



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,
Trust Line: +7 (495) 747-92-99,
e-mail: posta@mrsk-1.ru, www.mrsk-1.ru

MINUTES

of meeting of the Board of Directors of IDGC of Centre, PJSC
(in the form of absent voting)

«07» September 2017

Moscow

No. 22/17

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

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

Participants of the voting: **T.P. Dronova, O.Y. Isaev, Y.N. Mangarov, A.I. Pavlov, A.V. Rakov, M.M. Saukh, P.N. Snikkars, D.A. Spirin, R.A. Filkin, O.V. Shatokhina, A.V. Shevchuk.**

Members who did not provide questionnaires: **none.**

The quorum is **present.**

Date of the minutes: **08.09.2017.**

AGENDA:

1. On the consent to enter into a deal, concluded between concluded between IDGC of Centre, PJSC and IDGC of Centre and Volga Region, PJSC, which is a related party transaction.
2. On amendment of an internal document of the Company: the Regulation on material incentives for General Director of the Company.
3. On amendment of an internal document of the Company: the Regulation on material incentives and benefits package for senior managers of the Company.
4. On the recommendation to General Director of IDGC of Centre, PJSC on the motivation of the Company's employees participating in the implementation of measures aimed at achieving KPI values determined for the variable component of the remuneration of the Agreement on the transfer of the authority of the sole executive body of IDGC of Centre and Volga Region, PJSC to IDGC of Centre, PJSC.
5. On approval of the corporate structure of the Executive Office of IDGC of Centre, PJSC.

Item 1: On the consent to enter into a deal, concluded between concluded between IDGC of Centre, PJSC and IDGC of Centre and Volga Region, PJSC, which is a related party transaction.

In accordance with Article 81 of the Federal Law «On Joint Stock Companies» the deal between IDGC of Centre, PJSC and IDGC of Centre and Volga Region, PJSC is recognized as a related party transaction of:

1) the controlling person of the Company – PJSC «Rosseti», simultaneously being the controlling person of a legal entity that is a party to the transaction (IDGC of Centre and Volga Region, PJSC);

2) members of the Board of Directors of the Company Y.N. Mangarov, R.A. Filkin and A.V. Shevchuk, simultaneously being members of the Board of Directors of a legal entity that is a party to the transaction (IDGC of Centre and Volga Region, PJSC);

3) O. Y. Isaev, General Director, Chairman of the Management Board, member of the Company's Board of Directors, who is simultaneously Acting General Director, Chairman of the Management Board, a member of the Board of Directors of a legal entity that is party to the transaction (IDGC of Centre and Volga Region, PJSC);

4) a member of the Management Board of the Company, A.V. Pilyugin, who is also a member of the Management Board of a legal entity that is a party to the transaction (IDGC of Centre and Volga Region, PJSC).

Decision:

1. To determine that the price of services provided under the Agreement on Transfer to IDGC of Centre, PJSC of the authority of the sole executive body of IDGC of Centre and Volga Region,

PJSC, concluded between IDGC of Centre, PJSC and IDGC of Centre and Volga Region, PJSC, being a related party transaction, shall not be 10 or more percent of the book value of the Company's assets on the last reporting date preceding the conclusion of the Agreement.

2. To give consent to the conclusion of the related party transaction, – the conclusion of the Agreement on Transfer to IDGC of Centre, PJSC of the authority of the sole executive body of IDGC of Centre and Volga Region, PJSC on the following essential conditions:

Parties:

The Company – Interregional Distribution Grid Company of Centre and Volga Region, Public Joint-Stock Company (IDGC of Centre and Volga Region, PJSC).

The Managing Organization – Interregional Distribution Grid Company of Centre, Public Joint-Stock Company (IDGC of Centre, PJSC).

Beneficiary (s): none.

Subject matter of the transaction: The Company transfers and the Managing Organization accepts and exercises the powers of the sole executive body of the Company fixed by the Company's Articles of Association, local regulatory acts of the Company and the current legislation of the Russian Federation (General Director – in accordance with the Company's Articles of Association) in accordance with the procedure and on the terms set forth in the Agreement.

The conclusion of the Agreement does not entail changing the Articles of Association of the Company insofar as it relates to the powers of the sole executive body of the Company, and also the term "General Director" itself, however, those provisions of the Company's Articles of Association that relate to the regulation of the legal status of the sole executive body of the Company for the period of the Agreement apply only to the Managing Organization.

Price: The amount of remuneration to the Managing Organization calculated and paid in accordance with the Agreement shall not be 10 (ten) or more percent of the book value of the Company's assets on the last reporting date preceding the conclusion of the Agreement.

For the provision of services, the Company pays to the Managing Organization remuneration, which consists of two parts:

(1) The constant component of remuneration is paid to the Managing Organization for rendering services for the implementation of the powers of the sole executive body.

(2) The variable component of remuneration is paid for the effectiveness of the management of the Managing Organization in providing services for the implementation of the powers of the sole executive body.

Constant component of remuneration:

The calculation period is the calendar month. The amount of the monthly remuneration to the Managing Organization in 2017 is 10 816 418 (Ten million eight hundred and sixteen thousand four hundred and eighteen) rubles 72 kopecks, including VAT 1 649 962 (One million six hundred forty-nine thousand nine hundred sixty-two) rubles 18 kopecks.

In 2018 and subsequent years, the amount of remuneration of the Managing Organization is determined in accordance with an amendment to the Agreement. The amount of monthly remuneration for 2018 and subsequent years shall not be higher than the monthly remuneration of the Managing Organization in 2017 increased by the consumer price index of the corresponding years, determined in accordance with the Forecast of Social and Economic Development by the Ministry of Economic Development of the Russian Federation. In the event that the Parties do not conclude such an amendment, the amount of the monthly remuneration for 2018 and subsequent years equals the last monthly fee agreed upon by the Parties.

The size of the constant component of the remuneration is determined within the limits of the cost estimate in accordance with the Appendix to the Agreement calculated in accordance with the Methodology for the formation of a constant component of remuneration for the exercise of the powers of the sole executive body (Appendix to the Agreement).

Variable component of remuneration:

The variable component of the remuneration for each reporting year is calculated on the basis of KPI, the list, the procedure for approval and calculation of which is specified in the Appendix to

the Agreement.

For the achievement of 100% for all KPIs the variable component of remuneration that is payable on the basis of the results of the reporting year is determined in the amount equal to 3% of the Company's net profit calculated in accordance with the Russian Accounting Standards.

The variable component of remuneration for an incomplete reporting year is paid in proportion to the actual time of exercising the powers of the sole executive body of the Managing Organization in the corresponding reporting year.

Other material terms of the transaction:

The Managing Organization is responsible for failing to achieve key performance indicators approved by the decision of the Board of Directors of the Company, if such an achievement is due to decisions, directions of the Managing Organization, or not by taking necessary decisions and instructions that led to their failure to achieve. The Managing Organization is not responsible for failing to achieve the target key performance indicators, the values of which have been agreed upon and approved by the Parties when concluding the Agreement.

The responsibility of the Managing Organization occurs in the event that the target value of key indicators (quarterly and (or) annual) is not achieved. At the same time, the penalty is 5% of the constant component of the remuneration paid by the Company to the Managing Organization in accordance with the Agreement for the reporting year (reporting quarter when the quarterly indicator was not reached), for not achieving the target value for each indicator.

The total amount of the penalty provided for in this paragraph for the reporting year may not exceed 10% of the constant component paid by the Company for the reporting year, while this may be reduced by a decision of the Board of Directors of the Company.

The Agreement enters into force from the moment of its signing by the Parties.

The term for the exercise of the powers of the sole executive body under the Agreement is 3 (three) years.

Persons related to the transaction, and grounds for relation:

1) the controlling person of the Company – PJSC «Rosseti», simultaneously being the controlling person of a legal entity that is a party to the transaction (IDGC of Centre and Volga Region, PJSC);

2) members of the Board of Directors of the Company Y.N. Mangarov, R.A. Filkin and A.V. Shevchuk, simultaneously being members of the Board of Directors of a legal entity that is a party to the transaction (IDGC of Centre and Volga Region, PJSC);

3) O. Y. Isaev, General Director, Chairman of the Management Board, member of the Company's Board of Directors, who is simultaneously Acting General Director, Chairman of the Management Board, a member of the Board of Directors of a legal entity that is party to the transaction (IDGC of Centre and Volga Region, PJSC);

4) a member of the Management Board of the Company, A.V. Pilyugin, who is also a member of the Management Board of a legal entity that is a party to the transaction (IDGC of Centre and Volga Region, PJSC).

Voting results:

- | | |
|----------------------------------|-------------|
| 1. Tatiana Petrovna Dronova | - «AGAINST» |
| 2. Alexey Igorevich Pavlov | - «FOR» |
| 3. Alexey Viktorovich Rakov | - «FOR» |
| 4. Maxim Mikhailovich Saukh | - «FOR» |
| 5. Pavel Nikolayevich Snikkars | - «FOR» |
| 6. Denis Alexandrovich Spirin | - «AGAINST» |
| 7. Oxana Vladimirovna Shatokhina | - «FOR» |

Total:

«FOR»	- «5»
«AGAINST»	- «2»
«ABSTAINED»	- «0»

Members of the Board of Directors of the Company did not take part in the voting on this item: O. Y. Isaev, Y.N. Mangarov, R.A. Filkin, A.V. Shevchuk, recognized as related parties in accordance with paragraph 1 of Article 81 of the Federal Law «On Joint Stock Companies». In addition, the member of the Board of Directors of the

Company O.Y. Isaev did not take part in the voting on this item as recognized as a dependent director in accordance with paragraph 3 of Article 83 of the Federal Law «On Joint Stock Companies».

Decision is taken.

A dissenting opinion of a member of the Board of Directors of the Company, D.A. Spirin, was received on the given item (Appendix # 4).

Item 2: On amendment of an internal document of the Company: the Regulation on material incentives for General Director of the Company.

Decision:

1. To amend the Regulation on material incentives for General Director of the Company (hereinafter - the Regulation), approved by the decision of the Board of Directors on 15.07.2011 (Minutes dated 18.07.2011 # 16/11), with amendments dated 18.12.2014 (Minutes dated 19.12.2014 # 29/14), 26.02.2015 (Minutes dated 27.02.2015 # 03/15), 29.05.2017 (Minutes dated 31.05.2017 # 14/17), in accordance with Appendix # 1 to this decision of the Board of Directors of the Company.

2. To determine the effective date of the amendments to the Regulation - from the date of the beginning by the Company to exercise the powers of the sole executive body of IDGC of Centre and Volga Region, PJSC.

Voting results:

- | | | |
|-----|--------------------------------|-------------|
| 1. | Tatiana Petrovna Dronova | - «AGAINST» |
| 2. | Oleg Yuryevich Isaev | - «FOR» |
| 3. | Yury Nikolayevich Mangarov | - «FOR» |
| 4. | Alexey Igorevich Pavlov | - «FOR» |
| 5. | Alexey Viktorovich Rakov | - «FOR» |
| 6. | Maxim Mikhailovich Saukh | - «FOR» |
| 7. | Pavel Nikolayevich Snikkars | - «AGAINST» |
| 8. | Denis Alexandrovich Spirin | - «AGAINST» |
| 9. | Roman Alexeyevich Filkin | - «AGAINST» |
| 10. | Oxana Vladimirovna Shatokhina | - «FOR» |
| 11. | Alexander Viktorovich Shevchuk | - «AGAINST» |

Total:

«FOR»	- «6»
«AGAINST»	- «5»
«ABSTAINED»	- «0»

Decision is taken.

Item 3: On amendment of an internal document of the Company: the Regulation on material incentives and benefits package for senior managers of the Company.

Decision:

1. To amend the Regulation on material incentives and benefits package for senior managers of the Company (hereinafter - the Regulation), approved by the decision of the Board of Directors of the Company on 15.07.2011 (Minutes dated 18.07.2011 # 16/11), in accordance with Appendix # 2 to this decision of the Board of Directors of the Company.

2. To determine the effective date of the amendments to the Regulation - from the date of the beginning by the Company to exercise the powers of the sole executive body of IDGC of Centre and Volga Region, PJSC.

Voting results:

- | | | |
|----|-----------------------------|-------------|
| 1. | Tatiana Petrovna Dronova | - «AGAINST» |
| 2. | Oleg Yuryevich Isaev | - «FOR» |
| 3. | Yury Nikolayevich Mangarov | - «FOR» |
| 4. | Alexey Igorevich Pavlov | - «FOR» |
| 5. | Alexey Viktorovich Rakov | - «FOR» |
| 6. | Maxim Mikhailovich Saukh | - «FOR» |
| 7. | Pavel Nikolayevich Snikkars | - «AGAINST» |

- | | | |
|-----|--------------------------------|-------------|
| 8. | Denis Alexandrovich Spirin | - «AGAINST» |
| 9. | Roman Alexeyevich Filkin | - «AGAINST» |
| 10. | Oxana Vladimirovna Shatokhina | - «FOR» |
| 11. | Alexander Viktorovich Shevchuk | - «AGAINST» |

Total:

«FOR»	- «6»
«AGAINST»	- «5»
«ABSTAINED»	- «0»

Decision is taken.

Item 4: On the recommendation to General Director of IDGC of Centre, PJSC on the motivation of the Company's employees participating in the implementation of measures aimed at achieving KPI values determined for the variable component of the remuneration of the Agreement on the transfer of the authority of the sole executive body of IDGC of Centre and Volga Region, PJSC to IDGC of Centre, PJSC.

Decision:

To recommend to General Director of the Company to reward the Company's employees participating in the implementation of measures aimed at achieving KPI values determined for the variable component of the remuneration of the Agreement on the transfer of the authority of the sole executive body of IDGC of Centre and Volga Region, PJSC to IDGC of Centre, PJSC (hereinafter – the Agreement), in the amount (total for all employees) equal to the amount of the additional award of General Director approved by the Board of Directors of the Company for achieving the KPI values determined for the variable component of the remuneration of the Agreement.

Voting results:

- | | | |
|-----|--------------------------------|-------------|
| 1. | Tatiana Petrovna Dronova | - «AGAINST» |
| 2. | Oleg Yuryevich Isaev | - «FOR» |
| 3. | Yury Nikolayevich Mangarov | - «FOR» |
| 4. | Alexey Igorevich Pavlov | - «FOR» |
| 5. | Alexey Viktorovich Rakov | - «FOR» |
| 6. | Maxim Mikhailovich Saukh | - «FOR» |
| 7. | Pavel Nikolayevich Snikkars | - «AGAINST» |
| 8. | Denis Alexandrovich Spirin | - «AGAINST» |
| 9. | Roman Alexeyevich Filkin | - «AGAINST» |
| 10. | Oxana Vladimirovna Shatokhina | - «FOR» |
| 11. | Alexander Viktorovich Shevchuk | - «AGAINST» |

Total:

«FOR»	- «6»
«AGAINST»	- «5»
«ABSTAINED»	- «0»

Decision is taken.

Item 5: On approval of the corporate structure of the Executive Office of IDGC of Centre, PJSC.

Decision:

1. To approve the corporate structure of the Executive Office of the Company in accordance with Appendix # 3 to this decision of the Board of Directors and put it into force taking into account the terms stipulated by the legislation of the Russian Federation with the change and termination of labour contracts with employees.

2. From the date of entry into force of the corporate structure of the Executive Office of IDGC of Centre, PJSC to consider the corporate structure of the Executive office of IDGC of Centre, PJSC, approved by the decision of the Board of Directors of IDGC of Centre, PJSC on 29.06.2017 (Minutes # 16/17 of 30.06.2017) to have lost force.

Voting results:

- | | | |
|-----|--------------------------------|---------------|
| 1. | Tatiana Petrovna Dronova | - «AGAINST» |
| 2. | Oleg Yuryevich Isaev | - «FOR» |
| 3. | Yury Nikolayevich Mangarov | - «FOR» |
| 4. | Alexey Igorevich Pavlov | - «FOR» |
| 5. | Alexey Viktorovich Rakov | - «FOR» |
| 6. | Maxim Mikhailovich Saukh | - «FOR» |
| 7. | Pavel Nikolayevich Snikkars | - «ABSTAINED» |
| 8. | Denis Alexandrovich Spirin | - «AGAINST» |
| 9. | Roman Alexeyevich Filkin | - «AGAINST» |
| 10. | Oxana Vladimirovna Shatokhina | - «FOR» |
| 11. | Alexander Viktorovich Shevchuk | - «AGAINST» |

Total:

«FOR»	- «6»
«AGAINST»	- «4»
«ABSTAINED»	- «1»

Decision is taken.

Regarding items ## 2-5 a dissenting opinion of a member of the Board of Directors of the Company, D.A. Spirin, was received (Appendix # 5).

Regarding items ## 2-5 the following dissenting opinion of a member of the Board of Directors of the Company, A.V. Shevchuk, was received: *"I vote "Against" on items 2-5 because of their obvious connection with item # 1. Taking into account the interest, I cannot vote on item # 1, but would also vote "Against" both as a member of the Board of Directors of IDGC of Centre, and IDGC of Centre and Volga Region.*

Approval of the Agreement on the transfer of powers of the sole executive body of IDGC of Centre and Volga Region to IDGC of Centre creates significant risks for both companies that are already implemented or are highly likely to be realized in the future (management, administrative, financial, operational), since in theory, the effective consolidation of companies can only be considered through merger and consolidation. In practice, in conditions when significant shareholders opposed consolidation taking into account the ambiguous scale of the company formed, the lack of clear goal-setting, measurable aggressive KPIs, the formation of new significant risks, the promotion of the idea of consolidation through the mechanism for the transfer of powers of the sole executive body, firstly, contradicts the normal management practices in similar cases (IDGC of Centre is not a managing company, but an operating company and all the risks of liability are shifted to the operational business), and secondly, most importantly, it does not lead to tangible financial results for IDGC of Centre. The total financial result under the agreement will be at best 1% of the net profit of IDGC of Centre and Volga Region, it is without taking into account the implementation of a wide range of risks and most importantly an alternative result in the case of the management focusing not on the management of yet another IDGC, but on reducing operating costs, including in the framework of production activities and optimization of investment activities."

Appendices:

1. The amendments to the Regulation on material incentives for General Director of the Company (Appendix # 1).
2. The amendments to the Regulation on material incentives and benefits package for senior managers of the Company (Appendix # 2).
3. The corporate structure of the Executive Office of IDGC of Centre, PJSC (Appendix # 3).
4. The dissenting opinion of the member of the Board of Directors of the Company, D.A. Spirin, regarding item # 1 (Appendix # 4).
5. The dissenting opinion of the member of the Board of Directors of the Company, D.A. Spirin, regarding items ## 2-5 (Appendix # 5).

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

Y.N. Mangarov

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

S.V. Lapinskaya