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Minutes of Board of Directors Meeting No. 214/2015
Open joint stock Company of power industry and electrification of Kuban
(“Kubanenergo” JSC)

Date of meeting	9 June 2015
Form of holding the meeting	absentee voting (questionnaire)
Place of vote counting	Office 105, building 1, 2A Stavropolskaya St., Krasnodar (postal address of “Kubanenergo”, JSC)
Date of vote counting	29.05.2015, 5 p.m.
Date of drawing up minutes	11 June 2015

Board of Directors Members: 11

Questionnaires were submitted by: Sergeyev S.V. (chairperson of BoD), Varvarin A.V., Kobelyan A.M., Lavrova M.A., Mezhevich V.E., Sukhov O.A., Kharin A.N., Khokholkova K.V., Chermenteeva Yu. P., Shatokhin A.G., Gavrilov A.I.

Questionnaires were not submitted by: 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 approval of the restated Regulations on the system of internal engineering supervision of Kubanenergo JSC.
2. On approval Company’s internal document: Standards on quality of services rendered to customers of Kubanenergo JSC.
3. On simplification of purchase procedure for rendering financial services aimed at bail-out activities of Kubanenergo JSC if needed.
4. On approval of contracts on free of charge use of residential premises concluded between Kubanenergo JSC and employees.
5. On approval of Plan of activity aimed at reduction of overdue accounts payable for services of electric energy transfer and settlement of disputes as at 01.04.2015.

6. On expressing Company's opinion on agenda meeting of the BoD's of its affiliates: Creation Centre "Energetik" JSC and "Energoservis Kuban" JSC "On approval of business plan for 2015".
7. On taking into consideration the report submitted by the Audit Committee on its activity in 2014-2015.
8. On taking into consideration the report submitted by Director General on credit policy of Kubanenergo JSC in the 1st quarter of 2015.
9. On approval of report on the results of implementation of the business plan (as well as investment programme) of Kubanenergo JSC in the 1st quarter of 2015.
10. On reduction of operating expenses by at least 2-3% annually.
11. On introduction of changes to the Regulations on purchase of goods, works and services for needs of Kubanenergo JSC.
12. On approval of consolidated based on principles of the RAS business plan for 2015 and estimated figures for 2016-2019 of group Kubanenergo JSC, consolidated on principals of IFRS business plan for 2015 and estimated figures for 2016-2019 of group Kubanenergo JSC.
13. On approval of plan of activities aimed at increase of efficiency of activity and improvement of financial state of Kubanenergo JSC.
14. On approval of results of key performance indicators of Kubanenergo for the 1st quarter of 2015.
15. On introduction of changes to the Methods of calculation and evaluation of implementation of key performance indicators of director general of Kubanenergo JSC, approve by the resolution of the BoD (minutes of meeting No.204/2015 dated 06.03.2015).

Item 1

On approval of the restated Regulations on the system of internal engineering supervision of Kubanenergo JSC.

The following decision is proposed:

To approve the restated Regulations on the system of internal engineering supervision of Kubanenergo JSC, in accordance with Appendix 1 to the resolution of the BoD.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the first item was unanimously adopted by the BoD members participating in the meeting.

Item 2

On approval Company's internal document: Standards on quality of services rendered to customers of Kubanenergo JSC

The following decision is proposed:

1. To approve the Standards on quality of services rendered to customers of Kubanenergo JSC, in accordance with Appendix 2 to the resolution of the BoD.
2. To consider as invalid the Standard of Kubanenergo "The System of centralized services rendered to customers", approved by the BoD on 18.11.2011 (minutes of meeting No.121/2011 dated 21.11.2011).

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the second item was unanimously adopted by the BoD members participating in the meeting.

Item 3

On simplification of purchase procedure for rendering financial services aimed at bail-out activities of Kubanenergo JSC if needed.

The following decision is proposed:

To set the simplified purchase procedure for rendering financial services aimed at bail-out activities of Kubanenergo JSC if needed, in accordance with Appendix 3 to the resolution of the BoD.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- AGAINST
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the third item was adopted by majority of the BoD members participating in the meeting.

Item 4

On approval of contracts on free of charge use of residential premises concluded between Kubanenergo JSC and employees.

The following decision is proposed:

To approve the contracts on free of charge use of residential premises concluded between Kubanenergo JSC and employees:

- Vydrin Aleksey Vladimirovich (address of the premises: 102 appt., 15 Nevskaya street, Central district, Sochi, Krasnodar region, RF)
- Mityukov Alexander Vladimirovich (address of the premises: 116 appt., 16 Vishnevaya street, Central district, Sochi, Krasnodar region, RF)

on conditions specified in Appendixes 4 and 5 to the resolution of the BoD.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the forth item was unanimously adopted by the BoD members participating in the meeting.

Item 5

On approval of Plan of activity aimed at reduction of overdue accounts payable for services of electric energy transfer and settlement of disputes as at 01.04.2015.

The following decision is proposed:

1. To approve the Plan of activity aimed at reduction of overdue accounts payable for services of electric energy transfer and settlement of disputes as at 01.04.2015, in accordance with Appendix 6 to the resolution of the BoD.
2. To instruct Director general of the Company to provide quarterly submission to the Board of Directors under the issue “On approval of Plan of activity aimed at reduction of overdue accounts payable for services of electric energy transfer and settlement of disputes” of information on the implementation of the previously approved by the Board of Directors schedules of activities to reduce overdue receivables for electric power transmission services and settlement of disputes generated in relation to the debt existing at the beginning of the previous

quarter, including on the work carried out during the quarter in respect of the newly formed arrears.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the fifth item was unanimously adopted by the BoD members participating in the meeting.

Item 6

On expressing Company's opinion on agenda meeting of the BoD's of its affiliates: Recreation Centre "Energetik" JSC and "Energoservis Kuban" JSC "On approval of business plan for 2015"

The following decision is proposed:

1. To instruct representatives of Kubanenergo JSC in the Board of Directors of Recreation Centre "Energetik" JSC regarding the agenda item "On approval of business plan for 2015" to vote "FOR" adoption of the following resolution:

1. To approve the business plan of "Energetik" JSC for 2015 and take into consideration the estimated figures for the period from 21016 to 2019, in accordance with Appendix to the resolution of the BoD.

2. To note the item was added to the agenda of the BoD meeting later than it is necessary.

2. To instruct representatives of Kubanenergo JSC in the Board of Directors of Recreation Centre "Energoservis Kuban" JSC regarding the agenda item "On approval of business plan for 2015" to vote "FOR" adoption of the following resolution:

1. To approve the business plan of "Energoservis Kuban" JSC for 2015 and take into consideration the estimated figures for the period from 21016 to 2019, in accordance with Appendix to the resolution of the BoD.

2. To note the item was added to the agenda of the BoD meeting later than it is necessary.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR

Item 9

On approval of report on the results of implementation of the business plan (as well as investment programme) of Kubanenergo JSC in the 1st quarter of 2015

The following decision is proposed:

To defer the discussion to later date.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the ninth item was unanimously adopted by the BoD members participating in the meeting.

Item 10

On reduction of operating expenses by at least 2-3% annually

The following decision is proposed:

To instruct Director general to:

1.1. prepare a set of measures (list of measures) aimed to achieve an annual reduction of at least 2–3 percent in operating expenses (costs) (hereinafter, the “OP Reduction Indicator”) with specification of the target implementation indicators for such measures;

1.2 submit for consideration at the BoD meeting the amendments of the business plan for 2015, particularly amendments of parameters ensuring implementation of the OP Reduction Indicators by 2-3 percent annually. Deadline: 01.09.2015;

1.3 ensure complete implementation of the OP Reduction Indicators by 2-3 percent by the results of 2015 comparing to 2014.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the tenth item was unanimously adopted by the BoD members participating in the meeting.

Item 11

On introduction of changes to the Regulations on purchase of goods, works and services for needs of Kubanenergo JSC

The following decision is proposed:

To introduce changes to the Regulations on purchase of goods, works and services for needs of Kubanenergo JSC, in accordance with Appendix 9 to the resolution of the BoD.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the eleventh item was unanimously adopted by the BoD members participating in the meeting.

Item 12

On approval of consolidated based on principles of the RAS business plan for 2015 and estimated figures for 2016-2019 of group Kubanenergo JSC, consolidated on principals of IFRS business plan for 2015 and estimated figures for 2016-2019 of group Kubanenergo JSC

The following decision is proposed:

To approve the consolidated based on principles of the RAS business plan for 2015 and estimated figures for 2016-2019 of group Kubanenergo JSC, consolidated on principals of IFRS business plan for 2015 and estimated figures for 2016-2019 of group Kubanenergo JSC, in accordance with Appendixes 10 and 11 to the resolution of the BoD

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- ABSTAINED
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the twelfth item was adopted by majority of the BoD members participating in the meeting.

Item 13

On approval of plan of activities aimed at increase of efficiency of activity and improvement of financial state of Kubanenergo JSC

The following decision is proposed:

To defer the discussion to a later date.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the thirteenth item was unanimously adopted by the BoD members participating in the meeting.

Item 14

On approval of results of key performance indicators of Kubanenergo for the 1st quarter of 2015

The following decision is proposed:

To defer the discussion to a later date.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Gavrilov A.I.	- FOR	Kharin A.N.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermenteeva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeyev S.V.	- FOR		

Thus, the decision on the fourteenth item was unanimously adopted by the BoD members participating in the meeting.

Item 15

On introduction of changes to the Methods of calculation and evaluation of implementation of key performance indicators of director general of Kubanenergo JSC, approve by the resolution of the BoD (minutes of meeting No.204/2015 dated 06.03.2015)

The following decision is proposed:

To defer the discussion to a later date.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
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Gavrilov A.I. - FOR

Kharin A.N. - FOR

Kobelyan A.M. - FOR

Khokholkova K.V. - FOR

Lavrova M.A. - FOR

Chermenteeva Yu. P. - FOR

Mezhevich V.E. - FOR

Shatokhin A.G. - FOR

Sergeyev S.V. - FOR

Thus, the decision on the fifteenth item was unanimously adopted by the BoD members participating in the meeting.

Chairperson

Sergeyev S.V.

Corporate secretary

Russu O.V.