

Minutes of Board of Directors Meeting No. 195/2014
Open joint stock company of
power industry and electrification of Kuban (“Kubanenergo” JSC)

Date of meeting	August 28, 2014
Form of holding the meeting	absentee voting (questionnaire)
Place of vote counting	Office 105, building 1, 2 Stavropolskaya St., Krasnodar (postal address of “Kubanenergo”, JSC)
Date of vote counting	28.08.2014, 5 p.m.
Date of drawing up minutes	August 29, 2014

Board of Directors Members: 11

Questionnaires were submitted by: Sergeyev S.V. (chairperson of BoD), Gavrilov A.I., Varvarin A.V., Kobelyan A.M., Lavrova M.A., Mezhevich V.E., Sukhov O.A., Khokholkova K.V., Chermentieva Yu. P.

Questionnaires were not submitted by: Kharin A.N., Shatokhin A.G.

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

Quorum is present

Agenda

1. On approval the activity plan of the Board of Directors the 2nd half of 2014 – 1st half of 2015.
2. On amendments to the Schedule of activities for introduction production asset management system of “Kubanenergo” JSC.
3. On approval of the Company’s internal document: Regulations on technical policy in the field of telecommunications.
4. On approval of the Company’s internal document: Policy of engagement with the public, consumers and authorities of “Rossetti”.
5. On determining the number of members of the Management Board and the election of members of the Management Board, and the termination of office of members of the Management Board.
6. On approving the composition of the Central Tender Committee of “Kubanenergo” JSC.
7. On approving the organizational structure of the executive office of “Kubanenergo” JSC.
8. On approving the list of positions included in the category of top managers “Kubanenergo” JSC.
9. On determining the cases (amounts) of transactions with the assets of the Company, subject to prior approval by the Board.
10. On approving the target value of cash flow of “Kubanenergo” JSC for the 3rd quarter of 2014.
11. On approving the Credit Plan “Kubanenergo” JSC for the 3rd quarter of 2014.
12. On approving the report on the results of the business plan (including the investment program) implementation in the 1st quarter of 2014.

13. On approving the results of the implementation of the target values of key performance indicators of “Kubanenergo” JSC he 1st quarter of 2014.
14. On taking into consideration the report of Director General on the measures taken for the implementation of paragraphs 3.3, 3.4 of resolutions made by the Board of Directors on the issue 7 “On approval of the report on the results of the implementation of the business plan (including the investment program in the 4th quarter and 12 months of 2013 (Minutes dated 23.06.2014 No.192/2014).
15. On approving the contract to perform overhaul at 0.4 kV power line PK-3-301 ЛI-1 of the Southwest electrical networks branch between “Kubanenergo” JSC and “Energoservis of Kuban” JSC as transaction of interest.

Item 1

On approval the activity plan of the Board of Directors the 2nd half of 2014 – 1st half of 2015.

The following decision is proposed:

To approve the activity plan of the Board of Directors the 2nd half of 2014 – 1st half of 2015, in accordance with Annex 1 to the present decision of the BoD.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

Thus, the BoD members unanimously adopted the decision on the first item.

Item 2

On amendments to the Schedule of activities for introduction of production asset management system of “Kubanenergo” JSC.

The following decision is proposed:

1. To consider as invalid Plan of activities for introduction of production asset management system of “Kubanenergo” JSC approved by the resolution of the BoD on 09.04.2013 (minutes of meeting No.158/2013 dd 09.04.2013).
2. To approve the amendments to the Schedule of activities for introduction of production asset management system of “Kubanenergo” JSC, in accordance with Annex 2 to the present decision of the BoD.
3. To instruct director general to ensure the implementation of activities stipulated by the Plan of activities for introduction of production asset management system in “Kubanenergo” JSC.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 3

On approval of the Company’s internal document: Regulations on technical policy in the field of telecommunications

The following decision is proposed:

To approve the Company’s internal document: Regulations on technical policy in the field of telecommunications, in accordance with Annex 3 to the present decision of the BoD.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 4

On approval of the Company's internal document: Policy of engagement with the public, consumers and authorities of "Rossetti"

The following decision is proposed:

To approve the Company's internal document: Policy of engagement with the public, consumers and authorities of "Rossetti", in accordance with Annex 4 to the present decision of the BoD.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 5

On determining the number of members of the Management Board and the election of members of the Management Board, and the termination of office of members of the Management Board

The following decision is proposed:

1. To decide that the personnel composition of the Management Board is 12 (twelve) persons:
2. To terminate the term of office of the following members of the Management Board:
 - Zinchenko Pavel Vasilievich
 - Natkho Inver Yusufovich
 - Gerasko Andrey Leonidovich
 - Skiba Inna Viktorovna
 - Belik Vyacheslav ALEXANDROVICH
3. To elect the following persons to the Management Board:
 - 1) Ryazancev Dmitry Yurievich - Deputy General Director for Technical Issues - Chief Engineer, Kubanenergo JSC
 - 2) Tyrtyschny Ruslan Viktorovich - Deputy General Director for Capital Construction, Kubanenergo JSC
 - 3) Konevets Kirill Sergeevich - Deputy General Director for Corporate Governance, Kubanenergo JSC
 - 4) Ocheredko Olga Vyacheslavovna - Deputy General Director for Economics and Finance, Kubanenergo JSC
 - 5) Armaganyan Edgar Garrievich - Director of branch "Kubanenergo" Sochi Electric Networks
 - 6) Rud Evgeniy Viktorovich - Director of the branch "Kubanenergo" Krasnodar Electric Networks

Additional information on the abovementioned persons:

Zinchenko Pavel Vasilievich

Natkho Inver Yusufovich
 Gerasko Andrey Leonidovich
 Skiba Inna Viktorovna
 Belik Vyacheslav ALEXANDROVICH
 Ryazancev Dmitry Yurievich
 Tyrtysny Ruslan Viktorovich
 Konevets Kirill Sergeevich
 Ocheredko Olga Vyacheslavovna
 Armaganyan Edgar Garrievich
 Rud Evgeniy Viktorovich

The person's participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares – 0% / 0%.

Natkho Inver Yusufovich

The person's participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares – 0.00001 % / 0.00001 %.

Rud Evgeniy Viktorovich

The person's participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares – 0.00001 % / 0.00001 %.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 6

On approving the composition of the Central Tender Committee of “Kubanenergo” JSC

The following decision is proposed:

1. To exclude Gavrilov A.I., director general of Kubanenergo JSC, Chairperson of the Tender Committee, from the Central Tender Committee approved by the BOD resolution (minutes of meeting No.192/2014 dd 23.06.2014).
2. To elect the following persons to the Central Tender Committee of Kubanenergo:

1.	Ocheredko O.V.	Deputy General Director in charge of Economics and Finance, Kubanenergo JSC; Chairperson of the Central Tender Committee
2.	Ryazancev D.Yu.	Deputy General Director in charge of Technical Issues - Chief Engineer, Kubanenergo JSC; member of the Committee
3.	Statuyev V.A.	Deputy General Director in charge of Security, Kubanenergo JSC; member of the Committee
4.	Golov A.V.	Deputy General Director in charge of Logistics and Inventory Kubanenergo JSC; member of the Committee
5.	Konevets K.S	Deputy General Director in charge of Corporate Governance, Kubanenergo JSC; member of the Committee
6.	Kobelyan A.M.	Head of Directorate of Planning, Statutory Regulation and Arrangement of Procurement Activity, Rosseti JSC; member of the Committee
7.	Zerova D.L.	Head of sector for tender procedures, Kubanenergo JSC, secretary of the Committee (non-voting)

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 7

On approving the organizational structure of the executive office of “Kubanenergo” JSC

The following decision is proposed:

1. To approve the organizational structure of the executive office of “Kubanenergo” JSC, in accordance with Annex 5 to the present decision of the BoD, and introduce it within the time limits specified in the regulation of the RF on termination and changing the labour contracts.
2. Upon the introduction of the organizational structure of the executive office, in accordance with Annex 5 to the present decision of the BoD, the organizational structure approved by the BoD on 28.03.2013 (minutes of meeting No.157/2013) should be considered as invalid.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 8

On approving the list of positions included in the category of top managers “Kubanenergo” JSC

The following decision is proposed:

1. To recognize the list of posts fall to a category of high-ranking managers approved by decision of Company’s BoD dd. 09.04.2013 (Minutes No. 158/2013 dd. 12.04.2013) as invalid.
2. To approve the list of posts fall to a category of high-ranking managers of “Kubanenergo” JSC in the following version:

1st rank

1. Members of Company’s BoD.
2. First deputy director general – Chief Engineer.
3. Deputy Director General in charge of Economics and Finance.
4. Deputy Director General in charge of Corporate Governance
5. Deputy Director General in charge of Development and Services Implementation.
6. Deputy Director General in charge of Investment Activity
7. Deputy Director General – Chief of Staff.
8. Deputy Director General in charge of Logistics and Inventory.
9. Deputy Director General in charge of Security.
10. Chief Accountant - Head of Department of Accounting and Tax Records.

2nd rank

1. Director of branch “Krasnodar electric grids”.
2. Director of branch “Sochi electric grids”.

3. Director of branch “Armavir electric grids”.
4. Director of branch “Adyghea electric grids”.
5. Director of branch “Timashevsk electric grids”.
6. Director of branch “Tikhoretsk electric grids”.
7. Director of branch “Leningradskaya electric grids”
8. Director of branch “Slavyansk electric grids”.
9. Director of branch “South-West electric grids”.
10. Director of branch “Labinsk electric grids”.
11. Director of branch “Ust-Labinsk electric grids”.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- ABSTAINED	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 9

On determining the cases (amounts) of transactions with the assets of the Company, subject to prior approval by the Board

The following decision is proposed:

1. To decide that in accordance with paragraphs 38 g) of paragraph 15.1 of Article 15 of the Company’s the following transactions are subject to prior approval by the Board of Directors: the transaction on reception or transmission for the temporary possession and use or for temporary use for a period of more than 5 years of fixed assets classified in accordance with the law to real estate, the balance or market value in excess of 30 million rubles except receiving temporary possession and use or for temporary use:

- Land for the operation or construction (reconstruction) of electricity facilities in accordance with the investment projects, as well as land under the real property of the Company;
- Transmission facilities carried out in accordance with paragraphs 6 - 8 of Article 8 of the Federal Law No. 35-FZ “On Electric Power Industry” dated March 26, 2003.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

Thus, the BoD members unanimously adopted the decision on the ninth item.

Item 10

On approving the target value of cash flow of “Kubanenergo” JSC for the 3rd quarter of 2014

The following decision is proposed:

To approve the following the target value of cash flow of “Kubanenergo” JSC for the 3rd quarter of 2014:

Month	Services on organization of functioning and development of distribution grid complex	Dividends (tax excluded)
July	7 521	0

August	7 521	0
September	7 521	0

1. To instruct director general of the Company to:

- ensure the preparation of the project of cash flow and its approval with 5 (five) days upon adopting this resolution

send the specified document to the members of the BoD within 1 (one) day upon the approval of the project of cash flow.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 11

On approving the Credit Plan “Kubanenergo” JSC for the 3rd quarter of 2014

The following decision is proposed:

1. To approve the Credit Plan of “Kubanenergo” JSC for the 3rd quarter of 2014 in accordance with Annex 6 to the present decision of the BoD.

2. To instruct director general of the Company to:

- submit for consideration of the BoD Credit Plan of “Kubanenergo” JSC for the 4th quarter of 2014 by 15.09.2014.

- attract and pay credits and loans in strict adherence to approved by the BoD credit plan.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 12

On approving the report on the results of the business plan (including the investment program) implementation in the 1st quarter of 2014

The following decision is proposed:

Trade secret

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 13

On approving the results of the implementation of the target values of key performance indicators of “Kubanenergo” JSC he 1st quarter of 2014

The following decision is proposed:

To approve the results of the implementation of the target values of key performance indicators of “Kubanenergo” JSC for the 1st quarter of 2014, in accordance with Annex 8 to the present decision of the BoD.

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

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

Item 14

On taking into consideration the report of Director General on the measures taken for the implementation of paragraphs 3.3, 3.4 of resolutions made by the Board of Directors on the issue 7 “On approval of the report on the results of the implementation of the business plan (including the investment program in the 4th quarter and 12 months of 2013 (Minutes dated 23.06.2014 No.192/2014)

The following decision is proposed:

To defer the discussion to a later date

Voting results

Gavrilov A.I.	- FOR	Sergeyev S.V.	- FOR
Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- ABSTAINED
Mezhevich V.E.	- FOR		

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

Item 15

On approving the contract on performing overhaul at 0.4 kV power line PK-3-301 Л-1 of the Southwest electrical networks branch between “Kubanenergo” JSC and “Energoservis of Kuban” JSC as transaction of interest

In accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” resolution on this item should be taken by majority of votes of independent directors uninterested in the transaction.

Except Sergeyev, Gavrilov and Varvarin other members of the BoD vote on this item and are recognized as independent directors uninterested in the transaction in accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies”

The following decision is proposed:

1. To determine the price of the contract on performing overhaul at 0.4 kV power line PK-3-301 Л-1 of the Southwest electrical networks branch between “Kubanenergo” JSC and “Energoservis of Kuban” JSC as transaction of interest: 488 183.02 rubles (four hundred eighty-eight thousand one hundred eighty-three) rubles 02 kopecks, including VAT 74 468.6 rubles (seventy-four thousand four hundred sixty-eight) rubles 60 kopecks.

2 To approve the contract on performing overhaul at 0.4 kV power line PK-3-301 Л-1 of the Southwest electrical networks branch between “Kubanenergo” JSC and “Energoservis of Kuban” JSC as transaction of interest, the following conditions:

Parties:

Customer – “Kubanenergo” JSC;

Contractor - “Energoservis of Kuban” JSC.

Subject of the contract:

The Contractor undertakes, by the Customer's task to perform the following works: overhaul of 0.4 kV power line RC-3-301 Л1-1 of total length 64.044 km (Invoice No. 000001452), and the Contractor agrees to perform the work using their own forces and the Customer's materials.

Contract Price:

The cost of work under this Contract is determined by the Protocol agreement on the value of the contract price (Appendix 1), cost estimates (Appendix 2) of the Contract, and is 488 183.02 rubles (four hundred eighty-eight thousand one hundred eighty-three) rubles 02 kopecks, including VAT 74 468.6 rubles (seventy-four thousand four hundred sixty-eight) rubles 60 kopecks.

Term of the Contract:

The Contract shall enter into force upon signature and shall be valid until the Parties fulfill their obligations.

Performance time:

upon the signing of the Contract until 30 September 2014.

Settlement of Disputes:

Disputes arising in the course of performance of the contract shall be settled by negotiations and in documented. In case of failure to reach agreement, the dispute shall be referred to the Commercial Court of Krasnodar Region.

Voting results

Varvarin A.V.	- FOR	Sukhov O.A.	- FOR
Kobelyan A.M.	- FOR	Khokholkova K.V.	- FOR
Lavrova M.A.	- FOR	Chermentieva Yu. P.	- FOR
Mezhevich V.E.	- FOR		

Thus, the BoD members unanimously adopted the decision on the ninth item.

Chairperson

Sergeyev S.V.

Corporate secretary

Russu O.V.