

**Minutes of Board of Directors Meeting No.
164/2013 Open joint stock company
of power industry and electrification of Kuban**

Date of meeting	May 31, 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	31.05.2013 5 p.m.
Date of drawing up minutes	June 3, 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., Nikonov V.V.

Questionnaires were not submitted by: Likhov Kh.M.

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 business-plan (including the investment programme) of “Kubanenergo” JSC for 2013-2017
2. On approving annual and quarterly key performance indicators of director general and top managers of “Kubanenergo” JSC for 2013
3. On approving Programme on energy saving and increasing energy efficiency of “Kubanenergo” JSC for 2013-2018
4. On taking into consideration the report of acting director general on the process of elimination of faults and drawbacks revealed in the result of check of “Kubanenergo” JSC activity in the sphere of services on energy transmission, energy saving, increasing energy efficiency and reducing level of technological losses of electric energy

5. On discussion of plan of activities ensuring the non-exceedance of approved for 2013 level of losses of electric energy

Item 1

On approving business-plan (including the investment programme) of “Kubanenergo” JSC for 2013-2017

It is proposed to adopt the following decision:

1. To approve the business-plan (including the investment programme approved by Order of RF Ministry of energy No.630 dd19.12.2012) of “Kubanenergo” JSC for 2013-2017, in accordance with annexes 1 and 2 to the decision of Board of Directors.
2. To approve the list of projects (Annex 3 to the decision) included in the approved by order of the Ministry of Energy of Russia dated 19.12.2012 No. 630 investment program for the period 2012-2017, on which is possible the reduction of terms of implementation by sending additional sources of funding.
3. To instruct the acting Director General Gavrilov A.I. by 15.08.2013 to make changes in accordance with paragraph 2 of this decision and ensure the Ministry of Energy approved the modified Russian investment program up to 2018, the adjustment of Company's business plan for 2013-2017 within 30 days from the date of approval of the modified investment program.

Voting results

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

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

Item 2

On approving annual and quarterly key performance indicators of director general and top managers of “Kubanenergo” JSC for 2013

It is proposed to adopt the following decision:

1. To approve annual and quarterly key performance indicators of director general and top managers of “Kubanenergo” JSC for 2nd, 3rd, 4th quarters and of 2013 and for 2013, in accordance with annexes 4 to the decision of Board of Directors.
2. Planned indicators of priority projects of the investment program in the annual KPI “Efficiency of investing activities: Implementation Schedule of input of capacity and a plan for financing and volume of capital investments, acts of completed works (by year)”, established by the closing date of the completion of work (activity) approved network schedule of the investment project in accordance with the format of the application 3.1 to the RF Ministry of Energy Order No.114 dd 24.03.2010.

Voting results

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

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

Item 3

On approving Programme on energy saving and increasing energy efficiency of “Kubanenergo” JSC for 2013-2018

It is proposed to adopt the following decision:

1. To approve Programme on energy saving and increasing energy efficiency of “Kubanenergo” JSC for 2013-2018, in accordance with annex 5 to the decision of Board of Directors.
2. To instruct general director of “Kubanenergo” JSC by the results of approval of the investment program for the period up to 2018 by the RF Ministry of Energy to suggest for consideration of the Board of Directors the issue “On approval of the programme of energy saving and energy efficiency of the Company for the period of 2013-2018”

Voting results

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

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

Item 4

On taking into consideration the report of acting director general on the process of elimination of faults and drawbacks revealed in the result of check of “Kubanenergo” JSC activity in the sphere of services on energy transmission, energy saving, increasing energy efficiency and reducing level of technological losses of electric energy

It is proposed to adopt the following decision:

1. To take into consideration the report of acting director general on the process of elimination of faults and drawbacks revealed in the result of check of “Kubanenergo” JSC activity in the sphere of services on energy transmission, energy saving, increasing energy efficiency and reducing level of technological losses of electric energy, in accordance with annex 6 to the decision of Board of Directors.
2. To instruct acting director general to adjust the program of measures for solving

the problems preventing the reduction of power losses at the level of “Kubanenergo” in 2013-2018, taking into account the Action Plan on correcting the mistakes revealed during the check of Kubanenergo activity in the sphere of provision of services for the transmission of electric energy, energy saving, energy efficiency and reduce electricity losses in the period from 10 to 14 December 2012.

Voting results

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

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

Item 5

On discussion of plan of activities ensuring the non-exceedance of approved for 2013 level of losses of electric energy

It is proposed to adopt the following decision:

To take into consideration the plan of activities ensuring the non-exceedance of approved for 2013 level of losses of electric energy, in accordance with annex 7 to the decision of Board of Directors.

Voting results

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

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

Chairperson

Budargin O.M.

Corporate Secretary

Russu O.V.