

NOTICE
OF THE OPTION FOR EXERCISING BY SHAREHOLDERS OF INTERREGIONAL DISTRIBUTION GRID COMPANY OF THE SOUTH, PUBLIC JOINT STOCK COMPANY, OF THE PRE-EMPTIVE RIGHT TO PURCHASE ADDITIONAL ORDINARY SHARES

1. General information	
1.1. Full legal name of the Issuer:	Public Joint-Stock Company Interregional Distribution Grid Company of the South
1.2. Short company name of the issuer	IDGC of the South, PJSC
1.3. Location of the issuer	Rostov-on-Don, Russian Federation
1.4. PRSN code of the issuer	1076164009096
1.5. TIN code of the issuer	6164266561
1.6. Unique issuer code assigned by the registering authority	34956-E
1.7. Internet pages used by the Issuer to disclose information	http://www.mrsk-yusa.ru http://www.e-disdosure.ru/portal/companv.aspx?id=11999

2. Notice content

Dear Shareholder,

Public Joint-Stock Company Interregional Distribution Grid Company of the South (hereinafter also the “Company”, “IDGC of the South, PJSC”, the “Issuer”) hereby notifies you that the Bank of Russia carried out state registration of additional issue of securities in IDGC of the South, PJSC on June 1, 2017.

State registration number 1-01-34956-E was assigned to the additional issue of securities (ordinary registered uncertified shares) in IDGC of the South, PJSC.

Quantity of placed additional ordinary registered shares: 13,015,185,446 (Thirteen billion fifteen million one hundred eighty five thousand four hundred forty six) items with the nominal value of 10 (ten) kopecks each.

Additional share placement method: public subscription.

Placement price per additional ordinary registered uncertified share (in particular, among the persons listed among the persons having the pre-emptive right to purchase the additional shares being placed): Ten (10) kopecks.

The Issuer’s shareholders, according to the Article 40, Federal Joint Stock Companies Law, have the pre-emptive right to purchase ordinary shares placed by public subscription, pro rata the number of their ordinary shares in the Issuer.

Effective period of the pre-emptive right to purchase additional shares

The effective period of the pre-emptive right (the period for submission of the Application for Purchase of Securities Being Placed and for performance of the duty to pay for them) shall be Forty Five (45) days from the date when the Notice was published on the Issuer’s website in the Internet information and telecommunications network at: www.mrsk-yuga.ru.

Before expiry of the effective period of the pre-emptive right to purchase the securities being placed, placement of securities other than by exercising this pre-emptive right shall not be allowed.

Date as of which the list of persons having the pre-emptive right to purchase the securities being placed is drafted: 13.03.2017

Procedure for determining the maximum quantity of additional shares, which the person is entitled to purchase by way of its exercising the pre-emptive right to purchase shares:

The maximum quantity of additional shares, which the person is entitled to purchase by way of its exercising the pre-emptive right to purchase shares, pro rata the quantity of its ordinary shares in the issuer as of March 13, 2017 (date of drafting the list of persons entitled to attend the extraordinary general shareholders meeting held on April 7, 2017, which resolved to increase the share capital by placing additional shares), and shall be determined based on the following formula:

$V=A*(13\ 015\ 185\ 446 / 61\ 178\ 139\ 417)$, where

V - the maximum quantity of additional shares of IDGC of the South, PJSC additional issue, which can be purchased by the person having the pre-emptive right to purchase additional shares,

A - the quantity of the issuer’s ordinary registered shares held by the person having the pre-emptive right to purchase additional shares, as of March 13, 2017 (date of drafting the list of persons entitled to attend the extraordinary general shareholders meeting held on April 7, 2017, which resolved to increase the share capital by

placing additional shares),

13,015,185,446 - the quantity of additional ordinary shares placed by the Issuer in accordance with the Resolution as to additional securities issue

61,178,139,417, the quantity of the issuer's placed registered ordinary shares as of March 13, 2017 (date of drafting the list of persons entitled to attend the extraordinary general shareholders meeting held on April 7, 2017, which resolved to increase the share capital by placing additional shares).

If, as a result of the above procedure for determining the quantity of placed additional shares, to the extent of which the person having the pre-emptive right to purchase shares, can exercise such pre-emptive right, a fraction appears, such person shall be free to purchase a portion of the placed additional share (fractional share) corresponding to the fractional part of the resulting number. A fractional share grants the shareholder, its holder, the rights granted by the share of the corresponding category in the amount corresponding to the part of the whole share that it makes up. Fractional shares are traded on the same basis as the whole shares. Accounting for the rights for fractional shares in the register keeping system on the registered persons' personal accounts shall be without rounding.

Procedure for exercising the pre-emptive right to purchase additional shares

When the pre-emptive right to purchase shares is exercised, civil law contracts are concluded with the persons exercising such right in the below manner (hereinafter also referred to as the "Applicants").

The person having the pre-emptive right to purchase additional shares is entitled, during the effective period of such right, to fully or partially exercise its pre-emptive right by applying for purchase of placed securities (hereinafter also the "Application") and by performing of the duty to pay for the same.

Procedure for submitting the Application to the Company:

The recommended Application form is placed by the Issuer in webpages

(<http://www.e-disclosure.ru/portal/company.aspx?id=11999> и <http://www.mrsk-yu2a.ru/>).

If the Applicant is the person registered in the Issuer's shareholders register:

- 1) The application shall contain:
 - information that identify the Applicant;
 - the number of securities purchased by the Applicant.
- 2) The application shall be submitted by sending or delivery of a written document signed by the person filing the Application to the registrar against signature, and, if envisaged in the rules, whereby the issuer's registrar is keeping the register, also by sending an electronic document signed by the qualified electronic signature to the issuer's registrar. These rules may also envisage signing of such electronic document with a simple or unqualified electronic signature. In this case, the electronic document signed with a simple or unqualified electronic signature shall be recognized as equivalent to the document in hard copy signed with personal signature.
- 3) The application sent or delivered to the issuer's registrar shall be deemed submitted to the issuer on the date it was received by the issuer's registrar.

Registrar's contact details:

full and abbreviated company name R.O.S.T. Registrar Joint-Stock Company (R.O.S.T. Registrar, JSC)

Registered address: Moscow

Head office: 18, Stromynka Street, Bldg 13, Moscow 107996

Address for mail correspondence: 18, Stromynka Street, P.O. Box 9, Moscow 107996

Telephone/ fax: (495) 771 7336.

If the Applicant is the person not registered in the Issuer's shareholders register:

- 1) The Applicant shall exercise its pre-emptive right by giving the respective instruction to the person who accounts for its rights to the issuer's shares. Such instruction shall be given according to the Russian securities law and should contain the quantity of purchased securities.
- 2) The application shall be deemed submitted to the Issuer on the date the Issuer's registrar received a message with the Applicant's will from the nominal shareholder registered in the issuer's shareholders register.

The recommendation is to include the following information into the Application (indication (instructions) to the person who accounts for the rights of the Applicant not registered in the issuer's shareholders register to the issuer's shares):

- heading: Application for purchase of shares in InterRegional Distribution Grid of the South, Public Joint Stock Company, by way of exercising the pre-emptive right
- Full name (full corporate name) of the person having the pre-emptive right to purchase additional

shares

- indication to the residential address (location) of the person having the pre-emptive right to purchase additional shares;
- indication of the quantity of additional shares purchased by such person.
- for individuals: indication of passport data (date, year and place of birth; series, number and issue date of the passport (another identification document); the issuing authority; the passport (another identification document) effective period, if applicable);
- for legal entities, information on state registration of the legal entity and entering into the Unified State Register of Legal Entities (primary state registration number and/or another registration number, if applicable; date, registering authority, the respective certificate number);
- taxpayer's identification number (TIN) of the person having the pre-emptive right to purchase additional shares;
- Applicant's personal account number in the register of the issuer's securities holders
- if the Applicant is a customer of the nominal holder, and the shares should be remitted to the nominal holder's account in the register of registered securities' holders, the data of the nominal holder in the register of the issuer's securities is indicated: full corporate name of the depository (hereinafter also referred to as "Level 1 Depository" By Level 1 Depository in the Resolution as to Additional Securities Issue and the Securities Prospectus shall also be meant the central depository carrying out its business according to the Federal Central Depository Law No. 414-FZ dated December 7, 2011, the state registration data (PSRN, name of the state registration authority; date of state registration and making an entry on the depository in the Unified State Register of Legal Entities), number of the nominal holder's personal account in the register of the issuer's registered securities holders; Applicant's deposit account number; number and date of the depository agreement concluded between the depository and the Applicant. If the Applicant's deposit account is kept by the nominal holder, which is, in turn, the depositor of another nominal holder (hereinafter Level 2 Depository), the following information is specified in the Application for each of the above Depositories:

full corporate name;

data on state registration (primary state registration number, name of the state registration authority; date of state registration and making an entry on the depository to the Unified State Register of Legal Entities) of Level 1 Depository;

Level 1 Depository's personal account number in the register of the issuer's securities holders

Applicant's deposit account number

- number and date of the depository contract concluded between Level 2 depository and the Applicant (with respect to placed securities)

number and date of the inter-depository agreement concluded between the Depositories.

This information is indicated for all nominal holders, starting with the nominal holder, with which the Applicant opened the deposit account (with respect to placed securities), and ending with the nominal holder having a personal account in the register of the Issuer's registered securities holders.

- indication of the Applicant's bank details, at which the issuer may repay the money;
- Applicant's contact details (mailing address, email address, and facsimile with indication of area code).

The Application shall be signed by the Applicant (its authorized person, with attachment of the original or notarized copy of a duly issued power of attorney or another document evidencing the representative's powers), and for legal entities, contain the seal impression (if any).

The Issuer shall be free to refuse to satisfy the Application in the following cases:

- the Application does not meet the requirements envisaged in Russian law, Clause 8.5 of the Resolution as to the additional securities issue;
- The Application shall not allow to identify the person, on whose behalf the Application was sent, as the person having the pre-emptive right to purchase shares;
- The Application submitted by the representative of the person having the pre-emptive right to purchase shares is not accompanied with the original or notarized copy of a duly issued power of attorney or another document evidencing the representative's powers.

If the issuer denies satisfaction of the Application to the person who filed the Application, the issuer shall send the respective notice to such person within Ten (10) business days from receipt of the Application, stating the reasons why the Application was not satisfied.

If the notice of non-satisfaction of the Application is received, the person who is willing to exercise the pre-emptive right to purchase shares shall, before expiry of the Effective Period of the pre-emptive right, be entitled to re-submit the Application, having eliminated the defects that prevented from satisfaction of the Application.

The Issuer shall be free to deny the option of exercising the pre-emptive right to the person who sent the Application in the following cases:

- the person having the pre-emptive right to purchase shares failed to perform the duty to pay for placed securities within the period of time established in Clause 8.6 of the Resolution as to the additional securities issue. In this case, the issuer shall send to such person a notice as to the denial of the option of exercising the pre-emptive right within Ten (10) business days from the expiry date of the Pre-Emptive Right Effective Period, giving reasons why exercising of the pre-emptive right to purchase additional shares is impossible;
- Application from the person having the pre-emptive right to purchase shares was received by the issuer upon expiry of the Pre-Emptive Right Effective Period. In this case, the issuer shall send to such person a notice as to the denial of the option of exercising the pre-emptive right within Ten (10) business days from receipt of the Application, giving reasons why exercising of the pre-emptive right to purchase additional shares is impossible;

The share purchase agreement with the persons exercising the pre-emptive right to purchase them shall be deemed concluded at the time when the issuer receives a duly issued Application. If the Application was received by the issuer before the additional shares placement commencement date, the agreement shall be deemed concluded on the share placement commencement date.

Procedure for payment for additional shares

Payment in cash is envisaged.

Payment for additional registered uncertified shares in the Company is carried out in cash in Russian rubles, by clearing.

The duty to pay for the additional number of shares shall be deemed fulfilled as soon as the money is credited to the accounts specified in Clause 8.6. The Resolution as to the additional securities issue

Non-clearing settlements are not envisaged.

Clearing settlements are envisaged.

Non-clearing settlement format: by payment orders, receipts on bank transfer of money

Information on the lending institution:

1) Full corporate name: Sberbank of Russia Public Joint-Stock Company (Astrakhan Branch No. 8625 of Sberbank of Russia Public Joint-Stock Company)

Abbreviated company name Sberbank PJSC

(Astrakhan Branch No. 8625 of Sberbank PJSC)

Registered address: Moscow, Russian Federation

Bank address: 19, Vavilov Street, Moscow, 117997, Russia

(address of Astrakhan Branch No. 8625 of Sberbank PJSC - 41, Kirov Street, Astrakhan, 414000)

Bank details of the accounts, to which the money received towards payment for the securities is to be remitted:

account No. : 40702810405000003518

account type: settlement BIC: 041203602.

Corr. a/c: 30101810500000000602

Beneficiary: Public Joint-Stock Company Interregional Distribution Grid Company of the South (taxpayer's ID: 6164266561, RRC: 997450001).

2) For remittance of the federal budget funds, the securities shall be paid by crediting the money at the following details:

Full corporate name: Federal Treasury Department for Rostov Region
Abbreviated company name FTD for Rostov Region
Registered address: 7/2, Svobody Square, Rostov-on-Don, 344019

Bank details of the accounts, to which the money received towards payment for the securities is to be remitted:

taxpayer's ID: 6163030517 BIC: 046015001

account type: settlement

account No. : 40501810260151000002

Beneficiary: **Public Joint-Stock Company Interregional Distribution Grid Company of the South (taxpayer's ID: 6164266561, RRC: 997450001).**

In-kind settlements are not envisaged.

Due date:

When shareholders exercise the pre-emptive right to purchase placed additional shares, the purchased shares

shall be paid on or before the expiry date of the Pre-Emptive Right Effective Period specified in Clause 8.5 of the Resolution as to Additional Securities Issue.

If the number of purchased shares indicated in the Application is less than the one paid by the Applicant, the Applicant is believed to have exercised its pre-emptive right to purchase shares with respect to the number of shares specified in the Application; the Application is satisfied with respect to the number of shares indicated in it. In this case, the excessively paid money shall be refunded to the Applicant in such manner and on such dates as specified in Clause 8.5 of the Resolution as to the additional securities issue

If the number of purchased shares indicated in the Application is greater than the paid one, the Applicant is believed to have exercised its pre-emptive right to purchase shares with respect to the number of the paid shares.

If the number of shares indicated in the Application exceeds the maximum number of shares that can be purchased by the Applicant, and the number of paid shares is not less than the maximum number of shares the Applicant is free to purchase by way of exercising the pre-emptive right to purchase shares, the Applicant is believed to have exercised its pre-emptive right to purchase shares with respect to the the maximum possible number of shares that can be purchased by the Applicant by way of exercising the pre-emptive right to purchase shares. In this case, the excessively paid money shall be refunded to the Applicant in such manner and on such dates as specified in Clause 8.5 of the Resolution as to the additional securities issue

Procedure for repayment of the money excessively paid by the Applicant when exercising the pre-emptive right to purchase additional shares

In the above cases, the excessively paid money shall be refunded by clearing within Thirty (30) business days from the expiry date of the Pre-Emptive Right Effective Period. The money is refunded at the bank details specified in the Application, and if such details are not indicated in the Application, at the details specified in the money refund claim. If the Application does not specify the bank details for money refund, and the issuer did not receive the money refund claim within Thirty (30) business days from the expiry date of the Pre-Emptive Right Effective Period, the money shall be refunded at the details indicated in the register of the Issuer's registered securities holders. The costs of refunding the excessively paid money shall be incurred by the person who remitted the excessive money.

Procedure for and timing of transfer of additional shares to the persons exercising the pre-emptive right to purchase them

The Issuer shall send the transfer deed serving as the reason for making the credit entry in the personal account of the person exercising the pre-emptive right to purchase the issuer's securities or those of the nominal holder, the depositor of which is such person into the shareholders' register, but not earlier than the placement commencement date and the date of summing the exercising of the pre-emptive right to purchase placed securities.

Additional information

The wording of the Resolution as to additional securities issue and the Securities Prospectus, which contain the conditions of placement of additional shares are posted on the Issuer's webpages in the Internet: <http://www.e-disdore.ru/portal/company.aspx?id=U999> и <http://www.mrsk-yuga.ru/>.

All stakeholders are able to examine the Resolution as to the additional securities issue and the Securities Prospectus and receive their copies at: 49, BolshayaSadovaya St., Rostov-on-Don 344002

Telephone for inquiries: +7 (863) 307 0838.

3. Signature

3.1. Advisor to the Director-General, IDGC of the South,
PJSC

(Signature)

P.V. Goncharov

3.2. Date: June 5, 2017

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