



"INTERREGIONAL DISTRIBUTION GRID COMPANY OF CENTRE", JOINT-STOCK COMPANY

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MINUTES

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

«18» September 2014

Moscow

No. 21/14

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

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

Time of the meeting: **10 hours 05 minutes – 12 hours 25 minutes.**

Total number of members of the Board of Directors: **11 people.**

Participants of the meeting: **O.Y. Isaev, Y.N. Mangarov, M.M. Saukh, P.N. Snikkars, R.A. Filkin, O.V. Shatokhina, N.I. Erpsher.**

The written opinion (questionnaire) of the following members was taken into account while defining the results: **A.M. Branis, D.V. Kulikov, M.V. Lazareva, V.V. Sofyin.**

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

The quorum is **present.**

Absence of objections concerning the materials and draft resolutions from V.G. Korolev, the observer of the Federal Antimonopoly Service of the Russian Federation, was taken into account at drawing up of the minutes.

Date of the minutes: **22.09.2014.**

The meeting of the Board of Directors of IDGC of Centre was led by Chairperson of the Board of Directors of IDGC of Centre, Oxana Vladimirovna Shatokhina.

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

A.K. Akhmedova - Legal Director

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

A.E. Kuranov – First Deputy General Director

A.V. Pilyugin – Deputy General Director for Technical Issues – Chief Engineer

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

D.V. Sklyarov – Deputy General Director for Logistics and Procurement

E.V. Kabanova – Acting Deputy General Director for Development and Sale of Services, Head of Electricity Delivery Department

S.V. Shpakova – Head of Internal Audit and Risk Management Department.

After the announcement of a quorum regarding the agenda items by Chairperson of the Board of Directors of the Company, O.V. Shatokhina, the meeting was called to order.

AGENDA:

- 1. On approval of adjusted annual and quarterly target values of key performance indicators of General Director and senior managers of the Company for 2014.**
- 2. On approval of the adjusted Business Plan of the Company (including the Investment program) for 2014.**
- 3. On approval of the report of General Director of the Company «On execution of the**

Business Plan (including the Investment Program) of the Company in 2Q 2014 and 1H 2014».

On the proposal of the Company's management and with the consent of all members of the Board of Directors of the Company present Chairperson of the Board of Directors of the Company, O.V. Shatokhina, changed the order of consideration of the items.

So, the report «On execution of the Business Plan (including the Investment Program) of the Company» was offered to be considered first, second – approval of the adjusted Business Plan of the Company (including the Investment program) for 2014, and third – approval of adjusted annual and quarterly target values of key performance indicators of General Director and senior managers of the Company for 2014.

Item 1. On approval of the report of General Director of the Company «On execution of the Business Plan (including the Investment Program) of the Company in 2Q 2014 and 1H 2014».

The report *in terms of the report on the execution of the Business Plan* was presented by **S.Y. Rumyantsev** – Deputy General Director for Economy and Finance.

The co-report *in terms of the report on the execution of the Investment Program* was presented by **D.V. Sklyarov** - Deputy General Director for Logistics and Procurement.

The co-report *in terms of the Report on the Program of energy conservation and energy efficiency and the Report on the Program of long-term development of electricity metering systems in the retail market* was presented by **E.V. Kabanova** – Acting Deputy General Director for Development and Sale of Services.

The report / co-report (presentations) are stored in the materials for the meeting of the Board of Directors.

In discussing the report / co-report the questions were received from: O.V. Shatokhina, P.N. Snikkars, M.M. Saukh, R.A. Filkin.

The explanations and answers to the questions were given by: O.Y. Isaev, S.Y. Rumyantsev, E.V. Kabanova, A.E. Kuranov, A.V. Pilyugin.

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

Decision:

1. To approve the report of General Director of the Company «On execution of the Business Plan (including the Investment Program) of the Company in 2Q 2014 and 1H 2014» in accordance with Appendices # 1-4 to this decision of the Board of Directors of the Company.

2. To instruct General Director of the Company to submit to members of the Board of Directors of the Company:

2.1. Additional information broken down by the branches on the dynamics of accounts receivables for electricity transmission services of IDGC of Centre for suppliers of last resort of the group of companies LLC "EnergoStrim" since the transfer of the status of a supplier of last resort to the present moment.

2.2. the Report on the liquidity of accounts receivables for the electricity consumed by customer groups broken down by the branches, which performed functions of suppliers of last resort up to the current date.

Deadline: 15.10.2014.

2.3. Additional information about the impact of new grid connections on the dynamics of productive supply of electric energy in comparison with the newly commissioned new facilities (broken down by the Branches).

Deadline: no later than 15.10.2014.

2.4. Additional information (broken down by the Branches) on the average duration of

execution of grid connection contracts by a category of applicants.

Deadline: no later than 15.10.2014.

2.5. a report on the growth factors of the wage fund.

Deadline: no later than May 2015, as part of the consideration of the report on execution of the Business Plan for the year.

2.6. Additional information about the impact of the Company's performance of functions of a supplier of last resort (including by reducing the costs of retail surplus when paying for electricity losses) on the Company's financial result.

Deadline: no later than 15.10.2014.

2.7. Additional information on recognizing expenses of 2014 in the accounting, not recorded in the 1st half.

Deadline: no later than May 2015, as part of the consideration of the report on execution of the Business Plan for the year.

Voting results at the meeting:

- | | |
|----------------------------------|---------|
| 1. Oleg Yuryevich Isaev | - «FOR» |
| 2. Yury Nikolayevich Mangarov | - «FOR» |
| 3. Maxim Mikhailovich Saukh | - «FOR» |
| 4. Pavel Nikolayevich Snikkars | - «FOR» |
| 5. Roman Alexeyevich Filkin | - «FOR» |
| 6. Oxana Vladimirovna Shatokhina | - «FOR» |
| 7. Natalia Ilyinichna Erpsher | - «FOR» |

Voting results by filling in the questionnaires:

- | | |
|-----------------------------------|---------|
| 8. Alexander Markovich Branis | - «FOR» |
| 9. Denis Viktorovich Kulikov | - «FOR» |
| 10. Maria Valeryevna Lazareva | - «FOR» |
| 11. Vladimir Vladimirovich Sofyin | - «FOR» |

Total:

«FOR»	- «11»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

Decision is taken.

Item 2. On approval of the adjusted Business Plan of the Company (including the Investment program) for 2014.

The report *in terms of the Business Plan* was presented by **S.Y. Rumyantsev** – Deputy General Director for Economy and Finance.

The **co-report** *in terms of the Investment Program* was presented by **D.V. Sklyarov** - Deputy General Director for Logistics and Procurement.

The report / co-report (presentations) on the item are stored in the materials for the meeting of the Board of Directors.

In discussing the report / co-report the questions were received from: O.V. Shatokhina, R.A. Filkin, M.M. Saukh, P.N. Snikkars, N.I. Erpsher.

The explanations and answers to the questions were given by O.Y. Isaev, S.Y. Rumyantsev, D.V. Sklyarov, E.V. Kabanova, A.V. Pilyugin.

Following the discussion of the reports on the agenda, the member of the Board of Directors, M.M. Saukh, submitted a proposal to modify the format of the presentation.

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

Decision:

1. To approve in accordance with Appendices # 5-6 to this decision of the Board of Directors the adjusted Business Plan of the Company, including the Investment program, for

2014 subject to the following modifications:

- 1) a change in the target level of accounts receivable for electricity transmission services rendered as of 31.12.2014 taking into account the scope of the current, debt standstill, and uncollectible accounts receivable;
- 2) a change in the target level of accounts payable as of 31.12.2014 taking into account the repayment of debt to JSC "FGC UES";
- 3) reducing the size of the debt financing taking into account p. 1) and p. 2);

2. To instruct General Director of the Company:

2.1. To propose no later than 01.10.2014 at a meeting of the Board of Directors of the Company, held by absentee voting (by poll), targets modified taking into account p. 1 of this decision:

- accounts receivable as of 31.12.2014;
- accounts payable as of 31.12.2014;
- the amount of debt financing as of 31.12.2014;
- updated targeted programs (subject to tariff restrictions provided for the socio-economic outlook) in accordance with the approved Business Plan for 2014.

2.2. to send to Governors of the RF subjects in the regions where the Company operates the information on tariff and balance limitations provided for the socio-economic outlook for 2015 and the planning 2016-2017 period, and its direct impact on the reduction of the investment program of the Company for 2015-2019.

Deadline: no later than 01.10.2014.

Voting results at the meeting:

- | | |
|----------------------------------|---------------|
| 1. Oleg Yuryevich Isaev | - «FOR» |
| 2. Yury Nikolayevich Mangarov | - «FOR» |
| 3. Maxim Mikhailovich Saukh | - «FOR» |
| 4. Pavel Nikolayevich Snikkars | - «FOR» |
| 5. Roman Alexeyevich Filkin | - «ABSTAINED» |
| 6. Oxana Vladimirovna Shatokhina | - «FOR» |
| 7. Natalia Ilyinichna Erpsher | - «FOR» |

Voting results by filling in the questionnaires:

- | | |
|-----------------------------------|---------------|
| 8. Alexander Markovich Branis | - «ABSTAINED» |
| 9. Denis Viktorovich Kulikov | - «ABSTAINED» |
| 10. Maria Valeryevna Lazareva | - «FOR» |
| 11. Vladimir Vladimirovich Sofyin | - «FOR» |

Total:

«FOR»	- «8»
«AGAINST»	- «0»
«ABSTAINED»	- «3»

Decision is taken.

Item 3. On approval of adjusted annual and quarterly target values of key performance indicators of General Director and senior managers of the Company for 2014.

The report was presented by **S.Y. Rumyantsev** – Deputy General Director for Economy and Finance.

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: O.V. Shatokhina, R.A. Filkin, P.N. Snikkars.

The explanations and answers to the questions were given by S.Y. Rumyantsev.

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

Decision:

1. To approve in accordance with Appendix # 7 to this decision of the Board of Directors of the Company the adjusted annual and quarterly target values of key performance indicators of General Director and senior managers of the Company for 2014 except the *KPI* indicator «*Accounts receivable turnover for electricity transmission services*».

2. To instruct General Director of the Company:

2.1. To propose at a meeting of the Board of Directors of the Company, held by absentee voting (by poll), an adjusted target of the *KPI* (taking into account the decision regarding item 2 of this meeting of the Board of Directors of the Company) «*Accounts receivable turnover for electricity transmission services*» and quarterly target values of key performance indicators of General Director and senior managers of the Company for 2014. Deadline: no later than 01.10.2014.

2.2. To submit the Company's proposals to supplement target values of key performance indicators of General Director and senior managers of the Company for 2015 with a quarterly indicator «The level of payment for transmission services rendered». Deadline: 10.10.2014.

Voting results at the meeting:

- | | |
|----------------------------------|---------------|
| 1. Oleg Yuryevich Isaev | - «FOR» |
| 2. Yury Nikolayevich Mangarov | - «FOR» |
| 3. Maxim Mikhailovich Saukh | - «FOR» |
| 4. Pavel Nikolayevich Snikkars | - «FOR» |
| 5. Roman Alexeyevich Filkin | - «ABSTAINED» |
| 6. Oxana Vladimirovna Shatokhina | - «FOR» |
| 7. Natalia Ilyinichna Erpsher | - «FOR» |

Voting results by filling in the questionnaires:

- | | |
|-----------------------------------|---------------|
| 8. Alexander Markovich Branis | - «ABSTAINED» |
| 9. Denis Viktorovich Kulikov | - «ABSTAINED» |
| 10. Maria Valeryevna Lazareva | - «FOR» |
| 11. Vladimir Vladimirovich Sofyin | - «FOR» |

Total:

«FOR»	- «8»
«AGAINST»	- «0»
«ABSTAINED»	- «3»

Decision is taken.

In accordance with the Regulations on the procedure for convening and holding meetings of the Board of Directors of the Company while holding a meeting in person the Corporate Secretary of the Company presented information on the implementation of decisions of the Board of Directors, taken at previous meetings of the Board of Directors of the Company from 01.07.2014 to 15.09.2014.

The agenda of the meeting of the Board of Directors of IDGC of Centre on 18.09.2014 was exhausted.

The meeting of the Board of Directors of the Company was adjourned.

Appendices:

1. The report «On execution of the Business Plan of the Company in 2Q 2014 and 1H 2014» (Appendix #1).
2. The report «On execution of the Investment Program of the Company in 2Q 2014 and 1H 2014» (Appendix #2).
3. The report «On execution of the Program of energy conservation and energy efficiency of IDGC

of Centre for 2014-2019 in 2Q 2014 and 1H 2014» (Appendix #3).

4. The report «On execution of the Program of long-term development of electricity metering systems in the retail market of IDGC of Centre for 2014-2019 in 2Q 2014 and 1H 2014» (Appendix #4).
5. The draft of the adjusted Business Plan of IDGC of Centre for 2014 (Appendix #5).
6. The draft of the adjusted Investment Program of IDGC of Centre for 2014 (Appendix #6).
7. The draft of the adjusted annual and quarterly target values of key performance indicators of General Director and senior managers of the Company for 2014 (Appendix #7).

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

O.V. Shatokhina

**Corporate Secretary
of IDGC of Centre**

S.V. Lapinskaya