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Minutes of Board of Directors Meeting No. 145/2012
Open joint stock company
of power industry and electrification of Kuban

Date of meeting	October 23, 2012
Form of holding the meeting	Absentee voting (questionnaire)
Place of vote counting	Office 101, 2 Stavropolskaya St., Krasnodar (postal address of “Kubanenergo”, JSC)
Date of vote counting	23.10.2012 17:00
Date of drawing up minutes	26.10.2012

Number of Board of Directors Members: 11

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

Questionnaires were not submitted by: Likhov Kh.M., Yemelin A.S.

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 stimulation of the General Director.
2. On approval of the personnel composition of Central Tender Committee of “Kubanenergo” JSC.
3. On approval of the internal document: Proprietary Standard “Management of production assets of “Kubanenergo” JSC”.
4. On taking into consideration the information on measures taken by “Kubanenergo” in 2012 for successful work with contracts on R&D projects in 2011-2012.
5. On taking into consideration the report of the General Director of the Company on the Schedule of activities on introduction of system of production assets management for 1st and 2nd quarter of 2012.
6. On taking into consideration the report of the General Director of the Company on the implementation of the annual procurement program of “Kubanenergo” in the 1st quarter of 2012.
7. On approving the report on the implementation of key indicators of cash flow of “Kubanenergo” JSC in the 2nd quarter of 2012.

8. On taking into consideration the report of the General Director of the Company on the process of selling the non-core assets in the 2nd quarter of 2012.
9. On taking into consideration the report of the General Director of the Company on the insurance coverage of "Kubanenergo" for the 2nd quarter of 2012.
10. On taking into consideration the report of the General Director of the Company on the technical audit of fiber-optic lines in the first half of 2012.
11. On taking into consideration the report of the General Director of the Company on the execution of legal acts establishing the indicators of reliability and quality of services rendered by "Kubanenergo".
12. On taking into consideration the report of the General Director of the Company on observance of the credit policy of the Company in the 2nd quarter of 2012.
13. On taking into consideration the report of the General Director of the Company on observance of the Regulation on Information Policy in the 2nd quarter of 2012.
14. On consideration of the report on the management of subsidiaries and affiliates of "Kubanenergo" engaged in non-core activities for the 1st half of 2012.
15. On approval of contract on shipment dated 14.12.2011 № 407/30-1411 between "Kubanenergo" and "Moskabelsetmontazh" JSC as a transaction of interest.
16. On approval of the supplementary agreement to the delivery of 14.12.2011 № 407/30-1411, "Kubanenergo" and "Moskabelsetmontazh" as a transaction of interest.
17. On approval of the framework agreement between the "Kubanenergo" and "Moskabelsetmontazh" JSC as a transaction of interest.
18. On approval of the agreement on cooperation for the prevention and management of accidents at energy facilities between "Kubanenergo" and JSC "IDGC of Volga" as a transaction of interest.
19. On approval of the agreement on cooperation for the prevention and management of accidents at energy facilities between "Kubanenergo" and JSC "IDGC of the North Caucasus" as a transaction of interest.
20. On approval of the contract for works on the metrological certification of measuring channels of telemetry of "Kubanenergo" branch Sochi electrical network between "Kubanenergo" and "Southern centre of power engineering" as a transaction of interest.
21. On approval of the contract for works on the metrological certification of measuring channels of automated information-measuring system of technical metering at branch of "Kubanenergo" South-Western Power network between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.
22. On approval of the additional agreement to the contract on audit supervision from 26.09.2011 № 039.11.25/407/30-1150 between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.

23. On approval of the additional agreement to the contract for field supervision from 26.09.2011 years № 040.11.25/407/30-1151 between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.
24. On approval of the agreement for the field supervision between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.
25. On approval of the agreement for the field supervision between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.
26. On approval of the agreement on the development work from 19.10.2011 № 07.11.25/407/30-1233 between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.
27. On approval of the additional agreement to the contract on design and survey works from 19.10.2011 № 07.11.25/407/30-1233 between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.
28. On approval of the supplementary agreement to the lease contract dated 29.12.2006 № 252/407/30-46 between "Kubanenergo" and "UES FGC" JSC as a transaction of interest.
29. On approval of the lease contract between "Kubanenergo" and "P/O Energetic" JSC as a transaction of interest.
30. On approval of the Agreement on the engineering development between "Kubanenergo" and "Scientific and Research Center of IDGC" as a transaction of interest.
31. On approval of contract on rendering services on the examination documents which justify the level of losses in electric power networks between "Kubanenergo" and "Scientific and Research Center of IDGC" as a transaction of interest.
32. On approval of the lease contact between "Kubanenergo" and "TsiUS UES" JSC as a transaction of interest.
33. On determining the number of members of the Management Board, on the early termination of office of the members of the Management Board and on the election of members of the Company.
34. On choosing the person authorized to exercise the rights and obligations of the employer in respect of the General Director of the Company.
35. On election of the personal composition of the Audit Committee attached to the Board of Directors of "Kubanenergo" and its Chairperson.
36. On election of the personal staff of the Committee for Strategy, Development, Investments and Reform of the Board of Directors of "Kubanenergo" and its Chairperson.
37. On election of the personal staff of the Reliability Committee of the Board of Directors of "Kubanenergo" and its Chairperson.
38. On election of the personal staff of the Human Resources and Compensation Committee of the Board of Directors of "Kubanenergo" and its Chairperson.

39. On election of the personal composition of the Committee for technological connection attached to the Board of Directors of "Kubanenergo and its Chairperson.
40. On approval of credit plan of "Kubanenergo" for the 4th quarter of 2012.
41. On introducing amendments to the organizational structure of the executive office of "Kubanenergo"

1. Confidential

2. On approval of the personnel composition of Central Tender Committee of "Kubanenergo" JSC

It is proposed to adopt the following decision:

1. To exclude from the composition of central tender committee approved by decision of the BoD (minutes No. 107/2011 dd 25.03.2011, minutes No. 117/2011dd 16.09.2011, minutes No.123/2011 dd 16.12.2011):

Sobolev D.V. – leading expert at Department for purchasing activity at IDGC Holding JSC;

Anatskiy S.V. – deputy director general in charge of capital construction at Kubanenergo JSC;

2. To elect to the composition of Central Tender Committee of "Kubanenergo" JSC:

Aksyonov I.O. – leading expert at Department for purchasing activity at IDGC Holding JSC.

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

3. On approval of the internal document: Proprietary Standard "Management of production assets of "Kubanenergo" JSC"

It is proposed to adopt the following decision:

1. To approve the internal document: Proprietary Standard "Management of production assets of "Kubanenergo" JSC", in accordance with the annex 1 to the BoD decision.

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

4. On taking into consideration the information on measures taken by “Kubanenergo” in 2012 for successful work with contracts on R&D projects in 2011-2012.

It is proposed to adopt the following decision:

To take into consideration the information on measures taken by “Kubanenergo” in 2012 for successful work with contracts on R&D projects in 2011-2012, in accordance with the annex 2 to the BoD decision.

Voting results

Budagrın O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

5. On taking into consideration the reports of the General Director of the Company on the Schedule of activities on introduction of system of production assets management for 1st and 2nd quarter of 2012

It is proposed to adopt the following decision:

To take into consideration the reports of the General Director of the Company on the Schedule of activities on introduction of system of production assets management for 1st and 2nd quarter of 2012, in accordance with the annex 3, 4 to the BoD decision.

Voting results

Budagrın O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

6. On taking into consideration the report of the General Director of the Company on the implementation of the annual procurement program of “Kubanenergo” in the 1st quarter of 2012

It is proposed to adopt the following decision:

To defer the discussion to a later date

Voting results

Budagrın O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

7. On approving the report on the implementation of key indicators of cash flow of “Kubanenergo” JSC in the 2nd quarter of 2012.

It is proposed to adopt the following decision:

To approve the report on the implementation of key indicators of cash flow of “Kubanenergo” JSC in the 2nd quarter of 2012, in accordance with the annex 5 to the BoD decision.

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

8. On taking into consideration the report of the General Director of the Company on the process of selling the non-core assets in the 2nd quarter of 2012.

It is proposed to adopt the following decision:

To take into consideration отчет the report of the General Director of the Company on the process of selling the non-core assets in the 2nd quarter of 2012 in accordance with the annex 6 to the BoD decision.

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

9. On taking into consideration the report of the General Director of the Company on the insurance coverage of “Kubanenergo” for the 2nd quarter of 2012.

It is proposed to adopt the following decision:

To take into consideration the report of the General Director of the Company on the insurance coverage of “Kubanenergo” for the 2nd quarter of 2012, in accordance with the annex 7 to the BoD decision.

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

10. On taking into consideration the report of the General Director of the Company on the technical audit of fiber-optic lines in the first half of 2012.

It is proposed to adopt the following decision:

To take into consideration отчет the report of the General Director of the Company on the technical audit of fiber-optic lines in the first half of 2012, in accordance with the annex 8 to the BoD decision.

Voting results

Budagrין O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

11. On taking into consideration the report of the General Director of the Company on the execution of legal acts establishing the indicators of reliability and quality of services rendered by “Kubanenergo”.

It is proposed to adopt the following decision:

To take into consideration the report of the General Director of the Company on the execution of legal acts establishing the indicators of reliability and quality of services rendered by “Kubanenergo”, in accordance with the annex 9 to the BoD decision.

Voting results

Budagrין O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

12 On taking into consideration the report of the General Director of the Company on observance of the credit policy of the Company in the 2nd quarter of 2012.

It is proposed to adopt the following decision:

To take into consideration the report of the General Director of the Company on observance of the credit policy of the Company in the 2nd quarter of 2012, in accordance with the annex 10 to the BoD decision.

Voting results

Budagrין O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

13. On taking into consideration the report of the General Director of the Company on observance of the Regulation on Information Policy in the 2nd quarter of 2012.

It is proposed to adopt the following decision:

To take into consideration the report of the General Director of the Company on observance of the Regulation on Information Policy in the 2nd quarter of 2012, in accordance with the annex 11 to the BoD decision.

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

14. On consideration of the report on the management of subsidiaries and affiliates of Kubanenergo" engaged in non-core activities for the 1st half of 2012.

It is proposed to adopt the following decision:

I. To take into consideration the report on the management of subsidiaries and affiliates of Kubanenergo" engaged in non-core activities for the 1st half of 2012, in accordance with annex 12 to the decision of the BoD..

II. To mark on:

“Recreation centre Plamya” JSC

1. In the second quarter of 2012 there was an increase in loss at 15.8 times (-30 thousand rubles in previous period and -473 thousand rubles in the 2nd quarter of 2012). The income from sale during 6 months of 2012 amounted 855 thousand rubles, which 1 732 thousand rubles (or 66.95%) less in comparison with the same period of 2011.

2. Company’s business-plan for 2012 was not approved.

3. By the results of 6 months of company’s activity:

3.1. reduce in net assets up to 11 539 thousand rubles (by – 3.94%);

3.2. decrease in indicators:

- non-current assets up to 17 856 thousand rubles (by - 1,55%);

3.2. increase in indicators:

- accounts receivable up to 97 thousand rubles (by 10.23%);

“Recreation centre “Energetik” JSC

1. In the second quarter of 2012 there was an decrease in loss at 10.38% (from (-6 587) thousand rubles to (-5 903) thousand rubles). The income from sale during 6 months of 2012 amounted 11 669 thousand rubles, which 344 thousand rubles (or 3.04%) more in comparison with the same period of 2011.

2. Implementation of indicators on income and net profit planned in the 2nd quarter of 2012 in accordance with business-plan (the Company’s business-plan

was approved with negative financial result).

3. By the results of 6 months of company's activity:

3.1. reduce in net assets up to 36 056 thousand rubles (by - 13,78%), which lower than the charter capital;

3.2. decrease in indicators:

- non-current assets up to 38 045 thousand rubles (by - 1,10%);

3.3. increase in indicators:

- accounts payable up to 26 285 thousand rubles (by 633,81%);

“Energoseris Kuban” JSC

1. In the 2nd quarter of 2012 the company gained profit in amount of 7 822 thousand rubles by contrast with the loss (-324) thousand rubles in 2011. The income from sale during 6 months of 2012 amounted 13 596 thousand rubles, which is 13 343 thousand rubles (or 53.7 times) more in comparison to the same period of 2011.

1. Implementation of indicators on income and net profit planned in the 2nd quarter of 2012 in accordance with business-plan.

2. By the results of 6 months of company's activity:

2.1. Increase in net assets up to 9 597 thousand rubles (by 440.68%);

2.2. Increase of indicator:

- accounts receivable up to 10 002 thousand rubles (by 1 453.11%);

- accounts payable up to 2 369 thousand rubles (by 94.66%);

III. To instruct director general of “Kubanenergo” JSC:

1. To proceed on activity aimed to improve the financial situation of “Energoservis Kuban” JSC and “Recreation centre “Energetik” JSC and to ensure the break-even activity of “Recreation centre “Energetik” JSC by the results of 2012;

2. To take again measures aimed to improve the financial situation of “Recreation centre Plamya” JSC, make the profit and ensure the break-even activity by the results of 2012; on the measures taken the director general should announce in the form of report on management at affiliated and depended companies that perform non-core types of activities.

Voting results

Budagrın O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

15. On approval of contract on shipment dated 14.12.2011 № 407/30-1411 between “Kubanenergo” and “Moskabelsetmontazh” JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ “On Joint Stock Companies” (hereafter – federal law “On Joint Stock

Companies”) the transaction between Kubanenergo JSC and “Moskabelsetmontazh” JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares, as its affiliated company and “Moskabelsetmontazh” JSC is a party of transaction.

In accordance with paragraph 3 article 81 of Federal law “On Joint Stock Companies” decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company’s affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law “On Joint Stock Companies” as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1. To determine the price of the contract between “Kubanenergo” and “Moskabelsetmontazh” JSC in amount of 112 868 397 (one hundred twelve million eight hundred sixty eight thousand three hundred ninety seven) rubles 63 kopeks, including 18% VAT - 17 217 213 (seventeen million two hundred seventeen thousand two hundred thirteen) rubles 20 kopeks.

2. To approve the contract on shipment between “Kubanenergo” and “Moskabelsetmontazh” JSC (hereafter - the Contract, annex 13 to the BoD decision) as transaction of interest on the following terms:

Contract parties: the Buyer – Kubanenergo JSC, the Supplier - “Moskabelsetmontazh” JSC

Subject of the Contract:

The Supplier is obliged to deliver and transfer during the validity of the Contract to the ownership of the Buyer, and the Buyer is obliged to receive and pay for the 110kV voltage cable, single-ended and connecting couplings for the needs of Sochinskiye electric grids of Kubanenergo JSC for the project: “110kV Cable and overhead lines for power delivery from Sochi Thermal Station to Khosta substation (design and survey works, construction)” (paragraph 146 of RF order No. 991 dd 29.12.2007 “On programme of construction of Olympic venues and development of Sochi as mountain and climatic resort”, hereafter referred as “the goods”, in accordance with e attached Specification (annex 1 to the Contact), which is the integral part of the Contract, on the terms specified by the Contract.

Contract price: The total sum of supplies (hereafter – Contract price) is final and is not subject to changes and amounts to 112 868 397 (one hundred twelve million eight hundred sixty eight thousand three hundred ninety seven) rubles 63 kopeks, including 18% VAT - 17 217 213 (seventeen million two hundred seventeen thousand two hundred thirteen) rubles 20 kopeks.

Responsibility of the Parties:

The goods should be delivered and/or services performed by the Supplier in accordance with the Schedule of supply (annex 2 to the Contract).

For delay in delivery/failure to supply goods or delivery of defective Goods, the Buyer has the right to require from the Supplier the payment of penalty equal to 0.5% of the value of undelivered/not delivered (products of good quality) for each day of delay. The total period of accrual of fines may not exceed three (3) months from the date of violation of the Agreement by the Supplier.

Apart from the abovementioned, the Buyer has the right to terminate the Agreement in the manner provided p.9.2 of the Contract.

In case of exceed of the delivery time over 30 (thirty) calendar days, the Buyer has the right to require from the Supplier payment, in addition to paragraph 7.2 of the Contract, of a fine amounting 10 (ten)% of the value of undelivered Goods.

In case of exceed of the delivery time over 60 (sixty) calendar days Buyer in addition to the sanctions specified in to paragraph 7.2 and 7.3 of the Contract, may require from the Supplier to pay fine of 5 (five) of the value of undelivered / delivered Goods.

If the Supplier fails to fulfill its obligations under paragraph the 6.4 of the Contract, the Buyer has the right to remove all the shortcomings identified during the warranty period established for the Goods at the expense of Supplier, either at its own expense, with the laying on Supplier all expenses incurred, and, in addition, to recover from the last penalty of 30 (thirty) % of the remedial work.

In the case of misuse of advance payment (of its any part) the Buyer may:

- demand from the Supplier to pay a penalty equal to 5% from the misused sum;
- in addition to the abovementioned, to recover from Supplier the sum of the transferred advance payment together with interest at the rate of 0.2% of the amount of advance payment for each day of the advance payment;
- terminate the contract unilaterally and still charge the amount from the Supplier the sum of the abovementioned sanctions.

When attracting the Supplier to fulfill obligations under the Contract sub-suppliers/subcontractors, inconsistent with the Buyer in the manner specified in paragraph 4.12 of the Contract, the Supplier shall pay a fine in the amount of 5% of the contract price.

For violation by the Buyer of the maturity payment under the Contract the Supplier may charge the Buyer interest on borrowed funds in the amount of 1/300 daily CBR refinancing rate (Article 395 of the Civil Code), the total time charges may not exceed three (3) months after the violation of the Agreement by the Buyer.

The payment of interest and penalties shall be made within 20 (twenty) working days from the date of the relevant claim, on the basis of a separate invoice. In this case, the Buyer has the right to unilaterally hold these penalties and by reducing the total amount of payments under the Contract.

The Party may unilaterally (by a simple written notice) reduce the penalty (to zero) that it is entitled to charge to the other party, as well as the period incurred. Furthermore, such notice will be an integral part of the Contract from the date

specified in the notice, and the Contract will be applied to the extent not contrary to such notification.

Losses incurred by a Party shall be reimbursed in full, above the penalty (fine, penalty).

Payment of sanctions does not relieve the parties from the obligations under the Contract.

Term of the Contract:

The Contract comes into force upon the signature and shall be valid until the parties fulfill their obligations under the Contract.

Buyer may at any time terminate this Contract by written notice to the Supplier in fifteen (15) calendar days.

Disputes settlement:

If no agreement is reached between the parties in out of court (by way of a claim) way, all disputes, controversies and claims arising out of or in connection with it, including those related to its conclusion, modification, performance, breach, termination and validity shall be settled by arbitration of the Non-Profit Partnership "The association of organizations engaged in the construction, reconstruction and repair of power facilities, networks and substations "ENERGOSTROY" in accordance with its rules effect as of the date of filing of the complaint. The decisions of this court of arbitration shall be binding, final and not subject to contestation.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Diyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
			Nikonov V.V.	-	ABSTAINED

Thus, the decision on the fifteenth item was adopted by majority of independent directors that do not have interest in the transaction.

16. On approval of the supplementary agreement to the delivery of 14.12.2011 № 407/30-1411, "Kubanenergo" JSC and "Moskabelsetmontazh" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "Moskabelsetmontazh" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares, as its affiliated company and "Moskabelsetmontazh" JSC is a party of transaction.

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

To approve the supplementary agreement to the delivery of 14.12.2011 № 407/30-1411, OAO "Kubanenergo" and "Moskabelsetmontazh" JSC as a transaction of interest, in accordance with annex 14 to the BoD decision.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Diyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
			Nikonov V.V.	-	ABSTAINED

Thus, the decision on the sixteenth item was adopted by majority of independent directors that do not have interest in the transaction.

17. On approval of the framework agreement between the "Kubanenergo" and "Moskabelsetmontazh" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "Moskabelsetmontazh" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares, as its affiliated company and "Moskabelsetmontazh" JSC is a party of transaction.

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1.To approve the framework agreement between the "Kubanenergo" and "Moskabelsetmontazh" JSC as a transaction of interest (annex 15 to the BoD

decision) on the following terms:

Contract Parties: Customer – “Kubanenergo” JSC; Supplier - "Moskabelsetmontazh" JSC.

Subject of the Agreement: The parties express their intention from December 1, 2011 to December 31, 2011 when determining the Supplier as a winner of closed price inquiries organized by the customer, to make a series of legal actions and transactions to meet the needs of the Customer for implementation of the delivery of goods (products).

The Customer shall within the period specified in paragraph 2.1 of the Agreement invite the Supplier, along with other persons with whom the results of open competitive negotiations was concluded similar framework agreement to participate in the procurement of goods, held in a competitive way - closed request for prices / offers.

For each order of Goods or multiple orders a separate procedure of closed request prices should be conducted.

Dates for this procedure are determined independently by the Customer.

Initial (marginal) price of the lot (the Agreement) is defined by the Customer for each order (s) and should not exceed the price approved in project and design documentation

Technical specifications for the supply of products (goods) of the Treaty should be developed for each customer order.

Supplier shall, within the period specified in paragraph 2.1 of the Agreement, to take part in the ongoing customer query close prices (including - submit its proposal on the terms and conditions defined by the documentation for the query close price), if he will be invited to this request.

Prices announced by the Supplier in a closed request must be calculated at a price not higher than the limit that had been previously announced by the Supplier on the stage of open competitive negotiations for the same products (offer price per unit of output).

Term of Agreement:

The Agreement comes into force upon the signature and shall act until the Parties fulfill their obligations. This Agreement applies to the relations between the parties effective from December 1, 2011

Disputes settlement:

All disputes and / or disagreements that may arise from the Agreement or related to it shall be settled by negotiation between the Parties. The claim is directed to the counterparty under the Agreement with the documents confirming the stated requirements. If the Parties fail to reach an agreement within thirty (30) calendar days after receipt of the claim by one of party against the other party, the dispute shall be settled by arbitration of the Non-Profit Partnership "The association of organizations engaged in the construction, reconstruction and repair of power facilities, networks and substations “ENERGOSTROY” in accordance with its rules effect as of the date of filing of the complaint.

Voting results

Goncharov V.A. - FOR

Prokhorov Ye.V. - FOR

Diyakov F.A. - FOR

Romeiko D.I. - FOR

Nikonov V.V. - ABSTAINED

Thus, the decision on the seventeenth item was adopted by majority of independent directors that do not have interest in the transaction.

18. On approval of the agreement on cooperation for the prevention and management of accidents at energy facilities between "Kubanenergo" and JSC "IDGC of Volga" as a transaction of interest.

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

- the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares
- for Muriv A.E. who is member of management body (BoD) of "IDGC of Volga" JSC

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

To approve the agreement on cooperation for the prevention and elimination of consequences of accidents at energy facilities concluded by "IDGC of Volga" JSC and "Kubanenergo" JSC as transaction of interest on the following terms:

Parties of the Agreement:

"IDGC of Volga" JSC and "Kubanenergo" JSC

Subject of the Agreement:

The agreement is the relationship of the Parties for the prevention and elimination of accidents at energy facilities caused by the damage to equipment (including natural disasters), and the need to disconnect power supply to eliminate the threat to life and health, and other reasons the responsibility area of the Parties.

The concept (definition) of the accident is understood in the sense in which it is treated by the Rules of investigating the causes of accidents in the electric power

industry, approved by the Decree of the RF Government on October 28, 2009 No. 846.

The agreement is concluded for taking the promptly organized response to restore the power grid facilities for the normalization of power supply and prevention of possible damage to property of electricity consumers and other subjects of power industry. Parties in their activity are governed by the laws and other regulations of the Russian Federation, governing the organization and by the procedure of functioning of the wholesale and retail electricity markets, and by the Agreement.

Responsibility of the Parties: For any failure to perform its obligations under this Agreement the Parties shall be liable in accordance with the legislation of the Russian Federation.

Term of Agreement:

The Agreement shall enter into force upon signature and shall be valid until 01 December 2012.

If none of the parties declare the termination of the Agreement in thirty (30) days prior to the date of its expiration, the Agreement shall be extended for a year.

Performance time: Terms of implementation of works at facility are defined directly while the organization of work, the actual time of work and the number of employed in the work of personnel and material resources will be determined in a separate agreement with all necessary documents (acceptance certificates, invoices, etc). The contract is concluded by the parties on a standard form.

Disputes settlement: All disputes related to the implementation of the Agreement, the Parties shall solve by negotiation. Outstanding in the negotiations disputes are resolved in accordance with the legislation of the Russian Federation.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Diyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
			Nikonov V.V.	-	ABSTAINED

Thus, the decision on the eighteenth item was adopted by majority of independent directors that do not have interest in the transaction.

19. On approval of the agreement on cooperation for the prevention and management of accidents at energy facilities between "Kubanenergo" and JSC "IDGC of the North Caucasus" as a transaction of interest.

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

- the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares
- for Demidov A.V., Likhov Kh.M., Dyakov F.A., Romeiko D.I. that are members of management body (BoD) of "IDGC of North Caucasus" JSC

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Demidov A.V., Likhov Kh.M., Dyakov F.A., Romeiko D.I. Budagrin O.M., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

To approve the agreement on cooperation for the prevention and management of accidents at energy facilities between "Kubanenergo" and JSC "IDGC of the North Caucasus" as a transaction of interest on the following terms:

Parties:

"IDGC of the North Caucasus" JSC

"Kubanenergo" JSC

Subject of Agreement:

The agreement is the relationship of the Parties for the prevention and elimination of accidents at energy facilities caused by the damage to equipment (including natural disasters), and the need to disconnect power supply to eliminate the threat to life and health, and other reasons the responsibility area of the Parties.

The concept (definition) of the accident is understood in the sense in which it is treated by the Rules of investigating the causes of accidents in the electric power industry, approved by the Decree of the RF Government on October 28, 2009 No. 846.

The agreement is concluded for taking the promptly organized response to restore the power grid facilities for the normalization of power supply and prevention of possible damage to property of electricity consumers and other subjects of power industry. Parties in their activity are governed by the laws and other regulations of the Russian Federation, governing the organization and by the procedure of functioning of the wholesale and retail electricity markets, and by the Agreement.

Responsibility of the Parties: For any failure to perform its obligations under this Agreement the Parties shall be liable in accordance with the legislation of the Russian Federation.

Term of Agreement:

The Agreement shall enter into force upon signature and shall be valid until 01 December 2012.

If none of the parties declare the termination of the Agreement in thirty (30) days prior to the date of its expiration, the Agreement shall be extended for a year.

Performance time:

Terms of implementation of works at facility are defined directly while the organization of work, the actual time of work and the number of employed in the

work of personnel and material resources will be determined in a separate agreement with all necessary documents (acceptance certificates, invoices, etc). The contract is concluded by the parties on a standard form.

Disputes settlement:

All disputes related to the implementation of the Agreement, the Parties shall solve by negotiation. Outstanding in the negotiations disputes are resolved in accordance with the legislation of the Russian Federation.

Voting results

Goncharov V.A. - FOR Prokhorov Ye.V. - FOR
Nikonov V.V. - ABSTAINED

Thus, the decision on the nineteenth item was not adopted.

20. On approval of the contract for works on the metrological certification of measuring channels of telemetry of branch "Kubanenergo" Sochi electrical network between "Kubanenergo" and "Southern centre of power engineering" as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "Southern centre of power engineering" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares.

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrın O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrın O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1. To fix the price of contract for works on the metrological certification of measuring channels of telemetry of branch "Kubanenergo" Sochi electrical network between "Kubanenergo" and "Southern centre of power engineering" as a transaction of interest – 1 861 625.83 (one million eight hundred sixty one thousand six hundred twenty five) rubles 83 kopeks, including VAT 18% in amount of 283 976.82 (two hundred eighty three thousand nine hundred seventy six) rubles 82 kopeks.

2. To approve the contract for works on the metrological certification of measuring

channels of telemetry of branch "Kubanenergo" Sochi electrical network between "Kubanenergo" and "Southern centre of power engineering" as a transaction of interest on the following terms:

Contract parties: Customer - "Kubanenergo" JSC; Executer - "Southern centre of power engineering" JSC.

Subject of the Contract: The Executer undertakes to perform and the Customer – to pay for the following work: metrological certification of measuring channels of telemetry of branch "Kubanenergo" Sochi electrical network.

Contract price: For the works performed the Customer pays to the Executer 1 861 625.83 (one million eight hundred sixty one thousand six hundred twenty five) rubles 83 kopeks, including VAT 18% in amount of 283 976.82 (two hundred eighty three thousand nine hundred seventy six) rubles 82 kopeks.

Performance term: start of the work - September 2012; deadline - 31.12.2012.

Term of the Contract: The Contract comes into force upon the signature and is valid until the Parties fulfill all the obligations undertaken.

Responsibility of the Parties: The parties are answerable for non-fulfillment or improper fulfillment of their obligations in accordance with RF legislation.

Disputes settlement: All disputes and disagreements between the Customer and the executer should be settled by negotiations. In case of failure to resolve the dispute by negotiations the Parties should apply to Arbitrage of Krasnodar region.

Voting results

Goncharov V.A. - FOR Prokhorov Ye.V - FOR

Dyakov F.A. - FOR Romeiko D.I. - FOR

Thus, the decision on the twentieth item was adopted by majority of independent directors that do not have interest in the transaction.

21. On approval of the contract for works on the metrological certification of measuring channels of automated information-measuring system of technical metering at branch of "Kubanenergo" South-Western Power network between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "Southern centre of power engineering" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares.

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1. To determine the price of the contract on metrological certification of measuring channels of automated information and measuring system of "Kubanenergo" branch - Sochi electric networks concluded by Kubanenergo and "Southern centre of power engineering" JSC as a transaction of interest in the amount of 1 861 625.83 (one million eight hundred sixty-one thousand six hundred twenty-five) rubles 83 kopeks, including 18% VAT in the amount of 283 976.82 (two hundred eighty-three thousand nine hundred seventy-six) rubles 82 kopeks.

2. To approve the contract for works on metrological certification of measuring channels of automated information and measuring system of "Kubanenergo" branch - Sochi electric networks concluded on the following terms and conditions:

Contract parties: Customer - "Kubanenergo", Contractor - "Southern centre of power engineering" JSC

Subject of the Contract: The Contractor shall perform and the Customer accept and pay for the works on metrological certification of measuring channels of automated information and measuring system of branch of Kubanenergo "Sochi Electric Networks".

Contract price: For the works of the Customer shall pay to the Contractor 1 861 625.83 (one million eight hundred sixty-one thousand six hundred twenty-five) rubles 83 kopeks, including 18% VAT in the amount of 283 976.82 (two hundred eighty-three thousand nine hundred seventy-six) rubles 82 kopeks.

Performance time: beginning of work - September 2012, end of work - 31.12.2012

Term of the Contract: The Contract comes into force upon the signature and shall continue until the Parties fulfill their obligations.

Responsibility of the Parties: Parties are responsible for any failure to perform its obligations under the Contract in accordance with RF law.

Disputes settlement: All disputes and disagreements arising between the Customer and the Contractor under this Agreement or in connection herewith shall be settled by negotiation between them. In the case of failure to settle disputes through negotiations, they shall be referred to the Arbitration Court of Krasnodar region.

Voting results

Goncharov V.A. - FOR Prokhorov Ye.V - FOR

Dyakov F.A. - FOR Romeiko D.I. - FOR

Nikonov V.V. - ABSTAINED

Thus, the decision on the twenty-first item was adopted by majority of independent directors that do not have interest in the transaction.

22. On approval of the additional agreement to the contract on audit supervision from 26.09.2011 № 039.11.25/407/30-1150 between

"Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "Southern centre of power engineering" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares.

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

To approve the additional agreement to the contract on audit supervision from 26.09.2011 № 039.11.25/407/30-1150 between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest, in accordance with annex 16 to the BoD decision.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V	-	FOR
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
Nikonov V.V.	-	ABSTAINED			

Thus, the decision on the twenty-second item was adopted by majority of independent directors that do not have interest in the transaction.

23. On approval of the additional agreement to the contract for field supervision from 26.09.2011 years № 040.11.25/407/30-1151 between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "Southern centre of power engineering" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares.

In accordance with paragraph 3 article 81 of Federal law “On Joint Stock Companies” decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company’s affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law “On Joint Stock Companies” as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

To approve the additional agreement to the contract for field supervision from 26.09.2011 years № 040.11.25/407/30-1151 between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest , in accordance with annex 17 to the BoD decision.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V	-	FOR
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
Nikonov V.V.	-	ABSTAINED			

Thus, the decision on the twenty-third item was adopted by majority of independent directors that do not have interest in the transaction.

24. On approval of the agreement for the field supervision between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ “On Joint Stock Companies” (hereafter – federal law “On Joint Stock Companies”) the transaction between Kubanenergo JSC and "Southern centre of power engineering" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares.

In accordance with paragraph 3 article 81 of Federal law “On Joint Stock Companies” decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company’s affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in

accordance with paragraph 3 article 81 of Federal law “On Joint Stock Companies” as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1. To determine the price of an Agreement for the field supervision between “Kubanenergo” and "Southern centre of power engineering" JSC as a transaction in which there is interest in the amount of 299,721 (two hundred ninety-nine thousand seven hundred twenty-one) ruble kopeks 53, including VAT 18 %: 45 720 (forty-five thousand seven hundred twenty) rubles 23 kopeks.

2. To approve the Contract on field supervision between “Kubanenergo” and "Southern centre of power engineering" JSC (hereinafter the Agreement) as a transaction of interest on the following terms and conditions:

Contract parties: Customer –“Kubanenergo”, Contractor - "Southern centre of power engineering" JSC

Subject of the Contract: The Contractor according to the task of the Customer undertakes to perform in accordance with the rules and regulations of the Russian Federation the supervision of construction of on the project “Reconstruction of 110 kV “Gelendzhik” substation (2nd start-up complex. Stage 2) (code 158.07 .21).

Contract price: The cost of the works specified in paragraph 1.1 of the Agreement shall be determined on the basis of estimates (Appendix 1 to the Agreement) and is 299 721.53 (two hundred ninety-nine thousand seven hundred twenty-one) rubles 53 kopeks, including 18% VAT: 45 720.23 (forty-five thousand seven hundred and twenty) rubles 23 kopeks.

Responsibility of the Parties: Parties are responsible for any failure to perform its contractual obligations in accordance with the legislation of the Russian Federation.

In the event of a breach by one of the party the aggrieved party has the right to claim the recovery of damages in the amount not exceeding the cost of the work under the Agreement.

Delivery time: Commencement - May 2012, completion of works – upon the completion of construction works.

Term of the Contract: The contract enters into force upon the signature and is valid until the parties fulfill their obligations and is applied to the parties starting from 01.05.2012.

Disputes settlement: Disputes and disagreements arising under the Agreement and in connection with it shall be resolved through negotiations. In case of failure to reach the agreement the parties should apply to the arbitration court of the location of the plaintiff.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V	-	FOR
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
Nikonov V.V.	-	ABSTAINED			

Thus, the decision on the twenty-fourth item was adopted by majority of independent directors that do not have interest in the transaction.

25. On approval of the agreement for the field supervision between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "Southern centre of power engineering" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares.

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1. To determine the price of an Agreement for the field supervision between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction in which there is interest in the amount of 406616.20 (four hundred six thousand six hundred sixty six) rubles 20 kopeks, including VAT 18 %: 62 026.20 (sixty two thousand twenty six) rubles 20 kopeks.

2. To approve the Contract on field supervision between "Kubanenergo" and "Southern centre of power engineering" JSC (hereinafter the Agreement) as a transaction of interest on the following terms and conditions:

Contract parties: Customer – "Kubanenergo", Contractor - "Southern centre of power engineering" JSC

Subject of the Contract: The Contractor according to the task of the Customer undertakes to perform in accordance with the rules and regulations of the Russian Federation the supervision of construction of on the project "Modernization of 110kV grid adjoined to the substation 220kV Buzhora" (1st stage, construction) (code 071.10.21).

Contract price: The cost of the works specified in paragraph 1.1 of the Agreement shall be determined on the basis of estimates (Appendix 1 to the Agreement) and is (four hundred six thousand six hundred sixty six) rubles 20 kopeks, including VAT 18 %: 62 026.20 (sixty two thousand twenty six) rubles 20 kopeks.

Responsibility of the Parties: Parties are responsible for any failure to perform its contractual obligations in accordance with the legislation of the Russian Federation.

In the event of a breach by one of the party the aggrieved party has the right to claim the recovery of damages in the amount not exceeding the cost of the work under the Agreement.

Delivery time: Commencement - June 2012, completion of works – upon the completion of construction works.

Term of the Contract: The contract enters into force upon the signature and is valid until the parties fulfill their obligations and is applied to the parties starting from 01.06.2012.

Disputes settlement: Disputes and disagreements arising under the Agreement and in connection with it shall be resolved through negotiations. In case of failure to reach the agreement the parties should apply to the arbitration court of the location of the plaintiff.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V	-	FOR
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
Nikonov V.V.	-	ABSTAINED			

Thus, the decision on the twenty-fifth item was adopted by majority of independent directors that do not have interest in the transaction.

26. On approval of the agreement on the development work from 19.10.2011 № 07.11.25/407/30-1233 between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ “On Joint Stock Companies” (hereafter – federal law “On Joint Stock Companies”) the transaction between Kubanenergo JSC and "Southern centre of power engineering" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares.

In accordance with paragraph 3 article 81 of Federal law “On Joint Stock Companies” decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company’s affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law “On Joint Stock Companies” as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1. To determine the price of the contract for design and survey works from 19.10.2011 No. 077.11.25/407/30-1233 between “Kubanenergo” and "Southern centre of power engineering" JSC as a transaction of interest in the amount of 162 669 801 (one hundred sixty-two million six hundred sixty-nine thousand eight hundred and one) ruble 50 kopeks, including 18% VAT - 24,814,037 (twenty-four million eight hundred and fourteen thousand and thirty-seven) rubles 52 kopeks.

2. To approve the contract for design and survey works from 19.10.2011 No. 077.11.25/407/30-1233 between “Kubanenergo” and "Southern centre of power engineering" JSC as a transaction (hereinafter the Agreement, Annex 18 to the BoD decision) of interest on the following conditions:

Contract parties: Customer – “Kubanenergo”, Contractor - "Southern centre of power engineering" JSC

Subject of the Contract: According to the Customer’s tasks Contractor shall at its own resources and/or by the subcontractor perform the design and survey work on the project "City distribution network (design and survey works, reconstruction and construction). Construction and reconstruction of 0.4-10 kV distribution network of Sochi Distribution Zone (area of 110 kV "Vereshchagin" substation to the site of new 110 kV "Bocharov Ruchey" substation), 2nd stage”, ensure the correspondence of the technical/design and estimate documentation, which is the result of the contract, to the relevant state authorities and local self-government, including the receipt of a positive opinion from the state expertise on project documentation, as well as on behalf of the Customer, to exercise supervision over the construction process. Customer shall accept the result of work and pay for the work performed in the manner and amount provided for by the contract.

Contract price: the Contract price is 162,669,801 (one hundred sixty-two million six hundred sixty-nine thousand eight hundred and one) ruble kopeks 50, including 18% VAT - 24,814,037 (twenty-four million eight hundred and fourteen thousand and thirty-seven) rubles 52 kopeks.

Performance time: Starting of works under the Contract in accordance with the timetable (Annex 2 to the Contract) – upon the signature.

Completion date of contract work - by 31.08.2012

Start and end dates of work for each step (if the stages of work are stipulated) are indicated in schedules.

Completion of the work under the Contract / stage of work is the date Parties have signed the contract work in general / on stage.

Term of the Contract: The contract is effective from the date of its signing until the Parties fulfill their obligations.

Disputes settlement: In case no agreement is reached between the parties out of court (by way of a claim), all disputes, controversies and claims arising out of the contract or in connection with it, including those related to its conclusion, changing, performance, termination, cessation and validity should be settled in the Court of Arbitration of Non-Profit Partnership “The association of organizations engaged in construction, reconstruction and repair of power facilities, networks and substations” “ENERGOSTROY” in accordance with its rules effective as of

the date of filing of the complaint. The decisions of this court of arbitration shall be binding, final and not subject to contestation.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V	-	FOR
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
Nikonov V.V.	-	ABSTAINED			

Thus, the decision on the twenty-fifth item was adopted by majority of independent directors that do not have interest in the transaction.

27. On approval of the additional agreement to the contract on design and survey works from 19.10.2011 № 07.11.25/407/30-1233 between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "Southern centre of power engineering" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares.

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

To approve the additional agreement No.6 to the contract on design and survey works from 19.10.2011 № 07.11.25/407/30-1233 between "Kubanenergo" and "Southern centre of power engineering" JSC as a transaction of interest, in accordance with the annex 19 to the BoD decision.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V	-	FOR
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
Nikonov V.V.	-	ABSTAINED			

Thus, the decision on the twenty-seventh item was adopted by majority of independent directors that do not have interest in the transaction.

28. On approval of the supplementary agreement to the lease contract dated 29.12.2006 № 252/407/30-46 between "Kubanenergo" and "UES FGC" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "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:

- the owning more than 20% of voting shares shareholder of the Company – IDGC Holding JSC which affiliates are members of BoD - Fyodorov D.V., Kravchenko V.M. and hold positions in management bodies of FGC UES JSC, which the party of transaction;
- FGC UES JSC is the party of transaction
- Budagrin O.M member of the Company BoD who occupies position in management body of FGC UES JSC (Chairperson of Management Board)

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1. To determine the monthly rent of immovable property transferred by Kubanenergo JSC to FGC UES JSC: 2 429.00 (two thousand four hundred twenty nine) rubles 00 kopecks, including VAT 18% - 370.53 (three hundred seventy) rubles 53 kopecks kopecks, in accordance with the supplementary agreement to the lease contract dated 29.12.2006 № 252/407/30-46 between "Kubanenergo" and "UES FGC" JSC as a transaction of interest.

2. To approve the supplementary agreement to the lease contract dated 29.12.2006 № 252/407/30-46 between "Kubanenergo" and "UES FGC" JSC as a transaction of interest, in accordance with the annex 20 to the BoD decision.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V	-	FOR
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
Nikonov V.V.	-	ABSTAINED			

Thus, the decision on the twenty-eighth item was adopted by majority of independent directors that do not have interest in the transaction.

29. On approval of the lease contract between "Kubanenergo" and "P/O "Energetic" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "P/O "Energetic" JSC is considered as transaction of interest for:

- the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares
- Belik V.A., member of Management Board of Kubanenergo JSC, who occupies the position in management bodies of "P/O "Energetic" JSC, which the party of transaction.

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1. To determine the monthly rent on the lease contract between "Kubanenergo" and "P/O" "Energetik" JSC – 27 450,00 (twenty seven thousand four hundred fifty) rubles 00 kopeks, including VAT: 4 187.29 (four thousand one hundred eighty-seven) rubles 29 kopeks.

In addition, the tenant is obliged to pay for the utility, maintenance, and other administrative and business services related to the operation of facilities. Payment for these services is not included in the set rent.

The cost of rent and utilities operating and administrative costs may not exceed 2 percent of the book value of the Company according to its financial statements for the latest reporting date preceding the adoption of this decision.

2. To approve the lease contract between "Kubanenergo" and "P/O" "Energetik" JSC as a transaction of interest on the following terms and conditions:

Contract parties: Lessor – "Kubanenergo", Lessee - "P/O" "Energetik" JSC

Subject of the Contract: Lessor transfers and the Lessee accepts for temporary use for a fee a real estate:

- Hotel building, letter "F", the total area of 156 square meters;
- The building of the toilet, letter "I", the total area of 28.1 square meters located at the city of Gelendzhik, p. Divnomorskoe st. Pioneer, 4 (hereinafter - the "facilities"). Purpose of use - for business

Contract price: The amount of the monthly rent for the facility is 27 450,00 (twenty seven thousand four hundred fifty) rubles 00 kopeks, including VAT: 4 187.29 (four thousand one hundred and eighty-seven) rubles 29 kopeks.

In addition, the tenant is obliged to pay for the utility, maintenance, and other administrative and business services related to the operation of facilities. Payment for these services is not included in the set rent.

Term of the Contract: The Contract comes into force upon the signature and shall be valid for 11 months.

If none of the parties 30 days before the expiration of the contract in writing notify the other Party of its intention to terminate the contract, it is deemed to be extended for the same period on the same conditions.

Responsibility of the Parties: For failure to pay the rent of the provision, the tenant paid the penalty of 0.1% of the outstanding amount for each day starting from the day following the date of occurrence of the obligation to pay.

In case if the Lessor does not provide the Facility to the Lessee, the Lessor shall pay a fine in the amount of 1/300 refinancing rate of RF Central Bank for each day, beginning on the day following the date of occurrence of the obligation to provide the facility.

In case of deterioration of the technical condition of the Lessee to the Lessor shall reimburse such deterioration caused him damage. The extent of damage is determined by an independent expert. Payment for services of an independent expert made at the expense of Lessee.

Disputes settlement: All disputes or disagreements arising between the parties of the contract shall be settled via negotiations.

In the case of failure to settle disputes or disagreements via negotiations, they shall apply to the Arbitration Court of Krasnodar region.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V	-	FOR
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
Nikonov V.V.	-	ABSTAINED			

Thus, the decision on the twenty-ninth item was adopted by majority of independent directors that do not have interest in the transaction.

30. On approval of the Agreement on the engineering development between "Kubanenergo" and "Scientific and Research Center of IDGC" as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "Scientific and Research Center of IDGC" JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrın O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrın O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

To defer the discussion to a later date

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V	-	FOR
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
Nikonov V.V.	-	ABSTAINED			

Thus, the decision on the thirtieth item was adopted by majority of independent directors that do not have interest in the transaction.

31. On approval of contract on rendering services on the examination documents which justify the level of losses in electric power networks between "Kubanenergo" and "Scientific and Research Center of IDGC" as a transaction of interest

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "Scientific and Research Center of IDGC"JSC is considered as transaction of interest for the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrın O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrın O.M., Demidov A.V., Murov A.E. and Sultanov G.A. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1. To determine the price of service contract for the examination of papers which justify the losses in electric power networks concluded by “Kubanenergo” and “Scientific and Research Center of IDGC” as a transaction in which there is interest in the amount of 1 490 733.74 (one million four hundred ninety thousand seven hundred thirty-three) rubles 74 kopeks, including VAT (18%) - 227 400.06 (two hundred twenty seven thousand four hundred) rubles 06 kopeks.

2. To approve the service contract for the examination papers which justify the losses in electric power networks concluded by Kubanenergo and “Scientific and Research Center of IDGC” JSC (hereinafter the Contract) as a transaction of interest on the following terms and conditions:

Contract parties: Customer: “Kubanenergo” JSC, executor: “Scientific and Research Center of IDGC” JSC

Subject of the Contract:

1. The Contractor shall provide to the Customer the following services:

1.1. To conduct the examination of documents that justify the losses of electricity at the transmission in power grids of “Kubanenergo” (grids of the Customer) submitted for approval to the RF Ministry of Energy, in accordance with the Order of RF Government "On the Ministry of Energy of the Russian Federation» No. 400 dated 28.05 .2008, and in accordance with the Administrative Regulations of the Ministry of Industry and Energy of the Russian Federation on the state function according to standards of technical losses of electricity during transmission on power No. 470 (hereinafter - Regulations);

1.2. To prepare an expert opinion on the correspondence of the instructions on the organization at the Ministry of Energy of the Russian Federation of the calculation and justification of losses at transmission of electricity to power grids approved by the Order of the RF Ministry of Energy on 30.12.2008 No. 326;

1.3. To take part in the consideration and approval at the Ministry of Energy Russian the standards on losses of electricity in transmission grids on the customer.

2. The customer agrees to accept in the absence of defects services referred to in paragraph 1. Rendered in accordance with the requirements of the Treaty, and fully pay to the services rendered under the terms of the Agreement.

Contract price: The total cost of the services under the Contract is 1 490 733.74 (one million four hundred and ninety thousand seven hundred thirty-three) rubles 74 kopeks, including VAT (18%) - 227 400.06 (two hundred twenty seven thousand four hundred) rubles 06 kopeks in accordance with the Agreement on the contract price.

Responsibility of the Parties:

In case of violation of the terms of payment, the Contractor may submit, and the Customer is obliged to pay the fine at the rate of one three hundredth of the refinancing rate of the Central Bank of the delayed amount paid for each day of delay.

Responsibility of the Contractor:

In case of violation of the original terms of services that have occurred due to the fault of the Contractor, the Contractor shall pay to the customer a penalty of one

three-hundredth of the Central Bank refinancing rate for each day of delay subject to the fulfillment of obligations of the contract value.

In case of submission of any information, and (or) the information required in accordance with the Regulations for the execution of the Agreement, to the Contractor in full volume (and / or incorrect information), in the form of unknown and (or) out of time, the Contractor is not responsible for incomplete, untimely and inadequate quality of services rendered.

Contractor is not responsible for the conclusions drawn on the basis of documents and information provided by the customer, containing inaccurate information, except when the Contractor in accordance with their level of professionalism was able to detect false information.

The use of measures of responsibility does not relieve the parties to fulfill their obligations under the Treaty.

Terms of services:

Contractor by the result of rendering services shall submit to the customer within 35 (thirty five) working days of receipt of the advance the following documents:

- expert opinion on materials of the customer, justifying the normative of technical losses of electricity;
- extract from the order of RF Ministry of Energy with the approved standards of technical losses of electricity.

Contractor reserves the right to early render the services under the Contract.

Term of services under the Contract may be extended by agreement of the Parties, which shall be in the form of a supplementary agreement to the contract.

Disputes settlement: All disputes and disagreements which may arise between the Parties shall be settled via negotiations.

If no agreement is reached by the Parties in the process of negotiations, the dispute shall be resolved in accordance with the legislation of the Russian Federation.

Voting results

Goncharov V.A.	-	FOR	Prokhorov Ye.V	-	FOR
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR
Nikonov V.V.	-	ABSTAINED			

Thus, the decision on the thirty-first item was adopted by majority of independent directors that do not have interest in the transaction.

32. On approval of the lease contact between "Kubanenergo" and "TsIUS UES" JSC as a transaction of interest.

In accordance with paragraph 1 article 81 of Federal law dated 26.12.1995 No.208-FZ "On Joint Stock Companies" (hereafter – federal law "On Joint Stock Companies") the transaction between Kubanenergo JSC and "TsIUS UES" JSC is considered as transaction of interest for:

- the shareholder of the Company – IDGC Holding JSC that owns more than 20% of Kubanenergo voting shares and which affiliated entity "TsIUS UES" JSC is party of transaction

- Prokhorov Ye.V., member of the BoD, who occupies position in management bodies (Board of Directors) of "TsiUS UES" JSC, which the party of transaction.

In accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" decision on this issue should be adopted by majority of votes of independent directors that are not interested in transaction.

The following members of Company BoD Budagrin O.M., Demidov A.V., Murov A.E. are not considered as independent directors as they were during one year, prior to the adoption of the decision, Company's affiliates.

Sultanov G.A., member of Company BoD, is not considered as independent director as he was during one year, prior to the adoption of the decision, fulfilling functions of sole executive body of the Company.

Except Budagrin O.M., Demidov A.V., Murov A.E., Sultanov G.A. and Prokhorov Ye.V. other members of Company BoD participate in voting on this issue and are considered in accordance with paragraph 3 article 81 of Federal law "On Joint Stock Companies" as independent directors that are not interested in transaction.

It is proposed to adopt the following decision:

1. To determine the amount of the monthly rent on the lease of real estate between "Kubanenergo" and "TsiUS UES" JSC" as a transaction of interest in the amount of 417.00 (four hundred and seventeen) rubles 00 kopeks including VAT.
2. To approve the contract of lease of real estate between "Kubanenergo" and "TsiUS UES" JSC (the Contract) as a transaction of interest on the following terms and conditions:

Contract parties: Lessor – "Kubanenergo"; Lessee - "TsiUS UES" JSC.

Subject of the Contract: The Lessor transfers and the Lessee takes for temporary possession and use the premises for a fee of area of 1.2 square meters, located in the modular building OPU – multi-functional, ready-made, the total area of 394.875 sqm meters at: garage of Agricultural College, loop road, Anapa, Krasnodar region 353440 (hereinafter referred to as "Premises").

Contract price: The amount of the monthly rent for the facility under the Agreement is as follows: 417.00 (four hundred and seventeen) rubles 00 kopeks, including VAT.

Responsibility of the Parties: For nonpayment of rent in term set by the Contractor or for the late return of the premises, the lessee pays the penalty of 0.1% of the outstanding amount for each day starting from the day following the date of occurrence of the obligation to pay.

If the Lessor does not provide the premises to the Lessee, the Lessor shall pay a fine in the amount of 1/300 refinancing rate of Central Bank for each day, starting with the day following the date of occurrence of the obligation to provide the premises.

In case of deterioration of the technical condition of premises the Lessee shall recover the caused damage. The extent of damage is determined by an independent expert. Payment for services of an independent expert is made at the expense of the Lessee.

Term of the Contract: The Contract comes into force upon the signature by the Parties and shall be valid for 11 months.

If none of the parties 30 days before the expiration of the contract notify the parties of its intention to terminate the contract, it shall be deemed renewed for the same period on the same conditions.

Disputes settlement: All disputes or disagreements arising between the parties of the contract shall be settled by negotiations. In case of failure to settle disputes or disagreements through negotiations, they shall apply to the Arbitration Court of Krasnodar region in accordance with the law.

Voting results

Goncharov V.A.	-	FOR	Nikonov V.V.	-	ABSTAINED
Dyakov F.A.	-	FOR	Romeiko D.I.	-	FOR

Thus, the decision on the thirty-second item was not adopted.

33. On determining the number of members of the Management Board, on the early termination of office of the members of the Management Board and on the election of members of the Company.

It is proposed to adopt the following decision:

1. To decide that the Company Management Board should consists of 11 (eleven) members.

2. To early terminate the authorities of the following members of Management Board:

Anatsky Sergey Vladimirovich;

Samoylenko, Svetlana Stanislavovna

3. To elect to the Management Board:

Belik Vyacheslav Alexandrovich – head of Personnel Management and Organization Design Department of Kubanenergo JSC;

Gerasko Andrey Leonidovich – director of South-Western grids branch of Kubanenergo JSC.

Voting results

Budagrın O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

Thus, the decision on the thirty-third item was adopted by majority of members of BoD.

34. On choosing the person authorized to exercise the rights and obligations of the employer in respect of the General Director of the Company.

It is proposed to adopt the following decision:

1. To consider as invalid the Resolution of the Company BoD dated 23.11.2010 (minutes of meeting No.100/2010) on appointing person authorized to fulfill rights and obligations of an employer of director general of the Company.

2. To authorize Budagrin Oleg Mikhailovich, Chairperson of Management Board, to fulfill on behalf of the Company rights and obligations of an employer of Sultanov Georgiy Akhmedovich, director general of the Company, sign the labour contract, supplementary agreements and agreements related to cessation of the contract.

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

Thus, the decision on the thirty-fourth item was adopted by majority of members of BoD.

35. On election of the personal composition of the Audit Committee attached to the Board of Directors of "Kubanenergo" and its Chairperson.

It is proposed to adopt the following decision:

1. To fix the quantitative composition of the Audit Committee attached to the Board of Directors of "Kubanenergo" - 4 (four) members.
2. To elect the following candidates to the personnel composition of the Audit commission attached to the BoD of Kubanenergo JSC:

#	Candidate	Position
1	Goncharov Valeriy Anatolievich	Deputy Chairperson of Management board of FGC UES JSC, Deputy executive director in charge of investments affairs of IDGC Holding JSC
2	Demidov Aleksey Vladimirovich	First Deputy Acting General Director at IDGC Holding JSC
3	Prokhorov YegorVyacheslavovich	Financial director of FGC UES JSC, Financial director of IDGC Holding JSC
4	Romeiko Dmitriy Igorevich	Deputy acting Director for Special Commissions at IDGC Holding JSC

3. To elect Demidov Aleksey Vladimirovich as Chairperson of the Audit committee attached to the BoD of Kubanenergo JSC.

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

Thus, the decision on the thirty-fifth item was adopted by majority of members of BoD.

36. On election of the personal staff of the Commission for Strategy, Development, Investments and Reform of the Board of Directors of "Kubanenergo" and its Chairperson.

It is proposed to adopt the following decision:

1. To fix the quantitative composition of the Commission for Strategy, Development, Investments and Reform of the Board of Directors of "Kubanenergo" - 9 (nine) members.
2. To elect the following candidates to the personnel composition of the Commission for Strategy, Development, Investments and Reform attached to BoD of "Kubanenergo" JSC:

#	Candidate	Position
1	Pankov Dmitry Leonidovich	Director of Strategy, Development and Innovation of IDGC Holding JSC
2	Katina Anna Yuryevna	Deputy Head of Department Corporate Governance and Interaction with Shareholders of IDGC Holding JSC
3	Podlytskiy Sergey Vasilievich	Deputy head of Department for investments – head of sector for consolidated analysis of external production resources at IDGC Holding JSC
4	Isaev Valeriy Ivanovich	Head of Financial department of IDGC Holding JSC
5	Lavrova Marina Aleksandrovna	Deputy Head of Business Planning Department at IDGC Holding JSC
6	Kocherga Vitaly Aleksandrovich	Deputy General Director in charge of Corporate Governance of Kubanenergo JSC
7	Lyashko Andrey Vladimirovich	Deputy Director General for Development and implementation of services of Kubanenergo
8	Nikonov Vasiliy Vladislavovich	Head of Department for Development of power industry at RF Ministry of Energy
9	Buklova Zalina Kazbekovna	Deputy head of sector for implementation of federal targeted investment programme at Department of corporate governance, price environment and audit and control activity in industries of Fuel and Energy Complex of RF Ministry of Energy

3. To elect Pankov Dmitry Leonidovich as Chairperson of the Commission for Strategy, Development, Investments and Reform attached to BoD of "Kubanenergo" JSC.

Voting results

Budagrin O.M. - FOR Murov A.E. - FOR

Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

Thus, the decision on the thirty-sixth item was adopted by majority of members of BoD.

37. On election of the personal staff of the Reliability Committee of the Board of Directors of "Kubanenergo" and its Chairperson.

It is proposed to adopt the following decision:

1. To fix the quantitative composition of the Reliability Commission attached to BoD of "Kubanenergo" JSC 7 members.
2. To elect the following candidates to the personnel composition of the Reliability Commission attached to BoD of "Kubanenergo" JSC:

#	Candidate	Position
1	Magdeev Ruslan Raisovich	Head of department for operative and process control at IDGC Holding JSC
2	Vasiliev Sergey Borisovich	Deputy Head of Directorate for Production Control and Occupational Safety at IDGC Holding JSC
3	Pankov Dmitriy Leonidovich	Director for Strategy, development and innovations at IDGC Holding JSC
4	Bespalov Alexander Vasilievich	Deputy Head of Capital Construction Department of IDGC Holding JSC
5	Ryazantsev Dmitry Yuryevich	Deputy Chief Engineer – Head of the Operational Technical Management Department of Kubanenergo JSC
6	Voronin Valeriy Dzhemlunovich	Chief power engineer at RN-Tuapse NPZ LLC
7	Petrenko Mikhail Georgievich	Chief power engineer at RN Krasnodarneftegaz LLC

3. To elect Magdeev Ruslan Raisovich as Chairperson of the Reliability Commission attached to BoD of "Kubanenergo" JSC.

Voting results

Budagrın O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

Thus, the decision on the thirty-seventh item was adopted by majority of members of BoD.

38. On election of the personal staff of the Personnel and Rewards Commission attached to BoD of "Kubanenergo" JSC and its Chairperson.

It is proposed to adopt the following decision:

1. To fix the quantitative composition of the Personnel and Rewards Commission attached to BoD of “Kubanenergo” JSC - 3 (three) members.
2. To elect the following candidates to the personnel composition of the Personnel and Rewards Commission attached to BoD of “Kubanenergo” JSC:

#	Candidate	Position
1	Mangarov Yuriy Nikolaevich	Deputy acting director - chief of staff of “IDGC Holding”, JSC, Deputy Chairperson of Management Board - chief of staff of v
2	Chevkin Dmitriy Aleksandrovich	HR director at “FGC UES” JSC
3	Erpsher Natalia Ilyinichna	Head of Directorate Organizational Development IDGC Holding JSC, Head of Directorate Organizational Development FGC UES JSC

3. To elect Mangarov Yuriy Nikolaevich as Chairperson of Personnel and Rewards Commission attached to BoD of “Kubanenergo” JSC

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

Thus, the decision on the thirty-eighth item was adopted by majority of members of BoD.

39. On election of the personal composition of the Committee for technological connection attached to the Board of Directors of "Kubanenergo and its Chairperson.

It is proposed to adopt the following decision:

1. To fix the quantitative composition of the Committee for Technological Connection attached to BoD of “Kubanenergo” JSC - 7 (seven) members.
2. To elect the following candidates to the personnel composition of the Committee for Technological Connection attached to BoD of “Kubanenergo” JSC:

#	Candidate	Position
1	Pyatigor Alexander Mikhailovich	Head of Department for perspective Development and Technological Connection at IDGC Holding JSC
2	Lyashko Andrey Vladimirovich	Deputy Director General for Development and implementation of services of Kubanenergo JSC
3	Kocherga Vitaly Aleksandrovich	Deputy General Director for Corporate Governance of Kubanenergo JSC
4	Bashmakov Daniel Maratovich	First deputy Chairperson of Krasnodar regional department of Russian public

		organization of small and medium business "OPORA Russia"
5	Glazkov Sergey Pavlovich	Deputy director general – chief engineer of RN Energoneft CJSC
6	Nikonov VasiliyVladislavovich	Head of Department for Developemnt of power industry at RF Ministry of Energy
7	Komarov Valentin Mikhailovich	Deputy head of Department for perspective Development and Technological Connection – Head of sector for organization of technological connection at IDGC Holding JSC

3. To elect Nikonov VasiliyVladislavovich as Chairperson of the Committee for Technological Connection attached to BoD of "Kubanenergo" JSC

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

40. On approval of credit plan of "Kubanenergo" for the 4th quarter of 2012.

It is proposed to adopt the following decision:

To approve the credit plan of "Kubanenergo" for the 4th quarter of 2012, in accordance with the annex 21 to the BoD decision.

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

41. On introducing amendments to the organizational structure of the executive office of "Kubanenergo"

It is proposed to adopt the following decision:

1. To approve the organizational structure of the executive office of "Kubanenergo", in accordance with the annex 22 to the BoD decision.
2. To consider as invalid the organizational structure of the executive office of "Kubanenergo" JSC approved by the decision of the BoD on July 20, 2011 (minutes of meeting No.114/2011).

Voting results

Budagrin O.M.	-	FOR	Murov A.E.	-	FOR
Goncharov V.A.	-	FOR	Prokhorov Ye.V.	-	FOR
Demidov A.V.	-	FOR	Romeiko D.I.	-	FOR
Diyakov F.A.	-	FOR	Sultanov G.A.	-	FOR
			Nikonov V.V.	-	ABSTAINED

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

Chairperson

Budagrin O.M.

Corporate secretary

Russu O.V.