

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 Open 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	http://www.mrsk-yuga.ru; http://www.e-disclosure.ru/portal/company.aspx?id=11999
2. Statement content	
<p>2.1. Quorum of meeting of issuer’s BoD and results of voting on the adopted decisions: 10 out 11 members of BoD participated in the meeting; quorum is present.</p> <p>On item 1: “FOR” – 9 votes “AGAINST” – 0 votes “ABSTAINED” – 1 votes</p> <p>On item 2: “FOR” – 10 votes “AGAINST” – 0 votes “ABSTAINED” – 0 vote</p> <p>On item 3: “FOR” – 10 votes “AGAINST” – 0 votes</p>	

“ABSTAINED” – 0 votes

On item 4:

“FOR” – 5 votes

“AGAINST” – 2 votes

“ABSTAINED” – 2 votes

BoD member Ebzeev B.B., being a person implementing functions of sole executive body (Director general) of the Company, is considered as dependent director and does not participate in voting on this issue

On item 5:

“FOR” – 5 votes

“AGAINST” – 2 votes

“ABSTAINED” – 2 votes

BoD member Ebzeev B.B., being a person implementing functions of sole executive body (Director general) of the Company, is considered as dependent director and does not participate in voting on this issue

Disclosure of insider information on item 1: “On approval of report on the results of implementation of Business-plan of DIGC of the South PJSC as well as investment programme in the 2nd quarter and 6 months of 2016”

2.2.1 Content of decision:

1. To approve the report on the results of implementation of Business-plan of DIGC of the South PJSC as well as investment programme in the 2nd quarter and 6 months of 2016, in accordance with Appendix 1 to this decision of Company’s BoD.

2. To note: 2.1 the failure of “Astrakhanenergo” and the Company in general to comply with the planned indicator of the relative amount of the loss of supplied electricity to the grid in the 1st half of 2016 (“Astrakhanenergo”: plan – 19.47%, fact – 22.51%, “IDGC of the South” PJSC: plan – 10.21%, fact – 10.47%).

2.2 the Company’s exceeding the planned indicator “Accounts receivable” by 336 million rubles, or 2.8% (Plan – 12 162 million rubles, fact – 12 498 million rubles);

2.3 the Company’s exceeding the planned indicator “Accounts payable (short-term)” by 241 million rubles, or 2.2% (plan – 10 736 million rubles, fact – 10 977 million rubles);

2.4 the Company's exceeding the planned indicator "Share of overdue payables" by 11.7% (plan–59.7%, fact – 71.4%);

2.5 non-compliance with the planned volume of financing of the investment programme, approved by the Ministry of Energy of Russia, by branch of "IDGC of South" PJSC – "Kalmenergo": plan for the first half of the year –145 642 000 rubles, fact –124 348 000 rubles, the programme was performed by 85%.

2.6 non-compliance with the planned volume of financing of the investment programme, approved by the Ministry of Energy of Russia, by branch of "IDGC of South" PJSC – "Volgogradenergo": plan for the first half of the year –22 012 rubles, fact –12 668 rubles, the programme was performed by 67%

2.7 failure of branch of "IDGC of South" PJSC – "Volgogradenergo" to comply with the planned volume of capital investments, approved by the Russian Ministry of Energy,: plan for the 1st half of the year – 73.449 million rubles, fact – 64.039 million rubles, performed by 87.2%.

2.8 non-compliance with the planned volume of capital investments, approved by the Russian Ministry of Energy, concerning the following project: "Reconstruction of 110/35/6 kV "TDN" substation with replacement of transformers T-1 and T-2" of Right-bank electric networks": plan of the 1st half of the year – 19.993 million rubles, fact – 1.199 million rubles, performed by 6%;

2.9 the excess of funding over the residual value at the beginning of the year in the amount of 5 502 000 rubles including VAT and unplanned development of capital investments in the amount of 30 970 000 rubles on the project: "Reconstruction of power transmission line Koysug-P31-P16-P22-PP2 and 110 kV transmission line P23-P22-R25- PP2 with the removal of power lines to a new route";

2.10 unscheduled financing of 28 facilities totaling 40 284 000 rubles including VAT (without inclusion of grid connection);

2.11 unplanned development of capital investments on the project "Equipment that is not included in construction estimates (other)" for the total amount of 12.198 million rubles without VAT.

2.12 violations of DGC of the South PJSC when commissioning of completed construction projects in the reporting period, in terms of the absence at the time of the transfer of objects in fixed assets of permission of Russian Federal Service for Ecological, Technical and Atomic Supervision for admission into operation of power plants under the project “Removal of the section of 10 kV overhead line number 2, 3, 5, 22 and 23 of 110/10 kV “Kotluban” substation at Gorodishchenskoye distribution zone from the highway construction zone” (facility was commissioned on 01.06.2016, permission of Russian Federal Service for Ecological, Technical and Atomic Supervision was issued on 25.08.2016);

2.13 untimely implementation of works on the Programme of Preparation to the World Cup 2018;

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

3.1. submit to the next meeting of the Board of Directors a report on the causes of exceeding the planned target of the relative amount of electric energy losses, including the results of measures taken to reduce energy losses by “Astrakhanenergo” for the 1st half 2016 with details on voltage levels in the format of the Applications 2 and 3 to this decision of the Board of Directors;

3.2. submit to the next meeting of the Board of Directors the report on the causes of the deviations specified in paragraphs 2.5-2.11, that occurred during the implementation of the approved investment programme of “IDGC of the South” PJSC;

3.3. take measures and ensure unconditional compliance with the organizational and administrative documents, regulating the order of acceptance of completed facilities into operation;

Term – constantly.

Strengthen the control over the implementation of construction and installation works under the Programme of Preparation to the World Cup 2018 concerning the compliance with the established schedule for the production of works, approved by construction contracts, as well as to provide unconditional commissioning of facilities in a timely manner.

Disclosure of insider information on item 2: “On consideration of the report prepared by Director General of the Company on implementation of resolutions of the Board of Directors in the second quarter of 2016”

2.2.1 Content of decision:

1. To take into consideration the report prepared by Director General of the Company on implementation of resolutions of the Board of Directors in the second quarter of 2016, in accordance with Appendix 4 to this decision of Company’s BoD.

2. To direct attention of the Sole Executive Body of the Company to untimely fulfillment of the Board of Directors requests specified in:

- paragraph 2 item 3 “On approval of internal document of the Company: Regulations for enhancement of efficiency and reduction of expenses of IDGC of the South PJSC (minutes of meeting No.175/2015 dated 31.12.2015);

- paragraph 2 item 8 “On approval of updated Plan of activating aimed at enhancement of efficiency of activity and improvement of financial state of IDGC of the South PJSC (minutes of meeting No.185/2016 dated 5.04.2016).

To instructs Director General of the Company to eliminate cases of non-fulfillment of orders of the BoD in deadlines set by the BoD.

Disclosure of insider information on item 3: “On approval of budgets of committees under the Board of Directors of IDGC of the South PJSC for the second half of 2016.”

2.2.3. Content of decision:

1. To approve the budget of Audit Committee under the Board of Directors of IDGC of the South PJSC for the second half of 2016, in accordance with Appendix 5 to the present decision of Company’s BoD.

2. To approve the budget of Personnel and Reliability Committee under the Board of Directors of IDGC of the South PJSC for the second half of 2016, in accordance with Appendix 6 to the present decision of Company’s BoD.

3. To approve the budget of Committee on Strategy, Development, Investments and Reform under the Board of Directors of IDGC of the South PJSC for the second half of 2016, in accordance with Appendix 7 to the present decision of Company’s BoD.

4. To approve the budget of Technological Connection Committee under the Board of Directors of IDGC of the South PJSC for the second half of 2016, in accordance with Appendix 8 to the present decision of Company's BoD.

5. To approve the budget of Reliability Committee under the Board of Directors of IDGC of the South PJSC for the second half of 2016, in accordance with Appendix 9 to the present decision of Company's BoD.

Approving of transactions recognized in accordance with legislation of Russian Federation as large-scale transaction and (or) transactions of interest/Disclosure of insider information /Disclosure of insider information on item 4: "On approval of mediation procedure between IDGC of the South PJSC and FGC UES PJSC as an interested party transaction"

2.2.4. Content of decision:

Resolution was not approved

Approving of transactions recognized in accordance with legislation of Russian Federation as large-scale transaction and (or) transactions of interest/Disclosure of insider information on item 5: "On approval of service contract between IDGC of the South PJSC and "FOCL-Power Lines Directorate" JSC as transaction of interest"

2.2.9. Content of decision:

Resolution was not approved

2.3. Date of holding the meeting of Board of Directors: **16 September 2016.**

2.4. Date of drawing up and number of the minutes of meeting: **No. 201/2016 dated 19 September 2016**

3. Signature

3.1 Head of corporate governance and shareholders

interaction department (attorney dd 11.02.2016

No.45-16)

(signature) Pavlova Ye.N.

3.2. Date 19 September 2016