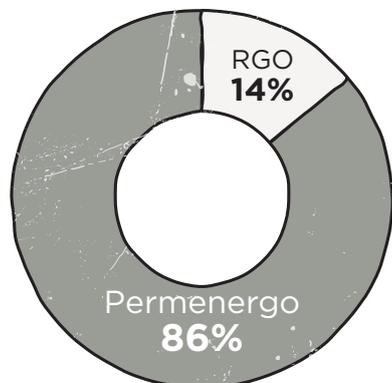
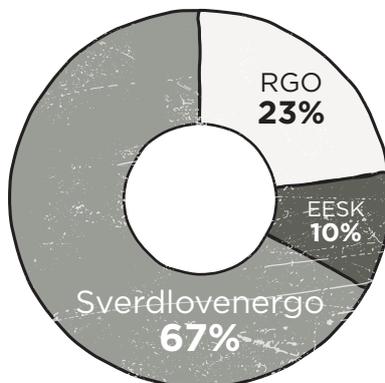


MARKET SHARE

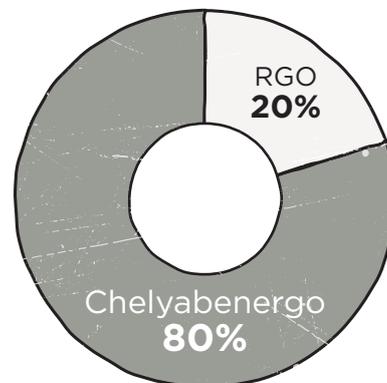
IDGC of Urals (OAO) renders services to customers across the Perm, Sverdlovsk and Chelyabinsk regions. The Company is a natural monopoly with state-regulated electricity transmission and connection tariffs. The service area is also abundant in small municipal and private grid operators that transmit electricity mainly through low-voltage networks. Due to the specificity of each region — consumer structure, individual aspects of economic growth, etc. — the GRR-based market share of our branches differs.



In the Perm region the GRR-based market share of Permenergo totaled 86%*, the rest being spread among regional grid operators (or RGO). The market share remains quite stable in the last two years.



In the Sverdlovsk region Sverdlovenergo branch retained its 67% GRR-based market share. Our affiliate — Yekaterinburg Electric Grid Company (EESK, for short) — contributed additional 10%, driving our total market share to 77%.



In the Chelyabinsk region Chelyabenergo branch retained its GRR-based market share at 80%.

The electricity sector of the regions served by the Company evolves in line with the relevant regional energy complex development schemes (or ECDS), generated in compliance with the Government Decree², factoring development blueprints of all sector players and regional load gain forecasts. The ECDS of the Perm region is being prepared by the Perm Ministry of Construction, Housing and Utilities Interagency Board, liable for perspective development of the energy sector in the Perm region, several Permenergo representatives sitting on the Board. The ECDS of the Sverdlovsk region is being generated by the Sverdlovsk Ministry of Energy, Housing and Utilities Expert Group. The expert group contains several representatives from the Company's HQ and Sverdlovenergo branch. The ECDS of the Chelyabinsk region is being produced by the Chelyabinsk Ministry of Tariffs and Energy, a draft of the ECDS to be examined and approved by the coordination board, comprising several representatives from our Chelyabenergo branch.

In 2016 the energy sector development scheme and blueprint of the Perm region for 2016-2021³, 2017-2021 energy sector development scheme and blueprint of the Sverdlovsk region to be potentially extended till 2026⁴ and energy sector development scheme and blueprint of the Chelyabinsk region for 2017-2021⁵ were generated and approved.

In addition, in 2016 for the purpose of optimizing Company's grid development plan we have contracted NTS UES (OAO) to produce the Integrated 35-kV and over 35-kV Network Development Program for 2016-2020.

Program's insights and data were used in generation of the energy complex development schemes of the regions serviced by the Company. In March 2017 the update of the 2017-2021 Integrated Development Program will be completed, with records being filed with the authorities of the regions serviced by the Company to be used in generation of the energy complex development schemes.

In 2016, to intensify development-related collaboration with the authorities of the regions serviced by the Company, we have prepared and filed relevant road maps with the authorities of the Perm, Sverdlovsk and Chelyabinsk regions. These road maps envisage collaboration of the Company's branches and affiliates with regional and municipal authorities and regional grid operators, located in the service area, over alignment and application of the perspective development and territorial planning documents and investment programs of grid companies to scheduling and implementation of development-related measures. The primary goal of the road maps is to promote integrated development of the regions by aligning generation and adoption of documents on perspective development, territorial and investment planning, by securing reliable high-quality electricity supply of the residents, by enhancing grid controllability (also covering consolidation of grid facilities by qualified grid companies, land redundancy and rezoning for grid construction, measures to enhance reliability of supply of consumers connected to no-man's grid facilities).

* Net of RRSK (Decree of Perm Tariff Service No.12-e dated as of 24.10.2016).