

Minutes of Board of Directors Meeting No. 225/2015

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

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| Date of meeting | 11 Decmeber 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 | 11.12.2015, 5 p.m. |
| Date of drawing up minutes | 14 December 2015 |

Board of Directors Members: 11

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

Questionnaires were not submitted by: Gavrilov A.I., Niyazmetov A.K.

According to requirements of paragraph 7.3 of Regulation on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban (approved by decision of annual General meeting of "Kubanenergo", JSC shareholders dated 11.06.2015, minutes No.36), the 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 Insurance Programme of Kubanenergo PJSC for 2016
2. On approval of Kubanenergo PJSC Plan of activities for reduction of overdue accounts receivable for electricity transmission services and settlement of disputes as of 01.10.2015.
3. On approval of amended Credit Plan of Kubanenergo PJSC for the 4th quarter of 2015.
4. On taking into consideration the report of Director general of Kubanenergo PJSC on Company's credit policy in the 3rd quarter of 2015.
5. On approval of Settlement agreement between Kubanenergo PJSC and Lenenergo PJSC as an interested-party transaction
6. On approval of contract between Kubanenergo PJSC and its employees on free of charge use of residential premises

Item 1

On approval of Insurance Programme of Kubanenergo PJSC for 2016.

The following decision is proposed:

To approve the Insurance Programme of Kubanenergo PJSC for 2016, in accordance with Annex 2 to the resolution of the BoD.

Voting results

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

Lavrova M.A. - **FOR**

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

Item 2

On approval of Kubanenergo PJSC Plan of activities for reduction of overdue accounts receivable for electricity transmission services and settlement of disputes as of 01.10.2015.

The following decision is proposed:

1. To approve the Plan of activities of Kubanenergo PJSC on reduction of overdue accounts receivable for the services of energy transmission and settlement of disputes as of 01.10.2015, in accordance with Annex 2 to the resolution of the BoD.
2. To take into consideration the Report on implementation of the previously approved by the BoD Plan of activities of Kubanenergo PJSC on reduction of overdue accounts receivable for the services of energy transmission and settlement of disputes as of 01.07.2015, in accordance with Annex 3 to the resolution of the BoD.
3. To take into consideration the Report on works carried out by Kubanenergo in respect of the newly formed overdue accounts receivable for the services of energy transmission, in accordance with Annex 4 to the resolution of the BoD.
4. To instruct director general to ensure reduction of overdue accounts receivable by the end of 2015 to level of below 1.4 billion rubles..

Voting results

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

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

Item 3

On approval of amended Credit Plan of Kubanenergo PJSC for the 4th quarter of 2015.

The following decision is proposed:

To approve the amended Credit Plan of Kubanenergo PJSC for the 4th quarter of 2015, in accordance with Annex 5 to the resolution of the BoD.

Voting results

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

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

Item 4

On taking into consideration the report of Director general of Kubanenergo PJSC on Company's credit policy in the 3rd quarter of 2015.

The following decision is proposed:

To take into consideration the report of Director general of Kubanenergo PJSC on Company's credit policy in the 3rd quarter of 2015, in accordance with Annex 6 to the resolution of the BoD. **Voting results**

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

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

Item 5

On approval of Settlement agreement between Kubanenergo PJSC and Lenenergo PJSC as an 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 A.I. and Terebkov F.A. 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 the Settlement Agreement between "Kubanenergo" PJSC and "Lenenergo" PJSC as an interested-party transaction in the amount of 28 014 319.56 (twenty eight million fourteen thousand three hundred nineteen) rubles 56 kopecks, including VAT, including the amount owed under the contract No.13-14725/407/30-27 dated 21.01.2014 in the amount of 24 929 386.27 (twenty-four million nine hundred twenty nine thousand three hundred eighty six) rubles 27 kopecks; interest accrued from the date of the signing of the Settlement on borrowed funds in the amount of 1 308 195.16 (one million three hundred and eight thousand one hundred ninety five) rubles 16 kopecks; the amount of interest for the use of borrowed funds by the court in the amount of 1 776 738.13 (one million seven hundred seventy six thousand seven hundred thirty eight) rubles 13 kopecks.

2. To approve the Settlement Agreement between "Kubanenergo" PJSC and "Lenenergo" PJSC as an interested-party transaction on the following essential terms:

Parties to the Settlement Agreement:

Plaintiff - "Lenenergo" PJSC

Defendant - "Kubanenergo" PJSC

Subject of the Settlement Agreement: the Defendant by 30.06.2016 pays to the Plaintiff the amount owed under the contract No.13-14725/407/30-27 from 21.01.2014 in the amount of 24 929 386 rubles 27 kopecks (VAT included), as well as accrued from the date of the signing of the Settlement Agreement for the use of interest borrowed funds, in accordance with the repayment schedule specified in paragraph 1 of the Settlement Agreement.

The Defendant pays the Plaintiff the amount of interest for the use of borrowed funds by the court in the amount of 1 776 738 rubles 13 kopecks by 31.08.2015.

During the period from the date of the signing of the Settlement Agreement to the date of actual repayment of the debt under the contract No.13-14725/407/30-27 dated 21.01.2014 on the actual balance of the debt shall be accrued interest on borrowed funds at the refinancing rate of the Central Bank of the Russian Federation, acting on the date of the conclusion of the World agreement.

The obligation to pay the state duty imposed on the parties in equal shares.

Settlement Price: Settlement price is 28 014 319.56 (twenty eight million fourteen thousand three hundred nineteen) rubles 56 kopecks, including VAT, including the amount owed under the contract No.13-14725/407/30-27 dated 21.01.2014 in the amount of 24 929 386.27 (twenty-four million nine hundred twenty nine thousand three hundred eighty six) rubles 27 kopecks; interest accrued from the date of the signing of the Settlement on borrowed funds in the amount of 1 308 195.16 (one million three hundred and eight thousand one hundred ninety five) rubles 16 kopecks; the amount of interest for the use of borrowed funds by the court in the amount of 1 776 738.13 (one million seven hundred seventy six thousand seven hundred thirty eight) rubles 13 kopecks.

Liability of the Parties under the Settlement Agreement: In case the Defendant violates the obligations under clause 3 of the Settlement, the Plaintiff pursuant to paragraph 2 of Article 142 of the RF Commercial Procedure Code has the right to appeal to the Commercial Court of Krasnodar region with a request to grant an enforcement order.

Voting results

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

Thus, the decision on the fifth item was adopted by majority of the votes of independent directors uninterested in conclusion of the transaction.

Item 6

On approval of contract between Kubanenergo PJSC and its employees on free of charge use of residential premises.

The following decision is proposed:

To approve the contract between Kubanenergo PJSC and its employees on free of charge use of residential premises, in accordance with Annex 7 to the resolution of the BoD..

Voting results

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

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

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.