



Minutes of Board of Directors Meeting No. 253/2016

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

Date of meeting	26 October 2016
Form of holding the meeting	absentee voting (questionnaire)
Place of vote counting	office 105, building 1, 2A Stavropolskaya St., Krasnodar (postal address of Corporate Secretary of “Kubanenergo” PJSC)
Date of vote counting	0426.10.2016, 5 p.m.
Date of drawing up minutes	28 October 2016

Board of Directors Members: 11

Questionnaires were submitted by: Mangarov Yu.N. (Chairperson of the BoD), Bobkov D.A., Varvarin A.V., Yefimov A.L., Gavrilov A.I., Serov A.Yu.6 Khokholkova K.V., Bogashov A.Ye., Sofyin V.V.Gritsenko V.F., Shmakov I.V.

Questionnaires were not submitted by:

According to requirements of paragraph 7.3 of Regulations for 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” PJSC shareholders dated 27.06.2016, minutes No.37), the quorum for holding the meeting should count at least half of elected members of Board of Directors.

Quorum is present

Agenda

1. On development of local regulations that establish the valuation of purchases of certain types of goods, works and services
2. On amendments to the decision of the Board of Directors on item 1 paragraph 2.4 from 16.06.2016 (Minutes of meeting No.242/2016 dd 17.06.2016)
3. On amendments to the Regulations for the Audit Committee under the Board of Directors “Kubanenergo” PJSC
4. On approval of a mediation lease agreement number 407/30-2126 dd 11.18.2013 between “Kubanenergo” PJSC and “Mobile gas turbine power plant” JSC" as a transaction of interest
5. On approval of the contract of lease of immovable property between “Kubanenergo” PJSC and “Energoservis Kuban” JSC as a transaction of interest
6. On approval of the contract for implementation of works on liquidation of consequences of accidents at energy facilities of the branch of “Kubanenergo” PJSC – Sochi electrical networks, caused by damage resulting from natural disasters between “Kubanenergo” PJSC and “Donenergo” JSC as a transaction of interest
7. On expressing the Company’s opinion on the agendas of the BoD meetings Kubanenergo’s affiliated companies
8. On approval of the debt restructuring agreements between the “Kubanenergo” PJSC and “IDGC of the South” PJSC as transactions of interest

9. On consideration of the report on introduction and implementation of a unified procedure for the commissioning of completed facilities and unified the Company's accounting policies
10. On taking into consideration the report on implementation of the Plan of activities for enhancement of efficiency and financial state of the Company for 9 months of 2016

Item 1

On development of local regulations that establish the valuation of purchases of certain types of goods, works and services

The following decision is proposed:

1. To instruct the Company's General Director to ensure:

1.1. Determination of the list of goods, works and services procured for own economic needs and subject to limitation.

1.2. Update (if necessary) of the Company's internal document regulating the standards of procurement of certain goods, works and services, providing for maximum prices of goods, works, services and (or) requirements for quantity, consumer properties and other characteristics, and satisfying the needs for goods, works, services, which do have redundant consumer properties.

Deadline: 10 days after the decision approval by the Company's Board of Directors.

1.3. Placement of the approved standards of procurement on the official website of the Company on the Internet.

1.4. From the date of the internal document approval mandatory application of the procurement regulations in the planning of economic activity.

1.5. Conduct on an annual basis, starting in 2017 (following the results the 2016 fiscal year), of monitoring of results of the Company's procurement activities, including in terms of compliance with the approved standards in the procurement of goods, works and services for the needs of the Company, as well as regarding the compliance of the designated purpose of acquired by the Company goods, works and services with the statutory activity.

1.6. Update of the Company's approved specifications of goods, works and services on an annual basis.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Bogashov A.Ye.	-	FOR	Serov A.Yu.	-	FOR
Varvarin A.V.	-	FOR	Sofin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Khokholkova K.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR
Yefimov A.L.	-	FOR			

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

Item 2

On amendments to the decision of the Board of Directors on item 1 paragraph 2.4 from 16.06.2016 (Minutes of meeting No.242/2016 dd 17.06.2016)

The following decision is proposed:

Confidential

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
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Bogashov A.Ye.	-	ABSTAINED	Serov A.Yu.	-	FOR
Varvarin A.V.	-	FOR	Sofin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Khokholkova K.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR
Yefimov A.L.	-	FOR			

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

Item 3

On amendments to the Regulations for the Audit Committee under the Board of Directors “Kubanenergo” PJSC

The following decision is proposed:

To approve amendments to the Regulations for the Audit Committee under the Board of Directors “Kubanenergo” PJSC, in accordance with Annex 1 to this resolution of the BoD.

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Bogashov A.Ye.	-	FOR	Serov A.Yu.	-	FOR
Varvarin A.V.	-	FOR	Sofin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Khokholkova K.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR
Yefimov A.L.	-	FOR			

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

Item 4

On approval of a mediation lease agreement number 407/30-2126 dd 11.18.2013 between “Kubanenergo” PJSC and “Mobile gas turbine power plant” 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 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 that the size of the rent per year for a mediation agreement to contract No.407/30-2126 dd 18.11.2013 between “Kubanenergo” PJSC and “Mobile gas turbine power plants” JSC (“Mobile GTES” JSC) as a transaction of interest, shall amount 13 943 154 (thirteen million nine hundred forty three thousand one hundred fifty-four) rubles 98 kopecks, including 18% VAT – 2 126 921 (two million one hundred twenty six thousand nine hundred twenty one) rubles 95 kopecks.

2.To approve mediation agreement to contract No.407/30-2126 dd 18.11.2013 between “Kubanenergo” PJSC and “Mobile GTES” JSC (hereinafter – the “Agreement”) as a transaction of interest on the following terms:

Parties to the Agreement:

Side 1 (the “Lessee”) – “Kubanenergo” PJSC;

Side 2 (the “Lessor”) – “Mobile GTES” JSC

Subject of the Agreement:

The parties fulfill mediation procedure for the settlement of a dispute arising in connection with the Lessor’s claim for the recovery from the Lessee the rent payment in the amount of 25 511 256 rubles 98 kopecks (claim No.MGTES/0100/522 dated 31.03.2016) carried out in the manner prescribed by the order of Rosseti PJSC of 23.12.2015 No.220 “On approval of the composition of the working body for discussion and consideration of disputes or conflicts of interests in Group companies Rosseti”

Price of the Agreement:

The size of the rent per year is 13 943 154 (thirteen million nine hundred forty three thousand one hundred fifty-four) rubles 98 kopecks, including 18% VAT – 2 126 921 (two million one hundred twenty six thousand nine hundred twenty one) rubles 95 kopecks.

Monthly rental fee amounts to 1 161 929 (one million one hundred sixty one thousand nine hundred twenty nine) rubles 58 kopecks, including 18% VAT – 177 243 (one hundred seventy seven thousand two hundred forty three) rubles 50 kopecks.

Validity of the mediation agreement:

The Agreement shall enter into force upon the signature.

Settlement of disputes:

In case of any dispute arising in connection with the implementation or interpretation of the agreements reached under this Agreement, the Parties may resort to assistance of a mediator, who took part in the settlement of their dispute.

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Bogashov A.Ye.	-	FOR	Serov A.Yu.	-	FOR
Varvarin A.V.	-	FOR	Sofin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR

Thus, the majority of independent directors uninterested in conclusion of this transaction adopted the decision on the fourth item.

Item 5

On approval of the contract of lease of immovable property between “Kubanenergo” PJSC 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 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 amount of monthly rent under the contract of lease of immovable property concluded between “Kubanenergo” PJSC and “Energoservis Kuban” JSC as a transaction of

interest: 26 500 (twenty six thousand five hundred) rubles 00 kopecks, including 18% VAT - 4 042 (four thousand forty two) rubles 37 kopecks.

To determine that the rent price under the contract between “Kubanenergo” PJSC and “Energoservis Kuban” JSC as a transaction of interest, cannot exceed 2 percent of the net value of assets of “Kubanenergo” PJSC, according to its financial statements for the last the balance sheet date.

2. To approve the contract of lease of immovable property between “Kubanenergo” PJSC and “Energoservis Kuban” JSC (hereinafter – the Contract) as a transaction of interest on the following terms:

Parties to the Contract:

Lessor – “Kubanenergo” PJSC;

Lessee – “Energoservis Kuban” JSC.

Subject of the Contract:

The Lessor transfers and the Lessee accepts for temporary possession and use for payment of the non-residential premises at first floor No.20-22A with a total area of 64.4 sq.m located at the address: 153 Stavropolskaya str., Karasunsky district, Krasnodar (hereinafter – the Premises).

Price of the Contract:

The amount of monthly rental fee for the Premises is determined on the basis of the evaluation report No.28-26 as of August 2, 2016 and amounts to 26 500 (twenty six thousand five hundred) rubles 00 kopecks, including 18% VAT – 4 042 (four thousand forty two) rubles 37 kopecks.

Contract period:

The Contract shall enter into force upon signature and shall be valid for 11 months. The Contract covers the relations that actually occurred on 01.08.2016.

The Contract shall be concluded for the same period on the same terms if one month before its expiration neither party declares in writing its termination or modification, or conclusion of a new contract. Each subsequent renewal of the contract is carried out in the similar manner.

Settlement of disputes:

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

If the Parties are unable to resolve disputes by negotiation, they shall before addressing the court, try to settle them 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, approved by the Board of Directors “Kubanenergo” PJSC on 23.12.2015 (minutes of meeting No.2227/2015 dated 25.12.2015).

In case of failure to settle the disputes 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 the rules effective as of the date of filing a claim.

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

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Bogashov A.Ye.	-	FOR	Serov A.Yu.	-	FOR
Varvarin A.V.	-	FOR	Sofin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR

Yefimov A.L.

- FOR

Shmakov I.V.

- FOR

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

Item 6

On approval of the contract for implementation of works on liquidation of consequences of accidents at energy facilities of the branch of “Kubanenergo” PJSC – Sochi electrical networks, caused by damage resulting from natural disasters between “Kubanenergo” PJSC and “Donenergo” 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 Gavrillov 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 that the price of the contract for implementation of works on liquidation of consequences of accidents at energy facilities of the branch of “Kubanenergo” PJSC – Sochi electrical networks, caused by damage resulting from natural disasters between “Kubanenergo” PJSC and “Donenergo” JSC as a transaction of interest, shall amount 391 288 (three hundred ninety one thousand two hundred eighty eight) rubles 13 kopecks, including 18% VAT – 59 688 (fifty nine thousand six hundred eighty eight) rubles 02 kopecks.

To determine that the cost of the work under the Contract cannot exceed 2 or more percent of the net value of assets of Kubanenergo PJSC, according to its financial statements as of the last reporting date.

2. To approve the contract for implementation of works on liquidation of consequences of accidents at energy facilities of the branch of “Kubanenergo” PJSC – Sochi electrical networks, caused by damage resulting from natural disasters between “Kubanenergo” PJSC and “Donenergo” JSC as a transaction of interest on the following terms and conditions:

Parties to the Contract:

Customer – “Kubanenergo” PJSC

Contractor – “Donenergo” JSC

Subject of the Contract: The Contractor undertakes to perform works on liquidation of consequences of accidents at energy facilities of the Customer, caused by damage resulting from natural disasters and deliver the results to the Customer. Types of work, their content and scope are determined by the Parties in the estimates documentation (Appendix 1 to the Contract).

The concept (definition) of the accident is understood in the sense in which it is treated by the Rules of investigation of the causes of accidents in the power industry, approved by RF Government Decree No.846 dated 28 October 2009.

Contract Price: The preliminary price of the work performed by the Contractor amounts to 391 288 (three hundred ninety one thousand two hundred eighty eight) rubles 13 kopecks, including 18% VAT - 59 688 (fifty nine thousand six hundred eighty eight) rubles 02 kopecks, in accordance with the planned volumes work specified in the estimates documentation (Appendix 1 to the Contract).

Duration of the contract: The Contract comes into force upon the signature and covers legal relationship between the parties that occurred from June 26, 2015 and is valid until complete fulfillment of all contractual obligations by the Parties.

Performance time: from June 26, 2015 to June 30, 2015

Dispute resolution: All disputes arising from the contract or in connection with it, shall be settled in accordance with the current legislation. Complaint procedure is obligatory. The term of consideration of claims is 15 calendar days upon receiving the claim.

All disputes, controversies and claims arising from the Contract or in connection with it, including those related to its conclusion, change, implementation, infringement, cancellation, termination and validity shall be resolved by the Arbitration Court of the Krasnodar region.

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Bogashov A.Ye.	-	ABSTAINED	Serov A.Yu.	-	FOR
Varvarin A.V.	-	FOR	Sofin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR

Thus, the majority of independent directors uninterested in conclusion of this transaction adopted the decision on the sixth item.

Item 7

On expressing the Company's opinion on the agendas of the BoD meetings Kubanenergo's affiliated companies

The following decision is proposed:

1. To instruct representatives of "Kubanenergo" PJSC in the Board of Directors of "Recreation Centre "Energetic" JSC on the agenda item "On approval of the report on results of implementation of the business plan of "Recreation Centre "Energetic" JSC for the 2nd quarter and 6 months 2016" to vote "FOR" the following decision:

To approve the report on results of implementation of the Business Plan for the 2nd quarter and 6 months of 2016.

2. To instruct representatives of "Kubanenergo" PJSC in the Board of Directors of "Energoservis Kuban" H\JSC on the agenda item "On approval of the report on results of implementation of the business plan of "Energoservis Kuban" JSC" for the 2nd quarter and 6 months of 2016" to vote "FOR" the following solutions:

2.1. To approve the report on results of implementation of the Business Plan for the 2nd quarter and 6 months of 2016.

2.2. To note that in the 1st half of 2016 the company failed to reached the planned indicators of the business plan approved by the Board of Directors of the Company's:

- excess of the actual amount of debt on loans by 2.3 million rubles (plan: as of 30.06.2016 – 0 million rubles; fact: as of 30.06.2016 – 2.3 million rubles).
- increase in accounts payable by 28.6 million rubles (plan: as of 30.06.2016 – 13.9 million rubles; fact: as of 30.06.2016 – 42.5 million rubles.).

2.3. To instruct the Director General to ensure unconditional fulfillment of indicators of the business plan of the Company for 2016, and not to exceed the debt on credits and loans.

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Bogashov A.Ye.	-	FOR	Serov A.Yu.	-	FOR

Varvarin A.V.	-	FOR	Sofin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Khokholkova K.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR
Yefimov A.L.	-	FOR			

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

Item 8

On approval of the debt restructuring agreements between the “Kubanenergo” PJSC and “IDGC of the South” PJSC as transactions 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 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 that the price of debt restructuring agreement under the contract on the transfer of powers of the sole executive body of “Kubanenergo” JSC from 14.09.2007 No.407/30-1143/26 between “Kubanenergo” PJSC and “IDGC of the South” PJSC as a transaction of interest, cannot exceed 2 percent of the net value of assets of “Kubanenergo” PJSC, according to its financial statements as of the last reporting date and consists of the principal amount of debt: 50 957 186 (fifty million nine hundred fifty seven thousand one hundred eighty six) rubles 94 kopecks, including 18% VAT – 7 773 130 (seven million seven hundred seventy three thousand one hundred thirty) rubles 21 kopecks and interest for the use of funds in the amount of the Bank's rate in Russia, calculated on the amount of restructured debt for the period from 01.09.2016 to 31.08.2017.

1.1. To approve the debt restructuring agreement under the contract on the transfer of powers of the sole executive body of “Kubanenergo” JSC from 14.09.2007 No.407/30-1143/26 between “Kubanenergo” PJSC and “IDGC of the South” JSC (hereinafter – the Agreement) as a transaction of interest on the following essential conditions:

Parties to the Agreement:

“Kubanenergo” PJSC (Debtor);

“IDGC of the South” PJSC (Lender).

Subject of the Agreement: Determination of procedure for payment of the debt of the Debtor to the Creditor under the contract from 14.09.2007 No.407/30-1143/26 on the transfer of powers of the sole executive body of “Kubanenergo” in the amount of 50 957 186 (fifty million nine hundred fifty seven thousand one hundred eighty six) rubles 94 kopecks, including 18% VAT – 7 773 130 (seven million seven hundred seventy three thousand one hundred thirty) rubles 21 kopecks, accrued as of 30.06.2016 (act of verification of mutual settlements as of 30.06.2016).

Procedure of debt payment: The Parties recognize the obligation of the Debtor on the debt payment under the contract from 14.09.2007 No.407/30-1143/26 on the transfer of powers of the sole executive body of “Kubanenergo” in the amount of 50 957 186 (fifty million nine hundred fifty seven thousand one hundred eighty six) rubles 94 kopecks, including 18% VAT – 7 773 130 (seven million seven hundred seventy three thousand one hundred thirty) rubles 21 kopecks (hereinafter – the principal debt).

The Debtor is obliged to pay the principal amount in equal installments according to the payment schedule (Appendix 1 to the Agreement).

Interest shall be paid from the sum of the outstanding part of the principal debt for the period from 01.09.2016 on 31.08.2017 for the use of funds in the amount of the Bank of Russia rate.

Accrual of interest on the remaining debt from the principal debt is carried out on a monthly basis at on the basis that the calendar months has 30 days. Interest for the use of funds shall be paid by the Debtor in favour of the lender by the last payment by 31.08.2017.

In case of change of a rate of the Bank of Russia for the period of the Agreement, the accrual of interest is automatically performed at the modified rate from the date of its adoption.

Term of the Agreement: The Agreement comes into force upon the signature and is valid until the Debtor fulfills all its obligations under the Agreement, but not before the review and approval of this issue by the Board of Directors of both companies.

2. To determine that the price of debt restructuring agreement under the agency agreement from 09.01.2008 No.407/30-596 between “Kubanenergo” PJSC and “IDGC of the South” PJSC as a transaction of interest, cannot exceed 2 percent of the net value of assets of “Kubanenergo” PJSC, according to its financial statements as of the last reporting date and consists of the principal amount of debt: 11 442 392 (eleven million four hundred forty two thousand three hundred ninety two) rubles 86 kopecks, including 18% VAT – 1 745 449 (one million seven hundred forty five thousand four hundred forty nine) rubles 76 kopecks and interest for the use of funds in the amount of the Bank's rate in Russia, calculated on the amount of restructured debt for the period from 01.09.2016 to 31.08.2017.

2.1. To approve the debt restructuring agreement under the agency agreement from 09.01.2008 No.407/30-596 between “Kubanenergo” PJSC and “IDGC of the South” PJSC (hereinafter – the Agreement) as a transaction of interest on the following essential conditions:

Parties to the Agreement:

“Kubanenergo” PJSC (Debtor);

“IDGC of the South” PJSC (Lender).

Subject of the Agreement: Determination of procedure for payment of the debt of the Debtor to the Creditor under the agency agreement from 09.01.2008 No.407/30-596 in the amount of 11 442 392 (eleven million four hundred forty two thousand three hundred ninety two) rubles 86 kopecks, including 18% VAT – 1 745 449 (one million seven hundred forty five thousand four hundred forty nine) rubles 76 kopecks, accrued as of 30.06.2016 (act of verification of mutual settlements as of 30.06.2016).

Procedure of debt payment: The Parties recognize the obligation of the Debtor on the debt payment under the contract from 09.01.2008 No.407/30-596 in the amount of 11 442 392 (eleven million four hundred forty two thousand three hundred ninety two) rubles 86 kopecks, including 18% VAT – 1 745 449 (one million seven hundred forty five thousand four hundred forty nine) rubles 76 kopecks (hereinafter – the principal debt).

The Debtor is obliged to pay the principal amount in equal installments according to the payment schedule (Appendix 1 to the Agreement).

Interest shall be paid from the sum of the outstanding part of the principal debt for the period from 01.09.2016 on 31.08.2017 for the use of funds in the amount of the Bank of Russia rate.

Accrual of interest on the remaining debt from the principal debt is carried out on a monthly basis at on the basis that the calendar months has 30 days. Interest for the use of funds shall be paid by the Debtor in favour of the lender by the last payment by 31.08.2017.

In case of change of a rate of the Bank of Russia for the period of the Agreement, the accrual of interest is automatically performed at the modified rate from the date of its adoption.

Term of the Agreement: The Agreement comes into force upon the signature and is valid until the Debtor fulfills all its obligations under the Agreement, but not before the review and approval of this issue by the Board of Directors of both companies.

3. To determine that the price agreement on the restructuring the debt under the lease contract from 05.04.2011 No.244/407/30-513 between “Kubanenergo” PJSC and “IDGC of the South” PJSC as a transaction of interest, cannot exceed 2 percent of the net value of assets of “Kubanenergo” PJSC, according to its financial statements as of the last reporting date and consists of:

- the amounts owed under the Agreement: 4 153 352 rubles 00 kopecks, including debt of 964 171 rubles 00 kopecks, claimed in accordance with the decision of the Arbitration Court of the Krasnodar region on 20.03.2013 on case No.A32-35671/2012 for the period from 16.06.2011 to 30.06.2012;
- interest on the borrowed funds in the amount of 38 765 rubles 05 kopecks, claimed in accordance with the decision of the Arbitration Court of the Krasnodar region from 20.03.2013 on case No.A32-35671/2012;
- expenses on payment of the state fee in the amount of 22 548 rubles 83 kopecks, claimed in accordance with the decision of the Arbitration Court of the Krasnodar region from 20.03.2013 on case No.A32-35671/2012;
- interest for the use of funds in the amount of the key rate of the Central Bank of the Russian Federation, calculated for the period from 01.09.2016 on 31.08.2017.

3.1. To approve the Agreement on the restructuring the debt under contract of lease from 05.04.2011 No.244/407/30-513 between “Kubanenergo” PJSC and “IDGC of the South” PJSC (hereinafter – the Agreement) as a transaction of interest, on the following terms and conditions:

Parties to the Agreement:

“Kubanenergo” PJSC (Debtor);

“IDGC of the South” PJSC (Lender).

Subject of the Agreement: Determination of procedure for payment of the debt of the Debtor to the Creditor under the lease contract from 05.04.2011 No.244/407/30-513 in the amount of 4 214 665 (four million two hundred fourteen thousand six hundred sixty five) rubles 88 kopecks, including 18% VAT – 633 562 (six hundred thirty three thousand five hundred sixty two) rubles 17 kopecks, that accrued as of 30.06.2016 (act of verification of mutual settlements as of 30.06.2016), as well as the interest for the use of funds.

Repayment of debt: The Parties recognize the obligation of the debtor to pay the debt under the contract of lease of immovable property from 05.04.2011 No.244/407/30-513 with regard of the decision of the Arbitration Court of Krasnodar region from 20.03.2013 on case No.A32-35671/2012 of 4 214 665 (four million two hundred fourteen thousand six hundred sixty five) rubles 88 kopecks, including 18% VAT – 633 562 (six hundred thirty three thousand five hundred sixty two) rubles 17 kopecks, consisting of:

- the amounts owed under the Agreement: 4 153 352 rubles 00 kopecks, including debt of 964 171 rubles 00 kopecks, claimed in accordance with the decision of the Arbitration Court of the Krasnodar region on 20.03.2013 on case No.A32-35671/2012 for the period from 16.06.2011 to 30.06.2012;
- interest on the borrowed funds in the amount of 38 765 rubles 05 kopecks, claimed in accordance with the decision of the Arbitration Court of the Krasnodar region from 20.03.2013 on case No.A32-35671/2012;
- expenses on payment of the state fee in the amount of 22 548 rubles 83 kopecks, claimed in accordance with the decision of the Arbitration Court of the Krasnodar region from 20.03.2013 on case No.A32-35671/2012;

The debt in the amount of 1 025 484 rubles 88 kopecks collected in accordance with the decision of the Arbitration Court of the Krasnodar region from 20.03.2013 on case No.A32-35671/2012, is paid by the Debtor in a lump sum within 14 (fourteen) working days from the date of signing the Agreement.

The debtor is obliged to pay the debt in the amount of 3 189 181 (three million one hundred eighty nine thousand one hundred eighty one) rubles 00 kopecks, including 18% VAT – 486 485 (four hundred eighty six thousand four hundred eighty five) rubles 24 kopecks (hereinafter – the principal debt) in equal installments according to the payment schedule (Appendix 1 to the Agreement).

Accrual of interest on the remaining debt from the principal debt is carried out on a monthly basis at on the basis that the calendar months has 30 days. Interest for the use of funds shall be paid by the Debtor in favour of the lender by the last payment by 31.08.2017.

In case of change of a rate of the Bank of Russia for the period of the Agreement, the accrual of interest is automatically performed at the modified rate from the date of its adoption.

Current monthly payments under the contract of lease of property from 05.04.2011 No.244/407/30-513 shall be paid by the Debtor in the manner and time stipulated in the contract.

Term of the Agreement: The Agreement comes into force from the date of its signing and is valid till the Debtor completes its obligations under the Agreement, but not before the review and approval of this issue by the Board of Directors of both companies.

4. To determine that the price of debt restructuring agreement under the rent contract agreement from 01.08.2011 No.640/407/30-990 between “Kubanenergo” PJSC and “IDGC of the South” PJSC, as a transaction of interest, cannot exceed 2 percent of the net value of assets of “Kubanenergo” PJSC according to its financial statements as of the last reporting date and consists of the principal amount of debt: 42 671 421 (forty two million six hundred seventy one thousand four hundred twenty one) rubles 00 kopecks, including 18% VAT - 6 509199 (six million five hundred nine thousand one hundred ninety nine) rubles 81 kopecks and interest for the use of funds in the amount of the Bank's rate in Russia, calculated on the amount of restructured debt for the period from 01.09.2016 to 31.08.2017.

4. To determine that the price of debt restructuring agreement under the rent contract agreement from 01.08.2011 No.640/407/30-990 between “Kubanenergo” PJSC and “IDGC of the South” PJSC, as a transaction of interest, cannot exceed 2 percent of the net value of assets of “Kubanenergo” PJSC according to its financial statements as of the last reporting date and consists of the principal amount of debt: 42 671 421 (forty two million six hundred seventy one thousand four hundred twenty one) rubles 00 kopecks, including 18% VAT - 6 509199 (six million five hundred nine thousand one hundred ninety nine) rubles 81 kopecks and interest for the use of funds in the amount of the Bank's rate in Russia, calculated on the amount of restructured debt for the period from 01.09.2016 to 31.08.2017.

4.1. To approve the debt restructuring agreement under the rent contract from 01.08.2011 No.640/407/30-990 between “Kubanenergo” PJSC and “IDGC of the South” PJSC (hereinafter – the Agreement) as a transaction of interest on the following essential conditions:

Parties to the Agreement:

“Kubanenergo” PJSC (Debtor);

“IDGC of the South” PJSC (Lender).

Subject of the Agreement: Determination of procedure for payment of the debt of the Debtor to the Creditor under the rent contract from 01.08.2011 No.640/407/30-990 in amount of 42 671 421 (forty two million six hundred seventy one thousand four hundred twenty one) rubles 00 kopecks, including 18% VAT - 6 509199 (six million five hundred nine thousand one hundred ninety nine) rubles 81 kopecks, that accrued as of 30.06.2016 (act of verification of mutual settlements as of 30.06.2016), excluding legally enforced settlement of debt in the amount of 16 430 026 rubles 73 kopecks, payable prior to the conclusion of this Agreement (decision of the

Arbitration Court of Krasnodar region that entered into force on 19.03.2013 on case No.A32-26690/2012 case (a writ of execution from 19.03.2013 was issued).

Repayment of debt: The Parties recognize the obligation of the debtor to pay the debt under the contract of lease of immovable property from 01.08.2011 No. 640/407/30-990 in amount of 42 671 421 (forty two million six hundred seventy one thousand four hundred twenty one) rubles 00 kopecks, including 18% VAT - 6 509199 (six million five hundred nine thousand one hundred ninety nine) rubles 81 kopecks (hereinafter – the principal debt).

The Debtor is obliged to pay the principal amount in equal installments according to the payment schedule (Appendix 1 to the Agreement).

Interest shall be paid from the sum of the outstanding part of the principal debt for the period from 01.09.2016 on 31.08.2017 for the use of funds in the amount of the Bank of Russia rate.

Accrual of interest on the remaining debt from the principal debt is carried out on a monthly basis at on the basis that the calendar months has 30 days. Interest for the use of funds shall be paid by the Debtor in favour of the lender by the last payment by 31.08.2017.

In case of change of a rate of the Bank of Russia for the period of the Agreement, the accrual of interest is automatically performed at the modified rate from the date of its adoption.

Current monthly payments under the rent contract from 01.08.2011 No.640/407/30-990 shall be paid in the manner prescribed by the contract.

Term of the Agreement: The Agreement comes into force upon the signature and is valid until the Debtor fulfills all its obligations under the Agreement, but not before the review and approval of this issue by the Board of Directors of both companies.

5. To determine that the price of debt restructuring agreement under the rent contract agreement from 01.06.2010 No.272/407/30-624 between “Kubanenergo” PJSC and “IDGC of the South” PJSC, as a transaction of interest, cannot exceed 2 percent of the net value of assets of “Kubanenergo” PJSC according to its financial statements as of the last reporting date and consists of the principal amount of debt: 1 980 932 (one million nine hundred eighty thousand nine hundred thirty two) rubles 84 kopecks, including VAT 18% - 302 176 (three hundred two thousand one hundred seventy six) rubles 20 kopecks and interest for the use of funds in the amount of the Bank's rate in Russia, calculated on the amount of restructured debt for the period from 01.09.2016 to 31.08.2017.

5.1. To approve the debt restructuring agreement under the rent contract from 01.06.2010 No.272/407/30-624 between “Kubanenergo” PJSC and “IDGC of the South” PJSC, as a transaction of interest on the following essential conditions:

Parties to the Agreement:

“Kubanenergo” PJSC (Debtor);

“IDGC of the South” PJSC (Lender).

Subject of the Agreement: Determination of procedure for payment of the debt of the Debtor to the Creditor under the rent contract from 01.06.2010 No.272/407/30-624 in amount of 1 980 932 (one million nine hundred eighty thousand nine hundred thirty two) rubles 84 kopecks, including VAT 18% - 302 176 (three hundred two thousand one hundred seventy six) rubles 20 kopecks, that accrued as of 30.06.2016 (act of verification of mutual settlements as of 30.06.2016).

Repayment of debt: The Parties recognize the obligation of the debtor to pay the debt under the contract of rent from 01.06.2010 No.272/407/30-624 in amount of 1 980 932 (one million nine hundred eighty thousand nine hundred thirty two) rubles 84 kopecks, including VAT 18% - 302 176 (three hundred two thousand one hundred seventy six) rubles 20 kopecks (hereinafter – the principal debt).

The Debtor is obliged to pay the principal amount in equal installments according to the payment schedule (Appendix 1 to the Agreement).

Interest shall be paid from the sum of the outstanding part of the principal debt for the period from 01.09.2016 on 31.08.2017 for the use of funds in the amount of the Bank of Russia rate.

Accrual of interest on the remaining debt from the principal debt is carried out on a monthly basis at on the basis that the calendar months has 30 days. Interest for the use of funds shall be paid by the Debtor in favour of the lender by the last payment by 31.08.2017.

In case of change of a rate of the Bank of Russia for the period of the Agreement, the accrual of interest is automatically performed at the modified rate from the date of its adoption.

Current monthly payments under the rent contract from 01.08.2011 No.640/407/30-990 shall be paid in the manner prescribed by the contract.

Term of the Agreement: The Agreement comes into force upon the signature and is valid until the Debtor fulfills all its obligations under the Agreement, but not before the review and approval of this issue by the Board of Directors of both companies.

6. To determine that the price of debt restructuring agreement under the contract from 30.03.2015 No.407/30-270/10001501000042 between “Kubanenergo” PJSC and “IDGC of the South” PJSC , as a transaction of interest, cannot exceed 2 percent of the net value of assets of “Kubanenergo” PJSC according to its financial statements as of the last reporting date and consists of the principal amount of debt: 14 265 171 (fourteen million two hundred sixty five thousand one hundred seventy one) rubles 70 kopecks, including 18% VAT - 2 176 043 (two million one hundred seventy six thousand forty three) rubles 14 kopecks and interest for the use of funds in the amount of the Bank's rate in Russia, calculated on the amount of restructured debt for the period from 01.09.2016 to 31.08.2017.

6.1. To approve the debt restructuring agreement under the contract from 30.03.2015 No.407/30-270/10001501000042 between “Kubanenergo” PJSC and “IDGC of the South” PJSC, as a transaction of interest on the following essential conditions:

Parties to the Agreement:

“Kubanenergo” PJSC (Debtor);

“IDGC of the South” PJSC (Lender).

Subject of the Agreement: Determination of procedure for payment of the debt of the Debtor to the Creditor under the contract from 30.03.2015 No.407/30-270/10001501000042 in amount of 15 539 398 (fifteen million five hundred thirty nine thousand three hundred ninety eight) rubles 98 kopecks, including 18% VAT - 2 370 416 (two million three hundred seventy thousand four hundred and sixteen) rubles 79 kopecks, that accrued as of 30.06.2016 (act of verification of mutual settlements as of 30.06.2016), taking into account the of mutual settlements according to the letter dated 20.07.2016 No.MR5 / 3000/708 in the amount of 1 274 227 (one million two hundred and seventy four thousand two hundred twenty seven) rubles 28 kopeks for the contract from 10.05.2016 No.407/30-384.

Repayment of debt: The Parties recognize the obligation of the debtor to pay the debt under the contract from 30.03.2015 No.407/30-270/10001501000042 in the amount of 14 265 171 (fourteen million two hundred sixty five thousand one hundred seventy one) rubles 70 kopecks, including 18% VAT - 2 176 043 (two million one hundred seventy six thousand forty three) rubles 14 kopecks (hereinafter – the principal debt).

The Debtor is obliged to pay the principal amount in equal installments according to the payment schedule (Appendix 1 to the Agreement).

Interest shall be paid from the sum of the outstanding part of the principal debt for the period from 01.09.2016 on 31.08.2017 for the use of funds in the amount of the Bank of Russia rate.

Accrual of interest on the remaining debt from the principal debt is carried out on a monthly basis at on the basis that the calendar months has 30 days. Interest for the use of funds shall be paid by the Debtor in favour of the lender by the last payment by 31.08.2017.

In case of change of a rate of the Bank of Russia for the period of the Agreement, the accrual of interest is automatically performed at the modified rate from the date of its adoption.

Term of the Agreement: The Agreement comes into force upon the signature and is valid until the Debtor fulfills all its obligations under the Agreement, but not before the review and approval of this issue by the Board of Directors of both companies.

7. To determine that the price of debt restructuring agreement under the contract from 17.01.2014 No.407/30-699/10001401000047 between “Kubanenergo” PJSC and “IDGC of the South” PJSC, as a transaction of interest, cannot exceed 2 percent of the net value of assets of “Kubanenergo” PJSC according to its financial statements as of the last reporting date and consists of the principal amount of debt: 26 373 548 (twenty six million three hundred seventy three thousand five hundred forty eight) rubles 25 kopecks, including 18% VAT - 4 023 083 (four million twenty three thousand eighty three) rubles 63 kopecks and interest for the use of funds in the amount of a key rate of the Bank of Russia, calculated for the amount of restructured debt for the period from 01.07.2016 until the day of actual payment of the principal debt.

7.1. To approve the debt restructuring agreement under the contract from 17.01.2014 No.407/30-699/10001401000047 between “Kubanenergo” PJSC and “IDGC of the South” PJSC, as a transaction of interest on the following essential conditions:

Parties to the Agreement:

“Kubanenergo” PJSC (Debtor);

“IDGC of the South” PJSC (Lender).

Subject of the Agreement: Determination of procedure for payment of the debt of the Debtor to the Creditor under the contract from 17.01.2014 No.407/30-699/10001401000047 in amount of 26 373 548 (twenty six million three hundred seventy three thousand five hundred forty eight) rubles 25 kopecks, including 18% VAT - 4 023 083 (four million twenty three thousand eighty three) rubles 63 kopecks, hat accrued as of 30.06.2016 (act of verification of mutual settlements as of 30.06.2016).

Repayment of debt: The Parties recognize the obligation of the debtor to pay the debt under the contract from 17.01.2014 No.407/30-699/10001401000047 in amount of 26 373 548 (twenty six million three hundred seventy three thousand five hundred forty eight) rubles 25 kopecks, including 18% VAT - 4 023 083 (four million twenty three thousand eighty three) rubles 63 kopecks (hereinafter – the principal debt).

The Debtor is obliged to pay the debt in amount of 26 373 548 (twenty six million three hundred seventy three thousand five hundred forty eight) rubles 25 kopecks, including 18% VAT - 4 023 083 (four million twenty three thousand eighty three) rubles 63 kopecks in accordance with the Agreement as well as interest for use of funds, using the following procedure:

- due to adoption of the decision (at the meeting of the Board of Directors of “Rosseti” PJSC (Minutes of meeting No.232 dated 09.06.2016) on the financial support of the development plans of subsidiary companies of “Rosseti” PJSC in the form of capital increase (in respect of “Kubanenergo” PJSC capitalization also includes repayment of debts under the contracts concluded between “Kubanenergo” PJSC and subsidiary companies of “Rosseti” PJSC for ensuring a reliable electricity supply during the XXII Olympic winter games and XI Paralympic winter games 2014 in Sochi), the Debtor undertakes the obligation to repay the entire the principal amount indicated in paragraph 2.1 of the Agreement, within 5 working days after receipt of funds from the additional issue of shares to the account of “Kubanenergo” PJSC;

- interest for use of the funds shall be paid on the outstanding amount of the principal debt for the period from 07.01.2016 until the day of actual payment of the principal amount in accordance with the key rate of the Bank of Russia.

Accrual of interest on the remaining debt from the principal debt is carried out on a monthly basis at on the basis that the calendar months has 30 days. Interest for the use of funds shall be paid by the Debtor in favour of the lender by the last payment by 31.08.2017.

In case of change of a rate of the Bank of Russia for the period of the Agreement, the accrual of interest is automatically performed at the modified rate from the date of its adoption.

Term of the Agreement: The Agreement comes into force upon the signature and is valid until the Debtor fulfills all its obligations under the Agreement, but not before the review and approval of this issue by the Board of Directors of both companies.

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Bogashov A.Ye.	-	FOR	Serov A.Yu.	-	FOR
Varvarin A.V.	-	FOR	Sofin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR

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

Item 9

On consideration of the report on introduction and implementation of a unified procedure for the commissioning of completed facilities and unified the Company's accounting policies

The following decision is proposed:

1. To take into consideration the report on introduction and implementation of a unified procedure for the commissioning of completed facilities and unified the Company's accounting policies, in accordance with Annex 2 to the present resolution of the BoD.
2. The sole executive officer of Kubanenergo PJSC is obliged to ensure that the executive documents, that regulate the procedure of commissioning the constructed facilities, are in compliance with the standard executive documents of Rosseti PJSC. Deadline: 18.11.2016

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Bogashov A.Ye.	-	FOR	Serov A.Yu.	-	FOR
Varvarin A.V.	-	FOR	Sofin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Khokholkova K.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR
Yefimov A.L.	-	FOR			

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

Item 10

On taking into consideration the report on implementation of the Plan of activities for enhancement of efficiency and financial state of the Company for 9 months of 2016

The following decision is proposed:

To take into consideration the report on implementation of the Plan of activities for enhancement of efficiency and financial state of the Company for 9 months of 2016, in accordance with Annex 3 to the present resolution of the BoD.

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
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Bogashov A.Ye. - FOR
Varvarin A.V. - FOR
Gavrilov A.I. - FOR
Gritsenko V.F. - FOR
Yefimov A.L. - FOR

Serov A.Yu. - FOR
Sofin V.V. - FOR
Khokholkova K.V. - FOR
Shmakov I.V. - FOR

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

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.