

Minutes of Board of Directors Meeting No. 177/2013
Open joint stock company of power industry and electrification of Kuban
(“Kubanenergo” JSC)

Date of meeting	December 17, 2013
Form of holding the meeting	joint presence meeting and absentee voting
Place of vote counting	A5-048 office, 4 Belovezhskaya str., Moscow
Start time of the meeting	10:00 a.m.
End time of the meeting	11:00 a.m.
Date of vote counting	10.12.2013, 5 p.m.
Date of drawing up minutes	December 20, 2013

According to requirements of paragraph 7.1 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 of meeting No.31) the meeting should be opened by chairperson of the Board of Directors – Magadeyev Ruslan Raisovich.

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 of meeting No.31) Russu Olga Vladimirovna corporate secretary of the Company should announce the presence quorum.

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.

According Company’s Charter the Board of Directors Members should include 11 members.

The following members attended the meeting: Magadeyev R.R. (chairperson of Board of Directors), Varvarin A.V., Gaichenya I.A., Katina A.Yu., Kolyada A.S., Solod A.V.

The following members did not attend the meeting: Vagapov S.G., Lavrova M.A., Likhov Kh.M., Neganov L.V., Cherezov A.V.

Six members of the Board of Directors attended the meeting, which more than half of the elected members. The quorum necessary holding the meeting is present.

The following members submitted questionnaires: Vagapov S.G., Lavrova M.A., Likhov Kh.M.

The following members did not submit questionnaires: Neganov L.V., Cherezov A.V.

The agenda includes the following issues:

1. On approving business-plan of Kubanenergo, including the investment programme, fir 2014 and forecast for 2015-2018
2. On approving annual and quarterly key performance indicators of director general and top-managers of Kubanenergo JSC for 2014

The first issue of the agenda: “On approving business-plan of Kubanenergo, including the investment programme, fir 2014 and forecast for 2015-2018”

Speakers:

- Negryoba Denis Vladimirovich, acting deputy director general in charge of economics and finances of Kubanenergo JSC spoke on parameters used for making the business plan of the Company for 2014 and prognosis for 2015-2018;
- Tyrtyshtniy Ruslan Viktorovich, head of investments management, Kubanenergo JSC, spoke on parameters of investment programme of the Company for 2014 and prognosis for 2015-2018;
- Marichev Alexandr Anatolievich, head of division for technical development of Kubanenergo JSC, spoke on Programme of efficient management of company’s activity in the period of 2014-2018;
- Shestov Vladimir Khachimovich, head of department of energy saving and enhancing energy efficiency of Kubanenergo JSC in 2014-2019
- Magadeyev Ruslan Raisovich, chairperson of the Board of Directors, and Katina Anna Yurievna, member of the BoD, spoke on necessity of submitting to the BoD the enlarged list of risks of non-fulfillment of Company’s business plan with detailed description of each risk;
- Solod Alexandr Viktorovich, member of the BoD, spoke on growth of losses of electric energy in grids of the Company in 2014;
- Varvarin Alexandr Viktorovich, member of the BoD, spoke on growth of accounts receivable and on dynamics of wage-cuts of Company’s employees up to 2018.

By the results of discussion, it was proposed to agree on the following resolution:

1. To approve the business-plan of Kubanenergo, including the investment programme, fir 2014 and forecast for 2015-2018, in accordance with Annexes 1 and 2 to the decision of the Board of Directors.
2. To instruct director general of the Company:
 - 2.1. by March 15, 2014 to submit for consideration of the BoD amendments to the business-plan for 2014-2018 with regard of approved investment programme, in procedure set by the regulation of RF Government No.977 dd 01.12.2009, as well as with regard of tariff solutions of Kubanenergo JSC.
 - 2.2. to enlarge the list of risks of non-fulfillment of Company’s business-plan with details on each risk and to submit the list to the next meeting of Company’s Board of Directors

Voting results:

FOR

- Magadeyev R.R. (chairperson of Board of Directors),
Varvarin A.V., Gaichenya I.A., Katina A.Yu., Kolyada

A.S., Solod A.V., Vagapov S.G., Lavrova M.A
AGAINST -Likhov Kh.M.
ABSTAINED -none

Thus, on the first item the proposed resolution was taken by majority of votes of BoD members that took part in the voting.

The first issue of the agenda: “On approving annual and quarterly key performance indicators of director general and top-managers of Kubanenergo JSC for 2014”

Speakers:

- Bekil Vyacheslav ALEXANDROVICH, head of HR and organization design department at Kubanenergo JSC, spoke on key annual and quarterly indicators of efficiency of director general and top managers in 2014;
- Magadeyev Ruslan Raisovich, chairperson of the Board of Directors, spoke on receiving certificate of preparedness of grid complex to autumn/winter season in due time;
- Varvarin Alexandr Viktorovich, member of the BoD, spoke on reduction of costs for purchase of goods, services for at least by 10% per year within 3 years; on staying within the limits of specified amount of accidents.

By the results of discussion, it was proposed to agree on the following resolution:

1. To approve annual and quarterly key performance indicators of director general and top-managers of Kubanenergo JSC for 2014, in accordance with Annex 2 to the decision of the Board of Directors.
2. The following indicators of milestones of investment projects are set by the date of end of the work (events) of the approved schedule of investment projects implementation in accordance with the annex No.3.1. to the order of the RF Ministry of Energy from 24.03.2010 No. 114, as part of the investment program of the Company: implementation of the schedule of introducing capacities and plan for financing and capital investments, confirmed by report on works completion

Voting results:

FOR - Magadeyev R.R. (chairperson of Board of Directors),
Varvarin A.V., Gaichenya I.A., Katina A.Yu., Kolyada
A.S., Solod A.V., Vagapov S.G., Lavrova M.A

AGAINST -Likhov Kh.M.

ABSTAINED -none

Thus, on the second item the proposed resolution was taken by majority of votes of BoD members that took part in the voting.

According to paragraph 7.7 of 1 of Regulation on order of conveying and holding meetings of “Kubanenergo”, JSC Board of Directors corporate secretary of the Company – Russu Olga Vladimirovna, provided information on implementation of previously adopted resolutions of the Company’s Board of Directors. This

information was discussed and taken into consideration beyond the scope of the agenda.

Chairperson

Magadeyev R.R.

Corporate secretary

Russu O.V.