

## **16.9. Approval of a loan transaction between INTER RAO Finance B.V. and JSC “Inter RAO” classified as several interrelated interested-party transaction(s).**

The issue shall be considered by the general Annual Meeting of Shareholders in connection with the consideration of the issue on the provision of a guarantee for the obligations of INTER RAO finance B.V. related to the issue and placement of INTER RAO Finance B.V. bonds on international capital markets.

The Loan Agreement between the issuer and JSC Inter RAO will allow JSC Inter RAO to reduce the risk of losing financial stability and the risk of having higher interest because getting a loan for 7 years at 15.125% a year allows the company to avoid the volatility of market interest rates, maintain a high proportion of long term loans with a fixed interest rate to counter the unfavorable conditions in the financial markets.

If the aforementioned project goes ahead there will be no taxation risks as under article 265 (part 1) of the Tax Code of the Russian Federation, interest is deducted from revenue before income tax is calculated.

Interest expenses are not subject to VAT either.

The maximum amount under the deal (deals) stems from the maximum amount of the loan of RUR 40 billion at a rate of 15.125% per year, compensation for Transaction expenses to raise financing of no more than 473,356,733, which is approximately 1.18% of the raised borrowed funds, which over 7 years will amount to no more than RUR 42,823,356,733, which is 23.46% of the BVA of JSC Inter RAO at Dec 31, 2014. Out of this amount, the value of the interconnected transactions will increase only by the amount of Transaction expenses, i.e. RUR 350 million.

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

- Member of the Management Board of JSC Inter RAO D. Palunin is director A of INTER RAO Finance B.V., at the same time the Member of the Management Board of JSC Inter RAO A. Pakhomov is the director of Inter RAO Management B.V. that is director B of INTER RAO Finance B.V.
- Members of the Management Board of JSC Inter RAO V. Murgulets and A. Boris are members of the Supervisory Board of Inter RAO Finance B.V.

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.

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 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 Loan Agreement between the issuer as the lender and the Company as the borrower (hereinafter the Loan Agreement) under which the Issuer pledges to make a loan to the Company and the Company pledges to pay interest on the loan in accordance with the terms and conditions of the Agreement as well as repay the principle by the agreed deadline or earlier in accordance with the following terms and conditions of the Loan Agreement:

(i) The principal under the Loan Agreement does not exceed RUR 40,000,000,000 (forty billion rubles) or USD 625,000,000 (six hundred twenty five million dollars US) or an equivalent in another currency;

(ii) The period the loan is provided for does not exceed 7 years;

(iii) The interest on the loan will comply with current market conditions at the time it's calculated but will not exceed 15.125% (fifteen point one two five per cent) per year of the principal under the Loan Agreement;

(iv) the Transaction expenses of the issuer will not exceed RUR 473,356,730 (four hundred seventy three million six hundred and fifty six thousand seven hundred thirty rubles) or an equivalent amount in a foreign currency, including VAT.

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

*16.9. Approve as a related interested-party transaction the Loan Agreement entered into between the issuer as the lender and the Company as the Borrower (Loan Agreement) under which the issuer pledges to provide the Company with a loan and the Company pledges to pay interest on the loan in accordance with the terms and conditions of the Loan Agreement, compensate the Transaction expenses of the Issuer and repay the loan principle by the agreed deadline or earlier in accordance with the Loan Agreement on the following key terms and conditions:*

*(i) Parties to the transaction: The Company and the Issuer;*

*(ii) Subject of the Transaction: the issuer pledges to make a loan to the Company while the Company pledges to pay interest on the loan in accordance with the terms and conditions of the loan agreement, compensating the issue for any Transaction expenses and repaying the loan principle by the agreed deadline or before in accordance with the terms and conditions of the loan agreement*

*(iii) The principal under the Loan Agreement will not exceed RUR 40,000,000,000 (forty billion rubles) or USD 625,000,000 (six hundred twenty five million dollars USD) or an equivalent amount in another currency;*

*(iv) The period of the loan will not exceed 7 (seven) years;*

*(v) The interest on the loan will conform to current market conditions at the time it is calculated and will not exceed 15.125% (fifteen point one two five per cent) per year of the loan principle under the Loan Agreement;*

*(vi) The Transaction expenses of the Issuer will not exceed RUR 473,356,730 (four hundred seventy three million three hundred fifty six thousand seven hundred thirty rubles) or an equivalent in another currency including VAT.*

*16.9.1. The approval is valid for 5 (five) years.*