



ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
МЕЖРЕГИОНАЛЬНАЯ РАСПРЕДЕЛИТЕЛЬНАЯ
СЕТЕВАЯ КОМПАНИЯ УРАЛА
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AUDIT COMMITTEE

Protocol # КА - 34 Of Audit Committee session IDGC of Urals, OAO

Session form – in-presentia (videoconference).

Session date: May 12, 2014.

Protocol date: May 14, 2014.

Session started at: 13.05 (Moscow time).

Session ended at: 14.10 (Moscow time).

Session location: 4 building 1 Ulitsa Belovezhskaya, Moscow (Rosseti building, room A4-069).

Committee members that took part in the session:

E.N. Zhuykov;

A.N. Fadeev;

A.M. Kislyakov.

Committee members that submitted their questionnaires:

M.V. Azovtsev;

S.Y. Remes.

The number of the Committee members that participated in the voting is 5 out of 5. Quorum for decision-taking on all agenda issues reached.

Representatives from IDGC of Urals that visited the session:

O.M. Abrosimova, Chief Accountant of IDGC of Urals.

A.A. Ulyanov, Head of Internal Audit and Risk Management Department at IDGC of Urals.

Committee expert:

M.A. Lelekova, Head of Internal Audit and Control Department at Rosseti.

Committee Secretary:

D.V. Tikhanov.

Agenda:

1. A draft of 2013 consolidated financial statements of the Company prepared under IFRS.
2. Submission of comments from the external auditor on the key problems of 2013 IFRS financial statements to the Committee.
3. Draft of 1Q2014 accounting (financial) statements of the Company prepared under RAS.
4. Review of a 1Q 2014 progress report of Internal Audit and Risk Management Department.
5. Results of the implementation of measures aimed at the observation of legislation on the insider information control during 1Q 2014.

Issue #1: A draft of 2013 consolidated financial statements of the Company prepared under IFRS.

Report by: O.M. Abrosimova.

The report contained key 2013 financial results of the Company. The speaker was asked qualifying questions and commented on them. M.A. Lelekova, Committee expert, draw attention of the Committee members to the excess of opex growth (12.5%) over revenues growth (10.3%).

Resolution:

1. To take into account 2013 IFRS financial statements according to Appendix #1 hereof.
2. To note the excess of opex growth (12.5%) over revenues growth (10.3%).
3. The Secretary of the Audit Committee should inform the BoD of the Company on the key tendencies in financial status of the Company according to Appendix #1 hereof.

Voting results:

“FOR” – 5 (Five) votes: E.N. Zhuykov, S.Y. Remes, M.V. Azovtsev, A.N. Fadeev, A.M. Kislyakov.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

The resolution is adopted unanimously.

Issue #2: Evaluation of the auditor report to 2013 RAS financial statements by the Audit Committee.

Report by: O.M. Abrosimova.

Resolution:

To take into account comments from the external auditor on the key problems of 2013 IFRS financial statements to the Committee.

Voting results:

“FOR” – 5 (Five) votes: E.N. Zhuykov, S.Y. Remes, M.V. Azovtsev, A.N. Fadeev, A.M. Kislyakov.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

The resolution is adopted unanimously.

Issue #3: Draft of 1Q2014 accounting (financial) statements of the Company prepared under RAS.

Report by: O.M. Abrosimova.

The report contained key 1Q 2014 financial results of the Company. M.A. Lelekova, Committee expert, noted that the Company failed to observe requirements of item 5.1.1 of the Regulations on the Audit Committee on a preliminary review of the interim accounting statements by the Audit Committee prior to the disclosure. After the discussion the senior managers were recommended to arrange the preparation of accounting statements within the terms ensuring a preliminary review of a draft of the statements by the Audit Committee prior to its disclosure.

Resolution:

1. To take into account 1Q 2014 RAS financial statements according to Appendix #2 hereof.
2. To note that the Company failed to fulfil requirements of item 5.1.1 of the Regulations on the Audit Committee approved by the BoD on 08.08.2012 (Protocol #110), on a preliminary review of the interim accounting statements of the Company by the Audit Committee prior to its disclosure.
3. The Secretary of the Committee should arrange the submission of information to the BoD on key tendencies in financial status of the Company as of 1Q 2014, based on the RAS accounting statements according to the Appendix #2 hereof.
4. To recommend the senior managers to arrange the preparation of accounting statements within the terms ensuring a preliminary review of the statements draft by the Audit Committee prior to its disclosure.

Voting results:

“FOR” – 5 (Five) votes: E.N. Zhuykov, S.Y. Remes, M.V. Azovtsev, A.N. Fadeev, A.M. Kislyakov.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

The resolution is adopted unanimously.

Issue #4: Review of a 1Q 2014 progress report of Internal Audit and Risk Management Department.

Report by: A.A. Ulyanov.

The speaker presented a 1Q 2014 progress report of Internal Audit and Risk Management Department.

The speaker was asked qualifying questions and commented on them.

After the report it was recommended that the Acting General Director should prepare and submit for re-examination a report of the Company's management on measures and results from activities related to the elimination of violations found during 1Q 2014 inspections and on prevention measures. Also it was recommended to introduce changes into Decrees #90 dd. 04.07.11 and #196 dd. 05.07.11 and ensure administrative and functional subordination of the IA&RM Department to the General Director according to the Regulations on the IA&RM Department approved by the Audit Committee (Protocol #KA-25 dd. 11.04.2013).

Resolution:

1. To take into account a 1Q 2014 progress report by IA&RM Department according to Appendix #3 hereof.
2. To recommend the Acting General Director to ensure the preparation and submission of a management's report on measures and results from activities related to the elimination of violations found during 1Q 2014 inspections and on prevention measures for the Committee's review till 15.07.2014.
3. To recommend the Acting General Director to introduce changes into Decrees #90 dd. 04.07.11 and #196 dd. 05.07.11 and ensure administrative and functional subordination of the IA&RM Department to the General Director according to the Regulations on the IA&RM Department approved by the Audit Committee (Protocol #KA-25 dd. 11.04.2013).

Voting results:

“FOR” – 5 (Five) votes: E.N. Zhuykov, S.Y. Remes, M.V. Azovtsev, A.N. Fadeev, A.M. Kislyakov.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

The resolution is adopted unanimously.

Issue #5: Results of the implementation of measures aimed at the observation of legislation on the insider information control during 1Q 2014.

Report by: A.A. Ulyanov.

Resolution:

To approve a report on the results of the implementation of measures aimed at the observation of legislation on the insider information control during 1Q 2014 according to Appendix #4 hereof.

Voting results:

“FOR” – 5 (Five) votes: E.N. Zhuykov, S.Y. Remes, M.V. Azovtsev, A.N. Fadeev, A.M. Kislyakov.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

The resolution is adopted unanimously.

Appendices:

Appendix #1: 2013 IFRS consolidated financial statements of the Company.

Appendix #2: Comments from the external auditor on the key problems of 2013 IFRS financial statements.

Appendix #3: 1Q 2014 RAS accounting statements of the Company.

Appendix #4: A 1Q 2014 progress report prepared by Internal Audit and Risk Management Department.

Appendix #5: A report on the results of the implementation of measures at the observation of legislation on the insider information control during 1Q 2014.

Appendices #6-7: Questionnaires of M.V. Azovtsev, S.Y. Remes.

The Committee Chairperson

E.N. Zhuykov

The Committee Secretary

D.V. Tikhanov