

## 11.7. Approval of the Loan Agreement with INTER RAO Credit B.V.

In accordance with medium-term plan-forecast of PJSC "Inter RAO" and approved BP of the Company for 2016 for efficient distribution of free cash flow within the Group, it is deemed appropriate to approve the intra-group financing from INTER RAO Credit B.V. in favor of PJSC "Inter RAO" in an amount up to RUB 15 billion as PJSC "Inter RAO" faces the need for borrowed funds.

The approved transactions shall be made on terms consistent with market conditions at the time of the transaction, providing that the interest rate on intergroup loans shall be determined based on the Method of Confirming Prices in Debt Financing Transactions for Tax Purposes, approved by Order No. IRAO/728 dated November 14, 2012.

Given the revenue structure of Inter RAO Group, the transactions shall be approved under multicurrency price terms. At the moment, the management of INTER RAO Credit B.V. does not, however, plan to raise credit funds 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.

The interest rate is determined according to borrowed capital market conditions and corresponds to the level determined by PJSC "Inter RAO" Order No. IRAO/355 "On Establishing Internal Credit Ratings of Inter RAO Group Companies" dated July 7, 2015, taking into account the loan agreements planned to be executed (not more than 5 years).

Here, the marginal revenue of INTER RAO Credit B.V. is determined based on the level of the expenditure on fund raising, but not less than 0.125 percent annual interest.

In accordance with Article 81 of Federal Law No. 208-FZ "On Joint Stock Companies" dated December 26, 1995, the transaction offered for consideration is (or can be further recognized as) a non-arm's-length transaction:

- JSC ROSNEFTEGAZ can be acknowledged as an interested party, being a shareholder owning, jointly with its affiliates, more than 20% of the voting shares of PJSC "Inter RAO" because the affiliate of JSC ROSNEFTEGAZ (PJSC "Inter RAO") owns 100 percent of shares of INTER RAO Credit B.V. – a legal entity which is a beneficiary party to the transaction.

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.

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.

☐ Recommendation to the annual General Meeting on approving such transaction was 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 this transaction was determined in the following amount:

➔ *To determine the price (monetary value) of the property (funds), which is the subject matter of the loan agreement(s) concluded between PJSC "Inter RAO" (Borrower) and INTER RAO Credit B.V. (Creditor) in the amount of the funds transferred by the Lender to the Borrower as not exceeding fifteen billion (15,000,000,000,00) rubles or an equivalent amount in US dollars or euro with the loan repayment term not exceeding five (5) years from the date of signing the loan agreement(s), increased by the interest sum, the rate of which in absolute terms is below 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 a rate calculated based on a rate no more than Mosprime plus three point seventy-five (3.75) percent per annum, or for USD/EUR loan agreements—at a rate below eight point twenty-five (8.25) percent per annum or a rate calculated based on the one below LIBOR / EURIBOR plus seven point seventy-five (7.75) percent per annum and fees for the issue of the Loan in an amount below two point twenty-five percent (2.25) of the loan amount, total fees, and other expenses for the arranging and servicing the loan agreement(s).*

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

**11.7. Approve the loan agreement(s) between PJSC "Inter RAO" and INTER RAO Credit B.V. (hereinafter, the "Agreement(s)") as a transaction(s), concluded in the normal course of business, being a non-arm's-length transaction, entered into on the following material terms:**

**11.7.1. Parties to the agreement(s): PJSC "Inter RAO" — the Borrower; INTER RAO Credit B.V. — the Lender.**

**11.7.2. Subject matter of the agreement(s): The Creditor shall transfer to the Borrower funds in an amount up to fifteen billion (15,000,000,000,00) rubles or an equivalent amount in US dollars or euro, and the Borrower undertakes to return the same amount of money on the due date specified in the Agreement(s), and pay interest at the rate, set by the Agreement(s), fees for the issuance of the loan, commission, and other costs on the arrangement and servicing of the Agreement(s), as well as penalties (fines), accrued in connection with the failure of the Borrower to perform its payment obligations under the Agreement(s). The funds under the Agreement(s) shall be provided to the Borrower in tranches pursuant to the Borrower's written requests.**

**11.7.3. 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 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;**

**— fee for loan issuance in an amount not exceeding two point twenty-five (2.25) percent of the loan limit;**

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

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