



Interregional Distribution Grid Company of
Centre, Public Joint-Stock Company
2nd Yamskaya, 4, Moscow, Russia, 127018
Tel: +7 (495) 747-92-92, Fax: +7 (495)
747-92-95, Power Engineers' Direct Line: 8-
800-50-50-115.

MINUTES
of meeting of the Board of Directors of IDGC of Centre, PJSC
(in presentia-absentia)

«19» April 2016

Moscow

No. 11/16

Form of the meeting: **present-absent voting.**

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

Video conference A2-017 (2nd floor) at the address: Moscow, Belovezhskaya str., 4.

Time of the meeting: **10 hours 30 minutes – 12 hours 05 minutes.**

Participants of the meeting: **O.Y. Isaev, T.P. Dronova, D.A. Malkov, Y.N. Mangarov, Y.N. Pankstyanov (video conference call), M.M. Saukh (video conference call), R.A. Filkin, A.N. Kharin, A.V. Shevchuk, N.I. Erpsher.**

The written opinion (questionnaire) of the following members was taken into account while defining the results: **A.M. Branis.**

Members who neither participated nor provided questionnaires: **none.**

The quorum **is present.**

Date of the minutes: **20.04.2016.**

The meeting of the Board of Directors of IDGC of Centre, PJSC was led by Chairperson of the Board of Directors of IDGC of Centre, Yury Nikolayevich Mangarov.

The following invited persons – the management of IDGC of Centre were present:

A.K. Akhmedova - Legal Director of Legal Provision Department

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.A. Gerasimov – Deputy Chief Engineer for Operation

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 by Chairperson of the Board of Directors of the Company, Y.N. Mangarov, the meeting was called to order.

AGENDA:

1. On approval of the report of General Director of the Company «On execution of the Business Plan of the Company, including the Investment Program and information about key operational risks, in 4Q 2015 and in 2015».

2. On approval of the adjusted Business Plan of IDGC of Centre, PJSC, including the Investment Program and information about key operational risks, for 2016 and forecast for 2017-2020.

Item 1. On approval of the report of General Director of the Company «On execution of the Business Plan of the Company, including the Investment Program and information about key operational risks, in 4Q 2015 and in 2015».

Speaker in terms of the report on the Business Plan and information about key operational risks - S.Y. Rumyantsev

Co-speaker in terms of the report on the Investment Program - R.P. Mitrofanov.

Co-speaker in terms of the report on the Program of energy conservation and energy efficiency – A.A. Gerasimov.

Co-speaker in terms of the report on the Program of long-term development of electricity metering systems in the retail market – E.V. Kabanova.

Co-speaker in terms of the report on purchase of electric power facilities, the approval of the acquisition for which by the Board of Directors is not required, as well as in terms of the report on the work for registration of ownership of immovable property, registration/re-registration of rights of use of land plots - S.N. Sharapov.

Co-speaker in terms of the report of the Procurement Plan – D.V. Sklyarov.

The reports (presentations) on the item are stored in the materials for the meeting of the Board of Directors.

In discussing the report the questions were received from R.A. Filkin, A.V. Shevchuk, A.N. Kharin.

The explanations and answers to the questions were given by: O.Y. Isaev, K.A. Mikhailik, S.Y. Rumyantsev, E.V. Kabanova, D.V. Sklyarov, D.A. Malkov, A.A. Gerasimov, S.N. Sharapov, Y.N. Pankstyanov.

During the discussion of the report on the agenda the member of the Board of Directors of the Company, R.A. Filkin, submitted a request to present to the members of the Board of Directors information on the ratio of the cost of registration of rights for land plots and establishment of the boundaries of protected zones of 10 kV Conductors.

In reviewing the reports on the item the Company's management was recommended to prepare and submit first to the Strategy and Development Committee, with subsequent consideration at a meeting of the Board of Directors of the Company, the analysis of the Investment Program of the Company for the presence in it of the component of the internal rate of return in the context of:

- investment projects with economic impact;
- investment projects included in order to improve reliability, performance of requirements of regulatory bodies;
- investment projects included in order to fulfill obligations to preferential electricity consumers.

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

Decision, taken at the meeting:

1. To approve the report of General Director of the Company «On execution of the Business Plan of the Company, including the Investment Program and information about key operational risks, in 4Q 2015 and in 2015» in accordance with Appendices # 1-8 to this decision of the Board of Directors of the Company.

2. To mark:

2.1. the fact of the failure to approve by the executive authorities of the Orel region the Investment Program of IDGC of Centre - Orelenergo division for 2015, approved by the

Board of Directors of the Company (Minutes dated 14.09.2015 # 18/15), as a result of which the Investment Program of IDGC of Centre - Orelenergo division for 2015, approved by the executive authorities of the Orel region (Order of the Tariff Office of the Orel region dated 09.04.2014 #455-r "On amendments to the Investment Program of IDGC of Centre - Orelenergo) at the end of 2015 turned out to be unfulfilled, with the performance of the Investment Program, approved by the Board of Directors of the Company;

2.2. excess funding of approved residual value of 15 titles of the Investment Program totalling 180 mln RUB with VAT;

2.3. excess commissioning of fixed assets over the total approved cost of construction under 28 titles of the Investment Program totalling 144 mln RUB excluding VAT;

2.4. the failure to comply with the approved financing plan for 62 facilities totalling 382 mln RUB (deviation from the approved plan by more than 15%);

2.5. not full execution in 2015 of work on registration of property rights in part of the registration rights of use of land plots;

2.6. implementation in 2015 of the key operational risk KOR-007 «Risk of deviation in overdue receivables from the set in the Business Plan».

3. To instruct General Director of the Company:

3.1. to work out with the body regulating in the Orel region of settlement in the tariff-balance decisions the execution of the Investment Program in 2015 by IDGC of Centre - Orelenergo division;

3.2. to present at a regular meeting of the Board of Directors of the Company a report on the causes of the deviations specified in para. 2.1-2.4, established in the implementation of the approved Investment Program of IDGC of Centre;

3.3. to bring for consideration of the Company's Board of Directors a report on the implementation of the project "Construction of smart grids";

Deadline: within 30 days from the date of the meeting of the Board of Directors.

3.4. while adjusting the Business Plan for 2016 to provide additional measures to reduce the probability of occurrence and severity of the risk KOR-007 «Risk of deviation in overdue receivables from the set in the Business Plan».

4. To recommend to General Director of the Company a monthly review of the report on the risk of KOR-007 at meetings of the Company's Management Board in 2016.

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

- | | |
|--|---------|
| 1. Oleg Yuryevich Isaev | - «FOR» |
| 2. Tatiana Petrovna Dronova | - «FOR» |
| 3. Denis Alexandrovich Malkov | - «FOR» |
| 4. Yury Nikolayevich Mangarov | - «FOR» |
| 5. Yury Nikolayevich Pankstyanov | - «FOR» |
| 6. Maxim Mikhailovich Saukh | - «FOR» |
| 7. Roman Alexeyevich Filkin | - «FOR» |
| 8. Andrey Nikolayevich Kharin | - «FOR» |
| 9. Alexander Viktorovich Shevchuk | - «FOR» |
| 10. Natalia Ilyinichna Erpsher | - «FOR» |

Voting results by filling in the questionnaires:

- | | |
|---------------------------------------|---------|
| 11. Alexander Markovich Branis | - «FOR» |
|---------------------------------------|---------|

Total:

«FOR»	- «11»
«AGAINST»	- «0»

Decision is taken.

Item 2: On approval of the adjusted Business Plan of IDGC of Centre, PJSC, including the Investment Program and information about key operational risks, for 2016 and forecast for 2017-2020.

Speaker – S.Y. Rumyantsev

The report (presentation) on the item is stored in the materials for the meeting of the Board of Directors.

In discussing the report the questions were received from R.A. Filkin, A.N. Kharin.

The explanations and answers to the questions were given by: O.Y. Isaev, K.A. Mikhailik, S.Y. Rumyantsev

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

Decision, taken at the meeting:

1. To approve the adjusted Business Plan of IDGC of Centre for 2016 and take into consideration the forward-looking indicators for 2017-2020 in accordance with Appendix # 9 to this decision of the Board of Directors of the Company.

2. To instruct General Director of the Company IDGC of Centre:

2.1. to ensure in 2017 formation and inclusion in the tariff-balance decisions from 2018 and beyond the base level of operating expenses at the level provided for in the Business Plan for each subject of tariff regulation;

2.2. to ensure implementation of additional measures aimed at increasing the efficiency of IDGC of Centre's performance, including improvement of the financial condition of the Company and reduction in 2016 of the loss from operations for electric energy transmission of the branches IDGC of Centre - "Kurskenergo", "Tverenergo", at the expense of:

- settlement of disputes with the bodies of tariff regulation on the basis of the accepted tariff decisions for 2016;

- increasing the operating and investment efficiency, improving energy efficiency and energy saving, reliability and quality of electricity supply;

- increasing the level of payment for electric energy transmission services for each branch of the Company;

- implementation of the Action Plan to increase efficiency and improve financial and economic condition of the branches "Kurskenergo" and "Lipetskenergo", being in poor financial condition;

- 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;

2.3. to ensure formation of targets at the next adjustment of the Business Plan of the Company for 2016 and formation of the Business Plan of the Company for 2017-2021 with inclusion of effects of implementing measures in paragraphs 2.1. and 2.2.

Deadline: November 2016.

2.4. to ensure bringing for consideration of the Board of Directors of the Company the adjusted Business Plan for 2016, taking into account the long-term Investment Program of the Company for the period from 2016, approved by the Ministry of Energy of the Russian Federation, in accordance with the procedure established by the Russian

Federation Government Resolution dated 01.12. 2009 № 977 "On investment programs of electric power industry entities", if it is different from the parameters provided for by the approved Business Plan of the Company for 2016-2020.

Deadline: 10.11.2016.

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

- | | |
|-----------------------------------|---------------|
| 1. Oleg Yuryevich Isaev | - «FOR» |
| 2. Tatiana Petrovna Dronova | - «FOR» |
| 3. Denis Alexandrovich Malkov | - «FOR» |
| 4. Yury Nikolayevich Mangarov | - «FOR» |
| 5. Yury Nikolayevich Pankstyanov | - «FOR» |
| 6. Maxim Mikhailovich Saukh | - «FOR» |
| 7. Roman Alexeyevich Filkin | - «AGAINST» |
| 8. Andrey Nikolayevich Kharin | - «FOR» |
| 9. Alexander Viktorovich Shevchuk | - «ABSTAINED» |
| 10. Natalia Ilyinichna Erpsher | - «FOR» |

Voting results by filling in the questionnaires:

- | | |
|--------------------------------|-------------|
| 11. Alexander Markovich Branis | - «AGAINST» |
|--------------------------------|-------------|

Total:

«FOR»	- «8»
«AGAINST»	- «2»
«ABSTAINED»	- «1»

Decision is taken.

Appendices:

1. The report of General Director of the Company «On execution of the Business Plan of the Company in 4Q 2015 and in 2015» (Appendix #1).
2. The report of General Director of the Company «On execution of the Investment Program of the Company in 4Q 2015 and in 2015» (Appendix #2).
3. The information about key operational risks (Appendix #3).
4. The report of General Director of the Company «On execution of the Program of energy conservation and energy efficiency of the Company in 4Q 2015 and in 2015» (Appendix #4).
5. The report of General Director of the Company «On execution of the Program of long-term development of electricity metering systems in the retail market of the Company in 4Q 2015 and in 2015» (Appendix #5).
6. The report of General Director of the Company «On purchase of electric power facilities, the approval of the acquisition for which by the Board of Directors is not required, in 2015» (Appendix #6).
7. The report of General Director of the Company «On performance of work in 2015 for registration of ownership of immovable property, registration/re-registration of rights of use of land plots taking into account the preparation of information about the boundaries of protected zones of electric grid facilities» (Appendix #7).
8. The report of General Director of the Company «On execution of the Procurement Plan in 4Q 2015 and in 2015» (Appendix #8).
9. The adjusted Business Plan of IDGC of Centre, PJSC, including the Investment Program and information about key operational risks, for 2016 (Appendix #9).

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

Y.N. Mangarov

**Corporate Secretary
of IDGC of Centre, PJSC**

S.V. Lapinskaya