



ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
МЕЖРЕГИОНАЛЬНАЯ РАСПРЕДЕЛИТЕЛЬНАЯ
СЕТЕВАЯ КОМПАНИЯ УРАЛА
620026, Г. ЕКАТЕРИНБУРГ, УЛ. М. СИБИРЯКА, 140
ТЕЛ. (343) 215-26-00, ФАКС (343) 215-26-61
E-MAIL: DELO@MRSK-URAL.RU

AUDIT COMMITTEE

MEETING PROTOCOL #KA – 48 IDGC of Urals (OAO)

Meeting form – in-presentia (VC).

Meeting date: 06 October 2015.

Protocol date: 07 October 2015.

Meeting started at: 11:00 (Moscow time).

Meeting ended at: 13:10 (Moscow time).

Meeting location: Room A2-017, Rosseti office, 4/1 Ulitsa Belovezhskaya, Moscow.

Attendees:

Y.V. Yascheritsyna

S.M. Kataev

E.R. Villevald

The number of Committee members that have attended the meeting is 3 out of 3. A quorum is duly constituted.

Invitees:

M.A. Lelekova, Director of Oversight Department at Rosseti (PAO);

Y.V. Lebedev, First Deputy General Director – Chief Operating Officer at IDGC of Urals (OAO);

Y.T. Belozertsev, Acting General Director for Development and Sales at IDGC of Urals (OAO);

O.M. Abrosimova, Chief Accountant at IDGC of Urals (OAO);

A.A. Ulyanov, Head of Internal Audit and Oversight Department at IDGC of Urals (OAO);

N.A. Soboleva, Head of Economics and Tariff Department at IDGC of Urals (OAO);

V.V. Cherepkov, Deputy Head of Sales and Metering Department at IDGC of Urals (OAO);

A.V. Sanin, Head of Legal Affairs Department at IDGC of Urals (OAO).

Secretary:

D.V. Tikhanov, Head of Corporate Events Section of Corporate Governance Department at IDGC of Urals (OAO).

Agenda:

1. Review of 1H 2015 key operating risk report prepared by the sole executive body.
2. Review of 6M 2015 interim RAS financial statements.
3. Review of 6M 2015 progress and internal audit report prepared by Internal Audit and Oversight Department.
4. Review of a report, prepared by the Company's executives, on adjustments conducted to eliminate problems detected by the Company's Internal Audit and external oversight watchdogs as of 6M 2015 as well as by the Company's Board of Internal Auditors.

Issue 1: Review of 1H 2015 key operating risk report prepared by the sole executive body.

Report by: Y.V. Lebedev, First Deputy General Director – Chief Operating Officer at IDGC of Urals (OAO). The speaker has presented Company’s 1H 2015 key operating risks report and measures to mitigate these risks. The speaker has also dwelt upon key operating risks exposed during the reported period and steps to mitigate the risks. The speaker has commented on qualifying questions addressed to him.

Resolution:

1. To take notice of 1H 2015 key operating risk report prepared by the sole executive body.
2. To recommend the sole executive body of the Company:
 - 2.1. To ensure that risk owners present risk-mitigating steps in greater details as a part of the RM report, including information on target and actual relevant expenditures.
 - 2.2. To ensure that risks and RM steps are monitored, including steps focusing on the reduction of the following risks:
 - KOR-007 “Risk of deviation of overdue receivables from the relevant business plan targets”;
 - KOR-009 “Risk of deviation of net income from the relevant business plan targets”;
 - KOR-015 “Risk of injuries through Company’s fault”,As well as steps minimizing consequences of external risk factors (KOR-001).

Voting results:

“FOR” - 3 (Three) votes: Y.V. Yascheritsyna, S.M. Kataev, E.R. Villevald.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

ADOPTED UNANIMOUSLY.

Issue 2: Review of 6M 2015 interim RAS financial statements.

Report by: O.M. Abrosimova, Chief Accountant at IDGC of Urals (OAO).

The speaker has presented 6M 2015 interim RAS financial statements. The speaker has commented on qualifying questions addressed to her.

Participants emphasized that:

1. The following information should be reviewed by the Audit Committee (on an in-presentia meeting) as a part of a report on 9M 2015 interim RAS financial statements:
 - Accumulation of provision reserves, including outcomes of trials and litigations.
 - Personnel expenses on Capital Construction Department are referred to as administrative costs;
 - Write-off of construction in progress and EAD are referred to as other expenses of the Company.
2. Directional documentation with regard to accumulation of provision reserves and write-off of construction in progress and EAD should be presented to Audit Committee members.
3. Representatives of the external auditor should be invited to an in-presentia meeting of the Audit Committee to review written information on key problems of the 9M 2015 RAS financial statements.

Resolution:

1. To take notice of 6M 2015 interim RAS financial statements according to Appendix #1.
2. The secretary of the Audit Committee should inform the Board of Directors on key changes of the Company’s financial status as of 6M 2015 using relevant RAS financial statements according to Appendix #2.
3. The directors of the Company should present the following information to the Audit Committee for review during an in-presentia meeting as a part of a report on 9M 2015 interim RAS financial statements:
 - Accumulation of provision reserves, including outcomes of trials and litigations.
 - Personnel expenses on Capital Construction Department are referred to as administrative costs;

- Write-off of construction in progress and EAD are referred to as other expenses of the Company.
4. Directional documentation of the Company with regard to accumulation of provision reserves and write-off of construction in progress and EAD should be presented to Audit Committee members for review.

Voting results:

“FOR” - 3 (Three) votes: Y.V. Yascheritsyna, S.M. Kataev, E.R. Villevald.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

ADOPTED UNANIMOUSLY.

Issue 3: Review of 6M 2015 progress and internal audit report prepared by Internal Audit and Oversight Department.

Report by: A.A. Ulyanov, Head of Internal Audit and Oversight Department at IDGC of Urals (OAO).

The speaker has presented 6M 2015 progress and internal audit report prepared by Internal Audit and Oversight Department. The speaker has commented on qualifying questions addressed to him.

Participants emphasized that:

Reports on SAC audit progress should be reviewed by the Company’s Executive Board.

Resolution:

1. To approve 6M 2015 progress and internal audit report prepared by Internal Audit and Oversight Department according to Appendix #3.
2. To recommend the sole executive body to put into practice a regular review of SAC audit reports during Executive Board meetings.

Voting results:

“FOR” - 3 (Three) votes: Y.V. Yascheritsyna, S.M. Kataev, E.R. Villevald.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

ADOPTED UNANIMOUSLY.

Issue 4: Review of a report, prepared by the Company’s executives, on adjustments conducted to eliminate problems detected by the Company’s Internal Audit and external oversight watchdogs as of 6M 2015 as well as by the Company’s Board of Internal Auditors.

Report by: Y.V. Lebedev, First Deputy General Director – Chief Operating Officer at IDGC of Urals (OAO).

The speaker has presented the report, prepared by the Company’s executives, on adjustments conducted to eliminate problems detected by the Company’s Internal Audit and external oversight watchdogs as of 6M 2015 as well as by the Company’s Board of Internal Auditors. The speaker has commented on qualifying questions addressed to him.

Participants emphasized that:

A progress report on adjustments in analysis of construction in progress, prepared by the directors of the Company’s, should be presented for review on the next in-presentia Committee meeting.

Resolution:

1. To take notice of the report, prepared by the Company’s executives, on adjustments conducted to eliminate problems detected by the Company’s Internal Audit and external oversight watchdogs as of 6M 2015 as well as by the Company’s Board of Internal Auditors.
2. To entrust the sole executive body of the Company to present a progress report on adjustments in analysis of construction in progress for review on the next in-presentia Committee meeting.

Voting results:

“FOR” - 3 (Three) votes: Y.V. Yascheritsyna, S.M. Kataev, E.R. Villevald.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

ADOPTED UNANIMOUSLY.

Appendices:

Appendix #1: 6M 2015 interim RAS financial statements.

Appendix #2: Key changes of the Company’s financial status as of 6M 2015 using relevant RAS financial statements.

Appendix #3: 6M 2015 progress and internal audit report prepared by Internal Audit and Oversight Department.

Committee Chair

Y.V. Yascheritsyna

Committee Secretary

D.V. Tikhanov