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Minutes of Board of Directors Meeting No. 157/2012
Open joint stock company
of power industry and electrification of Kuban

Date of meeting	March 28, 2013
Form of holding the meeting	Absentee voting (questionnaire)
Place of vote counting	Office 105, 2 Stavropolskaya St., Krasnodar (postal address of “Kubanenergo”, JSC)
Date of vote counting	28.03.2013 17:00
Date of drawing up minutes	March 29, 2013

Number of Board of Directors Members: 11

Questionnaires were submitted by: Budargin O.M., Goncharov V.A., Demidov A.V., Diyakov F.A., Murov A.E., Prokhorov Ye.V., Yemelin A.S., Romeiko D.I., Sultanov G.A., **Questionnaires were not submitted by:** Likhov Kh.M., Nikonov V.V.

According to requirements of paragraph 7.3 of Regulation on order of conveying and holding meetings of “Kubanenergo”, JSC Board of Directors approved by decision of annual General meeting of “Kubanenergo”, JSC shareholders dated 22.06.2012, minutes No.31, quorum for holding the meeting should count at least half of elected members of Board of Directors.

Quorum is present

Agenda

1. On approving contract on rendering services of technological supervision for the period of 01.02.2013 – 31.03.2013 concluded by “FGC UES” JSC and “Kubanenergo” JSC as transaction of interest.
2. On approving contract on rendering services of technological supervision for the period of 01.04.2013 – 31.12.2013 concluded by “FGC UES” JSC and “Kubanenergo” JSC as transaction of interest.
3. On approving organizational structure of executive body of “Kubanenergo” JSC.

Item 1

On approving contract on rendering services of technological supervision for the period of 01.02.2013 – 31.03.2013 concluded by “FGC UES” JSC and “Kubanenergo” JSC as transaction of interest

In accordance with paragraph 1 article 81 of Federal law No.208-FZ dated 26.12.1995 “On joint stock company” (hereafter – Federal law “On joint stock

company”) the transaction concluded by “FGC UES” JSC and “Kubanenergo” JSC is considered as transaction of interest for:

1. Company’s shareholder Holding IDGC JSC that holds more than 20% of voting shares and which affiliated persons are:
 - members of the BoD: Fyodorov D.V., Kravchenko V.M., that occupy positions in management bodies of “FGC UES” JSC (members of the BoD) which is the party of transaction;
 - of “FGC UES” JSC is the party of transaction
2. Company’s BoD members - Budargin O.M., Demidov A.V. and Murov A.E. that occupy positions in management bodies of “FGC UES” JSC which is the party of transaction.

In accordance with paragraph 3 of article 81 of Federal Law “On Joint Stock Companies”, decision on this item should be adopted by majority of votes of independent directors that are not interested in transaction.

Sultanov G.A., member of the BoD, is not considered as independent director, because the year prior to the adoption of the decision he performed function of sole executive body of the Company.

Except Sultanov G.A., Budargin O.M., Demidov A.V. and Murov A.E. other members of BoD voting on the item and in accordance with paragraph 3 article 83 of Federal Law “On Joint Stock Companies” are regarded as independent directors having no interest in transaction.

It is proposed to adopt the following decision:

1. To fix the price of contract on rendering services of technological supervision for the period of 01.02.2013 – 31.03.2013 concluded by “FGC UES” JSC and “Kubanenergo” JSC as transaction of interest – not more than 3 659 998.11 (three million six hundred fifty nine thousand nine hundred ninety eight hundred) rubles 11 kopeks, including 18% VAT – 558 304.80 (five hundred fifty eight thousand three hundred and four) rubles 80 kopeks.
2. To the approve contract on rendering services of technological supervision for the period of 01.02.2013 – 31.03.2013 concluded by “FGC UES” JSC and “Kubanenergo” JSC as transaction of interest on the following terms:

Contract parties:

“Kubanenergo” JSC – Customer

“FGC UES” JSC – Contractor

Subject of the Contract:

The Customer orders and the Contractor undertakes to perform technological supervision at facilities of electric grid complex that are part of territorial distribution grids of Kubanenergo JSC, the Customer is obliged to accept and pay for the works performed.

The total period of services under the contract – 01.02.2013-31.03.2013

Contract price:

The cost of services under the contract is not more than 3 659 998.11 (three million six hundred fifty nine thousand nine hundred ninety eight hundred) rubles 11 kopeks, including 18% VAT – 558 304.80 (five hundred fifty eight thousand three hundred and four) rubles 80 kopeks.

Contract term:

The Contract comes into force upon the signature and is valid till proper performance of contractual obligations of both Parties. In accordance with paragraph 2 article 425 of Civil Code of RF the contract conditions are applied to the parties starting from 01.02.2013.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Yemelin A.S.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR			

Thus, the decision on the first item was adopted by majority of members of BoD.

Item 2

On approving contract on rendering services of technological supervision for the period of 01.04.2013 – 31.12.2013 concluded by “FGC UES” JSC and “Kubanenergo” JSC as transaction of interest

It is proposed to adopt the following decision:

In accordance with paragraph 1 article 81 of Federal law No.208-FZ dated 26.12.1995 “On joint stock company” (hereafter – Federal law “On joint stock company”) the transaction concluded by “FGC UES” JSC and “Kubanenergo” JSC is considered as transaction of interest for:

3. Company’s shareholder Holding IDGC JSC that holds more than 20% of voting shares and which affiliated persons are:
 - members of the BoD: Fyodorov D.V., Kravchenko V.M., that occupy positions in management bodies of “FGC UES” JSC (members of the BoD) which is the party of transaction;
 - of “FGC UES” JSC is the party of transaction
4. Company’s BoD members - Budargin O.M., Demidov A.V. and Murov A.E. that occupy positions in management bodies of “FGC UES” JSC which is the party of transaction.

In accordance with paragraph 3 of article 81 of Federal Law “On Joint Stock Companies”, decision on this item should be adopted by majority of votes of independent directors that are not interested in transaction.

Sultanov G.A., member of the BoD, is not considered as independent director, because the year prior to the adoption of the decision he performed function of sole executive body of the Company.

Except Sultanov G.A., Budargin O.M., Demidov A.V. and Murov A.E. other members of BoD voting on the item and in accordance with paragraph 3 article 83 of Federal Law “On Joint Stock Companies” are regarded as independent directors having no interest in transaction.

It is proposed to adopt the following decision:

1. To fix the price of contract on rendering services of technological supervision for the period of 01.04.2013 – 31.12.2013 concluded by “FGC UES” JSC and “Kubanenergo” JSC as transaction of interest – not more than 10 165 638.36 (ten million one hundred sixty five thousand six hundred thirty eight hundred) rubles 361 kopeks, including 18% VAT – 1 550 690.60 (one million five hundred fifty five thousand six hundred ninety) rubles 60 kopeks.
2. To the approve contract on rendering services of technological supervision for the period of 01.04.2013 – 31.12.2013 concluded by “FGC UES” JSC and “Kubanenergo” JSC as transaction of interest on the following terms:

Contract parties:

“Kubanenergo” JSC – Customer

“FGC UES” JSC – Contractor

Subject of the Contract:

The Customer orders and the Contractor undertakes to perform technological supervision at facilities of electric grid complex that are part of territorial distribution grids of Kubanenergo JSC, the Customer is obliged to accept and pay for the works performed.

The total period of services under the contract – 01.04.2013-31.12.2013

Contract price:

The cost of services under the contract in 2013 is not more than 10 165 638.36 (ten million one hundred sixty five thousand six hundred thirty eight hundred) rubles 361 kopeks, including 18% VAT – 1 550 690.60 (one million five hundred fifty five thousand six hundred ninety) rubles 60 kopeks.

Contract term:

The Contract comes into force upon the signature and is valid till proper performance of contractual obligations of both Parties. If one of the Party did not

informed the other on termination of the Contract, the Contract is considered as extended for one year by additional agreement.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Yemelin A.S.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR			

Thus, the decision on the second item was adopted by majority of members of BoD.

Item 3

On approving organizational structure of executive body of “Kubanenergo” JSC

It is proposed to adopt the following decision:

1. To approve the organizational structure of executive body of “Kubanenergo” JSC in accordance with annex 1 to the decision of the BoD and introduce the new organizational structure on April 1, 2013.
2. On June 1, 2013 changes in the organizational structure in the part of exclusion of Technical Inspection Department should be introduced.
3. To consider the organizational structure approved by the BoD on 29.12.2012 (minutes of meeting No.150/2012) as invalid.

Voting results

Budargin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
Yemelin A.S.	-	FOR			

Thus, the decision on the third item was unanimously adopted by members of BoD.

Chairperson

Budargin O.M.

Corporate Secretary

Russu O.V.