

Minutes of Board of Directors Meeting No. 180/2014
Open joint stock company of power industry and electrification of Kuban
(“Kubanenergo” JSC)

Date of meeting	February 7, 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	07.02.2014, 5 p.m.
Date of drawing up minutes	February 10, 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 Plan of future development of Kubanenergo JSC for 2014-2018
2. On approving internal document of the Company: Plan of activities of Kubanenergo JSC in 2014 on implementation of Strategy in the sphere of information technologies, automation and telecommunication for the period up to 2016.
3. On approving Credit Plan of the Company for the first quarter of 2014.
4. On appointing member of Management Board.
5. On approving composition of Central Purchase Committee of Kubanenergo JSC.
6. On approving Company’s insurer.
7. On suggestions for performing activities stipulated by the Programme of Kubanenergo JSC on registering property rights, registering/re-registering property rights on land plots for the period of 2011-2014, with regard of services on preparation of information on borderlines of protected zones of electric grid facilities, with estimates of terms and expenses for their performance.
8. On selecting sources of financing for reimbursement of damage to flora, fauna and soil by modernization and construction works on facilities included in the Programme of construction of Olympic venues, approved by Order of RF Government No.991 dd 29.12.2007.

9. On approving Plan of activities on reduction of overdue accounts payable for transmission services and services of settlement of disputes active as of 001.10.2013.
10. On approving report on implementation of business plan (as well as investment programme) in the 3rd quarter and for 9 months of 2013.
11. On approving report on process of implementation of the Programme on financial recovery of the Company in the 3rd quarter and for 9 months of 2013.
12. On taking into consideration the report prepared by director general of the Company on approval of investment programme for the period till 2018, as well as sources of financing, by authorized body of executive power of territorial subjects of Russian Federation.
13. On taking into consideration the report prepared by director general of the Company on taken measures to ensure the implementation of investment programme in 2013, approved by Order of Ministry of Energy No.701 dd 08.11.2013.
14. On taking into consideration the report prepared by director general of the Company on implementation of detailed plan of activities on purchase of immovable property located in the zone of construction of electricity facilities for Olympic games, according to paragraph 146 of the Programme of construction of Olympic venues.
15. On approving results of reaching key performance indicators of Kubanenergo in the 1st, 2nd and 3rd quarter of 2013.
16. On approving supplementary agreement to free use contract No. 407/30-1347 concluded on 29.10.2008 by Kubanenergo JSC and the Russian Orthodox Church Yekaterinodarskaya and Kuban Eparchy.
17. On approving service contract between Kubanenergo JSC and IT Energy Service, LLC as interested party transaction.
18. On approving construction contract between Kubanenergo JSC and IDGC of the South JSC as interested party transaction.
19. On approving supply contract between Kubanenergo JSC and IDGC of the South JSC as interested party transaction.
20. On approving construction contract between Kubanenergo JSC and IDGC of the South JSC as interested party transaction.
21. On approving supplementary agreement No.1 to agreement No.2061 dated 29.10.2013 between Kubanenergo JSC and Russian grids JSC on monitoring of construction of facilities stipulated by the Programme of construction of Olympic venues and development of Sochi as mountain and recreation resort, approved by Order of RF Government No.991 dd 29.12.2007.
22. On approving agreements on cooperation for prevention of accidents and elimination of consequences of accidents at grid facilities between Kubanenergo JSC and affiliated companies of Russian grids JSC as interested party transaction.

Item 1

On approving Plan of future development of Kubanenergo JSC for 2014-2018

The following decision is proposed:

1. To approve Plan of future development of Kubanenergo JSC for 2014-2018 in accordance with Annex 1 to present decision of Company's BoD.
2. To instruct Director General of "Kubanenergo" JSC to provide quarterly report on consideration of Company's BoD on implementation of Plan of future development of Kubanenergo JSC for 2014-2018 as part of report of Director General on implementation of business-plan (including investment program) of the Company.

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 approving internal document of the Company: Plan of activities of Kubanenergo JSC in 2014 on implementation of Strategy in the sphere of information technologies, automation and telecommunication for the period up to 2016

The following decision is proposed:

1. To defer the discussion to a later date.
2. To instruct Director General of the Company:
 - 2.1 To provide the consideration by Company's BoD no later than June 16, 2014 the following item: "On making changes in Company's strategy in sphere of information technologies, automation and telecommunication to 2016 as part of road map updating containing the updated version of road map of ITT-Strategy implementation with the included achieves of performance indicators".
 - 2.2 No later than July 31, 2014 to provide the consideration by Company's BoD the following item: "On approval of implementation plan of Company's strategy in sphere of information technologies, automation and telecommunication to 2016", containing the implementation plan of ITT-Strategy, corresponding to updated road map of implementation of ITT-Strategy.

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 Credit Plan of the Company for the first quarter of 2014

The following decision is proposed:

To approve Credit plan of "Kubanenergo" JSC for the 1st quarter of 2014 in accordance with Annex 2 to present decision of Company's BoD.

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 third item.

Item 4

On appointing member of Management Board

The following decision is proposed:

To elect Negreba Denis Vladimirovich, deputy Director General on economics and finances of “Kubanenergo” JSC for the position of member of 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 fourth item.

Item 5

On approving composition of Central Purchase Committee of Kubanenergo JSC

The following decision is proposed:

1. To exclude from the structure of Central Tender Committee approved by Company’s BoD (Minutes No. 173/2013 dd, 21.10.2013) Kruk G.M., Shamokhin A.G., Demidov A.V.
2. To approve the structure of Central Tender Committee of “Kubanenergo” JSC in the following composition:

1	Gavrilov A.I.	Director General of “Kubanenergo” JSC, Chairperson of Central Tender Committee
2	Kocherga V.A.	Deputy Director General on corporate management, deputy chairperson of Central Tender Committee
3	Statuev V.A.	Deputy Director General on security of “Kubanenergo” JSC, deputy chairperson of Central Tender Committee
4	Zinchenko P.V.	Deputy Director General on technical questions – head engineer of “Kubanenergo” JSC, member of Central Tender Committee
5	Golov A.V.	Deputy Director General on logistics and inventory and logistics management of “Kubanenergo” JSC, member of Central Tender Committee
6	Kobelyan A.M.	Head of Board of free planning, statutory regulation and organization of purchasing activity of Department of purchasing activities of “Rosseti” JSC, Central Tender Committee

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 Company's insurer**

The following decision is proposed:

To approve the following companies as Company's issuers:

Type of insurance	Insurance company	Insurance period (period of policy issue)
Compulsory insurance of the civil liability of vehicle owners (OSAGO)	"RESO-Garantiya" JISC	From 01.12.2013 to 31.12.2014
Voluntary insurance of motor vehicles (KASKO)	"SOGAZ" JSC	From 01.12.2013 to 31.12.2014
Compulsory insurance of civil liability of the owner of a dangerous object for injury as a result of accident at a hazardous facility	"AlfaStrakhovanie" JSC	From 01.01.2014 to 31.12.2014
Civil liability insurance for injury due to defects in the work on the preparation of project documentation, which affect the security of capital construction	"VSK" IJSC	From 01.12.2013 to 30.11.2014

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 sixth item.

Item 7

On suggestions for performing activities stipulated by the Programme of Kubanenergo JSC on registering property rights, registering/re-registering property rights on land plots for the period of 2011-2014, with regard of services on preparation of information on borderlines of protected zones of

electric grid facilities, with estimates of terms and expenses for their performance

The following decision is proposed:

1. To take into consideration the suggestions on organization of implementation of works specified by Programme on registering property rights, registering/re-registering property rights on land plots for the period of 2011-2014, with estimates of terms and expenses for their performance in accordance with Annex 3 to present decision of Company's BoD.
2. To instruct Director General to develop and implement measures to increase within the planned funding, workload on registering property rights, registering/re-registering property rights with regard of services on protected zones of electric grid facilities, with estimates of terms and expenses for their performance.

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 selecting sources of financing for reimbursement of damage to flora, fauna and soil by modernization and construction works on facilities included in the Programme of construction of Olympic venues, approved by Order of RF Government No.991 dd 29.12.2007

The following decision is proposed:

To defer the discussion of the item 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 eighth item.

Item 9

On approving Plan of activities on reduction of overdue accounts payable for transmission services and services of settlement of disputes active as of 01.10.2013

The following decision is proposed:

1. To approve Scheduled Plan of activities on reduction of overdue accounts payable for transmission services and services of settlement of disputes active as of 01.10.2013 in accordance with Annex 4 to present decision of Company's BoD.

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 approving report on implementation of business-plan (as well as investment programme) in the 3rd quarter and for 9 months of 2013

The following decision is proposed:

1. To approve the report on implementation of business plan (as well as investment programme) in the 3rd quarter and for 9 months of 2013 in accordance with Annex 5 and 6 to present decision of Company's BoD.

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 report on process of implementation of the Programme on financial recovery of the Company in the 3rd quarter and for 9 months of 2013

The following decision is proposed:

1. To take into consideration the report on process of implementation of the Programme on financial recovery of the Company in the 3rd quarter and for 9 months of 2013 in accordance with Annex 7 to present decision of Company's BoD.

2. To instruct Director General of "Kubanenergo" JSC to present on consideration of Company's BoD the report on implementation of the Programme on financial recovery of the Company in the 3rd quarter and for 9 months of 2013 as part of report of Director General on business-plan implementation (including investment programme) of the Company.

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 taking into consideration the report prepared by director general of the Company on approval of investment programme for the period till 2018, as well as sources of financing, by authorized body of executive power of territorial subjects of Russian Federation

The following decision is proposed:

1. To take into consideration the report of Director General of the Company on approval of investment programme of "Kubanenergo" JSC for the period till 2018,

as well as sources of financing, by authorized body of executive power of Krasnodar region and Republic of Adygea in accordance with Annex 8 to present decision of Company's BoD.

2. To note that this issue was submitted for discussion of the BoD too late.

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 taking into consideration the report prepared by director general of the Company on taken measures to ensure the implementation of investment programme in 2013, approved by Order of Ministry of Energy No.701 dd 08.11.2013

The following decision is proposed:

To defer the discussion of the item 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 thirteenth item.

Item 14

On taking into consideration the report prepared by director general of the Company on implementation of detailed plan of activities on purchase of immovable property located in the zone of construction of electricity facilities for Olympic games, according to paragraph 146 of the Programme of construction of Olympic venues

The following decision is proposed:

To defer the discussion of the item 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 fourteenth item.

Item15

On approving results of reaching key performance indicators of Kubanenergo in the 1st, 2nd and 3rd quarter of 2013

The following decision is proposed:

To approve the results of reaching key performance indicators of Kubanenergo in the 1st, 2nd and 3rd quarter of 2013 in accordance with Annex 9, 10, 11 to present decision of Company's BoD.

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.

Item 16

On approving supplementary agreement to free use contract No. 407/30-1347 concluded on 29.10.20008 by Kubanenergo JSC and the Russian Orthodox Church Yekaterinodarskaya and Kuban Eparchy

The following decision is proposed:

To approve supplementary agreement to free use contract No. 407/30-1347 concluded on 29.10.20008 by Kubanenergo JSC and the Russian Orthodox Church Yekaterinodarskaya and Kuban Eparchy in accordance with Annex 12 to present decision of Company's BoD.

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 sixteenth item.

Item 17

On approving service contract between Kubanenergo JSC and IT Energy Service, LLC as interested party transaction

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

All members participate in voting on this issue and are considered as independent directors in accordance with paragraph 3 of article 83 of Federal law "On Joint Stock Companies".

The following decision is proposed:

1. To determine the total cost of services under the contract between "Kubanenergo" JSC and "IT Energy Service" JSC as transaction of interest in the amount of 6 499 999 (six million four hundred ninety nine thousand nine hundred ninety nine) rubles 92 kopecks, including 18% VAT – 991 525 (nine hundred ninety nine thousand five hundred twenty five) rubles 41 kopecks.

2. To approve the contract between the "Kubanenergo" JSC and "IT Energy Service" LLC (hereafter – the Contract, Annex 13 to present decision of Company's BoD) as transaction of interest on the following terms:

Parties of the contract:

Customer – “Kubanenergo” JSC

Contractor – “IT Energy Service” LLC

Subject: In accordance with the terms of the Contract the Contractor shall provide services, their list, amount, content, price and terms specified in Annex 2-5 to Contract, which are part of Contract (hereafter - Services) and the Customer undertakes to accept and pay for the work.

Contract Price: The total price of services rendering by the Service Contract during the terms specified in Schedule of services rendering (Annex 3 to Contract) amounts 6 499 999 (six million four hundred ninety nine thousand nine hundred ninety nine) rubles 92 kopecks, including 18% VAT. Contractor is not entitled to demand the increasing of the price of services agreed by the Parties, including in case when determining the price services are excluded the possibility of providing the full amount required for the execution of the Contract expenditures.

The costs of services, cost payment procedures of services are specified in Annex to Contract.

Period of services: Initial and final terms of Services rendering are specified in Schedule of services rendering (Annex 3 to Contract), which is part of Contract. Terms of services rendering on every type of services are specified in relevant Annexes to Contract.

Term of the Contract: The Contract shall come into force upon signature and shall be valid until the Parties fulfill their commitments. Terms of the Agreement shall apply to the relations between the Parties arising from 01.03.2014.

If none of the Parties notifies the other of termination 30 (thirty) calendar days before the expiration of the Services specified in the Schedule of services (Annex 3 to the Contract), the Contract is considered as extended for a further 1 (one) year on conditions established by Annex 4 to the Contract for the period from 01.03.2016 to 28.02.2017.

Responsibility of parties: For any failure to perform obligations under the Contract the Parties shall be liable in accordance with the laws of the Russian Federation and the Contact.

Settlement of Disputes: Any dispute under the Contact the Parties will attempt to resolve through negotiation. The parties do not provide pre-trial (Claims) dispute resolution procedure as a mandatory.

If the Parties failed to reach agreement during negotiations, the disputes should be settled by arbitration court at the location of the Customer.

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 decision on seventeenth item was adopted by majority of independent directors uninterested in transaction.

Item 18

On approving construction contract between Kubanenergo JSC and IDGC of the South JSC as interested party transaction

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

Members Likhov, Magadeyev and Solod do not participate in voting on this issue and are not considered as independent directors in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.

The following decision is proposed:

1. To determine the price of service contract between “Kubanenergo” JSC and “IDGC of the South” JSC as transaction of interest in the amount of 7 620 113.87 (seven million six hundred twenty thousand one hundred thirteen rubles 87 kopecks) including VAT 18% - 1 371 620.50 (one million three hundred seventy one thousand six hundred twenty rubles 50 kopecks).

2. To approve the service contract between “Kubanenergo” JSC and “IDGC of the South” JSC as transaction of interest (hereafter - Contract) on the following conditions:

Parties of contract:

“Kubanenergo” JSC –Customer;

“IDGC of the South” JSC – Contractor.

Subject of contract:

Contractor is obliged to implement repair works on facilities of distribution network of Anapa distribution zone of branch “Kubanenergo” JSC South-Western power grids in accordance with list of facilities (Appendix No. 4 to present Contract) and submit the result to Customer and Customer should adopt the result of works and pay it off in manner specified by Contract.

Contract price:

The cost of work is determined by contract price that determined by budget documentation (Appendix No. 1.1-1.11 to present contract), travel expenses (Appendix No. 2 to present Contract), protocol of agreement on contract price (Appendix No. 3 to present Contract) and amounts 7 620 113.87 (seven million six hundred twenty thousand one hundred thirteen rubles 87 kopecks) including VAT 18% - 1 371 620.50 (one million three hundred seventy one thousand six hundred twenty rubles) 50 kopecks.

Terms of contract:

Contract enters into force upon signature, shall apply to the legal relationship of the parties actually occurred since June 6, 2013 and is valid until the Parties fulfill with all their obligations under the Contract.

Works performance period:

Works performance period, work stages on Contract, Contractor prepares works on delivery acceptance, Customer determines in accordance with Schedule of works implementation (Annex 5 to Contract).

Work at the facility considered to be satisfied by the Contractor after both parties have signed the act of acceptance of executed works.

Voting results

Vagapov S.G. - FOR Lavrova M.A. - FOR

Varvarin A.V. - FOR Katina A.Yu. - FOR

Gaichenya I.A. - FOR Kolyada A.S. - FOR

Thus, the decision on eighteenth item was adopted by majority of independent directors uninterested in transaction.

Item 19

On approving supply contract between Kubanenergo JSC and IDGC of the South JSC as interested party transaction

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

Members Likhov, Magadeyev and Solod do not participate in voting on this issue and are not considered as independent directors in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.

The following decision is proposed:

1. To determine the price of service contract between “Kubanenergo” JSC and “IDGC of the South” JSC as transaction of interest in the amount of 5 079 480 (five million seventy nine thousand four hundred eighty) rubles 00 kopecks including VAT 18.

2. To approve the service contract between “Kubanenergo” JSC and “IDGC of the South” JSC as transaction of interest (hereafter - Contract) on the following conditions:

Parties of contract:

“Kubanenergo” JSC – customer.

“IDGC of the South” JSC – supplier;

Subject of contract:

The Supplier is obliged to deliver and Customer to accept and pay in accordance with order of “Rosseti” JSC No. 483 dd. 06.08.2013 – KT “On providing a reliable and secure power supply Sochi power district Kuban energy system during the XXII Olympic Winter Games and XI Paralympic Winter Games of 2014 in Sochi” and Minutes of the Joint Staff on organization of the construction, operation and security of transmission facilities in Sochi power district before and during the test competitions and the XXII Olympic Winter Games and XI Paralympic Winter Games of 2014 dd. 23.09.2013 gas insulated switches (hereinafter "Product") in quantity, assortment and prices specified in the Specifications (Appendix No. 1 to the Contract), which is an integral part hereof.

Contract price:

The cost of this Contract amounts 5 079 480 (five million seventy nine thousand four hundred eighty) rubles 00 kopecks including VAT 18%.

Liability of the parties:

In case of violation of obligations by Parties, they bear responsibility in accordance with the current legislation of the Russian Federation.

Contract period:

This Agreement shall come into force upon signature and shall be valid until the complete fulfillment of the commitments by the parties. The terms of this agreement are applicable to the parties effective appeared from 25.09.2013.

Settlement of disputes:

All disputes arising out of this contract or in connection with it shall be settled in accordance with current legislation. Claim procedure is required. Period of claim consideration amounts 10 calendar days from the moment of receiving the claim.

All disputes arising in the course of execution of this Contract shall be settled through negotiation, and in case of failure to reach agreement, the dispute shall be referred to Arbitration Court of Krasnodar region.

Voting results

Vagapov S.G. - FOR Lavrova M.A. - FOR

Varvarin A.V. - FOR Katina A.Yu. - FOR

Gaichenya I.A. - FOR Kolyada A.S. - FOR

Thus, the decision on nineteenth item was adopted by majority of independent directors uninterested in transaction.

Item 20**On approving confidentiality agreement between “Kubanenergo” JSC and “IDGC of the Centre” JSC as interested party transaction**

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

All members participate in voting on this issue and are considered as independent directors in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.

The following decision is proposed:

To approve confidentiality agreement between “Kubanenergo” JSC and “IDGC of the Centre” JSC (hereafter – Agreement) as interested party transaction on the following conditions:

Parties of the Agreement:

- “IDGC of the Centre” JSC
- “Kubanenergo” JSC

Object of the Agreement:

The Parties undertake to ensure compliance with the conditions of protection of information received from other Party constituting a commercial secret, and (or) other confidential information, prevent its disclosure to third parties or used to harm each other.

Each Party undertakes to apply the level of protection of the information constituting a commercial secret, and (or) other confidential information of the other Party, no less than for the protection of their own information constituting a commercial secret, and (or) other confidential information.

Liability of the parties:

Parties are responsible for the unauthorized use or disclosure of confidential information. Receiving Party has caused the loss or unauthorized use or disclosure of confidential information is required to compensate documented losses incurred by the delivering Party.

Settlement of disputes:

All disputes arising between the Parties in accordance with this Agreement shall be settled through negotiation. In case of failure to reach agreement, the dispute shall be referred to Arbitration Court of Moscow.

Term of Agreement:

Agreement is valid for one year and shall enter into force upon signature. If one month before the expiration of the Agreement, neither party will not require its termination, the Agreement recognizes as extended on the same terms and for the same term.

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 decision on twentieth item was adopted by majority of independent directors uninterested in transaction.

Item 21

On approving supplementary agreement No.1 to agreement No.2061 dated 29.10.2013 on monitoring of construction of facilities stipulated by the Programme of construction of Olympic venues and development of Sochi as mountain and recreation resort, approved by Order of RF Government No.991 dd 29.12.2007 between “Kubanenergo” JSC and “Russian grids” JSC as transaction of interest

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

All members participate in voting on this issue and are considered as independent directors in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.

The following decision is proposed:

To approve supplementary agreement No.1 to agreement No.2061 dated 29.10.2013 on monitoring of facilities construction included in the Programme of construction of Olympic venues and development of Sochi as mountain and recreation resort, approved by Order of RF Government No.991 dd 29.12.2007 (hereafter – Supplementary agreement) in accordance with Appendix No. 14 to present decision of Company’s BoD as transaction of interest on the following conditions:

- the aim of supplementary agreement is to enlarge the list of facilities from agreement dated 29.10.2013 # 2061 by adding facilities from the Federal investment

programme 2012, the specified agreement is applicable to relations between the parties occurred in 2011.

- the Supplementary agreement comes into force upon the signatures, but after its approved by Kubanenergo BoD.

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 decision on twenty-first item was adopted by majority of independent directors uninterested in transaction.

Item 22

On approving agreements on cooperation for prevention of accidents and elimination of consequences of accidents at grid facilities between “Kubanenergo” JSC and affiliated companies of “Russian grids” JSC as interested party transaction

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

1. All members participate in voting concerning the approval of transaction between “Kubanenergo” JSC and “IDGC of North-West” JSC, in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.
2. Member of the Board of Directors Magadeyev R.R. is considered as interested-party in conclusion of transaction between “Kubanenergo” JSC and “IDGC of Ural” JSC. Except Magadeyev R.R. all other members participate in voting and are considered as independent directors, in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.
3. Member of the Board of Directors Neganov L.V. is considered as interested-party in conclusion of transaction between “Kubanenergo” JSC and “IDGC of Siberia” JSC. Except Neganov L.V. all other members participate in voting and are considered as independent directors, in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.
4. Member of the Board of Directors Varvarin A.V. is considered as interested-party in conclusion of transaction between “Kubanenergo” JSC and “IDGC of Siberia” JSC. Except Varvarin A.V. all other members participate in voting and are considered as independent directors, in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.
5. All members participate in voting concerning the approval of transaction between “Kubanenergo” JSC and “IDGC of Volga” JSC, in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.
6. Members of the Board of Directors Neganov L.V. and Katina A.Yu. are considered as interested-party in conclusion of transaction between “Kubanenergo” JSC and “Tyumenenergo” JSC. Except Neganov L.V. and

Katina A.Yu. all other members participate in voting and are considered as independent directors, in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.

7. All members participate in voting concerning the approval of transaction between “Kubanenergo” JSC and “Yantarenergo” JSC, in accordance with paragraph 3 of article 83 of Federal law “On Joint Stock Companies”.

The following decision is proposed:

1. To approve the agreement on cooperation for the prevention and elimination of accidents at energy facilities between “Kubanenergo” JSC and JSC “IDGC of North-West” JSC (hereafter – the Agreement) as transaction of interest on the following terms:

Parties of the Agreement:

“IDGC of North-West” JSC

“Kubanenergo” JSC

Subject of the Agreement:

Relations between the Parties for the prevention and elimination of accidents at electric energy facilities caused by damage to equipment (including natural disasters), and the need to disconnect the supply of electricity to eliminate the threat to life, health and other causes in 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 investigation of the causes of accidents in power industry, approved by the Decree of the Government of the Russian Federation dated October 28, 2009 No. 846.

The agreement is concluded for the joint promptly organized action to restore transmission facilities that are necessary for the normalization of electricity supply to consumers and to prevent possible damage to consumers.

Responsibility of parties:

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

Term of Agreement:

The Agreement shall enter into force upon the signature and is valid till 31.12.2014.

Settlement of Disputes:

All disputes related to the implementation of the Agreement the Parties shall endeavor to resolve by negotiation. Unsolved disputes shall be settled in accordance with the legislation of the Russian Federation.

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 decision on twenty-second (paragraph 1) item was adopted by majority of independent directors uninterested in transaction.

2. To approve the agreement on cooperation for the prevention and elimination of accidents at energy facilities between “Kubanenergo” JSC and JSC “IDGC of Ural” JSC (hereafter – the Agreement) as transaction of interest on the following terms:

Parties of the Agreement:

“Kubanenergo” JSC

“IDGC of Ural” JSC

Subject of the Agreement:

Relations between the Parties for the prevention and elimination of accidents at electric energy facilities caused by damage to equipment (including natural disasters), and the need to disconnect the supply of electricity to eliminate the threat to life, health and other causes in 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 investigation of the causes of accidents in power industry, approved by the Decree of the Government of the Russian Federation dated October 28, 2009 No. 846.

The agreement is concluded for the joint promptly organized action to restore transmission facilities that are necessary for the normalization of electricity supply to consumers and to prevent possible damage to consumers.

Responsibility of parties:

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

Term of Agreement:

The Agreement shall enter into force upon the signature and is valid till 31.12.2014.

Settlement of Disputes:

All disputes related to the implementation of the Agreement the Parties shall endeavor to resolve by negotiation. Unsolved disputes shall be settled in accordance with the legislation of the Russian Federation.

Voting results

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

Thus, the decision on twenty-second (paragraph 2) item was adopted by majority of independent directors uninterested in transaction.

3. To approve the agreement on cooperation for the prevention and elimination of accidents at energy facilities between “Kubanenergo” JSC and JSC “IDGC of Siberia” JSC (hereafter – the Agreement) as transaction of interest on the following terms:

Parties of the Agreement:

“Kubanenergo” JSC

“IDGC of Siberia” JSC

Subject of the Agreement:

Relations between the Parties for the prevention and elimination of accidents at electric energy facilities caused by damage to equipment (including natural disasters), and the need to disconnect the supply of electricity to eliminate the threat to life, health and other causes in 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 investigation of the causes of accidents in power industry, approved by the Decree of the Government of the Russian Federation dated October 28, 2009 No. 846.

The agreement is concluded for the joint promptly organized action to restore transmission facilities that are necessary for the normalization of electricity supply to consumers and to prevent possible damage to consumers.

Responsibility of parties:

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

Term of Agreement:

The Agreement shall enter into force upon the signature and is valid till 31.12.2014.

Settlement of Disputes:

All disputes related to the implementation of the Agreement the Parties shall endeavor to resolve by negotiation. Unsolved disputes shall be settled in accordance with the legislation of the Russian Federation.

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 decision on twenty-second (paragraph 3) item was adopted by majority of independent directors uninterested in transaction.

4. To approve the agreement on cooperation for the prevention and elimination of accidents at energy facilities between “Kubanenergo” JSC and JSC “IDGC of Volga” JSC (hereafter – the Agreement) as transaction of interest on the following terms:

Parties of the Agreement:

“Kubanenergo” JSC

“IDGC of Volga” JSC

Subject of the Agreement:

Relations between the Parties for the prevention and elimination of accidents at electric energy facilities caused by damage to equipment (including natural disasters), and the need to disconnect the supply of electricity to eliminate the threat to life, health and other causes in 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 investigation of the causes of accidents in power industry, approved by the Decree of the Government of the Russian Federation dated October 28, 2009 No. 846.

The agreement is concluded for the joint promptly organized action to restore transmission facilities that are necessary for the normalization of electricity supply to consumers and to prevent possible damage to consumers.

Responsibility of parties:

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

Term of Agreement:

The Agreement shall enter into force upon the signature and is valid till 31.12.2014.

Settlement of Disputes:

All disputes related to the implementation of the Agreement the Parties shall endeavor to resolve by negotiation. Unsolved disputes shall be settled in accordance with the legislation of the Russian Federation.

Voting results

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

Thus, the decision on twenty-second (paragraph 4) item was adopted by majority of independent directors uninterested in transaction.

5. To approve the agreement on cooperation for the prevention and elimination of accidents at energy facilities between “Kubanenergo” JSC and JSC “Tomsk Distribution Company” JSC (hereafter – the Agreement) as transaction of interest on the following terms:

Parties of the Agreement:

“Kubanenergo” JSC

“Tomsk Distribution Company” JSC

Subject of the Agreement:

Relations between the Parties for the prevention and elimination of accidents at electric energy facilities caused by damage to equipment (including natural disasters), and the need to disconnect the supply of electricity to eliminate the threat to life, health and other causes in 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 investigation of the causes of accidents in power industry, approved by the Decree of the Government of the Russian Federation dated October 28, 2009 No. 846.

The agreement is concluded for the joint promptly organized action to restore transmission facilities that are necessary for the normalization of electricity supply to consumers and to prevent possible damage to consumers.

Responsibility of parties:

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

Term of Agreement:

The Agreement shall enter into force upon the signature and is valid till 31.12.2014.

Settlement of Disputes:

All disputes related to the implementation of the Agreement the Parties shall endeavor to resolve by negotiation. Unsolved disputes shall be settled in accordance with the legislation of the Russian Federation.

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 decision on twenty-second (paragraph 5) item was adopted by majority of independent directors uninterested in transaction.

6. To approve the agreement on cooperation for the prevention and elimination of accidents at energy facilities between “Kubanenergo” JSC and JSC “Tyumenenergo” JSC (hereafter – the Agreement) as transaction of interest on the following terms:

Parties of the Agreement:

“Kubanenergo” JSC

“Tyumenenergo” JSC

Subject of the Agreement:

Relations between the Parties for the prevention and elimination of accidents at electric energy facilities caused by damage to equipment (including natural disasters), and the need to disconnect the supply of electricity to eliminate the threat to life, health and other causes in 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 investigation of the causes of accidents in power industry, approved by the Decree of the Government of the Russian Federation dated October 28, 2009 No. 846.

The agreement is concluded for the joint promptly organized action to restore transmission facilities that are necessary for the normalization of electricity supply to consumers and to prevent possible damage to consumers.

Responsibility of parties:

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

Term of Agreement:

The Agreement shall enter into force upon the signature and is valid till 31.12.2014.

Settlement of Disputes:

All disputes related to the implementation of the Agreement the Parties shall endeavor to resolve by negotiation. Unsolved disputes shall be settled in accordance with the legislation of the Russian Federation.

Voting results

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

Thus, the decision on twenty-second (paragraph 6) item was adopted by majority of independent directors uninterested in transaction.

7. To approve the agreement on cooperation for the prevention and elimination of accidents at energy facilities between “Kubanenergo” JSC and JSC “Yantarenergo” JSC (hereafter – the Agreement) as transaction of interest on the following terms:

Parties of the Agreement:

“Kubanenergo” JSC

“Yantarenergo” JSC

Subject of the Agreement:

Relations between the Parties for the prevention and elimination of accidents at electric energy facilities caused by damage to equipment (including natural disasters), and the need to disconnect the supply of electricity to eliminate the threat to life, health and other causes in 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 investigation of the causes of accidents in power industry, approved by the Decree of the Government of the Russian Federation dated October 28, 2009 No. 846.

The agreement is concluded for the joint promptly organized action to restore transmission facilities that are necessary for the normalization of electricity supply to consumers and to prevent possible damage to consumers.

Responsibility of parties:

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

Term of Agreement:

The Agreement shall enter into force upon the signature and is valid till 31.12.2014.

Settlement of Disputes:

All disputes related to the implementation of the Agreement the Parties shall endeavor to resolve by negotiation. Unsolved disputes shall be settled in accordance with the legislation of the Russian Federation.

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 decision on twenty-second (paragraph 7) item was adopted by majority of independent directors uninterested in transaction.

Chairperson

Magadeyev R.R.

Corporate secretary

Russu O.V.