

#### **11.4. Approval of Credit Contracts with Bank GPB (JSC) and/or VTB Bank (PJSC) and/or Sberbank of Russia (PJSC) and/or JSB "ROSSIYA" (JSC) and/or Bank RRDB (JSC)**

For the purpose of financing the operational activities of PJSC "Inter RAO", as well as financing the current and investment activities of other Inter RAO Group companies (by means of PJSC "Inter RAO" issuing intercompany loans), it seems appropriate to approve the attraction of credit resources to PJSC "Inter RAO".

The scope of obligations is contingent upon the volumes of the refinancing of the Group's current credit portfolio and the financing of the the current and investment activities of Inter RAO Group companies. In accordance with the statements under IFRS for 2015, Inter RAO Group's credit portfolio amounts to RUB 76.3 bln, including RUB 33.7 bln in short-term credits and loans and RUB 42.6 bln in long-term obligations.

The Group's investment program deficit during 2016, in accordance with the 2015-2020 medium-term investment program which was approved by the Management Board of PJSC "Inter RAO", will amount to no more than RUB 32.9 bln.

A resolution on this item shall therefore be made as part of the approved business plan of the Group for 2016, taking into consideration the following factors:

- the absence of a resolution to lift the sanctions imposed by the European Union and the US against the Russian Federation, in particular, against its financial, oil, and defense sectors, which have been among the major reasons for the drop in the value of the ruble and the withdrawal of capital from the Russian Federation;

- the limited access of major Russian banks to the long-term debt capital markets as a result of the sanctions;

- the absence of preconditions for a change in the sovereign rating of the Russian Federation and its remaining at the speculative level.

That said, the general debt shall not exceed the maximum debt in accordance with the Declaration on the Maximum Debt which was approved by the Board of Directors of PJSC "Inter RAO" (Minutes No. 94 dated June 19, 2013) (Debt/EBITDA no more than 3.0).

The general list of banks, which are potential counter-parties for the transactions, shall be determined by experience in working with Inter RAO Group enterprises and other organizations of the power sector, as well as the signing of confidentiality agreements with PJSC "Inter RAO".

The approved transactions will be executed under terms corresponding to market conditions at the time of the transaction.

Given the revenue structure of Inter RAO Group, the transactions shall be approved under multicurrency price terms. However, at the moment, the management of PJSC "Inter RAO" does not plan to obtain credit or issue loans in any currency other than Russian rubles. Performing transactions in foreign currency is possible only in exceptional cases and may be caused by the implementation of an investment project abroad or by high commercial performance compared to the financing terms in Russian rubles.

Considering the current situation in the Russian banking sector, and namely an increase in the key rate of the Central Bank of the Russian Federation from 7.5% to 11%, as well as an increase in the indicative Mosprime 3M rate from 4.18% to 11.94% for the period from May 2014 to February 2016, a resolution was adopted at the Company's annual General Shareholders Meeting on May 25, 2014, to use the key rate of the Central Bank of Russia plus the market average bank margin on commercial credits in rubles with a similar credit term when determining the upper limit of fixed interest rates on commercial credits in Russian rubles secured by PJSC "Inter RAO".

At the moment, considering the fact that the key rate of the Central Bank of Russian Federation and the indicative Mosprime 3M rate have not changed significantly since June 2015 (from 11.5% to 11% per annum and from 13.4% to 11.9% per annum, respectively) and considering the current debt capital market conditions, it is suggested that the maximum rate on credits of PJSC "Inter RAO" in Russian rubles be decreased compared to the level approved by the General Shareholders Meeting of PJSC "Inter RAO" in 2015 (AGSM minutes No. 15 dated June 1, 2015) to a level not exceeding fourteen point five (14.5) per cent per annum or the key rate of the Central Bank of Russian Federation plus three point five (3.5) per cent per annum.

Commission for the granting of credit in an amount not exceeding two (2) per cent of the credit limit shall be calculated taking into account the current long-term credit contracts of the

Group's companies and shall correspond to the level approved by the General Shareholders Meeting of PJSC "Inter RAO" in 2015 (AGSM minutes No. 15 dated June 1, 2015).

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 (or may be subsequently recognized as) related-party transactions, where the interested parties are:

- In regard to transactions between PJSC "Inter RAO" and JSB "ROSSIYA" (OJSC), Chairman of the Management Board of PJSC "Inter RAO" B.Yu. Kovalchuk is an interested party, because his father is the owner of more than 20% of voting shares of JSB "ROSSIYA" (OJSC).

- In regard to the Russian Regional Development Bank (RRDB), Chairman of the Management Board of PJSC "Inter RAO" B.Yu. Kovalchuk is also an interested party as a member of the bank's Board of Directors.

In regard to transactions with Bank GPB (JSC) and/or VTB Bank (PJSC):

- Andrey Akimov is a member of the Board of JSC ROSNEFTEGAZ, a shareholder owning more than 20% of voting shares of PJSC "Inter RAO", and a Board Member of Bank GPB (JSC). ANDREY Akimov is also the Chairman of the Management Board of Bank GPB (JSC). The member of the Board of Directors of PJSC "Inter RAO" Anatoly Gavrilenko is simultaneously a member of the Board of Directors of Bank GPB (JSC).

- Matthias Warnig is the Deputy Chairman of the Board of JSC Oil Company Rosneft, a shareholder owning, jointly with its affiliate JSC ROSNEFTEGAZ, more than 20% of the Company's voting shares, and is simultaneously a Supervisory Board Member of VTB Bank (PJSC).

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.

It is proposed that shareholders vote for two transaction groups depending on the group of interested parties who do not vote on these items.

☞ 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:

➔ *Under the credit contract(s) made by and between PJSC "Inter RAO" and Bank GPB (JSC) and/or VTB Bank (PJSC) and/or Sberbank of Russia (PJSC) and/or JSB "ROSSIYA" (JSC) and/or Russian Regional Development Bank (RRDB) and/or legal entities recognized as affiliated with the aforementioned (jointly referred to as the "Banks" and separately as the "Bank") without limitation to the number of credit agreements made (with each of the Banks) for an aggregate amount not exceeding one hundred billion, 00/100 (100,000,000,000.00) Russian rubles or its equivalent in US dollars or euro for a term of not more than five (5) years from the date of execution thereof, plus the amount of interest at the rate whose absolute value shall not exceed fourteen point five (14.5) percent or the key rate of the Central Bank of the Russian Federation plus three point five (3.5) percent per annum, or a rate calculated based on a rate not exceeding Mosprime plus three point five (3.5) percent per annum, or for credits in US dollars or euro — at the rate of no more than eight (8) per cent per annum or at a floating rate not exceeding the rate of LIBOR/EURIBOR plus seven point five (7.5) per cent per annum, and commission for the granting of credit in an amount not exceeding two (2) per cent of the limit per every credit agreement, the amounts of all commissions and other costs of arranging and servicing the credit agreements and contracts of surety/guarantee.*

The price for all approved transactions was determined as part of a unified resolution of the Board of Directors.

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

**11.4. To approve as a related-party transaction (several interrelated transactions) concluded in the normal course of business activities of PJSC "Inter RAO":**

**11.4.1. The credit contract(s) made by and between PJSC "Inter RAO", of the one part, and Bank GPB (JSC) and/or VTB Bank (PJSC) and/or Sberbank of Russia (PJSC) and/or legal entities recognized to be affiliated with the aforementioned (jointly referred to as the "Banks" and separately as the "Bank"), of the other part, subject to the following fundamental terms and conditions (the terms shall be approved for each contract without limiting their total number, provided, however, that the Company's obligations under all valid and approved agreements shall not exceed the limitations set below):**

**11.4.1.1. Parties of the credit contract(s): PJSC "Inter RAO" – the Debtor; the Bank – the Creditor.**

**11.4.1.2. Subject matter of the credit contract(s): The Creditor shall transfer to the Debtor money in the amount of up to one hundred billion (100,000,000,000.00) rubles or its equivalent in US dollars or euro, and the Debtor shall repay the same amount within the time limits stipulated by the Contract(s) and pay interest in the amount set thereby, credit commissions, and other expenses for the arranging and servicing of the Contract(s), as well as penalties accrued in connection with the Debtor's default under the Contract(s). The funding under the contract(s) shall be provided in tranches pursuant to the Debtor's written applications.**

**11.4.1.3. Price of the agreement(s) (the ceiling amount of the Agreement(s)):**

— for credit contracts in Russian rubles, at a rate whose absolute value shall not exceed fourteen point five (14.5) percent per annum, or the key rate of the Central Bank of the Russian Federation plus three point five (3.5) percent per annum, or a rate calculated based on a rate not exceeding Mosprime plus three point five (3.5) percent per annum, or for credit contracts in US dollars or euro, at a rate not exceeding eight (8) per cent per annum, or a rate calculated based on a rate not exceeding LIBOR/EURIBOR plus seven point five (7.5) per annum;

— commission for the granting of credit in an amount not exceeding two (2) percent of the credit limit;

- the amount of all commissions and other expenses for the arrangement and servicing of the credit contract(s).

**11.4.1.4. Effective term of the agreement(s): up to five (5) years from the signing date.**

**11.4.2. The credit contract(s) made by and between PJSC "Inter RAO", on the one part, and JSB "ROSSIYA" (JSC) and/or RRDB Bank (JSC) and/or legal entities recognized to be affiliated with the aforementioned (jointly referred to as the "Banks" and separately as the "Bank"), on the other part, subject to the following fundamental terms and conditions (the terms shall be approved for each contract without limiting their total number, provided, however, that the Company's obligations under all valid and approved agreements shall not exceed the limitations set below):**

**11.4.2.1. Parties of the credit contract(s): PJSC "Inter RAO" – the Debtor; the Bank – the Creditor.**

**11.4.2.2. Subject matter of the credit contract(s): The Creditor shall transfer to the Debtor money in the amount of up to one hundred billion (100,000,000,000.00) rubles or its equivalent in US dollars or euro, and the Debtor shall repay the same amount within the time limits stipulated by the Contract(s) and pay interest in the amount set thereby, credit commissions, and other expenses for the arranging and servicing of the Contract(s), as well as penalties accrued in connection with the Debtor's default under the Contract(s). The funding under the contract(s) shall be provided in tranches pursuant to the Debtor's written applications.**

**11.4.2.3. Price of the agreement(s) (the ceiling amount of the Agreement(s)):**

— for credit contracts in Russian rubles a the rate whose absolute value shall not exceed fourteen point five (14.5) percent per annum, or the key rate of the Central Bank of the Russian Federation plus three point five (3.5) per cent per annum, or a rate calculated based on a rate not exceeding Mosprime plus three point five (3.5) per annum, or, for credit contracts in US dollars or euro, at a rate not exceeding eight (8) per cent per annum, or a rate calculated based on a rate not exceeding LIBOR/EURIBOR plus seven point five (7.5) per annum;

— commission for the granting of credit in an amount not exceeding two (2) percent of the credit limit;

- the amount of all commissions and other expenses for the arrangement and servicing of the credit contract(s).

**11.4.2.4. Effective term of the agreement(s): up to five (5) years from the signing date.**