



Interregional Distribution Grid Company of Centre,
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MINUTES
of the meeting of the Audit Committee
of the Board of Directors of IDGC of Centre, PJSC
(in the form of joint presence)

29 February 2016

Moscow

No. 02/16

Form of the meeting: joint presence.

Total number of members of the Audit Committee: 7 persons.

Place of the meeting: Moscow, 2nd Yamskaya, 4, floor 5, office 507.

Time of the meeting: 15 hours 25 minutes – 16 hours 25 minutes.

Participants of the meeting: Y.N. Pankstyanov, D.A. Malkov, M.M. Saukh, N.I. Erpsher.

The written opinion (questionnaire) of the following members was taken into account while defining the results: T.P. Dronova, R.A. Filkin, A.V. Shevchuk.

Members who neither participated nor provided questionnaires: none.

The quorum is present.

Date of the minutes: 02.03.2016.

The Expert conclusion of the expert of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC M.A. Lelekova was taken into account at drawing up of the minutes.

The meeting of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC was opened by Chairperson of the Audit Committee of the Board of Directors of IDGC of Centre, Yury Nikolayevich Pankstyanov.

The following invited representatives of the management of PJSC «Rosseti» were present:

M.A. Lelekova - Director of Internal Audit and Control Department (Expert of the Audit Committee of the Board of Directors of IDGC of Centre)

I.V. Shmakov - Head of Internal Audit Directorate

The following invited representatives of IDGC of Centre's management were present:

I.V. Gromova - Deputy General Director for Human Resources and Organizational Design

E.V. Kabanova – Deputy General Director for Development and Sale of Services

R.P. Mitrofanov – Deputy General Director for Capital Construction

K.A. Mikhailik – First Deputy General Director

A.V. Pilyugin – First Deputy General Director – Chief Engineer

S.Y. Rumyantsev – Deputy General Director for Economy and Finance

D.V. Sklyarov – Deputy General Director for Investment

L.A. Sklyarova - Chief Accountant - Head of Financial and Tax Accounting and Reporting Department
S.N. Sharapov - Deputy General Director for Corporate Governance
S.V. Shpakova – Head of Internal Audit and Control Department.

After the announcement of a quorum regarding the agenda items, the meeting of the Audit Committee was called to order.

AGENDA:

1. Preliminary consideration of the report of the Internal Audit and Control Department of the Company on the execution of the work plan and the internal audit performance» for 2015.
2. Consideration of the report of the Company's management «On the implementation of the Plans of corrective actions to address the deficiencies identified in 2015 by the Company's internal audit and external control and supervision bodies, the Company's Audit Commission».
3. Consideration of the information of the Company's management for non-standard transactions and events, as well as the formation of provision for doubtful debts and estimated liabilities.
4. On the results of the audit of the business process for the procurement management and measures of the Company's management to correct deficiencies and irregularities identified during the audit.

Item 1. Preliminary consideration of the report of the Internal Audit and Control Department of the Company «On execution of the Work Plan for 2015 and the internal audit performance».

Speaker – Svetlana Valeryevna Shpakova - Head of Internal Audit and Control Department.

Without discussing the report members of the Audit Committee of the Board of Directors proceeded to vote.

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

Decision taken at the meeting:

1. To approve the Report of the Internal Audit and Control Department of IDGC of Centre «On the execution of the work plan and the internal audit performance for 2015» in accordance with Appendix # 1 to this decision of the Audit Committee of the Board of Directors of IDGC of Centre.
2. To recommend to the Board of Directors of IDGC of Centre to take the following decision:

«To approve the Report of the Internal Audit and Control Department of IDGC of Centre «On the execution of the work plan and the internal audit performance for 2015 in accordance with the Appendix».

Voting results under the decision draft, announced at the meeting:

Denis Alexandrovich Malkov - «FOR»

Yury Nikolayevich Pankstyanov - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Natalia Ilyinichna Erpsher - «FOR»

Voting results by filling in the questionnaires:

Tatiana Petrovna Dronova - «FOR»

Roman Alexeyevich Filkin - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR» - «7»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Item 2. Consideration of the report of the Company's management «On the implementation of the Plans of corrective actions to address the deficiencies identified in 2015 by the Company's internal audit and external control and supervision bodies, the Company's Audit Commission».

Speaker - Konstantin Alexandrovich Mikhailik - Member of the Management Board, First Deputy General Director.

In discussing the report the questions were received from Y.N. Pankstyanov, D.A. Malkov, M.A. Lelekova.

The explanations and answers to the questions were given by K.A. Mikhailik, S.V. Shpakova, A.V. Pilyugin.

Following the discussion of the report on the agenda item Chairperson of the Audit Committee Y.N. Pankstyanov and Expert of the Audit Committee M.A. Lelekova proposed to the management in subsequent reports, presented to the members of the Audit Committee, to disclose in details:

- on compensatory measures;

- on comparative analysis of fines brought against the Company (the reporting period / the corresponding previous period).

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

Decision taken at the meeting:

To take into consideration the Report «On the implementation of the Plans of corrective actions to address the deficiencies identified in 2015 by the Company's internal audit and external control and supervision bodies, the Company's Audit Commission», in accordance with Appendix # 2 to this decision of the Audit Committee of the Board of Directors of IDGC of Centre.

Voting results under the decision draft, announced at the meeting:

Denis Alexandrovich Malkov - «FOR»

Yury Nikolayevich Pankstyanov - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Natalia Ilyinichna Erpsher - «FOR»

Voting results by filling in the questionnaires:

Tatiana Petrovna Dronova - «FOR»

Roman Alexeyevich Filkin - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR» - «7»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Item 3. Consideration of the information of the Company's management for non-standard transactions and events, as well as the formation of provision for doubtful debts and estimated liabilities.

On the basis of materials presented by the management and in accordance with the Expert opinion on the items of the agenda of the meeting of the Audit Committee of the Board of Directors of IDGC of Centre - without hearing of reports essentially - the members of the Committee were briefed by the management on the current situation regarding the execution of the Concession Agreement.

Speaker - Konstantin Alexandrovich Mikhailik - Member of the Management Board, First Deputy General Director.

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

Decision taken at the meeting:

1. To take into consideration the information of IDGC of Centre's management for non-standard transactions and events, as well as the formation of provision for doubtful debts and estimated liabilities for 2015 in accordance with Appendix #3 to this decision of the Audit Committee of the Board of Directors of IDGC of Centre.
2. To discuss with the external auditor the reasonableness of the amount of provision for doubtful debts and the amount of accrued estimated liabilities under consideration at a meeting of the Audit Committee of the results of the audit of reliability of the Company's annual statements and the Management and governance letter of the auditor.
3. To recommend to General Director of the Company on a quarterly basis (starting with the report for the 1st quarter of 2016) as part of consideration at a meeting of the Board of Directors of the Company of the report «On execution of the Business Plan (including the Investment Program)» to disclose information about observance of the terms and conditions of the Concession Agreement signed with the Administration of the Tambov region.

Voting results under the decision draft, announced at the meeting:

Denis Alexandrovich Malkov - «FOR»

Yury Nikolayevich Pankstyanov - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Natalia Ilyinichna Erpsher - «FOR»

Voting results by filling in the questionnaires:

Tatiana Petrovna Dronova - «FOR»

Roman Alexeyevich Filkin - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR» - «7»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Item 4. On the results of the audit of the business process for the procurement management and measures of the Company's management to correct deficiencies and irregularities identified during the audit.

In the absence at the meeting of the Audit Committee of the Board of Directors of the initiator to consider the item – a member of the Audit Committee A.V. Shevchuk, Chairperson of the Audit Committee Y.N. Pankstyanov with the consent of all of the

members of the Audit Committee present decided to defer consideration of the item at a later date.

Decision taken at the meeting:

To defer consideration of the item at a later date.

Voting results under the decision draft, announced at the meeting:

Denis Alexandrovich Malkov - «FOR»

Yury Nikolayevich Pankstyanov - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Natalia Ilyinichna Erpsher - «FOR»

Voting results by filling in the questionnaires:

Tatiana Petrovna Dronova - «FOR»

Roman Alexeyevich Filkin - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR»	- «7»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

Decision is taken.

Appendices:

1. The Report of the Internal Audit and Control Department of IDGC of Centre «On the execution of the work plan and the internal audit performance for 2015» (Appendix # 1).
2. The Report «On the implementation of the Plans of corrective actions to address the deficiencies identified in 2015 by the Company's internal audit and external control and supervision bodies, the Company's Audit Commission» (Appendix # 2).
3. The Information of the Company's management for non-standard transactions and events, as well as the formation of provision for doubtful debts and estimated liabilities (Appendix # 3).

**Chairperson of the Audit Committee
of the Board of Directors of IDGC of Centre, PJSC**

Y.N. Pankstyanov

**Secretary of the Audit Committee
of the Board of Directors of IDGC of Centre, PJSC**

S.V. Lapinskaya