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Minutes of Board of Directors Meeting No. 163/2013
Open joint stock company
of power industry and electrification of Kuban

Date of meeting	May 28, 2013
Form of holding the meeting	Absentee voting (questionnaire)
Place of vote counting	Office 105, 2 Stavropolskaya St., Krasnodar (postal address of "Kubanenergo", JSC)
Date of vote counting	28.05.2013 5 p.m.
Date of drawing up minutes	May 31, 2013

Number of Board of Directors Members: 11

Questionnaires were submitted by: Budargin O.M., Goncharov V.A., Demidov A.V., Diyakov F.A., Murov A.E., Prokhorov Ye.V., Yemelin A.S., Romeiko D.I., Sultanov G.A.,

Questionnaires were not submitted by: Nikonov V.V., Likhov Kh.M.

According to requirements of paragraph 7.3 of Regulation on order of conveying and holding meetings of "Kubanenergo", JSC Board of Directors approved by decision of annual General meeting of "Kubanenergo", JSC shareholders dated 22.06.2012, minutes No.31, quorum for holding the meeting should count at least half of elected members of Board of Directors.

Quorum is present

Agenda

1. On taking into consideration the investment program of "Kubanenergo" JSC for 2013-2018
2. On approving key indicators of cash flow of "Kubanenergo" JSC for the 2nd quarter of 2013
3. On taking into consideration the information of acting Director General on reasons of Company's exceeding in 2012 indicator of electricity losses over the planned in the business-plan, approved by the BoD, and over the indicators in 2011
4. On measures aimed to achieve the key efficiency indicator "Output energy losses, %" at "Kubanenergo" JSC by the results of 2012
5. On expressing Company's opinion on agenda of BoD affiliated companies of "Kubanenergo" JSC – "Energoservis Kuban" JSC "On approving the report on implementation of business plan of "Energoservis Kuban" JSC in the 3rd quarter and 9 months of 2012"
6. On expressing Company's opinion on agenda of BoD affiliated companies of "Kubanenergo" JSC – "Energoservis Kuban" JSC "On approving the

report on implementation of business plan of “Energoservis Kuban” JSC for 2013”

7. On expressing Company’s opinion on agenda of BoD affiliated companies of “Kubanenergo” JSC – “Recreation centre Energetik” JSC “On approving the report on implementation of business plan of “Recreation centre Energetik” JSC for 1st quarter, 2nd quarter and 6 months, 3rd quarter and 9 months of 2012”

8. On taking into consideration the report of acting Director General of the Company on implementation in 4th quarter of 2012 the Plan of “Kubanenergo” JSC events on reducing overdue accounts receivable for services on transferring electrical power and settlement of disputes appeared as of 01.10.2012

9. On approving Scheduled plan of “Kubanenergo” JSC events on reducing overdue accounts receivable for services on transferring electrical power and settlement of disputes appeared to 01.10.2012

10. On approving the report on results of implementation of business plan (including investment program) of “Kubanenergo” JSC for the 3rd quarter and 9 months of 2012

11. On taking into consideration the report of acting Director General of the Company on implementation of Program of Energy saving and increasing energy efficiency of “Kubanenergo” JSC for the 3rd quarter of 2012

12. On taking into consideration the report of acting Director General of “Kubanenergo” JSC on expenditures received from placement of additional shares of “Kubanenergo” JSC, on building and reconstruction of facilities with detailed specification on every facility for the 3rd quarter of 2012

13. On approving the report of acting Director General of “Kubanenergo” JSC on implementation of investment program of the Company precisely on construction Olympic facilities for the 1st quarter of 2012

14. On approving the report of acting Director General of “Kubanenergo” JSC on implementation of investment program of the Company precisely on construction Olympic facilities for the 1st quarter of 2012

15. On taking into consideration the report of acting Director General of “Kubanenergo” JSC on implementation of decisions of Company’s BoD in 4th quarter of 2012

16. On approving Agency contracts between “Kubanenergo” JSC and “FGC UES” JSC as transaction of interest

17. On approving Agreements on recovery of expense between “Kubanenergo” JSC and “FGC UES” JSC as transaction of interest

18. On approving service contract on transferring the substation for usage between “Kubanenergo” JSC and “IDGC of Centre and Volga region” JSC as transaction of interest

19. On approving confidentiality agreement between “Kubanenergo” JSC and “IDGC of Centre” as transaction of interest

20. On approving additional agreement No. 2 to Agreement on technological interaction between “SO UES” JSC and Company to provide proper functioning of UES of Russia dd. 01.02.2011 No.СДУ – 13/2010 as transaction of interest

21. On approving additional agreement to contract on carrying out energy inspection dd. 04.05.2011 No. 407/30-546 between “Kubanenergo” JSC and “Energoservis Kuban” JSC as transaction of interest

22. On taking into consideration the information of acting Director General of “Kubanenergo” JSC on work on registering property rights on immovable assets, registering/reregistering right on land plots with regard of implemented work on preparation of data on the borders of protected zones of electric grid facilities in 2012

Item 1

On taking into consideration the investment program of “Kubanenergo” JSC for 2013-2018

It is proposed to adopt the following decision:

1. To approve Company investment programme for the period up to 2018, including planning period 2013-2018, in accordance with annex1 to the decision of the BoD with regard of necessity to approve it in order specified in Regulation of RF Government No/977 dd 01.12.2009.

2. To instruct acting director general of the Company:

2.1. to ensure that by 15.08.2013 the Company investment programme for the period up to 2018, including funding sources, is approved by authorized bodies of executive power of RF territorial subjects;

2.2. by 15.09.2013 to submit to the BoD the report on implementation of the order of paragraph 2.1.

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- ABSTAINED		

Thus, the decision on the first item was adopted by majority of members of BoD.

Item 2

On approving key indicators of cash flow of “Kubanenergo” JSC for the 2nd quarter of 2013

It is proposed to adopt the following decision:

1. To approve the following key indicators of cash flow of “Kubanenergo” JSC for the 2nd quarter of 2013:

	thousand rubles
month	Services on organization of functioning and development of distribution grid complex
April	7 521

May	7 521
June	7 521

2. To instruct acting director general of the Company:

2.1. within 5 days upon the adoption of the decision to ensure the preparation of project of cash flow and its approval;

2.2. within one day upon the adoption of cash flow to submit the document to BoD members.

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the second item was unanimously adopted by members of BoD.

Item 3

On taking into consideration the information of acting Director General on reasons of Company's exceeding in 2012 indicator of electricity losses over the planned in the business-plan, approved by the BoD, and over the indicators in 2011

It is proposed to adopt the following decision:

To take into consideration the information of acting Director General on reasons of Company's exceeding in 2012 indicator of electricity losses over the planned in the business-plan, approved by the BoD, and over the indicators in 2011, in accordance with annex2 to the decision of the BoD

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the third item was unanimously adopted by members of BoD.

Item 4

On measures aimed to achieve the key efficiency indicator "Output energy losses, %" at "Kubanenergo" JSC by the results of 2012

It is proposed to adopt the following decision:

To take into consideration the information of acting Director General on taken measures aimed to achieve the key efficiency indicator "Output energy

losses, %” at “Kubanenergo” JSC by the results of 2012, in accordance with annex 3 to the decision of the BoD

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the fourth item was unanimously adopted by members of BoD.

Item 5

On expressing Company’s opinion on agenda of BoD affiliated companies of “Kubanenergo” JSC – “Energoservis Kuban” JSC “On approving the report on implementation of business plan of “Energoservis Kuban” JSC in the 3rd quarter and 9 months of 2012”

It is proposed to adopt the following decision:

To defer the consideration of the item to a later date

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the fifth item was unanimously adopted by members of BoD.

Item 6

On expressing Company’s opinion on agenda of BoD affiliated companies of “Kubanenergo” JSC – “Energoservis Kuban” JSC “On approving the report on implementation of business plan of “Energoservis Kuban” JSC for 2013”

It is proposed to adopt the following decision:

To defer the consideration of the item to a later date

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the sixth item was unanimously adopted by members of BoD.

Item 7

On expressing Company’s opinion on agenda of BoD affiliated companies of “Kubanenergo” JSC – “Recreation centre Energetik” JSC “On approving the

report on implementation of business plan of “Recreation centre Energetik” JSC for 1st quarter, 2nd quarter and 6 months, 3rd quarter and 9 months of 2012”

It is proposed to adopt the following decision:

To defer the consideration of the item to a later date

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the seventh item was unanimously adopted by members of BoD.

Item 8

On taking into consideration the report of acting Director General of the Company on implementation in 4th quarter of 2012 the Plan of “Kubanenergo” JSC events on reducing overdue accounts receivable for services on transferring electrical power and settlement of disputes appeared as of 01.10.2012

It is proposed to adopt the following decision:

To take into consideration the report of acting Director General of the Company on implementation in 4th quarter of 2012 the Plan of “Kubanenergo” JSC events on reducing overdue accounts receivable for services on transferring electrical power and settlement of disputes appeared as of 01.10.2012, in accordance with annex 4 to the decision of the BoD

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the eighth item was unanimously adopted by members of BoD.

Item 9

On approving Scheduled plan of “Kubanenergo” JSC events on reducing overdue accounts receivable for services on transferring electrical power and settlement of disputes appeared to 01.10.2012

It is proposed to adopt the following decision:

To approve the Scheduled plan of “Kubanenergo” JSC events on reducing overdue accounts receivable for services on transferring electrical power and settlement of disputes appeared to 01.10.2012, in accordance with annex 5 to the decision of the BoD

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- ABSTAINED		

Thus, the decision on the ninth item was adopted by majority members of BoD.

Item 10

On approving the report on results of implementation of business plan (including investment program) of “Kubanenergo” JSC for the 3rd quarter and 9 months of 2012

It is proposed to adopt the following decision:

To defer the consideration of the item to a later date

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the tenth item was unanimously adopted by members of BoD.

Item 11

On taking into consideration the report of acting Director General of the Company on implementation of Program of Energy saving and increasing energy efficiency of “Kubanenergo” JSC for the 3rd quarter of 2012

It is proposed to adopt the following decision:

To take into consideration the report of acting Director General of the Company on implementation of Program of Energy saving and increasing energy efficiency of “Kubanenergo” JSC for the 3rd quarter of 2012, in accordance with annex 6 to the decision of the BoD.

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the eleventh item was unanimously adopted by members of BoD.

Item 12

On taking into consideration the report of acting Director General of “Kubanenergo” JSC on expenditures received from

placement of additional shares of “Kubanenergo” JSC, on building and reconstruction of facilities with detailed specification on every facility for the 3rd quarter of 2012

It is proposed to adopt the following decision:

1. To defer the consideration of the item to a later date.
2. To instruct acting director general of the Company to prepare a report on expenditures on placement of additional shares of “Kubanenergo” JSC, on building and reconstruction of facilities with detailed specification on every facility for the 3rd quarter of 2012 with stage-by-stage description.

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	- FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the twelfth item was unanimously adopted by members of BoD.

Item 13

On approving the report of acting Director General of “Kubanenergo” JSC on implementation of investment program of the Company precisely on construction Olympic facilities for the 1st quarter of 2012

It is proposed to adopt the following decision:

To approve the report of acting Director General of “Kubanenergo” JSC on implementation of investment program of the Company precisely on construction Olympic facilities for the 1st quarter of 2012, in accordance with annex 7 to the decision of the BoD.

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the thirteenth item was unanimously adopted by members of BoD.

Item 14

On taking into consideration the report of acting Director General of “Kubanenergo” JSC on implementation of annual purchasing complex program of “Kubanenergo” JSC for the 3rd quarter of 2012

It is proposed to adopt the following decision:

To take into consideration the report of acting Director General of “Kubanenergo”

JSC the 3rd quarter of 2012, in accordance with annex 8 to the decision of the BoD.

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the fourteenth item was unanimously adopted by members of BoD.

Item 15

On taking into consideration the report of acting Director General of “Kubanenergo” JSC on implementation of decisions of Company’s BoD in 4th quarter of 2012

It is proposed to adopt the following decision:

1. To defer consideration of the report of acting director general of “Kubanenergo” on the implementation of decisions of the Board of Directors of the Company in the 4th quarter of 2012 to a later date.
2. To instruct acting director general of “Kubanenergo” to make an adjustments to the report on the implementation of decisions of the Board of Directors of the Company.

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the fifteenth item was unanimously adopted by members of BoD.

Item 16

On approving Agency contracts between “Kubanenergo” JSC and “FGC UES” JSC as transaction of interest

Decision on this issue was not adopted due to absence of quorum of independent directors uninterested in conclusion of transaction.

Item 17

On approving Agreements on recovery of expense between “Kubanenergo” JSC and “FGC UES” JSC as transaction of interest

Decision on this issue was not adopted due to absence of quorum of independent directors uninterested in conclusion of transaction.

Item 18

On approving service contract on transferring the substation for usage between “Kubanenergo” JSC and “IDGC of Centre and Volga region” JSC as transaction of interest

In accordance with paragraph 1 of article 81 of Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” (hereafter – Federal Law “On Joint Stock Companies”) the transaction between “Kubanenergo” JSC and “IDGC of Centre and Volga region” JSC is considered as transaction of interest for:

- Shareholder of the Company – IDGC Holding JSC that holds more than 20% of voting shares,

- which affiliated persons: members of the BoD – Fyodorov D.V., Khvalin

- I.V. occupy positions in management bodies of “IDGC of Centre and Volga region” JSC (members of the BoD)

In accordance with paragraph 3 of article 81 of Federal Law “On Joint Stock Companies” decision on the item should be adopted by majority of independent disinterested directors.

Members of the Board of Directors Budargin O.M., Murov A.E., Demidov A,V, Prokhorov E.V. are not considered as independent directors, because for one year prior to the decision they were affiliated persons of the Company.

Member of the Board of Directors Sultanov G.A. is not considered as independent director, as for one year prior to the decision was fulfilling functions of sole executive body of the Company.

Except Budargin O.M., Murov A.E., Demidov A,V, Prokhorov E.V. and Sultanov G.A. other members of the BoD are participating in voting on this item and in accordance with paragraph 3 of article 81 of Federal Law “On Joint Stock Companies” are considered as independent disinterested directors.

It is proposed to adopt the following decision:

1. To determine the cost of services under the Contract on the provision of substations concluded by “Kubanenergo” JSC and “IDGC of Center and Volga Region” JSC as transaction of interest – 1 036 600 (one million thirty six thousand six hundred) rubles 94 kopecks, including 18% VAT – 158 125 (one hundred fifty eight thousand one hundred twenty five) rubles 57 kopecks.

2. To approve the Contract on the provision of substations concluded by “Kubanenergo” JSC and “IDGC of Center and Volga Region” JSC as transaction of interest (hereinafter – the Contract) on the following terms:

Contact Parties:

Customer – “Kubanenergo” JSC;

Contractor - “IDGC of Center and Volga Region” JSC

Subject of the Contact:

Contractor shall render the services on provision for a certain period a module of mobile substation 110/6 (10) kV (hereinafter - the substation) for the Customer’s

use, as well as services for dismantling, preparing for the transportation and delivery of the substation from its location at: Odoevskoye highway, 110/10/6 “Myasново” substation, Tula, to customer’s place at: 110/35/10/6kV “Dzhemete substations, Anapa, Krasnodar region, services on consulations for installation and connection of the substation at the Customer's site, as well as the delivery of the substation back at the end of period of its use, and to compensate the Contractor’s expenses. The substation will be delivered by transport of the Contactor.

Contract Price:

The cost of services is 1 036,600 (one million thirty six thousand six hundred) rubles 94 kopecks, including 18% VAT 158 125 (one hundred fifty eight thousand one hundred twenty-five) rubles 57 kopecks.

Term of Contract:

The Contract comes into force upon the signature and is valid until the Parties fulfill their obligations.

Dispute resolution:

Disputes and disagreements that may arise in connection with the Contract shall be settled by negotiations. For consideration by the Parties of disputes a claim procedure should be used. Time for consideration of claims: (10) calendar days upon the receipt. In case of failure to settle disputes and disagreements through negotiations, parties should apply to the Moscow Arbitration Court. In all other cases not provided by the Contract Parties shall be governed by the legislation of the Russian Federation.

Voting results

Goncharov V.A. - FOR Romeiko D.I. - FOR

Dyakov F.A. - FOR Yemelin A.S. - FOR

Thus, the decision on the eighteenth item was adopted by majority members of independent disinterest in the transaction directors.

Item 19

On approving confidentiality agreement between “Kubanenergo” JSC and “IDGC of Centre” as transaction of interest

In accordance with paragraph 1 of article 81 of Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” (hereafter – Federal Law “On Joint Stock Companies”) the transaction between “Kubanenergo” JSC and “IDGC of Centre” JSC is considered as transaction of interest for:

- Shareholder of the Company – IDGC Holding JSC that holds more than 20% of voting shares, - which affiliated persons: members of the BoD – Murov A.E., Romeiko D.I. occupy positions in management bodies of “IDGC of Centre” JSC (members of the BoD)

In accordance with paragraph 3 of article 81 of Federal Law “On Joint Stock Companies” decision on the item should be adopted by majority of independent disinterested directors.

Members of the Board of Directors Budargin O.M., Murov A.E., Demidov A,V, Prokhorov E.V. are not considered as independent directors, because for one year

prior to the decision they were affiliated persons of the Company.

Member of the Board of Directors Sultanov G.A. is not considered as independent director, as for one year prior to the decision was fulfilling functions of sole executive body of the Company.

Except Budargin O.M., Murov A.E., Demidov A.V, Prokhorov E.V. Romeiko D.I. and Sultanov G.A. other members of the BoD are participating in voting on this item and in accordance with paragraph 3 of article 81 of Federal Law “On Joint Stock Companies” are considered as independent disinterested directors.

It is proposed to adopt the following decision:

1. 1 To approve the Confidentiality Agreement between “Kubanenergo” JSC and “IDGC of Centre” (hereinafter - the Agreement) as a transaction of interest on the following terms:

Parties of the Agreement:

Side 1: “IDGC of Centre” JSC

Side 2: “Kubanenergo” JSC

Subject of the Agreement:

Side 1 provides the access to its information resource, containing information constituting a trade secret, and conditions for the transfer of information that constitutes a trade secret. Side 2 undertakes obligations of non-disclosure of information constituting a trade secret of Side 1, providing special protection and

the use of such information and responsibility for breach of such obligations in accordance with the current legislation of the Russian Federation and the agreement.

Responsibilities of the Parties:

Side 2 in the event of damage to Side 1 in case of non- fulfilling or improper fulfillment of the conditions of the Agreement shall compensate the damages caused, limited by the actual damages, in accordance with the current legislation of the Russian Federation.

Term of Agreement:

The agreement is concluded for 1 (one) year and enters into force upon the signature. If one month before the expiry of the Agreement, neither party requires its termination, the Agreement should be considered as extended on the same terms and for the same period.

Dispute resolution:

All disputes, controversies and claims arising out of the Agreement or in connection with it, including those related to its conclusion, change, performance, breach, or validity, shall be settled by Moscow Arbitration Court.

Voting results

Goncharov V.A. - FOR Yemelin A.S. - FOR

Dyakov F.A. - FOR

Thus, the decision on the nineteenth item was adopted by majority members of independent disinterest in the transaction directors.

Item 20

On approving additional agreement No. 2 to Agreement on technological interaction between “SO UES” JSC and Company to provide proper functioning of UES of Russia dd. 01.02.2011 No. СДУ – 13/2010 as transaction of interest

In accordance with paragraph 1 of article 81 of Federal Law No.208 FZ dated 26.12.1995 “On Joint Stock Companies” (hereafter – Federal Law “On Joint Stock Companies”) the transaction between “Kubanenergo” JSC and “SO UES” JSC

is considered as transaction of interest for shareholder of the Company – IDGC Holding JSC that holds more than 20% of voting shares, which affiliated person – member of Management Board - Kravchenko V.M. occupies positions in management bodies of “SO UES” JSC (member of the BoD) In accordance with paragraph 3 of article 81 of Federal Law “On Joint Stock Companies” decision on the item should be adopted by majority of independent disinterested directors.

Members of the Board of Directors Budargin O.M., Murov A.E., Demidov A,V, Prokhorov E.V. are not considered as independent directors, because for one year prior to the decision they were affiliated persons of the Company.

Member of the Board of Directors Sultanov G.A. is not considered as independent director, as for one year prior to the decision was fulfilling functions of sole executive body of the Company.

Except Budargin O.M., Murov A.E., Demidov A,V, Prokhorov E.V. and Sultanov G.A. other members of the BoD are participating in voting on this item and in accordance with paragraph 3 of article 81 of Federal Law “On Joint Stock Companies” are considered as independent disinterested directors.

It is proposed to adopt the following decision:

To approve the additional agreement No. 2 to Agreement on technological interaction between “SO UES” JSC and Company to provide proper functioning of UES of Russia dd. 01.02.2011 No. СДУ – 13/2010 as transaction of interest, in accordance with annex 15 to the BoD decision.

Voting results

Goncharov V.A.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Yemelin A.S.	- FOR

Thus, the decision on the twentieth item was adopted by majority members of independent disinterest in the transaction directors.

Item 21

On approving additional agreement to contract on carrying out energy inspection dd. 04.05.2011 No. 407/30-546 between “Kubanenergo” JSC and “Energoservis Kuban” JSC as transaction of interest In accordance with paragraph 1 of article 81 of Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” (hereafter – Federal Law “On Joint Stock Companies”) the transaction between

“Kubanenergo” JSC and “Energoservis Kuban” JSC is considered as transaction of interest for:

- 1) shareholder of the Company – IDGC Holding JSC that holds more than 20% of voting shares
- 2) members of Kubanenergo Management Board Lyashko A.V., Galyaev A.N., Zinchenko P.V. that occupy position in management bodies of “Energoservis Kuban” JSC, which is a party of the transaction.

In accordance with paragraph 3 of article 81 of Federal Law “On Joint Stock Companies” decision on the item should be adopted by majority of independent disinterested directors.

Members of the Board of Directors Budargin O.M., Murov A.E., Demidov A,V, Prokhorov E.V. are not considered as independent directors, because for one year prior to the decision they were affiliated persons of the Company.

Member of the Board of Directors Sultanov G.A. is not considered as independent director, as for one year prior to the decision was fulfilling functions of sole executive body of the Company.

Except Budargin O.M., Murov A.E., Demidov A,V, Prokhorov E.V. and Sultanov G.A. other members of the BoD are participating in voting on this item and in accordance with paragraph 3 of article 81 of Federal Law “On Joint Stock Companies” are considered as independent disinterested directors.

It is proposed to adopt the following decision:

To defer the consideration of the item to a later date

Voting results

Goncharov V.A.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Yemelin A.S.	- FOR

Thus, the decision on the twenty first item was adopted by majority members of independent disinterest in the transaction directors.

Item 22

On taking into consideration the information of acting Director General of “Kubanenergo” JSC on work on registering property rights on immovable assets, registering/reregistering right on land plots with regard of implemented work on preparation of data on the borders of protected zones of electric grid facilities in 2012

It is proposed to adopt the following decision:

1. To take into consideration the information of acting Director General of “Kubanenergo” JSC on work on registering property rights on immovable assets, registering/reregistering right on land plots with regard of implemented work on preparation of data on the borders of protected zones of electric grid facilities in 2012, in accordance with annex 16 to the BoD decision.
2. Acting director general should:

2.1. in 2013 ensure re-registration of property right for usage of land plots occupied by facilities rights on which were not re-registered, as well as determining 35kV and more power lines as protected zones.

2.2.in the 4th quarter of 2013 submit for consideration of the BoD propositions on organization of works specified by the Programme, with analysis of terms and expenses on fulfillment of such works.

Voting results

Budargin O.M.	- FOR	Murov A.E.	- FOR
Goncharov V.A.	- FOR	Prokhorov Ye.V.,	FOR-
Demidov A.V.	- FOR	Romeiko D.I.	- FOR
Dyakov F.A.	- FOR	Sultanov G.A.	- FOR
Yemelin A.S.	- FOR		

Thus, the decision on the twenty second item was unanimously adopted by members of BoD.

Chairperson

Budargin O.M.

Corporate secretary

Russu O.V.