



Minutes of Board of Directors Meeting No. 258/2016

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

Date of meeting	21 December 2016
Form of holding the meeting	in person and in absentia (as well as by videoconference)
Place of vote counting	office A5-048, 4 Belovezhskaya street, Moscow
The meeting started at:	3:30 p.m.
The meeting ended at:	4:40 p.m.
Date of drawing up minutes	22 December 2016

In accordance with the requirements of paragraph 7.1 of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban, approved by the Annual General Meeting of Shareholders on 24.06.2016 (Minutes of meeting No.37 of 27.06.2016), the Board of Directors meeting is opened by the Chairman of the Board of Directors of “Kubanenergo” PJSC – **Mangarov Yuri Nikolayevich**.

In accordance with paragraph 7.3 of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban, the Corporate Secretary of the Company – **Russu Olga Vladimirovna**, is called upon to determine the presence of quorum for holding the meeting of the Board of Directors.

In accordance with paragraph 7.3. of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban, the quorum for the meeting of the Board of Directors is at least half of the elected members of the Board of Directors. According to clause 16.1 of the Charter of “Kubanenergo” PJSC the Board of Directors consists of 11 (eleven) members.

The meeting was attended by: Mangarov Yu.N. (Chairperson of the BoD), Bobkov D.A., , Varvarin A.V., Yefimov A.L., Gavrilov A.I., Serov A.Yu., Khokholkova K.V., Sofyin V.V.Gritsenko V.F., Shmakov I.V.

The meeting was not attended by: Bogashov A.Ye.

The meeting is attended by 10 members of the Board of Directors, representing not less than half of the elected members of the Board of Directors. The necessary **quorum** for the meeting of the Board of Directors **is present**.

Questionnaires have been submitted by: Bogashov A.Ye.

Questionnaires have not been submitted by: no

Agenda of the meeting of Kubanenergo Board of Directors includes the following questions:

1. On discussion of the Plan of activities for implementation of resolutions of the Board of Directors of Rosseti PJSC (minutes of meeting No.232 dated 09.06.2016) and the Plan of Development of Kubanenergo PJSC

On Ocheredko Olga Vyacheslavovna, Deputy General Director for Economics and Finance, “Kubanenergo” PJSC made a report concerning the agenda item.

Speakers:

- Mangarov Yuri Nikoleyevich, Chairman of the Board of Directors spoke on adjustment to the Plan of Development of “Kubanenergo” PJSC;

- Serov Alexey Yurevich, Member of the Board of Directors spoke on adjustment of the Company's Business Plan for 2017 on the basis of the adoption of tariff and balance decisions.

Following the discussion results there are two resolutions to be voted for:

Option 1 on item 1:

1. To take into consideration the action plan for implementation of the resolutions adopted by the Board of Directors of “Rosseti” and Plan of Development of “Kubanenergo” PJSC in accordance with Annex 1 to the present decision of the Board of Directors.

2. To note the presence of factors uncontrollable by the Company's management, that have a negative impact on the implementation of the Plan of Development of “Kubanenergo” PJSC in 2016-2017, including decrease in revenues from sales of electric power transmission services by 1.9 billion rubles, due to changes in the structure of productive supply, absence of decision on the adoption of social norms from 01.07.2016 and reconsideration of the forecast of socio-economic development of the Russian Federation in terms of the rate of growth of tariffs for electricity transmission, as well as the influence of other objective factors (increase in payments of compulsory tax, funding of priority investment projects) .

3. To note the poor quality of planning that has a negative impact on the achievement of financial and economic goals of the Company, provided by the Plan of Development of “Kubanenergo” PJSC in 2016-2017, precisely:

3.1. increase of funding the technological connection of consumers entitled to discounts in the amount of 1.2 billion rubles in 2016 as part of the Company's investment programme;

3.2. use of targeted cash received from applicants for technological connection in the amount of 0.8 billion rubles to finance the operating activities of “Kubanenergo” PJSC;

3.3. reducing the level of payment for electricity transmission services in 2016 and, consequently, decrease in income from operating activities by 0.6 billion rubles.

4. To instruct the General Director of the Company that while adjusting the Plan of Development of “Kubanenergo” PJSC, following the approval of tariff decisions for 2017, the Company shall take into account the implementation of the objective and subjective factors, which could affect the financial position of “Kubanenergo” PJSC, reflected in the paragraphs 2 and 3 of the present decision, as well as to ensure implementation of measures aimed at minimizing their negative impact. A report on the implementation of the order shall be submitted to the meeting of the Board of Directors.

Deadline: 01.02.2017.

Voting results:

FOR

- Bogashov A.Ye., Serov A.Yu., K.V.

AGAINST

- Gavrilov A.I., Shmakov I.V.

ABSTAINED

- Bobkov D.A., Mangarov Yu.N. (Chairman of the BoD),
Varvarin A.V., Gritsenko V.F., Yefimov A.L., Sofin V.V.,
Khokholkova

Thus, the first option of resolution proposed on item 1 was not approved by the Board of Directors members participating in the meeting.

Option 2 on item 1:

1. To take into consideration the action plan for implementation of the resolutions adopted by the Board of Directors of “Rossetti” and Plan of Development of “Kubanenergo” PJSC in accordance with Annex 1 to the present decision of the Board of Directors.

2. To note the presence of factors uncontrollable by the Company's management, that have a negative impact on the implementation of the Plan of Development of “Kubanenergo” PJSC in 2016-2017, including decrease in revenues from sales of electric power transmission services by 1.9 billion rubles, due to changes in the structure of productive supply, absence of decision on the adoption of social norms from 01.07.2016 and reconsideration of the forecast of socio-economic development of the Russian Federation in terms of the rate of growth of tariffs for electricity transmission, as well as the influence of other objective factors (increase in payments of compulsory tax, funding of priority investment projects) .

3. To instruct the General Director of the Company that while adjusting the Plan of Development of “Kubanenergo” PJSC, following the approval of tariff decisions for 2017, the Company shall take into account the implementation of the objective and subjective factors, which could affect the financial position of “Kubanenergo” PJSC, reflected in the paragraphs 2 and 3 of the present decision, as well as to ensure implementation of measures aimed at minimizing their negative impact. A report on the implementation of the order shall be submitted to the meeting of the Board of Directors.

Deadline: 01.02.2017.

Voting results:

FOR

- Mangarov Yu.N. (Chairman of the BoD), Varvarin A.V.,
Gavrilov A.I., Gritsenko V.F., Yefimov A.L., Shmakov I.V.,
Bobkov D.A., Sofin V.V., Khokholkova K.V.

AGAINST

- Bogashov A.Ye.

ABSTAINED

- Serov A.Yu.,

Thus, the second option of resolution proposed on item 1 was approved by majority of the Board of Directors members participating in the meeting.

Chairperson of the Board of Directors

Yu.N. Mangarov

Corporate Secretary

O.V. Russu