



**PAO ЭС
БОСТОКА**

JSC “RAO Energy System of East”

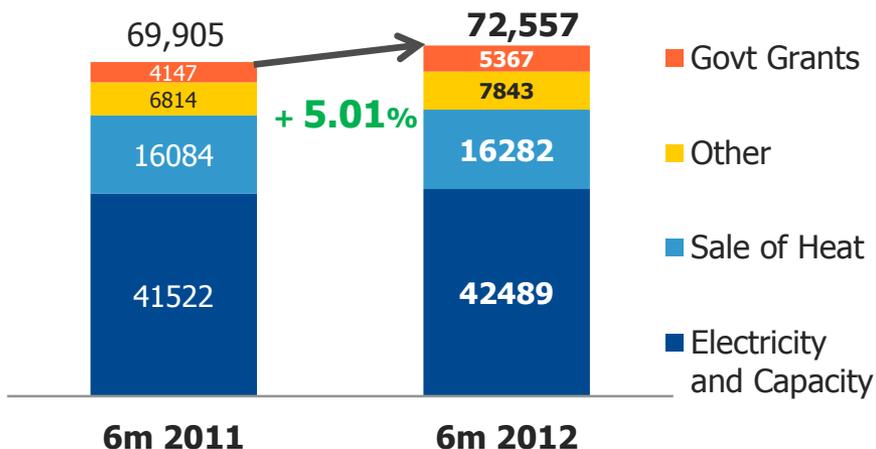
**Financial and operating results
of RAO Energy Systems of East
Group for 6m 2012 (IFRS)**

18 October 2012

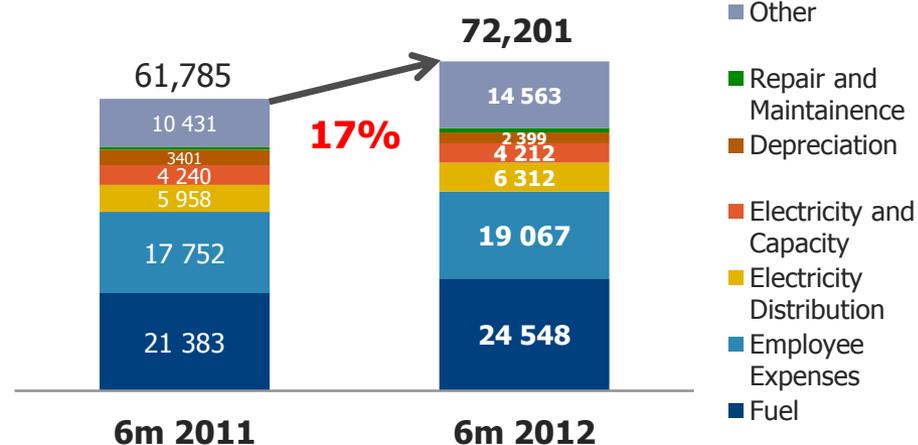
KEY FINANCIALS



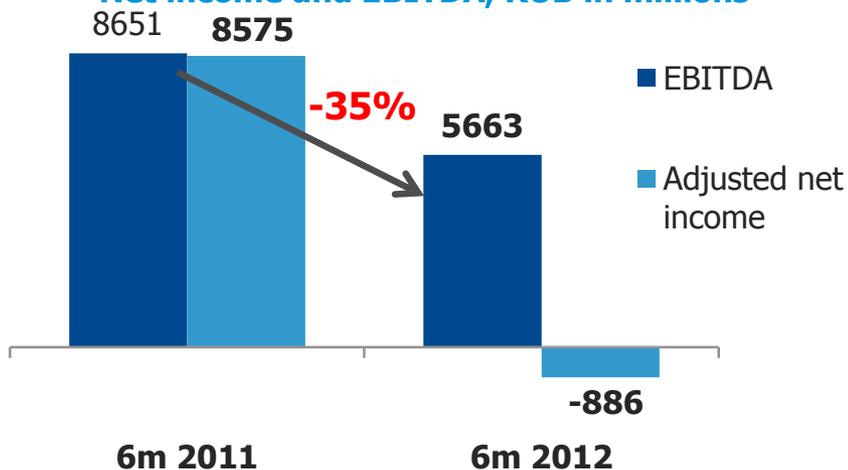
Revenue Breakdown, RUB in millions



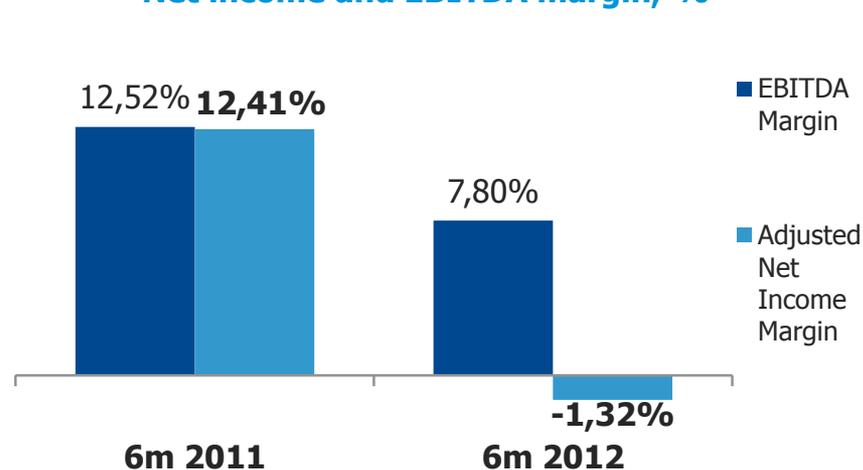
OPEX Breakdown, RUB in millions



Net income and EBITDA, RUB in millions



Net income and EBITDA margin, %



(1) Net income was adjusted for the effects of impairment of the Group's property, plant and equipment

KEY FINANCIALS BY OPERATING SEGMENT



RUB in millions

Operating segment	Revenues ⁽¹⁾			EBITDA		
	6m 2011	6m 2012	% Change	6m 2011	6m 2012	% Change
JSC "DEK"	44,594	46,558	4%	14,859	15,630	5%
JSC "Kamchatckenergo"	5,502	5,467	-1%	1,100	(174)	-116%
JSC "Magadanenergo"	4,520	4,527	0%	1,833	1,294	-29%
JSC "Sakhalinenergo"	4,118	3,946	-4%	1,245	246	-80%
JSC "Yakutskenergo"	9,698	10,269	6%	1,873	1,552	-17%
Other	663	1,790	170%	(12,258)	(13,185)	-8%
Total RAO ES of East (IFRS)	69,095	72,557	5%	8,652	5,663	-35%

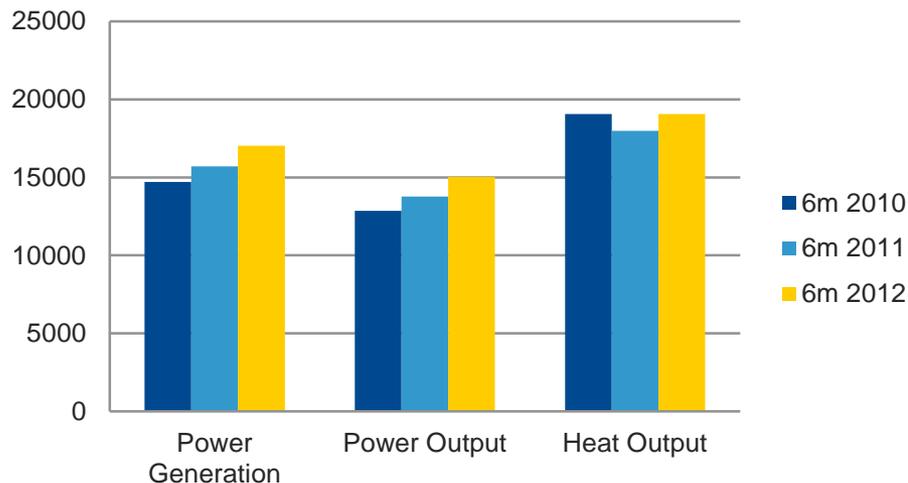
⁽¹⁾ Including government grants

- Revenues combined with government grants increased by **5%** due to growth in power consumption by **3.8%** in the Unified Power System of the East mostly driven by the increased industrial demand and from Russian Railways .
- Operating expenses were up by **17%**, caused by a 15% increase in fuel expenses due to a 8.4% rise in power generation coupled with a 49% growth in oil consumption as a result of problems with the gas supply.
- EBITDA for the period decreased by **35%**, totaling 5,663 million RUB.

OPERATING RESULTS: GENERATION AND GRIDS

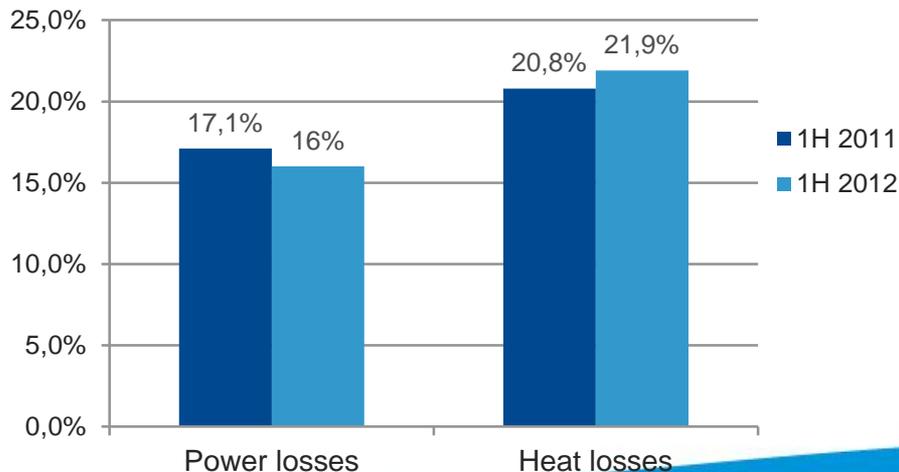


Power and Heat Indicators, 1st Half 2010-2012



- Power generation in 6m 2012 increased by 8% y-o-y due to a rise in industrial consumption and a 57% increase in exports to China.
- The 6m 2012 heat output increased by 5.9% y-o-y due to the acquisition of municipal boilers in Yakutia and Khabarovskiy krai.
- Equivalent specific fuel consumption (ESFC) of power production in 6m of 2012 stayed at the level as 6m 2011 amounting to 378 g/kWh.

Power and heat losses, 1st Half 2011-2012



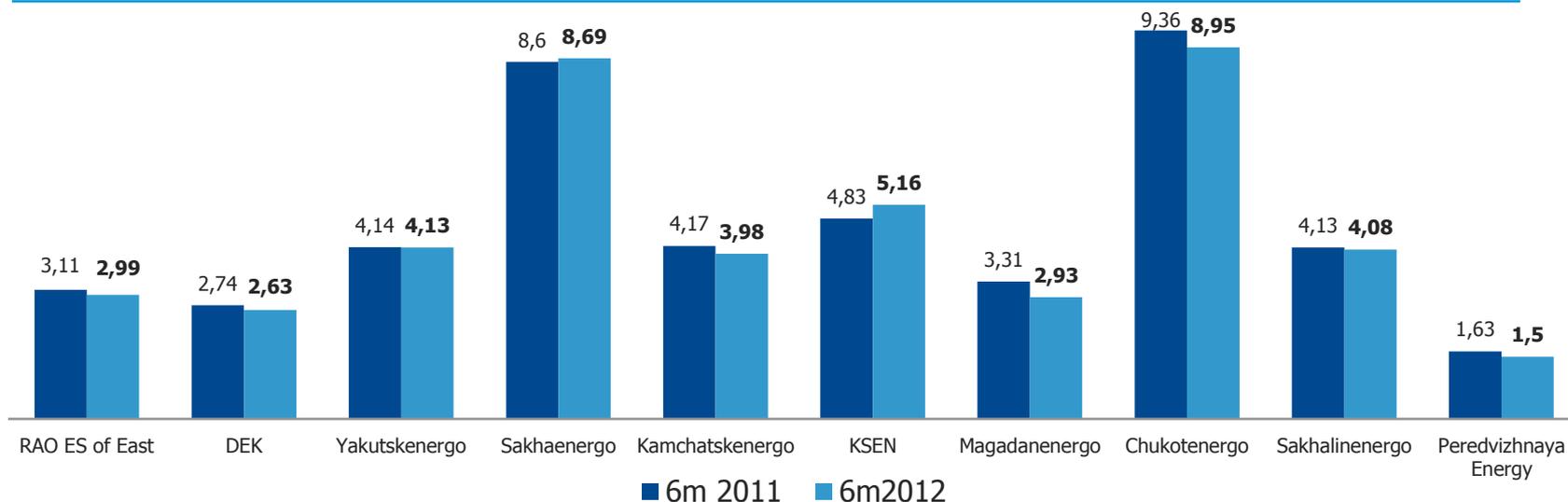
- Power transmission in the grid increased 3% to 5,375 million kWh.
- Power losses in the grid decreased 1.1 bps from 17.1% to 16%.
- Heat transmission in the grid increased 5% to 18,983 thousand Gcal.
- Heat losses increased from 1.1 bps from 20.8% to 21.9%.

ELECTRIC POWER RETAIL TARIFFS



RAO ESV subsidiaries average retail sales tariffs for electric power in January-June 2012 demonstrated a 3.7% y-o-y decline to 2.99 RUB/kW-h

JSC "RAO ESV" electric power retail sales tariffs dynamics by companies, RUB/kW-h



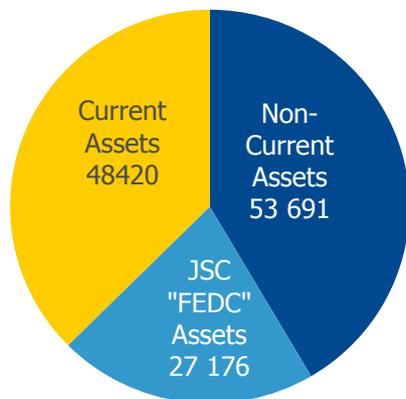
The drop in electric power retail sales tariffs is explained by:

- Increase in power exports to China, which resulted in lower capacity levels sold on retail electricity markets and, consequently, to a slight retail sales tariff decline in 6m 2012 y-o-y.
- Shift to direct subsidizing system in the Magadan region.
- Entry of Peredvizhnaya Energy to the Wholesale Market of Electricity and Capacity

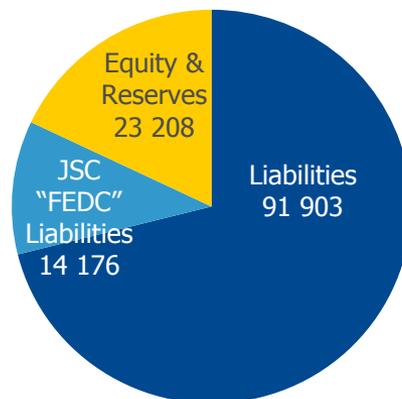
ASSETS AND LIABILITIES BREAKDOWN AS OF 30.06.2012



Assets, RUB in millions

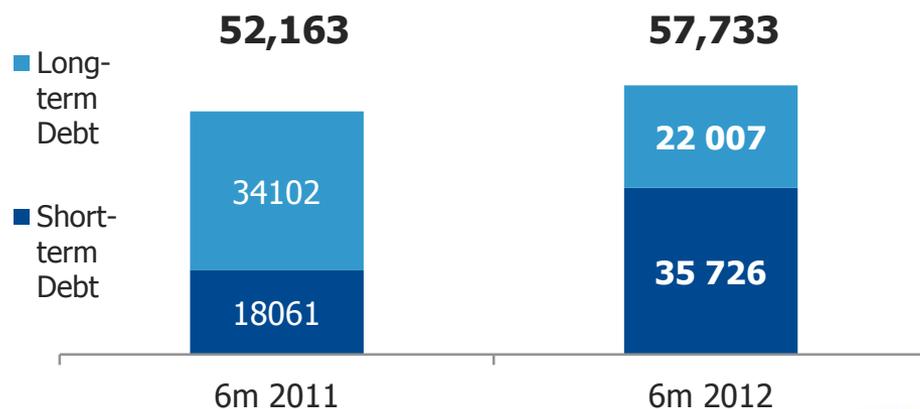


Equity and liabilities, RUB in millions



- As of 30 June 2012 the Group's total assets amounted to 129,287 million RUB, a 1% drop for 6m 2012.
- The JSC "FEDC" assets classified as held for sale to FSK UES (JSC) in 6m 2012 decreased by 3% to 27,176 million RUB.

Debt breakdown ⁽¹⁾ RUB in millions



- Financial debt in the first six months of 2012 increased by 11% to 57,733 million RUB as of 31 December 2011
- Non-current debt decreased by 35% to 22,007 million RUB accompanied by a 98% increase in current debt to 35,726 million RUB due to increase of long-term borrowing rates early in the year.

⁽¹⁾ Excluding disposal Group liabilities (JSC "FEDC")

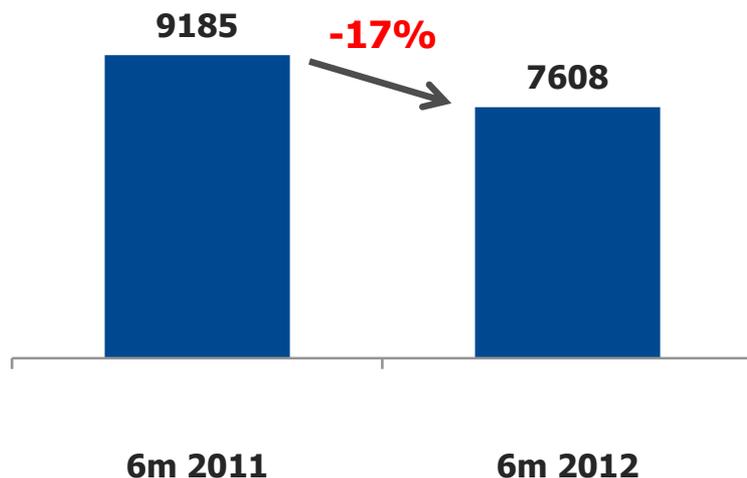
INVESTMENT PROJECTS



➤ Capital expenditure (capex) in the first half of 2012 totaled 7,608 million RUB (excluding VAT) falling 17% compared to the same period last year.

➤ The overall investments by the end of the year are expected to rise in the second half of the year due to the implementation of new construction projects.

CAPEX, million RUB (excl. VAT)



Construction of Yuzhno-Sakhalinskaya HPP-1 5th power block

Project Budget	3,283.7 million RUR
Installed Capacity	91.2 MW
Launch Date	August 2012



- The 5th unit at Yuzhno-Sakhalinsk CHP plant-1, 91.2 MW (project cost 3.3 billion) was successfully launched on August 29, 2012 becoming the first newly implemented construction project in the Far East in 30 years

Disclaimer

The logo for PAO 3C BOCTOKA is located in the top right corner. It consists of a white circle with a dark blue sunburst or gear-like border. Inside the circle, the text "PAO 3C" is written in a bold, dark blue font, and "BOCTOKA" is written in a smaller, dark blue font below it.

PAO 3C
BOCTOKA

The information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of RAO Energy Systems of East. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might," the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially from these statements. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to RAO Energy Systems of East and its operations.

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