

Provisionally approved
by the Board of Directors
of E.ON Russia JSC
May 08, 2014
(Minutes No. 196)

Validity of data
of the annual report is certified
by the opinion of the Revision
Commission
of E.ON Russia JSC
dated April 21, 2014

**ANNUAL REPORT
of E.ON Russia JSC
FOR 2013**

CEO

_____ /M.G. SHIROKOV/

CHIEF ACCOUNTANT

_____ /A.V. SHALYAPINA/

2014

CONTENTS

1. KEY PERFORMANCE INDICATORS.....	3
2. ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO TO SHAREHOLDERS.....	4
3. GENERAL INFORMATION ABOUT THE COMPANY.....	6
4. FINANCIAL PERFORMANCE REVIEW.....	17
5. CORPORATE GOVERNANCE.....	28
6. SHARES AND STOCK MARKET.....	51
7. OPERATIONS OVERVIEW.....	55
8. POWER MARKETS.....	59
9. INVESTMENT PROGRAM.....	64
10. PROCUREMENT ACTIVITIES.....	69
11. INFORMATION TECHNOLOGIES.....	72
12. RISKS AND RISK MANAGEMENT SYSTEM.....	73
13. CORPORATE AND SOCIAL RESPONSIBILITY.....	76
14. CONTACT INFORMATION.....	90
Annex 1 – Financial statements of E.ON Russia for 2013	94
Annex 2 – Observance of the Code of Corporate Conduct.....	109
Annex 3 - Information on related-party transactions effected by the Company in 2013.....	119

1. KEY PERFORMANCE INDICATORS

			2013/2012
Revenue	80.5	bln roubles	+5.0%
EBITDA ¹	28.0	bln roubles	-0.7%
EBIT ¹	20.7	bln roubles	-1.6%
Net profit	18.9	bln roubles	+2.9%
Assets value	131.0	bln roubles	+1.5%
Electric power generation	63.0	GW·h.	-1.9%
Electric power sales ²	65.3	GW·h.	-1.9%
ICUF	69.5	%	-1.2 p.p.
(installed capacity utilization factor)			

Information presented in this Report is based on accounting reports drawn up in accordance with the Russian Accounting Standards (RAS).

¹ without exchange differences

² including the volumes purchased in the market

2. ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO TO SHAREHOLDERS

ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders, Investors, and Colleagues,

E.ON Russia showed stable performance in 2013. E.ON Russia was able to achieve with RUB 29 bn an EBITDA on prior year level, and this despite a challenging market environment. The company remains industry leader in terms of efficiency and cost-effectiveness.

E.ON Russia has a strong financial base, with a high share of stable earnings from capacity payments. This allows us to recommend at the Annual General Shareholders Meeting the distribution of roughly RUB 24 bn in dividends. This is the third consecutive year that the shareholders participate in the successful development of the company.

The group has put into operation a total of four modern CCGT power units in Russia with total capacity of 1,600 MW. And we develop our portfolio further: A new coal-fired power station with the capacity of 800 MW. The plant Berezovskaya GRES in Krasnoyarsk Region will start to deliver energy in 2015. We are confident to complete this project in time.

In 2014 E.ON Russia will continue its investment program, ensure reliable and efficient operations of its power generation fleet and further improve its operating performance.

On behalf of the Board of Directors of E.ON Russia, I would like to thank everyone for their substantial contribution to the companies operational and financial performance in 2013. I also want to thank our shareholders for their confidence and faith in the company's long-term growth potential. It's your confidence that we intend to justify!

Yours sincerely,
Chairman of the Board of Directors of E.ON Russia JSC
Jorgen Kildahl

ADDRESS OF THE CHIEF EXECUTIVE OFFICER

Dear Colleagues, Shareholders,

Last year, E.ON Russia JSC established its status as one of the best Russian generating companies, both as regards performance and financial indicators.

Following the results of 2013, power plants of the company generated 62.995 bln kW·h of electric power, which is comparable to the last year level and reflects work stability and reliability. Installed capacity utilization factor in the last year was 69.5%, it is the highest indicator in the industry and reflects the high load level of the company's generating capacities.

In 2013, power plants of E.ON Russia JSC ensured uninterrupted electric power supply, stable operation of the power grid. E.ON Russia implemented 6-year maintenance cycle for all power units and system of maintenance planning based on financial risks assessment as regards emergency shutdown of the equipment. Such a system of repair arrangements makes it possible to reduce repair terms and cost.

In 2013, a total amount of 3.242 bln roubles was transferred to repair of plants equipment. All activities for the company's preparation for the autumn-winter peak of 2013-2014 were timely performed, while no failure to comply with instructions of the supervisory bodies was recorded. Repairs of power units, modernization of generating equipment were performed in the planned scope and within the terms agreed with the System Operator.

Excellent work of the company in this area was proved by obtaining of the award by E.ON Russia JSC from the System Operator "For significant contribution to ensuring modes reliability of UES of Russia" for implementation of activities to enhance reliability of power supply to consumers in the Tyumen Region and UES of the Urals. Our company was selected the winner of the award out of more than ten candidates nominated by Regional Dispatching Offices, branches of OJSC SO UES.

Besides, E.ON Russia JSC confirmed compliance of the Occupational Health and Safety Management System with the Occupational Health and Safety Management System International Standard (OHSAS 18001-2007). It gives evidence of the company's high requirements to safety rules at the place of production. This standard is cutting-edge in the world in this area. Also our company is the first among organization units of E.ON that obtained the Certificate of Conformity of the environmental management system with the requirements of ISO 14001:2004 international standard in the area of electric and heat power generation. Voluntary certification demonstrates that the environmental risk management system efficiently operates in the company, there is continuous improvement of environmental performance in accordance with strict international requirements.

Implementation of the investment program is one of the main priorities of our work. Currently, construction of 800 MW power unit No. 3 of Berezovskaya GRES in the Krasnoyarsk Territory is in progress. It is the last project of our investment program to be commissioned in 2015, right on time and within the budget planned.

It is obvious that we shall give a lot of attention to the main activities, but today we need an integrated approach to the business. Last year, we resolved to develop a new line - decentralized generation. Main shareholder - E.ON - has extensive experience and innovative technologies in generation construction for industrial consumers. We can offer the best energy efficient and environmentally friendly solutions in this line together with our European colleagues.

I have no doubt that with active support of the shareholders, we are ready to solve the problems faced by the company at a high professional level to ensure leading positions of E.ON Russia among generating companies of the country.

Yours sincerely,
CEO of E.ON Russia JSC
Maksim Gennadyevich Shirokov

3. GENERAL INFORMATION ABOUT THE COMPANY

Full name	Open Joint Stock Company E.ON Russia
Date of state registration	March 04, 2005
Primary State Registration Number (OGRN)	1058602056985
Company Legal Address	23/34 Energostroiteley Str., Surgut, Khanty-Mansi Autonomous Area- Yugra, Tyumen Region
Address of the Moscow Representative Office	10 Presnenskaya Nab., Block B, floor 23, Moscow 123317
Contact phone	(495) 545-38-38
Fax	(495) 545-38-39
E-mail address	INFO@EON-RUSSIA.RU
Core business	Generation and sales of electric and heat power and capacity
Total installed capacity, MW	10,345.1
Authorized capital, roubles	25,219,482,458.37
Total number of shares, pieces	63,048,706,145.92
Nominal value of the share, roubles	0.40
Number and date of state registration of shares issue	1-02-65104-D dated 19.04.2007
Majority Shareholder of the Company, % shares	E.ON Russia Holding GmbH (83.73%)
Registrar's Full Name	Registrar R.O.S.T. Open Joint Stock Company

Registrar's Address	18 Stromynka Str., build. 13, Moscow 107996
Full name of the Company Auditor	PricewaterhouseCoopers Audit, Closed Joint Stock Company
Company Auditor's Address	10 Butyrskiy Val, Moscow 125047, Russia

3.1. Company History at a Glance

In 2005 OGK-4 was established on the basis of five power plants, it was composed of power plants with capacity of 8,630 MW: Surgutskaya GRES-2, Berezovskaya GRES, Shaturskaya GRES, Smolenskaya GRES and Yaivinskaya GRES.

In 2007 the majority interest of OGK-4 was acquired by the international E.ON Group, which has its business in more than 30 countries in the world. The main activity of the Group is generation and supply of electric power, gas production and transportation. E.ON Group and Russia are interconnected by more than 35 years of partnership. E.ON is a shareholder of the Nord Stream gas pipeline, it also has a share in the South Russian oil and gas field. Today E.ON is the largest foreign investor in the Russian electric power industry.

As from the moment of state registration (March 4, 2005) the Company was called Fourth Generation Company of the Wholesale Electricity Market Open Joint Stock Company (OGK-4). In July of 2011 OGK-4 was renamed into E.ON Russia JSC³. The name change underlined the idea of E.ON Russia and its branches belonging to E.ON Group and manifests the long-term nature of its plans in the Russian electric power industry.

E.ON Russia is an entity acting in the wholesale electricity market; it generates and trades electric and heat power and supplies heat.

In 2007 international E.ON Group (hereinafter - E.ON) acquired 69.34% of the company authorized capital, subsequently its share amounted to 83.73%. E.ON is one of the largest private power and gas groups in the world.

At present in the result of the investment program implementation related to construction of new capacities and the modernization program the total installed capacity of E.ON Russia JSC amounts to 10,345 MW. In 2010-2011 the Company put into operation 4 new CCGT power units with capacity of 1,600 MW at Shaturskaya GRES, Surgutskaya GRES-2 and Yaivinskaya GRES, as well as increased capacity of Berezovskaya GRES by 100 MW due to the equipment modernization.

Shares E.ON Russia are traded at Closed joint-stock company «MICEX Stock Exchange».

3.2. Place of the Company in the industry

E.ON Russia JSC is a participant of the wholesale electricity market, it produces and sells electric and heat power. The Company share in the all Russia electric power generation amounts to 6% following the results of 2013, the share of installed capacity in UES of Russia 4.6%. The share in Russian thermal power plants output amounts to about 10%.

E.ON Russia power plants are located in the regions of Russia with the highest level of power consumption and relatively well-developed grid infrastructure. Four out of five generating facilities of the

³ Names: Fourth Generation Company of the Wholesale Electricity Market Open Joint Stock Company, OGK-4 JSC, OGK-4 shall read as E.ON Russia Open Joint Stock Company, E.ON Russia JSC, E.ON Russia respectively.

Company are located in the most economically and industrially developed territories of the Russian Federation, which have a high potential for growth of power consumption.

Due to implementation of the investment program in 2010-2011 the generating fleet of E.ON Russia was joined by up-to-date, highly efficient power units that have high competitive ability at the electricity and capacity markets.

All this together with the effective strategy of expenses management allows E.ON Russia to be a leader of the Russian heat power industry.

E.ON Russia JSC is the most efficient and profitable Company in the electric power heat generation sector in the Russian Federation.

3.3. Areas of the Company priority

In its activity E.ON Russia relies upon the global strategy of E.ON Group - "Cleaner and Better energy".

In 2013 the Company resolved to develop both a conventional line - efficient management of operating capacities, and new areas for the company growth - distributed generation.

The absolute priority of the Company for the next years is timely implementation of the final project of the investment program - construction of power unit No. 3 (800 MW STU) of Berezovskaya GRES.

3.4. Company assets

The structure of E.ON Russia includes five heat power plants with the total installed capacity of 10,345 MW/2,125.9 Gcal/h: Surgutskaya GRES-2 (Khanty-Mansi Autonomous Area, Tyumen Region), Berezovskaya GRES (Krasnoyarsk Territory), Shaturskaya GRES (Moscow Region), Smolenskaya GRES (Smolensk Region) and Yaivinskaya GRES (Perm Territory).



Basic production and technical characteristics of E.ON Russia, 2013

Power plant	Commissioning years (connection to the grid)	Installed capacity, MW	ICUF* 2013, %	Electric power generation 2013, mln kWh
Surgutskaya GRES-2	1985-2011	5,597.1	81.3	39,850
Berezovskaya GRES	1987-1989	1,600.0	71.5	10,020
Shaturskaya GRES	1971-2010	1,493.4	40.6	5,311
Smolenskaya GRES	1978-1985	630.0	36.8	2,030
Yaivinskaya GRES	1963-2011	1,024.6	64.4	5,784
E.ON Russia		10,345.1	69.5	62,995

* installed capacity utilization factor

Surgutskaya GRES-2 branch of E.ON Russia JSC

(hereinafter referred to as Surgutskaya GRES-2)

Surgutskaya GRES-2 is located in Surgut (Khanty-Mansi Autonomous Area – Yugra, Tyumen Region) and is the largest thermal power plant of Russia as regards installed capacity, which amounts to 5,597.1 MW. In 2013 the plant generated 39.850 billion kWh.

As for the electric power generation Surgutskaya GRES-2 is also the largest generating plant in Russia.

Construction of Surgutskaya GRES-2 was started in Q4 of 1979 as per the Resolution of the Soviet of Ministers of the USSR dated November 15, 1979. The resolution bears a symbolic number – 1,000. The necessity to construct the largest heat power plant in the country was caused by rapid growth of oil and gas production in early 1980s in the north of the Tyumen Region. The region needed electric power: to extract minerals it was necessary to increase the volume of electric power generation five times.

Putting into operation of six power units of Surgutskaya GRES-2 (800 MW each) in recordingly short time, allowed for elimination of the electric power deficiency in the whole Tyumen region. Terms of the power plant construction had no match in the country: 4,800 MW of the new capacities were put into operation within three and a half years. Two first power units of the plant were commissioned in 1985, the last one was put into operation in 1988.

The new stage in the life cycle of Surgutskaya GRES-2 started 20 years later - in 2008, when E.ON Russia started construction of two combined cycle units of 400 MW each within the investment program. Notwithstanding severe climatic conditions and complexity of equipment delivery, the new power units were put into operation in time: on July 23, 2011 Prime-Minister of Russia V.V. Putin instructed to commission new power units of Surgutskaya GRES-2 with the total capacity of 797.1 MW.

Surgutskaya GRES-2 is one of the most efficient thermal power plants of the country. Its technical and economic indicators are highly competitive with the best foreign counterparts: specific fuel consumption is less than 306 grams per kW·h - at steam power units and 227 grams - at CCGTs; electricity consumption for balance-of-plant needs — less than 2.5%; installed capacity utilization factor (ICUF) - 81%.

Staff headcount as of 31.12.2013 — 1,247 persons.

Branch Director: Yevgeniy Viktorovich Zhilyayev.

Contact information:

Surgutskaya GRES-2 branch of E.ON Russia JSC.

Postal address: 23 Energostroyteley Street, Building 34, Surgut 628406, Khanty-Mansi Autonomous Area – Yugra, Tyumen Region.
 Location: 23 Energostroyteley Street, Building 34, Surgut 628406, Khanty-Mansi Autonomous Area – Yugra, Tyumen Region.
 Phone: (3462) 38-13-59.
 Fax: (3462) 28-00-36.
 E-mail: SURGUT_GRES-2@EON-RUSSIA.RU

Generation of electric and heat power at Surgutskaya GRES-2

Indicator	2009	2010	2011	2012	2013
Power generation, million kWh	35,210	36,623	38,829	39,967	39,850
Heat output from headers, thousand Gcal	1,026	1,016	863	891	908.7

Berezovskaya GRES branch of E.ON Russia JSC
 (hereinafter — Berezovskaya GRES)

Berezovskaya GRES is located in the Krasnoyarsk Territory, 360 km to the north of the city of Krasnoyarsk. The power plant is a local economy mainstay of Sharypovo. Its installed capacity is 1,600 MW (2 power units of 800 MW each). The power plant is operated using lignites of the Berezovskoye deposit. Following the results of the year 2013, the power plant generated 10.020 bln kWh of power. Heat output from headers amounted to 696.5 thousand Gcal.

In 1975 the Ministry of Energy of the USSR issued order No. 11a "On preparation period for Berezovskaya GRES-1 power plant construction". Construction of the first stage of the power plant began a year later. By 1985, installation of the main building of Berezovskaya GRES was 80% completed. At the same time, concreting work was completed on the stack shaft, 370 m high. Up to this day, it is the highest industrial facility in Russia and the fifth stack in the world (in terms of its height). On December 1, 1987 the first unit of the power plant was commissioned. In April 1991 an acceptance act on commissioning of unit No. 2 was signed.

Berezovskaya is famous for its unique scheme of fuel supply. Lignite is delivered to the plant directly from Berezovskoye deposit of the Kansk-Achinsk basin from Berezovskiy-1 cross-section via two 14 kilometers long open conveyor belts. Only during one hour up to 4.4 thousand tons of coal may be supplied to GRES.

Today Berezovskaya GRES is the most powerful thermal power plant of the Krasnoyarsk Territory and one of unique thermal power plants in Russia as regards technical part. The power plant is operated as part of the unified energy system of Siberia.

Share of yield in UES of Siberia amounts to 5%.

Share of installed capacity in UES of Siberia amounts to 3.4%.

Share of yield in the power balance of the Krasnoyarsk Territory amounts to 18%.

In November 2011 as a result of the large scale equipment modernization of the units in operation, the installed capacity of Berezovskaya GRES grew up to 1,600 MW. In May 2011 E.ON Russia JSC proceeded to implementation of the final stage of its investment program - construction of power unit No. 3 of Berezovskaya GRES. As of today, construction enters its final phase. In general, more than 60% of the planned works were performed under the project.

Berezovskaya GRES is the first Russian coal power plant that introduces modern dry ash and sludge removal system that will enable to significantly improve environmental conditions of the power plant territory.

Staff headcount as of 31.12.2013 — 1,050 persons.

Director of the branch — Vladimir Nikolayevich Borisov.

Contact information:

Berezovskaya GRES branch of E.ON Russia JSC.

Postal address: PO 6-3/40, Sharypovo 662313, Krasnoyarsk Territory.
Office: 662328, Krasnoyarsk Territory, Sharypovo District, settlement of Kholmogorskoye, Energetikov Industrial base, building 1/15.
Phone: (39153) 7-13-50; 2-53-50.
Fax: (39153) 7-10-18.
E-mail: bgres@eon-russia.ru

Generation of electric and heat power at Bereзовskaya GRES

Indicator	2009	2010	2011	2012	2013
Electric power generation, mln kWh·	9,425	9,288	11,082	10,738	10,020
Heat output from headers, thousand Gcal	736	774	694	731	696

Shaturskaya GRES branch of E.ON Russia JSC

(hereinafter - Shaturskaya GRES)

Shaturskaya GRES is a thermal power plant located in Shatura (Moscow Region). The main fuel is natural gas, however, coal, fuel oil and peat may also be used at the GRES. Installed capacity of Shaturskaya GRES is 1,493.4 MW, heating capacity is 344.5 Gcal/h. Following the results of 2013 electric power generation amounted to 5.310 bln kWh·.

History of Shaturskaya GRES counts over 90 years. On July 25, 1920 the first pilot temporary 5 MW power plant was constructed, it supplied electric power to the near-by peatery and served as a pilot base for solving the problem of rational combustion of peat. The temporary plant existed till 1926. The permanent plant design (it was named "Shaturskaya district electric power plant") was started in 1920. It is one of the first power plants constructed according to the plan of GOELRO.

In Q2 of 2008 within implementation of the investment program of E.ON Russia, construction of the new power unit 400 MW CCGT was commenced. It was put into operation in November 2010. 400 MW CCGT of Shaturskaya GRES was Russia's first single-shaft power unit with the most powerful serial gas turbine of F class. The efficiency of the combined cycle unit of Shaturskaya GRES is about 56%, which is more than by one third exceeds the values of power units in the Russian heat generation.

As from the power unit startup rated capacity of the plant has grown up to 1,493.4 MW. Due to its ecological compatibility, the project of 400 MW CCGT at Shaturskaya GRES became the first Russian project to be approved by the United Nations Organization under the Kyoto protocol.

Staff headcount as of 31.12.2013 — 991 persons.

Branch Director — Sergey Fedorovich Bakurin.

Contact information:

Shaturskaya GRES branch of E.ON Russia JSC

Postal address: 5 Chernoozerskiy proezd, Shatura 140700, Moscow Region.

Location: 5 Chernoozerskiy proezd, Shatura 140700, Moscow Region.

Phone: (49645) 7-11-03

Fax: (49645) 2-16-66

E-mail: shgres@eon-russia.ru

Generation of electric and heat power at Shaturskaya GRES

Indicator	2009	2010	2011	2012	2013
Power generation, million kWh·	3,636	4,112	5,893	5,185	5,310
Heat output from headers, thousand Gcal	415	430	403	401	383

Yaivinskaya GRES branch of E.ON Russia JSC

(hereinafter - Yaivinskaya GRES)

Yaivinskaya GRES is a thermal power plant located on the bank of the river Yaiva (Perm Territory). Initially 4 power units of 150 MW used coal of the Kizelovskiy coal field as fuel. Since 1987 the power plant has been using the fuel mix (natural gas and coal dust). Within the investment program of E.ON Russia a new combined cycle power unit of 426.4 MW was constructed at Yaivinskaya GRES. In 2013 the plant generated 5.783 billion kWh.

Yaivinskaya GRES is situated in the Bereznikovsko-Solikamsky economic district, where in the 1950s there was a long-felt need for construction of the new power plant. Construction of GRES commenced in March 1956 and on June 30, 1963 the first power unit was put into operation. This day is considered to be the birthday of Yaivinskaya GRES. In 1964 units No. 2 and 3 were commissioned. In 1965 when the fourth power unit was put into operation (24.12.1965), Yaivinskaya GRES reached the design generating capacity of 600 MW, and installed heating capacity amounted to 69 Gcal/h. At that time it was the largest power plant of the Perm power system. Currently, Yaivinskaya GRES is the largest in Verkhnekamiye. New impetus was obtained by the plant in 2008, when construction of 400 MW power unit No. 5 was commenced based on the state-of-the-art combined cycle technology in the power industry.

The new plant unit has a number of advantages over equipment being currently operated. Efficiency factor is almost a third higher than the existing ones - 58%. In addition, the combined cycle gas turbine (CCGT) is maneuverable that allows for quickly adjusting the capacity being generated to the needs of the power grid, and environmentally friendly - less emission of nitrogen oxide and CO₂. Due to commissioning of 400 MW CCGT, installed capacity of the plant increased up to 1,025 MW.

Yaivinskaya GRES plays an important role in providing stable power supply to major industrial facilities of the Perm Territory as well as to the social sector in the cities, towns and settlements of the upper Kama river area.

Staff headcount as of 31.12.2013 — 478 persons.

Branch Director — Yevgeniy Aleksandrovich Inozemtsev

Contact information:

Yaivinskaya GRES branch of E.ON Russia JSC

Postal address: 5 Timiryazeva Str., urban-type settlement Yaiva 618340, Aleksandrovsk, Perm Territory

Location: 5 Timiryazeva Str., urban-type settlement Yaiva 618340, Aleksandrovsk, Perm Territory

Phone: (34274) 2-43-59.

Fax: (34274) 3-14-64.

E-mail: YAGRES@EON-RUSSIA.RU

Generation of electric and heat power at Yaivinskaya GRES

Indicator	2009	2010	2011	2012	2013
Electric power generation, mln kWh	3,955	3,840	4,854	6,345	5,783
Heat output from headers, thousand Gcal	104	104	100	95	91

Smolenskaya GRES branch of E.ON Russia JSC

(hereinafter — Smolenskaya GRES)

Smolenskaya GRES is a thermal power plant located in Ozerny settlement of the Smolensk Region. Smolenskaya GRES was put into operation in 1978; it uses coal and natural gas as fuel. Installed capacity — 630 MW. At Smolenskaya GRES three power units are installed, 210 MW each, each unit includes boiler TPE-208, turbine of K-210-130-3 type. Following the results of the year 2013, the power plant generated 2.030 billion kWh of power.

The Ministry of Energy and Electrification of the USSR resolved on construction of Smolenskaya GRES in 1965 with due account for milled peat of the Svitsko-Zharkovskaya base. Construction of the power plant was commenced in 1970. On January 12, 1978 the state commission accepted for operation the first power unit of the plant, this date is the official day of Smolenskaya GRES commencement of operation.

With the power plant commissioning, the Dukhovshchinsky district located in the north of the Smolensk region, got a powerful impetus for social and economic development. The railway to Smolensk running through three districts of the region was restored, the railway that connects the Smolensk and Tver Regions was constructed, a modern motor road was built, a powermen settlement was constructed.

The power plant equipment was designed for combustion of low-ash sulfur-free fuel - peat, but at Smolenskaya GRES various types of solid fuel were used because of delays in peat extracting plants construction; and those solid fuels had different qualitative characteristics: high ash content, high sulfur content, high reactivity. During first years of its operation, the power plant had to change types of fuel frequently. Initially the plant received coal from Inta, later on it was replaced with coal from the suburbs of Moscow. Then, power engineers from Smolenskaya GRES started using slate as fuel, which was subsequently replaced with coal from Khakassia. All in all, combustion of 14 types of solid fuel was tried at the power plant, including coal from Uzbekistan and European Silesia. Combustion of millions of tons of the non-design type of fuel required continuous reconstruction and modernization of the equipment.

As a result, with completion of construction of the gas pipeline running to Smolenskaya GRES, in 1985 the fuel problem was solved. Since that time, the power plant has been using natural gas and Moscow lignite as main fuels.

In 2011 works on reconstruction and putting into operation of the first section of the ash disposal area at Smolenskaya GRES were completed. These works will allow for increasing the volume of ash and sludge waste storage, ensuring the possibility for the power plant operation when combusting significant share of coal in the fuel balance of the plant within more than 10 years, will decrease impact of the ash disposal area on the environment.

Staff headcount as of 31.12.2013 — 525 persons.

Director of the branch — Victor Ivanovich Brashchenkov

Contact information:

Smolenskaya GRES branch of E.ON Russia JSC

Postal address: 216239, Smolensk Region, Dukhovshchinsky district, settlement of Ozerny.

Location: 216239, Smolensk Region, Dukhovshchinsky district, settlement of Ozerny.

Phone: (48166) 2-91-59

fax: (48166) 2-91-89

E-mail: SMGRES@EON-RUSSIA.RU

Electric and heat power generation at Smolenskaya GRES

Indicator	2009	2010	2011	2012	2013
Power generation, million kWh	1,722	1,928	1,809	1,966	2,030
Heat output from headers, thousand Gcal	72	70	66	66.8	64

Moscow representative office of E.ON Russia JSC

The Representative office in Moscow is a standalone subdivision of E.ON Russia; it operates on the basis of regulations approved by the Company CEO.

It is established subject to the resolution of the Board of Directors of E.ON Russia in 2005.

Director of the Representative Office – Ulf Backmeyer, Deputy CEO of E.ON Russia for Finance and Economics, Member of the Management Board.

Name	Moscow representative office of E.ON Russia JSC
Location	10 Presnenskaya Nab., Block B, floor 23, Moscow 123317
Postal address	10 Presnenskaya Nab., Block B, floor 23, Moscow 123317

3.5. Events calendar for 2013

February	□ E.ON SE became a member of the Foreign Investment Advisory Committee (FIAC) at the RF Government. Due to membership in the FIAC, E.ON obtained an opportunity to cooperate more closely with the RF Government. On its part, the Group, due to extensive knowledge and wide experience, intends to support the Committee's efforts aimed at further strengthening of favourable conditions for foreign investors operating in Russia. □ E.ON Russia JSC and the Government of the Krasnoyarsk Territory concluded an Agreement on social and economic partnership. The Agreement affects all major aspects of cooperation between the parties and is aimed at development of the fuel and energy complex of the Krasnoyarsk Territory, including at ensuring efficient operation of the company branch - Berezovskaya GRES.
April	□ At Berezovskaya GRES a full-scale simulator for operation personnel was put into operation, it is a complete analogue of operating power units of the power plant. In the Krasnoyarsk Territory a similar training complex for thermal power plants operates only at Berezovskaya GRES. The simulator will enable to enhance reliability of the equipment operation, as well as improve quality of personnel training. □ E.ON Russia JSC expanded its participation in the ancillary services market: power unit No. 3 of Surgutskaya GRES-2 is included in the suppliers register that provide services for standardized primary frequency control (SPFC).
May	□ The Board of Directors of E.ON Russia JSC recommended the Annual Shareholders' Meeting of the company to adopt a resolution on pay-out of dividends amounting to 100% of profit as per IFRS for year 2012 (18,255 mln roubles). According to the proposals on profit distribution, the Board of Directors recommended the shareholders to approve the dividends pay-out for E.ON Russian JSC ordinary shares subject to the results of financial year 2012, amounting to 0.29 roubles per each ordinary share. □ E.ON Russia JSC and LUKOIL-PERM LLC commissioned the associated petroleum gas pipeline at Yaivinskaya GRES. This will allow for diversification of the gas supply sources and reduce the fuel risks. □ E.ON Russia JSC and the Government of the Perm Territory signed an Agreement on social and economic partnership. The agreement is aimed at mutual support in implementation of investment projects that have economic and social importance for the Perm Territory, activities to improve the environment. □ E.ON Russia JSC confirmed compliance of the Occupational Management System with the Occupational Health and Safety Management System International Standard OHSAS 18001-2007. Validity of the certificate of compliance to international standard OHSAS 18001-2007 is confirmed till May 14, 2014.
June	□ Annual General Shareholders' Meeting of E.ON Russia JSC took place. The Shareholders' Meeting approved the Annual report of E.ON Russia JSC for 2012, annual financial statements, including the Profit and Loss Statement, following the results of the last financial year. The dividend payment was approved to the amount of 0.289541278733806 roubles per one ordinary share following the results of 2012 financial year. The annual General Shareholders' Meeting of E.ON Russia JSC elected the Company Board of Directors composed of 9 persons.

July	□ The Board of Directors of E.ON Russia JSC unanimously elected Jorgen Kildahl, member of the Board of E.ON SE, as the Chairman of the Board, and Maksim Shirokov, CEO of E.ON Russia JSC, as his Deputy.
August	□ The generator stator was installed at the construction site of power unit No. 3 of Berezovskaya GRES. More than 2 ths tons of auxiliary equipment were installed, that is 78% of the total scope of works. Installation of the condenser and all 1,038 tons of steel structures was actually completed. □ E.ON Russia JSC published reporting calculated according to the international financial reporting standards (IFRS) for the first six months of 2013. Revenue from the core activity amounted to 38.400 bln roubles, having increased by 9.1%. Net profit amounted to 9.4 bln roubles, that is 8% more than in the 1st half-year of 2012 (8.7 bln roubles).
September	□ At the construction site of power unit No. 3 of Berezovskaya GRES branch of E.ON Russia the 3rd stage of installation of the main boiler equipment was commenced, including installation of pre-assembled units of the convection shaft of the boiler and pipelines units. □ At Shaturskaya GRES a training simulator for operation personnel was put into pilot operation. In real-time mode the simulator enables the operation personnel to work out their actions in case of possible emergency situations, changes of technological parameters of power units operation. □ At Surgutskaya GRES-2, 400 MW CCGT simulator is put into commercial operation. The training complex was developed specifically for power units of 400 MW CCGT of Surgutskaya GRES-2. This is the only complex in the West Siberian Region for thermal power plants.
October	□ E.ON Russia intensifies work with the investment community, in October 2013 a conference-call with analytics was held following the results of E.ON Russia JSC activity in 2013, it was resolved on disclosure of the Company quarterly reporting drawn up according to IFRS. □ On October 4, 2013 Aleksandr Novak, Minister of Energy of the Russian Federation, visited the world's most powerful thermal gas-fired power plant - Surgutskaya GRES-2 branch of E.ON Russia JSC.

November	□ E.ON Russia JSC obtained a certificate of readiness to work in the autumn and winter period (AWP) of 2013-2014. The Commission composed of representatives of the Ministry of Energy, Rostekhnadzor, OJSC SO UES, EMERCOM of Russia and E.ON Russia JSC confirmed the company's readiness for the autumn and winter peak load. □ Yaivinskaya GRES obtained permit for construction of local utility fluids treatment facilities. The project was approved by the Commission of Rosstroynadzor for the Perm Territory on the basis of the positive expert examination of the design documentation and engineering surveys. As of today, construction of new local utility fluids treatment facilities is commenced at the plant. □ At Surgutskaya GRES-2 the excitation system of power unit No. 6 was reconstructed. Completed complex of works significantly enhanced reliability and quality of automatic control of the power unit excitation system. □ At Berezovskaya GRES works for construction of the dry ash disposal area were commenced. This is the first of the Russian coal-fired power plants that introduces the European method of wastes removal obtained in the result of coal combustion - dry ash and sludge removal system. Use of modern technologies will minimize negative impact of ash and sludge on water and soil resources of the Sharypovo District that meets the requirements of the environmental policy of E.ON Russia JSC.
December	□ E.ON Russia JSC became the first prize winner of the award established by the System Operator "For significant contribution to ensuring modes reliability of UES of Russia" for implementation of activities to enhance reliability of power supply to consumers in the Tyumen Region and UES of the Urals. In 2013, E.ON Russia JSC performed a complex of works for reconstruction of the automatic emergency response system at Surgutskaya GRES-2. Due to this, we were able to increase capacity output from the Tyumen power grid to the Unified Energy System of the Urals, and extend possibilities of emergency control in the Tyumen power grid. □ E.ON Russia JSC obtained the Certificate of Conformity of the environmental management system with the requirements of ISO 14001:2004 international standard in the area of electric and heat power generation. Voluntary certification demonstrates that the environmental risk management system efficiently operates in the company, it includes prevention of environmental pollution, emission control, compliance with legal, regulatory and other requirements for the environment protection, continuous improvement of environmental performance in accordance with strict international requirements. □ E.ON Russia JSC was awarded a letter of thanks of the Ministry of Social Policy of the Krasnoyarsk Territory for participation in the social project for disabled people "Sharypovo District - area of equal possibilities".

4. FINANCIAL PERFORMANCE REVIEW

4.1. General information

E.ON Russia's core business is generation and sales of electric power at the wholesale market. Regulations of the wholesale electricity market let generating companies sell not only their own power but also power procured at non-regulated market sectors in order to comply with commitments to power consumers. Thus the Company revenue mainly comes from sales of generated and procured electric power at the Russian wholesale electricity and capacity market.

Following the results of the year 2013 revenues of E.ON Russia increased by 5.0% up to 80 bln 492 mln roubles from 76 bln 693 mln roubles for 2012. Earnings before interest, taxes, depreciation and amortization without exchange rate differences (EBITDA) of E.ON Russia slightly decreased by 0.7% from 28 bln and 175 mln roubles in 2012 to 27 bln 987 mln roubles following the results of 2013.

4.2. Several factors affecting the Company business activity results

The Company performance is subject to several factors including regulation of the power generating industry in Russia: tariff regulation, in particular, dynamics of fuel prices, power prices in non-regulated sectors of the power wholesale market, cost of third party services, seasonal prevalence, and tendencies of macroeconomic development of Russia, and taxation.

REGULATION OF THE ELECTRIC ENERGY SECTOR IN RUSSIA. TARIFFS

Regulated tariffs for electric (heat) power (capacity) fixed for the Company power plants vary a lot depending on several conditions, including subject to the power plant efficiency, power plant location, type of fuel used, investment plans. Historically, Smolenskaya GRES and Shaturskaya GRES had higher tariffs as compared to the Company power plants located in the Urals Federal District, Privolzhsky Federal District and Siberian Federal District, where the gas and coal prices are lower than in the Central Russia.

Decree of the RF Government No. 1178 "On pricing in regulated prices (tariffs) in the electric power industry" dated 29.12.2011, tariff-setting procedure with calendar break-down based on the principle of non-exceedance of the prices (tariffs) value and their limits in the first half of the next annual regulatory period over the value of corresponding prices (tariffs) and their limits in the second half of the previous annual regulatory period as of December 31 was introduced in 2012. In accordance with this principle, in the first half of 2013 tariffs for electric power (capacity) remained unchanged at the level of 2012, and tariffs in 2013 changed in July 1, 2013.

Details of power tariff change dynamics for the Company power plants is given in the table:

Electric power tariffs, rub/W h					
Name		2011	2012	2013	
				semester 1	semester 2
Surgutskaya GRES-2	Unit 1-6	605.13	605.59	605.59	696.91
	Unit 7/unit 8	-	462.47	462.47/462.47	532.34/533.70
Berezovskaya GRES	TG1/TG2	328.33/-	-/285.63	319.20/285.63	319.20/289.89
Shaturskaya GRES	Unit 1-6	1,119.83	1,094.14	1,094.14	1,179.22
	Unit 7	-	654.61	654.61	746.10
Smolenskaya GRES		1,115.36	1,168.80	1,168.80	1,335.95
Yaivinskaya GRES	Unit 1-4	863.36	863.44	863.44	991.61
	Unit 5	-	549.67	549.67	632.66

In 2013 in total under regulated contracts the Company sold about 10 bln kW h of electric power. Revenue from electric power and capacity sales in the regulated market segment amounted to 9 bln 643 mln roubles.

Capacity tariffs set forth by FTS for E.ON Russia power plants for the period from 2011 to 2013 are presented in the table below:

Capacity tariffs, RUB/MW per month				
Name	2011	2012	2013	
			semester 1	semester 2
Surgutskaya GRES-2	81,149.61	81,146.18	81,146.18	86,014.51
Berezovskaya GRES TG1/TG2	121,410.67/-	-/146,787.92	156,000.00/ 146,787.92	156,000.00/ 153,980.53

Shaturskaya GRES	131,714.13/ 123,000.00*	123,000.00	123,000.00	129,954.62
Smolenskaya GRES	93,473.93	93,473.93	93,473.93	98,029.90
Yaivinskaya GRES	135,440.66	135,440.66	135,440.66	142,995.76

* Change of tariff as from April 1, 2011

Fuel expenses

The Company consumes considerable amount of various types of fuel for generation of electric and heat power. E.ON Russia buys significant volumes of gas and coal, and in a less degree, fuel oil. Following the results of the year 2013, share of fuel expenses increased by 1.0 per cent vs. 2012 and amounted to 61.9% of the total operational expenses of the Company. In general fuel costs in 2013 increased by 3,067 mln roubles (+ 9.2%) against 2012 and amounted to 36 bln 497 mln roubles. Growth of fuel costs in the general structure of the Company expenses is conditioned by growth of prices for key utilities in Russia.

Basic component of E.ON Russia fuel portfolio is gas. Its share in the physical volume of fuel consumed by the Company in 2013 amounted to 82.2%. Gas procurement expenses amounted to 91.4% of the overall fuel expenditure of the Company in 2013.

Coal is also a significant component in the Company fuel mix. In 2013 share of coal in physical volume of fuel consumed by the Company amounted to 17.7%. Expenses for coal consumed for electric and heat power generation made 8.4% of the overall fuel expenditure of the Company. Coal is mainly used at Berezovskaya GRES, which is the Company's second largest power plant in terms of installed capacity. The main coal supplier to E.ON Russia power plants (mainly to Berezovskaya GRES) is the Russian major coal producer - SUEK JSC, which is the owner of Berezovskiy-1 cross-section.

Expenses for third party services

The Company bears expenses related to third party services in the wholesale electricity market. Thus, the System Operator dispatches electric power within the energy system, the trading system Administrator controls the wholesale market trading system, and the Center of Financial Settlements estimates requirements and liabilities of the wholesale electricity and capacity market participants and effecting financial settlements among them. The Company concludes standard service contracts with all the parties mentioned; whereas the terms and conditions of such contracts are standardized and non-negotiable. Besides, the Company pays for some third party services in accordance with regulated prices (tariffs) as set by the Federal Tariff Service.

The Company's expenses related to third party services rendered at the wholesale power market amounted to 1,148.5 million roubles (1.9%) of the Company total operational expenses in 2013.

Seasonal prevalence

1. Season-related factors have significant influence upon the Company business activity results. Power generation by the Company's power plants depends on power demand and competitive nature of the offer.

Electric and heat power demand fluctuates depending on the season, time of the day and weather conditions. It depends on the ambient air temperature, length of the daylight hours, lighting, type of the week day: working, week-end (holiday), intermediate between the working and week-end (holiday) day.

Demand for proposals of particular power plants depends both on the demand for electric power and on factors determining the energy zones operation mode, in which these power plants are located, structure of the electric power generated by power plants types (cogeneration, condensing, nuclear, hydraulic), terms of the system reliability (grid and system limitations). The factors indicated are also related to seasonal events: snowmelt flood (that leads to HPP output increase), campaigns for generating and electric power supply equipment maintenance, that are effected on a large scale between the autumn and winter period.

Influence of HPP power output increase is most relevant for Berezovskaya GRES. Factor of grid equipment repairs influences competitive power of Shaturskaya and Smolenskaya GRES.

Tendencies of macroeconomic development in Russia

The Company operates in the territory of Russia. Accordingly, tendencies of macroeconomic development in Russia, including overall economy growth and buoyant markets at which the Company pursues activities, considerably influence the Company activity results.

The table below shows several key macroeconomic indicators relevant for the Russian economy for the period from 2008 through 2013:

Indicator	2008	2009	2010	2011	2012	2013
Growth of GDP, %	5.60	-7.80	4.30	4.30	3.40	1.3
Consumer price index, %	13.30	8.80	8.80	6.10	6.60	6.50
Level of unemployment, %	6.30	8.40	7.50	6.60	5.70	5.50

Source: Rosstat

On February 7, 2014 the Ministry of Economic Development published report On Results of Social and Economic Development of the Russian Federation in 2013, in which it was concluded:

- 1) In general, in 2013 the dynamics of economic growth slowed sharply and amounted to 1.3% against 3.4% in 2012. As regards production, this slowdown was primarily due to dynamics of industrial production, wholesale and retail trade, construction, real estate transactions and net taxes on products. As regards GDP use, growth slowdown was due to dynamics of consumer activity of the population and the dynamics of fixed capital accumulation.
- 2) In the real economy, the situation is as follows. In the dynamics of industrial production, excluding seasonal and calendar factors in 2013, there are negative values in % vs. the previous month. Except for December, when industrial output amounted to 0.5% vs. November. The situation is conditioned by the following factors: stagnation in production, low increase of labour efficiency, slowdown in the investment volume gain to fixed capital, significant deterioration in the financial situation of enterprises, including solvency. The highest growth rates following the results of the year were recorded in some manufacturing industries. Stable growth rates were recorded in activities related to mining, where the industrial production index in 2013 was 101.2% vs. 2012, including the activity "Extraction of fuel and energy natural resources" - 101.1%, for the activity "Extraction of natural resources, except for fuel and energy ones" - 101.7%. In 2013, according to the calculations of the Ministry of Economic Development of Russia, production of main types of primary fuel and energy resources increased in comparison with 2012 by 1.0% mainly due to growth of oil and gas extraction and electric power generation by hydro power plants.
In extraction of natural and associated gas (hereinafter referred to as "gas") in 2013, growth compared to the level of 2012 was recorded.

Coal extraction in 2013 amounted to 97.1% vs. 2012, including in December 2013 - 97.3% compared to the corresponding period of the previous year. Increase in coal extraction in 2013 is due to reduction of domestic demand, as well as increase of volumes of use of coal reserves accumulated by the suppliers.

3) Situation at the labor market was as follows in 2013. In the average, unemployment rate remained at the level of 2012 - 4.1 mln persons or 5.5% of the economically active population. In general, in the average for 2013 the employment service bodies recorded 15% less unemployed people than in 2012.

People's level of life. In general, for 2013, according to the State Statistics Service, the average monthly nominal accrued salary was 29,940 roubles (growth relative to 2012 - 12.3%).

4) In 2013, consumer-price inflation (CPI) amounted to 6.5%, remaining in the range of the last three years - 6.1-6.6%.

Inflation rate is due to the following reasons: growth of prices for food products (by 7.3%) due to deficiency and imbalance of animal products markets against the background of heavy crop. Due to growth in import price and reduction of domestic production of raw milk, prices for milk and milk products, cheese, butter significantly increased. Also, due to markets imbalance, prices for eggs, potatoes sharply increased. Growth in prices by 4.5% for non-food products in 2013 is the lowest in the last seven years. In the industry, according to the State Statistics Service, in 2013 the producer price index amounted to 103.7%, including in December - 101.0% (in 2012 - 105.1%) due to weak domestic and external demand.

TAXATION AND DEDUCTIONS TO GOVERNMENTAL NON-BUDGETARY FUNDS

The Company is a taxpayer of several taxes, which considerably influence the Company's business activity results. The table below sums up the data on types and size of taxes paid by the Company to budgets of various levels during 2012 and 2013.

Taxes paid to budgets of all levels, mln rub.	Paid in total as per tax in 2012	Paid in total as per tax in 2013
VAT	4,696.3	4,373.0
Income tax	3,790.0	4,311.5
Income tax from revenues in the form of dividends	208.7	1,018.6
Mineral extraction tax	0.02	0.01
Water tax	0.73	0.72
Property tax	954.3	964.9
Personal income tax	506.9	558.3
Personal income tax in the form of dividends	8.3	45.6
Transport tax	2.13	2.10
Land tax	31.5	32.3
Others	2.8	2.9
Total	10,201.7	11,309.9

Insurance premium payments into state non-budget funds	Total payments to funds in 2012, mln rub	Total payments to funds in 2013, mln rub
	740.7	859.2

The Company belongs to the category of "major taxpayers" of the Russian Federation; compliance with the tax laws is controlled by the Trans-regional supervisory body of the Federal Tax Service for major taxpayers No. 4.

4.3. Business activity results

The table below shows operation results of the Company for 2012–2013:

Indicator	2012	2013	2013/2012 +/-%
Revenue, mln roubles	76,692.7	80,491.7	5.0%
Prime cost, mln roubles	54,932.6	59,007.8	7.4%
EBITDA (without exchange difference), mln ⁴	28,175.0	27,986.8	-0.7%
Rate of return with regard to EBITDA (without exchange differences), %	37.0%	35.0%	-
EBIT (without exchange difference), ⁵ mln roubles	21,025.6	20,689.9	-1.6%
Rate of return with regard to EBIT (without exchange differences), %	27.4 %	25.7 %	-
Net profit, mln roubles	18,386.0	18,926.5	2.9%
Profitability for Net profit, %	24.0%	23.5%	-
Exchange rate difference, mln roubles	-29.0	314.6	-1,170.0%

⁴ EBITDA = Profit (loss) from sales + Other income - Other expenses - Net balance of exchange rate difference + Expenses on securities issue, IPO + depreciation

⁵ EBIT = Profit (loss) from sales + Other income - Other costs - Net balance of exchange rate difference + Expenses on securities issue, IPO

We consider it correct to clear EBITDA & EBIT indicators from factors of non-permanent nature. Such factors include exchange rate difference, since we generate and sell electric power and capacity in the territory of the Russian Federation and for settlements and payments we use the Russian rouble. In our opinion, such an approach makes it possible to precisely estimate the results of operational activities of the electric power industry companies in Russia.

Revenue

In 2013 the Company's revenue came from sales of electric power, heat and sales of other products and services of industrial and non-industrial nature. Following the results of 2013 revenue of E.ON Russia increased by 5.0% against 2012 and amounted to 80,491.7 mln roubles.

Indicator	2012 mln rub	2013 mln rub	2013/2012 +/-%
Sales of electric power	54,169.7	56,291.8	3.9%
Sales of capacity	21,086.6	22,710.4	7.7%
Sales of generated heat power	771.9	808.5	4.7%
Heat power transportation	298.3	301.3	1.0%
Other production sales	351.4	365.6	4.0%
Other non-production sales	14.8	14.1	-4.1%
Total revenue	76,692.7	80,491.7	5.0%

Electric power and capacity

Following the results of 2013 revenue from electric power and capacity sales increased by 5.0% up to 79 bln 002 mln roubles from 75 bln 256 mln roubles following the results of 2012. Revenue share from electric power and capacity sales sold in the regulated market sector⁶, changed slightly in the total revenue of E.ON Russia following the results of 2013, approximately by 1 p.p., and amounted to 9 bln 643 mln roubles (share in the total revenue - 12%). In addition the revenue share from sales in the competitive sector decreased by 1 p.p. down to 86%, and its volume amounted to 69 bln 351 mln roubles.

Increase of revenues from sales of electric power and capacity is due to increase in prices for electric power due to indexation of fuel prices together with indexation of capacity prices.

Heat power

Following the results of 2013 revenue from heat power sales increased by 4% up to 1,109.8 mln roubles from 1,070.2 mln roubles following the results of 2012. Increase of revenues from heat power sales

⁶ excluding Capacity Supply Contracts (CSC)

slightly changed against 2012. In general following the results of 2013 revenues share from heat power sales (in the total Company revenues) did not change against 2012 and amounted to 1.4%.

Other income

Following the results of 2013 other income (revenues from sales of industrial and non-industrial nature) of the Company increased by 4% up to 380 mln roubles from 366 mln roubles following the results of 2012. Share of other income following the results of 2013 did not change vs. 2012 and amounted to 0.5% of the total revenue of E.ON Russia.

4.4. Expenses

The table below shows the Company expenses following the results of the year 2013 (million roubles):

Indicator	2012 mln rub	2013 mln rub	2013/2012 +/- %
Fuel for generation of power and heat	33,429.1	36,496.6	9.2%
Other material costs	5,856.2	5,779.6	-1.3%
Payment for the market operator's services	1,050.8	1,148.5	9.3%
Labor costs	3,701.6	4,169.5	12.6%
Deductions to non-budgetary funds	892.4	898.1	0.6%
Taxes in the prime cost	986.2	1,064.9	8.0%
Other expenses	1,867.0	2,153.6	15.4%
Depreciation	7,149.3	7,296.9	2.1%
Total expenses	54,932.6	59,007.7	4.7%

Fuel expenses

Share of fuel expenses in the Company operational expenses structure increased by 1.0 p.p. — up to 61.9%. In general fuel costs in 2013 increased by 3,067 mln roubles (+ 9.2%) against 2012 and amounted to 36 bln 496.6 mln roubles. Growth of fuel costs in the general structure of the Company expenses is conditioned by growth of prices for key utilities in Russia.

Other material expenses

Other material expenses include: procured electric power and capacity, repair costs, costs for raw materials and materials for operation, for economic needs, for transport, office equipment servicing, for labor safety. Following the results of 2013, costs of E.ON Russia for other material costs amounted to 5,779.6 mln roubles, including the costs of procured electric power and capacity of 3,226.3 mln roubles.

Share of other material expenses in the total volume of the Company expenses amounted to 9.8% following the results of 2013.

Payment for the market operator's services

Expenses for payment for the market operators' services include the Company payments under contracts with the System Operator, Administrator of Trading System, Center of Financial Settlements (see subsection *"Expenses for third parties' services payment"* of the section "Review of financial results"). Following the results of the year 2013 expenses of E.ON Russia on payment for the market operators' services increased by 9.3% as compared with 2012 and amounted to 1 bln 148.5 mln roubles (1,050.8 mln roubles following the results of the year 2012). Following the results of 2013, share of costs for the market operator services in the total volume of the Company costs remained unchanged compared to 2012 and amounted to 1.9%.

Labor costs

Labor costs include all costs for salaries with due account for estimated liabilities. Following the results of the year 2013, the Company's labour costs increased by 12.6% - up to 4 bln 169.5 million roubles from 3 bln 701.6 mln roubles following the results of 2012. The Company labour costs with due account for estimated liabilities, amounted to 7.1% of the total Company costs following the results of 2013.

Deductions to non-budgetary funds

Deductibles to the extra-budget funds include social and pension deductibles paid to Russian governmental funds. The Company paid such deductibles as per the legally fixed rates.

The total amount of deductions to non-budget funds with due account for estimated liabilities in 2013 amounted to 898.1 mln roubles. Compared to 2012, this value slightly changed (+0.6%).

Other taxes linked with prime cost

This cost item includes: property tax, transport tax, land tax, water tax, mineral extraction tax and duties. Following the results of 2013 these Company costs increased by 8.0% — up to 1 bln 064.9 mln roubles from 986.2 mln roubles following the results of 2012. The Company costs on this cost item amounted to 1.8% of the total Company costs following the results of 2013. Growth on the property tax at SGRES-2 branch was due to expiration of tax benefits in respect of the property created in the course of the investment project (800 MW CCGT) implementation, as well as at YaGRES branch due to use of higher differentiated preferential tax rate.

Depreciation

Depreciation of the Company fixed assets is calculated using the straight-line method for the useful life of an asset.

Following the results of 2013, depreciation charges of E.ON Russia increased by 2.1% to 7 bln 296.9 mln roubles from 7 bln 149.3 mln roubles following the results of 2012. The share of the Company depreciation charges in the structure of operational costs in 2013 amounted to 12.4%.

4.5. EBITDA

Following the results of the year 2013 earnings of E.ON Russia before interests, taxes and depreciation amounted to 27 bln 986.8 mln roubles, that is lower than the index in 2012 by 0.7% (28 bln 175 mln roubles). This negative dynamics is due to significant increase in the Company's costs, considerably - due to fuel increase (by 9.2%) due to increase of prices for key utilities in Russia in case of revenue growth by 5.0% only. EBITDA was also positively influenced by increase of other income.

Profitability of sales for EBITDA without exchange differences, following the results of 2013 amounted to 35.0% (in 2012 — 37.0%), which is one of the best indicators of work among companies of this industry (electric power industry) both following the results of 2012, and for 2013.

4.6. EBIT

Earnings of E.ON Russia before interest and taxes following the results of 2013 also decreased by 1.6% to 20 bln 689.9 mln roubles from 21 bln 025.6 mln roubles following the results of 2012. Key factors of such EBIT dynamics in 2013 are similar to the key factors of change in EBITDA.

Rate of return with regard to EBIT following the results of the year 2013 amounted to 25.7% (27.4% in 2012).

4.7. Net profit

Net profit of the Company following the results of 2013 amounted to 18 bln 927 mln roubles, which is slightly more than results of net profit of 2012. Net profit E.ON Russia following the results of 2012 amounted to 18 bln 386 mln roubles.

Rate of return with regard to net profit of E.ON Russia amounted to 23.5% following the results of the year 2013 (in 2012 — 24%).

4.8. Assets. Significant Changes in Assets Profile

In 2013 assets of E.ON Russia increased by 1.5% and amounted to 131 bln roubles. This growth is associated with the following changes:

Non-current assets of the Company as of the date of reporting for 2013 increased by 9.8% — to 86 bln 220 mln roubles from 78 bln 544 mln roubles as of January 1, 2013. Significant increase was in line 1151 "Under construction" due to equipment supply and works performance related to construction of power unit No. 3 of Berezovskaya GRES branch.

Current assets of the Company as of 31.12.2013 decreased by 11% — to 44 bln 781 mln roubles. The decrease is due to decrease of accounts receivable (-5%) due to reduction of effected advance payments and increase of equipment supply under a service and equipment supply contract for construction of power unit No. 3 of Berezovskaya GRES branch. Changes also took place in line 1240 "Short-term financial investments (except for monetary equivalents)", which decreased from 27 bln 522 mln roubles as of beginning of 2013 — to 8 bln 900 mln roubles as of December 31, 2013. This change is conditioned by decrease in deposits with a term of more than three months due to the Company's strive to reduce its risks and make deposits for a term of less than 3 months.

4.9. Liabilities. Significant Changes in Liabilities Profile

Significant changes in the structure of the Company's liabilities are connected with increase of long-term liabilities (+54.8%) in terms of deferred tax liabilities.

Capital and reserves of the Company as of December 31, 2013 increased to 121,051 mln roubles (+0.6%) due to increase of undistributed profit of the Company.

Other sections underwent minor changes.

4.10. Liquidity and Equity Capital

Monetary assets from the day-to-day operation were the main source of the Company liquidity in 2013. The Company believes that capital expenses will constitute efficient appropriation of financial resources within the next two years.

Capital expenses chiefly relevant for generation of electric and heat power and construction of new generating facilities and modernization of the existing generating facilities in the context of the approved Investment program. Implementation of the Investment program is planned using own funds.

5. CORPORATE GOVERNANCE

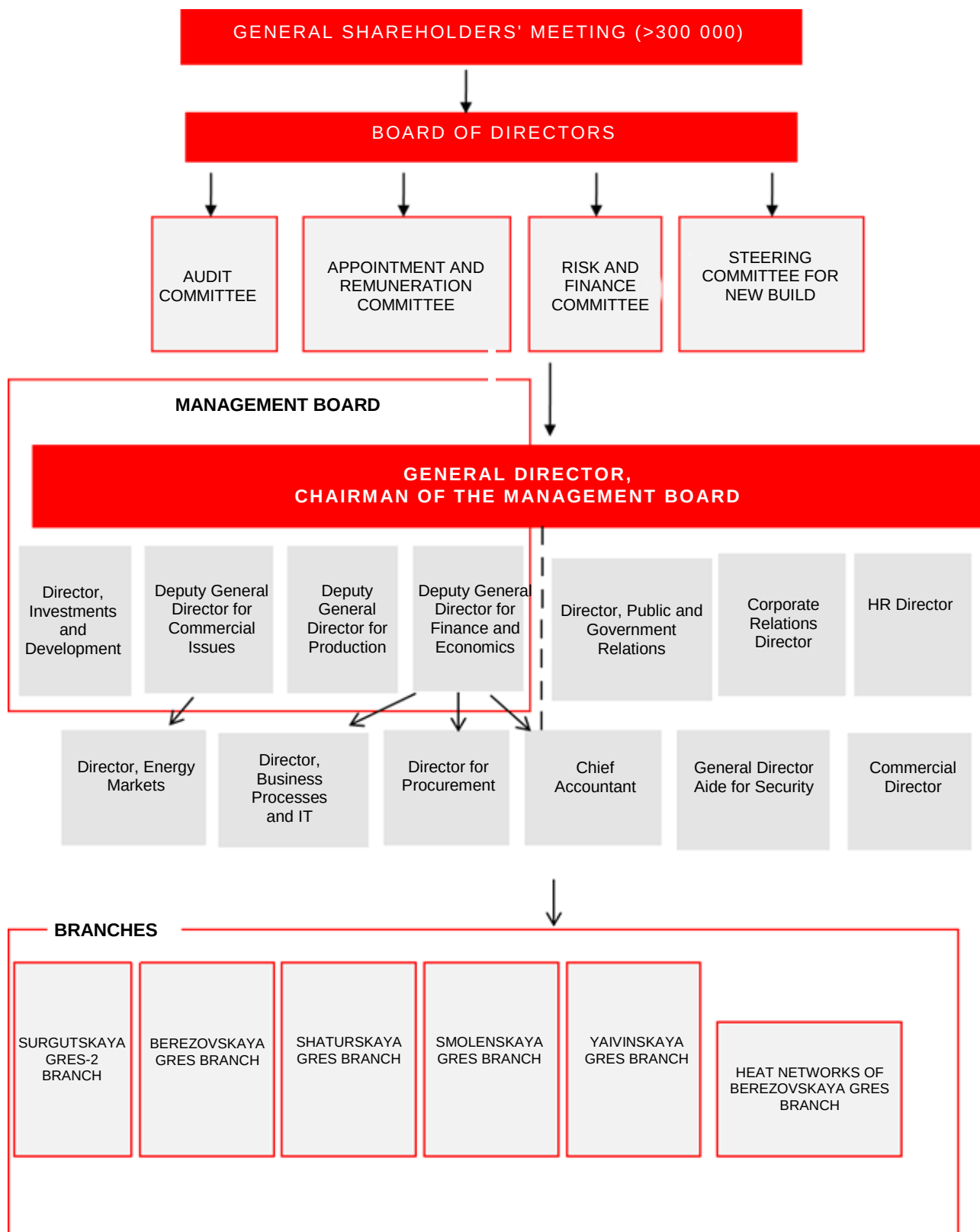
5.1. Compliance with Legal and Ethical Standards

Issues related to transparency and efficiency of the corporate governance, as well as strict compliance with the legal requirements and the highest esthetic standards in responsible business doing are of great importance to E.ON Russia activity. The Board of Directors of E.ON Russia approved the Code of Ethics, which includes provisions that regulate the business conduct practice, relations with business partners, state institutions, conflict of interests settlement and which ensure fight against corruption, commercial bribery, abuse of office. The advanced standards documented in the Code of Ethics of E.ON Group served the basis for development and approval of this Code. The Company Board of Directors approved the Regulation on compliance procedure that regulates the issues of control over compliance with the mandatory requirements of the laws and the Code of Ethics by officials and employees of E.ON Russia, an independent Responsible person is appointed, his/her major task is to control over compliance with the Code provisions, and any employee may address this person as to issues of violation of the provisions of the document specified.

The Company pays the most careful attention to compliance of its activity with the requirements of the applicable laws. The main principle of E.ON Russia operation is respect for the right, enforcement of the rights and observance of legal interests of other persons, enforcement of requirements of the effective regulatory legal acts. The Company respects and observes rights of third parties as well as it actively uses legal means to protect its legal rights and interests and rights and interests of its shareholders.

Pursuant to the up-to-date requirements in the sphere of counteracting the insider information use and securities prices manipulation, the Regulation on insider information was also developed and approved at the Company. The Regulation contains rules for treating insider information, provides for the categories of insiders according to the level of their access to the insider information, additional restrictions are introduced related to securities trade for insiders, and the control procedure on the part of the person specially authorized by the Board of Directors in the sphere of compliance with the insider rules.

5.2. Organizational structure



Within 2013, to optimize the effective system of management, the Company corporate structure underwent a number of significant changes:

On 14.01.2013 the position of Procurement Director subordinate to Deputy General Director, Finance and Economics was introduced (Minutes of the Management Board No. 340 dated 15.01.2013).

On 23.05.2013 the Management Board approved a new IT organizational structure of the organization unit (Minutes No. 359 dated 23.05.2013)

On 18.06.2013, amendments were introduced to the organizational structure of the executive office - total headcount of the Company executive office was increased by 4 FTE as from «01» July 2013 (255 FTE) by reducing the total headcount at the branches.

In the chart "Corporate Structure" the data are provided as of 31.12.2013.

At the moment of provisional approval by the Board of Directors of the annual report, the following changes occurred in the organizational structure:

in accordance with resolution of the Management Board dated 20.01.2014 (Minutes No. 389), on 31.01.2014 amendments to the organizational structure of the executive office of E.ON Russia were introduced, namely:

Position of the Director for Investment and Development was renamed as Deputy Director General for New Build and Strategic Development. T.V. Lipatov was transferred to this position.

The following Departments report to T.V. Lipatov, Deputy Director General, New Build and Strategic Development: Market Development and Decentralized Generation.

Procurement unit headed by M.A. Ustinova, Procurement Director, was transferred to J. Tumat, Deputy Director General for Commerce from U. Backmeyer, Deputy Director General for Finance and Economics, including Departments for: resource supply, competitive procedures and warehouse logistics.

5.3. Management Bodies. Work results, 2013

Organization of effective corporate governance aimed at gaining maximum efficiency and performance in the Company business, enhancement of transparency and justification of adopted managerial decisions, risk reduction and protection of rights and interests of the Company shareholders is one of the major missions for the Company. Amendments of corporate governance were aimed at compliance with the effective laws of the Russian Federation and to increase efficiency and transparency of the management, improvement of the corporate rules and procedures. Up-to-date standards of corporate governance widely practiced by E.ON Group companies, which E.ON Russia is actively implementing in its corporate practice are of special importance to us.

The major lines of corporate management system improvement in E.ON Russia are:

- reasonable distribution of competencies and responsibilities among corporate management bodies;
- enhancement of the collective approach to the Company business management;
- effective combination between decision making centralization and delegation of authority to various managerial levels;
- enhancement of promptness and efficiency of managerial decisions;
- exercise and protection of rights and interests of the Company shareholders;
- implementation of high standards of corporate ethics in the management bodies activity.

Within the corporate management system improvement in E.ON Russia in 2013, amendments to the Articles of Association of E.ON Russia JSC were introduced. Amendments to the Articles of Association were aimed at compliance with the effective laws of the Russian Federation and to increase efficiency and transparency of management, improvement of corporate rules and procedures.

Currently the major documents of E.ON. Russia in the sphere of corporate governance are:

- Articles of Association;
- Code of Corporate Governance;

- Regulation for the General Meeting of Shareholders;
- Regulation for the Board of Directors;
- Regulation for the Management Board;
- Regulation for the Revision Commission;
- Delegation of Authority Policy;
- Regulation on distribution of competencies among the Company top managers;
- Regulation on the Compliance Procedure;
- Regulation on the Information Disclosure
- Regulation on the Insider Information
- Regulation on the Internal Control System
- Policy for Internal Audit;
- Regulation on the Corporate Risk Management System;
- Regulations on Committees of the Company Board of Directors.

The Company combines clear and efficient corporate governance rules with continuous information exchange with the outside audience.

E.ON Russia prepares and publishes reports in compliance with both Russian accounting standards (RAS) and international financial reporting standards (IFRS) on a regular basis. In the Company, there are organization units responsible for organization of information exchange with external environment.

The relevant information on the Company activity, and information that is required to be disclosed to comply with the RF laws requirements, is disclosed on the Company corporate site www.eon-russia.ru, on the page on the Internet, which is provided by one of the information disseminators at the securities market — Interfax CJSC, <http://www.e-disclosure.ru/portal/company.aspx?id=7878>, and on newlines of authorized news agencies.

The Company management system is composed of the following levels:

- General Shareholders' Meeting;
- Board of Directors;
- Management Board;
- CEO.

GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is the supreme management body of E.ON Russia. It reviews key issues of the Company functioning that are set forth by the Federal Law On Joint Stock Companies, and referred to its competence by Article 10 of the Articles of Association, thus forming and expressing the shareholders' will. The procedure of convening, preparation and holding the Company general shareholders' meetings is regulated by the Regulation on the General Shareholders' Meeting of E.ON Russia⁷.

BOARD OF DIRECTORS

Board of Directors⁸

⁷ Text of the Company Articles of Association. and Regulation on the General Shareholders' Meeting is placed on the Company web-site: WWW.EON-RUSSIA.RU in section "To Shareholders and Investors/Documents". Minutes of the Company General shareholders' meetings are placed on the Company web-site WWW.EON-RUSSIA.RU in section

"To Shareholders and Investors/ Company Management/General Shareholders' Meeting/materials of General Shareholders' Meetings"

⁸ As of the date of this Annual Report approval the composition of the Board of Directors elected by the annual general shareholders' meeting of E.ON Russia JSC held on June 27, 2013 is in effect, the personal composition of the effective Board of Directors is specified on the Company web-site WWW.EON-RUSSIA.RU in section "Company/Company Management/Board of Directors".

The Board of Directors exercises strategic management of the Company activities, control over activities of its executive bodies and ensures observance of the shareholders' rights and interests. Its competence includes determination of the Company development strategy, organization of control over the Company business activity, maintenance of the internal audit system efficiency, development and implementation of major internal rules for the main areas of the Company activities, ensuring exercising of the shareholders' rights and review of reports on the Company performance and fulfillment of the tasks as set by executive bodies of E.ON Russia. Activities of the Board of Directors are regulated by the Regulation on the Board of Directors of E.ON Russia⁹.

During the period from January 01, 2013 through February 21, 2013 the Board of Directors that was elected at the annual General shareholders' meeting on June 29, 2012, worked in the following composition:

1. Albert Bernhard Wilhelm Reutersberg, Chairman of the Board of Directors;
2. Mike Winkel;
3. Sergey Vladimirovich Malinov;
4. Gunter Eckhardt Rümmler;
5. Yuri Stepanovich Sablukov;
6. Sergey Afanasievich Tazin;
7. Karl-Heinz Feldmann;
8. Reiner Hartmann;
9. Igor Yurievich Jurgens.

During the period from February 22, 2013 through June 27, 2013 the Board of Directors that was elected at the annual General shareholders' meeting on February 21, 2013, worked in the following composition:

1. Albert Bernhard Wilhelm Reutersberg - Chairman of the Board of Directors;
2. Mike Winkel
3. Sergey Maratovich Guriev
4. Jorgen Kildahl
5. Sergey Vladimirovich Malinov
6. Gunter Eckhardt Rümmler
7. Karl-Heinz Feldmann
8. Reiner Hartmann
9. Maksim Gennadyevich Shirokov

Full data about the above members of the Board of Directors are given in the Company Annual report for 2012.¹⁰

The Board of Directors that functioned during the second half of 2013 was elected by the Annual General shareholders' meeting on June 27, 2013. Its composition included:

1. Jorgen Kildahl, Chairman of the Board of Directors.

Born in 1963.

In 1988 he graduated from Norwegian School of Economics and Business Administration.
In 2004 he received MBA diploma in the Norwegian School of Economics and Business Administration.
In 2009 he graduated from Harvard Business School.

From 2001 till 2010 - Executive Vice President of Statkraft AS (Dusseldorf, Germany).

From 2010 till present - member of the Management Board of E.ON SE (Dusseldorf, Germany).

From July 2013 till present - Chairman of the Board of Directors of E.ON Russia JSC.

⁹ Text of the Regulation on the Board of Directors is placed on the Company web-site WWW.EON-RUSSIA.RU in section "To Shareholders and Investors/Documents".

¹⁰ Text of the Annual Report of E.ON Russia JSC for 2012 is placed on the Company web-site WWW.EON-RUSSIA.RU in section "To Shareholders and Investors/Annual Reports"

Jorgen Kildahl does not have any shares in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board of Directors member. The Company has no information regarding any claims brought against Mr. Kildahl.

2. Mike Winkel, member of the Board of Directors.

Born in 1970.

Studied economy and basics of the power industry in the Technical University in Zittau (Germany) and Oxford (Great Britain).

For the last 14 years he has occupied various positions in E.ON Group.

From 2004 till 2007 was Senior Vice President for Market Management of E.ON AG (Dusseldorf, Germany), and from 2007 till 2008 was Senior Vice President for Trade and Optimization.

In 2009-2010 he occupied the position of the Managing Director of E.ON Russia Power GmbH, and was in charge of the energy portfolio and optimization.

From 2010 till 2011 he was Deputy Director General for Energy Management of E.ON Russia JSC.

From 2010 till 2011 he was the Deputy Director General of E.ON Russia LLC.

From 2011 till 2013 he occupied the position of CEO in E.ON Climate & Renewables, Essen, Germany.

From 2013 till present - member of the Management Board of E.ON SE (Dusseldorf, Germany).

Mr. Winkel was initially elected the member of the Company Board of Directors on June 17, 2009, and once again re-elected on June 27, 2013.

Mike Winkel does not have any shares in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board of Directors member. The Company has no information regarding any claims brought against Mr. Winkel.

3. Sergey Maratovich Guriev, member of the Board of Directors, Independent Director.

Born in 1971.

In 1993 he graduated from Moscow Physical and Technical Institute as Applied mathematician.

In 1994 he received a degree of Cand.Sc. (Physics and Mathematics) in RAS.

In 2002 he received a degree of D.Sc. (Economics) in RAS.

From 2004 till 2013 - member of the Board of Directors of New Economic School (NES) Non-State Educational Institution.

From 2004 till 2013 - Rector of New Economic School (Institute) Non-State Educational Institution of Higher Professional Education.

From 2007 till present - Director of NES Endowment Fund.

From 2008 till present - member of the Supervisory Board of Joint-stock Commercial Savings Bank of the Russian Federation (JSC).

From 2009 till 2013 - member of the Board of Directors of AlfaStrakhovanie JSC.

In 2010 - member of the Supervisory Board of the Agency for Housing Mortgage Lending Joint Stock Company.

From 2010 till present - Chairman of the Board of Dynasty Non-Profit Foundation.

From 2012 till 2013 - Chairman of the Board of Directors of Russia Venture Company Joint-Stock Company.

Mr. Guriev was elected for the first time to the Company Board of Directors on February 21, 2013.

Sergey Guriev has no share in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board of Directors member.

The Company has no information regarding any claims brought against Mr. Guriev.

4. Sergey Vladimirovich Malinov - member of the Board of Directors, Independent Director, Chairman of the Audit Committee of the Board of Directors.

Born in 1973.

In 1995 he graduated from Financial Academy at the RF Government, Finance and Credit department, Economist.

During 2007-2010 Sergey Malinov worked at Rosenergoatom Concern Federal State Unitary Enterprise, Rosenergoatom Concern JSC as a Deputy General Director for Restructuring and Corporate Management, and then as the Deputy General Director - Director for Corporate governance.

In addition to the Board of Directors of E.ON Russia JSC, Mr. Malinov is a member of the Boards of Directors of the following companies: from 2009 till present he is the Chairman of the Board of Directors of Energosetproject JSC; from 2009 - Chairman of the Board of Directors of NIITeplopribor JSC State Science Center of the RF; from 2013 till present - member of the Board of Directors of Svyazinvest JSC; from 2013 till present - member of the Board of Directors of TRANSINZHSTROY JSC.

From 2010 till 2011 - Advisor to the General Director of Atomenergomash JSC (Moscow, Russia).

Mr. Malinov was elected the member of the Company Board of Directors for the first time on June 29, 2012.

Sergey Malinov has no share in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board of Directors member.

The Company has no information regarding any claims brought against Mr. Malinov.

5. Albert Bernhard Wilhelm Reutersberg, member of the Board of Directors

Born in 1954.

In 1981 he graduated from University of Munster, economist with a degree. Took Doctor's degree.

In 2008 Mr. Reutersberg was a member of the advisory committee of Energieversorgung Mittelrhein E.ON Vertrieb Deutschland GmbH (Germany), and was a member of the Supervisory Board in such companies as Enovos/Saar Ferngas (Germany), EVG (Germany), GASAG (Germany), Thuga AG (Germany), Gerosgaz (Russia).

From 2006 till 2010 - Chairman of the Board of Directors of E.ON Ruhrgas AG (Essen, Germany).

From 2008 till present he is the member of the shareholders' committee of Nord Stream AG (Switzerland).

From 2010 till present - member of the Board of Directors of E.ON Espana S.L. (Spain), member of the Board of Directors of E.ON Italia S.p.A. (Italy), Chairman of the Supervisory Board of E.ON Sverige AB (Sweden), Chairman of the Supervisory Board of E.ON Benelux N.V (Netherlands).

From 2011 till present - member of the Management Board of E.ON SE (Dusseldorf, Germany).

From 2012 till 2013 - Chairman of the Supervisory Board of E.ON Energie AG (Germany).

Since 2011 he's been the President of the Supervisory Board of E.ON France S.A.S (France) and Chairman of the Supervisory Board of E.ON Hungaria ZRt (Hungary).

Initially Mr. Reutersberg was elected a member of the Company Board of Directors on June 24, 2011 and last time he was re-elected on June 27, 2013. From July 2012 till June 27, 2013 - Chairman of the Board of Directors of E.ON Russia JSC.

Mr. Reutersberg does not have any shares in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board of Directors member.

The Company has no information regarding any claims brought against Mr. Reutersberg.

6. Gunter Eckhardt Rümmler, member of the Board of Directors.

Born in 1960.

In 1984 he finished his studies in Hamburg, licensed engineer specializing in instrumentation and shipbuilding.

During the period from 2005 to 2007 Gunter Rümmler was the Senior Vice President of E.ON Energy Trading AG (Germany).

Since 2007 Mr. Rümmler has occupied the position of Senior Vice President for hydrocarbons exploration and production / generation in E.ON FG (SE).

From 2008 till present Mr. Rümmler is a member of the Board of Directors of E.ON Ruhrgas GmbH (Essen, Germany).

From 2007 till 2009 Mr. Rümmler was a member of the Board of Directors of E.ON Kernkraft GmbH (Hannover, Germany).

From 2009 till present Mr. Rümmler is a member of the Board of Directors of E.ON Energy Trading SE (Düsseldorf, Germany).

From 2010 till present Mr. Rümmler is a member of the Board of Directors of E.ON Generation GmbH (Hannover, Germany), E.ON New Biding&Technology GmbH (Gelsenkirchen, Germany).

From 2012 till present Mr. Rümmler is a member of the Supervisory Board of E.ON Energie AG (Essen, Germany).

From 2013 he occupies the position of CEO in E.ON Climate &Renewables, Essen, Germany.

Mr. Rümmler was initially elected the member of the Company Board of Directors on June 17, 2009, and once again re-elected on June 27, 2013.

Gunter Rümmler does not have any shares in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board of Directors member. The Company has no information regarding any claims brought against Mr. Rümmler.

7. Karl-Heinz Feldmann, member of the Board of Directors.

Born in 1959.

In 1984 he graduated from Westphalia University named after Wilhelm, Munster, has degree in law.

From 2004 till present Mr. Feldmann occupies the position of Senior Vice— President for Legal Issues of E.ON SE, (Düsseldorf, Germany).

Since February 2004 he has been the member of the Supervisory Board of Hamburger Hof (Germany), since 2008 he has been the member of the Board of E.ON Italia SpA (Italy, Milan).

From 2008 till June 2010 Mr. Feldmann was also a member of the Supervisory Board of E.ON IS (Germany) and till 2007 — a member of the Supervisory Board of E.ON Risk Consulting GmbH (Germany).

From 2012 till present Mr. Feldmann is a member of the Supervisory Board of E.ON Energie AG (Essen, Germany).

Initially Mr. Feldmann was elected a member of the Company Board of Directors on June 17, 2009 and last time he was re-elected on June 27, 2013.

Karl-Heinz Feldmann does not have any share in the Company authorized capital; during 2012, there were no transactions with the Company securities between E.ON Russia and the Board of Directors member.

The Company has no information regarding any claims brought against Mr. Feldmann.

8. Reiner Hartmann, member of the Board of Directors, member of the Audit Committee of the Board of Directors.

Born in 1945.

Graduated from Private Trade School specializing in economy of the production process (Bayreuth, FRG).

From January 1992 till January 2014 Mr. Hartmann was the Head of E.ON Ruhrgas AG (Germany) representative office in Moscow.

Since April 2006 he has been the Chairman of the Management Board of the Association of European Businesses in the Russian Federation.

From May 2008 till December 2009 he was the CEO of E.ON Russia LLC, from January 2009 till June 2010 Mr. Hartmann headed the Natural Gas Department of E.ON Russia LLC.

From August 2013 till present - Head of the Representative Office of E.ON Global Commodities SE (Germany).

From September 2013 till December 2013 - Director for Commerce of E.ON Russia Power GmbH.

Initially Mr. Hartmann was elected a member of the Company Board of Directors on June 06, 2008 and last time he was re-elected on June 27, 2013.

Reiner Hartmann does not have any shares in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board of Directors member. The Company has no information regarding any claims brought against Mr. Hartmann.

9. Maksim Gennadyevich Shirokov - Deputy Chairman of the Board of Directors, member of the Appointment and Remuneration Committee of the Board of Directors, member of the Steering Committee of the Board of Directors for New Build.

Born in 1966.

In 1988 he graduated from Moscow Red Banner Military Institute.

In 1994 he graduated from Moscow Law Institute.

In 1996 he received MBA diploma in Pacific Coast University, USA.

In 2003 he graduated from London Business School.

In 2012 - CEO of E.ON Russia GmbH (Moscow, Russia) and E.ON Russia Power GmbH (Moscow, Russia).

From 2008 till 2012 - CEO of Ust-Luga Company JSC (Leningrad Region, Russia, Kingisepp)

From 2012 till present - CEO of E.ON Connecting Energies GmbH (Moscow, Russia).

From 2012 till October 2013 - receiver of E.ON Russia LLC (Moscow, Russia).

From 2012 till present - member of the Board of Directors of Transport and Logistic Complex OJSC (Leningrad Region, Russia, Kingisepp).

And from 2012 till present — CEO, Chairman of the Management Board of E.ON Russia JSC.

From 2012 till present - receiver of E.ON Russia Power GmbH (Moscow, Russia).

From 2013 - Member of the Supervisory Board of NP Council of Power Producers.

Initially Mr Shirokov was elected a member of the Company Board of Directors on February 21, 2013 and last time he was re-elected on June 27, 2013. From July 2013 - Deputy Chairman of the Board of Directors of E.ON Russia JSC.

M.G. Shirokov does not have any shares in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board of Directors member.

The Company has no information regarding any claims brought against Mr. Shirokov.

OVERVIEW OF THE MEETINGS OF THE BOARD DIRECTORS FOR 2013

In total within 2013 the Board of Directors of E.ON Russia held 14 meetings, 1 of them in person.

The most important resolutions taken by the Board of Directors in 2013:

1) key investment projects issues

In July 2013 the Board of Directors updated the following essential parameters of the investment project "Construction of power unit No. 3 on the basis of 800 MW STU of Berezovskaya GRES branch, E.ON Russia JSC":

- capacity to be commissioned - 800 MW;
- commissioning date of the facility — on or prior to 01.05.2015;
- project budget – EUR 1,142 mln

At the same meeting of the Board of Directors it was resolved to implement the investment project "Construction of the dry ash and sludge removal system of Berezovskaya GRES branch of E.ON Russia JSC".

Project implementation term – 2013-2015, project budget – EUR 65.907 mln

2) risk management issues

- in August at the meeting of the Board of Directors an annual report on the corporate risk management system work in the Company and on the most significant risks in the Company activity was reviewed.

3) corporate governance improvement issues

During the year 2013 process of further improvement of the Company corporate governance was on, including:

- amendments were introduced into the Regulation on the Insider Information of E.ON Russia JSC;
- amendments were introduced into the Delegation of Authority Policy of E.ON Russia JSC;
- Regulation on Internal Audit Procedures of E.ON Russia JSC as amended was approved;
- change of the Company Management Board composition was approved;
- change of quantitative and personal composition of the Committees of the Company Board of Directors was approved;
- Environmental policy of E.ON Russia JSC as amended was approved;
- Licensing Agreement on using the trademarks between E.ON Russia JSC and E.ON SE was approved.
- E.ON Russia JSC participation in Russian-German Chamber of Commerce Alliance was approved;
- Resolution on liquidation of Heat Networks of Berezovskaya GRES branch of E.ON Russia JSC and introduction of amendments to the Articles of Association of E.ON Russia JSC was taken.

4) issues related to operations efficiency increase

- An Additional Agreement between E.ON Russia JSC and SUEK JSC was approved in August. Main agreements are:
 - 1) extension of coal supply for the needs of power units Nos. 1 and 2 of Berezovskaya GRES branch of E.ON Russia JSC till 31.12.2020;
 - 2) determination of the scope of coal supply for the operating equipment and the power plants equipment under construction, starting from 2014 in the amount required for actual annual electric power generation, power units in operation of Berezovskaya GRES branch of E.ON Russia JSC;
 - 3) introduction of the discount system to coal price depending on the scope of actual coal supplies for the needs of Berezovskaya GRES branch of E.ON Russia JSC;
 - 4) obtaining by E.ON Russia JSC of the option for extension of coal supplies for the needs of power units Nos. 1 and 2 of Berezovskaya GRES branch of E.ON Russia JSC on the agreed terms and conditions for the period from 01.01.2021 till 31.12.2025

- an additional agreement to the gas supply contract between E.ON Russia JSC and NOVATEK JSC for supply of additional gas volumes to Surgutskaya GRES-2 branch of E.ON Russia JSC in 2014-2027 was approved in August.
- Regulation on Procurement at E.ON Russia JSC was approved in new version;

5) other important issues of the Board of Directors activity

- approval of credit limits for financial partners of the Company and approval of the terms for monetary funds placement on deposit accounts;
- approval of the financial statements prepared under the International Financial Reporting Standards (IFRS) following the results of the financial year 2012;
- approval of the Company budget in the IFRS format for 2014;
- approval of transactions in the cases when their approval was required subject to the laws or the Company Articles of Association.

DATA ABOUT REMUNERATION AND COMPENSATIONS PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

Until February 21, 2013, the amount of remuneration and bonuses to the members of the Board of Directors and the procedure of their payment was regulated by the Regulation on the Board of Directors of E.ON Russia ^[1] approved by the Annual General Shareholders' Meeting on 24.06.2011. According to this Regulation members of the Board of Directors were entitled to:

- be compensated expenses associated with their duties performance as a member of the Board of Directors;
- receive quarterly fixed remuneration;
- receive an annual variable compensation depending on the level of the Company performance.

On February 21, 2013 an extraordinary general shareholders' meeting of E.ON Russia JSC approved the Regulation on the Board of Directors as amended, according to which the remunerations shall be paid only to those members of the Board of Directors who do not hold paid positions in E.ON Russia JSC and in its affiliates, and are not members of the Management Board of E.ON Russia JSC and its affiliates (cl. 11.4. of Art. 11 of the Regulation).

The total amount of remunerations and compensations paid to members of the Company Board of Directors in 2013 amounted to 17,106,231 roubles, including:
for participation in meetings in praesentia - 147,810.24 roubles;
quarterly remuneration - 4,097,764.51 roubles,
year remuneration (for 2012) - 12,860,656.25 roubles.

COMMITTEES OF THE BOARD OF DIRECTORS

The effective system of committees at the Board of Directors is an optimal and justified one, it allows for taking informed and effective decisions in the most important areas of the Company activity.

The Audit Committee was established on November 30, 2006 by the resolution of the Board of Directors of OGK-4, minutes No. 36.

It acts by virtue of the Articles of Association of E.ON Russia and the Regulation on the Audit Committee of the Board of Directors of OGK-4.

The Audit Committee responsibility includes: assessment of nominees of the Auditor, assessment of the Auditor's reports, assessment of the internal control procedure efficiency and development of recommendations for their improvement.

Data on the quantitative and personal composition of the Audit Committee in 2013:

^[1] Text of the Regulation on the Board of Directors of E.ON Russia is placed on the Company web-site www.eon-russia.ru in section "To Shareholders and Investors/Documents".

Period	Number of the Committee members	Committee composition in persons
01.01.2013-28.02.2013	2	Igor Yurievich Jurgens – Chairman of the Committee Reiner Hartmann
01.03.2013-26.09.2013	2	Sergey Maratovich Guriev - Chairman of the Committee Reiner Hartmann
27.09.2013-31.12.2013	2	Sergey Vladimirovich Malinov - Chairman of the Committee Reiner Hartmann

The Appointment and Remuneration Committee was established on April 14, 2008 subject to the resolution of the Board of Directors of OGK-4, minutes No. 87.

It operates on the basis of the Articles of Association of E.ON Russia and Regulation on the Appointment and Remuneration Committee of the Board of Directors of OGK-4.

The Appointment and Remuneration Committee responsibility includes: review of issues and development of recommendations on personnel matters and remuneration, which are related to the competence of the Board of Directors, and development of recommendations on personnel matters for executive bodies of the Company.

Data on the quantitative and personal composition of the Appointment and Remuneration Committee in 2013:

Period	Number of the Committee members	Committee composition in persons
01.01.2013-24.10.2013	3	Sebastian Eisenberg — Chairman of the Committee Andrey Vyacheslavovich Buzov Maksim Gennadyevich Shirokov
25.10.2013-31.12.2013	3	Joerg Tumat - Chairman of the Committee Natalya Viktorovna Mashistova Maksim Gennadyevich Shirokov

The New Build Steering Committee was established on March 16, 2009 subject to the resolution of the Board of Directors of OGK-4, minutes No. 108.

It acts by virtue of the Articles of Association of E.ON Russia and the Regulation on the New Build Steering Committee of the Board of Directors of OGK-4.

The Steering Committee's responsibilities include: issues of efficient management of the E.ON Russia Investment program implementation with due account for reasonable spending of the Company monetary funds, compliance with the environmental and industrial safety, requirements of occupational health, environmental protection in the points of the projects implementation through development of the solution drafts on the issues of the projects implementation.

Data on the quantitative and personal composition of the Steering Committee of the Board of Directors for New Build in 2013:

Period	Number of the Committee members	Committee composition in persons
01.01.2013-28.02.2013	8	Gerhard Seibel - Chairman of the Committee Sebastian Eisenberg - Deputy Chairman of the Committee Ulf Backmeyer

		Donald Weir Derek Parkin Peter Modrei Igor Viktorovich Popov Maksim Gennadyevich Shirokov
01.03.2013- 20.06.2013	7	Gerhard Seibel - Chairman of the Committee Sebastian Eisenberg - Deputy Chairman of the Committee Ulf Backmeyer Donald Weir Peter Modrei Igor Viktorovich Popov Maksim Gennadyevich Shirokov
21.06.2013- 26.09.2013	8	Gerhard Seibel - Chairman of the Committee Sebastian Eisenberg - Deputy Chairman of the Committee Ulf Backmeyer Donald Weir Colin Skoins Peter Modrei Igor Viktorovich Popov Maksim Gennadyevich Shirokov
27.09.2013- 24.10.2013	7	Sebastian Eisenberg - Committee Chairman Ulf Backmeyer - Deputy Chairman of the Committee Donald Weir Colin Skoins Peter Modrei Igor Viktorovich Popov Maksim Gennadyevich Shirokov
25.10.2013 31.12.2013	8	Sebastian Eisenberg - Committee Chairman Ulf Backmeyer - Deputy Chairman of the Committee Donald Weir Colin Skoins Peter Modrei Igor Viktorovich Popov Joerg Tumat Maksim Gennadyevich Shirokov

The Risk and Finance Committee was established on June 30, 2009 subject to the resolution of the Board of Directors of OGK-4, minutes No. 115.

It operates on the basis of the Articles of Association of E.ON Russia and Regulation on the Risk and Finance Committee of the Board of Directors of OGK-4.

The competence of the Risk and Finance Committee includes review of the issues and development of recommendations to the Board of Directors and executive bodies in the area of risk-management and financial management.

Data on the quantitative and personal composition of the Risk and Finance Committee in 2013:

Period	Number of the Committee members	Committee composition in persons
01.01.2013 24.10.2013	4	Ulf Backmeyer - Committee Chairman Sebastian Eisenberg - Deputy Chairman of the Committee Andrey Nikolayevich Zhukovskiy Yelena Vladimirovna Talalaeva
25.10.2013 31.12.2013	4	Ulf Backmeyer - Committee Chairman Tumat Joerg - Deputy Chairman of the Committee Andrey Nikolayevich Zhukovskiy Yelena Vladimirovna Talalaeva

PARTICIPATION OF THE BOARD OF DIRECTORS MEMBERS IN THE COMMITTEES OF THE BOARD OF DIRECTORS OF E.ON RUSSIA						
Name	Position	Years of service in the Board of Directors	Audit Committee	Risk and Finance Committee	Appointment and Remuneration Committee	Steering Committee for New Build
Mike Winkel	Member of the Board of Directors	4				
Sergey Maratovich Guriev	Member of the Board of Directors	1	+			
Jorgen Kildahl	Member of the Board of Directors/ Chairman of the Board of Directors	1				
Sergey Vladimirovich Malinov	Member of the Board of Directors	1	+			
Albert Bernhard Wilhelm Reutersberg	Chairman of the Board of Directors/ Member of the Board of Directors	3				
Gunter Eckhardt Rümmler	Member of the Board of Directors	5				
Karl-Heinz Feldmann	Member of the Board of Directors	5				

Reiner Hartmann	Member of the Board of Directors	6	+		
Maksim Gennadyevich Shirokov	Deputy Chairman of the Board of Directors	1		+	+

MANAGEMENT BOARD

The Management Board is a collective executive body that controls major issues of day-to-day management of the Company business within the framework of authorities provided by the Articles of Association and Regulation on the Management Board of E.ON Russia¹¹. The Management Board reports to the Board of Directors and General Shareholders' Meeting.

E.ON Russia policy in the area of corporate governance enhancement is consistently focusing on boosting up significance of the Management Board in exercising management of current activities, positioning it as the body elaborating the consistent stance of the Company top management in the key areas of operations. Enhancement of the Management Board activities is also conditioned by a more extensive application of the principle of collective leadership of management resolutions adoption in order to minimize the risk of ineffective management resolutions.

Resolution of the Company Board of Directors dated 16.07.2012 instructed the Company Management Board to preliminarily consider all items submitted for consideration by the Company Board of Directors, and provide recommendations to members of the Company Board of Directors on voting on the items specified.

The key responsibilities of the Management Board include:

- development and submission for review by the Board of Directors of long-term plans on implementation of the major lines of the Company activity;
- approval of essential long-term investments of the Company;
- approval of major transactions of the Company;
- determination of the Company stance as regards regulation of a number of crucial issues on the Company subsidiaries activity;
- establishment of social guarantees and preferences to the Company employees;
- development of the solution drafts and recommendations for the Company Board of Directors.

Pursuant to cl. 18.3 of the Articles of Association of E.ON Russia members of the Company Management Board are elected by the Board of Directors in the number of minimum three persons. The Board of Directors may determine a greater number of the Management Board members.

The Company Board of Directors by its resolution dated July 08, 2010 determined the quantitative composition of the Management Board — 5 persons.

Data on changes in the personal composition of the Management Board of E.ON Russia in 2013:

Period	Management Board composition in person
01.01.2013 – 24.10.2013	Maksim Gennadyevich Shirokov — Chairman of the Management Board Sebastian Eisenberg Ulf Backmeyer Igor Viktorovich Popov

¹¹ Text of the Regulation on the Board of Directors of E.ON Russia is placed on the Company web-site WWW.EON-RUSSIA.RU in section "To Shareholders and Investors/Documents".

25.10.2013 – 31.12.2013	Maksim Gennadyevich Shirokov — Chairman of the Management Board Ulf Backmeyer Timur Vladimirovich Lipatov Igor Viktorovich Popov Joerg Tumat
--------------------------------	--

Data on persons being members of the Company Management Board:

Maksim Gennadyevich Shirokov - CEO, Deputy Chairman of the Board of Directors, Chairman of the Management Board, member of the Appointment and Remuneration Committee of the Board of Directors, member of the Steering Committee of the Board of Directors for New Build.

Date of election to the Company Management Board: July 16, 2012.

From 1992 till 1993 he worked as an expert, head of the foreign economic relations of the Trade and Finance Company Ortex in Moscow. In 1993–2001 — sales representative, sales and marketing manager, department head of 3M Russia JSC in Moscow. In 2001 –2004 he was elected CEO, President of Uralkaliy JSC, Berezniki, Perm Region. In 2004–2005 - Chairman of the Management Board of Electrometallurgical works Dneprospetsstal, Zaporozhie, Ukraine. In 2005–2007 - CEO of Rusagro-Maslo LLC, Moscow. In 2007–2008 he took office of CEO of Vostok-Service Spetskomplekt CJSC, Moscow. In 2008–2012 — CEO of Ust-Luga Company JSC, Saint-Petersburg.

From 2012 till present - CEO of E.ON Connecting Energies GmbH (Moscow, Russia).

In 2012 - Director General of E.ON Russia GmbH (Moscow, Russia) and E.ON Russia Power GmbH (Moscow, Russia).

From 2012 till October 2013 - receiver of E.ON Russia LLC (Moscow, Russia).

From 2012 till present - member of the Board of Directors of Transport and Logistic Complex OJSC (Russia, Leningrad Region, Kingisepp).

From 2012 till present - receiver of E.ON Russia Power GmbH (Moscow, Russia).

From 2013 - Member of the Supervisory Board of NP Council of Power Producers.

And from 2012 till present — CEO of E.ON Russia JSC, Moscow.

M.G. Shirokov has no share in the Company authorized capital.

The Company has no information regarding any claims brought against Mr. Shirokov.

Ulf Backmeyer — Deputy General Director, Finance and Economics, E.ON Russia, Chairman of the Risk and Finance Committee, member of the Committee for New Build, member of the Steering Committee for New Build of the Board of Directors.

Date of election to the Company Management Board: January 27, 2011

Mr. Backmeyer was the member of the Board of Directors of a number of telecommunication companies: in 2007-2008 - Astrakhan Mobile CJSC (Astrakhan), Volgograd Mobile CJSC (Volgograd), Mobile Systems of Communication CJSC (Omsk), in 2008 - 2010 - Sibintertelecom CJSC (Chita), MTS-P JSC (Moscow).

From 2009 till mid 2011 Mr. Backmeyer was a member of the Revision Commission of TS Retail CJSC (Moscow) and member of the Board of Directors of K-Telecom JSC (Erevan, Armenia). From 2010 till June 2011 was a member of the Board of Directors of Comstar-OTS JSC and Multiregion CJSC (Moscow).

In 2011 he was Deputy Director General of E.ON Russia LLC (Russia, Moscow).

Ulf Backmeyer does not have any shares in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board member.

The Company has no information regarding any claims brought against Mr. Backmeyer.

Timur Vladimirovich Lipatov – Deputy Director General, New Build and Strategic Development, E.ON Russia JSC.

Date of election to the Company Management Board: October 24, 2013.

From 2003 till 2006 he held various positions in Tekhnopromexport Foreign Economic Association FSUE.

From 2006 till 2007 - Head of the Projects Department of OGK-5 JSC.

From 2009 till 2011 - Executive Director, Capital Construction, E.ON Russia JSC.

From 2011 till 2012 - Deputy Director General for Investment and Development of E.ON Russia JSC.

From 2012 till 2014 - Director for Investment and Development of E.ON Russia JSC.

From February 2014 - Deputy Director General, New Build and Strategic Development, E.ON Russia JSC.

T.V. Lipatov has no share in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board member.

The Company has no information regarding any claims brought against Mr. Lipatov.

Igor Viktorovich Popov — Deputy General Director for Production of E.ON Russia, member of the Steering Committee for New Build, E.ON Russia JSC.

Date of election to the Company Management Board: July 16, 2012.

In 1988-1989 worked as a maintenance and testing engineer of Baikalskiy pulp and paper plant, Baikalsk,

in 1989-1995 — auxiliary operator for boiler equipment, operator of the main control board, shift supervisor of the boiler shop of Chita CHP-1 of Chitaenergo JSC, Chita. In 1995-1998 — Lead Engineer, Head of the reliability and safety service of Chitaenergo JSC, Chita, and in 1998-2002 — Chief Engineer of Chita CHP-1 Chitaenergo JSC, Chita. In 2002-2003 — Director of Substation of Chitaenergo enterprise of MES, Chita, in 2003-2007 — Deputy General Director for Operation, First Deputy General Director — Technical Director of Kharanorskaya GRES, Chief Engineer of Kharanorskaya GRES JSC of OGK-3, settlement of Yasnogorsk. In 2007-2009 — Director for Production, General Director of OGK-3 JSC, Moscow. From 2009 till 2009 — Director of Yaivinskaya GRES branch of OGK-4 JSC, settlement of Yaiva, Perm Territory.

From 2007 till 2009 - Chairman of the Board of Directors of Remservice KGRES JSC, Kharanorenergoremont JSC, Energoservice JSC, CES JSC.

Since 2009 - Deputy General Director, Production, E.ON Russia.

I.V. Popov has no share in the Company authorized capital. During 2013, there were no transactions with the Company securities between E.ON Russia and the Board member.

The Company has no information regarding any claims brought against Mr. Popov.

Joerg Tumat - Deputy Director General of E.ON Russia JSC for Commerce, Chairman of the Appointment and Remuneration Committee of the Board of Directors, Deputy Chairman of the Risk and Finance Committee of the Board of Directors, member of the Steering Committee of the Board of Directors for New Build.

Date of election to the Company Management Board: October 24, 2013.

From 1998 till 2001 - Head of the Secretariat of the German-Russian Coordination Board for Agriculture and Food Industry.

From 2002 to 2006 Head of the Division of Eastern Department for Gas Procurement of E.ON Ruhrgas.

From 2006 to 2013 member of the Management Board, Executive Vice President of Latvijas Gaze JSC.

Since July 2013 — member of the Management Board, Deputy General Director for energy management of E.ON Russia.

J. Tumat does not have any shares in the Company authorized capital; during 2013, there were no transactions with the Company securities between E.ON Russia and the Board member.

The Company has no information regarding any claims brought against Mr. Tumat.

REVIEW OF THE BOARD MEETINGS

In 2013 there were held 48 meetings of the Management Board. At the meetings the Management Board discussed issues related to all the areas of the Company operating activity. The following issues were reviewed at the meetings of the Management Board in 2013:

- strategy of the Company development;
- review and approval of the HR strategy of the Company;
- review and approval of the IT strategy of the Company;
- review and approval of the strategy in procurement by the Company;
- communication strategy of the Company was reviewed;
- drawing up and progress of the Company business plan;
- approval of the actual key performance indicators (KPI) for 2012;
- approval of KPI for 2013;
- optimization of the long-term planning process;
- on centralizing the treasury of the Company;
- approval of the required transactions and the results of procurement procedures;
- efficiency of operation at the energy markets;
- insurance coverage of the Company;

- personnel training system;
- turnover and fluctuation of the staff;
- on lending specified forms of corporate support for housing improvements to the employees;
- a list of the non-core property of the Company and ways of managing it were approved;
- other issues of the Company's current activity.

Corporate reports on risks and chances of E.ON Russia were heard every quarter at the meetings of the Management Board. Results of work in all the areas of E.ON Russia activity were heard once every six months.

According to the corporate procedures all issues submitted to the Board of Directors of E.ON Russia JSC were mandatory preliminary discussed at the meetings of the Management Board of the Company.

DATA ABOUT REMUNERATION AND COMPENSATIONS PAID TO THE MEMBERS OF THE MANAGEMENT BOARD

Remunerations and compensations to the Company employees being the Management Board members are paid on the grounds of the labour contracts signed with them as the Company full-time employees, the terms and conditions of the labour contracts are approved by the Board of Directors.

Regulation on E.ON Russia Management Board does not provide for any special remuneration or compensation for performance of functions of the Management Board member.

In 2013 no other remuneration and compensation was paid to the Management Board members.

CEO

CEO is the Company sole executive body. His authority covers all issues related to management of the current activity, except for those which are the direct competence of the General Shareholders' Meeting, the Board of Directors or the Management Board of E.ON Russia.

The authority of the CEO covers the right to represent the Company interests without any power of attorney, conclude transactions, including transactions approved by the collective management bodies of the Company, dispose of the property and monetary funds of the Company, open settlement and other accounts in banks and other credit institutions, approve manning table, issue orders, approve instructions, local regulatory acts and other internal documents. CEO reports to the Board of Directors of E.ON Russia.

CEO is elected by the Company Board of Directors by the majority of votes present at the members' meeting.

By resolution of the Board of Directors dated July 16, 2012 Maksim Gennadyevich Shirokov was elected to the position of the Company CEO, he took the office on July 17, 2012.

Maksim Gennadyevich Shirokov

Born on 03.06.1966 in Moscow

Education:

Moscow Military Red Banner Institute (1988).

Moscow Law Institute (1994).

Pacific Coast University, USA MBA (1996).

London business-school (2003).

He has an extensive experience in management work, currently concurrently holds a number of leading positions both in the companies of E.ON Group and in other companies that do not belong to the electric power industry.

<i>Month and year of entry</i>	<i>Positions currently occupied, with the institution, company, enterprise name</i>	<i>Location of the institution, company, enterprise</i>
07.2013	Chairman of the Board of Directors of E.ON Russia JSC	10, Presnenskaya naberezhnaya, Block B, Moscow 123317

2013	Member of the Supervisory Board of NP Council of Power Producers	28V Balaklavskiy prospect, build. B, Moscow 117452
07.2012	Receiver of E.ON Russia Power GmbH	10, Presnenskaya naberezhnaya, Block B, Moscow 123317
07.2012	CEO, Chairman of the Management Board of E.ON Russia JSC	10, Presnenskaya naberezhnaya, Block B, Moscow 123317
09.2012	Member of the Board of Directors of Transport and Logistic Complex Open Joint Stock Company	25/2 prospect Karl Marx, Kingisepp, Leningrad Region
11.2012	CEO of E.ON Connecting Energies GmbH	5 Chernoozerskiy proezd, Shatura

Positions occupied for the last five years:

Month and year of taking the office/ leaving		Position and entity, company name	Location of the institution, company, enterprise
07.2008	07.2012	CEO of Ust-Luga Company JSC	25/2 pr. Karl Marx, Kingisepp 188480, Leningrad Region, Russia
07.2012	10.2013	CEO, Receiver of E.ON Russia LLC	10, Presnenskaya naberezhnaya, Block B, Moscow 123317
07.2012	2012	CEO of E.ON Russia Power GmbH	10, Presnenskaya naberezhnaya, Block B, Moscow 123317

M.G. Shirokov has no share in the Company authorized capital.

DATA ABOUT REMUNERATION AND COMPENSATIONS PAID TO CEO

Remuneration and compensations of CEO, including terms and conditions of financial incentives are set forth in the labour contract with the Company CEO, its terms and conditions are approved by the Board of Directors of E.ON Russia.

No other remuneration except for those stipulated by the terms and conditions of the labour contract was paid to the CEO.

5.4. Control Bodies and System

E.ON Russia has the following structure of control bodies for financial and economic activity.

REVISION COMMISSION

Pursuant to cl. 9.2. of E.ON Russia Articles of Association the Revision Commission is the body in charge for control over financial and business activity of the Company.

The Revision Commission is elected by the General Shareholders' Meeting for the term of office till the next annual General Shareholders' Meeting.

The Revision Commission exercises continuous control over finance and operating activities of the Company and its economically autonomous organization units, officials, bodies of management and structural organization units. Scope of authority and procedure of operation of the Revision Commission is defined in the Regulation on the Revision Commission of E.ON Russia¹².

Quantitative composition of the Revision Commission as per the Company Articles of Association is 4 persons.

During the period from January 01, 2013 through June 27, 2013 the Revision Commission that was elected at the annual General shareholders' meeting on June 29, 2012, worked in the following composition:

1. Wilhelm Michael Winfried Christian
2. Aleksey Sergeyevich Asyaev
3. Denis Kittler
4. Thomas Fecker

On June 27, 2013, the General Shareholders' Meeting of the Company elected the Revision Commission in the following composition:

Wilhelm Michael Winfried Christian — Chairman of the Company Revision Commission, Senior Vice President for Financial Statements of E.ON SE (Chief Accountant);

Aleksey Sergeyevich Asyaev - till 01.10.2012 - Director of the Internal Audit Department of E.ON Russia LLC, from 01.10.2012 till present — Head of the Internal Audit Department of E.ON Russia JSC;

Mikhail Mikhaylovich Rabkin – September 2012 to April 2013 - Chief Specialist of the Internal Audit of E.ON Russia JSC. From 2013 - internal auditor of Itella LLC.

Thomas Fecker — from 2011 till present — Vice President for corporate audit of E.ON SE.

Pursuant to cl. 12.2 of the Regulation on the Company Revision Commission no remuneration to the Revision Commission members is provided.

In 2013 no remuneration was paid to the Revision Commission members.

¹² *Text of the Regulation on the Revision Commission of E.ON Russia is placed on the Company web-site WWW.EON-RUSSIA.RU in section "To Shareholders and Investors/Documents".*

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department is a specialized structural organization unit of the Company that controls financial and economic activity. The Company Board of Directors approved the Policy for Internal Audit. The internal control is based on the Regulation on Internal Audit System of E.ON Russia approved by the Board of Directors, and functions, procedures and methods of control applied by the Internal Audit Department are set forth in the Regulation on Internal Audit Procedures of E.ON Russia, also approved by the Board of Directors. The most important functions of the Internal Audit Department are timely and qualitative internal revisions and audits aimed at effective use of the Company resources, assessment of the risk management systems efficiency, as well as efficiency of control and corporate management systems efficiency.

A system of internal control based on best practices applied by the companies of E.ON Group, is implemented within the Company. Internal control is a process effected by the Board of Directors, Company management and employees aimed at provision of sufficient confidence in targets achievement as regards activity efficiency, reliability of the financial statements, compliance with the applicable legal and regulatory acts requirements, ensurance of the assets soundness.

The Company has channels of communication to communicate cases of violation or non-conformity found in the process of financial statements preparation or in the work of the internal audit system. Any employee is entitled to address the issues specified to the Internal Audit Department and the Audit Committee of the Board of Directors.

EXTERNAL AUDITOR

On June 27, 2013 the annual General Shareholders' Meeting of E.ON Russia approved PricewaterhouseCoopers Audit CJSC as an external auditor.

The amount of remuneration payable to the auditor is defined by the Company Board of Directors.

Pursuant to the resolution of the Board of Directors the remuneration amount to the external auditor amounted to:

- for accounting reports audit for the reporting period ending on December 31, 2013, drawn up in compliance with the Russian laws - 6,009,917.80 roubles (net of VAT);
- for financial statements audit for the reporting period ending on December 31, 2013, drawn up in compliance with IFRS - 19,343,483.90 roubles (net of VAT).

THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF E.ON RUSSIA JSC

The Audit Committee of the Company Board of Directors was composed on November 30, 2006 by resolution of the Board of Directors of OGK-4 OAO on the basis of the Articles of Association of E.ON Russia and Regulation on the Audit Committee of the Board of Directors of OGK-4.

The Committee is an advisory and negotiation body of the Board of Directors that provides for actual participation of the Board of Directors in control over financial and economic activities of the Company and objective informing of the Board of Directors on the quality of work of the internal audit and analysis of the Company financial statements.

The Audit Committee responsibility includes: assessment of nominees of the Auditor, assessment of the Auditor's reports, assessment of the internal control procedure efficiency and development of recommendations for their improvement.

The Committee consists of minimum two members. Only members of the Board of Directors are entitled to be the members of the Committee.¹³

5.5. Interested Party Transactions. Major Transactions.

Pursuant to the legal requirements of the Russian Federation interested party transactions are subject to approval by the Company Board of Directors prior to their conclusion — by the majority of votes of

¹³ The Audit Committee composition in persons, that functioned within 2013, is specified in cl. 5.3 of the Annual Report - in subsection "Committees of the Board of Directors"

independent directors not interested in their conclusion. If all members of the Board of Directors are found interested or are not independent, or the transaction or several interrelated transactions subject is property, which cost subject to the accounting amounts to 2 and more per cent of the balance cost of E.ON Russia assets, and if by means of the transaction 2 and more per cent of E.ON Russia shares or securities are placed (such securities can be converted into E.ON Russia shares) then such transaction conclusion is subject to approval by the resolution of the General Shareholders' Meeting by majority of votes of all shareholders not interested in the transaction.

Transactions the subject of which is acquisition/alienation (possibility to alienate) by the company of the property, which cost exceeds 25% of the balance cost of the Company assets (except for transactions within ordinary business activity) are deemed to be major transactions subject to the effective laws and are subject to approval unanimously by all members of the Board of Directors, and if the property cost exceeds 50% of the assets balance cost then such transactions are subject to approval by the General Shareholders' Meeting by the majority of $\frac{3}{4}$ votes of the Company voting shares owners.

The Company shall track interested party transactions and major transactions by preliminary agreement of the transactions by the relevant Company structural units, weekly monitoring of the agreements signed, keeping register of all such transactions and maintaining the database subject to the data submitted by the members of the Board of Directors and Management Board of E.ON Russia on the companies, in which they occupy management positions or have share. The list of interested party transactions is specified in Annex No. 3 hereto, no major transactions were effected in 2013.

5.6. Subsidiaries and Affiliates ¹⁴

Name	Teplosbyt OOO	Shaturskaya Upravlyayushchaya Kompaniya JSC	E.ON Connecting Energies GmbH
Location:	5 Chernoozerskiy proezd, Shatura 140700, Moscow Region, Russian Federation	4 Konny proezd, Shatura 140700, Moscow Region, RF	10 Presnenskaya naberezhnaya, Moscow 123317, RF ¹⁵
Core business:	Participation, jointly with administration of the GRES areas of presence in managing organizations for management of apartment houses.	Providing of housing and public utility services, maintenance of the housing stock	Submission of distributed energy solutions, in particular: development, engineering, installation, operation, maintenance and optimization of distributed energy assets.
Share of participation in the authorized capital, %	100	51 (indirectly, via Teplosbyt OOO)	100
Date of state registration:	28.11.2007	31.03.2008	16.11.2012

¹⁴ The information is presented with regard to Companies in whose authorized capitals E.ON Russia's share is over 5%.

¹⁵ Data are submitted as of the date of the Annual Report for 2013 approval.

5.7. Participation in non-profit organizations

The Company's membership in non-profit organizations is presented below:

Name of the non-profit organization	Grounds of participation	Purpose of participation
NP Market Council	Resolution of the Board of Directors dated January 29, 2007	A prerequisite for obtaining the status of the wholesale market participant; status of the entity acting in the wholesale electricity market.
NP Building Union of the Capital Self-regulating organization	Resolution of the Board of Directors dated December 16, 2009	Necessity to receive the access certificate issued by a self-regulating organization, with the purpose of carrying out organization of construction, reconstruction and overhaul of the capital structures.
NP Council of Power Producers	Resolution of the Board of Directors dated January 27, 2011	Assistance to the members of the Partnership in performing the activity aimed at development of the electric power industry in the Russian Federation, improvement of the investment climate, introduction of new technologies.
Russian Union of Industrialists and Entrepreneurs Organizational Development Group	Resolution of the Board of Directors dated September 27, 2012	Consolidation of the efforts of industrialists and entrepreneurs of Russia aimed at improvement of the business environment, increase of the Russian business status in the country and in the world, support of the balance of interests of the Company, authorities and business.
Russian-German Chamber of Commerce Alliance	Resolution of the Board of Directors dated April 09, 2013	Support of the business contacts and efficient collaboration with German companies operating in Russia. Participation in carrying out special events for developing Russian-German relations.

6. SHARES AND STOCK MARKET

6.1. Structure of the Share Capital

For the last 3 years the Company share capital underwent no material changes. Total number of persons registered in the shareholders register of E.ON Russia as of December 31, 2013 amounted to 302,396, including¹⁶:

Structure in terms of types of client accounts	2012, pcs.	2013, pcs.	2012, Share, %	2013, Share, %
Ultimate owners	302,526	301,805	85.53	85.47
legal entities, including:	648	649	83.92	83.93
Commercial companies	467	467	83.74	83.92
of them owned by E.ON Russia Holding GmbH	-	-	83.73	83.73
Financial and credit companies	159	159	less than 0.01	less than 0.01
Non-profit organizations	14	14	less than 0.01	less than 0.01
Federal Authorities	3	4	less than 0.01	less than 0.01
Authorities of RF constituent entities	5	5	0.01	0.01
Local Authorities	-	-	-	-
Natural Persons	301,878	301,156	1.61	1.54
Non-ultimate owners	594	591	14.47	14.53
Nominal holders	26	17	14.46	14.52
of them owned by E.ON Russia Holding GmbH	-	-	-	¹⁷
Trust managers	3	3	less than 0.01	less than 0.01
Shares in common property	565	571	0.01	0.01
Total	303,120	302,396	100	100

Within 2013 the Company placed no additional shares issues.

6.2. Shares at Stock Exchange

OUTSTANDING SHARES

Quantity, pcs.	63,048,706,145 full and 4,492,504,287/ 49,130,625,974 fractional
----------------	--

¹⁶ Subject to the data submitted by the Registrar.

¹⁷ Since 10.10.2012 share of E.ON Russia Holding GmbH has increased from 82.30 % up to 83.73 %, of them 3.99% are in nominal holding.

with the nominal value, roubles	0.40
State number of issue	1-02-65104-D
Date of state registration of issue	April 19, 2007
Authorized capital, roubles	25,219,482,458.37

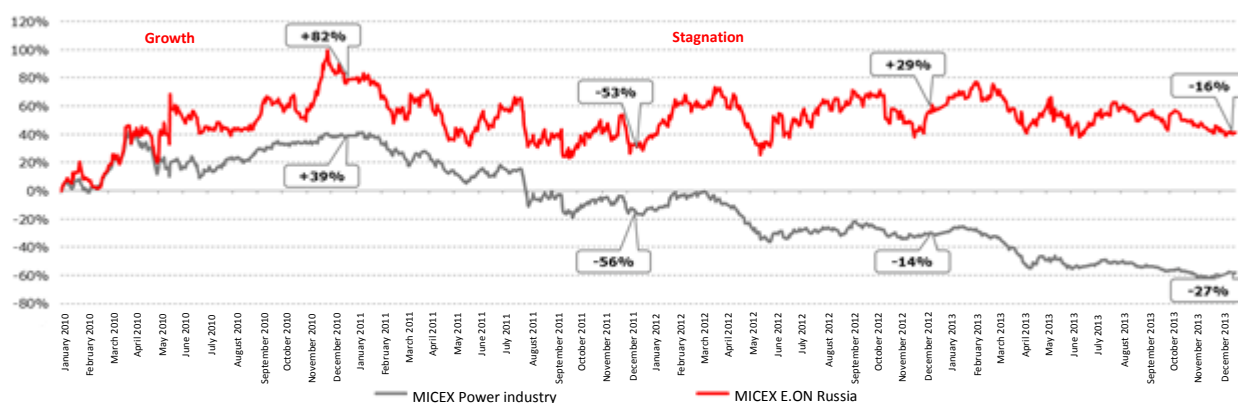
Ordinary shares of E.ON Russia JSC are included into the List “Б” and are traded at the Moscow Stock exchange.

Equity market of the Moscow Stock Exchange includes 3 sectors - Primary market, Standard, Classica. Moscow Interbank Currency Exchange CJSC organizes trade at the Moscow Stock Exchange.

CODES OF E.ON RUSSIA SHARES IN THE TRADE SYSTEMS

Stock exchange	Ordinary shares	Trading commencement date
Moscow Interbank Currency Exchange, (MICEX) CJSC	EONR/till 18.11.2011 OGK4	August 2, 2006
Standard	EONR/earlier OGKDG	July 14, 2006
Classica	EONR/earlier OGKD	August 15, 2006

Dynamics of the market of the power industry shares in 2010-2013



Growth of 2010

Main drivers:

- 1) Market liberalization outlook,
- 2) Introducing long-term capacity market,
- 3) Optimistic expectations regarding the new tariff regulating system for the grid companies.

MICEX index Power industry plus 39%.

Commissioning of 400 MW CCGT at Shaturskaya GRES branch in November 2010 was a supplementary driver of growth for E.ON Russia capitalization.

Capitalization of E.ON Russia plus 82%.

Stagnation

<u>2011</u>	<u>2012</u>	<u>2013</u>
Main drivers: 1) Industry-wide fundamental factors of growth are exhausted. 2) First actions of the Government aimed at control over the electric power prices. MICEX index - Power industry minus 56%. Commissioning of new more efficient power units at Surgutskaya GRES-2 and Yaivinskaya GRES were a supplementary driver for E.ON Russia capitalization maintenance. Capitalization of E.ON Russia minus 53%.	Main drivers: 1) Reform slowdown, 2) Consolidation of the assets in the industry, 3) Tariff indexation lower than expected. MICEX index Power industry minus 14%. Additional growth driver of E.ON Russia capitalization – best operating results in the industry. Capitalization of E.ON Russia plus 29%.	Main drivers: 1) Tariffs "freezing" MICEX index Power industry minus 27%. Additional retention driver of E.ON Russia capitalization – best operating results in the industry. Capitalization of E.ON Russia minus 16%.

For von electric power industry E.ON Russia.

Resulting decrease of the MICEX Power industry rate from January 2010 till December 2013 amounted to 58%. During the same period capitalization of E.ON Russia increased by 42%.

Total market capitalization of E.ON Russia in the reporting period is shown in the table below.

MARKET CAPITALIZATION IN 2012-2013			
Date	Market value	Number of outstanding shares	Market capitalization, roubles
31.12.2012	2.62	63,048,706,145	165,477,634,148
31.03.2013	2.62	63,048,706,145	165,143,476,006
30.06.2013	2.34	63,048,706,145	147,395,265,226
30.09.2013	2.48	63,048,706,145	156,581,461,711
31.12.2013	2.35	63,048,706,145	148,076,191,252

Source: Moscow Interbank Currency Exchange Stock Exchange CJSC

6.3. Dividends

At the Company annual General Shareholders' Meeting in 2013 held following the results of 2012, it was resolved on dividends payment for ordinary shares of E.ON Russia JSC following the results of 2012 financial year in the amount of 0.289541 roubles per one ordinary share. The total amount of dividends amounts to 18,255,203,000 roubles. – 99.28 % net profit of the Company following the results of 2012 financial Year.

As of 31.12.2013 18,074,980,694.74 roubles are paid, or 99.01 %.

6.4. Registrar Data

Since 2009 Registrar R.O.S.T. JSC has been E.ON Russia's Registrar — a leader among major and rapidly developing registrar companies.

In 2013, R.O.S.T Registrar once again demonstrated consistently high activity rates: revenue for 9 months amounted to 608.1 mln roubles (exclusive of VAT), net profit - 176.2 mln roubles.

Within 9 months R.O.S.T. Registrar started operations in 137 registers, including such companies as Raspadskaya JSC (EVRAZ asset), Elpa Research Institute JSC, AtomEnergSbyt JSC, AtomCapital JSC (State Corporation Rosatom asset), MOSGAZ JSC, United Metallurgical Company CJSC, Scientific and Research Institute of Electrical Engineering (asset of the Federal Space Agency (Roskosmos)), Severnaya Verf Shipyard JSC. Total number of R.O.S.T. clients amounted to 3,341. According to this indicator, R.O.S.T. is the absolute leader among registrar companies. The number of maintained companies includes 49 issuers, securities of which are traded at organized trading, including 16 issuers of depositary receipts present at foreign stock exchanges.

Regional network of R.O.S.T. in the beginning of 2014 counts 35 regional organization units, operating in 8 federal districts of the Russian Federation and is the largest at the registrars market. Affiliated companies of R.O.S.T. Registrar JSC, performing depository activity of the depository institution (license of the Securities and Stock Market State Commission No. 263224), depository activity of the custodian (license of the Securities and Stock Market State Commission No. 520458) and broker activity (license of the Securities and Stock Market State Commission No. 520457) have operated in the territory of Ukraine since 2007.

NAME OF THE REGISTRAR	REGISTRAR R.O.S.T. JSC
Address	18 Stromynka Str., build. 13, Moscow
Phone	(495) 771-7335, 771-7336
Fax	(495) 771-7334
Web-site	WWW.RROST.COM
E-mail address	rost@rrost.ru
Number of registrar company branches in the territory of Russia	35

7. OPERATIONS OVERVIEW

7.1. Key Performance Indicators of the Company for 2013

Major indicators characterizing the operating activities of the generating company are: Electric power generation, Heat power output from the headers, ICUF

Indicators: Electric power generation and heat power output from the headers allow evaluating the business scope of the generating company.

ICUF indicator demonstrates the demand in its production capacities.

GENERATION OF ELECTRIC POWER

In 2013 branches of E.ON Russia generated 62 bln995 mln kW h of electric power.

In comparison with actual 2012, generation of electric power reduced by 1 bln 207 mln kWh (1.9%).

Significant reduction happened in two branches:

- at Berezovskaya GRES branch the cause for reduction was scheduled simultaneous shut-down of 2 power units for 36 days in order to perform the works of 500 KW busbar assembly within the project of construction of power unit No. 3 on the basis of 800 MW STU.
- at Yaivinskaya GRES branch the generation reduction is related to changing the equipment composition with regard to the market situation (power consumption stagnation, new capacities commissioning).

Increase in generation by Smolenskaya GRES and Shaturskaya GRES is conditioned by mode and balance situations in the regions and correspondingly, by capacities load by regional dispatch control of the System Operator.

Electric power generation of the most popular power plant of E.ON Russia - Surgutskaya GRES-2 is annually at stable level.

Power plant	Unit of measurement.	2011	2012	2013
Surgutskaya GRES-2	mln kWh	38,829	39,967	39,850
Berezovskaya GRES	mln kWh	11,082	10,738	10,020
Shaturskaya GRES	mln kWh	5,893	5,185	5,311
Smolenskaya GRES	mln kWh	1,809	1,966	2,030
Yaivinskaya GRES	mln kWh	4,854	6,346	5,784
E.ON Russia	mln kWh	62,467	64,202	62,995

INSTALLED CAPACITY UTILIZATION FACTOR (ICUF)

Demand in the production capacities of E.ON Russia stays at a high level and amounts to 70% every year.

Power plant	Unit of measurement.	2011	2012	2013
Surgutskaya GRES-2	%	85.0	81.3	81.3
Berezovskaya GRES	%	81.2	76.4	71.5
Shaturskaya GRES	%	45.1	39.5	40.6

Smolenskaya GRES	%	32.8	35.5	36.8
Yaivinskaya GRES	%	71.2	70.5	64.4
E.ON Russia	%	73.6	70.7	69.5

GENERATION OF HEAT POWER (HEAT POWER OUTPUT FROM THE HEADERS)

In the reference period total volume of heat power output from the headers of E.ON Russia amounted to 2,145 thousand Gcal.

In comparison with actual 2012, total volume of heat power output is reduced by 40 thousand Gcal (1.8%).

The main reason for this reduction is abnormally warm temperature of the outdoor air in November-December 2013.

Power plant	Unit of measurement.	2011	2012	2013
Surgutskaya GRES-2	thousand Gcal	863	891	909
Berezovskaya GRES	thousand Gcal	694	731	696
Shaturskaya GRES	thousand Gcal	403	401	384
Smolenskaya GRES	thousand Gcal	66	67	65
Yaivinskaya GRES	thousand Gcal	100	95	91
E.ON Russia	thousand Gcal	2,126	2,185	2,145

7.2. Fuel Mix Information

Power plants of E.ON Russia JSC use gas, coal and fuel oil as process fuel, besides it is possible to use peat, but in 2013 it was not combusted. Basic fuel in the Company fuel mix is gas: in 2013 — 82.24% of the total fuel consumption.

The major consumer of gas is a mono-fuel Surgutskaya GRES-2. In 2013 the power plant mainly used associated petroleum gas produced at oil fields located in close proximity to the power plant.

Berezovskaya GRES uses lignite as main fuel. Fuel oil is used at power units only during start-up operations. The major share of coal is supplied to the power plant by the ground conveyor from the coal pit Berezovskiy-1 located 14 km away from the branch. Coal consumption by Berezovskaya GRES in 2013 amounted to 6,264.4 ths. tons.

Shaturskaya, Smolenskaya and Yaivinskaya GRES can use various types of fuel for technological purposes. However, taking into account the prices conjuncture over the last years, gas is the major fuel for those branches. In 2013 its share in the fuel mix of Smolenskaya GRES and Shaturskaya GRES amounted to about 99.7%, Yaivinskaya GRES - about 99.5%.

Plant	Fuel	Amount, mln cubic meters (ths tons)	Amount, ths. ton of fuel equivalent	Share, %
Berezovskaya GRES	Coal	6,264.43	3,320.52	99.75
	Fuel oil	6.06	8.49	0.25
	other fuel	0.03	0.05	0.00
Smolenskaya GRES	Gas	615.58	708.74	99.68
	Coal	3.05	2.05	0.29
	Fuel oil	0.16	0.22	0.03
Surgutskaya GRES-2	Gas	10,032.32	11,577.94	100.00
Shaturskaya GRES	Gas	1,349.89	1,567.61	99.66
	Coal	8.05	5.32	0.34
Yaivinskaya GRES	Gas	1,371.60	1,631.18	99.51
	Coal	12.51	8.07	0.49
E.ON Russia JSC	Gas	13,369.40	15,485.46	82.24
	Coal	6,288.04	3,335.97	17.71
	Fuel oil	6.22	8.71	0.05
	Other fuel	0.03	0.05	0.00

Total following the results of 2013 E.ON Russia JSC used for process purposes about 13.4 bln m³ of gas, 6.3 mln tons of coal and 6.2 ths tons of fuel oil. Cost of fuel consumed by branches of E.ON Russia JSC in 2013 amounted to 36.5 bln roubles net of VAT.

KEY FUEL SUPPLIERS

The main fuel supplier to power plants of E.ON Russia JSC in 2013 is an independent gas producer - NOVATEK JSC. Its share in the total fuel cost procured for the power plant of the Company amounted to about 44%.

Moreover in 2013 E.ON Russia JSC procured significant volumes from Surgutneftegas JSC. Its share in the total fuel cost procured for the power plant of the Company amounted to about 37%.

The key coal supplier for the Company is SUEK OAO that supplies lignite to Berezovskaya GRES. In 2013 share of SUEK JSC in the general cost of the fuel procured for power plants of E.ON Russia JSC amounted to about 8.5%.

Strategy of E.ON Russia JSC in the sphere of procurement is in strengthening of long-term relations with major fuel suppliers, keeping the optimal degree of diversification.

7.2.1. Information on the amount of energy resources used in the reporting year

For 2013 for the whole Company (with branches)

	Energy resource type*	Consumption scope in kind	Unit of measurement	Consumption scope, thousand roubles
1	Nuclear power	none	-	-
2	Heat power	52.6	thousand Gcal	2,661
3	Electric power	2,194.0	mln kWh	3,243,801

4	<i>Electromagnetic energy</i>	<i>None</i>	-	-
5	<i>Oil</i>	<i>None</i>	-	-
6	<i>Motor gasoline</i>	<i>545.74</i>	<i>tons</i>	<i>14,024</i>
7	<i>Diesel fuel</i>	<i>390.47</i>	<i>tons</i>	<i>10,535</i>
8	<i>Fuel oil</i>	<i>6.22</i>	<i>mln cubic meters (ths tons)</i>	<i>36,496,553.56</i>
9	<i>Natural gas</i>	<i>13,369.40</i>	<i>mln cubic meters (ths tons)</i>	
10	<i>Coal</i>	<i>6,288.04</i>	<i>mln cubic meters (ths tons)</i>	
11	<i>Oil shale</i>	<i>None</i>	-	-
12	<i>Peat</i>	<i>None</i>	-	-
13	<i>Other:</i>	-	-	-

7.3. Maintenance and Repairs

Every year the Company plans, approves and implements the program of repairs of the main production facilities. Repair work ensures reliable operation of the power generating equipment and extends its service life.

The repairs program is formed proceeding from the preliminary survey of the production facilities stock with due regard to requirements of the regulations and is based on the long-term experience of operating the equipment.

Within 2013 power units with the total capacity of 10,345.1 MW were repaired, including overhaul — 1,343.4 MW, medium maintenance — 2,360 MW and current maintenance — 6,641.7 MW.

In 2013 total expenses for maintenance works at E.ON Russia power plants amounted to 3 bln 242 mln roubles. All the scheduled repair work was done in full.

Repair program structure	Share, %
Power unit repairs	71
Repairs of BOP equipment	19
Repairs of buildings and structures	8
Repairs of heat networks	2
E.ON Russia	100

41% of repair work was done using the Company's own resources and 59% on contractual basis. Tender procedure was implemented for concluding contracts on repair with contractors under the best terms for the Company.

In 2011 E.ON Russia implemented 6-year maintenance cycle for all power units and system of maintenance planning based on financial risks assessment as regards emergency shutdown of the equipment. Such a system of repair arrangements makes it possible to adapt repairs to conditions of the Company activities in the competitive electricity market and reduce repair timeline and cost.

8. POWER MARKETS

8.1. Data about the Electricity and Capacity Market Structure and Pace of its Development

In 2011 the process of the wholesale electricity and capacity market liberalization was over. Since January 1, 2011 Rules of the Wholesale Electricity and Capacity Market No. 1172 dated December 27, 2010 are introduced, subject to these Rules at regulated prices electric power and capacity are supplied only to households and equal to them categories of consumers.

Pursuant to the laws for each power generator there are set power and capacity volumes to be contracted under Regulated contracts on supply to households and equivalent consumer categories.

The rest volumes of electric power generated are supplied at non-regulated prices at the wholesale market.

In 2013 at the wholesale market capacity was sold as follows: trade of capacity following the results of the competitive take-off for the relevant year; trade of capacity under non-regulated capacity sale contracts provided that this capacity is taken-off in the course of competitive take-off; trade of capacity under capacity supply contracts (CSC).

With the power market liberalization development there is a choice for E.ON Russia JSC to participate in different electric power market sectors (day-ahead market, capacity market, balancing market with due account for current expenses for electric power generation), in this regard E.ON Russia JSC continuously improves the behavioral strategy in competitive sectors of the market to maximize the profit. In 2013 the Company was able to extensively make use of all the potentials in the market sector and sell considerable volume of power and capacity at liberalized market prices.

Market of services for system reliability assurance (system services market), which task is to maintain the required level of reliability and quality of UES of Russia operation, functions in the Unified Energy System of Russia from the beginning of 2011. E.ON Russia JSC is a participant of the system services market from the moment of its startup, rendering the service of standardized primary frequency control (SPFC). Primary frequency control limits the frequency deviation in the power system after appearance of the power imbalance in any of its parts. SPFC is performed by automated control systems for frequency and active power unit capacity, which have more advanced regulating systems features than the standard equipment. 800 MW power units of Surgutskaya GRES-2, on which the System operator allocates the primary control reserve (reserve for loading/unloading the active capacity equipment) participate in SPFC. Rendering the service involves maintaining the constant power units availability to change the active capacity with required speed and accuracy in case of frequency change in the power system.

8.2. Review of the Competitive Environment

Major factor of competitiveness in the electric power industry is the production efficiency, as at the electricity and capacity markets selection of generating facilities for production at these markets is performed according to the principles of the least costs. From this point of view, competitive advantages of E.ON Russia JSC are Surgutskaya GRES-2 and Berezovskaya GRES with units of large unit capacity (800 MW), which are the most economical and efficient power plants among, accordingly, "old" gas and coal generation of the country. Besides, the main part of the Investment program of E.ON Russia on commissioning new CCGT units, which are also of high demand in the market, was implemented.

Additionally demand at the wholesale market can be caused by the grid infrastructure conditions and specifics of energy balances within some of the system energy zones. Thus, for other power plants of E.ON Russia JSC factors of demand in the power market are:

- involvement of Smolenskaya GRES in ensuring the export flow of electric power to Belarus;
- location of Shaturskaya GRES in the deficient Moscow region with insufficient transfer capacity of the grids for receiving electric power from outside;
- involvement of Yaivinskaya GRES in supporting the energy balance in the Bereznikovskiy-Solikamskiy hub.

Within the scope of own electric generating system, main competitors to the Company's power plants are similar generating capacities: other GRES, which also do not have a significant share of heat power delivery.

To support the high results of E.ON Russia JSC power plants in the competitive environment, works on fuel expenses optimization, financial control enhancing and maintaining the costs saving programs, equipment modernization projects development are performed.

8.3. Electric Power Sales

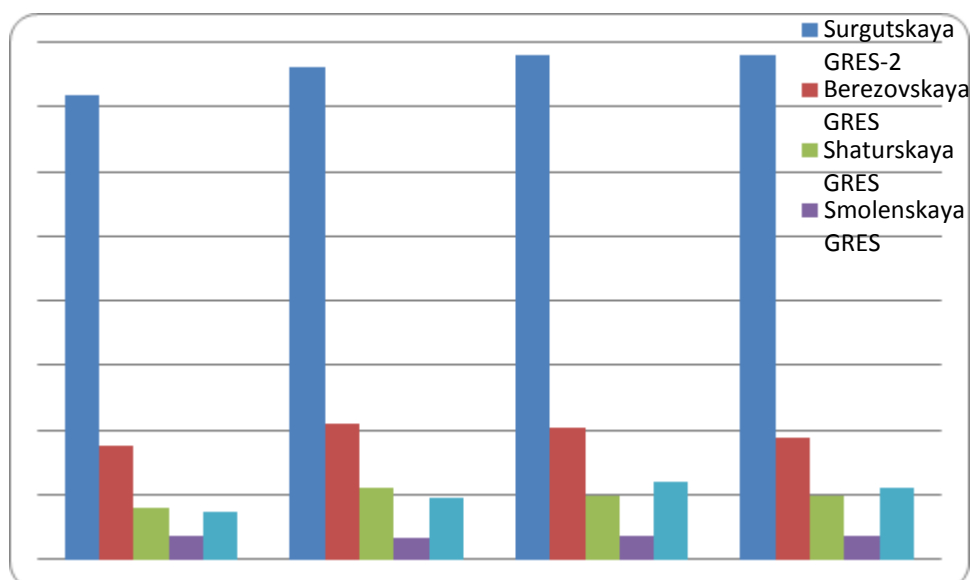
Most of electric power sales were effected from own generation of E.ON Russia JSC power plants. In 2013 volume of power net output to power plants of E.ON Russia JSC amounted to 60.8 billion kWh. · Supplies under regulated contracts comprised 15.1% of sales. The rest part of electric power was traded at competitive segments of the market: at the Day-ahead market (DAM) and Balancing market (BM). Most of the margin from electric power sales (97%) was gained exactly due to activities in competitive segments of the wholesale market.

Net electric power output by the Company power plants¹⁸

Power plant	Unit of measurement	2010	2011	2012	2013
Surgutskaya GRES-2	mln kWh·	35,911	38,053	39,095	38,975
Berezovskaya GRES	mln kWh·	8,732	10,470	10,147	9,463
Shaturskaya GRES	mln kWh·	3,930	5,517	4,848	4,980
Smolenskaya GRES	mln kWh·	1,774	1,662	1,809	1,875
Yaivinskaya GRES	mln kWh·	3,605	4,827	6,025	5,508
E.ON Russia	mln kWh·	53,952	60,529	61,924	60,801

¹⁸ Data given net of load loss

Dynamics of net output in 2010-2013



In 2013 E.ON Russia reduced the electric power sales volume in the competitive sector of the wholesale market in comparison with 2012, mostly by means of changing the operating equipment composition.

The Company will seek to further optimize electric power sales in all the market sectors in order to increase the net profit. Moreover, E.ON Russia intends to use the maximum of opportunities of the competitive capacity market and launch of the long-term capacity market, which allows for adequate return on investments.

POWER SALES, SECTOR-WISE

Electric power sales	Unit of measurement	2012	2013
RC (Regulated contracts)	mln kWh	9,194	9,869
DAM (Day-ahead market)		56,024	54,153
BM (Balancing market)		1,314	1,275
NRC (non-regulated contracts)		0	0
E.ON Russia		66,532	65,297

Sales volume of electric power by power plants of E.ON Russia in 2013 with account for volumes bought at the market, amounted to 65.2 bln kWh, which is by 1.9% less than in 2012.

8.4. Heat Power Sales

E.ON Russia's core business is generation and sales of electric power; heat power generation and sales are not the Company core business. Following the results of 2013 funds received from heat power sales amounted to about 1.5% of the Company total revenue. Nevertheless, E.ON Russia pays much attention to reliability and continuity of heat supply because it is essential for local consumers' life support in the nearby communities.

Main consumers of heat power are households and community of settlement. Ozerny (Smolensk Region), Shatura (Moscow Region), Surgut (Khanty-Mansi Autonomous Area), Yaiva (Perm Territory) and Sharypovo, including settlement Dubinino and settlement Kholmogorskoye, (Krasnoyarsk Territory). Moreover, the branches supply heat power to industrial enterprises in the regions of their operation.

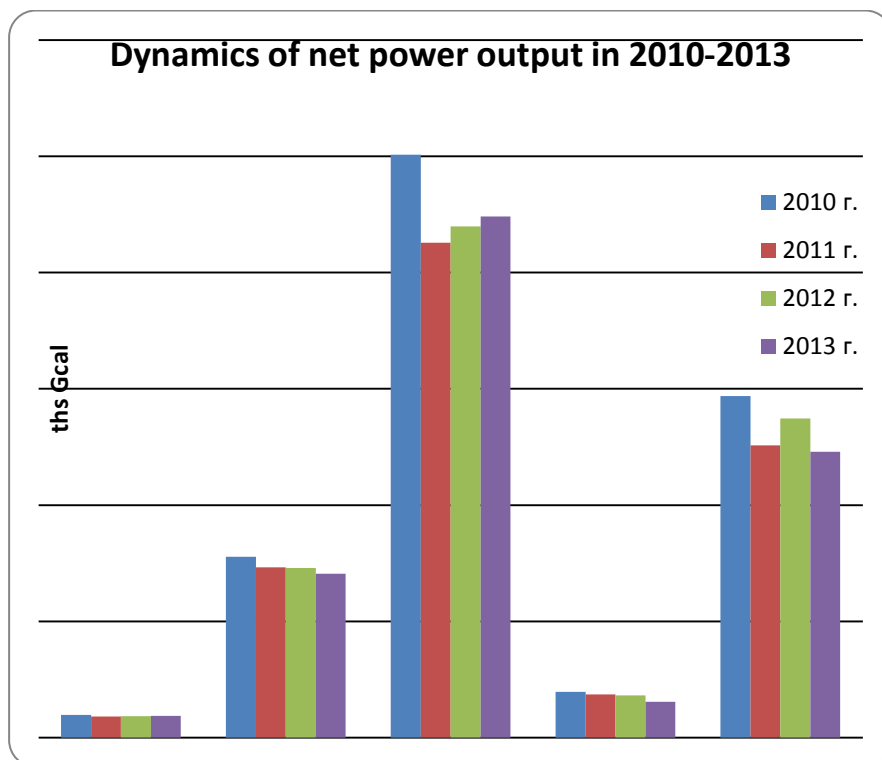
NET HEAT OUTPUT BY THE COMPANY POWER PLANTS

POWER PLANT	UNIT OF MEASUR.	2010	2011	2012	2013
Surgutskaya GRES-2	thousand Gcal	1,003	851	879	897
Berezovskaya GRES	thousand Gcal	587	503	549	492
Shaturskaya GRES	thousand Gcal	311	293	292	282
Smolenskaya GRES	thousand Gcal	39	37	37	38
Yaivinskaya GRES	thousand Gcal	79	74	73	62
E.ON Russia	thousand Gcal	2,019	1,758	1,830	1,771

In 2013 heat supplied to consumers was by 3.2% less than in 2012. Decrease of net output is related to the weather conditions.

In all branches of E.ON Russia (except for Surgutskaya GRES-2) in 2013 heat was supplied directly to consumers under direct contracts or via housing and communal services organizations. Surgutskaya GRES-2 supplies heat power to Surgutskiy Town Electric Grids LLC.

To supply heat of adequate quality to consumers, the Company regularly implements repairs and modernization of heat supply systems.



Heat tariffs are regulated by the state and are set by executive authorities of the constituent entities of the Russian Federation in the sphere of state tariff regulation. Heat power price is a socially significant factor in the regions of power plants location that is why in the process of regulation affordability of this product is taken into account as well as consumers' solvency. The Company focuses its efforts on break even sales at the expense of production efficiency increase.

8.5. Relations with Basic Contractors

Main contractors of the Company are the power and capacity wholesale market participants who signed an Agreement on trade system joining – guaranteeing suppliers, independent retail companies reselling the market-purchased power to end-users, and major industrial enterprises buying power under direct contracts.

As per Federal Law "On electric power industry" and Wholesale market regulations, electric power sellers and buyers enter into contracts for which essential conditions are set forth in legal acts.

Standard contract forms are approved by the Supervisory Board of Non-Profit Partnership Market Council.

Consumers of heat power produced by E.ON Russia branches are public, local industry and enterprises as well as entities funded from budgets of all levels. Material terms of contracts with consumers are placed on the web-site of E.ON Russia JSC.

9. INVESTMENT PROGRAM

Basic purpose of E.ON Russia's investment activities is implementation of investment projects proceeding from their economic feasibility. These projects are aimed at enhancing the Company's competitive growth and equipment operational reliability.

Main lines of the investment activity:

- modernization of equipment with enhancement of capacity and efficiency;
- replacement of the life-expired power generating equipment with modern equipment with high technical and economical rates;
- enhancement of reliability and efficiency of operating facilities;
- construction of new efficient generating facilities;
- implementation of the Health and Safety policy;
- implementation of ecological projects;
- IT systems modernization.

9.1. Investment program implementation in 2013

No new capacities were commissioned in 2013.

As regards highly efficient generating capacities, efforts of the Company were aimed at implementation of the large investment project "Construction of power unit No. 3 on the basis of 800 MW STU".

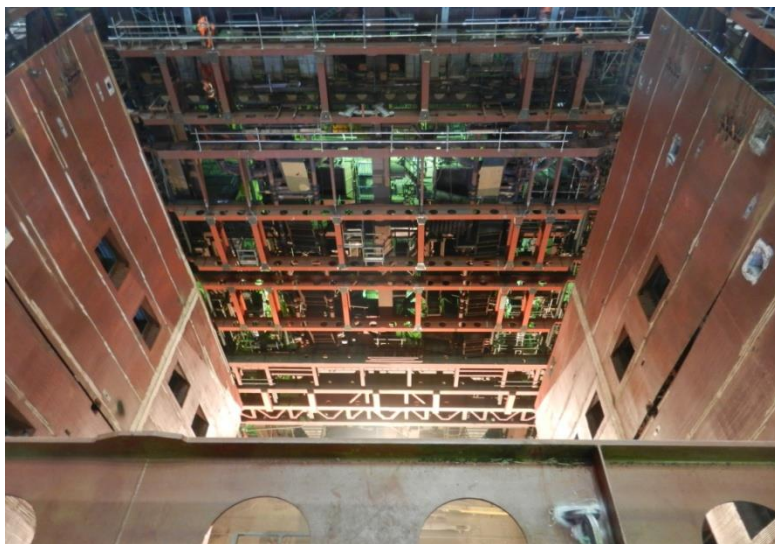
The project of construction of unit No. 3 of Berezovskaya GRES is one of the largest investment projects in the electric power industry of Russia and is aimed at meeting the expected capacities deficit in the energy zone of Siberia in general and in the Krasnoyarsk Territory in particular, and creation of the required reserve of efficient heat generating capacities.

Works status of power unit No. 3 construction following the results of 2013:

- Stages 1-4 of boiler installation are completed. 75% of the total scope of boiler equipment is installed.
- Alignment of the installed equipment of the boiler room is in progress.
- Installation of low and high pressure pipelines, intra-turbine piping, oil piping (53% is installed) of the turbine room is in progress.
- Alignment of the turbine shaft line and flow section of the HP cylinder is completed, the stator is installed onto the foundation.
- Installation and alignment of the auxiliary equipment of the turbine room, installation of the generator, TAH equipment, control room electrical and technical equipment, demineralization plant equipment are in progress.
- Foundations for the main equipment are fully completed.
- Installation of pressure CW piping is completed, installation of the CW piping to BPS and drainage CW piping (95% is completed) is in progress.
- Installation of electrostatic precipitators (40 % completed) is in progress.
- Installation of steel structures and gas ducts of Г2 and Г1 duct is in progress.
- Installation works in the smoke exhaust room are in progress.
- 6/0.4 kV BOP switchgear is energized.

Below are the data on financing and spending of capital investments under the project as of 2013 year end against similar data as of 2012 year end.

Project	Financing		Spending	
	as of 31.12.2012	as of 31.12.2013	as of 31.12.2012	as of 31.12.2013
800 MW STU, Berezovskaya GRES	30%	56%	17%	47%



Boiler furnace, view from elev. 54 down

Turbine room with electrotechnical premises



Turbine room



Smoke exhaust room building

In 2013 financing of the investment programs for the Company's power plants was performed at its own expense. Sources of financing the investment programs were: profit – 8.1 bln roubles and depreciation expenses - 7.32 bln roubles.

In 2014 within the "Construction of power unit No. 3 on the basis of 800 MW STU" project it is planned to complete installation works, perform works on installing the turbine unit on the barring, perform hydraulic tests of the boiler, start commissioning.

Information on the complete scope of the Company investment project is submitted below.

Power Plant	Project	Expected year of commissioning
Shaturskaya GRES (Moscow region)	Creation of the replacement capacity on the basis of 400 MW CCGT	Put into operation in November 2010
Surgutskaya GRES-2 (Khanty-Mansi Autonomous Area)	Creation of the replacement capacity on the basis of 2x400 MW CCGT	Commissioned in July 2011
Yaivinskaya GRES (Perm Territory)	Creation of the replacement capacity on the basis of 400 MW CCGT	Commissioned in July 2011
Berezovskaya GRES (Krasnoyarsk Territory)	Construction of power unit No. 3 on the basis of 800 MW STU	2015

9.2. Technical refurbishment and reconstruction of the operating facilities

The program of technical refurbishment and reconstruction of the operating facilities (hereinafter — TRR) of E.ON Russia JSC planned for 2013, is completed at:

Power plant	Technical Refurbishment and Reconstruction (TRR) program completion, %
Surgutskaya GRES-2	90
Berezovskaya GRES	99
Shaturskaya GRES	103
Smolenskaya GRES	127
Yaivinskaya GRES	95
Heat Networks of Berezovskaya GRES	110
Total for E.ON Russia	95

Main activities of the TRR program:

Surgutskaya GRES-2	Technical refurbishment of the hot reheat pipeline elements of power unit No. 6. Reconstruction of the excitation system of power unit No. 6. Technical refurbishment of the gas supply system of Surgutskaya GRES-2. Reconstruction of package switchgears of 6 kV complex switch yard with replacement of the circuit breakers at power unit No. 6. Modernization of TBB-800-2EY3 generator rotor with replacement of turn and slot insulation. Replacement of the boost pumps at power unit No. 2,4,6.
Smolenskaya GRES	Modernization of the generator elements of TGB-200 2M type of power unit No. 3. Modernization of the transformer of ТДЦ-250000/220 type unit No. 3.
Berezovskaya GRES	Reconstruction of the stator of turbine generator TBB-800-2EY3. Implementation of the technology of ash and sludge wastes storage. Recultivation of map 1.
Yaivinskaya GRES	Modernization of 110/220 kV open switch yard with replacement of 3 air circuit breakers with SF6. Modernization of the condenser of turbine No. 1. Modernization of platens in rows I, III and replacement of the headers of the ceiling reheater of ТП-92 boiler No. 3.
Shaturskaya GRES	Reconstruction of 110 kV and 220 kV circuit breakers. Modernization of the vibration control scheme and mechanical quantities control of turbine unit No. 3.
Heat Networks of Berezovskaya GRES	Reconstruction of heat networks of Sharypovo, settlement of Dubinino.

At all the branches of E.ON Russia	Reconstruction of steam pipe elements of power units and heating surfaces of boilers. Reconstruction of electric equipment (circuit breakers 0.4 kV, 6 kV, HV leads of 500 kV transformers, etc.). Reconstruction of shut-off and control valves. Holding of events aimed at increase of fire safety of the equipment, and building and structures of the power plant.
------------------------------------	---

9.3. Capital investments

Capital investments of the Company within the investment program implementation in 2013 amounted to 15.31 bln roubles, including in the following lines:

- technical refurbishment and reconstruction — 12%;
- new build - 88%.

10. PROCUREMENT ACTIVITIES

10.1. General Provisions of the Company Policy in Procurement Activities

Main provisions of the Company policy as regards procurement are reflected in the Regulation on Procurement of E.ON Russia JSC, approved by the Company Board of Directors.

This Regulation describes standard business processes to meet production requirements of E.ON Russia JSC and contains links to other internal documents of the Company. The Regulation contains obligatory rules applicable to procure goods, works and services, software licenses including definition of the responsibility limits and description of procurement processes.

Procurement processes and procedures provided for by the Regulation aimed at ensuring intended and efficient spending of monetary funds of E.ON Russia JSC. The purpose of procurement procedures is selection of vendors, contractors and service providers on competitive basis. Thus, optimal economic procurement terms and conditions are ensured: compliance with the employer's requirements, timeframe, quality and optimum prices.

Regulation on Procurement of E.ON Russia JSC provides the following basic principles and approaches to procurement activities:

- Creation of the competitive environment: best procurement results are possible only with the market competition.
- Implementation of procurement in compliance with the annual comprehensive procurement program (ACPP), which is the main procurement plan of the Company.
- Usage of tender procedures as the main means of work/service and materials and equipment procurement.
- Making decision on the vendor selection according to the "four eyes" principle (the decision is always taken by the procurement officer in charge in coordination with the procurement initiator).

Responsibility for implementation of the procurement process in the Company rests with the Procurement unit. Its basic functions are planning, organization and implementation of procurement procedures; monitoring of procurement activities at the Company branches. Moreover the Procurement unit takes measures on the stance strengthening at the market by the needs consolidation and provision of the procurement process unification in the single model of behaviour in the competitive environment.

In doing so, the Procurement unit closely interacts with organization units initiating procurement, participates in uniting commercial and technical interests of E.ON Group. In pursuing procurement activities, the Procurement unit of E.ON Russia takes into account all the newest standards and best practices of E.ON Group.

10.2. BASIC RESULTS OF THE COMPANY PROCUREMENT ACTIVITIES IN 2013

2013 PROCUREMENT UNDER THE ANNUAL COMPREHENSIVE PROCUREMENT PROGRAM BROKEN DOWN BY THE INITIATOR OF PROCUREMENT

	NUMBER OF PROCUREMENT PROCEDURES, IT.	TOTAL VALUE, THOUSAND ROUBLES	SHARE, %
MOSCOW REPRESENTATIVE OFFICE	586	2,640,382.01	39.97
SURGUTSKAYA GRES-2	793	1,576,233.95	23.86
BEREZOVSKAYA GRES	992	902,269.54	13.66
YAIVINSKAYA GRES	718	539,095.76	8.16
SHATURSKAYA GRES	797	529,299.33	8.01
SMOLENSKAYA GRES	729	267,761.02	4.05
HEAT NETWORKS OF BEREZOVSKAYA GRES	148	151,221.22	2.29
TOTAL FOR E.ON RUSSIA	4,763	6,606,262.83	100.00

For the Company production activity the procuring employees of E.ON Russia JSC held 4,763 procurements to the total amount of 6,606,262.83 ths. roubles (net of VAT) for the needs of 2013.

In the procurement scope specified 87 procedures to the amount of 669,638.65 ths. roubles were held within investment projects of E.ON Russia JSC.

2013 PROCUREMENT UNDER THE ANNUAL COMPREHENSIVE PROCUREMENT PROGRAM BROKEN DOWN BY ACTIVITY AREAS

	SHARE, %
Repair	35.98
Technical Refurbishment and Reconstruction Program	30.25
Operation	19.74
New Build	10.14
Others	3.89
Total for E.ON Russia	100.00

For the needs of 2013, 438 procedures were carried out by means of single source procurement for the amount of 1,670,090.93 ths roubles (25.28% of the total number of procurements in monetary terms, 9.2% of the total amount of procurement in quantitative terms). All other procurements were carried out by means of competitive procedures.

2013 PROCUREMENT UNDER THE ANNUAL COMPREHENSIVE PROCUREMENT PROGRAM BROKEN DOWN BY CATEGORIES	SHARE, %
Repair, maintenance, installation and reconstruction of equipment	18.62
Construction, maintenance, servicing activities and reconstruction of buildings and structures	16.79
Electrical equipment	5.09
Boiler, heat exchange equipment	4.85
Wiring and electronic components and materials	4.39
Administrative and maintenance services	4.27
Services in the area of DCS and I&C	4.15
Turbines, turbogenerators and spare parts	3.39
Spare parts for 400 MW CCGT	2.89
Engineering and design, survey work	2.81
Outside IT services	2.79
Electrical works	2.25
Pipelines valves and spare parts	2.06
Other equipment and spare parts	2.04
Standard software	1.98
Transportation services	1.87
Other categories	19.76
Total for E.ON Russia	100.0

2013 PROCUREMENT UNDER THE ANNUAL COMPREHENSIVE PROCUREMENT PROGRAM BROKEN BY TOTAL VALUE	SHARE, %
Less than 500 ths. roubles	6.61
From 500 ths. roubles to 4,000 ths. roubles	20.65
From 4,000 ths. roubles to 40,000 ths. roubles	41.84
More than 40,000 ths. roubles	30.90
Total	100

Difference between the most favourable comparable proposal initially submitted, and the cost specified in the contract when holding procurement procedures (economic benefit from procurement) amounted (in monetary terms) to 383,370.73 ths. roubles.

11. INFORMATION TECHNOLOGIES

As part of the IT unit of the company activity, a series of changes and improvements were observed both in business applications and in the infrastructure in 2013.

The project of transferring to "per unit" costs recording is successfully completed in 2013. Costs recording broken down by each particular power unit allowed increasing the information quality and detailing for making the management decisions.

In the framework of recording functions centralization concept, functionality for payment requests agreement in electronic form was developed, which allowed creating and setting into operation of the Unified Settlement Center of Treasury at Shaturskaya GRES. A project of automated input (scanning and recognition) of the elementary accounting documentation is also completed in 2013. This functionality allowed transferring the task of primary documents input to the place of their origin and sets the scene for further centralization of the accounting function.

In order to harmonize the procurement processes and inventory and services supply and optimize the internal paper-laden processes, a process of agreeing the contracts in electronic form was set into pilot operation in the Executive Office.

Within the scopes of these projects new approaches related to the IT-infrastructure building, provided for in the approved IT strategy, were tested and used. For a series of auxiliary processes, in order to increase the economic efficiency, public cloud calculations were used. Alongside that, a private cloud platform resources life cycle control system was created.

Evaluation of correctness and reliability of used and declared systems, infrastructure protection processes and information assets of the Company was the work priority in the area of informational security in 2013. External audit of the informational security processes in the Company was carried out, which confirmed their high level and clarified the lines of further development. Also a series of information control and protection systems was updated, functionality and scope of the automated control of the account data and authorities was extended during the year. The Company successfully develops modern technologies of remote interaction with state regulating authorities - new services were connected, such as State Services (Gosuslugi), State Procurement (Goszakupki), Unified Federal Register on Legal Entities' Activities.

To increase level of the operational personnel professional training, to improve measures ensuring safe, fault-free and economic operation of the power equipment, in 2013 project on creation of simulators for operational personnel of electric and chemical shops of all the Company branches was completed.

A pilot project on integrating an automated system of technical and economic indicators accounting at Surgutskaya GRES-2 was also successfully completed in 2013. This system will allow increasing efficiency of the Company's production activity by means of prompt correcting the equipment operation modes, based on increased accuracy of calculating performance indicators. The pilot project is deemed to be successful and it is planned to be replicated in 2014.

Great attention was paid to the process and system of compliance with the copyright. Thus, in 2013 an agreement with LAR representative of Microsoft company on licensing on the basis of corporate scheme (Enterprise Agreement) was concluded. A migration of technological system supporting the Software Asset Management process in the company. This migration allows control with account of all modern licensing schemes.

12. RISKS AND RISK MANAGEMENT SYSTEM

The risk management system is an integral part of the production processes and decision making in the Company. The Corporate Risk Management System at E.ON Russia can be shown as follows:



Key elements of the risk management system are the Company strategy, internal regulating documents, controlling, planning, system of internal control and internal audit; reporting generated subject to the requirements of the Report on control and corporate transparency (KonTraG) and operation of the Risk and Finance Committee of the Board of Directors of E.ON Russia.

The integrated system of risk-management is generated to timely identify risks and take required measures for risks management. The Company continuously reviews the processes of planning, controlling and reporting to ensure their effectiveness. Moreover, the internal audit unit assesses the risk management system efficiency on a regular basis.

Risks Insurance Department

E.ON Risk Consulting GmbH — a subsidiary of E.ON Group, renders services on E.ON Russia risk insurance management in key insurance spheres: property insurance and liability insurance. E.ON Risk Consulting GmbH is engaged in developing and optimization of solutions on operational risks management using insurance tools and similar tools. Moreover, this company provides for the necessary quality of insurance coverage at international reinsurance markets.

Risk and Finance Committee of the Board of Directors

The Risk and Finance Committee of the Board of Directors of E.ON Russia was established in accordance with the corporate standards of E.ON Group. The committee includes heads and representatives of the leading organization units of the Company, which are in charge of the operations and financial activity. The Committee ensures implementation of the strategy of managing credit and commodity risks, approved by the Board of Directors.

Commodity risks

Risks related to change of commodity prices can arise in the process of commercial operations of the Company. Key elements of the risks management in this sphere except for availability and performance of the above mentioned regulating documents and reporting systems, are use of qualitative indicators, system of limits and clear division of functions among the units.

Regulatory risks

Russian wholesale electricity market constantly undergoes changes as a result of which the wholesale market structure changes as well as relations between the market participants.

According to the Company assessment the important branch risk, which can significantly influence activity of E.ON Russia, is the risk - change of the electricity and capacity market rules of functioning. Increase of the regulated component share at the wholesale market negatively influences the Issuer's revenue as it decreases the share of efficient sales at non-regulated (free) prices.

Regulation Commission

In order to form a unified stance, and coordinate the works in the area of interaction with external organization, and prepare recommendations on strategic issues of electric power industry regulating, a Regulation Commission was established in the Company. The committee includes heads and representatives of the leading organization units of the Company, which are in charge of the operations and financial activity, and of interaction with infrastructure organizations of the wholesale market and specialized ministries and institutions.

Operational risks

The Company pays much attention to ensuring fuel security for its power plants. E.ON Russia tries to increase fuel efficiency and improve fuel consumption indicators at all the power plants due to equipment modernization.

Construction Risks

While implementing new power unit construction projects within the Investment Program for Construction (Modernization) and Commissioning of Generating Equipment, the Company faces the risk of untimely new capacities commissioning, which results in significant penalties under the Capacity Supply Contract and failure to generate and supply electric power by the power plants.

The Company makes all reasonable efforts to control this risk through thorough monitoring of the construction process to detect and prevent delays in construction works.

Besides, within the investment projects, Contractor Agreements have been concluded stipulating the liability of Contractors for delays in power unit completion as well as for non-achievement of the guaranteed performance.

External risks

An important category is the risks associated with season nature of power demand and considerable diurnal fluctuations of demand. Results of E.ON Russia operation in non-regulated market segments and location of the Company power plants in the regions of expected growth of power demand let us think that the Company will carry on operating effectively in conditions of continuous market liberalization.

Considering unstable nature of the Russian tax laws, as well as different concepts of tax law interpretation by tax authorities and arbitration courts, there are risks of claims against the Company on the part of the tax authorities. Subject to the results of tax audits performed by tax authorities, the Company can be imposed on additional taxes, penalties and fines.

Financial risks

The Company minimizes foreign currency financial risks by placing deposits in foreign currency.

E.ON Russia manages the credit risk by assessing good faith of counterparties, by setting and controlling the limits on transactions with lending financial institutions.

In its activity the Company has to supply electric power to some RF regions that pay for the electric power consumed not in a timely manner or not in full and increase their receivables to E.ON Russia.

Legal risks

The Company continuously monitors the changes in requirements of the effective laws and manages legal risks associated with its activities. The Russian laws are unstable and are subject to frequent adjustments, additions and amendments, which in itself creates significant risks to perform activity. Additional difficulties are related to the fact that there is frequently an ambiguous interpretation of certain legal norms on the part of court and other law-enforcement bodies, which decreases legal certainty in regulation of specific legal relationships. Legal risks related to material and frequent changes in the law that regulates the core activity of the Company are of special significance for the Company. The Russian energy laws are new, comprehensive, are distinguished by complex hierarchy, structure and contents of the norms. Active state regulation of the electric power industry leads to frequent revisions of the most important legal acts in this sphere, that creates the risk for stable and predictable business. Increasing legal risks are related to toughening of the anti-trust laws requirements, volatility of tax relations regulation, cases of incorrect application of laws on the part of regulating and controlling state authorities. The Company does its best to timely reveal and minimize the legal risks specified, ensuring strict compliance with the effective laws during its operation.

Due to the existing risk management system, the Company follows up identification of emerging risks, their adequate assessment and placing under control. However, there is still a possibility of emerging of a risk which is currently unknown or insignificant. In future, such risks can exert negative influence upon E.ON Russia performance.

Protection of insider information

E.ON Russia JSC is a public company, securities of which are included by the Moscow Exchange JSC (MICEX Stock Exchange CJSC) in "B" quotation list.

Therefore the Company tracks circulation of insider information, which can significantly influence the cost of its financial instruments. In accordance with the Russian laws, the Company opposes the illegal use of the insider information by the insiders of E.ON Russia JSC.

In 2013, in order to ensure compliance with the requirements of Federal law No. 224-FZ "On counteraction against misuse of the insider information and market manipulation, and on amendments to certain legal acts of the Russian Federation, dated 27.07.2010, and in relation to entering in force of Order No. 13-51/пз-н "On approving the Regulation on the procedure for notifying persons on including them into the insider list and excluding them from such list, the Regulation on transferring the insider lists to the trading organizer, through which the operations with financial instruments, foreign currency and (or) products are performed, the Regulation on procedure and terms for submitting notifications of performed operations by the insiders", dated 18.06.2013, in November 2013 the Board of Directors of E.ON Russia JSC approved the Regulation on Insider Information in the new version (hereinafter - Regulation).

The Regulation defines the definitions "insider" and "insider information", sets procedure for use, rules of confidentiality protection and procedure for access to the information on E.ON Russia JSC activity, on the Company's securities and transactions with them, and of other information specified in the Regulation, which is not publicly accessed and disclosure of which may influence the market cost of the Company's securities and other securities specified in the Regulation, as well as the requirements to transactions with specified securities by the persons who have access to the insider information.

Regulation on the Insider Information specifies the rules of performing operations by the insiders with insider financial instruments, including the bans during so-called "ban periods", determines the list of the insider information of the Company and the requirements to maintaining and transferring the insider list.

In accordance with the legal requirements the works on maintaining the insider list of the Company, transferring it in timely manner to the trading authority Moscow Exchange JSC (MICEX Stock Exchange CJSC), notifying the insiders on including or excluding them from the insider list are performed.

13. CORPORATE AND SOCIAL RESPONSIBILITY

In the course of its activity the Company proceeds from the fact that electric power and heat power generation are of exclusive importance for the life of regions of presence and economy functioning at the country level. That is why the key principles of corporate responsibility - guarantee of uninterrupted electric and heat power supplies, strict compliance with the laws and sustainable investments into personnel and social and economic development of the regions of presence. The Company practices responsible attitude to employees, consumers, suppliers, environment and society.

13.1. Employees: Structure and Social Policy

E.ON Russia is striving to use and develop its employees' potential to full extent; the Company respects their work and wish to feel socially protected. The Company sees in its employees the key resource, without which no strategic target can be achieved, and even if other components are present no efficient operational activity is possible.

HR system covers the whole range of hiring and staffing, for all categories of personnel: from workers, specialists to managers. Activity of E.ON Russia in this sphere is regulated by a complex of internal documents that provide for transparency and objective nature of HR resolutions. In the course of work with personnel data on personal achievements, experience and intentions of each employee of the Company are accounted for.

TARGET VALUES, ORGANIZATIONAL STRUCTURES for CCGTs

Target values of the manpower have been formed in E.ON Russia branches since May 2009. Target values are approved in general by branches, including for core business and personnel employed in new build. Manning table of the branches is formed and approved within the limits of the approved target values.

In 2013 target headcount in the Company branches is formed with regard to:

- personnel headcount optimization carried out in 2009-2012,
- increase of the target headcount at Surgutskaya GRES-2 in relation to organization of the centralized repair shop in 2010,
- increase of the target headcount at Yaivinskaya GRES in relation to expansion of the centralized repair shop in 2013,
- increase of the target headcount at Berezovskaya GRES in relation to the "Construction of unit No. 3 on the basis of 800 MW STU" project,
- increase of the target headcount at Shaturskaya GRES in relation to creation of the Unified Settlement Center,
- other changes in the structures of the shops and administration units of the branches.

Within 2010–2013 within target values of the headcount at Surgutskaya GRES-2, Shaturskaya GRES, Yaivinskaya GRES organizational structures and manning tables of steam gas turbine shops (SGTSh) were approved.

In the new shops well-trained qualified personnel are working; teaming was done from highly skilled specialists.

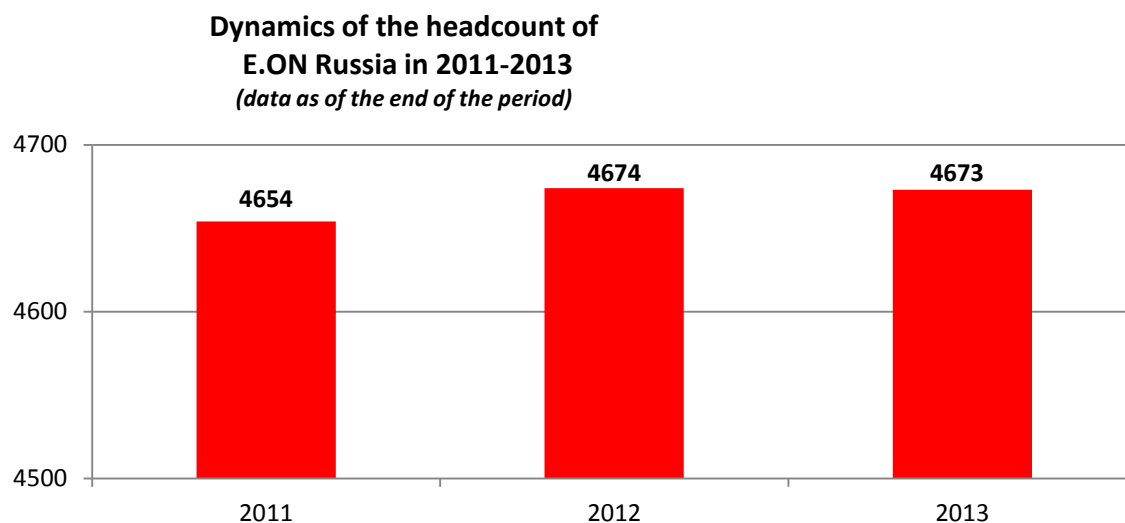
Headcount

As of December 31, 2013 headcount of E.ON Russia amounted to 4 ths. ¹⁹ 673 persons, including:

- in terms of principal activity number of the operational and non-operational personnel - 4 thousand 558 persons;
- personnel involved in the investment projects implementation – 115 persons.

¹⁹ The headcount means complete headcount, i.e. total number of employees that concluded labour contracts with the Company.

Dynamics of change in E.ON Russia headcount with due regard to personnel engaged in the investment projects implementation for the period from 2011 through 2013 is shown in the diagram:



One of the most urgent HR tasks is formation of age-balanced staff composition of the plant. This concept will promote transfer of unique knowledge, technologies and sharing traditions. Below is the E.ON Russia personnel structure in terms of age.

Staff age profile

Category	Persons	%
Under 25 years old	296	6
From 26 to 40 years	1,650	35
From 41 to 55 years	2,290	49
Over 55 years old	437	10
TOTAL	4,673	100.0

Training and personnel advance training

To implement the Company's investment projects we need professionals with adequate training for operating highly automated equipment. The process of professional training of such specialists is time consuming and expensive that is why the staff of power units under construction is formed on a stage by stage basis, with engaging the experienced high-qualified GRES specialists.

In 2013, 1,880 persons received training; of them 1,379 persons received compulsory training; 501 persons received advanced professional training in various areas of activity. 86 persons took a course of English.

In order to increase professional skills of the operation personnel of the Company branches, at the premises of training center "Professional" in Surgut contests of professional skills of operating personnel integrated teams between Berezovskaya GRES and Surgutskaya GRES-2 branches were held. The team of Surgutskaya GRES-2 of E.ON Russia JSC won.

Staff incentives

In 2011 the Company developed and concluded between the Employer and authorized representatives of Employees Collective labour agreements of the Company branches for 2012–2014 and approved the Regulations on remuneration for labour to the branch employees.

Regulatory documents (Collective agreements and Regulations on labor remuneration) were developed on the basis of the Labor Code of the Russian Federation and proceeding from the unified regulatory principles for social and labor relations with due regard to the Company branch regional specifics. Collective agreements are a legal act, which establishes rights and obligations of the parties of the company social partnership. The signed collective agreements are based on the principle of equality, respect and consideration of rights and legal interests of employers and employees in the social partnership.

Remuneration payable to the Company employees consists of two parts: fixed and variable. The fixed part is set depending on the employee's qualification and position he/she holds; bonuses and remunerations payable depend on specific results of the work. In the effective Regulations for labor remuneration fixed and variable parts are reallocated, the fixed (salary) part is increased. Period for indexation is changed - once a year instead of once a quarter. Providing part of benefits and remunerations is conditioned by the Company financial standing (EBITDA).

For the employees included in the E.ON level system of position grading there is an incentivisation system according to E.ON standards. According to this system for these employees individual benchmark efficiency indicators are set forth in the Efficiency management forms. As for other employees there is a remuneration system subject to the Collective and labour agreements.

To increase employees' motivation and decrease personnel turnover in the Company there is continuous monitoring of regional labour markets. The average salary of the branch employees of E.ON Russia is in general at the level of salaries of entities that produce and distribute electric power, gas and water in the region of the branch presence.

Monitoring of regional labor markets is carried out by means of annual monitoring of the labour market condition with participation of the Company in salaries reviews carried out by large international independent companies (from among E&Y, PWC, Hay Group, etc.) In 2013 E.ON Russia participated in the Regional salaries and compensations reviews carried out by Ernst&Young company:

- regional review:

- Krasnoyarsk Territory - for Berezovskaya GRES branch

- fuel and gas review:

- Eastern Siberia – for Berezovskaya GRES branch
- Khanty-Mansi Autonomous Area - for Surgutskaya GRES-2 branch
- Urals – for Yaivinskaya GRES branch
- Center – for Smolenskaya GRES branch
- Moscow (Holding companies organization units) – for Shaturskaya GRES branch

- power sector review (pilot project of E&Y):

- Urals – for Yaivinskaya GRES branch
- Center (not counting Moscow and the Moscow Region) – for Smolenskaya GRES branch
- Center (Moscow and the Moscow region) - for Shaturskaya GRES branch

For individual job positions the salary was adjusted for the regional market of employment and importance of those job positions for the Company.

Non-governmental pension provision

E.ON Russia treats non-governmental pension provision (NGPP) as a tool to boost up the income for retiring employees and establish long-term labor relations. The NGPP system has been in effect as from December 2005 in the Company. It includes two basic pension plans: corporate and parity (since 2007). During 2013 within the corporate plan 64 persons formalized non-governmental pension received from NGPF (Non-Governmental Pension Fund).

The parity plan of the Company lets the employees accumulate pension accruals to increase their future pension amount. As of 31.12.2013 number of participants in the NGPP system within the parity plan amounted to 1 thousand 763 persons, which is 37.7% of the total number of E.ON Russia employees. In 2014 the Company will continue to attract employees to participate in the parity pension program.

Corporate support and assistance to E.ON Russia employees in housing improvement

With the purpose of implementation of corporate support and providing assistance to E.ON Russia staff in improvement of their housing, in 2013 the Company Management Board approved the list of employees in need of housing improvement and identified the amount of funding for this purpose for the year 2013.

In the first place, this program is for:

- young specialists with work experience who have proved themselves in professional activities and were included into the talent pool;
- experienced specialists selected for operation at CCGT for their high professionalism;
- employees with long service record in the power industry who successfully passed attestation and confirmed their qualification.

In 2013 corporate support in improvement of housing conditions was rendered to 55 employees at the Company branches. Contracts on non-interest special purpose loan are concluded with all the program participants (for housing purchase (construction), and principal redemption for mortgage loan, loans obtained.

13.2. Occupational health and safety

As key indicators of occupational health efficiency in 2013 the following indicators were set in E.ON Russia JSC:

1. Compliance with the "Plan on occupational health and environmental protection for 2013".
2. Total recordable incident frequency (total TRIF) of own personnel and contractor's personnel at the production process < 1.16.

The plan for increase of occupational health, safety and environmental protection level for 2013 was complied with in full (113%).

Within implementation of the "Plan for occupational Health, safety and environmental protection improvement" in April 2013 E.ON Russia JSC under management of the independent auditor Bureau Veritas Certification conducted supervisory audit of the Occupational Health and Safety Management System for compliance with OHSAS 18001–2007 as a result - the Company activity was audited, OHS MS was supported as regards application and certification, OHS MS documentation was audited for compliance with the requirements of OHSAS 18001:2007 standard. The auditors noted that the Company complies with the set key objectives and plans of occupational health management and monitors their achievement.

Total recordable incident frequency (total TRIF) of own personnel and contractor's personnel at the production process < 1.16 is complied with.

TRIF results for 2013 are shown in the table below:

Indicator	Actual for 2011	Actual for 2012	Plan 2013	Actual 2013
Total recordable incident frequency (TRIF)	0.28	0.51	1.16	0.39
Total recordable incidents (TRI), including	4	7		4
For employees	1	0		2
For contractors	3	7		2
- operating equipment	1	2		2
- new build	2	5		_*

*- not considered for indicator calculation.

Thus total recordable incident frequency (TRIF) amounts to 0.39, when the plan indicators for 2013 is 1.16. Against last year incidents among employees is increased and incidents among the contractor personnel is decreased at the production process 2 against 7 in 2012. Achievement of the targets set was mainly influenced by one fatal accident with the employee at the production process of Heat Networks of Berezovskaya GRES.

The incident circumstances are specified below.

Distribution of incidents by incident types is shown in the table below:

Incident type	Number of incidents recorded (TRI)	Lost time injury (LTI)	Including fatality	Circumstances
Total	4	3	1	
Falling of the object from height	1 incident: Contractor's personnel (main equipment)	1		Contractor's personnel (main equipment) Berezovskaya GRES: On 15.02.2013 an electrician for equipment maintenance (category 4, electrical level 3) of KATEKenergoremont LLC suffered a lacerated wound of the thumb of his left hand by descending the stator of standby electric motor (approx. 50 kg).
Impact of the high temperature environment	1 incident: Contractor's personnel (main equipment)	1		Contractor's personnel (main equipment) Yaivinskaya GRES: On 19.08.2013 while performing hot works an employee of the contractor company Teploservis LLC, mechanic (category 5) performed firing of the cutting torch burner. As a result of oxygen hose collapse at the distance of 10 cm from the connection to the cutting torch and fire outburst he suffered a burn of the anterior abdominal wall tissue and both wrists.
Electrical accident	Incident with 2 injured persons For employees	1	1	For employees Heat Networks of Berezovskaya GRES: On 22.07.2013 at 10:10 am at the branch a group accident happened to two electricians for substations maintenance, electrical level IV. The electricians for substations maintenance were preparing to perform works under the work order. While checking voltage unavailability, both employees suffered electrical injury from

				exposure to the electric arc. One electrician died because of the suffered electrical injuries.
--	--	--	--	---

All incidents were investigated by special commissions and preventive actions were developed.

Occupational Health expenses

All actions for occupational health planned by the branches for the reporting period were complied with. Expenses on Occupational Health for the reporting period increased by 15% and amounted to 231.2 mln roubles. Diagram 1 shows expenses by the branches for 2012 and 2013.

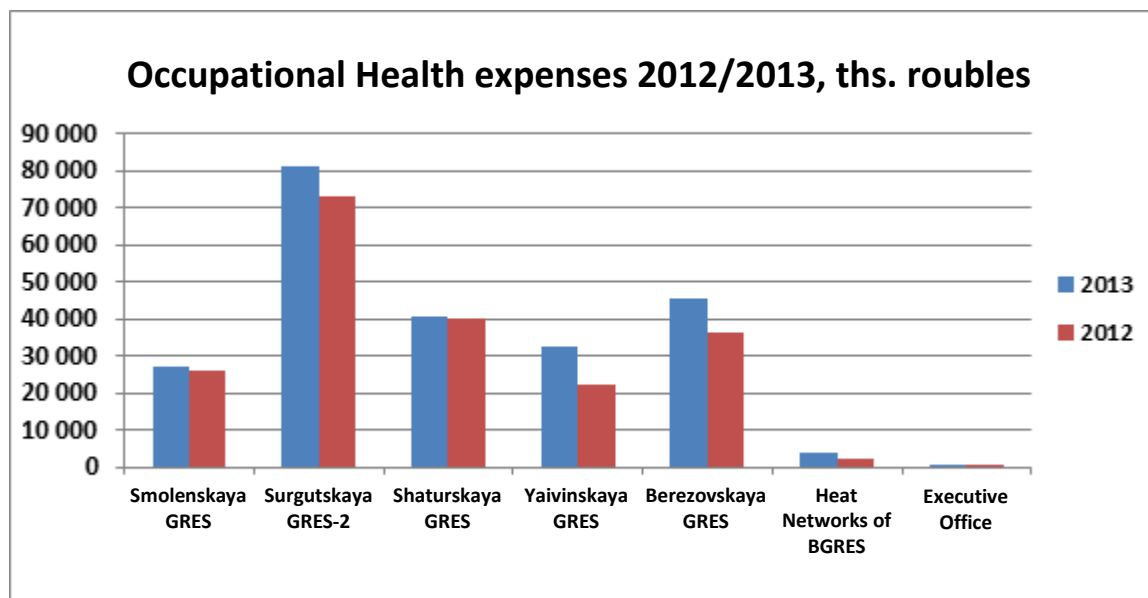


Diagram 1

Diagram 2 shows distribution of expenses by action types for 2013:

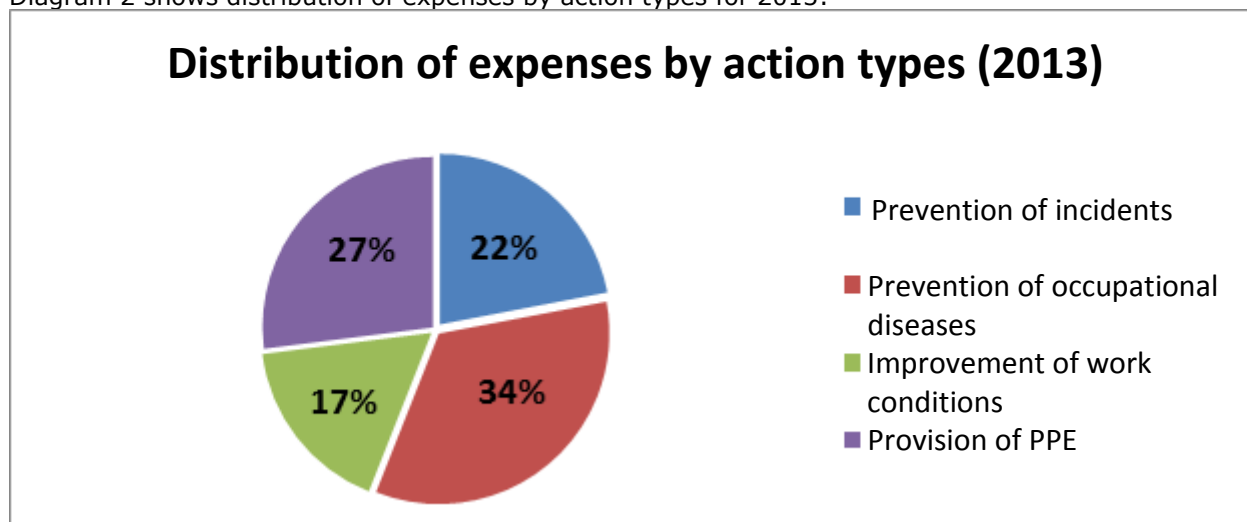


Diagram 2

Workstation certification

According to the "Five-Year Programs on Improvement of Work Conditions at the Branches" (Order No. 343 dated 27.12.2007 of OGC-4) within 2013 works related to attestation of workplaces were started and preparation works related to attestation of workplaces were held in a number of branches. In 2013 certification in the branches is not completed, it is planned to be completed in 2014.

Diagram 3 shows allocation of workplaces at the branches of E.ON Russia JSC by occupational safety classes as of 01.01.2014.

Workstation certification at the Executive Office of E.ON Russia JSC was completed on 28.12.2012.

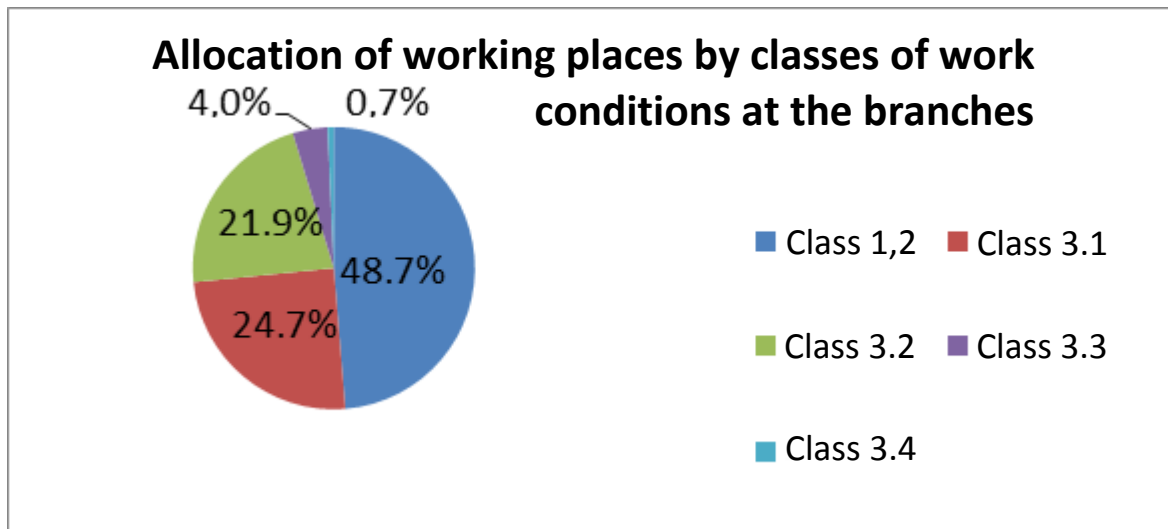


Diagram 3

In the result of the measures implementation aimed at workplaces improvement, the number of workplaces with occupational safety class 3.1 (by 12.8%), occupational safety class 3.2 (by 1.6%), and occupational safety class 3.3 (by 0.5%) decreased. The number of workplaces with occupational safety that complies with all requirements on safety increased by 14.5% (classes 1 and 2).

Diagram 4 shows the number of workplaces with harmful and hazardous factors (class 3.1-3.4) by branches as of 01.01.2014.

Number of workplaces with harmful and hazardous factors by the branches

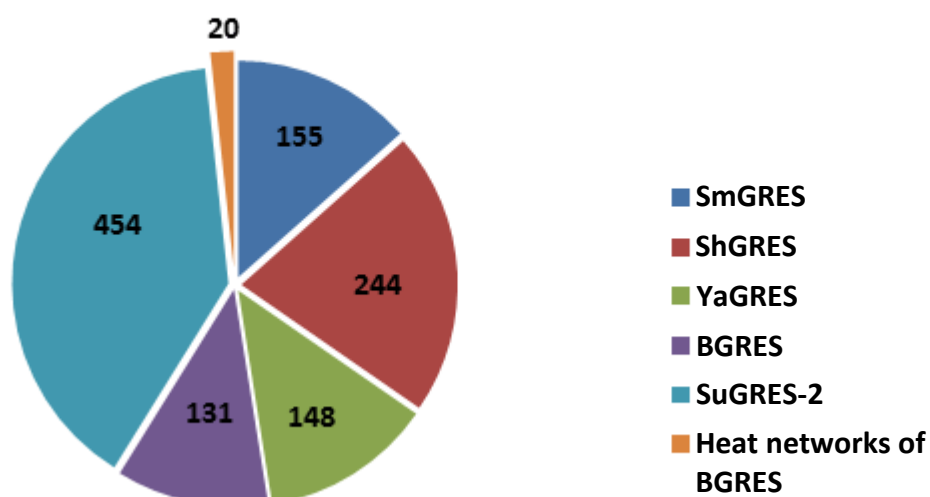


Diagram 4

Number of the branch personnel that in 2013 has records in the Record cards for occupational health violations, is shown in the table below:

No.	Plant	Number of violators							
		Total for the year		Incl. with 1 violation		with 2 violations		with 3 violations	
		2013	2012	2013	2012	2013	2012	2013	2012
1.	Berezovskaya GRES	149	101	124	80	20	21	5	0
2.	Smolenskaya GRES	12	20	12	17	0	2	0	1
3.	Surgutskaya GRES-2	103	118	88	101	14	13	1	4
4.	Shaturskaya GRES	15	32	15	31	0	1	0	0
5.	Yaivinskaya GRES	145	76	133	56	12	10	0	10
Total for the Company		424	347	372	285	46	47	6	15

Number of violators of health and safety rules among own personnel increased by 22% as compared with results of 2012, including with one violation - by 30%. First of all this increase is related to the increased number of workplaces and teams (increase by 28%) and improved workplaces inspections efficiency. The number of violators with 2 violations did not change substantially, number of violators with 3 violations decreased by 40%.

Safety

E.ON Russia JSC operates 40 hazardous production facilities registered with the state register of hazardous production facilities in accordance with the Federal Law "On industrial safety of hazardous production facilities" with hazard class assigned (certificate of registration A58-70689).

All hazardous production facilities are insured subject to the Rules of civil liability insurance of the hazardous production facility owner for damage in the result of an accident at the hazardous production facility.

Control over HPF operation at the branches was arranged in compliance with the Regulation on production control over compliance with the safety requirements at hazardous production facilities of OGK-4 (approved by the General Director of OGK-4 on September 10, 2010 and agreed by acting Head of the North Ural Administration of Rostekhnadzor of the Federal Service for Ecological, Technological and Atomic Supervision on September 23, 2010) and is implemented in 4 stages subject to the annual plan of the production control.

13.3. Environmental protection

Relying upon the strategy - Cleaner & Better Energy - of the major shareholder of E.ON Russia - E.ON Group, E.ON Russia JSC continued implementation of the Environment Policy of the Company adopted in 2009. In 2013 the environment policy of the Company was reviewed, specifying objectives and tasks in the area of the environmental protection and conservation and the tools of achieving them in details.

In October-December 2013 a certification audit of the Environmental Management System for compliance with the requirements of international standard ISO 14001:2004 was held. The certification was conducted by the Certification Association "Russian Register" accredited by the international authorities for certification - members of the International Accreditation Forum (IAF). Consequently, the certification results are qualified at the international level, and the certificate issued by the IQ Net, a member of which is the "Russian Register", also attests to this fact.

Voluntary certification attests to the fact that the environmental management system is available and operating in the Company in compliance with the international requirements, and allows:

- enhancing the favorable reputation of the Company among the partners and at the stock exchange;
- confirming the manageability and predictability of the emergencies with environmental consequences risks, and, consequently, affecting the amount of insurance payments;
- enhancing relationships with interested parties and make them more clear and trust-based;
- strengthen investor relations.

The Company has control activities conducted in due order, e.g. internal audits of the Environmental Management System (EMS) and production environmental control.

Project of the dry ash removal system construction at Berezovskaya GRES branch (DARS) is in progress. Its main objective is to ensure environmentally friendly storage of ash and sludge wastes for a long period of the power plant operation without additional lands allocation for ash and sludge wastes storage (with the same area: hydro ash removal - within three years, dry ash removal - within 40 years), and reduction of water consumption for ash and sludge wastes transportation (water is used only for wetting, to exclude the possibility of dusting).

Works on waste water treatment facilities construction at Yaivinskaya GRES branch are in progress. Design works, foundation and earth works and supply of the main and the most part of the auxiliary equipment are completed by now. Completion of the construction and installation works is about 70%. Preparation works on acquisition of environmental permitting documentation for treated waters discharge, were started. The main objective of the project - compliance with the strict requirements of maximum permissible concentrations specified for discharges into the fishery water bodies.

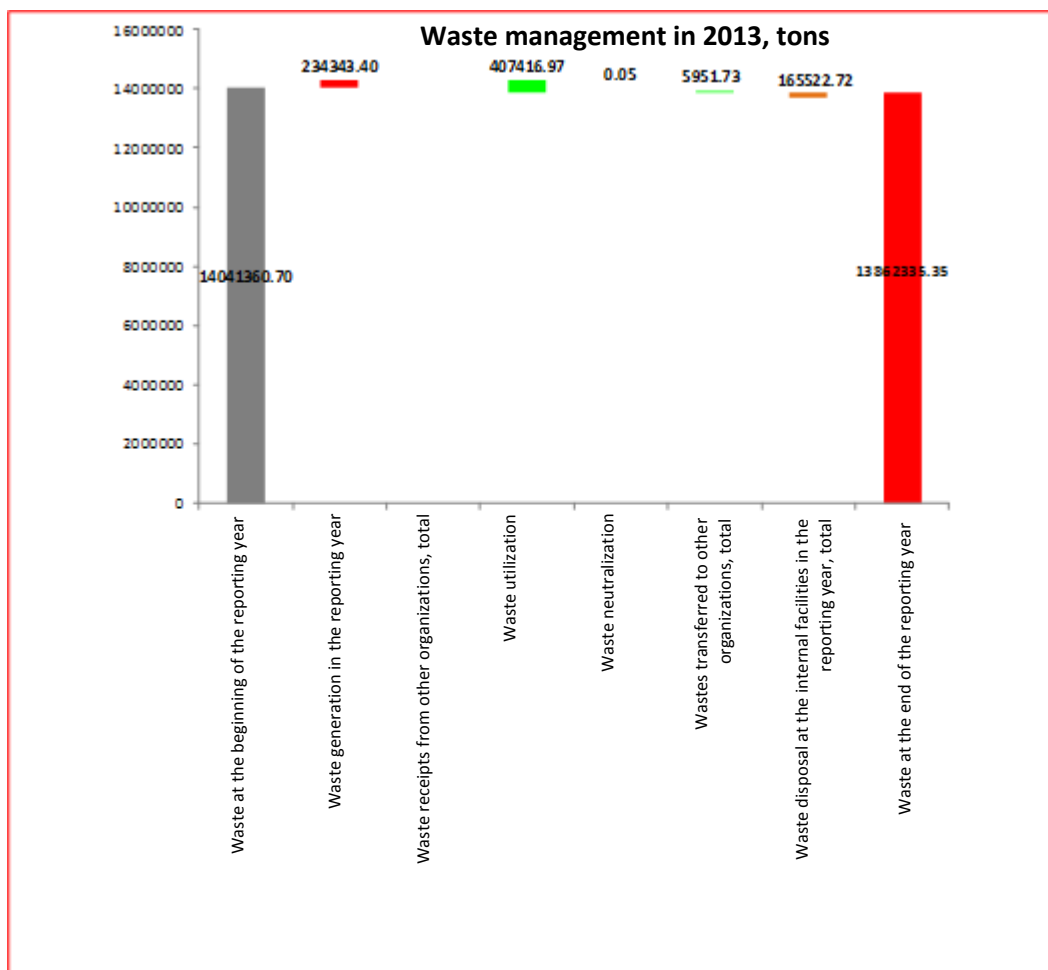
Within 2013 at all the Company branches measures on the water protection zones of reservoirs treatment, keeping in order of hydrotechnical and fish protection facilities, were implemented.

In general for E.ON Russia JSC with electric power generation decrease and solid fuel usage decrease in 2013 gross emissions of pollutants (controlled in the Russian Federation) into the atmosphere were reduced by 10.9% from 90.8 ths tons in 2012 to 80.9 ths tons.

Because of the same reason, a decrease of CO₂ emissions and sludge wastes production is observed. An increase of the circulating water volume was observed in 2013 on account of Surgutskaya GRES-2: in 2012 – circulation pumps No. 2 of 800 MW unit were operated at winter speeds; in 2013 - circulation pumps Nos. 3, 5 of 800 MW units were switched to summer speed in April.

Level of emissions during 2010-2013

Indicators	Unit of measurement.	2010	2011	2012	2013
Gross emissions of harmful substances into atmosphere, total	ths tons	81.8	91.5	90.8	80.9
ash from solid fuel	ths tons	2.6	3.2	3.0	2.0
gaseous and liquid	ths tons	79.2	88.3	87.1	78.9
of them					
sulphur dioxide	ths tons	11.2	15.9	12.9	9.7
carbon oxide	ths tons	16.3	17.3	22.3	22.2
nitrogen oxide	ths tons	50.0	53.1	50.0	48.5
CO ₂	ths tons	32,834.2	36,527.9	36,800.1	35,287.7
CO ₂	g/kWh (gen)	587.0	581.6	595.2	581.3
Ash and sludge wastes	ths tons	241.7	314.9	299.1	227.8
Circulating water volume	mln m ³	6,740.8	7,092.4	7,183.3	7,497.6
Electricity generation	mln kWh	55,791	62,467	64,202	62,995



The major volume of wastes produced in the Company is of hazard classes 4 and 5:

Ash and slag from coal combustion of **hazard class 4** - **223,999.232 tons**. Disposed at own facilities (ash disposal areas), for which a license for hazard class 4 wastes disposal is acquired. At Berezovskaya GRES branch 406,660.86 tons of ash were used for construction (planning) of section 4 of the ash disposal area in 2013.

Ash and slag from coal combustion of **hazard class 5** - **3,753.005 tons**. Disposed at own facilities (ash disposal areas) - no licensing is required. At Berezovskaya GRES branch 391.74 tons (residuals from runoff water settlers) were used for combustion in 2013.

The wastes of higher hazard levels are generated in significantly lesser amounts:

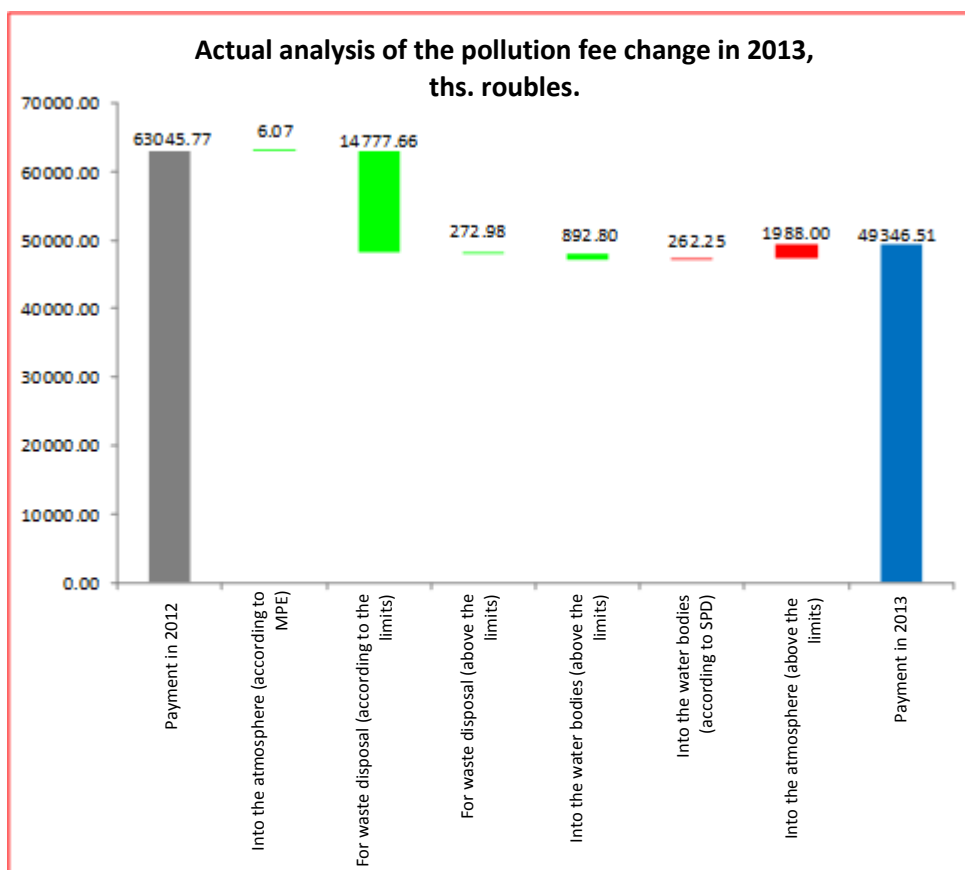
Slurries of oil and oil products of **hazard class 3** - **355.53 tons**. Transferred for utilization as lubricants or for neutralization (combustion) to the special licensed organizations.

Wastes of **hazard class 2** (electrolytic acid, slurry of the sulfuric electrolyte) - **0.048 tons**. Neutralized in the neutralization tanks of the chemical shops, for which a license for hazard class 2 wastes neutralization is acquired.

Wastes of **hazard class 1** (mainly mercury-bearing wastes: used fluorescent bulbs, mercury thermometers and other measuring devices) - **3.917 tons**. Transferred to the licensed organizations for neutralization (demercurization).

According to the effective laws of the Russian Federation, two main definitions are distinguished: **accumulation** (storage at the site for up to 6 months) and disposal of the wastes. And waste **disposal** can mean both wastes **burial** and their **storage** for subsequent utilization. Waste disposal facilities for waste storage are present at all branches of the **Company**. In this relation, there are accumulated wastes at the beginning and end of the period. For the sites where hazard class 2 or 4 wastes are

disposed, a centralized license for waste disposal and neutralization of hazard classes 1-4 is acquired. Therefore, the disposal activity is in compliance with the applicable legislation requirements.



A decrease of the pollution fee is observed in general for the Company in 2013. The fee for waste disposal reduced mainly (by more than 14 mln roubles) by employing the right to deduction while performing compensating environmental protection activities at Berezovskaya GRES branch - construction of the DARS and ash utilization for construction of section 4.

Decrease of the fees for emissions and discharges into water bodies is mainly connected with reduced electric power generation. Fee for the discharge into water bodies is also reduced at the Heat Networks of Berezovskaya GRES branch in relation to preliminary agreed discharge.

High level of the above-limits payments for emissions is the consequence of belated agreement of the reissued MPE draft and emission permit.

Increased payment for discharge into water bodies (within the SPD limits) - according to the actual pollutants concentration.

13.4. Charity

Charity

Following the traditions of the international E.ON SE, E.ON Russia JSC intends to preserve principles of the charity and sponsor policy aimed at improvement of the citizens' life conditions in the Company regions of presence.

In 2013 E.ON Russia transferred about 30 mln roubles to implement charity projects in the following lines:

1. Support to children and children educational institutions.
2. Health maintenance.
3. Support of projects in sport, culture and education.

4. Support of veterans of wars, long-service power engineers, low-income citizens, disabled persons.

Support to children and children educational institutions

As it was in previous years E.ON Russia transferred funds to procure equipment needed to equip classrooms and play-rooms, computer rooms, repair of kindergartens, boarding school rooms and secondary schools, holding exhibitions of works by children with disabilities.

On the eve of the New Year holidays pupils of children homes and orphan asylums in the regions of E.ON Russia JSC operation received help from the Company. Thus, for example, by the forces of Smolenskaya GRES (settlement Ozerny, Smolensk Region) "The Brightest New Year Tree" event was arranged for pupils of Lastochka social rehabilitation center. A New Year feast with presents and surprises was arranged for children.

The campaign "Charity instead of presents", within the framework of which the Company refuses from corporate New Year souvenirs production and sends the funds to support children with serious diseases of the central nervous system, has already become a tradition. In 2013 the families of these children were supported in the amount of 1 mln roubles for medical treatment and essential equipment acquisition, as well as socially and psychologically supported.

For nine years E.ON Russia has participated in the charity program "Books for visually impaired children". Due to help of the Company, 425 illustrated tactile books were sent to the children special institutions of Krasnoyarsk, Perm, Berezniki, Smolensk, Surgut, Shatura.

Health maintenance

E.ON Russia supports various medical institutions on an annual basis.

Due to financial help of Bereznovskaya GRES branch a package of endoscopic equipment was acquired in 2013 for the health center of Sharypovo. The equipment makes it possible to conduct not only complex examinations of the gastrointestinal tract and bronchopulmonary system, but also treatment procedures for patients with peptic ulcer and gastrointestinal and breathing tract erosions. More than 60 ths patients use the health center in Sharypovo.

The funds were also allocated for equipping of the minimal invasive surgery in the Krasnoyarsk regional clinical cancer detection center named after A.I. Kryzhanovskiy. This is the only medical institution of this specialization in the Krasnoyarsk Territory.

Charity support of Shatura central district hospital has become a tradition. This long-term project aimed at quality improvement of the medical services rendered to citizens of the Shatura District. Within the limits of the charity program in 2013 the Company financially supported the hospital in the amount of 7 mln roubles for completing the capital repair of the medical building.

Support of projects in sport, culture

Support and development of sport is one of important lines of charity and sponsor activity of the Company. Last year Bereznovskaya GRES branch of E.ON Russia JSC allocated funds for the ice stadium construction in the Sharypovo district of the Krasnoyarsk Territory. Size and technical infrastructure of the new sports facility allow not only conducting regional level hockey matches, but also developing short track.

Annually the Company participates in the public and social life of regions, pays special attention to landscaping and planting the territories, facilitates preservice of historical and cultural monuments.

In 2013 Bereznovskaya GRES branch of E.ON Russia JSC for the first time participated in the regional program of the Krasnoyarsk Territory on summer employment of teenagers. The labour unit of E.ON Russia, which consisted of 60 teenagers, worked during three summer months in the area of planting and waste collection in the precincts, parks and garden squares of Sharypovo (the Krasnoyarsk Territory).

Educational projects

In December 2013 in Surgut at the premises of Secondary School No. 19 Municipal Budgetary Secondary Education Institution and with support of State Budgetary Educational Institution of Higher Professional Education Surgut State University of Khanty-Mansi Autonomous Area-Yugra, the first stage of "Career starts at school" program was successfully started. The objective of the program is occupational guidance, advanced training and forming a community of the future power engineers, which allows speeding up the process of preparing a specialist with required qualifications, who will be ready to start full-fledged working career at the E.ON Russia JSC enterprise. To implement the tasks of the first stage it is planned to develop the unified methodological document for teaching in the "energy classes", opened in the secondary schools of Surgut, Sharypovo, settlement of Ozerny and settlement of Yaiva.

Within the scope of "Career starts at school" project implementation and the complex target-oriented program for young professionals training, E.ON Russia became the first power company in the Krasnoyarsk Territory to take actual steps to bring the institutional education and the needs of actual production together. In 2013, funds were allocated for acquisition of modern training equipment, visual aids and outdoor advertising in E.ON corporate style for equipping the Chair of Heat Power Industry of the Siberian Federal University. The allocated funds have become the first stage of creating the "Complex special laboratory of E.ON Russia JSC, aimed at in-depth operation personnel training for operating the K-800-240 coal-fired power units and 400 MW CCGT combined-cycle power units. The project of creating the laboratory is designed for three years.

Support to veterans of the Great Patriotic War, long-service power engineers, low-income citizens, disabled persons

Lending support to physically challenged people is traditionally one of the priorities of E.ON Russia JSC Berezovskaya GRES branch social policy.

Last year the power plant supported the charity project "Sharypovo district - territory of equal opportunities". Within the project, laptops were acquired and sent to the disabled persons in the villages, so that they can receive education, arrange visits to the doctors, communicate with each other, visit the special informational portal for disabled created by the administration of the Krasnoyarsk Territory, without the need to get out of their houses.

In addition, Berezovskaya GRES branch participated in the "Social taxi" program and paid for transportation of 48 disabled children from Sharypovo district for medical treatment to the recovery centers of Sharypovo and Krasnoyarsk.

14. CONTACT INFORMATION

General information

Full commercial name: E.ON Russia Open Joint Stock Company.

Short commercial name: E.ON Russia JSC.

Location: 23 Energostroiteley Street, Building 34, Surgut, Khanty-Mansi Autonomous Area – Yugra, Tyumen Region, Russian Federation.

Postal address: 10 Presnenskaya Naberezhnaya, Block B, 23rd floor, Moscow, 123317

Phone: (495) 545 38 38

Fax: (495) 545 38 39

www.eon-russia.ru

E-mail: info@eon-russia.ru

Data on the persons in charge of work with shareholders

Galina Sergeyevna Shcheglova
Phone: (495) 545 38 46

Olga Vladimirovna Sokolova
Phone: (495) 545 38 38, ext.. 4864

Liudmila Vadimovna Orlova
Phone: (495) 545 38 38, ext. 4,870

Fax: (495) 545 38 39
E-mail: IR@eon-russia.ru

Press Service

Dmitriy Valeryevich Yermilichev – Director, Public and Government Relations

Phone: (495) 545 38 49
Fax: (495) 545 38 39
E-mail: PR@eon-russia.ru

Registrar Data

Full commercial name of the registrar: Registrar R.O.S.T. Open Joint Stock Company.
Short commercial name: Registrar R.O.S.T. JSC
License to conduct activity on register maintenance No.10-000-1-00264, issued by the Federal Commission for the Securities Market (Federal Financial Markets Service) of Russia on 03.12 .2002

Location: 18 Stromynka Str., build. 13, Moscow.
Postal address: 18 Stromynka Str., PO 9, Moscow 107996

Phone: (495) 771-73 35, (495) 771 73 36
Fax: (495) 771 73 34
www.rrost.com
E-mail: rost@rrost.ru.

Auditor Data

Full commercial name: PricewaterhouseCoopers Audit, Closed Joint Stock Company,

Member of non-profit partnership "Audit Chamber of Russia", which is the auditors' self-regulating organization; registration number 870 in the register of members of the Audit Chamber of Russia".
Principal Number of Registration Entry (ORNZ) in the register of auditors and audit organizations – 10201003683

Location: 10 Butyrskiy Val, Moscow, Russia, Belaya Ploshchad Business Center
Postal address: 10/10 Butyrskiy Val, Moscow 125047, Russia, Belaya Ploshchad Business Center.

Phone: (495) 967 60 00
Fax: (495) 967 60 01
www.pwc.com

Annex 1 - Financial statements of E.ON Russia for 2013

The text of the auditor's report of PricewaterhouseCoopers Audit CJSC on accounting records of E.ON Russia in 2013 is presented below. These accounting reports are included into this annual report not in full scope.

This audit report is applicable only to the accounting reports of E.ON Russia for 2013 in full scope only. A copy of the accounting reports of E.ON Russia for 2013 in full scope is placed on the Company site www.eon-russia.ru in section To Shareholders and Investors/Financial Statements/ RAS.

E.ON Russia Joint Stock Company
Audit report of accounting reports, 2013



Audit report

Att.: Shareholders of E.ON Russia Open Joint-Stock Company:

Entity audited

E.ON Russia Joint Stock Company

Certificate of making an entry into the Unified State Register of Legal Entities on legal entity establishing under No. 1058602056985 dated March 4, 2005, issued by the Inspectorate of the Federal Tax Service for Surgut, Khanty-Mansi Autonomous Area Yugra.

23 Energostroiteley Street, Building 34, Surgut 628406, Khanty-Mansi Autonomous Area – Yugra, Tyumen Region.

Auditor

PricewaterhouseCoopers Audit Closed Joint Stock Company (PWC Audit CJSC) located at: 10 Butyrskiy Val Str., Moscow 125047, Russian Federation.

Certificate of State Registration of the joint stock company under No. 008.890 was issued by the Moscow Registration Chamber on February 28, 1992.

Certificate of making an entry into the Unified State Register of Legal Entities on the legal entity registered prior to July 1, 2002 under No. 1027700148431 dated August 22, 2002 issued by the Interdistrict Inspectorate of the Ministry of Taxation of Russia No. 39 for Moscow.

Member of non-profit partnership "Audit Chamber of Russia", which is the auditors' self-regulating organization; registration number 870 in the register of members of NP Audit Chamber of Russia".

Principal Number of Registration Entry (ORNZ) in the register of auditors and audit organizations – 10201003683.

*PricewaterhouseCoopers Audit Closed Joint Stock Company (PWC Audit CJSC)
Business-center Belaya Ploshchad (White Square), 10 Butyrskiy Val Str., Moscow 125047, Russia
T : +7(495) 967-6000, Fax:+7(495) 967-6001, www.pwc.ru*



Audit report

Att.: Shareholders of E.ON Russia Open Joint-Stock Company:

We audited the accounting reporting attached of E.ON Russia Joint Stock Company (hereinafter - E.ON Russia JSC), consisting of the balance sheet as of December 31, 2013, P&L statement, statement of changes in equity and cash flow statement for 2013, explanations to the balance sheet and P&L statement (hereinafter all statements are jointly referred to as "accounting reporting").

Liability of E.ON Russia JSC for accounting reporting

Management of E.ON Russia JSC is liable for drawing up and reliability of the accounting reporting specified subject to the rules of the Russian Federation on accounting reporting drawing up and the system of internal control required for accounting reporting drawing up, which does not include any material misstatements due to fraud or error.

Liability of the auditor

Our liability consists of an opinion expression on the accounting reporting reliability on the grounds of the audit conducted by us. We conducted an audit in compliance with the federal standards of the audit activity and International Audit Standards. These standards require compliance with the applicable code of ethics and audit planning and conducting in such a way as to be confident that the accounting reporting does not include any material misstatements.

The audit included audit procedures aimed at audit proofs obtainment that confirm figures in the accounting reporting and disclosure of information in it. Choice of audit procedures is the subject of our discussion based on risk of material misstatements assessment due to fraud or error. In the assessment process we reviewed the internal control system that provides for the accounting reporting drawing up and reliability for the purposes of the relevant audit procedures selection but not for the purposes of the opinion expression as regards the internal control system efficiency. The audit also included assessment of the proper character of the accounting policy applicable and feasibility of assessment indicators obtained by E.ON Russia JSC management as well as assessment of the accounting reporting submission in general.

We think that the audit proofs obtained in the course of the audit give sufficient ground to express opinion on the accounting reporting reliability.

Opinion

In our opinion the accounting reporting reflects reliably in any material respect of the financial standing of E.ON Russia JSC as of December 31, 2013, results of its financial and economic activity for 2013 subject to the rules of the accounting reporting drawing up set forth in the Russian Federation.

Director of PricewaterhouseCoopers Audit CJSC

/signed/

O.V. Salnikova

March 25, 2014

Round seal: CLOSED JOINT STOCK COMPANY * Price Waterhouse Coopers Audit
State registration No. 8890

Balance sheet
as of December 31, 2013

Company **E.ON Russia JSC**

Taxpayer's identification number

Type of economic activity

Electric and heat power generation by thermal power plants

Legal form of the company/type of ownership

Joint Stock Company/Joint Private and Foreign Ownership

Unit of measurement: the rubles

Location (address): 23 Energostroyteley Str., build. 34, Surgut 628406, Tyumen Region, Khanty-Mansi Autonomous Area-Yugra

OKUD Form

Date (day, month, year)

OKPO

TIN

OKVED

OKPO/OKFS

OKEI

Codes
0710001
31/12/2013
76828204
8602067092
40.10.11
12247/34
384

Notes	Indicator	Line code	As of December 31, 2013	As of December 31, 2012.	As of December 31, 2011.
1	2	3	4	5	6
	ASSET				
	I NON-CURRENT ASSETS				
Tab. 2.1 Expl. III cl. 3.2	Fixed assets	1150	83,020,617	75,271,514	75,605,854
Tab. 2.2 Expl. III cl. 3.3	Including: under construction	1151	21,460,889	9,153,052	5,462,308
Tab. 3.1 Expl. III cl. 3.4	Long-term financial investments	1170	3,107,245	3,001,220	364,954
Expl. III cl. 3.5	Other non-current assets	1190	91,940	271,095	198,136
	Total Section I	1100	86,219,802	78,543,829	76,168,944
	II CURRENT ASSETS				
Tab. 4.1 Expl. III cl. 3.6	Inventories	1210	3,950,471	2,507,451	2,288,006
Tab. 4.1 Expl. III cl. 3.6	Including: Raw and other materials and other similar assets	1211	3,950,471	2,507,451	2,288,006
	Value added tax on acquired assets	1220	4,223	7,331	10,296
Tab. 5.1 Expl. III cl. 3.8	Receivables	1230	13,696,069	14,414,340	11,230,476
Tab. 5.1 Expl. III cl. 3.8	long-term debt	1231	2,319,532	3,168,494	2,867,076
Tab. 5.1 Expl. III cl. 3.8	short-term debt	1232	11,376,537	11,245,846	8,363,400
Tab. 5.1 Expl. III cl. 3.8	Including: buyers and customers	1233	5,564,675	5,632,517	4,467,002
Tab. 5.1 Expl. III cl. 3.8	advances paid	1234	3,703,969	5,274,557	3,107,032
Tab. 3.1 Expl. III cl. 3.9	Short-term financial investments (except for monetary equivalents)	1240	8,900,104	27,522,100	14,178,376
Expl. III cl. 3.10	Cash and cash equivalents	1250	17,980,007	5,806,725	10,516,322
	Other current assets	1260	250,046	244,309	289,762
	Total Section II	1200	44,780,920	50,502,256	38,513,238
	BALANCE	1600	131,000,722	129,046,085	114,682,182

Notes	Indicator	Line code	As of December 31, 2013	As of December 31, 2012.	As of December 31, 2011.
1	2	3	4	5	6
	LIABILITIES				
	III. SHAREHOLDERS' FUNDS				
Expl. III cl. 3.12	Authorized capital	1310	25,219,482	25,219,482	25,219,482
	Revaluation of non-current assets	1340	472,134	476,263	480,257
	Added capital (without revaluation)	1350	40,969,311	40,969,311	40,969,311
Expl. III cl. 3.12	Reserve capital	1360	1,260,974	1,260,974	1,260,974
	Retained earnings (uncovered loss)	1370	53,129,583	52,454,153	37,713,254
	Total Section III	1300	121,051,484	120,380,183	105,643,278
	IV. LONG-TERM LIABILITIES				
	Deferred tax liabilities	1420	4,057,820	2,620,591	2,582,766
Tab. 5.3	Other liabilities	1450	203	332	463
	Total Section IV	1400	4,058,023	2,620,923	2,583,229
	V. SHORT-TERM LIABILITIES				
Tab. 5.3 Expl. III cl. 3.11	Payables	1520	5,251,495	5,461,472	5,783,655
Tab. 5.3 Expl. III cl. 3.11	Including: Payables to suppliers	1521	3,190,805	2,346,429	3,239,367
Tab. 5.3 Expl. III cl. 3.11	Taxes and charges payable	1522	826,465	1,647,271	1,437,461
Tab. 7	Estimated liabilities	1540	639,720	583,507	672,020
	Total Section V	1500	5,891,215	6,044,979	6,455,675
	BALANCE	1700	131,000,722	129,046,085	114,682,182

Head _____/signed/_____ M.G. Shirokov.
/signature/ Printed name
«25» March 2014

Chief Accountant _____/signed/_____ A.V. Shalyapina
/signature/ Printed name

P&L statement for 2013

Company **E.ON Russia JSC**
Taxpayer's identification number **Type of economic activity**
Electric and heat power generation by thermal power plants **Legal form of the company/type of ownership**
Joint Stock Company/Joint Private and Foreign Ownership
Unit of measurement: the roubles

Codes	
OKUD Form	0710002
Date (day, month, year)	31/12/2013
OKPO	76828204
TIN	8602067092
OKVED	40.10.11; 40.30.11
OKPO/OKFS	12247/34
OKEI	384

Explanations	Indicator	Line code	For 2013	For 2012
1	2	3	4	5
Expl. III cl. 3.13	Revenues	2110	80,491,685	76,692,673
Tab. 6 Expl. III cl.	Cost of sales	2120	(59,007,724)	(54,932,592)
	Gross profit (loss)	2100	21,483,961	21,760,081
	Profit (loss) from sales	2200	21,483,961	21,760,081
	Interest receivable	2320	2,167,321	1,971,759
	Interest payable	2330	(4,455)	(3,421)
Expl. III cl. 3.15	Other income	2340	3,713,651	2,217,580
Expl. III cl. 3.15	Other costs	2350	(4,187,618)	(2,980,157)
	Profit (loss) before taxation	2300	23,172,860	22,965,842
Expl. III cl. 3.15	Current income tax	2410	(3,930,182)	(4,529,445)
Expl. III cl. 3.15	incl. Permanent tax liabilities (assets)	2421	(2,660)	68,238
Expl. III cl. 3.15	Change of the deferred tax liabilities	2430	(418,360)	221,598
Expl. III cl. 3.15	Change of the deferred tax assets	2450	70,868	13,594
	Other	2460	31,320	(285,438)
	Net profit (loss)	2400	18,926,506	18,386,151

Explanations	Indicator	Line code	For 2013	For 2012
1	2	3	4	5
	FOR REFERENCE			
	Result from other transactions not included into net profit (loss) of the period	2520		
	Total profit/loss for the period	2500	18,926,506	18,386,151
Expl. III cl. 3.16	Base profit (loss) per share, roubles	2900	0.3001	0.2916

Head _____ /signed/ _____ M.G. Shirokov. Chief Accountant _____ /signed/ _____ A.V. Shalyapina
/signature/ _____ Printed name /signature/ _____ Printed name
«25» March 2014

Statement of changes in equity
for 2013

Company E.ON Russia JSC
Taxpayer's identification number
Type of economic activity Electric power generation at thermal electric power plants
Legal form of the company/type of ownership Joint Stock Company/Joint Private and Foreign Ownership Unit of measurement: the roubles

Codes
OKUD Form 0710003
Date (day, month, year) 31/12/2013
OKPO 76628204
TIN 660206709
OKVED 40.10.11
OKPO/OKFS 12247/34
OKEI 384

Notes	Indicator	Line code	Authorized capital	Treasury shares	Added capital	Reserve	Retained earnings (uncovered loss)	Total
1	2	3	4	5	6	7	8	9
	Capital value as of December 31, 2011.	3100	25,219,482	-	41,449,568	1,260,974	37,713,254	105,643,278
	For 2012							
	Increase of the capital - total	3210	-	-	-	-	18,386,151	18,386,151
	including							
	net profit	3211	x	x	x	x	18,386,151	18,386,151
	property revaluation	3212	x	x	-	x	-	-
	revenues related directly to capital growth	3213	x	x	-	x	x	x
	additional share issue	3214	-	x	-	x	x	-
	increase of the share denomination	3215	-	x	-	x	-	x
	reorganization of the legal entity	3216	-	-	-	-	-	-
	placement of treasury shares	3217	x	-	x	x	x	-
	Capital reduction - total	3220	-	-	-	-	-	-
	including							
	loss	3221	x	x	x	x	-	-
	property revaluation	3222	x	x	-	x	-	-
	expenses related directly to capital reduction	3223	x	x	-	x	-	-
	reduction of the share denomination	3224	-	x	-	x	-	-
	reduction of the shares amount	3225	-	x	-	x	-	-
	reorganization of the legal entity	3226	-	-	-	-	-	-
	dividends	3227	x	x	x	x	-	-
	treasury shares	3228	x	-	x	x	(3,649,246)	(3,649,246)
	Change of the added capital	3230	x	x	(3994)	x	3,994	x
	Change of the reserve capital	3240	x	x	x	x	-	x
	Capital value as of December 31, 2012.	3200	25,219,482	-	41,445,574	1,260,974	52,454,153	120,380,183
	For 2013							
	Increase of the capital - total	3310	-	-	-	-	18,926,506	18,926,506
	including							
	net profit	3311	x	x	x	x	18,926,506	18,926,506
	property revaluation	3312	x	x	-	x	-	-
	revenues related directly to capital growth	3313	x	x	-	x	-	-
	additional share issue	3314	-	x	-	x	x	-
	increase of the share denomination	3315	-	x	-	x	-	x
	reorganization of the legal entity	3316	-	-	-	-	-	-
	placement of treasury shares	3317	x	-	x	x	x	-
	Capital reduction - total	3320	-	-	-	-	(18,255,205)	(18,255,205)
	including							
	loss	3321	x	x	x	x	-	-
	property revaluation	3322	x	x	-	x	-	-
	expenses related directly to capital reduction	3323	x	x	-	x	-	-
	reduction of the share denomination	3324	-	x	-	x	-	-
	reduction of the shares amount	3325	-	x	-	x	-	-
	reorganization of the legal entity	3326	-	-	-	-	-	-
	dividends	3327	x	x	x	x	(18,255,205)	(18,255,205)
	treasury shares	3328	x	-	x	x	x	-
	Change of the added capital	3330	x	x	(4,129)	x	4,129	x
	Change of the reserve capital	3340	x	x	x	-	-	x
	Capital value as of December 31, 2013	3300	25,219,482	-	41,441,445	1,260,974	53,129,563	121,051,464

3. Net assets

Note	Indicator	Line code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
1	2	3	4	5	6
	Net assets	3600	121,051,464	120,380,183	105,643,278

Head /signed/ M.G. Shirokov.
/signature/ Printed name
«25» March 2014

Chief Accountant /signed/ A.V. Shalyapina
/signature/ Printed name

Statement on Cash Flow for 2013
 E.ON Russia JSC
 Taxpayer's identification number
 Type of economic activity Electric and heat power generation by thermal power plants
 Legal form of the company/type of ownership Joint Stock Company/Joint Private and Foreign Ownership
 Unit of measurement: the roubles

OKUD Form	Codes
Date (day, month, year)	0710004
OKPO	31/12/2013
TIN	76828204
OKVED	8602067092
OKPO/OKFS	40, 10, 11; 40, 30, 11
OKEI	12247/34
	384

Notes	Indicator	Line code	For 2013	For 2012
1	2	3	4	5
	Cash flows of the current transactions			
	Receipts - total	4110	80,933,682	75,882,171
	including:			
	from sale of products, goods, works and services	4111	79,029,833	74,492,202
	lease payments, license payments, royalties, fees and other similar payments	4112	-	-
	from investments resale	4113	-	-
	other receipts	4119	1,903,849	1,389,969
	Payments - total	4120	(57,937,711)	(52,586,351)
	including:			
	to suppliers (contractors) for raw material, other materials, works, services	4121	(45,669,681)	(42,012,517)
	relative to the employees remuneration for labour	4122	(3,592,058)	(3,271,613)
	debt interests	4123	-	-
	corporate income tax	4124	(5,330,075)	(3,998,649)
	other payments	4129	(3,345,917)	(3,303,572)
	Cash flow balance of the current transactions	4100	22,995,971	23,295,820
	Cash flows of the investment transactions			
	Receipts - total	4210	21,571,202	1,942,879
	including:			
	from sale of non-current assets (except for financial investments)	4211	81,776	34,523
	from sales of shares of other companies (interest)	4212	-	-
	from borrowings paid back, from sale of debt securities (right to claim monetary funds from third parties)	4213	267,805	183,656
	dividends, interests on debt financial investments and similar receipts from participation in third companies	4214	2,065,537	1,723,881
	from deposits closure	4215	19,156,027	-
	other receipts	4219	57	819
	Payments - total	4220	(15,450,411)	(26,596,726)
	including:			
	due to procurement, creation, modernization, reconstruction and preparation for use of non-current assets	4221	(13,082,581)	(9,500,085)
	due to procurement of third party shares (interest)	4222	(27,630)	(500)
	due to procurement of debt securities (rights to claim monetary funds from third parties), granting of loans to third parties	4223	(17,584)	(301,633)
	debt interests included into the investment asset cost	4224	-	-
	placing monetary funds to deposits	4225	-	(15,180,284)
	other payments	4229	(2,322,616)	(1,814,224)
	Cash flow balance of the investment transactions	4200	6,120,791	(24,653,847)
	Cash flows of the financial transactions			
	Receipts - total	4310	-	-
	including:			
	obtainment of credits and loans	4311	-	-
	cash deposits of owners (stakeholders)	4312	-	-
	from shares issue, interest increase	4313	-	-
	from issue of bonds, promissory notes and other debt securities, etc.	4314	-	-
	other receipts	4319	-	-
	Payments - total	4320	(17,035,714)	(3,395,422)
	including:			
	owners (stakeholders) due to repurchase of shares (interest) of the company or their cessation of membership	4321	-	-
	for payment of dividends and other payments as regards profit allocation in favour of owners (stakeholders)	4322	(17,035,714)	(3,395,422)
	in connection with repayment (repurchase) of promissory notes and other debt securities, repayment of credits and loans	4323	-	-
	other payments	4329	-	-
	Cash flow balance of the financial transactions	4300	(17,035,714)	(3,395,422)
	Cash flow balance for the reporting period	4400	12,081,048	(4,753,449)
	Opening cash and cash equivalents balance	4450	5,806,692	10,516,281
	Closing cash and cash equivalents balance	4500	17,979,992	5,806,692
	Effect of exchange rate changes in relation to the rouble	4490	92,252	43,860

Head _____/signed/ M.G. Shirokov. Chief Accountant _____/signed/ A.V. Shalyapina
 /signature/ Printed name /signature/ Printed name
 «25» March 2014

Explanations to the Balance sheet and P&L statement, this rubles

2. Fixed assets
2.1. Fixed assets availability and flow

Indicator	Line code	Period	At the year opening				Changes for the period				At the period closure			
			initial cost	accumulated depreciation	received	initial cost	accumulated depreciation	depreciation charged	revaluation		initial cost	accumulated depreciation	initial cost	accumulated depreciation
									received	depreciation				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Fixed assets (excluding profitable investments in subsidiaries) - total	5200	2012	79 343 473	(8 189 227)	3 331 142	(234 811)	8 147 140	(1 709 310)	-	-	85 298 468	(10 898 357)	85 298 468	(10 898 357)
buildings	5201	2012	20 825 351	(1 391 314)	261 855	(100 112)	11 405	(588 222)	-	-	20 987 054	(1 390 731)	20 987 054	(1 390 731)
facilities and transmission devices	5202	2012	12 223 448	(2 217 418)	468 799	(56 806)	35 070	(735 793)	-	-	12 691 233	(2 318 141)	12 691 233	(2 318 141)
equipment and machinery	5203	2012	46 529 876	(6 336 920)	2 144 525	(152 767)	24 662	(5 912 521)	-	-	50 664 566	(10 555 135)	50 664 566	(10 555 135)
vehicles	5204	2012	300 359	(113 183)	40 424	(29 636)	22 523	(37 051)	-	-	314 569	(120 321)	314 569	(120 321)
production and household equipment	5205	2012	299 887	(92 039)	11 330	(1 858)	14 475	(35 029)	-	-	309 359	(113 193)	309 359	(113 193)
other types	5206	2012	104 721	(59 211)	85 249	(1 527)	1 520	(21 725)	-	-	109 815	(78 485)	109 815	(78 485)
land lots	5207	2012	11 321	(2 648)	5 159	(2 583)	2 362	(3 927)	-	-	13 321	(3 919)	13 321	(3 919)
	5217	2012	67 796	-	1 398	(1 376)	-	-	-	-	67 818	-	67 818	-

2.2. Outstanding capital investments

2.2. Outstanding capital investments										
Indicator	Line code	Period	Changes for the period				At the period closure			
			At the year opening	expenses for the period	written-off	taken for accounting as fixed assets or cost increased	At the period closure	At the period closure	At the period closure	At the period closure
1	2	3	4	5	6	7	8	9	10	11
Under construction and non-completed operations for acquisition, modernization, etc.	5240	2013	9 153 052	15 335 362	(32 764)	(2 644 781)	21 460 889	21 460 889	21 460 889	21 460 889
	5241	2012	4 730 009	6 440 950	(16 255)	(3 330 270)	12 163 368	12 163 368	12 163 368	12 163 368
new build	5241	2013	4 730 009	6 440 950	(16 255)	(699 974)	12 163 368	12 163 368	12 163 368	12 163 368
	5251	2012	3 527 242	2 715 900	(1 054)	(1 512 060)	4 730 009	4 730 009	4 730 009	4 730 009
reconstruction, modernization	5242	2013	1 248 893	2 715 900	(1 054)	(1 867 951)	1 008 172	1 008 172	1 008 172	1 008 172
	5242	2012	2 938 222	2 938 222	(1 530)	(1 285 656)	4 730 009	4 730 009	4 730 009	4 730 009
other capital investments	5253	2012	1 306 844	1 493 062	(12 170)	(83 879)	3 174 061	3 174 061	3 174 061	3 174 061

2.3. Changes in the cost of fixed assets due to completion of construction, further equipping, reconstruction and partial liquidation

Indicator	Line code	For 2013	For 2012
1	2	3	4
Increase of fixed assets value as a result of completed construction, further equipping, reconstruction and partial liquidation	5260	1,887,951	1,734,477
including: buildings	5261	124,394	71,188
facilities and transmission devices	5262	200,981	272,085
equipment and machinery	5263	1,542,345	1,382,040
vehicles	5264	651	-
production and household equipment	5265		20,114
other groups of fixed assets	5266		
Reduction of value of the fixed assets facilities as a result of liquidation of fixed assets	5270	(58,501)	(2,101)
including: equipment and machinery	5271	(44,877)	
fixed assets items	5272	(13,624)	(2,101)

2.4. Other use of fixed assets

Indicator	Line code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
1	2	3	4	5
Fixed assets for lease but being on the balance sheet	5280	256,484	219,654	146,492
Fixed assets for sublease being not on the balance sheet	5281	-	-	-
Fixed assets on the balance sheet leased	5282	-	-	-
Leased fixed assets not on the balance	5283	1,577,469	1,665,144	1,636,087
Real estate facilities accepted for operation and actually used, being in the process of state registration	5284	-	-	-
Fixed assets transferred for conservation	5285	26,375	37,865	27,161
Fixed assets pledged	5286	-	-	-
Other use of fixed assets on the balance sheet	5287	-	-	-
Other use of fixed assets not on the balance sheet	5288	-	-	-

3. Financial investments
3.1. Financial investments availability and flow

Indicator	Line code	Period	At the year opening					Changes for the period				At the period closure		
			initial cost					received	retired (repaid)		Bringing the initial cost to the nominal	current market cost (losses from	initial cost	accumulated adjustment
			4	5	6	7	8		initial cost	accumulated adjustment				
1	2	3									9	10	11	12
Long-term financial investments - total	5301	2013	3,057,241	(56,031)	485,889	(372,347)	-	-	-	-	-	(7,508)	3,170,774	(63,529)
Including:	5311	2012	410,718	(45,524)	2,605,320	(158,557)	-	-	-	-	-	(10,487)	3,057,241	(56,031)
Investments into authorized capitals of subsidiaries and affiliated companies	5302	2013	107,200	(46,021)	500	-	-	-	-	-	X	(7,508)	107,700	(63,529)
of which: investments into authorized capitals of subsidiaries and affiliated companies	5312	2012	106,700	(45,524)	500	-	-	-	-	-	X	(10,487)	107,200	(56,021)
Investments into authorized capitals of other companies	53021	2013	18,000	-	500	-	-	-	-	-	X	-	18,500	-
Investments into other securities of companies (bonds, promissory notes and others)	53022	2013	89,200	(56,021)	-	-	-	-	-	-	X	(7,508)	89,200	(63,529)
Investments into other securities of subsidiaries and affiliated companies (bonds, promissory notes and others)	53122	2012	89,200	(45,524)	-	-	-	-	-	-	X	(10,487)	89,200	(56,021)
Investments into other securities of other companies (bonds, promissory notes and others)	53031	2013	704,014	-	313,803	(372,347)	-	-	-	-	-	-	704,014	-
Investments into other securities of other companies (bonds, promissory notes and others)	53131	2012	704,014	-	313,803	(372,347)	-	-	-	-	-	-	704,014	-
Investments into other securities of other companies (bonds, promissory notes and others)	53032	2013	303,718	-	558,793	(158,557)	-	-	-	-	-	-	303,718	-
Other types of financial investments	5304	2013	2,246,027	-	171,577	-	-	-	-	-	-	-	2,417,604	-
State and municipal securities	53041	2013	-	-	2,246,027	-	-	-	-	-	-	-	2,246,027	-
Loans granted	53042	2012	2,246,027	-	171,577	-	-	-	-	-	-	-	2,417,604	-
Deposits	53043	2013	-	-	2,246,027	-	-	-	-	-	-	-	2,246,027	-
Other long-term financial investments	53044	2013	-	-	-	-	-	-	-	-	-	-	-	-
Short-term financial investments - total	5305	2013	27,522,100	-	77,465,395	(66,088,391)	-	-	-	-	-	-	8,900,104	-
Including:	5315	2012	14,178,376	-	78,535,535	(65,014,811)	-	-	-	-	-	-	27,522,100	-
Investments into authorized capitals of subsidiaries and affiliated companies	53061	2013	-	-	27,859	-	-	-	-	-	X	-	27,859	-
Investments into other securities of companies (bonds, promissory notes and others)	53062	2013	-	-	27,859	-	-	-	-	-	X	-	-	-
Investments into other securities of companies (bonds, promissory notes and others)	53162	2012	-	-	27,859	-	-	-	-	-	-	-	-	-
Investments into other securities of subsidiaries and affiliated companies (bonds, promissory notes and others)	53071	2013	268,007	-	546,668	(267,804)	-	-	-	-	-	-	546,871	-
Investments into other securities of other companies (bonds, promissory notes and others)	53072	2013	183,198	-	267,805	(182,996)	-	-	-	-	-	-	268,007	-
Other types of financial investments	5308	2013	27,254,093	-	76,892,097	(66,820,387)	-	-	-	-	-	-	8,325,603	-
State and municipal securities	53081	2013	13,995,176	-	76,090,730	(64,831,815)	-	-	-	-	-	-	27,254,093	-
Loans granted	53082	2013	-	-	7,300	-	-	-	-	-	-	-	7,300	-
Deposits	53083	2013	1,809,017	-	436	(2,246,027)	-	-	-	-	-	-	-	-
Other short-term financial investments	53184	2013	27,254,093	-	76,892,097	(66,820,387)	-	-	-	-	-	-	8,318,303	-
Financial investments - total	5310	2012	14,588,854	(887,646)	81,163,855	(65,173,366)	-	-	-	-	-	-	30,579,341	(56,021)

4. Inventories
4.1. Inventory availability and turnover

Indicator	Line code	Period	At the year opening		Changes for the period						At the period closure	
			prime cost	inventory amount for cost reduction	receipts and expenses	retired		inventory from cost reduction	inventory turnover between their groups (types)	prime cost	inventory amount for cost reduction	
						prime cost	inventory for cost reduction					
1	2	3	4	5	6	7	8	9	10	11	12	
Inventories - total	5400	2013	2,538,795	(31,344)	39,108,761	(37,671,125)	(18,803)	(13,419)	X	3,976,431	(25,960)	
	5420	2012	2,317,906	(29,900)	34,715,113	(34,494,224)	(18,294)	(19,738)	X	2,538,795	(31,344)	
including: fuel	5401	2013	1,128,888	(215)	36,722,324	(36,608,285)	(215)	(290)	(5,623)	1,248,550	(290)	
	5421	2012	1,281,117	(23)	33,380,272	(33,532,501)	(139)	(331)	-	1,128,888	(215)	
raw and other materials	5402	2013	1,409,907	(31,129)	2,386,437	(1,062,840)	(18,588)	(13,129)	5,623	2,727,881	(25,670)	
	5422	2012	1,036,789	(29,877)	1,334,841	(961,723)	(18,155)	(19,407)	-	1,409,907	(31,129)	

6. Payables and receivables
6.1. Availability and flow of accounts receivable

Indicator	Line code	Period	At the year opening			Changes for the period							At	the period
			accounted under the contract terms and conditions	reserve amount for doubtful debts	5	in the result of business transactions (debit amount on the transaction)	interests due, penalties and other accruals	transfer to account	repayment	writing-off to financial result	reserve recovery/use	transfer from long-term debt (and vice versa)		
	2	3	4	5	6	7	8	9	10	11	12	13	14	
Long-term receivables - total	5501	2013	3,168,464	-	1,853,570	-	-	-	(2,669,313)	-	(3,219)	2,318,552	-	
including:	5502	2013	2,887,075	-	491,369	-	-	-	-	-	(3,659)	3,126,454	-	
- buyers and customers	5503	2013	-	-	-	-	-	-	-	-	-	-	-	
- advances for construction	5504	2013	3,028,706	-	1,760,764	-	-	-	(2,645,900)	-	-	3,154,350	-	
- credits, loans	5505	2013	2,789,975	-	419,423	-	-	-	(1,182,082)	-	-	3,028,706	-	
- other	5506	2013	1,100,338	-	1,100,338	-	-	-	-	-	-	1,100,338	-	
- Share term receivables -	5510	2013	39,460	-	51,234	-	-	-	(19,594)	-	-	150,338	-	
- including:	5511	2013	-	-	-	-	-	-	-	-	-	-	-	
- buyers and customers	5512	2013	17,010	-	7,103	-	-	-	-	-	-	47,138	-	
- advances for construction	5513	2013	24,605	-	24,605	-	-	-	-	-	-	24,605	-	
- other	5514	2013	13,043,970	(1,798,124)	131,307,346	2,140	-	-	(3,740)	1,764,744	3,219	14,218,943	(2,842,405)	
- Short-term receivables -	5515	2013	13,043,970	(1,798,124)	131,307,346	2,140	-	-	(3,740)	1,764,744	3,219	14,218,943	(2,842,405)	
- including:	5516	2013	9,900,598	(1,396,998)	129,257,992	11,260	-	-	(2,624,128)	1,234,677	3,465	13,043,970	(1,798,124)	
- buyers and customers	5517	2013	5,995,166	(1,128,184)	91,087,303	11,260	-	-	(1,881,307)	1,255,883	-	8,398,235	(2,833,589)	
- advances for construction	5518	2013	4,618,260	(13,820)	688,440	-	-	-	(2,411,439)	9,606	-	7,416,144	(1,763,638)	
- other advances	5519	2013	2,878,723	(7,514)	3,830,988	-	-	-	(13,820)	-	-	4,818,260	(1,850)	
- other	5520	2013	235,823	(130)	26,524,327	-	-	-	(7514)	-	-	673,127	(130)	
- other	5521	2013	332,419	(846)	8,056,858	2,140	-	-	(56,069,891)	(30)	-	2,108,548	(685)	
- other	5522	2013	795,066	(1,330)	8,735,364	11,260	-	-	(6,271,184)	712	-	2,108,548	(685)	
- other	5523	2013	16,150	(1,330)	13,150,000	11,260	-	-	(7,189,112)	(1,254)	-	18,538,479	(2,842,405)	
- other	5524	2013	12,367,474	(1,136,880)	129,749,588	11,260	-	-	(3,290)	1,764,744	3,465	16,212,464	(1,798,124)	
- other	5525	2013	12,367,474	(1,136,880)	129,749,588	11,260	-	-	(3,290)	1,764,744	3,465	16,212,464	(1,798,124)	
Total														

6.2. Overdue receivables

Indicator	Line code	As of December 31, 2012			As of December 31, 2011		
		under the contract terms and conditions	less reserve of doubtful debts	under the contract terms and conditions	less reserve of doubtful debts	under the contract terms and conditions	less reserve of doubtful debts
	2	3	4	5	6	7	8
Total	5540	3,786,052	947,247	1,919,404	1,829,000	1,487,003	350,085
including:							
- buyers and customers	5541	3,776,516	942,656	1,876,141	1,829,000	1,470,053	341,869
- advances paid	5542	12,408	4,218	37,466	23,966	14,155	6,841
- other	5543	728	817	171	2,895	1,555	1,555

5.3. Payables availability and flow

Indicator	Line code	Period	Balance as of the year opening (debit amount, on the left)	Changes for the period (referred)				transfer from long-term assets into short-term assets (in a year)	Balance as of the period closure
				receipts		charges			
				in the result of business operations (debit amount, on the left)	interests payable, fees	repayment	writing-off to financial result		
1	2	3	4	5	6	7	8	9	10
Long-term receivables –	5551	2013	331	-	-	(132)	-	-	203
total	5571	2012	463	-	-	(132)	-	-	331
Short-term receivables –	5572	2013	463	-	-	(132)	-	-	331
Suppliers, contractors	5560	2013	5 461 472	96 180 695	185	(96 390 113)	(734)	-	5 251 495
total	5580	2012	5 783 655	148 094 667	23	(148 347 675)	(70 697)	-	5 461 472
Long-term payables –	5581	2013	3 239 367	59 154 109	-	(59 328 585)	(18 453)	-	2 944 430
Suppliers, contractors	5562	2013	7921	152 621	-	(146 833)	(46)	-	17 464
total	5582	2012	67 376	116 184	-	(31 177 253)	-	-	82 461
Advances received	5583	2012	1 437 461	72 440 360	-	(72 178 906)	(31 644)	-	1 461 271
Tax settlements	5564	2013	-	-	-	-	-	-	-
credits, loans	5565	2013	1 460 761	24 297 017	185	(24 445 849)	(343)	-	1 221 761
other	5566	2012	1 041 691	16 362 357	23	(15 963 320)	-	-	1 460 752
total	5585	2013	5 461 801	96 180 699	185	(96 390 145)	(734)	x	5 251 698
Total	5570	2012	5 784 118	148 094 667	23	(148 347 207)	(70 697)	x	5 461 804

5.4. Overview payables

Indicator	Line code	As of December 31, 2012	As of December 31, 2013
1	2	3	4
Total	5590	153 547	49 264
Including:			
suppliers and contractors	5591	15 731	15 732
advances received	5592	138 916	33 532

6. Production costs

Indicator 1	Line code 2	2013 3	2012 4
Tangible costs	5610	42,276,237	39,285,337
Labor costs	5620	4,169,492	3,701,615
Social expenses	5630	898,147	892,439
Depreciation	5640	7,296,873	7,149,346
Other costs	5650	4,366,975	3,903,855
Total for elements	5660	59,007,724	54,932,592
Change of work in process inventory, ready products, etc. (increase [-]), including:	5670	-	-
Change of work in process inventory, ready products, etc. (reduction [+]), including:	5680	-	-
Total expenses on regular types of activity	5600	59,007,724	54,932,592

7. Estimated liabilities

Indicator	Line code	Balance as of the reporting year opening 2013	Recognized	Repaid	Written off as surplus amount	Balance as of the reporting period closure 2013
1	2	3	4	5	6	7
Estimated liabilities - total	5700	583,507	1,244,450	(1,175,350)	(12,888)	639,720
Including:						
Estimated liabilities - for court proceedings	5701	3,892	2,841	(2,488)	(1,404)	2,841
Estimated liabilities - for unused vacations	5702	230,342	602,999	(576,164)	(6,389)	250,788
Estimated liabilities - for annual remuneration	5703	265,947	325,119	(278,234)	(1,287)	311,545
Estimated liabilities - for quarterly bonuses	5704	83,326	313,492	(318,464)	(3,808)	74,546
Indicator	Line code	Balance as of the reporting year opening 2012	Recognized	Repaid	Written off as surplus amount	Balance as of the reporting period closure 2012
1	2	3	4	5	6	7
Estimated liabilities - total	5700	672,020	1,180,933	(1,205,752)	(63,694)	583,507
Including:						
Estimated liabilities - for court proceedings	5701	25,702	3,892	(1,812)	(23,890)	3,892
Estimated liabilities - for unused vacations	5702	248,418	660,010	(643,251)	(34,835)	230,342
Estimated liabilities - for annual remuneration	5703	337,342	265,947	(337,342)	-	265,947
Estimated liabilities - for quarterly bonuses	5704	60,558	251,084	(223,347)	(4,969)	83,326

8. Obligations securing

G. Obligations Secured				
Indicator	Line code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
1	2	3	4	5
Received - total	5800	10,543,014	14,740,471	13,239,835
including: bank guarantees	5801	9,500,566	13,872,162	13,140,163
guarantees of construction contractors	5802	337,533	278,641	38,873
guarantees of repair contractors	5803	560,253	504,185	26,469
property pledged	5804	144,662	85,483	34,330
Issued - total	5810	10,983	9,441	9,441
including: bank guarantees	5811	10,983	9,441	9,441
Head /signature/	M.G. Shirokov, Printed name	Chief Accountant /signature/	A.V. Shalyapina Printed name	
«25» March 2014				

REVISION COMMISSION REPORT

OJSC E.ON Russia Revision Commission Opinion on 2013 performance

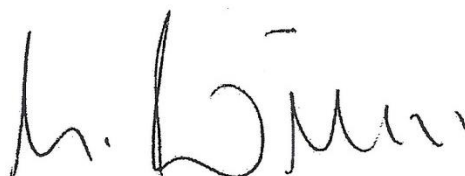
OPINION

Based on the procedures held by the Revision Commission, as well as internal audit reports and taking into account the opinion of the Company's auditor (opinion of PricewaterhouseCoopers Audit CJSC dated 25.03.2014), the Company Revision Commission has reasonable grounds to confirm accuracy of the data included in the Company annual report and annual accounting statements.

Moscow, April 21, 2014

Revision Commission Chairman

Michael Winfried Christian Wilhelm



Member of Revision Commission:

Thomas Fecker



Alexey Asyaev



Mikhail Rabkin



- 5 -

Annex 2 - Observance of the Code of Corporate Conduct

No.	Regulation for the Corporate Code of Conduct	Complied/ Partially complied/ Not complied/ Not applicable	Note
General Shareholders' Meeting			
1.	The shareholders shall be notified of the General Shareholders' Meeting at least 30 days prior to the Meeting date regardless of the issues on the agenda, unless a longer term for notification is provided by the applicable law.	Complied	Clause 11.3 of the Company Articles of Association.
2.	Shareholders shall be able to familiarize themselves with the list of persons having the right to participate in the General Shareholders' Meeting, as from the date of the General Shareholders' Meeting notice till the date of closing the General Shareholders' Meeting in praesentia, and till the last date for submitting voting ballots in the event the General Shareholders' Meeting is held in the form of absentee voting.	Complied	Paragraph 7 cl. 6.2. of the Company Articles of Association. <i>List of persons entitled to participate in the general shareholders' meeting shall be provided by the company for familiarization upon request of persons included into this list and having min 1% of votes.</i> <i>Article 51 clause 4. Federal Law "On Joint Stock Companies".</i>
3.	Shareholders shall have an opportunity to familiarize themselves with information (materials) to be submitted when preparing for the General Shareholders' Meeting by electronic telecommunications, including the Internet.	Complied	Pursuant to cl. 4.7 of the Regulation on preparation and holding of the Company General Shareholders' Meeting the shareholders are entitled to familiarize themselves with information (materials) pertaining to the Meeting. Materials for the general shareholders' meetings are placed in the Company www.eon-russia.ru , section "To Shareholders and Investors /Information for Shareholders /Materials for general shareholders' meetings.
4.	A possibility for the shareholder to introduce an item to the agenda of the general shareholders' meeting or require convening the general shareholders' meeting without any extract from the shareholder register should his/her rights to the shares are exercised in the system of shareholder register maintenance, and should his/her rights to shares are accounted for in the depo settlement - an extract from the depo settlement to exercise the rights mentioned above, is sufficient.	Complied	The Articles of Association and internal documents of the Company do not contain a requirement to provide an extract from the Shareholder Register when an issue is introduced into the agenda of the General Shareholders' Meeting or in case a General Shareholders' Meeting is convened.
5.	The Articles of Association or internal documents of a joint stock company provide for a requirement, according to which the CEO, members of the board, members of the Board of Directors, members of the revision commission, and an auditor of the joint stock company, must be present at the general shareholders' meeting.	Partially complied	The Articles of Association and internal documents of the Company do not provide for a requirement according to which the CEO, members of the board, members of the Board of Directors, members of the revision commission, and an auditor of the joint stock company, must be present at the general shareholders' meeting. However, Chairman of the Board of Directors, several members of the Board of Directors, CEO, members of the

			Management Board and Chairman of the Revision Commission usually attend the General Shareholders' Meetings.
6.	Candidates have to be present, when the general shareholders' meeting reviews election of members of the Board of Directors, CEO, members of the board, members of the revision commission, as well as approval of an auditor of the joint stock company.	Partially complied	The Articles of Association and internal documents of the Company have no provisions on their obligatory presence at the general shareholders' meetings, however, this condition is almost always complied with - in most cases several candidates are present at the general shareholders' meeting specified.
7.	The Company internal documents shall provide for a procedure for registration of participants of the general shareholders' meeting.	Complied	Clause 6.1 of the Regulation on preparation and holding of the Company General Shareholders' Meeting.
Board of Directors			
8.	The Articles of Association of the joint stock company shall provide for the authority of the Board of Directors as regards annual approval of the financial and economic plan of the joint stock company.	Complied	Sub-clause 28 of clause 12.1 of the Company Articles of Association.
9.	The procedure of risk management in the joint stock company shall be approved by the Board of Directors.	Complied	Regulation on the Corporate Risk Management System is approved by the Board of Directors on February 24, 2011, Minutes No.146
10.	The Articles of Association of the joint stock company shall provide for the Board of Directors' right to suspend authority of the CEO appointed by the general shareholders' meeting.	Not applicable	Pursuant to sub-cl. 15 clause 12.1 of the Articles of Association election of the CEO and early termination of his/her authorities is the competence of the Company Board of Directors.
11.	The Articles of Association of the joint stock company shall provide for the Board of Directors' right to set requirements to the qualification and amount of remuneration payable to the CEO, members of the Management Board and heads of the major structural units of the joint stock company.	Partially complied	Pursuant to sub-cl. 15, 16 clause 12.1 of the Company Articles of Association the Board of Directors elects the CEO, defines quantitative composition of the Board and elects the Board members, approves the amount of bonuses and compensations paid, defines the rights and liabilities of the CEO and Board members on the basis of labour contracts concluded with them. The Company CEO defines requirements to the qualification and amount of the remuneration of the heads of the main structural units.
12.	The Articles of Association of the joint stock company shall provide for the right of the Board of Directors to approve terms of the contract with the CEO and Board members.	Complied	Pursuant to sub-cl. 15 and 16 of clause 12.1 of the Company Articles of Association the Board of Directors defines terms and conditions of the labour contract with the CEO and the Company Board members.
13.	The Articles of Association or internal documents of the joint stock company shall provide for requirements on the fact that when approving the contract terms with the CEO (managing organization, manager) and members of the Board, votes of the members of the Board of Directors who are the CEO and the Board members, are not accounted for in the votes counting.	Not complied	The Articles of Association and internal documents of the Company do not contain such a requirement.
14.	At least 3 independent directors compliant with the Code of Corporate Conduct shall be included into the composition of the Company Board of Directors.	Complied	3 independent directors compliant with the Code of Corporate Conduct are included into the composition of the Board of Directors.

15.	The Board of Directors of the joint stock company shall not include persons who were found guilty in economic crimes.	Complied	The persons specified are not included into the composition of the Company Board of Directors.
16.	The Company Board of Directors shall include no persons acting as a shareholder, CEO (manager), member of the management body or an employee of a legal entity competing with the Company.	Complied	The Company Board of Directors includes no persons who are members of the management bodies of legal entities competing with the Company.
17.	The Articles of Association of the joint stock company shall provide for the requirement on election to the Board of Directors by cumulative voting.	Complied	Clause 10.8 of the Company Articles of Association .
18.	Internal documents of the Company shall contain a duty for members of the Board of Directors to refrain from any action that will lead or may potentially lead to any conflict of their interests with the Company's interests; and in the event of such a conflict, their duty shall be to disclose the information of such a conflict to the Board of Directors.	Complied	Clause 3.3 of the Regulation on the Company Board of Directors. Clause 4.1.6 of the Company Code of Corporate Governance.
19.	Internal documents of the Company shall provide for a duty for the members of the Board of Directors to notify the Board of Directors in writing of their intention to effect a deal involving the Company securities in case they are members of the Board of Directors of this company or they are members of its affiliates (subsidiaries); they shall also disclose any information on any transactions effected by them involving such securities.	Complied indirectly	Cl. 5.2., 6.1. Regulations on insider information.
20.	Internal documents of the Company shall provide for the requirement that the meetings of the Board of Directors are to be held at least once every six weeks.	Not complied	Clause 15.2 of the Articles of Association provides for holding a meeting of the Board of Directors as required, but at least once a quarter. In total within 2013 the Board of Directors of E.ON Russia held 14 meetings, 1 of them in person.
21.	Meetings of the Company Board of Directors shall be held during the year, for which the Company annual reporting is composed, with regularity of at least once every six weeks.	Complied	During 2013 14 meetings of the Board of Directors were held.
22.	The Company internal documents shall provide for a procedure of holding the Board of Directors meetings.	Complied	Articles 6, 7 and 8 of the Regulation on the Company Board of Directors.
23.	Internal documents of the joint stock company shall contain the provision for the Board of Directors to approve the Company transactions to the amount equal to and in excess of 10% of the book value of the Company assets, with the exception for transactions effected in the normal course of business.	Complied	Internal documents of the Company do not provide for the provision for the Board of Directors to approve the Company transactions to the amount equal to and in excess of 10% of the book value of the Company assets. However in accordance with sub-clause 33, cl. 12.1 of the Articles of Association the financial thresholds for transactions approval by the Company Board of Directors are set forth, they are substantially lower than 10 % of the Company assets value.
24.	Internal documents of the Company shall provide for the right for the members of the Board of Directors to receive from executive bodies and heads of the main structural units of the joint stock company the information required for their functions performance, and	Partially complied	Article 3 of the Regulation on the Board of Directors provides for the right to the members of the Board of Directors to receive information requisite for implementation of their functions. At the same time, the Company internal

	liability for failure to provide such information.		documents do not provide for any liability for failure to provide such information. Actually the information to the members of the Board of Directors is always provided.
25.	Availability of the Committee for strategic planning of the Board of Directors, or assignment of its duties to another committee (other than the audit committee and appointment and remuneration committee).	Not complied	By resolution of the Board of Directors dated 06.07.2012 the Strategy and Development Committee is liquidated. The main functions of the Strategy and Development Committee were transferred to the Management Board. The Company strategy is developed at the sessions of strategy planning.
26.	Availability of the Board of Directors committee (audit committee) that recommends to the Board of Directors the company auditor, and interacts with it and the company revision commission.	Complied	Art. 3–5 of the Regulation on the Audit Committee of the Board of Directors of E.ON Russia, sub-cl. 1 cl. 20.3 of the Articles of Association, Articles 4.1.3, 6.3. of the Code of Corporate Governance.
27.	The Audit committee shall consist of independent and non-executive directors only.	Complied	Only independent and non-executive directors are included into the audit committee
28.	The Audit committee shall be managed by an independent director.	Complied	The Audit Committee Chairman is an independent director. During 2013 - S.V. Malinov (for details see cl. 5.3. hereof).
29.	Internal documents of the company shall provide access rights to all the Audit Committee members to any documents and information of the company.	Complied	Clause 1 Article 6 of the Regulation on the Audit Committee of the Company Board of Directors.
30.	The Board of Directors shall establish the Appointment and Remuneration Committee responsible for defining the criteria for selection of nominees to the Board of Directors and for development of the Company's remuneration policy.	Partially complied	By the resolution of the Company Board of Directors dated 14.04.2008 the Appointment and Remuneration Committee of the Company Board of Directors was established (minutes No. 87). The functions of this committee include development of recommendations about the amount of remuneration (bonuses) payable to the members of the Revision Commission, CEO, members of the Management Board. However, it is not the responsibility of the Committee to define criteria for selection of candidates to members of the Board of Directors.
31.	The Appointment and Remuneration Committee shall be managed by an independent director.	Not complied	Sebastian Eisenberg, not matching the criteria of an independent director, was the Chairman of the Committee in the period from 01.01.2013 to 24.10.2013. Tumat Joerg, not matching the criteria of an independent director, was the Chairman of the Committee in the period from 25.10.2013 to 31.12.2013 (see data on the specified persons in cl. 5.3 of this Annual report).
32.	The Appointment and Remuneration Committee shall not include any Company officials.	Not complied	In 2013 E.ON Russia HR and Remuneration Committee included officials of the Company.
33.	The Committee for risks management of the Board of Directors shall be established, or its duties shall be assigned to another committee (other than the audit committee and appointment and remuneration committee).	Complied	On 30.06.2009 by resolution of the Company Board of Directors (minutes No. 115) the Committee for Risks and Finance of the Board of Directors was established.

34.	The Committee for corporate conflicts settlement of the Board of Directors shall be established, or its duties shall be assigned to another committee (other than the audit committee and appointment and remuneration committee).	Not complied	Currently the Committee of the Board of Directors for corporate conflicts settlement is unavailable.
35.	The Committee for Corporate Conflicts Settlement shall not include any Company officials.	Not applicable	Currently the Committee of the Board of Directors for corporate conflicts settlement is unavailable.
36.	The Committee for corporate conflicts settlement shall be managed by an independent director.	Not applicable	Currently the Committee of the Board of Directors for corporate conflicts settlement is unavailable.
37.	Internal documents of the Company that provide for procedure of establishing and operation of the Board of Directors committees shall be approved by the Board of Directors.	Complied	The Board of Directors of the Company approved: - Regulation on the Audit Committee of the Board of Directors (resolution of the Board of Directors dated 18.12.2008, minutes No. 104); - Regulation on the Appointment and Remuneration Committee of the Board of Directors (resolution of the Board of Directors dated 08.07.2010, minutes No. 135); - Regulation on the Risks and Finance Committee of the Board of Directors (resolution of the Board of Directors dated 24.02.2011, minutes No. 146); - Regulation for the New Build Steering Committee of the Board of Directors (resolution of the Board of Directors dated 16.03.2009, minutes No. 108).
38.	The Company Articles of Association shall provide for the procedure of quorum determination of the Board of Directors that allows for provision of independent directors mandatory participation in the meetings of the Board of Directors.	Complied	Cl. 15.6 of the Company Articles of Association.

Executive Bodies			
39.	Availability of the collective executive (management) body of the Company.	Complied	Clause 17.1 of the Company Articles of Association.
40.	The Articles of Association or internal documents of the joint stock company shall provide for the requirement on the necessity for the management to approve transactions with property, to receive by the Company of credits should these transactions are not major transactions and their effecting is not related to the Company regular economic activity.	Complied partially	Sub-clause 5-6 of clause 18.2 of the Company Articles of Association.
41.	Internal documents of the Company shall specify the approval procedure for transactions that are beyond the scope of the Company financial and economic plan.	Complied	Sub-clause 28 of clause 12.1 of the Company Articles of Association.
42.	The Company executive bodies shall include no persons acting as a shareholder, CEO (manager), a member of the management body or an employee of a legal entity competing with the Company.	Complied	The persons specified are not members of the Company Management Board.
43.	The Company Executive bodies shall include no persons found guilty of economic crimes, or crimes against public authorities, interests of the public authorities and local self-government bodies, or those subjected to the administrative penalties for violations committed in the field of entrepreneurship, or in the field of finance, taxes and charges, securities market. If the functions of the sole executive body are performed by a managing organization or a manager, then CEO and members of the management board of the managing organization shall comply with the requirements set forth for the CEO and members of the Company Management Board.	Complied	The persons specified are not members of the Company Management Board.
44.	The Company Articles of Association or internal documents shall provide for a veto for the managing company (manager) to perform similar functions in the competing company, and have any property relations with the joint stock company except for services rendering by the managing company (manager).	Not complied	This veto is not provided for by the Company Articles of Association or internal documents.
45.	The Company internal documents shall provide for the duty of the executive bodies to refrain from any actions that will result or may potentially result in a conflict between their interests and interests of the Company; should any such conflict arise, they shall accordingly notify the Board of Directors.	Complied	Paragraph 2 cl. 4.2.7 of the Code of Corporate Governance of the Company.
46.	The Company Articles of Association or internal documents shall provide for criteria for selection of the managing company (manager).	Not complied	The Articles of Association and internal documents of the Company do not provide for any criteria for selection of the managing company (manager).
47.	The executive bodies of the joint stock company shall submit monthly reports on their activities to the Board of Directors.	Complied partially	Sub-clause 29 of clause 12.1 of the Company Articles of Association provides for such reports submission on the quarterly basis.
48.	Agreements concluded between the Company and CEO (managing company, manager) and members of the Board of Directors shall specify liability for violation of provisions	Complied	Labour contracts do not provide for such a requirement. Article 8 of the Regulation on trade secret protection of E.ON Russia JSC provides for

	related to use of confidential and insider information.		liability for violation of the trade secret regime.
Company Secretary			
49.	The Company shall have a special official (Secretary of the Company), with the responsibility to ensure that corporate bodies and officials of the Company comply with the procedure requirements, which secure the rights and interests of the Company shareholders.	Complied	Clause 2.1 of the Regulation on the Secretary and Secretariat of the Company Board of Directors, Art. 4 of the Regulation on the Company Board of Directors, Art. 5 of the Regulation on the Company Management Board.
50.	The Company Articles of Association or internal documents shall provide for the procedure for appointment (election) of the Company Secretary and description of his/her responsibilities.	Complied	Article 4 of the Regulation on the Company Board of Directors, Article 3 of the Regulation on the Secretary and Secretariat of the Board of Directors, Article 5 of the Regulation on the Company Management Board.
51.	The Company Articles of Association shall provide for requirements to the Company Secretary nominee.	Partially complied	These requirements are not set forth in the Company Articles of Association. It is set forth in clause 3.3 of the Regulation on the Secretary and Secretariat of the Company Board of Directors.
Major Corporate Actions			
52.	The Company Articles of Association or internal documents shall provide for requirements for a major transaction approval prior to effect thereof.	Complied	Sub-clause 30 of clause 12.1 of the Company Articles of Association.
53.	An independent assessor shall be engaged to determine the market value of property being the subject of a major transaction	Complied	The recommendation is complied with, but the Articles of Association and internal documents of the Company do not regulate this issue.
54.	The Company Articles of Association shall provide for the veto to take when purchasing major shares of the joint stock company (acquisition) any actions aimed at protection of interests of executive bodies (members of the same) and members of the Board of Directors of the joint stock company and worsening the situation of shareholders against existing one (in particular, veto for the Board of Directors to resolve on additional shares issue, on issue of securities convertible into shares, on issue of securities that provide for the right to acquire shares of the Company even if the right to resolve is provided for by the Articles of Association, prior to end of the supposed term of shares acquisition).	Not complied	These requirements are not set forth in the Articles of Association.
55.	The Company Articles of Association shall provide for the requirement on mandatory engagement of an independent assessor to assess the current market value of the shares and possible changes of their market value as a result of acquisition.	Not complied	These requirements are not set forth in the Company Articles of Association. The Company shares are traded at Moscow Stock Exchange JSC (MICEX Stock Exchange CJSC), where their current market value is determined.
56.	The Company Articles of Association shall not provide for release of the acquirer from the responsibility to propose the shareholders to sell the Company ordinary shares owned by them (issued securities converted into ordinary shares) in the course of acquisition.	Complied	The Articles of Association do not contain such a waiver.
57.	The Articles of Association or internal documents of the joint stock company shall provide for the requirement on mandatory engagement of the independent assessor to define the ratio for shares conversion in the	Not complied	The Company Articles of Association or internal documents do not provide for mandatory engaging of an independent assessor.

	course of acquisition.		
Information Disclosure			
58.	The Board of Directors shall approve the internal document that sets forth the Company's approach and rules towards information disclosure (Regulation on Information Policy).	Complied	Regulation on the Information Disclosure, approved by the resolution of the Board of Directors dated 29.10.2009 (minutes No. 121). Earlier, the Regulation on the Company Information Policy was in force.
59.	The Company internal documents shall provide for the requirements on information disclosure about the purpose of shares placement, about persons intending to purchase the shares placed, including big stock of shares, as well as information whether the Company top managers are going to purchase the Company shares placed.	Not complied	Internal documents of the Company do not provide for such requirements.
60.	The Company internal documents shall provide for the list of information, documents and materials to be provided to shareholders for resolving the issues submitted for consideration to the General Shareholders' Meeting.	Complied partially	Internal documents of the Company do not specify the list of information, documents and materials to be provided to shareholders for resolving the issues submitted for consideration to the General Shareholders' Meeting. The list of information, documents and materials to be submitted to shareholders to resolve issues submitted to the General Shareholders' Meeting, is always approved by the Company Board of Directors and is published on the Company web-site. Internal documents of the Company specify reference provisions to the Federal law On Joint Stock Companies as regards the procedure to define content and list of information, documents and materials to be submitted to shareholders.
61.	The Company shall have its own web site on the Internet and shall disclose information about the Company on its web site on a regular basis	Complied	Web site: WWW.EON-RUSSIA.RU
62.	The Company internal documents shall provide for requirements to information disclosure about the Company's transactions with the persons belonging to the Company top-managers as per the Company Articles of Association; information about the Company's transactions with companies, in which the Company top-managers own 20 percent or more of the authorized capital or with companies on which such persons may exert considerable influence in any other way.	Complied	Internal documents of the Company provide for such a requirement.
63.	The Company internal documents shall provide for the requirements on information disclosure about all the transactions that may affect the market value of the Company shares.	Complied	Internal documents of the Company provide for the requirement on disclosure of not only transactions but also other facts that affect the market value of the Company shares.
64.	The internal document on material information use on the joint stock company activity, shares and other securities of the Company and transactions with them, which is not public and disclosure of which may materially impact the market value of shares and other securities of the joint stock company, shall be approved by the Board of Directors.	Complied	On 28.11.2013 the Company Board of Directors approved the Regulation on Insider Information in new version, Minutes No. 190.
Control over Business Activities			

65.	Internal procedures for control over financial and economic activity of the joint stock company shall be approved by the Board of Directors.	Complied	Regulation on the Internal Audit Procedures of E.ON Russia, approved by the Board of Directors resolution dated 29.08.2013, Minutes No. 187 dated 30.08.2013.
66.	The Company shall establish a special organization unit to ensure observance of internal control procedures (audit and internal control department).	Complied	The Internal Audit Department operates in the Company, its functions include timely and high-quality internal revisions and inspections performance and internal control system efficiency analysis.
67.	Internal documents of the joint stock company shall provide for the requirement for the Board of Directors to define the structure and composition of the Company audit and internal control service.	Complied	This requirement is documented in the Articles of Association of E.ON Russia JSC and in the Regulation on the Internal Audit Department.
68.	The audit and internal control service shall have no persons found guilty of economic crimes, or crimes against public authorities, interests of the public authorities and local self-government bodies, or those subjected to the administrative penalties for violations committed in the field of entrepreneurship, or in the field of finance, taxes and charges, securities market.	Complied	The Company does not have any information about any facts of penalties administered on persons from the audit and internal control service or the facts of them being found guilty of economic crimes, crimes against the government, public bodies or bodies of local self-government, or about any persons who were under administrative penalty for offence in business activities, finance, taxes and duties, or security market.
69.	The audit and internal control service shall have no persons who are members of the Company executive bodies, or persons who are sharers, CEO (manager), members of the governing bodies or employees of a legal entity competing with the Company .	Complied	There are no such persons in the audit and internal control service.
70.	The Company internal documents shall specify the term of submission to the audit and internal control service of documents and materials for evaluation of financial and business activity; liability of the Company officials and employees for failure to submit the same within the specified period.	Not complied	Internal documents do not set forth any timeframe for submission of documents or liability for failure to submit the same.
71.	The Company internal documents shall provide for the obligation of the audit and internal control service to inform the Audit Committee on violations found; should the Audit Committee be unavailable such information shall be submitted to the Company Board of Directors.	Complied	This provision is set forth in cl. 5.7.2 of the Regulation on the internal control procedure.
72.	The Company Articles of Association shall provide for the requirement for preliminary evaluation by the audit and internal control service of the expediency of carrying out transactions not provided for by the financial and economic plan of the Company (non-standard transactions).	Not complied	The Company Articles of Association do not provide for this requirement.
73.	The Company internal documents shall provide for a procedure for approval of a non-standard transaction by the Board of Directors.	Partially complied	The procedure of non-standard transactions approval by the Company Board of Directors is not provided for by the Company internal documents, however, submission of individual non-standard transactions to the Board of Directors for review is possible subject to a number of authorities of the Company Board of Directors set forth in the Articles of Association or internal documents of the Company.

74.	The internal document that sets forth the procedure for conducting audits of the Company financial and economic activity by the Revision Commission shall be approved by the Board of Directors.	Complied	Regulation on the Revision Commission of E.ON Russia, approved by the resolution of the General Shareholders Meeting, dated 24.06.2011, Minutes No. 10.
75.	The Audit Committee shall evaluate the audit report prior to its submission to shareholders at the General Shareholders' Meeting.	Complied	Clause 1 Article 4 of the Regulation on the Audit Committee of the Company Board of Directors.
Dividends			
76.	The internal document to rely upon in the process of developing recommendations about the amount of dividends (Regulation on Dividend Policy) shall be approved by the Board of Directors).	Not complied	The internal document to rely upon in the process of developing recommendations about the amount of dividends is not available.
77.	The Regulation on Dividends Policy shall provide for the procedure for defining the minimum share of the Company net profit transferred to pay dividends, and conditions under which dividends are not paid or partially paid for privileged shares, the dividends amount is set forth in the Company Articles of Association.	Not applicable	Recommendations on conditions of dividends payment on privileged shares are not applicable to the Company as in the Company there is no such category of shares.
78.	The data on the Company dividends policy and amendments to it shall be published in the periodicals provided for by the Articles of Association for publishing information on general shareholders' meetings holding and placing of the information specified on the Company web-site in the Internet.	Not complied	Currently, Regulation on dividend policy is not available.

Annex 3

Information on related-party transactions effected in the Company in 2013

Transaction	Interested party	Regulatory body authorizing the resolution
Paid Services Contract between E.ON Russia JSC and E.ON Energy Projects GmbH (EEP)	E.ON Russia Holding GmbH	Minutes of the Board of Directors of E.ON Russia No. 178 dated 28.01.2013
Paid Services Contract between E.ON Russia JSC and E.ON New Build & Technology GmbH	E.ON Russia Holding GmbH Gunter Eckhardt Rummler	Minutes of the Board of Directors of E.ON Russia No. 178 dated 28.01.2013
Non-residential Premise Sublease Agreement between E.ON Russia JSC and E.ON IT LLC	E.ON Russia Holding GmbH	Minutes of the Board of Directors of E.ON Russia No. 178 dated 28.01.2013
An Advisory Services Agreement for developing a concept of electric power (capacity) competitive market development and improvement between E.ON Russia JSC and Non-profit Partnership Council of Power Producers and Power Industry Strategic Investors	M.G. Shirokov	Minutes of the Board of Directors of E.ON Russia No. 179 dated 01.03.2013
Paid Services Frame Contract between E.ON Russia JSC and E.ON New Build & Technology Ltd.	E.ON Russia Holding GmbH Gunter Eckhardt Rummler	Minutes of the Board of Directors of E.ON Russia No. 181 dated 10.04.2013
Non-residential Premise Sublease Agreement between E.ON Russia JSC and E.ON Connecting Energies GmbH	E.ON Russia Holding GmbH M.G. Shirokov	Minutes of the Board of Directors of E.ON Russia No. 183 dated 17.05.2013
Loan Agreement between E.ON Russia JSC in E.ON Connecting Energies GmbH	E.ON Russia Holding GmbH M.G. Shirokov	Minutes of the Board of Directors of E.ON Russia No. 183 dated 17.05.2013
Motor Vehicle Lease Agreement between E.ON Russia and E.ON Connecting Energies GmbH	E.ON Russia Holding GmbH M.G. Shirokov	Minutes of the Board of Directors of E.ON Russia No. 184 dated 21.06.2013
Agreement on termination of the Emission Reduction Units Purchase Agreement under the Joint Implementation Project: "Construction of 2*400 MW CCGT at Surgutskaya GRES-2, OGK-4, Tyumen Region, Russia" between E.ON Russia JSC and E.ON Carbon Sourcing GmbH	E.ON Russia Holding GmbH	Minutes of the Board of Directors of E.ON Russia No. 184 dated 21.06.2013
Agreement on termination of the Emission Reduction Units Purchase Agreement under the Joint Implementation Project: "Construction of 400 MW CCGT at Yaivinskaya GRES, OGK-4, Perm Territory, Russia" between E.ON Russia JSC and E.ON Carbon Sourcing GmbH	E.ON Russia Holding GmbH	Minutes of the Board of Directors of E.ON Russia No. 184 dated 21.06.2013
Agreement on termination of the Emission Reduction Units Purchase Agreement under the Joint Implementation Project: "Construction of-400 MW CCGT at Shaturskaya GRES, OGK-4, Moscow region,	E.ON Russia Holding GmbH	Minutes of the Board of Directors of E.ON Russia No. 184 dated 21.06.2013

Russia" between E.ON Russia JSC and E.ON Carbon Sourcing GmbH		
Agreement on termination of the Agreement on transactions with carbon units No. OYE-11/IA-11-0591 dated 22.11.2011 between E.ON Russia JSC, E.ON Carbon Sourcing GmbH and Sberbank of Russia JSC between E.ON Russia JSC and E.ON Carbon Sourcing GmbH	E.ON Russia Holding GmbH	Minutes of the Board of Directors of E.ON Russia No. 184 dated 21.06.2013
Sublease contract of non-residential premise by and between E.ON Russia JSC and E.ON Russia Power GmbH	E.ON Russia Holding GmbH, M.G. Shirokov	Minutes of the Board of Directors of E.ON Russia No. 186 dated 26.07.2013
License Agreement on using trademarks between E.ON Russia JSC and E.ON SE	E.ON Russia Holding GmbH	Minutes of the Board of Directors of E.ON Russia No. 188 dated 27.09.2013
Contract for sale and purchase of property by and between E.ON Russia JSC and E.ON Russia Power GmbH	E.ON Russia Holding GmbH, M.G. Shirokov	Minutes of the Board of Directors of E.ON Russia No. 188 dated 27.09.2013
Agreement on termination of the Contract for advisory services No. IA-13-0132 dated «20» March 2013 by and between E.ON Russia JSC and Non-commercial partnership Council of Power Producers and Power Industry Strategic Investors	M.G. Shirokov	Minutes of the Board of Directors of E.ON Russia No. 189 dated 25.10.2013
Sublease contract for parking space between E.ON Russia JSC and E.ON E&P Russia	E.ON Russia Holding GmbH, M.G. Shirokov	Minutes of the Board of Directors of E.ON Russia No. 189 dated 25.10.2013
Security Deposit Agreement between E.ON Russia JSC and E.ON SE	E.ON Russia Holding GmbH	Minutes of the Board of Directors of E.ON Russia No. 191 dated 18.12.2013
Additional Agreement to Loan Agreement No. IA-13-0227 dated 21.05.2013 between E.ON Russia JSC in E.ON Connecting Energies GmbH	E.ON Russia Holding GmbH M.G. Shirokov	Minutes of the Board of Directors of E.ON Russia No. 191 dated 18.12.2013
Agreement on the sublease contract termination No. IA-13-0342 dated July 29, 2013 by and between E.ON Russia JSC and E.ON Russia Power GmbH	E.ON Russia Holding GmbH M.G. Shirokov	Minutes of the Board of Directors of E.ON Russia No. 191 dated 18.12.2013

Data on major transactions effected by the Company in 2013 - no major transactions.