

11.5. Approval of Loan Agreements

For the purpose of financing the current and investment activities of Inter RAO Group companies, it seems appropriate to attract credit resources to PJSC "Inter RAO" with subsequent issuance of inter-company loans to subsidiary companies.

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 is therefore made in terms 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).

Given the revenue structure of Inter RAO Group, the transactions are approved under the terms of multicurrency price, taking into consideration the existence of subsidiary companies of foreign jurisdictions. Executing transactions in foreign currency may be caused by the implementation of an investment project abroad or by a significant commercial effect compared to the financing terms in Russian rubles.

Taking into consideration the current situation in the Russian banking sector, and namely an increase of the key rate of the Central Bank of the Russian Federation from 7.5% to 11% and an increase of the indicative Mosprime rate from 4.18% to 11.94% for the period from May 2014 to February 2016, as early as during the General Shareholders Meeting on May 25, 2014, a resolution was made to use the key rate of the Central Bank of the Russian Federation increased by the market average bank margin on commercial loans in rubles for a similar credit term, when determining the upper limit of the fixed interest rates on loans in Russian rubles secured by PJSC "Inter RAO".

At the moment, taking into consideration the fact that the key rate of the Central Bank of the Russian Federation and the 3M indicative Mosprime 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 given the current debt capital market conditions, it is proposed to decrease the maximum rate on loans of PJSC "Inter RAO" in Russian rubles compared to the level approved by the General Shareholders Meeting of PJSC "Inter RAO" in 2015 (Minutes No. 15 of the meeting dated June 1, 2015) to a level not exceeding 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. When signing intercompany loan agreements, it is proposed to adhere to the similar maximum rate increased by 0.25 percentage points.

Commission for granting the loan in an amount not exceeding two (2) percent of the loan limit is calculated taking into account the current long-term credit agreements of the Group's companies and corresponds to the level approved by the General Shareholders Meeting of PJSC "Inter RAO" in 2015 (Minutes No. 15 of the meeting 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:

Under agreement(s) specified in Clause 11.5.1.: JSC ROSNEFTEGAZ can be acknowledged as an interested party, being a shareholder owning, jointly with its affiliates, more than 20% of voting shares of PJSC "Inter RAO" because the affiliate of JSC ROSNEFTEGAZ (PJSC "Inter RAO") owns 100 percent of shares of the Subsidiary Companies – legal entities which are beneficiary parties to the transaction.

Under agreement(s) specified in Clause 11.5.2.: JSC ROSNEFTEGAZ can be acknowledged as an interested party, being a shareholder owning, jointly with its affiliates, more than 20% of voting shares of PJSC "Inter RAO" because the affiliate of JSC ROSNEFTEGAZ (PJSC "Inter RAO") owns 100 percent of shares of the Subsidiary Companies – legal entities which are beneficiary parties to the transaction.

Management Board member A.A. Pakhomov is also an interested party, as he is a member of the Board of Directors of Altayenergobyt JSC as well as a Director in INTER RAO Management B.V., which is an executive body of INTER RAO Holding B.V.

Under agreement(s) specified in Clause 11.5.3.: JSC ROSNEFTEGAZ can be acknowledged as an interested party, being a shareholder owning, jointly with its affiliates, more than 20% of voting shares of PJSC "Inter RAO" because the affiliate of JSC ROSNEFTEGAZ (PJSC "Inter RAO") owns 100 percent of shares of the Subsidiary Companies – legal entities which are beneficiary parties to the transaction.

Other interested parties are Management Board members of PJSC "Inter RAO" A.G. Boris, I.I. Mirsiyapov, V.V. Murgulets, and Yu.V. Sharov who are members of the Board of Directors of Inter RAO Engineering LLC.

Under agreement(s) specified in Clause 11.5.4.: JSC ROSNEFTEGAZ can be acknowledged as an interested party, being a shareholder owning, jointly with its affiliates, more than 20% of voting shares of PJSC "Inter RAO" because the affiliate of JSC ROSNEFTEGAZ (PJSC "Inter RAO") owns 100 percent of shares of the Subsidiary Companies – legal entities which are beneficiary parties to the transaction.

Other interested parties are members of the Management Board of PJSC "Inter RAO" I.I. Mirsiyapov, D.N. Palunin, K.V. Tsurkan, and Yu.V. Sharov who are members of the Board of Directors of Eastern Energy Company OJSC.

Under agreement(s) specified in Clause 11.5.5.: JSC ROSNEFTEGAZ can be acknowledged as an interested party, being a shareholder owning, jointly with its affiliates, more than 20% of voting shares of PJSC "Inter RAO" because the affiliate of JSC ROSNEFTEGAZ (PJSC "Inter RAO") owns 100 percent of shares of the Subsidiary Companies – legal entities which are beneficiary parties to the transaction.

K.V. Tsurkan, who is a Board Member of Moldavskaya GRES CJSC, is also interested party.

Under agreement(s) specified in Clause 11.5.6.: JSC ROSNEFTEGAZ can be acknowledged as an interested party, being a shareholder owning, jointly with its affiliates, more than 20% of voting shares of PJSC "Inter RAO" because the affiliate of JSC ROSNEFTEGAZ (PJSC "Inter RAO") owns 100 percent of shares of the Subsidiary Companies – legal entities which are beneficiary parties to the transaction.

Other interested parties are members of the Management Board of PJSC "Inter RAO" I.I. Mirsiyapov, D.N. Palunin, and P.I. Okley, who are members of the Board of Directors of Bashkir Generating Company LLC.

Under agreement(s) specified in Clause 11.5.7.: JSC ROSNEFTEGAZ can be acknowledged as an interested party, being a shareholder owning, jointly with its affiliates, more than 20% of voting shares of PJSC "Inter RAO" because the affiliate of JSC ROSNEFTEGAZ (PJSC "Inter RAO") owns 100 percent of shares of the Subsidiary Companies – legal entities which are beneficiary parties to the transaction.

Other interested parties are members of the Management Board of PJSC "Inter RAO" I.I. Mirsiyapov, D.N. Palunin, and K.V. Tsurkan, who are members of the Board of Directors of RAO Nordic Oy.

According to Article 49 Clause 3 of the Law "On Joint Stock Companies", the resolutions of the General Shareholders Meeting on the approval of non-arm's-length transactions shall be made only at the suggestion of the Board of Directors.

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

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:

➔ *Under the loan agreement(s) signed by and between PJSC "Inter RAO" and PJSC Petersburg power supply company, PJSC Altayenergoby, Orel Power Supply Company LLC, Inter RAO Engineering LLC, Inter RAO - Export LLC, JSC INTER RAO - Electric Power Plants, JSC Eastern Energy Company, LLC Ugolny Razrez, LLC Inter RAO-Procurement Management Center, CJSC Moldova TPP, LLC Bashkir Generation Company, RAO Nordic Oy, LLC RN-Energo, JSC "Inter RAO Capital", INTER RAO Holding B.V. (jointly referred to as the "Companies" and separately as the "Company") without limitation to the number of the loan agreements signed (with each of the Companies) for the aggregate maximum amount of all loan agreements not exceeding one hundred billion, 00/100 (100,000,000,000.00) rubles or its equivalent in US dollars or euro for a term of no more than five (5) years since the date of signing the loan agreements, plus the interest sum at a rate the absolute value of which shall not exceed fourteen point seventy-five (14.75) percent or the key rate of the Central Bank of the Russian Federation plus three point seventy-five (3.75) percent per annum, or a rate calculated based on a rate not exceeding Mosprime plus three point seven five (3.75) percent per annum, or for loan agreements in US dollars or euro, at a rate not exceeding eight point twenty-five (8.25) percent per annum or a rate calculated based on a rate not exceeding LIBOR/EURIBOR plus seven point seventy-five (7.75) percent per annum; and commission for granting the loan in an amount not exceeding two (2) percent of the limit stipulated by the loan agreement, and the amount of all commission and other expenses on arranging and servicing the loan agreement(s).*

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:

11.5. Approve the following agreements as non-arm's-length transactions (several interrelated transactions):

11.5.1. Loan agreement(s) signed by and between PJSC "Inter RAO", on the one part, and PJSC Saint-Petersburg Sales Company, Orel Power Supply Company LLC, Inter RAO - Export LLC, JSC INTER RAO - Electric Power Plants, Ugolny Razrez LLC, Inter RAO - Procurement management center LLC, RN-Energo LLC, JSC "Inter RAO Capital" (jointly referred to as the "Companies" and separately as the "Company"), on the other part, concluded with each Company in the normal course of business activities under the following material terms and conditions (the terms shall be approved for every agreement with every Company without limiting their total number, however, provided that the obligations of PJSC "Inter RAO" under all valid loan agreements shall not exceed the limitations set below):

11.5.1.1. Parties to the loan agreement(s): PJSC "Inter RAO" - the Creditor; the Company - the Borrower;

11.5.1.2. Subject matter of the loan agreement(s): The Creditor shall transfer to the Borrower funds in the amount of up to one hundred billion (100,000,000,000.00) rubles or its USD/EUR equivalent, and the Borrower shall repay the same amount on the due date under the Agreement(s) and pay interest in the amount under the Agreement(s), loan fees, commission, and other expenses for arranging and servicing the Agreement(s), as well as the penalties accrued following the Debtor's payment default under the Agreement(s). The funding under the Agreement(s) shall be provided in tranches pursuant to the Borrower's written applications.

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

- for loan agreements in Russian rubles at a rate, the absolute value of which does not exceed fourteen point seventy-five (14.75) percent per annum, or the CBR key rate plus three point seventy-five (3.75) percent per annum, or at a rate calculated based on a rate not exceeding Mosprime plus three point seventy-five (3.75) percent per annum, or for USD/EUR loan agreements at a rate not exceeding eight point twenty-five (8.25) percent per annum, or at a rate calculated based on a rate not exceeding LIBOR/EURIBOR plus seven point seventy-five (7.75) percent per annum;

— loan fee not exceeding two (2) percent of the limit under the loan agreement;

— the amount of all commission and other expenses on arrangement and servicing of the loan agreement(s).

11.5.1.4. Purpose for granting loan(s): working capital financing and investment activity.

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

11.5.2. The loan agreement(s) signed by and between PJSC "Inter RAO", on the one part, and JSC Altayenergoby and INTER RAO Holding B.V. (jointly referred to as the "Companies" and separately as the "Company"), on the other part, concluded with the Companies in the normal course of business activities under the following material terms and conditions (the terms shall be approved for every agreement without limiting their total number, however, provided that the obligations of PJSC "Inter RAO" under all valid loan agreements shall not exceed the limitations set below):

11.5.2.1. Parties to the loan agreement(s): PJSC "Inter RAO" - the Creditor; the Company - the Borrower;

11.5.2.2. Subject matter of the loan agreement(s): The Creditor shall transfer to the Borrower funds in the amount of up to one hundred billion (100,000,000,000.00) rubles or its USD/EUR equivalent, and the Borrower shall repay the same amount on the due date under the Agreement(s) and pay interest in the amount under the Agreement(s), loan fees, commission, and other expenses for arranging and servicing the Agreement(s), as well as the penalties accrued following the Debtor's payment default under the Agreement(s). The funding under the Agreement(s) shall be provided in tranches pursuant to the Borrower's written applications.

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

- for loan agreements in Russian rubles at a rate, the absolute value of which does not exceed fourteen point seventy-five (14.75) percent per annum, or the CBR key rate plus three point seventy-five (3.75) percent per annum, or at a rate calculated based on a rate not exceeding Mosprime plus three point seventy-five (3.75) percent per annum, or for USD/EUR loan agreements at a rate not exceeding eight point twenty-five (8.25) percent per annum, or at a rate calculated based on a rate not exceeding LIBOR/EURIBOR plus seven point seventy-five (7.75) percent per annum;

— loan fee not exceeding two (2) percent of the limit under the loan agreement;

— the amount of all commission and other expenses on arrangement and servicing of the loan agreement(s).

11.5.2.4. Purpose for granting loan(s): working capital financing and investment activity.

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

11.5.3. The loan agreement(s) between PJSC "Inter RAO", on the one part, and Inter RAO Engineering LLC, on the other part (referred to as the "Company"), concluded within the

normal course of business activities under the following material terms and conditions (approved for each agreement without limitation of their total number, but provided that the liabilities of PJSC "Inter RAO" under all simultaneously effective loan agreements shall not exceed the limits set below):

11.5.3.1. Parties to the loan agreement(s): PJSC "Inter RAO" - the Creditor; the Company - the Borrower;

11.5.3.2. Subject matter of the loan agreement(s): The Creditor shall transfer to the Borrower funds in the amount of up to one hundred billion (100,000,000,000.00) rubles or its USD/EUR equivalent, and the Borrower shall repay the same amount on the due date under the Agreement(s) and pay interest in the amount under the Agreement(s), loan fees, commission, and other expenses for arranging and servicing the Agreement(s), as well as the penalties accrued following the Debtor's payment default under the Agreement(s). The funding under the Agreement(s) shall be provided in tranches pursuant to the Borrower's written applications.

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

— for loan agreements in Russian rubles, at a rate the absolute value of which does not exceed fourteen point seventy-five (14.75) percent per annum, or the CB RF key rate plus three point seventy-five (3.75) percent per annum, or a rate calculated based on a rate not exceeding Mosprime plus three point seventy-five (3.75) percent per annum, or for USD/EUR loan agreements at a rate not exceeding eight point twenty-five (8.25) percent per annum, or a rate calculated based on a rate not exceeding LIBOR/EURIBOR plus seven point seventy-five (7.75) percent per annum;

— loan fee not exceeding two (2) percent of the limit under the loan agreement;

— the amount of all commission and other expenses on arrangement and servicing of the loan agreement(s).

11.5.3.4. Purpose for granting loan(s): working capital financing and investment activity.

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

11.5.4. The loan agreement(s) between PJSC "Inter RAO", on the one part, and Eastern Energy Company OJSC, on the other part (referred to as the "Company"), concluded within the normal course of business activities under the following material terms and conditions (approved for each agreement without limitation of their total number, but provided that the liabilities of PJSC "Inter RAO" under all simultaneously effective loan agreements shall not exceed the limits set below):

11.5.4.1. Parties to the loan agreement(s): PJSC "Inter RAO" - the Creditor; the Company - the Borrower;

11.5.4.2. Subject matter of the loan agreement(s): The Creditor shall transfer to the Borrower funds in the amount of up to one hundred billion (100,000,000,000.00) rubles or its USD/EUR equivalent, and the Borrower shall repay the same amount on the due date under the Agreement(s) and pay interest in the amount under the Agreement(s), loan fees, commission, and other expenses for arranging and servicing the Agreement(s), as well as the penalties accrued following the Debtor's payment default under the Agreement(s). The funding under the Agreement(s) shall be provided in tranches pursuant to the Borrower's written applications.

11.5.4.3. Price of the agreement(s):

— for loan agreements in Russian rubles at a rate, the absolute value of which does not exceed fourteen point seventy-five (14.75) percent per annum, or the key rate of the Central Bank of the Russian Federation plus three point seventy-five (3.75) percent per annum, or a

rate calculated based on a rate not exceeding Mosprime plus three point seventy-five (3.75) percent per annum, or for loan agreements in US dollars or euro at a rate not exceeding eight point twenty-five (8.25) percent per annum, or a rate calculated based on a rate not exceeding LIBOR/EURIBOR plus seven point seventy-five (7.75) percent per annum;

— loan fee not exceeding two (2) percent of the limit under the loan agreement;

— the amount of all commission and other expenses on arrangement and servicing of the loan agreement(s).

11.5.4.4. Purpose for granting loan(s): working capital financing and investment activity.

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

11.5.5. The loan agreement(s) between PJSC "Inter RAO", on the one part, and Moldavskaya GRES CJSC, on the other part (referred to as the "Company"), concluded within the normal course of business activities under the following material terms and conditions (approved for each agreement without limitation of their total number, but provided that the liabilities of PJSC "Inter RAO" under all simultaneously effective loan agreements shall not exceed the limits set below):

11.5.5.1. Parties to the loan agreement(s): PJSC "Inter RAO" - the Creditor; the Company - the Borrower;

11.5.5.2. Subject matter of the loan agreement(s): The Creditor shall transfer to the Borrower funds in the amount of up to one hundred billion (100,000,000,000.00) rubles or its USD/EUR equivalent, and the Borrower shall repay the same amount on the due date under the Agreement(s) and pay interest in the amount under the Agreement(s), loan fees, commission, and other expenses for arranging and servicing the Agreement(s), as well as the penalties accrued following the Debtor's payment default under the Agreement(s). The funding under the Agreement(s) shall be provided in tranches pursuant to the Borrower's written applications.

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

- for loan agreements in Russian rubles at a rate, the absolute value of which does not exceed fourteen point seventy-five (14.75) percent per annum, or the CBR key rate plus three point seventy-five (3.75) percent per annum, or at a rate calculated based on a rate not exceeding Mosprime plus three point seventy-five (3.75) percent per annum, or for USD/EUR loan agreements at a rate not exceeding eight point twenty-five (8.25) percent per annum, or at a rate calculated based on a rate not exceeding LIBOR/EURIBOR plus seven point seventy-five (7.75) percent per annum;

— loan fee not exceeding two (2) percent of the limit under the loan agreement;

— the amount of all commission and other expenses on arrangement and servicing of the loan agreement(s).

11.5.5.4. Purpose for granting loan(s): working capital financing and investment activity.

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

11.5.6. The loan agreement(s) between PJSC "Inter RAO", on the one part, and Bashkir Generation Company LLC, on the other part (referred to as the "Company"), concluded within the normal course of business activities under the following material terms and conditions (approved for each agreement without limitation of their total number, but provided that the obligations of PJSC "Inter RAO" under all simultaneously effective loan agreements approved by this clause shall not exceed the limits set below):

11.5.6.1. Parties to the loan agreement(s): PJSC "Inter RAO" - the Creditor; the Company - the Borrower;

11.5.6.2. Subject matter of the loan agreement(s): The Creditor shall transfer to the Borrower funds in the amount of up to one hundred billion (100,000,000,000.00) rubles or its USD/EUR equivalent, and the Borrower shall repay the same amount on the due date under the Agreement(s) and pay interest in the amount under the Agreement(s), loan fees, commission, and other expenses for arranging and servicing the Agreement(s), as well as the penalties accrued following the Debtor's payment default under the Agreement(s). The funding under the Agreement(s) shall be provided in tranches pursuant to the Borrower's written applications.

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

— for loan agreements in Russian rubles at a rate, the absolute value of which shall not exceed fourteen point seventy-five (14.75) percent per annum, or the key rate of the Central Bank of the Russian Federation plus three point seventy-five (3.75) percent per annum, or at a rate calculated based on a rate not exceeding Mosprime plus three point seventy-five (3.75) percent per annum, or for loan agreements in US dollars or euro at a rate not exceeding eight point twenty-five (8.25) percent per annum, or a rate calculated based on a rate not exceeding LIBOR/EURIBOR plus seven point seventy-five (7.75) percent per annum;

— loan fee not exceeding two (2) percent of the limit under the loan agreement;

— the amount of all commission and other expenses on arrangement and servicing of the loan agreement(s).

11.5.6.4. Purpose for granting loan(s): working capital financing and investment activities, except for the financing of construction of 440 MW CCPP of Zatonskaya CHPP, a branch of BGC LLC.

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

11.5.7. The loan agreement(s) between PJSC "Inter RAO", on the one part, and RAO Nordic Oy, on the other part (referred to as the "Company") concluded within the normal course of business activities under the following material terms and conditions (approved for each agreement without limitation of their total number, but provided that the liabilities of PJSC "Inter RAO" under all simultaneously effective loan agreements approved by this Clause shall not exceed the limits set below):

11.5.7.1. Parties to the loan agreement(s): PJSC "Inter RAO" - the Creditor; the Company - the Borrower;

11.5.7.2. Subject matter of the loan agreement(s): The Creditor shall transfer to the Borrower funds in the amount of up to one hundred billion (100,000,000,000.00) rubles or its USD/EUR equivalent, and the Borrower shall repay the same amount on the due date under the Agreement(s) and pay interest in the amount under the Agreement(s), loan fees, commission, and other expenses for arranging and servicing the Agreement(s), as well as the penalties accrued following the Debtor's payment default under the Agreement(s). The funding under the Agreement(s) shall be provided in tranches pursuant to the Borrower's written applications.

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

— for loan agreements in Russian rubles, at a rate the absolute value of which shall not exceed fourteen point seventy-five (14.75) percent per annum, or the key rate of the Central Bank of the Russian Federation plus three point seventy-five (3.75) percent per annum, or at a rate calculated based on a rate not exceeding Mosprime plus three point seventy-five (3.75) percent per annum, or for loan agreements in US dollars or euro at a rate not exceeding eight point twenty-five (8.25) percent per annum, or at a rate calculated based on

a rate not exceeding LIBOR/EURIBOR plus seven point seventy-five (7.75) percent per annum;

— loan fee not exceeding two (2) percent of the limit under the loan agreement;

— the amount of all commission and other expenses on arrangement and servicing of the loan agreement(s).

11.5.7.4. Purpose for granting loan(s): working capital financing and investment activity.

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