

**Corporate action statement/Disclosure of insider information “Information on decisions adopted by Board of Directors of “IDGC of the South” PJSC**

1. General information	
1.1. Full company 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, the Russian Federation,
1.4 PSRN of the issuer	1076164009096
1.5 TIN of the issuer	6164266561
1.6 Unique issuer’s code assigned by the registration authority	34956-E
1.7 Internet website address used by the issuer for information disclosure	<a href="http://www.mrsk-yuga.ru">http://www.mrsk-yuga.ru</a> ; <a href="http://www.e-disclosure.ru/portal/company.aspx?id=11999">http://www.e-disclosure.ru/portal/company.aspx?id=11999</a>
2. Statement content	
<p>2.1. Quorum of meeting of issuer’s BoD and results of voting on the adopted decisions: <b>11 out 11 members of the Board of Directors participated in the meeting, quorum is present.</b></p> <p><b>On item 1:</b></p> <p>“FOR” – 11 votes</p> <p>“AGAINST” – 0 votes</p> <p>“ABSTAINED” – 0 votes</p> <p><b>On item 2:</b></p> <p>“FOR” – 11 votes</p> <p>“AGAINST” – 0 votes</p> <p>“ABSTAINED” – 0 votes</p> <p><b>On item 3:</b></p> <p>“FOR” – 11 votes</p> <p>“AGAINST” – 0 votes</p> <p>“ABSTAINED” – 0 votes</p>	

**On item 4:**

“FOR” – 11 votes

“AGAINST” – 0 votes

“ABSTAINED” – 0 votes

**On item 5:**

“FOR” – 11 votes

“AGAINST” – 0 votes

“ABSTAINED” – 0 votes

**On item 6:**

“FOR” – 11 votes

“AGAINST” – 0 votes

“ABSTAINED” – 0 votes

**On item 7:**

“FOR” – 10 votes

“AGAINST” – 0 votes

“ABSTAINED” – 1 votes

**On item 8:**

“FOR” – 11 votes

“AGAINST” – 0 votes

“ABSTAINED” – 0 votes

**On item 9:**

“FOR” – 9 votes

“AGAINST” – 0 votes

“ABSTAINED” – 1 votes

Ebzeev B.B., member of Company’s BoD is non-independent director (performs functions of sole executive body – Director General) and do not participate in voting on this item.

**On item 10:**

“FOR” – 9 votes

“AGAINST” – 0 votes

“ABSTAINED” – 1 votes

Ebzeev B.B., member of Company’s BoD is non-independent director (performs functions of sole executive body – Director General) and do not participate in voting on this item.

**Disclosure of insider information on item 1: “On approval of quarterly report on implementation of business plan as well as investment programme and information on key operational risks of the Company in 9 months of 2015”**

2.2.1 Content of decision:

1. To approve the report on implementation of business plan as well as investment programme and information on key operational risks of the Company in 9 months of 2015 in accordance with Appendix 1 to present decision of Company’s BoD.

2. To note:

2.1. the non-implementation by the results of 9 months of 2015 of planned indicator of relative amount of electric energy losses on “IDGC of the South” PJSC for 0.26 percentage points (planned – 8.81%, in fact – 9.07%);

2.2. the non-implementation of investment programme of “IDGC of the South” PJSC branch – “Volgogradenergo” for 9 months of 2015 approved in accordance with Decree of the Government of the Russian Federation No. 977 dd. 01.12.2009, related to financing (implementation – 77%), investment (implementation – 79%), putting of MWA (implementation – 74%);

2.3. growth of accounts receivable by the results of 9 months of 2015 for 1 932 mln. rubles or 21% in comparison with planned indicator (planned – 9 324 mln. rubles, in fact – 11 256 mln. rubles); growth of overdue accounts receivable for service on electric energy transmission (including reserve on doubtful debts) by the results of 9 months of 2015 for 1 445.39 mln. rubles or 11.17% in comparison with planned indicator (planned – 12 943.90 mln. rubles, in fact – 14 389.29 mln. rubles);

3. To instruct Sole executive body of “IDGC of the South” PJSC:

3.1. to provide the reaching of planned indicator of relative amount of electric energy losses by the results of 2015;

3.2. to provide the reaching of planned level of accounts receivable by the results of

work in 2015 thanks to increasing of companies' efficiency aimed at increasing of level of paying of funds for services on electric energy transmission.

3.3. to additional measures on reacting on risks KOR-007 "Risk of divergence of amount of overdue accounts receivable from specified in business plan" and KOR-009 "Risk of divergence of net profit from the amount specified in business plan" to minimize their influence on reaching of indicators of business plan; and to take measures aimed to increasing of effectiveness of events in relation to risk KOR-015 "Risk of an accident due to fault of the Company". To note the necessity of preventing works in relation to these risks in 2016.

**Disclosure of insider information on item 2 "On approval of consolidated on the principles of the Russian Accounting Standards quarterly report on implementation of the business plan of the Group "IDGC of the South" PJSC in 9 months of 2015"**

2.2.2. Content of decision:

To defer the discussion to a later date.

**Disclosure of insider information on item 3**

**"On approval of report presented by Director General of "IDGC of the South" PJSC on the results of implementation of key performance indicators of Director General in the 3rd quarter of 2015"**

2.2.3. Content of decision:

To approve the report of Director General of "IDGC of the South" PJSC on the results of implementation of key performance indicators of Director General in the 3rd quarter of 2015 in accordance with Appendix 2 to present decision of Company's BoD.

**Disclosure of insider information on item 4 "On approval of the Company's Plan of procurement of goods, services and works for 2016"**

2.2.4. Content of decision:

To defer the discussion to a later date.

**On approval of internal documents of the issuer/Disclosure of insider**

**information on item 5 “On considering the amended Company’s Plan of procurement of goods, services and works for 2015”**

2.2.5. Content of decision:

To defer the discussion to a later date.

**Disclosure of insider information on item 6 “On approval of Schedule of Company’s activities aimed at reduction of overdue accounts receivable for electricity transmission service and settlement of disputes as of 01.10.2015”**

2.2.6. Content of decision:

1. To approve the Schedule of Company’s activities aimed at reduction of overdue accounts receivable for electricity transmission service and settlement of disputes as of 01.10.2015 in accordance with Appendix 3 to present decision of Company’s BoD.

2. To take into consideration the Report on implementation of early approved by Company’s BoD Schedule of Company’s activities aimed at reduction of overdue accounts receivable for electricity transmission service and settlement of disputes as of 01.10.2015 in accordance with Appendix 4 to present decision of Company’s BoD.

3. To take into consideration the Report on implemented work of “IDGC of the South” PJSC in relation to newly formed overdue accounts receivable for services on electric energy transmission in 3<sup>rd</sup> quarter of 2015 in accordance with Appendix 5 to present decision of Company’s BoD.

**Disclosure of insider information on item 7 “On approval of composition of Company’s central purchasing authority – the Central tender commission of “IDGC of the South” PJSC”**

2.2.7. Content of decision:

1. To consider as invalid the decision of Company’s BoD dd. 23.07.2015 (Minutes No. 163/2015 dd. 24.07.2015) on item 9 from the date of adoption of this decision.

2. To approve the following composition of Central Tender Committee of “IDGC of the South” PJSC from the date of adoption of this decision:

Chairperson of Central Tender Committee:		
Zhuravlyov D.O.	-	Deputy Director General in charge of development and technological connection of “IDGC of the South” PJSC
Deputies chairperson of Central Tender Committee		
Ivanov Yu.V.	-	Deputy Director General in charge of investment activity of “IDGC of the South” PJSC
Kislenko R.K.	-	Head of Security department of “IDGC of the South” PJSC
Members of Central Tender Committee		
Bazhenov S.A.	-	Lead expert of planning, control and methodology of purchasing office of Department of master scheduling, statutory regulation and organization of purchasing activity of “Rosseti” PJSC
Goncharov P.V.	-	Deputy Director General in charge of technical issues – chief engineer of “IDGC of the South” PJSC
Lednev E.V.	-	Deputy Director General in charge of special projects of “IDGC of the South” PJSC
Niy K.B.	-	Director on technological connection – head of Department of technological connection of “IDGC of the South” PJSC
Koledin A.V.	-	Deputy head engineer in charge of operation of “IDGC of the South” PJSC
Kozyreva I.V.	-	Director on legal coverage – head of department of legal coverage of “IDGC of the South” PJSC
Veklich I.V.	-	Head of department of anti-corruption compliance procedures of “IDGC of the South” PJSC
Stepanischev A.V.	-	Acting head of department of capital construction of “IDGC of the South” PJSC
Member of Central Tender Committee – executive secretary of the Commission:		

Dubrovskiy V.A.	-	Deputy head of department of logistics and materiel and technical support of “IDGC of the South” PJSC
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**Disclosure of insider information on item 8 “On consideration of report presented by Director General on implementation of resolutions adopted by the Company’s Board of Directors in the 3rd quarter of 2015”**

2.2.8. Content of decision:

1. To take into consideration the report presented by Director General on implementation of resolutions adopted by the Company’s Board of Directors in the 3rd quarter of 2015 in accordance with Appendix 6 to present decision of Company’s BoD.
2. To instruct sole executive body of the Company to organize the cooperation of representatives of “IDGC of the South” PJSC and “Astrakhan energy selling Company” PJSC and provide the control of execution on requests of meeting of work group.
3. To represent the Information on implementation of request specified in paragraph 2 of present decision of BoD in the report on activity of work group on decreasing of disputes while forming an amount of rendered services between “IDGC of the South” PJSC and “Astrakhan energy selling Company” PJSC as part of report of sole executive body of the Company on implementation of decision in 4<sup>th</sup> quarter of 2015 adopted at the meetings of Company’s BoD.

**On approval of agreements considered in accordance with the legislation of RF as large transactions and (or) as interested-party transactions / Disclosure of insider information on item 9 “On approval of agency agreement on project “500kV power line Rostovskaya AES Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “IDGC of the South” PJSC and “FGC UES” PJSC as an interested-party transaction”**

2.2.9. Content of decision:

1. To determine that the price of the agency agreement on project “550kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “FGC UES” PJSC and “IDGC of the South” PJSC as an interested-party

transaction in the amount of 18 852 780 (eighteen million eight hundred fifty two thousand seven hundred eighty) rubles 00 kopecks including VAT (18%) of 2 875 847 (two million eight hundred seventy five thousand eight hundred forty seven) rubles 80 kopecks, including the cost of agency fee in the amount of 118 000 (one hundred eighteen thousand) rubles, including VAT (18%) of 18 000 (eighteen thousand) rubles 00 kopecks.

2. To approve the agency agreement on project “550kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “FGC UES” PJSC and “IDGC of the South” PJSC, as an interested-party transaction on the following essential terms and conditions:

Parties to the Agreement:

Agent – “FGC UES” PJSC;

Principal – “IDGC of the South” PJSC.

Subject of the contract:

Principal orders and the Agent in a manner and under conditions stipulated by the Agreement, on its own behalf, but at the expense of the Principal, or on behalf and for the account of the Principal, performs legal and other actions on the reconstruction of the Principal’s facilities, specified in paragraph 1.3 of agency contract within the frameworks of the construction of the Agent’s Facility which are the property of Principal within the frameworks of approved documents on title “500kV power line Rostovskaya AES - Tikhoretskaya-2 with extension 500kV Tikhoretsk” (positive conclusion of RF State Expert Evaluation Department No. 799-13/GGE8356/02 dd. 13.09.2013).

Price of the Agreement:

The price of the agency agreement on project “550kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “FGC UES” PJSC and “IDGC of the South” PJSC as an interested-party transaction in the amount of 18 852 780 (eighteen million eight hundred fifty two thousand seven hundred eighty) rubles 00 kopecks including VAT (18%) of 2 875 847 (two million eight hundred seventy five thousand eight hundred forty seven) rubles 80 kopecks,



including the cost of agency fee in the amount of 118 000 (one hundred eighteen thousand) rubles, including VAT (18%) of 18 000 (eighteen thousand) rubles 00 kopecks.

Contract time:

The Agreement shall enter into force upon the signature and is valid until the Parties fulfill all their obligations under the Agreement.

Settlement of disputes:

Disputes and disagreements that may arise when performing the Agreement or in connection with it including connected with its conclusion, changing, implementation, violation, termination, dissolving, the Parties shall settle in the course of pre-court dispute settlement procedure. The Parties will use the complaint procedure for settlement of disputes. Time for response to the claim is 10 (ten) calendar days upon receipt.

In case of failure to settle disputes and disagreements in the course of pre-court dispute settlement procedure, and disputes arise when performing the Agreement or in connection with it including connected with its conclusion, changing, implementation, violation, termination, dissolving the Parties shall be settled in Commercial Court in accordance with the applicable legislation.

**Disclosure of insider information on item 10 “On approval of agency agreement on project “500kV power line Rostovskaya AES Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “IDGC of the South” PJSC and “FGC UES” PJSC as an interested-party transaction”**

2.2.10. Content of decision:

1. To determine the price of agreement on reimbursement of costs under the project “500kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” (hereinafter – the Agreement) between “IDGC of the South” PJSC and “FGC UES” PJSC as an interested-party transaction is determined in accordance with paragraph 3.1 and Appendix 2 to the Agreement and amounts 18 852 780 (eighteen million eight hundred fifty two thousand seven hundred eighty) rubles 00 kopecks, including 18% VAT – 2 875 847 (two million eight hundred seventy five

thousand eight hundred forty seven) rubles 80 kopecks.

2. To approve the agreement on reimbursement of costs under the project “500kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” (hereinafter – the Agreement) between “IDGC of the South” PJSC and “FGC UES” PJSC as an interested-party transaction on the following conditions:

Parties to the Agreement:

Owner – IDGC of the South PJSC

Company - FGC UES PJSC

Subject of the Agreement:

The subject of the Agreement is compensation to the owner of expenses on implementation of measures for the benefit of and in connection with the activities of the Company for the construction of the Company's facilities, which involve the need for reconstruction of the facilities of the Owner.

Due to the compensation received by the Company under the Agreement, the Owner ensures the works on the upgrade of the Owner’s facilities, and also carries out other activities, the necessity in which papered in the result of Reconstruction.

Activities implemented by the Owner may include dismantling (demolition, removal), switches, moving and installation in a different configuration and different place of the Owner’s facilities, change the length and/or other parameters of the Owner’s facilities as well as other necessary measures (listed in Appendix 1 to the Agreement), including clearing of the territory for the construction and the creation of conditions for installation of the electric grid facilities of the Company and their commission in accordance with design and estimate documentation for the project “500kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation.”

Activities implemented by the Owner are also aimed at preserving the connection point with the parameters necessary to connect to the reconstructed (built) the Company's facility.

Amount of compensation:

The amount of compensation under the Agreement is determined in accordance with

Appendix 2 to the Agreement and amounts

18 852 780 (eighteen million eight hundred fifty two thousand seven hundred eighty) rubles 00 kopecks, including 18% VAT – 2 875 847 (two million eight hundred seventy five thousand eight hundred forty seven) rubles 80 kopecks.

The amount of compensation specified in paragraph 3.2 of the Agreement can be changed only by conclusion of additional Agreement between the Parties.

Total amount of compensation and payment deadline will be defined after completion of Owner's Facility reconstruction and the additional agreement will be concluded.

Term of the Agreement:

The Agreement enters into force upon the signature and is valid until the Parties fulfill their obligations.

Settlement of disputes:

Disputes and disagreements of the Parties shall be settled by means of negotiations.

The Parties specify all possible disputes connected with conclusion, changing and implementation of the Agreement shall be considered by the Parties in pre-court manner in 15 (fifteen) days after receiving.

In case of failure to settle disputes and disagreements through negotiation, all disputes and demands arise from the Agreement, including connected with its conclusion, changing implementation, violation, termination, are the subject to settlement in Commercial court in accordance with the applicable legislation.

2.3. Date of holding the meeting of Board of Directors: **18 December 2015.**

2.4. Date of drawing up and number of the minutes of meeting: **No. 174/2015 dated 21 December 2015**

3. Signature

3.1 Head of corporate governance and shareholders

interaction department (attorney dd 19.01.2015

No.25-15)

(signature) Pavlova Ye.N.

3.2. Date 21 December 20 15