



**RAO ES
OF EAST**

TIME OF GRAND CHANGES

ANNUAL REPORT 2010



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



Chairman of the Board of Directors
ANDREI SHISHKIN



Director General
IVAN BLAGODYR

Esteemed shareholders,

Summing up the results of the year 2010 it is necessary to note that it was the year of a significant turn in the performance of not only the Holding Company RAO Energy System of East but for the entire energy sector in Russia's Far East.

Continuing to pursue the main objective of the development of the energy infrastructure in the region and meeting the growing demand for electricity and heating, JSC «RAO Energy System of East» has made significant progress in the implementation of key investment projects.

One of the most significant events of the first half of the year was the decision of the Company Board of Directors to sell off non-core energy selling assets located beyond the boundaries of the Far Eastern Federal District. The funds acquired as a result of the transaction made possible significant own investments into projects of the Investment Program of the Holding and speeded up their full-scale implementation.

Moreover, in the context of the long-term investment program, the attraction of own funds, in particular, helped the Company to broaden the scope of investment projects adding the commissioning of new capacities in Sakhalin, which was a serious step in the strengthening of energy security of this rather complicated territory.

Thanks to serious steps in the investment activities of JSC «RAO Energy System of East» we have managed to pass from the stage of planning and goals setting to their practical implementation, which could be assessed as a serious achievement taking into account that it is only the third year of the Company operation on the authorized territory.

In April 2010, JSC «RAO Energy System of East» took part in the launch into operation of the startup facilities for co-generation plant Severnaya on the Russky Island. It was the first facility launched into operation in the framework of the energy supply project for the APEC Summit in Vladivostok in 2012.

In September 2010, the Holding took part in the completion of the construction of the 273.3-kilometer high-voltage transmission line Suntar-Olekminsk with substations in Suntar and Olekminsk

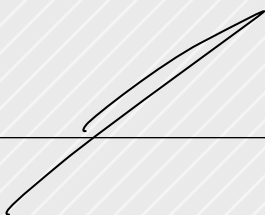
and a 44.2-kilometer branch line to pump station 14, which secured energy supplies to feed the facilities of the ESPO pipeline at the highest safety integrity level. Saying goodbye to costly diesel power plants, it has become possible to switch to quality and economically efficient power supplies from the Vilyuy cascade of hydroelectric stations to consumers in the Vilyuysk group of uluses and the Olekminsk district.

The past year was also a starting point in the development of initiatives aimed at working out and introduction of innovative approaches to the modernization of energy systems. Last February, the first forum in the field of IT technologies "Information Technologies in the Energy Sector of Russia's Far East" was held under the aegis of JSC «RAO Energy System of East». All the issues discussed at the forum one way or another dealt with the concept of "intellectual energy" which boils down to boosting the efficiency of enterprises in the energy sector through modern solutions basing on information technologies and intellectual systematization.

Already by the end of the year, the Holding named innovative activity as a priority avenue of its development. The Board of Directors of JSC «RAO Energy System of East» approved the Concept of a Program for Innovative Development of JSC «RAO Energy System of East» for the Period from 2011 to 2018. This move finally formalized the company management's commitment to the introduction of state-of-the-art systemic and technological solutions for the further development of the energy complex in Russia's Far East. As for today, JSC «RAO Energy System of East» possesses practically all the necessary resources to turn the Concept into a list of practical measures to raise the efficiency of the energy sector through innovative techniques.

Undoubtedly, the final assessment of the events occurred in 2010 should be given a bit later when enterprises initiated last year take the form of implemented projects and yield first results. Nevertheless, already today it could be said for sure that the complete professionalism of the JSC «RAO Energy System of East» management, the ability to see and understand the problems of the Far Eastern region as well as extensive support from the state will guarantee the successful progress in the development of the JSC «RAO Energy System of East» Holding and the entire energy sector of Russia's Far East.

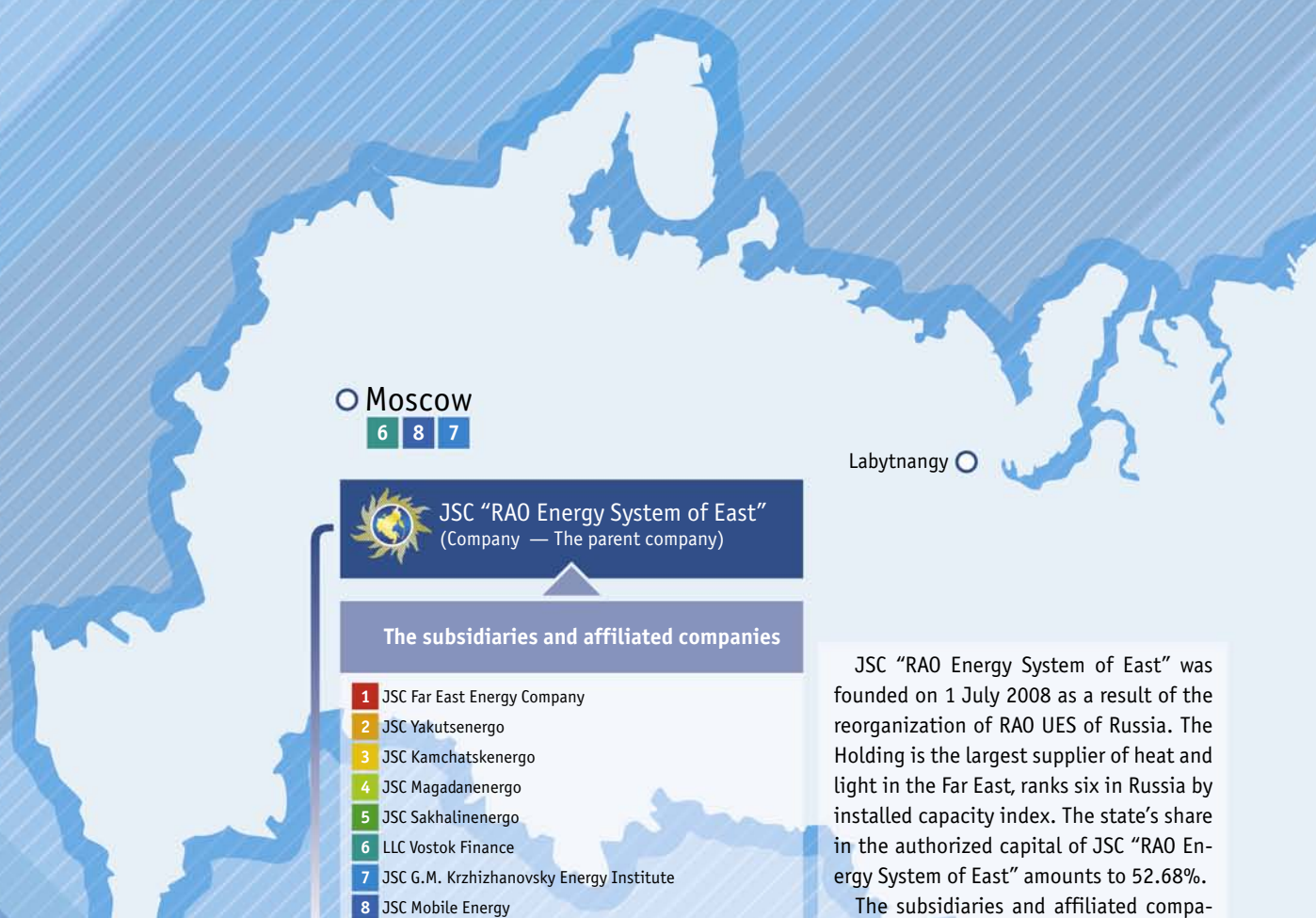
Andrei Shishkin



Ivan Blagodyr



Company profile



○ Moscow

6 8 7



JSC “RAO Energy System of East”
(Company — The parent company)

Labytnangy ○

The subsidiaries and affiliated companies

- 1 JSC Far East Energy Company
- 2 JSC Yakutsenergo
- 3 JSC Kamchatskenergo
- 4 JSC Magadanenergo
- 5 JSC Sakhalinenergo
- 6 LLC Vostok Finance
- 7 JSC G.M. Krzhizhanovsky Energy Institute
- 8 JSC Mobile Energy
- 9 JSC Daltechenego

Companies, affiliated and dependent to the JSC “RAO Energy System of East” subsidiaries

- ① JSC Far East Generation Company
- ② JSC Far East Distribution Grid Company
- ① JSC Sakhaenergo
- ② JSC Teploenergosservis
- ① JSC Kamchatka South Power Grid
- ① JSC Chukotenergo
- ② JSC Magadanelectroset
- ① JSC Novikovskaya diesel-engine power plant
- ② JSC Sakhalin Communal Company

Energy Service Companies — 19

Non-core companies — 6

**RAO Energy System
of East Holding**

JSC “RAO Energy System of East” was founded on 1 July 2008 as a result of the reorganization of RAO UES of Russia. The Holding is the largest supplier of heat and light in the Far East, ranks six in Russia by installed capacity index. The state’s share in the authorized capital of JSC “RAO Energy System of East” amounts to 52.68%.

The subsidiaries and affiliated companies of JSC “RAO Energy System of East” are represented in all nine constituent units of the Far East Federal Area. The territory of the United Energy System of the East (Amur Region, Khabarovsk Territory, Jewish Autonomous Region, Primorski Krai and the southern part of the Republic of Sakha (Yakutia) are served by JSC Far East Generation Company, JSC Far East Distribution Grid Company and JSC Far East Energy Company.

The isolated energy systems (Kamchatka Territory, Magadan and Sakhalin Regions, Chukot Autonomous Area and Republic of Sakha) are served by JSC Kamchatskenergo, JSC Magadanenergo, JSC Sakhalinenergo and JSC Yakutsenergo.

The strategic purpose of JSC «RAO Energy System of East» is to provide the reliable



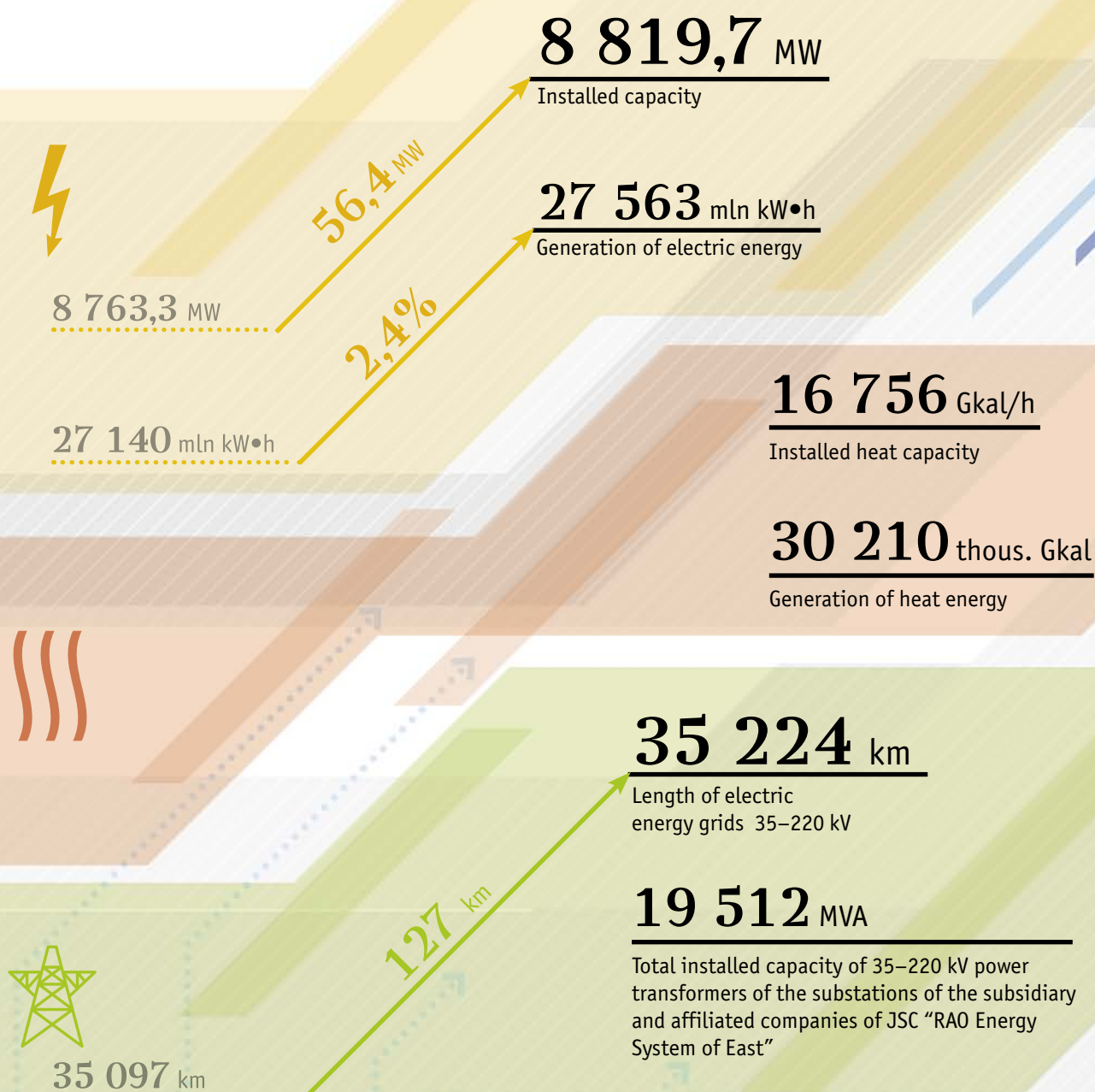
functioning and balanced development of the energy industry of the Far East, form thereby the basis for further social and economic development of the region. For achieving the set purpose the Holding implements the programs for reconstruction, modernization and technical re-equipment of the operating energy facilities as well as constructs new production facilities.

As its long-term priorities the Company has planned to increase the energy cost effectiveness and ecological properties of the production facilities, minimize any losses in the electric power grids, reduce the specific fuel consumption and optimize the fuel balance.

The Holding is a commercial entity whose purposes are to provide high-quality services related to electric power supply to consumers, satisfaction of the consumer demand for electric and heat power, increase of the operational efficiency due to costs reduction, as well as improvement of the financial state of subsidiaries and long-term growth of capitalization.

Key figures

Main production figures



Main financial and economic figures

865,5 mln rubles
Proceeds

10 275 mln rubles
Net profit

23,9%
Return on assets

24%
Return on equity

17,23 bln rubles
Capitalization

12 bln rubles
Profit before taxation



Corporate governance

Authorized capital

As of December 31, 2010, the Authorized capital of JSC «RAO Energy System of East» was 21,558,451,684 rubles divided into 43,116,903,368 shares.

The Company placed 41,041,753,984 registered ordinary shares and 2,075,149,384 registered preferred shares with the face value of 0.5 rubles each.

The issue of registered ordinary shares of JSC «RAO Energy System of East» was registered by the FFMS of Russia on July 29, 2008 under the state registration number 1-01-55384-E.

The issue of registered preference shares of JSC «RAO Energy System of East» was registered by the FFMS of Russia on December 8, 2009 under the state registration number 2-02-55384-E.

The registered preference shares of JSC «RAO Energy System of East» of this issue were placed through the conversion of shares into shares of the same category with different rights.

The conversion of the registered preferred shares (state registration number 2-01-55384-E of July 29, 2008) into registered preferred shares with different rights (state registration number 2-02-55384-E of December 8, 2009) was made in connection with the decision by the Company shareholders' meeting of June 25, 2009 to introduce an amendment to the Articles specifying the procedure of dividend calculation on the preferred stock of the Company.

According to the aforementioned amendments, the dividend amount is calculated on the basis of a number of shares presenting 25 percent of the Authorized capital as of the date of the Company's state registration as a legal entity.

This amendment was made with the aim to protect the rights of minority shareholders, owners of the preferred stock, in case of an issue of new shares and an increase in the Authorized capital of the Company.

The conversion of preferred shares was made on December 16, 2009. As a result of the conversion, the registered preferred shares of an additional issue (state registration number 2-01-55384-E of July 29, 2008) were annulled (canceled).

The report on the additional issue of preferred shares (state registration number 2-02-55384-E of December 8, 2009) was registered by the FFMS of Russia on January 26, 2010.

In 2010, the Company did not acquire own shares.

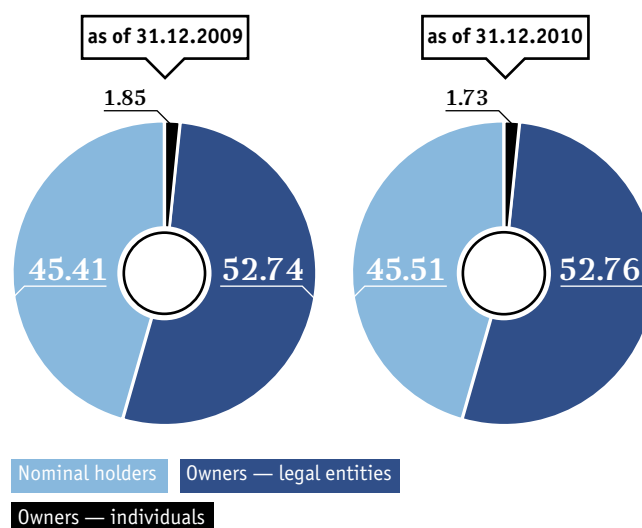
The special right of the Russian Federation, constituencies of the Russian Federation or municipalities to take part in governance of JSC «RAO Energy System of East» is not effective.

The Russian Federation, represented by the Federal Agency for State Property Management, owns 52.6832% of shares of JSC «RAO Energy System of East».

Constituencies of the Russian Federation own 0.0086% of shares of JSC «RAO Energy System of East». The aforementioned shares belong to the Chukotka Autonomous District represented by the Department of finance, economy and property relations of the Chukotka Autonomous District.

The total number of entities registered in the shareholders' register of JSC «RAO Energy System of East» as of December 31, 2010 (before disclosure of clients of nominal holders) was 285,373.

Portion of shareholders in the Authorized capital of the Company, %



Type of shareholder (as of December 31, 2010)

Type of shareholder	Number of holders	Number of shares, pieces		Share in the AC, %
		ordinary	preferred	
Owners — individuals	284,803	552,219,610	194,904,456	1.73
Owners — legal entities	542	22,599,430,832	147,912,786	52.76
Nominal holders	25	17,890,100,440	1,732,332,142	45.51
Trustees	3	3,102	0	0.0000072
TOTAL	285,373	41,041,753,984	2,075,149,384	100

Data provided before disclosure of clients of nominal shareholders.

Data on owners showing on their accounts more than 2 percent of the Authorized capital of the Company
(as of December 31, 2010; the Register closes before the Extraordinary General Shareholders Meeting on February 15, 2011)

Name	Number of shares, pieces		Share in the AC, %
	ordinary	ordinary	
The Russian Federation as represented by the Federal Agency for State Property Management	22,569,834,761	145,523,224	52.68
Gazprom Energoholding LLC	4,522,879,000	100	10.49
RUSENERGO FUND LIMITED	1,919,333,600	0	4.45
JSC GMK Norilsk Nickel	1,016,370,000	500,000,000	3.52
Energy Index FGS UES LLC	1,080,646,965	303,259,010	3.21
HQ BANKAKTIEBOLAG	1,262,218,536	98,678,515	3.16
Halcyon Power Investment Company Limited	874,082,639	0	2.03

Portion of owners showing on their accounts more than 2% of the Authorized capital of the Company
(as of the date of the Register's closure before the shareholders' meeting), %

The Russian Federation
as represented by the Federal Agency
for State Property Management

Gazprom Energoholding LLC

RUSENERGO FUND LIMITED

JSC GMK Norilsk Nickel

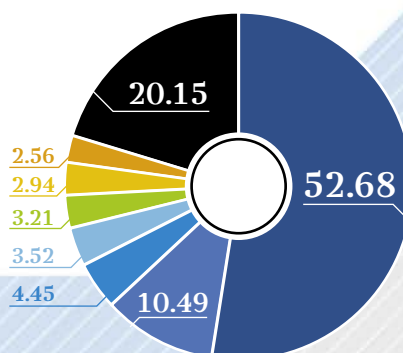
Energy Index FGS UES LLC

HQ BANKAKTIEBOLAG

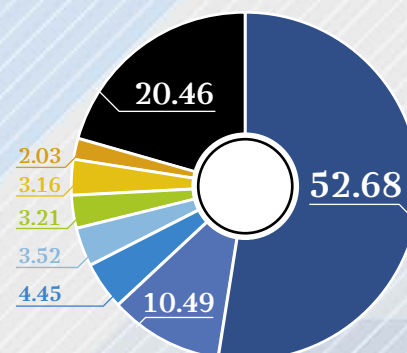
Halcyon Power Investment Company Limited

Other shareholders

as of 5.05.2010



as of 31.12.2010



Data on JSC “RAO Energy System of East” shares cross-held by subsidiaries

Subsidiary's or associate's name	Number of securities, pieces		Share in the AC, %
	Ordinary shares	Preferred shares	
JSC Yakutskenergo	16,200	0	0.000038

JSC Yakutskenergo owned a stake of 16,200 ordinary shares in RAO UES of Russia. In the framework of the RAO UES reform on July 1, 2008 and JSC Yakutskenergo's spin-off the latter received shares of some special purpose companies including RAO Energy System of East.

Stock market review

In 2010, ordinary and preferred shares of the Company were traded on RTS and MICEX exchanges. Ordinary shares of RAO Energy System of East were listed on the MICEX quotation list “B”.

Stock Codes of JSC «RAO Energy System of East» in the main trading systems in 2010

Stock exchange	Ordinary shares	Preferred shares
OJSC RTS	VRAO, VRAOG	VRAOP, VRAOPG
CJSC FE MICEX	VRAO	RAOVP

JSC "RAO Energy System of East" stock prices at MICEX, rubles

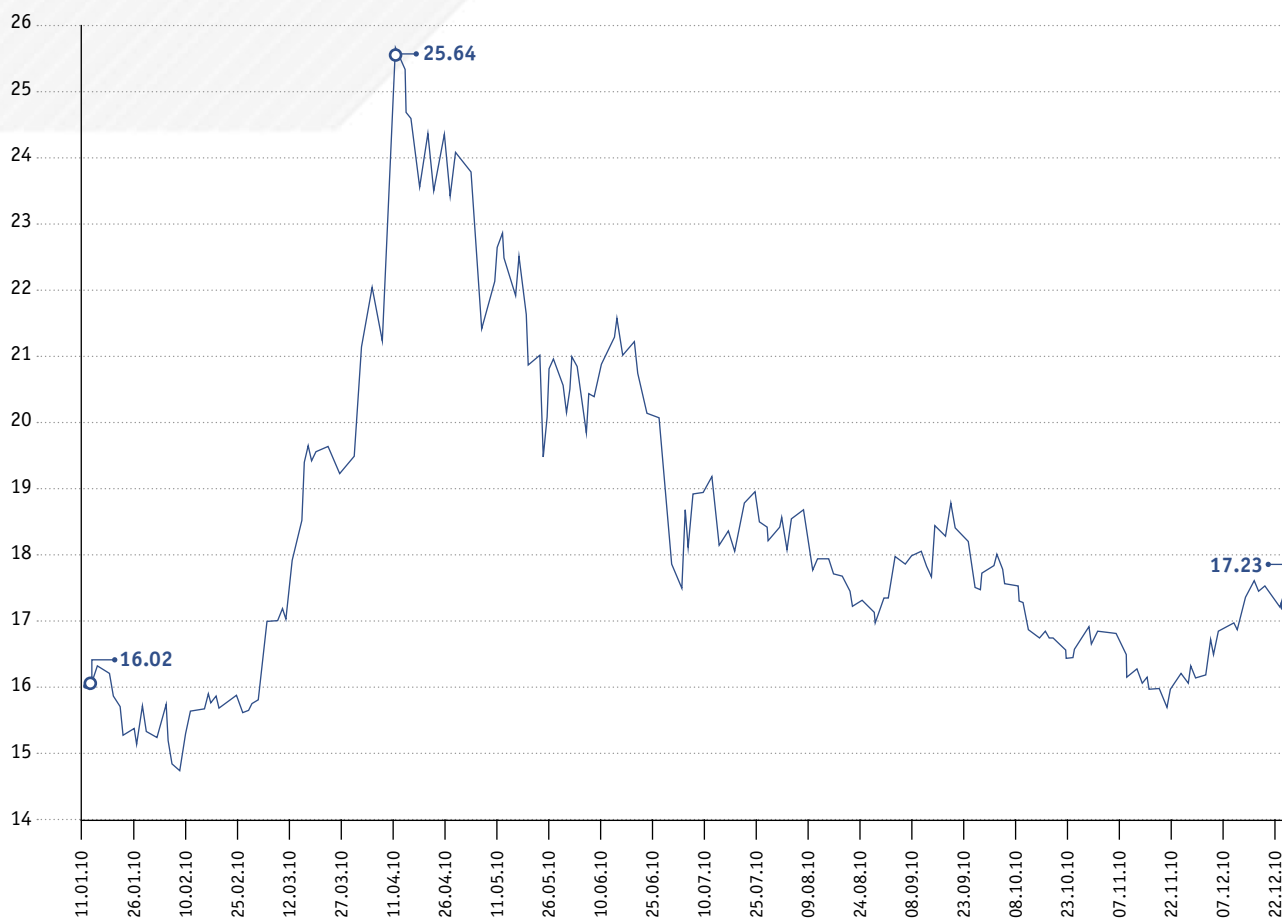


JSC «RAO Energy System of East» stock prices in comparison with stock indices at the close of trading in MICEX, %



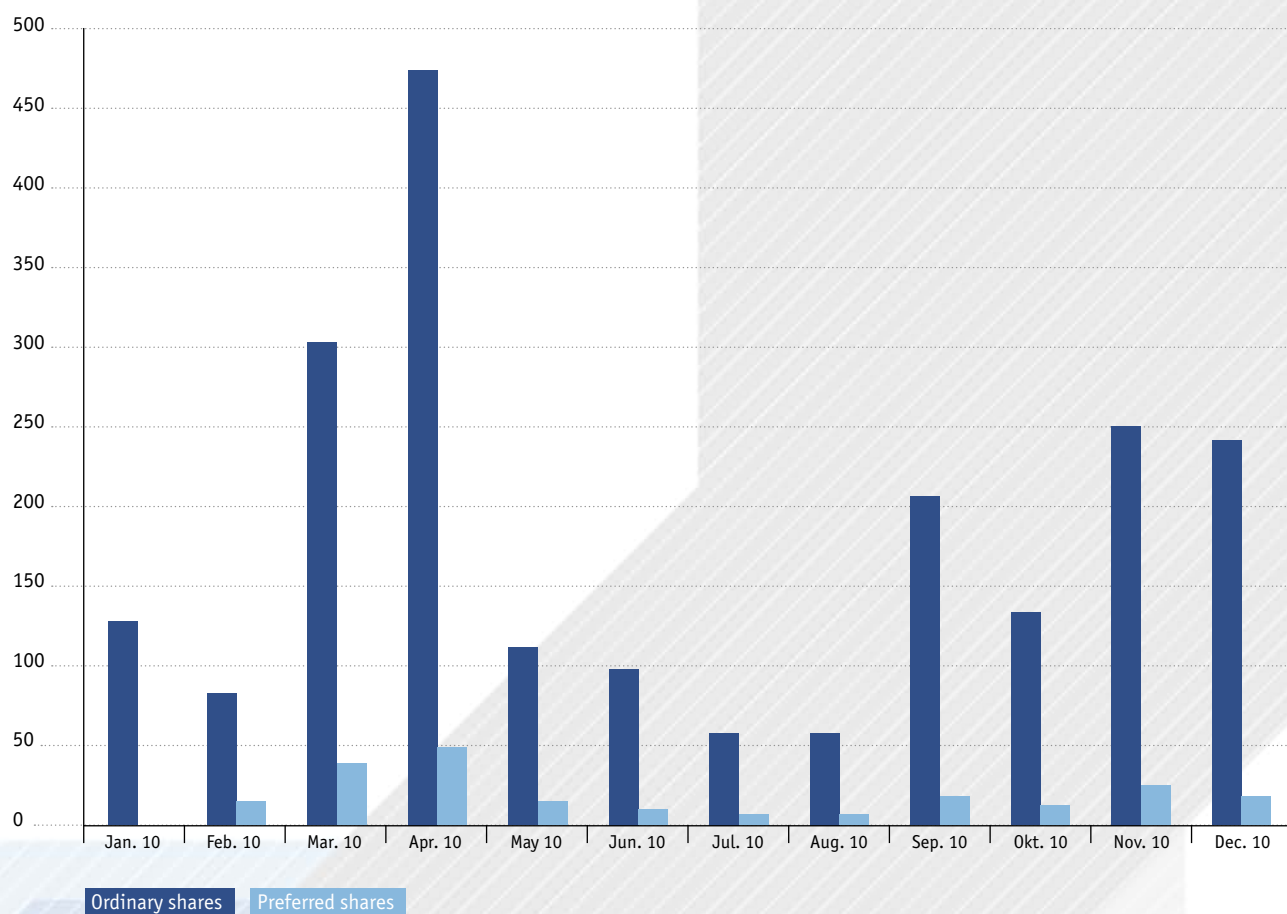
Over the year 2010, the price of one ordinary share of JSC «RAO Energy System of East» grew by more than 8% from 0.3740 rubles on January 11, 2010 to 0.4047 rubles on December 30, 2010. Meanwhile, the price of one preferred share increased by more than 16% from 0.3326 rubles on January 9, 2010 to 0.387 rubles on December 30, 2010.

JSC «RAO Energy System of East» capitalization at the close of trading in MICEX, bln rubles



In 2010, the capitalization of JSC «RAO Energy System of East» grew by more than 7% from 16.02 billion rubles to 17.23 billion rubles.

Volumes of JSC "RAO Energy System of East" stock trading in MICEX in 2010, million rubles



In MICEX, 58,041 transactions with JSC «RAO Energy System of East» were completed to the total amount of 2,139 million rubles as 4,930,879,000 shares changed hands, while in 15,531 transactions with the preferred stock, totaling 210 million rubles, 494,392,000 shares changed hands.

Data on JSC “RAO Energy System of East” stock trading in MICEX in 2009 and 2010

	2010		2009	
	Ordinary	Preferred	Ordinary	Preferred
Minimal (rubles)	0.3316	0.2875	0.0414	0.0435
Maximal (rubles)	0.625	0.594	0.389	0.319
Year-end average weighted price (rubles)	0.4005	0.3825	0.3697	0.2914
Number of transactions (pieces)	58,041	15,531	103,469	16,512
Trading volume (pieces)	4,930,879,000	494,392,000	16,490,912,000	965,452,000
Trading total (mln. rubles)	2,139	210	3,264	175

Results of JSC “RAO Energy System of East” stock trading in RTS in 2010

In the RTS Classic market, 39 transactions with RAO Energy System of East ordinary shares were completed; 64,357,659 shares changed hands to the total amount of US\$ 0.8 million, and two transactions with 4,500,000 preferred shares to the total amount of US\$ 0.075 million.

In the RTS T+0 market, 26 transactions with RAO Energy System of East ordinary shares were completed; 23,259 shares changed hands to the total amount of 8,800 rubles, while in two transactions 33,000 preferred shares changed hands to the amount of 12,300 rubles.

Company governance Bodies

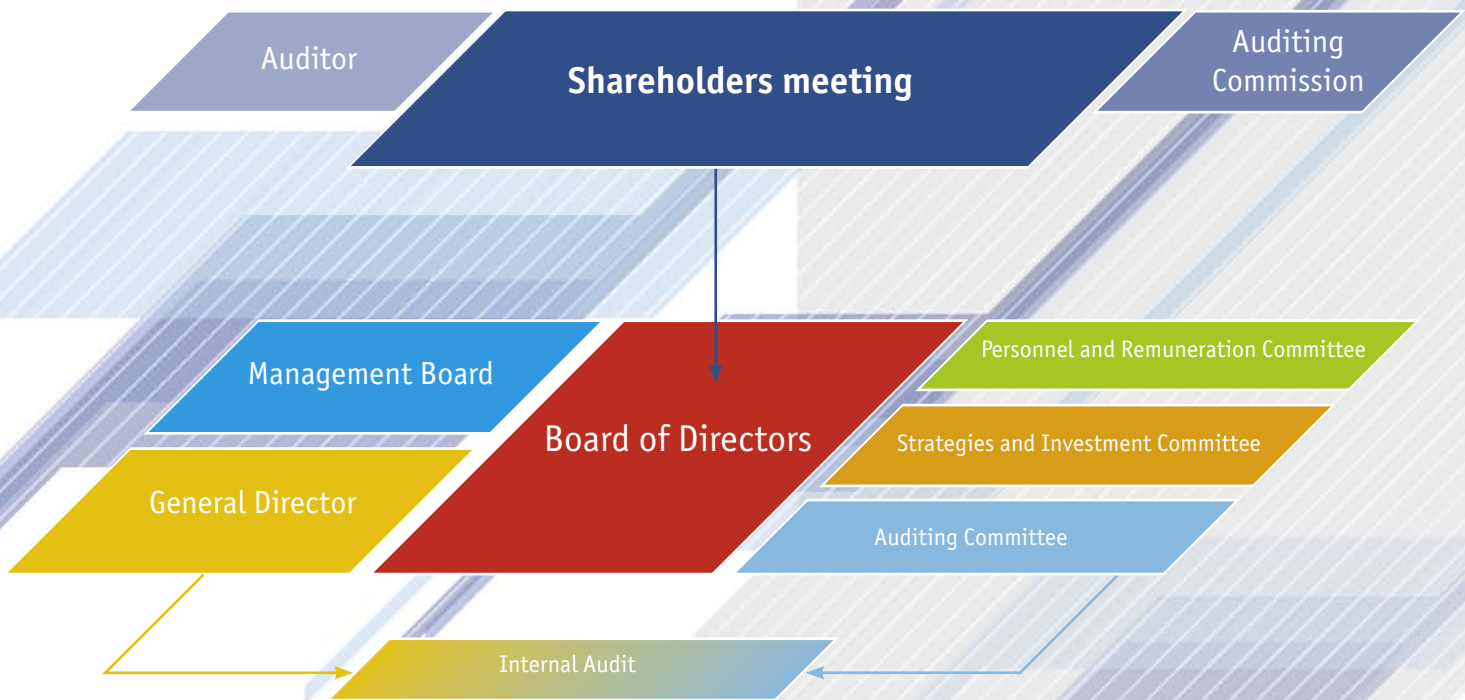
The Federal Law “On Joint Stock Companies” and the Company Charter say that the shareholders meeting shall be the supreme governance body of the JSC “RAO Energy System of East”.

The Board of Directors provides general supervision over corporate activity.

The executive bodies are the General Director (CEO) and the Management Board that provide supervision over current activities.

The Auditing Commission controls corporate financial and economic activity.

An independent auditor verifies the authenticity of the corporate financial accounts.



Shareholders meeting

The Federal Law “On Joint Stock Companies” defines the areas of the shareholders meeting.

The annual shareholders meeting was held on June 23, 2010 (protocol No3 of June 25, 2010).

The meeting had the following items on the agenda:

- On the approval of the annual report of the JSC “RAO Energy System of East” for 2009 and annual accounting reports, including the revenue and loss report.
- On the distribution of revenues (including the payment of dividends) and losses of the Company in the fiscal year 2009.

- On the election of members of the Company Board of Directors.
- On the election of members of the Company Auditing Commission.
- On the appointment of the Company auditor.
- On the payment of remunerations and compensations to members of the Board of Directors of the JSC “RAO Energy System of East”.

A special shareholders meeting was held on February 15, 2011 (protocol No4 of February 18, 2011).

The meeting had the following items on the agenda:

- On the quantity, nominal value and category (type) of quoted shares and related rights;
- On alternations in the Company Charter.

Board of Directors

The Company Board of Directors provides general supervision over the corporate activity with the exception of areas attributed to the shareholders meeting by the Federal Law "On Joint Stock Companies" and the Company Charter.

The Company Board of Directors has 15 (fifteen) members. Members of the Board of Directors are elected at the shareholders meeting in a cumulative vote for the period until the next annual shareholders meeting. The shareholders meeting has the right to terminate powers of members of the Board of Directors pre-term.

Candidates for members of the Board of Directors may be nominated by shareholders controlling no less than 2% of voting shares. In the case of the absence or an insufficient number of candidates nominated by shareholders for members of the Board of Directors, the Board of Directors has the right to nominate its own candidates.

There were 19 meetings of the Board of Directors in 2010, including four in the form of attendance and 15 in the form of absentee ballot. The meetings of the Board of Directors had 73 items on the agenda.

Review of the Most Important Decisions Made by the Company Board of Directors

Date of meeting: 27.02.2010

Number and date of protocol:

36/1.03.2010

Decision: Approved a concept of the centralization of acquisitions of subsidiaries and controlled companies of JSC "RAO Energy System of East".

Date of meeting: 11.03.2010

Number and date of protocol:

38/12.03.2010

Decision: Approved an investment program of the JSC "RAO Energy System of East" Holding for 2010 and a plan of putting power units into service in 2010.

Date of meeting: 29.03.2010

Number and date of protocol:

39/29.03.2010

Decision: The Company General Director is authorized to draft and present to the RF government programs of energy saving and energy efficiency and related action plans, as well as to ensure the installation at the Company sites of water, natural gas and heat meters and their operation.

Date of meeting: 2.04.2010

Number and date of protocol:

40/2.04.2010

Decision: Approved the withdrawal of the JSC "RAO Energy System of East" from authorized capitals of the following companies:

- JSC Integrated Electricity Distribution Company;
- JSC Mosenergosbyt;
- JSC St. Petersburg Electricity Distribution Company;
- JSC Saratovenergo;
- JSC Tambov Electricity Distribution Company;
- JSC Altaienergosbyt.

Date of meeting: 16.09.2010

Number and date of protocol:

48/19.09.2010

Decision: Approved the Regulations for Internal Audit Procedures at the JSC "RAO Energy System of East" and the Regulations for Insider Information at the JSC "RAO Energy System of East".

Date of meeting: 29.12.2010

Number and date of protocol:

51/30.12.2010

Decision: Innovations are proclaimed a priority of the JSC "RAO Energy System of East". Approved the concept of the innovative development program of the JSC "RAO Energy System of East" in the period of 2011–2018 with due account of the Russian Energy Ministry recommendations.

The Company General Director is authorized to draft and present for approval of the Board of Directors the innovative development program of the JSC "RAO Energy System of East" in the period of 2011–2018.

Approved the establishment of the Innovative Development and R&D Fund of the JSC "RAO Energy System of East" (here and after referred to as the Fund).

The Company General Director is authorized to draft the Regulations for the Formation and Operation of the Fund and to submit it for approval of the Board of Directors.

Approved the Company participation in projects aimed to develop energy materials science in the format of 'technological platforms'.

Date of meeting: 30.12.2010

Number and date of protocol:

52/31.12.2010

Decision: Approved the investment program of the JSC "RAO Energy System of East" for 2011 within the framework of the investment program of the JSC "RAO Energy System of East" for the period of 2011–2013 approved with the Russian Energy Ministry Ordinance No477 of 4.10.2010. The Company General Director is authorized to organize the adjustment of the investment program of the JSC "RAO Energy System of East" 2011 to the procedures envisaged by the Government Resolution No977 of 1.12.2009.

See Appendix No4 for detailed information about meetings of the Board of Directors of JSC "RAO Energy System of East" in 2010.

Pursuant to the effective laws, the Board of Directors made a preliminary analysis and approved interested-party transactions. For related data see Appendix 2.

In 2010 the JSC "RAO Energy System of East" did not make large deals related to the acquisition, alienation or possible alienation of property of 25% or more of the book value of the Company assets of the latest reporting date.

The following alternations took place in the Company Board of Directors in 2010.

Twelve representatives of the government and two representatives of minority shareholders were elected as members of the Board of Directors of the JSC "RAO Energy System of East" at the Company shareholders meeting of June 25, 2009.

Follow the names of members of the Board of Directors of the JSC "RAO Energy System of East" elected at the annual shareholders meeting of June 25, 2009 (information about members of the Board of Directors is given for the period from June 25, 2009, through June 23, 2010)

Svetlitsky Stanislav Yuryevich — Chairman of the Board of Directors, Russian Deputy Energy Minister;

Ivanov Timur Vadimovich — Deputy Chairman of the Board of Directors, First Vice-President of CJSC Atomstroyexport, General Director of the Non-Profit Environmental Investment Organization Energy Hydrocarbon Fund, General Director of the Russian Energy Agency federal state unitary enterprise;

Blagodyr Ivan Valentinovich — General Director of the JSC "RAO Energy System of East";

Binko Gennady Felixovich — Deputy General Director of the MRSK Holding;

Volkov Eduard Petrovich — Executive Director of the JSC Krzhizhanovsky Energy Institute (holder of 25,860 registered ordinary shares of the Company);

Nozdrachev Denis Alexandrovich – President, CEO of JSC Svyaz Bank, director of the infrastructure department of the State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank);

Seleznyov Kirill Gennadyevich — Management Board member, head of the department for marketing, gas refinery and liquid hydrocarbons of JSC Gazprom, General Director of JSC Mezhringgaz;

Surikov Oleg Vyacheslavovich — Director of the corporate department of JSC GMK Norilsk Nickel, Management Board member, JSC Russian Joint Stock Company for Production of Non-Ferrous and Precious Metals Norilsk Nickel;

Semyonov Viktor Germanovich — General Director of JSC VNIPIenergoprom, President of the Non-Profit Partnership Russian Heat Supply;

Sergiyenko Valentin Ivanovich — Chairman of the Far Eastern branch of the Russian Academy of Sciences, Director (part-time) of the Chemistry Institute of the Far Eastern branch of the Russian Academy of Sciences, faculty head (part-time) of the Far Eastern State University, research supervisor, consultant (part-time) at the LLC Center for Fuel and Energy Strategic Studies of the Far East;

Sokolov Andrei Gennadyevich — Director of the department for regional economic development projects of the Russian Economic Development Ministry;

Solovyev Yuri Alexeyevich — President of CJSC VTB Capital;

Tatsiy Vladimir Vitalyevich — First Vice-President, head of the Depository Center of JSC Gazprom;

Fyodorov Denis Vladimirovich — head of the electric power development and marketing department of JSC Gazprom, General Director of LLC Gazprom Energy Holding;

Yun Vitaly Yuryevich — CEO of JSC Bank Narodniy Credit.

That Board of Directors was functioning until June 23, 2010.

The annual shareholders meeting of June 23, 2010, elected a new Board of Directors of eleven representatives of the government and four representatives of minority shareholders.

Members of the Board of Directors of the JSC "RAO Energy System of East" elected at the annual shareholders meeting on June 23, 2010



Shishkin Andrei Nikolayevich

(Chairman of the Company Board of Directors)
Born in 1959.
Education: higher.

Does not hold stock of JSC "RAO Energy System of East" and its subsidiaries and controlled companies.

Period: 2009 — present time.

Organization: The RF Energy Ministry.

Position: Deputy Minister.

Period: 2008–2009.

Organization: CJSC Integrated Electricity Distribution Company.

Position: First Vice-President, Operating Officer.

Period: 2005–2008.

Organization: JSC TGK-10.

Position: General Director.

Period: 2005–2007.

Organization: JSC UEUC.

Position: General Director.



Ivanov Timur Vadimovich

(Deputy Chairman of the Company Board of Directors).
Born in 1975.
Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and its subsidiaries and controlled companies.

Period: 2009 — present time.

Organization: Russian Energy Agency Federal State Unitary Enterprise.

Position: General Director.

Period: 2008–2009.

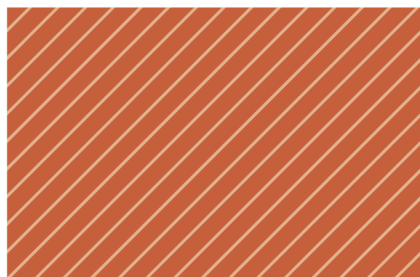
Organization: JSC Inter RAO UES.

Position: Deputy CEO.

Period: 2004–2010.

Organization: CJSC Atomstroyexport.

Position: Presidential Adviser (part-time), Vice-President, First Vice-President (part-time).



Badenkov Anton Yuriyevich

Born in 1966.
Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and its subsidiaries and controlled companies.

Period: 2010 — present time.

Organization: JSC TGK-11

Position: CEO.

Period: 2009 — present time.

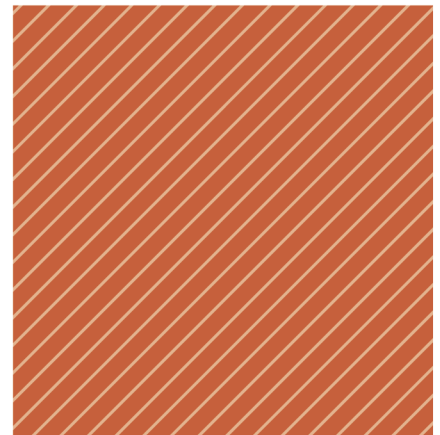
Organization: JSC Inter RAO UES

Position: Adviser.

Period: 2004–2007.

Organization: LLC TVEL.

Position: Vice-President for Commerce.




Binko Gennady Felixovich

Born in 1958.

Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and its subsidiaries and controlled companies.

Period: 2009 — present time.

Organization: JSC Holding MRSK.

Position: Deputy General Director.

Period: 2005–2009.

Organization: JSC OGK-6.

Position: Deputy General Director.


Blagodyr Ivan Valentinovich

Born in 1970.

Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and its subsidiaries and controlled companies

Period: 2008 — present time.

Organization: JSC "RAO Energy System of East".

Position: General Director.

Period: 2007–2008.

Organization: JSC RAO UES of Russia.

Position: Adviser to CEO, Managing Director.

Period: 2007–2007.

Organization: JSC OGK-3.

Position: First Deputy General Director, General Director.

Period: 2006–2007.

Organization: JSC OGK-6 branch, Krasnoyarsk GRES-2 power plant.

Position: Director.

Period: 2003–2006.

Position: JSC Krasnoyarsk GRES-2.

Position: General Director.


Volkov Eduard Petrovich

Born in 1938.

Education: higher.

Holds 25 860 registered ordinary shares of JSC "RAO Energy System of East" (0.00006% of the authorized capital). Does not hold stock of subsidiaries or controlled companies of JSC "RAO Energy System of East".

Period: 2004 — present time.

Organization: JSC G.M. Krzhizhanovsky Energy Institute.

Position: Executive Director, General Director.

Period: 2004–2008.

Organization: Moscow Energy Institute.

Position: Faculty head.



Zhukov Yuri Nikolayevich

Born in 1964.
Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and controlled companies
Period: 2009–2011.

Organization: LLC Vostok Finance.

Position: General Director (part-time).

Period: 2008 — present time.

Organization: JSC "RAO Energy System of East".

Position: Deputy General Director for Procurements, Logistics and Fuel Supplies; Deputy General Director – Executive Director; First Deputy General Director.

Period: 2007–2008.

Organization: JSC RAO UES of Russia.

Position: Deputy Managing Director of Energy System of East business unit.

Period: 2005–2007.

Organization: JSC Engineering Center.

Position: General Director.

Period: 2005–2005.

Organization: JSC Novosibirskenergo.

Position: Deputy General Director for Engineering.

Period: 2005–2005.

Organization: JSC Tomsk Electricity Distribution Company.

Position: Executive Director.



Kurtser Grigory Markovich

Born in 1980.
Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and its subsidiaries or controlled companies

Period: 2010 — present time.

Organization: JSC Russian Bank for the Development of Regions.

Position: Director, President.

Period: 2007–2009.

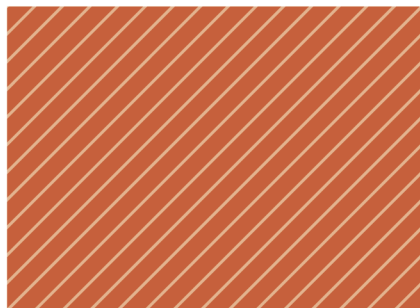
Organization: Foreign Trade Bank JSC Vneshtorgbank.

Position: Deputy head of the Treasury — head of the Treasury asset management service of the Financial Department; head of the Treasury asset management service of the Financial Department.

Period: 2005–2006.

Organization: Foreign Trade Bank JSC Vneshtorgbank.

Position: Leading dealer at the department for operations with ruble-denominated debentures of the department for internal operations on financial markets of the investment bloc.



Maslov Sergei Vladimirovich

Born in 1960.
Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and its subsidiaries or controlled companies

Period: 2008 — present time.

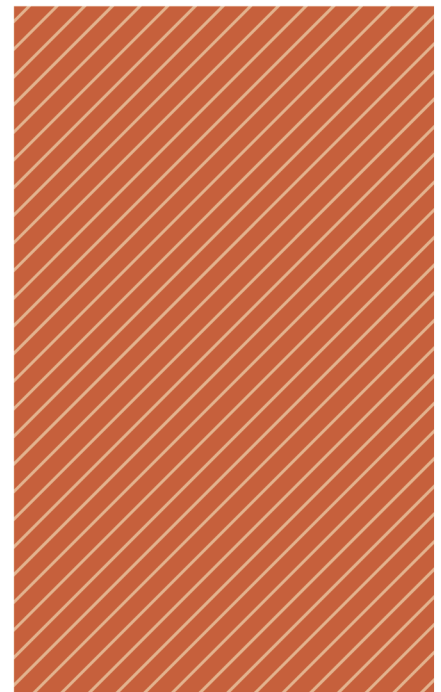
Organization: JSC St. Petersburg International Commodity and Raw Material Exchange.

Position: President.

Period: 2001–2008.

Organization: JSC Transnefteprodukt.

Position: President.




Semyonov Viktor Germanovich

Born in 1956.

Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and its subsidiaries or controlled companies

Period: 2007 — present time.

Organization: Non-Profit Partnership Russian Heating Supply.

Position: President.

Period: 2003 — present time.

Organization: JSC VNIPIenergoprom.

Position: General Director.


Sergiyenko Valentin Ivanovich

Born in 1944.

Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and its subsidiaries or controlled companies

Period: 2004 — present time.

Organization: LLC Center for Fuel and Energy Strategic Studies of the Far East.

Position: Research supervisor, consultant (part-time).

Period: 2003 — present time.

Organization: Far Eastern State University.

Position: Faculty head (part-time).

Organization: 2003 — present time.

Organization: Chemistry Institute of the Far Eastern branch of the Russian Academy of Sciences.

Position: Director (part-time).

Period: 2002 — present time.

Organization: The Far Eastern branch of the Russian Academy of Sciences.

Position: Chairman.


Sokolov Andrei Gennadyevich

Born in 1976.

Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and its subsidiaries or controlled companies

Period: 2005 — present time.

Organization: The RF Economic Development Ministry.

Position: Head of the department for monitoring and analysis of socioeconomic development of regions at the department for territorial development; head of the department for socioeconomic analysis, monitoring and forecast of economic development of regions at the department for territorial development, an adviser to the minister, director of the department for regional development projects.



Solovyov Yuri Alexeyevich

Born in 1970.

Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and controlled companies
Period: 2009 — present time.

Organization: CJSC Holding VTB Capital.

Position: General Director, CEO, member of the Board of Directors.

Period: 2009 — present time.

Organization: LCC Holding VTB Capital IB.

Position: General Director, CEO.

Period: 2008 — present time.

Organization: JSC Bank VTB.

Position: Senior Vice-President.

Period: 2008 — present time.

Organization: CJSC VTB Capital.

Position: President.

Period: 2006–2008.

Organization: LLC Deutsche Bank.

Position: First Deputy CEO, head of the department for operations on capital markets in Russia and CIS countries.



Fedorov Denis Vladimirovich

Born in 1978.

Education: higher.

Does not hold shares of JSC "RAO Energy System of East" and its subsidiaries or controlled companies

Period: 2009 — present time.

Organization: JSC CenterErgoHolding.

Position: General Director.

Period: 2009 — present time.

Organization: LLC Gazprom ErgoHolding.

Position: General Director.

Period: 2007 — present time.

Organization: JSC Gazprom.

Position: Department head.

Period: 2006–2008.

Organization: JSC Mezhrregionenergosbyt.

Position: General Director.

Period: 2006–2007.

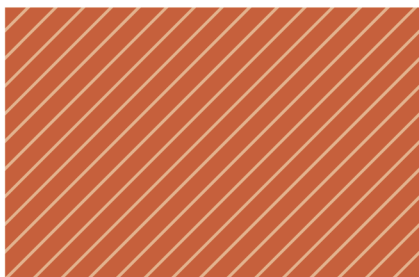
Organization: LLC Mezhrregiongaz.

Position: Adviser to the general director.

Period: 2006–2007.

Organization: LLC Corporation Gazenergo-prom.

Position: Head of the department for investment technologies and technological processes.



Shatsky Pavel Olegovich

Born in 1972.

Education: higher.

Holds 2,000 equity nominal shares of the Company and 10,000 preferred nominal shares of the company (0.000028% of the authorized capital). No information about possible holding of shares of controlled companies.

Period: 2009 — present time.

Organization: LLC Gazprom ErgoHolding (earlier LLC Gas Energy Company).

Position: First Deputy General Director.

Period: 2008–2009.

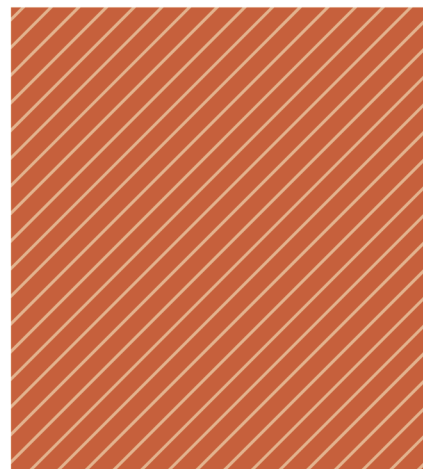
Organization: LLC Gas Energy Company.

Position: First Deputy General Director.

Period: 2005–2008.

Organization: JSC SUEK.

Position: Director of the department for the energy sector strategy; deputy director for energy, acquisitions and mergers.



Name/Position	Number of years in the Board of Directors	Independent director /executive director/professional counselor /civil servant	Membership in Committees of the Board of Directors			Attendance of meetings of the Board of Directors in 2010 *
			Audit Committee	Personnel and Remuneration Committee	Strategy and Investment Committee	
Shishkin A.N. Chairman of the Board of Directors	1	Civil servant				7 (7)
Ivanov T.V. Deputy Chairman of the Board of Directors	3	Professional counselor		Committee member		19 (19)
Badenkov A.Y. Member of the Board of Directors	1	Independent director				6 (7)
Binko G.F. Member of the Board of Directors	3	Independent director	Chairman			18 (19)
Blagodyr I.V. Member of the Board of Directors	3	Executive director, professional counselor				19 (19)
Volkov E.P. Member of the Board of Directors	3	Professional counselor			Committee member	16 (19)
Zhukov Y.N. Member of the Board of Directors	1	Executive director			Committee member	6 (7)
Kurtser G.M. Member of the Board of Directors	1	Independent director				7 (7)
Maslov S.V. Member of the Board of Directors	1	Independent director			Chairman	7 (7)
Semyonov V.G. Member of the Board of Directors	3	Independent director	Committee member			17 (19)
Sergiyenko V.I. Member of the Board of Directors	3	Professional counselor				16 (19)
Sokolov A.G. Member of the Board of Directors	3	Civil servant		Chairman	Committee member	19 (19)
Solovyev Y.A. Member of the Board of Directors	3	Independent director				13 (19)
Fedorov D.V. Member of the Board of Directors	3	Independent director	Committee member			19 (19)
Shatsky P.O. Member of the Board of Directors	1	Independent director				5 (7)

* — The number of meetings attended by a member of the Board of Directors, and in brackets the number of total meetings he could attend as a member of the Board of Directors.

Remuneration for members of the Board of Directors

Before June 23, 2010, remuneration of members of the Company Board of Directors was regulated with the Regulations for Remuneration and Compensations of Members of the Board of Directors of the JSC "RAO Energy System of East" approved at the annual shareholders meeting on June 25, 2009.

Pursuant to the aforesaid Regulations, a member of the Company Board of Directors received remuneration at the amount of five minimal monthly wages of the first-class worker set by the tariff agreement for the Russian electric power sector (here and after referred to as the agreement) as of the day of the meeting of the Company Board of Directors with due account of the indexation provided by the agreement within the first 30 calendar days since the meeting of the Company Board of Directors.

Remuneration of the Chairman (Deputy Chairman) for every meeting he at which he performed the functions of the Chairman of the Board of Directors was increased by 50%.

Expenditures of members of the Board of Directors related to their attendance of meetings of the Board of Directors (travel expenses, accommodation, catering and so on) were compensated. Also members of the Board of Directors received compensations for visiting Company sites, meeting with shareholders and investors, attending shareholders meetings and fulfilling other tasks related to their function of a member of the Company Board of Directors.

Remuneration and compensations of members of the Company Board of Directors who have limited rights or are prohibited to receive any payments from commercial companies by federal laws were not neither assigned nor paid.

Since June 23, 2010, remuneration of members of the Company Board of Directors is regulated with the Regulations for Remunerations and Compensations of Members of the Board of Directors of the JSC "RAO Energy System of East" approved at the annual shareholders meeting on June 23, 2010.

The aforesaid Regulations do not apply to members of the Company Board of Directors, who are also members of the Company's Management Board or are Company executives.

Remuneration and compensations of members of the Company Board of Directors who have limited rights or are prohibited to receive any payments from commercial companies by federal laws were not neither assigned nor paid.

Remuneration of members of the Company Board of Directors is granted upon the end of their work, from the moment of their election to the Company Board of Directors till the election of the new Company Board of Directors. This is a one-time payment denominated in Russian rubles.

The size of remuneration of every member of the Company Board of Directors is calculated on the basis of the total number of meetings of the Board of Directors in the past corporate year and the number of meetings attended by a member of the Company Board of Directors by the following formula:

$S(1) = B_{base} * 100 / 130 * (n/m)$, in which

$S(1)$ — is the size of remuneration for being a member of the Company Board of Directors;

B_{base} — is the basic size of remuneration (900,000 rubles);

n — the number of meetings of the Company Board of Directors (regardless of their form) attended by a member of the Board of Directors in the period between annual shareholders meetings;

m — the total number of meetings of the Board of Directors (regardless of their form) in the period between annual shareholders meetings.

In addition to the aforesaid remuneration, there is a 30% bonus for the fulfillment of duties of a member of the Board of Directors, a 20% bonus for the fulfillment of duties of the chairman of a committee of the Board of Directors and a 10% bonus for the membership in a committee of the Board of Directors.

The total size of remuneration of a member of the Board of Directors, bonuses included, cannot be larger than 900,000 rubles.

Remuneration is not paid in the case a member of the Company Board of Directors attends less than 50% of meetings of the Company Board of Directors (in the period from his election till the end of his duties), and bonuses are not paid in the case a member of the Board of Directors performs the aforesaid functions at less than 50% of meetings of the committee (in the period from his election till the end of his duties).

A member of the Company Board of Directors is compensated for the expenditures related to the attendance of meetings of the Company Board of Directors (travel expenses, accommodation, catering and so on), as well as to visits to Company sites, meetings with shareholders and investors, attendance of shareholders meetings and fulfillment of other functions of a member of the Company Board of Directors.

In 2010 members of the Board of Directors of JSC "RAO Energy System of East" elected at the annual shareholders meeting of June 25, 2009, received remuneration of 2,960.12 thousand rubles for taking part in the work of the Board of Directors in the period from January 1 through June 23, 2010.

Members of the Board of Directors of the JSC "RAO Energy System of East" elected at the annual shareholders meeting on June 23, 2010, will be paid remunerations in 2011.

Management Board

The Management Board led by the General Director is the collegial executive body of the Company. Members of the Company Management Board are appointed by the Company Board of Directors for the period of five years. The number of members of the Management Board is set by the Board of Directors by the proposals of the Company General Director.

The activity of the Management Board is regulated with the Charter and the Management Board Regulations approved at the annual shareholders meeting of JSC "RAO Energy System of East" on June 25, 2009. The Regulations for the Management Board of the JSC "RAO Energy System of East" set the time and procedures in the convocation and holding of meetings of the Management Board and in the making of decisions.

As of January 1, 2010, the Management Board of the JSC "RAO Energy System of East" had eleven members, including*:

- Blagodyr Ivan Valentinovich — General Director, CEO. He does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled companies;
- Brusnikin Nikolai Yuryevich — Deputy General Director for Investments and Development. He does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled companies;
- Zhukov Yuri Nikolayevich — Deputy General Director – Executive Director. He does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled companies;
- Linker Lada Alexandrovna — Director for Economics and Tariffs. She does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled companies;
- Suyunova Madina Mukharbiyevna — Director for Strategy. She holds 0.00052% of the authorized capital of the JSC "RAO Energy System of East" (0.00056% of ordinary shares of the Company). She does not hold stock of subsidiaries or controlled companies;

- Smirnov Vladimir Ivanovich — Deputy General Director for Security. He does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled companies;

- Timofeyev Sergei Nikitovich — adviser to the General Director. He does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled companies;

- Shukailov Mikhail Innokentyevich — First Deputy General Director — Technical Director. He holds 0.000005% of the authorized capital of the JSC "RAO Energy System of East" (0.000004% of ordinary shares of the Company). He does not hold stock of subsidiaries or controlled companies.

* — Positions of members of the Management Board and their holding of stock are valid as of January 1, 2010.

The Company Management Board was reshuffled in 2010.

A decision of the Board of Directors of February 15, 2010, (protocol No 35 of 19.02.2010) appointed as a member of the Management Board Negomedzyanov Alexander Alexandrovich — Deputy General Director for Economics and Finance.

A decision of the Board of Directors of July 15, 2010, (protocol No46 of 19.07.2010) terminated pre-term the powers of member of the Management Board Timofeyev Sergei Nikitovich.

A decision of the Board of Directors of August 13, 2010, (protocol No47 of 16.08.2010) terminated pre-term the powers of member of the Management Board Shukailov Mikhail Innokentyevich and reduced the number of members of the Management board from eleven to seven.

A decision of the Board of Directors of November 22, 2010, (protocol No49 of 23.11.2010) terminated pre-term the powers of member of the Management Board Brusnikin Nikolai Yuryevich, and appointed as a member of the Management Board Demchenko Oleg Vasilyevich — Deputy General Director for Strategy and Development.

Therefore, from November 22, 2010, until the end of the reporting period the Management Board of the JSC "RAO Energy System of East" had the following members*:



Blagodyr Ivan Valentinovich — Company General Director, CEO. He does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled companies;



Demchenko Oleg Vasilyevich — Company Deputy General Director for Strategy and Development. He does not hold stock of the JSC "RAO Energy System of East" and subsidiaries or controlled companies;



Zhukov Yuri Nikolayevich — Company First Deputy General Director. He does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled companies;



Linker Lada Alexandrovna — Director for Economics and Tariffs. She does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled companies;



Smirnov Vladimir Ivanovich — Deputy General Director for Security. He does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled companies.



Suyunova Madina Mukharbiyevna — Director for Strategy. She holds 0.00052% of the authorized capital of the JSC "RAO Energy System of East" (0.00056% of ordinary shares of the Company). She does not hold stock of subsidiaries or controlled companies;



Negomedzyanov Alexander Alexandrovich — Deputy General Director for Economics and Finance. He holds 0.0000046% of the authorized capital of the JSC "RAO Energy System of East" (0.0000049% of ordinary shares of the Company) and holds no stock of subsidiaries or controlled companies;

* — Positions of members of the Management Board and their holding of stock are valid as of December 31, 2010.

The Management Board had 41 meetings in 2010, with 168 items on the agenda.

The JSC "RAO Energy System of East" did not adopt the Regulations for Remuneration and Compensations of Members of the Management Board.

Members of the Management Board are paid salaries, bonuses and commission, they have benefits, and their expenditures are compensated for in accordance with their labor contracts.

The total size of remunerations paid in 2010 in accordance with labor contracts of all the members of the collegial executive body of the Company (the Management Board) and the chief executive officer (the General Director) amounted to 85,752.2 thousand rubles (salaries and bonuses included).

General Director

The General Director is the chief executive officer of the Company who supervises current activities in conformity with the decisions of annual shareholders meetings and the Company Board of Directors made within their areas. The General Director heads the Company Management Board.

The Charter of the JSC "RAO Energy System of East" entrusts the Company General Director with the supervision of all current affairs but those within the areas of annual shareholders meetings, the Company Board of Directors and the Management Board.

The election and pre-term termination of powers of the Company General Director are done by the shareholders meeting.

Blagodyr Ivan Valentinovich has been the General Director since the moment of the establishment of the JSC "RAO Energy System of East" (July 1, 2008).

He was born in 1970.

He does not hold stock of the Company and its subsidiaries or controlled units.

Ivan Valentinovich Blagodyr graduated from the Novosibirsk State University named after Lenin's Komsomol in 1993 with a degree in physics. He took a Corporate Management course at the People's Economy Academy of the Russian Government in 2003–2004 and received the master's degree at the Financial Academy of the Russian Government in 2006.

Ivan Valentinovich Blagodyr is an experienced energy sector manager. He held various positions, including the position of the General Director, at the Krasnoyarsk GRES-2 power plant from 1997 to 2007. In 2007 he was appointed an adviser to the JSC RAO UES Russia CEO. He was the Managing Director of the Energy Systems of East business unit of the JSC RAO UES of Russia since November 2007, and became the General Director of the JSC "RAO Energy System of East" in July 2008.

Ivan Valentinovich Blagodyr was awarded a diploma of the JSC RAO UES of Russia in 2006, the "Merited Energy Sector Worker" title of the RF Energy Ministry in 2009, and the "Merited Fuel and Energy Sector Worker" title of the RF Energy Ministry in 2010. He received a letter of thanks from the Russian presidential representative to the Far Eastern Federal District and was awarded the memorable medal "The 90th Anniversary of GOELRO".

Bonuses paid to the Company General Director depend on the attainment of efficiency objectives in the reporting period in conformity with the Regulations for Remuneration of the General Director of the JSC "RAO Energy System of East".

The Company Board of Directors approved the following key annual efficiency indicators within the framework of the Regulations for Remuneration of the General Director of the JSC "RAO Energy System of East":

1. The indicator "Efficiency of the Fulfillment of the Investment Program" is calculated as a correlation (in percent) between the actual size of generating facilities (megawatt/hours) put into service within the reporting year and the program objectives of subsidiaries and controlled companies of the JSC "RAO Energy System of East".

2. The EBITDA indicator for the reporting year is a sum of the JSC "RAO Energy System of East" subsidiaries and controlled units' net revenues (form 2 of accounting reports); revenue tax and other similar payments (form 2 of accounting reports); interest payable (form 2 of accounting reports), depreciation (form 5 of accounting reports) minus the surplus in reclamation and accumulation of stock; a surplus of revenues and expenditures in re-evaluation of market-value stock; a surplus of revenues and expenditures in the selling of securities and financial instruments of subsidiaries and controlled units.

3. The indicator "Annual Reliability Criteria" depends on the fulfillment of two objectives.

$A = 1$ in the case of the absence of accidents at subsidiaries (controlled units) of the JSC "RAO Energy System of East". Otherwise, $A = 0$.

$P_g = 1$ in the case of the timely issue of readiness certificates and the absence of revoked readiness certificates within the reporting year at subsidiaries (controlled units) of the JSC "RAO Energy System of East". Otherwise, $P_g = 0$.

4. The indicator "Financial Independence Ratio" is calculated as a correlation between the company capital (article 490 form 1 of the balance sheet) and aggregate assets (article 300 form 1 of the balance sheet) at the end of the reporting year at subsidiaries (controlled units) of the JSC "RAO Energy System of East".

The size of remuneration paid to the Company General Director in 2010 is indicated within the total amount of remuneration paid to members of the Company Management Board.

Committees under the Board of Directors

Pursuant to the Charter of the JSC "RAO Energy System of East", the formation of committees under the Company Board of Directors, the approval of their membership and regulations for committees under the Company Board of Directors is an area of the Company Board of Directors. A decision of the Company Board of Directors formed the following committees in 2009:

The Auditing Committee;

The Personnel and Remuneration Committee;

The Strategy and Investments Committee.

The Auditing Committee under the Board of Directors of the JSC "RAO Energy System of East"

Pursuant to Paragraph 1.3.1 of Article 8 of the Corporate Ethics Code recommended by the Central Bank Financial Committee Directive of 4.04.2002 No421/r, it is recommended to include only independent directors in the auditing committee for ensuring the unbiased control over the company's financial and economic activity. Whenever that is impossible for objective reasons, the auditing committee must be led by an independent director and comprise independent and non-executive directors.

In the period from January 1 through September 15, 2010, the Auditing Committee had the following members:

Yun Vitaly Yuryevich — Committee Chairman, member of the Company Board of Directors from January 1 through June 23, 2010;

Semyonov Viktor Germanovich — member of the Board of Directors of the JSC "RAO Energy System of East";

Tatsiy Vladimir Vitalyevich — member of the Company Board of Directors from January 1 through June 23, 2010.

On September 16, 2010, the Company Board of Directors approved the Regulations for the Auditing Committee under the Board of Directors of the JSC "RAO Energy System of East" in a new edition, as well as terminated powers of members of the Auditing Committee and elected as members of the Auditing Committee the following persons:

Binko Gennady Felixovich — Committee Chairman, member of the Board of Directors of the JSC "RAO Energy System of East";

Semyonov Viktor Germanovich — member of the Board of Directors of the JSC "RAO Energy System of East";

Fedorov Denis Vladimirovich — member of the Board of Directors of the JSC "RAO Energy System of East".

The total amount of remuneration paid to members of the Company Audit Committee in 2010 is 264.93 thousand rubles.

Information about meetings of the Audit Committee of the Board of Directors of JSC "RAO Energy System of East"

1 **Date of meeting:** 20.01.2010
Form of meeting: attendance
Number and date of protocol: 1/10 of 22.01.2010

Agenda:

1. The concept of centralization of acquisitions of subsidiaries and controlled units of the JSC "RAO Energy System of East" (here and after the concept) with due account of the recommendations and proposals made in the discussion of the item at the Board of Directors of the JSC "RAO Energy System of East" (protocol of the Board of Directors No31 of 23.11.09);

2. The full inspection of finance, acquisitions, operations, investments and management at the JSC FEGC and technical audit involving independent experts (protocol of the Board of Directors No34 of 15.01.2010).

2 **Date of meeting:** 10.02.2010
Form of meeting: attendance
Number and date of protocol: 2/10 of 12.02.2010

Agenda:

1. The fulfillment of directives of the Auditing Committee;

2. The investment program of the JSC "RAO Energy System of East" for 2010-2014.

3 **Date of meeting:** 18.03.2010
Form of meeting: attendance
Number and date of protocol: 3/10 of 22.03.2010

Agenda:

1. The fulfillment of directives of the Auditing Committee;

2. The results of the election of the auditor of the JSC "RAO Energy System of East" for 2010 (in conformity to the yearly action plan of the Auditing Committee);

3. The report of an independent expert organization on its analysis of the materials presented by the JSC "RAO Energy System of East" and the JSC FEGC;

4. The analysis of materials presented by the JSC "RAO Energy System of East" to the Company Board of Directors and the JSC FEGC information claimed by the Auditing Committee under the Board of Directors of the JSC "RAO Energy System of East" and the draft summary report of the Auditing Committee on the full inspection of the JSC FEGC ordered by the Board of Directors of the JSC "RAO Energy System of East" (protocol No34 of 18.01.2010);

5. The results of the inspection of financial and economic activity of the JSC FEGC ordered by the Board of Directors of the JSC "RAO Energy System of East" (protocol No34 of 18.01.2010);

6. The reelection of the secretary of the Auditing Committee of the Board of Directors of JSC "RAO Energy System of East".

4 **Date of meeting:** 9.04.2010
Form of meeting: Absentee ballot
Number and date of protocol: 4/10 of 12.04.2010

Agenda:

1. The fulfillment of directives of the Auditing Committee;

2. The results of the inspection of financial and economic activity of the JSC FEGC ordered by the Board of Directors of the JSC "RAO Energy System of East" (protocol No34 of 18.01.2010);

3. The results of audit of financial reports 2008 by international accounting standards.

5 **Date of meeting:** 14.04.2010
Form of meeting: attendance
Number and date of protocol: 5/10 of 16.04.2010

Agenda:

1. The fulfillment of directives of the Auditing Committee;

2. The results of the annual mandatory audit of accounting (financial) reports of the Company by Russian accounting standards, the Auditing Committee evaluation of accounting (financial) reports of the Company for 2009 by Russian accounting standards done by an external auditor;

3. The annual accounting (financial) reports of the Company for 2009;

4. The draft annual report of the Company for 2009.

6 **Date of meeting:** 5.05.2010
Form of meeting: Absentee ballot
Number and date of protocol: 6/10 of 6.05.2010

Agenda:

1. The fulfillment of directives of the Auditing Committee;

2. The elaboration of recommendations within the areas of the Board of Directors of the Company:

- the approval of the annual report of the Company;
- the approval of the annual accounting (financial) reports of the Company;
- the discussion of a candidate for the Company auditor;
- the setting of remuneration for the Company auditor.

7 **Date of meeting:** 16.06.2010
Form of meeting: Absentee ballot
Number and date of protocol: 7/10 of 17.06.2010

Agenda:

1. The fulfillment of directives of the Auditing Committee;

2. The report on the work of the Internal Audit Directorate of the JSC "RAO Energy System of East" in 2009;

3. The preliminary approval of the report on the work of the Auditing Committee under the Board of Directors of the JSC Energy Systems of East in the period from June 2009 through July 2010.

8 **Date of meeting:** 6.12.2010
Form of meeting: attendance
Number and date of protocol: 8/10 of 7.12.2010

Agenda:

1. The election of the secretary of the Auditing Committee;

2. The drafting of the work plan of the Auditing Committee under the Board of Directors of the JSC "RAO Energy System of East" for the period until June 2011;

3. On the interaction between the Auditing Committee under the Board of Directors of the JSC "RAO Energy System of East" and the Internal Audit Directorate of the JSC "RAO Energy System of East";

4. The discussion with the external auditor of matters related to the audit of the JSC "RAO Energy System of East" accounting reports by international accounting standards for 2010;

5. The proposal of amendments to the Regulations for the Auditing Committee under the Board of Directors of JSC "RAO Energy System of East".

Personnel and Remuneration Committee under the Board of Directors of JSC "RAO Energy System of East"

The Personnel and Remuneration Committee had the following members in the period from January 1 through September 15, 2010:

Sokolov Andrei Gennadyevich — Director of the Department for the Economic Development of Regions at the Russian Economic Development Ministry, Committee Chairman;

Kalinin Vladimir Mikhailovich — head of legal office No785 of the Moscow Regional Bar;

Korenbaum Olga Yuryevna — head of the Personnel Department of the JSC "RAO Energy System of East".

On September 16, 2010, the Company Board of Directors approved the Regulations for the Personnel and Remuneration Committee under the Board of Directors of the JSC "RAO Energy System of East" in the new edition and terminated powers of members of the Personnel and Remuneration Committee and elected as members of the Personnel and Remunerations Committee of the following persons:

Sokolov Andrei Gennadyevich — Committee Chairman, member of the Board of Directors of the JSC "RAO Energy System of East";

Ivanov Timur Vadimovich — member of the Board of Directors of the JSC "RAO Energy System of East";

Korobkina Irina Yuryevna — deputy head of the department for promotion of the electric power sector reform at the department for the development of the electric power sector and electric power marketing of JSC Gazprom.

Information about meetings of the Personnel and Remuneration Committee under the Board of Directors of the JSC "RAO Energy System of East"

1 **Date of meeting:** 2.02.2010
Form of meeting: absentee ballot
Number and date of protocol: 2 of 2.02.2010

Agenda:

1. The preliminary consideration of the appointment of a member of the Management Board of JSC "RAO Energy System of East".

2 **Date of meeting:** 2.04.2010
Form of meeting: absentee ballot
Number and date of protocol: 3 of 2.04.2010

Agenda:

1. The preliminary consideration of terms of the labor contract of the Company General Director and the officer authorized to sign the labor contract with the Company General Director.

3 **Date of meeting:** 23.12.2010
Form of meeting: absentee ballot
Number and date of protocol: 4 of 23.12.2010

Agenda:

1. The election of the secretary of the Personnel and Remuneration Committee under the Board of Directors of the JSC "RAO Energy System of East";

2. The preliminary consideration of terms of the labor contract of the Company General Director and the officer authorized to sign the labor contract with the Company General Director;

3. The preliminary consideration of the approval of an appendix to the labor contract of the General Director of the JSC "RAO Energy System of East" as an interested-party transaction.

Strategy and Investment Committee under the Board of Directors of the JSC "RAO Energy System of East"

In the period from January 1 through September 15, 2010, the Strategy and Investment Committee had the following members:

Nozdrachev Denis Alexandrovich — Committee Chairman, member of the Board of Directors of the JSC "RAO Energy System of East" in the period from 1.01.2010 through 23.06.2010;

Brusnikin Nikolai Yuryevich — Deputy General Director of the JSC "RAO Energy System of East" for Investment and Development;

Volkov Eduard Petrovich — member of the Board of Directors of the JSC "RAO Energy System of East";

Koptyakov Stanislav Sergeyeovich — Director for Corporate Management of the JSC "RAO Energy System of East";

Leonov Andrei Nikolayevich — Production Director of the JSC "RAO Energy System of East";

Skribot Wolfgang — Managing Director of the Direct Investment Department of JSC Gazprombank;

Svatukhin Mikhail Vladimirovich — head of the Client Service Department of JSC Bank Narodniy Credit;

Sokolov Andrei Gennadyevich — member of the Board of Directors of the JSC "RAO Energy System of East";

Suyunova Madina Mukharbiyevna — Strategy Director of the JSC "RAO Energy System of East";

Papushkin Vitaly Nikolayevich — Deputy General Director for Research of JSC VNIPIenergoprom;

Tikhonova Maria Gennadyevna — Deputy Director of the Department for Economic Regulation and Property Relations in the Fuel and Energy Sector at the Russian Energy Ministry.

On September 16, 2010, the Company Board of Directors approved the Regulations for the Strategy and Investment Committee under the Board of Directors of the JSC "RAO Energy System of East" in the new edition and terminated powers of members of the Strategy and Investment Committee and elected as members of the Strategy and Investment Committee the following persons:

Maslov Sergei Vladimirovich — Committee Chairman, member of the Board of Directors of the JSC "RAO Energy System of East";

Volkov Eduard Petrovich — member of the Board of Directors of the JSC "RAO Energy System of East";

Zhukov Yuri Nikolayevich — member of the Board of Directors of the JSC "RAO Energy System of East";

Kudryavy Viktor Vasilyevich — adviser to the President of CJSC Eurocement Group;

Nikonov Vasily Vladislavovich — Director of the Department for the Development of the Electric Power Sector of the Russian Energy Ministry;

Rogov Alexander Vladimirovich — head of the department for the development of the electric power sector at the department for the development of the electric power sector and electric power marketing of JSC Gazprom;

Sokolov Andrei Gennadyevich — member of the Board of Directors of the JSC "RAO Energy System of East";

Tatsiy Vladimir Vitalyevich — First Vice-President of JSC Gazprombank;

Tikhonova Maria Gennadyevna — Director of the Department for Economic Regulation and Property Relations in the Fuel and Energy Sector at the Russian Energy Ministry.

Information about meetings of the Strategy and Investment Committee of the Board of Directors of JSC "RAO Energy System of East".

1 **Date of meeting:** 22.01.2010
Form of meeting: absentee ballot
Number and date of protocol: 3 of 22.01.2010

Agenda:

1. The preliminary consideration of the position of the JSC "RAO Energy System of East" (representatives of the JSC "RAO Energy System of East") on the agenda of the meeting of the Board of Directors of the JSC FEEC, the position of representatives of the JSC FEEC in the Board of Directors of the JSC FEEC's controlled unit, the JSC FEFC, on the agenda of the meeting of the Board of Directors of the JSC FEFC in the approval of the DGK deals (including a number of related deals) of the alienation of property, such as fixed assets, intangible assets and unfinished sites of the production, transmission, regulation and distribution of electric and thermal power.

2 **Date of meeting:** 27.01.2010
Form of meeting: attendance
Number and date of protocol: 4 of 28.01.2010

Agenda:

1. The preliminary consideration of the priorities of the JSC "RAO Energy System of East": the centralization of acquisitions of subsidiaries and controlled units of the JSC "RAO Energy System of East".

3 **Date of meeting:** 3.02.2010
Form of meeting: attendance
Number and date of protocol: 5 of 4.02.2010

Agenda:

1. The preliminary results of the fulfillment of the investment program of the RAO Energy System of East Holding in 2009.

2. The preliminary consideration of investments of the RAO Energy System of East Holding, the Holding investment programs for 2010–2012 and 2010–2014.

4 **Date of meeting:** 10.02.2010
Form of meeting: attendance
Number and date of protocol: 6 of 11.02.2010

Agenda:

1. The preliminary consideration of investments of the RAO Energy System of East Holding, the Holding investment programs for 2010–2012 and 2010–2014.

5 **Date of meeting:** 17.02.2010
Form of meeting: attendance (a joint meeting with the Auditing Committee)
Number and date of protocol: 7 of 17.02.2010

Agenda:

1. The preliminary results of the investment program of the RAO Energy System of East in 2009.

2. The preliminary consideration of investments of the RAO Energy System of East Holding, the Holding investment programs for 2010–2012 and 2010–2014.

6 **Date of meeting:** 22.11.2010
Form of meeting: absentee ballot
Number and date of protocol: 8 of 22.11.2010

Agenda:

1. The election of the secretary of the Strategy and Investment Committee of the JSC "RAO Energy System of East".

2. The preliminary consideration of investments of the JSC "RAO Energy System of East", the approval of the investment program of the JSC "RAO Energy System of East" for 2011.

7 **Date of meeting:** 28.12.2010
Form of meeting: absentee ballot
Number and date of protocol: 9 of 28.12.2010

Agenda:

1. The election of the chair of the meeting of the Strategy and Investment Committee under the Board of Directors of the JSC "RAO Energy System of East".

2. The preliminary consideration of the priorities of the JSC "RAO Energy System of East": innovations.

The Auditing Commission

In order to control financial and economic activity of the Company, the shareholders meeting annually elects five members of the Auditing Commission.

The Auditing Commission operates within the areas set by the Federal Law On Joint Stock Companies. Its activity is regulated with the Charter and the Regulations for the Auditing Commission.

Verification (auditing) of the Company financial and economic activity is done on the yearly basis and at any moment at the initiative of the Company Auditing Commission, a decision of the shareholders meeting, the Company Board of Directors or by demand of a shareholder (shareholders) of the Company owning no less than ten (ten) percent of voting stock of the Company.

In the period from June 25, 2009, through June 23, 2010, the Auditing Commission elected at the annual shareholders meeting of the JSC "RAO Energy System of East" on June 25, 2009, had the following members:

- Naryshkina Lyudmila Nikolayevna (chairperson);
- Kobzev Andrei Nikolayevich;

- Krylov Yevgeny Yuryevich;
- Muravyov Nikita Mikhailovich;
- Petropavlov Yuri Iosifovich.

Members of the Auditing Commission elected at the annual shareholders meeting of JSC "RAO Energy System of East" on June 25, 2009, did not hold stock of the JSC "RAO Energy System of East" or its subsidiaries or controlled units.

The following Auditing Commission was elected at the annual shareholders meeting of JSC "RAO Energy System of East" on June 23, 2010:

- Kolyada Andrei Sergeyeovich;
- Kuryanov Alexander Mikhailovich;
- Oreshkin Oleg Anatolyevich;
- Upatova Galina Vasilyevna;
- Yugov Alexander Sergeyeovich.

Members of the Auditing Commission of the JSC "RAO Energy System of East" elected at the annual shareholders meeting on June 23, 2010

Upatova Galina Vasilyevna (Auditing Commission Chairperson)

Born in 1958.
Education: higher.

Does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled units.

Period: 2008 — present time.

Organization: The RF Energy Ministry.

Position: Deputy director of the financial department — chief accountant of the RF Energy Ministry.

Period: 2006–2008.

Organization: The federal state unitary enterprise The Federal Center for Analysis and Appraisal of Effects of Human Factors, Moscow.

Position: Deputy director.

Kolyada Andrei Sergeyeovich

Born in 1984.
Education: higher.

Does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled units.

Organization: The Federal State Property Management Agency.

Period: 2010 — present time.

Position: Deputy department head.

Period: 2008–2010.

Position: Leading specialist — expert at the department for property of fuel, energy and mining companies of the department of infrastructural industries and organizations of the defense sector.

Period: 2007–2008.

Position: Specialist first class at the department for property of fuel and energy companies at the department for property management in the commercial sector.

Kuryanov Alexander Mikhailovich

Born in 1980.

Education: higher.

Does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled units.

Organization: The Federal State Property Management Agency.

Period: 2010 — present time.

Position: division head.

Period: 2009–2010.

Position: Adviser at the division for property of fuel, energy and mining companies at the department of infrastructural industries and organizations of the defense sector.

Period: 2002–2009.

Organization: The Moscow territorial department of the Federal State Property Management Agency.

Position: Leading specialist, main specialist, consultant at the corporate management division of the territorial department.

Yugov Alexander Sergeyevich

Born in 1981.

Education: higher.

Does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries and controlled units.

Organization: The Federal State Property Management Agency.

Period: 2010 — present time.

Position: Deputy head of the department for infrastructural industries and organizations of the defense sector.

Period: 2008–2010.

Position: Head of the division for property of oil, gas and mining organizations at the department for infrastructural industries and organizations of the defense sector.

Period: 2008–2008.

Position: Deputy head of the division for property of oil, gas and mining organizations.

Period: 2006–2008.

Position: Adviser at the department for property of organizations of the commercial sector.

The Auditing Commission had one meeting in the period from January 1 through June 23, 2010, and three meetings in the period from June 24 through December 31, 2010, to discuss organizational and methodological issues related to its activity.

Oreshkin Oleg Anatolyevich

Born in 1977.

Education: higher.

Does not hold stock of the JSC "RAO Energy System of East" and its subsidiaries or controlled units

Organization: The Federal State Property Management Agency.

Period: 2008 — present time.

Position: Head of the department for management of the RF Treasury property at the department for the RF Treasury property and property support to public entities, federal authorities and organizations.

Period: 2007–2008.

Position: Head of the division for coordination of the activity of territorial bodies at the department for organization of work of territorial bodies.

Period: 2006–2007.

Position: Deputy head of the division for coordination of the activity of territorial bodies at the department for organization of work of territorial bodies.

Remuneration of members of the Audit Commission

The remuneration size and payment procedures for members of the Company Auditing Commission are set by the Regulations for Remuneration and Compensations of Members of the Company Auditing Commission approved at the annual shareholders meeting of the JSC "RAO Energy System of East" on June 25, 2009.

Restrictions and requirements set by effective laws are applied to civil servants – members of the Auditing Commission.

A member of the Company Auditing Commission receives a one-time allowance for taking part in an inspection (auditing) of financial and economic activities at the amount equivalent to ten minimal monthly wages of the worker first class set by the tariff agreement in the Russian electric power industry and valid in the inspection (audit) period with due account of the indexation provided by the tariff agreement.

The remuneration of the Company Auditing Commission Chairman is 50% larger.

Expenditures related to the attendance of meetings of the Company Audit Commission and the participation in inspections (auditing) are compensated for by the Company rules in effect at the moment of the meeting or the inspection trip.

In 2010 members of the Audit Commission were paid remunerations for 2009 at the amount of 139.69 thousand rubles.

Dividend policy

A transparent and clear mechanism of the determination of the size of dividends and payment procedures, the balance of interests of the Company and its shareholders, and an increase of capitalization and investment appeal of the Company are the priorities of the dividend policy of the JSC "RAO Energy System of East". Shareholders' rights are protected with RF laws, the Company Charter and internal documents.

The Society placed ordinary and preferred shares. The size of ordinary share dividends is set at the shareholders meeting.

The size of preferred share dividends is fixed. Paragraph 5.3 of the Charter of the JSC "RAO Energy System of East" says that the total dividends per preferred share amount to 10% of the Company net revenue at the end of the fiscal year divided by the number of shares, which make up 25% of the Company authorized capital at the day of the Company's registration as a legal entity. If the size of dividends paid per an ordinary share in a particular year exceeds the size of preferred share dividends, the latter must be increased to the size of ordinary share dividends.

The dividend payment procedure and time are set by the Company Charter of the shareholders meeting. Dividends must be paid within no more than 60 days since their approval. In the case the Charter or the shareholders meeting do not set the period for paying dividends, the period must be equal to 60 days since the approval of dividends. The holders of preferred shares are paid dividends at the time set by the shareholders meeting but no later than May 1 of the year following the year of the shareholders meeting, which approved the dividends, and, additionally, on the day of payment of ordinary share dividends in the case preferred share dividends must be increased to coincide with the size of ordinary share dividends.

The Board of Directors recommends the shareholders meeting about the size of dividends and procedures of their payment.

The JSC "RAO Energy System of East" was formed on July 1, 2008, and no decisions to pay intermediate dividends were made in 2008.

It was decided at the annual shareholders meeting on the results of 2008 not to pay ordinary and preferred share dividends. The decision was made because the Company was unprofitable in 2008.

RF laws give the right to holders of preferred shares to take part in shareholders meetings and vote on all matters within their areas starting from the annual shareholders meeting, which, regardless of reasons, decided not to pay preferred share dividends or to pay them partially. This right ceases at the moment of the first full payment of preferred share dividends.

Therefore, preferred shares were voting shares at the annual shareholders meeting in 2009 in every item on the agenda.

No decision to pay intermediate dividends was made in 2009.

The annual shareholders meeting on the results of 2009 decided not to pay ordinary and preferred share dividends. That was done because the Company received revenues from the re-evaluation of its stock by the current market value as of December 31, 2009.

Therefore, preferred shares will be voting on all items of the agenda of the annual shareholders meeting on the results of 2010.

No decision to pay intermediate dividends was made in 2010.

A decision on the distribution of net revenues (losses) on the results of 2010 will be made at the annual shareholders meeting of the JSC "RAO Energy System of East" planned for June 23, 2011.

Company financial and operating results for 2010

Review and analysis of the Company financial performance for the past two years

Analysis of the dynamics of financial and economic performance

Name	2009 Thousand rubles	2010 Thousand rubles
Revenues (net) in the selling of products (services), total	499,293	865,537
Revenues (net) in the selling of products (services), total	(25,535)	(61,283)
Gross revenue, total	473,758	804,254
Administrative costs	(1,058,334)	(1,096,243)
Sales revenue (loss)	(584,576)	(291,989)
Interest receivable	566,846	885,247
Interest payable	0	0
Other revenues, total	14,441,051	25,300,320
Other expenditures, total	(2,994,821)	(13,816,135)
Tax revenues (loss)	11,428,500	12,077,443
Deferred tax assets	76,660	(76,660)
Current revenue tax	0	(1,724,231)
Other similar mandatory payments	0	(1,441)
Net profit (loss)	11,505,160	10,275,111

In 2010 the pre-tax profit stood at 12,077.4 million rubles as against 11,428.5 million rubles in 2009 due to the growth of revenues from main activities and other revenues.

The growth of revenues from main activities resulted from the broadened range of Company services. The growth of other revenues resulted from the selling of stock of non-core assets, which were on the Company books after the reform of the JSC RAO UES of Russia, the market re-evaluation of investments, the efficient depositing of

spare cash and the issue of loans to Holding companies (the interest grew by 318 million rubles from the previous reporting period to 885 million rubles). The current revenue tax imputed in 2010 at 1,724.2 million rubles resulted from the selling of stock of energy distributing companies. Therefore, the next profit of the Company declined by 1,230 million rubles since 2009 and amounted to 10,275.1 million rubles in 2010.

Main financial ratios

The Company financial and economic activity in 2009–2010 had the following dynamic of main financial ratios:

Indicator	2009	2010	Variance, %
Liquidity indicators			
Absolute liquidity ratio	83.97	97.1	15.64
Current liquidity ratio	196.04	114.61	-41.53
Quick assets ratio	195.48	114.16	-41.6
Business activity indicators			
Debit and credit indebtedness correlations	112.19	25.16	-77.57
Turnover of equity capital	0.02	0.02	0
Turnover of debit indebtedness	0.09	0.27	300
Turnover of credit indebtedness	0.5	0.48	-4
Financial stability indicators			
Borrowed and equity capital correlation	0	0	0
Autonomy ratio	1	1	0
Profitability indicators			
Profit margin, %	-117.08	-33.73	71.19
Return on equity, %	35.37	24	-32.13
Return on assets, %	35.31	23.93	-32.22

Assets liquidity

In the financial and economic activity of 2010, the absolute liquidity ratio substantially exceeded the recommended amount, while cash and short-term investments 97 times exceeded current liabilities of the Company. Yet, in contrast with 2009, there was positive dynamic of the indicator due to the selling of stock of energy distributing companies and temporary depositing of the revenues at banks.

The most liquid assets (current debit indebtedness, cash and short-term investments) 114 times exceeded current liabilities of the Company.

The backing of current liabilities with current assets was at 114 times (with the current liquidity ratio norm of one to two).

Liquidity ratios of 2010 display a high level of the Company solvency.

The net profit of 2009–2010 has a positive effect on the size of current equity capital, which enables the Company to abstain from borrowings in the current operation.

Business activity

The substantial exceeding of debit indebtedness over credit indebtedness results from the fact that most of the debit indebtedness is the indebtedness of subsidiaries and controlled companies attached to the JSC "RAO Energy System of East" in the reform of the JSC RAO UES of Russia, while credit indebtedness is the Company's current indebtedness (to suppliers, contractors, employees and the budget).

The increased ratio of the turnover of debit indebtedness in 2010 resulted from the increased revenues from main activities and the reduced level of debit indebtedness.

The ratio of turnover of credit indebtedness in 2010 was practically unchanged since the previous evaluated period.

Financial stability

Financial stability is generally described with the autonomy ratio and the correlation between borrowed and equity funds.

In the reporting period, the financial stability indicator was much higher than norms:

- the share of equity capital in the total capital is 99.98%, which means much more than a sufficient level of financial stability and independence from external creditors;
- the indebtedness ratio, which presents the correlation between borrowed and equity capital, is 0 with the recommended maximal indicator of 1 due to the absence of loan debts.

The indicators did not vary from 2009–2010, which displayed financial stability of the Company.

Profitability

Profitability is a key indicator of business efficiency. As of 2010, the company had:

- profit margin — -33.7% (-117.1% in 2009);
- return on equity — -24% (35% in 2009);
- return on assets — -23.9% (35% in 2009);

The profit margin is negative due to the substantial exceeding of administrative costs over revenues, which is compensated for with revenues from placing of currently free cash. The positive dynamics of the ratio in 2010 resulted from the higher rates of growth of revenues in the selling of products over the increase of the cost price.

However, the net profit decline from 11,505 million rubles in 2009 to 10,275 million rubles in 2010 (caused by the imputed tax on the revenues from the selling of stock of energy distributing companies) reduced the indicator of return on equity and assets. As of December 31, 2011, return on equity (ROE) stood at 24% as against 35% in 2009, while the return on aggregate assets (ROA) stood at 23.9% as against 35% in 2009.

On the whole, the financial status of the Company evaluated by the aforesaid indicators may be described as stable. The Company has sufficient financial resources for its operations and positive financial results.

Brief final evaluation of balance

ASSETS (thousand rubles)

ASSETS/LIABILITIES	Indicator code	2009	2010
I. Non-current assets			
Intangible assets	110	—	—
Fixed assets	120	1,790,295	1,728,230
Unfinished construction projects	130	—	13,511
Profitable investments in material values	135	—	—
Long-term financial investments	140	20,574,042	25,543,616
Deferred tax assets	145	76,660	—
Other non-current assets	150	2,000	1,500
Section I total	190	22,442,997	27,286,857
II. Current assets			
Reserves	210	28,924	57,816
The value-added tax on the acquired values	220	39	—
Debit indebtedness (redemption due in more than 12 months after the reporting date)	230	35,000	1,033,000
Debit indebtedness (redemption due within 12 months since the reporting date)	240	5,747,792	2,175,340
including:			
Buyers and clients	241	26,574	158,904
Short-term investments	250	4,307,030	12,355,205
Cash	260	20,949	25,587
Other current assets	270	—	—
Section II total	290	10,139,734	15,646,948
BALANCE (lines total 190 + 290)	300	32,582,731	42,933,805

The Company balance sheet total stood at 42,933 million rubles as of December 31, 2010, which was a growth of 10,351 million rubles (31.8%) since the beginning of the year.

The largest share (63.6%) in the Company total assets belongs to non-current assets, due to the large share of long-term investments, mostly in authorized capitals of companies of the Holding and long-term loans to such companies.

Non-current assets amounted 27,286 million rubles as of December 31, 2010, which was 4,844 million rubles (21.6%) more than at the beginning of 2010. The increased value of non-current assets primarily resulted from the increased market value of the reserves on the Company books and led to the growth of the value of long-term investments, even despite the selling of stock of energy distributing companies in 2010.

No essential changes took place in the structure of non-current assets in the twelve months of 2010. Long-term investments had the biggest share, 93.6%, while the remaining 6% were mostly fixed assets.

Current assets amounted to 36.4% of the Company balance sheet total. The total value of current assets amounted to 15,646.9 million rubles as of December 31, 2010. Short-term investments accounted for 79% of current assets and 28.8% of all assets of the Company.

The following changes were made in the structure of current assets in 2009–2010:

- reserves value doubled, which had no significant effect on the balance structure due to their minor part in the total value of current assets;
- long-term debt indebtedness grew (from 0.35% to 6.6% or by 998 million rubles in absolute terms) due to the addition of debts on bills of the Company's subsidiaries and controlled company to this balance item;
- the share and value of short-term debit indebtedness reduced by 3,572 million rubles (62.2% from the level of the year beginning), due to representation for payment of bills of the Company (including bills of subsidiaries and controlled companies) in the beginning of the year. Current indebtedness of buyers and clients grew by 132.3 million through the increase in 2010 of revenues from the Company services to subsidiaries and controlled companies;
- the growth of short-term investments (by 8,048.2 million rubles) increased their share in the structure of current assets from 42.5% to 78.9% due to the placing of free cash the Company received in the selling of stock of energy distributing companies on bank accounts and in short-term loans to subsidiaries and controlled companies.

LIABILITIES (thousand rubles)

ASSETS/LIABILITIES	Indicator code	31.12.2009	31.12.2010
Capital and reserves			
Authorized capital	410	21,558,452	21,558,452
Surplus	420	—	—
Capital stock	430	—	1,077,923
including:			
Reserve funds formed in conformity with laws	431	—	1,077,923
Non-distributed profit (uncovered loss)	470	10,972,735	20,169,924
Section III total	490	32,531,187	42,806,299
IV. Long-term liabilities			
Loans and credits	510	—	—
Deferred tax liabilities	515	—	—
Other long-term liabilities	520	—	—
Section IV total	590	—	—
V. Short-term liabilities			
Loans and credits	610	—	—
Credit indebtedness	620	51,544	127,506
including:			
suppliers and contractors	621	12,516	95,240
debts to company personnel	622	16,941	11,235
debts to state off-budget funds	623	3,100	492
tax arrears	624	17,414	19,698
other creditors	625	1,573	841
debts in the payment of revenues to shareholders (founders)	630	—	—
Revenues of future periods	640	—	—
Reserves of future periods	650	—	—
Other short-term liabilities	660	—	—
Section V total	690	51,544	127,506
BALANCE (lines total 490 + 590 + 690)	700	32,582,731	42,933,805

As of December 31, 2010, equity capital accounted for 99.8% of the balance sheet total, while debt capital stood at 0.2%. As of December 31, 2010, equity capital accounted for 99.7% of total liabilities, while debt capital stood at 0.3%.

The growth of equity capital in 2010 in absolute terms was 10,275 million rubles due to the Company net profit. In addition, the Company formed reserves of 1,077 million rubles in 2010 in conformity with the accounting laws.

The Company made no borrowings due to its liquidity and sufficiency of equity capital.

The increase of credit indebtedness as of December 31, 2010, was caused by the services provided by the JSC "RAO Energy System of East" to subsidiaries and controlled companies in their acquisitions, i.e. advance payments made by tender bidders. The total amount of advance payments stood at 83.5 million rubles on December 31, 2010, while there was no debt at the beginning of the year.

The entire credit indebtedness of December 31, 2010, is current.

Auditors' opinion



Auditors' Opinion

To attention of the shareholders of Joint-Stock Company RAO Energy Systems of East and other users of the financial statements of JSC RAO Energy Systems of East.

Audited Entity:

The full corporate name is Joint-Stock Company RAO Energy Systems of East.

The short corporate name is JSC RAO Energy Systems of East.

Principal State Registration Number: 1087760000052 (Certificate Series 77 No. 011168014 on the Entry into the Unified State Register of Legal Entities as of 1 July 2008 extended by the Interdistrict Inspectorate of the Federal Tax Service No. 46 in Moscow).

The registered address is 28 Shevchenko Ul., Blagoveshchensk 675000, Amur Region.

Auditor:

The full corporate name is Closed Joint-Stock Company HLB Vneshaudit.

The short corporate name is JSC HLB Vneshaudit.

Principal State Registration Number: 1027739314448 (Certificate Series 77 No. 007858681 on the Entry into the Unified Register of Legal Entities as of 4 October 2002 extended by the Interdistrict Inspectorate of the Federal Tax Service No. 46 in Moscow).

The registered address is 25-27/2 Bolshaya Yakimanka Ul., Moscow 109180 (Tel. 967-0495, Fax 967-0497).

Address for correspondence: Office 701, Entrance 3, 12 Krasnopresnenskaya Naberezhnaya, Moscow 123610.

Membership in the Self-Governing Organizations of Auditors: Non-for-Profit Partnership Institute of Professional Auditors.

Number in the Register of Auditors and Audit Associations: Principal Registration Number 10202000095.

Global in Reach, Local in Touch

Office 701, entr. 3, bld. 12, Krasnopresnenskaya nab., Moscow, 123610, Russia
Tel.: (495) 967-04-95, fax: (495) 967-04-97, e-mail: info@vneshaudit.ru, www.vneshaudit.ru

HLB Vneshaudit is a member of  International, a world-wide organization of accounting firms and business advisors



We have audited the accompanying financial statements of JSC RAO Energy Systems of East, which are comprised of the Balance Sheet as of 31 December 2010, Profit and Loss Statement, Statement of Changes in Equity and Profit and Loss Statement for 2010, other notes to the Balance Sheet and Profit and Loss Statement, Explanatory Note.

Audited Entity's Liability for the financial statements

The management of JSC RAO Energy Systems of East is responsible for the preparation and reliability of the financial statements prepared in compliance with the Rules for Preparation of Financial Statements of the Russian Federation and the internal controls required to prepare the financial statements, which would be free of material misstatements due to fraud or errors.

Auditor's Liability

Our responsibility is to express our opinion on the reliability of the financial statements based on our audit. We have performed the audit in compliance with the Federal Standards on Auditing of the Russian Federation. These standards require observing the effective Code of Ethics and plan and perform the audit so as to obtain reasonable assurance in that the financial statements are free from any material misstatements.

The audit included audit procedures to obtain audit evidence that confirmed the figures stated in the financial statements and disclose the relevant information. Audit procedures are selected upon our judgment, which is based on the assessment of the risk of material misstatements due to fraud or error. In making this risk assessment, we have reviewed the internal controls relevant to the preparation and fair presentation of the financial statements in order to design the relevant audit procedures, but not for the purpose of expressing our opinion on the effectiveness of the internal controls.

The audit also included evaluating the appropriateness of accounting policies used and reasonableness of estimates made by the management of JSC RAO Energy Systems of East, as well as evaluation the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our opinion on the reliability of the financial statements.

Opinion

In our opinion, the financial statements, in all material respects, give a fair view of the financial position of Joint-Stock Company RAO Energy Systems of East as of 31 December 2010, results of its financial and economic performance and cash flow for 2010 in compliance with the Rules for the preparation of financial statements of the Russian Federation.

Director General of JSC HLB Vneshaudit

*(Qualification Certificate in audit № K010089 as of 25.12.97,
Number in the Register of Auditors and Audit Associations — 20402002484)*

L. M. Mitrofanov

Date of the Auditor's Opinion — 10 March 2011

Company accounts for the year 2010

Balance Sheet
As of 31 December 2010

Form 1 of OKUD Code _____

Date (YY/MM/DD) _____

Company Joint-Stock Company RAO Energy Systems of East

Tax payer's Identification Number _____

Type of Activity Management of Holding Companies

Business Legal Structure/Proprietary Form Open Joint-Stock Companies Russian mixed property with a share in the federal property

Measurement: Thousand RUR _____

Location (Registered Address) 675000, Amur Region, Blagoveshchensk, Shevchenko ul., 28

Codes		
0710001		
2010	12	31
OKPO Code		
85115294		
TIN		
2801133630		
OKVED Code		
74.15.2		
OKOPF/OKFS Code		
47	41	
OKEI Code		
384/385		

Date approved _____
Date mailed (received) _____

Form 0710001 page 1

ASSET	Code	At the beginning of the reporting year	At the end of the reporting year
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible Assets	110	—	—
Property, Plant & Equipment	120 III.2	1 790 295	1 728 230
Construction in Progress	130	—	13 511
Income-bearing investments in tangible assets	135	—	—
Long-term financial investments	140 III.5.1	20 574 042	25 543 616
Deferred tax assets	145 III.10	76 660	—
Other non-current assets	150 III.4	2 000	1 500
Total for Section I	190	22 442 997	27 286 857
II. CURRENT ASSETS			
Inventories	210	28 924	57 816
Including			
Raw materials, consumables and other similar assets	211	4 241	4 200
Livestock	212	—	—
Work in progress	213	—	—
Finished goods and goods for resale	214	—	—
Dispatched goods	215	—	—
Prepaid Expenses	216	24 683	53 616
Other inventory and costs	217	—	—
VAT on purchased assets	220	39	—
Accounts receivable (where settlement is expected in over 12 months after the reporting date)	230 III.6	35 000	1 033 000
Including trade receivables	231	—	—
Accounts receivable (where settlement is expected within 12 months from the reporting date)	240 III.6	5 747 792	2 175 340
Including trade receivables	241	26 574	158 904
Short-term financial investments	250 III.5.2	4 307 030	12 355 205
Cash	260 III.7	20 949	25 587
Other current assets	270	—	—
Total for Section II	290	10 139 734	15 646 948
BALANCE (sum of lines 190 +290)	300	32 582 731	42 933 805

Form 0710001 page 2

LIABILITIES	Code	At the beginning of the reporting year	At the end of the reporting period
1	2	3	4
III. CAPITAL AND RESERVES			
Share capital	410 III.8	21 558 452	21 588 452
Treasury Shares	411	—	—
Additional capital	420	—	—
Reserve capital	430	—	1 077 923
Including			
Reserves made in compliance with the laws	431	—	1 077 923
Reserves made in compliance with the constitutive documents	432	—	—
Retained Earnings (loss)	470	10 972 735	20 169 924
Total for Section III	490	32 531 187	42 806 299
IV. LONG-TERM LIABILITIES			
Loans and borrowings	510	—	—
Deferred tax liabilities	515	—	—
Other long-term liabilities	520	—	—
Total for Section IV	590	—	—
V. SHORT-TERM LIABILITIES			
Loans and borrowings	610	—	—
Accounts payable	620 III.9	51 544	127 506
Including			
Trade payable	621	12 516	95 240
Accrued payroll	622	16 941	11 235
Payable to the State non-budgetary funds	623	3 100	492
Taxes and levies payable	624	17 414	19 698
Other payables	625	1 573	841
Dividends payable	630	—	—
Deferred income	640	—	—
Provisions for future expenses	650	—	—
Other short-term liabilities	660	—	—
Total for Section V	690	51 544	127 506
BALANCE (Sum of lines 490 + 590 + 690)	700	32 582 731	42 933 805
STATEMENT of off-balance sheet items			
Leased fixed assets	910	—	177 635
Including those on the terms of financial leasing	911	—	—
Inventory items accepted into custody	920	49	88
Goods accepted on commission	930	—	—
Amounts due from insolvent debtors and written off to losses	940	—	—
Surety received with respect to liabilities and payments	950	—	—
Surety provided with respect to liabilities and payments	960	2 300 000	—
Depreciation of housing assets	970	—	—
Depreciation of land improvements and other similar assets	980	—	—
Intangible assets obtained for use	990	—	—

Chief Executive _____ Blagodyr Ivan Davydova Irina
 (Signature) (Full Name) (Signature) (Full Name)
 « 10 » March 2011 Accountant

PROFIT AND LOSS STATEMENT

For the period of 12 months of 2010		Form 2 of OKUD Code	Cods	
		Date (YY/MM/DD)	0710002	
Company	Joint-Stock Company RAO Energy Systems of East	OKPO Code	2010	12 31
Taxpayer's Identification Number		TIN	85115294	
Type of Activity	Management of Holding Companies	OKVED code	2801133630	
Business Legal Structure/Proprietary Form		OKOPF/OKFS Code	74.15.2	
Open Joint-Stock Companies	Russian mixed property with a share in the federal property	OKEI Code	47	41
Measurement: Thousand RUR			384	

Indicator Description	Code	For the reporting period		For comparative period of the previous year	
		3	4	3	4
1	2	3	4	3	4
Income and Expenses from Ordinary Operations					
Revenue (net) from sale of goods, products, works, services (less Value Added Tax, excise taxes and similar obligatory charges)	010 III.11	865 537	499 293		
Cost of sales (goods, products, works, services)	020 III.12	(61 283)	(25 535)		
Gross profit	029	804 254	473 758		
Commercial expenses	030 III.12	—	—		
Administrative Expenses	040	(1 096 243)	(1 058 334)		
Profit (loss) from sales	050	(291 989)	(584 576)		
Other Income and Expenses					
Interests receivable	060	885 247	556 846		
Interests payable	070	—	—		
Income from other equity participation	080	—	—		
Other Income	090 III.13	25 300 320	14 441 051		
Other Expenses	100 III.13	(13 816 135)	(2 994 821)		
Profit (loss) before taxation	140	12 077 443	11 428 500		
Deferred tax assets	141 III.10	(76 660)	76 660		
Deferred tax liabilities	142	—	—		
Current income tax	150	(1 724 231)	—		
Other obligatory payments		(1 441)	—		
Net Profit (loss) for the reporting period	190	10 275 111	11 505 160		
FOR REFERENCE Permanent tax liabilities (assets)	200	(618 146)	(2 362 360)		
Basic earnings (loss) per share	201 III.14	0,2504	0,2803		
Diluted earnings (loss) per share	202	—	—		

ANALYSIS OF SPECIFIC GAINS AND LOSSES					
Indicator Description	Code	For the reporting period		For comparative period of the previous year	
		Profit	Loss	Profit	Loss
1	2	3	4	5	6
Fines, penalties, punitive charges recognized or imposed by a court ruling (Arbitration Court)	210	97	—	—	299
Profit (loss) of previous reporting periods	220	326	120	498 408	300 237
Reimbursement of damages caused by non-fulfillment or improper fulfillment of obligations	230	—	—	—	—
Exchange gains/losses from foreign currency transactions	240	—	—	1 183	284
Contributions to estimated provisions	250	X	61 137	X	40 582
Accounts receivable and accounts payable written off upon expiration of the recovery period	260	—	—	—	—
	270	—	—	—	—

Chief Executive Blagodyr Ivan Valentinovich (Signature) 10 March 2011 (Full Name)

Chief Accountant Davydova Irina Vitalievna (Signature) (Full Name)



Holding highlights

Revisions of the Holding's financial highlights for the past two years

The section presents key financial and economic indicators of the RAO Energy System of East in 2009–2010 in the light of controlled energy companies:

JSC FEEC



Indicators	Measurement units	2009	2010
Revenues	thousand rubles	47,498,713	54,888,886
Cost price and selling cost	thousand rubles	48,821,158	53,474,955
Net profit (loss)	thousand rubles	-4,180,340	304,288
Debit indebtedness (230+240)	thousand rubles	4,506,940	4,768,100
Credit indebtedness (520+620)	thousand rubles	4,602,824	6,108,264
Credits and loans (510+610)	thousand rubles	6,857,000	3,143,000
EBITDA	thousand rubles	-2 870 191	1,611,720
DEBT/EBITDA		-4.04	5.79
Liabilities/EBITDA		-2.39	1.95
Quick assets ratio		0.53	0.7

In 2010 revenues amounted to 54,888.9 million rubles, and cost price to 53,475.0 million rubles. The financial indicator improved by 4,484.6 million rubles since 2009. The Company had a net profit of 304.3 million rubles.

Key reasons for the growth of net profit in 2010 are:

1. An increase of electricity sales revenue by 15.7% (including 5.2% growth of actual output and 10% growth of average tariff). The cost price and selling cost grew by 9.5%.
2. The selling of stock of the JSC UES Federal Network Company (with the economic effect of 91.2 million rubles).

3. The 2009 loss of 4,180.3 million rubles resulted from the formation of doubtful debt reserves of 2 706 million rubles, including:

- 1 110 million rubles for losses in doubtful debit indebtedness (2008–2009);
- depreciation of JSC PRP-Network stock at 104.2 million rubles and reserves for 20-million bill of JSC PRP-Network;
- depreciation of stock of the JSC UES Federal Network Company at 1,443.4 million rubles and JSC RusHydro at 27.9 million rubles.

Financial indicators improved since 2009 and stayed within permissible limits.

JSC FEDGC



Indicators	Measurement units	2009	2010
Revenues	thousand rubles	12,267,504	18,316,355
Cost price and selling cost	thousand rubles	12,058,226	17,151,276
Net profit (loss)	thousand rubles	-228 796	488,072
Debit indebtedness (230+240)	thousand rubles	1,122,522	1,942,457
Credit indebtedness (520+620)	thousand rubles	1,612,823	2,263,437
Loans and credits (510+610)	thousand rubles	2,920,342	3,272,288
EBITDA	thousand rubles	1,409,229	2,398,725
DEBT/EBITDA		3.41	2.45
Liabilities/EBITDA		2.07	1.36
Quick assets ratio		1.08	0.64

Revenues stood at 18,316.6 million rubles, and the cost price stood at 17,151.3 million rubles in 2010. The financial indicator improved by 716.9 million rubles since 2009. The company's net revenue stood at 488.1 million rubles.

Main reasons for the net profit growth since 2009 are:

1. An increase of electricity transmission revenues by 49.3% (including 3.2% growth of actual output). The cost price and selling cost increased by 42.4%.
2. Electricity losses in power networks reduced from 9% to 8.1%. Financial indicators stayed within the permissible levels.

JSC Yakutskenergo



Indicators	Measurement units	2009	2010
Revenues	thousand rubles	16,488,516	20,489,139
Cost price and selling cost	thousand rubles	17,043,092	19,523,232
Net profit (loss)	thousand rubles	-1,892,413	218,239
Debit indebtedness (230+240)	thousand rubles	5,935,065	4,862,724
Credit indebtedness (520+620)	thousand rubles	3,678,583	3,655,833
Credits and loans (510+610)	thousand rubles	7,166,629	5,952,941
EBITDA	thousand rubles	369,243	2,644,055
DEBT/EBITDA		31.47	3.9
Liabilities/EBITDA		19.41	2.25
Quick assets ratio		0.66	1.18

In 2010 revenues stood at 20 489.1 million rubles and the cost price at 19 523.2 million rubles. Financial indicators improved by 2,110.7 million rubles since 2009. The company had a net profit of 218.2 million rubles.

Key reasons for the net profit growth since 2009 are:




1. An increase of sales revenues by 24.3%, including 15.8% in electric power sales (an increase of actual output — 2.8%, a growth of the average tariff — 12.6%), 14.3% in heat sales (an increase

of actual output — 1%, a growth of the average tariff — 13.1%), revenues from other main products (services) — 46.5% (turnkey contract revenue growth of 2,365.4 million rubles). The cost price and selling cost grew by 14.6%.

2. The loss of 1,892.4 million rubles resulted from the formation of reserves for doubtful debts.

Financial indicators stayed within the permissible levels.




JSC Kamchatskenergo

	Indicators	Measurement units	2009	2010
	Revenues	thousand rubles	5,464,425	6,477,001
	Cost price and selling cost	thousand rubles	6,812,108	7,771,130
	Net profit (loss)	thousand rubles	360,928	265,210
	Debit indebtedness (230+240)	thousand rubles	3,420,792	3,652,470
	Credit indebtedness (520+620)	thousand rubles	1,070,690	1,229,213
	Credits and loans (510+610)	thousand rubles	2,881,000	2,706,000
	EBITDA	thousand rubles	1,067,249	615,332
	DEBT/EBITDA		3.7	6.4
	Liabilities/EBITDA		2.7	4.4
	Quick assets ratio		0.84	1.61

In 2010 revenues stood at 6,477.0 million rubles and the cost price at 7,771.1 million rubles. The financial indicator improved by 95.7 million rubles since 2009. The company had a net profit of 265.2 million rubles.

Financial indicators stayed within the permissible levels.

JSC Magadanenergo

	Indicators	Measurement units	2009	2010
	Revenues	thousand rubles	4,390,625	4,793,341
	Cost price and selling cost	thousand rubles	4,668,238	5,044,424
	Net profit (loss)	thousand rubles	10,203	72,919
	Debit indebtedness (230+240)	thousand rubles	1,265,848	1,266,796
	Credit indebtedness (520+620)	thousand rubles	429,989	476,631
	Credits and loans (510+610)	thousand rubles	950,000	950,000
	EBITDA	thousand rubles	446,075	478,445
	DEBT/EBITDA		3.45	3.32
	Liabilities/EBITDA		2.13	1.99
	Quick assets ratio		1	0.89

In 2010 revenues stood at 4,793.3 million rubles and the cost price at 5,044.4 million rubles. The financial indicator improved by 62.7 million rubles since 2009. The company had a net profit of 72.9 million rubles.

Main reasons for the increase of the net profit since 2009 are:

1. An increase of sale revenues by 9.2%, including 13.7% in electric power (the actual output grew by 6.1% and the average tariff grew by 7.1%). The cost price and selling cost increased by 8.1%.
 2. Debit indebtedness of 19.8 million rubles was written off in 2009.
- Financial indicators stayed within the permissible levels.

JSC Mobile Energy



Indicators	Measurement units	2009	2010
Revenues	thousand rubles	1,040,276	1,141,370
Cost price and selling cost	thousand rubles	1,079,696	1,200,925
Net profit (loss)	thousand rubles	223,128	150,575
Debit indebtedness (230+240)	thousand rubles	171,321	147,485
Credit indebtedness (520+620)	thousand rubles	68,635	39,683
Credits and loans (510+610)	thousand rubles	0	0
EBITDA	thousand rubles	342,699	272,948
DEBT/EBITDA		0.25	0.24
Liabilities/EBITDA		0	0
Quick assets ratio		3.87	4.85

In 2010 revenues stood at 1,141.4 million rubles and the cost price at 1,200.9 million rubles. The financial indicator improved by 72.6 million rubles in 2009. The company had a net profit of 150.6 million rubles.

Key reason for the reducing net profit since 2009 was the growth of the cost price (11.2%) as against revenues (9.7%) due to the increase of the average gas price by 25%.

Financial indicators stayed within the permissible levels.

JSC Sakhalinenergo



Indicators	Measurement units	2009	2010
Revenues	thousand rubles	5,274,758	5,809,765
Cost price and selling cost	thousand rubles	5,936,627	6,340,862
Net profit (loss)	thousand rubles	18,469	-244,342
Debit indebtedness (230+240)	thousand rubles	829,406	899,573
Credit indebtedness (520+620)	thousand rubles	930,855	963,581
Credits and loans (510+610)	thousand rubles	1,663,626	2,165,500
EBITDA	thousand rubles	609,682	310,306
DEBT/EBITDA		4.36	10.32
Liabilities/EBITDA		2.73	6.98
Quick assets ratio		0.57	0.61

In 2010 revenues stood at 5,809.8 million rubles and the cost price at 6,340.9 million rubles. The financial indicator worsened by 262.8 million rubles since 2009. The company had a loss of 244.3 million rubles.

The key reason for the loss was the company's failure to receive an additional subsidy of 322 million rubles from the Sakhalin regional budget.

Financial indicators stayed within the permissible levels.

JSC FEGC



Indicators	Measurement units	2009	2010
Revenues	thousand rubles	41,198,758	45,145,222
Cost price and selling cost	thousand rubles	37,464,009	42,610,795
Net profit (loss)	thousand rubles	117,366	-2,280,458
Debit indebtedness (230+240)	thousand rubles	7,932,814	7,412,817
Credit indebtedness (520+620)	thousand rubles	4,010,936	5,506,570
Credits and loans (510+610)	thousand rubles	24,153,149	25,555,944
EBITDA	thousand rubles	5,643,380	3,109,930
DEBT/EBITDA		5.06	10.27
Liabilities/EBITDA		4.28	8.22
Quick assets ratio		0.37	0.29

In 2010 revenues stood at 45,145.2 million rubles and the cost price at 42,610.8 million rubles. The financial indicator worsened by 2,397.8 million rubles since 2009. The company had a loss of 2,280.5 million rubles.

Key reasons for the loss were:

- the actual growth of fuel prices exceeded the deflator planned by the RF Economic Development Ministry for 2010 (including 13.9% growth of coal prices as against the planned 12.6%, and 31.3% growth of fuel oil prices as against the planned 10.6%);

- the formation of reserves for doubtful debts at the amount of 1,271 million rubles (by auditors' recommendation).

Financial indicators stayed within the permissible levels.

In 2010 controlled companies of the JSC "RAO Energy System of East" had a total loss of 1,025.5 million rubles, mostly due to the financial and economic losses of JSC FEGC and Sakhalinenergo.

Analysis of Holding production indicators over the past two years

Change in rated capacity of power plants

The JSC "RAO Energy System of East" operates in the Far Eastern Federal District and the Holding incorporates JSC Mobile Energy that supplies power in the Yamal-Nenets autonomous district and the Khanty-Mansi autonomous district.

As of January 1, 2011, the rated capacity of power plants of subsidiaries (controlled companies) of the JSC "RAO Energy System of

East" operating in the Far East stood at 8,819.7 megawatt or 56.5 megawatt more than it was on January 1, 2010.

A change in the rated capacity of JSC Mobile Energy in 2010 amounted to 12 megawatt with the putting into service of the Labytnangi gas turbine unit. As of January 1, 2011, the rated capacity of JSC Mobile Energy stood at 217 megawatt.

Change in the rated capacity of power plants of subsidiaries and controlled units of JSC "RAO Energy System of East" operating in the Far East

subsidiary	Rated capacity in megawatts		Change in megawatts	Cause of change
	As of 1.01.2010	As of 1.01.2011		
JSC FEGC	5,845.58	5,901.58	56	Putting into service of unit No3 at the Partizansk regional power plant — 100 megawatt, re-marking of unit No3 56 megawatt
JSC Yakutskenergo	1,235.04	1,252.97	17.93	The putting on books of 17.9 megawatts of JSC Sakhalinenergo
JSC Sakhalinenergo	212.898	189.645	-23.253	Transfer to the books of JSC Yakutskenergo, dismantlement of old equipment
JSC Magadanenergo	320	320	0	
JSC Teploenergoservis	11	11	0	
JSC Chukotenergo	147.15	153.15	6	Replacement of unit No1 K-6-35 with P-6-35/5M with T-6-2 generator at the Egvekinotskaya regional power plant

subsidiary	Rated capacity in megawatts		Change in megawatts	Cause of change
	As of 1.01.2010	As of 1.01.2011		
JSC Kamchatskenergo	406.8	406.8	0	
JSC YUESK	55.043	54.843	-0.2	Installation of modern diesel generators
JSC Novikovskaya DES	4.75	4.75	0	
JSC Sakhalinenergo	525	525	0	
RAO Energy System of East Holding total	8,763.26	8,819.74	56.48	

In the reporting year the following units were on the trial run:

- a reserve unit of 48 megawatt at the Yakutskaya power plant (JSC Yakutskenergo);
- a mini-power plant in the Deputatsky town: two units of 2.5 megawatt (JSC Yakutskenergo).

Ratio of use of rated capacity

The ratio of use of rated capacity of heat and power plants of the RAO Energy System of East Holding in 2010 had an average growth from 36.6% to 37%.

The ratio was the largest at the Partizansk regional power plant — 48.3% and the Artyom heat and power plant — 60.8%. The ratio at

the Primorye Generation unit of JSC FEGC was higher than in other units of the company due to the regime of operation of the Eastern unified energy grid.

The ratio was the highest among isolated energy grids at the Yuzhno-Sakhalinsk heat and power plant-1 — 66% and the Yakutsk heat and power plant — 54.8%.

The optimized use of the Anadyr energy hub increased the ratio of the Anadyr heat and power plant from 14.3% to 22.5%.

The ratio at power plants of JSC Mobile Energy reduced from 4.3% to 37.9% with the commissioning of the 12-megawatt La-bytnangi unit.

Changes in the ratio of use of rated capacity at subsidiaries and controlled companies of the JSC "RAO Energy System of East"

Enterprise	2009	2010	Variance, %
RAO Energy System of East Holding, Far East Federal District	36.6	37	1.1
JSC FEGC, including:	37.7	38.3	1.6
In the Amur generation branch	37.5	38.3	2.1
• Raichikhinskaya regional power plant	16.7	16.9	1.2
• Blagoveshchensk heat and power plant	45.1	46.1	2.2
In the Primorye Generation branch	49.3	50.6	2.6
• Artyom heat and power plant	59.8	60.8	1.7
• Vladivostok heat and power plant-2	45.3	47.9	5.7
• Partizansk regional power plant	47.8	48.3	1
In the LuTEK branch:	31.8	32.6	2.5
• Primorye regional power plant			
In the Khabarovsk Generation Branch	34.7	34.4	-1
• Maiskaya regional power plant	19.5	19.6	0.5
• Khabarovsk heat and power plant-1	42.5	42	-1.2
• Khabarovsk heat and power plant-3	40.1	38.9	-3
• Komsomolskaya heat and power plant-2	36.3	38.8	6.9
• Komsomolskaya heat and power plant-3	35.7	32.9	-7.8
• Amurskaya heat and power plant-1	17.8	20.2	13.5
• Nikolayevskaya heat and power plant	21.7	21.2	-2.3
In the Neryungri power plant branch	39.9	43.8	9.8
• Neryungri regional power plant	41.3	45.5	10.2
• Chulmanskaya heat and power plant	23.5	24.1	2.5

Enterprise	2009	2010	Variance, %
Isolated energy systems:			
JSC Sakhalinenergo, including:	46.1	45.7	-0.9
• Sakhalin regional power plant	29.7	30.6	3
• Yuzhno-Sakhalinsk heat and power plant-1	67.9	66	-2.8
JSC Kamchatskenergo, including:	27.6	27.7	0.4
• Kamchatka heat and power plant-1	14.5	11.2	-22.8
• Kamchatka heat and power plant-2	49.9	53.9	8
Kamchatka heat and power plant-2	5	4.9	-2
• Magadan heat and power plant	12.3	12.2	-0.8
• Arkagalinskaya regional power plant	1.9	1.8	-5.3
JSC Chukotenergo, including:	20.2	18.4	-8.9
• Anadyr heat and power plant	20	13.8	-31
• Anadyr regional heat and power plant	14.3	22.5	57.3
• Chaunskaya heat and power plant	16.5	15.2	-7.9
• Egvekinotskaya regional power plant	31.2	25.8	-17.3
JSC Yakutskenergo, including:	54.3	54.7	0.7
• Yakutsk regional power plant	54.2	54.8	1.1
• Yakutsk heat and power plant	56.3	52.2	-7.3
Subsidiaries outside Far Eastern Federal District			
JSC Mobile Energy, including	39.6	37.9	-4.3
Labytnangi mobile power plant	27.5	22.2	-19.1
Kazym mobile power plant	45.1	46.2	2.6
Urengoi mobile power plant	44.3	45.4	2.4

Specific consumption of equivalent fuel

In general the specific consumption of equivalent fuel grew in the RAO Energy System of East Holding from 381.2 grams per kilowatt hour of electricity in 2009 to 383.7 grams per kilowatt hour in 2010 (by 0.66%). Meanwhile, the specific consumption of equivalent fuel reduced from by 0.71% from 154.3 kg/gcal of heat in 2009 to 153.2 in 2010.

The ratio of the specific consumption of equivalent fuel was the largest in the synchronized heat and power plant zone at the Maiskaya regional power plant, 700.5 grams per kilowatt hour, and the smallest at the Komsomolsk heat and power plant-3, 285.3 grams per kilowatt hour.

The ratio was the smallest in isolated energy systems at the Kamchatka heat and power plant-2, 313.5 grams per kilowatt hour and the Anadyr regional heat and power plant 210.4 grams per kilowatt hour.

In isolated energy systems the specific consumption of equivalent fuel reduced at JSC Chukotenergo and JSC Kamchatskenergo due to the optimization of the energy regime and the increased output of energy saving plants.

The specific consumption of equivalent fuel was the largest in the synchronized heat and power plant zone at the Maiskaya regional power plant, 271 kg/gcal, and the smallest at the Komsomolsk heat and power plant-3, 135.3 kg/gcal.

In isolated energy systems the specific consumption of equivalent fuel was the smallest at the Kamchatka heat and power plant-1, 129.7 kg/gcal, and the Kamchatka heat and power plant-2, 135.4 kg/gcal.

Variance in Specific Consumption of Equivalent Fuel in Electric Power Generation at Subsidiaries and Controlled Companies of the JSC "RAO Energy System of East"

Plant	Electric power, gram/kilowatt hour		Variance	
	2009	2010	gram/kilowatt hour	%
JSC "RAO Energy System of East", Far Eastern Federal District	381.16	383.67	2.51	0.66
JSC FEGC, including:	371.85	373.67	1.82	0.49
In the Amur generation branch	353.68	352.14	-1.53	-0.43
• Raichikhinskaya regional power plant	594.14	595.97	1.83	0.31
• Blagoveshchensk heat and power plant	324.37	322.62	-1.75	-0.54

Plant	Electric power, gram/kilowatt hour		Variance	
	2009	2010	gram/kilowatt hour	%
In the Primorye generation branch	421.97	423.02	1.05	0.25
• Artyom heat and power plant	422.92	423.18	0.26	0.06
• Vladivostok heat and power plant-2	411.08	407.04	-4.04	-0.98
• Partizansk regional power plant (heat and power plant)	449.89	457.56	7.68	1.71
• Vladivostok heat and power plant-1	428.39	453.58	25.19	5.88
In the LuTEK branch:				
• Primorye regional power plant	397.35	395.19	-2.16	-0.54
In the Khabarovsk generation branch	334.83	337.11	2.29	0.68
• Maiskaya regional power plant	715.06	700.49	-14.57	-2.04
• Khabarovsk heat and power plant-1	349.14	353.83	4.69	1.34
• Khabarovsk heat and power plant-3	286.85	289.68	2.83	0.99
• Komsomolsk heat and power plant-2	346.26	347.51	1.25	0.36
• Komsomolsk heat and power plant-3	289.5	285.26	-4.24	-1.46
• Amur heat and power plant-1	409.81	407.93	-1.88	-0.46
• Nikolayevskaya heat and power plant	524.48	508.66	-15.82	-3.02
In the Neryungri regional power plant branch	343.01	345.54	2.53	0.74
• Neryungri regional power plant	336.09	338.88	2.79	0.83
• Chulmanskaya heat and power plant	522.49	533.47	10.98	2.1
JSC Sakhalinenergo, including:	448.74	448.75	0.01	0
• Sakhalin regional power plant	592.52	587.69	-4.83	-0.82
• Yuzhno-Sakhalinsk heat and power plant-1	364.8	361.84	-2.96	-0.81
JSC Kamchatskenergo, including:	343.49	338.76	-4.72	-1.37
• Kamchatka heat and power plant-1	415.33	423.29	7.96	1.92
• Kamchatka heat and power plant-2	312.96	313.54	0.58	0.18
JSC Magadanenergo, including:	663.75	717.09	53.34	8.04
• Magadan heat and power plant	478.3	492.79	14.49	3.03
• Arkagalinskaya regional power plant	1074.5	1318.58	244.08	22.72
JSC Chukotenergo, including:	500.53	471.77	-28.75	-5.74
• Anadyr heat and power plant	472.8	478.6	5.8	1.23
• Anadyr regional heat and power plant	220.8	210.4	-10.4	-4.71
• Chaunskaya heat and power plant	622.9	623.8	0.9	0.14
• Chaunskaya heat and power plant	613.9	613.7	-0.2	-0.03
JSC Yakutskenergo, including:	396.97	413.23	16.27	4.1
• Yakutsk regional power plant	395.19	411.93	16.74	4.24
• Yakutsk heat and power plant	469.75	474.36	4.61	0.98
Subsidiaries outside the Far Eastern Federal District				
JSC Mobile Energy, including:	476	472	-4	-0.84
Labytnangi mobile power plant	489	494	5	1.02
Kazym mobile power plant	459.1	451.2	-7.9	-1.72
Urengoi mobile power plant	477	475	-2	-0.42

Variance in Specific Consumption of Equivalent Fuel in Heat Generation at Subsidiaries and Controlled Companies of JSC "RAO Energy System of East"

Plant	Thermal energy, kg/gcal		Variance	
	2009	2010	Kg/gcal	%
JSC "RAO Energy System of East"	154.33	153.24	-1.09	-0.71
JSC FEGC, including	152.85	152.06	-0.79	-0.51
In the Amur generation branch	145.89	144.75	-1.14	-0.78
• Raichikhinskaya regional power plant	167.25	169.83	2.58	1.54
• Blagoveshchensk heat and power plant	144.34	142.97	-1.37	-0.95
In the Primorye generation branch	173.79	173.8	0.01	0.01
• Artyom heat and power plant	181.13	180.67	-0.46	-0.25
• Vladivostok heat and power plant-2	170.84	170.76	-0.08	-0.05
• Partizansk regional power plant (heat and power plant)	195.44	195.31	-0.12	-0.06
• Vladivostok heat and power plant-1				
In the LuTEK branch:				
• Primorye regional power plant	181.5	181.38	-0.12	-0.07
In the Khabarovsk generation branch	142.92	141.75	-1.17	-0.82
• Maiskaya regional power plant	290.18	270.95	-19.23	-6.63
• Khabarovsk heat and power plant-1	144.79	144.15	-0.64	-0.44
• Khabarovsk heat and power plant-3	140.89	137.86	-3.03	-2.15
• Komsomolsk heat and power plant-2	141.74	140.15	-1.59	-1.12
• Komsomolsk heat and power plant-3	135.98	135.25	-0.73	-0.54
• Amur heat and power plant-1	150.83	154.34	3.51	2.32
• Nikolayevskaya heat and power plant	148.62	152.6	3.98	2.68
In the Neryungri regional power plant branch	164.26	163.93	-0.34	-0.2
• Neryungri regional power plant	161.48	161.07	-0.41	-0.25
• Chulmanskaya heat and power plant	181.23	181.29	0.06	0.03
Isolated energy systems:				
JSC Sakhalinenergo, including:	151.84	149.92	-1.92	-1.26
• Sakhalin regional power plant	211.82	211.26	-0.56	-0.27
• Yuzhno-Sakhalinsk heat and power plant-1	150.5	148.4	-2.1	-1.4
JSC Kamchatskenergo, including:	135.42	133.59	-1.83	-1.35
• Kamchatka heat and power plant-1	135.89	129.73	-6.16	-4.53
• Kamchatka heat and power plant-2	135.2	135.35	0.15	0.11
JSC Magadanenergo, including:	181.39	181.86	0.46	0.26
• Magadan heat and power plant	175.8	176.35	0.55	0.31
• Arkagalinskaya regional power plant	268.6	264.86	-3.74	-1.39
JSC Chukotenergo, including:	185.81	184.19	-1.62	-0.87
• Anadyr heat and power plant	175.8	175.6	-0.2	-0.11
• Anadyr regional heat and power plant	159.7	159.6	-0.1	-0.06
• Chaunskaya heat and power plant	198.8	199.4	0.6	0.3
• Egvekinotskaya regional power plant	200.6	200.5	-0.1	-0.05
JSC Yakutskenergo, including:	155.8	155.5	-0.3	-0.19
• Yakutsk regional power plant	149.4	149.03	-0.37	-0.25
• Yakutsk heat and power plant	165.47	166.04	0.57	0.35

Electricity transmission network

The length of 35–220 kV power lines grew by 127 kilometers as of January 1, 2010, to 35,224 kilometers, mainly owing to the construction works of JSC FEDGC.

The total rated capacity of 35-200kV transformers at subsidiaries of the JSC “RAO Energy System of East” declined since 2009 by 126 megavolt-ampere to 19,512 megavolt-ampere.

The electricity loss in the electricity transmission network of subsidiaries and controlled companies of the JSC “RAO Energy System

of East” stood at 3,781.8 million kilowatt/hours in 2010 (10.53% of the entire amount of the dispatched electricity), which was a reduction by 142.8 million kilowatt/hours since 2009. The indicator of the electricity loss in the entire amount of the dispatched electricity reduced by 1.43%.

A reduction in above-standard losses stood at 202.6 million kilowatt/hours as against 2009.

Electricity Dispatch and Losses in Subsidiaries and Controlled Companies of the JSC “RAO Energy System of East”

Indicator	2009	2010
Electricity dispatch, million kilowatt/hours	32,816.8	35,916.9
Electricity losses, million kilowatt/hours, including:	3,924.6	3,781.8
• Standard losses, million kilowatt/hours	3,396	3,455.7
• Above-standard losses, million kilowatt/hours	528.6	326
Electricity losses to electricity dispatch	11.96	10.53

Maintenance Program of Subsidiaries and Controlled Companies of the JSC “RAO Energy System of East”

Maintenance Program of Subsidiaries and Controlled Companies of the JSC “RAO Energy System of East” in 2010

Type of equipment	Measurement units	Done in 2009	Planned for 2010	Done in 2010	% of plan 2010
Turbine units (all types of maintenance)	Units	248	259	269	104
	Megawatt	16,935	17,914	18,625	
Boiler units (all types of maintenance)	Units	374	413	416	101
	Tons/ hour	81,185	91,655	92,765	
Generators	Units	11	29	29	100
	Megawatt	782	2,397	2,397	
Transformers	Units	325	154	162	105
	Megawatt	2,054	985	1,032	
Electricity transmission network	Km	4,611	3,635	3,799	105
Clearings	Hectares	4,785	4,143	4,312	104
Heat transmission network	Km	32.64	46.3	50	108

Subsidiaries of the JSC “RAO Energy System of East” repaired the following main equipment in 2010:

- 269 turbine units with the total capacity of 18,625 megawatt, including:

- overhaul and medium maintenance of 24 turbine units with the total capacity of 1,723 megawatt;

- current maintenance of 245 turbine units with the total capacity of 16,902 megawatt.

- 416 boiler units with the total steam output of 92,765 tons per hour, including:

- overhaul and medium maintenance of boiler units with the total steam output of 7,515 tons per hour;

- current repairs of 384 boiler units with the total steam output of 85,250 tons per hour.

Overhaul of about 3,800 kilometers of overhead transmission lines and relaying of about 50 kilometers of heat pipes.

In general, subsidiaries of the JSC “RAO Energy System of East” fulfilled the maintenance plan at 104%.

The quality of maintenance works done in 2010 was evaluated by the organization standard (SO 34.04.181-2003).

The repaired equipment conformed to normative and technical documents.

The company repaired 21 turbine units and 42 boiler units more than in 2009, and relayed 17.36 kilometers more of heating pipes.



Holding activities

Electricity market

Electricity and heat tariffs

Energy companies of the RAO Energy System of East Holding apply tariffs set by the federal and territorial regulatory agencies (the Federal Tariff Service). There is no market tariff zone in the Far Eastern Federal District.

Cap electricity and heat tariffs

The Federal Law No35-FZ of March 26, 2003, "On Electric Power", Government Resolution No109 of February 26, 2004, "On Electric Power and Heat Pricing in the Russian Federation" and other normative acts regulate electricity and heat tariffs.

Regional regulatory agencies set end-user electricity and heat tariffs for consumers, being guided with the cap tariffs approved by the Russian Federal Tariff Service for the particular period.

According to the RF Economic Development Ministry forecast, the growth of end-user electricity tariffs for all categories of consumers averaged 116.6%, including 110% for population in 2010; and will be 113–115% for end users, including 110% for population, 2011.

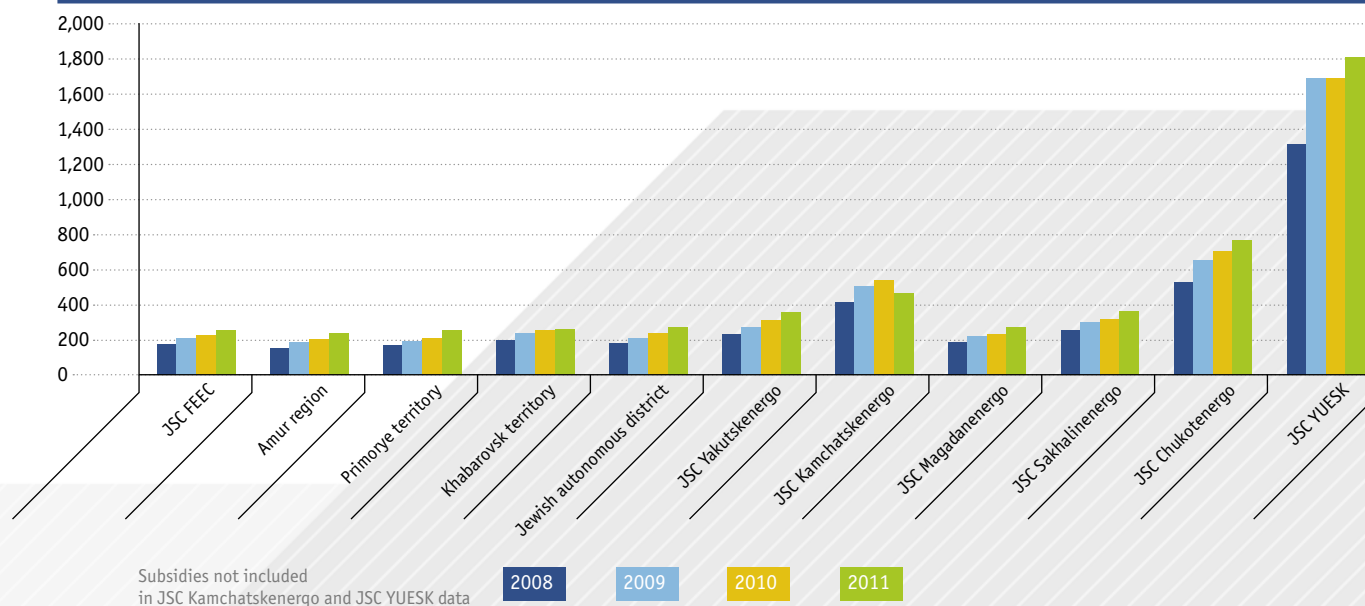
Cap electricity tariffs for the Far East were approved with the minimal growth of 105.5% and the maximal growth of 109.9% in 2010.

Cap heat tariffs were approved with the minimal growth of 106.5% and the maximal growth of 109.9% in 2010.

Dynamics of Tariffs Approved by Regional Regulatory Agencies for Electric Power Dispatched by Energy Companies of the RAO Energy System of East Holding, kopecks per kilowatt/hour

Name	2010	2011	Growth in percent (2011/2010)
	Average tariff		
Energy companies of the RAO Energy System of East Holding	267.17	298.26	111.64
JSC FEEC	225.28	256.79	113.99
• Amur region	205.24	244.99	119.37
• Primorye territory	215.12	260.01	120.87
• Khabarovsk territory	255.65	260.03	101.71
• Jewish autonomous district	238.51	273.54	114.69
JSC Yakutskenergo	309.1	362.34	117.22
JSC Kamchatskenergo	541.48	468.96	86.61
JSC Magadanenergo	239.79	277.64	115.78
JSC Sakhalinenergo	318.79	371.93	116.67
JSC Chukotenergo	708.48	775.98	109.53
JSC YUESK	1,693.39	1,818.33	107.38

Dynamics of Tariffs on Electricity Dispatched by Energy Companies of the RAO Energy System of East Holding, kopecks per kilowatt/hour



Tariffs on electricity dispatched by energy companies of the JSC "RAO Energy System of East" were set with the 111.6% growth in 2011.

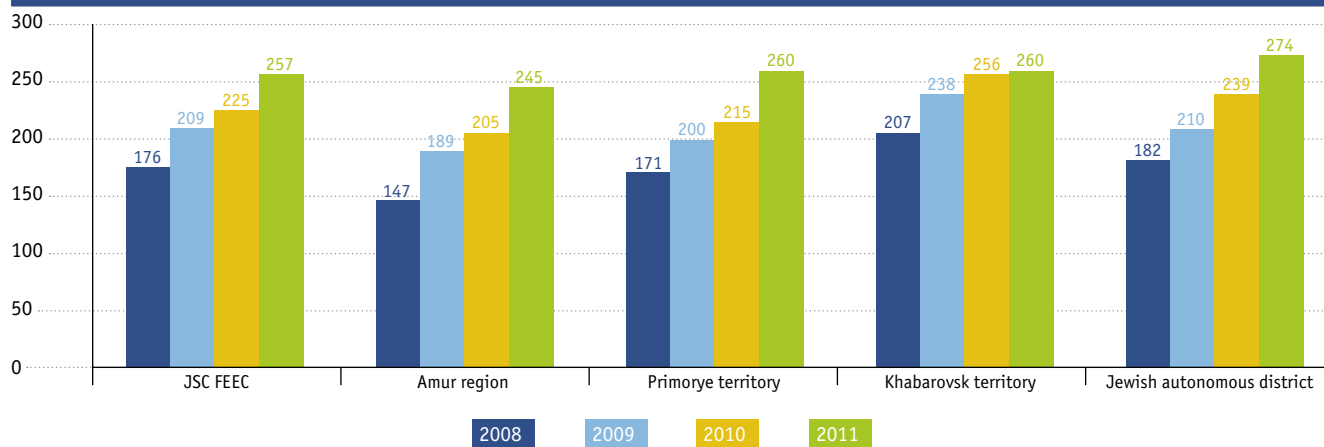
An average growth of tariffs on electricity dispatched in the isolated zones stood at 110.8%.

The electricity tariff in the Kamchatka territory reduced by 13.4% from the tariff set for 2010, due to the transfer of the Kamchatka heat and power plant-2 to gas fuel and the approved gas price of

4,500 rubles per cubic meter (the gas price reduced by 59% as compared with 2010).

JSC Kamchatskenergo, JSC YUESK, JSC Sakhalinenergo, JSC Yakutskenergo, JSC Chukotenergo and JSC FEEC (in the territory of the Amur region) of the RAO Energy System of East Holding dispatch electricity at prices smaller than the economically sound level and are subsidized from budgets of all levels.

Dynamics of Tariffs on Electricity Dispatched by branches of JSC FEEC, kopecks per kilowatt/hour



Electricity tariffs set for JSC FEEC include expenditures of JSC FEFC and JSC FEDGC and the markup of JSC FEEC. The JSC FEEC tariff grew by 113.8% on the average.

For 2011 the indicative price was calculated with the new calculation method of the Federal Tariffs Service and the unified indicative price was set for all constituents but the Primorye territory.

The unified indicative price resulted in the minimal tariff growth in the Khabarovsk territory, which suppressed the growth of the end-user tariff (the growth (+) 1.8% as against 2010).

Throughout the area of JSC FEEC operation, tariffs exceeded the cap tariff set by the Federal Tariffs Service, mostly owing to the transfer of JSC FEDGC to the RAB-based rate policy.

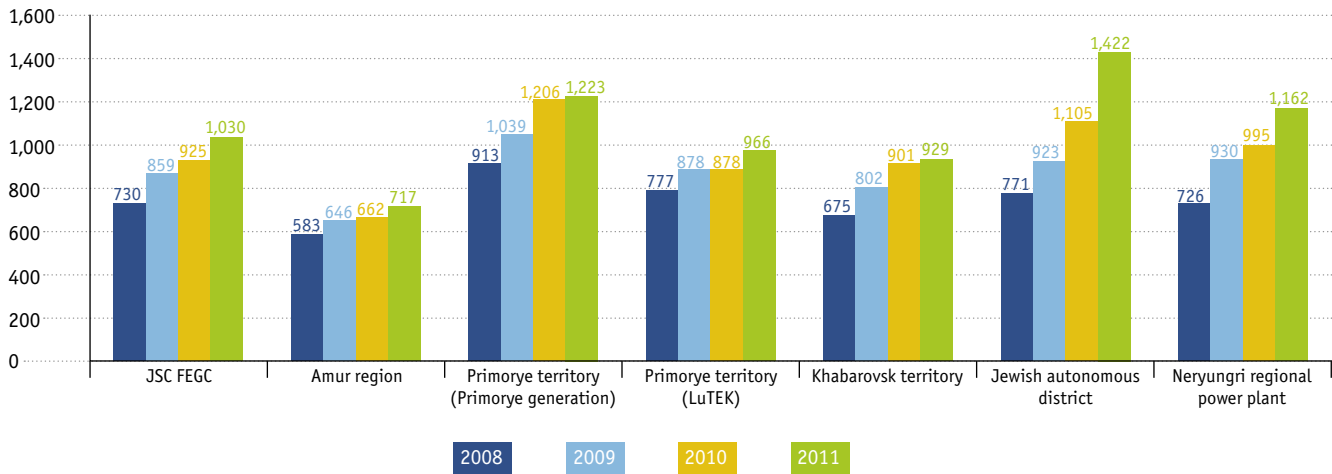
An agreement was signed with the Primorye territorial tariff department on December 28, 2010, on the compensation in the tariff regulation of 2012 for the shortfall in income of 179.984 million rubles unaccounted in the tariff regulation in 2010.

Dynamics of Tariffs Approved by Regional Regulatory Agencies for Heat Dispatched by Energy Companies of the JSC "RAO Energy System of East", rubles per gcal

Name	2010	2011	Growth in percent (2011/2010)
Energy companies of JSC RAO System of East	1,039.3	1,232.73	118.61
Amur region (JSC FEFC)	662	716.97	108.3
Primorye territory (JSC FEFC)	1,046.8	1,223.23	116.85
Primorye territory (LuTEK) (JSC FEFC)	878.42	966.25	110
Khabarovsk territory (JSC FEFC)	901.2	928.85	103.07
Jewish autonomous district (JSC FEFC)	1,105.2	1,421.77	128.64
Neryungri regional power plant (JSC FEFC)	995.2	1,162.03	116.76
JSC Yakutskenergo	825.4	951.35	115.26
JSC Kamchatskenergo	2,399.6	3,171.13	132.15
JSC Magadanenergo	2,364.1	2,738.78	115.85
JSC Sakhalinenergo	556.5	670.29	120.45
JSC Chukotenergo	2,171.9	2,328.7	107.22

On the average, tariffs on heat dispatched by energy companies of the JSC "RAO Energy System of East" were set in 2011 with the growth of 118.6%, including 111.3% growth of JSC FEFC tariffs and 130.2% growth in the isolated zones.

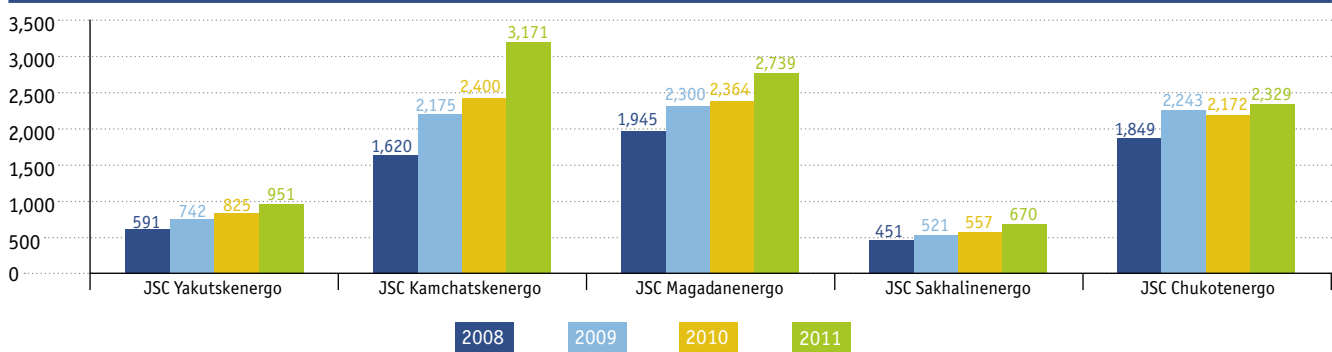
Dynamics of Heat Tariffs of JSC FEFGC, rubles per gcal



Tariffs on heat dispatched by JSC FEFGC entities were approved by regional regulatory agencies with the average growth of 107.7% in 2010 and 11.3% in 2011.

Dynamics of tariffs on heat dispatched by the JSC "RAO Energy System of East" entities in the isolated zones was upward against the backdrop of the limited growth of cap tariffs.

Dynamics of tariffs on heat dispatched by energy companies in the isolated zones, rubles per gcal



The average growth of heat tariffs in the isolated zones stood at 130.2%.

The substantial growth of the heat tariff resulted from the alternated heat supply formula in the Kamchatka territory and the Jewish autonomous district and the incomparability of tariffs.

Wholesale electricity and power market tariffs

The Federal Tariffs Service approved the following tariffs for electricity sold by JSC FEFGC on the wholesale electricity and power market:

Power rate:

- 2010 — 183,265.3 rubles per megawatt hour (4.2% growth since 2009),
- 2011 — 202,115.84 rubles per megawatt hour (10.3% growth since 2010).

Median rate:

- 2010 — 1,687.97 rubles per megawatt hours (10.7% growth since 2009),
- 2011 — 1,787.06 rubles per megawatt hours (5.87% growth since 2010).

Electricity rate:

- 2010 — 898.41 rubles per megawatt hour (9.7% growth since 2009),
- 2011 — 987.93 rubles per megawatt hours (9.96% growth since 2010).

Investments within depreciation charges were acknowledged for all JSC FEFGC entities in 2011.

Heat cross-subsidies were set at 3,236.85 million rubles (including 1,351.26 thousand rubles for the Primorye territory, 79.1% growth since 2010).

Electricity transmission tariffs in JSC FEFGC power networks

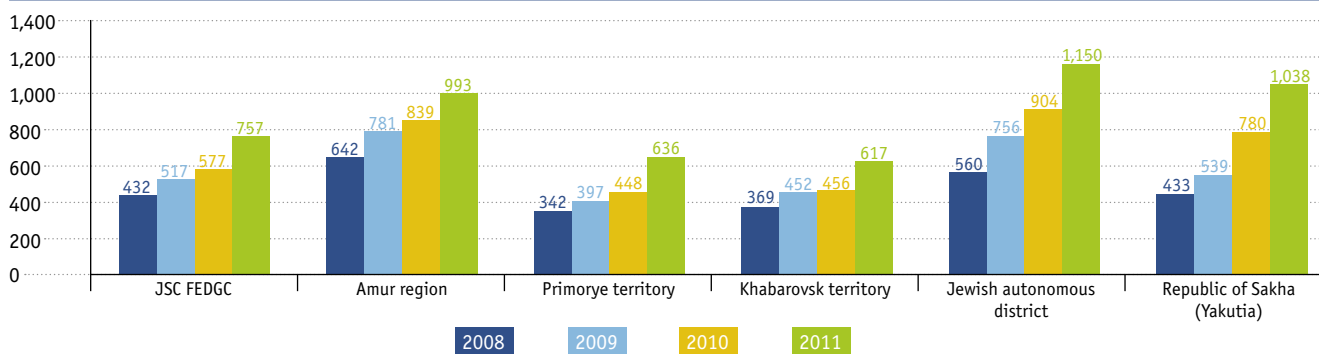
Long-term tariffs on the transmission of electric power for consumers in the Primorye territory were approved in 2010 for the Primorye Power Grids branch of JSC FEFGC on the terms of the RAB-based rate policy.

Long-term tariffs on the transmission of electric power for consumers in the Khabarovsk territory, the Amur region and the Jewish autonomous district were approved for JSC FEFGC units in 2011 on the terms of the RAB-based rate policy. Long-term tariffs for consumers of the South Yakutia Power Grids were approved on the index terms.

Dynamics of Tariffs of Electricity Transmission by JSC FEDGC in the Far Eastern Federal District

Name	2010	2011	Growth in percent (2011/2010)
Amur Power Grids			
Single-rate tariff, rub/MW•h	839.11	992.6	118.3
Including monthly grid maintenance rate, rub/MW per month	385,573.7	526,616.5	136.6
Primorye Power Grids			
Single-rate tariff, rub/MW•h	448.49	636.4	141.9
Including monthly grid maintenance rate, rub/MW per month	204,635.1	303,672.7	148.4
Khabarovsk Power Grids			
Single-rate tariff, rub/MW•h	470.1	616.8	131.2
Including monthly grid maintenance rate, rub/MW per month	171,954.2	244,951.9	142.5
Jewish Autonomous District Power Grids			
Single-rate tariff, rub/MW•h	903.89	1,150.2	127.2
Including monthly grid maintenance rate, rub/MW per month	456,355.4	591,889.9	129.7
South Yakutia Power Grids			
Single-rate tariff, rub/MW•h	780.07	1,037.8	133
Including monthly grid maintenance rate, rub/MW per month	346,017.7	449,997.7	130.1

Dynamics of Tariffs of Electricity Transmission by JSC FEDGC in the Far Eastern Federal District, kopecks per kilowatt/hour



On the average, electricity transmission tariffs set on the terms of the RAB-based rate policy grew by 131.21% in the Amur region, the Jewish autonomous district and the Khabarovsk territory,

The switch of JSC FEDGC units to the RAB-based rate policy enlarges the investment program by 2.5 times in 2011 and more than triples it over three years.

Meanwhile, the vast investments increase JSC FEDGC liabilities. The investment program will grow 68.7% as against 2010, while the gross revenue will go up 141.2%.

JSC "RAO Energy System of East" has the following objectives in the tariff policy:

1. While setting tariffs for 2012, to put an emphasis on regional regulatory agencies and current interaction with the Federal Tariffs Service and regional regulatory agencies of the Far East.

2. With the goal of cross subsidies and reduction of tariffs for industrial and public sector consumers, to receive a federal budget subsidy for compensating electric power generation at diesel power plants of units of the JSC "RAO Energy System of East".

3. To form and develop the regional segment of the unified information and analytical system together with regional regulatory agencies.

4. To coordinate with regional regulatory agencies the switch to the RAB-based rate policy in the setting of heat transmission tariffs.

5. To sum up the analysis of socioeconomic effects of the two-rate thermal energy tariff and to coordinate the introduction of this tariff for company units with regional regulatory agencies.

6. To draft and propose amendments to normative and legal acts, including Russian Government Resolution No109 of February 26, 2004, and Federal Tariff Service Ordinances No20-e/2 of August 6, 2004, and No130-e of April 8, 2005.

Investment Activities

The investment program of the JSC “RAO Energy System of East” aims to ensure sustainable and appropriate energy supply to consumers, to meet the growing demand for electric power in the region and to modernize production assets.

In the medium-term prospect the investment program will attain the following strategic goals of the Holding:

- To cover the power deficit in regions;
- To lay down the energy foundation for socioeconomic development of the Far East;
- To build new energy facilities in the regions with the emerging or growing energy consumption;
- To replace inefficient electric power and heat sources with more efficient;

- To develop small-scale power generation and to optimize local power generation in de-centralized and isolated zones;
- To reduce the wear of fixed assets through their replacement;
- To ensure sustainable power supply to consumers;
- To save energy and to increase energy efficiency;
- To introduce modern technologies and innovations.

Results of investment activity of the RAO Energy System of East Holding in 2010

The actual financing of the investment program of the RAO Energy System of East Holding in 2010 amounted to 12,716.9 million rubles (VAT included) or 91% of the annual plan, including in the section of companies of the RAO Energy System of East Holding.

Financing of the Investment Program of the RAO Energy System of East Holding in 2010

Name	Financing of investments, million rubles, with VAT		
	Planned	Actual	% of fulfillment
JSC FEGC	4,370.1	4,321	99
JSC FEDGC	3,234	2,982.6	92
JSC Yakutskenergo	2,378.3	2,544.9	107
JSC “RAO Energy System of East”	1,433.7	67.3	5
JSC Sakhalinenergo	636.2	656	103
JSC Kamchatskenergo	635.9	592.6	93
JSC FEEC	393.3	721.4	183
JSC Magadanenergo	379.5	362	95
JSC Mobile Energy	268.4	281	105
JSC YUESK	101	100.6	100
JSC Chukotenergo	89.1	87.6	98
RAO Energy System of East Holding	13,919.5	12,716.9	91

The actual investments in the Holding investment program of 2010 stood at 10,765 million rubles or 105% of the plan.

The actual putting into service of fixed assets in 2010 stood at 8,170.0 million rubles.

Equity and borrowed capital of subsidiaries (controlled companies) of the JSC “RAO Energy System of East” funded the Holding investment program in 2010.

There were the following main investment areas in 2010:

- Modernization and overhaul of operating energy facilities with the goal of sustainable power supply to consumers and higher energy security;
- Meeting of the growing demand for electric power and heat in the Holding’s zone of responsibility, the construction of the fourth unit of the Labytnangi mobile power plant and the modernization of the Egvekinotskaya regional power plant;
- Construction of electric power facilities of the APEC Vladivostok summit by JSC FEDGC (the works are funded on the terms of the RAB-based rate policy);
- Continuation of projects aimed to optimize the structure of the balance of fuel: the transfer to gas fuel at the Kamchatka heat and power plants 1, 2, the Vladivostok heat and power plants 1, 2 and Severnaya, and the Yuzhno-Sakhalinsk heat and power plant-1.

Putting of power units into service in 2010

Generation (75.6 megawatt planned, 72.6 megawatt actual, fulfilled at 96%):

- Installation of unit TA-1 of type P-6-35/5M with generator T-6-2UZ at the Egvekinotskaya regional power plant with the capacity of 6 megawatt (JSC Chukotenergo).
- Construction of the fourth unit of the Labytnangi mobile power plant of 12 megawatt (JSC Mobile Energy).
- Putting into service of two diesel generators of 0.8 megawatt at the diesel power plant-12 in the town of Ossora and at the diesel power plant-22 in the town of Kyuchi (JSC YUESK).
- Trial run of a reserve unit of 48 megawatt at the Yakutsk regional power plant (JSC Yakutskenergo).
- Trial run of a mini-heat and power plant in the two of Deputatsky of 5 megawatt, two units of 2.5 megawatt (JSC Yakutskenergo).

Electric network:

- The putting into service of 376.04 kilometers of power lines was planned, and 421.36 kilometers were actually put into service (112% of the plan).
- The putting into service of 146.59 megawatt/ampere of transformers was planned, and 129.35 megawatt/ampere were actually put into service (88% of the plan).

A list of priority projects in the investment program of the JSC "RAO Energy System of East" was drafted on the basis of the need for generating units in the Far East. The list runs as follows:





Construction of a heat and power plant in Sovetskaya Gavan

Location: the town of Sovetskaya Gavan, Khabarovsk territory.

Project objective: to meet the growing demand for electric power and heat in the Sovetskaya Gavan district in the formation of a special seaport economic zone, to ensure sustainable energy supply in the Sovetskaya Gavan district and seaport infrastructure, to replace inefficient units of the Maiskaya regional power plant.

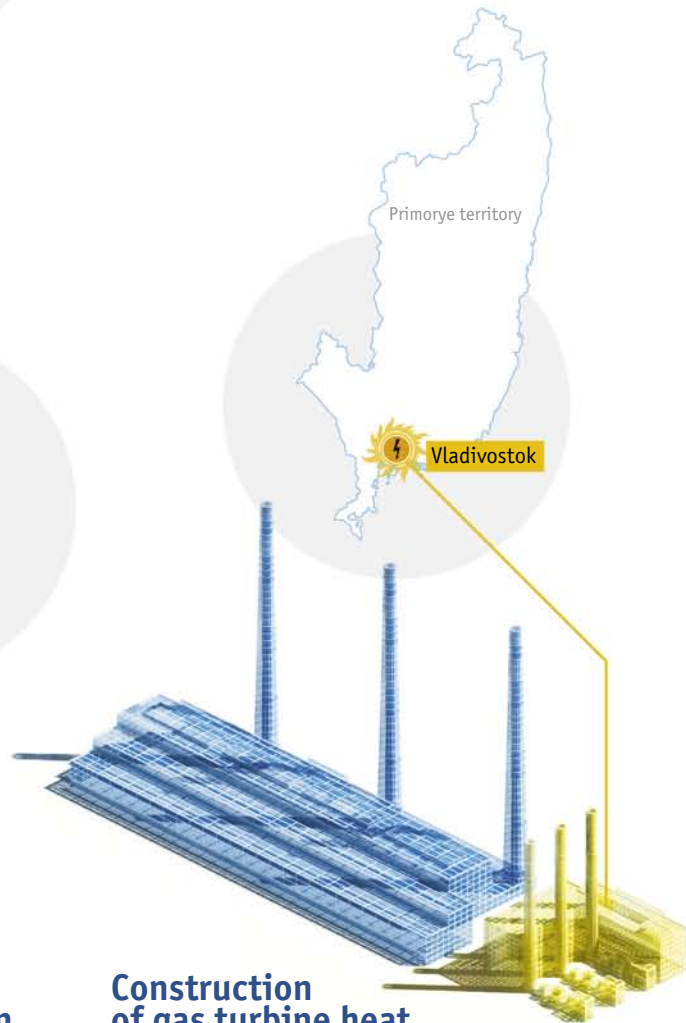
Project timeframe: 2010–2013.

Project cost: 12,115 million rubles.

Sources of financing: federal budget funds — 2,204 million rubles, off-budgetary funds — 9,911 million rubles (internal funds of JSC “RAO Energy System of East”, borrowed funds).

Technical parameters: 120 megawatt — two units of 60 megawatt, 200 gcal/hour.

A contract on the power plant design was signed in 2010.



Construction of gas turbine heat and power plant at the Vladivostok heat and power plant-2 and the central water-steam boiler house

Location: Vladivostok, Primorye territory.

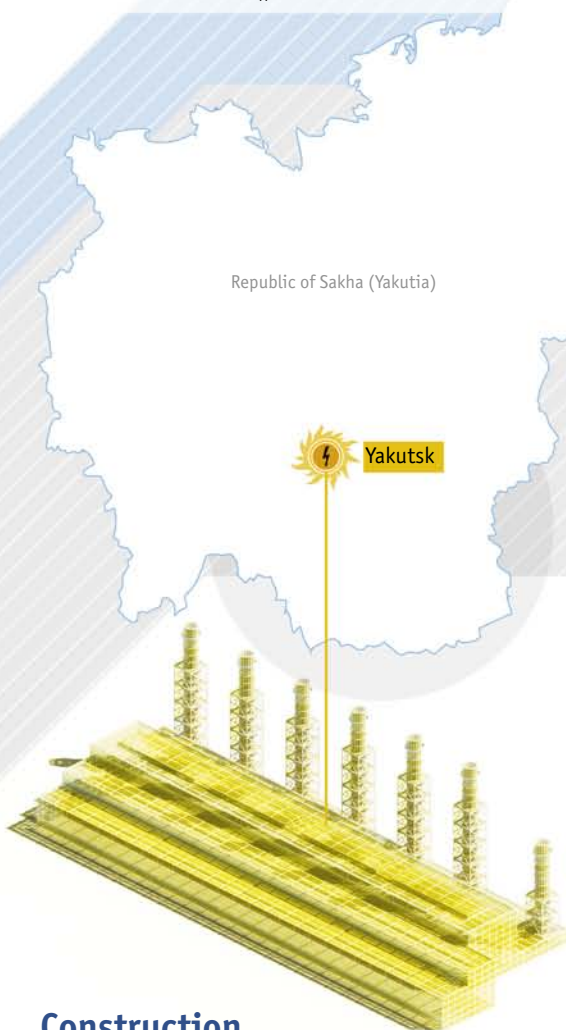
Project objective: sustainable energy supply in south Primorye (fulfillment of the condition N-1, cancellation of the status of a region of high risk), compensation for the growing electricity demand in Vladivostok.

Project timeframe: 2011–2013.

Project cost: 10,414 million rubles.

Sources of financing: off-budgetary sources (internal funds of JSC “RAO Energy System of East”, borrowed funds).

Technical parameters: 232.5 megawatt, 200 gcal/hour.



Construction of phase one of the Yakutsk regional power plant-2

Location: Yakutsk, Republic of Sakha (Yakutia).

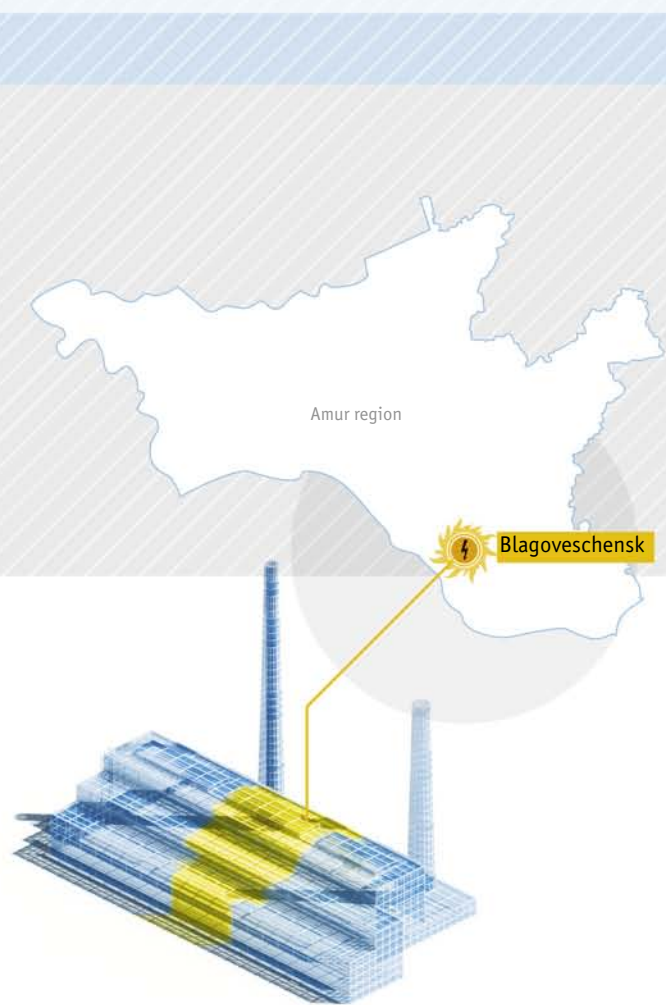
Project objective: to replace decommissioned units of the Yakutsk regional power plant, to create power reserves and to make more reliable energy supply to consumers.

Project timeframe: 2011–2015.

Project cost: 11,700 million rubles.

Sources of financing: The JSC “RAO Energy System of East” funds the drafting of project documentation. Federal ministries are proposed to include the project in the federal program “Socioeconomic Development of the Far East and the Trans-Baikal Region in the Period until 2018”.

Technical parameters: 157 megawatt, 150 gcal/hour.



Construction of the second phase of the Blagoveshchensk heat and power plant

Location: Blagoveshchensk, Amur region.

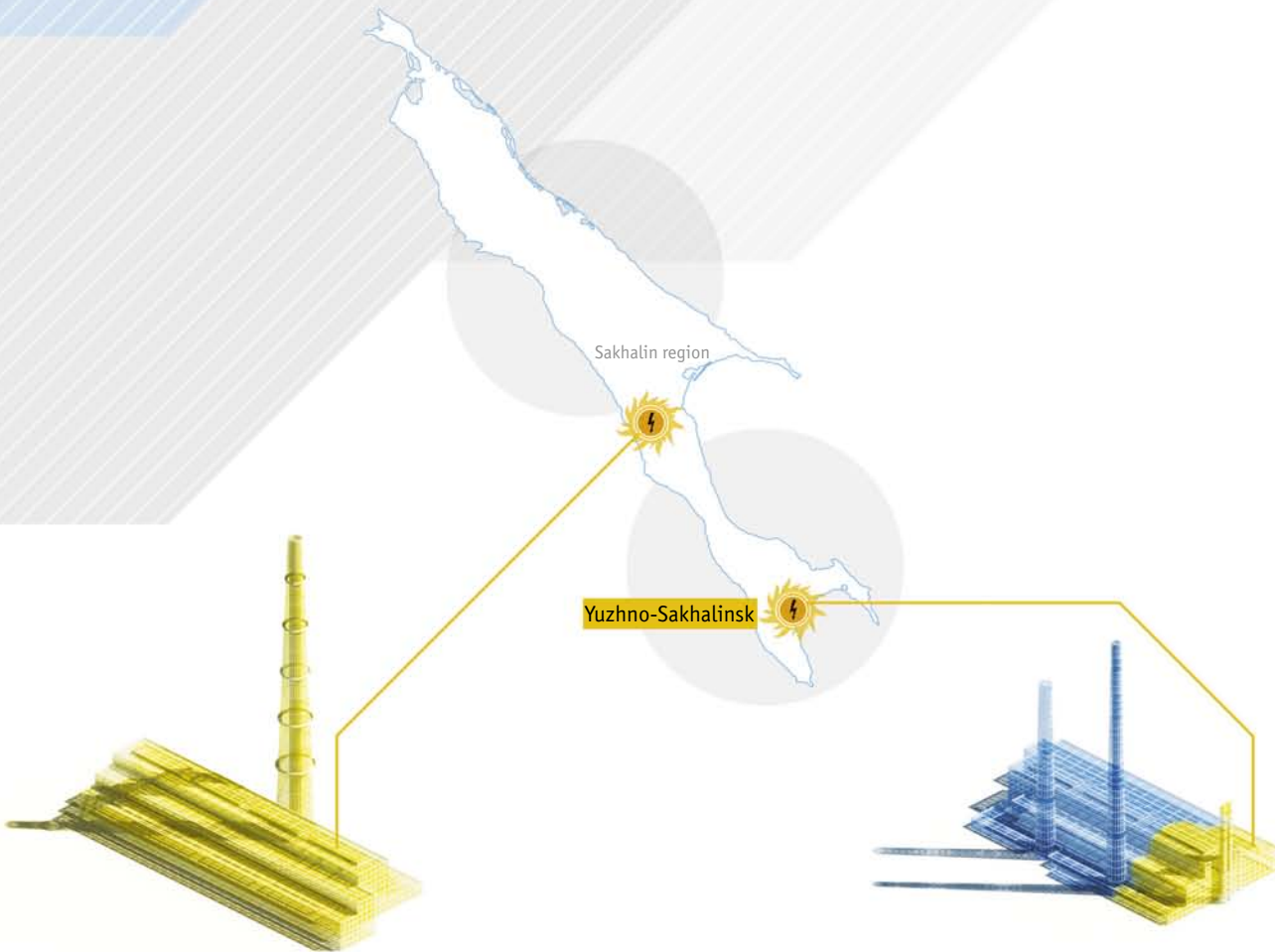
Project objective: to meet the prospective increase in the demand for thermal energy in Blagoveshchensk, to replace inefficient municipal boiler houses and to improve the environmental status of the city.

Project timeframe: 2011–2014.

Project cost: 4,000 million rubles.

Sources of financing: The JSC “RAO Energy System of East” funds the drafting of project documentation and the beginning of construction and assembly works. Federal ministries are proposed to specify the amount of budgetary funding within the federal program “Socioeconomic Development of the Far East and the Trans-Baikal Region in the Period until 2018”.

Technical parameters: 110 megawatt, 175 gcal/hour.



Construction of the Sakhalin regional power plant-2

Location: Sakhalin region.

Project objective: to replace decommissioned units of the Sakhalin regional power plant, to ensure normative power reserves.

Project timeframe: 2011–2017.

Project cost: 21,850 million rubles.

Sources of financing: The JSC “RAO Energy System of East” funds the drafting of project documentation. Federal ministries are proposed to specify the amount of budgetary funding within the federal program “Socioeconomic Development of the Far East and the Trans-Baikal Region in the Period until 2013” with due account of the program’s extension until 2018.

Technical parameters: 330 megawatt, 15 gcal/hour.

Construction of the fifth unit of the Yuzhno-Sakhalinsk heat and power plant-1

Location: Yuzhno-Sakhalinsk, Sakhalin region.

Project objective: to put into service power cycling units for operation in peak hours and to cover the deficit of power units in the Sakhalin power network.

Project timeframe: 2011–2012.

Project cost: 2,400 million rubles.

Sources of financing: internal funds of the JSC “RAO Energy System of East”.

Technical parameters: 91.2 megawatt.

Environment protection

The JSC "RAO Energy System of East" gives much attention to environmental protection, environmental security and safe energy generation technologies, as well as seeks to lower an impact on the environment.

Nature conservancy activity of the RAO Energy System of East Holding complies with the RF Law "On Environmental Protection" (Federal Law No7-FZ of January 10, 2002).

Holding companies do systemic work in the reduction of the anthropogenic impact on the environment:

- Reducing amounts of atmospheric discharges of fuel burning products (nitrogen oxide, sulfur dioxide, and solid particles);
- Reducing amounts of the discharge of polluting substances into water;
- Disposing of ash and slag.

Much attention is given to the modernization of technological processes in the generation, transmission and distribution of energy, the modernization and putting into service of new equipment for minimizing the negative impact on the environment.

Measures are being taken to increase the efficiency of fuel use, energy efficiency and energy saving.

Heat plants are the main source of the environmental impact in the RAO Energy System of East Holding. Despite the 2.4% increase of the electric power output, the discharge of polluting substances into the atmosphere increased by only 2.4% in 2009. The amount of ash and slag increased by 0.2%, and the dumping of sewage into waters reduced by 0.7%.

The increased share of natural gas in the balance of fuel cut the greenhouse gas emissions by 1%.

Summary data of discharges and dumping of polluting substances into the environment by Holding companies in 2010

Indicator	2009 actual	2010 actual	Variance, %
Discharge of polluting substances, Thousands of tones	289.521	294.704	1.8
Solid	121.61	123.25	1.3
Gaseous and liquid substances, including	168.424	171.454	1.8
• sulfur dioxide	94.084	95.584	1.6
• carbonic oxide	17.854	18.592	4.1
• nitric dioxide	56.486	57.278	1.4
Greenhouse gas emissions, millions of tones	42.74	42.35	-0.9
Sewage waters dumping, millions of cubic metres	229.7	228.04	-0.7
Ash and slag, thousands of tonnes	4,143.2	4,153.3	0.2
Fuel oil consumption, millions of tones	12.03	12.91	7.3

Most of the polluting substances come from electric power plants of JSC FEGC, including:

- solid — 103,4 thousand tones;
- gaseous and liquid — 137.6 thousand tonnes;
- greenhouse gases — 26.5 million tonnes.

Air protection

In order to reduce the unfavorable impact on the air the RAO Energy System of East Holding buys coal of a better quality, uses gas in boilers of heat and power plants, and introduces new technologies of fuel burning and cleaning of gas emissions.

Heat and power plants in the Sakhalin region, Primorye, Kamchatka and Khabarovsk territories are switching to natural gas. The electricity output of the Anadyr gas engine heat and power plants of JSC Chukotenergo running on natural gas has increased.

Ash catching systems of boilers at JSC Magadanenergo and JSC Chukotenergo have been repaired.

Water protection

In order to reduce the harmful impact on water:

- The Khabarovsk heat and power plant-1 is building sewage treatment facilities;
- JSC Kamchatskenergo installed a PIRS electronic fish-protecting system in the water intake of the heat and power plant-2 in the Lake of Khalaktyrskoye, which has the status of a water pond of the supreme fishery category;
- Hydro-geological monitoring of underground waters is being done at the slag storage site of the Kamchatka heat and power plant-1 (town of Rodygino). Water quality is monitored on contract with accredited laboratories (the hydro-meteorology and environmental monitoring department, the laboratory and technical measurement center of the Kamchatka territory, and the center for hygiene and epidemiology of the Kamchatka territory).

Safe waste management (waste disposal)

All the units of the RAO Energy System of East Holding ensure safe waste management.

Temporary and permanent storing of waste at industrial sites is done at designated facilities in conformity with environmental and sanitary-epidemiological requirements.

JSC FEGC is actively modernizing the Artyom heat and power plant, the Vladivostok heat and power plant-2 and the Partizansk regional power plant, builds new ash storage sites at the Primorye regional power plant, the Partizansk regional power plant, the Khabarovsk heat and power plant-3 and the Birobidzhan heat and power plant and reclaims old ash storage sites at the Khabarovsk heat and power plant-3.

Environmental monitoring

The RAO Energy System of East Holding performs industrial environmental control over the discharge of polluting substances into the atmosphere, the quality of dumped sewage waters, and the condition of water at its own chemical laboratories and specialized organizations in conformity with legal requirements.

There were no accidents with harmful environmental effects at Holding units in 2010.

Environmental protection expenditures

The RAO Energy System of East Holding spent 414.861 million rubles on environmental protection in 2010, which was 15.7% (56.6 million rubles) more than in 2009.

Environmental fees for the permissible emissions/dumping of polluting substances caused by the increased output enlarged by 3.5% since 2009 to 157.718 million rubles.

Contact information

Full company name	Joint Stock Company "RAO Energy System of East"
Full company name in Russian	ОАО "РАО Энергетические системы Востока"
Full company name in English	Joint Stock Company «RAO Energy System of East»
Short company name in English	JSC «RAO Energy System of East»
Company legal address	28, Shevchenko Street, Blagoveshchensk, Amur region, 675000
Mail address, telephone	46, Leningradskaya Street, Khabarovsk, Russia, 680021 Tel.: +7 (4212) 26-44-03; fax: +7 (4212) 26-44-02 21A, Obraztsova Street, Moscow, Russia, 127018 Tel. +7 (495) 287-67-01; fax: +7 (495) 287-67-02
Date of state registration	July 1, 2008
Primary state registration number	1087760000052
Registrar	Inter-district inspection of the Russian Federal Tax Service No 46, Moscow
General Director	Blagodyr Ivan Valentinovich
Requisites	TIN 2801133630, TCC 997450001, RCEO 85115294, RCEA 74.15.2 Khabarovsk branch of Bank VTB in Khabarovsk Transaction account 407 028 104 020 000 077 33 BIC 040813727, к/с 301 01 810 400 000 000 727

Brief information of company auditor

Full name	Closed Joint Stock Company HLB Vneshaudit
Short name	CJSC HLB Vneshaudit
Location	25-27/2, Bolshaya Yakimanka Street, Moscow, 4109180
Mail address	Office 701, third entrance, CMT, Krasnopresnenskaya embankment, Moscow, 123610

Brief information of company registrar

Full name	Closed joint stock company STATUS Registrar Company
Short name	CJSC STATUS
Location	Building 1, 32, Novorogozhskaya street, Moscow, Russia, 109544
Mail address	Building 1, 32, Novorogozhskaya street, Moscow, Russia, 109544
Working hours	from 9:00 to 18:00
Floor working hours	from 10:00 to 16:00, no break
Telephone	(495) 974-83-45, (495) 974-83-50
Fax	(495) 678-71-10
E-mail	info@rostatus.ru, office@rostatus.ru
Website	www.rostatus.ru

Branches of JSC STATUS

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Alekseevka branch	Flat 13–14, 2a, Fruzne street, Alekseevka, Belgorod region, Russia, 309850	tel. (47234) 325-18 fax: (47234) 325-18 e-mail: alekseevka@rostatus.ru
Arkhangelsk branch	21, Troitsky passage, Arkhangelsk, Russia, 163000	tel. (8182) 633 260 e-mail: arhangelsk@rostatus.ru
Vladivostok branch	Office 512, 11, Aleutskaya street, Vladivostok, Russia, 690091	tel. (4232) 996-928 e-mail: vladivostok@rostatus.ru
Vladikavkaz branch	Office 1, 5, Revolutsii street, Vladikavkaz, Republic of North Ossetia — Alania, 362040	tel./fax: (8672) 54-96-82 e-mail: vladikavkaz@rostatus.ru
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Yekaterinburg branch	62, Krasnoarmeiskaya street, Yekaterinburg, Sverdlovsk region, Russia, 620975	tel./fax: (343) 266-91-30, 266-91-31, 266-91-32 e-mail: ekaterinburg@rostatus.ru
Kaluga branch	Office 3, 23, Saltykova-Shchedrina street, Kaluga, Russia, 248002	tel./fax: (4842) 56-43-07, 56-43-06, 56-31-90 e-mail: kaluga@rostatus.ru
Kostroma branch	49, Pyatnitskaya street, Kostroma, Russia, 156000	tel./fax: (4942) 31-64-04 e-mail: kostroma@rostatus.ru
Krasnodar branch	Office 902, 30/1, Krasnoarmeiskaya street, Krasnodar, Russia, 350000 Mail address: p/b 2854, Krasnodar, 350047 CJSC STATUS	tel./fax: (861) 274-88-85, 274-88-86 e-mail: krasnodar@rostatus.ru
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Naberezhnye Chelny branch	6, H. Tufan avenue, Naberezhnye Chelny, Tatarstan, Russia, 423834	tel./fax: (8552) 35-80-89 e-mail: Nchelny@rostatus.ru
Nizhny Novgorod branch	19, Verkhne-Volzhsкая embankment, Nizhny Novgorod, Russia, 603155	tel. (831) 436-07-52 tel./fax: (831) 436-06-43 e-mail: nnovgorod@rostatus.ru
Omsk branch	10, Kemerovskaya street, Omsk, Russia, 644043	tel. (3812) 25-05-50 tel./fax: (3812) 24-45-11 e-mail: omsk@rostatus.ru
Oryol branch	Office 201, entrance 1, 32, Saltykova-Shchedrina street, Oryol, Russia, 302028	tel./fax: (4862) 44-23-58 e-mail: orel@rostatus.ru, statusorel@rekom.ru
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Appendixes

Appendix 1

Data on JSC «RAO Energy System of East» participation in legal entities (as of December 31, 2010)

No	Full and short company name	Main scope of activities (according to the Articles)
Companies with 100% of votes belonging to JSC «RAO Energy System of East»		
1	Open Joint Stock Company Central Dispatch Administration of the Unified Energy System of the Russian Federation (JSC CDA UES)	Company is in the phase of liquidation
2	Open Joint Stock Company Daltekhenergo (JSC DTE)	<ul style="list-style-type: none"> • Setup, development and organizational production services in the introduction of new equipment and progressive technologies as well as in the perfection of the performance of projected, constructed, modernized and operational facilities in the energy sector; • The full range of placing into operation and performance adjustment of main and auxiliary equipment of power plants, heat and power networks, and boiler plants; • Development of technical solutions for reconstruction and modernization of all types of power equipment, units and systems with the purpose of boosting their reliability, cost efficiency and serviceability; • Development of automated control systems for energy production, adjustment and updating of telecom and telecontrol systems; • Establishment surveys with the purpose of clarifying the actual situation and cost/performance ratios; introduction of energy saving technologies.
3	Limited Liability Company Vostok-Finance (Vostok-Finance Ltd)	<ul style="list-style-type: none"> • Exercise of executive authority in joint stock companies and other economic entities in compliance with the procedures established by the law and concluded agreements; • Property trust; • Best efforts; • Rendering legal, consulting, marketing, information, intermediary, management and other services to individuals and legal entities; • Development and implementation of reforms in management structure and organization development.
Companies with 75% to 100% of votes belonging to JSC «RAO Energy System of East»		
4	Joint Stock Energy and Electrification Company Kamchatskenergo (JSC Kamchatskenergo)	<ul style="list-style-type: none"> • Supplies (sales) of electric and thermal energy according to the established tariffs and in compliance with dispatch schedules of electric and heat loads; • Receipt (purchase) of electric energy from the regional wholesale electricity (power) market; • Receipt(purchase) of heat and electricity from producers; • Production of electric and thermal energy; • Transmission of electric and thermal energy.
* — After at the end of 2009 Kamchatskenergo decided not to pay dividends for privileged shares, the share of JSC «RAO Energy System of East» fell from 99.11% to 98.68%.		
Companies with 51% to 75% of votes belonging to JSC «RAO Energy System of East»		
5	Open Joint Stock Company Far East Energy Company (JSC FEEC)	<ul style="list-style-type: none"> • Purchase of electric energy at the wholesale and retail power markets; • Realization (sale) of electric energy at the wholesale and retail power markets to consumers (including households); • Rendering services to third parties including in payment collection for goods and services; • Troubleshooting, maintenance, repair, replacement and testing of electricity and heat measuring and metering equipment.
6	Open Joint Stock Company KubanGRES (JSC KubanGRES)	Company is in the phase of liquidation

Category of shares in the ownership of JSC «RAO Energy System of East»	Face value of shares, rubles/pieces	Number of shares in a stake belonging to JSC «RAO Energy System of East», pieces	Share in the Authorized capital, %	Share of votes, %	Income of JSC «RAO Energy System of East» from participation in legal entities (dividends) in 2010, rubles
Ordinary shares	0.5	19,685,367	100	100	—
Ordinary shares	1,000	3,000	100	100	—
Share of the authorized capital			100	100	—
Ordinary shares	0.1	41,478,895,996	98.68	98.68*	—
Ordinary shares	1	8,789,417,300	51.03	51.03	—
Ordinary shares	100	2,042,006	60.53	60.53	—

No	Full and short company name	Main scope of activities (according to the Articles)
Companies with 51% to 75% of votes belonging to JSC «RAO Energy System of East»		
7	Joint Stock Energy and Electrification Company Magadanenergo (JSC Magadanenergo)	<ul style="list-style-type: none"> • Production of electric and thermal energy; • Supplies (sales) of electric and thermal energy according to the established tariffs and in compliance with dispatch schedules of electric and heat loads; • Transmission of electric and thermal energy; • Dispatching control and compliance with standards of energy saving and consumption; • Power engineering equipment maintenance in conformity with the effective normative requirements, timely and quality repair, technical upgrading and reconstruction of power engineering facilities as well as development of the energy system.
8	Open Joint Stock Energy and Electrification Company Mobile Energy (JSC Mobile Energy)	<ul style="list-style-type: none"> • Wholesale trade of electric and thermal energy (without their production, transmission or distribution); • Production, transmission and distribution of electric energy; • Activities in the field of electric communication.
Companies with 25% to 51% of votes belonging to JSC «RAO Energy System of East»		
9	Open Joint Stock Company AK Yakutskenergo (JSC Yakutskenergo)	<ul style="list-style-type: none"> • Supplies (sales) of electric and thermal energy according to the established tariffs and in compliance with dispatch schedules of electric and heat loads; • Receipt (purchase) of electric energy from the wholesale power market; • Receipt (purchase) of thermal and electric energy from the producers; • Production of electric and thermal energy; • Transmission of electric and thermal energy; • Dispatching control and compliance with standards of energy saving and consumption; • Power engineering equipment maintenance in conformity with the effective normative requirements, timely and quality repair, technical upgrading and reconstruction of power engineering facilities as well as development of the energy system; • Operation of off-balance power facilities according to agreements concluded with their owners.
10	Open Joint Stock Energy and Electrification Company Sakhalinenergo (JSC Sakhalinenergo)	<ul style="list-style-type: none"> • Supplies (sales) of electric and thermal energy according to the established tariffs and in compliance with dispatch schedules of electric and heat loads; • Receipt (purchase) of electric energy from the wholesale power market; • Receipt (purchase) of thermal and electric energy from the producers; • Production of electric and thermal energy; • Transmission of electric and thermal energy; • Dispatching control and compliance with standards of energy saving and consumption.
11	Open Joint-Stock Company Krzhizhanovsky Energy Institute (JSC ENIN)	<ul style="list-style-type: none"> • R&D and auxiliary works in the field of power engineering aimed at boosting reliability and efficiency of generation, transmission, distribution and consumption of electric energy; • Complex energy economics studies of strategic problems in the energy sector development; • Development of mathematical modeling techniques for gas-dynamic and electro-physical processes necessary for the creation of new and modernization of the existing technologies in the energy sector; • Development of techniques using state-of-the-art information technologies in power engineering; • Development of techniques using low-grade fuel and techniques of environment protection from harmful emissions from electric utilities.

** — After at the end of 2009 the shareholders' meeting of Yakutskenergo decided not to pay dividends on the preferred shares, the share of votes of JSC «RAO Energy System of East» fell from 575.32% to 47.39%.

Category of shares in the ownership of JSC «RAO Energy System of East»	Face value of shares, rubles/pieces	Number of shares in a stake belonging to JSC «RAO Energy System of East», pieces	Share in the Authorized capital, %	Share of votes, %	Income of JSC «RAO Energy System of East» from participation in legal entities (dividends) in 2010, rubles
Ordinary shares	1	298,660,646	49	64.39	—
Ordinary shares	0.02	4,991,700	49	65.33	4,458,996.57
Ordinary shares	1	4,405,323,304	47.39	47.39**	—
Ordinary shares	10	144,142,833	49	49	—
Ordinary shares	0.5	1,628,433	30.42	30.42	—

No	Full and short company name	Main scope of activities (according to the Articles)
Companies with less than 25% belonging to JSC «RAO Energy System of East»		
12	Open Joint Stock Company Sakhalin Energy Company*** (JSC SEC)	<ul style="list-style-type: none"> • Activities in the field of architecture, civil and industrial construction, and relevant professional consultations; • Multifaceted intermediary services in signing contracts for the full complex of architectural, planning-and-surveying, construction-and-assembly, design-and-experimental, technological as well as start-and-adjustment and other works in the sphere of construction; • Engineering survey for the construction of buildings and structures of the I and II levels of responsibility in compliance with the state standard; • Design of buildings and structures of the I and II levels of responsibility in compliance with the state standard; • Construction of buildings and structures of the I and II levels of responsibility in compliance with the state standard; • Investment activities; • Property trust; • Consulting services.
13	Open Joint Stock Company Experimental HPP (JSC Experimental HPP)	<ul style="list-style-type: none"> • Supplies (sales) of electric and thermal energy according to the established tariffs and in compliance with dispatch schedules of electric and heat loads; • Production of electric and thermal energy; • Transmission of electric and thermal energy; • Dispatching control and compliance with standards of energy saving and consumption; • other objectives.
14	Open Joint-Stock Company Noglikskaya Gas-Fired Power Plant (JSC NGPP)	<ul style="list-style-type: none"> • Design, construction, enlargement, reconstruction, repowering and major overhaul of power facilities at the Noglikskaya gas-fired power plant; • Supplies (sales) of electric and thermal energy according to the established tariffs and in compliance with dispatch schedules of electric and heat loads, profit earning; • Production of electric and thermal energy.
15	Open Joint-Stock Company Far East Energy Management Company **** (JSC FEEMC)	<ul style="list-style-type: none"> • Consulting on the issues of department's commercial activities including on customer's functions in the construction of buildings and structures; • Construction of buildings and structures; • General building works at the construction of thermal and other power plants; • General building works at the laying of main pipelines, communication lines and power transmission lines; • Plumbing and heating installations in buildings and structures; • Leasing of construction plant and equipment with operators.
16	Open Joint-Stock Federal Hydro-Generating Company (JSC RusHydro)	<ul style="list-style-type: none"> • Assuring reliability and safety of power generating facilities; • Implementation of the state policy in the sphere of hydro-power engineering; • Creating conditions for the efficient operation of the wholesale power market; • Efficient operation and centralized technological control of hydropower facilities.
17	Limited Liability Company IT Energy Service (IT Energy Service Ltd)	<ul style="list-style-type: none"> • Consulting on computer hardware; • Software development and relevant consulting; • Data processing; • Creation and use of databases and information resources.

*** — 300,000 shares of Sakhalin Energy Company were acquired in the course of an additional issue. Shares are available by private subscription including for other shareholders. Before the report on the results of additional issue of SEC shares is registered, the Company share in Sakhalin Energy Co cannot be calculated.

**** — The share in the Authorized capital of JSC FEEMC is disclosed net of the shares of the 2nd additional issue of FEEMC shares, the placement of which is still in progress.

Category of shares in the ownership of JSC «RAO Energy System of East»	Face value of shares, rubles/pieces	Number of shares in a stake belonging to JSC «RAO Energy System of East», pieces	Share in the Authorized capital, %	Share of votes, %	Income of JSC «RAO Energy System of East» from participation in legal entities (dividends) in 2010, rubles
Ordinary shares	1,000	300,000	10.17	10.17	—
Ordinary shares (Additional issue 1)	1,000	300,000	—	—	—
Ordinary shares	100	676,319	9.86	9.86	—
Ordinary shares	0.35	2,927,500	9.76	9.76	—
Ordinary shares	1,000	150	0.0025	0.0025	520.27
Ordinary shares	1	48,605,474	0.02	0.02	—
Share of the Authorized capital			19.99	19.99	—

Data on JSC «RAO Energy System of East» participation in noncommercial partnerships and organizations (as of December 31, 2010)

Organization name	Substantiation
<p>Noncommercial partnership Market Council (NP Market Council)</p>	<p>NP Market Council was designed to unite, on a membership basis, electricity (power) sellers and buyers that are wholesale market entities taking part in the circulation of electric power in the wholesale market; organizations operating the commercial and technological infrastructure of the wholesale market, and other organizations operating in the electric power industry. Membership in NP Market Council provides RAO Energy System of East with the right to represent interests of the Company and take part in:</p>
<p>Noncommercial partnership Union of Power Engineers (NP UPE)</p>	<p>Noncommercial partnership Union of Power Engineers was founded in 2008 with the support from the Energy Ministry of the Russian Federation. Membership with the partnership provides RAO Energy System of East additional opportunities for participation in preparation and development of strategically important decisions, for representation of own interests in the electricity (power) market as well as for the obtaining of well-substantiated forecasts of energy (power) consumption.</p>
<p>Noncommercial partnership Scientific and Technical Council of the Unified Energy System (NP STC UES)</p>	<p>Noncommercial partnership Scientific and Technical Council of the Unified Energy System was founded in 2008 by companies FGC UES, OGK-1, OGK-2, TGK-4 and RusHydro. The main objective of the partnership is to assist its members in the formation of scientifically substantiated technological policy in the Unified Energy System of Russia.</p>

Substantiation

- the Partnership governance;
- the work of committees, working groups, commissions and other bodies of NP Market Council tackling the issues of the functioning of the wholesale and retail electricity (power) markets;
- drafting regulations for the wholesale and retail electricity (power) markets;
- developing procedures of the wholesale market, sample contract forms and other documents vital for trading in the wholesale electricity (power) market;
- the development and approval of a contract on joining the trade system of the wholesale market;
- control of the compliance of wholesale market participants as well as organizations of its commercial and technological infrastructures with the Regulations of the wholesale electricity (power) market.

The Board of Directors of JSC «RAO Energy System of East» approved the Company participation in NP Market Council on December 17, 2008 (Minutes No11).

Participation conditions:

- entrance (lump-sum) fee of 5,000,000 (five million) rubles.

Another positive factor provided by the membership consists in privileges in information exchange on the issues of technological, economic, legal and normative character.

The Board of Directors of JSC «RAO Energy System of East» approved the Company participation in NP Union of Power Engineers (Minutes No11 of December 3, 2009) on the following conditions:

- entrance fee of 50,000 rubles;
- the size of regular and other membership fees is established by the general meeting of NP Union of Power Engineers.

In the situation of major repowering and modernization in the sector implementing strategic objectives to increase capacities, to develop networks and to boost reliability of power supplies to consumers, participation in the activities of NP Scientific and Technical Council of the Unified Energy System is timely and extremely important especially in the issues of developing a scientifically substantiated technological policy for every power plant and the power distribution network of JSC «RAO Energy System of East» in the issues of investment and tariff policy, environmental protection, etc.

The Board of Directors of JSC «RAO Energy System of East» approved the Company participation in NP Scientific and Technical Council of Unified Energy System (Minutes No16 of February 27, 2009) on the following conditions:

- entrance (lump-sum) fee of 1,573,000 (one million and five hundred seventy three thousands) rubles;
- entrance fee is paid in cash;
- size, form and terms of membership fees are established by the Supervisory Board of NP Scientific and Technical Council of Unified Energy System.

Appendix 2

Data of transactions of JSC «RAO Energy System of East» concluded or approved in 2010 and recognized in conformity with federal law “on joint stock companies” as interested party transactions

No	Name of transaction	Parties in the transaction	Party interested in the transaction
1	Agreement on the right to use the report on property valuation	JSC «RAO Energy System of East», JSC Mosenergosbyt	Member of the Board of Directors of JSC «RAO Energy System of East» S.Yu. Svetlitsky was simultaneously a member of the Board of Directors of JSC Mosenergosbyt
2	Voluntary health insurance policy	Insurant: RAO Energy System of East, Insurer: LLC Insurance Co Region-Soyuz	Director General of JSC «RAO Energy System of East» I.V. Blagodyr and Company Board members Yu.N. Zhukov, N.Yu. Brusnikin, L.A. Linker, V.I. Smirnov, M.M. Suyunova, M.I. Shukailov as well as their spouses and children are beneficiaries of the transaction.
3	Addendum to Labor Contract No1 of July 1, 2007 with the Director General of the Company	JSC «RAO Energy System of East», The JSC «RAO Energy System of East» Director General	The person performing functions of a single-member executive body and a member of the Board of Directors of JSC «RAO Energy System of East», I.V. Blagodyr, is simultaneously a party in the transaction.
4	Health and Accidents Insurance Contract	Insurant: JSC «RAO Energy System of East», Insurer: LLC Insurance Co Region-Soyuz	Members of the Board of Directors of JSC «RAO Energy System of East» I.V. Blagodyr and Yu.N. Zhukov, Board members L.A. Linker, A.A. Negomedzyanov, V.I. Smirnov and M.M. Suyunova as well as their spouses and children are beneficiaries of the transaction
5	Securities Contract*	Buyer: JSC «RAO Energy System of East», Issuer: JSC Sakhalin Energy Co	Board Member of JSC «RAO Energy System of East» N.Yu. Brusnikin was simultaneously a member of the Board of Directors of JSC Sakhalin Energy Co
6	Agreement on joining NP Russian Heating	JSC «RAO Energy System of East», Noncommercial partnership Russian Heating	Member of the Board of Directors of JSC «RAO Energy System of East» V.G. Semyonov holds a position in governance bodies of NP Russian Heating

* — As of the date of conclusion the deal was not an interested party transaction.

Subject of transaction	Price of transaction	Date of conclusion	Term of validity	Number and date of Board of Directors' Minutes approving the deal
JSC «RAO Energy System of East» transfers and JSC Mosenergosbyt, for remuneration established by the Agreement, accepts the right to use the report on valuation of the fixed productive assets of JSC Mosenergosbyt. The valuation was carried out under the Service Agreement on Property Valuation No102 of April 15, 2009 between JSC «RAO Energy System of East» and CJSC Deloitte&Touche CIS	550,000 (five hundred and fifty thousand) rubles	8.01.2010	10 years from the date of signing	Minutes No32 of 3.12.2009
The insurer is obliged, for remuneration specified in the insurance contract (insurance premium), upon the occurrence of an event envisaged by the contract (insured event) to arrange and pay for medical services rendered to the insured persons included in the lists provided by the Insurant to the Insurer.	6,620,588 (Six million six hundred twenty thousand and five hundred eighty eight) rubles	29.01.2010	1.02.2010 — 31.01.2011	Minutes No39 of 29.03.2010
The transaction changed the procedure of assessment of key performance indicators for the Director General of the Company	—	17.08.2010	The addendum is effective only during the validity period of the Labor Contract No 1 of July 1, 2007	Minutes No47 of 16.08.2010
The insurer is obliged, for remuneration specified in the insurance contract, upon the occurrence in insurant's life of an insured event to pay the insurance benefit to the insurant or in case of his death to a beneficiary appointed by the insurant or to another person specified according to procedures established by the current legislation.	1,400,000 (One million and four hundred thousand) rubles	29.10.2010	1.11.2010 — 31.10.2011	Minutes No52 of 31.12.2010
The issuer of securities placed by private subscription is obliged to transfer into the ownership of the Purchaser, and the Purchaser — to take ownership and pay for 300,000 (three hundred thousand) ordinary registered uncertified shares	300,000,000 (Three hundred million) rubles	28.12.2010	Valid until liabilities are fulfilled	Minutes No46 of 19.07.2010
Actions of JSC «RAO Energy System of East» were aimed at clarifying the rights and liabilities of the Company in the capacity of a member of Noncommercial Partnership Russian Heating	The size of the entrance (lump-sum) membership fee: 48,000 rubles; the size of the annual membership fee: 48,000 rubles	The transaction has not been concluded	—	Minutes No52 of 31.12.2010



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