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**Minutes of Board of Directors Meeting No. 189/2014**  
**Open joint stock company of**  
**power industry and electrification of Kuban (“Kubanenergo” JSC)**

Date of meeting	May 16, 2014
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	16.05.2014, 5 p.m.
Date of drawing up minutes	May 19, 2014

Board of Directors Members: 11

Questionnaires were submitted by: Magadeyev R.R. (chairperson of Board of Directors), Vagapov S.G., Varvarin A.V., Gaichenya I.A., Katina A.Yu., Kolyada A.S., Lavrova M.A., Solod A.V.

Questionnaires were not submitted by: Likhov Kh.M., Neganov L.V., Cherezov A.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 choosing the agenda of Annual General Meeting of Company’s Shareholders.
2. On preliminary approval of 2013 Annual Report of the Company.
3. On discussing the annual accounts for 2013 and providing recommendations on distribution of profit and loss by the results of 2013 financial year.
4. On recommendations on the amount of dividends and their payment by the results of 2013.
5. On discussing the candidature of the Company's Auditor.
6. On choosing of the type(s) of preferred shares, the holders of which are entitled to vote on the agenda of the Annual General Meeting of Shareholders.
7. On making the list of information (materials) provided to shareholders of the Company during the preparation to the Annual General Meeting of Shareholders and the procedure of providing the information to the shareholders.
8. On approving the form and content of the voting ballot at the Annual General Meeting of Shareholders.
9. On setting the date on which the voting ballots should be sent to persons entitled to participate in the Annual General Meeting of Shareholders, on specifying the address where the filled-in ballots could be sent, and the deadline for receipt of filled-in ballots.
10. On determining the procedure of informing the shareholders on conducting the Annual General Meeting, including the approval of the form and the text.
11. On electing the Secretary of the Annual General Meeting of Shareholders.

12. On approval of cost estimates associated with the preparation and holding of the Annual General Meeting of Shareholders.
13. On approving the terms of the contract with the Company's registrar.
14. On discussing the restated Charter.
15. On discussing the draft of internal document: Regulations on preparation and holding of the General Meeting of Shareholders in new edition.
16. On discussing the draft of internal document: Regulations on the Audit Committee of the Company in new edition.
17. On fixing the payment for Auditor's services.

### **Item 1**

#### **On choosing the agenda of Annual General Meeting of Company's Shareholders**

The following decision is proposed:

1. On approval of Company's annual report.
2. On approval annual accounting report, including the profit and loss statement.
3. On approval of distribution of profit of the Company by the results of 2013.
4. On the amount, terms and form of paying the dividends by the results of 2013.
5. On election of Company's Board of Directors members.
6. On election of Company's Auditing commission members.
7. On approval of Company's Auditor.
8. On approving Company's restated Charter.
9. On approving Company's internal document: restated Regulation on procedure of preparation and convening General meeting of shareholders.
10. On approving Company's internal document: restated Regulation on Auditing Committee.

#### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

### **Item 2**

#### **On preliminary approval of 2013 Annual Report of the Company**

The following decision is proposed:

To preliminary approve the 2013 Annual Report of the Company. To recommend Annual General Meeting of Company's Shareholders to approve the Annual Report, in accordance of annex 1 to the decision of the BoD.

#### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

### **Item 3**

**On discussing the annual accounts for 2013 and providing recommendations on distribution of profit and loss by the results of 2013 financial year**

The following decision is proposed:

1. To submit for approval of Annual General Meeting of Company's Shareholders the annual accounts for 2013 (annex 2 to the decision of the BoD).
2. To recommend Annual General Meeting of Company's Shareholders to approve the following distribution of profits (losses) of Company for 2013 financial year:

	(thousand rubles)
Undistributed profit (loss) of reporting period:	(2 480 136)
To distribute on: reserve fund	-
Profit for development	-
Dividends	-
Undistributed deficit of prior years	-

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 4**

**On recommendations on the amount of dividends and their payment by the results of 2013**

The following decision is proposed:

To recommend Annual General Meeting of Company's Shareholders to make the following decision: not to pay dividends on ordinary shares of the Company by the results of 2013.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 5**

**On discussing the candidature of the Company's Auditor**

The following decision is proposed:

To recommend Annual General Meeting of Company's Shareholders to appoint "Ernst and Young" LLC (TIN/ tax registration reason code 7709383532/770501001; legal address: 1 building, 77 Sadovnicheskaya Naberezhnaya, Moscow 115035) as Company's auditor.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 6**

**On choosing of the type(s) of preferred shares, the holders of which are entitled to vote on the agenda of the Annual General Meeting of Shareholders**

The following decision is proposed:

Due to the fact that Company did not issue preferred shares, it is decided not to adopt a decision on the type(s) of preferred shares, the holders of which are entitled to vote on the agenda of the Annual General Meeting of Shareholders.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 7**

**On making the list of information (materials) provided to shareholders of the Company during the preparation to the Annual General Meeting of Shareholders and the procedure of providing the information to the shareholders**

The following decision is proposed:

1. To decide that the following information should be provided to persons entitled to participate in General meeting of shareholders:

- annual financial statements, including the auditor's opinion, report of the Audit Committee by the results of audit of the annual financial statements;
- Company's annual report;
- report of the Audit Commission on the accuracy of the data contained in the annual report of the Company;
- information on candidates to the Board of Directors;
- information about the candidates to the Audit Committee of the Company;
- information on the candidate to Company's Auditor;
- information about the presence or absence of written consent of the candidates nominated for election to the Board of Directors and Audit Committee;
- recommendation of the Board of Directors on the distribution of profits and losses of the Company for the fiscal year 2013;
- recommendation of the Board of Directors on the amount of dividends on shares and the procedure of its payment;
- prepared by the Audit Committee of the Board of Directors assessment of the auditor's opinion;
- tables with changes to the Charter , the Regulations on the procedure for the preparation and holding of the General Shareholders' Meeting, the Regulations on the Audit Commission;
- current Charter of the Company;
- draft Charter;
- current Regulation on preparation and holding of the General Meeting of Shareholders of the Company;
- draft Regulation on preparation and holding of the General Meeting of Shareholders of the Company;
- current Regulation on the Audit Committee of the Company;
- draft Regulations on the Audit Committee of the Company;

- draft decisions of the Annual General Meeting of Shareholders.
2. Persons entitled to participate at annual General meeting Company's shareholders can find the information within the period of 3 June 2014 – June 22, 2014 (except weekends and holydays) from 9:00 a.m. to 15:00 p.m., as well as on June 23, 2014 at:
- “Kubanenergo” JSC, 2 Stavropolskaya str., Krasnodar;
  - “R.O.S.T. Registrar” mail box 9, 18 Stromynka str, Moscow 107996 (the Company's registrar);

The specified information is also available at Company's web-site on 11 June 2014.

If person/entity registered in registry of Company's shareholders is a nominee holder, the specified information will be sent by 2 June 2014 (inclusive) in e-form (electronic documents with digital signature) to such nominee holder.

#### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

#### **Item 8**

##### **On approving the form and content of the voting ballot at the Annual General Meeting of Shareholders**

The following decision is proposed:

To approve the form and content of the voting ballot at the Annual General Meeting of Shareholders, in accordance of annexes 3, 4 and 5 to the decision of the BoD.

#### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

Thus, the BoD members unanimously adopted the decision on the eighth item.

#### **Item 9**

##### **On setting the date on which the voting ballots should be sent to persons entitled to participate in the Annual General Meeting of Shareholders, on specifying the address where the filled-in ballots could be sent, and the deadline for receipt of filled-in ballots**

The following decision is proposed:

1. To decide that by 2<sup>nd</sup> June 2014 voting ballots should be sent by registered mail (handed out against receipt) to persons entitled to participate in the Annual General Meeting of Shareholders.

2. To decide that filled-in bulletins could be sent to one of the following addresses:

- Kubanenergo JSC, 2 Stavropolskaya str., Krasnodar, Russian Federation 350033

- Registrar R.O.S.T. JSC, 9 p/o box, 18 Stromynka str., Moscow 107996

3. To decided that when determining quorum and summing up the results of voting only those votes will be taken into account that were received by the Company no later than 20<sup>th</sup> June 2014.

To instruct Company's Director General to ensure that voting ballots are sent to shareholders in accordance with this decision.

### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

Thus, the BoD members unanimously adopted the decision on the ninth item.

### **Item 10**

#### **On determining the procedure of informing the shareholders on conducting the Annual General Meeting, including the approval of the form and the text**

The following decision is proposed:

1. To approve the form and the text of the announcement on holding the Annual General Meeting, in accordance of annex6 to the decision of the BoD.

2. To inform persons entitled to participate in Annual General Meeting on holding the Annual General Meeting:

- by sending them a letter via registered mail (or to hand out) to each person from the list of persons entitled to participate in Annual General Meeting on holding not later than 23th May 2014;

- to publish announcement on holding Annual General Meeting in newspaper "Kubanskiye Novosti" no later than 23th May 2014;

- to place the announcement on the Internet at Company's webpage no later than 23th May 2014.

If person/entity registered in registry of Company's shareholders is a nominee holder, the announcement on holding Annual General Meeting will be sent by 23th May 2014 in e-form (electronic documents with digital signature) to such nominee holder.

### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

### **Item 11**

#### **On electing the Secretary of the Annual General Meeting of Shareholders**

The following decision is proposed:

To appoint Russu Olga Vladimirovna, Company's corporate secretary, as Secretary of the Annual General Meeting of Shareholders

### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

Thus, the BoD members unanimously adopted the decision on the eleventh item.

### **Item 12**

#### **On approval of cost estimates associated with the preparation and holding of the Annual General Meeting of Shareholders**

The following decision is proposed:

1. To approve the cost estimates associated with the preparation and holding of the Annual General Meeting of Shareholders, in accordance of annex 6 to the decision of the BoD.
2. To instruct director general within 2 months after the Annual General Meeting of Shareholders to submit for consideration of the BoD a report on expenditures on preparation and holding of the Annual General Meeting of Shareholders.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 13**

**On approving the terms of the contract with the Company's registrar**

The following decision is proposed:

1. To approve the terms of the contract with the Company's registrar on organization, convening and holding general meeting of shareholders and fulfilling the functions of counting board, in accordance of annex 7 to the decision of the BoD.
2. To instruct director general to sign the contract on organization, convening and holding general meeting of shareholders and fulfilling the functions of counting board with the Company's registrar on conditions specified in annex 8 to the decision of the BoD.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 14**

**On discussing the restated Charter**

The following decision is proposed:

To propose the Annual General Meeting of Shareholders to adopt the restated Charter of the Company, in accordance of annex 9 to the decision of the BoD.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

Thus, the BoD members unanimously adopted the decision on the fourteenth item.

**Item 15**

**To propose the Annual General Meeting of Shareholders to adopt the restated Charter of the Company, in accordance of annex 9 to the decision of the BoD.**

The following decision is proposed:

To propose the Annual General Meeting of Shareholders to adopt Regulations on preparation and holding of the General Meeting of Shareholders in new edition, in accordance of annex 10 to the decision of the BoD.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 16**

**On discussing the draft of internal document: Regulations on the Audit Committee of the Company in new edition**

The following decision is proposed:

To propose the Annual General Meeting of Shareholders to adopt Regulations on the Audit Committee of the Company in new edition, in accordance of annex 11 to the decision of the BoD.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 17**

**On fixing the sum of payment for Auditor's services**

The following decision is proposed:

To fix the sum of payment for services of Company's auditor "KMPG" CJSC: for audit of accounting report prepared in accordance with RAS (Russian Accounting Standards) with regard of revaluated financial indicators – 499 900 (four hundred ninety nine thousand ninety) rubles, including VAT – 76 255 (seventy six thousand two hundred fifty five) rubles 93 kopeks.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

Chairperson

Magadeyev R.R.

Corporate secretary

Russu O.V.