

AUDIT COMMITTEE

Protocol # КА - 35 Of Audit Committee session IDGC of Urals, OAO

June 09, 2014
Session form:

Ekaterinburg
absentee voting (by questionnaires)

The following Committee members took part in the session: E.N. Zhuykov, M.V. Azovtsev, A.N. Fadeev.
Quorum for decision-taking on all agenda issues reached.

Agenda:

1. Recommendations to the BoD regarding the price for 2014 financial statement auditing provided by the external auditor.
2. Review of a report prepared by the internal auditor on the efficiency of the internal control and risk management system in 2013.
3. Appraisal of the market value of the following property – non-residential buildings of medical and preventive treatment facilities located at: 6a Ulitsa Rossiiskaya, Chelyabinsk, Russia – owned by IDGC of Urals.
4. Review of a draft of a 2013-2014 progress report prepared by the Audit Committee.

Issue 1: Recommendations to the BoD regarding the price for 2014 financial statement auditing provided by the external auditor.

Resolution:

To recommend the Board of Directors after the AGSM approval of Ernst&Young as the Company's auditor on 27.06.2014 to adopt the following resolution:

- To determine that the price of a contract on the audit of 2014 IAS and RAS financial statements concluded between the Company and Ernst&Young totals RUR 4 315 035.48, including VAT.

Voting results:

“FOR” – 3 (Three) votes: E.N. Zhuykov, M.V. Azovtsev, A.N. Fadeev.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

The resolution is adopted unanimously.

Issue 2: Review of a report prepared by the internal auditor on the efficiency of the internal control and risk management system in 2013.

Resolution:

1. To take into account a report prepared by the internal auditor on the efficiency of the internal control and risk management system in 2013.
2. To note that the current maturity level of the IC&RM system as medium.
3. To recommend the Board of Directors to approve the report prepared by the internal auditor on the efficiency of the IC&RM system in 2013.
4. To recommend the sole executive body of the Company to take measures to evolve and perfect the IC&RM system using measures described in the report prepared by the internal auditor on the efficiency of the IC&RM system in 2013.

Voting results:

“FOR” – 3 (Three) votes: E.N. Zhuykov, M.V. Azovtsev, A.N. Fadeev.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

The resolution is adopted unanimously.

Issue 3: Appraisal of the market value of the following property – non-residential buildings of medical and preventive treatment facilities located at: 6a Ulitsa Rossiiskaya, Chelyabinsk, Russia – owned by IDGC of Urals.

Resolution:

1. To note that the quality of an appraisal report, prepared by the independent appraiser (Professional Appraisal and Expertize Center, ZAO located in Moscow), #I-140314/5750/1 dd. 18.03.2014 on the appraisal of the following immovables (non-residential buildings of medical and preventive treatment facilities located at 6a Ulitsa Rossiiskaya, Chelyabinsk, Russia) is low since the appraiser used non-comparable facilities in its comparative approach and this resulted in the decrease of the facility market value.
2. Not to recommend the usage of the report prepared by the independent appraiser (Professional Appraisal and Expertize Center, ZAO located in Moscow), #I-140314/5750/1 dd. 18.03.2014 on the appraisal of non-residential buildings located at 6a Ulitsa Rossiiskaya, Chelyabinsk, Russia.

Voting results:

“FOR” – 3 (Three) votes: E.N. Zhuykov, M.V. Azovtsev, A.N. Fadeev.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

The resolution is adopted unanimously.

Issue 4: Review of a draft of a 2013-2014 progress report prepared by the Audit Committee.

Resolution:

1. To approve a 2013-2014 progress report prepared by the Audit Committee according to the Appendix hereof.
2. To recommend the BoD to take into account a 2013-2014 progress report prepared by the Audit Committee.

Voting results:

“FOR” – 3 (Three) votes: E.N. Zhuykov, M.V. Azovtsev, A.N. Fadeev.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

The resolution is adopted unanimously.

The Committee Chairperson

E.N. Zhuykov

The Committee Secretary

D.V. Tikhanov

The Protocol was compiled on: 11.06.2014.