

16.6. Approval of the Guarantee agreements to be executed by the Company for the purpose of providing a guarantee to the holders of corporate bonds for the fulfillment of obligations by LLC "INTER RAO Finance" under the issue of inconvertible interest-bearing certified coupon Bonds by INTER RAO Finance LLC, series 01— 04 with mandatory centralised custody.

The Guarantee Agreement(s) is submitted for approval to provide liabilities of INTER RAO Finance LLC arising from the issue of corporate bonds.

On June 25, 2013 the Annual General Meeting of Shareholders of JSC "Inter RAO" approved the Guarantee agreements for the purpose of the fulfillment of obligations by LLC "INTER RAO Finance" under the issue of inconvertible interest-bearing certified coupon Bonds by INTER RAO Finance LLC.

On November 13, 2013 The Bank of Russia registered 4 issues of bonds of INTER RAO Finance LLC with total nominal amount of RUB 60 billion.

On November 20, 2014 changes to the documentation for issuing bonds were registered. According to these changes the placement of bonds was prolonged for 1 year. In the event that the bonds are not placed before November 20, 2015 the placement of bonds could be prolonged for another year.

Given that the bonds were not placed and the Guarantee Agreements were not signed as well throughout the year since the date of the resolution of the Annual General Meeting of Shareholders as well as taking into account the necessity to make a number of changes and additions to the earlier decision, the issue in question is subject to reconsideration.

The following material alternations were included in the draft resolution:

1. The price limit on JSC Inter RAO's Guarantee for INTER RAO Finance LLC had been previously set at 0.07% per annum, in the proposed wording — at 0.3%. This alternation has been caused by changes in a range according to internal credit ratings (as aforesaid).

2. The bond coupon limit on the provided collateral in previous approval had been set at 9.5% per annum, in the proposed wording — 18%. This alternation is justified by a substantial growth of the key interest rate as well as by a material change of the bond market. In 2013 the key interest rate amounted to 5.5%, at the present moment it amounts to 15%. Therefore, the difference in the previous approval was 4%, and in the proposed version it equals 3%. Besides, the latest market bond placement for a period of 1.5 years Bonds: AFK System BO-01 (4B02-01-01669-A, RU000A0JV8P4) 19.02.2015, total amount of RUB 10 billion was made at the rate of 17%. Higher issuer rating and material public history considered, bonds of Inter RAO Group would be estimated by investors with regard to debut issue premium, rating and financial situation. This would enable us to set a maximum coupon rate at 18%. Higher rate is cost-inefficient, complexity of the transaction and alternative choices considering.

3. Due to the rise of the price limit on Guarantee and coupon value the absolute price of the Guarantee transaction has also increased. Hence RUB 168 bln on Guarantee in the proposed draft resolution as compared with RUB 117.1 bln in the previously approved decision.

Fulfillment of the obligations under Guarantee Agreements on the part of JSC Inter RAO is not expected to be implemented. Nevertheless, should the expenditures occur, the source of financing should be of internal resources (balance source — amortisation).

In case INTER RAO Finance LLC fails to perform obligations to bond holders on reimbursement of principal debt and coupon and to Surety, JSC Inter RAO, total transaction (s) expenditures of JSC Inter RAO will not exceed RUB 173,040,000 thousand.

As for JSC Inter RAO the transaction is income-producing and would have a positive impact on the finance result of the Company. The transaction price does not exceed 0.3% of the amount guaranteed by Guarantee obligations including principal debt and interest

accrued because of the Debtor's failure to meet payment obligations to holders of INTER RAO Finance LLC's Bonds.


Due to coming into effect of Federal Law dated July 18, 2011 No. 227-Φ3 "On Introducing Amendments to Certain Legislation Acts of the Russian Federation in View of Improvement of Price-Setting Principles for Tax Purposes" and transfer pricing JSC Inter RAO should bring intra-group Guarantee into effect on a paid basis.

As per article 81 of the Federal Law on Joint Stock Companies the transactions submitted for approval are classified as interested-party transactions. The interested parties are:

- Member of the Management Board of JSC Inter RAO Dmitry Nikolayevich Palunin as he is a member of the Board of Directors of LLC INTER RAO Finance.

According to clause 3, Article 49 of the Federal Law "On Joint-Stock Companies", the resolution of the General Meeting of Shareholders on approval of the interested party transactions may be adopted at the suggestion of the Board of Directors only.

According to clause 7, Article 83 and Article 77 of the Federal Law "On Joint-Stock Companies" when the interested party transaction is subject to the approval by the General Meeting of Shareholders the price of such transaction shall be determined by the Board of Directors.

 Recommendations to the Annual General Meeting on the approval of these transactions were made at the meeting of the Board of Directors on April 07, 2015 (Minutes dated April 09, 2015 № 138), as well as the price (monetary value) of the property (funds) under the transactions was determined in the following amounts:

→ *Under the Guarantee Agreement(s) executed by JSC Inter RAO and the holders of corporate inconvertible interest-bearing certified coupon bonds of INTER RAO Finance LLC, series 01— 04 with mandatory centralised custody totalling 60,000,000 (sixty million) bonds of par value of RUB 1,000 (one thousand) each, total par value RUB 60,000,000,000 (sixty billion), with maturity term of the Bonds on 3,640th (three thousand six hundred fortieth) day since the date of Bonds placement by public offering (hereinafter referred to as „Bonds“) to secure obligations of INTER RAO Finance LLC arising in conjunction with the issue of corporate bonds in the amount not exceeding RUB 60,000,000,000 (sixty billion) and total coupon return on corporate bonds pursuant to the procedure established by the Securities issue resolution and Listing prospectus, but not exceeding 18 (eighteen) percent in roubles of the Russian Federation per annum.*

→ *Under the Agreement of Guarantee Provision on INTER RAO Finance LLC's liabilities (Debtor) in the amount of the fees to JSC Inter RAO (Surety) totalling up to 0.3 (zero point three) percent per annum of total amount of par value of the Bonds that doesn't exceed RUB 60,000,000,000 (sixty billion) and total coupon profit on Bonds as established in the Securities issue resolution and Listing prospectus but not exceeding 18 (eighteen) percent in roubles of the Russian Federation per annum or up to RUB 5,947,200,000 (five billion nine hundred forty seven million two hundred thousand). (VAT 18 (eighteen) percent included).*

Annual General Meeting of Shareholders is proposed to adopt the following resolutions:

16.6. Approve the following agreements as interested party transaction (series of related transactions):

16.6.1. *Guarantee Agreement(s) executed by JSC Inter RAO and the holders of corporate Bonds to secure obligations of INTER RAO Finance LLC arising in conjunction with the issue of inconvertible interest-bearing certified coupon Bonds by INTER RAO Finance LLC, series 01— 04 with mandatory centralised custody totalling 60,000,000 (sixty million) bonds of par value of RUB 1,000 (one thousand) each, total par value RUB 60,000,000,000 (sixty billion), with maturity term of the Bonds on 3,640th*

(three thousand six hundred fortieth) day since the date of Bonds placement by public offering on the following material terms and conditions:

16.6.1.1. Parties of the agreement:

- JSC Inter RAO — Surety,

- Holders of the INTER RAO Finance LLC's Bonds, series 01 — 04 — Creditor (Creditors),

- Issuer — INTER RAO Finance LLC (Debtor).

16.6.1.2. Secured Bonds — inconvertible interest-bearing certified coupon Bonds of Issuer, series 01— 04 with mandatory centralised custody totaling not more than 60,000,000 (sixty million) bonds of par value of RUB 1,000 (one thousand) each, total par value RUB 60,000,000,000 (sixty billion), with maturity term of the Bonds on 3,640th (three thousand six hundred fortieth) day since the date of Bonds placement by public offering, placed by public offering;

16.6.1.3. The subject matter of the agreement — JSC Inter RAO together with the Issuer (INTER RAO Finance LLC) undertakes collective liability to the holders of the Bonds issued by the Issuer for failure to perform or perform in a proper way bonded obligations, including Issuer's payments to the Bond holders of the total amount of par value of the Bonds on their retirement not exceeding RUB 60,000,000,000 (sixty billion) and total Bond return established by the Securities issue resolution and Listing prospectus, but not exceeding 18 (eighteen) percent in roubles of the Russian Federation per annum, as well as Issuer's acquisition of the said Bonds pursuant to the procedure established by the Securities issue resolution and Listing prospectus and also interest payable on late payment of par value of the Bonds on their retirement, Bonds' acquisition and (or) Bonds' coupon profit, other penalties as foreseen by laws of the Russian Federation and reimbursement of possible legal costs.

16.6.1.4. Price under the Agreement(s) does not exceed RUB 60,000,000,000 (sixty billion) plus amount of total Bonds' coupon profit established by the Securities issue resolution and Listing prospectus but not exceeding 18 (Eighteen) percent in roubles of the Russian Federation per annum which aggregated does not exceed RUB 168,000,000,000 (one hundred sixty eight billion);

16.6.1.5. Term of Agreement(s) — the agreement(s) is effective as of the date of Bond placement and shall be in full force during 1 (one) year after the obligations of the Issuer to the owners of the bonds series 01 — 04 have been fulfilled.

16.6.2. The Agreement(s) of Guarantee Provision on INTER RAO Finance LLC's liabilities arising from the issue of the Bonds of INTER RAO Finance LLC on the following material terms and conditions:

16.6.2.1. Parties to the Agreement(s):

- JSC Inter RAO — Surety,

- INTER RAO Finance LLC — Issuer (Debtor).

16.6.2.2. Subject matter of the Agreement(s) — The Surety for the fees payable by the Issuer undertakes to provide surety for the Issuer to meet the obligations arising from the Bonds' issue by the Issuer to the Bond holders for the total limited amount up to 60,000,000,000 (sixty billion) roubles of the Russian Federation for payments of par value of the bonds and total Bond return to the bond holders, for Issuer's acquisition of the said Bonds pursuant to the procedure established by the Securities issue resolution and Listing prospectus with maturity term of the Bonds on 3 640th (three thousand six hundred fortieth) day since the date of Bonds placement by public offering and also for the interest payable on late payment of par value of the Bonds on their retirement, for Bonds' acquisition and (or) Bonds' coupon profit, other penalties as foreseen by laws of the Russian Federation and reimbursement of possible legal costs.

16.6.2.3. Term of the Guarantee provision: as of the date of incurrance of liabilities, arising from the issuing of Bonds by the Issuer, to the bond holders for the period up to 1 (one) year after expiry date of the fulfilment of liabilities.

16.6.2.4. Fees to be paid by the Issuer for the Guarantee granted totals up to 0.3 (zero point three) percent per annum of total amount of par value of the Bonds that doesn't exceed RUB 60,000,000,000 (sixty billion) and total coupon profit on Bonds as established in the Securities issue resolution and Listing prospectus but not exceeding 18 (eighteen) percent in roubles of the Russian Federation per annum or up to RUB 5,947,200,000 (five billion nine hundred forty seven million two hundred thousand). (VAT 18 (eighteen) percent included).

16.6.2.3. The approval duration is for 2 years.

