

AUDIT COMMITTEE

MINUTES OF THE COMMITTEE MEETING No.KA – 57 IDGC of Urals (OAO)

Meeting form – in-presentia (VC).

Meeting date: 18 August 2016.

Minutes prepared on: 22 August 2016.

Meeting started at: 10:00 (Moscow time).

Meeting ended at: 11:20 (Moscow time).

Meeting location: 4/1 Ulitsa Belovezhskaya, Moscow (Rosseti HQ, Room A5-048).

In-presentia Participants:

Yulia Vitalyevna	Director of Economic Planning and Budgeting Department at Rosseti (PAO), the Chair;
Yascheritsyna	
Vladimir Vladimirovich Sofyin	Director of Technological Development and Innovations Department at Rosseti (PAO);
Aleksandr Viktorovich Shevchuk	Executive Director of Professional Investor Association;

In-absentia Participant (by ballot):

Roman Avgustovich Dmitrik	General Director at RRSK (OOO).
---------------------------	---------------------------------

4 out of 4 members have participated in the meeting. A quorum for decision-making on agenda issues is duly constituted.

Invitees:

Marina Alekseevna Lelekova	Director of Oversight Activities Department at Rosseti (PAO);
Valentina Mikhailovna Shcherbakova	Deputy General Director for Economics and Finance at IDGC of Urals (OAO);
Olga Mikhailovna Abrosimova	Chief Accountant at IDGC of Urals (OAO);
Aleksandr Alekseevich Ulyanov	Head of Internal Audit and Oversight Department at IDGC of Urals (OAO);
Dmitry Vladimirovich Vyalkov	Deputy General Director for Development and Sales at IDGC of Urals (OAO);

Anton Gennadyevich Dyachkov	Deputy General Director for Investments at IDGC of Urals (OAO);
Roman Nikolayevich Muravyev	Head of Corporate and Technological Automated Control Systems Department at IDGC of Urals (OAO).
Aleksey Vladimirovich Sanin	Head of Legal Department at IDGC of Urals (OAO).

Secretary:

Dmitry Vyacheslavovich Tikhanov	Head of Corporate Events Section of Corporate Governance Department at IDGC of Urals (OAO).
---------------------------------	---

Agenda:

1. Examination of the 6M 2016 interim financial statements prepared under RAS.
2. Examination of the 6M 2016 progress report prepared by Internal Audit and Oversight Department.

Agenda item No. 1: Examination of the 6M 2016 interim financial statements prepared under RAS.

Report by: Valentina Mikhailovna Shcherbakova, Deputy General Director for Economics and Finance at IDGC of Urals (OAO).

Important moments to be noted:

- YTD hike in incomplete construction.
- The share of bad debt grew 2.6% in total contracted receivables, given that total receivables reduced 5.5% YTD.
- YTD hike in contingencies.
- Should 9M 2016 contingencies grow, comments from the C-suites regarding growth factors and detailed breakdown of each large item are strongly required.
- Collaboration between the C-Suites and regulators regarding compensation of shortfall in revenues, related to extra RGO costs, is to be intensified.

Resolution:

1. To take note of:
 - 1.1. Hike in incomplete construction.
 - 1.2. 2.6% increase of share of bad debt in total contracted receivables, given that total receivables reduced 5.5% YTD.
 - 1.3. Hike in contingencies.
2. To recommend the C-Suites:
 - 2.1. To provide the Committee members with comments on growth factors and detailed breakdown of each large item under the following agenda item "Examination of the 9M 2016 interim financial statements, prepared under RAS", should 9M 2016 contingencies grow.
 - 2.2. To intensify collaboration with the regulators regarding compensation of shortfall in revenues, related to extra RGO costs.

3. The Secretary should inform the Company's Board of Directors on key trends of indicators from the 6M 2016 interim RAS financial statements in line with Appendix No.1 hereof.

Voting results:

"FOR" - 3 (Three) votes: Y.V. Yascheritsyna, V.V. Sofyin, A.V. Shevchuk.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 1 (One) vote: R.A. Dmitrik.

PASSED BY THE MAJORITY.

Agenda item No. 2: Examination of the 6M 2016 progress report prepared by Internal Audit and Oversight Department.

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

Important moments to be noted:

- Oversight of financial and economic performance of EESK (AO) is to be intensified by Company's C-level managers.

Resolution:

1. To recommend the Company's C-level managers to intensify oversight of financial and economic performance of EESK (AO).
2. To adopt the 6M 2016 progress report prepared by Internal Audit and Oversight Department in line with Appendix No.2 hereof.

Voting results:

"FOR" - 3 (Three) votes: Y.V. Yascheritsyna, V.V. Sofyin, A.V. Shevchuk.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 1 (One) vote: R.A. Dmitrik.

PASSED BY THE MAJORITY.

Appendices:

Appendix No.1	Key trends of indicators from the 6M 2016 interim RAS financial statements.
Appendix No.2	6M 2016 progress report prepared by Internal Audit and Oversight Department.

The Chair

Y.V. Yascheritsyna

The Secretary

D.V. Tikhanov