

**Minutes of Open Joint Stock Company
“Interregional Distribution Grid Company of the South”
Board of Directors Meeting No.103/2013**

Date of meeting	14.02.2013
Form of holding the meeting	Absentee voting (questionnaire)
Place of vote counting	26 Ulanskiy lane, Moscow (representative office of “IDGC of the South”, JSC in Moscow)
Date of vote counting	14.02.2013 17:00
Date of drawing up minutes	18.02.2013

Number of Board of Directors Members: 11

Questionnaires were submitted by: Goncharov Valeriy Anatolievich (chairperson of BoD), Arkhipov Sergei Aleksandrovich, Branis Aleksandr Markovich, Dyakov Fyodor Aleksandrovich, Katina Anna Yurievna, Osipov Aleksandr Mikhailovich, Kuvaeva Valeriya Dmitrievna, Prokhorov Yegor Vyacheslavovich, Repin Igor Nikolaevich, Filkin Roman Alekseevich, Shevchyuk Aleksandr Viktorovich.

Questionnaires were not submitted by:

According to requirements of paragraph 7.3 article 7 of Regulation on order of conveying and holding meetings of “IDGC of the South”, JSC Board of Directors approved by decision of annual General meeting of “IDGC of the South”, JSC shareholders dated 15.06.2011, minutes No.5 dated 17.06.2011, quorum for holding the meeting should count at least half of elected members of Board of Directors.

Quorum is present.

Agenda

- 1. On electing director general of “IDGC of the South” JSC.**

1. On electing director general of “IDGC of the South” JSC.

Draft decision:

1. To appoint Vashkevich Vladimir Frantishkovich director general of “IDGC of the South” JSC for three years up to 13.02.2016 inclusive.
2. To authorize Budagrın Oleg Mikhailovich, Chairperson of Management Board of “FGC UES” JSC, to perform on behalf of the Company rights and obligations of employer in regard of Vashkevich Vladimir Frantishkovich director general of “IDGC of the South” JSC, precisely to determine the terms of labour contract, sign the labour contract, additional agreements and agreements related to termination of contract.

Voting results

Goncharov V.A.	-	FOR	Osipov A.M.	-	FOR
Arhipov S.A.	-	FOR	Prokhorov E.V.	-	FOR
Branis A.M.	-	AGAINST	Repın I.N.	-	AGAINST
Katina A.Yu.	-	FOR	Filkin R.A.	-	AGAINST
Kuvaeva V.D.	-	FOR	Shevchuk A.V.	-	AGAINST
Dyakov F.A.	-	FOR			

The decision was adopted by majority of votes.

Alternative decision:

1. To appoint Vashkevich Vladimir Frantishkovich director general of “IDGC of the South” JSC for three years up to 13.02.2016 inclusive.
2. To approve the following conditions of labour contract with director general of IDGC of the South JSC Vashkevich V.F.:
 - 2.1 Term of the labour contract – up to 13.02.2016
 - 2.2 Financial incentives of director general is fixed by Regulation on financial incentives of director general of IDGC of the South JSC approved by decision of the BoD dated 16.06.2011 (minutes of meeting NO.67/2011), with regard of changes introduced (minutes of meeting No.85/2012 dd 26.04.2012, No. 102/2012 dd13.01.2013).
 - 2.3 Benefits and compensations (wage supplements) of director general are specified in Regulation on benefits and compensations (wage supplements) to director general of IDGC of the South JSC (appendix 1).
 - 2.4 The salary of director general specified in appendix 2 to the decision.
3. To authorize Budagrın Oleg Mikhailovich, Chairperson of Management Board of “FGC UES” JSC, to perform on behalf of the Company rights and obligations of employer in regard of Vashkevich Vladimir Frantishkovich director general of “IDGC of the South” JSC, precisely to determine the terms of labour contract, sign the labour contract, additional agreements and agreements related to termination of contract

Voting results

Goncharov V.A.	-	AGAINST	Osipov A.M.	-	AGAINST
Arkipov S.A.	-	AGAINST	Prokhorov E.V.	-	AGAINST
Branis A.M.	-	FOR	Repin I.N.	-	FOR
Katina A.Yu.	-	AGAINST	Filkin R.A.	-	FOR
Kuvaeva V.D.	-	AGAINST	Shevchyuk A.V.	-	FOR
Dyakov F.A.	-	AGAINST			

The decision was not adopted.

Thus by majority of votes the following decision was taken on agenda item:

1. To appoint Vashkevich Vladimir Frantishkovich director general of “IDGC of the South” JSC for three years up to 13.02.2016 inclusive.
2. To authorize Budagrין Oleg Mikhailovich, Chairperson of Management Board of “FGC UES” JSC, to perform on behalf of the Company rights and obligations of employer in regard of Vashkevich Vladimir Frantishkovich director general of “IDGC of the South” JSC, precisely to determine the terms of labour contract, sign the labour contract, additional agreements and agreements related to termination of contract.

Appendix 1. Opinion of BoD members Repin I.N. and Shevchyuk A.V. on agenda item 1 of Board of Directors meeting held of February 14, 2013 in one copy on one page.

Chairperson of the committee

Goncharov V.A.

Corporate Secretary

Ruzavin A.P.

**Opinion expressed by members of IDGC of the South Board of Directors
Repin I.N. and Shevchyuk A.V. on agenda item 1 of Board of Directors
meeting held of February 14, 2013**

Due to extremely difficult situation with financial and economic indicators of IDGC of the South JSC it is proposed to members of the BoD when considering the issue “On amendments to business-plan of the Company for 2013” to take into account the possibility of including/changing within the frameworks of current key performance indicators the enhanced obligations of Director general on implementation of the following additional key performance indicators:

1. Growth rate of manageable costs in the Company for 2013 should be maximum 0.98 by the results of the year (downward trend);
2. By the end of 2014 the profit growth rate should exceed the exiting rate of self-cost growth (current budget is not balanced and presupposes outrunning growth of self-cost, which in conditions of large debt and capital intensive investment programme is regarded as negative and bears substandard risks).

It is worth noting that previously acting director general of IDGC of the South expressed readiness to shoulder the abovementioned enhanced obligations.

Please, include the opinion in the minutes of BoD meeting and distribute it among memes of IDGC of the South Board of Directors

Sincerely yours,

members of IDGC of the South Board of Directors

Repin I.N.

Shevchyuk A.V.