



Minutes of Board of Directors Meeting No. 264/2017

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

Date of meeting	28 February 2017
Form of holding the meeting	absentee voting (questionnaire) / voting in presentia
Place of vote counting	Office A5-048, 4 Belovezhskaya str., Moscow
The meeting starts at:	1p.m.0
The meeting ends at:	2:15 p.m.
Date of drawing up minutes	3 March 2017

Board of Directors Members: 11

In accordance with the requirements of clause 7.1 of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban approved by the decision of the annual General Meeting of Shareholders of the Company on June 24, 2016 (Minutes of meeting No.37, June 27, 2016), the meeting of the Board of Directors is opened by the Chairman of the Board of Directors of Kubanenergo PJSC – **Mangarov Yuri Nikolayevich**.

In accordance with paragraph 7.3 of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban, to determine the presence of a quorum for the meeting of the Board of Directors, the floor is given to the Corporate Secretary of the Company – **Rusu Olga Vladimirovna**.

In accordance with paragraph 7.3 of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban, a quorum for holding a meeting of the Board of Directors shall be at least half of the number of the elected members of the Board of Directors of the Company. According to paragraph 16.1 of the Charter of Kubanenergo PJSC, 11 (eleven) people were elected to the Company's Board of Directors. Members of the Board of Directors that are present at the meeting: Mangarov Yu.N. (Chairman of the Board of Directors), Varvarin A.V., Gritsenko V.F., Efimov A.L., Sofin V.V., Khokholkova K.V., Shmakov I.V.

Members of the Board of Directors that did not attend the meeting: Bogashov A.E., Bobkov D.A., Gavrilov A.I., Serov A.Yu.

Seven members of the Board of Directors of the Company attended the meeting, which is at least half of the number of elected members of the Board of Directors of the Company.

The required quorum for the meeting of the Board of Directors is present.

The members of the Board of Directors that provided questionnaires: Bogoshov A.E., Bobkov D.A., Gavrilov A.I., Serov A.Yu. T

he members of the Board of Directors that did not provide questionnaires: none

The persons invited to attend the meeting of Kubanenergo BoD: Ocheredko Olga Vyacheslavovna, Deputy General Director for Economics and Finance; Golovakha Lyudmila Alekseevna, Deputy General Director – Chief of Staff; Ivanova Irina Viktorovna, Deputy General Director for Corporate Governance; Kostetsky Vyacheslav Yurievich, Deputy General Director for Development and Technological Connection; Soltan Elena Leonidovna, head of the Technological

Connection Department; Malyuk Nikolai Grigoryevich, Head of the Security Department; Didenko Ekaterina Evgenievna, Head of the Department of Corporate Governance and Shareholders Relations; Belik Vyacheslav Aleksandrovich, Head of Personnel Management and Organizational Design Department; Piletskiy Viktor Georgievich, Head of the Department for Sale of services and Electricity metering; Telnov Sergey Olegovich, Head of Investment Department; Chebakov Andrey Vasilievich, Deputy Chief Engineer for Operation of high-voltage network and repair; Nishchuk Oleg Fedorovich, Deputy Head of the Department for Sale of services and Electricity metering.

The agenda of the meeting of the Board of Directors of Kubanenergo PJSC includes the following items:

1. On approval of the business plan of Kubanenergo PJSC, which includes investment programme and information on key operational risks, for 2017 and estimates for 2018-2021
2. On approval of the adjusted credit plan of Kubanenergo PJSC for the 1st quarter of 2017

On the first item “On approval of the business plan of Kubanenergo PJSC, which includes investment programme and information on key operational risks, for 2017 and estimates for 2018-2021” the report was presented by: Ocheredko Olga Vyacheslavovna, Deputy General Director for Economics and Finance and Telnov Sergey Olegovich, Head of Investment Department.

In the course of the discussion the speakers were: Mangarov Yu.N., Chairman of the Board of Directors; Members of the Board of Directors: Varvarin A.V., Sofiyin V.V.; Employees of the Company: Soltan E.L., Chebakov A.V.

Sofiyin V.V., Member of the Board of Directors noted the department headed by the chief engineer needs to set the priorities for implementation of measures to reduce the key operational risk KOR-13.

By the results of discussion, the following decision is proposed:

1. To approve the business plan of Kubanenergo PJSC, which includes investment programme and information on key operational risks, for 2017 and estimates for 2018-2021, in accordance with Annex 1 to the present decisions of the Company’s BoD.
2. To instruct the Sole executive body of Kubanenergo PJSC to ensure:
 - 2.1. in 2017 the preparation and inclusion, in accordance with the current legislation, the proposals on tariffs (for the next long-term period) for the base level of operational expenses and expenses from profit; these proposals should not be lower than the ones stipulated by the Company’s business plan for 2017-2021. Deadline: 31.12.2017
 - 2.2. unconditional implementation of the key parameters of the business plan in 2017: Debt/EBITDA, accounts payable to suppliers and contractors, payment for electricity transmission services.
 - 2.3. cash flows in 2017 under contracts from the provision of services for technological connection for the purpose of financing activities for implementation of technological connection of at least 2.7 billion rubles, including grid connection agreements with Federal state institution “Rostransmodernizatsiya” in the amount of not less than 2.2 billion rubles.
 - 2.4. inclusion of expenses on implementation of R&D projects at the next adjustment of the investment programme within the limits of the volumes and sources of financing the investment programme for the period of 2018-2022 with the regard of changes introduced to the investment programme of the Company for 2016-2020, that was approved by the RF Ministry of Energy on 22.12.2016 in the order No.1388, in accordance with the decision of the BoD taken on 22.02.2017,

minutes of meeting No.263/2017, in accordance with Annex 2 to the present decisions of the Company's BoD. Deadline: 31.03.2017

2.5. implementation of the planned for 2017 risk managements events, paying attention to the risks with significant materiality level, in accordance with Annex 3 to the present decisions of the Company's BoD.

2.6. that when summing up the indicators of the Company's business plan for 2018-2022, the Company takes into account implementation of order described in paragraph 2.1 of this resolution of the BoD.

2.7. if the resolution described in the paragraph 2.1 is not fulfilled, to ensure the matching of operational expenses in the business plan of Kubanenergo 2018-2022 to the level of expenses in tariff proposals for 2018.

Voting results:

FOR - Mangarov Yu.N. (Chairman of the BoD), Bobkov D.A., Varvarin A.V., Gavrilov A.I., Gritsenko V.F., Yefimov A.L., Serov A.Yu., Sofyin V.V., Khokholkova K.V., Shmakov I.V.

AGAINST - none

ABSTAINED - Bogashov A.Ye.

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

On the second item "On approval of the adjusted credit plan of Kubanenergo PJSC for the 1st quarter of 2017" the report was presented by Ocheredko Olga Vyacheslavovna, Deputy General Director for Economics and Finance

In the course of the discussion the speakers were: Member of the Board of Directors: Varvarin A.V.

By the results of discussion, the following decision is proposed:

To approve the credit plan of Kubanenergo PJSC in new versions, in accordance with Annex 4 to the present decisions of the Company's BoD.

Voting results:

FOR - Mangarov Yu.N. (Chairman of the BoD), Bobkov D.A., Varvarin A.V., Gavrilov A.I., Gritsenko V.F., Yefimov A.L., Serov A.Yu., Sofyin V.V., Khokholkova K.V., Shmakov I.V.

AGAINST - none

ABSTAINED - Bogashov A.Ye.

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

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.