Mosenergo
Annual report
2017
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ADDRESSES
1.1 Address of the Chairman of the Mosenergo Board of Directors

Dear Shareholders,

Mosenergo is the company that became Gazprom's power asset in 2007, which celebrated its 130th anniversary last year, and made it one of the top Russian power-generating companies by age of core equipment. The company comprises 7 fully-functioned combined-cycle power units for the total capacity of around 3 GW, which were put into operation within the framework of Gazprom's investment obligations.

In 2017, the share of new power units in the total power generation volume of Mosenergo reached 28.5% (against 27.2% in the previous year). The company proceeds taking measures aimed at increasing operating efficiency and cost optimization. The 2017 effect of such activities became 1.5 higher than the target value.

Within the framework of Gazprom activities on enhancing and optimizing the Moscow heat supply system, heat load was transitioned from boiler and heating stations to thermal power stations; these measures provided fuel-saving for more than 1.7 billion rubles.

Gazprom-supported complex activities on developing Mosenergo enable to show stable positive performance. Financial and economic performance of the company broke a record in 2017. Revenue gained 3.4% and reached 196.8 billion rubles (prime cost decreased by 1.4%). Net profit increased by a factor of 2.3 and came to 25.3 billion rubles. With that, Mosenergo's total debt burden decreased by the factor of 1.9 or more than by 20 billion rubles.

It is critical that such performance is achieved with consideration of environmental friendliness and mitigation of industrial impact.

Mosenergo's environmental activities in 2017 were highly rated by the Moscow Government — the company was the winner in two categories of the Moscow contest Environmental Development Leader.

Mosenergo's project for developing electric vehicle charging infrastructure also makes contribution to improving Moscow environment. Further, it will enable not only to reduce vehicle atmospheric emissions but to drive up demand for power generated by the Company as well.

With that, Mosenergo is well prepared for further implementation of equipment-updating projects: the company commenced a pilot project for reconstructing the power unit No.9 TPP-22, assuming deployment of a new-generation Russian high-power steam turbine.

DEAR SHAREHOLDERS,

SUPPORTED BY GAZPROM, MOSENERGO KEEPS MOVING TOWARD THE KEY STRATEGIC GOAL — ENSURING STABLE PROFIT GROWTH CONCURRENTLY WITH MAINTAINING THE RELIABILITY OF POWER SUPPLY. WE EXPECT ON YOUR COOPERATION!

Kirill Seleznev

1.2 Address of the Managing Director

Dear Shareholders,

In the year of Mosenergo’s 130th Anniversary, the Company ensured fail-safe performance of industrial facilities supplying power and heat to Central-region consumers and reached impressive financial performance.

For the decade of being the part of Gazprom Energoholding Group and particularly for recent years, the Company has passed a long way of optimizing core equipment, facilitating highest possible efficiency of operation thereof, increasing the share of combined-cycle power equipment in the general structure of power generation.

Power generation by combined-cycle units used at Mosenergo's TPPs pursuant to capacity-supply agreements gained 2.6% in 2017 and came to 16.5 billion kWh (concurrently with total generation decrease by 2% due to third-party effects).

Mosenergo management lays strong emphasis on issues related to social responsiveness, occupational and industrial safety, personnel development, and corporate culture enhancement.

In the year of the Company’s 130th Anniversary, a new exposition of the Museum of Mosenergo and Moscow Power Industry was opened, located in a separate building in the territory of TPP-20, which was reconstructed for this purpose.

Mosenergo’s employees demonstrated refined proficiency, proactivity, and involvement in the context of the Company’s and Gazprom Energoholding Group's activities in 2017: Mosenergo's TPP-25 team took the second position in the First Open Championship of Cross-Based TPP Personnel, held by the Association “Power Generator Council” housed by the Unified Staff Training Center of Gazprom Energoholding Group. Four members of the Mosenergo team were recognized best professionals according to the contest results.

Projects of TPP-26 staff were awarded first and second prizes in the final of the 6th Young Specialist and Rationalizer Contest of Gazprom Energoholding Group. Mosenergo’s representatives became winners in the final of the Environmental Proficiency Contest of Gazprom Energoholding Group, organized within the framework of the Year of Environment in Russia and Gazprom.

Environment protection remains the key field of Mosenergo’s activities; the Company’s power generation facilities are located in the Central region which is distinguished by the state’s highest population density. In 2017, Mosenergo conducted a transition of the corporate Environmental Management System to the new standard, ISO 14001:2015, which prescribed additional requirements for the Company. Year after year, Mosenergo enhances the grade of environmental compliance, reduces negative environmental impact of power stations; according to 2017 results, total emissions decreased by 13.4% across the Company. This was a result of implementing environmental measures and optimizing fuel balance toward using natural gas.

In 2018, the Company plans to proceed activities aimed at enhancing process efficiency, cost optimization, implementation and maintaining of best practices in the field of occupational and industrial safety, and enhancement of the corporate governance quality.

Mosenergo is to continue unleashing its potential and taking measures on improving operating performance and financial stability reinforcement. I am convinced that Mosenergo managers and employees will do their very best to support Company’s leadership in the industry.

Managing Director of Mosenergo

Aleksander Butko
MOSENERGO PROFILE

- Installed electric capacity: 12,873 MW
- Installed heat capacity: 42,761 Gcal/hour
- Gross electricity generation: 57,864 million kWh
Mosenergo

IS THE LARGEST REGIONAL POWER GENERATING COMPANY IN THE RUSSIAN FEDERATION

AND THE LARGEST HEAT POWER GENERATING COMPANY IN THE WORLD

Mosenergo owns

15 POWER PLANTS
with an installed electrical capacity
12.9 GW

and a heat capacity of
42.8 thousand Gcal/h.

Mosenergo

IS A MAJOR PRODUCER OF ELECTRICITY AND HEAT ENERGY FOR THE MOSCOW REGION

unites two constituent territories of the Russian Federation – the City of Moscow and the Moscow Region

Around

30% of the Mosenergo's total power generation volume

IS PROVIDED BY CUTTING-EDGE HIGH-EFFICIENCY COMBINED-CYCLE POWER UNITS

Mosenergo

IS THE CLIMATIC DEVELOPMENT LEADER

The Company's TPPs utilize the automated atmospheric pollutant emission monitoring system

Mosenergo

USE ECOLOGICALLY-COMPLIANT FUEL

gas

Mosenergo

THE LOWEST SPECIFIC POWER-SUPPLY FUEL RATE

among all power generating companies of Russia, this is due to combined generation of heat and electric energy

Key Performance Indicators

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Installed electric capacity, MW</td>
<td>12,915</td>
<td>12,963</td>
<td>12,873</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Installed heat capacity, Gcal/h</td>
<td>43,315</td>
<td>42,894</td>
<td>42,761</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Gross electricity generation, million kWh</td>
<td>54,712</td>
<td>59,068</td>
<td>57,864</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Electricity output, million kWh</td>
<td>50,232</td>
<td>54,214</td>
<td>52,999</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Total electricity sales, million kWh</td>
<td>56,349</td>
<td>60,858</td>
<td>60,251</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Heat output, thousand Gcal</td>
<td>71,682</td>
<td>81,827</td>
<td>79,447</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Electricity generation fuel rate, gke/kWh</td>
<td>232.6</td>
<td>232.3</td>
<td>226.3</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Heat generation fuel rate, kg/Gcal</td>
<td>164.8</td>
<td>164.0</td>
<td>163.6</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

Key Financial Indicators¹, RUB million

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>164,508</td>
<td>190,342</td>
<td>196,825</td>
<td>+3.4%</td>
</tr>
<tr>
<td>Prime cost</td>
<td>(149,266)</td>
<td>(165,384)</td>
<td>(162,996)</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>15,243</td>
<td>24,958</td>
<td>33,829</td>
<td>+35.5%</td>
</tr>
<tr>
<td>Sales profit</td>
<td>14,999</td>
<td>24,722</td>
<td>33,634</td>
<td>+36.1%</td>
</tr>
<tr>
<td>Net profit</td>
<td>6,411</td>
<td>11,062</td>
<td>25,282</td>
<td>+128.6%</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>205,662</td>
<td>198,913</td>
<td>191,270</td>
<td>-3.8%</td>
</tr>
<tr>
<td>Current assets</td>
<td>69,823</td>
<td>86,132</td>
<td>88,471</td>
<td>+2.7%</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>60,328</td>
<td>36,527</td>
<td>23,476</td>
<td>-35.7%</td>
</tr>
<tr>
<td>Short-term liabilities</td>
<td>17,797</td>
<td>42,305</td>
<td>28,130</td>
<td>-33.5%</td>
</tr>
</tbody>
</table>

¹ According to IAS
WHY INVEST

EBITDA
44,093 million rubles

EBITDA margin
22.4%

Net debt
2,790 million rubles

2 According to RAS and the Company’s management accounting
Rising Financial Performance

**EBITDA (RUB million) and EBITDA margin (%)**

Mosenergo is the fuel efficiency leader

**Power generation fuel rate, gfe/kWh**

Low Debt

Dividend Payout Growth$^3$

3. 2017 dividend amount is recommended by the Mosenergo Board of Directors for approval by the Annual General Meeting of Shareholders.
INFORMATION FOR INVESTORS

Operating earnings per share: 0.85 rubles
Share price change of the year: +5.7%
Total shareholder return: 12.4%
Authorized Capital

Mosenergo’s authorized capital is 39,749,359,700 rubles, which is divided into 39,749,359,700 ordinary registered uncertificated shares, each with a par value of 1 ruble.

Mosenergo’s shares are listed on the A1 quotation list of the Moscow Exchange.

Mosenergo’s depositary receipts are listed in the over-the-counter (OTC) market of the New York Stock Exchange and in the IOB sector of the London Stock Exchange.

Credit Ratings

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Rating Score</th>
<th>Date of Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitch Ratings</td>
<td>BBB-/stable outlook</td>
<td>December 11, 2017</td>
</tr>
<tr>
<td>Standard&amp;Poor’s</td>
<td>BB+/positive outlook</td>
<td>June 21, 2017</td>
</tr>
</tbody>
</table>

Equity Market in 2017

The shares of Mosenergo showed positive dynamics according to 2017 results; meanwhile, the key index of the MICEX index and electric power index decreased by 5.5% and 8.5% respectively. Solid operating and financial performance of the Company, high process efficiency, and communication with the investment community enabled to maintain investors’ interest in Mosenergo’s shares.

Periods of value growth of Mosenergo’s shares over the year were supported by the increase of trade volumes; jumps of trade revenues usually were preceded by publications on annual and preliminary Company performance reports. The daily-average trade volume over the year came to 65.4 million rubles, but in periods of high investor interest, the Company’s shares were traded at volumes that amounted to 100 and 200 million rubles. The 2017 peak was reached at 200-700 million rubles of daily trade volumes.

The yearly maximum of a share value was registered on September 6, 2017 and amounted to RUB 3,328.

The total shareholder return came to 12.4%. Thus, investing in Mosenergo’s shares enabled to ensure profitability higher than the level of bank deposits and fixed-return instruments, even in the climate of market depreciation.

5 Calculated as the total of the relative change in the share price at the stock exchange and the dividend yield for the year.
Dividend Payout

<table>
<thead>
<tr>
<th>Year</th>
<th>Total amount of dividends</th>
<th>Share in net profit (according to RAS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,584,365,210</td>
<td>19.7%</td>
</tr>
<tr>
<td>2014</td>
<td>2,243,857,229</td>
<td>28.2%</td>
</tr>
<tr>
<td>2015</td>
<td>5,399,646,428</td>
<td>35.0%</td>
</tr>
<tr>
<td>2016</td>
<td>6,573,135,165</td>
<td>30.4%</td>
</tr>
<tr>
<td>2017</td>
<td>6,573,135,165</td>
<td>26.0%</td>
</tr>
</tbody>
</table>

Mosenergo’s Dividend Policy was approved by the Board of Directors on September 12, 2017.

Mosenergo’s Dividend Policy was developed in compliance with the applicable laws of the Russian Federation, the Code of Corporate Conduct recommended by the Central Bank of the Russian Federation, Mosenergo’s Articles of Association, and Mosenergo’s internal documents.

The amount of dividends is calculated from the Company’s net profit as reflected in the annual financial statements produced in accordance with the requirements of the laws of the Russian Federation.

The following principles are observed when calculating the amount of dividends:

• transparency of the mechanism for defining the dividend payment;
• balance between short-term (immediate income) and long-term (Company development) shareholder interests;
• focus on increasing the Company’s investment appeal and market capitalization.

The calculation of dividends is carried out as follows:

• Part of the net profit is allocated to the reserve fund as stipulated by the Company’s Articles of Association.
  
  The allocation of funds from the net profit to the reserve fund ceases when the fund reaches the amount required by the Company’s Articles of Association;

• Part of the net profit, as recommended by the Board of Directors, is used for paying dividends;

• Remaining part of the net profit after deductions is at disposal of the Board of Directors. In order to make decisions on paying dividends, the Board of Directors introduces recommendations concerning the amount to be paid, to the General Meeting of Shareholders. After the General Meeting of Shareholders makes the decision, the dividends are paid out.

Mosenergo Depositary Receipt Programs

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Reg.S</th>
<th>Rule 144-A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient</td>
<td>1 SD shares</td>
<td>1 SD shares</td>
</tr>
<tr>
<td>Brief Info</td>
<td>Receipts can be traded freely on the OTC market in the US and Europe.</td>
<td>Receipts are intended for a wider range of private professional investors than 144-A outside the US.</td>
</tr>
<tr>
<td>Date of issue</td>
<td>1997</td>
<td>2008</td>
</tr>
<tr>
<td>Depositary bank</td>
<td>The Bank of New York Mellon</td>
<td></td>
</tr>
</tbody>
</table>

Depositary Receipts Outstanding

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>units</td>
<td>9,044,321</td>
<td>10,710,767</td>
<td>9,395,686</td>
</tr>
<tr>
<td>Reg.S</td>
<td>units</td>
<td>154,432</td>
<td>150,851</td>
<td>150,851</td>
</tr>
<tr>
<td>Rule 144-A</td>
<td>units</td>
<td>21,530</td>
<td>21,530</td>
<td>21,530</td>
</tr>
<tr>
<td>Total</td>
<td>units</td>
<td>9,220,283</td>
<td>10,883,148</td>
<td>9,208,067</td>
</tr>
</tbody>
</table>

The total amount of Mosenergo’s depositary receipts in circulation continued growing in 2017 because of higher-liquidity Level 1 Program (+29.0% against 2016), sparking stronger interest of foreign investors. The Level 1 Program enlarged from 6.1 million receipts (2013) to 11.6 million receipts (end of 2017). Two other illiquid programs, Reg S and 144-A, decreased by 0.9% and 33.4% respectively. The share of illiquid programs Reg S and 144-A in the total share of Mosenergo’s depositary receipts is insignificant and came to 1.4% by the end of 2017.

Information about Mosenergo Shares

<table>
<thead>
<tr>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating earnings per share</td>
<td>RUB</td>
<td>0.38</td>
</tr>
<tr>
<td>Net earnings per share</td>
<td>RUB</td>
<td>0.16</td>
</tr>
<tr>
<td>Operating cash flow per share</td>
<td>RUB</td>
<td>0.39</td>
</tr>
<tr>
<td>Capital per share</td>
<td>RUB</td>
<td>4.97</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>RUB</td>
<td>0.05665</td>
</tr>
<tr>
<td>Share price at the end of the year</td>
<td>RUB</td>
<td>0.8190</td>
</tr>
<tr>
<td>Highest share price for the year</td>
<td>RUB</td>
<td>1.0440</td>
</tr>
<tr>
<td>Lowest share price for the year</td>
<td>RUB</td>
<td>0.6205</td>
</tr>
<tr>
<td>Share price change of the year</td>
<td>+28.0%</td>
<td>+202.8%</td>
</tr>
<tr>
<td>MICEX index change</td>
<td>+26.1%</td>
<td>+26.8%</td>
</tr>
<tr>
<td>MICEX electric power index change</td>
<td>+18.4%</td>
<td>+110.1%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>6.9%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Total shareholder return per share</td>
<td>RUB</td>
<td>0.2357</td>
</tr>
<tr>
<td>Total shareholder return</td>
<td>36.8%</td>
<td>213.2%</td>
</tr>
</tbody>
</table>

6 According to the Company’s statements under the RAS and the Moscow Stock Exchange data
FEBRUARY
On February 10, 2017, the first heating turbine T-295 (manufactured by the Ural turbine factory) was presented to Mosenergo. The turbine is to be installed at the TPP-22, replacing T-250 that had been operating as a part of the energy unit No.9 and taken out of operation in 2016.

MARCH
MARCH 2
Release of Mosenergo’s financial statements for 2016 according to the Russian Accounting Standards.

MARCH 9
Release of Mosenergo’s financial statements for 2016 according to the International Financial Reporting Standards.

MAY
MAY 2
Release of Mosenergo’s financial statements for Q1 2017 according to the Russian Accounting Standards.

MAY 18
Release of Mosenergo’s financial statements for Q1 2017 according to the International Financial Reporting Standards.

MAY 31
Annual General Shareholder Meeting of Mosenergo.

JUNE
JUNE 21
Standard & Poor’s Ratings Services approved Mosenergo’s credit rating at BB+ with improvement of the outlook from “Stable” to “Positive” due to enhancement of the Company’s financial performance.

JULY
JULY 31
Release of Mosenergo’s financial statements for the first six months of 2017 according to the Russian Accounting Standards.

AUGUST
Mosenergo was recognized the winner of two categories in the contest for best solutions in the field of environmental and climatic initiatives “Climatic Development Leader”, established by the Department of Natural Resources Management and Environmental Protection. In the category “Contribution to Climatic Development and Safety of the Region”, the Company’s project “Complex Implementation of Combined-Cycle Technologies at Mosenergo’s TPP” took the first position. Also, Mosenergo obtained the certification for contribution to development of the municipal system in the category “Russian Environment-Concerned Company of the Year” with the project “Implementing Mosenergo’s Environmental Policy”.

AUGUST 9
Release of Mosenergo’s financial statements for the first six months of 2017 according to the International Financial Reporting Standards.

SEPTEMBER
Mosenergo’s TPP-25 team took the second position in the First Open Championship of Cross-Braced TPP Personnel, held in the framework of the “Reliable Energy Industry” Award. The competition took place from September 11 to September 15, hosted by the Unified Staff Training Center of Gazprom Energoholding Group. Nine teams representing Russia’s major power generating companies participated in the competition.

NOVEMBER
NOVEMBER 1
Release of Mosenergo’s financial statements for the nine months of 2017 according to the Russian Accounting Standards.

NOVEMBER 3
According to the approved schedule of work of committees for controlling the readiness of electric power assets for the winter season, Mosenergo obtained a certificate of readiness for work in the fall and winter season (FWS) of 2017-2018.

NOVEMBER 10
Release of Mosenergo’s financial statements for the nine months of 2017 according to the International Financial Reporting Standards.

DECEMBER
Mosenergo transitioned from the Environmental Management System (EMS) to the new standard ISO 14001:2015 which prescribed additional requirements for the system. Previously, Mosenergo’s EMS was certified according to the previous version of the standard ISO 14001:2004.

DECEMBER 11
Fitch rating agency approved Mosenergo’s investment rating of BBB- with the Stable outlook.

DECEMBER 22
The new Museum of Mosenergo and Moscow Power Industry opened.

KEY CORPORATE EVENTS OF 2017
RESULTS OF OPERATING ACTIVITIES

Power generation volume
57,864 million kWh

The total heat output
79,447 thousand Gcal

Load factor
51.2%
Power Generation

In 2017, Mosenergo's generating operations were not subject to any major disruptions; the Company ensured stable operation of power plant equipment and reliable supply of heat and power to consumers in Moscow and the Moscow Region.

Mosenergo's annual-average installed capacity in 2017 came to 12,999.76 MW and 42,833.60 Gcal/h, including 12,900.46 MW and 33,947.39 Gcal/h from TPPs; 0.3 MW and 8,886.21 Gcal/h in total from DHPs and BHPs.

Mosenergo's annual-average installed capacity in 2017 came to 28.5%.

Power generation volume for 2017 came to 5.79 billion kWh, which is 2.0% lower than in 2016.

The reason for the decrease of power generation volumes was higher night load shedding of equipment during the summer period, which was due to the initiative of the System Operator of the Unified Power System, and optimization of the equipment composition with a purpose of reducing the share of inefficient condensate production by steam-powered equipment (SPE).

In the Moscow Region, electric energy consumption increased by 2.9%, and capacity consumption decreased by 0.2%.

Power generation volume for 2017 decreased by 3.36 MW against 2016 and came to 1,928 MW: at the same time, the reserve capacity increased (+402 MW or +3.1%) with a decrease of the annual-average installed capacity by 0.6% (-82.7 Gcal/h). The share of the reserve capacity increased from 23% in 2016 to 26% in 2017.

In the current conditions, the TPPs of Mosenergo optimized the composition of the operating equipment; these activities were aimed at reducing condensate production by switching less efficient or reliable equipment to standby mode.

Mosenergo's total heat output in 2017 came to 5.2 million Gcal (+23.9%). The share of combined-cycle plants in the heat output structure came to 6.5% (+1.3%).

In 2017, heating-cycle power generation at TPPs decreased by 2.5 billion kWh (-9.9%). Also, the condensate-cycle structure significantly changed: for the operating equipment, the decrease came to 1.7 billion kWh (-13.0%), for combined-cycle plants in came to 0.8 billion kWh (-6.4%).

The total heat output totaled 79.4 million Gcal (the share of DHPs and BHPs came to 13.5%)

Mosenergo's annual-average installed capacity decrease by 82.76 MW and 151.22 Gcal/h against 2016 due to reducing the share of inefficient condensate production by steam-powered equipment (SPE).

Power generation volume under capacity-supply agreements (CSA) totaled 16.5 billion kWh, which is 2.6% higher than in 2016. The share of CSA facilities in the general structure of power generation in 2017 reached 28.5%, which is 1.3% higher than in the previous year.

In 2017, heating-cycle power generation at the Company's TPPs, increased by 3.8%. The share of heating-cycle power generation came to 61.0% (+3.4% against 2016).

Heating-cycle power generation volume of combined-cycle plants increased by 270.6. The share of heating-cycle power generation of combined-cycle plants came to 33.7% (+6.4% against 2016).

The total of combined-cycle plants in the heating-cycle structure came to 15.7% (+2.9% against 2016).

Mosenergo 81,827 79,447 -2.9%

RHPPs, DHS, BHPs came to 13.5%.

The rate of using the annual-average installed capacity of the Mosenergo's power plant turbines in 2017 came to 51.2% (-0.6% against 2016), including the 1.2% decrease for the operating equipment, and 1.3% increase for CSA facilities.

The key reason for the underuse of electric capacity for the operating equipment was decrease of generation amid higher equipment warehouse downtime, high right load shedding, and decrease of average load during the summer season.

Condensate-cycle power generation at TPPs decreased by 2.5 billion kWh (-9.9%). Also, the condensate-cycle structure significantly changed: for the operating equipment, the decrease came to 1.7 billion kWh (-13.0%), for combined-cycle plants in came to 0.8 billion kWh (-6.4%).

The transfer of heating loads from DHPs and BHPs to Mosenergo's TPP was proceeded in 2017: the total volume of heat output totaled 3,938 Gcal (6.2% of the total TPP heat output).

Heat output by CSA facilities totaled 5.2 million Gcal (+23.9%). The share of combined-cycle plants in the heat output structure came to 6.5% (+1.3%).

The transfer of heating loads from DHPs and BHPs to Mosenergo's TPP was proceeded in 2017: the total volume of heat output totaled 3,938 Gcal (6.2% of the total TPP heat output).

The total heat output totaled 79.4 million Gcal (the share of DHPs and BHPs came to 13.5%)

TPP heat output totaled 68.7 Gcal (-1.4% against 2016).

Ambient air temperature7

<table>
<thead>
<tr>
<th>Year</th>
<th>Heating</th>
<th>Summer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.7</td>
<td>-0.1</td>
</tr>
<tr>
<td>2017</td>
<td>6.3</td>
<td>8.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Power Generation Volumes, million kWh</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPP-1</td>
<td>260</td>
<td>246</td>
</tr>
<tr>
<td>SPP-2</td>
<td>79</td>
<td>85</td>
</tr>
<tr>
<td>TPP-3 (CSA)</td>
<td>36</td>
<td>41</td>
</tr>
<tr>
<td>TPP-8</td>
<td>2042</td>
<td>1973</td>
</tr>
<tr>
<td>TPP-9</td>
<td>1,045</td>
<td>1,140</td>
</tr>
<tr>
<td>TPP-11</td>
<td>1,676</td>
<td>1,530</td>
</tr>
<tr>
<td>TPP-12</td>
<td>2,828</td>
<td>2,728</td>
</tr>
<tr>
<td>TPP-16</td>
<td>3,735</td>
<td>3,673</td>
</tr>
<tr>
<td>TPP-17</td>
<td>202</td>
<td>201</td>
</tr>
<tr>
<td>TPP-20</td>
<td>5,095</td>
<td>5,543</td>
</tr>
<tr>
<td>TPP-21</td>
<td>8,288</td>
<td>7,997</td>
</tr>
<tr>
<td>TPP-22</td>
<td>5,882</td>
<td>5,194</td>
</tr>
<tr>
<td>TPP-23</td>
<td>6,476</td>
<td>6,560</td>
</tr>
<tr>
<td>TPP-25</td>
<td>6,277</td>
<td>6,484</td>
</tr>
<tr>
<td>TPP-26</td>
<td>9,624</td>
<td>8,638</td>
</tr>
<tr>
<td>TPP-27</td>
<td>5,583</td>
<td>5,881</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59,068</td>
<td>57,864</td>
</tr>
</tbody>
</table>

The transfer of heating loads from DHPs and BHPs to Mosenergo's TPP was proceeded in 2017: the total volume of heat output totaled 3,938 Gcal (6.2% of the total TPP heat output).

Heat output by CSA facilities totaled 5.2 million Gcal (+23.9%). The share of combined-cycle plants in the heat output structure came to 6.5% (+1.3%).

Mosenergo's total heat output in 2017 is 2.9% lower than in 2016, which is due to warmer weather during the heating season (+0.7 °С). Heat output by boiler stations was reduced by 11.6%.

7 According to the heating season dates
The rate of using the annual-average installed heat output of turbines of the ES of Mosenergo increased by 1.1%, including the 1.7% increase for the operating equipment, and 5.6% increase for CSA facilities.

Fuel consumption rate (total for Mosenergo) in 2017 came to 24,996,244 tfe, including 1,669,077 tfe for boilers.

Fuel consumption rate for power plants of Mosenergo in 2017 came to 23,327,167 tfe (+3.6% against 2016).

Fuel consumption decrease in 2017 was due to decreasing volume of power and heat generation at Mosenergo’s power plants and boiler stations. The specific fuel equivalent consumption in 2017 totaled 226.3 g/kWh of power and 146.5 kg/Gcal of heat, including 213.9 g/kWh and 163.6 kg/Gcal of heat, respectively. Specific fuel equivalent consumption by Mosenergo’s TPPs (without boiler stations) totaled 226.3 g/kWh of power (-6.0% against 2016) and 165.0 kg/Gcal (-0.5 kg/Gcal against 2016) of heat, including 213.9 g/kWh (-3.3 g/kWh against 2016) and 146.4 kg/Gcal (-1.0 kg/Gcal against 2016); 231.5 g/kWh (-6.7 g/kWh against 2016) and 166.5 kg/Gcal (-0.1 kg/Gcal against 2016) for the operating equipment.

Specific fuel equivalent consumption by Mosenergo’s TPPs totaled 226.3 g/kWh of power and 163.6 kg/Gcal of heat energy.

Factors that had an impact on the dynamics of specific fuel equivalent consumption (SFC) at Mosenergo’s TPPs:
- Increase in the share of combined-cycle generation (SPE) by 2.9% — 4.5 g/kWh;
- Increase (+1.3%) of the share of steam and gas units with efficiency enhancement thereof — 1.5 g/kWh.

The key reasons for the decrease of the specific fuel equivalent consumption are increase of the share of CSA facilities in the heat supply structure (+1.5%) amid lower SFC for heat of CSA facilities; enhancement of the fuel structure (the share of coal in the fuel balance of TPP-22 was decreased from 21% to 15%); increased efficiency of using the combined cycle in the SPE.

Load factor, %

<table>
<thead>
<tr>
<th>Load Factor (electricity), %</th>
<th>Load Factor (heat), %</th>
</tr>
</thead>
<tbody>
<tr>
<td>51.8</td>
<td>51.2</td>
</tr>
<tr>
<td>Operating SPE Equipment</td>
<td>48.2</td>
</tr>
<tr>
<td>CSA Facilities</td>
<td>64.5</td>
</tr>
</tbody>
</table>

The key reasons for the decrease of electricity sales in 2017 against the same period of 2016, was the decrease in output due to higher output of the nuclear power plants of the Center (+9% against 2016). A slight increase in capacity sales in 2017 is due to introduction of SGU-420 (steam-and-gas unit) TPP-20 on the wholesale market on February 1, 2016, and reduction of the undersupplied capacity, particularly by means of lifting of season-specific restrictions.

Revenue from sales of electricity and capacity in 2017 totaled 118,914 million rubles (+7.8% or +8,588,819 million rubles against 2016).

One of the most significant factors that affected the decrease in electricity sales in 2017 against the same period of 2016, was the decrease in output due to higher output of the nuclear power plants of the Center (+9% against 2016).

A slight increase in capacity sales in 2017 is due to introduction of SGU-420 (steam-and-gas unit) TPP-20 on the wholesale market on February 1, 2016, and reduction of the undersupplied capacity, particularly by means of lifting of season-specific restrictions.

Revenue from sales of electricity and capacity in 2017 totaled 118,914.37 million rubles (+7.8% or +8,588,819 million rubles against 2016).
The key factors affecting electricity and capacity prices are as follows:

- Increase in fuel prices;
- Indexation in 2017 (4.4%). With account for indexation, competitive capacity outage price came to 119.2 thousand RUB/MW;
- Change of the capacity price against previously-commissioned CSA facilities (TPP-21, TPP-27, TPP-30) since July 1, 2016; as a result of account for the component calculated in order to ensure the regulatory payback period of generating facilities to be introduced under the CSA program; this component is accounted for in the price at TPP-26 since December 2016;
- Adjustment (since 2017) of the share of compensated costs — this value reflects the forecasted profit of electricity sales for CSA facilities (TPP-12, TPP-16, TPP-26); these adjustments are caused by changes to the Ministry of Energy's methods for calculating the share value (forecasts for day-ahead market prices, fuel prices, SPEC prices, etc. are accounted and corrected);
- Adjustment (since April 1, 2017) of the share of compensated costs — this value reflects the forecasted profit of electricity sales for CSA facilities (TPP-21, TPP-26, TPP-27), for the periods after expiration of CSA-prescribed supply terms (adjustment of the regulatory-system calculation method).

Since heat energy is a regulated activity, the key reason for the increase in the weighted-average tariff for heat energy set by Mosenergo is the annual revision of tariffs conducted by the Department of Economic Policies and Development of Moscow and the Committee on Prices and Tariffs of the Moscow Regions for consumers; the values are adjusted according to indices of social and economic development for 2017. In addition, the weighted-average average rate was affected by assigning a status of the single heat-supply organization to MOEK PJSC and gradual renewal of heat-supply contracts with this organization, as well as by the redistribution of the structure of consumers that purchase heat energy from collectors and through grids of MOEK PJSC from energy sources in Moscow and the Moscow Region, as differentiated by types of heat carrier: steam and hot water.

### Heat Energy Customers

<table>
<thead>
<tr>
<th>Клиент (категория клиентов)</th>
<th>2016</th>
<th>2017</th>
<th>2017/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOEK PJSC (wholesale reseller)</td>
<td>87.7%</td>
<td>36,518</td>
<td>91.8%</td>
</tr>
<tr>
<td>Including boilers transferred to Mosenergo</td>
<td>15%</td>
<td>6,063</td>
<td>14%</td>
</tr>
<tr>
<td>Mosenergo TPP (wholesale reseller)</td>
<td>0%</td>
<td>0</td>
<td>1%</td>
</tr>
<tr>
<td>Industrial enterprises (retail)</td>
<td>0%</td>
<td>1,821</td>
<td>2%</td>
</tr>
<tr>
<td>Public-sector organizations (retail)</td>
<td>0.3%</td>
<td>124</td>
<td>0.2%</td>
</tr>
<tr>
<td>Other legal entities (retail)</td>
<td>8%</td>
<td>4,580</td>
<td>4%</td>
</tr>
<tr>
<td>General public, housing partnerships and associations, etc. (retail)</td>
<td>2%</td>
<td>549</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>43,592</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The decrease in heat energy revenue by 2.4% and sales by 2.9% is due to warmer weather in 2017.

### Heat Energy Sales and Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Heat energy sales revenue, million rubles</th>
<th>2016</th>
<th>2017</th>
<th>2017/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales, thousand Gcal</td>
<td>81,431</td>
<td>79,065</td>
<td>-2.9%</td>
<td></td>
</tr>
<tr>
<td>Average tariff, RUB/Gcal</td>
<td>947</td>
<td>951</td>
<td>+0.4%</td>
<td></td>
</tr>
</tbody>
</table>

### Fuel Supply

Natural gas remained the main fuel in the 2017 fuel balance. The share of gas in the fuel balance came to 98.41%, Coal (1.51%) and fuel oil (0.06%) were both used by Mosenergo’s power plants as back-up fuels. Diesel fuel share totaled 0.02% in 2017.

The decrease in heat energy revenue by 2.4% and sales by 2.9% is due to warmer weather in 2017.

### Fuel Consumption by Mosenergo Power Plants

#### Measurement Unit

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td>million cu. m</td>
<td>20,555</td>
<td>20,407</td>
<td>19,516</td>
<td>21,693</td>
<td>21,063</td>
</tr>
<tr>
<td>Coal</td>
<td>thousand tfe</td>
<td>565</td>
<td>543</td>
<td>755</td>
<td>700</td>
<td>441</td>
</tr>
<tr>
<td>Fuel oil</td>
<td>thousand tfe</td>
<td>11</td>
<td>4</td>
<td>7</td>
<td>2</td>
<td>13</td>
</tr>
</tbody>
</table>

### Fuel Consumption

#### Measurement Unit

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<td>Fuel oil</td>
<td>thousand tfe</td>
<td>11</td>
<td>4</td>
<td>7</td>
<td>2</td>
<td>13</td>
</tr>
</tbody>
</table>

### Investment and Maintenance Activities

#### Investments

The Company’s 2017 Investment Program was approved by the Board of Directors of Mosenergo on April 24, 2017 (Minutes No. 32) and revised on November 13, 2017 (Minutes No. 41). Within the framework of the Investment Program, Mosenergo continues implementing strategic initiatives aimed at maintaining high level of safety, efficiency, and reliability of heat and power generation.

For 2017, investment program financing plan totaled 14,238.83 million rubles (VAT included); actual financial amount came to 14,119.02 million rubles (VAT included), so the plan was 99% complete. The Investment Program was funded at Company’s own expense, no debt financing was required.
Results of Implementing Most Important Projects (beside CSAs) for Each Class, by Effect

Mosenergo’s key investment courses are:

- Enhancing safety of facilities by means of modernizing outdated equipment;
- Enhancing efficiency of equipment monitoring and diagnostics;
- Minimizing specific fuel consumption when generating power and heat, by means of introducing cutting-edge high-efficiency equipment;
- Forwarding process automation;
- Mitigating negative environmental impact of power plants by means of technical upgrades and taking outdated equipment out of operation;
- Extending the scope of environmental activities at power plants.

A sufficient amount of funds was allocated to development of information, communication technology, and safety and control systems.

Strategic:

Key strategic projects are “Full Equipment Reconstruction at Energy Unit No.9” at TPP-22, which includes replacement of the aged steam turbine T-250/300 unit №9 by a cutting-edge combined-cycle turbine T-295/335-23.5 of the Ural turbine factory. The new series of Ural-made machines is to take the place of overused turbines T-250 and be the primary heat and power generator to supply major Russian cities. The Company prioritizes this project as turbines T-250 are key heat suppliers of Moscow; they hold a 40% share in the overall installed capacity of the Company. In total, 19 turbines T-250 had been put into operation for Mosenergo. After installation and commissioning of the modernized energy unit No.9 at TPP-22, the decision on further “reconstruction of turbines T-250 that operate at power plants of the Company, will be made.

Efficiency:

1. Reducing in-house power consumption:
   - TPP-12: Installing a hydraulic coupling at each fuel submersible centrifugal pump;
   - TPP-12: Installing a hydraulic coupling at SCH-2A line pump;
   - TPP-11: Installing a hydraulic coupling to the line pump.

2. Enhancing fuel efficiency of equipment (reducing specific fuel consumption):

Mandatory:

1. Projects aimed at technical upgrade of gas-consumption and gas-distribution diagrams:
   - TPP-7: Upgrade of 3 boilers and 2 boilers with replacement of gas equipment and installing the single automated control system.
   - TPP-25: Upgrade of the internal gas-supply system of the peak water boilers №№5-14; 16.
   - TPP-23: Upgrade of 3 boilers with replacement of the gas equipment and installing the safety and control automatics at the DHP Roslozino.

Reliability:

1. Enhancement of reliability of power output system of the station:
   - TPP-26: Transformer T-93 replacement.
   - TPP-12: Reconstruction of the gas distribution unit at TPP-12.
   - SPP-5: Reconstruction of the distributing unit 6 kV of the Raudxakaya substation at SPP-1 (Mosenergo’s subsidiary).
   - TPP-12: Replacement of the coupling transformer №2 63 MW with the set of relay protection and automatics, including the cooling system.
   - TPP-22: Replacement of T-4 50 MW with BOMA.

Other:

1. Projects of the heating grids service:
   - Reconstruction of the main heating system, located on Bar’kaya St. (nearby Neverovskogo St., Main Heating System No.5).
   - Reconstruction of the head-carrying structure of the interchannel channel located at 8 Bestuzhevykh St. (Main Heating System No.5).
   - Reconstruction of the main heating system located at 27 Kominskiy Prospekt (Main Heating System No.41).

2. Architectural physical protection systems at Mosenergo’s subsidiaries:
   - Creating the integrated security equipment complex at TPP-16.
   - Creating the integrated security equipment complex TPP-22.

3. Upgrading of IT, telecommunications, and connection:
   - Creating a disaster-proof data center.
   - Transfer of the grid control center to another location.
   - Upgrading of the data storage systems.

Other:

1. Projects of the heating grids service:
   - Reconstruction of the main heating system, located on Bar’kaya St. (nearby Neverovskogo St., Main Heating System No.5).
   - Reconstruction of the head-carrying structure of the interchannel channel located at 8 Bestuzhevykh St. (Main Heating System No.5).
   - Reconstruction of the main heating system located at 27 Kominskiy Prospekt (Main Heating System No.41).

3. Upgrading of IT, telecommunications, and connection:
   - Creating a disaster-proof data center.
   - Transfer of the grid control center to another location.
   - Upgrading of the data storage systems.
7.4.2 Maintenance and Repairs

In 2017, all maintenance and service programs on all thermal mechanical and electrical equipment were fully carried out in line with the approved maintenance schedule, on time and within the budget.

The scope of main repair work on electrical equipment:
- On 9 generators, the rotors were repaired with defect-testing and removal of retaining rings;
- On 2 generators, contact rings were replaced;
- Partial rewinding of TG-31 at TPP-27;
- Replacement of upper winding bar of a stator of TG-2 at TPP-23;
- Replacement of the generator rotor of TG-5 at TPP-20;
- Replacement of the generator rotor of TG-8 at TPP-21;
- Replacement of high-voltage bushings: TPP-11 T-1 110 kV, 1 unit; TPP-21 T-98 220 kV, 1 unit; TPP-22 T-5 110 kV, 3 units; TPP-23 T-96 0, 1 unit;
- Replacement of 2 oil coolers of the transformer T-96 at TPP-25, replacement of the OLTC of T-91 at TPP-21.

The total number of days spent on repairing the Company’s primary equipment in 2017 amounted to 6,741 days (7,663 days in 2016).

### Equipment Maintenance and Repair, units

<table>
<thead>
<tr>
<th>Equipment Type</th>
<th>Major Overhaul</th>
<th>Medium-Level Repair</th>
<th>Routine Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power generation units</td>
<td>3</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Boilers</td>
<td>13</td>
<td>8</td>
<td>54</td>
</tr>
<tr>
<td>Turbines</td>
<td>12</td>
<td>3</td>
<td>55</td>
</tr>
<tr>
<td>Gas turbines</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Steam and water pipelines</td>
<td>1</td>
<td>-</td>
<td>101</td>
</tr>
<tr>
<td>Boilers (CCP)</td>
<td>3</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Gas turbines (CCP)</td>
<td>3</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Turbine generators (CCP)</td>
<td>2</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>WB (Delt/HP)</td>
<td>-</td>
<td>-</td>
<td>129</td>
</tr>
<tr>
<td>Generators</td>
<td>21</td>
<td>7</td>
<td>85</td>
</tr>
<tr>
<td>Transformers</td>
<td>6</td>
<td>-</td>
<td>217</td>
</tr>
<tr>
<td>110-500-kV Switches</td>
<td>6</td>
<td>3</td>
<td>-</td>
</tr>
</tbody>
</table>

### Buildings and Facilities Repair, Units<sup>9</sup>

<table>
<thead>
<tr>
<th>Total for Mosenergo</th>
<th>Type of Work</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooling towers</td>
<td>Repair</td>
<td>35</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Inspection</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Smoke stacks</td>
<td>Repair</td>
<td>34</td>
<td>32</td>
</tr>
<tr>
<td>Liquid fuel tanks</td>
<td>Repair</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buildings &amp; Structures</td>
<td>Inspection with Industrial Safety Expertise</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Inspection and Examination, Industrial Safety Expertise</td>
<td>389</td>
<td>253</td>
</tr>
</tbody>
</table>

### Additional Repair Work on Thermal Mechanical Equipment, units

<table>
<thead>
<tr>
<th>Work Description</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial repair of turbine rotors</td>
<td>45</td>
<td>33</td>
</tr>
<tr>
<td>Replacement of turbine rotary blades / disks</td>
<td>7</td>
<td>10/1</td>
</tr>
<tr>
<td>Rotor replacement</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Replacement of components in the flow-through section of the turbine cylinder</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Replacement of the pipe system of heaters and condensers</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Replacement of bearings in the lower supports of the regenerative air heaters</td>
<td>1</td>
<td>6</td>
</tr>
</tbody>
</table>

<sup>9</sup> Within the scope of responsibility for equipment operation control
ANALYSIS OF FINANCIAL RESULTS

The Company’s revenue: 196.8 billion rubles
Net Profit: 25.3 billion rubles
Sales profitability: 17.09%

According to RAS
8.1 Revenue

The Company’s revenue for 12 months of 2017 came to 470 billion rubles (+23% or +86.8 billion rubles against 2016 mostly due to 22% increase of the weighted-average price. Revenues from sales of heat came to 75.2 billion rubles (-2% or -1.87 billion rubles against 2016 due to 3% decrease in the sales volume, which is related to warmer weather during the heating season of 2017).

8.2 Prime Cost

Prime cost of Mosenergo’s commercial output in 2017 decreased by 2.4 billion rubles against 2016 and came to 163 billion rubles (prime cost of electricity and capacity amounted to 82.7 billion rubles, prime cost of heat to 77.6 billion rubles, prime cost of other products to 2.7 billion rubles).

Lower prime cost in 2017 is caused by lower fuel costs (2.1 billion rubles) and lower cost of production services (1.2 billion rubles), concurrently with the increase in costs of electricity procurement (0.7 billion rubles) and raw materials (0.2 billion rubles). The key factor of fuel cost decrease was lower volume of consumed fuel; such a decrease was caused by lower supply of heat and electricity, concurrently with lower specific fuel consumption.

Lower production-services cost was caused by lower power supply costs (-53%), concurrently with higher cost of subcontractors’ services on equipment maintenance and repair (+10%).

8.3 Other Incomes and Costs

Decrease of other incomes to 2.7 billion rubles). Revenues from electricity sales for 12 months of 2017 came to 470 billion rubles (+23% or +86.8 billion rubles against 2016 mostly due to 22% increase of the weighted-average price. Revenues from sales of heat came to 75.2 billion rubles (-2% or -1.87 billion rubles against 2016 due to 3% decrease in the sales volume, which is related to warmer weather during the heating season of 2017).

Decrease in income related to fines, penalties, forfeits (+0.2 billion rubles);

Increase in income related to sales of basic assets, inventory, intangible assets, and other non-current assets;

8.4 Net Profit

Mosenergo’s net profit amounted to 25.3 billion rubles (2.3 times higher than in 2016).

8.5 Liquidity and Loan Portfolio Management

No debt financing was performed in 2017. As on December 31, 2017, the loan portfolio of the Company amounted to 23.3 billion rubles.

The weighted-average interest rate on borrowings for 12 months of 2017 came to 8.3234% for borrowings made in rubles, and 1.7548% for borrowings made in foreign currency.

8.6 Balance Sheet Analysis

As on December 31, 2017, fixed assets decreased by 1.89 billion rubles against December 31, 2016 (from 171.3 billion rubles to 162.4 billion rubles). The current assets structure is dominated by receivables (47%), cash hold 23%, reserves hold 15%, short-term investments hold 13%.

In 2017, there was an increase in Mosenergo current assets (+2.3 billion rubles) against the beginning of the year, mostly due to an increase in cash amount, caused by increase in cash flow from operations. Mosenergo shareholder’s equity increased by 22 billion rubles.

8.7 Financial Position Indicators

The current liquidity ratio increased by 1.33 pp. against 2016 and came to 3.61 pp. (the increase was due to reduction of short-term liabilities).

The receivables turnover indicator increased against 2016 and came to 4.74 (+0.86) due to higher revenue, concurrently with lower amount of receivables (because of activities exercised by the Company management to enhance recovery of receivables).

Sales profitability rose from 12.99% in 2016 to 17.09% in 2017.
CORPORATE GOVERNANCE
9.1 Memorandum on Gazprom PJSC’s intentions regarding controlled companies, namely Mosenergo PJSC, MOEK PJSC, OGK-2 PJSC, and TGK-1 PJSC

Power industry is strategically significant for Gazprom Group. For the last decade, the Russian greatest vertical-integration power generation holding was established within Gazprom PJSC, which unites assets of power and heat generation, transmission and sales of heat, and assets of related segments.

Energy assets are consolidated in Gazprom Energoholding LLC, a Gazprom PJSC’s subsidiary which holds controlling stakes of Mosenergo PJSC, TGK-1 PJSC, and MOEK PJSC (the single heat supply organization of Moscow).

Gazprom PJSC exercises corporate governance according to unified corporate standards, realizing the importance of improving corporate governance of subordinate companies; also, it seeks to ensuring transparency and publicity of subordinate companies’ activities.

9.2 Underlying Principles

The corporate governance in the Company is based on the legislative regulations of the Russian Federation, the Company’s Articles of Association, the Corporate Governance Code, which is approved by the Board of Directors of the Bank of Russia on March 21, 2014 and recommended for use by joint-stock companies whose securities are on quotation lists, as well as on internationally-recognized corporate governance principles.

The underlying principles of the Company’s corporate governance are stated in the Mosenergo Corporate Governance Code approved by the Board of Directors on November 27, 2006.

The Company’s corporate governance is based on the following:

- The Board of Directors’ accountability to shareholders and the accountability of the Company’s executive bodies to the Company’s management bodies, as well as a sense of trust in relations between all participants of corporate governance;
- The safeguarding of stock ownership rights and the possibility of an unrestricted and fast disposal of the stock owned by shareholders, as well as the provision of shareholder access to effective protection in the event of any breach of rights;
- The transparency of activities, disclosure of accurate information on significant facts and information about the Company’s activities, providing required access to information, as well as maintaining a reasonable balance between the Company’s transparency and the pursuit of its commercial interests;
- The Company’s social responsibility, including adherence to quality standards, environmental regulations and creating the most progressive working conditions;
- The adherence to ethical norms preventing staff abuse of official positions, which could damage both the Company and third parties, including the illegal use of confidential and insider information.

Mosenergo’s strategy to improve corporate governance includes systematic updating of the Company’s internal regulations, development of the activities of the Company’s Board of Directors, improving the quality of materials prepared for meetings of the Board of Directors, including the preliminary discussion of topics to be considered at meetings of the Board of Directors by committees, and through interaction between the company’s departments and subdivisions with shareholder representatives.

The General Meeting of Shareholders of Mosenergo is the supreme governing body of Mosenergo that was dedicated to the results of the Company’s operations in 2016 was held on May 31, 2017. This meeting approved Mosenergo’s Annual Report for 2016 and its financial statements, as well as distribution of the Company’s profits of 2016. It was decided to pay dividends on ordinary shares of the Company for 2016 in the amount of 0.08482 rubles per one ordinary registered share of the Company in cash within the deadlines set by the applicable laws.

The General Meeting of Shareholders of Mosenergo is the supreme governing body of Mosenergo that was dedicated to the results of the Company’s operations in 2016 was held on May 31, 2017. This meeting approved Mosenergo’s Annual Report for 2016 and its financial statements, as well as distribution of the Company’s profits of 2016. It was decided to pay dividends on ordinary shares of the Company for 2016 in the amount of 0.08482 rubles per one ordinary registered share of the Company in cash within the deadlines set by the applicable laws.

9.3 General Meeting of Shareholders

The General Meeting of Shareholders of Mosenergo is the supreme governing body of Mosenergo that was dedicated to the results of the Company’s operations in 2016 was held on May 31, 2017. This meeting approved Mosenergo’s Annual Report for 2016 and its financial statements, as well as distribution of the Company’s profits of 2016. It was decided to pay dividends on ordinary shares of the Company for 2016 in the amount of 0.08482 rubles per one ordinary registered share of the Company in cash within the deadlines set by the applicable laws.

Mosenergo’s most important corporate governance objectives are:

- Maintaining the balance of all shareholders’ interests as well as those of other persons concerned in the continued development of the Company;
- Maintaining the required level of transparency and access to Company information;
- Organizing the operations of the Board of Directors’ Committees with the participation of major shareholder representatives, Company specialists and independent experts;
- Ensuring the Company’s participation in the management of its affiliate structures, the participation of the Company’s representatives in assemblies, meetings of the executive bodies and other corporate events of the Company’s affiliates and subsidiaries, non-profit, and other organizations where the Company acts as a member.

The general meeting approved Mosenergo’s Annual Report for 2016 and its financial statements, as well as distribution of the Company’s profits of 2016. It was decided to pay dividends on ordinary shares of the Company for 2016 in the amount of 0.08482 rubles per one ordinary registered share of the Company in cash within the deadlines set by the applicable laws.

The management bodies of the Company are the General Shareholders’ Meeting of the Company and the Board of Directors. The functions of the Company’s sole executive body deciding on all matters associated with management of the Company’s current activities, other than those placed within the competence of the General Meeting and the Board of Directors of the Company, have been performed by managing company Gazprom Energoholding LLC since May 21, 2015 under an agreement with the Company. The supervision of the Company’s financial and business activities is the responsibility of the Board of Internal Auditors of Mosenergo.

9.4 Board of Directors

Members of the Board of Directors of Mosenergo as on December 31, 2016:

Andrey Yurievich Berezin
Aleskander Sergeevich Vinnikov
Krill Gennadyevich Seleznev (Chairman)

Aleskander Aleksandrovich Butko
Pavel Anatolyevich Livinsky
Denis Vladimirovich Fedorov

Anatoly Anatolyevich Gavrilenko
Elena Vladimirovna Mikhaylova
Pavel Olegovich Shatsky

Maksim Fyodorovich Gaman
Valery Gennadyevich Pyatinsev

Valery Aleksandrovich Golubev

The shareholders also elected the new Board of Directors and Board of Internal Auditors of the Company and approved the Company’s Auditor; a resolution was adopted concerning remunerations and compensations to Members of the Board of Directors.

The meeting approved a new revision of the Mosenergo’s Articles of Association, revised Regulations on the Mosenergo’s General Meeting of Shareholders, Regulations on the Mosenergo’s Board of Directors, Regulations on the Mosenergo’s Board of Internal Auditors. Also, resolutions were adopted regarding approval of transactions in which the Company is concerned.
Mosenergo Annual General Meeting of Shareholders was held on May 31, 2017, at which the Company’s new Board of Directors was elected. The new composition of the Mosenergo’s Board of Directors includes:

Andrey Yurievich Berezin
Alekssander Aleksandrovich Butko
Anatoly Anatolyevich Gavrilenko
Valery Aleksandrovich Golubev
Alexander Sergeevich Ivannikov
Pavel Anatolyevich Livinskyi
Irina Vasilyevna Mironova
Elena Vladimirovna Mikhailova
Vladimir Igorevich Pogrebenko
Valery Gennadyevich Pyatnitsev
Kirill Gymnadyevich Seleznev (Chairman)
Denis Vladimirovich Fedorov
Pavel Olegovich Shatsky

According to the results of voting at the Annual General Meeting of Shareholders, powers of the following members of the Board of Directors were terminated: M.F. Gaman, A.V. Byunin. These members were replaced by I.V. Mironova and V.I. Pogrebenko.

The Mosenergo’s Board of Directors met 16 times in 2017. The most important topics considered by the Board of Directors included the following:

- Approval of Mosenergo 2017 Business Plan;
- Determination of the procurement policy, including approval of the annual integrated procurement program for 2017 (Phase 2);
- Approval of the 2017 Insurance Program;
- Convening and preparing the Company’s Annual Meeting of Shareholders on 2016 results;
- Approval of the general structure of the Company’s executive body;
- Approval of members of the committees of the Company’s Board of Directors;
- Definition of the status of members of the Company’s Board of Directors;
- Determination of the remuneration to the auditor and approval of terms of agreement concluded with the latter;
- Approval of the new revision of the Regulation on the Dividend Policy;
- Determination of the Company’s credit policy;
- Approval of the reports of Gazprom Energoholding LLC on the provision of services under the agreement of transfer of authorities of the sole executive body of Mosenergo;
- Consent to making transactions in which the Company is concerned;
- Approval of transactions regarding the Company’s estate property.

In 2017, the most important agenda topics for which the Company’s Board of Directors was responsible, were examined preliminarily by the Board of Directors’ Committees. The Company’s current Committees are the Audit Committee, the Strategy and Investment Committee, the Human Resources and Renumeration Committee and the Reliability Committee.

During the reporting year, the Board of Directors’ Committees presented to the Board of Directors their recommendations on the following matters:

- Consideration of the accounting statements of Mosenergo for 2016 and the opinion provided by the Company’s Auditor;
- Consideration of the candidacy of the Auditor of Mosenergo for 2017;
- Approval of the Mosenergo Business Plan for 2017;
- Approval of and reports on the business plan performance and the Company’s KPIs;
- Approval of the plan of the Company’s Internal Audit Management operation for 2017;
- Adjustment of the Investment Program of Mosenergo and other important Company matters.

9.4.1 Members of the Board of Directors

<table>
<thead>
<tr>
<th>KIRILL GENNADYEVICH SELEZNEV</th>
<th>ANDREY YURIEVICH BEREZIN</th>
<th>ALEKSANDER ALEKSANDROVICH BUTKO</th>
<th>ANATOLY ANATOLYEVICH GAVRILENKO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors Chairman</td>
<td>Member of the Board of Directors</td>
<td>Member of the Board of Directors</td>
<td>Independent Member of the Board of Directors</td>
</tr>
<tr>
<td>Education: higher</td>
<td>Education: higher</td>
<td>Education: higher</td>
<td>Education: higher</td>
</tr>
<tr>
<td>Positions held for the last 5 years and at present: 2013 – present: Gazprom PJSC, Head of the Marketing Division, Gas and Liquid Hydrocarbons Processing, Head of the Department.</td>
<td>Positions held for the last 5 years and at present: 2013 – present: Department of Property of Moscow, Head of the Department of Corporate Relations and Financial Assets, Deputy Head of the Department.</td>
<td>Positions held for the last 5 years and at present: 2013 – 2014: Mezhregionengostroy OJSC, Director General. 2013 – 2015: Mezhregionengostroy LLC, Director General. 2014 – 2015: CEI LLC, Director General. 2015 – present: Mosenergo, Managing Director.</td>
<td>Positions held for the last 5 years and at present: 2013 – present: Lider ZAO (pension-fund asset management company), Director General. Interest in the issuer’s authorized capital: none</td>
</tr>
<tr>
<td>Interest in the issuer’s authorized capital: none</td>
<td>Interest in the issuer’s authorized capital: none</td>
<td>Interest in the issuer’s authorized capital: none</td>
<td>Interest in the issuer’s authorized capital: none</td>
</tr>
<tr>
<td>Issuer’s ordinary shares held: none</td>
<td>Issuer’s ordinary shares held: none</td>
<td>Issuer’s ordinary shares held: none</td>
<td>Issuer’s ordinary shares held: none</td>
</tr>
</tbody>
</table>

Issued by the General Meeting of Shareholders on May 31, 2017
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Year of Birth</th>
<th>Education</th>
<th>Positions held for the last 5 years and at present:</th>
</tr>
</thead>
<tbody>
<tr>
<td>VALERY ALEKSANDROVICH GOLUBEV</td>
<td>Member of the Board of Directors</td>
<td>1952</td>
<td>Higher</td>
<td>2013 – present: Gazprom PJSC, Deputy Chairman of the Management Board.</td>
</tr>
<tr>
<td>ALEKSANDER SERGEEVICH IVANNIKOV</td>
<td>Independent Member of the Board of Directors</td>
<td>1966</td>
<td>Higher</td>
<td>2013 – present: Gazprom PJSC, First Deputy Head of the Finance and Economics Department, Head of Department 816.</td>
</tr>
<tr>
<td>PAVEL ANATOLYEVICH LIVINSKY</td>
<td>Member of the Board of Directors</td>
<td>1980</td>
<td>Higher</td>
<td>2013 – 2013: Gazprom PJSC, First Deputy Head of the Finance and Economics Department, Head of Department 816.</td>
</tr>
<tr>
<td>IRINA VASILYEVNA MIRONOVA</td>
<td>Member of the Board of Directors</td>
<td>1963</td>
<td>Higher</td>
<td>2013 – present: Gazprom PJSC, First Deputy Head of the Finance and Economics Department, Head of Department 816.</td>
</tr>
<tr>
<td>ELENA VLADIMIROVNA MIKHAYLOVA</td>
<td>Member of the Board of Directors</td>
<td>1977</td>
<td>Higher</td>
<td>2013 – present: Gazprom PJSC, First Deputy Head of the Finance and Economics Department, Head of Department 816.</td>
</tr>
<tr>
<td>VLADIMIR IGOREVICH POGREBENKO</td>
<td>Independent Member of the Board of Directors</td>
<td>1978</td>
<td>Higher</td>
<td>2013 – present: Gazprom PJSC, First Deputy Head of the Finance and Economics Department, Head of Department 816.</td>
</tr>
<tr>
<td>VALERY GENNADYVICH PYATNITSEV</td>
<td>Independent Member of the Board of Directors</td>
<td>1976</td>
<td>Higher</td>
<td>2013 – present: Gazprom PJSC, First Deputy Head of the Finance and Economics Department, Head of Department 816.</td>
</tr>
</tbody>
</table>

Interest in the issuer’s authorized capital: none
Issuer’s ordinary shares held: none
DENIS VLADIMIROVICH FEDOROV

Member of the Board of Directors

Year of Birth: 1978
Education: higher

Positions held for the last 5 years and at present:

2013 – present: Gazprom PJSC, Head of the Board of Electric Energy Sector Development and Marketing, Head of the Board.

2013 – present: Gazprom Energoholding LLC, Director General.

2013 – present: Centerenergoholding PJSC, Director General.

Interest in the issuer's authorized capital, \( 0.001075 \)

 Issuer's ordinary shares held, \( 0.001075 \)

PAVEL OLEGOVICH SHATSKY

Member of the Board of Directors

Year of Birth: 1972
Education: higher

Positions held for the last 5 years and at present:

2013 – present: Gazprom Energoholding LLC, First Deputy Director General

Interest in the issuer's authorized capital, \( 0.001132 \)

 Issuer's ordinary shares held, \( 0.001132 \)

A transaction on purchasing ordinary uncertified shares of Mosenergo (450,000 shares) executed by the member of the Board of Directors on April 18, 2017.

Interest in the issuer's authorized capital: none

 Issuer's ordinary shares held: none

ALEXEY MIKHAYLOVICH GUSEV

Mosenergo Corporate Secretary

Year of Birth: 1980
Education: higher

Positions held for the last 5 years and at present:

2013 – present: Gazprom Energoholding LLC, Deputy Head of the Division, Head of the Division of Corporate Relations and Control — Corporate Secretary, Deputy Head of the Corporate Relations Board, Deputy Director for Corporate and Property Matters — Head of the Board.

Interest in the issuer's authorized capital: none

 Issuer's ordinary shares held: none

9.4.2 Committees of the Board of Directors

9.4.2.1 Audit Committee

Members of the Audit Committee approved by the decision of the Board of Directors on June 22, 2017:

Chairman of the Committee:

VALENY Gennadyevich Pyatnitsve: Independent Member of the Board of Directors of Mosenergo, FINAM JSC Strategy Director;

ANATOLY ANATOLYEVICH GAVRILENKO: Independent Member of the Board of Directors of Mosenergo, Gazprom PJSC Head of the Department;

VLADIMIR IGOREVICH POGBRENBENKO: Independent Member of the Board of Directors of Mosenergo.

Members of the Committee:

ALEKSANDER SERGEEVICH IVANIKOV: Gazprom PJSC Deputy General Director for Corporate Strategy and Investment Committee

Members of the Committee:

ELENA VIKTOROVNA ANDREEVA: Deputy Managing Director, Mosenergo Sales Director;

ANATOLY ANATOLYEVICH GAVRILENKO: Independent Member of the Board of Directors of Mosenergo, Gazprom PJSC Head of the Department of Property of Moscow;

ALEKSANDER ALEKSANDROVICH BUTKO: a member of the Board of Directors of Mosenergo, Management Director, Mosenergo Director of Legal Matters;

VALENY Gennadyevich Pyatnitsve: Independent Member of the Board of Directors of Mosenergo;

VALERY GENNADYEVICH PYATNITSEV: Independent Member of the Board of Directors of Mosenergo, Gazprom PJSC Strategy Director;

DENIS VLADIMIROVICH FEDOROV: a member of the Board of Directors of Mosenergo, Gazprom Energoholding LLC First Deputy Director General.

9.4.2.2 Strategy and Investment Committee

Members of the Committee approved by the Board of Directors of Mosenergo on June 22, 2017:

Chairman of the Committee:

VALENY ALEKSANDROVICH GOLUBEV: a member of the Board of Directors of Mosenergo, Gazprom PJSC Deputy Chairman of the Board;

EVGENY NIKOLAEVICH ZEMLYANOY: Gazprom Energoholding LLC Deputy General Director for Economics and Finance;

IRINA YURIYEVNA KOROBKINA: Gazprom PJSC Deputy Head of Board;

VLADIMIR IGOREVICH POGBRENBENKO: Independent Member of the Board of Directors of Mosenergo;

Members of the Committee:

ALEKSANDER ALEKSANDROVICH BUTKO: a member of the Board of Directors of Mosenergo, Management Director, Mosenergo Director of Legal Matters;

VALENY Gennadyevich Pyatnitsve: Independent Member of the Board of Directors of Mosenergo;

VALERY GENNADYEVICH PYATNITSEV: Independent Member of the Board of Directors of Mosenergo, FinAm JSC Strategy Director;

DENIS VLADIMIROVICH FEDOROV: a member of the Board of Directors of Mosenergo, Gazprom Energoholding LLC First Deputy Director General.
9.4.2.3 HR and Renumeration Committee
Members of the Committee approved by the Board of Directors on June 22, 2017:

Chairman of the Committee:
Pavel Olegovich Shatsky:
a member of the Board of Directors of Mosenergo, Gazprom Energoholding LLC First Deputy Director General.

Members of the Committee:
Anatoly Anatolyevich Gavrilenko:
Independent Member of the Board of Directors of Mosenergo, Lider ZAO (pension-fund asset management company) Director General;

Valery Gennadyevich Pyatnitsev:
Independent Member of the Board of Directors of Mosenergo, FINAM JSC Strategy Director.

9.4.2.4 Reliability Committee
Members of the Committee approved by the Board of Directors on June 22, 2017:

Members of the Committee until June 22, 2017:

Chairman of the Committee:
A.A. Gavrilenko

Members of the Committee:
S.N. Lenyov, R.V. Litvinov, K.V. Moskvin,
S.F. Mukhametov, S.A. Petelin,
M.V. Sorokin

The Resolution of the Mosenergo Board of Directors dd. July 31, 2017 determined the number of members of the Reliability Committee of the Board of Directors — 8 members. Vsevolod Georgievich Pleshivtsev, First Deputy of the Department of Housing, Utilities and Amenities of Moscow, was additionally elected to the Reliability Committee.

9.5 Executive Bodies
According to the Resolution of the extraordinary General Meeting of Shareholders of Mosenergo dd. May 20, 2015, the powers of the sole executive body were transferred to the managing organization: Gazprom Energoholding Limited Liability Company (INN 7703323030, OGRN 1037739465004).

The rights and obligations of the managing organization to manage the Company’s daily operations are defined by the Russian Federation laws, the Company’s Articles of Association, and an agreement concluded with the Company. The managing organization decides on issues associated with management of the Company’s day-to-day operations, except those placed within the competence of the General Meeting of Shareholders and the Board of Directors of the Company.

Gazprom Energoholding LLC holding in Mosenergo’s authorized capital totals 53.5%.

Mosenergo’s ordinary shares held by Gazprom Energoholding LLC total 53.5%.

9.6 Board of Internal Auditors
In order to exercise control over the Company’s financial and business activities, the General Meeting of Shareholders of the Company elects five members to the Board of Internal Auditors.

The Company’s Board of Internal Auditors operates in accordance with the laws of the Russian Federation, the Company’s Articles of Association and the Regulations on the Company’s Board of Internal Auditors.

The Board of Internal Auditors carried out a documentary inspection (audit) of the Mosenergo’s financial and business activities in 2017. Based on the findings of this audit, the Board of Internal Auditors confirmed the reliability of data and information contained in the Company’s reports and other financial documents for 2017.

New members of the Board of Internal Auditors were elected on May 31, 2017 by the Annual General Meeting of Shareholders of Mosenergo:

Chairman of the Committee:
M.V. Fedorov

Members of the Committee:
M.V. Fedorov

Members of the Committee:
S.N. Lenyov, R.V. Litvinov, K.V. Moskvin,
S.F. Mukhametov, S.A. Petelin,
M.V. Sorokin

Mikhail Valerievich Klenin:
Head of the Department of Property of Moscow Department;

Anatoly Anatolyevich Kotlyar:
Gazprom PJSC Head of the Department;

Yury Andreevich Linoevsky:
Gazprom Energoholding LLC Head of the Internal Audit Department of the Gazprom Personal LLC internal audit project;

Margarita Ivanovna Mironova:
First Deputy Head of the Department, Gazprom PJSC Head of the Department;

Marat Khasanovich Salekhov:
Gazprom PJSC Head of the Department.
In accordance with the Company’s Articles of Association and the decision of the General Shareholders’ Meeting of the Company, members of the Company’s Board of Directors are entitled to remuneration and/or compensation for expenses incurred while performing their functions as members of the Company’s Board of Directors.

The amount, type and procedure for payment of remuneration and compensation to the members of Mosenergo’s Board of Directors are provided for in the Regulations on Determination of the Amount of Remuneration and Compensation to Members of the Board of Directors of Mosenergo, approved by the General Meeting of Shareholders of the Company on May 31, 2016. Members of the Board of Directors that cannot receive remuneration from commercial organizations under the Russian Federation laws do not receive it.

According to these Regulations, the remuneration for members of the Board of Directors consists of basic and additional components.

The basic remuneration component constitutes remuneration paid to members of the Company’s Board of Directors for their participation in meetings of the Board of Directors. The amount of remuneration paid is equivalent to four minimal monthly wages of a first-grade employee, set by the industry-wide tariff agreement of the power sector of the Russian Federation for the period of inspection (audit), taking into account the indexation stipulated by the Agreement.

The additional remuneration component is paid to members of the Company’s Board of Directors according to the results of the financial year, in the event of the Company’s generating net profit. The decision to pay additional remuneration to the members of the Board of Directors is adopted by the General Meeting of Shareholders of the Company. The decision of the General Shareholders’ Meeting of the Company on the payment of the additional component of remuneration to the members of the Board of Directors shall determine the total amount of such remuneration. The total amount of the additional remuneration element based on the Company’s performance shall not exceed five per cent of the Company’s net profit earned during the fiscal year when the current members of the Board of Directors were elected into office.

The additional remuneration component based on the Company’s performance is not paid to members of the Board of Directors who attended fewer than half of all meetings of the Board of Directors (from the date of their election until termination of their authority).

The total amount of remuneration to the members of the Board of Directors for 2017 totaled 58,691,850.59 rubles, including: bonuses for participation in the executive body operation (37,282,760 rubles), salaries (21,365,524.69 rubles), other remuneration (43,565.9 rubles).

The payment of remuneration and compensation to members of the Board of Internal Auditors is carried out according to the Regulations on Payment of Remuneration and Compensation to Members of the Board of Internal Auditors of Mosenergo, approved at the General Meeting of Shareholders of the Company on June 10, 2015.

Members of the Company’s Board of Internal Auditors receive a one-time payment for their participation in the audit of the Company’s financial and business activities. The amount paid equals twenty-five minimum monthly wages of a first-grade employee established by an industry-wide tariff agreement of the power sector of the Russian Federation for the period of inspection (audit), taking into account the indexation stipulated by the Agreement.

Members of the Company’s Board of Internal Auditors are reimbursed for their travelling expenses when they participate in the Board of Internal Auditors meetings related to inspections, according to the Company’s regulations on the reimbursement of business travel expenses in force at the time of such meetings or such inspections.

The amount of remuneration to the managing organization is determined by the agreement for the transfer of powers of the Company’s sole executive body to the managing organization and totaled 42,775,000.00 rubles (VAT included) for the period of January 1 — March 31, and 43,588,726.50 rubles (VAT included) for the period of April 1 — December 31. Actual remuneration to the managing organization in 2017 totaled 172,727,453.00 rubles (VAT included).
Mosenergo strives to be aware of all risks related to the Company’s activities and to carry out timely responsive measures.

Objectives, tasks and principles of the risk management system of the Company are stated in the Mosenergo’s Risk Management Policy and Regulation on the Internal Control System.

10.1 Industry Risks

Mosenergo’s key activities are generation and sales of electricity, heat, and capacity.

Key electricity-related risks are state regulations when setting prices for heat and electricity, dependence of the net heat supply on the ambient air temperature and depreciation of basic assets.

10.1.1 Risks Related to State Regulation of Heat and Electricity Tariffs

The Company implements programs on enhancing operating performance, aimed at reducing operating costs and saving fuel.

Mosenergo is constantly cooperating with the FAS of Russia, Department of Economic Policy and Development of Moscow, and the Committee for Prices and Tariffs of the Moscow Region, in order to approve the economically-sound tariff levels.

Risk related to state tariff regulation stems from artificial or directed tariff decrease, or approval of tariffs not capable to cover the Company’s costs.

In order to mitigate the weight of this risk, the Company carries out the following activities:

• Optimizing load and composition of the generating equipment of power plants by means of distributing heat loads between sources;
• Planning the maintenance program with due account for seasonal character of demand for heat;
• Enhancement of source efficiency by virtue of shifting boiler station loads to the Company’s generators.

10.1.2 Risks Related to Annual or Seasonal Fluctuation of Demand for Heat

The risk is due to the seasonal character of demand for heat; net heat supply depends on the ambient air temperature.

In order to mitigate the weight of this risk, the Company carries out the following activities:

• Optimizing load and composition of the generating equipment of power plants by means of distributing heat loads between sources;

10.1.3 Risks Related to Possible Fluctuation of Prices of Energy Carriers and Supply Costs

Supply of natural gas, the key fuel, is conducted based on the long-term agreement concluded with Gazprom Mezhpregorgaz Moscow LLC. For the purpose of optimizing fuel supply, Mosenergo entered into the long-term agreement with NOVATEK Moscow Region LLC. The agreements prescribe strict order for daily and monthly gas selection. Backup fuel (reduced fuel oil) supply is conducted according to the framework agreement between the Company and Gazprom Neft PJSC (generating and supplying company).

The share of fuel in the cost structure amounts to more than 50%, so a significant shift toward higher price of energy carriers may lead to decline of the Company’s financial and economic performance.

Mosenergo carries out the following activities on managing this risk:

• Increasing accuracy of planning key fuel consumption;
• Optimizing backup fuel reserves.

The risk is due to the seasonal character of demand for heat; net heat supply depends on the ambient air temperature.

In order to mitigate the weight of this risk, the Company carries out the following activities:

• Optimizing load and composition of the generating equipment of power plants by means of distributing heat loads between sources;

10.1.4 Risk Related to Introduction of a Specific Price Formation Order on the Wholesale Electricity Market

In order to prevent significant growth of electricity tariff for end consumers, authorized organizations constantly monitor prices on the wholesale market. In case of exceeding the prescribed growth pace, a specific price formation order may be introduced on the wholesale market, which may lead to decline in the Company’s revenue.

To manage this risk, Mosenergo carries out a set of actions aimed at increasing efficiency of operating on the wholesale electricity and capacity market; the Company’s representatives are involved in developing and discussing adjustments in wholesale market regulations, hosted by the Association “NP of Market Council”.

10.1.5 Risk Related to Competition Escalation after Recession of Transmission Constraints

Recession of transmission constraints in the Moscow Region due to deployment of new power transmission lines and substations may lead to competition escalation on the wholesale market, and therefore, to partial substitution of the Company’s generation output.

In order to manage this risk, Mosenergo takes outdate and inefficient equipment of operation, thereby enhancing cost-efficiency of electricity and capacity generation and increasing operating reliability.
10.1.6 Operating Risks

Mosenergo defines the following key operating risks:
- Risks of technological accidents and emergency situations;
- Risks related to rise of prices of equipment and other resources.

The Company analyzes potential risk-related situations when implementing the operating program. Insurance is the major measure aimed at mitigating and compensating the damage. The following types of insurance are supported: property damage, liability, and social protection.

10.1.7 Risks Related to Industrial Accidents

These risks are due to possible safety rules violation, negligence during work, and negative industrial impact; all these factors can lead to accidents or professional diseases.

The Company mitigates hazardous and negative impact industrial factors, ensures compliance with mandatory occupational and fire safety rules, and abidance by local safety regulations.

10.2 Financial Risks

In 2017, the Company prioritized management of the following financial risks.

10.2.1 Inflation Risk

This risk may take place in case monetary incomes devalue (from the point of money’s real purchasing power) faster than grow nominally. Inflation growth affects the Company’s financial performance. It may lead to increase of the Company’s costs (due to rise in prices of energy resources and physical assets) and then lead to lower profits and ROI of activities.

The following risks bear negative effect of inflation on the Company’s performance:
- Losses related to depreciation of real value of the receivables in case of a significant delay of payment;
- Rise in interest payable;
- Rise in prime cost of goods, output, work, services due to increase in prices of energy carriers, transportation costs, salaries, etc.

In order to mitigate the influence of this risk, the Company was carrying out activities on approving economically-sound tariffs within state restrictions, and took measures on reducing in-house costs during the reporting period.

10.2.2 Risk Related to Fluctuation in Interest Rates

The Company is subject to the risk of fluctuation in interest rates due to raising debt capital to fund investment projects and for in-house expenditures, due to time gaps between energy supply and payments made by counteragents. The Company responds to this risk by borrowing funds at interest rates that could not be changed on a unilateral basis.

10.2.3 Risk Related to Fluctuation in Currency Rates

Over the reporting period, the Company was subject to this risk due to the Company’s foreign-currency liabilities.

In order to manage this risk, the Company carries out the following activities:
- Planning cash flows in order to minimize need in fund raising.

10.2.4 Credit Risk

The Company interacts with numerous counteragents. However, their financial stability and capacity to meet obligations may decline over the course of time, and this may have negative impact on Mosenergo’s cash flow.

To manage the credit risk, the Company regularly analyzes counteragents’ paying capacity and financial stability, monitors receivables, and carries out activities aimed at reducing the amount of receivables.

10.2.5 Liquidity Risk

The Company is subject to the risk of non-performance or untimely performance of obligations, or insufficiency of funds in the required currency, due to currency or credit risk.

To minimize this risk, Mosenergo monitors correlation between currency, interest, and credit risk, and maintains the required liquidity level.
10.3 Legal Risks

Mosenergo is subject to legal risks due to possible changes to legislation within the agreement terms or documenting with no regard to the effective laws. The Company manages this risk through monitoring and timely responding to legislative amendments, develops standard forms of documents, exercises legal audit of the Company’s documentation, and monitors changes in judicial and administrative procedures related to Mosenergo’s activities.

The Company prioritizes the following legal risk:

10.3.1 Risk Related to Changes to Legislation

The Management is convinced that the Company is fully compliant with the tax legislation when conducting activities. Nevertheless, there is a potential risk of dissent with regulating authorities regarding issues that are subject to ambiguity. Russian tax legislation is subject to quite frequent changes, sometimes contains nebulosities, while judicial procedure and explanations of regulation authorities often clash with each other. In this regard, tax risks take place, related to:

- Changes to tax legislation, which concern rise in tax rates;
- New taxes;
- Wrong calculation and payment of taxes due to ambiguous interpretation of laws subject to such ambiguity;
- Contradictual precedents regarding ambiguity in tax calculation and payment.

To minimize tax risks, the Company regularly monitors changes to tax legislation and juridical and administrative procedures, in order to maintain compliance of the used tax calculation method with the effective legislation, evaluates planned transactions at the level of mitigating tax risks, carries out activities on advanced training of staff involved in tax calculation and payment.
SUSTAINABLE DEVELOPMENT

Social welfare expenditures: 227.7 million rubles
Occupational Health and Safety Expenditure: 657.7 million rubles
Environmental Protection Expenditure: 102.2 million rubles
11.1 Headcount and Structure of the Staff

As of December 31, 2017, Mosenergo’s headcount totaled 7,908 people.

11.2 Corporate Culture

The policy of human resources management at Mosenergo aims at creating an efficient mechanism of personnel management, including by developing and strengthening the corporate culture pursuing clear, open, timely informing of workers on the company’s activities with the feedback.

Regular provision of information about the most important events of Mosenergo is supported through the main channels of communication such as the corporate newspaper “Mosenergo Vesti”, the intranet portal, mass mailing, and corporate information booths.

For feedback from the staff, the following are used: a 24/7 telephone hotline for employees and a dedicated email address: vopros@mosenergo.ru. Directors of all Mosenergo’s subsidiaries and affiliates regularly hold briefings.

The Staff Satisfaction Survey was conducted in 2017 and involved 2,491 employees. According to the survey results, measures aimed at improving the staff satisfaction level were developed for all subsidiaries.

Within the framework of increasing the involvement of young specialists of Mosenergo, their quick and effective adaptation, identification and most effective use of their creative and productive potential, the Council of Young Specialists was established, which is engaged in the following activities:

- Mass cultural events;
- Technical ideas and rationalization proposals;
- Social events;
- Sports events.

In 2017, the Council of Young Specialists held more than 10 events with various focus, including the flashmob dedicated to Mosenergo’s 130th Anniversary.

In 2017, the branches of Mosenergo continued the quarterly “The Best Employee” contest. The best employee is an employee of the company who showed the most significant and outstanding achievements that have affected the company’s results. The list of the winners and the essays about the most outstanding winners are published in the corporate newspaper.

In May 2017, celebrations were held for the participants of the Great Patriotic War. Employees of the Company and the Council of Young Specialists took an active part in the event and personally congratulated more than 120 veterans and homefront workers.

In 2017, the Company organized its traditional Sports Festivals between the branches for 10 sports: cross-country skiing, volleyball, track and field, indoor football, table tennis, swimming, shooting, streetball, football and chess. More than 400 employees of the Company took part in the Sports Festivals.

In 2017, the Order on the establishment of Veterans Council was issued. Veterans related to the power industry were invited to celebrations and awarded the Mosenergo’s 130th Anniversary Medal.

Staff Turnover

In 2017, staff turnover totaled 6.42%. During this period:

- 787 people were hired,
- 1,014 employees were dismissed, including 508 by their own volition, 70 by mutual agreement, 25 due to staff reduction measures or reduction in the number of the Company’s employees, 411 for other reasons.
11.3 Staff Training & Development

Mosenergo focuses heavily on the development of its staff, in accordance with business objectives and mandatory legislative requirements of the Russian Federation.

The comprehensive personnel development system has two key areas. First and foremost, it ensures matching the personnel's qualification for solving current tasks of the company. The other key area is personnel training for implementing the company’s strategic plans, implying the development of skills and competences to be demanded in the future.

Operational employees, specialists, and managers of the company undergo training at the Corporate Training Center, where target staff training programs on key majors were developed and implemented.

At the simulator-training section of the Training Center, Mosenergo’s operational employees are trained. In 2017, 1,051 operational employees underwent regular training, including 53 employees who were trained for a new position.

984 employees underwent training at the Corporate Safety School (course “Energy of Safety”) within the framework of the project “Culture of Safe Behavior” of the Mosenergo’s Staff”.

The Company also provides remote learning, which includes mandatory remote training and courses aimed at developing personal and professional competences.

Station and interstation competitions of operational personnel of block TPPs were conducted in order to improve the level of professional training of operational personnel of TPPs.

In 2017, in accordance with the established periodicity of training and current and future plans of training and professional development, 6,599 employees (1,155 operational employees and 5,444 managers and specialists) took the off-job training and development courses.

2017 Mosenergo staff training

In June 2017, the TPP-25 team (winner of interstation competitions) took the second position in the First Open Championship of Cross-Braced TPP Personnel.

Within the context of developing cooperation with universities, Mosenergo interacts with MPEI National Research Institute in the following activities:

- Higher education of the Company’s employees;
- Further education for the employees having no higher professional education;
- Bachelor-degree applied courses.

In 2017, 37 Mosenergo’s employees underwent learning and further training at MPEI. Within the cooperation, the Bachelor-degree applied course “Heat Energy and Engineering” was developed jointly with MPEI. 19 students are being studied. The key feature of this program is extended practice conducted at the plant were a student will work further.

136 students underwent on-the-job training in 2017 (including 30 students that were appointed to positions).

The contest “My Idea: My Career” was held, in which 60 employees took part, 14 projects were approved for implementing, and 6 projects were submitted to the Competition of Young Specialists and Innovators of the State Economic Commission, two of which won the first and second positions in the technical category. 16 winners of the contest “My Idea: My Career” were awarded the excursion to power plants in Germany.

To form and develop the talent pool, 13 technical managers underwent training and internship, and passed exams within the framework of the School of Chief Engineer. According to the program results, 4 employees were promoted.

11.4 Motivation and Social Programs

The incentive system used by Mosenergo based on grades and key performance indicators provides conditions for attracting and retaining qualified personnel by offering competitive financial remuneration.

On an annual basis, the regular review of salaries has been held in respect of 1,453 employees (18% of the headcount). In 2017, the Company’s average salary grew by 5% against the previous year.

Social welfare of workers of the company is one of the tools for sustainable development and contributes to strengthening the reputation of Mosenergo as a reliable and responsible employer and partner. Social payments are made under a collective bargaining agreement and local regulations in force at the company.

Social welfare expenditures for the Company’s employees in 2017 totaled 227.7 million rubles.

Mosenergo social support structure

In 2017, 168 Mosenergo’s employees were beneficiaries of this program in 2017.

The Company operates a private pension program for its employees, developed jointly with Gazfond Non-State Pension Fund. 55 employees were beneficiaries of this program in 2017.
11.5 Occupational Health and Safety

The total amount of expenditure on various measures to improve occupational conditions, health and safety, and to prevent occupational sicknesses (across the Company) amounted to 657,740 thousand rubles in 2017 (more than 0.2% of the total production costs).

2017 Occupational Health and Safety Expenditure, thousand rubles

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Amount, thousand rubles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary health insurance, milk provision</td>
<td>194,626</td>
</tr>
<tr>
<td>Special evaluation of workplaces, industrial control, occupational safety training</td>
<td>3,927</td>
</tr>
<tr>
<td>Operation of health centers, medical check-ups, seasonal vaccination</td>
<td>63,115</td>
</tr>
<tr>
<td>Provision of protective equipment (PPE, collective protective equipment, etc.): washing and repair of clothing</td>
<td>148,237</td>
</tr>
<tr>
<td>Cleaning of premises and production area</td>
<td>250,834</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>657,759</strong></td>
</tr>
</tbody>
</table>

Availability of health and industrial safety services and expert staff in the Administration offices and at the Company’s affiliated power plants.

The occupational health, safety and production auditing department has 28 staff members. One of the 15 occupational health and safety managers oversees each power plant (branch facility). In addition, 5 independent inspectors have now been brought in to detect any potential occupational health and safety breaches at any of the facilities that have been earmarked for major construction and building work, as well as to identify any employee demonstrating signs of alcohol intoxication, under civil-law contracts.

Status of mandatory preliminary, regular, and extraordinary medical check-ups (examinations)

Compulsory preliminary, regular and extraordinary medical checks (examinations) in the Company are carried out in accordance with Article 213 of the Labor Code of the Russian Federation, and Order of the Russian Ministry of Health Care and Social Development No. 302n dated April 12, 2011 “On the approval of lists of adverse and/or hazardous production factors and work for which preliminary, regular and extraordinary medical checks (examinations) are mandatory, and the Procedure for the conduct of preliminary, regular and extraordinary medical checks (examination) of employees engaged in hard labor and work under adverse and/or hazardous conditions”.

Mandatory preliminary health check-ups are performed when new employees join the Company. Regular medical checks are carried out based on a named list of employees who are subject to regular checks. These lists are submitted to the local authorities of the Federal Service for Consumer Rights and Human Welfare Protection (Rosпотребнадзор). The Company has signed a medical checks agreement with SOGAZ Medservice LLC.

As part of seasonal prevention and immunization against the influenza virus in 2017, the Company held a free vaccination session for the personnel of Mosenergo, which was attended by approximately 1,000 Company employees.

Special Assessment of Occupational Conditions


Provision of personal protective equipment, protective clothing and footwear, therapeutic and preventive nutrition, milk or other equivalent products.

Mosenergo staff are provided with personal protective equipment, protective clothing, and footwear, in compliance with the “Standard norms of provision of protective clothing, protective footwear and other personal protective equipment (PPE) (Order of the Russian Ministry of Health and Social Development dated April 25, 2011 no. 340n) and the Appendix to the Mosenergo Collective Bargaining Agreement. All PPE has a certificate of conformity, and is purchased from leading Russian PPE manufacturers. A centralized washing of special clothing of the workers has been organized.

Sanitary and healthcare services to employees. Availability and equipping sanitary facilities, rest-rooms, provision of medical aid, and staff recreation rooms.

In accordance with Article 223 of the Labor Code of the Russian Federation, each branch facility has fully equipped sanitary rooms (cloakrooms, changing rooms, shower cubicles, wash-rooms, lavatories, rooms for the storage and handout of protective clothing), rest-rooms, medical aid facilities, and staff recreation rooms. All these facilities are cleaned and aired. Relevant occupancy space requirements are observed. The workplace facilities are fully equipped with first-aid kits, water coolers and in hot workplace environments, water dispensing units have been installed.

Workplace briefings (introductory, initial, secondary and unscheduled).

The Company organizes workplace briefings (introductory, initial, secondary and unscheduled) in accordance with the requirements of the applicable laws of the Russian Federation. Instructions and briefing programs have been compiled, approved, and updated on a regular basis; standard logbooks are kept for each briefing.

Industrial accident analysis.

In 2017, three accidents with employees of Mosenergo took place.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total accidents</td>
<td>3</td>
</tr>
<tr>
<td>Workplace incidents</td>
<td>0</td>
</tr>
<tr>
<td>Fata; accidents or group accidents with a seriously injured person</td>
<td>0</td>
</tr>
</tbody>
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<td>0</td>
</tr>
<tr>
<td>Fata; accidents or group accidents with a seriously injured person</td>
<td>0</td>
</tr>
</tbody>
</table>
On March 29, 2017, an employee of TPP-26, when moving within the plant area, stumbled and injured her hand. According to the medical report, the injury was classified as minor.

On August 31, 2017, a member of the General Directorate, when moving along the passageway of the Gazprom Energodom business center, stumbled and injured her leg. According to the medical report, the injury was classified as minor.

### Investigation procedure for workplace accidents (procedure and timeframe)

Investigation of workplace accidents at Mosenergo is conducted in accordance with the requirements of Articles 227–231 of the Labor Code of the Russian Federation and Decree of the Ministry of Labor of the Russian Federation No. 73 dated October 24, 2002 “On approval of document forms required for the investigation and record of industrial accidents, and approval of Regulations on specific features of industrial accident investigation in individual industries and organizations.”

### Occupational health and safety supervision

A Health and Safety Day and a Safety Hour are held regularly; in 2014, 180 Health and Safety Days and 720 Safety Hours were held by all the branches of the Company. Managers and General Directorate specialist staff were involved in the work of the TPP committees.

In 2016, more than 60 occupational safety audits were conducted at subdivisions of subsidiaries and at the Company’s General Directorate. In the framework of cooperation with the holding’s subdivisions, cross-audits were conducted on labor protection at MOEK PSNC (Subsidiary No. 5) and TGK-1 PSNC (Nevsky and Tsentralkhaya TPP).

Measures implemented to oversee compliance with health and safety requirements amongst contractors working at Mosenergo facilities discovered and remedied more than 7,000 violations, according to the Legal Department, fines for violations amounted to over 8 million rubles. Provision is made for an enhanced inspection of the areas of capital construction.

As part of the Company’s system to identify, assess and eliminate any risks relating to occupational health and safety and fire safety, more than 76 thousand risks of infrastructure, of which more than 68 thousand were eliminated, had been revealed by the end of 2016. In 2017, more than 16 thousand risks were identified, and about 13 thousand were eliminated. As part of the project on the development of a safe behavior culture which is directed at achievement of the strategic objective of “0 Injuries,” the Company has developed and put into action a Proprietary Standard for Behavioral Security Audits (BSA). The methodology of the BSA was taught to more than 800 employees of Mosenergo and the Company’s contractors, including the heads of boiler units, the staff of the General Directorate and the representatives of the management team of TER-Moscow LLC. In 2017, the trained personnel conducted more than 15,000 behavioral audits, which resulted in identification and elimination of more than 23,000 dangerous conditions and dangerous actions of employees of branch facilities and contractors.

Informational posters about “The Golden Rules of Safe Behavior” and the methodology of behavioral safety audits were printed out and posted in all the subsidiary facilities of the Company and connected boiler stations. The Company has been operating a Committee on Occupational Health and Safety and Commissions on Occupational Health and Safety of subsidiary facilities on an ongoing basis.

### Environmental Protection

### Emissions by Mosenergo for the 12 months of 2017

- Emissions of pollutants decreased due to a decreased in the amount of combusted coal and fuel oil. The decrease in fuel consumption led to lower emissions of nitrogen oxides which are formed during combustion of any fuel used at TPPs and boiler stations of Mosenergo. Decrease of the volume of combusted coal led to lower emissions of sulfur dioxide and coal ash. The increase in emissions of fuel-oil ash was due to higher fuel oil consumption.

### Power generating boilers at the power plants are fitted with an automated environmental monitoring system, which allows the concentration of greenhouse gases to be monitored in real time and, if necessary, enabling plant performance activities to be changed to reduce emissions. During operation, boiler emissions did not exceed any permitted pollutant emission standards.

### The Central Laboratory for Environmental Protection at the Mosenergo Department for Ecology (certification accreditation No. ROOS RU 001 518380) took 486 measurements at the power plant boilers to determine the flue gas concentrations of nitric oxide, nitrogen dioxide and carbon dioxide and to monitor the temperature of the flue gases, as part of industrial environmental monitoring.

### Throughout the year, the condition of the atmospheric air in residential areas near the TPP was also monitored. In 2017, 11,080 atmospheric air samples were taken in the immediate area near the TPP and analyzed for nitrogen oxide, carbon monoxide, sulfur dioxide and dust. The contracting organization conducted industrial control over compliance with pollutant emission standards at boiler stations.
Mosenergo Pollutant Emissions, thousand tons

<table>
<thead>
<tr>
<th>Year</th>
<th>Nitrogen oxides</th>
<th>Sulfur dioxide</th>
<th>Solids</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>40.1</td>
<td>8</td>
<td>3.2</td>
</tr>
<tr>
<td>2014</td>
<td>38.2</td>
<td>4.6</td>
<td>0.7</td>
</tr>
<tr>
<td>2015</td>
<td>40.1</td>
<td>6.7</td>
<td>1.2</td>
</tr>
<tr>
<td>2016</td>
<td>41.5</td>
<td>6.7</td>
<td>0.9</td>
</tr>
<tr>
<td>2017</td>
<td>36.7</td>
<td>4.8</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Wastewater Discharge, million cu. m.

<table>
<thead>
<tr>
<th>Year</th>
<th>Partially Clean</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>301.9</td>
<td>340.4</td>
</tr>
<tr>
<td>2014</td>
<td>350.8</td>
<td>391.9</td>
</tr>
<tr>
<td>2015</td>
<td>283.2</td>
<td>322.1</td>
</tr>
<tr>
<td>2016</td>
<td>297.2</td>
<td>329.9</td>
</tr>
<tr>
<td>2017</td>
<td>264.8</td>
<td>295.1</td>
</tr>
</tbody>
</table>

Mosenergo is certified for compliance with the international standard ISO 14001 “Environmental Management Systems” since 2006. The Company follows the established environmental policy that is communicated to the Company’s staff, new employees, and employees of contracting organizations.

In 2017, Mosenergo transitioned to the new standard ISO 14001:2015, which prescribed additional requirements for the environmental management system.

From November 27 to November 30, 2017, Mosenergo underwent a compliance audit of the Company’s Environmental Management System with the standard ISO 14001:2015. The audit was conducted by the Certification Association “Russian Registrar” and took place at the environmental service of the general directorate and at Mosenergo’s subsidiaries: TPP-8, 9, 26.

The audit results proved the conformity with the new standard and effectiveness of the environmental management system. No non-conformities were found.

The auditor noted high level of subsidiaries’ preparation for the audit and fine results of the environmental service’s activities on maintaining the environmental management system. A special emphasis was laid on the staff competence, realization of the Mosenergo’s environmental policy, and staff role in preventing negative environmental impact.

By the Order of the President of the Russian Federation, 2017 was declared the Year of Environment in Russia.

In 2017, Mosenergo was involved in 32 events dedicated to the year of environment. These events were aimed at ensuring environmental safety and solving acute environmental management issues. The events included: a meeting of the Committee of the Moscow Duma for the Environmental Policy, with the topic “Reduction of emissions of greenhouse gases and enhancing energy efficiency”, a round-table conference “Acute Issues of Atmosphere Protection: Operating Power and Industrial Facilities”, 5th All-Russian Environmental Protection Conference.

Mosenergo took part in the Climate Forum of Russian Cities that was held on August 21-22, 2017 in Moscow in the Central Exhibition Hall “Manezh.”

The Climate Forum of Russian Cities was held within the framework of the agenda of the Year of Environment in Russia. Round-table conferences and meetings were dedicated to climatic changes, urbanization, alternative energy sources, territory development, and adaptation of citizens.

Mosenergo became the winner among best climatic and ecological initiatives within the project “Climatic Development Leader” established by the Department of Natural Resources Management and Environmental Protection of Moscow and held in August 2017 for the first time.

Mosenergo obtained winner certificates in two categories. In the category “Contribution to Climatic Development and Safety of the Region”, Mosenergo participated in the 5th International Conference “Environmental Safety in Gas Industry” with the report “Reduction of emissions of greenhouse gases and enhancing energy efficiency of Mosenergo”.

Contest Winner

Mosenergo acted as the host of events aimed at improving environmental awareness of employees of Mosenergo. The channel “TV Center” broadcasted a spot devoted to reduction of negative environmental impact by Mosenergo. The Head of the Health, Safety, and Environment Directorate was interviewed on “Improvement of the Environmental Situation in Moscow Through Reduction of Emissions of Greenhouse Gases and Enhancing Energy Efficiency”.

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Other Events

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Clean-Up Events

In April 2017, Mosenergo’s employees carried out traditional spring events on cleaning and development of the territory of industrial facilities in Moscow and the Moscow Region. Clean-up events were held in all 15 Mosenergo’s subsidiaries and involved more than 1,500 employees. During clean-up events, territories of facilities were significantly improved.

Mosenergo Environmental Systems

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The audit results proved the conformity with the new standard and effectiveness of the environmental management system. No non-conformities were found.

The auditor noted high level of subsidiaries’ preparation for the audit and fine results of the environmental service’s activities on maintaining the environmental management system. A special emphasis was laid on the staff competence, realization of the Mosenergo’s environmental policy, and staff role in preventing negative environmental impact.

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Participation in Events Dedicated to the Year of Environment

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Mosenergo obtained winner certificates in two categories. In the category “Contribution to Climatic Development and Safety of the Region”, Mosenergo participated in the 5th International Conference “Environmental Safety in Gas Industry” with the report “Reduction of emissions of greenhouse gases and enhancing energy efficiency of Mosenergo”.

Other Events

Mosenergo acted as the host of events aimed at improving environmental awareness of employees of Mosenergo. The channel “TV Center” broadcasted a spot devoted to reduction of negative environmental impact by Mosenergo. The Head of the Health, Safety, and Environment Directorate was interviewed on “Improvement of the Environmental Situation in Moscow Through Reduction of Emissions of Greenhouse Gases and Enhancing Energy Efficiency”.

Clean-Up Events

In April 2017, Mosenergo’s employees carried out traditional spring events on cleaning and development of the territory of industrial facilities in Moscow and the Moscow Region. Clean-up events were held in all 15 Mosenergo’s subsidiaries and involved more than 1,500 employees. During clean-up events, territories of facilities were significantly improved.

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Mosenergo has an open information policy. The Company’s operations are regulated by corporate governance principles, generally accepted in responsible business, as well as by principles of social responsibility and a reliable partnership with government authorities.

Mosenergo’s Information Policy aims to enable the prompt and comprehensive presentation of accurate information about the Company’s activities, as well as to provide open access to such information to all stakeholders, such as shareholders, investors, government officials, the mass media etc.

12.1 Information Policy

Mosenergo’s Information Policy is designed to ensure all stakeholders, such as shareholders, investors, government authorities.

The site displays quarterly and annual reports for shareholders, quarterly issuer’s reports, financial statements compliant with RAS and IFRS standards and information that may have a significant impact on the value of securities. Mosenergo is also present on social media networks; since July 2011, Mosenergo has maintained a corporate page on Facebook; the official website of Mosenergo (https://www.mosenergo.ru) is the key information resource. Since April 1, 2016, Mosenergo has moved to a new version of the official website in accordance with the uniform corporate identity of the PJSC Gazprom Group. This website provides full information about the Company’s activities and allows Mosenergo to respond in a timely manner to inquiries submitted by shareholders, investors, government officials and the media.

12.2 Mosenergo History

Mosenergo’s history is closely interrelated to the development of Russia’s economics, society and culture.

• Joint Stock Company of Electric Lighting was founded in 1886 by Carl Siemens, a Saint-Petersburg merchant of the First Guild who was the Head of Siemens & Halske Representative Office. The Company was founded in Saint-Petersburg; however, at its very first Board of Directors’ meeting, a proposal was made to prepare grounds for the Company’s operations in Moscow.

• On July 31, 1887, the Company hosted a festive celebration for the opening of the Moscow Municipal Power Station (MMP-1) Raushskaya (now SPP-1), and on February 15, 1907 the Company launched the second station – MMP-2 Tramvaynaya.

• In 1912, the Company started building the world’s first peat-fired district power plant in the Bogorodik District. In April 1913, a new company, Moscow Joint Stock Company “Elektroperedacha”, was founded to utilize the capacity generated by the new station. The plant itself began operations in 1914 and, in 1915, started to work in parallel with the Raushskaya station.

• Joint stock companies “Electric Lighting 1886 Company” and “Elektroperedacha” successfully operated until October 1917. After the October Revolution, the stations were nationalized and ceased operations under their previous ownership in December 1917.

• The management of state power stations was delegated to the Power Department of the Supreme Council of Public Property. At the same time, in December 1917, Ivan Rodchenko and Alexander Viner proposed further developments of the Moscow power industry. These proposals became the basis for the first State Plan for the Electrification of the whole country, GOELRO. In December 1920, the GOELRO plan was ratified by the eighth All-Russia Soviet Congress. According to the plan, the volume of capacity of the Moscow power system was intended to increase almost four-fold within 10 to 15 years. The installed capacity was to increase from 93 thousand to 340 thousand kW.

The start of World War II put the development of the power system on hold. Part of the equipment was destroyed, some was redeployed and the total capacity of Mosenergo dropped twofold. Nevertheless, Moscow power engineers managed to maintain a continuous supply of power to the city’s defense facilities; they constructed high-voltage obstacles to defend against enemy troops and assembled power-generating trains for the liberated regions of the country. The restoration of the power industry started immediately after the successful counter-offensive campaign of the Soviet Army in the winter of 1941-1942. As early as 1945, Mosenergo had already managed to achieve a pre-war level of installed capacity.

• In 1946, Mosenergo began to utilize a new type of fuel: SPP-1 started burning natural gas. In the same year, the Moscow power system was connected to the vanovo, Yaroslavl and Gorky power systems. In 1956, the first section of the Unified Power System in the European part of Russia was created with the introduction of high-voltage power lines from Kuzbyshev to Moscow.

• Within the Unified Power System framework in 1960, the country brought into operation the first units of TPP-22, and for the first time in the USSR a 1,000 mm-diameter heat pipeline was installed at TPP-11. In October, 22 1963 Mosenergo launched TPP-21, short-lived by TPP-23, TPP-25 and TPP-26.

• In the 1970s, Mosenergo successfully implemented 250 MW thermal power generating units with supercritical steam parameters. This kind of unit was first constructed at TPP-22 and became the base for other heat and power plants TPP-21, 23, 25 and 26.

• The development of the district heating system remained a pending issue for Mosenergo, especially during the mass construction of residential apartments in the city when district heating pipe lines with the length of 20-30 kilometers and pipeline diameters of 1,200-1,400 mm started to be laid from the new, powerful TPPs. At the same time, extensive grid development was in progress with the extensive construction of 750 kv power transmission lines. The total length of the high-voltage power transmission lines increased dramatically. Two high-voltage 220 kv rings were completed around Moscow, soon followed by 500 kv rings.

• On December 30, 1987, Mosenergo brought the first hydroelectric generating set of the Zagorsk Pumpedstorage Hydro-Plant into operation – a unique power unit regulating peak loads in the grid system. In 1990, the Moscow Grid absorbed Ryazan TPP-24 and in 1992 it acquired TPP-28 in Moscow.

• In 1993, the production association, Mosenergo, was transformed into an open joint stock company.

• In 2005, Mosenergo developed and started the implementation of the Program for Development and Retooling, including the planning, construction and commissioning of new generating facilities on the sites of operational power plants in energy-deficient regions and heat and electricity demand nodes with developed infrastructure.

• On November 22, 2007, less than two years after the start of construction, TPP-27 launched a combined cycle steam-gas power unit with an electric power rating of 450 MW and heat output of 300 Gcal. In June 2008, a unit of the same type was put into operation at TPP-21, and in December of the same year the Company installed yet another 450 MW steam-gas power unit at TPP-27.
On June 30, 2011, a new 420-MWe combined-cycle power unit was put into operation at TPP-26. This unit has the highest efficiency rate among Russian power plants – up to 59%. The general contractors in its construction were Alstom Consortium (France) and EMAlliance JSC.

In April 2014, a GTU-65 unit with an AE64.3A Ansaldo Energia gas turbine (Italy) was commissioned at TPP-9; and in December 2014, a SGU-420 steam-gas unit was commissioned at TPP-16 (the manufacturer and the supplier of the basic equipment: Siemens (Germany)).

A new steam and gas power unit (SGU-220) was commissioned at TPP-12 of Mosenergo on May 1, 2015. The core equipment of the new power unit was made in Russia. The nominal power of the unit: 220 MW, the certified power at cogeneration: 211.6 MW, heat power: no less than 140 Gcal/h. After the SGU-220 was commissioned, the installed power of TPP-12 rose by more than 50%.

On May 20, 2015, the extraordinary general shareholder’s meeting of Mosenergo OJSC decided to transfer powers of the company’s sole executive body to the managing organization: Gazprom Energoholding LLC. This decision was made to improve the management efficiency, avoid duplication of functions, and cut administrative expenses and other costs.

On December 22, 2015, two modern steam and gas power unit were commissioned at TPP-20 of Mosenergo in Moscow and the Serov SDPP of OGK-2 PJSC in the Sverdlovsk Region. President of the Russian Federation Vladimir Putin took part in the event through videoconference. The installed power of TPP-20 before the SGU-420 commissioning was 730 MW; heat power, 2,400 Gcal/h; after the unit was commissioned, the installed power increased to 1,148 MW, and the heat power, to 2,620 Gcal/h.

On December 22, 2017, the new Museum of Mosenergo and Moscow Power Industry was opened.

In January 2017, Mosenergo acquired 100% share in the authorized capital of Mosenergo-proekt LLC, Russia’s leading energy project institute, which had been belonging to the Company since 2010.

On February 10, 2017, the first heating turbine T-295 (manufactured by the Urals turbine factory) was presented to Mosenergo. The turbine is to be installed at the TPP-22, replacing T-250 that had been operating as a part of the energy unit No.9 and taken out of operation in 2016. The modernized energy unit No.9 of the TPP-22 is to be commissioned in 2021.

On December 22, 2017, the new Museum of Mosenergo and Moscow Power Industry was opened.

Managing Director
A.A. Butko

Chief Accountant
E.Y. Novenkova

13 The full version of the financial statements can be found at www.mosenergo.ru
**Consolidated Statement of Comprehensive Income**

(in millions of Russian Roubles)

<table>
<thead>
<tr>
<th></th>
<th>«Year ended 31 December»</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>196,056</td>
<td>190,656</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(163,622)</td>
<td>(167,467)</td>
</tr>
<tr>
<td>Charge for impairment and other provisions, net</td>
<td>(3,224)</td>
<td>(4,938)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>29,210</td>
<td>15,636</td>
</tr>
<tr>
<td>Gain on disposal of subsidiaries and associates</td>
<td>922</td>
<td></td>
</tr>
<tr>
<td>Share of loss of associates</td>
<td>(355)</td>
<td>(355)</td>
</tr>
<tr>
<td><strong>Profit before finance income (expense) and profit tax</strong></td>
<td>28,855</td>
<td>16,064</td>
</tr>
<tr>
<td>Finance income</td>
<td>5,271</td>
<td>8,312</td>
</tr>
<tr>
<td>Finance expense</td>
<td>(4,014)</td>
<td>(5,927)</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>30,112</td>
<td>20,449</td>
</tr>
<tr>
<td>Profittax expense</td>
<td>(5,312)</td>
<td>(10,011)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>24,800</td>
<td>10,438</td>
</tr>
</tbody>
</table>

**Other comprehensive income (loss)**

- Remeasurement of post-employment benefit obligations: 8 2
- Effect of acquisition under control (515) 2,335

**Total items that will not be reclassified subsequently to profit or loss**

(507) 2,337

**Total items that may be reclassified subsequently to profit or loss**

(16) (3)

**Total comprehensive income (loss) for the period, net of tax**

(523) 2,334

**Total comprehensive income for the period**

24,279 15,772

**Profit attributable to**

- Owners of PJSC Mosenergo: 24,802 10,438

**Total comprehensive income attributable to**

- Owners of PJSC Mosenergo: 24,279 15,772

**Basic and diluted earnings per share for profit attributable to the owners of PJSC Mosenergo (in Russian Rubles)**

0.63 0.34

Managing Director A.A. Butko

Chief Accountant E.Y. Novenkova

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**Consolidated Statement of Cash Flows**

(in millions of Russian Roubles)

<table>
<thead>
<tr>
<th></th>
<th>«Year ended 31 December»</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOW FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before finance income (expense) and profit tax</td>
<td>28,855</td>
<td>16,064</td>
</tr>
<tr>
<td>Adjustments to profit before profit tax for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>14</td>
<td>15,117</td>
</tr>
<tr>
<td>Gain on disposal of subsidiaries and associates</td>
<td>14 28</td>
<td>922</td>
</tr>
<tr>
<td>Charge for impairment and other provisions, net</td>
<td>24</td>
<td>9,224</td>
</tr>
<tr>
<td>Loss on sale and other disposal of property, plant and equipment</td>
<td>23</td>
<td>1,644</td>
</tr>
<tr>
<td>Other</td>
<td>(79)</td>
<td></td>
</tr>
<tr>
<td><strong>Total effect of adjustments</strong></td>
<td>20,340</td>
<td>22,410</td>
</tr>
<tr>
<td><strong>Cash flows from operations before working capital changes</strong></td>
<td>49,195</td>
<td>38,474</td>
</tr>
</tbody>
</table>

**CHANGES IN WORKING CAPITAL**

- Change in trade and other receivables: 7,486 (3,180)
- Change in inventories: (3,966) (1,721)
- Change in other current assets: (566) (364)
- Change in trade and other payables: (776) (1,449)
- Change in other taxes payables (other than profit tax): (569) 2,304
- Change in employee benefit balances: (17) (19)

**Total effect of working capital changes**

1,592 (4,455)

**Income tax paid**

(7,178) (2,259)

**Interest paid**

(1,542) (80)

**Net cash from operating activities**

42,067 31,690

**CASH FLOWS FROM INVESTING ACTIVITIES**

- Capital expenditures: (15,239) (6,339)
- Interest paid and capitalised: (2,919) 3,499
- Net changes in loans issued: (7) 10,092
- Sale of subsidiaries, net of cash disposed: 28 (504)
- Acquisition of subsidiaries, net of cash acquired: (36) (19)
- Proceeds from sale of property, plant and equipment: 452 218
- Interest received: 9,182 119
- Dividend received: 76 126
- Placement of short-term deposits: (14,513) 50
- Repayment of short-term deposits: 15,057 -

**Net cash used in investing activities**

(6,580) (23,668)

**CASH FLOW FROM FINANCING ACTIVITIES**

- Proceeds from borrowings: 54 864
- Repayment of borrowings: (51,629) (12,319)
- Dividend paid: (3,346) (2,270)

**Net cash used in financing activities**

(24,921) (5,581)

**Effect of foreign exchange rate changes on cash and cash equivalents**

(106) (106)

**Increase in cash and cash equivalents**

10,530 4,431

**Cash and cash equivalents at the beginning of the period**

5 10,097 5,666

**Cash and cash equivalents at the end of the period**

5 20,627 10,097

Managing Director A.A. Butko

Chief Accountant E.Y. Novenkova
**Consolidated Statement of Changes in Equity**

(in millions of Russian Roubles)

<table>
<thead>
<tr>
<th>Equity attributable to owners of the PJSC Mosenergo</th>
<th>( \text{Share capital} )</th>
<th>( \text{Treasury shares} )</th>
<th>( \text{Share premium} )</th>
<th>( \text{&quot;Revaluation reserve&quot;} )</th>
<th>( \text{&quot;Accumulated loss and other reserves&quot;} )</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of 1 January 2016</td>
<td>166,124</td>
<td>(871)</td>
<td>49,213</td>
<td>107,903</td>
<td>(90,400)</td>
<td>231,869</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement of post-employment benefit obligations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>13,438</td>
</tr>
<tr>
<td>Effect of acquisition under common control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,335</td>
</tr>
<tr>
<td>Change in fair value of available-for-sale financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>360</td>
</tr>
<tr>
<td>Transfers from revaluation surplus on property, plant and equipment to accumulated loss and other reserves*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(361)</td>
</tr>
<tr>
<td><strong>Total comprehensive income (loss) for the period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16,133</td>
</tr>
</tbody>
</table>

**TRANSACTION WITH OWNERS OF PJSC MOSENERGO**

| Shares purchased | 2 |
| Dividends declared | (2,210) |
| **Balance as of 31 December 2016** | 166,124 | (871) | 49,213 | 107,442 | (76,475) | 245,433 |
| **Balance as of 1 January 2017** | 166,124 | (871) | 49,213 | 107,442 | (76,475) | 245,433 |
| **Profit for the period** |                  |                  |                 |                 |                 |       |
| Remeasurement of post-employment benefit obligations |                  |                  |                 |                 |                 | 8     |
| Effect of acquisition under common control | (515) |
| Change in fair value of available-for-sale financial assets | (16) |
| Transfers from revaluation surplus on property, plant and equipment to accumulated loss and other reserves* | (327) |
| Other | (21) |
| **Total comprehensive income (loss) for the period** | (236) | - | 24,515 | 24,279 |

**TRANSACTION WITH OWNERS OF PJSC MOSENERGO**

| Shares purchased | 3,360 |
| **Balance as of 31 December 2017** | 166,124 | (871) | 49,213 | 107,206 | (55,320) | 266,352 |

**Managing Director**

A.A. Butko

**Chief Accountant**

E.Y. Novenikova

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**12.4 Glossary**

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADR</td>
<td>American depository receipt</td>
</tr>
<tr>
<td>NPP</td>
<td>Nuclear power plant</td>
</tr>
<tr>
<td>SPHPP</td>
<td>Pumped-storage hydro power plant</td>
</tr>
<tr>
<td>GDR</td>
<td>Global depository receipt</td>
</tr>
<tr>
<td>SDPP</td>
<td>State-owned district power plant</td>
</tr>
<tr>
<td>GTU</td>
<td>Gas turbine unit</td>
</tr>
<tr>
<td>SPP</td>
<td>State Power Plant</td>
</tr>
<tr>
<td>VMI</td>
<td>Voluntary medical insurance</td>
</tr>
<tr>
<td>FPZ</td>
<td>Free power transfer zone</td>
</tr>
<tr>
<td>CF</td>
<td>Capacity factor</td>
</tr>
<tr>
<td>NPP</td>
<td>Nuclear Power Plant</td>
</tr>
<tr>
<td>WEM</td>
<td>Wholesale Electricity Market</td>
</tr>
<tr>
<td>SGU</td>
<td>Steam-and-gas unit</td>
</tr>
<tr>
<td>CT</td>
<td>Commissioning trials</td>
</tr>
<tr>
<td>EP</td>
<td>Steam power equipment</td>
</tr>
<tr>
<td>ST</td>
<td>Steam turbine</td>
</tr>
<tr>
<td>IRRS</td>
<td>International Rate of Return Standards</td>
</tr>
<tr>
<td>PPP</td>
<td>Private Pension Provision</td>
</tr>
<tr>
<td>RAS</td>
<td>Russian accounting standards</td>
</tr>
<tr>
<td>DAM</td>
<td>Day-ahead market (sector of the electricity market)</td>
</tr>
<tr>
<td>EEG</td>
<td>Regional Energy Commission</td>
</tr>
<tr>
<td>BND</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>SO UES</td>
<td>System operator of the unified energy system</td>
</tr>
<tr>
<td>FE</td>
<td>Thermal energy</td>
</tr>
<tr>
<td>EA, IS &amp; EP</td>
<td>Department of engineering audit, industrial safety and environmental protection</td>
</tr>
<tr>
<td>WY</td>
<td>Thermal power plant</td>
</tr>
<tr>
<td>FTS</td>
<td>Federal Tariff Service</td>
</tr>
<tr>
<td>FPS</td>
<td>Federal Power System</td>
</tr>
<tr>
<td>RF CB</td>
<td>Russian Central Bank</td>
</tr>
<tr>
<td>t/e</td>
<td>Tons of natural fuel</td>
</tr>
</tbody>
</table>

**Units of measurement**

<table>
<thead>
<tr>
<th>Unit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gcal (Giga calorie)</td>
<td>Unit of measurement of heat</td>
</tr>
<tr>
<td>Gcal/h (Giga calories per hour)</td>
<td>Unit of measurement of thermal power</td>
</tr>
<tr>
<td>kV</td>
<td>Kilo Volt (unit of measurement of voltage)</td>
</tr>
<tr>
<td>kWh</td>
<td>Kilo Watt hour (unit of measurement of electric power)</td>
</tr>
<tr>
<td>MW</td>
<td>Mega Watt (unit of measurement of electric capacity)</td>
</tr>
<tr>
<td>tfe</td>
<td>Tons fuel equivalent</td>
</tr>
</tbody>
</table>

**Units of measurement**

<table>
<thead>
<tr>
<th>Unit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gcal (Giga calorie)</td>
<td>Unit of measurement of heat</td>
</tr>
<tr>
<td>Gcal/h (Giga calories per hour)</td>
<td>Unit of measurement of thermal power</td>
</tr>
<tr>
<td>kV</td>
<td>Kilo Volt (unit of measurement of voltage)</td>
</tr>
<tr>
<td>kWh</td>
<td>Kilo Watt hour (unit of measurement of electric power)</td>
</tr>
<tr>
<td>MW</td>
<td>Mega Watt (unit of measurement of electric capacity)</td>
</tr>
<tr>
<td>tfe</td>
<td>Tons fuel equivalent</td>
</tr>
</tbody>
</table>
12.5 Contacts

Investor Relations Department:

**DENIS VORONCHIKHIN**
Phone number: +7 (495) 957-1-957 (ext. 34-57)
E-mail: voronchikhinds@mosenergo.ru

Contacts for individual shareholders:

**TATIANA SIVOVA**
Chief Specialist of Corporate Governance Department
Phone number: +7 (495) 957-1-957 (ext. 32-10)

Mosenergo website: www.mosenergo.ru
Mailing address: 101, Vernadskogo Avenue, bldg. 3, Moscow 11952

Auditor:

**LLC “FBK” (FBK Moscow)**
101990, Myasnitskaya Street, 44/1, Moscow
Phone number: +7 495 737-53-53
Fax: +7 495 737-53-47
E-mail: fbk@fbk.ru
Website: www.fbk.ru

Registrar:

**DRAGA JSC**
Building 71/32, Novocheremushkinskaia Street, Moscow
Phone number: +7 (495) 719-40-44, 719-39-29, 719-39-30
E-mail: info@draga.ru
Website: www.draga.ru