

A N N U A L R E P O R T
J S C " G R I D C O M P A N Y " 2 0 1 5



FINA WORLD CHAMPIONSHIPS
KAZAN
RUSSIA 2015



APPROVED BY:

Annual general meeting of shareholders
JSC "Grid Company"
06/17/2016
Protocol No36 on 06/22/2016

PRELIMINARILY APPROVED BY:

Board of Directors
JSC "Grid Company"
05/03/2016
Protocol No 15/05-2016 on 05/04/2016

A N N U A L R E P O R T
J S C " G R I D C O M P A N Y " 2 0 1 5

Director General
of JSC "Grid Company" _____ **I.Sh.Fardiev**



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Dear shareholders!

The past year was marked by the largest international sports event – 16th FINA World Championships which was important not only for the Russian Federation, but especially for the Republic of Tatarstan because it was held in Kazan in July - August 2015 and had a record number of athletes and participating countries. Provision of reliable power supply of 16th FINA World Championships facilities and infrastructure has become a significant contribution by power engineers to the successful event execution. High production potential, effective innovative technologies and highly qualified personnel of JSC “Grid Company” became the basis for an effective solution of the problem. The high level of the FINA World Championships, the active participation of power engineers of the Republic of Tatarstan became a reason for pride not only citizens of the republic, but of the whole Russia, where for the first time was held such an internationally important event.

The Republic of Tatarstan maintains its leading positions among Russian regions in the field of industrial-innovative development and implements global projects of federal and republican values. The reliable functioning and stable development of electrical grid complex of the Republic of Tatarstan is the first-order condition for fundamental objectives solution of the region’s progressive economic and social development in conditions of difficult social and economic situation of recent years in Russia.

In these circumstances the priority objective of JSC “Grid Company” is rapid development of energy industry for realization of high-technology projects in petrochemical and mechanical-engineering complexes and in the field of innovative development in the Republic.

The prime tool for achievement of this objective is realization of wide-ranging investment program, main directions of which are modernization of existing and construction of new energy facilities in the Republic. So in 2015 the volume of capital investments in the development of electrical grid infrastructure is amounted to more than 6.3 billion rubles including the facilities of Nizhnekamsk Power District which is amounted to 1.9 billion rubles. Reconstruction of substation Kinderi (500 kV), Bugulma (500 kV), Nizhnekamsk (220 kV), substation Yuzhnaya (110 kV), start of power transmission lines construction Schelokov – Central’naya (220 kV) were held as a part of the reconstruction and modernization of the electric grid complex, the development of the distribution network of the Republic.

The most important work direction of the Company's Board of Directors is participation in the achievement of the Company's strategic objectives aimed at renewal of fixed production assets for provision of fail-safe and reliable work of the electrical power grid complex in the Republic of Tatarstan.

The result of Concept creation of the customer service system in the Company approved by JSC "Grid Company" Board of Directors in 2014 concludes in opening of 6 consumer centers in Kazan, Naberezhnye Chelny, Nizhnekamsk and Almetyevsk, and also implementation of the new remote service portal consisting of Internet reception and a personal account on the website of the Company that provides the possibility to make an appointment to the customer service office in electronic format, the possibility to record and process all types of applications including applications for technological connection, information about scheduled and unscheduled power outages. Creation of comfort condition for consumer is the top priority of the modern enterprise. The Company is planning to develop its remote service as the most convenient for the consumer and to improve the portal interface with the usage of the world practices.

Effective work of the Board of Directors on realization of the key tasks of the JSC "Grid Company" is ensured by the Company's continuous commitment to the high-standard of the corporate management. Based on the results of non-profit partnership "Russian Institute of Directors" in 2015 JSC "Grid Company" received the 6+ rating of National Corporate Management Rating (NCMR) that provides evidence of compliance with the corporate management requirements of the Russian legislation and following to the corporate governance code and global best practices.

Main activity areas of JSC "Grid Company" in 2016 will be provision of reliable and quality power supply to the consumers, further development of the network infrastructure, introduction of innovative technologies and promotion of customer-oriented approach.

On behalf of JSC "Grid Company" Board of Directors I would like to express gratitude to the Company's management and to all members of corporate team for the professional and effective work which thanks to the support of shareholders and the management of the Republic of Tatarstan provides reliable and high-quality functioning of the grid complex of the Republic.

Prime Minister of the Republic of Tatarstan
Chairman of the board of directors of JSC "Grid Company"

I.Khalikov



Dear shareholders!

Overriding priority of JSC "Grid Company" in 2015 is implementation of important and significant mission on provision of reliable and fail-safe power supply to the FINA World Championships facilities which was held in Kazan. Significant experience on development of system-related work aimed at the provision of reliable power supply to the sport facilities gained in the course of the XXVII World Summer Universiade advanced successful solution of the Company's objectives.

In 2015 the Company achieved positive results in strategic activity areas such as operating benefits growth of the electric grid complex in the Republic, promotion of the energy infrastructure availability to consumers, development of customer service and modernization and reconstruction of the Company's assets.

Assimilation of capital investments in the framework of the Company's capital construction plan implementation in 2015 is amounted to about 8 billion rubles. The priority projects included measures aimed at improvement of the power supply reliability of Kazan power region, especially important because of the 16th FINA World Championships and the upcoming FIFA World Cup 2018, at the development of Nizhnekamsk power region due to the intensive growth of the petrochemical cluster of the Republic. The Company continued the renovation of the largest substations with the system value: Kinderi (500 kV), Bugulma(500 kV) and Nizhnekamskaya (220 kV), held the reconstruction of open distribution unit of SS Buhar (110 kV), construction of substation Begishevo (220 kV), within execution of the President of the Republic of Tatarstan commission monitoring for the construction of main step-down substation Innopolis (110 kV) for provision of power supply to the future capital of the IT-industry. Strategic direction of the Company's activity is realization of investment programs aimed at the construction and reconstruction of the distribution network. Near 2 thousand km of transmission lines were put into service that allowed to provide high-quality and reliable power supply to the consumers and industrial consumers in rural areas.

Realization of the Company's investment projects is intimately connected with the optimization of costs and far-sighted use of resources, in 2015 a new concept of the method of "deep introduction" into the 35 kV network was developed and realized in a pilot project of power supply provision in village Pechischi Verkhneuslonsky District of the Republic of Tatarstan. The Company has actively implemented the standard operating procedures under voltage in

distribution networks 0.4-10 kV, 14 teams were formed and completed training. Introduction of these technologies corresponds to the strategic goals of JSC "Grid Company" by the construction of customer-oriented company.

The Board of Directors approved the Concept creation of the customer service system with the aim of effective mutual relationship formation with the consumers, as a result of this Concept were opened 6 consumer centers in Kazan, Naberezhnye Chelny, Nizhnekamsk and Almetyevsk and 17 points for work with consumers of PDZ.

In 2015 were received more than 25 000 applications for technological connection of consumers with the maximum capacity of 1,065.8 MW, total according to the results of the year were entered into 23,160 contracts with a maximum capacity of 1,015.4 MW, were performed 23,905 contracts, the volume of connected electrical power was amounted to 836 MW. JSC "Grid Company" represented the Republic of Tatarstan on the factor "Power grid connection effectiveness", the successful experience allowed to be included in the collection of best practices of the National rating of investment climate improvement in the Russian Federation.

Amount of services rendered on electric power transmission to the consumers of the Republic of Tatarstan in 2015 is amounted to 22.8 billion kW-h.

Financial standing of the Company according to the results of the year is characterized as stable, the Company's financial indicators range within standard value. Confirmed long-term credit rating "A++" demonstrates the Company's stable position.

The company is constantly working on improvement and development of corporate governance practice, taking into account and respecting the recommendation of the Russian Corporate Code of Conduct and the global best practices of corporate management. The effectiveness of the Company's corporate management system was confirmed by an independent expert estimation conducted by non-profit partnership "Russian Institute of Directors". In December 2015 the rating of National Corporate Management Rating (NCMR) was increased till the 6+ rating that point to the totally new level of the Company's corporate management practice. Permanent following to the principles of informative transparency and close cooperation with shareholders and investors, effective team work of the Board of Directors and the management aimed at achievement of the Company's strategic development objectives will remain a priority of the Company in the future.

In 2016 the Company will continue the policy aimed at the improvement of the electric grid complex efficiency in the Republic and the availability of energy infrastructure for consumers, the further development of customer service, modernization and reconstruction of assets and innovative development. I am confident that the effective cooperation between the Company's management bodies and its management, the high staff professionalism, implementation of modern technological solutions will ensure the successful solution of the current and strategic tasks.

Director General
of JSC "Grid Company"

I.Sh.Fardiev

01

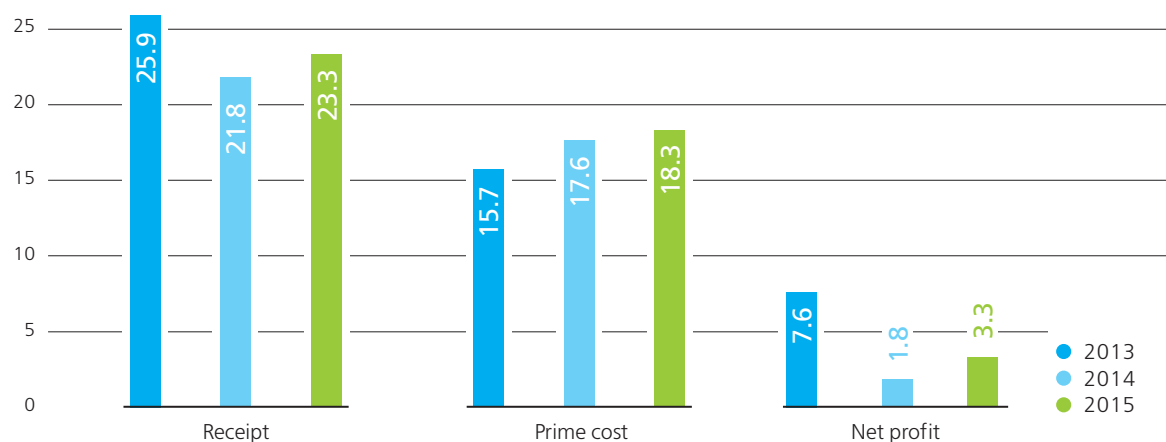
Highlight figures
and key events
of 2015

Be first is
a right of a leader



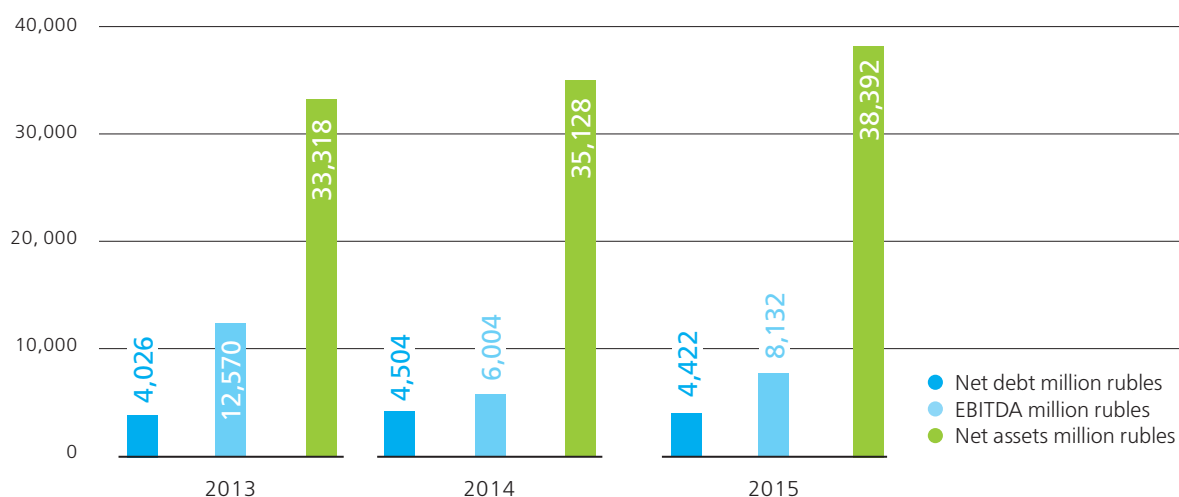
1.1. FINANCE FIGURES

The dynamics of the key financial indicators for the 2013-2015, billion rubles



| Finance indicator | Grid Company | | | | |
|-------------------|-------------------------|-------------------------|-------------------------|--------------------------------------|-----------------------|
| | 2013, million rubles | 2014, million rubles | 2015, million rubles | Deviation (4-3) million rubles | Deviation (4-3), % |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Receipt | 25.9 | 21.8 | 23.3 | 1.5 | 6.9 |
| Prime cost | 15.7 | 17.6 | 18.3 | 0.7 | 4 |
| Total profit | 10.2 | 4.2 | 5.0 | 0.8 | 19 |
| Before-tax profit | 9.7 | 2.7 | 4.3 | 1.6 | 59.3 |
| Net profit | 7.6 | 1.8 | 3.3 | 1.5 | 83.3 |

| Indicator | units | 2013 | 2014 | 2015 | 2015/2014, % |
|--------------------|----------------|--------|--------|--------|--------------|
| Net debt | million rubles | 4,026 | 4,504 | 4,422 | -2 |
| EBITDA | million rubles | 12,570 | 6,004 | 8,132 | 35 |
| Net assets | million rubles | 33,318 | 35,128 | 38,392 | 9 |
| Financial leverage | — | 0.12 | 0.13 | 0.12 | -8 |



1.2. NONFINANCIAL INDICATORS

Volume of grid connection: the number of executed contracts, pcs

| | 2013 | 2014 | 2015 | 2016 (plan) |
|------------------------|--------|--------|--------|-------------|
| Applications | 23,169 | 26,390 | 25,008 | — |
| Enter into an contract | 20,749 | 24,516 | 23,160 | — |
| Perform a contract | 17,745 | 22,831 | 23,905 | 18,893 |

Number of investigated and recorded accidents, pcs

| | 2013 | 2014 | 2015 |
|---|-------|-------|-------|
| Number of investigated and recorded accidents | 1,831 | 1,674 | 1,749 |

The average duration of the transmission interruption of electrical energy, hour

| | 2013 | 2014 | 2015 |
|--|------|------|------|
| The average duration of the transmission interruption of electrical energy | 2.15 | 1.88 | 1.89 |

Number of reconstructed facilities of electric networks, pcs.

| | 2013 | 2014 | 2015 | 2016 (plan) |
|---|------|-------|-------|-------------|
| Number of reconstructed facilities of electric networks | 978 | 1,328 | 1,201 | 358 |

Personnel structure by age, per.

| | 2013 | 2014 | 2015 |
|---------------------------------|-------|-------|-------|
| till 30 years | 1,757 | 1,820 | 1,840 |
| till 30 to 50 years | 3,484 | 3,607 | 3,739 |
| till 50 years to retirement age | 1,650 | 1,622 | 1,593 |
| working retirees | 101 | 151 | 180 |

The total number of injured at work, per.

| | 2013 | 2014 | 2015 |
|-------------------------------------|------|------|------|
| The total number of injured at work | 10 | 2 | 6 |
| Including fatal case | 1 | 0 | 0 |

The number of customer service offices, pcs.

| | 2015 | 2016 (plan) |
|--|------|-------------|
| Number of operating stations for work with consumers | 4 | 43 |
| Number of operating customer service centers | 6 | 7 |

1.3. KEY EVENTS OF 2015

January

01/22/2015 — reconstruction of 500 kV overhead lines at a special river crossing through the Kama.

01/22/2015 — a meeting of the Volga Department of the Federal Service for Ecological, Technological and Nuclear Supervision based on the results of the work in 2014 and tasks for 2015 of regulated enterprises and organizations.

February

02/17/2015 — point of customer affairs was created on the basis of Northern REC of Kazan electrical grids for customers who live in the Aviastotel'ny, Novo-Savinovsky and North part of Moskovsky districts of Kazan.

02/24/2015 — according to the results of the Committee for verification of readiness of the Network Management Center and its readiness to realization of operational functions was signed the act.

March

03/18/2015 — a meeting devoted to the consideration of mid-term plans for the development of distribution networks for the next 3–5 years was held Bolgare.

April

04/01/2015 — the twenty-four-hour telephone line of the Company's Contact-center started its work.

04/01/2015–04/03/2015 — the Company participated in the 15th International Symposium and in the 16th Specialized Exhibition, dedicated to power production and efficient use of resources in the Republic of Tatarstan.

May

05/05/2015 — the Company took part in the national conference held in the Ministry of Energy and devoted to the results of the passage by the subjects of electric power in the period of fall-winter 2014/2015 and the development of electricity markets and power.

05/25/2015 — the construction of a new electrical substation of 220 kV Begishevo began in Nizhnekamsk power district.

June

06/26/2015 — the completion of the modernization of the distribution networks in settlements of Kukmor and Sabinsky region of the Tatarstan.

06/30/2015 — the Company received the credit rating of "A ++" level of creditworthiness from the rating agency "Expert RA", the forecast is sustainable.

July

07/21/2015 — the official opening of 500 kV substation Schelokov which was attended by the Minister of Russian Energy Ministry Alexander Novak and the President of the Republic of Tatarstan Rustam Minnikhanov.





Сетевая
Компания



August

08/13/2015 — the delegation of the Finnish company Ensto paid a visit with the aim of studying the experience of the implementation of automated sulfur hexafluoride load-break switch ENSTO production to the Company.

08/31/2015 — the opening ceremony with the participation of the President of the Republic of Tatarstan Rustam Minnikhanov and the Company's management of the Resource Centre of hot-line work created on the basis of Zainsk Polytechnic College.

September

09/03/2015 — Prime Minister of the Republic of Tatarstan Ildar Khalikov and members of the Board of Directors of the Company attended the dispatching point of the network control center (NOC), a retreat meeting of the Board of Directors of JSC "Network Company", chaired by the Prime Minister. JSC "Grid Company" was held under the chairmanship of the Prime Minister.

09/10/2015 — the metrological service of JSC "Grid Company" was accredited by the base organization of metrological service of electricity.

October

10/08/2015 — remote service portal, which corresponds to the demanding of common standards of service network organizations quality of consumer organizations network services, was launched on the website of the Company.

10/09/2015 — the construction of the main center substation of SEZ "Innopolis" had finished.

10/27/2015 — an agreement on cooperation in the field of technical policy, emergency reserve and rescue and recovery operations with OJSC "Rosseti" was signed at the International electric power forum "RUGRIDS-ELECTRO" (Moscow).

10/27/2015 — a Research and Development Project with participation of JSC "Grid Company" took second place in the competition of innovative projects "Energoproryv-2015" in the field of intellectual energy.

10/29/2015 — received certificate of readiness for the autumn-winter period of the load peak.

10/30/2015 — the first autotransformer 125 MVA was installed at the new substation Begishevo (220 kV).

November

11/01/2015 — two new Centers for the consumer service were opened in Kazan.

11/11/2015 — finishing of the reconstruction of 500 kV cells in one of the overhead lines, which is completed a part of the Northern Transit Unified Energy Systems of Russia at 500 kV substation Kinderi.

11/16/2015 — specialists of JSC "Grid Company" became the winners at the X Open Youth Research-to-Practice Conference.

11/27/2015 — representatives of the Company attended the International forum ENES-2015 "Energy efficiency and energy development".

December

12/11/2015 — summing-up the work of the Committee for verification of readiness of the Network Management Center and its readiness to realization of the operational functions.

12/17/2015 — a meeting of Coordinating Scientific and Technical Council.

12/25/2015 — opening of the Customer Service Center in Buinsk.

12/30/2015 — Russian Institute of Directors increased the rating of corporate management of JSC “Grid Company” to the level of NRKU 6+ “Developed Corporate Management Practice”.

Events after reporting sate:

January

01/18/2016 — implementation of CRM system which is integrated system customer communication.

01/20/2016 — the beginning of training of specialists from the branches of hot-line work in the Resource centers established in Zainsk Polytechnic College.

February

02/05/2016 — creation of the ground for training electricians to work on overhead lines in Buinsk electrical grids.

March

03/02/2016 — the final meeting of the distribution networks experts of the Company.

03/03/2016 — representatives of JSC “Grid Company” became the laureates of the annual National competition “Engineer of the Year”.

03/17/2016 — a meeting on the results of the Company’s activity for 2015 and prospects for 2016.

03/15/2016–03/17/2016 — the Company participated in the International Specialized Exhibition “Energy. Resource Savings”.



The background is a solid blue color with several large, overlapping, organic shapes in various shades of blue, ranging from light cyan to a darker, almost black blue. These shapes resemble stylized leaves or petals, creating a layered, textured effect.

02

**General information
about Company**

Do the best
and a lit bit more



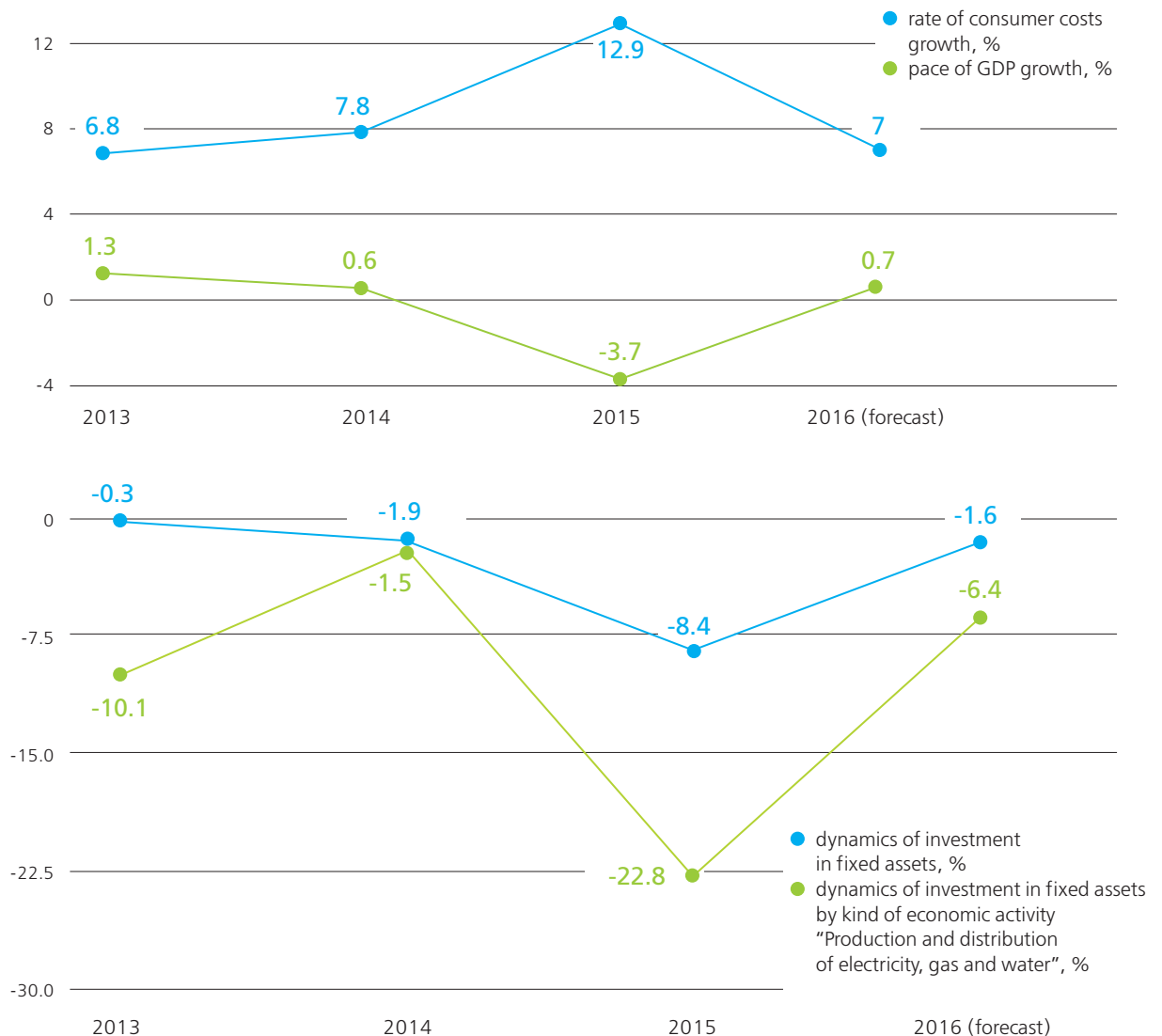
2.1 ANALYSIS OF THE MACROECONOMIC SITUATION AND THE POSITION OF THE COMPANY IN THE INDUSTRY

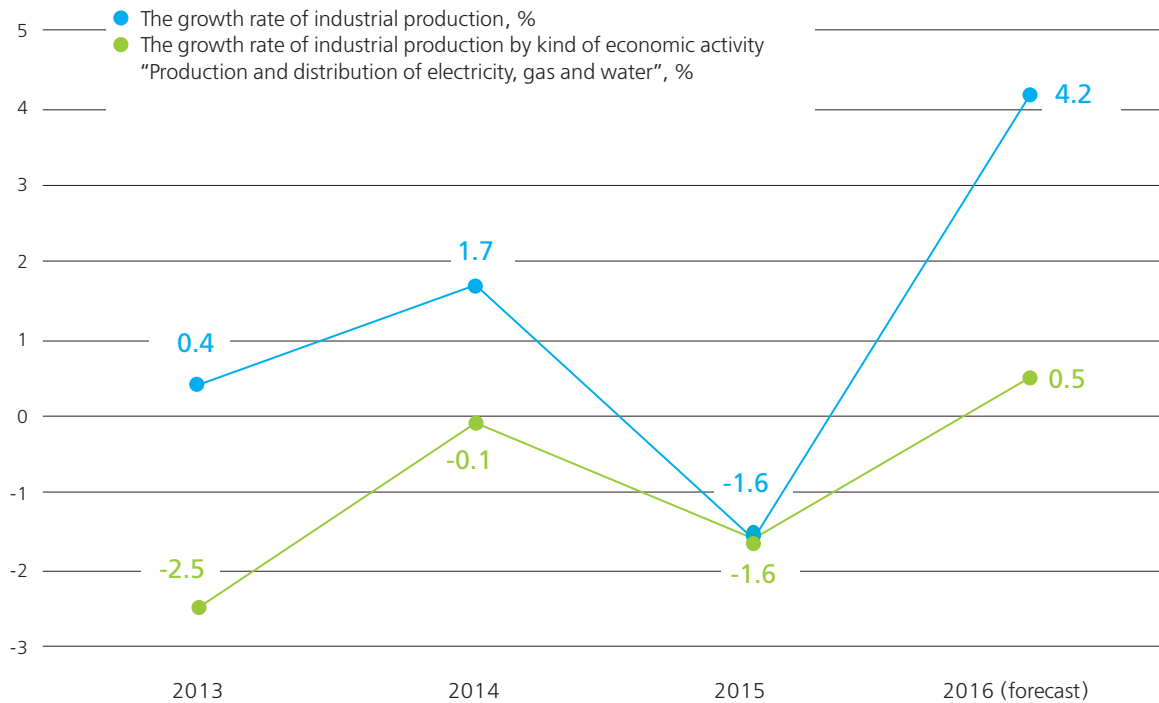
The primary trends and the macroeconomic situation in Russia

The economic situation in the Russian Federation in 2015 was under a negative influenced of deterioration of the external economic conditions; first of all it is a fall in oil prices, the continuation of the EU and the US economic sanctions, preservation of downtrend in investment activity and a massive capital outflow.

During the year the dynamics of the GDP was characterized by the negative growth, in the current period the downward trend of GDP with domestic demand is mostly associated with negative dynamics of investment in fixed assets. A high cost of loan recourses, rise in price of imported investment goods, growth of debt load and total economical insecurity of investors promoted the disinvestment by more than 8% in comparison with the last years. According to estimate of the Ministry of Economic Development of the Russian Federation in 2015 the factory output reduced for 3.3%, controlled pace of growth of industrial production is expected over the medium term.

The dynamics of the critical parameters of economic development of Russia





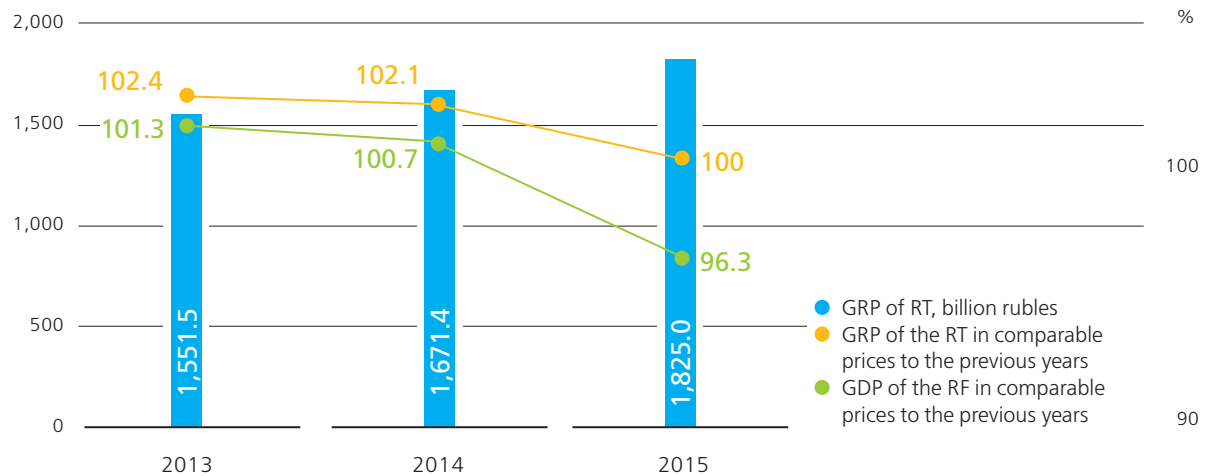
Information on the macroeconomic situation in the Russian Federation is given according to the Federal State Statistics Service (<http://www.gks.ru>), the Analytical Centre under the Government of the Russian Federation (<http://ac.gov.ru>), the Ministry of Economic Development (<http://economy.gov.ru>).

Social and economic characteristics and dynamics of the highlight figures of the Republic of Tatarstan

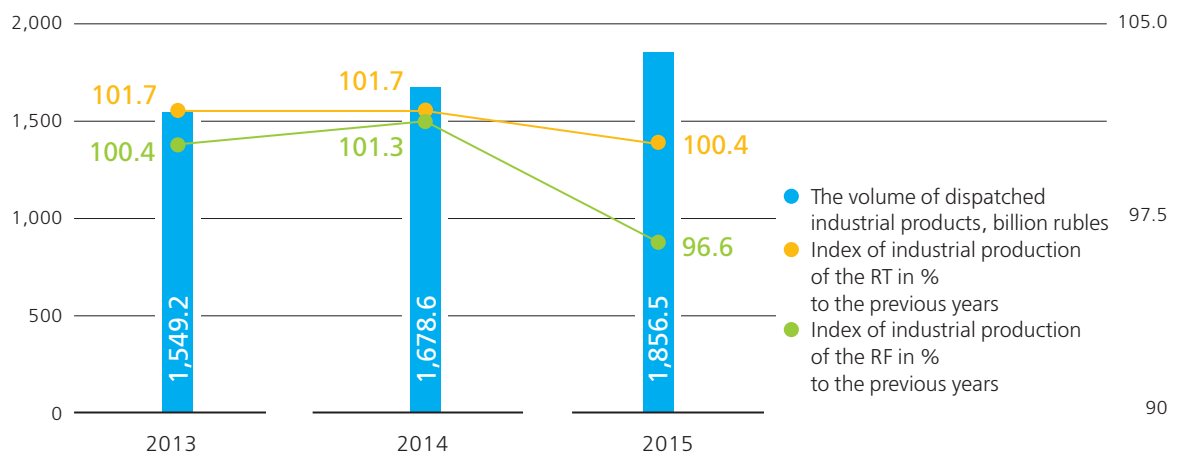
In 2015 the dynamics of the social and economic development of the Republic of Tatarstan, as well as the Russian Federation, was formed in conditions of geopolitical tensions, stock markets destabilization, the volatility on the oil and currency markets. External factors had a significant impact on the economy of the Republic of Tatarstan.

At year-end 2015 the volume of gross regional product (GRP) of the Republic of Tatarstan got around to the level of 2014 in comparable prices (100%) and composed according to estimates 1.825 trillion rubles. Positive development dynamics of the industrial sector which has a significant impact on the development of the country's economy and is a determining factor in electricity demand, was preserved, nevertheless, it was preserved with a significant deceleration towards previous years. In 2015 investments amount to 617.2 billion rubles were invited to the Republic (in comparable prices to the level of 2014 it is 100%), their share in the gross regional product composed 33.8%. In recent years Tatarstan is consistently amongst to the most attractive regions for investments, according to the combination of high investment potential and low investment risk. The external economic situation and the sanctions had a negative impact on the economic situation and caused the decrease of the Republic's external trade turnover, which declined for 39% in 2015 in comparison with the level of 2014.

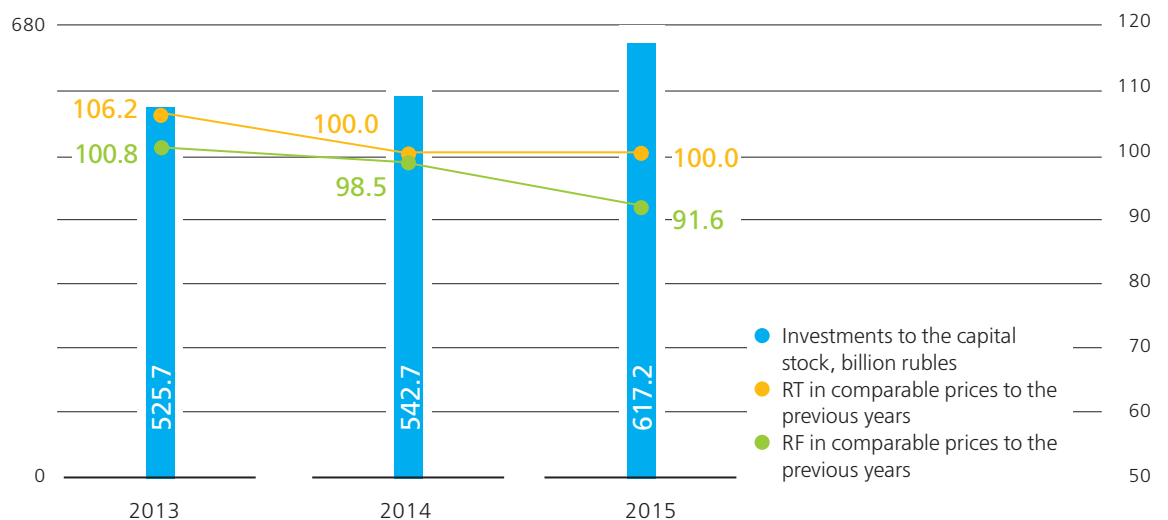
The dynamics of the GRP of the Republic of Tatarstan and the GDP of the Russian Federation



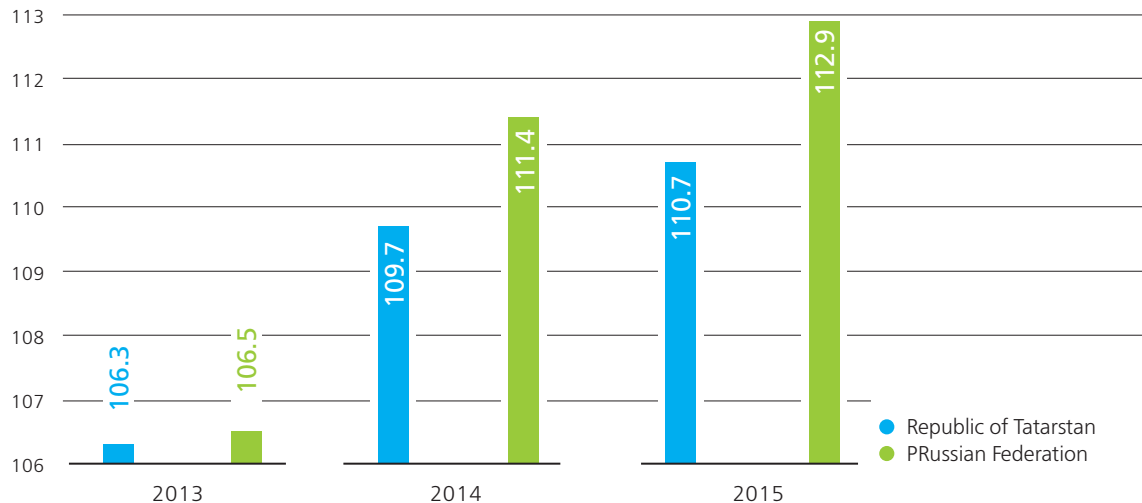
The dynamics of industrial production, billion rubles



Investment dynamics to the capital stock, billion rubles



The dynamic of consumer price index in December of this year to the December of previous year, %



Complication of access to international capital markets because of sanctions against Russia, declaration in growth of the Russian economy, the tightening of monetary policy will aggravate the problem of essential underinvestment to the Russian electricity-producing industry; it will lead to reconsideration of investment programs of energy enterprises. The observed decrease of consumer activity in the prospects creates a risk of decrease in demand for electric power and has a significant impact on the volume reduction of commercial output from services of electric power transmission. Organizations which are potential applicants for a patent of technological connection invest less in their development and form a more reserves because of slowdown in the rates of economic growth of consumer's market.

Principal trends in the industry:

- Growth rate reduction of demand for electricity is conditioned by faster growth of innovative low power sectors and the implementation of technological energy saving potential.
- Dynamics irregularity of electrical energy consumption across regions because of significant differences of potential rates and instant dynamic of industrial and economic growth.
- Wear and tear equipment deterioration installed in the grid complex of the country, amounting 60–70% in the whole sector.
- Severization of requirements for reliability and quality of power supply at the consuming end and at the legislative level, standardization of Power Grid Company's activity by securing the quality of performance and reliability.
- Technology adoption "smart grids" (smartgrids), intending energy demand management by means of provision of energy consuming equipment with switching systems which allow to manage the level of energy consumption in the real-time mode.

The strategic course of the Russian electric grid complex development, which is aimed at the replacement of fixed assets and accomplishment of targets to improve the operating and investment efficiency, is determine by the Development strategy of the electric grid complex approved by the Federal Government on 03/04/2013 No 511-p.

The electrical power system of the Republic of Tatarstan is the largest in the territorial structure of the electricity consumption of the United Energy System in Central Volga region; it has the largest ratio in the integrated demand of electricity consumption in the system — 24.7%.

The strategic course of the energy system of the Republic is defined by the Development strategy of the fuel and energy complex of the Republic of Tatarstan for the period till 2030, approved by the Law of the Republic of Tatarstan on 06/17/2015 No 41–2 RT in order to provide sustainable development and the most effective use of the energy sector potentials.

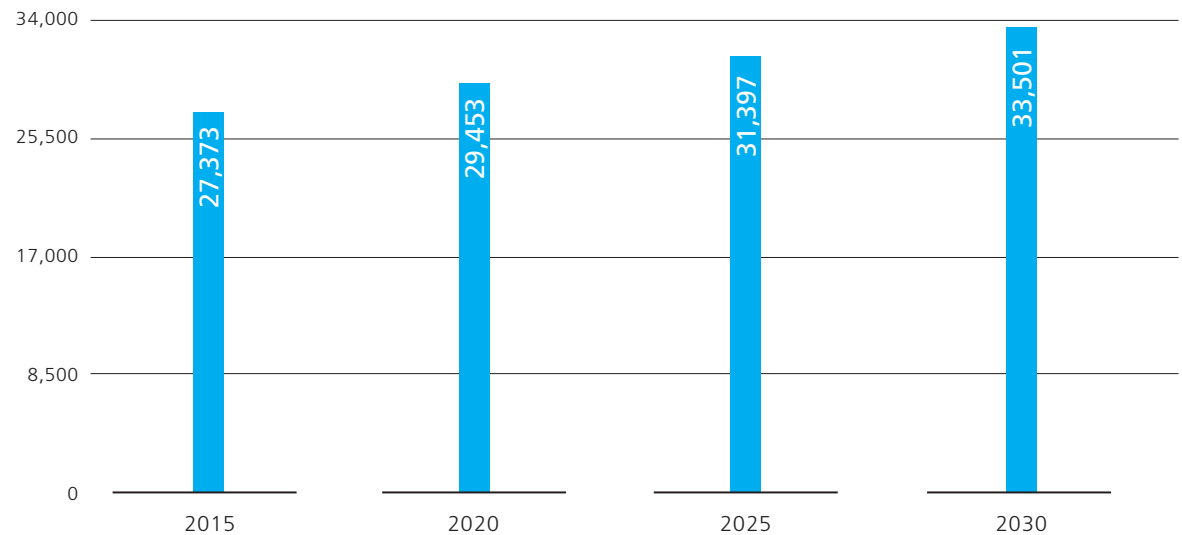
The strategic goals of the electrical energy industry development in the Republic of Tatarstan are defined:

- risk-free provision of electricity and heat of all consumers of the Republic of Tatarstan;
- competitive growth and provision of sustainable development of the energy power industry on the basis of modern technologies;
- reduction of the negative impact on the environment.

The principal directions of development are related to the perspective development of electric grid facilities of Kazan, Nizhnekamsk and Urussu power districts, where concentrated the largest companies of petrochemical, oil refining, oil and gas exploration and production sector.

Consumption growth of electrical energy is expected in the long term because of the the development of industrial production of the Republic of Tatarstan, in 2020 it is expected to growth by 9.1% in comparison with 2014 year, in 2015 by 15.8%, in 2030 by 23.2%.

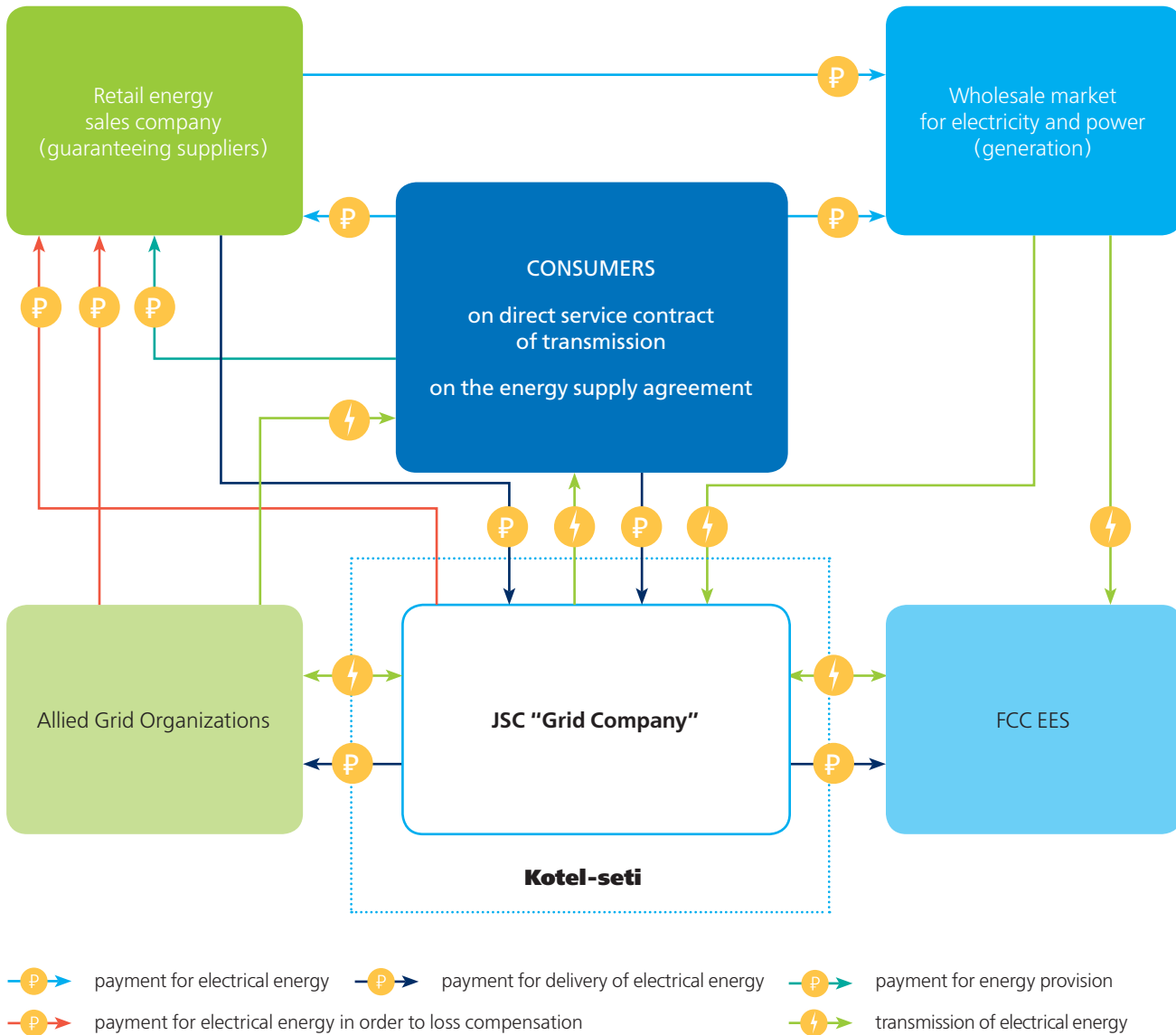
Forecast of consumption dynamic of electrical energy in the Republic of Tatarstan in 2015-2030 years, million kWh



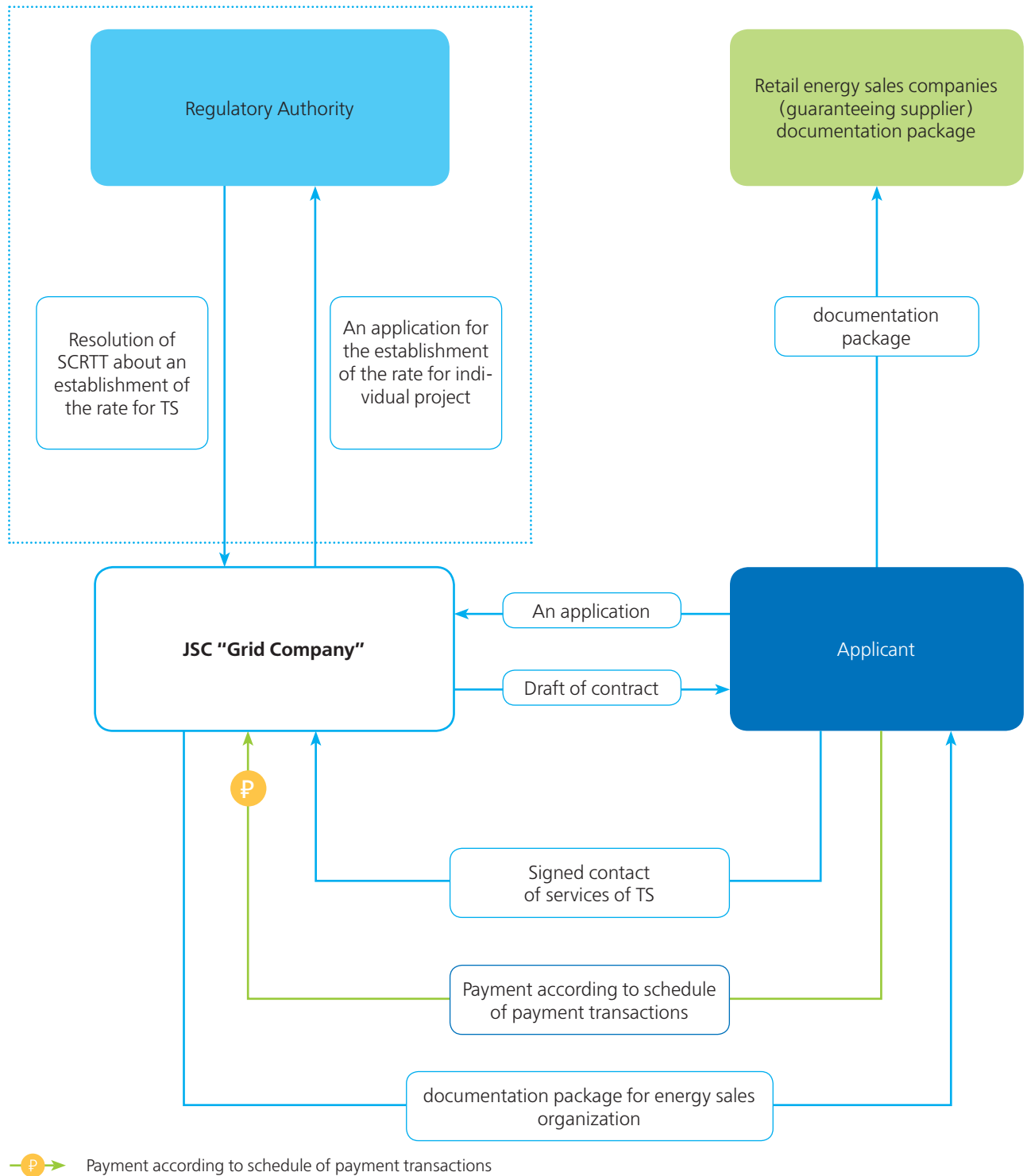
Social and economic characteristics of the Company's presence region is given according to the data of Ministry of Economy of the RT (<http://mert.tatarstan.ru>), the Ministry of Industry and Trade (<http://mpt.tatarstan.ru>), Territorial office of Federal State Statistics Service in RT (<http://tatstat.gks.ru>).

2.2 BUSINESS MODEL

The Company's business model of provision of electricity transmission services



Business-model of the Company to provide services for technological connection

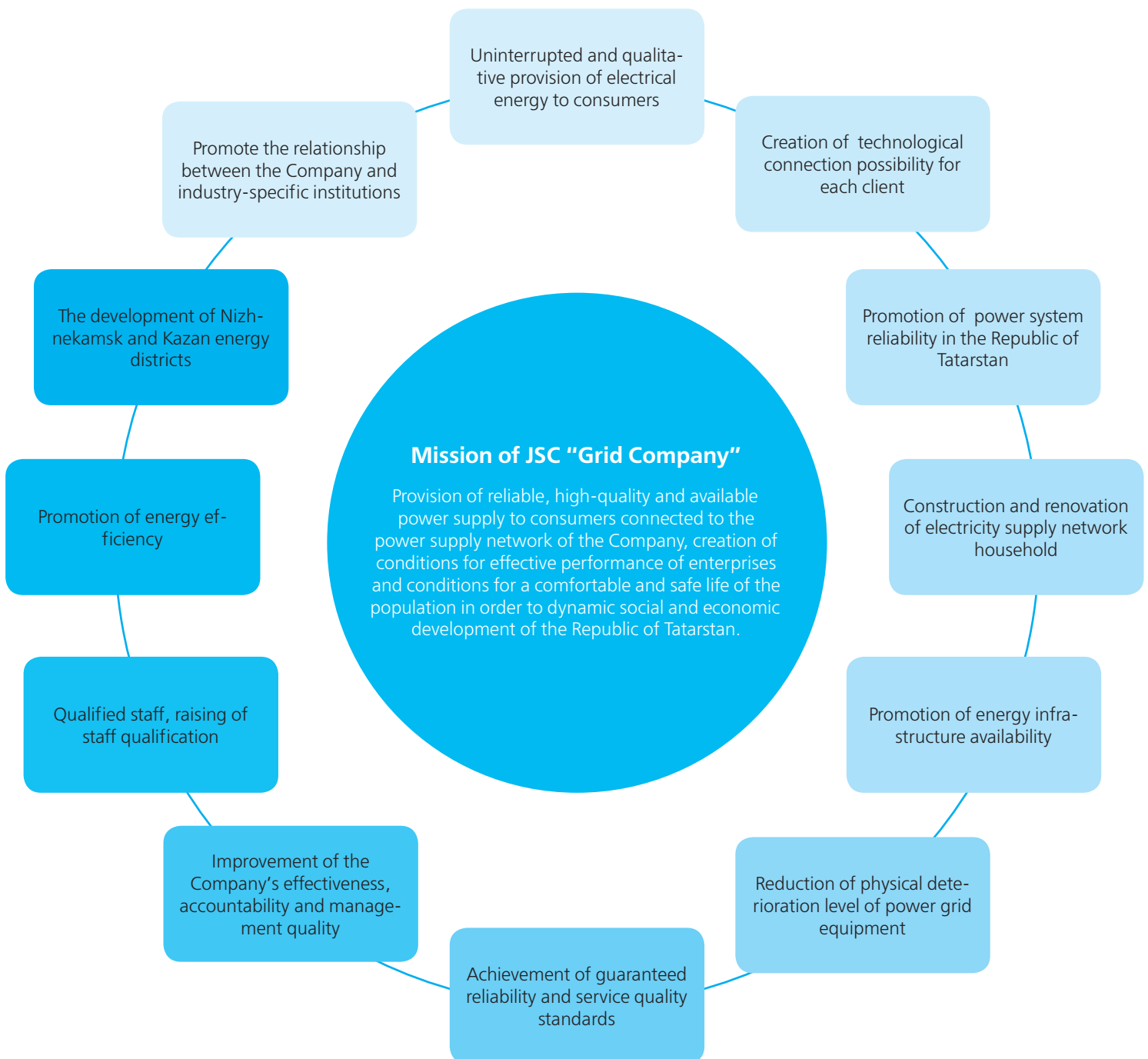


Company's business model is focused on sustainable development in the long term and on value creation for all concerned parties through the consistent implementation of the Company's mission.

2.3 STRATEGIC VIEW

2.3.1. Company's mission

Mission of the Company is to provide the reliable, high-quality and available power supply to consumers, creating conditions for effective performance of enterprises and conditions for a comfortable and safe life of the population in order to dynamic social and economic development of the Republic of Tatarstan.



2.3.2. Company's objectives

Development tendencies of the national economy and the energy sector in particular issue challenges for the Company depended from consistent implementation of the approved strategy.

- Goals for sustainable development of power grid complex and active introduction of innovative technologies arise to the Company because of underrun of factual rate of growth of demand for electricity from the planned rate because of macroeconomic situation, scaling-up energy efficiency of consumes and changes in the geography of electrical energy demand.
- Physical and moral aging of the power plant permanent equipment (power plants, power grids) of energy companies which put at threat the stability of power supply of the regions of the country creates an urgent task for the construction of new and reconstruction of outworn power facilities. New construction activity of electricity supply network household and renovation of funds are necessary for power delivery, constructed power units, liquidation of "pent-up" capacities, and reinforcement of interconnections.
- General reduction in economic activity of consumer's market is conditioned by the common situation in the Russian Federation which is caused by declining oil prices, currency rate increase and acceleration inflation, also it raises the uncertainty of investment expectations that can cause a delay in the investment projects implementation of electricity consumers and delay new projects implementation of technological connection and also the lack of energy consumption growth on the part of those applicants, as well as gap to project-oriented electrical load of new facilities.
- The problem of underinvestment of the Russian power industry will aggravated because of asses complication to the international capital market which was caused by sanctions to the Russian Federation, growth rate reduction of the Russian economy and tightening of the Russian's monetary policy, it will lead to reconsideration of investment programs of energy enterprises.

Under conditions of tariff restrictions with the need for realization of large long-term investment projects the scarcity of funds sets an objectives for the Company to make more serve the estimation criterions of such projects and to find new financing mechanisms. Currency rate increase, price increase to supplier's products and services of containing organizations amount 10–30% that is higher than the deflator index provided by the executive authority in the field of state regulation of tariffs for the goods and services in 2016, it can cause a threat to the growth of the Company's budget deficit, which will require the adoption of essential measures to prevent the deterioration of the financial condition.

2.3.3. Strategic goals and achieved results of the Company

The development direction of JSC "Grid Company" as the largest power company in the region is determined by the Development strategy of power infrastructure, approved by the Federal Government on 04/03/2013 No 511-p and by the Development strategy of the fuel and energy complex of the Republic of Tatarstan for the period till 2030 approved by the Law of the Republic of Tatarstan 06/17/2015 No 41–3 RT.

| The strategic priorities of the Company | Goals for 2015 | Achieved goals in 2015 | Goals for 2016-2020 |
|---|--|---|---|
| Provision of reliable, high-quality and available power supply to consumers, provision of access to the power grids for consumers | Achievement of guaranteed reliability indexes and service quality standards for electricity transmission and technological connection | Planned targets achieved, dynamic of reliability and quality indicators rendered by the Company is presented below | Further development of guaranteed reliability indexes and service quality standards for electricity transmission and technological connection |
| | Reduction of physical deterioration of power supply equipment | The investment program for 2015-2019 years approved by Order of the Ministry of Energy of the Russian Federation from 09/09/2014 No 585 Program of energy conservation and efficiency for 2011-2015 Plan for capital and current repairs for 2015 | Further realization of the investment program for 2015-2019 years Plans for capital and current repairs for then-year |
| | Increase of customer service levels | 6 customer service centers were opened in Kazan, Naberezhnye Chelny, Nizhnekamsk and Almetyevsk Implementation of new portal remote service on the Company's official website | Creation of new customer service offices in the Republic of Tatarstan Reduction of the time for service of the applicants in offices Further improvement of the services quality |
| Development of electrical grid infrastructure appropriate to industrial and social growth of the Republic of Tatarstan | Arrangement of conditions for the long-term balance plan of production and consumption in the energy system of the Republic of Tatarstan | Measures for reliability and quality improvement of power supply in Nizhnekamsk and Kazan power districts: Reconstruction of Kinderi (500 kV), construction of Schelokov-Central (220 kV), Begishevo (220kV), Schelokov-Begishevo (220 kV), construction of aerial cable line Begishevo – TANECO 220 kV) | Capital construction plan for 2016 in the amount of 6.9 million rubles approved by the Board of Directors 03/01/2016: Realization of projects for the reconstruction of substation Kinderi (500 kV), substation Bugulma (500 kV), substation Yuzhnaya (110 kV), substation Yubileynaya (110 kV), substation Airport (110 kV), construction of overhead line (220 kV), substation Schelokov (500 kV) – Central (110 kV), metalclad substation (200 kV) of JSC "TANECO", financing of construction of the Nizhnekamsk power unit and etc |

| The strategic priorities of the Company | Goals for 2015 | Achieved goals in 2015 | Goals for 2016-2020 |
|---|---|---|---|
| Maintaining of a high level of operating, investing and organizational effectiveness | improvement of the investment effectiveness | Volume of capital investments amounted to 6,057 million rubles (without VAT) or 95% of the plan, commissioning of fixed assets - 5,834 million rubles. (94% of the planned entry) In the reporting year power distribution in main substation facilities 0.4-6-10 kV amounted to 236 MVA The volume of the power lines construction and reconstruction is 1,775 km of power lines | Further increase of the investment efficiency |
| | Energy saving and loss reductions | In total the Company's reported distribution losses in network of 6-10/0.4 mln. kV amounted to 904 million kWh (8.73%) while the standard is 946 million kWh (9.13%). Savings amounted to 42 million kWh, that is in comparison with 2014 losses reduced by 14 million kWh | Realization of program for energy saving including measures to reduce losses in electric networks |
| | Cost optimization for repair, exploitation of operational and technology management | in 2015 The amount of repair costs is amounted to 151.66 million rubles | Further optimization of the cost for repairs, maintenance, operational and technical management |
| | Continued implementation of the system "Energy" | Implementation of 5S system including 4S step. Standard operation cards for all direct labor process were established 13,258 kaizen suggestions were submitted for approval, 11,736 suggestions were implemented | Implementation of SFM system Development and approval of KPI system in the context of the management levels of activity Completion and improvement of standard operating cards Further replication of standardized processes and the positive results of the projects realization of projects aimed to the improvement of activity |
| | Recruitment of qualified staff, raising of staff qualification based on the Company's development priorities | Educational programs: professional training - 8,640 people, professional retraining - 42 people, long-term training in MBA programs and DBA - 17 people | Professional development and training according to the Company's needs |
| | Priorities reconsideration for the usage of equipment and materials for import substitution | Program of crisis response measure was approved by the Company's Board of Directors 04/10/2015 | The adoption of reasonable anti-crisis measures in accordance with the social and economic situation in the Russian Federation and the Republic of Tatarstan |
| Development of scientific and innovative potential of the Company, contribution to the innovative development of the electric grid complex in the Republic of Tatarstan | Improvement of the effectiveness of functioning and provision of sustainable development of the energy system of the Republic on the basis of modern technologies. The usage of modern technological solutions and innovative technologies | Innovation program for 2011-2015 years was approved by the Company's Board of Directors 02/14/2012 Plan of research and advanced development for 2015 was 26.2 million rubles. Introduction of technology "operating in tension" Technological development "Digital substation", technology of load center35/0.4 kV The usage of the universal cable brand "Excel" Replication of elements "smart grids" | Further implementation and development of the "hot-line work" technology Further implementation of modern technological solutions and innovative technologies |

| The strategic priorities of the Company | Goals for 2015 | Achieved goals in 2015 | Goals for 2016-2020 |
|--|--|--|--|
| Increase of the Company's investment attractiveness, strengthening of the Company's positive image, improving interaction with concerned parties | Maintaining of the exceptionally high long-term credit rating "A++" | the Company received the exceptionally high long-term credit rating "A++" from the rating agency "Expert RA", prediction is stable | Further maintenance of the exceptionally high long-term credit rating not lower than A + |
| | Formation of financial statements of IFRS | The auditors' report was received in 2014 by PLC "PricewaterhouseCoopers Audit" about reliability of reporting for year of account | Reception of audit reports about reliability of reporting for relevant accounting period |
| | Provision of sufficient level of current position | The current position is range within regulation value | Maintenance the liquidity of the Company at a proper level |
| | Improving of corporate management practice, policy implementation of disclosure of the Company | Rating of the Company's corporate management system increased to the level of "NCMR-6+" (National corporate management rating) (NPO "Russian director's institute") The Company disclosed the report about sustained development The analysis of the Board of Directors management | Further improvement of the system and the introduction of best corporate governance practice elements The unconditional enforcement of rights and legitimate interests of shareholders and investors Further system development of information disclosure and transparency of the Company's operations for all concerned parties |

Dynamics of indicators of reliability and quality provided services for the years 2013-2015

| № | Indicator name | indicator | 2013 | | 2014 | | 2015 | |
|---|--|-----------|---|--------|---------|---------|---------|--------|
| | | | plan | fact | plan | fact | plan | fact |
| 1 | The average time of electric energy end transmission | ET | 0.03650 | 0.0120 | 0.03590 | 0.0066 | 0.01906 | 0.0079 |
| 2 | The Company's service level | ISL | 0.99505 | 0.9847 | 0.98012 | 0.9697 | 0.9651 | 0.8738 |
| 3 | Quality level of realized technological connection | TC | (Order of the Ministry of Energy of the Russian Federation 10/28/2013 No 718) | | | 1.02788 | 1.0187 | |

The results of the implementation of energy savings program and energy efficiency improvement for 2013-2015

| № | Program indicator | units | 2013 | 2014 | 2015 |
|---|--|----------------|------|------|------|
| 1 | Reduction of electric power losses in the moment of power transmission | million kW-h | 16.6 | 17.3 | 16.1 |
| 2 | Energy usage reduction for the Company's need | million kW-h | 0.4 | 0.2 | 0.3 |
| 3 | Indicators of economic efficiency (economic effect) events | million rubles | 24.3 | 28.0 | 23.7 |
| 4 | Expenses on realization of events | million rubles | 42.4 | 59.3 | 56.2 |

2.3.4. STRATEGY OF SUSTAINABLE DEVELOPMENT IN THE CONTEXT

Strategic priorities in the field of sustainable development:

- advancement of practices and mechanisms of cooperation of plans synchronization for operation and development of the electric grid complex of the republic;
- contribution to innovative development of the Republic's electric grid complex for its high rates of industrial and social development;
- further development of staff management, enforcement of requirements in the field of occupational safety and health, environmental protection and ecology;
- integration of corporate social responsibility strategy into all business processes of the Company.

As an infrastructural company JSC "Grid Company" provides electricity power transmission to the whole the territory of the Republic of Tatarstan and assumes responsibility for quality and reliable power supply to the all consumers of the country.

Responsibility for the efficient management and development of the electric grid complex of the Republic is connected not only with safety insurance, security, reliability and supply continuity, but also with creation of conditions for non-discriminatory access to the network services of the Company, which must be provided on conditions of information transparency and innovation. Constant search for a balance of interests in the field of the Company's social and economic interests is the most important Company's tasks and values in the field of corporate social responsibility and sustainable development.

The Company's activity effectiveness and development are heavily tied to a wide range of concerned parties: customers, suppliers and contractors, project and scientific organizations, network organizations operating in the neighboring regions, related network organizations operating in the country, enterprises generating capacities, regulated executive authorities, public and environmental organizations, expert community.

2.3.5. BOARD OF DIRECTORS' REPORT ON THE RESULTS OF THE DEVELOPMENT FOLLOWING THE PRIORITY AREAS

As a part of realization of the function of consummation the general management of the Company which was assigned at the Board of Directors by the Federal Law "On Joint Stock Companies"; during 2014 the Board of Directors considered questions along the priority areas of activity of the Company, which are connected with development of network infrastructure and provision of proper functioning of power grid complex of the Republic of Tatarstan, promotion of energy efficiency, customer-oriented approach and innovative development.

During 2015 the Board of Directors of the Company considered questions relating to the technical condition of transmission facilities, the necessity to ensure the reliability of electricity supply to the consumers of the Republic of Tatarstan:

- questions of provision of reliable and quality power supply service for consumers of the Republic of Tatarstan;
- quarterly realization of a plan of major construction work and problem on the succeeding period;
- progress of execution of arrangements for the autumn-winter period 2015-2016.

Promotion of attained level of services in the sphere of services accomplishment for technological connection and customer affairs were determined by the Board of Directors as the priority areas of activity.

2.4. STRUCTURE AND THE PRODUCTIVE CAPACITY OF THE COMPANY

Open Joint-Stock Company "Grid Company" is a territorial network organization which provides services of electric power transmission and technological connection for consumers to the Company's electric grids within the borders of the Republic of Tatarstan.

Characteristics of electricity supply assets and the Company's structure

Today the Company owns power supply network facilities of voltage levels from 0.4 kV to 500 kV; it is the distribution circuit facilities and primary circuit networks.

| | |
|--|----------|
| Total mileage of overhead power transmission line (along the route), km, including: | 59,741.8 |
| TL 35-500 kV, km | 10,178.8 |
| TL 0.4- 6(10) kV, km | 49,563.0 |
| Total mileage of power cable lines, km | 9,509.2 |
| Total quantity of substations 35-500 kV, pcs | 373 |
| Design transformer capacity of substations 35-500 kV, MBA | 18,430.3 |
| Total number of transformer substations, complete transformer substation -6-10/0,4 kV, pcs | 18,710 |
| Total quantity of distribution point and distribution transformer Substation-6-10 kV, pcs | 215 |
| Design transformer capacity of distribution point- 6-10/0.4 kV, MVA | 6,613.4 |

The structure of the Company consists of:

- 9 enterprises of power grids, each of which exercises functions of electricity energy transmission, technological connection, exploitation and service of power grid facilities on a territorial characteristic;
- of projects under construction in Nizhnekamsk power district, which provides realization in short-term and mid-term prospect of implementation plan to improve the reliability and quality of power supply to consumers of Nizhnekamsk power district;
- Directorate of consumer service, the aim of which is to organize well-timed and quality services to the Company's customers in accordance with the Common Standards of quality of service by network organizations of network organizations services consumers approved by Order of the Ministry of Energy of the Russian Federation from 04/15/2015 No 186.

The corporate management of the Company is administered by executive office in Kazan.

High voltage power line and substations

| | 2013 | 2014 | 2015 | 2015/2014, % |
|---|-----------------------|-----------------------|-----------------------|---------------|
| Extension along the route/ chains, overhead lines 35-500 kV, km | 10,095.4/ 12,510.7 | 10,158.2/ 12,572.9 | 10,178.8/ 12,613.5 | +0.2/ +0.3 |
| Extension of cable line along the route, CL -35-220 kV, km | 135.1 | 101.6 | 106.1 | +4.4 |
| Number of SS 35-500 kV on the Company's balance, pcs | 374 | 372 | 373 | +0.3 |

Overhead high-voltage line

| Voltage level | Extension of overhead line -35-500 kV along the route/chains as of 01/01/16, km |
|---------------|---|
| 500 kV | 633/633 |
| 220 kV | 1,291.6/1,558.8 |
| 110 kV | 4,865.2/6,718.5 |
| 35 kV | 3,389/3,703.18 |
| Total | 10,178.8/12,613.5 |

High-voltage cable lines

| Voltage level | Extension of cable line -35-220 kV along the route as of 01/01/16, km |
|---------------|---|
| 35 kV | 15.83 |
| 110 kV | 83.44 |
| 220 kV | 6.8 |
| Total | 106.1 |

Distributive network

| | 2013 | 2014 | 2015 | 2015/2014, % |
|------------------------------|----------|----------|----------|--------------|
| overhead lines-6(10) kV, km. | 22,797.9 | 23,054.2 | 23,040.1 | -0.06 |
| overhead lines-0.4 kV, km. | 25,818.9 | 26,315.2 | 26,522.9 | +0.8 |
| cable lines-6(10) kV, km. | 4,456.5 | 4,617.3 | 4,816.8 | +4.3 |
| Cable lines-0.4 kV, km. | 4,132.6 | 4,406.1 | 4,586.3 | +4.1 |
| TS, CTS, DP, RTC, pcs. | 17,768 | 18,305 | 18,925 | +3.4 |

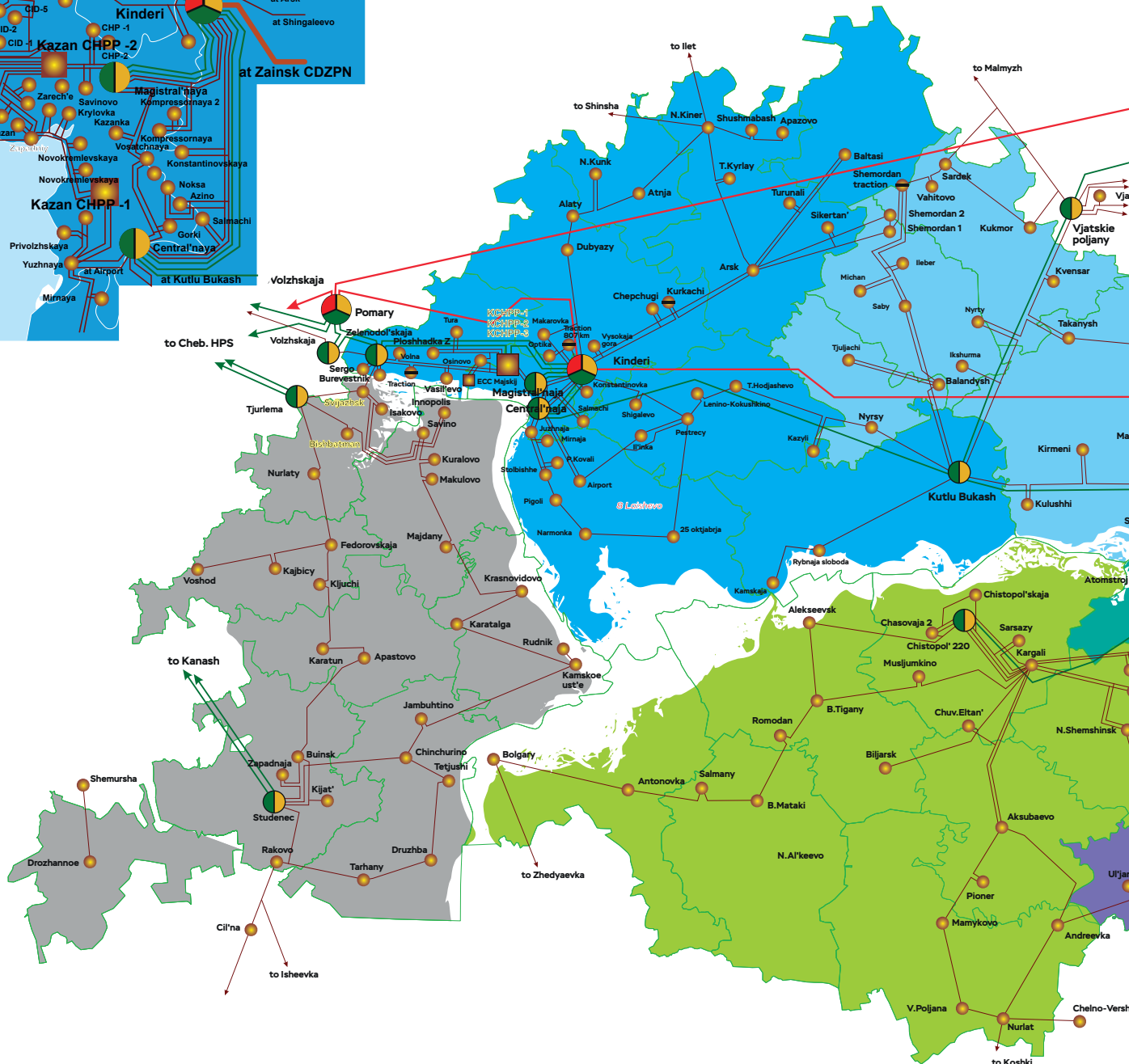
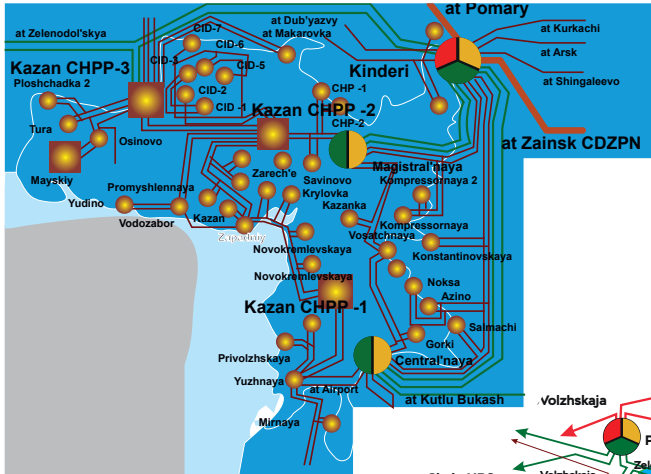
| Group of assets | Physical deterioration for 2013, % (data on 01.01.2014) | Physical deterioration for 2014, % (data on 01.01.2015) | Physical deterioration for 2015, % (data on 01.01.2016) |
|-----------------|---|---|---|
| SS 500kV | 50.1 | 51.2 | 32.9 |
| SS 220kV | 68.6 | 64.2 | 63.2 |
| SS 110kV | 72.8 | 71 | 68.5 |
| SS 35kV | 83.2 | 80.3 | 76.7 |
| SS 6-10kV | 67.3 | 68.8 | 70.3 |
| OL 500kV | 85.5 | 84.52 | 85.6 |
| OL 220kV | 68.6 | 71.2 | 69.7 |
| OL 110kV | 78.6 | 77.39 | 77.34 |
| OL 35kV | 80 | 79.2 | 78.40 |
| OL 6-10kV | 63 | 63.4 | 64.9 |
| OL 0,4kV | 59.3 | 59.5 | 58.5 |
| CL 220kV | 0 | 3.3 | 6.7 |
| CL 110kV | 34.23 | 32.4 | 33.3 |
| CL 35kV | 22.9 | 20.9 | 17.3 |
| CL 6-10kV | 68.5 | 67.5 | 67.9 |
| CL 0,4kV | 67.3 | 68.8 | 70.3 |
| Total | 63.15 | 62.68 | 62.54 |

The production potential of the Company's branches

| | Kazan power supply network Tukaya Str., 109 Kazan, 420021 | Privolzhsk power supply network Magistralnaya Str., 23 Kazan, 420108 | Buinsk power supply network Kosmovskogo Str., 190 Buinsk, 422430 |
|-----------------------|---|---|--|
| Staff number, person | 888 | 808 | 668 |
| OL 35-500 kV, km | 422.91 | 1,506.17 | 1,284.78 |
| CL 35-220 kV, km | 48.60 | 21.8 | 10.10 |
| SS 35-500 kV, pcs | 27 | 53 | 43 |
| OL 0.4-6(10) kV, km | 1,794.90 | 9,047.60 | 8,000.40 |
| CL 0.4-6(10) kV, km | 3,688.10 | 611.10 | 131.60 |
| TS, CTS, DP, RTC, pcs | 2,183 | 3,075 | 2,325 |
| | Nizhnekamsk power supply network Akhtubinskaya Str., 14 Nizhnekamsk, 423570 | Naberezhnye Chelny power supply network Moscovski Pr., 54/24, Naberezhnye Chelny, 423810 | Yelabuga power supply network Chapaeva Str., 48, Ela- buga, 423603 |
| Staff number, person | 743 | 551 | 837 |
| OL 35-500 kV, km | 1,350.27 | 254.98 | 1,060.43 |
| CL 35-220 kV, km | 0.0 | 22.9 | 0.50 |
| SS 35-500 kV, pcs | 35 | 21 | 48 |
| OL 0.4-6(10) kV, km | 4,521.90 | 1,865.20 | 7,409.50 |
| CL 0.4-6(10) kV, km | 801.30 | 2,438.30 | 565.18 |
| TS, CTS, DP, RTC, pcs | 1,786 | 1,226 | 2,434 |
| | Almetievsk power supply network Shevchenko, Str., 13 Almetievsk, 423400 | Bugulminsk power supply network Turgeneva Str., 29, Bugulma, 423233 | Chistopol power supply network K.Marx Street, 36, Chistopol, 422980 |
| Staff number, person | 698 | 701 | 717 |
| OL 35-500 kV, km | 1,648.19 | 1,229.59 | 1,421.46 |
| CL 35-220 kV, km | 0.0 | 0.0 | 2.1 |
| SS 35-500 kV, pcs | 52 | 51 | 43 |
| OL 0.4-6(10) kV, km | 4,569.80 | 4,267.00 | 8,086.70 |
| CL 0.4-6(10) kV, km | 629.10 | 355.50 | 182.90 |
| TS, CTS, DP, RTC, pcs | 2,066 | 1,506 | 2,324 |

length of lines on the track

Kazan electrical networks

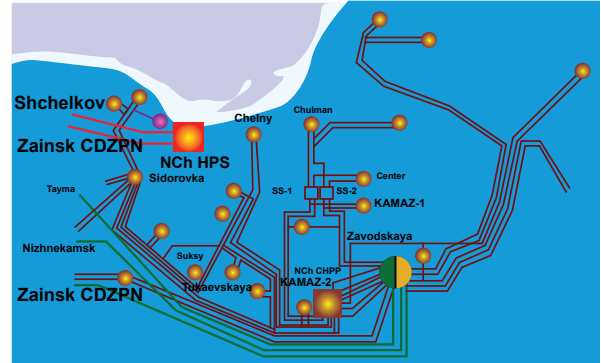


| | | | | | | |
|---------------------------|--|-----------------|--|-----------|--|--------------------------------------|
| HPS, CDZPN | | ZaiCDZPN | | AL 500 kV | | Privolzhsk electric networks |
| CHPP | | KCHPP-3 | | AL 220 kV | | Kazan electric networks |
| ss 500 kV, 220 kV, 110 kV | | Kinderi | | AL 110 kV | | Buinsk electric networks |
| 220 kV, 110 kV | | Taneco | | | | Chistopol electric networks |
| ss 110 kV | | Yukachi | | | | Elabuga electric networks |
| TSS (traction substation) | | Kurkachi | | | | Naberezhnye Chelny electric networks |

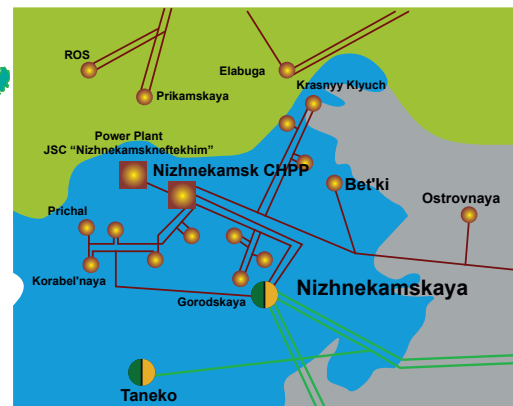


- Nizhnekamsk electric networks
- Almetyevsk electric networks
- Bugulma electric networks

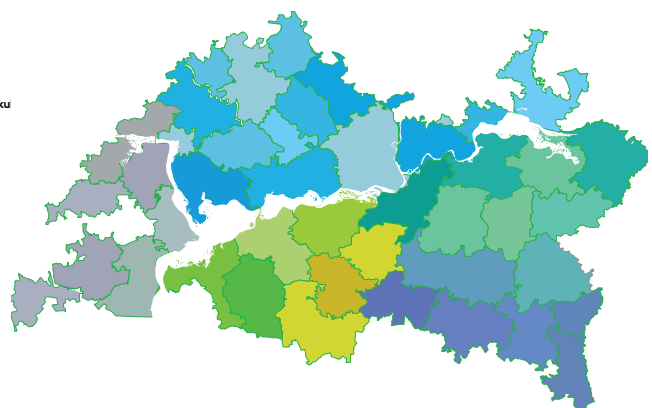
Naberezhnye Chelny electric networks



Nizhnekamsk electric networks



Map of Tatarstan districts



Power grid complex of the Volga Federal District consists of OJSC "MPSK of Volga", branches of OJSC "MPSK of Center and Volga region" and JSC "MPSK of Urals", which are subsidiary companies of OJSC "Rossetti", regional grid companies JSC "Grid Company" and JSC "BASHES".

| Name of the Company | Area of service, thousand square kilometers | Population, million people | Number of branches/offices |
|---|---|----------------------------|----------------------------|
| JSC "Grid Company" | 67.8 | 3.87 | 9 (11)* |
| OJSC "MPSK Volga" | | | |
| Samara distribution network | 53.6 | 3.21 | 4 |
| Saratov distribution network | 101.2 | 2.49 | 7 |
| Ulianovsk distribution network | 37.2 | 1.26 | 4 |
| Mordovenergo | 26.1 | 0.87 | 4 |
| Penzaenergo | 43.3 | 1.35 | 5 |
| Orenburgenergo | 124.0 | 1.99 | 6 (7)** |
| Chuvashenergo | 18.3 | 1.24 | 3 |
| OJSC "MPSK of Center and Privolzhie" | | | |
| Ydmurtenergo | 42.1 | 1.52 | 3 |
| Nizhnoenergo | 76.9 | 3.26 | 9 |
| Marienergo | 23.2 | 0.69 | 3 |
| Kirovenergo | 120.0 | 1.30 | 5 |
| JSC "MPSK Ural" | | | |
| Permenergo | 160.2 | 2.63 | 8 |
| JSC "BASHES" *** | 143.0 | 4.05 | 2 |

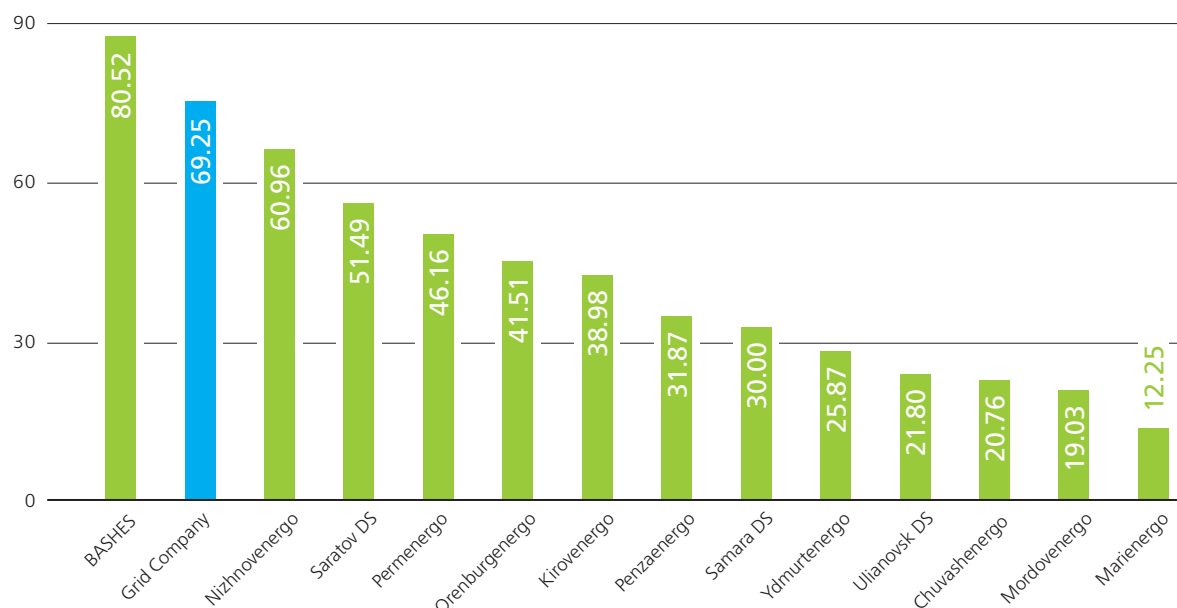
* 9 branches, Directorate of Nizhnekamsk Power District construction, Directorate of Consumer Services.

** 6 main production departments, production department "Informenergосvyaz".

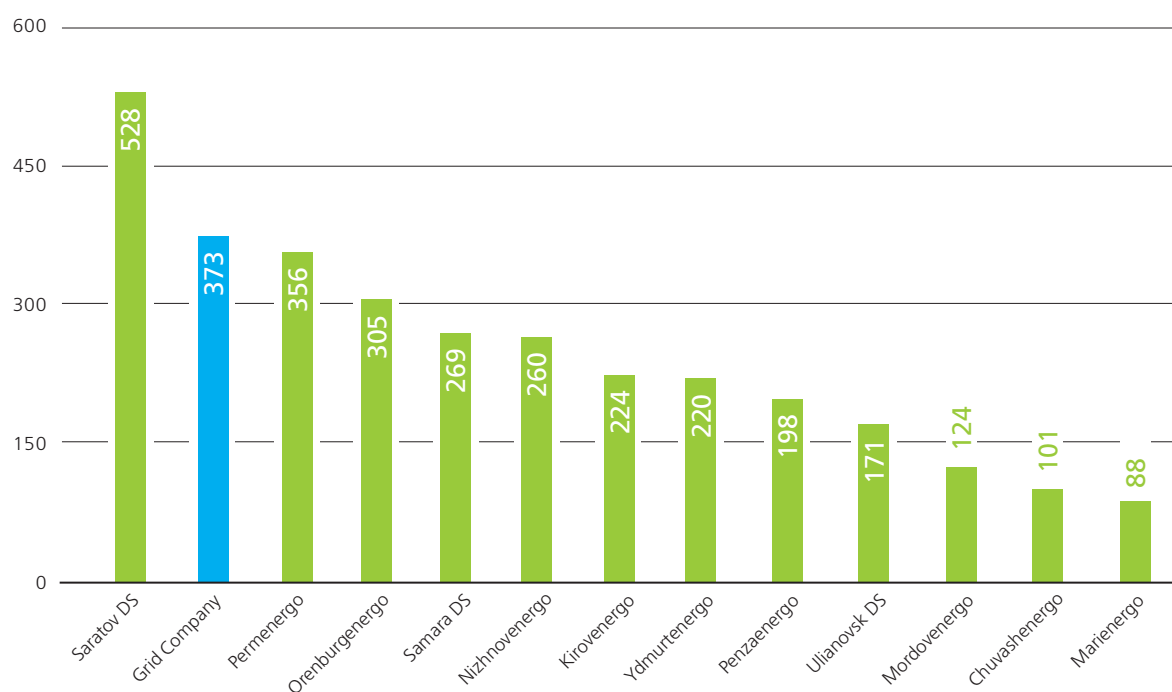
*** Transit of electricity is provided by two subsidiaries the JSC "Bashkortostan Power Grid Company" (LLC "Bashkortostan Power Distribution Networks") and LLC "Bashkortostan Grid Company". Responsibilities of "Bashkortostan Grid Company" include backbone transmission lines and high voltage substations 220-500 kV, responsibilities of LLC "Bashkortostan Energo" include transmission lines and high voltage substations with voltage of 110 kV and below.

Company's production potential in terms of volume of the electric economy is comparable with regional grid companies which are members of MPSK, and by some measures is exceeded them essentially. The Company is a top ten in terms of the total length of operated transmission lines, the number of substations, transformer substations and distribution points. Companies do not compete with each other directly, as their service areas are different geographical segments.

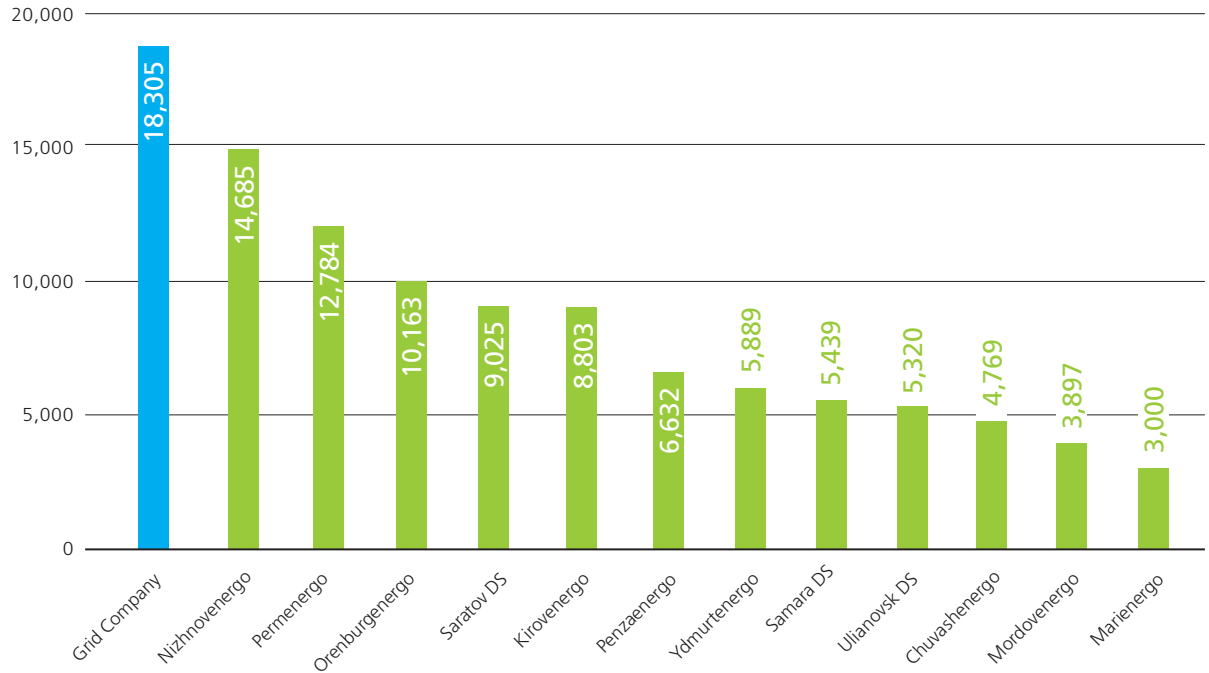
Total mileage of power transmission lines, thousand kilometers



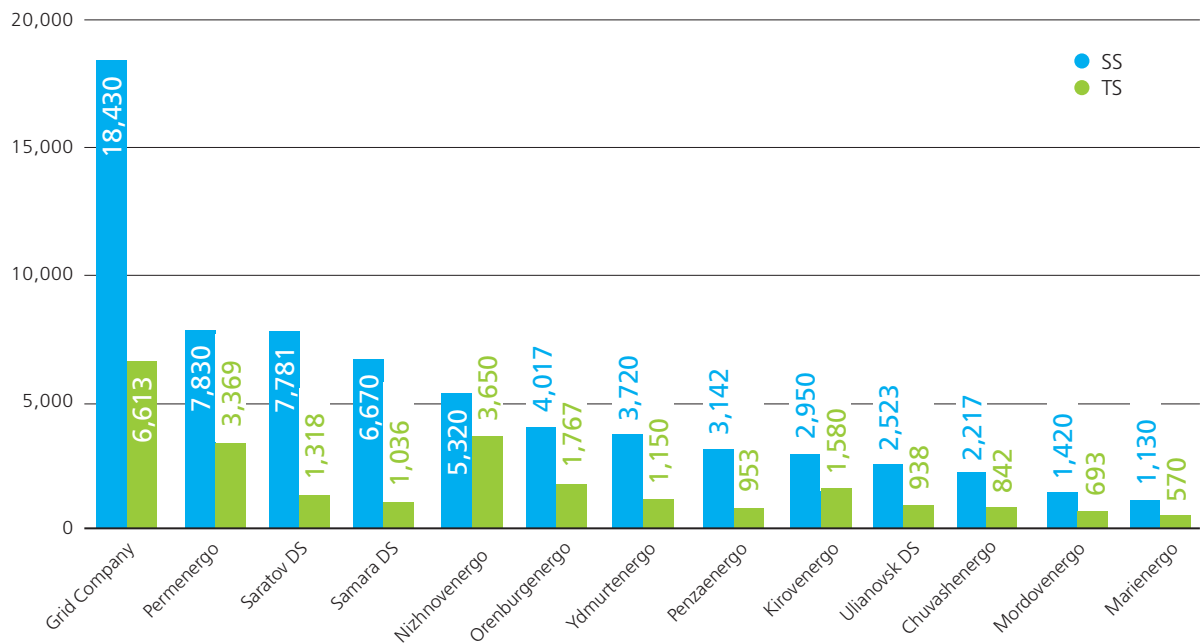
The quantity of substations with capacity 35 and more kV, ps



Total quantity of DS and TS 6-10 kV, ps

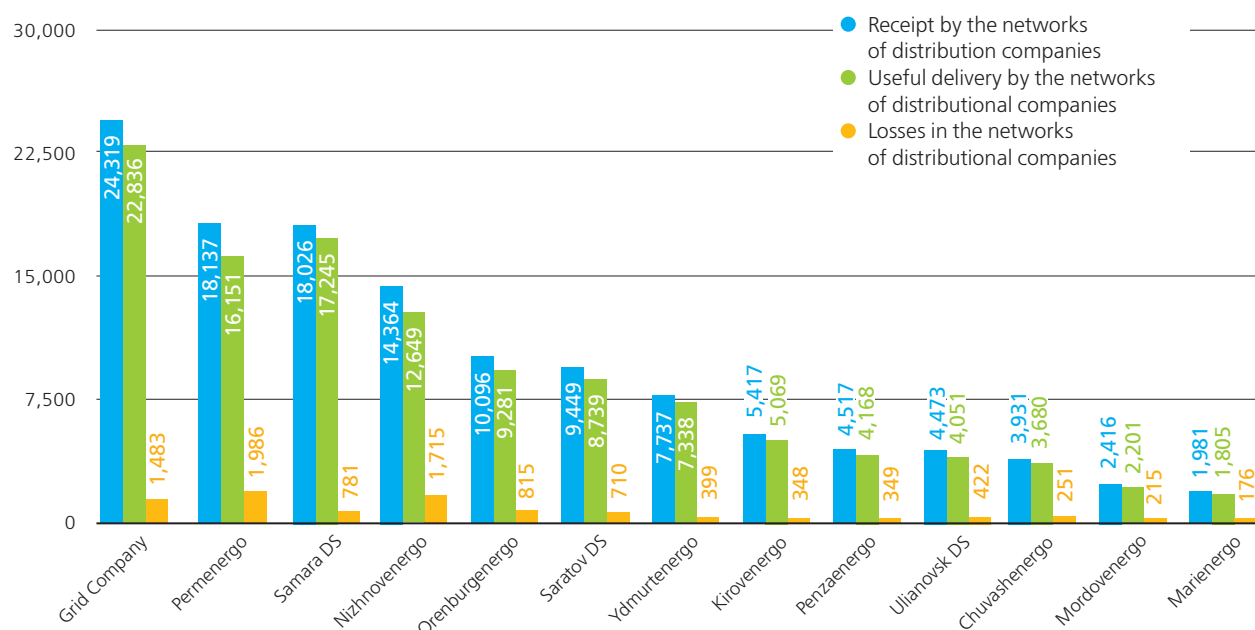


Transformer designed Capacity of SS and TS. thousand MVA



Power transmission

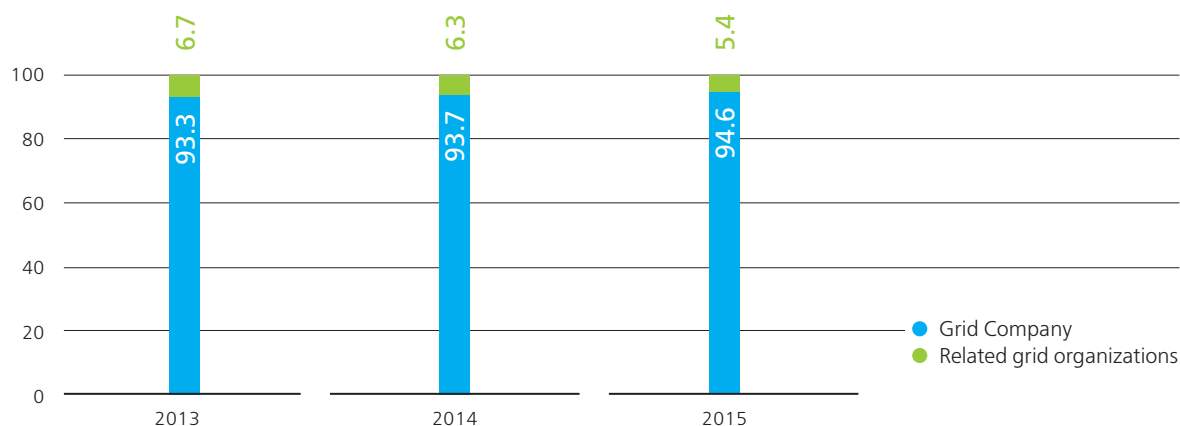
The volume of electric power transmitted to consumers, connected to the networks of distribution companies, losses in power networks, million kW-h



JSC "Grid Company" is the largest power grid company on the territory of the Republic of Tatarstan. The company renders services on electric power transmission to guaranteeing supplier, energy sales organizations and to direct consumers. 17 energy sales companies are operating on the territory of the Republic of Tatarstan, including guaranteeing supplier JSC "Tatenergosbyt" and 2 direct consumers (OJSC "Kazanorgsintez", Tatarstan Regional Dispatching Office, the branch of JSC "System Operator of the Unified Power System").

On the territory of the Republic of Tatarstan services on electric power transmission are rendered by 47 companies with the status of contiguous grid organizations whose services are used by the Company to discharge their obligations of electric power transmission to consumers. The Company holds 94.6% of marketplace in terms of electric power transmission in networks of the Republic of Tatarstan, established by National Committee of the Republic of Tatarstan according to tariffs in 2015. The share of contiguous grid organizations is remaining 5.4%.

The dynamics of the Company's share on the market in terms of volume of necessary gross receipts from the provision of electricity transmission services in networks in the Republic of Tatarstan 2013-2015,%



03

**Analysis of financial
state and results
of the Company's activities**

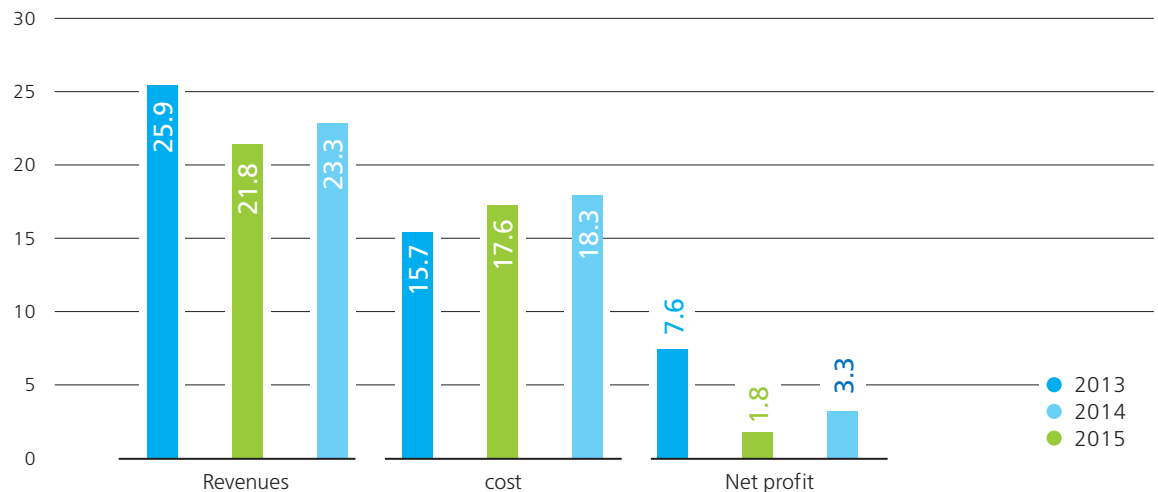
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3.1. KEY RESULTS OF FINANCIAL AND ECONOMIC ACTIVITY

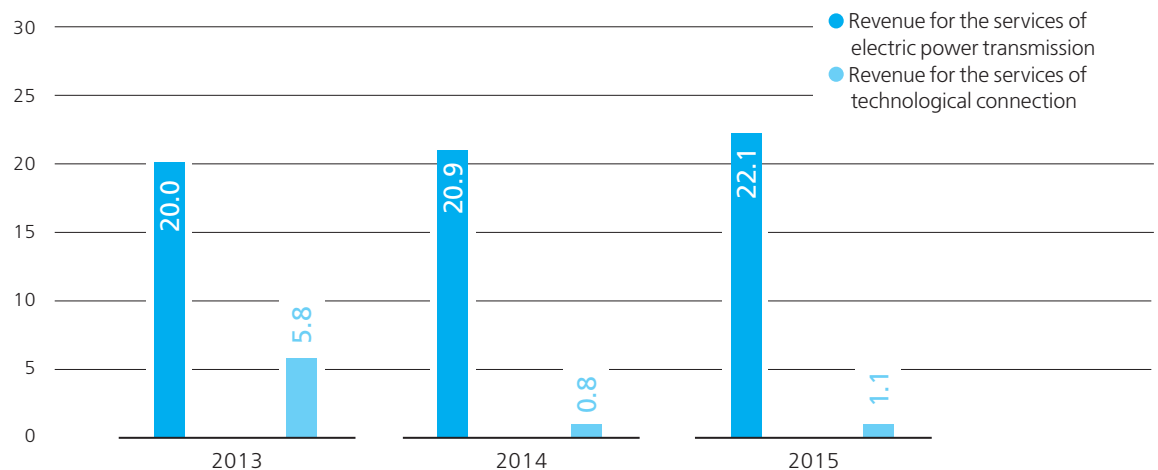
This section presents a review of the financial standing and activity results of JSC "Grid Company" as of 12/31/2015 and should be read along with the Company's accounting statements prepared in accordance with Russian legislation in the field of accounting (RAP) for the 2015 including the explanatory note.

Development of the key financial indicators for 2013-2015, billion rubles



Regarding the results of 2015 the Company's revenue was 23.3 billion rubles that is for 7.1% more than in 2014 and for 10% more than in 2013.

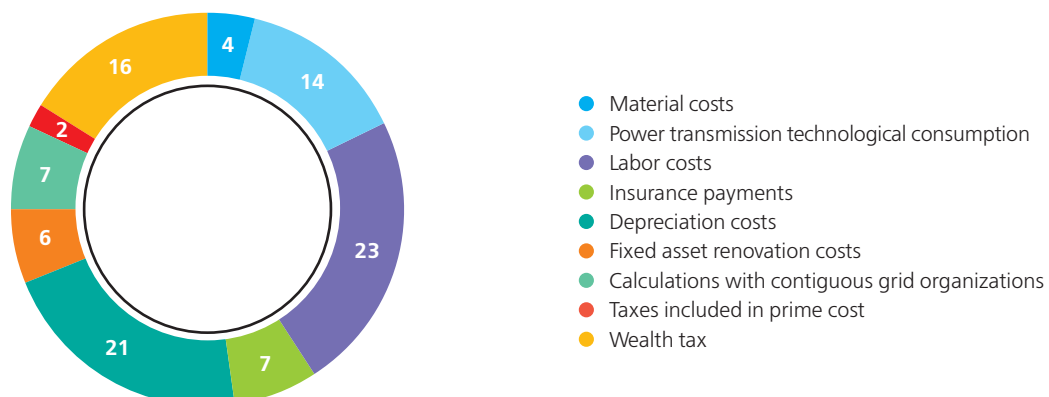
Development and structure of receipt for 2013-2015, billion rubles



Regarding the results of 2015 the revenue for the services of electric power transmission was 22.1 billion rubles that is for 5.7% more than in 2014 and for 10.5% more than in 2013 due to the increase in tariff for transmission from 07/01/2014 and from 07/01/2015.

Regarding the results of 2015 the revenue for the services of technological connection was 1,1 million rubles. This increase in comparison with 2014 is conditioned to the execution of individual project by the agreement of technological connection of JSC "Special Economic Zone Innopolis" in 2015. A significant decrease of revenues of the services provision of technological connection in comparison with 2013 is conditioned to the realization of the largest individual project of substation Schelokov (500 kV) which provides more than 84% of total revenues in 2013.

Produce cost structure by cost components in 2015, %



The Company's produce cost of services made up 18.3 billion rubles in 2015, that is higher than the level of 2014 for 3.9% (within the index — deflator for 2014). The largest percentage of produce cost composed labour payment expenses, amortization of fixed assets and buyout of electric power losses.

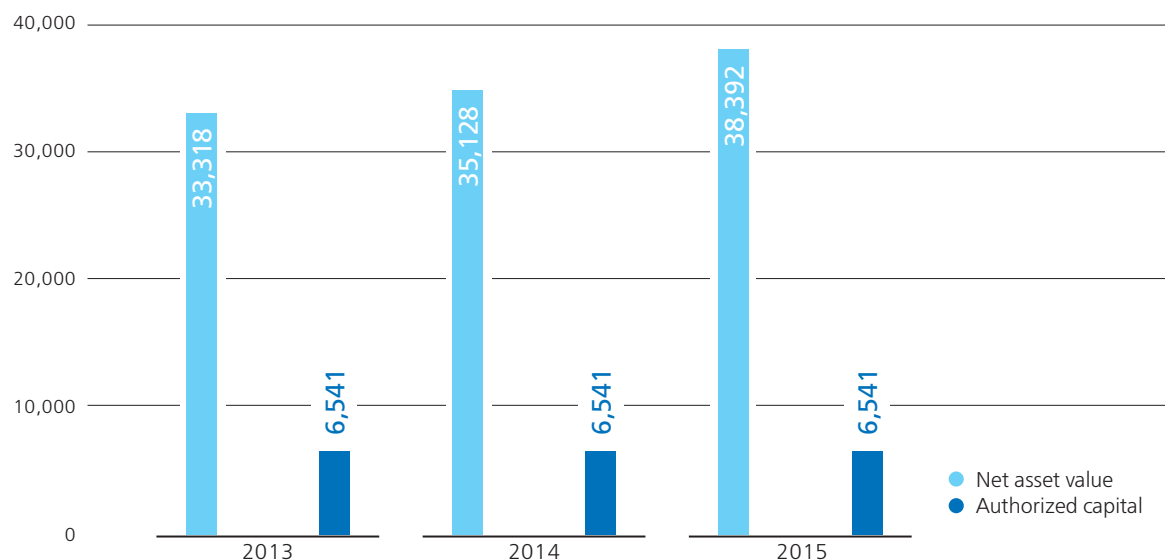
Based on the result of financial and economic activities in 2015 the Company received a net profit of \$ 3.3 million rubles that is higher for 83% than the same period last year.

Financial ratios

| Indicator | regular figure | 2013 | 2014 | 2015 | 2015/2014, % |
|--------------------------|----------------|------|------|------|--------------|
| Debt to equity ratio | — | 0.12 | 0.13 | 0.12 | -8 |
| Current liquidity ratio | >1–1.5 | 1.7 | 1.1 | 1.6 | 45 |
| Absolute liquidity ratio | 0.2 | 0.9 | 0.7 | 0.6 | -14 |
| Equity ratio | 0.5 | 0.9 | 0.8 | 0.8 | — |

The figures of the liquidity and financial stability ratio of the Company for 3 years demonstrate the high level of the current position and solvency of the Company and the Company's capability to repay its short-term obligations. The analysis of the development of these figures which characterize the financial and logistics management of the Company in 2013-2015 bring us to the conclusion of its stable development.

Development of the net assets of the Company in 2012-2014, million rubles



Rise in the cost of the Company's net assets for 5% in 2014 or 1,809 million rubles, in 2015 it increased for 9% or 3,264 million rubles, it can be defined by the implementation of major investment program of the Company.

Cost calculation of the Company's net assets is executed in accordance with method for cost determination established by the Order of the Russian Finance Ministry "On approval of determination of net asset value" of 08/28/2014 No 84n.

Equity to debt ratio

| Indicator | 2013 | 2014 | 2015 | 2015/2014, % |
|---|--------|--------|--------|--------------|
| Net equity, million rubles | 33,318 | 35,128 | 38,392 | 9 |
| Debt capital (net debt), million rubles | 4,026 | 4,504 | 4,422 | -2 |
| Debt to equity ratio (financial leverage) | 0.12 | 0.13 | 0.12 | -8 |

Gains in equity in 2015 by 9% or 3,264 million rubles are conditioned by the growth of undistributed profits by the same amount. Reduction of debt capital by 2% or 82 million rubles is conditioned to the recognition of revenue on grid connection agreements.

Equity to debt ratio characterizes financial stability of enterprise. Regulation value of this index gives evidence of stability of the Company's financial and operational activities.

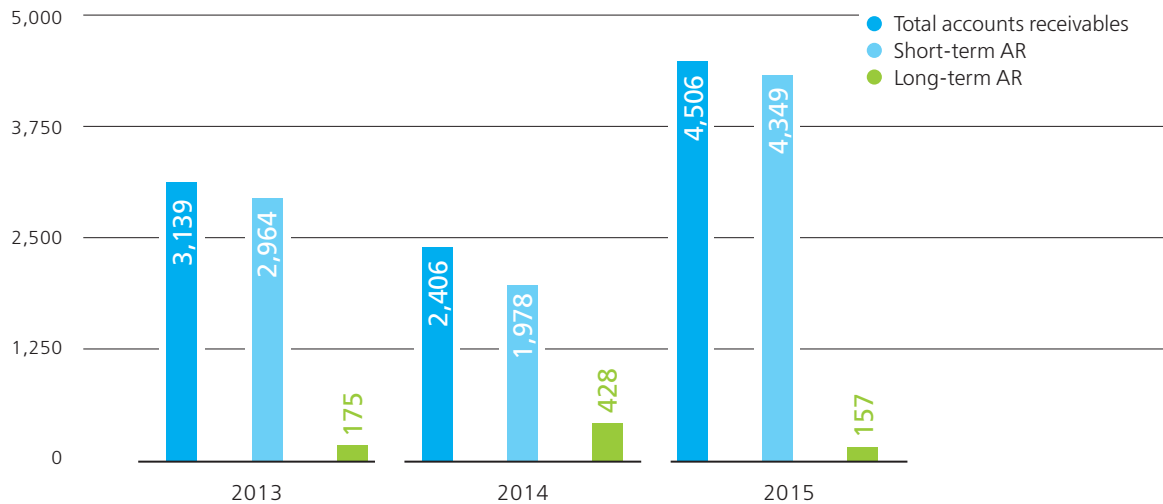


Credit rating

Based on the results of the creditworthiness rating procedure organized by the Rating Agency "Expert RA" in 2015 the Company was assigned an extremely high rating of long-term creditworthiness of level "A++", forecast is stable. The rating testifies to the high probability of fulfillment Company's obligations in the medium term even under essential unfavorable changes of macroeconomic and market indicators.

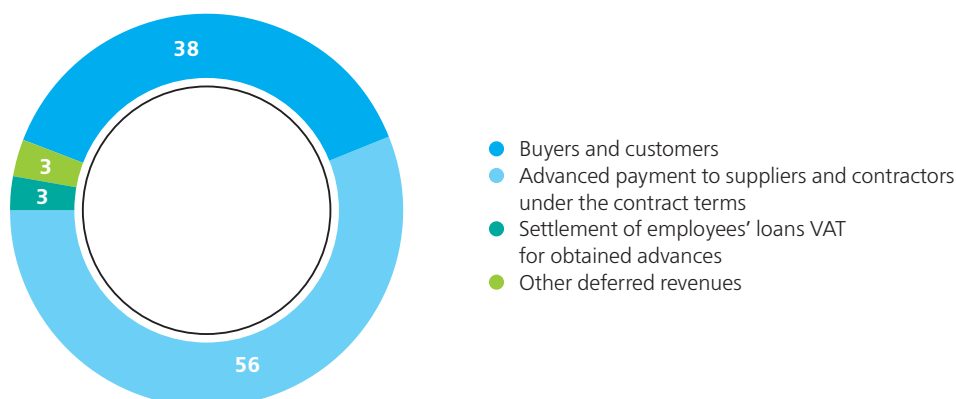
Accounts receivables and deferred revenues

Accounts receivables development in 2013-2015, million rubles



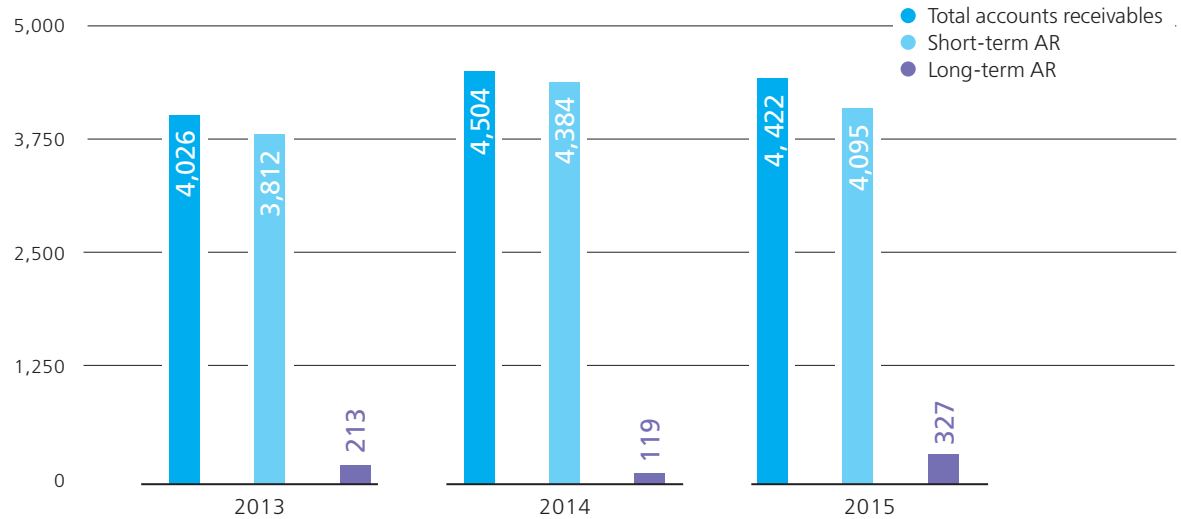
Accounts receivables of the Company in 2015 amounted 4,506 million rubles, that is for 2,100 million rubles or 87% higher than in 2014. The largest share in the short-term accounts receivables (49% or 2,238 million rubles) composed advances to suppliers, contractors for the construction and reconstruction of power facilities performed in order to improve the reliability of power supply reliability of Nizhnekamsk power district in the Republic of Tatarstan.

Accounts revenues structure, %



Deferred revenues of the Company in 2015 is amounted 4,422 million rubles, that practically conforms to the level in 2014.

Deferred revenues development in 2013-2015, million rubles



Structure of deferred revenues, %



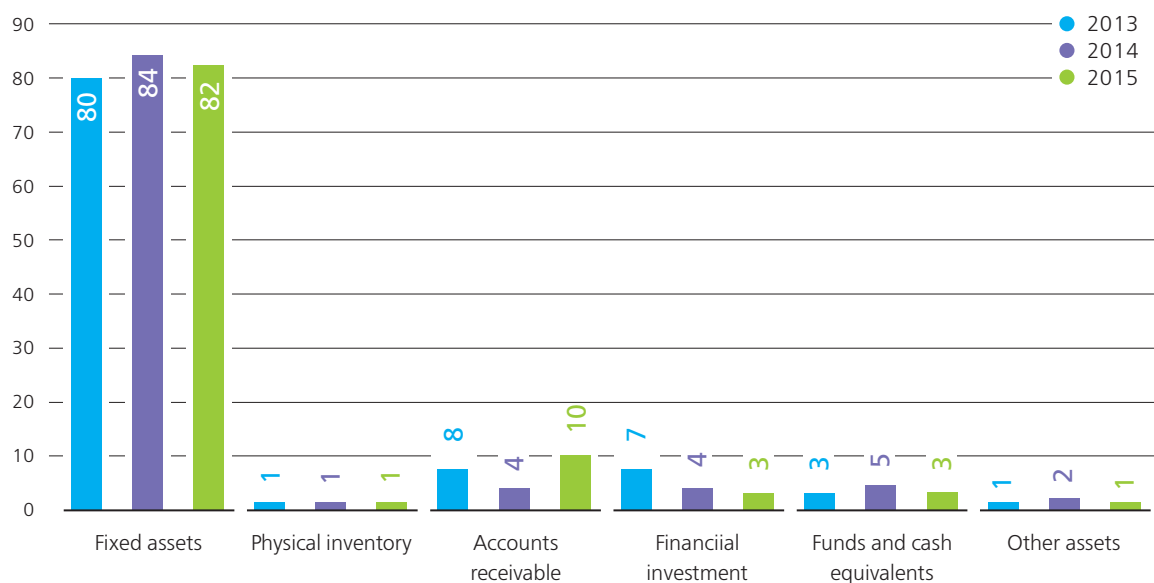
Analysis of the structure of the Company's assets and liabilities

Structure of the Company's assets, million rubles

| Indicator | 2013 | 2014 | 2015 |
|-------------------------------------|---------------|---------------|---------------|
| Intangible assets | 30 | 26 | 38 |
| Results of research and development | 25 | 34 | 50 |
| Fixed assets | 31,188 | 35,455 | 37,549 |
| Long-term financial investment | 298 | 297 | 298 |
| Deferred tax assets | 173 | 258 | 154 |
| Other fixed assets | 226 | 470 | 207 |
| Physical inventory | 354 | 317 | 296 |
| Accounts receivable | 2,964 | 1,978 | 4,349 |
| Short-term financial investment | 2,630 | 1,400 | 1,200 |
| Funds and cash equivalents | 1,265 | 1,929 | 1,494 |
| Other working assets | 39 | 37 | 46 |
| Total assets | 39,192 | 42,201 | 45,681 |

The fixed assets occupy the largest relative weight in the assets, it composed 82% on 12/31/2015. The capital ratio of assets is completely explained by specificity of the Company.

Assets percentage in total assets, %

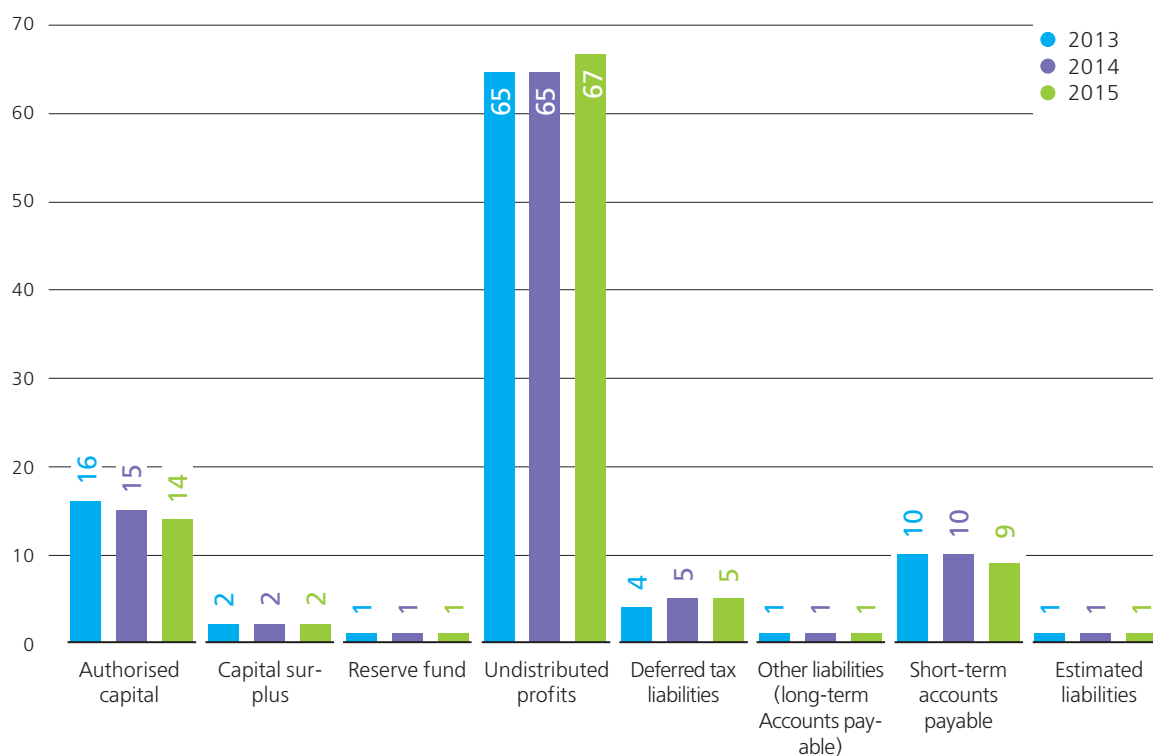


Structure of the Company's liabilities, million rubles

| Indicator | 2013 | 2014 | 2015 |
|--|---------------|---------------|---------------|
| Authorised capital | 6,541 | 6,541 | 6,541 |
| Capital surplus | 809 | 809 | 809 |
| Reserve fund | 327 | 327 | 327 |
| Undistributed profits | 25,642 | 27,451 | 30,716 |
| Deferred tax liabilities | 1,418 | 2,004 | 2,268 |
| Other liabilities (long-term Accounts payable) | 214 | 119 | 328 |
| Short-term accounts payable | 3,813 | 4,385 | 4,095 |
| Estimated liabilities | 428 | 565 | 597 |
| Total assets | 39,192 | 42,201 | 45,681 |

In the structure of the Company's liabilities the largest share has an article "Undistributed profits" (67%). Net profit is one of the most important sources of investment activity of the Company.

Liabilities percentage in total assets, %



3.2. TARIFF REGULATION

3.2.1. Tariff policy of the Company

The primary activities of JSC "Grid Company" are the provision of electric power transmission services to consumers and services of technological connection of applicants which are monopolistic and in accordance with the current legislation it regulated by the state. Transmission tariffs and rates of the charge are approved by the executive government body of the constituent entity of the Russian Federation in the region of rate regulation which is represented by the State Committee of the Republic of Tatarstan according to tariff as agreed by the Federal Tariff Service.

By the decision of the State Committee of the Republic of Tatarstan according to tariff are governed by method of long-term indexation of necessary gross revenue.

In accordance with the order of the Federal Tariff Service from 02/17/2012 No 98-e "On Approval of the methodological instructive regulations as per calculation service tariffs for transmission of electricity established with the usage of the method of long-term indexation necessary gross revenue" the long-term rates are determined on the base of the following long-term regulation characteristic:

- basic level of controllable expenditures which are established by Regulatory Authority;
- efficiency index of controllable expenditures which are established by Regulatory Authority ranging from 1% to 3% of the level of controllable expenditures of this year for long-term period of regulation;
- coefficient of elasticity of controllable expenditures in amount of assets which is determined by methodological instructive regulations;
- highest possible adjustment of necessary gross revenues which is realized with account of achievement of establish a level of dependability and quality of service;
- an amount of technological expenditure (dissipation) of electric power;
- level of reliability and quality of marketable products (services).

On the basis of the long-term regulation characteristics and planned parameter points for tariff calculations which are determined on a long-term period of regulation, regulating authority estimate the necessary gross revenues of regulated organization for each year of the next long-term period of regulation. During the long-term period of regulation the regulating authority annually correct the essential gross revenues, set for the next accounting period.

Establishment of connection charge to power supply network facilities (technological connection) is realized by the State Committee of the Republic of Tatarstan on tariffs in accordance with goals and principles of currently statutorily required state regulation.

Basic parameters of the long-term tariff regulation

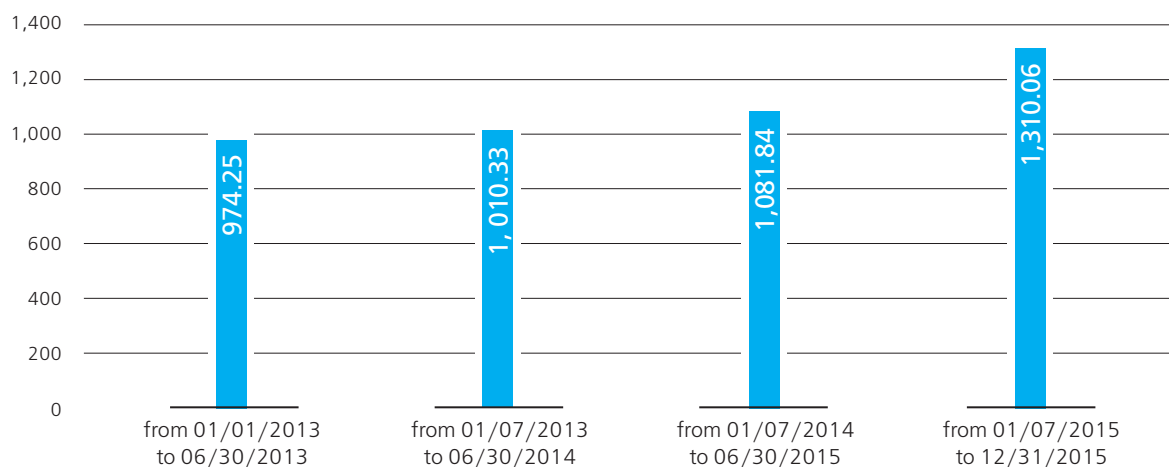
| The first long-term regulation period | 2012 | 2013 | 2014 |
|--|----------|---------|---------|
| Baseline of the costs under control, million rubles | 7,355.08 | 8,316.4 | 8,267.4 |
| Efficiency index of the costs, % | 1 | 1 | 1 |
| The ratio of elasticity of the expenditures under control according to the quantity of assets, % | 75 | 75 | 75 |
| Technological norm of electric power consumption (losses), % | 9.51 | 8.89 | 8.26 |

| The second long-term regulation period | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------|----------|----------|----------|----------|
| Baseline of the costs under control, million rubles | 9,164.22 | X | X | X | X |
| Efficiency index of the costs, % | 1 | 1 | 1 | 1 | 1 |
| The ratio of elasticity of the expenditures under control according to the quantity of assets, % | 75 | 75 | 75 | 75 | 75 |
| Technological norm of electric power consumption (losses), % | | | | | |
| HV | 2.47 | 2.47 | 2.47 | 2.47 | 2.47 |
| MV-1 | 2.05 | 2.05 | 2.05 | 2.05 | 2.05 |
| MV-2 | 4.45 | 4.45 | 4.45 | 4.45 | 4.45 |
| LV | 12.40 | 12.40 | 12.40 | 12.40 | 12.40 |
| Reliability level of realize goods (services) | 0.019059 | 0.018703 | 0.018350 | 0.018000 | 0.017660 |
| Quality level of realize goods (services) | | | | | |
| Indicator of quality level of grid connection | 1.0279 | 1.0259 | 1.0242 | 1.0228 | 1.0215 |
| Indicator of customer quality service level | 0.9651 | 0.9501 | 0.9351 | 0.9201 | 0.9051 |

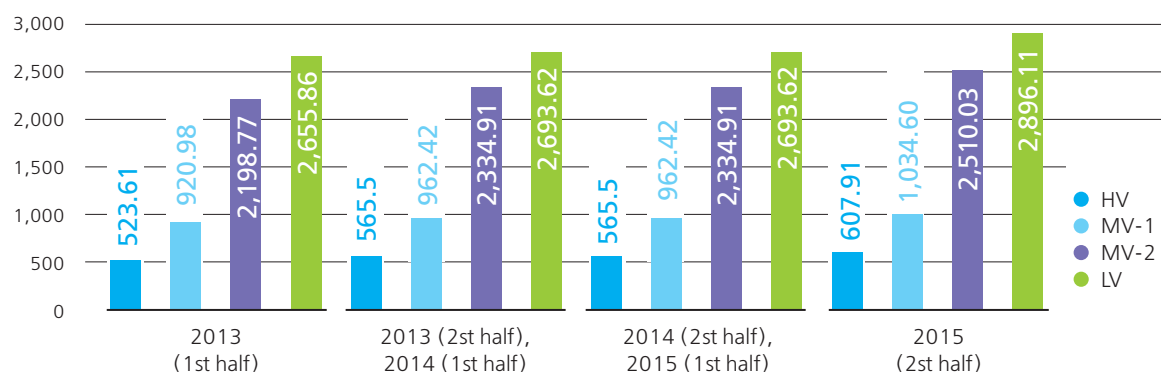
3.2.2. Service tariffs for electric power transmission, power transmission tariff development for the tariff in 2013-2015

Service tariffs for electric power transmission are established by the regional authorities to regulate tariffs (the State Committee of the Republic of Tatarstan on tariffs) for a year with the differentiation of the tariff groups of consumers.

Power transmission tariff development for the tariff group «Population» in 2013-2015, rubles/thousand kWt-h



Power transmission tariff development of one-part tariff in group "other consumers" in 2013-2015, rubles/thousands, kW-h



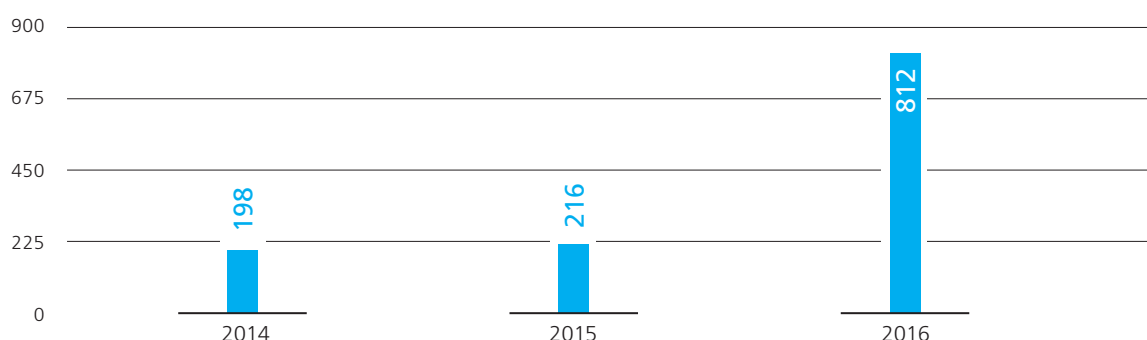
3.1.3. Payment rates for technological connection in 2015

In accordance with current legislation (RF Government Decree No 1178) payment rates for technological connection for grid organizations are established in two types: standardized payment rates (SPR) and rates per unit of maximum capacity (MC).

For 2015 payment rates are established by the State Committee of the Republic of Tatarstan on tariffs from 12/17/2014 No 6-89/tc "On the establishment of standardized tariff rates, rates per unit of maximum capacity and calculation formula for technological connection payment for grid organizations located on the territory of the Republic of Tatarstan for 2015".

Standardized payment rates (SPR) are established by the regulatory authority over the bands of connected capacity and voltage levels by brands of equipment and sections of wires and cables, transformer substations types and types of equipment. Rates per unit of maximum capacity (MC) are established over the bands connected capacity and voltage levels.

Size of standardized rates C1 in 2014-2016., rubles / kW-h (excluding VAT)



In 2015 charge for technological connection for the individual project has been set 11 consumers totaling 241 million rubles (without VAT). Among the largest consumers of the following:

Rates of the charge for technological connection per unit of maximum power installed established by range of connect capacity and voltage levels, with a break down by grades and cross sections of wires and cables, types of transforming substations and types of equipment.

Information about the power transmission services tariffs and the size of payment for technological connection to electric networks for the corresponding period of regulation is available on the official website of the Republic of Tatarstan State Committee on <http://kt.tatarstan.ru> tariffs, as well as the Company's official website <http://www.gridcom-rt.ru> under "About Us / disclosure standards".

04

**Production
activity results**

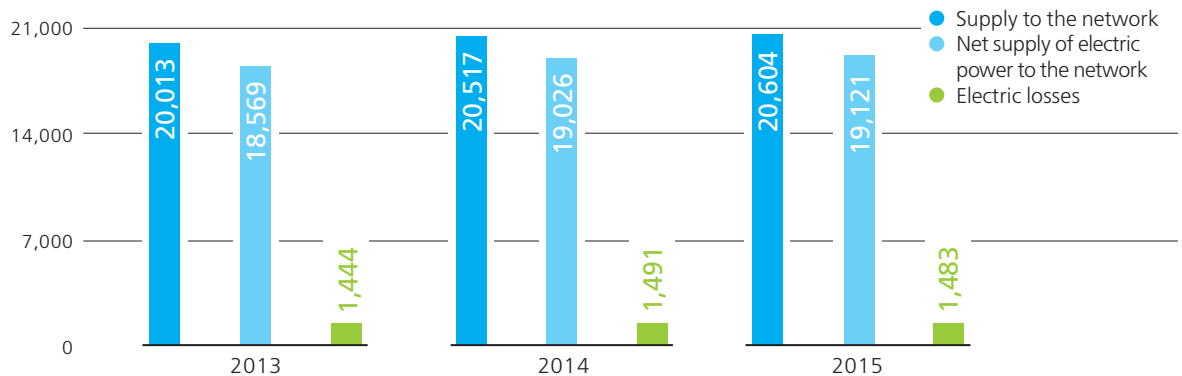
Secret of success
concludes in adherence
to goal



4.1. ELECTRIC POWER TRANSMISSION

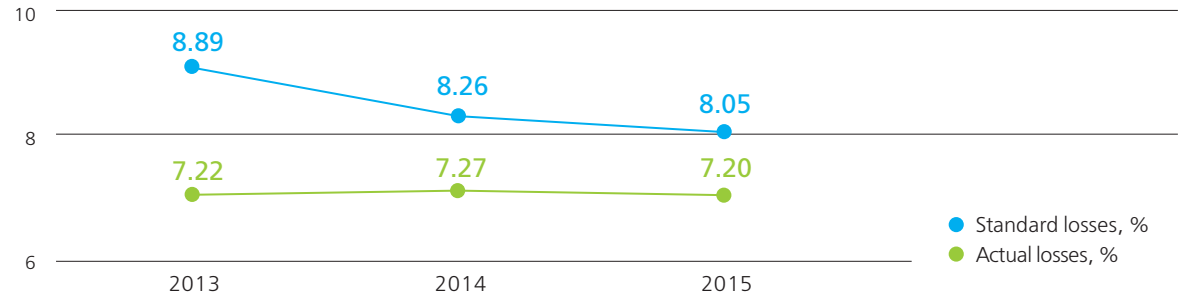
In 2015 the delivery of the electric power to the networks of JSC "Grid Company" is amounted 20,604 million kW-h that is for 87 million kW-h or 0.4% higher than in 2014. As for the networks of consumers and allied grid companies on the demarcation of the balance inventory, the Company provided them with electric power worth 19,121 million kW-h. in comparison with 2014 the volume of the generated electric power increased by 95 million kW-h (0.5%).

Basic indicators of electricity transmission activity, million kW-h



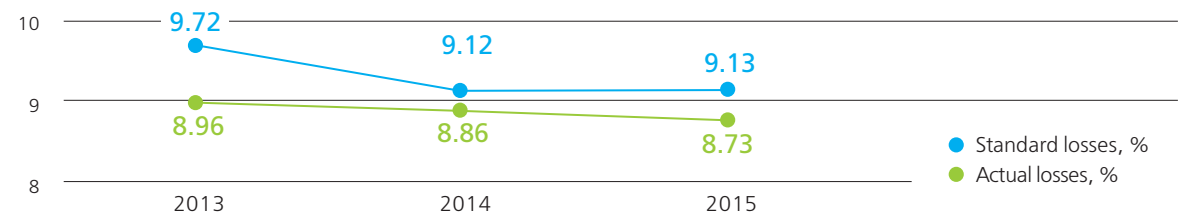
Reported losses of electric power in JSC "Grid Company" on the whole amounted to 1,483 million kW-h or 7.2% of the received quantity whereas the established standard is 1,658 million kW-h (8.05%), economy against the established standard was 176 million kW-h. In comparison with 2014 the reported losses decreased 15 million kW-h, i.e. 1% (losses of 2014 were considered as the supply to the network in 2015).

Dynamics of the electric power losses, %



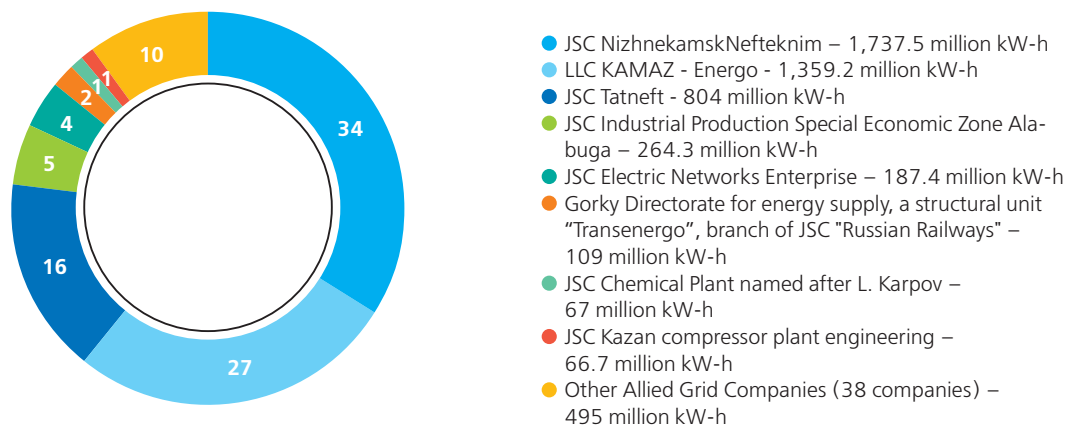
In the whole the reported losses in the distribution network of 6-10/0.4 kV in 2016 amounted to 904 million kW-h (8.73%) whereas the established standard is 946 million kW-h (9.13%). Economy was 42 million kW-h. In comparison with 2014 the losses in the distribution network decreased for 14 million kW-h.

Dynamics of the electric power losses in the distribution network of 6-10/0.4, million kW-h, %



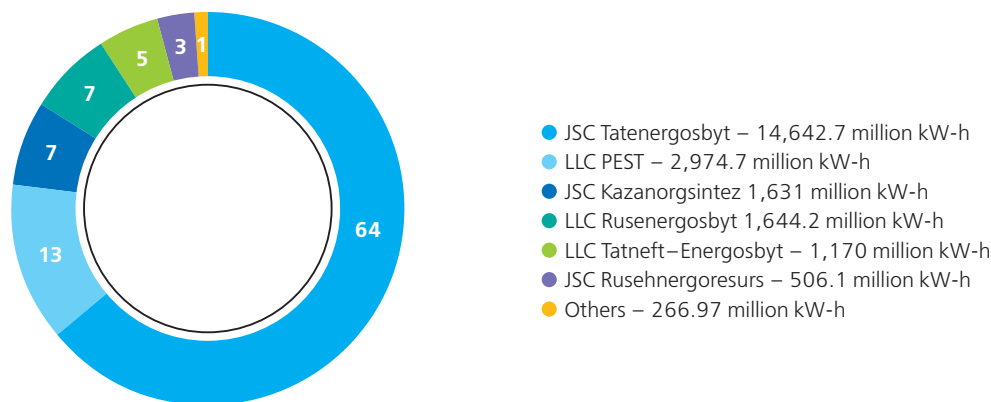
In 2015 the Allied Grid Companies provided 5,091 million kW-h to the consumers of the guaranteeing supplier and other power supply companies.

Shares of provided services by Allied Grid Companies in 2015, million kW-h



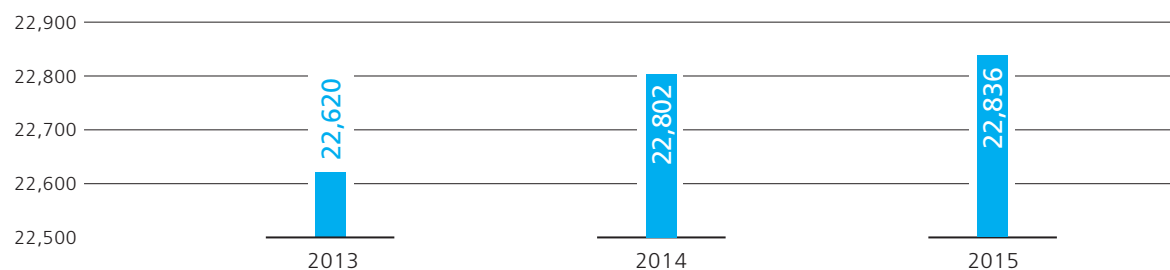
In 2015 the volume of electric power transmission services provided to the consumers of the guaranteeing supplier amounted to 14,643 million kW-h and the volume of services provided to the consumers of other energy sales companies and direct service consumers amounted to 8,193 million kW-h. Therefore, the volume of electric power transmission services provided to the consumers of the guaranteeing supplier makes up 64% and the volume of services provided to the consumers of other energy sales companies and direct service consumers amounted to 36% out of the total volume of provided services.

Shares of energy sales companies in the amount of services provided by JSC "Grid Company" according to "kotel-seti" in 2015, million kW-h



In 2014 JSC "Grid Company" as a Grid Paying Organization has rendered the electric power transmission services for the consumers in the Republic of Tatarstan in a volume of 22,836 million kW-h, which is for 34 million kW-h or 0.1% more than in 2014.

Dynamic of the volume of provided services according to "kotel-seti" scheme, million kW-h



Measures for reduction of electric power losses in 2015

In accordance with the requirements of the Federal Law No 261 from 11/23/2009 "On the Energy Conservation and the Improvement of Energy Efficiency" the Company fulfils a program of the Energy Conservation, which includes the measures aimed at the reduction of the power losses in the networks and the improvement of the electricity metering systems.

In accordance with the result of realization of the ATA (Administrative and Technical Actions) plan in 2015 electricity losses were reduced by 19.1 million kW-h. The following measures can be distinguished:

1. Measures for reduction of technical losses: optimization of places of the double-fed line disconnection; power cut of transformers on substations with two or transformers in mode of small load; power cut of transformers with seasonal loading; load equalization of phases in electric grids; replacement of underloaded and overloaded transformers; rewiring on overloaded lines, etc. Reduction of power losses due to the measures of this group amounted to 14.2 million kW-h.
2. Measures for reduction of business losses: reduction of electrical energy losses by means of exposure of unaccounted electricity consumption by consumers. Reduction of power losses due to this measure amounted to 4.9 million kW-h.
3. Measures for improvement of energy accounting: replacement of current transformers; labeling and sealing of energy consumption accounting device; replacement (installation) of electricity meter with expired stamp of verification; defective and outdated, etc.

4.2. TECHNOLOGICAL CONNECTION

Technological connection (TC) is a service package provided by grid network TC companies to entities and persons. This service provides the technical capability of electricity power usage or output and includes the actual connection of power receivers, energy production facility and also power grid facilities owned to grid companies or other persons, to the grid network organizations.

Framework documents regulating the activities of technological connection to electric networks of network organizations are:

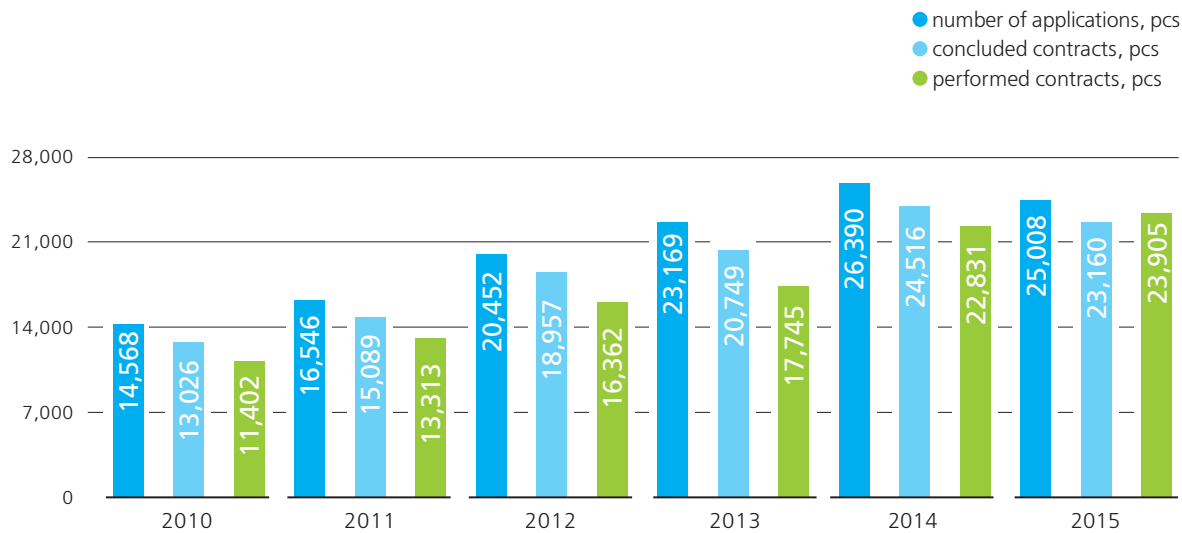
- Federal Law on 03/26/2003 No 35-FL "On Electric Power Industry";
- Regulation of the Government of the Russian Federation on 12/27/2004 No 861 "On approval of regulations of non-discriminatory access to electricity transmission and this service delivery, regulations of non-discriminatory access to operational dispatch management in the electric-power industry and this service delivery, regulations of non-discriminatory access to trading system administrator services of the wholesale market system and this service delivery, regulations of technological connection of consumer's power devices, energy production facility and also power grid facilities owned to grid companies or other persons, to the grid network organizations".

Activity results upon services provision of technological connection in measurement units for 2015

In 2015 JSC "Grid Company" received **25,008 applications for technological connection** for the total maximum capacity in **1,065.824 GW** (in comparison with 2014 year it is less for 5.2% in number and less for 10.2% in power).

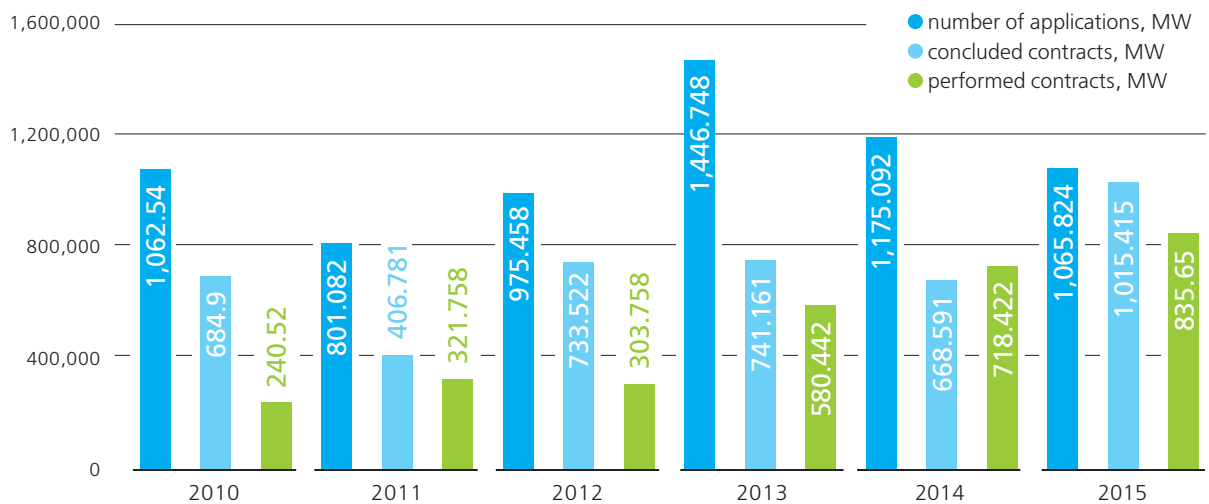
In 2015 the Company signed **23,160 contracts for technological connection** for the total maximum capacity in **1,015.415 MW** (in comparison with 2014 year it is less for 5.52% in number and more for 51.7% 1 in power).

In 2015 the Company performed **23,905 contracts for technological connection** for the total maximum power in **835 MW** (in comparison with 2014 year it is more for 4.7% in number and more for 16.2% 1 in power).



Changes of maximum power on applications and contracts for technological connection from 2010 to 2015

- applications for total maximum power 1,065.824 MW
- concluded contracts for total maximum power 1,015.415 MW
- performed contracts for total maximum power of 836 MW



The main share in the number of performed contracts is amounted to 82.18% or 19,645 pcs. and are used for individual persons, representatives of small businesses and noncommercial organizations. The value of connected maximum power of these group applicants for 2015 is 239 MW or 28.6% of the total value of the electric power for this period.

Individual projects of technological connection for 2015

In 2015 were performed 8 contracts on the individual project with the following companies:

- JSC Special Economic Zone Innopolis;
- FSBI Exploitation management of Nizhnekamsk Reservoir;
- LLC Kama Crystal Technology;
- HA Privolzhskoye (LLC Youth Tourist Camp "Volga") - 0.71 MW, TES;
- The branch of JSC Generation Company Kazan CHP-2;

- JSC TGK-16;
- LLC Industrial Park Khimgrad Sunstation 110/10 Magnet;
- JSC Production and construction Company XXI century.

Automation of processes of technological connection

Information about technological connection which is regularly updated is posted on the official website of JSC "Grid Company" www.gridcom-rt.ru.

The process of technological connection is automated. After registration on the official website in the personal account the applicant has an opportunity to:

- send an application for technological connection in electronic form;
- observe the applicants performing (till the signing of the contract for technological connection) in real time;
- receive information about the status of documents in terms of services for technological connection and terms of contract preparation period.

The measures for automating of technological connection realization were held during 2015

| | |
|---|--|
| Automation of reporting system in CS "Register of contracts execution control for technological connection" for usage on table computers | Improvement of the function on the notifications formation of missing data, which allows to send notification by e-mail directly to the applicant of the GCM IS "e – net" |
| Creation of functional which allows to register and calculate applications for reconstruction/ renewal of documents on technological connection in the GCM IS "e – net" | Creation of opportunity for fixation of the applicant notice about realization of measures on his part provided the technical specifications in the GCM IS "e-Net" |
| Development of an algorithm for automated formation of payments schedule depending on the terms of the contract for technological connection | Improvement of functional of group changes under the contracts for technological connection the GCM IS "e-Net" early fulfillment of measures under TC on the part of the applicant |
| Creation of functional which allows to register and to take into account the applications for reduction of the maximum power in favor of JSC "Grid Company" in GCM IS "e-Net" | Creation of opportunity for copying documents from electronic archive of GCM IS "e-Net" from one application to another |

Constant intense control over processes connected with technological connection is required because of the importance of the technological connection activities of new consumers.

Creation of automated reporting system in CS "Register of contracts execution control for technological connection" for usage on table computers. Reports in CS "Register of contracts execution control for technological connection" for usage on the table computers are developed for guidance for control and quality improvement of technological connection services in JSC "Grid Company".

In the reporting system it is able to find all detailed information on applications and projects, contracts and basic indicators of technological connection in all branches of JSC "Grid Company".

Terms of contracts execution for technological connection

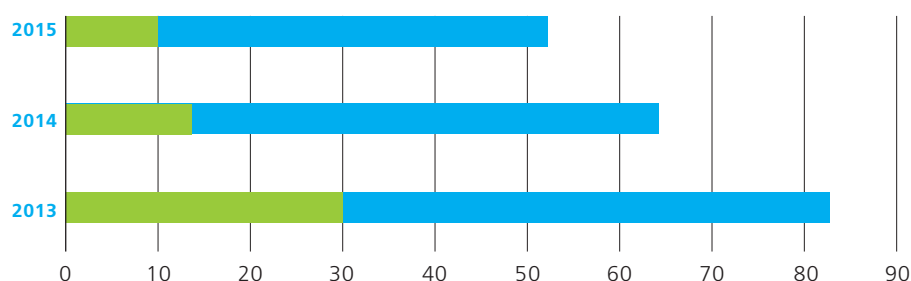
In accordance with the objectives formulated in the action plan of "Road map" on "Improving accessibility of energy infrastructure" which is approved by the Decree of the Russian Federation Government on 06/30/2012 No1144-p in 2015 the Company should achieve a benchmark of term for reduction of all stages by the Applicant to **45 days**.

Summing up 2015 year the consolidated weighted average term of the applicant's power devices connection to the electric grids of JSC "Grid Company" amounted to **53 days**, including:

- terms for preparation and direction of draft contracts to applicant – **10 days**;
- terms for performance of a contractual obligation by JSC "Grid Company" on creation of conditions of technological connection for the applicant – **43 days**.

By comparison of the statistic for 2015 (**53 days**) with the results of (**64 days**) improvement composed **17%**.

The average weighted term of connection



| | 2013 | 2014 | 2015 |
|--|------|------|------|
| ● Terms for preparation and issuance of draft contracts | 30 | 13 | 10 |
| ● Terms of obligations realization by JSC "Grid Company" | 52 | 51 | 43 |

The Republic of Tatarstan became one of the leading regions of the Russian Federation based on the results of final rating of 2015 year which is aimed on improvement of investment rating of the Russian Federation's subjects. Proven experience of the Republic of Tatarstan on the efficiency of connection to the power grids (A5 factor), on the work with specialized (competent authority) organization for encouragement of investments and involvement with investors (B3.3), contentment of entrepreneurs by availability of necessary qualifications labor resources (Q4.2) allowed to be included to Collected books of National rating best practices, which is formed on the results of the leading business associations and the Autonomous Noncommercial Organization "Agency for Strategic Initiatives for new projects promotion" (ASI).

JSC "Grid Company" whose activity is highly appreciated by expert represented the Republic of Tatarstan according to the efficiency factor of the connection to the power grid.

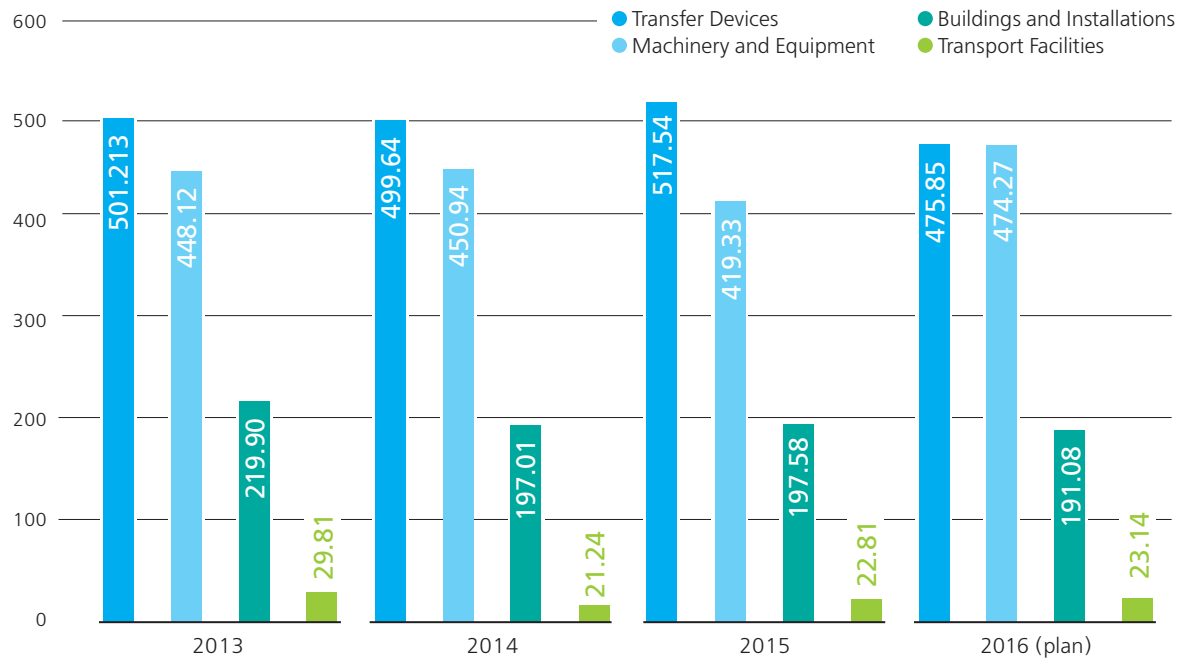
| LEADING REGIONS | | | | | | |
|-----------------------------------|-------------------------------------|--------------------------------|-----------------------|------------------------------|---------------------------|--|
| Subject of the Russian Federation | Rating according to integral rating | Rating according to directions | | | | |
| | | Regulatory environment | Business Institutions | Infrastructure and resources | Support of small business | |
| Republic of Tatarstan | I | A | A | A | B | |
| Kaluga Region | I | A | A | C | A | |
| Belgorod Region | I | C | A | A | B | |
| Tambov Region | I | B | A | B | C | |
| Ulyanovsk Region | I | B | A | C | C | |

According to Autonomous Non-Commercial Organization "Agency for Strategic Initiatives for promotion of new projects" (<http://asi.ru>)

4.3. TECHNICAL SERVICING AND REPAIR

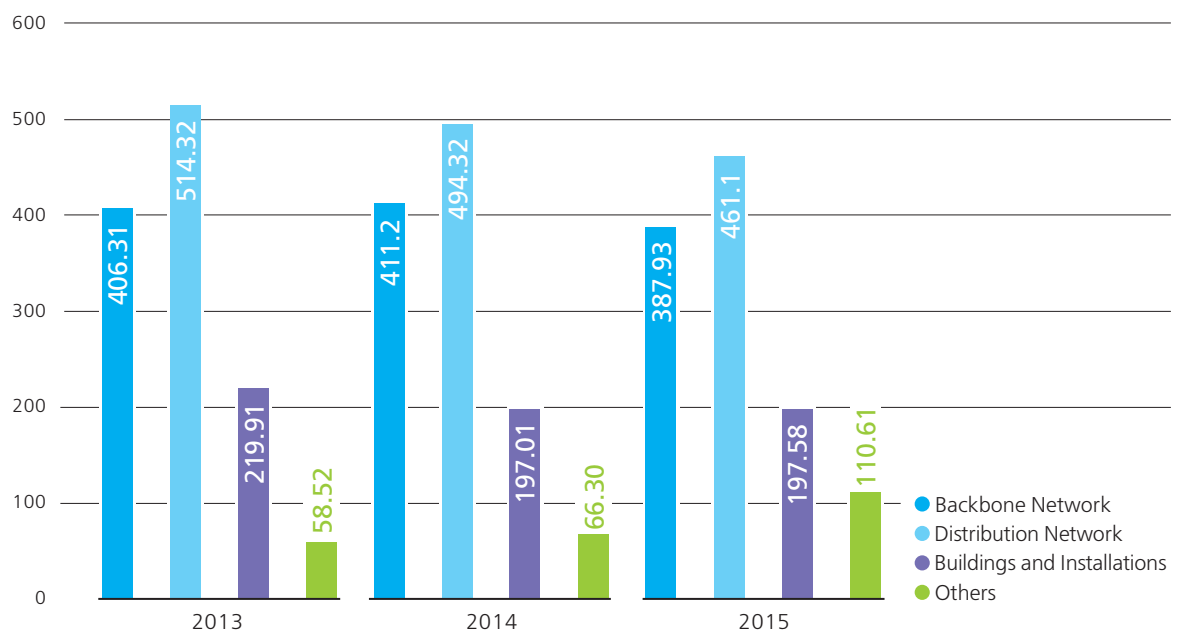
Repairing activity

Maintenance expenses structure in 2013-2015, plan for 2016, million rubles



In 2015 force account work is amounted to 13.1%. JSC Grid Company's branches' maintenance staff was used a maintenance budget with the amount of 151,656,000 rubles.

The dynamics of maintenance expenses changes, million rubles



Providing the actual volume of major maintenance works of the Company's production facilities in 2013-2015

| Facilities | Units of Measure | 2013 | 2014 | 2015 |
|--|------------------|--------|--------|--------|
| BACKBONE NETWORK: | | | | |
| Integrated maintenance of the substations of 35-500 kV | pcs. | 12 | 8 | 8 |
| Major maintenance for equipment of the substations of 35-500 kV | million rubles | 149.26 | 154.25 | 170.26 |
| Major and medium maintenance of power transformers of 35-500 kV | pcs. | 28 | 25 | 25 |
| Major maintenance of OHL of 35-500 kV (standard) | km | 1,028 | 1,318 | 925.8 |
| Substitution of concrete supports of OHL of 35-500 kV | pcs. | 83 | 112 | 78 |
| Substitution of defective ground wire of OHL of 35-500 kV | km | 176 | 242 | 143 |
| Substitution of defective insulator of OHL of 35-500 kV | thousands pcs. | 8 | 10.5 | 15 |
| DISTRIBUTION NETWORK: | | | | |
| Major maintenance of transformer substation (distribution substation) of 6-10/0.4 kV | pcs. | 487 | 387 | 364 |
| Major maintenance of OHL of 6-10 kV | km | 676 | 658 | 449 |
| Major maintenance of OHL of 0.38 kV | km | 586 | 402 | 363 |
| Major maintenance of cable lines of 0.38-10 kV | km | 30.5 | 35.3 | 33 |
| | maintenance | 1,025 | 1,127 | 1,107 |
| Major maintenance of power transformers of 1-3 sizes | pcs. | 188 | 151 | 139 |
| BUILDINGS AND INSTALLATIONS | million rubles | 219.91 | 197.01 | 197.58 |

Including maintenance of the backbone network's facilities – substations of 35-500 kV:

During steps of maintenance campaign were performed works of complex maintenance on **8** Substations 35-220 kV. Common costs of the substation complex maintenance amounted to **38.24** million rubles.

In 2015 maintenance works were performed on **25** power transformers of 35-500kV for a total amount of **31.8** million rubles.

In 2015 the cost for major maintenance of the SS equipment (35-500kV) amounted to about 138.5 million rubles.

In general were made following repairs on the equipment of the SS 35-500 kV:

- maintenance for 190 circuit breakers of 6-500 kV;
- maintenance for switch-hear (6-10 kV) with substitution of 67 oil circuit breakers (6-10 kV) for vacuum breaker;
- maintenance for 37 disconnecting devices of 220 kV, 160 disconnecting devices of 110 kV, 117 disconnecting devices of 35 kV;
- maintenance for 3 BS (220 kV), 12 BS (110 kV), 14 BS (35 kV);
- renewal of 6 phases of voltage transformers (220 kV), 12 phases of voltage transformers (110 kV), 13 phases of voltage transformers (35 kV);
- renewal of 63 phases of VTCA on SP (110 kV), 60 phases of VTCA on SP (35 kV), 45 phases of VTCA on SP (6-10 kV);
- renewal of 5 accumulator batteries.

A variety of targets programs were performed for a total amount of 91.2 million rubles in 2015 including:

- Renewal of SS supporting isolating equipment for polymeric insulation (2,580 pcs. for a total amount of 33.5 million rubles);
- Maintenance of arcing fault of substation integration module 6-10 kV (37 protections for an amount of 25.5 million rubles);
- Maintenance of supervisory control devices (16 systems for an amount of 14.9 million rubles);
- Maintenance of control power system (7 systems for an amount of 13.4 million rubles);
- Maintenance of high frequencies protections (5 protections for an amount of 3.9 million rubles).

Specified complete repair of 114 power transmission live (35-500 kV) was performed on on the total length of 925.8 km including:

- HV lines 500 kV – 61 km;
- HV lines 220 kV – 102.3 km;
- HV lines 110 kV – 420 km;
- HV lines 35 kV – 342.5 km;
- renewal of defective protective earth wire on the overhead line sections with total length of 143 km (including 70 km of 500 kV overhead line);
- renewal of 78 defective reinforced-concrete overhead line support based on the results of pre-maintenance diagnostic;
- renewal of 15 thousands of defective insulators;
- maintenance of 590 ground network support;
- repair of 411 foundation and 677 tower body of overhead line (35-220 kV);
- correction deflection from the vertical axis of 723 supports.

Including maintenance of distribution network 0.38-10 kV:

- 449 km of overhead lines 6-10 kV were repaired, 3,347 supports were substituted, 178 km of wire (on the road) were substituted;
- 363 km of overhead lines 0.38 kV were repaired, 2,497 supports were substituted, 85 km of wire (on the road) were substituted, 2,929 line entrance were renewal in houses;
- maintenance was provided to 364 units of package transformer substation, transformer substations, distribution substations of 6-10/0.4 kV in factory conditions;
- maintenance was provided to 797 cable lines of 6-10 kV, 310 cable lines of 0.38 kV including renewal of 33 km defective places of cable, in addition there were inserted 1,712 transition joints, 99 outdoor terminations and 231 sealing ends;
- work on horizontal drilling was provided at the sections of total length 2,400 m;
- after the maintenance of cable lines there was also provided the work on land improvement with a total area of 30,820 sqm;
- maintenance was provided to 139 power transformers of I-III size in factory conditions;
- major maintenance was provided to 46 input distribution devices for multi-storied residential buildings.

Including maintenance of buildings and installations

- maintenance of industrial, administration and amenity buildings was provided at 64 substations, 22 bases of distribution zone;
- maintenance was provided to 202 buildings of construction part of transformer and distribution substations;
- maintenance of 17 oil-drip devices under power transformers;
- maintenance of 2,582 km of site fence at 18 substations;
- maintenance of production space at 113 facilities;
- face-lift at 111 facilities for the total area of 19,339 sqm;
- roof maintenance at 94 facilities for the total area of 16,672 sqm;
- maintenance of security-fire signaling system and CCTV monitoring at 12 facilities;
- maintenance of intrafacility roads, improvement and asphaltting of the territory at 3 facilities of JSC Grid Company's branches for the total area of 1,959 sqm;
- maintenance of utility communications (water supply, heating system, sewage facilities) at 13 facilities, for the total area of 2,972 pm.

4.4. ENERGY CONSERVATION AND RESOURCE EFFICIENCY

JSC "Grid Company" developed a Program on energy conservation and energy efficiency improvement which is realized for the successful development of the Company, improvement of energy efficiency and reduction of electricity transmission costs to the satisfaction of the Federal Law of the Russian Federation from 11/23/2009 No 261-FL "On Energy Conservation and Energy Efficiency Improvement and on the amendment of specific legislative acts of the Russian Federation". Energy conservation allows reducing the Company's own manufacturing costs, it is considered as a factor of the Company's economic efficiency advance.

The primary goal of the program concludes in increasing of the level of energy conservation and energy efficiency providing:

- change-over to energy-conservative way of development by ensuring the rational usage of energy resources during transmission and consumption;
- creation of conditions for improvement of the regional economy energy efficiency;
- minimization of operational (industrial) risks by ensuring the reliable operation of the equipment.

The main objectives of the program are reduction of technical losses during transmission through electric grids and improvement of expenditure efficiency of energy resources for the Company's needs.

In 2015 a set of measures for reduction of technical losses of electricity was realized in networks as a part of program, such measures as:

- disconnection of transformers at the substations with 2 and more transformers in the light-load conditions.
- optimization of working voltage in the main substations of radial networks;
- de-energizing of transformers with the seasonal load;
- balancing of the phases loads in the networks of 0.38 kV;
- reduction of power consumption for own needs on substations;
- re-establishment (introduction) of heating automation equipment and boxes embedment;
- transformer substations disaggregation (UPS and additional UTS);
- usage of transformers with a balancing winding;
- usage of transformers with relatively low level of idling losses.

As a result of these measures the reduction of energy losses during its transmission to the Company's networks in 2015 is amounted to 16,084.23 thousand kW-h which is 31.92 million rubles in money terms.

Energy conservation is also one of the defining conditions of the Company's costs reduction and improvement of its economic efficiency. As part of the directions for the energy conservation improvement for the Company's needs the basis of the program is measures for reduction of electricity consumption for the Company's household needs, such as:

- winterization of buildings;
- renewal of mercury-vapour lamps were for light-emitting-diode (LED);
- renewal of incandescent lamps and mercury-vapour lamps for energy saving ones to lighten the facilities.

According to these measures reduction of energy recourses consumption for the Company's housekeeping needs in 2015 is amounted to 263.1 thousand kW-h in 2014, which is 0.51 million rubles in money terms.

The aggregate result for energy conservation measures within the Program in 2015 became the achievement of following key indicators:

In general the program implementation allowed to achieve positive economic effects by:

| Indicator of the program | Measurement unit | Significance | |
|---|------------------|--------------|------------|
| | | plan | fact |
| Reduction of electricity losses during transmission through the Company's network | thousand kW-h | 14,912.015 | 16,084.235 |
| | million rubles | 29.082 | 31.920 |
| Reduction of electrical energy rate of consumption for the Company's needs | thousand kW-h | 154.431 | 263.096 |
| | million rubles | 0.283 | 0.506 |
| Indicators of economic efficiency (economic effect) events | million rubles | 21.685 | 23.688 |
| Costs for activities implementation | million rubles | 45.027 | 56.203 |

- reduction of the Company's financial costs for energy consumption;
- reduction of electricity losses during transmission;
- introduction of modern equipment providing energy savings.

Results of the Program's implementation for several years:

| Indicator of the program | Measurement unit | 2011 | 2012 | 2013 | 2014 | 2015 | TOTAL |
|--|------------------|------|------|------|------|------|-------|
| Reduction of electricity losses during transmission through the Company's networks | Thousand kW-h | 1.7 | 16.8 | 16.6 | 17.3 | 16.1 | 68.5 |
| Reduction of energy consumption for the Company's needs | Thousand kW-h | 0.05 | 0.5 | 0.4 | 0.2 | 0.3 | 1.4 |
| Economic efficiency indicators of measures (economic effect) | Million rubles | 1.9 | 18.3 | 24.3 | 28.0 | 23.7 | 96.2 |
| Costs for the program's implementation | Million rubles | 31.2 | 45.0 | 42.4 | 59.3 | 56.2 | 234.1 |

Successful achievement of the level of the Program's planned targets in 2015 on the base of measure's results can be a factor that demonstrates the significant potential and opportunities of JSC "Grid Company" for the development of activities in the field of energy conservation and energy efficiency.

For the period of 2016-2020 years were established following objects of the Program:

| Indicator of the program | Measurement unit | 2016 | 2017 | 2018 | 2019 | 2020 | TOTAL |
|---|------------------|--------|--------|--------|--------|--------|---------|
| Reduction of electricity losses during transmission through the Company's network | million kW-h | 17.093 | 17.050 | 17.060 | 17.055 | 17.053 | 85.311 |
| Reduced power consumption for Company's economic needs | million kW-h | 0.568 | 0.042 | 0.042 | 0.037 | 0.039 | 0.728 |
| Economic efficiency indicators of measures (economic effect) | million rubles | 26.837 | 26.073 | 26.090 | 26.075 | 26.074 | 131.147 |
| Costs for activities implementation | million rubles | 23.035 | 20.162 | 20.204 | 20.138 | 20.174 | 103.713 |

The Company continues works on the implementation of the main measures related to energy efficiency improvement and considers new energy-efficient technologies based on advanced technical solutions.

The information on volume of every kind of energy resources used by Company in 2015.

| Name | Volume | | Value, million rubles |
|----------------------------------|-------------------|---------|--------------------------|
| | Measurement units | Amount | |
| Calorific energy | thousand Gcal | 17.3 | 23.3 |
| Electric energy | million kW-h | 35.7 | 65.2 |
| Petrol | thousand ton | 0.4 | 14.8 |
| Diesel fuel | thousand ton | 1.1 | 34.5 |
| Other kinds of fuel | tonn | 34.2 | 2.3 |
| Process losses of electric power | million kW-h | 1,482.9 | 2,604.6 |
| TOTAL: | - | — | 2,744.7 |

Information on the energy consumption and energy resources use for the service needs (with energy kinds division)

| Name | Measurement unit | 2015 | |
|---|------------------|-----------|-----------|
| | | plan | fact |
| Fuel and energy resources consumption, including: | | | |
| electric energy | thousand kW-h | 38,001.01 | 35,731.11 |
| calorific energy | thousand Gcal | 19.50 | 17.33 |

4.5. PRODUCTION SYSTEM "ENERGY"

The main principles of the Production System "Energy"

The main principles of PSE were stated in the approved documents such as Declaration and Objectives for 2015.

main principles of PSE:

- involvement of all company's employees in the process of improvement;
- continuous improvement of all processes,
- improvement in the productivity and in operation safety.

PSE DECLARATION.

Декларация
о Производственной системе «Энергия» ОАО «Сетевая компания»


Основа Производственной системы «Энергия» - непрерывное совершенствование бизнес-процессов и производственной деятельности, полное удовлетворение потребностей клиентов (потребителей, заявителей) и постоянное развитие персонала компании.

Развитие производственной системы «Энергия» ОАО «Сетевая компания» базируется на следующих принципах:

- Всегда быть готовыми к изменениям, направленным на улучшение результатов деятельности Компании;
- Исполнять свои обязательства перед потребителями надежно, качественно и в срок;
- Развивать лидерские качества, как гарантию успеха преобразований;
- Разрабатывать и развивать передовые технологии и методы, постоянно сокращая период их внедрения;
- Улучшать рабочие процессы для повышения качества, производительности труда и сокращения затрат;
- Соблюдать и совершенствовать меры защиты персонала и окружающей среды с целью исключения несчастных случаев на производстве;
- Выстраивать отношения, основанные на доверии, партнерстве и личной ответственности;
- Соблюдать корпоративную культуру, поддерживающую инициативу и эффективность и способствующую взаимному уважению между сотрудниками;
- Разрабатывать, внедрять и улучшать стандарты процессов;
- Обеспечивать постоянный открытый обмен опытом в компании, развивая систему наставничества;
- Сохранять и развивать социальную направленность деятельности компании.

Для внедрения и развития современной и гибкой производственной системы «Энергия» менеджмент ОАО «Сетевая компания» обязуется:

- Принимать личное участие в преобразованиях компании, участвовать в решении проблем на рабочих местах;
- Вовлекать стратегических партнеров компании в процесс внедрения бережливого производства;
- Создать динамичную организационную структуру, обеспечивающую выполнение стратегических целей;
- Доводить до каждого сотрудника цели компании, обозначить права и ответственность;
- Обеспечивать сотрудников необходимыми ресурсами и информацией для выполнения возложенных обязанностей;
- Создавать условия для обучения и повышения уровня знаний персонала;
- Признавать заслуги и достижения сотрудников через справедливую систему материальной и нематериальной мотивации;
- Поддерживать и поощрять позитивную эмоциональную атмосферу работы, стремление к знаниям и инновациям;
- Принимать во внимание инициативы сотрудников, оказывать содействие в их реализации;
- Выделять ресурсы и создавать условия для безопасного труда и непрерывных улучшений

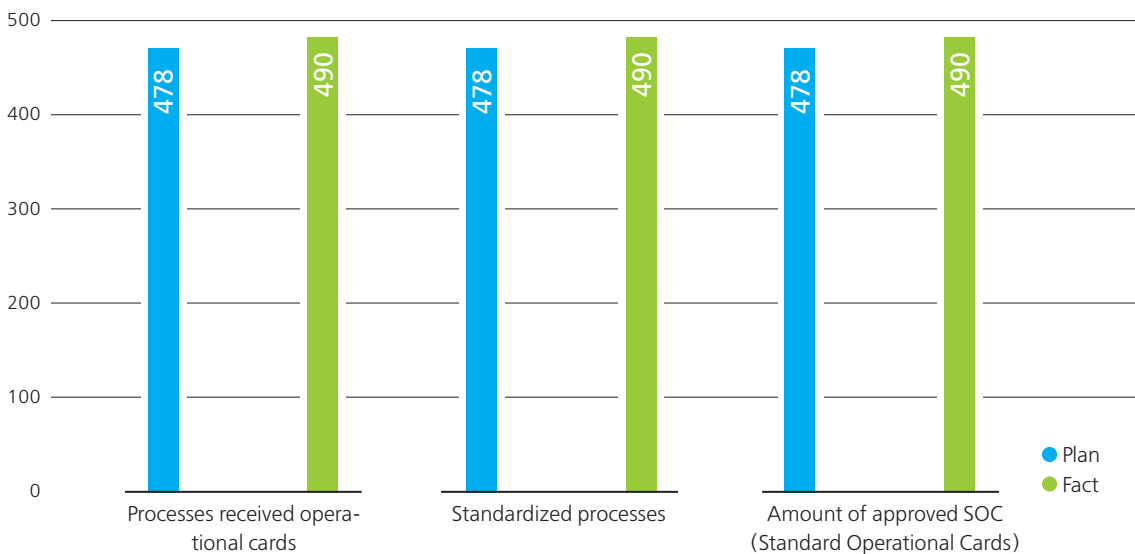
Генеральный директор  И.Ш. Фардиев

Planned and achieved results of implementation in 2015.

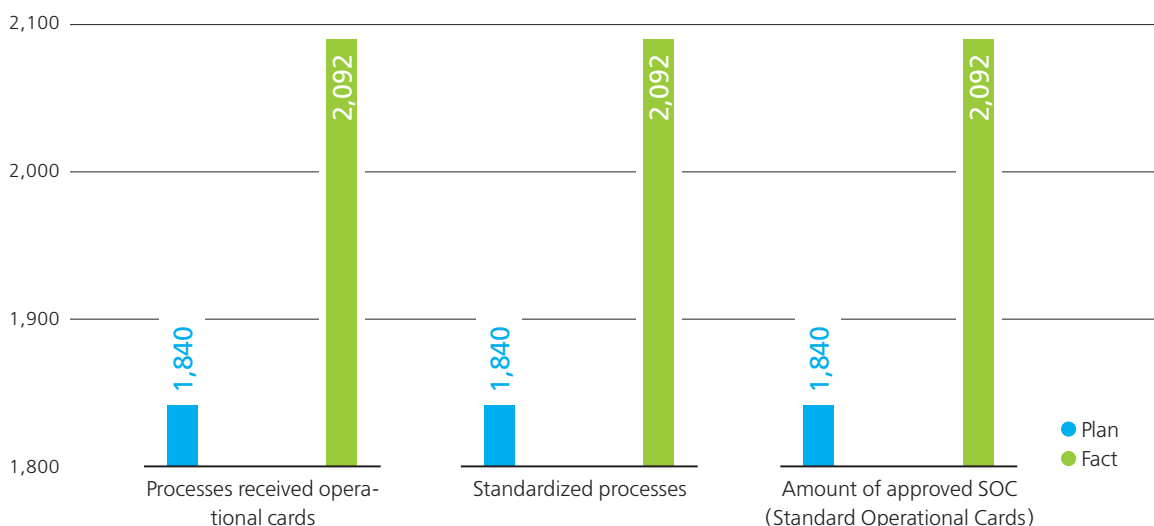
Main obtained results of achievement of PSE objectives in 2015:

In 2015 were developed and approved standard operational cards for all basic industrial processes and processes in offices. The Company's staff made a great job that allowed to approve 490 standard operational cards by processes for PDZ and 2,092 cards for service processes. The cards obtain detailed step-by-step-guide instructions about processes implementation and also necessary work-wear and materials, key risk and safety statements about each operation, and important job safety rules and accident prevention during the process of operations.

Standardized processes in reference PDZ in 2015, pcs.

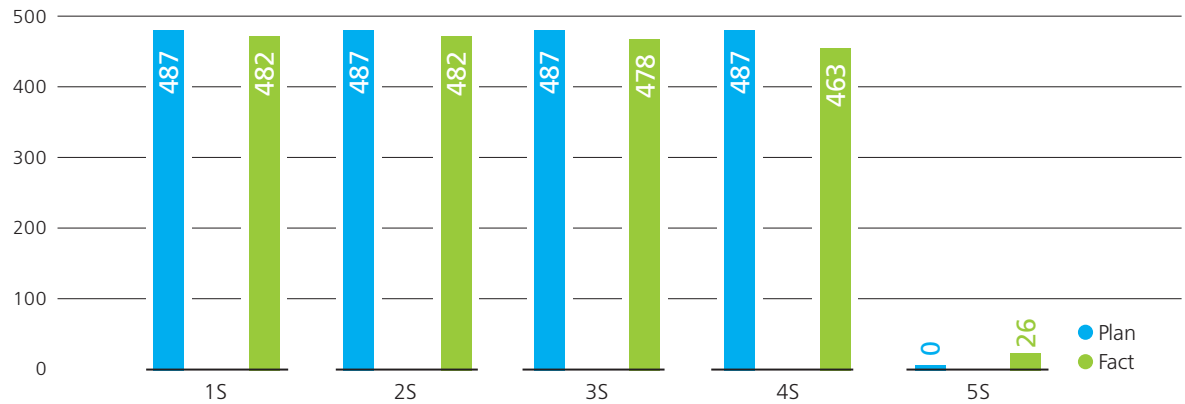


Standardized processes in the referenced services (departments) in 2015, pcs.



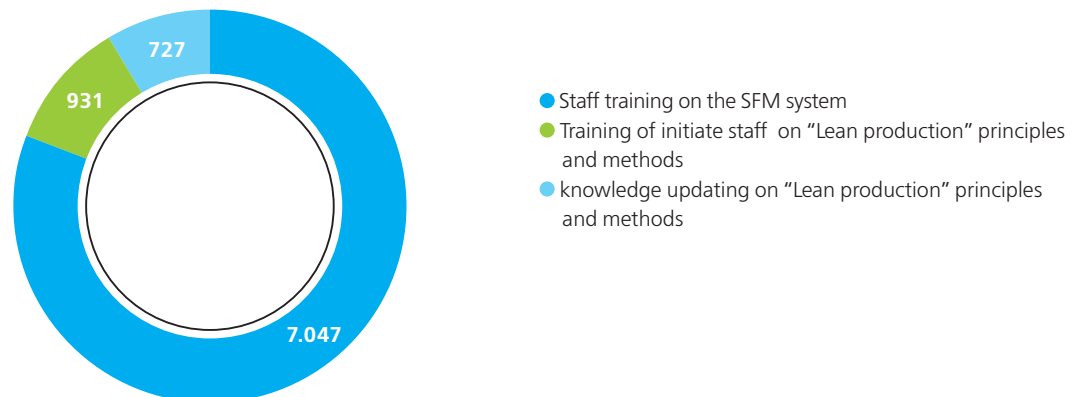
Work on the system implementation of rational organization of 5S working places was continued. According to the results of 2015 33 work-places standards were developed and approved in the PDZ, including standards for automotive equipment, which collected the best experience of branch staff on the workplace organization. According to the results of 2015 463 units have implemented 5S system to step 4S inclusively.

The number of units that have implemented the steps of 5S system, pcs.:



Much attention is paid to training of initiate staff and knowledge updating of present staff. Development of training materials which are contained in public access. Induction training on implementation of Lean production was held for initiate staff (931 people). Also in the past year, we held training of all staff, i.e. 7,047 people, according to SFM system which is the process control system of the value creation places.

Number of trained staff, person



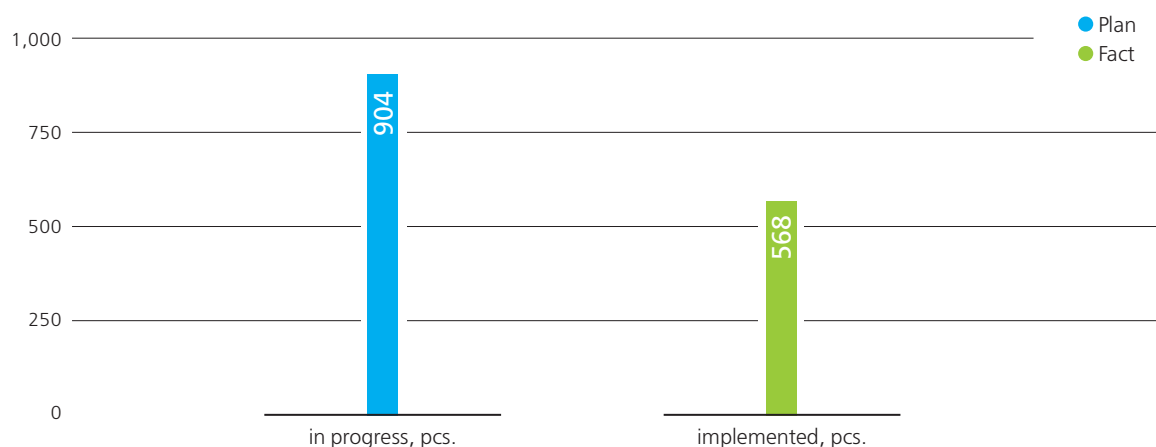
In 2015 the Company received 13,258 kaizen-proposals or 1.9 pcs. Per 1 employee, 11,736 proposals or 93% of the accepted were implemented. Most part of suggestions was directed to optimization of operational process technique.

Number of kaizen proposals, pcs



The status of kaizen-projects received kaizen-proposals which demand for their realization creation of cross-functional group. In 2015 904 projects for improvement of activity were in progress, 568 of which were implemented.

Number of projects aimed to the performance improvement, pcs



4.6. PROCUREMENT ACTIVITY

Principles, key objectives of procurement activity

In time of procurement of goods, works and services JSC "Grid Company" is guided by the following principles (key objectives):

- purchasing disclosure;
- equality, justice, lack of discrimination and unreasonable limitation of competition in respect of the procurement participants;
- target and economically efficient expenditure of monetary resources for procurement of goods, works, services (taking into account the lifecycle cost of procurement production) and the implementation of measures aimed at cost reduction of customers;
- no limit for admission to procurement by establishing unmeasured demands to the procurement participants;
- corruption prevention and other irregularities.

Regimentation of procurement activity

The Company's procurement activity is regulated by the legislative laws and regulations:

- Federal Law on 07/18/2011 No 223-FL "On procurement of goods, works and services by certain entities";
- Federal Law on 05/05/2013 No 44-FL "On contract system in the sphere of goods, works and services procurement for state and municipal needs";
- Resolution on 09/17/2012 No 932 "On approval of the regulations of plan formation of goods, works and services procurement and the requirements to the form of this a plan";
- Resolution on 06/21/2012 No 616 "On approval of goods, works and services enumeration, the procurement of which is implemented in electronic form";
- Resolution on 11/22/2012 No 1211 "On maintenance of register of unconscientious suppliers provided by the Federal Law "On procurement of goods, works and services by certain entities";
- Resolution on 12/11/2014 No 1352 "On participation peculiarities of small and medium-sized entities in the procurement of goods, works and services by certain entities";
- Resolution on 10/31/2014 No 1132 "On the rules of procedure of the contracts register concluded by customers as a result of the procurement".

In 2015 during procurement procedure the Company follows local normative acts:

- Regulation on the procurement of goods, works and services for the needs of JSC "Grid Company" from 01/15/2015;
- Regulations on cooperation with the procurement of goods, works and services of JSC "Grid Company";
- Regulation on the procurement procedures for the supply of goods, works and services for the needs of JSC "Grid Company" under the contracts, cost of which does not exceed 500 thousand rubles. (VAT included);
- Regulations on the Central Procurement Committee.

A list of goods, works and services, which are purchased only by small and medium-sized businesses, is approved and published in accordance with the Regulation of the Russian Federation Government on 12/11/2014 No 1352 "On peculiarities of the participation of small and medium entities in the procurement of goods, works and services by certain entities".

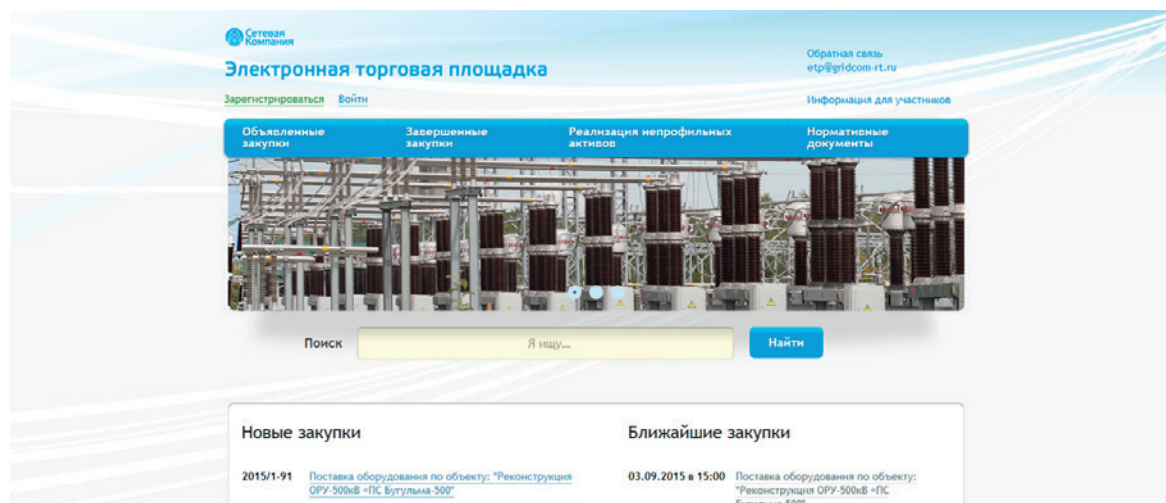
During 2015 as in the previous year JSC "Grid Company" conducted training and roundtable discussion in a part of procurement activity for branch employees.

Results of procurement activity in 2015

In 2015 for the first time to work the Company worked in the conditions of the mandatory implementation of contracts with small and medium businesses. The volume of contracts concluded with small and medium businesses is amounted to 57.39% against 9% established by legislation.

In 2015 over 70% of competitive procurements of JSC "Grid Company" were held in electronic forms on its own electronic trading platform etp.gridcom-rt.ru, the main advantage for participations of which is the absence of participation fee in procurements of the Company.

74.4% of the participants registered on the electronic trading platform in 2015 are small and medium businesses.



As part of the procurement activity automation was crated an automated procurement management system (APMS), which allows to:

- centralization of all procurement procedures;
- procurement of geographically dispersed offices in a single information space;
- creation of single reference book of prices;
- unification of planning, procurement procedures, contract work in consolidated set;
- reduction of duplication of data input and report preparation automate;
- errors exception in the time of re-entering data due to the integration of related information systems;
- automation of data placement in the Unified Information System (UIS).

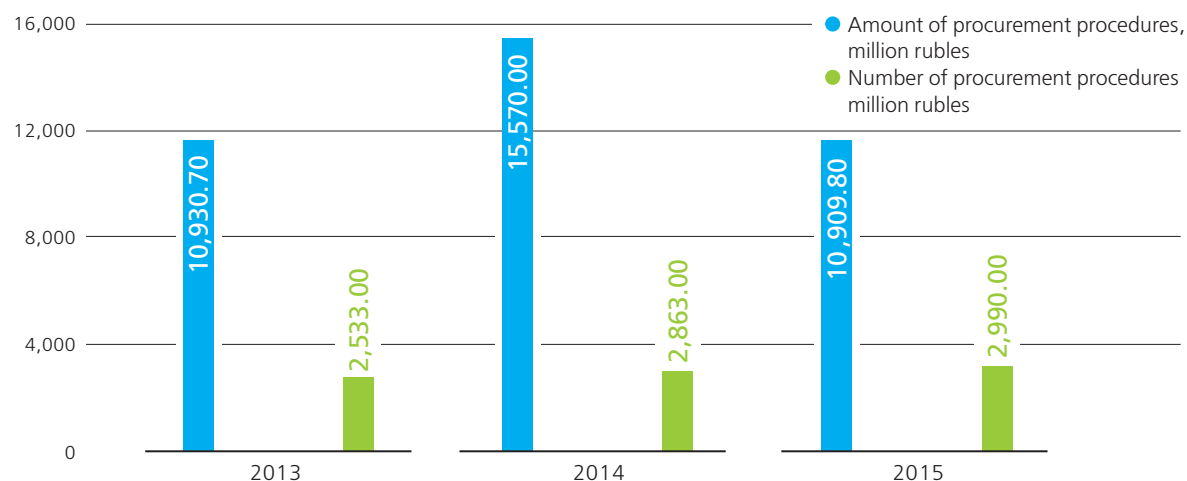
Since May of 2015 JSC "Grid Company" work on the implementation and adaptation of the referenced data system including centralized referenced book of materials, replacement parts and equipment on the basis of product "1C Enterprise 8 MDM".

The software "1C MDM" is an instrument which allows to achieve a unified approach (standard) in the names / descriptions of stock items and also to avoid incomplete (insufficient) information in the records of a centralized referenced book.

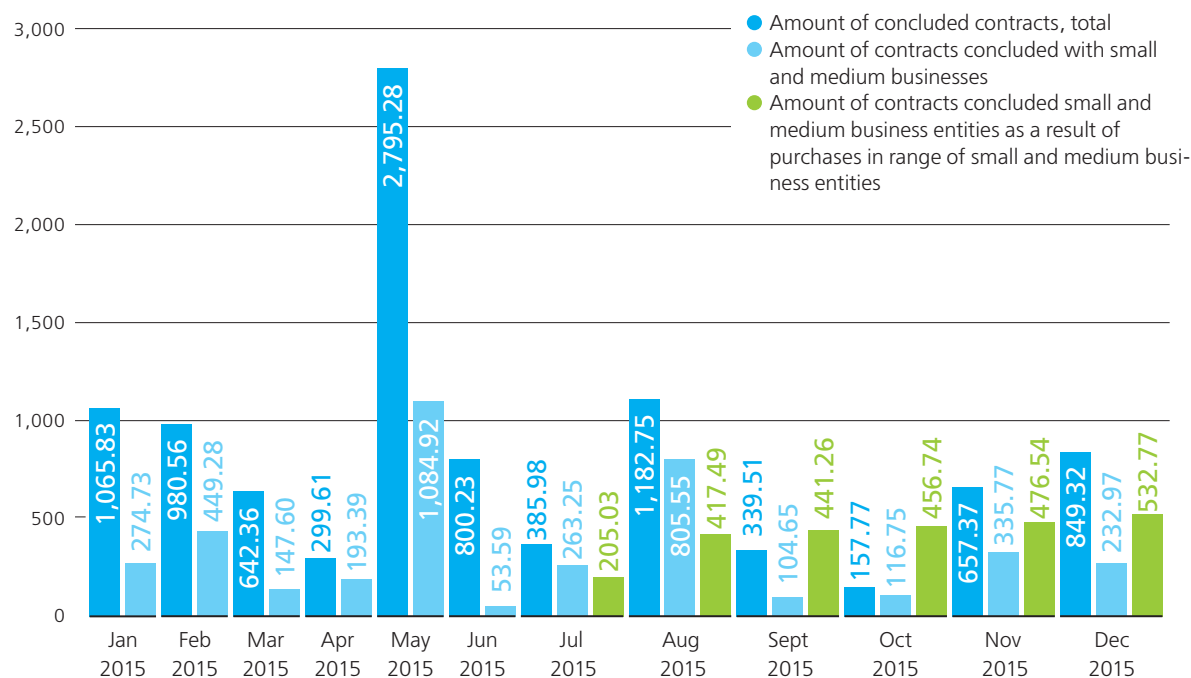
New referenced book of materials, replacement parts and equipment today consists of 20,583 normalized nomenclatures of stock items and replacement parts, in centralized referenced book nomenclatures of standard equipment is impossible without the initiative of technical services.

Realization and implementation of a unified system of APMS and MDM based on 1C allows to centralize procurement and realize standard functions in a single software product.

Dynamics of procurement procedures in 2013-2015



Dynamics of small and medium enterprises procurement in 2015, million rubles



The background is a vibrant blue with various shades and organic, flowing shapes that create a sense of movement and depth. The shapes are layered, with some appearing as soft, glowing halos around others.

05

**Investments
and Innovations**

A fresh approach is
a creative thinking



5.1. INVESTMENTS AND INNOVATIONS

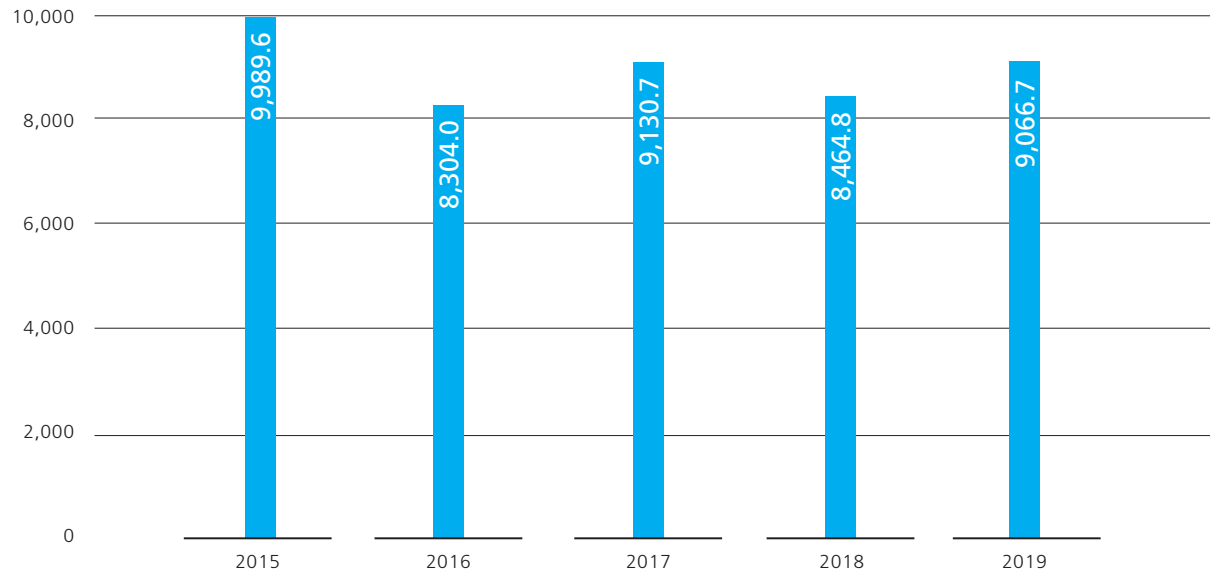
General description of the investment program. The long-term investment program

The basic concept of the Company's investment activity is solution of the problem concerning maintenance of reliable and quality power supply to consumers, which requires implementation of measures for promotion of current level of equipment performance and network update.

The investment program of JSC "Grid Company" for 2015-2019 years is approved by the Order of the Ministry of Energy of the Russian Federation from 09/09/2014 No 585.

The volume of the investment program for 2015-2019 is amounted to 44,955.8 million rubles (including VAT).

The volume of the company's investment program for 2015-2019, million rubles (including VAT)



Key investment projects

The main priority direction of the Company's investment projects implementation in 2015:

1. Safe and uninterrupted electric power supply for Kazan power district and venues of the World Aquatic Championship 2015 and FIFA World Cup 2018:
 - Reconstruction of Kinderi substation of 500 kV;
 - Construction of OHL of 220 kV Schyolokov - Tsentralnaya;
 - Reconstruction and construction of distribution networks of 0.4-6 (10) kV in Kazan and its suburb.

2. Provision of safe power supply to consumers of municipalities and cities of the Republic of Tatarstan:
 - Reconstruction and construction of distribution networks (DS, TS, OHL, CL of 0.4-6/10kV);
 - Reconstruction and construction of repair and production bases PDZ;
 - Construction and reconstruction of distribution networks provided by finances received under contracts of purchase according to the program of the State Housing Fund under the President of the Republic of Tatarstan;
 - Reconstruction of facilities of SUE RT "Electric Networks";
 - Construction of distribution networks under contracts on consumer's technological connection (TC).

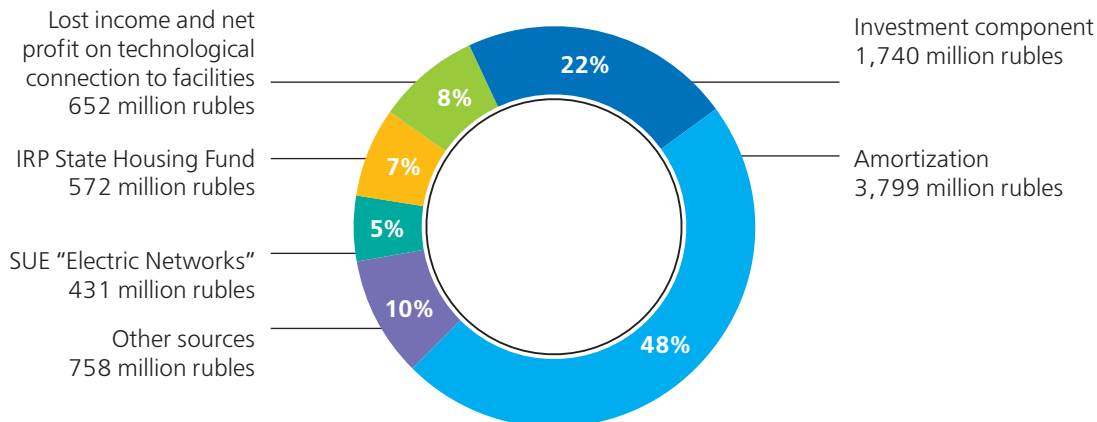
3. Implementation of measures under approved by the Government of the Republic of Tatarstan Plan of organizational and technical measures aimed at improvement of the reliability of power supply Nizhnekamsk power district of the Republic of Tatarstan, aimed at ensuring the reliability of electricity supply industrial enterprises, oil and petrochemical enterprises:
 - Construction of SS Begishevo 220 kV;
 - Construction of SS Schelokov – Begishevo 220 kV;
 - Construction of ACL Begishevo – TANECO 220 kV.

Budget Sources for the Company's Investment Activity and Capital Investments in 2015

The budget sources of capital construction plan in 2015 for electric power transmission are amortization, investment component in the tariff for electric power transmission and other sources of capital investments findings.

The main sources of works on technical connection contracts are utility connection payment, lost income and other sources.

Realization of an investment program of non-profit organization (NPO) "State Housing Fund under the President of the Republic of Tatarstan", reconstruction of SUE RT "Electric Networks" for the investment contracts and repurchase of fixed assets SUE RT "Electric Networks" were realized at the expenses of other sources.

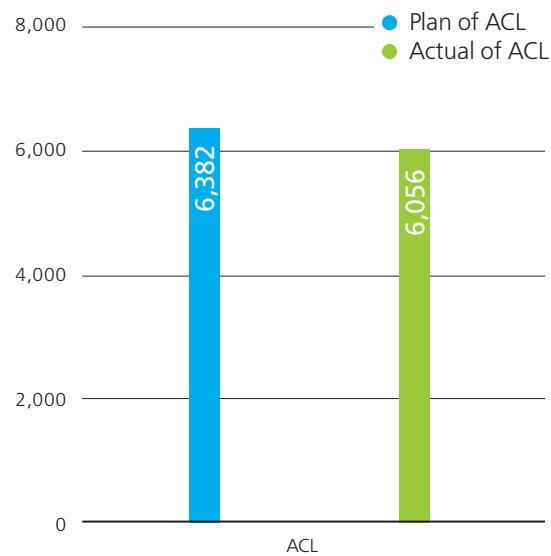


Capital Investments in 2015

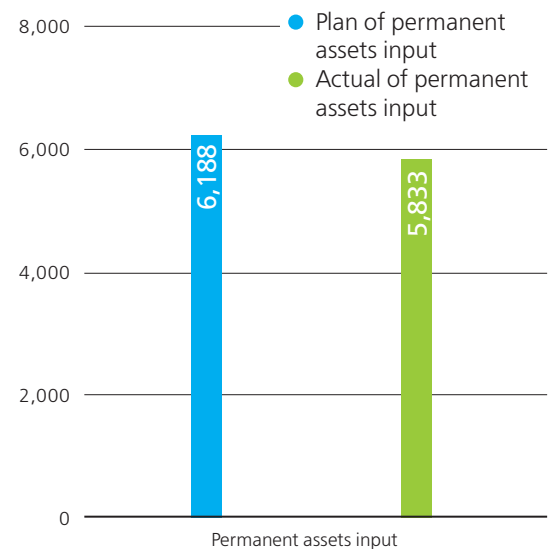
In 2015 the volume of assimilated capital investments are amounted to 6,056 million rubles excluding VAT, it is 95% of the plan, deposit of permanent assets is amounted 5,833 million rubles, it is 94% of the planned input. Power distribution in main substations of 0.4-6/10 kV facilities in 2015 is amounted to 196 MVA, the volume of power lines construction and reconstruction is amounted to 1,639 km of power lines.

Basic parameters of capital construction plan implementation of JSC "Grid Company" in 2015

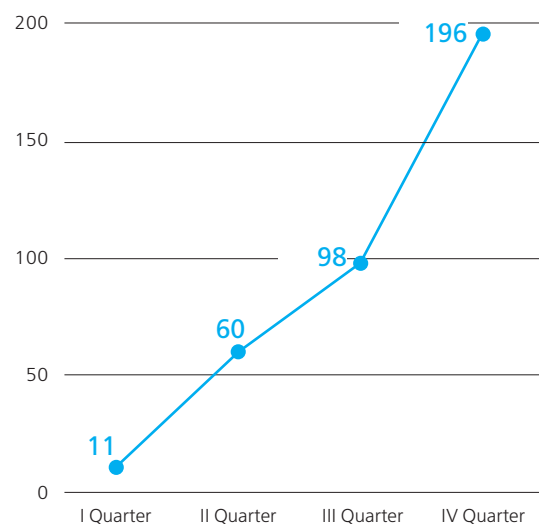
Implementation of ACL, million rubles



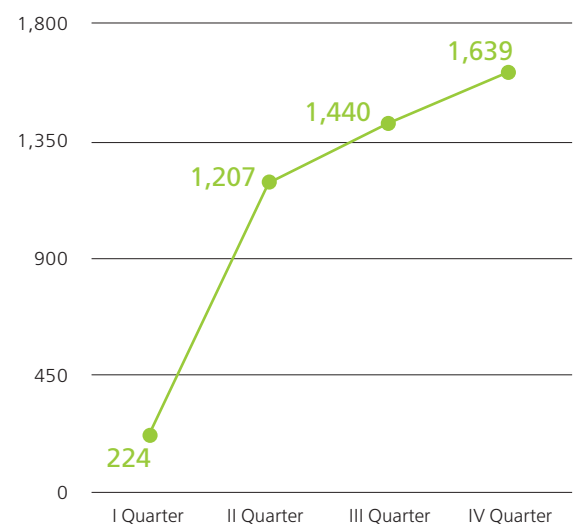
Permanent assets input, million rubles



Power distribution in the facilities power centers of 0.4-6/10 kV, MVA

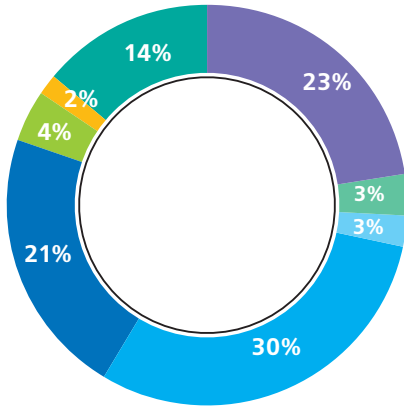


The volume of power lines construction and reconstruction, km



Also in 2015 were financed 1,896 million rubles (excluding VAT) under terms of contract for implementation of work package on condition of turnkey construction of facilities complex (220 kV) of Nizhnekamsk power district RT (then Engineering, Procurement and Construction contract). Under Engineering, Procurement and Construction contract in 2015 were heal construction of new 220 kV voltage type substation in Nizhnekamsk, construction of Begishevo receiving power supply from 500 kV substation Schelokov and construction of 220 kV metalclad substation TANECO with construction of 220 kV OHL Begishevo - TANECO.

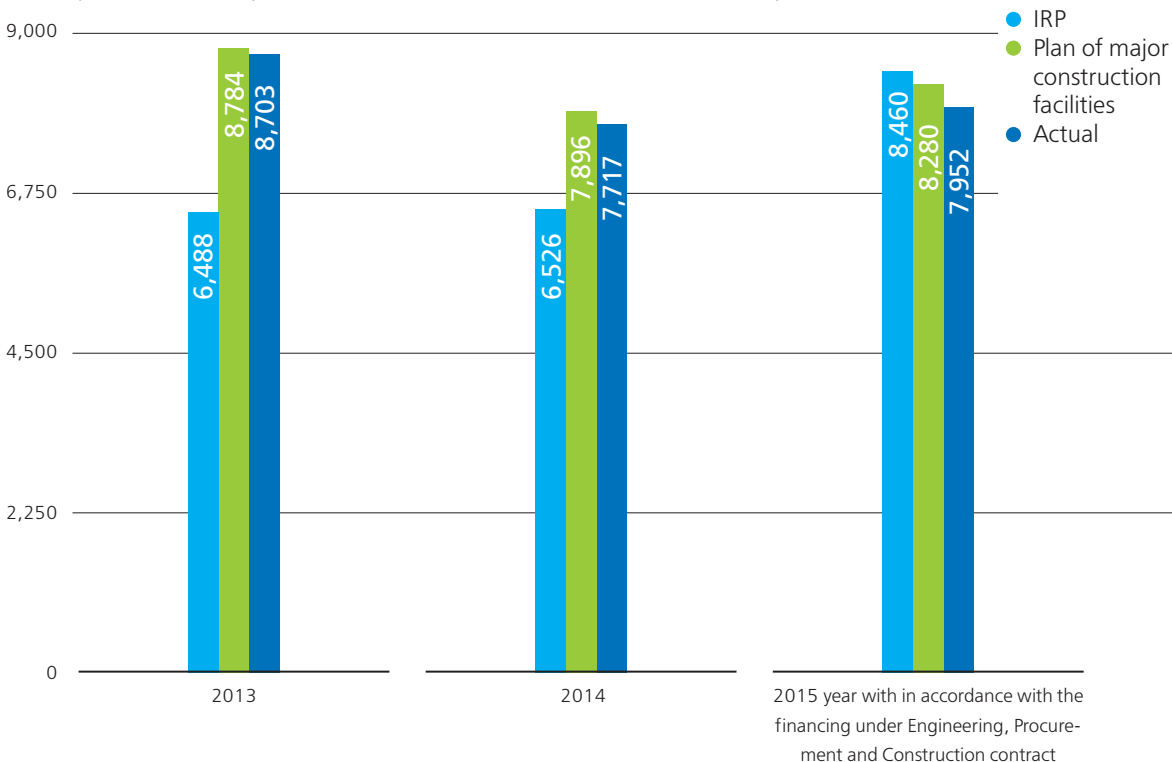
The structure of the Company's capital investments for 2015



- construction and reconstruction of distribution networks 0.4-6 (10) kV
- capital works on technological connection
- construction and reconstruction of administrative buildings, production facilities, buildings PDZ
- measures on energy saving and energy efficiency, antiterrorist security of facilities
- Others (Ready-to-operate equipment, Design and Survey work, attainment of fixed assets, expenses for concession of land)
- new construction (construction of facilities of Nizhnekamsk power district Under Engineering, Procurement and Construction contract)
- reconstruction, expansion and modernization of substations 35/110/220/500 kV
- reconstruction, expansion and modernization of lines 35/110/220 kV

Investment dynamics in 3 years

In comparison with the year 2014 the investments volume has increased by 3% in 2015.



5.2. INNOVATIVE DEVELOPMENT

The Company's policy in the field of innovation development

The Company's innovative policy in 2015 was aimed at efficient replication of innovative solutions, correction of minuses in regulatory and systematic maintenance of operation processes of electric grid complex and development of mutually beneficial relations with the regional innovative enterprises.

The process of the Company's innovation development involves the introduction of progressive energy conservation equipment, smart engineering solutions and technologies which are the results of new techniques and technologies introduction and the results of research and development work implementation.

The success of this innovative development is confirmed by the award "Best Innovation Company in the energy industry" according to the results obtained by the National Industry Award "Innovation Way".



Description of Innovative Development Program

Innovative program of JSC "Grid Company" for 2011-2015 approved by the Board of Directors on 02/14/2012 developed with due account for the Company's integration into the overall process of the country's innovation development and conjuncture of electric power industry.

The Company's innovative activity management is realized in accordance with the following basic principles:

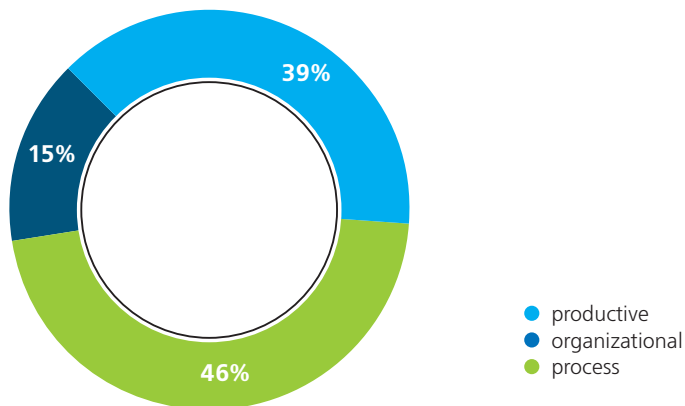
- Collectivity in important decision-making in the course of innovations planning including the approval by the Company's Research and Development Board;
- Integration of the innovative activity into investment and business activities of the Company, coordination of labor and resources;
- Provision of ecological, information and personnel security.

Structure of costs for innovative activity in 2015 in the context of the Company's investment program

In 2015 as a part of the investment program the Company devoted more than 64.6 million rubles for advanced development and introduction of forefront of modern research in field of electric equipment protection, replication of smart grids experience, development and deployment of groundbreaking technologies and methods for improvement of the electricity supply reliability and security for consumers in the Republic of Tatarstan.

Innovation, thousands rubles

| productive | process | organizational | Total |
|------------|------------|----------------|-------------------|
| 24,960.154 | 30,032.167 | 9,606.37 | 64,598.691 |



Activity of the Company's Coordinating Council of Science and Technology

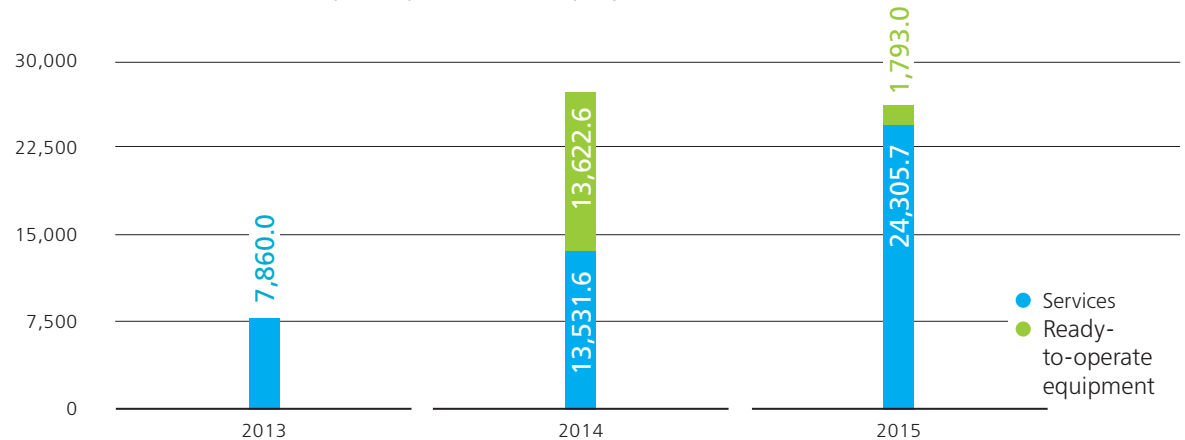
The Company's Coordinating Scientific and Technical Council was created in 2011 with the aim of creation and realization of single unified, technical and operational policy in the Company's grid complex. The Council is formed from the business technical managers, unit supervisor and Chief Technology Officers of the Company's branches. In 2014 in term of optimization the structure of the Scientific Council was divided into three sections: "Technologies and equipment of transmission lines", "Technologies and structure of substation equipment" and "Automation mode control and automatic control employment in electrical networks".

In 2015 were held 6 Coordinating Scientific and Technical Council meetings where were considered following questions:

- establishment of a program of import equipment substitution by domestic equivalent;
- determination of the best company's rationalisers;
- approval of the Research and Advanced Development plan for the 2016-2020;
- approval of the JSC "Grid Company" technical policy;
- approval of the Research and Advanced Development list performed by small innovative enterprises for the needs of JSC "Grid Company" with the state co-financing under the program "Promotion".

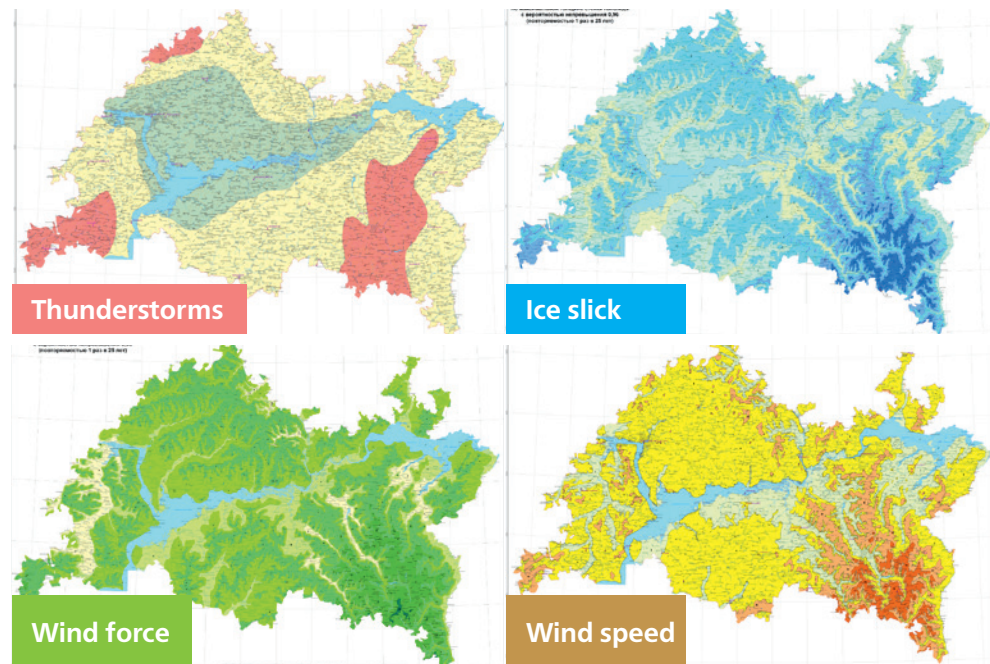
Research and Advanced Development: Dynamics of funding over the past three completed financial years

15 Research and Advanced Development with common value of 26,098.7 thousands rubles were included in the Research and Advanced Development plan of the Company.



In 2015 the main scientific developments of the company in the electricity sector were:

- Research work "Forecast development for electric peaks in the main substations of JSC "Grid Company" 35 kV or more for the period until 2020»;
- Research work "Regional maps of RT climatic zoning oriented for usage in new construction, reconstruction and modernization of technological re-equipment and maintenance of overhead lines".



Advanced development works in 2015 are work on creation of pilot system PLC-communication system of 0.4-10 kV lines, which is completely constructed on home equipment and complex of software and hardware tools for examination of digital multimeter and reformers.

Introduction of new design solutions, equipment, technologies and materials

Development of "digital substation" technologies

At the 220 kV substation "Magistral'naya" was put into trial operation the cabinet of microprocessing protection ShE2607 025 with support for IEC 61850 9-2 manufacture RPE "ECRA" to confirm interoperability with fiber-optic current transformers and voltage 110 kV of JSC "Profotek". This work is a pilot project development on creation of testing ground for the elements of the "digital substation", which started its work in 2012 on the substation "Magistral'naya" where was firstly tested the digital system of electricity metering on ACL "Magistral'naya – Kazanka" (110 kV).



MICROCOMPUTERIZED PROTECTION RELAY AS AN ELEMENT OF DIGITAL SUBSTATION

Technology of load center 35/0.4 kV

JSC "Grid Company" constantly improves the technology on the quality and uninterrupted power supply services provision to the population. In the area of science city Innopolis was completed the installation of transformer substation 35/0.4 kV with technology of load center. This technology is widespread in Europe, it is fundamentally new technology in provision of electricity to the settlements of the Republic of Tatarstan. The transition from 35 kV voltage directly to the class of 0.4 kV (pass over the 10 kV voltage class) allows to reduce the amount of technical losses, to provide power reserves for grid connection and to improve the quality of power supply to consumers, reducing the number of outages.



Usage of universal cable

In 2015 in Yelabuga electrical grids was held the reconstruction of overhead lines 10 kV in Asan-Elga (Kukmor district) which has a total length of 1.25 km with the usage of universal self-support cable of the brand "Excel", which is more reliable than conventional wire and is safe for usage in settlements.

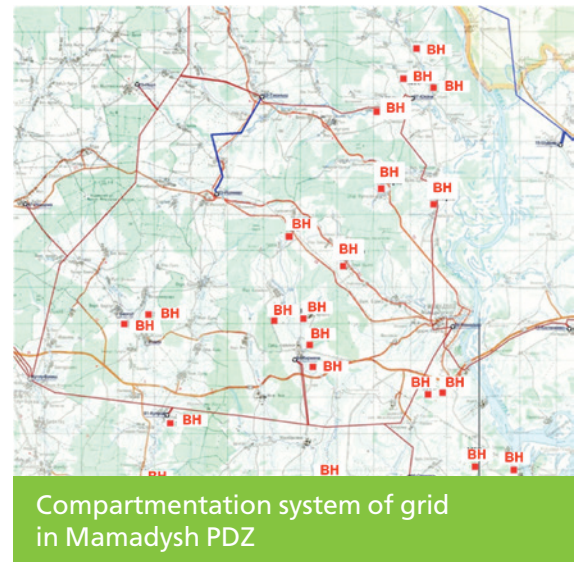
«Excel» has a self-supporting construction and it is specifically designed for installation on standard supports of overhead lines, also in the ground and in water. Cables «Excel» have a special construction; their different layers of insulated enclosure do not overslip against each other and the screen threads do not skip external semiconducting layer. In the self-supporting cables of "Excel" cable cores are constructional elements which have major tension loads.

Usage of this cable allows to reduce losses and provides the appropriate quality level of the power supply: cable strength reserve to be able to keep fallen trees, and full-rate insulation reduces the number of accidents.

Replication of "smart grids" elements

The implemented in 2014 project on partitioning of Mamadysh PDZ grids (10 kV) with the usage of sulfur hexafluoride load-break switch became test elements of the Company's elements. During 12 months of partitioning

SMART GRID



system operation in the pilot zone were received indicators on reduction of break duration of electric power supply to a consumer for 51%.

Successful professional practice received in the course of maintenance of this equipment became the foundation for the reconstruction of electrical grids in the area of Innopolis, Verkhneulonsky, Kaybitsky PDZ in 2015. In the course of project implementation were installed 39 switches and control terminals that in accordance with previous installed switches are amounted to 69 pcs. In the whole Company.

| Name of PDZ | Quality of BH ENSTO |
|--------------------|---------------------|
| Verkhneulonsky PDZ | 34 |
| Kaybitsky PDZ | 5 |
| Mamadyshsky PDZ | 30 |

Cooperation with universities, educational institutions, scientific and design organizations

In 2015 an innovation strategy for research and development works in the Company became in the cooperation with the Federal State Foundation for Extension work of Small Innovative Enterprises in the scientific and technical sphere. As an expert the Company makes a prequalification and estimation of Research and Advanced Development in the field of power plant engineering and promotes the introduction of the previously selected innovative solutions that have received co-findings from the federal budget.

The Company continued its cooperation with the Kazan State Power Engineering University, which successfully solved advanced applications and performs a considerable part of applications on implementation of research and development work.

In 2015 was finished preparation of the target directions group of students (then TGD) in the Kazan State Power Engineering University for the first time. 11 students who educated in the direction of "Relay protection" were prepared and mostly adapted to the work in the Company. All students of this group are employed in the Company's branches.

In the reporting year the Kazan State Power Engineering University recruited the second TGD group consists from 10 people who studied at the first-year graduate students in the direction of "Electric power systems and networks". The advantage of this system will be the general training of technical profile, which will allow graduates to work in any technical service of the company.

Another no less important area of staff training concludes in the usage of educational mechanism on the dual system in 2015, students learn the theoretical part in the educational institution and learn the practical part directly at the place of production in the branches. For its implementation were chosen pilot branches Bugulma and Buinsk electrical networks.

Cooperation with the Engineering College in Bugulma get started in the framework of the dual system in the Bugulma electrical networks. Four-year students educated as "Electrical fitter on repair of electrical fitters" had a practical training during the last academic year in the branch Bugulma electrical networks.

The Buinsk electrical networks branch has another mechanism of dual system. For cooperation at the territory of Buinsk was chosen Buinsk Veterinary College, where was formed a target directions group of students educated as "Electric fitter on operation and maintenance of electric equipment". During the whole process of education the Branch will have direct participation in theoretical and practical education.

In 2015 with the direct participation of JSC "Grid Company" was opened Resource center under State Educational Government-Financed Professional Education "Zainsk Polytechnic College". In this center will be held an education on the program of "Hot-line work in overhead lines, cable lines of electrical transmission and distribution networks till 1000 V".

Close cooperation including long-term cooperation with leading educational institutions not only in the Republic of Tatarstan continues in the purpose of further development and improvement of the staff quality.

The most active cooperation of JSC "Grid Company" in the training of personnel has with the following educational institutions:

- AHO "Volga Regional Centre for Training "Energetik" (Kazan);
- FSBEIHPE (Federal State Budgetary Educational Institution of Higher Professional Education) "Kazan State Power Engineering University";
- Kama branch of the St. Petersburg Energy Institute of Professional Advancement (Naberezhnye Chelny);
- Petersburg Power Engineering Institute for Management and Specialists Professional Advancement (St.-Petersburg);
- Institute of Government Employees Professional Advancement (IAT Civil Service, Moscow).

06

Corporate
governance

Victory
is a solidarity



6.1. GROUND RULES OF CORPORATE GOVERNANCE

The corporate governance system of JSC “Grid Company” is an effective and transparent system of relations between the shareholders, the Board of the Company, the Company governance and stakeholders. The company follows a policy of continuous improvement and development of corporate governance, considering it primarily as protection of the rights and safeguarding the legitimate interests of shareholders of the Company, as well as a resource tool designed to reduce investment risk and cost of capital, grow investment attractiveness and shareholder value, strengthen its business reputation.

The corporate governance is built on the basis of the requirements of Russian Legislation, as well as taking into account the Russian and international standards of corporate conduct and business ethics, principles of informational disclosure as set out in the Corporate Governance Code.

Corporate governance of the Company is based on following ground rules:

| | |
|-----------------------|---|
| Accountability | <p>The Company’s corporate governance provides effective control over the work of the sole executive body and management by the Board of the Company, as well as the accountability of the Board of the Company to the Supreme Governing body – General Meeting of Shareholders.</p> <p>The sole executive body of the Company is accountable to the Board of the Company and the general meeting of shareholders of the Company.</p> <p>The work of the Audit Commission and the participation of the independent auditor for financial reporting check provide control over financial and economic activities of the Company in order to protect the rights and legitimate interests of the shareholders.</p> |
| Rightfulness | <p>The Company provides shareholders with a real opportunity to exercise their rights related to participation in the Company, as well as equal treatment of all shareholders, regardless of the number of shares owned by them.</p> |
| Transparency | <p>The company provides voluntary well-timed disclosure of full and accurate information on all material issues of activities, including its financial state, production and commercial activities, social and environmental indicators, ownership structure and the Company’s governance, as well as free access to such information for all interested parties in the extent necessary to make informed and reasoned decisions or to perform other actions that could affect the Company’s work.</p> |
| Responsibility | <p>The Company recognizes the rights of all interested parties statutorily required by the current legislation of the Russian Federation, and strives to build relationships with all stakeholders on the basis of respect and consideration for their rights, and cooperation in aim of its development and maintenance of financial stability.</p> |

The texts of the Company Charter and internal documents regulating the work of the corporate governance system and activities of administration and control over the Company are available on the official website <http://www.gridcom-rt.ru> in the section ‘Shareholders and Investors/ Charter and internal documents’.

Compliance with the Company core standards of the Russian Corporate Governance Code

The company constantly improves and develops corporate governance practices, taking into account and respecting in its work the principles and advanced Russian standards outlined in the Corporate Governance Code approved by the Government of the Russian Federation 14/02/2014 and recommended for application by the Bank of Russia.

In 2015 the Company implemented a number of initiatives of good corporate governance practices recommended by the Russian Corporate Governance Code. There is a list of key improvements of the corporate governance practices of JSC “Grid Company” for the year 2015:

- carrying out the work evaluation of the Company’s Board for the last corporate year;
- disclosure of the IRFS-compliant annual financial reporting before the Annual General Meeting of Shareholders;

- disclosure of information on the procedure to select an external auditor checking Company's financial reporting in accordance with IRFS and to determine the amount of his remuneration;
- disclosure of reports on the voting results at General Meetings of shareholders outlined in a separate section on the Internet site;
- Report preparation on sustainable development for the year 2014 up to standard GRI G4.

In the course of monitoring the practice of corporate governance of JSC "Grid Company", experts of NP "Russian Institute of Directors" cited a positive trend, indicating a tendency of the Company to conform both new regulatory requirements and advanced corporate governance standards.

Information about the Company's compliance with the Corporate Governance Code recommended for application by the Bank of Russia with the letter dated 04/10/2014 number 06-582 / 2463, contained in the Annex to this report.

Information on the assigned rating of corporate governance

The National Corporate Governance Rating (NCGR) assigned by the Russian Institute of Directors is a quality indicator of the corporate governance in Russian companies.



NRKU history:

July 2011 - The first rating of the Company was at the level of 5 – "The Average Level of Corporate Governance Practice";

February 2013 - Rating NRKU was upgraded to the level of 6 – "Developed Corporate Governance Practice";

September 2013 - NRKU rating was affirmed at the level of 6 – "Developed Corporate Governance Practice";

October 2014 - NRKU rating was affirmed at the level of 6 – "Developed Corporate Governance Practice";

December 2015 - NRKU rating was upgraded to the level of 6+ "Developed Corporate Governance Practice".

A List of Objective Aims and Plans to Improve Corporate Governance System in 2016:

Preparation and disclosure of corporate social reporting of the Company for the year 2015

It will maintain and improve the level of informational disclosure, dependability of the Company from stakeholders, promote the formation of Company's positive image.

Further implementation and improvement of information system analysis of practices of the Board of Directors

It is a powerful management tool that provides the basis for a sustainable improvement of operational efficiency of both the Board of Directors and of the Company as a whole. Comprehensive analysis of the competencies, knowledge and experience of members of the Board of Directors, individual contribution and leadership skills, practice of preparation and holding the meetings of the Board of Directors and its committees, exchange of information, interaction with executive bodies and Company Secretary will provide high-quality and effective implementation of key functions of the Board of Directors and its committees.

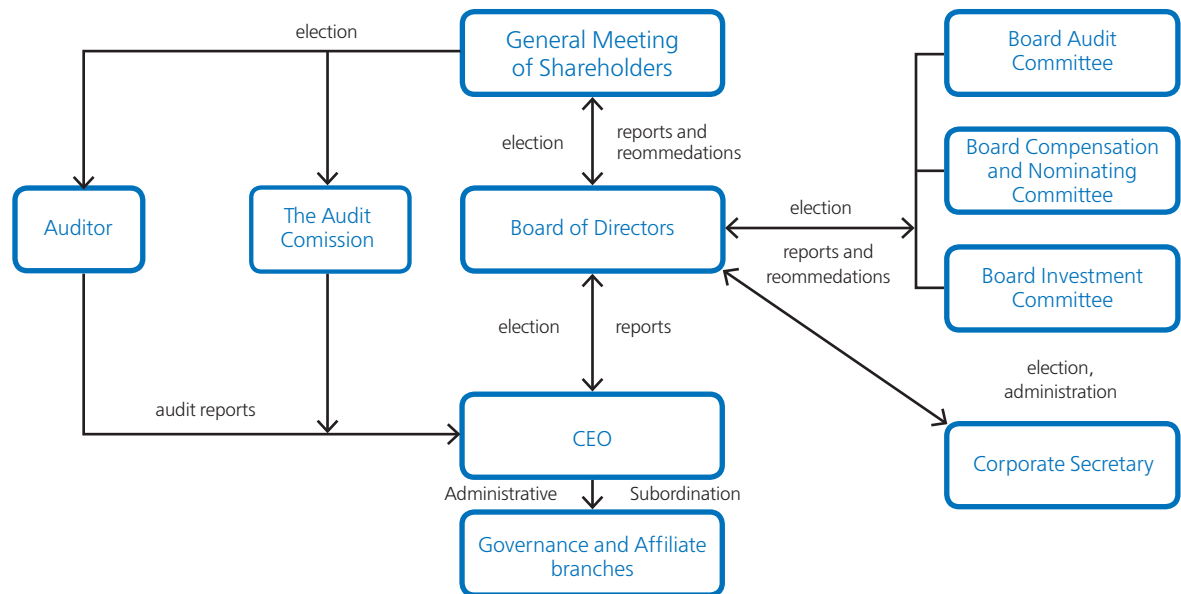
Maintenance and improvement of the corporate governance system

updating internal documents for maintenance of corporate governance system and bringing them into adjustment with provisions of the Corporate Governance Code.

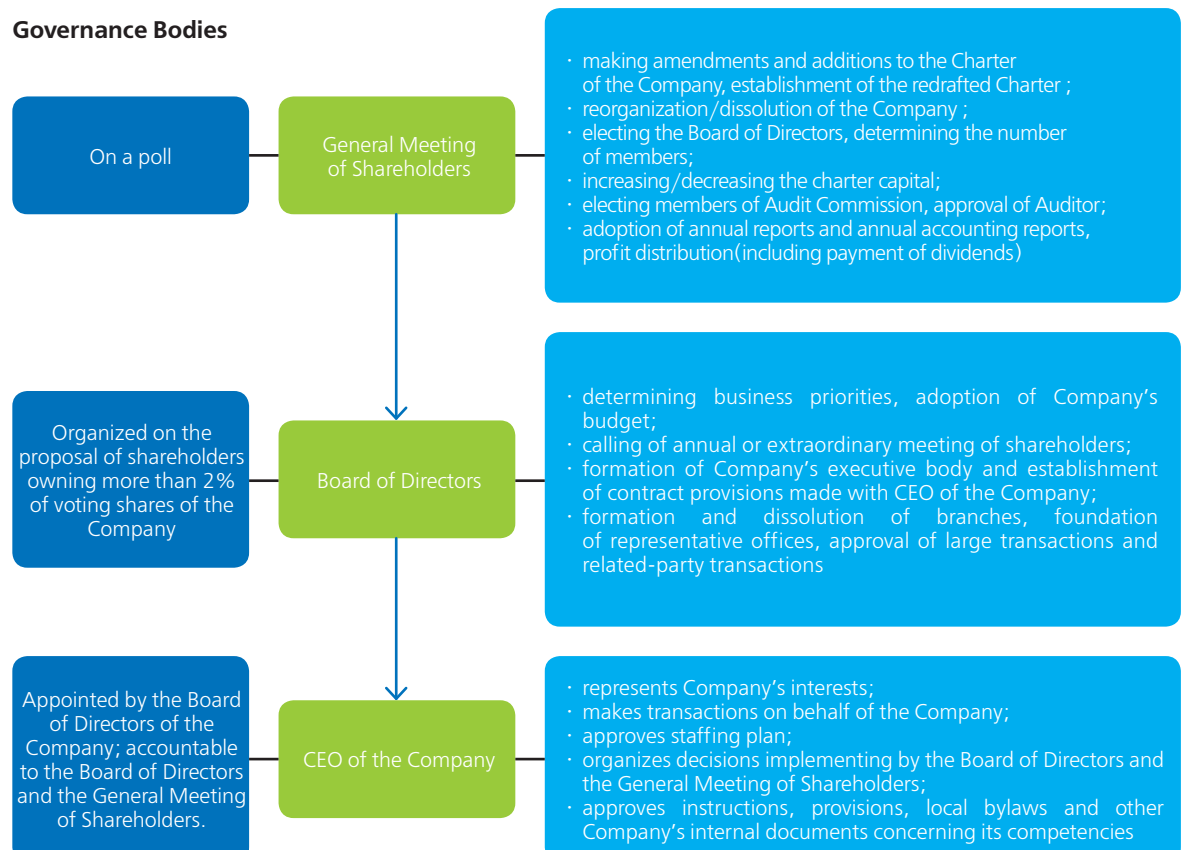
6.2. COMPANY'S GOVERNANCE BODY

The structure and competence of Company's governance bodies shall be determined by Federal Law "Concerning Joint Stock Companies" and Company Charter.

Corporate governance scheme



Governance Bodies



The General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body that makes decisions on the most important aspects of Company's work.

The procedure of calling, preparation, holding and summarizing results of the General Meeting of Shareholders is statutory by Federal Law "Concerning Joint Stock Companies", other legal acts of the Russian Federation, the Charter and the Rules and Regulations on the General Meeting of Shareholders of JSC "Grid Company".

The company creates welcoming environments for shareholders to participate in general meetings, follows recommendations of the Corporate Governance Code with regard to the preparation and holding of meetings.

In 2015 two General Meeting of Shareholders were held:

| | |
|--|--|
| <p>06/03/2015 Extraordinary General meeting of Shareholders of JSC "Grid Company" in a form of absentee vote (minutes dated June, 06/04/2015 No 33)</p> | <p>It was approved to make related-party transactions to implement changes in a decision to increase the Company's share capital by additional stock promotions adopted by the Extraordinary General Meeting of Shareholders dated April, 2nd 2013</p> |
|--|--|

| | |
|--|---|
| <p>06/26/2015 - Annual General Meeting of Shareholders of JSC "Grid Company" at the end of 2014. in form of physical meeting (minutes dated 06/30/2015 No 34)</p> | <p>It was consideration and approval of the annual report, the annual financial statements, profit distribution at the end of financial year 2014; election of new Board of Directors, and Audit Commission , approval of the Company's auditor</p> |
|--|---|

Events after the reporting date

| | |
|---|---|
| <p>02.12.2016 - Extraordinary General Meeting of Shareholders of JSC "Grid Company" in a form of physical meeting (minutes dated 17/02/2016 No 35)</p> | <p>The issues of premature termination of office and election of the new composition of the Board of Directors of JSC "Grid Company" were discussed</p> |
|---|---|

The text of Rules and Regulations on the General Meeting of Shareholders of JSC "Grid Company" is published on the official website <http://www.gridcom-rt.ru> in the section "Investors and Shareholders / Charter and internal documents".

Information on General Meetings of Shareholders of JSC "Grid Company" <http://www.gridcom-rt.ru> is published on the official website of the Company in the section Investors and Shareholders / Disclosure of Information/ Information on General Meetings of Shareholders".

The Board of Directors

The Board of Directors is the governing body which is responsible for the general governance of the Company except for the issues referred to the General Meeting of Shareholders, determines the strategy and priorities for the Company's development. The Board of Directors plays a key role in improving and improving the efficiency of the Company's Corporate Governance system.

Work of the Board of Directors is regulated by the legislation of the Russian Federation, the Charter and Rules and Regulations of the Board of Directors of JSC "Grid Company".

Main goals and objectives of the Board of Directors of the Company are:

- determination of priority activities and strategy of Company's development designed to achieve the maximum profit and to increase Company's assets, strengthen its investment attractiveness;
- enforcement and protection of the rights of shareholders of the Company, promotion to the settlement of corporate conflicts;
- ensuring the completeness, reliability and objectivity of disclosure of information on the Company for shareholders and other stakeholders;
- the establishment of effective internal controls, as well as monitoring the risk management process and the determination of the main directions of internal controls and the Company's objectives in the field of risk management;
- assessments of performance of the Company and its governing bodies provides effective control over financial and operational activities of the Company and the sole executive body activities.

In its work, the Company's Board of Directors is guided by the following principles:

- decision-making based on accurate information about the Company's activities;
- excluding restriction of shareholders' rights to participate in managing the affairs of the Company, receiving dividends and information about the Company;
- achieving balance of interests of different groups of shareholders and making the most objective decisions on behalf of all shareholders of the Company.

The number of members of the Company's Board of Directors is established by the Charter and makes 9 in total. In 2015 there were two active components of the Company's Board of Directors.

The number of members of the Company's Board of Directors against 12/31/2015 (term of office 06/26/2015 to 02/12/2016) *



Khalikov Ildar Shafkatovich

**Non-executive Director
Chairman of the Board of Directors**

Date of birth: 1967.

Education: higher education (Kazan State University n.a. V.I. Ulyanov-Lenin, a degree in Law studies, 1993).

Citizenship: Russian Federation.

Offices held for the last 5 years: April, 2010 – present time – the Prime Minister of the Republic of Tatarstan.

Period of service in the Board of Directors: June, 2011 – present time.

Participation in governing bodies of other organisations: A Member of the Board of Directors of JSC "Generating Company"; JSC "Tatenergobyt", JSC "Management Company "Tatenergo"; PJSC "KAMAZ"; JSC "Tatneftekhiminvestholding"; JSC "Tatspirom"; JSC "Innopolis City"; JSC "Kazan Arena"; PJSC "Tatfondbank"; Chairman of the Board of Trustees of SNO "Investment-venture fund of the Republic of Tatarstan".

Does not hold any share of the Company.

Family relations with any individuals who are members of the governing bodies and the Audit Commission of the Company are absent.

* the current members of the Board of Directors were elected on an Extraordinary General Meeting of Shareholders 02/12/2016.



Fardiev Ilshat Shaevovich

Executive Director

Vice Chairmen of the Board of Directors

The Member of the Audit Committee

Date of birth: 1960.

Education: higher education (Kazan Branch of Moscow Power Engineering Institute (Technical University), a degree in Power Supply for Industrial Enterprises of Cities and Agriculture", 1983).

Citizenship: Russian Federation.

Offices held for the last 5 years: April 2010 – May 2012: the Vice Prime Minister of the Republic of Tatarstan – the Minister of energetics of the Republic of Tatarstan, May, 2012 – present time – the General Director of JCS "Grid Company"

Period of service in the Board of Directors: June, 2002 – present time.

Participation in governing bodies of other organisations: A Member of the Board of Directors of JCS "Naberezhnye Chelny elevator"; JSC "Holding Tatneftekhinvest"; JSC "Zainsky sugar", JSC "Naberezhnye Chelny Khladokombinat "Chelny holod", a member of the Supervisory Board of PJSC "AKIBANK"; a Member of the Supervisory Board of NGO "Center of sports preparation "Yalta-Zai", "President of NGO "Federation of ski races and biathlon of the Republic of Tatarstan".

Does not hold any share of the Company.

Family relations with any individuals who are members of the governing bodies and the Audit Committee of the Company are absent.



Evseev Alexander Nikolaevich

Non-executive Director

The Member of the Compensation and Nominating Committee

The Member of the Investment Committee

Date of birth: 1954.

Education: higher education (Kuibyshev Polytechnic Institute n.a. V.V. Kuibyshev, a degree in Power Supply for Industrial Enterprises of Cities and Agriculture, 1976)

Doctor of Science, corresponding member of academy MANEB and IEA

Citizenship: Russian Federation.

Offices held for the last 5 years:

January, 2002 – present time – the Head of Energy Management – Chief Power Energy OJSC "Tatneft" n.a. V.D. Shashin.

Period of service in the Board of Directors: June, 2002 – present time

Participation in governing bodies of other organisations: A Member of the Board of Directors JSC "Almetyevsk heat network"; LLC "ActivGasEngineering".

Does not own any share of the Company.

Family relations with any individuals who are members of the governing bodies and the Audit Commission of the Company are absent.



Nafigin Albert Ildarovich

Non-executive Director
The Chairman of the Audit Committee

Date of birth: 1976.

Education: higher education (Kazan Institute of Business and Governance, a degree in Management, 1998).

Citizenship: Russian Federation.

Offices held for the last 5 years:

January, 2011 – March, 2015 – the Head of Finance and Economic Division and Disposal of State Property of the Cabinet of Ministers of the Republic of Tatarstan; March, 2015 – present time – The President Aide of the Republic of Tatarstan.

Period of service in the Board of Directors: June, 2015 – present time.

Participation in governing bodies of other organizations: A Member of the Board of Directors of JSC "Zelenodolsk plant n.a. A.M.Gorky", PJSC "Tattelecom", JSC "Tatenergosbyt", JSC "Holding company "Ak Bars", JSC "Prototyping Center and Implementation of Native Robotics Technology", JSC "Regional Engineering Center of Industrial Laser Technologies" "KAI-Laser", a Member of the Board of Trustees of SAP "Venture investment fund of the Republic of Tatarstan".

Does not own any share of the Company.

Family relations with any individuals who are members of the governing bodies and the Audit Committee of the Company are absent.



Pahomov Aleksey Mikhailovich

Independent Director
The Chairman of the Compensation and Nominating Committee
The Chairman of the Investment Committee

Date of Birth: 1945.

Education: higher education (Kuibyshev Polytechnic Institute n.a. V.V.Kuibyshev, a degree in Industrial Thermal Power Engineering, 1968).

Citizenship: Russian Federation.

Offices held for the last 5 years:

June, 2010 – present time – The General Director of Regional Employers' Association «Association of enterprises and entrepreneurs of the the Republic of Tatarstan».

Period of service in the Board of Directors: June, 2011 – present time.

Participation in governing bodies of other organizations: A Member of the Board of Directors JSC "ICL – KME CS".

Does not own any share of the Company.

Family relations with any individuals who are members of the governing bodies and the Audit Commission of the Company are absent.



Safiullin Damir Kharunovich

Non-executive Director

Date of birth: 1969.

Education: higher education (Kazan State University n.a. V.I. Ulyanov-Lenin, a degree in Legal Studies, 1995; Kazan State Finance and Economics Institute, the education program Master of Business Administration (MBA), 2003.

Citizenship: Russian Federation.

Offices held for the last 5 years:

May, 2008 – May, 2012 – the General Director JSC “Grid Company”;
June, 2012 – May, 2014 – An Assistant General Manager of JSC “Generating Company” in Corporate Policy; May 2014 – present time – The Deputy Minister of Industry and Commerce of the Republic of Tatarstan.

Period of service in the Board of Directors: June, 2010 – September, 2012;
June, 2014 – present time.

Participation in governing bodies of other organizations: A Member of the Board of Directors of JSC “Generating Company”, JSC “Innovation Industrial Park – Technopark in sphere of high technologies” Technopolis “Himgrad”, JSC “Kazan Company of Heat Distribution Network” PJSC “Kazanorgsintez”, JSC “Naberezhnye Chelny Company of Heat Distribution Network”, JSC “Nizhnekamsktekhuglerod”, JSC “Tatnergosbyt”, OJSC “Tatnefteprodukt Holding Company”.

Does not own any share of the Company.

Family relations with any individuals who are members of the governing bodies and the Audit Committee of the Company are absent.



Tarakanov Andrey Ivanovich

Non-executive Director

Date of birth: 1988.

Education: higher education (Kazan State Finance and Economics Institute, a degree in Economy, 2009).

Citizenship: Russian Federation.

Offices held for the last 5 years:

April, 2010 – June, 2013 – the Senior Expert Officer of the Financial Department of the State Housing Fund under the President of the Republic of Tatarstan,
July, 2013 – October, 2015 – the Head of the Financial Department of the State Housing Fund under the President of the Republic of Tatarstan.

October, 2015 – December, 2015 – the Principal Adviser of the Business Economics Department of the Ministry of Finance of the Republic of Tatarstan.

Period of service in the Board of Directors: June, 2015 – February, 2016.

Participation in governing bodies of other organizations: JSC “Mamadysh Water Canal”.

Does not own any share of the Company.

Family relations with any individuals who are members of the governing bodies and the Audit Commission of the Company are absent.



FASKHIEV Herrman Nikolayevich

Non-executive Director

The Member of the Compensation and Nominating Committee

Date of birth: 1962.

Education: higher education (Kazan State University n.a. V.I.Ulyanov-Lenin, a degree in Radio Physics and Electronics, 1984.; Chelyabinsk State University, a degree in Legal Studies, 1996).

Citizenship: Russian Federation.

Offices held for the last 5 years:

January, 2010 – September 2013 – the Deputy Head of the Industrial Department of the Cabinet of Ministers of the Republic of Tatarstan;

September 2013 – present time – the Head of the Industrial Department of the Cabinet of Ministers of the Republic of Tatarstan.

Period of service in the Board of Directors: June, 2013 – present time.

Participation in governing bodies of other organizations: A member of the Board of Directors JSC "Generating Company", JSC "Tatenergosbyt", JSC "Management Company Tatenergo".

Does not own any share of the Company.

Family relations with any persons who are members of the governing bodies and the Audit Committee of the Company are absent.



FROLOV Aleksey Mikhailovich

Non-executive Director

The Member of the Audit Committee

Date of birth: 1979.

Education: higher education (Kazan State Agricultural Academy, a degree in Engineering, 2006).

Citizenship: Russian Federation.

Offices held for the last 5 years:

January, 2009 – December 2011 – A Chairman of the Housing Committee of the Executive Committee of Kazan;

December, 2011 – May, 2014 – Deputy Minister of Construction, Architecture and Housing of the Republic Tatarstan;

May, 2014 – present time – the First Deputy Minister of Construction, Architecture and Housing of the Republic Tatarstan.

Period of service in the Board of Directors: June, 2014 – present time.

Participation in governing bodies of other organizations: A Member of the Board of Directors of JSC "Tatkommunpromkomplekt"; JSC "RPA "Tatkommunenenergo"; JSC "Capital construction management of utility system and development of energy-saving solution of the Republic of Tatarstan", JSC "Grid Company".

Does not own any share of the Company.

Family relations with any individuals who are members of the governing bodies and the Audit Commission of the Company are absent.

None of the members of the Board of Directors were accommodated with loans by the Company in 2015.

Key competencies

| A member of the Board of Directors | Strategy | Finances and Audit | Industry Specialization (Power production) | Legal Points and Corporate Governance | Personnel Management | Risk Management | HSE (Health, safety, environment) | IR (investor relations) | GR (Governmental relations) |
|--------------------------------------|----------|--------------------|--|---------------------------------------|----------------------|-----------------|-----------------------------------|-------------------------|-----------------------------|
| Khalikov Ildar Shafkatovich | ✓ | ✓ | | ✓ | | ✓ | | | ✓ |
| Fardiev Ilshat Shaevovich | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Evseev Alexander Nikolaevich | | | ✓ | | ✓ | | ✓ | ✓ | |
| Nafigin Albert Ildarovich | | ✓ | | | | ✓ | | | ✓ |
| Pahomov Aleksey Mikhailovich | | | ✓ | | ✓ | | ✓ | | ✓ |
| Safiullin Damir Kharunovich | ✓ | | ✓ | ✓ | | | | | ✓ |
| Tarakanov Andrey Ivanovich | | ✓ | | | | | | ✓ | |
| Faskhiev Herrman Nikolayevich | | | | ✓ | ✓ | | | | ✓ |
| Frolov Aleksey Mikhailovich | | ✓ | | | | | ✓ | | ✓ |

Changes in the directorship of the Company's Board of Directors

| Period of service of the Board of Directors* | | |
|--|---|--|
| from 06/27/2014 till 06/26/2015 | from 06/26/2015 till 02/12/2016 | from 02/12/2016 – present time |
| Ildar Khalikov Shafkatovich Chairman of the Board of Directors Prime Minister of the Republic of Tatarstan | Ildar Khalikov Shafkatovich The Chairman of the Board of Directors Prime Minister of the Republic of Tatarstan | Ildar Khalikov Shafkatovich The Chairman of the Board of Directors Prime Minister of the Republic of Tatarstan |
| Fardiev Ilshat Shaevovich The Deputy Chairman of the Board of Directors The General director of JSC "Grid Company" | Fardiev Ilshat Shaevovich The Deputy Chairman of the Board of Directors The General director of JSC "Grid Company" | Fardiev Ilshat Shaevovich The Deputy Chairman of the Board of Directors The General director of JSC "Grid Company" |
| Evseev Alexander Nikolaevich The Head of Energy Management – Chief Power Energy OJSC "Tatneft" n.a. V.D. Shashin. | Evseev Alexander Nikolaevich The Head of Energy Management – Chief Power Energy OJSC "Tatneft" n.a. V.D. Shashin. | Evseev Alexander Nikolaevich The Head of Energy Management – Chief Power Energy OJSC "Tatneft" n.a. V.D. Shashin. |
| Zabirov Marat Hamizovich The Senior Expert in preparation of planning documentation of NPO "State Housing Fund under the President of the Republic of Tatarstan" | Tarakanov Andrey Ivanovich The Principal Adviser of the Business Economics Department of the Ministry of Finance of the Republic of Tatarstan | Gilmanov Bulat Gilemhanovich The Deputy Executive Director of the NPO "State Housing Fund under the President of the Republic of Tatarstan". |

| Period of service of the Board of Directors* | | |
|--|--|--|
| from 06/27/2014 till 06/26/2015 | from 06/26/2015 till 02/12/2016 | from 02/12/2016 – present time |
| <p>Pahomov Aleksey Mikhailovich The General Director of Regional Employers' Association "Association of enterprises and entrepreneurs of the the Republic of Tatarstan"</p> | <p>Pahomov Aleksey Mikhailovich The General Director of Regional Employers' Association "Association of enterprises and entrepreneurs of the the Republic of Tatarstan"</p> | <p>Pahomov Aleksey Mikhailovich The General Director of Regional Employers' Association "Association of enterprises and entrepreneurs of the the Republic of Tatarstan"</p> |
| <p>Safiullin Damir Kharunovich The Deputy Minister of Industry and Commerce of the Republic of Tatarstan</p> | <p>Safiullin Damir Kharunovich The Deputy Minister of Industry and Commerce of the Republic of Tatarstan</p> | <p>Safiullin Damir Kharunovich The Deputy Minister of Industry and Commerce of the Republic of Tatarstan</p> |
| <p>Faskhiev Herrman Nikolayevich The Head of the Industrial Department of the Cabinet of Ministers of the Republic of Tatarstan</p> | <p>Faskhiev Herrman Nikolayevich The Head of the Industrial Department of the Cabinet of Ministers of the Republic of Tatarstan</p> | <p>Faskhiev Herrman Nikolayevich The Head of the Industrial Department of the Cabinet of Ministers of the Republic of Tatarstan</p> |
| <p>Frolov Aleksey Mikhailovich The First Deputy Minister of Construction, Architecture and Housing of the Republic Tatarstan</p> | <p>Frolov Aleksey Mikhailovich The First Deputy Minister of Construction, Architecture and Housing of the Republic Tatarstan</p> | <p>Frolov Aleksey Mikhailovich The First Deputy Minister of Construction, Architecture and Housing of the Republic Tatarstan</p> |
| <p>Khairullin Airat Rinatovich The Head of Almetyevsk Municipal District</p> | <p>Nafigin Albert Ildarovich The President Aide of the Republic of Tatarstan</p> | <p>Nafigin Albert Ildarovich The President Aide of the Republic of Tatarstan</p> |

* Current positions are indexed as of 12/31/2015.

Assessment of Performance of the Board of Directors

In order to develop the Company's corporate governance system, as well as to improve the efficiency of the Company's governing bodies, in 2015 it was the first time to carry out a comprehensive assessment of performance of the Board of Directors with expert consulting support of non-profit partnership "Russian Institute of Directors".

The analysis was carried out according to key performance indicators selected with regard to the recommendations of the best Russian and international corporate governance practices:

- Performing responsibilities by the Board of Directors in managing the Company.
- Legal, organizational, informational and infrastructural support for the Board of Directors' work.
- Directorship of the Board of Directors.
- Interaction between the Board of Directors and its Committees.
- Interaction between The Board of Directors and the management of the Company.

Based on the results of performance assessment of the Company's Board of Directors was developed an activity plan for the development of certain areas of the Board of Directors' work.

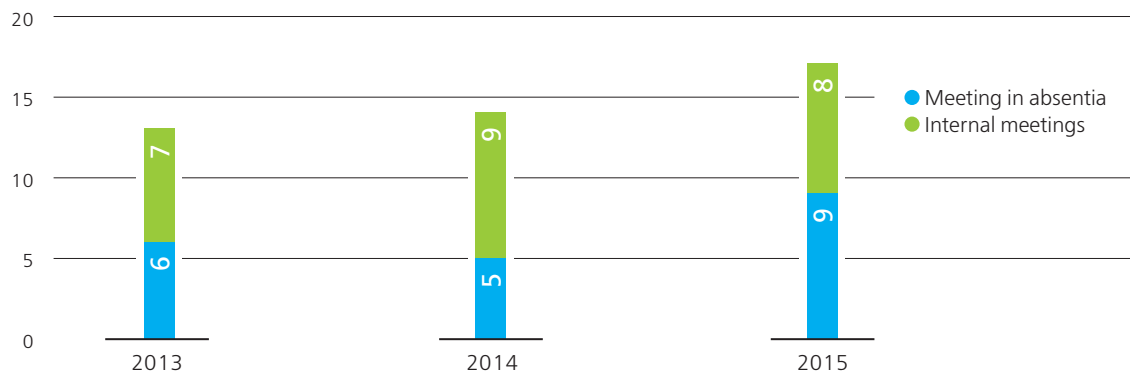
The Report on the activities of the Board of Directors

Meetings of the Board of Directors are held on a planned basis – the approved workplans of the Board of Directors. The workplan for the second half of 2014 till the first half of 2015 was approved by a decision of the Board of Directors dated 09/15/2014, workplans for the second half of 2014 till the first half of 2015 was approved by the decision dated 09/25/2015. The workplan is developed with regard to the proposals of members of the Board of Directors and Company's management.

In order to improve the corporate governance practices the Company optimizes the number of Board meetings, as well as differentiate the form of meetings depending on the issues being considered. Every three months the results

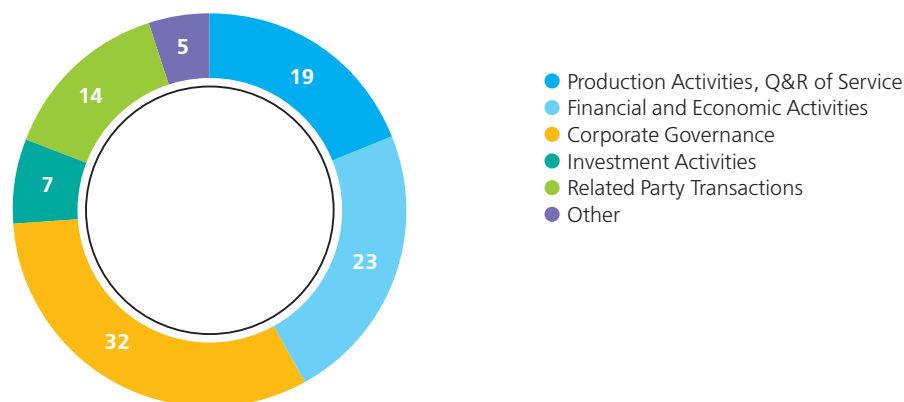
of the key strategic directions of the Company are discussed on internal meetings of the Board of Directors. Issues which have a procedural nature are brought at the meeting in absentia.

Dynamic Pattern of meeting of the Board of Directors for 2013-2015



During the financial year the Company held 17 meetings of the Board of Directors (which include: in absentia - 8, in person - 9), 74 issues were considered.

Issues of the Meetings of the Board of Directors in 2015, %



Information on participation of members of the Board of Directors in its meetings in 2014:

from 01/01/2015 till 06/26/2015

| Member of the Board of Directors | Internal meeting | Meeting in absentia | The percentage of attendance in the total number of meetings |
|----------------------------------|------------------|---------------------|--|
| Khalikov Ildar Shafkatovich | 3 | 5 | 100.0 |
| Fardiev Ilshat Shaevovich | 3 | 5 | 100.0 |
| Evseev Alexander Nikolaevich | 2 | 4 | 75.0 |
| Zabirov Marat Hafizovich | 3 | 5 | 100.0 |
| Pahomov Aleksey Mikhailovich | 3 | 5 | 100.0 |
| Safiullin Damir Kharunovich | 3 | 5 | 100.0 |
| Fashiev Herrman Nikolayevich | 2 | 5 | 87.5 |
| Frolov Aleksey Mikhailovich | 2 | 5 | 100.0 |
| Khairullin Airat Rinatovich | 0 | 4 | 57.1 |

from 06/27/2015 till 12/31/2015

| Member of the Board of Directors | Internal meeting | Meetings in Absentia | The percentage of participation in the total number of meetings |
|-------------------------------------|------------------|----------------------|---|
| Khalikov Ildar Shafkatovich | 6 | 3 | 100.0 |
| Fardiev Ilshat Shaevovich | 5 | 3 | 88.9 |
| Evseev Alexander Nikolaevich | 3 | 3 | 66.7 |
| Nafigin Albert Ildarovich | 4 | 3 | 77.8 |
| Pahomov Aleksey Mikhailovich | 6 | 3 | 100.0 |
| Safiullin Damir Kharunovich | 4 | 2 | 66.7 |
| Tarakanov Andrey Ivanovich | 6 | 3 | 100.0 |
| Fashiev Herrman Nikolayevich | 6 | 2 | 88.9 |
| Frolov Aleksey Mikhailovich | 4 | 3 | 77.8 |

Conflicts settlement

The Company is committed to timely prevent conflicts of interest and their equitable settlement. The Company provides conditions for complete and early revealing of conflicts, determining the position on the merits of conflict, making appropriate decisions, as well as bringing to the notice of shareholders on the Company's position in the corporate conflict based on the norms of the Russian legislation and internal documents of the Company.

The efficiency of prevention and settlement of conflicts is achieved by means of power distribution of governing bodies of the Company for consideration and settlement of corporate conflicts. The main task of the Company in the process of conflict settlement is to find a lawful and reasoned solution that would meet the interests of all affected parties.

In 2015 no conflict of interests was revealed, corporate procedures on conflict settlement were not held.

The Committee of the Board of Directors

In order to improve the efficiency of performing functions on the general management of the Company's activities were established the Committees of the Board of Directors which play the role of consultative and advisory bodies. Their main task is to preview the most important issues and to develop recommendations for decisions on them. The Board of Directors has three committees:

- The Investments Committee;
- The Compensation and Nominating Committee;
- The Audit Committee.

The Committee consists of experienced personalities what allows for a comprehensive discussion of the issues and significantly improves the quality of decisions made by the Company's Board of Directors.

Committees are not the Company's governing bodies and are not entitled to act on behalf of the Company. Board Committees operate on the basis of the Rules and Regulations on the Committees approved by the Board of Directors of the Company and determining the legal status, goals and objectives, rights, responsibilities, structure and composition of the Committees.

The Audit Committee

The Audit Committee ensures actual participation of the Board of Directors in exercising control over financial and economic activities of the Company and the interaction with Audit Commission and Company Auditor.

The activities of the Audit Committee are governed by the Rules and Regulations on the Committee approved by the Company's Board of Directors on 07/05/2007 (Minutes dated 07/07/2007 number 10).

The Audit Committee was formed by the Board of Directors of the Company on 06/26/2015. Meetings of the Audit Committee shall be held in accordance with the Committee's Work Plan approved on a meeting and drawn with regard to the Plan of the Board of Directors for the relevant period.

In 2015 there were two active components of Audit Committees.

The membership of the Audit Committee for the period from 01/01/2015 till 06/26/2015 (organized on 07/01/2014)*

| | |
|------------------------------------|--|
| Knairullin Airat Rinatovich | The Chairman of the Audit Committee of the Board of Directors of JSC "Grid Company" The Head of Almetyevsk municipal district |
| Fardiev Ilshat Shaevovich | The General Director of JSC "Grid Company" |
| Frolov Aleksey Mikhailovich | The First Deputy Minister of Construction, Architecture and Housing of the Republic Tatarstan |

* current positions are indexed as of 12/31/2015

The current members of the Audit Committee (organized on 06/26/2015)

| | |
|------------------------------------|--|
| Nafigin Albert Ildarovich | The Chairman of the Audit Committee of the board of Directors JSC "Grid Company", The President's Aide of the Republic of Tatarstan |
| Fardiev Ilshat Shaevovich | The General Director of JSC "Grid Company" |
| Frolov Aleksey Mikhailovich | The First Deputy Minister of Construction, Architecture and Housing of the Republic Tatarstan |

During 2015 five meetings of the Audit Committee were held in the form of a written survey. The Committee previously considered and made recommendations to the Board on the following key issues:

- changes in accounting policies of the Company for 2015;
- the annual report and annual financial statements of the Company for 2014, as well as general conclusions of LLC "FBK "Povolzje" on audit of financial (accounting) statements of the Company for 2014;
- recommendations to the Board of Directors for an appointment of an independent auditor for 2014;
- an assessment of candidates as independent auditors of the Company and the results of the tender for the selection of an independent auditor;
- an assessment of efficiency of the corporate governance system of JSC "Grid Company".

The Audit Committee of the Board of Directors pays special attention to the organization of the external and internal audit in accordance with the best practices used by Russian companies. In 2015, the Committee analyzed potential candidates for the external auditor of the Company and considered the issues of risk management and internal control system of JSC "Grid Company".

Information on participation of members of the Audit Committee in meetings of the Board of Directors held in 2015:

from 01/01/2015 till 06/26/2015

| | The number of meetings of the Audit Committee | The percentage of attendance in the total number of meetings |
|------------------------------------|---|--|
| Knairullin Airat Rinatovich | 4 | 100.0 |
| Fardiev Ilshat Shaehovich | 4 | 100.0 |
| Frolov Aleksey Mikhailovich | 4 | 100.0 |

from 06/27/2015 till 12/31/2015

| | The number of meetings of the Audit Committee | The percentage of attendance in the total number of meetings |
|------------------------------------|---|--|
| Nafigin Albert Ildarovich | 1 | 100.0 |
| Fardiev Ilshat Shaekhovich | 1 | 100.0 |
| Frolov Aleksey Mikhailovich | 1 | 100.0 |

The text of the Rules and Regulations on the Audit Committee of the Board of Directors of JSC "Grid Company" is published on the official Company's website <http://www.gridcom-rt.ru> in the section "Investors and Shareholders / Charter and internal documents".

The Compensation and Nominating Committee

The task of the Compensation and Nominating Committee is to develop and present recommendations (conclusions) to the Company's Board of Directors in the area of personnel policy and remuneration including the areas inside human resources policy of the Company, perform an assessment of the efficiency of the Company's governing bodies, implement continuous monitoring of compliance of the criteria and remuneration policies, strategy of the Company with its financial status and the situation on the labor market and so forth.

Activities of the Compensation and Nominating Committee are governed by the Rules and Regulations on the Committee approved by the Company's Board of Directors 07/05/2007 (Minutes dated 07/07/2007 number 10). The Compensation and Nominating Committee is headed by an independent director.

The Compensation and Nominating Committee is organized by the decision of the Board of Directors on 06/26/2015. Meetings of the Compensation and Nominating Committee are carried out in accordance with the Committee's Work Plan approved at the meeting, drawn up taking into account the Plan of the Board of Directors for the relevant period.

In 2015 there was one active component of Compensation and Nominating Committee of the Board of Directors.

The membership of Compensation and Nominating Committee (firstly organized on 07/01/2014 and reorganized on 06/26/2015)

| | |
|-------------------------------------|--|
| Pahomov Aleksey Mikhailovich | The Chairman of the Compensation and Nominating Committee The General Director of Regional Employers' Association "Association of enterprises and entrepreneurs of the the Republic of Tatarstan" |
| Evseev Alexander Nikolaevich | The Head of Energy Management – Chief Power Energy OJSC "Tatneft" n.a. V.D. Shashin |
| Fashiev Herrman Nikolayevich | The Head of the Industrial Department of the Cabinet of Ministers of the Republic of Tatarstan |

During 2015 three meetings of the Compensation and Nominating Committee were held. The Committee considered and made recommendations to the Board on the following key issues:

- an assessment of candidates presented to shareholders for the election to the Board of Directors and the Audit Commission of the Company;
- the results of the work with personnel in JSC "Grid Company" for 2014;
- the analysis of the work aimed to form a task group of FSBEI HPO "Kazan State Power Engineering University";
- the analysis of information on work practice of the Board of Directors of JSC "Grid Company";
- were given recommendations to the Board on the candidate for the post of the corporate secretary.

Information on participation of members of the Compensation and Nominating Committee in meetings of the Board of Directors held in 2015

from 01/01/2015 till 12/31/2015

| | The number of meetings of the Compensation and Nominating Committee | The percentage of participation in the total number of meetings |
|--------------------------------------|---|---|
| Pahomov Aleksey Mikhailovich | 3 | 100.0 |
| Evseev Alexander Nikolayevich | 2 | 66.7 |
| Fashiev Herrman Nikolayevich | 3 | 100.0 |

The text of the Rules and Regulations on the Compensation and Nominating Committee of the Board of Directors of JSC "Grid Company" is published on the official Company's website <http://www.gridcom-rt.ru> in the section "Shareholders and Investors / Charter and internal documents".

The Investment Committee

The Investment Committee is an advisory body that ensures the effective implementation of functions by the Company's Board of Directors in the field of investment activity. Within its powers the Committee tries to focus on monitoring the implementation of the investment programs of the Company, approved by the Ministry of Energy, the implementation of investment in the field of energy policy in the Republic of Tatarstan.

The work of the Investment Committee is governed by the Rules and Regulations on the Investment Committee approved by the Board of Directors of the Company on 07.01.2014 (Minutes dated 07/01/2014 number 01/07-2014).

In 2015 there was one active Investment Committee of the Board of Directors.

The membership of Investment Committee (firstly organized on 07/01/2014 and reorganized on 06/26/2015)

| | |
|---------------------------------------|--|
| Pahomov Aleksey Nikolaevich | The Chairman of the Investment Committee The General Director of Regional Employers' Association "Association of enterprises and entrepreneurs of the Republic of Tatarstan", the independent director |
| Vecherov Igor Borisovich | The Director of the NP "The entrepreneurs of Technopolis Himgrad" |
| Galeev Eduard Gennadievich | The Director of the JSC "SOUPS" RDO of Tatarstan |
| Gizatullin Ruslan Zagitovich | The Deputy Director General of JSC "TAIF" on energetics and informational technologies |
| Evseev Alexander Nikolaevich | The Head of Energy Management – Chief Power Energy OJSC "Tatneft" n.a. V.D. Shashin |
| Mazitov Azat Ilgizovich | The Deputy Director General of JSC "Grid Company" in investments |
| Nagumanov Timur Dmitriyevich | The Commissioner for the President of the Republic of Tatarstan on defense of rights of entrepreneurs |
| Nazarova Natalya Aleksandrovna | The Deputy Director General of the JSC "Grid Company" on economics – the Head of management and economics |
| Safiullin Damir Kharunovich | The Deputy Minister of industry and commerce of the Republic of Tatarstan |

From the moment the Investment Committee was organized three meetings were held during 2015. Two of them were internal, and the other one was in the form of a written survey among members of the Committee. The Investment Committee considered the issues on investment activities of the JSC "Grid Company":

- events held by the Company concerning reliability of Kazan region power supply in the lead-up to the FIFA World Cup 2018;
- were developed requirements for the power supply reliability of the stadium "Kazan-Arena" during the World Cup qualifiers in 2018;
- the results concerning implementation of the investment program of the Company in 2014 – 2015 yy;
- information on the implementation of capital investments on the activities of the investment program aimed to ensure reliable and uninterrupted power supply for Kazan power region, the venues of the Water Sports World Championships 2015 and the upcoming FIFA World Cup 2018, to ensure the power supply reliability for users of the Republic of Tatarstan, to ensure power supply reliability of industrial enterprises, oil, petrochemical and automotive enterprises, to ensure reliable and qualitative power supply of special economic areas of technology-innovative type in Verkhneuslonsky and Laishevo municipal regions of the Republic Tatarstan;
- the following priority investment projects were reviewed and recommended for inclusion in the plan of capital construction in 2016: "SS Reconstruction of 500 kV Bugulma", "Reconstruction of SS 220 kV Nizhnekamsk", "Reconstruction of SS 110 kV Uzhnaya", "Construction of SS 220 kV Begishevo", "Construction of single-circuit overhead line 220 kV Schelokov – Begishevo", "Construction of single-circuit aerial cable line 220 kV Begishevo – TANECO";
- taking into account arising needs in investments for the construction of "Big Kazan ring main 220 kV" and high-speed main railway line-2 Moscow-Kazan Company's management is recommended to form and in accordance with the established procedure approve the plan of measures to ensure the power supply reliability of the Kazan power region in the lead-up to the FIFA World Cup 2018.

Information on participation of members of the Investment Committee in meetings held in 2015

| | Internal meeting | Meeting in absentia | The percentage of participation in the total number of meetings |
|--------------------------------------|------------------|---------------------|---|
| Pahomov Aleksey Mikhailovich | 2 | 1 | 100 |
| Veчерov Igor Borisovich | 2 | 1 | 100 |
| Galeev Eduard Gennadievich | 1 | 1 | 67 |
| Gizatullin Ruslan Zagitovich | 2 | 1 | 100 |
| Evseev Alexander Nikolaevich | 2 | 1 | 100 |
| Mazitov Azat Ilgizovich | 0 | 0 | 0 |
| Nagumanov Timur Dmitriyevich | 2 | 1 | 100 |
| Nazarova Natalya Alexandrovna | 1 | 1 | 67 |
| Safiullin Damir Kharunovich | 1 | 1 | 67 |

Information on remuneration of the members of the Board of Directors and its Committees

Currently, the Company does not practice the remuneration payment to members of the Board of Directors and Board committees, although the future payments are possible.

The criteria for determining the size of remuneration and compensation to the members of the Company's Board of Directors are fixed in the Rules and Regulations on expenses, remunerations and compensations of Board of Directors of JSC "Grid Company" approved by the Extraordinary General Meeting of Shareholders on 11/12/2012 (Minutes dated 11/14/2012 number 28). In accordance with Article number 66 of the Federal Law "Concerning Joint Stock Companies" and the Rules and Regulations, remuneration of members of the Board of Directors shall be paid on the basis of the decision made by the general meeting of shareholders and depends on the results of the Company's work and the individual work of the Board of Directors for the exact period.

In 2015 the Company did not compensate the expenses connected with the performing of the functions of members of the Board of Directors and Board Committees due to their absence.

The Sole Executive Body of the Company (The General Director)

The General Director perform management of the current Company's work and is accountable both to the General Meeting of Shareholders and the Company's Board of Directors. General Director of the Company is the pillar of achieving Company's goals and is responsible for the implementation of the adopted strategy.

In accordance with the Charter of the Company election of the General Director and early termination of his powers shall be approved by the decision of the Board of Directors.

Rights and duties of the General Director are determined by the Federal Law "Concerning Joint Stock Companies", other legal acts of the Russian Federation, the Charter and the Rules Regulations on the General Director of the Company, as well as the employment contract between the General Director and the Company.



FARDIEV
Ilshat Shaehovich

Date of birth: 1960.

Education: higher education (Kazan Branch of Moscow Power Engineering Institute (Technical University), a degree in Power Supply for Industrial Enterprises of Cities and Agriculture", 1983).

Citizenship: Russian Federation.

Offices held for the last 5 years:

- February, 2002 – April, 2010 – The General Director of JSC "Tatenergo";
- April, 2005 – April, 2010 – The General Director of JSC "Generating Company";
- April, 2010 – May, 2012: Vice Prime Minister of the Republic of Tatarstan – Minister of energetics of the Republic of Tatarstan;
- May, 2012 – present time – General Director of JCS "Grid Company".

Does not hold any share of the Company.

Family relations with any individuals who are members of the governing bodies and the Audit Committee of the Company are absent.

The text of the Rules and Regulations on the General Director of JSC "Grid Company" is published on the official website <http://www.gridcom-rt.ru> in the section "Shareholders and Investors / Charter and internal documents".

Information on remuneration of the General Director

The issues on material incentives of the sole executive body (the General Director) of the Company are regulated by an employment contract that fixes lump sum price (monthly salary), as well as by the current Company's bylaws on material incentives for the General Director that establishes the dependence of material incentives on performing basic technical, economic and financial functions.

Remuneration structure of the General Director of the Company in 2015:

| Basic remuneration | Short-term incentives |
|---|--|
| Salary (Monthly payments in money terms) | Bonus award on the results of award performing for the accounting period (Payments in money terms for the accounting period) |

Bonus awards for the General Director depend on the decision made by the Board of Directors (shall be approved by the Board Chairman) and are performed on the results of the Company's KPIs for the accounting period which includes the following indicators:

- achievement of a fixed level of financial results of the Company during the accounting period;
- non-exceeding the actual amount of losses on the distribution mains of 10-0.4 kV in the current quarter relative to their planning value;
- appropriate expenditures allocated by the special budget (plan) within the accounting period;
- the absence of accidents at hazardous industrial facilities of the Company and fatal accidents caused by the employer.

During 2015 the Company did not accommodate the General Director with any loan.

Information in this the annual report section is given in accordance with statutory compliance of personal data, as well as established rules of privacy of information on the remuneration of the sole executive body.

Corporate Secretary

Ensuring strict compliance of authorities and officials with the Company's corporate procedures established by the legislation, the Charter and other internal documents is the primary objective of the Company's corporate secretary. The presence of the Company's Corporate Secretary answers to the best corporate governance practices, improves the level of credibility to the Company by shareholders and stakeholders.

In its work, the Corporate Secretary of the Company is guided by the Federal Law "Concerning Joint Stock Companies" and other regulatory legal acts of the Russian Federation, the Charter and internal documents of the Company, as well as the Rules and Regulations on the Corporate Secretary of the Company approved by the Company's Board of Directors on 11/23/2012 (Minutes dated 11/26/2012 № 5/2012). The Corporate Secretary of the Company shall be appointed by the Board of Directors and is accountable to it.

PROZOROVA Valeriya Alexandrovna

Date of birth: 1974.

Education: higher education (Kazan State University n.a. V.I. Ulyanov-Lenin, a degree in Applied mathematics, 1996; Institute of Economics, Management and Law in Kazan, a degree in Legal Studies, 2006, Qualification certificate of Specialist in the Financial Market (broker/dealer activities and portfolio management).

Citizenship: Russian Federation.

Offices held for the last 5 years:

- April, 2009 – present time – the Head of Corporate Relations Department of JSC "Grid Company".

Assignment: 11/23/2012 (Minutes of the Board of Directors dated 11/26/2012 number 5/2012).

Holdover: 10/30/2015 (Minutes of the Board of Directors dated 11/02/2015 number 6/10-2015).

Does not hold any share of the Company.

Family relations with any individuals who are members of the governing bodies and the Audit Commission of the Company are absent.

During 2015 the Company did not accommodate the Corporate Secretary with loans.

The text of the Rules and Regulations on the Corporate Secretary of JSC "Grid Company" is published on the official website <http://www.gridcom-rt.ru> in the section "Shareholders and Investors / Charter and internal documents".

6.3. EQUITY SHARE CAPITAL

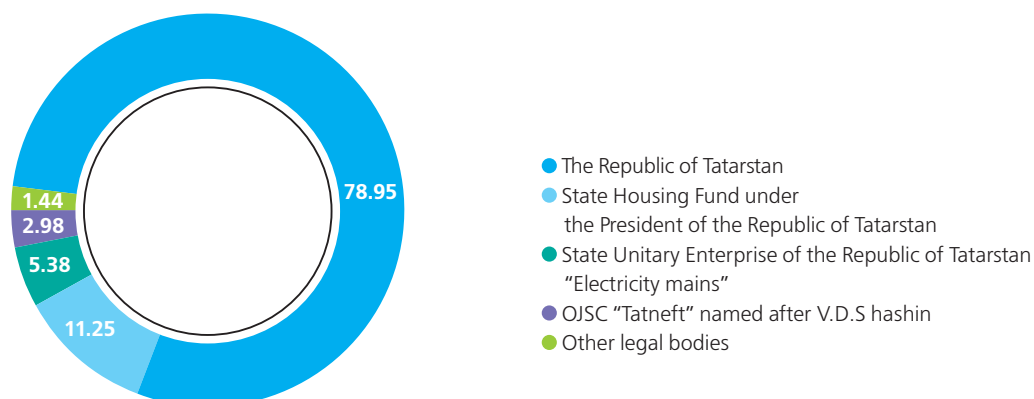
As of 12/31/2015 according to the Article number 6 of the Company's Charter the Equity Share Capital amounts to 6,540,732.309 rubles and is divided into 13,081,464.618 ordinary registered uncertificated shares with a nominal value of 50 kopecks. The number of authorized shares amounts to 1,323,880.778 of ordinary registered shares with a nominal value of 50 kopecks.

Upon the decision made on 04/02/2013 at the Extraordinary General Meeting of Shareholders to increase the share capital, is performed stock promotion of ordinary registered uncertificated shares by the means of private placement of additional share issue, the Federal Service for Financial Markets on 06/27/2013 assigned 1-02-65007-D-005D state registration number to the share issue.

As of 12/31/2015 the number of outstanding ordinary registered shares amounts to 13,581,895.753 shares (including the shares of the additional issue with stock promotion too).

Persons holding more than 2% of ordinary registered shares of the Company (On 12/31/2015)

| Shareholder | Shares number | % |
|--|-----------------------|------------|
| Republic of Tatarstan via the Ministry of Land and Property Regulations of the Republic of Tatarstan | 10,722,583.224 | 78.95 |
| State Housing Fund under the President of the Republic of Tatarstan | 1,527,279.491 | 11.25 |
| State Unitary Enterprise of the Republic of Tatarstan "Electricity mains" | 731,160.266 | 5.38 |
| OJSC "Tatneft" n.a. V.D. Shashin | 405,345.396 | 2.98 |
| Other legal bodies holding each less than 2% of shares | 195,527.376 | 1.44 |
| TOTAL: | 13,581,895.753 | 100 |



Preferred shares were not placed by the Company. Structure of the Company's share capital is characterized by the absence of cross-shareholdings.

Information on the share capital structure of JSC "Grid Company" is published on the official website <http://www.gridcom-rt.ru> in the section «Investors and Shareholders/Equity Share Capital».

A Brief History of the emission of the Company

| State Registration number and the Register Date | Mode of placement | Number of outstanding shares | Nominal value in rubles | Status |
|--|-------------------------------------|------------------------------|-------------------------|---------------------------|
| The First Issue of the Ordinary Registered Shares | | | | |
| 1-01-65007-D dated 02/26/2002 | Distribution among founding parties | 4,777,778,000 | 1 | Rescinded |
| The Second Issue of the Ordinary Registered Shares | | | | |
| 1-02-65007-D dated 08/03/2004 | Share conversion (share split) | 21,681,464,618* | 0.5 | Placed |
| In relation to the securities issue was performed the State Registration of the following additional issues: | | | | |
| 1-02-65007-D-001D** dated 05/25/2006 | Conversion (Attachment) | 1,276,745,600 | 0.5 | Placed |
| 1-02-65007-D-002D** dated 01/29/2008 | Private Placement | 1,055,180,239 | 0.5 | Placed |
| 1-02-65007-D-003D** dated 05/28/2009 | Conversion (Attachment) | 9,641,365,000 | 0.5 | Placed |
| 1-02-65007-D-004D** dated 03/17/2011 | Private placement | 702,828,383 | 0.5 | Placed |
| 1-02-65007-D-005D*** dated 06/27/2013 | Private Placement | 876,288,860 | 0.5 | In a process of placement |

* The securities number of the issue is stated with regard to the outstanding securities number of additional issues, individual numbers (codes) of which are rescinded

** Due to the expiration of three months from the date of state registration of the report on the additional issue of the individual number (code) of the additional issue is rescinded

***In a decision on additional issue of securities on 06/30/2014 and 07/09/2015 there are changes on record

The number of ordinary registered shares of the Company of principal issue that are not rescinded or canceled amounts to 13,081,464,618 shares. In accordance with the decision made on 08/26/2010 at the Extraordinary General Meeting of Shareholders to reduce the share capital, 8,600,000,000 of ordinary registered shares are canceled and are transferred to the Company's ownership as a result of reorganization through merger of JSC "Grid Company Holding" created by reorganization in the form of demerger of JSC "Tatenergo" and are unsold for a year after their acquisition by the Company.

The texts for the registered decisions on the issue (on the additional issue) of Company's securities, as well as all the registered changes to the registered decision on the issue (additional issue) of securities are voluntarily disclosed by the Company in manner determined by the Chapter 74 of the Rules and Regulations on information disclosure by issuers of equity securities approved by the Bank of Russia on 12/30/2014 number 454-P on the web site at the following address: <http://www.e-disclosure.ru/portal/company.aspx?id=1830>, as well as on the official website <http://www.gridcom-rt.ru> in the section "Investors and Shareholders/ Equity Share Capital".

The Dividend Policy of the Company

The Dividend Policy of the Company is based on safeguarding for optimal combination of the Company's interests and its shareholders in the decision-making on paid (unpaid) dividends and the determination of their amount, as well as respect for shareholders' rights as required by the current legislation of the Russian Federation and the Company's Charter and is aimed to improve the investment attractiveness of the Company and its capitalization.

The Rules and Regulations on the Dividend Policy of the Company the current version of which was approved by the Board of Directors on 02/19/2014 (Minutes dated 02/21/2014 number 8/02-2014) defines the basic principles and approaches in decision-making by the Board of Directors on the recommendations to the General Meeting of Shareholders on dividends payment. It provides a transparent mechanism for determining the amount of dividends and their payment and information on shareholders and other stakeholders about the Company's dividend policy.

The dividend policy of the Company is based on the following principles arising from the specific activities of the Company which consist primarily in the state rate regulation for electric power transmission and process connection, as well as in the need for development, modernization, reconstruction and maintenance of new construction of transmission facilities:

- in the decision-making on recommendations on dividends payment (non-payment) and their amount a priority of the Board of Directors is to balance the interests of the Company and its shareholders as well as the need to provide reliable and qualitative power supply to consumers connected to the power grids of the Company;
- the recommendations of the Company's Board of Directors on dividends payment can be made to the General Meeting of Shareholders in the case of sufficiency of the Company's funds for the implementation of investment programs and funds for capital expenditure activities on technological connection of consumers to the power grid facilities of the Company;
- the amount of dividends recommended by the Board of Directors of the Company should not exceed the level approved during formation of tariffs for power energy transmission for the corresponding year.

Taking into account the high demand of the Company in funds for investment projects aimed at capital renewals and ensuring reliable functioning of the power grid of the Republic, as well as creating appropriate conditions for process connection of consumers, the Board of Directors of the Company came up with decisions on the recommendations to the Annual General Meeting of Shareholders on dividends non-payment at the end of the financial year.

The text of the Rules and Regulations on the Dividend Policy of JSC "Grid Company" is published on the official website <http://www.gridcom-rt.ru> in the section "Investors and Shareholders/ Charter and internal documents".

The Dividend History

| Period of time | Event |
|---------------------|--|
| 2006 | According to the results of 2006, it was a first time from the start of the Company the Annual General Meeting of Shareholders made a decision to pay dividends on ordinary shares in 10% of the net profit. The total number for dividends payment on ordinary shares of the amounts to 6,789,600,000 rubles. |
| from 2007 till 2014 | In accordance with the recommendations of the Board of Directors, Annual General Meetings of Shareholders did not accept to pay (not to declare) dividends for the results of the corresponding year. |

6.4. CONTROL AND AUDIT SYSTEM. RISK MANAGEMENT SYSTEM

In JSC "Grid Company" a system of internal controls operates to ensure the efficiency of work. Continuous improvement of it is among the priority areas of activity.

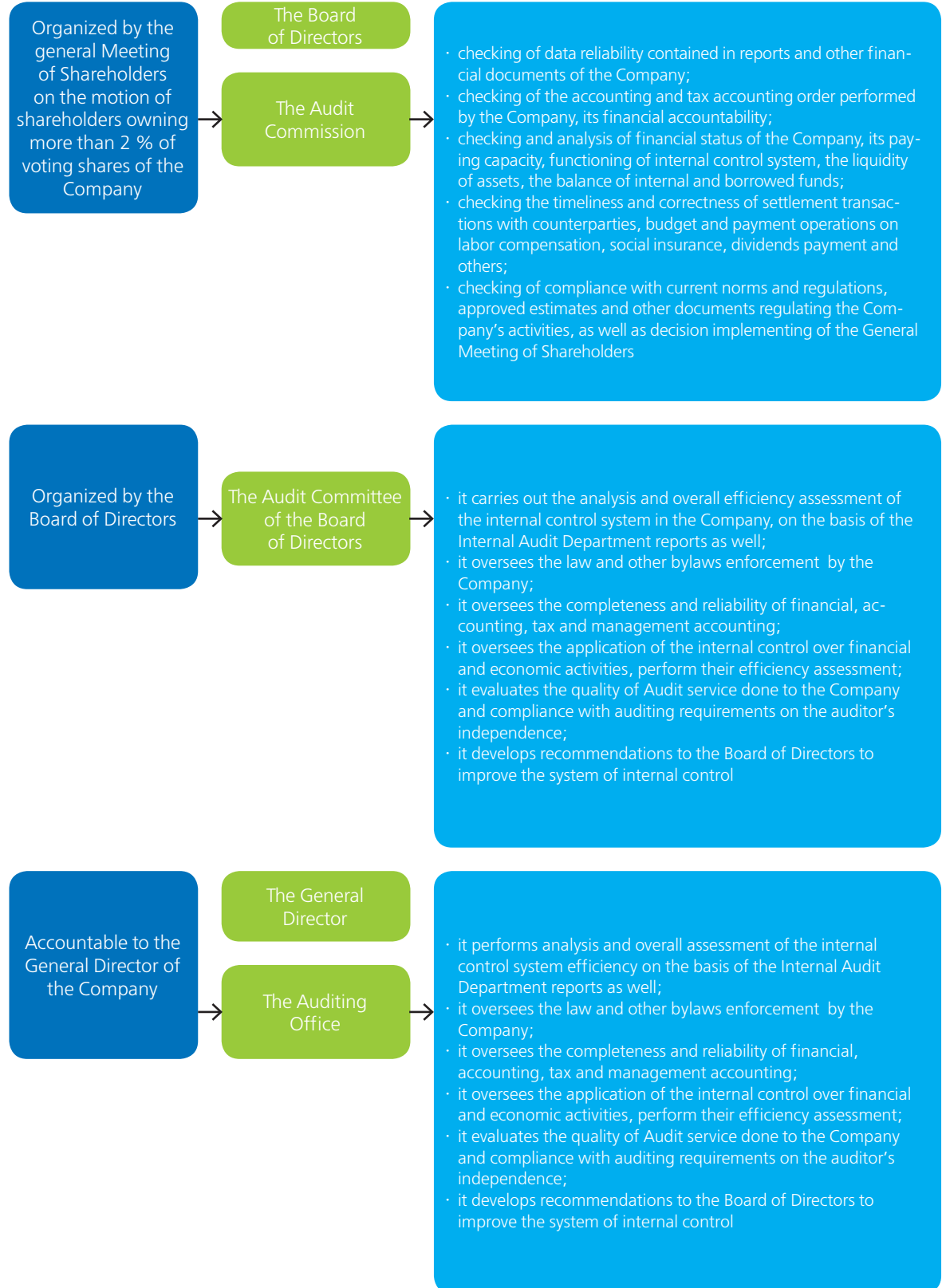
The main objectives of internal control are to ensure investor confidence to the Company and its governing bodies, the security of shareholders' investments and assets of the Company, to reach the strategic goals in the most effective way, risk management of financial and economic activities of the Company, effective financial and economic activities management of the Company and the management of its assets, to assist the Company's management in the effective discharge of administrative functions.

The Company's internal control system is designed to provide the following tasks:

- to ensure performing of financial and economic plan;
- to establish and reinforce effective internal control procedures;
- to ensure efficient and transparent management of the Company, including prevention and suppression of abuse by the executive bodies and officers of the Company;
- to ensure completeness, reliability and accuracy of the financial, accounting, statistical, management information and accountability of the Company;
- to identify and mobilize internal capacity and sources to increase profits;
- to ensure observance of legal acts of the Russian Federation, internal documents and decisions made by the Company's governing bodies;
- to safeguard assets and the efficient use of the Company's resources;
- prevention, early identification, analysis and limitation of financial, operational and technical risks that may have a material adverse (negative) impact on achieving the Company's goals related to financial and economic activities.

The internal control system in the JSC "Grid Company" is a set of organizational procedures, control measures and internal control methods organized and carried out by the internal control party: the Board of Directors, the Audit Commission, the Audit Committee, the Company's management, the Auditing Office and Oversight Office, directors and heads of departments, all employees as part of their duties and competence.

Internal Control System



To ensure the functioning of the internal control system the Company has the Rules and Regulations on the internal control system defining the concept and goals of internal control systems, its arrangement and the principles of its functioning, the internal control procedures in the implementation of the Company's programs, as well as the liability of the internal control parties for the implementation of internal control procedures (approved by the Company's Board of Directors on 09/14/2012, Minutes of the Board of Directors Meeting dated 09/17/2012 No 1/2012).

Arrangement of permanent and periodic control of financial and economic activities is assigned to the Internal Audit Department of Control and Auditing Office which analyzes and summarizes the results of the control measures, oversees the elimination of breaches revealed during the checking and employee investigations, carries out prophylactic work to prevent breaches.

During the year 2015 the Internal Audit Department of Auditing Office carried out comprehensive and target-oriented audits of branches in almost all activity areas of the Company.

According to the results of checking were drawn up activity plans to eliminate the identified breaches. Performing of this plan is monitored by the Audit Office.

Along with auditing Audit Office carries out methodological work to improve the efficiency of the internal control system and reduce possible internal and external risks, to accelerate the adaptation of existing operating procedures under the new economic conditions.

The functioning of the system of internal control and risk management in the Company is provided by:

- a system of developed methodological documents (regulations);
- a system of control procedures (implementation of comprehensive and targeted checking; segregation of duties, responsibilities and access; linking indicators of various forms of reporting; monitoring and analysis of key performance indicators and risks, etc.);
- reporting on the implementation of control procedures (implementation of measures to eliminate identified breaches, the analysis of revealed departures in the indicators and causes of breaches, etc.);
- the advent of technology in business processes;
- the conclusion of insurance contracts (dangerous venues, vehicles, employees);
- timely informing on past and future developments of the governing bodies.

The Audit Commission

To exercise control over financial and economic activities of the Company the Annual General Meeting of Shareholders organizes the Auditing Commission of the Company. The Audit Commission is a permanent body of the internal control of the Company that carries out regular monitoring over financial and economic activities of the Company for compliance with the requirements of the Russian legislation, the Charter and internal documents of the Company.

The activities of the Audit Commission is regulated by the Federal Law "Concerning Joint Stock Companies", the Company Charter and the Rules and Regulations on the Audit Commission of JSC "Grid Company".

The Audit Committee shall be organized at the General Meeting of Shareholders for a term until the next General Meeting of Shareholders and make an amount of 5 people in total.

In the reporting year, there was one active component of the Audit Commission.

The current members of the Audit Commission (organized on 06.27.2015):

| | |
|--|--|
| <p>BURGANOVA Almira Magsumzyanovna</p> | <p>Date of birth: 1963. Education: higher education (Moscow University of Consumer Cooperation, a degree in Economic management, 1986). Offices held for the last 5 years:</p> <ul style="list-style-type: none"> • July, 2007 – present time – The Accountant General of the State Unitary Enterprise of the Republic of Tatarstan “Electricity mains”. <p>Does not hold any shares of the Company.</p> |
| <p>MINULLIN Ulay Rimovich</p> | <p>Date of birth: 1983. Education: higher education (Kazan Finance and Economics Institute n.a. V.V. Kuibyshev, a degree in Financial Management, 2007). Offices held for the last 5 years:</p> <ul style="list-style-type: none"> • October, 2007 – December, 2015 – the Principal Adviser (Consultant) of the Business Economics Department of the Ministry of Finance of the Republic of Tatarstan; • December, 2015 – present time – the Head of the Business Economics Department of the Ministry of Finance of the Republic of Tatarstan. <p>Does not hold any shares of the Company.</p> |
| <p>SADRIEVA Gyzyal Gabdulkhakovna</p> | <p>Date of birth: 1958. Education: higher education (Kazan Finance and Economics Institute n.a. V.V. Kuibyshev, a degree in Industrial Planning, 1980). Offices held for the last 5 years:</p> <ul style="list-style-type: none"> • 2010 – 2012 – the Head of the Energy Management, Ministry of Energy of the Republic of Tatarstan; • 2012 – present time – the Head of the Energy Management, Ministry of Industry and Trade of the Republic of Tatarstan. <p>Does not hold any shares of the Company.</p> |
| <p>DAVLETSHIN Rustem Ferdinandovich</p> | <p>Date of birth: 1986. Education: higher education (Kazan Finance and Economics Institute n.a. V.V. Kuibyshev, a degree in Finance and Credit, 2008; Kazan State University n.a. V.I. Ulyanov-Lenin, a degree in Law Studies, 2012). Offices held for the last 5 years:</p> <ul style="list-style-type: none"> • May, 2009 – February, 2013 – the Economist, the Economist of the 2nd category, the Economist of the 1st category in the JSC “Generating Company”; • February, 2013 – August, 2014 – the Chief Economist of the Business Economics Department in the JSC “Grid Company”; • August, 2014 – present time – the Head of the Business Economics Department in the JSC “Grid Company”. <p>Does not hold any shares of the Company.</p> |
| <p>SHAVALIEVA (Guilyazutdinova) Alsu Ravilyevna</p> | <p>Date of birth: 1985. Education: higher education (Kazan State University n.a. V.I. Ulyanov-Lenin, a degree in Financial management, 2007). Offices held for the last 5 years:</p> <ul style="list-style-type: none"> • May, 2010 – March, 2011 – the Principal Accountant of the LLC “Volga-Zitar Company”; • April, 2011 – May, 2012 – the Expert of the 1st category of Internal Audit Department of Economic Security and Regime management of JSC “Grid Company”; • May, 2012 – July, 2015 – the Principal Expert of Internal Audit Department in Auditing Office in JSC “Grid Company”; • July, 2015 – present time – the Principal Accountant of accounting group and tax assessment of fixed assets in accountancy of JSC “Grid Company”. <p>Does not hold any shares of the company</p> |

Remuneration to the members of the Audit Commission

According to paragraph 8 of the Rules and Regulations on the Audit Commission of the JSC “Network Company” approved by the Annual General Meeting of Shareholders on 29/06/2007 (Minutes dated 07/17/2007 number 14), remuneration of the Audit Commission members is paid by the General Meeting of Shareholders of the Company. The decision on the remuneration and/ or compensations payment to the members of the Audit Commission during the performance of their duties has not been taken by the General Meeting of Shareholders of the Company in 2015.

The text of the Rules and Regulation on the Audit Commission of JSC “Grid Company” is published on the official website <http://www.gridcom-rt.ru> in the section “Investors and Shareholders / Charter and internal documents”.

The Auditors

Auditor (compulsory audit on Russian Accounting Principles)

In accordance with the Russian legislation, to carry out an independent audit and validation of the Company's annual financial reporting every year the General Meeting of Shareholders approves the Auditor. The winner of the competitive selection – LLC "FBK Povolzje" was approved as the Auditor of the Company for the financial year 2015 by the Annual General Meeting of Shareholders held on 06/26/2015.

For performing the statutory audit of financial reporting on the results of fiscal year 2015 selection of Audit Company was carried out on the basis of bidding in the form of an open tender in the manner determined by the Federal Law dated 04/05/2013 number 44 of the Federal Law "Concerning contracting procurement of goods, works, services ensuring state and municipal needs".

The amount of services payment of LLC "FBK Povolzje" is regulated by the Board of Directors of the Company in accordance with the results of the competition. Remuneration for an independent audit over accounting (financial) reporting prepared in accordance with Russian legislation of the Company for the period from 01/01/2015 to 12/31/2015 is amounted to 550,000 rubles.

LLC "FBK Povolzje" is the member of the International Association of ACA since 1997. During the year 2015 there were not non-auditing services performed by LLC "FBK Povolzje".

Full company name: Limited Liability Company "FBK Povolzje".

Abbreviated name: LLC "FBK Povolzje".

Legal address: Yamasheva Pr., 10, Kazan, Republic of Tatarstan, 420080.

Registration number of the entry in the Register of Auditors and Audit Organizations of Self-Regulated Organization Non-Profit Organization "Institute of Professional Auditors" number 10202014708 dated 04/12/2009.

Brief information: Mailing address: Yamasheva Pr., 10, Kazan, Republic of Tatarstan, 420080.

Phone number: (843) 564-53-74, 564-54-84.

E-mail: fbk-povolzje@acg-pkf.ru.

Auditor (financial audit on International Financial Reporting Standard)

Auditor selection procedure: in accordance with the requirements of the Federal Law dated 07/18/2011 number 223-FL "Concerning purchase of goods, works and services by certain kinds of legal entities" selection of an Auditing Company to audit the Financial statements of the Company prepared in accordance with the International Financial Reporting Standards (hereafter IFRS) is performed on a competitive basis based on the decision of the Central Procurement Committee of JSC "Grid company".

Procurement records and Minutes of the Central Procurement Committee with the results of the procurement were published on the official website in a Single Information System for publishing information on placing orders for goods, works and services.

The procedure of payment and amount of remuneration to the Auditing Company for the audit are determined by the Contract for Rendering of Audit Services.

Full company name: Joint-stock company "PricewaterhouseCoopers Audit".

Abbreviated name: JSC «PricewaterhouseCoopers Audit».

Legal address: Butyrsky val, 10, Moscow, Russian Federation, 125047.

Mailing address: Butyrsky val, 10, Moscow, Russian Federation, 125047.

Phone: (495) 967-6000.

Fax: (495) 967-6001.

Website Organization: www.pwc.ru.

JSC "PricewaterhouseCoopers Audit" is a member of non-profit partnership "Audit Chamber of Russia". The number in the audit register and audit organizations: the main registration number 10201003683.

Risk Management

The Company's business is exposed to internal and external factors, the degree of their influence may be determined by a comprehensive analysis of probability of an event and its consequences. The company realizes the importance of the risk management process as a part of the corporate governance system, which allows to timely identify and assess risks in the implementation of the Company's financial and economic activities, as well as to minimize the negative impact of such risks.

The main areas in the field of risk management are: identification and assessment of risks, their ranking, as well as the impact on the risks to guarantee achievement of the strategic goals of the Company, asset preservation and business efficiency maintenance and to ensure continuity of power transmission.

The list of important elements of the risk management process are:







- the integration of the risk management process with the main activities of the Company and business processes;
- analysis of the targets for the presence and minimization (elimination) of the effects of the risk;
- improving the efficiency of key risk management;
- participation of each employee in the risk management process.





To ensure the good functioning of the risk management system, the Company has a risk management policy that defines the main goals, objectives of risk management process in the Company and the principles of its operation (approved by the Board of Directors on 12/27/2012, Minutes from the Board of Directors Meeting dated 12/28/2012 number 6/2012).




The Company adheres to the following principles of risk management:

| | |
|--|---|
| Recognizing of risks | The company recognizes the presence of risks associated with its activity |
| Awareness | Each employee is provided with objective, reliable and current information in the field of risk management |
| The continuity of the risk management process | The risk management process is carried out on an ongoing basis |
| Systematic approach | Risk management is carried out on all key areas of activity, at all levels of governing |
| Responsibility for risk management | Responsibility for risk management is assigned to each employee of the Company within its competence, knowledge and available information |
| Cross-functional interaction | The risk management process that affects the achievement of the objectives in several areas (business processes) is based on the collective decisions of the heads in the appropriate areas (business processes) |
| Target binding | Risk management is carried out on the basis of goals at the level of the Company's strategy |
| Economic efficiency of risk management | Risk management is carried out on the basis of its economic efficiency |
| Independency | The company separates responsibilities for the development, implementation and evaluation of the risk management efficiency |
| Risk management process control | Control over the effective functioning of the risk management process is implemented at all levels of governing |
| Automatization of accounting and analytical procedures | Optimizing the information flow through the use of modern information technology contributes to the exclusion (reduction) of distortions, errors, inaccuracies in a process of forming data management and financial (accounting) reports |









The main groups of the Company's risks, their assessment and measures to minimize the consequences of the risk

| Significance point | | The dynamics of the risk importance for the Company in the reporting year | |
|--------------------|---|---|---|
| Critical |  | The growing of risk significance |  |
| Significant |  | The decreasing of risk importance |  |
| Normal |  | Without changes or the dynamics is insignificant |  |

| Risks | Evaluation | Risk Description | Measures on minimizing the risk consequences |
|--|---|---|---|
| Risks on the state and regional levels | | | |
| Risks associated with the political and economic situation in the country and region |  | <p>The current macroeconomic situation in Russia is characterized by a weakening of the dynamics of development due to the aggravation of the geopolitical situation and the introducing economic sanctions against Russia, as a result, there was an increase in borrowing costs, increase of capital flows and a surge of inflation. The impact of inflation on the financial and economic activities of the Company involve the following risks:</p> <ul style="list-style-type: none"> Risks associated with the loss in real value of receivables at significant default or delay in payment; Risk of increase in the cost of services of counterparties which will increase the Company's costs | The Company has approved a program of anti-crisis measures for 2015 (approved by the Company's Board of Directors on 04/10/2015) |
| Risks related to the climatic features of the region |  | The probability of the risks associated with natural disasters: hurricane, "icy rain", heavy snowfall, floods, forest fires | In order to compensate possible damage caused by emergencies Company concluded property insurance contracts and carries out preparatory measures for a rapid response to emergencies, were set up emergency reserves of material resources |
| Investment risks |  | The weakening of the ruble exchange rate leads to a rise in the cost of equipment for the construction and reconstruction of electric grid facilities | In order to level the risk, the Company adheres to the import substitution policy giving preference to home produced equipment |
| Strategic Risks | | | |
| Risks associated with the process connection of the consumers to the electric grids |  | <p>The current possible factors of risk are:</p> <ul style="list-style-type: none"> Changes in the law to shorten the implementation of process connection and increasing applications for process connection; Curbing with the help of growth regulator the rates of payment for process connection, which may result in incomplete coverage of costs for process connection; Incomplete compensation by the regulator of falling revenues in the implementation of process connection of eligible group of applicants | <p>To reduce these risks, the Company develops business process of customers' applications processing for process connection. The process of grid connection was automatized. Reduction of terms of performance of capital nature works.</p> <p>Increase in customer focus of the Company:</p> <ul style="list-style-type: none"> On the official site in the personal account the applicant has an opportunity to apply for the implementation of process connection in electronic form; Increasing the number of customer service centers; Information on process connection |

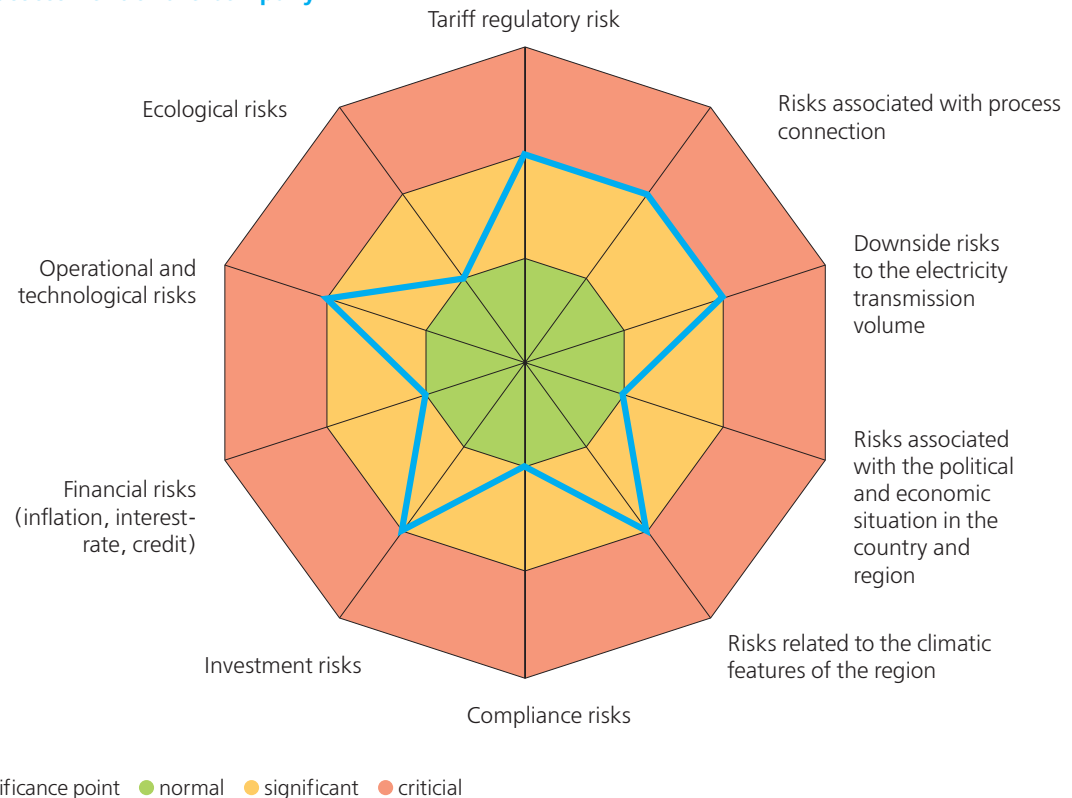
| Risks | Evaluation | Risk Description | Measures on minimizing the risk consequences |
|---|---|--|---|
| Downside risks to the electricity transmission volume |  | The deterioration of the social and economic situation in the country leads to a decline in industrial production and consequently to a decrease in electricity consumption, which could affect the results of the Company's activities. It is also necessary to take into account the development and implementation of customers' generating facilities, consolidation of related grid organizations, through the transfer of the electric grid facilities of consumers for rent as well | Measures to improve the reliability of forecasting the volume of rendered services on electric power transmission. Formation of proposals for legislation aimed at reducing the number of grid organizations (criteria for inclusion in MTR) and as a consequence consumers optimizing of costs for electric power transmission. Formation of proposals for legislation related to the cost of electricity: installation of metering equipment at the interface for balance participation, as well as the revision of standards for energy consumption in the private sector in order to encourage the installation of metering devices |
| Legal risks | | | |
| Changes in tax legislation |  | Russian tax system is characterized by frequent changes in legislation, often contain gaps and contradictory statements opened to various interpretation by different tax authorities. The main factors of the tax risks are: possible introducing of new taxes and fees, increase of the rates level of existing taxes and duties, broadening the tax base, changes in the terms and order of tax payment, accounting and delivery of tax reporting | Among the measures that can help to reduce the negative impact of this category of risk, the Company monitors and reacts timely to changes in tax laws, plans the financial and economic activities taking into account innovations in the existing procedure of taxation. In order to minimize tax risks, the Company also maintains control over the correctness of the calculation of the tax base, the tax rates application, timeliness and completeness of taxes payment to the budgets of all levels and duties stipulated by tax legislation. Due to the fact that the tax payments are taken into account when calculating the tariff for electric power transmission, risks associated with changes in tax legislation are evaluated as insignificant |
| Changes in court policies |  | Litigation is of great importance in the modern Russian law enforcement system and has an impact on the Company's operations. As an integral part of an increasingly complex legal system, jurisprudence is constantly expanding and is subject to change. In this dynamic law and possible contradictions between the federal, state and local laws appear risks compromising its consistency or absence on the interpretation and application of certain rules of law | In order to reduce these risks, the Company monitors trends in law enforcement practices of the judicial bodies and carries out regular monitoring of the legal positions of the supreme judicial authorities that have an impact on Company's activities. In this regard, the risks associated with changes in court practices are deemed insignificant |

| Risks | Evaluation | Risk Description | Measures on minimizing the risk consequences |
|--|------------|---|---|
| Financial Risks | | | |
| Currency risks | ● ⊖ | Indirectly, the risk of changes in foreign currency exchange is shown in the price rise for the Company's equipment, the cost of which depends on currency fluctuations. In terms of tariff regulation of the Company, this means that within the framework of the budget funds the smaller volume of work can be performed | In order to level the financial risks of the Company a program of anti-crisis measures for 2015 (approved by the Company's Board of Directors on 04/10/2015) was approved |
| Interest-rate risks | ● ⊖ | Fluctuations in interest rates will not have a direct impact on the financial and economic activities of the Company, as the credit resources did not involve the Company | |
| Inflation risks | ● ⊖ | The negative impact of inflation on the Company's financial and economic activity may be associated with the following risks: <ul style="list-style-type: none"> • risks associated with the loss in real value of receivables at significant default or delay in payment; • risk of decreasing real value of the funds under the investment program | |
| Risks associated with non-performance of obligations by counterparties | ● ⊕ | Possible risk factors for the moment that are able to influence the performance of the Issuer's performance of obligations include changes in tax laws and the political situation in the country. Following financial indicators are prone to change as a result of the impact of the economy crisis: <ul style="list-style-type: none"> • accounts receivable; • extension of terms of turnover; • account payable; • extension of terms of turnover; • funds; • decrease of free funds; • profit from operation; • reduction | |

| Risks | Evaluation | Risk Description | Measures on minimizing the risk consequences |
|---|--|--|--|
| Tariff risks | | | |
| Tariff restrain |   | <p>Tariff regulation policy aims to restrain the growth of tariffs for electricity transmission services and rates of payment for process connection which can lead to restriction of tariff sources for investment and operating activities of the Company.</p> <p>In 2015 a function to regulate tariffs for transmission of electric energy was transferred from the Federal Tariff Service to the Federal Antimonopoly Service of Russia which plans to change the basic rules of tariff regulation, in connection with which there is a risk of uncertainty in the prediction of the Company's activities in the medium and long-term perspective</p> | <p>In order to minimize these risk factors The Company pursues a balanced policy to improve the efficiency of investment and operational activities aimed to reduce costs and optimal planning of funding structure of activity</p> |
| Operational (production) risks | | | |
| Operational risks for the electric mains of 35 kV voltage and above |   | <p>Loss of reliability and quality of electricity supply to consumers (including transit losses of 500 kV), due to depreciation of fixed assets (substations and transmission lines)</p> <p>Presentation of sanctions and posing of restrictions on the operation of substation equipment and transmission lines in the case of the supervisory authorities in violation of their conditions of use</p> | <p>In order to minimize these risks, the Company carried out a series of measures to ensure the reliability of the equipment:</p> <ul style="list-style-type: none"> Control over the execution of the approved rates of repair and investment programs for the replacement of equipment and reconstruction of transmission facilities; The use emergency automation at the facilities of electric grid, modernization of power generating capacity through the introduction of innovative energy equipment; Modernization of the cross-connect equipment and the remote control system; Improvement of the emergency reserve of the control system required for emergency recovery work; Implementation of energy conservation and energy efficiency programs; Optimization of the structure and volume of purchases of duplicates; Tender selection of service and procurement agencies to improve the quality of services and materials, counterparties liability; Activities to improve the personnel skills as well as monitoring compliance with industrial safety legislation. |
| Production risks (including the risks of delays in the implementation of maintenance and repair programs) |   | <p>The threat of the defective fulfillment of the obligations under the contracts for the provision of electric power transmission</p> <p>Deterioration of operating and economic performance of the electric equipment</p> <p>The beginning of the contrary environmental consequences</p> | <ul style="list-style-type: none"> Modernization of the cross-connect equipment and the remote control system; Improvement of the emergency reserve of the control system required for emergency recovery work; Implementation of energy conservation and energy efficiency programs; Optimization of the structure and volume of purchases of duplicates; Tender selection of service and procurement agencies to improve the quality of services and materials, counterparties liability; Activities to improve the personnel skills as well as monitoring compliance with industrial safety legislation. |
| Operational and technological risks |   | <p>Systematic violations associated with ensuring the safe operation of production facilities and the security of energy supply</p> <p>The risk of transition to operation with the enforced (accident preventive allowable) cross flow</p> <p>Risk of single drastic increase in loading over the planned in response to natural disasters</p> <p>Risk of accidents with partial or full defective delivery of electric power with possible adverse consequences (customer complaints)</p> | <p>The company carries out the improvement of the emergency supply management system, necessary for emergency recovery work, was carried out the optimization of the emergency supply of JSC "Grid Company" as a part of a partnership with the factories system that are equipment manufacturers and related energy companies from PJSC "ROSSETI"</p> |

| Risks | Evaluation | Risk Description | Measures on minimizing the risk consequences |
|------------------------------------|------------|--|---|
| Ecological risks | | | |
| Natural and environmental risks | ● ⊖ | due to changes in the environment | <p>The Company has developed a unified procedure for environmental risk management which includes: identification of hazards; risk assessment with a list of current (proposed) risk control measures in place, taking into account the effects of special hazards, the probability of failure of control measures and the possible seriousness of the consequences; assess the acceptability of the residual risks; identification of risk control measures and evaluate whether the actions taken sufficient to reduce the risk to an acceptable level; applicable legal or other regulatory requirements; the role and powers of the staff responsible for the execution of processes; requirements for the competence of personnel and the need for its training; risks associated with the materials, facilities or equipment specifications which deteriorate over time during storage.</p> <p>Quantitative risk assessment is carried out for each hazard, and because of its appearance on the FMEA method (analysis of the types, effects and criticality inconsistencies), according to which the environmental risk factor is estimated by HRR (risk priority number), according to which then the level of risk is determined.</p> <p>Based on the analysis of the branches of risk assessment summary reports formed the matrix of environmental risks in the whole of JSC "Grid Company", which is the basis for making management decisions in the future to improve environmental safety and environmental risk reduction level.</p> <p>Accepted measures to control risks include briefings, compliance manuals, technical regulations, the installation of relay protection, emergency alarms, repair and overhaul of equipment</p> |
| The risks of catastrophic impacts | ● ⊖ | due to environmental changes as a result of man-made disasters, accidents, incidents | |
| Social and environmental risks | ● ⊖ | due to a defensive reaction of the state and society on the worsening ecological situation | |
| Environmental and regulatory risks | ● ⊖ | due to the adoption of environmental laws and regulations, or their permanent tightening | |
| Economic and environmental risks | ● ⊖ | due to financial and economic activities | |

Risk assessment of the Company



Anti-corruption policy

Implementation of anti-corruption policy of the Company is based on the principles and objectives of meeting the best Russian and international practices in the field of anti-corruption. In June of 2015 the Company's Board of Directors approved the Rules and Regulations "Concerning the anti-corruption policy of JSC "Grid Company" (Minutes dated 06/18/2015 number 13 / 06-2015).

The aim of anti-corruption activities is to develop and implement various and consistent measures to prevent, identify and eliminate (minimize) the causes and conditions that give rise to corruption, as well as to form anti-corruption awareness characterized by intolerance of the Company's employees, shareholders, the investment community, counterparties, members of the Company's governing and control bodies to corrupt practices.

The text of the Rules and Regulations "Concerning the anti-corruption policy of JSC "Grid Company" is published on the official website <http://www.gridcom-rt.ru> in the section "Investors and Shareholders/Charter and internal documents".

The Basic Principles of Anti-corruption Policy

Rejection of corruption and the prohibition on corruption practices

The Company's activities are based on rejection of corruption in all its forms and practices

Inevitability of punishment

The company carries out an investigation over all reasonable messages of violations of proper procedures to fight corruption and to bring the perpetrators to justice without including their job positions, the period of work, the status in the Company as required by law

Legality

The Company and its employees carrying out activities on behalf of the Company or for its benefit must observe the norms of Russian anti-corruption legislation in the case of entry into a legal relationship put under such legislation

| | |
|--|---|
| Tone of senior management | Senior officials of the Company including members of the governing bodies, heads of departments and other units of the Company must be uncompromising attitude to all forms and practices of corruption at all levels, implement this attitude and comply with it in practice |
| Consistency and adequacy | The company develops and implements a system of appropriate procedures to fight and prevent involvement in corrupt activities. It strives to make the procedure as transparent as possible, clear, feasible and reasonably meeting the identified risks |
| The principle of due diligence | The company carries out monitoring and verification of counterparties and candidates for job positions in the Company for their loyalty, corruption rejection and the risks of competing interest before deciding to start or continue business relationships |
| Informing and training | The company provides information and clarification of the principles and norms of the legislation and other local regulations with regard to anti-corruption activities |
| Monitoring and the state of anti-corruption system | The Company continuously monitors the implementation of procedures to fight and prevent involvement in corruption activities and controls its observation |
| Improving the system of proper procedures | The company develops and maintains a system of notification of breaches and the risks associated with corruption practices |
| Advocacy of workers | No sanctions cannot be applied to the employee for good faith message on violations, the facts of corruption practices and other abuses or lack of efficiency of existing control procedures |

Anti-corruption policy objectives

- The formation of a uniform understanding of the Company's position in rejection of corruption in all its forms and practices among the Company's employees, shareholders, the investment community, counterparties, members of governing and supervisory bodies;
- Minimizing the risk of the Company's involvement, its departments, the head of the Company, other officials and employees of the Company regardless their job position in corrupt activities;
- The prevention of corruption practices and ensuring responsibility for corruption acts;
- Compensation for damage caused by corruption practices;
- Formation of anti-corruption corporate awareness;
- Creation of a legal mechanism that prevents bribery among parties of anti-corruption activities;
- Requiring the Company's employees to know and comply with the principles and requirements of key standards of anti-corruption legislation of the Russian Federation.

Anti-corruption policy implementation in 2015:

1. Was studied the domestic and foreign experience of anti-corruption activities used on the venues of cutting-edge companies in the fuel and energy complex;
2. Was carried out the training video conference with the participation of the employees from different branches on organization of complex security of venues of the Company including the clarification of the rules of the federal and republican anti-corruption legislation;
3. Realization of the Regulation "Concerning the anti-corruption policy of the Company in JSC "Grid Company":
 - Holding the meetings with the branches of the Company through video conference;
 - Holding audits with the involvement of the media;
 - Interaction with law enforcement and regulatory authorities of the Republic of Tatarstan in the course of audit activities.
4. Anti-corruption audits.

In 2015, the objects of checks became pre-contractual work and the Company's production activities, as well as information derived from messages, applications and complaints received on the helpline and email of the Company.

07

Human resource policy
and social policy

Infinity
of possibilities



7.1. SOCIAL POLICY

Reliable social sphere is a necessary part of modern company's management. The Company's social police is directed to provide the social benefits and compensations to each employee provided by collective agreement of the Company and provided for by collective agreement.

Basic principles of the Company's social police are:

- intensive character of formation and usage of human resources, reception of the highest returns from employees, provision of the effective organization of their health and safety, constant skill improvement;
- creation of the necessary conditions for effective professional and personal development of staff in order to ensure its functioning at a high level under the branch's reform;
- practical realization of principles of social partnership and mutual responsibility of sides between employer's representative and employee representative;
- further social development of staff under due consideration of the interests of all employees for the purpose of improvement of the quality of life of the employees and their families; creation of the system of social and labour rights and guarantee which shape the mentality of corporative facilities and attractiveness of the Company;
- work development of the veteran and youth organizations in order to ensure the company's refresh rate, combined with their succession, achievement of positive personnel stability, preservation of traditions;
- constant dynamic development of personnel management system corresponding to the current and strategic goals of the company, based on the progressive development of effective systems of personnel motivation (material and non-material), optimization and redistribution of human resources within the Company.

Primary directions in the social policy:

- provision of social benefits and compensations;
- improvement of housing conditions for employees;
- organization of health care and recreation for employees and their families;
- realization of sport and cultural events;
- realization of youth policy (work with youth);
- work with veterans, supporting of the Company's non-working retirees;
- non-state pension provision for the Company's employees;
- health promotion for the Company's employees, voluntary medical insurance of the employees.

More information about the Company's social policy is presented in the report on the sustainable development of JSC "Grid Company" for 2015.

| Corporate Values | Principles of behavior |
|------------------|--|
| Respect | observance of human rights and human liberties, benevolence and cooperation as a part of the determination process of production targets |
| Effectiveness | result-oriented performance and achievement of strategic targets of the Company |
| Professionalism | deep knowledge of the subject-matter in speciality, responsible and conscientious attitude to responsibilities, qualitative and timely execution of production targets, constant perfection of professional knowledge and skills, professional development |
| Team work | group cohesion of professionals, wherein everyone works on a general result |
| Responsibility | discharge of the liabilities to shareholders, investors, consumers, workers, business partners, central and local authorities, consciousness of social responsiveness in front of the state, region of the Company's performance and population |

| Corporate Values | Principles of behavior |
|------------------|--|
| Succession | careful attitude to social and cultural values and traditions of the Company, transfer of knowledge and experience to young specialists by the way of professional skills training and mentoring |
| Initiativity | rational activity and independence in the discharge of duties and process optimization |
| Perfection | concernment in the Company's activity improvement by the way of development of professional and personal skills, including self-education |

Health protection

The Company's health protection about employees is one of the indicators of the high level of its corporate culture. In this regard the JSC "Grid Company" pays great attention to the protection of workers' health. All new employees must undergo compulsory preliminary medical examination and to be briefed for protection of labour. All employees undergo medical examination in accordance with the current standards. The Company held a special assessment of working conditions at 72 workplaces and production control at 200 jobs.

In addition the Company provides such types of employees insurance as:

- accident insurance of employees;
- accident insurance.

Educational programs

In 2015 the Company realized these following centralized educational programs:

1. Advanced training. The total number of employees that have passed advanced training is amounted to 8,647 people. The total amount spent by JSC "Grid Company" for the training of employees is amounted to 71.9 million rubles.

In 2015 10 team were educated in the Federal State Budgetary Educational Institution of Higher Professional Education "Volgograd State Technical University" (city Kamyslin) on the theme "Hot-line work in electric installations till 1000 kV" and 1 team on the theme "Hot-line work in electric installations till 10 kV with the usage of method "over d distance". Today the Company has 14 trained teams working on 0.4 kV voltage level.

2. Professional retraining in areas. The number of employees passed professional training is amounted to 42 people. In 2015 the Company spends 7.8 million rubles on the professional training of employees. This training was conducted on the following topics:
 - Human Capital Management;
 - safety of technological processes and production;
 - innovation management in the framework of the presidential program of management training for the Russian national economy organizations.
3. Long-term retraining on MBA and DBA programs, traineeships. In 2015 the MBA degree was received by 12 managers, and 9 leaders was directed at the training on this program. In total the MBA program enrolled 21 people, including 2 people in Moscow at the Russian Academy of National Economy. According to the DBA program are trained 5 senior managers of the Company.

In the previous year 3 employees have been trained abroad (China, UK, Germany) as a part of MBA program.

As part of the departmental special-purpose programme "Advanced training of engineering and technical personnel in the 2015-2016" 4 employees have been trained abroad (Germany) and 6 employees were trained on the territory of the Russian Federation.

Charity and sponsor support

The Company gives a long-term support to a number of important social initiatives, such as provision of assistance to schools as a part of the national program "Help to prepare for school", pays great attention to the development of physical culture and sports in the Republic of Tatarstan. Also the Company traditionally provides charity support to the municipal formations of the Republic of Tatarstan for implementation of cultural events. The Company participates in socially significant events of Kazan on reconstruction and extensive repair of gardens, parks and squares of the city.

7.2. HUMAN RESOURCE POLICY

The Company's personnel management principles. Objectives of the personnel policy.

One of the primary goals of the Company is the support and development of human resources, taking into account directions for the development of the Company and of the dynamics of social and economic development of the Republic of Tatarstan.

Long-term partnership relationships with employees, absoluteness of execution of accepted obligations on provision of provide social guarantees and the preservation of life and health of employees, investment in staff development are the fundamental principles of human resource management in the Company.

The primary goals of human resource policy are complete and full time satisfaction of the Company's needs in staff resources required quantity and quality, creation of conditions for effective development and usage of staff resources.

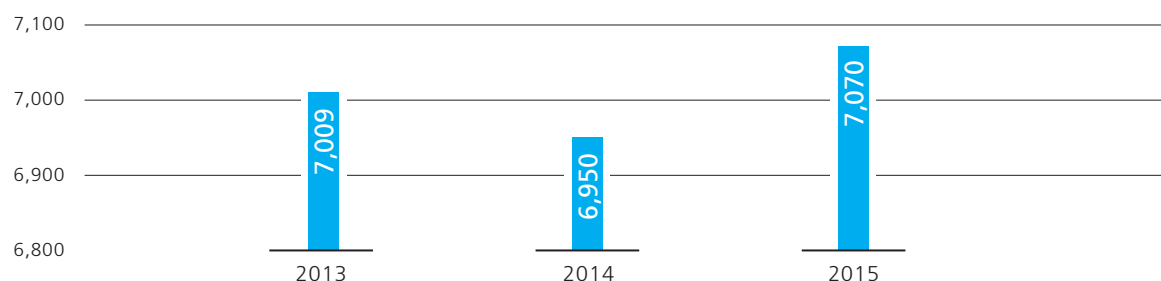
Primary directions of human resource policy:

- provision of labour safety;
- provision of environmental and industrial safety
- provision of constant and balanced development of staff;
- improvement of social and labour relations;
- provision of proper level of labour compensation and social benefits;
- creation of conditions for professional growth and self-realization of employees;
- creation of team-oriented and motivated personnel;
- provision of staff motivation for high performance and productive labour;
- realization of systemic approach on preparation of young professionals including mentoring and mentorship;
- formation of organizational structures proceeding from production and economic of the Company's objectives;
- provision of partnership liabilities provided for by collective agreement and sectoral tariff agreement.

The number and quality of personnel, information on the average staff number for 2013-2015, the staffing level for the 2013-2015.

Average headcount of the Company's staff on 01/01/2016 is amounted to 7,352 people.

Average headcount

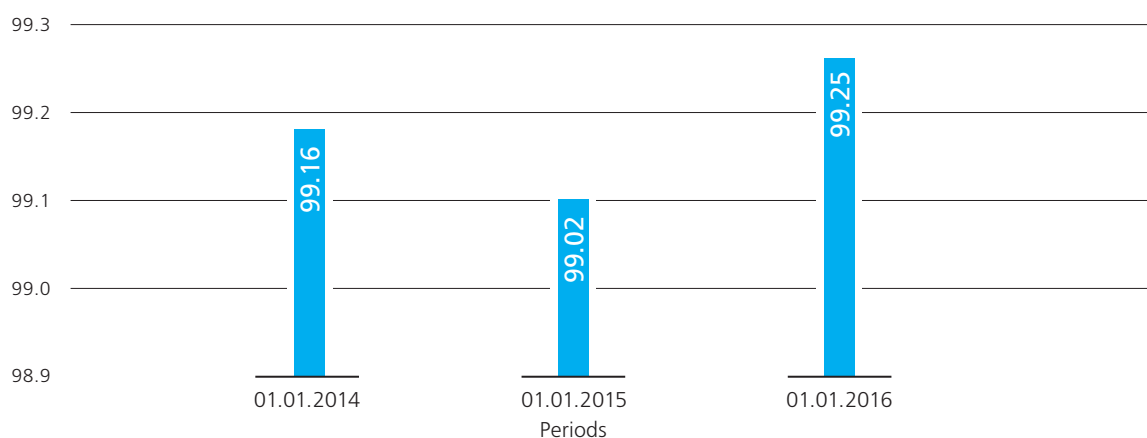


A small increase of headcount in accounting period is conditioned by:

- formation of Customer Service Directorate;
- creations team operating in tension in the Company's branches;
- introduction of a single organizational structures model of a range of the branches' structural departments.

The Company's staffing level remains high and amounts to 99.25% based on the results of 2015.

Staffing level, %



The personnel structure by categories, education and age for 2013-2015

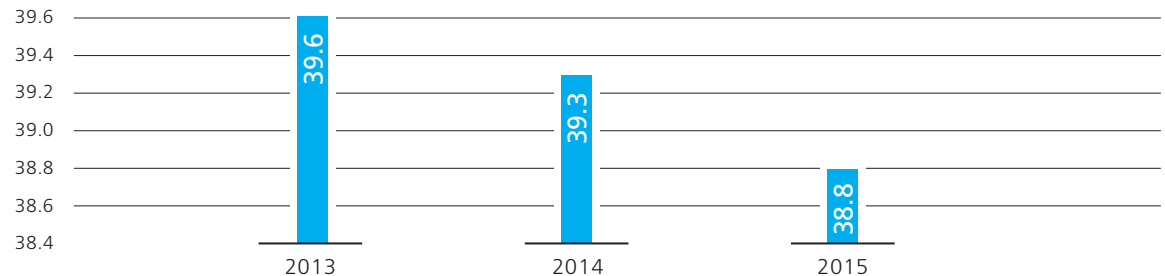
The structure of the Company's employees by categories is conditioned by specific of the of electric grid complex enterprises activity. The main category of the Company's personnel composes workers (more than 50% of accountable number). The percentage of the staff categories in 2015 has changed slightly despite a small increase in the number of employees.

Accountable number of staff categories on 01/01/2016:

| workers | experts and workers | managers |
|---------|---------------------|----------|
| 3,709 | 2,584 | 1,059 |

In 2015 the average age of the Company's employees remained at the level of 2014 and composed 38.8 years. Over the past three years there has been a stable tendency of rejuvenation of the Company's employees due to effective personnel policy for young professionals.

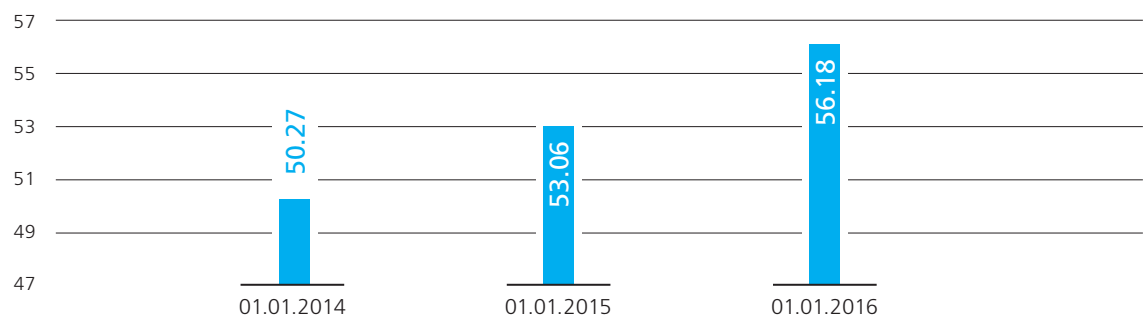
Average age of employees, years



In 2015 the share of the Company's employees with higher education increased by 3.12% in comparison with 2014 and is amounted to 56.18%. 14 Company's employees have a degree of candidate of science, 1 person has a degree of doctor of science, 3 people are candidates for a degree and 45 employees have the degree of "Master of business administration".

The tendency to increase the educational level of the working personnel is observed in the Company.

The share of employees with higher professional education, %

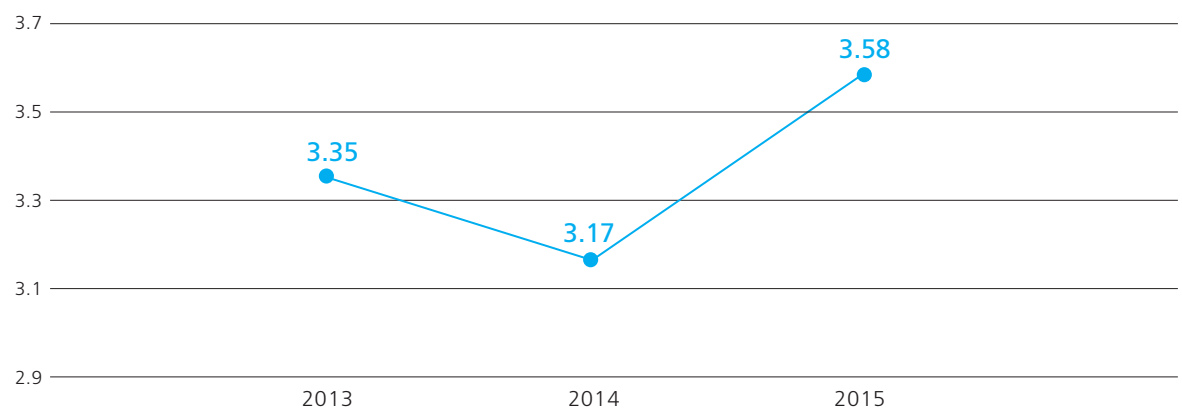


Personnel movement

Staff turnover is one of the important indicators of the Company's business continuity which characterize personnel movement is conditioned by employee's dissatisfaction by his job or organization.

For 2015 this indicator is amounted to 3.58% for the whole Company.

Staff turnover



Staff financial incentives

The human resource policy of the Company is directed at provision of competitive salary level for the purpose of involving and reservation of qualified personnel.

Salary and social package are formed the basic income of the personnel. Salary includes tariff (constant) component according to the unified tariff system and bonus (variable) component. Social package provides to employees an appropriate volume of medical and other social guarantees.

The Company has accomplished all obligations in the range of labour and salary in full. All payment were accomplished in due time and in accordance with the Company's current regulations.

The current system of the Company's employment engagement is based on the Company's objectives accomplishment which are concluded in achievement of the key performance indicators based on the operational results for the quarter.

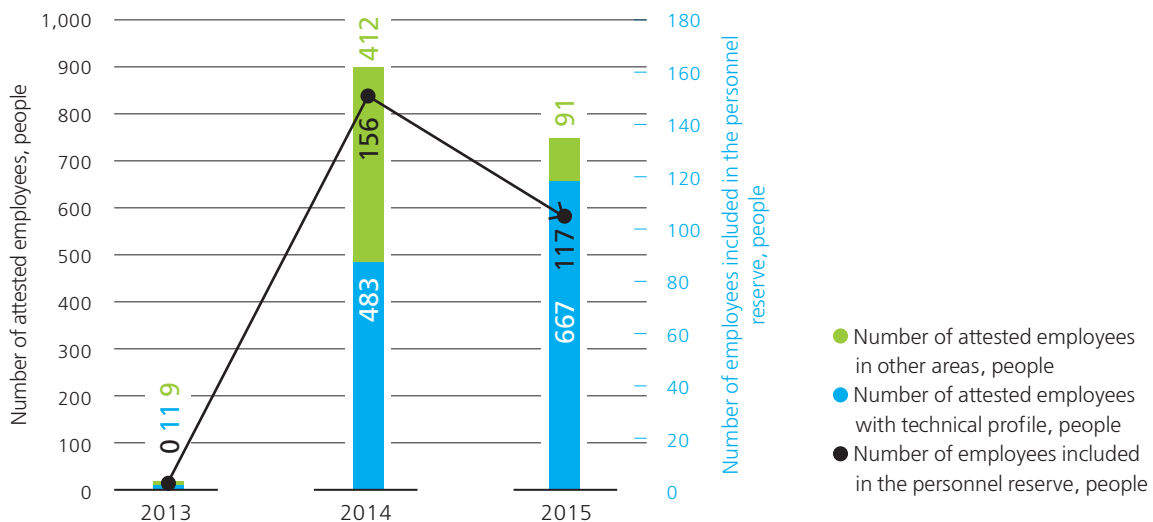
Formation of personnel reserve and personnel assessment, information about availability of management positions to personnel reserve at the end of the reporting year

The Company pays great attention to the formation of the personnel reserve as one of the essential components of staff management policy for timely turnover rate, managers and supervisors, improvement of quality of staff recruitment and deployment of executive staff, career planning of staff, reduction of risks in the process of staff appointments on management positions, stimulation of career development and education, development and promotion of high potential employees.

Formation of personnel reserve is exercised in compliance with next criterions:

- educational and experience levels should meet the competence requirements on the job description for the prospective position (or ability to reach the necessary level within three years);
- a high level of professional competence in the field;
- a certain range of professional and personal qualities;
- an understanding and acceptance of the Company's main strategies, values and management principles; loyalty to the Company.

According to the results of certification in 2015 117 employees were included in the personnel reserve; it was 15.4% of the total attested personnel.



Personnel training and development, information about number of employees participating in training activities, and cost relationship for personnel training to labor compensation fund

Personnel training and development of staff is a necessary circumstance for achievement of persistently high results of the Company. The employees get an opportunity of education at all stages of their professional activity. Each employee is involved in the system of education for the purpose of increase the level of professionalism and development of inner potential.

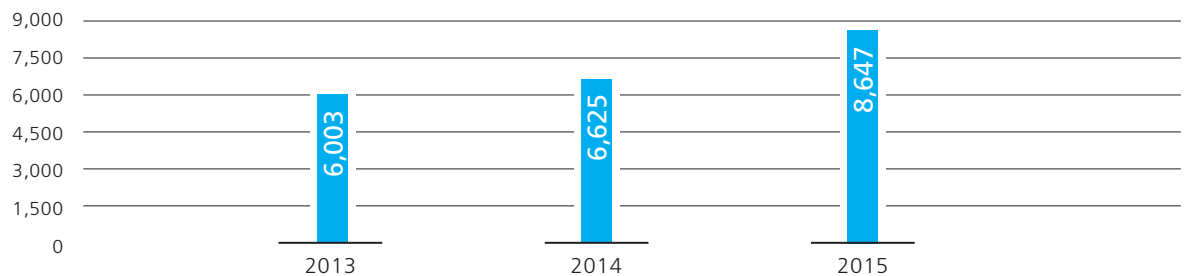
JSC "Grid Company" pays great attention to the issue of staff development and improvement of its professional competence.

In 2015 the Company organized following types of education:

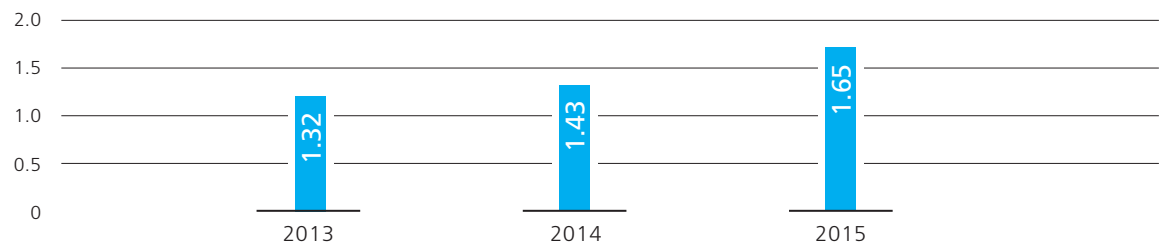
- compulsory education which involves education of the Company's employees on occupational safety and health and environmental protection and other education of operational personnel in accordance with demands and work conditions in power supply enterprise;
- advanced training including advanced training of management in accordance with innovative programs on the base of specialized educational centers;
- professional retraining of staff;
- internships.

In 2015 8,647 employees had training, retraining and advanced training, took part in seminars, this number is for 30.5% more than in 2014. The actual costs for training per employee in 2015 are amounted to 8.31 thousand rubles. Expenses for training and advanced training of all personnel are amounted to 71.9 million rubles in the whole Company; it is for 19.2% more than in 2014.

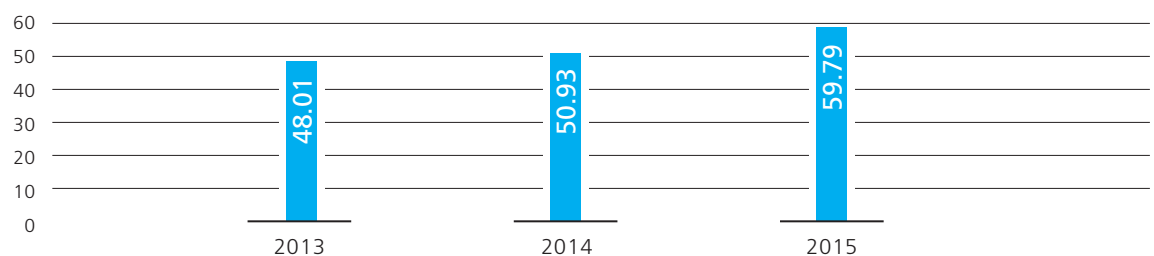
Number of trained employees, people



Cost relationship for personnel training to labor compensation fund, people



Number of trained staff, people, %



Non-state pension provision

Provision of social well-being and adequate standard of living not only the staff of the Company, but also their future retirees is one of the most important condition of the Company's activity. The Company has a program of non-state pension insurance of employees, which is aimed at ensuring the social protection of employees upon retirement. Non-state pension provision is a part of social benefits of the Company.

Participating of the employees in the program of non-state pension provision is one of the most important directions of the Company's social policy. The pension program which operates in the Company over a period of several years is directed at implementation of provisions for non-state pensions through transfer of sums by employees and by the Company. The pension program includes 6,418 of the Company's employees by means of different retirement benefit scheme.

Award policy

In 2015 1,753 awards of different degrees were received by employees, veterans and representers of the construction organisations including governmental and located awards of the Russian Federation and the Republic of Tatarstan.

According to the results of 16th FINA World Championship in previous year 847 employees, veterans and representers of the construction organisations received awards.

2 employees of the Company have received a degree of "Honorable worker" (the Ministry of Energy of the Russian Federation), 6 employees of the Company have received a degree of "Honorable worker of the Republic of Tatarstan" (power engineer, economist).

7.3. LABOUR SAFETY

Labour safety

In accordance with Article 209 of the Labor Code of the Russian Federation occupational health and safety management system is organized and functioning in JSC "Grid Company".

Occupational health and safety management system of JSC "Grid Company" is based on compliance with regulatory legal acts, technical standard documents which is active in the Russian Federation and also local normative acts of the Company which are developed in accordance with defined regulatory legal acts (technical standard documents).

JSC "Grid Company" performs its activity in the field of labour safety in accordance with federal and local laws and also with the Company's local acts.

Occupational health and safety management system of JSC "Grid Company" consists of the following components:

- provision of personnel with personal protection equipment, washing agents and detergents and milk;
- maintenance of the equipment technical condition in satisfactory condition through well-time technical service and diagnostics;
- appointment of official bodies who are responsible for the safe operation of equipment and for safe working practice;
- conducting of preliminary and periodic health medical examinations of the staff in order to identify common and occupational diseases that impede to perform the employment duties;
- training and knowledge assessment of staff on the general requirements established in special regulations of labour safety and health and provision of employees with instructions on labor protection, visual aids and other educational materials about labour safety and health.

In accordance with coming into force of the new requirements on provision of employees safety during operation in high JSC "Grid Company" purchased and provided to all employees operating in high such protection means as safety harness, lifeline and runners for a total amount of 8,330.82 thousands of rubles including VAT. The Company continues work on the development of operation cards to perform work on the supports of overhead power lines and other equipment.

In 2016 JSC "Grid Company" plans to replace out-of-operation video recorders and additional supply of missing video recorders to the part of producing departments which are used by the Company since 2012 for the purpose of enforcement by producing departments' personnel of labour protection requirements acting in the course of their employment. The costs are amounted to 4,521 thousands rubles including VAT.

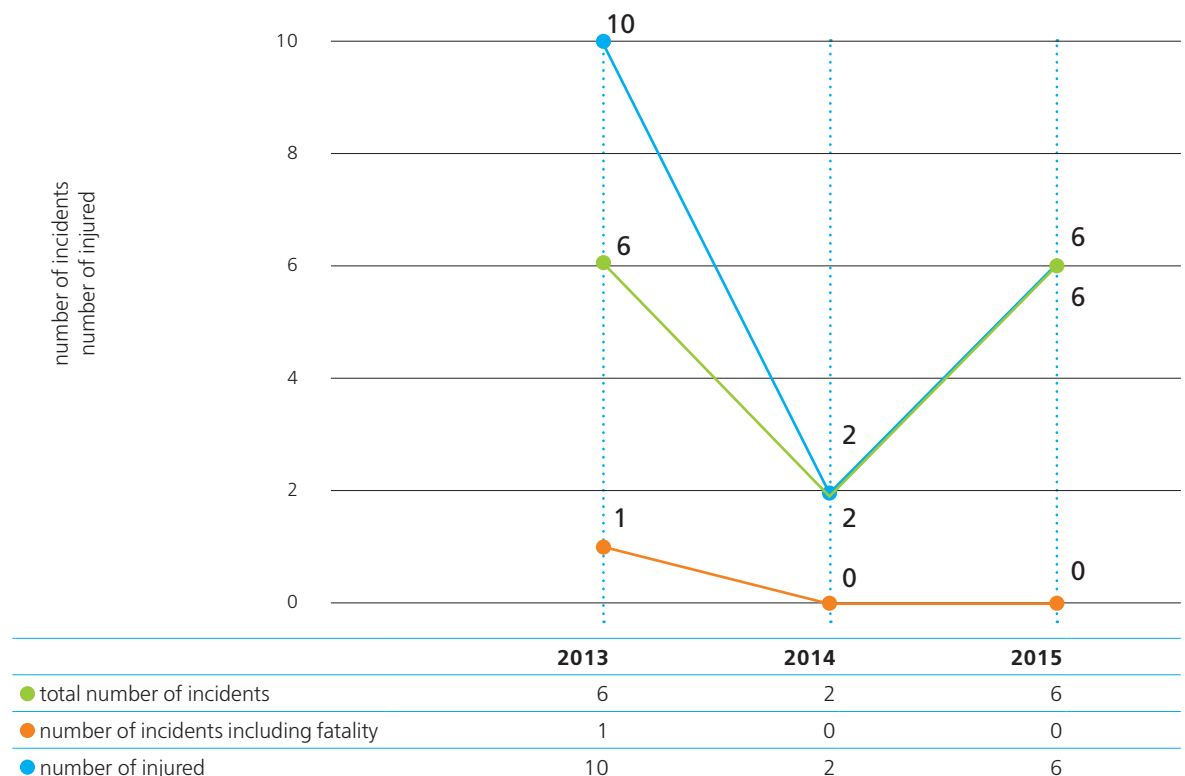
In 2016 JSC "Grid Company" continues to work on the standardization of labour safety management processes, industrial and fire safety.

In the future JSC "Grid Company" plans to continue the work on a special evaluation study of working conditions (every five years) and the annual instrumental labour inspection of harmful factors on working places of all staff, to perform work on passport system of working places PC-backed and radio-frequency radiation point. Relevant activities on improvement of working conditions will be developed as appropriate based on the results of the special assessment of working conditions and instrumental control.

In the future the Company plans to purchase required electrical safety devices, special work wear and personal protection equipment in accordance with the regulatory documents for the purpose of hazardous production factors neutralization (electrical current and electric arc effect, fall from height).

Since 2010 cases of occupational diseases were not registered in JSC "Grid Company".

Accidents development in JSC "Grid Company" for 2013-2015



Industrial safety

In 2015 in the operation of JSC "Grid Company" were 18 the 3rd and 4th hazard classes hazardous production facilities.

In accordance with the Federal Law on 05/04/2011 No 99-FL "Concerning the Licensing of Certain Types of Activity" in 2015 JSC "Grid Company" performed work on the renewal of the license for operation of explosive and chemically hazardous production facilities I, II and III hazard class (usage of equipment operating under overmeasure pressure over 0.07 MPa, enclosure 1 to the Federal Law on 07/21/1997 No 116-FL). The license No VH(CWT)-43-005835 for operation of explosive and chemically hazardous production facilities I, II and III hazard class (licensing authority federal environmental, engineering & nuclear supervision agency – Rostekhnadzor).

In 2015 JSC "Grid Company" worked on the reconsideration of the "Regulations on industrial control over compliance with industrial safety requirements at hazardous production facilities of JSC "Grid Company" and "Order of technological investigation of the incident causes at hazardous production facilities of JSC "Grid Company". These local regulations have been approved and registered in the Volga management of the Federal Environmental, Industrial and Nuclear Supervision Service (Rostekhnadzor).

In accordance with Article No 4 of the Federal Law on 07/16/2010 No 225-FL "On compulsory liability insurance of an owner of a hazardous facility against damage resulting from an accident at a hazardous facility" civil responsibility of JSC "Grid Company" is insured annually.

In the 2005-2015 were no cases of accidents, incidents and injuries at the hazardous production facilities of JSC "Grid Company". All technical devices used at hazardous production facilities are completed with the necessary equipment and control systems for industrial processes and have passed technical inspection.

Fire safety

During 2015 JSC "Grid Company" was in process of extensive work for provision of fire safety. The result of this work in 2015 was the absence of fires at the Company's facilities (for reference - there was a fire in 2013, there was no fires at the power facilities in 2014).

7.4. RELATIONSHIP WITH CONSUMER

Today the Company has an objective which concludes in formation of the new effective relationships with consumers. It is motivated by acceptance of Common standards of consumer service approved by the Order of the Ministry of Energy of the Russian Federation No 186 from 04/15/2014 and also motivated by intestinal necessity of the Company's progressive development.

In support of Common standards the Company creates and continues to develop the System of consumer service.

The System of consumer service consists from two main units:

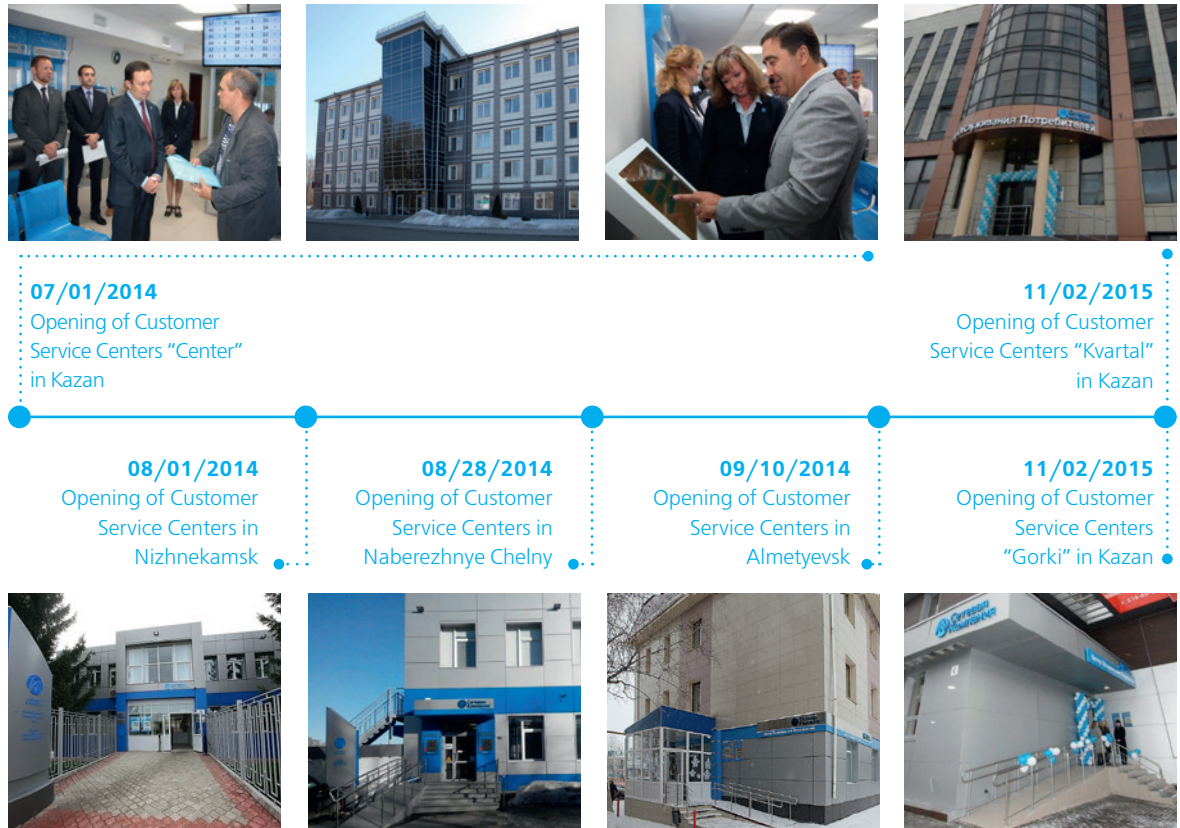
- intramural service which is performed in the centers and points of work with consumers;
- extramural service which is performed by telephone communication, post and Internet-services including Internet-reception and Private account of the consumer.

Common standards approved by the Ministry of Energy of the Russian Federation establish requirements for intramural and extramural service for consumers, the main ones are:

- provision of services on the principle of "one contact";
- organization of twenty-four-hour hot line on the quality and reliability of power supply;
- provision of additional services.

At the present day intramural service is realized in Consumer Service Centers of in Kazan, Naberezhnye Chelny, Nizhnekamsk, Almetyevsk. In 2015 Kazan were opened two additional Customer Service Center and 4 points for work with consumers within the boundaries of the presence of the electric network districts (Mendeleevskij, Prigorodnyj, Buinskij, Severnyj in Kazan).

CUSTOMER SERVICE CENTRES

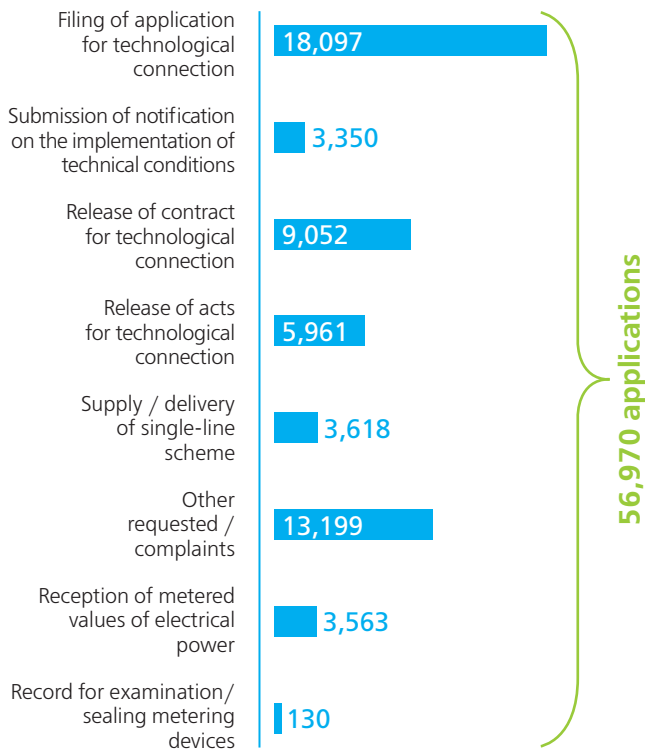


The main objectives of Customer Service Offices are as follows:

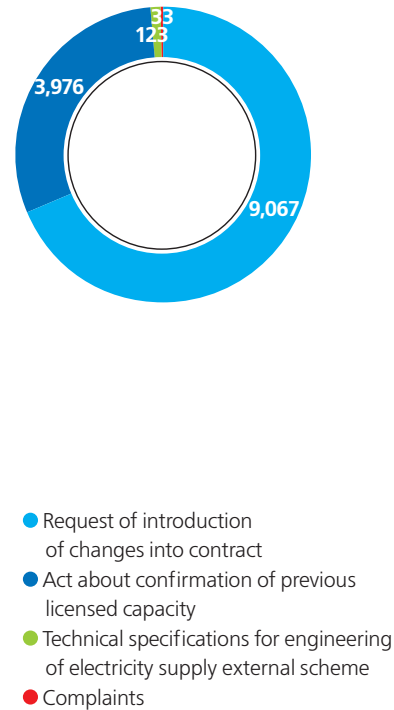
- consulting about technological connection and other questions about the JSC "Grid Company" activity;
- receipt of an applications for technological connection;
- release of prepared documents on technological connection;
- consumer information on the implementation of measures on technological connection;
- reception of metered values of electrical power;
- execution stages control of applications and contract on technological connection;
- acceptance and registration of consumers applications;
- payment acceptance for services (in centers);
- release of documents to consumers including contracts for services, receipts, bill for services, documents based on the results of rendering services (acts);
- provision of additional services: release of notices and receipts including copies confirming the technological connection; re-issue of previous issued documents or release of new documents on technological connection;
- realization of focus-group interviews and questionnaire of consumers for estimation of services and maintenance quality.

In 2015 Customer Services Centers received 56,970 applications.

Number of applications received in the Customer Service Centers in 2015



Other requested / complaints



Most applications were to:

- applications on technological connection – 18,097;
- reception of contacts for technological connection – 9,052;
- contract changes on technological connection or technical condition – 9,067;
- re-issuance of documents on technological connection – 3,976.

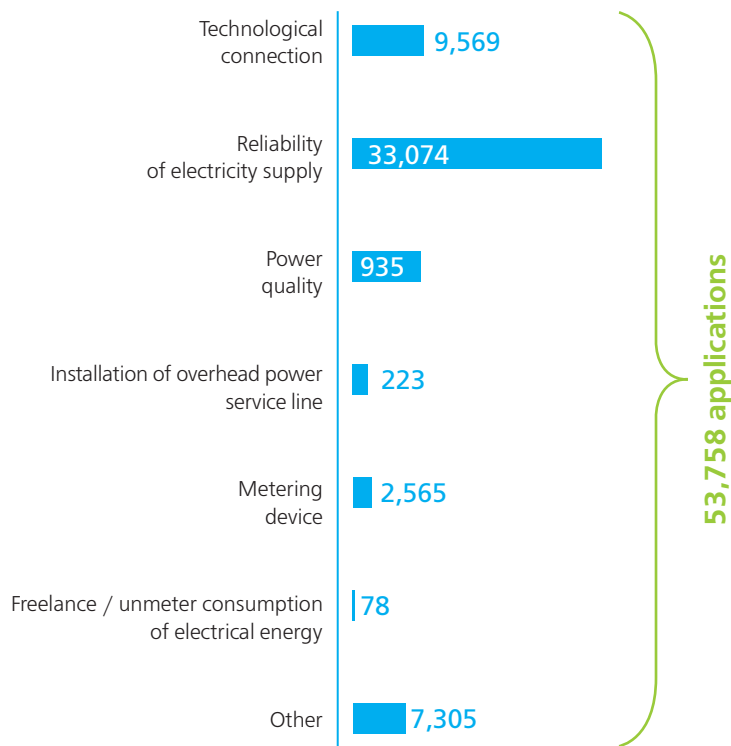
The leader in the number of applications is Kazan – 18,894, next is Almetyevsk – 14,376. But the most number of applications on technological connection were received in Naberezhnye Chelny (6,006), and the most number of metered values were in Nizhnekamsk (3,563).

Among the development priorities for the coming year the Company aims to create new Customer Service Offices over the whole service territory of the Republic of Tatarstan.

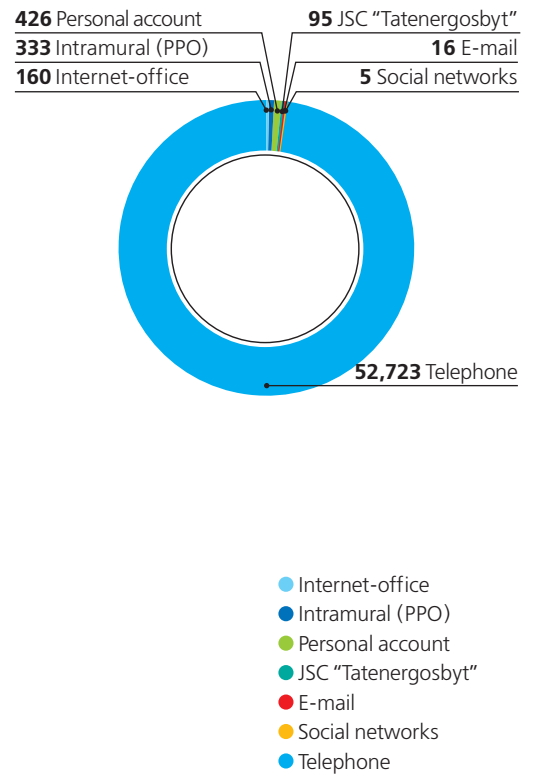
In addition, one important task concludes in the reduction of maintenance time, the expectations of applicants in offices and improvement of the services quality.

Intramural service of consumers is organized in the Company by means of the contact center. Access to the contact center services is performed through various channels: by means of the Company's website, sending of e-mail, fax message and by means of phone conversation.

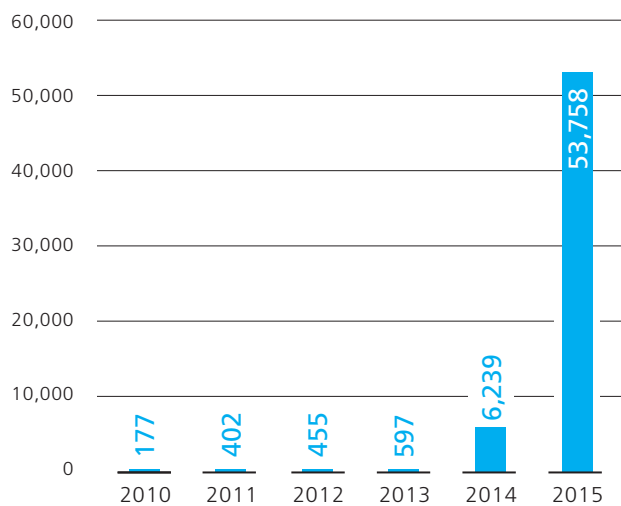
Number of applications to Center on subjects



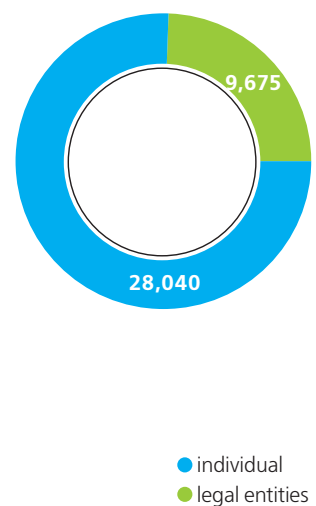
Statistic by means of communication



Number of applications received in the period of 2010-2015



Statistic by type of applicants



The aim of the contact center is not only to provide consumers with high-quality and well-timed responses to their questions, but also to create an effective feedback mechanism to customers, to provide information about all emergency and planned outages of electricity.

03/17/2015 Contact Center started to work in twenty-four-hours working time pattern (24/7). Service is provided into Russian and Tatar languages.

At the present time the Contact Center specialist receive calls from customers on a common free number 8-800-2000-878 and provide the following services:

- consulting about technological connection, organization of services for power transmission, installation of metering devices, organization and distribution of electric energy;
- determination of processing status of consumers applications and requests;
- provision of information on failure or limitation of electricity supply and also information about reasons and terms of power restoration;
- message reception about substandard quality of electrical energy to technical regulation and other obligatory requirements;
- message reception about freelance (off-the-meter) electrical energy consumption;
- reception of consumer's complaints and grievances;
- provision of information about the Organization of Consumer Services, contact information of the Customer Service Offices;
- consultation about the usage of interactive services of the Company's official site on the Internet.

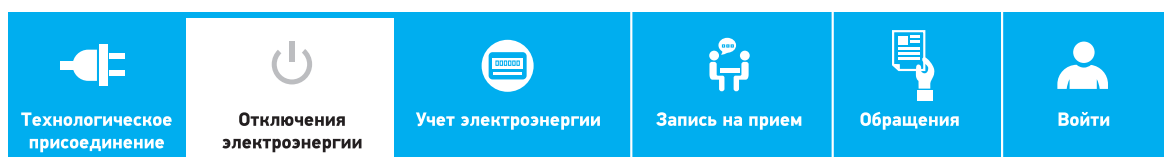
For 2015 the Company's Contact Center has received 53,758 appeals.

Intramural service of consumers is realized through a new portal remote service on the official website of JSC "Grid Company" which started its work on 10/09/2015. Remote service portal is an Internet receiving desk and online personal account of consumer .



Портал дистанционного обслуживания
Интернет-приемная

Бесплатный звонок
в единый контакт-центр:
8-800-2000-878
e-mail: contact-center@gridcom-rt.ru



Remote Customer Service Portal of JSC "Grid Company" (PRCS) is intended for provision of consumers with interactive self-service and service enhancement by intercommunication through the JSC "Grid Company" official website

Research of automated processes

Development of planning documentation

Development of Remote Customer Service Portal structure (PRCS)

Development of functional possibilities of Remote Customer Service Portal:

- arrangement an appointment in Customer Service Offices;
 - registration and processing of all types of applications with the ability to observe the processing status of application;
 - registration and processing of applications for technological connection with the possibility to observe status of performance of the application or contract;
 - receipt of an application / application on the necessity of an existing metering device metering record, on authorization for operation of metering device, on equipment of supply point of metering device, on installation or replacement of metering device;
 - provision of information on the status of execution of the application for services contracts;
 - provision of information on scheduled and unscheduled power outages;
 - realization of focus-group interviews and questionnaire.
-

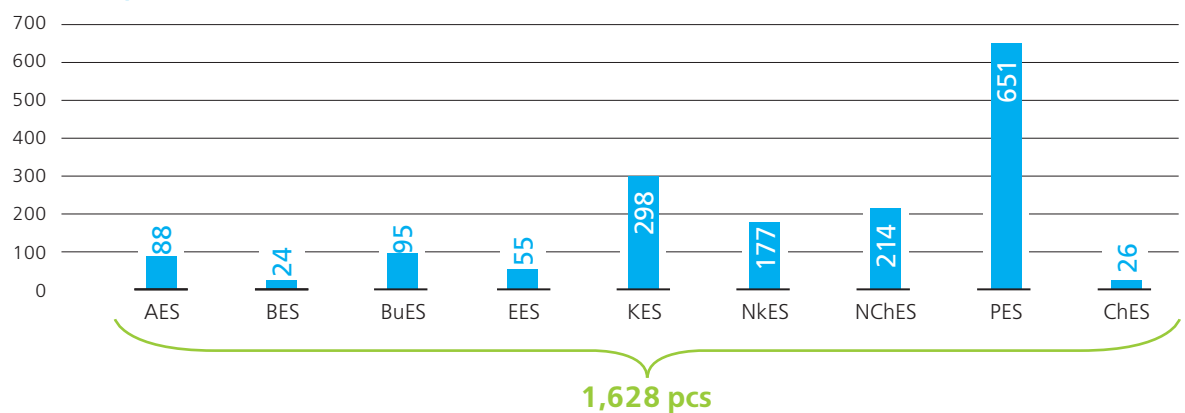
New and more convenient and functional online service corresponds to the requirements of Common standards of service quality of network organizations to the consumer (approved by Order of the Ministry of Energy No 186 on 04/15/2014). And it has extended service set:

- receipt of an applications for installation, replacement, removal, programming, implementation of admission to the operation of electricity meters;
- provision of information on the status of the application for the provision of services, services contracts;
- realization of focus-group interviews and questionnaire;
- provision of information on reasons and terms of scheduled and unscheduled limitation of electrical energy use condition and also on a date and time of power restoration;
- arrangement an appointment in Customer Service Offices;
- subscription of sms-information, voice information and by e-mail;
- more convenient interface for technological connection applications, possibility to observe the application status or contract's performance;
- more convenient interface for applications, possibility to observe the application processing status of application.

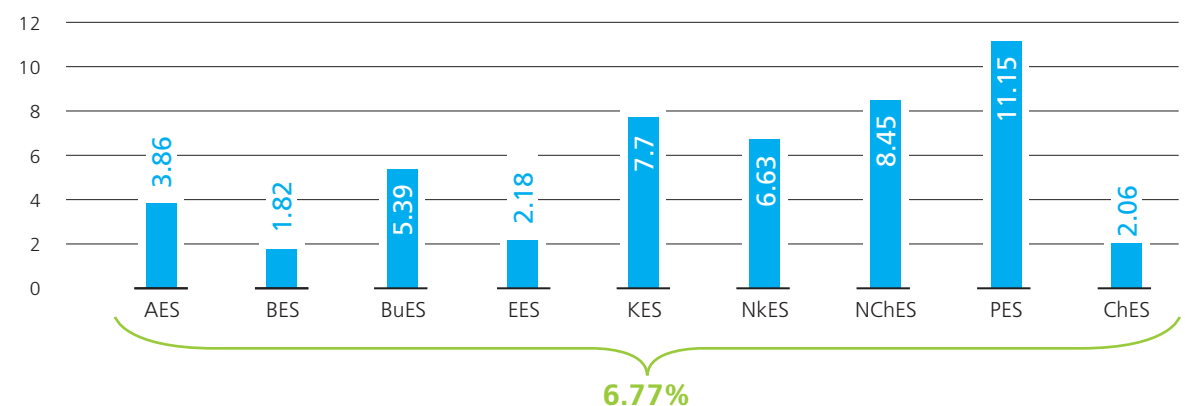
The new portal of remote service is part of information management system of mutual relationships with consumers. Applications or requests received through personal account of the consumer are recorded and accounted in a single system.

During 2015 the Company had received 1,628 applications for technological connection which were made through a personal account; it is 6.77% of the total number of applications filed in the Company.

Number of applications received through Personal Consumer Account in the context of the Company's branches, pcs.



Share of applications received through Personal Consumer Account in the context of the Company's branches, %



The long-term development plans of Intramural service development are expansion of remote service portal functional and expansion in the number of applications received through the consumer's personal account.

7.5. ENVIRONMENTAL POLICY

Working on promotion of the production and financial performances, the Company comprehends the impact that provides production and economic activity on the environment and therefore determines preservation of a positive environment as constant priority of the Company, and also provides high level of ecological safety in the operation of power grid facilities.

Principles of Environmental Policy of JSC "Grid Company" received in 2009 provide a systematic approach which is aimed at minimization of the industrial impact on the environment and rational use of natural resources.

Development, implementation and successful operation of the environmental management system according to ISO 14001: 2004 international standards make a contribution to achievement of set policy objectives and tasks.

The main goals and objectives in the field of environmental protection in JSC "Grid Company":

| Goals | Objectives |
|--|---|
| Reduction of technological environmental impact and rational use of natural resources, constant promotion of environmental performance | Realization of steady monitoring for environmental conditions, implementation of industrial environmental control |
| | Realization of environmental protection measures directed to prevention of adverse environmental impacts |
| | Provision of effective exploitation of available environmental protection equipment |
| | Implementation and usage of the first rare accessible resource saving and non waste technology in productive processes |
| Development and improvement of the environment management system which is certificated in accordance with international standard ISO 14001 | Keeping records of volumes of release, dumping and production of waste, formation of environmental reporting |
| | Observance of standards and demanding of active environmental protection legislation |
| | Provision of standing process for identification and management of environmental aspects of the Company |
| | Realization of systematic analysis of the environment management system's effectiveness and determination of possible areas of its improvement, implementation of corrective and preventive actions |
| Increasing of the level of social and environmental responsibility of the Company | Recurrent realization of efficiency assessment of the environment management system performance in accordance with international standard ISO 14001 |
| | Provision of information openness and accessibility about the Company's nature protection activities |
| | Permanent education and personnel training in sphere of environment protection and in the environment management system |

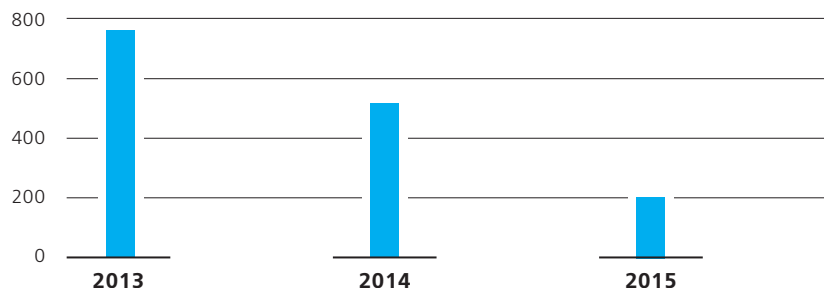
In 2015 the Company's environmental activities was realized in the following areas:

- enforcement of rules and regulations of the legislation in the field of:
 - soil and land resources protection;
 - protection of water bodies and sustainable use of water resources;
 - production and consumption waste management;
 - protection of atmospheric air;
 - protection of forests and preservation of biological diversity.
- provision of single policy in the field of environmental management;
- reduction of the environmental risks the Company's production activity;
- improvement of the effectiveness of environment oriented means and use of natural resources.

During the year the Company realized a number of environmental measures aimed at improvement of environmental efficiency and reduction of environmental impact, including treatment engineering for surface water purification, renewal of oil-filled equipment (switches) to the vacuum and air, waste recycling in domestic production, industrial environmental control for environmental conditions.

The cost of environmental protection measures in 2015 is amounted to 207.32 million rubles. The amount of prevented environmental damage is amounted to more than 45.29 million rubles.

Development of the expenses on environmental actions, million rubles



| | | | |
|--------------------------|--------|--------|--------|
| ● environmental expenses | 758.11 | 518.40 | 207.32 |
|--------------------------|--------|--------|--------|

Structure of Expenses on environmental actions

| Actions | Expenses | | Losses averted, million rubles |
|--|----------------|------|-----------------------------------|
| | million rubles | % | |
| Soil and land resources protection | 54.923 | 26.5 | 32.007 |
| Rational use of water resources | 3.589 | 1.7 | — |
| Waste management | 7.824 | 3.8 | 13.277 |
| Animals and plants protection | 2.339 | 1.1 | — |
| Atmospheric air protection | 0.384 | 0.2 | 0.002 |
| Other activities that have indirect environmental benefits | 138.261 | 66.7 | — |

The usage of the environmental management system's elements for the purpose of achievement of the performance and planned ecological targets in the field of environmental protection, the implementation of environmental program which is aimed at minimization of the negative impact on the environment, the pursuance of achievement the maximum environmental and economic effectiveness of the implementation of actions, commitment of the staff at the rational use of natural resources brought following results:

| Aspect | Measuremet unit | Result | | Deviation 2015 – 2014 |
|---|-----------------------|-----------|----------|-----------------------|
| | | 2014 | 2015 | |
| Total Emission of Pollutants into Atmospheric Air | tonn | 30.291 | 28.538 | -1.753 (-5.8%) |
| Emission of greenhouse gas | thousand tonnes | 8.43 | 5.48 | -2.95 (-35%) |
| Water consumption | thousand cubic meters | 130.22 | 133.06 | 2.84 (+2.18%) |
| Water disposal | thousand cubic meters | 121.1 | 120.86 | -0.24 (-0.2%) |
| Waste including | tonn | 29,415.63 | 9,892.74 | -19,522.89 (-33.6%) |
| · utilized waste | | 26,091.8 | 6,909.03 | -19,182.8 (-73.5%) |
| · recycled waste | | 566.8 | 139.3 | -427.5 (-24.6%) |
| · buried waste | | 2,757.0 | 2,844.4 | 87.39 (+3.2%) |
| Payments for Negative Environmental Impact | thousand rubles | 5,660.63 | 5,323.05 | -337.58 (-5.9%) |
| Expenses on environmental actions | thousand rubles | 518.4 | 207.32 | -311.08 (-60%) |

The Company has an aim to create a basis for sustainable development in the purpose of negative impacts prevention and efficient use natural resources instead of overcoming of the consequences of the negative impact on the environment.

In November 2015 the JSC "Grid Company" passed recertification audit and received the environmental management system assessment in accordance with international standards ISO 14001: 2004 by independent auditors of the management systems certification body Cro Cert (Croatia), which is part of the International Association of certification bodies IQNet (Switzerland).

The Company received an international certificate of compliance with the international standard requirements system ISO 14001:2004 based on the audit results and on the demonstrated high level of development and maturity of the environmental management system of the Company.

In 2016 the Company plans to realize following key activities in the aim of improvement and further develop of the environmental management system, provision of a high level of environmental safety and promotion of environmental performance:

- recovery and recultivation of lands disturbed in the course of construction, reconstruction, exploitation of electricity supply facilities;
- introduction of certified "eco-friendly" equipment (vacuum switches);
- improvement of oil receivers and oil sumps with usage of modern technologies;
- construction of collection and cleaning systems of surface waste water;
- construction of storage area for used petroleum products and oil-extended equipment, storage areas for temporal storage of production and consumption waste;
- usage of self-supported isolated and protected cables that allow to decrease the negative impact on the environment by reducing the width of deforested firebreak as to avoid the death of the birds;
- measures aimed at the protection of wildlife at the network facilities (provision of over head lines supports with special devices that prevent birds nesting on the structural elements of the supports, the usage of deterrent and bird guard devices, etc.);
- monitoring and industrial environmental control for maintenance of specified standards of impact in the field of atmospheric air protection, water consumption, water disposal and waste management;
- realization of the program of activities for the operation, development and improvement of the environmental management system of JSC "Grid Company" for 2015-2017;
- conduct internal audits of the environmental management system functioning for the timely recognition and reconciling the discrepancies (notes);
- organization of works on implementation, transition and adaptation of environmental management system in accordance with the requirements of the new version of ISO 14001: 2015;
- organization of works on procedures for revising of existing documentation for environment management system (enterprise standards, guidelines, etc.), development and implementation of updated documents in accordance with the requirements of the new version of ISO 14001: 2015.

08

Schedules



BOOK-KEEPING (FINANCIAL) STATEMENT OF JSC "GRID COMPANY" FOR 2015 ACCORDING TO RAP

Balance sheet for 12/31/2014
thousand rubles

| ASSETS | Line code | for 12/31/2015 | for 12/31/2014 | for 12/31/2013 |
|--|-------------|-------------------|-------------------|-------------------|
| I. FIXED ASSETS | | | | |
| Intangible assets | 1110 | 37,808 | 26,486 | 29,920 |
| Results of research and development | 1120 | 49,735 | 33,611 | 25,346 |
| Fixed intangible assets | 1130 | 0 | 0 | 0 |
| Fixed development assets | 1140 | 0 | 0 | 0 |
| Fixed assets | 1150 | 37,548,867 | 35,454,948 | 31,187,885 |
| Income-bearing investments in tangible assets | 1160 | 0 | 0 | 0 |
| Financial investment | 1170 | 297,698 | 297,044 | 297,579 |
| Deferred tax assets | 1180 | 153,838 | 257,577 | 173,381 |
| Other fixed assets | 1190 | 207,467 | 470,017 | 228,258 |
| TOTAL for Section I: | 1100 | 38,295,413 | 36,539,683 | 31,942,369 |
| II. WORKING ASSETS | | | | |
| Physical inventory | 1210 | 296,307 | 316,515 | 354,151 |
| Valued added tax on acquired assets | 1220 | 420 | 107 | 2 |
| Accounts receivable | 1230 | 4,348,916 | 1,977,761 | 2,961,648 |
| Financial investments (excluding cash equivalents) | 1240 | 1,200,000 | 1,400,000 | 2,630,000 |
| Funds and cash equivalents | 1250 | 1,493,543 | 1,928,607 | 1,265,029 |
| Other working assets | 1260 | 46,162 | 38,549 | 38,913 |
| TOTAL for Section II: | 1200 | 7,385,348 | 5,661,539 | 7,249,743 |
| BALANCE | 1600 | 45,680,761 | 42,201,222 | 39,192,112 |

| LIABILITY | Line code | for 12/31/2015 | for 12/31/2014 | for 12/31/2013 |
|--|-------------|-------------------|-------------------|-------------------|
| III. CAPITAL AND RESERVES | | | | |
| Authorised capital (share capital, capital, partners' contributions) | 1310 | 6,540,732 | 6,540,732 | 6,540,732 |
| Treasury stock | 1320 | (0) | (0) | (0) |
| Revaluation of capital assets | 1340 | 0 | 0 | 0 |
| Capital surplus (without revaluation) | 1350 | 808,684 | 808,684 | 808,684 |
| Reserve fund | 1360 | 327,037 | 327,037 | 327,037 |
| Undistributed profits (unrecovered loss) | 1370 | 30,715,644 | 27,451,276 | 25,641,899 |
| TOTAL for Section III | 1300 | 38,392,097 | 35,127,729 | 33,318,352 |
| IV. LONG-TERM OBLIGATIONS | | | | |
| Borrowed funds | 1410 | 0 | 0 | 0 |
| Deferred tax liabilities | 1420 | 2,267,507 | 2,003,664 | 1,417,517 |
| Estimated liabilities | 1430 | 0 | 0 | 0 |
| Other liabilities | 1450 | 326,816 | 119,420 | 213,596 |
| TOTAL for Section IV | 1400 | 2,594,323 | 2,123,084 | 1,631,113 |
| V. SHORT-TERM OBLIGATIONS | | | | |
| Borrowed funds | 1510 | 0 | 0 | 0 |
| Accounts payable | 1520 | 4,095,294 | 4,384,907 | 3,812,797 |
| Deferred income | 1530 | 21 | 30 | 0 |
| Estimated liabilities | 1540 | 597,651 | 564,613 | 429,761 |
| Other liabilities | 1550 | 1,375 | 859 | 89 |
| TOTAL for Section V | 1500 | 4,694,341 | 4,950,409 | 4,242,647 |
| BALANCE | 1700 | 45,680,761 | 42,201,222 | 39,192,112 |

Income Statement for January-December 2015

thousand rubles

| Item | Line code | for January - December 2015 | for January - December 2014 |
|---|-----------|-----------------------------|-----------------------------|
| Revenue | 2110 | 23,303,433 | 21,755,059 |
| Cost of sales | 2120 | (18,275,155) | (17,594,489) |
| Gross profit (loss) | 2100 | 5,028,278 | 4,160,570 |
| Business expenses | 2210 | (0) | (0) |
| Management expenses | 2220 | (0) | (0) |
| Sales profit (loss) | 2200 | 5,028,278 | 4,160,570 |
| Participation capital | 2310 | 0 | 0 |
| Interest receivable | 2320 | 398,820 | 311,559 |
| Interest payable | 2330 | (0) | (0) |
| Other income | 2340 | 278,041 | 239,903 |
| Other expenses | 2350 | (1,388,925) | (2,018,872) |
| Pre-tax profit (loss) | 2300 | 4,316,214 | 2,693,160 |
| Current income tax | 2410 | (683,331) | (381,774) |
| Including: permanent tax liabilities (assets) | 2421 | 188,488 | 341,063 |
| Changes in deferred tax liabilities | 2430 | (267,457) | (586,147) |
| Changes in deferred tax assets | 2450 | 100,943 | 88,226 |
| Other | 2460 | (115) | (4,088) |
| Sales profit (loss) | 2400 | 3,264,368 | 1,809,377 |

Clarifications

| Item | Line code | for January – December 2015 | for January – December 2014 |
|---|-----------|-----------------------------|-----------------------------|
| Surplus on revaluation of fixed assets not included in net profit (loss) for the period | 2510 | 0 | 0 |
| Surplus on other activities not included in net profit (loss) for the period | 2520 | 0 | 0 |
| Aggregate financial result for the period | 2500 | 3,264,368 | 1,809,377 |
| Basic earnings (losses) per share | 2900 | 0 | 0 |
| Surplus on revaluation of fixed assets not included in net profit (loss) for the period | 2910 | 0 | 0 |



ПОВОЛЖЬЕ

ФБК Поволжье | Россия | 420080 | Казань | пр. Ямашева, 10
Телефон (843) 564-54-84 | 518-05-81 | Факс (843) 555-60-67
E-mail: acg-pkf@mail.ru | www.acg-pkf.ru



Accountants &
business advisers

Исх. № 63 39 03 2016

на № _____ от « _____ » 201_____

АУДИТОРСКОЕ ЗАКЛЮЧЕНИЕ

Аktionерам ОАО «Сетевая компания»

Сведения об аудируемом лице

Наименование: ОАО «Сетевая компания»
Свидетельство о государственной регистрации
серия 16 № 005686278 от 25.09.2009г.
ОГРН в ЕГРЮЛ № 1021602830930
Место нахождения: 420094, РТ, г.Казань,
ул. Бондаренко, д. 3

Сведения об аудиторе

Наименование: ООО «ФБК Поволжье»
Свидетельство о государственной регистрации
серия 16 № 002302961 от 10.11.2002г.
ОГРН в ЕГРЮЛ № 1021603276155

Место нахождения: 420080, г. Казань, пр. Ямашева, 10, а/я 134
Является членом СРО НП «Институт Профессиональных
Аудиторов», регистрационный номер записи в реестре
аудиторских организаций СРО № 10202015708 от 04.12.2009 г.

Компания ФБК Поволжье является членом Международной Ассоциации PKF с 1997 года.
Основное международное название PKF, для справки информации о клиенте (адрес): Farningdon Place 29 Farningdon Road London EC1M 3AP.
Компания PKF состоит в партнерстве с другими регулирующими финансовыми услугами в сфере инвестиционного бизнеса.
Международная Ассоциация PKF является ассоциацией независимых организаций.

For full book-keeping account of the Company for 2014 in compliance with the requirement of Section 8.3 of Disclosure Statute for Issuers of Issued Securities approved by FFMS Act No.11-46/pz-n. dated 04.10.2011 go to page <http://www.e-disclosure.ru/portal/company.aspx?id=1830> or the Company's official website <http://www.gridcom-rt.ru> (section "Shareholders and investors/ Information disclosure").

Мы провели аудит прилагаемой бухгалтерской отчетности ОАО «Сетевая компания», состоящей из бухгалтерского баланса по состоянию на 31 декабря 2015 года, отчета о финансовых результатах, отчета об изменениях капитала и отчета о движении денежных средств за 2015 год, других приложений к бухгалтерскому балансу и отчету о финансовых результатах.

Ответственность аудируемого лица за бухгалтерскую отчетность

Ответственность за составление и достоверность указанной бухгалтерской отчетности в соответствии с российскими правилами составления бухгалтерской отчетности и за систему внутреннего контроля, необходимую для составления бухгалтерской отчетности, не содержащей существенных искажений вследствие недобросовестных действий или ошибок, несет руководство аудируемого лица.

Ответственность аудитора

Наша ответственность заключается в выражении мнения о достоверности бухгалтерской отчетности на основе проведенного нами аудита. Мы проводили аудит в соответствии с федеральными стандартами аудиторской деятельности. Данные стандарты требуют соблюдения применимых этических норм, а также планирования и проведения аудита таким образом, чтобы получить достаточную уверенность в том, что бухгалтерская отчетность не содержит существенных искажений.

Аудит включал проведение аудиторских процедур, направленных на получение аудиторских доказательств, подтверждающих числовые показатели в бухгалтерской отчетности и раскрытие в ней информации. Выбор аудиторских процедур является предметом нашего суждения, которое основывается на оценке риска существенных искажений, допущенных вследствие недобросовестных действий или ошибок. В процессе оценки данного риска нами рассмотрена система внутреннего контроля, обеспечивающая составление и достоверность бухгалтерской отчетности, с целью выбора соответствующих аудиторских процедур, но не с целью выражения мнения об эффективности системы внутреннего контроля.

Аудит также включал оценку надлежащего характера применяемой учетной политики и обоснованности оценочных показателей, полученных руководством аудируемого лица, а также оценку представления бухгалтерской отчетности в целом.

Мы полагаем, что полученные в ходе аудита аудиторские доказательства дают достаточные основания для выражения мнения о достоверности бухгалтерской отчетности.

Мнение

По нашему мнению, бухгалтерская отчетность отражает достоверно во всех существенных отношениях финансовое положение ОАО «Сетевая компания» по состоянию на 31 декабря 2015 года, результаты его финансово-хозяйственной деятельности и движение денежных средств за 2015 год в соответствии с российскими правилами составления бухгалтерской отчетности.

Заместитель генерального директора
ООО ФБК Поволжье

30 марта 2016г.



Д.Ш. Ситдикова
на основании доверенности № 14
от 01.02.2016, квалификационный аттестат
от 02.03.2012 №02-000127,
ОРНЗ 28602002903)

000002

The financial statements in accordance with International Financial Reporting Standards (IFRS) of
«Networking Company» for 2015

Report about financial statement

thousand rubles

| | Note | on 12/31/2015 | on 12/31/2014 (correct) | on 01/01/2014 (correct) |
|---|------|-------------------|----------------------------|----------------------------|
| ASSETS | | | | |
| Fixed assets | | | | |
| Permanent assets | 8 | 44,407,476 | 41,485,457 | 40,144,589 |
| Intangible assets | 9 | 171,458 | 125,325 | 135,005 |
| Available-for-sale investments | 10 | 298,567 | 272,904 | 272,904 |
| Other fixed assets | 11 | 2,010,244 | 235,262 | 426,694 |
| Total of fixed assets | | 46,887,745 | 42,118,948 | 40,979,192 |
| Working assets | | | | |
| Physical inventory | 12 | 296,307 | 316,515 | 354,151 |
| Trade and other accounts receivable | 13 | 1,936,201 | 1,789,960 | 1,822,013 |
| Advanced payment for tax on income | | — | 94,765 | — |
| Short-term investments | 14 | 1,251,672 | 1,405,223 | 3,335,702 |
| Funds and cash equivalents | 15 | 1,493,496 | 1,928,550 | 1,264,982 |
| Total of working assets | | 4,977,676 | 5,535,013 | 6,776,848 |
| TOTAL ASSETS | | 51,865,421 | 47,653,961 | 47,756,040 |
| CAPITAL AND OBLIGATIONS | | | | |
| Capital | | | | |
| Shareholders' capital | 16 | 7,270,271 | 7,270,271 | 7,270,271 |
| Accumulated loss a result of the revaluation of net pension obligations | | (87,892) | (12,849) | (109,483) |
| Revaluation reserve of available-for-sale investments | 10 | 20,530 | — | — |
| Share premium | | 808,684 | 808,684 | 808,684 |
| Undistributed profits | | 35,335,346 | 31,841,164 | 31,548,228 |
| Capital of the Company's shareholders | | 43,346,939 | 39,907,270 | 39,517,700 |
| TOTAL CAPITAL | | 43,346,939 | 39,907,270 | 39,517,700 |

| | Note | on 12/31//2015 | on 12/31/2014 (correct) | on 01/01/2014 (correct) |
|--|------|-------------------|----------------------------|----------------------------|
| Long-term obligations | | | | |
| Deferred obligations for tax on income | 17 | 3,658,279 | 3,215,016 | 3,098,824 |
| Finance lease debt | 18 | 3,052 | 18,852 | 98,126 |
| Advances received from customers | 19 | 246,373 | 97,792 | 72,607 |
| Obligations on employee benefit | 20 | 490,626 | 321,452 | 470,429 |
| Total long-term obligations | | 4,398,330 | 3,653,112 | 3,739,986 |
| Short-term obligations | | | | |
| Trade and other accounts payable | 21 | 3,348,214 | 3,476,722 | 3,551,783 |
| Advances received from customers | 19 | 257,564 | 254,030 | 513,531 |
| Finance lease debt | 18 | 15,800 | 81,230 | 287,200 |
| Currents debt tax on income | | 3,734 | — | 40,717 |
| Accounts payable on payment of other incomes | 22 | 494,840 | 281,597 | 105,123 |
| Total short-term obligations | | 4,120,152 | 4,093,579 | 4,498,354 |
| TOTAL OBLIGATIONS | | 8,518,482 | 7,746,691 | 8,238,340 |
| TOTAL CAPITAL AND OBLIGATIONS | | 51,865,421 | 47,653,961 | 47,756,040 |

Notes to financial statements for 2015

thousand rubles

| | Note | 2015 | 2014 (correct) |
|---|------|------------------|------------------|
| Revenue | 23 | 22,622,573 | 22,348,690 |
| Operating expenses from the impairment of fixed assets and loss on disposal of fixed assets | 24 | (18,467,436) | (17,486,040) |
| Reversal of impairment / (impairment recognition) of fixed assets | 8 | 253,044 | (3,321,541) |
| Loss from asset sale | | (200,425) | (127,797) |
| Profit from operating activities | | 4,207,756 | 1,413,312 |
| Financial income | 25 | 419,258 | 396,762 |
| Financial expenses | 26 | (11,371) | (71,172) |
| Profit before tax | | 4,615,643 | 1,738,902 |
| Profit tax expense | 17 | (1,121,461) | (497,966) |
| Profit for year | | 3,494,182 | 1,240,936 |
| Other comprehensive income | | | |
| <i>Articles which can be reclassified to profits or losses</i> | | | |
| Change in fair value of available-for-sale investments | | 25,663 | — |
| <i>Income tax recorded directly in other comprehensive income</i> | | (5,133) | — |
| Total articles which can be reclassified to profits or losses | | 20,530 | — |
| <i>Articles which can be reclassified to profits or losses</i> | | | |
| Revaluation of net pension liabilities with defined benefit plans | 20 | (75,043) | 96,634 |
| Total articles which will not be reclassified to profits or losses | | (75,043) | 96,634 |
| Other comprehensive income/ loss for reporting period | | (54,513) | 96,634 |
| TOTAL COMPREHENSIVE INCOME FOR YEAR | | 3,439,669 | 1,337,570 |



Аудиторское заключение

Акционерам и Совету директоров ОАО «Сетевая Компания»:

Мы провели аудит прилагаемой финансовой отчетности ОАО «Сетевая Компания» (далее – «Компания»), состоящей из отчета о финансовом положении по состоянию на 31 декабря 2015 года и отчетов о прибыли или убытке и прочем совокупном доходе, изменениях в капитале и движении денежных средств за год, закончившийся на указанную дату, а также примечаний, состоящих из краткого обзора основных положений учетной политики и прочей пояснительной информации.

Ответственность руководства аудируемого лица за финансовую отчетность

Руководство аудируемого лица несет ответственность за составление и достоверность указанной финансовой отчетности в соответствии с Международными стандартами финансовой отчетности, и за систему внутреннего контроля, которую руководство считает необходимой для составления финансовой отчетности, не содержащей существенных искажений вследствие недобросовестных действий или ошибок.

Ответственность аудитора

Наша ответственность заключается в выражении мнения о достоверности данной финансовой отчетности на основе проведенного нами аудита. Мы провели аудит в соответствии с российскими федеральными стандартами аудиторской деятельности и Международными стандартами аудита. Данные стандарты требуют соблюдения применимых этических норм, а также планирования и проведения аудита таким образом, чтобы получить достаточную уверенность в том, что финансовая отчетность не содержит существенных искажений.

Аудит включает проведение процедур, направленных на получение аудиторских доказательств, подтверждающих числовые показатели в финансовой отчетности и раскрытие в ней информации. Выбор процедур зависит от профессионального суждения аудитора, включая оценку рисков существенного искажения финансовой отчетности вследствие недобросовестных действий или ошибок. В процессе оценки этих рисков аудитор рассматривает систему внутреннего контроля за составлением и достоверностью финансовой отчетности, чтобы разработать аудиторские процедуры, соответствующие обстоятельствам, но не с целью выражения мнения об эффективности системы внутреннего контроля. Аудит также включает оценку надлежащего характера применяемой учетной политики и обоснованности бухгалтерских оценок, сделанных руководством аудируемого лица, а также оценку представления финансовой отчетности в целом.

Мы полагаем, что полученные нами аудиторские доказательства дают достаточные и надлежащие основания для выражения нашего мнения о достоверности данной финансовой отчетности.



Аудиторское заключение (продолжение)

Мнение

По нашему мнению финансовая отчетность отражает достоверно во всех существенных отношениях финансовое положение Компании по состоянию на 31 декабря 2015 года, а также ее финансовые результаты и движение денежных средств за 2015 год в соответствии с Международными стандартами финансовой отчетности.

АО "ПрайсвоутерхаусКуперс Аудит"
3 июня 2016
Москва, Российская Федерация

Д.П. Деревянкин, Директор (квалификационный аттестат № 01-001581),
АО «ПрайсвоутерхаусКуперс Аудит»

Аудируемое лицо: ОАО «Сетевая Компания»

Свидетельство о государственной регистрации общества №3150/к(50-02) выдано Государственной регистрационной палатой при Министерстве юстиции Республики Татарстан 11 декабря 2001 г.

Свидетельство о внесении записи в Единый государственный реестр юридических лиц о юридическом лице, зарегистрированном до 1 июля 2002 года, за № 1021602830930 от 11 октября 2002 года выдано инспекцией ФНС по Московскому району г. Казани, 420094, г. Казань, ул. Бондаренко, д. 3

Независимый аудитор: АО «ПрайсвоутерхаусКуперс Аудит»

Свидетельство о государственной регистрации № 008.890 выдано Московской регистрационной палатой 28 февраля 1992 г.

Свидетельство о внесении записи в ЕГРЮЛ выдано 22 августа 2002 г. за № 1027700148431

Свидетельство о членстве в Саморегулируемой организации аудиторов НП «Аудиторская Палата России» № 870. ОРНЗ в реестре аудиторов и аудиторских организаций - 10201003683

The full text of the financial statements in accordance with international standards for the 2015 financial statements (IFRS) the Company's year is published on the Internet page on the official website.

Information on major transactions and transactions made by the Company in 2015, recognized in accordance with the legislation of the Russian Federation as transactions which had an interest and required approval by the competent authority of the Company's management

In 2015 the Company did not close transactions which are recognized in accordance with the Federal Law "On Joint Stock Companies" as major transactions.

A list of approved interested party transactions for 12/31/2015

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|----|--|---|--------------------------|---|---|
| 1 | Additional agreement for non-residential lease agreement | 330,838.64 for 8 months | JSC "Tatenergobytt" | I.Sh.Khalikov, A.R.Khayrullin, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No. 8/01-2015 dated dated 01/16/2015 |
| 2 | Subtenancy contract for a non-residential facility part | 4,851.00 for 7 months | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 3 | Agreement for provision of services with the usage of bank cards | commission level 0.3% | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 4 | Agreement for the organization of electronic documents | According to tariff approved by Bank management | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 5 | Additional agreement for the contract of bank account | Individual tariff | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 6 | Subtenancy contract for a non-residential facility part | 392,014.81 for 11 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 7 | Agreement for sale and purchase of sanatory package | 444,077.30 (VAT free) | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 8 | Additional agreement for land sublease agreement | 8,188.95 for 11 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 9 | Land rental agreement | 422,963.20 for 11 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 10 | Additional agreement for rental contract of a part of technical area | 38,451.56 for 11 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 11 | The contract for services on software adaptation | 18,960,000.00 | JSC "ACL-KPE" | A.M.Pahomov | Protocol of the BD No7/01-2015 dated 01/16/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|----|---|----------------------------------|---|--|---|
| 12 | The contract for works on the transfer of land properties from the category of agricultural land to the category of lands of industry, electric power, transport, communications, radio broadcasting, television, and information, and lands for ensuring outer space activity, lands of defence and security, and lands of other special designation | 199,998.20 | JSC "Center of development of land relation in the Republic of Tatarstan" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 13 | Agreement for technical checkup services of a vehicle | 25,540.00 (VAT free) | JSC "Tattehkontrol" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 14 | Additional agreement for communications service | 498,000.00 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 15 | Additional agreement for the contract for the local and intra-zone telephone communication | 36,311.66 every month | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 16 | Communications service contract | according to tariff | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 17 | Contract for services on the organization of technical ability to provide access to communication services | 98,500.00 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 18 | Communications service contract for data communication | 47,999.99 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 19 | Contract for interactive multimedia services | 44,604.00 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 20 | Contract for producing, imposing, publication and distributing commercials, infomercials and social advertisements in printed media | 8,260.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 21 | Additional agreement for editorial-and-publishing services | 18,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 22 | Additional agreement for editorial-and-publishing services | 10,480.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 23 | Additional agreement for editorial-and-publishing services | 5,800.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|----|--|----------------------------------|--------------------------|--|---|
| 24 | Additional agreement for editorial-and-publishing services | 7,020.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 25 | Contract for services for information space provision | 73,160.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 26 | Contract for services for information space provision | 95,580.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 27 | Contract for services for information space provision | 99,120.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 28 | Contract for preparation and publication of information materials | 41,300.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 29 | Contract for preparation and publication of information materials | 37,760.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 30 | Contract for preparation and publication of information materials | 41,300.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No7/01-2015 dated 01/16/2015 |
| 31 | Product supply agreement | 342,216.00 | LLC "Chelny- Broiler" | I.Sh.Fardiev | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 32 | Additional agreement for the contract of bank account | Without compensation | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 33 | Additional agreement for the contract on information and technological cooperation | Commission level - 1% | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 34 | Additional agreement for subtenancy agreement for land property parts | 12,875.22 for 9 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 35 | Additional Agreement for subtenancy agreement for land property parts | 18,025.29 for 9 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 36 | Contract for sport and health services | 6,188,806.44 | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No8/02-2015 dated 02/20/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|----|---|----------------------------------|--------------------------|--|---|
| 37 | Agreement for operational and technical maintenance of substation equipment | 190,468.54 | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 38 | Equipment purchase contract | 232,562.00 | JSC "ACL-KPE" | A.M.Pahomov | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 39 | Sublicense agreement for delivery of non-exclusive right for usage of computer software | 135,213.00 (VAT free) | JSC "ACL-KPE" | A.M.Pahomov | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 40 | Agreement for technical checkup services of a vehicle | 30,040.00 (VAT free) | JSC "Tattehkontrol" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 41 | Agreement for technical checkup services of a vehicle | | JSC "Tattehkontrol" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 42 | Agreement for technical checkup services of a vehicle | 14,990.00 (VAT free) | JSC "Tattehkontrol" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 43 | Termination agreement of the contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 44 | Termination agreement of the contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 45 | Termination agreement of the contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 46 | Termination agreement of the contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 47 | Termination agreement of the contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 48 | Termination agreement of the contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 49 | Termination agreement of the contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 50 | Termination agreement of the contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 51 | Termination agreement of the contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|----|--|----------------------------------|-------------------|--|---|
| 52 | Contract for rendering of services for available usage of zonal digital channel | 317,184.00 for year | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 53 | Contract for services for development and delivery of technical conditions for elongate fiber optic construction | 11,615.00 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 54 | Contract for services for the development and delivery of technical conditions for the protection of communication lines | 11,615.00 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 55 | Communications service contract | 50,358.82 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 56 | Contract for services for information space provision | 63,360.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 57 | Contract for development and layout of video materials on TV | 47,200.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 58 | Contract for development and layout of roll-titles | 99,120.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 59 | Contract for services for information space provision | 72,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 60 | Contract for publication in mass media and radio broadcast | 54,900.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 61 | Contact for development and publication of informational materials | 45,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 62 | Additional agreement for contract for publication of information materials | 48,747.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 63 | Contact for development and publication of informational materials | 87,320.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|----|---|----------------------------------|-------------------------------------|--|---|
| 64 | Contact for development and publication of informational materials | 76,700.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 65 | Contact for development and publication of informational materials | 87,320.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 66 | Contact for development and publication of informational materials | 87,320.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 67 | Contact for development and publication of informational materials | 12,980.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 68 | Contact for development and publication of informational materials | 87,320.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 69 | Contract for producing, imposing, publication and distributing commercials, infomercials and social advertisements in printed media | 60,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 70 | Contract for services of publication of information in print media | 24,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 71 | Contract for services of publication of information in print media | 28,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 72 | Contract for services of video and announcements broadcasting on TV and radio | 10,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 73 | Contact for services on provision of virtual private server | 570,672.00 for 12 months | GAA "IT-PARK" | A.R.Khayrullin | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 74 | Lease agreement for land property parts | 3,445.42 for 11 months | OJSC "KAMAZ" | I.Sh.Khalikov | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 75 | Contact for development of informational materials and provision of broadcast time | 776,250.00 | JSC "TV and radio company "New age" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|----|---|----------------------------------|-------------------------------------|--|--|
| 76 | Contract for provision of video on TV | 499,800.00 | JSC "TV and radio company "New age" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 77 | Termination agreement of contract for sale and purchase of health resort voucher | | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No8/02-2015 dated 02/20/2015 |
| 78 | Additional agreement for termination contract for non-residential lease contract (buildings) | | JSC "Tatenergosbyt" | I.Sh.Khalikov, A.R.Khayrullin, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 79 | Contract for performance of works on reprogramming of metering devices | 26,126,787.80 | JSC "Tatenergosbyt" | I.Sh.Khalikov, A.R.Khayrullin, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 80 | Additional agreement for contract for organization of cashless settlements with the usage of bank cards | Bank tariff | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 81 | Agreement for technical checkup services of a vehicle | 29,820.00 (VAT free) | JSC "Tattehkontrol" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 82 | Agreement for technical checkup services of a vehicle | 20,870.00 (VAT free) | JSC «Tattehkontrol» | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 83 | Additional agreement for contact for technical checkup services of a vehicle | 2,360.00 (VAT free) | JSC "Tattehkontrol" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 84 | Agreement for technical checkup services of a vehicle | 10,600.00 (VAT free) | JSC "Tattehkontrol" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 85 | Agreement for technical checkup services of a vehicle | 26,500.00 (VAT free) | JSC "Tattehkontrol" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 86 | Agreement for technical checkup services of a vehicle | 30,210.00 (VAT free) | JSC "Tattehkontrol" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 87 | Communications service contract | 2,425,300.02 for 11 months | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No11/04-2015 dated 04/13/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|----|---|----------------------------------|-------------------|--|--|
| 88 | Communications service contract | 150,000.00 for 10 months | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 89 | Termination agreement of the contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 90 | Additional agreement for contract for provision of complex resources for operation of equipment | 32,038.36 every month | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 91 | Additional agreement for contract for technological maintenance and creation of sanitary and environmental conditions for operation of communications equipment | 12,629.64 every month | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 92 | Additional agreement for the lease contract of channel position in telephone conduct | 542,495.26 every month | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 93 | Additional agreement for contract for the provision of local and intra-zone telephone communication | 27,340.54 every month | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 94 | Communications service contract | 424,785.84 for 12 months | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 95 | Contract for publication of informational materials on the pages of the Internet portal www.tatar-inform.ru | 280,800.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 96 | Contract for producing, imposing, publication and distributing commercials, infomercials and social advertisements | 54,280.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 97 | Contract for publication of informational materials | 99,246.00 | JSC «Tatmedia» | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 98 | Contract for publication of video materials | 99,990.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|-----|---|----------------------------------|--|--|--|
| 99 | Contract for producing, imposing, publication and distributing commercials, infomercials and social advertisements in printed media, development of materials and provision of broadcast time on TV and radio | 401,200.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 100 | Contract for services for information space provision | 74,104.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 101 | Product supply agreement | 403,518.00 | LLC "Chelny- Broiler" | I.Sh.Fardiev | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 102 | Contract for development of informational audio materials and provision of broadcast time | 99,325.00 | JSC "TV and radio company "New age" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 103 | Additional agreement for lease contract of land parcel sections | 11,328.57 for 11 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No11/04-2015 dated 04/13/2015 |
| 104 | Agreement for sale and purchase of health resort voucher | 45,869,003.00 (VAT free) | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of EGM No33 dated 06/04/2015 |
| 105 | Agreement for sale and purchase of vouchers | 8,523,700.00 (VAT free) | ANCO "Sports training center "Yalta-Zai" | I.Sh.Fardiev | Protocol of EGM No33 dated 06/04/2015 |
| 106 | Lease contract for a non-residential facility part | 10,981.20 for 11 months 16 days | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 107 | Additional Agreement for the contract of bank account | Individual tariff | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 108 | Additional Agreement for the contract of bank account | Individual tariff | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 109 | Additional agreement for contract for technological maintenance and creation of sanitary and environmental conditions for operation of communications equipment | 74,771.18 for 11 months | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 110 | Contract for services for the development and delivery of technical conditions for consumption of communication lines | 17,464.00 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 111 | Additional Agreement for communications service | 17,346.00 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No13/06-2015 dated 06/18/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|-----|--|----------------------------------|-----------------------|--|--|
| 112 | Additional Agreement for communications service | 89,321.00 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 113 | Contract for editorial-and-publishing services on materials processing and publication of advertising information | 27,900.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 114 | Contract for development and publication of articles and announcements | 36,580.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 115 | Contract for development and publication of informational materials | 90,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 116 | Contact for development and publication of informational materials | 80,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 117 | Contact for development and publication of informational materials | 29,500.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 118 | Contact for development and publication of informational materials | 53,100.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 119 | Contact for development and publication of informational materials | 27,140.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 120 | Contact for development and publication of informational materials | 47,200.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 121 | Additional agreement for contract for development and publication of informational materials | 20,650.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 122 | Contract for producing, imposing, publication and distributing commercials, infomercials and social advertisements in printed media and provision of broadcast time on TV and radio for broadcasting | 94,400.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 123 | Contract for technological and operational maintenance of power supply facilities | 9,792.16 | LLC "Chelny- Broiler" | I.Sh.Fardiev | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 124 | Sublicense Agreement for delivery of non-exclusive right for usage of computer software | 6,000.00 | JSC "ACL-KPE" | A.M.Pahomov | Protocol of the BD No13/06-2015 dated 06/18/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|-----|---|---|----------------------|--|--|
| 125 | Additional agreement for contract for services of software adaptation | | JSC "ACL-KPE" | A.M.Pahomov | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 126 | Additional agreement for lease contract of a part of land parcels | 79,270.40 for 11 months | JSC "Innopolic City" | Republic of Tatarstan represented by the Ministry of Land and Property Relations I.Sh.Khalikov | Protocol of the BD No13/06-2015 dated 06/18/2015 |
| 127 | Additional agreement for contract for provision of services with the usage of bank plastic cards | Rate of interest 2.5% pct. p.a. | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 128 | Additional agreement for contract for provision of services with the usage of bank plastic cards | Rate of interest 2.5% pct. p.a. | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 129 | Additional agreement for bank account contract | Individual tariff | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 130 | Contract for services for the development and delivery of technical conditions for consumption and protection of lines of communication | 17,464.00 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 131 | Additional agreement for communications service | Single payment for connection: 3,526.67; month cost: 9,600.00 | OJSC "Tattelecom" | A.R.Khayrullin | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 132 | Additional agreement for editorial-and-publishing services on processing and publication of materials | 7,540.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 133 | Contract for editorial-and-publishing services on materials processing and publication | 4,140.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 134 | Contract for editorial-and-publishing services on materials processing and publication | 6,143.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 135 | Contract for editorial-and-publishing services on materials processing and publication | 6,300.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 136 | Contract for editorial-and-publishing services on materials processing and publication | 99,946.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|-----|--|----------------------------------|----------------|--|--|
| 137 | Contract for editorial-and-publishing services on materials processing and publication | 77,290.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 138 | Contract for editorial-and-publishing services on materials processing and publication | 54,638.72 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 139 | Contract for editorial-and-publishing services on materials processing and publication | 81,302.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 140 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 97,350.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 141 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 97,350.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 142 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 97,350.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 143 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 97,350.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 144 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 97,350.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 145 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 97,350.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 146 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 97,350.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 147 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 14,160.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|-----|--|----------------------------------|----------------|--|--|
| 148 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 14,160.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 149 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 14,160.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 150 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 14,160.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 151 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 14,160.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 152 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 14,160.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 153 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 14,160.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 154 | Contract for producing, imposing, publishing and distributing commercials, infomercials and social advertisements in printed media | 14,160.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 155 | Contract for provision of alternative subscription to a newspaper | 32,972.40 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 156 | Contract for services for information space provision | 74,104.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 157 | Contract for services for information space provision | 98,530.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 158 | Contract for information and advertising services for the production and broadcasting of a television film on the "TNV" TV channel | 28,320.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|-----|---|-----------------------------------|---|--|--|
| 159 | The contract for works on the transfer of land properties from the category of agricultural land to the category of lands of industry, electric power, transport, communications, radio broadcasting, television, and information, and lands for ensuring outer space activity, lands of defence and security, and lands of other special designation | 499,789.00 | JSC "Center of development of land relation in the Republic of Tatarstan" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 160 | Additional agreement for contract for lease of land and non-residential properties (buildings) | 248,128.98 for 6 months | JSC "Tatenergosbyt" | I.Sh.Khalikov, R.Khayrullin, D.H. Safiullin, G.N. Fashiev | Protocol of the dated 06/26/2015 BD No14/06-2015 |
| 161 | Additional agreement for contract for land sublease agreement | 1,158.24 for 6 months | JSC "Tatenergosbyt" | I.Sh.Khalikov, R.Khayrullin, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No14/06-2015 dated 06/26/2015 |
| 162 | Contract for lease of land and non-residential properties | 11,000.00 for 11 months | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 163 | Termination agreement of contract for equipment placement | | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 164 | Additional agreement for the contract of bank account | Without compensation | OJSC "AKIBANK" | I.Sh.Fardiev | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 165 | Additional agreement for communications service | | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 166 | Additional agreement for communications service | 29,452.50 (VAT free) for 6 months | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 167 | Agreement for equipment placement | 49,858.81 every month | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 168 | Agreement for equipment placement | 497.00 every month | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 169 | Additional agreement for contract for provision of telephone service | 11,712.80 for 5 months | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 170 | Contract for services of informational materials publication | 18,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 171 | Contract for services for publication of informational materials of industrial character | 57,720.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No2/08-2015 dated 08/21/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|-----|---|----------------------------------|---|--|---|
| 172 | Additional agreement for contract for services of informational materials publication | 3,540.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 173 | Additional agreement for contract for services of informational materials publication | 12,980.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 174 | Additional agreement for termination contract for services of informational materials publication | | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 175 | Contract for producing, imposing, publication and distributing commercials, infomercials and social advertisements in print media and provision of broadcast time on TV | 20,650.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 176 | Contract for services of technical inventory | 258,000.00 | JSC "Center of development of land relation in the Republic of Tatarstan" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 177 | The contract for works on the transfer of land properties from the category of agricultural land to the category of lands of industry, electric power, transport, communications, radio broadcasting, television, and information, and lands for ensuring outer space activity, lands of defence and security, and lands of other special designation | 442,500.00 | JSC "Center of development of land relation in the Republic of Tatarstan" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 178 | Non-residential lease contract (buildings) | 392,014.81 for 11 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No2/08-2015 dated 08/21/2015 |
| 179 | Additional agreement for sublicense agreement for delivery of non-exclusive right for usage of computer software | 447,678.00 (VAT free) | JSC «ACL-KPE» | A.M.Pahomov | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 180 | Sublicense agreement for delivery of non-exclusive right for usage of computer software | 92,299.20 (VAT free) | JSC "ACL-KPE" | A.M.Pahomov | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 181 | Additional agreement for contract for services of informational materials publication | 1,180.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 182 | Additional agreement for contract for services of informational materials publication | 11,422.40 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No6/10-2015 dated 11/02/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|-----|---|---|-------------------------------------|--|---|
| 183 | Additional agreement for contract for services of informational materials publication | 11,800.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 184 | Additional agreement for contract for services of informational materials publication | 21,240.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 185 | Additional agreement for contract for services of informational materials publication | 4,720.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 186 | Contract for services of development and publication of information analysis material | 99,000.00 | JSC "Tatmedia" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 187 | Contract for video information production and the provision of broadcast time on TV | 150,000.00 | JSC "TV and radio company "New age" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 188 | Contract for services of waste water pumpage from the manhole | 5,723.04 | JSC "Almetyevsk-Vodokana" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 189 | Agreement for equipment placement | 205.89 every month | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 190 | Contract for services of mobile radio telephone communication | Single payment for connection: 1,700.00 Month cost: 450.00 | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 191 | Additional agreement for contract for equipment placement | 38,596.62 every month | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 192 | Agreement for equipment placement | 49,858.8 every month | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 193 | Communications service contract | 1,816,303.20 for 12 months | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 194 | Termination agreement of contract for the provision of telecommunications services | | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 195 | Additional agreement for contract for the local and intra-zone telephone communication | 26,928.15 every month | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 196 | Contract for services on the development and provision of technical conditions for communication lines protection | 17,464.00 | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |

| No | Type of transaction/Subject matter | Transaction amount Including VAT | Counterparties | Interested parties | Approval |
|-----|---|----------------------------------|--------------------------|--|---|
| 197 | Additional agreement for the contract for communication services | 28,461.60 for 6 months | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 198 | Additional Agreement for communications service | 1,334,863.20 for 12 months | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 199 | Additional agreement for the lease contract of place in communication channel | 361,545.40 every month | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 200 | Communications service contract | 136,762.00 | OJSC "Tattelecom" | A.I.Nafigin | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 201 | Additional agreement for Sub-lease contact of land parcel | 10,477.71 for 9 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 202 | Lease agreement for land parcels | 422,963.20 for 11 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 203 | Sublease contact of land parcel | 18,025.29 for 9 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 204 | Lease agreement for technological area | 27,275.05 for 11 months | JSC "Generation Company" | I.Sh.Khalikov, A.M.Frolov, D.H. Safiullin, G.N. Fashiev | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 205 | Contract for the implementation of maintenance services of facilities | 65,313.61 | JSC "Tatavtodor" | Republic of Tatarstan represented by the Ministry of Land and Property Relations | Protocol of the BD No6/10-2015 dated 11/02/2015 |
| 206 | Agreement for sale and purchase of land parcels | 68,000.00 (VAT free) | JSC "Tatspirom" | I.Sh.Khalikov | Protocol of the BD No6/10-2015 dated 11/02/2015 |

Data on compliance with corporate code of conduct

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|---|--|---|---|
| 1 | 2 | 3 | 4 |
| I. Shareholders' rights and equality of conditions as a part of their rights | | | |
| 1.1 | Society has to provide equal and fair treatment to all shareholders in the implementation of their right to participate in the management of the company. The system and practice of corporate management must provide equal conditions for all shareholders: shareholders of the same category (type), including minority shareholders and foreign shareholders, and equal attitude to them from the side of society | | |
| 1.1.1 | the Company approved an internal document that defines the basic procedures for the preparation, assembling and holding of general shareholders' meeting, appropriates recommendations of the Corporate Governance Code, including the duty: | followed | Rules and regulations for the general shareholders' meeting were approved by extraordinary general meeting of shareholders of JSC "Grid Company" (protocol form 11/14/2012 No 28) |
| | notification of shareholders about a general meeting of shareholders not less than 30 days prior to its holding irrespective of the business to be transacted unless a longer period is stipulated by law; | followed | Article 11.6.1. on the Statute, article 14.1. of the Provision on the general meeting of shareholders of JSC "Grid Company" establish that shareholders should be notified about a general meeting of shareholders not less than 30 days prior to its holding |
| | disclose of information about the date of compilation the list of person who are liable to participate in the general meeting of shareholders not less than 7 days before its beginning; | followed | The date of compilation the list of person who are liable to participate in the general meeting of shareholders is disclosed as a part of general meeting notification the 7 days before beginning after signing a protocol of meeting of the Company's board of directors, where were decided to act the general shareholders meeting |
| | provision of additional information and materials on the agenda in accordance with the recommendations of the Corporate Governance Code for the general meeting of shareholders | followed | Articles.15.2 – 15.5 Rules and regulations for the general shareholders' meeting of JSC "Grid Company" establish a list of additional information and materials on the agenda provided by the Company to the General meeting of shareholders |
| 1.1.2 | The Company entered into a liability to provide to shareholders an opportunity to ask questions about the Company's activity to members of management and supervision organs, audit committee members, accountant-general, internal auditors and potential members to management and supervision organs during the preparation and holding of the General meeting of shareholders. Noted responsibilities are fixed in charter or in internal documents of the Company | partially followed | Noted responsibilities are fixed in the following documents of the Company: P. 17.4. Rules and regulations for the general shareholders' meeting of Shareholders of JSC "Grid Company" P. 4.1. Rules and regulations of the Board of Directors of JSC "Network Company" Clause 7.2. Rules and regulations of the Audit Committee of JSC "Network Company" P. 5.2.1. Corporate Code of Conduct |

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|-----------------------------------|--|---|---|
| 1.1.3 | The Company entered into a liability to be committed to the principle of inadmissibility of actions which can lead to an artificial redistribution of corporate control (for example, voting of "quasi treasury" stock, the decision to pay dividends on preferred stocks with limited financial possibilities, the decision about non-payment of preferred dividends determined in the Company's certificate and in the presence of sufficient sources for payment). Noted responsibilities are fixed in charter or in internal documents of the Company | not applicable | The Company did not distribute the stocks. The Company has no Controlled entities |
| 1.1.4 | Other important criterions (recommendations) of Corporate Code of Conduct related by noted principal of corporate management (by Company's estimation) | followed | Results of the vote are summed up and announced pending general shareholders meeting. Registrar is involved for the purpose of functions' implementation of the counting board |
| 1.2 | Shareholders must be given an equal and fair opportunity to participate in the profits of the company by reception of dividends. | | |
| 1.2.1 | The Company approved internal document which determines dividend policy of the Company appropriates to corporate governance code's recommendations. The document establishes: procedure for determination of the net profit (for the companies prepares the consolidated financial statements - a minimum of (share) Consolidated net income) for the payment of dividends, the conditions determined dividends. minimal size of dividends on the Company's shares of different sizes and types. duty of disclosure of the document, which determines the dividend policy, on the official site of the Company | followed | 02/19/2014 The Board of Directors approved the regulation on the dividend policy of JSC "Grid Company" (protocol from 02/21/2014 No 8/02-2014) |
| 1.2.2 | Other important criterions (recommendations) of Corporate Code of Conduct related by noted principal of corporate management (by Company's estimation) | followed | 0/221/2014 Regulation on dividend policy of JSC "Grid Company" is approved by the Board of Directors on the official site of the Company. (protocol from No 8/02-2014) |
| 1.3 | Shareholders are provided with reliable and effective ways to account the share rights and the possibility of free and easy disposal of their shares | | |
| 1.3.1 | Quality and reliability of activity realized by the Company's registrar on maintenance of register of placements owners are correspond to the Company's and shareholders needs | followed | on maintenance of register of placements owners \ is realized by a specialized registrar - Kazan branch of LLC "Eurasian Registrar" (License of the Federal Service for Financial Markets on the activity of register No 10-000-1-00332 dated 03/10/2005) |
| II. The Board of Directors | | | |
| 2.1 | The Board of Directors determines the main strategic guidelines of the Company's activity in the long term prospects, the key performance indicators, is responsible for the strategic management, defines the basic principles and approaches to social risk management systems and internal controls, monitors the activities of executive boards, determines the policy of entitlements of the members of the Board of Directors and executive boards and performs other key functions | | |

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|-------|---|---|--|
| 2.1.1 | <p>The Board of Directors is formed in the Company, which:</p> <ul style="list-style-type: none"> determines the main strategic guidelines of the Company's activity in the long term prospects, the key performance indicators; is responsible for the strategic management; defines the basic principles and approaches to social risk management systems and internal controls; monitors the activities of executive boards; determines the policy of entitlements of the members of the Board of Directors and executive boards | followed | <p>The Current Board of Directors of JSC "Grid Company" was elected 06/27/2014. Goals and the competency of the Board of Directors, including mentioned questions, are determined by Company's charter and Regulation about the Board of Directors of JSC "Grid Company" which was approved by EGM dated 11/12/2012 (protocol from 11/14/2012 No 28)</p> |
| 2.2 | The Board of Directors must be an effective and professional governance body which is capable to estimate impersonal detached judgments and render decisions which are appropriate to the Company's interests and the interests of its shareholders. The chairman of board of directors has to promote the most effective functioning incumbent at the Board of Directors. Meeting of the board of directors, preparation and participating of members of the Board must provide effective activity of the Board of Directors | | |
| 2.2.1 | The chairman of the Board of Directors is a non-executive director or senior non-executive director who can be determined among non-executive directors and controls the activity of non-executive directors and cooperates with the chairman of the Board of Directors | not followed | Members of the Board of Directors are elected from nominees. The Company has no opportunity to influence on the personal composition of the Board of Directors |
| 2.2.2 | <p>Procedure for preparation and holding of meetings of the Board of Directors is fixed in internal documents of the Company, it provides to the board members an opportunity to prepare to meeting in appropriate way and provides:</p> <ul style="list-style-type: none"> Period of notice of the board members to forthcoming meeting; Period of sending the documents (voting papers) for voting and reception of completed documents during performance of meetings in extramural form; Opportunity to assignment and to account of written vote regarding order of business for members of the Board of Directors, who are absent on the in-person meeting; Opportunity of discussion and voting by means of conference communication including video | followed | 11/12/2012 Regulation of the Board of Directors of JSC "Grid Company" regulated the procedure of preparation and arrange meeting of the Board of Directors (protocol from 11/14/2012 No 28) |
| 2.2.3 | The most important questions are determined on the meetings of the Board of Directors in the in-person form. The list of these questions is corresponds to Corporate governance code recommendations ¹ | partially followed | In accordance with regulations 11.4 about the Board of Directors of JSC "Grid Company" the most important questions are determined on the in-personal meetings |
| 2.2.4 | Other important criterions (recommendations) of Corporate Code of Conduct related by noted principal of corporate management (by Company's estimation) | followed | The meeting of the Board of Directors are held on a regular scheduled basis with obligatory periodic consideration of the results of financial, economic and industrial activities of the Company |
| 2.3 | The Board of Director has to consist of sufficient amount of non-executive directors | | |

¹ Referred in article 168 part B of Corporate Governance Code

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|-------|--|---|--|
| 2.3.1 | The non-executive directors compose not less one third of elected composition the Board of Directors | not followed | The Board of Director consists of one non-executive director |
| 2.3.2 | The non-executive directors confirm in all parts to the requirements of independency which are recommended by the Corporate governance code | followed | The Board of Director consists of one non-executive director who confirms in all parts to the requirements of independency which are recommended by the Corporate governance code |
| 2.3.3 | The Board of Directors (committee on nominations (skilled workers, assignment)) makes an assessment to independency criterions of correspondence of candidate to the Board of Directors | followed | Compliance assessment of candidates to the members of the Board of Directors is accomplished by the Human Resources and Compensation Committee |
| 2.3.4 | Other important criterions (recommendations) of Corporate Code of Conduct related by noted principal of corporate management (by Company's estimation) | followed | The shareholders are given the full information about the candidate to the Board of Directors to form the conception of their personal and professional characteristics. In accordance with regulations 4.1 about the Board of Directors of JSC "Grid Company" the members of the Board of Directors have to refrain from actions which can cause a conflict between their interests and interest of the society |
| 2.4 | The Board of Directors has to create committees for preliminary examination of the most important questions concerning the Company's activity | | |
| 2.4.1 | The Board of Directors established the Audit Committee which consists of non-executive directors. The functions of the Committee are corresponding to the recommendations of internal documents and the Corporate Code of Conduct ² | partially followed | The Audit Committee was created in the Company. Non-executive directors are not included in the Committee. The Committee's activity is regulated by the regulation on the Committee established by the Board of Directors (07/05/2007 protocol from 07/07/2007 No 10) |
| 2.4.2 | The Board of Directors established the Compensation Committee (can be integrated with committee on nominations (skilled workers, assignment)), which consists of non-executive directors. The functions of the Committee are corresponding to the recommendations of internal documents and the Corporate Code of Conduct ³ | partially followed | The Human Resources and Compensation Committee was created in the Company. The Committee has one non-executive director who is the Chairman of the Committee. The Committee's activity is regulated by the regulation on the Committee established by the Board of Directors (07/05/2007 protocol from 07/07/2007 No 10) |
| 2.4.3 | The Board of Directors created a Committee on nominations (skilled workers, assignment) which can be integrated with the Human Resources and Compensation Committee. Most members of the Committee are non-executive directors. The functions of the Committee are corresponding to the recommendations of internal documents and the Corporate Code of Conduct ⁴ | partially followed | The Human Resources and Compensation Committee was created in the Company. The Committee has one non-executive director who is the Chairman of the Committee. The Committee's activity is regulated by the regulation on the Committee established by the Board of Directors (07/05/2007 protocol from 07/07/2007 No 10) |
| 2.4.4 | Other important criterions (recommendations) of Corporate Code of Conduct related by noted principal of corporate management (by Company's estimation) | followed | The Investment Committee of the Board of Directors was established in the Company |
| 2.5 | The Board of Directors provides an assessment of quality of work of the Board, its committees and members of board of directors | | |

² Referred in article 172 part B of Corporate Governance Code

³ Referred in article 180 part B of Corporate Governance Code

⁴ Referred in article 186 part B of Corporate Governance Code

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|---|--|---|---|
| 2.5.1 | Assessment of the quality of the Board of Directors holds on a regular basis at least once a year and once every three years such assessment holds with the assistance of an external organization (consultant) | in the process of realization | The Company plans in this corporate year to hold an assessment of the quality of the Board of Directors for the last corporate year |
| III. Corporate Secretary of the Company | | | |
| 3.1 | The Corporate Secretary (special structural subdivision headed by the Corporate Secretary) provides the efficient active cooperation with the shareholders, coordination of the Company's actions on the shareholders' rights and interests protection, support of the efficient work of the Board of Directors | | |
| 3.1.1 | The Corporate Secretary is accountable to the Board of Directors, assigned and displaced by the decision of the Board of Directors or with its consent | followed | The Corporate Secretary of the Company was elected by the Board of Directors on 11/23/2013 (Protocol No. 5/2012 dated 11/23/2013) The Regulation on the Corporate Secretary of the Company approved by the Company's Board of Directors on 11/23/2013 (Protocol No. 5/2012 dated 11/26/2012) |
| 3.1.2 | There is an internal document approved in the Company and defining the rights and responsibilities of the Corporate Secretary (the Regulation on the Corporate Secretary) the content of which complies with the recommendations of the Corporate Governance Code ⁵ | followed | The Regulation on the Corporate Secretary of the Company approved by the Company's Board of Directors on 11/23/2013 (Protocol No. 5/2012 dated 11/26/2012) |
| 3.1.3 | The Corporate Secretary holds a position that is incompatible with the fulfillment of other functions in the Company. The Corporate Secretary is assumed with the responsibilities in accordance with the recommendations of the Corporate Governance Code. ⁶ The Corporate Secretary accommodates enough amount of resources for functions fulfillment | followed | The Corporate Secretary accommodates enough amount of resources for functions fulfillment |
| 3.1.4 | Other criteria (recommendations) of the Corporate Governance Code that are considered as the key ones by the Company and relating to the noted principle (principles) of the corporate governance | followed | The Corporate Secretary is not an affiliated person of the Company, not the person that is connected with the Company's controlling person or the Company's executive management |
| IV. System of the remuneration of the members of the Board of Directors, executive bodies and other key executive employees of the Company | | | |
| 4.1 | The amount of the remuneration is to be sufficient to attract, motivate and retain the persons having the competence and qualification essential for the Company. The remuneration of the members of the Board of Directors, executive bodies and other key executive employees of the Company is to be paid in accordance with the Remuneration Policy approved in the Company. | | |
| 4.1.1 | All the Company's payments, exemptions and concessions paid to members of the Board of Directors, executive bodies and other key executive employees of the Company are regulated | followed | The Regulation on expenses, remuneration and compensations for the Board of Directors of JSC "Grid Company" was approved at the extraordinary general shareholders meeting of the Company on November 12, 2012 (Protocol No. 28 dated 11/14/2012) |
| 4.2 | The system of the remuneration of the Board of Directors' members is to provide the approach between the Directors' financial interests and the shareholders' long-term financial interests | | |

⁵ Referred in article 217 part B of Corporate Governance Code

⁶ Referred in article 218 part B of Corporate Governance Code

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|---|--|---|---|
| 4.2.1 | The company does not use other forms of monetary remuneration of the members of the Board of Directors but the annual fixed remuneration | followed | At the present time the Company does not pay remunerations |
| 4.2.2 | The Company's members of the Board of Directors have no opportunity to participate in the stock options plan, and the right to flog the Company's shares held by them is not provided with the achievement of specific indicators of activities | followed | The members of the Board of Directors does not participate in the stock options plan and does not hold the Company's shares |
| 4.3 | The system of remuneration of the executive bodies and other key executive employees of the Company is to provide the dependence of remuneration from the results of the Company's operations and their individual contribution in achievement of these results | | |
| 4.3.1 | The long-term incentive program for the members of the executive bodies and other key executive employees of the Company is implemented in the Company | followed | In accordance with the internal documents of the Company |
| V. System of risks management and internal control | | | |
| 5.1 | The Company is to design the efficiently working system of the risks management and internal control aimed at the provision of the assurance in achievement of the Company's objectives | | |
| 5.1.1 | The Board of Directors defined the principles and approaches for organization of system of the risks management and the internal control in the Company | followed | Policy of risks management was approved by the Board of Directors of JSC "Grid Company" on 12/27/2012 (Protocol No. 6/2012 dated 12/28/2012) |
| 5.1.2 | The Company formed the special structural subdivision for risks management and internal control | followed | The Company formed the subdivision for internal control – the Department of Internal Audit |
| 5.1.3 | The Company designed and implemented the Company's anti-corruption policy defining the measures aimed at the formation of the elements of corporate culture, organizational arrangement, rules and procedures for corruption prevention | followed | Anti-corruption policy designed in the Company will be submitted for approval by the Board of Directors of the Company |
| 5.1.4 | Other criteria (recommendations) of the Corporate Governance Code that are considered as the key ones by the Company and relating to the noted principle (principles) of the corporate governance | followed | Audit Committee of the Board of Directors of JSC "Grid Company" considers the questions on the operation of the system of risks management and internal control |
| 5.2 | The Company has to arrange the internal audit in order to provide the systematic independent estimation of the reliability and efficiency of the system of risks management and internal control and the corporate management experience | | |
| 5.2.1 | The Company formed the special structural subdivision served as an internal audit functionally subordinated to the company's Board of Directors. Functions of this subdivision comply with the recommendations of the Corporate Governance Code. In particular, such functions include: <ul style="list-style-type: none"> • Estimation of the internal control system efficiency; • Estimation of the risks management system efficiency; • Estimation of the corporate management (in case of lack of the Corporate Management Committee) | partially followed | The Company formed the subdivision for internal control – Internal Audit Department, reported to the Director General of the Company |

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|-------|---|---|--|
| 5.2.2 | The Head of the internal control subdivision is accountable to the Company's Board of Directors, is assigned and displaced by the decision of the Company's Board of Directors | not followed | The Head of the internal control subdivision is assigned and displaced by the decision of the Company's Director General |
| 5.2.3 | The Company approved the policy in the field of internal control (Regulation on internal control) defining objectives, purposes and functions of internal audit | partially followed | Regulation on the internal control system was approved by the Board of Directors of the Company on 09/14/2012 (Protocol No. 1/2012 dated 09/17/2012) |
| 5.2.4 | Other criteria (recommendations) of the Corporate Governance Code that are considered as the key ones by the Company and relating to the noted principle (principles) of the corporate governance | followed | The Company provides the quarterly report to the Audit Committee of the Board of Directors of JSC "Grid Company" containing the information on the important events and conditions that could influence the level of risks in financial and economic activity of the Company |

VI. Disclosure of information on the Company, the Company's information policy

| | | | |
|-------|---|----------|---|
| 6.1 | The Company and its activity are to be transparent for the shareholders, investors and other interested individuals | | |
| | <p>The Company approved the internal document defining the information policy of the Company complying with the recommendations of the Corporate Governance Code. The information policy of the Company includes the following means of communication between investors and other interested individuals:</p> <ul style="list-style-type: none"> • Organization of the special page of the Company's web-site in the Internet where are posted the answers for the frequently asked questions of the shareholders and investors, regularly updated calendar of the corporate events of the Company, and also information useful for the shareholders and investors; • Regular arrangement of the meetings for the members of the executive bodies and other key executive employees with analysts; • Regular arrangement of presentations (including video conference and webcast) and meetings with the participation of the members of the executive bodies and other key executive employees including the ones accompanying the Company's financial accounting publishing or connected with the main investment projects and strategic development plans | followed | Regulation on information policy of JSC "Grid Company" was approved by the Board of Directors on 05/31/2012 (Protocol No. 13/2012 dated 06/01/2012) |
| 6.1.2 | The implementation of the information policy is provided by the executive bodies of the Company. The Board of Directors of the Company provides control over the appropriate disclosure of information and compliance with the information policy | followed | Regulation on information policy of JSC "Grid Company" was approved by the Board of Directors on 05/31/2012 (Protocol No. 13/2012 dated 06/01/2012) |

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|-------|--|---|--|
| 6.1.3 | The Company established the procedures providing the coordination of activities of all the units and structural divisions of the Company relating to the information disclosure or the activity of which can lead to the necessity of information disclosure | followed | Regulation on information policy of JSC "Grid Company" was approved by the Board of Directors on 05/31/2012 (Protocol No. 13/2012 dated 06/01/201) and also the Company's local acts establish the procedures of the information disclosure by the Company |
| 6.1.4 | Other criteria (recommendations) of the Corporate Governance Code that are considered as the key ones by the Company and relating to the noted principle (principles) of the corporate governance | followed | Corporate Governance Code of JSC "Grid Company" approved on 11/23/2012 (Protocol No. 5 dated 11/26/2012). Code of Business Conduct of JSC "Grid Company" approved on 11/23/2012 (Protocol No. 5 of 11/26/2012) |
| 6.2 | The Company must timely disclose the complete, up-to-date and true information on the Company to provide the opportunity of making reasonable decisions by the shareholders of the Company and the investors | | |
| 6.2.1 | If there is a significant amount of foreign investors in the capital, the Company provides the disclosure of information on the Company (including the information on the arrangement of the general shareholders meeting, annual report of the Company) not only in Russian language but also in foreign one that is generally accepted at the financial market | not applicable | There are no foreign investors |
| 6.2.2 | The Company provides the disclosure of information not only on the Company itself but also on the subsidiary legal persons that are important for the Company | not applicable | There are no subsidiary legal persons in the Company |
| 6.2.3 | The Company discloses the annual and interim (semi-annual) consolidated or individual financial accounts written in accordance with the International Financial Reporting Standard (IFRS). The annual consolidated or individual financial accounts are disclosed with the audit report and the interim (semi-annual) consolidated or individual financial accounts are disclosed with the report on the results of audit review or audit report | followed | The financial statements prepared in accordance with IFRS for 2013 is disclosed on the Company's website: http://www.gridcom-rt.ru . Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in 2014. Audit of financial statements audited by Company prepared the financial accounts in accordance to the International Financial Reporting Standard (IFRS) for 2014. The audit of the financial accounts was provided by the the CJSC "PricewaterhouseCoopers Audit" |
| 6.2.4 | The Company provides the disclosure of detailed information on the personal data of the members of the Board of Directors including the information on their being independent directors or not and also the operative disclosure of information on being displaced as an independent director | followed | Information on the personal data of the members of the Board of Directors is regularly disclosed on the Company's official web-site: http://www.gridcom-rt.ru |
| 6.2.5 | The Company discloses the information on the capital structure in accordance with the recommendations of the Corporate Governance Code | followed | Information on the capital structure is regularly disclosed on the Company's official web-site: http://www.gridcom-rt.ru |

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|-------|--|---|---|
| 6.2.6 | <p>The Company's annual report contains the additional information recommended by the Corporate Governance Code:</p> <ul style="list-style-type: none"> • Brief review of the most important transactions including the related ones closed by the Company and its subsidiary legal persons in the last year; • Report on the work of the Board of Directors (including its Committees) for the year containing, in particular, the information on the amount of meetings in presentia (in absentia), on the participation of all the members of the Board of Directors in meetings, description of the most important questions and the most difficult problems discussed at the meetings of the Board of Directors and its Committees, on the main recommendation of the Committees to the Board of Directors; • Information on direct or deemed interest in shares of the Company by the members of the Board of Directors and the executive bodies of the Company; • Information on the interests conflict between the members of the Board of Directors and executive bodies of the Company (including the conflicts relating to the participation of noted individuals in the executive bodies of the competitors of the Company); • Description of the system of remuneration of the members of the Board of Directors including the amount of individual remuneration at the year-end for every member of the Board of Directors (divided into basic, additional remuneration for the chairmanship in the Board of Directors, for the chairmanship (membership) in the committees of the Board of Directors, the amount of the participation in the long-term incentive program, the volume of participation of every member of the Board of Directors in the stock options plan if that is available), compensation for expenses relating to the participation in the Board of Directors and the Company's expenses for insurance of the responsibilities of Directors as the members of the executive bodies; • Information on the summarized remuneration for a year: <ul style="list-style-type: none"> a) For a group containing no less than five most highly paid members of the executive bodies and other key executive employees of the Company divided due to every kind of remuneration; b) For every member of the executive bodies and other key executive employees of the Company to which the Company's remuneration policy spreads divided due to every kind of remuneration; | followed | The annual report of the Company discloses the additional information recommended by the Corporate Governance Code |

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|---|--|---|---|
| | <ul style="list-style-type: none"> Information on the remuneration for a year of the individual executive body that was received or has to be received from the Company (legal person from the group of organizations which contains also the Company) divided into every kind of remuneration for both performance of obligations of the individual executive body and other reasons | | |
| 6.2.7 | Other criteria (recommendations) of the Corporate Governance Code that are considered as the key ones by the Company and relating to the noted principle (principles) of the corporate governance | followed | The Company prepared the report on the stable development of JSC "Grid Company" for 2014 |
| 6.3 | The Company has to provide the information and documents at the shareholders' request in accordance with the principles of equal and unhindered access | | |
| 6.3.1 | According to the Company's information policy, the shareholders of the Company holding the equal amount of voting shares of the Company are provided with the equal access to the information and documents of the Company | followed | Section 5.4. Regulations on information policy of JSC "Grid Company" approved by the Board of Directors on 05/31/2012 (Protocol No 13/2012 dated 06/0/2012) |
| 6.3.2 | Other criteria (recommendations) of the Corporate Governance Code that are considered as the key ones by the Company and relating to the noted principle (principles) of the corporate governance | followed | In accordance with both the internal documents of the Company and the practice accepted in the Company |
| VII. Significant Corporate Actions | | | |
| 7.1 | The actions that significantly influence or can influence the structure of the share capital, the Company's financial state and the shareholders' positions as well (significant corporate actions) are to be provided on an equitable base providing compliance with the shareholders' rights and interests and the ones of the other interested individuals | | |
| 7.1.1 | <p>The Company's Charter defined the list (criteria) of transactions or other actions that are significant corporate ones consideration of which is under the competence of the Board of Directors including the following:</p> <ul style="list-style-type: none"> The Company's reorganization, acquisition of 30% and more of voting shares of the Company (takeovers), increase or decrease of the share capital of the Company, listing and delisting of the Company's shares; Transactions on trading the shares of the Company's subsidiary legal persons that are significantly important for the Company, in the result of which the Company loses the control over these legal persons; Transactions or related transactions with the property of the Company or the Company's subsidiary legal persons the cost of which exceeds the one fixed in the Company's Charter or which significant for the Company's economic activities; Formation of the Company's subsidiary legal person that is significant for the Company's activity; Carve-out of the treasury and quasi-treasury shares by the Company | followed | According to the unit 12 1 2 of the Charter of JSC "Grid Company" |

| No | Principle(s) of corporate management or key criterion (recommendation) | Followed / not followed including a brief description in which part of the principle or key criterion is not followed | Commentary including exploitation of primary causes, factors or circumstances, which are the reason of compliance or non-compliance in the full volume, description of alternative mechanisms and instruments of corporate management |
|-------|--|---|---|
| 7.2 | The Company must provide the order taking the significant corporate actions which could give the opportunity to the shareholders to timely get the complete information on such actions, to influence the taking of such actions and which guaranties the compliance and the adequate protection level for their rights while taking such actions | | |
| 7.2.1 | <p>The internal documents of the Company establish the principle of provision the equal conditions for all the Company's shareholders in case of taking significant corporate actions involving the rights and legitimate interests of the shareholders and also establish accompanying measures protecting the rights and legitimate interests of the shareholders of the Company provided by the Corporate Governance Code, including:</p> <ul style="list-style-type: none"> • Involvement of the independent estimator acquiring the impeccable reputation accepted at the market and having the estimation experience in the correspondent field or provision of reasons for non-involvement of the independent estimator for defining the value of the property that is alienated or acquired due to the large transaction or the self-dealing transaction; • Determination of the value of the Company's shares when acquiring them or retiring by the independent estimator acquiring the impeccable reputation accepted at the market and having the estimation experience in the correspondent field taking into account the volume-weighted average price of shares for the reasonable time excluding the effect related to the settlement of the correspondent transaction (excluding also change of the share's value due to the distribution of information on the Company's settlement of the correspondent transaction) and also excluding the discount for the shares carve-out in the minority stake; • Widening of the list of reasons due to which the members of the Board of Directors of the Company and other statutorily required individuals are considered as the interested ones in the Company's transactions in order to estimate the actual connectedness of the correspondent individuals | partially followed | According to the legislation requirements and the practice accepted in the Company |

Glossary

Abbreviations

| | |
|---------------|---|
| FMEA | Failure Mode and Effects Analysis |
| CIGRE | Conseil International des Grands Reseaux Electriques |
| CRM | Customer Relationship Management |
| ACDPMS | Automated Commercial Data Power Measuring System |
| ASPTR | Automated system of electric power technical record-keeping |
| AES | Almetievsk Power Supply Network |
| BuES | Buinsk Power Supply Network |
| BES | Bugulma Power Supply Network |
| CITS | Complete integrated Transformer Substation |
| AL | Air Line |
| ALIW | Air Line with Insulated Wire |
| FOCL | Fiber-Optic Communication Line |
| FOPT | Fiber-Optic Potential Transformer |
| FOCT | Fiber-Optic Current Transformer |
| CDZPN | City Distribution Zone of Power Networks |
| FGC | Federal (Russian) Grid Company |
| EES | Elabuga Power Supply Network |
| CL | Cable Line |
| PTSS | Packaged Transforation Substation |
| KES | Kazan Power Supply Network |
| PTL | Power Transmission Line |
| IAS | International Accounting Standards |
| MPTL | Main Power Transmission Line |
| RDW | Research and design work |
| NkES | Nizhnekamsk Power Supply Network |
| IA | Intangible Assets |
| NRCM | National Rating of Corporate Management |
| NChES | Nabarezhnye Chelny Power Supply Network |
| RDC | Research and Development Center |
| PCW | Production and Consumption Waste |

| | |
|-------------|--|
| OSG | Outdoor Switchgear |
| WPM | Wholesale power market |
| EA | Emergency automation |
| SS | Substation |
| PC | Personal computer |
| PES | Volga Region Power Supply Network |
| SSIW | Self-supporting insulated wire |
| RPA | Relay protection and automation |
| RDO | Regional Dispatcher Office |
| DP | Distribution point |
| DZ | Distribution Zone |
| REC | Regional Energy Commission |
| SS | Substation |
| EMS | Environmental Management System |
| SHW | Solid Household waste |
| OC | Ordering Costs |
| TS | Transformer Substation |
| FTS | Federal Tariff Service |
| FFMS | Federal Financial Market Service of Russia |
| ChES | Chistopol Power Supply Network |
| EDS | Power Supply Network |
| PSN | Power Supply Network |

Measuring Unit

| | |
|-------------|--|
| kV | kilovolt – voltage measuring unit |
| kW-h | Kilowatt-hour – electric power measuring unit |
| MVA | Megavolt ampere – full transformer capacity measuring unit |
| mW | Power measuring unit |



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