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Minutes of Board of Directors Meeting No. 213/2015
Open joint stock company of power industry and electrification of Kuban
(“Kubanenergo” JSC)

Date of meeting	29 May 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	1 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 plan of measures taken to improve efficiency and financial and economic state of Kubanenergo JSC.
2. On approval of the target model of operational and technological system of management of the distribution grid complex of Kubanenergo JSC.
3. On consideration of the information submitted by the General Director of the Company on the results of development and improvement of the system of internal control and risk management in the Company, recognized as priority activity of the Company, following the results of 2014.
4. On approval of the report on results of the business plan implementation (including investment program) by Kubanenergo JSC in the 4th quarter and 12 months of 2014.

5. On approval of the implementation of the target values of key performance indicators of Kubanenergo JSC for the 4th quarter 2014 and 2014.

6. On consideration of the report submitted by the Director General of Kubanenergo on the implementation in the 1st quarter of 2015 of resolutions passed at meetings of the Board of Directors.

Item 1

On approval of the plan of measures taken to improve efficiency and financial and economic 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 first item was unanimously adopted by the BoD members participating in the meeting.

Item 2

On approval of the target model of operational and technological system of management of the distribution grid complex of Kubanenergo JSC

The following decision is proposed:

To approve a three-level model of the process control system for the distribution grid complex including a grid control centre of distribution grid companies performing non-operating functions in respect of facilities of electric grid throughout the area of operational responsibility of the distribution grid company as a target model of the process control system for the distribution electric grid complex of Kubanenergo in accordance with Appendix No. 1 to this resolution of the Board of Directors.

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 second item was unanimously adopted by the BoD members participating in the meeting.

Item 3

On consideration of the information submitted by the General Director of the Company on the results of development and improvement of the system of internal control and risk management in the Company, recognized as priority activity of the Company, following the results of 2014

The following decision is proposed:

1. To take into consideration the information submitted by the General Director of the Company on the results of development and improvement of the system of internal control and risk management in the Company, recognized as priority activity of the Company, following the results of 2014 in accordance with Appendix No. 2 to this resolution of the Board of Directors.

2. To instruct Director general of the Company to add to the list of activities for development and improvement of internal control system for 2015 the list of measures for sophistication of control activities in respect of business processes improvement and introduction of control procedures. Such amended list shall be approved as the Plan of activities aimed at enhancement of internal control system for 2015.

Deadline: 01.07.2015

3. To instruct Director general of the Company to ensure that the Audit Committee included to the agenda of their meeting the approval of a report on implementation of Plan of activities aimed at enhancement of internal control system in accordance with clause 2 of this resolution.

Deadline: 01.03.2016.

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.	- ABSTAINED
Sergeyev S.V.	- FOR		

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

Item 4

On approval of the report on results of the business plan implementation (including investment program) by Kubanenergo JSC in the 4th quarter and 12 months of 2014.

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 forth item was unanimously adopted by the BoD members participating in the meeting.

Item 5

On approval of the implementation of the target values of key performance indicators of Kubanenergo JSC for the 4th quarter 2014 and 2014

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 fifth item was unanimously adopted by the BoD members participating in the meeting.

Item 6

On consideration of the report submitted by the Director General of Kubanenergo on the implementation in the 1st quarter of 2015 of resolutions passed at meetings of the Board of Directors

The following decision is proposed:

1. To take into consideration that the report submitted by the Director General of Kubanenergo on the implementation in the 1st quarter of 2015 of resolutions passed at meetings of the Board of Directors in accordance with Appendix No. 3 to this resolution of the Board of Directors.
2. To instruct the General Director of the Company to refine information on inspections held by external supervisory bodies and measures taken by management for elimination of detected

violations and defects (hereinafter – the Information) in respect of measures taken by the management in order to eliminate the violations detected by external supervisory bodies and submit the Information for the 1st half of 2015 for consideration of the BoD by including it in the report of the sole executive body on implementation of resolutions taken by the BoD in the 2nd quarter of 2015..

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.	- ABSTAINED
Sergeyev S.V.	- FOR		

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

Chairperson

Sergeyev S.V.

Corporate secretary

Russu O.V.