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<td>as interested party transactions</td>
<td>80</td>
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2009 was the most ambiguous and challenging year in JSC RusHydro’s history. The accident at the Company’s Sayano-Shushenskaya HPP marked a new starting point both for the Company and for the Russian hydro-power sector.

Our greatest loss from the accident was our colleagues. Today, we continue to mourn our deceased co-workers and we offer our wishes for a speedy recovery to those who were injured as a result of the accident. The Company continues to focus on people and on providing social and material support to all those who were affected by the tragic events of August 17th. To achieve this, we have developed and realized a full-scale aid program – formed in conjunction with the Government of the Russian Federation, the Government of the Republic of Khakassia and representatives of community organizations and trade unions.

It is important to note that despite the tests and challenges that we faced during the reporting period, as well as the ongoing economic crisis, JSC RusHydro achieved good financial and operating results during the reporting period.

The implementation of cost-optimization programs, coupled with the professionalism and experience of our employees, allowed the Company – despite a temporary decline in power from the Sayano-Shushenskaya HPP – to increase total generation during the reporting period by 1.7% to 81,607 mln kWh. Useful output grew 1.8% to 80,112 mln kWh. The Company fully executed all contractual obligations for the delivery of electric power during the reporting period.

As an operating company, JSC RusHydro’s most important task is to maintain and enhance existing capacities and to ensure the stability of its generating objects. During the reporting period, the Company directed RUR 11 bln to its technical rehabilitation and modernization program. The primary focus in this area was not to simply replace out-dated equipment, but to install modern equipment with upgraded operational characteristics and increased reliability. Replacing hydro-units at the Uglichskaya HPP and installing new water-wheels at the Volzhskaya and Zhigulevskaya HPPs and block transformers at the Novosibirskaya and Saratovskaya HPPs were the Program’s key accomplishments in 2009. Within the framework of this program, 32 hydro-units with a total installed capacity of 2,288 MW have undergone capital renovation.

According to 2009 IFRS results, RusHydro Group’s net profit stood at RUR 31,184 bln compared with a loss of RUR 19,481 bln in 2008. The Company realized its investment program in the amount of RUR 64.9 bln. Taking into account the economy, the Program was corrected and downsized in the amount of RUR 18.5 bln for the period from 2009 till 2011, including a RUR 5 bln decrease in 2009. Capital investment has principally been directed at installing new capacity, financing the technical rehabilitation and modernization program, carrying out repairs, paying for current and potential construction projects, engaging in renewable power sources projects and also for purchasing assets. Considerable funds have also been allocated for recovery work at the Company’s Sayano-Shushenskaya HPP, as well as for construction of an additional coastal spillway at the site.

One of the most significant events of 2009 was that the Company successfully completed a technical listing on the London Stock Exchange (ticker symbol: HYDR). Since July 2008, the Company’s depository receipts (DRs) have been traded on the regulated market of the International Order Book (I0B). At the same time, JSC RusHydro’s shares were included in the Top 10 index of the Moscow Interbank Stock Exchange (MICEX) – this index identifies the ten most liquid stocks on the Russian market. As of the end of the reporting period, the Company has begun an additional share issue that will allow the Company to move toward its target structure.

2009 also saw numerous significant operational achievements. In the Caucasus, the Head HPP of the Zaramagskaya Cascade HPP with a total installed capacity of
To maintain safe and effective working conditions at the Company and to continue work on forming a dynamically developing ecological management, the Company is actively introducing best practice environmental protection standards, which correspond to social responsibility standards. Several of the Company’s generating objects have received ISO 14001 certification in the area of environmental protection standards, which will become a counter-regulator to the basic power station. As a result of this, the Company is moving forward at full speed.

The Company’s management team carries out all of its activities in close conjunction with shareholders and JSC RusHydro’s Board of Directors. During the reporting year, 21 meetings of the Board were held and the Board made key decisions related to the Company’s current activities and for strategically prominent aspects of its development work.

There are several reasons to believe that 2010 will also see many important events for the Company. Among these events are: accelerated construction of the Boguchanska HPP, the search for new opportunities in the renewable energy source field and active dialogues with the international investment community – intended to stimulate increased liquidity and to maintain long-term growth in the Company’s market capitalization.

Our priority will be to unconditionally maintain reliable and safe power stations. However, this is not possible without revising the Company’s approach to designing, constructing and utilizing generating objects. At present, the scientific and technical community, working together with supervisory bodies, is developing new strengthened requirements for industry-wide safety. We are actively participating in this work.

On behalf of JSC RusHydro’s Board of Directors and Management Board, we would like to thank all those whose efforts helped the Group demonstrate stable production growth and essential financial and economic flexibility during the reporting period. We also extend our thanks to all involved who provided us with the ability to operationally and even heroically react to the heartrending experiences that affected all of us in 2009.

We also thank our shareholders – both large and small – for their trust and belief that the Company represents a unique investment opportunity and that there is significant long-term growth potential. We can justify your trust!

Sincerely yours,

Sergey Shmatko
Evgeny Dod
The Nizhegorodskaya HPP, a branch of JSC RusHydro, is on the fourth step of the Volzhsko-Kamskiy HPP Cascade. Up to now, this project has had the longest dam: the hydraulic system waterfront is 13,332m long.

The hydraulic power plant is performing the major control duties, including peak loads coverage and power maintenance in the power system.

### 1948

Construction of the hydraulic system was launched in 1948, and based a true “ground” for engineering innovations. It was number one in the hydro-engineering construction history to apply vibrofiling of metal groove, a freezing ice and soil screen, a unique technology of deep-water lowering of the underground waters level using well points.

### Installed capacity
- **520 MW**

### Number of hydraulic aggregates
- **8**

### Annual output
- **1.51 bln kWh**

### 2009–2010

In 2009, 268.7 mln rubles were invested into re-equipment and reconstruction of the Nizhegorodskaya HPP, and 81.9 mln rubles were allocated for repair projects. 2010 production plan provides for development of approximately 423 mln rubles.

Nizhegorodskaya HPP has been carrying out the Sail of Hope charitable program.
### Performance Highlights

#### Shareholder structure

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>As of 31/12/09</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of the Russian Federation</td>
<td>60.38%</td>
<td></td>
</tr>
<tr>
<td>Minority shareholders</td>
<td>39.62%</td>
<td></td>
</tr>
<tr>
<td>Including: ADR and GDR holders</td>
<td>8.08%</td>
<td></td>
</tr>
</tbody>
</table>

#### Credit ratings

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>As of 31/12/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor’s</td>
<td>BB+</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>BB+</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Baa3</td>
</tr>
</tbody>
</table>

#### JSC RusHydro Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>As of 31/12/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installed capacity</td>
<td>25,426 MW</td>
</tr>
<tr>
<td>2009 electricity production</td>
<td>81,607 GWh</td>
</tr>
<tr>
<td>Average multi-year annual production</td>
<td>79,761 GWh</td>
</tr>
<tr>
<td>Number of generating units</td>
<td>53</td>
</tr>
<tr>
<td>2009 Revenue, RUR mln</td>
<td>115,603</td>
</tr>
<tr>
<td>2009 EBITDA, RUR mln</td>
<td>52,182</td>
</tr>
<tr>
<td>Market cap, USD mln</td>
<td>10,167</td>
</tr>
</tbody>
</table>
Votkinskaya HPP, a branch of JSC RusHydro, is one of the key points of the power supply network in the East-European region of Russia as it inter-links five power systems: Permskaya, Udmurtskaya, Kirovskaya, Bashkirs- kaya and Sverdlovskaya.

Votkinskaya power plant serves to loop the Ural – mid-Volga and the Ural – Center coupling by a 500 kV high-voltage line. The HPP covers the morning and evening peak loads in the Ural power system.

**JSC RusHydro Branch**

**VOTKINSKAYA HPP**

**1961–1966**

The main equipment of Votkinskaya HPP was launched into operation in 1961–1966. The advanced engineering and manufacturing solutions developed during preparation of the HPP design allowed significant reduction of the construction estimated cost and improvement of the power plant capacity at the same time.

<table>
<thead>
<tr>
<th>Installed capacity</th>
<th>1,020 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hydraulic aggregates</td>
<td>10</td>
</tr>
<tr>
<td>Annual output</td>
<td>2.220 bln kWh</td>
</tr>
</tbody>
</table>

**2009–2010**

In 2009, the planned production repair programs, technical re-equipment and power plant reconstruction projects for Votkinskaya HPP were performed to the full extent.

In 2010, installation of automated control systems on all HPP hydraulic aggregates was completed. It is planned to launch into operation a new compressor plant 1KU and to start a large-scale reconstruction project for 500 kV outdoor switchgear.

The branch Votkinskaya HPP has many times won the local Enterprise of the Year contest; in 2009, it became a prize-winner of the regional contest Manufacturing Leader of Prikamye in the nomination Enterprise Effective Social Partnership.

Votkinskaya HPP is engaged into charitable activity aimed at support of the children from socially exposed environment, assistance to the talented youth, promotion of child sport in the town of Chaikovskiy and implementation of environment-related educational programs.
### Key 2009 events

| January  | Jan. 14th | In Zaramag (Republic of North Ossetia – Alania), Russia, an overlapping of a channel of the Ardon River occurred - the first stage prior to beginning flooding the future water basin for building the Zaramagskaya hydro-complex. |
| January  | Jan. 23rd | JSC RusHydro’s Board of Directors approved the 2009 Investment Program, which calls for commissioning 145 MW of additional generating capacity. |
| February | Feb. 9th  | JSC RusHydro’s shares were included in The Bank of Russia’s Lombard List. As a result, the Company’s shares can be accepted by The Bank of Russia as a pledge by granting Lombard credit. |
| February | Feb. 20th | JSC RusHydro finished placing its additional share issue (No. 1-01-55038-E-036D of December 2nd, 2008) via open subscription in the amount of RUR 9,999,959 bln., 99.99% of the available share issue was placed. The Russian Federation acquired RUR 6 bln of additional shares, which contributed to the Company’s charter capital funds to finance RusHydro’s investment program. |
| March    | March 11th | JSC RusHydro’s Board of Directors approved a resolution on an additional share issue. As a result of this, a total of 16 bln shares with a par value of one ruble per share will be placed. |
| March    | March 12th | JSC RusHydro’s Board of Directors approved the conclusion of an agreement between RusHydro and JSC INTER RAO UES for trust management related to shares in JSC OGK-1, as a related party transaction. |
| March    | March 18th | The international ratings agency Standard & Poor’s (S & P) assigned a "BBB-" credit rating and a rating of "ruAAA" (on the national Russian credit rating scale) to the bond issues of JSC Hydro WGC MC, a 100%-owned subsidiary of JSC RusHydro. The issues’ ratings are at the same level as JSC RusHydro’s credit ratings. |
| March    | March 19th | The Russian Federal Service for Financial Markets (FSFM) registered the Report on JSC RusHydro’s additional 9,999,959 bln share issue. It was registered by the FSFM on December 2nd, 2008 (No. 1-01-55038-E-036D). |
| March    | March 31st | JSC RusHydro published FY 2008 financial results prepared in full accordance with Russian Accounting Standards (RAS). |
| April    | April 2nd  | At the Fifth Annual Contest for annual reports and web sites of power sector companies, organized by «Power Market» magazine, JSC RusHydro’s annual report was named the best. |
| April    | April 27th | JSC RusHydro upgraded its participation share in JSC ESK RusHydro’s charter capital from 57.44% to 100% through the purchase of 1,282,000,000 ordinary shares (representing 42.6% of JSC ESK RusHydro’s charter capital) from the “New Energy” Fund. The value of this transaction was RUR 1,285,000,000. |
| April    | April 28th | JSC RusHydro’s Board of Directors considered “Implementing the Company’s 2009 strategy and strategic priorities" and approved the Company’s 2009 strategic development priorities. The Board also considered the Approval of the new re-stated Corporate Standard “Business Planning System” and resolved to approve it. |
| May      | May 12th  | JSC RusHydro and Japanese Mitsui and J-Power signed a Memorandum of Intention for the JSC Nizhne-Bureyskaya HPP and the JSC Far East Wind Power Plant projects. |
| May      | May 15th  | The Russian Federal Service for Financial Markets (FSFM) registered an additional issue of JSC RusHydro’s ordinary shares to be placed via open subscription (No. 1-01-55038-E-037D of May 14th, 2009). The quantity of securities that are part of the additional issue is 16 bln shares with a par value of 1 ruble per share. |
| May      | May 18th  | The Cooperation Agreement between JSC RusHydro and Russian Technologies State Corporation to introduce electric power industry objects that utilize advanced energy-saving and non-polluting technologies and equipment was completed. The Agreement also calls for the joint use of both companies’ engineering potential. |
May 28th
JSC RusHydro and the Administration of the Russian Region of Amur signed a Cooperation Agreement to complete construction of the Bureyskaya HPP in 2010; the Agreement also addressed the possibility of realizing construction work at the Nizhne-Bureyskaya HPP and the Nizhne-Zeyskaya HPP and for upgrading economic and social conditions in the Amur Region.

June
June 8th
JSC RusHydro’s Board of Directors evaluated reports on the 2008-2009 activities of the Committees operating under the Board of Directors.

June 10th
JSC RusHydro’s regular Annual General Meeting (AGM) of shareholders was held. The AGM approved the Company’s annual report, annual financial statements and adopted a resolution not to pay 2008 dividends on the Company’s ordinary shares. The AGM also approved CJSC PricewaterhouseCoopers Audit as the Company’s auditor of record (through an open tender process), approved the new version of the Regulations on Remuneration and Compensation Payments for members of the Company’s Board of Directors and adopted a resolution to increase RusHydro’s authorized equity capital by placing an additional 19 billion ordinary shares, as well as elected the new Board of Directors and the Company’s Audit Commission.

July
July 2nd
As part of the exercise of pre-emptive rights, JSC RusHydro placed 7.2 billion additional shares (or 45% of the size of the additional issue No. 1-01-55038-E-037D of May 14th, 2009)]. The Government of the Russian Federation purchased additional shares worth RUR 4.923 billion, thereby, contributing funds to the Company’s charter capital in order to finance RusHydro’s investment program based on the Russian federal law «On the 2009 Federal budget and for the planned 2010 and 2011 period.»

July 3rd
JSC RusHydro shares were included in the MICEX Stock Exchange’s 10 Index which recognizes the ten most liquid stocks on the Russian market.

July 6th
JSC RusHydro’s Depositary Receipts (DRs) were listed on the Main Market of the London Stock Exchange, trading under the ticker symbol: HYDR.

July 21st
JSC RusHydro increased the capacity of the Bureyskaya HPP’s third hydro-unit to prepare for possible electricity transmission to China.

August
Aug. 1st
JSC RusHydro published its H1 2009 financial results in full accordance with Russian Accounting Standards (RAS).

Aug. 7th
JSC RusHydro’s Regulation S GDR program was converted to a Level 1 ADR program, trading under the ticker symbol: HYDR.

Aug. 10th
JSC RusHydro closed the application process for accepting bids to acquire additional Company shares via open subscription.

Aug. 17th
A serious accident occurred at JSC RusHydro’s Sayano-Shushenskaya HPP that resulted in substantial primary and secondary damage to equipment at the site and 75 fatalities.

Aug. 18th
JSC RusHydro declared its social obligations to the families of deceased or injured workers, as a result of the accident at the Sayano-Shushenskaya HPP.

Aug. 19th
A Directorate was established to eliminate consequences of the Sayano-Shushenskaya HPP accident.

Aug. 20th
JSC RusHydro launched a social support program “We are with you, Sayany!” to collect contributions for the charitable “Sozidanie” fund to offer assistance to the families of those who died or were injured as a result of the Sayano-Shushenskaya HPP accident.

Aug. 24th
JSC RusHydro, in conjunction with the Russian Federation Ministry of Power and JSC Lengidroprojekt, developed an organizational plan and technical measures to eliminate consequences of the accident that occurred at the Sayano-Shushenskaya HPP and to restore the power station to its normal operating mode.

September
Sept. 2nd
JSC RusHydro successfully completed an additional share issue (No. 1-01-55038-E-037D of May 14th, 2009) placement. The total number of shares placed was 14,681,412,135, which represents 91.75% of the total number of shares (from the additional issue) that were scheduled for possible placement.

Sept. 18th
In the Russian Republic of North Ossetia – Alania, the Head Zaramagskaya HPP Cascade was started up – with the goal of maintaining power to the construction site of the Zaramagskaya HPP - 1.

Sept. 24th

Sept. 30th
JSC RusHydro completed all lump sum payments to the families of victims of the Sayano-Shushenskaya HPP accident.
### October

**Oct. 2nd**
- JSC RusHydro’s Board of Directors approved a new version of the Company’s Regulations on Dividend Policy.

**Oct. 2nd**
- JSC RusHydro’s Board of Directors approved the 2009–2011 Program for Implementing Environmental Policy.

**Oct. 23rd**
- JSC RusHydro’s additional share issue (No. 1-01-55038-037D as of May 14th, 2009) was admitted for trading on the MICEX Stock Exchange without requiring listing procedure approval.

**Oct. 26th**
- JSC RusHydro’s Board of Directors terminated the authority of Management Board members S.A. Yushin and A.V. Toloshinov and appointed D.F. Kuznetsov and A.P. Konovalov to serve on the Company’s Management Board.

**Oct. 26th**
- JSC RusHydro’s Board of Directors approved an additional ordinary share issue, as well as an Issue Prospectus. The number of securities to be issued is 19 bln shares with a par value of one ruble per share.

**Oct. 30th**
- JSC RusHydro published its H1 2009 financial results in full accordance with Russian Accounting Standards (RAS).

### November

**Nov. 3rd**
- JSC RusHydro’s eighteen branches and three subsidiaries obtained Winter Readiness Certificates for the 2009–2010 autumn-winter period.

**Nov. 19th**

**Nov. 23rd**
- The Sayano-Shushenskaya Hydro energy Complex, which includes both the Sayano-Shushenskaya HPP and the Mainskaya HPP, obtained a Winter Readiness Certificate for the 2009–2010 autumn-winter period (due to the earlier accident, this process was conducted according to a separate plan).

**Nov. 23rd**
- JSC RusHydro’s Board of Directors selected Evgeny V. Dod to serve as Chairman of the Company’s Management Board. At the same time, the Board also terminated the powers of four other members of JSC RusHydro’s Management Board (K.V. Belyaev, B.B. Bogush, O.B. Oksuzian and R.M. Khaziakhmetov) and selected five new members of the Company’s Management Board (M.A. Mantrov, G.I. Rizhbashvili, R.S. Alzhanov, Y.V. Sharov and E.E. Gorev).

### December

**Dec. 2nd**

**Dec. 3rd**
- JSC RusHydro was ranked fourth by the international ratings agency Standard & Poor’s on transparency parameters, which assess a Company’s degree of information openness.

**Dec. 3rd**
- JSC RusHydro obtained its Winter Readiness Certificate (issued by an Inter-agency Committee that includes local representatives from a variety of Russian governmental agencies) for the 2009–2010 autumn-winter period.

**Dec. 7th**
- JSC RusHydro’s PR Department won several categories in the “KonTeKst” Contest, which recognizes the PR Departments and communications projects of fuel and energy sector companies.

**Dec. 12th**
- The Placement Period for JSC RusHydro’s Additional Share Issue (No 1-01-55038-E-038D of November 19th, 2009) started through the realization of pre-emptive rights. Pre-emptive rights were also offered to OR holders.

**Dec. 16th**
- A consortium of the Russian Institute of Directors and the ratings agency Expert RA - RID - Expert RS – gave JSC RusHydro a score of 7, which corresponds to «developed corporate governance practices,» according to the National Corporate Governance Ratings scale.

**Dec. 28th**
- JSC RusHydro increased its share in JSC Geoterm’s authorized capital from 71.61% to 79.84%.

**Dec. 28th**
- In the Karachaevo-Cherkessia Republic of the Russian Federation, the Eshkakonskaya Small HPP was opened – it is a pilot project for the Company’s Program of Small-scale HPP development.
Novosibirskaya HPP, a branch of JSC RusHydro, is the sole controlling and mobile source of power supply in the Western part of the Siberian association of power suppliers.

### 1953

Construction of Novosibirskaya HPP was the first and pilot project of such kind in Western Siberia. In November, 1953, the first level of the installation site was underpoured; in November, 1956, the bed of the Ob river was bridged. By the end of 1957, two units of the power plant were launched into operation; the third unit started to work in March, 1959.

### 2009–2010

The branch is implementing a medium-term program of technical re-equipment and reconstruction for years 2009-2015.

**Installed capacity** 455 MW  
**Number of hydraulic aggregates** 7  
**Annual output** 2 bln kWh
The Company’s mission is to effectively use hydro resources, to create necessary conditions for reliable operation of the Unified Energy System (UES) and to increase the usage of a broad-range of renewable energy sources (including: tidal, wind and geo-thermal) to benefit the Company’s shareholders and society, as a whole.

The management team is focused on generating long-term organic growth to transform JSC RusHydro into a global blue chip power sector company, operating in the renewable energy segment.

Strategic initiatives

1. Ensuring the maximum effectiveness and reliability of current assets

The Company’s existing assets form the foundation for the Company’s effective operation, as well as for future successful development. Ensuring maximum effectiveness and reliability is one of JSC RusHydro’s key strategic priorities.

Effectiveness and reliability are ensured through the realization of the following measures:

- Complex long-term technical rehabilitation and modernization programs (these programs are a key part of the Company’s investment program and are scheduled to be completed by 2020), including: to increase installed capacity, to ensure equipment maneuverability and manageability, to automate technical processes and to effectively utilize new technologies;
- Increasing corporate profitability by optimizing operations during both basic and peak load periods;
- Contributing to the adoption of governmental regulations to create an appropriate model for energy, capacity, system services and production instrument markets, including regulations that provide for subsequent Russian energy market liberalization;
- Creating a system to manage conditions at hydro-technical constructions, including non-energy ones, which are Russian state property, including providing necessary services.

2. Realization of projects to create additional power capacity in Russia

The Company initiates and strives to participate in commercially effective projects to build new power capacity using renewable energy sources (RES), creating conditions necessary for efficiency. The Company also contributes to resolving some state problems.

The Company’s realization of commercially non-viable projects – which are, however, necessary to ensure system effectiveness and reliability – is carried out by receiving [preserving] sources for realizing said projects under schemes that minimize negative impact on the Company’s costs.

Strategic aims

- Creating conditions to ensure system reliability and the safe operation of the Company’s sites;
- Focusing on the sustainable development of energy production, using renewable energy sources;
- Increasing the Company’s market capitalization.
The Company evaluates its participation in investment projects, not only as an investor, but as a developer, looking at a wide range of issues/services, including: formulating plans to realize projects, designing, managing the construction process, maintaining operations at already built objects and selling produced power.

3. International activity

JSC RusHydro believes that Russia and the development of the domestic energy market should remain its key priorities for the foreseeable future. However, the Company is actively considering expanding its activities in a range of promising international markets, as one of its future development priorities. Principal directions for international activity include:

- Realizing investment projects, including within the framework of joint ventures with foreign parties. In the long-term, the Company is considering numerous foreign projects which may help the development of the Eurasian power system;
- Assigning services for controlling hydro-power assets, engineering services and services for operating hydro-power plants;
- Exporting energy and capacity to well-defined target markets;
- Signing bi-lateral cooperation agreements with foreign electro-technical, design and engineering companies;
- Actively cooperating with international inter-governmental organizations, as well as with industry-specific and business associations;
- Organizing cooperation in both the hydro-power and renewable energy source market segments – based on innovation and technology exchange in areas of expertise (competitive advantages).

4. Brand portfolio development

Primary directions for developing JSC RusHydro’s business portfolio include:

- Acquiring hydro-technical assets;
- Developing its own project and engineering business;
- Developing the retail marketable business segment;
- Participating in the charter capital of important energy consumers;
- Developing the Company’s own in-house engineering construction business (construction organization).

5. Corporate-wide projects

To increase operational effectiveness and to upgrade existing corporate governance practices to international best practice standards, the Company’s management team has implemented the following measures:

- Improving the Company’s organizational structure and the system of regular and operational management, including the technologization and informatization of management processes, including: structuring and regulating business processes;
- Improving the corporate internal audit and risk management systems to help minimize downside risks to the Company’s market capitalization and to protect shareholders’ (particularly minorities’) rights;
- Instituting personnel development programs, including creating a complex training program, improving the existing incentive system (to appropriately motivate employees) and creating a network-distributed corporate university;
- Upgrading the Company’s ecological management system to meet international best practice standards;
- Developing PR-, IR- and GR-activity, including building an effective communication system with the market and fully conforming with all legal and regulatory requirements for public companies (as stipulated by the Company’s listing exchanges).

At the moment, as a result of the introduction of new tasks (related to comprehensive reform in the Russian power sector), dramatic changes in the global financial markets and on-going evaluation of the causes of the Sayano-Shushenskaya HPP accident, the Company’s management team is revising its corporate strategy.
Within the framework of state-mandated Russian power sector reform and the formation of a competitive structure within the industry, in 2004, the Company was formed as an open joint stock company, the sole shareholder of which was RAO UES of Russia. The Company’s formation was in full compliance with Directive No. 1254-p issued by the Government of the Russian Federation on September 1st, 2003.

The significant hydro-generating assets that previously belonged to RAO UES of Russia were included under the newly created JSC RusHydro umbrella. The creation of the Company – Russia’s largest renewable power company – occurred in several stages from 2005 to 2008. These stages included an additional share issue, which was paid for with shares of hydro-electric power plants, as well as other energy-producing assets. Other stages involved consolidation – as subsidiary and dependent companies (SDCs) joined the Company.

In 2007, as a result of an additional share issue on behalf of the Russian Federal Agency for State Property Management (Rosimushchestvo), the Company’s shareholder structure underwent a significant change. Based on a Russian Federation Government Order, following this share issue, the Russian Federation – acting through Rosimushchestvo – held a controlling share in the Company.


During the end stages of comprehensive sector reform, in July 2008, OJSC “State Holding HydroO GK,” OJSC “Minority Holding HydroO GK,” OJSC “Irganayskaya HPP” and OJSC “Cascade of the Nizhne-Cherekskiye HPPs” were spun off from RAO UES of Russia. Following the spin-off, these companies were then re-organized and included in the “RusHydro” family and their shares were converted into JSC “RusHydro” shares.

In July 2008, the target model for the Company was created. The Company’s shares were placed on the Russian capital market in an attempt to stimulate liquidity, increase market capitalization and broaden and diversify its shareholder base. In addition, to grant rights to former depositary receipt holders of RAO UES of Russia, a depositary receipt (DR) program was launched. This program is managed by The Bank of New York Mellon [BNY Mellon].
The Saratovskaya HPP is the seventh step of the Volzhsko-Kamskiy Cascade; it is one of the ten largest power plants in Russia. This HPP is the most low-head of the whole cascade: design head – 9.7 m it has the longest water front (8,448 m), HPP building and hall (1,108 m).

The hydraulic aggregates are the biggest in Russia among adjustable-blade turbine units. The hydraulic system has no overflow dam. Operating mode – daily control: the plant is the transit point between Zhigulevskaya HPP and Volzhskaya HPP.

Starting from 1995 the HPP is undergoing modernization of hydraulic generators, transformers, cable lines, distributor equipment, unit field and control system equipment. Up to now, 16 vertical units have been reconstructed.

The power plant is carrying out complex replacement of power transformers together with auxiliary equipment joined as power units. In 2009, the first of the five power units was renewed; the rest are planned to be replaced by 2013.

In 2003-2009, the equipment for electricity and power supply on the 220/250kV open distributors assuring reliability of the Saratovskaya HPP power system and of the united power system of the mid-Volga region was completely renewed. The works related to creation of a common automated control system for this equipment are being carried out.

Stability of hydraulic facilities has been considerably increased: over 8 year (2002-2009) the works related to reinforcement of the reservoir bottom have been pending, and during the next five years planned reconstruction of the HPP concrete facilities will be performed.

The branch has many times received awards from authorities and public organizations, including for charity: in the period from 2004 till 2009 over 7.63 mln rubles were allocated for charity programs.
Part 05

Market Overview

Sector Reform

Russia’s power sector is the fourth largest in the world (lagging behind only the United States, China and Japan) – in terms of both installed capacity and electricity output. And since the 1998 economic crisis, the demand for electricity has soared domestically – largely following economic trends such as GDP growth rate, which has averaged an annual compounded 6.8% increase from 1998 to 2008.

The Russian power sector is heavily reliant on fossil fuels, but other energy sources including hydro-power and nuclear energy are also utilized. As part of its commitment to improved ecological standards, Russia, as a whole, recognizes the importance of exploring renewable energy sources (RES) – and JSC RusHydro is at the forefront of these efforts. At present, RusHydro has more than 50% of the country’s installed hydro capacity. It also should be noted that nuclear energy has a single monopoly player – the Atomenergoprom Holding.

JSC RusHydro’s management team believes that the Company is uniquely positioned to benefit from ongoing sector reform and power sector liberalization in Russia – providing it with another distinct competitive advantage over many of its domestic peers – primarily due to the synergy between generation and retail sales activities.

As a result of this increased demand, Russia’s peak load – as a percentage of installed capacity – has increased significantly, reaching 72% in 2008. This increase has been particularly dramatic in cities with high population density, including: Moscow, Saint Petersburg and the Tyumen Region where consumption (particularly during periods of non-standard low temperatures, such as the 2005 – 2006 winter season) has bumped up almost against 100% load capacity of generating facilities and has led to the need for energy consumption restrictions. In general, UES is conditionally divided into six geographic regions that are referred to as Integrated Energy Systems (IESeS). The Northwest, Siberian and Central IESeS have traditionally been the largest energy consumers – primarily due to the fact that the most power-intensive industries - such as metallurgy and mining – are clustered in these regions.

After the collapse of the Soviet Union, development of the power sector practically stopped, because of under-investment due to poor economic conditions during the early- and mid- 1990s and the opaque nature of RAO UES of Russia’s (the industry monopoly) activity and the absence of competitive market pricing mechanisms.

Faced with potential energy deficits that would have impacted both residential consumers and industrial customers (which could have generated a negative multiplier effect on the economy as a whole), the Russian Government started a reform process in 2001 – in part to make the sector more attractive for strategic and other investors, thus attracting funds to address issues ranging from equipment obsolescence to potential energy deficits.

The Russian power sector reform process is regulated by Provision № 526 of the Russian Government, “On the process of reforming the power sector of the Russian Federation” dated July 11th, 2001 (Provision № 526). Provision № 526 has a multi-pronged focus, including:

- reforming the market structure;
- liberalizing competitive segments of the power (which include: generation, sales, repairs and service);
- improving regulatory pricing in non-competitive segments of the power sector (which includes transmission and distribution).

As a result of the execution of positions of Provision № 526, the overall structure of the power market was changed by distributing all vertically-integrated structures of energy companies ("JSC-Energy") that were previously controlled by JSC RAO UES of Russia and creating companies uniquely focused in distinct spheres of: generation, transmission, distribution, retail sales and repairs and service work.

The restructuring process was concluded July 1st, 2008 when more than 20 independent companies were spun off from JSC RAO UES of Russia; each of these companies are part of either the competitive sector (generation, energy sales and repairs and servicing) or the non-competitive sector (transmission and distribution).
An important step in developing the competitive model for the wholesale power (capacity) market was the adoption of new Regulations on the wholesale power (capacity) market, which were adopted by a provision of the Russian Government dated August 31st, 2006 № 529 [later in the text “Regulations”], which came into effect as of September 1st, 2006.

In accordance with new operational rules for the wholesale market, four power sector segments were introduced:

- The regulated sector: buys and sells previously defined power (capacity) volumes at tariffs (prices) that have been approved by the Russian Federal Service for Tariffs. This sector (the regulated sector) will cease to exist as of January 1st, 2011 – when the market is expected to be fully liberalized – with the exceptions of electricity for residential consumers and the non-price zones of the wholesale power sector;
- The day-ahead market (spot market): buys and sells power (capacity) at free prices determined by the market, defined as a result of exchange selection of price offers of suppliers and buyers;
- Un-regulated bilateral agreements (the day-ahead market segment);
- The balancing market [competitive trade in volumes that deviate from the trading schedule formed according to results of the exchange auctions on the day-ahead market].

Russia is divided into two pricing zones. The first pricing zone includes: the Central, North-West, Middle Volga, South and Urals IESes, and the second pricing zone includes the Siberian IES. Due to network grid restrictions, forming free market prices is established separately in each pricing zone. It should be noted that prices in the second pricing zone tend to be lower due to the higher percentage of HPs in this zone.

The graph below shows projected prices in Zone One through 2012.

On June, 28th, 2008, Government Provision № 476 made amendments to Rules of the wholesale market which have provided for the introduction of competitive mechanisms of capacity trade in the new wholesale market during a transition period under the framework of contracted volumes according to regulated tariffs.

Competitive mechanisms for capacity sales foresee guaranteed payments under tariffs not more expensive than those established by the Russian Federal Tariff Service for capacity included in the yearly forecast balance as of January 1st, 2007.
At the same time, the sales of indicated capacity can be carried out under bilateral agreements with consumers, not limited by the Russian Federal Tariff Service tariff. The price for capacity at new generating assets installed after January 1st, 2007 is not limited to the regulated tariff, but should also be economically proved. Suppliers’ conformity with given criteria is controlled by a wholesale trade organization – the non-commercial partnership Market Council on organizing an effective system for wholesale and retail sales of power and capacity (later referred to as the Market Council).

Peer Group

The Table below provides detailed information about the Company’s sector position in Russia (vis-a-vis its peer group – based on installed capacity), as well as market share percentages.

<table>
<thead>
<tr>
<th>No.</th>
<th>Controlling/holding company</th>
<th>Generators</th>
<th>Market share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gazprom</td>
<td>TGC-1, TGC-3, OGK-2, OGK-6</td>
<td>16%</td>
</tr>
<tr>
<td>2</td>
<td>RusHydro</td>
<td>RusHydro</td>
<td>12%</td>
</tr>
<tr>
<td>3</td>
<td>Atomenergoprom</td>
<td>Atomenergoprom</td>
<td>11%</td>
</tr>
<tr>
<td>4</td>
<td>En+ Group</td>
<td>Irkutskenergo, Krasnoyarskaya HPP</td>
<td>9%</td>
</tr>
<tr>
<td>5</td>
<td>IES-Holding</td>
<td>TGC-7, TGC-9, TGC-6, TGC-5</td>
<td>7%</td>
</tr>
<tr>
<td>6</td>
<td>Inter RAO UES</td>
<td>Inter RAO UES, OGK-1, TGC-11</td>
<td>6%</td>
</tr>
<tr>
<td>7</td>
<td>E.ON</td>
<td>OGK-4</td>
<td>4%</td>
</tr>
<tr>
<td>8</td>
<td>Enel</td>
<td>OGK-5</td>
<td>4%</td>
</tr>
<tr>
<td>9</td>
<td>Norilsk Nickel</td>
<td>OGK-3</td>
<td>4%</td>
</tr>
<tr>
<td>10</td>
<td>SUEK</td>
<td>Kuzbassenergo, TGC-13</td>
<td>3%</td>
</tr>
<tr>
<td>11</td>
<td>RAO UES of the East</td>
<td>DGK</td>
<td>3%</td>
</tr>
<tr>
<td>12</td>
<td>AFK “Sistema”</td>
<td>Bashkirenergo</td>
<td>2%</td>
</tr>
<tr>
<td>13</td>
<td>LUKOIL</td>
<td>LUKOIL (TGC-8)</td>
<td>2%</td>
</tr>
<tr>
<td>15</td>
<td>Others</td>
<td>Others</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

Note. During comprehensive reform in the Russian power sector in 2008, numerous international blue chip energy players entered the Russian market – purchasing controlling shares primarily in thermal energy producers (OGKs and TGCs). Significant international players with a presence in the market include: E.ON, Enel and Fortum, among others.

The period from September 1st, 2006 till 2010 is considered a “transition period” for sector reform, which will result in full liberalization of the wholesale power and capacity market.
The next table provides brief descriptions of some of JSC RusHydro’s largest and/or most significant domestic peer group competitors, as well as more detailed information on spheres in which these companies may directly or in many cases, indirectly compete with RusHydro:

<table>
<thead>
<tr>
<th>Main competitors</th>
<th>Characteristics</th>
<th>Sphere(s) of competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Atomenergoprom Holding</td>
<td>Broad geographic coverage in the European area of Russia, but little to no representation in Siberia (which is a highly energy intensive region). Basic production. Advantage - close to optimal load. Disadvantages – low maneuverability and little effect from the balancing market.</td>
<td>In sales, competition may arise only if supply exceeds demand due to a radical drop off in consumption. In development, there may be competition for state financing resources.</td>
</tr>
<tr>
<td>Thermal generation companies (OGKs and TGCs)</td>
<td>Broad geographic coverage (more than 70% of Russia – the largest share in the country. Advantages – the possibility of filing a price application on the day-ahead market and the priority of the load for the heating cycle, access to modern foreign business technologies by OGKs and TGCs that have been acquired by international energy companies. Disadvantages – relatively low maneuverability and higher fuel prices and gas limitations.</td>
<td>In sales, there will be competition based on volumes during different parts of the day in the heating cycle.</td>
</tr>
<tr>
<td>TGCs, which includes HPPs</td>
<td>TGC-1 [approx. 2900 MW], TGC-8 [approx. 350 MW] and other companies. Advantages – the possibility to hedge risks based on the potential unavailability of fuel and water. Disadvantage - the HPPs are primarily small-sized with high costs.</td>
<td>In sales, there will be competition based on volumes during different parts of the day. In development, there will likely be competition for the right to develop hydro-potential.</td>
</tr>
<tr>
<td>Private HPPs and HPPs which were not part of RAO UES of Russia</td>
<td>Irkutskenergo (over 9,000 MW for the HPP), Krasnoyarskaya HPP (6,000 MW), Tatenergo (over 1,200 MW) and others. Advantages – the possibility to hedge risks based on the potential unavailability of fuel and water. Disadvantages – significant obligations to partners and society.</td>
<td>In sales, there will be volume competition during spring high water flow periods. In development, there will likely be competition for the right to develop hydro-potential. In regulation, there will be load competition during hours when prices are at their maximum.</td>
</tr>
<tr>
<td>RAO UES of the East</td>
<td>Coal TPPs, the unified buyer on the territory of the Far East (DEC), energy distribution assets (Mosenergosbyt, the St. Petersburg distribution company, Altayenergosbyt, Saratovenergo and the Tambov electric distribution company).</td>
<td>In sales, there will be competition to enter the preliminary dispatcher graph of the load. In development, there will be competition with new investment projects for energy export sales, as well as for sales to new consumers with high energy consumption. In retail distribution activity, there will be competition for the right to form a federal distribution holding company on the basis of electricity distribution companies that are directly or indirectly controlled by the state.</td>
</tr>
<tr>
<td>JSC Inter RAO UES</td>
<td>Export-import operator and the managing company for Russian and foreign generating objects. Advantages – full usage of opportunities for generator and energy distribution companies. Disadvantages – regulated activity, decreased export possibilities based on a demand shortfall.</td>
<td>In sales, there will be competition based on volumes during different parts of the day. In development, there will be competition to develop projects, including hydro-generation projects.</td>
</tr>
</tbody>
</table>
The table below offers detailed descriptions of various international companies that JSC RusHydro [as well as many of the Company’s covering and non-covering analysts] defines as being part of its peer group – for comparative purposes:

<table>
<thead>
<tr>
<th>Company</th>
<th>Sales volume</th>
<th>Average sales price (buying)</th>
</tr>
</thead>
<tbody>
<tr>
<td>El kem (Norway)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>hydro-generation</td>
<td>3 + 1.2 = 4.2 billion kWh (production)</td>
<td>EUR 0.03/kWh</td>
</tr>
<tr>
<td>trading</td>
<td>8 + 12 = 20 billion kWh (consumption)</td>
<td></td>
</tr>
<tr>
<td>aluminium production</td>
<td>450 billion kWh (financial contracts)</td>
<td></td>
</tr>
<tr>
<td>silicon production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>foundry engineering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norsk Hydro (Norway)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>hydro-generation [21 HPPs, renewable energy sources]</td>
<td>10 billion kWh (production)</td>
<td>–</td>
</tr>
<tr>
<td>aluminium production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Verbund (Austria)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>generation [90 HPPs]</td>
<td>29 billion kWh (production)</td>
<td>EUR 0.0555/kWh</td>
</tr>
<tr>
<td>trading</td>
<td>57 billion kWh (consumption)</td>
<td></td>
</tr>
<tr>
<td>retail sales (35 thousand clients in 2006)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Powerex – a subsidiary of BC Hydro (Canada, USA)</td>
<td>43 billion kWh (production)</td>
<td>Canadian $0.037-0.073/kWh for various consumers, not including taxes</td>
</tr>
<tr>
<td>generation [11 GW BC Hydro]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>grid company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(BC Transmission Corporation)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>trading [Powerex]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hydro Quebec (Canada)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>generation [36 GW]</td>
<td>171 billion kWh (production)</td>
<td>Canadian $0.0279/kWh</td>
</tr>
<tr>
<td>grid company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>trading [including in USA]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wien Energie - Wienstrom (Austria)</td>
<td>11 billion kWh (production)</td>
<td>EUR 0.05/kWh</td>
</tr>
<tr>
<td>generation [4 HPPs, 3 TPPs, 2 wind and 1 biomass facility]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>grid company [electricity, gas, heating]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>trading</td>
<td></td>
<td></td>
</tr>
<tr>
<td>retail sales [2 million persons + 230 thousand companies + 4.5 thousand farms]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>telecommunications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>energy consulting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>energy saving</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The graph below provides additional details about RusHydro’s installed hydro-capacity – compared to other (primarily international) hydro-power producers. The graph illustrates that RusHydro trails only Hydro Quebec [a non-public company] based on this indicator.

### RusHydro vs. hydro capacities of its world peers (GW)

<table>
<thead>
<tr>
<th>Company</th>
<th>Capacity (GW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Hydro Quebec</td>
<td>31</td>
</tr>
<tr>
<td>B. RusHydro</td>
<td>25</td>
</tr>
<tr>
<td>C. EDF</td>
<td>21</td>
</tr>
<tr>
<td>D. Three Gorges Dam</td>
<td>18</td>
</tr>
<tr>
<td>E. Enel</td>
<td>14</td>
</tr>
<tr>
<td>F. Statkraft</td>
<td>12</td>
</tr>
<tr>
<td>G. CHESF</td>
<td>11</td>
</tr>
<tr>
<td>H. Fuma CE</td>
<td>10</td>
</tr>
<tr>
<td>I. Iberdrola</td>
<td>9</td>
</tr>
<tr>
<td>J. Irkutskenergo</td>
<td>9</td>
</tr>
<tr>
<td>K. Vattenfall</td>
<td>8</td>
</tr>
</tbody>
</table>

However, despite RusHydro’s significant installed hydro-capacity, this segment of the Russian power market remains largely untapped and severely under-utilized for a variety of reasons. The graph below demonstrates that Russia, as a whole, utilizes only 19% of its hydro potential [lagging significantly behind countries including: Norway, Japan and the United States, which use upwards of 80% of their hydro-potential].

RusHydro trails only Hydro Quebec (a non-public company) based on installed hydro-capacity.
The Volzhskaya HPP, a branch of JSC RusHydro, is the largest hydraulic power station of the Volzhsko-Kamskiy HPP Cascade. The Volzhskaya HPP is designed for coverage of the peak loads of the Russian EPP.

<table>
<thead>
<tr>
<th>Installed capacity</th>
<th>2,582.5 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hydraulic aggregates</td>
<td>23</td>
</tr>
<tr>
<td>Annual output</td>
<td>11.1 bln kWh</td>
</tr>
</tbody>
</table>

On September 10, 1961, the Governmental Committee accepted the Volzhskaya HPP for production operation. Over the period of operation the power plant has produced over 573 bln kWh of electric power.

The Volzhskaya HPP can assure up to 70% of power supply for the Volgogradskiy region.

The program of technical re-equipment and reconstruction of equipment and hydraulic facilities of the Volzhskaya HPP designed for the period up to 2020 will allow better reliability and operational features of the HPP equipment and facilities and 203.5 MW higher installed capacity of the power plant as compared to the design value.

The Volzhskaya HPP has obtained a certificate of ISO 14001:2004 standard conformity of the environmental management system.
Despite RusHydro’s significant installed hydro-capacity, this segment of the Russian power market remains largely untapped and severely under-utilized for a variety of reasons.

Competitive Advantages

JSC RusHydro believes that by comparing the operating and financial conditions of the above-mentioned domestic and international companies with RusHydro itself that both international and domestic investors will see RusHydro as a highly attractive investment opportunity – offering both retail and institutional investors an opportunity to capitalize on the global trend toward ecologically clean energy production, as well as ongoing Russian domestic power sector reform (which is likely to benefit JSC RusHydro as an efficient and low-cost energy producer).

As Russia’s largest hydro-energy producer with a unique, high quality asset base – and the largest publicly traded hydro-power company in the world (with significant liquidity on both Russian Stock Exchanges [MICEX and RTS], as well as in its Depository Receipts) – the Company offers its investor the following competitive advantages:

Ecologically clean production. The Company’s resources are renewable and hydro-power has proven to be the most ecologically friendly energy source – minimizing dependence on fossil fuels, including: coal, natural gas and fuel oil (which have been traditional energy sources in the Soviet Union and Russia (particularly in energy-intensive sectors, such as metals and mining) and also a known culprit for creating high levels of environmental pollutants) and reducing atmospheric emissions from thermal power plants;

Maneuverability and flexibility. HPPs are the most maneuverable energy assets and output from these sites can be significantly increased or decreased based on changing needs during increases (or decreases) in peak load consumption [Note. In Russia, and particularly in the Siberian Region, peak loads tend to occur during the cold-weather winter months. Not only is there seasonal cyclicity in peak loads, there is also a significant difference in loads at different points in time during each day]. In addition, the shut-down costs for HPPs are significantly lower than for other types of power plants;

Attractive cost structure. RusHydro’s energy production does not involve significant levels of fuel needs. And the absence of a fuel component in the Company’s cost structure means that the Company is not dependent on often dramatic fluctuations in global fuel prices – thereby, allowing the Company a greater opportunity to maintain costs at current levels or to reduce said costs through innovative cost-cutting measures (which ultimately increases the Company’s ability to be cost-competitive on the liberalized capacity market). This in turn means that the Company is able to offer its end-users some degree of stability, in terms of long-term energy prices;

Long useful life. HPPs have a significantly longer useful life than thermal power plants and other energy sector facilities, which in the long-term decreases the Company’s costs and the need to obtain financing for relatively expensive construction projects.
The Cheboksarskaya HPP is the last step of the Volzhskiy hydraulic power cascade. It is located right between the power systems of mid-Volga region and Ural.

The Cheboksarskaya HPP is one of the large organizations of significant economic and social value in Chuvashia.

<table>
<thead>
<tr>
<th>Installed capacity</th>
<th>1,370 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hydraulic aggregates</td>
<td>18</td>
</tr>
<tr>
<td>Annual output</td>
<td>2.1 bln kWh</td>
</tr>
</tbody>
</table>

The Cheboksarskaya HPP was the first in the Soviet Union to install environmentally safe hydraulic turbines preventing the oil from getting directly into Volga.

The roof of the Cheboksarskaya HPP hall is the main line bridge through which the Vyatka federal road connecting the center of Russia with Ural is led.

The hydraulic facilities of the Cheboksarskaya HPP include two high-speed gateways used for navigation.


In 2009, 336.7 mln rubles were allocated to finance production program of the Cheboksarskaya HPP. In 2010, the investments into technical re-equipment and reconstruction are estimated in the amount of 525 mln rubles.
The Company recognizes that it faces significant operational and financial risks – largely due to the sector that it operates in. These risks are further heightened, relative to other global power sector companies, because of uncertainty in the Russian economy and ongoing country-wide sector reform.

In light of the above challenges, the Company actively works to identify, evaluate and minimize the potential impact that these risks may have on performance. By effectively minimizing this impact, the Company becomes more attractive for potential investors, as well as for existing shareholders.

The risks that the Company faces can be further divided into three basic categories: country-, sector- and Company-specific risks.

**Country-specific (Russia) risks:**

- The Russian legal system is less well-developed than judiciary systems in many Western countries and does not have a particularly well-established tradition of upholding legal judgments or protecting the rights of minority shareholders during business disputes. Non-Russian companies and foreign citizens have encountered particular difficulties in the past in receiving satisfactory results from Russian courts – and achieving satisfactory results often requires significant commitments of monetary resources and time. Although the Company is not currently involved in any major lawsuits (that would affect the Company’s bottom line), there remains the possibility of legal action[s] that could result in short- to medium-term uncertainty, on issues ranging from corporate restructuring to taxation. It should be noted that the Russian tax system remains a continued source of uncertainty;

- The Russian economy has experienced a significant economic downturn – beginning in the fall of 2008 and continuing through all of 2009. This downturn has affected the entire economy, although certain sectors, such as metallurgy, mining and concentrating, machinery and metal-working manufacturing (which are traditionally large power consumers) have been particularly negatively impacted. Despite a number of positive signals connected with higher domestic power consumption in Q4 2009 and Q1 2010, it still remains not entirely clear how the Russian economy will respond in 2010 and beyond. Continued economic uncertainty may negatively impact many of the Company’s largest corporate consumers (as well as individuals), which in turn can lead to downgrading long-term forecasts for power consumption growth in Russia, as well as to revising the rationale behind the realization of numerous investment projects;

- During the last 10 years, Russia has experienced sustained high inflation rates – in some years, these rates have been upwards of 20% -- although true hyper-inflation seems to be a thing of the past. During the reporting year, the Russian inflation rate stood at 8.8%. Given that a certain percentage of electricity sales in 2010 still occur at state-regulated prices, there is a risk that the inflation rate will exceed the yearly increase in tariff prices – effectively driving up the cost of equipment and other inputs that affect the Company’s revenue and thus, negatively impacting the Company’s profit margins. In light of this significant risk, the Company has implemented aggressive cost-cutting measures and there are already tangible indications of success in this area. Thus, it is necessary to note that in 2010 the share of sales under free unregulated prices already considerably exceeds the share of sales at regulated prices, which allows us to draw conclusions on the lack of strong importance of this particular risk for the Company’s activities.

  When inflation rates grow, the Company plans to increase the turnover of working assets at the expense of changing contractual relationships with consumers. In particular, the Company introduced a monitoring system that assesses the conclusion of contracts through the introduction and usage of “typical financial conditions” (which includes: payment structure, payment terms, a percentage parity of advance payment and final settlement, etc.) for interactions with counterparties. Taking into account that tariff increases are capped at no more than 7-10 % per year till 2012, as well as the level of potential profitability for the Company’s activities, according to the Company’s own estimates, inflation rates of less than 20% per annum should not pose significant difficulties to the Company;

- Due to the above-mentioned economic downturn, there has been a significant tightening of the domestic credit market – across sectors and irrespective of firm size, Russian companies have had a more difficult time obtaining attractive credit terms on the international market as well. Due to this tightening, there has been a marked increase in interest rates which has increased the Company’s cost of borrowing because interest rates on the existing loan portfolio are tied to the floating MOSPRIME interest rate. To minimize risks related to interest rates on the Company’s financial obligations, SWAP contracts were concluded; these contracts fixed the floating interest rate for 2009 payments. Additionally, if
the Company would need to raise external funds for any of its 
ambitious renovation programs (or the costly rehabilitation 
program at the Sayano-Shushenskaya HPP, following the 
August 2009 accident at the site), there is no guarantee that 
these funds would be available at attractive terms;

- Continued sector reform hinges on the political will of the 
Russian government and the Government’s continued com-
mitment to the comprehensive reform program. Although 
this support seems stable at the moment, a change in gov-
ernment may lead to decreased interest in finalizing reform 
measures.

**Sector-specific risks:**

The first risk factor from the risks outlined below can primarily 
be attributed to ongoing sector reform in Russia and continu-
ing uncertainty over certain portions of the reform, whereas 
the final two risks are more general in nature.

Russian power sector reform will ultimately lead to the creation 
of an entirely liberalized electricity market, where all electricity – 
with the temporary exception of that sold to residential con-
sumers, as well as for non-priced and isolated regions (which 
are exempt), electricity will be sold at non-regulated prices, 
determined by market supply and demand. Full liberalization is 
scheduled to occur in 2011. Between now and then, there will 
be a gradual increase in the percentage of electricity sales that 
occurs via the free market.

There are two potential risks related to the creation of a liberal-
ized market:

- although the Russian Government seems to fully support 
reform, there is always the chance that the Government 
may withdraw its support or increase the length of the tran-
sition period. This could negatively affect investors’ percep-
tions of the sector and the Company as well.

- given the fact that this system is new and market players 
(including the Company and its specialists) do not have a 
significant volume of relevant market statistics, it is difficult 
to forecast how increased liberalization will influence price. 
With a high level of confidence, it is possible to assert that 
as a whole, non-regulated prices will be above regulated 
prices set by the State for the Company. However, at certain 
hours and during high water flow periods, it is possible that 
prices may be “zero” or at a rate close to zero.

Generally, market liberalization should not lead to lower annual 
average prices than previously existed;

Generating the vast majority of its power from hydro-resources, 
the Company depends on a steady and reliable supply of water 
– which to a large degree depends on global weather patterns 
and other factors outside the Company’s control. In the recent 
past, water flow has been significantly below historical norms 
at some of the Company’s key HPPs, including Sayano-Shush-
enskaya and Bureyskaya.

As the Company continues to actively engage in research into 
alternative energy sources and effectively diversifies its energy 
base (as a result of this research), this risk will be diminished – 
at least to some degree.

At the moment, minimizing this given risk is carried out within 
the limits of conducting the Company’s sales activity through 
the following actions:

- Preparing proposals to change the existing legislative 
framework regarding the freedom of HPPs’ intra-day plan-
ning of its own production and giving price offers;

- Protecting the interests of HPPs in inter-departmental 
operative groups at Russia’s Federal Agency on Water 
Resources;

- Concluding hedging bilateral contracts on the day-ahead 
market (including for electric power purchases to meet ob-
ligations on wholesale market for electricity and capacity).

Another water-related risk is the risk that the Russian Govern-
ment may choose to increase the fee for water usage. If this 
fee, which is a non-negligible component of the Company’s 
costs, increased significantly, then it could potentially negatively 
affect financial performance and thus, the Company’s market 
valuation;

Due to significant under-investment in the Russian power 
sector following the break-up of the Soviet Union, property, 
plant and equipment (PPE) in the sector is aged and outdated – 
leaving it potentially vulnerable to natural disasters, techni-
cal failures and other emergencies. These events in turn could 
have a serious negative environmental impact on the area and 
surrounding regions where power facilities are located, particu-
larly on the water supply.

This issue and the potential consequences that it could result in 
were already on the Company’s radar screen prior to the fatal 
accident at the Sayano-Shushenskaya HPP in August 2009. 
As a result of power units that had exceeded their useful life, 
the Company had already begun to put in place its 2006 – 2020 
Technical Rehabilitation and Modernization Program. However, 
the Sayano-Shushenskaya accident clearly accelerated plans to 
upgrade PPE and to implement state-of-the-art safety stand-
ards at power plants and other sites, as well as carrying out 
work to introduce changes and additions to Russian Federation 
legislation related to ensuring the safety and reliability of hydros-
power assets.
If further accidents were to occur (despite the best efforts of the Company to minimize the likelihood of this happening), in addition to potential fatalities and/or serious injuries, environmental, impact and damage to property, plant and equipment, it would significantly negatively affect the Company’s bottom line (and potentially market valuation) and may require significant funds for restoration, renovation and rehabilitation.

Company-specific risks:

- The Russian government is the Company’s largest share-holder – holding 60.38% of the Company’s charter capital, as of December 31st, 2009 (Refer to the Relevant Shareholder Information section of the Annual Report for additional information about the shareholder structure). Given the Government’s majority holding, there is a risk that the interests of the Government and those of minority shareholders may not always be aligned, and that the Government may be motivated by non-commercial factors when making decisions (and that these non-commercial factors may not be in the best interests of minority shareholders). There is also a risk that initiatives and measures may be passed despite objections raised by minority shareholders. It should be noted that although minority shareholders could take rights disputes (arising from the above-mentioned situation) to the legal system, the Russian legal system does not have a strong track record of protecting minority rights in shareholder disputes. Resolving these disputes may require a significant time commitment, as well as financial resources;

- One of the Company’s largest (measured by cost) and most important CapEx projects is the Boguchanskaya HPP – a project in the Krasnoyarsk Region designed to reduce capacity shortage in the Siberian grid and to ensure stable and reliable energy supply for consumers in this area. This project – which will introduce 3,000 MW of installed capacity and is scheduled for completion by 2012 (with the launch of hydro-units beginning in 2010) – is a joint project between the Company and UC RUSAL, one of Russia’s largest aluminum producers.

At various points in time, the Company has encountered difficulties and roadblocks with moving this project forward, including a significant delay in obtaining financing that RUSAL owed for equipment and construction. Following government intervention and extensive negotiations, all issues have been ironed out and the project remains on a new accelerated construction schedule (this acceleration can partially be attributed to the Sayano-Shushenskaya HPP accident, as well). However, there are inherent risks when a project involves multiple parties potentially motivated by different interests;

- Many of the Company’s key assets are located in geographically remote regions that are sparsely populated. If current demographic trends continue in Russia, there is a risk – no matter how remote – that the Company may not have access to a large enough pool of skilled labor (both in engineering and financial disciplines), despite continued efforts by the Company to ensure that it offers an attractive workplace environment for its employees (Refer to the Corporate Social Responsibility section of the annual report for additional details about the Company’s human resources policies);

- The Company relies on timely payments from its clients (both retail customers and industrial corporations) to ensure a steady stream of revenues. However, due in part to the economic crisis that began during H2 2008 and disproportionately affected certain sectors of the Russian economy (notably metallurgy, machinery and metal-working manufacturing sectors), there has been an increase in overdue accounts receivable (Refer to the Financial Results Overview section of the annual report for additional details on this increase).

To decrease negative consequences of the crisis, including preventing an increase in accounts receivable (owed to the Company), in 2009 the Program of actions for protecting and increasing the Company’s revenue was confirmed and realized. But, because of the underdeveloped Russian legal system (as discussed in detail above), it may prove highly difficult, time-consuming or costly to collect on these delinquent accounts. It should also be noted that if non-payments occur on a regulated contract that the Company does not have the right to terminate these contracts and must continue supplying the non-payer.

A high percentage of overdue accounts receivable may ultimately negatively affect the Company’s operating margin; this may in turn impact the Company’s valuation on the Exchanges where its securities are traded (both domestically and abroad).

Despite the significant risks that RusHydro faces (as outlined above) – in the short-, medium- and long-term – the Company’s senior management team believes that the Company is well-positioned to tackle these challenges and successfully move forward with its comprehensive development program.
The branch is composed of five hydraulic power plants: the Ezminkaya, Gizeldonskaya, Dzaudgikauskaya, Kora-Ursdonskaya and Bekanskaya HPPs. They cover 17% of the total need for electric power of the Republic of North Ossetia-Alania. The Gizeldonskaya HPP (1934) is the oldest plant of JSC RusHydro.

<table>
<thead>
<tr>
<th>Total installed capacity</th>
<th>78.2 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of hydraulic aggregates</td>
<td>14</td>
</tr>
<tr>
<td>Total annual output</td>
<td>349 mln kWh</td>
</tr>
</tbody>
</table>

JSC RusHydro Branch
NORTH-OSSETIAN

1880-2000

Construction of hydraulic power facilities in the North Ossetia was started in the 80-ies of XIX century and completed in 2000 by launch of the minor Kora-Ursdonskaya HPP.

In the Republic of North Ossetia-Alania production of the electric power is based exclusively on usage of water resources.

According to the 2009 results, implementation of the repair program in the North-Ossetian branch cost 41.25 mln rubles, the technical retooling and reconstruction program amounted to 44.777 rubles. The works planned were carried out to the full extent. In 2010, the investment program of the branch will double.
Production overview

JSC RusHydro currently has total installed capacity of 25,423.5 MW (at its 19 generating assets and subsidiaries and dependent companies (SDCs)) – up from 24,372 MW in 2008 (a 4.3% increase).

This figure ranks the Company as the world’s second largest hydro-power company (in terms of installed capacity), trailing only HydroQuebec, and the world’s largest listed hydro-power producer.

As part of its ongoing strategic development, JSC RusHydro plans to introduce new capacity. However, in the short-term, the Company intends to primarily focus on its extensive technical rehabilitation and modernization program (as discussed in the Development Priorities and Investment Program section of the Annual Report), as well as bringing the Sayano-Shushenskaya HPP back on line following the August 2009 accident.

During the reporting period, the Company’s useful power output stood at 81,607 mln kWh – an increase of 1,941 mln kWh compared to the previous year. This significant increase can primarily be attributed to a portion of the technical rehabilitation and modernization program that was successfully introduced at the Volga-Kamskaya Cascade HPP.

However, despite the increase, actual 2009 numbers lagged behind the Company’s planned yearly output by 0.33% (or 219 mln kWh). One of the primary reasons contributing to the lack of plan fulfillment during the reporting period was the accident at the Company’s Sayano-Shushenskaya HPP (more details on this accident and JSC RusHydro’s actions to address the consequences of the accident and to bring the asset back to full operational capacity can be found in both the Corporate Social Responsibility and Development Priorities and the Investment Program sections of the Annual Report).

It should be noted that in addition to continuing to develop and make its core hydro-power production business more efficient, JSC RusHydro is continuing to look at other business development opportunities that would strengthen and diversify its portfolio, including:

- Continuing to develop its existing in-house design and engineering service capabilities, which would effectively reduce the Company’s reliance on scarce outside consulting services. These services could also be marketed (as a potential revenue source) to third-party companies;
- Building up its own construction business (focused on the power sector), which would potentially fill a currently underserved market niche.

Both of these businesses would potentially benefit the Company’s bottom-line by cutting (and/or controlling) costs and by creating an additional revenue stream (although relative to the size of the core business’ revenue, the magnitude of this revenue source would be relatively limited).

The most important new business – which has come about due to ongoing comprehensive Russian power sector reform – is the Company’s retail sales business. Additional information about this can be found later in this section of the Annual Report.

Sales Results

The general economic slowdown (which initially started in H2 2008) led to decreased electrical consumption. During the first nine months of 2009, electrical consumption fell 7% for the entire Russian Unified Energy System. However, some positive trends were seen at the end of 2009, including an increase in planned electrical consumption during Q4 across all Russian energy zones. This can primarily be explained by the low “base effect” – which references the sharp drop off in energy consumption as a result of the serious global economic crisis that occurred at the end of 2008. The decline in growth rates for electricity usage is primarily due to the reduced electricity needs of major industrial consumers (principal among these being mining and metallurgy enterprises concentrated in the Siberian Region of Russia (the Siberian Region has traditionally been an energy-intensive region of Russia). The above-mentioned decline led to decreased prices on the day-ahead market. The Resolution on a multi-stage (quarterly) increase in wholesale prices for natural gas – which is the primary fuel source for power plants in Zone 1 of the wholesale market for electricity and capacity – also impacted prices.

The overall drop in prices on the day-ahead market was approximately 6.0% in the European energy zone and roughly 12.5% in the Siberian zone. This fall off was primarily demand-driven due to both macro- and micro-economic factors. Furthermore, at the beginning of the reporting period, the drop was significant – in part due to higher quarterly prices for gas. Toward the end of the year, the delay had been effectively reduced.
Production decreases, however, did not occur, in large part because HPP loads are a well-accepted priority in the wholesale electricity and capacity model. However, due to the global economic crisis, power production at thermal power stations decreased significantly during the reporting period.

The significant 7.4% increase in 2009 revenue as compared to 2008 can largely be explained by the following factors:

1. A 2.2% increase in useful output in 2009 (compared with 2008);
2. An increase in the average sale price for electric power due to:
   - A 39% increase, during the reporting period, in the adjustable tariff, including: an increase in the special investment component (SIC) from RUR 16.8 bln to RUR 26.0 bln for the year;
   - Sales on the power market via unregulated contracts at a price above the established tariff rate (set by the Russian Federal Tariff Service);
   - An increase in the volume and cost of electricity sold at free market prices, because of an increase from 20 – 40% in the liberalization rate during the reporting period;
   - Production at the Company’s Zeyskaya and Bureyskaya HPPs exceeded planned production levels, which generated RUR 542 mln in additional corporate revenue;
   - Higher volumes of electricity being sold at free market prices on the unregulated market (these prices, on the whole, were higher than regulated prices determined by the tariff set by the Russian Federal Tariff Service);
   - The conclusion of new sales agreements, which generated an additional RUR 453 mln in revenue;
   - Increased production at the Volga-Kamskaya Cascade HPP (as a result of the technical rehabilitation and modernization program), which led to increased sales and higher revenue in the amount of RUR 151 mln;
   - Tightening sanctions applied to companies and organizations that fail to pay for services and/or power received.

There was also a significant push to introduce innovative measures to enhance payment discipline on both the wholesale and retail power markets during the reporting period.

Principal reasons for the drop in expenditures on purchases:

- Lower purchased volumes on the day-ahead market under regulated contracts, as a result of an increase in the free market share;
- Reduced prices on the day-ahead market due to a fall off in consumption through the entire Russian Unified Energy System.
Power Market

During the reporting period, the power market did not undergo any significant changes. The transition period for the new power market model – which became effective as of July 1st, 2008 – continues to govern the sector.

Within the framework of the transition period, the basic mechanisms for obtaining additional positive economic outcomes for JSC RusHydro include:

- Generating additional power sales from the Company’s existing operating HPPs under free bilateral agreements for buying and selling power and capacity. During the reporting period, these sales generated a further RUR 391 mln in revenue;
- The sale of “new” power, which occurred as a result of the extensive technical rehabilitation and modernization work carried out at the Company’s Volga-Kamskaya Cascade. This program and its results generated RUR 151 mln in 2009.

Of the Company’s 2009 revenue, 52.4% came from electricity sales and 43.9% came from capacity sales, which compares to 2008 percentages of 61% and 34.3%, respectively. Compared with a loss in 2008, during 2009, the Company recorded a net profit of RUR 31,184 bln.

Given the current transition period within the Russian power sector – which includes the existence of both a regulated market (where prices are set by the Russian Tariff Service) and an unregulated, free market – JSC RusHydro’s sales (as well as those of other key domestic market players) are completed through a wide variety of different types of agreements, including:

- Regulated agreements to buy and sell capacity (based on tariffs approved by the Russian Federal Tariff Service);
- Adjustable agreements to buy and sell power at tariffs set by the Federal Tariff Services;
- Agreements to buy and sell power produced either at atomic power plants or at hydro-power plant stations at tariffs that are again determined by the Russian Federal Tariff Service;
- Free bilateral agreements to buy and sell power at prices determined by participants to said agreement, as well as free bilateral agreements to buy and sell capacity;
- Agreements to buy and sell power on the retail market, as long as these agreements comply with regulatory requirements and mandates established by the regional authority which establishes tariff rates. These sales may be either at the tariff rate or at a free market price;
- Commission agreement to sell capacity through a competitive bidding process;
- Commission agreement to sell energy through competitive bidding on the day-ahead market;
- Commission agreement to sell energy as a result of competitive bidding for the balancing of systems (in other words, the sale of energy that deviates from equilibrium prices).

<table>
<thead>
<tr>
<th>Generating facility</th>
<th>Tariff rate for electric energy, ruble per MWh for month (excl. VAT)</th>
<th>Tariff rate for capacity, ruble per MW for month (excl. VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volzhskaya HPP</td>
<td>76.03</td>
<td>220 979.68</td>
</tr>
<tr>
<td>Zhigulevskaya HPP</td>
<td>77.60</td>
<td>221 845.12</td>
</tr>
<tr>
<td>Neporozhny Sayano-Shushenskaya HPP</td>
<td>53.26</td>
<td>96 166.60</td>
</tr>
<tr>
<td>Cascade of Kubanskiye HPPs (HPP 1-4, HPP, Sengileevskaya, Egorlykskaya, Novotroitskaya, Svistukhinskaya)</td>
<td>108.24</td>
<td>272 941.90</td>
</tr>
<tr>
<td>Zeiskaya HPP</td>
<td>15.25</td>
<td>87 767.51</td>
</tr>
<tr>
<td>Nizhegodorskaya HPP</td>
<td>110.75</td>
<td>270 483.11</td>
</tr>
<tr>
<td>Saratovskaya HPP</td>
<td>82.58</td>
<td>288 513.89</td>
</tr>
<tr>
<td>Cascade of VV HPPs</td>
<td>137.60</td>
<td>239 854.23</td>
</tr>
<tr>
<td>Novosibirskaya HPP</td>
<td>212.38</td>
<td>478 554.44</td>
</tr>
<tr>
<td>Bureiskaya HPP</td>
<td>16.41</td>
<td>151 546.94</td>
</tr>
<tr>
<td>Zelenchukskiy HPPs</td>
<td>114.58</td>
<td>301 739.81</td>
</tr>
<tr>
<td>Irganayskaya HPP</td>
<td>140.90</td>
<td>224 307.59</td>
</tr>
<tr>
<td>Votkinskaya HPP</td>
<td>134.41</td>
<td>247 367.20</td>
</tr>
<tr>
<td>Kamskaya HPP</td>
<td>87.17</td>
<td>246 016.41</td>
</tr>
<tr>
<td>Cheboksarskaya HPP</td>
<td>201.32</td>
<td>481 971.89</td>
</tr>
<tr>
<td>Zagorskaya HPP</td>
<td>982.49</td>
<td>94 525.72</td>
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<tr>
<td>Gergebilskaya and Gunibskaya HPP</td>
<td>131.64</td>
<td>223 299.76</td>
</tr>
<tr>
<td>Cascade of Chiryutskie HPPs</td>
<td>131.39</td>
<td>223 299.76</td>
</tr>
<tr>
<td>Miatlinskaya HPP</td>
<td>131.40</td>
<td>223 831.16</td>
</tr>
<tr>
<td>Chirkeyskaya HPP</td>
<td>129.65</td>
<td>223 831.16</td>
</tr>
<tr>
<td>Gelbakhskaya HPP</td>
<td>131.47</td>
<td>501 139.36</td>
</tr>
</tbody>
</table>
In 2009 the repair program was 100% complete in the amount of 107.3 mln rubles (less VAT), the program of technical retooling and reconstruction – for the amount of 594.1 mln rubles (less VAT). The key projects in the program of technical retooling and reconstruction: modernization of Chirkeyskaya HPP hydrogenerator #2 that included replacement of stator winding and hardware, reconstruction of pressure conduits of Gelbakhskaya HPP with installation of rotary shutters, construction of fiber-optic communication line in the direction of Chirkeyskaya HPP, Miatlinskaya HPP and the cascade of Chiryurtskaya HPPs, creation of a complex safety system, installation of a local warning system.

<table>
<thead>
<tr>
<th>No.</th>
<th>HPP Name</th>
<th>Commissioning Year, Installed Capacity, MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Gergebilskaya HPP</td>
<td>1939-1956, reconstructed in 1994, 17.8</td>
</tr>
<tr>
<td>2.</td>
<td>Kurushskaya mini-HPP</td>
<td>1951, 0.48</td>
</tr>
<tr>
<td>3.</td>
<td>Chiryurtskaya HPP-1</td>
<td>1961, 72</td>
</tr>
<tr>
<td>4.</td>
<td>Chiryurtskaya HPP-2</td>
<td>1964, 9</td>
</tr>
<tr>
<td>6.</td>
<td>Miatlinskaya HPP</td>
<td>1985, 220</td>
</tr>
<tr>
<td>7.</td>
<td>Akhtynskaya mini-HPP</td>
<td>1997, 1.8</td>
</tr>
<tr>
<td>8.</td>
<td>Gunibskaya HPP</td>
<td>2005, 15</td>
</tr>
<tr>
<td>9.</td>
<td>Agulskaya mini-HPP</td>
<td>2006, 0.6</td>
</tr>
<tr>
<td>10.</td>
<td>Maginskaya mini-HPP</td>
<td>2006, 1.2</td>
</tr>
<tr>
<td>11.</td>
<td>Gelbakhskaya HPP</td>
<td>2007, 44</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>1,381.9</td>
</tr>
</tbody>
</table>

The HPPs of the Dagestan Branch ensure the operation sustainability of the Southern unified energy system and cover peak loads in autumn and winter periods. Chirkeyskaya HPP was introduced in the system of automatic control of active capacity flows of the Southern UES as the main executive body.

The Dagestan Branch, a branch of JSC RusHydro, operates 11 hydropower plants. The Branch HPPs are located in 8 administrative districts of the Republic of Dagestan. Their distance from the central office is from 100 to 340 km.
Additional

In addition to the above-mentioned actions:

The Company made a concerted effort in 2009 to increase the efficiency and effectiveness of its marketable activities. These efforts were fully aligned with JSC RusHydro’s 2008 program “Measures for maintaining and increasing JSC RusHydro’s income.”

Key components of this program include:

- Decreasing the Company’s risks related to and exposure under current market conditions;
- Fully carrying out all 2009 planned activities that are related to profitable portions of the Company’s detailed business plan;
- Preserving a stable financial position for the Company and its key operating subsidiaries and dependent companies;
- Generating and receiving additional revenue via upgrading the effectiveness of the Company’s marketable activities.

As a result of carrying out the above-mentioned program, the following results have been achieved:

- Bilateral agreements for buying and selling electricity and capacity have been concluded with reliable contractors, who have been designated as such by analyzing these contractors’ payment discipline/reliability during previous periods. As a result of concluding these agreements, JSC RusHydro realized an additional profit of RUR 453 mln during the reporting period. In addition to this, the Company obtained an additional RUR 151 mln from selling “new” power generated via the technical rehabilitation and modernization program at the Company’s Volga-Kamskaya Cascade HPP. The Company also received RUR 542 mln from over-balance production at the Zeyskaya and Bureyskaya HPPs. Therefore, the cumulative effect of realizing these measures was RUR 1,146 mln in increased revenues during the reporting period;

- Numerous normative-legal changes have been introduced in the power sector to encourage increased payment discipline on both the wholesale and retail markets; there has also been a stiffening of sanctions imposed for the non-fulfillment of payment obligations;

- Additional changes (normative and legal) have been introduced in the Company’s internal documents to upgrade the effectiveness of interactions between the parent company and its subsidiaries and dependent companies (SDCs).

During the reporting period, JSC RusHydro did not successfully execute any export sales. However, within the framework of realizing export sales to China by effectively utilizing the Company’s Far Eastern HPPs (the Zeyskaya and Bureyskaya HPPs), additional over-balance production in the amount of 1.4 bln kWh occurred. This additional production generated revenues totaling RUR 542 mln for the Company.

Note. The volume of exports delivered to China may differ from the volume of additional production at the Company’s Far Eastern HPPs (which are legally subsidiaries of JSC RusHydro). JSC RusHydro does not have detailed information on the volume of these sales, due to the fact that all exports are carried out by JSC INTER RAO UES.
The first units of the Uglickskaya and Rybinskaya HPPs started supplying power to the capital in December, 1940, and November, 1941. The Governmental Committee accepted the Cascade of Verkhnevolzhskie HPPs for production operation in 1955.

<table>
<thead>
<tr>
<th>Total installed capacity</th>
<th>456.6 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of hydraulic aggregates</td>
<td>8</td>
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<tr>
<td>Total annual output</td>
<td>1.175 bln kWh</td>
</tr>
</tbody>
</table>

JSC RusHydro Branch
CASCADE OF VERKHNEVOLZHSKIE HPPS

1994–1998
In 1994-1998, the 6th hydraulic aggregate of the Rybinskaya HPP was under reconstruction; in 2002, the 4th hydraulic unit was completely replaced in 15 months.

2009–2010
In 2009, in the framework of the program of technical re-equipment and repairs at the Cascade of Verkhnevolzhskie HPPs all the hydraulic turbines of the Rybinskaya HPP and the first hydraulic unit of the Uglickskaya HPP were completed by maintenance repair. The local alarm system was installed and launched into production operation at the hydraulic power plants.

At the Rybinskaya HPP overhaul of hydraulic generator no.1 is expected to be completed in the nearest time.

At the Uglickskaya HPP the equipment for own needs and the direct current system is being replaced. On June 1, 2009, reconstruction of hydraulic aggregate no.2 was launched at the Uglickskaya HPP.

The 2010 investment program concerning repairs and technical retolosing and reconstruction of the Cascade of Verkhnevolzhskie HPPs was estimated in the amount of 7,521 mln rubles. The program will be aimed at complex replacement of hydraulic units.
The Company’s investment program and all decisions made as part of the program are based on the following key principles:

- Ensuring that investment decisions and all projects are fully aligned with legal regulations, construction norms and requirements and ecological standards;
- Abiding by the sequence of stages and steps for implementing investment projects;
- Guaranteeing that investment decisions and select projects meet profitability and risk management guidelines established by the Company’s Board of Directors;
- Carrying out cost-benefit analysis of alternative investment solutions at the end of each stage of the investment program, as well as when key parameters change;
- Finding appropriate financing sources to cover individual investment projects (and the program as a whole).

Based on the Company’s corporate governance system, all final investment decisions are made by the Company’s Board of Directors – with appropriate input from relevant government organizations and ministries.

The map below highlights some of the Company’s key investment projects for 2009 – 2011 – illustrating RusHydro’s broad coverage of Russia.

JSC RusHydro’s initial 2009 investment program received preliminary approval from the Company’s Board of Directors on January 23rd, 2009. The program envisaged investment totaling RUR 79.5 bln. The Program also calls for the installation of 145 MW of new capacity.

Subsequently, the Program was amended and confirmed by the Company’s Board of Directors on May 18th, 2009. The total volume of the investment program was set at RUR 64.9 bln. The program calls for the introduction of an additional 74 MW of capacity. The investment program will be financed via the following key sources:

- Own funds (including profit, target investment component, amortization, other own funds, including reimbursed VAT) – RUR 27.4 bln;
- Funds received by JSC RusHydro from JSC RAO UES of Russia in connection with re-organization (including funds received from the State for the sale of shares of JSC RusHydro and its subsidiaries and dependent companies) – RUR 6.7 bln;
- External investor funds – RUR 10.4 bln.
The Bureyskaya HPP is the first hydraulic power plant constructed in the post-Soviet Russia. It has the biggest generator in terms of its installed capacity in the Far East.

<table>
<thead>
<tr>
<th>Installed capacity</th>
<th>2,010 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hydraulic aggregates</td>
<td>6</td>
</tr>
<tr>
<td>Annual output</td>
<td>7.1 bln kWh</td>
</tr>
</tbody>
</table>

JSC RusHydro Branch

BUREYSKAYA HPP

Construction and installation works started at the Bureyskaya HPP in February, 1976. However, due to lack of financing the construction works were suspended. In 2000, the power plant construction was actively resumed. In 2009, the Bureyskaya HPP reached its design capacity.

The facility is expected to be handed over to the Government Committee in 2011.

At the new stage of construction works the project of the Bureyskaya HPP was considerably modified. The most critical changes refer to the equipment. New technical solutions were achieved as regards the turbine, generator, control systems, power output equipment complex.

The Bureyskaya HPP equipment was selected with due regard to the state-of-art developments in the power machine construction industry; however the power plant specialists follow the last trends in the industry and implement them. The company also spends much money for reconstruction and technical re-equipment.

The reliability declaration of the Bureyskaya HPP hydraulic units was estimated as normal.
The investment program was broadly focused on the following categories:

- Technical rehabilitation and modernization program – RUR 12.6 bln;
- Objects under construction – RUR 49.6 bln;
- Projects in the design stage, including design and exploration work – RUR 0.6 bln;
- Projects in the design stage – RUR 0.6 bln;
- Renewable energy source projects – RUR 0.8 bln.

The actual volume of 2009 investments was RUR 54.3 bln and an additional 71 MW of installed capacity was added during the reporting period.

1. Technical rehabilitation and modernization program
The actual volume of financing for this program during 2009 was RUR 8.6 bln – or RUR 4 bln less than the approved plan (the Company’s Investment Program performance on technical rehabilitation and modernization was: 68%);

2. Objects under construction
The actual volume of financing for objects under construction in 2009 was RUR 36.6 bln – which is RUR 13 bln less than plan (the Company’s Investment Program performance on objects under construction was 74 %);

3. Projects in the design stage, including design and exploration work
The actual volume of financing for projects in the design stage, including design and exploration work in 2009 was RUR 0.7 bln – RUR 0.03 bln more than plan (the Company’s Investment Program performance on projects in the design stage, including design and exploration work was: 105%);

4. Renewable energy projects
The actual volume of financing for renewable energy projects was RUR 0.7 bln – RUR 0.02 bln less than plan (the Company’s Investment Program performance on renewable energy projects was – 97 %);

5. Planned objects
The actual volume of financing for planned objects in 2009 was RUR 0.4 bln – RUR 0.2 bln less than plan (the Company’s Investment Program performance on planned objects was:71%).

However, the serious accident at the Company’s Sayano-Shushenskaya HPP in August 2009 required the Company to drastically re-evaluate its existing investment program – both for the reporting period and for the near- and medium-term (particularly for the 2010 – 2012 period).

On September 15th, 2009, the Project of the 2010 Investment Program and 2011-2012 Forecast Indicators, with changes made as a result of coordination with relevant ministries and departments, and also in connection with the SS HPP accident, was approved by the Government of the Russian Federation.

The total amount of financing, provided for in the 2010 Investment Program, was RUR 97,057 bln.

Basic priorities of JSC RusHydro’s 2010 Investment Program include:

- Ensuring reliable and zero-accident operating rates at existing and under construction sites;
- Restoring the Sayano-Shushenskaya HPP (commissioning hydro-units №3-6 in 2010);
- Putting into operation the first stage of the SS HPP coastal spillway not later than June 1st, 2010;
- Ensuring that additional capacity planned for 2010 occurs in full volume, including from: the technical rehabilitation and modernization program (42 MW), the Kashhatau HPP (65 MW), the Egorlykskaya HPP-2 (14 MW) and the new binary power-unit (2.5 MW).

The primary sources for financing the 2010 Investment Program are:

- Own funds (profit, including the target investment component, amortization, and other own funds, including reimbursed VAT) – RUR 35.151 bln;
- Funds received by JSC RusHydro from JSC RAO UES of Russia in connection with re-organization (including funds received from the sale of additional shares of JSC RusHydro and its subsidiaries and dependent companies to the Russian Federation) – RUR 10.129 bln;
- External investor funds – RUR 18.715 bln.

The general principles of distributing financing sources between investment projects are as follows:

- Amortization funds are channeled in full to financing the technical rehabilitation and modernization program;
- Target financing sources (target investment component and budgetary funds) are used to finance priority under construction objects;
- External investor funds are distributed according to the concluded agreements about co-financing.

During H1 2009, the Company’s actual investment program closely mirrored planned figures; investment during the first six months of 2009 totaled RUR 19.1 bln – a 98% fulfillment rate.
The Zelenchukskaya HPP is the hydraulic power plant of the federal level. The hydraulic facilities of the HPP are used for gravity supply of potable water for the regions and communities of the Republic.

<table>
<thead>
<tr>
<th>Installed capacity</th>
<th>160 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hydraulic aggregates</td>
<td>2</td>
</tr>
<tr>
<td>Annual output</td>
<td>415 mln kWh</td>
</tr>
</tbody>
</table>

JSC RusHydro Branch

KARACHAEVO-CHERKESSIAN

Construction of the Zelenchukskaya HPP that was supposed to become the first plant of the Cascade started in the middle of 70-ies of the XX century. However operation of the first units was launched only in 1999. In the end of 80-ies the construction was suspended due to poor financing. The process was resumed in 1998 after the project was included in the investment program of the RAO UES of Russia.

The first 800 MW hydraulic aggregate of the Zelenchukskaya HPP started to work in August, 1999. Three years later, in 2002, the second 800 MW hydraulic aggregate was launched.

Since then the power plant was producing up to 190 MWh per year, which made almost one fifth of the total power consumed in Karachay-Cherkessia. In April, 2005, construction of the third complex with water intake in the Bolshoy Zelenchuk river was started. The unit was put into operation on December 16, 2006.

In 2009, in the framework of technical retooling and reconstruction program several projects directly connected with improvement of the equipment reliability and assurance of emergency security for the power plants’ maintenance personnel and for inhabitants of the riparian communities were implemented.
Part 09

Financial Results

This section of the Annual Report is prepared based on consolidated financial reports of the RusHydro Group (later, the Group), in accordance with International Financial Reporting Standards (IFRS).

The most important event during 2009 that affected the Group’s financial performance was the global financial crisis.

The global financial crisis

The global financial crisis had a serious effect on the Russian economy since the middle of 2008. The Group’s borrowers and debtors were negatively impacted by the financial and economic situation, which in turn affected their ability to repay amounts owed. Deteriorating economic conditions for borrowers and debtors were reflected in revised estimates of expected future cash flows in impairment assessments.

Access to financial resources – including non-domestic funds – was significantly reduced after August 2008. The prevailing financial market conditions can also have a negative effect on the Group’s ability to attract new borrowings and to refinance existing credits and loans at attractive conditions that were available in earlier periods.

Despite a challenging year and the financial crisis, the Group achieved improvements in its basic financial indicators during the reporting period.

Statement of Financial Position

As a whole, the Group’s joint total assets grew 13.3% during the reporting period – standing at RUR 483,255 mln as of December 31st, 2009 compared with RUR 426,371 mln as of December 31st, 2008.

2008–2009 Group asset structure, RUR mln

As before, the majority of assets are made up of property, plant and equipment (RUR 354,847 mln, or 73.4% of total assets). However, this share fell 5.7% compared with 2008. This decrease can primarily be attributed to an almost two-fold increase in cash and cash equivalents – from RUR 24,838 mln to RUR 48,152 mln as of the end of 2009.

The Group’s financial position continues to be stable and improved during 2009.

Total equity in 2009 equals 83.5% of total equity and liabilities compared to 80.6% in 2008. The Group’s equity increased from RUR 343,613 mln in 2008 to RUR 403,283 mln in 2009. The increase in equity amounted to RUR 59,670 mln (a 17.4% increase).

2008–2009 Group equity and liabilities structure, RUR mln

The growth in equity can mainly be explained by two factors:

- Additional share issuances for 24,681 mln ordinary shares with a par value of RUR 1.00 per share. As a result, share capital increased by RUR 24,681 mln from RUR 245,014 mln in 2008 to RUR 269,695 mln in 2009;

- Profit for the period in the amount of RUR 31,184 mln.

As a result, the total liabilities of the Group in 2009 decreased by RUR 2,786 mln (a 3.4% drop), and stood at RUR 79,972 mln as of December 31st, 2009. Current liabilities remained practically unchanged at RUR 25,134 mln, whereas non-current liabilities fell by 4.7% to RUR 54,838 mln.

The ratio of total liabilities to net assets fell from 24.1% as at 31 December 2008 to 19.8% as at 31 December 2009.

Revaluation as of December 31st, 2009

As of December 31st, 2009, the Group did not perform a revaluation of property, plant and equipment considering that the carrying amount does not differ materially from the fair value at the end of the reporting period. The Group last performed a revaluation as at 31 December 2008.
Accounts receivable
The global financial crisis had an effect on the Group’s activities and influenced the ability of electricity and capacity consumers to repay the amounts owed. As a result, a provision for impairment of accounts receivable in the amount of RUR 920 mln (net of reversal of impairment) was made in 2009. Additionally, the Group’s past due but not impaired accounts receivable rose slightly from RUR 2,274 mln as of December 31st, 2008 to RUR 2,499 mln as of December 31st, 2009 (a 9.9% increase). These accounts receivable relate to customers without a recent history of default.

Financial assets include drafts and accounts receivable net of provision for impairment and promissory notes.

A major part of other accounts receivable includes the insurance compensation in the amount of RUR 6,046 mln in connection with the accident at the Sayano-Shushenskaya HPP receivable from JSC IC ROSNO.

Accounts payable
For the reporting period, the Group’s accounts payable and accruals increased 17.6% and stood at RUR 19,102 mln.

As of December 31st, 2009, the Group had an obligation to the Russian Federation [presented by the Russian State Property Agency] in the amount of RUR 4,330 mln due to a prepayment in respect of the additional issue of 19,000,000,000 shares. This issue was approved by an Extraordinary General Meeting of the Company’s shareholders on June 10th, 2009 but not registered as at 31 December 2009.

As of December 31st, 2009, the majority of other accounts payable related to purpose-driven financing granted by the Government of the Russian Federation (in the person of the Federal Agency for Power Engineering) in the amount of RUR 1,590 mln in exchange for a portion of JSC Ust-Srednekanskaya HPP’s shares.

Current and non-current debt
In 2009, the Group’s non-current and current debts decreased by RUR 648 mln and RUR 801 mln, respectively.

As of December 31st, 2009, the Group’s principle debt holders were as follows:
- European Bank for Reconstruction and Development. The funds were used to finance a program of upgrading and re-equipping HPPs of the Volzhskaya-Kamskaya Cascade;
- Bond holders. In July 2006, JSC HydroWGC Management Company issued bonds in a public offering on the MICEX Stock Exchange. The bond issue proceeds are used to finance the completion of the Boguchanskaya HPP and the needs of the Group’s subsidiaries;
- Morgan Stanley Bank International Ltd. The funds were intended to be used for financing capital expenditure projects in accordance with the Group’s investment program;
- Municipal authority of the Kamchatka Region. The loan was received for the purpose of financing the construction of the Verhne-Mutnovskaya GeoES;
- CF Structured Products B.V. The funds were obtained to finance construction of the Cascade NChHPPs.

As of December 31st, 2009, all of the Group’s current debt, and more than 84% of non-current debt, are ruble-denominated.

The Group is subject to certain covenants.
As shown in the table above, all the covenant ratios improved substantially during the year ended December 31\textsuperscript{st}, 2009.

**Income statement**

The Group’s revenue increased 7.4% in 2009 and stood at RUR 115,603 mln for the year ended December 31\textsuperscript{st}, 2009 (for the year ended December 31\textsuperscript{st}, 2008: RUR 107,670 mln).

**2008-2009 Group revenue and operating expenses, RUR mln**

Operating expenses decreased 10.2% – going from RUR 84,659 mln to RUR 76,050 mln. As a result, in 2009, the Group received operating profit of RUR 39,953 mln. The Group’s operating profit margin stood at 34.2%.

In 2008, 61% of total revenue related to electricity sales. In 2009, the structure of revenue changed: revenue from sales of capacity increased 37.6% and amounted to RUR 50,776 mln for the year ended December 31\textsuperscript{st}, 2009. Other revenue includes rendering of construction services, repairs and other services.

**2008 Group revenue structure from current activity, RUR mln**

A significant portion of the Group’s sales and purchases of electricity and capacity is carried out through commission agreements, which are concluded with the JSC Center of Financial Settlements (CFS) on the wholesale electricity and capacity market. The Group also sells significant volumes of electricity and capacity through the wholesale market under regulated agreements – with tariffs and volumes set by the Federal Service on Tariffs. The Company also conducts sales under bilateral unregulated agreements (for the purchase-sale of electricity and capacity) at non-regulated prices. Electricity and capacity are sold directly to both trading and industrial companies.

**Operating expenses**

The Group’s operating expenses decreased RUR 8,609 during the reporting period.

The drop-off was primarily due to a fall in the Group expenses for the purchase of electricity and capacity – a decrease of RUR 7,936 mln. As a result, expenditures on this category fell from 40.9% of operating expenses in 2008 to 35.1% in 2009.

**2009 Group revenue structure from current activity, RUR mln**

In addition to purchases of electricity and capacity, during the reporting period, the Company decreased electricity distribution expenses by 14% due to reduction in sales of the Group’s retailing subsidiaries and the Company was also able to diminish of the third party services by 8.2% compared with 2008. Employee benefit expenses remained almost the same (demonstrating an insignificant 1.6% increase). Depreciation of property, plant and equipment grew by 26.6%, principally as a result of the revaluation recognized as at 31 December 2008.

As a result of these movements, the Group’s 2009 profit was RUR 31,184 mln – compared with losses of RUR 19,481 mln in 2008 (the 2008 reporting included “paper” losses recognized as a result of property, plant and equipment impairment). The Group’s profit margin (in net profit) was 27%.
Zagorskaya pump-storage hydropower plant (PSHPP) is the only one unique hydropower facility in Russia that provides for “storage” of hydraulic energy and converting it into electric power as the need arises.

<table>
<thead>
<tr>
<th>Installed capacity of turbining</th>
<th>1,200 MW</th>
<th>Installed capacity of normal pump operation</th>
<th>1,320 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hydraulic aggregates</td>
<td>6</td>
<td>Annual output</td>
<td>4.9 bln kWh</td>
</tr>
</tbody>
</table>

Zagorskaya PSHPP is the township-forming enterprise of Bogorodskoe town and it is one of the main taxpayers of Sergiyev Posadsky District.

Social projects in the region – provision of beneficent help to Bogorodskoe town church of the Trinity Lavra of St. Sergius and Sergiyev Posadsky House of the blind, deaf and mute.

Thanks to its specific technology Zagorskaya PSHPP performs the functions of double control of capacities – in the generating and loading modes. This provides for using Zagorskaya PSHPP for completion of a wide range of mode tasks related to regulation requirements:

- Operation for the benefit of the system operator of the Unified Energy System of Russia (the UES) in regulating daily load patterns, cross flows in transit communications, voltage and frequency;
- Optimization of heat power plants performance, improvement of their technical and economic indicators, reduction of emissions of harmful substances into the atmosphere;
- Functioning as a quickly activated emergency reserve of generating capacity.

Daily load patterns of the energy unification are characterized by obvious morning and evening peaks and deep drops during nighttime.

During the hours when the energy system contains excess of electricity (nighttime) the hydraulic aggregates of the PSHPP operate as pumps transferring water from the lower basin to the upper water storage and consuming the excess of electricity.

During the time when there’s a lack of generating capacity in the energy system [morning and evening hours] the hydraulic aggregates of the PSHPP operate as generators.

Apart from using the PSHPP in active energy modes (pumping, turbining) the hydraulic aggregates of Zagorskaya PSHPP is used in the mode of a synchronous compensator in order to regulate the mains voltage of the 500 kilowatt energy system.
**Operating profit / (loss)**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2008 (adjusted)*</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit / (loss)</td>
<td>23 011</td>
<td>(9 542)</td>
<td>39 553</td>
</tr>
<tr>
<td>Profit / (loss) before income tax</td>
<td>19 985</td>
<td>(19 032)</td>
<td>38 923</td>
</tr>
<tr>
<td>Profit / (loss) for the period</td>
<td>19 536</td>
<td>(19 481)</td>
<td>31 184</td>
</tr>
<tr>
<td>Earnings per ordinary share</td>
<td>(0,0925)</td>
<td>0,1229</td>
<td></td>
</tr>
</tbody>
</table>

* Profit / (loss) for the period adjusted for impairment of property, plant and equipment and impairment of available-for-sale financial assets

From 2008 to 2009, EBITDA increased more than 1.5 times – growing from RUR 33,735 mln to RUR 52,182 mln.

There was also an improvement in other indices, which indicates improved effectiveness of the Group’s control over its assets and capital.

### Indices

<table>
<thead>
<tr>
<th>Indices</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit margin, %</td>
<td>(8.9)</td>
<td>34.2</td>
</tr>
<tr>
<td>Return on assets [ROA], adjusted*, %</td>
<td>5.8</td>
<td>7.3</td>
</tr>
<tr>
<td>Return on equity [ROE], adjusted*, %</td>
<td>6.7</td>
<td>8.4</td>
</tr>
<tr>
<td>Adjusted EBITDA margin, %</td>
<td>31.3</td>
<td>45.1</td>
</tr>
</tbody>
</table>

* Adjusted for impairment of property, plant and equipment and impairment of available-for-sale financial assets

### Statement of cash flow

Net cash generated by operating activities increased from RUR 27,621 mln for the year ended December 31, 2008 to RUR 40,725 mln for the year ended December 31, 2009.

Net cash used in investment activities has decreased insignificantly from RUR 33,023 mln for the year ended December 31, 2008 to RUR 32,604 mln for the year ended December 31, 2009. The cash cost of new property, plant and equipment was RUR 31,896 mln in 2009.

Net cash flow generated by financing activities decreased from RUR 21,973 mln for the year ended December 31, 2008 to RUR 15,193 mln for the year ended December 31, 2009. The increase in net cash generated by financing activities of the Group was mainly due to share issues in 2009 in the amount of RUR 48,152 mln (which exceeds its current liabilities of RUR 25,134 mln). Cash equivalents stood at RUR 48,152 mln (December 31, 2008: RUR 1 mln). Cash and cash equivalents balances denominated in Euro currency were RUR 1,258 mln as of December 31, 2009 (December 31, 2008: RUR 13 mln).

The Group has a stable financial position with cash and cash equivalents standing at RUR 48,152 mln (which exceeds its current liabilities of RUR 25,134 mln). Cash equivalents held as of December 31, 2009 and December 31, 2008 comprised short-term highly liquid investments (bank deposits and short-term bank promissory notes) with original maturities of three months or less.

### Credit ratings

To ensure that it provides its stakeholders with comprehensive and maximally objective information, the Company receives credit ratings from the three leading global credit rating agencies.

During the reporting period, the following changes occurred in the Company’s credit ratings.

On February 4th, 2009, against a backdrop of a reduction in Russia’s national credit rating, international rating agency Fitch Ratings reduced the Company’s credit ratings. Its long-term rating in foreign currency was dropped from “BBB-” to “BB+.” On the national scale, RusHydro’s rating was lowered from “AA+ (rus)” to “AA (rus).”

On December 22nd, 2009, international credit rating agency Standard & Poor’s decreased the Company’s long-term credit rating from “BBB-” to “BB+. “ Ratings on the national scale dropped from “ruAAA” to “ruAA+.”

Credit ratings as of December 31, 2009

### On the international scale:

<table>
<thead>
<tr>
<th>Ratings agency</th>
<th>Standard&amp;Poor’s</th>
<th>Moody’s</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating</td>
<td>BB+</td>
<td>Baa3</td>
<td>BB+</td>
</tr>
</tbody>
</table>

### On the national scale:

<table>
<thead>
<tr>
<th>Ratings agency</th>
<th>Standard&amp;Poor’s</th>
<th>Moody’s</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating</td>
<td>ruAA+</td>
<td>Aaa.ru</td>
<td>AA (rus)</td>
</tr>
</tbody>
</table>

---

**EBITDA** is defined as earnings before the deduction of interest expense and financing items, income taxes, depreciation, non-cash impairment, disposal charges and insurance compensation.
Irganayskaya HPP is one of the largest hydropower plants in the South of Russia. Its generation yields only to Chirkeyskaya HPP which is the most powerful in the Southern part of Russia. Since June 2008 the new branch of JSC RusHydro, Irganayskaya HPP, has operated on the basis of Irganayskaya HPP.

Currently the average generation of Irganayskaya HPP that it transfers to the power system of the Russian South is 1,280 mln kWh on average. In 2009 1,404 mln kWh was generated. This constituted more than a quarter of the whole power amount generated in the Republic of Dagestan.

In the scope of its activities the Branch actively carries out charity work intended for support of orphanages, folklore groups of children and adults, sports and comprehensive schools, charitable foundations, special events for support of children and veterans.

Currently Irganayskaya HPP is at the final phase of commissioning of the main early production objects. Due to water increase in the reservoir to the design reference mark of 547 m of normal maximum operating level in 2008 the available capacity of the 2 operating hydraulic units grew up to 400 MW.

In Irganayskaya HPP, a JSC RusHydro branch, in accordance with the Company Technical Policy maintenance programs, technical retooling and reconstruction are implemented. The specified programs are intended for improvement of reliability of equipment operation, replacement of obsolete, worn out equipment with modern machinery complying with the requirements of JSC RusHydro Technical Policy. These programs reduce operation cost due to commissioning of modern high-technology equipment with an increased overhaul period. In 2009 the program of technical retooling and reconstruction was implemented for the total amount of 92.4 mln rubles. Last year complete scheduled repair was performed for the primary and auxiliary equipment. Reconstruction of the control system in hydraulic units #1 and #2 was carried out. Installation of both internal and external fiber-optic communication lines was completed. Currently a land-scale project of hydraulic unit #2 reconstruction is being implemented at the hydropower plant that includes complete replacement of a 240-ton generator rotor rim.

The condition of hydropower facilities is regularly examined by supervisory authorities and departmental commissions. The latest examination was carried out in August-September 2009 by the commission responsible for examination of safety of Irganayskaya HPP facilities. The conclusion of the commission stated that the technical condition of the hydropower facilities in the process of operation of hydraulic units #1 and #2 at the normal maximum operating level of 547 m proved to be functional and to comply with the requirements of operational reliability and safety with the maximum reservoir storage.
## Part 10

### Relevant Shareholder Information

#### Charter capital*

As of December 31\textsuperscript{st}, 2009, JSC RusHydro’s authorized charter capital was comprised of 269,695,430,802 ordinary shares with a par value of one ruble per share [State registration number for the issue 1-01-55038-E dated February 22\textsuperscript{nd}, 2005]. The Company has not issued any privileged shares.

Since the Company was founded in 2004, RusHydro’s authorized charter capital has increased as the result of additional ordinary share issues. Funds generated from these issues have been directed at financing the Company’s investment program, as well as for converting shares of consolidated companies that have been incorporated under the RusHydro umbrella.

<table>
<thead>
<tr>
<th>Date</th>
<th>Charter capital size, RUR</th>
<th>Placement method</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.12.2004</td>
<td>103,951,322,702</td>
<td>At establishment; closed subscription in favor of JSC RAO UES of Russia</td>
</tr>
<tr>
<td>21.12.2006</td>
<td>140,954,759,856</td>
<td>Increase of charter capital for the purpose of financing the Company’s investment program, a closed subscription in favor of JSC RAO UES of Russia.</td>
</tr>
<tr>
<td>01.11.2007</td>
<td>156,864,373,776</td>
<td>Increase of charter capital for the purpose of financing the Company’s investment program, a closed subscription in favor of JSC RAO UES of Russia, the Russian Federation and the operator of the Company’s option program</td>
</tr>
<tr>
<td>31.01.2008</td>
<td>195,860,496,735</td>
<td>Conversion of shares of the consolidated companies into shares of JSC RusHydro</td>
</tr>
<tr>
<td>24.07.2008</td>
<td>245,014,059,191</td>
<td></td>
</tr>
<tr>
<td>02.04.2009</td>
<td>255,014,018,667</td>
<td>Increase of charter capital; open subscription</td>
</tr>
<tr>
<td>12.10.2009</td>
<td>269,695,430,802</td>
<td>Increase of charter capital; open subscription</td>
</tr>
</tbody>
</table>

* Information on regulated capital does not take into account 3,765,217,391 additional shares that were placed via pre-emptive rights as part of the additional share issue № 1-01-55038- E -038D from November 19\textsuperscript{th}, 2009. State registration of the Report detailing results of this issue has not been registered as of yet.

<table>
<thead>
<tr>
<th>Date</th>
<th>1-01-55038-E-036D</th>
<th>1-01-55038-E-037D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of decision to increase authorized capital</td>
<td>November 17\textsuperscript{th}, 2008</td>
<td>November 17\textsuperscript{th}, 2008</td>
</tr>
<tr>
<td>Total value of the issue at par value, RUR</td>
<td>RUR 10,000,000,000</td>
<td>RUR 16,000,000,000</td>
</tr>
<tr>
<td>Category (type) and form of the share issue</td>
<td>Non-documentary, common ordinary shares</td>
<td>Non-documentary, common ordinary shares</td>
</tr>
<tr>
<td>Placement method</td>
<td>Open subscription</td>
<td>Open subscription</td>
</tr>
<tr>
<td>Payment form for shares</td>
<td>Cash assets</td>
<td>Cash assets</td>
</tr>
<tr>
<td>Placement price</td>
<td>RUR 1 per share</td>
<td>RUR 1 per share</td>
</tr>
<tr>
<td>Start date for placement</td>
<td>December 19\textsuperscript{th}, 2008</td>
<td>June 2\textsuperscript{nd}, 2009</td>
</tr>
<tr>
<td>Finish date for placement</td>
<td>February 18\textsuperscript{th}, 2009</td>
<td>August 28\textsuperscript{th}, 2009</td>
</tr>
<tr>
<td>Actual volume of placed shares, based on par value</td>
<td>RUR 9,999,959,476 or 99.99959% of the issue</td>
<td>RUR 14,681,412,135 or 91.7588% of the issue</td>
</tr>
</tbody>
</table>

On June 10\textsuperscript{th}, 2009, the Company’s Annual General Meeting of shareholders adopted a decision to increase JSC RusHydro’s charter capital in full accordance with the below-mentioned parameters. (As of December 31\textsuperscript{st}, 2009, the placement of the Issue has not been completed).
Main parameters of the share issue

<table>
<thead>
<tr>
<th>Placement method</th>
<th>Open subscription</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category (type) of share</td>
<td>Common ordinary</td>
</tr>
<tr>
<td>Form</td>
<td>Non-documentary</td>
</tr>
<tr>
<td>Par value per share</td>
<td>RUR 1 (one)</td>
</tr>
<tr>
<td>Number of additional shares, number</td>
<td>19,000,000,000 (nineteen billion)</td>
</tr>
<tr>
<td>Total value of the issue at par value, RUR</td>
<td>RUR 19,000,000,000 (nineteen billion)</td>
</tr>
<tr>
<td>Payment form for shares</td>
<td>1) Cash assets; 2) Non-monetary funds, according to the decision of the share issue</td>
</tr>
<tr>
<td>Placement price for an additional ordinary common share</td>
<td>RUR 1 and 15 kopecks per share</td>
</tr>
<tr>
<td>Start date for placement</td>
<td>December 12th, 2009</td>
</tr>
<tr>
<td>Finish date for placement</td>
<td>September 21st, 2010</td>
</tr>
</tbody>
</table>

Current shareholder structure

<table>
<thead>
<tr>
<th>The owners of securities</th>
<th>Portion of regulated capital, as of:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>January 1st, 2009</td>
</tr>
<tr>
<td>Federal property</td>
<td>60.37</td>
</tr>
<tr>
<td>Minority shareholders</td>
<td>39.63</td>
</tr>
<tr>
<td>including DR holders</td>
<td>1.55</td>
</tr>
<tr>
<td>Total number of shareholders</td>
<td>312,435</td>
</tr>
</tbody>
</table>

Securities on the market

Since 2008, JSC RusHydro’s shares have been traded on both the Russian Moscow Interbank Currency Exchange (MICEX) Stock Exchange and the Russian Trading System (RTS) Stock Exchange. Beginning in August 2008, the Company’s shares were included in both Exchanges’ “A1” quotation list. Since July 2009, Company’s depositary receipts are traded on London Stock Exchange Main Market.

In 2009, the Company’s shares corresponded fully with all liquidity criteria established by the Russian FSFM – which regulates the Russian securities market – and thus, RusHydro shares were included in MICEX Top 10 index – this index indicates the ten most liquid securities trading on the market.

JSC RusHydro’s shares on major trading platforms in 2009

<table>
<thead>
<tr>
<th>Stock Exchange</th>
<th>Ticker Symbol</th>
<th>Currency</th>
<th>Price max</th>
<th>Price min</th>
<th>Price last</th>
<th>Trading volume</th>
<th>Total number of transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTS Classic</td>
<td>HYDR</td>
<td>USD</td>
<td>0.045</td>
<td>0.0148</td>
<td>0.0377</td>
<td>2.8 bln</td>
<td>91 mln</td>
</tr>
<tr>
<td>RTS Standard¹</td>
<td>HYDRS</td>
<td>RUR</td>
<td>1.208</td>
<td>1.005</td>
<td>1.155</td>
<td>66 mln</td>
<td>74 mln</td>
</tr>
<tr>
<td>MICEX</td>
<td>HYDR</td>
<td>RUR</td>
<td>1.434</td>
<td>0.507</td>
<td>1.138</td>
<td>143 bln</td>
<td>149 bln</td>
</tr>
<tr>
<td>LSE</td>
<td>HYDR</td>
<td>USD</td>
<td>4.31</td>
<td>3.29</td>
<td>3.94</td>
<td>212.6 mln</td>
<td>783.9 mln</td>
</tr>
</tbody>
</table>

¹ Trading of the Company’s shares on the RTS Standard market started August 27th, 2009.

The volume of RusHydro shares traded on the MICEX Stock Exchange increased five-fold compared with 2008, and during the same period, the number of transactions went up three times.

The Company’s shares are included in all basic Russian fund indices – the RTS Index and the MICEX Index. RusHydro shares are also included in sector (power)- specific indices: the RTS Electric Utilities (EUI) Index and the MICEX Power (PWR) Index. Moreover, the Company’s shares have also been included in two foreign indices: MSCI Barra Russia and MSCI Barra Emerging Markets.

During H1 2009, movement in the Company’s share price was primarily driven by macro-economic factors that were affecting the entire Russian stock market. These macro-factors included: increased demand for raw materials following the global economic crisis, a re-animation of the global credit market, renewed inflow of direct and portfolio investments, increased money supply and a strengthened ruble. The Company’s shares outperformed the market as a whole, as well as the indices that measure the performance of its peer group companies (the power sector). In addition to macro-economic factors, sector- and Company-specific factors contributed to RusHydro’s strong share price performance, including: increased demand for power and innovative measures taken by the Company to proactively address the economic crisis, as well as good corporate financial and operating results.

The Sayano-Shushenskaya HPP accident, which occurred in August 2009, had a negative effect on the Company’s share price, and following the accident, trading of the Company’s
shares was suspended for several days on both Russian exchanges. A series of timely and correct actions by the Russian Government, as well as by the Company’s management team, helped liquidate the accident and its consequences. These measures, coupled with the subsequent launch of renovation programs at the HPP, enabled the Company to successfully double its market capitalization (compared with 2008) by the end of 2009.

**JSC RusHydro’s market capitalization**

<table>
<thead>
<tr>
<th></th>
<th>December 31st, 2008</th>
<th>December 31st, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTS Classic</td>
<td>USD 5,120,793,837</td>
<td>USD 10,167,517,741</td>
</tr>
<tr>
<td>MICEX</td>
<td>RUR 147,988,491,751</td>
<td>RUR 306,913,400,253</td>
</tr>
</tbody>
</table>

**Dynamics of changes in JSC RusHydro’s share price dynamics compared with the RTS and MICEX Index, as well as for the RTS and MICEX power sector indices**

**Depositary Receipts**

The depositary receipt is a derivative financial instrument that circulates outside the country where the issuer is registered and carries property rights to a certain number of the issuer’s underlying shares.

In June 2008, JSC RusHydro launched its global depositary receipt (GDR) program under Reg. S [Regulation S] and Rule 144A. The Bank of New York Mellon acts as the depositary bank of record for the Program. Each depositary receipt represents 100 ordinary shares of JSC RusHydro.

**Description of the Company’s depositary receipt program**

- **Depositary bank:** The Bank of New York Mellon
- **Ratio:** 1 DR = 100 ordinary shares
- **CUSIP number (GDR 144A):** 466294204
- **CUSIP number (Level 1 ADR):** 466294105
- **Program launch date:**
  - GDR: June 17th, 2008
  - Level 1 ADR: August 7th, 2009
- **Trading platforms:**
  - London Stock Exchange (Main Market – IOB) OTC (ADR only) Portal
- **Maximum program size, (number of DRs):** 375,000,000
- **Program size as of December 31st, 2009, % of authorized capital:** 8.08%

On July 6th, 2009, trading of the Company’s DRs was launched on the London Stock Exchange’s (LSE) Main Market in the International Order Book (IOB) regulated segment.

On August 7th, 2009, JSC RusHydro launched a Level One American Depositary Receipt (ADR) program. On the same day, the Company announced that it would convert all Rule S GDRs into ADRs. Within the framework of the new program, each ADR represents 100 ordinary shares of the Company. As part of the process of launching the new program and converting the existing GDRs, Rule S GDRs were removed from the LSE quotation list and were cancelled. GDR holders received the appropriate number of ADRs, which were included in the LSE quotation list at the moment of the Program’s launch.

Thus, the Company’s depositary receipts are now traded on both the London Stock Exchange’s Main Market and the United States’ OTC market – giving American investors, who were previously not able to purchase the Company’s shares, an opportunity to invest in JSC RusHydro.

During 2009, number of DRs outstanding increased in more than 5 times and reached 8.08% of share capital by December 31st, 2009.
The Kabardino-Balkarian branch includes 5 hydropower plants with the aggregated capacity of 90.2 MW the share of which constitutes 92% of the electricity generated in the Republic and around 30% of consumed electricity.

<table>
<thead>
<tr>
<th>HPP Name</th>
<th>Rated Capacity</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aushigerskaya HPP</td>
<td>60 MW</td>
<td>Cherekskiy Region of the Kabardino-Balkarian Republic on the river Cherek.</td>
</tr>
<tr>
<td>Cherekskiy HPP</td>
<td>90.2 MW</td>
<td>Kabardino-Balkarian Republic.</td>
</tr>
<tr>
<td>Mini-HPP 3</td>
<td>3.5 MW</td>
<td>Aushigerskaya HPP downstream of the Nizhne-Cherekskiy HPPs.</td>
</tr>
<tr>
<td>Baksanskiy HPP</td>
<td>25 MW</td>
<td>It was constructed in 1930-1939.</td>
</tr>
<tr>
<td>Akbashskaya HPP</td>
<td>1.1 MW</td>
<td>Baksanskiy Region of the Kabardino-Balkarian Republic on the river Baksan.</td>
</tr>
<tr>
<td>Mukholskaya HPP</td>
<td>0.64 MW</td>
<td>It is located in Baksanskiy Region of the Kabardino-Balkarian Republic on the river Baksan.</td>
</tr>
</tbody>
</table>

Construction of the Cascade of Nizhne-Cherekskiy HPPs composed of Aushigerskaya HPP and Kashkhatau HPP carried out in 1993 has an important part in creating the hydrogeneration base of Kabardino-Balkaria. In December 2002 60-MW capacity of Aushigerskaya HPP was put into operation. Upon commissioning of Kashkhatau HPP the rated capacity of the Cascade will reach 128.6 MW, while the share of the HPPs in covering the balance of energy demand in the Republic will approach 50%. The Cascade of Nizhne-Cherekskiy HPPs will not only allow to solve the problem of reliable power supply to the Republic for its economic and social development. The created construction infrastructure and qualified staff will form the base for further development of mountain rivers.

Construction of Baksanskiy HPP and results of its 73-year operation provide an obvious confirmation that use of its own, constantly renewable and clean water power resources the technical potential of which is evaluated at 7 bln kWh is the main course for further increase of power generating capacities in the Kabardino-Balkarian Republic.

Upon entry of Kabardino-Balkarian Branch HPPs in JSC RusHydro in 2007 the repair program was increased more than threefold. In addition, the program of technical retooling and reconstruction has been developed and is implemented. In 2009 it amounted to 201.1 mln rubles.
JSC RusHydro is a public company whose shares are traded on Russia’s largest exchange platforms – the RTS and MICEX Stock Exchanges – as well as on the London Stock Exchange (LSE) – as part of the International Order Book of the Main Market. The Company has a well-developed corporate governance system based on conforming with Russian legislative norms and stock exchange requirements, as well as on meeting recognized Russian and world best practice corporate governance standards.

**JSC RusHydro’s corporate governance structure**

The basic corporate governance principles that guide JSC RusHydro are fixed in the Corporate Governance Code and are affirmed by the Company’s Board of Directors.

The Company also strives to comply with the UK Combined Code on Corporate Governance.

The UK Combined Code on Corporate Governance clearly spells out best practice standards in the sphere of corporate governance. Companies that have a full share listing on the London Stock Exchange (LSE) are mandated to be in full compliance with the Combined Code. For other companies – such as JSC RusHydro – that have depositary receipt listings, the Combined Code offers an ideal standard for companies to aspire to.

During previous reporting periods, JSC RusHydro has not reported its compliance (or any related non-compliance) to the UK Combined Code on Corporate Governance in any official corporate publications (instead discussing its performance relative to its internal corporate governance code). However, this year, to underscore its strengthened commitment to being a corporate governance leader on the domestic Russian market, JSC RusHydro made an internal decision to report to the Combined Code.

Below, the Company has outlined several key components of the Combined Code and has also indicated if it is currently in compliance (or not). As a whole, the Company tended to be in compliance with most mandates found in the Combined Code during the reporting period:

- An effective Board of Directors must exist, carrying collective responsibility for the success of the Company’s activities: **Complies**;
- A separation of power must exist between the Company’s management team and the Board of Directors. No one person shall have unlimited decision-making powers: **Complies**;
- The composition of the Board of Directors must be balanced between executive and non-executive (particularly independent) directors so that no individual or group shall have sole decision-making power: **Does not comply**;
- There must exist an official, transparent and well-documented procedure for electing new members of the Board of Directors: **Complies**;
- Information in appropriate form and quantity must be provided to the Company’s Board of Directors so that Board members can carry out their responsibilities. All members of the Board must receive initial information (basic background information) on the Company’s activities and this information and the members’ qualifications must be updated on a regular basis: **Complies**;
- On an annual basis, the Company’s Board of Directors must conduct an official review of the effectiveness of its own actions, as well as for the activities of Board committees and individual directors: **Does not comply** (This requirement is not feasible in the Russian Federation);
All members of the Board of Directors are subject to regular re-election, which depends on the adequacy of their work. The Board of Directors must plan for the regular turnover of new members of the Board: Complies;

Remuneration and compensation must be sufficient to attract, retain and motivate Directors who possess the skills necessary to successfully manage the Company. However, the Company must not pay excessively large compensation – in an amount exceeding the level necessary to obtain said purposes and goals. The majority of the paid-out compensation should be directly connected with the Company’s performance or other concrete tasks: Complies;

An official and transparent mechanism must exist for executive remuneration policy as a whole, as well as for the payment of remuneration to each individual director. No Director may participate in the decision-making process for his/her own payment: Complies;

The Company’s Board of Directors must present a balanced and coherent picture of the Company’s current position and future prospects: Complies;

The Company’s Board of Directors must support a reliable internal audit system that protects both shareholders’ investments and the Company’s own assets: Complies;

Dialogues with shareholders must be based on a clear understanding of purposes and tasks. The Board of Directors is charged with responsibility for ensuring a satisfactory dialogue: Complies;

The Board of Directors must use AGM to interact with investors and to stimulate investors’ involvement in the Company: Complies.

Internal documents approved by the Company’s managerial bodies are placed on the corporate web site http://www.eng.rushydro.ru/investors/disclosure/articles.

The Company’s corporate governance practices and policies were evaluated by numerous independent ratings agencies. The consortium of the Russian Institute of Directors and “Expert RA” rating agency (RID – Expert RA) assigned a corporate governance score of 7 to JSC RusHydro, according to the national corporate governance scale – which corresponds to “Developed corporate governance practices” with low corporate governance risks.

Ratings’ agency experts pointed to the following positive achievements related to JSC RusHydro’s corporate governance practices:

- The Company’s Board of Directors includes highly ranked Russian government officials, as well as independent directors and these independent directors make up more than one fourth of elected Board members;
- The limited participation of executive directors in the work of the Company’s Board of Directors ensures that it is balanced from the point-of-view of effective control over the management team’s activities; and it also ensures the due observance of the Company’s interests as a whole and all of its shareholders when adopting a decision by this managerial organ;
- The Company’s independent auditor is selected via an open tender and the selected candidate is approved by the General Meeting of shareholders;
- The Company undertook actions to grant its depositary receipt holders the right to exercise pre-emptive rights on the additional share issue. The decision was adopted by the Annual General Meeting of Shareholders on June 10th, 2009;
- In full accordance with Russian legislative requirements, the Company discloses information on its corporate web site: www.rushydro.ru. The Company also upgraded its information disclosure practices on the English language web site: www.eng.rushydro.ru;
- The Company undertook operative measures to resolve social issues related to the accident at the Sayano-Shushenskaya HPP and decided to pay compensation to injured parties. Information regarding the accident was disclosed in an operative manner;
- JSC RusHydro’s Board of Directors approved the Company’s Code of Corporate Ethics. The Code stipulates corporate values, ethical norms for both employees and members of the Board of Directors; the code addresses primary principles of ethical behavior for interactions with clients, business partners, employees, organs of state authority and society as a whole.

**Shareholders**

JSC RusHydro’s shareholders include more than 300 thousand investors from both Russia and abroad.

The Company aims to achieve equal and operative access to information regarding the Company’s activities in volume and order, corresponding with legislative requirements. With the aim of duly observing and protecting the indicated rights, JSC RusHydro guarantees the fulfillment of legislative requirements on information disclosure.

The Company does not limit itself to disclosing information that it is compelled to disclose under legislative norms and instead discloses other information, which contributes
Part 11 Corporate Governance

The Company discloses all sufficient information on its website both in Russian and in English.

The Company aspires to disclose information in Russian and in English simultaneously.

JSC RusHydro hotline for shareholders
Tel. 8-800-555-9997 (toll-free calls from all over Russia)
e-mail: rusgidro@mcd.ru

AGMs and EGMs

The General Meeting of shareholders is the superior organ of the Company’s management team; the competency of which is defined by the Russian Federal law “On joint stock companies” and the Charter of JSC RusHydro. The Company adopted a Provision on the Order of preparation for and holding of the General Meeting of shareholders, which describes in detail the Order of preparation for holding and adopting decisions at the General Meeting of shareholders.

One of the principal rights of shareholders is the right to participate in voting on agenda items at the General Meeting of shareholders – which can be realized either by being present at meeting(s) and or by submitting completed ballots by mail. In respect to observing the rights of depositary receipts on the Company’s common shares as it relates to voting, JSC RusHydro interacts with its depositary bank, The Bank of New York Mellon (www.bnymellon.com) and its custodian JSC ING BANK (EURASIA) (www.ing.ru).

In 2009, one General Meeting of the Company’s shareholders took place. On June 10th, 2009, the Annual General Meeting of shareholders (AGM) was held and the following decisions were adopted:

- Election of a new Board of Directors;
- Election of a new Internal Audit Commission;
- Approval of the external auditor – CJSC Pricewaterhouse-Coopers Audit – which was selected via an open tender;
- Approval of the Company’s annual report and annual financial statements, including the profit and loss statement;
- Approval of the amended Provision on the payment of remuneration and compensation to members of the Board of Directors;
- Adoption of a decision on the non-payment of dividends on common shares for 2008;
- Adoption of a decision to direct undistributed profits in the amount of RUR 16,450,238,482 thousand from 2008 in the following manner: into the reserve fund – RUR 822,511,924 thousand and into the accumulation fund – RUR 15,627,726,558 thousand;
- Adoption of a decision to increase the Company’s charter capital through the additional issue of 19,000,000,000 common shares.
Zhigulevskaya HPP, a JSC RusHydro branch, is the sixth step and it occupies the second place by HPP capacity in Volzhsko-Kamskiy Cascade.

Zhigulevskaya HPP takes part in load-factorig and regulates the frequency in the Unified Energy System of Russia.

<table>
<thead>
<tr>
<th>Installed capacity</th>
<th>2,320 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hydraulic aggregates</td>
<td>20</td>
</tr>
<tr>
<td>Annual output</td>
<td>10,100.0 mln kWh</td>
</tr>
</tbody>
</table>

JSC RusHydro Branch

ZHIGULEVSKAYA HPP

1955

Creation of the Unified Energy System of Russia started in 1956 after the unification of the energy systems of Central and Middle Volga Regions with the Kuybyshev-Moscow 400-kilowatt power transmission line that ensured power delivery of Kuybyshevskaya HPP (Zhigulevskaya HPP). The first unit of the hydropower plant was commissioned on December 29, 1955.

2009–2010

By December 7, 2009 Zhigulevskaya HPP generated 550 bln kWh since commissioning of the first unit.

In 2009 Zhigulevskaya HPP, a JSC RusHydro Branch, contributed taxes and other mandatory charges for the total amount of 2106.3 mln rubles in budgets of all the levels and non-budget funds.

In 2008 Zhigulevskaya HPP was granted a certificate of compliance with the international standard ISO 14001.
Sergei Shmatko
Born September 26th, 1964

Education
From 1983 to 1990, Mr. Shmatko studied in the Department of mathematics and mechanics, and then later in the Department of political economy at Ural State University (Sverdlovsk). From 1990 to 1992, he studied in the Economics Department at the University of Marburg (Germany). In 2004, he graduated from higher education courses in: “Defense and ensuring the security of the Russian Federation” at the Military Academy of the General Headquarters of the Russian Armed Forces.

Work experience
In 1992, Mr. Shmatko worked as an auditor at BDO Binder (Frankfurt) and was a Director at RFI GmbH — The Society on consulting on investments in Russia. He was the official representative of the Russian Fund for Federal Property to the European Union, and was also a scientist at the Institute of Investment Programs. Mr. Shmatko headed the External Relations Department of the All-Russian Bank for Regional Development. 1997–1999: headed the analytical center for economic strategy at “Rosenergoatom;” 1999–2001: was an adviser on economic strategy to the General Director of the All-Russian Scientific Research Institute for Nuclear Power Plant Operation; 2002–2005: served as Chairman of the State Conversion Fund; Beginning in June 2005, he worked as President of CJSC “Atomstroyexport” and in January 2008, he was appointed Deputy Director of JSC “Atomenergoproim” (coordinated two positions). In May 2008, Mr. Shmatko was appointed Energy Minister of the Russian Federation.

Mr. Shmatko holds no shares of JSC RusHydro.

Anatoly Ballo
Born April 18th, 1961

Education
In 1983, Mr. Ballo graduated from the Moscow Institute of Finance, majoring in international financial relations.

Work experience

Mr. Ballo holds no shares of JSC RusHydro.

Oleg Surikov
independent director

Born July 21st, 1970

Education
In 1992, Mr. Surikov graduated from the Moscow Pedagogical Institute, majoring in state history and legislation and social and political sciences. In 1996, he completed a degree in jurisprudence from the Moscow State Institute (named after Lomonosov).

Work experience
2002–2005: worked as Head of the department, Deputy Director and General Director for legal affairs and corporate governance at JSC “Moseneco;” 2005–2008: worked as the chief expert and Deputy Head and later Head of the Center for Financial and Corporate Control at JSC “RAO UES of Russia.” Since 2008, he has held the position of Director of the Corporate Department and Secretary at JSC “MMC “Norilsk Nickel” (under coordinated conditions of holding two positions within the same Company).

Mr. Surikov holds no shares of JSC RusHydro.

Sergei Beloborodov
Born June 8th, 1967

Education
Mr. Beloborodov graduated from the Moscow Institute of Physics and Technology in 1991, majoring in applied mathematics and physics (as a qualified physicist-engineer). From 1991 to 1993, he studied at Michigan Technological University – completing his master’s degree in: “Defense and ensuring the security of the Russian Federation” at the Military Academy of the General Staff of the Ministry for more than 10 years – including 9 years as the Deputy Minister. Since 2007, he has been employed as a Managing Director at “Troika Dialog,” and in 2009, he was appointed Head of the Department of investment and banking activity at “Troika Dialog.” He has also served as Chairman of the Committee on financial markets and credit organizations for the Russian Chamber of Commerce and Industry. Mr. Sharonov is a member of the Board of Directors of JSC “Russian Railways,” JSC “Sheremetyevo International Airport” and JSC “Rosagroleasing.”

Mr. Sharonov has won the “Aristos” award in the “Independent director” category, which was awarded by the Association of Managers and the “Kommersant” editorial house in 2009. He also was recognized as the National winner of “Director of the year – 2009” in the “Independent director” category.

Mr. Sharonov holds no shares of JSC RusHydro.

Andrei Sharonov
Born February 11th, 1964

Education
In 1986, Mr. Sharonov graduated from the Ufa Aviation Institute [named after Orzhonikidze], majoring in electrical engineering. In 1996, he completed a degree in jurisprudence from the Russian Academy of State Services under the President of the Russian Federation. Mr. Sharonov also holds a ph.D. in sociology.

Work experience
Mr. Sharonov began working for the State in 1991 as the Chairman of the State Committee of the Russian Soviet Socialist Republic for youth policy. He also held the position of State Secretary and Russian Deputy Minister for Economic Trade and Development. Mr. Sharonov worked at the
Boris Vainzikher  
**independent director**  
Born April 8th, 1968  
**Education**  
In 1993, Mr. Vainzikher graduated from the St. Petersburg State Technical University, majoring in turbine construction.  
In 2002, he graduated from the Open University Business School (UK), with a management major.  
**Work experience**  
Mr. Vainzikher has held numerous positions at JSC “Lenenergo.” He was then appointed Director of the Kirishskaya GRES of JSC “Lenenergo,” and later was named General Director of JSC “Kirishskaya GRES.” Beginning in 2005, he held the position of Technical Director of JSC “RAO UES of Russia” and was a member of said Company’s Management Board. From September 2006 to October 2007, he successfully combined this position with the job of General Director – Chairman of the Management Board of JSC “Power Machines.” Since 2008, he has been employed as the General Director of JSC “TGC-1.”  
Mr. Vainzikher holds 0.008% of the Company’s charter capital.

Viktor Danilov-Danilyan  
**independent director**  
Born May 9th, 1938  
**Education**  
In 1960, Mr. Danilov-Danilyan graduated from the Department of mechanics and mathematics at Moscow State University, majoring in mathematics. He also holds a ph.D. in both economics and technical sciences and is a corresponding member of the Russian Academy of Sciences. Mr. Danilyan is a professor.  
**Work experience**  
Mr. Danilov-Danilyan has carried out scientific activity and research in a range of fields, including: the economics of nature management, economic and mathematical modeling and sustainable development theory. He authored a work that was introduced across Russia beginning in 1991 and that introduced the concept of payments for negative environmental impact, including waste water disposal.  
1991–1996: held the position of Russian Minister for the Environment and Natural Resources;  
1996–2000: was Chairman of the Russian State Committee on protecting the surrounding environment.  
Currently, Mr. Danilov-Danilyan holds several positions. As of 2003, he was named Director of the Water Engineering Institute at the Russian Academy of Sciences. In 2005, he was appointed Chairman of a sub-department at the Russian People’s Friendship University, and beginning in 2006, he was appointed Chief Editor of the “Encyclopedia” Publishing House at the “Infra-M” publishing firm. Since 2009, Mr. Danilov-Danilyan has been the Chair of a sub-department at Moscow State University (named after M.V. Lomonosov).  
Mr. Danilov-Danilyan holds no shares of JSC RusHydro.

Eduard Volkov  
**Born July 18th, 1938**  
**Education**  
Mr. Volkov graduated from the Moscow Energy Institute, majoring in heat-and-power engineering. He is an academician, member of the Russian Academy of Sciences, a professor and holds a ph.D. in technical sciences.  
**Work experience**  
He has performed extensive scientific work in the field of modeling burning and processing of solid fuels, as well as carrying out research on the ecology of the energy industry.  
Beginning in 1998, he headed up the Energy Institute named after Krzhizhanovsky. Since 2004, he has been a Department Chair at the Moscow Energy Institute.  
Mr. Volkov holds 0.000033% of the Company’s charter capital.

Sergey Maslov  
**Born August 15th, 1960**  
**Education**  
In 1982, Mr. Maslov graduated from the Surgut Oil College.  
In 1992, he graduated from the Azerbaijan Institute of Oil and Chemistry named after M. Azizbakov, majoring in “Drilling oil and gas boreholes,” with an engineering degree. In 2004, he completed a legal education at the Moscow State Legal Academy.  
**Work experience**  
Beginning in 1982, Mr. Maslov worked at deposit constructions in the North of Tyumen. He was a craftsman in the Department of technical control of the “Surgutneftegaz Trust” and was also a master in the area of the “Kogalymneftestroy Trust.” In addition, he was a master in the specialized “Surgutneftegordorstroyremont Trust.” Beginning in 1999, Mr. Maslov headed “KR/M” and starting in 1993, he worked as the General Director of “LUKOIL Trading.”  
1996–2000: held the position of First Vice President of “LUKOIL International Limited;”  
2000–2001 was the President of «LUKOIL International;»  
2001–2008: served as President of JSC “Transnefteprodukt.”  
Since 2008, he has been the President of JSC “Saint Petersburg International Commodity Exchange.”  
Mr. Maslov holds no shares of JSC RusHydro.

Sergey Serebryannikov  
**independent director**  
Born May 27th, 1952  
**Education**  
In 1975, Mr. Serebryannikov graduated from the Moscow Energy Institute, majoring in electrical engineering. He holds a ph.D. in technical sciences and is a professor.  
**Work experience**  
Since 1981, he has worked as a senior professor and Chair of the Department of electro-technical materials at the Moscow Energy Institute.  
1981-1993: worked as a senior lecturer of the cathedra, Deputy Head of the cathedra for academic affairs and Deputy Rector for academic affairs at the Moscow Energy Institute;  
1994–2004: was Rector for academic affairs at the Moscow Energy Institute;  
Since 2004, he has served as the Rector for academic affairs, Chairman of a sub-department and Rector of the Moscow Energy Institute (Technical University).  
Mr. Serebryannikov holds no shares of JSC RusHydro.

Vladimir Tatsiy  
**independent director**  
Born December 5th, 1960  
**Education**  
In 1984, Mr. Tatsiy graduated from the Moscow Energy Institute, majoring in cryo-physics engineering.  
**Work experience**  
2003–2007: served as vice president and Head of JSC “Gazprombank’s” depositary center. Since 2007, he has held the position of First Vice President – Head of the depositary center of OJSC “Gazprombank.” Mr. Tatsiy also is the Chairman of the Board of Directors of CJSC “St. Petersburg International Commodity Exchange,” CJSC “RDK,” as well as being a member of the Board of Directors of JSC “RAO Energy Systems of the East,” JSC “FGC UES,” JSC “MRSK Holding,” JSC “ATS” and CJSC “CFR.”  
Mr. Tatsiy holds no shares of JSC RusHydro.

Rustem Khamitov  
**Born August 18th, 1954**  
**Education**  
In 1977, Mr. Khamitov graduated from the Bamman Moscow State Technical University, majoring in mechanical engineering. He also holds a ph.D. in technical sciences.
Work experience
1994-1996: worked as the Minister for protecting the surrounding environment, nature management and the prevention and liquidation of emergency situations for the Republic of Bashkortostan;
1996-1999: was Minister for emergency situations and ecological safety for the Republic of Bashkortostan; as well as a member of the Security Council of the Republic;
1999-2000: worked as Head of the Department for the prevention and liquidation of emergency situations at the Russian Ministry for Emergency Situations;
2000-2003: was Chief Federal Inspector for the Republic of Bashkortostan for the apparatus of the Plenipotentiary Special Representative of the Russian President in the Privolzhye Federal Region;
2003-2004: worked as the Head of the Inter-regional Inspectorate № 4 for Moscow’s largest taxpayers for the Russian Ministry of Taxation;
2004-2009: worked as Head of the Russian Federal Agency for Water Resources;
Since 2009, he has been Deputy Chairman of JSC RusHydro’s Management Board.
Mr. Khamitov holds no shares of JSC RusHydro.

Vasiliy Zubakin
Born August 26th, 1958
Education
In 1980, Mr. Zubakin graduated from Omsk Polytechnical University.
He holds a Ph.D. in economics and is a professor at St. Petersburg State University.
Work experience
1996-2000: employed as General Director of JSC “Siberian Capital;”
2000-2002: worked as Deputy Head and Head of the Department for economics at holding companies and subsidiaries of JSC RAO UES of Russia;
2002-2006: was a member of JSC RAO UES of Russia’s Management Board;
Since 2006, he has been a member of JSC “HydroOGK’s” Management Board, and from 2007 till now, he has been Deputy Chairman of JSC “HydroOGK.” From 2008 to 2009, he served as Acting Chairman of JSC RusHydro’s Management Board.
Mr. Zubakin’s currently holds 0.0123% of the Company’s charter capital.

2009 Activities of the Board of Directors
The Board of Directors conducts meetings on a regular basis – not less than one time per month in accordance with the approved Plan of activities. In 2009, 21 meetings of the Board of Directors were held. In accordance with established practices, the Board of directors considered agenda items both in absentia and in person.

In 2009, JSC RusHydro’s Board of Directors approved and adopted the following development strategies and programs:

- The Company’s 2009 investment program;
- 2009 strategic development priorities;
- The Group’s consolidated business plan for the 2009-2012 period;
- A works program to standardize technical regulations for the 2009-2011 period;
- The concept of the management system for the quality and reliability of hydro-technical constructions;
- Measures for liquidating the consequence of the accident at the Sayano-Shushenskaya HPP in August 2009 and upon payments for the purpose of liquidating social consequences of this accident, including making payments to injured workers, as well as to the families of deceased and missing persons;
- Program for realizing JSC RusHydro’s ecological policy for the 2009-2011 period.

On a regular basis, the Company’s Board of Directors considered the following reports:

- Reports on the results of activities of Committees under the Board of Directors for the 2008-2009 corporate years;
- Reports on the fulfillment of the Company’s key performance indicators;
- Reports on the fulfillment of the Company’s Program of social protection.

Within its competency, the Board of Directors adopted decisions on approving major transactions and interested party transactions. [More detailed information on these transactions can be found in Appendix 2 -- Transactions, completed by JSC RusHydro in 2009 and recognized by the Russian Federal law “On joint stock companies,” as interested party transactions].

Committees of the Board of Directors
Committees under the Board of Directors were created to give preliminary consideration to issues which fall under the competency of the Board of Directors, and these committees are accountable to the Company’s Board of Directors. Reports on the Committees’ activities are considered on an annual basis at meetings of the Board of Directors. Committee members have extensive experience and knowledge in their respective spheres of expertise. This knowledge-base significantly increases the effectiveness and quality of work of the Board of Directors.

The number of members on various committees may vary and is determined in such a way as to ensure that a broad spectrum of opinions will be heard during discussions. The Committees act on the basis of Provisions on Committees under the Board of Directors.
Construction of the plant was commenced in 1964, startup of units was carried out from 1975 to 1980.

In the course of execution of programs concerning repairs and technical retooling and reconstruction there is an expansion of the current automatic process control system of the HPP regarding introduction of new equipment of the controlling system, excitation system of the main and auxiliary generators, electric protection of units on the basis of microprocessor technology. The reconstruction project of ORU-500 kV (outdoor switchgear), ORU-220 kV.

<table>
<thead>
<tr>
<th>Installed capacity</th>
<th>1,330 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hydraulic aggregates</td>
<td>6</td>
</tr>
<tr>
<td>Annual output</td>
<td>4.9 bln kWh</td>
</tr>
</tbody>
</table>
Strategy Committee

The Strategy Committee contributes to increasing the Company’s long-term effectiveness, developing recommendation to amend the existing corporate development strategy.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position/Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stanislav Svetlitskiy</td>
<td>Chairman of the Strategy Committee; Russian Deputy Energy Minister</td>
</tr>
</tbody>
</table>

- Maria Tikhonova | Deputy Director of the Department for economic regulation and property relations in the fuel and energy complex for the Russian Ministry of Energy |
- Alexander Yugov | Deputy head of the group for organizations in the oil and gas complex and minerals industry under the Department for infrastructure industries and military organizations – the industrial complex in the Federal Property Management Agency |
- Valentin Mezhevik | Member of the Federation Council in the Russian Federal Assembly, First Deputy Chairman of the Federation Commission for natural monopolies |
- Vsevolod Gavrilov | Head of the Directorate for managing projects in the field of energy supply and natural management at Sberbank of Russia |
- Sergey Beloborodov | Member of JSC RusHydro’s Board of Directors |
- Eduard Volkov | Member of JSC RusHydro’s Board of Directors |
- Viktor Danilov-Danilyan | Member of JSC RusHydro’s Board of Directors; Independent director |
- George Rizhinashvili | Deputy Chairman of JSC RusHydro’s Management Board |
- Evgeny Gorev | Member of JSC RusHydro’s Management Board |

The Committee’s 2009 activities:

In 2009, five meetings of the Committee were held. Recommendations were offered on questions that fell under the Committee’s scope, including:

- Reviewing and offering recommendations to the Board of Directors on the Strategic Development of JSC RusHydro’s business for the period from 2009 till 2014;
- Reviewing and offering recommendations to the Board of Directors on the new version of the Company’s dividend policy;
- Reviewing and recommending that the Company’s Board of Directors approve the Motion on the Company’s realization of its 2008 strategy, as well as on strategic development priorities for 2009;
- Providing the Board of Directors with recommendations on forming the Company’s 2009 business plan and during the reporting period regularly examined intermediate reports that indicated how the 2009 plan was being carried out;
- Making recommendations to the Board of Directors on proposals to introduce changes to the existing technical-normative documents in the sphere of technical regulation – to help ensure the safe and reliable operation of hydropower assets.

Investment Committee

The Investment Committee gives preliminary consideration to investment projects and programs and also improves and develops the Company’s investment policy.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position/Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrey Sharonov</td>
<td>Chairman of the Investment Committee; Member of JSC RusHydro’s Board of Directors</td>
</tr>
</tbody>
</table>

- Dmitry Kostoev | Deputy General Director, Head of the economics and finance unit at JSC "MMC Norilsk Nickel" |
- Matvey Taits | Senior analyst for the Department of analytical research at LLC "UralSib Capital" |
- Viktor Lebedev | Head of the Unit for the development of electrical energy for the Department of state regulation of tariffs, infrastructure reforms and energy effectiveness at the Russian Ministry of Economic Development |
- Dmitry Kozlov | Deputy Director of the Department for development and investment policy in the fuel and energy complex for the Russian Ministry of Energy |
- Elena Pomchakova | Head of the Division for the regulation and control of power sector pricing at the Russian Federal Tariff Service |
- Vasilii Zubakin | Member of JSC RusHydro’s Board of Directors; Deputy Chairman of JSC RusHydro’s Management Board |
- Denis Nozdrachev | Director of the Department for infrastructure at the State Corporation "Bank of development and external economical activity (Vneshekonombank)" |
- Wolfgang Skribot | Managing Director of the Department of direct investment at JSC "Gazprombank" |
- Maria Tikhonova | Deputy Director of the Department for economic regulation and property relations in the fuel and energy complex for the Russian Ministry of Energy |

The Committee’s 2009 activities:

In 2009, 8 meetings of the Committee took place. The Committee assessed issues under its core competency and offered recommendations to the Company’s Board of Directors on the following issues:

- Methodology for calculating key efficiency indicators for JSC RusHydro’s investment activity (established in 2009);
- JSC RusHydro’s 2010-2012 investment program;
- Regarding the realization of the BEMO Project;
- Updating JSC RusHydro’s 2009 investment program;
- Changing financing sources for the Company’s investment program – including approving an exchange of promissory notes of LLC “Financial Company Otkrytie” belonging to JSC RusHydro for promissory notes of LLC “ENERGO-FINANS;”
- Approving the list of and target values for JSC RusHydro’s 2010 investment activity KPIs.
Audit Committee

The Audit Committee ensures that the Board of Directors controls the Company’s financial and economic activities. The Committee also develops recommendations on selecting the independent auditor and also specifies on the order of interaction between the Internal Audit Commission and the external auditor.

<table>
<thead>
<tr>
<th>Viktor Danilov-Danilyan</th>
<th>Chairman of the Board of Directors’ Audit Committee; Member of JSC RusHydro’s Board of Directors – independent director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oleg Surikov</td>
<td>Member of JSC RusHydro’s Board of Directors; Independent director</td>
</tr>
<tr>
<td>Andrey Sharonov</td>
<td>Member of JSC RusHydro’s Board of Directors</td>
</tr>
</tbody>
</table>

The Committee’s 2009 activities:

In 2009, 9 meetings of the Committee took place. The Committee assessed issues under its core competency and offered recommendations to the Company’s Board of Directors:

- On recommendations to the Board of Directors for the auditor to carry out JSC RusHydro’s 2009 audit under Russian Accounting Standards (RAS);
- On the Company’s Annual Report which details results for 2008;
- On the consideration of nominees to serve on the Internal Audit Commission;
- On the project of the Annual report based on 2008 results;
- On the Company’s annual accounting reporting, including the Report on 2008 profits and losses;
- On the consideration of nominees to serve on the Company’s Internal Audit Commission;
- On the audit report prepared by the Company’s external auditor based on his/her audit of the Company’s 2008 accounting reports;
- On establishing the maximum cost for services carried out on the 2010 audit of JSC RusHydro’s accounting reports (based on RAS).

The Company’s Management Board

The Company’s Management Board is a collegial executive organ and performs its activities in full accordance with Russian legislative norms, the Company’s Charter, its corporate governance code and the Provision on the Company’s Management Board. The Management Board is governed by resolutions of the General Meeting of shareholders, as well as by the Company’s Board of Directors.

The Company’s Management Board is responsible for practically implementing the Company’s goals and development strategies, and it also manages the Company’s current activities to ensure a higher level of (asset) profitability and to maximize profits from the Company’s activities.

The Management Board’s activities are organized by the Chairman of the Management Board, who is the sole executive body of JSC RusHydro.

During the fall of 2009, JSC RusHydro’s Board of Directors chose to make a significant change in the composition of the Company’s Management Board – more than half of the Board was selected anew. The following members were terminated from the Management Board: Sergey Yushin, Alexander Toloshinov, Rasim Khaziakhmetov, Boris Bogush, Oleg Oksuzian and Konstantin Belyaev. The new members selected were David Kuznetsov and Andrey Konovalov, as well as Rakhmetulla Alzhanov, Evgeny Gorev, Mikhail Mantrov, George Rizhinashvili, Yuri Sharov.

On November 23rd, 2009, the Board of Directors elected Evgeny Dod as the new Chairman of the Management Board.

In April 2010, the Board of Directors made new amendments to the Management Board. Vasily Zubakin, Andrey Konovalov, David Kuznetsov and Yuri Sharov were terminated from the Management Board. Sergey Abrashin, Konstantin Bessmertny, Boris Bogush, Aleksy Maslov and Stanislav Savin were elected to the Management Board.
Biographies of Management Board Members

Evgeny Dod
Deputy Chairman of the Management Board
Born 1973
Education
In 1995, Mr. Dod graduated from the Moscow Aviation Institute (State Technical University) "MAI", majoring in economics and the management of machinery enterprises. He holds a ph.D. in economics.
Work experience
1993-1996: held positions of economist and senior economist at "Promradtechbank", and later worked at LLC "Investment Company YUKOS-Invest" as the chief specialist of the Department of active operations;
1996-1999 was Deputy General Director and General Director of JSC Investment Company FARCO Securities;
1999-2000: worked as Deputy Head of the Export Department for JSC RAO UES of Russia;
2000-2008: was General Director of CJSC INTER RAO UES.
In May 2008, he was appointed Chairman of the JSC INTER RAO UES Management Board.
Mr. Dod holds no shares of JSC RusHydro.

Mikhail Mantrov
Deputy Chairman of the Management Board
Born 1965
Education
In 1988, Mr. Mantrov graduated from the Moscow Energy Institute (Technical University), majoring in the cybernetics of electrical systems with a degree as an electrical engineer.
In 1996, he graduated from the National Economic Academy majoring in financial management.
Work experience
1996-1997: was Chairman of the auditing department of CJSC "SAWA Group;"
1997-1998: worked as the Deputy Chairman of the Management Board – Head of the internal control service of the International Bank for Trade and Cooperation;
1998-1999: was advisor to the General Director of JSC "VK Soyuztransit" for financial and accounting issues;
1999-2000: was the Financial Director of LLC "Prop.Link;"
2000-2008: was Deputy General Director of CJSC INTER RAO UES;
2008-2009: was Deputy Chairman of the Management Board, Head of the Corporate Center of JSC INTER RAO UES.
Since November 2009, he has been the Deputy Chairman of the Management Board of JSC RusHydro.
Mr. Mantrov holds shares of JSC RusHydro in the amount of 0.00078% of the Company’s charter capital.

George Rizhinashvili
Deputy Chairman of the Management Board
Born 1981
Education
In 2002, he graduated with a B.A. with honors. Furthermore, in 2004, he graduated with a master’s degree in economics from Moscow State University (named after M.V. Lomonosov).
Work experience
He began his career at CJSC INTER RAO UES. From September 2003 till January 2007, he was the chief specialist of the Development and the Head of the Department for strategy and investment, as well as the Director for investment.
In May 2008, he was appointed Deputy Head of the Division – and the Director for strategy and investment at JSC INTER RAO UES. In July 2008, he was elected to JSC INTER RAO UES’ Management Board.
In August 2008, he was appointed as the Head of the Company’s Division for strategy and investment. Since February 2009, he has been a member of JSC INTER RAO UES’ Strategy and Investment Committee.
Since November 2009, he has also been a member of JSC RusHydro’s Management Board. In addition, in March 2008, he was named a member of the Board of Directors of JSC “Eastern Energy Company.”
Mr. Rizhinashvili holds no shares of JSC RusHydro.
Corporate Governance

Rakhmetulla Alzhanov
Deputy Chairman of the Management Board

Born 1950

Education
In 1972, Mr. Alzhanov graduated from the Novocherkasskia Polytechnical Institute, majoring in power plants, systems and grids (as an electrical engineer).

Work experience
1972-1995: worked at hydro-electric power plants (HPPs) in Tajikistan, in positions ranging from craftsman to chief engineer;
1995-2005: worked at the Zelenchuksie HPP in the Karachaevo-Cherkessia Republic, first as Deputy General Director of JSC “Sevkavhydroenergystroy,” then later as First Deputy General Director for operations at JSC “Zelenchuksie HPPs.”

Since November 2009, he has also been a member of the JSC RusHydro’s Management Board. He also serves as the General Director of JSC Sangtudinskaya.

Mr. Alzhanov holds shares in the amount of 0.00005% of JSC RusHydro’s charter capital.

Rustem Khamitov
Deputy Chairman of the Management Board

Born 1954

Education
In 1977, Mr. Khamitov graduated from the Bauman Moscow State Technical University, majoring in mechanical engineering.

He also holds a ph.D. in technical sciences.

Work experience
1994-1996: worked as the Minister for protecting the surrounding environment, nature management and the prevention and liquidation of emergency situations for the Republic of Bashkortostan;
1996-1999: was Minister for emergency situations and ecological safety for the Republic of Bashkortostan, as well as a member of the Security Council of the Republic;
1999-2000: worked as Head of the Department for the prevention and liquidation of emergency situations at the Russian Ministry for Emergency Situations;
2000-2003: was Chief Federal Inspector for the Republic of Bashkir for the apparatus of the Plenipotentiary Special Representative of the Russian President in the Privozhye Federal Region;
2003-2004: worked as the Head of the Inter-regional Inspectorate № 4 for Moscow’s largest taxpayers for the Russian Ministry of Taxation;
2004-2009: worked as Head of the Russian Federal Agency for Water Resources;
Since 2009, he has been Deputy Chairman of JSC RusHydro’s Management Board.

Mr. Khamitov holds no shares of JSC RusHydro.

Yuri Gorbenko
Born 1958

Education
In 1992, Mr. Gorbenko graduated from the Krasnoyarsk Engineering and Construction Institute, majoring in construction engineering.

He holds a ph.D. in economics.

Work experience
1977-1986: worked as the shift foreman and head of the concrete plant at the Sayano-Shushenskaya HPP;
1986-1992: was chief engineer and head of concrete facilities, as well as the director for the management of auxiliary facilities at “IrtyshGESstroy”, a construction of the Shulbinskaya HPP (Kazakhstan);
1992-1996: worked as head of the Department of the construction industry at the Bureyskaya HPP, which is part of the “Hydroenergostroy” Concern;
1996-1998: was General Director of JSC “ZeyaGESstroy.”

In 1998, he was named General Director of the JSC “Bureyskaya HPP,” and since January 2008, he has been employed as the Head of JSC RusHydro’s “Bureyskaya HPP” branch.

As of January 2008, he was appointed Managing Director of JSC RusHydro’s “Far East” Division and since September 2009, he has served as a member of the Company’s Management Board.

Mr. Gorbenko holds shares in the amount of 0.00056% of JSC RusHydro’s charter capital.
Evgeny Gorev
Born 1975

Education
In 1998, he graduated from the law faculty at Moscow State University named after M.V. Lomonosov.

Work experience
1998-1999: worked as a legal advisor for various organizations
1999-2006: worked as the First Deputy General Director for legal issues of Law firm “Kalita”
From January 2006 till November 2009, Mr. Gorev worked as the Deputy Head of JSC INTER RAO’s Corporate Center.
Since November 2009, he has been a member of JSC RusHydro’s Management Board.

Mr. Gorev holds no shares of JSC RusHydro.

Aleksey Maslov
Born 1975

Education
In 1998, he graduated from Moscow State Technical University named after N.E. Bauman majoring in rocket production (as a mechanical engineer). In 2000, graduated from Finance Academy under the Government of Russian Federation majoring in finance and credit (as an economist).

Work experience
1999 – 2008 held different positions in JSC RAO UES of Russia and JSC FSC UES.
Since July 2008 worked as a member of the Management Board in JSC FSC UES.
2008 – 2010 worked as JSC CECM UES general director.
In January – April 2010 held the position of Executive director for capital development at JSC RusHydro.
In April 2010 elected as member of the Management Board of JSC RusHydro.

Mr. Maslov holds no shares of JSC RusHydro.

Stanislav Savin
Born 1972

Education
In 1997, he graduated from Moscow state university

Work experience
1997 – 2000 worked as a marketing department specialist of LLC Mogotex Complect
2000 – 2003 held a position of deputy general director in LLC Mogotex Complectcentre
2003 – 2010 worked as a Head of geographical division “Central Asia”, deputy head of geographical division – head of Central Asia and Far East foreign-economic activity department, head of direction for Middle Asia and Far East markets, deputy head of geographical division “Russia”, regional director for Kazakhstan and countries of Central Asia in JSC INTER RAO UES.
In April 2010 elected as member of the Management Board of JSC RusHydro.

Mr. Savin holds no shares of JSC RusHydro.
Boris Bogush
Born 1952

Education
In 1975, he graduated from Tolyatti polytechnical institute majoring in automobiles and tractors (as a mechanical engineer), in 2004, graduated from Academy of national economy under the Government of Russian Federation majoring in management of company development.

Work experience
Works in hydropower engineering since 1976. Held managing positions in Saratovskaya HPP, Cascade of Taimyr HPPs, construction management of Kurei-GESstroy, Kureiskaya HPP, JSC UK VoHEC. In 2005 appointed as the head of production and technical department in Business unit “Hydrogeneration” of JSC RAO UES of Russia, after that served as deputy general director for production at JSC UK VoHEC. 2005 – 2007 worked as deputy head of Business unit “Production” in JSC RusHydro MC. 2007 – 2009 – Member of the Management Board, managing director, head of Business unit “Production” in JSC RusHydro. Since November 2009 – managing director, head of Business unit “Production” in JSC RusHydro. In April 2010 elected as member of the Management Board of JSC RusHydro. Have been decorated with state and industry awards.

Mr. Bogush holds shares in the amount of 0.00001% of JSC RusHydro’s charter capital.

Konstantin Bessmertny
Born 1973

Education
In 1996, he graduated from Moscow State Technical University (named after N.E. Bauman) majoring in computer-aided systems of information collecting and management (as a systems engineer). In 2008, he graduated from Academy of national economy under the Government of Russian Federation majoring in organization finances management (as a Master of business administration).

Work experience

Mr. Bessmertny holds no shares of JSC RusHydro.

Sergey Abrashin
Born 1959

Education
Has higher education as a radio communication engineer and jurisprudence.

Work experience

Mr. Abrashin holds no shares of JSC RusHydro.
Internal audit function and the external auditor (including the name of the audit company and the process for selecting an auditor)

The Company believes that effectively exerting control over the Company’s financial and economic activity is protecting the Company’s assets, as well as its shareholders’ investment.

The system of control over JSC RusHydro’s financial and economic activity includes internal control: the internal audit commission, the Board of Directors (directly and via the Audit Committee), a separate structural division of the Company, assigned to fulfill such control function – the Department of internal audit and risk management, as well as external control: independent auditor.

The main principles, goals, methods and processes of the corporate internal control system are defined by Provisions, which have been adopted by JSC RusHydro’s Board of Directors, in the following internal documents:

- On the position on the policy of internal control and risk management;
- On the position on the Audit Committee under the Board of Directors;
- On the position on the internal audit commission;
- On the position on the internal audit and risk management department.

Internal Audit Commission

The five-member Internal Audit Commission is elected for one-year terms by the General Meeting of shareholders. The Commission’s primary aims include: executing control over financial and economic activity, ensuring that the Company’s financial and economic activities conform with both Russian legislation and the charter of JSC RusHydro and carrying out an independent evaluation of information related to the Company’s financial conditions.

The Commission’s membership was approved by a resolution of the Company’s Annual General Meeting of shareholders on June 10th, 2009.

<table>
<thead>
<tr>
<th>Denis Gataulin</th>
<th>Chairman; Deputy Director of JSC RusHydro’s Department for Capital Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrey Kochanov</td>
<td>Head of the internal audit and risk management department at JSC RusHydro</td>
</tr>
<tr>
<td>Maria Tikhonova</td>
<td>Deputy Director of the Department for economic regulation and property relations in the fuel and energy complex for the Russian Ministry of Energy</td>
</tr>
<tr>
<td>Marina Kovaleva</td>
<td>Head of the division in a Department at the Russian Energy Ministry</td>
</tr>
<tr>
<td>Andrey Kolyada</td>
<td>Chief specialist-expert for a department of the Federal Agency for Property Management</td>
</tr>
</tbody>
</table>

In 2009, the Internal Audit Commission inspected the Company’s financial and economic activity.

Internal audit and risk management department

In an effort to implement internal control procedures, the Company launched the Department of internal audit and risk management in 2007; this Department is accountable to the Chairman of the Management Board.

The main tasks and functions of the Department include:

- Evaluation and analysis of the Company’s financial conditions as a whole, its branches and structural sub-divisions upon the order of the Chairman of the Management Board of the Issuer;
- Interaction with the Internal Audit Commission and the external auditor;
- Timely information transfer to the Chairman of the Management Board on identified deviations and breaches in the Company’s activities, as well as submitting suggestions on correcting breaches and defects identified as a result of inspections and monitoring, as well as recommendations on upgrading management effectiveness;
- Interaction with the Audit Committee under the Company’s Board of Directors;
- Execution of control over the observance by members of the Board of Directors, executive organs of the Company and other employees of the norms of active legislation and special requirements, contained in the Company’s internal documents, in order to avoid conflicts of interest and misuse as a result of using insider information.

In 2009, the Department carried out the following measures:

- Fulfilling the annual plan for 2009 control measures, as a result of which 13 verifications were carried out at 8 of the Company’s branches;
- Conducting verification of the Company’s accounting and operative information, submitted by divisions of the executive apparatus and its branches;
- Carrying out control over interested party and major transactions;
- Monitoring internal control procedures over the Company’s activities and analyzing its internal control system;
- Working on determining, classifying and analyzing risks in the sphere of financial and economic activity and preparing recommendations to decrease these risks;
- Analyzing and developing measures to increase the effectiveness and performance of the Company’s financial and economic activity, including conducting evaluations of
Historically Kamskaya HPP is the first stage of Kamskiy Cascade. Kamskaya hydro plant is a unique construction, the pride of all Perm Territory. Kamskaya HPP differs from similar constructions previously known in Russian and world practice of hydropower plant construction.

<table>
<thead>
<tr>
<th>Installed capacity</th>
<th>522 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hydraulic aggregates</td>
<td>23</td>
</tr>
<tr>
<td>Annual output</td>
<td>2,099.6 mln kWh</td>
</tr>
</tbody>
</table>

Kamskaya HPP is a part of the united power system of Russia meeting not only electric power requirements of industrial enterprises of Kama Region, but ensuring economic stability of the whole Urals Region.

Production programs concerning repairs and technical retooling and reconstruction are implemented in JSC RusHydro branch Kamskaya HPP. The principal emphasis is put on works on hydraulic unit reconstruction. Starting from 1977 and up to date fifteen turbines of the plant have been completely reconstructed. An environmentally safe rotor wheel is installed on all reconstructed turbines of Kamskaya HPP. New hydraulic turbines meet all modern requirements of reliable and safe operation.

JSC RusHydro branch Kamskaya HPP is the winner of the territory competition “Industrial Leader of Kama Region” in nomination “Electric and Heat Energy Generation” and the prize winner in nomination “For Effective Social Partnership at the Enterprise”.

In August of 2008 Kamskaya HPP obtained a certificate of conformity of labour protection works [certicate of safety]. The certificate attests that labour protection works at Kamskaya HPP correspond to the established regulatory labour protection requirements. The certificate is valid during 4 years. The certificate entitles to put the state mark of conformity on the produced goods and all documentation.

1954–2010

The first unit of the power plant generated industrial current on September 18, 1954. Construction of Kamskaya HPP was generally completed in 1956; a number of works was performed later.
Members of the Board of Directors are paid additional remuneration in the case of the Annual General Meeting of shareholders’ adoption of a resolution on the payment of dividends on JSC RusHydro’s common shares on results of the financial year (taking into account interim dividends, if this was adopted by an appropriate resolution of the General Meeting of shareholders).

Compensation and remuneration may not be paid to members of the Board of Directors, who are simultaneously the Chairman or a member of the Management Board or to members of the Board of Directors who hold state positions or positions within the state civil service.

The total amount of remuneration and compensation paid to members of the Company’s Board of Directors in 2009 (including members of the Board who held this position only prior to June 10th, 2009) was RUR 3,833,510 (RUR 10,181,388 in 2008).

Remuneration to the Management Board
Remuneration paid to the Chairman and members of the Management Board is performed in accordance with conditions contained in labor contracts and the Provision on material incentives for top managers of JSC RusHydro, which was approved by the Company’s Board of Directors. The sum of remuneration and compensation paid to the Chairman and members of the Management Board in 2009 (taking into account changes in the membership of executive organs) totaled RUR 97,995,399.23 (RUR 59,559,839 in 2008).

Remuneration to the Internal Audit Commission
Remuneration and compensation is paid to members of the Internal Audit Commission, in accordance with the Provision that was adopted by the General Meeting of shareholders. Members of the Commission are paid a lump-sum payment in an amount equal to twenty-five minimum monthly wages for a grade one worker, which is set by the industry tariff, the Agreement of the Russian electric energy complex at the moment of holding the verification (inspection) meeting taking into account the indexation set by the Agreement. The amount of remuneration paid to the Chairman of the Commission is increased 50%.

As individuals, members of the Internal Audit Commission have limits or prohibitions on the right to receive payments from commercial organizations. Thus, remuneration and compensation to these individuals is not accrued or paid.

Total remuneration and compensation paid to members of the Internal Audit Commission in 2009 (taking into consideration members of this Commission acting until June 10th, 2009) was RUR 421,425 (RUR 369,450 in 2008).

Remuneration to the Auditor
Remuneration to the Auditor is defined based on results of an open tender, which is then approved by the Board of Directors of JSC RusHydro. The Company paid CJSC PricewaterhouseCoopers Audit (the winner of the tender process) RUR 17,000,000 (excluding VAT) for the independent audit of 2009 financial reports.

Contact information:
Closed joint stock company “PricewaterhouseCoopers Audit”
Telephone: +7 (495) 967-6000; Fax: +7 (495) 967-6001
E-mail: pwc.russia@ru.pwc.com
www.pwc.com
Dividend policy, including a history of dividend payment

The primary purpose of the Company’s dividend policy is to ensure the Company’s strategic development and to increase shareholders’ wealth by establishing an optimal balance between current consumption of net profit by shareholders and the capitalization of profit.

With the goal of informing shareholders about dividend policy, ensuring the transparency of the mechanism for defining the amount of dividends and their payment, including limitations on their payment, in 2009, JSC RusHydro’s Board of Directors adopted the Provision on the Company’s dividend policy.

The recommended sum of dividend payments is defined by the Board of Directors based on the Company’s financial results.

Based on 2008 results, the Company announced that it would not pay any dividends.

Dividend history

<table>
<thead>
<tr>
<th>Reporting period during which dividend on shares were paid</th>
<th>Total volume of announced (accrued) dividends, thousand RUR</th>
<th>Volume of announced dividends per share, RUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 months of 2005</td>
<td>27,889</td>
<td>0.000268289</td>
</tr>
<tr>
<td>2003</td>
<td>565,695</td>
<td>0.005441922</td>
</tr>
<tr>
<td>Q1 2006</td>
<td>223,600</td>
<td>0.002151</td>
</tr>
<tr>
<td>H1 2006</td>
<td>110,588</td>
<td>0.00106384</td>
</tr>
<tr>
<td>9 months of 2006</td>
<td>809,000</td>
<td>0.005739439</td>
</tr>
<tr>
<td>2006</td>
<td>A resolution on the payment of dividends was not adopted</td>
<td></td>
</tr>
<tr>
<td>Q1 2007</td>
<td>1,119,000</td>
<td>0.00793872</td>
</tr>
<tr>
<td>2007</td>
<td>A resolution on the payment of dividends was not adopted</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>A resolution on the payment of dividends was not adopted</td>
<td></td>
</tr>
</tbody>
</table>

Subsidiaries and dependent companies’ (SDCs) management. Corporate holding structure

Interactions between JSC RusHydro and its subsidiaries and dependent companies (SDCs) is focused on realizing the Company’s strategy in the hydro-power segment, ensuring stable economic development and upgrading investor attractiveness, as well as protecting shareholders’ rights and interests both in the Company itself and in its subsidiaries and dependent companies.

Based on the Order of Interaction of JSC RusHydro with organizations in which it participates, adopted by the Company’s Board of Directors, the Company manages SDCs with the help of its representatives at General Meetings of shareholders, Boards of Directors and other controlling organs of the SDCs. Responsibility for resolving issues at top management organs of its 100%-owned subsidiaries is vested in JSC RusHydro’s Management Board. The Company’s Board of Directors adopts strategic decisions on its SDCs’ activity in the areas of: re-organization, liquidation, changes in charter capital, approval of major transactions and the SDCs’ participation in other organizations.

The Company focuses significant attention on upgrading corporate governance practices at the SDCs, and in particular, carries out measures to increase transparency at the SDCs. The Company also observes the SDCs to ensure that legislative requirements related to compulsory information disclosure are being met.

Corporate actions with subsidiaries and dependent companies (SDCs)

On February 27th, 2009, JSC RusHydro’s Board of Directors approved a contract that concluded the transfer of 25.1% of JSC O6K-1 shares (previously belonging to JSC RusHydro) to JSC INTER RAO UES.

In April 2009, JSC RusHydro increased its participation in JSC ESK RusHydro from 57.44% to 100% by acquiring 1,282,000,000 ordinary shares (42.6% of JSC ESK RusHydro’s authorized capital) from the New Energy Fund. The transaction was valued at RUR 1,285,000,000 with a par value of one ruble per share. The sales holding JSC ESK RusHydro owns shares in the following retail sales companies:

- 51.79% of JSC Krasnoyarskenergosbyt;
- 90.52% of JSC Ryazan Power Sales Company;
- 100% - 1 share of JSC Chuvash Power Sales Company.

In connection with JSC RusHydro’s holding a minority stake in JSC Viluyjskaya HPP-3 (1,9016 %) – which did not allow it to participate in JSC Viluyjskaya HPP-3’s management – on April 7th, 2009, JSC RusHydro’s Board of Directors made a decision to stop participating in JSC Viluyjskaya HPP-3 by directly selling its stake to a 100%-owned subsidiary of CJSC “Airosa”.

On April 7th, 2009, JSC RusHydro’s Board of Directors approved the conclusion of a contract between JSC RusHydro and JSC Zagorskaya PSPHPP-2 for the purchase and sales of additional shares of JSC Zagorskaya PSPHPP-2, which were placed via closed subscription in favor of JSC RusHydro with a view to capitalize the Company’s contributions to construction financing.

On April 3rd, 2009, JSC RusHydro’s Board of Directors made the decision to found a 100%-owned subsidiary - JSC Nizhne-Kureiskaya HPP. The Company was created with a view to maintaining appropriate registration of property in its possession, using and the order by the ground areas and also passages of the Russian Federation’s Glavosekspertiza.

On June 8th, 2009, JSC RusHydro’s Board of Directors approved the establishment of a 100%-owned subsidiary - JSC Far East WPP. The Company was created specifically for the realization of the Far East wind power station construction project, which is included in the list of power supply objects for the 2012 APEC Summit. The Far East wind power station construction project, which is included in the list of power supply objects for the 2012 APEC Summit. The Far East WPP is the first large-scale project to use renewable energy sources (RES) in the Primorsky Region.

On October 2nd, 2009, JSC RusHydro’s Board of Directors approved a change in the participation level in JSC Geoterm, which was achieved by acquiring JSC Geoterm shares from JSC Kamchatskenergo. As a result of the transaction, JSC RusHydro increased its participation in JSC Geoterm’s authorized capital from 71.61% to 79.84 %. The increase is aimed at consolidating geo-thermal assets in the Kamchatka Region under the JSC Geoterm umbrella. This consolidation will allow the formation of unified geo-thermal asset management and will also help maintain innovative development in this direction.
JSC RusHydro Holding Structure as of December 31st, 2009

JSC RusHydro

- JSC VNIIG 100%
- JSC HydroInvest 100%
- JSC Institute HYDROPROJECT 62.6%
- JSC Technopark Rumyahtsevo 100% - 1 share
- JSC Gidoremont-VKK 100%
- JSC Far East Wind Power Plant 100%
- LLC Directorate for Restoration and Reconstruction of the Sayano-Shushenskaya HPP 100%
- JSC Zagorskaya GAES-2 100%
- LLC Index Energetiki - HydroOGK 100%
- JSC Renewable Energy Engineering Centre 100%
- JSC Jarky 25% + 1 share
- JSC OGK-1 (under JSC INTER RAO UES trust managing) 21.71%
- JSC UEMS 20.67%
- IT Energy Service Ltd. 19.99%
- RusSUNHydro Ltd. 50%

JSC Hydrogeneration Company of Karachaev-Cherkessia 100%
JSC Lenhydroproject 100%
JSC Malaya Mezenskaya PES 100%
JSC Nizhne-Bureiskaya HPP 100%
JSC Transbaikal Development Corporation 50%
JSC Nizhne-Zeiskaya HPP 100%
JSC Nizhne-Kureiskaya HPP 100%
JSC NIES 100%
JSC Prometei 100%
JSC REMIC 100%
JSC SSHP 100%
JSC SSATC 100%

JSC Sulak GidroKaskad 100%
JSC Turboremont-VKK 100%
JSC RusHydro MC 100%
JSC SSHP SSC 100%
JSC Elektroremont-VVK 100%
JSC ESCO UES 100%
JSC ESC RusHydro 100%
JSC Krasnoyarskenergosbyt 51.75%
JSC Ryazan Power Distributing Company 90.52%
JSC Chuvash Energy Sales Company 100% - 1 share
JSC Yuzhno-Yakutsk HPC 100%
JSC SY Corporation 25% + 1 share

BEMO project companies
- JSC Boguchanskaya HPP Building Sponsor 51%
- JSC Boguchany Aluminium Smelter Building Sponsor 51%
- JSC Boguchany Aluminium Smelter Building Sponsor 49%

CSC Hydroengineering Siberia 99%
JSC Krasnoyarsk Region Development Corporation 25%
JSC Zaramag Hydroelectric Station 94.66%
JSC Geotherm 79.84%
JSC Pauzhetskaya GPS 100%
JSC El Verchne-Multovskoye Geoprop 48.04% [RusHydro] 47.77% [Geotherm]
JSC Chirkeigesstroy 75% - 1 share
JSC DagTEK 75.26%
JSC Kolmaenergo 64.27%
JSC Ustrednekan GEStroi 100%
JSC Ust-Srednekanelskaya HPP 69.36% (Kolmaenergo) 4.79% (RusHydro)
JSC Energy Main Computer Center 42.54%

HydroOGK Power Company Limited 100% - 1 share
Boges Limited 50%
JSC BoGES

Institute  Non-profile asset  Reconstruction  Construction  Generation  Prime contractor  BEMO project  Sales
The objective need of dynamically developing RusHydro Company for forming highly professional man-power resources and the absence of special comprehensive training programs on the market of educational services preparing specialists in power industry determined establishment of unique in its area Corporate HydroPower University.

Corporate HydroPower University was established on December 5, 2007 as a branch of JSC RusHydro.

JSC RusHydro Branch
CORPORATE HYDROPOWER UNIVERSITY

The stricture of Corporate HydroPower University includes the following training centers:
- Center for development of training programs and cooperation with educational institutions
- Center of knowledge base and distance learning
- Center of personnel assessment
- Volzhskiy training center
- Sayano-Shushenskiy training center
- Psychological center

Corporate HydroPower University provides ample opportunities for access to learning using various technologies and educational forms: full-time programs, workshops and laboratory works, distance training courses, video conferences, video lessons and online libraries.

Corporate HydroPower University implements projects concerning analysis of activity and forming qualification libraries, is engaged in forming personnel reserve for JSC RusHydro, development of company employees and management of their careers, implements projects relating to support of teambuilding processes in branches and subdivisions of the Company.

Participation in the competition of young specialists gives employees of JSC RusHydro great opportunity to make themselves known, improve their personal and professional knowledge, understand prospects of their career development and activate inner potential for quick adaptation to new conditions and tasks of their work.

Today Corporate HydroPower University is a research, information, education, methodical and consultation center of JSC RusHydro.
Overview

JSC RusHydro is strongly focused on building and maintaining a best practice Corporate Social Responsibility (CSR) system. The Company recognizes that effective CSR will build shareholder value in the long-term, and the Company also understands that a well-established CSR policy – in line with accepted (and clearly defined) international best practice standards – will help attract a broader range of international investors, stimulating increased liquidity and generating a diversified shareholder base (which will stabilize the share price even during downturns in the domestic market).

JSC RusHydro’s CSR policies and programs are based on four principles:

- strictly observing labor, tax and other legislative (and regulatory) norms that impact the Company;
- realizing all principles of a public company (as defined by investor expectations and regulatory requirements), which generally has a much broader stakeholder-base than a non-public company;
- increasing investor attractiveness;
- designing and implementing a comprehensive approach to using renewable and clean energy sources.

Over the last several years, the Company has taken numerous concrete steps to upgrade its CSR standards, including:

- adopting a dividend policy, electing well-respected industry experts to serve as independent non-executive directors on the Company’s Board of Directors and creating numerous committees – Strategy, Investment, Audit and Human Resources & Remunerations – under the Company’s Board of Directors (Additional details on these Committees, including: composition and key 2009 actions, can be found in the Corporate Governance section of the Annual Report. Biographies of the independent non-executive directors can also be found in the same section of the Report).

- The Company’s focus on and commitment to CSR has only been strengthened during the reporting period – largely due to JSC RusHydro’s successful technical listing on the Main Market of the London Stock Exchange in July 2009, which increased the regulatory reporting requirements that the Company was subject to.

Human Resources

As part of its comprehensive policy to optimize labor force effectiveness and to reduce head count, while maintaining safe and reliable operating conditions, JSC RusHydro reduced the number of its employees from 5,753 as of January 1st, 2009 to 5,426 as of December 31st, 2009 – a 5.7% drop. A significant portion of this decrease can be attributed to the Company’s increased reliance on outsourcing – including outsourcing non-specialized services, such as: janitorial and repair/maintenance work. The Company also offered voluntary retirement options to older workers.

Of the Company’s work force, the vast majority of employees are between the ages of 30 and 50 years old; and 79% of Company employees have completed higher and professional secondary education – indicating that JSC RusHydro’s work force is highly skilled and professional in the sector in which the Company operates. In addition, the number of personnel with higher education increased 4.75% during the reporting period.

During the reporting period, the average employee received a salary of RUR 57,138 per month – a 10.2% increase compared to 2008. This compensation figure does not take into account non-material compensation that the Company provides (as part of its comprehensive incentive scheme), such as medical insurance or participation in non-governmental pension programs.

JSC RusHydro’s policies towards its employees are governed by the following principles:

- to upgrade the general qualification levels of its employees (through implementing comprehensive training programs);
- to offer best practice social program packages;
- to improve the motivation/incentive system thus, creating a more effective labor force and a more efficient and reliable company.

Training

Corporate training is carried out to ensure that the Company’s work force can realize the tasks that it faces by developing the personnel’s core competencies. For the purpose of human resources, the Company devotes significant attention to upgrading the corporate instruction process for its colleagues. The Company recognizes that its ambitious development program – targeting the creation of an international blue chip energy sector company (focused on renewable energy sources) – will not be feasible without a highly trained work force.

Principles of training

Effectively training JSC RusHydro’s workforce is an ongoing process that is planned for and implemented on a regular basis. The points below detail some of the key features of this training:

- Qualification upgrades – not less than one time in a three-year period;
- Professional training and preparation – based on requirements established by relevant regulatory agencies. If necessary, the employee will be required to obtain new training and/or certification;
- Professional re-training – conducted due to production needs that call for new forms of professional activity or that require additional qualifications, for the purpose of educating the work force;
Corporate education – addressing Company-specific challenges; this training is conducted by attracting corporate employees or outside instructors to teach relevant topics;
- Yearly instruction on production issues;
- Short-term training programs at educational institutions (including: seminars, conferences and forums) – yearly, depending on production needs;
- Distance (remote) learning on a yearly basis, based on the Company’s production needs.

To improve the quality of instruction, during 2009, JSC RusHydro focused on improving educational processes and procedures – principally through the introduction of E-learning (distance learning). E-learning allowed the Company to effectively reach employees in geographically remote regions and successfully increased the number of trained employees in the Company.

**Key directions for training JSC RusHydro’s workforce: 2009 number of employees participating in the program(s) and total training expenditures:**

<table>
<thead>
<tr>
<th>Key training directions</th>
<th>Number of participants</th>
<th>Expenditures, RUR th.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normative requirements, based on the requirements of Rostechnadzor, Rostruda and other regulatory agencies</td>
<td>1,151</td>
<td>7,010</td>
</tr>
<tr>
<td>Technological and normative education, necessary to carry out functional responsibilities</td>
<td>643</td>
<td>5,826</td>
</tr>
<tr>
<td>Design, building, equipment operating and construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economics and finance</td>
<td>474</td>
<td>3,883</td>
</tr>
<tr>
<td>Law</td>
<td>34</td>
<td>645</td>
</tr>
<tr>
<td>Information technology</td>
<td>249</td>
<td>3,594</td>
</tr>
<tr>
<td>Corporate department</td>
<td>28</td>
<td>69</td>
</tr>
<tr>
<td>Human resources department</td>
<td>222</td>
<td>843</td>
</tr>
<tr>
<td>Economic safety and civil defense issues, warning and liquidating emergency situations</td>
<td>80</td>
<td>734</td>
</tr>
<tr>
<td>Public relations</td>
<td>40</td>
<td>68</td>
</tr>
<tr>
<td>Administrative guarantees</td>
<td>52</td>
<td>700</td>
</tr>
<tr>
<td>Organizational-administrative education</td>
<td>932</td>
<td>3,066</td>
</tr>
<tr>
<td>Design instruction</td>
<td>156</td>
<td>375</td>
</tr>
<tr>
<td>Higher education</td>
<td>20</td>
<td>750</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,081</strong></td>
<td><strong>27,564</strong></td>
</tr>
</tbody>
</table>

During the reporting period, JSC RusHydro invested RUR 39.1 mln on training programs, which compares to RUR 23.2 mln in 2008.

**Worker policies**

In addition to training its work force, JSC RusHydro understands the importance of appropriately motivating its employees.

During the reporting period, the Company continued to actively engage in efforts to upgrade its social support package. All components of the support program are predicated on documents that have been approved by JSC RusHydro’s Board of Directors. These documents include: the Standard Collective (Bargaining) Agreement, which was approved by the Board of Directors on February 18th, 2008 and the Position on non-governmental pensions for workers [Orders #224 from April 23rd, 2008 and #163 from March 16th, 2009]. In addition to non-governmental pensions offered by JSC RusHydro, the Company also provides voluntary medical insurance, voluntary insurance against accidents [Protocol #91 from December 30th, 2009] and programs to improve housing conditions (the Position on corporate support and assistance to improve housing conditions, #305 from May 30th, 2008) as part of its comprehensive social support program (this program was initially introduced by the Company in 2008).

However, despite the scope of programs falling under the social support package umbrella, non-governmental pension provision constitutes the single largest component in the Company’s total social support expenditures. During the reporting period, JSC RusHydro devoted RUR 836.3 mln to total social expenditures – and of this amount, 44% of funds were focused on non-governmental pensions. The relatively large expenditures on pension provision can be accounted for largely by the average age of Company employees. During the reporting period, 2,413 employees participated in the non-governmental pension program. In addition, 1,645 employees who had either retired before the Program was launched or who had a limited period in which to pay into the Program participated in the Veterans’ non-governmental pension program.

In addition to the outlined expenditures on non-governmental pensions, the Company also devoted RUR 65.6 mln to voluntary medical insurance as well as to voluntary insurance against accidents and illness – allowing its employees access to quality health care in addition to free health care provided by the Russian state. All Company employees are eligible to participate in

- Strategy – coordinating tasks and operating principles with individuals in the pool on issues related to both the Company’s development and on the formation of strategic organizational objectives;
- Reliability – applying personnel estimation and instruction techniques to forming a well-balanced personnel reserve pool;
- Development – creating opportunities for the Company’s employees to achieve professional growth and development.
The Company firmly believes that the social support program will significantly upgrade worker satisfaction and overall morale — therefore, likely decreasing employee turnover. The excessive turnover could potentially lower productivity and increase the risk of unreliability and unsafe working conditions, and therefore, negatively impact the Company’s bottom-line operating margin.

Taking this into account, JSC RusHydro believes that the social support package represents a long-term, economically rational expenditure for the Company.

Workplace safety

Ultimately, however, the Company recognizes that the most important piece of corporate workforce policy is ensuring a safe and healthy workplace.

The Company’s workplace safety policies are based on the following principles:

- improving employee working conditions;
- effectively training and preparing employees in the area of production safety — including ensuring that all employees have access to and routinely use protective gear (supplied by the Company) and other safety equipment;
- upgrading technological and ecological safety systems and ensuring that the Company’s operating assets are in reliable and safe working conditions (the Company’s technical rehabilitation and modernization program, which is scheduled for completion no later than 2020, is a key component in this step. Without up-to-date facilities that have modern safety standards, the risks of workplace accidents — and potentially severe accidents — are increased);
- ensuring that health, safety and environmental recommendations from federal ministries and agencies, as well as other relevant organizations (both governmental and non-governmental), are implemented in a timely and safe manner.

Guaranteeing safe and reliable working conditions — that minimize the risk of injuries and/or fatalities to employees, as well as potential environmental consequences — can be a costly endeavor, but JSC RusHydro believes that it is an integral part of being a socially responsible company.

Communities

JSC RusHydro is firmly committed to building strong and vibrant communities, particularly in the regions in which it operates. At the same time, RusHydro recognizes that many of its operating facilities are located in remote regions of Russia and thus, these communities are often affected by and subject to serious social and economic risks. A strong and healthy community produces healthy and productive workers — able to contribute to the overall efficiency of the Company.

To help build these thriving communities, JSC RusHydro adopted Regulations on Charitable and Sponsorship activities in 2007. Although these efforts are broad-based and focused on upgrading the standard of living in local communities, the Company focuses particular attention on children — who form the foundation for Russia, and the Company’s, growth and development.

All corporate charitable and sponsorship activities are based on the following key priorities and directions:

- Providing help to disadvantaged populations, the disabled and pensioners — primarily through charitable funds, organizations and institutions;
- Providing assistance to retired power sector employees, as well as honorary workers from this sector;
- Providing assistance to children’s institutions and organizations;
- Offering help to medical institutions;
- Contributing to the restoration of Russia’s historical architectural monuments, as well as developing the country’s culture, educational systems, science and sport.

The Company (and its subsidiaries and dependent companies) do not provide support to any commercial organizations or to representatives of legislative, judicial or executive powers. The Company also does not offer assistance in any form to political parties or social movements.

The Company’s flagship charitable program is the Sail of Hope project, which was launched in Q3 2008 to provide assistance to children from at-risk families, as well as displaced children who live in orphanages or other state facilities. In addition to other aspects of the project, Sail of Hope also provides vocational guidance to youth participating in the program which helps form long-term human resources potential for the industry. The Project also contributes to creating a positive image for the hydro-power industry, as a promising sector in which youth can achieve both their personal and professional ambitions.

The Company also believes that Sail of Hope will introduce scientific and educational research programs for young children,
Sayano-Shushenskaya HPP became the upper one in the cascade of Yenisei hydropower plants. During its operation it was the hydropower plant of Russia with the highest capacity: its installed capacity was 6.4 mln kW, average energy generation was about 24 bln kWh per year.

Mayanskaya HPP with the capacity of 321 MW being a part of Sayano-Shushenskaya HPP is located below Sayano-Shushenskaya HPP.

Sayano-Shushenskiy hydropower complex was not only an enterprise forming a company town, but also a benchmark from which rapid industrial development of the south of Siberia started.

On AUGUST 17, 2009 an accident damaging main and auxiliary equipment of the hydro plant took place. Due to damage of hydraulic unit No. 2 there was a water kick from turbine crater. All hydraulic units of the HPP received electrical and mechanical damage of various seriousness.

JSC RusHydro Branch

SAYANO-SHUSHENSKAYA HPP

NAMED AFTER P.S. NEPOROZHNyi

In 2009 a contract for production and delivery of equipment for the HPP was concluded with Power Machines OJSC. In accordance with terms and conditions of the contract Power Machines shall produce 10 hydraulic turbines, 9 hydraulic generators with the capacity of 640 MW as well as 6 excitation systems. Besides, specialists from Power machines shall render contract supervision services and perform commissioning works. The period for producing equipment is 2011-2012. The contract amount is equal to 11.7 bln rubles (net of VAT).

An enormous amount of work was performed during months after the accident allowing launching two the least damaged during the accident hydraulic units Nos. 5 and 6 in the first quarter of 2010. Two more units Nos. 3 and 4 will be launched until the end of the year after which the installed capacity of Sayano-Shushenskaya HPP will amount to 2,560 MW.

Apart from the recovery of the damaged equipment, an additional shore spillway is constructed at Sayano-Shushenskaya HPP.

This facility creates additional reserve of reliability and safety of hydraulic facilities of the plant. Upon completion of construction and when running at the installed capacity the shore spillway of Sayano-Shushenskaya HPP will have no analogs in the world in terms of operation waste during high water.
as well as provide more targeted professional introduction programs for upper class students.

The guiding principle of this program is that it unites in a single continuous process effective socialization of children raised in orphanages and children’s boarding schools, the child’s professional education, the ability of said child to obtain higher education and the reinforcement of the Company’s pool of skilled workers.

In addition to assisting troubled children and youth, the Company also reached out to gifted and talented youngsters through its Hydro Academy Program, which principally focuses on recruiting promising science and engineering students to consider careers in the power sector.

Furthermore, the Project offers opportunities in the following areas: support of water sport schools for children and youth, natural history field trips “To the source of a river,” New Year’s parties for children and open door days (“We are open for all”) at JSC RusHydro’s operating HPPs (which allows for a safe and exciting introduction to the power sector).

The Company also sponsors the “Energy to Children!” Festival. The Festival brings unique cultural and educational events to all orphanages and boarding schools in the cities and regions in which JSC RusHydro is present.

The Festival allows the Company to simultaneously address numerous challenges:

► To select and support the most gifted children at orphanages and boarding schools;
► To familiarize children and youth with leading examples of children’s art;
► To facilitate a motivated and proactive attitude among children who participate in this program.

Prior to the festival, at each of the participating educational institutions, contests were organized to select the most gifted children. Contest winners participated in joint concerts [events] with top Russian youth creative teams. In addition, contest winners received special grants which will allow them to pay for future education.

On May 14th, 2009, at the Concert Hall of the Moscow State Cultural Center for Children and Youth Art, a gala concert was held that included students from orphanages and boarding schools in Yaroslavl, Volgograd, Samara, Saratov, Nizhniy Novgorod, the Chuvash Republic and the Perm Krai. The Concert also included participants from leading Moscow children’s art collectives, such as the Song and Dance Company named after V. Loktey, the “Domisolka” children’s musical theater and the children’s vocal and choreographic ensemble, “Neposedy.”

**The Sayano-Shushenskaya HPP accident**

During the reporting period, the Company directed a large portion of its cash resources to assisting the families of workers who were injured or killed as a result of the Sayano-Shushenskaya HPP accident.

During 2009, the Company fully fulfilled all outstanding obligations to the families of deceased workers:

► In the amount of two average monthly paychecks of the deceased workers;
► In the amount of RUR 38,170 to pay for burial expenses;
► In the amount of RUR 1,000,000;
► In the amount of one-year’s salary to each of the deceased employee’s dependents (covering 46 families and 76 dependents).

One-time payments were made to 55 workers injured in the accident. The amount of the payments depended on the severity of the injuries sustained:

► For light injuries, in the amount of 2 average monthly salaries (but not less than RUR 50,000);
► For serious injuries, 2 average monthly salaries, plus an additional RUR 100,000.

Twenty apartments were acquired for families with minor children or pregnant women, who did not previously have housing, as well as for children who are orphans (18 families benefitted from this Program which was valued at RUR 27,000,000).

The Company also provided for the payment of non-governmental pensions (under the non-governmental pension fund for power sector employees) to the spouses and parents of deceased workers both of pension and non-pension age (78 employees).

Furthermore, on a monthly basis, benefits are paid to affected families till the youngest child in said family reaches the age of 18 – in the amount of one salary (tariff rate) (affecting 29 families).

As of December 30th, 2009, the total sum paid out for the above mentioned projects stood at RUR 185 mln.

In addition:

► Two specialized emergency vehicles (ambulances) have been acquired for the local paramedic station;
► The Company worked with banks to repay loans that had been held by deceased workers (43 loans at 6 banks were fully paid off);
► Funds for personal scholarships payments for 60 children were allocated;
► Seventeen students were transferred to budgetary places.

The Company is actively working to place family members of deceased workers in appropriate jobs – 7 individuals are currently participating in job placement services and 46 individuals have already been placed.

Psychological support is being offered to affected individuals. During the reporting period, 82 children and more than 400 adults received assistance. Forty-three teachers and 29 psychologists provide assistance to survivors and victims’ families. Three psychological centers have been opened and continue to operate, and the psychological state of the families of deceased employees is routinely monitored via home visits.
The psycho-emotional state of children in the 2nd – 11th grades at School №1 is regularly checked and two class hours are devoted to this purpose for students in grades 10 and 11.

The Company has launched the “Early Professionalism and Creative Abilities Development” project in the town of Sayanogorsk. The project is geared towards assessing participants’ professional tendencies and to developing motivation/ work ethic and appropriate work habits and skills.

The “Kangaroo Group” – focusing on music and drawing – has been started for moms and children. In addition, classes in health-enhancing gymnastics have been launched.

A Coordination Council – involving representatives of the Republic of Khakassia and founders of the various charitable organizations – has been created to see that aid is effectively provided to the families of workers killed at the Sayano-Shushenskaya HPP accident, as well as to injured employees.

For the reporting period, the Company spent RUR 141.2 mln on charitable donations and other community-building activities; this compares favorably with the RUR 132.9 mln that was spent in 2008.

Ecology

The primary goal of JSC RusHydro in the sphere of managing its influence on the environment (according to corporate ecological policy) is — increasing the level of ecological safety, maintaining the reliable and ecologically safe manufacture of electric power and providing a complex approach to the use of natural power resources.

JSC RusHydro, in the sphere of ecological safety and environmental protection, is guided by the following basic principles:

- Prioritizing ecological safety as a key component of national safety;
- Saving power and rationally utilizing power resources, and also decreasing negative environmental impact at all stages of the HPP cycle;
- Prioritizing the acceptance of pre-cautionary measures over alternative measures to liquidate negative environmental consequences;
- Accepting administrative and investment decisions based on a multi-variant approach to development scenarios taking into account ecological priorities.

Maintaining ecological safety is a priority task for the Company, whose activity is characterized by the following ecological risks:

- Risk of excessive water levels in the reservoir in the dam’s headrace and/or tailrace that may result in coastal zone flooding where industrial structures, inhabited objects and natural complexes may be located. However, to minimize the given risk, owners support dams and constructions in proper condition and timely repair is carried out at deteriorating sites. Supervision over water objects and water security zones is regularly carried out at JSC RusHydro’s SDCs and branches. Supervision illustrates that HPPs do not essentially negatively impact water objects.

In addition, the Company, for its part, based on high water weather forecasts informs water users on potential changes in river levels so that necessary protective measures can be taken;

- Risk of oil leaking into rivers from HPP hydro-units. Management of the given risk consists of realizing actions of the Program to modernize and reconstruct under the framework of replacing elements and knots of water-wheels, which ensures high ecological compatibility of manufactured items.

The Company’s ecological policy is carried out according to JSC RusHydro’s 2009–2011 Program for Realizing Ecological Policy, which includes real actions to decrease environmental impact.

In 2009, all of JSC RusHydro’s hydro-generating objects complied with Russian Federation legislation in the sphere of environmental protection and met all ecological requirements of the Company.

- Legalized papers for receiving a standard and allowing documentation for water object usage, in reference to waste and on atmospheric environmental emissions;
- In due time, provided reports using state statistical reporting forms to state organs;
- In due time, paid for pollution that it [the Company] caused to the surrounding environment;
- Carried out planned environmental protection activities to decrease negative environmental impact;
- Conducted industrial activity according to Russian Federation legislative requirements in the fields of environmental protection and wildlife management.

In 2009, the Company moved forward with realizing its project “Introduction of JSC RusHydro’s ecological management system in full compliance with ISO 14001–2004 standards:”

- Introduced the System of Ecological Monitoring [SEM] at the following JSC RusHydro branches — the Zagorskaya HPP, the Cascade of the Kuban HPP and the Cheboksarskaya HPP;
- Started a pilot project to introduce an integrated management system (ecological management system (ISO 14001), quality system (ISO 9001) and a professional health control system (OHSAS 18000)) at JSC RusHydro’s Sayano-Shushenskaya HPP.

In connection with the SS HPP accident on August 17th, 2009, given work has been suspended:

- The introduction of SEM at JSC RusHydro’s Kamskaya HPP branch has begun;
- Supervising SEM audits to acknowledge a certificate of conformity (with standards) for the Volzhskaya HPP and the Zhigulevskaya HPP;
An ecological audit has been scheduled at JSC Kolymaenergo. As a result of the ecological audit, actions have been developed and implemented to eliminate any revealed discrepancies with environmental protection legislation.

Ecological safety training for top management and experts at JSC RusHydro’s SDCs and branches is being carried out.

On August 17th, 2009, an accident occurred at JSC RusHydro’s Sayano-Shushenskaya HPP. As a result of the accident, the machine hall was destroyed and some oils contained in the processing equipment were released into the surrounding water supply.

During the first hours following the accident, the gathering up of mineral oil that had got into the Yenisei River was organized and their further recycling was established by a legislative order of the Russian Federation. Visual and laboratory quality analysis of the reservoir water and coastal zone soil was organized and carried out.

In order to store remains of destroyed structures of the HPP, a temporary storage area was set up. Laboratory quality assessment of air, water and soil in a zone surrounding the destroyed construction has been carried out to ensure the non-existence of secondary environmental contamination.

With a view to normalizing the ecological situation after the accident, the Plan for environmental protection was developed. The Plan’s actions have been executed in full.

In conformity with Russian Federation natural protection legislation – and in connection with changed wildlife management conditions – documentation for JSC RusHydro’s Sayano-Shushenskaya HPP branch has been processed and new specifications and limits have been received.

With a view to preparing for the passage of the autumn-winter period, the Plan of measures for maintaining ecological safety in the 2009-2010 autumn-winter period was developed and realized.

Over several years, JSC RusHydro’s Sayano-Shushenskaya HPP has carried out ecological monitoring of a zone of influence (surrounding the hydro-complex) for its effect on plant and animal life in the region of the State Natural Reserve and National Park “The Shushenskaya Pine Forest.” Monitoring has shown that population groupings of animals and birds are stable.

As part of recovery work at the Sayano-Shushenskaya HPP, the question of carrying out social-ecological monitoring of the accident’s effect on the environment is being considered.

With a view to monitoring possible social-ecological changes in 2009:
- JSC RusHydro’s Bureyskaya HPP has influenced the surrounding natural and social environment through complex works to build and operate the HPP;
- JSC “Geoterm” monitored fishing in the River pool;
- A program has been developed and launched to carry out social-ecological monitoring of zones of influence of the Zaramagsky HPPs.


JSC RusHydro has developed the following ecological standards:
- “HPPs. Monitoring construction and environmental conditions during building. Norms and requirements;”
- “HPPs. Monitoring construction and environmental conditions while in service. Norms and requirements;”
- “The Control system of environmental protection. General provisions.”

JSC RusHydro is an active participant in a number of international ecological initiatives. In 2009, work was carried out in several directions under international cooperation with ecological organizations and the business community in the area of environmental protection:
- Participation in working out international ecological standards and hydro-power engineering sustainable development (testing the Sustainable Development Report);
- Participation in working out proposals and recommendations under the cooperation of E8 member countries, and also participating in the international climate change initiative 3°C (headed by Sweden);
- Participation in the work of the international symposium and research projects of the technical committees of the International Committee on Big Dams (ICOLD);
- Experience exchange and participation in seminars in ecology and sustainable development with embassies, leading ecological funds and the business community (including: the Embassy of Great Britain, the European Union, the World Wildlife Fund and the International Power Agency).

The Company has also engaged in teamwork with a coalition of ecological non-governmental organizations under the «White Book. Dams and Development» project.

Participation in working out international ecological standards and hydro-power engineering sustainable development

JSC RusHydro is a member of the International Association of Hydro-power (IAH). The principal objective of this organization is to develop mechanisms for reliable and sustainable development of global hydro-power engineering. Within the limits of work to create international standards for stable social, economic and ecological hydro-power development, the Forum for the Assessment of Sustainable Hydro-Power Development (The Hydro-power Sustainability Assessment Forum, HSAFI) has been established. The purpose of the Forum is to develop tools to assess hydro-power industry development based on sustainable development criterion.

To realize this purpose, experts from JSC RusHydro and its SDCs in 2009 have conducted document testing – the Sustainable Development Report (further information on this can be found later in the Annual Report). The Report is positioned not only as the standard to estimate economic, social and ecological aspects of the project at all stages of its life – cycle, but also as a means to evaluate the project’s conformity with international norms and requirements in the field of design activity in the hydro-power industry. The result of the expert evaluation
JSC RusHydro branch Cascade of Kubanskiye HPPs includes eight HPPs and one PSHPP. All HPPs of the cascade are of diversion type located in beds of the Bolshoy Stavropolskiy Channel and the Nevinnomysskiy Channel.

1967

CKHPPs established in 1967 combined 5 hydropower plants (PSHPP, HPP-1, HPP-2, HPP-3, HPP-4). In 1973 Svistukhinskaya, Sengileevskaya and Egorlykskaya HPPs were attached to CKHPPs. Novotroitskaya HPP became a part of the Cascade in 1994. From January 9, 2008 JSC RusHydro branch - Cascade of Kubanskiye HPPs.

2009–2010

In 2009 financing of works concerning technical retooling of CKHPPs exceeded 295 mln rubles. In 2010 it is also planned to spend over 335 mln rubles for these purposes. 5-6 hydraulic units out of 29 are subject to scheduled major overhaul annually. The cost of overhaul program amounts to approximately 200 mln rubles per year.

347.3 mln rubles was allocated for construction of Egorlykskaya HPP-2 in 2009. In 2010 financing of the object will amount to 596 mln rubles. Construction and assembly works at power house and pumping main are in progress. Inserted parts of hydraulic turbines are assembled. Four hydraulic generators are produced. Two sets of hydraulic turbines are delivered. Fundamental parts of the third hydraulic turbine are dispatched from the plant.

JSC RusHydro branch Cascade of Kubanskiye HPPs includes eight HPPs and one PSHPP. All HPPs of the cascade are of diversion type located in beds of the Bolshoy Stavropolskiy Channel and the Nevinnomysskiy Channel.

The total installed capacity amounts to 235 kilometers. Facilities of CKHPPs are located in the territory of two constituent entities of the Russian Federation – the Karachay-Cherkessia Republic and Stavropol Territory.

<table>
<thead>
<tr>
<th>Total installed capacity</th>
<th>462.4 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of hydraulic aggregates</td>
<td>29</td>
</tr>
<tr>
<td>Total annual output</td>
<td>1.5 bln kWh</td>
</tr>
</tbody>
</table>
of the document was recommendations on the completion of a standard to introduce a transition period, during which hydro-power companies can bring themselves in line with international norms and ecology requirements, as well as ensuring that sustainable development conforms with domestic legislation.

### Participation in working out proposals and recommendations on climate change and a post-Kyoto agreement for leaders of G8 countries (G8) and the Big Twenty (G20) within the limits of the cooperation of E8 members and the international «3C» initiative on climate change.

During the reporting period, JSC RusHydro has participated in developing recommendations for the business community concerning climate change within the framework of “The Energy Eight” (E8) for business leaders and state representatives in Copenhagen (COP15), the Davos Economic Forum and also at “G8” meetings in Rome 2009.

### Participation within the international symposium and research projects of the technical committees of the International Committee on Big Dams (ICOLD)

On an annual basis, the Company participates in the Symposium of the International Committee on Big Dams (ICOLD). Beginning in 2009, representatives from JSC RusHydro were included in the work of the Technical Committee «Dams for electric power production.» One of the research themes for this committee was sustainable development in the hydro-power industry. Within the limits of conducting scientific research, the Technical Committee plans to develop a theme of international ecological standards and to exchange experience in social-ecological aspects of the hydro-power industry.

### Experience exchange and participation in ecology seminars and sustainable development with embassies, leading environmental funds and the business community (including: the Embassy of Great Britain, the European Union, the World Wildlife Fund and the International Power Agency)

In 2009, JSC RusHydro took part in international actions to exchange experience, as well as in training seminars in the field of ecology, climate change and sustainable development which were organized by the Association of European Business (AEB), the Embassy of Great Britain in Moscow and the Representation of the European Commission in Moscow (EU). The Company carries out experience exchange within the framework of a bi-lateral cooperation agreement with the Canadian company Hydro Quebec (the world’s largest hydro-power company), including research on the emission of greenhouse gases from the mirror of water basins and the influence that climate change has on water basins.

### The Company has also participated in the «White Book. Dams and development» project together with a coalition of environmental non-governmental organizations.

At the beginning of 2009, with a view to achieving the Project’s purpose, the portal www.russiandams.ru was created and opened for interested users. As of now, the portal (www.russiandams.ru) is already included in catalogues of teaching materials for high school students engaged in hydro-power engineering, hydraulics and ecology programs.

Thematic reviews are prepared and published on the portal:

- HPP and eternal frozen ground – June 2009;
- Dams and water transport – July 2009;
- HPP dams and the municipal water supply – August 2009;
- HPPs and residents of flood zones – September 2009;
- HPPs and fish – October 2009;
- HPPs and progress – January 2010;
- Small HPPs – February 2010;
- The influence of dams on water bio-resources – March 2010.

In the future, JSC RusHydro plans to develop long-term cooperation with leading environmental organizations and to work on joint research projects in the area of environmental protection.

### Taxation

As part of its ongoing commitment to best practice corporate social responsibility, RusHydro acts as a responsible tax payer to the federal government, as well as to the regions and local communities in which it operates – following all applicable norms of Russian Federation tax legislation. The Company recognizes that for many of the remote regions in which it operates that it is one of the largest tax payers to the local budget – thus, allowing a range of services to be provided to area residents. RusHydro recognizes that building healthy and vibrant communities help create a productive workforce for its operating subsidiaries.

In 2009, the following taxes were paid by JSC RusHydro:

<table>
<thead>
<tr>
<th>Budgetary level:</th>
<th>RUR mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal budget</td>
<td>10,291.56</td>
</tr>
<tr>
<td>Regional budget</td>
<td>14,448.53</td>
</tr>
<tr>
<td>Local budget</td>
<td>22.11</td>
</tr>
</tbody>
</table>

RusHydro recognizes that building healthy and vibrant communities help create a productive workforce at its operating subsidiaries.

Based on the laws of the Russian Federation, JSC RusHydro [INN 2460066195] pays the following taxes: VAT, profit tax, unified social tax (insurance payments), water tax, property tax, transportation tax and land tax.

<table>
<thead>
<tr>
<th>Type of tax:</th>
<th>RUR mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT</td>
<td>8,189.09</td>
</tr>
<tr>
<td>Profit tax</td>
<td>9,995.85</td>
</tr>
<tr>
<td>Property tax</td>
<td>5,520.95</td>
</tr>
<tr>
<td>Other taxes</td>
<td>1,056.31</td>
</tr>
</tbody>
</table>

During the reporting period, the Company paid a total of RUR 24,762.20 mln in taxes, which represents a 32% increase compared with 2008. The increased tax load can be explained by a higher sales volume during 2009.

Additional information regarding any aspects of the Company’s corporate social responsibility and/or policies, programs and projects in this area, can be found on the corporate web site.
## Contact Details

### Full business name of the Company
Open joint stock company RusHydro

### Abbreviated Company business name
JSC RusHydro

### Company location
51 Respubliki Street, Krasnoyarsk, the Krasnoyarsk Region, Russia

### Mailing address
51 Architectora Vlasova Street, Moscow, Russia 117393

### Phone
+7 (495) 225 – 3232

### Fax
+7 (495) 225 – 3737

### Russian-language web site
www.rushydro.ru

### English-language web site
www.eng.rushydro.ru

### Account details
- **Operating account**: 40702810400020107810
- **Bank name**: JSC Sberbank of Russia
- **Bank identification code**: 044525225
- **Correspondent account**: 3010818040000000225

### Information on the Company’s registrar
Full business name of the registrar: Open Joint Stock Company Central Moscow Depositary
Abbreviated business name: OJSC Central Moscow Depositary, OJSC CMD
Location: Building 8, 34 Bolshaya Pochtovaya Street, Moscow, Russia 105082
Mailing address: Building 8, 34 Bolshaya Pochtovaya Street, Moscow, Russia 105082
Phone: +7 (495) 221-1333; Fax: +7 (495) 221-1383
mcmdpo@cmd.ru
www.cmd.ru

### Information on the Company’s auditor
Full business name: Closed Joint Stock Company PriceWaterhouseCoopers Audit (CJSC PricewaterhouseCoopers Audit)
Location: White Square Office Center, 10 Butyrsky Val, Moscow, Russia 125047
Mailing address: White Square Office Center, 10 Butyrsky Val, Moscow, Russia 125047
Phone: +7 (495) 967-6000; Fax: +7 (495) 967-6001
pwc.ru/pwc.com

### Depositary bank
The Bank of New York Mellon (www.bnymellon.com) serves as the depositary bank managing the Company’s existing GDR programs.

### Depositary bank contact details:
- **Moscow Division**
  - Phone: +7 (495) 721-7155
  - irina.baichorova@bnymellon.com

- **New York, United States**
  - Phone: +1 (212) 815-5948
  - Fax: +1 (212) 571-3050
  - Mobile: +1 (917) 584-7470
  - vladimir.kotlikov@bnymellon.com
  - Phone: +1 (212) 815-2570
  - Fax: +1 (732) 667-4575
  - Mobile: +1 (646) 284-1412
  - azat.nougumanov@bnymellon.com

### Contact information for the Company’s shareholders and investors
Contacts for JSC RusHydro’s shareholders:
- Hotline telephone: +7 800 555-9997
- rusgidro@mcd.ru

### Investor Relations
JSC RusHydro’s Investor Relations and International Cooperation Division:
- Telephone: +7 (495) 225-3232
- Fax: +7 (495) 225-3737
- goldinael@gidroogk.ru
## Appendix 1. JSC RusHydro branches

<table>
<thead>
<tr>
<th>Branch name</th>
<th>Location and contact details</th>
<th>URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureyskaya HPP Branch</td>
<td>Talakan, the Bureysky District, the Amur Region, Russia Phone: +7 (416) 34-5-2359 <a href="mailto:bureyahpp@gidroogk.ru">bureyahpp@gidroogk.ru</a></td>
<td><a href="http://www.burges.rushydro.ru/">http://www.burges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Volzhskaya HPP Branch</td>
<td>1A Prospekt Lenina, Volzhsky, the Volgograd Region, Russia Phone: +7 (844) 334-1313 <a href="mailto:office@vges.ru">office@vges.ru</a></td>
<td><a href="http://www.volges.rushydro.ru/">http://www.volges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Votkinskaya HPP Branch</td>
<td>Tchaikovsky, the Perm Territory, Russia Phone: +7 (342) 417-0359 <a href="mailto:borosval@votges.voheg.ru">borosval@votges.voheg.ru</a></td>
<td><a href="http://www.votges.rushydro.ru/">http://www.votges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Dagestan Branch</td>
<td>5 M. Khalilova St., Kaspiysk, the Republic of Dagestan, Russia Phone: +7 (872) 255-0605 dfkgkdrkgk.ru</td>
<td><a href="http://www.dagestan.rushydro.ru/">http://www.dagestan.rushydro.ru/</a></td>
</tr>
<tr>
<td>Zhigulevskaya HPP Branch</td>
<td>Zhigulevsk, the Sarma Region, Russia Phone: +7 (848) 627-9359 <a href="mailto:kutianina@votges.vohec.ru">kutianina@votges.vohec.ru</a></td>
<td><a href="http://www.zhuges.rushydro.ru/">http://www.zhuges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Zagorskaya PSHP Branch</td>
<td>100 Bogorodskaya, the Sergeievo-Posadskiy District, the Moscow Region, Russia Phone: +7 (495) 957-26-52 and +7 (496) 545-3518 <a href="mailto:zagaes@zages.ru">zagaes@zages.ru</a></td>
<td><a href="http://www.zagaes.rushydro.ru/">http://www.zagaes.rushydro.ru/</a></td>
</tr>
<tr>
<td>Zeiskaya HPP Branch</td>
<td>Zeiyo, the Amur Region, Russia Phone: +7 (416) 58-2-4531 <a href="mailto:kirianenkol@zges.amur.ru">kirianenkol@zges.amur.ru</a></td>
<td><a href="http://www.zges.rushydro.ru/">http://www.zges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Irganaiskaya HPP Branch</td>
<td>Sharmilaka, the Untsukulskiy District, the Republic of Dagestan, Russia</td>
<td><a href="http://www.irgges.rushydro.ru/">http://www.irgges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Kabardino-Balkarian Branch</td>
<td>1A Mechieva St., the Cherek District, the Kabardino-Balkar Republic, Russia Phone: +7 (866) 297-5238 <a href="mailto:TakuevaMM@gidroogk.ru">TakuevaMM@gidroogk.ru</a></td>
<td><a href="http://www.kbf.rushydro.ru/">http://www.kbf.rushydro.ru/</a></td>
</tr>
<tr>
<td>Kamskaya HPP Branch</td>
<td>The Kamskaya HPP, Perm, Russia Phone: +7 (342) 273-4634 <a href="mailto:officekamges@kamges.gidroogk.ru">officekamges@kamges.gidroogk.ru</a></td>
<td><a href="http://www.kamges.rushydro.ru/">http://www.kamges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Karachay-Cherkessian Branch</td>
<td>Pravokubanskiy, the Karaechovo-Cherkessia Republic, Russia Phone: +7 (878) 226-7040 <a href="mailto:priemges@sselges.ru">priemges@sselges.ru</a></td>
<td><a href="http://www.kchf.rushydro.ru/">http://www.kchf.rushydro.ru/</a></td>
</tr>
<tr>
<td>Cascade of Verkhnevolzhskie HPPs Branch</td>
<td>Rybinsk, the Yaroslavl Region, Russia Phone: +7 (485) 529-7459 <a href="mailto:office@kvges.ru">office@kvges.ru</a></td>
<td><a href="http://www.kvges.rushydro.ru/">http://www.kvges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Cascade of Kubanskiye HPPs Branch</td>
<td>360A Vodoprovodnaya St., Nevinnomyssk, the Stavropol Territory, Russia Phone: +7 (865) 546-2001 <a href="mailto:kanz@segk.ru">kanz@segk.ru</a></td>
<td><a href="http://www.kkges.rushydro.ru/">http://www.kkges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Corporate Hydro-power University Branch</td>
<td>8A Prospekt Vernadskogo, Moscow, Russia Phone: +7 (495) 540-3072, ext. 4008 LebedevaVlidgidoorgk.ru</td>
<td><a href="http://www.korung.rushydro.ru/">http://www.korung.rushydro.ru/</a></td>
</tr>
<tr>
<td>Nizhegorodskaya HPP Branch</td>
<td>Zavolzhye, the Gorodets District, the Nizhniy Novgorod Region, Russia Phone: +7 (831) 693-2140 <a href="mailto:morevasfl@idgidoorgk.ru">morevasfl@idgidoorgk.ru</a></td>
<td><a href="http://www.nizhges.rushydro.ru/">http://www.nizhges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Novosibirskaya HPP Branch</td>
<td>4 Novomorskaya St., Novosibirsk, Russia Phone: +7 (383) 345-9253 Svarcvolgidoorgk.ru <a href="mailto:kulkinasg@gidroogk.ru">kulkinasg@gidroogk.ru</a></td>
<td><a href="http://www.nges.rushydro.ru/">http://www.nges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Saratovskaya HPP Branch</td>
<td>Balakovo, the Saratov Region, Russia Phone: +7 (845) 344-2065 <a href="mailto:goryunovaen@gidroogk.ru">goryunovaen@gidroogk.ru</a></td>
<td><a href="http://www.sarges.rushydro.ru/">http://www.sarges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Neporozhniy Sayano-Shushenskaya HPP Branch</td>
<td>Cheremushki, Sayanogorsk, the Republic of Khakassia, Russia Phone: +7 (390) 423-2627 <a href="mailto:officessges@gidroogk.ru">officessges@gidroogk.ru</a></td>
<td><a href="http://www.sshges.rushydro.ru/">http://www.sshges.rushydro.ru/</a></td>
</tr>
<tr>
<td>Northern Ossetian Branch</td>
<td>63 Vasx Abaev St., Vladikavkaz, the Republic of North Ossetia-Alania, Russia Phone: +7 (867) 253-66 34 <a href="mailto:sogk@oseseti.ru">sogk@oseseti.ru</a></td>
<td><a href="http://www.osetia.rushydro.ru/">http://www.osetia.rushydro.ru/</a></td>
</tr>
<tr>
<td>Cheboksarskaya HPP Branch</td>
<td>34 Naberëzhnaya St., Novocheboksarsk, the Chuvash Republic, Russia Phone: +7 (835) 273-7506 <a href="mailto:officelch@idgidoorgk.ru">officelch@idgidoorgk.ru</a></td>
<td><a href="http://www.cheges.rushydro.ru/">http://www.cheges.rushydro.ru/</a></td>
</tr>
</tbody>
</table>
Appendix 2. Transactions, completed by JSC RusHydro in 2009 and recognized by the Russian Federal law “On joint stock companies,” as interested party transactions

<table>
<thead>
<tr>
<th>№</th>
<th>Transaction details (including information on parties to the transaction)</th>
<th>Number and date of the protocol and management organ that approved the transaction</th>
<th>Transaction description (subject, price, approval date)</th>
<th>Interested party (parties) and dependent director (directors)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Transaction between JSC RusHydro and the Russian Federation – in the person of the Russian Energy Ministry and the Federal Agency for Property Management</td>
<td>Protocol № 71 from JSC RusHydro’s Board of Directors 23.01.2009</td>
<td>Subject: Buying and selling additional shares of JSC RusHydro</td>
<td>Price: RUR 3,998,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Date: 11.02.2009</td>
<td>Interested party: Russian Federation</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>2</td>
<td>Transaction (concluded non-exchange, free, bi-lateral agreement to buy and sell energy and capacity) between JSC RusHydro and JSC Krasnoyarskhyd with respect to the Group for delivery points for the Sayano-Shushenskaya HPP</td>
<td>Protocol № 71 from JSC RusHydro’s Board of Directors 23.01.2009</td>
<td>Subject: Buying and selling energy and capacity</td>
<td>Price: RUR 175,341,865.18 including VAT</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Date: 16.02.2009</td>
<td>Interested party: Sergeyev, A.Y.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>3</td>
<td>Transaction (concluded non-exchange, free, bi-lateral agreement to buy and sell energy and capacity) between JSC RusHydro and JSC Krasnoyarskhyd with respect to the Group for delivery points for the Mainskaya HPP</td>
<td>Protocol № 71 from JSC RusHydro’s Board of Directors 23.01.2009</td>
<td>Subject: Buying and selling energy and capacity</td>
<td>Price: RUR 5,753,892.40</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Date: 16.02.2009</td>
<td>Interested party: Sergeyev, A.V.</td>
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<td></td>
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<td></td>
<td>Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>4</td>
<td>Transaction (concluded agreement to rent a portion of land plots beneath the overhead lines of the 500 kW Vytka-Votkinskaya HPP) between JSC RusHydro and JSC FGC UES</td>
<td>Protocol № 72 from JSC RusHydro’s Board of Directors 27.02.2009</td>
<td>Subject: Lease of land plots beneath the overhead lines of the 500 kW Vytka-Votkinskaya HPP</td>
<td>Price: RUR 65,762.51 including VAT</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Date: 19.06.2009</td>
<td>Interested parties: Shmatko, S.I., Tatsiy, V.V. and Maslov, S.V.</td>
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<td>Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>5</td>
<td>Transaction (concluded agreement to lease portions of land plot № 1 and № 2, beneath transmission lines foundations [over-head lines of the -220 kV VHPP- Izevsk], located in the Perm Territory, Chaikovsky Town, HPP Territory, between JSC RusHydro and JSC FGC UES</td>
<td>Protocol № 72 from JSC RusHydro’s Board of Directors 27.02.2009</td>
<td>Subject: Lease of portions of land plots № 1 and № 2, which are found beneath transmission lines foundations [over-head lines of the -220 kV VHPP-Izevsk]</td>
<td>Price: RUR 18,764.13 including VAT</td>
</tr>
<tr>
<td></td>
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<td>Date: 19.06.2009</td>
<td>Interested parties: Shmatko, S.I. and Maslov, S.V.</td>
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<td></td>
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<td>Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>6</td>
<td>Transaction between JSC RusHydro and JSC INTER RAO (concluded confidentiality agreement on the control of JSC OGK-1’s shares)</td>
<td>Protocol № 72 from JSC RusHydro’s Board of Directors 27.02.2009</td>
<td>Subject: Services related to the confidential control of rights to shares of JSC OGK-1</td>
<td>Price: RUR 60,000 including VAT – basic fee; additional fees depend on increased dividends paid on shares of JSC OGK-1</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Date: 12.03.2009</td>
<td>Interested parties: Shmatko, S.I. and Maslov, S.V.</td>
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<td></td>
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<td></td>
<td>Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>7</td>
<td>Transaction (concluded non-exchange, free, bi-lateral agreement to buy and sell energy and capacity) between JSC RusHydro and JSC Krasnoyarskhyd with respect to the Group for delivery points for the Mainskaya HPP</td>
<td>Protocol № 74 from JSC RusHydro’s Board of Directors 03.04.2009</td>
<td>Subject: Buying and selling energy and capacity</td>
<td>Price: RUR 810,610.38 including VAT</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Date: 22.04.2009</td>
<td>Interested party: Sergeyev, A.Y.</td>
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<td>Dependent director: Zubakin, V.A.</td>
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<tr>
<td>8</td>
<td>Transaction (concluded non-exchange, free, bi-lateral agreement to buy and sell energy and capacity) between JSC RusHydro and JSC Krasnoyarskhyd with respect to the Group for delivery points for the Sayano-Shushenskaya HPP</td>
<td>Protocol № 74 from JSC RusHydro’s Board of Directors 03.04.2009</td>
<td>Subject: Buying and selling energy and capacity</td>
<td>Price: RUR 29,273,928.17</td>
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<tr>
<td></td>
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<td>Date: 22.04.2009</td>
<td>Interested party: Zubakin, V.A.</td>
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<tr>
<td>№</td>
<td>Transaction details (including information on parties to the transaction)</td>
<td>Number and date of the protocol and management organ that approved the transaction</td>
<td>Transaction description (subject, price, approval date)</td>
<td>Interested party (parties) and dependent director (directors)</td>
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<tr>
<td>9</td>
<td>Transaction between JSC RusHydro and JSC ESK RusHydro OAO</td>
<td>Protocol №74 from JSC RusHydro’s Board of Directors 03.04.2009</td>
<td>Subject Assignment of a loan for the acquisition of shares of JSC Ryazan Energy Marketing Company [41.52%]</td>
<td>Interested party: Zubakin, V.A. Dependent director: Zubakin, V.A.</td>
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<tr>
<td></td>
<td></td>
<td>Price (Loan total) RUR 548,500,000</td>
<td>Date 20.04.2009</td>
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<tr>
<td>10</td>
<td>Transaction (concluded real estate lease agreement) between JSC RusHydro and JSC SO UES HydroOGK</td>
<td>Protocol №72 from JSC RusHydro’s Board of Directors 03.04.2009</td>
<td>Subject Lease of uninhabited accommodation with an area of 336.2 sq. meters.</td>
<td>Interested party: Zubakin, V.A. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Price RUR 661,347.32 per month including VAT, in effect – till 28.03.2010.</td>
<td>Date 03.04.2009</td>
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<tr>
<td>11</td>
<td>Transaction (concluded real estate lease agreement) between JSC RusHydro and JSC SO UES</td>
<td>Protocol №75 from JSC RusHydro’s Board of Directors 28.04.2009</td>
<td>Subject Lease of uninhabited accommodation with an area of 13.5 sq. meters, located at the Saratovskaya HPP</td>
<td>Interested party: Russian Federation Dependent director: Zubakin, V.A.</td>
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<tr>
<td></td>
<td></td>
<td>Price RUR 4,779 per month including VAT, for rent from 01.03.2009 till 31.12.2009</td>
<td>Date 01.05.2009</td>
<td></td>
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<tr>
<td>12</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Ballo, A.B.</td>
<td>Protocol №77 from JSC RusHydro’s Board of Directors 18.05.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Ballo, A.B. Dependent director: Zubakin, V.A.</td>
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<td></td>
<td></td>
<td>Date 18.05.2009</td>
<td></td>
<td></td>
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<tr>
<td>13</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Beloborodov, S.S.</td>
<td>Protocol №77 from JSC RusHydro’s Board of Directors 18.05.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Beloborodov, S.S. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Date 18.05.2009</td>
<td></td>
<td></td>
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<tr>
<td>14</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Belyaev, B.S.</td>
<td>Protocol №77 from JSC RusHydro’s Board of Directors 18.05.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Belyaev, B.S. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Date 18.05.2009</td>
<td></td>
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</tr>
<tr>
<td>15</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Vainhizer, B.F.</td>
<td>Protocol №77 from JSC RusHydro’s Board of Directors 18.05.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Vainhizer, B.F. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Date 18.05.2009</td>
<td></td>
<td></td>
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<tr>
<td>16</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Volkov, E.P.</td>
<td>Protocol №77 from JSC RusHydro’s Board of Directors 18.05.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Volkov, E.P. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Date 18.05.2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Danilov-Danilyan, V.I.</td>
<td>Protocol №77 from JSC RusHydro’s Board of Directors 18.05.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Danilov-Danilyan, V.I. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Date 18.05.2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Maslov, S.V.</td>
<td>Protocol №77 from JSC RusHydro’s Board of Directors 18.05.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Maslov, S.V. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Date 18.05.2009</td>
<td></td>
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</tr>
<tr>
<td>19</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Serebrynnikov, S.V.</td>
<td>Protocol №77 from JSC RusHydro’s Board of Directors 18.05.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Serebrynnikov, S.V. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Date 18.05.2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Tatsiy, V.V.</td>
<td>Protocol №77 from JSC RusHydro’s Board of Directors 18.05.2009</td>
<td>Subject Agreement with JSC RusHydro’s Board of Directors</td>
<td>Interested party: Tatsiy, V.V. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Date 18.05.2009</td>
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<td></td>
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<tr>
<td>№</td>
<td>Transaction details (including information on parties to the transaction)</td>
<td>Number and date of the protocol and management organ that approved the transaction</td>
<td>Transaction description (subject, price, approval date)</td>
<td>Interested party (parties) and dependent director (directors)</td>
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<tr>
<td>21</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro's Board of Directors, Sharafin, A.V.</td>
<td>Protocol №77 from JSC RusHydro's Board of Directors 18.05.2009</td>
<td>Subject: Agreement with members of JSC RusHydro's Board of Directors</td>
<td>Date: 18.05.2009</td>
</tr>
<tr>
<td>22</td>
<td>Transaction (concluded equipment lease agreement) between JSC RusHydro and JSC Zaramagskaya HPP</td>
<td>Protocol №77 from JSC RusHydro's Board of Directors 18.05.2009</td>
<td>Subject: Equipment lease</td>
<td>Price: RUR 2,306.75 per month including VAT, lease valid from 01.01.2009 till 31.12.2011</td>
</tr>
<tr>
<td>23</td>
<td>Transaction (concluded agreement to lease real estate) between JSC RusHydro and JSC SO UES</td>
<td>Protocol №78 from JSC RusHydro's Board of Directors 08.06.2009</td>
<td>Subject: Lease of uninhabited accommodation totalling 18.3 sq. meters located at the Gigulevskaya HPP</td>
<td>Price: RUR 2,081.29 per month including VAT, the agreement is valid till 31.01.2010</td>
</tr>
<tr>
<td>24</td>
<td>Transaction (concluded agreement for providing services for the start of operational staffing) between JSC RusHydro and JSC UK GidroDGK</td>
<td>Protocol №78 from JSC RusHydro's Board of Directors 18.05.2009</td>
<td>Subject: Providing services, connected with providing services for the start of operational staffing for JSC RusHydro's objects for Q2-Q4 2009</td>
<td>Price: RUR 6,119,124.82 per month including VAT, the agreement is valid till 31.12.2009</td>
</tr>
<tr>
<td>25</td>
<td>Transaction (concluded agreement for the dissolution of shared participation) between JSC RusHydro and JSC Zaramagskaya HPP</td>
<td>Protocol №78 from JSC RusHydro's Board of Directors 08.06.2009</td>
<td>Subject: Dissolution of the agreement for shared participation №16-1/15DY from 22.07.2003</td>
<td>Price: Not provided</td>
</tr>
<tr>
<td>26</td>
<td>Transaction (concluded agreement) between JSC RusHydro’s Board of Directors and a member of JSC RusHydro’s Board of Directors, Ballu, A.B.</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject: Agreement with JSC RusHydro’s Board of Directors</td>
<td>Date: 23.07.2009</td>
</tr>
<tr>
<td>27</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Beloborodov, S.S.</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject: Agreement with JSC RusHydro’s Board of Directors</td>
<td>Date: 23.07.2009</td>
</tr>
<tr>
<td>28</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Surikov, O.V.</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject: Agreement with JSC RusHydro’s Board of Directors</td>
<td>Date: 23.07.2009</td>
</tr>
<tr>
<td>29</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Vainzither, B.F.</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject: Agreement with JSC RusHydro’s Board of Directors</td>
<td>Date: 23.07.2009</td>
</tr>
<tr>
<td>30</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Volkov, E.P.</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject: Agreement with JSC RusHydro’s Board of Directors</td>
<td>Date: 23.07.2009</td>
</tr>
<tr>
<td>№</td>
<td>Transaction details (including information on parties to the transaction)</td>
<td>Number and date of the protocol and management organ that approved the transaction</td>
<td>Transaction description (subject, price, approval date)</td>
<td>Interested party (parties) and dependent director (directors)</td>
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<tr>
<td>31</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Danilov-Danilyan, V.I.</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Danilov-Danilyan, V.I. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>32</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Maslov, S.V.</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Maslov, S.V. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>33</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Serebrynnikov, S.V.</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Serebrynnikov, S.V. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>34</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Tatsiy, V.V.</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Tatsiy, V.V. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>35</td>
<td>Transaction (concluded agreement) between JSC RusHydro and a member of JSC RusHydro’s Board of Directors, Sharonov, A.V.</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject Agreement with members of JSC RusHydro’s Board of Directors</td>
<td>Interested party: Sharonov, A.V. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>36</td>
<td>Transaction, concluded agreement between JSC RusHydro, JSC Russian Railways and the Federal Railroad Transportation Agency</td>
<td>Protocol №81 from JSC RusHydro’s Board of Directors 23.07.2009</td>
<td>Subject Signing a protocol based on investment agreement № 164D from 20.10.06 (measure for the reconstruction of railroad line Izveskakovaya-Chegdomin which falls under the zone of influence of the Bureyskaya HPP)</td>
<td>Interested party: Sharonov, A.V. Dependent director: Zubakin, V.A.</td>
</tr>
<tr>
<td>38</td>
<td>Transaction, concluded between JSC RusHydro and NP Hydro-power of Russia</td>
<td>Protocol №85 from JSC RusHydro’s Board of Directors 02.10.2009</td>
<td>Subject Services for the development of standard methodology to develop technical regulations Price RUR 3,400,000 including VAT</td>
<td>Interested parties: Khaziakhmetov, R.M and Zubakin, V.A. Dependent directors: Zubakin, V.A. and Khamitov, R.Z.</td>
</tr>
<tr>
<td>39</td>
<td>Transaction (conclusion of an agreement for note exchange) between JSC RusHydro and JSC SO UES</td>
<td>Protocol №85 from JSC RusHydro’s Board of Directors 02.10.2009</td>
<td>Subject Exchange of notes with JSC SO UES Price RUR 706,161,372.72 – The cost of notes of JSC SO UES, which are the property of JSC RusHydro RUR 1,275,376.96 – The difference between the cost of adopted and transferred notes – JSC SO UES pays by the current account of JSC RusHydro</td>
<td>Interested party: Shmahtko, S.I. Dependent directors: Zubakin, V.A. and Khamitov, R.Z.</td>
</tr>
</tbody>
</table>
Additional information

During Q2 2009 (June), two transactions that would be classified as interested party transactions were completed between JSC RusHydro and the Russian Federation (in the person of the Federal Property Management Agency) to acquire additional shares of JSC RusHydro. These transactions were carried out within the framework of the realization of pre-emptive rights for additional share acquisitions. The total value of these transactions was RUR 4,923,866,100. In full accordance with item 2 of Article 81 of the Russian Federal law “On joint stock companies,” the indicated transactions did not require preliminary approval by the authorized control organ (the Board of Directors) of JSC RusHydro, due to the fact that these transactions were carried out while JSC RusHydro’s shareholders (the Russian Federation, in the person of the Federal Property Management Agency) were exercising their pre-emptive rights to acquire additional shares of JSC RusHydro.

During Q4 2009 (December), a transaction was completed that would be categorized as an interested party transaction between JSC RusHydro and the Russian Federation (in the person of both the Federal Property Management Agency and the Russian Energy Ministry) to acquire additional shares of JSC RusHydro. This transaction was carried out within the framework of the realization of pre-emptive rights for additional share acquisitions. The value of this transaction was RUR 4,329,999,999.65. In full accordance with item 2 of Article 81 of the Russian Federal Law “On joint stock companies,” the indicated transaction did not require preliminary approval by the authorized control organ (the Board of Directors) of JSC RusHydro, due to the fact that these transactions were carried out while JSC RusHydro’s shareholders (the Russian Federation, in the person of the Federal Property Management Agency) were exercising their pre-emptive rights to acquire additional shares of JSC RusHydro.

Glossary of key terms and abbreviations

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tbody>
<tr>
<td>Company</td>
<td>RusHydro, including its branches and representative offices.</td>
</tr>
<tr>
<td>Holding company</td>
<td>RusHydro, including its subsidiaries and dependent companies (SDCs).</td>
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<tr>
<td>SDC</td>
<td>Subsidiaries and dependent companies - entities, in which another [main] economic entity due to its majority or greater participation in the charter capital or in accordance with a concluded agreement or in another way, has the opportunity to determine decisions adopted by said entities.</td>
</tr>
<tr>
<td>JSC «RAO UES of Russia»</td>
<td>The Russian energy company until July 1st, 2008. Full name - Open joint stock company “Unified Energy System of Russia.” The Company previously united almost all of Russia’s energy sector under its umbrella. &quot;UES&quot; ceased to exist as of June 30th, 2008 due to comprehensive energy sector reform.</td>
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<tr>
<td>OGK</td>
<td>Generating companies of the wholesale electricity market (WEM) – companies formed on the basis of power plants.</td>
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<tr>
<td>TGK</td>
<td>Territorial generating companies – companies formed during the inter-regional integration of generating assets of JSC C-energy (regional generating companies), except generating assets that are included in OGK(s).</td>
</tr>
<tr>
<td>Concluding re-organization</td>
<td>The Company is considered to be re-organized, except in cases of re-organization in the form of merger(s), from the moment that the State registered newly formed legal entities. During the re-organization of the Company in the form of a merger, the first of the companies is considered to be re-organized from the moment of its inclusion in the State Register of legal entities of a record on the cessation of activity in the merged company.</td>
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<tr>
<td>IES</td>
<td>Integrated Energy System (IES) – aggregated production and other electricity property assets, connected through a unified production process (including production in the form of the combined generation of electrical and thermal energy) and the supply of electrical energy under conditions of a centralized operating and dispatching management.</td>
</tr>
<tr>
<td>HPP</td>
<td>Hydro-electric power plant – the power plant as a unified production and technological complex, combining hydro-technical constructions and the equipment that transforms mechanical energy from water into electric energy. In the text of the annual report, except when otherwise noted, tidal power stations and PS HPPs are included as HPPs.</td>
</tr>
<tr>
<td>PSH PP</td>
<td>Pump storage hydro-electric power plant – pump-storage power plant, which works by transforming electricity from other power plants into the potential energy of water; during the reverse transformation, accumulated energy is contributed to the energy system primarily to cover deficits that may occur during peak load periods.</td>
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<tr>
<td>HTC</td>
<td>Hydro-technical constructions – dams, hydro-electric power plant constructions, spillways, drain and water-discharge constructions, tunnels, channels, pumping stations, navigation locks, boat lifts; buildings used to protect from flood and destruction of water reservoir shores; dam constructions, protecting liquid waste reservoirs of production and agricultural organizations; devices to protect against washing-away and other constructions designed for using water resources and preventing any negative impact from water and liquid waste.</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>RES</td>
<td>Renewable energy sources – examples include: hydro, solar, wind, geo-thermal, hydraulic energy, energy from water currents, waves, tides, the temperature gradient of sea water, temperature differences between air masses and the ocean, heat from the Earth, animal biomass, as well as vegetable and household waste.</td>
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<tr>
<td>WPS</td>
<td>Wind-power stations – equipment that is able to transform kinetic wind energy into electricity (wind-powered generators), located in one or more places. Large wind-power stations may consist of 100 or more wind-powered generators.</td>
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<tr>
<td>FST</td>
<td>Federal Service for Tariff (the Russian agency that sets and determines tariffs within the regulated segment of the power sector).</td>
</tr>
<tr>
<td>ATS</td>
<td>Non-commercial partnership “Administrator of the trading system” which was created in 2001 in accordance with Government Decree NS26 “On the reform of the power sector in the Russian Federation. It focuses on organizing trade and financial payments in the wholesale energy market (WEM).</td>
</tr>
<tr>
<td>WEM</td>
<td>Wholesale electricity market (capacity) – sphere of turnover for electrical energy (capacity) within the framework of Russia’s integrated energy system within the country’s unified economic space with the participation of large electricity producers and consumers having the status of wholesale market objects, confirmed in full accordance with the Federal Law “On the electric power industry” (by the Government of the Russian Federation). The criterion for including large electricity producers and consumers in the category of large producers and large consumers are also established by the Russian government.</td>
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<tr>
<td>NM WEM</td>
<td>The new model of the wholesale electricity and capacity market foresees the transformation of the regulated sector of the wholesale market into a system of regulated agreements (RAs), concluded by participants in the wholesale market. Electricity and capacity will be sold under RAs. The volume of electricity not sold under RA’s will be sold/purchased at free prices on the “day-ahead market” (at prices established as a result of the competitive choice of price applications and with free agreements, where prices are regulated by participants in the agreement). At the same time, if the volume from the price application of purchases did not undergo competitive choice on the day-ahead market, the purchaser will have to buy respective volumes for consumption on the balancing market.</td>
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<tr>
<td>RA</td>
<td>Regulated agreements are concluded by participants in the wholesale market for a term of anywhere from 1 to 3 years. The prices in each of these agreements are tariffs for energy suppliers and capacity set by the Russian FST. The primary condition of the RA is “take or pay.” The supplier has to provide the agreed upon amount of electricity (capacity) and (only for electricity) buy in the market at competitive prices on either the day-ahead market or through a free bilateral agreement. The purchaser has to pay for the agreed upon amount independent of the amount of its own planned consumption.</td>
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<tr>
<td>Regulated sector of the wholesale electricity market</td>
<td>The portion of the wholesale electricity market, in which, wholesale trade of a portion of the volume of electricity and capacity are sold at tariffs approved by the Russian Federation federal executive organs on the regulation of natural monopolies in an order set by the Federal Law “On the state regulation of electricity and thermal energy tariffs in the Russian Federation.”</td>
</tr>
<tr>
<td>Free trade sector</td>
<td>The sector, in which, the wholesale trade of a portion of produced electricity is concluded and executed in the form of buying and selling contracts and in the form of price bids from buyers and sellers at free (unregulated) prices.</td>
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<tr>
<td>DAM</td>
<td>Day-ahead market – the system of competitively determining the price for suppliers and purchasers on the wholesale electricity market a day ahead of real energy supply, defining hourly equilibrium key prices and supply volumes, conducted by the non-commercial partnership “ATS.” The day-ahead market defines full production and consumption volumes for electricity at each hour of the following day.</td>
</tr>
<tr>
<td>BM</td>
<td>Balancing market – the wholesale electricity market, where trade(s) of electricity volumes that deviate from plans are performed; this deviation is a result of differences between actual and planned volumes of supply/consumption.</td>
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<tr>
<td>Installed capacity</td>
<td>Total nominal active capacity of generators at electric power plants which are part of the Group’s structure.</td>
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<tr>
<td>MW</td>
<td>Megawatt – a unit of measure for electrical capacity</td>
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<tr>
<td>kWh</td>
<td>Kilowatt-Hour – a unit of measure for produced electricity</td>
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