

**APPENDICES**

**TO**

**2015 ANNUAL REPORT**

**PJSC RusHydro**

**(Translation from Russian original)**

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# 1. Information on compliance with the Russian Corporate Governance Code and Report on compliance with the principles of UK Corporate Governance Code.

## *Report on Compliance with the UK Code on Corporate Governance*

		Mandate	Compliance
		<b>SECTION A: LEADERSHIP</b>	
A.1	The Role of the Board	Every company should be headed by an effective board which is collectively responsible for the long-term success of the company	Complies
A.2	Division of Responsibilities	There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision	Complies
A.3	The Chairman	The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role	Complies
A.4	Non-executive Directors	As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy	Complies
		<b>SECTION B: EFFECTIVENESS</b>	
B.1	The Composition of the Board	The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively	Complies
B.2	Appointments to the Board	There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board	Complies
B.3	Commitment	All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively	Complies
B.4	Development	All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge	Partially complies
B.5	Information and Support	The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties	Complies
B.6	Evaluation	The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors	Partially complies
B.7	Re-election	All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance	Complies
		<b>SECTION C: ACCOUNTABILITY</b>	
C.1	Financial And Business Reporting	The board should present a balanced and understandable assessment of the company's position and prospects	Complies
C.2	Risk Management and Internal Control	The board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems	Complies
C.3	Audit Committee and Auditors	The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the company's auditor	Complies
		<b>SECTION D: REMUNERATION</b>	
D.1	The Level and Components of Remuneration	Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully, but a company should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance	Complies
D.2	Procedure	There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration	Complies
		<b>SECTION E: RELATIONS WITH SHAREHOLDERS</b>	
E.1	Dialogue with Shareholders	There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place	Complies
E.2	Constructive Use of the AGM	The board should use the AGM to communicate with investors and to encourage their participation	Complies

Hereby Board of Directors of PJSC "RusHydro" declares about observance of corporate governance principles set forth the Code of corporate governance and reasons for non-compliance or full-compliance of certain principles the Code of corporate governance

### Data on compliance with Russian Code of corporate governance

N	Principles of corporate governance	Criteria used to evaluate whether the principle is complies	The status <1> of compliance with the principle of corporate governance.	Explanations <2> of deviations from the evaluation criteria compliance with the principle of corporate governance
1.1	The company should ensure the equal and	fair treatment of all its shareholders in the course of their exercising their	rights to participate in the management of the company.	
1.1.1	The company should create the most favorable conditions possible for its shareholders, enabling them to participate in the general meetings and to develop informed positions on the issues forming its agenda, as well as providing them with the opportunity to coordinate their actions and express their opinions regarding the issues under discussion.	<p>1. The internal document of the company which regulates the procedure of convening, preparing and holding general shareholders meetings, and which was approved by the general shareholders meeting, should be available within the public domain.</p> <p>2. During the period of preparation for the meeting, the company shall establish the necessary organisational and technical conditions to ensure that shareholders may pose questions to members of the company's executive bodies and board of directors, as well as to publicly express their opinions on the meeting's agenda items. To this end, a company with a large number of shareholders is recommended to support a special telephone line (hotline) for communication with shareholders, to establish a special email address, and to provide a forum for discussion of the meeting agenda on its website</p>	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	

1.1.2	Procedures for notification of the general meeting and provision of materials for it should enable the shareholders to properly prepare themselves for participation therein.	<p>1. A notice announcing a general shareholders meeting should be published on the website of the company at least 30 days before the date of the meeting.</p> <p>2. In addition to the information which under the law must be contained in the notice of the general meeting, it is recommended to specify therein the exact location of the general meeting, including details of the room in which it will be conducted and information on documents required for admission to the premises on which the general meeting is to be held.</p> <p>3. Information about who has proposed each item or nominated a particular candidate to a management body or other body of the company is of great importance for shareholders wishing to form an objective opinion on an agenda item.</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> Not complies</p>	<p><b>In respect of paragraph (2) the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
1.1.3	During the preparation for and holding of	1. During the relevant reporting period shareholders should be pro-		

	<p>the general meeting, the shareholders should be able to freely and in a timely manner receive information about the meeting and its materials, to pose questions to members of the company's executive bodies and board of directors, and to communicate with each other.</p>	<p>vided with an opportunity to pose questions to members of the company's executive bodies and board members before and during the annual general meeting.</p> <p>2. The materials set out the positions of the board of directors regarding the general meeting's agenda, as well as dissenting opinions of board members on each item therein. Such materials are recommended for inclusion into the minutes of a meeting of the board of directors where such opinions have been expressed.</p> <p>3. The company is recommended to provide those shareholders who are entitled to review the list of persons authorized to participate in the meeting with the opportunity to review it starting from the date when the company receives such information.</p>	<p><input checked="" type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	
1.1.4	<p>There should be no unjustified difficulties preventing shareholders from exercising their right to demand that a general meeting be convened, nominate candidates to the company's governing bodies, and to place proposals on its agenda.</p>	<p>1. The shareholders have the opportunity to propose items to be included in the agenda of its annual general meeting within a 60-day period following the end-date of the respective calendar year.</p> <p>2. If there are typos and other insignificant flaws in shareholder proposals, it is not recommended that the company refuse to include these proposals on the agenda or refuse to allow the proposed candidate to claim his/her place on the list of nominees for election as long as the contents of the proposal as a whole are sufficient to determine the will of the shareholder and to confirm his right to submit the proposal.</p>	<p><input checked="" type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	

1.1.5	Each shareholder should be able to freely exercise his right to vote in a straight-forward and most convenient way.	1. To rule out any abuse, the company should include in its internal documents a provision whereby a person filling out a voting ballot may, until the end of the general meeting, request that a copy of the ballot filled out thereby be certified by the company's counting commission (or representatives of the registrar who carry out the functions of such counting commission).	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	
1.1.6	Procedures for holding a general meeting set by the company should provide equal opportunity to all persons present at the general meeting to express their opinions and ask questions that might be of interest to them.	<p>1. The general meeting should be conducted in such a way as to enable the shareholders to make informed and reasoned decisions on all matters on the agenda. In order to do so, a sufficient time for reports on the agenda should be provided and there should be sufficient time to discuss these issues.</p> <p>2. The company should invite candidates nominated to its board of directors and internal audit commission to attend the respective general meeting (and such candidates are recommended to attend the same) so that shareholders will be able to ask them questions and make their judgments about such candidates.</p> <p>3. The board of directors considered the use of telecommunication</p>		<p>In respect of paragraph 2; 3 the Society gives the following explanation:</p> <p>.The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro. Presently The Company has established the transition</p>

		<p>systems to provide the shareholders with remote access to their general meetings (for example, by broadcasting its proceedings via the company's website or by using video conferencing).</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	<p>period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
1.2	Shareholders should have equal and fair opportunities to participate in the profits of the company by means of receiving dividends.			
1.2.1	<p>The company should develop and put in place a transparent and clear mechanism for determining the amount of dividends and their payment.</p>	<p>1. The company has developed and disclosed its dividend policy approved by the board of directors.</p> <p>2. If the dividend policy of the company utilizes indicators from the financial statements of the company to determine the size of the dividend, the relevant provisions of the dividend policy should include the consolidated indicators of financial statements.</p>	<p><input checked="" type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	



1.2.2	The company should not make a decision on the payment of dividends if such decision, without formally violating limits set by law, is nevertheless unjustified from the economic point of view and might lead to the formation of false assumptions about the company's activity.	1. The dividend policy of the company should contain clear indications of financial/economic circumstances which prohibit the company from paying dividends.	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	
1.2.3	The company should not allow deterioration of dividend rights of its existing shareholders.	1. The company has not taken any actions which would allow for the deterioration of dividend rights of existing shareholders in the reporting period.	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	

1.2.4	The company should strive to rule out any means through which its shareholders can obtain profit or gain at the company's expense other than dividends and distributions of its liquidation value.	1. The company has established appropriate control mechanisms in its internal documents to prevent its controlling persons from deriving a profit (income) from the company in ways other than dividends or liquidation value. Internal documents of the company contain provisions establishing control mechanisms for timely identification and approval of transactions with affiliated parties and major shareholders (persons entitled to control votes attached to voting shares) in cases when the law does not formally recognize these transactions as interested-party transactions.	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
1.3	The system and practices of corporate governance should ensure equal terms and conditions for all shareholders owning shares of the same class (category) in a company, including minority and foreign shareholders. Equal treatment should be unilateral and beyond dispute.			
1.3.1	The Company has created the conditions for fair treatment of each shareholder by the administration and control of the Company, including conditions to en-	1. During the reporting period the procedures adopted for management of potential conflict between major shareholders were effective, and the board of directors paid sufficient attention to conflicts, if any, between shareholders.	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies	

	<p>sure inadmissibility of abuse by major shareholders with respect to minority shareholders.</p>		<input type="checkbox"/> not complies	
<p>1.3.2</p>	<p>The company should not perform any acts which would or could result in artificial reallocation of corporate control therein.</p>	<p>1. There were no quasi-treasury shares or they did not participate in voting during the course of the reporting period.</p>	<input type="checkbox"/> complies	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>1) quasiconcave shares in the Group RusHydro are a temporary phenomenon and associated with the preparations for the privatization of Companies;</p> <p>2) the Society recognises the undesirability of quasicanonical stock, but considers that the efforts of Companies to minimise unintended consequences from the availability of such shares is most correctly addressed by quasicanonical disposal of the shares. Such Disposals, according to the company, must be exercised with the greatest for the company and its shareholders benefit.</p>

			<input type="checkbox"/> partially complies  <input checked="" type="checkbox"/> not complies	
1.4	The shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.			
1.4	The shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.	1. The quality and reliability of the work performed by the registrar of the company answers the requirements of the company and its shareholders.	<input checked="" type="checkbox"/> complies  <input type="checkbox"/> partially complies  <input type="checkbox"/> not complies	
2.1	The board of directors shall be in charge of strategic management of the company, determine major principles of and approaches to creation of a risk management and internal control system within the company, monitor the activity of the company's executive bodies, and carry out other key functions.			
2.1.1	The board of directors should be responsible for decisions to appoint and remove members of executive bodies, including taking action in response to failure of the latter to properly perform their duties. The board of directors should also guarantee that the company's executive bodies act in accordance with an approved development strategy and the main business goals of the company.	1. According to the charter of the company, the board of directors has the authority to appoint, dismiss and determine the terms and conditions of contracts with members of executive bodies of the company.  2. During the reporting period the board heard reports of the one-person executive body and members of the collective executive body on the implementation of the strategy, with particular attention to conformity with the company's performance in targeting indicators set forth by the company's strategy.		<b>In respect of paragraph 1, the Society gives the following explanation:</b> In accordance with the Charter of the company the terms of the contract of the sole Executive body are determined by the Board of Directors or a person authorized by the Board of Directors to sign the employment

			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p>contract. The terms of contracts with members of the management Board are determined by the sole Executive bodies on the basis of the policy on remuneration and reimbursement (compensation) of members of Executive bodies, approved by the Board of Directors.</p>
2.1.2	<p>The board of directors should establish basic long-term targets of the company's activity, evaluate and approve its key performance indicators and principal business goals, as well as evaluate and approve its strategy and business plans in respect of its principal areas of operations.</p>	<p>1. During the reporting period the board of directors has reviewed matters related to the status of execution of the strategy of the company, approval of its financial plan (budget) and the review of criteria and indicators (including interim) pertaining to the execution of the strategy and business plans of the company.</p>	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	

2.1.3	The board of directors should determine principles of and approaches to creation of the risk management and internal control system in the company.	<p>1. The board of directors has determined the principles and approaches to creation of the risk management and internal control system in the company.</p> <p>2. The board of directors has evaluated the risk management and internal control system during the reporting period.</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	<p><b>In respect of paragraph (2) the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
2.1.4	The board of directors should determine the company's policy on remuneration due to and/or reimbursement of costs incurred by its board members, members of its executive bodies and other key managers.	<p>1. The company has developed and implemented a policy (policies) on remuneration and/or reimbursement of costs incurred by its board members, members of executive bodies and other key managers. This policy (policies) was approved by the board of directors.</p> <p>2. During the reporting period the board of directors reviewed matters related to the indicated policy (policies).</p>		<p><b>In respect of paragraph 1; 2 the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p>

			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
2.1.5	<p>The board of directors should play a key role in prevention, detection and resolution of internal conflicts between the company's bodies, shareholders and employees.</p>	<p>1. The board of directors plays a key role in prevention, detection and resolution of internal conflicts.</p> <p>2. The company has created a system of identification of transactions related to a conflict of interest and a system of measures intended to resolve such conflicts.</p>	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	
2.1.6	<p>The board of directors should play a key</p>	<p>1. The board of directors has approved a regulation on information</p>		

	<p>role in ensuring that the company is transparent, discloses information in full and in due course, and provides its shareholders with unhindered access to its documents.</p>	<p>policy.</p> <p>2. The company has appointed persons in charge of the implementation (enforcement) of the information policy.</p>	<p><input checked="" type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	
2.1.7	<p>The board of directors should monitor the company's corporate governance practices and play a key role in its material corporate events.</p>	<p>1. During the reporting period the board of directors reviewed the corporate governance practices in the company.</p>	<p><input type="checkbox"/> complies</p>	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>



			<input checked="" type="checkbox"/> partially complies  <input type="checkbox"/> not complies	
2.2	The board of directors should be accountable to the company's shareholders.			
2.2.1	Information about the board of directors' work should be disclosed and provided to the shareholders.	<p>1. The annual report of the company for the reporting period contains information regarding the directors' attendance at board and committee meetings.</p> <p>2. The annual report contains information about the key results of the evaluation of the work of the board of directors in the reporting period.</p>	<input type="checkbox"/> complies  <input checked="" type="checkbox"/> partially complies  <input type="checkbox"/> not complies	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
2.2.2	The chairman of the board of directors must be available to communicate with the company's shareholders.	1. Company has a transparent procedure for providing shareholders with the opportunity to direct the Chairman of the Board of Directors issues and its position on it.	<input checked="" type="checkbox"/> complies	

			<input type="checkbox"/> partially complies  <input type="checkbox"/> not complies	
2.3	The board of directors should be an efficient and professional governing body of the company which is able to make objective and independent judgments and pass resolutions in the best interests of the company and its shareholders.			
2.3.1	<p>Only persons with impeccable business and personal reputation should be elected to the board of directors; such persons should also have knowledge, skills, and experience necessary to make decisions that fall within the jurisdiction of the board of directors and to perform all such functions efficiently.</p>	<p>1. The performance assessment procedure for the board of directors adopted in the company includes the evaluation of professional qualifications of board members.</p> <p>2. In the reporting period, the board of directors (or its nominations committee) evaluated candidates nominated to the board in terms of their experience, knowledge, business and personal reputation, absence of conflicts of interest etc.</p>		<p><b>In respect of paragraph (2) the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>

			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	
2.3.2	Board members should be elected pursuant to a transparent procedure enabling the shareholders to obtain information about respective candidates sufficient for them to get an idea of the candidates' personal and professional qualities.	1. Biographical data on all candidates nominated to the board of directors, and the results of the evaluation of such candidates conducted by the board of directors (or its nominations committee), information regarding the candidate's conformity with independence criteria in accordance with recommendations 102-107 of the Code, and the candidates' written consent to be elected to the board, were provided to shareholders in preparation for all meetings where the election of board members was on the agenda.	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p><b>In respect of paragraph (1) the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
2.3.3	The composition of the board of directors should be balanced, in particular in terms of qualifications, expertise, and the	1. During the procedure of assessment of the work of the board of directors conducted in the reporting period, the board analyzed its composition in terms of qualifications and expertise of its members.	<input checked="" type="checkbox"/> complies	

	business skills of its members. The board of directors should enjoy the confidence of the shareholders.		<input type="checkbox"/> partially complies  <input type="checkbox"/> not complies	
2.3.4	The membership of the board of directors of the company must enable the board to organise its activities in the most efficient way possible, in particular, to create committees of the board of directors, as well as to enable substantial minority shareholders of the company to put forth a candidate to the board of directors for whom they would vote.	1. During the procedure of assessment of the work of the board of directors conducted in the reporting period, the board of directors analyzed the conformity of its membership to the needs of the company and its shareholders.	<input checked="" type="checkbox"/> complies  <input type="checkbox"/> partially complies  <input type="checkbox"/> not complies	
2.4	The board of directors should include a sufficient number of independent directors.			
2.4.1	An independent director should mean	1. During the reporting period all independent board members an-		

	<p>any person who has the required professional skills and expertise and is sufficiently able to have his/her own position and make objective and bona fide judgments, free from the influence of the company's executive bodies, any individual group of its shareholders or other stakeholders. It should be noted that, under normal circumstances, a candidate (or an elected director) may not be deemed to be independent, if he/she is associated with the company, any of its substantial shareholders, material trading partners or competitors, or the government.</p>	<p>swered all requirements of recommendations 102-107 of the Code or were deemed independent pursuant to a decision of the board of directors.</p>	<p><input checked="" type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	
2.4.2	<p>It is recommended to evaluate whether candidates nominated to the board of directors meet the independence criteria as well as to review, on a regular basis, whether or not independent board members meet the independence criteria. When carrying out such evaluation, substance should take precedence over form.</p>	<p>1. During the reporting period the board of directors (or its nominations committee) issued an opinion regarding the independence of each candidate nominated to the board and provided the shareholders with the appropriate conclusion.</p> <p>2. At least once in the reporting period the board of directors (or its nominations committee) evaluated the independence of current members of the board of directors indicated by the company in the annual report as independent directors.</p> <p>3. The company has developed procedures indicating the actions which must be taken by a board member once he/she ceases to be independent including their obligation to inform the board of directors of these circumstances in a timely fashion.</p>		<p><b>Regarding items 1,2,3 Society gives the following explanations:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with</p>

			<input type="checkbox"/> complies <input type="checkbox"/> partially complies <input checked="" type="checkbox"/> not complies	the Code.
2.4.3	Independent directors should account for at least one-third of all directors elected to the board of directors.	1. Independent directors should account for at least one-third of all directors elected to the board of directors.	<input type="checkbox"/> complies <input type="checkbox"/> partially complies <input checked="" type="checkbox"/> not complies	<p><b>In respect of items 1 Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>

2.4.4	Independent directors should play a key role in prevention of internal conflicts in the company and performance by the latter of material corporate actions.	1. Independent directors (with no conflict of interest) should preliminarily review material corporate actions related to a potential conflict of interest and a document setting out the results of such evaluation should be made available as part of materials to be provided in connection with a board meeting where a respective matter is to be considered.	<input type="checkbox"/> complies <input type="checkbox"/> partially complies <input checked="" type="checkbox"/> not complies	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
2.5 The chairperson of the board of directors should help it carry out the functions imposed thereon in a most efficient manner.				
2.5.1	It is recommended to either elect an independent director to the position of chairperson of the board of directors or identify the senior independent director among the company's independent directors who would coordinate work of the independent directors and liaise with the chairperson of the board of directors.	1. The chairperson of the board of directors is an independent director or a senior independent director who was appointed from among the independent directors. 2. The role, rights and responsibilities of the chairperson of the board (and, if applicable, of the senior independent director) are clearly determined in the internal documents of the company		<p><b>Regarding items 1,2 Society gives the following explanation:</b> Society is deprived of the possibility to determine decisions of the Board of Directors. Moreover, in accordance with the decree of the Government of the Russian Federation dated 23.01.2003 № 91-R, and in</p>

			<p data-bbox="1496 1238 1659 1278"><input type="checkbox"/> complies</p> <p data-bbox="1496 1315 1753 1355"><input type="checkbox"/> partially complies</p>	<p data-bbox="1787 102 2107 1238"> accordance with clause 17 of the Regulations on management of federally owned shares of joint stock companies and the use of special right for participation of Russian Federation in management of joint-stock companies ("Golden share") the representatives of the Russian Federation in the Board of Directors of JSC RusHydro on the issue of election of the Chairman of the Board of Directors to vote in accordance with the Directive of the Government of the Russian Federation. Despite this, the company plans to implement the recommendations of the corporate governance Code including in part the introduction of Senior independent Director by passing for approval in 2016 at the annual General meeting of shareholders Regulations on the procedure for convening and holding meetings of the Board of Directors of JSC RusHydro in a new edition, which will set the role, rights and duties of the Chairman of the Board of Directors and senior independent Director. </p>
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			<input checked="" type="checkbox"/> not complies	
2.5.2	The board chairperson should ensure that board meetings are held in a constructive atmosphere and that any items on the meeting agenda are discussed freely. The chairperson should also monitor fulfillment of decisions made by the board of directors.	1. The performance of the chairperson of the board of directors was evaluated within the framework of the board performance assessment procedure in the reporting period.	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	
2.5.3	The chairperson of the board of directors should take any and all measures as may be required to provide the board members in a timely fashion with information required to make decisions on issues on the agenda.	1. The obligation of the chairperson of the board of directors to take any and all measures to provide the board members in a timely fashion with information required to make decisions is stipulated in the internal documents of the company.		<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period</p>

			<input type="checkbox"/> complies <input type="checkbox"/> partially complies <input checked="" type="checkbox"/> not complies	the Company intends to achieve full compliance with the Code.
2.6	Board members must act reasonably and in good faith in the best interests of the company and its shareholders, being sufficiently informed, with due care and diligence.			
2.6.1	<p>Acting reasonably and in good faith means that board members should make decisions considering all available information, in the absence of a conflict of interest, treating shareholders of the company equally, and assuming normal business risks.</p>	<p>1. Internal documents of the company should stipulate that if a board member has a conflict of interest, he/ she should promptly inform the board of directors (through its chairman or the company's corporate secretary) both of the existence of and grounds for such conflict of interest. In any case, such notification shall be made before the issue is discussed at a meeting of the board of directors or by any of its committees at which such board member is present</p> <p>2. According to internal documents of the company, if a board member has a conflict of interest, he/she may not take part in decision-making. He/ she should abstain from voting on any issues in which he/she has a conflict of interest.</p> <p>3. The company should provide for a procedure (and a related budget) enabling board members to receive, at the expense of the company, professional advice on issues relating to the jurisdiction of the board of directors.</p>		<p><b>Regarding items 1,2 Society gives the following explanation:</b>  Not provided internal documents and practices of corporate governance. However, the company plans in 2016 to develop a draft internal document, the subject of which will be the settlement of issues related to the management of conflicts of interest. The draft of this document will be proposed for approval to the Board of Directors.</p> <p><b>In respect of paragraph 3, the Society gives the following explanation:</b> as a General rule, most of the questions are pre-consideration of relevant committees which also consist of members of the Board of Directors. According to current Society regulations on the committees have the right to obtain from third parties professional services or engage (on a contractual</p>

			<input type="checkbox"/> complies <input type="checkbox"/> partially complies <input checked="" type="checkbox"/> not complies	basis) third parties as experts (consultants) possessing special knowledge on questions referred to the competence of Committee, within the framework approved by the Board of Directors budget Committee.
2.6.2	Rights and duties of board members should be clearly stated and documented in the company's internal documents.	1. The company adopted and published an internal document where- by the rights and duties of board members are clearly stated.	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies	<b>In respect of paragraph 1, the Society gives the following explanation:</b> The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro. Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.

			<input type="checkbox"/> not complies	
2.6.3	Board members should have sufficient time to perform their duties.	<p>1. Individual attendance at board and committee meetings and time devoted to the preparation for the participation in meetings was considered during the procedure of assessment of the board of directors in the reporting period.</p> <p>2. In accordance with internal documents of the company, board members should notify the company's board of directors of their intention to take a position in management bodies of other entities and, immediately after their election (appointment) to the management bodies of such other entities, of such election (appointment).</p>	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
2.6.4	All board members should have equal opportunity to access the company's documents and information. Newly elected board members should be provided with sufficient information about the company and work of its board of directors as soon as possible.	1. In accordance with internal documents of the company, board members are given an opportunity to obtain any and all information required to perform their duties, including information on legal entities controlled by the company. The duty of the company's officials to provide the board members with such information is set forth by the company's internal documents.		<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>This right is not formalized in the internal documents in connection with the fact that paragraph 4 of article 65.3 of</p>

		<p>2. The company has a formal induction programme for newly elected board members.</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	<p>the civil code already provides for the right of members of the collegial body to obtain information about the activities of the Corporation.</p> <p><b>In respect of paragraph (2) the Society gives the following explanation:</b>  Not provided internal documents and practices of corporate governance. The society in 2016 plans to bring the regulations on the Committee for personnel and remuneration in accordance with the Code of corporate governance. In the competence of the Committee for personnel and remuneration in the new edition, among other things, will include the formation of the programme introductory course for newly elected members of the Board of Directors and supervising the practical implementation of the introductory course.</p>
2.7	Meetings of the board of directors, preparation for them, and participation of board members therein should ensure efficient work of the board.			
2.7.1	It is recommended to hold meetings of the board of directors as needed, with	1. The board of directors held at least 6 meetings in the reporting period.	<input checked="" type="checkbox"/> complies	

	due account of the company's scope of activities and its then current goals.		<input type="checkbox"/> partially complies <input type="checkbox"/> not complies	
2.7.2	It is recommended to develop a procedure for preparing for and holding meetings of the board of directors and setting it out in the company's internal documents. The above procedure should enable the shareholders to prepare themselves properly for such meetings.	1. The company has an internal document in place regulating the procedure of preparation and holding of board meetings which, inter alia, requires that the notice of a meeting must be made, as a rule, at least 5 days before the date of the meeting.	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	
2.7.3	The form of a meeting of the board of directors should be determined with due account of the importance of the issues	1. According to the charter or an internal document of the company, the most important issues (in accordance with the list provided in recommendation 168 of the Code) must be considered and decided at		<b>In respect of paragraph 1, the Society gives the following explanation:</b>

	<p>on the agenda of the meeting. Most important issues should be decided at the meetings held in person.</p>	<p>meetings held in person.</p>	<p><input type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input checked="" type="checkbox"/> not complies</p>	<p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
<p>2.7.4</p>	<p>Decisions on most important issues relating to the company's business should be made at a meeting of the board of directors by a qualified majority vote or by a majority vote of all elected board members.</p>	<p>1. According to the charter of the company, the most important issues as described by recommendation 170 of the Code must be decided by a qualified majority vote of at least three quarters of the votes or by a majority vote of all elected board members.</p>		<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>Paragraph 15.6 of the Charter of JSC "RusHydro" for the adoption of the PP questions. 20-22, 28 p. 12.1. article 12 of the Charter by a two-thirds majority vote of the members of the Board of Directors participating in the meeting, helps to ensure maximum consideration of the views of members of the Board of Directors.</p>

			<input type="checkbox"/> complies <input type="checkbox"/> partially complies <input checked="" type="checkbox"/> not complies	
2.8	The board of directors should form committees for preliminary consideration of the most important issues of the company's business.			
2.8.1	<p>For the purpose of preliminary consideration of any matters of control over the company's financial and business activities, it is recommended to form an audit committee comprised of independent directors.</p>	<p>1. The board of directors formed an audit committee comprised exclusively of independent directors.</p> <p>2. The objectives of the audit committee, including the objectives listed in recommendation 172 of the Code, are determined in the internal documents of the company.</p> <p>3. At least one member of the audit committee, who is an independent director, has experience and knowledge of preparation, analysis, evaluation and audit of accounting (financial) statements.</p> <p>4. Meetings of the audit committee were held at least once every quarter during the reporting period.</p>		<p>In respect of paragraph (2) the Society gives the following explanation:  The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.  Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p> <p><b>In respect of paragraph 3, the Society gives the following explanation:</b>  The company regularly communicates with its shareholders, in particular, during the formation of the lists for nomination to the management bodies for election at the annual General meeting of the Board of Di-</p>



			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	rectors with an appropriate level of experience, knowledge, business reputation and the number of independent Directors. According to the company member of the Board of Directors, heads the audit Committee, has sufficient experience and knowledge to accomplish the Committee objectives.
2.8.2	For the purpose of preliminary consideration of any matters of development of efficient and transparent remuneration practices, it is recommended to form a remuneration committee comprised of independent directors and chaired by an independent director who should not concurrently be the board chairperson.	1. The board of directors formed a remuneration committee comprised exclusively of independent directors. 2. The committee is chaired by an independent director who is not the board chairperson at the same time. 3. The objectives of the remuneration committee, including the objectives listed in recommendation 180 of the Code, are determined in the internal documents of the company.		<b>In respect of paragraph 3, the Society gives the following explanation:</b> The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro. Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro.

			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p>After the transition period the Company intends to achieve full compliance with the Code.</p>
2.8.3	<p>For the purpose of preliminary consideration of any matters relating to human resources planning (making plans regarding successor directors), professional composition and efficiency of the board of directors, it is recommended to form a nominating committee (a committee on nominations, appointments and human resources) with a majority of its members being independent directors.</p>	<p>1. The board of directors formed a nominations committee (or its objectives indicated in recommendation 186 of the Code are implemented by a different committee), with a majority of its members being independent directors.</p> <p>2. The objectives of the nominations committee (or the relevant committee performing these functions) including the objectives indicated in recommendation 186 of the Code are determined in the internal documents of the company</p>	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p><b>Regarding items 1,2 Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>

2.8.4	Taking account of its scope of activities and levels of related risks, the company should form other committees with its board of directors, in particular, a strategy committee, a corporate governance committee, an ethics committee, a risk management committee, a budget committee or a committee on health, security and environment, etc.	1. In the reporting period the board of directors considered the conformity of the composition of its committees to the objectives of the board of directors and of the company. Additional committees were either formed or were deemed unnecessary.	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p>&lt;5&gt;</p> <p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>In the Society in addition to the audit committees and nomination and remuneration established the following committees:</p> <ul style="list-style-type: none"> <li>- strategy;</li> <li>- on investment;</li> <li>- in terms of reliability, ergoeffektivnosti and innovation;</li> <li>- on issues of energy development of the Far East.</li> </ul>
2.8.5	The composition of the committees should be determined in such a way that it would allow a comprehensive discussion of issues being considered on a preliminary basis with due consideration of differing opinions.	<p>1. Board committees are chaired by independent directors.</p> <p>2. Given the specific nature of issues considered by the audit committee, the nominating committee and the remuneration committee, persons who are not members of the above committees can attend their meetings only at the invitation of their chairpersons.</p>		<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance</p>

			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.
2.8.6	Committee chairpersons should inform the board of directors and its chairperson of the work of their committees on a regular basis.	1. During the reporting period chairpersons of board committees presented regular reports to the board of directors on their activities.	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<b>In respect of paragraph 1, the Society gives the following explanation:</b> In the reporting period, the Committee chairmen report on the work of the committees to the Board of Directors on an ad hoc basis. In accordance with the roadmap for implementation of the recommendations of the corporate governance Code the Society in 2016 plans to bring the relevant provisions on committees in accordance with the Code of corporate governance, including providing regular (not less than 2 times per year) reports to the Board of Directors.

2.9	The board of directors should make an exhaustive evaluation of the quality of its work and that of its committees and board members.			
2.9.1	<p>Evaluation of quality of the board of directors' work should be aimed at determining how efficiently the board of directors, its committees and board members work and whether their work meets the company's needs, as well as at making their work more intensive and identifying areas of improvement.</p>	<p>1. Self-evaluation or external evaluation of the work of the board of directors in the reporting period included the evaluation of the work of the board committees, separate members of the board of directors and of the board of directors as a whole.</p> <p>2. The results of the self-evaluation or external evaluation of the board of directors in the reporting period were reviewed by the board of directors at meetings held in person.</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	<p><b>In respect of paragraph (2) the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
2.9.2	<p>Quality of work of the board of directors, its committees and board members should be evaluated on a regular basis, at least once a year. To carry out an independent evaluation of the quality of the board of directors' work, it is recommended to retain a third party entity (consultant) on a regular basis, at least once every three years</p>	<p>1. An external organisation (consultant) was retained to evaluate the work of the board of directors at least once in the last three reporting periods.</p>	<p><input checked="" type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	

3.1	The company's corporate secretary shall be responsible for efficient interaction with its shareholders, coordination of the company's actions designed to protect the rights and interests of its shareholders, and support of efficient work of its board of directors.			
3.1.1	The corporate secretary should have knowledge, experience, and qualifications sufficient for performance of his/her duties, as well as an impeccable reputation and should enjoy the trust of the shareholders.	<p>1. The company has adopted and disclosed an internal document – regulation on the corporate secretary.</p> <p>2. The company disclosed on its website and in its annual report information on the corporate secretary which is as detailed as that required to be disclosed in relation to board members and members of the executive bodies of the company.</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	<p><b>In respect of paragraph (2) the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>

3.1.2	The corporate secretary should be sufficiently independent of the company's executive bodies and be vested with powers and resources required to perform his/her tasks.	1. The board of directors approves the appointment, termination of appointment, and additional remuneration of the corporate secretary.	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
4.1	The level of remuneration paid by the company should be sufficient to enable it to attract, motivate, and retain persons having required skills and qualifications. Remuneration due to board members, the executive bodies, and other key managers of the company should be paid in accordance with a remuneration policy approved by the company			
4.1.1	It is recommended that the level of remuneration paid by the company to its board members, executive bodies, and other key managers should be sufficient to motivate them to work efficiently and enable the company to attract and retain knowledgeable, skilled, and duly qualified persons. The company should avoid setting the level of remuneration any	1. The company has adopted an internal document (documents) – a remuneration policy (policies) in relation to its board members, members of executive bodies and other key managers whereby the approaches to the remuneration of the indicated persons are clearly determined.		<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate</p>

	<p>higher than necessary, nor allowing for an excessively large gap between the level of remuneration of any of the above persons and that of the company's employees.</p>		<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	<p>Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
4.1.2	<p>The company's remuneration policy should be developed by its remuneration committee and approved by the board of directors. With the help of its remuneration committee, the board of directors should monitor implementation of and compliance with the remuneration policy by the company and, should this be necessary, review and amend the same.</p>	<p>1. During the reporting period the remuneration committee reviewed the remuneration policy (policies) and the practice of its (their) implementation and, when necessary, provided the board of directors with the relevant recommendations.</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>In connection with absence of necessity during the reporting period the issues related to the specified policy on remuneration the Committee for personnel and remuneration were not considered.</p>



4.1.3	The company's remuneration policy should provide for transparent mechanisms to be used to determine the amount of remuneration due to members of the board of directors, the executive bodies, and other key managers of the company, as well as to regulate any and all types of payments, benefits, and privileges provided to any of the above persons.	1. The remuneration policy (policies) of the company contains (contain) transparent mechanisms to be used to determine the amount of remuneration due to members of the board of directors, executive bodies and other key managers of the company and regulates (regulate) all types of payments, benefits and privileges provided to any of the indicated persons.	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
4.1.4	The company is recommended to develop a policy on reimbursement of expenses which would contain a list of reimbursable expenses and specify service levels provided to members of the board of directors, the executive bodies, and other key managers of the company. Such policy can form part of the company's policy on compensations.	1. The remuneration policy (policies) of the company or other internal documents of the company set forth the rules of reimbursement of expenses of board members, members of executive bodies and other key managers of the company.		<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p>

			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
4.2	The system of remuneration of board members should ensure harmony between the financial interests of the directors and the long-term financial interests of the shareholders.			
4.2.1	<p>A fixed annual fee shall be a preferred form of monetary remuneration of the board members. It is not advisable to pay a fee for participation in individual meetings of the board of directors or its committees. It is not advisable to use any form of short-term incentives or additional financial incentives in respect of board members.</p>	<p>1. A fixed annual fee has been the only form of monetary remuneration of board members for their services on the board in the reporting period.</p>	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	
4.2.2	<p>Long-term ownership of shares in the</p>	<p>1. If the company has a practice (policy) of paying remuneration to</p>		<p><b>In respect of paragraph 1,</b></p>

	<p>company contributes most to aligning the financial interests of board members with the long-term interests of the company's shareholders. However, it is not recommended to make the right to dispose of shares dependent on the achievement by the company of certain performance results; nor should board members take part in the company's option plans.</p>	<p>the board members in the form of its shares, its policy (internal document) of remuneration payable to the board members should set out clear and transparent rules regulating the ownership of shares by the board members. These rules should encourage them to increase their shareholdings and own the shares on a long-term basis.</p>	<p><input type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input checked="" type="checkbox"/> not complies</p>	<p><b>the Society gives the following explanation:</b> Not applicable. In Society not provided by the practice of remuneration in securities.</p>
4.2.3	<p>It is not recommended to provide for any additional allowance or compensation in the event of early dismissal of board members in connection with a change of control over the company or other circumstances.</p>	<p>1. The company does not provide for any additional allowance of compensation in the event of early dismissal of board members in connection with a change of control over the company or other circumstances.</p>	<p><input checked="" type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	

4.3	The system of remuneration due to the executive bodies and other key managers of the company should provide that their remuneration is dependent on the company's performance results and their personal contributions to the achievement thereof.			
4.3.1	Remuneration due to the executive bodies and other key managers of the company should be set in such a way as to procure a reasonable and justified ratio between its fixed portion and its variable portion that is dependent on the company's performance results and employees' personal (individual) contributions to the achievement thereof.	<p>1. In the reporting period annual key performance indicators approved by the board of directors were used to determine the amount of variable remuneration of members of executive bodies and other key managers of the company.</p> <p>2. During the last evaluation of the system of remuneration of members of executive bodies and other key managers of the company the board of directors (remuneration committee) made sure that the company used an effective ratio between the fixed and variable remuneration.</p> <p>3. The company has a procedure ensuring that any award/bonus funds wrongfully obtained by members of executive bodies or managers are repaid to the company</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>

4.3.2	Companies whose shares are admitted to trading at organised markets are recommended to put in place a long-term incentive program for the company's executive bodies and other key managers involving the company's shares (or options or other derivative financial instruments the underlying assets for which are the company's shares).	<p>1. The company has put in place a long-term incentive program for the company's executive bodies and other key managers of the company involving the company's shares (financial instruments for which the company's shares are the underlying assets).</p> <p>2. The long-term incentive program should provide that the right to dispose of shares or exercise options shall arise no earlier than in three years from the date when such shares were provided. In addition, the right to dispose of the same, upon the expiration of a respective period, should be made conditional on the achievement of certain targets by the company, including nonfinancial targets, if applicable.</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>In Society not provided by the practice of remuneration securities as long-term motivation program. However in Society for members of the Executive authorities introduced the motivation for the achievement of the planned performance indicators of the activities of the Society, certain Long-term development program. The program was developed for the period 2015-2019.</p>
4.3.3	The amount of severance pay (so-called "golden parachute") payable by the company in the event of early dismissal of an executive body or other key manager at the initiative of the company, provided that there have been no bad faith actions on the part of such person, should not exceed double the fixed portion of his/her annual remuneration.	1. The amount of severance pay (golden parachute) payable by the company in the event of early dismissal of an executive or other key manager at the initiative of the company, provided that there have been no bad faith actions on the part of such persons did not exceed double the fixed portion of his/her annual remuneration.	<p><input checked="" type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	

5.1	The company should have in place an efficient risk management and internal control system designed to provide reasonable confidence that the company's goals will be achieved.			
5.1.1	The board of directors should determine the principles of and approaches to creation of the risk management and internal control system in the company	1. The functions of various governance bodies and divisions of the company in the risk management and internal control system are clearly determined in the internal documents of the company/policy of the company approved by the board of directors.	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	
5.1.2	The company's executive bodies should ensure the establishment and continuing operation of the efficient risk management and internal control system in the company.	1. The company's executive bodies ensured the distribution of functions and authority in relation to risk management and internal control among managers (heads) of divisions and departments subordinate to them.	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> complies	

			<input type="checkbox"/> not complies <input type="checkbox"/> complies	
5.1.3	The company's risk management and internal control system should enable all concerned to obtain an objective, fair and clear view of the current condition and prospects of the company, integrity and transparency of its accounts and reports, and reasonableness and acceptability of risks being assumed by the company	<p>1. The company has a corruption prevention policy in place.</p> <p>2. The company has developed a procedure of informing the board of directors or the audit committee of violations of the law, internal procedures and the ethics code of the company</p>	<input checked="" type="checkbox"/> complies  <input type="checkbox"/> partially complies  <input type="checkbox"/> not complies	
5.1.4	The board of directors is recommended to take required and sufficient measures to guarantee that the existing risk management and internal control system of	1. During the reporting period the board of directors reviewed the organisation, operation, and efficiency of the risk management and internal control system and, if necessary, made recommendations toward its improvement. The results of such review of the system's		<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the</p>

	<p>the company is consistent with the principles of and approaches to its creation as set forth by the board of directors and that it operates efficiently.</p>	<p>efficiency were communicated to the shareholders as part of the annual report of the company.</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	<p>specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
5.2	<p>To independently evaluate, on a regular basis, the reliability and efficiency of the risk management and internal control system and corporate governance practices, the company should arrange for internal audits.</p>			
5.2.1	<p>It is recommended that internal audits be carried out by a separate structural division (internal audit department) to be created by the company or through retaining an independent third-party entity. To ensure the independence of the internal audit department, it should have separate lines of functional and administrative reporting. Functionally, the internal audit department should report to the board of directors, while from the administrative standpoint, it should report directly to the company's one-person executive body.</p>	<p>1. A separate structural division (internal audit department) that reports directly to the board of directors or the audit committee was created in the company; an external independent organisation with the same status was retained to conduct the audit.</p>	<p><input checked="" type="checkbox"/> complies</p> <p><input type="checkbox"/> partially complies</p> <p><input type="checkbox"/> not complies</p>	



5.2.2	When carrying out an internal audit, it is recommended to evaluate the efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance and apply generally accepted standards of internal auditing.	<p>1. In the reporting period, within the framework of internal audit procedures, the efficiency of the internal control system and the risk management system was evaluated.</p> <p>2. The company uses generally accepted approaches to internal control and risk management.</p>	<input checked="checked" type="checkbox"/> complies  <input type="checkbox"/> partially complies  <input type="checkbox"/> not complies	
6.1	The company and its activities should be transparent to its shareholders, investors, and other stakeholders.			
6.1.1	The company should develop and implement an information policy enabling the company to efficiently exchange information with its shareholders, investors, and other stakeholders.	<p>1. The board of directors approved an information policy developed in compliance with the recommendations of the Code.</p> <p>2. The board of directors (or one of its committees) reviewed the company's compliance with the information policy at least once in the reporting period.</p>		<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate</p>

			<input type="checkbox"/> complies  <input checked="" type="checkbox"/> partially complies  <input type="checkbox"/> not complies	<p>Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
6.1.2	<p>The company should disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.</p>	<ol style="list-style-type: none"> <li>1. The company discloses information on its corporate governance system and the corporate governance principles applied in the company on its official website.</li> <li>2. The company discloses information regarding the composition of its executive bodies and the board of directors, independence of board members and their membership in board committees (in compliance with the Code).</li> <li>3. If there is a person who controls the company, that person sets its plans with respect to the company in a special memorandum which is then disclosed.</li> </ol>		<p><b>In respect of paragraph 2,3 the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro.</p>

			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	After the transition period the Company intends to achieve full compliance with the Code.
6.2	The company should disclose, on a timely basis, full, updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions.			
6.2.1	The company should disclose information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of disclosed data.	1. The information policy of the company determines the approaches and criteria of identifying information which may substantially affect the standing of the company and the value of its securities and the procedures which ensure that such information is disclosed in a timely fashion.  2. If the company’s securities are traded on international organised markets, material information is disclosed both in the Russian Federation and on such markets in the same amount and at the same time or within the reporting period.  3. If foreign shareholders own a substantial number of shares in the company, the company discloses information not only in Russian, but in one of the most commonly-used foreign languages as well.		<b>In respect of paragraph 1, the Society gives the following explanation:</b> The company has adopted the Information policy. In accordance with a Road map for implementation of the recommendations of the corporate governance Code the Society in 2016 plans to have an Information policy in accordance with the Code of corporate governance. However, it should be noted that local regulations Companies it regulates in detail the disclosure process, including providing considerable effect on the rating

			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	<p>Companies. This local regulation reglamentary not only the procedure for the disclosure of information in accordance with the legislation of the Russian Federation, but also in accordance with the requirements of foreign regulators (LSE, FCA, SEC).</p>
6.2.2	<p>The company is advised against using a formalistic approach to information disclosure; it should disclose material information on its activities, even if disclosure of such information is not required by law.</p>	<p>1. During the course of the reporting period the company disclosed annual and semiannual financial statements prepared in compliance with IFRS. The annual report of the company for the reporting period contains annual financial IFRS statements and the relevant audit report.</p> <p>2. The company discloses full information about the structure of the capital of the company in compliance with Recommendation 290 of the Code in the annual report and on the website of the Company on the Internet.</p>		<p><b>In respect of paragraph (2) the Society gives the following explanation:</b></p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with</p>

			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	the Code.
6.2.3	The company's annual report, as one of the most important tools of its information exchange with its shareholders and other stakeholders, should contain information enabling one to evaluate the company's performance results for the year.	<p>1. The annual report of the company contains information about the key aspects of the company's operational activities and financial results.</p> <p>2. The annual report of the company contains information about the environmental and social aspects of the company's activities.</p>	<input checked="" type="checkbox"/> complies <input type="checkbox"/> partially complies <input type="checkbox"/> not complies	
6.3	The company should provide information and documents requested by its shareholders in accordance with the principle of equal and unhindered accessibility.			
6.3.1	Exercise by the shareholders of their right to access the company's documents and information should not be unreasonably burdensome.	1. The procedure of information provision to shareholders (including information about the organisational controlled by the company) upon their request is not unreasonably burdensome.		<p><b>In respect of paragraph 1, the Society gives the following explanation:</b></p> <p>Information is provided to the shareholders of the company in the manner and time stipulated by the Federal law "On joint stock companies"</p>

			<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies <input type="checkbox"/> not complies	and normative legal acts of the Bank of Russia.. Key information on controlled societies is reflected in consolidated accounts under IFRS.
6.3.2	When providing information to its shareholders, the company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the company is interested in keeping confidential sensitive business information that might have a material impact on its competitiveness.	1. During the reporting period the company did not deny shareholders' requests to provide information or such refusals were justified.  2. In cases specified in the information policy of the company shareholders are warned of the confidential nature of the information and undertake to protect its confidentiality.	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies	<b>In respect of paragraph (2) the Society gives the following explanation:</b> The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro. Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.

			<input type="checkbox"/> not complies  <input type="checkbox"/>	
7.1	Any actions which will or may materially affect the company's share capital structure and its financial position and, accordingly, the position of its shareholders ("material corporate actions") should be taken on fair terms and conditions ensuring that the rights and interests of the shareholders as well as other stakeholders are complies.			
7.1.1	<p>Material corporate actions shall be deemed to include reorganisation of the company, acquisition of 30 or more percent of its voting shares (takeover), entering by the company into any material transactions, increasing or decreasing its share capital, listing and delisting of its shares, as well as other actions which might result in material changes in the rights of its shareholders or violation of their interests. It is recommended to include in the company's articles of association a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions and provide therein that decisions on any such actions should fall within the jurisdiction of the company's board of directors.</p>	<p>1. The company's articles of association (charter) include a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions and provide therein that decisions on any such actions fall within the jurisdiction of the company's board of directors. In cases when the indicated actions are within the purview of the general shareholders meeting in compliance with the requirements of the law, the board of directors issues recommendations to the shareholders.</p> <p>2. The charter of the company determines the following (as a minimum) as material corporate actions: reorganisation of the company, acquisition of 30% and more of voting shares (takeover), major transactions, increase or reduction of the charter capital of the company as well as the listing or delisting of the company's shares.</p>		<p><b>Regarding items 1,2 Society gives the following explanation:</b></p> <p>The company's Charter does not stipulate such category as a "major corporate activities". However, the company's Charter to the competence of the Board of Directors related to the following issues:</p> <ul style="list-style-type: none"> <li>- adoption of decisions on participation and termination of participation in other organizations (except organizations specified in clause 16 clause 10.2 of article 10 hereof);</li> <li>- preliminary approval of decisions on Commission by the Society: <ul style="list-style-type: none"> <li>a) transactions involving non-current assets in the amount exceeding 10 (Ten) percent of the book value of these assets at the date of adoption of the decision on the execution of such transaction;</li> <li>b) transactions (several interrelated transactions) connected with alienation or possibility of alienation of property constituting fixed</li> </ul> </li> </ul>

				<p>assets, intangible assets, construction in progress in cases (amounts) and in the manner determined by separate decisions of the Board of Directors of the company;</p> <p>C) transactions with shares and stakes of organizations which the company participates, in the cases (sizes) and the manner determined by the Board of Directors, or in all other cases when the procedure for the adoption of such decisions by the Board of Directors is not defined.</p> <ul style="list-style-type: none"><li>- adoption of decisions on making deals related to gratuitous transfer of the company's property or property rights (claims) to itself or to a third person; transactions connected with release from property obligation before itself or before a third person; transactions connected with gratuitous services provided by the company (performance of works) to third parties in cases (sizes) defined by separate decisions of the Board of Directors;</li><li>- approval of major transactions in cases stipulated by the Federal law "On joint-stock companies";</li><li>- approval of transactions stipulated by the Federal law "On joint-stock companies";</li><li>- recommendations of the company's voluntary or mandatory offer of acquisi-</li></ul>
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				<p>tion of shares and other emission securities convertible into shares of the company;</p> <p>- defining the position of the company (representatives of the company), including instructions to take or not to take part in the voting on agenda issues, to vote on draft decisions "for", "against" or "abstained" on the following issues of agendas of management bodies of affiliated economic companies, unless otherwise determined by separate decisions of the Board of Directors of the company:</p> <p>a) on reorganization, liquidation of subsidiary companies;</p> <p>b) on determination of quantity, nominal value, category (type) of declared shares of subsidiaries and rights granted by these shares;</p> <p>C) the increase of the share capital of a subsidiary of the company by increasing the nominal value of shares or by placing additional shares;</p> <p>g) on placement of securities of subsidiaries convertible into ordinary shares;</p> <p>d) on splitting and consolidation of shares of subsidiaries;</p> <p>f) the acquisition subsidiary of shares in the Charter capital) of other business companies, including in the establishment of societies, in</p>
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				<p>the case that the price of such transaction is 15 or more percent of the book value of the assets of the subsidiary companies, defined according to its accounting (financial) statements for the last reporting date;</p> <p>g) on approval of major transactions made by the subsidiary company;</p> <p>s) on the execution by the subsidiary company of transactions (including several interrelated transactions) connected with alienation or possibility of alienation of property of the subsidiary company, constituting fixed assets, intangible assets, objects of incomplete construction, the purpose of which is production, transmission, dispatching, distribution of electric and heat energy in cases (sizes) defined by separate decisions of the Board of Directors of the company;</p> <p>l) the Commission of an associated company of the transactions on alienation, transfer to pledge or other encumbrance (by making one or more related transactions) of stock and a share of societies a child of a subsidiary engaged in the production, transmission, dispatching, distribution and sale of electric and thermal energy;</p> <p>- increase of the share capi-</p>
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			<p> <input type="checkbox"/> complies  <input checked="" type="checkbox"/> partially complies  <input type="checkbox"/> not complies </p>	<p>           tal of the company by placing additional shares within the quantity of declared shares given the limitations set by the Federal law "On joint stock companies" and this Charter;            - deciding about the appeal with a statement about listing shares of the company and (or) equity securities convertible into shares, in cases stipulated by the Federal law "On joint stock companies" and other legal acts of the Russian Federation.            In cases where the implementation of these corporate actions directly attributed by the legislation to competence of the General meeting of shareholders, the Board of Directors provides shareholders with the relevant recommendations.         </p>
7.1.2	<p>The board of directors should play a key role in passing resolutions or making recommendations relating to material corporate actions; for that purpose, it should rely on the opinions of the com-</p>	<p>1. The company has a procedure in place whereby independent directors state their position/opinion on material corporate actions prior to their approval.</p>		<p> <b>In respect of paragraph 1, the Society gives the following explanation:</b>            The Company within the specific of the core business,         </p>

	pany's independent directors		<input type="checkbox"/> complies <input type="checkbox"/> partially complies <input checked="" type="checkbox"/> not complies	<p>and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.</p> <p>Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>
7.1.3	<p>When taking any material corporate actions which would affect the rights or legitimate interests of the company's shareholders, equal terms and conditions should be ensured for all of the shareholders; if statutory mechanisms designed to protect the shareholder rights prove to be insufficient for that purpose, additional measures should be taken with a view to protecting the rights and legitimate interests of the company's shareholders. In such instances, the company should not only seek to comply with the</p>	<p>1. The company's articles of association (charter) establish lower criteria than those specified under the law for the categorization of the company's transactions as material corporate actions.</p> <p>2. During the reporting period all material corporate actions were subject to approval prior to their execution.</p>	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies	<p>In respect of paragraph (2) the Society gives the following explanation: Internal documents of the company such responsibility is not provided. In all cases the Society is guided by the relevant provisions of the Federal law "On joint-stock companies".</p>

	<p>formal requirements of law but should also be guided by the principles of corporate governance set out in this Code.</p>		<p><input type="checkbox"/> not complies</p>	
7.2	<p>The company should have in place such a procedure for taking any material corporate actions that would enable its shareholders to receive full information about such actions in due course and thus be in a position to influence them, and which would also guarantee that the shareholders' rights are complies and duly protected in the event of taking such actions.</p>			
7.2.1	<p>When disclosing information about material corporate actions, it is recommended to give explanations concerning reasons for, conditions and consequences of such actions.</p>	<p>1. During the course of the reporting period the company disclosed information (in detail) about material corporate actions in a timely fashion, including the reasons for, conditions and consequences of such actions.</p>	<p><input type="checkbox"/> complies</p> <p><input checked="" type="checkbox"/> partially complies</p>	<p>In respect of paragraph 1, the Society gives the following explanation:  The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro.  Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>

			<input type="checkbox"/> not complies	
7.2.2	<p>Rules and procedures in relation to material corporate actions taken by the company should be set out in its internal documents.</p>	<p>1. The company's internal documents specify a procedure for the retention of the services of an independent appraiser to determine the value of the property being transferred or acquired under a major transaction or an interested-party transaction.</p> <p>2. The company's internal documents specify a procedure for the retention of the services of an independent appraiser to determine the purchase or buyback value of the shares of the company. The documents of the company provide an extended list of reasons to deem members of the board of directors and other persons specified by the law to be interested parties in the transactions of the company.</p>	<input type="checkbox"/> complies <input checked="" type="checkbox"/> partially complies	<p>In respect of paragraph 1, the Society gives the following explanation:</p> <p>The Company within the specific of the core business, and in accordance with the corporate governance and best practices has approved the new edition of Corporate Governance Code of PJSC RusHydro. Presently The Company has established the transition period for bringing the corporate practice and internal documents in accordance with Corporate Governance Code of PJSC RusHydro. After the transition period the Company intends to achieve full compliance with the Code.</p>

		<input type="checkbox"/> not complies	
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This report on compliance with Russian Code of corporate governance drawn up by using of letter the Central Bank of Russia dated 08.17.2016, No. IN-06-52/8

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- <1> the Status of "complies" indicates only if the company meets all the criteria for the assessment of compliance with the principle of corporate governance. Otherwise, specify a status of "partially complies" or "not complies ".
  - <2> Are provided for each criterion in the assessment of compliance with the principle of corporate management in the case, if the company matches only part of the criteria or does not meet either the criterion of observance of the principle. If the society has indicated the status "complies ", the Ghost explanation is not required.
  - <3> Specify which of the two alternative approaches allowed by the principle, embedded in the society and explain the reasons for the chosen approach.
  - <4> If the tasks of the nominating Committee are implemented within the framework of a Committee, specify its name.
  - <5> Specify a list of additional committees.

**2. Information on major transactions and interested party transactions in 2015 with an indication of the Parties concerned, date and Protocol number of the management body meeting approving the transaction, and description of the transaction (including its subject, Contract price and term), of the Interested Party(ies), and of the Person(s), treated as a non-independent Director.**

N o.	List of transactions with an indication of the Parties concerned	Number and date of the Protocol of the management body approving the transaction	Description of the transaction (subject, price, and term of the Contract)	Interested Party(ies) and Person(s) treated as a non-independent Director (as of the transaction approval date)
1.	Electric Power Purchase Contract Parties to the Contract Seller: RusHydro PJSC Buyer: Inter RAO OJSC	Approved by the Board of Directors (Protocol No. 210 dated 02.03.2015)	<p>Subject of the Contract: The Seller undertakes to transfer in the Buyer's possession (deliver) electric power in compliance with the Contract terms and Wholesale market Regulations, while the Buyer undertakes to accept and pay for the delivered (accepted) electric power in compliance with the Contract terms.</p> <p>Seller's group of delivery points: GBUREYG1, GBUREYG2.</p> <p>Buyer's group of delivery points: PINTCHIN, PINTCHN1.</p> <p>Quantity (amount) of electric power delivery: not more than 1,200,000 MWh.</p> <p>Limit price of the Contract: Thirty-six million two hundred and ninety-two thousand eighty (36,292,080) Rubles, VAT included; In case the Russian Federal Tariffs Service changes the tariffs for Bureyskaya HPP during the term of delivery under the Contract, the price of electric power delivered under the Contract may be changed within the limits equaling double tariff effective for the relevant HPP.</p> <p>Delivery term under the Contract: Delivery starting date - not earlier than the Contract Date. Delivery expiry date - not later than 31.12.2015.</p>	Interested Party - V.M. Kravchenko, Board Member, RusHydro PJSC, holding the position of the Board Member in Inter RAO PJSC. V.M. Kravchenko and E.V. Dod do not participate in voting.
2.	Electric Power Purchase Contract Parties to the Contract Seller: RusHydro PJSC Buyer: Inter RAO PJSC	Approved by the Board of Directors (Protocol No. 210 dated 02.03.2015)	<p>Subject of the Contract: The Seller undertakes to transfer in the Buyer's possession (deliver) electric power in compliance with the Contract terms and Wholesale market Regulations, while the Buyer undertakes to accept and pay for the delivered (accepted) electric power in compliance with the Contract terms.</p> <p>Seller's group of delivery points: GZEYAGS1, GZEYAGS2.</p> <p>Buyer's group of delivery points: PINTCHIN, PINTCHN1.</p> <p>Quantity (amount) of electric power delivery: not more than 1,200,000 MWh.</p> <p>Limit price of the Contract: Forty-five million six hundred and eighty thousand one hundred and sixty (45,680,160) Rubles, VAT included. In case the Russian Federal Tariffs Service changes the tariffs for Zeyskaya HPP during the term of delivery under the Contract, the price of electric power delivered under the Contract may be changed within the limits equaling double tariff effective for the relevant HPP.</p> <p>Delivery term Delivery starting date - not earlier than the Contract Date.</p>	Interested Party - V.M. Kravchenko, Board Member, RusHydro PJSC, holding the position of the Board Member in Inter RAO PJSC. V.M. Kravchenko and E.V. Dod do not participate in voting.



			Delivery expiry date - not later than 31.12.2015.	
3.	Additional Agreement No. 4 to the Trust Management Contract Parties to the Contract: Trustor: RusHydro PJSC Trust Manager: RAO Energy Systems of the East PJSC	Approved by the Board of Directors (Protocol dated 05.12.2013 No. 191)	Subject of the Additional Agreement: The Trustor shall additionally transfer to the Trust Manager the shares it owns (with respect to the rights associated with the shares, except the rights to dividends) in the equity of Yakutskaya TPP 2 JSC and CHP in Sovetskaya Gavan JSC. <u>Agreement price (including the Additional Agreements):</u> The Trust Manager remuneration for the trust management of the shares in the joint-stock companies for the entire Contract term shall not exceed seventy-two thousand (72,000) Rubles (VAT included), and be not more than three thousand (3,000) Rubles per quarter (VAT included). Contract Term: three years. The Agreement shall be automatically extended for a similar period unless the Trust Manager notifies the Trustor on its refusal to extend the Agreement at least three months prior to its expiry date, or the Trustor similarly notifies the Trust Manager at least one month prior to the expiry date.	Interested Party - E.V. Dod, Board Member, RusHydro PJSC, holding the position of the Board Member in RAO Energy Systems of the East PJSC. E.V. Dod did not participate in voting.
4.	Service Contract for Reactive Power Regulation without Generation of Electric Power Parties to the Contract Contractor: RusHydro PJSC Customer: SO UES OJSC	Approved by the Board of Directors (Protocol No. 210 dated 02.03.2015)	Subject of the Contract: The Contractor undertakes to render services to the Customer in regulating the reactive power without power generation, using the power generation equipment of Volzhskaya Hydro Power Plant, Zagorskaya Hydro Accumulation Plant, Ezminskaya Hydro Power Plant, Gizeldonskaya Hydro Power Plant, and Zelenchuk Hydro Power Plant, which equipment is operated in the synchronous compensator mode without power generation, in compliance with the procedures and terms set forth by the Contract and provisioned by the laws and regulations of the Russian Federation, while the Customer undertakes to pay for the rendered SCRR services in the amounts, in line with the procedures, and within the term, set forth by the Contract. Term of the services: RusHydro PJSC shall start provision of SCRR services at 00:00 hrs on 01.01.2015 RusHydro PJSC complete provision of SCRR services at 24:00 hrs on 31.12.2015 SCRR services provision term is the period of time within which RusHydro PJSC' equipment shall be operated in the synchronous compensator mode under instructions from SO EES OJSC supervisors. Price of the Services: The price (price estimate) of the services under the Contract shall not exceed two hundred million (200,000,000) Rubles, VAT included. Term of the Contract: The Contract shall become effective from its date and stay in power until the Parties complete their obligations thereunder. The Contract terms apply to the relations between the Parties arising after 01.01.2015.	Interested Parties - B.I. Ayuev, M.S. Bystrov, and V.M. Kravchenko, Board Members, RusHydro PJSC, holding the positions of the Board Members in SO EES JSC. Russian Federation is also an interested Party, as through the Russian State Property Agency (Rosimushchestvo) it owns more than 20% of shares in RusHydro PJSC and SO EES OJSC. E.V. Dod, B.I. Ayuev, M.S. Bystrov, and V.M. Kravchenko did not participate in voting.
5.	Shares Purchase Contract Parties to the Contract: Issuer: Sulaksky HPP Cascade JSC Buyer: RusHydro PJSC	Approved by the Board of Directors (Protocol No. 210 dated 02.03.2015)	Subject of the transaction: The Buyer undertakes to purchase, and pay for, and the Issuer undertakes to transfer to the Buyer's possession not more than one billion three hundred and ninety-three million and one hundred thousand (1,393,100,000) common registered shares placed through closed subscription approved by the Issuer's Board Resolution concerning additional issues of the stock, taken on 30.09.2014. Contract sum:	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Sulaksky HPP Cascade JSC. E.V. Dod did not participate in voting.

			<p>The price of placed additional shares in the Issuer shall be one (1) Ruble for one (1) additional common registered share, the total sum being not more than one billion three hundred and ninety-three million and one hundred thousand (1,393,100,000) Rubles at their book value;</p> <p>Other material terms of the transaction:</p> <p>The shares shall be paid for in cash, which sum may be offset by the claims with respect to the Issuer.</p> <p>Other terms of the purchase of the Issuer's additional shares shall be determined by the Resolution of the Issuer's Board of directors on the issue of additional shares dated 30.09.2014 and duly registered by the Bank of Russia.</p>	
6.	<p>Consulting Services Contract</p> <p>Parties to the Contract:</p> <p>Contractor: RusHydro PJSC</p> <p>Customer: RAO Energy Systems of the East PJSC</p>	<p>Approved by the Board of directors (Protocol No. 209 dated 26.12.2014)</p>	<p>Subject of the Contract:</p> <p>The Contractor undertakes to provide to the Customer, and the Customer undertakes to pay for, consultancy services in developing quarterly IAS reports (the 'Services').</p> <p>The Contract (Services) Price</p> <p>The total price (price assessment) of the Services shall be forty-three million seventy-four thousand seven hundred and twenty (43,074,720) Rubles, including VAT (18%)</p> <p>General term of Service provision:</p> <p>Starting date: 01.03.2015</p> <p>Expiry date: 30.03.2018</p>	<p>Interested Party - E.V. Dod, Board Member, RusHydro PJSC, holding the position of the Board Member in RAO Energy Systems of the East PJSC.</p> <p>E.V. Dod did not participate in voting.</p>
7.	<p>Additional Agreement to the Non-Obligatory Health Insurance Contract</p> <p>Parties to the Contract</p> <p>Insured: RusHydro PJSC</p> <p>Insurer: Allians IC OJSC</p>	<p>Approved by the Board of Directors (Protocol dated 05.12.2013 No. 191)</p>	<p>Subject of the Additional Agreement:</p> <p>Change of insurance premium</p> <p>Contract price including the Additional Agreement: 64,833,925 Rubles 50 Kopecks.</p>	<p>Interested Parties: Members of RusHydro PJSC Board, who are insured (i.e, are beneficiaries under the Contract). E.V. Dod did not participate in voting.</p>
8.	<p>Additional Agreement to Guarantee Contract</p> <p>Parties to the Contract:</p> <p>Bank: VTB Bank (PJSC)</p> <p>Guarantor: RusHydro PJSC</p>	<p>Approved by the General Meeting of Shareholders (Protocol dated 27.06.2014, No. 12)</p>	<p>Subject of the Additional Agreement:</p> <p>Change of interest rate applied to the credit, secured by the guarantee</p> <p>Contract price including the Additional Agreement: 5,685,323,424 Rubles 66 Kopecks.</p>	<p>Russian Federation is an interested Party, as it owns more than 20% of shares in RusHydro PJSC and VTB Bank (PJSC) through the Russian State Property Agency (Rosimushchestvo). Shares owned by the Federal State Property Agency do not vote.</p>
9.	<p>Contractor's Agreement</p> <p>Parties to the Contract:</p> <p>Customer: RusHydro PJSC</p> <p>Contractor: Hydroproject Institute JSC</p>	<p>Approved by the Board of Directors (Protocol No. 217 dated 01.06.2015)</p>	<p>Subject of the Contract:</p> <p>The Contractor undertakes to design the project for replacement of filter columns in the GAES building vertical drainage wells and present it to the Customer at its own risks and using its own materials, equipment, and tools; and the Customer undertakes to create conditions for performance under the Contract provisioned therein, accept the results of the Works, and pay for them the sum indicated therein.</p> <p>Works price under the Contract: 4,027,079 Rubles 22 Kopecks, including VAT (18%) – 614,300 Rubles 22 Kopecks.</p> <p><u>Term of the Works:</u></p> <p>Starting Date: 01.07.2015.</p> <p>Completion Date: 30.10.2015.</p>	<p>Interested Party: S.A. Kirov, First Deputy Director General, RusHydro PJSC holding the position of the Board Member in Hydroproject Institute JSC. E.V. Dod did not participate in voting.</p>
10	<p>Contractor's Agreement</p> <p>Parties to the Contract:</p>	<p>Approved by the Board of Directors (Protocol</p>	<p>Subject of the Contract:</p> <p>The Contractor undertakes to develop the project documentation for modernization (equipment replacement, refurbishment) of Zagorskaya GAES present it to the</p>	<p>Interested Party: S.A. Kirov, First Deputy Director General, RusHydro PJSC holding the position of the Board</p>

	Customer: RusHydro PJSC Contractor: Hydroproject Institute JSC	No. 217 dated 01.06.2015)	Customer at its own risks and using its own materials, equipment, and tools; and the Customer undertakes to create conditions for performance under the Contract provisioned therein, accept the results of the Works, and pay for them the sum indicated therein. Works price under the Contract: 175,197,916 Rubles 98 Kopecks, including VAT (18%) – 26,725,105 Rubles 98 Kopecks. Term of the Works: Starting Date: 01.04.2015. Completion Date: 30.03.2020. Term of the Contract: The Contract shall become effective from its date and stay in power until the Parties complete their obligations thereunder. The Contract terms apply to the relations between the Parties arising after 01.04.2015	Member in Hydroproject Institute JSC. E.V. Dod did not participate in voting.
11	Additional Agreement No. 5 to the Trust Management Contract Parties to the Contract: Trustor: RusHydro PJSC Trust Manager: RAO Energy Systems of the East PJSC	Approved by the Board of Directors (Protocol dated 05.12.2013 No. 191)	Subject of the Additional Agreement: The Trustor shall additionally transfer to the Trust Manager the shares it owns (with respect to the rights associated with the shares, except the rights to dividends) in the equity of Yakutskaya TPP 2 JSC, Sakhalinskaya TPP 2 JSC and CHP in Sovetskaya Gavan JSC. Agreement price (including the Additional Agreements): The Trust Manager remuneration for the trust management of the shares in the joint-stock companies for the entire Contract term shall not exceed seventy-two thousand (72,000) Rubles (VAT included), and be not more than three thousand (3,000) Rubles per quarter (VAT included). Contract Term: three years. The Agreement shall be automatically extended for a similar period unless the Trust Manager notifies the Trustor on its refusal to extend the Agreement at least three months prior to its expiry date, or the Trustor similarly notifies the Trust Manager at least one month prior to the expiry date.	Interested Party - E.V. Dod, Board Member, RusHydro PJSC, holding the position of the Board Member in RAO Energy Systems of the East PJSC. E.V. Dod did not participate in voting.
12	Non-interest Loan Agreement Parties to the Contract: Borrower: Ust-Srednekanskaya HPP JSC Lender: RusHydro PJSC	Approved by the Board of Directors (Protocol dated 05.05.2013 No. 215)	Subject of the Contract: The Lender undertakes to transfer in the possession of the Borrower the sum of 382,747,574 Rubles 24 Kopecks, and the Borrower undertakes to pay back to the Lender the sum of the Loan in the order and on the terms set forth by the Contract. Aims of the Loan: Finance the implementation of the Ust-Srednekanskaya HPP Investment Project in line with the approved Investment Object Cash flow. Contract Price: 382,747,574 Rubles 24 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Ust-Srednekanskaya HPP JSC. E.V. Dod did not participate in voting.
13	Non-interest Loan Agreement Parties to the Contract: Borrower: Zagorskaya GAES 2 JSC Lender: RusHydro PJSC	Approved by the Board of Directors (Protocol dated 05.05.2013 No. 215)	Subject of the Contract: The Lender undertakes to transfer in the possession of the Borrower the sum of 196,324,884 Rubles 96 Kopecks, and the Borrower undertakes to pay back to the Lender the sum of the Loan in the order and on the terms set forth by the Contract. Aims of the Loan: Finance the implementation of the Zagorskaya GAES 2 Investment Project in line with the approved Investment Object Cash flow. Contract Price: 196,324,884 Rubles 96 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Zagorskaya GAES 2 JSC. E.V. Dod did not participate in voting.
14	Non-interest Loan Agreement Parties to the Contract: Borrower: Nizhne-Bureiskaya HPP	Approved by the Board of Directors (Protocol dated 05.05.2013	Subject of the Contract: The Lender undertakes to transfer in the possession of the Borrower the sum of 2,076,892,194 Rubles 87 Kopecks, and the Borrower undertakes to pay back to the Lender the sum of the Loan in the order and on the terms set forth by the Contract.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of

	JSC Lender: RusHydro PJSC	No. 215)	Aims of the Loan: Finance the implementation of the Nizhne-Bureiskaya HPP Investment Project in line with the approved Investment Object Cash flow. Contract Price: 2,076,892,194 Rubles 87 Kopecks.	Nizhne-Bureiskaya HPP JSC. E.V. Dod did not participate in voting.
15	Loan Agreement Parties to the Contract: Borrower: Nizhne-Bureiskaya HPP JSC Lender: RusHydro PJSC	Approved by the Board of Directors (Protocol dated 05.05.2013 No. 215)	Subject of the Contract: The Lender undertakes to transfer in the possession of the Borrower the sum of 100,000,000 Rubles, and the Borrower undertakes to pay back to the Lender the sum of the Loan, the interest due for the use of the Loan, and other charges in the order and on the terms set forth by the Contract. Aims of the Loan: Finance the implementation of the Nizhne-Bureiskaya HPP Investment Project in line with the approved Investment Object Cash flow. Loan Interest: 9,081%. Contract price including the Loan interest: 113,353,128 Rubles 20 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Nizhne-Bureiskaya HPP JSC. E.V. Dod did not participate in voting.
16	Loan Agreement Parties to the Contract: Borrower: Nizhne-Bureiskaya HPP JSC Lender: RusHydro PJSC	Approved by the Board of Directors (Protocol dated 05.05.2013 No. 215)	Subject of the Contract: The Lender undertakes to transfer in the possession of the Borrower the sum of 474,847,621 Rubles 83 Kopecks, and the Borrower undertakes to pay back to the Lender the sum of the Loan, the interest due for the use of the Loan, and other charges in the order and on the terms set forth by the Contract. Aims of the Loan: Finance the implementation of the Nizhne-Bureiskaya HPP Investment Project in line with the approved Investment Object Cash flow. Loan Interest: 9,081%. Contract price including the Loan interest: 492,804,823 Rubles 76 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Nizhne-Bureiskaya HPP JSC. E.V. Dod did not participate in voting.
17	Loan Agreement Parties to the Agreement: Lender: VTB Bank (PJSC) Borrower: RusHydro PJSC	Approved by the General Meeting of Shareholders (Protocol dated 27.06.2014, No. 12)	Subject of the Agreement: The Agreement regulates the general terms and conditions of loan provision, and the Parties' rights and obligations with respect to the Agreement and Loan provision, as well as the settlement procedures between the Parties under the Agreement and consequences for the Parties for their failure to perform or undue performance under the Agreement. The Lender undertakes to grant Loans to the Borrower basing on the latter's requests (offers), provided it agrees with the terms set forth in such requests (offer) in the order established by the Agreement, and the Borrower undertakes to pay back the loans, pay the relevant interest, and fulfill other obligations under the Agreement within the provisioned time period. Agreement Price: The Price of the Agreement shall be determined as a sum of the items below: - the sum of the loans that may be from time to time received from the Bank under the Agreement; - the limit sum of commission payments due to the Bank and loan interests. The limit sum of the transaction shall not exceed 48,855,000,000 Rubles. Term of performance under the Agreement: The total duration of loan provision under the Agreement shall be 1,460 days after it comes into effect. Upon expiry of the total term of loan provision, the Borrower's right to receive the Loans under the Agreement shall cease. The Borrower undertakes to complete the repayment of the Loans by the day immediately following 1,825 days after the Agreement comes into effect.	Russian Federation is an interested Party, as it owns more than 20% of shares in RusHydro PJSC and VTB Bank (PJSC) through the Russian State Property Agency (Rosimushchestvo). Shares owned by the Federal State Property Agency do not vote.
18	Guarantee Contract	Approved by	Subject of the Contract:	Russian Federation is an

<p>Parties to the Agreement: Lender: VTB Bank (PJSC) Guarantor: RusHydro PJSC Beneficiary: RAO Energy Systems of the East PJSC (the Borrower)</p>	<p>the Board of Directors (Protocol dated 05.05.2013 No. 215)</p>	<p>Guarantee of the Borrower's obligations with respect to the Lender under the Loan Agreement made between the VTB Bank (PJSC) and RAO Energy Systems of the East PJSC in order to finance the Project "Construction of Off-Site Facilities for Yakutskaya TPP 2 (Stage 1)" (the "Project").</p> <p>Main terms of the Loan Agreement: Limit Loan Sum: Six billion six hundred and thirteen million (6,613,000,000) Rubles 00 Kopecks. Loan Term: not more than 12 years Interest Rate: The interest rate shall not exceed the upper limit of the interest rate for the persons receiving loans for implementation of projects selected for the Investment Project Support Program to be realized in the Russian Federation through project financing in line with the Resolution of the Government of the Russian Federation dated 11.10.2014 No. 1044 'On Approval of the Program of Support of Investment Projects to be Realized in the Russian Federation through Project Financing Schemes' (the "Program"), which in turn shall not exceed the interest rate set by the Central Bank of the Russian Federation for crediting the authorized banks in order to refinance the loans, granted by them to ultimate borrowers (interest rate for special refinancing instruments) plus 2.5 % annually.</p> <p>Should the Project be excluded from the Program, or in case the Central Bank of the Russian Federation fails to refinance the loan terminates loan refinancing provisioned by the Program, the interest rate shall be unilaterally determined by the Lender basing on relevant market indicators.</p> <p>One-off commission fee for the extension of the credit line to be paid when the Loan Agreement is made: not more than 0.5 % of the Loan Sum.</p> <p>Obligations Commission Fee under the Loan Agreement: not more than 0.5 % annually to be charged on unused portion of the Loan.</p> <p>Contract Price: The Price shall be determined as a sum of the following guaranteed Borrower's obligations under the Loan Agreement made in order to finance the Project "Construction of Off-Site Facilities for Yakutskaya TPP 2 (Stage 1)" (the Project): Upper Loan limit: Six billion six hundred and thirteen million (6,613,000,000) Rubles 00 Kopecks. One-off Commission Fee for the Credit Line extension to be paid when the Loan Agreement is made: not more than 0.5 % of the Loan Sum; Obligations Commission Fee under the Loan Agreement: not more than 0.5 % annually, to be charged on unused portion of the Loan; The interest rate charged on the outstanding amounts within the term of the Agreement shall not exceed the upper limit of the interest rate for the persons receiving loans for implementation of projects selected for the Investment Project Support Program to be realized in the Russian Federation through project financing in line with the Resolution of the Government of the Russian Federation dated 11.10.2014 No. 1044 'On Approval of the Program of Support of Investment Projects to be Realized in the Russian Federation through Project Financing Schemes' (the "Program"), which in turn shall not exceed the interest rate set by the Central Bank of the Russian Federation for crediting the authorized banks in order to</p>	<p>interested Party, as it owns more than 20% of shares in RusHydro PJSC and VTB Bank (PJSC) through the Russian State Property Agency (Rosimushchestvo). Another Interested Party is E.V. Dod, Board Member, RusHydro PJSC, who holds the position of the Board Member in RAO Energy Systems of the East PJSC. E.V. Dod did not participate in voting.</p>
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19	<p>Additional Agreement to the Non-Obligatory Health Insurance Contract Parties to the Contract: Insured: RusHydro PJSC Insurer: SOGAZ JSC</p>	<p>Approved by the Board of Directors (Protocol dated 26.12.2014 No. 209)</p>	<p>Subject of the Additional Agreement to the Contract: 1. Changed number of insured persons. 2. Change of insurance premium Term of the Contract: Starting Date: 01.01.2015; Ending Date: 31.12.2015 Contract price including the Additional Agreement: 47,983,379 Rubles 28 Kopecks.</p>	<p>Interested Parties: Members of RusHydro PJSC Board, who are insured (i.e, are beneficiaries under the Contract). E.V. Dod did not participate in voting.</p>
20	<p>Additional Agreement to the Health and Injury Insurance Contract Parties to the Contract: Insured: RusHydro PJSC Insurer: Allians IC OJSC</p>	<p>Approved by the Board of Directors (Protocol dated 26.12.2014 No. 209)</p>	<p>Subject of the Additional Agreement to the Contract: 1. Changed number of insured persons. 2. Change of insurance premium Term of the Contract: Starting Date: 01.01.2015; Ending Date: 31.12.2015 Contract price including the Additional Agreement: 3,112,209 Rubles 99 Kopecks.</p>	<p>Interested Parties: Members of RusHydro PJSC Board, who are insured (i.e, are beneficiaries under the Contract). E.V. Dod did not participate in voting.</p>
21	<p>Additional Agreement to Non-Interest Loan Contract Parties to the Contract: Borrower: MGES KBR JSC Lender: RusHydro PJSC</p>	<p>Approved by the Board of Directors (Protocol dated 05.05.2013 No. 215)</p>	<p>Subject of the Contract: Provision of a non-interest bearing loan Subject of the Additional Agreement to the Contract: Changed of the Loan Term. Price: 252,350,000 Rubles</p>	<p>Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of MGES KBR JSC. E.V. Dod did not participate in voting.</p>
22	<p>Additional Agreement to Non-Interest Loan Contract Parties to the Contract: Borrower: MGES KBR JSC Lender: RusHydro PJSC</p>	<p>Approved by the Board of Directors (Protocol dated 05.05.2013 No. 215)</p>	<p>Subject of the Contract: Provision of a non-interest bearing loan Subject of the Additional Agreement to the Contract: Changed Loan Term. Price: 194,179,100 Rubles 40 Kopecks.</p>	<p>Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of MGES KBR JSC. E.V. Dod did not participate in voting.</p>
23	<p>Additional Agreement to Non-Interest Loan Contract Parties to the Contract: Borrower: MGES KBR JSC</p>	<p>Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)</p>	<p>Subject of the Contract: Provision of a non-interest bearing loan Subject of the Additional Agreement to the Contract: Changed Loan Term. Price: 142,856,135 Rubles 88 Kopecks.</p>	<p>Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of MGES KBR JSC. E.V. Dod did not participate in voting.</p>

	Lender: RusHydro PJSC			
24	Additional Agreement to Non-Interest Loan Contract Parties to the Contract: Borrower: MGES KBR JSC Lender: RusHydro PJSC	Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)	Subject of the Contract: Provision of a non-interest bearing loan Subject of the Additional Agreement to the Contract: Changed Loan Term. Price: 170,307,353 Rubles 61 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of MGES KBR JSC. E.V. Dod did not participate in voting.
25	Additional Agreement to Non-Interest Loan Contract Parties to the Contract: Borrower: MGES KBR JSC Lender: RusHydro PJSC	Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)	Subject of the Contract: Provision of a non-interest bearing loan Subject of the Additional Agreement to the Contract: Changed Loan Term. Price: 20,752,819 Rubles 96 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of MGES KBR JSC. E.V. Dod did not participate in voting.
26	Promissory Notes Swap Contract Parties to the Agreement: Sulaksky HPP Cascade JSC RusHydro PJSC	Approved by the Board of Directors (Protocol No. 218 dated 22.06.2015)	Subject of the Contract: RusHydro PJSC undertakes to transfer to the possession of Sulaksky HPP Cascade JSC ordinary non-interest bearing promissory notes issued by Sberbank of Russia OJSC in exchange for an ordinary promissory note issued by Sulaksky HPP Cascade JSC. Contract Price: 42,527,505 Rubles 45 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Sulaksky HPP Cascade JSC. E.V. Dod did not participate in voting.
27	Additional Agreement to the Service Contract Parties to the Contract: Customer: RusHydro PJSC Contractor: Hydro Energy of Russia NP	Approved by the Board of Directors (Protocol No. 218 dated 22.06.2015)	Subject of the Additional Agreement: Following amendments to the Contract No. OG-192-63-2014 dated 02.06.2014 (the "Contract"): Appendix No. 1 to the Contract (The List of the Company's Standards Developed in 2014 - 2015) shall be amended as follows: The List of the Company's Standards (developed in 2014 - 2015) 1. HPP Operations Emergency Reserve Planning and Management Methodological Guide. 2. Management of Technical Modernization and Reconstruction Projects at Existing Hydro Energy Facilities at the Preliminary and Project Implementation Stages. 3. Hydro Power Plants. Environmental Protection. Environmental Impact Assessment Methodological Guide. 4. Methodological Guidelines for Monitoring (Control) of Vibration State of Hydro Units Equipped with Stationary Vibro Diagnostics Systems. 5. Assessment of Technical (Marginal) State of Power Supply Transformers. 6. Automated Monitoring and Diagnostic Systems for Electrical and Technical Equipment. General Technical Requirements, Typical Sets and Functions. 7. Hydro Power Plants. Training of HPP Operators Standards and Requirements. 8. Waterwork Installations of Hydro Power Plants. Methodological Recommendations for Multiple Factor Research. 9. Hydro Power Plants. Methods for Assessment of the Technical State of Main Equipment. 10. Hydro Power Plants. Operation and Maintenance	Interested Parties: E.V. Dod, Director General, RusHydro PJSC, and B.B. Bogush, Board Member, First Deputy Director General, Chief Engineer, who hold the positions of Supervisory Board Members of Hydroenergy of Russia NP. E.V. Dod did not participate in voting.

			<p>nance. Standards and Requirements.</p> <ol style="list-style-type: none"> <li>11. Hydro Power Plants. Extension of Service Life of the Main Equipment in the Process of Operation. Standards and Requirements.</li> <li>12. Hydro Power Plants. Methods for Assessment of the Technical State of Auxiliary Equipment.</li> <li>13. HPP and PSP. Emergency Response Automated Systems General Technical Requirements, Typical Sets and Functions.</li> <li>14. Gas Turbine Units. Terms of Delivery. Standards and Requirements.</li> <li>15. Power transformers of Hydro Power Plants. Operation and Maintenance. Standards and Requirements.</li> <li>16. Micro Chip relay Protection and Automation (RPA) at HPP and PSP Operation and Maintenance. Volumes, Standards and Requirements.</li> <li>17. Corporate Operational Assets Management System. Standards and Requirements.</li> <li>18. Hydro Power Plants. Emergency Risk Assessment and Forecast at Waterwork Installations. Standards and Requirements.</li> <li>19. Methodological Recommendations for the Development and Use of Standard Equipment, Buildings and Facilities Repair Specifications.</li> <li>20. Methodological Recommendations for Hydro Energy Facility Inspections.</li> <li>21. Hydro Power Plants. Technical Inspection of Buildings and Facilities, Technological Systems, Main and Auxiliary Equipment, Distribution Devices, and Equipment used for Covering the Plant's Own and Housekeeping Demand. Standards and Requirements.</li> <li>22. Hydro Power Plants. Methods for Determining of Safety Criteria for Declared Waterwork Installations</li> <li>23. Hydro Power Plants. Quality Assurance of Construction Works. Standards and Requirements.</li> <li>24. Hydro Power Construction Engineering Surveys for Territorial Zoning and Final Design. Standards and Requirements.</li> </ol> <p>Price of Works under the Contract: shall not be changed by making the Additional Agreement No. 2 and makes 80,001,784 Rubles 55 Kopecks including VAT (18%) of 12,203,662 Rubles 05 Kopecks.</p> <p>Term of Works under the Contract: Starting Date: June 02, 2014. Ending Date: October 05, 2015.</p>	
28	<p>Guarantee Contract Parties to the Agreement: Bank (Guarantor): Joint-Stock Commercial Bank for the Promotion of Charity and Motherland's Spiritual Development 'PERESVET' (JSCB PERESVET JSC) Guarantor: RusHydro PJSC Beneficiary (Principal): Sulaksky Hydro Cascade</p>	<p>Approved by the Board of Directors (Protocol No. 218 dated 22.06.2015)</p>	<p>Subject of the Contract: The Guarantor shall guarantee to the Bank (the Guarantor) joint liability for the performance of Sulaksky HydroCascade JSC (the Principal) with respect to its obligations to the Bank (the Guarantor) (including compensation of the amounts paid by the Guarantor to the Beneficiary) under the (Independent) Bank Guarantee Agreement, both existing and those that may emerge in the future, or for any other Borrower in case the Loan is assigned to a third person</p> <p>Contract Price: The Price of the Contract shall be 625,000,000 Rubles 00 Kopecks and is determined as the total of the guaranteed liability of the Principal (Sulaksky HydroCascade JSC) under the (Independent) Bank Guarantee Agreement made to guarantee the liability to to pay the amount claimed by the Russian FTS Inspectorate No. 33 in the city of Moscow (the "Beneficiary"), including the guar-</p>	<p>Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Sulaksky HPP Cascade JSC. E.V. Dod did not participate in voting.</p>



	JSC		<p>antee amount, the commission due to Bank for the guarantee provision, the amount due to the Bank for the use of the moneys for repayment of the Principal's liability to the Beneficiary, and other Bank's expenditures associated with repayment of the guarantee.</p> <p>Contract Term: The Contract shall become effective from the day when it is signed by the Parties and expire in three (3) years after the maturity of liabilities under the Independent Bank Guarantee Agreement or after the Guarantor fulfills its obligations.</p> <p>The Guarantee shall be terminated: - if the debt under the guaranteed liability is transferred to a third person, provided the Guarantor refuses to provide a guarantee for the new debtor within a reasonable period of time after receiving a notice of the debt transfer; - in other cases provisioned by the laws of the Russian Federation.</p>	
29	<p>Shares Purchase Contract Parties to the Agreement: Issuer: Zagorskaya GAES 2 JSC Buyer: RusHydro PJSC</p>	<p>Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)</p>	<p>Subject of the Contract: Zagorskaya GAES 2 JSC undertakes to transfer into the possession of RusHydro PJSC not more than 9,000,000,000 common registered shares to be placed through closed subscription, issued in compliance with the Resolution on additional issue of securities by Zagorskaya GAES 2 JSC, registered by the Bank of Russia. RusHydro PJSC undertakes to purchase, and pay for, the above shares not later than four (4) days prior to the shares placement completion date set by the Resolution on additional issue of securities by Zagorskaya GAES 2 JSC, registered by the Bank of Russia.</p> <p>Contract Price: 1 Ruble per 1 additional common registered share for the total of not more than 9,000,000,000 Rubles at their book value.</p>	<p>Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Zagorskaya GAES 2JSC. E.V. Dod did not participate in voting.</p>
30	<p>Loan Agreement Parties to the Agreement: Borrower: Ust-Srednekanskaya HPP JSC Lender: RusHydro PJSC</p>	<p>Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)</p>	<p>Subject of the Contract: The Lender undertakes to transfer in the possession of the Borrower the sum of 364,266,187 Rubles 06 Kopecks, and the Borrower undertakes to pay back to the Lender the sum of the Loan, the interest due for the use of the Loan, and other charges in the order and on the terms set forth by the Contract.</p> <p>Aims of the Loan: Finance the implementation of the Ust-Srednekanskaya HPP Investment Project in line with the approved Investment Object Cash flow.</p> <p>Loan Interest: 9.513%.</p> <p>Contract price including the Loan interest: 465,945,584 Rubles 28 Kopecks.</p>	<p>Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Ust-Srednekanskaya HPP JSC. E.V. Dod did not participate in voting.</p>
31	<p>Loan Agreement Parties to the Agreement: Borrower: Zagorskaya GAES 2 JSC Lender: RusHydro PJSC</p>	<p>Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)</p>	<p>Subject of the Contract: The Lender undertakes to transfer in the possession of the Borrower the sum of 900,000,000 Rubles, and the Borrower undertakes to pay back to the Lender the sum of the Loan, the interest due for the use of the Loan, and other charges in the order and on the terms set forth by the Contract.</p> <p>Aims of the Loan: Finance the implementation of the Zagorskaya GAES 2 Investment Project in line with the approved Investment Object Cash flow.</p> <p>Loan Interest: 9.513%.</p> <p>Contract price including the Loan interest: 1,151,221,389 Rubles 04 Kopecks.</p>	<p>Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Zagorskaya GAES 2JSC. E.V. Dod did not participate in voting.</p>
32	<p>Loan Agreement Parties to the</p>	<p>Approved by the Board of</p>	<p>Subject of the Contract: The Lender undertakes to transfer in the possession of</p>	<p>Interested Party: V.A. Tokarev, Deputy Chairman,</p>

	Agreement: Borrower: Nizhne-Bureiskaya HPP JSC Lender: RusHydro PJSC	Directors (Protocol dated 05.05.2015 No. 215)	the Borrower the sum of 1,229,879,186 Rubles 01 Kopecks, and the Borrower undertakes to pay back to the Lender the sum of the Loan, the interest due for the use of the Loan, and other charges in the order and on the terms set forth by the Contract. Aims of the Loan: Finance the implementation of the Nizhne-Bureiskaya HPP Investment Project in line with the approved Investment Object Cash flow. Loan Interest: 9.513%. Contract price including the Loan interest: 1,573,181,360 Rubles 97 Kopecks.	RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Nizhne-Bureiskaya HPP JSC. E.V. Dod did not participate in voting.
33	Additional Agreement to the Loan Contract Parties to the Contract: Borrower: Nizhne-Bureiskaya HPP JSC Lender: RusHydro PJSC	Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)	Subject of the Additional Agreement: Increase of the loan granted under a previously made Loan Contract. Contract price including the Additional Agreement: 2,585,152,084 Rubles 73 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Nizhne-Bureiskaya HPP JSC. E.V. Dod did not participate in voting.
34	Promissory Notes Swap Contract Parties to the Agreement: Sulaksky HPP Cascade JSC RusHydro PJSC	Approved by the Board of Directors (Protocol No. 218 dated 22.06.2015)	Subject of the Contract: RusHydro PJSC undertakes to transfer to the possession of Sulaksky HydroCascade JSC ordinary non-interest bearing promissory notes issued by Sberbank of Russia PJSC in exchange for an ordinary promissory note issued by Sulaksky HPP Cascade JSC. Contract Price: 50,527,463 Rubles 24 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Sulaksky HPP Cascade JSC. E.V. Dod did not participate in voting.
35	Shares Purchase Contract Parties to the Agreement: Buyer: RusHydro PJSC Seller: FSK UES PJSC	Approved by the Board of Directors (Protocol dated 01.07.2015 No. 219)	Subject of the Contract: The Seller undertakes to transfer in the possession of the Buyer sixteen thousand two hundred eighty (16,280) common registered shares in GVC Energetiki OJSC (the "Shares"), and the Buyer undertakes to accept the same and pay for them. Contract Price: The price of the Shares purchased under the Contract makes five hundred and sixty-eight million (568,000,000) Rubles. <u>Payment Method:</u> in cash.	Interested Parties are M.S. Bystrov and V.M. Kravchenko, Board Members, RusHydro PJSC, who hold the positions of Board Members in FSK UES PJSC. M.S. Bystrov, V.M. Kravchenko and E.V. Dod do not participate in voting.
36	Claim Rights Assignment Agreement Parties to the Agreement: Assignee: RusHydro PJSC Assignor: FSK UES PJSC	Approved by the Board of Directors (Protocol dated 01.07.2015 No. 219)	Subject of the Contract: The Assignor undertakes to assign to the Assignee the claim rights of FSK UES PJSC with respect to GVC Energetiki JSC in the amount of ninety-seven million nine hundred and seventy-nine thousand sixty (97,979,060) Rubles 38 Kopecks, based on the Contract No. Kv-301208 dated 30.12.2008 and Contract no. 72/2010 dated 04.10.2010, Protocols of the meetings of the Management Board of UES of Russia RAO OJSC No. 1688pr/1 dated 20.06.2007 and No. 1865pr/2 dated 30.04.2008 concerning distribution of profit made by GVC Energetiki JSC in 2006 and 2007, and further substantiated by Resolutions of the Moscow Arbitration Court in case No. A40-111780/12137-1029 dated 23.11.2012 and in case No. A40-92989/12102-851 dated 18.10.2012, and execution writs based thereon, and the Assignee undertakes to accept the above claim rights and pay for them. Contract Price: The Price of the claim rights assigned under the Agreement makes ninety-seven million nine hundred and seventy-nine thousand sixty (97,979,060) Rubles 38 Kopecks,	Interested Parties are M.S. Bystrov and V.M. Kravchenko, Board Members, RusHydro PJSC, who hold the positions of Board Members in FSK UES PJSC. M.S. Bystrov, V.M. Kravchenko and E.V. Dod do not participate in voting.

			<u>Claim Rights Payment Method:</u> cash including set-off of similar mutual claims	
37	Additional Agreement to the Loan Contract Parties to the Contract: Borrower: Zagorskaya GAES 2 JSC Lender: RusHydro PJSC	Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)	Subject of the Additional Agreement: Increase of the loan granted under a previously made Loan Contract. Contract price including the Additional Agreement: 1,019,712,667 Rubles 48 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Zagorskaya GAES 2 JSC. E.V. Dod did not participate in voting.
38	Additional Agreement No. 6 to the Trust Management Contract Parties to the Contract: Trustor: RusHydro PJSC Trust Manager: RAO Energy Systems of the East PJSC	Approved by the Board of Directors (Protocol dated 05.12.2013 No. 191)	Subject of the Additional Agreement: The Trustor shall additionally transfer to the Trust Manager the shares it owns (with respect to the rights associated with the shares, except the rights to dividends) in the equity of CHP in Sovetskaya Gavan JSC. <u>Agreement price (including the Additional Agreements):</u> The Trust Manager remuneration for the trust management of the shares in the joint-stock companies for the entire Contract term shall not exceed seventy-two thousand (72,000) Rubles (VAT included), and be not more than three thousand (3,000) Rubles per quarter (VAT included). Contract Term: three years. The Agreement shall be automatically extended for a similar period unless the Trust Manager notifies the Trustor on its refusal to extend the Agreement at least three months prior to its expiry date, or the Trustor similarly notifies the Trust Manager at least one month prior to the expiry date.	Interested Party - E.V. Dod, Board Member, RusHydro PJSC, holding the position of the Board Member in RAO Energy Systems of the East PJSC. E.V. Dod did not participate in voting.
39	Additional Agreement to the Personal Non-Obligatory Health Insurance Contract Parties to the Contract: Insured: RusHydro PJSC Insurer: SOGAZ JSC	Approved by the Board of Directors (Protocol dated 26.12.2014 No. 209)	Subject of the Additional Agreement: 1. Changed number of insured persons. 2. Change of insurance premium Term of the Contract: Starting Date: 01.01.2015; Ending Date: 31.12.2015 Contract price including the Additional Agreement: 47,870,666 Rubles 42 Kopecks.	Interested Parties: Members of RusHydro PJSC Board, who are insured (i.e. are beneficiaries under the Contract). E.V. Dod did not participate in voting.
40	Additional Agreement to the Health and Injury Insurance Contract Parties to the Contract: Insured: RusHydro PJSC Insurer: Allians IC OJSC	Approved by the Board of Directors (Protocol dated 26.12.2014 No. 209)	Subject of the Additional Agreement: 1. Changed number of insured persons. 2. Change of insurance premium Term of the Contract: Starting Date: 01.01.2015; Ending Date: 31.12.2015 Contract price including the Additional Agreement: 3,066,660 Rubles 10 Kopecks.	Interested Parties: Members of RusHydro PJSC Board, who are insured (i.e. are beneficiaries under the Contract). E.V. Dod did not participate in voting.
41	Additional Agreement to Non-Interest Loan Contract Parties to the Contract: Borrower: Nizhne-Bureiskaya HPP JSC Lender: RusHydro PJSC	Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)	Subject of the Additional Agreement: Increase of the loan granted under a previously made Loan Contract. Contract price including the Additional Agreement: 1,322,730,730 Rubles 48 Kopecks.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Nizhne-Bureiskaya HPP JSC. E.V. Dod did not participate in voting.

42	Shares Purchase Contract Parties to the Agreement: Issuer: Nizhne-Bureiskaya HPP JSC Buyer: RusHydro PJSC	Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)	Subject of the Transaction: The Issuer undertakes to transfer to the Buyer's possession, and the Buyer undertakes to purchase and pay for not more than seventeen billion one hundred and eleven million five hundred thousand (17,111,500,000) common registered shares in the Issuer's company, placed through a closed subscription and issued in compliance with the Resolution on the issue of additional shares registered by the Bank of Russia within the term set forth by the said Resolution. Sum of the Transaction: The price of purchased additional shares in the Issuer shall be one (1) Ruble for one (1) additional common registered share, the total sum being not more than seventeen billion one hundred and eleven million five hundred thousand (17,111,500,000) Rubles at their book value; The shares shall be paid for in cash, and their value may be offset by the claims with respect to the Issuer.	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Nizhne-Bureiskaya HPP JSC. E.V. Dod did not participate in voting.
43	Service Contract Parties to the Contract: Customer: RusHydro PJSC Contractor: All-Russian Association of Employers "Russian Union of Industrialists and Entrepreneurs" (AAE RUIE)	Approved by the Board of Directors (Protocol dated 01.06.2015 No. 217)	Subject of the Contract: The Contractor undertakes to provide to the Customer its services in arrangement and execution of public authentication of RusHydro Group's Sustainable Development Non-Financial Annual Report for 2014, and the Customer undertakes to pay for the services. Term of the services: From the Date of the Contract till 31.12.2015 Contract Price: Two hundred twenty thousand (220,000) Rubles 00 Kopecks including VAT 18%, thirty-three thousand five hundred and fifty-nine (33,559) Rubles 32 Kopecks.	Interested Party - E.V. Dod, Board Member, RusHydro PJSC, holding the position of the Management Board Member in AAE RUIE. E.V. Dod did not participate in voting.
44	Guarantee Contract Parties to the Contract: Bank: Sberbank PJSC (the Lender); Guarantor: RusHydro PJSC Beneficiary: RAO Energy Systems of the East PJSC (the Borrower)	Approved by the Board of Directors (Protocol dated 11.12.2015 No. 228)	Subject of the Contract: Guarantee of the Borrower's obligations with respect to the Lender under the Loan Agreements 1 and 2 made between Sberbank (PJSC) and RAO Energy Systems of the East PJSC in order to finance the Project "Construction of Off-Site Facilities for Sovetskaya Gavan CHP" (the "Project"). Price: The limit price of the Guarantee Agreements between RusHydro PJSC and Sberbank PJSC (the "Bank") which are the linked interested party transactions, shall be determined as the higher of the following: 1.1. The price of the Loan Contract 1 determined as the sum of the Loan Limit Amount of five billion six hundred and two million three hundred and thirty-one thousand (5,602,331,000) Rubles 00 Kopecks, and the interest charged for the entire term of Loan Contract 1 (12 years) at the annual rate of not more than 13.1%, and: a) Commission fee for the use of the credit line limit: not more than 0.83 % annually, to be charged on unused portion of the Loan. b) Commission fee for early repayment at the rate not exceeding 3% annually, to be charged on the Loan amount repaid earlier; c) One-off Commission fee for reserving, to be paid when the Loan Contract 1 is made: not more than 0.5 % of the Loan Limit Sum. d) The Borrower's liability for the breach of Loan Contract 1 terms. The Bank shall be entitled to increase the interest rate under the Loan Contract 1 unilaterally and at its sole discretion, including, but not limited to, the cases when the Bank of Russia resolves to increase its base and/or	Interested Party: E.V. Dod, Board Member, RusHydro PJSC, holding the position of the Board Member in RAO Energy Systems of the East PJSC, the Beneficiary of the Transaction. E.V. Dod did not participate in voting.
45	Guarantee Contract Parties to the Contract: Bank: Sberbank PJSC (the Lender); Guarantor: RusHydro PJSC Beneficiary: RAO Energy Systems of the East PJSC (the Borrower)			

refinancing rate.

1.2. The Price of the Loan Contract 2 determined as the sum of the Limit Loan Amount of five billion six hundred and two million three hundred and thirty-one thousand (5,602,331,000) Rubles 00 Kopecks and the interest charged for the entire term of Loan Contract 2 (12 years) at the annual rate that shall not exceed the interest rate set by the Central Bank of the Russian Federation for crediting the authorized banks in order to refinance the loans, granted by them to ultimate borrowers in line with the Investment Project Support Program to be realized in the Russian Federation through project financing (the "Program"), as of the date of the Loan Contract 2, plus 2.5 % annually; and

a) Commission fee for the use of the credit line limit: not more than 0.83 % annually, to be charged on unused portion of the Loan.

b) Commission fee for early repayment at the rate not exceeding 3% annually, to be charged on the Loan amount repaid earlier;

c) The Borrower's liability for the breach of Loan Contract 2 terms.

The Lender shall be entitled to increase/ decrease the interest rate unilaterally and at its sole discretion, but only under the condition that the Bank of Russia increases / decreases its Interest Rate under the Special Refinancing Instrument, and only for the amount of such increase / decrease, notifying the Borrower respectively, without amending the Contract.

In case the Bank of Russia terminates refinancing of the Loan Contract 2 under the Program, the Borrower shall pay the interest for the period starting from the date of termination and ending at the date of full repayment of the Loan at the MosPrime 3M rate plus 3% annually.

In the event that the Bank of Russia refuses to provide to the Lender the Credit required to refinance the Loan granted under the Program while the State Guarantee of the Russian Federation is terminated, and terminates refinancing of the Loan granted under the Program while the State Guarantee of the Russian Federation is terminated, the Lender may unilaterally change the amount, terms and conditions of determining the interest rate under Loan Contract 2, resulting in the increase / decrease of the interest rate, including, but not limited to replacement of MosPrime 3M rate by MosPrime rate for a different period (in the case of changed situation in the internal and external financial markets as compared to the situation existing at the date of Loan Contract 2 (including the growth in one-day volatility of MosPrime 3M by more than 10% within 30 calendar days)).

The moneys granted under the Loan Contract 1 shall be withdrawn before all the conditions for the provision of funds under the Loan Contract 2 become mature, and therefore, prior to the provision of funds under the Loan Contract 2. Provision of funds under the Loan Contract 2 shall be made within the limit amount of five billion six hundred and two million three hundred and thirty-one thousand (5,602,331,000) Rubles less the moneys provided under the Loan Contract 1.

The total amount (sum) of liabilities secured by the Guarantee shall not exceed 17,000,000,000 Rubles.

Term of the Contracts:

Contracts 1 and 2 become effective on the day when they are signed. The Guarantee shall be provided for the peri-

			od ending on September 29 2030.	
46	<p>Guarantee Contract Parties to the Contract: Bank: Sberbank PJSC. Guarantor: RusHydro PJSC Beneficiary: RAO Energy Systems of the East PJSC (the Borrower)</p>	<p>Approved by the Board of Directors (Protocol dated 16.11.2015 No. 227)</p>	<p>Subject of the Contract: Guarantee for the Borrower's performance with respect to the Bank under the Loan Agreement made between Sberbank PJSC and RAO Energy Systems of the East PJSC to secure the Project financing. Main terms of the Loan Agreement: Limit Loan Sum: One billion six hundred million (1,600,000,000) Rubles 00 Kopecks. Loan Repayment Term: 09.09.2016. Interest Rate: 12.39 % per annum. The Bank shall be entitled to increase the interest rate under the Loan Contract unilaterally , including, but not limited to, the cases when the Bank of Russia resolves to increase its base and/or refinancing rate without making an additional agreement to reflect the amendment. The Commission fee for the use of the Credit Facility under the Loan Agreement shall not exceed 0.6% of the outstanding balance of the Facility per annum. The Commission fee for early repayment at the rate not exceeding 2% annually, to be charged on the Loan amount repaid earlier. The Borrower's liability for the breach of Loan Agreement terms. Contract Price: 1,773,256,328.77 Rubles Contract Term: The Agreement shall come into effect from its date. The Guarantee is provided until September 09 2019.</p>	<p>Interested Party: E.V. Dod, Board Member, RusHydro PJSC, holding the position of the Board Member in RAO Energy Systems of the East PJSC, the Beneficiary of the Transaction. E.V. Dod did not participate in voting.</p>
47	<p>Optional Health Insurance Contract Parties to the Contract: Insured: RusHydro PJSC Insurer: SOGAZ JSC</p>	<p>Approved by the Board of Directors (Protocol dated 11.12.2015 No. 228)</p>	<p>Subject of the Contract: In line with the Regulations for Optional Health Insurance, the Insurer undertakes to arrange, and pay for, the medical services in accordance with the Optional Health Insurance Programs, which are an integral part of this Contract, to the Insured indicated in the List of Insured Persons, or in the event that the Insured Persons pay for the medical services rendered abroad by themselves, compensate the price of the medical services rendered to an Insured Person, following the procedures, set forth in the Optional Health Insurance Programs, at the occurrence of an insured event. Insured Persons (Beneficiaries): The Insured's employees including the members and chair person of its executive body and other persons on the List of Insured Persons submitted to the Insurer by the Insured. Insurance Object: Interests of the Insured Persons connected with their expenditures related to receiving medical, transportation and other services and support in the insured event. Insured Event: An Insured Person's Request of medical or other (medical or medication) services, provisioned by the Optional Health Insurance Program from medical or other entities provisioned by the Optional Health Insurance Contract or agreed by the Insurer, within the Contract term. An occurrence of the necessity of arrangement and provision of other services included in the Optional Health Insurance Program connected with the health disorder or state of the Insured Person that require the provision of such services, within the term of the Optional Health Insurance Contract. Amount of Insurance: - in case the Insured Person should request medical ser-</p>	<p>Interested Parties: Members of RusHydro PJSC Board, who are insured (i.e. are beneficiaries under the Contract). E.V. Dod did not participate in voting.</p>

			<p>vices from a medical entity listed in the Optional Health Insurance Program in the Russian Federation, 6,000,000 Rubles;</p> <ul style="list-style-type: none"> <li>- in case the Insured Person should request medical services while abroad, and equivalent of 50,000 US Dollars, but at least 2,000,000 Rubles.</li> <li>- in case the Insured Person should request medical transportation services in the Russian Federation or CIS countries, 2,000,000 Rubles.</li> </ul> <p>Contract Price: 39,987,380 Rubles</p> <p>Term of the Optional Health Insurance Contract: Starting Date: 01.01.2016; Ending Date: 31.12.2016;</p>	
48	<p>Optional Group Health and Injury Insurance Contract Parties to the Contract: Insured: RusHydro PJSC Insurer: Allians IC OJSC</p>	<p>Approved by the Board of Directors (Protocol dated 11.12.2015 No. 228)</p>	<p>Subject of the Contract: At the occurrence of the events provisioned by the Contract, the Insurer undertakes to pay the Insurance Amount to the Insured Person or Beneficiary indicated in the Contract irrespective of any other amounts due to them under other Insurance Contracts or Mandatory Social Insurance, Social Security or Injury payments.</p> <p>Insured Persons: The Insured's employees including the members and chair person of its executive body and other persons on the List of Insured Persons submitted to the Insurer by the Insured.</p> <p>Beneficiaries: The Insured Persons or other persons indicated by the Beneficiaries with the written consent of the Insured Person, and in the event of the death of the Insured Person, their inheritors, entitled to insurance payments at the occurrence of the insured event.</p> <p>Insurance Object: Interests connected with personal injury caused to (insured) persons, that do not contradict the laws of the Russian Federation.</p> <p>Insured Event: Sudden, unexpected and unintended actual events (insurance risks) provisioned by the Insurance Contract, whose occurrence gives rise to the Insurer's obligation to make Insurance payments to the Insured Person (the Beneficiary).</p> <p>Insurance Risks:  <ul style="list-style-type: none"> <li>- death of the Insured Person caused by an accident;</li> <li>- death of the Insured Person caused by natural reasons;</li> <li>- disability caused by an accident (recognized as a Group I, II, or III disability);</li> <li>- disability caused by an natural reasons (recognized as a Group I, II, or III disability);</li> <li>- temporary disability caused by an accident or injury;</li> <li>- admission to hospital caused by an accident or natural reasons (diseases).</li> </ul> </p> <p>Contract Price: 4,334,875.65 Rubles</p> <p>Term of the Contract: Starting Date: 01.01.2016; Ending Date: 31.12.2016</p>	<p>Interested Parties: Members of RusHydro PJSC Board, who are insured (i.e, are beneficiaries under the Contract). E.V. Dod did not participate in voting.</p>
49	<p>Lease Contract Parties to the Contract: Lessee: RusHydro PJSC Lessor: Sulaksky Hydro Cascade JSC</p>	<p>Approved by the Board of Directors (Protocol dated 11.12.2015 No. 228)</p>	<p>Subject of the Contract: Sulaksky HydroCascade JSC undertakes to transfer to the temporary ownership and usage (lease) the immovable and movable property (the "Property"), and RusHydro PJSC undertakes to accept the Property and make the rent payments on the terms and conditions set forth in the Contract.</p> <p>Rent Payment under the Contract:</p>	<p>Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Sulaksky HPP Cascade JSC. E.V. Dod did not participate</p>

			<p>376,917,738.99 Rubles</p> <p>Term of the Contract: The Contract shall become effective from its date and stay in power until the Parties complete their obligations thereunder. The Contract terms apply to the relations between the Parties arising after 17.09.2015</p> <p>Term of the Lease: - of the movable property: from 17.09.2015 through 04.11.2016 - of the immovable property: from 11.11.2015 through 04.11.2016</p>	in voting.
50	<p>Additional Agreement to the Health and Injury Insurance Contract</p> <p>Parties to the Contract: Insured: RusHydro PJSC Insurer: Allians IC OJSC</p>	<p>Approved by the Board of Directors (Protocol dated 26.12.2014 No. 209)</p>	<p>Subject of the Additional Agreement: 1. Changed number of insured persons. 2. Change of insurance premium</p> <p>Term of the Contract: Starting Date: 01.01.2015; Ending Date: 31.12.2015</p> <p>Contract price including the Additional Agreement: 3,004,719.68 Rubles</p>	Interested Parties: Members of RusHydro PJSC Board, who are insured (i.e, are beneficiaries under the Contract). E.V. Dod did not participate in voting.
51	<p>Additional Agreement to the Personal Non-Obligatory Health Insurance Contract</p> <p>Parties to the Contract: Insured: RusHydro PJSC Insurer: SOGAZ JSC</p>	<p>Approved by the Board of Directors (Protocol dated 26.12.2014 No. 209)</p>	<p>Subject of the Additional Agreement: 1. Changed number of insured persons. 2. Change of insurance premium</p> <p>Term of the Contract: Starting Date: 01.01.2015; Ending Date: 31.12.2015</p> <p>Contract price including the Additional Agreement: 56,273,553.67 Rubles</p>	Interested Parties: Members of RusHydro PJSC Board, who are insured (i.e, are beneficiaries under the Contract). E.V. Dod did not participate in voting.
52	<p>Additional contribution to the statutory capital of VolgaHydro LLC by RusHydro PJSC.</p> <p>Parties to the Contract: RusHydro PJSC VolgaHydro LLC</p>	<p>Approved by the Board of Directors (Protocol dated 01.06.2015 No. 217)</p>	<p>Subject of the Contract: Additional contributions to increase the statutory capital of VolgaHydro LLC</p> <p>Price: 1st installment: 11.06.2015 – 139,855,000 Rubles. 2nd installment: 30.11.2015 – 261,511,108 Rubles. Total: 401,366,108 Rubles</p> <p>Method of contribution: Cash.</p> <p>Term of contribution: the term indicated in the application made by RusHydro PJSC as a shareholder of VolgaHydro LLC, underlying the Resolution to increase the statutory capital of VolgaHydro LLC.</p>	Interested Parties Parties: M.A. Mantrov, Deputy Chairman, RusHydro PJSC, and B.B. Bogush, Board Member, RusHydro PJSC, who hold the positions of Board Members in VolgaHydro LLC. E.V. Dod did not participate in voting.
53	<p>Additional Agreement to Non-Interest Loan Contract</p> <p>Parties to the Contract: Borrower: Ust-Srednekanskaya HPP JSC Lender: RusHydro PJSC</p>	<p>Approved by the Board of Directors (Protocol dated 05.05.2015 No. 215)</p>	<p>Subject of the Additional Agreement: Increase of the loan granted under a previously made Loan Contract.</p> <p>Contract price including the Additional Agreement: 706,463,230.44 Rubles</p>	Interested Party: V.A. Tokarev, Deputy Chairman, RusHydro PJSC, holding the positions of Director General of HydroOGK MC JSC, the management company of Ust-Srednekanskaya HPP JSC. E.V. Dod did not participate in voting.
54	<p>Donation Contract</p> <p>Parties to the Contract: Donor: RusHydro PJSC Recipient: All-Russian Union of Public Associa-</p>	<p>Approved by the Board of Directors (Protocol dated 11.12.2015 No. 228)</p>	<p>Subject of the Contract: Donation from the Donor to the Recipient in the form of a voluntary contribution to the preparation and execution of relevant events and financing the the Recipient statutory activities.</p> <p>Contract Price: 15,000,000 Rubles</p>	Interested Party: Yu.P. Trutnev, Board Member, RusHydro PJSC, who holds the position of Co-Chair in the All-Russian Union of Public Associations "Russian Union of Martial Arts", the Recipient in the transac-



	tions "Russian Union of Martial Arts"			tion. E.V. Dod and Yu.P. Trutnev did not take part in voting
55	Additional Agreement No. 7 to the Trust Management Contract Parties to the Contract: Trustor: RusHydro PJSC Trust Manager: RAO Energy Systems of the East PJSC	Approved by the Board of Directors (Protocol dated 05.12.2013 No. 191)	Subject of the Additional Agreement: The Trustor shall additionally transfer to the Trust Manager the shares it owns (with respect to the rights associated with the shares, except the rights to dividends) in the equity of CHP in Sovetskaya Gavan JSC. <u>Agreement price (including the Additional Agreements):</u> The Trust Manager remuneration for the trust management of the shares in the joint-stock companies for the entire Contract term shall not exceed seventy-two thousand (72,000) Rubles (VAT included), and be not more than three thousand (3,000) Rubles per quarter (VAT included). Contract Term: three years. The Agreement shall be automatically extended for a similar period unless the Trust Manager notifies the Trustor on its refusal to extend the Agreement at least three months prior to its expiry date, or the Trustor similarly notifies the Trust Manager at least one month prior to the expiry date.	Interested Party - E.V. Dod, Board Member, RusHydro PJSC, holding the position of the Board Member in RAO Energy Systems of the East PJSC. E.V. Dod did not participate in voting.

### 3. Information Concerning All Forms of the Company's Participation in Commercial Entities Including its Objectives, Form and Financial Involvement, Basic Data on the Entities (Main Statutory Activities, Earnings, Profit), and Efficiency Indicators, in Particular, the Amount of Dividends Received for the Owned Shares in the Reported Period:

Company Name	Objectives of the Involvement	Form of the Involvement	Financial Indicators		Earnings, thou. RUB.	Net Profit, thou. RUB	Dividends, Received by RusHydro PJSC (in 2015), thou. RUB	Main Activities
			Book Value of the Contribution, RUB	RusHydro PJSC' share of the Statutory Capital, %				
Information concerning the companies, in which RusHydro PJSC owns less than 2%								
Rumyantsevo noPark JSC	Tech- Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	10.00	0.000005	18,142	119,477	-	Construction and installation works
Irkutskenergo PJSC	Strategic and financial investment	Participation in the company's statutory capital	4,297,368.00	0.09	-	-	1,981,516.04	Power generation
Energy Index - HydroOGK LLC	Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	10,000,000.00	0.11	24,592	1,438,697	-	Investment
FEEC PJSC	Strategic and financial investment	Participation in the company's statutory capital	178,714,322.00	1.04	70,430,504	(1,086,335)	-	Trade in electric power (capacity)
Krasnoyarsk HPP PJSC	Strategic and financial investment	Participation in the company's statutory capital	457,681.00	0.12	-	-	-	Power generation
Inter RAO PJSC	Strategic and financial investment	Participation in the company's statutory capital	5,701,572,102.90	1.94	-	-	2,109,714.24	A diversified holding group including power generation and trade operations in the domestic and foreign market
Bank of Cyprus Public Company Ltd*	The shares were acquired during the liquidation of RusSUNHydro Limited	Participation in the company's statutory capital	-	0.0037	-	-	-	Banking operations
Information concerning the companies, in which RusHydro PJSC owns from 2% to 20%								

Boguchanskaya OJSC	HPP	Support of the Company's main line of business	Participation in the company's statutory capital	163,578,869.00	2.89	14,653,651	4,678,268	-	Power generation
Information concerning the Zharki OJSC		companies, in which RusHydro PJSC owns from 20% to 50%	Participation in the company's statutory capital	6,095,900.00	25%+1 share	-	-	-	Tourist and recreation services
Yakutskenergo PJSC		Support of the Company's main line of business	Participation in the company's statutory capital	2,769,811,893.00	29.8	27,113,485	65,084	-	Energy generation, transmission and distribution
SEC OJSC		Strategic and financial investment	Participation in the company's statutory capital	3,507,568,000.00	28.09	2,424	17,370	-	Power generation
IPGC OJSC		Strategic and financial investment	Participation in the company's statutory capital	8,861,928,328.00	42.75	16,995,373	(1,112,650)	-	Power transmission
Verkhne-Mutnovskaya GeoPP OP JSC		Support of the Company's main line of business	Participation in the company's statutory capital	133,364,156.00	48.04	37,432	33	-	Power generation
Boguchanskaya Construction Customer CJSC	HPP Project Company	Support of the Company's main line of business	Participation in the company's statutory capital	4,900.00	49	47,272	51	-	Construction of Boguchanskaya HPP
Boguchansky Aluminium Smelter Lead Contractor CJSC		Development of a new line of business	Participation in the company's statutory capital	4,900.00	49	598,372	101	-	Construction of Boguchansky Aluminium Smelter
Verkhne-Narynskie HPPs CJSC		Support of the Company's main line of business	Participation in the company's statutory capital	2500,000 Som	50	72 (thou. Som)	521,417 (thou. Som)	-	Construction of Verkhne-Narynsky HPP Cascade
VolgaHydro LLC		Development of a new line of business	Participation in the company's statutory capital	449 814 356,00	40%	-	3,996	-	Manufacture of hydro equipment
Information concerning the GVC Energetiki JSC		daughter companies, in which RusHydro PJSC owns from 50% + 1 share to 100% of their statutory capital	Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	325 580	100	60,321 (767)	-	Design and development in IT
Ust-Srednekanskaya HPP JSC		Support of the Company's main line of business	Participation in the company's statutory capital	18,809,586,927.00	67.82	429,790	18,008	-	Construction of Ust-Srednekanskaya HPP
Boguchanskaya Construction Lead Contractor JSC	HPP Project Company	Support of the Company's main line of business	Participation in the company's statutory capital	5,100.00	51	182,914	386	298,657.62	Construction of Boguchanskaya HPP

Boguchansky Aluminium Smelter Customer Company JSC	Development of a new line of business	Participation in the company's statutory capital	5,100.00	51	91,489	(97)	-	Construction of Boguchansky Aluminium Smelter
ChirkeiHPPStroi JSC	Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	249,690,071.50	75.00	2,722,765	19,628	-	Construction works
RAO Energy Systems of the East PJSC	Support of the Company's main line of business	Participation in the company's statutory capital	19,171,124,235.50	84.39	1,963,354	(2,242,044)	-	Management of holding companies
KamGEK PJSC	Support of the Company's main line of business	Participation in the company's statutory capital	1,187,917,534.00	96.58	280,005	694	270,433.89	Power generation
Geotherm JSC	Support of the Company's main line of business	Participation in the company's statutory capital	984,097,918	99.65	957,651	1,804,597	-	Power generation
Zaramagskie HPP JSC	Support of the Company's main line of business	Participation in the company's statutory capital	17,933,142,000.00	99.75	268,473	79,693	-	Construction of Zaramagskie HPPs, power generation
Kolymaenergo PJSC	Support of the Company's main line of business	Participation in the company's statutory capital	12,063,052,613.00	98.76	2,057,856	16,804	-	Power generation
Karachaevo-Cherkesskaya Hydro Generating Company JSC	Support of the Company's main line of business	Participation in the company's statutory capital	6,582,581.00	100	-	(44,430)	-	Construction works
HydroOGK Aluminium Company Limited**	Financial investment	Participation in the company's statutory capital	34,200.00 Euro	100	-	3,842	-	Holding Company
HydroOGK Power Company Limited**	Financial investment	Participation in the company's statutory capital	33,317,311.68 Euro	100	-	(1,250)	-	Holding Company
Siberia HydroEngineering JSC	Support of the Company's main line of business	Participation in the company's statutory capital	2,291,979,300.00	100	10,232	5,278	-	Design and survey
B.E. Vedeneev VNIIG JSC	Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	8,160,200.00	100	945,689	54,174	61,152,703.14	R&D, design and engineering services in hydroenergy
HydroInvest JSC	Support of the Company's main line of business	Participation in the company's statutory capital	9,550,150,000.00	100	354,613	2,698,531	-	Operations with securities

Leningradskaya JSC	GAES	Support of the Company's main line of business	Participation in the company's statutory capital	5,763,565,938.00	100	-	19,041	-	Redesign of the pilot Northern PES, construction of Leningrad GAES, power generation
NIIES JSC		Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	649,970,985.00	100	774,204	(129,043)	118,421,000.00	R&D, design and engineering services in hydroenergy
HydroOGK MC JSC		Support of the Company's main line of business	Participation in the company's statutory capital	150,000.00	100	444,743	32,269	50,194,000.00	Management company
ESCO UES JSC		Support of the Company's main line of business	Participation in the company's statutory capital	15,000,000.00	100	3,335,787	(245,341)	-	Construction works
Nizhne-Bureiskaya JSC	HPP	Support of the Company's main line of business	Participation in the company's statutory capital	14 610 989 509.00	100	106,193	14,341	-	Construction of Nizhne-Bureiskaya HPP
Nizhne-Zeiskaya JSC	HPP	Support of the Company's main line of business	Participation in the company's statutory capital	349,715,990.00	100	-	2,238	-	Construction of Nizhne-Zeiskaya HPP
Zagorskaya JSC	GAES 2	Support of the Company's main line of business	Participation in the company's statutory capital	53 681 508 646.00	100	30,868	1,436,551	-	Construction of Zagorskaya GAES 2
TC RusHydro JSC		Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	18,057,693.00	100	1,795,245	150,720	50,000,000.00	Transportation services
Renewable Energy Engineering Center JSC		Support of the Company's main line of business	Participation in the company's statutory capital	694,072,210.00	100	-	(31,353)	-	Construction of a pilot binary facility
Yuzhno-Yakutsky JSC	HEC	Support of the Company's main line of business	Participation in the company's statutory capital	3,255,023,323.00	100	-	(3,330)	-	Construction of Yuzhno-Yakutsky Hydroenergy Combine
Sulaksky JSC	HydroCascade	Support of the Company's main line of business	Participation in the company's statutory capital	8,961,493,852.00	100	95,334	(114,714)	-	Construction of Sulaksky Hydro Energy Cascade
CSO CSGES JSC		Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	482,153,947.00	100	106,573	(3,873)	-	Training and production of information and innovation center
Hydroremont VKK JSC		Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	535,040.00	100	8,756,777	245,521	338,830,000.01	Repair works at energy facilities

	line of business									
ESC RusHydro JSC	Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	11,981,227,367.00	100% share	-1	4,542,023	252,820	-		Wholesale trade in electric energy and heating
Lenhydroproject JSC	Support of the Company's main line of business	Participation in the company's statutory capital	174,451.00	100		1,960,754	113,862	172,472,000.00		R&D, design and engineering services in energy
Far East WPS JSC	Support of the Company's main line of business	Participation in the company's statutory capital	224 088 473.00	100	-		(1,014)	-		Construction of WPS
Malaya Dmitrovka JSC	Support of the Company's main line of business	Participation in the company's statutory capital	4,819,782,000.00	100		696,559	155,070	-		Property management
Altai Smaller HPPs JSC	Support of the Company's main line of business	Participation in the company's statutory capital	500,000.00	100	-		(11,408)	-		Construction of smaller HPPs in Altai
Dagestan SHPP JSC	Support of the Company's main line of business	Participation in the company's statutory capital	161,500,000.00	100	-		(1,853)	-		Construction of smaller HPPs in Dagestan
RusHydro International B.V.**	Support of the Company's main line of business	Participation in the company's statutory capital	5,800,000.00 Euro	100		16,095 thou. Euro	3,604 thou. Euro	-		Investment
RusHydro IT Service LLC	Auxiliary support services for the Company's main line of business	Participation in the company's statutory capital	500,000.00	100		406,205	(528)	-		IT-consultancy services
Verkhnebalkarskaya SHPP LLC	Support of the Company's main line of business	Participation in the company's statutory capital	581 256 768,00	100	-		(3,938)	-		Construction of Verkhnebalkarskaya small HPP
Fiagdonskaya SHPP LLC	Support of the Company's main line of business	Participation in the company's statutory capital	63,400,000.00	100	-		(617)	-		Construction of Fiagdonskaya small HPP
Stavropol and KChR SHPP LLC	Support of the Company's main line of business	Participation in the company's statutory capital	47 694 908.51	100	-		19,138	-		Construction of smaller HPPs in Karachaevo-Cherkessia
Pavlodolskaya HPP JSC	Support of the Company's main line of business	Participation in the company's statutory capital	3,809,000.00	100	-		(1,312)	-		Consultancy services
Blagoveshchenskaya CHP JSC	Support of the Company's main line of business	Participation in the company's statutory capital	6,301,500,000.00	100		9,757	765,855	-		CHP construction

	line of business	statutory capital							
Sakhalin TPP 2 JSC	Support of the Company's main line of business	Participation in the company's statutory capital	12 995.00	100	-	464,352	-		TPP construction
Yakutskaya TPP 2 JSC	Support of the Company's main line of business	Participation in the company's statutory capital	16 861 500000.00	100	-	877,860	-		TPP construction
CHP in Sovetskaya Gavan JSC	Support of the Company's main line of business	Participation in the company's statutory capital	7 345 ,260,000.00	100	-	124,911	-		CHP construction
BoAZ Holding Company JSC	Strategic and financial investment	Participation in the company's statutory capital	500,000.00	100	-	(962)	-		Investment
BoGES Holding Company JSC	Strategic and financial investment	Participation in the company's statutory capital	500,000.00	100	-	(1,015)	-		Investment

\* No information concerning the earnings and net profit of Irkutskenergo OJSC, Krasnoyarskaya HPP PJSC, Inter RAO PJSC, Bank of Cyprus Public Company Ltd., Zharki OJSC, as they are not affiliated companies and/or joint ventures of the RusHydro Group, and are not a part thereof. The Company has no access to the account of the said companies.

\*\* IFRS data

4. Information on any Forms of the Company's Interests in Non-Commercial Entities, Including the Entity Name, Date of Joining, Subscription Fee in RUB/ other currency, Area of the Entity's Activities.

Summary Information on RusHydro PJSC' Non-Commercial Partnerships					
No.	Name of the Entity	Area of Activities	Year of Joining and Relevant Resolution Details	Person in Charge	Yearly Membership Subscription
<b>Non-Residents</b>					
1	International Hydro-power Association	Support and dissemination of hydro power industry knowledge under the auspices of UNESCO International Hydrological Program	2006 Extract from the RAO UES Board Resolution Protocol No. 47 dated 21.12.2006	B.B. Bogush	12,000 GBP
2	Global Sustainable Energy Partnership (GSEP).	Elaboration of joint policy platforms and implementation of relevant initiatives, both on domestic markets and internationally	2008 Extract from the RusHydro OJSC Board Resolution Protocol No. 59 dated 18.07.2008	D.I. Rizh-nashvili	150,000 CAD
<b>TOTAL</b>				<b>GBP</b>	<b>12,000 GBP</b>
				<b>CAD</b>	<b>150,000 CAD</b>
<b>Russian Residents</b>					
3	Market Council NP	Arrangement of electric power trade in the Wholesale market	2008 Extract from the HydroOGK OJSC Board Resolution Protocol No. 48 dated 03.03.2008	A.V. Kaza-chenkov	4,558,000.0
4	Association of land and property owners and investors.	The partnership serves a discussion panel used by RusHydro OJSC to promote its interests and dialogue with the government authorities concerning improvement of the legal environment in the area of land and property ownership.	2012 Extract from the RusHydro OJSC Board Resolution Protocol No. 168 dated 30.33.2012	A.V. Kaza-chenkov	300,000.0
5	Hydro Energy of Russia NP	Improvement of efficiency of hydro power facilities and hydro resources	2008 Protocol of Supervisory Board meeting of Hydro Energy of Russia NP No. 4 dated 18.02.2008	B.B. Bogush	20,540,000.0
6	All-Russian Association of Employers "Russian Union of Industrialists and Entrepreneurs" (AAE RUIE)	Protection of the members' social and economic interests and legal rights necessary for their companies' and economy's sustainable development	2006 Extract from the HydroOGK OJSC Board Resolution Protocol No. 4 dated 18.02.2008	S.P. Tsoi	400,000.0
7	Council of Energy Industry Veterans NP	Promotion of the members' activities in comprehensive support of the energy industry veterans	2008 Extract from the HydroOGK OJSC Board Resolution Protocol No. 50 dated 04.04.2008	S.P. Tsoi	15,000,000.0
8	Russian-Chinese Business Council NP	The Russian-Chinese Business Council was established to promote joint business projects of Russia and China, protection of mutual investment, settlement of corporate disputes and facilitation of	2015 Extract from the RusHydro OJSC Board Resolution Protocol No. 13	S.P. Tsoi	750,000.0



		cooperation between the Russian and Chinese business communities.	dated 26.07.2015		
9	Directors' Research and Innovations Club NP	The Club is a communications forum for the professionals in research, development and implementation of innovations	2013 Extract from the RusHydro OJSC Board Resolution Protocol No. 183 dated 19.06.2013	D.I. Rizhi-nashvili	330,000.0
10	Energostroiallians NP	Promotion of favorable business conditions for companies operating in construction, refurbishment and rehabilitation of permanent facilities and protection of the power industry against unreliable foreign and domestic entities	2010 Extract from the RusHydro OJSC Board Resolution Protocol No. 102 dated 29.06.2008	Yu. V. Gorbenko	444,000.0
11	Research & Technology Council of UES NP	Support to the Partnership members in the efforts to formulate the Research & Technology and Economic Policy of the Unified Energy System of Russia	2008 Extract from the HydroOGK OJSC Board Resolution Protocol No. 50 dated 04.04.2008	Yu. V. Gorbenko	1,500,000.0
12	RAEL NP	Support of business cooperation in the power industry through the protection of employers' interests in the social, labor, economic and other areas, their relationships with trade unions, government authorities, municipal bodies, and through development and implementation of an agreed socially responsible policy of the members.	2006 Extract from the HydroOGK OJSC Board Resolution Protocol No. 18 dated 10.04.2008	B. N. Petersburg	2,450,000.0
13	UES CONS NP	Promotion of professional knowledge and improvement of entrepreneurship and professional qualifications of the power industry specialists and specialists in supporting industries (training); development and improvement of professional training system in the energy industry	2008 Extract from the HydroOGK OJSC Board Resolution Protocol No. 47 dated 18.02.2008	B. N. Petersburg	2,500,000.0
<b>TOTAL, RUB</b>					<b>48,567,000.0</b>

## 5. Information Concerning Shares / Stakes Purchase Contracts made by RusHydro PJSC in 2015, Indicating the Parties to the Contracts, their Subject, Price and other Terms.

1) Shares Purchase Contract dated 25.03.2015

Parties to the Contract:

Issuer: Sulaksky HPP Cascade JSC

Buyer: RusHydro PJSC

Subject of the Contract:

Issuer undertakes to transfer to the Buyer's possession the following shares placed through closed subscription approved

by the Resolution on the issue of additional shares registered by the Bank of Russia 05.02.2015 (further Shares).

Issuer's name	Joint Stock Company « Sulaksky Hydro Power Plant Cascade » (Sulaksky HPP Cascade JSC)
Number of shares	1 393 100 000 (One billion three hundred ninety-three million one hundred thousand)
Kind, category (type) of securities	Ordinary registered uncertified shares
The nominal value of 1 share	1 (One) ruble
The placement price of 1 share	1 (One) ruble
Registration number of the additional issue	1-01-35005-E-003D

The Buyer undertakes to purchase, and pay for Shares not later than 4 (four) business days prior to the date of the placement of Shares, determined in accordance with the Resolution on the additional issue of Shares

2) Shares Purchase Contract dated 09.07.2015

Parties to the Contract:

Issuer: Zagorskaya GAES 2 JSC

Buyer: RusHydro PJSC

Subject of the Contract:

Issuer undertakes to transfer to Buyer' possession the following shares placed through the closed subscription and issued in line with the Issuer' Resolution on additional issue of shares, registered by the Bank of Russia 25.06.2015 (further Shares) .

Issuer's name	Joint Stock Company « Zagorskaya GAES 2 »
Number of shares	9 000 000 000 (Nine billion)
Kind, category (type) of securities	Ordinary registered uncertified shares
The nominal value of 1 share	1 (One) ruble
The placement price of 1 share	1 (One) ruble
Registration number of the additional issue	1-01-11397-A-003D

Buyer undertakes to purchase and pay for the Shares at least four (4) business days prior to the placement completion date set by the Resolution on additional issue of .

3) Shares Purchase Contract dated 08.07.2015

Parties to the Contract:

Buyer: RusHydro PJSC

Seller: FSK UES PJSC

Subject of the Contract:

The Seller undertakes to transfer in the possession of the Buyer Shares, referred to in this paragraph(further Shares), and the Buyer undertakes to accept the same and pay for them on the terms and conditions set forth herein.

Issuer	Open Joint Stock Company "Main Computing Center of Power" (abbreviated name - OJSC "MCC Energy") BIN 1027739064858 INN 7705020880, KPP 770601001
Kind, category (type) of securities	Ordinary registered uncertified shares
State registration number of the Shares	73-1-5123
Number of shares	16 280 (Sixteen thousand two hundred and eighty)
The nominal value of 1 share	10 (Ten) rubles
The proportion of shares in the authorized capital of the Issuer	50,0031%
Registry of the Issuer's Shareholders	Joint Stock Company "Registrar ROST" (JSC "ROST Registrar"), Ul. Strominka, d. 18, Bldg. 13, BIN: 1027739216757.

The price of the Shares purchased under the Contract makes 568,000, (000five hundred and sixty-eight million) rubles..

4) Shares Purchase Contract dated 30.06.2015

Parties to the Contract:

Seller: Emil Stepanovich Perumov

Buyer: RusHydro PJSC

Subject of the Contract:

The Seller undertakes to transfer in the possession of the Buyer Shares referred to in this paragraph (further Shares), and the Buyer undertakes to accept the same and pay for them on the terms and conditions established by the Contract.

Issuer	Open Joint Stock Company "Main Computing Center of Power" (abbreviated name - OJSC "MCC Energy") BIN 1027739064858 INN 7705020880, KPP 770601001
Kind, category (type) of securities	Ordinary registered uncertified shares
State registration number of the Shares	73-1-5123
Number of shares	2 429 (two thousand four hundred twenty-nine)
The nominal value of 1 share	10 (Ten) rubles
The proportion of shares in the authorized capital of the Issuer	7,461%
Registry of the Issuer's Shareholders	Joint Stock Company "Registrar ROST" (JSC "ROST Registrar"), Ul. Strominka, d. 18, Bldg. 13, BIN: 1027739216757.

Price:

The price of the shares purchased under the Contract shall make 84,709, (723eighty-four million seven hundred and nine thousand seven hundred and twenty-three) rubles 28 kopecks.

5) Shares Purchase Contract dated 27.07.2015

Parties to the Contract:

Issuer: Nizhne-Bureiskaya HPP JSC

Buyer: RusHydro PJSC

Subject of the Contract:

The Issuer undertakes to transfer to the Buyer's possession the following shares placed through a closed subscription and issued in compliance with the Resolution on the issue of additional shares registered by the Bank of Russia 09.07.2015 within the term set forth by the said Resolution (further Shares).

Issuer's name	Joint Stock Company « Nizhne-Bureiskaya HPP »
Number of shares	17 111 500 000 (Seventeen billion one hundred and eleven million, five hundred thousand)
Kind, category (type) of securities	Ordinary registered uncertified shares
The nominal value of 1 share	1 (One) ruble
The placement price of 1 share	1 (One) ruble
Registration number of the additional issue	1-01-32629-F-003D

Buyer undertakes to purchase and pay for the Shares at least four (4) business days prior to the placement completion date set by the Resolution on additional issue.

6) Shares Purchase Contract dated 17.08.2015

Parties to the Contract:

Seller: RusHydro PJSC

Buyer: RusHydro ESC JSC

Subject of the Contract:

The Seller undertakes to transfer to the Buyer's possession shares referred to in this paragraph (further Shares, and the Buyer undertakes to purchase the shares and pay for them in line with the procedures and terms set forth in the Contract.

Issuer	Joint-stock company "Siberian Energy Company" (abbreviated name - JSC "Sibenergosbyt"), BIN 1092468017751, INN 2460215591, KPP 246601001
Kind, category (type) of securities	Ordinary registered uncertified shares
State registration number of the Shares	1-01-41113-F
Number of shares	35 097 700 (Thirty-five million ninety-seven thousand seven hundred)
The nominal value of 1 share	1 (One) ruble
The proportion of shares in the authorized capital of the Issuer	100 %
Registry of the Issuer's Shareholders	Limited Liability Company "RN-Register" (LLC "RN-Register"), 109028, Moscow, Podkopaevsky Pereulok 2/6, page 3-4, BIN:... 1027700172818

Price:

The price of the Shares transferred under the Agreement is

Ten million five hundred thousand (10,500,000) rubles 00 kopecks.

## 6. Information on the General Meetings of Shareholders

Date, Protocol Number	Item Number and Title
26.06.2015, No. 13	<ol style="list-style-type: none"> <li>1. Approval of the Company's Annual Report for 2014</li> <li>2. Approval of annual accounting reports including the Company's 2014 Financial Statements.</li> <li>3. Approval of the Company's 2014 profit distribution</li> <li>4. Size of dividends for 2014, term and method of dividend payments, determination of the date, for which the list of persons entitled to dividends shall be made.</li> <li>5. Remuneration of the Directors (Board Members) who are not government officials in compliance with the Company's internal regulations.</li> <li>6. Election of the members of the Company's Board of Directors</li> <li>7. Election of the Company's Auditing Commission (Auditor)</li> <li>8. Appointment of the Company's Auditor</li> <li>9. Approval of the new version of the Company's Statute</li> <li>10. Approval of the new version of Regulations for convening and procedures of the Company's General Meeting of Shareholders.</li> <li>11. Approval of the new version of Regulations for convening and procedures of the Company's Board of Directors.</li> <li>12. Approval of the new version of the Company's Auditing Commission Regulations.</li> <li>13. Approval of the new version of the Company's Management Board Regulations.</li> <li>14. Approval of the new version of Regulations for remuneration of, and compensations to, the Members of the Company's Board of Directors.</li> <li>15. Approval of the new version of Regulations for remuneration of, and compensations to, the Members of the Company's Auditing Commission.</li> <li>16. RusHydro PJSC' participation in RKDS NP.</li> <li>17. Approval of Interested Party transactions</li> </ol>
25.12.2015, No.14	<ol style="list-style-type: none"> <li>1. Determination of the quantity, book value, and category (type) of the Company's authorized shares and rights associated therewith.</li> <li>2. Amendments to the Company Statute</li> <li>3. Increase of the Company's Statutory Capital.</li> <li>4. Approval of the Shares Purchase Contract between RusHydro PJSC and VTB Bank (PJSC), which is an Interested-Party Transaction.</li> <li>5. Approval of the Forward Settlement Agreement between RusHydro PJSC and VTB Bank (PJSC), which is an Interested-Party Transaction.</li> <li>6. Approval of Guarantee Agreements made with the Government of the Russian Federation under the State Guarantee Program of the Russian Federation, which are Interested-Party Linked Transactions.</li> <li>7. Approval of Guarantee Agreements made under the URAO Energy Systems of the East PJSC bonded loan, which are Interested-Party Linked Transactions.</li> </ol>

## 7. Information on the Meetings of the Board of Directors

Date, Protocol Number	Item Number and Title
02.03.2015, No. 210	<ol style="list-style-type: none"> <li>1. Implementation of RusHydro PJSC' Development Priorities in 2014</li> <li>2. Approval of the report on achievement of the Company's Key Performance Indicators in Quarter 4 of 2014 and in 2014 in general.</li> <li>3. Approval of the Report on implementation of the 2014 Action Plan concerning the Register of RusHydro PJSC' Non-Core Assets.</li> <li>4. Approval of the Register of RusHydro PJSC' Non-Core Assets for 2015.</li> <li>5. Approval of the Action Plan (Road Map) for implementation of provisions of the RusHydro PJSC' Code of Corporate Governance.</li> <li>6. Approval of transactions made by the Company:</li> <li>7. Placement of corporate bonds:</li> <li>8. Approval of the Report on implementation of the Company's charity and sponsorship activities for 2014.</li> <li>9. Approval of the Company's Program of charity and sponsorship activities for 2015.</li> </ol>
17.03.2015, No. 211	<ol style="list-style-type: none"> <li>1. Approval of the Report on insurance of RusHydro PJSC in 2014.</li> <li>2. Formulation of RusHydro PJSC' (RusHydro PJSC representatives') positions concerning the items on the agenda of executive bodies of the Company's subsidiaries and affiliates:  Formulation of RusHydro PJSC' (RusHydro PJSC representatives') positions concerning the items on the agenda of executive bodies of RusHydro TC OJSC: Reorganization of RusHydro TC OJSC.</li> <li>3. Establishment of the Management Board of RusHydro TC OJSC</li> </ol>
03.04.2015, No. 212	<ol style="list-style-type: none"> <li>1. Company's priorities:</li> <li>2. Approval of the Report on implementation of the schedule for commissioning of facilities included in the investment program, and of the Report on technical and price audit of the investment projects, including the analysis of audit summaries and conclusions from the public and expert review of the 2014 results.</li> <li>3. Report on implementation of the Comprehensive Infrastructure Development Program for Cheremushki settlement for 2010 - 2014 in 2014.</li> <li>4. Amendments to the Long-Term Development Program of RusHydro Group.</li> </ol>
09.04.2015, No. 213	<ol style="list-style-type: none"> <li>1. Proposals of the Company's Shareholders concerning candidates for the management and supervision bodies of RusHydro OJSC.</li> <li>2. Proposals of the Company's Shareholders concerning the items to be included in the agenda of the Annual General Meeting of Shareholders of RusHydro OJSC.</li> </ol>
30.04.2015, No. 214	<ol style="list-style-type: none"> <li>1. The Company's Business Plan for 2015 - 2019</li> </ol>
05.05.2015, No. 215	<ol style="list-style-type: none"> <li>1. Reduction of operational costs by at least 2 -3% annually.</li> <li>2. Approval of the list of investment projects for public technical and price audit in 2015 - 2016.</li> <li>3. Concurrent positions of the Board Members in the executive bodies of other entities.</li> <li>4. Approval of transactions made by the Company:</li> <li>5. Annual analysis of the results of establishment of RusHydro Group Unified Treasury.</li> <li>6. The Company's participation in other companies and termination of participation.</li> <li>7. Formulation of RusHydro PJSC' (RusHydro PJSC representatives') positions concerning the items on the agenda of executive bodies of the Company's subsidiaries and affiliates:</li> <li>8. Procurement policy of RusHydro OJSC</li> </ol>
14.05.2015, No. 216	<ol style="list-style-type: none"> <li>1. Approval of the agenda for the Annual General Meeting of Shareholders.</li> <li>2. Preliminary approval of the Company's Annual Report for 2014</li> <li>3. Approval of annual accounting reports including the Company's 2014 Financial Statements.</li> <li>4. Recommendations to the Annual General Meeting of Shareholders: Approval of the Company's 2014 profit distribution</li> <li>5. Recommendations to the Annual General Meeting of Shareholders: Size of dividends for 2014, term and method of dividend payments, determination of the date, for which the list of persons entitled to dividends shall be made.</li> <li>6. Recommendations to the Annual General Meeting of Shareholders concerning the appointment of the Company's Auditor.</li> <li>7. Determination of the size of remuneration of the Company's Auditor.</li> </ol>

	<p>8. Recommendations to the Annual General Meeting of Shareholders: Remuneration of the Directors (Board Members) who are not government officials in compliance with the Company's internal regulations.</p> <p>9. Recommendations to the Annual General Meeting of Shareholders: Approval of the new version of the Company's Statute</p> <p>10. Recommendations to the Annual General Meeting of Shareholders: Approval of the Company's internal regulations concerning its management and supervision bodies:</p> <p>11. Recommendations to the Annual General Meeting of Shareholders: Participation of RusHydro OJSC in financial and industrial groups, associations and other unions of commercial entities: RusHydro PJSC' participation in RKDS NP.</p> <p>12. Recommendations to the Annual General Meeting of Shareholders: Approval of Interested Party transactions Approval of the Directors', Officials' and Companies' liability and financial risks insurance contract made between RusHydro OJSC and SOGAZ OJSC, which is an Interested-Party Transaction.</p> <p>13. Issues concerning the convention of, preparation for, and carrying out of the Annual General Meeting of Shareholders.</p>
01.06.2015, No. 217	<p>1. Implementation of the Company's Business Plan for 2014 (including the reports on implementation of the Investment Program (including the Generation Facilities Comprehensive Refurbishment Program) and Annual Comprehensive Procurement Program 2014).</p> <p>2. Approval of the Report on implementation of RusHydro OJSC Innovative Development Program for 2011 - 2015 and until 2021 in 2014.</p> <p>3. Approval of transactions made by the Company:</p> <p>4. Organizational structure of RusHydro OJSC.</p> <p>5. RusHydro OJSC Key Performance Indicators in the 1st Quarter of 2015.</p>
22.06.2015, No. 218	<p>1. Company's priorities:</p> <p>2. Amendments to the Annual Comprehensive Procurement Program for 2015.</p> <p>3. Preliminary results of implementation of the Company's Business Plan for 2015 (including the reports on implementation of the Investment Program (including the Generation Facilities Comprehensive Refurbishment Program) and Annual Comprehensive Procurement Program 2015) in consideration of actual results for the 1st Quarter of 2015..</p> <p>4. Consideration of the Company's Management Board Report for 2014.</p> <p>5. Approval of transactions made by the Company:</p> <p>6. Formulation of RusHydro PJSC' (RusHydro PJSC representatives') positions concerning the items on the agenda of executive bodies of the Company's subsidiaries and affiliates:</p> <p>7. Consideration of the Reports of Chairmen of the Committees under the Board of Directors on the results for 2014 financial year.</p> <p>8. Approval of the new version of RusHydro OJSC Corporate Governance Code.</p> <p>9. Implementation of Resolutions of the Board of Directors.</p> <p>10. Improvement of the Company's procurement efficiency.</p>
30.06.2015, No. 219	<p>1. Election of the Chairman of the Board of Directors.</p> <p>2. The Company's participation in other companies and termination of participation.</p> <p>3. Approval of transactions made by the Company:</p> <p>4. Formulation of RusHydro OJSC' (RusHydro OJSC representatives') positions concerning the items on the agenda of executive bodies of the Company's subsidiaries and affiliates.</p>
20.07.2015, No. 220	<p>1. Election of the Deputy Chairman of the Board of Directors.</p> <p>2. Establishment of Committees under the Company's Board of Directors.</p> <p>3. Implementation of methodological guidelines concerning the development of internal regulations in the Company.</p>
14.09.2015, No. 221	<p>1. Establishment of Committees under the Company's Board of Directors.</p> <p>2. Approval of the Action Plan of RusHydro PJSC' Board of Directors for the 2nd half of 2015.</p> <p>3. Amendments to the Technical Policy of RusHydro PJSC.</p> <p>4. Approval of the RusHydro Group Corporate Social Responsibility and Sustainable Development Report 2014.</p> <p>5. Approval of internal documents of the Company.</p> <p>6. Approval of transactions made by the Company:</p> <p>7. Approval of the new version of the Company's Program of charity and sponsorship activities for 2015.</p>
17.09.2015, No. 222	<p>1. Establishment of management bodies of RusHydro PJSC.</p>
08.10.2015,	<p>1. Company's priorities:</p>

No. 223	<ol style="list-style-type: none"> <li>2. Formulation of the Company's (Company's representatives') positions concerning the items on the agenda of executive bodies of the Company's subsidiaries and affiliates.</li> <li>3. Election of Chairmen of Committees under the Board of Directors of RusHydro PJSC:</li> <li>4. Establishment of management bodies of the Company.</li> </ol>
23.10.2015, No. 224	<ol style="list-style-type: none"> <li>1. Approval of a transaction made by the Company:</li> </ol>
30.10.2015, No. 225	<ol style="list-style-type: none"> <li>1. Establishment of Committees under the Company's Board of Directors.</li> <li>2. Approval of internal documents of the Company.</li> <li>3. Company's priorities:</li> <li>4. Preliminary results of implementation of the Company's Business Plan for 2015 (including the reports on implementation of the Investment Program (including the Generation Facilities Comprehensive Refurbishment Program) and Annual Comprehensive Procurement Program for the 1st Half 2015) in consideration of actual results for the 1st Half of 2015..</li> </ol>
11.11.2015, No. 226	<ol style="list-style-type: none"> <li>1. Issues concerning the convention of, preparation for, and carrying out of the Annual General Meeting of Shareholders.</li> <li>2. Approval of the agenda for the Annual General Meeting of Shareholders.</li> <li>3. Approval of Interested Party Contract prices.</li> <li>4. Recommendations to the Annual General Meeting of Shareholders:</li> </ol>
16.11.2015, No. 227	<ol style="list-style-type: none"> <li>1. Optimization and improvement of efficiency of charity and sponsorship expenditures.</li> <li>2. RusHydro OJSC Key Performance Indicators in the 2nd Quarter of 2015.</li> <li>3. Formulation of RusHydro PJSC' (RusHydro PJSC representatives') positions concerning the items on the agenda of executive bodies of the Company's subsidiaries and affiliates:</li> <li>4. Approval of transactions made by the Company:</li> <li>5. Approval of the Report on implementation of the medium-term action plan of the Company's Innovative Development Program for the 1st half of 2015.</li> <li>6. Implementation of Resolutions of the Board of Directors.</li> <li>7. Approval of concurrent service of N.G. Shulginov, Chairman of the Board, Director General, in the management bodies of other companies.</li> <li>8. Change of address (location) of the Company's branch.</li> <li>9. The Company's participation in other companies and termination of participation.</li> <li>10. Approval of internal documents of the Company. Approval of the Internal Controls and Risk Management Policy of RusHydro PJSC.</li> </ol>
11.12.2015, No. 228	<ol style="list-style-type: none"> <li>1. Approval of internal documents of the Company.</li> <li>2. Approval of transactions made by the Company:</li> <li>3. Approval of the Company's Insurers for 2016.</li> <li>4. Approval of the Insurance Program of RusHydro PJSC for 2016.</li> <li>5. Preliminary results of implementation of the Company's Business Plan for 2015 (including the reports on implementation of the Investment Program (including the Generation Facilities Comprehensive Refurbishment Program) and Annual Comprehensive Procurement Program for 9 months of 2015) in consideration of actual results for 9 months of 2015..</li> <li>6. RusHydro OJSC Key Performance Indicators in the 3d Quarter of 2015.</li> <li>7. Termination of office of the RusHydro PJSC Board Members.</li> </ol>
25.12.2015, No. 229	<ol style="list-style-type: none"> <li>1. The Company's Business Plan for 2016 - 2020.</li> <li>2. Approval of the List of Key Performance indicators of RusHydro PJSC for 2016.</li> <li>3. Company's priorities: Status of priority projects in the Far East (Yakutskaya TPP 2 (1<sup>st</sup> stage), Blagoveshchenskaya CHP (2<sup>nd</sup> stage), Sovetskaya Gavan CHP, and Sakhalin TPP 2 (1<sup>st</sup> stage)).</li> <li>4. Establishment of Committees under the Company's Board of Directors. Election of the members of the Far East Energy Sector Development Committee under the Board of Directors of RusHydro PJSC.</li> <li>5. Approval of the Action Plan of RusHydro PJSC' Board of Directors for the 1st half of 2016.</li> </ol>
25.12.2015, No. 230	<ol style="list-style-type: none"> <li>1. Company's priorities: Changes in the BEMO Project funding scheme.</li> <li>2. Schedule of development of the RusHydro Group Development Strategy and implementation of the Group's Long-Term Development Program.</li> <li>3. Amendments to the Company's Business Plan for 2015 - 2019 concerning RusHydro PJSC Investment Program for 2015.</li> <li>4. Formulation of RusHydro PJSC' (RusHydro PJSC representatives') positions concerning the items on the agenda of executive bodies of the Company's subsidiaries and affiliates:</li> </ol>

Resolutions of the meetings could be found under the link:

<http://www.eng.rushydro.ru/governance/board/minutes/2015/>





## 8. Information on the Meetings of the Committees under the Board of Directors

### Strategy Committee

Date, Protocol Number	Item Number and Title
05.02.2015, No. 76	1. Recommendations to the Board of Directors concerning: Implementation of RusHydro PJSC' Development Priorities in 2014
20.03.2015, No. 77	1. Recommendations to the Board of Directors concerning: Company's priorities: Status of priority projects in the Far East (CHP in Sovetskaya Gavan, Yakutskaya TPP 2 (1 <sup>st</sup> stage), Sakhalin TPP 2 (1 <sup>st</sup> stage), and Blagoveshchenskaya CHP (2 <sup>nd</sup> stage)).
05.06.2015, No. 78	1. Recommendations to the Board of Directors concerning: Company's priorities: Status of priority projects in the Far East (CHP in Sovetskaya Gavan, Yakutskaya TPP 2 (1 <sup>st</sup> stage), Sakhalin TPP 2 (1 <sup>st</sup> stage), and Blagoveshchenskaya CHP (2 <sup>nd</sup> stage)). 2. Recommendations to the Board of Directors concerning: Report of the Chairman, Strategy Committee, on the results of activities in 2014-2015
21.09.2015, No/ 79	1. Recommendations to the Board of Directors concerning: Candidates for the position of the Chairman, Strategy Committee under the Board of Directors of RusHydro PJSC. 2. Approval of the Action Plan of the Strategy Committee for the 2nd half of 2015.

### Audit Committee

Date, Protocol Number	Item Number and Title
24.02.2015, No. 66	1. Report on compliance with the requirements of the Russian laws with respect to abuse of insider information and market manipulations and with RusHydro OJSC' Regulations on the insider information in the 4th Quarter of 2014. 2. Implementation of the 2014 Schedule of monitoring activities in RusHydro OJSC in the 4th Quarter of 2014. 3. Determination of procedures for the selection of the Company's Auditor for 2015 - 2017.
10.04.2015, No. 67	1. Appointment of the Audit Committee Secretary. 2. Consideration of the Report on implementation of the Action Plan of the Comprehensive Program of prevention of illegal activities of RusHydro OJSC employees for 2014. 3. Report on compliance with the requirements of the Russian laws with respect to abuse of insider information and market manipulations and with RusHydro OJSC' Regulations on the insider information in the 1st Quarter of 2015.
17.04.2015, No. 68	1. Draft Annual Report of the Company for 2014. 2. Recommendations to the Board of Directors concerning the 2014 annual accounting reports including the Company's Financial Statements. 3. Auditor's report on the Company's RAS accounts for 2014 4. Report of PwC Audit CJSC (the Company's Auditor) on the results of audit of the Company's accounts for 2014. 5. Recommendations to the Board of Directors concerning appointment of the Company's Auditor. 6. Recommendations to the Board of Directors concerning remuneration of the Company's Auditor in 2015.
18.05.2015, No. 69	1. Report of PwC Audit CJSC on the results of audit of the Group's consolidated IFRS financial accounts for the year ending on December 31,2014. 2. Implementation of the 2014 Schedule of monitoring activities in RusHydro OJSC in the 1st Quarter of 2015. 3. Approval of the Report on the Audit Committee's activities in 2014 - 2015. 4. Opinion of the Audit Committee on the results of the inspection audit of the Company in 2014.
18.08.2015, No. 71	1. Appointment of the Audit Committee Secretary. 2. Approval of the new version of the Audit Committee Regulations 3. Implementation of the 2014 Schedule of monitoring activities in RusHydro OJSC in the 2nd Quarter of 2015. 4. Report on compliance with the requirements of the Russian laws with respect to abuse of insider information and market manipulations and with RusHydro OJSC' Regulations on the insider information in the 2nd Quarter of 2015.
10.09.2015, No. 72	1. Action plan of PwC Audit CJSC (the Company's Auditor) concerning the audit of RusHydro Group in 2015. 2. Preliminary consideration of the new version of the Anti-Corruption Policy of RusHydro PJSC. 3. Preliminary consideration of the new version of the Conflict of Interests Management Policy of RusHydro PJSC.

30.09.2015, No. 73	<ol style="list-style-type: none"> <li>1. Report of PwC Audit CJSC (the Company's Auditor) on the preliminary results of audit of the Company's RAS accounts for the 1st half of 2015.</li> <li>2. Preliminary consideration of the new version of the Internal Controls and Risk Management Policy of RusHydro PJSC.</li> <li>3. Action Plan of the Audit Committee under the Board of Directors of RusHydro PJSC for 2015 - 2016.</li> <li>4. Preliminary consideration of the Terms of Reference for the audit of implementation of the Long-Term Development Program of RusHydro Group for 2015 - 2017.</li> </ol>
24.11.2015, No. 74	<ol style="list-style-type: none"> <li>1. Report of PwC Audit CJSC on the results of generalized audit of the Group's consolidated preliminary concise IFRS financial reports for the 6 months ending on June 30, 2015.</li> <li>2. Report on compliance with the requirements of the Russian laws with respect to abuse of insider information and market manipulations and with RusHydro OJSC' Regulations on the insider information in the 3d Quarter of 2015.</li> <li>3. Implementation of the 2014 Schedule of monitoring activities in RusHydro OJSC in the 3d Quarter of 2015.</li> <li>4. Recommendations to the Board of Directors of RusHydro PJSC concerning approval of the Internal Audit Policy of RusHydro PJSC.</li> </ol>
15.12.2015, No. 75	<ol style="list-style-type: none"> <li>1. Consideration of the action plans concerning elimination of deficiencies identified by inspections of the Russian Ministry of Energy</li> <li>2. Consideration of the preliminary report on completed actions aimed at elimination of deficiencies identified by the Audit Chamber of the Russian Federation.</li> <li>3. Appointment of the Head of Internal Audit of RusHydro PJSC.</li> <li>4. Performance of the Internal Controls and Risk Management Service in 2015</li> <li>5. Register of strategic risks of RusHydro PJSC for 2016.</li> </ol>
30.12.2015, No. 76	<ol style="list-style-type: none"> <li>1. Approval of the Monitoring Action Plan Schedule for the RusHydro PJSC Internal Audit Service for 2016</li> </ol>

#### HR and Remuneration Committee

Date, Protocol Number	Item Number and Title
19.02.2015, No. 41	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors of RusHydro OJSC concerning the Report on distant performance evaluation of the Board of Directors of RusHydro OJSC in 2014 and Action Plan for the improvement of the performance of the Board.</li> </ol>
06.03.2015, No. 42	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning the number of the Board Members.</li> <li>2. Recommendations to the Board of Directors concerning the election of a Board Member.</li> <li>3. Recommendations to the Board of Directors concerning concurrent service of the Board Members in the executive bodies of other companies.</li> </ol>
09.04.2015, No. 43	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning concurrent service of the Board Members in the executive bodies of other companies.</li> </ol>
29.05.2015, No. 44	<ol style="list-style-type: none"> <li>1. Approval of the Report on the activities of the HR and Remuneration Committee under the Company's Board of Directors in the period from 08.08.2014 through 31.05.2015.</li> </ol>
17.06.2015, No. 45	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning: Approval of the new version of RusHydro OJSC Corporate Governance Code.</li> </ol>
14.09.2015, No. 46	<ol style="list-style-type: none"> <li>1. Election of the HR and Remuneration Committee Secretary</li> <li>2. Election of the HR and Remuneration Committee Deputy Chairman</li> <li>3. Recommendations to the Board of Directors concerning the election of the Sole Executive Body of the Company.</li> </ol>
06.10.2015, No. 47	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning concurrent service of the Board Members in the executive bodies of other companies.</li> <li>2. Recommendations to the Board of Directors concerning the termination of a Board Member office.</li> </ol>

#### Investment Committee

Date, Protocol Number	Item Number and Title
20.02.2015, No. 61	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning: RusHydro OJSC Key Performance Indicators in the 4th Quarter of 2014 and in 2014.</li> <li>2. Recommendations to the Board of Directors concerning: Approval of the Marketable Bonds Program of RusHydro OJSC.</li> <li>3. Recommendations to the Board of Directors concerning: Approval of the Marketable Bonds Prospectus of RusHydro OJSC.</li> </ol>
20.04.2015,	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning: The Company's Business Plan for 2015 - 2019</li> </ol>

No. 62	
29.04.2015, No. 63	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning: Recommendations to the Annual General Meeting of Shareholders concerning: Payment (declaration) of the Company's dividends for 2014.</li> <li>2. Recommendations to the Board of Directors concerning: Recommendations to the Annual General Meeting of Shareholders concerning: Distribution of the Company's profits and losses for 2014 financial year.</li> </ol>
15.05.2015, No. 64	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning: Implementation of the Company's Business Plan for 2014 (including the reports on implementation of the Investment Program (including the Generation Facilities Comprehensive Refurbishment Program) and Annual Comprehensive Procurement Program 2014).</li> </ol>
22.05.2015, No. 65	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning: RusHydro OJSC Key Performance Indicators in the 1st Quarter of 2015.</li> </ol>
02.06.2015, No. 66	<ol style="list-style-type: none"> <li>1. Approval of the Report on the activities of the Investment Committee under the Company's Board of Directors in the period from 08.08.2014 through 31.05.2015.</li> </ol>
11.06.2015, No. 67	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning: Preliminary results of implementation of the Company's Business Plan for 2015 (including the reports on implementation of the Investment Program (including the Generation Facilities Comprehensive Refurbishment Program) and Annual Comprehensive Procurement Program 2015) in consideration of actual results for the 1st Quarter of 2015.</li> </ol>
28.09.2015, No. 68	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning the election of the Chairman of the Committee.</li> <li>2. Election of the Investment Committee Deputy Chairman</li> </ol>
21.10.2015, No. 69	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning: Approval of an Interested Party Transaction.</li> </ol>
27.10.2015, No. 70	<ol style="list-style-type: none"> <li>1. Election of the Investment Committee Deputy Chairman.</li> <li>2. Election of the Investment Committee Secretary.</li> <li>3. Approval of the Action Plan of the Investment Committee under the Board of Directors of RusHydro PJSC for 2015 - 2016.</li> <li>4. Recommendations to the Board of Directors concerning: Company's priorities: Status of priority projects in the Far East (Yakutskaya TPP 2 (1<sup>st</sup> stage), Blagoveshchenskaya CHP (2<sup>nd</sup> stage), CHP in Sovetskaya Gavan, and Sakhalin TPP 2 (1<sup>st</sup> stage)).</li> <li>5. Recommendations to the Board of Directors concerning: Preliminary results of implementation of the Company's Business Plan for 2015 (including the reports on implementation of the Investment Program (including the Generation Facilities Comprehensive Refurbishment Program) and Annual Comprehensive Procurement Program for the 1st Half 2015) in consideration of actual results for the 1st Half of 2015.</li> <li>6. Recommendations to the Board of Directors concerning: Optimization and improvement of efficiency of charity and sponsorship expenditures.</li> <li>7. Recommendations to the Board of Directors concerning: RusHydro OJSC Key Performance Indicators in the 2nd Quarter of 2015.</li> <li>8. Recommendations to the Board of Directors concerning: Formulation of RusHydro PJSC' (RusHydro PJSC representatives') positions concerning the items on the agenda of executive bodies of Yakutskaya TPP 2 JSC: Approval of Additional Agreement 2 to the Lead Contractor's Contract between Yakutskaya TPP 2 JSC and TEK Mosenergo JSC concerning the construction of Yakutskaya TPP 2 (1<sup>st</sup> stage) No. 01/ZRUH/13-121293 dated 24.02.2014, which is a material transaction.</li> <li>9. Recommendations to the Board of Directors concerning: Formulation of RusHydro PJSC' (RusHydro PJSC representatives') positions concerning the items on the agenda of the General Meeting of Shareholders of Stavropol and KChR SHPP LLC: Approval of Additional Agreement 4 to the Construction Contract No. 04/011/06/2014 dated 07.02.2014 for the construction and installation works at Zelenchuk small HPP, which is a material transaction.</li> <li>10. Recommendations to the Board of Directors concerning: Approval of transactions made by the Company: Approval of the Optical Fiber Lease Contract between RusHydro PJSC and FSK UES PJSC, which is an Interested-Party Transaction.</li> <li>11. Recommendations to the Board of Directors concerning: Approval of transactions made by the Company: A transaction involving gratuitous transfer of property.</li> <li>12. Recommendations to the Board of Directors concerning: Approval of transactions made by the Company: Approval of the Guarantee Agreement between RusHydro PJSC and Sberbank of Russia PJSC, which is an Interested-Party Transaction.</li> </ol>
20.11.2015, No. 71	<ol style="list-style-type: none"> <li>1. Recommendations to the Board of Directors concerning the approval of the Guarantee Agreements between RusHydro PJSC and Sberbank PJSC, which are Linked Interested-Party Transactions.</li> <li>2. Recommendations to the Board of Directors concerning the approval of Regulations for the Improvement of Investment and Operational Efficiency and Cost Reduction in RusHydro PJSC.</li> <li>3. Recommendations to the Board of Directors concerning: RusHydro OJSC Key Performance Indicators in the 3d Quarter of 2015.</li> <li>4. Recommendations to the Board of Directors concerning preliminary results of implementation of the Company's Business Plan for 2015 (including the reports on implementation of the Investment Program (including the Generation Facilities Comprehensive Refurbishment Program) and Annual Comprehensive Procurement Program for 9 months of 2015) in consideration of actual results for 9 months of 2015..</li> </ol>

	<p>5. Recommendations to the Board of Directors of RusHydro PJSC concerning approval of the Company's Insurers.</p> <p>6. Recommendations to the Board of Directors of RusHydro PJSC concerning approval of the Company's Insurance Program for 2016.</p> <p>7. Recommendations to the Board of Directors concerning the approval of the Contracts which are Interested-Party Transactions.</p> <p>8. Recommendations to the Board of Directors concerning recommendations to the General Meeting of Shareholders on approval of an Interested-Party Transaction.</p>
07.12.2015, No. 72	<p>1. Recommendations to the Board of Directors concerning: Approval of Additional Agreement 1 to the General Loan Agreement between the Company, Open Joint-Stock Company 'Russky Aluminy' (RUSAL OJSC), Open Joint-Stock Company 'RUSAL Krasnoyarsky Aluminium Smelter' (RUSAL Krasnoyarsk OJSC), and Closed Joint-Stock Company 'Boguchansky Aluminium Smelter' (BoAS CJSC) as a transaction involving foreign currency liability (linked to the foreign currency fluctuations).</p> <p>2. Recommendations to the Board of Directors concerning: Approval of Insurance Procedures in RusHydro PJSC</p> <p>3. Recommendations to the Board of Directors concerning: Approval of transactions made by the Company:</p>

### Reliability, Energy Efficiency and Innovations Committee

Date, Protocol Number	Item Number and Title
19.01.2015, No. 34	1. Results of the audit of Innovation Development Program for 2011 - 2014 and draft Provisions of Innovation Development Program of RusHydro OJSC and its Subsidiaries and Affiliates for 2015 - 2019 basing on the recommendations of the audit.
10.06.2015, No. 35	1. Approval of the Report on the activities of the Reliability, Energy Efficiency and Innovations Committee under the Company's Board of Directors in the period from 08.08.2014 through 31.05.2015.
25.09.2015, No. 36	<p>1. Recommendations to the Board of Directors concerning the candidates for the position of the Committee Chairman.</p> <p>2. Election of the Reliability, Energy Efficiency and Innovations Committee Deputy Chairman</p> <p>3. Election of the Reliability, Energy Efficiency and Innovations Committee Secretary.</p> <p>4. Recommendations to the Board of Directors concerning: Approval of the Report on implementation of the medium-term action plan of the Company's Innovative Development Program for the 1st half of 2015.</p>
01.10.2015, No. 37	1. Approval of the Action Plan of the Reliability, Energy Efficiency and Innovations Committee under the Company's Board of Directors for the 2nd half of 2015 and 1st half of 2016.
23.10.2015, No. 38	1. Recommendations to the Board of Directors concerning: Approval of the new version of RusHydro OJSC Environmental Policy.
03.12.2015, No. 39	1. Recommendations to the Board of Directors of RusHydro PJSC concerning approval of the Operational Quality Assurance Regulations of RusHydro PJSC.

## 9. Information about the Sales of Non-Core Assets

Information concerning availability of an approved Non-Core Assets (NCA) Sales Program and NCA Register.

1. The Board of Directors (Protocol of the Board meeting No. 106 dated 01.09.2010) approved the Regulation for the Non-Core Asset Management in RusHydro PJSC.
2. The NCA Sales Program is in fact a Register of NCA. The Company's NCA Register comprises basic data on the non-core assets, their book value, proposed activities with respect to such assets and the term of their implementation, as well as other required information.
3. In compliance with the Regulations for Non-Core Assets management in RusHydro PJSC, the Company may select one of the following options with respect to such assets:

1) Actions aimed at retention of control over the non-core assets, including:	2) Actions aimed at cessation of control over the non-core assets, including:
1) retention - retention of the Company's title to the non-core assets in its current status;	5) sale - sale of the non-core assets or a share in the title to the non-core assets;
2) spin-off - establishment of a new legal entity with or without involvement of individuals or other legal entities; reorganization through spin-off, accompanied by a transfer of the non-core assets in question to the relevant new legal entity; transfer of the non-core assets as a form of payment for the shares in the statutory capital of an existing legal entity.	6) gratuitous transfer - gratuitous transfer of the non-core assets, as a rule to the government or municipal bodies;
3) lease - leasing out the non-core assets.	liquidation - liquidation (cannibalization, write-off, demolition) of the non-core assets, including possible further transfer of its separate components (does not apply to non-core shares, convertible securities, or stakes in legal entities' statutory capital).
4) development of the property through implementation of economically feasible projects.	

4. The Register of RusHydro PJSC' non-core assets for 2015 was approved by Resolution of the Board of Directors dated 27.02.2015 (Protocol No.210 dated 02.03.2015).
5. The Company's Management Board considered (Protocol No. 959pr/1 dated 29.01.2016), and the Company's Board of Directors approved (Protocol No. 231 dated 19.02.2016) the Report on relevant actions included in the RusHydro PJSC NCA Register in compliance with the effective procedure.
6. Actual data concerning the NCA sales in 2015 together with the reasons of variances of the actual value of NCA from their book value are given in the Table 'Information on the sales of non-core assets of RusHydro PJSC in 2015.'
7. Variances of the actual value of NCA from their book value are to be accounted for by the fact that in accordance with the Regulations for the sales of immovable properties, the sales are to be made at the prices at least as high as their market price.
8. Summary values (book value, sales value, and the number of NCA sold within the reporting period) are given in the Table 'Information on the sales of non-core assets of RusHydro PJSC in 2015.'

**Information on the sales of non-core assets of RusHydro PJSC in 2015.**

No.	Assets	Registration No.	Balance Sheet item reflecting the assets as of the reporting date immediately preceding the sale date	Accounts (including analytical accounts) reflecting the income and expenditure associated with the retirement of the assets (91.1xx/91.2xx)	Book value of the assets, thou. RUB	Actual sales value of the assets, thou. RUB	Deviation of the actual sales value of the assets from their book value, thou. RUB	Reasons for the variance between the actual sales value and the book value if the assets, thou. RUB
1	Three-rooms apartment no. 6 in the apartment block No. 30B	BR1003_6	1151	91.01/91.02.01	161, 8	450, 0	288, 2	Sale to the employees of Bureiskaya HPP, a branch of RusHydro OJSC in compliance with the Regulations for the Sales of Immovable Property at the price of the market value
2	Three-rooms apartment no. 9 in the apartment block No. 30B	BR1003_9	1151	91.01/91.02.01	195, 5	450, 0	254, 5	Sale to the employees of Bureiskaya HPP, a branch of RusHydro OJSC in compliance with the Regulations for the Sales of Immovable Property at the price of the market value
3	Two-rooms apartment no. 14 in the apartment block No. 30B	BR1003_14	1151	91.01/91.02.01	203, 4	460, 0	256, 6	Sale to the employees of Bureiskaya HPP, a branch of RusHydro OJSC in compliance with the Regulations for the Sales of Immovable Property at the price of the market value
4	Two-rooms apartment no. 21 in the apartment block No. 30B	BR1003_21	1151	91.01/91.02.01	109, 9	450, 0	340, 1	Sale to the employees of Bureiskaya HPP, a branch of RusHydro OJSC in compliance with the Regulations for the Sales of Immovable Property at the price of the market value
5	Three-rooms apartment No. 23 in the apartment block No. 30B	BR1003_23	1151	91.01/91.02.01	202, 6	450, 0	247, 4	Sale to the employees of Bureiskaya HPP, a branch of RusHydro OJSC in compliance with the Regulations for the Sales of Immovable Property at the price of the market value
6	Buildings permanent settlement Talakan. Road district №5	BR12599	1151	-/91.02.01	95 125, 0	0	-95 125, 0	gratuitous transfer of municipal property in the village. Talakan Amur Oblast Bureya district

7	Buildings permanent settlement Talakan. Streets and roads. Settlement road	BR12600	1151	-/91.02.01	45 968, 3	0	-45 968, 3	gratuitous transfer of municipal property in the village. Talakan Amur Oblast Bureya district
8	Spring №2	BR12602	1151	-/91.02.01	3 994, 9	0	-3 994, 9	gratuitous transfer of municipal property in the village. Talakan Amur Oblast Bureya district
9	Spring №3	BR12603	1151	-/91.02.01	1 726, 9	0	-1 726, 9	gratuitous transfer of municipal property in the village. Talakan Amur Oblast Bureya district
10	Spring №4	BR12604	1151	-/91.02.01	2 897, 3	0	-2 897, 3	gratuitous transfer of municipal property in the village. Talakan Amur Oblast Bureya district
11	Access road (the section from the bridge at 6 km. P. "Avar Koisu" to PC №42 + 00 road Untsukul-Arakan area)	IG00000000 0000000742	1151	-/91.02.01	1 811 741, 0	0	-1 811 741, 0	gratuitous transfer of the ownership of the Republic of Dagestan
12	19.99% stake in LLC "IT Energy Service"	-	1170	-	99 180, 0	99 180, 0	0, 0	the share transferred to the PJSC "FGC UES" in repayment of accounts payable (decision of the Arbitration Court of 07.07.2015, the case number A40-50098 / 2015)
13	20.6% stake in OAO "UEC"	-	1170	91.02.01/91.01	31, 0	12 000, 0	11 969, 0	liquidation of the Company, prepared in the framework of liquidation proceedings, 12 mln. rub. (Liquidation quota)
14	50% package of shares RusSUNHydro Limited	-	1170	91.02.01/91.01	79 161, 1	30 000, 0	- 49 161, 1	liquidation of the Company, prepared in the framework of liquidation proceedings, 30 mln. rub. (Liquidation quota)
<b>Total</b>					<b>2 140 698,70</b>	<b>143 440,00</b>	<b>-1 997 258,70</b>	



## 10. Information on pending court proceedings

Information on pending court proceedings

	Number of pending court proceedings	the total sum of claims
Claimant: RusHydro PJSC	43	14,749,649,224.13
Defendant: RusHydro PJSC	8	63,121,323.83

## **11. Information concerning the State support funds received by the Company in the reporting year, including the amount of granted subsidies (Rubles), their use, and drawdown by the year end.**

In 2015, RusHydro PJSC did not use any Federal Budget allotments to finance its Investment Program projects.

In 2015, the Company used 21,691.8 m. Rubles of budget funds, received earlier, including:

- construction of heat generation facilities in the Far East: 21,5796.2 m. Rubles (CHP in Sovetskaya Gavan - 3,062.7 m. Rubles; Sakhalin TPP 2 (1<sup>st</sup> stage) - 9,401.0 m. Rubles, Yakutskaya TPP 2 (1<sup>st</sup> stage) - 6,917.7 m. Rubles, Blagoveshchenskaya CHP (2<sup>nd</sup> stage) - 2,194.8 m. Rubles)'

- construction of Gotsatlinskaya HPP in Dagestan - 115.6 m. Rubles.

In 2015, the 1<sup>st</sup> stage of Gotsatlinskaya HPP was completed, with the commissioned capacity being 100 MW (CS-14 dated 22.09.2015). As of 31.12.2015, all the allocated state budget funds received in 2011 and 2012 and totaling 4,631.4 m. Rubles, which made 38% of the total project cost, were fully used.

## **12. Information on the Audit of the Long-Term Development Program**

To the Board of directors and the management of PJSC "RusHydro"

**The auditor's report**  
**on the implementation in 2015 of the Long-term Development Program**  
**of the PJSC "RusHydro" for the period 2015-2019 years**

***Section 1. Auditor's brief profile***

Name: Closed Joint Stock Company "HLB Vneshaudit".

Primary state registration number: 1027739314448 (state registration certificate № 470.740 of February 17, 1992, issued by the Moscow registration chamber; the certificate of the registration in the Unified State Register of Legal Entities, series 77 number 007858681 of October 4, 2002, issued by the Interdistrict Inspectorate of the Ministry of Taxation of the Russian Federation number 39 in Moscow).

Location: 109180, Russia, Moscow, Bolshaya Yakimanka str., 25-27/2.

Membership in the self-regulatory organization of auditors: Non-Profit Partnership "Institute of Professional Auditors". Major registration record number (ORNZ) in the Register of auditors and audit organizations - 10202000095.

***Section 2. Brief profile of the Group***

Name: Public Joint Stock Company "Federal hydro generating company RusHydro" (PJSC "RusHydro"). Primary state registration number: 1042401810494. Location: 660017, Russia, Krasnoyarsk, Dubrovinskogo str., 43, building 1.

As at 31.12.15 RusHydro Group consists of PJSC "RusHydro", which includes 19 branches and 113 subsidiaries, the share of ownership in which of PJSC "RusHydro" is more than 50%. PJSC "RusHydro" has stakes in the subsidiaries engaged in the design, construction, repair and service maintenance, technical modernization and reconstruction of energy facilities, production and sale of electricity.

Long-term development program of the RusHydro Group for the period 2015- 2019 (hereinafter - LDP) was approved by the Board of Directors of PJSC "RusHydro" on 20.11.14 (Minutes of the meeting №206 of 21.11.14).

The effectiveness of the LDP implementation is evaluated using a system of key performance indicators of the LDP (hereinafter – LDP KPI). KPI system is designed for the planning and monitoring of the goals and objectives implementation, defined by the LDP.

CJSC "HLB Vneshaudit"

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TIN 7706118254 Settlement account 40702810538040102385 in the Moscow bank of JSC Sberbank Russia, Moscow Correspondent account 3010181040000000225 BIC 044525225

### ***Section 3. Brief description of the methodological principles***

Review methodology is based on the needs of the customer as defined in the Terms of Reference, on the one hand, and on the professional judgment, based on the use of the professional knowledge of the auditor, on the other hand. The tasks listed in the Terms of Reference are implemented in terms of the verification steps in view of the methodological approach specified in them.

The immediate objects of the audit inspection of the LDP implementation are the processes and actions to achieve the Group's key performance indicators defined in the LDP. A systematic and consistent approach to the inspection consists of the following complex of the validation procedures:

risks and opportunities assessment associated with the LDP implementation and the achievement of its results (KPI);

analysis of the management processes of the LDP and the components of the program activities aimed at the achievement of KPIs;

check of the LDP KPI achievement for the year.

Our approach during the audit of the LDP implementation is in reviewing and analyzing of the LDP program activities in conjunction with the system of internal control and risk management of the Group, the functioning of the Group's business processes, as well as general system of the Group's corporate management.

### ***Section 4. Expert assessment of the auditor***

We reviewed the implementation of the Long-term development program of the RusHydro Group for 2015 in accordance with the Terms of Reference, which is Annex 1 to the contract number OG-206-94-2015/3351 of December 3, 2015, and our method of auditing the LDP implementation.

Our responsibility is to express an opinion (expert assessment) based on our audit in relation to the following issues:

the reliability of the actual performance values of the RusHydro Group's performance on the basis of the audited period and the degree of the planned values achievement;

effectiveness of the target use by the Group of the respective budgets for the audited period;

the reasons for the deviation of the actual values indicators of the results of the Group from the planned LDP.

During 2015 the following actual results of the performance were calculated by the Group and the degree of their planned values achievement was determined.

Table 1

№	Indicator's name (KPI)	Unit of measurement	Plan for 2015	Fact for 2015	Fulfillment
1	Return on shareholders' investments (TSR)	%	100	Less than 100	Not fulfilled
2	Return on equity (ROE)	%	4,00	7,8	Fulfilled
3	The coefficient of financial leverage	Unit	< 1,5	0,53	Fulfilled
4	Limit on the debt load (NetDebt/Ebitda)	Unit	< 4	1,7	Fulfilled
5	Reliability criterion (simultaneously):				
	Avoiding a bigger limit on the number of accidents	Pieces	0	0	Fulfilled
	Availability coefficient		> 1	> 1	Fulfilled
6	Implementation of the capacity input schedule of major objects on the new construction	milliwatt	120*	120	Fulfilled
7	The share of purchases from small and medium-sized enterprises	%	> 18	29	Fulfilled
8	The effectiveness of the share capital (Ebitda / Average shareholders' equity)	%	11,90	14,3	Fulfilled
9	Labour productivity (number of employees by 100 MW of available capacity)	Person/milliwatt	27,7	25,2	Fulfilled
10	The introduction of a corporate management code and the compliance ensuring with its requirements	%	Code was approved by SD	Code was approved by SD	Fulfilled
11	Integral innovative KPI	%	85	100	Fulfilled
12	Reduction of the operating expenses (costs)	%	2	3,9	Fulfilled

\* Adjustment of the capacity input terms on the construction of the Yakutskaya TPP-2 from 2015 to 2016 is agreed by the Instructions of the Russian Federation President Vladimir Putin on 18.09.15 number Pr-1911 and is taken into account in the Investment program of PJSC "RusHydro" for 2015, approved by the Russian Ministry of Energy Order of 14.12.15 number 955, and in the Investment program of PJSC "RusHydro" for 2016-2018, approved by the Russian Ministry of Energy Order of 14.12.15 number 956.

In accordance with the decision of the Board of Directors Protocol of PJSC "RusHydro"1 of 25.12.15 number 2301, the indicator "Fulfillment of the capacity input schedule of main objects of new construction" is considered to be fulfilled.

The calculated actual results of the Group for 2015 confirm the implementation of the LDP KPIs for 2015. All the indicators are fulfilled, except for the KPI "Return on shareholders' investments (TSR)».

Nonfulfillment of the indicator for 2015 is explained mainly by the relative increase in stock price of a number of electricity companies (PJSC "OGK-2", PJSC "Inter RAO", PJSC "Irkutskenergo", PJSC "Mosenergo"), after a significant decline in the previous reporting period, caused both by a sharp drop in oil prices in the second half of 2014, and a decrease in the investors' interest in the energy sector caused by restrictive tariff policy. This decrease in the quotations of the shares of PJSC "RusHydro" occurred at a significantly slower rate during that crisis period. Thus, the main industry index, the MICEX, lost 23% in 2014, while the shares of PJSC "RusHydro" fell only by 5%. Therefore, the companies for power generation, stated above, showed a relatively high gain TSR index in 2015. In this case the absolute value of the TSR index of PJSC "RusHydro" for 2015 is positive. During the year, the shares rose by 25%, which is higher than the growth of the MICEX index, that rose by 18%.

When inspecting our attention was not attracted by any facts that would give us a reason to believe that these actual results of the Group's activity for 2015 and the degree of the planned values achievement were calculated in the unreliable manner; there are some other major causes for the actual values deviations of the performance indicators from the planned LDP; intended use by the Group of the respective budgets in 2015 was carried out inefficiently.

<sup>1</sup> Clause 4 of the Board of Directors Protocol of PJSC "RusHydro" from 25.12.15 number 230: "To consider the key performance indicators of the long-term development program of the Group RusHydro" Implementation of the capacity input schedule of major objects of new construction" in terms of postponement of the input concerning the projects "Construction of the Sakhalin TPP-2 ( 1<sup>st</sup> stage )", " Construction of the Yakutskaya TPP-2 (1<sup>st</sup> stage) ", " Construction of CHP in Sovetskaya Gavan" to be fulfilled.

The Director-General  
of CJSC "HLB Vneshaudit"

Mitrofanov L.M. (signed)  
March 30, 2016

Seal:  
CJSC "HLB Vneshaudit"  
Moscow  
PSRN 1027739314448

## 13. Information on Approval and Achievement of KPIs

### Key performance indicators

A system of key performance indicators (KPI) of PJSC RusHydro is aimed at enhancement of efficiency of the Company's performance and achievement of the goals set by the shareholders. The KPI system includes the indicators approved in the RusHydro Group's Long-term Program for 2015-2019 (five-year period) and as part of Business Plan for the year 2015.

- KPI List approved as part of the RusHydro Group's Long-term Development Program for 2015-2019, is approved by decision of the Board of Directors (Minutes as of 21.11.2014 No. 206 with supplements as of 31.03.2015 No. 212 and as of 19.06.2015 No. 218).  
- KPI List of PJSC RusHydro for the year 2015 is approved by decision of the Board of Directors (Minutes of 26.12.2014 No. 208). Target values for yearly and quarterly KPI are approved by the Board of Directors (Minutes as of 30.04.2015 No. 214) (Appendix 2 to Business Plan for 2015-2019).

### *PJSC RusHydro KPI*

PJSC RusHydro KPIs include six yearly KPIs: four financial and economic indicators and two industrial indicators that conforms to requirements of the Federal Agency for State Property Management (Rosimushchestvo). The financial and economic indicators include two indicators obligatory for use, as per Rosimushchestvo Instructions – total shareholder' return on investment (TSR) and return on equity (ROE). Basis for the financial and economic indicators calculation in the Company is the consolidated statements of the Group as per IFRS.

In 2015, methods of calculation and evaluation of the key indicators of PJSC RusHydro were amended (Minutes of the Board of Directors as of 22.06.2015 No. 218) in compliance with the Instruction of Rosimushchestvo (letter dated 25.12.2014 Ref. No. 05/55332) and decision of the Board of Directors of PJSC RusHydro dated 23.12.2014 (Minutes as of 26.12.2014 No. 208) on the need to improve the procedure for calculation of the indicator "Return on equity ROE, %". The improved calculation of the indicator was brought into compliance with item 5.1.1 of the Guidelines for application of the key performance indicators of Rosimushchestvo.

### KPIs Target and Actual Values

№	KPI	2014		2015			
		Actual KPI values	Degree of target value achievement	Actual KPI values	Target value	Degree of target value achievement	Weight KPIs
Yearly							
1	Reducing goods (work, services) acquisition costs per unit produced (%)	11,6	Implemented	<i>Not establish</i>	-	-	-
2	Reducing costs due to the implementation of the cost management program, % *	<i>Not establish</i>	-	<i>Not establish</i>	-	-	-
3.	Total shareholder return (TSR**), %	<i>Not establish</i>	-	< 100 %	100 %	Not implemented	10 %
4	Return on equity (ROE****), %	<i>Not establish</i>	-	4,5	3,1 %	Implemented	20 %
5.	Share of buying from small- and medium-sized business entities, %	<i>Not establish</i>	-	29	18 %	Implemented	10 %
6	Reliability criterion – both:						25 %
	- Not exceeding the limit for accidents (pcs.)	0	Implemented	0	0	Implemented	-
	- Readiness factor (coefficient)	> 1	Implemented	> 1	> 1	Implemented	-
7	EBITDA ratio**, RUR million	53 048	Implemented	<i>Not establish</i>	-	-	-
8	Fulfilling capacity commissioning timetable and the finance and disbursement plan, %	101	Implemented	99 ***	100	Implemented	25 %
9	Leverage ratio (coefficient)	0,2	Implemented	0,2	≤ 1,5	Implemented	10 %
Quarterly							
1	Reliability criterion – both:						33,3 %
	- accident rate (compared with the previous year) (coefficient).	< 1	Implemented	<i>Not establish</i>	< 1		-
	- not to exceed normative values of accident rate	<i>Not establish</i>	-	< 1		Implemented	-
	- lack of fatal industrial accidents or group Company accidents, if there is a victim with severe outcome (pcs.)	0	Implemented	0	0	Implemented	-
	- receipt (availability) of a readiness passport on the Company's facilities within a prescribed period (%) (Q1 and Q4)	100	Implemented	100	100 (on the 1st and 4th quarter)	Implemented	
2	Current liquidity ratio (coefficient)	6,4	Implemented	5,6	≥ 1	Implemented	33,3 %
3	Fulfilling quarterly timetables to finance and implement investment program in cumulative total from the beginning of the year, %	102	Implemented	98 **	100	Implemented	33,3 %

\* The Indicator "Lower costs due to the implementation of the cost management program, %", established in 2011 by an Order of the Ministry of Energy of the Russian Federation (Minutes as of 23.12.2010 No. ASH-446pr) was introduced according to the said Minutes for a three-year period. Within the scope of the established indicator, the Company implemented a program for improving operational efficiency in 2011-2013. The program provided cost reduction to a maximum allowable level that is not critical for ensuring the normal functioning of facilities and maintaining technological reliability, by 10 % from 2010 base within three years. The program has been fully implemented. In accordance with the abovementioned, the indicator is excluded from the list of the KPI target values for the year 2014.

\*\* Indicator evaluation is made based on comparison of its absolute value for the Company with the TSR indicators of the companies (only according to common shares), included in the electric power industry index of the Moscow exchange (MICEX PWR), except for electricity supply network and power supply companies, and PJSC RAO ES of the EAST. KPI target value is considered to be achieved, if TSR value of the Company is in 50-th percentile (and higher) of the TSR matrix of the companies included in the electric power industry index of the Moscow exchange, which is equivalent to 100 %.

\*\*\* As per Methods of calculation and evaluation of the key performance indicators of PJSC RusHydro (approved by the Board of Directors, Minutes as of 26.12.2014 No. 208), the indicator target value is considered to be achieved, if actual indicator ≥ 0.85 of the target (100 %).

\*\*\*\*The indicator is calculated in accordance with the Methods of calculation and evaluation of the key indicators of PJSC RusHydro, (approved by the Board of Directors, Minutes as of 26.12.2014 No. 218), taking into account the amendments and supplements introduced by the decision of the Board of Directors (Minutes as of 03.04.2015 No. 212, Minutes as of 22.06.2015 No. 218).



*The List of RusHydro's 2016 KPIs\**

№	KPI	Target
Yearly KPIs:		
1.	Total shareholder return (TSR), %	100
2.	Return on equity (ROE), %	3,6
3.	Share of buying from small- and medium-sized business entities, % including:	≥18
	- according to the results of a procurement only among subjects of small and medium enterprises, %	≥10
4.	Reliability criterion – both:	
	- Not exceeding the limit for accidents;	0
	- Readiness factor;	> 1
5.	Compliance with capacity commissioning schedules and with the finance and disbursement schedule, %	100
6.	Leverage ratio (LR)	≤ 1,5
Quarterly KPIs:		
1.	Current liquidity ratio (CLR);	≥ 1
2.	Reliability criterion – both:	
	- accident rate;	< 1
	- lack of fatal industrial accidents or group accidents, if there is a victim with a severe outcome;	0
	- obtaining (availability) of a readiness certificate in due time, % (1 and 4 quarter of the year)	100
3.	Compliance with quarterly finance and disbursement schedules of the investment program, in cumulative total from the beginning of the year, %	100

\* Target values of KPIs of PJSC RusHydro for 2016 approved by the Board of Directors of PJSC RusHydro (minutes as of 25.12.2015 No. 229)

***KPI of RusHydro Groups's Long-term Development Program***

The Long-term Development Program contains the KPI established for the 2015-2019 period. The calculation of the target values of the KPI is made in compliance with the parameters for the 2015-2019 Business Plan, and takes into account measures provided for by the RusHydro Group's programs

In 2015, the indicator "Operating expenses (costs) reduction" was included in the Long-term Development Program of the RusHydro Group (Minutes of the Board of Directors as of 22.06.2016 No. 218) in compliance with Directive of the Government of the Russian Federation as of 16.04.2015 No. 2303p-P13.

*The KPIs of the RusHydro Group's Long-term Development Program for 2015 – 2019<sup>1</sup>*

KPI	2015		Implementation	2016	2017	2018	2019
	Target	Actual		Target	Target	Target	Target
1 Total shareholder return (TSR) <sup>2</sup> , %	100	<100	Not implemented	100	100	100	100
2 Return on equity (ROE), %	4,0	7,8	Implemented	3,4	3,1	3,2	3,6
3 Leverage ratio	≤ 1,5	0,53	Implemented	≤ 1,5	≤ 1,5	≤ 1,5	≤ 1,5
4 Limitation on the debt leverage (Net Debt/EBITDA)	≤ 4	1,7	Implemented	≤ 3,8	≤ 3,5	≤ 3,5	≤ 3,5
5 Reliability criterion:			Implemented				
Not exceeding the limit for accidents (pcs.)	0	0	Implemented	0	0	0	0
Readiness factor	> 1	> 1	Implemented	> 1	> 1	> 1	> 1
6 Compliance with the capacity commissioning schedule for core new construction facilities, MW	120*	120	Implemented	970	762	142,5	
7 Share of buying from small- and medium-sized business entities <sup>3</sup> , %	≥ 18	29	Implemented	≥ 18	≥ 18	≥ 25	≥ 25
8 Effectiveness of share capital. (EBITDA / yearly average share capital), %	11,9	14,3	Implemented	11,7	11,2	11,6	12,2
9 Labor efficiency. (number of employees per 100 MW of available capacity) <sup>4</sup>	27,7	25,2	Implemented	26,0	24,5	24,3	24,1
10 Introducing the corporate governance code and ensuring compliance with its requirements	The Code approved. by the Board. of Directors	The Code approved. by the Board. of Directors	Implemented	100 %	100 %	100 %	100 %
11 Integral innovative KPI, %	85	100	Implemented	85	90	90	95
12 The reduction in operating expenses (costs) <sup>5</sup> , %	2	3,9	Implemented	2	2	2	

\* Correction term input power for the project construction of Yakutskaya TPP-2 power station from 2015 to 2016, agreed by Order of the President of the Russian Federation from 18.09.2015 № PR-1911 and included in the Investment program of PJSC RusHydro for 2015, approved by order of RF Ministry of energy 14.12.2015 No. 955, and the Investment program of PJSC RusHydro for 2016-2018, approved by order of RF Ministry of energy 14.12.2015 No. 956. In accordance with the decision of the Board of Directors of PJSC RusHydro (Minutes as of 25.12.2015 No. 230<sup>6</sup>), record the schedule for commissioning of the main objects of the new construction is completed.

<sup>1</sup> KPIs are calculated in accordance with the Method of calculation and evaluation of key performance indicators Long-term development program of RusHydro Group, approved by the Board of Directors (Minutes as of 21.11.2014, No. 206), with amendments and additions, in accordance with the decisions of the Board of Directors (Minutes as of 03.04.2015 № 212 and Minutes as of 22.06.2015 № 218).

<sup>2</sup> Achieving the target level of TSR.

<sup>3</sup> At PJSC RusHydro.

<sup>4</sup> At PJSC RusHydro is the reverse and shows the number of people per 100 MW of available capacity. Its decline shows the growth of labor productivity.

<sup>5</sup> At PJSC RusHydro.

<sup>6</sup> P.4 Minutes as of 25/12/2015 No 230: Admit the key performance indicators of the long-term development program of the Group RusHydro " Compliance with the capacity commissioning schedule for core new construction facilities " in terms of postponement of entering project "Construction of the Sahalin TPP-2 (1<sup>st</sup> stage) ", "Construction of Yakutskaya TPP-2 (1<sup>st</sup> stage)", "Construction of CHP in Sovetskaya Gavan"

Failure to implement the indicator "Total shareholder return (TSR)" in 2015 is mainly explained by the relative growth of several utility stocks after significant fall in the previous reporting period, caused by sharp fall of the oil price in the second half of 2014 and decrease of the investors' interest in the sector, caused by unfavourable tariff policy. At the same time in this crisis period RusHydro stock performed better than the sector. While the main electrical utility sector index –MICEX Power –came down by 23 % during 2014, RusHydro shares lost only by 5 %. That is why during 2015 these stocks showed relatively high growth of the TSR indicator. At the same time, the absolute value of the RusHydro TSR indicator for 2015 is positive. Within a year the shares climbed by 25 %, that is higher than the growth of the MICEX electrical utilities industry index (18 %).

### *KPIs of JSC RAO Energy Systems of the East*

#### *2015 KPIs of JSC RAO Energy Systems of the East*

KPI	Target	Actual	Implementation
Implementation of the investment program, %	100	97*	Implemented
The execution by subsidiaries and controlled companies transferred under trust management in accordance with Agreement No. OG- 175 – 169 – 2013 from 23.12.2013, established quarterly KPIs and conditions of bonuses, %	100	81*	Implemented
EBITDA ratio, RUR million	12 191	12 797	Implemented

\* Assessment made in accordance with the Methodology.

## **14. Information Concerning Establishment of Unified Treasuries in the Head Companies, Subsidiaries and Affiliates**

In line with the President's Executive Order No. 5110p-P13 dated 08.08.2014, the Board of Directors of RusHydro PJSC (the "Company") considered the issue of establishment of the Unified Treasury of RusHydro PJSC, its subsidiaries and affiliates.

The Board approved the establishment of the Treasury and commissioned its Chairman, Director General of the Company, to carry out a number of actions required to implement the task (Board meeting Protocol No. 203 dated 19.09.2014).

In October 2014, the Company's Treasury completed an analysis of the current cash flow management and financial settlement systems of RusHydro Group, with results reported to the Russian Ministry of Finance.

In line with the above commissions, the Company's Board approved (see the Protocol dated 29.05.2015, No. 914pr/6):

- the structure of the United Treasury;
- the Statute of the Treasury and its Regulations.

The RusHydro United Treasury operates since 30.06.2015. Automation of the Treasury functions is under way.

A Report on annual review of the RusHydro Group United Treasury has been submitted to the Russian Ministry of Finance and the Federal Financial Monitoring Service.

## 15. Information on improved access of small and medium enterprises to procurement programs

Procurement processes in the Company are guided by Russian Federation legislation, in particular by the Federal Law No. 223-FZ 'On Procurement of Goods, Works and Services by Certain Legal Entities' dated 18.07.2011, and by the procurement provision (approved by the Board of directors decision, protocol dated 05.05.2015 №215 with changes and additions (protocol dated 22.06.2015 №218). Provision, based on the principles of transparency and competition, in full compliance with Russian legislation, was designed to timely and quality provide Company with products and services and to conserve Customer's fund.

In order to control and coordinate procurement there was created collegial standing body – Central Purchasing Committee (CPC), whose duties also includes consideration of disputes and complaints in the implementation of regulated procurement, control over the implementation of Russian legislation and internal regulations during regulated purchases.

For purposes of direct organization and conduct of procurement CPC assigns permanent procurement commissions. Procurement commissions consists of first- and second-level commissions and specifically created procurement commissions depending on the authority.

Company publishes information on planned procurement of goods, works and services, places relevant official publication of the procurement, including purchase name (the subject of procurement), the essential conditions for participation in the competition and other information for the purchase on the official website of the Russian Federation [www.zakupki.gov.ru](http://www.zakupki.gov.ru) as well as on the corporate website [www.rushydro.ru](http://www.rushydro.ru) and [www.b2b-energo.ru](http://www.b2b-energo.ru). As a result of purchases information on the results of purchase indicating the winner of the procurement and the cost of the application of competition winner is published.

Competitive tender procedures ensure considerable saving of allocated moneys. Over 70% of the total annual value of purchased Goods, Works, and Services is procured through digital trade, of them 39% through tender procedures based on the list of Goods, Works, and Services, to be purchased through tenders approved by the Government of the Russian Federation

The results of the purchase activity of the Company for the year 2015 are presented in Annex.

In line with the Resolution of the Government of the Russian Federation No 1352 dated December 11, 2014, the Company has implemented a series of steps including:

approval and publication of the List of Goods, Works, and Services to be purchased from Small and Medium Enterprises (under Orders No. 595 dated 19.06.2015 and No. 1139 dated 22.12.2015, as amended, issued in line with par. 5 of the Resolution of the Government of the Russian Federation No.1217 dated 11.12.2015) on the official sites of the Russian Federation and RusHydro PJSC.

In 2016, RusHydro PJSC plans to purchase from SMEs at least 18% of the total procurement value, including through at least 10% of purchases made from SMEs only.

In 2015, the share of purchases from SMEs was 29.31%.

## 16. Information on the results of implementation of Executive Orders and Instructions issued by the President of the Russian Federation, and Instructions issued by the Government of the Russian Federation on 2015:

As of 18.01.2016

No.	Ref. No.	The Body that issued Executive Orders/ Instructions	Brief contents of the Executive Orders/ Instructions	Date of issue of the Executive Orders/ Instructions	Date of completion of the Executive Orders/ Instructions
1.	In-00015.DE	Government of the Russian Federation	On liquidation of cross subsidies in the diesel energy sector in Sakha (Yakutia) Republic	12.01.2015	05.02.2015
2.	In-00077.DE	Government of the Russian Federation	On dispatch of the list of instructions on the 'state and operation of fuel and power sector facilities on public holidays and days off.'	14.01.2015	03.02.2015
3.	In-00196.DE	Government of the Russian Federation	On submission of information about the graduates of the Federal Program	19.01.2015	30.01.2015
4.	In-00354.DE	Government of the Russian Federation	On the results of 11th meeting of the Russian-Slovene Inter-Government Commission on Cooperation in Trade, Economy, Science, and Research Activities.	23.01.2015	15.04.2015
5.	In-00578.DE	Government of the Russian Federation	On amendments to the list of generation facilities to be used for the capacity supply under the capacity supply contracts.	02.02.2015	02.02.2015
6.	In-00846.DE	Plenipotentiary Representative of the President of the Russian Federation in the Far-Eastern Federal District.	On joint consideration of the materials submitted by the Accounts Chamber of the Russian Federation with RusHydro OJSC and Sberbank of Russia OJSC.	09.02.2015	20.02.2015
7.	In-01097.DE	Government Commission for Power Supply Reliability	On the Protocol of a Federal Headquarters Meeting.	17.02.2015	18.02.2015
8.	In1107.DE	Government of the Russian Federation	On implementation of earlier decisions concerning the transfer of the companies involved in the Boguchanskoye Power and Metallurgy Association Investment Project (No. PR-605 dated 25.03.2014 under the Instructions from the President of the Russian Federation).	17.02.2015	01.06.2015
9.	In-01466.DE	Government of the Russian Federation	On anti-corruption activities.	02.03.2015	03.03.2015
10.	In-01518.DE	Government of the Russian Federation	On consideration of application from Yu.U. Zhingel concerning construction and refurbishment of technologically new HPPs	03.03.2015	30.03.2015
11.	In-01629.DE	Government of the Russian Federation	On completion of preparations for flooding the water reservoir for Boguchanskaya HPP.	05.03.2015	01.07.2015.
12.	In-01681.DE	Government of the Russian Federation	On power grids connection charge.	10.03.2015	17.03.2015
13.	In-01731.DE	Government of the Russian Federation	On Instructions for the representatives of the Russian Federation in Board Meetings.	11.03.2015	19.03.2015
14.	In-01864.DE	Government of the Russian Federation	On actions required to form the fourth group of participants of the Federal Program.	16.03.2015	31.03.2015
15.	In-01877.DE	Government of the Russian Federation	On financing the construction of Verkhne-Narunsky HPP Cascade.	16.03.2015	27.04.2015
16.	In-02950.DE	Government of the Russian Federation	On implementation of the Regional Action Plans of Sustainable Development and Social Stability by Substituent Territories of the Russian Federation in 2015.	20.04.2015	19.05.2015

17.	In-03039.DE	Government of the Russian Federation	On disclosure of incomes.	22.04.2015	30.04.2015
18.	In-03104.DE	Government of the Russian Federation	On approval of suggestions for implementation of instructions from D.A. Medvedev (planned launch of Nizhne-Bureiskaya HPP in 2016)	24.04.2015	25.05.2015
19.	In-03107.DE	Government of the Russian Federation	On allocation of the Federal Budget funds to the Federal Targeted Program of the Economic and Social Development of the Far East and Baikal Region until 2018.	24.04.2015	07.10.2015
20.	In-03312.DE	Government of the Russian Federation	On the results of the audit carried out by the Audit Chamber of the Russian Federation.	05.05.2015	29.05.2015
21.	In-03313.DE	Government of the Russian Federation	On development and presentation of suggestions for amending the Agreement on budget investment allocations and funding of power generation facilities construction in the Far East.	05.05.2015	29.05.2015
22.	In-03492.DE	Government of the Russian Federation	On information submitted with respect to agreements with Cuban counterparts.	13.05.2015	14.07.2015
23.	In-03526.DE	Government of the Russian Federation	On amending the rules for competition in capacity market and shutdown of generation facilities.	14.05.2015	18.05.2015
24.	In-03727.DE	Government of the Russian Federation	On confirmation of the list of non-regular candidates for participation in the event.	21.05.2015	26.05.2015
25.	In-03876.DE	Government of the Russian Federation	On the measures to control the power (capacity) price increases in the 2nd zone of the wholesale power (capacity) market.	28.05.2015	23.06.2015
26.	In-03948.DE	Government of the Russian Federation	Protocol on implementation of the Regional Action Plans of Sustainable Development and Social Stability by Substituent Territories of the Russian Federation in 2015.	01.06.2015	01.06.2015
27.	In-04021.DE	Government of the Russian Federation	On leveling the power tariffs.	03.06.2015	03.06.2015
28.	In-.04099DE	Government of the Russian Federation	On instructions for the Board meeting. On improvement of the efficiency of procurement operations	04.06.2015	08.06.2015
29.	In-04208.DE	Government of the Russian Federation	On amendments to the Resolution of the Government of the Russian Federation No. 613 dated 22.07.2013.	09.06.2015	02.07.2015
30.	In-04306.DE	Government of the Russian Federation	On the list of instructions concerning implementation of decisions taken at the meeting of Russian-Chinese Inter-Government Commission for the power sector cooperation.	11.06.2015	01.10.2015
31.	In-04332.DE	Government of the Russian Federation	On support to be provided to RusHydro OJSC and Energy Systems of the East RAO OJSC in the development of the project of power supply to the Korean People's Republic and further possible supply to the Korean Republic.	15.06.2015	20.08.2015
32.	In-04508.DE	Government of the Russian Federation	On amending the rules for competition in capacity market and shutdown of generation facilities.	19.06.2015	19.06.2015
33.	In-04750.DE	Government of the Russian Federation	On the list of Instructions from the President of the Russian Federation.	30.06.2015	01.07.2015.
34.	In-04845.DE	Government of the Russian Federation	On implementation of the President's Instructions on establishment of natural gas producing, gas transportation, and gas processing facilities in the Far East No. Pr-1221 dated 20.06.2015.	02.07.2015	14.07.2015
35.	In-	Government of the Rus-	On approaches to setting financial condi-	06.07.2015	07.08.2015

	04946.DE	sian Federation	tions for the restructuring of foreign-currency denominated debts of the subjects of the Russian Federation, and settlement of the disputes between the Russian Ministry of Finance and Kamchatka Territory Government.		
36.	In-04962.DE	Government of the Russian Federation	On refinancing of the debt of the Energy Systems of the East RAO holding	06.07.2015	14.07.2015
37.	In-05067.DE	Office of the Government of the Russian Federation	On joint presentation of the grounds and documentation substantiating the request for deferral of unused federal budget subsidies to relocate the population in the flooding areas of Boguchanskaya HPP together with the Government of Irkutsk region.	09.07.2015	09.07.2015
38.	In-05068.DE	Government of the Russian Federation	On implementation of tendered investment projects by 'Tornado Modular Systems' CJSC.	09.07.2015	10.08.2015
39.	In-05188.DE	Government of the Russian Federation	On decisions made at the meeting concerning control of the power price growth control in Siberia.	14.07.2015	03.08.2015
40.	In-05202.DE	Special Representative of the President of the Russian Federation for Arctic and Antarctic Cooperation	On establishment of the Scientific and Expert Council under the Commission for Arctic Development	14.07.2015	03.08.2015
41.	In-05205.DE	Government of the Russian Federation	On implementation of the President's Instructions No. PR-3013 (item 2) dated 27.12.2014	14.07.2015	01.02.2016
42.	In-05278.DE	Government of the Russian Federation	On the Protocol of the Government Commission on the Social and Economic Development of the Far East and Baikal Region.	16.07.2014	20.07.2015
43.	In-05278.DE	Government Commission on the Social and Economic Development of the Far East and Baikal Region.	On the Protocol of the Government Commission on the Social and Economic Development of the Far East and Baikal Region.	16.07.2015	20.07.2015
44.	In-05362.DE	President of the Russian Federation	On development of the schedule for completion of Cheboksarskaya HPP.	20.07.2015	21.07.2015
45.	In-05374.DE	Government of the Russian Federation	On development of the schedule for completion of Cheboksarskaya HPP.	20.07.2015	07.09.2015
46.	In-05436.DE	Government of the Russian Federation	Protocol on leveling the power (capacity) prices (tariffs) in the Far East with the average prices (tariffs) in Russia.	22.07.2015	10.08.2015
47.	In-05565.DE	Plenipotentiary Representative of the President of the Russian Federation in the Far-Eastern Federal District.	On refinancing of the debt of the Energy Systems of the East RAO PJSC	27.07.2015	28.07.2015
48.	In-05566.DE	Office of the Government of the Russian Federation	On the itinerary of the Moscow International Innovations Forum 'Open Innovations' in 2015	27.07.2015	08.09.2015
49.	In-5616.DE	Government of the Russian Federation	On instructions concerning inclusion of possible Ruble payments clause into the export contracts and setting of a substantiated minimum portion of Ruble payments for export transactions.	28.07.2015	04.08.2015
50.	In-05829.DE	Office of the Government of the Russian Federation	On presentation of the draft report on implementation of earlier decisions on the transfer of companies involved in implementation of Boguchanskoye Power and Metallurgical Association Investment Project.	05.08.2015	01.09.2015
51.	In-	Office of the Plenipoten-	On presentation of the materials	05.08.2015	18.08.2015



	05848.7-04	tiary Representative of the President of the Russian Federation in the Trans-Volga Federal District.	concerning actions with respect to the construction of Cheboksarskoye reservoir.		
52.	In-06214.DE	Government of the Russian Federation	On the development of the Far East Federal District energy sector and power tariffs subsidies to the consumers in the Far East Federal District.	19.08.2015	20.08.2015
53.	In-06215.DE	Government of the Russian Federation	On implementation of resolutions and recommendations of the Protocol of the 6th meeting of the Mixed Russian-Thailand Commission on Mutual Cooperation.	19.08.2015	15.10.2015
54.	In-06257.DE	Office of the Government of the Russian Federation	On participation in the Federal Program for the Training of Management Reserve in 2010 - 2015 14.09.2015 10.10.2015.	20.08.2015	07.09.2015
55.	In-06294.DE	Office of the Government of the Russian Federation	On elimination of identified deficiencies.	28.08.2015	21.09.2015
56.	In-06660DE	Plenipotentiary Representative of the President of the Russian Federation in the Siberian Federal District.	On implementation of the State Policy in the Arctic region 07.10.2105 'VTTA-Omsk-2015'	08.09.2015	15.09.2015
57.	In-06898.NS	Government of the Russian Federation	On implementation of Innovations KPIs	17.09.2015	01.10.2015
58.	In-06993.NS	President of the Russian Federation	On the measures to support the energy sector in the Far East.	21.09.2015	28.10.2015
59.	In-07142.NS	President of the Russian Federation	On the List of Instructions of the President of the Russian Federation Concerning the Power (Capacity) Prices (Tariffs) in the Far East Federal District.	25.09.2015	30.09.2015
60.	In-07162.NS	Office of the Government of the Russian Federation	On participation in the Federal Program for the Training of Management Reserve in 2010 - 2015	25.09.2015	28.09.2015
61.	In-07391.NS	Government of the Russian Federation	On the List of of Instructions of the President of the Russian Federation Based on the Results of the Eastern Economic Forum dated 04.09.2015 (No. PR-1891 dated 17.09.2015)	02.10.2015	26.11.2015
62.	In-07396.NS	Administration of the President of the Russian Federation	On property tax exemptions	02.10.2015	17.09.2015
63.	In-07636.NS	Chairman of the Government of the Russian Federation	On improving the cost efficiency of state corporations and companies with state participation.	09.10.2015	30.10.2015.
64.	In-07689.NS	Office of the Government of the Russian Federation	On the results of 12th meeting of the Russian-Slovene Inter-Government Commission on Cooperation in Trade, Economy, Science, and Research Activities.	12.10.2015	required dates: 01.04.2016
65.	In-07852.NS	Council for the Development of Financial Markets of the Russian Federation under the President of the Russian Federation	On implementation of the Code of Corporate Government in joint-stock companies, whose shares are owned by the Russian Federation.	15.10.2015	05.11.2015
66.	In-08112.NS	Office of the Government of the Russian Federation	On liberalization of the HPP capacity market in the second pricing zone.	23.10.2015	10.11.2015

		eration			
67.	In-08140.NS	Office of the Government of the Russian Federation	On implementation of Taishet Aluminium Smelter and Nizhne-Boguchanskaya HPP projects (No. Pr-2110 dated 11.10.2015)	26.10.2015	02.11.2015
68.	In-08329.NS	Government of the Russian Federation	On the results of the 11th meeting of the Inter-Government Commission on Economic Cooperation Between the Russian Federation and Azerbaijan Republic	30.10.2015.	required dates: 01.04.2016
69.	In-08380.NS	Office of the Government of the Russian Federation	On elimination of identified deficiencies.	02.11.2015	13.11.2015
70.	In-08528.NS	Office of the Government of the Russian Federation	On Instruction based on the results of the 21st meeting of the Russian-Indian Inter-Government Commission for the Trade, Economic, Scientific, R&D, and Cultural Cooperation (Protocol).	06.11.2015	10.12.2015
71.	In-08703.NS	Office of the Government of the Russian Federation	On presentation of the draft report to the President of the Russian Federation on implementation of earlier decisions on the transfer of companies involved in implementation of Boguchanskoye Power and Metallurgical Association Investment Project to the jurisdiction of the Russian Federation.	12.11.2015	30.11.2015
72.	In-08957.NS	Office of the Plenipotentiary Representative of the President of the Russian Federation in the Siberian Federal District.	On further cooperation between the industrial companies, scientific and educational establishments of Siberia in the development, production and supply of products to meet the requirements of the Arctic area development.	19.11.2015	24.11.2015
73.	In-08977.NS	Government of the Russian Federation	On implementation of the decisions and recommendations of the Protocol of the 14th meeting of the Russian-Korean Joint Commission on Economic and Scientific Cooperation.	19.11.2015	24.12.2016
74.	In-09041.NS	Administration of the President of the Russian Federation	On the energy (capacity) price (tariff) levels in the Far East that appear attractive for investment and economically feasible.	23.11.2015	30.11.2015
75.	In-09445.NS	Office of the Government of the Russian Federation	On the Protocol of the meeting under Yu. P. Trutnev, Deputy Chairman of the Government of the Russian Federation, Plenipotentiary Representative of the President of the Russian Federation in the Far East District.	03.12.2015	required dates: 01.04.2016
76.	In-09447.NS	Office of the Government of the Russian Federation	On implementation of the Instructions of the President of the Russian Federation No. Pr-2987 dated 20.12.2013, concerning the progress of construction of energy generation facilities in the Far East.	03.12.2015	10.12.2015
77.	In-09747.NS	Plenipotentiary Representative of the President of the Russian Federation in the Far-Eastern Federal District.	On construction of the power output facilities for the CHP in Sovetskaya Gavan.	14.12.2015	16.12.2015
78.	In-09786.NS	Government of the Russian Federation	On the List of Instructions concerning implementation of the Presidential Address to the Federal Assembly of the Russian Federation on 03.12.2015 (No. PR-2508 dated 08.12.2015)	15.12.2015	required dates: 02.05.2016
79.	In-09833.NS	Office of the Government of the Russian Federation	On the Protocol of the meeting concerning financing of the completion of facilities in the flooding area of Bureiskaya HPP, preparation works on the site of Nizhne-	16.12.2015	15.01.2016

			Bureiskaya HPP reservoir, and woods clearing (Yu. Trutnev).		
80.	In-10190.NS	Office of the Government of the Russian Federation	On implementation of Instructions from the Chairman of the Government of the Russian Federation D.A. Medvedev (concerning the transfer of Chibit SHPP to the Government of Altai Republic)	28.12.2016	18.01.2016
81.	In-10191.NS	Office of the Government of the Russian Federation	On the power supply of gas production, transportation and processing facilities in the Far East Federal District (No. AD-P9-4273 dated 30.06.2015).	28.12.2015	11.01.2016
82.	In-10245.NS	Office of the Government of the Russian Federation	On the meeting concerning the application of Gidromontazh Trust and summary report to the Government of the Russian Federation.	29.12.2015	Statutory term: 25.01.2016

## 17. The list of most significant transactions entered into by the company and other significant controlled entities for the past year

By the Charter of JSC "RusHydro" is not defined the criteria of materiality of the transactions of the controlled entity. However, there are rules on disclosure by issuers in the quarterly reports of the Issuer major transactions, transactions interested-party transactions and significant transactions - trades, the size of liabilities under which is 10 and more percent of balance cost of assets of joint-stock companies.

As the most significant trades made in 2015-controlled organizations for PJSC "RusHydro" essential, provides an overview of major transactions, transactions in which there is an interest and decision on approval of which was adopted by the General meeting of shareholders of the relevant controlled entity and transactions, the size of liabilities under which is 10 and more percent of the book value of the relevant assets of the controlled entity (excluding intra-group).

Controlled by JSC "RusHydro" of the organization, having substantial significance for it

1. Full corporate name: Joint-stock company Zagorskaya GAES-2"  
Abbreviated corporate name: JSC Zagorskaya GAES-2"
2. Full corporate name: Public joint stock company "RAO Energy system of East"  
Abbreviated name: OAO "RAO ES of the East"
3. Full corporate name: Public joint stock company "far Eastern energy company"  
Abbreviated name: PJSC "DEK"
4. Full corporate name: Joint stock company "far Eastern generating company"  
Abbreviated corporate name: JSC "far Eastern generating company"
5. Full corporate name: Public joint-stock company "Krasnojarskenergosbyt"  
Abbreviated name: PJSC "Krasnojarskenergosbyt"
6. Full corporate name: limited liability company Energy sales company of Bashkortostan"  
Abbreviated corporate name: LLC "ESKB"
7. Full corporate name: Public joint stock company "Yakutskenergo"  
Abbreviated corporate name: JSC "Yakutskenergo"

## A summary of major transactions

Type and subject of transaction	The parties to the transaction	The content of the transaction, including civil rights and obligations, the establishment, modification or termination of which is directed the perfect transaction	The period of performance of obligations under the transaction, parties and beneficiaries under the transaction, transaction size in monetary terms and as a percentage of the value of the assets of the Issuer	The value of the assets of the controlled entity, which are essential for JSC "RusHydro" on the end date of the reporting period (quarter, year) preceding the transaction (date of contract) and in respect of which is composed of the accounting (financial) statements in accordance with the legislation of the Russian Federation	Date of the transaction (contract)	Information on approval of transaction of JSC "RusHydro"	Category of the transaction in relation to the controlled entity, which are essential for JSC "RusHydro"	The management body of the controlled entity, which are essential for JSC "RusHydro" took the decision on approval of transaction	Date of decision on approval of transaction	Date of compilation and number of the minutes of the meeting (session) of the authorized management body of the controlled entity, which are essential for JSC "RusHydro", which made a decision on approval of transaction
Information about the most significant transactions of the company with limited liability ", ASCB" in 2015										
Additional agreement to loan agreement No. 01297L from 29.03.2013	Loan Manager: "ESCB"; Bank: JSC "Alfa-Bank"	Making following amendments to Loan agreement: - Interest on the amount of credit to be amended as follows: 23% (twenty three complete 00/100) per cent per annum. The Price Of The Contract: Is calculated is-the pacing of the following conditions: credit limit (credit line) – RUR 2 billion; - form of credit line is revolving; - the validity period of credit line - from 29.03.2013 till 30.04.2016. - the interest rate for each loan – no more than 23% per annum	Credit limit (credit line) – RUR 2 billion The validity period of credit line - from 29.03.2013 till 30.04.2016. The total price for credit contract calculated on the basis of the following conditions: - credit limit (credit line) – RUR 2 billion; - form of credit line is revolving; - the validity period of credit line - from 29.03.2013 till 30.04.2016. - the interest rate for each loan – no more than 23% per annum; Which is more than 58% of the book value of assets, OOO ESCB".	6 792 526 000 rubles	09.02.2015	-	The transaction, whose value exceeds 10 (ten) percent of the book value of the assets of LLC "ESKB" for the last reporting date	The Board of Directors	05.02.2015	Protocol # 40 05.02.2015
Additional agreement to loan agreement No. 01297L from 29.03.2013	Loan Manager: "ESCB"; Bank: JSC "Alfa-Bank"	Making following amendments to Loan agreement: - The purpose of using deposits the loan amount – half the pooled working capital. - Conditions for providing the loan amount – loans over the life of the credit line granted for a maximum period of 3 (three) months	Credit limit (credit line) – RUR 2 billion The validity period of credit line - from 29.03.2013 till 30.04.2016. The Price Of The Contract: Calculated on the basis of the following conditions: - credit limit (credit line) – RUR 2 billion; - form of credit line is revolving; - the validity period of credit line - from 29.03.2013 till 30.04.2016. - the interest rate for each loan – no more than 23% per annum The total price for credit contract amounts to more than 58% of the carrying value of the assets of LLC "ESKB"	6 334 007 000 rubles	19.05.2015	-	The transaction, whose value exceeds 10 (ten) percent of the book value of the assets of LLC "ESKB" for the last reporting date	The Board of Directors	13.05.2015	Protocol # 43 14.05.2015
Information about the most significant transactions of PJSC "Krasnojarskenergosbyt" in 2015										
The General agreement	The borrower	The creditor opens to the	Maximum price of the Agree-	4 192 294 000 rubles	15.12.2015	-	Big deal	The Board of	08.12.2015	Protocol # 127

		PJSC "Krasnoyarskenergosbyt, the Lender PJSC "Sberbank"	Borrower revolving credit line for implementation ongoing activities	ment: 1 946 000 000 ,00 rubles. The term of the Agreement: 3 years (1 095 days). The size of the transaction 46,42% of the balance cost of assets of PJSC "Krasnoyarskenergosbyt", defined according to the accounting statements at the last reporting date (30.09.2015)					Directors		14.12.2015
	The agreement on overdraft loan	The borrower PJSC "Krasnoyarskenergosbyt, the Lender PJSC "Sberbank"	The lender gives the Borrower the overdraft loan limit of 750 000 000 rubles	The marginal price of the contract: 869 250 000 ,00 rubles. The term of the Agreement: to 14.10.2016 G. The total price under the contract is more of 20.73% of the book value of assets of PJSC "Krasnoyarskenergosbyt".	4 192 294 000 rubles	15.10.2015	-	The transaction, whose value exceeds 10 (ten) percent of the book value of assets of PJSC "Krasnoyarskenergosbyt" for the last reporting date	The Board of Directors	29.10.2015	Protocol # 126 30.10.2015
	Additional agreement No. 4 to the contract of compensated rendering of services №015-3/2	The customer is PJSC "Krasnoyarskenergosbyt", Performer JSC "ESK RusHydro"	The parties to extend the provision of services to the Customer to ensure participation in the trade of electric energy and/or capacity on the wholesale and retail markets and make changes to the Contract clauses governing time of delivery and cost of services	The cost of services under the Agreement amounted to 203 027 985,15 rubles, including VAT (18%) – 30 370,62 970 rubles. The interested person is the shareholder of JSC "ESK RusHydro" The cost of services under the Contract does not exceed 2 % of book value of assets of PJSC "Krasnoyarskenergosbyt" and amounts to 4.84 per cent	4 192 294 000 rubles	22.12.2015	-	The transaction in making of which there was interest	The General meeting of shareholders	05.06.2015	Protocol # 18 18.06.2015
	Additional agreement No. 75 to purchase agreement-sale of electric energy No. 015-2/3 dated 15.02.2010 g	Seller – LLC "company acts SIBERIA"; The buyer – PJSC "Krasnoyarskenergosbyt"	Side for extending the delivery of electric energy under the Contract amend the Contract clauses governing the duration, schedule and coordinate on-rate electric energy by 2016. The volume deliver-my electricity for 2016: 133 210 thousand kWh	The marginal price of electric energy is 1 051 437 235 rubles 84 kopecks, including VAT. Delivery period: From 01.01.2010 till 31.12.2016 G. The term of the Agreement: The agreement shall enter into force upon its signing by the Parties and is an integral part of the Contract. The total price under the contract with subject of the additional agreement is more of 25.08% of the book value of assets of PJSC "Krasnoyarskenergosbyt"	4 192 294 000 rubles	31.12.2015	-	The transaction, whose value exceeds 10 (ten) percent of the book value of assets of PJSC "Krasnoyarskenergosbyt" for the last reporting date	The Board of Directors	28.12.2015	Protocol # 128 30.12.2015
Information about the most significant transactions of OAO "RAO ES of the East" in 2015											
	Credit agreement on granting of the target credit for a period not exceeding 12 years from the date of signing of the Agreement in an amount not exceeding 612 880 6 000 (Six billion six hundred twelve million eight hundred eighty thousand) rubles 00 kopecks for the financing of the project "Construction of off-site infrastructure for	The lender – PJSC VTB Bank; Borrower - OAO "RAO ES of the East";	VTB Bank undertakes to provide monetary funds (credit) in the amount and on the terms provided-governmental agreement, and OAO "RAO ES of the East" requires-Xia to return the received monetary sum and to pay percent on it;	The period of performance of the contract: not later than 12 years after the signing of the Agreement; The size of the transaction in de-a gentle expression: 11 530 846 000,00 The size of the deal in Pro-cent of the value of the assets of OAO "RAO ES of the East": 36.86 %	46 115 116 000 rubles	30.06.2015	Position concerning approval of the Credit agreement as a major transaction determined by the Board of Directors of JSC "RusHydro" in accordance with the PP.28 p. 12.1 of article 12 of the Charter of JSC "RusHydro"	big deal	The Board of Directors	30.04.2015	Protocol # 119 30.04.2015

	Yakutskaya TPP-2 (1 <sup>st</sup> stage)"						29.04.2015 (minutes № 215)				
	The contract of guarantee	Time-teacher - OAO «RAO ES Vostok»; Bank - JSCB "PERESVET" (ZAO);	OAO "RAO ES In-flow" jointly and severally undertakes to answer before AKB "RE-LIGHT" for the execution of Vostok-Finans" all obligations arising from the Contract on issuing Bank, OOO "Vostok-Finance" a Bank guarantee;	The period of performance of the contract: the Contract comes into force from the date of its signing and shall terminate at the expiration of three years from the date of the deadline for fulfillment of obligations under the Agreement on issuance of Bank guarantee or performance by the Guarantor of its obligations; The size of the transaction in monetary terms: 2 115 723 of 958.00 RUB. The size of the transaction in percentage of the value of assets of JSC "RAO ES of the East": 4.66 % <sup>7</sup>	45 361 025 000 rubles	11.12.2015	-	the transaction which here was an interest;	The General meeting of shareholders	12.11.2015	Protocol # 12 17.11.2015

<sup>7</sup>

The price of agreement defined as the aggregate of the following values:

- loan amount: no more than 6 612 880 000 (Six billion six hundred twelve million eight hundred eighty thousand) rubles 00 kopecks;
- the amount of the lump-sum fee for credit line, payable at the conclusion of the Agreement: not more than 0.5 percent of the loan amount;
- sum fee for a commitment: not more than 0.5 per cent per annum, charged on undrawn loan amount;

- the sum of the percentages for use of loan funds, accrued at a rate not exceeding the limit for interest rate for individuals, which credit is extended in order to implement the project selected to participate in the Program of support of investment projects implemented on the territory of the Russian Federation on the basis of project financing in accordance with the decree of the Government of the Russian Federation from 11.10.2014 No. 1044 "On approval of the Program of support of investment projects implemented on the territory of the Russian Federation on the basis of project financing" (the Program), which must not exceed the interest rate set by the Central Bank of the Russian Federation, when providing the authorised banks credit funds for refinancing of loans granted by authorized banks to the ultimate borrowers (the interest rate on the specialised refinancing instrument) plus 2.5 percent per annum.

If the Project will be excluded from the Program and/or in the case of the Central Bank of the Russian Federation will not be granted or will be terminated refinancing of the loan provided by the Programme, the interest rate determined by the Lender unilaterally on the basis of market interest indicators.

The marginal price of the Agreement amounts to 17 000 000 000,00 (Seventeen billion) rubles.

The size of the transaction in percentage of the value of assets of JSC "RAO ES of the East" are calculated on the basis of the limit price of the Agreement of 17 billion rubles.

**18 Data on term office (in accordance with the employment contact) members of the collegial Executive body of the company and persons holding the post of the sole Executive body**

The members of the Board of JSC "RusHydro" 31.12.2015		
Last/Fitsr/Middle Name	The position	Term in accordance with the employment contract
Shulginov Nicholas Grirorevich	Chairman of the management Board - General Director	14.09.2020
Bogush Boris Borisovich	Member of the management Board, first Deputy General Director – chief engineer	indefinitely
Kirov Sergey Anatolyevich	Member of the Board, first Deputy General Director	indefinitely
Rizhinashvili, George Ilyich	Member of the management Board, first Deputy General Director	indefinitely
Tokarev Vladimir Aleksandro- vich	Member of the management Board, first Deputy General Director	Indefinitely  <u>Powers terminated</u> by the Board of Directors of JSC "RusHydro" 11.01.2016 (decision on 10/12/2015, minutes 11.12.2015 No. 228), the employment contract terminated by the initiative of the worker (clause 3 of part one of article 77 of the LC RF)



## **19. Auditor's Report and RAS Accounts for 2015**

***Public Joint-Stock Company Federal  
Hydro-Generating Company – RusHydro***

Auditor's Report  
on Financial Statements  
2015

Translation from Russian original



## ***Auditor's Report***

To the Shareholders of Public Joint-Stock Company Hydro-Generating Company – RusHydro:

### **Client**

Public Joint-Stock Company Hydro-Generating Company – RusHydro (PJSC RusHydro)

State registration certificate with inclusion in the Unified State Register of Legal Entities No. 1042401810494 issued by the Inspectorate of the Russian Ministry of Taxes and Levies of Krasnoyarsk on 26 December 2004.

660017, Russian Federation, Krasnoyarsky region, Krasnoyarsk

### **Auditor**

AO PricewaterhouseCoopers Audit (AO PwC Audit) located at: 125047, Russian Federation, Moscow, Butyrsky Val, 10.

State registration certificate No. 008.890, issued by Moscow Registration Bureau on 28 February 1992.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700148431 issued by Interregional Inspectorate of the Russian Ministry of Taxes and Levies No. 39 for the Moscow City on 22 August 2002.

Member of non-profit partnership “Audit Chamber of Russia” (NP ACR) being a self-regulating organisation of auditors – registration number 870 in the register of NP ACR members.

Major registration record number (ORNZ) in the register of auditors and audit organisations – 10201003683.

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*AO PricewaterhouseCoopers Audit  
White Square Office Center 10 Butyrsky Val Moscow, Russia, 125047  
T: +7 (495) 967-6000, F: +7 (495) 967-6001, [www.pwc.ru](http://www.pwc.ru)*

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



## ***Auditor's Report***

To the Shareholders of Public Joint-Stock Company Hydro-Generating Company – RusHydro:

We have audited the attached financial statements of Public Joint-Stock Company Hydro-Generating Company – RusHydro (hereinafter – PJSC RusHydro) which comprise the balance sheet as of 31 December 2015, and statement of financial results, statement of changes in equity and statement of cash flows for the year ended 31 December 2015 and notes to the balance sheet and statement of financial results (hereinafter all the reports together are referred to as the “financial statements”).

### **PJSC RusHydro's responsibility for the financial statements**

PJSC RusHydro's management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting rules established in the Russian Federation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **The auditor's responsibility**

Our responsibility is to express an opinion as to whether the financial statements are fairly presented based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of PJSC RusHydro, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of PJSC RusHydro as of 31 December 2015 and the results of its operations and its cash flows for the year then ended in accordance with the reporting rules established in the Russian Federation.



## ***Auditor's Report***

### **Emphasis of matter**

Without modifying our opinion on the fairness of the financial statements we draw attention to Note 3.1.2 Long-term investments (balance sheet line 1170) to the financial statements which describes the reasons for non-revaluation of quoted financial investments in shares of PAO RAO ES of East, PAO Yakutskenergo and PAO Far East Energy Company at their current market values.

As of 31 December 2015 the amount of unrecognised decrease in the market value as compared to the carrying value of these investments is RUB 5,047 million, as of 31 December 2014 – RUB 13,535 million.

Director of AO PricewaterhouseCoopers Audit

T. V. Sirotinskaya

30 March 2016

# BALANCE SHEET

## as at 31 December 2015

Organisation **Public joint stock company Federal Hydro Generating Company-  
RusHydro (PAO RusHydro)**  
 Taxpayer identification number  
 Type of activity **Electricity generation by hydroelectric power plants**  
 Form of incorporation/form of ownership  
**Public joint-stock company/mixed Russian ownership with a federal ownership  
share**  
 Measurement unit: **RUB mln**  
 Address: **Krasnoyarsk, the Krasnoyarsk Territory, Russia, 660017**

Form on OKUD  
 Date (year, month, day)  
 OKPO  
 INN  
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Note	Narrative	Line code	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013
1	2	3	4	5	6
	<b>I. NON-CURRENT ASSETS</b>				
	Intangible assets	1110	893	1,032	1,078
	Results of research and development	1120	1,091	843	859
3.1.1	Property, plant and equipment, incl.:	1150	392,723	378,027	350,049
	fixed assets	1151	344,986	321,645	302,864
	construction in process	1152	47,737	56,382	47,185
3.1.1	Income-bearing investments in tangible assets	1160	7,065	7,189	7,313
3.1.2	Financial investments	1170	320,097	264,352	143,059
	investments in subsidiaries, associates and other entities	1171	267,664	230,313	110,041
	loans issued	1172	51,832	34,039	33,018
	promissory notes	1173	601	-	-
3.1.3	Other non-current assets	1190	3,287	3,538	2,987
	<b>Total Section I</b>	<b>1100</b>	<b>725,156</b>	<b>654,981</b>	<b>505,345</b>
	<b>II. CURRENT ASSETS</b>				
3.2.1	Inventories	1210	4,115	3,437	2,861
3.9	Value added tax on goods purchased	1220	40	105	356
3.2.2	Accounts receivable, incl.:	1230	129,291	144,565	233,480
	accounts receivable (payments expected later than 12 months after the reporting date), incl.:	1231	62,549	62,341	80,323
	buyers and customers	1231.1	976	409	103
	advances issued	1231.2	28,524	31,099	35,084
	promissory notes	1231.3	28,578	27,563	27,040
	loans issued	1231.4	3,447	1,503	16,817
	other debtors	1231.5	1,024	1,767	1,279
	accounts receivable (payments expected within 12 months after the reporting date), incl.:	1232	66,742	82,224	153,157
	buyers and customers	1232.1	6,741	5,840	5,648
	advances issued	1232.2	14,495	12,870	15,517
	promissory notes	1232.3	20,809	19,119	22,954
	loans issued	1232.4	12,925	26,384	5,552
	other debtors	1232.5	11,772	18,011	103,486
3.2.3	Financial investments (excl. cash equivalents)	1240	15,879	43,446	55,608
	bank deposits	1241	10,609	33,307	50,000
	loans issued	1242	5,270	10,139	5,568
	promissory notes	1243	-	-	40
3.2.4	Cash and cash equivalents	1250	18,139	9,032	18,546
	Other current assets	1260	11	14	10
	<b>Total Section II</b>	<b>1200</b>	<b>167,475</b>	<b>200,599</b>	<b>310,861</b>
	<b>TOTAL</b>	<b>1600</b>	<b>892,631</b>	<b>855,580</b>	<b>816,206</b>

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Note	Narrative	Line code	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013
1	2	3	4	5	6
	<b>III. CAPITAL AND RESERVES</b>				
3.3.1	Charter capital	1310	386,255	386,255	317,638
3.3.2	Revaluation of non-current assets	1340	52,928	53,111	53,325
3.3.3	Additional capital (excl. revaluation)	1350	58,424	58,424	58,424
3.3.4	Reserve capital	1360	9,776	8,240	6,474
	Retained earnings (loss), incl.:	1370	235,086	212,430	188,482
	undistributed profit of previous years	1371	205,064	181,701	153,161
	undistributed profit of the current year	1372	30,022	30,729	35,321
	<b>Total Section III</b>	<b>1300</b>	<b>742,469</b>	<b>718,460</b>	<b>624,343</b>
	<b>IV. LONG-TERM LIABILITIES</b>				
3.4.1	Borrowings and bank loans	1410	105,070	92,262	97,965
3.10	Deferred tax liabilities	1420	12,402	9,672	7,184
3.4.2	Other liabilities	1450	2,195	2,335	2,028
	<b>Total Section IV</b>	<b>1400</b>	<b>119,667</b>	<b>104,269</b>	<b>107,177</b>
	<b>V. SHORT-TERM LIABILITIES</b>				
3.5.1	Borrowings and bank loans	1510	18,940	21,915	4,926
3.5.2	Accounts payable, incl.:	1520	9,822	8,575	77,468
	suppliers and contractors	1521	5,492	5,295	5,170
	payables to employees	1522	669	823	601
	payables to state non-budgetary funds	1523	135	119	87
	taxes payable	1524	3,103	1,923	2,570
	dividends payable	1525	67	65	47
	payables in respect of shares issued	1526	-	-	68,618
	other creditors	1527	356	350	375
	Income of future periods	1530	70	75	77
3.5.3	Estimated liabilities	1540	601	1,405	1,020
	Other liabilities	1550	1,062	881	1,195
	<b>Total Section V</b>	<b>1500</b>	<b>30,495</b>	<b>32,851</b>	<b>84,686</b>
	<b>TOTAL</b>	<b>1700</b>	<b>892,631</b>	<b>855,580</b>	<b>816,206</b>

Chairman of Management Board – General Director

\_\_\_\_\_

**N. G. Shulginov**

(clarification of signature)

Chief accountant

\_\_\_\_\_

**D. V. Finkel**

(clarification of signature)

30 March 2016

# STATEMENT OF FINANCIAL RESULTS

## for the year ended 31 December 2015

Organisation **Public joint stock company Federal Hydro Generating Company - RusHydro (PAO RusHydro)**  
 Taxpayer identification number  
 Type of activity **Electricity generation by hydroelectric power plants**  
 Form of incorporation/form of ownership  
**Public joint-stock company/mixed Russian ownership with a federal ownership share**  
 Measurement unit: **RUB mln**

Form on OKUD  
 Date (year, month, day)  
 OKPO  
 INN  
 OKVED  
 OKOPF/OKFC  
 OKEI

CODES	
Form on OKUD	<b>0710002</b>
Date (year, month, day)	<b>2015/12/31</b>
OKPO	<b>75782411</b>
INN	<b>2460066195</b>
OKVED	<b>40.10.12</b>
OKOPF/OKFC	<b>12247 / 41</b>
OKEI	<b>385</b>

Note	Narrative	Line code	Year ended 31 December 2015	Year ended 31 December 2014
1	2	3	4	5
3.7.1	Revenue	2110	107,099	108,478
3.7.2	Cost of sales	2120	(63,969)	(65,464)
	<b>Gross profit</b>	<b>2100</b>	<b>43,130</b>	<b>43,014</b>
	<b>Profit from sales</b>	<b>2200</b>	<b>43,130</b>	<b>43,014</b>
3.13.7	Income from participation in other companies	2310	809	382
	Interest income	2320	9,362	9,247
	Interest expense	2330	(8,251)	(6,065)
3.9	Other income	2340	15,005	17,521
3.9	Other expense	2350	(20,396)	(23,777)
	<b>Profit before tax</b>	<b>2300</b>	<b>39,659</b>	<b>40,322</b>
3.10	Current income tax, incl.:	2410	(6,814)	(6,840)
	permanent tax liabilities	2421	(1,902)	1,200
	Change in deferred tax liabilities	2430	(2,786)	(2,432)
	Change in deferred tax assets	2450	(152)	83
	Other	2460	115	(404)
	<b>Net profit</b>	<b>2400</b>	<b>30,022</b>	<b>30,729</b>
	REFERENCE			
	Gain or loss from other operations not included in the net profit of the period	2520	-	-
	Total financial result for the period	2500	30,022	30,729
3.12	Basic earnings per share, RR	2900	0,07773	0,07956

Chairman of Management Board – General Director \_\_\_\_\_

**N. G. Shulginov**  
(clarification of signature)

Chief accountant \_\_\_\_\_

**D. V. Finkel**  
(clarification of signature)

30 March 2016



# STATEMENT OF CHANGES IN EQUITY

## for the year ended 31 December 2015

Organisation **Public joint stock company Federal Hydro Generating Company – RusHydro (PAO RusHydro)**  
 Taxpayer identification number  
 Type of activity **Electricity generation by hydroelectric power plants**  
 Form of incorporation/form of ownership  
**Public joint-stock company/mixed Russian ownership with a federal ownership share**  
 Measurement unit: **RUB mln**

Form on OKUD  
 Date (year, month, day)  
 OKPO  
 INN  
 OKVED  
 OKOPF/OKFC  
 OKEI

CODES
0710003
2015/12/31
75782411
2460066195
40.10.12
12247 / 41
385

### I. Changes in equity

Narrative	Line code	Share capital	Additional capital	Reserve capital	Retained earnings	Total
1	2	3	4	5	6	7
<b>Equity as of 31 December 2013</b>	<b>3200</b>	<b>317,638</b>	<b>111,749</b>	<b>6,474</b>	<b>188,482</b>	<b>624,343</b>
<b>for 2014</b>						
Increase of equity, including:	3210	68,617	-	-	30,729	99,346
net profit	3211	x	x	x	30,729	30,729
additional shares issue	3214	68,617	-	x	x	68,617
Decrease of equity, including:	3220	-	-	-	(5,229)	(5,229)
Dividends	3227	x	x	x	(5,229)	(5,229)
Other	3228	-	-	x	-	-
Additional capital change	3230	x	(214)	x	214	x
Reserve capital change	3240	x	x	1,766	(1,766)	x
<b>Equity as of 31 December 2014</b>	<b>3200</b>	<b>386,255</b>	<b>111,535</b>	<b>8,240</b>	<b>212,430</b>	<b>718,460</b>
<b>for 2015</b>						
Increase of equity, including:	3310	-	-	-	30,022	30,022
net profit	3311	x	x	x	30,022	30,022
additional shares issue	3314	-	-	x	x	-
Decrease of equity, including:	3320	-	-	-	(6,013)	(6,013)
Dividends	3327	x	x	x	(6,013)	(6,013)
Other	3328	-	-	x	-	-
Additional capital change	3330	x	(183)	x	183	x
Reserve capital change	3340	x	x	1,536	(1,536)	x
<b>Equity as of 31 December 2015</b>	<b>3300</b>	<b>386,255</b>	<b>111,352</b>	<b>9,776</b>	<b>235,086</b>	<b>742,469</b>

### III. Net assets

Narrative	Line code	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013
1	2	3	4	5
Net assets	3600	742,536	718,529	624,420

Chairman of Management Board – General Director \_\_\_\_\_

**N. G. Shulginov**  
(clarification of signature)

Chief accountant \_\_\_\_\_

**D. V. Finkel**  
(clarification of signature)

30 March 2016

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

# STATEMENT OF CASH FLOWS

## for the year ended 31 December 2015

Organisation **Public joint stock company Federal Hydro Generating Company – RusHydro (PAO RusHydro)**  
 Taxpayer identification number  
 Type of activity **Electricity generation by hydroelectric power plants**  
 Form of incorporation/form of ownership  
**Public joint-stock company/mixed Russian ownership with a federal ownership share**  
 Measurement unit: **RUB mln**

Form on OKUD  
 Date (year, month, day)  
 OKPO  
 INN  
 OKVED  
 OKOPF/OKFC  
 OKEI

CODES
<b>0710004</b>
<b>2015/12/31</b>
<b>75782411</b>
<b>2460066195</b>
<b>40.10.12</b>
<b>12247 / 41</b>
<b>385</b>

Note	Narrative	Line code	For 2015	For 2014
1	2	3	4	5
	<b>Cash flows from operating activities</b>			
	Receipts, including:	4110	108,833	108,303
	sales of products, goods, work and services	4111	105,028	106,687
	lease payments, license payments, royalties, commissions and other payments	4112	1,099	210
3.2.4	other receipts	4119	2,706	1,406
	Payments including:	4120	(64,139)	(65,608)
	to suppliers (contractors) – raw materials, works and services	4121	(29,796)	(32,284)
	wages and salaries	4122	(7,429)	(7,667)
	interest on debt liabilities	4123	(7,484)	(6,017)
	corporate income tax	4124	(6,202)	(6,551)
3.2.4	other payments	4129	(13,228)	(13,089)
	<b>Net cash flows from operating activities</b>	<b>4100</b>	<b>44,694</b>	<b>42,695</b>
	<b>Cash flows from investing activities</b>			
	Receipts, including:	4210	48,222	32,089
	sale of non-current assets (except for investments)	4211	150	196
	sale of shares of other organisations (ownership interest)	4212	11	12
	from return of loans, sales of debt securities (chose of possession of cash from third parties)	4213	14,086	7,336
	dividends, interests from long term financial investments and receipts from participation in other entities	4214	11,244	7,824
3.2.4	other receipts	4219	22,731	16,721
	Payments, including:	4220	(84,704)	(87,344)
	purchase, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(28,969)	(37,006)
	related to purchase of shares of other organisations (ownership interest)	4222	(35,317)	(29,650)
	purchase of debt securities (chose of possession of cash from third parties), loans issued	4223	(17,739)	(18,118)
	borrowing costs included in the cost of the investment assets	4224	(2,679)	(2,570)
	<b>Net cash flows from investing activities</b>	<b>4200</b>	<b>(36,482)</b>	<b>(55,255)</b>

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Note	Narrative	Line code	For 2015	For 2014
1	2	3	4	5
	<b>Cash flows from financing activities</b>			
	Receipts, including:	4310	27,034	13,663
	borrowings and bank loans	4311	2,037	13,663
	issue of shares, increase in ownership interest	4313	-	-
	issue of bonds, promissory notes and other debt securities, etc.	4314	24,997	-
	Payments, including:	4320	(26,061)	(10,467)
	dividends and other distributions to owners	4322	(5,964)	(5,226)
	redemption (buyback) of promissory notes and other debt securities, loan repayment	4323	(20,067)	(4,984)
3.2.4	other payments	4329	(30)	(257)
	<b>Net cash flows from financing activities</b>	<b>4300</b>	<b>973</b>	<b>3,196</b>
	<b>Net cash flows for the reporting period</b>	<b>4400</b>	<b>9,185</b>	<b>(9,364)</b>
3.2.4	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>4450</b>	<b>9,032</b>	<b>18,546</b>
3.2.4	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4500</b>	<b>18,139</b>	<b>9,032</b>
	Foreign exchange rate difference	4490	(78)	(150)

Chairman of Management Board – General Director

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**N. G. Shulginov**  
(clarification of signature)

Chief accountant

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**D. V. Finkel**  
(clarification of signature)

30 March 2016

## Explanatory Notes to the 2015 balance sheet and statement of financial results

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## **I. General information**

### **1.1 Information about the Company**

Principal activities of public joint stock company Federal Hydro Generating Company - RusHydro (PAO RusHydro, hereinafter - the Company) are the generation and sale of electricity (power). The Russian Government is the Company's major shareholder.

The Company's registered address is: 43 Dubrovinskogo str., bld. 1, Krasnoyarsk, Krasnoyarsk Territory, Russian Federation, 660017. The Company's postal address: 7, Malaya Dmitrovka str., Moscow, Russian Federation, 127006.

Based on the shareholders' decision, in 2015 the Company was re-registered from an open joint stock company to a public joint stock company due to a need to bring the Company's legal form in compliance with the changes in the Russian Civil Code introduced by Federal Law No. 99-FZ "On amendments to Chapter 4, Part 1 of the Russian Civil Code and on invalidation of certain provisions of the Russian legislation" of 05.05.2014.

As of 31 December 2015 the Company employed 5,635 people (as of 31 December 2014 – 5,838 people).

The Company's shares are traded on OAO MICEX-RTS stock exchange (<http://moex.com>). Level 1 American depository receipts, each of which corresponds to 100 ordinary shares of the Company are traded on the Main Market of London Stock Exchange and over-the-counter market of the USA.

As of 31 December 2015 the ownership share of the Russian Federation in the Company's share capital amounted to 66.84%.

As of 31 December 2015 the Company has 19 branches registered in the Russian Federation, including: branch Bureyskaya GES, branch Volzhskaya GES, branch Votkinskaya GES, Dagestan branch, branch Zhigulevskaya GES, branch Zagorskaya GAES, branch Zeiskaya GES, Kabardino-Balkarsky branch, branch Kamskaya GES, Karachaevo-Cherkessky branch, branch Cascade of Verkhne-Volzhsky GES, branch Cascade of Kuban GES, branch Corporate Energy University, branch Nizhegorodskaya GES, branch Novosibirskaya GES, branch Saratovskaya GES, branch Sayano-Shushenskaya GES named after P.S. Naporozhny, Severo-Osetinsky branch, branch Cheboksarskaya GES.

Membership of the Company's Board of directors as of 31 December 2015 is as follows:

- Trutnev Yury Petrovich, Chairman of the Board of Directors, Deputy Prime Minister - Plenipotentiary Representative of RF President in the Far Eastern Federal District;
- Ivanov Sergey Nikolaevich, Deputy chairman of the Board of Directors, Managing director of OAO Energetic Russian Company;
- Avetisyan Artem Davidovich, President of Uniastrum Bank (LLC);
- Bystrov Maxim Sergeevich, Chairman of the Management Board NP Market Council, OJSC TSA;
- Dod Evgeny Vyacheslavovich,
- Zimin Viktor Mikhailovich, Chairman of the Government, Republic of Khakassia;
- Kalanda Larisa Vyacheslavovna, State Secretary-Vice President, OJSC NK Rosneft, acting General Director, OJSC ROSNEFTEGAZ;
- Kravchenko Vyacheslav Mikhailovich, Deputy Minister of Energy of the Russian Federation;
- Morozov Denis Stanislavovich, Director from the Russian Federation in the Board of Directors of European Bank for Reconstruction and Development (EBRD);
- Pivovarov Vyacheslav Victorovich, Chief Executive Officer, LLC Altera Capital;
- Shishin Sergey Vladimirovich, Senior Vice-President, PJSC VTB Bank;
- Shishkin Andrey Nikolaevich, Vice President, OJSC Rosneft.

According to the decision made by the Company's general meeting of shareholders held on 26 June 2015 (Minutes No 13) Avetisyan Artem Davidovich, Ivanov Sergey Nikolaevich, Osipov

Aleksandr Mikhailovich, Trutnev Yury Petrovich were elected to the Board of Directors; the powers of Ayuev Boris Ilyich, Volkov Eduard Petrovich, Danilov-Danilyan Victor Ivanovich and Poluboyarinov Mikhail Igorevich were terminated.

As of 31 December 2015 the Company's Management Board includes:

- Shulginov Nikolay Grigoryevich, Chairman of the Management Board, General director,
- Bogush Boris Borisovich, First Deputy General Director, Chief engineer,
- Kirov Sergey Anatolyevich, First Deputy General Director,
- Rizhinashvili George Ilyich, First Deputy General Director,
- Tokarev Vladimir Aleksandrovich, First Deputy General Director.

There were following changes in Management Council during 2015 year:

- According to the decision made by the Company's Board of Directors on 16 March 2015 (minutes No 211) Kirov Sergey Anatolyevich was elected to the Board,
- According to the decision made by the Company's Board of Directors on 14 September 2015 (minutes No 222) Shulginov Nikolay Grigoryevich was elected to the Management Council of the Company and on position of sole executive body; the power of Dod Evgeny Vyacheslavovich were terminated,
- According to the decision made by the Company's Board of Directors on 07 October 2015 (minutes No 211) the power of Mantrov Mikhail Alekseevich was terminated.

As of 31 December 2015 members of the Company's Internal Audit Commission included:

- Anninkova Natalia Nikolaevna, First deputy of General Director on economics and finance OJSC "Stroitelnoe upravlenie №308",
- Kant Mandal Denis Rishievich, Acting Head of department at the Federal Property Management Agency,
- Repin Igor Nikolaevich, Deputy Executive Director, Investor protection association,
- Kharin Andrey Nikolaevich, Deputy Director of department Ministry of Energy of Russian Federation,
- Hovorov Vladimir Vasilyevich, Department Leading Expert in the Russian Ministry of Economic Development.

According to the decision made by the Company's annual general meeting of shareholders held on 26 June 2015 (Minutes No 13) Annikova Natalia Nikolaevna, Kharin Andrey Nikolaevich were elected to the Internal Audit Commission; the powers of Bogashov Aleksandr Evgenyevich and Yudin Andrey Ivanovich were terminated.

## **1.2 The Company's operating environment**

The Russian economy displays certain characteristics of an emerging market. It is particularly sensitive to oil and gas price fluctuations. The legal, tax and customs frameworks continue to develop and are subject varying interpretation.

Low oil prices, continuing politic tensions and international sanctions negatively influenced on Russian economy at 2015 year. Mentioned factors contributed to economy downturn that is characterized with decrease of gross domestic product. Financial markets are still characterized with lack of stability, frequent and considerable price changes and increase of trade operations spreads. In January 2015 rating of Russian Federation was decreased to below investment level (BB+) and wasn't changed till the end of the year.

Such economic environment has considerable influence on Company's operations and financial position. Future economic and regulatory situation, internal and external business environment may differ from Company management's current expectations.

The Company's operations are to a greater or lesser degree, exposed to various types of risks (financial, legal, country and regional, reputation, etc.).

The Company's risk management policy specifies the continuous efforts to identify risks, assess them and control and also develop and implement actions for addressing the risks, business continuity management in accordance with international and national standards of risk

management (COSO ERM 2004, ISO 31000, professional standard "Risk management of an organisation", etc.).

***Financial risks***

Financial risk includes market risk (currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

Information about the Company's exposure to financial risks, their reasons and risk management tools is presented in paragraph 3.15 of the Explanatory Notes.

***Legal risks***

The reasons for legal risks are associated with potential changes in legal and regulatory base including currency and customs regulations, tax legislation and others.

Legal risks in domestic market related to regulation of electricity generation and its sale/purchase, which represent the Company's principal activities, can significantly impact the Company's position by decreasing its net profit.

Legal risks in external market related to currency and customs regulation are insignificant due to insignificant volume of foreign trade transactions the Company participates in, which are managed through legal support and control of these transactions and liability insurance. To manage the legal risks the Company actively participates in development of energy legislation made by Ministry of Energy of Russian Federation, NP "Market council" and Federal Antimonopoly Service; monitors legislation and makes amendments in the regulatory base.

***Country and regional risks***

The reasons for country and regional risks are associated with political and economic situation, the geographic features of the country or the region where the entity operates and (or) is registered as a taxpayer.

Exposure to country risk may be indirectly assessed by credit rating with some assumptions (less political risks for business). Rating of Russia was reduced from BBB at positive forecast to BBB- at negative forecast (according to Fitch rating agency), to BB+ to negative forecast (according to Standard & Poor's rating agency), from Baa3 to Ba1 (according to Moody's rating agency) following the results of 2014 year due to the external factors such as oil prices reduction and depreciation of the rouble. This is clearly a negative factor but is related to anti-Russian sanctions. The country risk level may differ depending on the continuity or termination of this policy.

February 2015 Moody's rating agency decreased the Company's rating from Ba1 to Ba2 at negative forecast. December 2015 this agency changed Company's rating from negative to Ba2.

Investor's' comprehension of the country risks reduces the net volume of foreign investment in Russia and has a negative influence on the Russian economy. As well as Russia produces and exports large amounts of gas and oil, the Russian economy is especially vulnerable to the changes of international prices of energy resources; the reduction of gas and oil prices significantly affects the Russian economy development. These events may restrict the access of the Company to the capital and have an adverse impact on consumer purchasing power.

In the crisis environment experienced by the financial market and reduction of manufacturing output there is a risk of decrease in electricity demand that may result in reduction of sales and decrease in the Company's revenue and also a risk of increase in accounts receivable due to non-payments by the consumers of electricity.

The management believes that it has been taking all necessary measures to mitigate the impact of these events on its activities: optimisation of the obtained cash use, assessment of the buyers' solvency, diversification of resources use and others.

Due to enhancement of the state control over energy industry the Company pays considerable attention to transparency and confidence of control procedures relating to budget funds expenditure within the Company's investment programme and also develops and improves the



corporate internal control system and risk management. The company takes the required steps to prevent negative influence of the above risks on its operations.

The Russian regions where the Company performs its operations are characterised by peaceful political situation. Probability of war conflicts, strikes, introduction of the state of emergency in these regions is low except for entities located in North-Caucasus Federal District.

However, changes in the Company's business environment in Russia and in the regions of the Company's presence, the nature and frequency of such changes and related risks are hard to predict and so are their effects on the Company's operations in the future. Such risks are largely beyond the Company's control due to their global scale. If the situation is destabilised in Russia or in any Russian regions, the Company will implement crisis management strategies to minimise the risk of the negative effect of the situation on the Company to the fullest extent possible.

To manage the risks the Company is implementing a complex action plan to enhance safety of the Company's facilities under which the existing plan on ensuring safety at the power plants, including those under construction is amended.

### ***Reputation risks***

Reputation risks are associated with a decrease in the number of an entity's customers as a result of negative perception of the quality of products, works, services sold, the ability to meet the deadlines for products delivery, work performance, etc.

The Company assesses its exposure to these risks as low due to the fact that the Company sells electricity and capacity in the wholesale market and has high and sustainable reputation in the market.

To manage these risks the Company analyses key indicators of reputation risks based on the forecast of changes in the share of positive references in mass media, control over compliance with production and market discipline, cooperating actively with all stakeholders to maintain high reputation.

Besides the Company takes measures to prevent corruption. In October 2015 Board of Directors approved anti-corruption policy of PJSC "RusHydro". The code of conduct, regulations on the procedure of the employer's notification about inducement of personnel to unlawful acts, gifts, conflict of interests arrangement procedures etc. are adopted by the Company. The "Trust line" acts on an on-going basis.

The Company works closely with Ministry of energy, Federal tax service, Federal financial monitoring service within the anti-corruption and control of fraud activities.

### ***Other risks***

To manage the risks the Company focuses on other operating risks including industry risk, production risk, risk of hydraulicity, risks associated with compliance with legislation on labour safety, risks of industrial safety, environmental risks and risks associated with the third parties' activities and others.

The reasons for these risks are associated with the industry-specific factors that are relevant to the operations, condition of property, plant and equipment. There is an exposure to these risks, degree of possibility of events is at statistically average or low levels. On a permanent basis, the Company implements actions for monitoring the risks and decreasing the probability of their occurrence and severity of the potential adverse consequences including assignment of responsibility, control, diversification and insurance.

## **II. Accounting policies**

These statutory financial statements have been prepared on the basis of the following accounting policies:

### **2.1 Basis of presentation**

The Company's statutory financial statements are prepared in accordance with the accounting and reporting rules currently effective in the Russian Federation provided for by the Federal Law "On Accounting" and "Regulation on Accounting and Reporting in the Russian Federation" as well as other accounting regulations approved by the Russian Ministry of Finance.

Assets and liabilities are stated at actual cost, except for property, plant and equipment and investments for which the current market value can be determined, and assets against which impairment provisions have been duly formed, as well as estimated liabilities.

### **2.2 Assets and liabilities denominated in foreign currency**

Business transactions in foreign currencies were recorded using the official Rouble exchange rate as of the date of the relevant transaction. Cash on hand and in bank accounts (bank deposits), cash and payment documents, accounts receivable (except for advances received and issued and prepayments) including loans receivable and payable, denominated in foreign currencies are recorded in the financial statements in the amounts calculated based on the official currency exchange rates effective as of the reporting date. The exchange rates were as follows: USD 1 = RUB 72.8827 as of 31 December 2015 (31 December 2014: USD 1 = RUB 56.2584, 31 December 2013: USD 1 = 32.7292), EUR 1 = RUB 79.6972 as of 31 December 2015 (31 December 2014: EUR 1 = RUB 68.3427, 31 December 2013: EUR 1 = RUB 44.9699).

Exchange differences arising during the year from translation (including those as of the reporting date) of foreign currency-denominated assets and liabilities payable in foreign currencies or Russian roubles were reported in the statement of financial results as other income or expenses.

### **2.3 Accounting for assets and liabilities**

In the balance sheet, investments, accounts receivable and accounts payable, including bank credits and estimated liabilities, are treated as short-term if the term of their circulation (maturity) does not exceed 12 months after the reporting date. Other assets and liabilities are recognised as long-term.

Interest on loans issued and other investments are recorded in the balance sheet line 1230 "Accounts receivable"; interest on bank credits and loans received are recorded in the balance sheet line 1510 "Borrowings".

Advances to the suppliers of equipment and capital construction contractors are recognised in line 1230 "Accounts receivable".

Advances issued and received are recorded in the balance sheet including VAT.

VAT on advances issued and received is recognised on a gross basis in the balance sheet line 1260 "Other current assets", 1450 "Other liabilities" and 1550 "Other liabilities", respectively.

Deferred tax asset and deferred tax liability are recognized on the balance sheet on a net basis.

## **2.4 Property, plant and equipment, construction-in-progress and income-bearing investments in tangible assets**

Property, plant and equipment are accounted for in accordance with the Russian Accounting Regulation "Accounting for property, plant and equipment" (RAR 6/01).

Property, plant and equipment include land, buildings, facilities, machinery, equipment, transport vehicles and other assets whose useful lives are over 12 months.

Property, plant and equipment are recognized at their historical cost equal to actual acquisition (construction, production) cost.

The acquired property, plant and equipment with historical cost of below RUB 40 thousand per unit which were initially recognised after 1 January 2011 are accounted for within inventories; property, plant and equipment which were initially recognised before 1 January 2011 were accounted for within inventories, if their historical cost did not exceed RUB 20 thousand per unit.

Real property assets which have been constructed, put into operation and are actually used but the title to which was not registered under the procedure established by the effective legislation are accounted for within property, plant and equipment in a separate line.

Property, plant and equipment are recognised on the balance sheet at cost less depreciation accumulated from the date of their independent valuation for merging subsidiaries and associates (hereinafter - SAC) into the Company in 2008 or over the whole period of their operation, if they were put into operation after merging SAC into the Company.

The Company does not perform the revaluation of property, plant and equipment items.

Useful lives of the acquired property, plant and equipment including those which had been in operation before the acquisition, received as a contribution to the share capital or under legal succession in connection with restructuring, are established by the review committee for commissioning of a facility based on the Classification of the Company's property, plant and equipment when PP&E item is initially recognised. Useful lives of assets which were in use in prior periods are determined with consideration to the number of years (months) they were used by the previous owner.

The adopted standard useful lives by groups of property, plant and equipment in accordance with the Classification of the Company's property, plant and equipment are presented below.

<b>Property, plant and equipment group</b>	<b>Useful lives of property, plant and equipment (years) on the balance sheet</b>
Facilities and transmission equipment	3 to 100
Machinery and equipment	1 to 40
Buildings	7 to 75
Other	1 to 20

Depreciation of property, plant and equipment is accrued on a straight-line basis proceeding from their historical values and depreciation rates calculated based on their useful lives.

Depreciation is not accrued on:

- land plots and natural resources;
- housing assets commissioned prior to 1 January 2006 (similar assets acquired after 1 January 2006 are depreciated in accordance with the generally accepted procedure);
- fully depreciated assets that are still on the balance sheet.
- assets that are temporarily shutdown for more than three months and during the restoration period which exceeds twelve months.

Gains and losses on disposal of property, plant and equipment are recorded in the statement of financial results within other income and expenses.

Construction-in-progress includes real estate assets under construction, which have not been put into operation, equipment to be installed and other investments in non-current assets which are not included in PP&E. Equipment which does not require installation, stored in the warehouse and intended for assets under construction are recorded within construction-in-progress in a separate line.

These items are recognised in the balance sheet line 1150 "Property, plant and equipment".

Interest on borrowings raised for the purposes directly related to acquisition, construction and/or manufacture of investment assets, accrued prior to initial recognition of the assets is included in their historical cost; that accrued after the initial recognition of the assets are recognised in the statement of financial results within other expenses.

Interest on borrowings raised for the purposes not related to acquisition, construction and/or manufacture of investment assets, but actually used to purchase the investment assets are included in the cost of investment assets in proportion to the share of the above borrowings in total amount of borrowings raised for the purposes not related to acquisition, construction, manufacture of investment assets.

Income-bearing investments in tangible assets represent PP&E items acquired for leasing out to generate income.

These assets are recognised at their historical cost determined under the procedure used for general PP&E items.

Leased PP&E items are recognised in off-balance-sheet accounts at cost specified in the lease agreement/determined based on the acceptance certificate. If the lease agreement and acceptance certificate do not specify the cost of these assets, property, plant and equipment are recorded in the off-balance-sheet accounts at the following values:

- land plots having the cadastral value - at their cadastral value;
- other PP&E items - in the amount of lease payments inclusive of VAT under lease agreement including the repurchase price of the leasing item.

## **2.5 Investments**

Investments are accounted for in accordance with the Russian Accounting Regulation "Accounting for investments" (RAR 19/02).

Investments include:

- contributions to the share capital of other entities (including subsidiaries);
- debt securities (including bonds, promissory notes);
- deposits in credit institutions except for short-term deposits classified as cash equivalents (paragraph 2.9 of the Explanatory Notes);
- loans issued to other entities;
- government and municipal securities and other investments.

Investments are initially recognised at their actual cost of acquisition.

The Company's actual costs to purchase investments represent the historical cost of investments purchased at a charge.

The historical cost of investments in the Company's share capital is presented by their monetary value agreed by the Company's founders, if not specified otherwise by the Russian legislation.

Investments, the current market value of which can be determined under the established procedure, are recognised on the balance sheet at their current market value as of the end of each reporting period (on a quarterly basis). The difference between the value of these investments as of the current reporting date and their prior value is recorded within other income and expenses.

Current market value of the securities which are traded by the institutors of trading is determined at market prices established at OAO MICEX-RTS (<http://moex.com>).

Investments for which no current market value is determinable are recorded on the balance sheet at their carrying (book) value, except for investments for which there are indications that the decline in their value (impairment) is significant and non-temporary as of the reporting date.

Investments are tested for their impairment once a year as of 31 December of the reporting year, if there are indications of impairment.

The Company accrues the impairment provision for the amount of difference between carrying (book) value and estimated value of the investments with regard to investments for which significant and constant impairment indicators are proved by impairment test. The estimated value of investments is determined based on the data about net assets, revenue, composition of expenses, schedule of projects financing and other factors.

Despite of the fact that well-grounded judgements are applied to determine the estimated value of investments, there are unavoidable limitations as in any valuation technique. Therefore, the estimated value represents the Company management's best estimate based on all the information available as of the reporting date. Future events will also have impact on determining the estimated value and impact of such events can be significant for the Company's financial statements.

Difference between the historical cost and nominal value of debt securities for which current market value is not determinable, is recorded on a straight-line basis during the period of their circulation and is recognised in the Company's financial results within other income (expenses). When investments for which current market value is not determinable are disposed, they are carried at book value of each unit of these investments except for issuance securities (shares, bonds) which are disposed under FIFO; when investments for which current market value is determinable under the established procedure are disposed - based on the latest valuation.

The Company discloses information about measurement at discounted value, the amount of the discounted value of debt securities of other related parties and loans issued to them.

Income and expenses associated with investments are reported within other income or expenses. Interest on loans issued and other income from investments are recognised in the balance sheet line 1230 "Accounts receivable".

## **2.6 Inventories**

Inventories are accounted for in accordance with the Russian Accounting Regulation "Accounting for inventories" (RAR 5/01).

Inventories are accounted for at their actual cost of acquisition (production).

If market value of inventories as of the end of the reporting year is below their historical cost including due to on-going (long-term) price reduction, Company makes a provision in the amount of inventory impairment which is charged against increase in other expenses. Such inventories are recognised on the balance sheet net of the inventories' impairment provision.

The average cost method is applied to determine the material expenses when writing-off inventories used to produce goods (provide services).

## **2.7 Expenses of future periods**

Expenses incurred by the Company in the reporting period but related to future reporting periods (payments under voluntary and mandatory insurance of property and employees, one-off payments to purchase licenses and other expenses) are recorded as expenses of future periods. These expenses are written-off for the purpose intended on a straight-line basis during the periods which they relate to.

Expenses of future periods to be written-off during the period exceeding twelve months are recognised on the balance sheet as non-current assets in line 1190 "Other non-current assets"; those to be written-off during twelve months - in line 1210 "Inventories".

## **2.8 Accounts receivable**

Trade receivables are accounted for in the amount of services provided, works performed, good dispatched at justified prices and established tariffs. Settlements with other debtors are recognised for accounting and reporting purposes based on the contractual prices.

Accounts receivable which are overdue or unlikely to be repaid by the contractual deadlines and are not secured by guarantees, pledges or otherwise, are recognised on the balance sheet net of

doubtful debt provision. The provision is based on the conservative assessment made by the Company's management with regard to the portion of receivables which is unlikely to be repaid.

Doubtful debts provision is made on a quarterly basis as of the end of the respective period. The provision amount is separately determined based on the unbiased information about solvency of the specific debtor and assessment of probability of receivables repayment in full or partially.

Accrual (release) of doubtful debts provision increases other expenses (income).

Uncollectable receivables are written-off when recognized as such. These receivables are recorded in off-balance-sheet accounts over five years after the debt is written off for monitoring whether there is a possibility of their collection in case of any changes in the debtor's property status.

## **2.9 Cash equivalents and presentation of cash flows in the statement of cash flows**

Cash equivalents comprise current highly liquid investments, which are readily convertible into a predictable amount of cash and are exposed to an insignificant risk of changes in value.

The Company recognises short-term bank deposits with a maturity of up to three months (not longer than 91 days) within cash equivalents if they are treated as funds used for settlements and repayment of liabilities, not intended for investment and other purposes.

The Company's cash flows which cannot be clearly attributed to cash flows from operating, investing or financing activities are included in the cash flows from operating activities in the statement of cash flows. Such cash flows include receipts and payments related to financial instruments of forward deals.

The following items are presented on a net basis in the statement of cash flows:

- indirect taxes within receipts from buyers and customers and payments to suppliers and contractors;
- cash flows used for investing activities and received on repayment of short-term bank deposits (with a maturity of more than three months) within the same reporting period.

Cash receipts and payments do not include cash flows changing the structure of cash equivalents, but not changing their total amount.

## **2.10 Share capital, additional and reserve capital**

The Company's share capital has been recorded in the amount of the nominal value of ordinary shares purchased by shareholders. The share capital is equal to the amount specified in the Company's Charter.

When the share capital is increased through placement of additional shares, transactions associated with the formation of the share capital are accounted for when the respective changes made in the Company's constituent documents are registered.

The Company's additional capital includes share premium resulted from placement of the Company's shares at price exceeding their nominal value and total of additional capital of subsidiaries, associates merged into the Company during the 2008 reorganisation.

In accordance with legislation the Company forms a reserve fund in the amount of 5% of the share capital. The amount of mandatory annual deductions to reserve fund is 5% of the Company's net profit until it reaches the specified level.

## **2.11 Loans and bank credits received**

Loans and bank credits are accounted for in accordance with the Russian Accounting Regulation "Accounting for loans and bank credits" (RAR 15/2008).

Loans payable are stated inclusive of interest payable as of the end of the reporting period according to the loan agreements.

Interest is accrued on a monthly basis at the end of each reporting period. If a lender provides for interest calculation attributable to different reporting periods, the amount of interest shall be allocated and included in the amount payable separately for each month.

Additional expenses incurred in connection with borrowings are charged to expenses of future periods with subsequent straight-line inclusion in other expenses over the repayment period.

## **2.12 Estimated liabilities, contingent liabilities and contingent assets**

### ***Estimated liabilities***

The Company recognises estimated liability, which meets the recognition criteria established in the Russian Accounting Regulation "Estimated liabilities, contingent liabilities and contingent assets" (RAR 8/2010).

The Company recognises an estimated liability for earned but unused employee vacations, which is determined as of the end of the reporting year with reference to the number of unused vacation days of each employee at the reporting date and employee's average salary, inclusive of insurance contributions.

### ***Contingent liabilities and contingent assets***

Contingent liabilities and contingent assets are not recorded on the balance sheet, but instead are disclosed in the Explanatory Notes to the balance sheet and statement of financial results.

Contingent liability (contingent asset) arises as a result of past business events when existence of a liability (asset) of the Company at the reporting date depends on occurrence (non-occurrence) of future uncertain events, which are beyond the Company's control.

Contingent liability is disclosed in the Explanatory Notes to financial statements, except where the likelihood of a decrease in economic benefits associated therewith is remote. Contingent asset is disclosed in the Explanatory Notes when the inflows associated therewith are probable. There is a need to disclose its estimated amount or a range of estimated amounts, if such values are identifiable.

## **2.13 Revenue recognition**

Revenue from sales of products (provision of services) is recognized on an accrual basis (as the products/services are delivered/provided and relevant settlement documents presented to buyers). Revenue is presented net of value added tax.

Other revenues of the Company include:

- proceeds from sale of property, plant and equipment, investments and other assets;
- interest received in connection with providing the Company's cash for use, interest for the bank's use of cash sitting on the Company's bank accounts in the bank, interest for the commodity credit and interest on the acquired interest-bearing notes of the third parties - in accordance with interest provision in the note when presenting it for payment. The Company recognises the above income in the statement of financial results in line 2320 "Interest income";
- income from participation in share capital of other entities (dividends) is recognised by Company when announced and included in the statement of financial results in line 2310 "Income from participation in other entities";
- income from transactions with derivatives when the respective trading positions are closed;
- fines, penalties and interest for breaching contractual terms;
- prior year profit identified in the reporting year (considering the requirements of the Russian Accounting Regulation "Correction of errors in accounting and reporting" (RAR 22/2010);
- other proceeds (income) according to the Russian Accounting Regulation "Income of an organisation" (RAR 9/99) (including income in the form of insurance indemnity).

## **2.14 Recognition of expenses**

Accounting for expenses is regulated by the Russian Accounting Regulation "Expenses of an organisation" (RAR 10/99) under which the Company's expenses are divided into general expenses and other expenses.

Administrative expenses are written-off against the cost of goods produced (services provided).

General expenses are recognised in the reporting period wherein they were incurred irrespective of the actual closure of accounts payable.

Expenses shall be accounted for irrespective of the intention to generate revenue or other income and their form.

Other expenses include:

- expenses incurred in disposal and other write-off of property, plant and equipment, investments and other assets;
- interest paid by the Company for provided cash (bank credit, loans); the Company recognises these expenses in the statement of financial results in line 2330 "Interest expense";
- expenses incurred in payment of services provided by credit institutions;
- doubtful debts provision calculated on the basis of the reporting period results in accordance with the Company's accounting policies (see paragraph 2.8 of the Explanatory Notes);
- expenses from transactions with derivatives when the respective trading positions are closed;
- fines, penalties and interest for breaching contractual terms, compensation of losses caused by the Company;
- prior year losses identified in the reporting period (considering the requirements of the Russian Accounting Regulation "Correction of errors in accounting and reporting" (RAR 22/2010);
- charity and social security;
- expenses incurred as a result of extraordinary events in business operations (natural disaster, fire, accident, etc.)
- other expenses according to RAR 10/99.

## **2.15 Changes in the accounting policies**

There are no significant changes in the Company's accounting policies for 2015 and 2016 based on the Russian Accounting Regulation "Accounting policies of an organisation" (RAR 1/2008).



### III. Disclosure of material indicators

#### 3.1 Non-current assets (Section I of the balance sheet)

##### 3.1.1 Property, plant and equipment (line 1151 of the balance sheet), construction-in-progress (line 1152 of the balance sheet), income-bearing investments in tangible assets (line 1160 of the balance sheet)

PP&E group	Net book value		
	31 December 2015	31 December 2014	31 December 2013
<b>Line 1151 Property, plant and equipment, including:</b>			
Facilities and transmission equipment	189,819	188,410	189,486
Machinery and equipment	120,251	98,216	77,084
Buildings	34,274	34,457	35,349
Motor vehicles	23	56	406
Production and maintenance tools	412	281	349
Land plots	4	3	3
Other types of property, plant and equipment	2	222	187
<b>Total line 1151 "Property, plant and equipment"</b>	<b>344,986</b>	<b>321,645</b>	<b>302,864</b>
<b>Line 1160 Income-bearing investments in tangible assets, including:</b>			
Facilities and transmission equipment	7,065	7,189	7,313
<b>Total in line 1160 "Income-bearing investments in tangible assets"</b>	<b>7,065</b>	<b>7,189</b>	<b>7,313</b>

As of 31 December 2015 income-bearing investments in tangible assets amount to RUB 7,065 million (as of 31 December 2014 – RUB 7,189 million, as of 31 December 2013 – RUB 7,313 ) and relate to five dams in Irkutsk region received in 2011 as part of additional issues of the Company's shares.

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**Explanatory Notes to the 2015 Balance sheet and Statement of Financial Results**  
(in millions of Russian Roubles unless otherwise stated)

**Availability and movement of property, plant and equipment and income-bearing tangible assets**

Narrative	Period	At the beginning of the year		Additions*	Changes for the period			At the end of the year	
		Cost	Accumulated depreciation		Disposals		Depreciation accrued*	Cost	Accumulated depreciation
					Cost	Accumulated depreciation			
<b>Property, plant and equipment including:</b>	<b>2014</b>	<b>356,976</b>	<b>(54,112)</b>	<b>35,474</b>	<b>(3,310)</b>	<b>1,645</b>	<b>(15,028)</b>	<b>389,140</b>	<b>(67,495)</b>
	<b>2015</b>	<b>389,140</b>	<b>(67,495)</b>	<b>42,761</b>	<b>(3,401)</b>	<b>1,414</b>	<b>(17,433)</b>	<b>428,500</b>	<b>(83,514)</b>
Facilities and transmission equipment	2014	210,790	(21,304)	3,264	(70)	54	(4,324)	213,984	(25,574)
	2015	213,984	(25,574)	7,633	(2,260)	367	(4,331)	219,357	(29,538)
Machinery and equipment	2014	105,144	(28,060)	31,225	(1,234)	841	(9,700)	135,135	(36,919)
	2015	135,135	(36,919)	34,270	(997)	947	(12,185)	168,408	(48,157)
Buildings	2014	39,107	(3,758)	806	(1,241)	309	(766)	38,672	(4,215)
	2015	38,672	(4,215)	574	(12)	4	(749)	39,234	(4,960)
Motor vehicles	2014	755	(349)	25	(698)	377	(54)	82	(26)
	2015	82	(26)	5	(37)	8	(9)	50	(27)
Production and maintenance tools	2014	848	(499)	94	(53)	50	(159)	889	(608)
	2015	889	(608)	266	(89)	86	(132)	1,066	(654)
Land plots	2014	3	-	-	-	-	-	3	-
	2015	3	-	1	-	-	-	4	-
Other types of property, plant and equipment	2014	329	(142)	60	(14)	14	(25)	375	(153)
	2015	375	(153)	12	(6)	2	(27)	381	(178)
<b>Income-bearing investments in tangible assets including:</b>	<b>2014</b>	<b>7,592</b>	<b>(279)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(124)</b>	<b>7,592</b>	<b>(403)</b>
	<b>2015</b>	<b>7,592</b>	<b>(403)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(124)</b>	<b>7,592</b>	<b>(527)</b>
Facilities and transmission equipment	2014	7,592	(279)	-	-	-	(124)	7,592	(403)
	2015	7,592	(403)	-	-	-	(124)	7,592	(527)

\* Cost of property, plant and equipment received in 2015 and depreciation for the period includes cost of property, plant and equipment repurchased at the expiration of the lease agreements and accumulated depreciation of RUB 3,679 million (for 2014: RUB 2,322 million). Exposure of leased property, plant and equipment is described in paragraph 3.6.1 of the Explanatory Notes.

**Changes in the cost of property, plant and equipment as a result of further construction, re-equipping, reconstruction or partial liquidation**

Narrative	2015	2014
<b>Increase in the cost of property, plant and equipment as a result of further construction, re-equipping, reconstruction including:</b>	<b>23,674</b>	<b>16,990</b>
Machinery and equipment	17,769	15,081
Facilities and transmission equipment	5,673	1,669
Other types of property, plant and equipment	232	240
<b>Decrease in value of property, plant and equipment as a result of partial liquidation including:</b>	<b>96</b>	<b>205</b>
Machinery and equipment	86	191
Other types of property, plant and equipment	10	14

**Other use of property, plant and equipment**

Narrative	31 December 2015	31 December 2014	31 December 2013
Leased out PP&E recognised on the balance sheet	1,604	1,760	1,593
Leased PP&E recognised in the off-balance-sheet accounts	38,490	34,097	33,754
Real estate assets which were put into operation and actually used but are in the process of state registration	2,552	2,094	1,716
PP&E that have been temporarily shut down	89	77	94

**Construction-in-progress and purchase of property, plant and equipment and income-bearing investments in tangible assets**

Narrative	Period	At the beginning of the year	Changes for the period				At the end of the year
			Costs for the period	Written off	Other movement*	Recognised as PP&E or uplifted	
<b>Construction-in-progress and purchase of property, plant and equipment and income-bearing investments in tangible assets, including:</b>	<b>2014</b>	<b>47,185</b>	<b>42,432</b>	<b>(69)</b>	<b>(14)</b>	<b>(33,152)</b>	<b>56,382</b>
	<b>2015</b>	<b>56,382</b>	<b>31,083</b>	<b>(44)</b>	<b>(602)</b>	<b>(39,082)</b>	<b>47,737</b>
Construction-in-progress	2014	39,266	19,150	(26)	25,951	(32,838)	51,503
	2015	51,503	14,698	(21)	15,579	(38,831)	42,928
Incomplete transactions on purchasing property, plant and equipment and income-bearing investments in tangible assets	2014	27	316	(1)	7	(314)	35
	2015	35	262	(1)	-	(251)	45
Equipment for installation	2014	7,892	22,966	(42)	(25,972)	-	4,844
	2015	4,844	16,123	(22)	(16,181)	-	(4,764)

\* Transfer of equipment for installation, reclassification of equipment to be installed to construction-in-progress and other movement not related to transfer of assets to property, plant and equipment

**3.1.2 Long-term investments (line 1170 of the balance sheet)**

Line 1170 "Financial investments" includes contributions to share capital of subsidiaries, associates and other entities, debt securities and long-term loans issued to subsidiaries and associates:

<b>Narrative</b>	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
Investments in subsidiaries	252,713	216,413	95,619
Investments in associates	11,110	11,210	11,210
Investments in other entities	3,841	2,690	3,212
Long-term loans issued	51,832	34,039	33,018
Debt securities	601	-	-
<b>Total line 1170 "Financial investments"</b>	<b>320,097</b>	<b>264,352</b>	<b>143,059</b>

Exposure of long-term investments to financial risks is described in paragraph 3.15 of the Explanatory Notes.

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(in millions of Russian Roubles unless otherwise stated)

**Availability and movement of long-term investments**

Narrative	Period	At the beginning of the year		Changes for the period					At the end of reporting period	
		Cost	Accumulated adjustment*	Additions	Changes in current market value	Disposed (settled)		Other movements**	Cost	Accumulated adjustment*
						Cost	Accumulated adjustment*			
<b>Long-term investments including:</b>	<b>2014</b>	<b>159,640</b>	<b>(16,581)</b>	<b>129,939</b>	<b>(574)</b>	<b>(8,050)</b>	<b>-</b>	<b>(22)</b>	<b>281,529</b>	<b>(17,177)</b>
	<b>2015</b>	<b>281,529</b>	<b>(17,177)</b>	<b>62,904</b>	<b>780</b>	<b>(5,552)</b>	<b>-</b>	<b>(2,387)</b>	<b>338,881</b>	<b>(18,784)</b>
Investments in subsidiaries	2014	95,619	-	121,586	-	(778)	-	(14)	216,427	(14)
	2015	216,427	(14)	38,771	-	(35)	-	(2,436)	255,163	(2,450)
Investments in associates	2014	11,226	(16)	-	-	-	-	-	11,226	(16)
	2015	11,226	(16)	-	-	(100)	-	-	11,126	(16)
Investments in other entities	2014	12,878	(9,666)	75	(574)	(15)	-	(8)	12,938	(10,248)
	2015	12,938	(10,248)	401	780	(79)	-	49	13,260	(9,419)
Long-term loans issued	2014	33,018	-	8,278	-	(7,257)	-	-	34,039	-
	2015	34,039	-	23,131	-	(5,338)	-	-	51,832	-
Debt securities	2014	6,899	(6,899)	-	-	-	-	-	6,899	(6,899)
	2015	6,899	(6,899)	601	-	-	-	-	7,500	(6,899)

\* Accumulated adjustment includes difference between original and current market value of investments for which current market value can be determined; difference between original and current market value of investments for which current market value is not determinable; provision for impairment of investments.

\*\* Other movements include changes in provision for impairment of investments, accrual of discount on debt securities and reclassification within the balance sheet line 1170 "Investments".

**PAO RusHydro**  
**Explanatory Notes to the 2015 Balance sheet and Statement of Financial Results**  
(in millions of Russian Roubles unless otherwise stated)

**(a) Investments in subsidiaries, associates and other entities**

The balance sheet line 1170 "Investments" includes the below investments in subsidiaries, associates and other organisations:

Subsidiaries and associates and other entities	31 December 2015		31 December 2014		31 December 2013	
	Carrying amount	Share, %	Carrying amount	Share, %	Carrying amount	Share, %
<b>Subsidiaries</b>	<b>252,713</b>		<b>216,413</b>		<b>95,619</b>	
AO Zagorskaya GAES-2	60,691	100.00%	55,924	100.00%	9,780	100.00%
AO Ust-Srednekanskaya GES	23,111	67.82%	23,111	67.82%	14,722	50.04%
PAO RAO ES of East	18,495	84.39%	18,495	84.39%	18,495	84.39%
AO Zaramagskie GES	17,216	99.75%	17,216	99.75%	1,904	98.35%
AO Yakutskaya GRES-2	16,862	100.00%	5,638	100.00%	1	100.00%
AO Nizhne-Bureiskaya GES	14,611	100.00%	8,673	100.00%	408	100.00%
PAO Kolymaenergo	13,187	98.76%	13,187	98.76%	13,187	98.76%
AO Sakhalinskaya GRES-2	12,996	100.00%	1	100.00%	1	100.00%
AO ESK RusHydro	11,832	100.00% - 1 акция	11,832	100.00% - 1 акция	2,864	100.00% - 1 акция
AO Sulakskiy Hydrocascade	10,094	100.00%	10,094	100.00%	10,094	100.00%
AO Gidroinvest	9,550	100.00%	9,550	100.00%	-	100.00%
AO CCGT in the City of Sovetskaya Gavan	7,345	100.00%	4,375	100.00%	1	100.00%
AO Malaya Dmitrovka	6,394	100.00%	6,394	100.00%	5,455	100.00%
AO Blagoveschenskaya TEC	6,302	100.00%	6,302	100.00%	1	100.00%
AO Leningradskaya GAES	4,994	100.00%	5,898	100.00%	1,690	100.00%
AO Lenhydroproject	3,260	100.00%	3,260	100.00%	3,260	100.00%
AO Yuzhno-Yakutskiy GEK	3,255	100.00%	3,255	100.00%	3,255	100.00%
AO Geoterm	2,425	99.65%	2,425	99.65%	2,425	99.65%
PAO Yakutskenergo*	1,671	29.80%	1,671	29.80%	1,671	29.80%
HydroOGK Power Company Ltd	1,171	100.00%	1,171	100.00%	1,171	100.00%
AO Hydro-Engineering Siberia	990	100.00%	2,292	100.00%	300	100.00%
AO NIIES	983	100.00%	983	100.00%	338	100.00%
OOO Verkhnebalkarskaya MGES	937	100.00%	937	100.00%	118	100.00%
AO Renewable Energy Engineering Centre	694	100.00%	694	100.00%	694	100.00%
AO GVTS Energetiki**	653	100.00%	-	-	-	-
AO CSO SGES	589	100.00%	589	100.00%	589	100.00%
PAO Kamchatsky gas and energy complex	531	96.58%	531	96.58%	531	96.58%
Other	1,874		1,916		2,665	
<b>Associates:</b>	<b>11,110</b>		<b>11,210</b>		<b>11,210</b>	
OAO Irkutsk Electric Grid Company	8,543	42.75%	8,543	42.75%	8,543	42.75%
OAO Sakhalin energy company	2,567	28.09%	2,567	28.09%	2,567	31.49%
Other	-		100		100	
<b>Other entities:</b>	<b>3,841</b>		<b>2,690</b>		<b>3,212</b>	
PAO Inter RAO	2,217	1.94%	1,445	1.94%	2,027	1.94%
OAO Boguchanskaya GES	1,081	2.88%	1,081	2.88%	1,081	2.88%
Other	543		164		104	
<b>Total:</b>	<b>267,664</b>		<b>230,313</b>		<b>110,041</b>	

\* Investment in PAO Yakutskenergo (29.80%) is recorded within subsidiaries as the Company has control over these entities indirectly via other subsidiaries.

\*\* As of 31 December 2015 investment in AO GVTS Energetiki (100.00%) was accounted as part of subsidiaries due to acquisition additional share in 2015; as of 31 December 2014 and 31 December 2013 investment was considered as part of dependent companies with share of 42.53% and cost of 0 million RUB.

Key factors affected changes in the value of investments in subsidiaries, associates and other entities in 2015 are as follows:

- acquisition of additionally issued shares of subsidiaries for the total of RUB 10,929 million, including AO Nizhne-Bureiskaya GES for the amount of RUB 5,938 million, AO Zagorskaya GAES-2 for the amount of RUB 4,767 million and AO Dalnevostochnaya VES for the amount of RUB 224 million;
- acquisition of additionally issued shares of subsidiaries whose shares were transferred for trust management to PAO RAO ES of East for the total of RUB 27,189 million, including AO Sakhalinskaya GRES-2 for the amount of RUB 12,995 million, AO Yakutskaya GRES-2 for the amount of RUB 11,224 million and AO CCGT in the City of Sovetskaya Gavan for the amount of RUB 2,970 million;
- acquisition of share in the share capital of AO GVTS Energetiki for the amount of RUB 653 million;
- assessment of investments that have current market value with recognition of revenue amounting to RUB 781 million (see paragraph 3.15 of the Explanatory Notes) including revenue amounting to RUB 772 million related to PAO Inter RAO shares;
- making provision for impairment of investments for amount of RUB 2,436 million including provision for AO HydroInzhiniring Sibir for the amount of RUB 1,302 million, for AO Leningradskaya GES for the amount of RUB 904 million and for others companies for the amount of RUB 230 million.

#### ***Investments in subsidiaries that have current market value***

As of 31 December 2015, 31 December 2014 and 31 December 2013, investments included shares of the Company's subsidiaries, i.e. PAO RAO ES of East, PAO Yakutskenergo and PAO Far East Energy Company, received in 2011–2013 as a result of the additional issue of the Company's shares which are recognised on the Company's balance sheet. These investments are recorded at the value agreed with the founders and determined on the basis of the market valuation performed by an independent appraiser totalling 20,204 million as of 31 December 2015 (as of 31 December 2014: 20,204 million; as of 31 December 2013: 20,204 million). This valuation exceeds the current market value of the shares as of 31 December 2015, 31 December 2014 and 31 December 2013 by RUB 5,047 million, RUB 13,535 million and RUB 12,394 million, respectively.

The Company's management plans to get benefits from investments in PAO RAO ES of East, PAO Yakutskenergo and PAO Far East Energy Company by controlling their business operations rather than as a result of fluctuations in their market value. Thus, according to the Company's management, current market quotes do not fairly reflect the fair value of the controlling shareholdings in these companies as the number of shares traded in the market is not representative; not more than 1% of total shares issued are in circulation on a daily basis. Also since the end of the 2015 year the process of PAO RAO ES of East shares' consolidation in RusHydro Group by buying from minority and bringing the stake to 100% has started.

In view of these circumstances and considering that the Company has no plans to sell these investments, in accordance with paragraph 6 of the Russian Accounting Regulation "Accounting reports of an organisation" (RAR 4/99), approved by order No. 43n of the Russian Ministry of Finance of 6 July 1999, the Company decided against performing revaluation of its investments in shares of PAO RAO ES of East, PAO Yakutskenergo and PAO Far East Energy Company at the current market value from acquisition date.

The Company's management analysed the models of expected cash flows and factors that may show that there are indications of impairment of investments and came to a decision that these assets are not impaired as of 31 December 2015.

The amount of unrecognised change in the market value as compared to the carrying amount as of 31 December 2015 is RUB 5,047 million (as of 31 December 2014: RUB 13,535 million; as of 31 December 2013: RUB 12,394 million). The Company's net assets would have amounted to RUB 737,489 million, if it included the above unrecognised change in the value (as of 31 December 2014: RUB 704,994 million, as of 31 December 2013: RUB 612,026 million).



**Impairment of investments in subsidiaries, associates and other entities for which current market value is not determinable**

The Company's management analysed the negative trends related to a number of subsidiaries, which is presented below. The management performed the analysis of investments to the share capital of the entities listed below for possible signs of impairment, and also analysed possible impairment of other assets related to these subsidiaries, including those recorded within accounts receivable (see paragraph 3.2.2 of the Explanatory Notes).

**AO Zagorskaya GAES-2.** In September 2013, Zagorskaya GAES-2 which is currently under construction suffered from the flooding of a section of the GAES building from the lower reservoir. Due to the technical complexity of identifying the losses as a result of the accident, management are not able to estimate the amount of expenses needed to rectify the accident consequences and write off the damaged items of construction in progress.

Assets in relation to AO Zagorskaya GAES-2 on the balance sheet of the Company as of 31 December 2015 are as follows:

- within long-term investments: shares of AO Zagorskaya GAES-2 for the amount of RUB 60,691 million and interest-bearing loan for the amount of RUB 5,562 million.

The analysis of recoverability of these assets performed by the Company as of 31 December 2015 was based on the following key factors:

- Construction works and the assets are insured. As at 31 December 2015 all insurance companies PIJSC Ingosstrakh, JSC AlfaStrakhovanie and JSC SOGAZ have recognized the technical incident at Zagorskaya GAES-2 as an insured event and paid insurance indemnity.
- Management plans to perform recovery work and complete construction of Zagorskaya GAES-2. As of 31 December 2015 there is significant uncertainty in terms of the expenses to be incurred on recovery of damage caused by the flooding at Zagorskaya GAES-2. However, these expenses can be significant. Capacity supply contracts were concluded in respect of Zagorskaya GAES-2. There are specific rules for the price setting in respect of new HPPs (including pumped-storage power plants) being constructed: the price is set in a manner that guarantees payback period of 20 years for all CAPEX invested in construction.
- Following the decision of the regulatory body NP Market Council of 16 December 2013 the commissioning date for generating assets of Zagorskaya GAES-2 and the start date of fulfilment of obligations under the committed capacity supply contracts for new HPPs (including pumped-storage power plants) was transferred from the beginning of 2014 to the beginning of 2017. As these dates were adjusted for AO Zagorskaya GAES-2 is not subject to any penalties for under-supplied capacity under the above contracts.

Based on the analysis of factors that might indicate impairment of assets related to Zagorskaya GAES-2 construction project, the Company's management concluded that there were no such indicators as of 31 December 2015.

No negative trends which may result in impairment of other shareholdings were observed.

Provision for impairment of investments for which current market value is not determinable amounts to RUB 2,466 million (as of 31 December 2014: RUB 79 million, as of 31 December 2013: RUB - 58 million). Original cost of long-term investments for which provision for impairment of investments was made amounts to RUB 8,453 million as of 31 December 2015 (as of 31 December 2014 - RUB 111 million, as of 31 December 2013 – RUB 96 million).

**(b) Long-term loans issued**

Loan recipient's name	31 December 2015	31 December 2014	31 December 2013	Annual rate,%
<b>Long-term loans issued to related parties, including:</b>				
AO Hydroinvest	14,181	-	2,082	0,10% / 9,703%

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Loan recipient's name	31 December 2015	31 December 2014	31 December 2013	Annual rate,%
AO Far East Generating Company	11,838	10,038	11,538	MosPrime + 2,48% / MosPrime + 2,33% / 7,997%
AO Zagorskaya GAES-2	5,562	7,029	7,029	8,213% – 9,513%
AO Far East Distribution Grid Company	5,023	6,630	1,670	MosPrime + 2,86% / MosPrime + 2,33% / 7,997% – 8,407%
AO Nizhne-Bureiskaya GES	4,653	2,300	694	8,213% – 9,703%
AO Sakhaenergo	3,476	3,476	3,476	7,997%
AO ESK RusHydro	3,305	-	1,700	8,00% / 9,703%
AO Ust-Srednekanskaya GES	2,111	1,747	1,747	8,213%-9,513%
AO Teploenergосervice	929	929	929	7,997%
AO Tekhnopark Rumyantsevo	-	1,292	1,508	
Other	754	598	645	
<b>Total long-term loans issued</b>	<b>51,832</b>	<b>34,039</b>	<b>33,018</b>	

As of 31 December 2015 the balance sheet line 1170 "Investments" includes the following long-term loans issued:

- Loans to AO Hydroinvest amounting to RUB 14,181 million, including loans amounting to RUB 12,381 maturing by 28 April 2018 that were removed from short-term interest-free loans (see 3.2.2 of Explanations); and loans amounting to RUB 1,800 million maturing by 29 June 2018 that were removed from short-term interest loans due to changes in conditions of contracts;
- loan to AO Far East Generating Company amounting to RUB 11,838 million to refinance liabilities maturing by 3 December 2018 and 15 September 2021;
- loans to AO Zagorskaya GAES-2 in the total amount of RUB 5,562 million issued to finance expenses related to investment project "Zagorskaya GAES-2" maturing by 05 February 2018 and 29 June 2018;
- loan to AO Far East Distribution Grid Company amounting to RUB 5,023 million to refinance liabilities and finance working capital maturing by 03 December 2018 and 14 October 2025;
- loans to AO Nizhne-Bureyskaya GES in the total amount of RUB 4,653 million issued to finance expenses related to investment project "Nizhne-Bureyskaya GES" maturing by 5 February 2018 and 29 June 2018 and 25 December 2019;
- loan to OAO Sakhaenergo in the total amount of RUB 3,476 million issued to refinance liabilities maturing by 03 December 2018;
- loans to AO ESK RusHydro in the total amount of RUB 3,305 million issued for refinance liabilities maturing by 29 June 2018 and 01 December 2025;
- loans to AO Ust-Srednekanskaya GES in the total amount of RUB 2,111 million issued to finance expenses related to investment project "Ust-Srednekanskaya GES" maturing by 05 February 2018 and 29 June 2018;
- loan to AO Teploenergосervis in the amount of RUB 929 million issued to refinance and debt repayment maturing by 03 December 2018.

There are no indicators of a prolonged decline in the value of the above investments.

### 3.1.3 Other non-current assets (line 1190 of the balance sheet)

Line 1190 "Other non-current assets" includes expenses of future periods to be written-off from expense account during the period beyond 12 months of the reporting date.

Breakdown of total expenses of future periods by types is presented in the table below:

Narrative	31 December 2015	31 December 2014	31 December 2013
Project documentation on the construction of Cheboksarskaya GES related to uplifting water reservoir level	1,620	1,620	1,620
Software and licenses	1,153	1,461	1,239
Borrowing costs	1,083	1,175	647
Other	476	458	393
<b>Total expenses of future periods, including:</b>	<b>4,332</b>	<b>4,714</b>	<b>3,899</b>
Long-term expenses of future periods which are subject to writing-off from expense account during the period beyond 12 months of the reporting date (within the balance sheet line 1190)	3,287	3,538	2,987
Short-term expenses of future periods which are subject to writing-off from expense account during 12 months of the reporting date (within the balance sheet line 1210)	1,045	1,176	912

As a result of works performed to uplift the level of Cheboksary water reservoir it is planned to increase the production capacity of Cheboksary GES and eliminate the increased depreciation of equipment and hydraulic engineering installations. If the Company becomes aware that it won't obtain the expected additional economic benefits, the above expenses of future periods will be written-off against other expenses.

### 3.2 Current assets (Section II of the balance sheet)

#### 3.2.1 Inventories (line 1210 the balance sheet)

Narrative	31 December 2015	31 December 2014	31 December 2013
Raw, materials and other inventories	3,046	2,241	1,813
Short-term expenses of future periods which are subject to writing-off from expense account during 12 months of the reporting date (see paragraph 3.1.3 of the Explanatory Notes)	1,045	1,176	912
Other	24	20	136
<b>Total line 1210 "Inventories"</b>	<b>4,115</b>	<b>3,437</b>	<b>2,861</b>

Raw, materials and other inventories are measured at actual cost of acquisition. As of 31 December 2015 the provision for their impairment amounted to RUB 156 million (31 December 2014: RUB 158 million, 31 December 2013: RUB 105 million).

#### 3.2.2 Accounts receivable (line 1230 of the balance sheet)

##### (a) Long-term accounts receivable (payments expected beyond 12 months of the reporting date)

Total long-term accounts receivable were RUB 62,549 million, 62,341 million and 80,323 million as of 31 December 2015, 2014 and 2013, respectively. Breakdown by types of long-term accounts receivable is as follows:

Type of long-term accounts receivable	31 December 2015	31 December 2014	31 December 2013
Advances issued to suppliers of equipment and capital construction contractors	28,176	31,095	35,074
Interest-free promissory notes received	28,578	27,563	27,040
Interest-free loans issued	3,447	1,503	16,817
Buyers and customers	976	409	103
Lease receivables	241	495	927
Other long-term accounts receivable	1,131	1,276	362
<b>Total line 1231 "Long-term accounts receivable (payments expected beyond 12 months of the reporting date)"</b>	<b>62,549</b>	<b>62,341</b>	<b>80,323</b>

**PAO RusHydro**  
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(in millions of Russian Roubles unless otherwise stated)

***Long-term accounts receivable and their movement***

Item	Period	Opening balance		Changes for the period*					Closing balance	
		Recognised under contract	Doubtful debt provision	Additions		Repayment*	Disposals		Recognised under contract	Doubtful debt provision
				As a result of economic transactions*	Reclassified from short-term to long-term		Accrual/release of doubtful debt provision	Reclassified from long-term to short-term		
<b>Long-term accounts receivable, including:</b>	<b>2014</b>	<b>83,058</b>	<b>(2,735)</b>	<b>9,831</b>	<b>1,656</b>	<b>(1,580)</b>	<b>-</b>	<b>(27,889)</b>	<b>65,076</b>	<b>(2,735)</b>
	<b>2015</b>	<b>65,076</b>	<b>(2,735)</b>	<b>7,438</b>	<b>4,623</b>	<b>(148)</b>	<b>-</b>	<b>(11,705)</b>	<b>65,284</b>	<b>(2,735)</b>
Advances issued to suppliers of equipment and capital construction contractors	2014	35,074	-	3,866	1,439	-	-	(9,284)	31,095	-
	2015	31,095	-	5,058	1,014	-	-	(8,991)	28,176	-
Interest-free promissory notes received	2014	27,040	-	773	-	-	-	(250)	27,563	-
	2015	27,563	-	1,011	187	(139)	-	(44)	28,578	-
Interest-free loans issued	2014	16,817	-	3,701	29	(1,578)	-	(17,466)	1,503	-
	2015	1,503	-	120	1,966	(1)	-	(141)	3,447	-
Lease receivables	2014	927	-	65	33	-	-	(530)	495	-
	2015	495	-	4	2	-	-	(260)	241	-
Buyers and customers	2014	103	-	304	143	(1)	-	(140)	409	-
	2015	409	-	14	966	-	-	(413)	976	-
Other long-term accounts receivable	2014	3,097	(2,735)	1,122	12	(1)	-	(219)	4,011	(2,735)
	2015	4,011	(2,735)	1,231	488	(8)	-	(1,856)	3,866	(2,735)

\* *Movements of accounts receivable arising as a result of economic transactions and settled within the same reporting period are presented on a gross basis.*

**PAO RusHydro**  
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(in millions of Russian Roubles unless otherwise stated)

Long-term accounts receivable include interest-free loans issued to the following counterparties:

Counterparty	31 December 2015	31 December 2014	31 December 2013
<b>Subsidiaries, including:</b>	<b>3,078</b>	<b>1,155</b>	<b>16,530</b>
AO ESK RusHydro	1,034	1,034	1,034
AO Yakutskaya GRES-2	1,003	-	674
AO CCGT in the City of Sovetskaya Gavan	631	-	-
AO Sakhalinskaya GRES-2	330	-	-
AO Hydroinvest	-	-	12,381
AO Blagoveschenskaya TEC	-	-	1,473
AO MGES Kabardino-Balkarii	-	-	678
Other	80	121	290
<b>Other related parties, including:</b>	<b>21</b>	<b>28</b>	<b>18</b>
<b>Total interest-free loans issued to related parties</b>	<b>3,099</b>	<b>1,183</b>	<b>16,548</b>
Other	348	320	269
<b>Total interest-free loans issued to other counterparties</b>	<b>348</b>	<b>320</b>	<b>269</b>
<b>Total long-term interest-free loans issued</b>	<b>3,447</b>	<b>1,503</b>	<b>16,817</b>

Long-term accounts receivable include interest-free promissory notes issued by the following issuers:

Issuer	31 December 2015	31 December 2014	31 December 2013
<b>Other related parties, including:</b>	<b>25,689</b>	<b>25,689</b>	<b>25,689</b>
OAO Boguchanskaya GES	21,027	21,027	21,027
ZAO Boguchansky Aluminium Smelter	4,662	4,662	4,662
<b>Total interest-free promissory notes from related parties</b>	<b>25,689</b>	<b>25,689</b>	<b>25,689</b>
PAO ROSBANK	1,491	935	290
AO Alfa-Bank	1,298	850	944
OAO Ulyanovskenergo	100	89	62
Other	-	-	55
<b>Total interest-free promissory notes from other counterparties</b>	<b>2,889</b>	<b>1,874</b>	<b>1,351</b>
<b>Total long-term interest-free promissory notes received</b>	<b>28,578</b>	<b>27,563</b>	<b>27,040</b>

As of 31 December 2015, the Company's long-term accounts receivable represented by other related parties' long-term interest-free promissory notes purchased for financing investment program consist of the following promissory notes:

- OAO Boguchanskaya GES: promissory notes for RUB 21,027 million payable on demand after 31 December 2029 (the present value of the promissory notes reflecting time value of money as of 31 December 2015 is RUB 5,711 million);
- ZAO Boguchansky Aluminium Smelter: promissory notes for RUB 4,662 million payable on demand after 31 December 2024 (the present value of the promissory notes reflecting time value of money as of 31 December 2015 is RUB 1,976 million).

Long-term accounts receivable include advances issued to the following suppliers of equipment and capital construction contractors:

Counterparty	31 December 2015	31 December 2014	31 December 2013
OAO Silovye Mashiny	14,271	15,208	19,713
OOO Corporation SpetsHydroProject	5,491	6,565	5,534
Voith Hydro GmbH & Co KG	5,289	5,851	5,214
OAO Hydroremont-BKK	2,859	3,120	3,818
Other	266	351	795
<b>Total advances issued to suppliers of equipment and capital construction contractors</b>	<b>28,176</b>	<b>31,095</b>	<b>35,074</b>

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**PAO RusHydro****Explanatory Notes to the 2015 Balance sheet and Statement of Financial Results**(in millions of Russian Roubles unless otherwise stated)

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Advances issued to suppliers of equipment and capital construction contractors relating to the equipment (work) with expected supply during 2016 are included within short-term advances issued.

<b>Counterparty</b>	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>Interest receivable accrued on loans issued and promissory notes received, including:</b>	<b>690</b>	<b>1,258</b>	<b>336</b>
Subsidiaries	690	1,258	336
<b>Other accounts receivable</b>	<b>441</b>	<b>18</b>	<b>26</b>
<b>Total other long-term accounts receivable</b>	<b>1,131</b>	<b>1,276</b>	<b>362</b>

**(b) Short-term accounts receivable (payments expected within 12 months of the reporting date)**

Total short-term accounts receivable less doubtful debt provision were RUB 66,762 million, 82,224 million and 153,157 million as of 31 December 2015, 2014 and 2013, respectively.

Type of short-term accounts receivable	31 December 2015	31 December 2014	31 December 2013
<b>Buyers and Customers, including:</b>	<b>6,741</b>	<b>5,840</b>	<b>5,648</b>
Accounts receivable for electricity and capacity	5,752	5,521	5,437
Other	989	319	211
<b>Advances issued, including:</b>	<b>14,495</b>	<b>12,870</b>	<b>15,517</b>
Advances issued to suppliers of equipment and capital construction contractors	13,286	12,036	14,309
Other advances issued	1,209	834	1,208
<b>Other debtors, including:</b>	<b>45,506</b>	<b>63,514</b>	<b>131,992</b>
Interest-free promissory notes received	20,809	19,119	22,954
Interest-free loans issued	12,925	26,384	5,552
Accounts receivable from subsidiaries as part of additional issues before title for the shares issued is transferred to the Company	7,951	11,805	98,530
Taxes receivable	1,322	2,252	2,596
Lease receivables	220	707	805
Other	2,279	3,247	1,555
<b>Total line 1232 "Long-term accounts receivable" (payments expected within 12 months of the reporting date)</b>	<b>66,742</b>	<b>82,224</b>	<b>153,157</b>

**PAO RusHydro**

**Explanatory Notes to the 2015 Balance sheet and Statement of Financial Results**

(in millions of Russian Roubles unless otherwise stated)

**Short-term accounts receivable and their movement**

Item	Period	Opening balance		Changes for the period*								Closing balance	
		Recognised under contract	Doubtful debt provision	Additions		Disposals		Release of provision	Accrual of provision	Reclassified from long-term to short-term and vice versa	Write-off of receivables against provision	Recognised under contract	Doubtful debt provision
				As a result of economic transactions*	Interest, penalties and other accruals	Repayment*	Write-off to the financial result						
<b>Short-term accounts receivable, including:</b>	<b>2014</b>	<b>159,603</b>	<b>(6,446)</b>	<b>168,596</b>	<b>-</b>	<b>(264,082)</b>	<b>-</b>	<b>2,168</b>	<b>(3,848)</b>	<b>26,233</b>	<b>35</b>	<b>90,315</b>	<b>(8,091)</b>
	<b>2015</b>	<b>90,315</b>	<b>(8,091)</b>	<b>166,404</b>	<b>-</b>	<b>(189,807)</b>	<b>-</b>	<b>3,489</b>	<b>(2,650)</b>	<b>7,082</b>	<b>425</b>	<b>73,569</b>	<b>(6,827)</b>
Buyers and customers	2014	10,661	(5,013)	129,193	-	(127,499)	-	2,099	(3,598)	(3)	22	12,330	(6,490)
	2015	12,330	(6,490)	126,687	-	(126,594)	-	3,395	(2,034)	(553)	40	11,830	(5,089)
Advances issued	2014	15,539	(22)	32,127	-	(42,606)	-	-	(20)	7,852	11	12,901	(31)
	2015	12,901	(31)	22,208	-	(28,190)	-	2	(82)	7,687	2	14,604	(109)
Other debtors	2014	133,403	(1,411)	7,276	-	(93,977)	-	69	(230)	18,384	2	65,084	(1,570)
	2015	65,084	(1,570)	17,509	-	(35,023)	-	92	(534)	(52)	383	47,135	(1,629)

\* Movements of accounts receivable arising as a result of economic transactions and settled within the same reporting period are presented on a gross basis.



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Short-term accounts receivable include advances issued to the following suppliers of equipment and capital construction contractors relating to the equipment (work) with expected supply within 12 months of the reporting date.

Counterparty	31 December 2015	31 December 2014	31 December 2013
ОАО Силвые Mashiny	6,817	5,317	6,401
АО Hydroremont-BKK	1,017	965	1,365
ЗАО Technoserv A/C	821	441	47
ООО Corporation SpetsHydroProject	986	1,817	1,016
Voith Hydro GmbH & Co KG	739	1,160	2,194
АО ТЕК Мосэнерго	452	39	-
АО ChirkeiGESstroi	418	286	-
ЗАО A-security	242	172	61
ООО Construction company StroyLine	238	127	-
ООО Sovremennye sistemy upravleniya	199	171	29
АО ETC Electromashinostroeniya	184	-	-
АО Lenhydroproject	170	42	1
АО VNIIR Hydroelectroavtomatika	159	156	390
ОАО Trest Hydromontazh	125	184	60
ООО Promhydroenergomash	69	107	136
ОАО Hydroelectromontazh	-	48	420
IBERDROLA	-	-	1,061
Other	650	1,004	1,128
<b>Total advances issued to suppliers of equipment and capital construction contractors</b>	<b>13,286</b>	<b>12,036</b>	<b>14,309</b>

Short-term accounts receivable include interest-free promissory notes issued by the following issuers:

Issuer	31 December 2015	31 December 2014	31 December 2013
<b>Subsidiaries, including:</b>	<b>20,767</b>	<b>18,846</b>	<b>22,453</b>
ООО Index energetiki – HydroOGK	13,621	13,646	13,668
АО Zaramagskie GES	2,524	1,563	-
HydroOGK Aluminium Company Ltd	2,142	2,142	3,338
АО MGES Kabardino-Balkarii	1,839	838	229
АО Hydroinvest	256	256	256
АО Karachaeve-Cherkesskaya Hydrogenerating Company	244	244	244
АО Ust-Srednekanskaya GES	-	-	4,105
Other	141	157	613
<b>Total interest-free promissory notes from related parties</b>	<b>20,767</b>	<b>18,846</b>	<b>22,453</b>
АО Alfa-Bank	35	195	416
Other	7	78	85
<b>Total interest-free promissory notes from other counterparties</b>	<b>42</b>	<b>273</b>	<b>501</b>
<b>Total short-term interest-free promissory notes received</b>	<b>20,809</b>	<b>19,119</b>	<b>22,954</b>

As of 31 December 2015, short-term receivables from subsidiaries on short-term interest-free promissory notes acquired by the Company are represented by promissory notes payable on demand.

Short-term accounts receivable include interest-free loans issued to the following counterparties:

Counterparty	31 December 2015	31 December 2014	31 December 2013
<b>Subsidiaries, including:</b>	<b>12,858</b>	<b>26,313</b>	<b>5,494</b>
ООО EZOP	5,265	5,373	5,423
АО Ust-Srednekanskaya GES	3,300	2,218	-
АО Blagoveschenskaya TEC	1,473	1,473	-

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Counterparty	31 December 2015	31 December 2014	31 December 2013
AO Sulaksky Hydrocascade	1,166	923	-
AO MGES Kabardino-Balkarii	780	780	-
AO MGES Altaya	248	248	-
AO Leningradskaya GAES	189	151	-
AO Tekhnopark Rumyantsevo	183	183	-
AO Hydroinvest	-	12,381	-
AO Yakutskaya GRES-2	-	973	-
AO CCGT in the City of Sovetskaya Gavan	-	631	-
AO Zagorskaya GAES-2	-	452	-
Other	254	527	71
<b>Other related parties, including:</b>	<b>21</b>	<b>12</b>	<b>6</b>
Loans issued to the Company's key management	21	12	6
<b>Total interest-free loans issued to related parties</b>	<b>12,879</b>	<b>26,325</b>	<b>5,500</b>
Total short-term interest-free loans issued to other counterparties	46	59	52
<b>Total short-term interest-free loans issued</b>	<b>12,925</b>	<b>26,384</b>	<b>5,552</b>

As of 31 December 2015, short-term interest-free loans issued include:

- loans to OOO EZOP in the amount of RUB 5,265 million payable on demand issued (among other purposes) for purchasing ordinary registered uncertificated shares of the Company's additional issue;
- loan to AO Ust-Srednekanskaya GES in the amount of RUB 3,300 million payable on demand issued for the financing investment project "Ust-Srednekanskaya GES".

In addition, short-term accounts receivable include receivables from the following subsidiaries, arising after partial payment for shares of additional issues but before the title to the issued shares is transferred to the Company:

Counterparty	31 December 2015	31 December 2014	31 December 2013
AO Nizhne-Bureyskaya GES	6,416	5,938	8,265
AO Sulaksky Hydrocascade	863	-	-
AO CCGT in the City of Sovetskaya Gavan	400	200	-
AO Zagorskaya GAES-2	-	4,767	46,071
AO Zaramagskie GES	-	-	15,139
AO Hydroinvest	-	-	9,550
AO ESK RusHydro	-	-	8,969
AO Leningradskaya GAES	-	-	4,202
AO Ust-Srednekanskaya GES	-	-	2,872
AO Hydro-engineering Siberia	-	-	1,992
Other	272	1,100	1,470
<b>Total accounts receivable from the following subsidiaries, arising after partial payment for shares of additional issues but before the title to the issued shares is transferred to the Company</b>	<b>7,951</b>	<b>11,805</b>	<b>98,530</b>

Short-term accounts receivable includes the following types of tax receivables:

Item	31 December 2015	31 December 2014	31 December 2013
Income tax	945	1,530	2,082
Other taxes and levies	377	722	514
<b>Total tax receivables</b>	<b>1,322</b>	<b>2,252</b>	<b>2,596</b>

**Overdue accounts receivable**

Item	31 December 2015		31 December 2014		31 December 2013	
	Recognised under contract	Carrying amount	Recognised under contract	Carrying amount	Recognised under contract	Carrying amount
<b>Total, including:</b>	<b>7,819</b>	<b>1,387</b>	<b>8,527</b>	<b>600</b>	<b>6,455</b>	<b>362</b>
Buyers and customers	4,978	258	6,522	120	4,931	220
Advances issued	1,232	1,124	490	459	137	115
Other debtors	1,609	5	1,515	21	1,387	27

**3.2.3 Short-term investments (Line 1240 of the balance sheet)**

The structure of the Company's short-term investments is represented by the following assets:

Type of investment	31 December 2015	31 December 2014	31 December 2013
Bank deposits	10,609	33,307	50,000
Loans issued	5,270	10,139	5,568
Promissory notes	-	-	40
<b>Total line 1240 "Investments" (excluding cash equivalents)</b>	<b>15,879</b>	<b>43,446</b>	<b>55,608</b>

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**Short-term investments and their movements**

Item	Period	Opening balance		Changes for the period*				Closing balance	
		Historical cost	Accumulated adjustment	Additions*	Disposal (repayment)		Accrual of impairment provision	Historical cost	Accumulated adjustment
					Historical cost*	Accumulated adjustment			
<b>Short-term investments, including:</b>	<b>2014</b>	<b>55,608</b>	-	<b>178,552</b>	<b>(190,714)</b>	-	-	<b>43,446</b>	-
	<b>2015</b>	<b>43,446</b>	-	<b>90,196</b>	<b>(117,053)</b>	-	<b>(710)</b>	<b>16,589</b>	<b>(710)</b>
Bank deposits	2014	50,000	-	168,473	(185,166)	-	-	33,307	-
	2015	33,307	-	81,485	(104,183)	-	-	10,609	-
Short-term loans issued	2014	5,568	-	10,079	(5,508)	-	-	10,139	-
	2015	10,139	-	8,546	(12,705)	-	(710)	5,980	(710)
Promissory notes	2014	40	-	-	(40)	-	-	-	-
	2015	-	-	165	(165)	-	-	-	-

\* *Movements of short-term investments received and disposed of (repaid) in the same reporting period are presented on a gross basis.*

Exposure of short-term investments to financial risks is described in paragraph 3.15 of the Explanatory Notes.

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**(a) Bank deposits**

As of 31 December 2015, bank deposits include a short-term deposit of RUB 10,609 million placed with PAO Sberbank of Russia maturing from 18 January 2016 till 15 March 2016 (as of 31 December 2014 – RUB 32,884 million maturing from 16 January 2015 till 03 March 2015). The deposited cash was received by the Company as a result of additional issue (paragraph 3.3.1 of the Explanatory Notes).

**(b) Short-term loans issued**

Loan recipient's name	31 December 2015	31 December 2014	31 December 2013	Annual rate,%
<b>Short-term loans issued to related parties, including:</b>				
ZAO Verkhne-Narynskie GES	2,711	1,484	530	LIBOR + 1,5%
AO Far East Distribution Grid Company	1,607	-	1,430	8,213% / 8,407% / MosPrime + 2,33% / MosPrime + 2,86%
AO Nizhne-Bureyskaya GES	509	282	-	8,213% – 9,703%
AO Far East Distribution Company	200	2,000	1,000	MosPrime + 2,48%
AO ESK RusHydro	-	3,120	1,520	
AO Hydroinvest	-	1,920	-	
AO ChirkeyGESstroy	-	450	300	
AO ESKO EES	-	260	275	
AO Malaya Dmitrovka	-	205	300	
Other	243	418	213	
<b>Total short-term loans issued</b>	<b>5,270</b>	<b>10,139</b>	<b>5,568</b>	

As of 31 December 2015, short-term loans issued include:

- ZAO Verkhne-Narynskie GES's loan in the total amount of RUB 2,711 million issued for refinance construction works of Verkhne-Narynskiy cascade of GES;
- AO Far East Generating Grid Company's total amount of RUB 1,607 million including short-term part of long-term loan in the total amount of RUB 1,430 million issued for refilling current assets maturing by 14 March 2016 and short-term part of long-term loan in the total amount of RUB 177 million issued for refinance liabilities maturing by 14 October 2025 (paragraph 3.1.2 of the Explanatory notes).

As of 31 December 2015 there was provision for impairment of short-term loans issued in the total amount of RUB 710 million (31 December 2014: RUB 0 million; 31 December 2013: RUB 0 million). There are no indicators of a prolonged decline in the value of investments.

**3.2.4 Cash and cash equivalents (line 1250 of the balance sheet)**

Item	31 December 2015	31 December 2014	31 December 2013
Cash in bank	898	3,661	1,981
Cash equivalents	17,241	5,371	16,565
<b>Total line 1250 "Cash and cash equivalents"</b>	<b>18,139</b>	<b>9,032</b>	<b>18,546</b>

As of 31 December 2015, 2014 and 2013, there is no restricted cash.

As of 31 December 2015, 2014 and 2013, cash equivalents included short-term bank deposits with original maturities of three months or less.

As of 31 December 2015 there were cash balances denominated in US dollars equivalent to RUB 0 million (31 December 2014: RUB 25 million; 31 December 2013: RUB 29 million). As of 31 December 2015 there were cash balances denominated in Euro equivalent to RUB 0 million (31 December 2014: RUB 2,239 million, 31 December 2013: RUB 0 million).

As of 31 December 2015, interest rates on Rouble deposits were 8.64% – 11.65% p.a. (31 December 2014: 10.00% – 18.50%, 31 December 2013: 5.29% – 7.40%).

The Company holds cash and cash equivalents in the following credit institutions:

Credit institution	Rating on 31 December 2015	Rating agency	31 December 2015	31 December 2014	31 December 2013
<b>Bank deposits, including:</b>					
PAO Bank FK Otkrytie	BB-	Standard & Poor's	7,644	-	-
PAO AKB Svyaz-Bank	BB-	Standard & Poor's	2,718	-	-
Bank VTB (PAO)	BB+	Standard & Poor's	2,277	-	2,140
AO SMP Bank	-	-	1,874	-	-
PAO Sberbank	Ba1	Moody's	1,728	2,615	5,437
AO Globeksbank	BB-	Fitch Ratings	1,000	-	-
AO UniCredit Bank			-	2,223	4,500
Bank GPB (AO)			-	533	1,578
AO Nordea Bank			-	-	2,910
<b>Total cash equivalents</b>			<b>17,241</b>	<b>5,371</b>	<b>16,565</b>
<b>Cash in banks, including:</b>					
PAO Sberbank	Ba1	Moody's	581	663	1,931
Bank GPB (AO)	Ba2	Moody's	245	2,910	21
Other			72	88	29
<b>Total cash in bank</b>			<b>898</b>	<b>3,661</b>	<b>1,981</b>

#### Notes to the statement of cash flows

Cash flows required for the purposes of supporting the existing scope of the Company's operations are presented within current operations. Cash flows related to expansion of the Company's business are included in investing activities.

Cash flows spent on investments and received on repayment of cash equivalents (excluding accrued interest) are not included in the cash flow statement.

Cash flows spent on investments and received on repayment of short-term bank deposits (with a maturity of more than three months) within the same reporting period, are recorded on a net basis in line 4219 "Other receipts" or line 4229 "Other payments" of the cash flow statement if they have such characteristics as quick return, large amount and short-term maturity.

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Breakdown for lines “Other receipts” and “Other payments” of the statement of cash flows is presented below:

Item	2015	2014
<b>Other receipts from operating activities (line 4119), including:</b>	<b>2,706</b>	<b>1,406</b>
Value added tax	2,007	709
Penalties, interest and fines recognised or for which court rulings on collection have been received	325	54
Other receipts from operating activities	374	643
<b>Other payments related to operating activities (line 4129), including:</b>	<b>(13,228)</b>	<b>(13,089)</b>
Taxes and levies	(7,976)	(7,300)
Non-budget funds	(1,789)	(1,594)
Charity payments	(437)	(1,166)
Business trip expenses	(1,210)	(945)
Water usage expenses	(895)	(877)
Payment of corporate expenses	(262)	(587)
Other payments related to operating activities	(659)	(620)
<b>Other payments related to investing activities (line 4219), including:</b>	<b>22,731</b>	<b>16,721</b>
Cash placement on a short-term deposit other than cash equivalent	22,697	16,701
Other payments related to investing activities	34	20
<b>Other payments related to financing activities (line 4329), including:</b>	<b>(30)</b>	<b>(257)</b>
Settlement of finance lease obligations (payments under lease contracts)	(30)	(257)

### 3.3 Equity and reserves (Section III of the balance sheet)

#### 3.3.1 Share capital (line 1310 of the balance sheet)

As of 31 December 2015, 2014 and 2013, the Company’s share capital is registered according to the established procedure and fully paid:

Share capital composition	Number of shares at 31 December 2015	Number of shares at 31 December 2014	Number of shares at 31 December 2013
Ordinary shares with nominal value of RUB 1 per share	386,255,464,890	386,255,464,890	317,637,520,094

As of 31 December 2015, the following shareholders are registered in the register of shareholders:

Shareholder	Type of shareholder	Number of shares	Ownership share, %
Russian Federation represented by the Federal Agency for State Property Management	beneficial owner	258,161,535,606	66.84%
Non-Banking Credit Organisation ZAO National Settlement Depository	nominee holder	112,576,506,772	29.15%
OOO Depository and Corporate Technologies	nominee holder	8,325,499,208	2.15%
Other		7,191,923,304	1.86%
<b>Total</b>		<b>386,255,464,890</b>	<b>100.00%</b>

#### ***Additional issue in 2012-2014***

The Company's extraordinary general meeting of shareholders held on 16 November 2012 (Minutes No. 9) made the decision to increase the Company's share capital by placing 110,000,000,000 additional ordinary registered shares with the nominal value of RUB 1 each through public offering with payment in cash and non-monetary assets. Non-monetary assets include ordinary registered shares of the following joint stock companies: PAO RAO ES of East, AO Ust-Srednekanskaya GES, OAO Sakhalinskaya energeticheskaya kompaniya, PAO Irkutskenergo, OAO Irkutsk Electric Grid Company.

The Company's Board of directors approved the decision on additional issue of the Company's securities on 22 November 2012 (Minutes No.166). The Company's Board of directors approved the placing price of the Company's additional shares – RUB 1 each – on 10 December 2012 (Minutes No.169).

On 3 December 2012, the Federal Service of Financial Markets (hereinafter FSFM of Russia) registered the additional issue of the Company's 110,000,000,000 ordinary registered shares No. 1-01-55038-E-041D.

26 November 2013 is the actual completion date of the placement. FSFM of Russia registered the Report based on the results of additional issue of shares on 26 December 2013. Changes in the Company's founding documents are registered on 28 January 2014.

68,617,944,796 shares were actually placed as a result of this issue, which represents 62.38% of the issue's total number of securities

As part of this issue Company had been received as payment:

- blocks of shares of energy sector companies (paragraph 3.1.2 of the Explanatory Notes);
- cash in the total amount of RUB 50,022, including cash from Russian Federation represented by the Federal Agency for State Property Management in the amount of RUB 50,000 million for funding construction of electricity assets in the Russian Far East (see paragraphs 3.1.2 and 3.2.3 of the Explanatory Notes).

As of 31 December 2015, 71 million shares of the total number of ordinary shares are owned by the Company's Management Board members (31 December 2014: 622 million shares, 31 December 2013: 651 million shares). Subsidiaries and associates own 21,787 million shares of the Company (31 December 2014: 21,787 million shares, 31 December 2013: 8,704 million shares).

#### **3.3.2 Revaluation of non-current assets (line 1340 of the balance sheet)**

As of 31 December 2015, the amount of accumulated revaluation of non-current assets is RUB 52,928 million (31 December 2014: RUB 53,111 million, 31 December 2013: RUB 53,325 million). This metric consists of the amounts of revaluation accumulated by subsidiaries and associates which the Company acquired as part of the 2008 restructuring process.

The amount of accumulated revaluation was decreased by RUB 183 million in 2015 due to disposal of items of property, plant and equipment revalued earlier (2014: RUB 214 million,).

#### **3.3.3 Additional paid-in capital (line 1350 of the balance sheet)**

As of 31 December 2015, 2014 and 2013, the Company's additional paid capital was RUB 58,424 million, RUB 58,424 million and RUB 58,424 million, respectively, and consisted of share premium of the Company and subsidiaries and associates which the Company acquired as part of the 2008 restructuring process.



**3.3.4 Reserve capital (line 1360 of the balance sheet)**

As of 31 December 2015, 2014 and 2013, the Company's reserve capital was RUB 9,776 million, RUB 8,240 million and RUB 6,474 million, respectively.

In accordance with the decision of the Company's annual general meeting of shareholders of 26 June 2015 (Minutes No. 13), the Company allocated 5% of its net profit for 2014 in the amount of RUB 1 536 million to the reserve capital.

**3.4 Non-current liabilities (Section IV of the balance sheet)****3.4.1 Long-term borrowings (line 1410 of the balance sheet)**

Balance sheet line 1410 "Borrowings" includes long-term loans payable:

Lender / creditor	31 December 2015	31 December 2014	31 December 2013
PAO Sberbank	33,389	33,389	30,613
Russian bonds issued in February 2013	20,000	20,000	20,000
Russian bonds issued in July 2015	15,000	-	-
European Bank for Reconstruction and Development	10,653	11,030	9,155
Russian bonds issued in April 2015	10,000	-	-
Crédit Agricole Corporate and Investment Bank Deutschland	6,933	5,946	-
UniCredit Bank Austria AG	6,871	5,892	2,862
Bayerische Landesbank (BayernLB)	1,125	1,005	335
AO GVTS Energetiki	1,099	-	-
Russian bonds issued in April 2011	-	15,000	15,000
RusHydro Finance Ltd	-	-	20,000
<b>Total line 1410 "Borrowings"</b>	<b>105,070</b>	<b>92,262</b>	<b>97,965</b>

In April 2015 the Company placed non-convertible interest 10-years bond loans 09 series and with nominal value RUB 10,000 million. The Company established public offer period (repurchase period at the request of their respective owners) – 2,5 years after start of placement; interest rate of coupon income is 12.75% for 2,5 first years.

In July 2015 the Company placed exchange bonds BO-P01, BO-P2 and BO-P3 series amounting of RUB 15,000 million and circulation period of 3 years and interest rate of coupon income is 11.85%.

The key provisions of the contracts were as follows:

Lender / creditor	Agreement effective year	Redemption year	Amount in million units (in the currency of the loan)	Currency	Loan interest rate
Bayerische Landesbank	2012	2025	16	Euro	Euribor 6M + 0,85%
Crédit Agricole Corporate and Investment Bank Deutschland	2014	2029	190	Euro	Euribor 6M + 0,625%
UniCredit Bank Austria AG	2011	2026	128	Euro	3,35%*
AO GVTS Energetiki	2015	2018	1,220	RUB	9,703%
EBRD (Tranche A)	2011	2026	4,000	RUB	MosPrime 3M + 2,45%
EBRD (Tranche B)	2011	2021	3,500	RUB	MosPrime 3M + 2,32%
EBRD (Tranche A1)	2013	2025	1,770	RUB	MosPrime 3M + 2,45%
EBRD (Tranche A2)	2013	2025	870	RUB	-
EBRD (Tranche B)	2013	2021	1,760	RUB	MosPrime 3M + 2,32%
Russian bonds issued in April 2011	2011	2016**	15,000	RUB	8,00%
Russian bonds issued in February 2013	2013	2018**	20,000	RUB	8,50%

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Lender / creditor	Agreement effective year	Redemption year	Amount in million units (in the currency of the loan)	Currency	Loan interest rate
Russian bonds issued in April 2015	2015	2017***	10,000	RUB	12,75%
Russian bonds issued in July 2015	2015	2018	15,000	RUB	11,85%
PAO Sberbank of Russia	2011	2020	20,000	RUB	8,30% / 9,30%****
PAO Sberbank of Russia	2013	2018	10,613	RUB	7,99% / 8,99%****
PAO Sberbank of Russia	2014	2022	2,776	RUB	MosPrime 3M + 2,10%

\* Fixed interest rate is applied to 90% of the loan amount, variable quarterly interest rate published by OeKB (Oesterreichische Kontrollbank AG) less 0.25% is applied to the remaining 10% of the loan amount.

\*\* Bonds maturity is 10 years with the right of bond holders of early redemption in 5 years after the date of issue.

\*\*\* Bonds maturity is 10 years with the right of bond holders of early redemption in 2,5 years after the date of issue.

\*\*\*\* Variable quarterly interest rate determined due to agreement's conditions.

As of 31 December 2015, the total amount of long-term loans to be repaid within 12 months of the reporting date and reclassified to short-term category was RUB 15,479 million (31 December 2014: RUB 20,053 million.) (see paragraph 3.5.1 of the Explanatory Notes).

Besides the credit limits from UniCredit Bank Austria AG, Crédit Agricole Corporate and Investment Bank Deutschland and EBRD which are not used in full as of 31 December 2015, the Company has opportunity to raise funds on credit agreements with Bank VTB (PAO) in the amount of RUB 30,000 million maturing at 2020 and with PAO Sberbank in the amount of RUB 40,000 million maturing at 2026.

#### Ageing analysis:

Due for repayment	31 December 2015	31 December 2014	31 December 2013
From 1 to 2 years	11,396	15,483	21,676
From 2 to 3 years	48,455	1,272	16,693
From 3 to 4 years	1,743	31,885	1,529
From 4 to 5 years	22,090	1,272	32,142
Over five years	21,386	42,350	25,925
<b>Total line 1410 "Borrowings"</b>	<b>105,070</b>	<b>92,262</b>	<b>97,965</b>

#### Interest on borrowings included into the cost of investment assets

In 2015, the amount of interest on borrowings included into the cost of investment assets was RUB 2,746 million (2014: RUB 2,639 million), of which RUB 2,406 million was the interest accrued on borrowings where the agreement does not specify that the funds are provided for special investment purpose (2014: RUB 2,198 million).

#### 3.4.2 Other non-current liabilities (line 1450 of the balance sheet)

Line 1450 "Other liabilities" includes long-term VAT on advances issued in the amount of RUB 1,827 million as of 31 December 2015 (31 December 2014: RUB 1,746 million, 31 December 2013: RUB 1,559 million) and trade payables in the amount of RUB 368 million as of 31 December 2015 (31 December 2014: RUB 589 million, 31 December 2013: RUB 469 million).

## 3.5 Current liabilities (Section V of the balance sheet)

## 3.5.1 Short-term borrowings (line 1510 of the Balance sheet)

Lender / creditor	Period	Opening balance	Received / accrued	Paid / settled	Closing balance
<b>Borrowings, including:</b>	<b>2014</b>	<b>3,329</b>	<b>22,708</b>	<b>(5,984)</b>	<b>20,053</b>
	<b>2015</b>	<b>20,053</b>	<b>16,406</b>	<b>(20,209)</b>	<b>16,250</b>
Russian bonds issued in April 2011	2014	-	-	-	-
	2015	-	15,000	-	15,000
OOO AlstomRusHydroEnergy	2014	-	-	-	-
	2015	-	750	-	750
European Bank for Reconstruction and Development (EBRD)	2014	1,829	2,655	(4,484)	-
	2015	-	377	-	377
RusHydro Finance Ltd	2014	-	20,000	-	20,000
	2015	20,000	-	(20,000)	-
EM Falcon Ltd	2014	1,500	-	(1,500)	-
	2015	-	-	-	-
Other	2014	-	53	-	53
	2015	53	279	(209)	123
<b>Interest on borrowings, including:</b>	<b>2014</b>	<b>1,597</b>	<b>8,853</b>	<b>(8,588)</b>	<b>1,862</b>
	<b>2015</b>	<b>1,862</b>	<b>11,001</b>	<b>(10,173)</b>	<b>2,690</b>
Russian bonds issued in July 2015	2014	-	-	-	-
	2015	-	858	-	858
Russian bonds issued in February 2013	2014	499	1,843	(1,695)	647
	2015	647	1,700	(1,695)	652
PAO Sberbank	2014	457	2,740	(2,676)	521
	2015	521	2,998	(2,991)	528
Russian bonds issued in April 2011	2014	233	1,200	(1,196)	237
	2015	237	1,200	(1,197)	240
Russian bonds issued in April 2015	2014	-	-	-	-
	2015	-	863	(636)	227
European Bank for Reconstruction and Development (EBRD)	2014	110	1,324	(1,260)	174
	2015	174	1,838	(1,832)	180
RusHydro Finance Ltd	2014	280	1,575	(1,575)	280
	2015	280	1,295	(1,575)	-
Other	2014	18	171	(186)	3
	2015	3	249	(247)	5
<b>Total line 1510 "Borrowings"</b>	<b>2014</b>	<b>4,926</b>	<b>31,561</b>	<b>(14,572)</b>	<b>21,915</b>
	<b>2015</b>	<b>21,915</b>	<b>27,407</b>	<b>(30,382)</b>	<b>18,940</b>

## 3.5.2 Accounts payable (line 1520 of the balance sheet)

Total short-term accounts receivable were RUB 9,822 million, 8,575 million and 77,468 million as of 31 December 2015, 2014 and 2013, respectively.

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**Accounts payable and their movement**

Item	Period	Opening balance	Changes for the period*					Closing balance
			Additions		Disposals		Reclassified from long-term to short-term and vice versa	
			As a result of economic transactions*	Receivable on interest, penalties and other accruals	Repayment*	Write-off to the financial result		
Accounts payable, including:	2014	77,468	121,672	1	(190,462)	(1)	(103)	8,575
	2015	8,575	106,711	3	(105,680)	(4)	217	9,822
Trade payables	2014	5,170	83,508	1	(83,280)	(1)	(103)	5,295
	2015	5,295	67,810	2	(67,828)	(4)	217	5,492
Wages payable	2014	601	7,924	-	(7,702)	-	-	823
	2015	823	7,286	-	(7,440)	-	-	669
Payable to state non-budget funds	2014	87	1,648	-	(1,616)	-	-	119
	2015	119	1,900	1	(1,885)	-	-	135
Taxes payable	2014	2,570	20,660	-	(21,307)	-	-	1,923
	2015	1,923	23,028	-	(21,848)	-	-	3,103
Payables to the participants (founders) related to income payment	2014	47	5,227	-	(5,209)	-	-	65
	2015	65	6,004	-	(6,002)	-	-	67
Payables in respect of shares issued before the changes to the Charter	2014	68,618	-	-	(68,618)	-	-	-
	2015	-	-	-	-	-	-	-
Other payables	2014	375	2,706	-	(2,731)	-	-	350
	2015	350	683	-	(677)	-	-	356

\* Movements in accounts payable which arose and were settled in the same reporting period are presented on a gross basis.

The balance sheet line 1521 "Trade accounts payable" includes the following types of payables:

Type of payables	31 December 2015	31 December 2014	31 December 2013
Payables to capital construction contractors	1,499	1,447	1,640
Payables to suppliers of equipment and other non-current assets	2,071	2,073	1,753
Payables for purchase of electricity and capacity	774	856	759
Payables to suppliers of repair and maintenance services	405	276	329
Other	743	643	689
<b>Total line 1521 "Trade accounts payable"</b>	<b>5,492</b>	<b>5,295</b>	<b>5,170</b>

The balance sheet line 1524 "Taxes payable" includes current payables on the following taxes:

Tax	31 December 2015	31 December 2014	31 December 2013
Property tax payable	1,494	1,343	1,429
VAT payable	1,480	464	1,053
Income tax payable	-	-	-
Other taxes payable	129	116	88
<b>Total line 1524 "Taxes payable"</b>	<b>3,103</b>	<b>1,923</b>	<b>2,570</b>

As of 31 December 2014 the balance sheet line 1526 "Payables in respect of shares issued" includes payable to the acquirers of the Company's shares of additional issue in the amount of RUB 68,618 million, including payables to the Federal Agency for Federal Property Management in the amount of RUB 66,006 million(see paragraph 3.3.1 of the Explanatory Notes).

### 3.5.3 Estimated liabilities (line 1540 of the balance sheet)

As of 31 December 2015 the total estimated liabilities are RUB 601 million (31 December 2014: RUB 1,405 million, 31 December 2013: RUB 1,020 million).

The estimated liability for forthcoming payment of earned but unused employee vacations has a short-term nature.

Item	Period	Opening balance	Recognised	Settled	Written off as surplus	Closing balance
<b>Estimated liabilities, including:</b>	<b>2014</b>	<b>1,020</b>	<b>1,546</b>	<b>(926)</b>	<b>(235)</b>	<b>1,405</b>
	<b>2015</b>	<b>1,405</b>	<b>1,342</b>	<b>(1,789)</b>	<b>(357)</b>	<b>601</b>
for forthcoming payment of earned but unused employee vacations	2014	489	1,213	(913)	(235)	554
	2015	554	1,342	(999)	(357)	540
for litigation on property tax	2014	531	210	(13)	-	728
	2015	728	-	(667)	-	61
Other	2014	-	123	-	-	123
	2015	123	-	(123)	-	-

## 3.6 Off-balance-sheet valuables

### 3.6.1 Leased property, plant and equipment

As of 31 December 2015, the total rented property, plant and equipment are RUB 38,490 million (31 December 2014: RUB 34,097 million, 31 December 2013: RUB 33,754 million).

In 2015, the Company did not receive any property, plant and equipment under lease contracts. In 2015, no lease items were recognised on the Company's balance sheet under concluded contracts.

The Company will make lease payments of RUB 26 million (including VAT) for property, plant and equipment received under lease contracts over the period until they expire, including payment of RUB 19 million in 2016. In 2015, the Company accrued RUB 479 million (excluding VAT) and paid RUB 35 million in lease payments (RUB 706 million and RUB 304 million in 2014, respectively).

The Company rented and received items of property, plant and equipment under lease contracts from the following entities:

Lessor	31 December 2015	31 December 2014	31 December 2013
AO Sulakskiy HydroKaskad	9,721	-	-
AO Zaramagskie GES	5,042	5,042	4,995
Ministry of Property Relations of Moscow region	4,956	4,956	4,531
AO Malaya Dmitrovka	3,391	3,349	3,349
Territorial Office of Federal Property Management Agency (Rosimyschestvo) in the Stavropol Territory	2,549	2,549	2,549
Territorial Office of Federal Property Management Agency in the Irkutsk Region	1,727	3,675	2,154
Perm Department of Land and Property Relations	1,350	1,350	1,245
Department of Property and Land Relations of Kochubeevsky region	1,060	1,060	1,190
Territorial Office of Federal Property Management Agency (Republic of Udmurtia)	943	943	577
Novosibirsk Department of Land and Property Relations	779	779	779
Other	4,703	4,446	4,091
<b>Total rent of property, plant and equipment</b>	<b>36,221</b>	<b>28,149</b>	<b>25,460</b>
OOO Leasefinance	1,022	1,844	3,546
OOO RB-Leasing	829	1,894	2,383
ZAO Business Alliance	321	321	321
OOO IR-Leasing	-	1,792	1,815
Other	97	97	229
<b>Total lease of property, plant and equipment under lease contracts</b>	<b>2,269</b>	<b>5,948</b>	<b>8,294</b>
<b>Total rent and lease of property, plant and equipment</b>	<b>38,490</b>	<b>34,097</b>	<b>33,754</b>

### 3.6.2 Collateral for liabilities and payments received

Counterparty	31 December 2015	31 December 2014	31 December 2013
ОАО Сilovye Mashiny	8,655	3,018	2,345
Voith Hydro GmbH & Co KG	7,041	4,840	3,213
OOO EZOP	5,428	5,428	5,428
AO Hydroinvest	3,919	3,919	3,919
AO Transport company RusHydro	511	491	-
ОАО Hydroelectromontazh	453	-	46
АО VNIIR Hydroelectroavtomatika	424	255	445
АО ТЕК Mosenergo	405	679	-
ZAO A-security	294	398	153
Alstom Hydro France	67	1,106	1,038
OOO Energy Standard	8	27	582
OOO Alstom	-	273	273
Other	2,413	2,688	2,553
<b>Total collateral for liabilities and payments received</b>	<b>29,618</b>	<b>23,122</b>	<b>19,995</b>

The Company received its own shares purchased by OOO EZOP and AO Hydroinvest as a pledge to secure loans issued for the purpose of acquisition of the Company's shares by OOO EZOP and AO Hydroinvest (see paragraph 3.2.2 of the Explanatory Notes).

For a number of agreements for delivery of equipment and capital construction with Voith Hydro GmbH & Co KG, ОАО Сilovye Mashiny, ОАО Hydroelectromontazh, АО VNIIR Hydroelectroavtomatika, АО ТЕК Mosenergo and others the Company received bank guarantees

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for return, in full or in part, of the advances issued to these entities or due fulfilment of the contractual scope of work by these entities.

According to property sales contracts bearing interest for payment by instalments to be made by AO Transport company RusHydro, the sold property for RUB 511 million was pledged.

#### 3.6.3 Collateral for liabilities and payments issued

The Company issued the following collaterals and guarantees:

Creditor	Debtor	31 December 2015	31 December 2014	31 December 2013
GC Vnesheconombank	OAO Boguchanskaya GES	48,426	49,133	46 632
PAO Sberbank	AO Far East Generating Company	7,102	-	-
PAO Sberbank	PAO Far East Energy Company	5,531	-	-
GC Vnesheconombank	ZAO Boguchansky Aluminium Smelter	4,615	4,615	4 615
PAO VTB Bank	AO Far East Generating Company	4,522	4,522	4 543
European Investment Bank	PAO RAO ES of East	4,012	2,326	111
PAO Sberbank	PAO Kamchatskenergo	3,978	3,979	3 978
European Bank for Reconstruction and Development (EBRD)	PAO RAO ES of East	3,695	4,097	4 070
PAO Sberbank	PAO RAO ES of East	2,095	-	-
European Bank for Reconstruction and Development (EBRD)	ZAO International Energy Corporation	1,845	1,417	402
Asian Development Bank, ADB	ZAO International Energy Corporation	1,845	1,415	227
Bank GPB (AO)	AO Far East Generating Company	1,002	-	-
Rosbank AKB PAO	AO Far East Generating Company	851	-	-
Bank GPB (AO)	PAO Far East Energy Company	762	-	-
PAO Sberbank	OAO Sakhalinenergo	651	651	651
AKB Peresvet (AO)	AO "Sulakskiy HydroKaskad"	533	-	-
Bank GPB (AO)	PAO Magadanenergo	401	-	-
AO TEK Mosenergo	AO Yakutskaya GRES-2	-	15,000	-
OAO Bank of Moscow	AO Far East Generating Company	-	7,042	7 001
PAO VTB Bank	PAO Far East Energy Company	-	4,921	-
ZAO ING BANK (EURASIA)	AO Yakutskaya GRES-2	-	3,156	-
OAO Bank of Moscow	OAO Sakhalinenergo	-	499	700
Other	Other	891	1,331	740
<b>Total collateral for liabilities and payments issued</b>		<b>92,757</b>	<b>104,104</b>	<b>73,670</b>

In 2015 the Company issued guarantees:

- in terms of liabilities of AO Far East Generating Company the credit agreement with PAO Sberbank, Bank GPB (AO) and PAO Rosbank AKB. The guarantee covers the amount of credit and interest accrued. Maturity date – 2019-2020.
- In terms of liabilities of PAO Far East Energy Company under the credit agreement with PAO Sberbank and Bank GPB (AO). The guarantee covers the amount of credit and interest accrued. Maturity date – 2019.

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- In terms of liabilities of PAO RAO ES of East under the credit agreement with PAO Sberbank. The guarantee covers the amount of credit and interest accrued. Maturity date – 2019 and 2030.

Guarantees issued by the Company for liabilities of OAO Boguchanskaya GES under its loan agreement with GC Vnesheconombank include:

- total liabilities of OAO Boguchanskaya GES under the loan agreement, including accumulated interest in the amount of RUB 27,399 million as of 31 December 2015 (31 December 2014: RUB 28,106 million);
- pledge of OAO Boguchanskaya GES's interest-free promissory notes for the total of RUB 21,027 million (see Note 3.2.2 of the Explanatory Notes) and pledge of shares for the total of RUB 14 thousand.

RUSAL Group undertakes to reimburse the Company for 50 per cent of liabilities settled under this guarantee by the Company for OAO Boguchanskaya GES.

### 3.7 Income and expenses on operating activities (statement of financial results)

#### 3.7.1 Revenue (line 2110 of the statement of financial results)

Revenue from sales of electricity and capacity has the largest percentage in the Company's revenue structure (98.8%).

Item	2015	2014
Sale of electricity	73,262	76,532
Sale of capacity	32,583	30,678
Sale of heat	154	144
Other	1,100	1,124
<b>Total line 2110 "Revenue"</b>	<b>107,099</b>	<b>108,478</b>

The Company sells a major part of its produced electricity and capacity (99.9%) on the wholesale electricity and capacity market, where sales are made at non-regulated prices (except for sales at regulated tariffs in the RF Far East non-pricing zone and volumes produced for selling to households or equivalent consumer categories).

#### 3.7.2 Cost of sales (line 2120 of the statement of financial results)

Item	2015	2014
Depreciation and amortisation	14,257	13,038
Purchased electricity and capacity	13,970	17,975
Wages and social insurance contributions	10,113	10,635
Property tax	6,640	6,123
Repairs and maintenance	3,891	3,615
Third party services	3,236	2,624
Fees for administering the wholesale market of electricity and capacity (OAO SO UES, OAO ARS, ZAO CFR)	2,884	2,770
Fire and other security services	1,729	1,660
Insurance expenses	1,482	1,185
Lease expenses	1,230	1,140
Water usage expenses, water tax	934	836
Lease of power equipment	479	706
Other expenses	3,124	3,157
<b>Total line 2120 "Cost of sales"</b>	<b>63,969</b>	<b>65,464</b>

Operating expenses include contributions to non-state pension fund OAO NPF of Electrical Energy Industry. The Company's responsibility to provide the personnel with pension facilities is limited by the amount of financial resources paid in pension fund; this determines the type of pension plan for the Company's personnel as the defined benefit plan.



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Operating expenses broken down by cost elements are as follows:

Item	2015	2014
Material expenses	19,056	22,605
Payroll expenses	8,217	8,911
Social contributions	1,896	1,724
Depreciation and amortisation	14,257	13,038
Other costs	20,543	19,186
<b>Total for elements of costs</b>	<b>63,969</b>	<b>65,464</b>
Change in balances of work in progress, finished goods, etc. (increase [-] / decrease [+])	-	-
<b>Total expenses incurred on operating activities</b>	<b>63,969</b>	<b>65,464</b>

**3.8 Other income and expenses (line 2340 and line 2350 of the statement of financial results)**

Item	2015		2014	
	Income	Expenses	Income	Expenses
Gain and loss on sale of promissory notes	784	(784)	9,307	(9,307)
Doubtful debt provision	3,490	(2,650)	2,168	(3,844)
Selling foreign currency	-	-	1,850	(1,889)
Foreign exchange differences from remeasurement of assets and liabilities denominated in foreign currencies	7,167	(8,840)	1,443	(3,427)
Income and expenses from sales, write-off and other transactions with assets	516	(2,518)	1,017	(1,316)
Income and expenses from sale of right of demand	1	(1)	368	(368)
Income and expenses due to sale or other disposal of securities (exception promissory notes)	11	(114)	12	(15)
Charity donations	-	(553)	-	(1,294)
Expenses for social events	-	(573)	-	(684)
Gains / (losses) from revaluation of investments measured at current market value	1,110	(329)	-	(574)
Provision for impairment of investments	49	(3,147)	-	(22)
Other income and expenses	1,877	(887)	1,356	(1,037)
<b>Total line 2340 "Other income" and 2350 "Other expenses"</b>	<b>15,005</b>	<b>(20,396)</b>	<b>17,521</b>	<b>(23,777)</b>

**3.9 Taxes**

**Value Added Tax**

Total VAT calculated with due account of recovered tax amounts was RUB 30,664 million in the reporting year (2014: RUB 31,915 million), including:

- VAT calculated on sales of goods (work, services) is RUB 19,286 million (2014 RUB 19,727 million);
- VAT calculated on the amounts of received payment or partial payment for goods (work, services) to be delivered in the future is RUB 9,415 million (2014: RUB 10,114 million);
- recoverable amount of tax is RUB 1,963 million (2014: RUB 2,074 million).

Total VAT recoverable in the reporting period was RUB 22,008 million (2014: RUB 25,214 million), including:

- VAT recoverable invoiced to the taxpayer on acquisition of goods (work, services), property rights in Russia was RUB 9,637 million (2014: RUB 12,040 million);
- VAT calculated on the amounts of received payment or partial payment for goods (work, services) to be deducted from their delivery date was RUB 9,416 million (2014: RUB 10,115 million);

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- VAT calculated on the amounts of payment or partial payment for goods (work, services) to be delivered in the future was RUB 2,161 million (2014: RUB 1,940 million);
- VAT recovered in 2015 which was paid earlier when the goods were imported to the Russian customs territory was RUB 789 million (2014: RUB 1,106 million);
- other recoverable VAT was RUB 5 million (2014: RUB 13 million).

The Company decreases the calculated VAT by the amount invoiced on purchase of goods (work, services) in Russia, according to tax legislation.

### **Corporate income tax**

Income tax calculated on the basis of the accounting profit (theoretical income tax charge) for the reporting year was RUB 7,851 million (2014: RUB 7,989 million).

The Company applied tax rate of 20% in the calculation of income tax based on accounting profit received by the Company's branches (excluding profits received by branches Kamsksya GES and Votkinskaya GES that apply 15.5% rate).

According to the tax accounting data, the taxable profit for 2015 was RUB 34,424 million (2014: RUB 34,525 million).

In the reporting year, the amount of non-temporary differences which affected the theoretical income tax charge adjustment for the purposes of income tax calculated for tax accounting purposes (current income tax) was RUB 9,607 million (2014: RUB 6,059 million).

The above non-temporary differences arise from differences in recognising certain income and expenses for accounting and income tax purposes.

Non-temporary differences resulted in permanent tax assets amounted to RUB 4,078 million for 2015 (2014: 5,186 million), including:

- income from participation in other entities (dividends) in the amount of RUB 779 for 2015 (2014: RUB 382 million);
- increase in value of financial placements determined in fair value in the amount of RUB 780 million (2014: RUB 329 million);
- other non-temporary differences in the amount of RUB 2,519 million (2014: RUB 2,395 million).

Non-temporary differences resulted in the permanent tax liability amounted to RUB 13,685 million for 2015 (2014: 11,245 million), including:

- depreciation of RUB 4,011 million (2014: RUB 3,885 million);
- charges to doubtful debt provision in the amount of RUB 944 million (2014: RUB 874 million);
- charity donations in the amount of RUB 553 million (2014: RUB 1,294 million);
- expenses related to sale, disposal or other transactions with assets in the amount of RUB 2,115 million (2014: RUB 413 million);
- financial support and other social payments to employees in the amount of RUB 326 million (2014: RUB 297 million);
- other non-temporary differences in the amount of RUB 5,736 million (2014: RUB 4,150 million).

The total amount of deductible temporary differences, which affected the adjustment of the theoretical income tax charge for the purpose of the current income tax calculated for tax accounting purposes, was RUB (804) million (2014: RUB 418 million), including those originated – RUB 452 million (2014: RUB 999 million) and settled – RUB 1,255 million (2014: RUB 581 million).

Total amount of taxable temporary differences that affected the theoretical income tax expense adjustment for the purpose of the income tax calculation for tax accounting purposes, was RUB 14,038 million (2014: RUB 12,274 million), including those originated – RUB 19,469 million (2014: RUB 17,979 million) and settled – RUB 5,431 million (2014: RUB 5,705 million).

In 2015, movement in deductible and taxable temporary differences was mainly due to:

- different useful lives of property, plant and equipment for accounting and income tax purposes;
- recognition of depreciation premium on items of property, plant and equipment for income tax purposes;
- application of multiplying factor for accrual of depreciation charges on property, plant and equipment used in operations in a hostile environment with a high turnover for tax accounting purposes in prior periods;
- capitalisation of interest on borrowings in the cost of investment assets for accounting purposes;
- including the costs of insurance in the value of investment assets in the accounting records of the Company.

Deferred tax assets and deferred tax liabilities were:

Item	31 December 2015	31 December 2014	31 December 2013
Deferred income tax assets	(1,864)	(2,343)	(2,260)
Deferred tax liabilities	14,266	12,015	9,444
<b>Total line 1420 "Deferred tax liabilities"</b>	<b>12,402</b>	<b>9,672</b>	<b>7,184</b>

### **Other taxes and levies**

In 2015, operating expenses include other taxes and levies in the amount of RUB 8,430 million (2014: RUB 7,872 million), including:

- property tax in the amount of RUB 6,640 million (2014: RUB 6,123 million), including accrual provision for estimated liabilities for property tax;
- insurance contributions to the Pension Fund of the Russian Federation, Social Insurance Fund of the Russian Federation and obligatory medical insurance funds in the amount of RUB 1,774 million (2014: RUB 1,724 million), including contributions related to estimated liabilities on future payment of employee vacations earned but not used;
- other taxes and levies in the amount of RUB 16 million (2014: RUB 25 million).

### **Relations with tax authorities**

Russian tax legislation active or effective as of the end of the reporting period allows varying interpretation of the separate facts of the Company's economic life. As a consequence, the position of the Company's management in terms of taxes and documents substantiates this position may be challenged by tax authorities. The tax control in Russian Federation gets stringent resulting in increase of tax inspections risk. These inspections may cover 3 calendar years preceding the year when the decision about inspection was made. In some cases the earlier periods may be examined.

As of 31 December 2015, the Company's management believe that their interpretation of the relevant legislation was appropriate, tax liabilities are recorded in full and the Company's tax and currency positions will be sustained.

### **3.10 Dividends**

The Company's annual general meeting of shareholders held on 26 June 2015 (Minutes No. 13) made the decision to pay dividends on the Company's ordinary shares for 2014 in the amount of RUB 0,01561855 per 1 share for the total of RUB 6,033 million.

The Company's annual general meeting of shareholders held on 27 June 2014 (Minutes No. 12) made the decision to pay dividends on the Company's ordinary shares for 2013 in the amount of RUB 0,01358751 per 1 share for the total of RUB 5,248 million.

### **3.11 Earnings per share**

Basic earnings per share reflect a portion of reporting period's profit that may be potentially distributed between the shareholders – owners of ordinary shares. It is calculated by dividing basic profit of the reporting year by the weighted average number of ordinary shares outstanding

during the year. Basic profit is equal to net profit of the reporting year (Line 2400 of the statement of financial results).

Item	2015	2014
Basic profit for the reporting year (RUB million)	30,022	30,729
Weighted average number of ordinary shares, outstanding during the reporting year (shares)	386,255,464,890	386,255,464,890
<b>Basic earnings per share (RUB)</b>	<b>0,07773</b>	<b>0,07956</b>

Weighted average number of ordinary shares, outstanding during the reporting year was calculated as follows:

Item	2015
Number of ordinary shares outstanding as of 1 January 2015 (shares)	386,255,464,890
Number of ordinary shares outstanding as of 1 December 2015 (shares)	386,255,464,890
Number of ordinary shares outstanding as of 31 December 2015 (shares)	386,255,464,890
Weighted average number of ordinary shares, outstanding in 2015 (shares) (386,255,464,890 * 12 months) / 12 months	386,255,464,890
Item	2014
Number of ordinary shares outstanding as of 1 January 2014 (shares)	386,255,464,890
Number of ordinary shares outstanding as of 1 December 2014 (shares)	386,255,464,890
Number of ordinary shares outstanding as of 31 December 2014 (shares)	386,255,464,890
Weighted average number of ordinary shares, outstanding in 2014 (shares) (386,255,464,890 * 12 month) / 12 months	386,255,464,890

In 2015 and 2014, the Company had no debt securities potentially convertible to shares.

### 3.12 Related Parties

The Company's related parties are its subsidiaries and associates and other entities where the Company has indirect control or significant influence through its subsidiaries and associates.

The list of the Company's related parties is given on the web-site – [www.rushydro.ru/investors/disclosure/affiliated](http://www.rushydro.ru/investors/disclosure/affiliated)

#### 3.12.1 Controlling entity

As of 31 December 2015 the Company is controlled by the Russian Government (represented by the Federal Agency for Federal Property Management) which owns, 66.84% of the Company's ordinary shares (see paragraph 3.3.1 of the Explanatory Notes).

#### 3.12.2 Sales to related parties

Total revenue from sales to related parties was:

Name of the buyer	2015	2014
<b>Revenue from sales to subsidiaries, including:</b>		
PAO Far East Energy Company	5,722	5,530
AO Chuvashskaya Energy Sales Company	1,562	1,081
OOO ESK Bashkortostana	1,266	378
PAO Krasnoyarskenergosbyt	836	864
PAO Ryazanskaya Energy Sales Company	245	688
AO Transport company RusHydro	33	434
Other subsidiaries	274	302
<b>Revenue from sales to related parties, including:</b>		
ZAO Boguchanskiy Alluminievy zavod	679	-
PAO Krasnoyarskaya GES*	-	475
Other parties	35	9
<b>Total sales to related parties</b>	<b>10,652</b>	<b>9,761</b>

\*PAO Krasnoyarskaya GES was the related party until 15 July 2014

Sales to related parties include, among others, sales of electricity and capacity in the regulated sector of WEM at tariffs determined by the Federal Tariff Service and in the competitive sector at commercial prices established in accordance with the Wholesale Market Rules and Regulation of

the Russian Government No. 109 of 26 February 2004, On Pricing of Electric and Heating Energy in the Russian Federation, and Regulation on the Company's sales policy for operating generation assets in the price zones of the wholesale electricity (capacity) market (minutes of the meeting of the Management Board No. 528 of 17 September 2010).

### 3.12.3 Purchases from related parties

The cost of services provided by related parties was:

Supplier	2015	2014
<b>Repair and technical maintenance services, including:</b>		
<b>Subsidiaries</b>		
AO Hydroremont-BKK	3,303	3,041
OOO Service properties RusHydro	18	121
Other	61	41
<b>Total repair and maintenance services</b>	<b>3,382</b>	<b>3,203</b>
<b>Transport service, including:</b>		
<b>Subsidiaries</b>		
AO Transport company RusHydro	1,502	813
Other	-	2
<b>Total transport services</b>	<b>1,502</b>	<b>815</b>
<b>Rent of premises, territories and other property, including:</b>		
<b>Subsidiaries</b>		
AO Malaya Dmitrovka	566	571
AO Zaramagskie GES	260	260
Other	184	9
<b>Total rent of premises, territories and other property</b>	<b>1,010</b>	<b>840</b>
<b>Works and services in testing, trials and research, including:</b>		
<b>Subsidiaries</b>		
AO NIIES	248	194
AO Vedeneyev VNIIG	159	198
Other	100	46
<b>Total works and services in testing, trials and research</b>	<b>507</b>	<b>438</b>
<b>Electricity purchases</b>	<b>1</b>	<b>4</b>
<b>Other services of third parties</b>	<b>545</b>	<b>340</b>
<b>Total purchases from related parties</b>	<b>6,497</b>	<b>5,640</b>

### 3.12.4 Settlements with non-state pension fund

Non-state Pension Fund of Electrical Energy Industry is the non-state pension fund for implementation of the non-governmental pension security program for the Company's employees. The total amount of contributions to the pension fund was RUB 324 million and RUB 252 million for 2015 and 2014, respectively.

### 3.12.5 Settlements with related parties

As of 31 December 2015, 2014 and 2013, accounts receivable from related parties to the Company less doubtful debt provision were (see paragraph 3.2.2 of the Explanatory Notes):

Type of accounts receivable	31 December 2015	31 December 2014	31 December 2013
Short-term interest-free promissory notes received	20,767	18,846	22,453
Short-term interest-free loans issued	12,879	26,325	5,500
Long-term interest-free promissory notes received	25,689	25,689	25,689
Accounts receivable from subsidiaries as part of additional issues before title for the shares issued is transferred to the Company	7,951	11,805	98,530
Long-term interest-free loans issued	3,099	1,183	16,548
Accounts receivable related to other sales	1,574	1,458	1,090

Type of accounts receivable	31 December 2015	31 December 2014	31 December 2013
Other settlements with related parties	8,213	8,491	7,054
<b>Total accounts receivable from related parties</b>	<b>80,172</b>	<b>93,797</b>	<b>176,864</b>

Terms and conditions of settlements with related parties provide for the Company to make advance payments on transactions with individual related parties. As of 31 December 2015 balances include advances issued for the amount of RUB 5,926 million (31 December 2014: RUB 5,116 million, 31 December 2013: RUB 6,257 million).

Doubtful debt provision for related parties' accounts receivables as of 31 December 2015 was RUB 291 million (31 December 2014: RUB 48 million; 31 December 2013: RUB 364 million).

As of 31 December 2015, 2014 and 2013, the Company's accounts payable to the related parties were:

	31 December 2015	31 December 2014	31 December 2013
Subsidiaries	2,707	914	1,404
Associates	-	30	24
Other related parties	750	-	-
<b>Total accounts payable to related parties</b>	<b>3,457</b>	<b>944</b>	<b>1,428</b>

The whole amount accounts payable to related parties is payable in cash.

### 3.12.6 Related parties' debt within investments

As of 31 December 2015, 2014 and 2013, The Company's investments include the following amounts due from related parties (see paragraphs 3.1.2 and 3.2.3 of the Explanatory Notes):

Type of financial investments	31 December 2015	31 December 2014	31 December 2013
Loans issued to related parties	57,102	44,178	38,586
Other investments	-	-	40
<b>Total related parties' debt within investments</b>	<b>57,102</b>	<b>44,178</b>	<b>38,626</b>
Total debt within long-term investments (Line 1170 of the Balance sheet)	51,832	34,039	33,018
Total debt within short-term investments (Line 1240 of the Balance sheet)	5,270	10,139	5,608

Interest income on loans issued to related parties and promissory notes received from related parties:

Entity	2015	2014
<b>Subsidiaries, including:</b>	<b>4,608</b>	<b>3,792</b>
AO Far East Generating Company	1,570	1,264
AO Far East Distribution Grid Company	892	610
AO Zagorskaya GAES-2	588	577
AO Nizhne-Bureyskaya GES	312	74
AO Sakhaenergo	278	278
AO ESK RusHydro	250	258
AO Hydroinvest	168	164
AO Ust-Srednekanskaya GES	156	143
Other	394	424
<b>Total interest income</b>	<b>4,608</b>	<b>3,792</b>

### 3.12.7 Income from investments in other companies (related parties)

Income from investments in other companies includes income from investments in subsidiaries in the amount of RUB 775 million for 2015 (2014: RUB 380 million).

### 3.12.8 Remuneration to key management personnel

The Company's key management personnel includes members of the Board of directors and Management Board and also includes heads of the Company's business divisions and their deputies.

The remuneration to the members of the Board of directors is calculated according to the *Regulations on the payment of remuneration to PAO RusHydro's directors* approved by the Annual General Meeting of Shareholders held on 30 June 2010 (Minutes No. 5).

Remuneration is paid to members of the Management Board and other management personnel of the Company for their services in management positions and is made up of a contractual salary and performance bonuses depending on the results for the period calculated based on key performance indicators approved by the Company's Board of directors.

The list of members of the Company's Board of directors and Management Board is included in paragraph 1.1 of the Explanatory Notes).

In 2015 and 2014, the Company paid remuneration to key management personnel within the limits set out in their employment agreements for the total amount of RUB 1,475 million and RUB 1,664 million, respectively. The insurance contributions amounted to RUB 236 million for 2015 (2014: 179 million).

### 3.12.9 Cash flows between the Company and subsidiaries/associates

Item	Line code	2015	2014
<b>Cash flows from operating activities</b>			
<b>Receipts, including:</b>	4110	7,872	7,655
sales of products, goods, work and services	4111	7,804	7,522
lease payments, licence payments, royalties, commission and other payments	4112	66	97
other receipts	4119	2	36
<b>Payments, including:</b>	4120	(7,229)	(5,859)
suppliers (contractors) – raw materials, work and services	4121	(7,157)	(5,674)
other payments	4129	(72)	(185)
Net cash flows from operating activities	4100	643	1,796
<b>Cash flows from investing activities</b>			
<b>Receipts, including:</b>	4210	19,324	9,277
sale of non-current assets (except for investments)	4211	137	64
sale of shares of other organisations (ownership interest)	4212	10	-
repayment of loans issued, sale of debt securities (rights of claiming cash to third parties)	4213	13,674	6,833
dividends, interest on debt investments and similar proceeds from equity participation in other organisations	4214	5,469	2,360
other receipts	4219	34	20
<b>Payments, including:</b>	4220	(55,731)	(53,368)
acquisition, creation, modernisation, reconstruction and preparation for use of non-current assets	4221	(5,983)	(8,001)
purchase of shares (interest) in other entities	4222	(34,665)	(29,650)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(15,083)	(15,717)
Net cash flows from investing activities	4200	(36,407)	(44,091)
<b>Cash flows from financing activities</b>			
<b>Receipts, including:</b>	4310	1,970	-
borrowings and bank loans	4311	1,970	-
<b>Payments, including:</b>	4320	(143)	-
redemption (buyback) of promissory notes and other debt securities, loan repayment	4323	(143)	-
Net cash flows from financing activities	4300	1,827	-
<b>Net cash flows for the reporting period</b>	<b>4400</b>	<b>(33,937)</b>	<b>(42,295)</b>

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

### **3.13 Segment Information**

The Company does not identify any reporting segments in its operations, as the Company's core business activity is production of electricity and capacity – their share in the revenue from sales is 98.8%. The individuals credentialed to make the decisions concerning allocation of the resources within the Company and assess the results of its performance analyse the Company's activity as a whole segment.

### **3.14 Contingent liabilities**

As of 31 December 2015, the Company had outstanding issued guarantees to the third parties' creditors and pledged assets for the total amount of RUB 92,757 million (31 December 2014: RUB 104,104 million, 31 December 2013: RUB 73,670 million) (see paragraph 3.6.3 of the Explanatory Notes). According to the Company's management expectations, no material liabilities will arise in connection with these guarantees.

Moreover, the prosecutor's office and other oversight bodies examined operations of the Company, and this also may result in additional claims filed against the Company and its employees.

The Russian transfer pricing legislation is aligned with the international principles developed by the Organisation for Economic Cooperation and Development (OECD). The legislation allows tax authorities to assess additional taxes for controlled transactions (transactions between related parties and some transactions between unrelated parties) if such transactions are not on an arm's length basis. The Company's management has implemented internal control procedures to ensure compliance with transfer pricing law.

Tax liabilities arising as a result of operations between the Company and its subsidiaries are determined based on the actual transaction price. There is a probability that the prices may be disputed as practice for application of the transfer rules changes. The effect of such course of events cannot be estimated reliably but may have a material effect on the Company's financial results and/or operations.

New provisions aimed at deoffshorisation of Russian economy have been added to the Russian tax legislation and are effective from 1 January 2015. Specifically, they introduce new rules for controlled foreign companies, a concept of beneficiary owner of income for the purposes of application of preferential provisions of taxation treaties of the Russian Federation. Management of the Company conducts analysis of impact of new rules on Companies' activity and takes necessary measures to meet new requirements of Russian Tax legislation. Likelihood of claims from Russian tax authorities (and probability of positive resolution of disputes) can't be reliably measured because there's no practice of new tax rules. Financial statements of the Company can be affected if tax disputes arise.

### **3.15 Financial risk management**

The primary objectives of the financial risk management function are to provide reasonable assurance of achieving the Company's goals by developing a methodology of risk identification, analysis and assessment, as well as to establish risk limits, and then ensure that exposure to risks stays within these limits and if the limits are exceeded – to treat this risk accordingly.

#### ***Market risks***

The Company is subject to market risks that arise from open positions in foreign currencies, interest bearing assets and liabilities, all of which are exposed to general and specific market movements. The Company establishes acceptable risk limits and monitors them on a daily basis. However, this approach may not prevent losses incurred due to overlimits caused by significant market fluctuations.

There was the significant rise in the exchange rate and depreciation of the Russian rouble in the latter half of the year 2015 but the Company's financial position, its liquidity, sources of financing and performance largely are not impacted by currency exchange rates and interest rates.

**Currency risk.** The Company sells its produced electricity and capacity in the Russian domestic



market at prices denominated in national currency, settlements with resources suppliers, charge and acceptance of payments from the customers are made specifically in Russian roubles. Liabilities of the Company are denominated in national currency; share of liabilities denominated in foreign currency is amounted to less than 15%. As a result effect of changes in currency exchange rates on the Company's financial position and activities is estimated as insignificant. The Company's operations are planned and carried out in such a way that all its assets and liabilities are denominated in the national currency.

Information on the Company's exposure to currency risk is presented in line with its use for the preparation of RusHydro Group's IFRS financial statements as defined in IFRS 7:

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
<b>31 December 2015</b>			
US Dollars	3,096	-	3,096
Euro	-	(15,426)	(15,426)
<b>Total</b>	<b>3,096</b>	<b>(15,426)</b>	<b>(12,330)</b>
<b>31 December 2014</b>			
US Dollars	1,700	-	1,700
Euro	2,321	(13,449)	(11,128)
<b>Total</b>	<b>4,021</b>	<b>(13,449)</b>	<b>(9,428)</b>
<b>31 December 2013</b>			
US Dollars	779	-	779
Euro	54	(3,280)	(3,226)
<b>Total</b>	<b>833</b>	<b>(3,280)</b>	<b>(2,447)</b>

The above analysis includes only monetary assets and liabilities. Investments in shares and non-monetary assets are not considered to give rise to significant currency risk.

Changes in exchange rates have no significant influence on the Company's financial position.

**Interest rate risk.** The Company's operating profits and cash flows from operating activity are substantially independent of the changes in market interest rates.

The effect of changes in the average market interest rates on the value of the Company's investments is insignificant as the rates of return on the Company's investments are fixed.

The fixed and floating interest rate loans received by the Company (see paragraph 3.4.1 of the Explanatory Notes) expose it to interest rate risks. Share of fixed interest rate loans is 81% of total credit portfolio.

The Company also receives loans with floating interest rates based on MOSPRIME, Euribor, OeKB rates. The influence of changes in these rates on the Company's profit is insignificant.

The Company monitors interest rate risk for its financial instruments. Effective interest rates as of the end of the period are presented in paragraph 3.4.1 of the Explanatory Notes.

To mitigate the interest rate risk, the Company takes the following measures:

- monitors the credit market to identify favourable terms of financing;
- diversifies credit portfolio by raising fixed and floating rate loans.

**Price risk.** The price risk determines the possible changes / fluctuations in the fair value or future cash flows due to changes in market prices (excluding changes leading to interest rate or currency risk).

The table below includes the Company's investments exposed to the price risk.

Category of investments	31 December 2015	31 December 2014	31 December 2013
Equity investments for which current market value can be determined, including:			
PAO Inter RAO	2,286	1,505	2,079
PAO Irkutskenergo	2,217	1,445	2,027
PAO Krasnoyarskaya GES	36	25	33
	33	35	19

Category of investments	31 December 2015	31 December 2014	31 December 2013
Equity investments to subsidiaries measured at current market value but not revalued as of the reporting date	20,204	20,204	20,204
Equity investments for which current market value cannot be determined	245,174	208,604	87,758
<b>Total equity investments (see paragraph 3.1.2 of the Explanatory Notes)</b>	<b>267,664</b>	<b>230,313</b>	<b>110,041</b>

Current market value of quoted securities is determined by market prices established on the stock exchange OAO MICEX-RTS ([www.rts.micex.ru](http://www.rts.micex.ru)), according to the 'Procedure for determining market value of securities, estimated price of securities and the threshold for the fluctuations of securities' market price for the purpose of Chapter 23 of the Russian Tax Code approved by Order of the Federal Service for Financial Markets No. 10-65/pz-n of 9 November 2010.

### **Credit risk**

Credit risk is the possibility of the Company's losses resulting from the counterparty's inability to meet its obligations under the contract. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

Although collectability of receivables can be influenced by economic factors, management believe that there is no significant risk of loss to the Company beyond the provision for impairment of receivables already recorded.

Due to the absence of an independent assessment of customers' creditworthiness, the Company performs such an assessment at the contracting stage taking into account the customer's financial position and credit history, using internal rating. The Company regularly monitors existing receivables and undertakes actions to collect them and minimize losses.

Cash has been placed in financial institutions, which are considered at the time of deposit to have minimal risk of default. The Company approves deposit banks as well as rules for making cash deposits. The Company performs regular review of financial institutions, monitors their ratings assigned by independent agencies as well as other performance indicators of these financial institutions.

Summary information on cash deposits and their equivalents including names of banks and other financial institutions and their ratings as of the end of the reporting period is provided in paragraph 3.2.4 of the Explanatory Notes.

### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Efficient liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring the availability of additional funding through an adequate amount of committed credit facilities. The Group follows the balanced model of working capital financing when both long-term and short-term sources of finance are used. The Company places available cash to short-term financial instruments, mainly, bank deposits and short-term bank promissory notes. Short-term liabilities are represented mainly by trade accounts payable.

The Company has implemented controls over the contracting process by using standard financial procedures that include standard payment structure, standard payment time, standard correlation between the advance and final settlement amounts, etc. This way the Company controls the maturity structure of capital.

The ageing analysis for long term borrowings is presented in paragraph 3.4.1 of the Explanatory Notes.

### **3.16 Subsequent events**

There are no significant events which have affected or could affect the Company's financial position, cash flows or its performance in the period between the reporting date and the date of signing the financial statements for 2015.

Chairman of Management Board - General Director  
of PAO RusHydro

N.G.Shulginov

Chief Accountant of PAO RusHydro

D. V. Finkel

30 March 2016

## **20.Auditor's Report and IFRS Accounts for 2015**



## **RUSHYDRO GROUP**

**Consolidated Financial Statements  
prepared in accordance with IFRS  
with independent auditor's report**

**As at and for the year ended 31 December 2015**

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## ***Independent Auditor's Report***

To the Shareholders and Board of Directors of Public Joint Stock Company Federal Hydro-Generating Company – RusHydro (PJSC RusHydro)

We have audited the accompanying consolidated financial statements of PJSC RusHydro and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for 2015, and notes comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the fair presentation of these consolidated financial statements based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to express an opinion on the fair presentation of these consolidated financial statements.



**Independent Auditor's Report (Continued)**

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for 2015 in accordance with International Financial Reporting Standards.

*AO PricewaterhouseCoopers Audit*

23 March 2016

Moscow, Russian Federation



T.V. Sirotinskaya, Director (licence no. 01-000527),  
AO PricewaterhouseCoopers Audit

Audited entity: PJSC RusHydro

Certificate of inclusion in the Unified State Register of Legal Entities issued on 26 December 2004 under registration № 1042401810494

Krasnoyarsk, Krasnoyarsk Territory, Russian Federation, 660017

Independent auditor: AO PricewaterhouseCoopers Audit

State registration certificate № 008.890, issued by the Moscow Registration Bureau on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities № 1027700148431 issued on 22 August 2002

Certificate of membership in self regulated organisation non-profit partnership "Audit Chamber of Russia" № 870. ORNZ 10201003683 in the register of auditors and audit organizations



**RusHydro Group**  
**Consolidated Statement of Financial Position**  
(in millions of Russian Rubles unless noted otherwise)



	Note	31 December 2015	31 December 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	744,585	686,190
Investments in associates and joint ventures	8	14,142	14,032
Available-for-sale financial assets	9	6,094	4,132
Deferred income tax assets	16	5,486	5,355
Other non-current assets	10	21,402	25,021
<b>Total non-current assets</b>		<b>791,709</b>	<b>734,730</b>
<b>Current assets</b>			
Cash and cash equivalents	11	48,025	34,394
Income tax receivable		1,396	1,965
Accounts receivable and prepayments	12	49,646	48,012
Inventories	13	23,999	22,133
Other current assets	14	22,574	41,872
		<b>145,640</b>	<b>148,376</b>
Non-current assets and assets of disposal group classified as held for sale		788	664
<b>Total current assets</b>		<b>146,428</b>	<b>149,040</b>
<b>TOTAL ASSETS</b>		<b>938,137</b>	<b>883,770</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	386,255	386,255
Treasury shares	15	(26,092)	(26,092)
Share premium		39,202	39,202
Retained earnings and other reserves		203,114	179,556
<b>Equity attributable to the shareholders of PJSC RusHydro</b>		<b>602,479</b>	<b>578,921</b>
Non-controlling interest		11,440	16,230
<b>TOTAL EQUITY</b>		<b>613,919</b>	<b>595,151</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	16	37,034	35,891
Non-current debt	18	135,179	119,187
Other non-current liabilities	19	14,551	11,195
<b>Total non-current liabilities</b>		<b>186,764</b>	<b>166,273</b>
<b>Current liabilities</b>			
Current debt and current portion of non-current debt	18	62,214	57,843
Accounts payable and accruals	20	60,307	51,558
Current income tax payable		898	536
Other taxes payable	21	14,035	11,913
		<b>137,454</b>	<b>121,850</b>
Liabilities of disposal group classified as held for sale		-	496
<b>Total current liabilities</b>		<b>137,454</b>	<b>122,346</b>
<b>TOTAL LIABILITIES</b>		<b>324,218</b>	<b>288,619</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>938,137</b>	<b>883,770</b>

Chairman of Management Board – General Director

N. G. Shulginov

Chief Accountant



D. V. Finkel

23 March 2016

**RusHydro Group**  
**Consolidated Income Statement**  
(in millions of Russian Rubles unless noted otherwise)



	Note	Year ended 31 December 2015	Year ended 31 December 2014
Revenue	22	347,512	329,560
Government grants	23	14,314	12,428
Other operating income	7	8,230	697
Operating expenses (excluding impairment losses)	24	(315,103)	(290,838)
<b>Operating profit excluding impairment losses</b>		<b>54,953</b>	<b>51,847</b>
Impairment of property, plant and equipment	7	(12,593)	(8,884)
Impairment of accounts receivable, net		(4,011)	(6,603)
Impairment of other non-current assets	10	(3,220)	-
Impairment of available-for-sale financial assets	9	-	(2,478)
Impairment of goodwill of subsidiary	10	(448)	-
<b>Operating profit</b>		<b>34,681</b>	<b>33,882</b>
Finance income	25	12,313	9,319
Finance costs	25	(9,744)	(10,668)
Profit / (loss) in respect of associates and joint ventures	8	428	(342)
<b>Profit before income tax</b>		<b>37,678</b>	<b>32,191</b>
Total income tax expense	16	(10,519)	(8,060)
<b>Profit for the year</b>		<b>27,159</b>	<b>24,131</b>
Attributable to:			
Shareholders of PJSC RusHydro		31,539	25,606
Non-controlling interest		(4,380)	(1,475)
Earnings per ordinary share for profit attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)	26	0.0865	0.0689
Weighted average number of shares outstanding – basic and diluted (thousands of shares)	26	364,468,853	371,494,140

The accompanying notes are an integral part of these Consolidated Financial Statements

**RusHydro Group**  
**Consolidated Statement of Comprehensive Income**  
(in millions of Russian Rubles unless noted otherwise)



	Note	Year ended 31 December 2015	Year ended 31 December 2014
Profit for the year		27,159	24,131
<b>Other comprehensive income / (loss), net of tax:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Impairment of revalued property, plant and equipment	7	(994)	(6,178)
Remeasurement of pension benefit obligations	17	(1,495)	1,392
<b>Total items that will not be reclassified to profit or loss</b>		<b>(2,489)</b>	<b>(4,786)</b>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Profit / (loss) arising on available-for-sale financial assets	9	1,962	(121)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	-	163
Other comprehensive loss		(85)	(332)
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>1,877</b>	<b>(290)</b>
<b>Other comprehensive loss</b>		<b>(612)</b>	<b>(5,076)</b>
<b>Total comprehensive income for the year</b>		<b>26,547</b>	<b>19,055</b>
Attributable to:			
Shareholders of PJSC RusHydro		31,364	20,004
Non-controlling interest		(4,817)	(949)

The accompanying notes are an integral part of these Consolidated Financial Statements

**RusHydro Group**  
**Consolidated Statement of Cash Flows**  
(in millions of Russian Rubles unless noted otherwise)



	Note	Year ended 31 December 2015	Year ended 31 December 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Profit before income tax</b>		<b>37,678</b>	<b>32,191</b>
Depreciation of property, plant and equipment and intangible assets	7, 24	22,477	21,340
Loss on disposal of property, plant and equipment, net	24	3,366	1,288
(Profit) / loss in respect of associates and joint ventures	8	(428)	342
Other operating income	7	(8,230)	(697)
Finance income	25	(12,313)	(9,319)
Finance costs	25	9,744	10,668
Impairment of property, plant and equipment	7	12,593	8,884
Impairment of accounts receivable, net		4,011	6,603
Impairment of other non-current assets	10	3,220	-
Impairment of goodwill of subsidiary	10	448	-
Impairment of available-for-sale financial assets		-	2,478
Curtailment in pension payment and pension plan	17, 24	(717)	(501)
Pension expenses		84	368
Other (income) / loss		(298)	222
<b>Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities</b>		<b>71,635</b>	<b>73,867</b>
Working capital changes:			
Decrease / (increase) in accounts receivable and prepayments		1,992	(8,085)
Increase in inventories		(2,047)	(864)
Increase / (decrease) in accounts payable and accruals		1,450	(413)
Increase in other taxes payable		2,122	130
Decrease / (increase) in other non-current assets		967	(427)
Increase in other non-current liabilities		1,630	34
Income tax paid		(7,949)	(6,316)
<b>Net cash generated by operating activities</b>		<b>69,800</b>	<b>57,926</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(79,238)	(78,577)
Proceeds from sale of property, plant and equipment		3,386	116
Investment in bank deposits and purchase of other investments		(56,789)	(156,320)
Redemption of bank deposits and proceeds from sale of other investments		75,817	167,639
Purchase of subsidiaries from third parties, net of cash acquired		(651)	(86)
Contribution to share capital of associates and joint ventures		-	(70)
Proceeds from sale of investments in associates		81	-
Proceeds from sale of subsidiaries, net of disposed cash		60	-
Interest received		8,953	6,865
<b>Net cash used in investing activities</b>		<b>(48,381)</b>	<b>(60,433)</b>

The accompanying notes are an integral part of these Consolidated Financial Statements

**RusHydro Group**  
**Consolidated Statement of Cash Flows**  
(in millions of Russian Rubles unless noted otherwise)



	Note	Year ended 31 December 2015	Year ended 31 December 2014
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from current debt	18	83,896	85,600
Proceeds from non-current debt	18	36,487	28,176
Repayment of debt	18	(102,851)	(92,870)
Interest paid		(19,498)	(13,708)
Dividends paid to the shareholders of PJSC RusHydro		(5,712)	(5,127)
Dividends paid by subsidiaries to non-controlling interest holders		(102)	(80)
Finance lease payments		(804)	(900)
<b>Net cash (used in) / generated by financing activities</b>		<b>(8,584)</b>	<b>1,091</b>
Foreign exchange gain on cash balances		796	1,338
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>13,631</b>	<b>(78)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>34,394</b>	<b>34,472</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>11</b>	<b>48,025</b>	<b>34,394</b>

**RusHydro Group**  
**Consolidated Statement of Changes in Equity**

(in millions of Russian Rubles unless noted otherwise)



	Note	Share capital	Treasury shares	Share premium	Merger reserve	Foreign currency translation reserve	Revaluation reserve	Available-for-sale financial assets	Remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of PJSC RusHydro	Non-controlling interest	Total equity
<b>As at 1 January 2014</b>		<b>386,255</b>	<b>(10,662)</b>	<b>39,202</b>	<b>(135,075)</b>	<b>(3)</b>	<b>198,015</b>	<b>(12)</b>	<b>875</b>	<b>100,935</b>	<b>579,530</b>	<b>17,177</b>	<b>596,707</b>
Profit for the year		-	-	-	-	-	-	-	-	25,606	25,606	(1,475)	24,131
Loss arising on impaired available-for-sale financial assets	9	-	-	-	-	-	-	(121)	-	-	(121)	-	(121)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	-	-	-	-	-	-	163	-	-	163	-	163
Remeasurement of pension benefit obligations	17	-	-	-	-	-	-	-	846	-	846	546	1,392
Impairment of revalued property, plant and equipment	7	-	-	-	-	-	(6,130)	-	-	-	(6,130)	(48)	(6,178)
Other comprehensive loss		-	-	-	-	(359)	-	(30)	-	29	(360)	28	(332)
Total other comprehensive loss		-	-	-	-	(359)	(6,130)	12	846	29	(5,602)	526	(5,076)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(359)</b>	<b>(6,130)</b>	<b>12</b>	<b>846</b>	<b>25,635</b>	<b>20,004</b>	<b>(949)</b>	<b>19,055</b>
Exchange of shares of PJSC Krasnoyarskaya HPP for treasury shares	8, 15	-	(15,430)	-	-	-	-	-	-	-	(15,430)	-	(15,430)
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	-	(78)	(78)	78	-
Dividends	15	-	-	-	-	-	-	-	-	(5,130)	(5,130)	(80)	(5,210)
Transfer of revaluation reserve to retained earnings		-	-	-	-	-	(1,409)	-	-	1,409	-	-	-
Other movements		-	-	-	-	-	-	-	-	25	25	4	29
<b>As at 31 December 2014</b>		<b>386,255</b>	<b>(26,092)</b>	<b>39,202</b>	<b>(135,075)</b>	<b>(362)</b>	<b>190,476</b>	<b>-</b>	<b>1,721</b>	<b>122,796</b>	<b>578,921</b>	<b>16,230</b>	<b>595,151</b>

The accompanying notes are an integral part of these Consolidated Financial Statements

**RusHydro Group**  
**Consolidated Statement of Changes in Equity**

(in millions of Russian Rubles unless noted otherwise)



	Note	Share capital	Treasury shares	Share premium	Merger reserve	Foreign currency translation reserve	Revaluation reserve	Available-for-sale financial assets	Remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of PJSC RusHydro	Non-controlling interest	Total equity
<b>As at 1 January 2015</b>		<b>386,255</b>	<b>(26,092)</b>	<b>39,202</b>	<b>(135,075)</b>	<b>(362)</b>	<b>190,476</b>	-	<b>1,721</b>	<b>122,796</b>	<b>578,921</b>	<b>16,230</b>	<b>595,151</b>
Profit for the year		-	-	-	-	-	-	-	-	31,539	31,539	(4,380)	27,159
Profit arising on available-for-sale financial assets	9	-	-	-	-	-	-	1,952	-	-	1,952	10	1,962
Remeasurement of pension benefit obligations	17	-	-	-	-	-	-	-	(1,032)	-	(1,032)	(463)	(1,495)
Impairment of revalued property, plant and equipment	7	-	-	-	-	-	(994)	-	-	-	(994)	-	(994)
Other comprehensive loss		-	-	-	-	(112)	18	-	-	(7)	(101)	16	(85)
Total other comprehensive loss		-	-	-	-	(112)	(976)	1,952	(1,032)	(7)	(175)	(437)	(612)
<b>Total comprehensive income</b>		-	-	-	-	<b>(112)</b>	<b>(976)</b>	<b>1,952</b>	<b>(1,032)</b>	<b>31,532</b>	<b>31,364</b>	<b>(4,817)</b>	<b>26,547</b>
Dividends	15	-	-	-	-	-	-	-	-	(5,710)	(5,710)	(102)	(5,812)
Offer for shares of PJSC RAO ES East	15	-	-	-	-	-	-	-	-	(2,108)	(2,108)	-	(2,108)
Transfer of revaluation reserve to retained earnings		-	-	-	-	-	(948)	-	-	948	-	-	-
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	-	12	12	129	141
<b>As at 31 December 2015</b>		<b>386,255</b>	<b>(26,092)</b>	<b>39,202</b>	<b>(135,075)</b>	<b>(474)</b>	<b>188,552</b>	<b>1,952</b>	<b>689</b>	<b>147,470</b>	<b>602,479</b>	<b>11,440</b>	<b>613,919</b>

The accompanying notes are an integral part of these Consolidated Financial Statements



## **Note 1. The Group and its operations**

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2015 for PJSC RusHydro (hereinafter referred to as “the Company”) and its subsidiaries (hereinafter referred to as the “Group”).

The Company was incorporated and is domiciled in the Russian Federation. The Company is a joint stock company limited by shares and was set up in accordance with Russian regulations.

The Group’s primary activities are generation and sale of electricity and capacity on the Russian wholesale and retail markets, as well as generation and sale of heat energy.

**Economic environment in the Russian Federation.** The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 28). During 2015 the Russian economy was negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country’s economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia’s credit rating was downgraded to below investment grade.

This operating environment has a significant impact on the Group’s operations and financial position. Management is taking necessary measures to ensure sustainability of the Group’s operations. However, the future effects of the current economic situation are difficult to predict and management’s current expectations and estimates could differ from actual results.

**Relations with the Government and current regulation.** As at 31 December 2015 the Russian Federation owned 66.84 percent of the total voting ordinary shares of the Company (31 December 2014: 66.84 percent).

The Group’s major customer base includes a large number of entities controlled by, or related to the Government. Furthermore, the Government controls contractors and suppliers, which provide the Group with electricity dispatch, transmission and distribution services, and a number of the Group’s fuel and other suppliers (Note 6).

In addition, the Government affects the Group’s operations through:

- participation of its representatives in the Company’s Board of Directors;
- regulation of tariffs for electricity, capacity and heating;
- approval and monitoring of the Group’s investment programme, including volume and sources of financing.

Economic, social and other policies of the Russian Government could have a material effect on operations of the Group.

**Overview of the electricity and capacity market.** Capacity and electricity, while interrelated, are treated as separate economic products. The capacity market represents the obligation and ability to keep sufficient generation capability in reserve in order to satisfy a target level of potential demand, while the sale of electricity represents the actual delivery of electricity to the purchaser.

The Russian electricity and capacity market consists of wholesale and retail markets.

Participants of the wholesale market include: generating companies, electricity sales companies (including guaranteeing suppliers), electricity export / import operator, Federal Grid Company (in terms of electricity purchases to cover transmission losses), large electricity consumers. Participants of the wholesale market can act as electricity and capacity sellers and buyers.

Participants of the retail markets include: consumers, providers of public utilities, guaranteeing suppliers, electricity sales (supply) companies, electricity generators of retail markets, grid companies, participants of electricity dispatch.

**Wholesale electricity and capacity market.** The wholesale electricity and capacity market operates in accordance with the Resolution of the Russian Government No. 1172 dated 27 December 2010.

A wholesale market for electricity and capacity functions on the territory of the regions, which are integrated in pricing areas. European Russia and Urals are included in the first pricing area, Siberia is included in the second pricing area. In non-pricing areas (Arkhangelsk and Kaliningrad regions, Komi Republic, regions of the Far East), where the competitive market relationships are not possible due to technological reasons,





sales of electricity and capacity are carried out based on especial rules.

In the isolated energy systems which are not technically integrated into the country's unified energy system, there is no electricity and capacity wholesale market and electricity is supplied through the regulated markets.

#### *Wholesale electricity market*

The wholesale electricity market has a number of sectors varying in contractual terms, conditions and delivery time frames: sector of regulated contracts, day-ahead market, sector of unregulated bilateral contracts and the balancing market.

During 2015 the electricity traded in pricing zones of wholesale market was sold at unregulated prices excluding of volumes designated for delivery to population, groups of customers equivalent to population and customers located in North Caucasus and Republic of Tyva.

Electricity and capacity supply tariffs for the Russian Federation are calculated using the price indexing formulas determined by the Federal Tariff Service (hereinafter referred to as "the FTS").

Electricity and capacity supply volumes are determined based on the estimated consolidated balance of electricity production and supply prepared by the FTS, so that for the electricity and capacity generator supply under regulated contracts does not exceed 35 percent of the total electricity and capacity supply to the wholesale market determined by the decision on balance for such generator.

Electricity volumes that are not covered by the regulated contracts are sold at unregulated prices on the day-ahead market (DAM) and balancing market (BM).

DAM is a competitive selection of seller and buyer price bids on the day ahead of actual electricity supply, including prices and volumes for each of 24 hours. The selection is managed by the Commercial Operator of the wholesale market (JSC TSA). On DAM, the price is determined by balancing the demand and supply, and such price is applied to all market participants. To mitigate the price manipulation risk, DAM introduced a system encouraging the participants to submit competitive price bids – in accordance with the trading rules, the lowest price bids for electricity supply are satisfied first.

Price indices and trade volumes in DAM are published daily on the web-site of JSC TSA.

Electricity volumes sold under bilateral contracts and on DAM constitute scheduled electricity consumption. However, actual consumption is inevitably different from the planned one. Deviations from scheduled production / consumption are traded on a real-time basis on BM, and the System Operator of the wholesale market (OJSC SO UES) holds additional tenders to select bids every three hours.

Under unregulated bilateral contracts, the market participants independently determine supply counter parties, prices and volumes.

#### *Wholesale capacity market*

Capacity is traded based on the following trading mechanisms:

- purchase / sale of capacity under capacity sales contracts, concluded as a result of capacity competitive selection of bids;
- purchase / sale of capacity under unregulated contracts;
- purchase / sale of capacity under contracts to provide capacity and under sale contracts of new nuclear power plants and hydroelectric power plants, similar to capacity sale contracts;
- purchase / sale of capacity produced by forced generators;
- purchase / sale of capacity under regulated contracts (within the volumes for delivery to population and groups of customers equivalent to population);
- purchase / sale of capacity produced by qualified renewable energy projects under contracts to provide capacity concluded on the results of the tender for the construction of renewable energy projects.

Competitive capacity selection (CCS) held by OJSC SO UES is the basis of capacity market and determines which power will be paid on the wholesale market.

Before 2015 CCS was held just for one year ahead (for the next year). The Resolution of the Russian Government No. 893 dated 27 August 2015 approved new rules for CCS and improved capacity trading principles on the wholesale market.

In 2015, the CCSs are conducted for 2016-2019. Starting from 2016, capacity under the CCS will be



annually selected for the year which is in three calendar years' time from the year of the respective CCS. The CCS procedures are performed for the pricing zones not separated into free power transfer zones. Indexation is performed if CCS is conducted for more than one year ahead. The CCS price is indexed for CPI decreased by 1 percent for the period from 1 January of the year following the year when the CCS was conducted to 1 January of the year of supply.

The CCS price represents the maximum of prices in the selected bids and the price at which the demand function takes a value equal to the cumulative volume of the capacity selected (including the capacity to be paid irrespective of the CCS results). The CCS price for each pricing zone is the same for all selected generating facilities. Non-selected capacity that failed to pass through the competitive selection is not paid for.

If the actual demand for capacity exceeds the volume of generating capacity selected, an adjusting CCS procedure can be conducted. Capacity commissioned under capacity supply contracts (CSC) entered into with heating generation sites and contracts with nuclear power plants and hydropower plants similar to CSC and that of generating sites that are required to maintain the technological operating modes of the energy system or supply heat ("forced" generators) is paid for irrespective of the CCS results.

During 2015, similar to trading operations with electricity, capacity is supplied under regulated contracts only in the volumes required for supply to the population, equivalent consumer categories and consumers operating in some parts of the wholesale market pricing zones, consisting Russian constituent territories as determined by the Russian Government (North Caucasus and Republic of Tyva).

During 2013 and until 1 May 2014 the volumes of capacity of hydropower plants located in the second pricing area (Siberia) were supplied for tariffs approved by the FTS. According to the Resolution of the Russian Government No. 374 dated 28 April 2014 approving changes to the regulations of the wholesale electricity and capacity market since 1 May 2014 35 percent of capacity are supplied for tariffs and 65 percent – at the price of capacity competitive selection of bids. The Resolution also provides phased increase in share of capacity of hydropower plants located in the second pricing area (Siberia) supplied at the price of capacity competitive selection of bids to 80 percent by 1 January 2016, to 100 percent by 1 January 2017.

#### *Non-pricing zone of the Far East*

Territories of the Amur Region, Primorsky Region, Khabarovsk Region, Jewish Autonomous Region and the Southern District of the Sakha Republic (Yakutia) are integrated into a single non-pricing zone of the wholesale electricity and capacity market of the Far East. There are specific features of managing electricity and capacity trading operations due to limitations in the competition among electricity suppliers and grid-imposed limitations for electricity flow.

Tariffs for electricity supplied by the Far East energy companies to the consumer (end-consumer tariffs) are approved by regional regulatory authorities based on the threshold tariff levels approved by the FTS for the regulated period.

The threshold tariff levels for electricity supplied to population or equivalent consumer categories and other consumers in the Russian constituent territories are determined by the FTS in accordance with the forecast of social and economic development in the Russian Federation for the regulated period.

The single buyer wholesale market model is implemented in the Far East non-pricing zone. Suppliers of the wholesale market supply electricity and capacity to the wholesale market using the tariffs established for them by the FTS.

The single buyer purchases electricity and capacity on the wholesale market at indicative prices calculated by JSC TSA based on the tariffs for suppliers of wholesale market approved by the FTS.

JSC TSA makes sure settlements between the electricity generators and buyers. Functions of the single buyer are assigned to PJSC DEK on the territory of Amur Region, Jewish Autonomous Region, Khabarovsk Region, Primorsky Region and the Southern District of the Sakha Republic (Yakutia).

However there are regions with only retail market operations – they are isolated energy systems of Kamchatsky Region, Magadan Region, Chukotsk Autonomous Region, Western and Central Regions of Sakha Republic (Yakutia) and Sakhalin Region where systems are not technically integrated into the unified energy system.

**Retail electricity market.** In the retail electricity markets the sales of electricity purchased on the wholesale electricity and capacity market and electricity of generating companies which are not participants of the wholesale market are carried out.



The retail market rules were approved by Resolution of the Government No. 442 dated 4 May 2013 “On functioning of retail electricity markets, complete and (or) partial constraint of electricity consumption” (hereinafter referred to as “the retail market rules”).

In the territories of the constituent regions of the Russian Federation integrated into pricing zones of the wholesale market electricity is sold at unregulated prices except for electricity sales to population and equivalent consumer categories.

Electricity is supplied to population and groups of customers equivalent to population at regulated prices (tariffs) approved by executive authorities of the constituent regions of the Russian Federation in terms of state tariff regulation.

Regulated prices are established based on forecast of social and economic development of Russian Federation for the next year approved by the Government. The FTS determines the threshold levels for regulated tariffs for electricity supplied to population and equivalent consumer categories.

The guaranteeing suppliers sell electricity at unregulated prices within the threshold limits of unregulated prices determined and applied according to the retail market rules. Electricity sales (supply) companies sell electricity at unregulated prices. Electricity generators in the retail markets sell electricity at unregulated prices.

In the territories of the constituent regions of the Russian Federation integrated into non-pricing zones of the wholesale market for determination of prices for electricity supplied to final customers in the retail markets principles of prices translation of wholesale market are applied. Translation of prices of wholesale market is performed for all final customers except for population and equivalent consumer categories.

Translation prices calculated by electricity sales companies according to the Rules of application of the prices (tariffs) are determined based on regulated tariffs set up for the respective group of customers and cost of purchase of electricity and capacity by guaranteeing supplier (electricity sales company) in the wholesale market. Population and equivalent consumer categories pay for electricity under the tariffs set up by executive authorities of the constituent regions of the Russian Federation.

In the territories of isolated energy systems – sales of electricity to all consumer categories are carried out at regulated prices approved by the FTS and executive authorities of the constituent regions of the Russian Federation in terms of state tariff regulation in the territories where such energy systems are located.

**Heating market.** Operations of the heating market are regulated by Federal Law No.190-FZ “On Heating” dated 27 July 2010 and Resolution of the Government No. 1075 dated 22 October 2012 “On pricing of heating supply”.

The Group’s entities that are included into the segment RAO ES East Group are participants on the retail heating markets in the territories of their presence. Heat energy is supplied on the centralised basis from the heat power plants and boiling houses operated by the energy systems. And a number of energy systems are involved in supplies of heat, generating and distributing heat energy, while others – just generate heat energy.

Heating market provides for:

- supply of heat and heat transfer public utilities relating to hot water and heating supply needs;
- supply of heat for the entities’ technological needs.

According to the Russian legislation, sales of heat energy are fully regulated.

Prices (tariffs) for heat supplied by utilities for all consumer groups are approved by executive authorities in the Russian constituent regions responsible for state regulation of prices (tariffs) within the threshold limits of tariffs approved by the FTS.

Service fee for maintenance of spare heat capacity when there is no heat consumption and fee for connection to the system of heating supply are also regulated by executive authorities in the Russian constituent regions responsible for state regulation of prices.

## **Note 2. Summary of significant accounting policies**

**Basis of preparation.** These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as “IFRS”) under the historical cost convention, as modified by the financial instruments initially recognised at fair value, revaluation of property, plant and equipment and available-for-sale financial assets. The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been



consistently applied to all the periods presented, unless otherwise stated.

Each company of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with Russian standards of accounting (hereinafter referred to as "RSA"). The accompanying consolidated financial statements are based on the statutory records with adjustments and reclassifications made for the purpose of fair presentation in accordance with IFRS.

**Functional and presentation currency.** The functional currency of the Company and its subsidiaries, and the Group's presentation currency, is the national currency of the Russian Federation, Russian Rubles.

**Foreign currency translation.** Monetary assets and liabilities, which are held by the Group's entities and denominated in foreign currencies at the end of the reporting period, are translated into Russian Rubles at the exchange rates prevailing at that date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

As at 31 December 2015, the official rate of exchange, as determined by the Central Bank of the Russian Federation, between Russian Ruble and US Dollar (hereinafter referred to as "USD") was RR 72.88: USD 1.00 (31 December 2014: RR 56.26: USD 1.00), between Russian Ruble and Euro was RR 79.70: EUR 1.00 (31 December 2014: RR 68.34: EUR 1.00).

**Consolidated financial statements.** Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns.

The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between the Group's entities are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.



Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

**Purchases and sales of non-controlling interests.** The Group applies the economic entity model to account for transactions with owners of non-controlling interest in transactions that do not result in a loss of control. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

**Acquisition of subsidiaries from parties under common control.** Acquisitions of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method the consolidated financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented or the date when the combining entities were first brought under common control if later. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to merger reserve within equity. Under this method the consolidated financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented, i.e. retrospectively except for acquisition of subsidiaries acquired exclusively with a view for resale which are accounted for using predecessor values method prospectively from the acquisition date.

**Investments in associates and joint ventures.** Investments in associates and joint ventures are accounted for using the equity method of accounting, based upon the percentage of ownership held by the Group. Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as profit or loss in respect of associates and joint ventures, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, and (iii) all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the profit or loss in respect of associates and joint ventures.

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is defined by making of decisions about the relevant activities required the unanimous consent of the parties sharing control.

The Group discontinues the use of the equity method from the date on which it ceases to have joint control over, or have significant influence on joint ventures and associates.

Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity, unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**Disposals of subsidiaries, associates or joint ventures.** When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss



where appropriate.

**Property, plant and equipment.** Property, plant and equipment in the statement of financial position includes assets under construction for future use as property, plant and equipment. Property, plant and equipment except for office buildings, land and assets under construction are stated at revalued amounts less accumulated depreciation and provision for impairment (where required). Office building, land and assets under construction owned by the Group are stated at cost.

Property, plant and equipment except for office buildings, land and assets under construction are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. Any accumulated depreciation at the date of revaluation is eliminated against the gross amount of the asset.

The revaluation surplus included in equity is transferred directly to retained earnings when the revaluation surplus is realised on disposal of the asset.

The Group charges deferred tax liabilities directly to other comprehensive income in respect of revaluation of property, plant and equipment that are recorded directly in other comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

Social assets are not capitalised if they are not expected to result in future economic benefits to the Group. Costs associated with fulfilling the Group's social responsibilities are expensed as incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

**Depreciation.** Depreciation on items of property, plant and equipment (except for land and assets under construction) is calculated using the straight-line method over their estimated useful lives.

The useful lives of property, plant and equipment are subject to annual assessment by management and if expectations differ from previous estimates, the changes of useful lives are accounted for as a change in an accounting estimate prospectively.

The average useful lives of property, plant and equipment by type of facility, in years, were as follows:

Type of facility	Average useful lives
Production buildings	25–80
Facilities	10–100
Plant and equipment	5–40
Other	3–30

Depreciation is charged once an asset is available for service. Land and assets under construction are not depreciated.

**Impairment of property, plant and equipment.** Impairment reviews for property, plant and equipment are carried out when there is an indication that impairment may have occurred, or where it is otherwise required to ensure that property, plant and equipment are not carried above their estimated recoverable amounts (Note 7). If such indication exists, management estimates the recoverable amount which is determined as the higher of an asset's fair value less costs of disposal and its value in use. Fair value less costs of disposal represents the amount that can be generated through the sale of assets. Value in use represents the present value of expected future cash flows discounted on a pre-tax basis, using the estimated cost of capital of the cash-generating unit.

The carrying amount of the asset is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year to the extent it exceeds the previous revaluation surplus in equity. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.



**Investment property.** Investment property is property held by the Group to earn rental income which is not occupied by the Group (Note 10). Investment properties are stated at cost. If any indication exists that investment properties may be impaired, the Group estimates the recoverable amount as the higher of value in use and fair value less costs of disposal. The carrying amount of an investment property is written down to its recoverable amount through a charge to profit or loss for the year. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount.

**Intangible assets and goodwill.** The Group's intangible assets other than goodwill have definite useful lives and primarily include customer base acquired in business combination (Note 10), which is amortised over 5 years, and capitalised computer software. Intangible assets are amortised using the straight-line method over their useful lives. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal. Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

**Financial instruments – key measurement terms.** Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. The Group uses such valuation techniques of fair value which are the most acceptable in the circumstances and as much as possible use the observable basic data.

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- level 3 measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

For disclosure of information on fair value the Group classified assets and liabilities on the basis of an appropriate level of hierarchy of fair value as it is stated above (Note 31).

**Transaction costs** are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

**Amortised cost** is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.



*The effective interest method* is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

**Classification of financial assets.** Financial assets have the following categories: (i) loans and receivables; (ii) available-for-sale financial assets; (iii) financial assets held to maturity and (iv) financial assets at fair value through profit or loss. The description of categories of financial assets of the Group is given below.

*Loans and receivables* are unquoted non-derivative financial assets with fixed or determinable payments.

*Financial assets at fair value through profit or loss.* This category is presented by derivative financial instruments which are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Group does not apply hedge accounting.

All other financial assets are included in the *available-for-sale* category, which includes investment securities which the Group intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

**Classification of financial liabilities.** Financial liabilities have the following measurement categories: (i) financial liabilities at fair value through profit or loss and (ii) other financial liabilities. All financial liabilities of the Group including loans are categorised as other and carried at amortized cost.

**Initial recognition of financial instruments.** Trading investments, derivatives and other financial instruments at fair value through profit or loss are initially recorded at fair value. All other financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

**Derecognition of financial assets.** The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

**Available-for-sale financial assets.** Available-for-sale financial assets are carried at fair value. Interest income on available-for-sale debt securities is calculated using the effective interest method and recognised in profit or loss for the year as finance income. Dividends on available-for-sale equity instruments are recognised in profit or loss for the year as finance income when the Group's right to receive payment is established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognised in other comprehensive income until the investment is derecognised or impaired at which time the cumulative gain or loss is reclassified from other comprehensive income to finance income in profit or loss for the year.

Impairment losses are recognised in profit or loss for the year when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of available-for-sale financial assets. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is reclassified from other comprehensive income to finance costs in profit or loss for the year. Impairment losses on equity instruments are not reversed and any subsequent gains are recognised in other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss





was recognised in profit or loss, the impairment loss is reversed through current period's profit or loss.

**Cash and cash equivalents.** Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

**Trade and other receivables.** Trade and other receivables are carried at amortised cost using the effective interest method.

**Impairment of financial assets carried at amortised cost.** Impairment losses are recognised in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Group determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. The primary factors that the Group considers in determining whether a financial asset is impaired are its overdue status and realisability of related collateral, if any. The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred: (i) any portion or instalment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems; (ii) the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains; (iii) the counterparty considers bankruptcy or a financial reorganisation; (iv) there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty; or (v) the value of collateral, if any, significantly decreases as a result of deteriorating market conditions.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms. The renegotiated asset is then derecognised and a new asset is recognised at its fair value only if the risks and rewards of the asset substantially changed. This is normally evidenced by a substantial difference between the present values of the original cash flows and the new expected cash flows.

Impairment losses are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment loss account within the profit or loss for the year.

**Prepayments.** Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

**Inventories.** Inventories are recorded at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Cost of inventory that is expensed is determined on the weighted average basis.

**Non-current assets classified as held for sale. Discontinued operations.** Non-current assets and disposal groups (which may include both non-current and current assets) are classified in the consolidated statement of financial position as "non-current assets classified as held for sale" if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within 12 months after the reporting period. Assets are reclassified when all of the following conditions are met: (i) the assets are available for immediate sale in their present condition; (ii) the Group's



management approved and initiated an active programme to locate a buyer; (iii) the assets are actively marketed for a sale at a reasonable price; (iv) the sale is expected within one year; and (v) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current and / or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs of disposal. Held for sale property, plant and equipment, investment property and intangible assets are not depreciated or amortised. Reclassified non-current financial instruments and deferred taxes are not subject to the write down to the lower of their carrying amount and fair value less costs of disposal.

Liabilities directly associated with the disposal group that will be transferred in the disposal transaction are reclassified and presented separately in the consolidated statement of financial position.

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operations; (ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (iii) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

Disposal groups or non-current assets that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and (ii) its recoverable amount at the date of the subsequent decision not to sell.

**Income taxes.** Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantially enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from



subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

**Uncertain tax positions.** The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions are recorded within the income tax charge.

**Debt.** Debt is recognised initially at its fair value. Fair value is determined using the prevailing market rate of interest for a similar instrument, if significantly different from the transaction price. In subsequent periods, debt is stated at amortised cost using the effective interest method; any difference between the fair value of the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statement as an interest expense over the period of the debt obligation.

**Capitalisation of borrowing costs.** Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets, if the commencement date for capitalisation is on or after 1 January 2009.

The commencement date for capitalisation is when (i) the Group incurs expenditures for the qualifying asset; (ii) it incurs borrowing costs; and (iii) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

Interest payments capitalised as part of the cost of an assets are classified as cash outflows from financing activities in Consolidated Statement of Cash Flows.

**Employee benefits.** Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Group.

**Defined benefit plans.** The Group operates defined benefit plans that cover the majority of its employees. Defined benefit plans define the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, minimum tariff rate of remuneration and others.

The net liability recognised in the statement of financial position in respect of defined benefit pension plans operated by the Group is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets.

The defined benefit obligations are calculated by independent actuary using the projected unit credit method. The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid associated with the operation of the plans, and that have terms to maturity approximating the terms of the related pension liabilities.

Actuarial gains and losses arising from remeasurement of pension benefit obligations are recognised in other comprehensive income. Past service cost is immediately recognised in profit or loss within operating expenses.

**Defined contribution plans.** For defined contribution plans, the Group pays contributions and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. In the normal course of business the Group contributes to the Russian Federation defined contribution state pension scheme on behalf of its employees. Mandatory contributions to



the governmental pension scheme are expensed when incurred and included in employee benefit expenses and payroll taxes in the consolidated income statement.

*Other post-employment benefit obligations.* The Group pays a one-off financial aid on occasion of an employee's jubilee. The amount of the benefit depends on one or more factors, such as the age, length of service in the company and salary used in the Group companies and others.

For the purpose of calculating benefit obligations of these types, actuarial gains and losses arising as a result of adjustments or changes in actuarial assumptions are recognised within profit or loss in the consolidated statement of income in the period when they arise. All other aspects of accounting for these obligations are similar to those of accounting for defined benefit obligations.

*Finance lease liabilities.* Where the Group is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Group, the assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest cost is charged to profit or loss over the lease period using the effective interest method. The assets acquired under finance leases are depreciated over their useful life or the shorter lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term.

*Operating leases.* Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss for the year on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term.

*Environmental liabilities.* Liabilities for environmental remediation are recorded where there is a present obligation, the payment is probable and reliable estimates exist.

*Revenue recognition.* Revenue is recognised on the delivery of electricity and heat, provisioning for capacity, supply of non-utility services and on the dispatch of goods during the period. Revenue from retail operations is recognised on delivery of electricity and heat to the customer. Revenue amounts are presented exclusive of value added tax.

Revenue transactions under free bilateral contracts are shown net of related purchases of equivalent electricity volumes which the market participant is obliged to make in accordance with the industry regulations. Additional turnover in the amount of RR 6,288 million for the year ended 31 December 2015 (for the year ended 31 December 2014: RR 10,064 million) is shown net for presentation purposes to reflect the economic substance of transactions.

*Government grants.* Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets. Government grants are included in cash flows from operating activities.

*Earnings per share.* The earnings per share are determined by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, excluding the average number of treasury shares held by the Group.

*Share capital.* Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the placement value over the par value of shares issued is recorded as share premium in equity.

*Treasury shares.* Where the Company or its subsidiaries purchase the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners until the equity instruments are reissued, disposed of or cancelled. In case the consideration paid is non-cash asset, the treasury shares received are recognised at the fair value of this asset. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.



**Dividends.** Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

**Provisions for liabilities and charges.** Provisions for liabilities and charges are non-financial liabilities of uncertain timing of amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

**Social expenditure.** To the extent that the Group's contributions to social programmes benefit the community at large without creating constructive obligations to provide such benefits in the future and are not restricted to the Group's employees, they are recognised in the income statement as incurred.

**Financial guarantees.** Financial guarantees are irrevocable contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition, and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

**Segment reporting.** Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

#### **Critical accounting estimates and judgments in applying accounting policies**

The Group makes estimates and assumptions that affect the amounts recognised in the Consolidated Financial Statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the Consolidated Financial Statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

**Impairment of non-financial assets.** At each reporting date management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount of the asset is reduced to the recoverable amount and the impairment loss is recognised in the consolidated income statement to the extent it exceeds any previous revaluation surplus held in equity. An impairment loss recognised for an asset in prior years may be reversed if there has been a positive change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

Accounting for impairment of non-financial assets includes impairment of property, plant and equipment and impairment of investments in associates.

The effect of these critical accounting estimates and assumptions is disclosed in Notes 7 and 8.

**Recognition of deferred tax assets.** At each reporting date management assesses recoverability of deferred tax assets arising from operating losses and asset impairments in the context of the current economic environment, particularly when current and expected future profits have been adversely affected by market conditions. Management considers first the future reversal of existing deferred tax liabilities and then considers future taxable profits when evaluating deferred tax assets. The assessment is made on a tax payer basis. The future taxable profits and the amount of tax benefits that are probable in the future are



based on the medium term business plans of the Group companies prepared by management and extrapolated results thereafter.

Management considered the recoverability of recognised deferred tax assets, including those on tax losses carried forward, as probable (Note 16).

**Useful life of property, plant and equipment.** The estimation of the useful life of an item of property, plant and equipment is a matter of management judgment based upon experience with similar assets and other factors. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear, warranty terms as well as the environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates which can affect the reported income.

### **Reclassifications**

Certain reclassifications have been made to prior year data to conform to the current year presentation. These reclassifications are not material.

### **Adoption of New or Revised Standards and Interpretations**

The following new standards and interpretations became effective from 1 January 2015 but did not have any material impact on the Group's consolidated financial statements:

- Amendments to IAS 19 – “Defined benefit plans: Employee contributions” (issued in November 2013 and effective for annual periods beginning 1 July 2014).
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).

### **Note 3. New accounting pronouncements**

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2016 or later, and which the Group has not early adopted. These standards and interpretations have been approved for adoption in the Russian Federation unless noted otherwise.

**IFRS 9, Financial Instruments: Classification and Measurement** (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.



- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a “three stage” approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group is currently assessing the impact of the new standard on its consolidated financial statements.

**IFRS 15, Revenue from Contracts with Customers** (issued in May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of the new standard on its financial statements.

**IFRS 16, Leases** (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019; this standard has not been approved for adoption in the Russian Federation). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is currently assessing the impact of the new standard on its consolidated financial statements.

The following other new pronouncements are not expected to have any material impact on the Group when adopted:

- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued in May 2014 and effective for the periods beginning on or after 1 January 2016).
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued in May 2014 and effective for the periods beginning on or after 1 January 2016).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued in September 2014 and effective for annual periods beginning on or after 1 January 2016; these amendments have not been approved for adoption in the Russian Federation).
- Annual Improvements to IFRSs 2014 (issued in September 2014 and effective for annual periods beginning on or after 1 January 2016).
- Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016).
- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (issued in January 2016 and effective for annual periods beginning on or after 1 January 2017; these amendments have not been approved for adoption in the Russian Federation).



(in millions of Russian Rubles unless noted otherwise)

- Disclosure Initiative - Amendments to IAS 7 (issued in January 2016 and effective for annual periods beginning on or after 1 January 2017; these amendments have not been approved for adoption in the Russian Federation).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

#### **Note 4. Principal subsidiaries**

All principal subsidiaries are incorporated and operate in the Russian Federation. Differences between the ownership interest and voting interest held by some subsidiaries represent the effect of preference shares and / or effects of indirect ownership, or non-corporate partnership (LLC).

The Group operates in the three main reportable segments one of which is presented by the Group's parent company – PJSC RusHydro (Note 5). The principal subsidiaries are presented below according to their allocation to the reportable segments as at 31 December 2015 and 31 December 2014.

##### **ESC RusHydro subgroup segment**

ESC RusHydro subgroup segment includes the Group's subsidiaries which sell electricity to final customers. All the entities included in this segment with the exception of JSC ESC RusHydro have the guaranteeing supplier status and are obliged to sign contracts on supplies with all final consumers of their region upon their request.

	31 December 2015		31 December 2014	
	% of ownership	% of voting	% of ownership	% of voting
JSC ESC RusHydro	100.00%	100.00%	100.00%	100.00%
PJSC Krasnoyarskenergosbyt	65.81%	69.40%	65.81%	65.81%
PJSC Ryazan Power Distributing Company	90.52%	90.52%	90.52%	90.52%
JSC Chuvashskaya energy retail company	100.00%	100.00%	100.00%	100.00%
LLC ESC Bashkortostan	100.00%	-	100.00%	-

##### **RAO ES East subgroup segment**

RAO ES East subgroup segment consists of PJSC RAO ES East and its subsidiaries that generate, distribute and sell electricity and heat in the Far East region of the Russian Federation and render transportation, distribution, construction, repair and other services.

Principal subsidiaries of this segment are presented below:

	31 December 2015		31 December 2014	
	% of ownership	% of voting	% of ownership	% of voting
PJSC RAO ES East*	85.92%	86.20%	85.92%	86.20%
PJSC DEK	44.92%	52.17%	44.92%	52.17%
JSC DGK	44.92%	100.00%	44.92%	100.00%
JSC DRSK	44.92%	100.00%	44.92%	100.00%
PJSC Kamchatskenergo	84.83%	98.74%	84.83%	98.74%
PJSC Magadanenergo**	42.10%	49.00%	42.10%	49.00%
OJSC Sakhalinenergo	49.67%	57.82%	47.72%	55.55%
PJSC Yakutskenergo	72.21%	79.16%	72.21%	79.16%

\* Voting and ownership percent interests in PJSC RAO ES East include 1.80 percent interest held by the Group's subsidiary LLC Vostok-Finance.

\*\* Control over PJSC Magadanenergo is achieved by the majority of votes on the shareholders meeting because the remaining part of the shares not owned by the Group are distributed among a large number of shareholders the individual stakes of which are insignificant.





(in millions of Russian Rubles unless noted otherwise)

### **Other segments**

Other segments include:

- the Group's subsidiaries with production and sale of electricity and capacity;
- the Group's subsidiaries primarily engaged in research and development related to the utilities industry and construction of hydropower facilities;
- the Group's subsidiaries engaged in repair, upgrade and reconstruction of equipment and hydropower facilities;
- the Group's subsidiaries engaged primarily in hydropower plants construction;
- minor segments which do not have similar economic characteristics.

Principal subsidiaries included in all other segments are presented below:

	31 December 2015		31 December 2014	
	% of ownership	% of voting	% of ownership	% of voting
JSC Blagoveschensk HPP	100.00%	100.00%	100.00%	100.00%
JSC VNIIG	100.00%	100.00%	100.00%	100.00%
JSC Geotherm	99.65%	99.65%	99.65%	99.65%
JSC Gidroremont-VKK	100.00%	100.00%	100.00%	100.00%
JSC Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
JSC Zaramag HS	99.75%	99.75%	99.75%	99.75%
JSC Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
PJSC Kolimaenergo	98.76%	98.76%	98.76%	98.76%
JSC Lenhydroproject	100.00%	100.00%	100.00%	100.00%
JSC NIIES	100.00%	100.00%	100.00%	100.00%
JSC Nizhne-Bureiskaya HPP	100.00%	100.00%	100.00%	100.00%
JSC Sahalin GRES-2	100.00%	100.00%	100.00%	100.00%
JSC Sulak GidroKaskad	100.00%	100.00%	100.00%	100.00%
JSC HPP in Sovetskaya Gavan	100.00%	100.00%	100.00%	100.00%
JSC Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
JSC Ust'-Srednekanskaya HPP	99.63%	100.00%	99.63%	100.00%
JSC Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
JSC ESCO UES	100.00%	100.00%	100.00%	100.00%
JSC Yakutskaya GRES-2	100.00%	100.00%	100.00%	100.00%



(in millions of Russian Rubles unless noted otherwise)

### **Non-controlling interest**

Summarised financial information related to subsidiaries with significant amount of non-controlling interest before elimination of operations between the Group's subsidiaries are presented below:

	RAO ES East subgroup		including DEK subgroup	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Financial position</b>				
Percent of non-controlling interest	14.08%	14.08%	55.08%	55.08%
Percent of voting rights, attributable to non-controlling interest	13.80%	13.80%	47.83%	47.83%
Non-current assets	104,873	95,072	57,183	55,443
Current assets	57,638	55,749	23,993	23,610
Non-current liabilities	(57,768)	(54,965)	(35,095)	(34,610)
Current liabilities	(88,518)	(68,768)	(54,549)	(44,090)
<b>Net assets</b>	<b>16,225</b>	<b>27,088</b>	<b>(8,468)</b>	<b>353</b>
<b>Carrying value of non-controlling interest</b>	<b>9,732</b>	<b>14,660</b>	<b>(2,656)</b>	<b>2,193</b>
	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2014
<b>Financial results</b>				
Revenue	162,713	150,286	109,327	100,807
Loss for the year	(7,518)	(2,181)	(8,756)	(3,821)
Total comprehensive loss for the year	(8,410)	(1,193)	(9,402)	(3,101)
Loss for the year, attributable to non-controlling interest	(4,621)	(1,632)	(4,522)	(2,334)
Changes in other comprehensive (loss) / income, attributable to non-controlling interest	(446)	526	(59)	393
<b>Cash flows</b>				
Cash generated by operating activities	10,919	12,452	5,592	2,425
Cash used in investing activities	(14,854)	(13,292)	(6,406)	(6,951)
Cash generated / (used) by financing activities	1,786	5,103	(191)	4,437
<b>(Decrease) / increase in cash and cash equivalents</b>	<b>(2,149)</b>	<b>4,263</b>	<b>(1,005)</b>	<b>(89)</b>

The rights of the non-controlling shareholders of the presented subgroups are determined by the Federal Law "On Joint Stock Companies" and the charter documents of PJSC RAO ES East and PJSC DEK.

### **Note 5. Segment information**

Operating segments are components of the Group engaged in operations from which they may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Group. The individual financial information of the operating segments, which based on the same principles as the present consolidated financial statements, is available and is regularly reviewed by the chief operating decision maker (CODM) to make operating decisions about resources to be allocated and the performance of segments' operating activities.

The CODM analyses the information concerning the Group by the groups of operations which are aggregated in operating segments presented by the following separate reportable segments: PJSC RusHydro (the Group's parent company), ESC RusHydro subgroup, RAO ES East subgroup and other segments (Note 4). Transactions of other segments are not disclosed as reportable segments as the performance is based on quantitative indicators for the periods presented.

Management of operating activities of segments is performed with direct participation of individual segment managers accountable to the CODM. Segment managers on a regular basis submit for approval to the CODM results of operating activities and financial performance of segments. The CODM approves the annual business plan at the level of reportable segments as well as analyses actual financial performance of segments. Management bears responsibility for execution of approved plan and management of operating activities at the level of segments.



The segments' operational results are estimated on the basis of EBITDA, which is calculated as operating profit / loss excluding insurance indemnity, depreciation of property, plant and equipment and intangible assets, impairment of property, plant and equipment, impairment of other non-current assets, impairment of goodwill, impairment of available-for-sale financial assets, accounts receivable, long-term promissory notes, loss on disposal of property, plant and equipment, loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale, curtailment in pension payment and pension plan and other non-monetary items of operating expenses. This method of definition of EBITDA may differ from the methods applied by other companies. CODM believes that EBITDA represents the most useful means of assessing the performance of ongoing operating activities of the Company and the Group's subsidiaries, as it reflects the earnings trends without showing the impact of certain charges.

Segment information also contains capital expenditures and the amount of debt as these indicators are analysed by the CODM. Intersegment debt's balances are excluded.

Other information provided to the CODM complies with the information presented in the consolidated financial statements.

Intersegment sales are carried out at market prices.

Segment information for the years ended 31 December 2015 and 31 December 2014 and as at 31 December 2015 and 31 December 2014 is presented below:

**RusHydro Group**  
**Notes to the Consolidated Financial Statements as at and for the year ended**  
**31 December 2015**



(in millions of Russian Rubles unless noted otherwise)

<b>Year ended 31 December 2015</b>	<b>PJSC RusHydro</b>	<b>ESC RusHydro subgroup</b>	<b>RAO ES East subgroup</b>	<b>Other segments</b>	<b>Total segments</b>	<b>Unallocated adjustments and intercompany operations</b>	<b>TOTAL</b>
<b>Revenue</b>	<b>100,826</b>	<b>86,955</b>	<b>162,713</b>	<b>28,113</b>	<b>378,607</b>	<b>(31,095)</b>	<b>347,512</b>
<i>including:</i>							
<i>from external companies</i>	90,960	86,925	162,441	7,186	347,512	-	347,512
<i>sales of electricity</i>	64,198	85,850	104,021	449	254,518	-	254,518
<i>sales of heat and hot water sales</i>	154	-	35,227	-	35,381	-	35,381
<i>sales of capacity</i>	25,611	-	7,047	380	33,038	-	33,038
<i>other revenue</i>	997	1,075	16,146	6,357	24,575	-	24,575
<i>from intercompany operations</i>	9,866	30	272	20,927	31,095	(31,095)	-
Government grants	-	-	14,268	46	14,314	-	14,314
Other operating income	-	-	498	800	1,298	(4)	1,294
Operating expenses (excluding depreciation and other non-monetary items)	(41,387)	(84,075)	(164,682)	(29,206)	(319,350)	29,613	(289,737)
<b>EBITDA</b>	<b>59,439</b>	<b>2,880</b>	<b>12,797</b>	<b>(247)</b>	<b>74,869</b>	<b>(1,486)</b>	<b>73,383</b>
Insurance indemnity	-	-	-	6,471	6,471	-	6,471
Depreciation of property, plant and equipment and intangible assets	(12,523)	(826)	(7,624)	(1,769)	(22,742)	265	(22,477)
Other non-monetary items of operating income and expenses	(12,586)	(1,387)	(3,547)	(5,014)	(22,534)	(162)	(22,696)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(9,747)	-	(1,953)	(893)	(12,593)	-	(12,593)
<i>impairment of other non-current assets</i>	(3,220)	-	-	-	(3,220)	-	(3,220)
<i>impairment of goodwill of subsidiary</i>	-	-	-	(448)	(448)	-	(448)
<i>reversal / (impairment) of accounts receivable, net</i>	1,078	(1,345)	(3,021)	(723)	(4,011)	-	(4,011)
<i>(loss) / profit on disposal of property, plant and equipment, net</i>	(537)	(42)	59	(2,950)	(3,470)	104	(3,366)
<i>curtailment in pension payment and pension plan</i>	-	-	717	-	717	-	717
<i>(loss) / gain on disposal of subsidiaries and associates</i>	(160)	-	651	-	491	(266)	225
<b>Operating profit / (loss)</b>	<b>34,330</b>	<b>667</b>	<b>1,626</b>	<b>(559)</b>	<b>36,064</b>	<b>(1,383)</b>	<b>34,681</b>
Finance income							12,313
Finance costs							(9,744)
Profit in respect of associates and joint ventures							428
<b>Profit before income tax</b>							<b>37,678</b>
Total income tax expense							(10,519)
<b>Profit for the year</b>							<b>27,159</b>
<b>Capital expenditure</b>	<b>35,206</b>	<b>223</b>	<b>19,554</b>	<b>41,956</b>	<b>96,939</b>	<b>4,896</b>	<b>101,835</b>
<b>31 December 2015</b>							
<b>Non-current and current debt</b>	<b>121,861</b>	<b>1,847</b>	<b>68,019</b>	<b>5,666</b>	<b>197,393</b>	<b>-</b>	<b>197,393</b>

**RusHydro Group**  
**Notes to the Consolidated Financial Statements as at and for the year ended**  
**31 December 2015**



(in millions of Russian Rubles unless noted otherwise)

	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
<b>Year ended 31 December 2014</b>							
<b>Revenue</b>	<b>98,581</b>	<b>82,230</b>	<b>150,286</b>	<b>29,664</b>	<b>360,761</b>	<b>(31,201)</b>	<b>329,560</b>
<i>including:</i>							
<i>from external companies</i>							
<i>sales of electricity</i>	89,177	82,211	149,935	8,227	329,550	10	329,560
<i>sales of heat and hot water sales</i>	64,016	81,307	93,888	332	239,543	-	239,543
<i>sales of capacity</i>	144	-	33,912	3	34,059	-	34,059
<i>other revenue</i>	23,467	-	4,268	277	28,012	-	28,012
<i>from intercompany operations</i>	1,550	904	17,867	7,615	27,936	10	27,946
	9,404	19	351	21,437	31,211	(31,211)	-
Government grants	-	-	12,413	15	12,428	-	12,428
Operating expenses (excluding depreciation and other non-monetary items)	(41,233)	(81,092)	(147,301)	(27,881)	(297,507)	28,768	(268,739)
<b>EBITDA</b>	<b>57,348</b>	<b>1,138</b>	<b>15,398</b>	<b>1,798</b>	<b>75,682</b>	<b>(2,433)</b>	<b>73,249</b>
Depreciation of property, plant and equipment and intangible assets	(12,173)	(695)	(7,289)	(1,411)	(21,568)	228	(21,340)
Other non-monetary items of operating income and expenses	(9,560)	(560)	(5,372)	(2,386)	(17,878)	(149)	(18,027)
<i>including:</i>							
<i>other operating income</i>	697	-	-	-	697	-	697
<i>impairment of property, plant and equipment</i>	(7,138)	-	(1,746)	-	(8,884)	-	(8,884)
<i>impairment of accounts receivable, net</i>	(1,677)	(524)	(3,635)	(767)	(6,603)	-	(6,603)
<i>impairment of available-for-sale financial assets</i>	(1,366)	-	(82)	(1,030)	(2,478)	-	(2,478)
<i>loss on disposal of property, plant and equipment, net</i>	(40)	(36)	(474)	(589)	(1,139)	(149)	(1,288)
<i>curtailment in pension payment and pension plan</i>	-	-	501	-	501	-	501
<i>(loss) / gain on disposal of subsidiaries and associates</i>	(36)	-	64	-	28	-	28
<b>Operating profit / (loss)</b>	<b>35,615</b>	<b>(117)</b>	<b>2,737</b>	<b>(1,999)</b>	<b>36,236</b>	<b>(2,354)</b>	<b>33,882</b>
Finance income							9,319
Finance costs							(10,668)
Loss in respect of associates and joint ventures							(342)
<b>Profit before income tax</b>							<b>32,191</b>
Total income tax expense							(8,060)
<b>Profit for the year</b>							<b>24,131</b>
<b>Capital expenditure</b>	<b>42,496</b>	<b>146</b>	<b>19,486</b>	<b>34,441</b>	<b>96,569</b>	<b>(3,547)</b>	<b>93,022</b>
<b>31 December 2014</b>							
<b>Non-current and current debt</b>	<b>113,060</b>	<b>3,403</b>	<b>54,496</b>	<b>6,071</b>	<b>177,030</b>	<b>-</b>	<b>177,030</b>



**Note 6. Related party transactions**

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal related parties for the years ended 31 December 2015 and 31 December 2014 were joint ventures, associates of the Group (Note 8) and government-related entities.

**Joint ventures**

The Group had the following balances with its joint ventures:

	Note	31 December 2015	31 December 2014
Promissory notes	10	5,711	5,203
Loans issued		2,725	1,492
Loans received		750	-

The Group had the following transactions with its joint ventures:

	Year ended 31 December 2015	Year ended 31 December 2014
Sales of electricity and capacity	851	146
Other revenue	778	569
Purchased electricity and capacity	2,149	1,049

**Associates**

The Group had the following balances with its associates:

	Year ended 31 December 2015	Year ended 31 December 2014
Trade and other receivables	440	293
Accounts payable	481	352

The Group had the following transactions with its associates:

	Year ended 31 December 2015	Year ended 31 December 2014
Sales of electricity and capacity	2,351	2,671
Other revenue	258	150
Construction services	447	285
Purchased electricity and capacity	19	161

**Government-related entities**

In the normal course of business the Group enters into transactions with the entities controlled by the Government.

The Group had transactions during the years ended 31 December 2015 and 31 December 2014 and balances outstanding as at 31 December 2015 and 31 December 2014 with the following government-related banks: SC Vnesheconombank, PJSC Sberbank, Bank GPB (JSC), PJSC VTB Bank, PJSC VTB24, OJSC Bank of Moscow, JSC Rosselkhozbank (Notes 11, 14, 18). All transactions are carried out on market rates.

The Group's sales of electricity, capacity and heat to government-related entities comprised approximately 30 percent of total sales of electricity, capacity and heat for the year ended 31 December 2015 (for the year ended 31 December 2014: approximately 30 percent). Sales of electricity and capacity under the regulated contracts are conducted directly to the consumers, within the day-ahead market (DAM) – through commission agreements with JSC Centre of Financial Settlements (CFS). Electricity and capacity supply tariffs under the regulated contracts and electricity and heating supply tariffs in non-pricing zone of the Far East are approved by FTS and by regional regulatory authorities of the Russian Federation. On DAM the price is determined by balancing the demand and supply and such price is applied to all market participants. During the period the Group received government subsidies in amount of RR 14,314 million (in 2014 in the amount of RR 12,428 million) (Note 23).



The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 20 percent of total expenses on purchased electricity, capacity and fuel for the year ended 31 December 2015 (for the year ended 31 December 2014: approximately 25 percent).

Electricity distribution services provided to the Group by government-related entities comprised approximately 50 percent of total electricity distribution expenses for the year ended 31 December 2015 (for the year ended 31 December 2014: approximately 60 percent). The distribution of electricity is subject to tariff regulations.

**Key management of the Group.** Key management of the Group includes members of the Board of Directors of the Company, members of the Management Board of the Company, heads of the business subdivisions of the Company and their deputies, key management of subsidiaries of RAO ES East subgroup segment.

Remuneration to the members of the Board of Directors of the Company for their services in their capacity and for attending Board meetings is paid depending on the results for the year and is calculated based on specific remuneration policy approved by the Annual General Shareholders Meeting of the Company.

Remuneration to the members of the Management Board and to other key management of the Group is paid for their services in full time management positions and is made up of a contractual salary and performance bonuses depending on the results of the work for the period based on key performance indicators approved by the Board of Directors of the Company.

Main compensation for Key management of the Group generally is short-term excluding future payments under pension plans with defined benefits. Pension benefits for key management of the Group are provided on the same terms as for the rest of employees.

Short-term remuneration paid to the key management of the Group for the year ended 31 December 2015 comprised RR 2,174 million (for the year ended 31 December 2014: RR 2,365 million).

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**Note 7. Property, plant and equipment**

Revalued amount / cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
<b>Balance as at 31 December 2014</b>	<b>81,110</b>	<b>378,702</b>	<b>226,137</b>	<b>256,121</b>	<b>14,925</b>	<b>956,995</b>
Impairment of revalued property, plant and equipment	(26)	(1,160)	(56)	-	-	(1,242)
Reclassification	(55)	89	(1,806)	2,597	(825)	-
Additions	979	808	1,611	97,417	1,020	101,835
Reclassification to non-current assets and assets of disposal group classified as held for sale	(880)	-	-	-	-	(880)
Transfers	2,925	20,357	43,503	(67,292)	507	-
Disposals and write-offs	(166)	(103)	(876)	(3,551)	(1,981)	(6,677)
<b>Balance as at 31 December 2015</b>	<b>83,887</b>	<b>398,693</b>	<b>268,513</b>	<b>285,292</b>	<b>13,646</b>	<b>1,050,031</b>
<b>Accumulated depreciation (including impairment)</b>						
<b>Balance as at 31 December 2014</b>	<b>(29,504)</b>	<b>(116,411)</b>	<b>(89,161)</b>	<b>(29,062)</b>	<b>(6,667)</b>	<b>(270,805)</b>
Impairment charge	(644)	(4,318)	(2,180)	(6,143)	(55)	(13,340)
Reversal of impairment	346	94	299	8	-	747
Charge for the period	(2,152)	(8,302)	(11,782)	-	(1,439)	(23,675)
Reclassification to non-current assets and assets of disposal group classified as held for sale	92	-	-	-	-	92
Transfers	12	(2,741)	(3,607)	5,819	517	-
Disposals and write-offs	47	22	550	186	730	1,535
<b>Balance as at 31 December 2015</b>	<b>(31,803)</b>	<b>(131,656)</b>	<b>(105,881)</b>	<b>(29,192)</b>	<b>(6,914)</b>	<b>(305,446)</b>
<b>Net book value as at 31 December 2015</b>	<b>52,084</b>	<b>267,037</b>	<b>162,632</b>	<b>256,100</b>	<b>6,732</b>	<b>744,585</b>
<b>Net book value as at 31 December 2014</b>	<b>51,606</b>	<b>262,291</b>	<b>136,976</b>	<b>227,059</b>	<b>8,258</b>	<b>686,190</b>

  

Revalued amount / cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
<b>Balance as at 31 December 2013</b>	<b>78,712</b>	<b>377,429</b>	<b>191,377</b>	<b>214,999</b>	<b>14,620</b>	<b>877,137</b>
Impairment of revalued property, plant and equipment	(20)	(6,183)	(1,539)	-	(4)	(7,746)
Reclassification	(310)	(2,731)	(1,637)	4,692	(14)	-
Additions	202	1,646	620	89,444	1,110	93,022
Reclassification to non-current assets and assets of disposal group classified as held for sale	(14)	(1)	(50)	(130)	(630)	(825)
Transfers	2,718	8,840	39,569	(51,418)	291	-
Disposals and write-offs	(178)	(298)	(2,203)	(1,466)	(448)	(4,593)
<b>Balance as at 31 December 2014</b>	<b>81,110</b>	<b>378,702</b>	<b>226,137</b>	<b>256,121</b>	<b>14,925</b>	<b>956,995</b>
<b>Accumulated depreciation (including impairment)</b>						
<b>Balance as at 31 December 2013</b>	<b>(27,139)</b>	<b>(108,005)</b>	<b>(75,665)</b>	<b>(26,904)</b>	<b>(5,578)</b>	<b>(243,291)</b>
Impairment charge	(281)	(639)	(2,617)	(5,405)	(49)	(8,991)
Charge for the period	(1,740)	(7,300)	(10,259)	-	(1,636)	(20,935)
Reclassification to non-current assets and assets of disposal group classified as held for sale	13	1	25	92	269	400
Transfers	(439)	(585)	(2,055)	3,125	(46)	-
Disposals and write-offs	82	117	1,410	30	373	2,012
<b>Balance as at 31 December 2014</b>	<b>(29,504)</b>	<b>(116,411)</b>	<b>(89,161)</b>	<b>(29,062)</b>	<b>(6,667)</b>	<b>(270,805)</b>
<b>Net book value as at 31 December 2014</b>	<b>51,606</b>	<b>262,291</b>	<b>136,976</b>	<b>227,059</b>	<b>8,258</b>	<b>686,190</b>
<b>Net book value as at 31 December 2013</b>	<b>51,573</b>	<b>269,424</b>	<b>115,712</b>	<b>188,095</b>	<b>9,042</b>	<b>633,846</b>

As at 31 December 2015 included in the net book value of the property, plant and equipment are office buildings and plots of land owned by the Group in the amount of RR 7,793 million (31 December 2014: RR 7,869 million) which are stated at cost.

Assets under construction represent the expenditures for property, plant and equipment that are being





constructed, including hydropower plants under construction, and advances to construction companies and suppliers of property, plant and equipment. As at 31 December 2015 such advances amounted to RR 59,531 million (31 December 2014: RR 51,785 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 14,706 million, the capitalisation rate was 11.28 percent (for the year ended 31 December 2014: RR 9,347 million, the capitalisation rate was 8.77 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 1,088 million (for the year ended 31 December 2014: RR 149 million).

Other property, plant and equipment include motor vehicles, land, office fixtures and other equipment.

Management of the Group considers that the carrying amount of property, plant and equipment as at 31 December 2015 and 31 December 2014 does not differ materially from their fair value at the end of the reporting period.

#### ***Process of fair value of property, plant and equipment assessment***

Management of the Group determines the fair value of property, plant and equipment according to the following procedures.

The Group's property, plant and equipment are mainly represented by specialised property: the Group's key assets are represented by unique hydro engineering structures and power equipment manufactured under certain technical specifications for each power plant; such equipment is rarely sold in the market.

The Group's management determines the value of the specialised property on a regular basis, using the cost approach. The cost approach is based on the economic concept which implies that a buyer will pay no more for an asset than it would cost to develop or obtain another asset with the same functionality. The total costs of replacement or reproduction of the analysed asset resulting from such measurement are decreased by the amount of physical, functional and economic depreciation.

The replacement costs are determined based on specialised reference books, regulatory documents, construction rates, manufacturer's prices in effect as of the valuation date; physical and functional depreciation is measured based on the age of the assets, their actual condition and operating mode, etc.

To determine the economic depreciation of specialised assets, the Group's management calculates the recoverable amount using the income approach. It is based on discounted cash flow method, and the Group uses certain assumptions when building the cash flow forecast. In particular, these assumptions are used to determine the expected cash flows, capital expenditures and discount rates for each cash generating unit. The Group's management determines the forecast horizon, and net cash inflows from the asset's operation are calculated for each period of this horizon. The recoverable amount of the cash generating unit is determined by recalculating the discounted net cash flows. The Group's management believes that the Group subsidiaries and Company's branches are separate cash generating units.

When the recoverable amount of the cash generating unit is higher than the replacement cost less physical and functional depreciation of property, plant and equipment included in this cash generating unit, it is concluded that there is no economic depreciation. If this is not the case and if the recoverable amount is less than the carrying amount of cash generating unit, the economic impairment is determined as the difference between the recoverable amount and the carrying amount.



**Impairment of property, plant and equipment as at 31 December 2015 and 31 December 2014**

The following key assumptions were used when the cash flow testing was performed for the years ended 31 December 2015 and 31 December 2014:

<b>Key assumptions used in the cash flow testing</b>	<b>Year ended 31 December 2015</b>	<b>Year ended 31 December 2014</b>
Information used	Actual operating results for 2015 and business plans for 2016–2021	Actual operating results for 2014 and business plans for 2015–2020
Forecast period*	For existing plants 10 years (2016–2025) For plants under construction - 20 years after commissioning and before the completion of capacity sale contracts (2016–2039) For cash-generating units of the Far East - 11-25 years (2016–2041)	For existing plants 10 years (2015–2024) For plants under construction - 20 years after commissioning and before the completion of capacity sale contracts (2015–2038) For cash-generating units of the Far East - 11-25 years (2015–2040)
Forecasted growth rates in terminal period	4.0 percent	4.0–4.1 percent, depending on the length of the forecast period
Discount rate before tax (based on weighted average cost of capital)	14.97–16.8 percent (RR)	14.4–17.8 percent (RR)
Forecast of electricity and capacity tariffs in the isolated energy systems and in non-pricing zone of the Far East	Based on methodology of tariffs calculation adopted by regulatory authority	
Forecast of electricity and capacity prices in competitive market	Based on the forecast of JSC TSA and forecast rates on energy prices growth prepared by the Ministry of Economic Development of RF	
Forecast of capacity prices related to competitive capacity selection	For 2016–2019 – based on the results of competitive capacity selection, except for stations, where regulated tariffs are used For 2017 and after – adjusted on consumer index price and forecasts of JSC TSA	For 2015 – based on the results of competitive capacity selection, except for stations, where regulated tariffs are used For 2016 and after – adjusted on consumer index price and forecasts of JSC TSA
Forecast of electricity and capacity volumes	Based on the Company's management assessment of future trends in the business	
Forecast of capital expenditures	Based on the management valuation of capital expenditures on modernisation and reconstruction programme	

\* Management considers that a forecast period greater than five years is appropriate as the wholesale electricity and capacity market is expected to change significantly over the forecast period and cash flow projections will not be stabilised within five years. However a forecast period of cash flows was mainly defined by remaining useful life of assets tested. For hydroelectric power plants this period may amount up to 100 years due to the fact that key asset is a dam. In this regard the recoverable amount of assets was defined based on cash flows during the forecast period and terminal values.

The values assigned to the key assumptions represent management's assessment of future trends in the business and are based on both external and internal sources.

Loss was recognized mainly in respect of receipt of fixed assets as a cash-generating unit means impaired in prior periods. As a result, impairment loss in the amount of RR 12,593 million was recognised in Consolidated Income Statement and decrease of previous revaluation reserve in the amount of RR 1,242 million (before income tax of RR 248 million) – in other comprehensive loss.

As a result of property, plant and equipment impairment as at 31 December 2015 its net book value decreased for the total amount of RR 13,835 million, the effects relate mainly to the following cash-generating units:

- Kabardino-Balkarian branch – impairment loss in the amount of RR 2,420 million and decrease of previous revaluation reserve in the amount of RR 1,216 million;
- Karachaevo-Cherkessia branch – impairment loss in the amount of RR 2,833 million and decrease of previous revaluation reserve in the amount of RR 6 million;
- Bureiskaya HPP – impairment loss in the amount of RR 2,541 million and decrease of previous revaluation reserve in the amount of RR 20 million;



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- Cascade of Kubanskiye HPPs – impairment loss in the amount of RR 704 million and decrease of previous revaluation reserve in the amount of RR nil million;
- Zeiskaya HPP – impairment loss in the amount of RR 680 million and decrease of previous revaluation reserve in the amount of RR nil million;
- Zagorskaya GAES – impairment loss in the amount of RR 415 million and decrease of previous revaluation reserve in the amount of RR nil million.

The sensitivity analysis of the recoverable amounts of cash-generating units for the key assumptions is presented in Note 31.

As a result of property, plant and equipment impairment as at 31 December 2014 its net book value decreased for the total amount of RR 16,737 million. As a result, impairment loss in the amount of RR 8,991 million was recognised in Consolidated Income Statement and decrease of previous revaluation reserve in the amount of RR 7,746 million (before income tax of RR 1,549 million) – in other comprehensive loss.

The carrying amount of each class of property, plant and equipment that would have been recognised had the assets been carried under the cost model is as follows:

	<b>Production buildings</b>	<b>Facilities</b>	<b>Plant and equipment</b>	<b>Assets under construction</b>	<b>Other</b>	<b>Total</b>
Net book value as at 31 December 2015	29,793	111,249	152,336	260,080	1,492	554,950
Net book value as at 31 December 2014	28,409	103,047	124,524	231,039	1,914	488,933

**Events on Zagorskaya GAES-2.** On 17 September 2013 there was a partial flooding at Zagorskaya GAES-2 which is under construction in the Moscow Region. The flooding of the GAES building originated from the lower reservoir via functional joints of the station block and a newly formed cavity in the right junction of the GAES-2 building foundation. Construction and assembly works as well as property, including equipment, were insured by PIJSC Ingosstrakh, JSC AlfaStrakhovanie and JSC SOGAZ. As at 31 December 2015 all insurance companies have recognized the technical incident at Zagorskaya GAES-2 as an insured event.

Other operating income for the year ended 31 December 2015 include insurance indemnity received from JSC AlfaStrakhovanie in the amount of RR 847 million (the maximum insurance amount under the contract with JSC AlfaStrakhovanie is RR 1,200 million) and from JSC SOGAZ in the amount of RR 868 million (the maximum insurance amount under the contract with JSC SOGAZ is RR 2,633 million), as well as insurance indemnity from PIJSC Ingosstrakh in the amount of RR 4,756 million.

For the year ended 31 December 2015 a loss on disposal of damaged equipment and assets under construction which are not recoverable was recognised in Operating expenses in the amount of RR 2,706 million. Also for the year ended 31 December 2015 the Group has carried expenses on recovery works in the total amount of RR 2,243 million which are recognized in the following items of Operating expenses: services of subcontracting companies, other third parties services, other materials, employee benefit expenses, rent expenses.

Currently management of the Group cannot reliably estimate future expenses that may be necessary to eliminate consequences of the technical incident. However, these expenses may be material for the Group.

Management of the Group believes that there are no indications of property, plant and equipment impairment as at 31 December 2015 there were capacity supply contracts concluded in respect of new power generation facilities of Zagorskaya GAES-2, that guarantee the payback period of 20 years for all capital expenses invested in construction in the period.

**Leased equipment.** As at 31 December 2015 the net book value of assets held under finance lease and included in property, plant and equipment was RR 3,107 million (31 December 2014: RR 4,639 million). Assets held under finance lease were mainly represented by plant and equipment.

**Operating lease.** The Group leases a number of land areas owned by local governments and production buildings under non-cancellable operating lease agreements. Land lease payments are determined by lease agreements. The land areas leased by the Group are the territories on which the Group's hydropower plants and other assets are located. According to the Land Code of the Russian Federation such land areas are limited in their alienability and cannot become private property. The Group's operating leases typically run for an initial period of 5–49 years with an option to renew the lease after that date. Lease payments are

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reviewed regularly.

The future payments under non-cancellable operating leases in accordance with rates as at the reporting period end are as follows:

	31 December 2015	31 December 2014
Less than one year	2,309	2,174
Between one and five years	3,826	4,169
After five years	38,852	40,028
<b>Total</b>	<b>44,987</b>	<b>46,371</b>

**Pledged assets.** As at 31 December 2015 RR no property, plant and equipment have been pledged as collateral for borrowings (31 December 2014: RR 3 million).

**Note 8. Investments in associates and joint ventures**

The Group's interests in associates and joint ventures and its carrying value were as follows:

	Place of business	% held		Carrying value	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Associates</b>					
OJSC Irkutsk Electronetwork Company (OJSC IENC)	Russia	42.75%	42.75%	7,777	8,060
OJSC Sakhalin Energy Company (OJSC SEC)	Russia	36.09%	36.09%	3,429	3,441
Other				172	343
<b>Total associates</b>				<b>11,378</b>	<b>11,844</b>
<b>Joint ventures</b>					
BoGES Group	Russia	50.00%	50.00%	1,229	1,048
BALP Group	Russia	50.00%	50.00%	-	-
Other				1,535	1,140
<b>Total joint ventures</b>				<b>2,764</b>	<b>2,188</b>
<b>Total investments in associates and joint ventures</b>				<b>14,142</b>	<b>14,032</b>

The amounts in respect of associates and joint ventures recognised in the Income Statement are as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
<b>Associates</b>		
OJSC IENC	(283)	(360)
OJSC SEC	(12)	101
PJSC Krasnoyarskaya HPP	-	293
Other	(19)	76
<b>Total associates</b>	<b>(314)</b>	<b>110</b>
<b>Joint ventures</b>		
BoGES Group	684	(467)
BALP Group	-	-
Other	58	15
<b>Total joint ventures</b>	<b>742</b>	<b>(452)</b>
<b>Profit / (loss) in respect of associates and joint ventures</b>	<b>428</b>	<b>(342)</b>

**Associates**

*OJSC Irkutsk Electronetwork Company (OJSC IENC)*

OJSC IENC maintains 0.4–500 kW electric grids of the Irkutsk region with the total length of over 40,000 km and more than 9,600 transforming substations with total capacity of over 27,900 MVA. The core activities of OJSC IENC are provision of services of electricity transmission via electric grids in the interests of large consumers and utilities companies, i.e. entities operating in the wholesale electricity and capacity market. OJSC IENC is controlled by EN+ Group.

The Group's investments in OJSC IENC represent its strategic assets and allow the Group to use them in the acquisition and asset exchange transactions; in addition, they represent a source of dividends.



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*OJSC Sakhalin Energy Company (OJSC SEC)*

OJSC SEC is the customer-developer of a number of electricity sector assets in the Sakhalin region as part of the federal special purpose program Economic and Social Development of the Far East and Transbaikalia until 2014 and the oblast's special purpose program Power Sector Development in the Sakhalin Region until 2010 and for the Long-term Period until 2020. OJSC SEC's major investment project was the Construction of Power Generating Unit No. 4 at Yuzhno-Sakhalinsk Thermal Power Plant-1, which is operated by OJSC Sakhalinenergo, the Group's subsidiary, under a lease agreement. Other OJSC SEC's shareholders, in addition to the Group, are the Russian Government and the government of the Sakhalin region represented by the Ministry of Land and Property Affairs of Sakhalin region

The Group's investments in OJSC SEC represent strategic assets which allow a more efficient joint operation of the assets of OJSC Sakhalinenergo and OJSC SEC.

*PJSC Krasnoyarskaya HPP*

In July 2014 25 percent minus 1 share of PJSC Krasnoyarskaya HPP were transferred by the Group's subsidiary JSC HydroInvest to JSC EuroSibEnergo in exchange of 3.39 percent of treasury shares (Note 15). Remaining 0.12 percent of shares of PJSC Krasnoyarskaya HPP were reclassified to available-for-sale financial assets.

Summarised financial information for significant associates for the years ended 31 December 2015 and 31 December 2014 and as at 31 December 2015 and 31 December 2014:

	OJSC SEC		OJSC IENC		PJSC Krasnoyarskaya HPP	
	2015	2014	2015	2014	2015	2014
<b>As at 31 December</b>						
Non-current assets	11,242	10,519	24,862	25,848	-	-
Current assets	761	1,516	1,037	2,478	-	-
Non-current liabilities	(12)	-	(1,571)	(5,334)	-	-
Current liabilities	(54)	(1,063)	(8,350)	(6,353)	-	-
<b>Net assets</b>	<b>11,937</b>	<b>10,972</b>	<b>15,978</b>	<b>16,639</b>	-	-
<b>For the year ended 31 December</b>						
Revenue	449	285	16,995	15,674	-	7,673
Reversal of impairment of property, plant and equipment	-	-	-	-	-	-
<b>(Loss) / profit for the year</b>	<b>(35)</b>	<b>(69)</b>	<b>(661)</b>	<b>(843)</b>	-	<b>1,166</b>
<b>Total comprehensive (loss) / income for the year</b>	<b>(35)</b>	<b>(69)</b>	<b>(661)</b>	<b>(843)</b>	-	<b>1,166</b>



(in millions of Russian Rubles unless noted otherwise)

Reconciliation of the summarised financial information presented to the carrying value of interest in associates:

	OJSC SEC	OJSC IENC	PJSC Krasnoyars kaya HPP	Others	Total
<b>Net assets as at 31 December 2013</b>	<b>10,691</b>	<b>17,482</b>	<b>55,199</b>	<b>814</b>	<b>84,186</b>
(Loss) / profit for the year	(69)	(843)	1,166	212	466
Additional share issue	350	-	-	-	350
Disposal	-	-	(56,103)	-	(56,103)
Reclassification to available-for-sale financial assets	-	-	(262)	-	(262)
<b>Net assets as at 31 December 2014</b>	<b>10,972</b>	<b>16,639</b>	<b>-</b>	<b>1,026</b>	<b>28,637</b>
Interest in associates	3,960	7,114	-	335	11,409
Goodwill	-	946	-	-	946
Additional share issues	(519)	-	-	-	(519)
Accumulated losses	-	-	-	8	8
<b>Carrying value as at 31 December 2014</b>	<b>3,441</b>	<b>8,060</b>	<b>-</b>	<b>343</b>	<b>11,844</b>
<b>Net assets as at 31 December 2014</b>	<b>10,972</b>	<b>16,639</b>	<b>-</b>	<b>1,026</b>	<b>28,637</b>
Loss for the year	(35)	(661)	-	(32)	(728)
Additional share issue	1,000	-	-	-	1,000
Disposal	-	-	-	(402)	(402)
Reclassification to subsidiaries	-	-	-	19	19
<b>Net assets as at 31 December 2015</b>	<b>11,937</b>	<b>15,978</b>	<b>-</b>	<b>611</b>	<b>28,526</b>
Interest in associates	4,308	6,831	-	172	11,311
Goodwill	-	946	-	-	946
Additional share issues	(879)	-	-	-	(879)
<b>Carrying value as at 31 December 2015</b>	<b>3,429</b>	<b>7,777</b>	<b>-</b>	<b>172</b>	<b>11,378</b>

### **Joint ventures**

#### *BoGES Group and BALP Group*

Starting from 2006 the Company and RUSAL Group have been jointly implementing the BEMA project based on an agreement for mutual financing, completion and subsequent operation of Boguchanskaya HPP and Boguchansky aluminium plant. Within the BEMA project on parity basis joint ventures BoGES Ltd (Cyprus) and BALP Ltd (Cyprus) were formed, which have controlling interests in OJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant.

BoGES Ltd and OJSC Boguchanskaya GES together form BoGES Group. BALP Ltd and CJSC Boguchansky Aluminium Plant together form BALP Group.

BoGES Ltd and BALP Ltd provide corporate governance of Boguchanskaya HPP and Boguchansky Aluminium Plant in line with the parity of interests of the investors and are not engaged in other operations.

Starting from November 2012 Boguchanskaya HPP sells electricity and capacity to large consumers and utilities companies. An installed capacity of Boguchanskaya HPP is 2,997 MW, long-term average project production – 17 600 million kWh.

The construction of 1-st series of Boguchansky Aluminium Plant is ongoing. Project capacity of Boguchansky Aluminium Plant is 600 thousand tonnes of aluminium per annum. Manufacturing plant complex consists of two series of capacity 296 thousand tonnes each. Boguchansky Aluminium Plant will become a key consumer of energy generated by Boguchanskaya HPP.

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Summarised financial information for significant joint ventures for the years ended 31 December 2015 and 31 December 2014 and as at 31 December 2015 and 31 December 2014:

As at 31 December	BoGES Group		BALP Group	
	2015	2014	2015	2014
Non-current assets	45,007	44,551	1,475	17,290
Current assets including:	3,681	3,103	6,315	756
<i>Cash and cash equivalents</i>	442	765	498	130
Non-current liabilities including:	(44,343)	(43,629)	(100,750)	(5,952)
<i>Non-current financial liabilities (excluding trade payables)</i>	(37,715)	(37,347)	(96,872)	(3,337)
Current liabilities including:	(1,918)	(1,973)	(3,877)	(61,729)
<i>Current financial liabilities (excluding trade payables)</i>	(678)	(731)	(3)	(60,157)
<b>Net assets</b>	<b>2,427</b>	<b>2,052</b>	<b>(96,837)</b>	<b>(49,635)</b>
<b>For the year ended 31 December</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Revenue	14,632	6,571	11,558	275
Depreciation of property, plant and equipment	(1,191)	(1,066)	(111)	(55)
Impairment of promissory notes	(5,780)	-	-	-
Interest income	489	53	7	15
Interest expense	(2,849)	(2,730)	(6,460)	(3,407)
Foreign exchange differences	(10)	(5)	(19,118)	(24,197)
Impairment of property, plant and equipment	-	-	(3,869)	(5,521)
<b>Loss before income tax</b>	<b>(125)</b>	<b>(2,146)</b>	<b>(30,123)</b>	<b>(33,584)</b>
Income tax benefit / (expense)	500	226	(17,079)	6,656
<b>Profit / (loss) for the year</b>	<b>375</b>	<b>(1,920)</b>	<b>(47,202)</b>	<b>(26,928)</b>
Other comprehensive income / (loss) for the year	-	-	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>375</b>	<b>(1,920)</b>	<b>(47,202)</b>	<b>(26,928)</b>

Reconciliation of the summarised financial information presented to the carrying value of interest in joint ventures:

	BoGES Group	BALP Group	Others	Total
<b>Net assets as at 31 December 2013</b>	<b>3,972</b>	<b>(22,707)</b>	<b>2,241</b>	<b>(16,494)</b>
Net assets at the date of the purchase	-	-	23	23
Loss for the year	(1,920)	(26,928)	(159)	(29,007)
<b>Net assets as at 31 December 2014</b>	<b>2,052</b>	<b>(49,635)</b>	<b>2,105</b>	<b>(45,478)</b>
Interest in joint ventures	1,026	(24,818)	1,036	(22,756)
Non-controlling interest	22	-	-	22
Accumulated losses	-	24,818	104	24,922
<b>Carrying value as at 31 December 2014</b>	<b>1,048</b>	<b>-</b>	<b>1,140</b>	<b>2,188</b>
<b>Net assets as at 31 December 2014</b>	<b>2,052</b>	<b>(49,635)</b>	<b>2,105</b>	<b>(45,478)</b>
Increase of share capital	-	-	1,003	1,003
Profit / (loss) for the year	375	(47,202)	(623)	(47,450)
<b>Net assets as at 31 December 2015</b>	<b>2,427</b>	<b>(96,837)</b>	<b>2,485</b>	<b>(91,925)</b>
Interest in joint ventures	1,214	(48,419)	1,129	(46,076)
Non-controlling interest	15	-	-	15
Accumulated losses	-	48,419	406	48,825
<b>Carrying value as at 31 December 2015</b>	<b>1,229</b>	<b>-</b>	<b>1,535</b>	<b>2,764</b>

The Group has issued guarantees for OJSC Boguchanskaya HPP for the loan facility in favour of the State Corporation Vnesheconombank (Note 28).



(in millions of Russian Rubles unless noted otherwise)

**Note 9. Available-for-sale financial assets**

	31 December 2015		31 December 2014	
	% of ownership	Fair value	% of ownership	Fair value
PJSC Inter RAO	4,92%	5,606	4,92%	3,654
PJSC Russian Grids	0,28%	228	0,28%	212
PJSC FGC UES	0,13%	99	0,13%	76
Other	-	161	-	190
<b>Total available-for-sale financial assets</b>		<b>6,094</b>		<b>4,132</b>

The fair values of available-for-sale financial assets were calculated based on quoted market prices, for those which are not publicly traded fair values were estimated by reference to the discounted cash flows of the investees (Note 31).

Profit arising on available-for-sale financial assets for the year ended 31 December 2015 totaled RR 1,962 million, including revaluation of PJSC Inter RAO – RR 1,953 million, was recorded within other comprehensive income (for the year ended 31 December 2014 loss totaled RR 2,436 million and was recorded within other comprehensive income in amount of RR 42 million net of tax and in profit or loss in amount of RR 2,478 million).

**Note 10. Other non-current assets**

	31 December 2015	31 December 2014
Long-term promissory notes	38,189	37,047
Discount	(16,946)	(16,864)
Impairment provision	(14,025)	(14,025)
Long-term promissory notes, net	7,218	6,158
VAT recoverable	2,546	3,226
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	2,164	5,478
Customer base of LLC ESC Bashkortostan	553	1,109
Goodwill	481	929
Other non-current assets	8,440	8,121
<b>Total other non-current assets</b>	<b>21,402</b>	<b>25,021</b>

	Rating*	Rating agency	Effective interest rate	Maturity date	31 December 2015	31 December 2014
<b>Long-term promissory notes</b>						
OJSC Boguchanskaya HPP	-	-	9.75%	2029	5,711	5,203
		Fitch				
PJSC ROSBANK	BBB-	Ratings	10.90–14.58%	2020–2022	784	446
JSC Alfa Bank	Ba2	Moody's	11.90–16.35%	2016–2022	673	466
Other					50	43
<b>Total long-term promissory notes</b>					<b>7,218</b>	<b>6,158</b>

**Promissory notes of OJSC Boguchanskaya HPP.** As at 31 December 2015 the amortised cost of interest-free long-term promissory notes of OJSC Boguchanskaya HPP (payable not earlier than 31 December 2029 with total nominal value of RR 21,027 million) pledged as collateral to the State Corporation Vnesheconombank amounted to RR 5,711 million (31 December 2014: RR 5,203 million) (Note 8).

**Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs.** The recoverable amount of dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs owned by the Group received in 2011 in the course of additional share issue of the Company is estimated by management based on future cash flows. Key assumption used for the cash flows analysis is estimation of the annual consideration, received from PJSC Irkutskenergo and respective to market value of right of temporary ownership and use this property. Due to the deterioration of estimation of the annual consideration as at 31 December 2015 the Group recognised impairment of dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs in the amount of RR 3,220 million.





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**Goodwill and customer base.** Presented below is the carrying value of goodwill:

	Year ended 31 December 2015	Year ended 31 December 2014
<b>Carrying amount as of 1 January</b>	<b>929</b>	<b>929</b>
Impairment loss	(448)	-
<b>Carrying amount as of 31 December</b>	<b>481</b>	<b>929</b>

*Goodwill of JSC Institute Hydroproject.* Goodwill of RR 929 million was recognised at the date of the acquisition of JSC Institute Hydroproject in October 2010 as the Group was able to receive economic benefits from the expected synergy from the high qualification of engineering specialists and long-term relationships between JSC Institute Hydroproject and customers, including the Group entities.

As at 31 December 2015 and 31 December 2014, the Group tested goodwill related to JSC Institute Hydroproject for its potential impairment. For the testing purposes, JSC Institute Hydroproject was considered as a single cash generating asset.

Presented below are key assumptions used for the impairment testing purposes for the years ended 31 December 2015 and 31 December 2014:

Key assumptions used for the impairment testing purposes	For the year ended 31 December 2015	For the year ended 31 December 2014
Information used	Actual performance for 2015 and results of business plans for 2016-2020	Actual performance for 2014 and results of business plans for 2015-2019
Forecast period	5 years	5 years
Growth interest rate after the forecast period	4.0 percent	4.3 percent
Discount rate	15.6 percent	16.1 percent
Net cash inflow after the forecast period	Minimum expectation: RR 148 million in 2016, RR 67 million in 2017, RR 94 million in 2018, RR 110 million in 2019, RR 122 million in 2020	Minimum expectation: RR 167 million in 2015, RR 175 million in 2016, RR 182 million in 2017, RR 193 million in 2018, RR 201 million in 2019
Net cash inflow after the forecast period	Minimum expectation: RR 114 million per year	Minimum expectation: RR 178 million per year

Based on the above assumptions, as at 31 December 2015 recoverable amount of JSC Institute Hydroproject as a cash generating asset was less than the carrying amount and the Group recognised impairment of goodwill in the amount of RR 448 million. As at 31 December 2014 there was no economic impairment.

*Customer base of LLC ESC Baskortostan.* As at 31 December 2015 and 31 December 2014 the Group tested customer base of LLC ESC Baskortostan for potential impairment. For the testing purposes LLC ESC Baskortostan was considered as a single cash generating unit.



(in millions of Russian Rubles unless noted otherwise)

Presented below are key assumptions used for the impairment testing purposes:

<b>Key assumptions used for the impairment testing purposes</b>	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
Information used	Actual performance for 2015 and results of business plans for 2016-2020	Actual performance for 2014 and results of business plans for 2015-2019
Forecast period*	10 years (2016-2025)	10 years (2015-2024)
Growth interest rate after the forecast period	3.8 percent	4.0 percent
Discount rate	15.3 percent	15.2 percent
Forecast electricity sales	Based on management forecast	
Forecast electricity tariffs	2016 – based on tariffs set by regulators 2017-2025 – based on the consumer price index	2015 – based on tariffs set by regulators 2016-2024 – based on the consumer price index

\* The management believes that the forecast period exceeding five years is more reliable as the electricity and capacity market is expected to undergo significant changes during the forecast period, and cash flows will not flatten out within five years.

As at 31 December 2015 and 31 December 2014 the recoverable amount of LLC ESC Baskortostan exceeded the carrying amount – no loss on impairment related to the customer base of LLC ESC Baskortostan was recognised.

#### **Note 11. Cash and cash equivalents**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Cash at bank	11,857	14,960
Cash equivalents (contractual interest rate: 3.76-16.40%)	36,137	19,417
Cash in hand	31	17
<b>Total cash and cash equivalents</b>	<b>48,025</b>	<b>34,394</b>

Cash equivalents held as at 31 December 2015 and 31 December 2014 comprised short-term bank deposits with original maturities of three months or less.

Cash and cash equivalents balances denominated in US Dollars as at 31 December 2015 were RR 2,801 million (31 December 2014: RR 767 million). Cash and cash equivalents balances denominated in Euros as at 31 December 2015 were RR 61 million (31 December 2014: RR 2,310 million).

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Cash and cash equivalents are deposited in several institutions as follows:

	Rating*	Rating agency	31 December 2015	31 December 2014
<b>Cash at banks</b>				
PJSC Sberbank	BBB-	Fitch Ratings	4,630	5,354
Bank GPB (JSC)	BB+	Fitch Ratings	3,573	5,996
Peresvet Bank	B+	Fitch Ratings	1,405	1,228
PJSC Bank VTB	BB+	Standard & Poor's	719	83
JSC Alfa-Bank	Ba2	Moody's	364	12
PJSC VTB24	Ba1	Moody's	230	200
CJSC ARDSHINBANK	B+	Fitch Ratings	170	8
PJSC Bank Vozrozhdenie	BB-	Standard & Poor's	135	68
PJSC ROSBANK	BBB-	Fitch Ratings	124	158
UBS AG	A	Fitch Ratings	105	526
LLC Creditinvestbank	-	-	-	262
JSC Bank Severny Morskoy Put	-	-	-	187
PJSC Kamchatkomargoprombank	-	-	-	170
JSC InvestCapitalBank	-	-	-	159
Other	-	-	402	549
<b>Total cash at banks</b>			<b>11,857</b>	<b>14,960</b>
<b>Bank deposits</b>				
PJSC Sberbank	BBB-	Fitch Ratings	8,992	5,613
PJSC Bank FK Otkritie	BB-	Standard & Poor's	7,753	65
Peresvet Bank	B+	Fitch Ratings	6,280	7,319
PJSC Bank VTB	BB+	Standard & Poor's	4,832	65
Sviaz-Bank	BB-	Standard & Poor's	2,724	-
Bank GPB (JSC)	BB+	Fitch Ratings	2,084	2,892
JSC Bank Severny Morskoy Put	-	-	1,875	-
GLOBEXBANK	BB-	Fitch Ratings	1,000	-
JSC Rosselkhozbank	BB+	Fitch Ratings	519	39
PJSC ROSBANK	BBB-	Fitch Ratings	22	507
JSC UniCredit Bank	-	-	-	2,347
PJSC Asian-Pacific Bank	-	-	-	278
PJSC Promsvyazbank	-	-	-	103
Other	-	-	56	189
<b>Total cash equivalents</b>			<b>36,137</b>	<b>19,417</b>



(in millions of Russian Rubles unless noted otherwise)

**Note 12. Accounts receivable and prepayments**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Trade receivables	55,075	50,931
Provision for impairment of trade receivables	(20,158)	(18,643)
<b>Trade receivables, net</b>	<b>34,917</b>	<b>32,288</b>
<b>VAT recoverable</b>	<b>8,156</b>	<b>8,683</b>
Advances to suppliers and other prepayments	3,540	3,957
Provision for impairment of advances to suppliers and other prepayments	(1,021)	(670)
<b>Advances to suppliers and other prepayments, net</b>	<b>2,519</b>	<b>3,287</b>
Other receivables	7,248	6,637
Provision for impairment of other receivables	(3,194)	(2,883)
<b>Other receivables, net</b>	<b>4,054</b>	<b>3,754</b>
<b>Total accounts receivable and prepayments</b>	<b>49,646</b>	<b>48,012</b>

The provision for impairment of accounts receivable has been determined based on specific customer identification, customer payment trends, subsequent receipts and settlements and the analysis of expected future cash flows (Note 2). The Group believes that the Group's subsidiaries will be able to realise the net receivable amount through direct collections and other non-cash settlements, and the carrying value approximates their fair value.

Movements in the impairment provision for accounts receivables and prepayments are as follows:

	<b>Year ended</b> <b>31 December 2015</b>	<b>Year ended</b> <b>31 December 2014</b>
As at 1 January	21,526	17,779
Charge for the year	6,650	8,534
Reversal of impairment	(3,808)	(3,230)
Trade receivables written-off as uncollectible	(1,016)	(1,557)
<b>As at 31 December</b>	<b>23,352</b>	<b>21,526</b>

The ageing analysis of trade and other finance accounts receivable is as follows:

	<b>31 December 2015</b>	<b>Provision as at</b> <b>31 December 2015</b>	<b>31 December 2014</b>	<b>Provision as at</b> <b>31 December 2014</b>
Not past due	29,622	(2,426)	26,143	(967)
Past due for less than 3 months	6,655	(1,260)	6,229	(953)
Past due for 3 months to 1 year	7,499	(2,834)	8,139	(3,838)
Past due for more than 1 year	17,959	(16,832)	16,127	(15,768)
<b>Total</b>	<b>61,735</b>	<b>(23,352)</b>	<b>56,638</b>	<b>(21,526)</b>

The majority of trade debtors which are neither past due nor impaired could be aggregated in several groups based on similarities in their credit quality: large industrial consumers – participants of the wholesale and retail electricity and capacity market as well as public sector entities and population.

The Group does not hold any accounts receivable pledged as collateral.

**Note 13. Inventories**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Fuel	14,291	13,229
Materials and supplies	6,555	6,383
Spare parts	2,782	2,085
Other materials	606	645
<b>Total inventories before provision for impairment</b>	<b>24,234</b>	<b>22,342</b>
<b>Provision for impairment of inventories</b>	<b>(235)</b>	<b>(209)</b>
<b>Total inventories</b>	<b>23,999</b>	<b>22,133</b>

There are no inventories pledged as collateral for borrowings as at 31 December 2015 and as at 31 December 2014.



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**Note 14. Other current assets**

			<b>31 December 2015</b>	<b>31 December 2014</b>
Deposits and promissory notes			19,532	40,122
Loans issued			2,728	1,484
Other short-term investments			314	266
<b>Total other current assets</b>			<b>22,574</b>	<b>41,872</b>

  

	<b>Rating*</b>	<b>Rating agency</b>	<b>Effective interest rate</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Deposits</b>					
PJSC Sberbank	BBB-	Fitch Ratings	8.80–12.81%	18,322	38,915
CJSC Ameriabank	B+	Fitch Ratings	7.10%	728	-
CJSC ARDSHINBANK	B+	Fitch Ratings	3.00–16.00%	186	-
Peresvet Bank	B+	Fitch Ratings	12.50%	176	166
Other deposits	-	-	-	78	768
<b>Promissory notes</b>					
JSC Alfa-Bank	Ba2	Moody's	-	35	195
Other promissory notes	-	-	-	7	78
<b>Total deposits and promissory notes</b>				<b>19,532</b>	<b>40,122</b>

**Note 15. Equity**

	<b>Number of issued and fully paid ordinary shares (Par value of RR 1.00)</b>
As at 31 December 2015	386,255,464,890
As at 31 December 2014	386,255,464,890
As at 31 December 2013	386,255,464,890

**Treasury shares.** As at 31 December 2015 treasury shares were represented by 21,786,611,933 ordinary shares in the amount of RR 26,092 million (31 December 2014: 21,786,611,933 ordinary shares in the amount of RR 26,092 million).

In July 2014 3.39 percent of treasury shares were received by the Group's subsidiary JSC HydroInvest from JSC EuroSibEnergo in exchange of 25 percent minus 1 share of PJSC Krasnoyarskaya HPP.

Treasury shares carry voting rights in the same proportion as other ordinary shares. Voting rights of ordinary shares of the Company held by entities within the Group are effectively controlled by management of the Group.

**Effect of changes in non-controlling interest of subsidiaries.** In March 2015 the Group's share in subsidiaries OJSC Daltehenenergo and OJSC Guberovskiy machinery and repair plant was sold. In October 2015 share in JSC Kamchatskenergoremont was sold. During the year ended 31 December 2015 LLC Energokomfort Amur electricity wholesale company and JSC Amyrskaya Zhemchuzhina went bankrupt, also in June 2015 OJSC Kamchatskenergoremservis was liquidated. As a result non-controlling interest increased by RR 141 million due to decrease of share in losses of these subsidiaries previously absorbed by shareholders of the Group.

As a result of increasing of share in OJSC Sakhalinenergo from 55,55 percent to 57,82 percent non-controlling interest was reduced by RR 12 million.

**Dividends.** On 26 June 2015 the Company declared dividends for the year ended 31 December 2014 of RR 0.0156 per share in the total amount of RR 6,033 million (RR 5,710 million excluding dividends to subsidiaries).

On 27 June 2014 the Company declared dividends for the year ended 31 December 2013 of RR 0.0136 per share in the total amount of RR 5,248 million (RR 5,130 million excluding dividends to subsidiaries).

Declared dividends of the Group's subsidiaries in favour of non-controlling interest holders amounted to RR 102 million for the year ended 31 December 2015 (for the year ended 31 December 2014: RR 80 million).

**Offer for shares of PJSC RAO ES East.** On 3 November 2015 in accordance with decision of the Board of Directors of the Company the subsidiary of the Group - LLC Vostok - Finance declared voluntary offer to purchase shares of PJSC RAO ES East. According to the voluntary offer the shareholders of PJSC RAO



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ES East may choose between the sales of ordinary and preferred shares of PJSC RAO ES East owned by them or their exchange for ordinary shares of the Company. Offer for shares of PJSC RAO ES East is a commitment to purchase its own equity instruments for cash or other financial asset, and was recorded as a financial liability in the amount of discounted value of the cash to be paid. Since the offer involves the acquisition of a fixed number of the own equity instruments for a fixed amount of cash, this transaction was accounted for in equity. As at 31 December 2015 the Group recognised the obligation to purchase PJSC RAO ES East shares in the amount of RR 2,108 million (Note 20).

**Note 16. Income tax**

Income tax expense is as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Current income tax expense	8,881	7,450
Deferred income tax expense	1,638	610
<b>Total income tax expense</b>	<b>10,519</b>	<b>8 060</b>

The income tax rate applicable to the majority of the Group's entities for the year ended 31 December 2015 is 20 percent (for the year ended 31 December 2014: 20 percent).

A reconciliation between the expected and actual income tax expense is provided below:

	Year ended 31 December 2015	Year ended 31 December 2014
<b>Profit before income tax</b>	<b>37,678</b>	<b>32,191</b>
Theoretical tax expense at a statutory rate of 20 percent	(7,536)	(6,438)
Tax effect of items which are not deductible or assessable for taxation purposes	(1,230)	(1,469)
Increase in other unrecognised deferred tax assets	(2,465)	(1,053)
Unrecognised deferred tax assets related to impairment of available-for-sale financial assets (Note 9)	-	(334)
Other	712	1,234
<b>Total income tax expense</b>	<b>(10,519)</b>	<b>(8,060)</b>

The total amount of deductible temporary differences for which deferred income tax assets have not been recognised by the Group as at 31 December 2015 comprised RR 64,285 million (31 December 2014: RR 51,960 million). These temporary differences mainly relate to accumulated impairment of property, plant and equipment, assets under construction and pension liabilities of several Group's subsidiaries.

**Deferred income tax.** Differences between IFRS and statutory taxation regulations in the Russian Federation give rise to temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20 percent (for the year ended 31 December 2014: 20 percent).

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	31 December 2014	Income tax charge	Charged directly to other comprehensive income	Other movement	31 December 2015
<b>Deferred income tax assets</b>	<b>5,355</b>	<b>(142)</b>	<b>259</b>	<b>14</b>	<b>5,486</b>
Property, plant and equipment	3,425	76	-	15	3,516
Accounts receivable	5,799	704	-	6	6,509
Losses carried forward	1,574	(217)	-	(7)	1,350
Other	2,622	914	259	-	3,795
<i>Deferred tax offset</i>	<i>(8,065)</i>	<i>(1,619)</i>	-	-	<i>(9,684)</i>
<b>Deferred income tax liabilities</b>	<b>(35,891)</b>	<b>(1,496)</b>	<b>353</b>	-	<b>(37,034)</b>
Property, plant and equipment	(43,303)	(2,977)	239	-	(46,041)
Accounts receivable	(122)	63	-	-	(59)
Loans and borrowings	(115)	(263)	-	-	(378)
Other	(416)	62	114	-	(240)
<i>Deferred tax offset</i>	<i>8,065</i>	<i>1,619</i>	-	-	<i>9,684</i>
				<b>Reclassification of discontinued operations and disposal of subsidiaries</b>	
	31 December 2013	Income tax charge	Charged directly to other comprehensive income		31 December 2014
<b>Deferred income tax assets</b>	<b>4,066</b>	<b>1,621</b>	<b>(211)</b>	<b>(121)</b>	<b>5,355</b>
Property, plant and equipment	3,284	166	-	(25)	3,425
Accounts receivable	5,631	179	-	(11)	5,799
Losses carried forward	1,199	453	-	(78)	1,574
Other	2,229	611	(211)	(7)	2,622
<i>Deferred tax offset</i>	<i>(8,277)</i>	<i>212</i>	-	-	<i>(8,065)</i>
<b>Deferred income tax liabilities</b>	<b>(35,066)</b>	<b>(2,231)</b>	<b>1,406</b>	-	<b>(35,891)</b>
Property, plant and equipment	(42,452)	(2,395)	1,544	-	(43,303)
Accounts receivable	(78)	(44)	-	-	(122)
Loans and borrowings	(404)	289	-	-	(115)
Other	(409)	131	(138)	-	(416)
<i>Deferred tax offset</i>	<i>8,277</i>	<i>(212)</i>	-	-	<i>8,065</i>

Under existing Group' structure tax losses and current income tax assets of different Group's entities may not be offset against current income tax liabilities and taxable profits of other Group's entities and, accordingly, taxes may be accrued even where there is a consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only when they relate to the same taxable entity and the entity has legal rights to offset it.

**Note 17. Pension benefit obligations**

The tables below provide information about the benefit obligations and actuarial assumptions used for the years ended 31 December 2015 and 31 December 2014.

Amounts recognised in the Group's Consolidated Statement of Financial Position among other non-current liabilities (Note 19):

	31 December 2015	31 December 2014
Fair value of plan assets	(1,084)	(986)
Present value of defined benefit obligations	9,470	7,874
<b>Net liability</b>	<b>8,386</b>	<b>6,888</b>

The movements in the defined benefit liability for the years ended 31 December 2015 and 31 December 2014 are presented in the tables below:

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	Present value of defined benefit obligations	Fair value of plan assets	Total
<b>At 1 January 2015</b>	<b>7,874</b>	<b>(986)</b>	<b>6,888</b>
Current service cost	338	-	338
Interest expense / (income)	968	(128)	840
Past service cost	(58)	-	(58)
Curtailement in pension payment	(717)	-	(717)
Decrease in liabilities as a result of curtailments	(83)	-	(83)
Remeasurement effects (for other long-term benefits):			
Actuarial loss - changes in actuarial assumptions	86	-	86
Actuarial gain - experience adjustment	(1)	-	(1)
<b>Recognised in profit or loss for the year ended 31 December 2015</b>	<b>533</b>	<b>(128)</b>	<b>405</b>
Remeasurements (for post-employment benefits):			
Actuarial loss - change in demographic assumptions	112	-	112
Actuarial loss - change in financial assumptions	1,435	-	1,435
Actuarial loss - experience adjustments	249	72	321
<b>Recognised other comprehensive income for the year ended 31 December 2015 before income tax charge of RR 374 million</b>	<b>1,796</b>	<b>72</b>	<b>1,868</b>
Employer contributions for funded pension plan	-	(297)	(297)
Benefit payments (Funding NSPF pensions)	(438)	255	(183)
Benefit payments (Non-funded pension plan)	(295)	-	(295)
<b>At 31 December 2015</b>	<b>9,470</b>	<b>(1,084)</b>	<b>8,386</b>

	Present value of defined benefit obligations	Fair value of plan assets	Total
<b>At 1 January 2014</b>	<b>9,243</b>	<b>(856)</b>	<b>8,387</b>
Recognition assets related to the JSC DGK agreements	-	(35)	(35)
Current service cost	407	-	407
Interest expense / (income)	725	(70)	655
Past service cost	343	-	343
Curtailement in pension payment	(501)	-	(501)
Remeasurement effects (for other long-term benefits):			
Actuarial gain - changes in actuarial assumptions	(74)	-	(74)
Actuarial loss - experience adjustment	203	-	203
<b>Recognised in profit or loss for the year ended 31 December 2014</b>	<b>1,103</b>	<b>(70)</b>	<b>1,033</b>
Remeasurements (for post-employment benefits):			
Actuarial loss - change in demographic assumptions	72	-	72
Actuarial gain - change in financial assumptions	(2,190)	-	(2,190)
Actuarial loss - experience adjustments	361	18	379
<b>Recognised other comprehensive income for the year ended 31 December 2014 before income tax charge of RR 347 million</b>	<b>(1,757)</b>	<b>18</b>	<b>(1,739)</b>
Employer contributions for funded pension plan	-	(270)	(270)
Benefit payments (Funding NSPF pensions)	(400)	227	(173)
Benefit payments (Non-funded pension plan)	(315)	-	(315)
<b>At 31 December 2014</b>	<b>7,874</b>	<b>(986)</b>	<b>6,888</b>





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In December 2015 JSC DGK decided to partially reduce payments to the unemployed pensioners. Also in accordance with the new collective agreement some conditions and the amount of benefits to employees have changed. As a result the Group recognized RR 717 million gain for the year ended 31 December 2015 (RR 501 million for the year ended 31 December 2014) (Note 24).

Principal actuarial assumptions for the Group are as follows:

	31 December 2015	31 December 2014
Nominal discount rate	9.80%	13.00%
Inflation rate	6.00%	7.00%
Wage growth rate	7.50%	8.50%
Staff turnover	Staff turnover depending on age based on statistics for three years	
Mortality table	Russia-2013*	Russia-2011*

\* Taking into account the pull down adjustment calculated based on statistical data of mortality for employees of the Group of age till 60 years old for years 2012–2015 (31 December 2014: 2012–2013)

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions as at 31 December 2015 is presented below:

	Change in assumption	Effect on net liability	Effect on net liability, %
Nominal discount rate	+ 1%	(726)	-8%
	- 1%	852	9%
Inflation rate	+ 1%	548	6%
	- 1%	(469)	-5%
Wage growth rate	+ 1%	327	3%
	- 1%	(287)	-3%
Staff turnover	+ 3%	(940)	-10%
	- 3%	1,375	15%
Mortality Rates	+ 10%	(134)	-1%
	- 10%	145	2%

The Group expects to contribute RR 613 million to the defined benefit plans in 2015.

The weighted average duration of the defined benefit obligation of the Group is 9 years.

**Retirement benefit plan parameters and related risks.** The Group has liabilities under retirement benefit plans in Russia. The retirement benefit plan includes benefits of the following types: lump sum payment upon retirement, jubilee benefits paid at certain age or upon completion of a certain number of years of service, financial aid and compensation to cover funeral expenses in the event of an employee's or pensioner's death, financial aid provided to pensioners, pension benefits paid to former employees through the non-state pension fund (hereinafter referred to as the "NPF").

The amount of benefits depends on the period of the employees' service (years of service), salary level over the recent years preceding retirement, predetermined fixed amount or minimum tariff rate of remuneration or salary or a combination of these factors.

As a rule, the above benefits are indexed according to the inflation rate and salary growth for benefits that depend on the salary level, excluding the retirement benefits paid through NPF, which are not indexed for the inflation rate at the time the payment is made (following the retirement of employees, all risks are borne by NPF).

In addition to the inflation risk, all retirement benefit plans of the Group are exposed to mortality and survival risks.

Plan assets held on NPF's accounts are governed in accordance with the local legislation and regulatory practices.

The Group and NPF are severally liable for plans management, including investments decisions and the contribution schedule.

NPF invests the Group's funds in a diversified portfolio. When investing pension savings and placing the pension reserves, NPF is guided by the Russian legislation that provides a strict regulation with respect to the possible list of financial instruments and restricts their utilisation, which also leads to diversification and reduces investment risks.



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The Group transfers the obligation to pay lifelong non-state pension benefits to the Group's former employees to NPF and funds these obligations when awarding the pension. Therefore, the Group insures the risks related to payment of non-state pensions (investment risks and survival risks).

**Note 18. Current and non-current debt**

*Non-current debt*

	<b>Effective interest rate</b>	<b>Due date</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
PJSC Sberbank	7.99–13.20% / MosPrime	2016–2027	47,865	48,473
Russian bonds (PJSC RusHydro) issued in February 2013	3M+2.10%			
	8.50%	2018*	20,635	20,628
EBRD	MosPrime 3M+1.50–3.45% / LIBOR6M+3.45%	2016–2027	20,280	18,560
Russian bonds (PJSC RusHydro) issued in July 2015	11.85%	2018	15,840	-
Russian bonds (PJSC RusHydro) issued in April 2011	8.00%	2016*	15,240	15,233
Russian bonds (PJSC RusHydro) issued in April 2015	12.75%	2017*	10,214	-
UniCredit Bank Austria AG	3.35%**	2017–2026	6,585	5,580
Crédit Agricole Corporate and Investment Bank Deutschland	Euribor 6M+0.625%	2018–2029	6,252	5,211
PJSC ROSBANK	10.40–12.34%	2016–2017	4,909	4,481
PJSC Bank VTB	8.39%	2018	4,522	4,522
ASIAN Development bank	LIBOR 6M+3.45%	2017–2026	1,787	1,437
Municipal authority of Kamchatka region	8.57%	2016–2034	1,535	2,526
Bayerische Landesbank	Euribor 6M+0.85%	2016–2025	1,212	965
Bank GPB (JSC)	12.49–14.49%	2016–2018	469	1,179
PJSC Bank Vozrozhdenie	15.00%	2017	440	-
Eurobonds (RusHydro Finance Ltd)	-	-	-	20,281
OJSC Bank of Moscow	-	-	-	7,536
Other long-term debt	-	-	964	1,112
Finance lease liabilities	-	-	2,262	2,313
<b>Total</b>			<b>161,011</b>	<b>160,037</b>
Less current portion of non-current			(25,159)	(39,937)
Less current portion of finance lease liabilities			(673)	(913)
<b>Total non-current debt</b>			<b>135,179</b>	<b>119,187</b>

\* The bonds mature in 10 years with a put option to redeem them in 2018, 2016 and 2017 respectively.

\*\* Fixed interest rate applied to 90 percent of the credit facility, to the rest 10 percent of the facility the quarterly variable export finance rate published by OeKB (Oesterreichische Kontrollbank AG) less 0.25 percent is applied.

**Bonds issue (April 2015).** In April 2015 the Group placed non-convertible ten years interest bearing bonds of series 09 with a nominal amount of RR 10,000 million. The term of the offer (period of redemption of bonds on request of their owners) – 2.5 years, coupon rate of 12.75 percent per annum was determined for the first 2.5 years only.

**Bonds issue (July 2015).** In July 2015 the Group placed market bonds with a nominal amount of RR 15,000 million for the purpose of refinancing the eurobonds issued in October 2010 and financing the investment programme of the Company. The maturity of the bonds – 3 years, coupon rate is 11.85 percent per annum.

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*Current debt*

	Effective interest rate	31 December 2015	31 December 2014
PJSC Sberbank	11.84–19.00%	19,668	3,331
Bank GPB (JSC)	12.14–16.80%	7,038	2,076
PJSC ROSBANK	12.00–22.00%	6,776	4,096
Bank «RRDB» (JSC)	12.77–14.00%	966	727
LLC AlstomRusHydroEnergy	-*	750	-
JSC Alfa-Bank	14.00%	501	851
PJSC Bank VTB	-	-	4,921
JSC Raiffeisenbank	-	-	598
Current portion of non-current debt	-	25,159	39,937
Current portion of finance lease liabilities	-	673	913
Other current debt	-	683	393
<b>Total current debt and current portion of non-current debt</b>		<b>62,214</b>	<b>57,843</b>
<i>Reference:</i>			
Interest payable		2,942	2,190

\* The loan received from a related party, the joint venture of the Group (Note 6), the interest rate on this loan - 0.00 percent per annum.

**Compliance with covenants.** The Group is subject to certain covenants related primarily to its debt. As at 31 December 2015 and 31 December 2014 and during the reporting period the Group met all required covenant clauses of the credit agreements.

**Finance lease liabilities.** Minimum lease payments under finance leases and their present values are as follows:

	Due in 1 year	Due between 2 and 5 years	Due after 5 years	Total
<b>Minimum lease payments as at 31 December 2015</b>	<b>706</b>	<b>1,116</b>	<b>4,546</b>	<b>6,368</b>
Less future finance charges	(33)	(475)	(3,598)	(4,106)
<b>Present value of minimum lease payments as at 31 December 2015</b>	<b>673</b>	<b>641</b>	<b>948</b>	<b>2,262</b>
<b>Minimum lease payments as at 31 December 2014</b>	<b>979</b>	<b>1,135</b>	<b>3,169</b>	<b>5,283</b>
Less future finance charges	(66)	(276)	(2,628)	(2,970)
<b>Present value of minimum lease payments as at 31 December 2014</b>	<b>913</b>	<b>859</b>	<b>541</b>	<b>2 313</b>

**Note 19. Other non-current liabilities**

	31 December 2015	31 December 2014
Pension benefit obligations (Note 17)	8,386	6,888
Other non-current liabilities	6,165	4,307
<b>Total other non-current liabilities</b>	<b>14,551</b>	<b>11,195</b>

**Note 20. Accounts payable and accruals**

	31 December 2015	31 December 2014
Trade payables	33,475	31,914
Advances received	9,849	7,824
Settlements with personnel	8,410	7,714
Accounts payable under factoring agreements	4,071	1,376
Obligation to PJSC RAO ES East shares purchase (Note 15)	2,108	-
Dividends payable	86	88
Other accounts payable	2,308	2,642
<b>Total accounts payable and accruals</b>	<b>60,307</b>	<b>51,558</b>

All accounts payable and accruals are denominated in Russian Rubles.



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**Note 21. Other taxes payable**

	<b>31 December 2015</b>	<b>31 December 2014</b>
VAT	8,085	5,855
Insurance contributions	2,864	2,717
Property tax	2,159	2,404
Other taxes	927	937
<b>Total other taxes payable</b>	<b>14,035</b>	<b>11,913</b>

**Note 22. Revenue**

	<b>Year ended</b> <b>31 December 2015</b>	<b>Year ended</b> <b>31 December 2014</b>
Sales of electricity	254,518	239,543
Sales of heat and hot water	35,381	34,059
Sales of capacity	33,038	28,012
Other revenue	24,575	27,946
<b>Total revenue</b>	<b>347,512</b>	<b>329,560</b>

Other revenue includes revenue earned from transportation of electricity and heat, connections to the grid, rendering of construction, repairs and other services.

**Note 23. Government grants**

In accordance with legislation of the Russian Federation several companies of the Group are entitled to government subsidies for compensation of the difference between approved economically viable electricity and heat tariffs and actual reduced tariffs and for compensation of losses on purchased fuel. During the year ended 31 December 2015 the Group received government subsidies in the amount of RR 14,314 million (for the year ended 31 December 2014: RR 12,428 million) in the following subsidised territories: Kamchatsky territory, the Sakha Republic (Yakutia), Magadan Region and other Far East regions.



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**Note 24. Operating expenses (excluding impairment losses)**

	Year ended 31 December 2015	Year ended 31 December 2014
Employee benefit expenses (including payroll taxes and pension benefit expenses)	72,871	65,504
Purchased electricity and capacity	60,805	57,504
Fuel expenses	54,087	46,639
Electricity distribution expenses	42,663	41,282
Depreciation of property, plant and equipment and intangible assets	22,477	21,340
Taxes other than on income	9,792	9,008
Other materials	9,202	9,786
Third parties services, including:		
Repairs and maintenance	5,186	3,958
Services of subcontracting companies	4,438	3,742
Provision of functioning of electricity and capacity market	3,737	3,598
Security expenses	3,279	3,122
Purchase and transportation of heat power	3,102	2,874
Rent	2,111	2,033
Consulting, legal and information expenses	1,850	2,437
Insurance cost	1,572	1,229
Transportation expenses	1,108	1,007
Other third parties services	5,962	5,811
Loss on disposal of property, plant and equipment, net	3,366	1,288
Water usage expenses	2,844	2,656
Travel expenses	1,798	1,780
Social charges	1,445	2,274
Purchase of oil products for sale	673	425
Loss / (gain) on disposal of subsidiaries and associates	240	(28)
Curtailment in pension payment and pension plan	(717)	(501)
Other expenses	1,212	2,070
<b>Total operating expenses (excluding impairment losses)</b>	<b>315,103</b>	<b>290,838</b>

**Note 25. Finance income, costs**

	Year ended 31 December 2015	Year ended 31 December 2014
<i>Finance income</i>		
Interest income	9,620	7,407
Foreign exchange gain	2,316	1,404
Gain on derivative financial instruments	162	309
Income on discounting	132	109
Other income	83	90
<b>Total finance income</b>	<b>12,313</b>	<b>9,319</b>
<i>Finance costs</i>		
Interest expense	(5,762)	(4,879)
Foreign exchange loss	(1,744)	(3,218)
Expense on discounting	(885)	(1,438)
Finance lease expense	(241)	(115)
Loss on derivative financial instruments	(202)	-
Other costs	(910)	(1,018)
<b>Total finance costs</b>	<b>(9,744)</b>	<b>(10,668)</b>



**Note 26. Earnings per share**

	Year ended 31 December 2015	Year ended 31 December 2014
Weighted average number of ordinary shares issued (thousands of shares)	364,468,853	371,494,140
Profit for the period attributable to the shareholders of PJSC RusHydro	31,539	25,606
<b>Earnings per share attributable to the shareholders of PJSC RusHydro – basic and diluted</b> (in Russian Rubles per share)	<b>0.0865</b>	<b>0.0689</b>

**Note 27. Capital commitments**

**Capital commitments.** In accordance with investment programme of the Company and separate investment programmes of subsidiaries, the Group has to invest RR 325,764 million for the period 2016-2018 for reconstruction of the existing and construction of new power plants (RR 341,208 million for the period 2015-2017). Currently there are plans on revision of investment programs of the Company and subsidiaries of the Group.

Capital commitments of the Group as at 31 December 2015 are as follows: 2016 year – RR 138,444 million, 2017 year – RR 111,909 million, 2018 year – RR 75,411 million.

Future capital expenditures are mainly related to reconstruction of equipment of power plants: Saratovskaya HPP in the amount of RR 21,228 million, Volzhskaya HPP in the amount of RR 19,108 million, Zhigulevskaya HPP in the amount of RR 12,720 million; and to construction of power plants: Sakhalin GRES-2 in the amount of RR 25,068 million, Zaramagskie HPP in the amount of RR 23,761 million, Ust'-Srednekanskaya HPP in the amount of RR 14,489 million, Nizhne-Bureiskaya HPP in the amount of RR 10,282 million, HPP in Sovetskaya Gavan in the amount of RR 9,838 million, Yakutskaya GRES-2 in the amount of RR 9,231 million.

**Note 28. Contingencies**

**Social commitments.** The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services, recreation and other social needs in the geographical areas in which it operates.

**Insurance.** The Group holds limited insurance policies in relation to its assets, operations, public liability or other insurable risks. Accordingly, the Group is exposed for those risks for which it does not have insurance.

**Legal proceedings.** The Group's subsidiaries are parties to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, upon final disposition, will have a material adverse effect on the position of the Group.

**Tax contingencies.** Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

During 2015 the Group's subsidiaries had controlled transactions and transactions which highly probably will be considered by tax authorities to be controlled based on the results of the year 2015. Management has implemented internal controls to be in compliance with the new transfer pricing legislation.



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Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Management believes that as at 31 December 2015 its interpretation of the relevant legislation was appropriate and the Group's tax position would be sustained.

New provisions aimed at deoffshorisation of Russian economy have been added to the Russian tax legislation and are effective from 1 January 2015. Specifically, they introduce new rules for controlled foreign companies, a concept of beneficiary owner of income for the purposes of application of preferential provisions of taxation treaties of the Russian Federation, a concept of tax residency for foreign persons and taxation of indirect sale of Russian real estate assets.

The Group is currently assessing the effects of new tax rules on the Group's operations and takes necessary steps to comply with the new requirements of the Russian tax legislation. However, in view of the recent introduction of the above provisions and insufficient related administrative and court practice, at present the probability of claims from Russian tax authorities and probability of favourable outcome of tax disputes (if they arise) cannot be reliably estimated. Tax disputes (if any) may have an impact on the Group's financial position and results.

**Environmental matters.** The Group's subsidiaries and their predecessor entities have operated in the utilities industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group's subsidiaries periodically evaluate their obligations under environmental regulations. Group accrued assets retirement obligation for ash dumps used by the Group which is included in other non-current liabilities and other accounts payable and comprised RR 683 million as at 31 December 2015 (31 December 2014: RR 653 million).

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

**Guarantees.** The Group has issued guarantees for CJSC Boguchansky Aluminium Plant in favour of its suppliers for future equipment deliveries and for OJSC Boguchanskaya HPP in favour of the State Corporation Vnesheconombank for the loan facility:

<b>Counterparty</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
<i>for OJSC Boguchanskaya HPP:</i>		
State Corporation Vnesheconombank	27,398	28,106
<i>for CJSC Boguchansky Aluminium Plant:</i>		
ALSTOM Grid SAS	77	134
<b>Total guarantees issued</b>	<b>27,475</b>	<b>28,240</b>

## **Note 29. Financial risk management**

The risk management function within the Group is carried out in respect of financial and operational risks. Financial risk comprise market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to provide reasonable assurance for achievement of the Group's objectives by establishing Group's overall framework, identifying, analyzing and evaluating risks, establishing risk limits, and then ensuring that exposure to risks stays within these limits and in case of exceeding these limits to impact on the risks.

In order to optimise the Group's exposure to risks, the Company constantly works on their identification, assessment and monitoring, as well as the development and implementation of activities which impact on the risks, business continuity management and insurance, seeks to comply with international and national standards of advanced risk management (COSO ERM 2004, ISO 31000 and others), increases the culture of risk management and continuously improves risk management.



**Credit risk.** Credit risk is the risk of financial loss for the Group in the case of non-fulfillment by the Contractor of the obligations on the financial instrument under the proper contract. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the Note 32.

Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provision for impairment of receivables already recorded.

There is no independent rating for the Group's customers and therefore the Group considers the credit quality of customers at the contract execution stage. The Group considers their financial position and credit history. The Group monitors the existing receivables on a continuous basis and takes actions regularly to ensure collection or to minimise losses.

To reduce the credit risk in the wholesale electricity and capacity markets the Group has introduced marketing policy and procedure to calculate internal ratings of counterparties in the unregulated market, based on the frequency of default, and to establish limits based on the rating of the customers' portfolio.

The Group's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide past due accounts receivable and other information about credit risk as disclosed in Note 12.

Cash has been deposited in the financial institutions with no more than minimal exposure to the default risk at the time of account opening. Management of the Group approved the list of banks for deposits, as well as rules for their placement. Moreover, management constantly evaluates the financial condition, ratings assigned by independent agencies, background and other factors of such banks.

The tables in Notes 10, 11 and 14 show deposits with banks and other financial institutions and their ratings at the end of the reporting period.

Credit risk for financial guarantees is defined as the possibility of sustaining a loss as a result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Group uses the same credit policies in assuming conditional obligations as it does for other financial instruments, through established credit approvals, risk control limits and monitoring procedures.

The Group's maximum exposure to credit risk for financial guarantees was RR 27 475 million as at 31 December 2015 (31 December 2014: RR 28,240 million) (Note 28).

**Market risk.** The Group takes on exposure to market risks. Market risks arise from open positions in (i) foreign currencies, (ii) interest bearing assets and liabilities, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated.

**Currency risk.** Electricity and capacity produced by the Group is sold on the domestic market of the Russian Federation at the prices fixed in Russian Rubles. Hence, the Group does not have significant foreign currency exchange risk. The financial condition of the Group, its liquidity, financing sources and the results of operations do not considerably depend on currency rates as the Group operations are planned to be performed in such a way that its assets and liabilities are to be denominated in the national currency.





The table below summarises the Group's exposure to foreign currency exchange rate risk:

	31 December 2015			31 December 2014		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
USD	6,409	(3,735)	2,674	3,300	(5,464)	(2,164)
EUR	61	(14,335)	(14,274)	2,310	(12,292)	(9,982)
Other	114	-	114	25	-	25
<b>Total</b>	<b>6,584</b>	<b>(18,070)</b>	<b>(11,486)</b>	<b>5,635</b>	<b>(17,756)</b>	<b>(12,121)</b>

The above analysis includes only monetary assets and liabilities. Equity investments and non-monetary assets are not considered to give rise to any material currency risk.

There is no significant effect of the changes of foreign currency rates on the Group's financial position.

**Interest rate risk.** The Group's operating profits and cash flows from operating activities are not dependent largely on the changes in the market interest rates. Borrowings issued at variable rates (Note 18) expose the Group to cash flow interest rate risk.

The Group obtains debt financing with floating rates, which are established on the basis of the MOSPRIME, Euribor, Libor rates.

As at 31 December 2015, had interest rates at that date been 3 percent higher (31 December 2014: 6 percent higher), with all other variables held constant, profit for the year ended 31 December 2015 and the amount of capital that the Group managed as at 31 December 2015 would have been RR 889 million (31 December 2014: RR 2 093 million) lower, mainly as a result of higher interest expense on variable interest liabilities.

The Group monitors interest rates for its financial instruments. Effective interest rates are disclosed in Note 18.

For the purpose of interest risk reduction the Group makes the following arrangements:

- credit market monitoring to identify favourable credit conditions,
- diversification of credit portfolio by raising of borrowings with fixed rates and floating rates.

**Liquidity risk.** Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding from an adequate amount of committed credit facilities. The Group adheres to the balanced model of financing of working capital – both at the expense of short-term sources and long-term sources. Temporarily free funds are placed into short-term financial instruments, mainly bank deposits and short-term bank promissory notes. Current liabilities are represented mainly by the accounts payable to suppliers and contractors.

The Group has implemented a control system under its contract conclusion process by introducing and applying typical financial arrangements which include standardised payment structure, payment deadlines, percentage ratio between advance and final settlement, etc. In such a manner the Group controls capital maturity.

The table below shows liabilities as at 31 December 2015 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges). Such undiscounted cash flows differ from the amount included in the Consolidated Statement of Financial Position because this amount is based on the discounted cash flows.



The maturity analysis of financial liabilities as at 31 December 2015 is as follows:

	2016 year	2017 year	2018 year	2019 year	2020 year	Starting from year 2021
<b>Liabilities</b>						
Current and non-current debt	74,633	33,577	65,664	8,313	28,242	38,978
Trade payables (Note 20)	33,475	-	-	-	-	-
Accounts payable under factoring agreements (Note 20)	4,071	-	-	-	-	-
Obligation to PJSC RAO ES East shares purchase (Note 20)	2,108	-	-	-	-	-
Financial guarantees (Note 28)	712	771	1,008	1,269	1,537	22,178
Dividends payable (Note 20)	86	-	-	-	-	-
Finance lease liabilities (Note 18)	706	442	267	203	204	4,546
Net settled derivatives	32	26	17	10	4	-
<b>Total future payments, including principal and interest payments</b>	<b>115,823</b>	<b>34,816</b>	<b>66,956</b>	<b>9,795</b>	<b>29,987</b>	<b>65,702</b>

The maturity analysis of financial liabilities as at 31 December 2014 is as follows:

	2015 year	2016 year	2017 year	2018 year	2019 year	Starting from year 2020
<b>Liabilities</b>						
Current and non-current debt	67,650	30,036	10,676	44,154	12,325	64,984
Trade payables (Note 20)	31,914	-	-	-	-	-
Accounts payable under factoring agreements (Note 20)	1,376	-	-	-	-	-
Financial guarantees (Note 28)	842	636	771	1,008	1,269	23,714
Dividends payable (Note 20)	88	-	-	-	-	-
Finance lease liabilities (Note 18)	979	449	367	192	127	3,169
Net settled derivatives	103	118	65	36	20	7
<b>Total future payments, including principal and interest payments</b>	<b>102,952</b>	<b>31,239</b>	<b>11,879</b>	<b>45,390</b>	<b>13,741</b>	<b>91,874</b>
<b>Liabilities of disposal group</b>	<b>496</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Note 30. Management of capital

Compliance with Russian legislation requirements and capital cost reduction are key objectives of the Group's capital risk management.

The following capital requirements have been established for joint stock companies by the legislation of the Russian Federation:

- share capital cannot be lower than 1,000 minimum shares on the date of the company's registration;
- if the share capital of the entity is more than the statutory net assets of the entity, such entity must decrease its share capital to the value not exceeding its net assets;
- if the minimum allowed share capital is more than the statutory net assets of the entity, such entity is subject to liquidation.

As at 31 December 2015 and 31 December 2014 the Company was in compliance with the above share capital requirements.

The Group's objectives in respect of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The amount of capital that the Group managed as at 31 December 2015 was RR 613,919 million (31 December 2014: RR 595,151 million).

Consistent with others in the energy industry, the Group monitors the gearing ratio, that is calculated as the total debt divided by the total capital. Debt is calculated as a sum of non-current and current debt, as shown in the Consolidated Statement of Financial Position. Total capital is equal to the total equity, as shown in the



Consolidated Statement of Financial Position. The gearing ratio was 0.32 as at 31 December 2015 (31 December 2014: 0.30).

**Note 31. Fair value of assets and liabilities**

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) Level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) Level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) Level 3 measurements are valuations not based on observable market data (that is, unobservable inputs).

**a) Recurring fair value measurements**

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Available-for-sale financial assets	6,057	-	37	<b>6,094</b>
<b>Non-financial assets</b>				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	480,692	<b>480,692</b>
<b>Total assets recurring fair value measurements</b>	<b>6,057</b>	<b>-</b>	<b>480,729</b>	<b>486,786</b>
<b>31 December 2014</b>				
<b>Financial assets</b>				
Available-for-sale financial assets	4,055	-	77	<b>4,132</b>
<b>Non-financial assets</b>				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	451,262	<b>451,262</b>
<b>Total assets recurring fair value measurements</b>	<b>4,055</b>	<b>-</b>	<b>451,339</b>	<b>455,394</b>

As at 31 December 2015 and 31 December 2014 the Group's liabilities measured at fair value are not significant.

The valuation technique, inputs used in the fair value measurement for significant Level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 31 December 2015:

	<b>Fair value</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Reasonable change</b>	<b>Sensitivity of fair value measurement</b>
<b>Non-financial assets</b>					
Property, plant and equipment (except for construction in progress, office buildings and land)	480,692	Discounted cash flows	Electricity and capacity prices Discount rate Capital expenditures	-10% +1% +10%	(21,696) (14,628) (3,914)
<b>Total recurring fair value measurements at Level 3</b>	<b>480,692</b>				<b>(40,238)</b>

The above tables discloses sensitivity to valuation inputs for property, plant and equipment as changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly.

There were no changes in valuation technique for Level 3 recurring fair value measurements during the years ended 31 December 2015 and 31 December 2014.

**(b) Assets and liabilities not measured at fair value but for which fair value is disclosed**

**Financial assets carried at amortised cost.** The Group considers that the fair value of cash, short term deposits (Level 1 of the fair value hierarchy) and accounts receivable (Level 3 of the fair value hierarchy) approximates their carrying value. The fair value of long term accounts receivable, other non-current and current assets is estimated based on future cash flows expected to be received including expected losses (Level 3 of the fair value hierarchy), the fair value of these assets approximates their carrying value.



(in millions of Russian Rubles unless noted otherwise)

**Liabilities carried at amortised cost.** The fair value of floating rate liabilities approximates their carrying value. The fair value of bonds is based on quoted market prices (Level 1 of the fair value hierarchy). Fair value of the fixed rate liabilities is estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity (Level 3 of the fair value hierarchy).

The fair value of current liabilities carried at amortised cost approximates their carrying value.

As at 31 December 2015 the carrying value of bonds exceeded their fair value by RR 763 million. As at 31 December 2014 the carrying value of bonds exceeded their fair value by RR 2,527 million.

As at 31 December 2015 the carrying value of non-current fixed rate debt exceeded their fair value by RR 7,121 million. As at 31 December 2014 the carrying value of non-current fixed rate debt exceeded their fair value by RR 7,319 million.

**Note 32. Presentation of financial instruments by measurement category**

The following table provides a reconciliation of classes of financial assets with the measurement categories of IAS 39, *Financial Instruments: Recognition and Measurement* as at 31 December 2015:

	Loans and receivables	Available-for-sale financial assets	Total
<b>Assets</b>			
<b>Other non-current assets (Note 10)</b>	<b>7,896</b>	-	<b>7,896</b>
Promissory notes	7,218	-	7,218
Long-term loans issued	633	-	633
Net settled derivatives	45	-	45
<b>Available-for-sale financial assets (Note 9)</b>	-	<b>6,094</b>	<b>6,094</b>
<b>Trade and other receivables (Note 12)</b>	<b>38,383</b>	-	<b>38,383</b>
Trade receivables	34,917	-	34,917
Promissory notes receivable	9	-	9
Other financial receivables	3,457	-	3,457
<b>Other current assets (Note 14)</b>	<b>22,291</b>	-	<b>22,291</b>
Deposits and promissory notes	19,532	-	19,532
Short-term loans issued	2,728	-	2,728
Net settled derivatives	31	-	31
<b>Cash and cash equivalents (Note 11)</b>	<b>48,025</b>	-	<b>48,025</b>
<b>Total financial assets</b>	<b>116,595</b>	<b>6,094</b>	<b>122,689</b>
<b>Non-financial assets</b>			<b>814,660</b>
<b>Non-current assets and assets of disposal group classified as held for sale</b>			<b>788</b>
<b>Total assets</b>			<b>938,137</b>

All of the Group's financial liabilities are carried at amortised cost. Financial liabilities are represented mainly by the current and non-current debt (Note 18), trade payables and other account payable (Note 20).

**RusHydro Group**  
**Notes to the Consolidated Financial Statements as at and for the year ended**  
**31 December 2015**



(in millions of Russian Rubles unless noted otherwise)

The following table provides a reconciliation of financial assets with the measurement categories as at 31 December 2014:

	Loans and receivables	Available-for-sale financial assets	Total
<b>Assets</b>			
<b>Other non-current assets (Note 10)</b>	<b>7,297</b>	-	<b>7,297</b>
Promissory notes	6,158	-	6,158
Deposits	585	-	585
Long-term loans issued	373	-	373
Net settled derivatives	181	-	181
<b>Available-for-sale financial assets (Note 9)</b>	-	<b>4,132</b>	<b>4,132</b>
<b>Trade and other receivables (Note 12)</b>	<b>35,113</b>	-	<b>35,113</b>
Trade receivables	32,288	-	32,288
Promissory notes receivable	13	-	13
Other financial receivables	2,812	-	2,812
<b>Other current assets (Note 14)</b>	<b>41,703</b>	-	<b>41,703</b>
Deposits and promissory notes	40,122	-	40,122
Short-term loans issued	1,484	-	1,484
Net settled derivatives	97	-	97
<b>Cash and cash equivalents (Note 11)</b>	<b>34,394</b>	-	<b>34,394</b>
<b>Total financial assets</b>	<b>118,507</b>	<b>4,132</b>	<b>122,639</b>
<b>Non-financial assets</b>			<b>760,467</b>
<b>Non-current assets and assets of disposal group classified as held for sale</b>			<b>664</b>
<b>Total assets</b>			<b>883,770</b>

**Note 33. Subsequent events**

As at 28 January 2016 the Group subsidiary - PJSC RAO ES East accounted for the shares repurchased from shareholders who voted against decision on approval of large-scale deals or who did not participate in voting within the extraordinary General Shareholders meeting held at 12 November 2015. 22,282,264 ordinary nominal uncertified shares and 3,608,736 preference nominal uncertified shares were repurchased.

Shareholders accepted terms of the voluntary offer up to 18 January 2016 transferred PJSC RAO ES East shares to the account of LLC Vostok-Finance during the period from 19 January 2016 to 2 February 2016. Based on the voluntary offer LLC Vostok-Finance bought 4,707,066,939 ordinary shares and 341,828,698 preference shares of PJSC RAO ES East which amount to 11.11 percent of voting shares. PJSC RAO ES East shareholders received 2,934,258,766 shares of the Company and RR 30 million as a compensation for purchased shares.

The voluntary offer resulted to the Group share in PJSC RAO ES East capital exceeding 95 percent. According to legislation share in share capital of more than 95 percent entitles squeeze out to increase the Group share up to 100 percent, which right the Group is going to exercise.