

ANNUAL REPORT 2015

DEVELOPING THE POWER INDUSTRY
OF THE WESTERN SIBERIA



РОССЕТИ



ТЮМЕНЬ
ЭНЕРГО



Annual report 2015

Developing the power industry
of the Western Siberia

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Address from Chairperson of Board of Directors

In the Rosseti group of companies, JSC Tyumenenergo ranks as a leader in terms of reliability and quality of power supply to consumers as well as in terms of key operational and financial performance indicators. This is clearly demonstrated by the results of the work of the Company in 2015.

One of the factors that ensure the efficient operation of the Company is the serious work of the corporate management level. During 2015, the Board of Directors held 24 meetings, during which high-priority issues of development of the Company were reviewed and a number of important strategic decisions were approved.

For example, the following instruments were approved last year: a plan for the development of the company production assets management system for 2015-2017, the Regulation for improvement of the operational efficiency and reduction of costs of JSC Tyumenenergo, the energy conservation and energy efficiency increase program, and standards for the quality of customer service as well as a number of programs and regulations that govern various aspects of the activities of the company; moreover, the term of the collective agreement was extended for three years.

In the reporting year, a decision on integration of the company into the centralized IT system of the Unified Treasury of PJSC Rosseti was approved; the level of implementation of this challenge by JSC Tyumenenergo was one of the best in the Rossetti group of companies; also, in 2015, the company management performed the order of the Board of Directors pursuant to the Directive of the Government of the Russian Federation dated April 16, 2015 on the achievement of indicator values for reduction of operating costs by at least 2-3% annually.

Key objectives of the company remain unchanged: to provide reliable energy supply to consumers, to increase the availability of the electric grid infrastructure, efficiency, and transparency of the utility connection procedures, as well as to improve the quality of work with consumers.

Results of the year have demonstrated that the Company continues to move forward with confidence in the framework of imposed objectives and successfully implements each of them.

Schemes and power development program of the entities of the Russian Federation that were approved in 2015 have become the basis for the formation of the investment program of JSC Tyumenenergo for 2016-2020, inclusive of measures of improvement of equipment reliability. The implementation of this investment program will provide for a timely response to the demand for electric energy and power and will create favorable conditions for the stable functioning of the economy in the regions of the company.



Mezhevich Valentin Yefimovich
Chairperson of Board of Directors
of JSC Tyumenenergo

In 2015, the Company reached high levels of quality of utility connection services. The implementation of the roadmap for improvement of the accessibility of energy infrastructure has reduced the time and the number of procedures that are required for utility connection.

JSC Tyumenenergo Innovative Development Program for the period of 2015-2020 is successfully implemented. The Company primarily works with Russian equipment manufacturers and is the customer, and the company's representatives in some cases are co-authors, of domestic innovations.

During 2015, the Company implemented a set of measures that are aimed at improving the investment attractiveness and the information transparency of the Company within a single communications policy of the Rossetti group of companies.

I would like to give thanks to the members of the Board of Directors and to the managers of the company for the coordinated teamwork and

cooperation as well as for the high results and efficiency in their work.

I am confident that JSC Tyumenenergo will preserve its financial stability and will ensure a positive dynamics in the key areas of operation of the Company as well as continue its work on development of the energy network distribution complex of the region and strengthening of the industry as a whole independently of the macroeconomic situation in 2016.

Address from General Manager

In the reporting year, JSC Tyumenenergo strengthened its leading position among the companies in the Russian power grid complex by successfully following its main strategic priority: reliability and quality increase of power supply of consumers of the Tyumen Power System.

At the end of 2015, the Russian Federation Ministry of Energy has approved the next five-year investment program of the Company. In accordance with this program, investment of the Company in the development of the power grid in 2016-2020 will amount to approximately 49 bln rubles.

The priority directions of activities of the Company are improvement of reliability, prevention of the growth of the number of accidents, implementation of obligations under the development programs of Khanty-Mansiysk District, Yamalo-Nenets District, and Tyumen region in their entirety, including the implementation of strategically important projects. However, the current financial and economic conditions have somewhat changed our approaches to investment. While more attention was previously paid to the construction of power facilities, the new program is primarily intended for the reconstruction and maintenance of networks in a safe condition.

We have made a commitment to provide utility connection and reliable power supply for the largest oil and gas companies in the country and we will fulfill these obligations. Currently we carefully analyze our investment program and we will strictly follow our strategy as long as our customers confirm the realization of their projects.

Every year, both in the field of revamping and reconstruction of existing facilities and in the field of construction of new generating capacities more than 300 events are implemented in the framework of JSC Tyumenenergo Investment Program. Reconstruction of power networks is performed in all three regions; however, each of them has its own specificity that must be considered when planning these activities.

The Company pays great attention to the prevention of aging of equipment. Reconstruction and revamping of power grid facilities are one of the most important directions of activities of JSC Tyumenenergo. In 2015, 3,616 mln rubles were allocated for the repair and maintenance program, which exceeds the corresponding value for the previous year by 5.5%. The 2015 Repair Program is fulfilled for 101%. In 2015, an amount of 853.9 mln rubles was allocated to innovative development: five R&D projects were successfully finished, four of which were used as templates and were subsequently implemented into pilot development. JSC Tyumenenergo Innovative Development Program was fulfilled for 102%.

Due to the realized activities in 2015, the emergency rate in the area of responsibility of JSC Tyumenenergo reduced as compared to the previous year. Now



Mikheev Pavel Aleksandrovich
General Manager of JSC Tyumenenergo

we have the right to speak not only on the improvement of our preparedness for the challenges of nature but also on a solid margin of safety, which was confirmed by the events of January 2016 when the branch «Northern Electric Networks» had a mass shutdown of overhead power lines due to active formation of rime deposits on the power line cables which resulted in damage to the power cables and to the ground wires. The cause of this phenomenon was the climatic events that are uncharacteristic of the north of the YaNAD and which were recorded for the first time during the observation period since 1961. Through coordination of actions and willingness of company employees to solve any problems, this issue was eliminated quickly and without serious consequences for consumers.

The Company pays much attention to the improvement of labor conditions of its employees and to the development of human resources. The Company is actively involved in the training of qualified personnel in the fields of engineering, which are in high demand in the region, and tries to recruit the most successful graduates, who then continue their learning process through mentoring, which is reflected in the Company's success.

For example, in 2015, the JSC Tyumenenergo team became the winner of the Inter-Regional Professional Skill Contest for relay and operating personnel of the Rosseti group of companies, which was dedicated to the 70th anniversary of victory in the Great Patriotic War. As a result of the 5th All-Russian Contest «The Best Russian Electrical Networks,» JSC Tyumenenergo became winner of the Grand Prix and won in «Reliability of Power Supply,» «Innovative Project of the Year,» and «Socially Responsible Electric Grid Company» nominations.

According to the results of work in 2015 all key financial and operational indicators have been improved owing to the well-set priorities for the main areas of activity: the revenue has amounted to 53.5 billion rubles, which exceeds the corresponding value of the previous year by 2.7%, and the net profit has reached 3.7 billion rubles.

Productive supply has remained virtually the same as last year, and the rate of loss from the total supply to the grid has remained at a traditionally low level of 2.54%.

In 2014, the Company has focused on achieving priority activity goals. Besides securing the main goal, we are focusing on the economic stability and good standing of the company. During 2015, the Company did not retain any credit facilities. The resulting key financial and operational indicators of the Company allow to speak on the sustainable status of the Company with confidence.

1 About the Company

JSC Tyumenenergo – one of the largest interregional distribution grid companies in the country. The Company provides electrical power transfer services on the territory of three main oil and gas industrial regions of Russia: Khanty-Mansiysk Autonomous District – Yugra, Yamalo-Nenets Autonomous District, and Tyumen Region.



1,464.2 thous.
km²
Territory of presence



3,581.3 thous.
people
Population



69,734.6 mln
kWh
Output from the grid



85.9 %
Company's market share

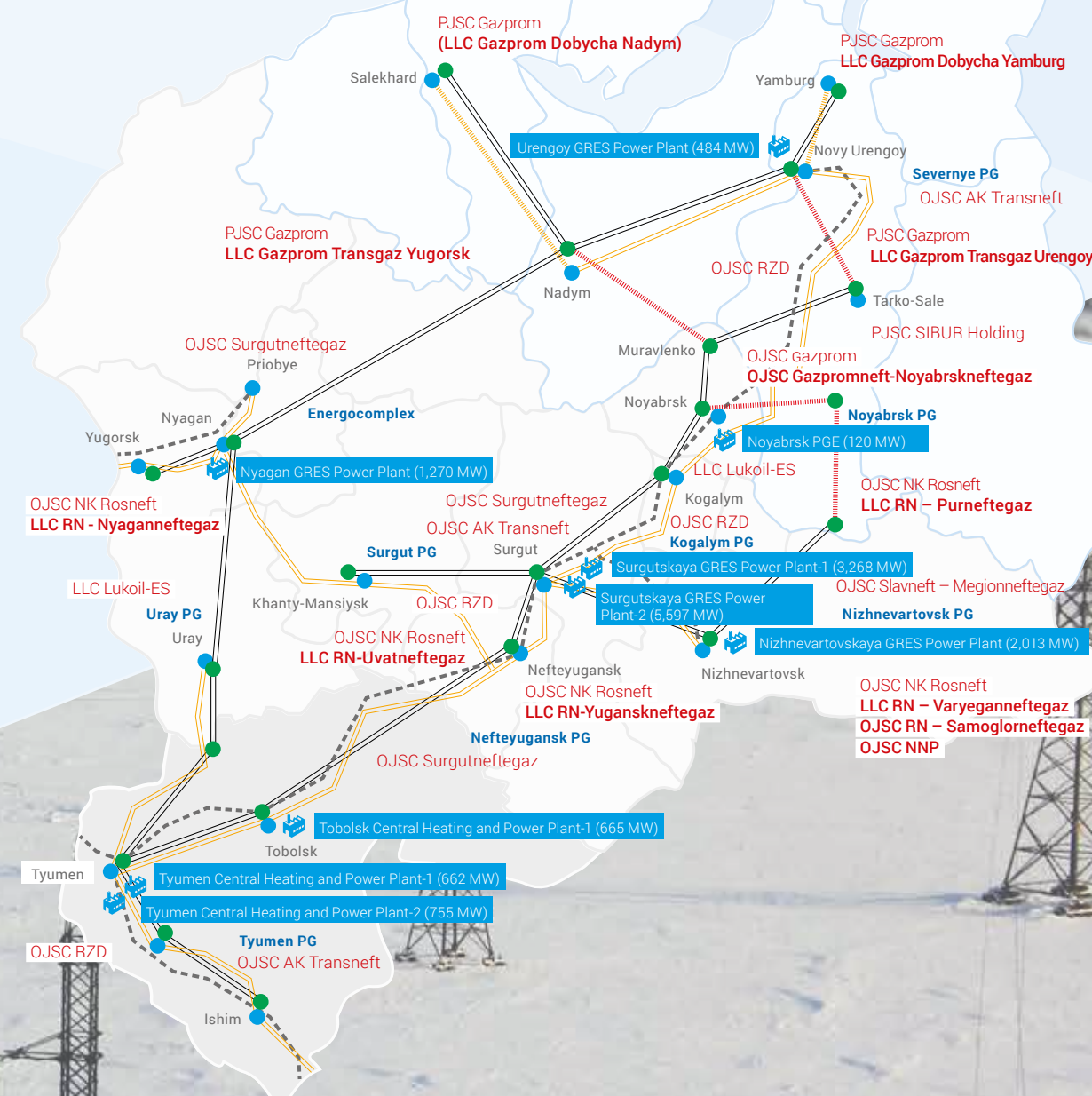


49,729.6 km
Length of overhead power transmission lines (for circuits)



646 units
Number of substations 35-220 kV

- Railway
- == Motor road
- == Ice road (motor road)
- OJSC RZD Large power consumer
- Generation facilities
- Nizhnevartovsk PG Branch of JSC Tyumenenergo
- Grids of JSC Tyumenenergo
- JSC FGC UES branch – West Siberian Main Power Networks



Geographical footprint of the Company	Area, thous. km ²	Population, thous. people*
Khanty-Mansiysk Autonomous District – Yugra	534.8	1,612.1
Yamalo-Nenets Autonomous District	769.3	540.0
Tyumen region	160.1	1,429.2

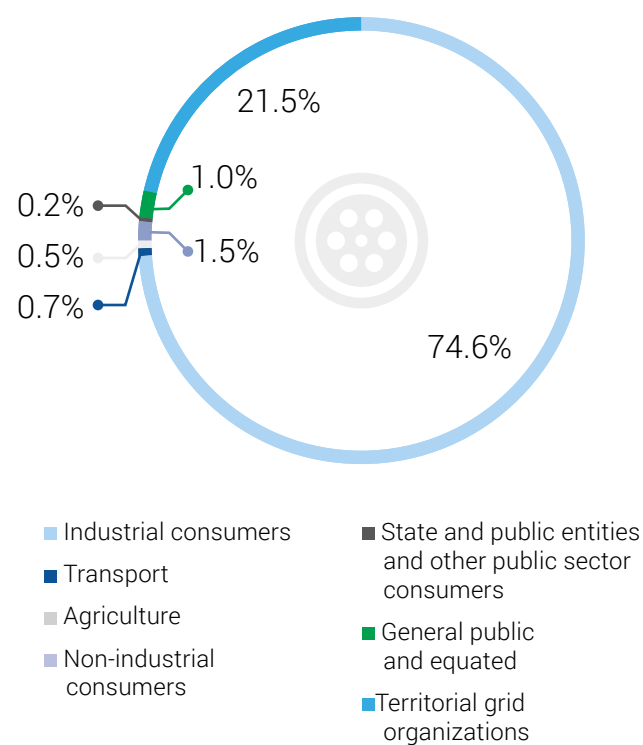
* Official information of Rosstat on January 1, 2015.

1.1. Market share, energy consumption pattern

JSC Tyumenenergo provides electrical power transfer services on the territory of three main oil and gas industrial regions of Russia: Khanty-Mansiysk Autonomous District (Yugra), Yamalo-Nenets Autonomous District, and Tyumen Region. The company's share in the service market of electrical power transfer on the area constitutes 85.9%*.

* It is calculated as the ratio of electrical supply volume for 2015 from JSC Tyumenenergo grid to end users and allied grid organizations excluding electrical energy supply volumes transmitted from the "last mile" and bus-bar energy facilities, to electrical supply volume for 2015 from JSC Tyumenenergo grid to end users and allied grid organizations. The decrease in the market share by 1.9% in 2015 as compared to 2014 has been caused by the fact that the dynamics of the reduction of network output volume for consumers that are connected to the last-mile facilities is less than the average value for the network of JSC Tyumenenergo.

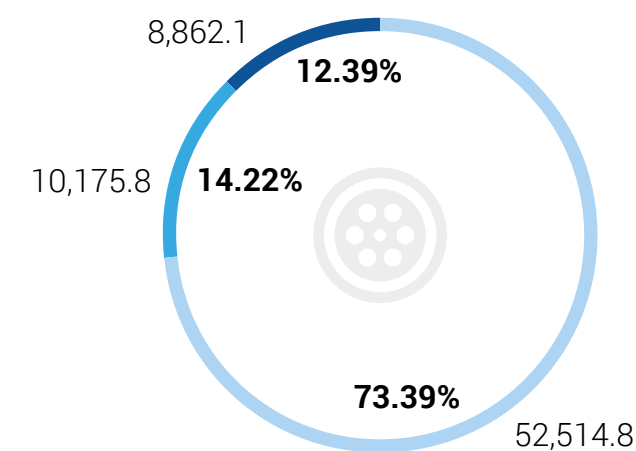
Energy consumption pattern broken down by consumers



12,234 MW

The annual load peak on the Tyumen Energy System in 2015

Energy consumption pattern broken down by regions, mln kWh



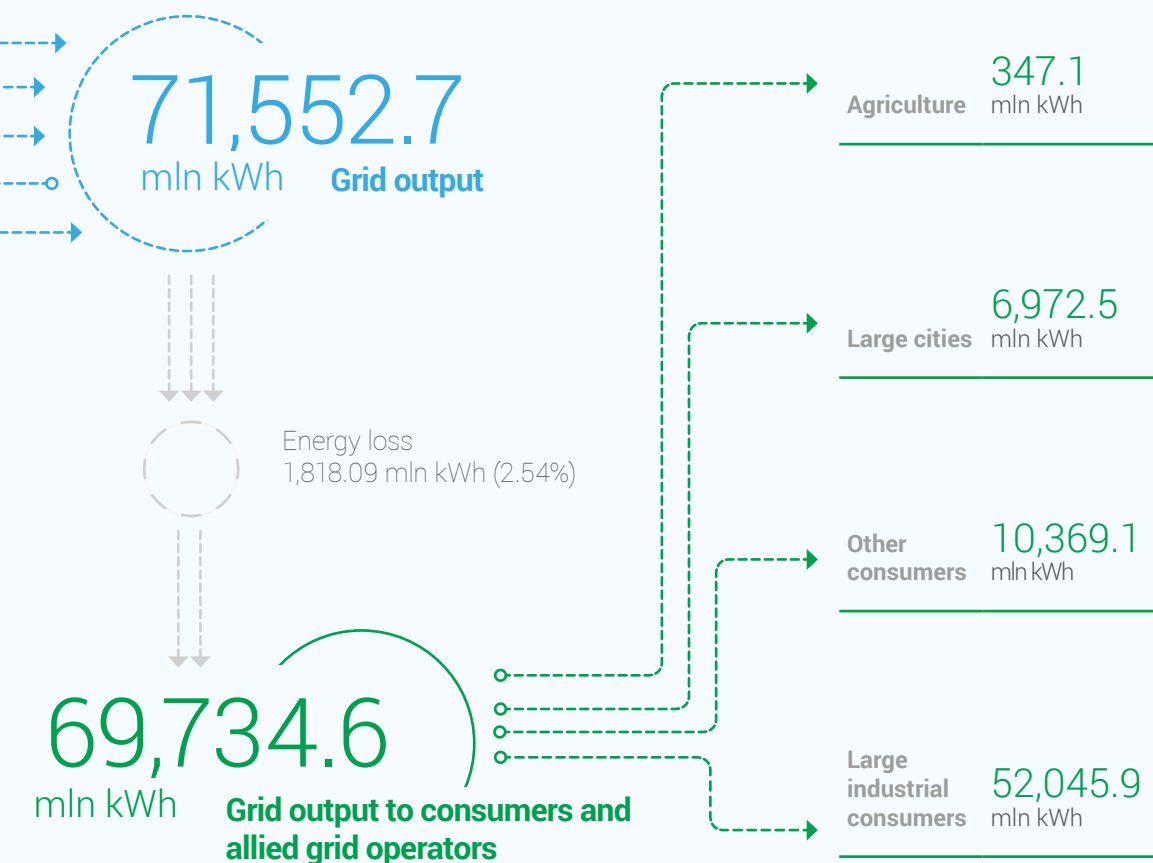
■ Khanty-Mansiysk Autonomous District – Yugra
■ Yamalo-Nenets Autonomous District
■ Tyumen region

Generation	6,267.0 mln kWh
FSK-EES PJSC (500 kV Overhead Power Transmission Lines)	14,144.5 mln kWh
FSK-EES PJSC (220 kV Overhead Power Transmission Lines)	49,220.9 mln kWh
Allied grid companies	-605.2 mln kWh
Station unit	2,525.5 mln kWh

Large industrial consumers

Consumer	mln kWh	%
OJSC NK Rosneft	20,432.7	29.30%
LLC Lukoil Zapadnaya Sibir	9,046.4	12.97%
OJSC Surgutneftegaz	6,865.2	9.84%
PJSC SIBUR HOLDING	5,262.9	7.55%
PJSC Gazpromneft	5,034.6	7.22%
OJSC Slavneft – Megionneftegaz	3,094.9	4.44%
PJSC Gazprom	2 691.2	3.86%


JSC Tyumenenergo energy balance for 2015





1.2. Industrial assets


In 2015, nine grid branches including four TPA of Tyumen distribution grids branch, which perform operation and maintenance of


electric grids, carried out JSC Tyumenenergo operational activities.


49,729.6 km 
Length of overhead power transmission lines for circuits (incl. 2,724.6 km of rented lines)

582.6 km 
Length of cable lines (incl. 85.6 km of rented lines)

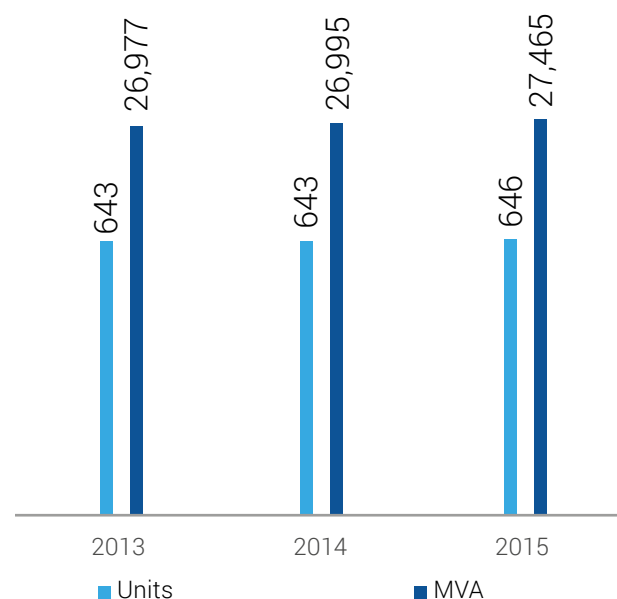
 **646** 35-220 kV substations
with the installed transformer capacity

 **6,609** 10(6)/0.4 kV transformer substations
with the installed transformer capacity

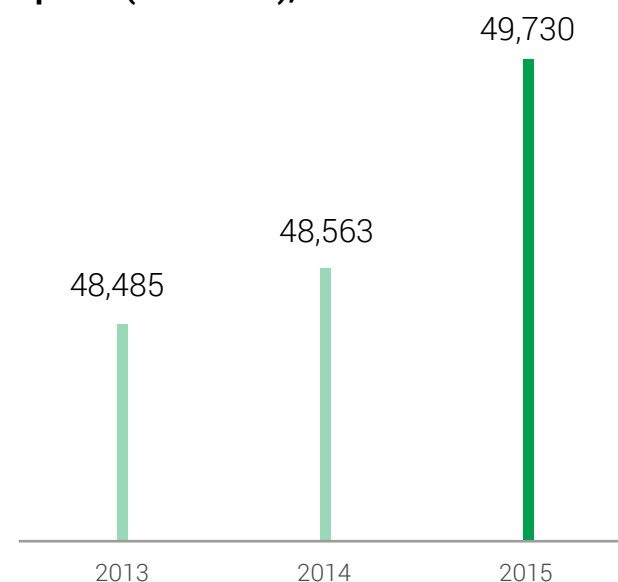
27,464.5 MVA 
incl. three rented 35-110 kV substations with the installed transformer capacity of 22 MVA

1,444.53 MVA 
incl. 1,165 rented transformer substations with the installed transformer capacity of 303.96 MVA

Dynamic pattern of 35-220 kV substation number and capacity



Dynamic pattern of 0.4–220 kV OHL spread (in circuits), km



1.3. Company history

On May 3, 1979, by Order No. 60 of the USSR Ministry of Energy and Electrification, regional energy administration JSC Tyumenenergo was established based on RPA Sverdlovenergo power companies located in Tyumen region:

- Tyumen PG (today: Tyumen TPO of the Tyumen Distribution Networks branch), which was established on March 1, 1964;
- Ishim PG (today: Ishim TPO of the Tyumen Distribution Networks branch), which was established on January 3, 1968;
- Surgut PG, which was established on October 5, 1970;
- Tobolsk PG (today: Tobolsk TPO of the Tyumen Distribution Networks branch), which was established on July 1, 1978;
- Nizhnevartovsk PGE, which was established on February 13, 1979.

After the reform of the electricity industry in March 2005, separate generation and distribution companies were allocated from the Company, and JSC Tyumenenergo became a company that performs distribution- and grid-related activities.

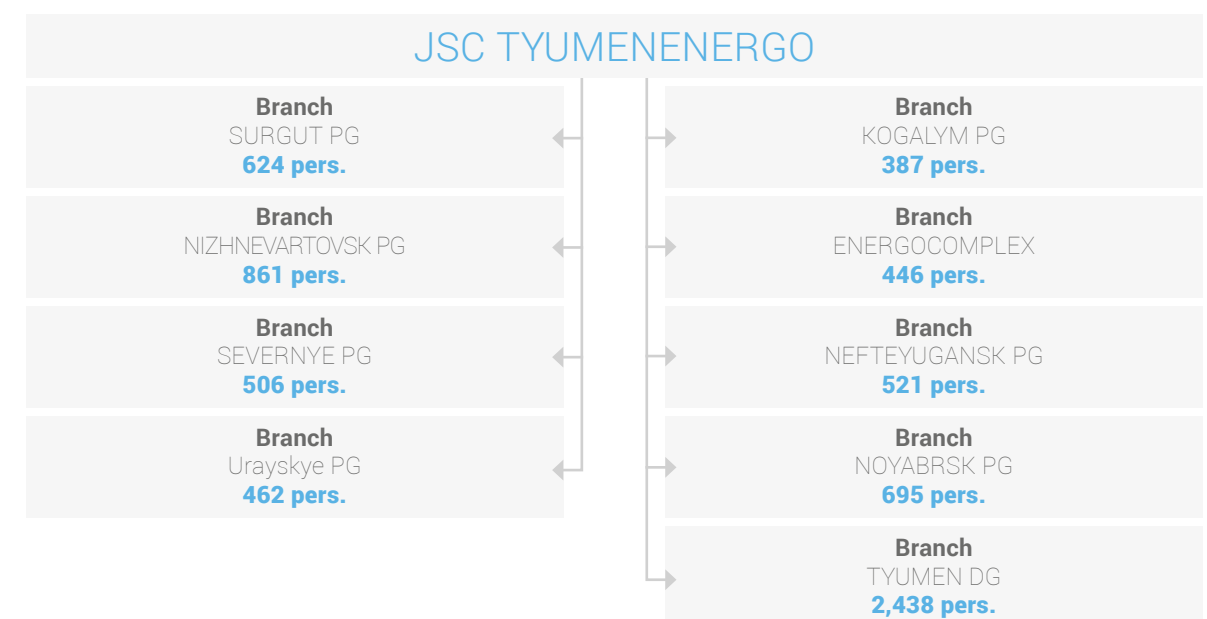
In April 2007, JSC Tyumenenergo has acquired the status of an interregional distribution grid company.

On June 30, 2015, the Company was assigned the status of a non-public joint-stock company in compliance with the decision of the sole shareholder in connection with changes in the Civil Code of the Russian Federation; correspondingly, the name of the company was changed to Joint-Stock Power and Electrification Company Tyumenenergo.

At present JSC Tyumenenergo – one of the largest interregional distribution grid companies in the country – is a subsidiary of JSC Rosseti.

1.4. Company structure

The average number of employees of JSC Tyumenenergo in 2015 amounted to 7,448 people, including 508 people of the Company's executive staff.

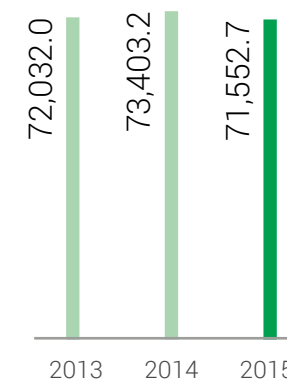


1.5.Key indicators

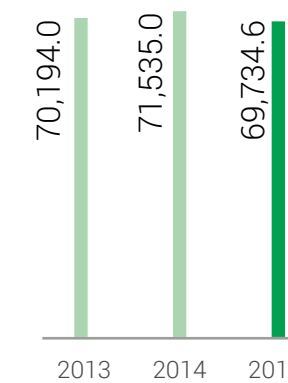
Indicator	Measurement unit	2013	2014	2015	2015/2014, deviation	
					abs.	%
Operational indicators						
Grid output	mIn kWh	72,032.0	73,403.2	71 552.7	-1,850.5	-2.52
Output from the grid	mIn kWh	70,194.0	71,535.0	69,734.6	-1,800.4	-2.52
Power losses	mIn kWh	1,837.9	1,868.2	1,818.1	-50.1	-2.68
Losses	%	2.55	2.55	2.54	0	0
Financial indicators						
Revenue from sale of products (services)	mIn RUB	51,952	52,076	53,511	1,435	3
Net profit	mIn RUB	2,050	3,106	3,696	590	19
Net assets	mIn RUB	112,932	112,761	117,740	4,979	4.4
EBITDA*	mIn RUB	12,116	12,046	12,268	222	2
EBITDA/%		11.87	14.70	14.74	0.57	0.3
Results from business improvement control program	%	-4.16	-9.33	-17.33	-8	-
Specific expenses at 2012 year prices	thous. RUB / conventional units	21.13	19.99	18.23	-1.76	-9
Total debt to EBITDA ratio		0.84	0.96	0.71	-0.25	-26.04
Credit portfolio	mIn RUB	10,201	11,503	8,668	-2,835	-24.6
Investment indicators						
Application of capital investments	mIn RUB without VAT	11,795.49	8,032.17	10,373.55	2,341.38	29.15
Financing of capital investments	mIn RUB with VAT	12,940.31	9,418.57	10,733.03	1,314.46	13.96
Entering of fixed assets	mIn RUB without VAT	8,267.32	4,465.01	19,748.39	15,283.38	342.29
Lead-in of transformer powers	MVA	649.19	131.04	645.33	514.29	392.46
Lead-in of power lines	km	90.44	258.35	1,606.18	1,347.83	521.70

*EBITDA = Earnings before tax + Depreciation ± Interest payable

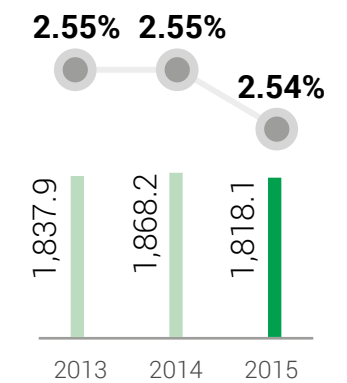
**Grid output,
mIn kWh**



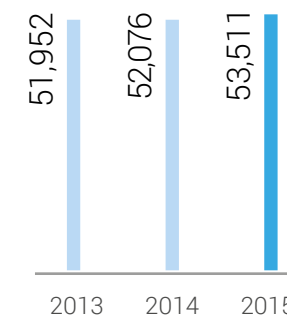
**Output from the grid,
mIn kWh**



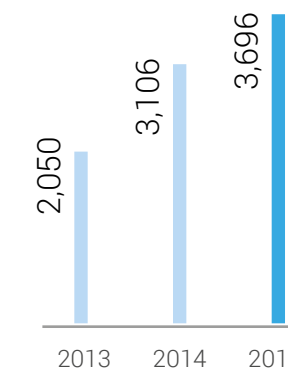
**Power losses,
mIn kWh, %**



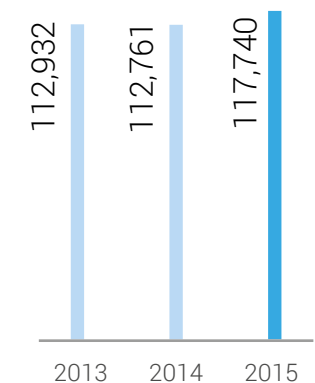
**Revenue from sale of
products (services),
mIn RUB**



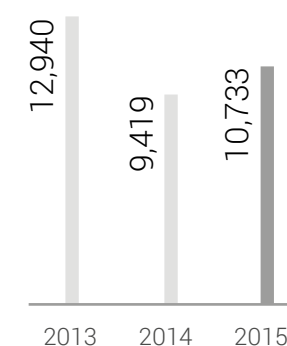
**Net profit,
mIn RUB**



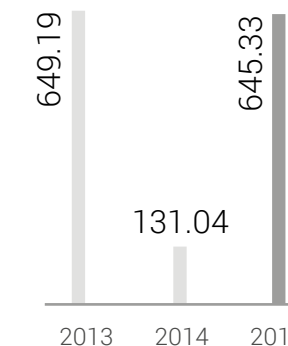
**Net assets,
mIn RUB**



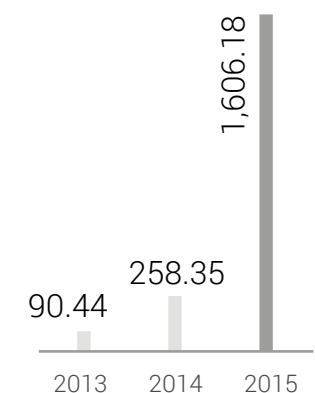
**Financing of capital
investments,
mIn RUB (with VAT)**



**Lead-in of transformer
powers, MVA**



**Lead-in of power
lines, km**

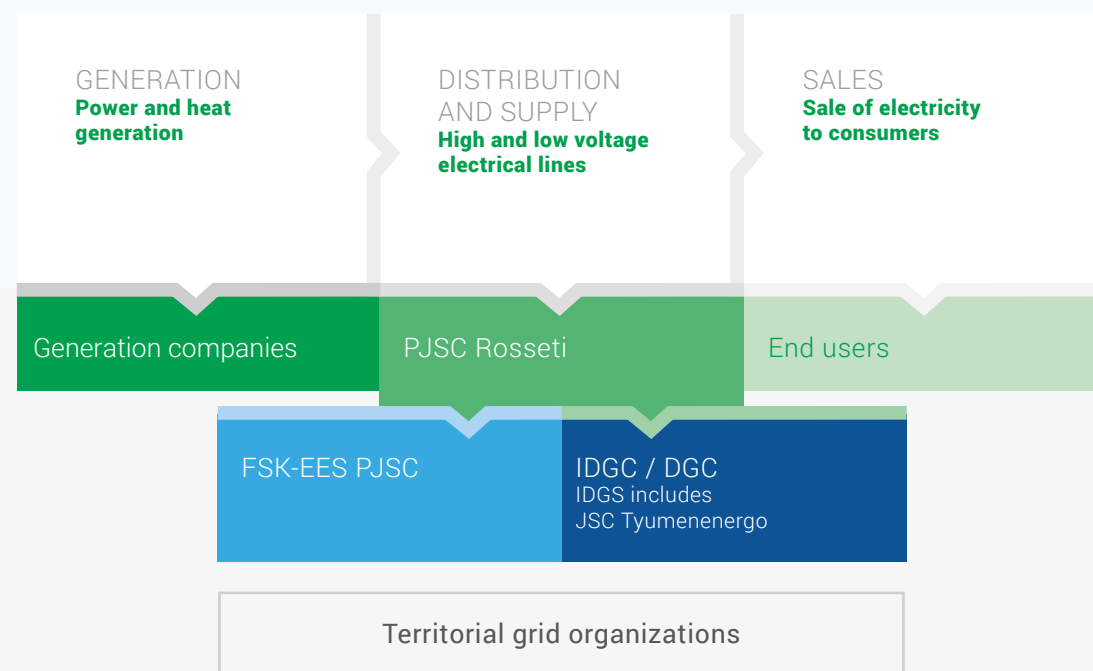


1.6. Company position in the industry and the region

Electric power industry is the leading sector of the Russian power industry, including electricity generation, transmission, transfer and sales to the CIS and to the countries outside the former Soviet Union. Reliable operation of the industry is necessary for the energy security of Russia and for its successful economic development.

The structure of the modern Russian electric power complex includes three main components: power generation, power transmission and transportation, and power sales. The activity of Rosseti PJSC is a part of the segment of power transmission and transportation.

Structure of electric power industry in the Russian Federation



As the largest electric company in Russia, Rosseti PJSC unites a main electric grid complex, interregional and regional distribution grid companies, and the list of Interregional Distribution Grid Companies including JSC Tyumenenergo.

Currently, there are three levels of grid companies, which were created in accordance with network and administrative and territorial principles:

Level 1. Federal Grid Company, which owns 220 kV and more electric mains forming the Unified National Power Grid (UNPG). This company operates in the territory of the Russian Federation through its branches located in every region of the country.

Level 2. Interregional distribution grid companies, which were formed after the reform of JSC Energo (which include JSC Tyumenenergo). These companies own 110-0.4 kV grids and render power transmission and network connection services locally on the territory of entities of Russian Federation.

Level 3. Local district power grid organizations, which generally own 0.4-10 kV grids. These organizations were formed, for the most part, by reselling businesses established as municipal enterprises to provide services for the municipality consumers and electrical grid facilities of industrial enterprises.

Currently there are 70 local grid companies working on the territory of Tyumen Region apart from JSC Tyumenenergo. They transmit electrical energy and provide network adjustment in the limits of municipal units and for internal use of industrial enterprises. These grid companies, for the most part, do not have direct access to the Unified National (All-Russia) Electric Grid (UNEG) but provide services for transmission of electric energy mainly at low and medium voltage (0.4-10 kV) and are connected to the power grid of JSC Tyumenenergo, which has a higher voltage level.

The presence of these local grid organizations does not create any significant risks for JSC Tyumenenergo activity as the volumes of electrical energy transmitted by their grids are taken from JSC Tyumenenergo electrical grid. No significant changes in the market share of JSC Tyumenenergo are foreseen for the near future.

Under the conditions of the developing market for energy services and the probability of competition, JSC Tyumenenergo defines expansion of its grid facilities as one of its areas of focus, including development and refinement of the process of network connection of consumer energy receivers to JSC Tyumenenergo grid.

1.7. Focus points of the year. Major events

January

JSC Tyumenenergo became part of the leadership group for annual study of corporate transparency of the largest Russian companies in 2014, thus once again confirming the high level of preparation of annual reports and information disclosure on the corporate Internet site: www.te.ru.

JSC Tyumenenergo was awarded a diploma in the nomination "Human Potential Development Project" of KonTEKst competition organised by the Centre for the Development of Communication in Energy Industry with the support of the Ministry of Energy of Russia.

February

During his working visit to the capital of Yugra, Oleg Budargin, general director of JSC Rosseti, visited 110/10 kV ABZ and Khanty-Mansiysk Substations of JSC Tyumenenergo branch, Nefteyugansk Power Grids, and also had a meeting with the personnel of Khanty-Mansiysk regional power grids of the branch.



March

The team of a JSC Tyumenenergo branch Nefteyugansk Power Grids won the final of Cup VII Yugra in business management "Growth Area."

April

On April 8, the northernmost branch of JSC Tyumenenergo (Severny PG) marked its 35 years' anniversary.

JSC Tyumenenergo team represented by the employees of the branch Nefteyugansk Power Grids and playing for Khanty-Mansiysk Autonomous District – Yugra, became second in the national final of strategy and management championship Global Management Challenge that was held in Moscow.

May

The Veteran of the Great Patriotic War and the Tyumen energy system Alexander Semenovich Plesovskikh celebrated May 9 in Moscow, where he was invited to participate in activities in commemoration of the 70th anniversary of the Victory. JSC Tyumenenergo was the organizer of and a participant in the complex of events dedicated to the anniversary date, which included the All-Russian "Lilac Victory," "Soldier of the Fatherland," and "Victory Salute" campaigns, motor rallies, planting of commemorative alleys, and landscaping of memorials.

June

As a result of the 5th All-Russian Contest "The Best Russian Electrical Networks," JSC Tyumenenergo became winner of the Grand Prix and won in "Reliability of Power Supply," "Innovative Project of the Year," and "Socially Responsible Electric Grid Company" nominations and much more.

July

On July 1, a "Power man" student construction brigade started work at JSC Tyumenenergo power facilities simultaneously in Tyumen and in Surgut.

In 2015, the JSC Tyumenenergo team, which was composed of Aleksandr Karavayev, Vyacheslav Panin, and Aleksandr Knyazev, and which was headed by Yevgeniy Ivankov, became the winner of the Inter-Regional Professional Skill Contest for relay and operating personnel of the Rossetti group of companies, which was dedicated to the 70th anniversary of victory in the Great Patriotic War.

August

JSC Tyumenenergo received a certificate of inclusion in the Consolidated Register of Participants of the Anti-Corruption Charter of the Russian Business.

September

On September 29, JSC Tyumenenergo obtained a certificate of readiness to AWP 2015-2016. Preparing for the next winter, the company implemented a large-scale repair campaign, which cost 1,980 mln RUB.

The "Towards the Profession" project, which was presented by JSC Tyumenenergo, became the winner of the regional stage of the All-Russian "MediaFEC" Contest in the "Popularization of FEC Jobs in the Region" nomination.

October

JSC Tyumenenergo, which presented the "Development and Implementation of an Energy Management System" project at the regional stage of the ENES-2015 All-Russian Competition of Completed Projects in the Field of Energy Saving and Energy Efficiency, won in the "Effective Management System in the Field of Energy Saving and Energy Efficiency in the Industrial Enterprise" nomination.

A Diploma of the Ministry of Energy of the Russian Federation was awarded at the international electric power forum "RUGRIDS-ELECTRO. Russian Grids. New Possibilities" in the "Best Relay Protection and Automation Devices Maintenance and Repair Team" nomination to the team of JSC Tyumenenergo, which won the Inter-regional competition of professional skill of relay and operating personnel of the Rossetti group of companies in July.

Diplomas of the winners of the competition for the title of the "Best Professional" among companies of the fuel and energy complex in the "Best RPA Engineer" and "Best Operational Electrician" categories were awarded to Alexander Karavayev and Alexander Knyazev, who represented the Nizhnevartovsk branch of JSC Tyumenenergo.



November

The specialists of the Nizhnevartovsk branch of JSC Tyumenenergo who had become winners of the Inter-regional competition of professional skill of relay and operational personnel participated in the national championship "WorldSkills Hi-Tech-2015," which was held in Yekaterinburg.

Completion of the comprehensive reconstruction of the Samza 110/35/10 kV substation (Urayskye PG branch).



The Noyabrsk PG branch of JSC Tyumenenergo completes the work within a large investment project of the company: power men completed the reconstruction of the Kirpichnaya and the Geolog 110 kV substations as well as the construction of new sections of the 110 kV power lines for the Arsenal 220/110 kV substation in Purovsky district of the YaNAD.



December

Completion of construction of the Chupalskaya 110 kV substation with the "Svyatogor – Chupalskaya" 110 kV power line and the Sarov 110 kV substation with a branch of the "Svyatogor – Chupalskaya" 110 kV overhead power transmission line.



Completion of construction of the "Nadym" 220 kV power transmission line with a 220/110/6 kV substation in the city of Salekhard of Yamalo-Nenets Autonomous District.

2 Strategy

We provide highest standards in reliability, quality and safety in electric power supply and distribution services to each consumer.

We lead public energy service system and housing and utilities infrastructure by the path of innovative development, energy performance and power saving.

We guarantee availability of free growth for local economy by providing and developing efficient and safe power grid.

We take care of every employee by creating worthy conditions for labor and professional growth.

Vladimir Yakushev

The Governor of the Tyumen region



Tyumenenergo undoubtedly has a significant impact on the social and economic development of our region. By expanding and upgrading its power grids, increasing the availability of grid connection, and improving client services, the company contributes to the growth of investment attractiveness and quality of life in the Tyumen region.

For several years, we have steadily strengthened many sectors of our economy. In 2015, the industrial production index rose by more than ten percent. Such dynamics would be impossible without a powerful energy sector. Participation of Tyumenenergo has brought to life the largest projects, which include the factory for the production of polyethylene pipes SIBGAZAPPARAT, Antipinsky Refinery, TyumenAgro greenhouse complex, a lysine manufacturing plant of Jubilee agricultural holding and others.

It took the company as little as five or six years to significantly improve its work on network connection, which is now easier, more accessible, and cheaper. This enables us to welcome new investors and to expand our existing businesses.

It is difficult to overestimate the contribution of Tyumenenergo into the transformation of the regional capital. The increase of the power supply grids enabled the city to build new residential areas and to comply with the network connection demand for the next few years.

It is important that Tyumenenergo pays a lot of attention to working with consumers, quickly responds to their concerns and suggestions, and aims to increase the energy literacy and safety of the public. Therefore, we can safely say that the company keeps pace with the times and moves forward in accordance with the tasks set by the region.

2.1. Company's strategy. Mission. Priorities. Prospects of development

The main targets of electric power industry are set by Electric Grid Complex Development Strategy of April 3, 2013, approved by the Government of Russian Federation.

Currently the industry's strategic management is based on the Energy Strategy for the period up to 2030, approved by the Russian Federation Government Decree No. 1715-r of Nov. 13, 2009. The

strategy is oriented to maximum efficient use of natural energy resources and energy potential for sustainable economy growth, increase quality of life of the Russia's population assistance in consolidation of the Russia's foreign economic activity.

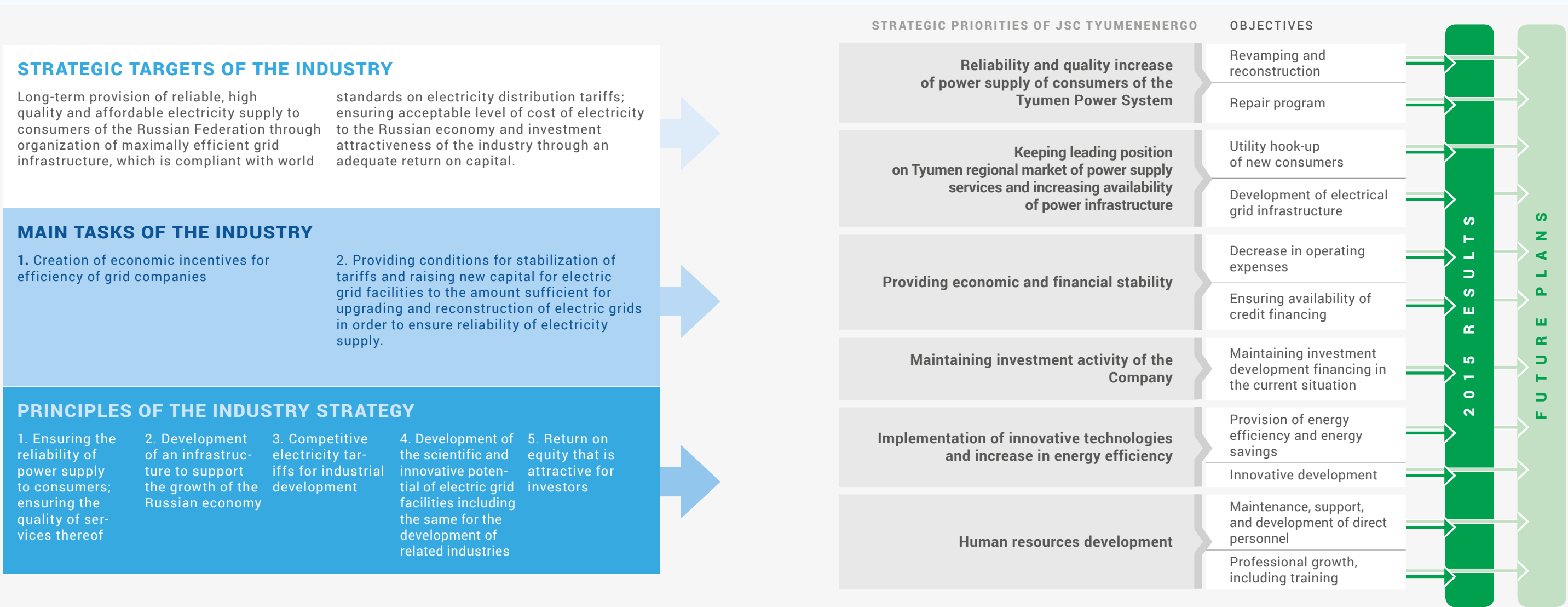
The long-term perspective of JSC Tyumenenergo's activity is within the Strategy framework.

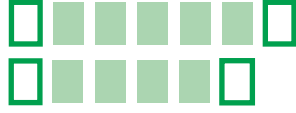
Mission

- We provide highest standards in reliability, quality and safety in electric power supply and distribution services to each consumer.
- We guarantee availability of free growth for local economy by providing and developing efficient and safe power grid.
- We lead public energy service system and housing and utilities infrastructure by the path of innovative development, energy performance and power saving.
- We take care of every employee by creating worthy conditions for labor and professional growth.

The Electric Grid Complex Development Strategy of the Russian Federation

The long-term perspective of JSC Tyumenenergo's activity is within the Strategy framework.



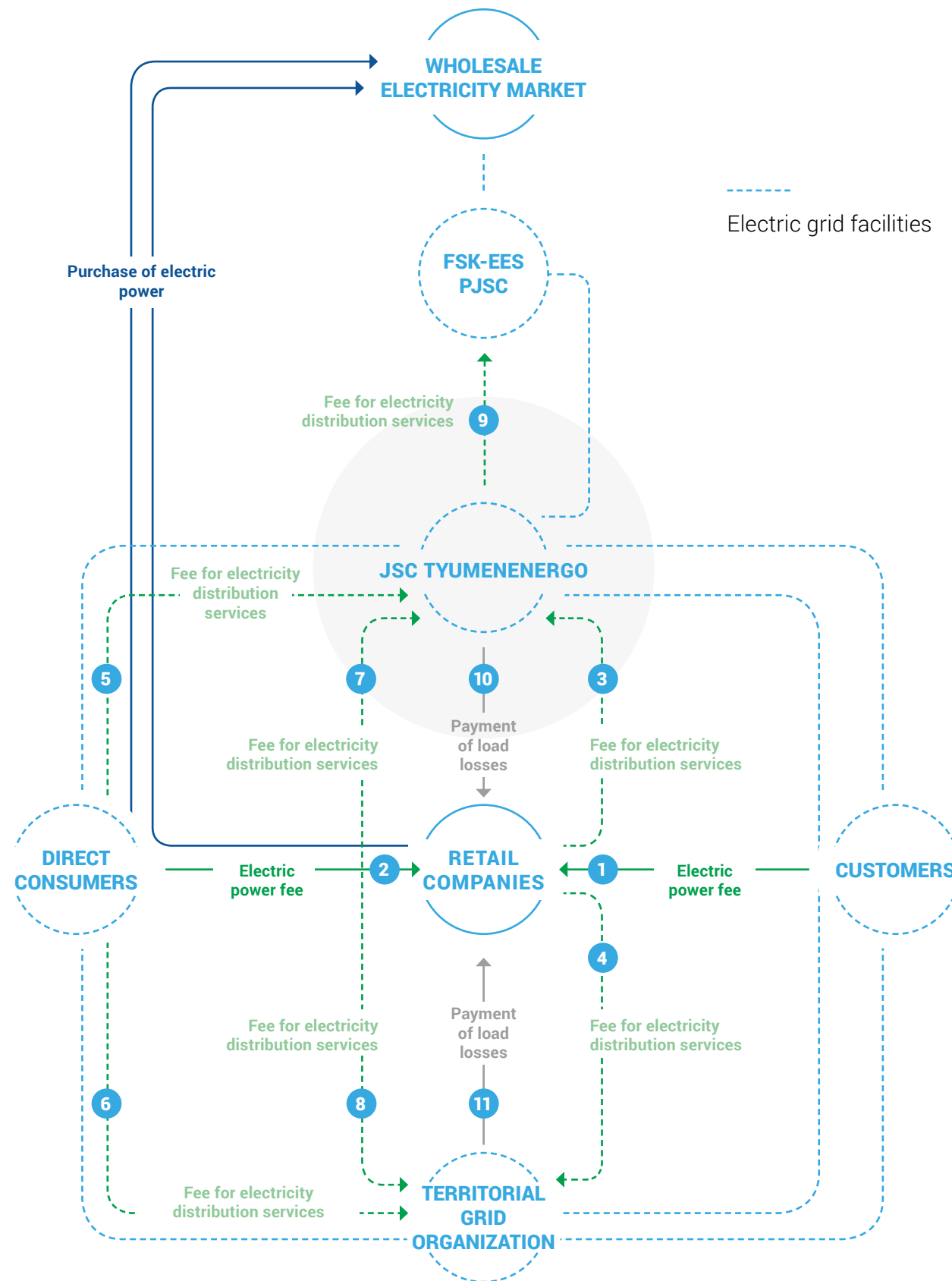
PRIORITY KPI	Results of 2015	Future period plans	Risks inherent in the direction of activity
1. Reliability and quality increase of power supply of consumers of the Tyumen power system KPI: 1. Achievement of the services reliability factor 2. Absence of the increase of major accidents 3. Prevention of the increase of the number of accident victims	1.1. Revamping and re-equipment The Company allocated for revamping and re-equipment in 2015. 4,102.76 mln RUB 1.2. Repair program The repair program is fulfilled for 100.9%. A total of 3,616 mln RUB, were allocated for repair and maintenance program in 2015, including for repairs 1,980 mln RUB Autumn and winter period passed in standard work mode. The volume of performed repairs is specified in Section 4.1. of this report.	The Company plans to allocate for revamping and re-equipment in 2016. 6,863.94 mln RUB A total 4,045 mln RUB, are to be allocated for repair and maintenance program in 2016, including 2,203 mln RUB for repair. Planned repairs of equipment are presented in Section 4.1. of this report.	1. Tariff related risks 2. Risks of overdue receivables growth 3. Operating and network risks
2. Keep leading position on Tyumen regional market of power supply services and increase in availability of power infrastructure KPI: 1. Energy loss level 2. Compliance with utility hook-up deadlines	2.1. Utility hook-up of new consumers The deadline for provision of the draft contract were reduced from 14 to 10 days  <ul style="list-style-type: none"> Development of an Action Plan (a Roadmap) for the implementation of the best practices of the National rating of the investment climate in the entities of the Russian Federation in Yamalo-Nenets Autonomous District together with JSC Tyumenenergo and approval thereof by the Government of the Yamalo-Nenets Autonomous District (Decision dated June 26, 2015 and registered under No. 388-RP); Development of the Agreement on Cooperation in Support of Regional Food Industry and Agricultural Producers together with JSC Tyumenenergo and approval thereof by the Government of the Tyumen region (Decision dated January 26, 2015 and registered under No. 10/2015). 2.2. Development of electrical grid infrastructure <ul style="list-style-type: none"> Approval of a decision on participation in the development of Complex Programs of Perspective Development of Power Grids of the Tyumen Oblast, Khanty-Mansiysk Autonomous District - Yugra, and Yamalo-Nenets Autonomous District according to the Rules for the Development of Complex Programs of Perspective 	Promotion of legal initiatives: <ul style="list-style-type: none"> at the final stage, the joint work to conclude an open agreement on the reduction of the duration of operations for connection to electric networks of applicants with the Government of the Tyumen region taking into account the position of the Ministry of Economic Development of the Russian Federation (letter dated August 31, 2015 and registered under No. 23832-NP/D07). for introduction of fines for failure to meet network connection deadlines (the penalty for benefit persons, which is provided for by the current legislation is negligible and does not encourage the applicant to fulfill its obligations on time or terminate the contract); for introduction of fines for inconsistency between maximum capacity applied demands and actual ones; for payment for network company's expenses for reconstruction and construction by eligible-for-benefits applicants if the hook-up is denied. 	1. Technology connection risks 2. Risk of shortfall in income 3. Risk of electric power losses purchasing cost growth

PRIORITY KPI	Results of 2015	Future period plans	Risks inherent in the direction of activity
	<p>development of Power Grids of the regions of the Russian Federation (approved by the Decree of the Government of the Russian Federation dated October 17, 2009 and registered under No. 823). The result of the above was the approval of Complex Programs of Perspective Development of Power Grids of the Tyumen Oblast, Khanty-Mansiysk Autonomous District - Yugra, and Yamalo-Nenets Autonomous District for the period until 2020 by the governments of the corresponding entities of the Russian Federation.</p> <ul style="list-style-type: none"> With the assistance of a specialized engineering company, Complex Programs of Perspective Development of Power Grids with the voltage of 35 kV and higher for the Tyumen region, the Khanty-Mansiysk Autonomous Okrug - Yugra, and Yamalo-Nenets Autonomous Okrug for 2016-2020 (hereinafter referred to as the CPPPG), which are the justification for the measures suggested by JSC Tyumenenergo for the inclusion of these entities of the Russian Federation into the Complex Programs of Perspective Development of Power Grids for the next 5-year period and which also serve to synchronize the timing of measures in distribution and transmission networks, have been developed. Identification and selection of measures as part of the CPPPG is implemented on the basis of the results of technical and economic comparison of different options, which provides for high cost-effectiveness of the suggested measures and reduces the load on the tariff. Moreover, the developed CPPPG served as the basis for the formation of proposals of JSC Tyumenenergo in terms of changes in the territorial planning scheme of the entities of the Russian Federation, the presence of activities in which is a prerequisite for inclusion in the investment program of JSC Tyumenenergo (according to the Decree of the Government of the Russian Federation No. 977). 	<p>In 2016, JSC Tyumenenergo plans to continue the following:</p> <ul style="list-style-type: none"> participation in the development of Complex Programs of Perspective Development of Power Grids of the Tyumen Oblast, Khanty-Mansiysk Autonomous District - Yugra, and Yamalo-Nenets Autonomous District. collection and update of initial data for the perspective loads of the consumers of the Tyumen Oblast, Khanty-Mansiysk Autonomous District - Yugra, and Yamalo-Nenets Autonomous District with subsequent update of the Complex Programs of Perspective Development of Power Grids with the voltage of 35 kV and higher for the Tyumen Oblast, Khanty-Mansiysk Autonomous District - Yugra and Yamalo-Nenets Autonomous District for 2021. 	
3. Providing economic and financial stability KPI: 1. TSR (total shareholder return) 2. Return on invested capital (ROIC) 3. Decrease in specific operating expenses 4. Financial stability indicator - leverage ratio	3.1. Decrease in operating expenses In accordance with the Electric Grid Complex Development Strategy of the Russian Federation and Scenario Requirements for business plans formation for subsidiaries and affiliates of PJSC Rosseti for the year of 2015 for JSC Tyumenenergo the target level for lowering operating expenses – 10% in 2015. The level is inflation-adjusted for 2012 level for one maintenance cost for electric equipment unit. Actual level of lowering operating expenses was 17.33%. The Company's business improvement control program (hereinafter referred to as the BICP) includes such activities as cost cuts while purchasing goods, works and services, activities for lowering costs of power and other energy resources, labor expenses cuts. 3.2. Ensuring availability of credit financing Ensuring availability of credit financing for the Company is maintaining available credit limit. As of January 1, 2015, the	<p>The 2016 target level for decrease of operating expenses</p> <p>15%.</p> <p>The 2016 Company's Business Plan contains the above-limit value – expected effect from implementation activities for cutting operating expenses</p> <p>17.75%.</p>	1. Risks of interest rate changes 2. Risks of interest rate changes 3. Inflation-related risks

PRIORITY KPI	Results of 2015	Future period plans	Risks inherent in the direction of activity
	<p>available credit limit for JSC Tyumenenergo for the previously entered credit contracts concluded with the largest Russian banks was equal to 5,698 mln RUB (drawdown period – Q3 and Q4 of 2015). During 2015, the Company did not retain any credit facilities.</p> <p>In order to enhance financial stability and to ensure availability of financial resources through competitive procedures in 2015 JSC Tyumenenergo entered into two credit agreements in the form of overdraft (with the loan term of up to 12 months) for a total amount of 2,000 mln RUB.</p>	<p>To increase the amount of the available credit limit and to ensure availability of credit for the period from 2016 and until 2020, JSC Tyumenenergo held an open one-stage tender without prequalification of bidders for choosing a financial institution for the right to enter into a loan agreement in the form of a revolving credit line of credit, on the basis of the results of which a loan agreement was signed with a credit limit of 3,500 mln RUB for a period of 5 years, in December 2015.</p>	
4. Maintaining investment activity of the Company KPI: 1. Lowering specific investment expenditures 2. Compliance with facility commissioning deadlines	4.1. Maintaining investment development financing in the current situation The actual execution of the investment program of JSC Tyumenenergo for 2015 demonstrated, in general, the growth of the key indicators of investment activity as compared to the previous year (2014). The volume of capital investments increased by 29%; the volume of financing, by 14%; the volume of fixed assets commissioned, by more than a factor of 4. Implementation of 2015 Investment Program allows passing 2015-2016 winter peaks without failures. More information on the investment program is provided in section 2.4. of this report.	<p>While developing the Investment Program for 2016 reduction in equipment ageing and increase in reliability and quality of electric power supply of existing consumers were maintained as the priority. Creation of availability of hook-up of consumers' new capacities remain as priorities. The volume of financing of the investment program for 2016 is planned in the amount of 12,182 mln RUB with VAT, which is 14% higher as compared to the actual financing of the investment program for 2015.</p>	Investment risks
5. Implementation of innovative technologies and energy efficiency increase In 2015, no KPI was available	5.1. Provision of energy efficiency and energy savings The methodology for conducting an energy analysis of the Company's activities, according to which all the branches of JSC Tyumenenergo conduct energy analysis of their activities identify the locations of significant energy consumption, including the places of occurrence of losses in the networks, has been improved. On the basis of the results of the above analysis, corrective actions are implemented.	<p>Repeated mandatory energy audit of JSC Tyumenenergo, which will determine the remaining potential for energy savings, in the second half of 2016 within the scope of the measures for compliance with the requirements of the Federal Law 261-FZ.</p>	Legal risks
	5.2. Innovative development In 2015 an amount of 853.9 mln RUB was allocated to innovative development Including: <ul style="list-style-type: none"> Five R&D projects were successfully finished, four of which were used as templates and were subsequently implemented into pilot development by the following branches of the Company: Tyumen DG, Nefteyugansk PG 	<p>Implementation of modern innovative equipment and new effective innovative technical solutions.</p> <ul style="list-style-type: none"> Commercialization of the results of research and development. Experimental-industrial production, replicating, and implementation of R&D developments. 	

PRIORITY KPI	Results of 2015	Future period plans	Risks inherent in the direction of activity
6. Human resources development KPI: Increase in labor productivity	6.1. Maintenance, support, and development of direct personnel Staffing, inclusive of direct personnel (77%), remains stable; natural movement and rotation of staff does not have a significant impact on the turnover, which remains at a low level. The following measures were implemented: <ul style="list-style-type: none"> • in the field of timely meeting of the Company demand for personnel of required qualification; • in the field of provision of personnel efficiency; • intensification of professional orientation work among pupils and students of educational institutions; • attraction of young specialists, their adaptation in the workplace, education, training, and retention of young workers; • preservation of the stability of the team, its quality improvement, and increase of motivation to work, inclusive of the improvement of the remuneration system; • development of the personnel training system, provision of social security, and formation and development of the candidate pool. 	The following measures are planned for 2016: <ul style="list-style-type: none"> • provision of reliable information on operational and forecasting numerical and qualitative demand for labor resources necessary and sufficient for execution of tasks set for the Company; • creation and maintenance of a stable workforce that is capable of change, development, and renewal; improvement of its quality through personnel development and attraction of young professionals; • maintenance and development of human resources taking into account the development of the Company; • creation of and work with the candidate pool for the management positions; • improvement of the remuneration system and the system of high labor motivation. 	Legal risks
	6.2. Professional growth, including training For the purposes of development of professional skills of management pool candidates, the Company has organized their participation in an integrated advanced training program "Development of Leaders in the Power Grid Complex" in Skolkovo Moscow Management School. In 2015, JSC Tyumenenergo concluded long-term Cooperation and Joint Operation Agreements with 34 higher and special vocational education institutions that provide training in associated specialties / areas of study. In accordance with the target address curriculum for secondary technical personnel in 2015, the number of employees who have received refresher training in the areas of the electrical educational profile has increased by 827 persons.	With the aim of developing skills and competences, training sessions for the Youth Personnel Reserve have been planned for 2016. For 2016, the Company has planned to expand cooperation with regional higher and special vocational education institutions as regards development and support of the student construction brigade movement. For 2016, the Company has planned an expansion and development of the material and technical as well as the methodological bases of the PTPP in order to provide for organization of education and in-service training.	

2.2. Business model



Retail Company (GP, ESK) enters into power supply contract **1** or power purchase/sale contract **2** with consumers.

When entering into power supply contract between the Retail Company (GP, ESK) and a Consumer, the Retail Company enters into Service Contract of Electric Power Transfer with JSC Tyumenenergo **3** or any other territorial network company (TNC) **4** depending on the hook-up location of Consumer's power receiver.

When entering into power purchase/sale contract between the Retail Company (GP, ESK) and a Consumer, the Consumer enters himself into Service Contract of Electric Power Transfer with JSC Tyumenenergo **5** or any other territorial network company (TNC) **6** depending on the utility hook-up location of Consumer's power receiver.

Retail companies and consumers, which entered into Electric Power Transfer contracts with JSC Tyumenenergo and TNC, make payments for the electric power transfer services at uniform (boiler) tariffs, approved by Regional Energy Companies of Tyumen Oblast, Khanty-Mansiysk Autonomous District – Yugra, and Yamalo-Nenets Autonomous District. Uniform (boiler) tariffs for electric power transfer services on the territory of all three Russian territories: South of Tyumen Oblast, Khanty-

Mansiysk Autonomous District – Yugra and Yamalo-Nenets Autonomous District are the same for all the consumers, ranking the same and connected at the same voltage level.

JSC Tyumenenergo enters into revenue **7** or expenses **8** electric power transfer contracts with TNCs. Settlements between JSC Tyumenenergo and TNCs are made at individual tariffs for electric power transfer approved by Regional Energy Companies of Tyumen Oblast, Khanty-Mansiysk Autonomous District – Yugra and Yamalo-Nenets Autonomous District. Because of individual tariffs settlements, the revenue balance is achieved for maintaining networks of all regional network organizations (TNCs with revenue excess after payments to retail companies give back the revenue excess to JSC Tyumenenergo; TNCs with insufficient revenue compensate it by individual tariff with JSC Tyumenenergo).

JSC Tyumenenergo enters into Service contract for electric power transfer with JSC FSK EES **9**, by which it is provided electric power transfer on behalf of regional consumers up to the power grid of JSC Tyumenenergo.

JSC Tyumenenergo **10** and TNCs **11** enter into electric power purchase contracts with retail companies (GP, ESK) for compensating electric power process transfer losses.

2.3. Risk management

The Company has a risk management system (hereinafter referred to as the RMS), the purpose of which is to ensure a sustainable continued operation and development of the Company through timely identification, assessment, and

management of risks that threaten the effective implementation of economic activities and the reputation of the Company, the health of the Company's employees, the environment, and the property interests of shareholders and investors.

RMS participants

The main participants in the risk management process are as follows:

- Board of Directors of the Company;
- Audit Committee of the Board of JSC Tyumenenergo;
- General Manager;
- risk owners;
- Internal Audit and Control Department;
- performers of risk-management measures.

Main risk factors

The risk value is a combination of the probability of the risk and the magnitude of the consequences thereof for the Company in monetary and other terms. Risk assessment is based on the following rank:

Risk value assessment:

- Critical
- Significant

Risk value trends as compared with 2014 and during 2015 are shown by arrows:

- ↑ risk weight increase;
- ↓ risk weight decrease;
- dynamics unchanged.

Assessment of critical and significant risks

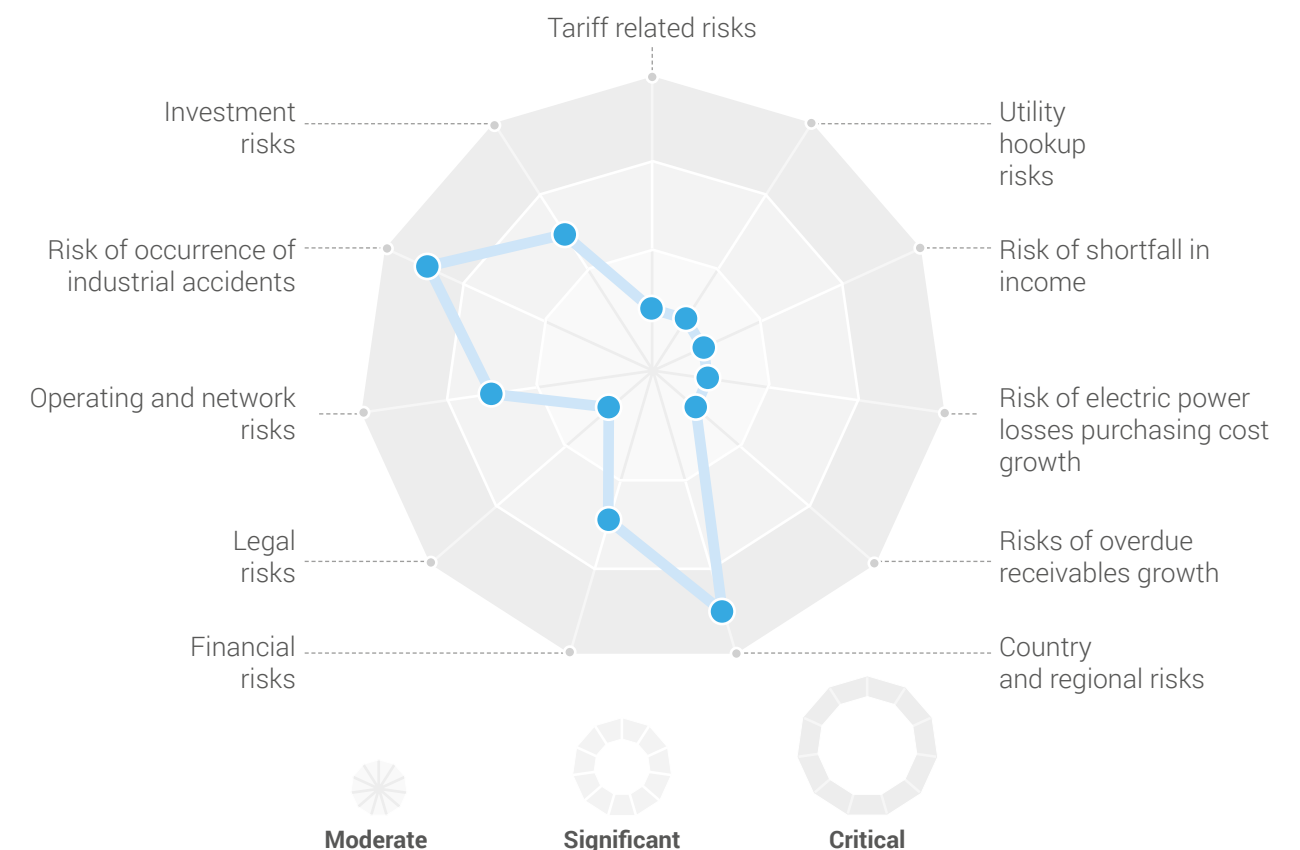
No.	Risk	Risk description	Mitigation measures	Risk value assessment and trends
Country and Regional Risks				
1	Macroeconomic risk	Crisis phenomena in the global economy	1. The Company implements a complex of measures, aimed at optimization of loans in the overall capital structure.	↑
2	Risks related to political and economic situation in the country and the region	1. Changes of political and economic situation in the country and the region. 2. Risks related to potential military conflicts, imposition of the state of emergency and strikes in the country and the region.	2. Long-term loan raised at fixed interest rates. 3. Company's OPEX and CAPEX efficiency improvement. 4. Inclusion into Company's contracts of a Force Majeure clause to reduce Company's financial losses in some circumstances.	
3	Risks related to geographical features of the country and region including higher risk of hazards, potential loss of transport communication	Geographic and climatic features of the region located in the northern part of West Siberia can expose the power facilities to a risk of emergency due to unfavorable natural events (hurricanes, heavy snowfalls, ice glazes, extremely low ambient temperatures etc.).	1. Power facilities design considering the climate and geography. 2. Power distribution complex facilities insurance against natural hazards. 3. Feed, materials and fuel stock management required for Company's main activity. 4. Inclusion of a Force Majeure clause into Company's contracts to reduce Company's financial losses in some circumstances.	→
Financial risks				
4	Risks related to changes in currency exchange rate	Since the goods and equipment purchased by Company contain import components, a considerable growth of the exchange rate can result in increase in procurement costs.	1. Import substitution policy. 2. Long-term contracts without products price escalation.	↑

No.	Risk	Risk description	Mitigation measures	Risk value assessment and trends
5	Risks of interest rate changes	Interest rate increase against planned values.	<ol style="list-style-type: none"> 1. Long-term loan raised at fixed interest rates. 2. Financial and operational activities planning concerning risks of interest rate changes. 3. Debt capital market monitoring and usage of economically feasible credit sources from interest rate and terms point of view. 4. Early loan repayment without commissions and penalties as set out in effective credit contracts. 	↑
6	Inflation-related risks	Inflation growth against planned values.	<ol style="list-style-type: none"> 1. Normative documents monitoring. 2. Internal Control system improvement. 3. Preventive, operational and follow-up control of Company's activity compliance with law and internal regulations and by-laws. 	↑
Risks related to operation activities				
7	Operating and network risks	Failure of the power supply to consumers due to network fault in electric grid facilities operation.	<ol style="list-style-type: none"> 1. Failure analysis based on SAP R / 3 data, and determining bottleneck areas. 2. Grid renovation, reliability improvement target program to enhance grid technical condition. 3. Facilities repair as required, taking into account risks and failure data. 4. HR activities: training, professional development. 5. Public work, PR programs development. 6. Emergency response drills including special trainings on implementation of Temporary Shutdown Plan 	→
8	Investment risks	<ol style="list-style-type: none"> 1. Total performance decrease against planned values (as accepted during Investment Program planning phase). 2. Failure to meet the planned dates of CAPEX assimilation and investment projects commissioning delays, including due to contractors' and suppliers' failure to perform their obligations. 	<ol style="list-style-type: none"> 1. Investment Program planning based on key performance criteria as follows: <ul style="list-style-type: none"> • grid infrastructure availability improvement; • wear and tear decrease and power facilities revamp; High loading of commissioned facilities. 2. Monitoring of Investment program execution, its funding, cause analysis of actual vs. planned investment parameters. 3. Implementation of project management in Company's investment activities with investment project risk management as one of its knowledge. 4. Measures, aimed at projects execution quality improvement; enhancing the efficiency of investments in existing grid; construction cost factor reduction; ensuring high loads of commissioned facilities; comparative analysis system development and implementation in the context of construction / materials / automation cost factor within investment management system. 	↑

List of moderate risks that are inherent in business activities of the Company and that are also subjected to risk mitigation measures:

1. Tariff related risks
2. Technology connection risks
3. Risk of shortfall in income due to cross-subsidization
4. Risk of electric power losses purchasing cost growth
5. Risks of overdue and non-collectable receivables growth
6. Legal risks

Risk value assessment



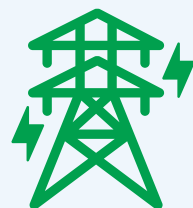
To improve operation management efficiency, the Company implements a risk management system integration into business planning and establishes a multi-factor analysis of risks impact on business plan target indices achievement. Information on risk identification, assessment, and risk management measures is submitted quarterly to the Company's Board of Directors within business plan performance report.

In addition, in order to improve the implementation of risk management measures, the Company has approved an action plan to manage key operational risks and operational risks of key and other business processes for 2016.

The risk management system is an integral part of the decision-making system of JSC Tyumenenergo.

3 Results of production activities

71,552.72 mln kWh
Grid output



1,818.1 mln kWh
Losses



808.117 MW
Network connection



69,734.63 mln kWh
Output from the grid



Dmitry Shapoval

The Deputy Governor of the Khanty-Mansiysk Autonomous District – Yugra



JSC Tyumenenergo is the company that began the electrification of the North and whose name was synonymous with the Tyumen energy system, which is one of the largest in the country, for decades. Currently, the Company continues to work in line with the objectives of social and economic development of the Khanty-Mansiysk Autonomous District – Yugra.

It is worth noting that over the past five years JSC Tyumenenergo has completed a number of major projects on connection of decentralized areas of Yugra to the unified energy system and on development of power grid facilities in the City of Nyagan and in Oktyabrsky, Beloyarsky, Sovetsky, and Berezovsky districts. This has led to an increase in the quality of life in and investment attractiveness of the connected territories and to an improvement of performance indicators and conditions of economic and social development.

On a timely basis, the Company provides power supply to the energy infrastructure of new and continues reliable power supply of existing oil and gas fields and overpasses systems. To this end, more than ten substations and hundreds of kilometers of power transmission lines that supply electricity to oil fields operated by subdivisions of PJSC LUKOIL, OJSC NK Rosneft, OJSC Surgutneftegas, and other major companies were constructed and reconstructed.

To meet the electricity needs of the processing sector and agro-industrial complex enterprises, the company is reconstructing its facilities using the least expensive methods without imposing an additional burden on the consumer. Expansion of housing stock in the towns of Yugra by about one million square meters per year in recent years was also supported by the power capacities.

JSC Tyumenenergo took a direct part in the implementation of one of the most important projects for our district: the construction of the Nyagan GRES.

The company's contribution to the development of the autonomous district is not limited to production activities. In its care for the future of Yugra, the Company attaches great importance to the training of qualified personnel in the occupations that are in high demand in the regional economy. This indicates that the Company is closely linking its future with the progress of the district and is ready to take care of its welfare.

In general, I would like to note the positive impact of the activities of JSC Tyumenenergo, which directly affects the social well-being and stability of the Khanty-Mansiysk Autonomous District – Yugra.

3.1. Electric power transmission

In 2015, the total output of electrical energy by the Federal Grid Company, electricity producers and allied grid companies to JSC JSC Tyumenenergo grids amounted to

71,552.72 mln kWh

A total of 69,734.63 mln. kWh was transmitted to end users and territorial grid companies (TGC). Electrical energy losses amounted to 1,818.09 mln. kWh or 2.54% of JSC JSC Tyumenenergo electrical energy output.

69,734.63 mln kWh

Output from the grid in 2015

	2014	2015
Grid output, mln kWh	73,403.21	71,552.72
Output from the grid to end users and allied TGCs within balance and operational responsibility limits, mln kWh	71,535.03	69,734.63

Changes in the scope of electrical energy transmission services in 2014-2015

2014		2015		Deviation 2015/2014		
mln kWh	mln RUB	mln kWh	mln RUB	mln kWh	mln RUB	%
63,712.0	50,895.0	61,971.1	52,870.5	-1,740.9	1,975.5	-2.73

Based on the results of JSC Tyumenenergo activities in 2015, the Scope of Electrical Energy Transmission Services amounted to 61,971.1 mln kWh, which is 1,740.9 mln kWh or 2.73% less than planned, when compared to 2014 results (63,712.5 mln kWh).

The reduction of the volume of electric energy transmission is associated with the reduc-

tion of the volumes of gas transported by JSC Gazprom, the reduction of the volumes of oil extracted by JSC Transneft, the reduction of the volumes of extraction of oil and hydrocarbons by OJSC Surgutneftegaz, OJSC Slavneft-Megionneftegaz, PJSC LUKOIL, and PJSC Gazprom-Neft, and the reducing of the municipal household load by the population of large cities due to the temperature factor.

Actual losses of electrical energy in 2014-2015

	actual 2014		actual value for 2015		deviation*	
	mln kWh	%	mln kWh	%	mln kWh	%
Electric power losses	1,868.2	2.55	1,818.1	2.54	-50.1	0.01

* Estimated as delta between the values in 2015 and 2014

2.54% Electrical energy losses amounted to electrical energy output

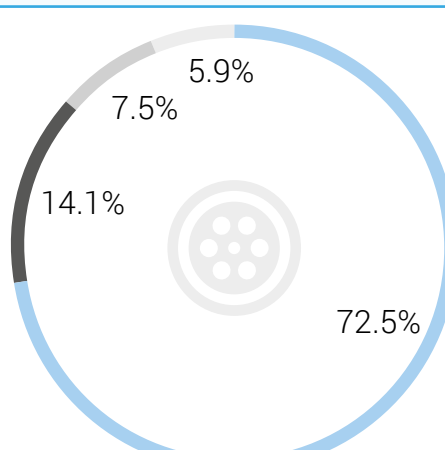
The actual losses of electrical energy in 2015 as compared to 2014 decreased by 50.1 mln kWh. Relative loss level in 2015 decreased by 0.01% due to the decrease in the output of electricity into the grids of JSC Tyumenenergo and to the decrease in the volume of output of electricity from the grids within the frames of the DGC.

One of the main consumers of electric energy transmission services in the Tyumen region is the guaranteed electric energy supply company JSC Tyumen Utilities Company. The share of

JSC Tyumen Utilities Company in the structure of revenues from services on electric energy transmission is 14.1%. Amount of electric energy transferred by JSC Tyumen Utilities Company to the consumers in the reporting year is 7,916.2 mln kWh and the cost of the rendered services amounted to 8,790.9 mln RUB.

The share of energy sales organizations amounted to 72.5%. With the amount of the services rendered equal to 40,831.5 mln kWh, the cost of the rendered services amounted to 45,223.7 mln RUB. Within given consumer category there are companies purchasing electric energy both at the wholesale electricity market (hereinafter – WEM) or at the retail electricity market (REM).

Structure of JSC Tyumenenergo revenues by consumer groups in 2015

Name of the group of service consumers	Amount of services rendered, mln kWh	Cost of services rendered, mln RUB, with VAT*	Structure of revenues
Energy sales organizations	40,831.5	45,223.7	
Guaranteeing supplier	7,916.2	8,790.9	
Territorial grid organizations	7,237.1	4,709.7	
End users	5,986.3	3,662.9	
Total	61,971.1	62,387.2	

* Note: The cost of services is given net of cost of electric energy losses included in wholesale market prices of electric energy.

3.2. Network connection

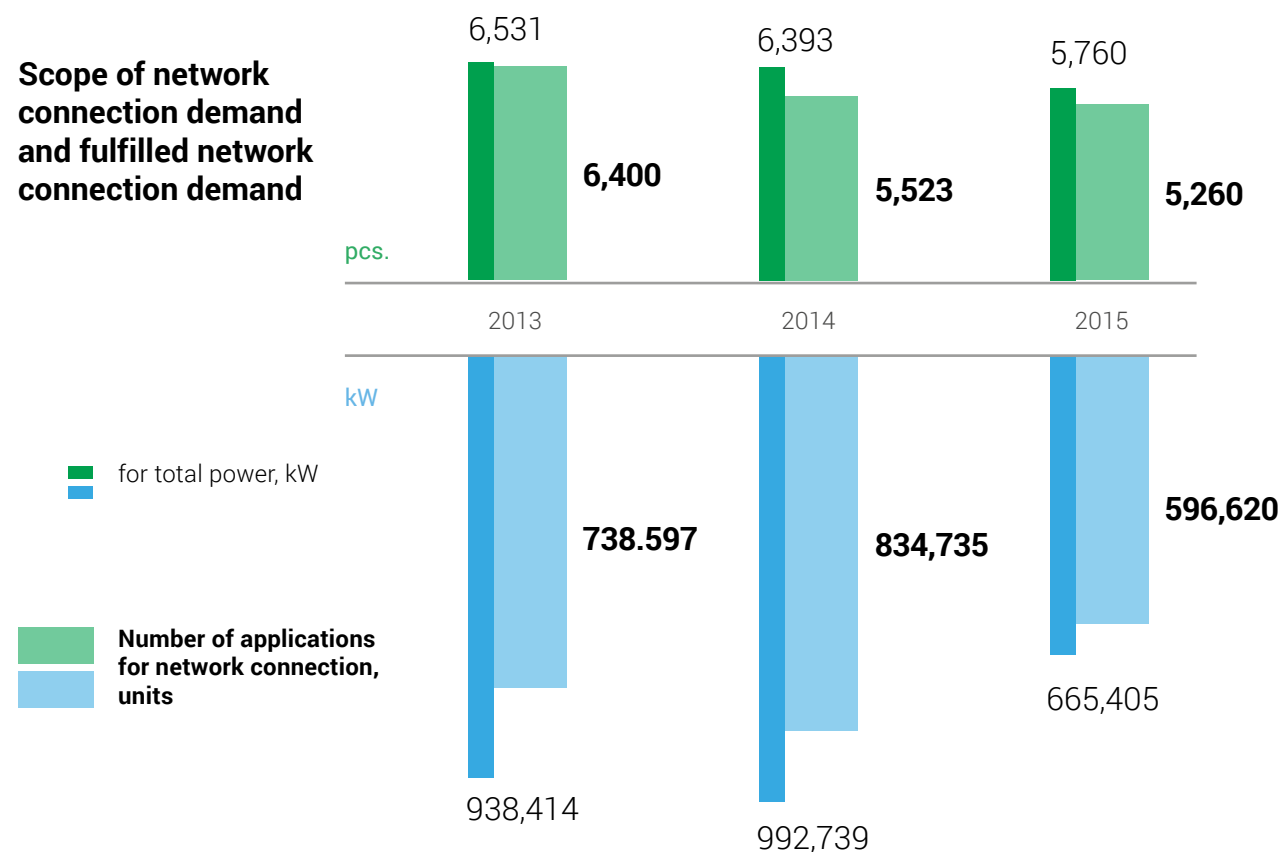
The process of network connection of the applicants' electricity receivers to JSC Tyumenenergo electrical grid is performed in accordance with the applicable Russian laws.

To arrange interaction with the service users beginning from 2007 JSC Tyumenenergo arranged Customer Service Center, which operates on the basis of the "one counter" principle. As of the end of 2015, it included the Central Office within the executive

directorate, nine regional departments based on Company branches, and supplementary offices in territorial grid companies of Tyumen, Surgut and Nizhnevartovsk.

Since January 2014, the new online Client's Personal Account (<http://www.lkk.te.ru/>), which enables filing and tracking of applications for utility hookups of applicants with the capacity of up to 150 kW, has been in operation.

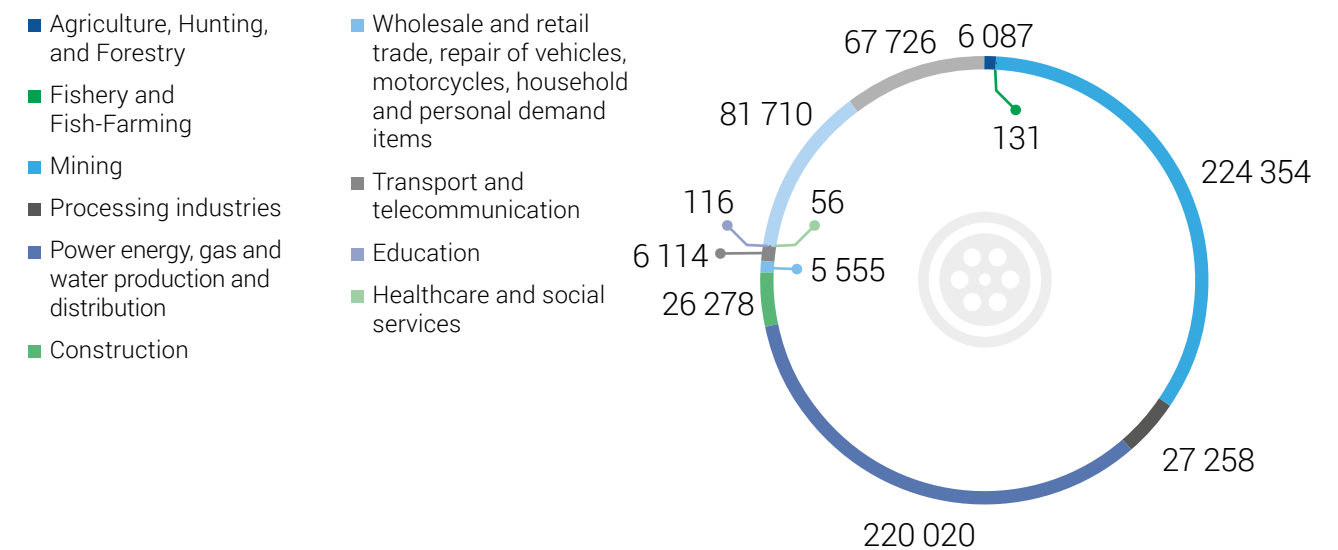
In 2015, JSC Tyumenenergo received 5,760 applications for network connection with the total capacity of 665.405 MW. As compared to similar 2014 indicators, the number of applications reduced by 10%, and the scope of the applied capacity reduced by 33%.



In 2015, activities were completed and network connection was performed on 5,433 contracts with the total capacity of 808.117 MW. The total number of the contracts executed, compared to 2014, increased by 18.7% while the amount of the tied-in capacity was reduced by 42.6%. High rates of connected power in the two previous years is due to the performance of contracts concluded with OJSC Fortum on connection of generation facilities such as Nyagan GRES (four units), PGU-2 of Tyumen TPP-1, Tobolsk CHP (units 3 and 5) within the specified period.

In 2015 was performed
5,433 contracts
 total capacity
808.117 MW

Distribution of applied power by fields, %



Result of financial and economic activities on network connection for 2015

Indicators	Amount, thous. RUB, without VAT
Network connection proceeds	412,070
Network connection costs	180,785
Network connection gross revenue	231,285
Network connection net profit	185,481
Advance payments received	1,998,329

3.3. Tariff policy. Tariff structure

General information

The basic principle of the tariff policy of the Company is the timely protection of tariffs for the services in the fields of electric power transmission and technological connection of consumers to power grids, which ensures a stable financial status of the Company and the development of reliable and quality power supply to consumers.

In the Tyumen area (the south of the Tyumen region, the Khanty-Mansiysk Autonomous District – Yugra, the Yamalo-Nenets Autonomous District), the Company implements a single tariff regulation: the electric power transmission tariffs in all the three entities of the Russian Federation are the same for consumers connected to the grids at the same voltage level.

The tariffs for electric power transmission services as well as the services for utility hookup of consumers for the three entities are approved by the Regional Energy Commission of the Tyumen region, the Khanty-Mansiysk Autonomous District – Yugra, and the Yamalo-Nenets District.

Revenue from regulated activities has a major share in the total commodity revenue of the Company for all activities. In 2015, the revenue from services rendered in the field of transmission of electric energy amounted to 98.8% of the total commodity revenue while the revenue from the utility hookup services amounted to 0.8%. In relation to the past year, no significant changes in the revenue structure are available.

Tariffs for electrical energy transmission services

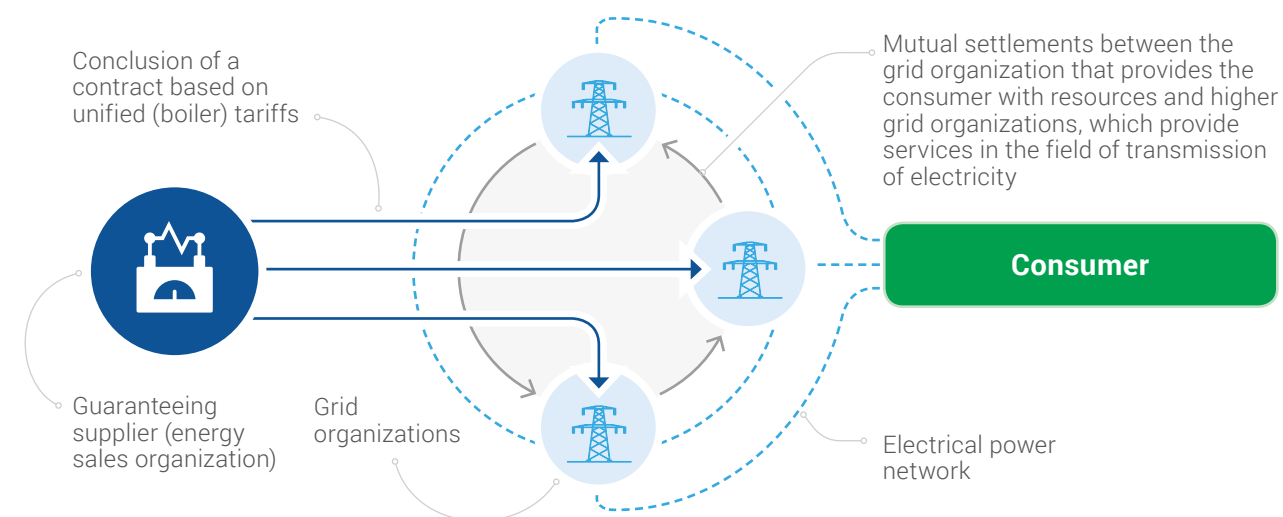
JSC Tyumenenergo uses the method of long-term indexation of the necessary gross revenue. The long-term regulation period is 2012-2017. Long-term regulation parameters are set by the decision of the Regional Energy Commission of Tyumen region, Khanty-Mansiysk Autonomous District and Yamal-Nenets Autonomous District.

JSC Tyumenenergo updated necessary gross revenue for 2015 for 43,904.4 mln RUB (the expenses for the services of JSC FSK EES). The change of the Company necessary gross revenue updated for 2015 amounted to 6.5%.

Since the Tyumen Region used a tariff – contract model according to which retail companies pay for electric energy transmission services under unified (boiler) tariffs to grid

organizations where power receivers of their consumers are connected, the commodity revenue of the Company for the services rendered in the field of electric power transmission is partially generated on the basis of unified (boiler) tariffs from sales companies for the volumes of output of electric power to end users and partially generated on the basis of individual tariffs for the volumes of output of electric power to other TGO. The commodity revenue from electric power transfer constitutes the source of covering the costs of JSC Tyumenenergo for the services rendered by JSC FGC UES, for the purchase of electricity to cover losses from guaranteeing suppliers, for the payment for the services rendered by TGO as well as for the maintenance and development of an own power grid complex (own necessary gross revenue) for ensure reliable and

Tariff-contract model



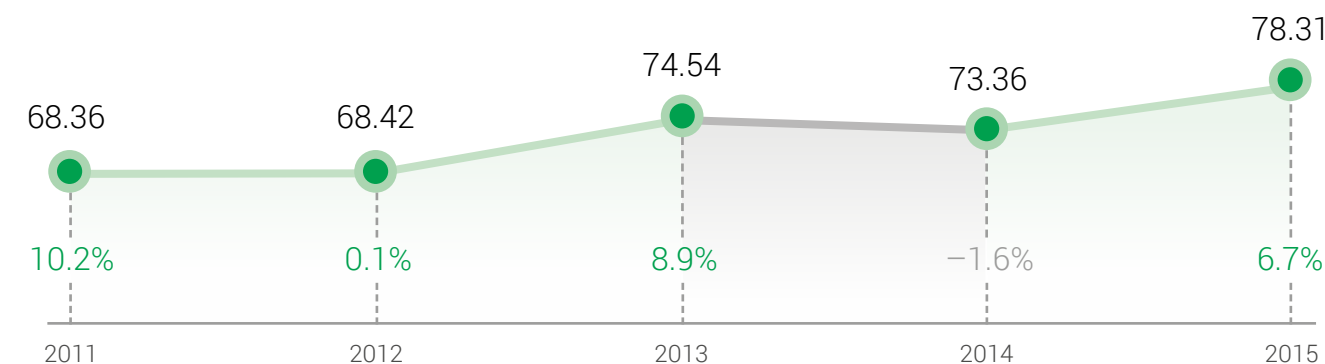
high-quality power supply to consumers as well as the future demand for electric energy (power).

The rates of unified (boiler) tariffs in the first half of the year 2015 do not exceed the rates effective in the second half of the year 2014; for the second half of the year 2015 the unified (boiler) tariffs were established at the growth of voltage level from 8.4% to 11.1%. The tariffs for voltage level HV1 in the first half of the year 2015 do not exceed the rates effective in the second half of the year 2014; in the second half of the year 2015 there is a decrease as compared to the rates of the first half of the

year 2015 due to the reduction of cross-subsidization rate included in tariff calculation at HV1 voltage level (as per Federal Law 308-FZ dated November 6, 2013).

Since 1 July 2015, the tariffs for services of electric energy transfer to public and consumers equivalent to public are approved by Regional Energy Commission with differentiation for public and consumers equivalent to public for whom the tariffs are established without decreasing coefficient and for public and consumers equivalent to public for whom the tariffs are established with decreasing coefficient.

Analysis of the changes in the average tariff for the services on electrical energy transmission by JSC Tyumenenergo, kop/kWh



¹ The TGOs whose necessary gross revenue is not fully offset by commodity revenue from sales companies at unified (boiler) tariffs for the volumes of electric energy output to end customers receive the missing funds from JSC Tyumenenergo through individual tariffs.

In 2015, the average tariff for electricity transmission services, which is calculated as the ratio of the gross revenue of JSC Tyumenenergo for the transfer of electrical energy to the output of electric energy from the grid, increased by 6.7% as compared to 2014. This change is due

to the increase in unified (boiler) and individual tariffs for electric energy transmission valid from July 1, 2015 as well as to the increase in the Company's own necessary gross revenue as compared to 2014.

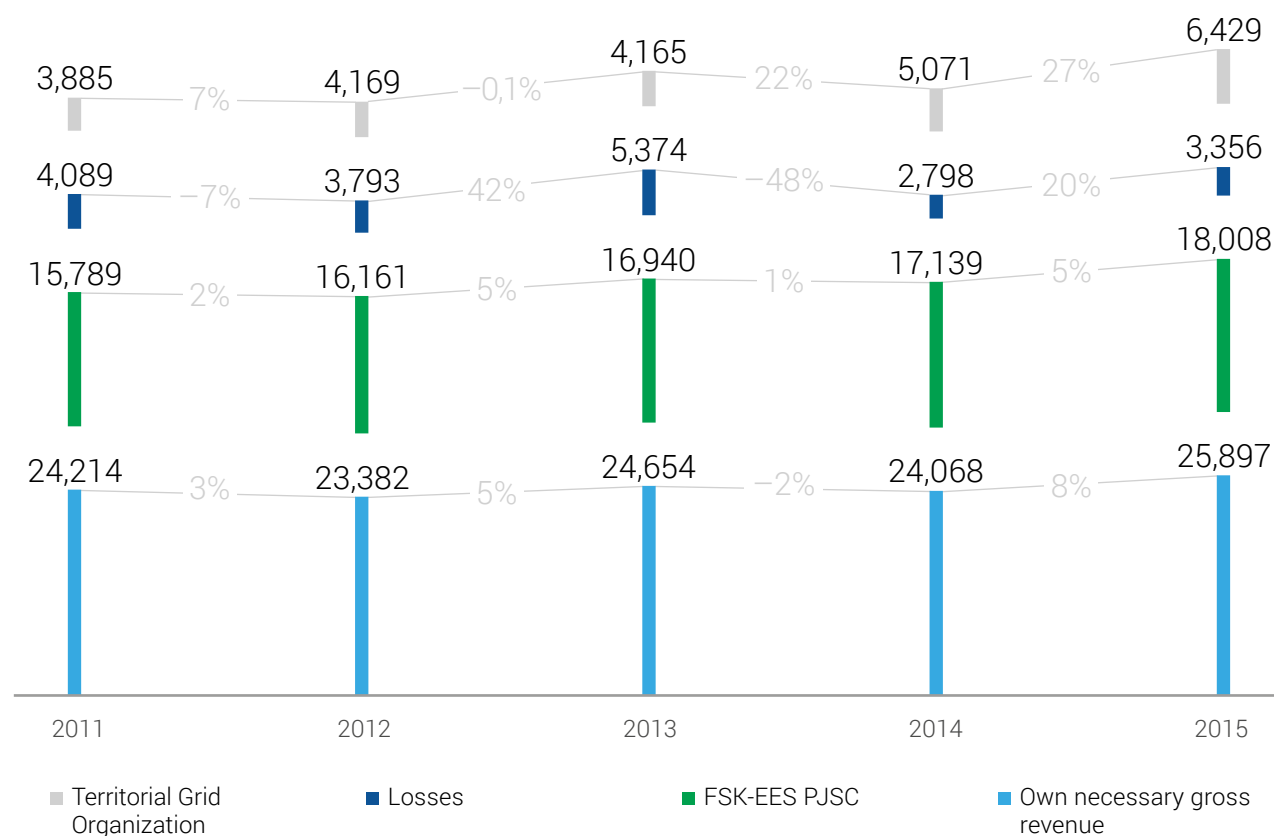
Dynamics of required gross revenue from services on electrical energy transmission by JSC Tyumenenergo, mln RUB

	2010	2011	2012	2013	2014	2015
Total gross revenue from electric power transmission, including	44,721	47,976	47,505	51,133	49,077	53,690
Own necessary gross revenue	24,088	24,214	23,382	24,654	24,068	25,897

Gross Revenue from Services on Electrical Energy Transmission in 2015 is reduced as compared to the previous year by 4,613 mln RUB or by 9.4%. Increase in the gross revenue for the transfer services provides for an increase of the costs of payment for electricity transmission services rendered by PJSC "Federal Grid Company" and other territorial

grid companies, the costs of the acquisition of electric energy to compensate for losses in the networks, the costs of maintenance and servicing of electric equipment to be able to provide the required level of reliability and quality of power supply to consumers, as well as the costs of development of the network that are envisaged in the tariff.

Dynamics of required gross revenue from services on electrical energy transmission by JSC Tyumenenergo, mln RUB



Network connection fee

Payment for network connection is calculated in cases of connection of devices that are commissioned for the first time, formerly connected devices with an increase of the maximum power, and in cases in which the category of power supply reliability, the point of attachment, production activities that do not involve the revision of the value of maximum power but that change the scheme of external power supply of such devices changes in relation to previously connected devices.

Payment for network connection can be calculated on the basis of the declared maximum power and approved standardized rates or rates per maximum power unit as well as according to an individual project. The payment rate is selected by the applicant at the

stage of conclusion of the network connection contract.

In accordance with Methodological instructions on assessment of payment approved by Order of Russian FTS No. 209-e/1 dated September 11, 2012, JSC Tyumenenergo calculated and Regional Energy Commission of the Tyumen Region, Khanty-Mansiysk Autonomous District – Yugra and Yamalo-Nenets Autonomous District approved (Resolution No. 134-tp dated December 19, 2013; Resolution No. 160-tp dated December 29, 2014) tariffs for maximum power unit, standardized tariff rates, and formulas for calculation of the payment for utility hookup of applicants' power receivers to the grids of JSC Tyumenenergo.

3.4. Investment activities

Key figures of implementation of corrected JSC Tyumenenergo's investment program for 2015 approved by the Russian Ministry of Energy's Order No. 707 dated September 30, 2015 are presented below.

In 2015, JSC Tyumenenergo invested into fixed capital in the form of investments including expenditures for new construction, revamping and re-equipment of the acting facilities, purchases of equipment and other fixed expenditures.

Construction of new facilities of power supply network and fixed assets' renovation are directed at sustainable development of the three Russian territories: YanAD, Khanty-Mansiysk Autonomous District – Yugra, and Tyumen Oblast, which are included in the Company's territory. As a result, reliability of power supply of consumers in maintenance diagrams is increased, and JSC Tyumenenergo's new image is being formed as a reliable business partner for electric power consumers.

Key figures of implementation of corrected JSC Tyumenenergo's investment program for 2015

Application of funds	New fixed assets commissioned	Financing	Capacity commissioning		Capacity increase	
mln RUB (without VAT)	mln RUB (without VAT)	mln RUB (with VAT)	MVA	km	MVA	km
10,373.536	19,748.385	10,733.028	645.333	1,606.188	498.344	1,204.658

In 2015, the Company implemented a number of top-priority new construction and reconstruction facilities:

KMAD-Yugra



Sarov 110 kV substation with a branch of the Svya-togor - Chupalskaya 110 kV Overhead Power Transmission Line (circuits 1 & 2)

1,033.97 mln RUB

80 MVA

130.76 km

KMAD-Yugra



Chupalskaya 110 kV substation with the Svya-togor - Chupalskaya 110 kV Overhead Power Transmission Line (circuits 1 & 2)

1,045.11 mln RUB

80 MVA

111.61 km

The planned completion of the project realizatsii - 2016

KMAD-Yugra



Upgrade of the Beloyarsk - Peregrebnoe 110 kV Overhead Power Transmission Line.

763.90 mln RUB
1 step in 2014 – 309.46
2 step in 2015 – 454.44

179.69 km

The Project's result is an increase in the reliability of power supply to consumers of Oktyabrsky and Beloyarsky districts, availability of equipment operation without capacity limiting for consumers during the winter peak periods (during emergency operation and decommissioning of equipment for maintenance).

KMAD-Yugra



Feeders of 110 kV Overhead Power Transmission Line at Svyatogor Substation

The planned completion of the project realizatsii - 2016

KMAD-Yugra



Feeders of 110 kV Overhead Power Transmission Line at Vektor Substation

The planned completion of the project realizatsii - 2016

YNAD



Nadym-Salekhard 220 kV Overhead Power Transmission Line with Salekhard 220/110/6 kV Substation.

12,254.12 mln RUB

250 MVA

706.37 km

Increased technical capacity of output opportunities, improvement of the quality of power supply to consumers, connection of new consumers, and increase of the power takeoff by connected consumers.

YNAD



Polyarnik 110 kV substation with the 110 kV Overhead Power Transmission Line in Salekhard.

The planned completion of the project realizatsii - 2016

YNAD



Feeders of Kirpichnaya - Kristall 1, 2 110 kV Overhead Power Transmission Lines to Arsenal 220 / 110kV Substation with an expansion of the 110 kV Outdoor Switchgear at Geolog 110 kV Substation.

434.19 mln RUB

56.03 km

The work must be performed in order to ensure the implementation of activities for utility hookup to electric networks of PJSC FGC UES with redistribution of maximum power of 62 MW.

Provision for a centralized, secure, and uninterrupted power supply to consumers in the North-Western part of the Yamalo-Nenets Autonomous District and the deposits of Subpolar and Polar Urals.

YNAD



Northern Lights 110 kV substation in Salekhard from 110 kV Overhead Power Transmission Line

The planned completion of the project realizatsii - 2016

The possibility of the connections of new consumers and increasing the power takeoff by connected consumers; improvement of the quality of electricity supply to existing consumers; the possibility to decommission substation equipment for maintenance without introduction of power consumption limits. Provision for the centralized power supply to Salekhard.

Long-term investment program

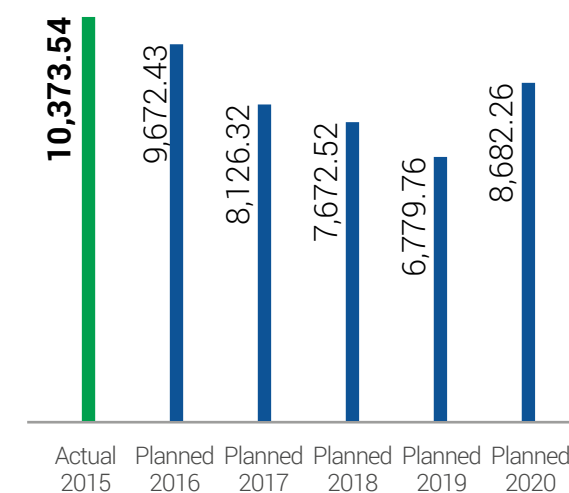
The investment program of the Company for 2016-2020 was approved by the Order of the Ministry of Energy of the Russian Federation dated November 30, 2015 and registered under No. 896.

The investment program for 2016-2020 was formed in accordance with Scenario Requirements for business plans formation for JSC Tyumenenergo for 2016-2020 in view of the current situation of the Russian economy and the financial capacity of JSC Tyumenenergo. While developing the Investment Program for 2016-2020, reduction in equipment ageing was maintained as the priority. Creation of availability of hook-up of consumers' new capacities and increase of reliability and quality of power supply of current consumers remain as priorities.

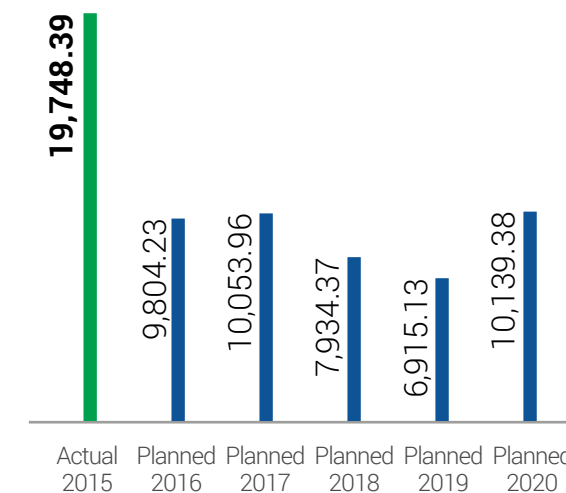
The volume of planned investments of JSC Tyumenenergo for 2016-2020 is represented as a histogram.

The planned volume of financing of the investment program of JSC Tyumenenergo for 2016-2020 is provided in the amount of 49,016.851 mln RUB (with VAT).

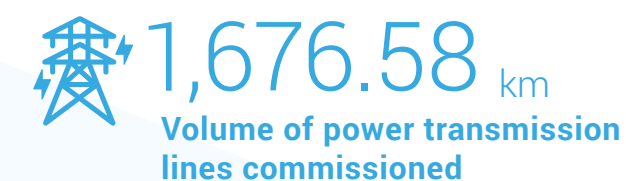
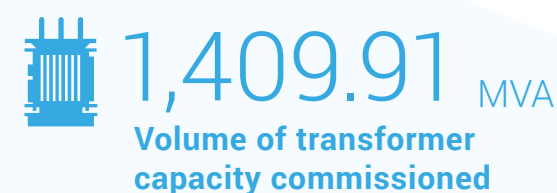
Volume of application of capital investments in 2015-2020, mln. RUB without VAT



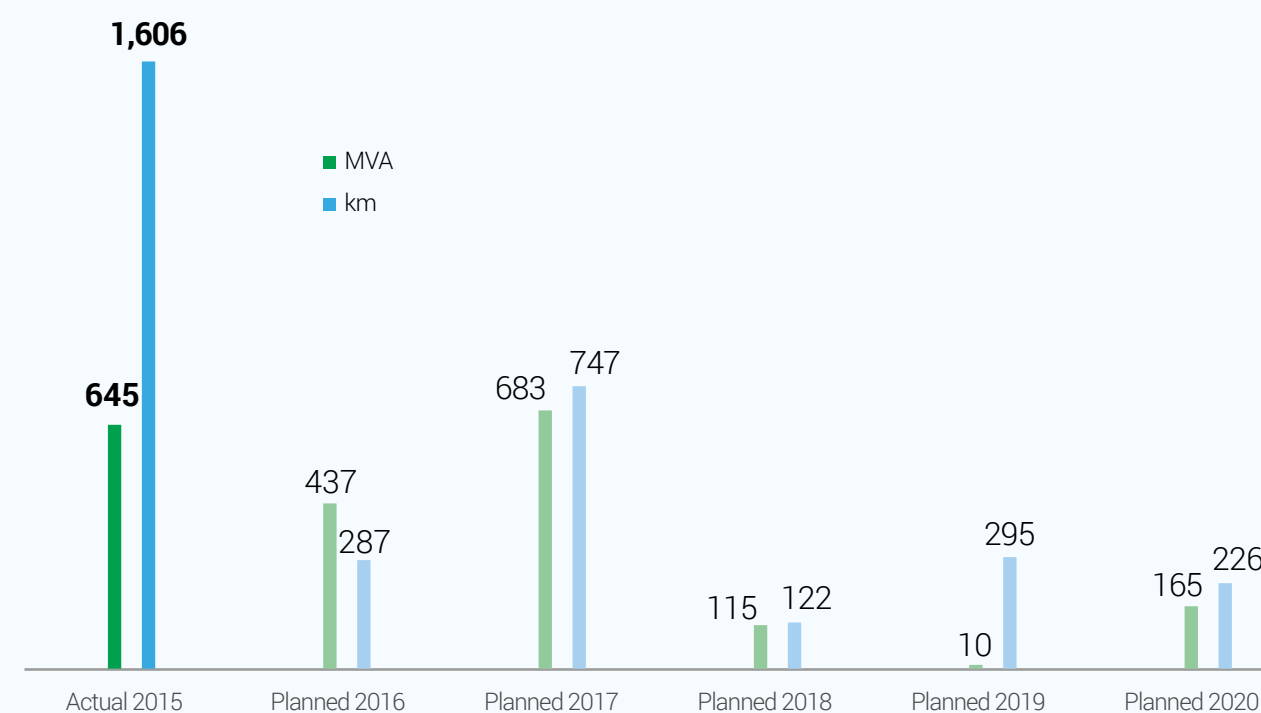
New fixed assets commissioned in 2015-2020, mln. RUB. without VAT



For the period from 2016 to 2020, the total volume of new fixed assets commissioned is planned in the amount of 44,847.057 mln RUB



Capacity commissioned 2015-2020



4 Uninterrupted power supply

In 2015, JSC Tyumen-energy introduced nine new technologies aimed at increasing power supply reliability, manageability, and informative value of electricity grid facilities.



854 mln RUB

Volume of financing of the Innovation Development Program

According to 2015 results, the Company's maintenance program has been fully implemented.



4,102.76 mln RUB

Expenses for revamping and re-equipment



3,616.3 mln RUB

Expenses for repair and maintenance



4.1. Maintenance program implementation

3,616.3 mln RUB

Expenses for maintenance of plant and equipment across the Company in 2015

According to 2015 results, the Company's maintenance program has been fully implemented. Expenses for maintenance of plant and equipment across the Company in 2015 amounted to 3,616.3 mln RUB. Work undertaken by own efforts (using own resources) amounted to 2,024.2 mln RUB, and under third-party contract – 1,592.1 mln RUB.

Implementation of the maintenance program for 2015 in monetary terms, mln RUB

Type of Equipment	Actual value for 2015		
	total	including:	
		own resources method	contract
Power Line Maintenance	580.8	81.6	499.2
SS Equipment Maintenance	647.5	287.3	360.2
Buildings and structures	378.3	27.5	350.8
Other facilities	373.3	236.5	136.8
TOTAL	1,979.9	632.9	1,347.0

Implementation of the maintenance program for 2015 in physical terms:

Type of equipment	Measure ment unit	Actual value for 2015	Planned value for 2016
Maintenance of 35-110 kV power transformers	units	79	65
Maintenance of circuit breakers	units	272	277
Maintenance of disconnectors	units	876	319
Maintenance of 0.4-110 kV overhead power transmission lines	km	2,159	2,609
Clearing of the route	ha	5,949	5,854
Maintenance of 10 / 0.4 kV transformer substations	units	33	107

4.2. Operational process control

In order to optimize the system of the operational and technological control of the distribution grid complex, the Board of Directors of JSC Tyumenenergo (Minutes No. 13/15 dated July 31, 2015) approved the basic three-level model of targeted operational and technological control:



The first level

The Network Control Center (NCC), which functions in the Head Office of JSC Tyumenenergo and performs non-operational functions



The second level

Twelve operational and dispatching services of the branches of JSC Tyumenenergo, which serve as the operational and technological control in the operational area of responsibility of electric networks



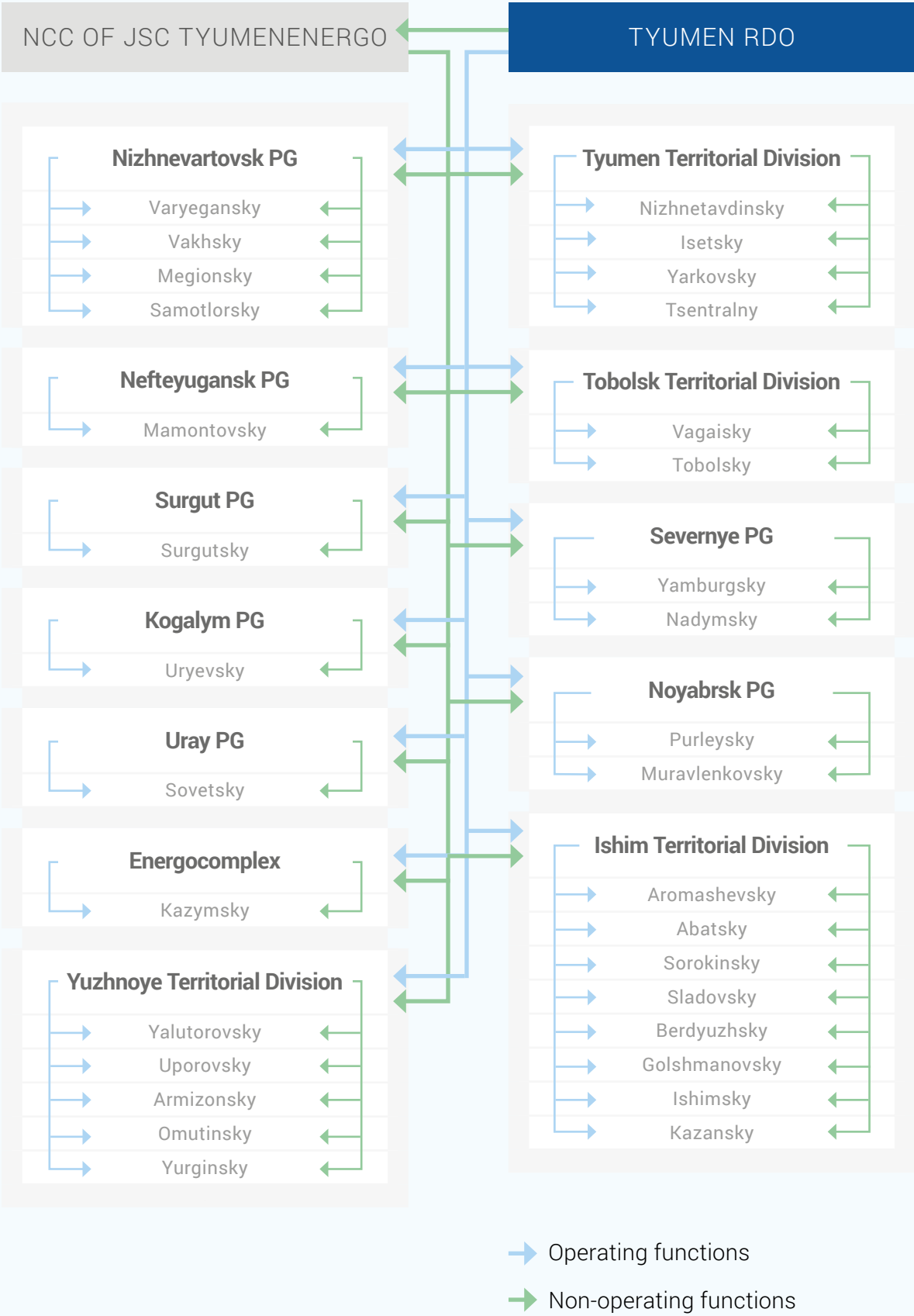
The third level

Operational and dispatching groups of the areas of electrical networks

The Network Control Centre performs non-operational functions aimed at addressing the challenges of optimizing business processes of operational process control, aimed at planning and optimizing operating practice of electric grid facilities and improving the quality of maintenance planning and management within the electric grid facilities, coordination of all the structural units of the operation and technological control of the Company as well as coordination of the implementation of organizational and technical activities in the course of operation of power grids in the high alert mode (HAM), the special operating mode (SOM), the high-risk mode (HRM) as well as interaction with the regional headquarters for provision of power supply to Yamalo-Nenets Autonomous District, Khanty-Mansiysk Autonomous District – Yugra, and Tyumen region.

Operational dispatching units and operational dispatching groups (district dispatching groups) of the branches of JSC Tyumenenergo are engaged in operational and technological control in accordance with the lists of distribution of transmission lines, equipment, and devices of dispatching facilities according to the method of control within the boundaries of the operational areas of responsibility of the branches of the Company. Operational staff carries out operational functions on a round-the-clock basis in real-time mode, including control over operating practice of the Company's electric grid facilities, elimination of accidents (disturbances), and preparation for maintenance at the electric grid facilities.

The structure of the operational and technological management of JSC Tyumenenergo



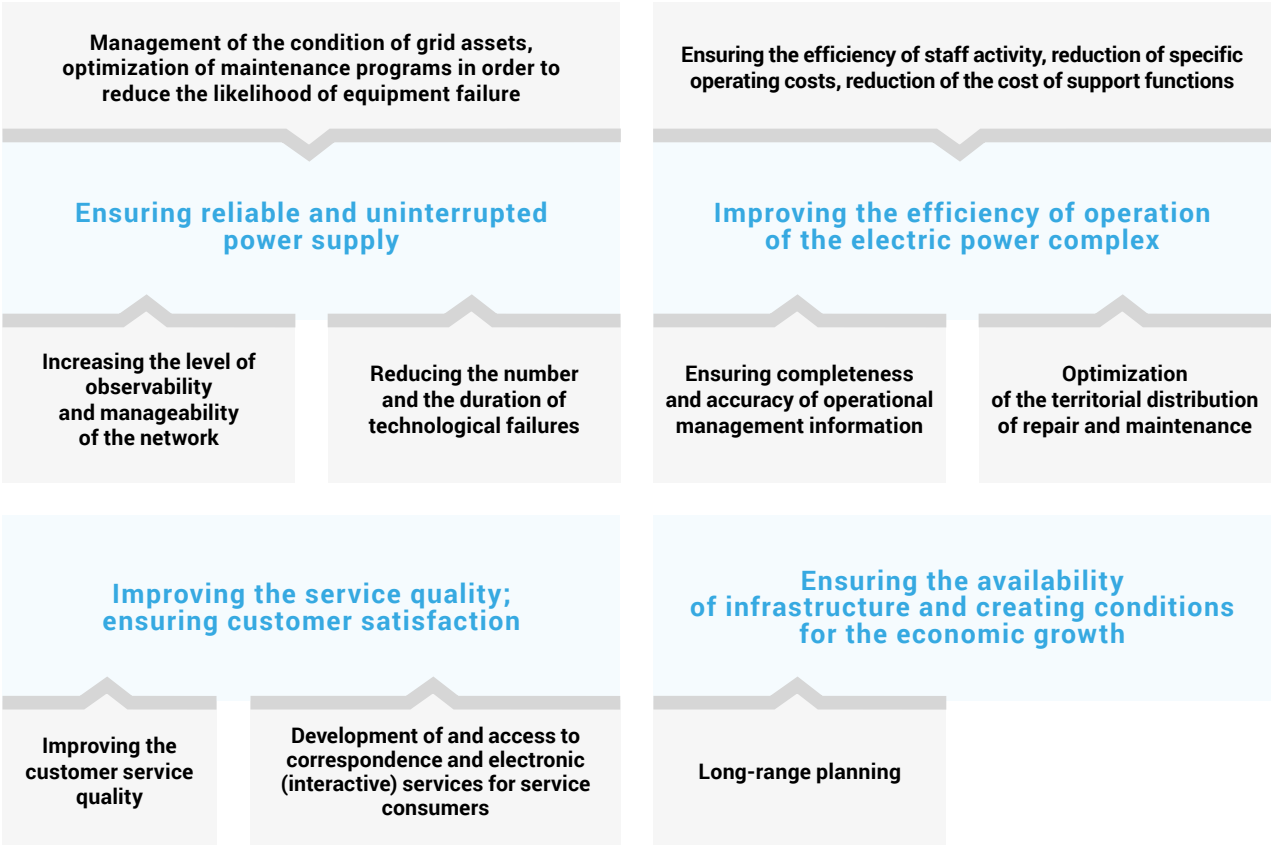
4.3. Development of the communications and IT networks

General information

JSC Tyumenenergo is a modern energy company whose effectiveness depends substantially on the use of information technology and automation equipment. In modern conditions, the operation of the electric grid complex as a whole and JSC Tyumenenergo in particular cannot be organized without such elements as:

1. Automated process control systems, which provide for automated collection and processing of information which is necessary for the purposes of optimization of the management of technological facilities of the Company for the rapid and uninterrupted management of the distribution power grid complex.
2. Automated business management systems, which ensure effectiveness of strategic management of the Company.
3. Communication systems and IT infrastructure, which ensure efficiency of the totality of the above automation tools as well as the smooth communication for all the employees of the Company.

IT Activities



The introduction of new - as well as development of existing and maintenance of already implemented - information technology projects is related to continuing operations, which are conducted in accordance with the Strategy of Information Technology and Telecommunications of the Company (hereinafter referred to as the ITT Strategy). This Strategy defines the objectives for the

development of information technology of the Company, strategic initiatives, and activities that are aimed at achieving these objectives and identifies the following IT design concepts:

1. IT solutions

2. IT organization

3. IT processes
4. IT services

5. IT infrastructure

6. IT security

Development results in 2015 and future plans

business process automation	telecommunications (hereinafter referred to as TC) and information technology and infrastructure (hereinafter referred to as ITI)	ASNM	Further ITT activities
PAAS Plant asset administration system. The PAAS of JSC Tyumenenergo is designed to provide the required level of reliability of power transmission and distribution through the efficient use of resources and the control of production assets on the basis of the balance of cost, risks, and performance of assets.	Unified catalogue ADDS Software and hardware complex which is the basis of the IT infrastructure, and provides environment for other OJSC Tyumenenergo's information services management.	Implementation of the upgrade and expansion program for the System for Information Collecting and Transmitting (SICT) on substations of JSC Tyumenenergo in terms of telemechanization - equipment there was conducted reconstruction of telemechanics systems at 15 substations.	<ul style="list-style-type: none">Development of an FEO AMS for the needs of implementation of services and work with consumers of JSC TyumenenergoUpgrading the website of JSC Tyumenenergo
AIS "Client's Personal Account" AIS "Client's Personal Account" provides interactive services of interaction with consumers in the following areas: network connection, electricity distribution, perspective loads, consumer questioning.	Service Desk unified service This hardware and software complex provides a single point of registration of user information systems' requests, organization of control over the work on user requests and elimination of failures and faults.	Implementation of the upgrade and expansion program for the System for Information Collecting and Transmitting (SICT) on substations of JSC Tyumenenergo in terms of communication channels: <ul style="list-style-type: none">reconstruction of fiber-optic links at 30 grid facilities;reconstruction of carrier-communication system at 7 grid facilities;research and development of fiber-optic links at 4 grid facilities;reconstruction of 22 spans of radio relay communication lines;reconstruction of the engineering communication center of JSC Tyumenenergo.	<ul style="list-style-type: none">Upgrading the Call Center of JSC TyumenenergoIntroduction of external document management with a digital signatureImplementation of the ADMS information security subsystem
Intranet portal of JSC Tyumenenergo Intranet-Portal of JSC Tyumenenergo is a single structured content, corporate information.	Development of CSED. Migration to UCS A Unified Communications System (UCS) is a hardware and software complex that provides for all the types of modern information communications, inclusive of email, instant messaging, video conferencing, and integration with telephony systems.	Creation of multi-service networks of the Company communications based on a single architecture.	<ul style="list-style-type: none">Upgrading the backup systemUpgrading the voice service

4.4. Scientific, network and innovation development

The purpose of the Company in the field of innovation development is transition to electric grids of new network wave with qualitatively new features of reliability, efficiency, availability, manageability, and customer-oriented approach in accordance with the guidelines established by the Innovative Development, Energy Conservation, and Energy Efficiency Enhancement Policy distribution of advanced solutions among the entire grid facilities and local grid operators (LGO).

Since 2011, the Company has been using a JSC Tyumenenergo Innovation Development Program. The Program's goal is to develop an effective mechanism for implementation of the

innovation cycle providing favorable conditions for establishment and promotion of high tech equipment and advanced technologies on a continuously renewed basis.

854 mln RUB
Total volume of financing of the Innovation Development Program in 2015



The total volume of financing of the Innovation Development Program in 2015 totaled 854 mln RUB. Financing of the Program in 2015 was conducted in the following main directions:

98 mln RUB

financing of research, development, and engineering work

451 mln RUB

financing of activities in the field of development of new technologies as part of the investment program

6 mln RUB

financing of activities in the field of staff training, further training, and professional training of personnel related to innovation, inclusive of in training in higher educational establishments

289 mln RUB

financing of energy efficiency measures

1 mln RUB

financing of activities in the field of improvement of the quality management system

R&D Results for 2015:

1. prototype of a multifunctional centralized protection device for a 110/35/10 kV;
2. prototype of a wireless monitoring system for elements of jointed composite towers of 110 kV overhead power transmission lines;
3. prototype of the "TOP 300 ADZ 514" terminal of the adaptive protection system for 110-220 kV power lines;
4. prototype of the software and hardware complex of the system of quick diagnostics of the constructional part of 35–220 kV Overhead Power Transmission Line;
5. "Methodical instructions on the design of construction, reconstruction, and revamping of 35-220 kV Overhead Power Transmission Lines in the north of Western Siberia with due consideration of the existing climate, permafrost, and geotechnical conditions of the region";
 - "Technical solutions for modernization of structures of unified steel lattice power line towers for 35-110 kV overhead power transmission lines used in the northern regions of Western Siberia" and design documentation for the structures of unified steel lattice power line towers for 35-110 kV overhead power transmission lines used in the northern regions of Western Siberia;
 - "Technical solutions for modernization of structures of unified footings of power line towers for 35-110 kV overhead power transmission lines used in the northern regions of Western Siberia" and design documentation for the structures of unified footings of power line towers for 35-110 kV overhead power transmission lines used in the northern regions of Western Siberia that are subject to modernization.

In 2015, JSC Tyumenenergo received one certificate of registration of a computer program and two patents:

- Certificate No. 2015614412 dated April 17, 2015 / Application No. 2015610282 dated January 21, 2015 on the registration of the computer program "Automated Workstation of a Relay Protection and Automation Specialist with Grid Emergency Operation Simulation Functions and Selection of Relay Protection and Automation Trigger Parameters.
- Utility Model Patent No. 155510 dated September 16, 2015 / Application No. 2015114125 dated April 17, 2015 for registration of a utility model "Device for Continuous Control of Paper-Oil Insulation Humidity in HV Oil-Filled Electro-Technical Equipment."
- Utility Model Patent No. 157512 dated November 11, 2015 / Application No. 2015117049 dated May 5, 2015 for registration of a utility model "Complete Combined Relay Protection and Automation Device for AC Control Power for Connections of Switchgear of 6-35 kV Power Grids."

Introduction of new equipment

In 2015, JSC Tyumenenergo introduced nine new technologies aimed at increasing power supply reliability, manageability, and informative value of electricity grid facilities.

Introduction of new equipment relates to the measures in the area of assimilation of effective innovative industrial developments (technologies, equipment, services) implemented in the form of new or improved technologies, products and services introduced in the market and used in practical activities of the Company.

1. SMART35 re-closer. JSC Tyumenenergo's branch of Nizhnevartovsk Electric Grids brought in one SMART35 recloser. Introduction facility: 110/35/6 kV Substation of GPP-7.
2. PBA/TEL -10 (20)/630 vacuum reclosers. Tyumen Distribution Networks branch of JSC Tyumenenergo brought in 171 reclosers.
3. hierarchical system of collection and review of emergency information from diverse distributed sources. The software complex of the hierarchical system currently includes ten 110 kV substations.
4. hardware and software complex for active-adaptive electric power networks as regards the modeling of the functioning of TKZ-MT. Commissioning facilities: 4 Regional Power Grids of the Nizhnevartovsk Electrical Networks, 3 Regional Power Grids of the Tobolsk Territorial Division of the Tyumen Distribution Grids branch.
5. surge protection devices from the single-phase earth fault of the TOP-110-IZN. Sixteen substations in eight branches of JSC Tyumenenergo brought in 109 units of surge protection devices from the single-phase earth fault of the TOP-110-IZN class developed as a result of R&D.
6. microprocessor-based protection at the site of new construction of Salekhard 220 kV Substation with the feeding 220 kV Nadym-Salekhard. During the new construction of the facility of Salekhard 220 kV Substation with the feeding 220 kV Nadym-Salekhard Overhead Power Transmission Line for the Severnye PG branch, ShE2710- and ShE2607-series microprocessor-based protection manufactured.
7. electricity consumption metering system based on the NES system equipment manufactured by Echelon Corporation, on 0.4 kV grids, aimed at transfer of electricity metering data via 0.4 kV power line carriers (PLC) and cellular communication channels (GSM / GPRS) – 3,934 TS in Ishym and Southern TD of the Tyumen Distribution Grids branch.
8. of electricity consumption metering system manufactured by JSC Concern Energomera, on 0.4 kV grids, which is aimed at transfer of electricity metering data via radio and cellular communication channels (GSM / GPRS) – 11,987 TS in Tyumen TD of the Tyumen Distribution Grids branch.
9. Mir electricity consumption metering system manufactured with availability of an additional telemetry function was introduced in the Tyumen Distribution Grids branch in the course of creation and upgrade of accounting points of the electricity retail market at five 10/0.4 kV TS of the branch as a pilot project.

Performance indicators

Name of the performance indicator	Single source	2015
Expenses for research and development implemented by third parties inclusive of the breakdown by performers (universities, research organizations, small and medium innovation companies)	thous. RUB	98,337.64
of which, by projects under		
research organizations	thous. RUB	22,632.6
Costs of training and professional retraining in higher education per employee,	RUB / pers.	17,277.26

4.5. Energy saving and energy efficiency enhancement

Measures aimed at energy saving and energy efficiency enhancement in JSC Tyumenenergo in 2015 were implemented in accordance with

the JSC Tyumenenergo Program on Energy Saving and Energy Efficiency Enhancement for the period of 2015-2019

Target values Program:

- reducing electricity losses in electric grids;
 - consumption of resources for economic needs;
- provision with up-to-date electrical energy meters available on the retail market in accordance with the PRSUE Program. The numerical values of the Program targets have been set for 2015 - 2019.

Data on planned and actual target values

Indicator description	Units of measurement	2015	
		Planned	Actual value
Electricity losses, inclusive of:	mln kWh	1,835.47	1,818.09
	% to environment	2.54	2.54
auxiliary power consumption of substations	mln kWh	95.90	88.31
Resources consumed for economic needs inclusive of breakdown by resource types	mln RUB	520.99	424.65
fuel and energy, inclusive of:	TOE	22.02	17.93
	mln RUB	325.69	285.16
	TOE per m² of the floor space	0.061	0.049
electrical energy	mln kWh	84.79	74.47
	mln RUB	254.43	215.08
thermal energy	Gcal	36,667.70	37,923.57
	mln RUB	54.82	52.22
gas	thous. m³	2,885.03	2,081.97
	mln RUB	6.92	5.93
other (diesel fuel, kerosene, petrol etc.)	thous. TOE	1.30	1.02
	mln RUB		8.49
hot water supply	thous. m³	-	-
	Gcal	-	-
	mln RUB	-	-
cold water supply	thous. m³	103.89	60.17
	mln RUB	7.28	5.81
Provision with up-to-date electrical energy meters available on the retail market	%	54.5	41.98

5 Financial and economic results

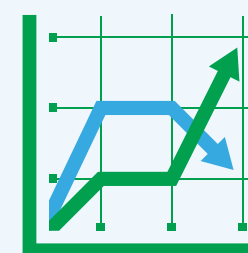
+3%
by 2014
53,511 mln
RUB
Revenue



+19%
by 2014
3,696 mln
RUB
Net profit



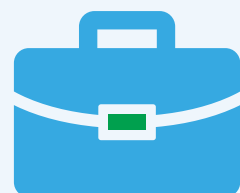
5.03 %
Effect of the
reduction in specific
operating costs



+2%
by 2014
12,268 mln
RUB
EBITDA



+4,4%
by 2014
117,740 mln
RUB
The net assets value
as of December 31, 2015



The financial position of
JSC Tyumenenergo is
assessed as stable

The Company has stable
income and profit, more
than 90% of its assets are
represented by non-current
assets, which can be used as
collateral for loans

5.1. Indicators of the Company's financial status and sources of funding

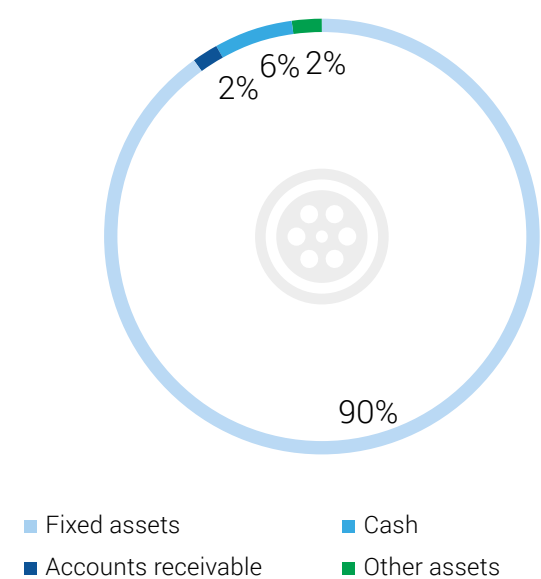
Indicators of the Company's financial status and sources of funding

As JSC Tyumenenergo operates in capital-intensive sector, the Company's assets are characterized by a significant proportion of non-current assets (91%), and the liabilities – by considerable amount of loans (8,670 mln RUB).

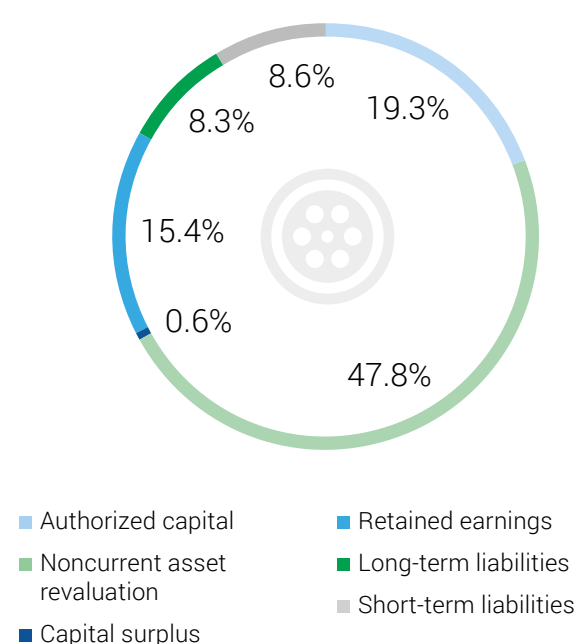
Assets and liabilities in 2013-2015, mln RUB

Indicator	December 31, 2013	December 31, 2014	December 31, 2015	2015/2014 Deviation	
				abs.	%
Total assets	133,619	136,136	141,777	5,641	4.1
Noncurrent asset value	126,415	124,475	128,890	4,415	3.5
Current asset value	7,204	11,661	12,887	1,226	10.5
Total liabilities	133,619	136,136	141,777	5,641	4.1
Equity	112,932	112,761	117,740	4,979	4.4
Long-term liabilities	15,302	14,414	11,817	-2,597	-18.0
Short-term liabilities	5,385	8,961	12,220	3,259	36.4

Assets structure as of December 31, 2015



Liabilities structure as of December 31, 2015



Net assets

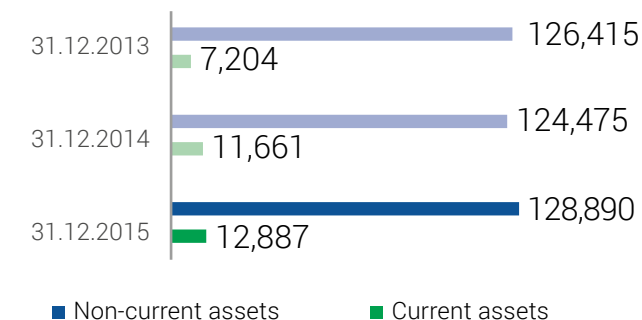
117,740 mln RUB

Net assets value as of December 31, 2015

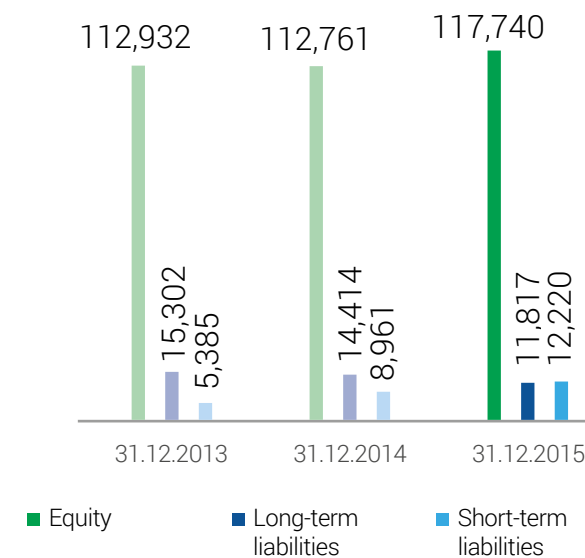
Shares of JSC Tyumenenergo are not traded in the regulated securities market; therefore, instead of Market Capitalization, the company calculates the net assets value.

As of December 31, 2015, the net assets value is 117,740 mln RUB, which exceeds the amount of the authorized capital, which constitutes the criterion of sustainability of the Company's financial standing.

Dynamics of the assets structure, mln RUB

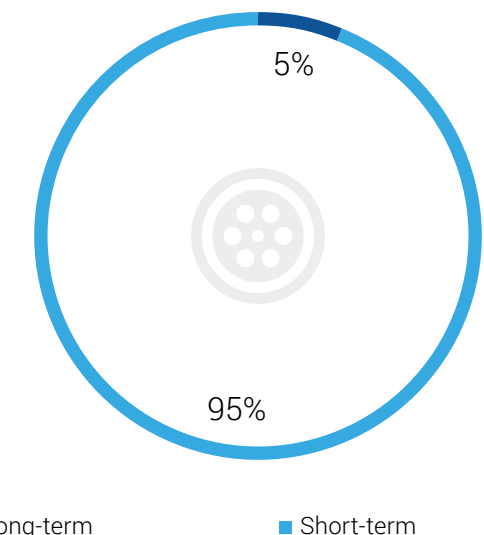


Dynamics of the liabilities structure, mln RUB

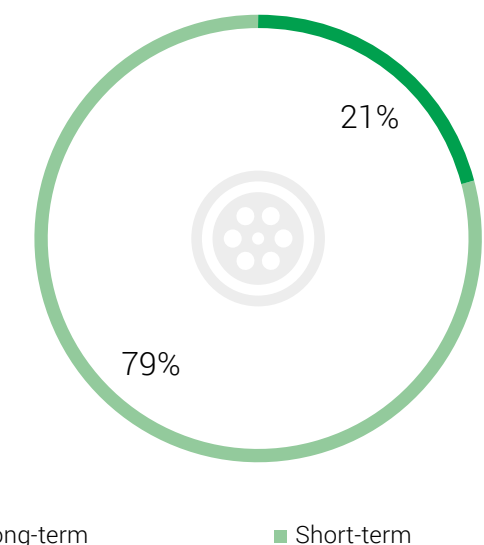


The Company's accounts receivable and accounts payable

Accounts receivable as of December 31, 2015



Accounts payable as of December 31, 2015



Following the results of 2015, the share of overdue payables is less than 1% (79 mln RUB). Work on minimization of overdue liabilities is conducted on an ongoing basis.

5.2. The Company's financial performance

Revenue

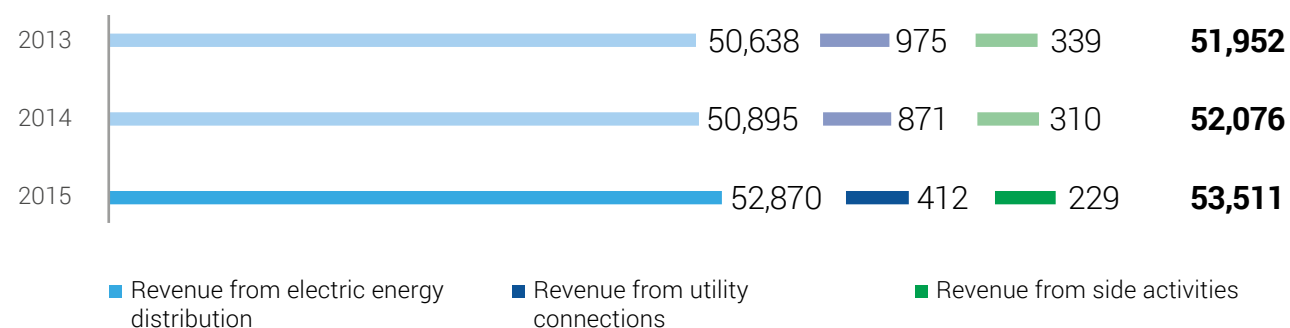
53,511 mln RUB

**Revenue of JSC Tyumenenergo in 2015
(+3% by 2014)**

During 2014, revenue of JSC Tyumenenergo amounted to 53,511 mln RUB, which exceeded the level of 2014 by 1,435 mln RUB or 3%.

The bulk of JSC Tyumenenergo revenue (99%) comes from electric energy distribution in grid. Uring 2015, revenue from electric power transmission amounted to 52,870 mln RUB, which exceeded the level of 2014 by 1,975 mln RUB or 4%. The revenue growth is due to an increase in the tariff for electricity transmission services.

Revenue structure, mln RUB



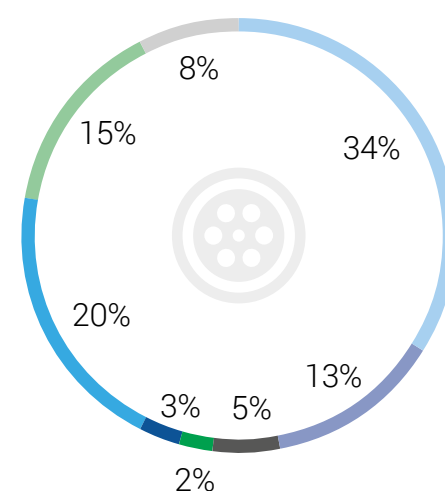
Prime cost

In 2015, the prime cost of JSC Tyumenenergo goods, work, and services sold totaled 48,957 mln RUB, which is 3,629 mln RUB or 8% above

the level of 2014. The increase in the prime cost in 2015 is primarily due to the growth of infrastructure charges and labor costs.

2015

- Services of FSK-EES PJSC
- Services of grid companies
- Purchased electric energy for losses balancing
- Material costs
- Industrial work and services
- Personnel costs
- Depreciation
- Other expenses



Financial performance

mln RUB

No.	Description	2013	2014	2015	2015/2014 deviation	
					abs.	%
1.	Revenue from sale of products (services), inclusive of:	51,952	52,076	53,511	1,435	3
1.1	From electric energy distribution	50,638	50,895	52,870	1,975	4
1.2	From network connection	975	871	412	-459	-53
1.3	Revenue from side activities	339	310	229	-81	-26
2.	Prime cost of products (services)	45,820	45,328	48,957	3,629	8
3.	Gross profit	6,132	6,748	4,554	-2,194	-33
4.	Administrative costs	-	-	-	-	-
5.	Commercial costs	-	-	-	-	-
6.	Profit (loss) from sales	6,132	6,748	4,554	-2,194	-33
7.	Interest receivable	301	457	1,206	749	164
8.	Interest payable	537	1	-	-1	-
9.	Income from participation in other organizations	4	2	2	-	-
10.	Other income, total	9,431	417	2,238	1,821	437
11.	Other expenses, total	11,158	2,819	2,808	-11	-
12.	Profit (loss) before tax	4,173	4,804	5,192	388	8
13.	Income tax and other payments	2,123	1,698	1,496	-202	-12
14.	Net profit	2,050	3,106	3,696	590	19
15.	EBITDA*	12,116	12,046	12,268	222	2

* EBITDA = Earnings before tax + Depreciation + Interest payable

3,696 mln RUB

**Net profit of JSC Tyumenenergo in 2015
(+19% by 2014)**

According to the results of 2015, JSC Tyumenenergo net profit totaled 3,696 mln RUB, which exceeded the level of 2014 by 590 mln RUB. Growth of the Company's net profit was caused by the following factors:

- increase in revenues from electricity transmission;

- the increase in interest receivable due to the effective placement of temporarily free funds;

- restoration of provision for doubtful debts of LLC Nizhnevartovsk GPK and LLC Belozerny in connection with the settlement of disputes.

12,268 mln RUB

**EBITDA of JSC Tyumenenergo in 2015
(+2% by 2014)**

5,03% Effect of the reduction in specific operating costs in 2015

In 2015, EBITDA totaled 12,268 mln RUB, which exceeded the level of 2014 by 222 mln RUB or 2%. The increase of this indicator in 2015 was due to the increase in other revenues in interest receivable and restoration of provision for doubtful debts of LLC Nizhnevartovsk GPK and LLC Belozerny in connection with the settlement of disputes. JSC Tyumenenergo has implemented

a policy aimed at reducing costs every year for the past 5 years. Work of the Company in the area of cost reduction has a positive effect on the financial condition of JSC Tyumenenergo and allows performing the set targets of reduction of operating expenses in full. The effect of the reduction in specific operating costs amounted to 5.03% in 2015 against the target level of 2-3% annually.

5.3. Allocation of net profit

Allocation of net profit in 2013-2015 in accordance with annual General Shareholders Meetings decision

	2012* (2013 AGSM)	2013** (2014 AGSM)	2014*** (2015 AGSM)
Retained net profit, total including:	127	2,050	2,669
Reserve fund	6	102	133
Profit for development	89	1,436	1,869
Dividends	32	512	667
Repayment of losses of previous years	-	-	-

*2013 AGSM (for 2012): Minutes No. 187pr/14 dated June 28, 2013.

**2014 AGSM (for 2013): Minutes No. 242pr/14 dated June 30, 2014.

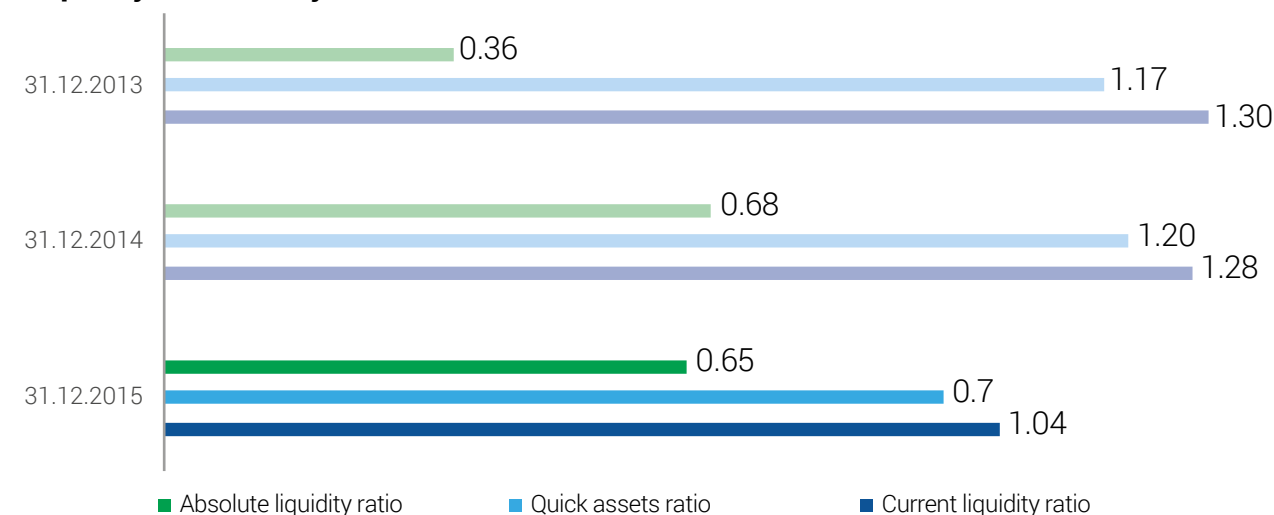
***2015 AGSM (for 2014): Minutes No. 361pr/9 dated June 30, 2015.

5.4. Financial and economic performance of the Company

Calculation and assessment of liquidity ratios allow for establishing the degree of security of the most liquid funds. Each of them is a trend indicator and characterizes the solvency of the Company in accordance with the liquidity of assets. Saving the Company's liquidity in a volatile economy is one of the priorities of financial management.

In view of liquidity risk management, the Company has been maintaining sufficient amount of funds to perform the obligations, which is achieved through competent planning and analysis of cash flows across JSC Tyumenenergo and in each of its branches.

Liquidity indicator dynamics for 2013-2015



The Company's financial stability and business indicators

Indicator	Calculation method	December 31, 2013	December 31, 2014	December 31, 2015
Financial stability indicators				
Financial independence ratio	Equity / Total liabilities	0.85	0.83	0.83
Current assets coverage ratio	(Current Assets - Accounts receivable above 12 months - Short-term liabilities) / Current Assets	0.23	0.22	0.04
Total Debt to EBITDA ratio	(Long-term borrowings + Short-term borrowings) / (Profit before tax + Interest payable - Depreciation)	0.84	0.96	0.71
EBITDA / %	(Earnings before tax + Interest payable + Depreciation) / Interest on debenture	11.87	14.70	14.74
Business activity indicators				
Accounts receivable (AR) and payable (AP) growth ratio	TAR = Total value of Accounts Receivable at the end of the reporting period / Total value of Accounts Receivable at the end of the prior period TAP = Total value of the current Accounts Payable at the end of the reporting period / Total value of the current Accounts Payable at the end of the prior period	1,78	0,93	0,63
Total AR and AP ratio	Total AR at the end of the reporting period / Total AP at the end of the reporting period	0.88	0.85	0.44
AR share in the revenue	Total AR at end of the reporting period / Revenue / 1.18	0.07	0.07	0.06
Payables turnover ratio	Prime cost of sales / Average value of AP	7.86	9.50	7.54

Despite the current economic conditions in the country, the financial position of JSC Tyumenenergo is assessed as stable. The Company has stable income and profit, more than 90% of its assets are represented by non-current assets, which can be used as collateral for loans.

The analysis of statements of JSC Tyumenenergo and the calculated ratios confirm the strength of the position of the Company in the energy market, the reliability of the Company as a borrower of funds, and the effectiveness of the implemented credit and monetary policy of the Company.

Debt portfolio management

24,6% Decreased the credit portfolio in 2015

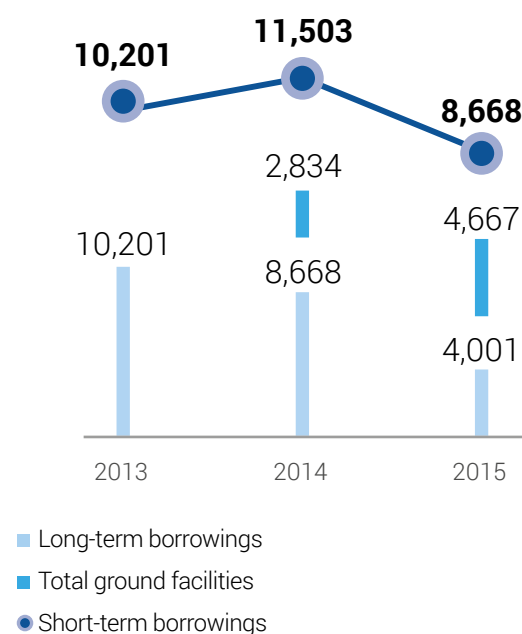
JSC Tyumenenergo's organization of high-quality financial planning allows it to ensure conformity of the debt position indicators to the established limits, and compliance with the Company's financial sustainability targets.

The credit portfolio of JSC Tyumenenergo fully (100%) consists of bank loans denominated in Russian rubles.

In 2014, the Company did not borrow funds. Total for 2015 In accordance with repayment deadlines, JSC Tyumenenergo repaid credit facilities totaling 2,834 mln RUB. All the liabilities to banks on the payment of interest for the use of loan funds for 2015 were performed in full.

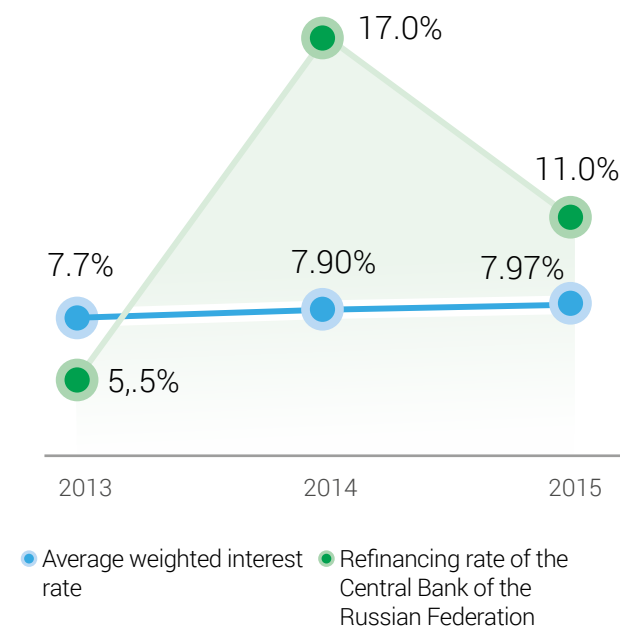
For example, since the beginning of 2015, the credit portfolio of JSC Tyumenenergo decreased by 24.6%, and the Company's loans and borrowings amounted to 8,668 mln RUB at the end of 2015 (excluding accrued interest).

Credit portfolio dynamics in 2013-2015, mln RUB



At the end of 2015, the structure of borrowed funds of JSC Tyumenenergo is dominated by short-term debt. Increase in short-term debt on the loans is due to switching of the part of long-term debt on previously raised loans to short-term debt amounting to 4,667 mln RUB.

Dynamics of average weighted rate in the credit portfolio



In the context of continuing macroeconomic financial risks in 2015, owing to its policy being implemented, JSC Tyumenenergo has managed to maintain a weighted average rate of the loan portfolio at a low level in the conditions of market growth of lending rates. During the reporting period, the Company's weighted average interest rate slightly increased (from 7.90% to 7.97%).

Partner banks of the Company in the field of crediting are the largest banks of the Russian Federation, namely: PJSC Sberbank, Bank GPB (JSC), and VTB Bank (PJSC). Participation of these banks in the loan portfolio is the evidence of JSC Tyumenenergo financial stability and the banks' confidence in the Company's reliability and good standing.

Tyumenenergo's loan portfolio is built up taking into account implementation of the Company's debt policy major indicators.

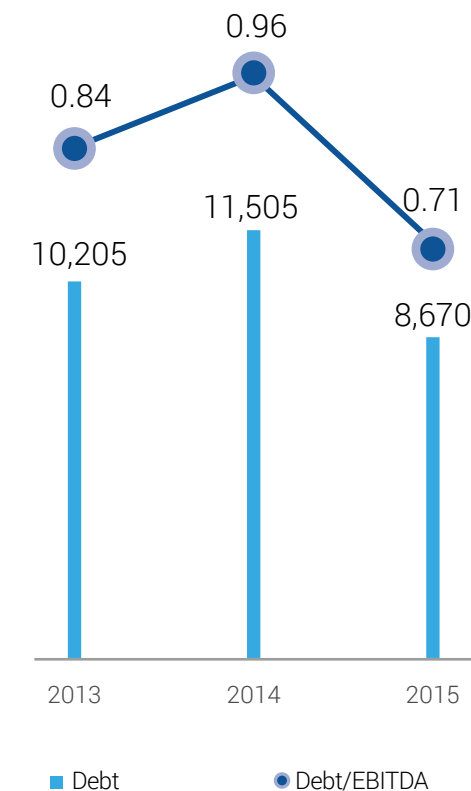
Key indicators of the Company's credit policy

Indicator	2013	2014	2015	2015 to 2014, %
Debt*, mln RUB	10,205	11,505	8,670	- 24.64
Net debt, mln RUB	8,269	5,415	779	- 85.61
Debt / EBITDA**	0.84	0.96	0.71	-26.04
Net debt / EBITDA	0.68	0.45	0.06	-86.67

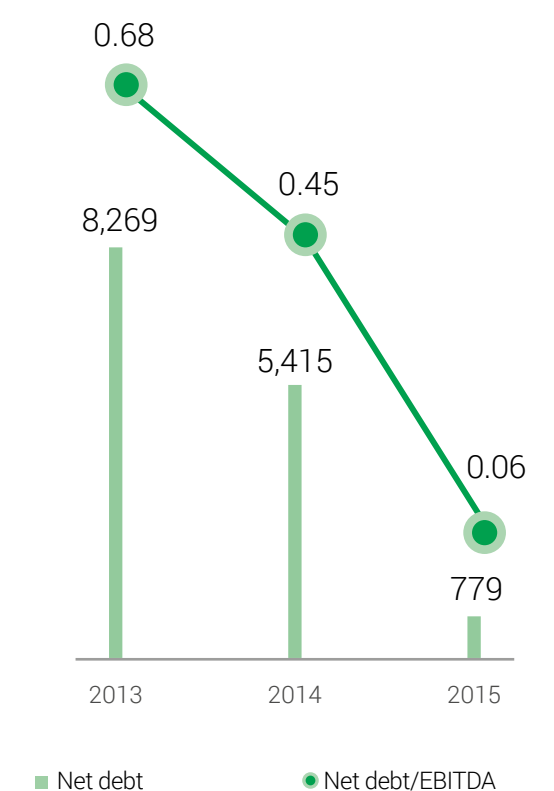
* Debt = Long-term loans and credits (Line 1410 of Form 1) + short-term loans and credits (Line 1510 of Form 1)

** EBITDA = Earnings before tax + Depreciation + Interest payable

Debt, mln RUB, debt/EBITDA



Net debt, mln RUB, net debt / EBITDA



According to the results of 2015, the ratio of Debt/EBITDA is 0.71. The decline of the indicator value as compared to 2014 is due to the reduction of debt on loans and to the increase of the EBITDA indicator in 2015.

Reduction in the Net Debt/EBITDA ratio is associated with decrease in the net debt due to significant growth of values of the most liquid assets at the end of the period (the amount of short-term financial investments and cash).

6 Corporate governance



667,321 thous.
RUB
Dividend pay-out for 2014



154

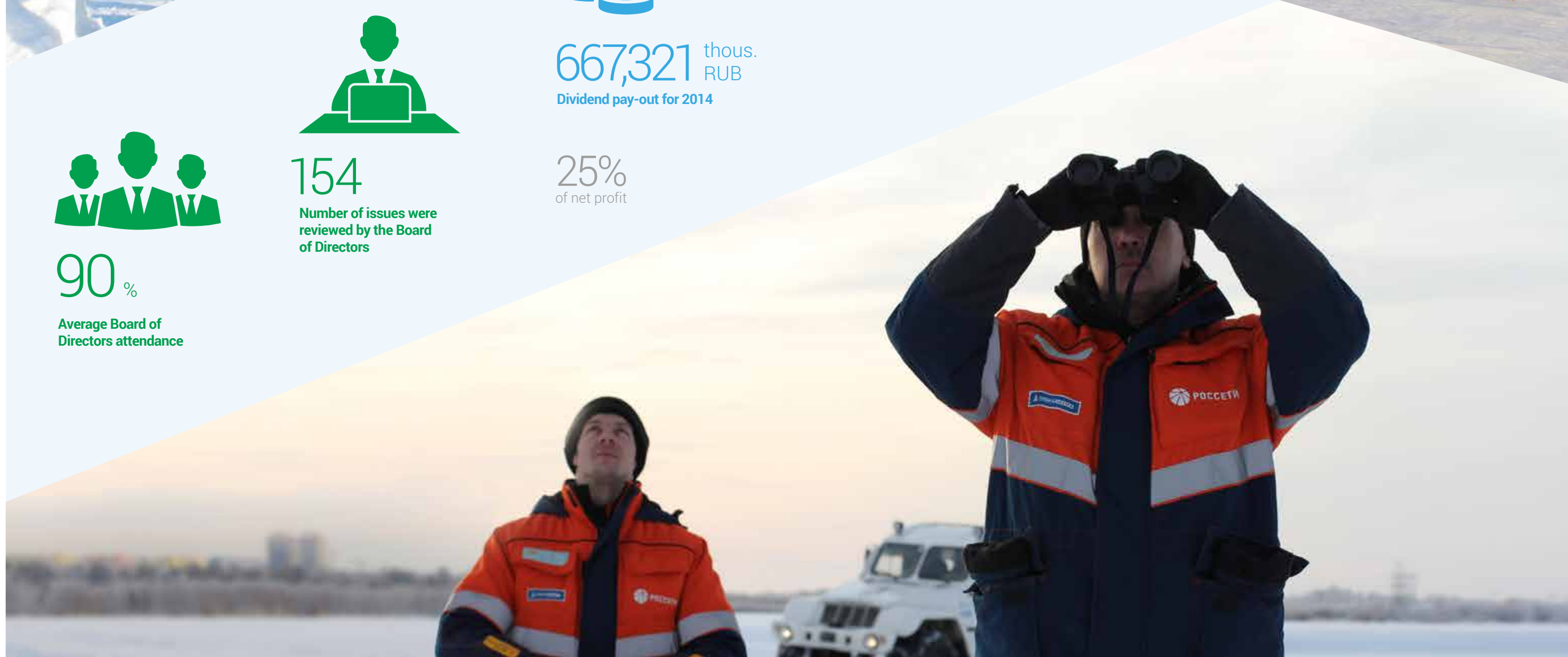
Number of issues were
reviewed by the Board
of Directors



90 %

Average Board of
Directors attendance

25%
of net profit



6.1. Corporate governance

6.1.1. Corporate governance system

The Company understands corporate management as a set of relations between shareholders, the Board of Directors, and the management of the Company for the benefit of shareholders. Corporate governance is a tool

to determine the objectives of the Company and the means of achieving these objectives as well as of ensuring effective control of the company's activities on the part of shareholders and other stakeholders.

On June 30, 2015, the Management Board of JSC Rosseti, which performed the functions of the General Meeting of Shareholders of JSC Tyumenenergo, decided to assign the Company the status of a non-public joint-stock company. Nevertheless, the Company is included in the JSC Rosseti group of companies, in which it covers a significant part of the assets of JSC Rosseti, and is aware of the importance of voluntary disclosure of information in accordance with applicable provisions of the current legislation of the Russian Federation on the securities market and seeks to apply the provisions of the Corporate Governance Code, which was approved on March 21, 2014 by the Board of Directors of the Bank of Russia, to the appropriate extent.

The peculiarities of corporate management in JSC Tyumenenergo are explained by the fact that there is only one shareholder of the Company, namely, JSC Rosseti, which owns 100% of the shares of the Company. All corporate processes in the Company are in line with the above shareholder's interests.

JSC Tyumenenergo has created a Board of Directors, which is a collegial management body that is responsible for the strategic management of the Company and which controls the activity of the sole executive body of the Company and performs other functions assigned to it by applicable provisions of the current legislation of the Russian Federation and the Charter of the Company.

The Corporate Secretary of JSC Tyumenenergo ensures efficient operation of the Board of Directors and current interaction with the shareholder of the Company.

Remuneration to the Board of Directors members complies with market conditions and is

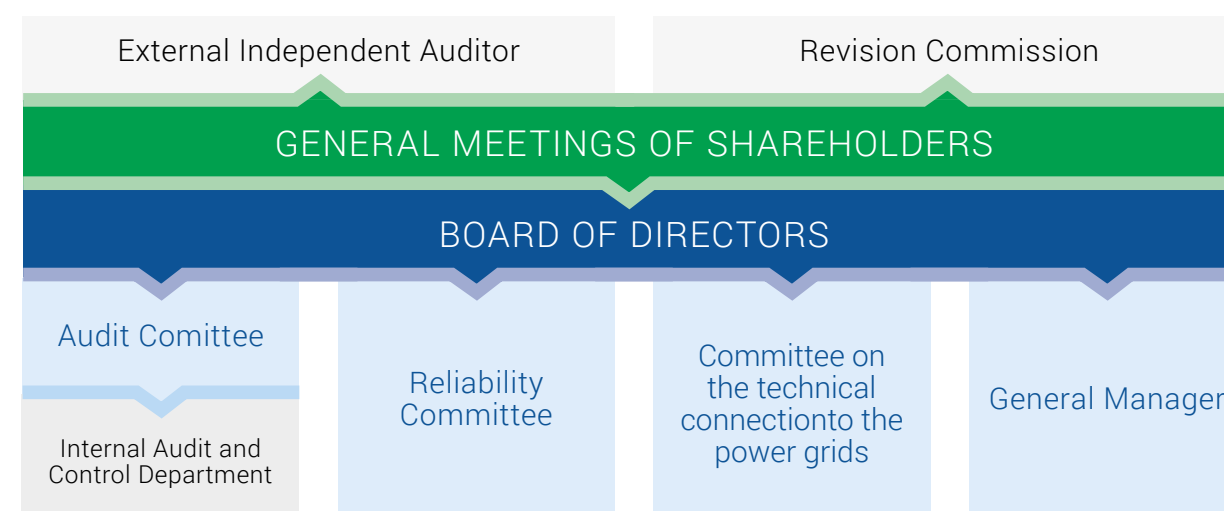
established in a way as to ensure attraction and participation in the Company's activity of highly qualified specialists and motivate them to work honestly and effectively.

The system of internal control of JSC Tyumenenergo is an element of the general management system of the Company. The internal control system covers all the areas of the Company's activities; control procedures are implemented consistently in all the processes (areas of activity) of the Company at all the levels of management and are aimed at providing reasonable assurance in achieving the objectives set for the Company.

JSC Tyumenenergo has approved an information policy that is aimed at the disclosure of complete, relevant, and reliable information about the Company to all the stakeholders.

In the future, the Company does not exclude actions that will be aimed at compliance with the recommendations of the Code and at improvement of corporate governance.

Corporate governance structure at JSC Tyumenenergo



Specific structures, procedures and practice of corporate governance are regulated by the the Charter and internal documents of the Company which are published on the Company's official website in the "About" section at the following address: www.te.ru/about/vnutrennie_dokumenty

6.1.2. Management and control bodies of the Company

According to the Charter of JSC Tyumenenergo, the management bodies of the Company are as follows:

The body controlling the financial and business activity of the Company is the Revision Commission.


The General Shareholder Meeting


The Board of Directors


General Manager
(sole executive body)



GENERAL MEETING OF SHAREHOLDERS

According to Section 11.1 of Article 11 of the Charter of JSC Tyumenenergo, if all the voting shares of the Company belong to one shareholder, the decisions on the matters within competence of General Meeting of Shareholders shall be taken by the shareholder (the authorized management body of the shareholder) in writing and communicated to the Company.

In respect to JSC Tyumenenergo, in accordance with section 13.3 of the Charter of JSC Rosseti such an authorised management body of the shareholder is the collegial executive body, the Management Board of PJSC Rosseti, exercising

the powers of the supreme management body of JSC Tyumenenergo.

The issues attributed to the competence of General Meeting of Shareholders may not be referred to the Board of Directors or General Manager of the Company.

The Charter of the Company and the decisions of the General Meeting of Shareholders can be consulted at the following URLs: http://www.te.ru/about/vnutrennie_dokumenty/

<http://www.e-disclosure.ru/portal/company.aspx?id=5577>

BOARD OF DIRECTORS

The Board of Directors of JSC Tyumenenergo provides overall management of the Company, except for matters relating to the competence of the General Meeting of shareholders in compliance with the Federal Law "On joint stock companies" and the Charter of the Company.

According to section 13.1 of Art. 13 of the Charter of JSC Tyumenenergo the quantitative composition of the Board of Directors is 11 (eleven) persons.

The procedure for electing the Board of Directors is defined in the Charter of the Company and complies with the legislation of Russian Federation. Persons elected to the Board of Directors may be re-elected an unlimited number of times.

Competence of the Board of Directors

The issues attributed to the competence of Board of Directors may not be referred to the General Manager of the Company.

The proceedings of the Board of Directors of the Company are governed by applicable provisions of the Regulations on the Board of Directors of JSC Tyumenenergo, which was approved by the decision of the General Meeting of Shareholders of JSC Tyumenenergo on June 30, 2015 as Minutes No. 361-pr (hereinafter referred to as the Regulations).

In accordance with clause 5.1 of the Regulation, meetings of the Board of Directors shall be held in accordance with approved Board of Directors work plan, and also when necessary, but at least once a calendar quarter. The work plan for a corporate year is approved by the Board of Directors of the Company at its first meeting as elected at the Annual General Shareholder Meeting.

The Corporate Secretary of the Board of Directors ensures the timely receipt of comprehensive information simultaneously with the notice of the meeting of the Board of Directors by all the directors.

In 2015, there were no transactions between the members of the Board of Directors and the Company, and no suits were filed against the members of the Board of Directors.

In 2015, the Company did not provide any loans and funds for training to the members of the Board of Directors.

Composition of the Board of Directors

On June 30, 2015, the Management Board of OJSC Rosseti elected the following members of JSC Tyumenenergo Board of Directors (positions are given as of the election date):



Mezhevich Valentin Yefimovich

Board of Directors
Chairman

Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 30, 2015 for the first time

Year of birth: 1947

Education: Irkutsk Polytechnic Institute (1970), specialty: "Thermal Power Plants".

Candidate of Technical Sciences.

Position at primary place of employment:

Member of the Board of Directors, Chief Adviser PJSC Rosseti



Goncharov Yury Vladimirovich

Board of Directors Deputy
Chairman

Non-executive director

Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 30, 2014 for the first time

Year of birth: 1977

Education: Moscow State Mining University (2000), specialty: "Management".

Position at primary place of employment:

Deputy General Director for Corporate Management PJSC Rosseti



Balayeva Svetlana Aleksandrovna

Non-executive director

Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 30, 2014 for the first time

Year of birth: 1975

Education: State University of Management (1995), specialty: "Economist manager". Qualifying exams for admission to postgraduate study for a Candidate's degree

Position at primary place of employment:

Director of Investment Department, Deputy General Director for Investment PJSC Rosseti



Gvozdev Dmitriy
Borisovich

Non-executive director
Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 30, 2014 for the first time

Year of birth: 1974

Education: Kuzbass State Technical University. Candidate of Technical Sciences. Professional retraining: Company development management, the RF Government Academy of National Economy (2004).

Position at primary place of employment:
Director of Analytical Centre PJSC Rosseti



Zavizenov Konstantin
Vladimirovich

Non-executive director
Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 30, 2014 for the first time

Year of birth: 1974

Education: Perm State Technical University (1996), specialty: “Chemist Engineer”.

ATRMC at PSTU (1996), qualification “Economist / Manager”.

Position at primary place of employment:
Deputy Director of Power Sector Development Department Ministry of Energy of Russian Federation



Ivanova Tatiana
Aleksandrovna

Non-Executive Director
Member of the Audit Committee of the Board of Directors

Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 30, 2015 for the first time

Year of birth: 1964

Education: Moscow Institute of Steel and Alloys (1986), qualification: “Engineer Economist”.

Position at primary place of employment:
Head of the Tariff Making Methodology Office of the Tariff Policy Department PJSC Rosseti



Mikheev Pavel
Aleksandrovich

Executive Director
Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 28, 2012 for the first time

Year of birth: 1968

Education: Graduated from Kirov Polytechnic Institute (1993), specialty: “Electrical supply for urban and rural industrial enterprises”.

Position at primary place of employment:
General Manager JSC Tyumenenergo



Novomlinsky Eduard Vitalievich

Non-executive director

Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 30, 2015 for the first time

Year of birth: 1970

Education: Moscow Power Engineering Institute, specialty: "Electric drives and automation systems"; qualification: "Engineer"

Position at primary place of employment:

Deputy Head of the Assets Condition Analysis Division of the Manufacturing Asset Management Department PJSC Rossetti



Serebryakov Konstantin Sergeyevich

Non-executive director

Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 30, 2015 for the first time

Year of birth: 1981

Education: Mordovia State University named after N.P. Ogarev (2003); specialty: "Management".

Position at primary place of employment:

Head of the Corporate Events Directorate of the Corporate Management and Shareholder and Investor Relations Department PJSC Rossetti



Chevkin Dmitry Aleksandrovich

Non-Executive Director

Member of the Audit Committee of the Board of Directors

Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 28, 2013 for the first time

Year of birth: 1976

Education: RF Government Academy of Finance (1998); qualification: "Economist".

Position at primary place of employment:

HR and Organizational Development Department Director PJSC Rossetti



Yavorskiy Viktor Korneyevich

Independent Director

Elected to the Board of Directors of the Company by the General Shareholder Meeting on June 30, 2015 for the first time

Year of birth: 1955

Education: Moscow Power Engineering Institute (1981), specialty: "Automated Control Systems"; qualification: "Systems Engineer".

Position at primary place of employment:

Director General- LLC Tori-AUDIT

The members of the Board of Directors have no shares in the authorized capital of JSC Tyumenenergo, do not hold ordinary shares of the Company.

All the members of the Company Board of Directors have agreed to disclose this information in the Company's annual report and on the corporate website of the Company.

Board of Directors of the Company acted in 2015 also included the following members (positions are given as of June 06, 2014)

Akimov Leonid Yuryevich

Year of birth: 1965

Education: Moscow Higher Technical School named after N.E. Bauman (1989); specialty: "Impulse-forming Thermal Machine";

Regional Open University (1995); specialty: "Law";

RF Government Academy of Finance (2004); specialty: "Anti-crisis management".

Candidate of Juridical Sciences.

Primary place of employment: Legal Department Director at OJSC Rosseti

Dyomin Andrei Aleksandrovich

Year of birth: 1974

Education: Zaporozhian State University (1996); specialty: "Applied mathematics"; qualification: "Mathematics";

Zaporozhian University of Economics and information technologies (1999); specialty: "Finance"; qualification "Economist".

Primary place of employment: Member of the Board at OJSC Rosseti, First Deputy General Director for Economics and Finance at OJSC Rosseti

Lebedev Sergey Yuryevich

Year of birth: 1967

Education: Moscow Lomonosov State University (2001); specialty: "Finance and credit".

Primary place of employment: Director of Department for Strategic Development at OJSC Rosseti

Pankstyanov Yury Nikolayevich

Year of birth: 1980

Education: State University of Management (2002); specialty: "Manager".

Primary place of employment: Tariff Policy Department Director at OJSC Rosseti

Sergeyev Sergey Vladimirovich

Year of birth: 1976

Education: Novocherkassk state technical university; specialty: "Industrial and civil construction"; qualification "Engineer-constructor".

Institution of Advanced Training of management staff and FPC specialists.

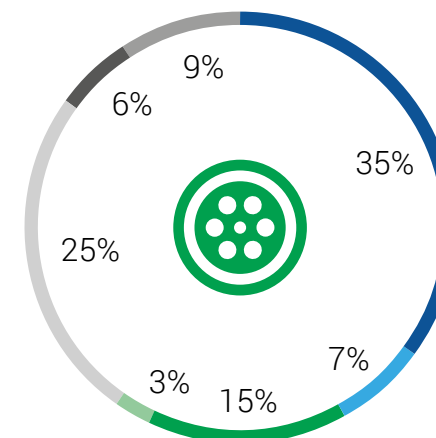
Interindustry regional center of advanced training and personnel development of Irkutsk State Technical University.

Academy of National Economy under the Government of the Russian Federation, economy, management, finance and legal basis of joint-stock companies, professional personnel development.

Primary place of employment: Deputy Chief Executive Officer for Capital Development at OJSC Rosseti

Board of Directors Report

25 meetings and 154 issues were reviewed during 2015



During 2015, the Board of Directors held 23 meetings in the format of online voting and 2 meetings in person (joint presence). In total, 154 issues were reviewed. The minutes of the Meetings of the Board of Directors are available on the Company's website at the following address: http://www.te.ru/aktsioneram_i_investoram/sovet_direktorov/resheniya_soveta_direktorov/.

The issues reviewed by the Board of Directors are presented in the following diagram:

Statistics of issued reviewed by the Board of Directors in 2015

- Strategic development – 54
- HR management – 11
- Financial management – 23
- Corporate governance – 4
- Executive bodies work performance control – 39
- Organizational issues – 9
- Other issues – 14

Participation of members of the Board of Directors of JSC Tyumenenergo in meetings during the period: January 1, 2015 – December 31, 2015.

Full Name:	Number of meetings attended	Number of meetings allowed to attend	Average Board of Directors attendance, %
Akimov Leonid Yuryevich	11	11	100
Balayeva Svetlana Aleksandrovna	23	25	92
Gvozdev Dmitriy Borisovich	25	25	100
Goncharov Yury Vladimirovich	24	25	96
Dyomin Andrei Aleksandrovich	11	11	100
Zavizenov Konstantin Vladimirovich	17	25	68
Ivanova Tatiana Aleksandrovna	10	14	71
Lebedev Sergey Yuryevich	11	11	100
Mezhevich Valentin Yefimovich	14	14	100
Mikheev Pavel Aleksandrovich	25	25	100
Novomlinsky Eduard Vitalievich	11	14	78
Pankstyanov Yury Nikolayevich	7	11	63
Serebryakov Konstantin Sergeyevich	14	14	100
Sergeyev Sergey Vladimirovich	10	11	90
Chevkin Dmitry Aleksandrovich	25	25	100
Yavorskiy Viktor Korneyevich	12	14	85

90% the average Board of Directors attendance

Board of Directors Report by top-priority areas of business

In 2015, the Board of Directors of JSC Tyumenenerg set the implementation of activities for centralization and automation of treasury function as the first priority (meeting of the Board of Directors dated March 13, 2015, minutes No. 03/15).

The task to create the unified treasury in companies with state participation and their subsidiaries was set by the order of the President of the Russian Federation (dated May 07, 2014 No. Pr-1032), RF Government (dated May 13, 2014 No. ИШ-П13-3464) and directive of the RF Government (dated August 08, 2014 No. 5110п-П13). As part of carrying out of this task PJSC Rossetti and JSC Tyumenenerg created target work group to organize the work and activities to create the Unified Treasury. To carry out the set task the Company deploys step-by-step pilot projects of information infrastructures, providing extension of

the Unified Treasury functions. The Board of Directors developed and accepted the documents regulating the interaction of the Unified Treasury of task PJSC Rossetti and JSC Tyumenenerg (minutes dated June 25, 2015 No. 11/15) Regulations of OJSC Tyumenenerg for payment processing and Regulations of JSC Tyumenenerg for internal financing.

Since July 01, 2015, JSC Tyumenenerg operates in the unified computerised information system of management of treasury transactions of the Unified Treasury of Rossetti group companies.

Key decisions of the Board of Directors on strategic priorities in 2015

The business plan of the Company is an important management tool and strategic planning element as well as guidance for the execution, control, and analysis of interim and final results. Business planning is implemented in the medium term by drawing up plans, budgets, reports, KPIs, and target programs whose activities relate to production, investment, and maintenance and determine the need for the necessary resources in order to address the set strategic objectives. Therefore, the Board of Directors pays special attention to issues relating to business planning and, accordingly, to the implementation of strategic plans.

The following decisions were adopted in 2015:

- the approval of the Company's business plan, inclusive of an investment program for 2015, and the approval of forecast figures for 2016-2019 in November 2014;
- the approval of the adjusted business plan (inclusive of the investment program) of JSC Tyumenenerg for 2015 and forecast figures for 2016-2019 in March 2015;
- the approval of quarterly reports of the General Manager of JSC Tyumenenerg on the implementation of the business plan (inclusive of the investment program) and the implementation of key operational risks of the Company in April, June, October, and December 2015;
- the approval of revised standards and regulations of business planning of OJSC Tyumenenerg in April 2015;

- the approval of the following instruments in December 2015:
 - the adjusted business plan of the Company, inclusive of the investment program and information on the key operational risks for 2015, taking into account the performance of the Directive of the Government of the Russian Federation dated April 16, 2015 and registered under No. 2303p-P13 of reducing operating costs by, at least, 2-3% annually;
 - the business plan of JSC Tyumenenerg, inclusive of the investment program and information on the key operational risks for 2016, and the forecast figures for 2017-2020.

For certain strategic priorities, the following decisions were adopted:

Strategic priority	Decisions of the Board of Directors
Reliability and quality increase of power supply of consumers	The approval of the Policy for Provision of Integrated Security at JSC Tyumenenerg, which regulates the activity of the Company in the field of security of sustainable functioning and development of the electric grid complex.
	The approval of the Plan of Development of the Manufacturing Asset Management System of JSC Tyumenenerg for 2015-2017, which includes multi-level long-term measures that are required in order to ensure reliable operation of the electric grid facilities.
Keeping leading position on Tyumen regional market of power supply services and increasing availability of power infrastructure	The approval of revised Standards of Quality of Service of Consumers of JSC Tyumenenerg, which establish requirements for: the organization of provision of services to service consumers; the organization of the information disclosure process as an electric power engineering entity; business processes of internal and correspondence interaction with service consumers; the etiquette of provision of services to service consumers; the implementation of research to assess the quality of customer service and to analyze the obtained results.
	The approval of a three-level model of operational and process control of the distribution grid complex with the DGC Network Control Center that performs non-operational functions as the target model of the system of operational and process control of the distribution grid complex of JSC Tyumenenerg as the most optimal model.
Providing economic and financial stability	The adoption of decisions aimed at the integration of the Company into a unified IT system of the Unified Treasury of OJSC Rosseti since Q2 2015.
	The approval of the plan of activities of OJSC Tyumenenerg to increase efficiency and to improve the financial and economic state of the Company in the current macro-economic conditions, inclusive of a list of activities, the terms of realization of these activities, and the responsible persons.
	Pursuant to the Directive of the Government of the Russian Federation dated April 16, 2015 and registered under No. 2303p-P13, the sole executive body of the Company was instructed to develop a set of measures aimed at achieving the values of the indicator of decline in operating expenses (costs) of not less than 2-3% per year with the definition of the target values of indicators of implementation of these activities. Within the scope of these instructions, the Board of Directors considered the progress report on September 11, 2015.
	Pursuant to the instructions of the President of the Russian Federation following the meeting on improving the efficiency of state-owned activities on December 9, 2014 No. Pr-3013, the Regulations for improvement of the operational efficiency and reduction of the costs of JSC Tyumenenerg were approved in order to improve the efficiency of the Company.
	The approval of integrated solutions that provide for a simplified procedure for the implementation of procurement procedures for financial services that are aimed at providing emergency financing for JSC Tyumenenerg.

Maintaining investment activity of the Company

The approval of short- and long-term investment programs of the Company for 2015 and for 2016-2020. The Board of Directors of the Company heard and approved the report of the General Manager of the Company that the investment program of JSC Tyumenenergo for 2015 and 2016-2020 was agreed upon by the entities of the Russian Federation (Khanty-Mansiysk Autonomous District – Yugra, Yamalo-Nenets Autonomous District, Tyumen region) and received a positive opinion of the Ministry of Economic Development of the Russian Federation (based on the IDP for 2015). The approval of the corrected investment program of JSC Tyumenenergo for 2015 by the Order of the Ministry of Energy of the Russian Federation dated September 30, 2015 and registered under No. 707 "On Amendments to the Order of the Ministry of Energy of the Russian Federation dated November 5, 2014 and registered under No. 820."

The repeated consideration of the reports of the General Manager of the Company on the implementation of the investment project "Nadym – Salekhard 220 kV Overhead Power Transmission Line with Salekhard 220/110/6 kV Substation." It should be noted that as at the balance sheet date (December 31, 2015), construction of the facility was completed. In the period from December 28 to December 31, 2015, a comprehensive testing of equipment, inclusive of the necessary commissioning operations, was implemented and the equipment was outcommissioned as directed by the System Operator. Implementation of the "Nadym - Salekhard 220 kV Overhead Power Transmission Line with Salekhard 220/110/6 kV Substation" investment project was completed.

Human resources development

The preliminary approval of the Agreement on amending and supplementing the Collective Agreement of the Company for 2014-2015, and renewal of the Collective Agreement for 2016-2018 with due consideration of the following:

- compliance with the conditions of the Industry Tariff Agreement in the Electric Power Industry of the Russian Federation for 2013-2015 with regard to the establishment of the minimum monthly tariff rate of the Company industrial and production personnel of the first category since January 1, 2016 in view of the indexation on the actual consumer price index in the Russian Federation for the second half of 2015 and further dynamics of its changes once every six months;
- preservation of the amount of compensation and benefits to employees under the Collective Agreement at the level of 2015;
- introduction of editorial changes to the wording of certain clauses in order to eliminate the dual interpretation of the terms of the Collective Agreement.

In order to introduce a common approach of the Rosseti group of companies, the Board of Directors of JSC Tyumenenergo approved the following internal documents that regulate different areas of activity of JSC Tyumenenergo:

- Regulations of JSC Tyumenenergo for internal financing;
- Regulations of OJSC Tyumenenergo for payment processing;
- Regulations of JSC Tyumenenergo for implementation of a unified communication policy;

- Regulations of JSC Tyumenenergo for the corporate identity management;
- Uniform Procurement Standard of PJSC Rosseti (the Procurement Regulations);
- Regulations of JSC Tyumenenergo for insider information;
- Regulations for review and settlement of disputes and conflicts of interest within the PJSC Rosseti group of companies.

The Board of Directors ordered The General Manager of the Company to monitor key operational risks and modificate activities for removal of risk factors and minimization of risk implications.

All the decisions of the Board of Directors of JSC Tyumenenergo are available on the Company's website at the following address: http://www.te.ru/aktsioneram_i_investoram/sovet_direktorov/resheniya_soveta_direktorov/.

Remuneration of the members of the Board of Directors

The amount of and the procedure for payment of remuneration and compensation to members of the Board of Directors of JSC Tyumenenergo were determined until June 29, 2015 according to the Regulations for the payment of remunerations and compensations to the members of the Board of Directors of OJSC Tyumenenergo approved by the General Shareholders Meeting of OJSC Tyumenenergo (Minutes dated May 6, 2008 and registered under No. 1868 pr/1). On June 30, 2015, the new revision of the Regulations on the payment of remuneration and/or compensation to members of the Board of Directors of OJSC Tyumenenergo was approved by the decision of OJSC Rosseti, which is the sole shareholder of JSC Tyumenenergo. (Minutes of the Meeting of the Management Board of JSC Rosseti No. 361pr.) The texts of the above documents are disclosed on the corporate website of the Company at the following address: http://www.te.ru/about/vnutrennie_dokumenty/; and at the following address: <http://e-disclosure.ru/portal/company.aspx?id=5577>.

uments are disclosed on the corporate website of the Company at the following address: http://www.te.ru/about/vnutrennie_dokumenty/; and at the following address: <http://e-disclosure.ru/portal/company.aspx?id=5577>.

In the period from January 1, 2015 and until June 29, 2015, the payment of remuneration to members of the Board of Directors of the Company was implemented in two formats:

- basic remuneration, which was paid for participation in the meetings of the Board of Directors;
- additional remuneration, which was paid for the net profit of the Company according to the financial statements approved by the General Meeting of Shareholders.

Remuneration and compensation paid to members of the Board of Directors of the Company in 2015, RUB

Full Name:	Remuneration of the Board of Directors members	Compensation of costs	Remuneration for 2014 results
Akimov Leonid Yuryevich	656,736.00		770,353.86
Aushev Leonid Yuryevich			385,176.93
Balayeva Svetlana Aleksandrovna	605,760.00	152,585.00	423,694.62
Gvozdev Dmitriy Borisovich	656,736.00	153,360.00	385,176.93
Goncharov Yuri Vladimirovich	680,736.00	2,870.00	442,953.47
Dyomin Andrei Aleksandrovich	913,104.00		1,155,530.70
Zavizenov Konstantin Vladimirovich			
Zafesov Yuri Kazbekovich			385,176.93
Ivanova Tatiana Aleksandrovna			
Katina Anna Yuryevna			346,659.24
Lebedev Sergey Yuryevich	656,736.00		808,871.55
Maltsev Aleksey Aleksandrovich			269,623.85
Mezhevich Valentin Yefimovich		117,570.00	
Mikheev Pavel Aleksandrovich	656,736.00		808,871.55
Novomlinsky Eduard Vitalievich			
Pankstyanov Yuri Nikolayevich	404,832.00		346,659.24
Serebryakov Konstantin Sergeyevich		122,010.00	
Sergeyev Sergey Vladimirovich	605,760.00		346,659.24
Tsiku Ruslan Kimovich			154,070.77
Chevkin Dmitry Aleksandrovich	656,736.00		808,871.55
Yavorsky Viktor Korneyevich			
Total	6,493,872.00	548,395.00	7,838,350.43

In 2015 there were no any other payments to the members of the Board of Directors.

Committees of the Board of Directors

Audit Committee of the Board of Directors

The Board of Directors of JSC Tyumenenergo established the Audit Committee of the Board of Directors (hereinafter referred to as the Committee) (Minutes No. 18 / 13 dated October 2, 2013) for the purposes of preliminary consideration of issues related to the control of financial and economic activities of the Company.

The Committee is governed by the Regulations on the Audit Committee under the Board of Directors of OJSC Tyumenenergo approved by the Decision of the Board of Directors (Minutes No. 05 / 15 dated March 31, 2015).

Number and persons to be included in the Committee are defined by the Board of Directors.

Primary objectives of the Committee:

- review of accounting (financial) statements of the Company and supervision of the process of their preparation;
- supervision of risk management, internal control, and corporate governance systems;
- supervision over external audit and auditor selection;
- organizing and ensuring the independence and the objectivity of the internal audit function;
- control of the efficiency of the functioning of the system of counteracting fraud by Company employees and third parties.

Committee members (positions are given as of election date):

Full name	Position, place of work
Varlamov Nikolai Nikolaevich	General Director Deputy for Control and Revision at OJSC Rosseti – Chairman of the Committee
Akimov Leonid Yuryevich	Legal Department Director at OJSC Rosseti
Pankstyanov Yury Nikolayevich	Tariff Policy Department Director at OJSC Rosseti
Shmakov Igor Vladimirovich	Head of the Control and Risks Section of the Department for Internal Audit and Risk Management at OJSC Rosseti

Committee members until present

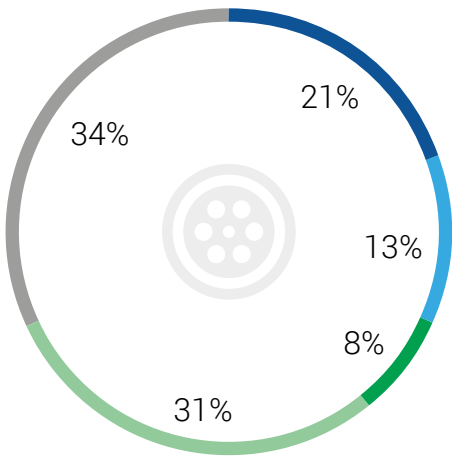
Full name	Position, place of work
Chevkin Dmitry Aleksandrovich	HR and Organizational Development Department Director at OJSC Rosseti
Ivanova Tatiana Aleksandrovna	Head of the Tariff Making Methodology Office of the Tariff Policy Department at OJSC Rosseti
Kim Svetlana Anatolyevna	Head of the Auditing Division of the Control Activities Department of OJSC Rosseti

In 2015, the Audit Committee held 11 meetings, inclusive of 3 meetings by personal attendance. Thirty-nine issues were reviewed during the meetings. The structure of the issues presented in the diagram below.

92% Average Board of Directors attendance

Issues reviewed by the Committee in 2015

- Financial (accounting) reporting
- Risk management and internal control system
- Supervision over external audit and auditor selection
- Implementation of the internal audit function
- Other



Participation of members of the Committee in the meetings during the period from January 1, 2015 and until December 31, 2015

Full name	Number of meetings attended	Number of meetings allowed to attend	Average Committee attendance, %
Akimov Leonid Yuryevich	5	6	83
Chevkin Dmitry Aleksandrovich	4	5	80
Ivanova Tatiana Aleksandrovna	5	5	100
Kim Svetlana Anatolyevna	5	5	100
Pankstyanov Yury Nikolayevich	5	6	83
Shmakov Igor Vladimirovich	6	6	100
Varlamov Nikolai Nikolaevich	6	6	100

Reliability Committee of the Board of Directors

On December 16, 2005, the Board of Directors established the Reliability Committee. The Committee's work is governed by the Regulations for the Reliability Committee of the Board of Directors of OJSC Tyumenenergo.

The main objectives of the Reliability Committee are:

- examination of production programs, plans for revamping, reconstruction, new construction, and repair of electric grid facilities; analysis of development and performance thereof in terms of compliance with requirements for functional reliability and technical condition of electric grids;
- assessment of completeness and sufficiency of measures based on the results of the investigation of emergencies in accordance with the Rules for investigation into the causes of emergencies in the electricity industry (approved by the Decree of the Government of the Russian Federation dated October 28, 2009 and registered under No. 846.) as well as monitoring of their implementation;
- examination of the quality of investigations into the causes of technological breakdowns (emergencies);
- examination of the Company's activities in the field of emergency response (preparedness, organization, and implementation of emergency and regenerative operations at power grid facilities);
- examination of programs for the prevention and reduction of risk of injury to the Company personnel and third parties in the power plants of the Company as well as their control of the implementation thereof;
- monitoring and evaluation of the activities of the technical services of the Company in terms of ensuring reliable operation of electrical networks and industrial safety;
- examination of the internal technical control system of the Company;
- examination of the occupational safety and health management system of the Company;
- examination of the program of implementation of the environmental policy of the Company;
- expertise of the fire and the industrial safety systems.

Composition of the Committee for the period from January 1, 2015 and until July 31, 2015 (including the Chairman) (position as given as of the election date):.

Full name	Position, place of work
Zuikova Olga Valentinovna	Head of Industrial Safety Section, OJSC Rosseti – Chairman of the Committee
Egoshin Sergey Nikolaevich	Deputy General Manager on Technical Issues – Chief Engineer of OJSC Tyumenenergo
Frolov Sergey Nikolaevich	Head of Emergency Management Direction at OJSC Rosseti
Ivanov Sergey Viktorovich	Chief Expert of Assets Analysis Section, OJSC Rosseti
Pauesov Sergei Mikhailovich	Head of the Industrial Control and Safety ServiceOJSC Tyumenenergo
Petrova Tatiana Valerievna	Deputy General Director for Economics and Finance, OJSC Tyumenenergo

On July 31, 2015, the Board of Directors of JSC Tyumenenergo elected the members of the Reliability Committee (Minutes 13/15 dated July 31, 2015) in seven (7) persons:

Full name	Position, place of work
Shaydullin Farit Gabdulfatovich	Deputy Head of the Assets Condition Analysis Division of the Manufacturing Asset Management Department at PJSC Rosseti - Chairman of the Committee
Dobakhyants Yulia Vladimirovna	Head of the Office of Operational and Technological Control of the Analytical Center of PJSC Rosseti
Egoshin Sergei Nikolaevich	Deputy General Manager on Technical Issues – Chief Engineer of JSC Tyumenenergo
Korotenko Aleksandr Vasilievich	Deputy Head of the Department of Perspective Development of the Electric Power Industry of the Ministry of Energy of the Russian Federation
Nasonov Aleksandr Arsentevich	Head of the Production Safety Supervision Department of the Technical Inspection Center branch of PJSC Rosseti
Pauesov Sergei Mikhailovich	Deputy Chief Engineer - Head of the Service of Industrial Safety and Production Monitoring at JSC Tyumenenergo
Petrova Tatiana Valerievna	Deputy General Manager for Economics and Finance at JSC Tyumenenergo

During 2015, the Reliability Committee held 8 meetings (in the format of online and off-line voting). 87.6% – the average Reliability Committee attendance.

Participation of members of the Committee in the meetings in 2015

Full name	Number of meetings attended	Number of meetings allowed to attend	Average Committee attendance, %
Dobakhyants Yulia Vladimirovna	2	3	66,7
Egoshin Sergei Nikolaevich	5	5	100
Frolov Sergey Nikolaevich	5	5	100
Ivanov Sergey Viktorovich	4	5	80
Korotenko Aleksandr Vasilievich	3	3	100
Nasonov Aleksandr Arsentevich	2	3	66,7
Pauesov Sergei Mikhailovich	8	8	100
Petrova Tatiana Valerievna	5	8	62,5
Shaydullin Farit Gabdulfatovich	3	3	100
Zuikova Olga Valentinovna	5	5	100

Committee on the technical connection to the power grids of the Board of Directors of JSC Tyumenenergo

In connection with the re-election of the Board of Directors of the Company on June 29, 2014, the composition of the Committee on technical connection was not re-elected during 2015. JSC Tyumenenergo implements the process of technical connection in strict accordance with applicable provisions of the current federal legislative legal documents as well as with internal regulations developed within the framework of these documents (the Regulations for the implementation of the technical connection procedures as specified in the order of JSC Tyumenenergo dated December 25, 2013 and registered under No. 552; the Company Standard

on the technical connection process in the Tyumen Distribution Networks branch of JSC Tyumenenergo as specified in the Order dated July 10, 2015 and registered under No. 388). When interacting with applicants, JSC Tyumenenergo bases its policy on provision of a customer-oriented approach (detailed information is provided in section 7.7 of this report), the openness of the technical connection process, and the provision for non-discriminatory access to the power grids of the Company.

GENERAL MANAGER AS THE SOLE EXECUTIVE BODY OF THE COMPANY

The competence of the General Manager includes all issues related to the management of the Company's current activities, excluding the issues attributed to the competence of the General Meeting of Shareholders or the Board of Directors of the Company.

General Manager is elected by the Company Board of Directors by a majority of the Board of Directors, participating in the meeting.

The provisions of the employment contract including the terms of the vested authority are determined by the Board of Directors of the Company or the person authorized by the Board of Directors of the Company to sign this labor contract in accordance with the Company Charter.

The Board of Directors is entitled to decide at any time to terminating the authority of the General Manager of the Company and to establish new executive bodies.

The remuneration package for the General Manager is determined by the Board of Directors. The remuneration consists of permanent and variable parts, the latter depends on achieving a definite KPI of work of executive bodies and is connected with their personal input into ensuring a long-term development of the Company in the interests of its shareholders.

The indices are understood as a system of financial and non-financial indicators influencing the quantitative and qualitative change of the results towards the strategic goal of the Company.

With the aim of updating the system of key performance indicators, the Board of Directors approved a new method of calculation and evaluation of key performance indicators of the Company General Manager to be used since January 1, 2015.



Pavel Aleksandrovich Mikheev

General Manager of JSC Tyumenenergo

Professional career :

Pavel Mikheev started his professional career in **February 1989** as an electric grid electrician at JSC Tyumenenergo where he worked up to **September 1991**; from **October 1991** to **August 1992**, he was an inspector of Energonadzor at Kirovenergo; from **August 1992** to **March 2003**, he took a professional career path from an electrician of an emergency team to Director of the Kolagymsk electric grids branch of OJSC Tyumenenergo; from **March 2003** to **July 2006**, he was General Manager of LLC TENCOM; from **July 2006** to **August 2007**, he was General Manager – Chief of the Tyumen TPP-3 project of LLC Intertekhelectro – Novaya Generatsia; from **September 2007** to **May 2008**, he worked as the First Deputy of General Manager of OJSC IDGC Ural.

In **June 2008**, he returned to OJSC Tyumenenergo as the General Manager Deputy for regional development and later becomes General Manager First Deputy, General Manager

Deputy for Technical Issues – Chief Engineer. On December 24, 2011, the Board of Directors elected Pavel Aleksandrovich Mikheev to the position of Acting General Manager of OJSC Tyumenenergo and approved him in the capacity of General Manager of OJSC Tyumenenergo on February 4, 2013. On February 3, 2016, the Board of Directors of JSC Tyumenenergo extended the term of office of Pavel Mikheev until February 3, 2017.

He has numerous awards for successful work in electric power industry development, for example an acknowledgement from the Ministry of Energy of the Russian Federation and the Governor of the Tyumen Region; was awarded the Certificate of Honor from the Ministry of Regional Development of the Russian Federation and Letter of Gratitude from the General Manager of OJSC IDGC Holding, and was awarded the Corporate Award Badge "For the Safe Operation of Olympic Power Facilities."

In 2015, the Ministry of Energy of the Russian Federation bestowed the honorary title of "Honored Energy Worker" on Pavel Mikheev.

As P.A. Mikheev, the General Manager of the Company, is a member of the Board of Directors of the Company, his biographic data and information on remuneration are published in the subsection "Board of Directors".

FINANCE AND ECONOMIC ACTIVITIES CONTROL BODIES

Auditing commission

The Revision Commission is a permanent acting body of internal control of the Company exercising control over the Company's financial and business activity as to its compliance with the legislation of the Russian Federation, the Charter of the Company and internal documents.

The Revision Commission functions in the interests of the shareholder of the Company and is accountable to the General Meeting of Shareholders. In accordance with applicable provisions of section 19.1 of Article 19 of the Charter of the Company, the size of the Revision Commission is determined as five members.

OJSC Tyumenenergo Revision Commission members from June 30, 2014 until June 29, 2015 (positions are given as of the election date).

Full name	Position, place of work
Lelekova Marina Alekseevna	Director of the Internal Audit and Risk Management Department at Rosseti OJSC, Chairman of the Revision Commission
Guseva Yelena Yurievna	Leading Expert of Revision and Internal Audit Direction of Internal Audit and Control Department of OJSC Rosseti
Kabizskina Elena Aleksandrovna	Deputy head of Revision and Internal Audit Direction of Internal Audit and Control Department of OJSC Rosseti
Kirillov Artem Nikolaevich	Leading Expert of Investment Audit Division of Revision and Internal Audit Direction of Internal Audit and Control Department of OJSC Rosseti
Malyshev Sergey Vladimirovich	Leading Expert of Revision and Internal Audit Direction of Internal Audit and Control Department of OJSC Rosseti

On June 30, 2015, the Executive Board of OJSC Rosseti elected the Revision Commission of JSC Tyumenenergo including the following members (positions are given as of election date):

Full name	Position, place of work
Lelekova Marina Alekseevna	Director of theMonitoring Department at Rosseti OJSC, Chairman of the Revision Commission
Guseva Yelena Yurievna	Chief Expert of the Internal Audit Directorate of OJSC Rosseti
Kirillov Artem Nikolaevich	Deputy Head of the Auditing Division of the Control Activities Department of OJSC Rosseti
Medvedeva Oksana Alekseevna	Chief Expert of the Auditing Division of the Control Activities Department of OJSC Rosseti
Sinitsyna Yelena Borisovna	Head of the Control and Risks Section of the Department for Internal Audit and Risk Management at OJSC Rosseti

The Revision Commission members do not own the shares of JSC Tyumenenergo. In 2015, no deals were concluded between the Company and Revision Commission members. The Company did not make any claims against Revision Commission members.

Remuneration is paid in accordance with the Provision on Remuneration and Compensation Paying to the Members of the Revision Commission of OJSC Tyumenenergo approved by the annual general meeting of Shareholders of OJSC Tyumene-

nergo of May 6, 2008 (Minute No. 1868 pr/1) until June 30, 2015.

On June 30, 2015, the Management Board of OJSC Rosseti, which exercised the powers of the General Meeting of Shareholders of JSC Tyumenergo, whereof 100% of capital is owned by JSC Rosseti, approved the revised Regulations for the Audit Committee of JSC Tyumenenergo and the revised Regulations for the payment of remuneration and compensation to the members of the Revision Commission.

Payments issued to members of JSC Tyumenenergo Revision Commission in 2015, thous. RUB

Indicator	Assessed (thous. RUB)	Retained PIT, thous. RUB	Paid, thous. RUB
Remuneration for participation in the Revision Commission work	876.15	113.9	762.25

Auditor

In accordance with the requirements of the current legislation, the Company must implement an annual audit of its financial (accounting) reporting. According to subparagraph 11 of section 10.2 of Article 10 of the Company Charter, the General Meeting of Shareholders annually elects an auditor of the Company in order to revise and approve annual financial (accounting) reporting.

On June 30, 2015, the General Meeting of Shareholders of JSC Tyumenenergo selected RSM Rus LLC, Moscow as the auditor. The Auditor is a member of the Self-Regulatory Organization Non-Profit Partnership "Sodruzhestvo Audit Association" (certificate of membership No. 6938, ORNZ 11306030308), location: 21 Michurinsky Avenue, Building 4, Moscow, the Russian Federation 119192

In accordance with applicable provisions of Article 12 of the Federal Law "On Audit Activity," the

Auditor is completely independent from the Company's executive bodies. More details about the Company's auditor and registrar can be found in the "Reference Information" section.

In accordance with paragraph 8 of clause 12.1 of the Charter of JSC Tyumenenergo, the payments to the auditor (LLC RSM-Rus) for the implementation of the RAS accounting (financial) reporting audit for 2015 and the IFRS consolidated financial reporting audit for 2015 were defined by the Board of Directors of the Company on September 16, 2015 and amount to RUB 2,541,492.06 (two million and five hundred and forty-one thousand and four hundred and ninety-two rubles and 06 kopecks) with VAT in the amount of 18% or 387,685.23 (three hundred and eighty-seven thousand and six hundred and eighty-five rubles and 23 kopecks).

In 2015, the Auditor did not provide any non-audit services.

6.1.3. Data on significant deals

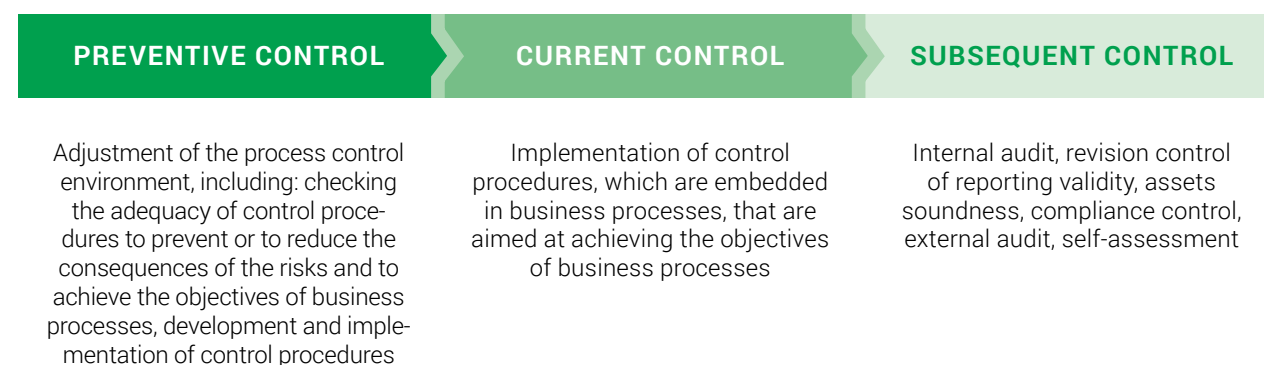
In 2015, JSC Tyumenenergo did not make any significant deals and deals of possible interest.

6.2. Internal control system

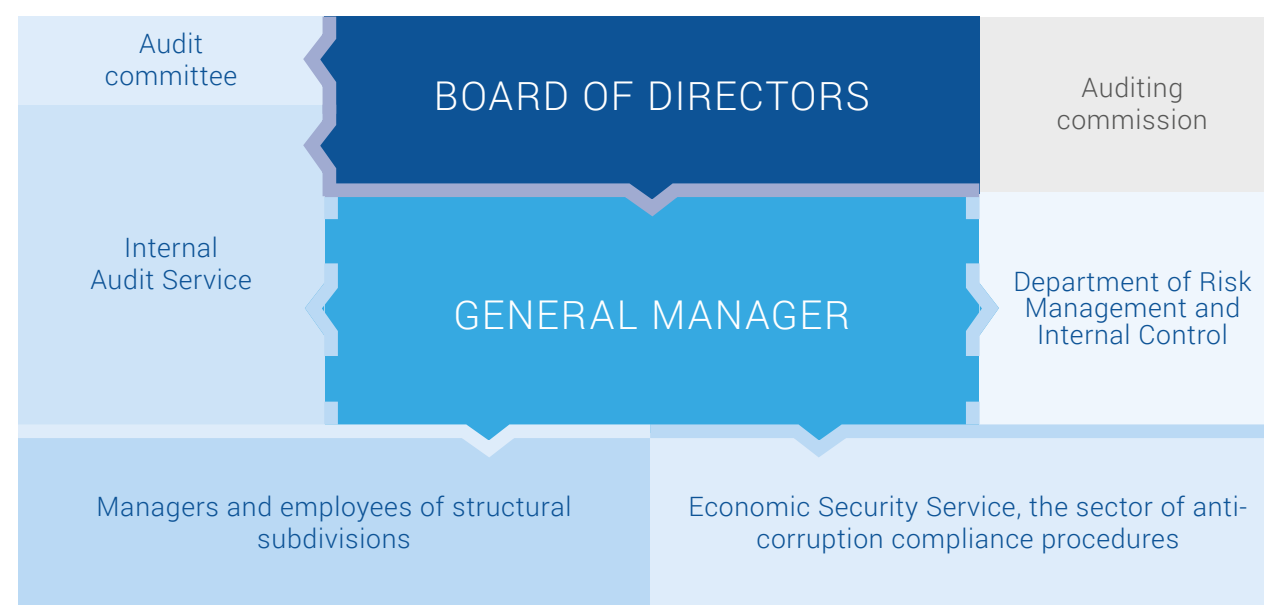
The system of internal control of JSC Tyumenenergo (hereinafter referred to as the ICS) is an element of the general management system of the Company. The ICS covers all the areas of the Company's activities; control procedures are implemented consistently in all the processes (areas of activity) of the Company at all the levels of management and are aimed at providing reasonable assurance in achieving the objectives set for the Company in the following areas:

- efficiency and performance of business operations of the Company and safety of the Company's assets;
- compliance with legal requirements that apply to the Company and with the local regulations of the Company, inclusive
- of such compliance in the course of performance of business operations and accounting;
- ensuring the reliability and the timeliness of financial (accounting) and other reports.

IC&RM System improvement is carried out on all management levels of the Company by following control functions:



Parties of the Internal Control System



During the reporting year, the Company implemented the following key actions aimed at improving its ICS: :

- The approval of a list of key business processes.
- The update of provisions on structural subdivisions and job descriptions
- The implementation of the work on the integration of information about the risks into the management system of the Company.

For the purposes of further implementation of the ICS Development Strategy for 2016, the Company has planned the following activities aimed at improving the ICS:

- the update of the internal control policy, the development of regulations of hot line messages response,
- development of new and update of existing local regulations that clarify the policies of the Company.
- the finalization of the business process registry

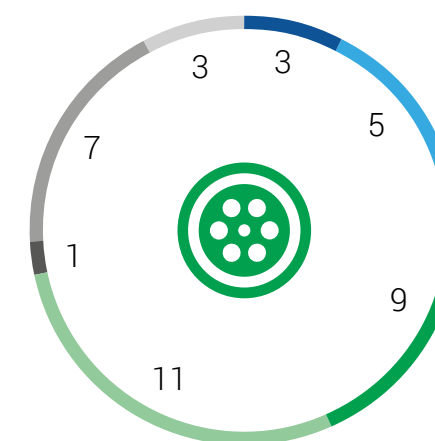
The objectives, the principles, the functions, and the responsibilities of the Internal Audit Service are defined in the revised Internal Audit Policy of JSC Tyumenenergo.

The main objectives of the Internal Audit are:

1. to provide the Board of Directors / the Audit Committee of the Board of Directors and executive bodies of the Company with independent and objective guarantees of the fact that that the Company has adequate systems of internal control, risk management, and corporate governance;
2. to assist the Company's management in building effective systems of internal control, risk management, and corporate governance by providing advice.

In 2015, the number of employees who performed the internal audit function was 5 people.

The Internal Auditor implemented 39 audits in 2015.



Results of the control measures implemented by the Internal Auditor in 2015

- Business process audits
- Comprehensive audits of branches, subsidiaries, and affiliates
- Analysis of internal audit result
- Monitoring of implementation of corrective measures;
- ICS effectiveness assessment:
- Interaction with the Revision Commission of the Company
- Other

Based on the results of measures of control implemented by internal audit in 2015, the management has developed corrective measures whose implementation is monitored by the Audit Committee of the Board of Directors of the Company, to address the identified points of concern.

6.3. Equity capital, securities, and dividend policy

6.3.1. Authorized capital

In accordance with the Charter of JSC Tyumenenergo, the authorized capital of the Company as of December 31, 2015 constitutes 27,373,895,100 RUB and is divided into 273,738,951 ordinary shares with equal par value of 100 RUB / share. The Company does not own any privileged shares.

The Company announced issue of 3,121,409 ordinary registered shares with par value of 100 RUB each share for a total amount

of 312,140,900 RUB in addition to the outstanding shares. Registered ordinary shares announced by the Company grant the holder the same rights as announced ordinary shares.

Joint Stock Company Rosseti is the sole shareholder of JSC Tyumenenergo.

The shares of the Company are not in circulation on the organized shares market.

JSC Tyumenenergo owns preferred shares of PJSC Rosseti. Information about the shares in cross holding as of December 31, 2015.

Description of the issuer	Central Bank code	Rated holder	Share JSC Tyumenenergo, %	Nominal cost of 1 share, RUB
PJSC Rosseti	RSTIP	CJSC Sberbank CIB	0.0031	1

6.3.2. Dividend record

667,321 thous. RUB

Dividends accrued for 2014
(25% of net profit)

The Company's Dividend Policy is governed by the Regulations for Dividend Policy approved by the Resolution of the Board of Directors dated August 27, 2010. (Minutes No. 10/10). http://www.te.ru/about/vnutrennie_dokumenty.

The dividend policy of the Company is based on the following principles::

- calculation of dividends is based on the profit excluding the impact of the revaluation of financial investments;
- The need to maintain the required level of financial and technical state of the Company (implementation of the investment program), ensuring prospects of the Company's development;
- Compliance of the Company's practice of dividend calculation and pay-out with the legislation of the Russian Federation and the best standards of corporate behaviour;
- An optimum combination of interests of the Company and its shareholders;
- The need to enhance investment attractiveness of the Company and its capitalization;
- Ensuring transparency of the mechanism for determining the amount of dividends and payment thereof.

Distribution of profits for dividend pay-out in 2012-2015*

For dividend pay-out	thous. RUB	% of net profit	Amount of dividend per 1 share, RUB
for 2011 (2012 AGSM)	369,548	10.37	1.3500015202
for 2012 (2013 AGSM)	31,735	25	0.1159316198
for 2013 (2014 AGSM)	512,357	25	1.8716992892
for 2014 (2015 AGSM)	667,321	25	2.4378

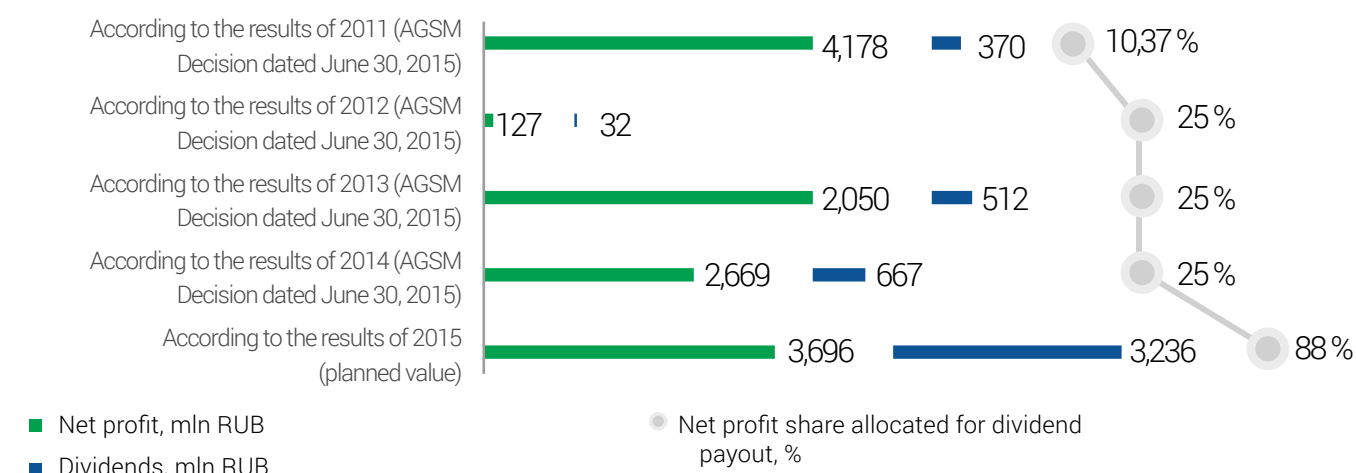
* Information in accordance with the resolutions of the Annual General Shareholders Meetings (AGSM)
2012 AGSM (for 2011): Minutes No. 153pr / 12 dated June 30, 2012.
2013 AGSM (for 2012): Minutes No. 187pr / 14 dated June 28, 2013.
2014 AGSM (for 2013): Minutes No. 242pr / 14 dated June 30, 2014.
2015 AGSM (for 2014): Minutes No. 361pr / 9 dated June 30, 2015.

All dividends accrued from 2012 to 2014 are paid out in full.

In accordance with the Charter of the Company, the resolution on distribution of profit according to the results of 2015 will be adopted at the Annual General Shareholders Meeting (AGSM).

Following the results of 2015, it is planned to allocate 3,235,994 thous. RUB for dividend pay-out. (88% of the net profit). Information on the dividend payments is shown in the diagram.

Dividend information



6.3.3. Bonds

On October 17, 2013, the Bank of Russia performed state registration of OJSC Tyumenenergo bond issues, Series 03, 04, 05, 06, amounting to 20 bln RUB.

In 2015, the Company did not place corporate bonds.

In December 2015, the Company renewed the maturity of the bonds of Series 03, 04, 05, 06 for one year until October 17, 2016.

Issue documents for these securities are available on the corporate website at the following address: http://www.te.ru/aktsioneram_i_investoram/raskrytie_informatsii/na_etapakh_emissii/

7

Sustainable development and collaboration with parties concerned

Dmitry Kobylkin

The Governor of Yamalo-Nenets Autonomous District



128.5 mln RUB

Expenses for protection equipment



7,488 pers.
Number of employees



24.27 mln RUB

Expenses for environmental protection



6,333 pers.
Number of employees who have undergone training in 2015



85%
of the average number

Yamal has entered the leading regions in terms of housing construction, made a significant progress in nearly all the areas of infrastructure: construction of roads, utility networks and power grids, and generating facilities. For the last five years, the volume of investment into the permanent capital assets of the Yamalo-Nenets District has more than doubled; the gross regional product and the revenue part of the budget have doubled. And this is thanks to the companies that work in the territory of our autonomous district.

Along with the largest companies in a variety of industries, Tyumenenergo is making a significant contribution to the region's capitalization. This is possible, in the first place, due to the availability of energy infrastructure for consumers and the maintenance of a high level of reliability of power grids, which increases the stability of the region's economy.

Traditionally, the power company pays great attention to the electrification of territories, which significantly affects the quality of life of our population. In the short term, a 110 kV distribution network will be created in Yamal, which will include the Northern Lights and Polyarnik substations on the territory of Urals District of the Yamalo-Nenets Autonomous District, which has led to removal of Salekhard power district from the number of decentralized districts. The greatest amount of power is still in demand by large industrial

enterprises, such as gas production fields of subdivisions of PJSC Gazprom.

Today, Yamal is experiencing a new powerful wave of industrial development. This development is primarily due to the formation of a new transport infrastructure in the far north of the country, which will turn Yamal into a large logistics center. The volumes of processing are actively increasing, which in turn increases the economic security of our region. At the same time, the social sphere is developing: we implement a capitalization policy for each Yamal resident through the construction of major housing, social facilities, municipal roads, through development of municipal infrastructure and elimination of energy dependence.

I have no doubt that whatever problems we may face will not reverse the dynamic processes of social and economic development of our region. This confidence is owing to the reliable partnership and fruitful cooperation of public authorities in Yamal with major companies that operate in the territory of the Arctic region. Fair and efficient operation of the team of Tyumenenergo not only enables enterprises of the fuel and energy complex and other industries to run smoothly and efficiently but also improves the quality of life of our population. All this together creates a solid foundation for further development of the Yamal Peninsula and the Russian Arctic as a whole.

7.1. Personnel policy

In the field of achievement of the targets of the Strategy for development of the power grid complex, the key objectives of the personnel and social policy of JSC Tyumenenergo are as follows:

- workforce requirements planning – provision of reliable information on operational and forecasting numerical and qualitative demand for labor resources necessary and sufficient for execution of tasks set for the Company;
- timely meeting of the Company's demand for personnel with the required qualification;
- provision of personnel efficiency, increase of the Company labor productivity.

The above key goals of personnel and social policy are achieved by implementation of a set of measures in various activities directions and specified targets attaining.

The main conditions of the Company personnel and social policy implementation are as follows:

- development of a set of activities and methods of work with the personnel making it possible for the Company to adjust to corporate and external changes quickly and efficiently;
- creation of conditions for the personnel labor potential unlocking, assurance of the implementation of an approach of "behavior toward personnel of the power grid companies as the human capital assets," which provides for investment in personnel development and maximum investment performance;
- creation of conditions in which professional competence, efficiency, motivation for professional development and sharing of corporate-wide values constitute the necessary requirements and the only guarantee of advancement in the Company;

- creation of the Company image as a socially responsible preferable employer in order to improve the Company attraction for highly skilled employees.
- work in the conditions of an integrated personnel space, use of integrated solutions and shared information resources of the power grid company in order to increase the efficiency of personnel management and to provide cost reduction.

When meeting the Company personnel requirements, preferences are given to operating personnel and personnel development in accordance with qualification requirements and to involvement of recent graduates having industry-specific vocational education.

In order to ensure continuity, the Company has established and annually updates personnel pools. Identification of talented young people and creation of conditions that are conducive to the fullest disclosure of the potential of young professionals of the Company are implemented within the work on the generation of the youth personnel pool.

A program of co-operation with institutions of higher, secondary, and vocational education that are mostly located in the regions of the Company's subdivisions and which provide training in the areas / specialties that are in high demand in the grid complex (supporting educational institutions) has been developed.

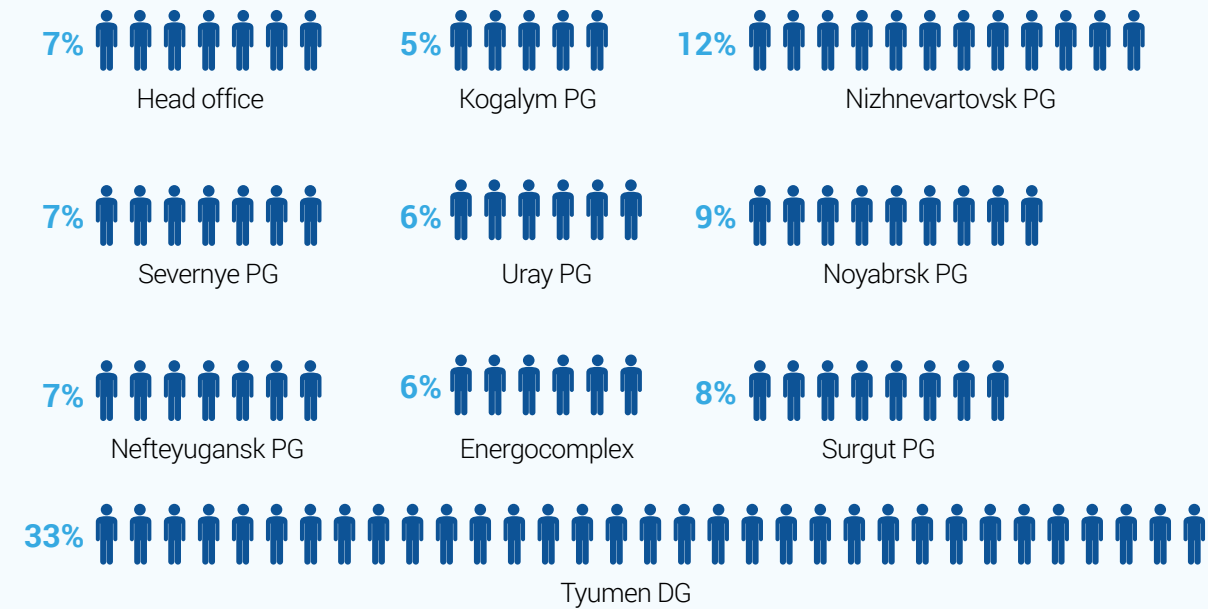
Additional mechanisms that ensure employee engagement in and commitment to corporate values are the programs of social and cultural orientation.

Personnel number and composition

Average personnel of JSC Tyumenenergo



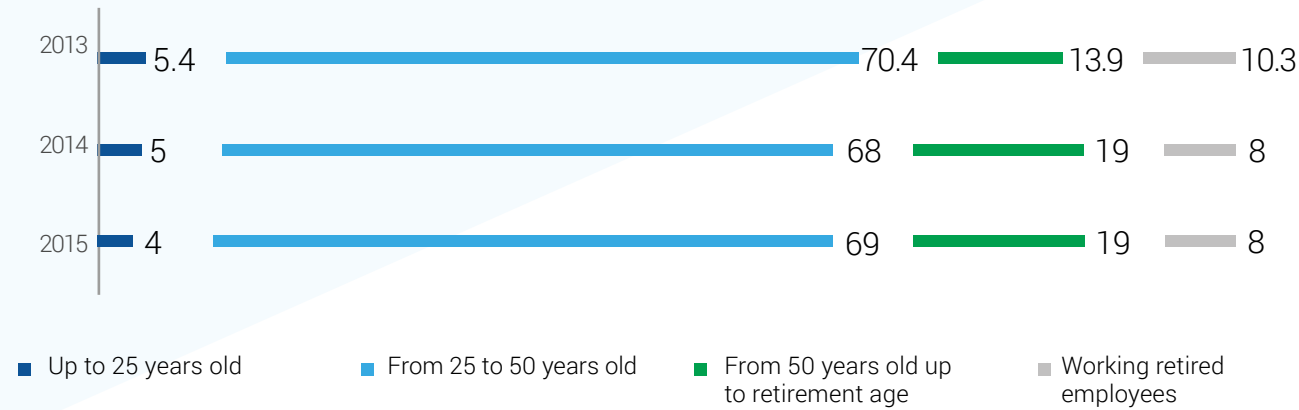
Distribution of the number of staff in 2015



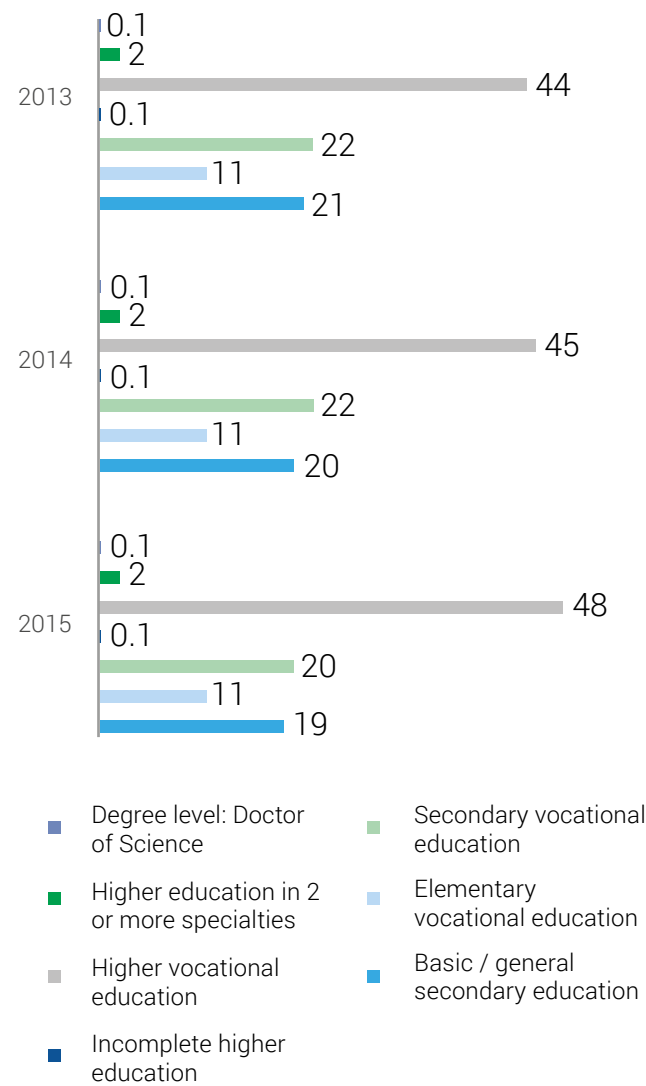
The average number of employees of JSC Tyumenenergo in 2015 amounted to 7,448 people, which is 0.7% below the corresponding value for 2014. Decreased personnel number in 2015 is caused by the optimization of administra-

tive, management personnel ranks, and simultaneous employment of industrial personnel as well as the maintenance of re-commissioned power grid equipment.

Personnel structure by age



Personnel structure by education



Company personnel can be described as quite highly qualified

80% of the staff

have professional education



Personnel training and development

The personnel policy of the Company in the field of training is based on three basic principles. The first principle is ensuring the continuity of practical experience, which is the base for the professionalism of each employee. The second principle is the continuous training of employees at all levels (from electricians to top managers). The third principle is the concern for future staffing, which is demonstrated through cooperation with relevant universities and work with personnel pools.

The Company has developed its own educational strategy, which is aimed at developing the professional competencies of its employees and at increasing the level of production training of the personnel that is required in order to ensure stable operation of the entire distribution grid complex.

Main directions of training are as follows:

1. Professional and advanced training for workers.
2. Pre-examination and advanced training for managers and specialists;
3. Training and development of the candidate pool;
4. Professional re-training of employees at higher educational establishments.

In 2015, the number of employees who have undergone training in various fields is 6,333 people, which is 85% of the average number (6,470 people / 86% in 2014). The number of trained employees was 2,833 people and 38% of the personnel number (2,358 people and 31% in 2014) without considering pre-examination industrial training.

6,333 people

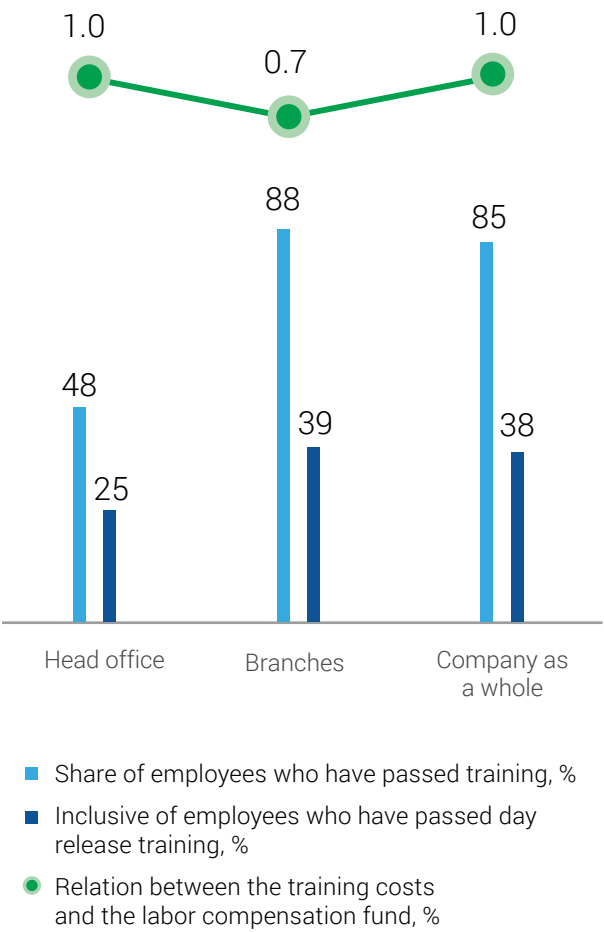
Number of employees who have undergone training in 2015



(85%) of the average number



Share of employees who have participated in day release training activities, and the relation between the training costs and the labor compensation fund in 2015, %



The cost of training in 2015 for the Company as a whole amounted to 34,883.3 thous. RUB; the financing plan for training and development of personnel of JSC Tyumenenergo was completed.

The Company's management pays great attention to the expansion of forms of cooperation with higher and secondary educational establishments that provide professional training in electric power related qualifications in the territory of JSC Tyumenenergo. These higher education establishments are as follows: State Budget-Funded Education Institution of Higher Professional Education KhMAD – Yugra Surgut State University, State Budget-Funded Education Institution of Higher Professional Education North Trans-Ural State Agricultural University, State Budget-Funded Education Institution of Higher Professional Education Omsk State Technical University, State Budget-Funded Education Institution of Higher Professional Education Yugra State University, and others.

In 2015, 147 students undertook on-the-job and pre-graduation practical training at JSC Tyumenenergo, 8 of them have been employed at the Company branches after graduation.

General Manager of JSC Tyumenenergo P.A. Mikheev is a member of the Board of Trustees of State Budget-Funded Education Institution of Higher Professional Education Tyumen State University; Deputy General Manager V.N. Shuvalov is a member of the Board of Trustees of State Budget-Funded Education Institution of Higher Professional Education KhMAD – Yugra Surgut State University. Representation of the Company in the Boards of Trustees has a very specific task of providing support to universities in training engineers and technicians that are in high demand in the region today.

Also, student construction brigade movement became widespread: 50 students who are enrolled in specialized areas of training received tickets to the Energetic SCB for the summer season working at power facilities of the Company this year. Students also took an active part in the public life cycle: sports, competitions, and events for veterans of the industry. For example, the members of the construction brigade not only became acquainted with the work of professionals but also obtained invaluable experience, which was generously shared by powermen.



educational establishments with associated departments have concluded partnership agreements with JSC Tyumenenergo

Key efficiency indicators

Achieving the priority objectives of development of the Company is assessed by the system of key performance indicators (KPIs) that is used in the Company.

Since 2015, the composition of the Company's performance indicators has been substantially modified to take into account the priorities defined by the Strategy of Development of the Power Grid Complex approved by the Decree of the Government of the Russian Federation No. 511-p, interlinkages of indicators with the objectives of the Long-Term Development Program of the Company, and the execution of individual orders of the Government of the Russian Federation.

Key efficiency indicators


Composition of the indicators	Target values for 2015
Quarterly performance indicators	
Absence of the increase of major accidents	Absence of the increase
Prevention of the increase of the number of accident victims	Absence of the increase
Financial stability indicator - leverage ratio	≤ 1.5 or the value according to the business plan (taking into account the creditworthiness group)
Annual performance indicators	
TSR (total shareholder return)	≥ the mean value of the indicator for the last three years preceding the reporting period
Return on invested capital (ROIC)	≥ 0.9
Decrease in specific operating expenses	≥ the value approved within the business plan
Energy loss level	≤ the value approved within the business plan
Achievement of the services reliability factor	1
Lowering specific investment expenditures	≥ 15%
Compliance with facility commissioning deadlines	≥ 95%
Compliance with utility hook-up deadlines	≤ 1,1
Labor productivity indicator	≥ the value approved within the business plan

The target values of all the key performance indicators based on the results of 2015 were achieved; negative deviations of the actually achieved KPIs are absent; the degree of implementation is equal to 100% for annual KPI and to 100% for quarterly KPIs.

The system of key performance indicators of the Company General Manager is based on:

- subparagraph 12 of section 12.1 of Article 12 of the Charter of the Company;
- the decisions of the Board of Directors of the Company dated February 27, 2015 (Minutes No. 02/15) on the issue No. 1 "On the Approval of the Methodology of Calculation and Evaluation of Key Performance Indicators of the General Manager of the Company."

In 2015, the following composition and target values of key performance indicators were established:

100% 
Degree of implementation for annual KPI and for quarterly KPIs

7.2. Labor protection

The focus of JSC Tyumenenergo policy in the sphere of labor protection is giving priority to company staff life and health protection over the business results of the Company.

The Company constantly strives for mitigation of occupational diseases risk and occupational injuries' prevention.

JSC Tyumenenergo developed, implements and maintains the Management System in the Area of Health, Safety, and Environment Protection that complies with the requirements of the International Standard OHSAS 18001:2007. In the framework of the functioning of the HSE system, the Program of Management of the Health Protection and Labor Safety Provision, Implementation of the Functions and Activities Aimed at the Mitigation of Risks in the Area of Health Protection and Labor Safety Provision is implemented.

Management of health protection and labor safety provision in JSC Tyumenenergo includes the following risk management functions:

- the organization of plant supervision;
- the provision of means of individual and collective protection;
- training, instruction, and examination in the field of health protection and labor safety provision;
- the development and the implementation of collective activities in the field of health protection and labor safety provision.

The main activities aimed at the labor protection improvement are as follows:

- special evaluation of labor conditions at the workplace; bringing the working conditions at the workplace in compliance with applicable rules and regulations;
- laboratory control of compliance with sanitary rules and hygiene codes at the workplace; provision of cleaning and protection equipment and milk to the workers that come into contact with hazardous substances; supply of clean drinking water to members of the personnel; procurement of medicines;
- provision of workplaces equipped with modern certified personal and collective protection equipment, inclusive of arc-resistant kits;
- hosting annual exhibition contest in the field of labor protection and human resources activities among JSC Tyumenenergo branches;
- hosting professional skill competitions among JSC Tyumenenergo branches.

One of the key tasks of JSC Tyumenenergo is the prevention of occupational injuries at the Company facilities concerning both the Company staff and third parties.

Currently the top-priority area in the activities to prevent occupational injuries in the Company is high-quality training of all the workers and improvement of their practical skills as well as the increased control by the responsible parties over adherence to normative documentation while carrying out work at JSC Tyumenenergo facilities.

In 2015, the Company employed the Comprehensive program of reduction of the risk of injury to personnel of JSC Tyumenenergo and to third parties at the facilities of the power grid complex of the Company for 2014-2017.

All the workplaces at JSC Tyumenenergo are equipped with certified protection equipment, tools, and accessories as per applicable requirements of the regulatory codes in effect. At all JSC Tyumenenergo branches, facilities for protection equipment storage as per applicable requirements of the Guidelines on Application and Tests of Protection Equipment Used in Electrical Installations are provided. The safety of personnel is also increased through the use of special clothing that was designed to resist electric arcs.

For the purposes of protection of the employees who perform work in the existing electrical installations in the habitat of ticks and blood-sucking insects, the Company uses suits for protection against hazardous biological agents (ticks and blood-sucking insects) made of heat-resistant materials developed CJSC FPG Energokonstrakt.

To protect the workers from the consequences of encephalitic ticks, the workers are regularly vaccinated.

128.5 mln
RUB
Expenses
for protection
equipment



The Company aims to prevent accidents at its facilities, to enhance each employee's responsibility and involvement in safe working conditions, and to ensure compliance with applicable legislation and regulations.

Costs	Thous. RUB
Comprehensive program, total	189,660.0
labor protection activities	160,648.49
individual protection equipment	128,448.71

7.3. Social policy

Corporate social responsibility is a major development factor for JSC Tyumenenergo. Among the main socially oriented principles the Company there are:



No discrimination in the area of labor relations



Elimination of all forms of forced and compulsory labor



Provision of safe work conditions



Timely payment of wage



Increase in personnel salaries by indexing tariff rates and salaries



Availability of monetary bonuses and a morale-boosting incentive system



Equal opportunities for personal and professional growth of the Company workers

For sustainment of social stability and further development of social partnership, JSC Tyumenenergo regularly concludes a Collective Labor Agreement between the Employer, which is JSC Tyumenenergo, and the employees, who are represented by Tyumen Inter-Regional Organization of Public Association “All-Russia Trade Union of Electric Power Suppliers” (“Vserossiysky Elektrofsoyuz”). JSC Tyumenenergo provides a staff insurance system, including the following elements:

- voluntary staff medical insurance,
- voluntary insurance against accidents and diseases,
- insurance against work-related accidents.

Moreover, JSC Tyumenenergo carries out a non-state pension program for its employees, which is targeted at providing decent living standards for its employees as they reach the retirement age. Participation in such a non-state pension program strengthens the trust of workers in the employer, which has a positive influence both on the stability and on rejuvenation of the personnel. Moreover, JSC Tyumenenergo provides active assistance in improving housing of its employees. According to the Provisions for Corporate Assistance and Support of JSC Tyumenenergo Staff, a long-term housing improvement program was incorporated. The priority in this program belongs to highly qualified experts in extreme need for housing improvement.

In addition to material incentive, JSC Tyumenenergo also utilizes a morale encouragement system.

The development of personnel and the exchange of knowledge and experience takes place within the framework of professional skills competitions, which involve workers, specialists, and managers.

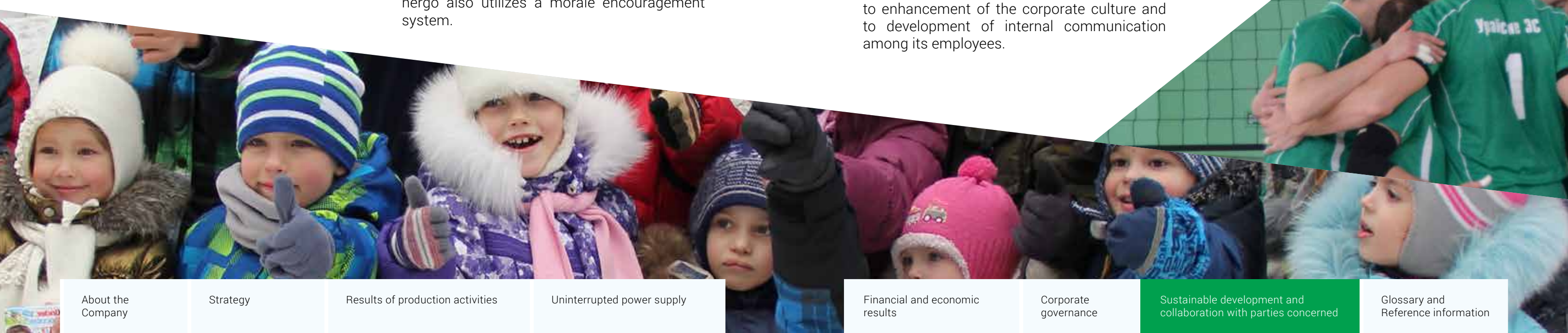
Annually, JSC Tyumenenergo's team takes part in professional skills competitions. In 2015, in the All-Russian competition for professional skills of maintenance and operational personnel, which was held among 13 teams of subsidiaries of JSC Rosseti in July 2015 in the city of Nizhnevartovsk, the team of JSC Tyumenenergo demonstrated its staying power in passing of stages, technique of execution of various works, and introduced innovations - and rightfully occupied the first place again.

JSC Tyumenenergo pays special significance to enhancement of the corporate culture and to development of internal communication among its employees.

1,200

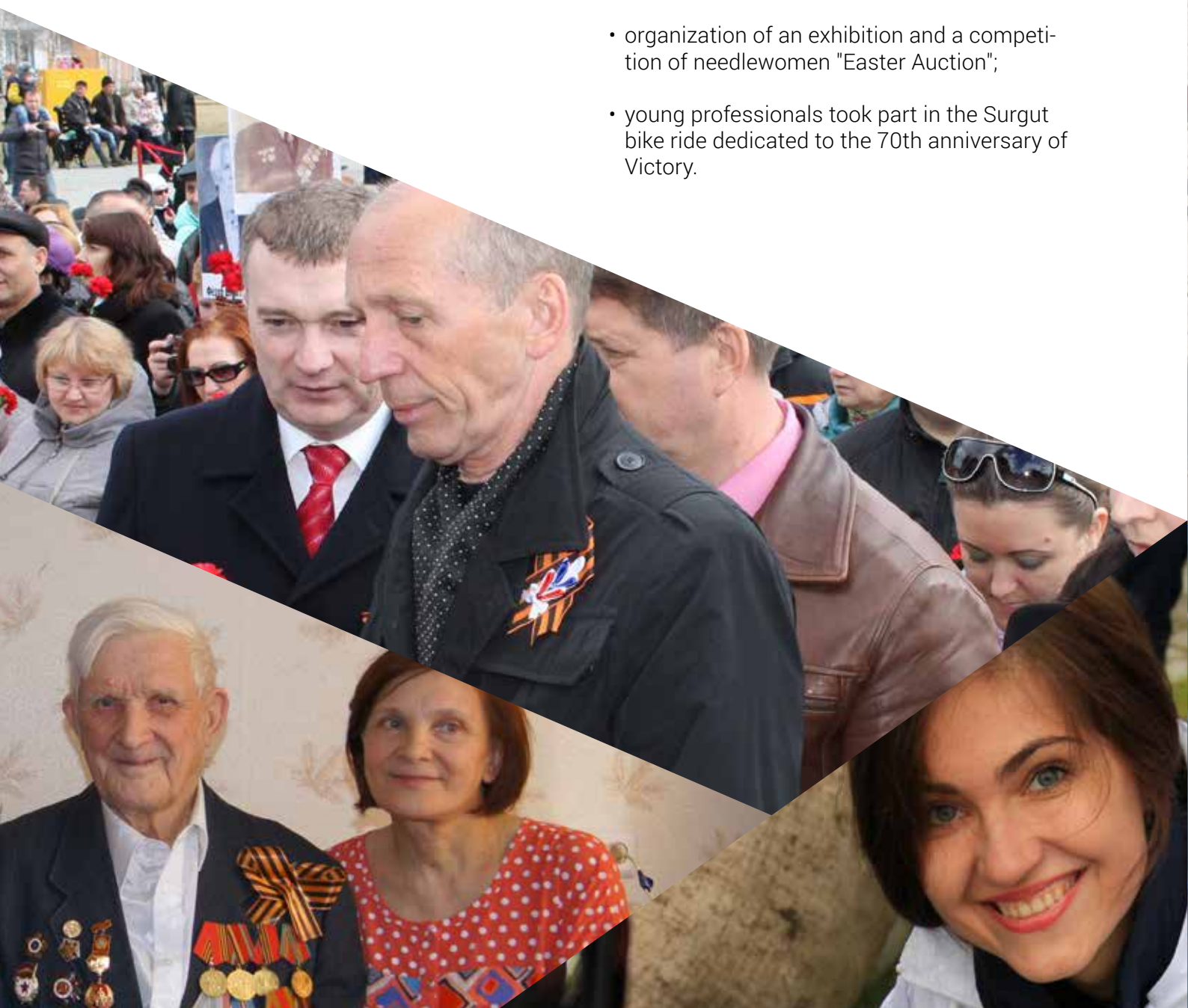
employees of the Company

Received awards of various denominations



More than 20 corporate events direction were organized and carried out in 2015:

- participation of the youth council in the following projects of Surgut Museum of Local History: "Soldiers: Wars, Parties, Energy," "Soldier of the Fatherland," and "On the Rest Halt";
- organization of the following events for the veterans: "Day of an Elderly Person" and a festive soiree devoted to the 70th anniversary of the Great Victory;
- the Company became a co-organizer of the exhibition "Wartime friends" at the Center of Patriotic Heritage of Surgut Museum of Local History, which was dedicated to the anniversary of Victory;
- together with representatives of youth councils and veteran councils, the following events were organized in commemoration of the Day of Victory: the "Peace March" and the "Victory Letters";
- participation in the festive city concert dedicated to the 70th anniversary of the Victory in the Great Patriotic War and in the events of the "Immortal Regiment" and the "Lilac of the Victory";
- organization of an exhibition and a competition of needlewomen "Easter Auction";
- young professionals took part in the Surgut bike ride dedicated to the 70th anniversary of Victory.



The following events were organized for the veteran of JSC Tyumenenergo: a "Day of an Elderly Person," an event dedicated to the 35th anniversary of JSC Tyumenenergo, and a festive evening devoted to the Energy Day, which has become a tradition.

JSC Tyumenenergo pays great attention to healthy lifestyles of its employees.

For employees of the head office, the following events were organized: a tennis tournament, "The Great Race" and "Day of Health" fitness picnics, and a seminar on Vietnam gymnastics.

Teams of all the branches and the head office of the Company participated in the annual Spartakiad games of JSC Tyumenenergo. Volleyball players of the Energocomplex branch of JSC Tyumenenergo won in the volleyball competition as part of the City Spartakiad Games in the City of Nyagan.

Representatives of the Noyabrsk PG branch of JSC Tyumenenergo were the leaders in table tennis of the City Spartakiad Games "For a Healthy Russia in the 21st Century." The team of the Nefteyugansk PG youth council took the 2nd place in the district military-sports game "Shield-2015" among students and young workers of Nefteyugansk under the state program of "Patriotic Education of Citizens of the Russian Federation for 2011-2015." Also, the representatives of this youth association celebrated the Youth Day by the team championship in shooting at the base of the DOSAAF Center.

Youth council representatives became winners of the "New Year Tournament 2015" in intellectual games for the Cup of the Head of Surgut, which was attended by 59 teams from the City of Surgut, Surgut district, and the Cities of Nizhnevartovsk and Nefteyugansk. Also, the youth team became the winner of the Surgut Festival of Working Youth "Get a Wing!" ("Na Krylo!"). The team of the Nefteyugansk PG branch of JSC Tyumenenergo won the final of the 7th Cup of Yugra in business management "The Growth Area." In Tyumen, the 7th Festival of young workers of JSC Tyumenenergo was organized. The representatives of the Youth Association participated in the "Green Marathon" in Surgut by running the distance of 4,200 m together with the city residents.

Nikita Kalinin and Daniil Mihailov, who are children of employees of JSC Tyumenenergo, became the winners of the city contest of children's drawings "Occupational Safety through the Eyes of Children"; Anastasia Glivinskaya (the Kogalym PG branch) took the 3rd place in the category of "Rosseti is a Big Family" in the "Rosseti - Drawn by Children!" contest organized by PJSC Rosseti.

In summer 2015, the Company continued the program of student construction brigades at JSC Tyumenenergo sites. The first experience of such collaboration with education institutions has shown a mutual benefit for both parties.

Members of the Power Man student construction brigade organized a football match and a tennis tournament. The students participated in the bike ride as well as in the social event dedicated to the 71st anniversary of the Tyumen region and in the events dedicated to the anniversary of the Victory. Also, the Power Man student construction brigade entered the top five of construction brigades of the grid complex on the basis of the results of the labor season 2015.

In the reporting year, JSC Tyumenenergo continued vocational guidance and preventive work on electrical safety among pupils and students of educational institutions of the Tyumen region, who learned not only about electrical safety requirements but also about the profession of power engineers during these activities.

In 2015, following decisions of the Board of Directors the Company held charity activities to preserve and develop moral and cultural values by contribution to reconstruction and restoration of buildings of historic and religious value, and support of research and development, sociological and other projects of all-Russian value.



Throughout the year, the Company also held charity events in support of seriously ill children for the "North Angel" and "I Give the Good" funds. Joint actions with the "Give Me Your Paw" public organization to raise funds for homeless animals were implemented.

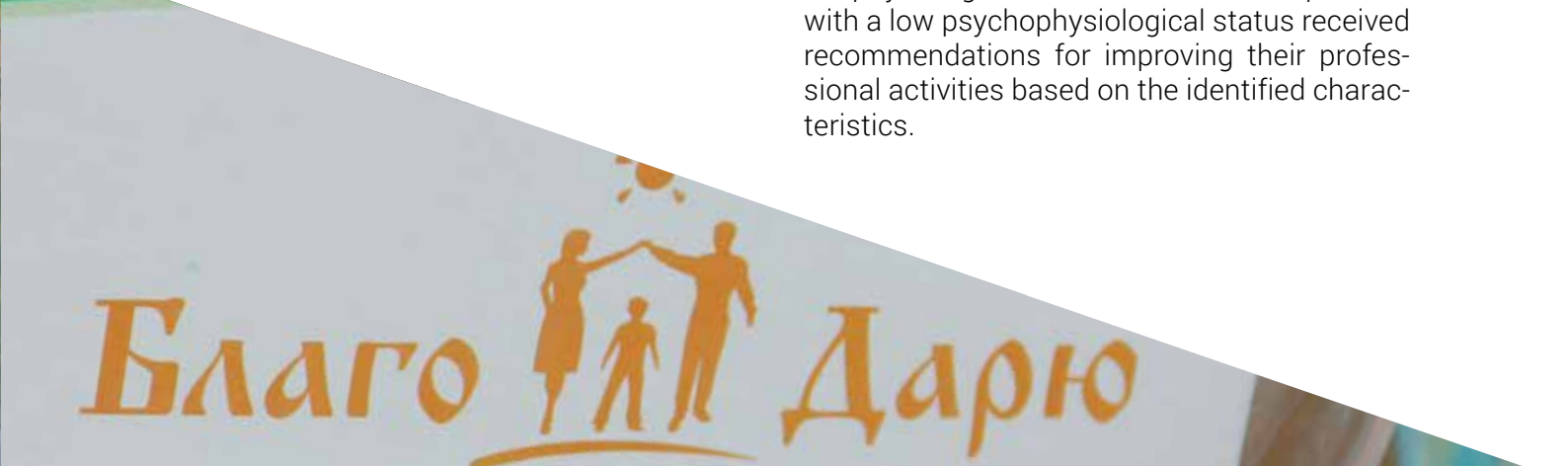
The Company hosts the following annual events in propaganda of family values:

- the annual presentation competition "Heroes of Our Motherland" for the children of JSC Tyumenenergo employees;
- the New Year's holiday for children "The Brightest Christmas tree."

A program on health and recreation opportunities for the employees living in the Far North and similar areas is being carried out. In health resorts of the Black Sea coast, 470 employees of the Company and their children improved their health. Children's summer holidays in health camps were organized, during which 114 children rested on the Black Sea coast and 31 persons rested in the Tyumen region.

Moreover, the Company implements purposeful work for the psycho-physiological examination of the operational staff in its branches in order to improve the professional activity of its employees and to prevent errors associated with their psychophysiological status. The psychophysiological examination is performed with the help of a computer psychodiagnostic system (PDS), which allows assessing the operator efficiency, researching the intelligence, and evaluating the psychophysiological status of the operating personnel.

During the year, 1,159 workers of this category took the psychophysiological examination in order to determine the level of development of professionally important qualities (PVC) and to identify high-risk groups (persons with a significant decrease in the level of professionally important qualities). On the basis of psychophysiological examination results, persons with a low psychophysiological status received recommendations for improving their professional activities based on the identified characteristics.

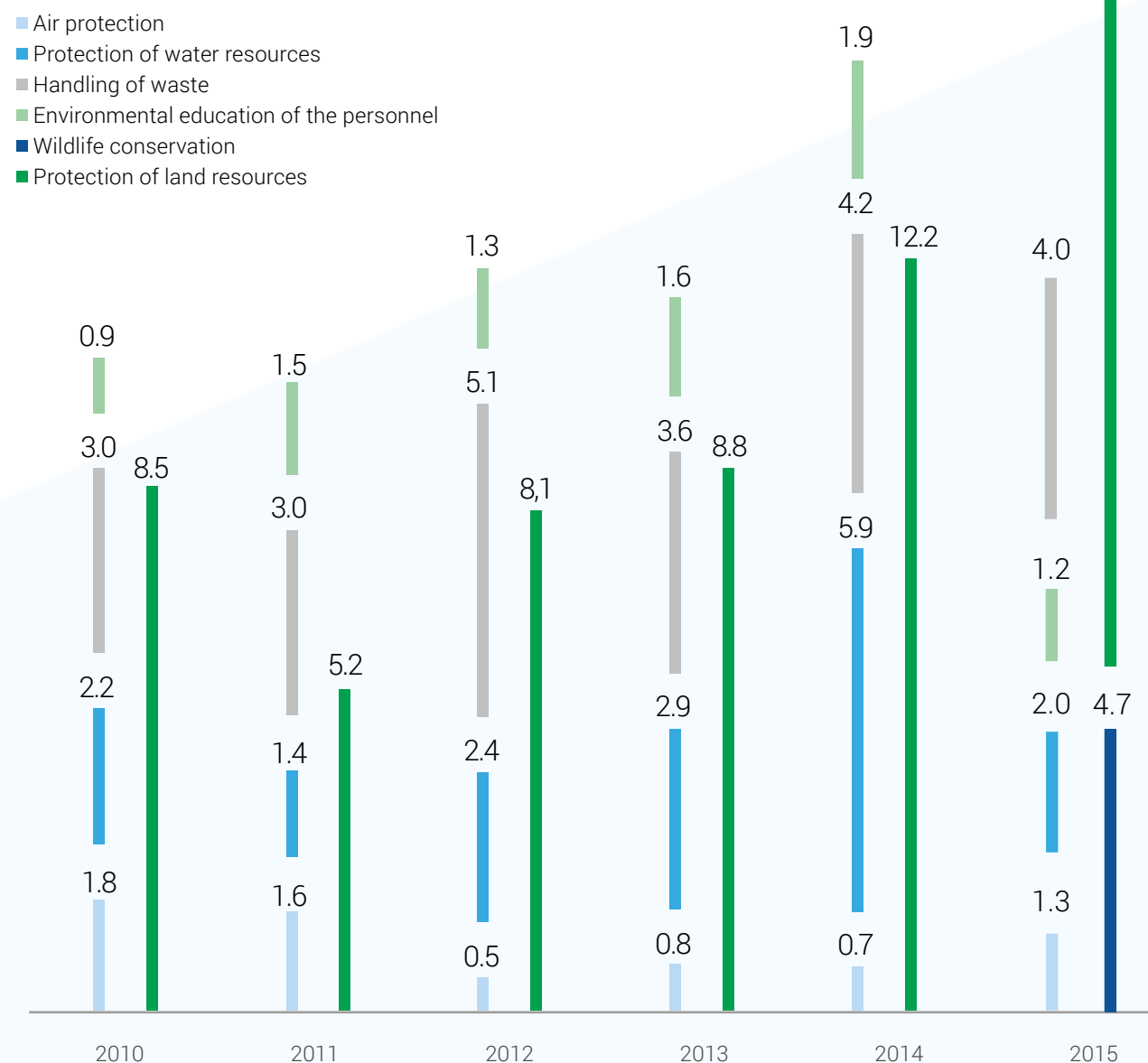


7.4. Environmental policy

The technology of industrial activities of JSC Tyumenenergo has no significant adverse impact on the environment that may cause irreversible changes in the natural environment

and environmental disasters. Nevertheless, the JSC Tyumenenergo considers concern for the ecological situation in the regions of its presence a priority.

Environmental protection measures expenditure, mln. RUB



24.27
mln RUB

Expenses for environmental protection

Air protection

The requirements for electrical equipment in the field of environmental safety are maximally determined at the design stage, when provision is made for the protection of land resources from petroleum products with the arrangement of a system of oil receivers in the course of operation of oil-filled equipment, protection of the population and wildlife from exposure of live parts by impossibility of unauthorized touching, establishment of bird guard devices, etc.

The main areas of implementation of environmental safety of production processes are determined by the "Target Program for Ensuring Environmental Safety at JSC Tyumenenergo in 2014-2018," which establishes the following objectives for environmental activities of the Company:

1. Minimization of the impact of industrial activity on the environment;
2. Prioritization of the introduction of modern methods of waste management and new preventive technologies that reduce the impact of the operated oil-filled equipment.

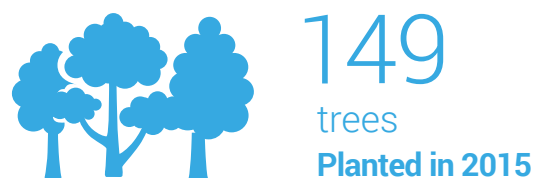
The amount of pollutants emitted by branches of JSC Tyumenenergo in the air in 2015 was within the limits set by applicable environmental restrictions (approved volumes of maximum permissible emissions - MPE) and amounted to 64 tons. The necessity of justification of sanitary protection zones of industrial facilities of the Company in the course of development of documents for new construction, reconstruction, and revamping and permitting documents under emission standards (MPE) is provided for.

In 2015, the Company contracted special accredited centers to implement ambient air quality assessment in the border zone of influence of the Company's industrial sites, to monitor compliance with standards for maximum permissible emissions into the atmosphere, and to measure the emissions from motor vehicles.

Restoration of forest resources

The personnel of JSC Tyumenenergo is involved in the environmental activities of the Company through participation in neighborhood clean-up of own and dependent territories. The personnel of branches of JSC Tyumenenergo took an active part in the city neighborhood clean-ups, which resulted in elimination of debris landfills in urban areas, forests, and parks as part of the following events: "Green Russia," "The Lilac of Victory," "Plant a Tree," and "Clean City." The result of the participation of the Company's employees in these events was 1,862 planted trees.

As compensatory measures, the Company planted 148,989 trees in 2015, inclusive of 64,884 Siberian cedar pines.



Environmental protection and sustainable use of water resources

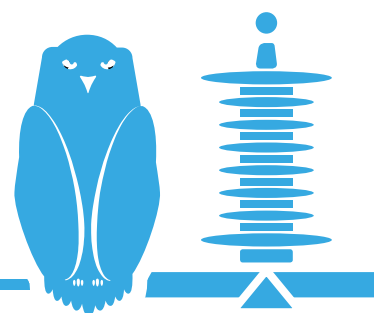
Branches of JSC Tyumenenergo are not large water users, which take 50 m³ of water per day or more from the bodies of water (the criteria for coverage of water users in planning and public reporting under the Form 2-tp (water management)).

Every year, before February 1 of the year following the reporting year, branches of JSC Tyumenenergo send reports on the compliance with conditions of the license agreement in terms of operation of artesian wells in the territorial departments of the Federal Service of the Ministry of Natural Resources of the Russian Federation for subsoil use.

During 2015, the volume of water that was used by branches of JSC Tyumenenergo in the whole amounted to 53 thousand m³, which is 5% below the level of 2014. JSC Tyumenenergo subsidiaries do not discharge polluted water into surface waters; wastewater is transferred to the municipal services system on a contractual basis.

Protection of birds

4,376
bird protection
devices



The Company installed in 2015 within the scope of overhead power transmission line reconstruction projects

The Resolution of the Government of the Russian Federation dated August 13, 1996 and registered under No. 997 "On Approval of the requirements to prevent the destruction of wildlife in the course of implementation of production processes as well as in the course of operation of highways, pipelines, communication, and power lines" identified a number of environmental requirements for design, construction, and operation of the power lines with the voltage of 6 kV and above.

JSC Tyumenenergo addresses issues of bird protection with the use of humane means of scaring birds and protection of birds against electric shock:

- the installation of certified bird guards of the type ZPK-1 on towers of power transmission lines; these devices prevent birds from landing onto the towers and have a deterrent effect due to vibrations caused by the wind;
- the use of acoustic repellents;
- the obligatory nature of implementation of plans for the introduction of bird-protection technology on power transmission lines in order to reduce the number of dying birds both in the course of development of the Terms of Reference for construction/reconfiguration and reconstruction and in the course of implementation of overhead power transmission line design solutions.

7.5. Emergency prevention

In 2015, there were no emergency in the service area of power grid facilities of JSC Tyumenenergo.

Activities that were developed and applied by JSC Tyumenenergo in 2015 to reduce the time of organizing and conducting emergency and repair operations:

- the development and approval of 3 schedules of emergency limit of the electric power consumption mode in the three regional areas in the zone of responsibility of JSC Tyumenenergo (Khanty-Mansiysk Autonomous District, Yamalo-Nenets Autonomous District, and the south of the Tyumen region);
- implementation of 12 emergency response exercises for personnel in the field of actions to be taken in conditions typical for the AWP;
- implementation of the task of configuration and volumes of automatic frequency load shedding (AFLS) in the operating area of the Tyumen RDO branch of JSC SO UES No. P-57-62-III-219-1379 dated April 17, 2015 in full (100%). The total volume of the automatic frequency load shedding was 78% of the volume of consumption;
- implementation of a revision of the range and the scope of the emergency reserve of equipment and materials of the Company and drafting of the Work Audit Statement for the range and the scope of emergency reserve of JSC Tyumenenergo on July 28, 2015 pursuant to the order of JSC Tyumenenergo dated June 7, 2015 and registered under No. 255 "On the organization of preparation for the AWP 2015-2016";
- implementation of maintenance work to verify the serviceability of diesel generators by the branches of the Company pursuant to the "Rules of application of backup sources of electricity supply under the conditions of massive interruptions of power supply of the settlements located in the operational area of responsibility of the branches of JSC Tyumenenergo" (RE-IA-31.10.31-3-27-04-2014).

158 emergency repair troops

766 people



271 units of vehicles and special-purpose machinery

Drafting of Statements of readiness for use of backup sources of electricity supply in the area of responsibility of the branches of the Company;

- conclusion and extension of 124 agreements with contractors and allied power grid organizations as well as 68 agreements with the Russian Ministry of Emergency Situations and 3 agreements with the Federal Service of Russia on Hydrometeorology and Monitoring of the Environment (the Roshydromet);
- In 2015, in order to prevent and eliminate the consequences of complex network breakdowns (emergencies), JSC Tyumenenergo formed 158 emergency repair troops (ERT) with the personnel numbering 766 people, equipped with 271 units of vehicles and special-purpose machinery, required tools, mechanical facilities and process equipment;
- as part of the ERT, 13 mobile troops were created, which were calculated on the basis of moving for a distance over 1,000 km, with the personnel numbering 80 people, equipped with 53 units of vehicles, process equipment, mechanical facilities, means of communication, and tools. All ERT created are staffed with highly qualified personnel and provided with necessary material and technical resources.

The range and the scope of the emergency reserve in 2015 comply with the norms by 100%; the emergency reserve is replenished if and when it is used. Replenishment of the emergency reserve by the Emergency Reserve Management Regulation of JSC Tyumenenergo is implemented by:

- means of insurance indemnity;
- means of repair and maintenance activities;
- investment funds;

Completion of the emergency reserve within the shortest deadline possible and in the case of use is implemented by contractors with their own materials and equipment in the framework of agreements on cooperation and in the framework of contractual relationships with manufacturers and suppliers of products.

The list of equipment and materials of the emergency reserve of JSC Tyumenenergo is provided on the portal of the PJSC Rosseti. The carrying value of the emergency reserve as of May 31, 2015 constitutes 345.1 mln RUB.

To ensure uninterrupted power supply to consumers JSC Tyumenenergo sent 18 emergency power facilities to the Crimean FD.

In 2015, resources of JSC Tyumenenergo were not used to assist in mitigation of network disturbances consequences in the electric grid complex of other subsidiaries and affiliates of JSC "Rosseti."

JSC Tyumenenergo performs purposeful work aimed at prevention network disturbances and emergencies.

Analysis of causes of network failures enables JSC Tyumenenergo to identify "bottlenecks" at the electric networks facilities and to plan events for the next period. Taking into account the statistics of emergency shutdowns, a series of measures aimed to improve the reliability and stability of power grids and electrical equipment has been planned for the year 2016.

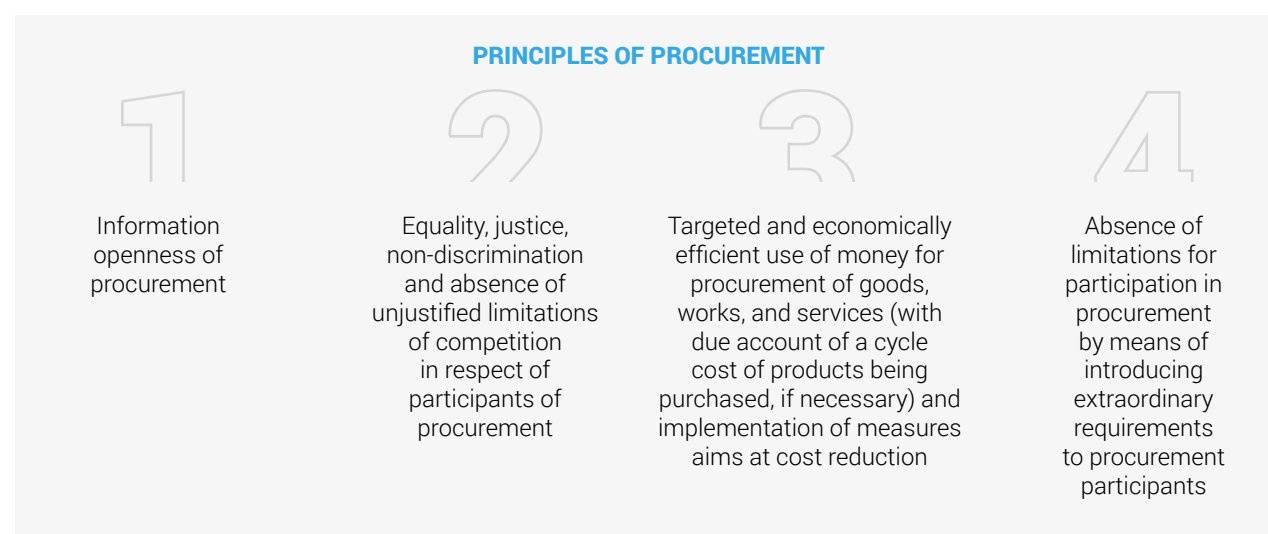
The Company organized a series of measures on informing the power consumers on network breakdowns and repair duration with the help of a special call center with a 24-hour hotline – 88002005504.

The natural and technical emergency security of personnel and facilities of JSC Tyumenenergo is at a high level, complying with the requirements of all regulating documents.

7.6. Procurement policy

Normative regulation of procurement and the principles of its development

In 2015, the purchasing activity of the Company was regulated by the "Regulations on procurement of goods, works, and services for the needs of OJSC Tyumenenergo" (hereinafter referred to as the Procurement Regulation) approved by the decision of the Board of Directors of the Company.



In compliance with requirements of the Federal Law No. 223-FZ dated 18 July 2011 "On Procurement of Products, Work, and Services by Specific Legal Entities," JSC Tyumenenergo publishes the following information on an official procurement website www.zakupki.gov.ru and the Company's corporate website www.te.ru:

1. Goods, Works and Services Procurement Plan;
2. Goods, Works and Services Procurement Regulation;

3. Information on procurements.
4. Data on a number and total value of contracts concluded by the Company on the results of procurement from small and medium business.
5. Data on a number and total value of contracts concluded by the Company on the results of procurement from small and medium business.

Information on the main indicators of the Procurement Plan

The Company Procurement Plan for 2015 was approved by the Board of Directors in the amount of 350 purchases totaling 12,649.99 mln RUB with VAT.

The Procurement Plan of JSC Tyumenenergo for 2015 was implemented in full. Procurements were pursued with regard to the Procurement Regulation requirements.

10,989 mln RUB

The volume of purchases of JSC Tyumenenergo

10,848 mln RUB **(98.71%)**

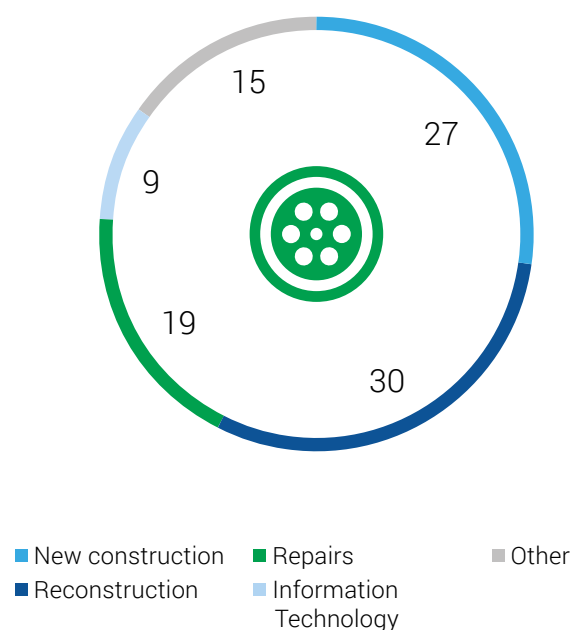
The volume of open procedures

141 mln RUB **(1.3%)**

The volume of purchases made from a single source

170 semi-fixed purchases (in accordance with Article 5.13. of the Procurement Regulations) were made in the amount of 9.658 mln RUB

Structure of JSC Tyumenenergo's purchases in 2015 broken down by activity



The share of purchases made using e-commerce means was 98.85% in 2015.

The economic effect of carried out procurement procedures (excluding semi-fixed procurement from a single source) amounted to 673 mln RUB or to 5.8% of the planned procurement cost, which constituted 11,662 mln RUB.

673
mln RUB

Economic effect of carried out procurement procedures in 2015

Procurement of products for the needs of JSC Tyumenenergo in 2015 was implemented by trained.

In 2015, JSC Tyumenenergo implemented active work on promotion of the Partnership Program between JSC Tyumenenergo and small and medium enterprises, the purpose of which was to ensure the state policy for small and medium business development be means of the Company procurements.

At the end of 2015, 124 small and medium business entities joined the Company's Partnership Program.

For the period from July 1, 2015 and until December 31, 2015, the Company entered into 555 contracts with small and medium-sized enterprises in the amount of 6,630,767 thous. RUB or 93.41% of the total volume of concluded contracts on procurement results (less the cost of contracts concluded on the basis of the results of purchase in accordance with applicable provisions of paragraph 7 of the Decree of the Government of the Russian Federation dated December 11, 2014 and registered under No. 1352) as a result of procurement procedures. Of these, 385 contracts in the amount of 3,808,501 thous. RUB (53.65%) were concluded with small and medium-sized enterprises as a result of procurement wherein the only participants were small and medium-sized enterprises.

7.7. Customer focus

Policy in the field of interaction with consumers of JSC Tyumenenergo is aimed at securing a customer-oriented approach in its activities. The main purpose of customer-oriented approach is formation of customers' loyalty to the organization at the expense of quality service and satisfaction of services' consumers in the short and long term.

Customer-oriented approach of JSC Tyumenenergo is implemented through the establishment and operation of a centralized customer service system, which is based on the following principles:

Providing customers with sufficient information about the Company and its services.

Providing complete and accurate information about all procedures of interaction with JSC Tyumenenergo is public, available in an accessible form for a consumer of services: in the media, on the Company's website, and on information stands of the Company.

Territorial accessibility and comfort conditions of face-to-face service.

Face-to-face customers' service is organized within the entire territory of JSC Tyumenenergo customer support: south of Tyumen Region, Khanty-Mansiysk – Yugra and YNAD – in all the branches of the Company.

In the cities of Tyumen, Surgut, Nizhnevartovsk, Nefteyugansk, Kogalym, Noyabrsk, New Urengoy, Uray, and Nyagan, face-to-face service is performed within Customer Service Centers based in the Company's nine branches.

Availability and efficiency of distance and interactive services of the Company.

The Company created the JSC Tyumenenergo Call Center. Currently, Call Centre of JSC Tyumenenergo supports two phone numbers: 8-800-200-55-02 – hotline for network violations and 8-800-200-55-04 – universal number of Call Center. Calls are free for consumers.

Qualified service.

JSC Tyumenenergo provides a high level of skill and competence of customer service personnel.

Transparency of business services in the areas of consumer services and objectivity in reviewing consumers' complaints.

JSC Tyumenenergo provides an objective and impartial review of complaints in a timely manner and the option to appeal decisions. The consumers are informed about these processes on "need to know" basis.

Interaction with consumers of JSC Tyumenenergo is regulated by the Consumer Service Quality Standards of JSC Tyumenenergo (hereinafter referred to as the CSQS).

JSC Tyumenenergo annually polls the consumers in all branches in order to acquire understanding of consumers' satisfaction levels.

According to respondents, the quality of service is high: almost 97% are satisfied with provision of services in general, which is higher than the corresponding indicator for the previous year. Polling has identified the level of consumer awareness of self-services: 78% of polled private consumers are aware of the "Client's Personal Account" service on the Company website, and almost 70% have been informed about the functioning of the call center, hotlines, and helplines. The majority of our clients (85% of polled consumers) receive timely warnings of power supply interruption and know what departments to address in different situations.

97%
respondents
according the quality of service
is high

7.8. External engineering networks

Communications with the government authorities and public organizations

Effective communications with the government authorities and public organizations are one of the major objectives of JSC Tyumenenergo.

Creation of relations with government bodies and local authorities in the area of JSC Tyumenenergo activity promotes making decisions on the investment program implementation, coordinated with the regional development programs, security of the electric grid complex of Yugra, Yamal and Tyumen region, and network connection of consumers to electric networks.

Specialists of the Department of Public Relations of JSC Tyumenenergo maintain ongoing business contacts with the PR Departments of federal and local government authorities, departments for propaganda and public relations of the Main Administration of the Ministry for Emergency Situations in Tyumen region, Khanty-Mansiysk Autonomous District – Yugra and Yamalo-Nenets Autonomous District, regional expert community, companies representing the business interests: Chambers of Industry and Commerce, regional divisions of the All-Russian public organizations Business Russia and Opora Rossii (Support of Russia), and the autonomous non-profit organization "Glory to Human Labor."

The work of the Company was repeatedly marked by letters of thanks, inclusive of awards for information work with consumers, work on electric injury prevention, promotion of energy saving in the region's educational institutions, social partnership, and popularization of the electric power industry professions.

Social communications

The priorities of the Public Relations Office of JSC Tyumenenergo in 2015 included the work on promotion of the professions of the electric power industry, electric injury prevention, and promotion of energy-saving lifestyle

among students and pupils of educational institutions in the company's area of responsibility.

The Company's work on promotion of working professions was recognized at the regional and federal levels. The "Towards the Profession" project, which was presented at the KONTEKst contest (organized by the Energy Communications Center with the support from the Ministry of Energy of the Russian Federation) in April 2015, was awarded a diploma in the category of "Human Resource Capacity Development Projects." In June 2015, this project, which was presented by JSC Tyumenenergo at the V All-Russian contest "Best Power Grids of Russia" was the winner in the category of "Socially Responsible Electric Grid Company"; it was also the winner of the regional stage of the All-Russian contest "MediaTEK" in the category of "Promotion of Energy Professions in the Region," which was held in November 2015.

Employees of JSC Tyumenenergo performed 558 preventive activities throughout the year in schools, kindergartens, and school camps, during which more than 31 thousand children learned the rules for electrical safety and for behavior near electrical power facilities. In December, the specialists of JSC Tyumenenergo organized and conducted more than 130 thematic lessons for eighty educational institutions of Yugra, Yamal, and the south of the Tyumen region as part of the All-Russian lesson on the topic of energy-efficient lighting and careful attitude to energy initiated by the Ministries of Energy and Education of the Russian Federation.

Students of power specialties visited the professional skills contest among employees of the relay and operating teams of JSC Tyumenenergo branches as well as the Inter-regional professional skills contest among employees of the relay and the operating teams of affiliates and subsidiaries of PJSC Rosseti, which took place on the training ground of JSC Tyumenenergo in Nizhnevartovsk, in addition to the traditional excursions to the services and

at the power facilities of the Company. During the event in Nizhnevartovsk, the students - as well as members of the Board of of the Powerman construction brigade - worked at the company's facilities, met with Director General of PJSC Rosseti O.M. Budargin, looked at the work of the contestants at various stages of the competition, learned about the training ground and equipment that is used in the daily work by power men.

At the beginning of 2015, the Company's specialists worked on the organization and information support of events dedicated to the 95th anniversary of the Electrification Plan and the 70th anniversary of Victory in the Great Patriotic War.

In 2015, the active cooperation with the Center of Patriotic Heritage of Surgut Local History Museum continued: several events, inclusive of the event "On the Rest Halt," which is traditionally held on June 22 on the Day of Memory and Grief, were implemented by the Museum and the Company. Company employees actively participated in the events organized by the authorities and timed to the 70th anniversary of Victory in the Great Patriotic War in the entire territory of the Company.

In commemoration of the 95th anniversary of the Electrification Plan, employees of the Public Relations Department of the Company together with employees of the Central City Library named after A.S. Pushkin (Surgut) organized a virtual quiz dedicated to this date. In addition, the traditional "Wits and Humor" tournament (KVN-2015) was also correlated with this date.

An important component of integrated communications of JSC Tyumenenergo is the work with youth and veterans. Youth councils of the Company and branches are actively involved in all the areas of activity of JSC Tyumenenergo, inclusive of sports, patriotic, and environmental activities and protect the honor of the Company in competitions at various levels. Thus, the winning team of the VII Business Management Cup of Yugra "Point of Growth" from the Nefteyugansk branch of JSC Tyumenenergo represented the Khanty-Mansiysk Autonomous District – Yugra in the national

final of strategy and management championship "Global Management Challenge" and finished second.

The Company's employees are indifferent to the suffering of others and give their personal funds in support of social assistance centers for families and children "April" and "Zazerkalye," the animal society "Give Me Your Paw" and participate in the actions held by public organizations such as "A Sweet Letter to the Soldier," "Give a Smile to Children" and others.

Communications with mass media

JSC Tyumenenergo communications with mass media in 2015 were built on the principles of reasonable openness and observance of business and professional code of conduct.

Through the communication with the external environment by means of mass media, JSC Tyumenenergo promotes energy literacy of consumers, generates a proper understanding of the main provisions of the state policy in the industry as well as the methods of its implementation by the Company by the target group, and creates a perception of JSC Tyumenenergo as the main, the most reliable and effective representative of the industry in the regions of the Company.

Given the wide range of its communication tasks, JSC Tyumenenergo cooperates with all the major types of mass media. They include industry, business, social and political channels, radio, printed media, and electronic information resources that work at the federal, regional, and municipal levels (the Ural Federal District, the Tyumen Region, the Khanty-Mansiysk Autonomous District - Yugra, the Yamalo-Nenets Autonomous District).

The work of JSC Tyumenenergo in the field of communication through the media has maintained a high level of the brand awareness, the loyalty of social organizations, people, and representatives of the authorities and the business community. It was awarded the prize "Results of the Year in the Urals and Siberia - 2015" in the category of "Information Policy" (in the economy) for the formation of the agenda in the industry (the award was established by the Ural-Polit.RU expert information channel).

Congress and exhibition activity

Congress and exhibition activity is an important area of activities on the Company positioning as a leading power grid company. In 2015, JSC Tyumenenergo participated in fourteen All-Russian and regional exhibitions, conferences and forums dedicated to various issues of power engineering, including innovations, energy efficiency and labor safety and protection. At these events, JSC Tyumenenergo was presented to the investment and expert community as one of the largest interregional distribution grid companies that follows the path of innovative development, social responsibility, and customer service.

Among the main achievements of the Company in this field are a diploma of the specialized exhibition "Power Sector. Housing and Utilities. Gas. Water. Heat" for the organization of the round table on the subject of "Electricity as a condition of efficient business"; victory in the regional stage of the All-Russian competition ENES-2015 in the category of "Effective Management System in the Field of Energy Saving and Energy Efficiency in an Industrial Enterprise"; a diploma for the contribution to the implementation of the Innovative Development Program of PJSC Rosseti in the international electricity forum "Rugrids-Electro. Russian Grids. New Opportunities"; the Grand Prix and the victory in the categories of "For the Power Supply Reliability," "The Innovative Project of the Year," and "Socially Oriented Power Grid Company" of the V All-Russian contest "The Best Power Grids of Russia."

The most significant events that were attended by specialists of JSC Tyumenenergo were the specialized exhibition "Power Sector. Housing and Utilities. Gas. Water. Heat" (April, Tyumen), the St. Petersburg International Economic Forum (June, Moscow), the interna-

tional electric power forum "RuGrids-Electro" (October, Moscow), the inter-regional specialized exhibition "Construction. Power Sector. Housing and Utilities - Far North" (October, Novy Urengoy), the II national championship of working professions of high-tech industries WorldSkills Hi-Tech 2015 (November, Yekaterinburg), the conference "New Supports and Foundations for Overhead Power Transmission Lines and Communication and Contact Networks" (December, Moscow).

As part of the Tyumen event, the specialists held a round table on "Electricity as a Condition for the Effective Conduct of Business Activities"; the experience of the Company in the field of development and implementation of energy management systems was presented in the inter-regional exhibition forum "Energy Efficiency: a Strategic Vector of Development"; in the WorldSkills Hi-Tech championship, which was held in Yekaterinburg, the members of the team of the Nizhnevartovsk PG branch of JSC Tyumenenergo, which won in the inter-regional competition in the field of operation of relay and protection devices among affiliates and subsidiaries of PJSC Rosseti, presented the professional competence "Maintenance and Repair of Relay Protection and Automation Devices."

Participation of the Company's specialists in congress and exhibition activities is a key component in the exchange of experience with colleagues, building relations with equipment development contractors, establishing contacts with representatives of government authorities, business partners, mass media, and public organizations at different levels.

Glossary

- AGSM – Annual general shareholders meetings
- AS – Associated subsidiary
- CSC – Customer service centre
- DGC – Distribution grid company
- GRES –Condensing power plant
- FA – Fixed assets
- FEO AMS – Financial and economic operations automated management system
- IDGC – Interregional distribution grid company
- IP – Investment program
- ISO – International standards organization
- NC – Network connection
- NGV – Necessary gross revenue
- ODS – Outdoor switchgear
- OGRN – Main state registration number
- OHL – Overhead line
- PJSC FGC UES – PJSC Federal Grid Company of Unified Energy System
- Privileged applicants category – Privileged applicants are individuals, legal entities and sole proprietors applying power receivers up to 150 kW at 20 kV inclusively
- RPA – Relay protection and automatics
- SS – Substation
- TD – Territorial production department
- TGO – Territorial grid operator
- TOM – Technical operation and maintenance activities
- TPP – Thermal power plant
- TS – Transformer substation
- UNEG – Unified national electric grid
- WEM – Wholesale energy market

Measurement units

- GC – Gigacalorie, a unit of heating energy
- kV – Kilovolt, a unit of electromotive force
- kWh – Kilowatt-hour, a unit of electrical energy
- MW – Megawatt, a unit of electrical capacity
- MVA – Megavoltampere

Reference information

Full corporate name of the Company in Russian: Акционерное общество энергетики и электрификации «Тюменьэнерго». Former full corporate name of the Company in Russian: Открытое акционерное общество энергетики и электрификации «Тюменьэнерго».

Full corporate name of the Company in English: Joint Stock Company «Tyumenenergo».

Short corporate name of the Company in Russian: АО «Тюменьэнерго». Former short corporate name of the Company in Russian: ОАО «Тюменьэнерго».

Short corporate name of the Company in English: JSC «Tyumenenergo».

Location of the Company: Surgut, Tyumen Region, Khanty-Mansiysk Autonomous District – Yugra, the Russian Federation.

Address of the Company: 4 Universitetskaya Street, Surgut, Tyumen Region, Khanty-Mansiysk Autonomous District – Yugra, the Russian Federation, 628408. Address of the Company is specified in the unified state register of legal entities.

Information on the state registration

In accordance with data provided in legal entity state registration certificate registered prior to July 1, 2002:

Legal entity state registration number: 07-4784

Registration date: March 12, 1993

State registrar: Surgut Municipal Administration

In accordance with data provided in Certificate of

Entry in the Unified State Register of Legal Entities registered prior to July 1, 2002:

Primary State Registration Number (OGRN): 1028600587399

Registration date: October 14, 2002

State registrar: RF Ministry of Taxes and Assessments inspection in Surgut, Khanty-Mansiysk Autonomous District

Bank details and other information

Current account 40702810267170101719 with the West-Siberian Bank of Sberbank of Russia in Tyumen

Correspondent account 30101810800000000651 with the West-Siberian Bank of Sberbank of Russia in Tyumen

BIC code: 047102651
INN code: 8602060185
KPP code: 860201001 (at the location in the territory of the Russian Federation)
KPP code: 997450001 (as the largest taxpayer)
OGRN code: 1028600587399 OGRN code assignment date: October 14, 2002
OKPO code: 05770629
OKATO: 71136000000
OKTMO: 71876000001
OKOGU: 4210008
OKOPF: 12247
OKFS: 16
NACE (main): 40.10.2

Contact Information

Office (for correspondence): +7 (3462) 77-67-35

Reception: +7 (3462) 77-63-50

Fax: +7 (3462) 77-66-77

E-mail: can@id.te.ru

Ask an expert: <http://www.te.ru/klientam/feed-back/>

Corporate website: www.te.ru

Registrar of JSC Tyumenenergo

Registrar maintains the register of securities owners.

Registrar full title: Reestr-RN Limited Liability Company

Registrar short title: Reestr-RN LLC

Registrar location: 2/6, Podkopaevsky lane, bld. 3-4, Moscow, Russian Federation, 109028

Mailing address: Moscow, 115172, P.O.B. 4

Phone / Fax: +7 (495) 411-79-11
+7 (495) 411-83-12

E-mail address: support@reestrn.ru

Website: www.reestrn.ru

Number of the registrar's license to perform activities related to maintaining the register of securities holders: 10-000-1-00330

Issuance date: December 16, 2004

Validity of the license: Without restriction

License issued by: The Federal Financial Markets Service

Date of commencement of maintenance of register of securities by the stated registrar: December 6, 2010

JSC Tyumenenergo Auditor

On June 30, 2014, the General Meeting of Shareholders of JSC Tyumenenergo selected LLC RSM-Rus, Moscow as the auditor. Auditor is a member of self-regulatory organization Non-commercial partnership "Auditor Association Sodruzhestvo" (Certificate of membership No. 6938, primary registration number of entry 113060303080), location: 21? Michurinsky lane, bld. 4, Moscow, Russian Federation, 119192.

Auditor full title: RSM-Rus Limited Liability Company

Auditor short title: LLC RSM-Rus

Location: 4, Pudovkin st., Moscow, Russian Federation, 119285

Phone / Fax: +7 (495) 363-28-48
+7 (495) 981-41-21

E-mail: mail@rsmrus.ru

Financial year(s) when auditor performed independent validation of accounting records and accounting (financial) reports of the emitent: Annual reporting audit per Russian standards for 2015; consolidated financial reporting audit per IFRS for 2015.

ANNEXES

1. Accounting statements for 2014 according to Russian standards and Auditor's Opinion
2. Main Laws And Regulations
3. Information about JSC Tyumenenergo Shares in Authorized Capitals and Voting Shares in Other Companies as of December 31, 2015
4. Information about JSC Tyumenenergo Participation in Non-profit Organizations as of December 31, 2015
5. Utilities consumption for industrial and housekeeping needs
6. Implementation of the Program of Consolidation of Power Grid Resources
7. Tariff rates

Learn more on the corporate website www.te.ru in the section "Annual reports"

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