



Minutes of Board of Directors Meeting No. 237/2016

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

Date of meeting	27 April 2016
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	27.04.2016, 5 p.m.
Date of drawing up minutes	28 April 2016

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., Kharin A.N., Khokholkova K.V.

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

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 preliminary approval of changes to the collective agreement of "Kubanenergo" PJSC for 2016 - 2018.
2. On approval of benchmarks of cash flow of "Kubanenergo" PJSC for the 2nd quarter of 2016.
3. On approval of the "Plan of production asset management system of "Kubanenergo" PJSC for 2016 -2018."
4. On approval of the report of the internal audit and control department on the implementation of its plan of activities in 2015.
5. On discussion of report of the sole executive body of the Company on management of the Company's key operational risks in 2015.
6. On consideration of report on effectiveness of internal control and risk management of "Kubanenergo" PJSC, following the results of 2015, including assessment of the quality of the internal audit function.
7. On approval of the Agreement on implementation of building inspection at facilities of electric grids of "Kubanenergo" PJSC between "Kubanenergo" PJSC and "Scientific and Research Centre of IDGC" as an interested party transaction.
8. On approval of the contract for provision of services to support normative and reference information management for the needs of "Kubanenergo" PJSC and VOLS-VL

Administrator JSC (Fiber-Optic Communication Line – Power Lines) as an interested party transaction.

9. On approval of the agreement on debt restructuring for the work performed under the contract from 30.12.2013 No.1391-002302/407/30-2560 between “Kubanenergo” PJSC and “IDGC of Volga” PJSC, as an interested party transaction.

10. On approval of the contract for the provision of rehabilitation and recreation of Kubanenergo employees between “Kubanenergo” PJSC and “Recreation centre “Energetik” JSC as an interested party transaction.

11. On approval of restated Regulations on investment activity of “Kubanenergo” PJSC.

12. On approval of restated Rules of forming, adjustment of the investment programme and reporting on its performance in “Kubanenergo” PJSC.

13. On discussion of the report of the sole executive body of “Kubanenergo” PJSC on certification of max output consumers.

14. On approving the report on results of implementation of the business plan (including the investment programme and information on the key operational risks) of “Kubanenergo” PJSC in the 4th quarter and 12 months of 2015.

15. On approving the implementation of the target values of key performance indicators of the General Director of “Kubanenergo” PJSC in the 4th quarter 2015.

16. On approval of the Credit plan of Kubanenergo PJSC for the 2nd quarter of 2016.

17. On rendering charity support by Kubanenergo PJSC in 2016

Item 1

On preliminary approval of changes to the collective agreement of “Kubanenergo” PJSC for 2016 - 2018

The following decision is proposed:

To defer the discussion to a later date.

Voting results

Bogach Ye.V.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Kharin A.N.	-	FOR
Kataev S.M.	-	FOR	Khokholkova K.V.	-	FOR
Kislyakov A.M.	-	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 benchmarks of cash flow of “Kubanenergo” PJSC for the 2nd quarter of 2016

The following decision is proposed:

1. To approve cash flow indicators of Kubanenergo PJSC for the 2nd quarter of 2016, in accordance with Annex 1 to the resolution of the BoD.

2. To instruct Director General to:

- within 5 (five) business days after adopting this decision, to ensure preparation of project of cash flow indicators and its approval;

- within 1 (one) business day after approval of the cash flow indicators, to submit the document to members of the Board of Directors

- if the Company achieves the approved cash flow indicators in 2016, not to offer for review to the Company's Board of Directors a report on compliance with the Company's cash flow indicators.

Voting results

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

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

Item 3

On approval of the "Plan of development of production asset management system at "Kubanenergo" PJSC for 2016 -2018

The following decision is proposed:

1. To approve the Plan of development of production asset management system of "Kubanenergo" PJSC for 2016 -2018, in accordance with Annex 2 to the resolution of the BoD.

2. To instruct the Company's sole executive body:

- to ensure the timely implementation of the actions within the Plan of development of production asset management system of "Kubanenergo" PJSC;

- to provide annually, before the end of the 1st quarter of the year following the reporting one, to the Company's Board of Directors the information on the issue of consideration of the report on the implementation of the Plan of development of production asset management system of "Kubanenergo" PJSC for 2016 -2018 as a part of the report on the performance of the resolutions of the Company's Board of Directors.

Voting results

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

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

Item 4

On approval of the report of the internal audit and control department on the implementation of its plan of activities in 2015

The following decision is proposed:

To approve the report of the internal audit and control department on the implementation of its plan of activities in 2015, in accordance with Annex 3 to the resolution of the BoD.

Voting results

Bogach Ye.V.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Kharin A.N.	-	FOR

Kataev S.M. - **FOR** Khokholkova K.V. - **FOR**
Kislyakov A.M. - **ABSTAINED** Lavrova M.A. - **FOR**

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

Item 5

On discussion of report of the sole executive body of the Company on management of the Company's key operational risks in 2015

The following decision is proposed:

1. To take into consideration the report of the sole executive body of the Company on management of the Company's key operational risks in 2015, in accordance with Annex 4 to the resolution of the BoD.
2. The following key operational risks occurred in the reporting period:
 - 2.1. KOR 004 – “The risk of deviation of expenses on purchase of electric energy from the expenses stated in the business plan”;
 - 2.2. KOR 007 – “The risk of deviation of overdue receivables from the value set in the business plan”;
 - 2.3. KOR 015 – “The risk of an accident due to a fault of the Company”.
3. Mark the realization in the reporting period of the main risks and other business processes of the Company:
 - 3.1. The risk of recognition not in full costs for tariff formation;
 - 3.2. Growth of unregulated prices for the purchase of losses compared to the indicative price adopted by technology of immediate result;
 - 3.3. Growth of uncollectable accounts receivable for the electric energy transmission services;
 - 3.4. The significant growth of overdue accounts receivable for the electric energy transmission services;
 - 3.5. The occurrence of deficit in source of financing the activities under the contracts for technological connection;
 - 3.6. Occupational injury;
 - 3.7. Injury to third parties at installations of the Company;
 - 3.8. Electricity theft.
4. The sole executive body shall ensure in the planning for 2016 additional measures to reduce the occurred in 2015 risks.
5. To recommend a monthly review of risks, implemented in 2015, at the meetings of the Management Board.

Voting results

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

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

Item 6

On consideration of report on effectiveness of internal control and risk management of “Kubanenergo” PJSC, following the results of 2015, including assessment of the quality of the internal audit function

The following decision is proposed:

To take into consideration the report on effectiveness of internal control and risk management of “Kubanenergo” PJSC, following the results of 2015, including assessment of the quality of the internal audit function, 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	Kharin A.N.	-	FOR
Kataev S.M.	-	FOR	Khokholkova K.V.	-	FOR
Kislyakov A.M.	-	FOR	Lavrova M.A.	-	FOR

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

Item 7

On approval of the Agreement on implementation of building inspection at facilities of electric grids of “Kubanenergo” PJSC between “Kubanenergo” PJSC and “Scientific and Research Centre of IDGC” 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 “On Joint Stock Companies”.

The following decision is proposed:

1. To determine the maximum price of the contract for the provision of building inspection at the facilities of electric grid complex of Kubanenergo PJSC between Kubanenergo PJSC and “Scientific and Research Centre of IDGC” , as an interested party transaction, the amount of which is 1 924 565 (one million nine hundred twenty four thousand five hundred sixty five) rubles 44 kopecks, including VAT at the rate of 18% - 293 577 (two hundred and ninety three thousand five hundred seventy seven) rubles 78 kopecks.
2. To approve the contract for the provision of building inspection at the facilities of electric grid complex of Kubanenergo PJSC between Kubanenergo PJSC and “Scientific and Research Centre of IDGC” (hereinafter - the Contract), as an interested party transaction, on the following conditions:

Parties to the Contract:

Customer: Kubanenergo PJSC

Contractor: “Scientific and Research Centre of IDGC” JSC

Subject of the Contract:

Under the Contract, the Contractor undertakes under the Terms of Reference of the Customer (Annex # 1 to the Contract) to provide a range of construction supervision services at the Facility of Kubanenergo PJSC branch – Southwest electrical networks: “Construction of 110 kV line connections to substation “Pionerskaya” (hereinafter - the Services) and the Customer shall, upon the implementation, accept and pay for these services.

Contract Terms apply to all the Contractor's services provided by the Terms of Reference in accordance with the Application.

Price of the Contract:

The maximum total cost of the Services under this Contract is 1 924 565 (one million nine hundred twenty four thousand five hundred sixty five) rubles 44 kopecks, including VAT at the rate of 18% - 293 577 (two hundred and ninety three thousand five hundred seventy seven) rubles 78 kopecks.

Contract period:

The Contract shall enter into force upon the signature and is valid until the date of approval of the last act of acceptance of the completed project listed in Appendix #10 according to the schedule of the contract between the customer and building contractors, and until Parties fulfill their obligations.

Settlement of disputes:

This Contract is governed by Russian law.

In the event of disputes, requests and (or) claims on matters provided for in the Contract or in connection with it, the Parties shall take all feasible and reasonable steps to resolve them through negotiations. Observance of pre-trial procedure in dealing with disputes is binding on the parties. If the dispute, request, and (or) the claim is not settled by negotiation within 30 (thirty) days from the date of the first written notice of the existence of a dispute, requests or claims, any of the Parties to the Treaty may apply to the Court of Arbitration.

All unresolved disputes, requests and (or) claims arising out of the Contractor in connection with it, including disputes regarding its existence, validity, performance or termination, shall be referred to the arbitration court at the Customer's location.

Voting results

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

Thus, the decision on the seventh item was adopted by majority of votes of the independent directors uninterested in conclusion of transaction the BoD members participating in the meeting.

Item 8

On approval of the contract for provision of services to support normative and reference information management for the needs of “Kubanenergo” PJSC and VOLS-VL Administrator JSC (Fiber-Optic Communication Line – power lines) 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. 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 “On Joint Stock Companies”.

The following decision is proposed:

1. To determine the price of the contract for the provision of services to maintain reference data for the needs of Kubanenergo PJSC between Kubanenergo PJSC and VOLS-VL Administrator JSC (Fiber-Optic Communication Line – power lines), as an interested party transaction, the amount of which is 7 491 297 (seven million four hundred ninety one thousand two hundred ninety seven) rubles 45 kopecks, including 18% VAT – 1 142 740 (one million one hundred and forty two thousand seven hundred forty) rubles 29 kopecks.
2. To approve the contract for the provision of services to maintain reference data for the needs of Kubanenergo PJSC between Kubanenergo PJSC and VOLS-VL Administrator JSC (Fiber-Optic Communication Line – power lines) hereinafter - the Contract), as an interested party transaction on the following conditions:

Parties to the Contract:

Customer: Kubanenergo PJSC

Artist: VOLS-VL Administrator JSC (Fiber-Optic Communication Line – power lines)

Subject of the Contract:

In accordance with the terms of the Contract, the Contractor undertakes to provide services to maintain reference data for the needs of Kubanenergo PJSC in accordance with the Terms of Reference (Annex # 2 to the Contract), and the Customer undertakes to accept and pay for the services.

Description of Services and their Stages, reporting documents for each Stage are specified in Appendix # 1 to the Contract.

Price of the Contract:

Contract price is 7 491 297 (seven million four hundred and ninety one thousand two hundred ninety seven) rubles 45 kopecks, including 18% VAT – 1 142 740 (one million one hundred and forty two thousand seven hundred forty) rubles 29 kopecks.

Contract period:

The Contract shall enter into force upon the signature and is valid until the Parties fulfill all their obligations, the Contract is applied to the relations of the Parties arising from 01.03.2016.

Service provision period: commencement of services: 01.03.2016, the end of services: at the end of 36 months from the effective date of commencement of services.

Settlement of disputes:

All disputes, disagreements and claims arising from the contract or in connection with it, including those related to its conclusion, validity, change, implementation, infringement, cancellation, termination and efficacy are to be settled through negotiations.

In case of failure to settle the dispute through negotiations, before initiation of legal action, the dispute shall be settled through the use of alternative dispute resolution procedures (mediation), on the terms and in the manner prescribed by law and the Rules of consideration and settlement of disputes and conflicts of interest within the Group Rosseti PJSC, approved by the Board of Directors of *VOLS-VL Administrator JSC* (Fiber-Optic Communication Line – power lines) on 29.12.2015 (minutes of meeting No.203) and the decision of the Board of Directors of Kubanenergo PJSC on 23.12.2015 (minutes of meeting No.227/2015 dated 25.12.2015).

If the parties fail to reach an agreement on the settlement of the dispute through mediation, it shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (RSPP Arbitration Court) (located in Moscow) in accordance with its rules in effect as of the date of filing a claim. Decisions of the Court of Arbitration at the RSPP are binding, final and are not subject to appeal.

Voting results

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

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

Item 9

On approval of the agreement on debt restructuring for the work performed under the contract from 30.12.2013 No.1391-002302/407/30-2560 between “Kubanenergo” PJSC and “IDGC of Volga” 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 Varvarin A.V., Gavrilov A.I. and Kharin A.N. 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 “On Joint Stock Companies”.

The following decision is proposed:

1. To determine price of the agreement on debt restructuring for work performed under the contract #1391-002302/407/30-2560 dated 30.12.2013 between Kubanenergo PJSC and IDGC of Volga PJSC, as an interested party transaction, which amount is 87 784 708 (eighty seven million seven hundred and eighty four thousand seven hundred and eight) rubles 41 kopecks, including VAT of 18%, including:

- 85 428 975 (eighty five million four hundred and twenty eight thousand nine hundred seventy five) rubles 16 kopecks – the amount owed under the contract #1391-002302/407/30-2560 dated 30.12.2013;

- 2 355 733 (two million three hundred and fifty five thousand seven hundred thirty three) rubles 25 kopecks – the amount of interest for use of funds for the period from 09.01.2015 to 31.12.2015, which accrued on the amount payable under the contract.

2. To approve the agreement on debt restructuring for work performed under the contract #1391-002302/407/30-2560 dated 30.12.2013 between Kubanenergo PJSC and IDGC of Volga PJSC (hereinafter the Agreement) as an interested party transaction on the following conditions:

Parties to the agreement:

Kubanenergo PJSC

IDGC of Volga PJSC

Subject of the Agreement: IDGC of Volga PJSC performed works and rendered services under the contract #1391-002302/407/30-2560 from 30.12.2013 on the fulfillment of technical, operational maintenance and repair of the facilities of Kubanenergo PJSC branch – Sochi electrical networks (hereinafter the Agreement) in the total amount of 85 428 975 (eighty five million four hundred and twenty eight thousand nine hundred seventy five) rubles 16 kopecks, including VAT 18% – 13 031 538 (thirteen million thirty one thousand five hundred thirty eight) rubles 58 kopecks.

Kubanenergo PJSC admits that the works and services under the contract #1391-002302/407/30-2560 have been fully implemented by IDGC of Volga PJSC and are payable by Kubanenergo PJSC in favor of IDGC of Volga PJSC in full volume in the amount specified in clause 1.1 of the Agreement.

Debt restructuring is carried out through the provision for Kubanenergo PJSC possibility to pay by installments.

The procedure of payment by installments: IDGC of Volga PJSC provides for Kubanenergo PJSC installment plan to pay the debt from May 2016 to December 2017.

Kubanenergo PJSC undertakes to repay the debt in the amount specified in paragraph 1.1 below, as well as interest on the installment repayment in the amount specified in paragraph 2.2 of the Agreement, in accordance with the schedule of payments specified in clause 2.3 of the Agreement.

Kubanenergo PJSC has the right to prepay the debt provided for in paragraph 1.1 of the Agreement or the rest of the debt referred to in paragraph 2.3 of the Agreement.

Principal amount: 85 428 975 (eighty five million four hundred and twenty eight thousand nine hundred seventy five) rubles 16 kopecks, including VAT 18% - 13 031 538 (thirteen million thirty one thousand five hundred thirty eight) rubles 58 kopecks.

Interest accrued for the use of funds: The parties have agreed that, in accordance with paragraph 6.2 of the Agreement #1391-002302/407/30-2560 from of 30.12.2013 and Article 395 of the Civil Code of the Russian Federation, Kubanenergo PJSC pays to IDGC of Volga PJSC interest on the borrowed funds during the period from 09.01.2015 to 31.12.2015, which shall be payable

at the rate of 8.25% per annum (CBR refinancing rate) from the sum of debt 85 428 975.16 rubles, which is 2 355 733.25 rubles.

Term of the Agreement: The Agreement shall enter into force upon its signature and is valid until complete fulfillment of all obligations

Voting results

Bogach Ye.V.	-	FOR	Mangarov Yu.N.	-	FOR
Kataev S.M.	-	FOR	Khokholkova K.V.	-	FOR
Kislyakov A.M.	-	FOR	Lavrova M.A.	-	FOR

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

Item 10

On approval of the contract for the provision of recreation for Kubanenergo employees between “Kubanenergo” PJSC and “Recreation centre “Energetik” JSC 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. 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 “On Joint Stock Companies”.

The following decision is proposed:

1. To determine the price of the contract for the provision of wellness and recreation for the employees of Kubanenergo PJSC between Kubanenergo PJSC SC and “Recreation centre “Energetik” JSC as an interested party transaction, the amount of which is 11 156 000 (eleven million one hundred fifty six thousand) rubles, 00 kopecks, not subject to VAT (paragraph 18 3 of Article 149 of the Tax Code).
2. To approve the contract for the provision of wellness and recreation for the employees of Kubanenergo PJSC between Kubanenergo PJSC SC and “Recreation centre “Energetik” JSC as an interested party transaction on the following terms:

Parties to the Contract:

Customer: Kubanenergo PJSC

Contractor: “Recreation centre “Energetik” JSC

Subject of the Contract:

The Contractor, in accordance with the Customer’s task, agrees on the conditions defined by the contract, to provide customer services, recreation and wellness for employees, their families and retirees of Kubanenergo PJSC (hereinafter - the Services), and the Customer shall pay the Contractor for the Services .

The basis for the Services is a voucher that is made available to the Customer and the Contractor.

Price of the Contract:

11 156 000 (eleven million one hundred fifty six thousand) rubles, 00 kopecks, not subject to VAT (paragraph 18 3 of Article 149 of the Tax Code).

Contract time:

The Contract shall enter into force upon signature and is valid until 31.12.2016 or until the Parties fulfill their obligations under the contract.

Term of rendering services: 05.10.2016 – 31.12.2016.

Settlement of disputes:

All disputes arising from the contract or in connection with it shall be settled in accordance with current legislation. Complaint procedure is obligatory. The term of consideration of claims is 10 calendar days after the receipt of the claim.

All disputes, disagreements and claims arising from the contract (agreement) or in connection with it, including those related to its conclusion, efficacy, change, implementation, infringement, cancellation, termination and validity are to be settled through negotiations.

In case of failure to settle the dispute through negotiations, before applying to court, he shall be settled through the use of alternative dispute resolution procedures (mediation), on the terms and in the manner prescribed by law and the Rules of consideration and settlement of disputes and conflicts of interest within the Group Rosseti PJSC approved by the Board of Directors of Kubanenergo PJSC on 12.23.2015 (minutes of meeting No.227/2015 dated 25.12.2015).

If the parties fail to reach an agreement on the settlement of the dispute through mediation, it shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (RSPP Arbitration Court) (location - Moscow) in accordance with its rules in effect as of the date of filing a claim.

Decisions of the Court of Arbitration at the RSPP are binding, final and not subject to appeal.

Voting results

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

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

Item 11

On approval of restated Regulations on investment activity of “Kubanenergo” PJSC

The following decision is proposed:

1. To approve the restated Regulations on investment activity of “Kubanenergo” PJSC, in accordance with Annex 6 to the resolution of the BoD.
2. To consider as invalid Regulations on investment activity of “Kubanenergo” PJSC approved by the BoD on 14.11.2014 (minutes of meeting No.199/2014 dd 17.11.2014).

Voting results

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

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

Item 12

On approval of restated Rules of forming, adjustment of the investment programme and reporting on its performance in “Kubanenergo” PJSC

The following decision is proposed:

1. To approve the restated Rules of forming, adjustment of the investment programme and reporting on its performance in “Kubanenergo” PJSC, in accordance with Annex 7 to the resolution of the BoD.

2. To consider as invalid Rules of forming, adjustment of the investment programme and reporting on its performance in “Kubanenergo” PJSC, approve by the BoD on 30.12.2011 (minutes of meeting NO.125/2011 dated 12.01.2012)

Voting results

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

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

Item 13

On discussion of the report of the sole executive body of “Kubanenergo” PJSC on certification of max output of consumers of electric energy

The following decision is proposed:

1. To take into consideration the report of the sole executive body of “Kubanenergo” PJSC on certification of max output of consumers of electric energy, in accordance with Annex 8 to the resolution of the BoD.

2. Confidential

3. To instruct the Company’s CEO:

3.1. Till April 30, 2016 to bring into correspondence the data on the number and the maximum capacity of power receivers of electricity consumers connected to the power grids of “Kubanenergo” PSC, whose maximum power is not less than 670 kW, in the statement of attestation of maximum power and in computer-assisted reports acquisition system of “Rossetti” PJSC;

3.2. Within 1 month after implementation of the order specified in the paragraph 3.1 hereof, to ensure preparation of materials and second submission of the agenda item “On discussion of the report of the sole executive body of “Kubanenergo” PJSC on certification of max output consumers” on the carried out attestation of max output of consumers of electric energy.

Voting results

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

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

Item 14

On approving the report on results of implementation of the business plan (including the investment programme and information on the key operational risks) of “Kubanenergo” PJSC in the 4th quarter and 12 months of 2015

The following decision is proposed:

1. To approve the report on results of implementation of the business plan (including the investment programme and information on the key operational risks) of “Kubanenergo” PJSC in the 4th quarter and 12 months of 2015, in accordance with Annex 9 to the resolution of the BoD.

2. To note:

2.1. The growth of receivables by the results of 2015 by 1 070 million rubles in comparison to the level at the beginning of the year (as of 01.01.2016 – 3830 million rubles; as of 01.01.2016 – 4900 million rubles), the excess of the level of accounts payable at the end of 2015 by 2 637 million rubles compared to the indicator planned in the business plan of the Company (the plan for 01.01.2016 – 11 642 million rubles, the fact as of 01.01.2016 – 12 267 million rubles).

2.2. The implementation in 2015 following operational risks: KOR 004 – “The risk of deviation of expenses on purchase of electric energy from the expenses stated in the business plan”; KOR 007 – “The risk of deviation of overdue receivables from the value set in the business plan”; KOR 015 – “The risk of an accident due to a fault of the Company”.

2.3. Failure to implement in full registration of property rights on the basis of the Company's performance for 2015.

2.4. Violation by Kubanenergo PJSC of requirements of organizational administrative documents of the Company and legal norms regarding the timeliness of processing required admission and conclusions for acceptance into operation of completed facilities of Kubanenergo PJSC, including absence as of the time of time of transfer to fixed assets of Kubanenergo PJSC of the following supporting documents:

2.4.1. “Reconstruction of the network 110 kV linking to substation “Buzhora” (the second stage)”: conclusions on the conformity of the constructed (reconstructed) facility to the requirements of the technical regulations and design documentation and permission of the Federal Environmental, Engineering & Nuclear Supervision Agency for admission to the permanent power plant operation;

2.4.2. “Reconstruction of 110/35/10-6 kV “Dzhemet” substation (with the replacement of T1 to 40 MVA and T3 to 25 MVA, reconstruction of switchyard110, reconstruction of 10kV metal-clad switchgear)”;

2.4.3. “Reconstruction of 6kV cable line Ф.П19-П132 (A) of the Sochi Distribution Zone” – permissions of the Federal Environmental, Engineering & Nuclear Supervision Agency for admission to the permanent power plant operation.

2.5. The excess of the planned parameters of the Company's the investment programme, including:

2.5.1. funding for 3 505 million rubles, or 154% (plan 6 451 million rubles with VAT, the fact – 9 956 million rubles, including VAT)

2.5.2. capital investment by 3 254 million rubles, or 164% (plan 5075 million rubles, the fact – 8329 million rubles)

2.5.3. Commissioning of fixed assets 3 018 million rubles, or 154% (plan 5562 million rubles with VAT, the fact – 8580 million rubles)

2.5.4. Commissioning of transformer capacity 1 236 km or 172% (plan 603 km, fact 1839 km);

2.5.5. commissioning of transmission lines by 58 MVA or 118% (plan 324 MVA, 382 MVA – fact).

2.6. Implementation of 10 unplanned projects of the investment programme (except for the grid connection and removal (reconstruction) of power line under the agency agreement) with total funding of 18 million rubles, VAT included.

3. To instruct the Director General of Kubanenergo PJSC:

3.1. Provide in 2016 additional measures aiming to reduce the operational risks that occurred in 2015.

3.2. In order to protect property rights in respect of electricity transmission assets, it is necessary to ensure the unconditional implementation of works on registration of property rights within the limits of financing provided by the business plan of the Company for the 2016-2020.

3.3. To ensure a constant and unconditional implementation of the provisions of the organizational and administrative documents of the Company governing the procedure for acceptance into operation of completed facilities of the Company investment programme.

3.4. To take measures to obtain and properly register all documents provided by the administrative documents of Kubanenergo PJSC and the rules of law governing the procedure for the acceptance of the completed facilities in period until 15 May 2016 and to submit a report on adjustment of documentation for consideration by the Board of Directors of Kubanenergo PJSC by 01.06.2016.

3.5. To submit at the regular meeting of the Board of Directors of report on the causes of the deviations specified in paragraphs 2.4 - 2.6 of the present decision, that occurred during the implementation of the approved investment programme of the Company.

Voting results

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

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

Item 15

On approving the implementation of the target values of key performance indicators of the General Director of “Kubanenergo” PJSC in the 4th quarter 2015

The following decision is proposed:

To approve the results of implementation of the target values of key performance indicators of the General Director of “Kubanenergo” PJSC in the 4th quarter 2015, in accordance with Annex 11 to the resolution of the BoD.

Voting results

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

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

Item 16

On approval of the Credit plan of Kubanenergo PJSC for the 2nd quarter of 2016

The following decision is proposed:

To approve the Credit plan of Kubanenergo PJSC for the 2nd quarter of 2016, in accordance with Annex 11 to the resolution of the BoD.

Voting results

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

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

Item 17

On rendering charity support by Kubanenergo PJSC in 2016

The following decision is proposed:

1. To approve the Company's rendering charity support by Kubanenergo PJSC in 2016, in accordance with Annex 12 to the resolution of the BoD.
2. To entrust the sole executive body of the Company to ensure the funding of charity activity, without deterioration of financial performance taking into account the required implementation of the indicator for reduction of specific operating expenses following the results of 2016 planned in the Company's business plan for 2016.

Voting results

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

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

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.