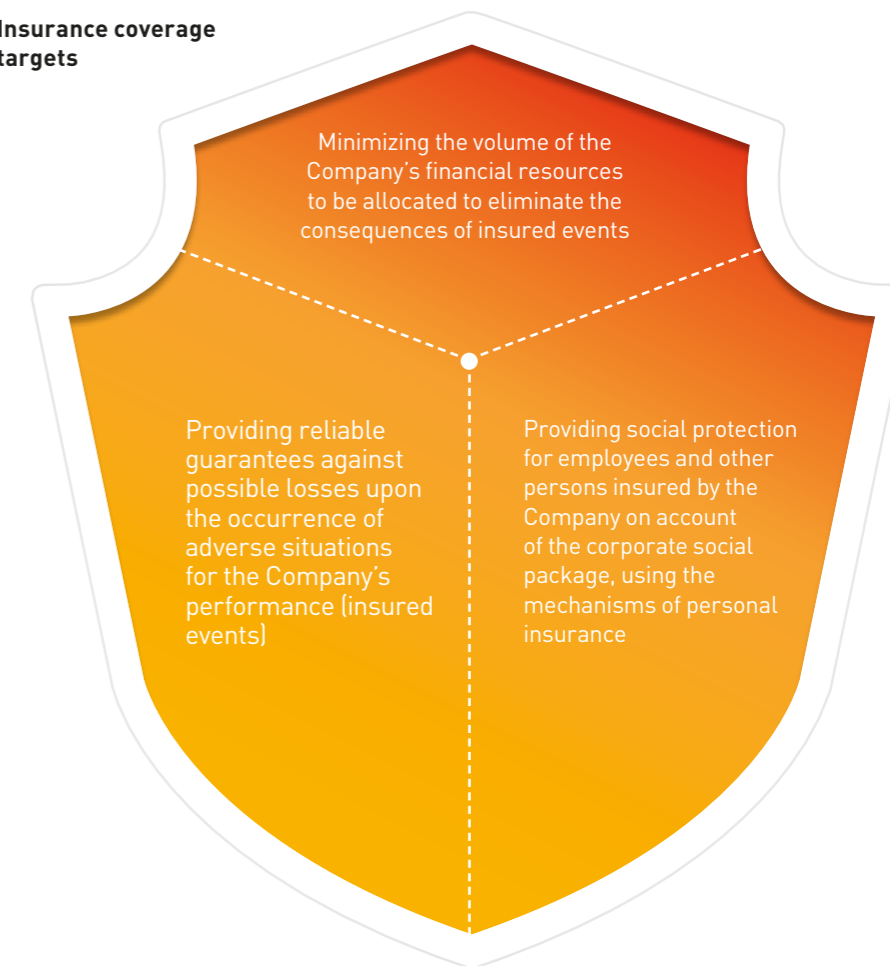
Types of insurance coverage

In 2013, the insurance coverage of JSC RusHydro and its subsidiaries included the following types of insurance:

- property insurance against all risks;
- automobile and water transport insurance;
- insurance against construction and installation risks;
- third party insurance of organizations that operate hazardous production facilities and waterworks;
- voluntary medical insurance and accident insurance;
- third party insurance of JSC RusHydro's management team and executives.

JSC RusHydro imposes high requirements with regard to insuring its assets (property insurance against all risks and the insurance of construction and installation

Insurance coverage targets



risks), and due to the limited resources of the Russian insurance market also puts forward additional demands and effects control over the reinsurance of its risks. Since 2010, the Company has been implementing a policy of openness to foreign insurance community representatives. Each year, the Company organizes insurance engineering surveys of its facilities, and holds road shows, negotiations and follows reinsurers' recommendations.

The reliability of insurance protection conditions, the experience of insurance settlement and accumulated extensive friendly contacts with both the international and Russian insurance markets help the Company successfully implement risk and finance management activities.

The Yenisei

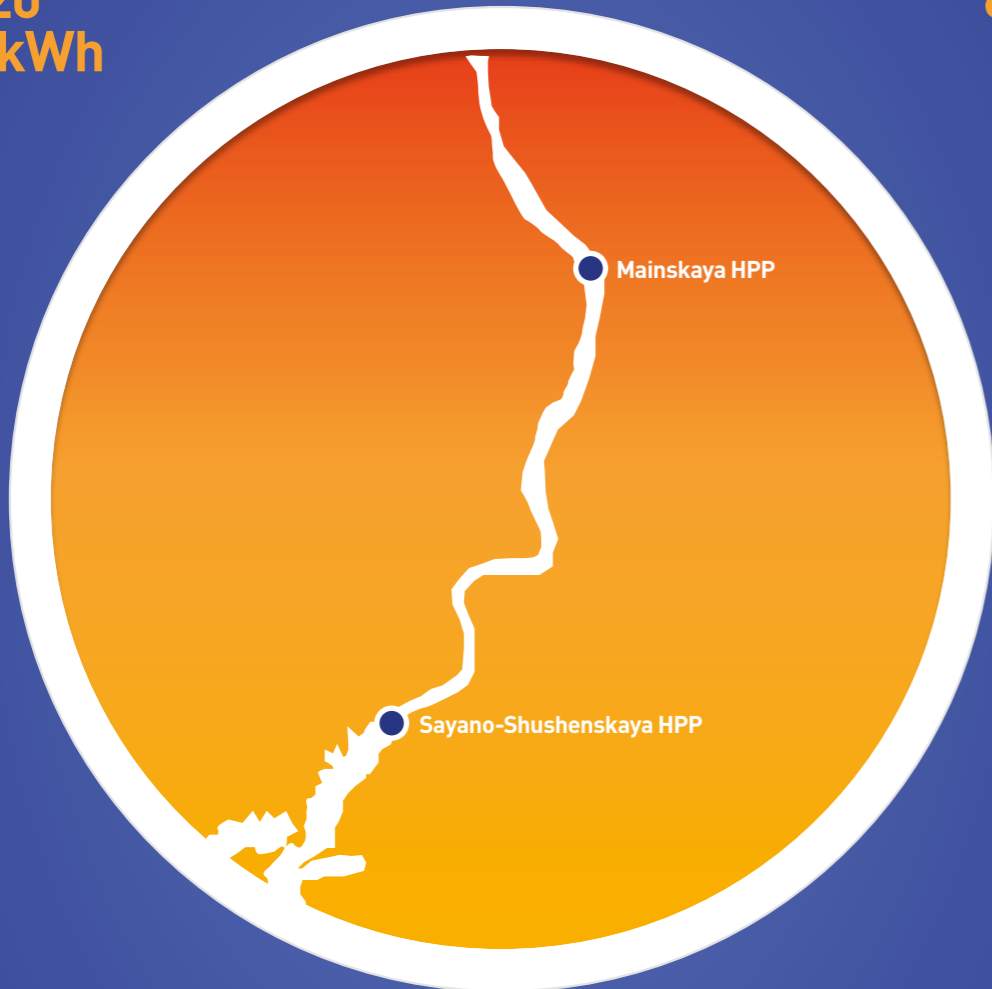
One of the world's largest rivers and the natural borderline between Western and Eastern Siberia. The name comes from the Evenk "lonessi" — big water. The river flows mainly in the Krasnoyarsk Krai.



25,220 million kWh



6,721 MW



Position among Russian rivers



3,487 km



2,580,000 km²

Position among Russian rivers



19,800 m³/sec

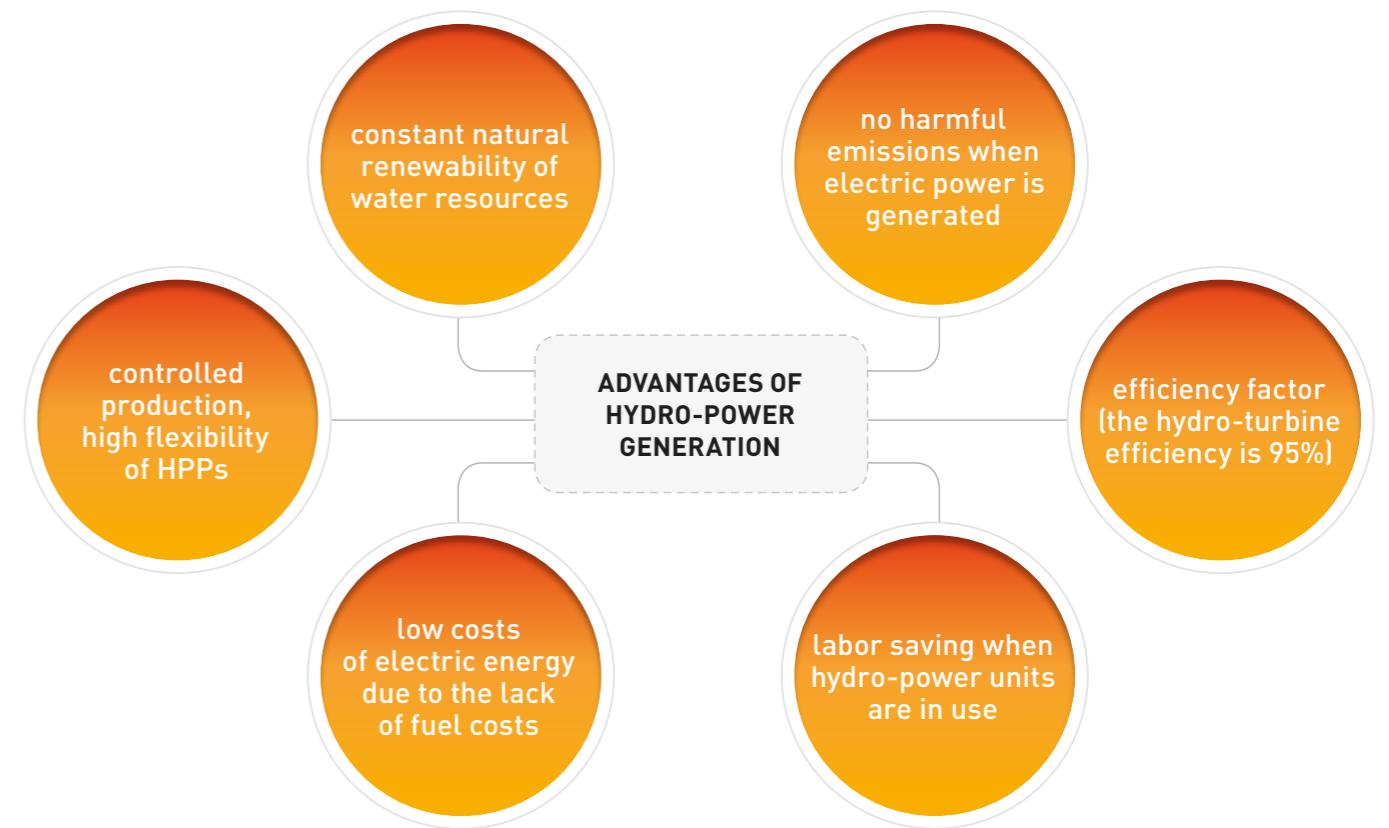
4. Industry and Business Overview



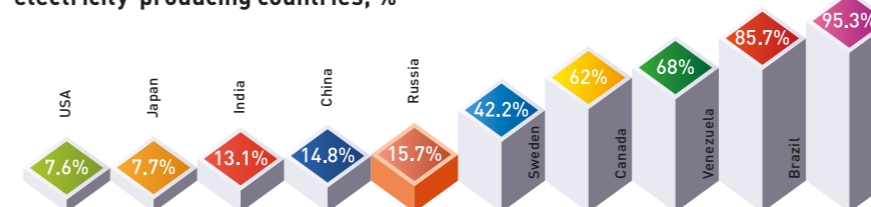
- 4.1. About Hydro-power Generation
- 4.2. The Electricity and Capacity Market
- 4.3. Description of the Company's Business
- 4.4. Production Performance
- 4.5. Tariff Regulation
- 4.6. Energy Efficiency

4.1. About Hydro-power Generation

Hydro-power generation is one of the most effective areas of the electric power industry. It is based on using the power of water's mass movement in channels, as well as tidal motion. In addition to producing electric energy, hydro-power generation solves numerous major economic and social problems. They include the creation of drinking and industrial water supply systems, navigation development, the implementation of irrigation systems, production development and the creation of new jobs.



The share of hydro-generation in total electricity generation in the largest electricity-producing countries, %



Source: Data from the Earth Policy Institute from BP, Statistical Review of World Energy June 2012 (London: 2012).

Hydro-power plants account for approximately 20% of global electricity production. In many countries, the share of hydro-power generation is much higher. For example, Canada, the closest to Russia in terms of natural conditions, produces 62% of its electricity using hydro-power, Brazil - 86%, and Norway, known for its harsh environmental legislation, - 95%.

The Future of Hydro-power Generation

Development of small-scale hydro-power generation

In recent decades, small-scale hydro-power generation has gained a stable position in many countries. Developing the hydro-power potential of small rivers solves energy supply problems for small consumers. The construction of small HPPs does not require water reservoirs of considerable size, and the construction period and costs of a small HPP are much lower than those of a general one. Small HPPs are usually easily automated and can be operated without permanent maintenance personnel. In addition, the cost of 1 kWh of electricity generated by small HPPs is lower than the cost of 1 kWh of electricity generated by large HPPs.

Use of the world's ocean energy

Tidal power plants use the energy of tides resulting from the gravitational interaction of the Earth rotating around

its axis with the Moon and the Sun. Just one tidal cycle of the world's ocean is equivalent to 8 trillion kWh in terms of energy. The Atlantic and Pacific Oceans have the largest tidal energy reserves. The advantages of tidal power plants include environmental safety, the low cost of electricity produced, and the possibility to be used with other types of power plants in electric power systems both in base-load demands and under peak loads.

Wave-cut generation - is another promising trend for hydro-power development. The technical potential of wave energy is estimated at approximately 3 billion kWh per annum.

The ocean and sea current energy potential, which amounts to hundreds of billions of kilowatt-hours per year, is also of interest for hydro-power development. The placement of low-speed turbines in sea currents is in progress.

Finally, another promising trend in hydro-power generation is **the use of oceans' thermal energy**. There is a very significant temperature difference between water on the surface and water at ocean depths, even in the first hundred meters. Pilot sea thermal plants have already been constructed near the Hawaiian Islands, Nauru, and off the coast of the Ivory Coast. Scientists are working to solve the problem of accumulating and transmitting produced energy to mainland consumers.

Russian Hydro-power Generation

Hydro-power generation is an important element in ensuring the reliability of Russia's Unified Energy System. It provides more than 90% of regulating power reserve. Of all existing power plants, HPPs are the most flexible and can, if necessary, in a matter of minutes significantly increase the volume of generation to cover peak loads.

Currently, in Russia, there are 102 hydro-power plants with a capacity of more than 100 MW. The total installed capacity of hydro-power units at Russian HPPs is approximately 45 million kW, whereas generation is approximately 165 billion kWh per annum. HPPs account for 20.6% of Russia's total electricity production.

The RF Energy Strategy until 2020 assumes a growth in electricity consumption, including with a view to plans to accelerate natural resource development in Western and Eastern Siberia, the Far East, the European North and the Caspian Region. The country's designed energy balance provides for improving the structure of electrical

energy generation, including better utilizing hydro-power potential.

Now, Russia ranks second in the world in terms of hydro-power resources. But, its potential is even higher. New construction

is planned mainly in Siberia and the Far East. In addition, the modernization of existing HPPs is an important aspect of developing the domestic hydro-power industry.



4.2. The Electricity and Capacity Market

Total installed capacity and generation in Russia and worldwide

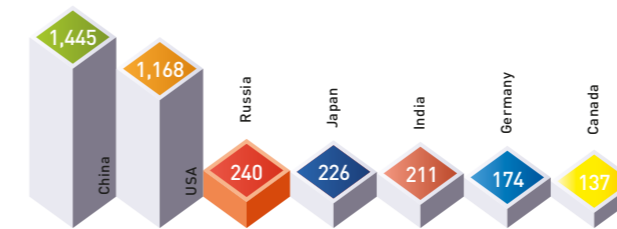
Among the world's largest electricity-producing countries are the USA, China, Japan, Russia and India. Globally, in terms

of installed capacity and production volume, the Russian energy industry ranks third and fourth, respectively.

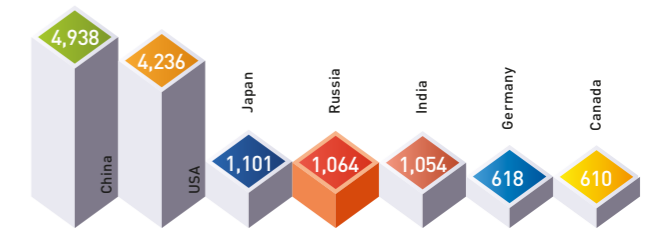
As of January 1, 2014, the installed capacity of Russian UES power plants was 226,470.18 MW. In terms of installed

capacity, the share of thermal power plants (TPPs) is approximately 68.2%, the share of hydro-power plants (HPPs) is 20.6% and the share of nuclear power plants (NPPs) is 11.2%.

Capacity, GW

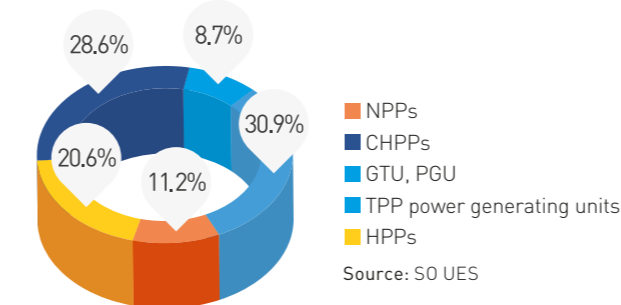


Production, bln kWh



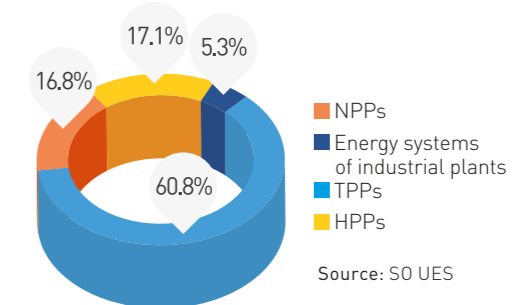
Source: BP Statistical Review of World Energy 2013, EIA, IEA, Federal State Statistics Service

Breakdown of the installed capacity of Russian UES power plants as of January 1, 2014 (without isolation zones), %



Source: SO UES

2013 Structure of electric power production in the UES of Russia (without isolation zones), %

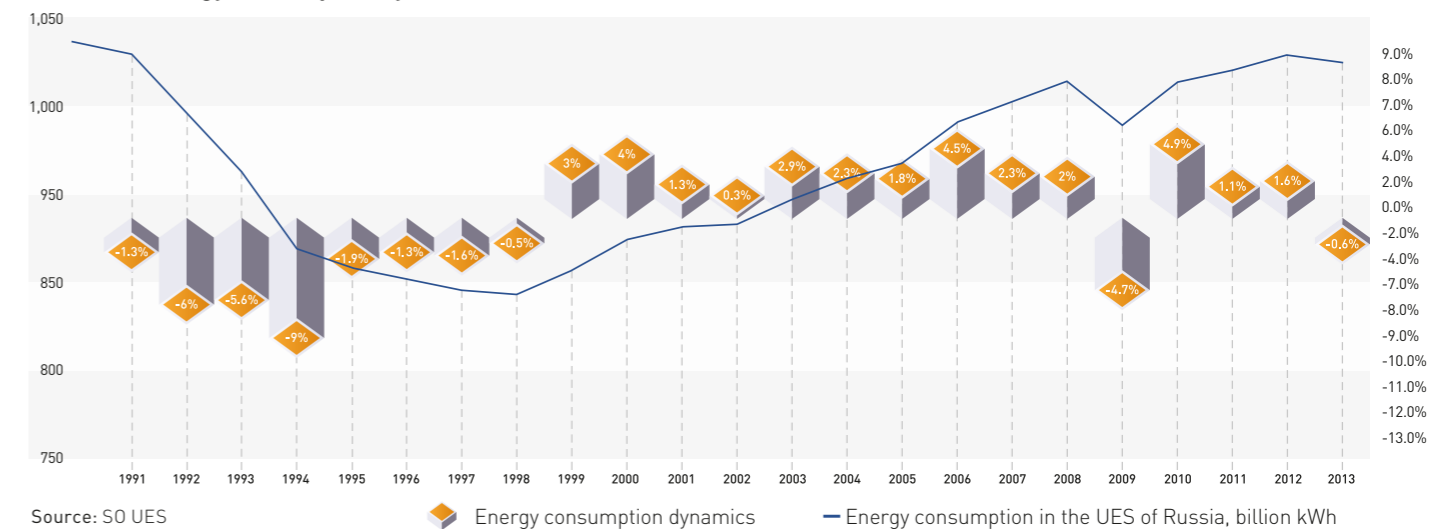


Source: SO UES

Historical energy consumption

In 2013, electricity consumption in the UES of Russia decreased for the first time since the 2009 crisis.

1990-2013 Energy consumption dynamics



Source: SO UES

Energy consumption dynamics — Energy consumption in the UES of Russia, billion kWh

According to JSC SO UES, in 2013, energy consumption in the UES of Russia declined 0.6% to 1,009.813 bln kWh. Energy production by Russian UES power plants decreased 0.8% - down to 1,023.48 bln kWh. Approximately 61% of total electric power was produced by TPPs, 17% by NPPs and 17% by HPPs.

The structure of the electricity and capacity market

Currently, the Russian Federation has a two-level (wholesale and retail) electricity and capacity market.

Generating companies, electricity export/import operators, energy sales organizations, (including guaranteed supply companies), Federal Grid Company (in terms of purchasing electricity to cover transmission losses), and major consumers are both buyers and sellers on the wholesale market.

Apart from Federal Wholesale Hydro-Generating Company (JSC RusHydro), most of Russia's generating assets are concentrated in 5 thermal Wholesale Generating Companies (WGCs), 15 Territorial Generating Companies (TGC), and the State Concern ROSATOM. Part of the thermal and territorial generating companies, in turn, is integrated into large state and private holdings. Also, among the top industry companies, we ought to separately mention JSC INTER RAO UES, an export and import energy operator that owns a range of generating assets, both in Russia and abroad.

State-owned shares of Federal Grid Company, which operates the main high-voltage transmission lines, and Inter-regional Distribution Grid Companies (IDGCs) that own the medium to low voltage networks, were transferred to JSC Russian Grids. The system operator (JSC SO UES) performs operational dispatch control within the Russian Unified Energy System (UES).

The wholesale electricity and capacity market operates in regions that are incorporated into pricing zones. The first pricing zone covers the territory of European Russia and the Urals, whereas the second zone encompasses Siberia. In non-pricing zones (Arkhangelsk and the Kaliningrad Region, the Komi Republic and Far East Regions), where for technological reasons, the organization of market relationships in the electric power industry is not yet possible, electricity and capacity sales on the wholesale market are regulated by tariffs.

In isolated power systems, which are not technologically incorporated into Russia's Unified Energy System, the wholesale electricity and capacity market is absent and power delivery is regulated by retail markets.

The full liberalization of the wholesale and retail electricity and capacity market, which began in January 2007, was completed

January 1, 2011. Since 2011, the structure of the wholesale market has been as follows:

2013 wholesale electricity and capacity market (WECM)	
Electricity	Capacity
Regulated contracts (RCs) for residential delivery volume	Regulated contracts (RCs) for residential delivery volume
Day-ahead market (DAM)	Capacity supply contracts (CSCs)
Free bilateral contracts (FCs)	New HPPs / NPPs contracts
Balancing market (BM)	Contracts for the sale of capacity with generating facilities delivering capacity under a forced regime (FR)
	Free bilateral electricity and capacity supply contracts (FECCs)

Starting January 1, 2011, power has been delivered to the wholesale electricity (capacity) market at free (non-regulated) prices, with the exception of power delivery in areas which are not part of the wholesale market pricing zones, in isolated territorial power systems, including constituent territories of the Russian Federation, combined in a pricing zones of the wholesale market within the boundaries of which an equilibrium price is not formed. In addition, prices for electricity delivered to the population and equivalent consumer categories, as well as to customers in certain Russian federal pricing zones in the territory of which the Russian Government has established special conditions for the operation of the wholesale electricity and capacity market (in the North Caucasus Region, in the Republic of Tuva and till 1 January 2012 in in the Republic of Buryatia) are subject to regulation.

Electric power volumes not covered by regulated contracts are sold at non-regulated prices under free bilateral contracts (FCs), on the day-ahead market (DAM) and on the balancing market (BM).

Capacity volumes not covered by regulated contracts are sold under free electricity and capacity supply contracts (FECCs), including the commodity market and contracts for capacity sales as a result of competitive capacity selection (CCS) conducted by the system operator. In addition, the long-term

capacity market includes capacity supply contracts (CSCs), which allow for investment financing for new power generation.

In December 2010, the first campaign of CSCs signing ended. The thermal generating facility, commissioned under capacity supply contracts, guarantees capacity payments for 10 years (20 years for contracts similar to CSCs signed with NPPs and HPPs), which provide returns on CAPEX and operating expenses (as specified).

CSCs were signed with heat power industry generating companies, which were spun-off from RAO UES of Russia. The list includes constructing energy facilities with a total capacity of 28 GW by 2015. Most new facilities will be located in the European part of Russia, as well as in the Urals and Siberia.

Capacity supply contracts, similar to CSCs, were signed with JSC RusHydro and JSC Concern Rosenergoatom. As part of the HPPs/NPPs capacity supply contracts, JSC RusHydro has already finished construction of the Kashkhatau HPP and continues to implement the following projects: the Gotsatinskaya HPP, the Zagorskaya PSPP-2, and the Zelenchukskaya HPP-PSPP, with a total capacity of approximately 1.1 GW.

Commissioning new facilities will eliminate the problem of production capacity shortages in certain electricity zones; it will also upgrade sectoral efficiency, as a whole.

Grid infrastructure

The two principal types of activity conducted by grid organizations are: the transmission of electrical power over the electrical grids and the provision of technological connections for electricity consumers, the power plants of generating companies and the transmission facilities of other owners to the electric grid. These activities are both natural monopolies and are thus regulated by the State.

The operation and development of Russia's electrical grid are the responsibility of JSC Russian Grids, a majority shareholder of Federal Grid Company, the operator of the Unified National (all-Russian) Electrical Grid (UNEG), JSC UES FGC, which operates the 110-1,150 kV high-voltage

transmission networks, and Inter-regional Distribution Grid Companies (IDGCs) that control lower voltage distribution networks, from 0.4 to 220 kV. In addition, electric power transmission and distribution services are provided by more than 3,000 territorial network organizations (TNOs) that mainly operate the 0.4-10kV lines.

DAM price dynamics

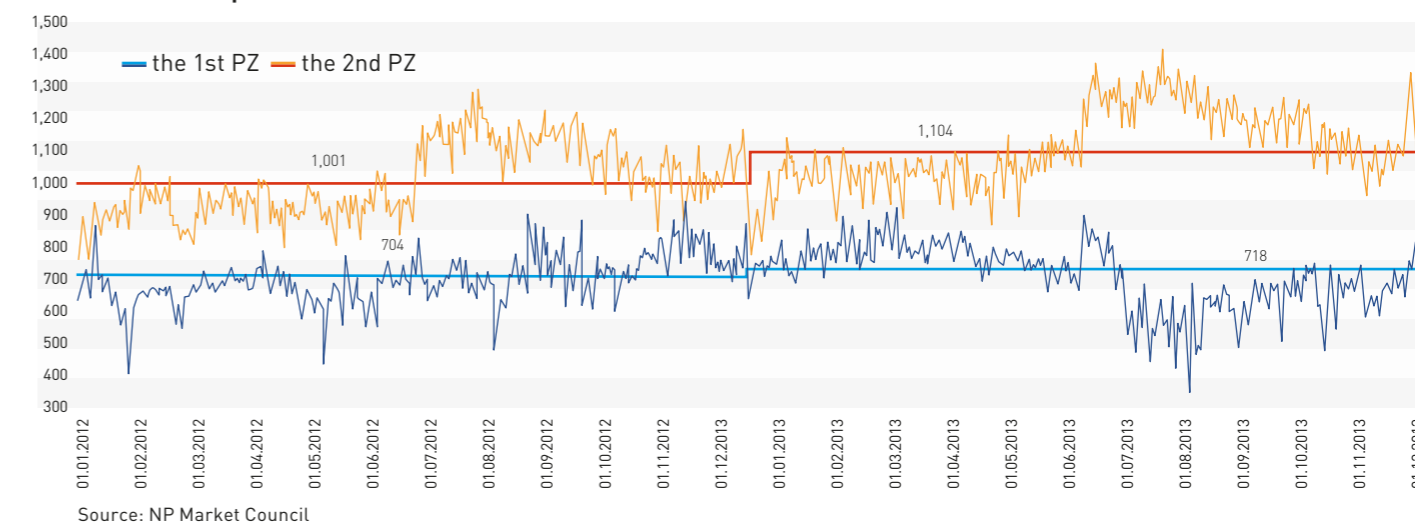
The day-ahead market (DAM) is a competitive selection of price bids from suppliers and buyers for the day before actual electric power delivery; prices and delivery volumes are defined for every hour of the day, and are conducted by the commercial operator, JSC ATS.

DAM prices have relatively high volatility due to, firstly, cyclical fluctuations (daily,

weekly and annually), and secondly, due to price fluctuations caused by unpredictable demand- or supply-side changes.

According to the NP Market Council, the average weighted index of equilibrium prices for electric power during 2013 in the European part of Russia and the Urals rose 10.3% compared with 2012 and reached 1,103.9 RUR/MWh. In Siberia, the average weighted index of equilibrium prices during the past year rose 2.0 % - to 718.3 RUR/MWh.

The Index of the Equilibrium Price for Power



The 2013 growth in electric power prices in the first price zone was mainly due to indexation, from July 1 and August 1, 2013, for gas prices, the main fuel for TPPs.

A reduction in prices in the second price zone in the second half of 2013 was caused by both a lower level of energy consumption and increased energy production at the Boguchanskaya HPP.

2014 Consumption and price forecast

In 2013, the Russian government continued to make decisions to ensure a moderate increase in prices and tariffs on goods (services) for natural monopolies. In particular, electricity transmission tariffs and gas tariffs for industrial consumers are frozen for 2014, with previously proposed indexation starting

from July 2014. In addition, 2015-2016 tariff growth forecasts were reduced.

Based on the approved 2014 socio-economic development forecast and the 2016-2016 planning period:

- electricity prices for all consumers, except for the general population, will rise 6-7% on average per annum in 2014 and in 2015-2016, 6.3-7.2% per annum;
- the 2014-2016 indexations of regulated electricity tariffs for the population (except for electricity supplied in excess of the social consumption norm in 2014) will occur in July. As a result, from July 1, 2014-2016 tariffs will grow 3.3-4.2 % per annum;
- the indexation of regulated tariffs for network organizations will also be in

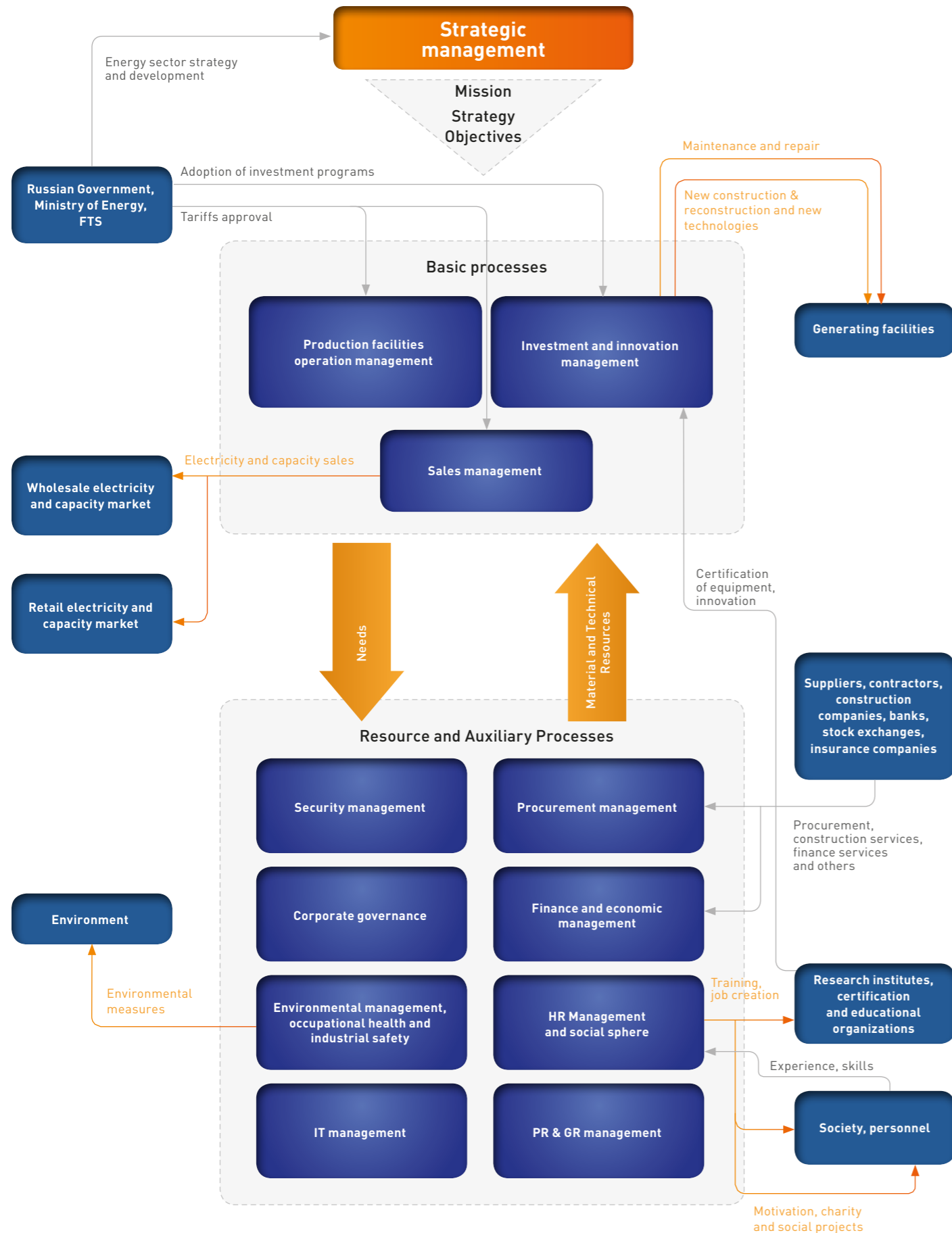
July: from July 1, 2014 there will be no indexation, and from July 1, 2015-2016 - by 4.8-4.9 % per annum;

- regulated tariffs for natural gas for consumers, except for the general population: from July 1, 2014 there will be no indexation, and from July 1, 2015 - 2016 - by 4.8-4.9 % per annum;

According to the adjusted balance forecast issued by the FTS in regard to electricity energy (capacity) production and supply within the Russian Unified Energy System to constituent Russian entities for 2014, Russian electricity consumption in 2014 will increase 1.2% compared with 2013 and amount to 1 trillion 54.30 bln kWh.

4.3. Description of the Company's Business

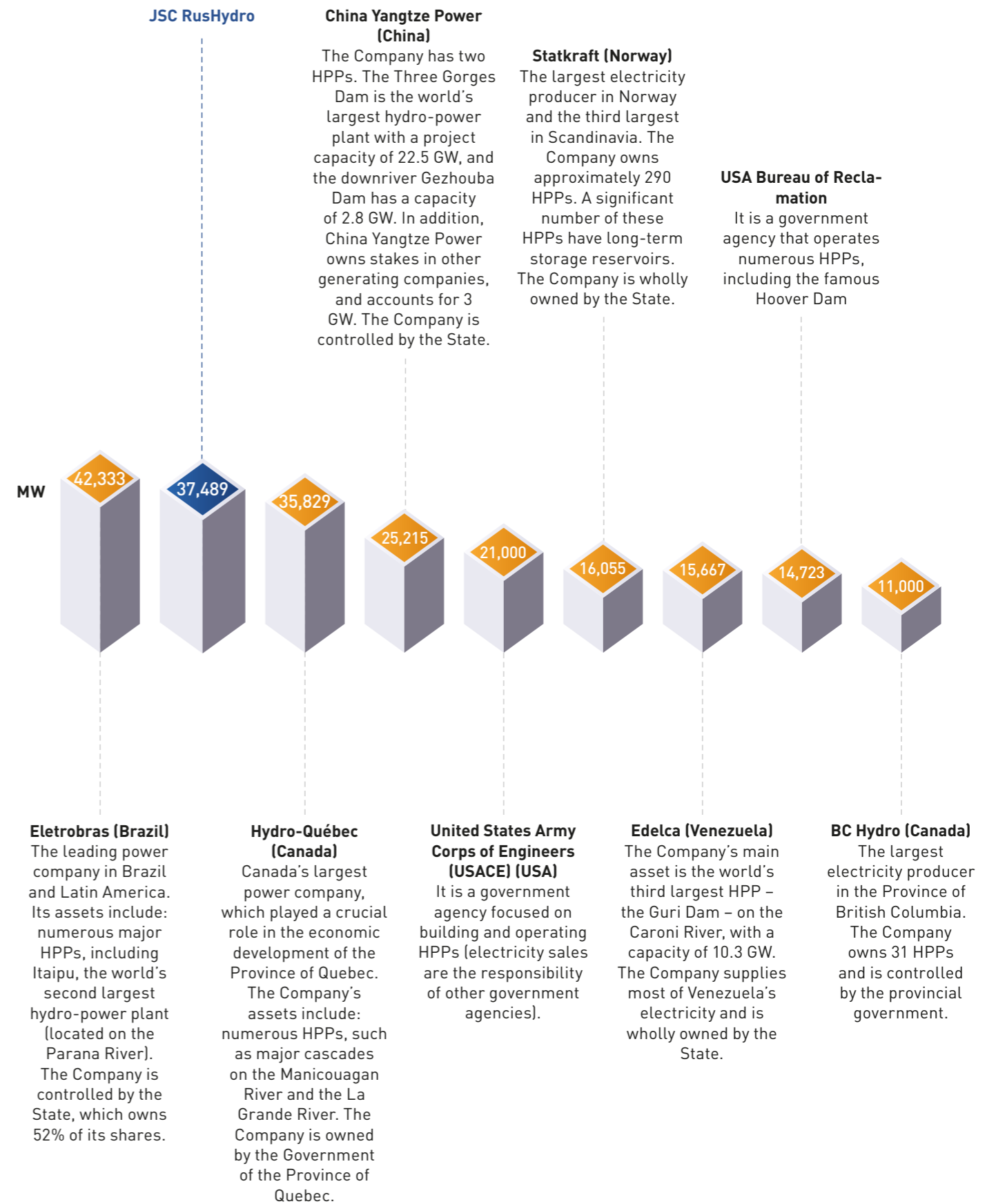
JSC RusHydro business model



Peer group

Installed capacity of the largest global peers

There are numerous power companies globally which rely on hydro-power plants for the majority of their capacity and which are also State-owned.



Competitive environment in Russia

Holding Company

ROSATOM

INTER RAO UES

EuroSibEnerg

Gazprom Energoholding

IES-Holding

E.ON

Enel

SUEK

LUKOIL

UMMC

Sintez Group

Unexim

Fortum

RZD

TAIF

Generating companies that are part of the holding

Concern Rosenergoatom
JSC PIMCU
Siberian Chemical Combine (SChC)

INTER RAO UES
OGC-1
OGC-3
TGC-11
Bashkirskaya Generating Company

Irkutskenergo
The Krasnoyarskaya HPP
CHP of GAZ

TGC-1
JSC Mosenergo (TGC-3)
OGC-2 (includes the assets of former OGC-2 and OGC-6)
MUEC

TGC-5
TGC-6
TGC-7 (the Volzhskaya TGC)
TGC-9

OGC-4

OGC-5

Kuzbassenergo (TGC 12)
TGC 13

LUKOIL – Ekoenergo (TGC-8)

Novosibirskenergo

TGC-2

Quadra (TGC-4)

Fortum (TGC-10)

TGC-14

TGC-16

The Company's Key Competitive Advantages



Hydro resources represent a renewable energy source that is the most environmentally friendly energy source, decreasing emissions from thermal and electricity power plants, while preserving hydro-carbon fuel reserves



HPPs offer the greatest degree of flexibility and can, if necessary, within minutes significantly increase energy generation to cover peak load



Not dependency on energy price volatility and, as a consequence, offers long-term price guarantees to consumers

The Company's Share in the Market Segment and 2011-2013 Performance

Year	Electricity			Capacity		
	Consumption in Russia, million kWh	Company output, million kWh	Share	Installed capacity of Russian power plants, MW	Total installed capacity of the Company's power plants, MW	Share
2011	1,000,069	109,204.6	10.9%	218,146	35,152.9	16.1%
2012	1,016,498	112,550.1	11.1%	223,071	36,500	16.4%
2013	1,009,813	124,144	12.3%	226,470	37,488.5	16.5%

The Company's share has been stable during the last three years, both in terms of energy generation performance and the share of Russian power plants' total installed capacity.

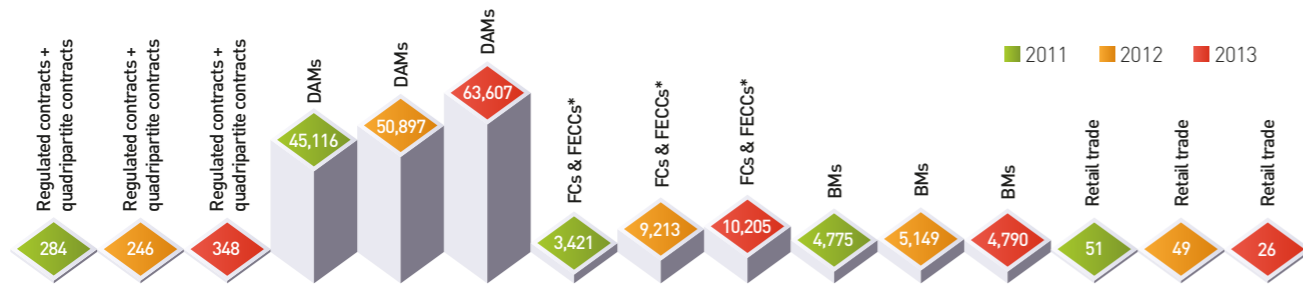
Electricity market in Armenia

In 2011, JSC RusHydro acquired a 90% stake in the Sevan-Hrazdan HPP Cascade in the Republic of Armenia. Having entered the Armenian electricity market, JSC RusHydro has won a significant market share.

Generating Facility	Type	Installed Capacity, MW	Generating Company	Parent Company
The Sevan-Hrazdan HPP Cascade	HPP	562	CJSC International Energy Company	JSC RusHydro
The Vorotansky HPP Cascade	HPP	404	CJSC Vorotansky HPP Cascade	Armenian government (claimant to the purchase of CJSC Contour Global Hydrocascade (USA))
The Dzoragetskaya HPP	HPP	25	CJSC Dzora HPP	Offshore company Global-Contact
Small HPPs	HPP	66	MGES	Private investors
The Armyanskaya NPP	NPP	440	CJSC Armyanskaya NPP	Armenian government
The Hrazdanskaya TPP	TPP	1,110	RazTPP LLC	JSC INTER RAO ES
The Hrazdanskaya TPP	TPP	467	CJSC ArmRosgazprom	JSC Gazprom
(5th Power Generating Unit)	TPP	467	CJSC ArmRosgazprom	JSC Gazprom
The Yerevanskaya CHPP	CHPP	100	CJSC Erevanskaya CHPP	Armenian government

4.4. Production Performance

2011-2013 Capacity sales structure of JSC RusHydro branches, RUR million



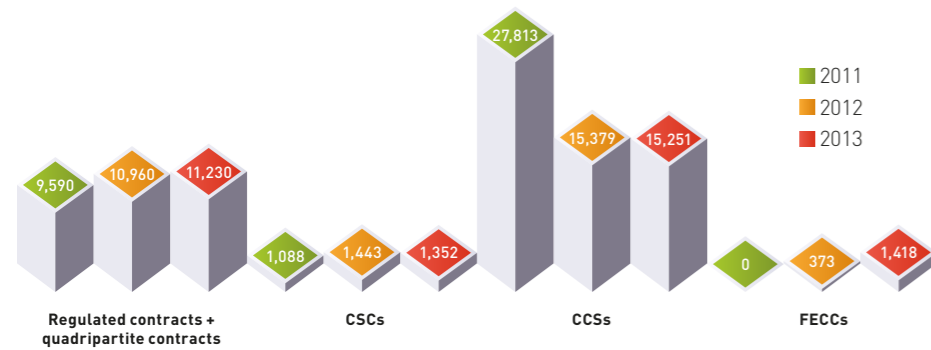
Source: The Company's data

* Data for 2011 and 2012 do not include non-regulated electricity and capacity contracts.

JSC RusHydro's power generation and output dynamics, kWh million



2011-2013 Capacity sales structure of JSC RusHydro branches, RUR million



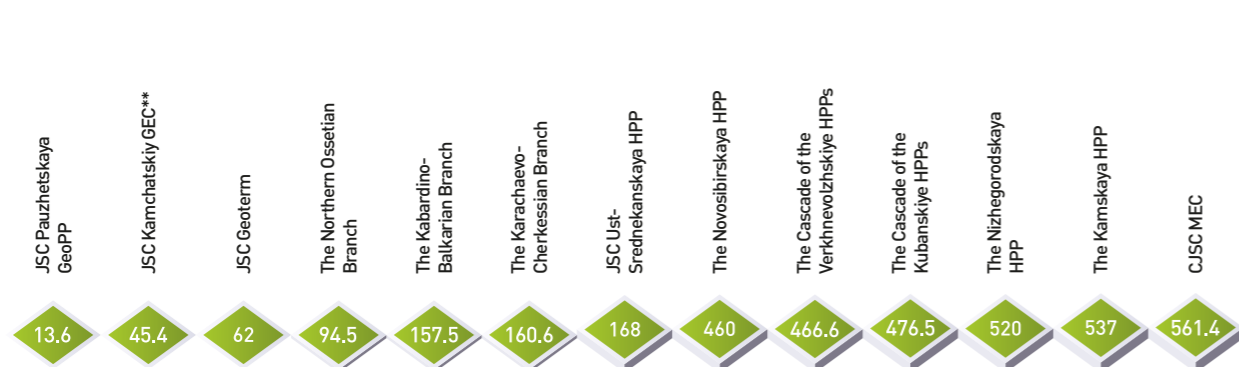
In 2013, the totaled installed capacity of JSC RusHydro's divisions grew 64.45 MW to 24,669.25 MW. The growth was driven mainly by re-labeling:

- at the Novosibirskaya HPP - 5 MW;
- at the Kamskaya HPP - 6.0 MW;
- at the Zhigulevskaya HPP - 21.0 MW;
- at the Volzhskaya HPP - 21.0 MW;
- at the Saratovskaya HPP - 9 MW.

In total, the Company's installed capacity was 37,488.5 MW (including JSC Kolymaenergo, JSC Geoterm, JSC Pauzhetskaya GeoPP, CJSC MEC, JSC Boguchanskaya HPP, the Holding JSC "RAO Energy System of East", and JSC Ust-Srednekanskaya HPP), a 2% growth compared with 2012.

Source: Data from JSC RusHydro and the Holding JSC "RAO Energy System of East"

Total installed capacity of JSC RusHydro's Group, as of January 1, 2014, MW



Actual electricity output by RusHydro's Group in 2013 was 10.4 % higher than in 2012 (124,144 mln kWh), the HPP's output increased by 16.3% and reached 93,690 kWh. The increase in electricity output was due to hydrological conditions that prevailed in the reporting period, caused by an increased inflow into reservoirs of the Volga-Kama Cascade, Siberia and the Far East.

In 2013, the Company's net proceeds from the sales of goods, taking in to account the costs for the purchased electricity and capacity, work and systemic services provided by corporate branches increased 18.52%.

The main factors that influenced the change in proceeds from the sales of electricity and capacity in 2013 compared to 2012 include:

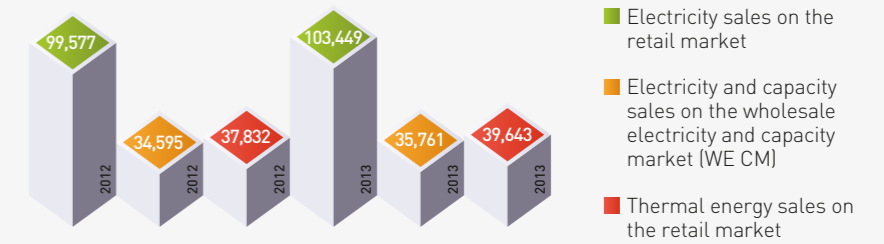
- increased electricity output at JSC RusHydro branch HPPs;
- higher electricity sales on the day-ahead market (DAM);
- higher electricity sales prices on the day-ahead market (DAM);
- increased capacity sales price based on competitive capacity selection (CCS) for HPPs in the first price zone;
- an indexation of regulated tariffs for electric energy and capacity;
- an increase in the volume and cost of electricity and capacity sales at regulated prices.

The Holding JSC "RAO Energy System of East"

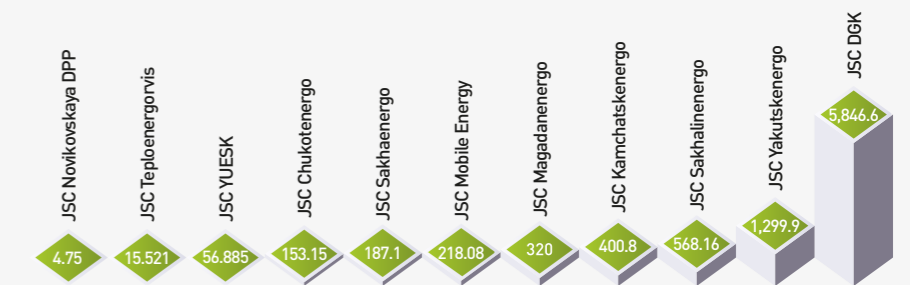
JSC RAO ES of the East is the largest energy holding, which operates in the Far East and has been a part of the RusHydro Group since 2011.

As of December 31, 2013, the total installed capacity of JSC RAO ES of the East power plants was 9,070.94 MW - a 17,495 MW or 0.2% decline compared with 2012.

2012-2013 Sales structure of the Holding JSC "RAO Energy System of East", RUR million



Installed capacity of energy companies of the Holding JSC "RAO Energy System of East", as of January 1, 2013, MW



Source: the Holding JSC "RAO Energy System of East" data

* JSC Kamchatskiy GEC includes HPP-1 and HPP-3, which have been in the trust management of JSC Kamchatskiy GEC since 01.01.2002



4.5. Tariff Regulation

Under statutory legal requirements, all plants with an installed capacity exceeding 25 MW can sell electricity only on the wholesale electricity and capacity market (WECM). A majority of the Company's power plants are WECM operators. Power plants with capacity ranging from 5 MW to 25 MW are entitled to operate both on the wholesale and

retail electricity and capacity markets. The Company's plants in this category can sell their electricity and capacity on the WECM. Given that plants with a capacity of less than 25 MW and operating on the retail market are not regulated by the State and can sell electricity and capacity at unregulated prices. The table below provides a tariff scheme for HPPs which

are operating on the WECM.

Electricity and capacity are sold in accordance with tariffs under regulated contracts (RCs). The total value of the RCs may not exceed 35% of the full energy and capacity supply volume to the wholesale market, as set forth in the balance sheet decision for the relevant producer.

	New plants		Existing plants		
	Facilities covered by capacity supply contracts	HPPs not covered by capacity supply contracts	Price Zone 1	Price Zone 2	Non-price Zone
Electric power	RC	Tariff	Tariff	Tariff	
	Four-lateral agreements				Tariff
	DAM	The unregulated WECM sector			
	Free bilateral electricity and capacity contracts	The unregulated WECM sector			
	RC				WECM
Capacity	RC	Tariff	Tariff	Tariff	
	Four-lateral agreements				Tariff
	Capacity traded on a competitive basis		WECM	WECM	Tariff
	CSC	WECM			
	Free bilateral electricity and capacity contracts		WECM	WECM	WECM

In Prize Zone 2, capacity traded on a competitive basis is also sold under tariffs that are equal to RC tariffs.

Tariffs for plants that are WECM market players are established by the Russian Federal Tariff Service, in accordance with proprietary guidelines:

- The main tariff calculation methodology for existing plants (including those located in the non-price zone) is the indexation methodology: the base, which was calculated in 2007, is reviewed annually so that it can increase in line with the consumer price index (published by the Russian Ministry of Economic Development). The above-mentioned method is also applied to new plants starting from their

second year of operation (for facilities covered by capacity supply contracts, it applies to electricity only);

- For the first year of a plant's WECM operation, the tariff is based on the economically viable costs method, which helps identify the economically justified amount of financing that a company needs to carry out regulated operations during a specified time period.

In contrast with previous regulatory periods, the tariffs described above do not include an investment component. In 2011, the capacity price, based on competitive trading results, increased by a rate determined by the Federal Tariff Service, under approved guidelines that ensure the funding needed

to construct (rebuild or upgrade) HPPs (PSPPs). For facilities covered by capacity supply contracts, the capacity price is also calculated by the Russian Federal Tariff Service under approved guidelines.

The Russian Federal Law "On the Electric Power Industry" sets forth a legislative framework and government regulation, as well as the scope of power for regulatory bodies in the electric power industry.

The procedure for calculating and setting electricity and capacity tariffs and timelines are set by the Rules of Government Regulation and the Application of Tariffs on Electric and Heat Energy in Russia and are approved by the Russian Federal Tariffs Service.

Tariff policy of the Holding JSC "RAO Energy System of East"

JSC RAO ES of the East energy companies operate at tariffs set by the Russian FTS and regional regulators.

There is no unregulated tariff zone in the Far Eastern Federal District.

At present, in establishing tariffs for energy

companies, that are part of the Holding, regulators use the following regulation methods:

- return on invested capital method for the tariffs of grid companies located in non-price zones of the wholesale market;
- long-term indexation method for achieving the required gross revenue;
- indexation method for the electricity (capacity) tariffs of hydro-power plants –

the wholesale market entities in non-price zones;

- method of economically viable costs for other regions.

4.6. Energy Efficiency

The energy efficiency of JSC RusHydro's facilities is initially very high, since most of the electricity produced by the company is generated from renewable energy sources. Nevertheless, at the Company's facilities, there are additional opportunities to upgrade energy efficiency through the modernization of primary equipment and the

implementation of innovative energy-saving technologies, the optimization of using water resources, and the reduction of power consumption for in-house needs.

In 2013, the Company continued to implement the 2010-2015 Program on energy conservation and upgrading

energy efficiency. The Program was developed pursuant to Federal Law 261-FZ (23.11.2009) "On Energy Saving and Improving Energy Efficiency and on Amendments to Certain Legislative Acts of the Russian Federation".



JSC RusHydro's energy efficiency target:

From 2011 to 2020, RusHydro's energy efficiency target is to increase electricity output **3.3 billion kWh**

HPP consumption is to a large extent shaped by water supply and generation modes, as established by the system

Improving the energy efficiency of the Russian economy

- Reducing organic fuel use
- Constructing efficient HPPs
- Upgrading the efficiency of large-scale power generating units for thermal and nuclear generation due to the wider use of energy storage systems
- Promoting energy consumers to use energy-saving technologies

Improving the energy efficiency of JSC RusHydro's business

- Improving the energy efficiency of existing HPPs
- Optimizing water resource usage
- Lowering power consumption for in-house needs for all activities

operator. As a result, electricity output growth was chosen as the key indicator for the Program on energy conservation

and upgrading energy efficiency and RusHydro's Innovative Development Program.

Implementation of the 2013 Energy Efficiency Improvement Program

Energy Efficiency Improvement in the Company's branches and SDCs

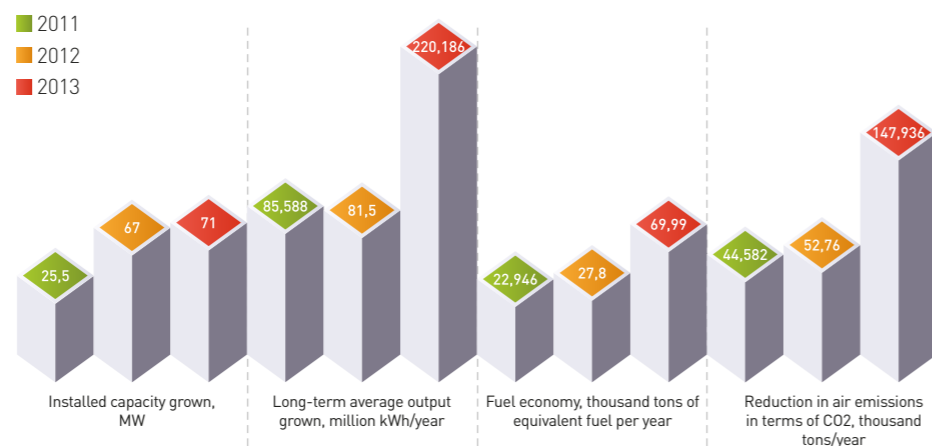
Efforts to upgrade the capacity and efficiency of hydro-power units and to reduce electricity losses at power transformers brought the Company a 220.186 million kWh growth in long-term average output per annum.

Progress to date has been the result of synergies from the technical rehabilitation and modernization program (technological loss reduction by replacing turbines and units, upgrading the quality and volume of repairs and installing the latest energy-saving equipment and devices).

In particular, in 2013, the Company replaced hydro-turbines with higher efficiency ones at the Sayano-Shushenskaya HPP. Furthermore, hydro-power turbine units and hydro-turbines were replaced with more efficient equipment at the Zhigulevskaya HPP and the Volzhskaya HPP.

In 2013, the Company carried out energy audits at the Bureyskaya HPP, the Zeyskaya HPP, the Nizhegorodskaya HPP, the Novosibirskaya HPP, the Sayano-Shushenskaya HPP and the Mainskaya HPP, the Cascade of the Verkhnevolzhskiy HPPs and the Cascade

JSC RusHydro's key results for energy efficiency efforts incorporated into the modernization program



of the Kubanskiye HPPs. Based on energy audit results, the Company developed measures aimed at improving the energy efficiency of facilities and also prepared energy performance certificates.

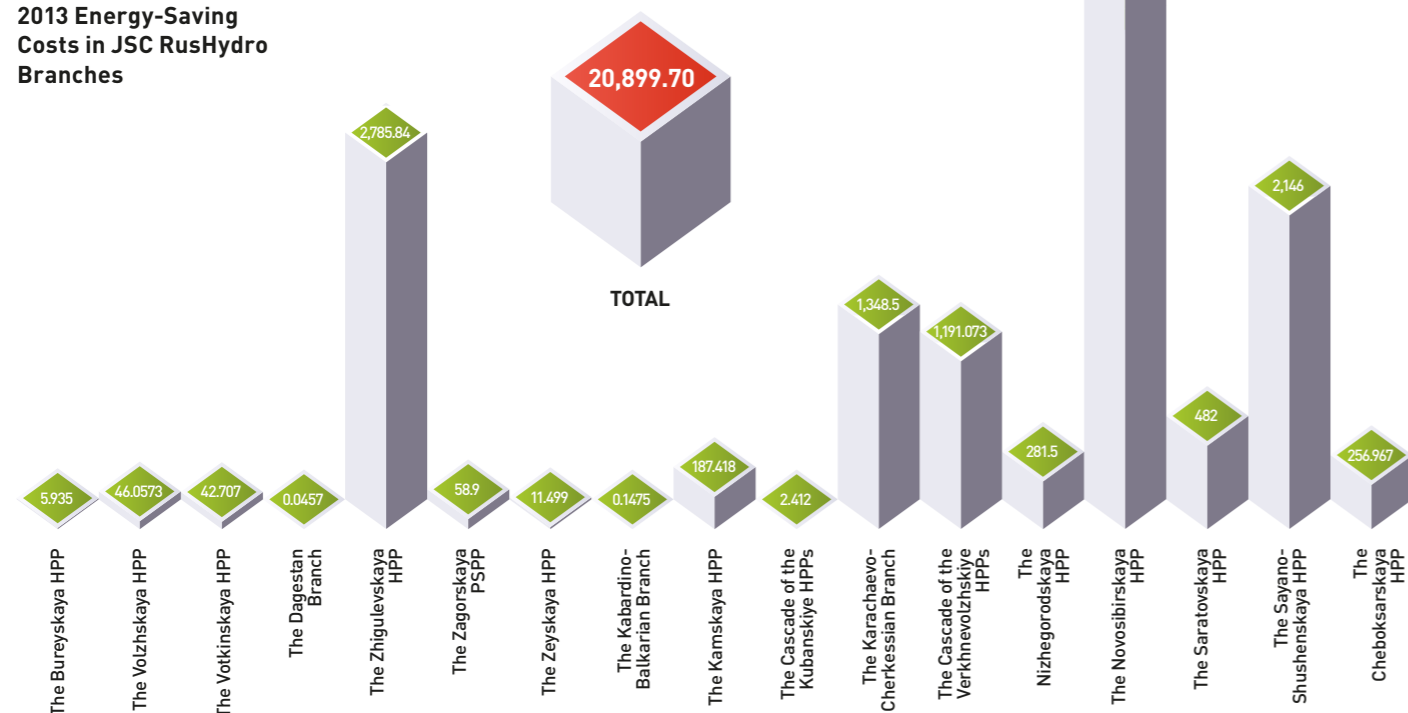
Energy saving in sales activity is achieved by reducing technical and commercial electricity losses and by upgrading energy accounting. Principal efforts include:

- introducing new methods of forecast consumption;

- introducing the latest metering systems.

Businesses that do not have heavy energy consumption (e.g., design and engineering companies) are predominantly switching from incandescent lamps to energy efficient ones. These companies are also introducing automated control systems to monitor lighting and heating, etc.

2013 Energy-Saving Costs in JSC RusHydro Branches



Energy audit services

The Company provides energy audit services and issues site energy performance certificates. The service is provided to the Group, as well as to external consumers. JSC NIIES, JSC Ryazan Energy Supply Company, JSC Chuvash Energy Supply Company and JSC Krasnoyarskenergosbyt are members of the self-regulatory organization for energy audits, which is entitled to carry out energy audits. In 2013, energy supply companies in total carried out 35 energy audits. The cost of the services was more than RUR 5 million.

Education in energy saving

In working with customers (subscribers), energy supply companies hold consultations:

- on organizational, regulatory, technical, financial and economic issues related to energy saving in industry, housing and the utility sector and the public sector;
- on carrying out energy audits of

businesses and organizations to determine the fuel reserve and energy resource savings and producing energy performance certificates;

- on energy services (legal aspects, types of energy service contracts);
- on assistance in working with information databases on energy-saving equipment and technologies.

In the reporting year, the Company continued to develop its regional Energy Saving and Energy Efficiency Centers, which have been established by energy supply subsidiaries in Krasnoyarsk, Novocheboksarsk, Ryazan, the Republic of Bashkortostan and the Chuvash Republic.

The Company's regional Energy Saving and Energy Efficiency Centers continue to work on installing automated electric power fiscal metering systems for different consumer groups. In 2013, these measurement systems were installed at 2,447 electricity metering points, and were then integrated into automated

measurement and information systems for electric power fiscal accounting for energy supply companies.

Within the framework of the International Energy Saving Day, celebrated on November 11, regional centers conducted educational activities and a photo contest on energy saving and energy efficiency for schoolchildren.

In addition, in 2013, JSC RusHydro energy supply companies' personnel replaced electric incandescent bulbs with energy-saving ones in children's social institutions as part of regional charity events.

Volume of each type of energy resource used by the Company in 2013

Energy source type	Purchase of electric energy on the wholesale market, billion kWh	Cost of purchasing electric energy on the wholesale market, RUR billion
Multi-point deliveries to suit own needs of HPPs/PSPPs	0.92	0.97
Multi-point consumption of PSPPs (the pumping mode)	2.49	2.25
Total	3.41	3.22

The Angara

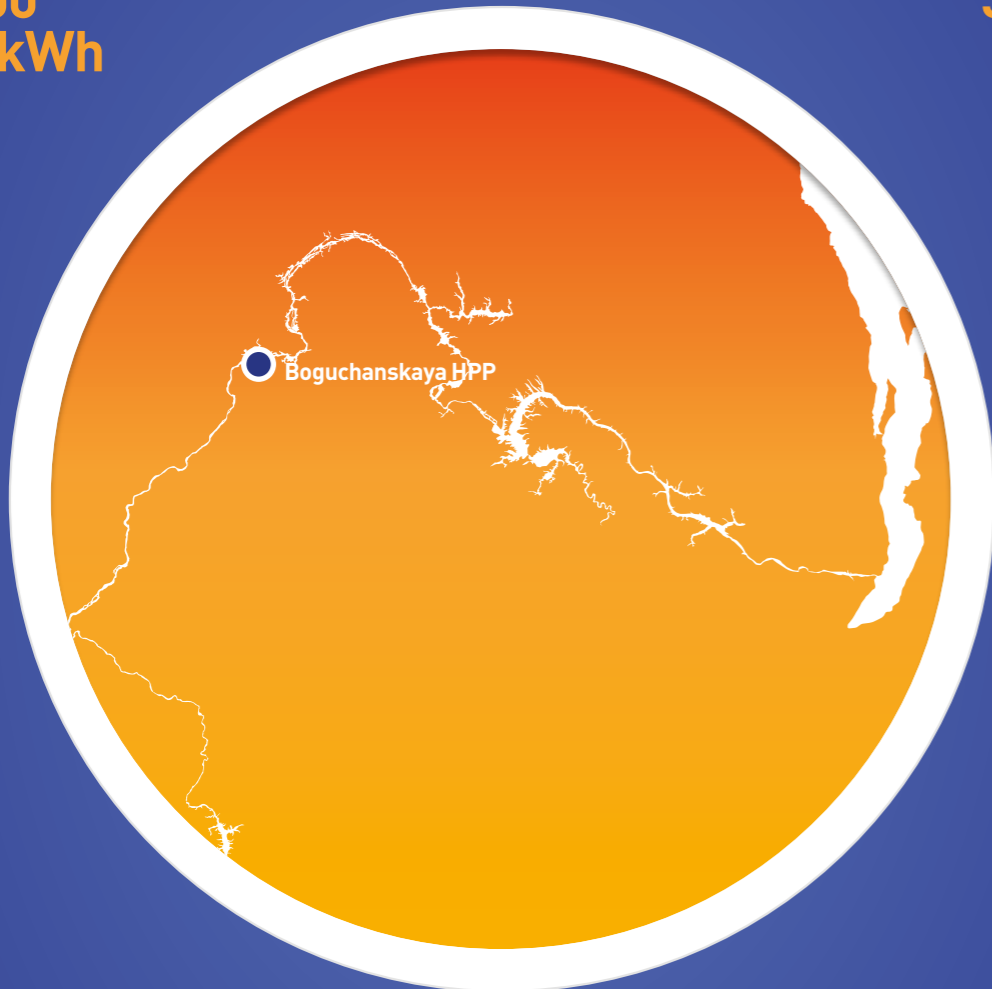
The only river flowing out of Lake Baikal and the largest right tributary of the Yenisei, the Angara flows through the Irkutsk Region and Krasnoyarsk Krai. The name comes from the Buryat root "anga" meaning "gaping".



17,600 million kWh



3,000 MW



Position among Russian rivers



1,779 km



1,039,000 km²

Position among Russian rivers



4,530 m³/sec

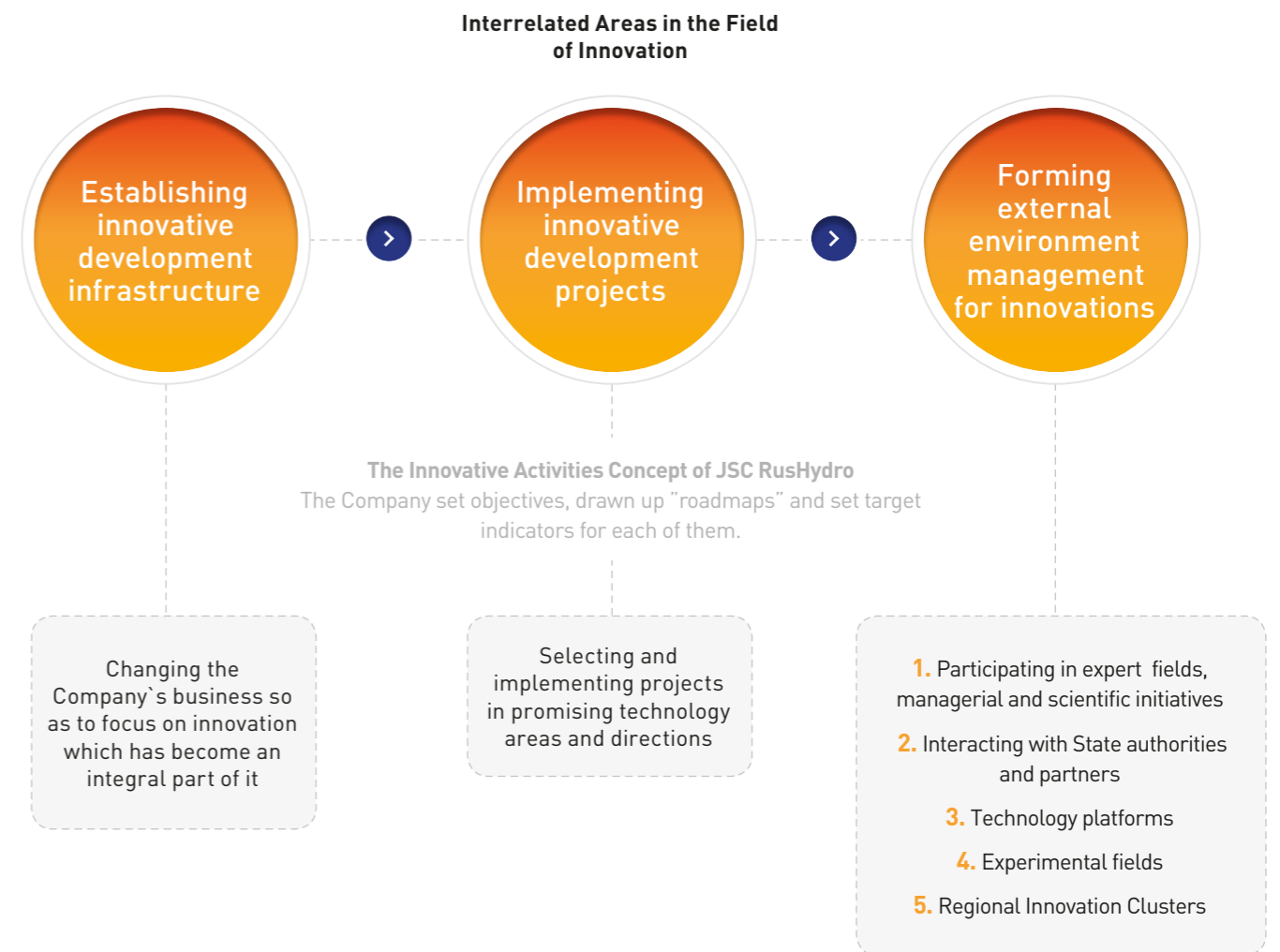
5. Innovative Development



- 5.1. Establishing Innovative Development Infrastructure
- 5.2. Creating External Conditions for Innovative Activities
- 5.3. International Cooperation in the Field of Innovation
- 5.4. The Volume and Sources of Financing Innovation Program
- 5.5. Selecting Innovative Projects
- 5.6. Key Innovative Projects of JSC RusHydro
- 5.7. 2013 Innovative Activities of the Holding JSC "RAO Energy System of East"
- 5.8. 2014 Innovative Development Plans

Today, innovative development is one of the key priorities of JSC RusHydro. Annually, the Company channeled about 3% of the revenues according to RAS for innovative development.

In 2013, the Company operated within the framework of the Innovative Development Program for 2011-2015 with a view to 2021.



Currently, the Company is completing the development of a new Innovative Development Program for 2014-2017 with a view to 2023. The Program will

be approved by the Board of Directors of JSC RusHydro and integrated into the Company's strategic documents and programs system (Strategic Plan,

Technical Policy, Production Program, Facility Safety Operation Program, Energy Efficiency Program, etc.).

5.1. Establishing Innovative Development Infrastructure

To meet future challenges, the JSC RusHydro intends to combine processes for seeking technical solutions of current problems and high-tech and advanced development into a single management system. In 2013, major efforts were focused primarily on

the establishment of the Scientific and Technical Development Fund. In 2013, the Management Board of JSC RusHydro approved the establishment of the Scientific and Technical Development Fund, a wholly owned subsidiary of JSC NIIES in the legal form of CJSC

(closed joint stock company) with registered capital of RUR 900 million. It is required to obtain Directive of the Government of the Russian Federation for ownership in the Scientific and Technical Development Fund.

5.2. Creating External Conditions for Innovative Activities

The idea to form an external innovative environment underlies JSC RusHydro concept of the interaction with a wide range of organizations, as well as expert community.

In 2013, the Company signed the following cooperation agreements on innovation:

1. On the scientific and technical cooperation with the Siberian Branch of the Russian Academy of Sciences to organize the introduction of innovative products and science-intensive technologies developed by SB RAS using RusHydro's technological potential.
2. On interaction with the Russian Foundation for Basic Research to jointly implement conceptual stage of innovative projects.

The Scientific and Technical Council of JSC RusHydro (hereinafter – STC) and the Technology Platform "Advanced Technologies of Renewable Energy" (hereinafter – the Technology Platform) play an important role in forming innovative environment.

NTS includes about 200 best Russian experts, academics and industry practitioners. The decision of NTS launches the practical implementation of RusHydro Group's innovative projects, providing objective professional external evaluation of the ideas contained in the projects and methods to implement them.

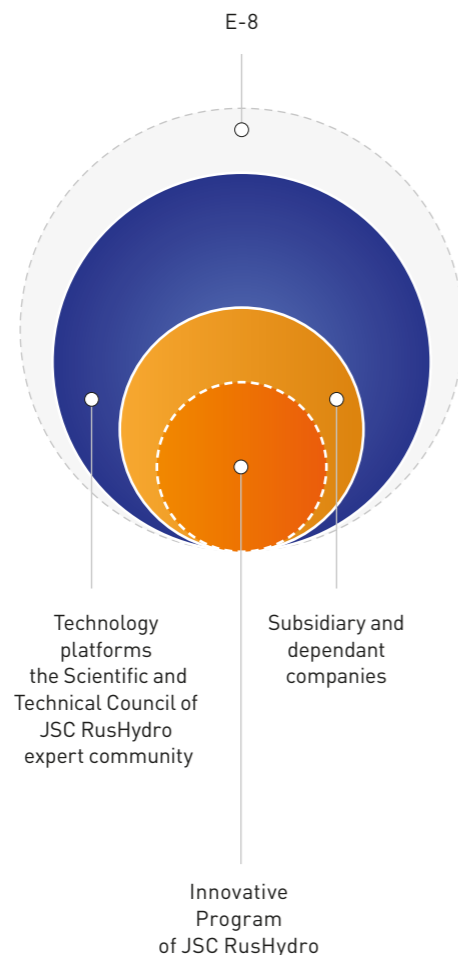
The Technology Platform is another way of interacting with stakeholders in the field of innovation aimed at bringing together efforts of State authorities, the constituent entities of the Russian Federation, the investment community, industrial, scientific, design

and educational spheres to create favorable conditions for introducing highly efficient generation technologies based on RES, meeting the needs of the domestic economy and ensuring the competitiveness of products and services on the domestic and global markets.

In October 2013, the First International Forum on Renewable Energy "Renewable Energy. Towards Raising Energy and Economic Efficiencies" (REENFOR-2013) was held under the auspices of the Platform. JSC RusHydro sponsored forum, the Company's representatives participated in the Forum's events, roundtables on scientific and technological areas of RES.

Proposals to form topics within the framework of the Federal Target Program "Research and development on priority areas of scientific-technological complex of Russia for 2014-2020" (hereinafter - FTP R&D) were selected with organizational and expert support of JSC RusHydro. These proposals were analyzed and selected (68 topics).

In 2013 the Platform's participants implemented 18 projects totaling to RUR 536 million in accordance with the trends indicated in the Strategic Research Program of the Platform. The projects were financed by non-budgetary sources, the Russian Technological Development Fund and within the 2007-2013 Federal Target Program R&D formed by the Platform.



5.3. International Cooperation in the Field of Innovation

In 2008 JSC RusHydro joined the Global Sustainability Electricity Partnership (GSEP), an international organization

that unites the major electric power companies from E-8 countries (except the UK). The strategic management of GSEP

is performed on a collegial basis by heads of all companies which have the status of chairpersons of GSEP.

Objectives of JSC RusHydro's participation in GSEP



Traditionally, the Partnership's members shall elect the chair-company from among their numbers for one year. According to the decision of GSEP chairs' summit, held in Berlin in June 2012, the functions of chair-company of GSEP for the period from June 2013 to June 2014 were transferred to JSC RusHydro.

GSEP year in Russia is a landmark event for the Company and for the Russian power industry as a whole.

JSC RusHydro declared topic of the year - "Innovation - a Fast Track to Sustainable Development of the World". The Company chose this topic to demonstrate that sustainable development is not possible without an innovative breakthrough.

Fulfilling GSEP chair's function, in October 2013 JSC RusHydro held meetings of project, political and steering committees of GSEP in St. P. Petersburg. Moreover, in the reporting year, the Company participated in the activities of GSEP on program of governmental and private partnership development held in Warsaw and Belgrade, as well as in the 22nd World Energy Congress.

Since 2008 JSC RusHydro is a member of E8

Cooperation in the framework of E8

Since 2008 JSC RusHydro is a member of E8 - an international organization founded in 1991 and brings together leading energy utilities of G8: JSC RusHydro, American Electric Power, Electricite de France, Duke Energy, Eletrobras, ENEL, Eskom, Hydro-Quebec, Kansai Electric Power Company, RWE, State

Grid Corporation of China, Comision Federal de Electricidad and Tokyo Electric Power Company.

The main objectives of the organization include:

- establishing a common policy on sustainable development for electric power industry;

- organizing large-scale debates on the environment, globalization and social policy;
- exchanging experience in the field of the production and use of electricity and electricity markets' development;
- assistance to developing countries.

One of the major topics discussed in October 2013 at GSEP meetings in St. Petersburg - energy security. Sustainable power industry minimizes the risks to the environment and to the world at large. One of the overlooked risks today is considered the risk of cyber threats. GSEP members supported the initiative of JSC RusHydro to explore

the topic of cyber security and the fight against computer viruses in industrial systems. The Company has a successful track record in this area in conjunction with the Kaspersky Lab and considers that today more than ever, it is important to move towards more vigorous joint actions. As part of this topic, the Company intends to work together with the Kaspersky

Lab. To implement the pilot project the Company will select one hydropower plant. In 2014 power engineers plan to discuss in more detail, select and adapt the solutions most applicable to hydropower industry. Duplication of technology will begin only after the program is tested on a pilot plant.

5.4. The Volume and Sources of Financing Innovation Program

In 2013, the innovative activities was funded from own and borrowed funds. The total volume of financing innovation program of JSC RusHydro exceeded RUR 3.644 billion.

The Innovative Development Program`s funding of the Holding JSC "RAO Energy System of East" was over RUR 3.97 billion, or 3.2% of the total revenues of the Holding companies participating in the Program.

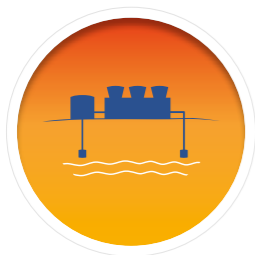
5.5 Selecting Innovative Projects

JSC RusHydro permanently applies multilevel system to search and select innovative projects. Typically, these are high-tech developments, focused on the prospective development of the electric power industry.

For practical implementation the Company selects projects that lay the foundation for the prospective development of the electric power industry, coincide with the needs of RusHydro Group and capabilities of the external environment. So, in 2013, 16 new

projects were approved for implementation, and in general in the reporting year, the Company has worked to implement 34 R&D projects.

5.6. Key Innovative Projects of JSC RusHydro



Binary power unit of the Pauzhetskaya GeoPP with discharging separat

Completion date of the project – 2014

The unique home-grown development to generate power at geothermal plants using binary technology. The feature of this development is the implementation of the project in severe climatic conditions (northern variant), using an inexplusive working body on the basis of the domestic equipment.

Binary cycle technology is based on the use of hot water heat that goes along with the steam from geothermal wells (the separat). Previously, the heat is not used in the power generation process. Today closed cycle is designed, in which the water is directed to a specially designed vaporizer, where it

heats and vaporizes boiling halocarbon at a low temperature. The pressurized resultant halocarbon steam accelerates a turbine. Further, halocarbon is cooled, condensed and re-converted to liquid, ready for reuse.

This technology will significantly improve the utilization of geothermal resources of the existing deposits, as well as increase the volume of beneficial out-feed of thermal energy without drilling additional wells. In 2013, the structural improvements to equipment and technology were made. A variety of experimental runs was carried out to test the binary power unit.



Procedure for optimizing water and energy mode of the Volzhsko-Kamskiy cascade of HPPs

Completion date of the project – end of 2015

Water content of natural object became completely dependent on operation modes of the Volzhsko-Kamskiy cascade of HPPs due to the transportation of the river source Akhtuba downstream from the dam site of the Volga HPP. The need for flooding the Volga-Akhtuba floodplain involves additional waste water discharges through waterworks facilities of the Volzhsko-Kamskiy cascade of HPPs.

The optimization of HPP operation modes by using additional design solutions in the tail water will increase

generation of the Volzhsko-Kamskiy cascade of HPPs and at the same time provide necessary level of flooding for the Volga-Akhtuba floodplain.

Development of the procedure for optimizing modes is a very complicated work from mathematical point of view. At the present time such a problem has not yet been addressed in any country or in any power system in the world, so creating a mathematical model to effectively control hydropower units as part of this project will be a unique world-class innovation.



Developing standard equipment for low-head mini-HPPs with orthogonal hydropower units

Completion date of the project – 2014

As a result of the work the Company developed new equipment that can improve the efficiency (increasing the coefficient of performance and output) and the reliability of mini-HPPs, reduce costs and time to construct hydropower facilities of small hydropower industry. In addition, this will improve the efficient use of water resources for electricity generation at small HPPs, enhance the reliability of basic equipment of small hydropower plants and increase investment attractiveness of the construction of small hydropower industry`s facilities.

5.7. 2013 Innovative Activities of the Holding JSC "RAO Energy System of East"

The principal document defining the innovative development of the Holding JSC "RAO Energy System of East" is the Innovative Development Program of the Holding JSC "RAO Energy System of East" for the period up to 2015 with a view to 2020. The main objective in the medium term is to create scientific and technical potential for the development of innovative-based technologies. The Holding Company's key innovation areas include the learning to use new technologies and innovations in management.

The most significant innovative projects of the Holding Company in 2013 include the Project "Introduction of innovative technologies (gas turbine units, GTU) as part of the implementation of the Project "Construction of gas turbine cogeneration plant at the site of central steam water boiler house CSWBH (thermal power plant "Eastern")", as well as the Project to construct wind-diesel complex in the village of Nikolskoe on Bering Ireland.

5.8. 2014 Innovative Development Plans

In 2013, JSC RusHydro developed a new version of the Innovative Development Program and the 2014-2016 medium-term plan that is part of the Program. Currently, the Program and the plan are under consideration and will be published after approval.

- The Holding JSC "RAO Energy System of East" plans in the field of innovative development in 2014 include:
- Integrating the innovative development management system of the Holding JSC "RAO Energy System of East" with JSC RusHydro, including the joint development of JSC RusHydro's innovative development

program integrated with the innovative development program of the Holding JSC "RAO Energy System of East";

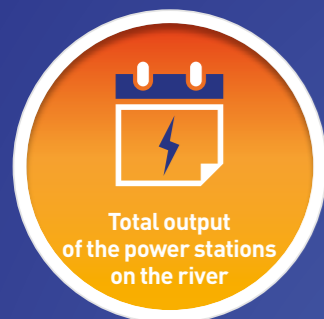
- Improving the innovative development management system, regulatory and methodological support;
- Searching and selecting innovative ideas aimed at achieving the targets of the Company and the Holding, launching the most effective innovative development projects;
- Forming a community of experts (including external) that provide the expertise of innovative projects;

- Enhancing cooperation in the area of innovation with development institutions, research organizations, companies and public authorities;

- Continuing the work on promotion of public and private investment for R&D, facilitating the development of regulatory norms, rules and standards that enable to design, construct and operate generating and transmission facilities on the basis of new technologies.

The Kolyma

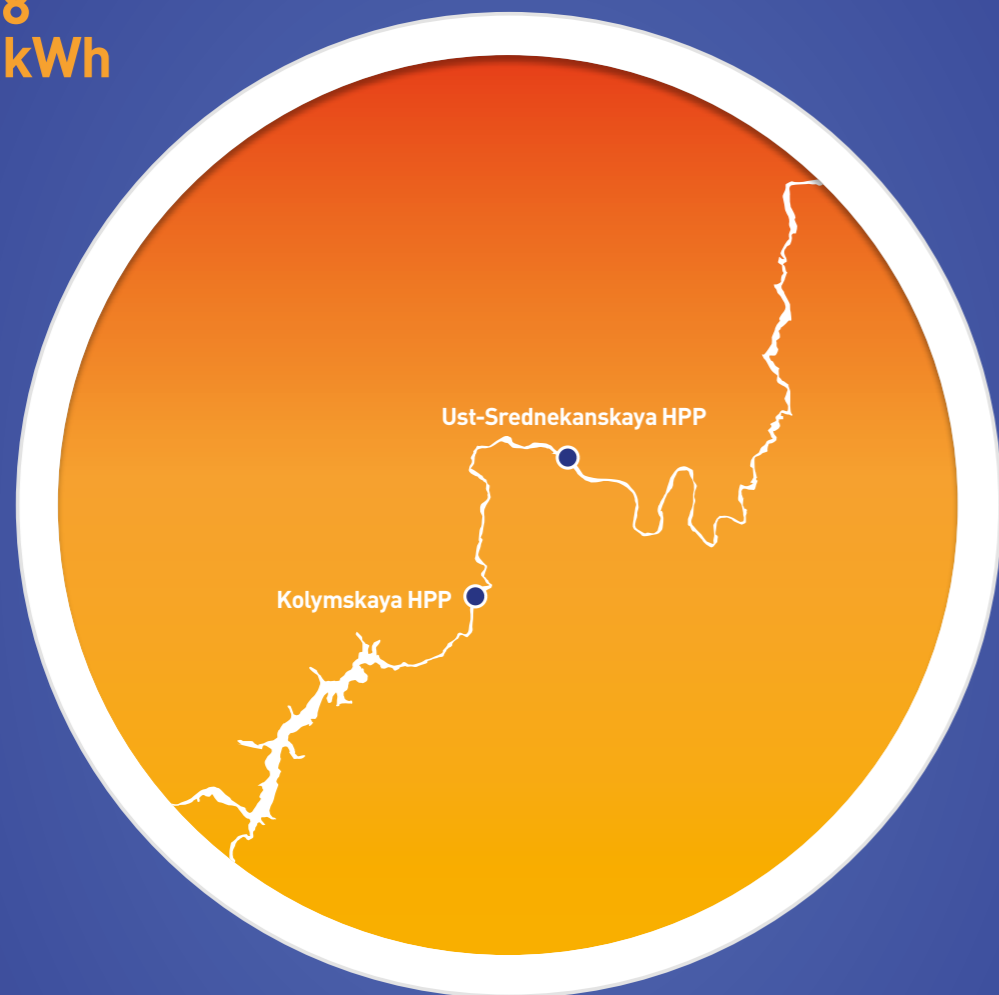
The Kolyma is a river in Yakutia and Magadan Region formed by the confluence of the rivers Ayan Yuriakh and Kulu, originating in the Okhotsk-Kolyma Highlands. The Evens, in whose lands the river flows, used to call it Kulu; now the name Kulu means only the right constituent river of the Kolyma.



3,918 million kWh



1,068 MW



Position among Russian rivers



2,129 km



643,000 km²

Position among Russian rivers



3,800 m³/sec

6. Financial Performance



- 6.1. Assets, Equity and Liabilities
- 6.2. Accounts Receivable and Accounts Payable
- 6.3. Liquidity and Debt Indices
- 6.4. Financial Highlights
- 6.5. Distribution of the Company's Net Profit
- 6.6. Credit Rating

In 2013, the RusHydro Group strengthened its financial position, effectively coping with the consequences of Far East floods, and simultaneously implementing the investment program, reducing key comparative figures for the debt burden and significantly increasing revenues and EBITDA, when returning to net profit.

This section is prepared based on the consolidated financial statements of the RusHydro Group (hereinafter "the Group"), in accordance with International Financial Reporting Standards (IFRS).

Key events that have affected the Group's 2013 financial performance included:

- the Group's companies increased power generation 10.4% compared to 2012;
- in 2013, the Group continued to implement its investment program, investing RUR 70,254 million in property, plant and equipment acquisition, with nine hydro-power units commissioned in the reporting period;
- the Group successfully restructured its debt, significantly reducing the share of short-term debt in the total value of borrowed funds by placing bonds in the amount of RUR 20,000 million and repaying bank loans;
- in June, JSC RusHydro's General Shareholders Meeting approved 2012 dividend payments in the amount of RUR 3,676 million, or 25% of the Company's net profit under RAS for 2012;
- in December, the Company registered an additional share issue report and completed the placement of additional shares, as a result of which, the total number of outstanding shares increased to 386,255,464,890 shares;
- the Group recognized an impairment loss of JSC INTER RAO UES shares in the amount of RUR 7,594 million, and the impairment loss of receivables in the amount of RUR 4,895 million.

6.1. Assets, Equity and Liabilities

[RUR million]	2012	2013	Change
Property, plant and equipment	604,461	633,846	29,385
Other non-current assets	57,234	61,071	3,837
Current assets	192,572	157,129	(35,443)
Total assets	854,267	852,046	(2,221)
Equity	540,405	596,707	56,302
Liabilities	313,862	255,339	(58,523)
Total liabilities and equity	854,267	852,046	(2,221)

As of year-end 2013, the Group's assets slightly declined by RUR 2,221 million (0.3%). The main reason for this decline was the impairment of the Group's financial assets.

Property, plant and equipment are a significant portion of the Group's assets. In the reporting period, the share of property, plant and equipment increased from 71% to 74% due to the implementation of investment programs. As of December 31, 2013, the Group's property, plant and equipment was RUR 633,846 million, an increase of RUR 29,385 million (5%) compared with the same period last year.

In 2013, the Group's current assets decreased RUR 35,443 million (18%) due to a change in intentions related to the transfer of JSC DRSK shares.

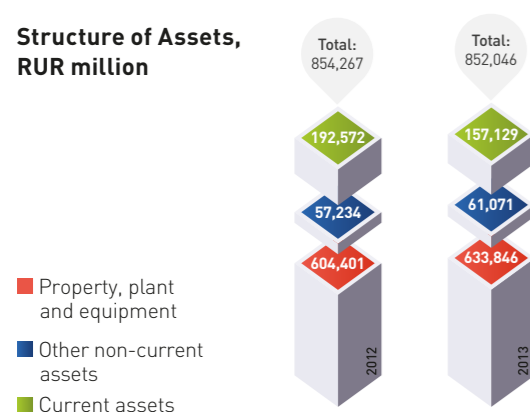
In 2012, at an Extraordinary General Shareholders Meeting of JSC RusHydro, a decision was made to increase authorized capital. The additional share issue report was registered in December 2013, which led to an increase in RusHydro Group's capital in the reporting period by RUR 56,302 million (10%) to RUR 596,707 million.

2013 total liabilities decreased RUR 58,523 million (19%) to RUR 255,339 million. This was caused by a retirement of accounts payable as of the end of 2012

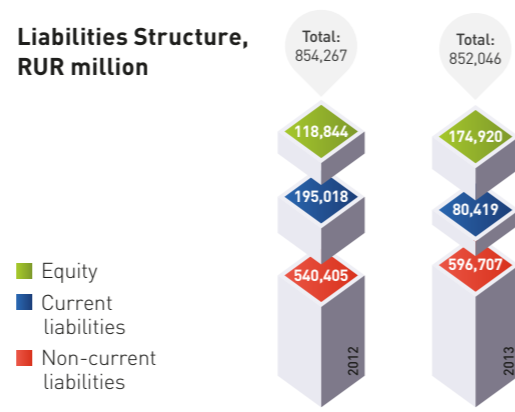
on shares issued due to a reclassification of liabilities in respect to additional shares in the amount of RUR 50,000 million and a reduction in deferred tax liabilities by RUR 8,482 million (21%) to RUR 31,000 million.

In 2013, the RusHydro Group also restructured obligations to improve the efficiency of using borrowed funds. During the reporting year, current liabilities decreased RUR 114,599 million (59%) to RUR 80,419 million, whereas the non-current liabilities increased RUR 56,076 million (47%) to RUR 174,920 million.

Structure of Assets, RUR million



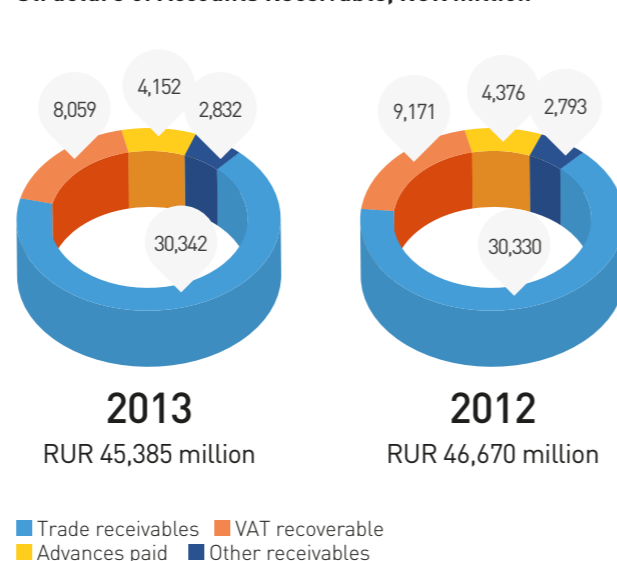
Liabilities Structure, RUR million



6.2. Accounts Receivable and Accounts Payable

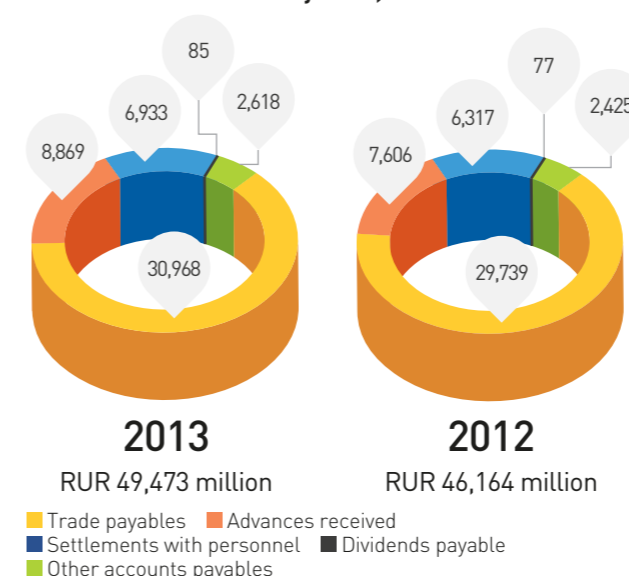
In 2013, the RusHydro Group's accounts receivable decreased to RUR 1,285 million (3%), with a slight change in the structure of receivables during the reporting period. The largest part is constituted by trade receivables, which share amounted to 67% in 2013 (65% in 2012).

Structure of Accounts Receivable, RUR million



* Net of impairment reserve

Structure of Accounts Payable*, RUR million



* Excluding taxes payable in the amount of RUR 11,059 million as of December 31, 2013 and RUR 9,049 million in December 31, 2012

In 2013, accounts payable of the RusHydro Group increased RUR 3,309 million (7%) to RUR 49,473 million due to a 4% increase in trade payables to RUR 30,968 million and in advances received by the Group by 17% to RUR 8,869 million. As of December 31, 2013, all payables were Russian ruble-denominated.

6.3. Liquidity and Debt Indices

Ratio	2012	2013	Change
Current Ratio	0.93	1.79	0.86
Acid-Test Ratio	0.89	1.69	0.80
Absolute Liquidity Ratio	0.28	0.50	0.22
Financial Independence Ratio	0.63	0.70	0.07

As of year-end 2013, the Group achieved a significant improvement in all key liquidity indices, with all of them being significantly higher than the recommended levels. It suggests a high degree of financial stability of the RusHydro Group and an efficiency improvement during the reporting period.

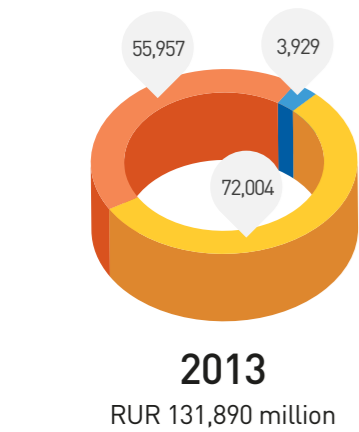
Index	2012	2013	Change
Total Debt, RUR million	141,035	151,777	10,742
Net Debt, RUR million	101,216	117,305	16,089
Total Debt / Assets	0.17	0.18	0.01
Total Debt / EBITDA	2.20	1.92	(0.28)
EBITDA / Interest Expenses	5.55	5.83	0.28
Financial Leverage	0.58	0.43	(0.15)

In 2013, the total debt of the RusHydro Group increased RUR 10,742 million (8%) to RUR 151,777 million, primarily due to bond placements in the amount of RUR 20,000 million. Net debt increased RUR 16,089 million (16%) to RUR 117,305 million.

However, the key comparative figures of the Group's debt burden in the reporting year remained at optimal levels. The ratio of total debt to the Group's assets slightly increased from 0.17 to 0.18, the ratio of total debt to EBITDA decreased from 2.20 to 1.92, financial leverage decreased from 0.58 to 0.43, and the ratio of EBITDA to interest expenses increased from 5.55 to 5.83.

In 2013, the share of the Group's current debt in total debt declined from 52% to 13%, a comfortable level for further JSC RusHydro activities and investment program implementation.

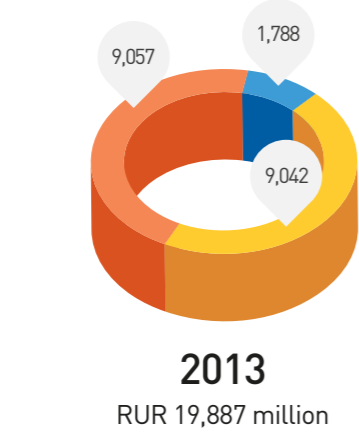
Structure of Non-current Debt as of December 31, 2013, RUR million



■ Non-current debt ■ Bonds ■ Other non-current borrowings

In 2013, the Group's non-current debt nearly doubled to RUR 131,890 million, which reflects the desire of JSC RusHydro to improve the efficiency of using borrowed funds and reduce the impact of numerous financial risks. In the structure of non-current debt, long-term loans account for 55%, bonds placed by the Group – 42% and other long-term borrowings – 3%.

Structure of Current Debt as of December 31, 2013, RUR million



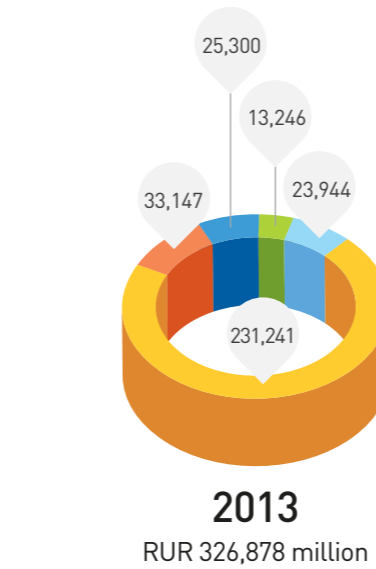
■ Current debt ■ Current portion of non-current debt ■ Other current borrowings

As of the end of the financial year, the Group's current debt decreased RUR 53,865 million (73%) to RUR 19,887 million, due to the repayment of borrowed funds. In the structure of current debt, current loans account for 45%, the current portion of non-current loans – 46% and other borrowed funds – 9%.

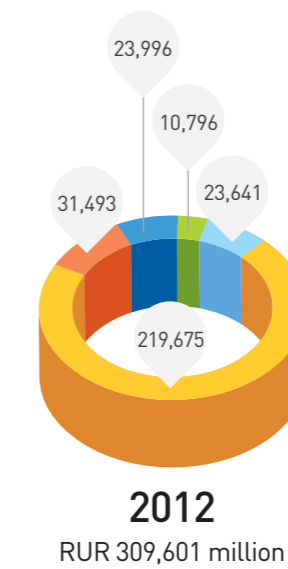
In the reporting year, the Group placed bonds in the amount of RUR 20,000 million and received RUR 10,613 million under the credit facility agreement with JSC Sberbank of Russia to refinance the debt of the Holding JSC "RAO Energy System of East" companies. Also, the Group restructured its debt to JSC Sberbank of Russia in the amount of RUR 40,000 million, repaying RUR 20,000 million in 2013 and extending the repayment period of the remaining debt for 7 years till 2020.

As of the end of 2013, more than 90% of the Group's debt is denominated in Russian rubles. Commitments to competent State-owned banks account for 40% of total debt financing, and the effective interest rate on RusHydro Group loans is 8.5%. The Group also has open credit lines in the largest Russian banks totaling more than RUR 115,000 million, which significantly reduces the likelihood of adverse impacts from financial risks.

Revenue Structure, RUR million



■ Electricity sales ■ Heat energy and hot water sales ■ Capacity sales ■ Government subsidies ■ Other revenue



In 2013, the structure of the Group's revenue did not change significantly. Proceeds from electricity sales provide more than 71% of revenue; their volume in the reporting year increased 5% to RUR 231,241 million. Proceeds from the sales of heat energy and hot water rose 5% to RUR 33,147 million, the sales of capacity increased 5% to RUR 25,300 million. Other revenue, which includes the return on electricity transmission, grid connection, repair and construction and other services, increased 1% to RUR 23,944 million.

In 2013, in the Far East regions, the Group was also given government subsidies in the amount of RUR 13,246 million to eliminate inter-regional cross-subsidization in electricity rates, the compensation for the difference between approved electricity rates and the reduced rates, as well as compensation for the loss on fuel.

6.4. Financial Highlights

In 2013, RusHydro Group increased total revenue, maintaining operating expenses at the previous year's level.

During the reporting year, the Group's revenue increased RUR 17,277 million (6%) to RUR 326,878 million. A key factor for this increase was the growth in energy generation at JSC RusHydro's HPPs with the indexation of electricity and capacity tariffs.

The Group's operating expenses rose only RUR 1,603 million (1%) to RUR 272,784 million, which not only meets the task to limit the rate of expense increases to the annual inflation rate, but also significantly exceeds it.

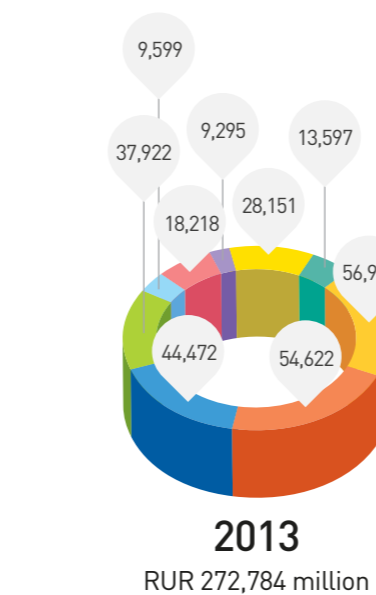
Revenue and Expenses Dynamics, RUR million*



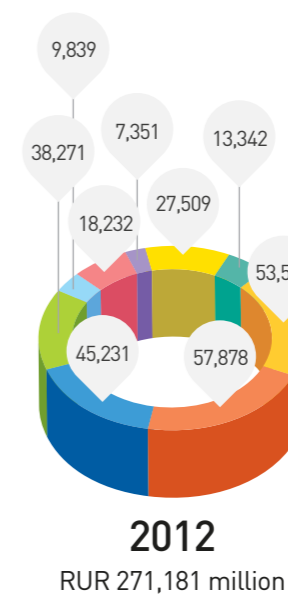
■ Total revenue ■ Operating expenses

* Total revenue includes government subsidies

Structure of Operating Expenses, RUR million



■ Employee benefit expenses ■ Purchased electricity and capacity ■ Fuel expenses ■ Electricity distribution expenses ■ Other materials ■ Depreciation ■ Taxes other than income tax ■ Third party services ■ Other expenses

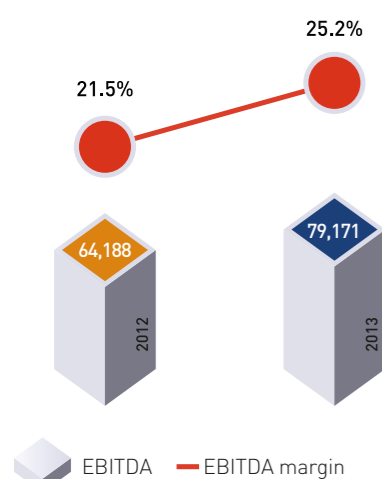


The structure of operating expenses also did not change significantly in 2013. Payroll expenses rose in proportion with inflation (6%) and amounted to RUR 56,907 million. Expenses for third parties services slightly (2%) increased. Taxes other than on income rose 26% to RUR 9,295 million, whereas other expenses increased 2% to RUR 13,597 million.

	2012	2013	Change
EBITDA, RUR million	64,188	79,171	14,983
EBITDA margin, %	21.5%	25.2%	3.7%
Net profit (loss), RUR million	(25,324)	20,993	46,317
Adjusted net profit, RUR million	32,313	52,673	20,360
Adjusted net profit margin, %	10.8%	16.8%	5.9%
Net profit (loss) per one share, RUR	-0.08	0.06	0.14

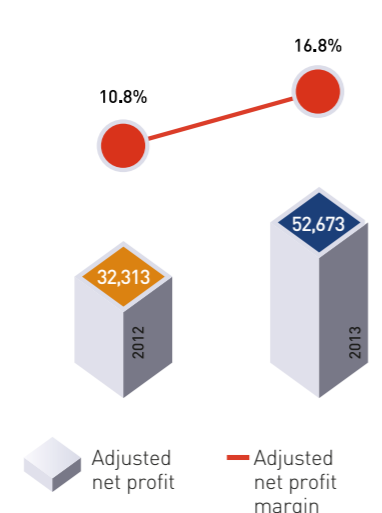
Upgrading JSC RusHydro's operational efficiency, while increasing the role of non-regulated and regulated electricity and capacity supply contracts, has led to a reduction in the costs of purchased electricity and capacity (6% to RUR 54,622 million), fuel expenses (2% to RUR 44,472 million), electricity distribution expenses (1% to RUR 37,922 million), depreciation (0.1% to RUR 18,218 million) and the cost of other materials (2% to RUR 9,599 million).

EBITDA Dynamics (RUR million) and EBITDA margin (%)



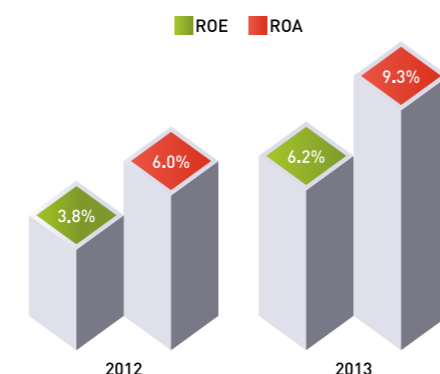
As of year-end 2013, the Group recorded EBITDA growth of RUR 14,983 million (23%) to RUR 79,171 million, with the Group's EBITDA margin increasing from 21.5% to 25.2%. The main factors behind these increases included: rising operating results and maintaining operating costs at the previous year's level as tariffs increased.

Dynamics of Adjusted Net Profit (RUR million) and Adjusted Net Profit Margin (%)



In 2013, the RusHydro Group returned to a net profit of RUR 20,993 million against a loss of RUR 25,324 million in the previous year. Adjusted net profit in 2013 amounted to RUR 52,673 million, a 63% increase as compared to the same period of the previous year. The difference between the reported and adjusted profit is attributed mainly to the following non-cash effects: recognition of impairment loss on numerous property, plant and equipment and financial investments (generating facilities, shares of JSC INTER RAO UES, and promissory notes of CJSC Boguchansky Aluminum Plant), impairment loss on accounts receivable and the recognition of income from the reduced pension plan of JSC DGK. Adjusted net profit margin increased from 10.8% in 2012 to 16.8% in 2013.

Return on Assets and Equity, %



As of year-end 2013, the Group's comparable profit margins also improved due to a significant increase in adjusted net profit. During the reporting year, return on assets (ROA) increased from 6.0% to 9.3%, and return on equity (ROE) increased from 3.8% to 6.2%.

Cash Flows

(RUR million)	2012	2013	Change
Net cash generated by operating activities	58,876	62,428	3,552
Net cash used in investing activities	(121,626)	(51,155)	70,471
Net cash used in/ generated by financing activities	55,213	(16,706)	(71,919)
Decrease in cash and cash equivalents	(7,557)	(5,385)	2,172
Cash and cash equivalents at the end of the year	39,857	34,472	(5,385)

In 2013, net cash generated by operating activities increased RUR 3,552 million (6%) to RUR 62,428 million due to a return to net profit. Net cash used in investing activities decreased more than two times to RUR 51,155 million due to a significantly lower difference between amount of investments in bank deposits and their redemption in 2013 compared to 2012. At the same time, during the reporting year, the Group's financial

activities saw a net outflow of RUR 16,706 million against an inflow of RUR 55,213 million in the previous year, due to the repayment of borrowings in the amount of RUR 153,114 million.

As a result, in 2013, the RusHydro Group recorded a reduction in negative cash flow of RUR 2,172 million (29%) to RUR 5,385 million. However, successful repayment of a portion of the Group's

debt via debt restructuring and the increase in cash flow from operating activities allows the Group to count on a positive value for the index in 2014.

The Group's cash and cash equivalents in the reporting year decreased RUR 5,385 million (14%) to RUR 34,472 million, mainly due to dividend payments.

6.5. Distribution of the Company's Net Profit

The issue of the distribution of the Company's net profit* based on 2013 FY results, including the issue of the payment (declaration) of dividends, will be submitted for consideration to the Annual General Meeting of Shareholders in 2014.

On June 28, 2013, the Annual General Meeting of Shareholders approved the distribution of profits (including the payment (declaration) of dividends) and losses of the Company based on 2012 financial year results.

	Amount in RUR	Share, %
Retained profit (loss) of the reporting period	14,702,294,636.95	100%
Distribute to:		
Reserve fund	735,114,731.85	5%
Accumulation fund	10,291,606,695.37	70%
Dividends	3,675,573,209.73	25%
Covering losses from previous years	0	0%

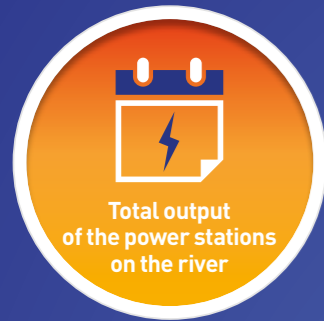
* The information is presented in accordance with RAS

6.6. Distribution of the Company's Net Profit

Rating Agency	Fitch Ratings	Standard & Poor's	Moody's
International rating	BB+	BB+	Ba1
National rating	ruAA	ruAA+	Aa1.ru
Outlook	Negative	Negative	Stable
Outlook revision date	24.03.2014	28.03.2014	24.07.2013

The Zeya

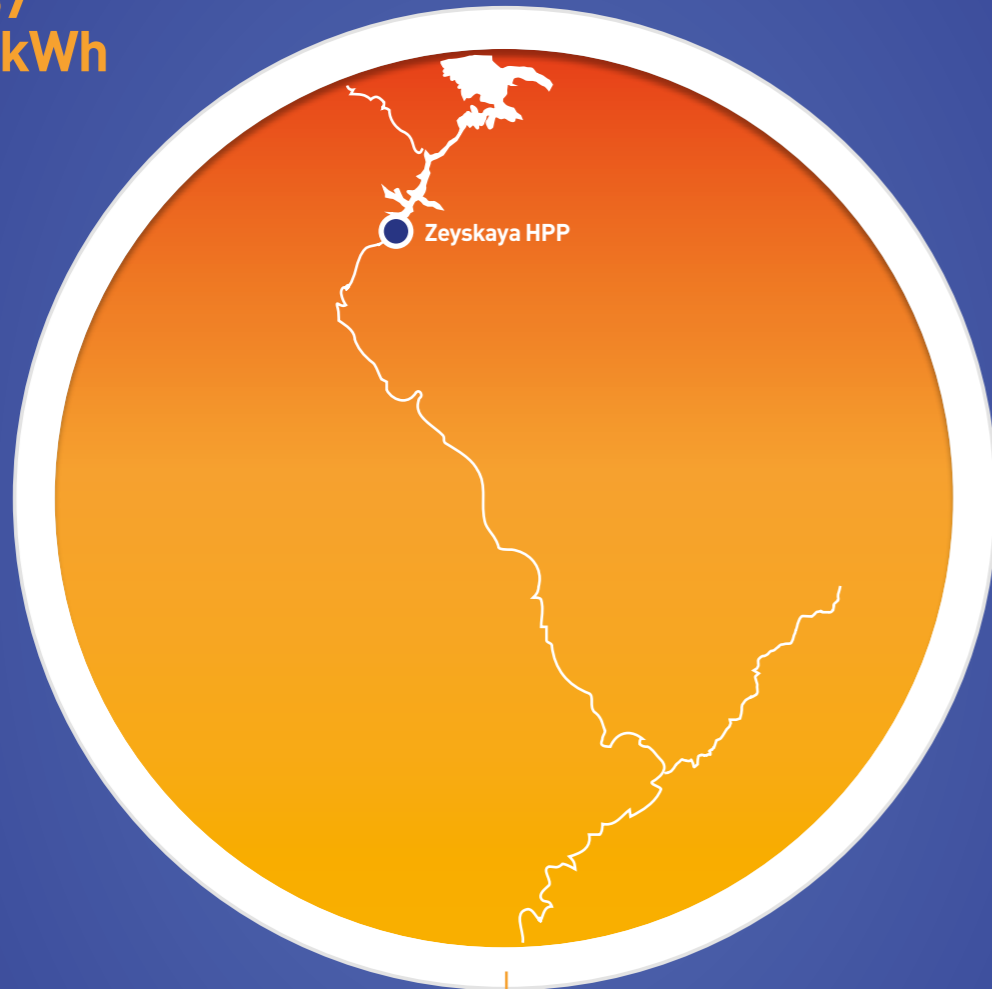
The Amur's left tributary and one of the largest rivers of its basin. The name Zeya comes from the Evenk word "dzhee", which means "blade". The river runs through the entire Amur Region of Russia and flows into the Amur near Blagoveshchensk.



5,037 million kWh



1,330 MW



Position among Russian rivers



1,242 km



233,000 km²

Position among Russian rivers



2,700 m³/sec

7. Corporate Governance



- 7.1. Corporate Governance Principles
- 7.2. Shareholder and Investor Relations
- 7.3. Management and Control Bodies
- 7.4. The Company's Internal and External Audit System
- 7.5. Remuneration due to Management and Control Bodies
- 7.6. Managing Subsidiary and Dependent Companies

7.1. Corporate Governance Principles

Since 2010, the Company has had a Corporate Governance Code, according to which the Company assumes its obligations to comply with the norms and principles set forth in it: accountability, transparency, good faith and fairness.

1	2	3	4
Accountability	Fairness and equitable treatment for all shareholders	Transparency	Good faith
The Board of Directors is accountable to all shareholders, the Management Board and the Chairman of the Management Board are accountable to the Company's Board of Directors and the General Meeting of Shareholders	Protect shareholders' rights and ensure equitable treatment for all shareholders	Disclose accurate information about all material facts relating to the Company's activities, and offer free access to such information for all stakeholders	Faithfully implement rights by all shareholders, the Company, its bodies, officials and other stakeholders, preventing abuse(s) of rights



The Code, according to which corporate governance is implemented in the Company, is based on Russian Law, the Russian Corporate Conduct Code, recommended and internationally recognized principles of corporate governance, such as the UK Corporate Governance Code and the Corporate Governance Principles of the Organization for Economic Cooperation and Development (OECD).

In 2013 the Russian Institute of Directors, based on monitoring results, confirmed JSC RusHydro's National Corporate Governance Rating at 7+, evaluating it as a company with well-developed corporate governance practices.

The Company's corporate governance risks are low, because the Company adheres to the requirements of applicable Russian laws and acts in accordance

with the majority of recommendations contained within the Russian Corporate Conduct Code, as well as international best corporate governance practices, including

requirements set forth for companies listed on the London Stock Exchange.

Upgrading corporate governance practices in 2013

New versions of internal documents were adopted, which now comply with applicable changes in Russian laws: the Articles of Association, the Regulations on the procedure for convening and holding the General Meeting of Shareholders, and the Regulations on committees of the Board of Directors.

JSC RusHydro's Policy on Internal Audit to provide independent and objective guarantees aimed at achieving and upgrading the Company's operations via a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and corporate governance processes was approved.

Increasing the public transparency of procurement procedures: the Company's procurement management system is recognized as one of the most effective by the execution quality of federal legal requirements and generally accepted business practices in procurement.

Joining the Anti-corruption Association of Russian Business for independent expert's assessment of the Company's anti-corruption policy and its further improvement.

7.2. Shareholder and Investor Relations

Corporate website	www.rushydro.ru , www.eng.rushydro.ru
Information disclosure page	www.e-disclosure.ru/portal/company.aspx?id=8580
Official print media	Rossiyskaya Gazeta
Hotline telephone number for shareholders	8-800-555-99-97
E-mail	rushydro@rrost.ru

JSC RusHydro is actively working on relationships with stock market participants, improving transparency and communication. The key principle of the Company's shareholder and investor relations lies in providing on-going access to information related to the main aspects of corporate activities, including RusHydro Group's strategic priorities and plans. Information disclosure complies with all Russian legal requirements, Russian and foreign securities market regulations, the Company's internal regulations, and Russian and foreign securities market regulators, as well as the rules of the relevant stock exchanges where the corporate securities are traded.

The website's home page contains information on JSC RusHydro's current activities. The home page contains direct links to resolutions of the Board of Directors, as well as information on forthcoming and past General Meetings of Shareholders and financial statements. The page also contains news updates concerning the Company, as well as for its SDCs.

In 2013, the Company disclosed some 177 significant facts pertaining to corporate activities, the decisions of the management bodies, data on the issue of securities, interested party transactions and information that impacts the price of the Company's

securities. The Company actively publishes press releases on a daily basis.

Investor relations functions are actively carried out by the structural IR Department, which has been recognized as the best IR department in Russia's power sector among market participants, according to voting results of ThomsonReuters Extel. By the end of 2013, more than 200 individual and group meetings of the Company's management with managers of Russian and foreign funds investing in stocks, as well as quarterly conference calls for analysts, investors and rating agencies, were organized.

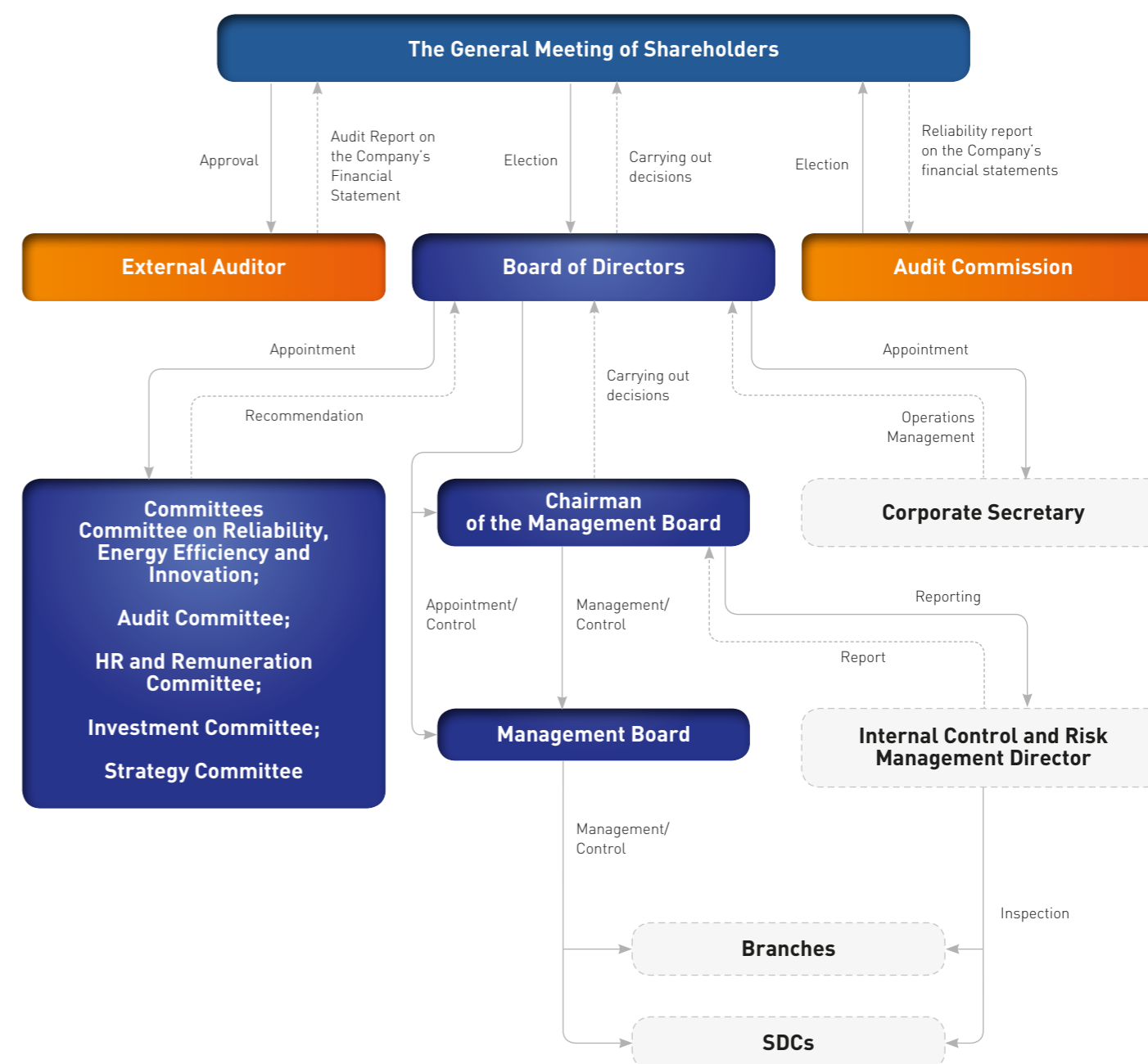
The shareholders can make enquiries as to exercising their rights using the hotline telephone number of JSC R.O.S.T. Registrar, the Company's registrar. They can also send enquiries by e-mail. Depository receipt holders can address their enquiries to the Bank of New York Mellon, or to the Company's Corporate Governance Department and/or IR Department.

In 2013, the Company's Annual Report was included for the first time in the ReportWatch Rating, where it took 251st place among more than 400 international companies and 3rd place among Russian companies. In addition, the 2013 Annual Report was recognized at competitions in Russia: the Best Annual Report of the Siberian Federal District (JSC Moscow Exchange MICEX -RTS), the Best Interactive Annual Report (the rating

agency "Expert RA"), Best Interactive Annual Report (Journal "Securities Market"); nominations: " Electric power industry (mining, oil and gas exploration, production of electricity) – 1st place", "Best Electronic Annual Report- 1st place" (competition held in the Krasnodar Region).

7.3. Management and Control Bodies

Organizational Structure of the Company's Management and Control Bodies



General Meeting of Shareholders

The General Meeting of Shareholders is the Company's highest management body; the competency of the General Meeting of Shareholders is defined by the Russian Federal Law on Joint Stock Companies, as well as by RusHydro's Articles of Association. The procedure for preparing and convening the meeting and the shareholders' decision-making process is set forth in the Regulations on Convening and Holding the Company's General Meeting of Shareholders.

A decision to convene the General Meeting of Shareholders is made by the Company's Board of Directors at its own initiative or at the request of the Audit Commission, the Auditor or by shareholder(s) owning at least ten percent of the Company's voting shares (as of the date of said request).

Shareholders owning at least two percent of the Company's voting shares are entitled to include items on the agenda of the Annual General Meeting of Shareholders

and nominate candidates to the Board of Directors and the Audit Commission. Such proposals shall be received at least 90 days after the expiration of the fiscal year.

Shareholders shall be given notice of the General Meeting at least 30 days prior to the date of the General Meeting; and if the agenda of an Extraordinary General Meeting includes items on electing members of the Company's Board of Directors, such notice shall be given at least 70 days prior to said General Meeting.

The Company provides shareholders with timely information about the General Meeting(s), including via the corporate website (<http://www.rushydro.ru/corporate/general-meeting/forthcoming/>), which also discloses all materials for the forthcoming meeting.

The right to participate in voting on agenda issues at the General Meeting of Shareholders is one of the key rights

of shareholders, which can be exercised either by voting in person at the Meeting, or by mailing in ballots. The function of the counting commission to vote and count votes at the General Meeting of Shareholders shall be performed by the Company's independent registrar.

Concerning issues related to exercising the rights of depository receipt holders, pertaining to their participation in voting on agenda issues for the General Meeting of Shareholders, JSC RusHydro interacts with the Bank of New York Mellon, the depository bank of record, as well as with Bank VTB (open joint-stock company), the custodian.

In 2013, the Company held one annual and one extraordinary meeting of shareholders. Information on the issues discussed is given in the Appendix and on the corporate website <http://www.rushydro.ru/corporate/general-meeting/overpast/>.

Changes that occurred in the membership of the Board of Directors in 2013 are linked to compliance with the requirement of the mandatory election of the Board of

Directors at the Annual General Meeting of Shareholders (June 2013) and the requirement of shareholders on the early termination of powers and the election of

a new Board of Directors (April 2013). In 2013, seven new members were included in the Board of Directors.

The Board of Directors

The Board of Directors is a collegial body responsible for general corporate management. The Board of Directors develops JSC RusHydro's strategy and controls its executive bodies to protect the rights and lawful interests of the Company's shareholders.

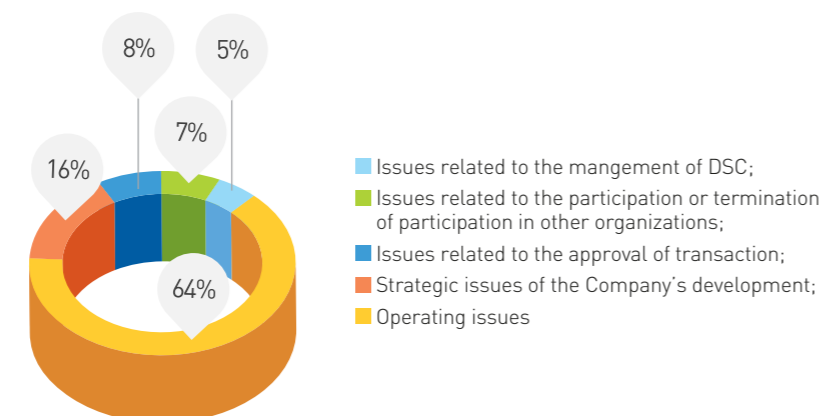
Members of the Board of Directors are elected by a cumulative vote at the General Meeting of Shareholders for the period till the next Annual General Meeting of Shareholders. Members may be re-elected an unlimited number of times. The Board of Directors shall consist of 13 members. The right to propose a candidate for the Board of Directors belongs to shareholders that own at least two percent of the Company's voting shares.

The Board of Directors operates in accordance with Russian laws, the Articles of Association, the Corporate Governance Code and Regulations on Convening and Holding Meetings of the Company's Board of Directors.

JSC RusHydro's Articles of Association stipulate that the following issues fall under the exclusive competence of the Company's Board of Directors: defining priority business

areas, approving long-term corporate development programs, including: approval of the Investment Program and the approval (update) of the Company's key performance indicators (KPIs) and the business plan. The Board of Directors decides on the approval of transactions related to the Company's non-current assets exceeding 10% of the balance value of these assets as of the date of the decision on such a transaction, as well as equity transactions and the shares of entities in which the Company participates,

Structure issues reviewed at meetings of the Board of Directors in 2013



transactions related to the disposal or possible disposal of assets (fixed assets, intangible assets, and construction in progress).

The Board of Directors holds regular meetings at least once per month in accordance with the approved Action Plan. In 2013, the Board held 22 meetings (compared with 28 in 2012), with one being held in person. More than 100 issues were reviewed at the meetings.

Members of the Board of Directors served from June 29, 2012 to April 19, 2013	Members of the Board of Directors served from April 19, 2013 to June 28, 2013	Members of the Board of Directors served from June 28, 2013
1. Tatsiy Vladimir Vitalevich (Chairman of the Board of Directors)	1. Poluboyarinov Mikhail Igorevich (Chairman of the Board of Directors)	1. Poluboyarinov Mikhail Igorevich (Chairman of the Board of Directors)
2. Danilov-Danilyan Victor Ivanovich (Deputy Chairman of the Board of Directors)	2. Danilov-Danilyan Victor Ivanovich (Deputy Chairman of the Board of Directors)	2. Danilov-Danilyan Victor Ivanovich (Deputy Chairman of the Board of Directors)
3. Ayuev Boris Ilyich	3. Ayuev Boris Ilyich	3. Ayuev Boris Ilyich
4. Dod Evgeny Vyacheslavovich	4. Volkov Eduard Petrovich	4. Berndt Kristian Andreas
5. Zimin Victor Mikhailovich	5. Gubin Ilya Nikolaevich	5. Bugrov Andrey Evgenievich
6. Kovalchuk Boris Yurievich	6. Dod Evgeny Vyacheslavovich	6. Bystrov Maksim Sergeevich
7. Kurtser Grigory Markovich	7. Zimin Victor Mikhailovich	7. Dod Evgeny Vyacheslavovich
8. Malyshev Andrey Borisovich	8. Kudryavy Victor Vasilyevich	8. Zimin Victor Mikhailovich
9. Poluboyarinov Mikhail Igorevich	9. Morozov Denis Stanislavovich	9. Ivanov Sergey Nikolaevich
10. Tugolukov Evgeny Aleksandrovich	10. Nozdrachev Denis Aleksandrovich	10. Morozov Denis Stanislavovich
11. Sharipov Rashid Ravelyevich	11. Pivovarov Vyacheslav Victorovich	11. Pivovarov Vyacheslav Victorovich
12. Shelkov Mikhail Evgenievich	12. Pfyffenbach Berndt	12. Stolyarenko Vladimir Mikhailovich
13. Shishin Sergey Vladimirovich	13. Stolyarenko Vladimir Mikhailovich	13. Shishin Sergey Vladimirovich

The Board of Directors consists of six independent directors, who are defined as independent in accordance with the Code of Corporate Conduct* (the version recommended by the Order #421/r issued by FCSM on April 4th, 2002), one executive director and six non-executive directors that help to ensure the independence and objectivity of the Directors' decisions. A member of the Board of Directors of JSC

RusHydro A.E. Bugrov is a national award winner, "Director of the Year Awards 2013" in the category "Independent Director", and a Deputy Chairman of the Board of Directors V.I. Danilov-Danilyan entered the list of the "top 50 independent directors".

Directors, who are members of the Board of Directors, have extensive professional experience in electric power, the economy

and corporate governance. Many of them have advanced degrees and are graduates of international business schools.

* In 2014-2015, the Company plans to implement the new Corporate Governance Code recommended by the decision by the Board of Directors of the Bank of Russia on March 21st, 2014.

Members of the Board of Directors

Chairman of the Board of Directors

Mikhail Igorevich POLUBOYARINOV

Position	Member of the Management Board, First Deputy Chairman of Vneshekonombank State Corporation
Status as a member of the Board of Directors	Non-executive Director (professional counsel)
Year of birth	1966
Citizenship	Russian
Education	The Moscow Financial Institute (the Financial Academy attached to the Government of the Russian Federation), crediting and economics department, qualification - economist (1988), post-graduate studies at the Academy of People's Economy (named after G.V. Plekhanov) (1998), Ph.D. in Economics
Curriculum Vitae	Deputy General Director of JSC Aeroflot – Russian Airlines (2003 – 2009), various positions in Vneshekonombank State Corporation (2009), including: Director of the Infrastructure Department (2009-2011), Deputy Chairman (2011) and member of the Management Board (2012), First Deputy Chairman of Vneshekonombank State Corporation (since 2012) Current positions include: member of the Board of Directors of JSC North Caucasus Health Resorts, CJSC Leader, JSC Sovkomflot and JSC Zarubezhneft.
Ownership of Company shares	Owns no Company shares

Deputy Chairman of the Board of Directors

Viktor Ivanovich DANILOV-DANILYAN

Position	Director and Chairman of the Academic Board of the Institute for Aquatic Issues of the Russian Academy of Sciences (RAS)
Status as a member of the Board of Directors	Independent Director
Year of birth	1938
Citizenship	Russian
Education	Moscow State University (named after M.V. Lomonosov), the Mechanical-Mathematical Department (1960), Ph.D. in Economics, Professor, Associate Member of the Russian Academy of Sciences (RAS)
Curriculum Vitae	Director and Chairman of the Academic Board of the Institute for Aquatic Issues of the Russian Academy of Sciences (2003); Head of the Chair of Environmental Sciences and the Management of Water Resources and member of the Academic Board of the Russian University of People's Friendship (2005); Editor-in-Chief of the Encyclopedia Publishing House (2007); Head of the Chair of Natural Resources Management and member of the Academic Council of Moscow State University (named after M.V Lomonosov) (since 2009) Currently, serves as the Chairman of the Board of Directors of the Sustainable Development Fund
Ownership of Company shares	Owns no Company shares

Members of the Board of Directors

Boris Ilyich AYUEV

Position	Chairman of the Management Board and member of the Board of Directors of JSC SO UES
Status as a member of the Board of Directors	Non-executive Director (professional counsel)
Year of birth	1957
Citizenship	Russian
Education	The Urals Polytechnic Institute, electric power stations (1979)
Curriculum Vitae	Member of the Management Board of JSC RAO UES of Russia (2004-2008), Chairman of the Management Board and member of the Board of Directors of JSC SO UES (since 2004) Current positions include: member of the Board of Directors of JSC Russian Grids, and Chairman of RNK SIGRE Non-Commercial Partnership
Ownership of Company shares	0.008024%
Information on the ownership of SDC shares	JSC "RAO Energy System of East", shares owned in the organization's share capital: 0.019754%, share of the organization's ordinary shares owned: 0.020699%

Evgeny Vyacheslavovich DOD

Position	Chairman of the Management Board of JSC RusHydro
Status as a member of the Board of Directors	Executive Director (professional counsel)
Year of birth	1973
Citizenship	Russian
Education	Moscow Aviation Institute (the State Technical University), Machine-tool Facilities Management and Economics (1995) PhD in Economics
Curriculum Vitae	General Manager of CJSC INTER RAO UES (2000 – 2008); Chairman of the Management Board of JSC INTER RAO UES (2008 – 2010); Chairman of the Management Board of JSC RusHydro (since 2009). Current positions include: Chairman of the Board of Directors of JSC "RAO Energy System of East", member of the Board of Directors of JSC SO UES, member of the Supervisory Board of JSC VBRR, the Russian Hydro-power Non-Commercial Partnership, member of the Management Board of the all-Russian Association of Employers "Russian Union of Industrialists and Entrepreneurs" and RSPP LLC, member of the Board of Managers of MCUER Autonomous Non-Commercial Association, member of the Russian National Committee of the World Energy Council, member of the Board of Trustees and the Foundation Council of the Non-Commercial Organization Charitable Foundation "Awareness"
Ownership of Company shares	0.095461%

Kristian Andreas BERNDT

Position	General Director of EF-TEK LLC
Status as a member of the Board of Directors	Independent Director
Year of birth	1956
Citizenship	Germany
Education	Moscow Civil Engineering Institute named after VV Kuibyshev, construction of thermal and nuclear power plants, Ph.D. (1985, USSR), holder of Doctor of Engineering (Dr.-Ing) under German standards (1991)
Curriculum Vitae	Engineering bureaus in Germany(1981 – 2001), project manager at Fichtner GmbH & Co. KG (2001 – 2005), head of EnergoFichtner LLC (2005 – 2012) and CEO of EF-TEK (since September 2012)
Ownership of Company shares	Owns no Company shares

Andrey Evgenievich BUGROV

Position	Vice President of CJSC INTERROS Holding Company, Deputy General Director of JSC MMC Norilsk Nickel working with the investment community and government bodies, Vice President, Member of the Management Board of the Russian Union of Industrialists and Entrepreneurs (RSPP)
Status as a member of the Board of Directors	Independent Director
Year of birth	1952
Citizenship	Russian
Education	Moscow State Institute of International Relations, international economic relations (1974), PhD in Economics
Curriculum Vitae	Executive positions in Interros Group (2002) Vice President of JSC Interros (since 2013). Member of the Board of Directors of JSC MMC Norilsk Nickel (since 2002), Chairman of the Board of Directors (since 2011), Deputy Chairman of the Board of Directors (since March 2013), since April 2013 - Deputy General Director of JSC MMC Norilsk Nickel working with the investment community and government bodies. Member of the Council of the Non-Governmental Organization "Council on Foreign and Defense Policy"
Ownership of Company shares	Owns no Company shares

Maksim Sergeevich BYSTROV

Position	Chairman of the Management Board JSC ATS Acting Chairman of the Management Board of the Non-Commercial
Status as a member of the Board of Directors	Non-executive Director
Year of birth	1964
Citizenship	Russian
Education	Moscow Civil Engineering Institute named after V.V. Kuibyshev, hydro-power engineering of river structures and hydro-power plants (1986), Russian Foreign Trade Academy, global economy (1998)
Curriculum Vitae	Ministry of Economic Development of the Russian Federation (2001-2007), the Federal Agency for Management of Special Economic Zones, Deputy Minister of Regional Development (2007). Director of work with government agencies and NGOs, En Management LLC (2008-2009), Deputy Plenipotentiary Representative of the President of the Russian Federation in the North Caucasus Federal District (2010 to 2013), Chairman of the Management Board of JSC ATS, Acting Chairman of the NP Market Council and Chairman of the Board of Directors of the JSC North Caucasus Health Resorts (since 2013).
Ownership of Company shares	Owns no Company shares

Victor Mikhailovich ZIMIN

Position	Head and Chairman of the Government of the Republic of Khakassia
Status as a member of the Board of Directors	Non-executive Director (government official)
Year of birth	1962
Citizenship	Russian
Education	The Tomsk State Architectural and Construction University, motor car engineering, engineer (2007)
Curriculum Vitae	Deputy Head and Head of the Construction Department for newly constructed facilities of the Abakan Branch of the Krasnoyarsk Railways, a branch of JSC Russian Railways (2004-2007); member of the Russian State Duma (2007-2009) and member of the State Duma Committee on Agriculture; Head and the Chairman of the Government of the Republic of Khakassia (since 2009)
Ownership of Company shares	Owns no Company shares

Sergey Nikolaevich IVANOV

Position	General Director of JSC Russian Energy Company
Status as a member of the Board of Directors	Independent Director
Year of birth	1961
Citizenship	Russian
Education	Moscow Engineering Physics Institute, Theoretical Nuclear Physics (1984), Doctor of Economics, Professor, Corresponding Member of the Russian Academy of Sciences
Curriculum Vitae	JSC Russian Energy Company (1994-1997, 1999-2002), JSC Concern Rosenergoatom (1997-1999, 2002-2006), CJSC INTER RAO UES (2007-2008), JSC FGC UES (2008- 2010), Acting General Director (since 2010) and General Director of JSC Russian Energy Company (since 2011). Since 2012, General Director of the management companies LLC LENSENT, LLC Insurance Aspect, CJSC Svent, since 2013 - LLC Lisiteya, LLC Pasiphae, LLC Metida, LLC Amalthea and LLC Oberon. Chairman of the Board of Directors of JSC Nechernozemagropromstroy corporation, member of the Board of Directors of JSC Russian Energy Company, JSC Exhibition Pavilion "Electrification", JSC INPK RET, and Chairman of the Presidium of the Autonomous Non-Commercial Organization National Institute of Energy Security
Ownership of Company shares	Owns no Company shares

Denis Stanislavovich MOROZOV

Position	Representative of the Russian Federation in the Board of Directors of the European Bank for Reconstruction and Development, Executive Director for the Russian Federation, Belarus and Tajikistan
Status as a member of the Board of Directors	Independent Director
Year of birth	1973
Citizenship	Russian
Education	Moscow State University named after M.V. Lomonosov, political economy (1993), jurisprudence (1996), PhD in Economics. Swiss Banking School (2000), Harvard Business School in-depth program management training (2009), School of International and Public Affairs at Columbia University, Master of Public Administration, Program for economic policy management (2011)
Curriculum Vitae	Financial and credit institutions (1992 – 1999), leadership positions in JSC Norilsk Nickel (2007 – 2009). General Director of JSC Uralkali (2010 – 2011), Director of the Russian Federation in the Board of Directors of the European Bank for Reconstruction and Development (since March 2011). Member of the Board of Directors of JSC Russian Agency for Export Credit and Investment Insurance, JSC ALROSA, JSC Rossetti.
Ownership of Company shares	Owns no Company shares

Vyacheslav Victorovich PIVOVAROV

Position	General Director of Altera Capital LLC
Status as a member of the Board of Directors	Non-executive Director (professional counsel)
Year of birth	1972
Citizenship	Russian
Education	State Academy of Management (named after Sergo Ordzhonikidze), Global Economy (1995), American University of Paris, Applied Economics (1995), Stanford Business School, MBA (2002)
Curriculum Vitae	Advisor to the Minister of Economic Development (2009 - 2011), General Director of Altera Capital LLC (since 2011)
Ownership of Company shares	Owns no Company shares

Vladimir Mikhailovich STOLYARENKO

Position	Professor at the National Research University "Higher School of Economics"
Status as a member of the Board of Directors	Non-executive Director (professional counsel)
Year of birth	1961
Citizenship	Russian
Education	Leningrad Finance and Economics Institute (named after N.A. Voznesensky), finance and credit (1983), Moscow State Law Academy, jurisprudence (2002), School of Law at Harvard University (2002), London Business School and the School of Business, Columbia University, Executive MBA-GLOBAL (2008), PhD in Economics, Doctor of Laws
Curriculum Vitae	The banking sector (since 1991). From 2003 to 2012 President - Chairman of the Management Board of JSC AKB EVROFINANCE MOSNARBANK (2003-2012), Professor of the "Theory and practice of business and government relations" in the National Research University "Higher School of Economics" (since 2009). Chairman of the Supervisory Board of JSC AKB EVROFINANCE MOSNARBANK, Member of the Council of the Russian Banks Association, Member of the Board of Trustees of the St. Petersburg University of Economics and Finance, Member of the Council of the Diplomatic Academy of the Ministry of Foreign Affairs of the Russian Federation, Member of the Council of Banking Law Institute, Moscow State Law Academy (named after O.E. Kutafin), Member of the Supervisory Council of the Non-commercial Partnership "Harvard Alumni Club" (Moscow), Member of the Public Council attached to the Federal Security Service of the Russian Federation
Ownership of Company shares	Owns no Company shares

Sergey Vladimirovich SHISHIN

Position	Senior Vice President of JSC VTB Bank
Status as a member of the Board of Directors	Independent Director
Year of birth	1963
Citizenship	Russian
Education	The Highest Border Guards College of the KGB USSR (1984), the KGB USSR Institute (1990), the Russian Academy of Civil Services attached to the President of the Russian Federation, majoring in stage and municipal management (1999).
Curriculum Vitae	Military Service (1980 – 2007), Senior Vice President of JSC VTB Bank (since 2007). Member of the Supervisory Board of JSC VBRR
Ownership of Company shares	Owns no Company shares

* Company shares owned by members of the Board of Directors are represented as of 31.12.2013, as a share in the Company's share capital and as a stake in the ordinary shares owned by a member of the Company's Board of Directors. These portions are equal, as the Company has issued only ordinary shares.

Committees of the Board of Directors

The Committees of the Board of Directors are established to preliminarily review the most critical matters that fall under the competence of the Company's Board of Directors. The Committees must report to the Board of Directors. The Board of Directors is responsible for ensuring regular and efficient cooperation with its Committees. Reports on the Committees' operations are reviewed annually at meetings of the Company's Board of Directors.

The Committees include persons with expertise and knowledge in the relevant areas, which enhances the performance and quality of the Board of Directors' activities. The number of members on each Committee is defined to ensure a thorough discussion of the addressed issues and to reasonably consider different points-of-view. The Committees

acts in accordance with the Regulations on the Committees of the Company's Board of Directors.

In accordance with best corporate governance practices, the Audit Committee and the HR and Remuneration Committee shall include only independent directors who are members of the Company's Board of Directors.

Members of a Committee are elected for a period prior to the General Shareholders' Meeting, which elects a new Board of Directors. In 2013, changes in the membership of the Committees are explained by the election of new Members of the Board of Directors in April and June 2013. Acting members of the Committees were elected by the Board of Directors July 15, 2013.

The Company has implemented the practice of holding joint committee meetings to ensure a more detailed and efficient review of relevant issues.

The Strategy Committee

The Strategy Committee is responsible for enhancing the Company's long-term performance and developing recommendations on current adjustments in growth strategy.

Members of the Committee served from July 25, 2012 to May 14, 2013

1. Andrey Borisovich Malyshev – Chairman of the Committee
2. George Ilich Rizhinashvili – Deputy Chairman of the Committee
3. Mikhail Viktorovich Voyevodin
4. Vladimir Olegovich Volik
5. Vsevolod Valeryanovich Gavrilov
6. Evgeny Evgenievich Gorev
7. Viktor Ivanovich Danilov-Danilyan
8. Mikhail Alekseyevich Mantrov
9. Valentin Yefimovich Mezhevich
10. Maria Gennadievna Tikhonova
11. Nikolay Grigorievich Shulginov

Members of the Committee served from May 14, 2013 to July 15, 2013

1. Andrey Borisovich Malyshev – Chairman of the Committee
2. George Ilich Rizhinashvili – Deputy Chairman of the Committee
3. Viktor Ivanovich Danilov-Danilyan
4. Evgeny Evgenievich Gorev
5. Mikhail Alekseyevich Mantrov
6. Valentin Yefimovich Mezhevich
7. Vyacheslav Viktorovich Pivovarov
8. Maria Gennadievna Tikhonova
9. Nikolay Grigorievich Shulginov

Members of the Committee served from July 15, 2013

Andrey Borisovich Malyshev	Chairman of the Committee President of JSC Group E4
George Ilyich Rizhinashvil	Deputy Chairman of the Committee Deputy Chairman of the Management Board of JSC RusHydro
Alexander Aleksandrovich Auzan	Acting Dean of the Faculty of Economics of Moscow State University (named after M.V. Lomonosov)
Vyacheslav Viktorovich Pivovarov	General Director of Altera Capital LLC Member of the Board of Directors
Evgeny Evgenievich Gorev	Member of the Management Board of JSC RusHydro
Viktor Ivanovich Danilov-Danilyan	Deputy Chairman of the Board of Directors of JSC RusHydro (Independent Director), the Director and Chairman of the Academic Board of the Institute for Aquatic Issues of the Russian Academy of Sciences (RAS)
Mikhail Alekseyevich Mantrov	Deputy Chairman of the Management Board of JSC RusHydro
Valentin Yefimovich Mezhevich	Member of the Federation Council of the Federal Assembly of the Russian Federation, First Deputy Chairman of the Economic Policy Committee of the Federation Council
Nikolay Grigorievich Shulginov	First Deputy Chairman of the Management Board of JSC SO UES
Maria Gennadievna Tikhonova*	Deputy Chairman of the Management Board, Member of the Management Board of JSC FGC UES

*Maria G. Tikhonova's term of office is from 15.10.2013 to 17.02.2014

Report on the Committee Activities in 2013

In 2013, the Committee held twelve meetings (compared with 11 in 2012), including two meetings that were held jointly with other committees. The list of all issues reviewed at the meetings is available in the Appendix and on

our website (<http://www.rushydro.ru/corporate/committees/stratcom/>). The Committee continued to implement the Company's Innovative Development Program. The Committee also periodically reviewed management's reports on the implementation of priority projects under the Program. Prior to the Board of Directors of JSC RusHydro's review

of these issues related to transactions with the Company's shares and stakes in organizations, such transactions shall be analyzed by the Committee. In total, nine such transactions were analyzed. Work to develop the Concept of the Fund for Scientific and Technological Development was carried out jointly with the Reliability Committee.

The Audit Committee

The Audit Committee enables the Board of Directors to control the Company's financial and economic activities by developing recommendations on the selection of an independent audit organization and on the procedure for interacting with the Audit Commission and the external auditor.

Members of the Committee served from July 25, 2012 to May 14, 2013

1. Danilov- Danilyan Viktor Ivanovich – Chairman of the Committee
2. Kurtser Grigory Markovich
3. Malyshev Andrey Borisovich

Members of the Committee served from May 14, 2013 to July 15, 2013

1. Danilov-Danilyan Viktor Ivanovich – Chairman of the Committee
2. Kudryavy Viktor Vasilievich
3. Nozdrachev Denis Aleksandrovich

Members of the Committee served from July 15, 2013

Viktor Ivanovich Danilov-Danilyan	Chairman of the Committee Director and Chairman of the Academic Board of the Institute for Aquatic Issues of the Russian Academy of Sciences (RAS), Deputy Chairman of the Board of Directors of JSC RusHydro (Independent Director)
Kristian Andreas Berndt	General Director of EF-TEK LLC, member of the Board of Directors of JSC RusHydro (Independent Director)
Sergey Nikolaevich Ivanov	General Director of JSC Russian Energy Company, member of the Board of Directors of JSC RusHydro (Independent Director)

Report on the Committee Activities in 2013

In 2013, the Committee held twelve meetings (compared with 11 in 2012). The list of all issues reviewed at the meetings is available in the Appendix and on our website (<http://www.rushydro.ru/corporate/committees/audit/>). The main issues reviewed at the meetings included a preliminary review of the Company's statements (prepared in accordance with RAS and ISFR), the development of recommendations for

the Board of Directors on the selection of an external auditor and issues related to controlling the use of insider information and implementing measures of the Comprehensive Program for the Prevention of Commissioning Illegal Actions by JSC RusHydro Employees, a review of the 2013 RusHydro strategic risks Registry and a report on the architecture of the corporate risk management system. The Committee also studied the issue on the Procedure for the selection of appraisers and (or) candidate(s) for the position of

appraiser (s) for determining the value of shares, property and other assets of the Company and the Board of Directors' recommendation to approve the Procedure was issued.

The HR and Remuneration Committee

The HR and Remuneration Committee of the Company's Board of Directors is focused on attracting qualified management to manage corporate activities and to develop necessary incentives for their successful operation. The Committee is tasked with developing principles and criteria for determining the remuneration and material incentives for members of the Board of Directors, the Chairman and members of the Management Board and to issue recommendations (conclusions) on the above-mentioned issues to the Board of Directors.

Members of the Committee served from July 25, 2012 to May 14, 2013

1. Danilov-Danilyan Viktor Ivanovich – Chairman of the Committee
2. Kurtser Grigory Markovich
3. Malyshev Andrey Borisovich

Members of the Committee served from May 14, 2013 to July 15, 2013

1. Danilov-Danilyan Viktor Ivanovich (Chairman)
2. Kudryaviy Viktor Vasilievich
3. Nozdrachev Denis Aleksandrovich

Members of the Committee served from July 15, 2013

Viktor Ivanovich Danilov-Danilyan	Chairman of the Committee Director and Chairman of the Academic Board of the Institute for Aquatic Issues of the Russian Academy of Sciences (RAS) Deputy Chairmen of the Management Board of JSC RusHydro (Independent Director)
Andrey Evgenievich Bugrov	Vice President of CJSC INTERROS Holding Company, Deputy General Director of JSC MMC Norilsk Nickel working with the investment community and government bodies, Vice President, Member of the Management Board of the Russian Union of Industrialists and Entrepreneurs (RSPP) Member of the Board of Directors of JSC RusHydro (Independent Director)
Sergey Nikolaevich Ivanov	General Director of JSC Russian Energy Company Member of the Board of Directors of JSC RusHydro (Independent Director)

Report on the Committee Activities in 2013

In 2013, the Committee held eight meetings (compared with 5 in 2012). The list of all issues reviewed at the meetings is available in the Appendix and

on our website (<http://www.rushydro.ru/corporate/committees/hr/>). The Committee reviewed issues on changing membership of the Management Board, including: the approval of new candidates to the Board's members, as well as the approval of a new Corporate Secretary of

JSC RusHydro. The Committee allowed the Management Board's members to hold concurrently positions in the management of other organizations and prepared recommendations related to the approval of the 2014-2016 Collective Agreement of RusHydro's branches.

The Investment Committee

The Investment Committee is tasked with preliminary reviews of investment projects and programs, and the enhancement and development of the Company's investment policy.

Members of the Committee served from July 25, 2012 to May 14, 2013

1. Vladimir Vitalyevich Tatsiy – Chairman of the Committee
2. Mikhail Alekseyevich Mantrov
3. Alexandr Vladimirovich Ilyenko
4. Ivan Sergeevich Korolev
5. Gennady Aleksandrovich Kurkin
6. Viktor Ivanovich Danilov-Danilyan
7. Aleksey Viktorovich Maslov
8. Denis Aleksandrovich Nozdrachev
9. George Ilyich Rizhinashvili
10. Alexandr Valerievich Grigoriev
11. Tikhonova Maria Gennadiyevna

Members of the Committee served from May 14, 2013 to July 15, 2013

1. Denis Aleksandrovich Nozdrachev – Chairman of the Committee
2. Iliya Nikolaevich Gubin
3. Viktor Ivanovich Danilov-Danilyan
4. Alexandr Vladimirovich Ilchenko
5. Mikhail Alekseyevich Mantrov
6. Alexey Viktorovich Maslov
7. Vyacheslav Viktorovich Pivovarov
8. George Ilyich Rizhinashvili
9. Tikhonova Maria Gennadiyevna

Members of the Committee served from July 15, 2013

Maxim Sergeevich Bystrov	Chairman of the Committee Chairman of the Management Board of JSC ATS Acting Chairman of the Management Board of the Non-commercial Partnership Market Council Member of the Board of Directors of JSC RusHydro
Boris Borisovich Bogush	Member of the Management Board, Chief Engineer of JSC RusHydro
Bugrov Andrey Evgenievich	Vice President of CJSC INTERROS Holding Company, Deputy General Director of JSC MMC Norilsk Nickel working with the investment community and government bodies, Vice President, Member of the Management Board of the Russian Union of Industrialists and Entrepreneurs (RSPP) Member of the Board of Directors of JSC RusHydro (Independent Director)
Viktor Ivanovich Danilov-Danilyan	Director and Chairman of the Academic Board of the Institute for Aquatic Issues of the Russian Academy of Sciences (RAS) Member of the Board of Directors of JSC RusHydro (Independent Director)
Viktor Mikhailovich Zimin	Head and Chairman of the Government of the Republic of Khakassia Member of the Board of Directors of JSC RusHydro
Sergey Nikolaevich Ivanov	General Director of JSC Russian Energy Company Member of the Board of Directors of JSC RusHydro (Independent Director)
Alexandr Vladimirovich Ilyenko	Management Member, Director for Development Management of UES of JSC SO UES
Sergey Anatolievich Kirov	Director on Economy of JSC RusHydro
Mikhail Alekseyevich Mantrov	Deputy Chairman of the Management Board of JSC RusHydro
George Ilyich Rizhinashvili	Deputy Chairman of the Management Board of JSC RusHydro
Maria Gennadiyevna Tikhonova*	Deputy Chairman of the Management Board, Member of the Management Board of JSC FGC UES

*Maria G. Tikhonova's term of office is from 15.10.2013 to 17.02.2014

Report on the Committee Activities in 2013

In 2013, the Committee held ten meetings (compared with nine in 2012), focusing on issues including: implementing JSC RusHydro's Business Plan and reports

on the implementation of the Company's key performance indicators (KPIs). The Committee periodically issued recommendations to determine the Company's position (its representatives) on the agenda issues of management bodies of subsidiary and dependent

companies (SDCs). The list of all issues reviewed at the meetings is available in the Appendix and on our website <http://www.rushydro.ru/corporate/committees/Investments/committees/Investments/>.

The Reliability, Energy Efficiency and Innovations Committee

The Committee is tasked with the preliminary review of issues pertaining to technical, environmental and energy-saving and efficiency policies, and the development of standards in the sphere of technical regulation, the long-term planning of hydro-power and power industry development, based on the use of other renewable energy sources (RES).

Members of the Committee served from July 25, 2012 to May 14, 2013

1. Kudryavy Viktor Vasilievich – Chairman of the Committee
2. Voskresensky Sergey Modestovich
3. Bellendir Evgeny Nikolaevich
4. Bogush Boris Borisovich
5. Bolgov Mikhail Vasilievich
6. Alzhanov Rakhmetulla Shamshievich
7. Sergeyeva Lyudmila Anatolievna
8. Rizhinashvili George Ilyich
9. Maslov Alexey Viktorovich
10. Khaziakhmetov Rasim Magsumovich
11. Tatsiy Vladimir Vitalyevich
12. Shishin Sergey Vladimirovich

Members of the Committee served from May 14, 2013 to July 15, 2013

1. Kudryavy Viktor Vasilievich – Chairman of the Committee
2. Alzhanov Rakhmetulla Shamshievich
3. Bellendir Evgeny Nikolaevich
4. Bogush Boris Borisovich
5. Bolgov Mikhail Vasilievich
6. Volkov Eduard Petrovich
7. Voskresensky Sergey Modestovich
8. Maslov Alexey Viktorovich
9. Pavlushko Sergey Anatolievich
10. Rizhinashvili George Ilyich
11. Khaziakhmetov Rasim Magsumovich

Members of the Committee served from July 15, 2013

Viktor Vasilievich Kudryavy	Chairman of the Committee Advisor to the Eurocement Group
Rakhmetulla Shamshievich Alzhanov	Deputy Chairman of the Management Board - of JSC RusHydro
Evgeny Nikolaevich Bellendir	Director of Scientific Research of JSC RusHydro
Boris Borisovich Bogush	Member of the Management Board, Chief Engineer of JSC RusHydro
Mikhail Vasilievich Bolgov	Acting Deputy General Director of the Institute for Aquatic Issues of the Russian Academy of Sciences (RAS)
Maxim Sergeevich Bystrov	Chairman of the Management Board of JSC ATS Acting Chairman of the Management Board of the Non-commercial Partnership Market Council Member of the Board of Directors of JSC RusHydro
Eduard Petrovich Volkov	General Director of JSC ENIN
Sergey Modestovich Voskresensky	Member of the Management Board of JSC RusHydro
Sergey Nikolaevich Ivanov	General Director of JSC Russian Energy Company Member of the Board of Directors of JSC RusHydro (Independent Director)
Sergey Anatolievich Pavlushko	Member of the Management Board, Director for UES Mode Control - Chief Dispatcher of JSC SO UES
George Ilyich Rizhinashvili	Deputy Chairman of the Management Board of JSC RusHydro
Rasim Magsumovich Khaziakhmetov	Director for Technical Policy and Development of JSC RusHydro

Report on 2013 Committee Activities

In 2013, the Committee held twelve meetings (compared with 4 in 2012), including meetings that were held jointly with the Strategy Committee.

The meetings were focused mainly on issues pertaining to Investment Program implementation, including the Comprehensive Modernization Program for generating facilities. The Committee reviewed and recommended that the Board of Directors approve the Provisions

for the public technological and price audit process for major investment projects of JSC RusHydro. The list of all issues reviewed at the meetings is available in the Appendix and on our website <http://www.rushydro.ru/corporate/committees/reliability/>.

The Management Board

The Management Board is responsible for implementing corporate goals and the development strategy and manages the Company's day-to-day operations to ensure high asset yield and maximum operational profitability.

The Management Board is a collegiate executive body of the Company, acting in accordance with applicable Russian laws, the Articles of Association, the Corporate Governance Code and Regulations on the Management Board and is governed by resolutions of the General Meeting of Shareholders and the Company's Board of Directors.

The Management Board is responsible for implementing corporate goals and the development strategy and manages the Company's day-to-day operations to ensure high asset yield and maximum operational profitability. The Chairman of the Management Board is responsible for operations and is the Company's chief executive body.



Evgeny Vyacheslavovich Dod

Chairman of the Management Board and member of the Board of Directors of JSC RusHydro

Terms of reference
Managing corporate operations

Year of birth
1973

Citizenship
Russian

Education
The Moscow Aviation Institute (the State Technical University), machine-tool facilities management and economics (1995), PhD in Economics

Curriculum Vitae

- General Manager of CJSC INTER RAO UES (2000–2008);
- Chairman of the Management Board of JSC INTER RAO UES (2008–2010);
- Chairman of the Management Board of JSC RusHydro (since 2009).

Current positions include: Chairman of the Board of Directors of JSC "RAO Energy System of East", member of the Board of Directors of JSC SO UES, member of the Supervisory Board of Russian Hydro-power Non-Commercial Partnership, member of the Management Board of the all-Russian Association of Employers the "Russian Union of Industrialists and Entrepreneurs" and RSPP LLC, member of the Board of Managers of MCUER Autonomous Non-Commercial Association, member of the Russian National Committee of the World Energy Council, member of the Board of Trustees and Foundation Council of the Non-Commercial Organization Charitable Foundation "Awareness"

Ownership of Company shares
0.095461%



Sergey Nikolaevich Abrashin

Member of the Management Board of JSC RusHydro

Terms of reference
Managing the operations of the Economic Security Department

Year of birth
1959

Citizenship
Russian

Education
Higher education, radio communications and law major

Curriculum Vitae

- Head of the Security Department of YUKOS Oil Company (2006–2008),
- Vice President of JSC AK Transnefteprodukt (2008–2010),
- Advisor to the Chairman of the Management Board and a member of the Management Board of JSC RusHydro (since 2010).

Current positions include: member of the Board of Trustees of the Non-Commercial Organization Charitable Foundation "Awareness"

Ownership of Company shares
0.002577%



Rakhmetulla Shamshievich Alzhanov

Member of the Management Board of JSC RusHydro

Deputy Chairman of the Management Board

Terms of reference
Managing capital construction operations

Year of birth
1950

Citizenship
Russian

Education
The Novocherkassk Polytechnic Institute, majoring in electric power plants (electrical engineer) (1972)

Curriculum Vitae

- General Director of JSC Sangtudinskaya HPP-1 (2005–2009),
- Deputy Chairman of the Management Board, Engineer-in-Chief, member of the Management Board of JSC RusHydro (since 2009).

Current positions include: member of the Supervisory Board of the Power Industry Veterans Council non-commercial partnership, member of the Supervisory Board of the Hydro-power Industry of Russia non-commercial partnership, member of the Board of Trustees of the Non-Commercial Organization Charitable Foundation "Awareness"

Ownership of Company shares
0.000035%



Konstantin Valerievich Bessmertny

Member of the Management Board of JSC RusHydro

Terms of reference
Managing financial operations

Year of birth
1973

Citizenship
Russian

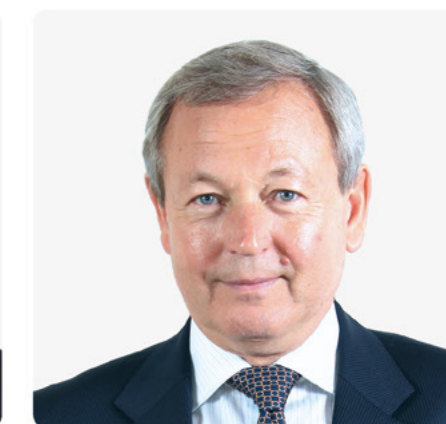
Education
The Moscow State Technical University (named after N.E. Bauman), majoring in automated data processing and control systems (systems engineer) (1996), the Academy of the People's Economy attached to the Government of the Russian Federation, majoring in organizational finance control (Master of Business Administration) (2008)

Curriculum Vitae

- Advisor, CFO of CJSC INTER RAO UES (2000–2008),
- Advisor of JSC INTER RAO UES (2008–2010),
- Director of the Moscow Branch of the Nizhnevartovskaya SDPP (2009–2010),
- CFO of JSC RusHydro (2010),
- member of the Management Board of JSC RusHydro (since 2010).

Current positions include: member of the Board of Trustees of the Non-Commercial Organization Charitable Foundation "Awareness"

Ownership of Company shares
0.009061%



Boris Borisovich Bogush

Member of the Management Board of JSC RusHydro

Chief Engineer of JSC RusHydro

Terms of reference
Managing production operations, Chief Engineer

Year of birth
1952

Citizenship
Russian

Education
The Saratov Polytechnic Institute, majoring in mechanical engineering (1975), the Academy of the People's Economy attached to the Government of the Russian Federation (2004)

Curriculum Vitae

- Member of the Management Board (2007–2009),
- Managing Director and Head of the Production Business Unit of JSC RusHydro (2007–2010),
- member of the Management Board of JSC RusHydro (since 2010).

Current positions include: member of the Board of Trustees of the Non-Commercial Organization Charitable Foundation "Awareness"

Ownership of Company shares
0.004234%

In 2013, the Management Board addressed issues related to the Company's current operations.

Members of the Management Board are elected and terminated by a resolution of the Board of Directors. The right to propose the number of members of the Management Board and its candidates belongs to the Chairman of the Management Board, who exercises this right after preliminary discussions and recommendations issued by the HR and Remuneration Committee.

As of year end, JSC RusHydro's Management Board includes 14 persons. In 2013, the Board of Directors made changes in the membership of the Management Board: Vladimir Alekseyevich Pekhtin was elected as a member in April last year, in September, the powers of Alexey Viktorovich Maslov were terminated, and at the same time, Sergey Nikolaevich Tolstoguzov was elected as a member.

Since 2009, Evgeny Vyacheslavovich Dod has been the Chairman of the Management Board. His term of office is five years. The terms and conditions of the employment agreement of the Chairman of the Management Board are determined by the Company's Board of Directors.

In 2013, the Management Board addressed issues related to the Company's current operations. The Management Board also discussed all strategic issues that fall under the competence of the Company's Board of Directors. The Management Board prepared reports on the achievement of performance indicators, the Company's Business Plan and approved target values of key performance indicators of subsidiary and dependent companies, and reviewed implementation reports.



Sergey Modestovich Voskresensky

Member of the Management Board of JSC RusHydro

Terms of reference
Managing operations of the design and research division

Year of birth
1956

Citizenship
Russian

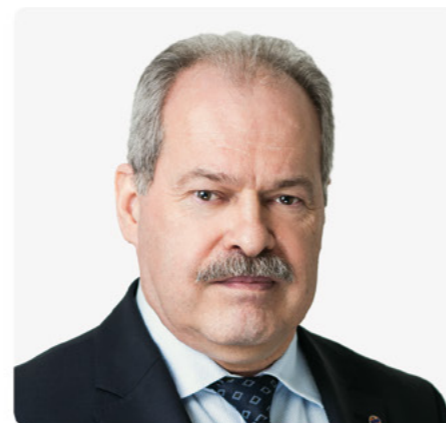
Education
The All-Union Extra-mural Polytechnic Institute, majoring in Economics and construction organization (engineering economics) (1984), Ph.D. in Economics

Curriculum Vitae

- From 2007 to 2014 he was General Director of JSC Lenhydroproject,
- Member of the Management Board of JSC RusHydro (since 2012).

Current positions include: member of the Board of Trustees of the Non-Commercial Organization Charitable Foundation "Awareness", Member of the Board of Directors of JSC Lenhydroproject

Ownership of Company shares
Owns no Company shares



Yuri Vasilievich Gorbenko

Member of the Management Board of JSC RusHydro

Terms of reference
Managing construction operations in the implementation of the BEMO project, the construction project of the Upper Naryn Cascade of HPPs and the restoration and reconstruction project of the Sayano-Shushenskaya HPP named after P.S.Neporozhniy

Year of birth
1958

Citizenship
Russian

Education
The Krasnoyarsk Construction Engineering Institute, majoring in industrial and civil construction [construction engineer] (1992), the Academy of the People's Economy attached to the Government of the Russian Federation, majoring in corporate development management (2004), Ph.D. in Economics

Curriculum Vitae

- General Director of JSC Bureyskaya HPP (1998–2008),
- Managing Director and Head of the Far East Division of JSC RusHydro and JSC UK HydroOGK (2007–2009),
- member of the Management Board of JSC RusHydro (since 2009).

Current positions include: member of the Board of Trustees of Non-Commercial Organization Charitable Foundation "Awareness"

Ownership of Company shares
0.005410%



Evgeny Evgenievich Gorev

Member of the Management Board of JSC RusHydro

Terms of reference
Managing the operations of the Corporate and Legal Departments

Year of birth
1975

Citizenship
Russian

Education
The Law Department of the Moscow State University (named after M.V. Lomonosov) (1998)

Curriculum Vitae

- Deputy Director for Corporate Development, Head of the Legal Department of the Corporate Center of CJSC INTER RAO UES (2006–2008),
- Deputy Director of the Corporate Center, Corporate Governance Director of the Moscow branch of JSC INTER RAO UES (2008),
- Deputy Head of the Corporate Center, Corporate Governance Director of JSC INTER RAO UES (2008–2009), member of the Management Board of JSC RusHydro (since 2009).

Current positions include: member of the Board of Trustees of the Non-Commercial Organization Charitable Foundation "Awareness"

Ownership of Company shares
0.006472%



Mikhail Alekseyevich Mantrov

Member of the Management Board of JSC RusHydro

Deputy Chairman of the Management Board of JSC RusHydro

Terms of reference
Managing the operations of the Finance and Economics Departments

Year of birth
1965

Citizenship
Russian

Education
The Moscow Power Engineering Institute (Technical University), majoring in electrical systems cybernetics (1988), the Academy of the People's Economy attached to the Government of the Russian Federation, majoring in financial managements (1996)

Curriculum Vitae

- Deputy General Director of CJSC INTER RAO UES (2000–2008),
- Deputy Chairman of the Management Board, Head of the Corporate Center of JSC INTER RAO UES (2008–2009),
- Deputy Chairman, member of the Management Board of JSC RusHydro (since 2009).

Current positions include: member of the Board of Trustees of the Non-Commercial Organization Charitable Foundation "Awareness" and Member of the Board of Directors of LLC VolgaHydro

Ownership of Company shares
0.024186%



Vladimir Alekseyevich Pekhtin

Member of the Management Board of JSC RusHydro

Deputy Chairman of the Management Board of JSC RusHydro

General Director of JSC Lenhydroproject and JSC Hydroproject Institute

Terms of reference
Managing scientific and project activities

Year of birth
1950

Citizenship
Russian

Education
The Leningrad Order of the Lenin Polytechnic Institute (named after M.I.Kalinin) majoring in hydro-power engineering of river structures and hydro-power plants (1974), Doctor of Engineering Sciences

Curriculum Vitae

- Kolymagesstroy, all positions from foreman to Head of the Kolymagesstroy construction (1974–1994),
- General Director of JSC Kolymaenergo (1994–1997),
- Chairman of the Magadan Oblast Duma of the second convocation, member of the Federation Council (1997–2000),
- State Duma Deputy of the Federal Assembly of the Russian Federation of the third and fourth convocations (2000–2013),
- Deputy Chairman and member of the Management Board of JSC RusHydro (since 2013).

Current positions include: member of the Supervisory Board of the Hydro-power Industry of Russia non-commercial partnership, President of the National Association of Self-Regulatory Organizations in the Sphere of Energy Audit Non-commercial Partnership

Ownership of Company shares
0.0000001%



George Ilyich Rizhinashvili

Member of the Management Board of JSC RusHydro

Deputy Chairman of the Management Board of JSC RusHydro

Terms of reference
Managing the operations of the Strategy and Innovations Departments

Year of birth
1981

Citizenship
Russian

Education
Masters program at Moscow State University (named after M.V. Lomonosov), majoring in Economics (2004), Ph.D. in Economics

Curriculum Vitae

- Head of the Strategy and Investments Department, Director for Investments of CJSC INTER RAO UES (2007–2008),
- Deputy Head of the Department, Director for Strategy and Investments, Head of the Strategy and Investments Department, member of the Management Board of JSC INTER RAO UES (2008–2009),
- member and Deputy Chairman of the Management Board of JSC RusHydro (since 2009).

Current positions include: member of the Supervisory Board of KONTS UES Non-commercial Partnership, member of the Board of Trustees of the Non-Commercial Organization Charitable Foundation "Awareness"

Ownership of Company shares
0.014193%



Stanislav Valerievich Savin

Member of the Management Board of JSC RusHydro

Terms of reference
Managing the operations of the Sales Department

Year of birth
1972

Citizenship
Russian

Education
The Moscow State University of Railway Transport (MIIT), majoring in railway cars (mechanical engineer) (1997)

Curriculum Vitae

- Head of the Division for Operations in the Middle Asian and Far Eastern Markets (the Department of Foreign Economic Activities) of CJSC INTER RAO UES (2007–2008),
- Deputy Head of the Central Asian – Far Eastern Geographical Division and Head of the Central Asian Geographical Division (2008–2010),
- Member of the Management Board of JSC RusHydro (since 2010).

Current positions include: member of the Supervisory Board of the Market Council Non-commercial Partnership (list A of the Chamber of Electricity Sellers), member of the Board of Trustees of the Non-Commercial Organization Charitable Foundation "Awareness"

Ownership of Company shares
0.004283%



Sergey Nikolaevich Tolstoguzov

Member of the Management Board of JSC RusHydro

General Director of JSC "RAO Energy System of East"

Terms of reference
Managing the construction of thermal generating facilities in the Far East

Year of birth
1964

Citizenship
Russian

Education
The Magnitogorsk Institute of Mining and Metallurgy (named after G.I. Nosov) majoring in electricity supply for industrial enterprises, cities and agriculture, electrician (1992)

Curriculum Vitae

- Senior positions in RAO UES of Russia, Concern Rosenergoatom, JSC Bashkirenergo and JSC VO Technopromexport. JSC INTER RAO UES (2007–2011),
- General Director of JSC "RAO Energy System of East" (since 2011).
- Member of the Management Board of JSC RusHydro (since 2013).

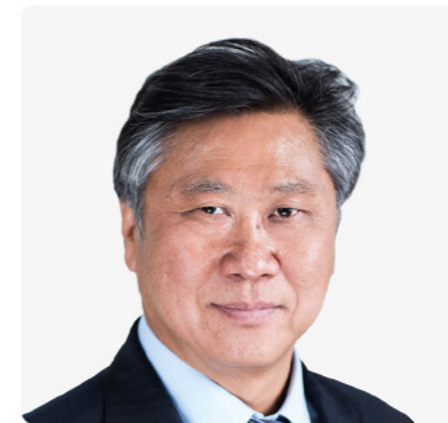
Current positions include: Chairman of the Management Board, member of the Board of Directors of JSC "RAO Energy System of East", member of the Supervisory Board of STC UES Non-commercial Partnership

Ownership of Company shares
0.000135%

Ownership of DSC shares

JSC "RAO Energy System of East"

Share owned in the organization's share capital: 0.00022%, share of the organization's ordinary shares owned: 0.000231%



Sergey Petrovich Tsoy

Member of the Management Board of JSC RusHydro

Deputy Chairman of the Management Board of JSC RusHydro

Terms of reference
Managing international relations, administrative support, governmental relations and public relations division

Year of birth
1957

Citizenship
Russian

Education
The Rostov State University (named after M.A. Suslov), the Department of Journalism (1982), the Moscow State University (named after M.V. Lomonosov), majoring in political psychology (2004), Ph.D. in Political Science

Curriculum Vitae

- Head of the PR Department of the Moscow Mayor and the Moscow Government, Press Secretary of the Moscow Mayor (2003–2010),
- Deputy Chairman of the Management Board, member of the Management Board of JSC RusHydro (since 2010).

Current positions include: member of the Board of Trustees and Foundation Council of the Non-Commercial Organization Charitable Foundation "Awareness"

Ownership of Company shares
0.002589%

* Company shares owned by members of the Management Board are represented as of 31.12.2013 including the Company's outstanding shares (the report on the additional issue of securities was registered December 26, 2013) and as a share in the Company's share capital and as a stake of ordinary shares owned by a member of the Company's Management Board. These portions are equal, as the Company has issued only ordinary shares.

Information on Transactions with the Company's Shares Performed by Members of the Management Bodies

Full name of the member of the Company's Management Body	Transaction Date	Transaction Description	Number of Shares Involved in the Transaction	Share of Charter Capital before the Transaction	Share of Charter Capital after the Transaction
Abrashin S.N. Member of the Management Board	23.04.2013	Purchase of shares	9,954,000	0%	0.003134%
Bessmertny K.V. Member of the Management Board	12.04.2013	Purchase of shares	10,000,000	0.007871%	0.011019%
Maslov A.V. Served as Deputy Chairman of the Management Board until 17.09.2013	23.04.2013	Purchase of shares	3,150,000	0.002408%	0.003400%
	10.04.2013	Purchase of shares	21,940,000	0.002914%	0.009821%
Rizhinashvili D.I. Deputy Chairman of the Management Board	26.04.2013	Purchase of shares	5,647,000	0.009821%	0.011599%
	29.04.2013	Purchase of shares	17,980,000	0.011599%	0.017259%

Liability Insurance for Management Bodies and Executive Officers

JSC RusHydro insures the civil liability of members of the management bodies and executive officers (including independent directors, except for civil servants) to protect the Company, its subsidiaries and members of the management bodies from possible suits from third parties which may result from the professional activities of the Company's directors and executive officers.

To select an insurance company and sign a D&O (director and officer) insurance agreement, the Company holds an open tender each year. The insurance agreement, with a single limit of the insurer's liability, shall be valid for one year and provide for a one-year claim detection period, as well as a six-year claim detection period for retired persons. The total for all insurance coverage is USD 30 million. Additional insurance for an independent

director stands at USD 1 million. The aggregate additional insurance for independent directors is USD 2 million.

Liability coverage for members of the management bodies complies with international insurance standards both in the volume of insured risks and in the limits on indemnity and other terms and conditions of said insurance.

7.4. The Company's Internal and External Audit System

The Company's efficient system for controlling financial and business operations guarantees finely-tuned mechanisms of the management bodies and integrated internal and external control system relations.

The main principles, goals, objectives, methods and processes of the internal audit system are defined in the following internal corporate documents (approved by the Company's Board of Directors):

- The Corporate Governance Code;
- The Internal Control and Risk Management Policy;

- The Internal Audit Policy;
- Regulations on the Board of Director's Audit Committee;
- Regulations on the Audit Commission.

The Audit Commission

The key responsibilities of the Audit Commission include: controlling financial and business operations, carrying out supervision over how the Company's business and financial transactions comply with both Russian laws and JSC RusHydro's Articles of Association and conducting an independent evaluation of the Company's financial condition.

The Audit Commission acts in accordance with Russian laws, the Articles of Association and the Regulation on the

Audit Commission and is elected by the General Meeting of Shareholders for a one-year term. The Commission consists of 5 members.

Members of the Commission served from June 29, 2012 to June 28, 2013

1. Dmitry Mikhailovich Gorevoy
2. Elena Yurievna Litvina
3. Anna Valerievna Drokova
4. Adilya Iskanderovna Vyaseleva
5. Alan Fedorovich Khadziev

In 2013, the Audit Commission carried out one audit of the Company's financial and business operations based on 2012 corporate performance results. The audit revealed no corporate violations of Russian laws. The audit confirmed the validity of data contained in the 2012 Annual Report and the corresponding financial statements.

Members of the Audit Commission elected by a resolution of the General Meeting of Shareholders June 28th, 2013

FULL NAME	Year of birth	Position
Alan Fedorovich Khadziev	1981	Chairman of the Commission Head of the Control and Audit Division of the Department of Economic Regulation and Property Relations of the Russian Ministry of Energy
Leonid Valerievich Neganov	1972	The Deputy Director of the Electric Power Development Department of the Russian Ministry of Energy
Anna Valerievna Drokova	1985	The Deputy Head of the Division of the Fuel and Energy Complex and Coal Industry Organizations of the Department of Infrastructural Sectors and Organizations of the Military Industrial Sector of the Federal Agency for State Property Management
Maria Gennadievna Tikhonova	1980	Deputy Chairman of the Management Board, Member of the Management Board of JSC FGC UES
Vladimir Vasilievich Khvorov	1947	Leading expert of the Department of the Ministry of Economic Development of the Russian Federation

Members of the Audit Commission of JSC RusHydro do not own corporate shares and do not hold positions in corporate management bodies.

In 2013, the Audit Commission held two meetings on new membership. The Audit Commission shall carry out an audit of the Company's financial and business

operations based on 2013 results, the audit's opinion will be submitted to the Annual General Meeting of Shareholders in 2014. The main objectives of the audit will be to obtain reasonable assurance that the information contained in the Company's reports and financial statements is reliable, ensuring that the accounting and submission of financial statements are

carried out in compliance with applicable laws and internal regulations, as well as that internal financial and economic operations are conducted in compliance with the Company's and its shareholders' interests.

The Internal Control and Risk Management

The Company's internal control and risk management system operates in full compliance with international standards, general principles and approaches as set forth in the Internal Control and Risk Management Policy and the Internal Audit Policy adopted in 2013.

The Internal Control and Risk Management Unit is responsible for the Company's internal audit and risk management. It includes the following departments:

- The Internal Audit Department;
- The Internal Control Department;
- The Risk Management Division.

The Director for Internal Audit and Risk Management is the Head of the Internal Audit and Risk Management Unit. The Director for Internal Audit and Risk Management reports directly to the Chairman of the Management Board and is accountable to the Audit Committee.

Timelines for the Internal Audit and Risk Management Unit are approved on an annual basis by the Audit Committee. The Director's internal control and risk management report on the performance of the timeline of control measures is reviewed on a quarterly basis by the Audit Committee. The report contains a brief description of significant violations,

criticisms and shortcomings in corporate operations and those of its subsidiary and dependent companies, which are revealed through monitoring, as well as proposals to eliminate them and to enhance the internal control system's effectiveness.

Report on Internal Audit activities in 2013

In 2013, the Internal Audit Department fulfilled all control efforts set out in the 2013 timelines, including: a comprehensive audit of six branches and twenty-seven subsidiary and dependent companies inter alia design institutes, subsidiary and dependent companies engaged in the generation and sale of electricity, and SDCs engaged in the construction and repair of power generating facilities.

Detailed reports based on the results of the audits were submitted to the audited companies and branch directors, and members of the Management Board who supervises the respective companies, to the Chairman of the Management Board of JSC RusHydro.

Each audit resulted in the development of a plan of action to eliminate revealed violations and shortcomings. Monitoring of the implementation of these programs and controls aimed at preventing further similar violations and shortcomings are provided.

In 2013, the Internal Audit Department fulfilled all control efforts set out in the 2013 timelines, including: a comprehensive audit of six branches and twenty-seven subsidiary and dependent companies inter alia design institutes, subsidiary and dependent companies engaged in the generation and sale of electricity, and SDCs engaged in the construction and repair of power generating facilities.

The External Independent Auditor

JSC RusHydro carries out an annual external independent audit of its financial (accounting) statements in accordance with both RAS and IFRS. The candidate to perform an independent audit is reviewed by the Audit Committee and is determined based on an open tender. Based on recommendation of the Company's Board of Directors, the Annual General Meeting of Shareholders approves an independent auditor.

For 2012–2013, the Company approved Closed Joint Stock Company

PricewaterhouseCoopers Audit (CJSC PwC Audit) as the Company's independent external auditor. CJSC PwC Audit is a member of a self-regulating organization of auditors of the Russian Audit Chamber Non-commercial Partnership.

In 2013, CJSC PwC Audit conducted an audit of the Company's 2012 RAS and IFRS financial statements. The Audit Committee took a favorable view of the auditor's opinion and recommended that the Board of Directors submit an

opinion to the Annual General Meeting of Shareholders. Finally, in June 2013, the Company submitted it, as part of the materials provided to shareholders, to the General Meeting of Shareholders.

Efforts to Prevent the Use of Insider Information

The Company has an approved Regulation on Insider Information, which is aimed at complying with Russian laws preventing the use of insider information and market abuse. The Regulation takes into account international corporate governance practices, including requirements of the Disclosure and Transparency Rules (as authored by the British Financial Services Authority).

The Regulation defines the categories of persons that are qualified by the Company as insiders, as well as limitations on the use of insider information by insiders for the purpose of dealing with corporate financial instruments, and on the transfer of

corporate information to third parties. In 2013, the Company prepared 52 notifications for the inclusion and exclusion of persons in/from the list of insiders.

The list of insider information in both Russian and English is published on the Company's website at www.rushydro.ru and www.eng.rushydro.ru. Insider information in Russian is published in the newfeed of Interfax, the authorized information agency, at www.e-disclosure.ru and in English on the RNS newfeed at (<http://www.londonstockexchange.com/exchange/prices-andnews/news/market-news/market-news-home.html>).

The Company's Controller is responsible for supervising compliance with insider information laws. The Inspector reports to the Audit Committee on a quarterly basis. The Audit Committee includes information on fulfilling these requirements in its reports, which are subject to approval by the Company's Board of Directors.

The Anti-Corruption Policy

The Company seeks to prevent and uncover corrupt practices. The Company has developed a comprehensive program to prevent employees from committing illegal actions. If any violations are identified, the Company carries out internal investigations, develops and implements measures to eliminate and prevent these problems and applies disciplinary measures toward employees who are guilty under applicable law(s). In accordance with the Corporate Conduct Code, to prevent conflicts of interest, members of the Company's Board of Directors are obliged to notify the Company of their affiliation.

To minimize the risk of involving the Company and its employees, regardless of position, in corrupt activities, as well as the explanation of the Company's position on intolerance of corruption in all its forms and manifestations, RusHydro has the following internal regulations:

- The Corporate Governance Code;
- The Internal Audit Policy;
- Regulations for the submission and verification of income, assets and property liabilities;
- Regulations on the Audit Committee.

In 2013, JSC RusHydro joined the participants of the Anti-Corruption Charter of Russian Business adopted by the business community in 2012 to implement the National Anti-Corruption Plan. The Chamber of Commerce of the Russian Federation, the Russian Union of Industrialists and Entrepreneurs, the Russian Public Organization "Business Russia" and the Russian Public Organization of Small and Medium Enterprises "SUPPORT OF RUSSIA" initiated the Charter.

Confidential Hotline

The Company has opened a confidential hotline via which individuals can contact the Internal Audit and Risk Management Unit, if any corrupt practices are identified. All calls received via the confidential hotline in 2013 were analyzed and discussed. The Company carried out internal investigations on the most essential facts; necessary information was brought to the attention of the Chairman of the Management Board, and the heads of the responsible structural divisions of JSC RusHydro, its branches and SDCs.

Verification of the heads' income, assets and property liabilities

In order to ensure the disclosure of 2013 information about the income, assets and property liability of the heads of JSC RusHydro, its branches and SDCs, the Company has drawn up a complete list of executive officers (including members of their families and close relatives) who are obliged to submit above-mentioned information.

Last year, information obtained from more than 1,500 employees and their relatives was verified. Revealed inconsistencies were submitted to the Company's HR Commission. The Commission examined the facts of the declaration of false information, conflict of interests and based on the results, the disciplinary measures were proposed.

7.5. Remuneration due to Management and Control Bodies

The Board of Directors

In 2013, the Annual Shareholders Meeting made a decision to pay remuneration to members of the Board of Directors for the period from June 29, 2012 to April 18, 2013, and for the period from April 19, 2013 to June 28, 2013 in the amount and manner specified in the Regulations on Remuneration to Members of JSC RusHydro's Board of Directors.

Remuneration is defined in accordance with the Regulation on Remuneration to Members of JSC RusHydro's Board of Directors based on fixed remuneration in the amount of RUR 900 thousand, taking into account the number of Board meetings for the past corporate year and the number of said meetings attended by an individual member of the Board. Additional remuneration premiums are payable as follows:

- 30% to the Chairman of the Board of Directors;
- 20% to the Chairpersons of the Committees of the Board of Directors;
- 10% to members of the Committees of the Board of Directors.

Total remuneration due to a member of the Company's Board of Directors shall not exceed RUR 1 million, taking into account all additional premiums.

The Company makes no payments to members of the Board of Directors to compensate for the cost of transportation, lodgings, etc., that are related to performing duties.

The Regulation of Remuneration to Members of the Board of Directors does not apply to members of the Board of Directors

who simultaneously hold the position of Chairman, or are a member of the Management Board (for a complete term or a part of it), and to members of the Board of Directors who are not eligible to receive any payments from commercial organizations in accordance with Russian federal laws.

In 2013, total remuneration paid to members of the Board of Directors amounted to RUR 4,852,958.59 (for the period from June 30, 2011 to June 28, 2012 amounted to RUR 6,862,864.71)

The Management Board

Remuneration to the Chairman and members of the Management Board is defined by the conditions of labor contracts and the Regulation on the Procedure of Paying Remuneration and Compensation to Members of the Company's Management Board. To emphasize the dependence of remuneration on the performance results of the Chairman and members, the relationship between the fixed and variable portions of remuneration is set at 30/70. The Regulation stipulates the payment of quarterly and annual bonuses for achieving key performance indicators (KPIs) set for the Company, the Chairman and members of the Management Board by the Company's Board of Directors (a 50% bonus). Achievements of individual KPIs are awarded with a 50% bonus also. Key performance indicators imply assessing performance in terms of financial, as well as production business indicators.

In 2013, KPIs were achieved by the Chairman and members of the Management Board. The total amount of salaries and bonuses paid to the Chairman and members of the Management Board in 2013 amounted to RUR 612,261,217.92 (compared with RUR 925,214,507.86 in 2012).

The Audit Commission

Members of the Audit Commission receive a lump sum remuneration, in accordance with the Regulation on the Payment of Remuneration and Compensation to Members of the Audit Commission of JSC RusHydro.

Remuneration is equal to the sum of twenty-five monthly tariff rates for a first-class worker, as set by the industry-wide Tariff Agreement adopted for the Russian electric power industry for the period of the audit, taking into account indexing set by the Tariff Agreement. Remuneration for the Chairman of the Commission is increased 50%.

No remuneration and/or compensation is charged or paid to members of the Audit Commission who are subject to limitations or bans pertaining to the receipt of any payments from commercial organizations.

The total amount of remuneration paid to members of the Audit Commission in 2013 amounted to RUR 242,450.00 (in 2012, no remuneration was charged and/or paid to members of the Company's Audit Commission).

The External Auditor

The Auditor's remuneration is approved by the Board of Directors on the recommendation of the Audit Committee. In 2013, the Company paid RUR 15,000,000 including VAT, to JSC PWC Audit for services related to the audit of the Company's 2012 accounting statements (according to RAS). The same services related to the audit of the Company's 2012 accounting statements (according to IFRS) cost RUR 57,967,500 including VAT.

7.6. Managing Subsidiary and Dependent Companies

JSC RusHydro has a participatory interest in the authorized capital of companies engaged in design, construction, repair, servicing, technical renovation and reconstruction of power facilities, as well as in electric power production and supply.

The Company's interactions with SDCs is intended to implement corporate strategy, to ensure stable economic development and to provide for the Company's investment attractiveness, as well as to protect the rights and interests of the Company and SDC shareholders.

The Company's SDCs are managed via corporate representatives that are present at the General Meetings of Shareholders and are on the SDCs Board of Directors and control bodies. Management is achieved in accordance with the Articles of Association and the Procedure for JSC RusHydro's interested organizations.

Decision-making on the management of SDCs, in which the Company owns 100% of the share capital is the competence of the Company's Management Board. Defining the Company's position on strategic issues of SDCs activities (reorganization, liquidation, change in the share capital, approval of major operations, participation of SDCs in other organizations) is the responsibility of the Board of Directors.

JSC RusHydro pays significant attention to upgrading the SDCs corporate governance by carrying out measures intended to increase SDCs transparency and to supervise SDCs compliance with information disclosure law requirements.

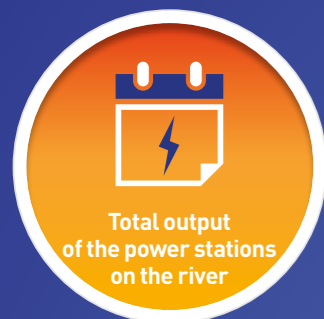
Changes in the RusHydro Group structure in 2013

Information about changes that occurred in the RusHydro Group structure in 2013 is given in the Appendix. Key events include:

- creating four subsidiaries that are fully owned by JSC RusHydro to implement the construction projects of new generating facilities in the Far East;
- creating VolgaHydro LLC - a joint venture with the Austrian company Voith Hydro - to produce hydraulic turbine equipment;
- combining repair and maintenance functions in JSC Hydroremont-WKK and liquidating subsidiaries: JSC REMIK, JSC Sayano-Shushenskaya Hydroenergoremont (SSHGER), JSC Turboremont-WKK and JSC Elektroremont-WKK;
- creating CJSC Holding Company BoAZ and CJSC Holding Company BoHPP.

The Bureya

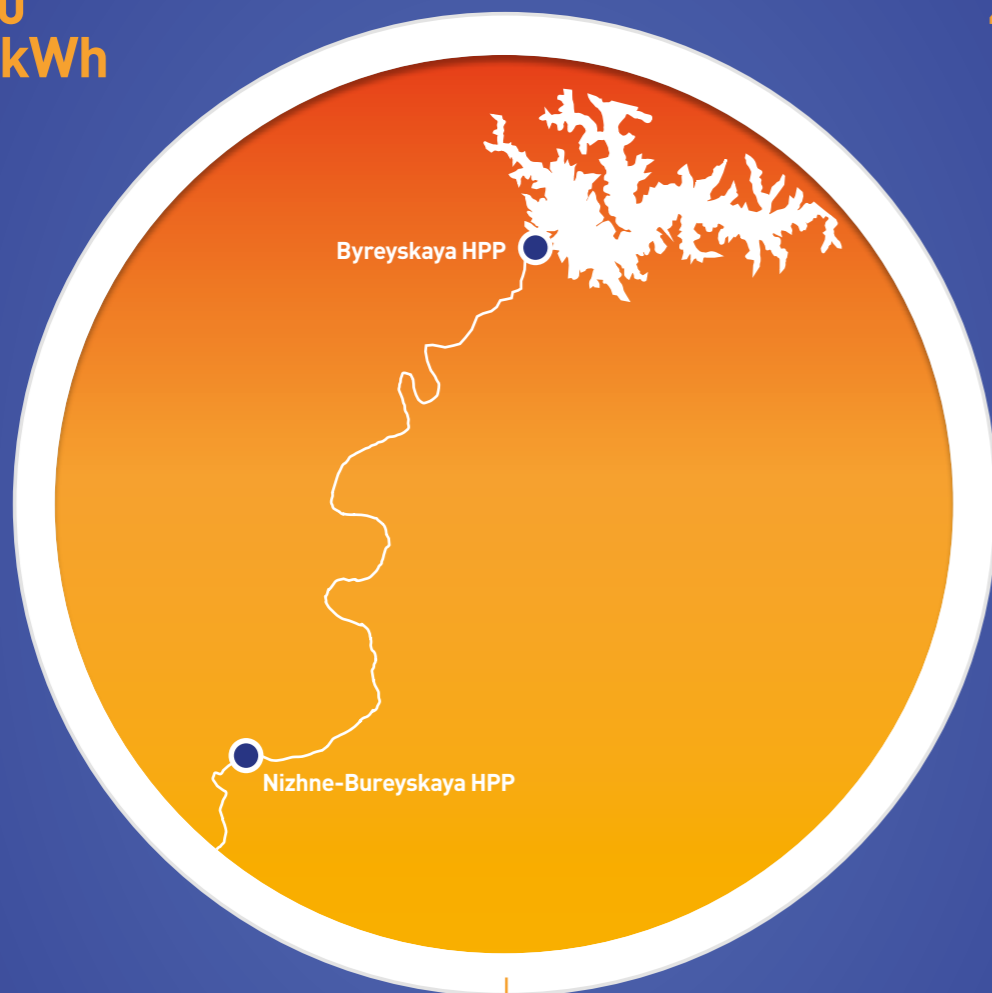
This river in the Far East of Russia flows through the Khabarovsk Krai and the Amur Region; it is formed by the confluence of the Right Bureya and Left Bureya. During the Cossack campaigns to the Amur in the XVII century, the river was known as Bystraya ("fast").



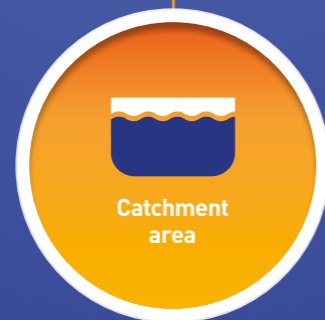
7,100 million kWh



2,010 MW



623 km



70,700 km²



890 m³/sec

8. The Company On The Securities Market



- 8.1. Authorized Share Capital
- 8.2. Circulation of Securities on the Russian Market
- 8.3. The Company Securities on the International Securities Markets
- 8.4. Dividend Policy
- 8.5. Bonds

8.1. Authorized Share Capital

As of December 31, 2013, JSC RusHydro's authorized share capital amounted to RUR 317,637,520,094, divided into 317,637,520,094 non-documentary registered ordinary shares with a par value of 1 ruble each.

The State registration number of the share issue is 1-01-55038-E. The Company does not issue preferred shares. The number of declared ordinary shares is 122,665,182,285.

Since 2006, the Company has increased authorized share capital annually through the additional issues of ordinary shares. The funds raised from the Company's share placement are mainly directed to finance its large-scale investment program. In 2008, the authorized share capital increase was carried out to convert merging companies' shares into JSC RusHydro shares.

Additional Share Issue 2013

	1-01-55038-E-041D
The date of the decision to increase authorized share capital	16.11.2012
State registration date of the issue	03.12.2012
Total volume of the additional issue at nominal value	RUR 110 bln
Category (type) of shares	Ordinary registered shares
Placement method	Public offering
The form of payment for shares	Monetary and non-monetary assets
The offering price per share	1 ruble
Start date of the placement	20.12.2012
End date of the placement	26.11.2013
The volume of outstanding shares at par value, rubles	68, 617, 944,796
Outstanding shares/ total share issue	62.38%

In November 2012, the General Meeting of Shareholders made a resolution about increasing the Company's share capital to RUR 110 billion. The additional share issue was assigned the State registration number 1-01-55038-E-041D. The Company gave its shareholders the right to exercise their pre-emptive right to purchase shares of the additional issue. More than 70 shareholders (legal entities and individuals) exercised this

right, including the holders of depository receipts for the Company's shares, and the Russian Federation.

RUR 50 billion to finance the construction of four thermal power plants in the Far East has been allocated from the budget of the Russian Federation. In addition, the shares of the Holding JSC "RAO Energy System of East", JSC SEC, JSC Ust-Srednekanskaya HPP, JSC Irkutsk Electric

Grid Company and JSC Irkutskenergo were transferred as payment for additional shares. Outstanding shares/total share issue amounted to 62.38%. In December 2013, the Bank of Russia registered the report on the results of the issue, and in January 2014 amendments to the Company's Articles of Association were registered. The authorized share capital, including outstanding shares, amounted to RUR 386,255,464,890.

8.2. Circulation of Securities on the Russian Market

Since 2008, JSC RusHydro shares have been traded on the MICEX Stock Exchange under the ticker symbol HYDR, and in March 2013 the Company's shares were among the first on the Russian Stock Market which were admitted to

trading on the T+2 trading system (with partial collateral and deferred execution of trades). The Company's shares are included in the list of liquid securities traded on the Stock Exchange. They are included in the calculation base of the

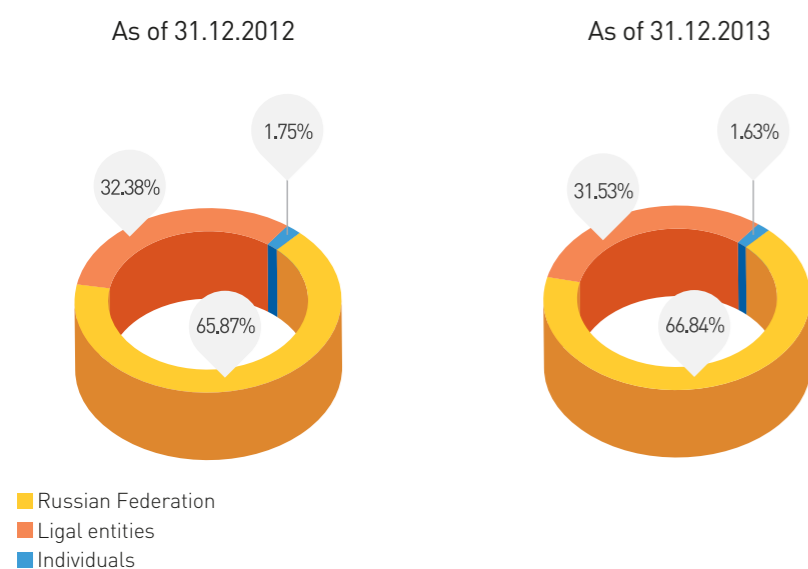
Russian MICEX and RTS indices, the MICEX BMI index, the MICEX PWR index and the RTSeu indexes, as well as in the foreign MSCI Russia index.

List of Registered Persons with More Than 2% of Shares on Personal Accounts, as of December 31, 2013

Registered entity	Type of registered	Number of shares	% of authorized share capital *
The Russian Federation represented by the Federal Agency for State Property Management	entity	258,161,535,606	66.84
Non-bank credit organization CJSC National Settlement Depository	holder	110,327,350,871	28.56
Limited Liability Company Depository and Corporate Technologies	nominee holder	10,191,600,852	2.64

* including outstanding shares of the additional issue

Shareholding Structure



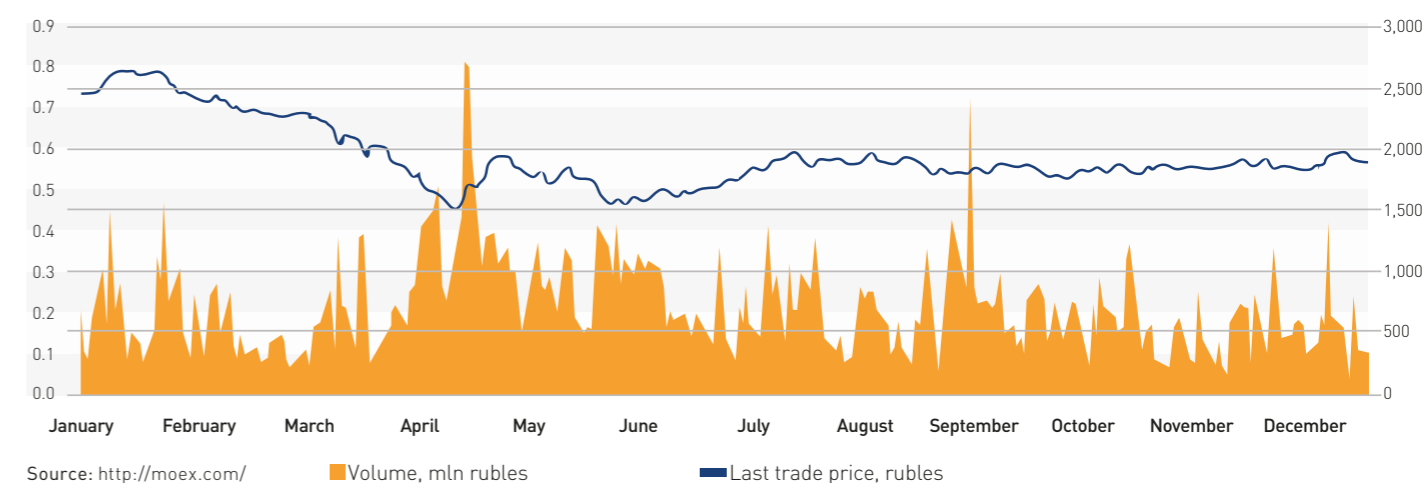
Source: JSC Registrator R.O.S.T.

JSC RusHydro's shareholders include over 360,000 Russian and foreign investors. The largest Company's shareholder is the Russian Federation represented by the Federal Agency for State Property Management. The Government owns a controlling stake totaling 66.84% of the Company's authorized share capital. In 2013 there were not any significant changes in the structure of the owners and holders of the authorized share capital.

Trading Results with the Company's Shares 2012-2013

	2012		2013
Trading sectors	Main market	Standard market	T+2
Trading currency	RUR	RUR	RUR
The highest transaction price	1.2092	1.25	0.7920
The lowest transaction price	0.7154	0.716	0.4537
Year end transaction price	0.7335	0.73	0.5675
Trading volume	140 billion	202 million	181 billion

2013 Share Performance and Traded Volume



The Company's 2013 Shares Performance (HYDR) Versus MICEX Index (MICEX) and MICEX Power Index (MICEXPWR)



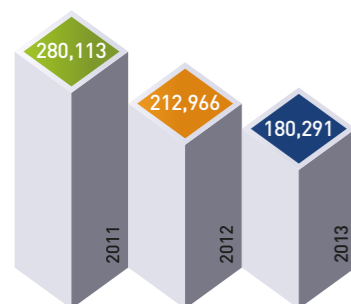
Source: <http://moex.com/>

In 2013, the main indicator of the Russian MICEX Stock Exchange index showed a slight increase of 2%. The main constraint against Russian securities market growth was the slowdown in Russia's economic growth, as well as the outflow of foreign investors' funds from emerging markets. In general, 2013 was an

unsuccessful year for the electric power industry - the MICEX power index fell 40%. The Government of the Russian Federation's solutions related to restricting growth in electricity prices continues to impose pressure on electricity sector shares. JSC RusHydro shares which followed the MICEX power index during the first five

months demonstrated better trends in the second half of the year (compared with the industry), and fell 23% at year-end 2013. Quotations of JSC RusHydro shares in the second half of the year were supported by the Company's strong operating and financial results.

2011-2013 the Company's Capitalization, RUR mln



Source: <http://moex.com/>

The Company's Market Multipliers

	2011	2012	2013
P/E	6.1	6.6	3.4
P/S	0.9	0.7	0.6
EV/EBITDA	7.4	8.2	5.5
P/BV	0.3	0.2	0.2

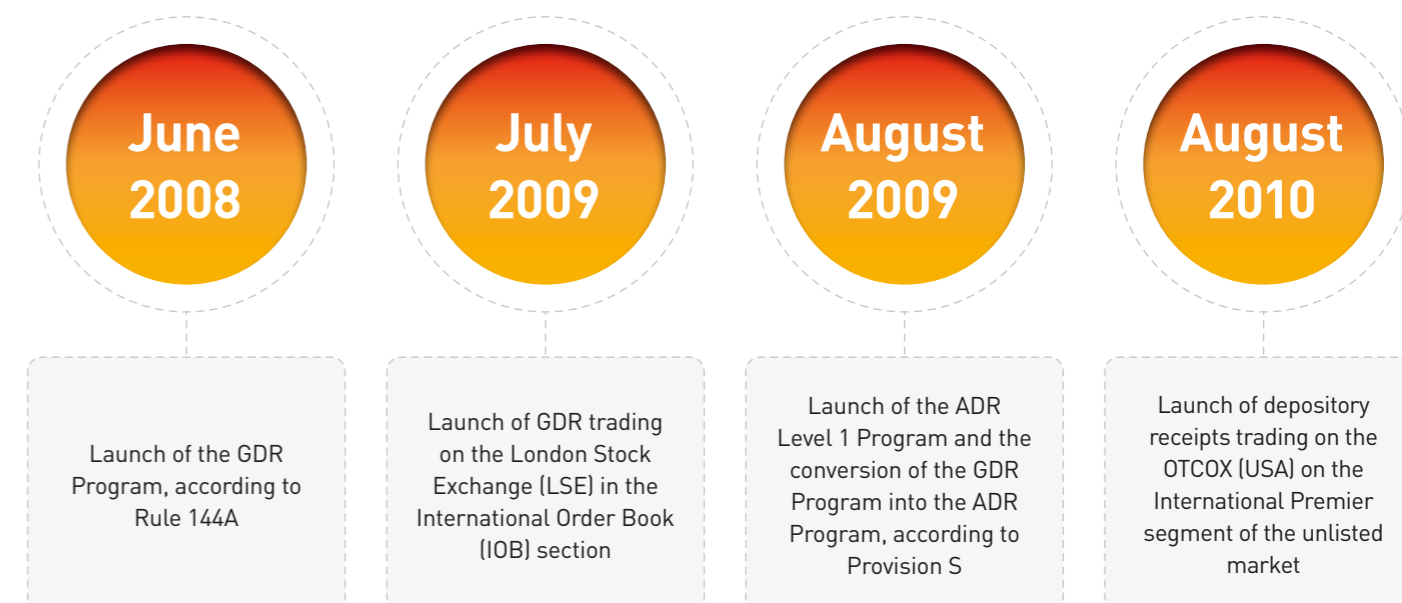
The calculation is based on the Company's IFRS financial statements

8.3. The Company Securities on the International Securities Markets

JSC RusHydro has launched a depository receipts (DR) program for its ordinary shares. As of December 31, 2013, 201,983,749 depository receipts for

20,198,374,900 ordinary shares have been issued, which accounts for 5.2% of the total number of ordinary corporate shares.

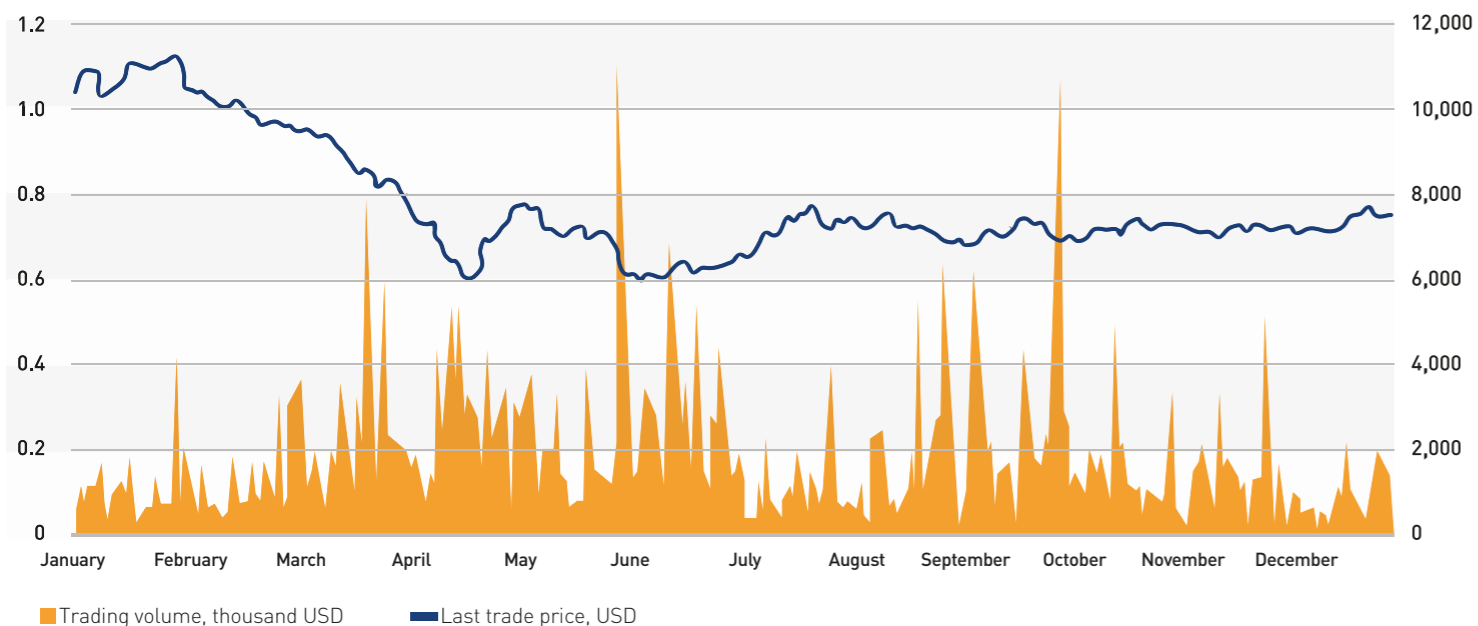
Stages of Development of the DR Program



Description of the Depository Receipt Program

Program type	Program launch date	Depository bank	Ratio	Ticker symbol	CUSIP number	Maximum volume of the program, in shares	Trading floors
GDR according to Rule 144A	June 17, 2008	The Bank of New York Mellon	1 GDR = 100 ordinary shares	HYDR	466294204	832,131,000	London Stock Exchange (Main Market - IOB)
ADR Level 1	August 7, 2009	The Bank of New York Mellon	1 ADR = 100 ordinary shares	HYDR	466294105		OTCQX International Premier Portal

2013 ADR Performance and Trading Volume, LSE (IOB)

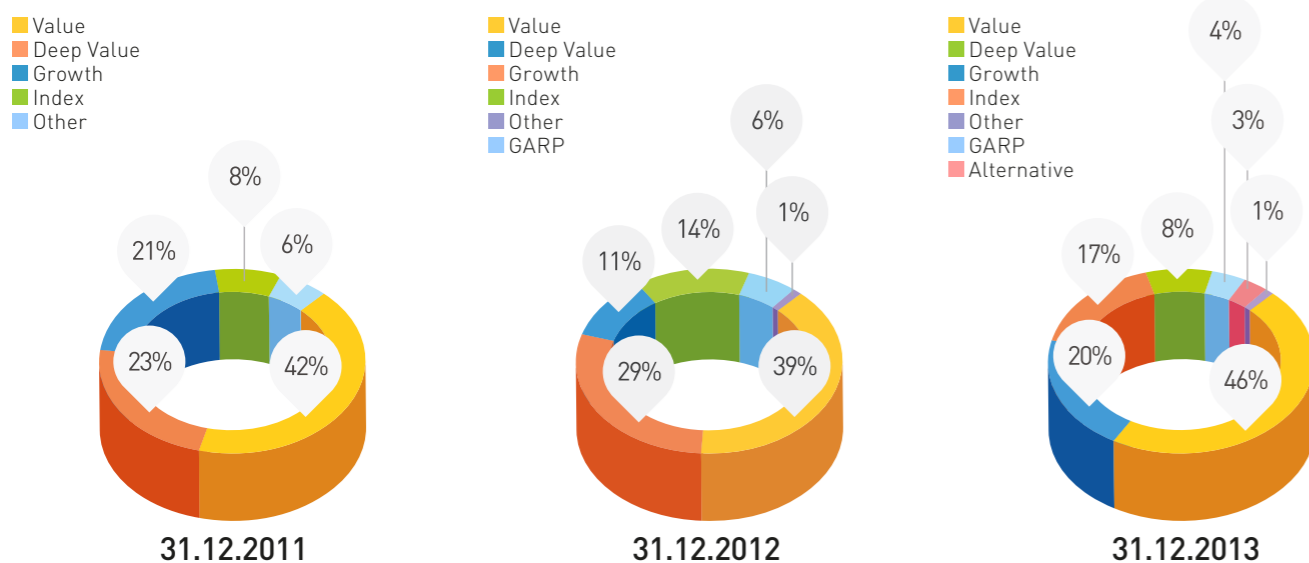


An analysis of the structure of the Company's DR holders indicates that a significant proportion of investors use the "Value" and "Growth" approaches in their investment strategies. In addition, it should be noted that "GARP" investors (value and growth investments) have increased since 2012, as well as investor demand for those who adhere to the passive strategy Index for Depository Receipts. This has gone up from 2011-2013, whereas the number of investors who adhere to the active Deep Value strategy has gone down.

Results of Depository Receipt Trading, LSE

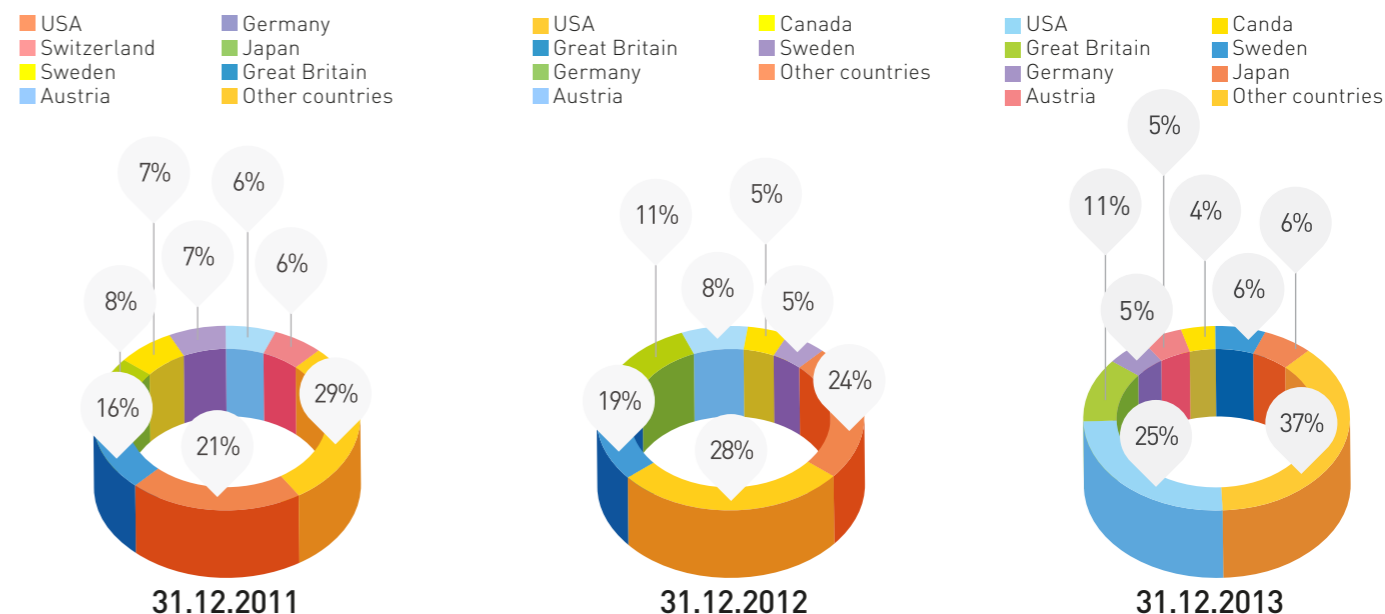
	2012	2013
Ticker	HYDR	
Trading currency	USD	
The highest price for the transaction	4.18	2.610
The lowest price for the transaction	2.21	1.366
Year-end transaction price	2.31	1.726
Trading volume	688 mln	473 mln

2011-2013 Distribution of DR Holders by Investment Strategy



Source: Depository Bank: The Bank of New York Mellon.

2011-2013 Geographic Distribution of DR Holders



Source: Depository Bank: The Bank of New York Mellon.

An analysis of the structure of DR holders by geography shows that the major holders are U.S. and UK investors.

8.4. Dividend Policy

The main purpose of the Company's dividend policy is to provide for the strategic development of JSC RusHydro and increase shareholder wealth by establishing an optimal balance between dividend payments to shareholder and profit capitalization.

To ensure the transparency of principles for calculating dividends and the order and terms for their payments, the

Company has a Dividend Policy. The Company can pay annual dividends of at least 5% of net income, as well as to decide on paying interim dividends. Dividends are paid from the Company's profit after tax (net profit under RAS). The dividend payment period is not more than 60 calendar days after the decision has been adopted by the General Meeting of Shareholders.

The Company informs shareholders about the beginning of dividend payment by posting a message on its corporate website. Shareholders may specify their preferred method for receiving dividends by post or by bank transfer or at the cash desk of the Registrar, JSC Registrar R.O.S.T.

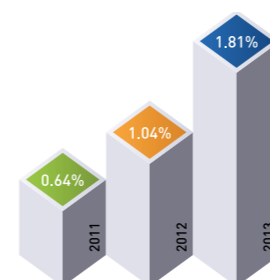
Report on the payment of declared (accrued) dividends on the Company's shares in 2012

According to a decision of the Annual General Meeting of Shareholders (June 28, 2013), RUR 3,675,573 thousand (25 % of net profit calculated according to RAS) was allocated for the payment of dividends for 2012, which is 47 % more than in 2011. Payments were made in full to all persons registered

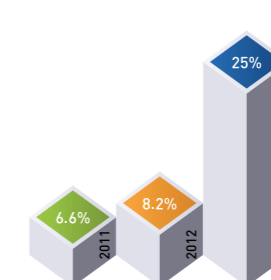
in the register of shareholders with the exception of RUR 27,459 thousand. Those undistributed funds were outside the control of the Company, for example: incorrect postal and bank details, as well as dividends which were not yet received by shareholders who specified "Cash desk" as their preferred method for receiving dividends.

The Company performed its obligations to pay dividends to the federal budget in full in the amount of RUR 2,467,007 thousands. There is no debt payable to the federal budget.

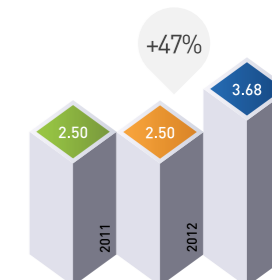
Dividend yield of the Company's share, %, in 2011-2013



Share of net profit allocated for dividend payments, %, 2010-2012



Amount allocated for the dividend payment, billion rubles, 2010-2012



2005-2012 Dividend History

Reporting period subject to the dividend payment	Total amount of declared (accrued) dividends, RUR thousand	Declared dividends per share, RUR
9 M 2005	27,889	0.000268289
2005	565,695	0.005441922
Q1 2006	223,600	0.002151
H12006	110,588	0.00106384
9 M 2006	809,000	0.005739439
Q1 2007	1,119,000	0.00793872
2010	2,496,867	0.00860091
2011	2,500,000	0.00789317
2012	3,675,573	0.00955606

8.5. Bonds

The Company continues to use public funding. In February 2013, two bond issues with a total nominal value of RUR 20 billion were placed to partially refinance a loan in the amount of RUR 40 billion, which had been provided by Sberbank of Russia. Despite the high volatility of the Russian debt market during the marketing period, the placement of JSC RusHydro's bonds attracted the attention of a wide range of investors - during book-building more than 50 investor bids were received with a coupon rate falling in the range of 8.35 % to 8.60 % per annum. Aggregate demand on the bonds exceeded the nominal volume.

As of December 31, 2013, there are four RusHydro bond issues outstanding with a total nominal value of RUR 35 billion, as well as one Euro bond issue with a nominal value of RUR 20 billion.

In accordance with legislative amendments on the securities market

Euro bond Main Parameters

Type of securities	Euro Bonds (LPN Notes, Eurobond convention)
Issuer	Rushydro Finance Ltd. (Ireland)
Ultimate borrower	JSC RusHydro
Volume	RUR 20 billion
Period	5 years
Coupon rate	7.875% per annum
Issue rating	S&P: BB+ / Moody's: Ba1 / Fitch: BB+
Listing	London Stock Exchange
Regulating law	English law

entered into force in 2013 related to changes in decisions on the issuance of bonds and the prospectus of the Company's bonds with regard to the extension of the securities placement with a total nominal value of RUR 20 billion for one calendar year to December 27, 2014 were approved in December. The extension of the issuing documentation will ensure prompt placement of bonds

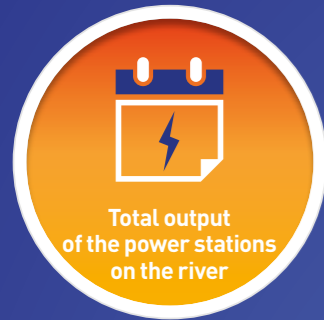
in 2014 in case of favorable public debt market trends (debt financing is used, when necessary, for the Company's investment or current activities).

Bond Issues Main Parameters

	Series 01	Series 02	Series 07	Series 08
State registration number	4-01-55038-E	4-02-55038-E	4-07-55038-E	4-08-55038-E
Registration date	23.09.2010	23.09.2010	27.12.2012	27.12.2012
Type of bond	documentary interest non-convertible bearer bonds with mandatory centralized custody	documentary interest non-convertible bearer bonds with mandatory centralized custody	documentary interest non-convertible bearer bonds with mandatory centralized custody	documentary interest non-convertible bearer bonds with mandatory centralized custody
Nominal	RUR 1,000	RUR 1,000	RUR 1,000	RUR 1,000
Nominal amount of issue	RUR10 bln	RUR10 bln	RUR10 bln	RUR10 bln
Nominal amount in circulation	RUR10 bln	RUR 5 bln	RUR10 bln	RUR10 bln
Offering price	100%	100%	100%	100%
Method of placement	Public offering, bookbuilding	Public offering, bookbuilding	Public offering, bookbuilding	Public offering, bookbuilding
Placement date	25.04.2011	Start date -25.04.2011 Expiration date - 03.05.2011	14.02.2013	14.02.2013
Start date of circulation	17.05.2011	17.05.2011	06.03.2013	06.03.2013
Coupon	1-10 coupons - 8% , 11-20 - determined by the Issuer	1-10 coupons - 8% , 11-20 - determined by the Issuer	1-10 coupons - 8.5% , 11-20 - determined by the Issuer	1-10 coupons - 8.5% , 11-20 - determined by the Issuer
Coupon frequency	On a bi-annual basis	On a bi-annual basis	On a bi-annual basis	On a bi-annual basis
Yield at Pricing	8.16%	8.16%	8.68%	8.68%
Put-option	22.04.2016, type - put, price - 100%	22.04.2016, type - put, price - 100%	15.02.2018, type - put, price - 100%	15.02.2018, type - put, price - 100%
Maturity date	12.04.2021	12.04.2021	02.02.2023	02.02.2023
Issue rating	-	-	Fitch: BB+	Fitch: BB+

The Kuban

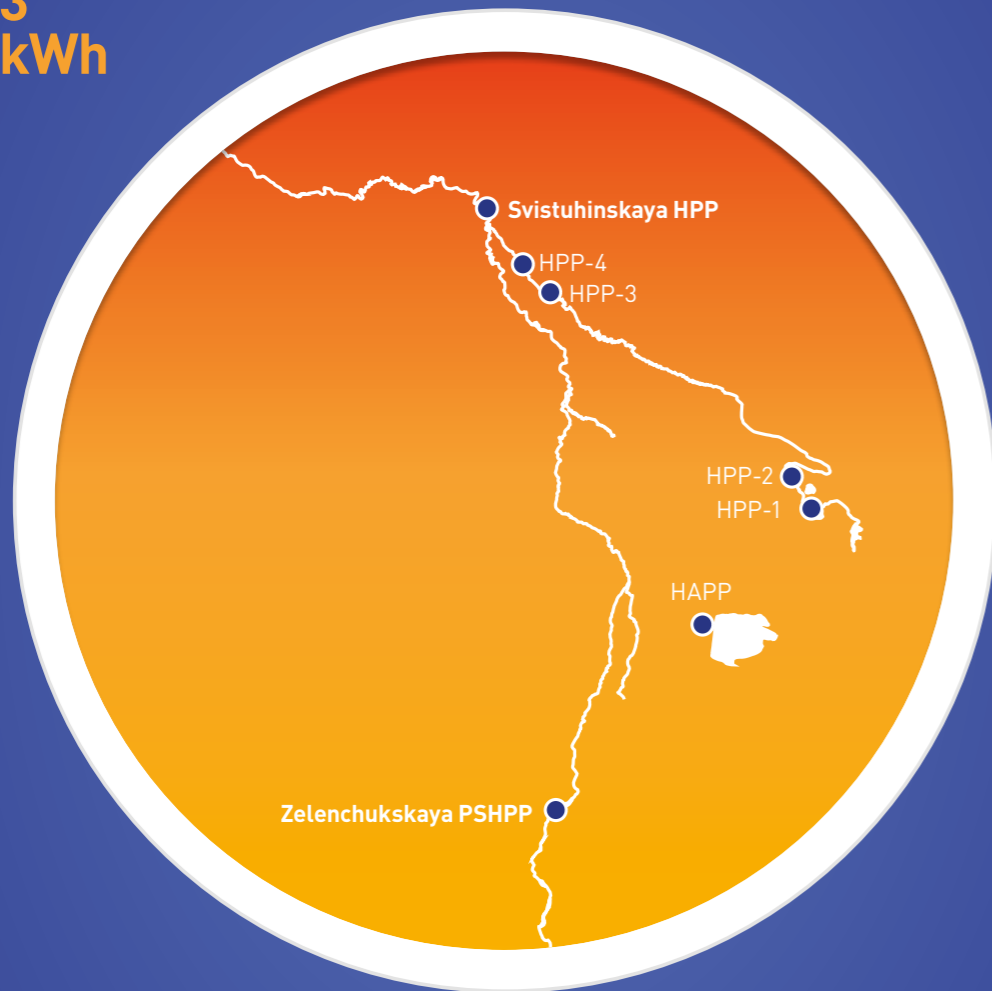
Where today the Kuban delta is found, tens of thousands years ago was a huge Bay of the Azov Sea, which stretched from the Taman Peninsula to the present Primorsko-Akhtarsk and further into the continent up to Krasnodar. Gradually, a bay bar was formed under the impact of the river and the sea, separating the sea from the bay; the bay turned into a lagoon, which was eventually filled with river sediments and became the low delta of the Kuban.



1,903 million kWh



575 MW



Position among Russian rivers



870 km



57,900 km²

Position among Russian rivers



425 m³/sec

9. Social Responsibility



- 9.1. HR Policy
- 9.2. Social Policy
- 9.3. Charity and Sponsorship
- 9.4. Safety and Environmental Protection
- 9.5. Social Responsibility and Corporate Sustainability Report

HR Policy

The Expert RA rating agency awarded A.hr rating (high level of employee attractiveness) to JSC RusHydro

Staffing with qualified and responsible managerial and engineering personnel is a major strategic objective that is the Company's focus in personnel management. The Company's HR policy addresses the following problems:

- attracting new employees with the necessary competencies, skills and knowledge, including young specialists;
- increasing employee loyalty;
- providing education and staff development.

The Rating Committee noted that the Company provides high quality professional development for its employees and helps

them upgrade their living standards. Positive factors, such as: the Company's average wage, a transparent system of allowances, bonuses and increments, a decent level and quality of employee social protection, a clear definition of criteria for career growth, the possibility of obtaining additional education and re-training at the Corporate Hydro-power University, as well as in external training centers, allowed the Company to receive the highest rating.

Characteristics of personnel structure

As of December 31, 2013, JSC RusHydro's headcount increased 3.3% and amounted to 6,305 employees (compared to 6,101 employees in 2012). Last year, the increase was due to the following factors:

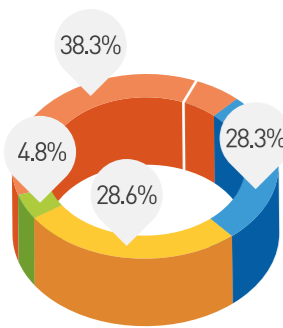
- connecting a hydro-power plant to the branch in North Ossetia;
- commissioning the first start-up facility of the second phase of the Zagorskaya PSPP

- employing personnel to meet Rostekhnadzor's requirements on strengthening responsibilities for equipment operation and improving power facility reliability.

The average duration of employment at the Company was 9.5 years (compared with 10.9 years in 2012). In 2013, the average monthly earnings of corporate employees grew 5.5% and stood at RUR 89,980.6 (compared to RUR 85,256 in 2012).

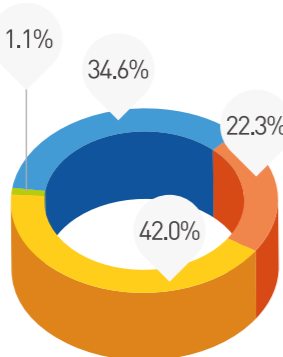
2013 JSC RusHydro Personnel Structure, %

by age



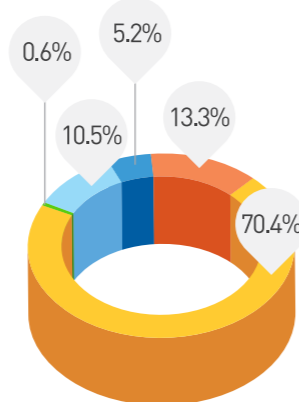
Under 25
25 – 35
35 – 45
45 and over – 38.3%,
out of them 6.1%
of employed pensioners

by categories



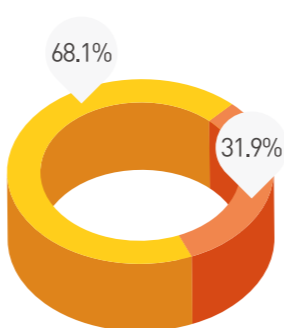
Office Personal
Workers
Executives
Specialists

by education



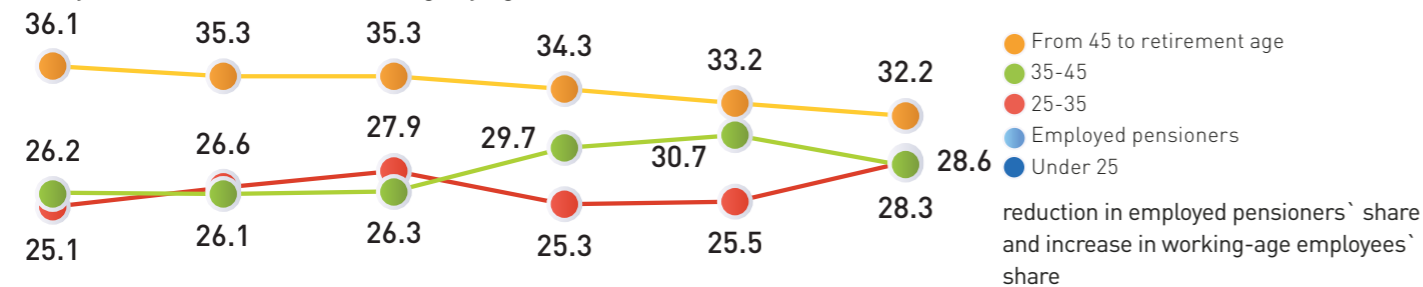
General Education
Secondary
Initial professional
Secondary professional
Higher

by gender

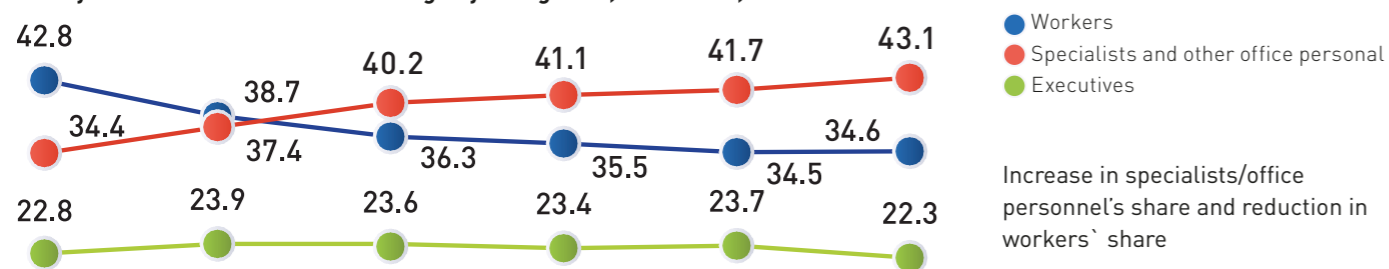


Men
Women

RusHydro Personnel Structure Change by Age, 2009-2013, %



RusHydro Personnel Structure Change by Categories, 2009-2013, %



RusHydro Personnel Structure Change by Education, 2009-2013, %



Developing Human Resource Potential

One of the Company's strategic priorities is to grow and develop human resources potential to successfully meet current and future targets, aims and objectives. The Company uses measures on forming personnel reserve, and developing an incentive and social support system that can

create a long-term competitive advantage to attract and retain qualified employees.

The Company has the Fast-Track Human Resource Development Concept – From New School to Workplace in which a Corporate

Elevator Program is created: Corporate Elevator – New School, Corporate Elevator – Higher Institutions/ Secondary Specialized College, Corporate Elevator – the Company.

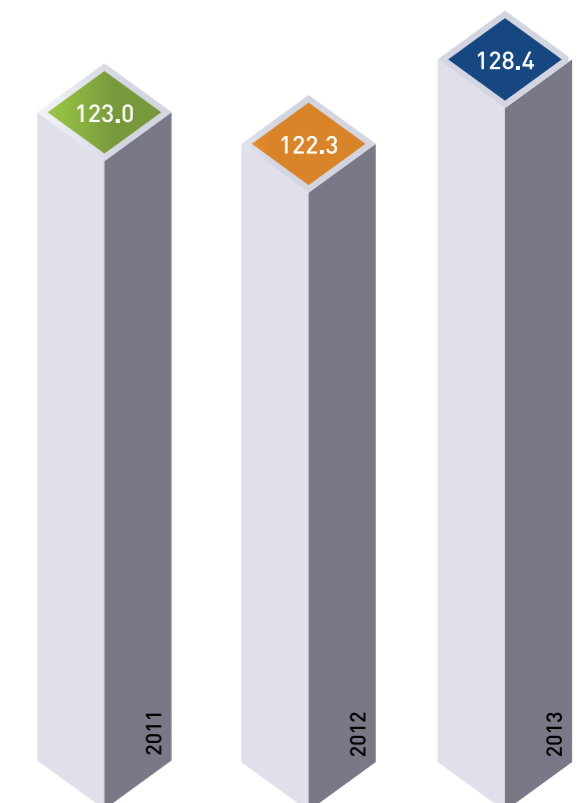
As part of the Program, the Company has target projects underway to develop key competencies for future hydro-power professionals starting from elementary school, activities aimed at offering guidance for middle and high school students, energy power training for students based on RusHydro's requirements, and efforts to create a corporate environment that promotes effective performance for the Company's young employees.

The Company has an ongoing employee training system, helping to grow the competencies of its personnel in line with their job requirements, and to rotate and transfer employees as part of developing a succession pool.

JSC RusHydro set up a branch – the Corporate Hydropower University (CorHUn), which is an active participant in the Company's educational initiatives and one of the key elements in the Company's knowledge management system. In its practice, the Corporate University develops and implements face-to-face and distance learning programs based on JSC RusHydro's competencies and carries out training of corporate employees. All programs for training HPP employees contain three disciplines: corporate, general professional and special.

Wide opportunities for professional personnel development (including simulator training) are offered by a new IT-based Training and Industrial Centers.

Expenditures on Human Resource Development, 2011-2013, RUR million



The Corporate Elevator Program Structure



Social Policy

In 2013, the Board of Directors approved JSC RusHydro's Social Policy. In this document, the Company addresses the problems of forming long-term human resource management as a major asset of staffing new facilities, performing production programs and attracting young profile professionals into the industry.

- family and maternal support;
- support to employees who took orphans in their families;
- socio-professional adaptation of children from orphanages.

Collective agreement

Caring about the well-being and social protection of its employees and their families is one of RusHydro's priorities. At each of its branches, the Company has a collective agreement in place. RusHydro offers its staff a strong social package, ensuring that the Company remains an attractive competitive employer on the labor market.

- Existing social programs, benefits, corporate payments and compensation:
- non-State pension coverage and voluntary insurance;
- additional paid days for family leave;
- material aid to branch employees, pensioners and their families;
- health resort treatment and rest for employees
- employee child care.

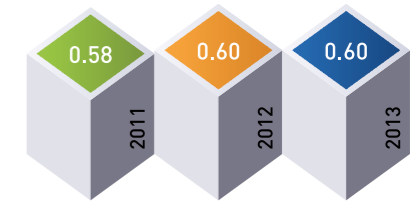
To implement the Action Plan for the development of Social Policy in 2013, the Company developed a new version of a model collective agreement for the Company's branches for 2014-2016, which included the current social package and new social programs:

Non-State pension coverage

In 2013, the current NPO Program of JSC RusHydro received the main award at the all-Russian competition for non-material motivation - first place in the category, "The best NPF project to attract/retain staff". GlobalForum held the competition within the auspices of the 7th Annual Conference "Compensation & Benefit Forum Russia - 2014". It is the largest event that brings together personnel management specialists from leading Russian and foreign companies operating in Russia.

The Program is designed to create a long-term system of non-State pension coverage under a single approach, with common goals and principles. The program is focused on providing both a decent standard of living for RusHydro's employees at retirement, and on effectively addressing personnel issues related to attracting, retaining and motivating personnel. The program is also designed to generate additional retirement savings for different target groups, especially employees with significant industry experience, who have received industry and State awards, and for employees with particular specializations where there is a labor shortage.

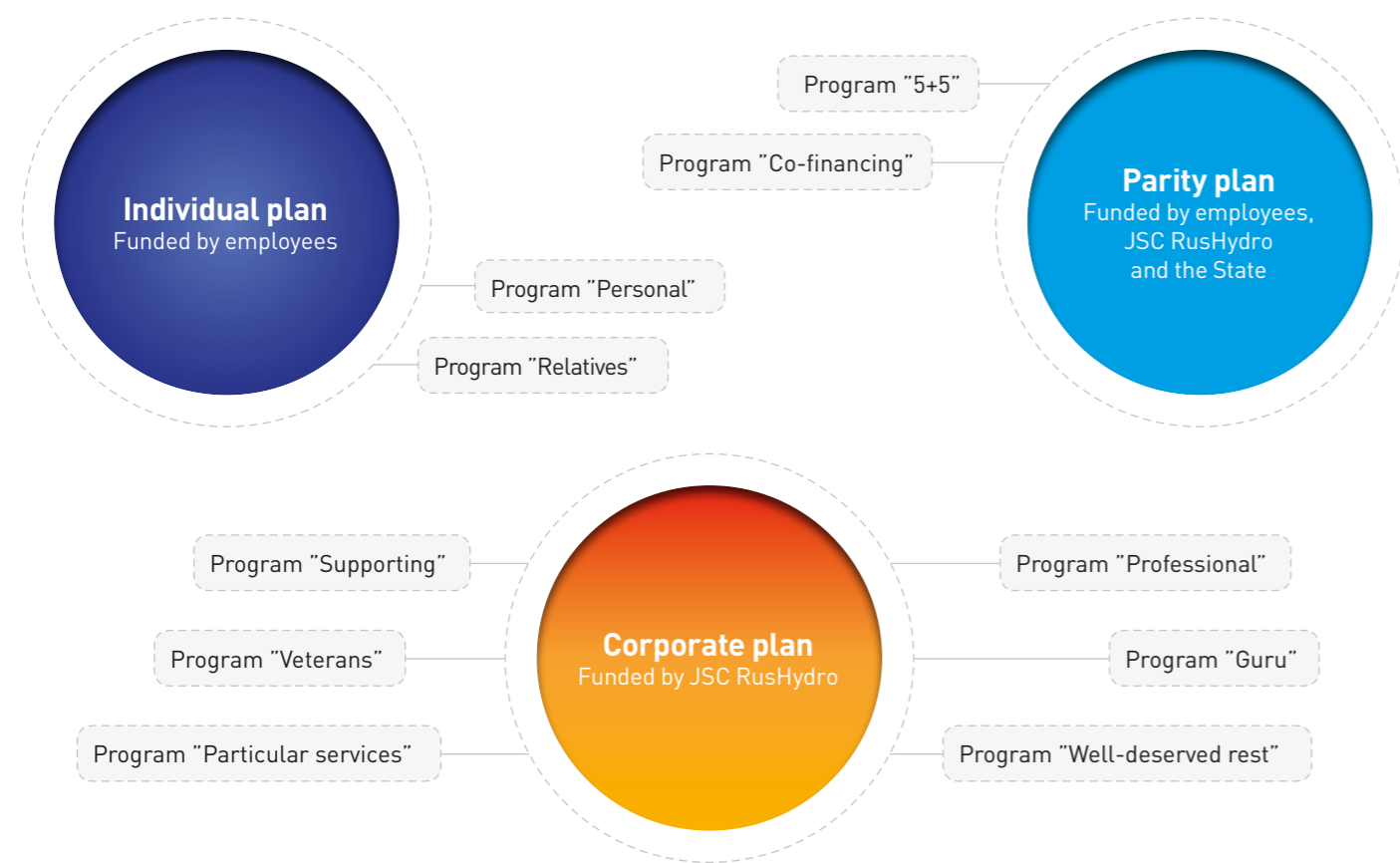
Expenditures on Social Policy, 2011-2013, RUR billion



* Excluding non-State pension coverage program expenses

Voluntary health insurance and voluntary accident and illness insurance

The Company annually revises and signs agreements for voluntary health insurance and voluntary accident and illness insurance to expand and upgrade the list of medical services available to employees. The program covers 100% of the Company's workforce. Under voluntary health insurance coverage, employees take advantage of out-patient medical treatment (including home visits by doctors), urgent and non-urgent hospital services, emergency medical services, healthcare services abroad, regular medical examinations and employee vaccinations, the start of treatment and preventive examinations in Russia's best medical facilities, and if necessary, in foreign clinics. The Company supports employees' acquisition of medical insurance for family members at competitive prices; the Company also provides informational support concerning the registration policy for compulsory health insurance.



Employee housing upgrade program

JSC RusHydro continues to implement the Employee Housing Improvement Program. The priority right to participate in the program is provided to young employees under the age of 30 who do not own a separate residential property, professionals who were offered branch positions and relocated from a different location, and to key and highly skilled professionals.

The main forms of corporate support in upgrading employee housing conditions are compensation for interest on mortgages and rental costs. In addition, the Company provided corporate support to all its employees in improving their housing conditions through the interaction of employees and credit, realtor and insurance organizations on better terms than market ones (lower mortgage interest, shorter time for

application processing, and providing favorable insurance rates).

Socio-professional adaptation of children from orphanages

The socio-professional adaptation program for children from orphanages has been implemented since May 2013 in the framework of the Advanced Human Resources Development Concept "From the New School to the workplace". This program helps children who have experienced loss or parents' refusal adapt to the orphanage and post-orphanage life and purposefully prepare for admission to industry-specific schools after graduation of which they will come to work for the Company. Children get acquainted with the specifics of the profession and have the opportunity to attend the Company's facilities. They are attended to by volunteers from the personnel of the RusHydro Group of companies.

In 2013, the Company was actively working with six orphanages: Orphanage Volzhskiy (Rybinsk), Volzhskiy Orphanage (Volzhskiy), Comprehensive Boarding School named after 37 Gvardeyskoy Strelkovoy Divizii (Volzhskiy), Orphanage Lastochka (Sayanogorsk), Orphanage No 3 (Perm), Orphanage Nadezhda (Kochubeyevskiy District, Balahonovskoye).

In the framework of the 2013 Program, the following areas of activities were identified:

- social, professional, spiritual and moral development of orphan children and children left without parental care;
- equipping orphanages with teaching aids, educational games;

- social support of the Program - introduction of the list of benefits, incentive payments for supervisors, mentors and other target groups of participants of the program;
- organization of volunteer movement among the Company's employees with the purpose of participating in the life of orphan children in the regions where JSC RusHydro operates;
- consulting, organizational and psychological support for the target group of the Program participants;
- interaction with industry-specific educational institutions;
- interaction with ministries, departments and other government bodies authorized to deal with orphans and children left without parental care.

In 2013, hydropower volunteers from the Company's employees conducted thirty events for 270 children from orphanages in Yaroslavl and Volgograd Regions, in Khakassia, in Perm and Stavropol Regions. During the year, the Company carried out training seminars and practical training for teachers and volunteers of the Program, the training business game "My Rights" for children from orphanages in the five regions. In December 2013, in JSC RusHydro a pre-New Year's charity event was held to raise funds for children from orphanages. The funds raised were

transferred to the Company's volunteers for holding the New Year's holidays for children from orphanages participating in the Program.

Public receptions

To implement a socially responsible position, JSC RusHydro has implemented large-scale support measures in connection with recent emergencies in the regions in which it operates. A (public reception) mechanism for collecting information on the need for assistance and the development of targeted support measures was devised and put into place. The aim of the public reception lies in ensuring direct access to JSC RusHydro's management for each employee (as well as a victim or any citizen).

Everyone, who applies to public reception, receives consultations and clarifications on matters relating to the possibility of obtaining legal benefits, compensation, material aid and assistance in addressing economic issues, sanatorium-resort treatment, education and employment, and placing children in kindergarten and organizing youth leisure, as well as about renovating and upgrading social infrastructure.

Public reception was introduced after the accident at the Sayano-Shushenskaya HPP (named after P.S. Neporozhny) in August 2009. A similar experience was gained during the liquidation of flooding consequences in 2013 in the Far East.

Interaction with regional authorities

Making social and economic cooperation agreements is one of the forms JSC RusHydro interacts with regional authorities to address socio-economic problems of the regions. At the end of the reporting year, 16 cooperation agreements were entered into with the following regions:

- The Republic of Altai;
- The Republic of Bashkortostan;
- The Republic of Dagestan;
- The Kabardino-Balkarian Republic;
- The Republic of North Ossetia-Alania;
- The Republic of Khakassia;
- The Krasnoyarsk Region;
- The Stavropol Region (two agreements);
- The Amur Region (two agreements);
- The Astrakhan Region;
- The Moscow Region;
- The Saratov Region;
- St. Petersburg;
- The Magadan Region.

In 2013, hydro-power volunteers from the Company's employees conducted thirty events for 270 children from orphanages in Yaroslavl and Volgograd Regions, in Khakassia, in Perm and Stavropol Regions.

Charity and Sponsorship

Social responsibility is an integral and important part of JSC RusHydro's activities. Fully involved in the economic and social life in the regions in which its facilities are present, the Company develops long-term programs to address societal humanitarian and educational problems.

Assistance to flood victims in the Far East

As part of implementing a full-scale assistance program to flood victims in the Far East, RusHydro Group has transferred more than RUR 245 million.

Based on a decision of the Company's Chairman of the Management Board, Evgeny Dod, to eliminate the consequences of abnormal flooding in the Far Eastern Federal District, the Company directed RUR 200 million. RUR 100 million out of these funds was transferred for the assistance of the Amur Region, which was the first region to be affected by the natural disaster, and RUR 50 million was transferred to both the Khabarovsk Region and the Jewish Autonomous Region.

JSC RusHydro took part in a charity event "All Together", organized by Channel One, and allocated RUR 20 million as a contribution to assisting the Far East.

Thanks to corporate employees who wished to transfer their one-day earning to help victims in the Far East, the Charity Fund "Awareness", under the auspices of JSC RusHydro, received more than RUR 9.4 million. The Company's subsidiaries, including the Holding JSC "RAO Energy System of East", transferred more than RUR 14 million to the Charity Fund "Awareness". JSC RusHydro's fund-raising initiative was supported by the Association of Employers in the Electricity Industry, the all-Russian Electric Trade Union and many power sector enterprises, that have transferred more than RUR 8 million to the Fund. In addition to the humanitarian aid, RusHydro Group has allocated an additional RUR 2.2 million.

From August 15 to November 1, JSC RusHydro's public reception processed data on victims and provide targeted assistance to them in Seya in the Amur Region, where the Zeyskaya HPP is located. Based on the results of its activities, more than 309 families received lump sum payments, including families of injured employees of the Holding JSC "RAO Energy System of East", in the total amount of RUR 13 million. The Company provided aid to four infrastructure sites most affected by the flooding in the Amur Region. The boarding school in the village of Ovsyanka was completely renovated and newly furnished. For this purpose, the Company transferred RUR 6.6 million. JSC RusHydro repaired the water intake from the Zeya River worth more than RUR 1.6 million. The Company acquired a special vehicle for sewage suction in Beregovoy worth RUR 979 thousand. The Company allocated RUR 7.5 million for the construction and renovation of the "Kolosok" kindergarten in the village of Ovsyanka.

JSC RusHydro has adjusted its charity and sponsorship program in connection with implementing the assistance program to flooding victims in the Far East. In addition, all funds intended for the purchase of gifts for the Company's partners were also transferred to support the Far East.

The Corporate Charity Fond "Awareness"

For the purpose of assisting employees and persons, who are particularly in need of corporate support, a Corporate "Charity Fund" Awareness" was established.

In 2013, the Fund implemented programs worth more than RUR 48 million;

namely assisting employees and other applied persons in handling difficult life situations, implementing target church restoration programs, helping religious organizations, renovating the profile chair of the Moscow Power Engineering Institute, and implementing assistance program to flooding victims in the Far East.

Motherhood and Childhood

In 2013, in the Saratov Region, JSC RusHydro acted as the patron for the construction of a new kindergarten "Ostrovok", which is equipped with state-of-the-art technologies of life support, sports and games facilities at playgrounds. To construct and equip the kindergarten, the Company transferred RUR 150 million.

In 2012, the "Born by Energy" project started. The project's main purpose is to provide maternity hospitals and maternity departments with costly diagnostic and rehabilitation equipment in cities in which the Company's facilities are located. Continuing this work in 2013, the Company allocated RUR 6 million to

Charitable and Sponsorship Activities, 2011-2013, RUR billion



purchase hematology analyzers which can promptly calculate a number of blood factors for newborns, computer devices for diagnosing the condition of a fetus during a high-risk pregnancy, artificial lung ventilators, an intensive phototherapy care system for newborns with jaundice, and an automatic defibrillator.

Last year, the Company continued to provide financial assistance for sponsored orphanages and boarding schools, comprehensive and music schools, and creative teams.

Last year, the Company continued to provide financial assistance for sponsored orphanages and boarding schools, comprehensive and music schools, and creative teams. To support social projects in the Karachay-Cherkessia Republic, the Company purchased equipment for the children's preschool institution, "Ogonyok", and the secondary comprehensive school in Pravokubansky (village), which was worth more than RUR 5 million.

Educational programs

The "Energy Development" contest of student works in the field of hydropower and renewables, which marked its fifth anniversary in 2013, is the basic educational project of the charity program. Over the years of the contest about 100 technical colleges have accepted the invitation to participate in it and more than 500 undergraduate and graduate students have submitted their works. According to the results of the project, more than 30 participants from the winners decided to link their professional path with hydropower. In 2013, 7 research topics related to the Company's real research works and projects were presented.

With the financial support of JSC RusHydro, the publishing house DETGIZ released an

informative book "Water is unusual in the usual" for secondary and high school-aged children. The book presentation took place in all regions where the Company operates and a large part of the circulation was given to the children's homes, schools and libraries.

Ecology

The principal priority of JSC RusHydro is high environmental responsibility. As part of the environmental program, the Company implements large-scale social, humanitarian, and awareness-raising programs, as well as environmental actions and projects in the regions in which it operates. For a ninth consecutive year the Company holds a federal environmental campaign "oBEREGAI" devoted to cleaning up rivers and reservoirs, taking care of the coastal areas, getting to know the role of hydro power plants in the regulation of water regimes, as well as to forming young people's responsible attitude towards nature. In 2013, the Company's employees and volunteers collected 5,270 bags of garbage. In cooperation with the reserves, the Company organizes environmental tour itineraries, ecological trails, and develops recreation zones, as well as provides support for biological diversity and the natural habitat of rare and endangered animal and plant species. In 2013, the Company allocated approximately RUR 8 million for these purposes.

Sports

RusHydro has cooperated with the Russian Whitewater Federation for 6 years. During this time, the Company has helped organize an all-Russian competition at a high level and has supported this sport in some Russian regions.

In 2013, the Company continued to support Football Club Alania activities, namely financing the Club's current activities and developing the Children and Youth Football School of the North Caucasus and the South of Russia.

Children's sports development in the regions in which the Company operates is also a very important part of the charity program and includes renovating and upgrading sports grounds and organizing competitions at different levels.

Cultural and Historic Heritage

The Company attaches great importance to preserving cultural and historical heritage and renovating Christian shrines. In 2013, assistance for various religious organizations amounted to more than RUR 50 million. With the participation of JSC RusHydro, a new Cathedral to honor the Annunciation of the Blessed Virgin Mary was constructed on the territory of the Holy Trinity Seraphim-Diveevo Monastery. The Charity Program's funds were directed

In 2013, assistance for various religious organizations amounted to more than RUR 50 million.

to restoring the Church of the Tikhvin Icon of the Mother of God, renovating the Ascension of the David Desert Monastery and restoring the Assumption Cathedral of the Joseph-Volotsky Monastery.

In the past year, the Company continued to collaborate with the Russian Geographical Society. The Company has assisted in forming a grant fund for carrying out thematic research expeditions and compiling a cartographic encyclopedia of Russia.

Safety and Environmental Protection

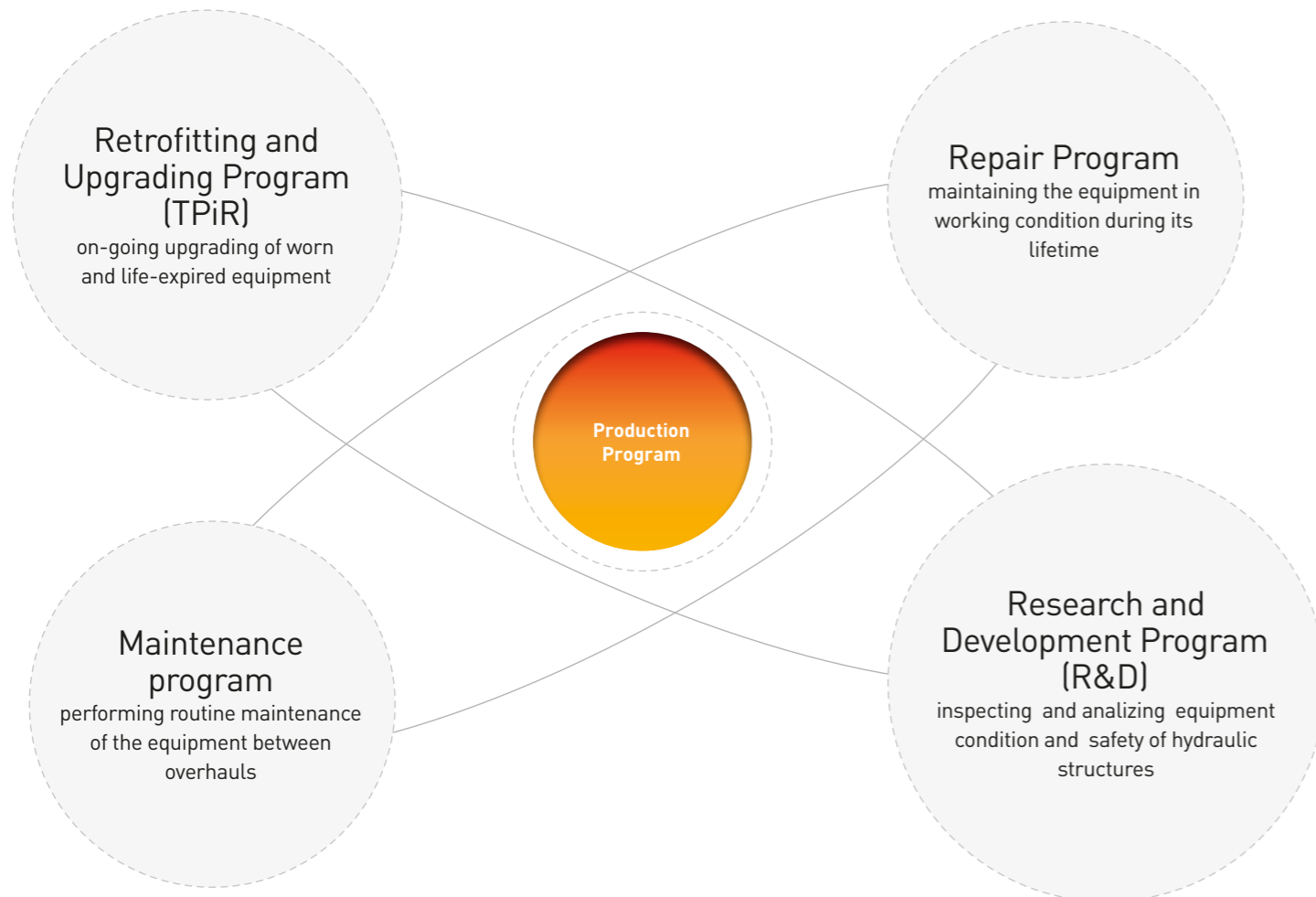
Ensuring a reliable energy supply and the safe operation of equipment and hydro-power engineering for the population and the environment is one of the key strategic objectives of JSC RusHydro.

Approaches used to ensure energy supply reliability and the safety of equipment, buildings and structures are fixed in provisions of JSC RusHydro's Technical Policy, which came into force in 2011. The instrument used to implement the Technical Policy is the Production Program, which consists of several sub-programs.

The Production Program is developed based on the results of evaluating equipment condition, the forecasts of energy consumption in the regions and

the water content of rivers, as well as the requirements of industry standards. The Program's activities are planned for the medium (6 years) and long-term (15 years).

To identify and analyze insurance risks at production assets, the Company conducts surveys (independent technical expertise), and introduces a system of key performance indicators (KPIs) and limits (control figures), including monitoring how the object can be protected in the event of natural disasters.



2013 Implementation of the Production Program

	2013 Plan, RUR million	Program performance, RUR million	Execution, %
Technical Rehabilitation and Reconstruction Program	27,096.8	25,257.4	93.20
Repair Program	2,766.6	2,610.1	94.3
Maintenance Program	884.3	806.7	91.2
R&D Program	666.2	632.8	95.0

Comprehensive Modernization Program of power generating facilities

The main problem of the Russian hydro-power industry is high equipment wear. In 2011, the Board of Directors approved a Comprehensive Modernization Program (CMP) for the generating facilities of JSC RusHydro for the 2012-2025 period. Its objective is to maintain the reliability and safety of the Company's generating facilities in the long run.

Policy of ensuring safety for the production processes

Ensuring reliable and safe energy production is one of the Company's major problems. To address this problem, the Company implements the Policy of Ensuring Safety for Production Processes.

Basic principles of the Policy of Ensuring Safety for the Production Processes



In 2013, as part of the Program of Operational Actions to Prevent Industrial Injuries at the Facilities of JSC RusHydro, the Company has implemented measures in occupational safety and health and production safety:

- upgrading the quality of safety inductions and initial trainings, carried out by occupational safety and the health and production monitoring divisions in generating branches, on occupational and fire safety for organizations-contractors' employees and monitoring the organization of safe working conditions at the facilities;

- holding monthly conference calls with the personnel of occupational safety and health and production monitoring divisions of the branches and subsidiaries on issues related to production activities;

- introducing a new level of the single corporate system of production monitoring for compliance with safety standards;
- introducing the comprehensive emergency database registrar (KRAB-3), which can upgrade the efficiency of monitoring processes via the automation of recording, analysis and scheduling of the performance of

measures pertaining to occupational, production and fire safety as prescribed by the government, and departmental and corporate supervisory bodies;

- conducting technical audits of the Company's facilities: the Upper Volga HPP Cascade, the Cheboksarskaya HPP, the Volzhskaya HPP, the Zhigulevskaya HPP and the Ust-Srednekanskaya HPP.

Occupational safety and health and production monitoring

The Company has implemented an information system "Production Monitoring of JSC RusHydro". This system is an integral part of the production monitoring system "Monitoring" of the Federal Service for Ecological, Technological and Nuclear Supervision (Rostekhnadzor) and forms a single information space between JSC RusHydro and Rostekhnadzor in the field of industrial safety. The system unified and enhanced the quality of the preparation processes and reporting in a timely manner concerning production safety at the Company's hazardous production facilities.

The Company has a modern occupational safety and health management system, which is being updated to reflect changes in federal legislation in this area, as well as structural changes within the Company. The Company annually implements measures related to preventing accidents, carrying out sanitary and hygienic measures to prevent workplace diseases, improving general working conditions, and providing employees with individual protection equipment, as well as certifying employee workplaces.

Environmental Policy

RusHydro is one of Russia's largest electricity producers, providing consumers

with highly effective, environmentally-friendly energy from renewable sources.

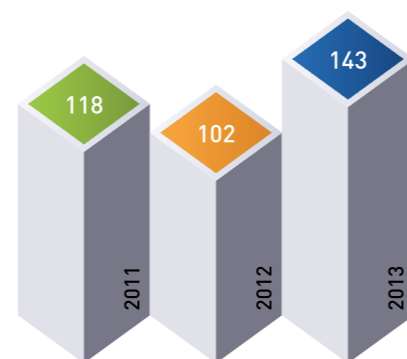
The Environmental Policy of RusHydro defines environmental protection as one of the most important and ongoing priorities, following the general principles of environmental safety, as well as continuously upgrading both the Company's environmental performance and its management system.

The Company fulfills Russian legislative requirements in the field of environmental protection; participates in the performance of Russia's obligations that arise from international conventions in the field of environmental protection, as ratified by the Russian Federation; and aims to continually reduce its (negative) influence on the environment and to prevent environmental pollution.

The Company develops and implements standards in the environmental safety sphere. Also, in the environmental safety sphere, the following projects have been implemented by the Company:

- developing effective methods to protect the flow of the HPP from forming river-borne zebra mussels;
- increasing HPP eco-efficiency with hydro-power units that allow fish passage through the hydro-power tract;

Expenditures on Occupational Safety and Health, 2011-2013, RUR million



- parameter ground of under construction and operated reservoirs of the HPP on greenhouse gas emissions;
- optimizing the usage of environmentally-friendly lubricants in hydro-power turbines.

The introduction of new techniques and technologies is subject to environmental policy requirements, in terms of reducing the negative impact of the Company's technical system on the environment across all stages of the life cycle, including its impact on the aquatic environment.

RusHydro Group's Sustainable Development Report

To provide more details about RusHydro's sustainable development, the Company prepares its Sustainable Development Report, which covers the most notable corporate achievements in the economic, environmental and social spheres.

The 2012 Report received public acknowledgment from the Council on Non-financial Reporting of the

Russian Union of Industrialists and Entrepreneurs (RSPP). Experts emphasized that the Report reflects the Company's contribution to socio-economic development in the regions in which it operates. JSC RusHydro Group's enterprises provide the infrastructure base for many of these regions' economic development. Constructing new hydro-power facilities, creating power generation complexes, developing

mechanical and industrial engineering and improving regional energy efficiency were highlighted as key activity areas for regional development.

For a second consecutive year, the Social Report received public acknowledgment from RSPP, proving the Company's consistency in developing a reporting process and ensuring the transparency of its activities.

Contacts and Administrative Details

Full name:	Открытое акционерное общество "Федеральная гидрогенерирующая компания - РусГидро"
Abbreviated name:	ОАО "РусГидро"
Full name in English:	"Open Joint-Stock Company Federal Hydro-Generating Company - RusHydro"
Abbreviated name in English:	JSC RusHydro
Primary State registration number (OGRN)	1042401810494
Individual taxpayer number (INN)	2460066195
Tax registration reason code (KPP)	997450001
General classifier of enterprises and organizations (OKPO)	75782411
Russian Classification of economic activities (OKVED)	40.10.12
Location:	51 Respubliki Street, Krasnoyarsk, the Krasnoyarsk Region, Russia, 660075
Mailing address:	7 Malaya Dmitrovka Street, Moscow, Russia, 127006
Telephone:	+7 (800) 333-8000
Fax:	+7 (495) 225-3737
E-mail:	office@rushydro.ru
Internet address in Russian:	www.rushydro.ru
Internet address in English:	www.eng.rushydro.ru

Bank Details	
Current account:	40702810800205771190
Bank:	JSC JSCB EUROFINANCE MOSNARBANK, Moscow
BIC:	044525204
Correspondence account:	30101810900000000204

Shareholder relations	
Hotline Telephone	+7 (800) 555-9997 (free for residents of all Russian regions)
Electronic mail:	rushydro@rrost.ru
Corporate Governance Department, Corporate secretary	Maxim Valentinovich Zavalko
Telephone	+7 (495) 225-3232, ext. 1025
Email	corpupr@rushydro.ru

Registrar	
Full name:	Open Joint Stock Company Registrar R.O.S.T.
Abbreviated name:	JSC Registrar R.O.S.T.
Location:	13 Stromynka Street, Building 18, Moscow, Russia
Mailing address:	P.O. Box 9, 18 Stromynka Street, Moscow, Russia, 107996
Telephone:	+7 (495) 771-7335
Fax:	+7 (495) 771-7334
E-mail:	rost@rrost.ru
Internet address:	www.rrost.ru
License No.:	10-000-1-00264 as of December 3rd, 2002

Investor relations

IR Department:	Alexander Yevgenyevich Goldin
Telephone:	+7 (800) 333-8000, +7 (495) 225-3232 ext.1319
IR Department:	Timur Gumyarovich Ahmedjanov
Telephone:	+7 (800) 333-8000, +7 (495) 225 3232 ext.1607
E-mail:	ir@rushydro.ru

Media relations

Press Secretary	Yelena Gennadyevna Vishnyakova
Telephone:	+7 (800) 333-8000, ext. 1099
E-mail:	pr@rushydro.ru

Depository Bank (Depository Receipt)

Full name:	The Bank of New York Mellon	
	Roman Kumitts	Maria Mozhina
Telephone:	+1(212) 815 5984	+1(212) 815 28 46
E-mail:	roman.kumitts@bnymellon.com	maria.mozhina@bnymellon.com

Depository (bonds)

Full name:	National Settlement Depository	
Abbreviated name:	NSD	
Location:	12, Spartakovskaya St., Moscow 105066, Russia	
Telephone:	+7 (495) 234-48-27	
Fax:	+7 (495) 956-09-38	
E-mail:	bonds@nsd.ru	
Internet address:	www.nsd.ru	

Auditor

Full name:	Closed Joint Stock Company PricewaterhouseCoopers Audit	
Abbreviated name:	CJSC PwC Audit	
Location:	10 Butyrsky Val Street, Moscow, Russia, 125047	
Telephone:	+7 (495) 967-6000	
Fax:	+7 (495) 967-6001	
E-mail:	pwc.russia@ru.pwc.com	
Internet address:	www.pwc.ru	

Branches

Branch Name	Location and Contact Information
The Bureyskaya HPP Branch	Talakan, the Bureysky District, the Amur Region, Russia Telephone +7) 41634 5 23 59 http://www.burges.rushydro.ru/
The Volzhskaya HPP Branch	1a Lenina Prospect, Volzhsky, the Volgograd Region, Russia Telephone +7) 8443 34 13 13 http://www.volges.rushydro.ru/
The Votkinskaya HPP Branch	Chaykovsky, the Perm Region, Russia Telephone +7) 34241 7 03 59 http://www.votges.rushydro.ru/

The Dagestan Branch	5 M. Khalilova Street, Kaspiysk, the Republic of Dagestan, Russia Telephone: +7) 8722 55 06 05 http://www.dagestan.rushydro.ru/
The Zhigulevskaya HPP Branch	Zhigulevsk, the Samara Region, Russia Telephone: +7) 84862 7 93 59 http://www.zhiges.rushydro.ru/
The Zagorskaya PSPP Branch	100 Bogorodskoye, the Sergiev-Posad District, the Moscow Region, Russia Telephone: +7) 495 957 26 52, +7) 49654 5 35 18 http://www.zagaes.rushydro.ru/
The Zeyskaya HPP Branch	Zeya, the Amur Region, Russia Telephone: +7) 41658 2 45 31 http://www.zges.rushydro.ru/
The Kabardino-Balkarian Branch	1a Mechiyeva Street, Kashkhatau, the Chereksky District, the Kabardino-Balkar Republic, Russia Telephone: +7) 8662 77 94 05 http://www.kbf.rushydro.ru/
The Kamskaya HPP Branch	The Kamskaya HPP, Perm, Russia Telephone: +7) 342 273 46 84 http://www.kamges.rushydro.ru/
The Karachaevo-Cherkessian Branch	Pravo-Kubansky, the Karachai-Cherkess Republic, Russia Telephone: +7) 8782 26 70 40 http://www.kchf.rushydro.ru/
The Cascade of the Verkhnevolzhskiy HPPs Branch	Rybinsk, the Yaroslavl Region, Russia Telephone: +7) 4855 29 74 59 http://www.kvvges.rushydro.ru/
The Cascade of the Kubanskiye HPPs Branch	360a, Vodoprovodnaya Street, Nevinnomyssk, the Stavropol Region, Russia Telephone: +7) 86554 6 80 01 http://www.kkges.rushydro.ru/
Branch "CorUnG"	49 Architect Vlasov Street, Moscow, Russia Telephone: +7 495 225-32-32, ext. 4008 http://www.korong.rushydro.ru/
The Nizhegorodskaya HPP Branch	14 Privokzalnaya Street, Zavolzhye, the Gorodetsky District, the Nizhny Novgorod Region, Russia Telephone: +7) 83161 7 96 79 morevasf@nigges.vohec.ru http://www.nizhges.rushydro.ru/
The Novosibirskaya HPP Branch	4 Novomorskaya Street, Novosibirsk, Russia Telephone: +7) 383 345 95 55 http://www.nges.rushydro.ru/
The Saratovskaya HPP Branch	The Saratovskaya HPP, Balakovo, the Saratov Region, Russia Telephone: +7) 8453 44 20 65 http://www.sarges.rushydro.ru/
The Sayano-Shushenskaya HPP named after P.S. Neporozhniy Branch	Cheremushki, Sayanogorsk, the Republic of Khakassia, Russia Telephone: +7) 39042 3 26 27 http://www.sshges.rushydro.ru/
The Northern Ossetian Branch	63 Vaso Abayev Street, Vladikavkaz, the Republic of North Ossetia – Alania, Russia Telephone: +7) 8672 53 66 34 http://www.osetia.rushydro.ru/
The Cheboksarskaya HPP Branch	34 Naberezhnaya Street, Novocheboksarsk, the Chuvash Republic, Russia Telephone: +7) 8352 73 75 06 http://www.cheges.rushydro.ru/

Glossary of Key Terms and Abbreviations

Company	JSC RusHydro, including its branches and executive office
Holding company	JSC RusHydro, including its subsidiaries and dependent companies (SDCs)
The Holding JSC "RAO Energy System of East"	JSC RAO Energy System of the East
SDCs	Subsidiaries and dependent companies - entities, in which another (main) economic entity due to its majority or greater participation in the charter capital or in accordance with a concluded agreement or in another way, has the opportunity to determine decisions adopted by said entities.
JSC RAO UES of Russia	The Russian energy company (until July 1st, 2008). Full name - Open Joint Stock Company Unified Energy System of Russia. The Company previously united almost all Russia's energy sector under its umbrella. JSC RAO UES of Russia ceased to exist as of June 30th, 2008 due to comprehensive energy sector reform
WGCs	Generating companies of the wholesale electricity market (WEM) – companies formed on the basis of power plants.
TGCs	Territorial generating companies – companies formed during the inter-regional integration of generating assets of JSC-energy (regional generating companies), except generating assets that are included in OGK(s)
IES	Integrated Energy System (IES) – aggregated production and other electricity property assets, connected via a unified production process (including production in the form of the combined generation of electrical and thermal energy) and the supply of electrical energy under conditions of a centralized operating and dispatch management.
HPP	Hydro-electric power plant – the power plant as a unified production and technological complex, combining hydro-technical constructions and equipment that transforms mechanical energy from water into electric energy. In the text of the annual report, except when otherwise noted, tidal power stations and PS HPPs are included as HPPs
PS HPP	Pump storage hydro-electric power plant – pump-storage power plant, which works by transforming electricity from other power plants into the potential energy of water; during reverse transformation, accumulated energy is contributed to the energy system primarily to cover deficits that may occur during peak load periods
HTC	Hydro-technical constructions – dams, hydro-electric power plant constructions, spillways, drain and water-discharge constructions, tunnels, channels, pumping stations, navigation locks, boat lifts; buildings used to protect from floods and the destruction of water reservoir shores; dam constructions, protecting the liquid waste reservoirs of production and agricultural organizations; devices that protect against washing-away and other constructions designed to use water resources and to prevent any negative impact from water and liquid waste
RES	Renewable energy sources – examples include: hydro, solar, wind, geo-thermal, hydraulic energy, energy from water currents, waves, tides, the temperature gradient of sea water, temperature differences between air masses and the ocean, heat from the Earth, animal bio-masses and vegetable and household waste
WPS	Wind electric plants include two and more wind energy installations designed for conversion of wind energy into electric energy and its transmission to consumers
FTS	Federal Tariff Service
WEM, WECM	Wholesale electricity market (capacity) – sphere for turnover of electrical energy (capacity) within the framework of Russia's integrated energy system within the country's unified economic space with the participation of large electricity producers and consumers that have the status of wholesale market objects, confirmed in full accordance with the Russian Federal Law "On the electric power industry" (by the Russian Government). The criteria for including large electricity producers and consumers in the category of large producers and large consumers are also established by the Russian government
Installed capacity	Total nominal active capacity of generators at electric power plants which are part of the Group's structure

NM WEM	The new model of the wholesale electricity and capacity market foresees the transformation of the regulated sector of the wholesale market into a system of regulated contracts (RCs), concluded by wholesale market participants. Electricity and capacity will be sold under RCs. The volume of electricity not sold under RCs will be sold/purchased at free prices on the "day-ahead market" (at prices established as a result of the competitive choice of price applications and with free agreements, where prices are regulated by participants in the agreement(s)). At the same time, if the volume from the price application of purchases did not undergo competitive choice on the day-ahead market, the purchaser will have to buy the respective volumes for consumption on the balancing market
RC	Regulated contracts are concluded by participants in the wholesale market for a term of 1 to 3 years. The prices in each of these agreements are tariffs for energy suppliers and capacity set by the Russian FTS. The primary condition of the RC is "take or pay". The supplier has to provide the agreed upon amount of electricity (capacity) and (only for electricity) buy in the market at competitive prices on either the day-ahead market or via a free bilateral agreement. The purchaser has to pay for the agreed upon amount independent of its own planned consumption
MW	Megawatt – a unit of measurement for electrical capacity
kWh	Kilowatt-Hour – a unit of measurement for produced electricity
Gcal	Gigacalorie – a unit of measurement for heating energy
Gcalh	Gigacalorie-Hour - a unit of measurement for heating power



APPENDICES

JSC RusHydro' ANNUAL REPORT 2013

Location: 51 Respubliki Street, Krasnoyarsk, the Krasnoyarsk Region, Russia, 660075

INN 2460066195

OGRN 1042401810494

Registration date: December 26th, 2004

The Zheleznodorozhsky Inspectorate of the Ministry of Taxation of the Russian Federation, Krasnoyarsk, the Krasnoyarsk Region

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Report on compliance with the UK Code on Corporate Governance

		Mandate	Compliance
		SECTION A: LEADERSHIP	
A.1	The Role of the Board	Every company should be headed by an effective board which is collectively responsible for the long-term success of the company	Complies
A.2	Division of Responsibilities	There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision	Complies
A.3	The Chairman	The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role	Complies
A.4	Non-executive Directors	As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy	Complies
		SECTION B: EFFECTIVENESS	
B.1	The Composition of the Board	The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively	Complies
B.2	Appointments to the Board	There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board	Complies
B.3	Commitment	All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively	Complies
B.4	Development	All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge	Partially complies
B.5	Information and Support	The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties	Complies
B.6	Evaluation	The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors	Does not comply (The requirement is not feasible in the Russian Federation)
B.7	Re-election	All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance	Complies
		SECTION C: ACCOUNTABILITY	
C.1	Financial And Business Reporting	The board should present a balanced and understandable assessment of the company's position and prospects	Complies
C.2	Risk Management and Internal Control	The board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems	Complies
C.3	Audit Committee and Auditors	The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the company's auditor	Complies
		SECTION D: REMUNERATION	
D.1	The Level and Components of Remuneration	Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully, but a company should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance	Complies
D.2	Procedure	There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration	Complies
		SECTION E: RELATIONS WITH SHAREHOLDERS	
E.1	Dialogue with Shareholders	There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place	Complies
E.2	Constructive Use of the AGM	The board should use the AGM to communicate with investors and to encourage their participation	Complies

Compliance Report on the Russian Corporate Governance Code

N	Corporate Governance Code Standard	Compliance / Non-Compliance
The General Meeting of Shareholders		
1.	Shareholders shall be notified of holding the General Meeting of Shareholders at least 30 days before the date when it is scheduled to be held, regardless of matters included on its agenda, unless the legislation provides for a longer period	Complies Subject to Item 10.11. of the Company Charter ¹ notice of the General Meeting of Shareholders shall be published in the Rossiyskaya Gazeta newspaper, and posted on the corporate website no later than 30 days prior to the meeting
2.	The list of persons eligible to attend the General Meeting of Shareholders shall be available to shareholders for viewing from the date when notice of the General Meeting of Shareholders is given and until the meeting is closed or, in the case of a meeting in absentia, until the final date for acceptance of ballots	Complies Subject to Item 5.2.1. ² any person seeking to review the list of participants must be authorized to participate in the General Meeting of Shareholders and must hold at least one percent of the shares
3.	Information (materials) that must be provided during the period of preparation for the General Meeting of Shareholders shall be available to shareholders via electronic communication facilities, including the Internet	Complies Subject to Item 10.12 of the Company Charter materials and information on matters in the agenda of the General Meeting of Shareholders are posted on the corporate website no later than 30 days prior to the meeting
4.	Any shareholder should be able to propose any business to be included on the agenda of a general meeting of shareholders or to request convening of a general meeting of shareholders without presentation of an excerpt from the shareholder register, if his/her/its title to stocks is recorded in the system for maintaining the shareholder register. If his/her/its title to stocks is recorded on a securities account, an excerpt from the securities account will be sufficient for exercise of the aforementioned title	Complies Article 11 of the Company Charter and Article 5 of the Regulations on the Procedure for Convening and Holding the General Shareholders Meeting state the procedure for submitting proposals to include matters in the agenda. Article 10 of the Company Charter states: an Extraordinary Meeting of Shareholders can be held at the request of shareholders (a shareholder) who own(s) not less than 10 percent of the Company's voting shares
5.	The charter or corporate documents of the joint stock company should require presence of the General Director, Management Board members, members of the Board of Directors, members of the Internal Audit Commission, and the Company's auditor at the General Meeting of Shareholders	Partially complies Subject to Item 5.2.2. of the Corporate Governance Code members of the Board of Directors, Executive Bodies and the Internal Audit Commission and the Company's auditor are given the opportunity to attend the General Meeting of Shareholder
6.	Candidates should be present when the General Meeting of Shareholders elects members of the Board of Directors, the General Director, members of the Management Board, and members of the Internal Audit Commission, and also when the Company's auditor is appointed	Partially complies Subject to Item 5.2.2. of the Corporate Governance Code candidates to be elected to the Board of Directors, the Internal Audit Commission and when the Company's auditor is appointed should be invited to the Company's General Meeting of Shareholders being held for such purpose, and are usually present at such meeting
7.	Internal documents of the Company should contain a procedure for registration of persons attending the General Meeting of Shareholders	Complies Item 6.1. of the Regulations on the procedure for preparing and holding the General Meeting of Shareholders, approved by the General Meeting of Shareholders on June 28, 2013 ³ states the Procedure for registration of participants attending the General Meeting of Shareholders
The Board of Directors		
8.	The Charter of the Company should include authority of the Board of Directors to approve financial and business plans of the Company on an annual basis	Complies Items 14, 12.1. of the Company Charter requires the Board of Directors to approve or update a Business Plan of the Company as well as review the report on its implementation that are within its competence; On April 28, 2009 the Board of Directors approved the Company's Standard "Business Planning System", according to which the Company's business plan is approved by the Board of Directors on an annual basis.

¹ Charter of JSC RusHydro is posted on the website at: <http://www.rushydro.ru/upload/iblock/74b/ustav-2013.pdf>

² The Corporate Governance Code of JSC RusHydro is posted on the website at: http://www.rushydro.ru/file/main/global/investors/disclosure/documents/Kodeks_korporativnogo_upravleniya_RusGidro_-_4_redakciya.pdf

³ The Regulations on the procedure for convening and holding the General Meeting of Shareholders of JSC RusHydro is posted on the Company's website at: <http://www.rushydro.ru/upload/iblock/cc9/Polozhenie-ob-OSA-2013.pdf>

9.	A risk management procedure for the Company, approved by the Board of Directors, should be in place	Complies On December 30, 2010 the Board of Directors (Minutes as of December 30, 2010 No 116) established an Internal Control and Risk Management Policy of JSC RusHydro ⁴ .
10.	The Charter of the Company should include the right of the Board of Directors to suspend the authority of the General Director, who was appointed by the General Meeting of Shareholders	Complies Subject to Article 12 of the Company Charter matter to elect or terminate the authority of Chairman of the Management Board is within the competence of the Board of Directors.
11.	The Charter of the Company should include the right of the Board of Directors to set requirements as to the level of qualifications and amount of remuneration payable to the General Director, members of the Management Board, and managers of main structural divisions of the Company	Partially complies Articles 12, 17 of the Company Charter authorize the Board of Directors to establish the level of remuneration to be paid to Chairman and members of the Management Board
12.	The Charter of the Company should include the right of the Board of Directors to approve the terms and conditions of agreements with the General Director and members of the Management Board	Partially complies Articles 12, 17 of the Company Charter provides for the right of the Board of Directors to approve the terms of the contract with Chairman of the Management Board
13.	The Charter or internal documents of the Company should require that board votes of the General Director and members of the Management Board are not taken into account in voting on terms and conditions of agreements with the General Director (management company, manager) and members of the Management Board	Not comply The Charter or internal documents of the Company do not contain aforementioned requirements.
14.	The Board of Directors of the Company should include at least 3 independent directors who meet requirements of the Corporate Code of Conduct of the Federal Commission for the Securities Market	Complies On June 28, 2013 at the General Meeting of Shareholders the Board of Directors elected six independent directors who meet requirements of the Corporate Code of Conduct of the Federal Commission for the Securities Market: <ol style="list-style-type: none"> 1. Danilov-Danilyan Viktor Ivanovich; 2. Morozov Denis Stanislavovich; 3. Berndt Kristian Andreas, PhD; 4. Bugrov Andrey Evgenievich; 5. Ivanov Sergey Nikolaevich; 6. Shishin Sergey Vladimirovich.
15.	Absence of the Board of Directors members, who were ever found guilty of any economic crime or crime against government, the interests of government or local authorities, or if they have been subject to any administrative penalties for violations in the sphere of business and finance, taxation, or the securities market	Complies The Board of Directors of the Company does not include aforementioned persons
16.	Absence of the Board of Directors members, if they are a shareholder, general director (manager), member of any management body or employee of a legal entity, which is a competitor of the Company	Complies
17.	The Charter of the Company should require the Board of Directors to be elected by cumulative voting	Complies Subject to Item 13.2 of the Company Charter, Item 6.4.2 of the Regulations for the procedure on preparing and holding the General Meeting of Shareholders and the Federal Law "On Joint Stock Companies" election of the Board of Directors shall be made by the General Meeting of Shareholders with cumulative voting
18.	Internal documents of the Company should require members of the Board of Directors to refrain from any actions that will or may potentially cause a conflict between their interests and the interests of the Company, and to disclose information if such a conflict arises	Complies Item 4.1.6 of the Corporate Governance Code states that members of the Board of Directors shall be obliged to refrain from any actions that may cause a conflict between their interests and the interests of the Company. If such a conflict arises a member of the Board member shall be obliged to disclose the information to other members of the Board, as well as to abstain from voting on the relevant matters
19.	The internal documents of the Company should require members of the Board of Directors to notify the Board in writing of their intention to close any transactions with	Partially complies Subject to the Company's Regulations on insider information of JSC RusHydro ⁵ , approved by the Board of Directors on August 10, 2012

⁴ Internal Control and Risk Management Policy of JSC RusHydro is posted on the Company's web site at: http://www.rushydro.ru/file/main/global/investors/disclosure/documents/Politika_SVKiUR_SD_29122010.pdf

⁵ <http://www.rushydro.ru/upload/iblock/fb1/prilozhenie--1-k-protokolu--158-ot-10.08.2012.pdf>

	securities of the Company or of its subsidiary (dependent) companies, and to disclose any information on transactions closed by them with such securities	(Minutes as of August 10, 2012 No 158) members of the Board of Directors shall be obliged to notify the Company within 10 working days from the date of transactions in securities of the Company.
20.	The internal documents of the Company should require the Board of Directors to hold meetings at least once every six weeks	Complies Item 5.1. of the Regulations on the procedure for convening and holding meetings of the Board of Directors ⁶ states that meetings of the Board of Directors shall be held in accordance with the operations plan approved by the Board of Directors or as necessary but at least once every quarter. In fact, meetings of the Board of Directors are held one-two times a month.
21.	The Board of Directors of the Company should meet at least once every six weeks in any year, for which the Company annual report is compiled	Complies In 2013, 22 meetings of the Board of Directors were held
22.	The internal documents of the Company should contain procedures to be followed at meetings of the Board of Directors	Complies The Regulations on the procedure for convening and holding meetings of the Board of Directors approved by the General Meeting of Shareholders on June 28, 2013 (Minutes as of June 28, 2013 No 11) is in place
23.	Internal documents of the Company should stipulate that any transactions by the Company with value in excess of 10 percent of company assets should be approved by the Board of Directors, except for transactions in the normal course of business	Complies Article 12 of the Company Charter states that the transactions with non-current assets of the Company with value in excess of 10 percent of the book value of these assets on the date of the decision to make the transaction are subject to prior approval by the Board of Directors
24.	Internal documents of the joint-stock Company should include the right of members of the board of directors to receive information from executive bodies and managers of structural divisions of the company, which is necessary for them to discharge their functions, as well as sanctions for failure to provide such information	Complies Item 3.1. of the Regulations on the procedure for convening and holding meetings of the Board of Directors states that members of the Board of Directors are entitled to obtain information on issues relating to the Company's performance, including the Company's commercial secrets, review all constitutive documents, legal, accounting, reporting, contract-related and other documents of the Company in accordance with the legislation of the Russian Federation and the Company's internal documents
25.	A committee of the Board of Directors in charge of strategic planning should be created, or the function of such a committee should be vested in another committee (other than the audit committee and HR and remuneration committee)	Complies The Strategy Committee of the Board of Directors was established in 2005 (Minutes of the Board of Directors as of March 29, 2005 No 4, and as of April 25, 2005 No 5). Current members of the Strategy Committee was elected by the Board of Directors on July 15, 2013 (Minutes No 184)
26.	A Committee of the Board of Directors in charge of audit (Audit Committee) should be created, which makes recommendations to the Board of Directors on choice of a certified public accountant for the Company and liaises with the accountant and with the Audit Commission of the Company	Complies The Audit Committee of the Board of Directors was established in 2007 (Minutes of the Board of Directors as of December 26, 2007 No 45). Current members of the Audit Committee of the Board of Directors were elected on July 15, 2013 (Minutes No 184)
27.	The Audit Committee should include only independent and non-executive directors	Complies On July 15, 2013 the following persons were elected to the Audit Committee of the Board of Directors: 1. Danilov-Danilyan Viktor Ivanovich – member of the Board of Directors of JSC RusHydro, independent director; 2. PhD Berndt Kristian Andreas – member of the Board of Directors of JSC RusHydro, independent director; 3. Ivanov Sergey Nikolaevich - member of the Board of Directors of JSC RusHydro, independent director. In accordance with the order of FSSM of Russia dated December 28, 2010 No. 10-78/PZ-n "On approval of the Regulations on the Organization of Trade in the Securities Market", the Audit Committee should be composed only of independent directors, and if this is not possible due to objective reasons, - only of independent directors and members of the Board of Directors who are not the sole executive body and (or) members of the collegial executive body of the Issuer
28.	The Audit Committee should be headed by an independent director	Complies On July 15, 2013 the Board of Directors elected Danilov-Danilyan Viktor Ivanovich, Independent Director as Chairman of the Audit Committee

⁶http://www.rushydro.ru/file/main/global/investors/disclosure/documents/Polozhenie_o_poryadke_sozvyva_i_provedeniya_zasedanij_SD_novaya_redakcziya.pdf

29.	The internal documents of the Company should stipulate right of access for all members of the Audit Committee to any company documents and information, on condition that they do not disclose confidential information	Complies Subject to Item 4.1.2. of the Regulations on the Audit Committee ⁷ members of the Committee shall be entitled to request and obtain the information necessary to carry out their activities, and documents from officials of the Company. In accordance with Item 12.1. of the Regulations members of the Committee are required to comply with the confidentiality requirements with respect to information obtained in connection with their activities in the Committee.
30.	A committee of the Board of Directors for human resources and remuneration should be created, with, the functions of identifying criteria for selection of candidates to the Board of Directors and developing a remuneration policy of the Company	Complies The Human Resources and Remuneration Committee of the Board of Directors was established in 2007 (Minutes of the Board of Directors` meeting as of December26, 2007 No 45). The current members of HR and Remuneration Committee were elected by the Board of Directors on July 15, 2013.
31.	The HR and Remuneration Committee should be headed by an independent director	Complies On July15, 2013 the Board of Directors elected Danilov-Danilyan Viktor Ivanovich, Independent Director as Chairman of HR and Remuneration Committee
32.	No officers of the Company should serve on the HR and Remuneration Committee	Complies The following members of the Committee were elected by the Board of Directors on July15, 2013. 1. Danilov-Danilyan Viktor Ivanovich – member of the Board of Directors of JSC RusHydro, independent director; 2. Bugrov Andrey Evgenievich - member of the Board of Directors of JSC RusHydro, independent director; 3. Ivanov Sergey Nikolaevich - member of the Board of Directors of JSC RusHydro, independent director.
33.	A committee of the Board of Directors in charge of risk should be created or the functions of such a committee should be vested in another committee (other than the Audit Committee and the HR and Remunerations Committee)	Not comply The Board of Directors has not established the Committee in charge of risk and its functions were not vested in another committee
34.	A committee of the Board of Directors should be created for settlement of corporate conflicts or the functions of such a committee should be vested in another committee (other than the Audit Committee and the HR and Remuneration Committee)	Not comply The Committee of the Board of Directors in charge of settlement of corporate conflicts is not created, the functions of such a committee were not vested in another committee
35.	No officers of the Company should serve in the committee for settlement of corporate conflicts	Not applicable The Committee of the Board of Directors in charge of settlement of corporate conflicts is not created
36.	The Committee for settlement of corporate conflicts should be managed by an independent director	Not applicable The Committee of the Board of Directors in charge of settlement of corporate conflicts is not created
37.	There should be internal documents approved by the board of directors of the joint-stock company, setting out a procedure for creation and functioning of committees of the board of directors	Complies The procedure for forming and operation of the Committees of the Board of Directors set forth in the Regulations on the Committees approved by the Board of Directors ⁸ : 1. Regulations on the Audit Committee (Minutes as of October15, 2013 No 188); 2. Regulations on HR and Remuneration Committee (Minutes as of October15, 2013 No 188); 3. Regulation on the Investment Committee (Minutes as of October15, 2013 No 188); 4. Regulations on the Strategy Committee (Minutes as of October15, 2013 No 188); 5. Regulations on the Reliability, Efficiency and Innovation Committee (Minutes as of October 15, 2013 No 188)
38.	The Charter of the Company should define a quorum of the Board of Directors in such a way that attendance of independent directors at meetings of the Board of Directors is obligatory	Not comply Subject to Article 15 of the Company Charter quorum for holding a meeting of the Board of Directors shall be not less than half of members of the Board of Directors out of the total number of elected members of the Board of Directors
The Executive Bodies		
39.	There should be a collegiate executive body (the Management Board) of the Company	Complies Subject to Articles 17, 18 of the Charter of the Company, the Company shall establish the collegial executive body – the

⁷ The Regulations for the Audit Committee is posted on the corporate website at: <http://www.rushydro.ru/upload/iblock/5cd/Polozhenie-o-Komitete-po-auditu-pri-Sovete-direktorov-OAO-RusGidro.pdf>

⁸ The Regulations for the Committee posted on the website at: http://www.rushydro.ru/corporate/regulations_and_docs/documents/board/

		Management Board. Members of the Management Board shall be elected by the Board of Directors on the proposal of Chairman of the Management Board. The number of members of the Management Board shall be determined by the Board of Directors
40.	The Charter or internal documents of the Company should require that any transactions with real estate and obtaining of loans by the Company must be approved by the Management Board, unless such transactions are classified as major transactions as treated as normal business activities of the Company	Partially complies Subject to Article 12 of the Company Charter the following issues are within the competence of the Board of Directors: specifying the Company's credit policy in terms of granting loans, concluding credit and loan agreements, issuing guarantees, assuming obligations under a bill (issuing promissory notes or bill of exchange) and decision-making on closing aforementioned transactions by the Company in cases where the procedure of decision-making on them was not defined by the Company's credit policy as well as making decisions in accordance with the approved credit policy. The Regulations on the Credit Policy was approved by the Board of Directors on July 29, 2010 (Minutes as of August 2, 2010 No 104)
41.	Internal documents of the Company should contain a procedure for approval of operations, which are outside the Company's business plan	Complies Subject to Item 3 of the Standard of JSC RusHydro Business Planning System (approved by the Board of Directors on April30, 2009, Minutes No 75) provides for modification of the Company's business plan which is implemented based on the Board of Directors' decision
42.	Executive bodies should not include any person who is a shareholder, General Director (manager), member of any management body, or employee of a legal entity, which is a competitor of the Company	Complies The executive bodies of JSC RusHydro do not include aforementioned persons
43.	Executive bodies of the Company should not include any person who has been found guilty of any economic crime or crime against government, the interests of government or local authorities, or if they have been subject to any administrative penalties for violations in the sphere of business and finance, taxation, or the securities market.	Complies The executive bodies of JSC RusHydro do not include aforementioned persons
44.	The Charter or internal documents of the Company should prohibit any management organization (manager) from exercising analogous functions in a competitor company or from being involved in any property relationships with the company, other than providing management services	Not applicable Chairman of the Management Board discharges functions of the sole executive body of the Company
45.	Internal documents of the Company should include the obligation of executive bodies to avoid any acts, which will or may cause a conflict between their interests and interests of the Company, as well as the obligation to notify the Board of Directors if such a conflict arises	Complies Subject to Item 4.2.7. of the Corporate Governance Code Chairman and members of the Management Board shall be obliged to refrain from any acts that may cause a conflict between their interests and interests of the Company. If such a conflict arises Chairman and members of the Management Board shall be obliged to notify the Board of Directors, as well as to refrain from discussing and voting on the relevant issues
46.	The Charter or internal documents of the Company should include criteria for selection of a management organization (a manager)	Not applicable Chairman of the Management Board discharges functions of the sole executive body of the Company
47.	Executive bodies of the Company shall provide monthly reports on their work to the Board of Directors	Partially complies Reports on the work of the Management Board shall be submitted to the Board of Directors for consideration semi annually
48.	Agreements between the Company, on the one hand, and the General Director (management organization, manager) and members of the Management Board, on the other hand, should assign liability for violation of regulations concerning use of confidential and official information	Complies
The Corporate Secretary		
49.	The Company should have a special officer (company secretary), whose job is to ensure compliance of bodies and officers of the Company with procedural requirements that guarantee exercise of rights and lawful interests of Company shareholders	Complies Item 4.1.7 of the Corporate Governance Code approved by the Board of Directors on April 2, 2010 (Minutes as of April 2, 2010 No 94)
50.	The Charter or internal documents of the Company should include a procedure for appointment (election) and specify responsibilities of the Company secretary	Complies Articles 2, 3, 4 of the Regulations on the Corporate Secretary of the Company, approved by the Board of Directors (Minutes as of

		December30, 2010 No 116)
51.	The Charter of the Company should specify requirements for any candidate to the post of company secretary	Not comply
Significant Corporate Actions		
52.	The Charter or internal documents of the Company should require approval of any major transaction prior to execution thereof	Not comply The Charter and internal documents of the Company do not contain aforementioned requirements
53.	It should be obligatory for the Company to hire an independent appraiser to assess the market value of property, which is the subject of a major transaction	Complies
54.	The Charter of the Company should prohibit any actions during the process of acquisition of large share stakes in the Company (takeover), which aim to protect the interests of executive bodies (members thereof) and members of the Board of Directors, and should also prohibit any actions that tend to worsen the situation of shareholders. In particular, the board of directors should not be allowed to issue any additional stocks, securities convertible into stocks, or to purchase stocks or securities granting the right to purchase stocks of the Company, until the proposed final date for acquisition of stocks or securities, even if the right to take such a decision is granted to the Board by the Charter	Not comply The Charter of the Company does not contain aforementioned prohibitions
55.	The Charter of the Company should require an independent appraiser to be hired for assessment of the current market value of stocks and possible changes in their market value that may result from any merger	Not comply The Charter of the Company does not contain aforementioned requirements
56.	The Charter of the Company should not exempt the purchaser from the obligation to make an offer to shareholders to purchase ordinary stocks of the company held by them (and securities convertible into ordinary stocks) in the case of a share purchase or merger	Complies
57.	The Charter or internal documents of the Company should include a requirement to engage an independent appraiser to determine the conversion rate of stocks in case of reorganization	Not comply The Charter and internal documents of the Company do not contain aforementioned requirements
Disclosure of information		
58.	There should be an internal document approved by the Board of Directors that determines rules and approaches of the Company to disclosure of information (a regulation on information policy)	Complies Regulations on Information Policy ⁹ approved by the Board of Directors on July29, 2011 (Minutes as of August1, 2011 No 129)
59.	Internal documents of the Company should require disclosure of information concerning the purpose of stock placements, persons intending to purchase the stocks, including large shareholdings, and information as to whether senior executive officers of the company will take part in acquisition of the stocks to be placed	Not comply The Charter and internal documents of the Company do not contain aforementioned requirements
60.	Internal documents of the Company should contain a list of information, documents, and materials to be provided to shareholders for transaction of business included on the agenda of the General Meeting of Shareholders	Complies The list of information, documents and materials to be provided to shareholders to address the issues submitted to the General Meeting of Shareholders are specified in Item 4. of the Regulations on preparing and holding the General Meeting of Shareholders, approved by the General Meeting of Shareholders on June28, 2013
61.	The Company should have a web site on the Internet and disclose information about itself on this site on a regular basis	Complies Information to be disclosed on the Company's website is available at: www.rushydro.ru and on page of Information AgencyInterfax http://www.e-disclosure.ru/portal/company.aspx?id=8580

⁹ Regulation on Information Policy is posted on website on the Internet at: http://www.rushydro.ru/file/main/global/investors/disclosure/documents/POLOZhENIE_OB_INFORMACzIONNOJ_POLITIKE.pdf

62.	Internal documents of the Company should require disclosure of information on transactions by the Company with persons who are, pursuant to the Charter, senior executive officers of the Company, as well as on transactions of the Company with organizations, in which senior executive officers of the Company directly or indirectly hold 20 or more percent of authorized capital or which can be otherwise significantly influenced by such persons	Complies Item 6.2. of the Corporate Governance Code (approved by the Board of Directors Minutes as of April2, 2010 No 94).
63.	Internal documents of the Company should require disclosure of information on all transactions, which may affect the market value of stocks of the Company	Complies Disclosure is made in accordance with the legislation of the Russian Federation and the Regulations on Information Policy
64.	There should be an internal document approved by the Board of Directors related to use of significant information on the activities of the Company, stocks, and other securities of the Company and transactions therewith, if such information is not in the public domain and its disclosure may materially affect the market value of the Company's stocks and other securities	Complies Regulations on Insider Information of JSC RusHydro ¹⁰ approved by the Board of Directors on August10, 2012 (Minutes as of August10, 2012 No 158)
Control over financial and business activities		
65	There should be procedures, approved by the Board of Directors, for internal control over financial and business activities of the Company	Complies Items 4.1.2., 6.2.6 of the Internal Control and Risk Management Policy approved by Board of Directors on December30, 2010 (Minutes as of December30, 2010 No 116).
66.	There should be a special division of the Company (the internal control and audit service), which ensures that internal control procedures are complied with	Complies The Company has established the Internal Audit Department
67.	Internal documents of the Company should require the Board of directors to define the structure and content of the company's internal control and audit service	Complies Regulations on the Internal Audit Department contains requirements for the structure and content of the Internal Audit Department
68.	The internal control and audit service should not include any person who has been found guilty of any economic crime or crime against government, the interests of government or local authorities, or who has been subject to any administrative penalties for violations in the sphere of business and finance, taxation, or the securities market	Complies The Internal Audit Department does not include aforementioned persons
69.	The internal control and audit service should not include any persons who serve on executive bodies of the Company or persons who are shareholders, the General Director (manager), members of management bodies, or employees of a legal entity, which is a competitor of the company	Complies The Internal Audit Department does not include aforementioned persons
70.	Internal documents of the Company should specify a time limit for presentation of documents and materials to the internal control and audit service for appraisal of any completed financial or business transaction, and should also specify liability of Company officers and employees for failure to present such documents and materials within the prescribed time	Complies Regulation of interaction of the Internal Control and Risk Management Service of JSC RusHydro with structural divisions of the Company based on results of appraisals of financial and business transaction of the branches, subsidiary and dependent companies of JSC RusHydro (Minutes as of September27, 2012 No 891)
71	Internal documents of the Company should oblige the internal control and audit service to notify the Audit Committee of any violations that may be discovered and, if there is no such committee, to notify the Board of Directors	Complies Regulation of interaction of the Audit Committee of the Board of Directors of JSC RusHydro with the Director for Internal Control and Risk Management of JSC RusHydro (Minutes as of March3, 2011 No 166)
72.	The Charter of the Company should oblige the internal control and audit service to make a preliminary appraisal of advisedness of operations that were not foreseen in the financial and business plan of the Company (non-standard operations)	Not comply The Charter of the Company does not contain aforementioned requirements
73.	Internal documents of the Company should include a procedure for approval of any non-standard operation by the Board of Directors	Complies Subject to Item 4.1 of the Standard of JSC RusHydro Business Planning System (approved by the Board of Directors, Minutes as of August18, 2008, No 75) provides for modification of the Company's business plan, which is implemented relying on the decision of the

¹⁰ Regulations on Insider Information is posted on website on the Internet at: <http://www.rushydro.ru/upload/iblock/fb1/prilozhenie--1-k-protokolu--158-ot-10.08.2012.pdf>

		Board of Directors
74.	There should be an internal document approved by the Board of Directors defining the procedure for audit of financial and business activities of the Company by the Internal Audit Commission	Complies Item 7 of the Regulations on the Audit Commission ¹¹ of the Company, approved by the General Meeting of Shareholders on April6, 2005
75.	The Audit Committee should give an assessment of the auditor opinion prior to its presentation to shareholders at the General Meeting of Shareholders	Complies Subject to Item 3.1.1. of the Regulations on the Audit Committee the issue of giving assessment of the auditor opinion of the Company prior to its presentation to the General Meeting of Shareholders for approval (Minutes as of October15, 2013 No 188) is within the competence of the Committee.
Dividends		
76.	There should be an internal document approved by the Board of Directors, by which the Board of Directors is governed when making recommendations on the amount of dividends to be paid (Regulation on dividend policy)	Complies Regulations on Dividend Policy approved by the Board of Directors on October5, 2009 (Minutes as of October 5, 2009 No 85), changes in Dividend Policy of the Company approved by the Board of Directors (Minutes No 156 as of June25, 2012)
77.	The Regulation on dividend policy should include a procedure for determining a minimum share of net profit of the Company to be applied in payment of dividends, and should define the conditions, in which dividends on preference stocks, as prescribed in the Company Charter, are not paid or are paid only in part	Complies Items 4.3, 5.1. of the Regulations on Dividend Policy of the Company
78.	Information on the dividend policy of the Company and changes to it should be published in a periodical, publication of which is prescribed by the Company Charter for publishing of announcements of the General Meetings of Shareholders, and should also be placed on the Company web site in the Internet	Partially complies Regulations on Dividend Policy of the Company is posted on website on the Internet at: http://www.rushydro.ru/file/main/global/investors/disclosure/documents/Polozhenie_o_Dividendnoj_politike.pdf ; Changes in Dividend Policy of the Company is posted on website on the Internet at: http://www.rushydro.ru/upload/iblock/e08/izmeneniya-i-dopolneniya-v-dividendnuju-politiku-OAO-RusGidro.pdf Regulations on Dividend Policy has not been published in periodicals

¹¹ Regulations on the Audit Committee of the Company is posted on website on the Internet at: http://www.rushydro.ru/res/files/hydroogk/auditing_committee.pdf

Report on Large Transactions and Related Party Transactions in 2013

№	The list of transactions containing names of the Parties	Number and date of Minutes of management body which approved the transaction	Description of the transaction (subject, price, validity of the contract)	Related party (s) and the person (s), which is/are dependent director(s)
1.	<p>Contract for Elaboration of Design Documentation for comprehensive reconstruction of the Votkinskaya HPP</p> <p><u>Parties of the Contract:</u> <u>Customer - JSC RusHydro</u> <u>Executor - JSC Lenhydroproject</u></p>	<p>Approved by the Board of Directors (Minutes as of June 19, 2013 No 183)</p>	<p><u>Subject of the Contract:</u> The Executor undertakes to elaborate design documentation for comprehensive reconstruction of the Votkinskaya HPP specified by the Customer's assignment, at its own risk and with the use of its own materials and to turn it over to the Customer whereas the Customer undertakes to create all conditions specified by the Contract to perform the work and accept the results of this work and pay for it.</p> <p><u>Price of the Contract:</u> RUR 433,199,999 and 92 kopecks, including VAT (18%) – RUR 66,081,355 and 92 kopecks.</p> <p>Validity term of the Contract: from December 25, 2012 to October 30, 2016</p> <p>The Contract shall come into force from the moment of signing it by the both Parties and be valid till complete performance of obligations undertaken by the Parties.</p> <p>Conditions of the Contract shall be applied to the relations between the Parties which have arisen from December 25, 2012</p>	<p>Related party -Member of the Management Board of JSC RusHydro Voskresensky S.M., who was also the CEO of JSC Lenhydroproject. Dod E.V. does not vote.</p>
2.	<p>Contract for Lease of Immovable Property</p> <p><u>Parties of the Contract:</u> Lessor – JSC RusHydro Leaseholder – JSC SO UES</p>	<p>Approved by the Board of Directors (Minutes as of June 19, 2013 No 183)</p>	<p><u>Subject of the Contract:</u> The Lessor undertakes to furnish to the Leaseholder immovable property for charge in temporary possession and use, whereas the Leaseholder takes lease of a part of office premise No 1 located on the second floor of building «VOHR» at the address: Building No3, Moscow highway No2, Zhigulevsk, urban district Zhigulevsk, the Samara region</p> <p><u>Price of the Contract:</u> The monthly lease is RUR 2,022 and 30 kopecks, including VAT (18%) – RUR 308 and 49 kopecks. The total lease payment for the entire lease term is RUR 22,245 and 30 kopecks, including VAT (18%) – RUR 3,393 and 39 kopecks.</p> <p><u>Validity term of the Contract:</u> The Contract is valid from the moment of signing it by the both Parties till September 30, 2013, and in terms of payment obligations till complete performance of obligations undertaken by the Parties</p> <p>The Parties agreed that conditions of the Contract shall be applied to the relations between the Parties which have arisen from November 1, 2012</p>	<p>Related parties - member of the Board of Directors of JSC RusHydro E.V. Dod, who is also member of the Board of Directors of JSC SO UES, as well as member of the Board of Directors of JSC RusHydro B.I. Ayuev, who is also Chairman of the Management Board and member of the Board of Directors JSC SO UES. Related party –the Russian Federation represented by the Federal Agency for State Property Management owing more than 20 percent of the companies' shares. Dod E.V. and Ayuev B.I. do not vote.</p>
3.	<p>Contract for Elaboration of Design Documentation for comprehensive</p>	<p>Approved by the Board of Directors (Minutes as of</p>	<p><u>Subject of the Contract:</u> The Executor undertakes to</p>	<p>Related party - member of the Management</p>

	<p>project to reconstruct the Zeyskaya HPP with the integration of launched projects in the general reconstruction project <u>Parties of the Contract:</u> Customer – JSC RusHydro Executor – JSC Lenhydroproject.</p>	<p>June 19, 2013 No 183)</p>	<p>elaborate design documentation for comprehensive project to reconstruct the Zeyskaya HPP with the integration of launched projects in the general reconstruction project specified by the Customer`s assignment, at its own risk, with the use of its own materials and turn it over to the Customer, whereas the Customer undertakes to create all conditions specified by the Contract to perform the work and accept the results of this work and pay the contract price for it. <u>Price of the Contract:</u> RUR 416,917,269 and 60 kopecks, including VAT (18%) – RUR 63,597,549 and 60 kopecks. <u>Turnaround time and Validity term of the Contract:</u> The Executor shall perform the work under the contract within the period from October4, 2012 till September 25, 2014. The Contract shall come into force from the moment of signing it by the both Parties and be valid till complete performance of obligations undertaken by the Parties. Conditions of the Contract shall be applied to the relations between the Parties which have arisen from October 4, 2012.</p>	<p>Board of JSC RusHydro Voskresensky S.M., who was also the CEO of Lenhydroproject. Dod E.V. does not vote.</p>
<p>4.</p>	<p>Contract for Performance of Research and Development and Technological Works to enhance the reliability of radial-axial hydro-turbines by expanding the recommended areas of operation <u>Parties of the Contract:</u> Customer – JSC RusHydro; Executor – the Federal State Budget Educational Institution of Higher Professional Education «National Research University «Moscow Power Engineering Institute»</p>	<p>Approved by the Board of Directors (Minutes as of June 19, 2013 No 183)</p>	<p><u>Subject of the Contract:</u> The Executor undertakes to perform research and development and technological works specified by the Customer`s assignment to enhance the reliability of radial-axial hydro-turbines by expanding the recommended areas of operation: studies of the causes of excessive vibrations during operation of hydropower units of the Sayano-Shushenskaya HPP; operational life testing of mounting studs of hydropower units` covers of the Sayano-Shushenskaya HPP in accordance with Technical Specifications within the time limits provided for in the Contract and to turn the results over to the Customer whereas the Customer undertakes to accept the results of this work and pay the contract price for it. <u>Price of the Contract:</u> RUR 17,100,000 including VAT (18%) –RUR 2,608,474 and 58 kopecks. <u>Validity term of the Contract:</u> Turnaround time: Commencement Date – from May 13, 2013. Completion Date – not later than 17 months from the date of commencement. The Contract is valid till complete performance of obligations undertaken by the Parties. The Contract`s conditions shall be applied to the actual relations</p>	<p>Related party - member of the Board of Directors of JSC RusHydro E.P. Volkov, who is also a member of the Board of Trustees of the Federal State Budget Educational Institution of Higher Professional Education «National Research University «Moscow Power Engineering Institute» Dod E.V. and Volkov E.P. do not vote.</p>

			between the Parties which have arisen before the conclusion of the Contract.	
5.	<p>Voluntary Group Accident and Illness Insurance Contract (including supplementary agreements thereto)</p> <p><u>Parties of the Contract:</u> Insurant – JSC RusHydro; Insurer –JSC Insurance Company "Alliance".</p>	<p>Approved by the Board of Directors (Minutes as of August 30, 2013 No 186)</p>	<p><u>Subject of the Contract:</u> The Insurer undertakes, upon the onset of events stipulated by the Contract, to make an insurance payment to the Insurant or to the beneficiary specified by the Contract, regardless of the amounts payable to them under other insurance contracts, as well as under compulsory social insurance, social security and by way of reimbursement for damages.</p> <p><u>Insured persons:</u> Insured employees included in the lists of the insured persons which are submitted by the Insurant to the Insurer.</p> <p><u>Beneficiaries:</u> Insured person and other persons indicated by beneficiaries with the written consent of the insured person and in the event of death of the insured person their heirs eligible to receive the insurance indemnity upon the onset of insured event.</p> <p><u>Object of insurance:</u> The proprietary interests, not contradicting with the legislation of the Russian Federation which related to causing damage to the life or health of people.</p> <p><u>Insured event:</u> Events of sudden, unforeseen and unintended nature for the insured person (insurance risks) stipulated by the Insurance Contract upon the onset of which there is an obligation of the Insurer to pay insurance indemnity to the insured person (beneficiary).</p> <p><u>Insurance risks:</u></p> <ul style="list-style-type: none"> - death of an insured person due to an accident; - death of an insured person due to natural causes; - disability due to an accident (assessing I, II and III groups of disability); - disability due to natural causes (assessing I, II and III groups of disability); - temporary disability due to an accident in connection with injuries; - hospitalization due to an accident; - diagnosis of a critical disease or doing major surgical operations. <p><u>Amount of insurance:</u> Subject to Appendix 1 attached to Protocol.</p> <p><u>Marginal price of services of voluntary medical insurance:</u> RUR 3,576,987 and 11 kopecks, VAT free.</p> <p><u>Validity term of the Voluntary Group Accident and Illness Insurance Contract:</u> Start date of the Contract - January1,</p>	<p>Related parties - members of the Management Board of the Company. Dod E.V. does not vote.</p>

			2013, End date of the Contract - December 31, 2013.	
6.	<p>Surety Contract for security for performance of obligations of JSC Far Eastern Generating Company</p> <p><u>Parties of the Contract:</u> Creditor – JSC Bank VTB; Guarantor – JSC RusHydro; Beneficiary – JSC Far Eastern Generating Company (borrower).</p>	Approved by the Board of Directors (Minutes as of October 15, 2013 No 188)	<p><u>Subject of the Contract:</u> The Guarantor undertakes to guarantee the performance of obligations of the Borrower to the Creditor under the Credit Agreement concluded between JSC Bank VTB and Joint Stock Company Far Eastern Generating Company;</p> <p><u>Basic conditions of the Credit Agreement:</u> Maximum credit amount: RUR 4,500 000,000 and 00 kopecks; Credit period: 1,825 days after the date of the conclusion of the Credit Agreement; Credit interest: 8.39 percent per annum; Penalty for overdue principal debt – 1/365 of the interest rate for each day of violation of obligations; Penalty for overdue debt on accrued and left unpaid interest (charges) - 2/365 (366) of the interest rate for each day of violation of obligations.</p> <p><u>Price of the Contract:</u> Price of assets which may be alienated under the Contract, is defined as the aggregate of the following secured obligations of JSC Far Eastern Generating Company under the Credit Agreement: Credit limit – RUR 4,500,000,000 and 00 kopecks; Credit period: 1,825 days from the date of the conclusion of the Credit Agreement Credit interest – not more than 8.39 percent per annum, based on the life of the credit;;</p> <ul style="list-style-type: none"> • liability amount for violation of the conditions of the Credit Agreement. <p>Price of assets which may be alienated under the Surety Contract shall not exceed RUR 15,075.57 million. Value of the transaction in monetary terms is RUR 6,387,750,000.</p> <p><u>Validity term of the Contract:</u> The Contract shall come into force from the moment of signing it by the both Parties. Surety is granted for the period of 2,920 calendar days from the date of the conclusion of the Contract.</p>	<p>Related party – the Russian Federation (shareholder) represented by the Federal Agency for State Property Management simultaneously owing more than 20 percent of voting shares of JSC RusHydro and JSC Bank VTB. Dod E.V. does not vote.</p>
7.	<p>Surety Contract for security for performance of obligations of JSC RAO ES of the East</p> <p><u>Parties of the Contract:</u> Creditor – European Investment Bank; Guarantor – JSC RusHydro; Beneficiary – JSC RAO ES of the East (Borrower).</p>	Approved by the Board of Directors (Minutes as of November 30, 2012 No 168)	<p><u>Subject of the Contract:</u> The Guarantor undertakes to guarantee the performance of obligations of the Borrower to the Creditor under the Credit Agreement;</p> <p><u>Basic conditions of the Credit Agreement:</u> Maximum credit amount: RUR 4,000,000,000 and 00 kopecks; Credit period: not exceeded 12 years</p>	<p>Related party - Chairman and member of the Board of Directors of JSC RusHydro E.V. Dod, who is also member of the Board of Directors of JSC RAO ES of the East – beneficiary under the transaction. Dod E.V. does not vote.</p>

			<p>after the date of the conclusion of the Credit Agreement; Maximum non-recurring fee paid when concluding the Credit Agreement is 1.5 percent of the credit amount; Credit interest: floating rate (MosPrime Rate 3m, posted by the National Currency Association on web site www.nva.ru) plus a margin of no more than 3.45 percent per annum; Commitment fee – not more than 0.5 percent per annum, charged to undrawn commitments. <u>Price of the Contract:</u> Price of assets which may be alienated under the Surety Contract, is defined as the aggregate of the following secured obligations of the Borrower under the Credit Agreement: - credit limit – RUR 4,000,000,000 and 00 kopecks; - maximum non-recurring fee for granting a credit paid when concluding the Credit Agreement is 1.5 percent of the credit amount; - credit interest - amount of floating rate (MosPrime Rate 3m, posted by the National Currency Association on web site www.nva.ru) plus a margin of no more than 3.45 percent per annum; - liability amount for violation of the conditions of the Credit Agreement. Price of assets which may be alienated under the Surety Contract shall not exceed 2 percent of book value of assets of the Company based on the financial statements` data as of the last reporting date – September 30, 2012 Value of the transaction in monetary terms is RUR 6,551,950,000. <u>Validity term of the Contract:</u> The Contract is valid till complete fulfillment of obligations secured by the Surety Contract</p>	
8.	<p>Contract for opening of non-revolving credit line <u>Parties of the Contract:</u> Creditor – JSC Sberbank of Russia; Borrower – JSC RusHydro.</p>	<p>Approved by the Board of Directors (Minutes as of December 5, 2013 No 191)</p>	<p><u>Subject of the Contract:</u> The Creditor undertakes to grant monetary means (credit) to the Borrower by opening credit line in the amount of not exceeding RUR 11,000,000,000 under the terms specified by the Contract, whereas the Borrower undertakes to return the received sum of money and pay interest on it at a rate of not more than 8.99 percent per annum within the period of validity of the Contract, as well as, in case of early repayment, to pay a fee for early repayment of the credit in the amount of not more than 1percent per annum of the credit amount which is early repaid (or portion thereof). <u>Price of the Contract:</u> Price of the Contract is defined as the aggregate of the following</p>	<p>Related party - member of the Board of Directors of JSC RusHydro A.E. Bugrov who is a close relative of a member of the Management Board of JSC Sberbank of Russia. Dod E.V. and Bugrov A.E. do not vote.</p>

			<p>values:</p> <ul style="list-style-type: none"> - credit limit received from the Bank under the Contract amounting to RUR 11 billion; - credit interest at a rate of not more than 8.99 percent per annum within the period of validity of the Contract. <p>Price of assets which may be alienated under the Surety Contract shall not exceed 2 percent of book value of assets of the Company based on the financial statements` data as of the last reporting date - September30, 2013.</p> <p>Value of the transaction in monetary terms is RUR 15,336,135,819.07.</p> <p><u>Validity term of the Contract (granting credit):</u> The Contract is valid for the period of not more than 5 years from the date of the conclusion of the Contract.</p>	
9.	<p>Surety Contract for security for performance of obligations of JSC Kamchatskenergo</p> <p><u>Parties of the Contract:</u> Bank – JSC Sberbank of Russia (Creditor); Guarantor –JSC RusHydro; Beneficiary – JSC Kamchatskenergo (Borrower)</p>	Approved by the Board of Directors (Minutes as of December 5, 2013 No 191)	<p><u>Subject of the Contract:</u> The Guarantor undertakes to guarantee the performance of obligations of the Borrower to the Creditor under the Contract for opening of credit line concluded between JSC Kamchatskenergo and JSC Sberbank of Russia.</p> <p><u>Price of the Contract:</u> RUR 2,792,870,684.93.</p> <p><u>Validity term of the Contract:</u> The Contract is valid not more than 8 years from the date of the conclusion of the Contract for opening of credit line.</p>	<p>Related party - member of the Board of Directors of JSC RusHydro A.E. Bugrov who is a close relative of a member of the Management Board of JSC Sberbank of Russia Dod E.V. and Bugrov A.E. do not vote.</p>
10.	<p>Surety Contract for security for performance of obligations of JSC Kamchatskenergo</p> <p><u>Parties of the Contract:</u> Bank – JSC Sberbank of Russia (Creditor); Guarantor –JSC RusHydro; Beneficiary – JSC Kamchatskenergo (Borrower).</p>	Approved by the Board of Directors (Minutes as of December 5, 2013 No 191)	<p><u>Subject of the Contract:</u> The Guarantor undertakes to guarantee the performance of obligations of the Borrower to the Creditor under the Contract for opening of credit line concluded between JSC Kamchatskenergo and JSC Sberbank of Russia.</p> <p><u>Price of the Contract:</u> RUR 2,757,743,633.56.</p> <p><u>Validity of the Contract:</u> The Contract is valid not more than 8 years from the date of signing the Contract for opening of credit line.</p>	<p>Related party - member of the Board of Directors of JSC RusHydro A.E. Bugrov who is a close relative of a member of the Management Board of JSC Sberbank of Russia Dod E.V. and Bugrov A.E. do not vote.</p>
11.	<p>Surety Contract for security for performance of obligations of JSC Sakhalinenergo</p> <p><u>Parties of the Contract:</u> Bank – JSC Sberbank of Russia (Creditor); Guarantor –JSC RusHydro; Beneficiary – JSC Sakhalinenergo (Borrower).</p>	Approved by the Board of Directors (Minutes as of December 5, 2013 No 191)	<p><u>Subject of the Contract:</u> The Guarantor undertakes to guarantee the performance of obligations of the Borrower to the Creditor under the Contract for opening of credit line concluded between JSC Sakhalinenergo and JSC Sberbank of Russia.</p> <p><u>Price of the Contract:</u> Price of the Contract is defined as the aggregate of the following secured obligations of the Borrower under the contract on opening the credit line :</p>	<p>Related party - member of the Board of Directors of JSC RusHydro A.E. Bugrov who is a close relative of a member of the Management Board of JSC Sberbank of Russia Dod E.V. and Bugrov A.E. do not vote.</p>

			<p>- credit limit received from the Bank under the Contract for opening of credit line amounting to RUR 1,000,000,000 and 00 kopecks;</p> <p>- credit interest at a rate of not more than 8.99 percent per annum within the period of validity of the Contract.</p> <p>Price of assets which may be alienated under the Surety Contract shall not exceed 2 percent of book value of assets of the Company based on the financial statements` data as of the last reporting date – September 30, 2013.</p> <p>Value of the transaction in monetary terms is RUR 907,611,828.77</p> <p><u>Validity term of the Contract:</u> The Contract is valid not more than 8 years from the date of the conclusion of the Contract for opening of credit line.</p>	
12.	<p>Credit Agreement</p> <p><u>Parties of the Agreement:</u> Creditor – the European Bank for Reconstruction and Development; Borrower – JSC RusHydro</p>	<p>Approved by the Board of Directors (Minutes as of December 5, 2013 No 191)</p>	<p><u>Subject of the Contract:</u> The Creditor undertakes to grant monetary means to the Borrower in the amount of not more than RUR 4,400,000,000 and 00 kopecks under the terms specified by the Credit Agreement whereas the Borrower undertakes to return the received sum of money and pay interest on it;</p> <p>Basic conditions of the Credit Agreement: Credit limit: RUR 4,400,000,000 and 00 kopecks; Credit period: not exceeded 12 years from the date of signing the Credit Agreement; Maximum non-recurring fee for granting a credit paid when concluding the Credit Agreement is 1.5 percent of the credit amount; Credit interest: amount of floating rate (MosPrime Rate 3m, posted by the National Currency Association on web site www.nva.ru) plus a margin of no more than 3.45 percent per annum. Commitment fee – not more than 0.5 percent per annum, charged to undrawn commitments. Early repayment fee – not more than 1 percent of early repaid portion of credit.</p> <p><u>Price of the Agreement:</u> Price of assets which may be alienated under the Surety Contract, is defined as the aggregate of the following obligations of the Borrower under the Credit Agreement: - credit limit – RUR 4,400,000,000 and 00 kopecks; - maximum non-recurring fee for granting a credit paid when concluding the Credit Agreement is 1.5 percent of the credit amount; - credit interest- amount of floating rate (MosPrime Rate 3m, posted by the National Currency Association</p>	<p>Related party - Member of the Board of Directors of JSC RusHydro D.S. Morozov, who is also the Executive Director representing the Russian Federation, Belarus and Tajikistan, Representative of the Russian Federation in the Board of Directors of the European Bank for Reconstruction and Development. Morozov D.S. and Dod E.V. do not vote.</p>

			<p>on web site www.nva.ru) plus a margin of no more than 3.45 percent per annum.</p> <p>Price of assets which may be alienated under the Credit Agreement shall not exceed 2 percent of book value of assets of the Company based on the financial statements` data as of the last reporting date - September30, 2013. Value of the transaction in monetary terms is RUR 7,333,473,972 and 60 kopecks.</p> <p><u>Validity term of the Agreement:</u> The Credit Agreement is valid not more than 12 years from the date of the conclusion of the Agreement.</p>	
13.	<p>Trust Agreement</p> <p><u>Parties of the Agreement:</u> Seller of Trust – JSC RusHydro; Trust Administrator – JSC RAO ES of the East.</p>	<p>Approved by the Board of Directors (Minutes as of December 5, 2013 No 191)</p>	<p><u>Subject of the Agreement:</u> The Seller of Trust shall transfer all rights which are certified by all shares purchased or to be acquired later of CJSC Blagoveschenskaya CHP, CJSC Sakhalinskaya SDPP-2, CJSC Yakutskaya SDPP - 2, CJSC CHP in Sovetskaya Gavan (hereinafter jointly referred to – companies) except for the right to receive dividends (shares) whereas the Trust Administrator undertakes to administer shares transferred in trust in the interests of the seller of trust and for remuneration within the period of validity of the Agreement. Number of shares which shall be transferred in trust within 10 working days from the date of the conclusion of the Agreement, provided that the Trust Administrator opened its account: CJSC Blagoveschenskaya CHP - 500 000 shares; CJSC Sakhalinskaya SDPP-2 -500 000 shares; CJSC Yakutskaya SDPP – 2 - 500 000 shares; CJSC CHP in Sovetskaya Gavan - 500 000 shares. The Seller of Trust shall transfer shares acquired within the additional issues of shares of the companies in trust to the Trust Administrator: CJSC Blagoveschenskaya CHP - not more than 6,301,000,000 shares; CJSC Sakhalinskaya SDPP-2 – not more than 12,995,000,000 shares; CJSC Yakutskaya SDPP – not more than 16,861,000,000 shares; CJSC CHP in Sovetskaya Gavan – not more than 13,843, 000,000 shares.</p> <p><u>Price of the Agreement:</u> Remuneration of the Trust Administrator for administering companies` shares transferred in trust within the period of validity of the Agreement shall not exceed RUR 72,000 (including VAT), but not more than RUR 3,000 per quarter (including VAT).</p> <p><u>Validity term of the Agreement:</u> Three years.</p>	<p>Related party - member of the Board of Directors of JSC RusHydro E.V. Dod, who is also a member of the Board of Directors of JSC RAO ES of the East. Dod E.V. does not vote.</p>

			<p>The Agreement is automatically renewed for another three-year period, if the Trust Administrator fails to send notice of non-renewal to the Seller of Trust not later than 3 months before the date of its expiry or the Seller of Trust fails to send notice of non-renewal to the Trust Administrator not less than 1 month before the date of the expiration of the Agreement.</p>	
14.	<p>Voluntary Health Insurance Contract</p> <p><u>Parties of The Contract:</u> Insurant – JSC RusHydro; Insurer – JSC Insurance Company "Alliance".</p>	<p>Approved by the Board of Directors (Minutes as of December 17, 2013 No 192)</p>	<p><u>Subject of the Contract:</u> Based on the Rules of the voluntary health insurance The Insurer undertakes for the charge stipulated by the Contract (insurance premium) which is paid by the Insurant upon the onset of an insured event to perform the organization of and payment for medical services for the persons covered by the voluntary health insurance program (hereinafter – the VHI services). Insured persons (beneficiaries): The Insurant employees, including members of the collegial executive body and its chairman and other persons included in the lists of insured persons, which were submitted by the Insurant to the Insurer. Insurance object: The proprietary interests of insured persons related to the medical, transportation and other assistance costs upon the onset of an insured event. Insured event: The application of Insured person during the term of insurance to health care facility to get medical (treatment, diagnostic, counseling, rehabilitation and restorative, health-related, disease –prevention including immunoprophylaxis and others inter alia home and social care) assistance under the terms of the Insurance Contract and insurance program that results in creation of the Insurer's obligations to pay medical and other services. Insured sum: - risk of costs related to outpatient care– RUR 2,250,000; - risk of costs related to in-patient care – RUR 4,500,000; - risk of costs related to emergency first response– RUR 600,000; - risk of costs for medical care and medical transportation care abroad, across Russia and CIS countries outside the 100 km zone of permanent residence – USD 100,000 in RUR terms, but not less than RUR 3 million. <u>Price of the Contract:</u> RUR 45,363,329.85, VAT free. <u>Validity term of the Voluntary</u></p>	<p>Related parties - members of the Management Board who are insured persons (beneficiaries under the Contract). Dod E.V. does not vote.</p>

			<p><u>Health Insurance Contract:</u> Start date of the Contract - January 1, 2014, End date of the Contract - December 31, 2014.</p>	
15.	<p>Voluntary Group Accident and Illness Insurance Contract <u>Parties of the Contract:</u> Insurant – JSC RusHydro; Insurer – JSC Insurance Company "Alliance".</p>	<p>Approved by the Board of Directors (Minutes as of December 17, 2013 No 192)</p>	<p><u>Subject of the Contract:</u> The Insurer undertakes, upon the onset of events stipulated by the Contract, to make an insurance payment to the Insurant or to the beneficiary stipulated by the Contract, regardless of the amounts payable to them under other insurance contracts, as well as under compulsory social insurance, social security and by way of reimbursement for damages. Insured persons: The Insurant employees, including members of the collegial executive body and its chairman and other persons included in the lists of insured persons, which were submitted by the Insurant to the Insurer. Beneficiaries: Insured person and other persons indicated by beneficiaries with the written consent of the insured person and in the event of death of the insured person their heirs eligible to receive the insurance indemnity upon the onset of insured event. Object of insurance: The proprietary interests, not contradicting with the legislation of the Russian Federation which related to causing damage to the life or health of people. Insured event: Events of sudden, unforeseen and unintended nature for the insured person (insurance risks) stipulated by the Insurance Contract upon the onset of which there is an obligation of the Insurer to pay insurance indemnity to the insured person (beneficiary). Insurance risks: - death of an insured person due to an accident; - death of an insured person due to natural causes; - disability due to an accident (assessing I, II and III groups of disability); - disability due to natural causes (assessing I, II and III groups of disability); - temporary disability due to an accident in connection with injuries; - hospitalization due to an accident; - diagnosis of a critical disease or doing major surgical operations Insured sum: Subject to Appendix 2 attached to Protocol. <u>Price of the Contract:</u></p>	<p>Related party - members of the Management Board who are insured persons (beneficiaries under the Contract). Dod E.V. does not vote.</p>

			<p>RUR 3,220,387.23, VAT free.</p> <p><u>Validity term of the Voluntary Group Accident and Illness Insurance Contract:</u></p> <p>Start date of the Contract – January 1, 2014,</p> <p>End date of the Contract – December 31, 2014.</p>	
16.	<p>Contract for the Performance of Research and Development and Technological Works</p> <p><u>Parties:</u></p> <p>Customer – JSC RusHydro; Executor – JSC Lenhydroproject</p>	<p>Approved by the Board of Directors (Minutes as of December 17, 2013 No 192)</p>	<p><u>Subject of the Contract:</u></p> <p>The Executor undertakes to perform research and development and technological works specified by the Customer's assignment to develop and test an asynchronous generator prototype with variable frequency drive of HPP and PSPP. Stage 1. Adapting the structure of existing and under construction PSPP of JSC RusHydro for technology of asynchronous motor-generators (AMG) in accordance with the Technical assignment and terms specified by the Contract and take it over to the Customer whereas the Customer undertakes to accept the results of this work and pay the contract price for it.</p> <p><u>Price of the Contract:</u></p> <p>Up to a maximum of RUR 135,328,421 and 16 kopecks, including VAT 18% - RUR 20,643,318 and 48 kopecks</p> <p><u>Turnaround time:</u></p> <p>Commencement date - November 11, 2013, Completion date - not later than 18 months from the commencement date.</p> <p><u>Validity term of the Contract:</u></p> <p>The Contract shall come into force from the moment of signing it by the both Parties and be valid till complete fulfillment of obligations undertaken by the Parties. Conditions of the Contract shall be applied to the relations between the Parties which have arisen from November 11, 2013.</p>	<p>Related party - member of the Management Board of JSC RusHydro Voskresensky S.M., who was also the General Director of JSC Lenhydroproject.</p> <p>Dod E.V. does not vote.</p>
17.	<p>Supplementary agreement No 2 to the Contract dated June 1 2011 No CIII-313-2011</p> <p><u>Parties:</u></p> <p>Customer – JSC Rushydro; Executor – JSC Lenhydroproject.</p>	<p>Approved by the Board of Directors (Minutes as of December 17, 2013 No 192)</p>	<p><u>Subject of the Supplementary agreement:</u></p> <p>The Executor undertakes to develop comprehensive reconstruction project for the Maininsky waterworks facility of JSC RusHydro branch - the Sayano-Shushenskaya HPP named after P.S. Neporozhny specified by the Customer's assignment, at its own risk, with the use of its own materials, equipment and tools and turn it over to the Customer whereas the Customer undertakes to create all conditions specified by the Contract to perform the work and accept the results of this work and pay the contract price for it.</p> <p><u>Price of the Supplementary agreement:</u></p> <p>RUR 302,227,358 and 77 kopecks, including VAT (18%) – RUR 46,102,478 and 46 kopecks.</p>	<p>Related party - member of the Management Board of JSC RusHydro Voskresensky S.M., who was also the General Director of Lenhydroproject.</p> <p>Dod E.V. does not vote.</p>

			<p><u>Turnaround time:</u> Commencement date - June 1, 2011; Completion date – December 18, 2013.</p>	
18.	<p>Contract <u>Parties of the Contract:</u> Customer – JSC RusHydro; Executor – JSC Lenhydroproject.</p>	<p>Approved by the Board of Directors (Minutes as of December 17, 2013 No 192)</p>	<p><u>Subject of the Contract:</u> The Executor undertakes to perform pre-project study and develop a project for the creation of automatic seismological network for objects of the Dagestan branch: the Irganayskaya HPP, the Miatlinskaya HPP, the Gergebilskaya HPP, the Gunibskaya HPP, the Chiryurtskaya HPP-1, the Chiryurtskaya HPP-2, the Gelbakhsкая HPP specified by the Customer`s assignment, at its own risk, with the use of its own materials, equipment and tools and turn it over to the Customer whereas the Customer undertakes to create all conditions specified by the Contract to perform the work and accept the results of this work and pay the contract price for it. <u>Price of the Contract:</u> RUR 7,669,998 and 82 kopecks, including VAT (18%) – RUR 1,169,999 and 82 kopecks. <u>Turnaround time:</u> Commencement date - December 20, 2013; Completion date – June 30, 2014. <u>Validity term of the Contract:</u> The Contract shall come into force from the moment of signing it by the both Parties and be valid till complete fulfillment of obligations undertaken by the Parties. Conditions of the Contract shall be applied to the relations between the Parties which have arisen from December 20, 2013.</p>	<p>Related party - member of the Management Board of JSC RusHydro Voskresensky S.M., who was also the General Director of Lenhydroproject. Dod E.V. does not vote.</p>
19.	<p>Contract <u>Parties of the Contract:</u> Customer – JSC RusHydro; Executor – JSC Lenhydroproject.</p>	<p>Approved by the Board of Directors (Minutes as of December 17, 2013 No 192)</p>	<p><u>Subject of the Contract:</u> The Executor undertakes to perform pre-project study and develop a project for the replacement of repair deep spillway gates for emergency repair ones with the reconstruction of lifting mechanisms and introduction of automatic control system of water level in the reservoir of the Gunibskaya HPP specified by the Customer`s assignment, at its own risk, with the use of its own materials, equipment and tools and turn it over to the Customer whereas the Customer undertakes to create all conditions specified by the Contract to perform the work and accept the results of this work and pay the contract price for it. <u>Price of the Contract:</u> RUR 3,538,742 and 12 kopecks, including VAT (18%) – RUR 539,808 and 12 kopecks. <u>Turnaround time:</u> Commencement date - from September 18, 2013; Completion date – till April 30,</p>	<p>Related party - member of the Management Board of JSC RusHydro Voskresensky S.M., who was also the General Director of Lenhydroproject. Dod E.V. does not vote.</p>

			<p>2014.</p> <p><u>Validity term of the Contract:</u> The Contract shall come into force from the moment of signing it by the both Parties and be valid till complete fulfillment of obligations undertaken by the Parties. Conditions of the Contract shall be applied to the relations between the Parties which have arisen from September 18, 2013.</p>	
20.	<p>Contract</p> <p>Parties of the Contract: Customer – JSC RusHydro; Executor – JSC Lenhydroproject.</p>	<p>Approved by the Board of Directors (Minutes as of December 17, 2013 No 192)</p>	<p><u>Subject of the Contract:</u> The Executor undertakes to develop a project for the reconstruction of set floor of intake chamber to protect from rock falls and mudflows at the Irganayskaya HPP specified by the Customer's assignment, at its own risk, with the use of its own materials, equipment and tools and turn it over to the Customer whereas the Customer undertakes to create all conditions specified by the Contract to perform the work and accept the results of this work and pay the contract price for it.</p> <p><u>Price of the Contract:</u> RUR 11,771,338 and 47 kopecks, including VAT (18%) – RUR 1,795,627 and 90 kopecks.</p> <p><u>Turnaround time:</u> Commencement date - from December 20, 2013; Completion date – till July 31, 2014.</p> <p><u>Validity term of the Contract:</u> The Contract shall come into force from the moment of signing it by the both Parties and be valid till complete fulfillment of obligations undertaken by the Parties. Conditions of the Contract shall be applied to the relations between the Parties which have arisen from December 20, 2013.</p>	<p>Related party - member of the Management Board of JSC RusHydro Voskresensky S.M., who was also the General Director of Lenhydroproject. Dod E.V. does not vote.</p>
21.	<p>Contract</p> <p>Parties of the Contract: Customer – JSC RusHydro; Executor – JSC Lenhydroproject.</p>	<p>Approved by the Board of Directors (Minutes as of December 17, 2013 No 192)</p>	<p><u>Subject of the Contract:</u> The Executor undertakes to perform pre-project study and develop a project for the creation of automatic seismological network of the Gunibskaya HPP, the Gergebilskaya HPP and the Miatlinskaya HPP, specified by the Customer's assignment, at its own risk, with the use of its own materials, equipment and tools and turn it over to the Customer whereas the Customer undertakes to create all conditions specified by the Contract to perform the work and accept the results of this work and pay the contract price for it.</p> <p><u>Price of the Contract:</u> RUR 7,080,000 and 00 kopecks, including VAT (18%) – RUR 1,080,000 and 00 kopecks.</p> <p><u>Turnaround time:</u> Commencement date - from December 20, 2013; Completion date – till June 31,</p>	<p>Related party - member of the Management Board of JSC RusHydro Voskresensky S.M., who was also the General Director of Lenhydroproject. Dod E.V. does not vote.</p>

			<p>2014.</p> <p><u>Validity term of the Contract:</u> The Contract shall come into force from the moment of signing it by the both Parties and be valid till complete fulfillment of obligations undertaken by the Parties. Conditions of the Contract shall be applied to the relations between the Parties which have arisen from December 20, 2013.</p>	
22.	<p>Contract</p> <p>Parties of the Contract: Customer – JSC RusHydro; Executor – JSC Lenhydroproject</p>	<p>Approved by the Board of Directors (Minutes as of December 17, 2013 No 192)</p>	<p><u>Subject of the Contract:</u> The Executor undertakes to perform pre-project study and develop a project for the creation of drainage barriers and piezometric network in the foundation and landfall of the dam of the Gergebilskaya HPP specified by the Customer`s assignment, at its own risk, with the use of its own materials, equipment and tools and turn it over to the Customer whereas the Customer undertakes to create all conditions specified by the Contract to perform the work and accept the results of this work and pay the contract price for it.</p> <p><u>Price of the Contract:</u> RUR 1,769,641 and 28 kopecks, including VAT (18%) – RUR,269,945 and 28 kopecks.</p> <p><u>Turnaround time:</u> Commencement date - from September 17, 2013; Completion date – till December 25, 2013.</p> <p><u>Validity term of the Contract:</u> The Contract shall come into force from the moment of signing it by the both Parties and be valid till complete fulfillment of obligations undertaken by the Parties. Conditions of the Contract shall be applied to the relations between the Parties which have arisen from September 17, 2013.</p>	<p>Related party - member of the Management Board of JSC RusHydro Voskresensky S.M., who was also the General Director of Lenhydroproject. Dod E.V. does not vote.</p>
23.	<p>JSC RusHydro`s additional contribution to the authorized capital of VolgaHydro LLC</p> <p><u>Parties:</u> JSC RusHydro VolgaHydro LLC</p>	<p>Approved by the Board of Directors (Minutes as of November 13, 2013 No 189)</p>	<p><u>Subject:</u> JSC RusHydro shall make an additional contribution to the authorized capital of VolgaHydro LLC as part of its increase.</p> <p><u>Price:</u> The amount of additional contribution which increases the nominal value of the share of JSC RusHydro is RUR45 million.</p> <p><u>Form of the additional contribution:</u> Money</p> <p><u>Term of the additional contribution:</u> The additional contribution should be made within two months from the date of the decision of the General Meeting of Shareholders of LLC VolgaHydro to increase the authorized capital by making additional contributions by shareholders of the Company.</p>	<p>Related parties - Deputy Chairman of the Management Board of JSC RusHydro M.A. Mantrov and member of the Management Board of JSC RusHydro B.B. Bogush, who are also members of the Board of Directors of LLC VolgaHydro. Dod E.V. does not vote.</p>
24.	<p>Bank Deposit Contracts /</p>	<p>Approved by the Board of</p>	<p><u>Subject:</u></p>	<p>Related party - member</p>

	<p>Agreements (73 transactions)</p> <p><u>Parties:</u> Bank – JSC Sberbank of Russia; Client – JSC RusHydro.</p>	<p>Directors (Minutes as of December 5, 2013 No 191)</p>	<p>The Bank receives the monetary sum in Russian rubles or in foreign currency (deposit) from the Client, and undertakes to return the amount of the deposit and accrue and pay interest on it.</p> <p><u>Price of all concluded contracts:</u> RUR 1,117,538,988 and 03 kopecks</p> <p><u>Deposit period:</u> Not more than one year from the date of making each deposit.</p>	<p>of the Board of Directors of JSC RusHydro A.E. Bugrov who is a close relative of a member of the Management Board of JSC Sberbank of Russia.</p> <p>Dod E.V. and Bugrov A.E. do not vote.</p>
25.	<p>Contracts / Agreements for maintaining minimum balance of monetary funds on account (47 transactions)</p> <p><u>Parties:</u> Bank – JSC Sberbank of Russia; Client – JSC RusHydro.</p>	<p>Approved by the Board of Directors (Minutes as of December 5, 2013 No 191)</p>	<p><u>Subject:</u> The Bank undertakes to maintain minimum balance of monetary funds on account as well as accrue and pay interest on it.</p> <p><u>Price of all concluded contracts:</u> RUR 19,012,645 and 46 kopecks.</p> <p><u>Term of maintaining minimum balance on account (accounts):</u> Not more than 30 days from the date of each placement to minimum balance of monetary funds on account.</p>	<p>Related party - member of the Board of Directors of JSC RusHydro A.E. Bugrov who is a close relative of a member of the Management Board of JSC Sberbank of Russia.</p> <p>Dod E.V. and Bugrov A.E. do not vote.</p>
26.	<p>Supplementary Agreement to the Contract for the provision of information to monitor transactions on accounts of third parties</p> <p><u>Parties:</u> Bank – JSC Sberbank of Russia; Client – JSC RusHydro.</p>	<p>Approved by the Board of Directors (Minutes as of December 5, 2013 No 191)</p>	<p><u>Subject of the Supplementary Agreement:</u> Adding the list of holders of accounts which have been opened in JSC Sberbank of Russia, JSC RusHydro provided information on.</p> <p><u>Price of the Supplementary Agreement:</u> Not applicable</p>	<p>Related party - member of the Board of Directors of JSC RusHydro A.E. Bugrov who is a close relative of a member of the Management Board of JSC Sberbank of Russia.</p> <p>Dod E.V. and Bugrov A.E. do not vote.</p>

In 2013, the Company did not make large transactions.

List of RusHydro's Internal Documents

JSC RusHydro's corporate governance principles and procedures are set forth in the Company's Articles of Association and other internal regulatory documents:

- ❖ The Articles of Association approved by the General Meeting of Shareholders of JSC RusHydro (Minutes No. 11 from June 28th, 2013);
- ❖ JSC RusHydro's Code of Corporate Governance approved by the Board of Directors of JSC RusHydro (Minutes No. 94 from April 2nd, 2010);
- ❖ Corporate Code of Ethics approved by the Board of Directors of JSC RusHydro (Minutes No. 152 from May 21, 2012);
- ❖ Regulations on the Procedure for Convening and Holding the General Meeting of Shareholders approved by a resolution of the General Meeting of Shareholders of JSC RusHydro (Minutes No. 11 from June 28th, 2013);
- ❖ Regulations on Procedures for Convening and Holding Meetings of the Board of Directors approved by a resolution of the General Meeting of Shareholders of JSC RusHydro (Minutes No. 7 from July 4th, 2011);
- ❖ Regulations on the Audit Commission of the Board of Directors of JSC RusHydro (Minutes No. 188, October 15th, 2013);
- ❖ Regulations on the HR and Remuneration Committee of the Board of Directors approved by a resolution of the Board of Directors of JSC RusHydro (Minutes No. 188, October 15th, 2013);
- ❖ Regulations on the Strategy Committee of the Board of Directors approved by a resolution of the Board of Directors of JSC RusHydro (Minutes No. 188, October 15th, 2013);
- ❖ Regulations on the Investment Committee of the Board of Directors approved by a resolution of the Board of Directors of JSC RusHydro (Minutes No. 188, October 15th, 2013);
- ❖ Regulations on the Reliability, Energy Efficiency and Innovation Committee of the Board of Directors approved by a resolution of the Board of Directors of JSC RusHydro (Minutes No. 188, October 15th, 2013);
- ❖ Regulations of the Management Board approved by a resolution of the Annual General Meeting of Shareholders of JSC RusHydro (Minutes No. 1 from June 26th, 2008);
- ❖ Regulations on the Audit Commission approved by the decision of the Management Board of RAO UES of Russia (acting as a general meeting of members) (extract from the Protocol No. 1187pr/3 dated 6 April 2005);
- ❖ Regulations on the Internal Audit and Risk Management Department approved by a resolution of the Board of Directors of JSC RusHydro (Minutes No. 116 from December 30th, 2010);
- ❖ Regulations on the Internal Audit approved by an order of the Chairman of the Management Board of JSC RusHydro (Order No. 751 from August 12th, 2013);
- ❖ Regulations on the Internal Audit and Risk Management Department approved by an order of JSC RusHydro (No. 209 from March 16th, 2011);
- ❖ Regulations on Remuneration and Compensation to Members of the Board of Directors approved by a resolution of the Board of Directors of JSC RusHydro (Minutes No. 5 from June 30th, 2010);
- ❖ Regulations on Remuneration and Compensation to Members of the Audit Commission approved by a resolution of the General Meeting of Shareholders of JSC RusHydro (Minutes No. 1 from June 26th, 2008);
- ❖ Regulations on Dividend Policy approved by a resolution of the Board of Directors of JSC RusHydro (Minutes No. 85 from October 5th, 2009);
- ❖ Regulations on the Information Policy of JSC RusHydro approved by a resolution of the Board of Directors of JSC RusHydro (Minutes No. 129 from August 1st, 2011);
- ❖ Regulations on Insider Information for JSC RusHydro approved by a resolution of the Board of Directors of JSC RusHydro (Minutes No. 158 from August 10th, 2012); and
- ❖ Procedure for Interaction between JSC RusHydro and Entities with RusHydro Participation approved by a resolution of the Board of Directors of JSC RusHydro (Minutes No. 106 from September 1st, 2010).

Please visit the Company's web site at http://www.eng.rushydro.ru/governance/corporate_doc/ to review the full text of the above-mentioned documents.

Report on all Forms of the Company's Participation in Commercial Organizations

Name of the company	Purpose of participation	Form of participation	Financial parameters of participation		Revenue, RUR thousand	Net profit, RUR thousand	Dividend amount received by JSC RusHydro in 2013, RUR	Major activities
			Nominal value of contribution, RUR.	JSC RusHydro's stake in authorized capital, %				
Information on organizations which are a part of the holding structure								
CJSC Technopark Rumyantsevo	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	10.00	0.000005	7,937	(14,802)		Construction and installation operations
JSC Irkutskenergo *	Strategic and financial investments	Participation in the authorized capital of the company	4,297,368.00	0.09			324,377.74	Electricity production
LLC Index of Energetiki - HydroWGC	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	10,000 000.00	0.11	21,100	(5,382,814)		Investment activities
JSC Far Eastern Energy Company	Strategic and financial investments	Participation in the authorized capital of the company	178,714,322.00	1.04	62,003,554	(703,817)		Purchase and sale of electricity (power)
JSC Krasnoyarsk HPP	Strategic and financial investments	Participation in the authorized capital of the company	457,681.00	0.12	15,569,375	3,068,248		Electricity production
JSC INTER RAO UES *	Strategic and financial investments	Participation in the authorized capital of the company	5,701,572,103.00	1.94				Diversified holding company, which includes generation and sale of electricity on the domestic and foreign markets
Information on economic entities with the Company's stake (2% - 20%) in their authorized capitals								
JSC Boguchanskaya HPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	163,578,869.00	2.89	4,286,821	(233,718)		Production of electricity
LLC IT Energy Service	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	44,679,049.30	19.99	633,207	48,615		Provision of information technology services
Information on dependent companies with the Company's stake (20% - 50%) in their authorized capitals								
JSC UEMC		Participation in the authorized capital of the company	31,000.00	20.67	0	13,484		Under liquidation
JSC Zharki*		Participation in the authorized capital of the company	6,095,900.00	25 % plus 1 share				Provision of tourism and recreation services
JSC Yakutskenergo	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	2,769,811,893.00	29.8	23,524,439	978,477		Production, transmission and distribution of electricity
JSC Sakhalin Energy Company	Strategic and financial investments	Participation in the authorized capital of the company	3,507,568,000	31.49	1,207	98,854		Production of electricity
JSC MCC of power engineering	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	138,490.00	42.54	64,789	10,807	189,476.25	Information technology design and development operations
JSC Irkutsk Electric Grid Company	Strategic and financial investments	Participation in the authorized capital of the company	8,861,928,328	42.75	15,450,477	(94,330)	26,339,130.83	Transmission of electricity
JSC Verkhne-Mutnovskaya Pilot GeoPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	133,364,156.00	48.04	40,911	189		Production of electricity
CJSC Customer of the Boguchanskaya HPP Construction	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	4,900.00	49	66,702	69		Construction of the Boguchanskaya HPP
CJSC Organizer of Construction of the Boguchansky Aluminum Plant	Development of a new type of business	Participation in the authorized capital of the company	4,900.00	49	510,655	101		Construction of the Boguchansky Aluminum Plant
RusSUNHydro Limited**	Strategic and financial investments	Participation in the authorized capital of the company	2,223,000.00 euro	50	0	(351,232) euro		Investment activities
JSC Upper Naryn HPPs	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	50,000 som	50	0	(16,033) (thousand som)		Production of electricity
JSC Ust-Srednekanskaya HPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	8,939,749,019	50.04	144,293	1,420		Construction of the Ust-Srednekanskaya HPP
LLC VolgaHydro	Development of a new type of business	Participation in the authorized capital of the company	49,060,311	50% plus 1 ruble	0	0		Manufacturing of hydraulic equipment
Information on dependent companies with the Company's stake (50%+1 share to 100%) in their authorized capitals								
CJSC Organizer of Construction of the Boguchanskaya HPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	5,100.00	51	418,211	1,253	615,136.50	Construction of the Boguchanskaya HPP
CJSC Customer of the Boguchansky Aluminum Plant Construction	Development of a new type of business	Participation in the authorized capital of the company	5,100.00	51	72,158	(397)		Construction of the Boguchansky Aluminum Plant
JSC ChirkeyGESstroy	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	249,690,071.50	75.00	1,795,581	(121,305)		Construction operations
JSC RAO Energy System of the East	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	19,171,124,236..50	84.39	1,102,676	(7,595,036)		Holding companies management
JSC KamGEK	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	1,187,917,534.00	96.58	227,144	201	207,654.64	Production of electricity
JSC Geoterm	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	984,097,918	99.65	789,714	(238,700)		Production of electricity
JSC Zaramagskie HPPs	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	2,621,352,000.00	98.35	176,529	(9,493)		Construction of the Zaramagskie HPPs, production of electricity
JSC Kolymaenergo	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	12,063,052,613.00	98.76	1,694,019	101,262		Production of electricity
JSC Karachay-Cherkessia HGC	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	6,582,581.00	100	0	(3,812)		Construction of HGC
HydroOGK Aluminium Company Limited**	Financial investments	Participation in the authorized capital of the company	34,200.00 euro	100	0	70,580		Securities trading
HydroOGK Power Company Limited**	Financial investments	Participation in the authorized capital of the company	33,317,311.68 euro	100	0	(1,767)		Securities trading

		company						
CJSC HydroEngineering Siberia	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	300,000,000.00	100	6,610	(89,589)	17,076,266.71 (2007 dividends paid in 2013)	Design and survey operations
JSC VNIIG named after B.E. Vedeneyev	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	8,160,200.00	100	959,449	61,038	50,991,000.00	Research and development operations in the field of electric power industry
JSC Hydroinvest	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	150,000.00	100	464,894	(5,080,548)		Securities trading
JSC Leningrad PSPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	1,555,385,075.00	100	0	64,553		Re-design of the pilot Severnaya tidal power plant operations, construction of the Leningrad PSPP, production of electricity.
JSC NIIES	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	4,179,224.00	100	858,420	25,243	22,329,000.00	Research and development operations in the field of the electric power industry
JSC MC HydroOGC	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	150,000.00	100	408,547	16,840		Management company
JSC ESCO UES	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	15,000,000.00	100	6,314,863	1,047	1,363,000.00	Research and development operations in the field of the electric power industry
JSC Nizhne-Bureiskaya HPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	407,776,411.00	100	28,922	2,930		Construction of the Nizhne-Bureiskaya HPP
JSC Nizhne-Zeyskaya HPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	349,715,990.00	100	0	1,598		Construction of the Nizhne-Zeyskaya HPP
JSC Zagorskaya PSPP-2	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	2,770,683,692.00	100	67,582	18,244		Construction of the Zagorskaya PSPP-2
JSC RusHydro SSHTK	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	18,057,693.00	100	325,186	29,790	10,695,000.00	Provision of transportation services
JSC Renewable Energy Engineering Center	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	150,000.00	100	0	(5,100)		Construction of the pilot binary power generating unit
JSC Southern-Yakutia's GEK	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	10,000,000.00	100	0	3,322		Construction of the Southern Yakutia's hydropower complex
JSC Sulak HydroCascade	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	8,961,493,852.00	100	142,145	(59,902)		Construction of the Sulak hydropower cascade
JSC TZSO SSHHPP	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	482,153,947.00	100	61,496	(16,194)		Activities related to hotels and restaurants
JSC Gidromont-WCC	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	535,040.00	100	4,946,517	159,759	247,474,260.91	Provision of repair services for the electric power industry's facilities
JSC ESC RusHydro	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	3,012,499,999.00	100% plus 1 share	2,564,255	(380,342)		Wholesale trading of electric and thermal power
JSC Lenhydroproject	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	174,451.00	100	1,480,192	126,282	47,455,000.00	Research and development operations in the field of the electric power industry
JSC Nizhne-Kureiskaya HPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	35,097,700.00	100	0	52		Construction of HPP
JSC Far East Wind Power Plant	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	500,000.00	100	0	106		Construction of WPP
JSC Malaya Dmitrovka	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	3,800,000,000.00	100	571,097	(27,690)		Property management
JSC SHPPs of Altai	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	500,000.00	100	0	(10,563)		Construction of small HPPs of Altai
JSC SHPPs of Dagestan	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	161,500,000.00	100	2,257	(25,213)		Construction of small HPPs of Dagestan
RusHydro International B.V.**	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	5,800,000.00 euro	100	0	(131) euro		Investment activities
LLC Hydroservice	Provision of intermediary services for the Company's major activities	Participation in the authorized capital of the company	500,000.00	100	2,721	204		Provision of consulting services
LLC Verkhnebalkarskaya SHPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	129,500,000.00	100	0	(126,265)		Construction of the Verkhnebalkarskaya small hydropower plant
LLC Fiagdonskaya SHPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	63,400,000.00	100	0	(680)		Construction of the Fiagdonskaya small hydropower plant
LLC SHPPs of the Stavropol Territory and KCR	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	66,814,240.51	100	0	18		Construction of small HPPs of the Karachay-Cherkessia Republic
JSC Pavlodolskaya HPP	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	3,809,000.00	100	9,815	207		Production of electricity
CJSC Blagoveshchensk CHP Plant	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	500,000.00	100	0	634		Construction of CHP plants
CJSC Sakhalin GRES-2	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	500,000.00	100	0	(182)		Construction of GRES
CJSC Yakutsk GRES-2»	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	500,000.00	100	0	(713)		Construction of GRES
CJSC "CHP Plant in Sovetskaya Gavan	Ensuring of the development of the Company's major activities	Participation in the authorized capital of the company	500,000.00	100	0	(150)		Construction of CHP plants
CJSC "Holding Company BoAZ"	Strategic and financial investments	Participation in the authorized capital of the company	500,000.00	100	0	0		Investment activities

CJSC "Holding Company BoGES	Strategic and financial investments	Participation in the authorized capital of the company	500,000.00	100	0	0	Investment activities
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* Information on revenue and net profit is not provided, as JSC Irkutskenergo, JSC INTER RAO UES, JSC Zharki are not a part of the RusHydro Group. The Company has no financial statements of the said companies.

** The data are presented in accordance with IFRS.

Information on all forms of the Company's Participation in Non-commercial Organizations

Name of the company	Year when the Company entered into the partnership	Annual member's contribution, RUR., unless otherwise stated	Scope of activities of the non-commercial organization
NP Market Council (ATS)	2008	4,383,000	Organizing sales of electricity in the wholesale electricity market
NP Hydropower of Russia	2003	16,445,000	Improving efficiency of hydropower facilities and the use of hydropower resources of Russia
NP Corporate Educational and Scientific Center of the Unified Energy System" (KONTZ UES)	2008	Termination of participation in NP has been initiated	Facilitating acquisition of knowledge and improvement of business and professional skills of personnel involved in the electric power sector, as well as professionals involved in industries that ensure normal functioning of energy utilities (educational activities); development and improvement of personnel training system of the electric power industry
All-Russia Trade Association of Employers in the Power Industry (RaEI)	2006	3,900,000	Facilitating development of business in the power industry by representing and protecting interests of employers in the socio-labor, economic and other fields, in relations with trade unions, public and local authorities and development of a coordinated socially responsible policy of organizations - members of the Association
International Hydropower Association	2006	30,000 GBP (RUR 1,397,935.33)	Maintaining and disseminating knowledge on the hydropower sector under the auspices of the International Hydrological Program of UNESCO
All-Russia Association of Employers "Russian Union of Industrialists and Entrepreneurs" (OOR RSPP)	2006	400,000	Protecting members' common economic and social interests and legal rights that are essential for companies' sustainable development and the market economy as a whole
Siberian Energy Association (SEA)	2008	420,000	Ensuring the participation of its members in the processes of reforming the power industry and housing and utilities of the Russian Federation and taking into account their interests; creating conditions for effective development of the constituent entities' territories of the Russian Federation represented by members of the Association
NP Council of Electric Power Veterans	2008	15,000,000	Assisting Partnership members in carrying out activities aimed at providing comprehensive assistance to electric power veterans
NP UES Scientific and Technical Council	2008	1,500,000	Assisting Partnership members in forming scientific, technical and economic policy in the Unified Energy System of Russia
Global Sustainable Electricity Partnership	2008	USD 100,000 CAD 147,750 (RUR 8,000,133.39)	Elaborating joint political platforms and implementing relevant initiatives both in domestic and international markets
World Economic Forum	2008	CHF 300,000 (RUR 9,981,143.42)	Improving global state of the world through assistance to the international community in addressing issues of economic development and social progress. To that end, the Forum promotes the development of partnerships between business, political, intellectual and other leaders of the international community to discuss and resolve cornerstones problems of global development
NP Energostroyalyans	2010	444,000	Fostering an enabling environment for enterprises which carry out work in the field of construction, reconstruction, overhaul of capital construction facilities, and protection of the power industry from unfair foreign and domestic organizations and enterprises
NP ASIN	2012	300,000	The Partnership is a platform which promotes interests of JSC RusHydro and dialogue with public authorities on issues concerning the improvement of land and property legislation.
NP Club of Directors for Science and Innovation	2013	300,000	The Club is a communication platform for the community of professionals in the field of research, development and innovations

Report on Changes in the RusHydro Group Structure in 2013

Q1 2013

1. As part of placement of additional shares JSC RusHydro acquired shares of the following companies:
 - ❖ 2,478,568 ordinary shares of JSC Sakhalin Energy Company (the Company's stake in the authorized capital after the transaction - 34.73%, before the transaction - 12.44%);
 - ❖ 4,163,420,326 ordinary shares of JSC RAO Energy System of the East (the Company's stake in the authorized capital after the transaction - 74.91%, before the transaction - 65.75%);
 - ❖ 1,981,115,661 ordinary shares of JSC Irkutsk Electric Grid Company (the Company's stake in the authorized capital after the transaction - 42.53%, JSC RusHydro did not hold the company's shares before the transaction);
 - ❖ 2,649,171,000 ordinary shares of JSC Ust-Srednekanskaya HPP (the Company's stake in the authorized capital after the transaction - 50.04%, before the transaction - 35.21%).
2. Under sale and purchase agreement JSC Geoterm has acquired 11,631,886 ordinary shares in JSC OP Verkhne-Mutnovskaya GeoPP (the company's stake in the authorized capital after the transaction - 51.96%, before the transaction - 47.77%).
3. By accepting a mandatory offer LLC EZOP terminated participation in the following companies: JSC Barnaul Generation, JSC Barnaul CHP Plant-3, JSC Kemerovo Generation, JSC Krasnoyarsk CHP Plant-1, JSC Krasnoyarsk Heat Transport Company, JSC Kuznetsk CHP Plant, JSC Nazarovskaya GRES and JSC Novo-Kemerovo CHP Plant.
4. Registration of the report on the results of additional issue of JSC IDGC Holding on March 19, 2013 resulted in changes in stakes of LLC EZOP, LLC Energy Index HydroOGC and JSC Yakutskenergo.
5. JSC RusHydro acquired 8,959,580,464 ordinary shares of JSC Sulak HydroCascade as part of the additional issue of shares of the company (without change in stake and equals to 100% of the authorized capital).

Q2 2013

1. As part of additional issues JSC RusHydro acquired shares of the following subsidiary companies (without change in stake and equals to 100% of the authorized capital):
 - ❖ 349,565,990 shares of JSC Nizhne-Zeyskaya HPP;
 - ❖ 34,597,700 shares of JSC Nizhne- Kureiskaya HPP;
 - ❖ 3,400,000,000 shares of JSC Malaya Dmitrovka.
2. Establishment of four subsidiary companies of JSC RusHydro (sole founder):
 - ❖ CJSC Blagoveschenskaya CHP Plant;
 - ❖ CJSC Sakhalinskaya GRES-2;
 - ❖ CJSC Yakutskaya GRES-2;
 - ❖ CJSC CHP Plant in Sovetskaya Gavan.
3. The Annual General Meetings of Shareholders of JSC Yakutskenergo, JSC Boguchanskaya HPP and JSC RAO Energy System of the East made the decisions not to pay dividends on preferred shares. As a result preferred shares of the said companies owned by JSC RusHydro have become voting shares.
4. As part of an increase in authorized capital of ALSTOM RUSHYDRO HOLDING B.V. on May 30, 2013 JSC ESC RusHydro acquired 6,000,000 shares in the authorized capital of the company. JSC ESC RusHydro stake has not changed and equals to 50% plus 1 share.
5. The authorized capital of LLC AlstomRusGidroEnerdzhi has been increased. Stake of ALSTOM RUSHYDRO HOLDING B.V. unchanged and equals to 100% of the authorized capital.
6. In connection with registration of additional issues of shares of JSC FGC UES and JSC OGK-2:
 - ❖ stake of LLC EZOP in the authorized capitals of JSC FGC UES and JSC OGK-2 slightly decreased;
 - ❖ stake of JSC ChirkeyGESstroy in the authorized capital of JSC FGC UES slightly decreased.
7. In connection with registration of reports on the results of additional issues of shares of JSC FGC UES, JSC OGK-2 and JSC DVEUK, changes in the structure of financial investments of JSC RAO Energy System of the East during the reporting period were as follows:
 - ❖ stake of RAO Energy Systems of the East in JSC DVEUK slightly decreased;
 - ❖ stake of JSC DEK in JSC FGC UES slightly decreased;
 - ❖ stake of JSC AC Yakutskenergo in JSC FGC UES and JSC OGK-2 slightly decreased.

Q3 2013

1. Reorganization of JSC Turboremont-VKK, JSC Elektroremont-VKK, JSC SSHGER and JSC REMIK in the form of merger to JSC Gidroremont-VKK is completed. Rights and obligations of the reorganized companies, including rights and obligations of a participant of LLC Montazhenergo transferred to JSC Gidroremont-VKK.
2. JSC RusHydro and Voith Hydro GmbH & Co. KG established Limited Liability Company VolgaHydro (date of establishment – August 19, 2013, stake of JSC RusHydro - 50% plus 1 ruble).

3. Stake of JSC RusHydro in the authorized capital of JSC SEK decreased from 34.73% to 31.5% of authorized capital as a result of share issue.
4. ~~4.~~ Authorized capital of LLC IT Energy Service was reduced through reduction in the stocks par value of all participants. Stakes of JSC RusHydro and JSC RAO Energy System of the East in percentage terms were not changed.
5. ~~5.~~ In connection with registration of reports on the results of additional issues of shares of JSC SEC, JSC SKK, changes in the structure of financial investments of JSC RAO Energy System of the East during the reporting period were as follows:
 - ❖ stake of JSC RAO Energy System of the East in JSC SEC decreased from 9.9027% to 8.9777%;
 - ❖ stake of JSC Sakhalinenergo in JSC SKK decreased from 47.9497% to 24.8748%;
 - ❖ stake of JSC NDES in JSC SKK decreased from 0.2414% to 0.1252%.

Q4 2013

1. JSC RusHydro made additional contribution to the authorized capital of LLC MGES Stavropolya I KChR in the amount of RUR 38,614,240.51.
2. In the course of additional share issue JSC RusHydro acquired stakes in the following companies:
 - ❖ 453,369,421 shares of JSC CSO SShHPP;
 - ❖ 938,970,618 shares of JSC Geoterm.
- ~~1-3.~~ JSC RusHydro established JSC Holding Company BoAZ and JSC Holding Company BoHPP (date of establishment of the companies – December 26, 2013, stake of JSC RusHydro equals to 100% of the authorized capitals of the companies).
- ~~2-4.~~ As part of additional issues of shares JSC RusHydro acquired shares of the following subsidiary companies:
 - ❖ 693,922,210 shares of JSC Renewable Energy Engineering Center;
 - ❖ 3,245,023,323 shares of JSC Yuzhno-Yakutsky HPC;
 - ❖ 1,480,212,826 shares of JSC Ust-Srednekanskaya HPP (the issuance was not completed as of 31 December 2013).
- ~~3-5.~~ Shares of CJSC Blagoveschenskaya CHP Plant, CJSC Sakhalin GRES-2, CJSC Yakutsk GRES-2 and CJSC CHP Plant in Sovetskaya Gavan were transferred to JSC RAO Energy System of the East in trust management under the agreement as of December 23, 2013 No OG-175-169-2013.
- 4-6. As part of placement of additional shares JSC RusHydro acquired shares of the following companies:
 - ❖ 3,625,110 shares of JSC Irkutskenergo (stake of JSC RusHydro increased from 0.014103% to 0.090152% of the authorized capital);
 - ❖ 4,307,819,825 ordinary shares of JSC RAO Energy System of the East (stake of JSC RusHydro increased from 74.91% to 84.39% of the authorized capital);
 - ❖ 10,328,907 shares of JSC IEGC (stake of JSC RusHydro increased from 42.53% to 42.75% of the authorized capital).
- ~~5-7.~~ In connection with registration of the report on the results of additional issue of shares of JSC RusHydro on December 26, 2013, stakes of the following companies changed in JSC RusHydro:
 - ❖ JSC Zaramagskie HPPs (stake decreased from 0.085412% to 0.07024% of the authorized capital);
 - ❖ JSC Institute Hydroproject (stake decreased from 0.000223% to 0.000183% of the authorized capital);
 - ❖ JSC Hydroinvest (stake decreased from 1.1243% to 0.9245% of the authorized capital);
 - ❖ LLC EZOP (stake decreased from 0.99% to 0.81% of authorized capital);
 - ❖ LLC Energy Index HydroOGC (stake decreased from 0.49% to 0.41% of authorized capital);
 - ❖ JSC ChirkeyGESstroy (stake decreased from 0.0092% to 0.0076% of the authorized capital).
- ~~6-8.~~ As part of the increase of authorized capital of ALSTOM RUSHYDRO HOLDING B.V on November 13, 2013 JSC ESC RusHydro acquired 6.5 million shares. Stake of JSC RusHydro has not changed and equals to 50% plus 1 share.
- ~~7-9.~~ Stake of LLC EZOP in the authorized capital of JSC Rossetti decreased from 0.00028% to 0.0001% due to an increase in the authorized capital of JSC Rossetti.
- ~~8-10.~~ Stake of JSC Energy Index HydroOGC in the authorized capital of JSC Rossetti decreased from 0.78% to 0.28% due to an increase in the authorized capital of JSC Rossetti.
- ~~9-11.~~ Changes in the Articles of Associations of LLC SHPPs of the Stavropol Territory and KCR and LLC VolgaHydro that provide for an increase in the authorized capital of the said companies were registered. Stake of JSC RusHydro in the companies' authorized capitals has not changed.
- ~~10-12.~~ Changes in the Articles of Associations of LLC AlstomRusGidroEnerdzhi that provide for an increase in the authorized capital of the company were registered (stake of ALSTOM RUSHYDRO HOLDING B.V. in the authorized capital of the company has not changed).
- ~~11-13.~~ On October 15, 2013 shares of JSC Trust Gidromontazh owned by JSC RusHydro were transferred to JSC TEK Mosenergo under purchase and sale contract.
- ~~12-14.~~ Stake of JSC ChirkeyGESstroy in the authorized capital of JSC IDGC of the Northern Caucasus has decreased from 0.039% to 0.0142% due to an increase in the authorized capital of JSC IDGC of the North Caucasus.
- ~~13-15.~~ Changes in the structure of financial investments of JSC RAO Energy System of the East during the reporting period were as follows:

- 14.1. In connection with the registration of the report on the results of additional issue of JSC RusHydro:
- ❖ stake of JSC RAO Energy System of the East in JSC RusHydro decreased from 0.0153% to 0.0126%;
 - ❖ stake of JSC DEK in JSC RusHydro decreased from 0.023% to 0.0189%;
 - ❖ stake of JSC Yakutskenergo in JSC RusHydro decreased from 0.0000176% to 0.000014%.
- 14.2. With the increase in the authorized capital of JSC Rossetti stake of JSC Yakutskenergo in JSC Rossetti decreased from 0.000028% to 0.0000099%.
- 14.3. As part of additional issue of shares of JSC FEDC, JSC DEK purchased 3,971,756,027 shares.

Report on Holding of the General Meetings of Shareholders

The Extraordinary General Meeting of Shareholders of JSC RusHydro

Number and date of Minutes	The issues discussed
No 10 as of April 19, 2013	<ol style="list-style-type: none">1. On yearly termination of powers of members of the Board of Directors of JSC RusHydro.2. On election of members of the Board of Directors of JSC RusHydro.3. On approval of contract on insurance coverage of liability and financial risk of Directors, Officers and the Company concluded between JSC RusHydro and Joint-Stock Insurance Company Ingostrakh which is a related party transaction.

The Annual General Meeting of Shareholders of JSC RusHydro

Number and date of Minutes	The issues discussed
No 11 as of June 28, 2013	<ol style="list-style-type: none">1. On approval of 2012 annual report, annual financial statements, including profit and loss statement.2. On distribution of profit (including payment (declaration) of dividends) and losses of the Company according to the results for the fiscal year of 2012.3. On election of members for the Board of Directors.4. On election of the Audit Commission of the Company.5. On approval of the Auditor of the Company.6. On remuneration payment to members of the Board of Directors of the Company.7. On approval of a new version of the Articles of Association of the Company.8. On approval of a new version of the Regulations for the procedure on convening and holding of the General Meeting of Shareholders of the Company.9. On approval of related party transactions.

Voting results and decisions of the general meetings of shareholders are available on our web site: <http://www.rushydro.ru/corporate/general-meeting/overpast/2013/>

Report on the Meetings of the Committees of the Board of Directors

The Strategy Committee (SC)

Number and date of Minutes	The issues discussed
No 9 as of January 18, 2013 (SC+RC)	1. On recommendations to the Board of Directors on the issue: On establishment of a Science and Technology Development Fund.
No10 as of January 31, 2013 (SC+RC)	1. On recommendations to the Board of Directors on the issue: On establishment of a Science and Technology Development Fund.
No57 as of February 7, 2013	1. On implementation of the development priorities of JSC RusHydro in 2012
No58 as of February 18, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On the Concept of reorganization of project activities of JSC RusHydro.
No59 as of April 10, 2013	1. On recommendations to the Board of Directors on issue: On the Report of the Chairman of the Strategy Committee on the results of 2012-2013 corporate year. 2. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the Report on implementation of the Innovative Development Program RusHydro for 2011 – 2015 with a view to 2021, in 2012. 3. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the Report on implementation of the priority projects as part of the Innovative Development Program for 2011 - 2015 with a view to 2021 of JSC RusHydro, in 2012.
No60 as of June 10, 2013	1. On election of the Deputy Chairman of the Strategy Committee of the Board of Directors of JSC RusHydro. 2. On election of the Secretary of the Strategy Committee of the Board of Directors of JSC RusHydro. 3. On recommendations to the Board of Directors on the issue: On the Company's transactions with shares and stakes of organizations which the Company participates in.
No61 as of July 31, 2013	1. On election of the Deputy Chairman of the Strategy Committee of the Board of Directors of JSC RusHydro. 2. On election of the Secretary of the Strategy Committee of the Board of Directors of JSC RusHydro.
No62 as of August 26, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the Report on implementation of the priority projects of the Company as part of the Innovative Development Program of JSC RusHydro, as well as interaction with scientific organizations and educational institutions in H1 2013.
No63 as of October 8, 2013	1. On approval of a new version of the Regulations for the Strategy Committee of the Board of Directors of the Company.
No64 as of November 22, 2013	1. On recommendations to the Board of Directors of the Company on the issue: On review of the Investment Memorandum of CJSC Scientific and Technical Development Fund of JSC RusHydro. 2. On re-election of the Secretary of the Strategy Committee of the Board of Directors of JSC RusHydro.
No65 as of November 26, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On 2014 development priorities of JSC RusHydro.
No66 as of November 29, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On priority areas of activities of the Company: on management model of generating capacities' construction in the Far East. 2. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of transactions with shares and stakes of organizations which JSC RusHydro participates in.

The Audit Committee (AC)

Number and date of Minutes	The issues discussed
No 45 as of January 28, 2013	1. On Compliance Report on Requirements of the Legislation of the Russian Federation in the field of combating illegal use of insider information and market manipulation and of the Regulations on the Insider Information of JSC RusHydro for Q4 2012. 1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On the procedure on selection of appraisers and (or) candidate appraiser (s) to determine the value of shares, property and other assets of the Company.
No 46 as of February 15, 2013	1. On implementation of the timeline of control activities of JSC RusHydro for Q4 2012. 2. On recommendations to the Board of Directors on the issue: On approval of the transactions associated with the transfer of property without compensation. 3. On the Report of CJSC PwC Audit (Auditor of the Company) on the results of audit of the financial statements for 9 months of 2012.
No 47 as of February 28, 2013	1. On the Report on the implementation of measures of the Comprehensive Program to prevent illegal activities by employees of JSC RusHydro. 2. On recommendations to the Board of Directors on the issue: On Approval of the Report on the insurance coverage of JSC RusHydro in 2012.

No 48 as of April 12, 2013	<ol style="list-style-type: none"> 1. On recommendations to the Board of Directors on candidate Auditor of the Company. 2. On recommendations to the Board of Directors of the Company on the review of the annual financial statements, including 2012 profit and loss statement of the Company. 3. On audit opinion of the Auditor of the Company for the results of 2012 financial statements audit prepared in accordance with Russian accounting standards. 4. On the Report of CJSC PwC Audit (Auditor of the Company) on the results of the audit of 2012 financial statements of the Company. 5. On the Compliance Report on requirements of the legislation of the Russian Federation in the field of combating illegal use of insider information and market manipulation and of the Regulations on insider information of JSC RusHydro for Q1 2013. 6. On implementation of the timeline of control measures of JSC RusHydro for Q1 2013. 7. On approval of the Report on the results of the Audit Committee of the Board of Directors of the Company in 2012-2013 corporate year.
No 49 as of May 17, 2013	<ol style="list-style-type: none"> 1. On election of the Deputy Chairman of the Audit Committee of the Board of Directors of the Company. 2. On appointment of the Secretary of the Audit Committee of the Board of Directors of the Company. 3. On the draft of the Company's Annual Report on 2012 results. 4. On the report of CJSC PwC Audit on the audit of the consolidated financial statements of the RusHydro Group according to IFRS for the year ended December 31, 2012. 5. On recommendations to the Board of Directors to determine the remuneration payable to the Company's Auditor for 2013. 6. On opinion of the Audit Commission of the Company on the results of audits of the Company for 2012.
No 50 as of June 03, 2013	<ol style="list-style-type: none"> 1. On recommendations to the Board of Directors on the issue: On approval of the transactions made by the Company: On the transactions associated with the transfer of property without compensation (the Company's branch – the Sayano-Shushenskaya HPP named after P.S. Neporozhny). 2. On recommendations to the Board of Directors on the issue: On approval of the transactions made by the Company: On the transactions associated with the transfer of property without compensation (the Company's branch – the Zeyskaya HPP).
No 51 as of August 15, 2013	<ol style="list-style-type: none"> 1. On election of the Deputy Chairman of the Audit Committee. 2. On appointment of the Secretary of the Audit Committee. 3. On 2013-2014 action plan of the Audit Committee. 4. On implementation of 2013 timeline of control measures JSC RusHydro in Q2 2013. 5. On the Compliance Report on requirements of the legislation of the Russian Federation in the field of combating illegal use of insider information and market manipulation and of the Regulations on insider information of JSC RusHydro for Q2 2013. 6. On the Plan of CJSC PwC Audit (Auditor of the Company) to conduct audits of the RusHydro Group for 2013.
No52 October11, 2013	<ol style="list-style-type: none"> 1. On approval of a new version of the Regulations on the Audit Committee of the Board of Directors of the Company. 2. On the Report of CJSC PwC Audit (Auditor of the Company) on the results of the interim audit of financial statements of the Company under RAS for H1 2013. 3. On the Report of CJSC PwC Audit on review of the consolidated interim condensed financial information of the RusHydro Group under IFRS for six months period ended June 30, 2013.
No 53 as of October 22, 2013	<ol style="list-style-type: none"> 1. On proposals for nomination candidates to the Audit Commission of the Company.
No 54 as of October 31, 2013	<ol style="list-style-type: none"> 1. On approval of Draft regulations on conducting of public technology and price audit of major investment projects of JSC RusHydro.
No 55 as of October 15, 2013	<ol style="list-style-type: none"> 1. On implementation of 2013 timeline of control measures of JSC RusHydro in Q3 2013. 2. On the Compliance Report on the requirements of the legislation of the Russian Federation in the field of combating illegal use of insider information and market manipulation and of the Regulations on insider information of JSC RusHydro for Q3 2013.
No 56 as of December 25, 2013	<ol style="list-style-type: none"> 1. On approval of 2014 timeline of control measures of JSC RusHydro. 2. On 2013-2014 Strategic Risk Register of JSC RusHydro. 3. On the architecture of corporate risk management system of JSC RusHydro.

The Human Resources and Remuneration Committee (HRRC)

Number and date of Minutes	The issues discussed
No26/1as of April 08, 2013	1. On approval of the report on the results of the Human Resources and Remuneration Committee of the Board of Directors of JSC RusHydro for the period from July 25, 2012 till April 1, 2013.
No 27/1 as of April 16, 2013	1. On recommendations to the Board of Directors on the issue: On determination of number of members of the Management Board of JSC RusHydro.
No 27/2 as of April 16, 2013	1. On recommendations to the Board on the issue: On election of a member of the Management Board of JSC RusHydro.
No 29/1 as of August	1. On election of the Secretary of the Human Resources and Remuneration Committee of the Board of Directors

09, 2013	of the Company.
No 29/2 as of August 09, 2013	1. On election of the Deputy Chairman of the Human Resources and Remuneration Committee of the Board of Directors of the Company.
No 29/3 as of August 09, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On concurrent holding by members of the Management Board of positions in the management bodies of other organizations.
No 30/1 as of September 12, 2013	1. On recommendations to the Board of Directors on the issue: On termination of powers of a member of the Management Board of JSC RusHydro.
No 30/2 as of September 12, 2013,	1. On recommendations to the Board of Directors on the issue: On election of a member of the Management Board of JSC RusHydro.
No 31/1 as of October 9, 2013	1. On approval of a new version of the Regulations on the Human Resources and Remuneration Committee of the Board of Directors of the Company.
No 32/1 as of October 23, 2013,	1. On participation of members of the Board of Directors of JSC RusHydro in the work of the Board of Directors and Committees of the Board of Directors.
No 33/1 as of November 25, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On concurrent holding by members of the Management Board of positions in the management bodies of other organizations.
No 33/2 as of November 25, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On election of the Corporate Secretary of the Company.
No34/1 as of December 12, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the Collective Agreement of JSC RusHydro.

The Investment Committee (IC)¹²

Number and date of Minutes	The issues discussed
No 40 as of January 24, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On determination of the position of the Company (its representatives) on the agenda issues of meetings of the management bodies of JSC Small HPPs of the Dagestan; On approval of a large transaction associated with the alienation of property which consists of fixed assets used by JSC Small HPPs of the Dagestan for production of electricity.
No 41 as of March 26, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On determination of the position of the Company (its representatives) on the agenda issues of meetings of the management bodies of JSC Pavlodolskaya HPP; On approval of a large transaction associated with the alienation of property which consists of fixed assets used by JSC Pavlodolskaya HPP for production of electricity. 2. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the report on achievement of the key performance indicators for Q4 2012 and full year 2012. 3. On recommendations to the Board of Directors of JSC RusHydro on the issue: On implementation of 2013-2017 business plan of the Company. 4. On recommendations to the Board of Directors of JSC RusHydro on the issue: On implementation of 2012 business plan of JSC RusHydro (including the report on the implementation of the Investment Program, inter alia the Comprehensive Modernization Program of Generating Facilities, for 2012).
No 42 as of April 9, 2013	1. On approval of the report on the results of the Investment Committee of the Board of Directors of JSC RusHydro for the period from July 25, 2012 till April 1, 2013; 2. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the report on implementation of the priority projects as part of the Innovative Development Program of JSC RusHydro for the period of 2011-2015 with a view to 2021 in 2012. 3. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the report on the implementation of the Innovative Development Program of JSC RusHydro for the period of 2011-2015 with a view to 2021 in 2012.
No 43 as of May 31, 2013	1. On election of the Secretary of the Investment Committee of the Board of Directors of JSC RusHydro. 1. On election of the Deputy Chairman of the Investment Committee of the Board of Directors of JSC RusHydro. 3. On recommendations to the Board of Directors on the issue: On achievement of the key performance indicators of JSC RusHydro for Q1 2013.
No 44 as of June 11, 2013	1. On recommendations to the Board of Directors on the issue: On interim results of the implementation of 2013 Business Plan incl. Q1 2013 actual results (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities in Q1 2013)
No 45 as of August 26, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the report on implementation of priority projects of the Company as part of the Innovative Development Program of JSC RusHydro, as well as on interaction with scientific organizations and educational institutions in H1 2013. 2. On recommendations to the Board of Directors on the issue: On interim results of the achievement of the key performance indicators of JSC RusHydro for Q2 2013. 3. On recommendations to the Board of Directors on the issue: On interim results of the implementation of 2013 Business Plan of the Company, incl. H1 2013 actual results (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities, for H1 2013).
No 46 as of October 9, 2013	1. On approval of a new version of the Regulations on the Investment Committee of the Board of Directors of the Company. 2. On recommendations to the Board of Directors of JSC RusHydro on the issue: On determination of the position of JSC RusHydro (representatives of JSC RusHydro) on the agenda issues of meetings of management bodies of subsidiary and dependent companies:

¹² Meetings of the Committee held jointly with other Committees are reflected in the Section «The Strategy Committee»

	<ul style="list-style-type: none"> • On determination of the position of JSC RusHydro (representatives of JSC RusHydro) on the agenda issue of meetings of the Board of Directors of JSC Yakutskenergo; • On making of transactions by JSC Yakutskenergo (including several related transactions) associated with the alienation or potential alienation of the Company's property which consists of fixed assets, intangible assets, facilities under construction used for production, transmission, dispatching and distribution of electric and thermal power. <p>3. On recommendations to the Board of Directors of JSC RusHydro on the issue: On the credit policy of the Company: On approval of net foreign exchange position limit of the Company in foreign currency.</p> <p>4. On recommendations to the Board of Directors of JSC RusHydro on the issue: On the procurement policy of JSC RusHydro: On approval of adjustment of 2013 Annual comprehensive procurement program.</p>
No 47 as of November 1, 2013	<p>1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On adjustment of 2013-2017 business plan of the Company in terms of 2013 Investment Program of JSC RusHydro.</p> <p>2. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the Regulations on conducting of public technology and price audit of major investment projects of JSC RusHydro.</p>
No 48 as of November 28, 2013	<p>1. On recommendations to the Board of Directors on the issue: On interim results of the implementation of the 2013 Business Plan taking into account M9 2013 actual result (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities for 9 months of 2013) .</p> <p>2. On recommendations to the Board of Directors on the issue: On achievement of the key performance indicators of JSC RusHydro for Q3 2013.</p> <p>3. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of 2014 list of the key performance indicators of JSC RusHydro.</p> <p>4. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of a new version of the Procedure on calculation and assessment of the key performance indicators of JSC RusHydro.</p>
No 49 as of December 11, 2013	<p>1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On introduction (approval) of changes to the Decision on issuing of non-convertible interest-bearing documentary bonds subject to mandatory centralized custody of series 09.</p> <p>2. On recommendations to the Board of Directors of JSC RusHydro on the issue: On introduction (approval) of changes to the Decision on issuing of non-convertible interest-bearing documentary bonds subject to mandatory centralized custody of series 10.</p> <p>3. On recommendations to the Board of Directors of JSC RusHydro on the issue: On introduction (approval) of changes to the Prospectus of non-convertible interest bearer documentary bonds subject to mandatory centralized custody of series 07, series 08, series 09, series 10 in terms of bonds of series 09, series 10.</p>

Reliability, Energy Efficiency and Innovation Committee, (RC)¹³

Number and date of Minutes	The issues discussed
No 20 as of January 18, 2013	1. On recommendations to the Board of Directors on the issue: On establishment of a Science and Technology Development Fund.
No 19 as of January 30, 2013	1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On determination of the position of the Company (its representatives) on the agenda issues of meetings of the management bodies of JSC Small HPPs of the Dagestan; On approval of a large transaction associated with the alienation of property which consists of fixed assets used by JSC Small HPPs of the Dagestan for production of electricity.
No 21 as of January 30, 2013	1. On recommendations to the Board of Directors on the issue: On establishment of a Science and Technology Development Fund.
No 22 as of March 25, 2013	<p>1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On determination of the position of the Company (its representatives) on the agenda issues of meetings of the management bodies of JSC Pavlodolskaya HPP; On approval of a large transaction associated with the alienation of property which consists of fixed assets used by JSC Pavlodolskaya HPP for production of electricity.</p> <p>2. On recommendations to the Board of Directors of JSC RusHydro on the issue: On implementation of 2012 Business Plan of JSC RusHydro (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities, for 2012).</p>
No 23 as of April 10, 2013	<p>1. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the report on the implementation of priority projects as part of the Innovative Development Program of JSC RusHydro for 2011-2015 with a view to 2021, in 2012.</p> <p>2. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the report on the implementation of the Innovative Development Program of JSC RusHydro for 2011-2015 with a view to 2021, in 2012.</p> <p>3. On approval of the report on the results of the Reliability, Energy Efficiency and Innovation Committee of the Board of Directors of JSC RusHydro for the period from July 25, 2012 till April 1, 2013.</p>
No 24 as of June 11, 2013	<p>1. On election of the Deputy Chairman of the Reliability, Energy Efficiency and Innovation Committee of the Board of Directors.</p> <p>2. On election of the Secretary of the Reliability, Energy Efficiency and Innovation Committee of the Board of Directors</p>

¹³ Meetings of the Committee held jointly with other Committees are reflected in the Section «The Strategy Committee»

	3. On recommendations to the Board of Directors of the Company on the issue: On interim results of the implementation of 2013 Business Plan taking into account Q1 2013 actual result (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities, for Q1 2013).
No 25 as of August 26, 2013	<p>1. On election of the Deputy Chairman of the Reliability, Energy Efficiency and Innovation Committee of the Board of Directors.</p> <p>2. On election of the Secretary of the Reliability, Energy Efficiency and Innovation Committee of the Board of Directors.</p> <p>3. On recommendations to the Board of Directors of JSC RusHydro on the issue: On approval of the report on the implementation of priority projects of the Company as part of the Innovative Development Program of JSC RusHydro, as well as interaction with scientific organizations and educational institutions for H1 2013.</p> <p>4. On recommendations to the Board of Directors on the issue: On interim results of the implementation of 2013 Business Plan of the Company, taking into account H1 2013 actual result (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities, for H1 2013).</p>
No 26 as of October 08, 2013	<p>1. On approval of a new version of the Regulations on the reliability, energy efficiency and innovation Committee of the Board of Directors of the Company.</p> <p>2. Recommendations to the Board of Directors of JSC RusHydro on the issues:</p> <ul style="list-style-type: none"> • On determination of the position of JSC RusHydro (representatives of JSC RusHydro) on the agenda issues of meetings of the management bodies of subsidiary and dependent companies. • On determination of the position of JSC RusHydro (representatives of JSC RusHydro) on the agenda issues of meetings of the Board of Directors of JSC Yakutskenergo: On making of transactions by JSC Yakutskenergo (including several related transactions) associated with the alienation or potential alienation of the Company's assets which consists of fixed assets, intangible assets, facilities under construction used for production, transmission, dispatching and distribution of electric and thermal power.
No 27 as of November 5, 2013	1. On recommendations to the Board of Directors of the Company on the issue: On approval of the Regulations on public technology and price audit of major investment projects of JSC RusHydro.
No 28 as of November 29, 2013	On interim results of the implementation of 2013 Business Plan taking into account actual result for M9 of 2013 (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities, for 9 months of 2013).

Decisions of the Committees of the Board of Directors are available on our website:
<http://www.rushydro.ru/corporate/committees/>

Report on the Meetings of the Board of Directors

Number and date of Minutes	The issues discussed
No 171 as of January 29, 2013	1. On determination of price (monetary value) of property paid for additional shares of the Company.
No 172 as of February 01, 2013	1. On implementation of the decisions of the Board of Directors. 2. On the procedure on selection of appraisers and (or) candidate appraiser (s) to determine the value of shares, property and other assets of the Company. 3. On determination of the position of the Company (its representatives) on the agenda issues of meetings of the Board of Directors and the General Meetings of Shareholders of subsidiary and dependent companies (SDCs) of the Company.
No 173 as of February 05, 2013	1. On approval of the agenda of the Extraordinary General Meeting of Shareholders of JSC RusHydro. 2. On issues related to convening, preparing and holding of the Extraordinary General Meeting of Shareholders of JSC RusHydro.
No 174 as of March 15, 2013	1. On participation and termination of participation of JSC RusHydro in other organizations.
No 175 as of February 20, 2013	1. On approval of the transactions made by the Company. 2. On recommendations to the Extraordinary General Meeting of Shareholders on the issue: On approval of contract on insurance coverage of liability and financial risks of Directors, Officers and the Company concluded between JSC RusHydro and JSIC Ingosstrakh, as related party transaction. 3. On implementation of development Priorities of JSC RusHydro in 2012. 4. On 2013 development priorities of JSC RusHydro. 5. Report on the implementation of measures for 2012 in accordance with the Register of non-core assets of JSC RusHydro. 6. On approval of 2013 Register of non-core assets of JSC RusHydro. 7. On concurrent holding by the members of the Management Board of positions in the management bodies of other organizations. 8. On implementation of the instruction of the Board of Directors of JSC RusHydro. 9. On approval of H1 2013 action plan of the Board of Directors of the Company. 10. On the Concept of the reorganization of project activities of JSC RusHydro.
No 176 as of March 20, 2013	1. On review of proposals of the Company's shareholders to nominate candidates for election to the Board of Directors of JSC RusHydro. 2. On preparation for holding of the Extraordinary General Meeting of Shareholders of JSC RusHydro.
No 177 as of April 1, 2013	1. On determination of the position of the Company (its representatives) on the agenda issues of meetings of the Board of Directors and General Meetings of Shareholders of SDCs of the Company. 2. On review of 2012 Activity Report of the Management Board of the Company. 3. On the Report on the implementation of 2010 – 2014 integrated infrastructure development program of urban village of Cheremushki in 2012. 4. On approval of the Insurance Coverage Report of JSC RusHydro in 2012. 5. On approval of internal documents: On approval of the Social Policy of JSC RusHydro. 6. On establishment of a Science and Technology Development Fund. 7. On the Report on the implementation of the Company's Charitable and Sponsorship Program in 2012. 8. On 2013 Charitable and Sponsorship Program of the Company. 9. On approval of the report on the achievement of the key performance indicators for Q4 2012 and full year 2012. 10. On implementation of 2012 Business Plan of JSC RusHydro (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities, for 2012). 11. On 2013-2017 Business plan of the Company.
No 178 as of April 5, 2013	1. On the Company's participation and termination of participation in other organizations.
No 179 as of April 5, 2013	1. On review of proposals of the Company's shareholders to nominate candidates for election to the management and control bodies of JSC RusHydro. 1. On review of proposals of the Company's shareholders on the inclusion of issues on the agenda of the Annual General Meeting of Shareholders of JSC RusHydro.
No 180 as of April 16, 2013	1. On review of reports of Chairpersons of the Committees of the Board of Directors of the Company. 1. On approval of the report on the implementation of the Innovative Development Program of JSC RusHydro for 2011 - 2015 with a view to 2021, in 2012. 1. On approval of the report on implementation of priority projects as part of the Innovative Development Program of JSC RusHydro for 2011 - 2015 with a view to 2021, in 2012. 1. On determination of number of members the Management Board of JSC RusHydro. 1. On election of a member of the Management Board of JSC RusHydro.
No 181 as of May 14, 2013	1. On election of a person who presides at the meeting of the Board of Directors. 2. On formation of the Committees of the Board of Directors of the Company.
No 182 as of May 20, 2013	1. On election of the Deputy Chairman of the Board of Directors. 2. On approval of the agenda of the Annual General Meeting of Shareholders. 3. On preliminary approval of 2012 Annual Report of the Company.

	<ol style="list-style-type: none"> 4. On review of the annual financial statements, including profit and loss statement of the Company for the FY 2012. 5. On recommendations to the Annual General Meeting of Shareholders on the issue: On distribution of profit (including payment (declaration) of dividends) and loss of the Company for the FY 2012. 6. On recommendations on the candidate of the Company's Auditor. 7. On determination of the amount of remuneration of the Company's Auditor. 8. On recommendations to the Annual General Meeting of Shareholders of the Company on the issue: On payment of remuneration to members of the Board of Directors. 9. On recommendations to the General Meeting of Shareholders of the Company on the issue: On approval of a new version of the Articles of Association. 10. On recommendations to the General Meeting of Shareholders of the Company on the issue: On approval of a new version of the Regulations for the procedure on convening and holding of the General Meeting of Shareholders of the Company. 11. On price determination (monetary value) of assets (property rights and obligations) which are acquired and alienated by the Company under related party transaction (s). 12. On recommendations to the General Meeting of Shareholders on issues concerning approval of transactions concluded between JSC RusHydro and State Corporation Vnesheconombank which are related party transactions. 13. On issues related to convening, preparing and holding of the Annual General Meeting of Shareholders of the Company.
No 183 as of June 19, 2013	<ol style="list-style-type: none"> 1. On election of the Chairman of the Board of Directors of the Company. 2. On making of the transactions with shares and stakes of organizations which the Company participates in. 3. On the Company's participation and termination of participation in other organizations. 4. On approval of the transactions made by the Company. 5. On priority areas of activity: On cooperation with Voith Hydro GmbH & Co. KG. 6. On achievement of the key performance indicators of JSC RusHydro for Q1 2013. 7. On interim results of the implementation of 2013 Business Plan of the Company incl. Q1 2013 actual result (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities, for Q1 2013).
No 184 as of July 15, 2013	<ol style="list-style-type: none"> 1. On election of the Chairman of the Board of Directors of the Company. 2. On election of the Deputy Chairman of the Board of Directors of the Company. 3. On formation of the Committees of the Board of Directors of the Company. 4. On participation and termination of participation of the Company in other organizations. 5. On priority areas of activities of the Company. 6. On approval of H2 2013 action plan the Board of Directors of the Company.
No 185 as of August 16, 2013	<ol style="list-style-type: none"> 1. On concurrent holding by the Chairman and members of the Management Board of positions in the management bodies of other organizations. 2. On participation and termination of participation of the Company in other organizations. 3. On determination of the Company's position (its representatives) on the agenda issues of meetings of the management bodies of subsidiary and dependent companies.
No 186 as of August 30, 2013	<ol style="list-style-type: none"> 1. On approval of the transactions made by the Company. 2. On preliminary approval of the Company's decisions on transactions with shares and stakes of the organizations which the Company participates in. 3. On approval of the report on the implementation of priority projects of the Company as part of the Innovative Development Program of JSC RusHydro, as well as interaction with scientific organizations and educational institutions for H1 2013. 4. On implementation of the instructions of the Board of Directors of the Company. 5. On introduction of changes and additions to 2013 Charitable and Sponsorship Program of the Company. 6. On achievement of the key performance indicators of JSC RusHydro for Q2 2013. 7. On interim results of the implementation of 2013 Business Plan of the Company incl. H1 2013 actual result (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities, for H1 2013).
No 187 as of September 17, 2013	<ol style="list-style-type: none"> 1. On termination of powers of a member of the Management Board of JSC RusHydro. 2. On election of a member of the Management Board of JSC RusHydro.
No 188 as of October 15, 2013	<ol style="list-style-type: none"> 1. On approval of a new version of the Regulations on the Committees of the Board of Directors of the Company. 2. On changes in the membership of the Committees of the Board of Directors of JSC RusHydro. 3. On determination of the position of JSC RusHydro (representatives of JSC RusHydro) on the agenda issues of meetings of management bodies of subsidiary and dependent companies. 4. On the Credit Policy of the Company.
No 189 as of November 13, 2013	<ol style="list-style-type: none"> 1. On introduction of changes to the Articles of Association. 2. On approval of a new version of 2013 annual comprehensive procurement program of JSC RusHydro. 3. On implementation of the resolutions of the Government of the Russian Federation. 4. On approval of the transactions made by the Company.
No 189 as of November 13, 2013	<ol style="list-style-type: none"> 1. On amendments and additions to the Register of non-core assets of the Company. 2. On concurrent holding by the members of the Management Board of positions in the management bodies of other organizations. 3. On approval of the transactions made by the Company.

	<p>4. On implementation of the instructions of the Board of Directors of the Company.</p> <p>5. On adjustment of 2013 - 2017 Business Plan of the Company in terms of 2013 Investment Program of JSC RusHydro.</p>
No 190 as of November 28, 2013	<p>1. On election of the Corporate Secretary of the Company.</p> <p>2. On 2014 development priorities of JSC RusHydro.</p>
No 191 as of December 5, 2013	<p>1. On the priority areas of activities of the Company.</p> <p>2. On approval of transactions with shares and stakes of organizations, which JSC RusHydro participates in.</p> <p>3. On determination of the position of JSC RusHydro (representatives of JSC RusHydro) on the agenda issues of meetings of management bodies of subsidiary and dependent companies.</p> <p>4. On approval of the transactions made by the Company.</p> <p>5. On the action plan of the Board of Directors of JSC RusHydro.</p> <p>6. On approval of the report on the results of the additional issue of shares of JSC RusHydro.</p> <p>7. On achievement of the key performance indicators of JSC RusHydro for Q3 2013.</p> <p>8. On approval of a new version of the Procedure on calculation and assessment of the key performance indicators of JSC RusHydro.</p> <p>9. On approval of 2014 list of key performance indicators JSC RusHydro.</p> <p>10. On interim results of the implementation of 2013 Business Plan incl. M9 2013 actual result (including the report on the implementation of the Investment Program, inter alia the comprehensive modernization program of generating facilities, for M9 2013).</p>
No 192 as of December 17, 2013	<p>1. On approval of the Company's Insurer for 2014.</p> <p>2. On approval of 2014 insurance coverage of JSC RusHydro.</p> <p>3. On approval of the transactions made by the Company.</p> <p>4. On approval of 2014 annual comprehensive procurement program of JSC RusHydro.</p> <p>5. On introduction of changes (approval) to the Decision on the securities issue and to the Prospectus for securities.</p> <p>6. On determination of the position of JSC RusHydro (representatives of JSC RusHydro) on the agenda issues of meetings of management bodies of subsidiary and dependent companies.</p> <p>7. On approval of the collective agreement of JSC RusHydro.</p>

Decisions of the Board of Directors are available on our website: [http://www.rushydro.ru/corporate/board/minutes/2013/.](http://www.rushydro.ru/corporate/board/minutes/2013/)

Report on Pending Lawsuits

	Number of lawsuits	Total amount of the recovery of monetary funds
JSC RusHydro - suitor	71	RUR 1.7 billion
JSC RusHydro - defendant	22	RUR 256 million

Report on Government Support Received by the Company

1. Construction of electric power facilities (the Gotsatlinskaya HPP and the Kankunskaya HPP)

By the end of 2013 the expected use of funds (for the period of 2007-2013), received as government support for JSC RusHydro and channeled to the construction of electric power facilities is RUR 29,504.7 million, including the use of funds of RUR 905.2 million in 2013.

In 2013, in accordance with the Investment Program of JSC RusHydro, funding was provided through budget allocations:

Project	Details of a budget investment provision contract	Amount of funding for 2013
Construction of the Gotsatlinskaya HPP	Contract dated May 4, 2012, No 01-13/229 concluded between JSC RusHydro, the Ministry of Energy of Russia and the Federal Agency for State Property Management	Financing of counterparties to construct the HPP was RUR 811.7 million
Designing of the Kankunskaya HPP	Contract dated June 24, 2009, No 01-13/307 concluded between JSC RusHydro, the Ministry of Energy of Russia and the Federal Agency for State Property Management	Funding for design activities was RUR 93.5 million

2. Constructing electric power facilities in the Far East

In accordance with the Presidential Decree dated November 22, 2012, No 1564 on recapitalization of JSC RusHydro under the Basic Agreement «On provision of budget investments to finance the construction of electric power facilities in the Far East» No S-718-AB/DO7 dated December 14, 2012 concluded between the Ministry of Economic Development and Trade of the Russian Federation, the Ministry of Energy of Russia, JSC Sberbank of Russia and JSC RusHydro and share purchase agreement of JSC RusHydro dated December 18, 2012, No 01-08/827 concluded between JSC RusHydro, the Ministry of Energy of Russia and the Federal Agency for State Property Management, the Company received budget allocations in the amount of RUR 50,000 million for the construction of CHP Plant in Sovetskaya Gavan, the Sakhalinskaya GRES- 2 (Phase 1), the Yakutskaya GRES-2 (Phase 1) and the Blagoveschenskaya CHP Plant (Phase 2).

In 2013, the Company implemented top priority measures, including the formation of basic schemes for the implementation of construction of thermal power facilities in the Far East and creation of an effective system of monitoring and control over funding of these facilities:

- ❖ established four subsidiary companies at location of the facilities under construction, which were transferred necessary funds to launch the construction;
- ❖ In March 2013 a contract on banking support for the facilities` construction was concluded between JSC RusHydro and JSC Sberbank of Russia
- ❖ established banking servicing system which provides for spending targeted budget funds through four level system of OBS special accounts opened in JSC Sberbank of Russia. Payments for the work performed, procurement of equipment and materials shall be made exclusively through these accounts with mandatory supervision and acceptance of the Bank and its technical agents. Beginning of funding is carried out after each project has been received a positive opinion of the Glavgosekspertiza and of audit of independent engineering company.
- ❖ JSC Sberbank of Russia selected on a competitive basis independent engineering companies that conduct audits of projects and provide construction expert support (technology and price audit was conducted for the construction of the Yakutskaya GRES-2 (Phase 1), the Blagoveschenskaya CHP Plant (Phase 2).
- ❖ to provide efficiency, transparency and reliability of payments to contractors a single standard package of banking servicing agreements was prepared. Revenues received from placement of free funds are channeled exclusively to finance a project through separate operating accounts (SOA) opened in JSC Sberbank of Russia.
- ❖ In December 2013 a cooperation agreement was signed with the Audit Chamber of the Russian Federation. JSC RusHydro quarterly and at one-time requests sends information to the State Duma of the Russian Federation to prepare reports to the Deputies.
- ❖ developed a system of interaction with the Ministry of Energy of Russia and the Ministry for Economic Development of Russia in terms of day-to-day and regular reporting in formats stipulated by an agreement (order of JSC RusHydro on performance of the budget investment provision agreement is in effect from April 2013).

3. Financing projects of JSC RusHydro with the use of funds of the National Welfare Fund

In 2013 JSC RusHydro took part in forming a list of projects that may be financed through the National Welfare Fund (NWF) at a charge and return basis (instruction of the Government of the Russian Federation dated October 22, 2013, No ISH-P13-103pr).

The list approved by the Ministry for Economic Development of Russia (letter dated November 1, 2013, No 23952-NP/D22i) includes the following construction facilities of JSC RusHydro:

- ❖ Flood protection HPPs (the Selezhinskaya HPP, the Nizhne Zeyskaya HPP, the Nizhne Nimanskaya HPP, the Gilyuyskaya HPP) with the provision of NWF funds in the amount of RUR 87.2 billion;
- ❖ The Upper Naryn Cascade of HPPs (Kyrgyzstan) with the provision of NWF funds in the amount of RUR 9.6 billion¹⁴.

¹⁴ Funds are provided for JSC RusHydro followed by investment in CJSC Verkhne Narynskie HPPs according to the Agreement dated September 20, 2012 concluded between the Government of the Russian Federation and the Government of the Kyrgyz Republic.

Report on Actual Implementation of Assignments of the President and the Government of the Russian Federation

№	Registration Number	Assignment/Instruction Issued By	Assignment/Instruction Summary	Date of Assignment/Instruction Issue	Date of Assignment/Instruction Implementation
1.	Input reference-00299.DE	The Apparatus of the Government of the Russian Federation	On implementing the projects to reduce greenhouse gas emissions	January 21, 2013	February 19, 2013
2.	Input reference-00395.DE	The Government of the Russian Federation	On preparing draft directives of the Government of the Russian Federation on determining the value of shares contributed to the authorized capital of the Company (Decree of the President of the Russian Federation dated November 22, 2012 No 1564)	January 24, 2013	January 29, 2013
3.	Input reference-00502.DE	The Government of the Russian Federation	Resolution of the Government of the Russian Federation "On submission of information about phased actualization of project documentation of technical project «the Boguchanskaya HPP on the Angara River»	January 29, 2013	February 8, 2013
4.	Input reference-00556.DE	The Apparatus of the Presidential Plenipotentiary Envoy to the Far Eastern Federal District	On submitting information on 2012 main results of activities of JSC RusHydro in the Far Eastern Federal District	January 31, 2013	February 18, 2013
5.	Input reference-00835.DE	The Government of the Russian Federation	Resolution of the Government of the Russian Federation "On Amendments to the Rules of the wholesale market of electric energy and power"	February 8, 2013	February 11, 2013
6.	Input reference-01077.DE	The Government of the Russian Federation	On submitting Minutes on the development of the electric power industry in the Far East	February 18, 2013	March 15, 2013
7.	Input reference-01079.DE	The Apparatus of the Government of the Russian Federation	On submitting information on the disposal of floating wood in areas of bodies of water	February 18, 2013	April 10, 2013
8.	Input reference-01311.DE	The Government of the Russian Federation	On the priority investment projects to develop transport and energy infrastructure of the Far East and the Baikal region	February 26, 2013	March 11, 2013
9.	Input reference-01629.DE	The Apparatus of the Government of the Russian Federation	On meeting held on March 14, 2013 on the issue concerning legal derestriction of cultural heritage objects identified in the flood zone of the Boguchanskaya HPP	March 7, 2013	March 13, 2013
10.	Input reference-01805.DE	The Government of the Russian Federation	Resolution of the Government of the Russian Federation "On Amendment to the Rules of approval of investment programs of Government-linked electric power engineering entities, and grid organizations"	March 14, 2013	March 29, 2013
11.	Input reference-02092.DE	Administration of the President of the Russian Federation	On submitting Minutes No A60-26-160 on the fuel and energy complex development strategy and environmental safety	March 22, 2013	April 2, 2013
12.	Input reference-02763.DE	The Presidential Plenipotentiary Envoy to the Far Eastern Federal District	On submitting information about the implementation of a Decree of the President of the Russian Federation dated November 22, 2012 No 1564 "On further development of Open Joint Stock Company" Federal Hydro-generating Company RusHydro"	April 9, 2013	May 8, 2013
13.	Input reference-02812.DE	The Government of the Russian Federation	On a draft federal target program "Economic and social development of the	April 15, 2013	April 23, 2013

			Far East and the Baikal Region until 2018" and its sources of financing (as part of the implementation of the State Program of the Russian Federation "Socio-economic development of the Far East and the Baikal region")		
14.	Input reference-02813.DE	The Apparatus of the Government of the Russian Federation	On submitting a list of assignments of the President of the Russian Federation and the Government of the Russian Federation on the issues concerning territorial planning as of April 5, 2013 to be implemented	April 10, 2013	April 19, 2013
15.	Input reference-03026.DE	The Government of the Russian Federation	On feasibility to complete construction of the Cheboksary HPP	April 19, 2013	May 23, 2013
16.	Input reference-03326.DE	The Government of the Russian Federation	On submitting Minutes of a meeting with the Deputy Prime Minister D.N. Kozak "On implementation of archaeological work in the reservoir bed of the Boguchanskaya HPP in the Irkutsk region and the completion of flooding preparations for the reservoir bed"	May 6, 2013	May 8, 2013
17.	Input reference-3756.DE	The Government of the Russian Federation	On submitting an Order of the Government of the Russian Federation dated May 23, 2013 No 831-r	May 27, 2013	May 31, 2013
18.	Input reference-04111.DE	The Government of the Russian Federation	On submitting materials for a meeting on non-budgetary funding of measures of the State program of the Russian Federation "Socio-economic development of the Far East and the Baikal region"	June 10, 2013	June 14, 2013
19.	Input reference-04533.DE	The Government of the Russian Federation	Order of the Government of the Russian Federation on assignment of generating equipment of the Kurganskaya CHP Plant-2 (units No 1 and No2) and the Ugo-Zapadnaya CHP Plant (unit No1) to generating facilities, which power is supplied in forced mode	June 26, 2013	July 1, 2013
20.	Input reference-04647.DE	The Government of the Russian Federation	On the procedure on commissioning capital construction objects, which construction and reconstruction were initiated prior to the entry into force of the Urban Development Code of the Russian Federation (the Boguchanskoye Reservoir)	July 1, 2013	August 13, 2013
21.	Input reference-04744.DE	The Government of the Russian Federation	On submitting an Order of the Government of the Russian Federation dated April 24, 2012 No VP-A8-2322 on proposals for the implementation of the Priority Action Plan to implement the Comprehensive Program for Development of Biotechnology in the Russian Federation	July 4, 2013	July 8, 2013
22.	Input reference-05171.DE	The Government of the Russian Federation	On preparing a meeting of the Government Commission on the socio-economic development of the North Caucasus Federal District	July 19, 2013	August 16, 2013
23.	Input reference-05288.DE	The President of the Russian Federation	On guaranteeing the interests of the society and the State when implementing infrastructure projects (on output reference dated July 22, 2013 No 3627.DE)	July 24, 2013	July 25, 2013

24.	Input reference-05289.DE	The President of the Russian Federation	On implementing the RusHydro Group's strategy in the Far East (on output reference dated July 22, 2013 No 3625.DE)	July 24, 2013	July 25, 2013
25.	Input reference-05290.DE	The President of the Russian Federation	On implementing a Construction and Operation Agreement of the Verkhne-Naryn Cascade of HPPs concluded between the Government of the Russian Federation and the Government of the Kyrgyz Republic (on output reference dated July 22, 2013 No 3626.DE)	July 24, 2013	July 25, 2013
26.	Input reference-05332.DE	The Government of the Russian Federation	On the Investment Program of JSC Russian Railways for the five-year period and on sources of financing of the major investment activities (including the infrastructure development projects of the Trans-Siberian and the Baikal-Amur rail lines and construction of Moscow- Kazan high-speed rail line)	July 26, 2013	August 16, 2013
27.	Input reference-05368.DE	The Government of the Russian Federation	On financing the construction project of the Verkhne-Naryn cascade of HPPs (on output reference dated July 22, 2013 No 3626.DE)	July 29, 2013	August 1, 2013
28.	Input reference-05625.DE	The Government of the Russian Federation	On approval of the Rules for hot water supply and changes to the Resolution of the Government of the Russian Federation dated February 13, 2006 No 83	August 7, 2013	August 13, 2013
29.	Input reference-05727.DE	The Apparatus of the Presidential Plenipotentiary Envoy to the Far Eastern Federal District	On implementing Item 5 of Minutes of off-site meeting of the Government Commission on Emergency Prevention and Elimination and Fire Safety (dated July 8, 2013)	August 12, 2013	August 12, 2013
30.	Input reference-05984.DE	The Apparatus of the Presidential Plenipotentiary Envoy to the Far Eastern Federal District	On submitting information about implementation of an assignment of the Prime Minister of the Russian Federation No DM-P9-205dsp as of August 15, 2013	August 21, 2013	August 22, 2013
31.	Input reference-05985.DE	The Apparatus of the Presidential Plenipotentiary Envoy to the Far Eastern Federal District	On submitting information on water discharge at the Kolymskaya HPP and the Ust-Srednekanskaya HPP before August 23, 2013	August 21, 2013	August 22, 2013
32.	Input reference-06019.DE	The Government of the Russian Federation	On implementing an assignment of the President of the Russian Federation dated August 13, 2013 No Pr-1924 on elaboration of the grid development plan to determine key parameters, areas and mechanisms for the implementation of the reconstruction and modernization project of the Baikal-Amur and Trans-Siberian rail lines	August 22, 2013	September 19, 2013
33.	Input reference-06068.DE	The Apparatus of the Presidential Plenipotentiary Envoy to the Far Eastern Federal District	On weekly submission of information on the damage caused to power facilities due to flooding in the Far Eastern Federal District	August 23, 2013	Information was submitted weekly until revocation of the emergency state on September 20, 2013
34.	Input reference-	The Apparatus of the	On submitting information to prepare a	August 23,	August 26,

	06069.DE	Presidential Plenipotentiary Envoy to the Far Eastern Federal District	report to the Minister of the Russian Federation for Development of the Far East - the authorized representative of the President of the Russian Federation in the Far Eastern Federal District	2013	2013
35.	Input reference-06093.DE	The Government of the Russian Federation	On implementing a list of assignments of the President of the Russian Federation dated August 13, 2013 No Pr-1922 following the results of a meeting: "On comprehensive socio-economic development of the Sakhalin Region'	August 26, 2013	December 16, 2013
36.	Input reference-06131.DE	The Apparatus of the Presidential Plenipotentiary Envoy to the Far Eastern Federal District	On submitting information on the implementation of an assignment of the Minister of Energy of the Russian Federation A.V. Novak No AN-231pr dated July 1, 2012	August 27, 2013	September 3, 2013
37.	Input reference-06447.DE	The Government of the Russian Federation	On implementing decisions and arrangements of the 5th session of the Intergovernmental Russian-Colombian Commission on trade-economic and scientific-technical cooperation	September 9, 2013	September 18, 2013
38.	Input reference-06483.DE	The Administration of the President of the Russian Federation	On implementing the investment projects in the Far Eastern Federal District	September 10, 2013	September 19, 2013
39.	Input reference-06517.DE	The Apparatus of the Presidential Plenipotentiary Envoy to the North Caucasus Federal District	On reasons for non-compliance with an assignment to transfer the Eshkakovsky hydroelectric complex	September 11, 2013	September 30, 2013
40.	Input reference-06779.DE	The President of the Russian Federation	On submitting an assignment following the results of a meeting on the development of electric power industry of the Siberia and the Far East on August 27, 2013	September 20, 2013	October 3, 2013
41.	Input reference-06813.DE	The Apparatus of the Presidential Plenipotentiary Envoy to the Far Eastern Federal District	On submitting a progress report of the Ministry of Energy of the Russian Federation No AYA-8365/09 on the implementation of an instruction of the President of the Russian Federation dated July 29, 2013 No Pr-1790 on financing the power supply project of the Yana-Kolyma gold province	September 23, 2013	September 26, 2013
42.	Input reference-06951.DE	The Government of the Russian Federation	On implementing a list of assignments of the President of the Russian Federation V.V. Putin following the results of a meeting on the development of electric power industry of Siberia and the Far East	September 27, 2013	October 3, 2013
43.	Input reference-07120.DE	The Apparatus of the Government of the Russian Federation	On submitting information on the status of implementation of the directives of the Government of the Russian Federation dated May 30, 2013 No 2988p - P13	October 3, 2013	October 4, 2013
44.	Input reference-07157.DE	The Government of the Russian Federation	Resolution of the Government of the Russian Federation "On Approval of the Rules of informing by subjects of fuel and energy complex about threats of making and about making of acts of illegal intervention on entities of fuel and energy complex"	October 4, 2013	October 16, 2013
45.	Input reference-07349.DE	The Government of the Russian Federation	Resolution of the Government of the Russian Federation "On Amendments to a list of organizations established to complete the tasks assigned to the Government of the Russian Federation"	October 10, 2013	October 14, 2013
46.	Input reference-07557.DE	The Government of the Russian Federation	Resolution of the Government of the Russian Federation "On Amendments to the Rules of technological connection of power receivers of electricity consumers"	October 18, 2013	November 1, 2013
47.	Input reference-07633.DE	The Apparatus of the Presidential Plenipotentiary Envoy to the Far Eastern	On measures to eliminate the consequences of floods in the regions of the Far Eastern Federal District	October 22, 2013	October 25, 2013

		Federal District			
48.	Input reference-07811.DE	The Administration of the President of the Russian Federation	On submitting Minutes of the Commission of the President of the Russian Federation on the fuel and energy complex development strategy and environmental safety No A60-26-569 dated August 28, 2013	October 28, 2013	Under implementation
49.	Input reference-07991.DE	The Apparatus of the Government of the Russian Federation	On implementing assignments dated October 18, 2013 of the Government Commission on sustainable operation of water utilization system of the Siberia and the Far East	November 5, 2013	November 15, 2013
50.	Input reference-08157.DE	The Government of the Russian Federation	On Action Plan to limit the final cost of goods and services of infrastructure companies while maintaining their financial stability and investment attractiveness	November 12, 2013	Under implementation
51.	Input reference-08174.DE	The Administration of the President of the Russian Federation	On submitting information on implementation of the decisions of the Head of State to complete construction and commission the Boguchanskaya HPP	November 13, 2013	November 13, 2013
52.	Input reference-08180.DE	The Government of the Russian Federation	On submitting information on the implementation of the Russian-Slovenian arrangements	November 13, 2013	December 2, 2013
53.	Input reference-08257.DE	The Administration of the President of the Russian Federation	On the inadmissibility of raising the Cheboksary reservoir water level	November 15, 2013	November 29, 2013
54.	Input reference-08278.DE	The Apparatus of the Government of the Russian Federation	On submitting information on the implementation of measures to prepare a flood zone of reservoir of the Boguchanskaya HPP	November 18, 2013	November 22, 2013
55.	Input reference-08309.DE	The Apparatus of the Government of the Russian Federation	On participating in a meeting held on November 19, 2013 on issue concerning the abolition of a feature of the regulation of HPP in the second pricing zone of the wholesale market of electricity (capacity)	November 19, 2013	November 19, 2013
56.	Input reference-08412.DE	The Government of the Russian Federation	On implementing the Action Plan to limit the final cost of goods and services of infrastructure companies while maintaining their financial stability and investment attractiveness	November 22, 2013	November 29, 2013
57.	Input reference-08498.DE	The Government of the Russian Federation	On efficient usage of monetary funds stipulated in Item 2 of the Decree of the President of the Russian Federation	November 26, 2013	November 28, 2013
58.	Input reference-08595.DE	The Government of the Russian Federation	On implementing decisions and recommendations set forth in the Final Act of the 11th meeting of the Russian-Cuban Intergovernmental Commission on trade-economic and scientific-technical cooperation	November 29, 2013	December 24, 2013
59.	Input reference-08792.DE	The Apparatus of the Government of the Russian Federation	On implementing the directives No P13-2988p dated May 30, 2013	December 6, 2013	December 11, 2013
60.	Input reference-08820.DE	The Government of the Russian Federation	On constructing the Verkhne- Naryn Cascade of HPPs	December 9, 2013	December 27, 2013
61.	Input reference-09008.DE	The Apparatus of the Government of the Russian Federation	On participating in a meeting held on December 17, 2013 of the Government Commission on issues concerning the development of the electric power industry (postponement of the meeting at 17:00 pm)	December 16, 2013	December 12, 2013
62.	Input reference-09032.DE	The Apparatus of the Presidential Plenipotentiary Envoy to the Volga Federal District	On population warning (the Cheboksarskaya HPP)	December 16, 2013	December 24, 2013
63.	Input reference-09092.DE	The Government of the Russian Federation	Resolution of the Government of the Russian Federation "On Approval of the	December 18, 2013	December 20, 2013

			Rules of implementing antimonopoly regulation and control in the electric power industry"		
64.	Input reference-09130.DE	The Apparatus of the Government of the Russian Federation	On implementing the reconstruction and modernization project of the Baikal-Amur and the Trans-Siberian rail lines	December 19, 2013	December 20, 2013
65.	Input reference-09238.DE	The Administration of the President of the Russian Federation	On measures for socio-economic development of the Krasnoyarsk Region, the Taimyr (Dolgano-Nenets) Autonomous District and the Evenk Autonomous District in terms of completing construction and commissioning the Boguchanskaya HPP	December 24, 2013	January 21, 2014

2013 RAS Statements and the Auditors Report

2013 IFRS Statements and the Auditors Report

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)
ASSETS				
Non-current assets				
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
Total non-current assets		694,917	661,695	658,189
Current assets				
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
		157,129	162,696	125,124
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	-
Total current assets		157,129	192,572	153,594
TOTAL ASSETS		852,046	854,267	811,783
EQUITY AND LIABILITIES				
Equity				
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
Equity attributable to the shareholders of OJSC RusHydro		579,530	515,086	497,685
Non-controlling interest		17,177	25,319	27,711
TOTAL EQUITY		596,707	540,405	525,396
Non-current liabilities				
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
Total non-current liabilities		174,920	118,844	160,320
Current liabilities				
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
		80,419	178,965	113,066
Liabilities of subsidiary acquired exclusively with a view for resale	2	-	16,053	13,001
Total current liabilities		80,419	195,018	126,067
TOTAL LIABILITIES		255,339	313,862	286,387
TOTAL EQUITY AND LIABILITIES		852,046	854,267	811,783

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
Operating profit / (loss)		22,844	(5,302)
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)
Profit / (loss) before income tax		25,185	(21,202)
Total income tax expense	16	(4,192)	(4,122)
Profit / (loss) for the year		20,993	(25,324)
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)
Other comprehensive income / (loss), net of tax:			
<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
Total items that will not be reclassified to profit or loss		(20,182)	(8,588)
<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)	-
Total items that may be reclassified subsequently to profit or loss		(637)	2,717
Total comprehensive income / (loss) for the year		174	(31,195)
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)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit / (loss) before income tax		25,185	(21,202)
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
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		79,167	64,985
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)
Net cash generated by operating activities		62,428	58,876
CASH FLOWS FROM INVESTING ACTIVITIES:			
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	-
Net cash used in investing activities		(51,155)	(121,626)

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)
CASH FLOWS FROM FINANCING ACTIVITIES:			
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)
Net cash (used in) / generated by financing activities		(16,706)	55,213
Foreign exchange gain / (loss) on cash balances		48	(20)
Decrease in cash and cash equivalents		(5,385)	(7,557)
Cash and cash equivalents at the beginning of the year		39,857	47,414
Cash and cash equivalents at the end of the year	11	34,472	39,857

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
As at 1 January 2012		290,302	(10,662)	21,434	(127,216)	228,680	(2,273)	-	98,225	498,490	27,169	525,659
Application of IAS 19 revised		-	-	-	-	-	-	(150)	(655)	(805)	542	(263)
As at 1 January 2012 (restated)	2	290,302	(10,662)	21,434	(127,216)	228,680	(2,273)	(150)	97,570	497,685	27,711	525,396
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)
Total comprehensive loss		-	-	-	-	(9,113)	2,787	1,070	(22,631)	(27,887)	(3,308)	(31,195)
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	-	-	-
As at 31 December 2012 (restated)	2	317,637	(10,662)	39,202	(127,216)	218,757	514	920	75,934	515,086	25,319	540,405

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
As at 31 December 2012 (restated)	2	317,637	(10,662)	39,202	(127,216)	218,757	514	920	75,934	515,086	25,319	540,405
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)
Total comprehensive income		-	-	-	-	(19,930)	(526)	(45)	19,716	(785)	959	174
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	-	-	-
As at 31 December 2013		386,255	(10,662)	39,202	(135,075)	198,015	(12)	875	100,932	579,530	17,177	596,707

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:

Type of facility	Average useful lives
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.

	1 January 2012 (as reported)	Recalculation due to IAS 19 amendments	1 January 2012 (restated)
Retained earnings and other reserves	197,416	(805)	196,611
Non-controlling interest	27,169	542	27,711
Total effect on equity		(263)	
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
Total effect on liabilities		263	

	31 December 2012 (as reported)	Recalculation due to IAS 19 amendments	31 December 2012 (restated)
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
Total effect on assets		(480)	
Retained earnings and other reserves	168,473	436	168,909
Non-controlling interest	23,745	1,574	25,319
Total effect on equity		2,010	
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
Total effect on liabilities		(2,490)	

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.

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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.

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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)
Net assets	28,280	24,084	3,721	4,580
Carrying value of non-controlling interest	15,766	23,696	4,101	5,056
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
Increase in cash and cash equivalents	1,733	1,412	2,128	622

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 asquired 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:

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(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
Year ended 31 December 2013							
Revenue	99,138	79,168	139,596	25,977	343,879	(30,247)	313,632
<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)
EBITDA	63,118	235	17,032	541	80,926	(1,755)	79,171
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
Operating profit / (loss)	22,912	(1,605)	7,028	(3,166)	25,169	(2,325)	22,844
Finance income							9,008
Finance costs							(9,222)
Profit in respect of associates and joint ventures							2,555
Profit before income tax							25,185
Total income tax expense							(4,192)
Profit for the year							20,993
Capital expenditure	35,632	233	16,821	22,943	75,629	(5,375)	70,254
31 December 2013							
Non-current and current debt	102,576	2,196	44,492	2,513	151,777	-	151,777

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	OJSC RusHydro	ESC RusHydro subgroup	RAO Energy System of East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Year ended 31 December 2012							
Revenue	85,145	82,498	131,284	28,812	327,739	(28,934)	298,805
<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)
EBITDA	49,963	1,345	12,416	1,859	65,583	(1,395)	64,188
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
Operating (loss) / profit	937	(2,925)	(2,314)	834	(3,468)	(1,834)	(5,302)
Finance income							5,079
Finance costs							(6,780)
Loss in respect of associates and joint ventures							(14,199)
Loss before income tax							(21,202)
Total income tax expense							(4,122)
Loss for the year							(25,324)
Capital expenditure	36,906	252	15,444	31,630	84,232	5,108	89,340
31 December 2012							
Non-current and current debt	94,851	-	44,578	1,606	141,035	-	141,035

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:

	Note	31 December 2013	31 December 2012
Promissory notes	10	4,741	5,804
Loans issued		533	3
Advances received		-	120

The Group had the following transactions with its joint ventures:

	Year ended 31 December 2013	Year ended 31 December 2012
Sales of electricity and capacity	179	184
Other revenue	818	1,252

Associates

The Group had the following balances with its associates:

	Year ended 31 December 2013	Year ended 31 December 2012
Trade and other receivables	198	1,496
Accounts payable	26	1,909

The Group had the following transactions with its associates:

	Year ended 31 December 2013	Year ended 31 December 2012
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).

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Note 7. Property, plant and equipment

Revalued amount / cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Opening balance as at 31 December 2012	68,697	342,120	148,798	222,895	12,625	795,135
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)
Closing balance as at 31 December 2013	78,712	377,429	191,377	214,999	14,620	877,137
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2012	(20,946)	(68,659)	(52,488)	(44,876)	(3,705)	(190,674)
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
Closing balance as at 31 December 2013	(27,139)	(108,005)	(75,665)	(26,904)	(5,578)	(243,291)
Net book value as at 31 December 2013	51,573	269,424	115,712	188,095	9,042	633,846
Net book value as at 31 December 2012	47,751	273,461	96,310	178,019	8,920	604,461
Revalued amount / cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Opening balance as at 31 December 2011	67,454	342,495	121,156	180,338	11,575	723,018
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)
Closing balance as at 31 December 2012	68,697	342,120	148,798	222,895	12,625	795,135
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2011	(17,591)	(52,558)	(35,326)	(45,068)	(3,846)	(154,389)
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
Closing balance as at 31 December 2012	(20,946)	(68,659)	(52,488)	(44,876)	(3,705)	(190,674)
Net book value as at 31 December 2012	47,751	273,461	96,310	178,019	8,920	604,461
Net book value as at 31 December 2011	49,863	289,937	85,830	135,270	7,729	568,629

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:

Key assumptions used in the cash flow testing	Year ended 31 December 2013	Year ended 31 December 2012
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;

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- 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
Total	41,257	56,297

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).

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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
Associates					
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
Total associates				27,237	10,648
Joint ventures					
BoGES Group	Russia	50.00%	50.00%	1,960	6,648
BALP Group	Russia	50.00%	50.00%	-	-
Other				1,104	564
Total joint ventures				3,064	7,212
Total investments in associates and joint ventures				30,301	17,860

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
Associates		
OJSC Krasnoyarskaya HPP	6,589	(12,925)
OJSC IENC	(97)	-
OJSC SEC	266	(21)
Other	55	(99)
Total associates	6,813	(13,045)
Joint ventures		
BoGES Group	(4,216)	(1,135)
BALP Group	-	-
Other	(42)	(19)
Total joint ventures	(4,258)	(1,154)
Profit / (loss) in respect of associates and joint ventures	2,555	(14,199)

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).

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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
As at 31 December						
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)
Net assets	55,199	35,842	17,482	-	10,691	7,388
For the year ended 31 December	2013	2012	2013	2012	2013	2012
Revenue	15,569	12,562	11,210	-	1	2
Reversal of impairment / (impairment) of property, plant and equipment	20,778	(20,778)	-	-	-	-
Profit / (loss) for the year	19,357	(15,473)	(227)	-	437	(349)
Total comprehensive income / (loss) for the year	19,357	(15,473)	(227)	-	437	(349)

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Reconciliation of the summarised financial information presented to the carrying value of interest in associates:

	OJSC Krasnoyarskaya HPP	OJSC IENC	OJSC SEC	Others	Total
Net assets as at 31 December 2011	53,315	-	5,230	3,699	62,244
(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)
Net assets as at 31 December 2012	35,842	-	7,388	637	43,867
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
Carrying value as at 31 December 2012	8,621	-	1,812	215	10,648
Net assets as at 31 December 2012	35,842	-	7,388	637	43,867
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)
Net assets as at 31 December 2013	55,199	17,482	10,691	814	84,186
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
Carrying value as at 31 December 2013	15,209	8,420	3,341	267	27,237

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.

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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)
Net assets	3,972	13,967	(22,707)	(11,841)
For the year ended 31 December	2013	2012	2013	2012
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
Loss for the year	(9,868)	(3,244)	(10,866)	(8,111)
Other comprehensive loss for the year	(127)	-	-	-
Total comprehensive loss for the year	(9,995)	(3,244)	(10,866)	(8,111)

Reconciliation of the summarised financial information presented to the carrying value of interest in joint ventures:

	BoGES Group	BALP Group	Others	Total
Net assets as at 31 December 2011	17,211	(3,730)	223	13,704
Net assets at the date of the purchase	-	-	1,012	1,012
Loss for the year	(3,244)	(8,111)	(45)	(11,400)
Net assets as at 31 December 2012	13,967	(11,841)	1,190	3,316
Interest in joint ventures	6,984	(5,921)	564	1,627
Non-controlling interest	(336)	-	-	(336)
Accumulated losses	-	5,921	-	5,921
Carrying value as at 31 December 2012	6,648	-	564	7,212
Net assets as at 31 December 2012	13,967	(11,841)	1,190	3,316
Net assets at the date of the purchase	-	-	1,156	1,156
Loss for the year	(9,995)	(10,866)	(105)	(20,966)
Net assets as at 31 December 2013	3,972	(22,707)	2,241	(16,494)
Interest in joint ventures	1,986	(11,354)	1,100	(8,268)
Non-controlling interest	(26)	-	-	(26)
Accumulated losses	-	11,354	4	11,358
Carrying value as at 31 December 2013	1,960	-	1,104	3,064

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
Total available-for-sale financial assets		5,794		14,326

* 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 (Net of discount of RR 17,021 million as at 31 December 2013 and RR 20,255 million as at 31 December 2012)	5,644	6,515
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
Total other non-current assets	24,976	25,048
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
Long-term promissory notes						
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
Total long-term promissory notes					5,644	6,515

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)	-
Carrying amount as of 1 January	929	3,013
Impairment loss	-	(2,084)
Carrying amount as of 31 December	929	929
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.

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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.

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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
Total cash and cash equivalents	34,472	39,819
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
Cash at banks				
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
Total cash at banks			10,744	10,259
Bank deposits				
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
Total cash equivalents			23,712	29,547

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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)		
Total accounts receivable and prepayments	45,385	46,670

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)
As at 31 December	18,352	14,465

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)
Total	50,403	(17,893)	46,283	(14,059)

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
Total inventories before provision for impairment	21,638	19,673
Provision for impairment of inventories	(189)	(95)
Total inventories	21,449	19,578

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.

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(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
Total other current assets			53,144	53,787

	Rating	Rating agency	Effective interest rate	31 December 2013	31 December 2012
Promissory notes					
OJSC Alfa-Bank	BBB-	Fitch Ratings	-	416	176
OJSC SO UES	-	-	-	-	705
Other promissory notes				125	311
Deposits					
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
Total promissory notes and deposits				52,406	53,535

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.

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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)
Total income tax expense	4,192	4,122

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)
Profit / (loss) before income tax	25,185	(21,202)
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)
Total income tax expense	(4,192)	(4,122)

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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)
Deferred income tax liabilities, net	39,482	(6,056)	(5,037)	2,330	281	31,000
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)
Deferred income tax liabilities, net	44,245	(2,786)	(2,148)	354	(183)	39,482
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.

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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
Net liability	8,387	9,658	11,983

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
At 1 January 2013	10,482	(824)	9,658
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)
Recognised in profit or loss for the year ended 31 December 2013	(570)	(57)	(627)
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
Recognised other comprehensive income for the year ended 31 December 2013 before income tax charge of RR 25 million	(58)	(68)	(126)
Contributions	-	(585)	(585)
Payments	(611)	611	-
At 31 December 2013	9,243	(856)	8,387

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.

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	Present value of defined benefit obligations	Fair value of plan assets	Total
As at 1 January 2012 (restated)	12,277	(294)	11,983
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)
Recognised in profit or loss for the year ended 31 December 2012	1,549	(18)	1,531
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)
Recognised other comprehensive income for the year ended 31 December 2012 before income tax charge of RR 514 million	(2,576)	4	(2,572)
Contributions	-	(808)	(808)
Payments	(780)	780	-
At 31 December 2012 (restated)	10,482	(824)	9,658

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	MOSPRIME+2.20–9.31%	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
Total			141,954	135,274
Less current portion of non-current			(9,057)	(66,663)
Less current portion of finance lease liabilities			(1,007)	(1,328)
Total non-current debt			131,890	67,283
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.

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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
Total current debt and current portion of non-current debt		19,887	73,752
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
Minimum lease payments as at 31 December 2013	1,044	1,420	-	2,464
Less future finance charges	(37)	(345)	-	(382)
Present value of minimum lease payments as at 31 December 2013	1,007	1,075	-	2,082
Minimum lease payments as at 31 December 2012	1,392	1,127	-	2,519
Less future finance charges	(64)	(194)	-	(258)
Present value of minimum lease payments as at 31 December 2012	1,328	933	-	2,261

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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
Total other non-current liabilities	12,030	12,079
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
Total accounts payable and accruals	49,473	46,164
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
Total other taxes payable	10,944	8,540
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
Total revenue	313,632	298,805

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
Total expenses	272,784	271,181

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	-
Total finance income	9,008	5,079
<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)
Total finance costs	(9,222)	(6,780)

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)
Earnings / (loss) per share attributable to the shareholders of OJSC RusHydro – basic and diluted		
(in Russian Rubles per share)	0.0638	(0.0780)

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:

Counterparty	31 December 2013	31 December 2012
<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
Total guarantees issued	25,687	20,875

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:

	31 December 2013	31 December 2012
Financial guarantees (Note 28)	25,687	20,875
Total off-balance sheet exposure	25,687	20,875

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
Total	1,479	(5,220)	(3,741)	692	(5,371)	(4,679)

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
Liabilities						
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
Total future payments, including principal and interest payments	63,761	53,458	26,950	10,420	48,270	60,788

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
Liabilities						
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
Total future payments, including principal and interest payments	113,794	15,989	36,144	19,720	3,444	28,232
Liabilities of discontinued operation	16,053					

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:

31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial assets	5,766	-	28	5,794
Non-financial assets				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	437,737	437,737
Total assets recurring fair value measurements	5,766	-	437,765	443,531
31 December 2012				
Financial assets				
Available-for-sale financial assets	14,009	-	317	14,326
Non-financial assets				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	418,162	418,162
Total assets recurring fair value measurements	14,009	-	418,479	432,488

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:

	Fair value	Valuation technique	Significant unobservable inputs	Reasonable change	Sensitivity of fair value measurement
Non-financial assets					
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)
Total recurring fair value measurements at Level 3	437,737				(71,133)

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)
Non-financial assets				
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
Assets			
Other non-current assets (Note 10)	5,878	-	5,878
Promissory notes	5,644	-	5,644
Deposits	38	-	38
Long-term loans receivable	196	-	196
Available-for-sale financial assets (Note 9)	-	5,794	5,794
Trade and other receivables (Note 12)	32,511	-	32,511
Trade receivables	30,342	-	30,342
Promissory notes receivable	1	-	1
Other financial receivables	2,168	-	2,168
Other current assets (Note 14)	52,409	-	52,409
Promissory notes and deposits	52,409	-	52,409
Cash and cash equivalents (Note 11)	34,472	-	34,472
Total financial assets	125,270	5,794	131,064
Non-financial assets			720,982
Total assets			852,046

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).

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The following table provides a reconciliation of financial assets with the measurement categories as at 31 December 2012:

	Loans and receivables	Available-for-sale financial assets	Total
Assets			
Other non-current assets (Note 10)	6,680	-	6,680
Promissory notes	6,515	-	6,515
Deposits	13	-	13
Long-term loans receivable	152	-	152
Available-for-sale financial assets (Note 9)	-	14,326	14,326
Trade and other receivables (Note 12)	32,225	-	32,225
Trade receivables	30,330	-	30,330
Promissory notes receivable	7	-	7
Other financial receivables	1,888	-	1,888
Other current assets (Note 14)	53,535	-	53,535
Promissory notes and deposits	53,535	-	53,535
Cash and cash equivalents (Note 11)	39,819	-	39,819
Total financial assets	132,259	14,326	146,585
Non-financial assets			677,806
Total assets of subsidiary acquired exclusively with a view for resale			29,876
Total assets			854,267

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.

***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.

*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*

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
	I. NON-CURRENT ASSETS				
	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
	Total Section I	1100	505,345	437,218	423,436
	II. CURRENT ASSETS				
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
	Total Section II	1200	310,861	316,561	236,856
	TOTAL	1600	816,206	753,779	660,292

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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
	III. CAPITAL AND RESERVES				
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
	Total Section III	1300	624,343	592,698	535,402
	IV. LONG-TERM LIABILITIES				
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
	Total Section IV	1400	107,177	57,068	70,282
	V. SHORT-TERM LIABILITIES				
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
	Total Section V	1500	84,686	104,013	54,608
	TOTAL	1700	816,206	753,779	660,292

Chairman of Management Board

E. V. Dod

(clarification of signature)

Chief accountant

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	
Form on OKUD	0710002
Date (year, month, day)	2013/12/31
OKPO	75782411
INN	2460066195
OKVED	40.10.12
OKOPF/OKFC	12247 / 41
OKEI	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)
	Gross profit	2100	49,921	38,220
	Profit from sales	2200	49,921	38,220
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)
	Profit before tax	2300	47,315	22,834
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
	Net profit	2400	35,321	14,702
	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	0710003
Date (year, month, day)	2013/12/31
OKPO	75782411
INN	2460066195
OKVED	40.10.12
OKOPF/OKFC	12247 / 41
OKEI	385

I. Changes in equity

Narrative	Line code	Share capital	Additional capital	Reserve capital	Retained earnings	Total
1	2	3	4	5	6	7
Equity as of 31 December 2011 for 2012	3100	290,303	94,639	4,208	146,252	535,402
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
Equity as of 31 December 2012 for 2013	3200	317,638	112,002	5,739	157,319	592,698
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
Equity as of 31 December 2013	3300	317,638	111,749	6,474	188,482	624,343

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

E. V. Dod

(clarification of signature)

Chief accountant

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	0710004
Date (year, month, day)	2013/12/31
OKPO	75782411
INN	2460066195
OKVED	40.10.12
OKOPF/OKFC	12247 / 41
OKEI	385

Note	Narrative	Line code	For 2013	For 2012
1	2	3	4	5
	Cash flows from operating activities			
	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)
	Net cash flows from operating activities	4100	47,008	38,361
	Cash flows from investing activities			
	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)
	Net cash flows from investing activities	4200	(55,872)	(118,705)

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Note	Narrative	Line code	For 2013	For 2012
1	2	3	4	5
	Cash flows from financing activities			
	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)
	Net cash flows from financing activities	4300	3,572	73,535
	Net cash flows for the reporting period	4400	(5,292)	(6,809)
	Cash and cash equivalents at the beginning of the reporting period	4450	23,820	30,628
	Cash and cash equivalents at the end of the reporting period	4500	18,546	23,820
	Foreign exchange rate difference	4490	18	1

Chairman of Management Board

E. V. Dod
(clarification of signature)

Chief accountant

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 ОАО 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 ОАО 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 ОАО 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.

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.

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
Line 1151 Property, plant and equipment, including:			
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
Total line 1151 "Property, plant and equipment"	302,864	288,823	275,792
Line 1160 "Income-bearing investments in tangible assets", including:			
Facilities and transmission equipment	7,313	7,437	7,561
Total in line 1160 "Income-bearing investments in tangible assets"	7,313	7,437	7,561

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			
Property, plant and equipment	2012	308,044	(32,252)	25,484	(2,138)	777	(11,092)	331,390	(42,567)
including:	2013	331,390	(42,567)	27,408	(1,822)	829	(12,374)	356,976	(54,112)
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)
Income-bearing investments in tangible assets	2012	7,592	(31)	-	-	-	(124)	7,592	(155)
including:	2013	7,592	(155)	-	-	-	(124)	7,592	(279)
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
Increase in the cost of property, plant and equipment as a result of further construction, re-equipping, reconstruction including:	13,791	14,000
Machinery and equipment	11,962	11,827
Facilities and transmission equipment	1,359	1,432
Other types of property, plant and equipment	470	741
Decrease in value of property, plant and equipment as a result of partial liquidation including:	657	821
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	
Construction-in-progress and purchase of property, plant and equipment and income-bearing investments in tangible assets, including:	2012	37,539	31,616	(109)	(906)	(25,084)	43,056
	2013	43,056	31,407	(469)	14	(26,823)	47,185
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:

Narrative	31 December 2013	31 December 2012	31 December 2011
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
Total line 1170 "Financial investments"	143,059	93,660	100,982

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*			
Long-term investments including:	2012	105,163	(4,181)	15,704	(2,356)	(12,971)	-	(7,699)	107,896	(14,236)
	2013	107,896	(14,236)	62,138	(3,119)	(10,394)	-	774	159,640	(16,581)
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, %
Subsidiaries	95,619		66,355		67,134	
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	
Associates:	11,210		2,284		2,300	
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	
Other entities:	3,212		6,261		8,613	
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	
Total:	110,041		74,900		78,047	

* 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, %
Long-term loans issued to related parties, including:				
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%

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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	
Total long-term loans issued	33,018	18,760	16,036	

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,%
Receivables from other counterparties related to long-term promissory notes, including:					
				On demand but not earlier than 12 December 2014	
OOO Energo-Finance		-	6,899		13.00%
Total debt securities		-	6,899		

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
Total expenses of future periods, including:	3,899	3,396	1,183
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 Decembe 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
Total line 1210 "Inventories"	2,861	2,055	1,524

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
Total line 1231 "Long-term accounts receivable (payments expected beyond 12 months of the reporting date)"	80,323	75,630	89,269

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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		
Long-term accounts receivable, including:	2012	89,269	-	22,166	694	(183)	(2,735)	(33,581)	78,365	(2,735)
	2013	78,365	(2,735)	12,944	13,519	(149)	-	(21,621)	83,058	(2,735)
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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Long-term accounts receivable include interest-free loans issued to the following counterparties:

Counterparty	31 December 2013	31 December 2012	31 December 2011
Subsidiaries, including:	16,530	9,006	31,321
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
Other related parties, including:	18	24	101
Loans issued to the Company's key management	18	24	101
Total interest-free loans issued to related parties	16,548	9,030	31,422
Other	269	205	1
Total interest-free loans issued to other counterparties	269	205	1
Total long-term interest-free loans issued	16,817	9,235	31,423

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
Other related parties, including:	25,689	25,689	25,642
ZАО Boguchanskaya GES	21,027	21,027	21,027
ZАО Boguchansky Aluminium Smelter	4,662	4,662	4,615
Total interest-free promissory notes from related parties	25,689	25,689	25,642
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
Total interest-free promissory notes from other counterparties	1,351	944	1,577
Total long-term interest-free promissory notes received	27,040	26,633	27,219

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
Total advances issued to suppliers of equipment and capital construction contractors	35,074	37,296	26,246

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
Interest receivable accrued on loans issued and promissory notes received, including:	336	758	2,273
ООО Energo-Finance	-	-	1,836
Subsidiaries	336	758	437
Other accounts receivable	26	149	87
Total other long-term accounts receivable	362	907	2,360

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
Buyers and Customers, including:	5,648	6,567	6,058
Accounts receivable for electricity and capacity	5,437	6,381	5,933
Other	211	186	125
Advances issued, including:	15,517	12,173	10,541
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
Other debtors, including:	131,992	132,004	96,967
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
Total line 1232 "Long-term accounts receivable" (payments expected within 12 months of the reporting date)	153,157	150,744	113,566

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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						
Short-term accounts receivable,	2012	116,731	(3,165)	184,769	-	(178,744)	-	678	(2,412)	32,887	33	155,610	(4,866)
including:	2013	155,610	(4,866)	264,908	-	(268,908)	(108)	1,480	(3,060)	8,102	1	159,603	(6,446)
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.

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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
Total advances issued to suppliers of equipment and capital construction contractors	14,309	10 995	9 179

Short-term accounts receivable include interest-free promissory notes issued by the following issuers:

Issuer	31 December 2013	31 December 2012	31 December 2011
Subsidiaries, including:	22,453	72,350	74,998
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
Total interest-free promissory notes from related parties	22,453	72,350	74,998
ОАО Alfa-Bank	416	176	577
ОАО SO UES	-	705	-
Other	85	271	94
Total interest-free promissory notes from other counterparties	501	1,152	671
Total short-term interest-free promissory notes received	22,954	73,502	75,669

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
Subsidiaries, including:	5,494	42,265	14,419
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
Other related parties, including:	6	7	76
Loans issued to the Company's key management	6	7	76
Total interest-free loans issued to related parties	5,500	42,272	14,495
Total short-term interest-free loans issued to other counterparties	52	40	108
Total short-term interest-free loans issued	5,552	42,312	14,603

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 Zagorskaya GAES-2	46,071	-	-
ОАО Zaramagskie GES	15,139	-	-
ОАО Hydroinvest	9,550	-	-
ОАО ESK RusHydro	8,969	-	-
ОАО Nizhne-Bureyskaya	8,265	-	-
ОАО Ленинградская GAES	4,202	-	-
ОАО Ust-Srednekanskaya GES	2,872	-	-
ZАО Hydro-engineering Siberia	1,992	-	-
ОАО Sulaksky Hydrocascade	-	7,566	-
ОАО Yuzhno-Yakutsky GEK	-	3,148	-
Other	1,470	-	-
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	98,530	10,714	-

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
Total tax receivables	2,596	2,982	4,865

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
Total, including:	6,455	362	5,104	846	3,315	151
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
Total line 1240 "Investments" (excluding cash equivalents)	55,608	63,790	1,500

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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			
Short-term investments, including:	2012	1,500	-	83,892	(21,428)	-	(174)	63,964	(174)
	2013	63,964	(174)	234,449	(242,805)	174	-	55,608	-
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.

(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, %
Short-term loans issued to related parties, including:				
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	-	
Total short-term loans issued	5,568	12,290	-	

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
Total line 1250 "Cash and cash equivalents"	18,546	23,820	30,628

As of 31 December 2013, 2012 and 2011, there is no restricted cash.

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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
Bank deposits, including:					
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	-
Total cash equivalents			16,565	22,205	29,535
Cash in banks, including:					
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
Total cash in bank			1,981	1,615	1,093

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
Other receipts from operating activities (line 4119), including:		
	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
Other payments related to operating activities (line 4129) , including:		
	(12,040)	(11,761)

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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)
Other payments related to investing activities (line 4229), including:	-	(50,000)
Cash placement on a short-term deposit other than cash equivalent	-	(50,000)
Other payments related to investing activities	-	-
Other payments related to financing activities (line 4329), including:	(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%
Total		386,255,464,890	100.00%

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
Total line 1410 "Borrowings"	97,965	49,866	66,688

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
Total line 1410 "Borrowings"	97,965	49,866	66,688

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
	2012	1,752	43,764	(1,941)	43,575
Borrowings, including:	2013	43,575	3,329	(43,575)	3,329
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)	-
Interest on borrowings, including:	2012	767	6,969	(6,405)	1,331
	2013	1,331	8,706	(8,440)	1,597
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
Total line 1510 "Borrowings"	2012	2,519	50,733	(8,346)	44,906
	2013	44,906	12,035	(52,015)	4,926

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
Total line 1521 "Trade accounts payable"	5,170	5,326	5,221

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
Total line 1524 "Taxes payable"	2,570	1,296	1,396

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
Estimated liabilities, including:	2012	325	934	(661)	(190)	408
	2013	408	2,365	(1,503)	(250)	1,020
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:

Lessor	31 December 2013	31 December 2012	31 December 2011
ОАО Зарамagskie 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
Total lease of property, plant and equipment	25,460	25,397	17,345
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
Total lease of property, plant and equipment under lease contracts	8,294	8,509	8,985
Total lease of property, plant and equipment	33,754	33,906	26,330

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

Counterparty	31 December 2013	31 December 2012	31 December 2011
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
Total collateral for liabilities and payments received	19,995	21,379	26,401

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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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
Total collateral for liabilities and payments issued		73,670	54,590	38,858

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
Total line 2110 "Revenue"	108,794	94,207

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
Total line 2120 "Cost of sales"	58,873	55,987

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
Total for elements of costs	58,873	55,987
Change in balances of work in progress, finished goods, etc. (increase [-] / decrease [+])	-	-
Total expenses incurred on operating activities	58,873	55,987

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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)
Total line 2340 "Other income" and 2350 "Other expenses"	69,813	(76,560)	18,084	(35,167)

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
Total line 1420 "Deferred tax liabilities"	7,184	5,252	2,840

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
Basic earnings per share (RUB)	0.09248	0.04635

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

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
Revenue from sales to subsidiaries, including:		
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
Revenue from sales to related parties, including:		
ОАО Красноярская ГЭС	1,077	925
Total sales to related parties	10,154	8,239

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
Repair and technical maintenance services, including:		
Subsidiaries		
ОАО Hydroremont-BKK	2,087	1,004
ОАО Турбoreмонт-BKK	414	967
ОАО SShGER	191	426
ОАО Electroremont-BKK	125	414
ОАО REMIC	21	173
Other	157	37
Total repair and maintenance services	2,995	3,021
Electricity purchases	4	4
Other services of third parties	1,618	1,093
Total purchases from related parties	4,617	4,118

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
Total accounts receivable from related parties	176,864	167,119	149,583

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
Total accounts payable to related parties	1,428	1,095	1,368

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
Total related parties' debt within investments	38,626	32,550	17,536
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
Subsidiaries, including:	2,518	2,096
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
Total interest income	2,518	2,096

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
Cash flows from operating activities			
Receipts, including:	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
Payments, including:	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
Cash flows from investing activities			
Receipts, including:	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
Payments, including:	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)

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Item	Line code	2013	2012
Cash flows from financing activities			
Payments, including:	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)
Net cash flows for the reporting period	4400	(29,371)	(27,048)

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
31 December 2013			
US Dollars	779	-	799
Euro	54	(3,280)	(3,226)
Total	833	(3,280)	(2,477)
31 December 2012			
US Dollars	266	(1,894)	(1,628)
Euro	26	(2,400)	(2,374)
Total	292	(4,294)	(4,002)
31 December 2011			
US Dollars	105	(2,008)	(1,903)
Total	105	(2,008)	(1,903)

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

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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
Total equity investments (see paragraph 3.1.2 of the Explanatory Notes)	110,041	74,900	78,047

Current market value of quoted securities is determined by market prices established on the stock exchange OAO MICEX-RTS (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