



RESULTS 2015





KIRILL SELEZNEV

MEMBER OF THE MANAGEMENT
BOARD, PJSC "GAZPROM"
CHAIRMAN OF THE BOARD
OF DIRECTORS, JSC "TGC-1"

Dear Shareholders,

Gazprom in a difficult 2015 year continued an active development of power generation business. Thanks to many years of systematic work aimed at improving the efficiency and optimization of production processes, and the consistent improvement of the corporate governance system, by simultaneously maintaining the total revenues of the main companies in the sector (JSC "TGC-1", JSC "Mosenergo", PJSC "MIPS", and JSC "OGK-2") at the level of the previous period the growth of their net profit was ensured and tripled reaching RUB 11.7 bn.

The improvement of the financial result was achieved despite the drop in demand for electricity and heat, and it became possible due to minimizing utilization of inefficient units, seizing opportunities for reconfiguration of the Moscow district heating system, and the commissioning of new generating facilities.

In December 22, 2015, when the country traditionally celebrates the Energy Day, there was a solemn event dedicated to the commissioning of two modern combined cycle power units PGU-420 at the CHPP-20 of JSC "Mosenergo" in Moscow and the Serovskaya GRES of JSC "OGK-2" in Sverdlovsk Oblast. For the first time in Gazprom history in one day two new combined cycle units with a total capacity of 840 MW were launched. In total, since the entry into power generation in 2007, Gazprom has launched more than 7 GW of new capacity. Implementation of the Group Capacity Delivery Agreements (CDA) program is close to its accomplishment.

The introduction of modern technology and equipment with high efficiency can achieve substantial energy savings and minimizes environmental impact. Total emissions of pollutants in the power of the Group decreased by 34 % since 2010, greenhouse gas emissions – by 14 %, water consumption and wastewater volumes – by 30 %. Companies of the Group are working to implement and maintain effective environmental management system (EMS), improve them in accordance with international and national standards.

This is extremely important for us, as companies of the Gazprom Group provides a sustainable supply of electricity and heat to the population and industrial consumers of such significant megapolises with millions of citizens like Moscow and St. Petersburg.

Since the occurrence of JSC "TGC-1" in the Gazprom Group more than RUB 120 bn were invested in the development of the energy sector of the North-West. 1.6 GW of new capacity was commissioned – combined cycle power units were built and large-scale reconstruction of hydro facilities were carried out.

In 2015, in St. Petersburg implementation of projects for the construction of new gas turbines at the Centralnaya CHPP and modern water-heating complex at the Pervomayskaya CHPP was continued, in the Arctic preparatory work for the modernization of the Verkhne-Tulomskaya HPP was begun, which has strategic

importance for the energy system of the region. In carrying out the investment program today we provide the reliability of the future development of the region, its industry and cities.

Dear shareholders! Our key task is further increase of profitability and shareholder value of the Group's companies. To gain this goal we will continue to implement the package of measures aimed at strengthening of financial stability of the company, increasing the profitability of their operations, reducing costs and increasing production efficiency. We count on your support in this work!

**Member of the Management Board,
PJSC "GAZPROM"
Chairman of the Board of Directors,
JSC "TGC-1"**

Kirill Seleznev



ALEXEY BARVINOK

GENERAL DIRECTOR, JSC "TGC-1"

Dear Shareholders,

The year 2015 was a special one for the Company, as we marked our first significant milestone – 10 years of operations. We have been supported by our shareholders during this period, and have indeed managed to make many accomplishments.

The Company's integration into the Gazprom Group played a key role in the development of JSC "TGC-1". As of today, the implementation of a large-scale investment program under the Capacity Delivery Agreements (CDA) has been almost completed, and this has allowed revamping production facilities and significantly improving the reliability of power supplies to consumers. Over the years, state-of-the-art generation capacities were put into operation at the Vyborgskaya CHPP, Vasileostrovskaya CHPP, Avtovskaya CHPP, Yuzhnaya CHPP, Pravoberezhnaya CHPP, and the Pervomayskaya CHPP in St. Petersburg, at the Vuoksa HPPs Cascade in Leningrad Oblast, and at the Iovskaya HPP in Murmansk Oblast.

Power supply reliability, operational safety, and efficiency of business processes – these are values the Company has relied on since the first day of operation. We have new projects ahead, as JSC "TGC-1" includes both the most modern plants and energy veterans, demanding special attention and care.

We continue addressing the issue of renewal and improvement of our companies' efficiency. It is important not only to secure current demand, but also to take into account future growth in consumption. Nonetheless, the new capacities commissioned by the Company in the last decade made it possible to show stable financial performance for JSC "TGC-1". Thus, the Company's

revenue in 2015 amounted to RUB 71.2 bn, which reflected an increase in revenue from sales of electricity and heat.

One of the priorities we are trying to resolve in our dialogue with the regional authorities, is the strengthening of payment discipline. By working closely with the Government of Murmansk Oblast, we were able to complete the process of transition to direct payments from end consumers. In 2015, JSC "TGC-1" started working as a single heat supply company in Petrozavodsk, where the direct payment system has also been implemented. This has improved the rate of collection of heat payments and the payment system in a whole. We have accumulated vast experience, and the best regional practices are now being implemented in St. Petersburg.

All the achievements of the past decade, as well as implementation of our future plans, would not be possible without good teamwork. Management, shareholders and employees focusing on effective cooperation is a guarantee of uninterrupted supply of heat and electricity to JSC "TGC-1" consumers and maintaining the leading position in the regional economy.

General Director, JSC "TGC-1"

Alexey Barvinok

OVERVIEW

Joint Stock Company “Territorial Generating Company No.1” (hereinafter referred to as JSC “TGC-1” or the Company) is the leading producer of electricity and heat in the North-West region of Russia. JSC “TGC-1” was founded on March 25, 2005 in the course of reforming the electric energy industry of Russia. Today the Company incorporates generating enterprises from the Baltic Sea to the Barents Sea. Company's generating assets comprise 54 electric power plants of various types in four subjects of the Russian Federation such as St. Petersburg, the Republic of Karelia, Leningrad Oblast and Murmansk Oblast.

Generated electricity is delivered to the domestic wholesale electricity and capacity market and is also exported to Finland and Norway. JSC “TGC-1” is a strategic supplier of heat in St. Petersburg, Petrozavodsk, Murmansk, Kirovsk in Leningrad Oblast, and cities Apatity and Kirovsk of Murmansk Oblast.

JSC “TGC-1” includes the following subsidiaries: PJSC “Murmanskaya CHPP” (energy supply to Murmansk and the surrounding areas; a 90.34 % stake in the

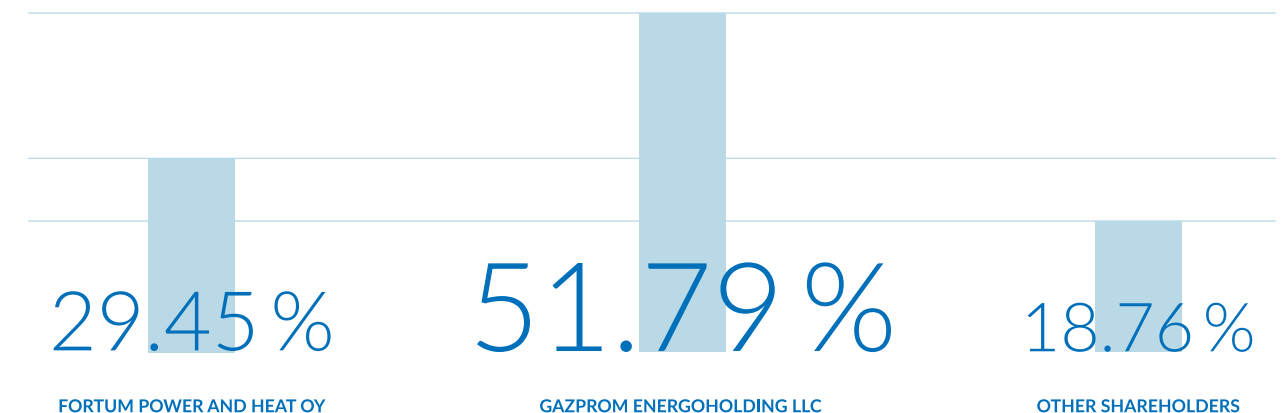
authorised capital), JSC “St. Petersburg Heating Grid” (an association of the heating grids within the area of the Company's CHPP operations; a 74.99 % stake in the authorised capital), Dubrovskaya CHPP LTD (energy supply to Kirovsk; a 100 % stake in the authorised capital), and affiliates: JSC “HHC” (reformation of heat supply in the Apatity-and-Kirovsk region; a 50 % stake in the authorised capital) and TGC-Service LLC (specialised repair and maintenance enterprise; a 26 % stake in the authorised capital).

JSC “TGC-1” is a part of the Gazprom Group. The controlling stakes of generating companies in the Gazprom Group are consolidated in the balance sheet of the special-purpose affiliate “Gazprom Energoholding” LLC, established during the implementation of Gazprom's Power Generation Strategy. This allows an effective management system

to be created based on unified corporate standards. The Group consolidates the controlling stakes of “Mosenergo” JSC, JSC “OGK-2”, JSC “TGC-1”, and JSC “MIPC”. PJSC “Gazprom” is the largest owner of generating assets in Russia and is one of Europe's ten major electricity producers.

The principal shareholders of JSC “TGC-1”

as of December 31, 2015



Shares of JSC “TGC-1” are circulated on PJSC “Moscow Exchange MICEX-RTS”.

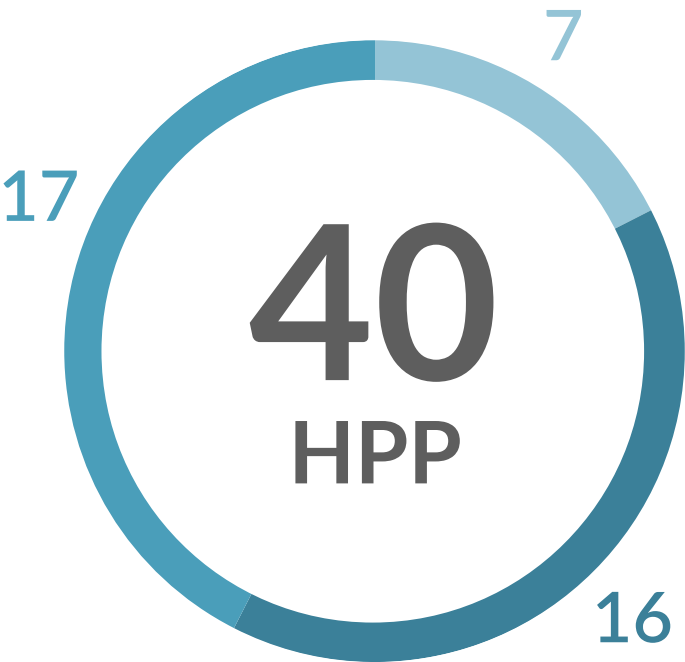
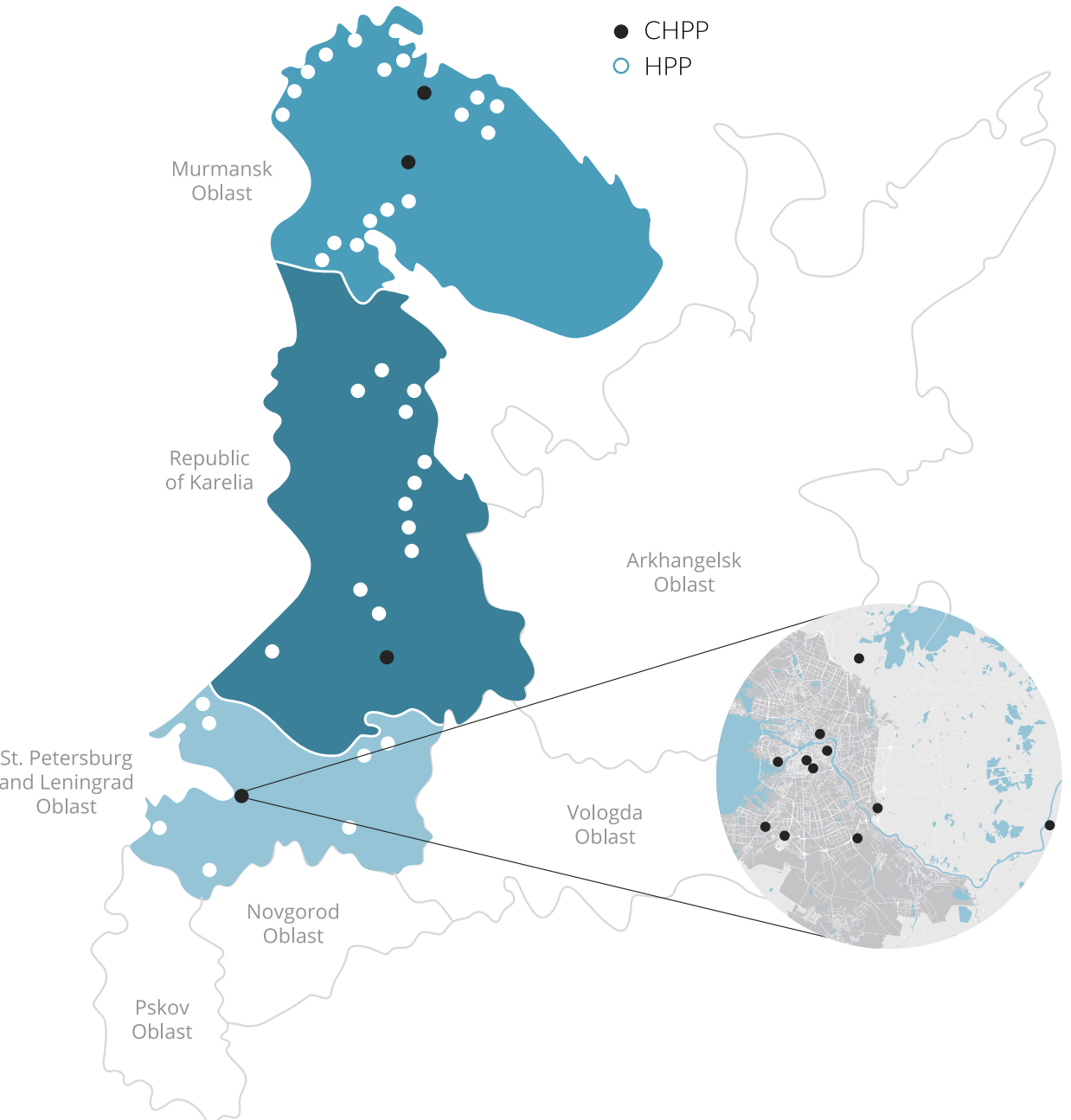
The second largest shareholder, Fortum Power and Heat Oy, is Scandinavia's leading energy concern, with the highest standards of business conduct. Fortum Power and Heat Oy makes a valuable contribution to the enhancement of the Company's management efficiency.

Thus, operating environmentally responsible production and implementing an innovative social policy based upon international standards of business conduct, JSC “TGC-1” is striving to take the leading position on the energy market, to be a reliable partner for investors, to take care of shareholders' interests, and satisfy customers' highest requirements.

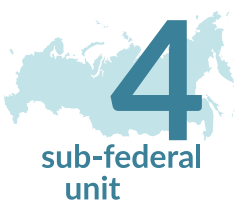
Geography of JSC “TGC-1” activity



- St. Petersburg and Leningrad Oblast 79 %
- Republic of Karelia 7 %
- Murmansk Oblast 14 %



- St. Petersburg and Leningrad Oblast 17 %
- Republic of Karelia 40 %
- Murmansk Oblast 43 %



COMPANY EVENTS IN 2015

January

- The 5th anniversary of the Ladoga HPPs Cascade in Leningrad Oblast.
- An ice rink for residents and visitors of Petrozavodsk was opened in the Governor's Park in the capital of Karelia with the support from JSC "TGC-1".

February

- Start of work as a single heat supply organisation in the territory of the Petrozavodsk urban district; transition to direct payments from consumers.
- Launch of the Customer Centre of the Heat Sales Department in the Karelsky Branch of JSC "TGC-1" in Petrozavodsk.

March

- The 10th anniversary of the state registration of JSC "TGC-1".
- Start of the Real Energy competition for journalists, photographers and bloggers, arranged to coincide with the 10th anniversary of JSC "TGC-1". Forty media tours were organised and more than 2,000 media items were published.
- Officials from St. Petersburg City Administration, heads of special committees and authorities visited the construction site of the integrated auxiliary building (IAB) at the Pervomayskaya CHPP.

April

- First professional skills competition for occupational safety specialists of the Company.

- JSC "TGC-1" was named the best customer of SUE "Vodokanal of St. Petersburg" in 2014 among heating suppliers as part of the Crystal Drop competition.
- Press conference entitled "The new method of payment for heat and hot water: transition of JSC "TGC-1" to direct payments" was held to discuss work with consumers and improvement of payment discipline of utility service providers in St. Petersburg.
- As part of a sweeping upgrade of the Centralnaya CHPP, installation of two gas turbine units at the Power Plant 1 in St. Petersburg was commenced.

May

- The annual press conference "Gazprom's Power Generation Strategy" with Denis Fedorov, General Director of "Gazprom Energoholding" LLC, was held.
- War veterans from Gazprom Energoholding companies in Moscow took part in the celebrations for the 70th anniversary of Victory in WWII (the Great Patriotic War).
- Participation in the 3rd Russian International Energy Forum. JSC "TGC-1" held the event "Energy Hour" for schoolchildren.

June

- Annual General Shareholders' Meeting of JSC "TGC-1".
- Annual General Shareholders' Meeting of PJSC "Murmanskaya CHPP".
- Annual General Shareholders' Meeting of JSC "St. Petersburg Heating Grid".
- Start of large-scale renovation of the spillway at the Nizhne-Tulomskaya HPP in Murmansk Oblast.
- The 25th anniversary of the Krivoporozhskaya HPP in the Republic of Karelia.

July

- The 60th anniversary of the Paz HPPs Cascade in Murmansk Oblast.
- Technical conference of representatives of Russia, Finland and Norway in Rayakoski, arranged to coincide with the 50th anniversary of the beginning of electricity exports from the Kola Peninsula to Finland.
- Start of the Energy Cruise, a 10-day press tour around North-West of Russia for journalists, photographers and bloggers from different cities of the Russian Federation; the event was timed to coincide with the anniversary of JSC "TGC-1".

August

- The 35th anniversary of the Yushkozerskaya HPP in the Republic of Karelia.
- The 40th anniversary of the start-up of the first unit of the Severnaya CHPP in Leningrad Oblast.

September

- Deputy Minister of Energy of Russia Andrey Cherezov held a meeting on preparation for the autumn and winter period of 2015-2016 and visited the Verkhne-Tulomskaya HPP in Murmansk Oblast.
- Photo exhibitions of work of Real Energy competition participants dedicated to the activities of JSC "TGC-1" were launched in St. Petersburg, Petrozavodsk and Murmansk.
- The Turn Your Head On animation and graphic art competition of JSC "TGC-1" was named the best event for the promotion of energy saving on the results of the regional phase of the Second All-Russian Design Competition as part of the International Forum on Energy Efficiency and Energy Development ENES-2015.
- An agreement on cooperation between JSC "TGC-1" and the State Hermitage Museum was signed.
- The 60th anniversary of the Narvskaya HPP in Leningrad Oblast.

October

- The 10th anniversary of the start of operations of JSC "TGC-1".
- The Russian National Library hosted a presentation of the book "Ahead of Time: The History of the Northwest Energy Industry in Pictures", dedicated to the history of regional electrification.

- Opening of a memorial sign in honour of the first Russian power plant set on a wooden barge on the Moika River near the Green Bridge in St. Petersburg.
- Carry out "Power Petersburg" bus and walking tours for residents and guests of St. Petersburg.
- Completion of the first phase of integrated reconstruction of the Paliozerskaya HPP in the Republic of Karelia; commissioning of hydroelectric unit 2.
- Winners of the Real Energy competition held for journalists, photographers and bloggers were awarded during the St. Petersburg International Gas Forum.
- Annual Report of JSC "TGC-1" for 2014 and the IR section of the corporate website were named among the leaders of the contest of corporate websites and online annual reports held by the Chamber of Commerce and Industry of St. Petersburg.
- The 45th anniversary of the Hevoskoski HPP in Murmansk Oblast.
- The 60th anniversary of the Knyazhegubskaya HPP in Murmansk Oblast.

November

- Start of operations of Dubrovskaya CHPP LTD in Leningrad Oblast.
- JSC "TGC-1" became the winner in three categories of the All-Russian competition of media and press services of energy companies and regional administrations MediaTEK.
- The 45th anniversary of the Serebryanskaya HPP in Murmansk Oblast.
- The system of technological data exchange with the automated system of the system operator was put into trial operation at the Apatitskaya CHPP of JSC "TGC-1".

December

- The charity event "New Year Tree of Wishes" in all regions of operations of the Company was held.
- The Museum of the Tuloma HPPs Cascade and Serebryanskiye HPPs Cascade was opened in Murmashi, Murmansk Oblast.
- The 65th anniversary of the Yaniskoski HPP in Murmansk Oblast.
- The 55th anniversary of the Iovskaya HPP in Murmansk Oblast.
- Installation of gas treatment equipment at the construction site of the Power Plant 1 at the Centralnaya CHPP in St. Petersburg was completed.

PRODUCTION

As of the end of 2015, the installed capacity of the Company power plants including the subsidiaries – PJSC “Murmanskaya CHPP” and Dubrovskaya CHPP LTD* – was 7,056.6 MW of electric capacity and 14,142 Gcal/hr of heat capacity.

The basis for production capacities of JSC “TGC-1” is 54 power plants, including: 40 hydroelectric power plants (HPP) and 14 combined heat and power plants (CHPP), including the subsidiaries – PJSC “Murmanskaya CHPP” and Dubrovskaya CHPP LTD. Most of the HPPs placed in sequence along the water flow and interconnected by water regime are arranged in cascades.

The installed electric capacity factor in JSC “TGC-1” as a whole in 2015 was recorded at 41.5 %, at 49.3 % for the HPP and at 36.2 % for the CHPP.

Specific reference fuel consumption is the main parameter used to assess the fuel consumption at the Company's CHPPs. As of year-end 2015, in JSC “TGC-1” as a whole, reference fuel consumption per unit of electricity sold was 260.5 g/kWh, which was 0.7 % less than the value in 2014. Reference fuel consumption per unit of heat sold decreased by 0.3 % and amounted to 138.8 kg/Gcal. The decline in the values of reference fuel consumption per unit of electricity sold was due to the implementation of measures aimed at improving the fuel utilisation.

Key operating indicators of JSC “TGC-1” **

	2015	2014	Δ (%)
Installed electric capacity, MW	7,057	7,164	– 1.5
Installed heat capacity, Gcal/hr	14,142	14,152	– 0.1
Electricity generation, kWh mln	25,811	26,426	– 2.3
Electricity useful output, kWh mln	28,969	29,509	– 1.8
Heat output, thousand Gcal	23,020	24,339	– 5.4
Heat useful output, thousand Gcal	23,507	24,467	– 3.9

* Since November 1, 2015, Dubrovskaya CHPP LTD has generated and supplied heat.

** The data is given taking into account the indicators of PJSC “Murmanskaya CHPP” and Dubrovskaya CHPP LTD.

Electricity generation, thousand kWh

	2015	2014
Nevsky Branch	14,904,134	16,586,392
Karelsky Branch	3,860,460	3,780,362
Kolsky Branch	7,029,801	6,042,788
JSC “TGC-1”	25,794,394	26,409,542
PJSC “Murmanskaya CHPP”	17,031	16,639
JSC “TGC-1” including PJSC “Murmanskaya CHPP”	25,811,425	26,426,181
Total for CHPPs	13,479,533	14,976,752
Total for HPPs	12,331,893	11,449,429

As of year-end 2015, the volume of electricity production by generating enterprises of the Company, including PJSC “Murmanskaya CHPP”, was 25,811 mln kWh, which is 2.3 % lower than in the same period in 2014.

In the Nevsky Branch, the output decreased by 10.1%, in the Karelsky Branch – increased by 2.1%, in the Kolsky Branch – increased by 16.3 %. In general, the decrease in electricity output by the CHPPs was 10 % by 2014, while output by the HPPs increased by 7.7 %.

The main reason for decrease in the electricity output by conventional power plants in 2015 was the decline in electricity consumption in the North-West region.

The output by hydroelectric power plants increased due to the high water content in the Kolsky and Karelsky Branches.

Heat output from headers and electric boilers in 2015 across the Company was 23,020 thousand Gcal, which is 5.4 % less than in 2014. The decrease in the heat output was due to the outdoor temperatures: during the heating period of 2015, higher average monthly outdoor temperatures as compared to 2014 were recorded. Decrease in the output by the Nevsky, Karelsky, and Kolsky Branches was 5.9 %, 1.1 %, and 5.2 %, respectively. Heat output by PJSC “Murmanskaya CHPP” also decreased as compared to the same figure in 2014 by 5 %.

Heat output, Gcal

	2015	2014
Nevsky Branch	17,829,834	18,938,870
Karelsky Branch	1,614,798	1,631,935
Kolsky Branch	1,515,953	1,599,309
JSC “TGC-1”	20,960,585	22,170,114
PJSC “Murmanskaya CHPP”	2,059,717	2,168,917
JSC “TGC-1” including PJSC “Murmanskaya CHPP”	23,020,302	24,339,031

SALES ACTIVITIES

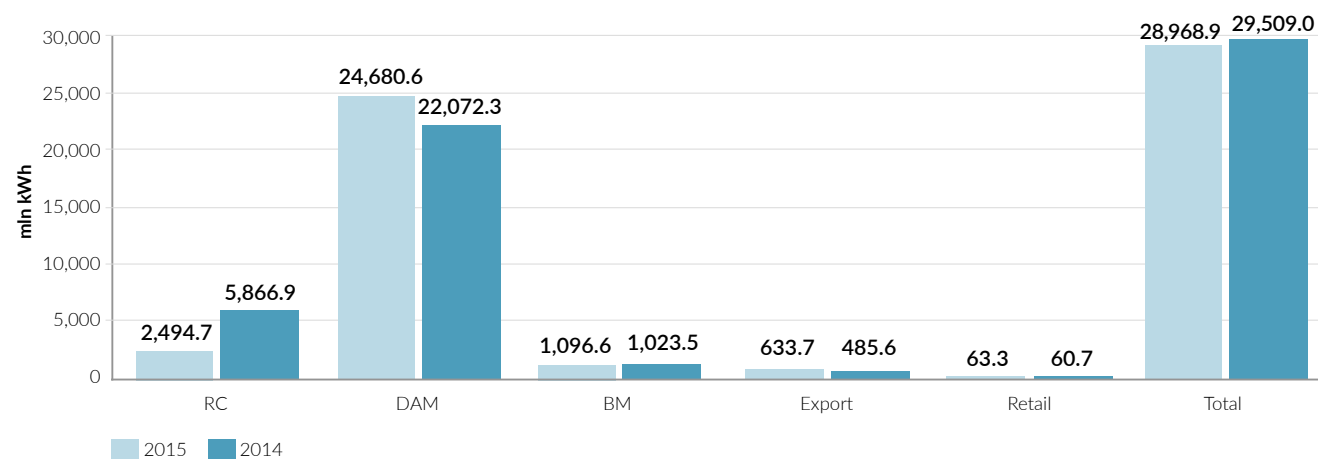
In 2015, electricity sales by JSC “TGC-1” was 28,969 mln kWh, which is 1.8 % less than the value of 2014. PJSC “Murmanskaya CHPP” is not a participant of the Wholesale Electricity and Capacity Market, the entire volume of electricity produced in 2014-2015 was used for the own consumption.

The largest volume of the Company's electricity is sold in the Day-Ahead Market, – in 2015, the proportion of the DAM accounted for 85.2 % of the total sales volume and 87.9 % of the total revenue from electricity sales, as well as under regulated contracts – the volume of sales amounted to 8.6 %, the proportion in the electricity sales was 5.1%.

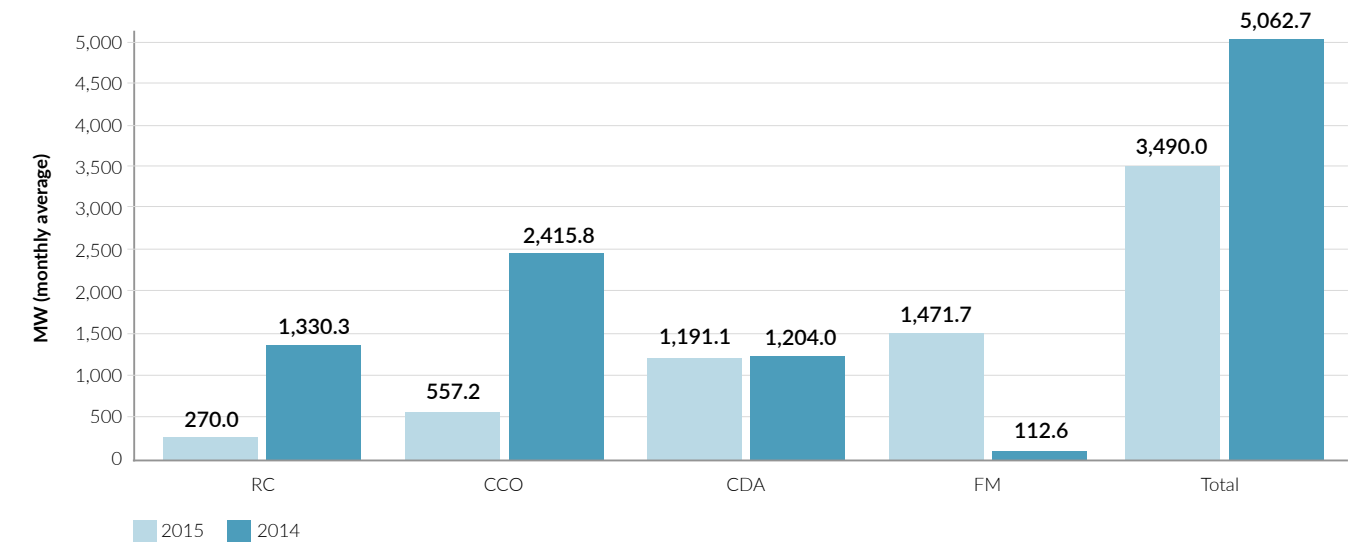
The capacity sales of the Company are 3,490 MW/month, which is 31.1% less than in 2014. The decline was due to a fall in capacity sales through competitive capacity out-take (CCO) procedures. In 2015, the capacity sales under CDA accounted for 34.1%, under regulated contracts – for 7.7 %, while 16 % of capacity was sold under CCO. The largest portion of revenue from the capacity sale was generated by sales under CDA – 68.8 %, the contribution to the sales under CCO was 7.5 %, while the proportion of regulated contracts was 3.1%.

In 2015, the volume of electricity purchases amounted to 5,043.5 mln kWh, which is 0.4 % less than in 2014, the capacity purchases were 127.6 MW / month, which is 16.2 % more than in 2014.

Electricity sales by market sector in 2015



Capacity sales by market sector in 2015



Thanks to the unique geographical location of its power plants, JSC “TGC-1” is able to export a portion of the electricity generated. Electricity is exported to Finland and Norway. In 2015, the actual volume of export sales of JSC “TGC-1” was 633.739 mln kWh, which was an increase by 30.5 % as compared to 2014.

In 2015, the heat useful output from the power plants of JSC “TGC-1” to consumers including PJSC “Murmanskaya CHPP” was 23,507 thousand Gcal, which is 3.9 % less than in 2014. The heat useful output excluding PJSC “Murmanskaya CHPP” was 21,523 thousand Gcal. As of year-end 2015, revenue from the heat supplied by JSC “TGC-1” increased by 6.8 % to RUB 26,118 mln.

Useful output of heat and revenue from heat sales in 2015*

	Thous. Gcal	RUB mln, excluding VAT
Nevsky Branch (including backup heating capacity services)	18,390	21,354
Kolsky Branch (including contribution for lost income)	1,372	2,214
Karelsky Branch	1,761	2,550
Total for JSC “TGC-1”	21,523	26,118
PJSC “Murmanskaya CHPP” (including contribution for lost income)	1,984	6,009
Total for JSC “TGC-1” (including PJSC “Murmanskaya CHPP”)	23,507	32,127

* Heating capacity services contracts for the Nevsky Branch of JSC “TGC-1” were concluded with consumers, who do not consume heat but have not disconnected their heat consuming facilities from the heating grid to resume heat consumption, if necessary.

FUEL SUPPLY

In 2015, power plants of JSC “TGC-1” excluding PJSC “Murmanskaya CHPP” used 4,926.65 mln cubic meters of gas, 2.7 thousand tonnes of fuel oil, and 454.3 thousand tonnes of coal for the electricity and heat output. Share of gas in the fuel balance was 94.52 %, share of fuel oil – 0.06 %, share of coal – 5.42 %.

Fuel balance structure in 2015, %

	Gas	Fuel oil	Coal
Nevsky Branch	99.96	0.04	—
Karelsky Branch	99.88	0.12	—
Kolsky Branch	—	0.29	99.71
Total for JSC “TGC-1”	94.52	0.06	5.42
PJSC “Murmanskaya CHPP”	—	100.00	—
Total for JSC “TGC-1” (including PJSC “Murmanskaya CHPP”)	89.39	5.48	5.13

INVESTMENT ACTIVITIES

In 2015, JSC “TGC-1” continued working on the implementation of its large-scale investment program on the following major projects: the Pervomayskaya CHPP, the Centralnaya CHPP, and the Tuloma & Serebryanskiye HPPs Cascade of the Kolsky Branch.

Funding, implementation, and commissioning under investment projects in 2015, RUB mln

Investment Project class	Funding, including VAT	Implementation, excluding VAT	Commissioning of fixed assets, excluding VAT
1. Strategic	3,234	2,950	983
Construction of the IAB and FOOF (the emergency fuel oil and oil-fired facilities) at the Pervomayskaya CHPP	3,129	2,872	983
Upgrade of the Verkhne-Tulomskaya HPP	30	7	0
Renovation of PP-2 at the Centralnaya CHPP	68	65	0
Upgrade of the Avtovskaya CHPP	7	6	0
2. Efficiency	62	58	180
3. Mandatory	1,225	977	1,361
4. Reliability	1,190	997	1,323
5. Other	1,368	1,412	368
Interest on loans	442	442	0
Total	7,521	6,836	4,215

SECURITIES AND EQUITY

JSC “TGC-1” authorised capital amounts to RUB 38,543,414,165.71 and divided into 3,854,341,416,571 and $\frac{3}{7}$ registered ordinary shares with the same par value of RUB 0.01. The majority shareholder structure of JSC “TGC-1” did not change during the year.

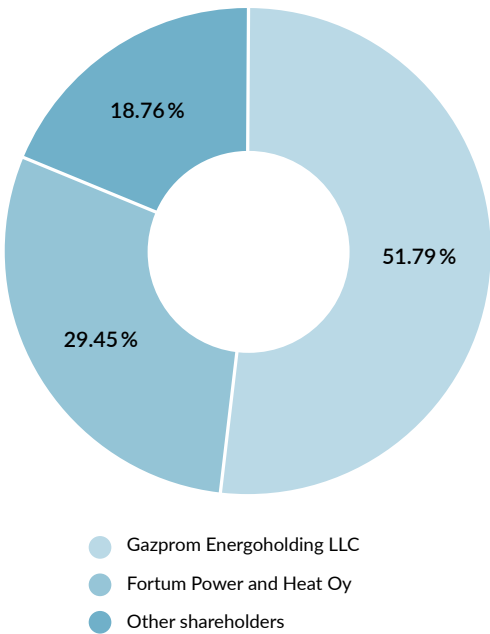
JSC “TGC-1” shares have been traded in the main Russian stock-exchange at PJSC Moscow Exchange MICEX-RTS since March 26, 2007. Securities are traded at MICEX in the main market trading mode: T+Shares and DR, security code (stock-exchange ticker) TGKA. JSC “TGC-1” shares are included in the First-Tier shares.

JSC “TGC-1” Annual General Shareholders' Meeting passed the resolution on June 22, 2015 to pay out dividends on the Company's ordinary shares in cash based on 2014 as RUB 0.000225403 per ordinary share. The total amount of declared dividends of JSC “TGC-1” based on 2014 results was RUB 868,780,118.32, or 25 % of the net profit. A total of RUB 829,048,858.70, or 95.43 % of dividends was paid out as of December 31, 2015.

As of December 31, 2015, the GDR share in JSC “TGC-1” authorised capital was 0.03 %, with the number of GDR according to Rule 144A being 16,100, and according to Regulation S, 215,179.

Currently, two JSC “TGC-1” bond issues are circulated at MICEX, series 03–04.

Equity capital structure at JSC “TGC-1” as of December 31, 2015



MANAGEMENT AND CONTROL BODIES

In accordance with the Articles of Association of JSC “TGC-1”, management bodies are:

- General Shareholders' Meeting;
- The Board of Directors;
- The Management Board;
- General Director.

General Shareholders' Meeting is the Company's supreme management body.

The Board of Directors – the procedure of the Company's Board of Directors' Meeting is governed by the Board of Directors' Regulations of JSC “TGC-1” approved by the Annual General Shareholders' Meeting on June 22, 2015 (Minutes No.1 dated June 23, 2015).

Board of Directors elected on June 22, 2015

Full name	Position
Chairman of the Board of Directors	
Kirill Seleznev	Member of the Management Board, Head of Department 614 at PJSC “Gazprom”, General Director of “Gazprom Mezhregiongaz” LLC
Deputy Chairman of the Board of Directors	
Denis Fedorov	Head of Department at PJSC “Gazprom”, General Director of “Gazprom Energoholding” LLC, General Director of PJSC “Centrenergoholding”
Members of the Board of Directors	
Alexey Barvinok	General Director of JSC “TGC-1”
Irja Vekkila	Vice-President at Fortum Corporation, Mergers and Acquisitions
Irina Grave	Vice-President at Fortum Corporation, St. Petersburg Representative Office
Alexander Dushko	Head of Department 839 at PJSC “Gazprom”
Segey Ezhov	Head of Procurement at “Gazprom Mezhregiongaz” LLC, Deputy General Director for Procurement at PJSC “MIPC”
Valentin Kazachenkov	General Director of CJSC “Gazprom Mezhregiongaz St. Petersburg”
Karen Karapetyan	Deputy General Director for Strategy and Development at “Gazprom Mezhregiongaz” LLC, First Vice-President of Bank GPB (concurrently)
Kari Kautinen	Member of the Management Board, Senior Vice President, Strategy and M&A, Fortum Corporation
Alexander Chuvayev	Executive Vice President, Management Board Member of Fortum Corporation, President of Russia Division of Fortum Corporation, General Director of JSC “Fortum”

The Management Board is a collegial executive body of JSC “TGC-1”, which performs executive management of the Company to the extent of their authority as set out in article 27 of the Articles of Association of JSC “TGC-1”. The Regulations on the Management Board of JSC “TGC-1” was approved by JSC JSC “TGC-1” General Shareholders' Meeting as of June 22, 2015 (Minutes No.1 dated June 23, 2015).

The General Director is the sole executive body of the Company entitled to pass resolutions on executive

management in accordance with article 26 of the Articles of Association of JSC “TGC-1”. The General Director also chairs the Management Board of JSC “TGC-1”.

The Auditing Commission – the procedure for operation of the Auditing Commission of JSC “TGC-1” is governed by the Regulations on the Auditing Commission approved by the Annual General Shareholders' Meeting on June 22, 2015 (Minutes No.1 dated June 23, 2015).

Members of the Management Board as of December 31, 2015

Full name	Position
Chairman of the Management Board	
Alexey Barvinok	General Director of JSC “TGC-1”
Members of the Management Board	
Alexander Antipov	Deputy General Director – Director of the Kolsky Branch
Valery Belov	Deputy General Director – Director of the Karelsky Branch
Vadim Vederchik	Deputy General Director for Capital Construction
Sergey Laputko	Deputy General Director – Chief Engineer of JSC “TGC-1” – Director of the Nevsky Branch
Eduard Lisitsky	Deputy General Director for Development
Yury Marakin	Deputy General Director for Corporate Protection
Gennady Semenov	Deputy General Director for Marketing and Sales
Andrey Sokolov	Deputy General Director for Resources Supply
Raisa Stanishevskaya	Chief Accountant
Mikhail Tuznikov	Deputy General Director for Economy and Finance

Members of the Auditing Commission as of December 31, 2015

Full name	Position
Chairman of the Auditing Commission	
Anatoly Kotlyar	Administrative Deputy Head, PJSC “Gazprom”
Members of the Auditing Commission	
Svetlana Dascheschak	Chief Economist of Internal Audit Department, Management Committee Administration, PJSC “Gazprom”
Yury Linovitsky	Head of Internal Audit Department, “Gazprom Energoholding” LLC, Internal Audit Project, “Gazprom Personnel” LLC
Nikita Osin	Director for Economy and Finance, “Gazprom Energoholding” LLC
Irina Telbizova	Administrative Deputy Head – Head of Department, PJSC “Gazprom”

RAS FINANCIAL RESULTS

The Company's revenue in 2015 was generated by heat, electricity, and capacity sales in the WEM and retail electricity market, exports and sale of other products, goods, labour, and services and amounted to RUB 65,184 mln remaining flat as compared to 2014.

Based on 2015 results, the revenue from electricity and capacity sales decreased 3.8 % year-over-year and amounted to RUB 38,666 mln as compared to RUB 40,198 mln in 2014.

Key financial indicators of JSC “TGC-1”, RAS*

	2015 (RUB mln)	2014 (RUB mln)	Δ (%)
Revenue	65,184	65,173	0.02
Production cost	(60,001)	(59,445)	0.9
Gross profit	5,183	5,728	– 9.5
Profit before taxation	3,407	3,613	– 5.7
EBITDA	13,214	12,871	2.7
Net profit	2,676	3,475	– 23.0
Total assets	119,766	119,865	– 0.1
Earnings per share, RUB	0.00069	0.00090	– 23.3

* Statements of JSC “TGC-1” as per RAS do not consolidate financial results of the subsidiaries.

Revenue structure in 2014 and 2015

	2014		2015		Δ (%)
	RUB mln	share, %	RUB mln	share, %	
Electricity and capacity, including:	40,198	61.7	38,666	59.3	– 3.8
Electricity and capacity in the regulated sector	5,291	8.1	1,739	2.7	– 67.1
Electricity and capacity in the competitive sector	34,110	52.3	35,707	54.8	4.7
Exported electricity	717	1.1	1,132	1.7	57.9
Electricity in the retail market	80	0.1	88	0.1	10.0
Heat	24,461	37.5	26,118	40.1	6.8
Other products, labour, and services	514	0.8	400	0.6	– 22.2
Total revenue	65,173	100.0	65,184	100.0	0.02

Structure of the production cost related to core operations in 2014 and 2015

	2014		2015		Δ (%)
	RUB mln	share, %	RUB mln	share, %	
Production cost by core operations, total	59,274	100.0	59,850	100.0	1.0
Fuel	25,369	42.8	23,915	40.0	– 5.7
Purchased energy	5,230	8.8	5,536	9.2	5.9
Water for process needs	2,411	4.1	2,458	4.1	1.9
Fixed asset repair	2,022	3.4	2,351	3.9	16.3
Payroll and insurance payments	4,877	8.2	5,081	8.5	4.2
Depreciation	7,765	13.1	8,060	13.5	3.8
Heat transit	6,932	11.7	7,662	12.8	10.5
WEM and retail market services	836	1.4	857	1.4	2.5
Lease	215	0.4	249	0.4	15.8
Taxes	908	1.5	863	1.4	– 5.0
Other	2,709	4.6	2,818	4.8	4.0

Based on 2015 results, the revenue from heat sales increased 6.8 % year-over-year and amounted to RUB 26,118 mln as compared to RUB 24,461 mln in 2014. An increase in heat sales is driven by the growth of mean heat tariffs of 11% year-over-year and the granting of the status of a single heat supplier (SHS) in the Petrozavodsk Urban district.

The production cost and sales of products, labour, and services in 2015 amounted to RUB 60,001 mln, including RUB 59,850 mln for the core operations and RUB 151 mln for the non-core operations.

The major share of the production cost is represented by electricity generation expenses (RUB 31,521 mln) and

heat generation expenses (RUB 28,329 mln). The production cost of the core operations grew by RUB 576 mln year-over-year.

Profit from sales in 2015 decreased by RUB 545.2 mln to RUB 5,182.7 mln. Profit before tax amounted to RUB 3,406.5 mln. The Company's net profit in 2015 was RUB 2,676.1 mln after it decreased by RUB 799.0 mln year-over-year. The decrease in the net profit was caused by higher interest payable due to growing interest rates on short-term and long-term loans and a higher income tax base in 2015.

EBITDA increased by 2.7 % to RUB 13,213.9 mln.

Profit pattern at JSC “TGC-1” in 2014 and 2015, RAS

	2014 (RUB mln)	2015 (RUB mln)	Δ (%)
Profit from sales	5,727.9	5,182.7	– 9.5
Profit before tax	3,613.4	3,406.5	– 5.7
Net profit	3,475.1	2,676.1	– 23.0

IFRS FINANCIAL RESULTS

Based on 2015 results, the consolidated revenue of TGC-1 Group companies increased by 0.6 % year-over-year to RUB 69,424 mln.

Key financial indicators of JSC “TGC-1”, IFRS

	2015 (RUB mln)	2014 (RUB mln)	Δ (%)
Revenue	69,424	68,996	0.6
Operating costs*	(59,407)	(62,500)	– 4.9
Operating profit	10,017	6,496	54.2
EBITDA**	17,222	13,209	30.4
Profit before taxation	7,463	3,871	92.8
Profit	5,826	4,149	40.4
Total assets	154,895	150,330	3.0

* Indicator includes state subsidies and other operating income.

** EBITDA = operating profit + depreciation of fixed assets, intangible assets and investment property.

Revenue structure in 2014 and 2015

	2014 (RUB mln)	2015 (RUB mln)	Δ (%)
Electricity	26,196	26,020	– 0.7
Capacity	13,205	11,427	– 13.5
Heat	27,691	29,626	7.0
Export	717	1,131	57.7
Other sales	1,107	1,132	2.3
Supplies to the retail market	80	88	10.0
Total revenue	68,996	69,424	0.6

ABRIDGED FINANCIAL STATEMENTS OF JCS "TGC-1" FOR 2015 UNDER RUSSIAN ACCOUNTING STANDARDS

Structure of operating expenses in 2014 and 2015

	2014 (RUB mln)	2015 (RUB mln)	Δ (%)
State subsidies	562	877	56.0
Operating expenses:	(60,661)	(61,023)	0.6
fixed costs	(15,664)	(16,523)	5.5
variable costs	(38,284)	(37,295)	- 2.6
fixed assets, intangible assets and investment property depreciation	(6,713)	(7,205)	7.3
(Accrued)/restored provision for FA impairment over the year	(2,953)	221	- 107.5
Other operating proceeds	552	518	- 6.2
Total operating expenses	(62,500)	(59,407)	- 4.9

The Company's operating expenses in 2015 reduced 4.9 % year-over-year to RUB 59,407 mln. And the variable costs reduced by 2.6 % to RUB 37,296 mln mainly through the optimised fuel use and decrease in ineffective generation.

JSC "TGC-1" operating profit grew by 54.2 % to RUB 10,017 mln. EBITDA increased by 30.4 % year-over-year to RUB 17,222 mln.

Based on 2015 results, JSC "TGC-1" operating profit increased by 40.4 % to RUB 5,826 mln.

Full-Year Balance (RUB thousand) (part 1)

	December 31, 2015	December 31, 2014
I. FIXED ASSETS		
Intangible assets	16,128	20,078
Fixed assets	71,267,334	75,134,715
Construction in progress	11,233,564	8,844,670
Income-bearing investments into tangible assets	—	—
Long-term financial investments	15,711,685	15,534,126
Deferred tax assets	45,783	67,150
Other non-current assets	230,216	224,209
Total Section I	98,504,710	99,824,948
II. CURRENT ASSETS		
Inventories	2,428,392	2,518,716
Value added tax on goods purchased	127,932	187,129
Accounts receivable (payments for which are expected in more than 12 months)	1,489,204	577,688
Accounts receivable (payments for which are expected in 12 months)	14,057,774	13,684,765
Short-term financial investments	1,112,773	835,835
Cash	1,627,896	1,977,751
Other current assets	417,576	257,767
Total Section II	21,261,547	20,039,651
BALANCE SHEET	119,766,257	119,864,599

Full-Year Balance (RUB thousand) (part 2)

	December 31, 2015	December 31, 2014
III. EQUITY AND RESERVES		
Authorized capital	38,543,414	38,543,414
Own shares buy-back	—	—
Additional capital	32,959,992	32,969,109
Reserve capital	1,093,326	919,570
Retained earnings (loss)	11,388,475	9,745,841
Total Section III	83,985,207	82,177,934
IV. NON-CURRENT LIABILITIES		
Borrowings and bank loans	14,563,500	21,167,908
Deferred tax liabilities	4,240,925	4,337,115
Other non-current liabilities	40,398	48,093
Total Section IV	18,844,823	25,553,116
V. CURRENT LIABILITIES		
Borrowings and bank loans	11,353,573	5,355,128
Accounts payable	5,389,187	6,591,693
Payables to participants (shareholders)	—	—
Income of future periods	—	—
Provisions for liabilities and charges	193,467	186,728
Other current liabilities	—	—
Total Section V	16,936,227	12,133,549
BALANCE SHEET	119,766,257	119,864,599

Statement of financial performance for 2015 (RUB thousand)

	December 31, 2015	December 31, 2014
Revenue	65,183,587	65,172,916
Cost of sales	(60,000,856)	(59,445,057)
Gross profit (loss)	5,182,731	5,727,859
Sales expenses	—	—
General business expenses	—	—
Profit (loss) from sales	5,182,731	5,727,859
Income from participation in other companies	—	—
Interest receivable	394,017	275,097
Interest payable	(2,132,271)	(1,757,115)
Other income	4,599,740	3,809,890
Other expenses	(4,637,691)	(4,442,311)
Income (loss) before taxation	3,406,526	3,613,420
Current income tax	(796,682)	(281,942)
Prior income tax	(8,028)	(28,061)
including permanent tax liabilities (assets)	129,605	109,269
Changes in deferred tax liabilities	101,736	(21,516)
Changes in deferred tax assets	(21,453)	(427,500)
Other	(6,046)	620,720
Net profit (loss)	2,676,053	3,475,121
REFERENCE		
Result of revaluation of non-current assets not included to the net profit (loss) for the reporting year	—	—
Results of other transactions not included to the net profit (loss) for the reporting year	—	—
Cumulative financial result for the year	2,676,053	3,475,121
Basic earnings (loss) per share <i>(in Russian Roubles)</i>	0.00069	0.00090
Diluted earnings (loss) per share	—	—

ABRIDGED FINANCIAL STATEMENTS OF JSC "TGC-1" FOR 2015 UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS

Consolidated statement of financial position as at December 31, 2015 (part 1)

	December 31, 2015	December 31, 2014
ASSETS		
Non-current assets		
Property, plant and equipment	132,033,165	128,476,563
Investment property	181,232	88,489
Intangible assets	700,553	506,919
Investments in associates	395,544	427,137
Deferred income tax assets	438,839	302,332
Other non-current assets	1,273,073	369,044
Total non-current assets	135,022,406	130,170,484
Current assets		
Cash and cash equivalents	1,701,151	2,265,399
Short-term investments	42,073	30,073
Trade and other receivables	15,025,863	15,009,886
Current income tax prepayments	250,446	120,705
Inventories	2,636,994	2,646,806
Non-current assets held for sale	215,846	86,651
Total current assets	19,872,373	20,159,520
TOTAL ASSETS	154,894,779	150,330,004

Consolidated statement of financial position as at December 31, 2015 (part 2)

	December 31, 2015	December 31, 2014
EQUITY AND LIABILITIES		
Equity		
Share capital	38,543,414	38,543,414
Share premium	22,913,678	22,913,678
Merger reserve	(6,086,949)	(6,086,949)
Other reserves	(1,209,011)	(1,209,011)
Effect of remeasurements of post-employment benefits obligations	(11,672)	128,851
Retained earnings	43,014,555	37,821,995
Equity attributable to the Company's owners	97,164,015	92,111,978
Non-controlling interest	8,365,373	8,605,089
TOTAL EQUITY	105,529,388	100,717,067
LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	10,825,246	10,258,223
Long-term borrowings	16,807,500	21,260,080
Other non-current liabilities	185,623	208,755
Post-employment benefits obligations	958,732	724,666
Total non-current liabilities	28,777,101	32,451,724
Current liabilities		
Short-term borrowings	13,030,655	8,692,944
Trade and other payables	6,438,527	7,015,331
Current income tax payable	32,835	—
Other taxes payable	1,086,273	1,452,938
Total current liabilities	20,588,290	17,161,213
TOTAL LIABILITIES	49,365,391	49,612,937
TOTAL EQUITY AND LIABILITIES	154,894,779	150,330,004

Consolidated statement of profit or loss and other comprehensive income for 2015 (RUB thousand)

	Year ended December 31, 2015	Year ended December 31, 2014
Revenue		
Sales of electricity	38,665,866	40,198,234
Sales of heat	29,625,783	27,691,439
Other sales	1,132,252	1,106,540
Total revenue	69,423,901	68,996,213
Government grants	877,112	561,864
Operating expenses	(61,023,161)	(60,660,734)
Impairment loss reversed/(recognized) during the year	220,949	(2,952,877)
Other operating income	518,375	551,765
Total operating expenses	(59,406,725)	(62,499,982)
Operating profit	10,017,176	6,496,231
Finance income	239,125	116,633
Finance costs	(2,793,455)	(2,741,471)
Finance costs, net	(2,554,330)	(2,624,838)
Profit before income tax	7,462,846	3,871,393
Income tax expense	(1,636,624)	277,506
Profit for the year	5,826,222	4,148,899
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurements of post-employment benefits obligations	(175,585)	114,305
Income tax on remeasurement of post-employment benefit obligations	30,464	(17,388)
Other comprehensive income for the year	(145,121)	96,917
Total comprehensive income for the year	5,681,101	4,245,816
Profit is attributable to:		
owners of TGC-1	6,061,340	3,889,674
non-controlling interests	(235,118)	259,225
Profit for the year	5,826,222	4,148,899
Total comprehensive income is attributable to:		
owners of TGC-1	5,920,817	3,981,524
non-controlling interests	(239,716)	264,292
Total comprehensive income for the year	5,681,101	4,245,816
Earnings per ordinary share for profit attributable to owners of TGC-1, basic and diluted (<i>in Russian Roubles</i>)	0.0016	0.0010

CONTACTS

Antonina Maksimova

Head of Corporate Management Department

Tel. +7 (812) 901-31-31
Maksimova.AN@tgc1.ru

Svetlana Vaschenko

Head of Equity and Investor Relations Division

Tel. +7 (812) 901-35-04
Vaschenko.SA@tgc1.ru

Nikolay Isaev

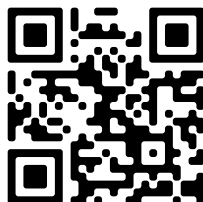
Head of Investor Relations

Tel. +7 (812) 901-32-97
Isaev.NV@tgc1.ru

Viktor Nesterov

**Corporate Secretary,
Head of the Shareholder Relations Division**

Tel. +7 (812) 901-35-91
Nesterov.VV@tgc1.ru



www.tgc1.ru