



Minutes of Board of Directors Meeting No. 235/2016

Public joint stock Company of power industry and electrification of Kuban ("Kubanenergo" PJSC)

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| Date of meeting | 22 April 2016 |
| Form of holding the meeting | absentee voting (questionnaire) |
| Place of vote counting | office 105, building 1, 2A Stavropolskaya St., Krasnodar (postal address of "Kubanenergo" PJSC) |
| Date of vote counting | 22.04.2016, 5 p.m. |
| Date of drawing up minutes | 25 April 2016 |

Board of Directors Members: 11

Questionnaires were submitted by: Mangarov Yu.N. (chairperson), Bogach Ye.V., Varvarin A.V., Gavrilov A.I., Kataev S.M., Kislyakov A.M., Lavrova M.A., Kharin A.N., Khokholkova K.V.

Questionnaires were not submitted by: Niyazmetov A.K. Terebkov F.A.

According to requirements of paragraph 7.3 of Regulation on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban (approved by decision of annual General meeting of "Kubanenergo", JSC shareholders dated 11.06.2015, minutes No.36), the quorum for holding the meeting should count at least half of elected members of Board of Directors.

Quorum is present

Agenda

1. On approval of amended business-plan of Kubanenergo PJSC, including investment programme and information on key operational risks for 2016 and estimated for 2017-2020 as well as programme on enhancement of operating performance and reduction of expenses in the period of 2016-2020.

Item 1

On approval of amended business-plan of Kubanenergo PJSC, including investment programme and information on key operational risks for 2016 and estimated for 2017-2020 as well as programme on enhancement of operating performance and reduction of expenses in the period of 2016-2020

The following decision is proposed:

1. To approve the adjusted Business plan of Kubanenergo PJSC, including the investment programme and information on the key operational risks for 2016 and take into consideration the estimates for the period of 2017-2020, in accordance with Annex 1 to the present decision of the Board of Directors.
2. To approve the programme on enhancement of operating performance and reduction of expenses in the period of 2016-2020 in view of achieving the target indicator on reduction of

operating costs by at least 3% annually in accordance with Annex 2 to the present decision of the Board of Directors.

3. To instruct the sole executive body of Kubanenergo PJSC:

3.1. to ensure the implementation of additional measures aimed at increasing the efficiency of Kubanenergo PJSC, including the improvement of the financial condition of the Company and a decrease of loss from transmission of electrical energy in 2016 by:

- increasing the operating and investment efficiency, increasing energy efficiency and energy saving indicators, reliability and quality of electricity supply;
- settlement of disputes with the bodies regulating tariffs on the basis of the adopted tariff decisions for 2016;
- increasing the level of payment for the services of electric power transmission;
- to ensure in 2017 formation and inclusion in the tariff-balance decisions from 2018 (for the next long-term regulation period) of baseline operating (controlled) costs, including costs from profit stipulated in the Business Plan of the Company for each subject of tariff regulation
- inclusion in the tariff application of Kubanenergo PJSC for 2017 the return of applied negative accumulated smoothing based on the application of the rate of return;
- ensure the Company's operating expenses as well as costs of the profit level recorded in the tariff-balance decisions in 2017 and subsequent periods, comply with the business plan.

3.2. to ensure formation of target indicators during the next adjustment of the Company's business plan for 2016 and formation of the business plan for 2017-2021 with inclusion of effects of implementing measures in paragraph 3.1.

Deadline: November 2016.

2.4. to ensure bringing for consideration of the Company's Board of Directors the adjusted business plan for 2016, taking into account the long-term Company's investment programme for the period from 2016, approved by the Ministry of Energy of the Russian Federation, in accordance with the procedure established by the Resolution of the RF Government dated 01.12.2009 No. 977 "On investment programs of electric power industry entities", if it differs from the parameters provided for by the approved Company's business plan for 2016- 2020. As well as with regard of requirements stated in resolution of the RF Government No.705-p dated 18.04.2016.

Deadline: 10.11.2016.

Voting results

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|----------------|---|------------|------------------|---|------------|
| Bogach Ye.V. | - | FOR | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Kharin A.N. | - | FOR |
| Gavrilov A.I. | - | FOR | Khokholkova K.V. | - | FOR |
| Kataev S.M. | - | FOR | Lavrova M.A. | - | FOR |
| Kislyakov A.M. | - | FOR | | | |

Thus, the decision on the first item was unanimously adopted by the BoD members participating in the meeting.

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.