

**11.12. Approval of transactions for the purchase and sale of electricity between PJSC "Inter RAO" and AB "INTER RAO Lietuva" as inter-related transactions that may be made in future in the ordinary course of business of PJSC "Inter RAO" and that are related-party transactions.**

PJSC "Inter RAO" and AB "INTER RAO Lietuva" have a history of cooperation since 2003. Currently, the companies have long-term contracts for the supply of electricity to/from the Baltic states up to 2020; a contract for the supply of electricity from the energy systems of the Baltic states to the UES of Russia in the case of emergency aid; a contract for the supply of electricity from the UES of Russia to the energy systems of the Baltic states in the case of emergency aid; and contracts for the supply of electricity to secure parallel work of the UES of Russia and the energy systems of the Baltic states.

Approval of the transactions will make it possible to prolong the existing contracts, and, where appropriate, to enter into new contracts for the sale and purchase of electricity, which will positively affect the financial results of foreign trade with the Baltic States in subsequent periods.

Electricity supplies under contracts between PJSC "Inter RAO" and AB "INTER RAO Lietuva" provide up to 40% of the annual balance of electricity of Lithuania and, in their absence, will be replaced by supplies from Belarus, Ukraine, and Sweden.

The transactions proposed for approval are profitable for the Company. The guarantee of PJSC "Inter RAO"'s performance of its obligations under such contracts is its status as an entity of the wholesale electricity (capacity) market of the Russian Federation and the purchase of electricity for export purposes in the amount required to perform the said obligations.

The price of electricity under the transactions shall be determined based on the weighted average (forecast) price for the purchase and sale of electricity on the respective energy market as of the date of such transaction, customs duties, and costs for the services of infrastructure organizations for the purpose of ensuring the mandatory conditions for profitability, and shall be agreed upon for an annual and/or monthly and/or hourly period.

In accordance with Article 81 of Federal Law No. 208-FZ "On Joint Stock Companies" dated December 26, 1995, the transactions offered for consideration are related-party transactions, where the related parties are:

- Member of the Management Board of PJSC "Inter RAO" K.V. Tsurkan, as she is the Chairman of the Management Board at AB "INTER RAO Lietuva";
- Member of the Management Board of PJSC "Inter RAO" I.I. Mirsiyapov, as he is a Member of the Management Board at AB "INTER RAO Lietuva";
- Member of the Management Board of JSC "Inter RAO" D.N. Palunin, as he is a Member of the Management Board at AB "INTER RAO Lietuva";
- Member of the Management Board of PJSC "Inter RAO" A.A. Pakhomov, as he is a Member of the Supervisory Board at AB "INTER RAO Lietuva".

According to Article 49 Clause 3 of the Law "On Joint Stock Companies", resolutions of the General Shareholders Meeting on the approval of related-party transactions shall be made only when proposed by the Board of Directors.

In accordance with Article 83 Clause 7 and Article 77 of the Law "On Joint Stock Companies", when the General Shareholders Meeting approves a related-party transaction, the price of such transaction shall be approved by the Board of Directors.

☞ Recommendations to the annual General Meeting on approving such transactions were given by the Board of Directors at the meeting on April 7, 2016 (Minutes No. 165 dated April 7, 2016); in addition, the price (monetary value) of the property (monetary funds) under these transactions was determined in the following amount:

➔ *Determine the price (monetary value) of the property (electricity) under the purchase and sale transactions between PJSC "Inter RAO" (Seller/Buyer) and AB "INTER RAO Lietuva" (Buyer/Seller) that are transactions (several inter-related transactions) that may be made in future in the ordinary course of business of PJSC "Inter RAO" and that are related party transactions as the maximum amount for which such transactions may be made, which is one hundred and eighty million, 00/100 (180,000,000.00) euro.*

*The price of transactions for the purchase and sale of electricity in conjunction with contracts concluded previously between PJSC "Inter RAO" and AB "INTER RAO Lietuva" (No. 02-440/2008-1 dated October 22, 2008, No. 02-440/2008-2 dated October 30, 2008, No. 02-420/2009-00001 dated March 5, 2009, No. 01-440/2009-00001 dated December 22, 2009, No. 01-440/2009-00002 dated December 22, 2009, No. 02-440/2010- 00001 dated April 27, 2010, No. 02-440/2010-00003 dated May 20, 2010, No. 02-440/2010-00004 dated September 7, 2010, No. 01-440/2011-00001 dated March 25, 2011 and No. 02-40/2011-00001 dated March 25, 2011) shall not exceed one billion three hundred and seventy-five million four hundred and ninety-nine thousand six hundred and forty-nine, 64/100 (1,375,499 649.64) euro)*

**It is proposed that the annual general shareholders meeting approve the following resolution:**

**11.12. To approve the transactions for the purchase and sale of electricity between PJSC "Inter RAO" and AB "INTER RAO Lietuva" as inter-related transactions that may be made in future in the ordinary course of business of PJSC "Inter RAO" and that are related party transactions made on the following fundamental terms:**

**11.12.1. Parties to the transactions:**

**PJSC "Inter RAO" as the Seller or the Buyer;**

**AB "INTER RAO Lietuva" as the Buyer or the Seller.**

**11.12.2. Subject matter of the transactions: The Seller shall transmit (deliver) electricity to the Buyer, and the Buyer shall accept and pay for it.**

**11.12.3. Volume of the delivered electricity — up to 4.5 billion kWh.**

**11.12.4. Electricity delivery period: From January 1, 2017, to December 31, 2017 (hereinafter the "Delivery Period").**

**11.12.5. The price of electricity shall be determined based on the weighted average (forecast) price for the purchase and sale of electricity on the respective energy market as of the date of such transaction, customs duties, and costs for the services of infrastructure organizations for the purpose of ensuring the mandatory conditions for profitability, and shall be agreed upon for an annual and/or monthly and/or hourly period. The maximum amount for which such transactions may be made in the delivery period is one hundred and eighty million (180,000,000.00) euro.**