

EBRD TO WORK WITH INTER RAO ON RAISING TRANSPARENCY AND INVESTOR APPEAL

Corporate governance programme at core of Bank's 9.6 billion rouble convertible loan

31 July 2012

The EBRD today committed to lend Russia's Inter RAO UES 9.6 billion roubles (equivalent to around EUR 240 million) through a five-year convertible loan to help prepare this major state-controlled holding in the Russian power sector for a potential international public offering.

The EBRD and Inter RAO have agreed to work together on reviewing and improving the company's corporate governance architecture with a view to facilitating a full listing on a reputable international exchange in the right market conditions.

Inter RAO shares are at present only listed on Moscow's MICEX-RTS exchange.

"This is another major step in the EBRD's strategy to support the privatisation of state-owned companies in Russia, particularly in electricity generation, and builds on the Bank's previous projects in support of the reform of the Russian power sector," said Riccardo Puliti, the EBRD's Managing Director for Energy and Natural Resources.

"We highly value this deal which not only makes the EBRD a potential investor in Inter RAO shares, but also secures its support as a long-term partner in optimising our corporate governance and increasing business transparency," said Inter RAO's Chairman of the Management Board, Boris Kovalchuk. "This strategic partnership with the EBRD is especially important for how Inter RAO positions itself in relation to the financial and investor communities as we consider approaching international capital markets," he added.

A list of specific corporate governance, operational and strategic commitments has been agreed between the EBRD and the company as part of the project. Their aim is to increase the company's transparency and accountability to shareholders, thus creating additional value and making it more attractive to potential investors.

Inter RAO will implement these changes as part of a Corporate Development Action Plan agreed with the EBRD. In addition, Inter RAO is committing to an Environmental and Social Action Plan focusing on measures to improve environmental and social performance standards, policies, procedures and practices.

This loan brings total EBRD investments in the Russian power sector since the reform process was launched in 2001 to over EUR 1.6 billion.