

**Corporate Action Statement/Disclosure of insider information “Information on decisions adopted by Board of Directors of “IDGC of the South” JSC**

1. General information			
1.1. Full company name of the issuer	Open Joint Stock Company “Interregional Distribution Grid Company of the South”		
1.2. Short company name of the issuer	“IDGC of the South”, JSC		
1.3 Location of the issuer	49 Bolshaya Sadovaya str., Rostov-on-Don, the Russian Federation, 344002		
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 of 11 members of BoD participated in the meeting, quorum is present.</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><b>On item 1:</b></p> <p>“FOR” – 11 votes</p> <p>“AGAINST” – 0 votes</p> <p>“ABSTAINED” – 0 vote</p> <p><b>On item 2:</b></p> <p>“FOR” – 11 votes</p> <p>“AGAINST” – 0 votes</p> <p>“ABSTAINED” – 0 vote</p> </td> <td style="width: 50%; vertical-align: top;"> <p><b>On item 3:</b></p> <p>“FOR” – 11 votes</p> <p>“AGAINST” – 0 votes</p> <p>“ABSTAINED” – 0 votes</p> </td> </tr> </table>		<p><b>On item 1:</b></p> <p>“FOR” – 11 votes</p> <p>“AGAINST” – 0 votes</p> <p>“ABSTAINED” – 0 vote</p> <p><b>On item 2:</b></p> <p>“FOR” – 11 votes</p> <p>“AGAINST” – 0 votes</p> <p>“ABSTAINED” – 0 vote</p>	<p><b>On item 3:</b></p> <p>“FOR” – 11 votes</p> <p>“AGAINST” – 0 votes</p> <p>“ABSTAINED” – 0 votes</p>
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<p><b>Disclosure of insider information on item 1: “Consideration of report submitted by the Audit Committee under the BoD on its activity in 2014-2015”</b></p>			
<p>2.2.1 Resolution:</p> <p>To take into consideration the report submitted by the Audit Committee under the</p>			

BoD on its activity in 2014-2015 corporate year, in accordance with Appendix 1 to this resolution of the BoD.

**Disclosure of insider information on item 2 “Approval of report on implementation of the amended business-plan (including the investment programme) of IDGC of the South JSC in the 1<sup>st</sup> quarter of 2015”**

2.2.2. Resolution:

1. To approve the report on implementation of the amended business-plan (including the investment programme) of IDGC of the South JSC in the 1<sup>st</sup> quarter of 2015, in accordance with Appendix 2 to this resolution of the BoD.

2. To note:

2.1 by the results of the 1<sup>st</sup> quarter of 2015 the planned indicator of relative amount of electric power dissipation was not observed (planned– 12.52% grid output percentage, actual–12.85% grid output percentage);

2.2 the submitted analysis lacks an objective assessment of reason of the actual electric power dissipation exceeding the indicator of the planned level of electric power dissipation by the results of the 1<sup>st</sup> quarter of 2015, both in the total amount and by levels of voltage;

2.3 inefficient implementation of activities aimed at reduction of energy losses and reaching the planned indicator of losses;

2.4 failure to perform by the results of the 1<sup>st</sup> quarter of 2015 the plan of financing the investment programme of “Rostovenergo” branch of IDGC of the South JSC in respect of investment programme approved in accordance with Order of RF Government No.977 dated 01.12.2009;

2.5 failure to fulfill business plan by the results of the 1<sup>st</sup> quarter of 2015 in respect of the level of accounts receivable for electricity transmission;

2.6 General director’s failure to fulfill the order issued by the Board of Directors (minutes of meeting No.155/2015 dd 27.03.2015) in respect of observance of maximum limit of capital leverage by the results of the 1<sup>st</sup> quarter of 2015;

2.7 General director’s failure to observe the Regulations on credit policy, precisely the following indicators of the Plan of perspective development were not reached: revenue

from the services rendered, percentage of users' payment for the services on electricity transmission.

3. To instruct Director general to:

3.1 submit the BoD for tier next meeting the following information:

3.1.1 a detailed explanation of reasons of failure to fulfill by the results of the 1<sup>st</sup> quarter of 2015 the indicators of the electric power dissipation by levels of voltage;

3.1.2 additional activities for reduction of electric power losses in order to observe the planned indicators of the electric power dissipation, taking into account failure to stay within the planned indicators of "Level of electric power losses in respect of grid output, %" by the results of the 1<sup>st</sup> quarter of 2015;

3.2 ensure implementation of the planned indicator in respect of the amount of electric power losses by the results of the 1 half of 2015;

3.3 consider the possibility of concluding agreement on purchase of electric energy at prices lower than guarantee suppliers' prices in order to compensate the Company's losses of electric energy.

**Disclosure of insider information on item 3 "Approval of updated Plan of events aimed at increase of efficiency of company's activity and improvement of financial and economic performance of IDGC of the South JSC"**

2.2.3. Resolution: To defer the discussion to a later date.

2.3. Date of holding the meeting of Board of Directors: **26 May 2015.**

2.4. Date of drawing up and number of the minutes of meeting: **No. 159/2015 dated 28 May 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 28 May 2015