

OPEN JOINT STOCK COMPANY

**IDGC of
the SOUTH**

**"INTERREGIONAL DISTRIBUTION GRID COMPANY OF THE
SOUTH"**

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Minutes of the Board of Directors meeting No.38/2009

Of the Open Joint Stock Company "Interregional Distribution Grid Company of the South" dated December 23, 2009.

Date of holding: 23.12.2009
Form of holding: Postal (through questionnaires)
Place of voting results summarizing: (postal address of "IDGC of South", JSC)
327 Severnaya str., Krasnodar
Time of voting results summarizing: 23.12.2009, 05 p.m.
Date of the minutes drawing: 25.12.2009

Members of the Board of Directors: 11 persons.

Questionnaires have been submitted by: Okley P. I. (the Chairman of the Board of Directors), Vasilyev S. V., Gavrilov A. I., Ivanov M. S., Ilyenko V. V., Maslov A. V., Mikhailov S. A., Perepelkin A. Y., Popovskiy S. N., Ptitsyn I. V.

Questionnaires have not been submitted by: Shogenov V. M.

Quorum is present.

Agenda on the Board of Directors meeting:

1. On participation of "IDGC of the South", JSC in the Non-profit partnership "Association of Entities Carrying out the Preparation of Design Documentation of Power Units, Grids and Substations - "ENERGOPROJECT" (NP "ENERGOPROJECT").
2. On approval of the Regulations "On Disposal of Housing and Public Utilities of "IDGC of the South", JSC".

3. On approval of adjusted business-plan of "IDGC of the South", JSC for 2009.
4. On approval of adjusted annual comprehensive purchasing programme (ACPP) of "IDGC of the South", JSC for 2009.
5. On consideration of the Report of the CEO of "IDGC of the South", JSC on implementation of annual comprehensive purchasing programme (ACPP) of "IDGC of the South", JSC for 9 months of 2009.
6. On consideration of the Report of the CEO of "IDGC of the South", JSC on adherence to the Regulations on the Company's Information policy for 9 months of 2009.
7. On consideration of the Report of the CEO of "IDGC of the South", JSC on implementation of the Company's Board of Directors' decisions adopted in the 3rd quarter of 2009.
8. On consideration of the Report of the CEO of "IDGC of the South", JSC on expenditures related to planning and holding of extraordinary General meeting of Shareholders of the Company on the 14th of September 2009.
9. On consideration of the Report of the CEO of "IDGC of the South", JSC on the Company's debit indebtedness status and approval of plan schedule of activities aimed at its reduction.
10. On approval of the Report on the implementation of performance benchmarks of cash flow movements (PB CFM) of "IDGC of the South", JSC for the 3rd quarter of 2009.
11. On consideration of the Report of the CEO of "IDGC of the South", JSC on the Company's credit policy for the 3rd quarter of 2009.
12. On approval of additional agreement to the contract No.407/30-1143/26 dated September 14.2007 on delegation of powers of sole executive body concluded between "IDGC of the South", JSC and "Kubanenergo", JSC as a transaction the conclusion of which reveals vested interest.
13. On termination of powers of members of the Management Board of "IDGC of the South", JSC and election of members of the Company's Management Board.
14. On agreement upon the candidacies for the positions determined by the Board of Directors.

1. On participation of "IDGC of the South", JSC in the Non-profit partnership "Association of Entities Carrying out the Preparation of Design Documentation of Power Units, Grids and Substations - "ENERGOPROJECT" (NP "ENERGOPROJECT").

It is suggested to adopt the following decision:

To approve participation of "IDGC of the South", JSC in the Non-profit partnership "ENERGOPROJECT" on the following essential terms:

- admission fee amounts to 100 000 (one hundred thousand) rubles;
- annual membership fee amounts to 50 000 (fifty thousand) rubles;
- compensation fund fee amounts to 150 000 (one hundred fifty thousand) rubles;
- form of fee payment - cash assets;
- order of fee payment – within 30 days after adoption of the decision to admit the Company to NP "ENERGOPROJECT" membership;
- amount, form and term of payments are determined by the General meeting of NP "ENERGOPROJECT" members.

Voting results:

Okley P.I.	- "FOR"	Maslov A.V.	- "FOR"
Vasyliiev S.V.	- "FOR"	Mikhailov S.A.	- "FOR"
Gavrilov A.I.	- "FOR"	Perepelkin A.Yu.	- "FOR"
Ivanov M.S.	- "FOR"	Popovskiy S.N.	- "FOR"
Ilyenko V.V.	- "FOR"	Ptitsyn I.V.	- "FOR"

Thus, the suggested decision on the first item **has been unanimously adopted** by the Board of Directors members.

2. On approval of the Regulations "On Disposal of Housing and Public Utilities of "IDGC of the South", JSC".

It is suggested to adopt the following decision:

To approve the Regulations "On Disposal of Housing and Public Utilities of "IDGC of the South", JSC" according to the Appendix No.1 hereof.

Voting results:

Okley P.I.	- "FOR"	Maslov A.V.	- "FOR"
Vasyliiev S.V.	- "FOR"	Mikhailov S.A.	- "FOR"
Gavrilov A.I.	- "FOR"	Perepelkin A.Yu.	- "FOR"
Ivanov M.S.	- "FOR"	Popovskiy S.N.	- "FOR"
Ilyenko V.V.	- "FOR"	Ptitsyn I.V.	- "FOR"

Thus, the suggested decision on the second item **has been unanimously adopted** by the Board of Directors members.

3. On approval of adjusted business-plan of "IDGC of the South", JSC for 2009.

It is suggested to adopt the following decision:

To postpone the consideration of the issue to a later date.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"FOR"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the third item **has been unanimously adopted** by the Board of Directors members.

4. On approval of adjusted annual comprehensive purchasing programme (ACPP) of "IDGC of the South", JSC for 2009.

It is suggested to adopt the following decision:

To approve the adjustment of annual comprehensive purchasing programme (ACPP) of "IDGC of the South", JSC for 2009 according to the Appendix No.2 hereof.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"FOR"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the fourth item **has been unanimously adopted** by the Board of Directors members.

5. On consideration of the Report of the CEO of "IDGC of the South", JSC on implementation of annual comprehensive purchasing programme (ACPP) of "IDGC of the South", JSC for 9 months of 2009.

It is suggested to adopt the following decision:

To postpone the consideration of the issue to a later date.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"FOR"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the fifth item **has been unanimously adopted** by the Board of Directors members.

6. On consideration of the Report of the CEO of "IDGC of the South", JSC on adherence to the Regulations on the Company's Information policy for 9 months of 2009.

It is suggested to adopt the following decision:

To consider the Report of the CEO of "IDGC of the South", JSC on adherence to the Regulations on the Company's Information policy for 9 months of 2009 according to the Appendix No.3 hereof.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"FOR"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the sixth item **has been unanimously adopted** by the Board of Directors members.

7. On consideration of the Report of the CEO of "IDGC of the South", JSC on implementation of the Company's Board of Directors' decisions adopted in the 3rd quarter of 2009.

It is suggested to adopt the following decision:

1. To consider the Report of the CEO of "IDGC of the South", JSC on implementation of the Company's Board of Directors' decisions adopted in the 3rd quarter of 2009 according to the Appendix No.4 hereof.

2. To charge the CEO of the Company with putting the issue of consideration of the report on implementation of non-core assets in 2009 on agenda of the Board of Directors meeting.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"FOR"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the seventh item **has been unanimously adopted** by the Board of Directors members.

8. On consideration of the Report of the CEO of "IDGC of the South", JSC on expenditures related to planning and holding of extraordinary General meeting of Shareholders of the Company held on September 14, 2009.

It is suggested to adopt the following decision:

To consider the Report of the CEO of "IDGC of the South", JSC on expenditures related to planning and holding of extraordinary General meeting of Shareholders of the Company on September 14, 2009 according to the Appendix No.5 hereof.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"FOR"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the eighth item **has been unanimously adopted** by the Board of Directors members.

9. On consideration of the Report of the CEO of "IDGC of the South", JSC on the Company's debit indebtedness status and approval of plan schedule of activities aimed at its reduction.

It is suggested to adopt the following decision:

1. To consider the Report of the CEO of "IDGC of the South", JSC on the Company's status of debit indebtedness for power transmission services in 2009 according to the Appendix No.6 hereof.

2. To consider the submitted plan schedule of the Company's countermeasures against debit indebtedness for power transmission services according to the Appendix No.7 hereof.

3. To charge the CEO of the Company with submitting the report on the implementation of the plan schedule of countermeasures against debit indebtedness for the Board of Directors meeting in February 2010.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"FOR"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the ninth item **has been unanimously adopted** by the Board of Directors members.

10. On approval of the Report on the implementation of performance benchmarks of cash flow movements (PB CFM) of "IDGC of the South", JSC for the 3rd quarter of 2009.

It is suggested to adopt the following decision:

To consider the Report on the implementation of performance benchmarks of cash flow movements (PB CFM) of "IDGC of the South", JSC for the 3rd quarter of 2009 according to the Appendix No.8 hereof.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"FOR"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the tenth item **has been unanimously adopted** by the Board of Directors members.

11. On consideration of the Report of the CEO of "IDGC of the South", JSC on the Company's credit policy for the 3rd quarter of 2009.

It is suggested to adopt the following decision:

1. To consider the Report of the CEO of "IDGC of the South", JSC on the Company's credit policy for the 3rd quarter of 2009 according to the Appendix No.9 hereof.

2. To charge the CEO of the Company with ensuring implementation of clauses of Regulations "On credit policy" approved by the Board of Directors' decision.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"FOR"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the eleventh item **has been unanimously adopted** by the Board of Directors members.

12. On approval of additional agreement to the contract No.407/30-1143/26 dated September 14.2007 on delegation of powers of sole executive body concluded between "IDGC of the South", JSC and "Kubanenergo", JSC as a transaction the conclusion of which reveals vested interest.

A member of the Board of Directors of "IDGC of the South", JSC, Gavrilov A. I. holding a post of the CEO of "IDGC of the South", JSC shall not participate in voting on this item and shall be recognized as a dependent director according to item 3 of clause 83 of the FL "On Joint Stock Companies".

It is suggested to adopt the following decision:

To approve the additional agreement to the contract No.407/30-1143/26 dated September 14.2007 on delegation of powers of sole executive body concluded between "IDGC of the South", JSC and "Kubanenergo", JSC as a transaction the conclusion of which reveals vested interest according to the Appendix No.10 hereof.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"FOR"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the twelfth item **has been unanimously adopted** by the Board of Directors members participating in voting.

13. On termination of powers of members of the Management Board of "IDGC of the South", JSC and election of members of the Company's Management Board.

It is suggested to adopt the following decision:

1. To terminate the powers of the following members of the Company's Management Board:

Bibin Yevgeniy Alekseevich;

Stolyarov Mikhail Nikolayevich.

2. To elect Trunin Vitaliy Nikolayevich, Deputy CEO of "IDGC of the South", JSC - Director of "Volgogradenergo" Branch as a member of the Management Board of the Company.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"ABSTAINED"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the thirteenth issue **has been adopted by a majority vote** of the Board of Directors members.

14. On agreement upon the candidacies for the positions determined by the Board of Directors.

It is suggested to adopt the following decision:

To agree upon the candidacy of Kushnarev Konstantin Fyodorovich for the position of Deputy CEO of "IDGC of the South", JSC – Director of "Rostovenergo" Branch.

Voting results:

Okley P.I.	-	"FOR"	Maslov A.V.	-	"FOR"
Vasyliiev S.V.	-	"FOR"	Mikhailov S.A.	-	"FOR"
Gavrilov A.I.	-	"FOR"	Perepelkin A.Yu.	-	"FOR"
Ivanov M.S.	-	"FOR"	Popovskiy S.N.	-	"ABSTAINED"
Ilyenko V.V.	-	"FOR"	Ptitsyn I.V.	-	"FOR"

Thus, the suggested decision on the fourteenth issue **has been adopted by a majority vote** of the Board of Directors members.

Chairman of the Board of Directors

Okley P. I.

Corporate Secretary

Kantsurov A. A.