



Minutes of Board of Directors Meeting No. 257/2016

Public joint stock Company of power industry and electrification of Kuban

("Kubanenergo PJSC)

Date of meeting	5 December 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	05.12.2016, 5 p.m.
Date of drawing up minutes	6 December 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., Khokholkova K.V., Sofyin V.V., Gritsenko V.F., Shmakov I.V.

Questionnaires were not submitted by: Bogashov A.Ye.

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 approval of the Regulations on the Corporate Secretary of "Kubanenergo" PJSC.
2. On approval of the Programmes of guaranty and improvement of quality of internal audit at "Kubanenergo" PJSC.
3. On approval of budget for the Department of Internal Audit of "Kubanenergo" PJSC for 2017.
4. On approval of schedule of the Department of Internal Audit of "Kubanenergo" PJSC for 2017.
5. On approval of the results of implementation of the target values of key performance indicators of the General Director of "Kubanenergo" PJSC in the 2nd quarter of 2016.
6. On approval of the corrected credit plan of "Kubanenergo" PJSC for the 4th quarter of 2016.
7. On approval of the supplementary agreement to the contract No.UVV-77D-0252-14/407/30-430 dd 24.05.2016 on the right to render service related to maintenance of reference data for the needs of "Kubanenergo" PJSC between "Kubanenergo" PJSC and "VOLS-VL Directorate" JSC as a transaction of interest.
8. On taking into consideration the report of the Director General of "Kubanenergo" PJSC on the results of the Company's readiness for the autumn-winter period 2016-2017.
9. On approval of service contracts between "Kubanenergo" PJSC and "Energoservis Kuban" JSC as transactions of interest.

10. On preliminary approval of contract on sale of production capacities concluded between Kubanenergo PJSC and IDGC of the South PJSC as transaction related to purchase of property the constitutes fixed assets and being a transaction of interest
11. “On preliminary approval of resolution on Kubanenergo’s participation in charity in 2016
12. On preliminary approval of participation of Kubanenergo PJSC in charity in 2016

Item 1

On approval of the Regulations on the Corporate Secretary of “Kubanenergo” PJSC

The following decision is proposed:

To approve the revised Regulations on the Corporate Secretary of “Kubanenergo” PJSC, in accordance with Annex 1 to the resolution of the BoD.

Voting results

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

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

Item 2

On approval of the Programmes of guaranty and improvement of quality of internal audit at “Kubanenergo” PJSC

The following decision is proposed:

1. To approve the Programmes of guaranty and improvement of quality of internal audit at “Kubanenergo” PJSC (hereinafter –the Programme), in accordance with Annex 2 to the resolution of the BoD.

2. A Division responsible for the performance of the internal audit function should ensure the internal evaluation and submit it in accordance with paragraph 5.2 of the Programme to the Board of Directors with a preliminary examination of the Audit Committee starting with the evaluation for 2016.

Deadline: by the results of evaluation for 2016 – no later than 10.04.2017, by the results of evaluation of the following reporting periods – no later than February 28 of the year following the reporting year.

3. To instruct the sole executive body to provide an external evaluation of the quality of the Company's internal audit activities as of 31.12.2018 and to submit its results to the Board with a preliminary examination by the Audit Committee.

Deadline: not later than 31.03.2019.

4. To cancel item 2.2 of the resolution of the Board of Directors of Kubanenergo PJSC dated 12.09.2014 on item3 (minutes of meeting No.196/2014 dated 12.09.2014).

Voting results

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

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

Item 3

On approval of budget for the Department of Internal Audit of “Kubanenergo” PJSC for 2017

The following decision is proposed:

To approve the budget for the Department of Internal Audit of “Kubanenergo” PJSC for 2017, in accordance with Annex 3 to the resolution of the BoD.

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

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

Item 4

On approval of schedule of the Department of Internal Audit of “Kubanenergo” PJSC for 2017

The following decision is proposed:

To approve the schedule of the Department of Internal Audit of “Kubanenergo” PJSC for 2017, in accordance with Annex 4 to the resolution of the BoD.

Voting results

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

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

Item 5

On approval of the results of implementation of the target values of key performance indicators of the General Director of “Kubanenergo” PJSC in the 2nd quarter of 2016

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 2nd quarter of 2016, in accordance with Annex 5 to the resolution of the BoD.

Voting results

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

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

Item 6

On approval of the results of implementation of the target values of key performance indicators of the General Director of “Kubanenergo” PJSC in the 2nd quarter of 2016

The following decision is proposed:

To postpone the discussion of this item..

Voting results

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

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

Item 7

On approval of the supplementary agreement to the contract No.UVV-77D-0252-14/407/30-430 dd 24.05.2016 on the right to render service related to maintenance of reference data for the needs of “Kubanenergo” PJSC between “Kubanenergo” PJSC and “VOLS-VL Directorate” 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. and Sofin V.V., 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:

To approve the supplementary agreement to the contract No.UVV-77D-0252-14/407/30-430 dd 24.05.2016 on the right to render service related to maintenance of reference data for the needs of “Kubanenergo” PJSC between “Kubanenergo” PJSC and “VOLS-VL Directorate” JSC as a transaction of interest, in accordance with Annex 6 to the resolution of the BoD.

Voting results

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

Thus, the majority of independent directors participating in the meeting adopted the proposed decision on the seventh item.

Item 8

“On taking into consideration the report of the Director General of “Kubanenergo” PJSC on the results of the Company's readiness for the autumn-winter period 2016-2017

The following decision is proposed:

To take into consideration the report of the Director General of “Kubanenergo” PJSC on the results of the Company's readiness for the autumn-winter period 2016-2017, in accordance with Annex 7 to the resolution of the BoD.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	ABSTAINED
Gavrilov A.I.	-	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 the BoD members participating in the meeting adopted the proposed decision on the eighth item.

Item 9

On approval of service contracts between “Kubanenergo” PJSC and “Energoservis Kuban” JSC 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. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of "Pyramid 2.0" (hereinafter – information-computer complex "Pyramida") installed at: 2A Stavropolskaya street, Krasnodar; the contract also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – Leningradskiye Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 497 408.05 (four hundred ninety seven thousand four hundred eight rubles 05 kopecks) including 18% VAT – 75 875.80 (seventy five thousand eight hundred seventy five rubles 80 kopecks).

1.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – Leningradskiye Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of P Kubanenergo PJSC – Leningradskiye Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex "Pyramida" (in total 2867 electricity metering points);
- adjustment of level of information and computer complex of electrical installations for 35 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex "Pyramida";
- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);
- transfer the functions of accounting electric energy from the current accounting system to information-computer complex "Pyramida".

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 497 408.05 (four hundred ninety seven thousand four hundred eight rubles 05 kopecks) including 18% VAT – 75 875.80 (seventy five thousand eight hundred seventy five rubles 80 kopecks).

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 Rossetti PJSC, approved by the

Board of Directors of Kubanenergo PJSC on 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

2. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of “Pyramid 2.0” (hereinafter – information-computer complex “Pyramida”) installed at: 2A Stavropolskaya street, Krasnodar; the contract also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – Tikhoretskiye Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 297 533 (two hundred ninety seven thousand five hundred thirty three) rubles 22 kopecks, including 18% VAT – 45 386 (forty five thousand three hundred eighty six) rubles 42 kopecks.

2.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – Tikhoretskiye Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of P Kubanenergo PJSC – Tikhoretskiye Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex “Pyramida” (in total 1578 electricity metering points);
- adjustment of level of information and computer complex of electrical installations for 24 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex “Pyramida”;
- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);
- transfer the functions of accounting electric energy from the current accounting system to information-computer complex “Pyramida”.

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 297 533 (two hundred ninety seven thousand five hundred thirty three) rubles 22 kopecks, including 18% VAT – 45 386 (forty five thousand three hundred eighty six) rubles 42 kopecks.

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

3. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of “Pyramid 2.0” (hereinafter – information-computer complex “Pyramida”) installed at: 2A Stavropolskaya street, Krasnodar; the contract also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – Armavirskiye Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 498 245 (four hundred ninety eight thousand two hundred forty five) rubles 06 kopecks, including 18% VAT – 76 003 (seventy six thousand three) rubles 48 kopecks.

3.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – Armavirskiye Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of Kubanenergo PJSC – Armavirskiye Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex “Pyramida” (in total 3232 electricity metering points);

- adjustment of level of information and computer complex of electrical installations for 27 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex “Pyramida”;

- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);

- transfer the functions of accounting electric energy from the current accounting system to information-computer complex “Pyramida”.

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 498 245 (four hundred ninety eight thousand two hundred forty five) rubles 06 kopecks, including 18% VAT – 76 003 (seventy six thousand three) rubles 48 kopecks.

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

4. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of “Pyramid 2.0” (hereinafter – information-computer complex “Pyramida”) installed at: 2A Stavropolskaya street, Krasnodar; the contract also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – Labinskiye Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 496 441 (four hundred ninety six thousand four hundred forty one) rubles 11 kopecks, including VAT 18% - 75 728 (seventy five thousand seven hundred twenty eight) rubles 30 kopecks.

4.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – Labinskiye Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of Kubanenergo PJSC – Labinskiye Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex “Pyramida” (in total 2769 electricity metering points);

- adjustment of level of information and computer complex of electrical installations for 37 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex “Pyramida”;

- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);
- transfer the functions of accounting electric energy from the current accounting system to information-computer complex "Pyramida".

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 496 441 (four hundred ninety six thousand four hundred forty one) rubles 11 kopecks, including VAT 18% - 75 728 (seventy five thousand seven hundred twenty eight) rubles 30 kopecks.

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

5. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of "Pyramid 2.0" (hereinafter – information-computer complex "Pyramida") installed at: 2A Stavropolskaya street, Krasnodar; the contract also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – Timashevskiy Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 499 065 (four hundred ninety nine thousand sixty five) rubles 28 kopecks, including VAT 18% - 76 128 (seventy six thousand one hundred twenty eight) rubles 60 kopecks.

5.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – Timashevskiy Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of Kubanenergo PJSC – Timashevskiy Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex "Pyramida" (in total 3284 electricity metering points);
- adjustment of level of information and computer complex of electrical installations for 26 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex "Pyramida";
- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);
- transfer the functions of accounting electric energy from the current accounting system to information-computer complex "Pyramida".

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 499 065 (four hundred ninety nine thousand sixty five) rubles 28 kopecks, including VAT 18% - 76 128 (seventy six thousand one hundred twenty eight) rubles 60 kopecks.

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

6. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of "Pyramid 2.0" (hereinafter – information-computer complex "Pyramida") installed at: 2A Stavropolskaya street, Krasnodar; the contract also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – Krasnodarskiye Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 498 141 (four hundred ninety eight thousand one hundred forty one) rubles 65 kopecks, including the VAT of 18% - 75 987 (seventy five thousand nine hundred eighty seven) rubles 71 kopecks.

6.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – Krasnodarskiye Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of Kubanenergo PJSC – Krasnodarskiye Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex “Pyramida” (in total 3097 electricity metering points);
- adjustment of level of information and computer complex of electrical installations for 30 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex “Pyramida”;
- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);
- transfer the functions of accounting electric energy from the current accounting system to information-computer complex “Pyramida”.

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 498 141 (four hundred ninety eight thousand one hundred forty one) rubles 65 kopecks, including the VAT of 18% - 75 987 (seventy five thousand nine hundred eighty seven) rubles 71 kopecks.

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

7. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of “Pyramid 2.0” (hereinafter – information-computer complex “Pyramida”) installed at: 2A Stavropolskaya street, Krasnodar; the contract also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – Ust-Labinskiye Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 191 818 (one hundred ninety one thousand eight hundred eighteen) rubles 46 kopecks, including 18% VAT – 29 260 (twenty nine thousand two hundred sixty) rubles 44 kopecks.

7.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – Ust-Labinskiye Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of Kubanenergo PJSC – Ust-Labinskiye Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex “Pyramida” (in total 1396 electricity metering points);
- adjustment of level of information and computer complex of electrical installations for 7 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex “Pyramida”;
- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);
- transfer the functions of accounting electric energy from the current accounting system to information-computer complex “Pyramida”.

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 191 818 (one hundred ninety one thousand eight hundred eighteen) rubles 46 kopecks, including 18% VAT – 29 260 (twenty nine thousand two hundred sixty) rubles 44 kopecks.

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

8. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of “Pyramid 2.0” (hereinafter – information-computer complex “Pyramida”) installed at: 2A Stavropolskaya street, Krasnodar; the contract

also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – Slavyanskiye Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 499 238 (four hundred ninety nine thousand two hundred thirty eight) rubles 52 kopecks, including VAT 18% 76 155 (seventy six thousand one hundred fifty five) rubles 03 kopecks.

8.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – Slavyanskiye Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of Kubanenergo PJSC – Slavyanskiye Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex “Pyramida” (in total 2928 electricity metering points);
- adjustment of level of information and computer complex of electrical installations for 34 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex “Pyramida”;
- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);
- transfer the functions of accounting electric energy from the current accounting system to information-computer complex “Pyramida”.

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 499 238 (four hundred ninety nine thousand two hundred thirty eight) rubles 52 kopecks, including VAT 18% 76 155 (seventy six thousand one hundred fifty five) rubles 03 kopecks.

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

9. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of "Pyramid 2.0" (hereinafter – information-computer complex "Pyramida") installed at: 2A Stavropolskaya street, Krasnodar; the contract also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – South-Western (Yugo-Zapadnye) Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 314 257 (three hundred fourteen thousand two hundred fifty seven) rubles 58 kopecks, including 18% VAT - 47 937 (forty seven thousand nine hundred thirty seven) rubles 60 kopecks.

9.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – South-Western (Yugo-Zapadnye) Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of Kubanenergo PJSC – South-Western (Yugo-Zapadnye) Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex "Pyramida" (in total 2308 electricity metering points);
- adjustment of level of information and computer complex of electrical installations for 11 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex "Pyramida";
- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);
- transfer the functions of accounting electric energy from the current accounting system to information-computer complex "Pyramida".

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 314 257 (three hundred fourteen thousand two hundred fifty seven) rubles 58 kopecks, including 18% VAT - 47 937 (forty seven thousand nine hundred thirty seven) rubles 60 kopecks.

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 Rossetti PJSC, approved by the Board of Directors of Kubanenergo PJSC on 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

10. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of “Pyramid 2.0” (hereinafter – information-computer complex “Pyramida”) installed at: 2A Stavropolskaya street, Krasnodar; the contract also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – Adygeiskiye Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 499 090 (four hundred ninety nine thousand ninety) rubles 91 kopecks, including VAT 18% 76 132 (seventy six thousand one hundred thirty two) rubles 51 kopecks.

10.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – Adygeiskiye Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of Kubanenergo PJSC – Adygeiskiye Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex “Pyramida” (in total 3463 electricity metering points);
- adjustment of level of information and computer complex of electrical installations for 22 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex “Pyramida”;
- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);
- transfer the functions of accounting electric energy from the current accounting system to information-computer complex “Pyramida”.

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 499 090 (four hundred ninety nine thousand ninety) rubles 91 kopecks, including VAT 18% 76 132 (seventy six thousand one hundred thirty two) rubles 51 kopecks.

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

11. The contract deals with provision of services on transfer of configuration from the current system of accounting electric energy with remote data collection into a single hardware and software system of the upper level on the basis of “Pyramid 2.0” (hereinafter – information-computer complex “Pyramida”) installed at: 2A Stavropolskaya street, Krasnodar; the contract also involves introduction of changes to the configuration of information and computer complex of electrical installations (hereinafter – IVKE) at the branch of Kubanenergo PJSC – Sochi Electric Networks in the 4th quarter of 2016 (hereinafter – the Services). The contract is concluded between Kubanenergo PJSC and Energoservis Kuban JSC as a transaction of interest and amounts to 499 280 (four hundred ninety nine thousand two hundred eighty) rubles 94 kopecks, including 18% VAT – 76 161 (seventy six thousand one hundred sixty one) rubles 50 kopecks.

11.1. To approve the contract for provision of the Services to the branch of Kubanenergo PJSC – Sochi Electric Networks in the 4th quarter of 2016 that is concluded between Kubanenergo PJSC and Energoservis Kuban JSC (hereinafter – the Contract) as a transaction of interest on the following essential terms:

Parties to the Contract:

Customer - Kubanenergo PJSC;

Contractor - Energoservis Kuban JSC.

Subject of the Contract:

The Contractor in order to reduce the Customer's costs in carrying out the main activity, as well as on behalf of the Customer undertakes to provide services to the branch of Kubanenergo PJSC – Sochi Electric Networks in the 4th quarter of 2016; the services include:

- transfer of configuration from the current system of accounting the electric energy with a remote data collection to the information-computer complex “Pyramida” (in total 3420 electricity metering points);

- adjustment of level of information and computer complex of electrical installations for 23 data acquisition and transmission devices in order to make possible a centralized collection of electricity metering data using information-computer complex “Pyramida”;

- inventory procedures at transformer stations with installed data acquisition and transmission devices; provision of information on geographical location (latitude/longitude coordinates);

- transfer the functions of accounting electric energy from the current accounting system to information-computer complex “Pyramida”.

The Customer undertakes to receipt the rendered services and pay for them.

The Contract price: The price of the Contract amounts to 499 280 (four hundred ninety nine thousand two hundred eighty) rubles 94 kopecks, including 18% VAT – 76 161 (seventy six thousand one hundred sixty one) rubles 50 kopecks.

Duration of the Contract: The Contract shall enter into force upon the signature and is valid until the Parties fulfill their contractual obligations and settlements.

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

In case of failure to settle disputes through negotiations, before applying to court, the Parties shall settle their disagreements 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 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach any agreement through mediation, the disagreements shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Mediation court attached to Russian Union of Industrialists and Entrepreneurs) (location – Moscow) in accordance with its rules in effect at the date of filing a claim.

Decisions of the Mediation court are binding, final and are not subject to appeal.

Voting results

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

Thus, the majority of independent directors participating in the meeting adopted the proposed decision on the seventh item.

Item10

On preliminary approval of contract on sale of production capacities concluded between Kubanenergo PJSC and IDGC of the South PJSC as transaction related to purchase of property the constitutes fixed assets and being 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. and Bogashov A.Ye., 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 property that constitutes fixed assets – production bases purchased under the contract between Kubanenergo PJSC and IDGC of the South PJSC, as a transaction of interest, shall amount 101 321 880 (one hundred one million three hundred twenty one thousand eight hundred eighty) rubles 00 kopecks, including 18% VAT – 15 455 880 (fifteen million four hundred fiftyfive thousand eight hundred eighty) rubles 00 kopecks.

2. To approve the contract for sale of production bases between Kubanenergo PJSC and IDGC of the South PJSC, as a transaction involving the acquisition of assets, including fixed assets on the following essential terms:

Parties to the Contract:

Seller – Public Joint Stock Company “Interregional Distribution Grid Company of the South”;

Buyer – Public Joint Stock Company of Power Industry and Electrification of Kuban.

Subject of the Contract:

Seller transfers to the Buyer and the Buyer accepts and pays for the property specified in the Annex 9 to the decision of the Board of Directors.

Price of the Contract:

The acquisition cost is equal to the market value of the property in accordance with the reports on the market value No.16/2-933 and No.16/4-935 made by independent appraiser “FIKON” and is 101 321 880 (one hundred one million three hundred twenty one thousand eight hundred eighty) rubles 00 kopecks, including 18% VAT – 15 455 880 (fifteen million four hundred fifty five thousand eight hundred eighty) rubles 00 kopecks.

The procedure of transfer of the property:

Ownership rights on the property pass in accordance with the procedure established by the legislation of the Russian Federation.

Contract time:

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

Voting results

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

Thus, the majority of independent directors participating in the meeting adopted the proposed decision on the tenth item.

Item 11

“On preliminary approval of resolution on Kubanenergo’s participation in charity in 2016”

The following decision is proposed:

1. To approve Kubanenergo’s participation in charity in 2016, in accordance with Annex 10 to the resolution of the BoD.

2. To entrust the sole executive body of Kubanenergo PJSC to provide financing the charity and ensure that the Company’s final result does not deteriorate and the Company fulfills annual indicators of reduction of operation costs by the results of operation in 2016 in accordance with the business-plan that was approved by Kubanenergo PJSC for 2016.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR

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

Thus, the majority of independent directors participating in the meeting adopted the proposed decision on the eleventh item.

Item 12

“On preliminary approval of participation of Kubanenergo PJSC in charity in 2016”

The following decision is proposed:

1. To approve Kubanenergo’s participation in charity in 2016, in accordance with Annex 11 to the resolution of the BoD.
2. To entrust the sole executive body of Kubanenergo PJSC to provide financing the charity and ensure that the Company’s final result does not deteriorate and the Company fulfills annual indicators of reduction of operation costs.

Voting results

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

Thus, the majority of independent directors participating in the meeting adopted the proposed decision on the twelfth item.

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.