

**Minutes of Board of Directors Meeting No. 188/2014**  
**Open joint stock company of**  
**power industry and electrification of Kuban (“Kubanenergo” JSC)**

Date of meeting	May 15, 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	15.05.2014, 5 p.m.
Date of drawing up minutes	May 16, 2014

Board of Directors Members: 11

Questionnaires were submitted by: Magadeyev R.R. (chairperson of Board of Directors), Vagapov S.G., Varvarin A.V., Gaichenya I.A., Katina A.Yu., Kolyada A.S., Lavrova M.A., Solod A.V.

Questionnaires were not submitted by: Likhov Kh.M., Neganov L.V., Cherezov A.V.

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 approving budgets of the Committees under the Board of Directors.
2. On discussing the extended list of risks of non-fulfillment by the Company its business plan.
3. On approving key indicators of cash flow for the second quarter of 2014.
4. On approving credit plan of Kubanenergo JSC for the second quarter of 2014.
5. On expressing Company’s opinion on agendas of meetings of the Boards of Directors of Company’s subsidiaries and affiliates.
6. On approving additional purchase under the contract #407/30-770 dated 14.03.2013 concluded by Kubanenergo JSC and Rubezh-RemStroy, LLC.
7. On expanding the Registry of non-core assets.
8. On discussing the report of Director general on implementation of resolutions adopted by the Board of Directors in the 3<sup>rd</sup> quarter of 2013.
9. On discussing the report of Director general on implementation of detailed plans of purchasing immovable property located in area of construction of grid facilities for Olympic games (paragraphs 146, 157 of the Programme of Olympic venues construction).
10. On discussing the report of Director general on implementation of resolutions adopted by the Board of Directors on 26.12.2013 on agenda item 10 paragraph 4 (minutes of meeting No.178/2013 dd 27.12.2013).
11. On approving contract on consulatory services between by Kubanenergo JSC and Krasnodar branch of Russian Public Organisation “Russian Scientific and Technical Organisation of Power Engineers and Electricians” as interested party transaction.
12. On approving additional agreement to contract of sub-lease of land plot, contract #07/5-30/407/30-576 dated 20.10.2008, between Kubanenergo JSC and Mobile GTES JSC as interested party transaction.
13. On approving agreement on cessation of contact on rent of equipment #407/30-2126 dated 18.11.2013 between Kubanenergo JSC and Mobile GTES JSC as interested party transaction.
14. On discussing the report on the results of analysis of implementation by the Company’s contractors their obligations on risks insurance provided by work contracts and Regulations on

insurance of Kubanenergo JSC in 2013-2015 approved by Company's BoD (minutes of meeting NO.173/2013 dd 21.10.2013).

15. On termination of term of office of Company's Management Board.

### Item 1

#### On approving budgets of the Committees under the Board of Directors

The following decision is proposed:

1. To approve the budget of the Committee for Strategy, Development, Investments and Reform under the Board of Directors for the 1<sup>st</sup> half of 2014 in accordance with annex 1 to the present decision of the Company's Board of Directors.
2. To approve the budget of the Personnel and Remuneration Committee under the Board of Directors for the 1<sup>st</sup> half of 2014 in accordance with annex 2 to the present decision of the Company's Board of Directors.
3. To approve the budget of the Reliability Committee under the Board of Directors for the 1<sup>st</sup> half of 2014 in accordance with annex 2 to the present decision of the Company's Board of Directors

#### Voting results

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

### Item 2

#### “On discussing the extended list of risks of non-fulfillment by the Company its business plan

The following decision is proposed:

To defer the discussion to a later date.

#### Voting results

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

### Item 3

#### On approving key indicators of cash flow for the second quarter of 2014

The following decision is proposed:

1. To approve key indicator of cash flow for the second quarter of 2014:

thousand rubles

Month	Service on organization of function and development of distribution grid complex	Dividends (tax excluded)
April	7 521	0
May	7 521	0
June	7 521	0

1. To instruct director general to:

- within 5 days upon the approval of decision to ensure the preparation of project on cash flow and its approval;
- within 1 day upon approval of cash flow indicators to submit the document to members of the BoD.

#### Voting results

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
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Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

#### **Item 4**

##### **On approving credit plan of Kubanenergo JSC for the second quarter of 2014**

The following decision is proposed:

To defer the discussion to a later date.

##### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

#### **Item 5**

##### **On expressing Company's opinion on agendas of meetings of the Boards of Directors of Company's subsidiaries and affiliates**

The following decision is proposed:

1) To instruct representatives of Kubanenergo JSC in the BoD of "Recreation centre "Energetik" JSC on the agenda item "On approving the report on the results of implementation of business-plan by "Recreation centre "Energetik" JSC in the 4<sup>th</sup> quarter and 12 months of 2013" to vote "for" the adoption of the following decision:

1. To take into consideration the report on the results of implementation of business-plan by "Recreation centre "Energetik" JSC in the 4<sup>th</sup> quarter and 12 months of 2013.

2. To pay attention to non-fulfillment of the following indicators by the results of 2013:

- indicator "Revenue form core activity" did not reach its planned value in 2013 (plan= 56 950 thousand rubles; actual = 54 302 thousand rubles);

- indicator "Net profit" did not reach its planned value in 2013 (plan= 404 thousand rubles; actual = (-3 174) thousand rubles);

2) To instruct representatives of Kubanenergo JSC in the BoD of "Energoservis Kuban" JSC on the agenda item "On approving the report on the results of implementation of business-plan by "Energoservis Kuban" JSC in the 4<sup>th</sup> quarter and 12 months of 2013" to vote "for" the adoption of the following decision:

1. To take into consideration the report on the results of implementation of business-plan by "Energoservis Kuban" JSC in the 4<sup>th</sup> quarter and 12 months of 2013.

2. To pay attention to non-fulfillment of the following indicators by the results of 2013:

- indicator "Revenue form core activity" did not reach its planned value in 2013 (plan= 20 300 thousand rubles; actual = 4 150 thousand rubles);

- indicator "Net profit" did not reach its planned value in 2013 (plan= 1 364 thousand rubles; actual = (-4 359.0) thousand rubles);

3. To instruct director general to take measures that ensure the implementation of target indicators of Company's business-plan in 2014.

##### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

## **Item 6**

### **On approving additional purchase under the contract #407/30-770 dated 14.03.2013 concluded by Kubanenergo JSC and Rubezh-RemStroy, LLC**

The following decision is proposed:

Take the issue off the table

#### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

## **Item 7**

### **On expanding the Registry of non-core assets**

The following decision is proposed:

To defer the discussion to a later date

#### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

## **Item 8**

### **On discussing the report of Director general on implementation of resolutions adopted by the Board of Directors in the 3<sup>rd</sup> quarter of 2013**

The following decision is proposed:

1. To take into consideration the report of Director general on implementation of resolutions adopted by the Board of Directors in the 3<sup>rd</sup> quarter of 2013, in accordance with annexes 4-9 to the present decision of the Company's Board of Directors.
2. To exclude from the registry of non-core assets of Kubanenergo JSC paragraphs 1.7.5 due to sale of the facility.
3. To set the new term for preparation of project on transaction from paragraph 3.3.1 of the Registry of non-core assets: the 3<sup>rd</sup> quarter 2014.
4. To set the new term for selling the objects from paragraphs 1.2.3., 1.2.5., 1.2.8. – 1.2.13., 1.2.22., 1.6.3., 1.7.1., 1.7.4., 3.3.1. of the Registry of non-core assets: the 4<sup>th</sup> quarter of 2014.
5. To instruct the Director of the Company to report on the disposal of household facilities and utilities, that belong to the Company in the first quarter of the year following the reporting year, as part of the report the Director General on the implementation of non-core assets.
6. To mark failure to fulfill decision of the Board of Directors within the prescribed period regarding the renewing in 2013 the right of permanent (perpetual) use of land, occupied by the facilities, the rights to which are not re-issued, as well as the establishment of protected zones in respect of overhead 35 kV lines;
7. To take additional measures for transferring the right of permanent (perpetual) use of land, occupied by the facilities.
8. To cancel order under paragraph 2.1.4 of issue 15 of minutes of the Board of Directors meeting dated 22.07.2011 # 114/2011 on the need for adjustments in Passport of investment project on all objects of Olympic program no later than 5 days after receipt of positive conclusion from GGE for each project in connection with the receipt of budgetary allocations on the sale of these facilities in full and actual completion of their construction.

9. To mark failure to implement the orders of Board of Directors dated 21.10.2013 on item 19 of meeting of the Board of Directors in terms of input of data on physical volumes and terms of performance in Network Schedules in its entirety, as well as in regular updates of the specified data (minutes of meeting No. 173/2013 of 21.10.2013).

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 9**

**On discussing the report of Director general on implementation of detailed plans of purchasing immovable property located in area of construction of grid facilities for Olympic games (paragraphs 146, 157 of the Programme of Olympic venues construction)**

The following decision is proposed:

To take into consideration the report of Director general on implementation of detailed plans of purchasing immovable property located in area of construction of grid facilities for Olympic games (paragraphs 146, 157 of the Programme of Olympic venues construction, in accordance with annexes 10, 11 to the present decision of the Company's Board of Directors.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 10**

**On discussing the report of Director general on implementation of resolutions adopted by the Board of Directors on 26.12.2013 on agenda item 10 paragraph 4 (minutes of meeting No.178/2013 dd 27.12.2013)**

The following decision is proposed:

To defer the discussion to a later date

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 11**

**On approving contract on consolatory services between by Kubanenergo JSC and Krasnodar branch of Russian Public Organisation "Russian Scientific and Technical Organisation of Power Engineers and Electricians" as interested party transaction**

In accordance with paragraph 3 article 83 of Federal Law "On Joint Stock Companies" decision on this item should be adopted by majority of independent directors uninterested in conclusion of the transaction.

All members of Kubanenergo Board of Directors participate in voting on this item and are considered in accordance with paragraph 3 article 83 of Federal Law "On Joint Stock Companies" as independent directors uninterested in conclusion of the transaction.

The following decision is proposed:

1. To determine the price of the contract on consolatory services between by Kubanenergo JSC and Krasnodar branch of Russian Public Organisation “Russian Scientific and Technical Organisation of Power Engineers and Electricians” as interested party transaction amounting 540 000 (five hundred and forty thousand) rubles 00 kopecks, VAT exempt.
2. To approve the contract on consolatory services between by Kubanenergo JSC and Krasnodar branch of Russian Public Organisation “Russian Scientific and Technical Organisation of Power Engineers and Electricians” as interested party transaction on the following conditions:

Parties to the contract:

Customer – “Kubanenergo” JSC

Contractor - Russian Public Organisation “Russian Scientific and Technical Organisation of Power Engineers and Electricians

**Subject:** The “Contractor” shall provide the following services: the organization of training and scientific and technical conference “Ways to improve the reliability, efficiency and security of energy production” with the involvement of a conference of representatives of electrical networks, factories, manufacturers and suppliers of electrical products, construction and electrical organizations, project and research institutes in Russia and abroad and development of Declaration of the Conference; providing organizational and material support of participation in scientific and technical conference of 24 representatives of the “Customer” and the “Customer” shall pay for these services.

**Contract Price:** The total price of the contract is 540 000 (five hundred and forty thousand) rubles 00 kopecks, VAT exempt.

**Term of contract:** The contract comes into force upon the signature and is valid until the Parties fulfill their obligations.

**Performance time:** 2-6 June 2014.

**Settlement of Disputes:** All disputes between the parties should be resolved in accordance with the legislation of the Russian Federation in the Commercial Court of Krasnodar Region, if the parties do not reach mutual agreement on dispute.

#### **Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

#### **Item 12**

**On approving additional agreement to contract of sub-lease of land plot, contract #07/5-30/407/30-576 dated 20.10.2008, between Kubanenergo JSC and Mobile GTES JSC as interested party transaction**

In accordance with paragraph 3 article 83 of Federal Law “On Joint Stock Companies” decision on this item should be adopted by majority of independent directors uninterested in conclusion of the transaction.

All members of Kubanenergo Board of Directors participate in voting on this item and are considered in accordance with paragraph 3 article 83 of Federal Law “On Joint Stock Companies” as independent directors uninterested in conclusion of the transaction.

The following decision is proposed:

1. To determine that the cost of rent under the additional agreement to contract of sub-lease of land plot, contract # 07/5-30/407/30-576 dated 20.10.2008, between Kubanenergo JSC and Mobile GTES JSC as interested party transaction is:

- for the period from 01.10.2013 to 31.12.2013 - 60 000.00 rubles (sixty thousand rubles 00 kopecks), including VAT - 9 152.54 rubles (nine thousand one hundred fifty two rubles 54 kopecks);

- from 01.01.2014 -360 000.00 rubles (three hundred sixty thousand rubles 00 kopecks), including 18% VAT - 54 915.25 rubles (fifty four thousand nine hundred and fifteen rubles 25 kopecks) per quarter. Annual rents from 01.01.2014 is 1 440 000.00 rubles (one million four hundred forty thousand rubles 00 kopecks), including 18% VAT - 219 661.02 rubles (two hundred and nineteen thousand six hundred sixty one ruble 02 kopecks).

2. To approve additional agreement to contract of sub-lease of land plot, contract # 07/5-30/407/30-576 dated 20.10.2008, between Kubanenergo JSC and Mobile GTES JSC as interested party transaction, in accordance with annex 13 to the present decision of the Board of Directors.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 13**

**On approving agreement on cessation of contact on rent of equipment #407/30-2126 dated 18.11.2013 between Kubanenergo JSC and Mobile GTES JSC as interested party transaction**

In accordance with paragraph 3 article 83 of Federal Law “On Joint Stock Companies” decision on this item should be adopted by majority of independent directors uninterested in conclusion of the transaction.

All members of Kubanenergo Board of Directors participate in voting on this item and are considered in accordance with paragraph 3 article 83 of Federal Law “On Joint Stock Companies” as independent directors uninterested in conclusion of the transaction.

The following decision is proposed:

To approve the agreement on cessation of contact on rent of equipment #407/30-2126 dated 18.11.2013 between Kubanenergo JSC and Mobile GTES JSC as interested party transaction, in accordance with annex 14 to the present decision of the Company’s Board of Directors.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 14**

**On discussing the report on the results of analysis of implementation by the Company’s contractors their obligations on risks insurance provided by work contracts and Regulations on insurance of Kubanenergo JSC in 2013-2015 approved by Company’s BoD (minutes of meeting NO.173/2013 dd 21.10.2013)”**

The following decision is proposed:

1. To take into consideration the report on the results of analysis of implementation by the Company’s contractors their obligations on risks insurance provided by work contracts and Regulations on insurance of Kubanenergo JSC in 2013-2015 approved by Company’s BoD (minutes of meeting No.173/2013 dd 21.10.2013, in accordance with annex 145 to the present decision of the Company’s Board of Directors.

2. To note the violation of requirements from Regulations in part of insuring the construction and assembly works.

3. To instruct Director general to:

- ensure the implementation of requirements from Regulations in regard of planned contracts on construction and assembly works

- to strengthen control of implementation by the contractors their liabilities on insurance of risks when conducting construction and assembly works.

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

**Item 15**

**On termination of term of office of Company's Management Board**

The following decision is proposed:

To terminate the term of office of the following members of the Management Board:

- Kocherga Vitaliy Alexandrovich
- Negryoba Denis Vladimirovich

Additional information of the abovementioned persons:

Participation in authorized capital of the issuer, ordinary shares of the issuer owned by the persons:  
0%/0%

**Voting results**

Vagapov S.G.	- FOR	Lavrova M.A.	- FOR
Varvarin A.V.	- FOR	Katina A.Yu.	- FOR
Gaichenya I.A.	- FOR	Magadeyev R.R.	FOR
Kolyada A.S.	- FOR	Solod A.V.	- FOR

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

Chairperson

Magadeyev R.R.

Corporate secretary

Russu O.V.