



ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
ЭНЕРГЕТИКИ И ЭЛЕКТРИФИКАЦИИ КУБАНИ
О А О « К У Б А Н Ъ Э Н Е Р Г О »
Ставропольская ул., 2, г. Краснодар, 350033
тел.: (861)268-59-13, факс: (861)268-24-93,
телеграмм: 211292КАНБА, telet@kuben.elektra.ru

2 Stavropolskaya street, Krasnodar 350033
phone: (861) 268-59-13, fax (861) 268-24-93
teletype: 221292 КАНБА, telet@kuben.elektra.ru

Minutes of Board of Directors Meeting No. 203/2015
Open joint stock company of
power industry and electrification of Kuban (“Kubanenergo” JSC)

Date of meeting	24 February, 2015
Form of holding the meeting	absentee voting (questionnaire)
Place of vote counting	Office 105, building 1, 2 Stavropolskaya St., Krasnodar (postal address of “Kubanenergo”, JSC)
Date of vote counting	24.02.2015, 5 p.m.
Date of drawing up minutes	25 February, 2015

Board of Directors Members: 11

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

Questionnaires were not submitted by: No.

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 organizational structure of Kubanenergo JSC executive body.
2. On preliminary approval of changes to the Collective Agreement of Kubanenergo JSC for 2013-2015.
3. On early termination of term of office and the election of a new member of the Audit Committee under the Kubanenergo JSC Board of Directors.
4. On approval of key indicators of cash flow "Kubanenergo" for the 1st quarter of 2015.
5. On approving the Company's insurer.
6. On approval of the report on the results of the implementation of the business plan (including investment programme) "of Kubanenergo JSC for the 3rd quarter and 9 months of 2014.
7. On approval of the implementation of the target values of key performance indicators of Kubanenergo for the 3rd quarter of 2014.
8. On taking into consideration the report of the Director General of Kubanenergo JSC on credit policy in the 3rd quarter of 2014.
9. On taking into consideration the report of the Director General of the Company on the results of the analysis of the causes and elimination of the violations revealed during inspections conducted by external control bodies, the Audit Commission, the Office of Internal Audit and Risk Management in 2013.
10. On expressing opinion on the agendas of the extraordinary general meetings of shareholders of subsidiaries and affiliates of the Company – Recreation centre Energetic JSC, Recreation centre Plamya JSC, Energoservice Kubani JSC.

11. On expressing opinion on the agendas of meetings of the Board of Directors of the Company's subsidiaries of the Company - Recreation centre Energetic JSC, Energoservice Kubani JSC.
12. On approval of the contract for design and survey work on the grid connection of the Kubanenergo branch Armavirskiye electrical networks between Kubanenergo and Energoservis Kuban JSC as a transaction of interest.
13. On approval of the contract for design and survey work on the grid connection of the branch of "Kubanenergo" South-Western Electric Networks between "Kubanenergo" and OJSC "Energoservis Kuban" as a transaction of interest.
14. On approval of the contract of commercial representation of Owner of power facilities for the purposes of the conclusion and implementation of contracts on installation of fiber-optic communication lines in the electric grid facilities of territorial distribution network between Kubanenergo and VOLS-VL Directorate JSC (Fiber-Optic Communication Line – power lines) as a transaction of interest.
15. On approval of the contract on purchase of vouchers between Kubanenergo JSC and Recreation centre Energetic JSC as a transaction of interest.
16. On the incentives to members of the Management Board.
17. On early termination of term of office and election of a member of the Personnel and Remuneration Committee under the Board of Directors of Kubanenergo and its Chairman.
18. On approving internal document of the Company: Investment policy.
19. On approving additional agreement No.3 to Contract on technological cooperation between SO UES JSC and the Company in order to provide reliable functioning of UES of Russia dd 01.02.2011 No. CДY-13/2010, which is considered as interested party transaction.
20. On approving the list of offices included in the category of top managers of Kubanenergo JSC.
21. On approving candidates for particular offices in executive body of the Company determined by the BoD.
22. On approving amended annual key performance indicators of director general and top managers of Kubanenergo JSC in 2014.

Item 1

On approval of organizational structure of Kubanenergo JSC executive body.

The following decision is proposed:

1. To approve the organizational structure of Kubanenergo JSC executive body in accordance with Appendix 1 to the decision of the BoD and put it into operation in accordance with terms specified by Russian Federation legislation while changing and termination of labor agreements with workers.
2. Upon the date of introducing the organizational structure of executive body in accordance with Appendix 1 to the decision of the BoD, the previous organizational structure approved by the decision of "Kubanenergo" JSC Board of Directors dd. 28.08.2014 (Minutes No. 195/2014 dd. 29.08.2014) is to be considered as invalid.

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- ABSTAINED
Sergeev S.V.	- FOR		

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

Item 2

On preliminary approval of changes to the Collective Agreement of Kubanenergo JSC for 2013-2015.

The following decision is proposed:

To approve the changes to the Collective agreement of “Kubanenergo” JSC for 2013-2015 in accordance with Appendix 2 to present decision of Company’s 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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

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

Item 3

On early termination of term of office and the election of a new member of the Audit Committee under the Kubanenergo JSC Board of Directors.

The following decision is proposed:

1. To terminate term of office of Shatokhin Arseniy Grigorievich, member of Audit Committee of “Kubanenergo” JSC Board of Directors.
2. To elect Kobelyan Ashot Mikhailovich, head of Department of master planning, statutory regulation and organization of purchasing activities of “Rosseti” JSC, for the position of member of Audit Committee of “Kubanenergo” JSC 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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

Thus, the BoD members participating in the meeting unanimously adopted the decision on the third item.

Item 4

On approval of key indicators of cash flow "Kubanenergo" for the 1st quarter of 2015.

The following decision is proposed:

1. To approve the following key indicators of cash flow of the Company for the 1st quarter of 2015:

Name	Services on organization of operation and development of energy complex	Dividends (without tax)
January	7 521	0
February	7 521	0
March	7 521	0

2. To instruct Director General of the Company:

- not later than 5 (five) working days from the date of the adoption of this decision to provide the organization of cash flow project and its approval;
- not later than 1 (one) day from the moment of cash flow approval to send specified document to members of Company’s BoD;

- do not place for consideration by Company's BoD the issue on consideration the report on implementation of key indicators of cash flow of the Company in the event of approved key indicators of cash flow implementation by the Company in 2015.

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

Thus, the majority of BoD members adopted the decision on the fourth item.

Item 5

On approving the Company's insurer.

The following decision is proposed:

To approve the following companies as Company's issuers:

Type of insurance	Insurance company	Insurance period (period of policy issue)
Compulsory insurance of the civil liability of vehicle owners of "Kubanenergo"	"SOGAZ" JSC	From 01.12.2015 to 31.12.2015
Voluntary insurance of motor vehicles of "Kubanenergo" JSC	"SOGAZ" JSC	From 31.12.2014 to 31.12.2015
Compulsory insurance of civil liability of the owner of a dangerous object for injury as a result of accident at a hazardous facility of "Kubanenergo" JSC	"AlfaStrakhovanie" JSC	From 01.01.2015 to 31.12.2015
Voluntary insurance of property of "Kubanenergo" JSC	"VSK" IJSC	From 01.01.2015 to 31.12.2017

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

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

Item 6

On approval of the report on the results of the implementation of the business plan (including investment programme) "of Kubanenergo JSC for the 3rd quarter and 9 months of 2014.

The following decision is proposed:

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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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

Thus, the BoD members participating in the meeting unanimously adopted the decision on the sixth item.

Item 7**On approval of the implementation of the target values of key performance indicators of Kubanenergo for the 3rd quarter of 2014.**

To approve the results of the implementation of the target values of key performance indicators of Kubanenergo for the 3rd quarter of 2014, in accordance with Appendix 4 to present decision of Company's 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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

Thus, the BoD members participating in the meeting unanimously adopted the decision on the seventh item.

Item 8**On taking into consideration the report of the Director General of Kubanenergo JSC on credit policy in the 3rd quarter of 2014.**

The following decision is proposed:

To take into consideration the report of the Director General of Kubanenergo JSC on credit policy in the 3rd quarter of 2014 in accordance with Appendix 5 to present decision of Company's 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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- ABSTAINED
Sergeev S.V.	- FOR		

Thus, the majority of BoD members adopted the decision on the eighth item.

Item 9**On taking into consideration the report of the Director General of the Company on the results of the analysis of the causes and elimination of the violations revealed during inspections conducted by external control bodies, the Audit Commission, the Office of Internal Audit and Risk Management in 2013.**

The following decision is proposed:

1. On take into consideration the report of the Director General of the Company on the results of the analysis of the causes and elimination of the violations revealed during inspections conducted by external control bodies, the Audit Commission, the Office of Internal Audit and Risk Management in 2013, in accordance with Appendix 6 to present decision of Company's BoD.

2. Director General of "Kubanenergo" JSC by the results of 2014 should inform Company's BoD on results of development and upgrading the system of internal control and risks management in the Company specified as priority area of activities in accordance with decision of "Kubanenergo" JSC Board of Directors dd. 12.09.2014 (Minutes No. 196/2014).

Term: prior to 01.05.2015.

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- ABSTAINED
Sergeev S.V.	- FOR		

Thus, the majority of BoD members adopted the decision on the ninth item.

Item 10

On expressing opinion on the agendas of the extraordinary general meetings of shareholders of subsidiaries and affiliates of the Company – Recreation centre Energetic JSC, Recreation centre Plamya JSC, Energoservice Kubani JSC

The following decision is proposed:

1. To instruct representative of "Kubanenergo" JSC at extraordinary meeting of shareholders of recreation centre "Energetic" JSC "On approval "Redrafted provision on paying rewards and benefits to members of BoD of recreation centre Energetic JSC" to vote FOR the following decision":

- To approve "Redrafted provision on paying rewards and benefits to members of BoD of recreation centre Energetic JSC" in accordance with Appendix to present decision of Company's BoD.

2. To instruct the representatives of "Kubanenergo" JSC at the extraordinary meeting of shareholders of Recreation centre "Plamya" JSC "On approval "Redrafted provision on paying rewards and benefits to members of BoD of recreation centre Plamya JSC" to vote FOR the following decision":

- To approve "Redrafted provision on paying rewards and benefits to members of BoD of recreation centre Plamya JSC" in accordance with Appendix to present decision of Company's BoD.

3. To instruct the representatives of "Kubanenergo" JSC at the extraordinary meeting of shareholders of "Energoservice Kubani" JSC "On approval "Redrafted provision on paying rewards and benefits to members of BoD of "Energoservice Kubani" JSC" to vote FOR the following decision":

- To approve "Redrafted provision on paying rewards and benefits to members of BoD of recreation centre "Energoservice Kubani" JSC" in accordance with Appendix to present decision of Company's 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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

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

Item 11**On expressing opinion on the agendas of meetings of the Board of Directors of the Company's subsidiaries of the Company - Recreation centre Energetic JSC, Energoservice Kubani JSC.**

The following decision is proposed:

1. To instruct representatives of "Kubanenergo" JSC in Board of Directors of Recreation centre "Energetic" JSC on agenda item "On approval the report on results of business plan implementation of Recreation centre "Energetic" JSC for the 3rd quarter and 9 months of 2014" to vote FOR the following decision:

1.1. To approve the report on results of business plan implementation of Recreation centre "Energetic" JSC for the 3rd quarter and 9 months of 2014 in accordance with Appendix to present decision of Company's BoD.

1.2. To note the item submission for consideration by Company's BoD.

2. To instruct representatives of "Kubanenergo" JSC in Board of Directors of "Energoservice Kubani" JSC on agenda item "On approval the report on results of business plan implementation of "Energoservice Kubani" JSC for the 3rd quarter and 9 months of 2014" to vote FOR the following decision:

2.1. To approve the report on results of business plan implementation of "Energoservice Kubani" JSC for the 3rd quarter and 9 months of 2014 in accordance with Appendix to present decision of Company's BoD.

2.2. To note:

- nonfulfillment of Company's business plan on results for 9 months of 2014 by indicators:

"Primary activity proceed" for 11 661 thousand rubles (88.0%) from planned amount (plan – 13 250 thousand rubles; in fact – 1 589 thousand rubles); "Net profit" for 4 220 thousand rubles from planned amount (plan – 355 thousand rubles, fact (-3 865) thousand rubles).

- to submit item for consideration of Company's BoD.

2.3 To instruct Director General of the Company assume measures on providing the implementation of approved Company's business plan by the results of activities for 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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

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

Item 12**On approval of the contract for design and survey work on the grid connection of the Kubanenergo branch Armavirskiye electrical networks between Kubanenergo and Energoservis Kuban JSC as a transaction of interest.**

In accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 "On Joint Stock Companies" resolution on this item should be taken by majority of votes of independent directors uninterested in the transaction.

Except Gavrilov other members of the BoD vote on this item and are recognized as independent directors uninterested in the transaction in accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 "On Joint Stock Companies".

The following decision is proposed:

1. To determine construction Contract price on design and exploration works implementation on facilities of technological connection of “Kubanenergo” JSC branch Armavirskiye electrical networks between “Kubanenergo” JSC and “Energroservice Kubani” JSC as transaction of interest in amount of 435 689 (four hundred thirty five thousand six hundred eighty nine) rubles 79 kopecks including VAT 18% 66 461 (sixty six thousand four hundred sixty one) rubles 15 kopecks.

2. To approve the construction contract on design and exploration works implementation on facilities of technological connection of “Kubanenergo” JSC branch Armavirskiye electrical networks between “Kubanenergo” JSC and “Energroservice Kubani” JSC (hereafter Contract, Appendix No. 7 to present decision of Company’s BoD) as transaction of interest at the following conditions:

Parties of the Contract:

Customer – “Kubanenergo” JSC

Contractor – “ENergoservice Kubani” JSC

Subject of the Contract: Contractor undertakes on Customer’s assignment using own resources and/or using involved sub-contractors to implement design and survey works on facilities of privileged class of customers (shortfall in income):

Reconstruction of 10/0.4kV transformer substation “O2-1022/30kVA” with power transformer changing, reconstruction and construction of overhead line 0.4kV ϕ .1 from 10/0.4 kV transformer substation “O2-1022/30kVA” in village Otradnaya, Otradnenskiy district (No. 40303-13-00147194-1);

Construction of new overhead line 10kV from pylon No. 182 overhead line 10kV “O-3” and overhead line 0.4kV with installation of transformer substation 10/0.4kV in village Otradnaya, Otradninskiy district (No. 10303-14-00156962-1);

Construction of overhead line 0.4kV ϕ .2 from transformer substation “PO5-793/100kVA” from pylon No. 23 to 3-d. Dovatora street, village Poputnaya, Otradninskiy district (No. 10303-14-00165396-1);

Reconstruction of overhead line 0.4kV ϕ .1 from transformer substation 10/0.4kV “ND5-451/100kVA” to pylon No.5/1 in village Nadezhnaya, Otradnenskiy district (No. 10303-14-00159846-1);

To provide the approval in accordance with the established procedure of technical/design documentation, this is the result of works on Contract with appropriate public authorities and local government bodies. Customer agrees to accept the result of works and pay for work performed in the order and in the amount required by the Contract.

The content and the amount of work, technical, economic and other requirements for works and the results are defined in the Terms of Reference (Appendix No. 1 to Contract).

Contract price: The contract price is determined by summary list of works value (Appendix No. 3 to Contract) that amounts 435 689 (four hundred thirty five thousand six hundred eighty nine) rubles 79 kopecks including VAT 18% 66 461 (sixty six thousand four hundred sixty one) rubles 15 kopecks.

Term of the Contract: The contract is valid from the date of its signing until the Parties fulfill their obligations.

Performance time: Starting Date - since the signing of Contract with accordance to the Schedule of works and services (Appendix No. 2 to Contract).

Deadline for completion of works under the Contract - 60 days from the date of signing the Contract.

Settlement of Disputes: If parties did not reach agreement under a pre-action protocol (by means of a claim), all disputes, controversies and claims arising out of or in connection with the contract, including those related to its conclusion, alteration, performance, breach, termination and validity to

be settled in the Commercial Court at the Nonprofit Partnership “Association of organizations engaged in the construction, reconstruction and repair of power plants, substations and networks “ENERGOSTROY” in accordance with its rules in effect at the date of filing a claim. Decisions of arbitration court are binding, final and not subject to appeal.

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

Thus, the BoD members participating in the meeting unanimously adopted the decision on the twelfth item.

Item 13

On approval of the contract for design and survey work on the grid connection of the branch of "Kubanenergo" South-Western Electric Networks between "Kubanenergo" and OJSC "Energoservis Kuban" as a transaction of interest.

In accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” resolution on this item should be taken by majority of votes of independent directors uninterested in the transaction.

Except Gavrilov other members of the BoD vote on this item and are recognized as independent directors uninterested in the transaction in accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies”.

The following decision is proposed:

1. To determine construction Contract price on design and exploration works implementation on facilities of technological connection of “Kubanenergo” JSC branch South-Western Electric Networks between “Kubanenergo” JSC and “Energroservice Kubani” JSC as transaction of interest in amount of 438 162 (four hundred thirty eight thousand one hundred sixty two) rubles 12 kopecks including VAT 18% 66 838 (sixty six thousand eight hundred thirty eight) rubles 29 kopecks.

2. To approve the construction contract on design and exploration works implementation on facilities of technological connection of “Kubanenergo” JSC branch South-Western Electric Networks between “Kubanenergo” JSC and “Energroservice Kubani” JSC (hereafter Contract, Appendix No. 8 to present decision of Company’s BoD) as transaction of interest at the following conditions:

Parties of the Contract:

Customer – “Kubanenergo” JSC

Contractor – “ENergoservice Kubani” JSC

Subject of the Contract: Contractor undertakes on Customer’s assignment using own resources and/or using involved sub-contractors to implement design and survey works on facilities of privileged class of customers (shortfall in income):

1. Construction of section of Insulated power line 0.4kV in village Tsibanobalka, Anapa district in accordance with contract of technological connection No. 10102-14-00156984-1 dd. 17.02.2014, applicant Gribova A.F.;

2. Construction of section of Insulated power line 0.4kV in village Utash, Anapa district in accordance with contract of technological connection No. 10102-13-00138732-1 dd. 28.10.2013. applicant Belyakova I.B.;

3. Construction of section of Insulated power line 0.4kV in village Prostorniy in accordance with contract of technological connection No. 10102-13-00144384-1, applicant Muraviyov A.V.;

4. Reconstruction of Transformer substation 10/0.4kV АП5-104 and Insulated power line 0.4kV in village Supsekh in accordance with contract of technological connection No. 40102-13-00139522-1 dd. 12.12.2013, applicant Krivitskiy V.M., and No. 10102-13-00151524-1 dd. 19.12.2013, applicant Gulam Sakhi;

5. Reconstruction of Transformer substation 10/0.4kV АП5-125, reconstruction of Power line 0.4kV in village Supsekh in accordance with contract of technological connection No. 10102-13-00146950-1 dd. 12.12.2013, applicant Pasechnikova S.V.; No. 10102-13-00156062-1 dd. 23.01.2014, applicant Kozak N.A.; No. 10102-13-00156046-1 dd. 23.01.2014, applicant Tomashevich T.K.; No. 10102-14-00174046-1 dd. 07.05.2014, applicant Kondakov N.M.; No. 10102-14-00178084-1 dd. 27.05.2014, applicant Khmelevskikh G.V.

To provide the approval in accordance with the established procedure of technical/design documentation, this is the result of works on Contract with appropriate public authorities and local government bodies. Customer agrees to accept the result of works and pay for work performed in the order and in the amount required by the Contract.

The content and the amount of work, technical, economic and other requirements for works and the results are defined in the Terms of Reference (Appendix No. 1 to Contract).

Contract price: The contract price is determined by summary list of works value (Appendix No. 3 to Contract) that amounts 435 162 (four hundred thirty five thousand one hundred sixty two) rubles 12 kopecks including VAT 18% 66 838 (sixty six thousand eight hundred thirty eight) rubles 29 kopecks.

Term of the Contract: The contract is valid from the date of its signing until the Parties fulfill their obligations.

Performance time: Starting Date - since the signing of Contract with accordance to the Schedule of works and services (Appendix No. 2 to Contract).

Deadline for completion of works under the Contract - 45 days from the date of signing the Contract.

Settlement of Disputes: If parties did not reach agreement under a pre-action protocol (by means of a claim), all disputes, controversies and claims arising out of or in connection with the contract, including those related to its conclusion, alteration, performance, breach, termination and validity to be settled in the Commercial Court at the Nonprofit Partnership “Association of organizations engaged in the construction, reconstruction and repair of power plants, substations and networks “ENERGOSTROY” in accordance with its rules in effect at the date of filing a claim. Decisions of arbitration court are binding, final and not subject to appeal.

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR

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

Item 14

On approval of the contract of commercial representation of Owner of power facilities for the purposes of the conclusion and implementation of contracts on installation of fiber-optic communication lines in the electric grid facilities of territorial distribution network between Kubanenergo and VOLS-VL Directorate JSC (Fiber-Optic Communication Line – power lines) as a transaction of interest.

In accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” resolution on this item should be taken by majority of votes of independent directors uninterested in the transaction.

Except Gavrilov other members of the BoD vote on this item and are recognized as independent directors uninterested in the transaction in accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies”.

The following decision is proposed:

1. To determine that the price of the contract of commercial representation of Owner of power facilities for the purposes of the conclusion and execution of contracts on installation of fiber-optic communication lines in the electric grid facilities between “Kubanenergo” JSC and “Management VOLS-VL”, as transaction of interest, cannot be equal to or exceed 2% of the balance cost of the assets of "Kubanenergo" JSC according to its accounting report for the last reporting date. The amount of remuneration of Commercial representation is defined in Appendix No. 8, No. 10, No. 12 to the Contract.

2. To approve contract of commercial representation of Owner of power facilities for the purposes of the conclusion and execution of contracts on installation of fiber-optic communication lines in the electric grid facilities between “Kubanenergo” JSC and “Management VOLS-VL” (hereafter-Contract, Appendix No. 9 to present decision of Board of Directors), as transaction of interest at the following conditions:

Parties of the Contract:

Grantor – “Kubanenergo” JSC

Commercial representative – “Management VOLS-VL” JSC

Subject of the Contract:

As part of the execution of the Contract the Principal instructs and Commercial Representative undertakes to perform on behalf of and at the expense of the Principal the following legal and practical actions:

1. To find and attract new Customers of electricity generation facilities.
2. To deliver to Customers of electricity generation facilities the following technic specifications; to sign acts, minutes, certificates and other documents to execute specified technic specifications:
 - technic specifications of installation of fiber-optic communication lines in the electric grid facilities (standard form of technic specifications is described in Appendix 6 to the Contract);
3. To conclude with Customers of electricity generation facilities and execute the following Contracts (Agreements); make changes and additions to Contracts, to terminate them in cases and in accordance with procedure specified in Contracts (Agreements); to sign acts, minutes, certificates and other documents to execute specified Contracts (Agreements):
 - contracts providing an access to grid facilities for FOCL construction and operation (form of a contract is specified in Annex 7 to the contract);
 - contracts on temporal limited use of overhead power lines operation (form of a contract is specified in Annex 9 to the contract);
 - contracts on installation of FOCL on aerial power lines and other grid facilities (form of a contract is specified in Annex 11 to the contract);
4. To settle accounts with users of grid facilities according to the prices (tariffs) approved by the Grantor.
5. To represent the interests of the Grantor in technical inventory authority on issues of technical inventory of grid facilities in order to install fiber-optic communication lines with the right to submit application and documents, as well as the right to receive technical passports and other documents.

Represent the interests of the Grantor in the state registration of rights on immovable property and transactions on the issues of the registration of transactions and subsequent registration of rights and deals with grid facilities (including lease agreement, easement agreements), that are objects of immovable property as well as the land plots with installed facilities (including leases, contracts on easement of land plots); with the right to sign and submit applications, obtaining certificates; with

the right to obtain state registrations certificates, extracts from Unified State Register and other documents; as well as other actions related to the state registration of the rights and transactions.

Annex 2 to the Contract contains the list of grid facilities of territorial distribution network to which the contract is applied.

Order of interaction between the Grantor and the commercial representative when concluding and performing the contracts, prices (tariffs) on contracts, remuneration of the Commercial Representative under the contracts stipulated in Clause 3.1.3 of the Contract are specified in Annex 8, 10, 12 to the Contract.

Validity: The Contract shall enter into force upon the signature and shall last for an indefinite period.

Voting results

Varvarin A.V.	- FOR	Kharin A.N.	- AGAINST
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Sergeev S.V.	- FOR	Shatokhin A.G.	- FOR
Sukhov O.A.	- FOR	Mezhevich V.E.	- FOR

Thus, the majority of BoD members adopted the decision on the fourteenth item.

Item 15

On approval of the contract on purchase of vouchers between Kubanenergo JSC and Recreation centre Energetic JSC as a transaction of interest.

In accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 "On Joint Stock Companies" resolution on this item should be taken by majority of votes of independent directors uninterested in the transaction.

Except Gavrilov other members of the BoD vote on this item and are recognized as independent directors uninterested in the transaction in accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 "On Joint Stock Companies".

The following decision is proposed:

1. To determine the price of Contract on purchase of vouchers between "Kubanenergo" JSC and Recreation Centre "Energetic" JSC (hereafter – Contract) as transaction of interest in the amount of 10 934 000 (ten million nine hundred thirty four thousand) rubles 00 kopecks without VAT.
2. To approve the contract on purchase of vouchers between "Kubanenergo" JSC and Recreation Centre "Energetic" JSC as transaction of interest at the following conditions:

Parties of the Contract:

Customer: "Kubanenergo" JSC

Recreation Centre: "Energetic" JSC

Subject of the Contract:

"Recreation Centre" sells and "Customer" purchases 7 days vouchers of Recreation Centre "Energetic" JSC on prices specified in Appendix No. 1 to Contract.

The Contract price:

The Contract price amounts 10 934 000 (ten million nine hundred thirty four thousand) rubles 00 kopecks without VAT.

Terms of the Contract:

The Contract shall enter into force upon signature by both parties and is valid until 31.12.2015 or until the Parties fulfill their obligations.

Settlement of Disputes:

All disputes under the Contract shall be settled by negotiations. If the Parties did not reach an agreement the disputes are resolved by the Arbitration Court of Krasnodar Territory in accordance with the current legislation of the Russian Federation.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Kharin A.N.	- FOR
Lavrova M.A.	- FOR	Khokholkova K.V.	- FOR
Sergeev S.V.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR

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

Item 16

On the incentives to members of the Management Board.

In accordance with paragraph 5.3. Regulations on financial encouragement and employment benefits of “Kubanenergo” JSC top managers to instruct Director General of the Company to pay lumpsum bonus to following members of Company’s Board:

- Golovakha Dmitriy Nikolaevich, Director of branch of “Kubanenergo” JSC – South-Western electric networks for awarding of certificate of honour of Russian Federation government in the amount of two basic salaries;
- Golova Andrei Valerievich, deputy Director General on logistics and inventory of “Kubanenergo” JSC for awarding with acknowledgement of Russian Federation government in the amount of one basic salary.

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

Thus, the BoD members participating in the meeting unanimously adopted the decision on the sixteenth item.

Item 17

On early termination of term of office and election of a member of the Personnel and Remuneration Committee under the Board of Directors of Kubanenergo and its Chairman.

The following decision is proposed:

1. To early terminate term of office Zholnerchik Svetlana Semyonovna, member of Personnel and Remuneration Committee under Board of Directors of “Kubanenergo” JSC.
2. To elect Mangarov Yuri Nikolaevich, head advisor of “Rosseti” JSC for the position of member of Personnel and Remuneration Committee under Board of Directors of “Kubanenergo” JSC.
3. To elect Mangarov Yuri Nikolaevich for the position of member of Personnel and Remuneration Committee under Board of Directors of “Kubanenergo” JSC.

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

Thus, the BoD members participating in the meeting unanimously adopted the decision on the seventeenth item.

Item 18**On approving internal document of the Company: Investment policy.**

The following decision is proposed:

1. To approve Investment policy of “Rosseti” JSC as internal document of the Company in accordance with Appendix No. 10 to present decision of Board of Directors.
2. To instruct Director General of the Company to provide the implementation of investment policy of “Rosseti” JSC in the Company.

Voting results

Thus, the BoD members participating in the meeting unanimously adopted the decision on the eighteenth item.

Item 19**On approving additional agreement No.3 to Contract on technological cooperation between SO UES JSC and the Company in order to provide reliable functioning of UES of Russia dd 01.02.2011 No. СДУ-13/2010, which is considered as interested party transaction.**

In accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” resolution on this item should be taken by majority of votes of independent directors uninterested in the transaction.

Except Gavrilov other members of the BoD vote on this item and are recognized as independent directors uninterested in the transaction in accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies”.

The following decision is proposed:

To approve additional agreement No. 3 on technological cooperation between SO UES JSC and the Company in order to provide reliable functioning of UES of Russia dd 01.02.2011 No. СДУ-13/2010, which is considered as interested party transaction in accordance with Appendix No. 11 to present decision of Company’s Board of Directors

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Kharin A.N.	- FOR
Lavrova M.A.	- FOR	Khokholkova K.V.	- FOR
Mezhevich V.E.	- FOR	Chermentieva Yu. P.	- FOR
Sergeev S.V.	- FOR	Shatokhin A.G.	- FOR

Thus, the BoD members participating in the meeting unanimously adopted the decision on the nineteenth item.

Item 20**On approving the list of offices included in the category of top managers of Kubanenergo JSC.**

The following decision is proposed:

1. To recognize list of posts fall to a category of high-ranking managers approved by decision of Company’s BoD dd. 28.08.2014 (Minutes No. 195/2014 dd. 29.08.2014) as invalid.
2. To approve list of posts fall to a category of high-ranking managers of “Kubanenergo” JSC in the following version:

1 rank

1. Members of Company’s BoD.
2. First deputy director general – director of Sochi electric networks branch.
3. Deputy Director General in charge of technical questions – head engineer.
4. Deputy Director General in charge of Economics and Finance

5. Deputy Director General in charge of corporate governance.
6. Deputy Director General in charge of development and technological connection.
7. Deputy Director General in charge of services implementation.
8. Deputy Director General in charge of investment activity.
9. Deputy Director General – chief of staff.
10. Deputy Director General in charge of security.
11. Chief accountant - head of department of maintenance of accounting and tax records and accounting.

2 rank

1. Director of branch “Adyghea electric grids”.
2. Director of branch “Armavir electric grids”/Director of branch “Sochi electric grids”.
3. Director of branch “Krasnodar electric grids”.
4. Director of branch “Labinsk electric grids”.
5. Director of branch “Leningradskaya electric grids”.
6. Director of branch “Slavyansk electric grids”.
7. Director of branch “Timashevsk electric grids”.
8. Director of branch “Tikhoretsk electric grids”.
9. Director of branch “Ust-Labinsk electric grids”.
10. Director of branch “South-West electric grids”.

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- ABSTAINED
Sergeev S.V.	- FOR		

Thus, the majority of BoD members adopted the decision on the twentieth item.

Item 21

On approving candidates for particular offices in executive body of the Company determined by the BoD.

The following decision is proposed:

To approve Armaganyan Edgar Garrievich, “Kubanenergo” JSC branch director – Sochi electric networks and deputy Director General on services implementation for the position of first deputy Director General.

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- ABSTAINED
Sergeev S.V.	- FOR		

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

Item 22

On approving amended annual key performance indicators of director general and top managers of Kubanenergo JSC in 2014.

The following decision is proposed:

To approve amended annual key performance indicators of director general and top managers of Kubanenergo JSC in 2014 in accordance with Appendix No. 12 to present decision of Company's Board of Directors.

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	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR	Shatokhin A.G.	- FOR
Sergeev S.V.	- FOR		

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

Chairperson

Sergeev S.V.

Corporate secretary

Russu O.V.