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Minutes of Board of Directors Meeting No. 166/2012
Open joint stock company
of power industry and electrification of Kuban

Date of meeting	June 13, 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	13.06.2013 7 p.m.
Date of drawing up minutes	June 17, 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 approval of the insurance coverage of “Kubanenergo” JSC in 2013.
2. On approval of the Company’s internal document: Regulations on insurance coverage of “Kubanenergo” JSC.
3. On approval of the Company’s insurer.
4. On approval of the report of the sole executive body of the Company on insurance coverage in the 1st quarter of 2013.
5. On approval of the Regulations on the Personnel and Remuneration Committee under the Board of Directors of “Kubanenergo” JSC in the new edition.
6. On approval of the budget for committees under the Board of Directors of “Kubanenergo” JSC for the 1st half of 2013.
7. On expressing Company’s opinion on the agenda of the Board of Directors of subsidiaries and affiliates of “Kubanenergo” – “Energoservis Kuban” “On approval of the report on the implementation of the business plan of “Energoservis Kuban” in the 4th quarter of 2012 and 2012”

8. On expressing Company's opinion on the agenda of the Board of Directors of subsidiaries and affiliates of "Kubanenergo" – "Recreation centre "Energetik" JSC "On the approval of the business plan of "Recreation centre "Energetik" JSC for 2013"
9. On consideration of the proposals of the sole executive body of the Company's on planned values of the reliability and quality of service for each billing period within the long-term regulation period.
10. On taking into consideration the report of the sole executive body on the Plan of measures to bring the consumer services in line with the requirements of Standard of "Kubanenergo" "System of centralized customer service" for the 1st quarter of 2013.
11. On taking into consideration the report of the sole executive body of "Kubanenergo" JSC on the expenditure of funds related to the preparation and holding of the Extraordinary General Meeting of shareholders of the Company on 18 March 2013.
12. On taking into consideration the report on the implementation of the Innovation Development Program of "Kubanenergo" for the 2nd quarter of 2012 (1st half of 2012), for the first 9 months of 2012 and for 2012.
13. On taking into consideration the report of the sole executive body of the Company on the implementation of the Plan of "Kubanenergo" in 2012 to implement the strategy in the field of information technology, automation and telecommunication for the period up to 2016.
14. On taking into consideration the report of the sole executive body on the Programme of energy saving and energy efficiency in the 4th quarter of 2012.
15. On approval of the agreement of purchase of trips between "Kubanenergo" JSC and "Recreation centre "Energetik" JSC as a transaction of interest.
16. On the approval of the lease of immovable property contract between "Kubanenergo" JSC and "FGC UES" JSC as transaction of interest.
17. On the approval of the lease of transmission facilities contract between "Kubanenergo" JSC and "FGC UES" JSC transaction of interest.
18. On approval of the Supplementary Agreement to the rent contract dated 28.10.2011 No.ЭСХ -2011/28/407/30-1544 between "Kubanenergo" and "FGC UES" JSC transaction of interest.
19. On approval of the service contract between "Kubanenergo" and "Moscow Telecommunications Center of Energy Systems" as transaction of interest.
20. On approval of the agreement on the control of construction projects under the Program for Construction of Olympic Venues and Development of Sochi as a mountain resort, approved by the Government of the Russian Federation on December 29, 2007 No. 991, as transaction of interest.
21. On determining the priority activities: the organization of work on fixing the maximum allowed capacity of users already connected to the power grids.

Item 1

On approval of the insurance coverage of "Kubanenergo" JSC in 2013

It is proposed to adopt the following decision:

To approve the insurance coverage of “Kubanenergo” JSC in 2013, in accordance with annex1 to the decision

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 first item was unanimously adopted by the BoD members.

Item 2

On approval of the Company’s internal document: Regulations on insurance coverage of “Kubanenergo” JSC

It is proposed to adopt the following decision:

1. To approve Regulations on insurance coverage of “Kubanenergo” JSC, in accordance with annex2 to the decision.
2. To consider as invalid the Regulations on insurance coverage of “Kubanenergo” JSC in version approved by the BoD on 09.11.2009 (minutes of meeting No.81/2009 dd 11.11.2009)

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 the BoD members.

Item 3

On approval of the Company’s insurer

It is proposed to adopt the following decision:

To approve as Company’s insurer the following companies:

Insurance	Company	Period
Employees accident and illness insurance	“Alians” JSC	from 01.04.2013 to 31.03.2014
Voluntary health insurance of employees	“AlfaStrakhovaniye” JSC	from 01.04.2013 to 31.03.2014

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 the BoD members.

Item 4

On approval of the report of the sole executive body of the Company on insurance coverage in the 1st quarter of 2013

It is proposed to adopt the following decision:

To take into consideration the report of the sole executive body of the Company on insurance coverage in the 1st quarter of 2013, in accordance with annex 3 to the decision

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 the BoD members.

Item 5

On approval of the Regulations on the Personnel and Remuneration Committee under the Board of Directors of “Kubanenergo” JSC in the new edition

It is proposed to adopt the following decision:

To approve the Regulations on the Personnel and Remuneration Committee under the Board of Directors of “Kubanenergo” JSC in the new edition, in accordance with annex 4 to the decision.

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 the BoD members.

Item 6

On approval of the budget for committees under the Board of Directors of “Kubanenergo” JSC for the 1st half of 2013

It is proposed to adopt the following decision:

1. To approve budget of Committee for strategy, development, investments and reform under the Board of Directors of “Kubanenergo” JSC for the 1st half of 2013, in accordance with annex 5 to the decision.

2. To approve budget of Personnel and remuneration committee under the Board of Directors of “Kubanenergo” JSC for the 1st half of 2013, in accordance with annex 6 to the decision.

3. To approve budget of Audit committee under the Board of Directors of “Kubanenergo” JSC for the 1st half of 2013, in accordance with annex 7 to the decision.

To approve budget of Reliability committee under the Board of Directors of “Kubanenergo” JSC for the 1st half of 2013, in accordance with annex 8 to the decision.

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 the BoD members.

Item 7

On expressing Company’s opinion on the agenda of the Board of Directors of subsidiaries and affiliates of “Kubanenergo” – “Energoservis Kuban” “On approval of the report on the implementation of the business plan of “Energoservis Kuban” in the 4th quarter of 2012 and 2012”

It is proposed to adopt the following decision:

To instruct representatives of IDGC Of the South on the agenda of meeting the Board of Directors of “Energoservis Kuban”-“On approval of the report on the implementation of the business plan of “Energoservis Kuban” in the 4th quarter of 2012 and 2012” to vote “FOR” the adoption of the following decision:

To approve the report on the implementation of the business plan of “Energoservis Kuban” in the 4th quarter of 2012 and 2012

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 seventh item was adopted by majority of the BoD members.

Item 8

On expressing Company's opinion on the agenda of the Board of Directors of subsidiaries and affiliates of "Kubanenergo" – "Recreation centre "Energetik" JSC "On the approval of the business plan of "Recreation centre "Energetik" JSC for 2013"

It is proposed to adopt the following decision:

To instruct representatives of IDGC Of the South on the agenda of meeting the Board of "Recreation centre "Energetik" JSC "On the approval of the business plan of "Recreation centre "Energetik" JSC for 2013" to vote "FOR" the adoption of the following decision:

To approve the business plan of "Recreation centre "Energetik" JSC for 2013

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 adopted by majority of the BoD members.

Item 9

On consideration of the proposals of the sole executive body of the Company's on planned values of the reliability and quality of service for each billing period within the long-term regulation period.

It is proposed to adopt the following decision:

1. To take into consideration the proposals of the sole executive body of the Company's on planned values of the reliability and quality of service for each billing period within the long-term regulation period, in accordance with annex 9 to the decision.

2. To instruct director general to ensure the approval of planned indicators of reliability and quality of rendered services at the body of executive power of territorial subject of RF in the sphere of tariff regulation with amendments of tariffs on transmission of electric energy for 2014-2017.

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 ninth item was unanimously adopted by the BoD members.

Item 10

On taking into consideration the report of the sole executive body on the Plan of measures to bring the consumer services in line with the requirements of Standard of “Kubanenergo” “System of centralized customer service” for the 1st quarter of 2013

It is proposed to adopt the following decision:

1. To take into consideration the report of the sole executive body of the Plan of measures to bring the consumer services in line with the requirements of Standard of “Kubanenergo” “System of centralized customer service” for the 1st quarter of 2013, in accordance with annex 10 to the decision.
2. To instruct director general to put into operation “Client’s personal account” for receiving applications on technological connection by 31.07.2013.

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 the BoD members.

Item 11

On taking into consideration the report of the sole executive body of “Kubanenergo” JSC on the expenditure of funds related to the preparation and holding of the Extraordinary General Meeting of shareholders of the Company on 18 March 2013

It is proposed to adopt the following decision:

To take into consideration the report of the sole executive body of “Kubanenergo” JSC on the expenditure of funds related to the preparation and holding of the Extraordinary General Meeting of shareholders of the Company on 18 March 2013, in accordance with annex 11 to the decision.

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 the BoD members.

Item 12

On taking into consideration the report on the implementation of the Innovation Development Program of “Kubanenergo” for the 2nd quarter of 2012 (1st half of 2012), for the first 9 months of 2012 and for 2012

It is proposed to adopt the following decision:

To defer the discussion 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 twelfth item was unanimously adopted by the BoD members.

Item 13

On taking into consideration the report of the sole executive body of the Company on the implementation of the Plan of “Kubanenergo” in 2012 to implement the strategy in the field of information technology, automation and telecommunication for the period up to 2016

It is proposed to adopt the following decision:

1. To take into consideration the report of the sole executive body of the Company on the implementation of the Plan of “Kubanenergo” in 2012 to implement the strategy in the field of information technology, automation and telecommunication for the period up to 2016, in accordance with Annex 12 to the decision.
2. To approve the Company’s plan for 2013 on implementation of the strategy of the Company in the field of information technology, automation and telecommunications for the period up to 2016 in accordance with Annex 13 to the decision.
3. To instruct the General Director of the Company:
 - 3.1. to ensure the implementation of the Plan of the Company for 2013 for the implementation of the Company's Strategy in the field of information technology, automation and telecommunications for the period up to 2016.
 - 3.2. to submit to the Board of Directors a report on the implementation of the Plan for 2013 in July 2013 and January 2014.
 - 3.3. to submit to Board of Directors Plan for 2014 for the implementation of the Company's Strategy in the field of information technology, automation and telecommunications for the period up to 2016 and in January 2014.
 - 3.4. to ensure the development of targeted development program and process management and submit for considerations of the Board of Directors by 31.07.2013

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 the BoD members.

Item 14

On taking into consideration the report of the sole executive body on the Programme of energy saving and energy efficiency in the 4th quarter of 2012

It is proposed to adopt the following decision:

To take into consideration the report of the sole executive body on the Programme of energy saving and energy efficiency in the 4th quarter of 2012, in accordance with Annex 14 to the decision.

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 the BoD members.

Item 15

On approval of the agreement of purchase of trips between “Kubanenergo” JSC and “Recreation centre “Energetik” JSC as a 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 “Recreation centre “Energetik” JSC is considered as transaction of interest for:

1. Shareholder of the Company – Russian Grids JSC that holds more than 20% of voting shares of transaction’s parties:
2. Company’s BoD member: Belik V.A. who occupies position in management bodies of “Recreation centre “Energetik” JSC which 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. and 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 price of contract on purchasing trip vouchers between “Kubanenergo” JSC and “Recreation centre “Energetik” JSC as a transaction of interest in the amount of 8 428 000 (eight million four hundred twenty eight thousand) rubles 00 kopecks, VAT excluded.

2. To approve the contract on purchasing trip vouchers between “Kubanenergo” JSC and “Recreation centre “Energetik” JSC as a transaction of interest, in accordance with Annex 15 to the Board of Directors decision, on the following terms:

Parties of the contract:

Buyer - “Kubanenergo” JSC;

Seller - “Recreation centre “Energetik” JSC

Subject of the contract:

The “Seller” sells, and the “Buyer” purchases trip vouchers of “Recreation centre “Energetik” JSC. The “Seller” sells vouchers for the period of 7 days each, at a price specified in Annex 1 to the Contract.

Contract Price:

Contract price is 8 428 000 (eight million four hundred twenty eight thousand) rubles 00 kopecks, VAT excluded.

Responsibility of parties: For breach of contract parties are liable in a civil manner in accordance with the Civil Code. Neither party shall be liable to the other for failure to fulfill obligations arising from the circumstances which appeared against the will and desire of the parties and which cannot be prevented or avoided, including declared or undeclared war, civil unrest, epidemics, blockades, embargoes, earthquakes, floods, fires and other natural disasters.

Term of contract:

The contract comes into force upon the signature by both parties and is valid until 31.12.2013 or until the Parties fulfill their obligations.

Dispute resolution:

All disputes under the contract shall be resolved through negotiations.

If no agreement is reached via negotiations, disputes are to be solved by Arbitration Court of Krasnodar region in accordance with the current 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 fifteenth item was adopted by majority of votes of independent disinterested directors.

Item 16

On the approval of the lease of immovable property contract between “Kubanenergo” JSC and “FGC UES” 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 “FGC UES” JSC is considered as transaction of interest for:

1. Shareholder of the Company – Russian Grids JSC that holds more than 20% of voting shares, which affiliated persons:
 - Members of the BoD – Fyodorov D.V., Kravchenko V.M. occupy positions in management bodies of “FGC UES” JSC (members of the BoD)
 - “FGC UES” JSC is a party of the transaction
2. Company’s BoD members: Budargin O.M., Murov A.E. occupy positions in management bodies of “FGC UES” JSC which 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. and 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 that the amount of monthly rent under the contract of lease of immovable property between “Kubanenergo” JSC and “FGC UES” JSC, as a transaction of interest, is 265 000 (two hundred and sixty five thousand) rubles 00 kopecks, including 18% VAT – 40 423 (forty thousand four hundred twenty three) rubles 73 kopecks.

2. To approve the contract of lease of immovable property between “Kubanenergo” JSC and “FGC UES” JSC (hereinafter –contract) in accordance with Annex 16 to the decision of Board of Directors, as a transaction of interest, on the following terms:

Contract parties:

Lessor – “Kubanenergo” JSC;

Lessee – “FGC UES” JSC.

Subject of the contract:

The Lessor shall transfer to Lessee under the acceptance certificate for temporary possession and use for a fee specified in annex 1 to the contract non-residential property (hereinafter - premises) located in: 42 Konstitutsii SSSR str., Sochi,

Krasnodar region. Constitution of the USSR, 42, and the Lessee agrees to accept the abovementioned premises from the Lessor for temporarily possession and use, as well as to pay the rent in accordance with the terms of the contract.

The premises are available for use by the Lessee to accommodate the staff and equipment of energy industry control center and the alarm-analytical center.

Contract Price:

The amount of monthly rent is 265 000 (two hundred and sixty five thousand) rubles 00 kopecks, including 18% VAT – 40 423 (forty thousand four hundred twenty three) rubles 73 kopecks.

Liability of the Parties:

In the case of non-performance or improper performance of the contract, the guilty party shall be liable for damages in accordance with the current legislation of the Russian Federation and the contract.

Terms of lease:

Parties have agreed that the term of the contract shall be applied to the relations between the Parties that in fact occurred on 1 January 2013 in accordance with article 425 of the Civil Code of the Russian Federation. Term of lease the Premises under the contract is set from the moment of its signing and lasts 364 days.

Dispute resolution:

All disputes that may arise between the parties on matters not covered in the text of its resolution of the contract shall be settled in the complaint procedure. Time for consideration of claims and the response to it: 20 twenty days from the date of its receipt. If the complaint procedure did not settle the disputes, all disputes shall be solved by the Arbitration Court of Krasnodar region.

It is proposed to adopt the following decision:

Voting results

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

Thus, the decision on the sixteenth item was adopted by majority of votes of independent disinterested directors.

Item 17

On the approval of the lease of transmission facilities contract between “Kubanenergo” JSC and “FGC UES” JSC 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 “FGC UES” JSC is considered as transaction of interest for:

- 1.Shareholder of the Company – Russian Grids JSC that holds more than 20% of voting shares, which affiliated persons:
 - Members of the BoD – Fyodorov D.V., Kravchenko V.M. occupy positions in management bodies of “FGC UES” JSC (members of the BoD)
 - “FGC UES” JSC is a party of the transaction
2. Company’s BoD members: Budargin O.M., Murov A.E. occupy positions in management bodies of “FGC UES” JSC which 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. and 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 amount of rent under the contract of lease of transmission facilities between “Kubanenergo” JSC and “FGC UES” JSC as transaction of interest in the amount of 1 208 728 (one million two hundred eight thousand seven hundred twenty eight) rubles, 50 kopecks, for a period of 360 calendar days, except the VAT is paid in amount of 18% - 217 571 (two hundred seventeen thousand five hundred seventy one) rubles 13 kopecks.

2. To approve the contract of lease of transmission facilities between “Kubanenergo” JSC and “FGC UES” JSC as transaction of interest, in accordance with Annex 17 to the decision of Board of Directors, on the following terms:

Parties of the contract:

User – “Kubanenergo” JSC;

FGC – “FGC UES” JSC

Subject of the contract: The Federal Grid Company transfers, and the User accepts for payment for temporary possession and use power grid facilities –property of FGC, specified in Annex 1 to the Contract.

Federal Grid Company transfers the user object along all the accessories and related documentation.

Income received by the User as a result of the use of facilities in accordance with the Contract, is its property.

Contract Price: The cost of rent for the use of facilities is 1 208 728 (one million, two hundred and eight thousand seven hundred twenty eight) rubles 50 kopecks, for a period of 360 calendar days, plus 18% VAT is paid – 217 571 (two hundred seventeen thousand five hundred seventy one) rubles 13 kopecks.

Term of the contract: The Contract comes into force upon its signature and is valid until the date set by Order of the Ministry of Energy of Russia from 24.08.2012 No.403, i.e. till 31.12.2013.

Conditions of Contract are applicable to the parties’ relations arising before its conclusion, starting from 01.01.2013.

Settlement of Disputes: Any disputes, controversies or claims of the Parties arising out of or in connection with the Contract, or in connection with its breach, termination or validity, will be settled by means of negotiations and consultations. All disputes, controversies and claims arising out of or in connection with the Contract, including those related to its conclusion, change, performance, breach, termination, and validity, the Parties shall resolve the complaint procedure. Time to respond to the claim is 10 (ten) days from the date of its receipt by the other Party.

In the event of failure to reach agreement, the dispute shall be settled by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (Moscow), in accordance with its current rules.

Decisions of the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs are final and binding and are not subject to appeal.

Voting results

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

Thus, the decision on the seventeenth item was adopted by majority of votes of independent disinterested directors.

Item 18

On approval of the Supplementary Agreement to the rent contract dated 28.10.2011 No.ЭCX -2011/28/407/30-1544 between “Kubanenergo” and “FGC UES” JSC 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 “FGC UES” JSC is considered as transaction of interest for:

- 1.Shareholder of the Company – Russian Grids JSC that holds more than 20% of voting shares, which affiliated persons:
 - Members of the BoD – Fyodorov D.V., Kravchenko V.M. occupy positions in management bodies of “FGC UES” JSC (members of the BoD)
 - “FGC UES” JSC is a party of the transaction
2. Company’s BoD members: Budargin O.M., Murov A.E. occupy positions in management bodies of “FGC UES” JSC which 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. and 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 Supplementary Agreement to the rent contract dated 28.10.2011 No. ЭСХ -2011/28/407/30-1544 between “Kubanenergo” and “FGC UES” JSC transaction of interest, in accordance with annex 18 to the decision.

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 of votes of independent disinterested directors.

Item 19

On approval of the service contract between “Kubanenergo” and “Moscow Telecommunications Center of Energy Systems” 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 “Moscow Telecommunications Center of Energy Systems” JSC is considered as transaction of interest for: shareholder of the Company – Russian Grids JSC that holds more than 20% of voting shares, which affiliated persons:

- “FGC UES” JSC owns more than 20% of voting shares of “Moscow Telecommunications Center of Energy Systems” JSC
- Terentiev S.N. is director general of “Moscow Telecommunications Center of Energy Systems” JSC, which is a party of 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. and 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 price of the service contract between “Kubanenergo” JSC and “Moscow Telecommunications Center of Energy Systems” JSC (MTCES) as transaction of interest:

- in the amount of 126 700 (one hundred twenty six thousand seven hundred) rubles per month, plus VAT (18%);

- for the period from 1 March to 30 April 2013 in the amount of 299 012 (two hundred ninety nine thousand and twelve) rubles 00 kopecks, including 18% VAT – 45 612 (forty five thousand six hundred twelve) rubles 00 kopecks.

2. To approve service contract between “Kubanenergo” JSC and “Moscow Telecommunications Center of Energy Systems” JSC in accordance with Annex 19 to the decision of Board of Directors as transaction of interest on the following terms:

The Parties:

Customer – “Kubanenergo” JSC

Contractor – “Moscow Telecommunications Center of Energy Systems” JSC).

Subject of the contract:

In accordance with the terms of the Contract the Contractor shall provide the Customer, and the Customer accepts and pays a provider of access to services of operator of Iridium satellite communications. Description of the service is specified in Annex 2 to the contract, which is an integral part of it.

Contract Price:

Cost of services provided by the Contractor to the Customer, consists of the monthly payments, which is indicated in Russian rubles without VAT and is 126 700 (one hundred twenty six thousand seven hundred) rubles.

Price of the Contract for the period from 01 March to 30 April 2013 is 299 012 (two hundred ninety nine thousand and twelve) rubles 00 kopecks, including 18% VAT – 45 612 (forty five thousand six hundred twelve) rubles 00 kopecks.

Term of the Contract:

The Contract shall come into force upon the signature by the Parties and is valid until the expiration of the order form (Appendix 1 to the Contract) in accordance with the Contract. The Contract shall be applied to the relations between the Parties arising from the March 1, 2013.

Dispute resolution:

Any dispute, controversy or claim arising under the Agreement or in connection with it, shall be settled by negotiations between the Parties. If the Parties have not reached agreement on the issue, the dispute shall be resolved in the Moscow Arbitration Court in accordance with applicable law.

Voting results

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

Thus, the decision on the nineteenth item was adopted by majority of votes of independent disinterested directors.

Item 20

On approval of the agreement on the control of construction projects under the Program for Construction of Olympic Venues and Development of Sochi

as a mountain resort, approved by the Government of the Russian Federation on December 29, 2007 No. 991, as transaction of interest

In accordance with paragraph 1 of article 81 of Federal Law "On Joint Stock Companies" the transaction between "Kubanenergo" JSC and "Russian Grids" JSC is considered as transaction of interest for:

- for Company's BoD members: Budargin O.M., Murov A.E., Demidov A.V. that are members of Management Board of "Russian Grids" JSC – a party of transaction
- shareholder of the Company – Russian Grids JSC that holds more than 20% of Company's voting shares:

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 agreement on the control of construction projects under the Program for Construction of Olympic Venues and Development of Sochi as a mountain resort, approved by the Government of the Russian Federation on December 29, 2007 No. 991 (hereinafter - Agreement), in accordance with Annex 20 to the BoD decision, as transaction of interest on the following terms:

Parties of the Agreement:

"Russian Grids" JSC and "Kubanenergo" JSC

Subject of the Agreement:

"Russian Grids" JSC controls the implementation by "Kubanenergo" JSC of Program for Construction of Olympic Venues and Development of Sochi as a mountain resort, approved by the Government of the Russian Federation on December 29, 2007 No. 991 in accordance with the Agreement, at the expense of funds invested in authorized capital of "Russian Grids" JSC from the federal budget.

Liability of the Parties:

Parties are responsible for any failure to perform the Agreement in accordance with the applicable regulations of the "Russian Grids" JSC and "Kubanenergo" JSC.

Term of the Agreement:

The Agreement enters into force upon the signature by both Parties and is valid until the Parties fulfill their obligations.

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 of votes of independent disinterested directors.

Item 21

On determining the priority activities: the organization of work on fixing the maximum allowed capacity of users already connected to the power grids

It is proposed to adopt the following decision:

1. To determine the recording of data on maximum allowable capacity of consumers already connected to the power grids as priority activity for the Company.
2. To instruct General Director of the Company to ensure the implementation of measures on execution of documents on technological connection of all users already connected to the power grids of the Company subject to the following:
 - for a group of consumers, the maximum capacity of the power receiving devices is not less than 670 kW – by 01.07.2013;
 - for other consumer groups - by 01.12.2013.
3. To inform the Board of Directors on the implementation of activities under the paragraph 2 of the decision within the frameworks of BoD's consideration of the Report of the Director General on the implementation of the BoD decisions.

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-first item was unanimously adopted by the BoD members.

Chairperson

Budargin O.M.

Corporate secretary

Russu O.V.