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Minutes of Board of Directors Meeting No. 221/2015

Public joint stock Company of power industry and electrification of Kuban ("Kubanenergo" PJSC)

Date of meeting	16 October 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", PJSC)
Date of vote counting	16.10.2015, 5 p.m.
Date of drawing up minutes	19 October 2015

Board of Directors Members: 11

Questionnaires were submitted by: Mangarov Yu.N. (chairperson), Bogach Ye.V., Varvarin A.V., Gavrilov A.I., Kataev S.M., Kislyakov A.M., Lavrova M.A., Terebkov F.A., Kharin A.N., Khokholkova K.V.

Questionnaires were not submitted by: Niyazmetov A.K.

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. Introduction of changes to the resolution adopted by the BoD of Kubanenergo PJSC on 09.06.2015 (minutes of meeting No.11.06.2015 No.214/2015) on agenda item: "Annual reduction of operational expenses (expenses) by at least 2-3%.
2. On approval of report on implementation of based RAS business plan of the group Kubanenergo PJSC for the 1st half of 2015 and report on implementation of based on IFRS consolidated business plan of the group Kubanenergo PJSC for the 1st half of 2015.
3. Defining the cases (amounts) of transactions subject to prior approval by the Company's BoD.
4. Consideration of draft amended investments programme for 2015 and 2016-2020.
5. Approval of Credit plan of Kubanenergo PJSC for the 4th quarter of 2015.

Item 1

Introduction of changes to the resolution adopted by the BoD of Kubanenergo PJSC on 09.06.2015 (minutes of meeting No.11.06.2015 No.214/2015) on agenda item: "Annual reduction of operational expenses (expenses) by at least 2-3%.

The following decision is proposed:

Paragraph 1.2 of the resolution of the BoD dated 09.06.2015 (minutes of meeting No.11.06.2015 No.214/2015) on agenda item "Annual reduction of operational expenses (expenses) by at least 2-3%" shall be reworded as follows:

“1.2. submit for consideration at the BoD meeting the amendments of the business plan for 2015, which ensures implementation of key indicator of reduction of production losses in accordance with the RF order No.2303-II13 dated 16.04.2015 by 2-3 percent annually. Deadline: 15.10.2015;”

Voting results

Bogach Ye.V.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Mangarov Yu.N.	- FOR
Gavrilov A.I.	- FOR	Terebkov F.A.	- FOR
Kataev S.M.	- FOR	Kharin A.N.	- AGAINST
Kislyakov A.M.	- FOR	Khokholkova K.V.	- FOR

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

Item 2

On approval of report on implementation of based RAS business plan of the group Kubanenergo PJSC for the 1st half of 2015 and report on implementation of based on IFRS consolidated business plan of the group Kubanenergo PJSC for the 1st half of 2015.

The following decision is proposed:

1. To approve the report on implementation of based RAS business plan of the group Kubanenergo PJSC for the 1st half of 2015, in accordance with Annex 1 to the resolution of the BoD.
2. To approve the report on implementation of based on IFRS consolidated business plan of the group Kubanenergo PJSC for the 1st half of 2015, in accordance with Annex 2 to the resolution of the BoD.

Voting results

Bogach Ye.V.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Mangarov Yu.N.	- FOR
Gavrilov A.I.	- FOR	Terebkov F.A.	- FOR
Kataev S.M.	- FOR	Kharin A.N.	- AGAINST
Kislyakov A.M.	- FOR	Khokholkova K.V.	- FOR

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

Item 3

Defining the cases (amounts) of transactions subject to prior approval by the Company's BoD.

The following decision is proposed:

1. To specify that according to sub-clause 38 (paragraph “d”), clause 15.1., Article 15 of the Charter of Kubanenergo PJSC the Board of Directors shall preliminary approve resolutions on the Company's transactions for the period exceeding 5 years involving transfer of real property and electric grid facilities for temporary possession and use or temporary use, or involving acceptance of real property facilities which are not intended for electricity transfer or distribution for temporary possession and use or temporary use, if the balance value or market value of the transferred or accepted property exceeds 30 million rubles, unless accepted for temporary possession and use or temporary use:

- land plots intended for operation or construction (reconstruction) of electric power facilities as provided by the relevant investment projects, as well as land plots occupied by non-movable assets of the Company;

- electric grid facilities operated in accordance with clauses 6-8, Article 8 of the Federal Law "On Electric Power Industry" No. 35-FZ dated March 26, 2003.

2. To consider the resolution of the Board of Directors of the Company dated 28.08.2014 (Minutes of meeting No.195/2014 dd 29.08.2014) on issue No. "Defining the cases (sizes) of property-related transactions subject to prior approval by the Board of Directors of the Company" as invalid.

Voting results

Bogach Ye.V.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Mangarov Yu.N.	- FOR
Gavrilov A.I.	- FOR	Terebkov F.A.	- FOR
Kataev S.M.	- FOR	Kharin A.N.	- FOR
Kislyakov A.M.	- FOR	Khokholkova K.V.	- FOR

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

Item 4

Consideration of draft amended investments programme for 2015 and 2016-2020.

The following decision is proposed:

1. To approve draft amended investment programme of the Company for 2015 and 2016-2020 in accordance with Annex 3 to the resolution of the BoD.

2. To instruct Director General:

2.1 to ensure approval of the draft amended investment programme of the Company for 2015 and 2016-2020 by executive agencies of the Russian Federation in accordance with the requirements of the legal acts of the Russian Federation regulating investment activity.

2.2 by 01.12.2015 to submit for consideration of the BoD a report on implementation of paragraph 2.1. of the resolution;

2.3 in case of next amendments of long-term investment programme of the Company to consider the possibility of including in the investment programme the expenses on investment programmes aimed at development of electricity metering with remote data collection.

Voting results

Bogach Ye.V.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Mangarov Yu.N.	- FOR
Gavrilov A.I.	- FOR	Terebkov F.A.	- FOR
Kataev S.M.	- FOR	Kharin A.N.	- ABSTAINED
Kislyakov A.M.	- FOR	Khokholkova K.V.	- FOR

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

Item 5

Approval of Credit plan of Kubanenergo PJSC for the 4th quarter of 2015.

The following decision is proposed:

To approve the Credit plan of Kubanenergo PJSC for the 4th quarter of 2015, in accordance with Annex 4 to the resolution of the BoD.

Voting results

Bogach Ye.V.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Mangarov Yu.N.	- FOR
Gavrilov A.I.	- FOR	Terebkov F.A.	- FOR
Kataev S.M.	- FOR	Kharin A.N.	- AGAINST
Kislyakov A.M.	- FOR	Khokholkova K.V.	- FOR

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

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.