

CREDIT RATINGS

Standard & Poor`s: "BB-/B/ruAA-", Stable Outlook

IDGC of Centre had credit ratings assigned by Standard & Poor's, one of the key international rating agencies, and by the National Rating Agency.

Credit ratings are used by credit organisations and potential investors to assess the Company's ability to meet its financial obligations and to return investments, with the rating agencies considering the financial history of the Company, the volume and the structure of its assets and of its commitments.

At the beginning of 2015, Standard & Poor's downgraded the global Russian rating to "BB+/B" with a negative forecast, due to the worsening geopolitical situation, problems in Ukraine, the decline of international oil prices and other macroeconomic factors.

Later on, the rating agency reconsidered the credit ratings of a number of Russian companies, including IDGC of Centre. As a result, on February 4, 2015, the Company's credit rating was downgraded from "BB/B" to "BB-/B" with a stable outlook; the national scale rating was downgraded from "ruAA" to "ruAA-". Despite this, the Company's own creditworthiness was not assessed.

According to S&P, the Company is less exposed to credit risk in the short term (as compared to companies with lower category ratings); however, in the long term, the changing business and economic environment may have a negative effect on the Company's ability to meet its financial commitments.

The Company holds regular annual meetings with Standard & Poor's representatives in order to lower their concern for the current situation in this sector, slow economic growth, the risk of electricity consumption decrease and ongoing investment expenditures following the worsening economic situation.

At the meeting held in December 2015, the analysts of Standard & Poor's and the Company's top management discussed the Company's structure, current strategy and implementation, and the Company's financial performance and tariff regulation.



These credit ratings and their explanations are published on the website of the agency.

National Rating Agency: "AA", very high creditworthiness, second level

In December 2015, the National Rating Agency confirmed the rating of AA, very high creditworthiness, second level.

The rating was first assigned in 2007 at A level, high creditworthiness, second level. In 2013, the National Rating Agency increased the rating to AA, very high creditworthiness, second level, which the Company has retained for over 2 years.