QUARTERLY REPORT

Interregional Distribution Grid Company of South Public Joint Stock Company

Code of the Issuer: 34956-Е

for 1Q 2017

Address of the Issuer: **49, Bolshaya Sadovaya St., Rostov-on-Don, Russia 344002**

Information contained in this Quarterly Report is subject to disclosure pursuant to the laws of the Russian Federation on securities

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|  |  |  |
| Director General of IDGC of the South, PJSC  Date: May 15, 2017 |  | B. B. Ebzeyev |
| Signature |  |
|  |  |  |
|  |  |  |
| Chief Accountant of IDGC of the South, PJSC  Date: May 15, 2017 |  | G. G. Savin |
| Signature |  |
| Seal |  |

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| --- |
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| The information contained in this Quarterly Report is disclosed at the web pages located at: <https://mrsk-yuga.ru/pages/show/ezhekvartal-nyy-otchet-emitenta>; <http://www.e-disclosure.ru/port> al/company.aspx?id=11999 |

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Executive Summary

The Issuer’s obligations to disclose information in the form of Quarterly Report have arisen proceeding from the following:

***The registration of the prospectus for the public offerings of securities was conducted in relation to the Issuer's securities; the official (state) registration of the Issuer’s securities offering (follow-on offering) was followed by the registration of the prospectus for the public offerings of securities provided that the securities offering was carried out through a public offering or a private placement with a number of investors limited to a maximum of 500 persons.***

***The Issuer's exchange-traded bonds are allowed to exchange trading provided that the prospectus for the public offerings of bonds is submitted to the organized exchange for obtaining such access.***

***The Issuer is a public joint stock company***

***In accordance with Clause 10.1. of the Regulation on the Information Disclosure by the Issuers of Equity Securities M454-L dated December 30, 2014, approved by the Central Bank of the Russian Federation, if at least one prospectus for the public offerings of Issuer's securities is registered, this Issuer shall satisfy the obligation to disclose the information in the form of quarterly report.***

***This Quarterly Report contains the information concerning Interregional Distribution Grid Company of South Public Joint Stock Company herein also referred to as IDGC of the South, PJSC, the Issuer or the Company.***

***In accordance with the adopted alteration of its corporate name herein the Issuer is also referred to as Interregional Distribution Grid Company of South Public Joint Stock Company (IDGC of the South, PJSC), though the Company may be also referred to as IDGC of the South, OJSC in the Clauses of this Report relating to the events that happened before the alteration of the Company name, as well as in the Clauses of this Report containing the references to the documents confirmed (adopted) by the Company within the indicated period.***

***The Bank of Russia had registered a follow-on offering of the securities of IDGC of the South, PJSC (Registration No. 1-01-34956-Е) on August 4, 2016. Type of securities: uncertificated registered ordinary shares. Number of securities in the follow-on offering: 11 615 110 154 pcs.***

***Because the notice on the results of the follow-on offering of securities was submitted to the Bank of Russia on April 26, 2017, that is later than March 31, 2017, the end date if the accounting quarter, the data on the Issuer's securities (including the authorized capital) are indicated herein without the outstanding shares of the follow-on offering (Cl. 2.2, Cl. 8.1.1, Cl. 8.1.2, Cl. 8.2.).***

***As of the date of disclosure (publication) of this Quarterly Report on the Issuer's equity securities the Issuer completed the placement of 11 367 043 353 shares of the follow-on offering (official registration number: 1-01-34956-Е dd 04.08.2016). In accordance with the amendments to the Charter that were duly registered on May 10, 2017 (GRNUL2176196447238), the size of the Issuer's authorized capital (joint-stock capital) (mutual fund) (which is defined as a sum of the nominal values of outstanding shares) is equal to 6 117 813 941,70 RUB as of the date of disclosure (publication) of this Quarterly Report on the investment-grade securities.***

This Quarterly Report contains estimates and forecasts made by the Issuer's authorized management bodies concerning future events and/or activities, prospects for the further development of the economic sector of the Issuer's primary activity, as well as the results of the Issuer’s activity, including the Issuer's plans, the probability of the occurrence of definite events, and the performance of particular actions. Investors shall not entirely rely upon the estimates and forecasts of the Issuer's management bodies, because the actual results of the Issuer’s future activity may differ from projected results for many reasons. Acquisition of the Issuer's securities is connected with the risks described herein.

Section I. Data on the Issuer's bank accounts, auditor (auditing company), appraiser and financial consultant, as well as other persons, who signed this Quarterly Report

1.1. Data on the Issuer’s bank accounts

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810105000003326***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810205000003514***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810805000003516***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810605000003965***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810205000003019***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810605000003020***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810905000003021***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810505000003515***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810105000003517***

Correspondent account: ***30101810500000000602***

Account type: settlement account

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810405000003518***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041806647***

Account number: ***40702810711100100886***

Correspondent account: ***30101810100000000647***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***040702615***

Account number: ***40702810060300102033***

Correspondent account: ***30101810907020000615***

Account type: settlement account

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***040702615***

Account number: ***40702810360300102034***

Correspondent account: ***30101810907020000615***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***046015602***

Account number: ***40702810252000000007***

Correspondent account: ***30101810600000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilova St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***046015602***

Account number: ***40702810552000000011***

Correspondent account: ***30101810600000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***046015602***

Account number: ***40702810952000000006***

Correspondent account: ***30101810600000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Public Joint-Stock Company Sberbank of Russia

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilovа St, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***046015602***

Account number: ***40702810552000000008***

Correspondent account: ***30101810600000000602***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: ***«Gasprombank» (Joint-Stock Company )***

Legal name in short form: GPB (JSC)

Registered address: ***16, Building 1, Nametkina St., 117420, Moscow, Russia***

INN (Taxpayer Identification Number): ***7744001497***

BIC (Russian Central Bank Identifier Code): ***046015968***

Account number: ***40702810000210001483***

Correspondent account: ***30101810700000000968***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: ***«Gasprombank» (Joint-Stock Company )***

Legal name in short form: GPB (JSC)

Registered address: ***16, Building 1, Nametkina St., 117420, Moscow, Russia***

INN (Taxpayer Identification Number): ***7744001497***

BIC (Russian Central Bank Identifier Code): ***040349781***

Account number: ***40702810211070305849***

Correspondent account: ***30101810500000000781***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Open Joint-Stock Company Bank Severny Morskoy Put

Legal name in short form: SMP Bank JSC

Registered address: ***71/11, Sadovnicheskaya St, Moscow, Russian Federation, 115035***

INN (Taxpayer Identification Number): ***7750005482***

BIC (Russian Central Bank Identifier Code): ***040349838***

Account number: ***40702810108300000131***

Correspondent account: ***30101810000000000838***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Joint Stock Bank ROSSIYA, Joint Stock Company

Legal name in short form: AB Russia OAO

Registered address: ***2, Bldg A, Ploshchad Rastrelli, Saint Petersburg, 191124, Russia***

INN (Taxpayer Identification Number): ***7831000122***

BIC (Russian Central Bank Identifier Code): ***044030861***

Account number: ***40702810200000005510***

Correspondent account: ***30101810800000000861***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Joint Stock Bank ROSSIYA, Joint Stock Company

Legal name in short form: AB Russia OAO

Registered address: ***2, Bldg A, Ploshchad Rastrelli, Saint Petersburg, 191124, Russia***

INN (Taxpayer Identification Number): ***7831000122***

BIC (Russian Central Bank Identifier Code): ***044525220***

Account number: ***40702810360016000419***

Correspondent account: ***30101810800000000861***

Account type: ***settlement account***

Data on credit/depository institution

Full legal name: Joint Stock Bank ROSSIYA, Joint Stock Company

Legal name in short form: AB Russia OAO

Registered address: ***2, Bldg A, Ploshchad Rastrelli, Saint Petersburg, 191124, Russia***

INN (Taxpayer Identification Number): ***7831000122***

BIC (Russian Central Bank Identifier Code): ***044525220***

Account number: ***40702810260016100419***

Correspondent account: ***30101810800000000861***

Account type: settlement account

Data on credit/depository institution

Full legal name: ***Joint Stock Company «Russian regional development bank»***

Legal name in short form: Bank «RRDB» (JSC)

Registered address: ***350063, Krasnodar, Ordzhonikidze St., 13/1***

INN (Taxpayer Identification Number): ***7736153344***

BIC (Russian Central Bank Identifier Code): ***040349521***

Account number: ***40702810604030000199***

Correspondent account: ***30101810100000000521***

Account type: settlement account

Data on credit/depository institution

Full legal name: ***«Gasprombank» (Joint-Stock Company )***

Legal name in short form: GPB (JSC)

Registered address: ***16 Nametkina street, block 1, Moscow, 117420***

INN (Taxpayer Identification Number): ***7744001497***

BIC (Russian Central Bank Identifier Code): ***046015968***

Account number: ***40702810600210002798***

Correspondent account: ***30101810700000000968***

Account type: ***settlement account***

(The above information is disclosed in respect of all settlement and other accounts of the Issuer, and if the number of such accounts exceeds 3, the named information shall be disclosed concerning at least 3 settlement and other accounts of the Issuer, which the Issuer considers its primary accounts)

1.2. Data on Auditor (Auditors) of the Issuer

The following information shall be indicated: information on the auditor (audit organization) that performed an independent audit of the Issuer's accounting reports (financial statements) and consolidated financial statements included in the Quarterly Report, as well as information on the auditor (audit organization) approved (elected) for auditing the Issuer's annual accounting reports (financial statements) and consolidated financial statements for the current and most recently completed fiscal year.

Full legal name: RSM RUS, Limited Liability Company Legal name in short form: RSM RUS LLC

Registered address:  ***4, Pudovkin St, Moscow, Russia, 119285***

INN (Taxpayer Identification Number): ***7722020834***

OGRN (Primary State Registration Number): ***1027700257540***

Tel: ***(495) 363-2848***

Fax: ***(495) 981-4121***

Email address: [mail@rsmrus.ru](mailto:mail@rsmrus.ru)

Data on auditor's membership in self-regulatory organizations of auditors

Full name: Self-regulatory Organization of Auditors Association “Sodruzhestvo” (SRO AAS), Non-profit Partnership

Registered address

***21/4 Michurinsky Ave, Moscow, Russian Federation, 11919***

Further details:

***N/A***

The table below provides data on the fiscal year (fiscal years) out of the five most recently completed fiscal years and the current fiscal year concerning which the independent audit of the Issuer's annual accounting reports (financial statements) was conducted (will be conducted) by the auditor

|  |  |
| --- | --- |
| Accounting reports (financial statements), Year | Consolidated financial statements, Year |
| 2015 | 2015 |
| 2016 | 2016 |

The table below provides data on the periods out of the five most recently completed fiscal years and the current fiscal year concerning which the independent audit of the Issuer's interim accounting reports (financial statements) was conducted (will be conducted) by the auditor

|  |  |
| --- | --- |
| Accounting reports (financial statements), Accounting date | Consolidate financial statements, Accounting date |
| 9/30/2015 |  |
| 9/30/2016 |  |

The following paragraph contains the description of the factors that may affect the independence of the auditor (audit organization) from the Issuer, including the information that the auditor (or persons holding positions in the management bodies and the bodies of control over financial and economic activities of the audit organization) and the Issuer (persons holding positions in the management bodies and the bodies that carry out the control over the financial and economic activities of the Issuer) are tied together by any substantial interests:

***The factors that may affect the independence of the auditor (audit organization) from the Issuer, including the information that the auditor (or persons holding positions in the management bodies and the bodies of control over financial and economic activities of the audit organization) and the Issuer (persons holding positions in the management bodies and the bodies that carry out the control over the financial and economic activities of the Issuer) are tied together by any substantial interests, are not available***

Procedure for the Issuer's auditor selection

The tender procedure for auditor selection and the basic terms of such selection are as follows:

***The selection of audit company was carried out based on the results of open contest held by the Company according to the Regulations on the procedure of scheduled procurements of goods, work and services for the needs of IDGC of the South, PJSC (cl. 1.1.1, cl.7.1.1) or by an entity that was authorized by the Company based on the concluded agreement. The General Meeting of the Company Shareholders approves a prospective auditor candidate as the Company’s Auditor in accordance with sub-cl 11, cl 10.2, art 10 of the Charter of IDGC of the South, PJSC.***

***To participate in the Competition the audit organizations shall meet the following requirements:***

* ***shall not be in liquidation process;***
* ***shall not have a resolution on the suspension of the activity adopted in accordance with the procedure stipulated by the Russian Federation Administrative Violations Code, as of the date when the tender application is considered for participation in the competitive tender;***
* ***shall not have any debt on accrued taxes, duties and other mandatory payments to the budgets of any level or national non-budgetary funds for the last calendar year, the amount of which exceeds twenty five percent of the tenderer's asset book value according to the data of the accounting reports for the most recently completed accounting period. Tenderer shall be deemed to meet the requirement in case it filed an appeal against the debt in accordance with the legislation of the Russian Federation, and the decision on the appeal is not taken as of the date of competitive tender is considered;***
* ***not to fall under the terms enlisted in clause 1 of article 12 of the Federal Law “On the Auditor’s Activity” M 307-FZ dated December 30, 2008.  
  In accordance with the established procedures the Tender Committee of PJSC ROSSETI's SDC invited an open competition for the right to conclude contracts to conduct a mandatory annual audit of PJSC ROSSETI's SDC's (subsidiaries and dependent companies) reports for 2015–2017 fiscal years. “RSM RUS”, LLC, an audit company, was recognized the winner of the open competition (Minutes of the Tender Committee's meeting M5/552р dd 04/20/2015).***

The nomination of the auditor to be approved by the meeting of shareholders (participants), as the management body authorized to adopt decisions, shall be performed in accordance with the following procedure:  
***According to Arts 47, 54 and 88 of the Federal Law “On Joint Stock Companies”, as well as sub-cl. 11, cl. 10.2, art 10, and cl 11.1, art 11, as well as cl 24.9, art 24 of the Charter of IDGC of the South, PJSC, the General Meeting of Shareholders annually approves the Auditor of Company to conduct the audit and approval of annual financial statements of the Company.***

***The Federal Law “On Joint Stock Companies” does not specify any timeframe and procedure for the nomination of prospective auditors for entering them in ballot for selecting the Company auditor, at the same time the named Federal Law does not grant shareholders the right to nominate an auditor as well.***

**In connection therewith, with the purpose of the preparation and assembling the Annual General Meeting of Shareholders the Board of Directors of the Company shall select an auditor for the further approval by the Annual General Meeting of Shareholders.**

***To conduct an audit of the accounting reports and financial statements for 2015 fiscal year “RSM RUS” LLC recommended the Board of Directors of IDGC of the South, PJSC (Minutes 158/2015 dd 05/21/2015) and on June 19, 2015 appointed the Company auditor as per the resolution of the Annual General Meeting of Shareholders of the Company (Minutes М13 dd 06/22/2015).  
To conduct an audit of the accounting reports and financial statements for 2016 fiscal year “RSM RUS” LLC was recommended by the Board of Directors of IDGC of the South, PJSC (Minutes 186/2016 dd 05/21/2015) and on June 19, 2015 appointed the Company auditor as per the resolution of the Annual General Meeting of Shareholders of the Company (Minutes М13 dd 6/9/2016).***

Within the scope of special-purpose audit engagements the auditor did not conduct any work.

The following paragraph describes the procedure for determining the remuneration of the auditor (audit organization); actual amount of remuneration paid to the auditor (audit organization) by the Issuer in accordance with the results of the independent auditing of annual accounting reports (financial statements) and (or) annual consolidated financial statements for the most recently completed fiscal year conducted by the auditor:  
***Amount of remuneration for the services rendered by the Issuer’s auditor is determined by the Company Board of Directors in accordance with clause 24.10, article 24 of the Charter of the Company.***

***Prices of services and procedure for the payment of the auditor’s remuneration are specified in the agreement concluded between the Company and the auditor.***

***The remuneration of the auditing services rendered by “RSM RUS” LLC, the auditor of IDGC of the South, PJSC, is defined by the Board of Directors as per its resolution dated 08/05/2016 (Minutes 197/2016 dated 08/08/2016) under the Auditor Services Contract on the audit of the accounting report prepared in accordance with Russian Accounting Standards (RAS) and the audit of consolidated financial statements prepared under International Financial Reporting Standards (IFRS) for the year ended on 12/31/2016 (period subject to audit: 1 January 2016 to 31 December 2016), in the amount of 2 177 796.76 RUB (two million one hundred and seventy seven thousand seven hundred ninety six rubles 76 kopecks), including VAT (18 %) in the amount of 332 206.28 RUB.***

***The remuneration to RSM RUS for the audit of interim accounting reports of the Company for the period of 9 months of 2016 in the amount of 435 559.35 RUB and for 2016 fiscal year in the amount of 1 742 237.40 RUB.***

***Any deferred or overdue payments for the services rendered by the auditor are not available***

***N/A***

1.3. Data on the Issuer's Appraiser (Appraisers)

Full name: **Kontorovich Svetlana Petrovna  
 Appraiser works based on the work contract signed with body corporate**

Tel: ***(8442) 33-03-95***Fax: ***(8442) 33-44-61***E-mail address: ***fikon2006@yandex.ru***

Data on the body corporate that signed a work contract with the Appraiser

Full legal name: FIKON Limited Liability Company

Legal name in short form: FIKON Co. LTD

Registered address: ***8, Kostyuchenko St, Volgograd, 400058, Russia***

INN (Taxpayer Identification Number): ***3441035757***

OGRN (Primary State Registration Number): ***1083459009260***

Data on the Appraiser's membership in the self-regulatory organizations of appraisers

Full name: "The Russian Society of Appraisers" All-Russian Non-Governmental Organisation

Registered address

2A, 1-st Basmanny Blind Alley, Moscow, 107078, Russia  
Date of the registration of the Appraiser in the register of self-regulatory organization of appraisers 11/28/2007

Registration number: 001628

Information on appraisal services rendered by this appraiser:

***Appraisals conducted:***

* ***appraisal of the market value of the property complex located at: 1 a, Krasnaya St, Belorechensk, Krasnodar Krai, Russia***
* ***appraisal of the market value of the property complex located at: 47, Novorossyjskaya St, Krasnodar Krai, Russia***
* ***the market value of the property complex located at: 1a, Granoviraya St, Volgograd, Volgograd Oblast, Russia***

1.4. Data on Advisers of the Issuer

Financial advisers for the reasons listed in this paragraph were not engaged within 12 months prior to the end date of the financial quarter

1.5. Data on the persons who signed the Quarterly Report

Full name: ***Boris Borisovich Ebzeyev***

Year of Birth: ***1975***

Data on primary employment:

Organization: ***IDGC of South, PJSC***

Position: ***Director General***

Full name: ***Savin Grigory Grigoryevich***

Year of Birth: 1952

Data on primary employment:

Organization: ***IDGC of South, PJSC***

Position: ***Chief Accountant – Head of Department of Financial Records, Accounts and Tax Returns***

Section II. Principal information on the financial and economic performance of the Issuer

2.1. Indicators of the Issuer's financial and economic activities

The dynamics of indicators of economic and financial activities of the Issuer, calculated based on the data of accounting reports (financial statements)

The indicators were calculated based on the accounting reports (financial statements) that were prepared in accordance with the following Standard (Rules): RAS

Unit of measurement for calculating workforce productivity: thous RUB / person

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 3 months | 2017, 3 months |
| Workforce productivity | 194.07 | 210.42 |
| Debt-to-equity ratio | 7.43 | 8.28 |
| Leverage ratio | 0.67 | 0.82 |
| Debt coverage ratio | 19.22 | 12.07 |
| Current arrears rate, % | 17.3 | 22.24 |
|  | | |
| Indicator name | 2015 | 2016 |
| Workforce productivity | 184.75 | 192.19 |
| Debt-to-equity ratio | 7.69 | 10.42 |
| Leverage ratio | 0.74 | 0.82 |
| Debt coverage ratio | 3.5 | 3.57 |
| Current arrears rate, % | 14.44 | 20.67 |

Analysis of financial and economic activities of the Issuer based on the economic analysis of the dynamics of the mentioned indicators:

***For the data comparability Labor Productivity is specified per 1 mnth In 2016 per person revenue was equal to 192.19 thous RUB. For 3 months in 1917 per person revenue was equal to 210.42 thous RUB. The workforce productivity was affected by a change in the structure of electricity production supply and a higher average tariff for electric power transmission on electrical grids.***

***Debt-to-equity ratio describes a portion of borrowings and indicates the degree of their utilization in the aggregate amount of funds invested in the organization. Compared to 2015 this indicator increased to 10.42 in 2016 that is explained by the growth of borrowed assets in the accounting period and to 8.28 in the 1st quarter of 2017 that is explained by the growth of borrowed assets and decrease of the size of equity capital in the reporting period.***

***The ratio of the size of long-term debt to total long-term debt and equity capital for 2016 amounted to 0.82 and for 3 months of 2017 this indicator is equal to 0.82 that is equal to the indicator for 2016.***

***Debt coverage ratio describes the number of rubles of own sources per a ruble of the liabilities repayable in the reporting period.***

***Current arrears rate expresses the share of credit outstandings in the total liabilities of the enterprise and as of 12/31/2016 it was 20.67 %, and as of 03/31/2017 it was 22.24 %.***

2.2. Market Capitalization of the Issuer

Unit of measurement: thou RUB

Methods to calculate market price per share:

***To calculate the market price per share of the Issuer as of the end date of reporting quarter the Company used the data of Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (PJSC “MICEX Stock Exchange”), the organizer of trading on securities market, where the Issuer's shares were listed.***

|  |  |  |
| --- | --- | --- |
| Indicator name | As of 12/31/2016 | As of 03/31/2017 |
| Market Capitalization | 2 550 328.1 | 1 962 557.2 |

The following paragraph contains information on the organizer of trading on securities market that provided data for market capitalization calculation, as well as other extra information on securities public circulation at the Issuer’s discretion:  
***As of the end date of 1Q 2017 the shares of IDGC of the South, PJSC were listed at PJSC "Moscow Exchange".***

***The corporate restructuring of "Moscow Exchange" Group was completed by means of the merge of PJSC "Moscow Exchange" and its subsidiaries, including CJSC "MICEX", on December 19, 2016. Therefore, CJSC "MICEX" dissolved on December 19, 2016. Meanwhile, some part of the information in this paragraph of the prospectus for securities relates to the period when CJSC "MICEX" had been in operation (2012 — 2015).***

***Because of the fact that the notice on the results of follow-on offering for securities was submitted to registration authority (the Bank of Russia) on April 26, 2017, i.e. later than the date of preparing this Quarterly Report of the Issuer of securities that was completed on March 31, 2017, the amount of market capitalization in this Section is given as of the date when this Report was completed, i.e. March 31, 2017, and without taking into account the changes of the Issuer's authorized capital.***

2.3. Liabilities of the Issuer

2.3.1. Borrowed assets and accounts payable

As of 12/31/2016

Structure of borrowed assets   
 Unit of measurement: thou RUB

|  |  |
| --- | --- |
| Indicator name | Indicator  value |
| Long-term borrowed assets | 17 232 022 |
| including: |  |
| credits | 12 232 022 |
| borrowed assets except bond issues |  |
| bond issues | 5,000,000 |
| Short-term borrowed assets | 7 223 561 |
| including: |  |
| credits | 7 188 421 |
| borrowed assets except bond issues | 0 |
| bond issues | 35 140 |
| Total amount of debt arrears on borrowed assets | 0 |
| including: | 0 |
| on credits | 0 |
| on borrowed assets except bond issues | 0 |
| on bond issues | 0 |

Structure of accounts payable   
Unit of measurement: thou RUB

|  |  |
| --- | --- |
| Indicator name | Indicator  value |
| Total amount of accounts payable | 13 691 928 |
| out of it debt arrears | 8 452 413 |
| including |  |
| tax liabilities and liabilities owed to public non-budgetary funds | 546 270 |
| out of it debt arrears | 0 |
| owed to suppliers and contractors | 10 411233 |
| out of it debt arrears | 7 305 204 |
| owed to the personnel of the organization | 293 457 |
| out of it debt arrears | 0 |
| other | 1 317 452 |
| out of it debt arrears | 604 978 |

In case any overdue accounts payable, including borrowed assets, exist the reasons for nonperformance and the consequences that the Issuer came across or may come across in the future due to the nonperformance of corresponding liabilities, including penalties imposed against the Issuer, as well as the maturity period (expected period) of overdue accounts payable or overdue accounts payable on borrowed assets shall be indicated in the following paragraph:

***The overdue accounts payable of IDGC of the South, PJSC as of 12/31/2016 is 61.7 % of the total amount of accounts payable. The primary consequences of the Issuer's nonperformance of liabilities may become creditor’s enforcement of overdue accounts payable in a judicial procedure in accordance with the legal regulations of the Civil Code of the Russian Federation. Nevertheless, with the purpose of the minimization of risks that may arise, because of creditor’s enforcement of overdue accounts payable in a judicial procedure, the Company takes actions for pretrial settlement and probable restructuring of existing debts. Repayment of overdue accounts payable is possible, if the plan to leverage funds for the repayment of debts as related to calling for overdue accounts will be implemented.***

The following creditors are owed at least 10 percent of the total amount of accounts payable or at least 10 percent of the total (long- and short-term) borrowed assets:

Full legal name: ***Public Joint-Stock Company “Federal Grid Company of Unified Energy System”***

Legal name in short form: FGC UES, PJSC

Registered address: ***117630 5A, Akademika Chelomeya St, Moscow, Russia, 117630***

INN (Taxpayer Identification Number): ***4716016979***

OGRN (Primary State Registration Number): ***1024701893336***

Amount payable: 7126 470 thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines): ***Overdue accounts payable to UES FGC, JSC as of 03/31/2015 amount to 5 989 332 thou RUB. Contract penalty for the failure to timely pay is 1/365 of discount rate per day of default.***

Indicate if the creditor is the Issuer's affiliated person: Yes

Issuer's share in the authorized capital of the for-profit organization: %

Share of ordinary shares owned by the Issuer: %

Person's share ownership in the Issuer's authorized capital: %

Share of the Issuer's ordinary shares that is owned by the Person: %

Full legal name: ***Public Joint-Stock Company Sberbank of Russia***

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilova Str, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

OGRN (Primary State Registration Number): ***1027700132195***

Amount payable: 16 567 809 thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

Debt arrears are not available.

Indicate if the creditor is the Issuer's affiliated person: No

Full legal name: ***«Gasprombank» (Joint-Stock Company )***

Legal name in short form: GPB (JSC)

Registered address: 16 Nametkina street, block 1, Moscow, 117420

INN (Taxpayer Identification Number): 7744001497 OGRN (Primary State Registration Number): 1027700167110

Amount payable: 2 842 322 thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

Debt arrears are not available.

Indicate if the creditor is the Issuer's affiliated person: No

As of 03/31/2017

Structure of borrowed assets   
 Unit of measurement: thou RUB

|  |  |
| --- | --- |
| Indicator name | Indicator  value |
| Long-term borrowed assets | 21 082 022 |
| including: |  |
| credits | 16 082 022 |
| borrowed assets except bond issues |  |
| bond issues | 5,000,000 |
| Short-term borrowed assets | 3 867 368 | |
| including: |  | |
| credits | 3 834 078 | |
| borrowed assets except bond issues | 0 | |
| bond issues | 33 290 | |
| Total amount of debt arrears on borrowed assets | 0 | |
| including: |  | |
| on credits | 0 | |
| on borrowed assets except bond issues | 0 | |
| on bond issues | 0 | |

Structure of accounts payable   
Unit of measurement: thou RUB

|  |  |
| --- | --- |
| Indicator name | Indicator  value |
| Total amount of accounts payable | 13 679 253 |
| out of it debt arrears | 9 094 284 |
| including |  |
| tax liabilities and liabilities owed to public non-budgetary funds | 646 460 |
| out of it debt arrears | 0 |
| owed to suppliers and contractors | 10 288 784 |
| out of it debt arrears | 8 008 729 |
| owed to the personnel of the organization | 240 915 |
| out of it debt arrears | 0 |
| other | 1 463 095 |
| out of it debt arrears | 540 079 |

In case any overdue accounts payable, including borrowed assets, exist the reasons for nonperformance and the consequences that the Issuer came across or may come across in the future due to the nonperformance of corresponding liabilities, including penalties imposed against the Issuer, as well as the maturity period (expected period) of overdue accounts payable or overdue accounts payable on borrowed assets shall be indicated in the following paragraph:

***The overdue accounts payable of IDGC of the South, JSC as of 03/31/2017 is 66.48 % of the total amount of accounts payable. The primary consequences of the Issuer's nonperformance of liabilities may become creditor’s enforcement of overdue accounts payable in a judicial procedure in accordance with the legal regulations of the Civil Code of the Russian Federation. Nevertheless, with the purpose of the minimization of risks that may arise, because of creditor’s enforcement of overdue accounts payable in a judicial procedure, the Company takes actions for pretrial settlement and probable restructuring of existing debts. Repayment of overdue accounts payable is possible, if the plan to leverage funds for the repayment of debts as related to calling for overdue accounts will be implemented.***

The following creditors are owed at least 10 percent of the total amount of accounts payable or at least 10 percent of the total (long- and short-term) borrowed assets:

Full legal name: ***Public Joint-Stock Company “Federal Grid Company of Unified Energy System”***

Legal name in short form: FGC UES, PJSC

Registered address: ***117630 5A, Akademika Chelomeya St, Moscow, Russia, 117630***

INN (Taxpayer Identification Number): ***4716016979***

OGRN (Primary State Registration Number): ***1024701893336***

Amount payable: 7532 280 thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue accounts payable to UES FGC, PJSC are 6 416 490 thou RUB as of 03/31/2017. Contract penalty for the failure to timely pay is 1/365 of discount rate per day of default.***

Indicate if the creditor is the Issuer's affiliated person: Yes

Issuer's share in the authorized capital of the for-profit organization: 0.0009 %

Share of ordinary shares owned by the Issuer: 0.0009 %

Person's share ownership in the Issuer's authorized capital: %

Share of the Issuer's ordinary shares that is owned by the Person: %

Full legal name: ***Public Joint-Stock Company Sberbank of Russia***

Legal name in short form: Sberbank, PJSC

Registered address: ***19 Vavilova Str, Moscow, 117997***

INN (Taxpayer Identification Number): ***7707083893***

OGRN (Primary State Registration Number): ***1027700132195***

Amount payable: 13 217 809 thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

Debt arrears are not available.

Indicate if the creditor is the Issuer's affiliated person: No

Full legal name: ***«Gasprombank» (Joint-Stock Company )***

Legal name in short form: GPB (JSC)

Registered address: ***16 Nametkina street, block 1, Moscow, 117420***

INN (Taxpayer Identification Number): ***7744001497***

OGRN (Primary State Registration Number): ***1027700167110***

Amount payable: 3 342 322 thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

Debt arrears are not available.

Indicate if the creditor is the Issuer's affiliated person: No

### 2.3.2. Credit history of the Issuer

The following paragraph describes the execution of liabilities by the Issuer under the credit and (or) loan agreements that were valid in the most recently completed fiscal year and current fiscal year, including agreements concluded by the issue and sale of the bonds, the amount of principal debt on which was at least 5 percent of the Issuer's book value of assets as of the end date of the most recently completed reporting period that consisted of 3, 6, 9 or 12 months and preceded the conclusion of the correspondent agreement, as well as other credit agreements and (or) loan agreements, which the Issuer considered substantial.

|  |  |
| --- | --- |
| Types and characteristics of liabilities | |
| 1. Bond issue, 4В02-01-34956-Е | |
| Term of the liability and data on its fulfillment | |
| Name and registered address or family name, given name, and patronymic of the creditor (lender) | Purchasers of the securities of the issue, |
| Amount of the principal debt as of the moment of creation of liability, RUB | 5000000 RURX 1000 |
| Amount of the principal debt as of the end date of reported quarter, RUB | 5000000 RURX 1000 |
| Term of the credit, (years) | 5 |
| Average interest on credit/loan, % per annum | 13.5 |
| Number of interest (coupon) periods | 20 |
| Existence of overdue payments in interest payment on credit (loan), and if such exist indication of the total number of the overdue payments and their size in days | No |
| Planned credit (loan) payment date | 08.06.2020 |
| Actual credit (loan) payment date | current |
| Other data concerning liabilities specified by the Issuer at its own discretion | Number of bonds in the issue: 6 000 000 pcs; number of actually placed securities: 5 000 000 pcs. |

2.3.3. Secured Liabilities of the Issuer

***Do not exist***

2.3.4. Other Liabilities of the Issuer

***Other liabilities that were not indicated in the accounting reports (financial statements) and may substantially influence the Issuer's financial status, liquidity, sources of financing and terms of their use, performance, and expenses do not exist***

2.4. Risks related to the Purchase of Securities Offered for Sale (Placed Securities)

Risk Management Policy of the Issuer:

***The Company risk management policy is aimed at reducing the probability and materiality of risks and, as a result, at reaching its strategic goals. For that purpose the acceptable risk levels are set for each category of material risks.***

***The Company risk management policy takes into consideration the interrelation between risks of different categories. To assess their total effect on the activities of the Company the Company applies a uniform approach for evaluating financial, operational and other risks.***

Key tasks of the Company risk management policy are as follows:

* ***to implement requirements of the proper corporate governance practice, according to which the Company shall focus on risk tracking, monitoring and control, as well as the correspondent disclosure of information in that respect;***
* ***to avoid cases threatening the strategic goals of the Company, and to take correspondent protection measures;***
* ***to ensure the coordination and integration of risk management processes related to different aspects of the Company’s financial and business activities to increase overall efficiency of the Company management.***

***The risk management system of of the Company is integrated with the process of strategic and operational planning, as well as with the budgeting process, and ensures that the Company management bodies adopt the most efficient business decisions.***

***The Risk Management Policy of IDGC of the South, PJSC, confirmed by the decision of the Company Board of Directors on April 1, 2016 (Minutes No. 182/2016 dd 04/01/2016) is the organizational and legal basis for the functioning of the Company risk management system and defines the basic principles of the organization, implementation and control of risk management processes in IDGC of the South, PJSC.***

***The methodological documents for risk management of IDGC of the South, PJSC were approved by Order No. 512 dated 08/11/2015 of IDGC of the South, PJSC . Guidelines on planning and implementation of measures for risk management of IDGC of the South, PJSC approved by the order of IDGC of the South, PJSC dated 12/11/2015 M 777 defines the procedure of the development of the annual plans on measures in the process of risk management.***

Improvement of Internal Control and Risk Management System

***The Company has identified the Key Risk Owners who are imposed the responsibility for quarterly risk update and personal responsibility for the organization of risk management. The Risk Owners shall identify and evaluate the risks, develop and implement risk management measures, risk monitoring on quarterly basis, as well as shall perform annual planning of risk management measures. Based on the results of the assessment prepared by the Department of Internal Control and Risk Management the quarterly report on key risks was prepared that included information on risk classification, risk factors, integrated risk magnitude distribution among business processes, risk map, the data on the most significant risks, their assessment, risk management measures, and information on risk realization, as well as the conclusions and suggestions for further risk monitoring and control. The Plan of Risk Management Measures is confirmed at the sitting of the Company Management Board. The Report on Key Risks shall be discussed at the sittings of the Company Management Board on quarterly basis. The Report on Key Risks representing half-year and annual results shall be discussed by the Committee of the Board of Directors of IDGC of the South, PJSC and the Company Board of Directors. The above measures allow Company shareholders and management to obtain information on the most significant risks in the light of the key business processes, control the level of the Company risks, monitor risk management activities, integrate information on the Company key risks for the further adoption of risk management solutions. In accordance with their functional duties the Company relevant divisions carry out current control proceeding from the requirements of actual local regulatory documents.***

2.4.1. Industry risks

Impact of a possible deterioration in the business environment in the industry of the Company on its activities and fulfillment of its liabilities under securities. In the opinion of the Company, a range of the most significant changes may occur in the industry, and in the light of these changes the Company proposes the following actions:

***The electricity transmission services and technological connection of consumers to the electrical grids are regulated types of activity in accordance with the current laws. Thus, the proceeds of IDGC of the South, PJSC and the fulfillment of liabilities under the securities depend on the tariffs approved by the regulatory authorities.***

The major industry (compliance) risks are:

* ***the instability of the legislation in the scope of electric power industry that results in frequent changes in the existing legal environment, and the publication of new legislative acts;***
* ***the scarcity of funds for expenditure and development financing originated because of the federal government policy aimed at the restraint in the growth of tariffs for electricity transmission on regional electrical grids.***
* ***the reduction of the Company market share because of the termination of the contracts on the lease of integrated power grid facilities owned by FGC UES, PJSC (“last mile”) and the transition of consumers of electric power transmission services to direct payments to FGC UES, PJSC. In accordance with the provisions of the Federal Law No. 35-FZ dated March 26, 2003 "On Electric Power Industry" the contracts of the “last mile” were canceled in Astrakhan Oblast (region) on January 1, 2014, that had a significant impact on the Issuer's activities. The lease contracts of United National Electrical Grid (UNEG) facilities were extended in Volgograd and Rostov Oblast (regions) to July 1, 2017, with simultaneous introduction of an extra level of voltage HV1;***
* ***the reduction of market share of IDGC of the South, PJSC, because of the aggressive market strategies of some allied grid operators. These allied grid operators create technological opportunity for connecting new consumers to their grids, including from the electrical grids of FGC UES, PJSC (UNEG);***
* ***the higher-than-anticipated growth of the required gross revenues of other territorial grid operators (TGO), the expansion in the number of other TGO that results in a redistribution of the required regional gross revenues under the conditions of restraint in tariff increases;***
* ***the higher-than-anticipated increase of the purchase price of electric power at the wholesale market, as well as sales premiums that provide guarantees for the suppliers, if compared with tariffs for electric power transmission;***
* ***the inaccurate electric power demand forecasting and new connections resulting from the lack of territory development planning system at the level of the municipalities and subjects of the Russian Federation;***

The following measures are undertaken to reduce risks:

* ***the participation of IDGC of the South, PJSC in the development of new standard regulations and amendments to the current legal acts having higher priority for the organization of the electric power distribution grid complex;***
* ***the interaction with the regional regulatory authorities for the assertion of position concerning the necessity of higher-than-anticipated growth of expenses of IDGC of the South, PJSC as the backbone, strategic company of the region;***
* ***the interaction with the regional regulators, the Federal Tariff Service, and the Ministry of Energy of the Russian Federation in the area of compensation for shortfall in the incomes of the branches of IDGC of the South, PJSC, related to the implementation of the provisions of the Federal Law No. 35-FZ dated March 26, 2003 "On Electric Power Industry" with respect to the lease contracts of UNEG facilities (“last mile”);***
* ***the conduction of systematic work to reduce own costs and optimize the investment program;***
* ***if necessary, the submission of applications for pretrial review of disputes with executive authorities of the subjects of the Russian Federation in the area of government control of tariffs in the Federal Antimonopoly Service, as well as applications to Court of Arbitrazh (commercial disputes court) or court of general jurisdiction concerning issues related to tariff regulation.***

Operational risks

***Capital consumption may result in negative changes in the industry, such as deterioration in reliability of power supply. In order to reduce these risks the Company carries out reconstruction of existing and construction of new electricity networks, as well as the technical re-equipment of its fixed assets.***

Production and technological risks

***The following risks may be distinguished in this group of risks:***

* + ***the risk of passage to operating regime with forced (maximum permissible) flows of electric power in interconnected systems;***
  + ***the risk of one-time off-schedule heavy increase in load in connection with natural disasters;***
  + ***the technical risks connected with equipment operation that were caused by such factors as equipment operation with limit deviations from regulatory and engineering requirements, errors committed by operational personnel, violations of the dispatch schedule and discipline.***

The Company activities for the reduction of these risks are as follows:

* ***the carrying-out of the analysis of probable risk situations with the purpose of risk prediction in the process of production program implementation and taking protective measures against the risks impact;***
* ***the commercial insurance of property, hazardous production facilities, transport vehicles, civil responsibility, and health and accident insurance;***
* ***the carrying out of measures on the improvement of electric power system reliability, including the measures carried out at the expense of the continuous replenishment of fuel, spares and materials.***

The Issuer's prospective actions in case of changes in the industry:

***The following measures are undertaken to reduce risks:***

* ***the participation of IDGC of the South, PJSC in the development of new standard regulations and amendments to the current legal acts having higher priority for the organization of the electric power distribution grid complex;***
* ***the interaction with the regional regulatory authorities for the assertion of position concerning the necessity of higher-than-anticipated growth of expenses of IDGC of the South, PJSC as the backbone, strategic company of the region;***
* ***the interaction with the regional regulators, the Federal Antimonopoly Service, and the Ministry of Energy of the Russian Federation in the area of compensation for shortfall in the incomes of the branches of IDGC of the South, PJSC, related to the implementation of the provisions of the Federal Law No. 35-FZ dated March 26, 2003 "On Electric Power Industry" with respect to the lease contracts of UNEG facilities (“last mile”);***
* ***the conduction of systematic work to reduce own costs and optimize the investment program;***
* ***if necessary, the submission of applications for pretrial review of disputes with executive authorities of the subjects of the Russian Federation in the area of government control of tariffs in the Federal Antimonopoly Service.***

Risks related to potential change in costs of raw materials and services used by the Issuer in its activity (separately in domestic and foreign markets) and their impact on the Issuer’s activity and performance of liabilities under securities.

***Electricity transmission on the electrical grids that do not belong to Unified National (All-Russian) Electrical Grid (UNEG) is among key activities of the Issuer.***

***The fulfillment of this type of activity is connected with the necessity of materials and equipment procurements, using outsourced services for repair, maintenance and construction of own electrical grids.***

***Probability of price increase is basically connected with inflationary developments. Apparent increase of costs of materials and equipment as well, as outsourced services requires the adjustment of planned expenditure and introduction of the alterations in plans for the implementation of investment programs.***

***To minimize the specified risks, the Issuer carried out the procurements of materials and equipment, selection of service providers by means of competitive and scheduled procurements of raw and other materials, production and other services.***

Risks related to potential change in prices of production and services of the Issuer (separately in domestic and foreign markets) and their impact on the Issuer’s activity and performance of liabilities under securities.

***The Issuer's principle income arises of the funds received as payment for electricity transmission services and technological connection.***

***The activity of the Company as a subject of natural monopolies is associated with a risk of inaccurate government regulation of tariffs. Currently, the executive authorities in the area of the regulation of tariffs, Regional Tariff Service (RTS), do not consider or partially consider some costs in the tariff decisions of IDGC of the South, PJSC.***

***To minimize these risks the Issuer regularly interacts with regional tariff authorities for the approval of justified tariffs and the introduction of new, progressive tariff formation methodologies. However, the Issuer's scope of influence on the decision-making of federal and regional executive authorities is limited, and the Issuer may not guarantee that the actions aimed at overcoming negative changes will be able to remedy the situation.***

***The impact of possible deterioration of the situation in the industry of the Issuer on performance of the Issuer’s liabilities under securities is rated as moderate, and the Issuer outlined the following measures as necessary to reduce these risks:***

The following measures are undertaken to reduce risks:

* ***the participation of IDGC of the South, PJSC in the development of new standard regulations and amendments to the current legal acts having higher priority for the organization of the electric power distribution grid complex;***
* ***the interaction with the regional regulatory authorities for the assertion of position concerning the necessity of higher-than-anticipated growth of expenses of IDGC of the South, PJSC as the backbone, strategic company of the region;***
* ***the interaction with the regional regulators, the Federal Tariff Service, and the Ministry of Energy of the Russian Federation in the area of compensation for shortfall in the incomes of the branches of IDGC of the South, PJSC, related to the implementation of the provisions of the Federal Law No. 35-FZ dated March 26, 2003 "On Electric Power Industry" with respect to the lease contracts of UNEG facilities (“last mile”);***
* ***the conduction of systematic work to reduce own costs and optimize the investment program;***

***Risks associated with changes in prices at foreign markets do not exist, because the Issuer is not an exporter of services.***

***The Issuer does not conduct its activities on the external market, and therefore, the description of industry risks in foreign markets in this subparagraph is not provided, due to their absence.***

2.4.2. Country and Regional Risks

Risks connected with political and economic situation in the country and region where the Issuer is registered as a taxpayer and/ or carries out its primary activity.

***The Company is registered in Rostov-on-Don and carries out productive activity in the territories of Astrakhan Oblast, Volgograd Oblast and Rostov Oblast, as well as the Republic of Kalmykia.***

***The specified regions are politically stable and risk of military conflicts and emergency situation is low. However, there is a risk of terrorist acts and the Company takes measures that minimize this risk and ensure safe production.***

***The social situation in the named regions may be characterized as stable, without pronounced ethnic conflicts or religious extremism, and enables to fulfill economic activities with minimum social and political risks. Expected actions of the Issuer in case of negative impact of the changes of the situation in the country (countries) and region on the Company’s operation are as follows:***

***Should political or economic situation in Russia or in a single region destabilize the Company will take a number of measures of anticrisis management with the purpose to diffuse to the greatest possible extent the negative impact of the situation on IDGC of the South, PJSC, including cutting operational costs and other expenditures, and reducing investment plans.***

Risks connected with possible military conflicts, strikes or announcement of the state of emergency in the country or the region where the Issuer is registered as a taxpayer and/ or carries out its primary activity.

***Probability of military conflicts or the announcement of the state of emergency in the Issuer’s operating country and regions is low. Should military conflicts occur, the Issuer bears the risks of putting out of operation its permanent assets.***

Risks connected with geographic peculiarities of the country and the region, where the Issuer is registered as a taxpayer and/ or carries out its primary activity, including the heightened danger of natural disasters, possible discontinuance of transport connection because of remoteness and/ or inaccessibility, etc.

***The risk of losses due to unfavorable weather conditions may be referred to the risks resulted from the geographical features of the regions, where the Issuer carries out its activity. The Issuer’s activities to reduce the impact of these risks are limited to the development of electric power transmission lines with regard to specific weather features in the regions, as well as insurance against corresponding risks.***

***The regions where the Issuer carries out activity are characterized by a well developed transport infrastructure and are not subjected to the risks connected with the discontinuance of transport connection because of remoteness and/ or inaccessibility.***

2.4.3. Financial Risks

Risks caused by interest rate and foreign currency exchange rate changes arising from the Issuer’s activity or hedging practiced by the Issuer for the purpose to decrease the negative consequences resulted from the impacts of the above risks.

***Because IDGC of the South, PJSC uses extensively borrowed assets, the Issuer's activity is subject to risks connected with credit and loan interest rate changes. However, only a substantial increase in interest rates may limit the pace of development of the Company's activities.***

***Due to the fact that the Company's assets and liabilities are denominated in rubles, IDGC of the South, PJSC is almost not subject to the risk of changes in foreign currency exchange rates.***

***To minimize the service costs of debt portfolio, the Company selects financial institutions to render financial services through single stage open tender or public auction held in compliance with the procedures established by laws of the Russian Federation, as well as carries out persistent monitoring of debt capital market and, if applicable, debt restructuring.***

***The Issuer, in the course of business activity, does not use hedging as a tool for financial risk management.***

***Subjection of the Issuer’s financial state, liquidity, sources of finance, performance results, etc., to changes in exchange rates (exchange risks).***

***Assets and liabilities of the Issuer are nominated in national currency. In this connection the Issuer’s financial state, sources of finance, and performance results are almost independent of the exchange rate changes. Moreover, the Issuer carries out its activity only in the internal market of the Russian Federation and does not plan to operate in the foreign markets, thereby the impact of national currency exchange rate changes to foreign currencies (US Dollar, Euro) variations on the Issuer’s financial state is estimated as inconspicuous.***

***Liquidity risks arise of the possibility of losses because of money shortage in required timescale and as a consequence, the inability of the Company to fulfill its liabilities. The occurrence of such risky event may be followed by fines, penalty fees, and damage to goodwill of IDGC of the South, PJSC, etc.***

***Liquidity risk management is performed by IDGC of the South, on the basis of cash flow planning, analysis of planned and factual cash flow of IDGC of the South as a whole, as well as in view of its branches, the availability of free credit lines by means of ensuring the availability of concluded credit agreements in the form of overdrafts. Arising problems with ultimate liquidity are solved by means of the attraction of credits and loans as well as by way of setting payments priority.***

***Prospective actions of the Issuer in case of negative impact of exchange and interest rate changes on the Issuer’s activity.***

***The Issuer is subject to the risk of interest rate change. When interest rate goes up, the commercial bank credit interest payments increase and, correspondingly, the Company’s profit falls.***

***In case of substantial negative changes of interest rates the Issuer will focus on attracting short term borrowings.***

***In case of the negative impact of exchange rate change on the financial and economic activity the Issuer plans to perform the analysis of the risks and adopt a corresponding decision in each particular case.***

Influence of inflation on the payments under securities. Inflation values that are considered critical by the Issuer, as well as the prospective actions of the Issuer on the specified risk reduction.

***Existent inflation rate does not essentially affect the Issuer’s financial standing. In accordance with predicted values of inflation they shall not substantially influence the Issuer’s payment-worthiness, including payments on securities.***

***The risk of inflation influence may occur, when the financial incomes of IDGC of the South, PJSC devalue with regard to real purchasing power faster, than they grow nominally. Inflation escalation may result in the Company’s expenditure growth (at the expense of the rise of prices for fixed assets, materials, work and services of outside organizations), and, consequentially, the Company's profits and operating profitability reduction, as well as rise in the prices of borrowed assets that in its turn will result in the shortage of current assets.***

***In the Issuer's opinion, the inflation rate that is significantly higher than the annual growth rate of tariffs for electricity transmission services will be a critical inflation rate.***

***In case of vigorous inflation escalation the Company is intended to focus on improvement in current assets turnover, especially at the account of stock reduction, as well as to review current contractual relations with consumers to shorten the turnover of accounts receivable.***

Financial reporting indicators that are to the utmost subject to changing at the result of the influence of above mentioned financial risks. Risks, probability of their formation, and behavior of changes in reports.

***As a result of the formation of these risks the accounts receivable arising from contractors' economic incapacity to pay for the Issuer's services are the indicator subjected to the greatest influence in the Issuer's reports. Probability of this risk formation is low and is connected to overall situation in the country, inflation, and exchange rate alteration, as well as the effect of these factors on Russian economy in general. The deterioration of the economic situation in Russia may also affect the growth of costs for electricity transmission on the Issuer's electrical grids, and it will lead to a reduction in profits, if current tariffs are maintained.***

2.4.4. Legal risks

***Currently, the Issuer participates in a number of court disputes initiated by lawsuits filed by territorial grid organizations on the recovery of unjust enrichment. The adoption of the negative court decisions carries the risk of shortfall in the incomes, the amount of which may significantly affect the Issuer's financial and economic activity.***

***In addition, the strengthening of this type of court practice will allow other contractors of the Company using similar mechanisms to raise such claims related to subsequent periods and electrical power grid facilities.***

***The Company is involved in court disputes with the participation of last resort suppliers (LRS) of electric power (related to the zones of activity of the Company branches). Adverse result of such processes carries the risk of additional losses incurred by the Issuer that are associated with the need to pay for the additional amount of electric power consumed for the purposes of compensation for losses in electrical power grid facilities.***

***The negative results of proceedings in cases related to the recovery of sums of legal and contract penalties for supply, job and service contracts performed with the breach of time limits for payments may also cause additional financial burden.***

***Legal risk management is based on the optimization of the process of legal documents execution and the legal support of the Company’s activity. To reduce legal risks any business processes of the Company subjected to risks shall pass obligatory legal examination, also the ongoing monitoring of changes in existing legislation and court practice shall be performed.***

***The Issuer (as well as all joint-stock companies operating in the territory of the Russian Federation) is (are) subject to a legislative risk (change of federal laws, government rules and regulations regulating economic relations).***

Risks inherent in changes in foreign exchange legislation.

***Risks inherent in foreign exchange legislation changes will not have influence on the Issuer’s activity, because the Issuer does not carry out any activities and does not intend to carry out activities outside the Russian Federation.***

***Risks inherent in tax law changes.***

***Tax risks may have following manifestations: the possibility of introducing new types of taxes and fees; the probability of current tax rates increase; the extension of tax basis; the change of terms and procedure of tax payment, and also submission of tax reporting.***

***The changes in the tax laws related to tax rate increase or the alteration of procedure and timeframe of tax (duty) calculation and payment may result in the Issuer’s net profit decrease that in its turn may lead to decrease in amount of dividends payable.***

***To minimize the risks of improper tax assessment and/ or payment caused by ambiguous treatment of tax legislation, the Company's staff continuously works on optimizing the patterns of taxation base calculation in strict adherence to the current legislation of the Russian Federation.***

Risks inherent in changes in the rules of customs control and duties.

**Changes in the rules of customs control and duties do not bear any risks for the Issuer’s activity, since the Issuer does not plan to export services outside the Russian Federation.**

Risks inherent in the change of requirements to the licensing of the Issuer’s primary activity or licensing the rights to use facilities limited in circulation (including natural resources).

***The change of requirements to the Issuer’s primary activity may lead to a longer timeframe of preparing the documents for license renewal, as well as it may result in the necessity to conform to the raised requirements. However, in general this risk shall be considered insignificant, except for the cases when the requirements stipulated for the renewal of license or for carrying out the activities subject to licensing that the Company will not be able to meet or if the compliance to such requirements will be associated with excessive costs that may lead to the termination of this type of activity.***

***In case of the alteration of legal regulations controlling licensing, the Company will follow the legal regulations of new legislation.***

Risks inherent in the changes in court practice concerning the Issuer's activity related issues (including licensing issues) that may negatively affect the results of its activity, as well as the results of ongoing court proceedings with the participation of the Issuer.

***Despite the fact that the case law does not exist in the Russian Federation, the court practice is substantive in law enforcement system. Though judicial acts are not considered the sources of the legal system in the literal sense, in certain cases presume the compulsion of the interpretation of the legal regulations that shall be applied. Judicial acts are used for the correct understanding and application of legal regulations.***

2.4.5. Reputation risks

The formation of default risk because of the Issuer's losses resulting from the reduction of the Issuer's customers (counterparties) number as a consequence of the formation of negative vision of the Company's financial stability, financial standing, quality of its products (work, services) or the nature of its activity in general.

***Reputation risk management is carried out by the Company with the purpose to reduce potential losses, preserve and maintain the goodwill of the Company to customers and counterparties, shareholders, public authorities and local governments. The formation of reputation risk may be conditioned by the following internal and external factors:***

* ***The Company's failure to comply with the laws of the Russian Federation, constitutional and internal documents of the Company, good business customs, principles of professional ethics, as well as failure to satisfy its contractual obligations to counterparties,***
* ***The rise of a conflict of interest with counterparties and employees of the Company, including the emergence of complaints and lawsuits from counterparties, as well as the application of enforcement actions by regulatory and supervisory authorities.***
* ***Faults in the management of industry risks of the Company, leading to the possibility of damage to business reputation. The Company's realization of risky policies credit, investment and market, and a high level of operational risk.***
* ***Publication of negative information about the Company or its employees, founders and***

***the members of management bodies in mass media.***

***In order to minimize reputation risks, the Company conducts the following activities:***

* ***the formation of the official position of the Company, its publication on the official website, the organization of press conferences and briefings with the management of the company in the mass media, publication of information in social media sites with the further discussion of the publications as it is necessary for the Company;***
* ***the demonstration of openness and readiness for dialog with mass media;***
* ***the preparation and coordination of responses to mass media inquiries;***

***The following measures are undertaken to reduce reputation risks:***

* ***the daily maintenance of the Company's presence in the media space.***
* ***the constant interaction with editors and leading journalists of key mass media for timely information, and exchange of information,***
* ***the daily monitoring of mass media and social media sites,***
* ***the preparation and coordination of responses to mass media inquiries;***
* ***holding press tours and events,***
* ***the publication of information that forms positive media coverage on the Company's performance and plans, including the implementation of programs in the prevention of injuries to third-parties in power facilities, reduction of accounts receivable, and accessibility and transparency of the process of technological connection (informing on the measures to expand the territorial accessibility of the Consumer Service Center / Customer Service Center / Customer Service Coordination Center, and Consumer Day Onsite Service, and popularize on-line resources for applications for technological connection) on the official website of the Company, in mass media, and social media sites.***
* ***the initiation of active discussions/debates in social media sites and among bloggers/moderators concerning favorable opinions on the topics related to the Company's activities.***

2.4.6. Strategic risk

The risk of the infliction of losses to the Issuer as a result of errors (defects) committed in making decisions that determine the strategy of the Issuer's activity and development (strategic management) and that are reflected in the failure to take into account possible hazards that may threaten the Issuer's activity, incorrect or ill-founded definitions of business opportunities, when the Issuer may achieve advantages over competitors, as well as the lack or incomplete provision with necessary (financial, material, or human) resources and organizational measures (management decisions) that shall ensure the achievement of the strategic objectives of the Issuer's activities.

***In accordance with the Electrical Power Grid Complex Development Strategy of the Russian Federation (approved by Decree No. 511-р dated April 03, 2013 of Russian Federation Government), the key objective (mission) of the activity of electrical power grid complex is to ensure a reliable, quality and available long-term electrical power supply for consumers within the territory of the Russian Federation.***

***Thus, the strategic risks of the Company may be defined as the risks that have an effect on the ability of the Company to ensure a reliable, quality and available long-term electrical power supply for consumers within the territory of the Russian Federation.***

***Factors of strategic risks are as follows:***

* ***the wear of the components of electrical grids;***
* ***the reduction of the levels of process and occupational safety;***
* ***terrorism threats***

***In order to manage strategic risks and prevent the realization of a given risk, the Company carries out a package of measures, including the following major measures:***

* ***the implementation of investment and repair programs to renovate electrical power grid complex;***
* ***the implementation of programs to improve the management system of occupational safety;***
* ***the conduction of counter-terrorism training at the Company's facilities and the installation of technical security equipment according to the approved IRP.***

***The Company estimates the probability of occurrence of these risks as low.***

2.4.7. Risks inherent in the Issuer's activity

Risks peculiar only to the Issuer or related to the Issuer's primary financial and economic activities.

Occupational safety and health risks.

***Specific nature of activity in the Company assumes the presence of the considerable professional training of personnel, including in the field of occupational safety.***

***Accidents at work threaten the health and life of people, and may cause work suspension and property damage. To reduce the risk of work-related employee injuries the Company follows the principles of corporate “Policy in the sphere of health protection and occupational safety” approved by the Board of Directors of IDGC of the South, PJSC.***

***The Company regularly carries on the training and professional development of its personnel, including labor protection specialists; the employees pass trainings in safe working skills and practices, and testing of knowledge and requirements for occupational safety, as well as emergency response drills and fire fighting trainings, duplication and other forms of work with personnel, regulated by current legislation; Along with the mandatory forms of work with personnel, the study of advanced domestic and foreign experience in the improvement of the occupational safety system and its introduction in the branches of IDGC of the South, PJSC.***

***In order to implement obligations in the sphere of labor protection taken by the Company, it follows principals and requirements of international standard OHSAS 1800:2007 Occupational Health and Safety Management Certification, as well as the requirements of the local normative acts that are in force at IDGC of the South, PJSC:***

* ***Policies in the area of health and occupational safety;***
* ***Hazard Identification and Risk Assessment in the Sphere of Health Care and Occupational Safety Standard;***
* ***Planning in the Sphere of f Health Care and Occupational Safety corporate standard.***

***Annually the Board of Directors approves the current year Program in the Reduction of Personnel Accident Risks that contains the major measures, including expensive measures that are directed at the injury prevention of the personnel of IDGC of the South, PJSC.***

Risks associated with current law proceeding with the participation of the Issuer.

***Currently, the Issuer participates in several law proceeding for collecting overdue accounts from counterparties. The adoption of the negative court decisions carries the risk of shortfall in the incomes, the amount of which may significantly affect the Issuer's financial and economic activity.***

Risks inherent in the inability of the Issuer’s license renewal for a certain type of activity or use of facilities limited in circulation (including natural resources).

***Risks inherent in the inability to extend the Issuer’s license for a certain type of activity or the use of facilities limited in circulation (including natural resources) do not appear at present, save for the cases, when for the sake of a license renewal or carrying out an activity that will be subject to licensing some requirements will be stipulated that the Issuer will not be able to meet.***

Thus, risks connected with re-licensing are estimated as low.

Risks inherent in the Issuer's potential liability for the debts of third parties, including the Issuer's subsidiaries.

***At the moment, the Issuer is not liable for the debts of third parties. The liability for the debts of the Issuer's subsidiary may occur, if the Issuer's instructions that are binding upon subsidiaries, will result in the losses or bankruptcy of such subsidiary company. However, the Issuer shall make every effort to prevent the occurrence of such situation, because it would be contrary to the principal goal of the Company's activity, i. e. gaining of profit.***

Risks inherent in the potential liability of the Issuer for third parties' debts are estimated by the Issuer's management as low.

***The risks inherent in the possibility of losing the customers that pay no less than 10 percent of total proceeds from the sale of products (work, services) are estimated by the Issuer's management as immaterial.***

Section III. Detailed Information about the Issuer

3.1. History and Development of the Issuer

3.1.1. Legal name (name) of the Issuer

Full legal name of the Issuer: ***Interregional Distribution Grid Company of the South Public Joint-Stock Company***

Current full legal name effective as from: 01.07.2015

The Issuer's legal name in short form: IDGC of South, PJSC

Current short form of the legal name effective as from: 01.07.2015

***Full legal name of the Issuer or the Issuer's legal name in short form (name for nonprofit organization) is similar with the name of other juridical person***

Names of such juridical persons:

***Interregional Distribution Grid Company of the Center and Volga Region Public Joint Stock Company (IDGC of the Center and Volga Region, PJSC);***

***Interregional Distribution Grid Company of Volga Public Joint Stock Company (IDGC of Volga, PJSC);***

***Interregional Distribution Grid Company of Center Public Joint Stock Company (IDGC of Center, PJSC);***

***Interregional Distribution Grid Company of the Northern Caucasus Public Joint Stock Company (IDGC of the Northern Caucasus, PJSC);***

***Interregional Distribution Grid Company of Siberia Public Joint Stock Company (IDGC of Siberia, PJSC);***

***Interregional Distribution Grid Company of the Northwest Public Joint Stock Company (IDGC of the North-West, PJSC).***

The following interpretations are necessary for the above names not to be mistaken for each other:

***to prevent the confusion of names a special attention shall be paid to the words in composition of the full and short forms of the names of these companies specifying the regions of their location, such as the Center, the Center and Volga region, Urals, Volga, the Northern Caucasus, Siberia, the Northwest.***

All previous names of the Issuer over the course of its existence

Full legal name: ***Open Joint Stock Company “Interregional Distribution Grid Company of the South”***

Legal name in short form: “IDGC of the South” JSC

Legal name effective as from: 06/28/2007

Reason for the entry of the name:

***Resolution No. 192p dd 06/22/2007 of RAO UES of Russia***

3.1.2. Data on official registration of the Issuer

Main state registration number: 1076164009096

Date of state registration: 06/28/2007

Name of registering authority: ***Inspectorate of the Federal Tax Service in Leninskiy district, Rostov-on-Don***

3.1.3. Data on the Incorporation and Development of the Issuer

The Issuer was Incorporated for an unlimited term

Short description of the history and development of the Issuer. Goals of incorporation, assignment (if any), and other information on the Issuer’s activity that is important for taking decision on the Issuer’s securities acquisition:

***The establishment of the Company is an integral part of the approved plan for reforming the Russian electric power industry that provides for the interregional integration of newly established enterprises after the functional separation of energy companies.***

***Key events and dates of reforming electric power industry are described in details in the article on the Company’s website in section “Reforming”.***

***The Company was registered as IDGC of the South, JSC on June 28, 2007, in accordance with the resolution of its sole founder RAO UES of Russia, PJSC (Resolution No.192p dd 06/22/2007 of RAO UES of Russia, PJSC).***

***Then, the Management Board of RAO UES of Russia, performing the functions of the Extraordinary General Meeting of Shareholders of IDGC of the South, JSC (Minutes No. 1795pr/6 dd 12/25/2007), as well as the General Meetings of Shareholders of five distribution grid companies (DGCs): JSC “Astrakhanenergo”, JSC “Volgogradenergo***”, ***JSC “Kubanenergo”, JSC “Rostovenergo”, JSC “Kalmenergo” had adopted the resolutions on the reorganization of the named companies by means of the merger of these distribution grid companies (DGCs) into IDGC of the South, JSC.***

***On March 31, 2008, the records on the termination of the activity of four out of the above named five DGCs mergers into the Company were made in the Unified State Register of Legal Entities (JSC “Astrakhanenergo”, JSC “Volgogradenergo”, JSC “Rostovenergo”, JSC “Kalmenergo”). Since then “IDGC of the South”, JSC carries out its activity as a united operating company. With respect to JSC "Kubanenergo" the Company performed the functions of the sole executive body until 12/01/2010.***

***Since December 1, 2010 the Company is present in the following regions: Astrakhan, Volgograd, and Rostov Oblast (regions) and the Republic of Kalmykia. The Company is responsible for the transport of electric power on grids of 110 kV and lower in four of the above mentioned subjects of the Russian Federation.***

***On 19 June, 2015 the Annual General Meeting of Shareholders adopted a resolution to rename the Company into Interregional Distribution Grid Company of the South Public Joint Stock Company.***

***IDGC of the South PJSC provides service at the territory with the total area exceeding 330,000 square kilometers and the population size of approximately 9 million people. The length of overhead and underground electrical power cable lines served by the Company is approximately 160,000 kilometers. The Company has approximately 15,000 employees.***

***Currently, IDGC of the South, PJSC occupies a dominant position in the market of electric power transmission services in the Southern Federal District, and is in the group of Rosseti, PJSC (previous name before 04/04/2013 IDGC Holding, OJSC), one of the largest infrastructure companies in Russia that controls about seventy percent of Russian distribution grid complex.***

***Striving to gain leadership positions in the industry, DGC of the South, PJSC determined and implements the Company Mission, Strategic Concept and Values.***

***Mission of IDGC of the South, PJSC:***

***We, a team of professionals of IDGC of the South, create a basis for sustainable economic development in the regions of the South of Russia, basing on the consolidation of energy assets and improvement of efficient electrical power supply, as well as successful experience of every employee of the Company and our partners.***

***We take a regular care of rapid development of the electrical grids and provide the consumers with easy-to-get electrical power, trying to make the use of electric power where and when the consumers need it and in the required volume.***

***We are intent to create favorable conditions for the activity of each employee and to take advantage of the opportunities to unlock their potential and maintain their health.***

***Strategic Concept of IDGC of the South, PJSC:***

***IDGC of the South, PJSC is a modern distribution grid company, which is a team of professionals linked with a common goal, managing joint high-tech networks with a low percentage of depreciation.***

***IDGC of the South, PJSC is an attractive employer with a high degree of social responsibility. The efficient organizational framework ensures an optimal balance in the allocation of functions of structural subdivisions among the Company’s management levels. The quality of our services allows us to take leadership positions among the distribution grid companies of Eastern Europe and expand our regular customers’ base.***

***The financial standing provides an opportunity to accumulate assets for the further sustainable development of both our company and the Southern Federal District of Russia as well.***

***Values of IDGC of the South, PJSC:***

***Reliability (minimization of breakdown time in electrical power supply to consumers); Responsibility (a special subjective attitude of the Company’s employees to their work, when they realize the importance of their job tasks and duties, and are responsible for the results of their job performance).***

***Customer-oriented approach (reflects the place of the customer's interests in the Company's priorities system in the form of the desire of the Company's management to satisfy the requirements of consumers); Leadership (personality characteristics, allowing senior and middle managers of the Company to organize a cohesive team, and take the initiative into their own hands).***

***Professionalism (an ability to achieve the best results in the professional field for the benefit of the Company with minimal expended resources).***

***Social responsibility (top managers' realization of their responsibility before society, consumers, personnel, shareholders and future generations, recognition of their influence and endeavoring to minimize negative impact on the specified matters).***

***Steadiness (the Company's ability to function for a long time without sudden adverse changes in the internal environment with parallel development and introduction of advanced technologies).***

3.1.4. Contact details

Location of the Issuer

***49, Bolshaya Sadovaya St., Rostov-on-Don, Russia 344002***

Address of the Issuer specified in the Unified State Register of Legal Entities

***49, Bolshaya Sadovaya St., Rostov-on-Don, Russia 344002***

Tel: ***(863) 238-58-95; (863) 238-54-64***

Fax: ***(863) 238-55-65***

Email address: [office@mrsk-yuga.ru](mailto:office@mrsk-yuga.ru)

The information concerning the Issuer, as well as the securities issued and/or being issued by the Issuer is available on the web page (pages) at: www.mrsk-yuga.ru, [http://www.e- disclosure](http://www.e-disclosure). ru/portal/company. aspx ?id=l 1999

Name of the Issuer's special division for work with the Issuer's shareholders and investors:

***Corporate Governance and Shareholders Relations Department of IDGC of the South, PJSC.***

Address of the subdivision: ***325 room, building 147, 2nd Krasnodarskaya St, Rostov-on-Don, Russia***

Tel: ***(863)307-08-38***

Fax: ***(863)238-55-65***

Email address: [***pavlovaen@pirsk-yuga.ru***](mailto:pavlovaen@pirsk-yuga.ru)

It does not have any web-page.

3.1.5. Taxpayer Identification Number

**6164266561**

3.1.6. Branches and Regional Offices of the Issuer

Branches and Regional Offices of the Issuer:

Name: ***Volgogradenergo, IDGC of the South, PJSC, branch***

Registered address: ***15, Lenin Ave, Volgograd, 400066, Russia***

Launch date: ***31.03.2008***

Branch (representative office) manager

Full name: ***Kushnerov Anatoly Valerievich***

Validity period of authorization: ***12/31/2017***

Name: ***Astrakhanenergo, IDGC of the South, PJSC, branch***

Registered address: ***32, Krasnaya Naberezhnaya St, Astrakhan, 414000, Russia***

Launch date: ***31.03.2008***

Branch (representative office) manager

Full name: Natkho Inver Yusufovich

Validity period of authorization: 12/31/2017

Name: ***Kalmenergo, IDGC of the South, PJSC, branch***

Registered address: ***Northern industrial area, Elista, Republic of Kalmykia, 358007, Russia***

Launch date: 31.03.2008

Branch (representative office) manager

Full name: ***Alaev Timur Uljumdzhievich***

Validity period of authorization: ***12/31/2017***

Name: ***Rostovenergo, IDGC of the South, PJSC, branch***

Registered address: ***49, Bolshaya Sadovaya St, Rostov-on-Don, 344002, Russia***

Launch date: 31.03.2008

Branch (representative office) manager

Full name: ***Chekmarev Sergey Alekseevich***

Validity period of authorization: ***12/31/2017***

Name: ***Kubanenergo, IDGC of the South, PJSC, branch***

Registered address: ***2, Stavropolskaya St, Krasnodar, 350033, Russia***

Launch date: 04/18/2008

Branch (representative office) manager

Full name: ***Dzhabrailova Yulianna Khasanovna***

Validity period of authorization: ***12/31/2017***

3.2. Principal economic activity of the Issuer

3.2.1. Main types of business activity of the Issuer

Codes of the main types of the Issuer's economic activity according to Russian Standard Industrial Classification of Economic Activities (OKVED) are represented in the tables below:

|  |
| --- |
| OKVED codes |
| 35.12 |

|  |
| --- |
| OKVED codes |
| 35.13 |
| 70.22 |
| 70.10.2 |
| 61.10.1 |

3.2.2. Principal economic activity of the Issuer

Types of economic activity (types of activities, types of products (work, services)) that provide for at least 10 percent of the Issuer's revenue (income) for the reporting period

Unit of measurement: thou RUB

Type of economic activity: electric power transmission

|  |  |  |
| --- | --- | --- |
| Indicator name | 2015 | 2016 |
| Volume of sales revenue (sales volume) for this type of economic activity, thou RUB | 29 407 952 | 30 768 277 |
| Share of sales proceeds (sales volume) for this type of economic activity in the total volume of proceeds from the sales (volume of sales) of the Issuer, % | 97.7 | 97.9 |

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 3 months | 2017, 3 months |
| Volume of sales revenue (sales volume) for this type of economic activity, thou RUB | 7 888 898 | 8 399 070 |
| Share of sales proceeds (sales volume) for this type of economic activity in the total volume of proceeds from the sales (volume of sales) of the Issuer, % | 99.2 | 99.3 |

Changes in the size of proceeds from the sales (sales volume) of the Issuer from the principal business activity at least at 10 percent compared to the same period in the previous year and the reasons for such changes

***None***

***Indicators of electric power transmission on the electrical grids of the Company***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Names of the Branches of IDGC of the South, PJSC | Grid output | Productive supply | Electric power losses | |
| mln kWh | mln kWh | mln kWh | % |
| 1Q 2017 | | | | |
| Astrakhnenergo | 995.4 | 713.5 | 281.9 | 28.32 % |
| Volgogradenergo | 2 733,2 | 2 443,7 | 289.5 | 10.59 % |
| Kalmenergo | 163.1 | 120.0 | 43.0 | 26.39% |
| Rostovenergo | 3 980,1 | 3 536,8 | 443.3 | 11.14 % |
| Total for IDGC of the South, PJSC | 7 871,8 | 6 814,1 | 1 057,8 | 13.44 % |

Note: Grid output is the volume of electric power supplied to the grid of a grid company from other electrical grids or from electricity producers; productive supply is the amount of electrical energy consumed by the consumer's power receiving devices connected to this electrical grids, as well as transferred to other grid organizations; electric power losses are the difference between a vacation in the network and a useful supply of electricity.

***According to the results of the activity of*** IDGC ***of the South, PJSC in 1Q 2017, the grid output is 7,850.8 mln kWh, and the productive supply is 6,800.4 mln kWh. Actual losses in 1Q 2017 were 1,057.8 mln kWh or 13.44 % in the ration of grid output.***

Scope of Services

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indicator | Unit of measurement | Plan | Actual | Deviation, % |
| 1Q 2017 | | | | |
| Scope of Services, including: | mln kWh | 6 539,2 | 6 666,8 | 1.95 % |
| Astrakhnenergo | mln kWh | 754.7 | 699.7 | -7.28 % |
| Volgogradenergo | mln kWh | 2 330,1 | 2 412,4 | 3.53 % |
| Kalmenergo | mln kWh | 63.6 | 77.0 | 21.06 % |
| Rostovenergo | mln kWh | 3 390,8 | 3 477,6 | 2.56 % |
| Proceeds, including: | mln RUB | 8 087,5 | 8 339,1 | 3.11 % |
| Astrakhnenergo | mln RUB | 1 324,3 | 1 211,6 | -8.50 % |
| Volgogradenergo | mln RUB | 2 458,5 | 2 598,8 | 5.71 % |
| Kalmenergo | mln RUB | 141.1 | 160.1 | 13.44 % |
| Rostovenergo | mln RUB | 4 163,7 | 4 368,6 | 4.92 % |

***Actual volume of the rendered services of electric power transmission amounted to 6,666,8 mln kWh in 1Q 2017 that is 127.58 mln kWh or 1.95 % higher than the planning variable. Proceeds from the rendered services was 8,339.1 mln RUB, VAT excluded. Revenue growth in 1Q 2017 amounted to 251.57 mln RUB or 3.11 % relating to planning variable.***

General Structure of the Issuer’s Expenses

|  |  |  |
| --- | --- | --- |
| Indicator name | 2015 | 2016 |
| Raw and other materials, % | 2.23 | 2.29 |
| Acquired components, semi-finished products, % | 0 | 0 |
| Work and services of industrial character executed by outside organizations, % | 31.93 | 32.38 |
| Fuel, % | 0.91 | 0.87 |
| Energy, % | 25.25 | 24.44 |
| Labor costs, % | 18.49 | 19.59 |
| Interest on credits, % | 0 | 0 |
| Rental payments, % | 0.39 | 0.35 |
| Social security contributions, % | 5.53 | 5.88 |
| Depreciation of capital assets, % | 10.45 | 9.49 |
| Taxes included to product costs, % | 1.14 | 1.21 |
| Other costs, % | 3.66 | 3.51 |
| intangible assets depreciation, % | 0.035 | 0.032 |
| remuneration for innovation proposals, % | 0 | 0 |
| compulsory insurance payments, % | 0.36 | 0.34 |
| hospitality expenditure, % | 0.005 | 0.005 |
| other (give an explanation), % | 3.26 | 3.14 |
| Total: costs for production and sale of products (work, services) (production costs), % | 100 | 100 |
| For reference: Proceeds from product (work, services) sales, % to production costs | 116.97 | 115.87 |

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 3 months | 2017, 3 months |
| Raw and other materials, % | 0.94 | 0.95 |
| Acquired components, semi-finished products, % | 0 | 0 |
| Work and services of industrial character executed by outside organizations, % | 29.91 | 31.36 |
| Fuel, % | 0.68 | 0.67 |
| Energy, % | 32.97 | 33.4 |
| Labor costs, % | 16.81 | 16.08 |
| Interest on credits, % | 0 | 0 |
| Rental payments, % | 0.38 | 0.27 |
| Social security contributions, % | 5.1 | 4.89 |
| Depreciation of capital assets, % | 9.24 | 8.33 |
| Taxes included to product costs, % | 1.2 | 1.2 |
| Other costs, % | 2.77 | 2.84 |
| intangible assets depreciation, % | 0.03 | 0.02 |
| remuneration for innovation proposals, % | 0 | 0 |
| compulsory insurance payments, % | 0.33 | 0.3 |
| hospitality expenditure, % | 0.003 | 0.001 |
| other (give an explanation), % | 2.41 | 2.52 |
| -business trips and hospitality expenditure | 0.14 | 0.13 |
| -leasing | 0 | 0 |
| -outsourced services | 2.27 | 2.39 |
| -other expenditure | 0 | 0 |
| Total: costs for production and sale of products (work, services) (production costs), % | 100 | 100 |
| For reference: Proceeds from product (work, services) sales, % to production costs | 112.49 | 113.32 |

New essential types of products (work, services) offered by the Issuer on its primary activity market to the extent that corresponds to publicly available information on such types of products (work, services). State of the development of such types of products (work, services) shall be indicated.

New essential types of products (work, services): none

The Issuer's accounting reports (financial statements) have been prepared and the calculations reflected in this sub-clause have been made in accordance with the following standards (rules):

* ***Federal Law of the Russian Federation No. 402-FZ dd 12/06/2011 On Accounting;***
* ***Order No. 66n dated 07/02/2010 of the Ministry of Finance of Russia On the Forms of Accounting Reports of Organizations;***
* ***Order No. 124n of the Ministry of Finance of the Russian Federation dd 10/05/2011 On amendments to the accounting report forms of organizations approved by Order No. 66n of the Ministry of Finance of the Russian Federation dated July 2, 2010;***
* ***Order No. 34n dated 07/29/1998 of the Ministry of Finance of Russia On approval of the regulations on accounting and accounting in the Russian Federation;***
* ***Order No. 94n dd 10.31.2000 of the Ministry of Finance of Russia On the approval of the plan of accounts for the accounting of financial and economic activities of organizations and instructions for its application;***
* ***accounting regulations (Russian Accounting Standards / RAS) :***
* ***RAS 1/2008 Accounting Policies of an Organization, approved by Order No. 106n dd 10/06/2008 of Russian Ministry of Finance;***
* ***RAS 2/2008 Accounting for construction contracts, approved by Order No. 116n dd 10/24/2008 of the Russian Ministry of Finance;***
* ***RAS 3/2006 Accounting for assets and liabilities denominated in foreign currency, approved by the Order of the Russian Ministry of Finance dd 11.27.2006 No. 154n;***
* ***RAS 4/99 Accounting Reporting of an Organization approved by Order No. 43n dd 07/06/1999 of the Russian Ministry of Finance;***
* ***RAS 5/01 Accounting of inventories approved by Order No. 44n dd 06/09/2001 of the Russian Ministry of Finance;***
* ***RAS 6/01 Accounting of capital assets approved by Order No. 26n dd 03/30/2001 of the Russian Ministry of Finance;***
* ***RAS 7/98 Events after the Reporting Period approved by Order No. 56n dd 11/25/1998 of the Russian Ministry of Finance;***
* ***RAS 8/2010 Provisions, Contingent Liabilities and Contingent Assets approved by Order No. 167n dd 12/13/2010 of the Russian Ministry of Finance;***
* ***RAS 9/99 Revenue of an Organization approved by Order No. 26n dd 05/06/1999 of the Russian Ministry of Finance;***
* ***RAS 10/99 Expenditure of an Organization approved by Order No. 33n dd 05/06/1999 of the Russian Ministry of Finance;***
* ***RAS 11/2008 Related Party Disclosure approved by the order of the Russian Ministry of Finance dd 04/29/2008 No. 48n;***
* ***RAS 12/2010 Segment Information approved by the order of the Russian Ministry of Finance dd 11/8/2010 No. 143n;***
* ***RAS 13/2000 Accounting for Government Assistance approved by the order of the Russian Ministry of Finance dd 10/16/2000 No. 92n;***
* ***RAS 14/2007 Accounting of Intangible Assets approved by the order of the Russian Ministry of Finance dd 12/27/2007 No. 153n;***
* ***RAS 15/2008 Accounting of Costs on Borrowings and Loans approved by the order of the Russian Ministry of Finance dd 10/06/2008 No. 107n;***
* ***RAS 16/02 Information on Discontinuing Operation approved by the order of the Russian Ministry of Finance dd 07/02/2002 No. 66n;***
* ***RAS 17/02 Expenditure Record of Research and Technological Development by the order of the Russian Ministry of Finance dd 11/19/2002 No. 115n;***
* ***RAS 18/02 Profit Tax Accounting approved by the order of the Russian Ministry of Finance dd 11/19/2002 No. 114n;***
* ***RAS 19/02 Accounting for Financial Investments approved by the order of the Russian Ministry of Finance dd 12/10/2002 No. 126n;***
* ***RAS 20/03 Information Concerning Participation In Joint Activities approved by the order of the Russian Ministry of Finance dd 11/24/2003 No. 105n;***
* ***RAS 21/2008 Accounting Estimate Change by the order of the Russian Ministry of Finance dd 10/06/2008 No. 106n;***
* ***RAS 22/2010 Error Correction in Bookkeeping Records by the order of the Russian Ministry of Finance dd 06/28/2010 No. 63n;***
* ***RAS 23/2011 Statement of Cash Flows approved by the order of the Russian Ministry of Finance dd 02/02/2011 No. 11n;***
* ***RAS 24/2011 Accounting of Costs on Natural Resources Development approved by the order of the Russian Ministry of Finance dd 10/06/2011 No. 125n;***
* ***Order of the Ministry of Finance of Russia On Making Amendments in Accounting Regulations in the Russian Federation dd 06/04/2015 No. 57n;***
* ***Order of the Ministry of Finance of Russia On Confirmation of Net Asset Value Procedure dd 08/28/2014 No. 84n;***
* ***Order of the Ministry of Finance of Russia On Confirmation of Methodological Recommendations in Disclosure of Earnings per Share Information dd 03/21/2000 No. 29n;***
* ***Federal Law of the Russian Federation No. 261-FZ On Energy Conservation and Energy Efficiency Improvement and on Making Changes in Certain Legislative Acts of the Russian Federation dd 11/23/2009.***

3.2.3. Materials, Commodities (Raw Materials) and Suppliers of the Issuer

For 2016

The Issuer’s suppliers providing no less than 10 percent of all materials and commodities (raw materials)

Full legal name: ***Etalon MK Limited Liability Company***

Registered address: ***Office 600, Bldg 150, Bolshaya Sadovaya St, Rostov-on-Don, 344002, Russia***

INN (Taxpayer Identification Number): ***6163109990***

OGRN (Primary State Registration Number): ***1116195010997***

Share in the overall volume of supplies, %: 22.9

Information on price changes of more than 10 % for basic materials and core commodities (raw materials) within the corresponding reporting period as compared to the corresponding reporting period of the previous year

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Name | Change in price (%) | Note |
| 1st | Factory-assembled transforming sub-station KTPK - 100/10/0.4 UKHL1 | 24.67 | Building-up |
| 2nd | Factory-assembled transforming sub-station KTPK - 160/10/0.4 UKHL | 27.95 | Building-up |
| 3 | GKVPSH-90-40,5/1000 01 (IVUE.686351.230) High-tension input | 65.58 | Building-up |
| 4 | GKEZSH-60-126/2000 01 (IVUE.686352.132) High-tension input | -11.29 | Decrease |
| 5 | GKTSHI-60-126/8000 01 (IVUE.686352.103) High-tension input | 13.90 | Building-up |
| 6 | Supply transformer TMGsu-25/10/0.4 U1 | 68.47 | Building-up |
| 7 | Supply transformer TMGsu-100/10/0.4 U1 | 32.57 | Building-up |
| 8 | Supply transformer TMGsu-11-630/10/0.4 U1 | 36.34 | Building-up |
| 9 | Supply transformer TMGsu-11-160/10/0.4 U1 | 34.66 | Building-up |
| 10 | Supply transformer TMGsu-11-400/10/0.4 U1 | 42.63 | Building-up |

Share of import in materials and goods supplies, import sources availability forecast and potential alternative sources

***Gross share of supplied imported equipment and materials is 1.61 %***

For 3 mns of 2017

The Issuer’s suppliers providing no less than 10 percent of all materials and commodities (raw materials)

Full legal name: ***Etalon MK Limited Liability Company***

Registered address: ***Office 600, Bldg 150, Bolshaya Sadovaya St, Rostov-on-Don, 344002, Russia***

INN (Taxpayer Identification Number): ***6163109990***

OGRN (Primary State Registration Number): ***1116195010997***

Share in the overall volume of supplies, %: 22.9

Full legal name: ***Ultraform Projekt Limited liability company***

Registered address: ***8/1 Presnenskaya Naberezhnaya, Moscow, 123112, Russia***

INN (Taxpayer Identification Number): ***7713312020***

OGRN (Primary State Registration Number): ***1027739448660***

Share in the overall volume of supplies, %: 10.2

Information on price changes of more than 10 % for basic materials and core commodities (raw materials) within the corresponding reporting period as compared to the corresponding reporting period of the previous year

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Name | Change in price (%) | Note |
| 1st | Wooden pole 9.5 m | 14.08 | Building-up |
| 2nd | Wire А 35 | -13,70 | Decrease |
| 3 | Wire AS 70/11 | -12,32 | Decrease |
| 4 | Wire AS 120/19 | -12,81 | Decrease |
| 5 | Wire SIP-4 2\*16 | -7,00 | Decrease |
| 6 | Transition joint TRAJ 42Ях120-240-1НЬ | 14.97 | Building-up |
| 7 | Terminal box POLT-42F/1XO-L12 | 17.35 | Building-up |
| 8 | Transition joint POLJ-12/lxl20-240 | 34.17 | Building-up |
| 9 | Lug TA 50-10-9 (KVT) | 18.75 | Building-up |
| 10 | Lug TA 70-10-12 (KVT) | 18.18 | Building-up |
| 11 | Insulator PO-1-2.5 UZ | 24.18 | Building-up |
| 12 | Electrical winding VN 4-100-10/0.4 504x190x260 | 11.54 | Building-up |
| 13 | Electrical winding VN 4-160-10/0.4 492x210x290 | 11.54 | Building-up |
| 14 | Electrical winding VN 4-160-10/0.4 492x210x285 | 11.54 | Building-up |
| 15 | Electrical winding VN 4-250-10/0.4 527x235x307 | 11.54 | Building-up |

Share of import in materials and goods supplies, import sources availability forecast and potential alternative sources

***Gross share of supplied imported equipment and materials is 6.98 %***

3.2.4. Commodity Markets of Products (Work, Services) of the Issuer

Basic Markets of the Issuer’s Activity:

***Issuer’s primary activity is rendering services on electric power transmission and technological connection of power receivers (electric power installations) owned by legal persons and individuals to electrical grids.***

***IDGC of the South, PJSC unites distribution grid systems of 4 subjects of the Russian Federation: Republic of Kalmykia, Astrakhan, Volgograd and Rostov Oblast (regions).***

***The Issuer performs its primary activity under the conditions of a natural monopoly regulated by the government with regard to setting tariffs for the provision of electric power transmission services and services for technological connection of consumers to electrical grids. With consideration for the growing demand for electric energy in the regions where the Issuer carries out its activity, the Issuer pays considerable attention to the development, reconstruction and increase of the transmission capacity of electrical power grid facilities, works over an issue related to the consolidation of the electrical power grid property of other local grid operators, expecting in the future to increase the scope of services of electric power transmission.***

***The consumers of electric power transmission services of the branches of IDGC of the South, JSC are the subjects of wholesale and retail electric power markets. According to the reported data for 1Q 2017, the Company has previously concluded contracts for the provision of electric power transmission services, including 6 contracts with last resort suppliers (LRS), 45 contracts with independent electric power sales companies, 933*** direct ***contracts with consumers, and 61 contracts with territorial grid organizations. 94.64% of the total number of the contracts concluded by IDGC of the South, PJSC are revenue agreements.***

***Market share of electric power transmission services to the ultimate consumers of electric power in the territory of the presence of IDGC of the South, PJSC in 1Q 2017***

|  |  |
| --- | --- |
| Name of branch | Market share, % |
| IDGC of the South, PJSC |
| Astrakhnenergo | 90,01% |
| Volgogradenergo | 44,86% |
| Kalmenergo | 100,00% |
| Rostovenergo | 29,30% |
| Market coverage in the territory of the presence of IDGC of the South, PJSC | 42,90% |

Factors of possible negative impact on the Issuer’s product (work, services) sales and the Issuer's probable actions for minimizing such impact:

***Scope of electric power transmission services rendered by the Issuer may be reduced as a result of the reduction of electricity consumption by existing enterprises (recession of production).***

3.2.5. Data on the Issuer's possession of permits (licenses) or allowance to certain types of work

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Volgograd Oblast

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: VLG 01548 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for economic and domestic needs

Date of issue of the permit (license) or allowance to certain types of work: 05/26/2008

Term of validity of the permit (license) or allowance to certain types of work: 01/01/2032

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Volgograd Oblast

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: VLG 01550 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for household and industrial needs, watering of green plantings at Danilovna substation

Date of issue of the permit (license) or allowance to certain types of work: 05/26/2008

Term of validity of the permit (license) or allowance to certain types of work: 01/01/2034

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Volgograd Oblast

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: VLG 01540 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for household and industrial needs, watering of green planting

Date of issue of the permit (license) or allowance to certain types of work: 05/16/2008

Term of validity of the permit (license) or allowance to certain types of work: 01/01/2033

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Volgograd Oblast

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: VLG 01549 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: ***Groundwater extraction for drinking water production***

Date of issue of the permit (license) or allowance to certain types of work: 05/26/2008

Term of validity of the permit (license) or allowance to certain types of work: 01/01/2034

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Volgograd Oblast

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: VLG 02041VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for technical needs

Date of issue of the permit (license) or allowance to certain types of work: 03/06/2013

Term of validity of the permit (license) or allowance to certain types of work: 01/24/2018

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02227VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for process support of an industry facility with water at Zavetinsky District segment 2

Date of issue of the permit (license) or allowance to certain types of work: 10/05/2010

Term of validity of the permit (license) or allowance to certain types of work: 10/04/2030

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02228 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for industry process facility with water at Volgodonski District segment 10

Date of issue of the permit (license) or allowance to certain types of work: 10/05/2010

Term of validity of the permit (license) or allowance to certain types of work: 10/04/2030

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02327VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for process support of power engineering facilities with water at Bolshaya Martynovka settlement segment 2

Date of issue of the permit (license) or allowance to certain types of work: 01/21/2011

Term of validity of the permit (license) or allowance to certain types of work: 01/20/2031

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02414 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for process support of an industry facility with water at Klyuchnikovski segment 1

Date of issue of the permit (license) or allowance to certain types of work: 04/21/2011

Term of validity of the permit (license) or allowance to certain types of work: 04/20/2031

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02024 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater finding and extraction for process support of an industry facility with water

Date of issue of the permit (license) or allowance to certain types of work: 07/01/2009

Term of validity of the permit (license) or allowance to certain types of work: 06/30/2029

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02925 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for process support of power engineering facilities with water at Starostanichny settlement segment 3

Date of issue of the permit (license) or allowance to certain types of work: 04/30/2013

Term of validity of the permit (license) or allowance to certain types of work: 04/29/2033

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02920 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for process support of power engineering facilities with water at Milyutinski District segment 5

Date of issue of the permit (license) or allowance to certain types of work: 04/30/2013

Term of validity of the permit (license) or allowance to certain types of work: 04/29/2033

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02921 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for process support of power engineering facilities with water at Tatsinski District segment 8

Date of issue of the permit (license) or allowance to certain types of work: 04/30/2013

Term of validity of the permit (license) or allowance to certain types of work: 04/29/2033

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02923 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for process support of power engineering facilities with water at Kolushkinski District segment

Date of issue of the permit (license) or allowance to certain types of work: 04/30/2013

Term of validity of the permit (license) or allowance to certain types of work: 04/29/2033

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02922 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for process support of power engineering facilities with water at Golubinskaya settlement segment 4

Date of issue of the permit (license) or allowance to certain types of work: 04/30/2013

Term of validity of the permit (license) or allowance to certain types of work: 04/29/2033

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 02924 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for process support of power engineering facilities with water at Kalitvenskaya settlement segment 1

Date of issue of the permit (license) or allowance to certain types of work: 04/30/2013

Term of validity of the permit (license) or allowance to certain types of work: 04/29/2033

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Subsurface Management Department of Southern Federal District

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: RST 03017 VE

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Groundwater extraction for process support of industry facility with water at Volgodonski District segment 4

Date of issue of the permit (license) or allowance to certain types of work: 12/30/2013

Term of validity of the permit (license) or allowance to certain types of work: 12/29/2033

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Federal Environmental, Industrial and Nuclear Supervision Service of Russia

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: VP-29-001130

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Operation of explosion and fire hazardous industrial facilities

Date of issue of the permit (license) or allowance to certain types of work: 01/15/2010

Term of validity of the permit (license) or allowance to certain types of work: Not limited

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Federal Service for Supervision in the Sphere of Communications, Information Technology and Mass Communications

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: No. 120752

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: ***Provision of local telephony services, except for local telephony services with the use of payphones and shared access devises***

Date of issue of the permit (license) or allowance to certain types of work: 08/06/2014

Term of validity of the permit (license) or allowance to certain types of work: 08/06/2019

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: ENERGOSTROY Noncommercial Partnership Self-regulatory Organization

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: 0265.04-2015-6164266561-С-060

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Allowance to a specific type or types of work that influence the safety of capital construction facilities

Date of issue of the permit (license) or allowance to certain types of work: 09/07/2015

Term of validity of the permit (license) or allowance to certain types of work: Not limited

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: ENERGOPROYEKT Association Self-regulatory Organization

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: P-0251-04-2010-0262

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: Allowance to a specific type or types of work that influence the safety of capital construction facilities

Date of issue of the permit (license) or allowance to certain types of work: 09/02/2015

Term of validity of the permit (license) or allowance to certain types of work: Not limited

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Federal Security Service Directorate of the Russian Federation in Rostov Oblast

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: 3665 (GTM 0073358) dd 07/13/2015

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: ***License to carry out types of work connected with the use of information containing any government secrets and classified as Top Secret that is permitted for use by the executive officers of IDGC of the South, PJSC.***

Date of issue of the permit (license) or allowance to certain types of work: 07/13/2015

Term of validity of the permit (license) or allowance to certain types of work: 07/12/2020

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Federal Security Service Directorate of the Russian Federation in Rostov Oblast

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: 3724 (GTM 0073413) dd 10/16/2015

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: ***License to carry out types of work connected with the use of information containing any government secrets and classified as Secret that is permitted for use by Astrakhanenergo, a branch of IDGC of the South, PJSC.***

Date of issue of the permit (license) or allowance to certain types of work: 11/03/2015

Term of validity of the permit (license) or allowance to certain types of work: 07/12/2020

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Federal Security Service Directorate of the Russian Federation in Volgograd Oblast

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: 3665/1204-LZ (GTM 0076599) dd 11/17/2015

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: ***License to carry out types of work connected with the use of information containing any government secrets and classified as Secret that is permitted for use by Volgogradenergo, a branch of IDGC of the South, PJSC.***

Date of issue of the permit (license) or allowance to certain types of work: 11/17/2015

Term of validity of the permit (license) or allowance to certain types of work: 07/12/2020

Body (organization) that issued an appropriate permit (license) or allowance to certain types of work: Federal Security Service Directorate of Russia in the Republic of Kalmykia

Number of the permit (license) or the document confirming the receipt of the allowance to certain types of work: 3665/171 (GTM» 0010852) dd 11/17/2015

Type of activity (work) that the Issuer was granted a corresponding permit (license) or allowance: License to carry out types of work connected with the use of information containing any government secrets and classified as Secret that is permitted for use by Kalmenergo, a branch of IDGC of the South, PJSC.

Date of issue of the permit (license) or allowance to certain types of work: 11/17/2015

Term of validity of the permit (license) or allowance to certain types of work: 07/12/2020

3.2.6. Data on the activity of separate categories of Issuers

The Issuer is not a joint-stock investment fund, an insurance or credit organization, or a mortgage agent.

3.2.7. Additional requirements for the Issuers that are involved in the extraction of minerals as their primary activities

Extraction of minerals is not the Issuer's primary activity

3.2.8. Additional requirements for the Issuers that are involved in rendering communication services

Rendering communication services is not a primary activity of the Issuer

3.3. Plans for the future activity of the Issuer

***IDGC of the South, PJSC is an interregional electric grid company that is a part of "Russian Grids", PJSC is the main territorial electric grid company that provides services for electric power transmission and technological connection of electric power consumers in the Rostov, Volgograd, and Astrakhan regions and the Republic of Kalmykia.***

***IDGC of the South, PJSC, as a subsidiary of Rosseti, PJSC, provides with the fulfillment of industry-wide tasks to improve the reliability, quality and availability of electric power supply to electric power consumers, increase operational and investment efficiency, increase capitalization and attract private investments in the industry.***

***IDGC of the South, PJSC carries out its financial and economic activities amid the recent years limitation on the growth of electric power transmission tariffs that appear in the shortage of financing the company's operating activities and investment programs. The macroeconomic conditions that become evident in the reduction of electric power consumption, and the decrease in the solvency of electricity consumers significantly aggravates the influence of these factors and determines the necessity of complex approach to increasing the efficiency of the activities of IDGC of the South, PJSC.***

***Therefore, the plans related to future activities of IDGC of the South, PJSC are aimed at the following milestones:***

* ***reduce specific operating costs per a unit of electrical equipment maintenance, pursuant to the Electrical Power Grid Complex Development Strategy of the Russian Federation approved by the Decree of the Russian Federation Government No. 511-р dated April 03, 2013;***
* ***the reduction of specific operating costs pursuant to the Decrees of the Russian Federation Government No. 230р-P13 dated April 16, 2015, No. 230р-P13 dated March 29, 2016, No. 207р-P13, and No. 4750р-P13 dated July 04, 2016;***
* ***the reduction of specific investment costs of electrical power grid companies (in RUB per a physical unit);***
* ***the load growth of transformer capacities in percentage of the installed capacity on all voltage levels minus compulsory reservation;***
* ***the increase of energy efficiency, including the reduction of energy losses (electric power consumption for process requirements);***
* ***the increase of management efficiency with regard to the basic production assets of IDGC of the South, PJSC, the implementation of state-of-the-art technologies and the use of innovations, as well as energy efficiency improvement.***

***The predicted value of the interconnected capacity for 2017 is 383 MW, the corresponding indicator according to the adjusted Business Plan for 2016 was 263 MW.***

***The target proceeds received for the provision of technological connection services for all categories of applicants according to the adjusted Business Plan for 2016 is 461 mln RUB. The target proceeds in 2017 will amount to 350 mln RUB.***

***The Working Groups for the control of the performance of technological connection agreements requiring capital expenditure (Order of IDGC of the South, PJSC dd 03/03/2017 No. 134) were set up to reduce the number of technological connection agreements that were not performed by the Company within the time frames established by the Rules for the Technological Connection of Power Receivers of Electric Energy Consumers approved by the Resolution of the Russian Federation Government No. 861 dated December 27, 2004, and to unconditionally fulfill obligations under the above technological connection agreements, as well as to reduce the number of complaints and claims of applicants.***

***The Working Groups shall have the following goals and objectives:***

* ***to organize the timely performance of obligations under technological connection agreements, and to take measures for the elimination of violations and prevention of further violations;***
* ***to analyse and assess the suggested variants of technical specifications and technical design specifications that were developed for technological connections. To adopt optimal technical and economic solutions;***
* ***to take measures for the elimination of violations and to prevent the applicants' complaints and claims;***
* ***to define the expediency and possibility of the execution of the Company's obligations using economic resources, such as design, survey, construction and installation.***

***The target indicator of executing the obligations under the technological connection agreements for the category of applicants below 15 kW for 2017 is 12,134, and the capacity is 106 MW. The proceeds from the applicants under this category of technological connection services is planned in the amount of 8 mln RUB for 2017.***

The target proceeds received for the provision of technological connection services with regard to branches for 2017, mln RUB

Rostovenergo

Kalmenergo

Volgogradenergo

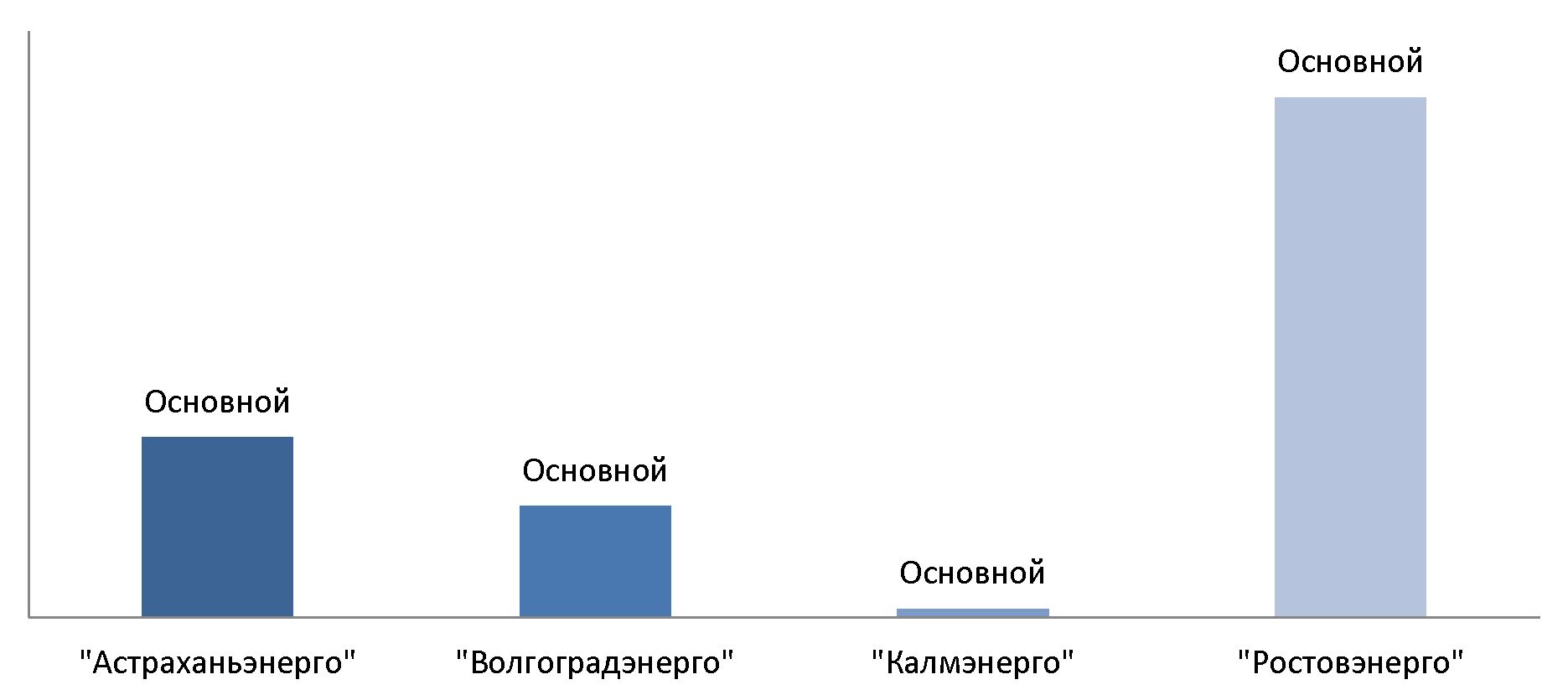
Astrakhnenergo

Primary

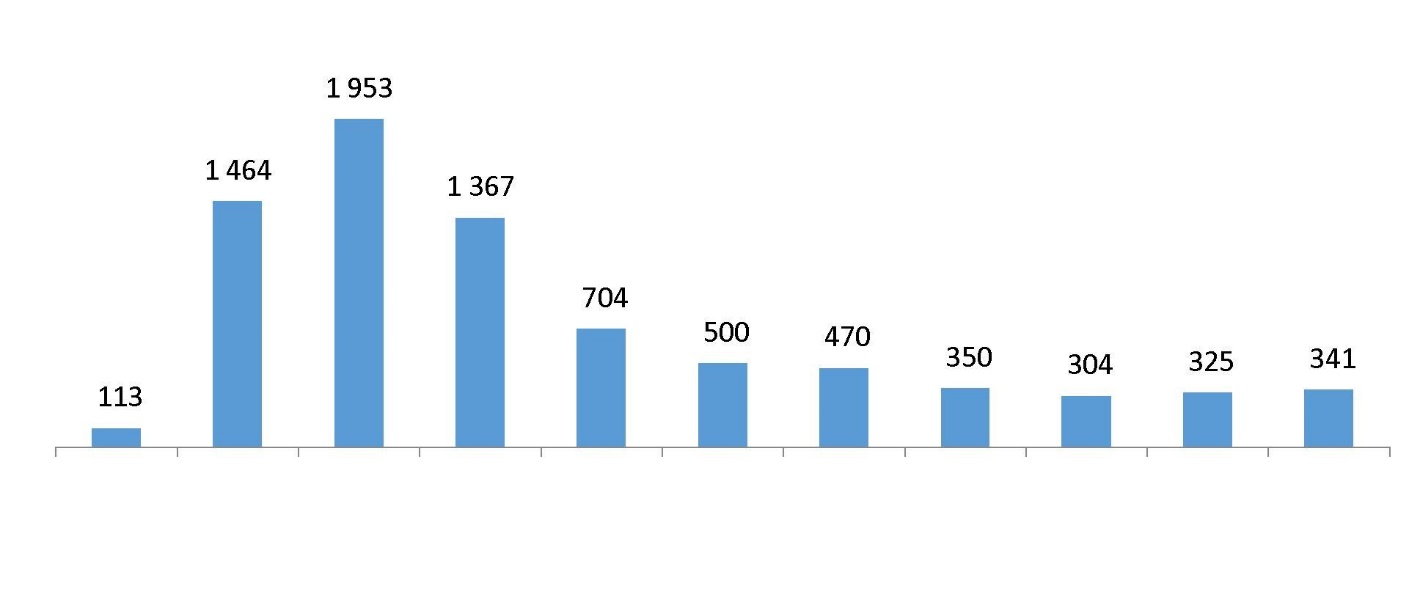
Primary

Primary

Primary



Income flow from the provision of services for technological connection, mln RUB



Primary

Primary

Primary

Primary

Primary

Primary

Primary

Primary

Primary

Primary

Primary

***In 2017 the proceeds from technological connection services is planned in the amount of 350 mln RUB that is 120 mln RUB or 25 % less than the actual indicators of 2016. This circumstance is caused by the 2016 official record of proceeds from large consumers that concluded technological connection agreements for high prices based on the investment component, and the basic criteria to form the target values of the proceeds indicator for 2017 are the analysis of the volume of existing technological connection agreements and the forecast of their performance.***

***It is worth mentioning that the flow in proceeds reduction related to technological connection services for the recent reporting periods is caused by the following key factors:***

* ***The outflow of large applicants related to the unstable financial and economic conditions in the country, because the largest share in the total amount of invested funds is the proceeds from large consumers with high price caused by the investment component. A negative dynamics in the filing applications for the technological connection of counterparties with the capacity over 150 kW had been observed from 2014 to 2016:*** 1,119 ***applications were filed in 2014, 827 applications were filed in 2015, and 718 applications were filed in 2016;***
* ***The postponed performance time of technological connection agreements in accordance with applicants' requests, as well as the termination of existing contracts because of unfavorable macroeconomic business environment (high cost of borrowed assets, insolvency (bankruptcy) of economic entities, etc.);***
* ***The changes entered in the procedure of pricing in the field of regulated prices in electric power industry in connection with the entry into force of Federal Law No. 83-FZ dated April 20, 2014, that lie in the fact that from October 01, 2015, the size of the investment component to cover the costs of construction of electric grid facilities included in the payment for technological connection of power receiving devices of maximum capacity of 150 kW may not exceed 50 % of the value of indicated costs.***

***The corresponding amounts of capital investments required for the construction of substations (SS), reconstruction and expansion of existing substations with the replacement of power transformers, and construction and reconstruction of high-voltage transmission lines were planned within the framework of the investment program of IDGC of the South, PJSC, related to each branch of the Company,.***

***Planned investment volume of IDGC of the South, PJSC for 2017-2022 (mln RUB):***

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Names of the branches of IDGC of the South, PJSC | Investments VAT less, mln RUB | | | | | | |
|  | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2017-2022 |
| Astrakhnenergo | 357 | 332 | 303 | 303 | 885 | 1 239 | 3 419 |
| Volgogradenergo | 632 | 331 | 142 | 166 | 157 | 207 | 1 634 |
| Kalmenergo | 57 | 58 | 38 | 38 | 38 | 38 | 265 |
| Rostovenergo | 2 354 | 617 | 739 | 764 | 797 | 818 | 6 089 |
| Total in IDGC of the South, PJSC | 3 400 | 1 338 | 1 221 | 1 270 | 1 877 | 2 302 | 11 407 |

***The implementation of the programs is carried out in accordance with the engineering policy adopted by the Rosseti, PJSC, that, with regard to the field of electrical grids, is determined by the following key strategic goals of the unified national energy system development:***

* ***the creation of the network and technological infrastructures that contribute to the effective functioning of the competitive electricity market within the Russian Federation and ensure integration into international electricity markets;***
* ***the increase of work scope related to the reconstruction and technical re-equipment (modernization of substations, reconstruction of high-voltage transmission lines, modernization and development of information infrastructure) of the fixed assets of aging electrical grids and electrical grid equipment.***

***The primary areas of the implementation of the investment program of IDGC of the South, PJSC, including the projected and actual implementation for 1Q 2017 are presented in the table below:***

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Name of the branch of  IDGC of the South, PJSC | Projected for 1Q 2017 | | | | Actual for 1Q 2017 | | | | | | | |
|  | Application of funds | Setting into operation | | | Fixed capital formation | | Setting into operation | | | | | |
|  |  |  | | |  | |  | | | | | |
|  | mln RUB | mln RUB | MVA | Km | mln RUB | % | mln RUB | % | MVA | % | Km | % |
| Total in IDGC of the South, PJSC | 483 | 25 | 0.361 | 17,219 | 500 | 104% | 139 | 549% | 4,589 | 1271% | 48,786 | 283% |
| Astrakhnenergo | 72 | 9 | 0.185 | 8,059 | 80 | 111% | 35 | 370% | 1,410 | 762% | 14,915 | 185% |
| Volgogradenergo | 112 | 4 | 0.176 | 1.860 | 131 | 117% | 37 | 837% | 0.443 | 252% | 6.005 | 323% |
| Kalmenergo | 7 | 5 | 0.000 | 0.000 | 8 | 110% | 6 | 111% | 0.000 | - | 0.790 | - |
| Rostovenergo | 291 | 7 | 0.000 | 7,300 | 281 | 96% | 62 | 954% | 2,736 | - | 27,076 | 371% |

***The Company plans to conclude energy service contracts for the development of system of electric power technical record-keeping with the application of remote data collection in such branches of IDGC of the South, PJSC, as Astrakhanenergo, Volgogradenergo and Rostovenergo in 2017.***

***The electricity network property of KalmEnergoKom, OJSC was consolidated in the territory of Elista, the Republic of Kalmykia, on December 31, 2016 to increase the market share of services in the transmission of electric energy to end users provided by IDGC of the South, JSC. Currently, the consolidation of the electrical grid facilities of VMES, MUMP (Volgograd Interdistrict Electrical Grids, Municipal Unitary Production Enterprise) in the territory of Volgograd, Volgograd region, is worked out.***

***IDGC of the South, PJSC is entrusted the functions of last resort supplier (LRS) in the territory of Elista, Republic of Kalmykia in accordance with the Decree of the Ministry of Energy of Russia No. 1400 dated December 23, 2016, On Conferring the Status of Last Resort Supplier (LRS) of Territorial Electrical Grid Organization.***

3.4. Participation of the Issuer in banking groups, bank holdings, holdings and associations

Name of group, holding or association: ***Association "NP Market Council" (Non-commercial partnership, Market Council for Organization of Efficient System of Electricity and Capacity Wholesale and Retail Trade, Association)***

Term of he participation of the Issuer: not limited

Role (place) and functions of the Issuer in the organization:

***From January 27, 2016 IDGC of the South, PJSC, is a member of Association "NP Market Council" (Non-commercial partnership, Market Council for Organization of Efficient System of Electricity and Capacity Wholesale and Retail Trade, Association). Purpose of participation of IDGC of the South, PJSC in Association "NP Market Council" is a possibility to undertake the functions of last resort supplier (LRS) in the regions of its presence.***

Name of group, holding or association: ***Non-commercial Partnership of Territorial Grid Organizations, Association***

Term of he participation of the Issuer: not limited

Role (place) and functions of the Issuer in the organization:

***IDGC of the South, PJSC, is a member of Non-commercial Partnership of Territorial Grid Organizations, Association from March 31, 2014. Purpose of participation of IDGC of the South, PJSC in Non-commercial Partnership of Territorial Grid Organizations, Association is the possibility of communication with other participants of the partnership and the expansion of the best business practices in electric grids complex.***

## 3.5. Entities of substantial importance controlled by the Issuer

***The Issuer does not have any controlled entities that are of significant importance for it***

3.6. Composition, structure and value of the Issuer's fixed assets, information on plans for the acquisition, replacement, disposal of fixed assets, as well as all factsof encumbrance of the Issuer's fixed assets

As of 12/31/2016

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Name of a fixed asset group | Asset acquisition (reinstatement) value | Depreciation charges amount |
| Land plots | 30 511 | 0 |
| Buildings | 4 172 493 | 997 118 |
| Constructions, except power lines | 1 355 123 | 610 559 |
| Power lines and their devices | 22 196 158 | 9 389 524 |
| Machines and equipment | 17 770 021 | 9 466 327 |
| Transport vehicles | 837 102 | 653 246 |
| other types of capital assets | 97 030 | 84 843 |
| TOTAL | 46 458 438 | 21 201 617 |

Data on the methods for computing depreciation charges according to a fixed asset group:

***Depreciation on fixed assets is executed with the application of linear method, based on their useful life. The accrual of the depreciation of the property obtained by the Company under leasing contracts and reported on the balance sheet shall be performed with the application of the method specified by corresponding contract.***

Balance sheet date: 12/31/2016

As of 03/31/2017

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Name of a fixed asset group | Asset acquisition (reinstatement) value | Depreciation charges amount |
| Land plots | 30511 | 0 |
| Buildings | 4 173 517 | 1 029 093 |
| Constructions, except power lines | 1 352 650 | 622 909 |
| Power lines and their devices | 22 264 697 | 9 684 882 |
| Machines and equipment | 17 818 767 | 9 735 765 |
| Transport vehicles | 846 444 | 668 744 |
| other types of capital assets | 97 010 | 85 775 |
| TOTAL | 46 583 596 | 21 827 168 |

Data on the methods for computing depreciation charges according to a fixed asset group:

***Depreciation on fixed assets is executed with the application of linear method, based on their useful life. The accrual of the depreciation of the property obtained by the Company under leasing contracts and reported on the balance sheet shall be performed with the application of the method specified by corresponding contract.***

Balance sheet date: 03/31/2017

The results of the last revaluation of fixed assets and long-term leased fixed assets performed during the most recently completed fiscal year, with the indication of the date of revaluation, full and residual (less depreciation) of book value of fixed assets before revaluation, and the full and residual (less depreciation) reinstatement value of fixed assets with the consideration of this revaluation. The specified information is given according to fixed asset groups. Data on the methods for computing depreciation accrual is indicated according to fixed asset groups.

***Revaluation of fixed assets was not executed within the indicated period***

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Data on plans for the acquisition, replacement or disposal of fixed assets, the cost of which is at least 10 percent of the value of the Issuer's fixed assets, and other fixed assets at the discretion of the Issuer, as well as the data on all facts of encumbrance of the Issuer's fixed assets (with the indication of the character of the encumbrance, the date of the occurrence of the encumbrance, its term of validity and other conditions at the discretion of the Issuer):  ***Information on the encumbrance of fixed assets of IDGC of the South, PJSC as of December 31, 2016.*** | | | | | | | | | | | | |
| Fixed assets let on lease | | | | | | | | | | | | |
| Item | Brief description of property | | | | Basis for the encumbrance (number and date of the lease agreement) | | Lessee | Term (start and end dates) of the encumbrance | | | | |
| Name and address | | Area, m² | | Initial lease term under the contract | | | | Presence of extension in the contract |
| 1st | 2nd | | 3 | | 4 | | 5 | 6 | | | | 7 |
| Astrakhanenergo, a branch of IDGC of the South, PJSC | | | | | | | | | | | | |
| 1st | Non-residential premises (Ikryaninsky Distribution Zone Substation Zhitnoye, village Zhitnoe) | | 6.0 | | No. 080-14-72 dd 12/30/2014 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | | | yes |
| 2nd | Non-residential premises (Ikryaninsky Distribution Zone Substation Ikryanoye, Chapayev St, village Ikryanoye) | | 6.0 | | No. 080-14-73 dd 11/23/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | | | yes |
| 3 | Non-residential premises (Astrakhan oblast, Privolzhski region, Energetikov Highway, 1, Repair and Rental Center-2, bld А) | | 6.5 | | No. 080-14-80 dd 12/11/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | | | yes |
| 4 | Place for the placing a container with equipment at Sovetskaya Substation | | 140.0 | | No. 080-14-43 dd 12/31/2014, add. agreem. No. 3 dd 12/29/2015 | | MegaFon, PJSC | from 12/31/2014 to 12/29/2015, from 12/30/2015 up to the end of the term of contract | | | | no |
| 5 | Place for placing the container and place at a metal lighting tower for the placement of antenna feeder devices (Volodarsky Distribution Zone, Astrakhan Oblast, Volodarsky District, settlement Volodarski, 39, Michurin St) | | 10.81 | | No. 080-14-78 dd 11/27/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | | | yes |
| 6 | Place for placing the container and a place at the reinforced concrete support for the installation of antenna feeder devices (Ikryaninsky Distribution Zone), Ilinka settlement, 132, Zarechnaya St | | 2.3x3.5 | | No. 080-14-74 dd 12/27/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | | | yes |
| 7 | Non-residential premises  Astrakhan, 1, Khmelnitskogo St, Substation Tsarevskaya, bldg S, building of substation control building | | 15.85 | | No. 080-14-76 dd 11/27/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | | | yes |
| 8 | Place for the placing a container with equipment (Pervomayskaya Substation) | | 10.4 | | 080-14-75 dd 11/27/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | | | yes |
| 9 | Place (part of the land plot) for the placement and operation of the equipment of cellular communication base station in Astrakhan, Sovetskiy district, 89, 1st Kotelnaya St, Substation 110/6 kV Sudostritelnaya | | 40.5 | | 080-14-79 dd 09/12/2015 | | MegaFon, PJSC | from 12/31/2015 to 12/24/2016 | | | | yes |
| 10 | Non-residential premises, Enotayevsky Distribution Zone, village Zamyany, 33, Sadovaya St | | 3.2 | | No. 080-14-64 dd 11/12/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | | | yes |
| 11 | Non-residential premises (Akhtubinski Distribution Zone, Akhtyubisk, St I. Franko, 18) | | 26.1 | | No. 080-14-63 dd 11/12/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | | | yes |
| 12 | Place for placing the container and a place at the reinforced concrete tower for the installation of antenna feeder devices (Ikryaninsky Distribution Zone), Ikryanoye Village, 46, Chapayev St | | 7.0 | | No. 080-14-71 dd 11/20/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | | | yes |
| 13 | Place for the installation of antenna feeder devices (Oktyabrskaya Substation, Astrakhan, Trusovski District, 3, Gorny Side-street) | | 6.0 | | No. 080-14-66 dd 11/13/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | | | yes |
| 14 | Non-residential premises, Astrakhan, Highway Energetikov, 1, Repair and Rental Center-2, part of premises 48 | | 6.0 | | No. 080-14-68 dd 11/20/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | | | yes |
| 15 | OPlace for the installation of equipment and place at antenna tower construction (Neftebaza Substation) | | 15.0 | | No. 080-14-67 dd 11/20/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | | | yes |
| 16 | Place (a part of land plot) for the installation of equipment at: Sovetskaya Substation, Akhtubinski Region, Astrakhan Oblast | | 20.0 | | No. 080-14-69 dd 11/20/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | | | yes |
| 17 | Place (a part of land plot) for the installation of equipment at: 89, 1st Kotelnaya St, Astrakhan | | 15.0 | | No. 080-14-70 dd 11/20/2015 | | VimpelCom, PJSC | from 12/30/2015 to 12/24/2016 | | | | yes |
| 18 | A part of land plot located at: 204, Kramatorskaya St, Astrakhan | | 9.2 | | No. 080-14-65 dd 11/12/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | | | yes |
| 19 | Non-residential premises (Akhtubinski Distribution Zone, Akhtyubisk, St I. Franko, 18, administrative building, room 8) | | 10.1 | | No. 080-14-83 dd 12/14/2015 | | Mobile TeleSystems, PJSC | from 12/30/2015 to 12/24/2016 | | | | yes |
| 20 | Non-residential premises, Astrakhan, HighwayNon-residential premises, Astrakhan, Highway Energetikov, 1, Repair and Rental Center-2, premises 71 | | 6.0 | | No. 080-14-81 dd 14/12/2015 | | Mobile TeleSystems, PJSC | from 12/30/2015 to 12/24/2016 | | | | yes |
| 21 | Place for placing communication equipment (reinforced-concrete support SK-26 and container with the equipment for cellular base stations) Astrakhan, Sovetskiy district, 1st Kotelnaya St, 89 | | 32.0 | | No. 080-14-82 dd 12/14/2015 | | Mobile TeleSystems, PJSC | from 12/31/2015 to 12/24/2016 | | | | yes |
| 22 | A part of land plot located at: 204, Kramatorskaya St, Astrakhan | | 15.2 | | No. 080-14-84 dd 12/14/2015 | | Mobile TeleSystems, PJSC | from 12/30/2015 to 12/24/2016 | | | | yes |
| 23 | Place for the installation of equipment and place at antenna tower construction ( 89, 1st Kotelnaya St, Astrakhan) | | 4.5 | | No. 080-14-84 dd 12/21/2015 | | Osnova TeleCom JSC | from 12/30/2015 to 12/24/2016 | | | | yes |
| 24 | Place for the installation of equipment and place at antenna tower construction ( 189, Staroverova St, Astrakhan) | | 4.5 | | No. 080-14-86 dd 12/21/2015 | | Osnova TeleCom JSC | from 12/30/2015 to 12/24/2016 | | | | yes |
| 25 | Place for the installation of equipment and place at antenna tower construction ( 1, B. Khmelnitskogo St, Astrakhan) | | 3.0 | | No. 080-14-89 dd 12/21/2015 | | Osnova TeleCom JSC | from 12/26/2015 to 12/24/2016 | | | | yes |
| 26 | Part of non-residential premises No. with the area of 44.0 m², located at: Astrakhan Oblast, Privolzhski Region, Kulakovski Industrial Hub, 1, Energetikov Highway | | 1.0 | | No. 080-14-87 dd 12/21/2015 | | Osnova TeleCom JSC | from 12/30/2015 to 12/24/2016 | | | | yes |
| 27 | A place for placing a closed container (0.4 x 0.6 m) with telecommunication equipment for basic cellular radiotelephone communication inside and place at an antenna tower construction for the installation of a three-section antenna in Astrakhan, Trusovsky District, Lane  Gorny, 3 | | 1.0 | | No. 080-14-90 dd 12/21/2015 | | Osnova TeleCom JSC | from 12/30/2015 to 12/24/2016 | | | | yes |
| 28 | Non-residential premises ( 75/69, Sun-Yat-Sen / Kulikov St, Astrakhan) | | 11.9 | | No. 080-14-92 dd 12/29/2015 | | Real Medical Service LLC | from 12/30/2015 to 12/24/2016 | | | | yes |
| 29 | Non-residential premises, AstrakhanEnergo PJSC, highway Entergetikov, 1, utility room No. 1 | | 189.1 | | No. 080-14-91 dd 12/25/2015 | | Mikhaylova, Aleksandra Vladimirovna (self-employed individual) | from 12/30/2015 to 12/24/2016 | | | | yes |
| Volgogradenergo, a branch of IDGC of the South, PJSC | | | | | | | | | | | | |
| 30 | Administrative building (canteen) at: 1, Lenin Ave, Volgograd | | 135.2 | | Agreement  No. 3470112310 dd 12/30/2011 | | Richetta LLC | From 10/16/2012 | | | | Yes |
| 31 | Administrative building (room) at: 15, Lenin Ave, Volgograd | | 6.4 | | Agreement dd 03/25/2016 No. 3400160100327 3 | | Airport-Service Air Service Agency, LLC | from 03/11/2016 for 11 months | | | | yes |
| 32 | Administrative building (room No. 202) at: 15, Lenin Ave, Volgograd | | 8.6 | | Agreement No. 3400160100518 6 dd 05/16/2016 | | Private security company "Cobalt-C" LLC | No. 340016010032 73 for 11 months | | | | yes |
| 33 | Administrative building (attic) at: 15, Lenin Ave, Volgograd | | 5.2 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | | | yes |
| 34 | Radio engineering tower at: 139, Lenin Ave, , Uryupinsk, Volgograd Oblast | | 11.0 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | | | yes |
| 35 | Radio engineering tower at: Archedinskaya Substation, Archedinskaya settlement, Mikhaylovka, Volgograd Oblast | | 18.5 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | | | yes |
| 36 | Radio engineering tower at: Kotluban Substation, Samofalovka settlement, Volgograd Oblast | | 18.5 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | | | yes |
| 37 | Radio engineering tower at: Zolotari Substation, Pallasovski Region, Volgograd Oblast | | 18.0 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | | | yes |
| 38 | Radio engineering tower at: Maksim Gorki Substation, Gorkovski settlement, Volgograd | | 18.0 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | | | yes |
| 39 | Two-story building of the production building (bld A) st: 1A, Granovitaya St, Volgograd | | 647.7 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 40 | One/two-story mixed building of parking house (bld B, I, G1, G2, G3, G9) at: 1A, Granovitaya St, Volgograd | | 762.7 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 41 | Part of two-story building of parking house (bld B3) at: 1A, Granovitaya St, Volgograd | | 449.9 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 42 | Office building (bld G) at: 1A, Granovitaya St, Volgograd | | 17.3 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 43 | Warehouse for storage of pressure vessels ( Bldg G4) at: 1A, Granovitaya St, Volgograd | | 5.7 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 44 | Warehouse for storage of pressure vessels ( Bldg G5) at: 1A, Granovitaya St, Volgograd | | 10 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 45 | Warehouse for storage of pressure vessels ( Bldg G6) at: 1A, Granovitaya St, Volgograd | | 12 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 46 | One-story reinforced concrete warehouse building ( Bldg D) at: 1A, Granovitaya St, Volgograd | | 134.5 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 47 | One-story wooden building of dispatching office ( Bldg Zh) at: 1A, Granovitaya St, Volgograd | | 17.9 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 48 | One-story brick warehouse building ( Bldg E) at: 1A, Granovitaya St, Volgograd | | 265.7 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 49 | Pavement ( Bldg V) at: 1A, Granovitaya St, Volgograd | | 1257.0 | | Agreement No. 1 dd 04/29/2010 | | FSK UES, PJSC | from 09/01/2014 | | | | yes |
| 50 | Part of non-residence premises ar administrative building (Bldg A) at: 52, 13-a Gvardeyskaya St, Nikolayevsk | | 74.1 | | Agreement No. 3400150100397 2 dd 04/04/2015 | | Gazprom Mezhregiongaz Volgograd, LLC | from 04/01/2015 | | | | yes |
| 51 | Area for placing a container at a metal tower, located at: Volgograd Region, Petrov Val, Substation 220, bldg 8 | | 11 | | Agreement No. 130 dd 07/11/2007 | | T2 Mobile LLC | from 09/01/2014 | | | yes | |
| 52 | Premises for canteen at cultural and sports center, Volgograd region, Mikhaylovka, Lenin St, 205 B | | 224.7 | | Agreement No. 3400160100899 5 dd 08/24/2016 | | Dyukova I. A., Sole Ent. | from 08/24/2016 to 07/23/2017 | | | yes | |
| Kalmenergo, a branch of IDGC of the South, PJSC | | | | | | | | | | | | |
| 53 | Non-residential premises, Type (group) of fixed asset: buildings:  1) Ketchenerovski Distribution Zone;  2) Yashkulski Distribution Zone;  3) Priotnerski Distribution Zone;  4) Gorodovikovskie electric generating stations;  5) Sarpinskiye enterprise of electric grids  6) Elista (parking lots for cars, parking houses);  Movable property  1) Type (group) of fixed asset: machines and equipment:  refrigerator, fax, call center, etc. (total units: 12)  2) Type (group) of fixed asset: production and household equipment:  safe, office wall cabinet, etc. (total units: 10) | | 72.26  57.3  66.5  79.9  157.4  172 | | Lease relationship continues. | | Kalmenergosbyt, JSC | Lease contract No. 230 dd 01/01/2012 Validity term from 01/01/2012 to 11/01/2012  Additional agreement No. 08001501001432 dd 06/01/2015 | | | yes | |
| Rostovenergo, IDGC of the South, PJSC, branch | | | | | | | | | | | | |
| 54 | Land plot at: 18D, Volkova St, Rostov-on-Don | | 2124 | | 61201501000037 dd 12/30/2014 | | Vavilon LLC | 30.12.2014  30.12.2063 | | Renewal is not stipulated | | |
| 55 | Non-residential premises located at the territory of Rostovenergo Production Association (Central Electric Grids, Eastern Electric Grids, Northern Electric Grids, South-Western Electric Grids). List of the premises is indicated in Appendix 1 to the Contract | | 120.6 | | 194/01/12/155505 /25/12 dd 03/01/2012 | | TNS Energo Rostov-on-Don, PJSC | 01.03.2012-  01.02.2013 | | Renewal is stipulated | | |
| 56 | Parts of non-residential premises No. 19, No. 21- 22-23-24-25, No. 10-13-14, No. 10, No. 45, located on 1st and 2nd floors and in the basement of the building of "Energetik" cultural center at: 48, Semashko Side-street, Rostov-on-Don Parts of the premises are provided for dance lessons in accordance with schedule. | | 238.6 | | 136732/25/11 dd 10/12/2011 | | Radchenko V. M. | 12.10.2011  12.09.2012 | | Renewal is stipulated | | |
| 57 | Non-residential premises, Rooms No. 10- 13 - 14, located at 2nd Floor of Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for dance lessons in accordance with schedule. | | 54.3 | | 61200130000588 dd 06/26/2013 | | Bardian S. V. | 26.06.2013-  26.05.2014 | | Renewal is stipulated | | |
| 58 | Non-residential premises, Room No. 43 with the area of 17.9 m², located at Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for the performance of the counterparty's primary activity specified in the Charter. | | 36.6 | | 163130/25/12 dd 07/01/2012 | | Uspekh Plus, LLC | 01.07.2012  01.06.2013 | | Renewal is stipulated | | |
| 59 | Non-residential premises, Room No. 19, located at basement of Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for dance lessons in accordance with schedule. | | 78.7 | | 141058/25/11 dd 11/01/2011 | | Krivosheina M. S.,  Sole Ent. | 01.11.2011  01.10.2012 | | Renewal is stipulated | | |
| 60 | Part of non-residential premises, Rooms No. 10- 11, located at 1st Floor of Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for English lessons in accordance with schedule. | | 34.1 | | 111260/11 dd 02/03/2011 | | Ankudiniova N. V. | 01.01.2011 - 30.11.2011 | | Renewal is not stipulated | | |
| 61 | Non-residential premises, located at: Rostov-on-Don, B. Sadovaya St, 49, on the 1st floor, to install ATM | | 12.12 | | 68895/08 dd 12/12/2008. | | Commercial Bank “Center-invest”, PJSC | 01.01.2009-  30.11.2009 | | Non-limited renewal | | |
| 62 | Non-residential premises, rooms No. No. 2- 15-16-17-18-19-20-22-23-24-25-26-27- 28-29-30-33-35-36-37-39-40-41-42-43- 44-45, 46-47-48-49-50, No. 21, No. 32, No. 38, No, 12B, located at 1st floor of non-residential building A located at: No. 1476, Krasnodarskaya St, Rostov-on-Don | | 544.1 | | 61201401000512  dd 01/31/2014. | | Don-Restaurant-Service, LLC | 15 years from the date of signing the agreement | | Renewal is lacking | | |
| 63 | Appartment. Area: total area: 83 m² Floor: 3 Bldg: Agricultural Enterprise,  Rostov-on-Don, Kirovsky district, Krepostnoy Side Street, Bldg 35, apt. 1. | | 83.0 | | 295 dd 01/05/2004 158918/25/12 dd 06/08/2012 | | Lapteva A. V. Nichayev A. Agricultural Enterprise, | Had not been determined within 5 year from the moment of signing the agreement | | Renewal is not stipulated, management and use of the property, as well as payment for the rent of residential facilities and utility bills are carried out by relevant natural person. The residents were sent the proposals on the purchase of the apartments in which they reside in accordance with the internal regulatory acts of the Company. | | |
| 64 | 31/100 share of ownership of the apartment. Area: total area: 68,5 m² Floor: 3. Bldg: Agricultural Enterprise,  Rostov-on-Don, Kirovsky district, Krepostnoy Side Street, Bldg 35, apt. 2. | | 68.5 | | 296 dd 01/05/2004 | | Starchenko N. Yu. | Not identified | | Renewal is not stipulated, management and use of the property, as well as payment for the rent of residential facilities and utility bills are carried out by relevant natural person. The residents were sent the proposals on the purchase of the apartments in which they reside in accordance with the internal regulatory acts of the Company. | | |
| Central Electric Grids | | | | | | | | | | | | |
| 65 | Non-residential premises with the area of 15 m², located at tower at the height of 50 m above ground level at:  54, Narodnaya St, Novocherkassk | | 15.0 | | 63635/9/08/ AR- 12-N/97 dd 10/28/1997. | | Rostov Cellular Communication, CJSC | 28.10.1997 - 31.12.2012 | | For an indefinite period, in case of the absence of the refusal of the parties | | |
| North-Western Electric Grids | | | | | | | | | | | | |
| 66 | Non-residential premises with the area of 46.9 m², located at: Kamensk-Shakhtinsky, 26, Geroyev Pionerov St, used for the catering of the employees of Solar Vacuum Power Plant of Rostovenergo, Production Association | | 46.9 | | 135392/25/11 dd 09/27/2011 | | Galaktioniv G. K.. Sole Ent. | 09/27/2011 -  27.07.2012 | | Unlimited renewal | | |
| 67 | Part of premises of the total area of 39.1 m², located at:  Serviceman's station at Chebotovskaya Substation. Area: total area: 100.7 m² Asset number: 5722. Bldg: Agricultural Enterprise, Number of floors: 1st  Rostov Oblast, Tarasovskiy District, Chebotovka, Central, Bldg 3. | | 39.1 | | - | | Since 1978, Baidakova N. I. a pensioner, resides at this address. | In accordance with the Register of non-core assets, approved by the Board of Directors on October 29, 2010, "Sale" strategy was approved for this part of the object with the area of 39.1 m². | | | | |
| 68 | Premises of the area of 48.7 m², located at:  Building of serviceman's station at Alifanovskaya Substation. Area: total area: 115,9 m² Asset number: 8/580. Bldg: A, a, al. Number of floors: 1. Rostov Oblast, Tatsinskiy District, Alifanov, Lenin St, 12 | | 48.7 | | - | | From 1980 the family of pensioner N. Bezrodnoy resides at this address. | In accordance with the Register of non-core assets, approved by the Board of Directors on October 29, 2010, "Sale" strategy was approved for this part of the object with the area of 48,7 m². | | | | |
| 69 | Serviceman's station. Area: total area: 105,3 m² Asset number: 5102. Bldg: А, а, а1. Number of floors: 1. 13, Vostochnaya St, Kashtanovski settlement, Oblivski District, Rostov Oblast. | | 105.3 | | - | | From 1990 the family of an electrician Tkachenko N. V., consisting of 4 people resides at this address. | In accordance with the Register of non-core assets, approved by the Board of Directors on October 29, 2010, "Sale" strategy was approved for the whole object. | | | | |
| 70 | Premises of the total area of 122 m², located at:  Serviceman's station. Area: total area: 144 m² Asset number: 5102. Bldg: А, а, а1. Number of floors: 1.  6, Dachnaya St, Sosnovy settlement, Oblivskiy District, Rostov Oblast. | | 122.0 | | - | | From 1981 the family of an electrician Motorkin F. A. resided at this address. | In accordance with the Register of non-core assets, approved by the Board of Directors on April 09, 2009, "Sale" strategy was approved for the whole object (144 m²). | | | | |
| Southern electric Grids | | | | | | | | | | | | |
| 71 | Residence house, 24 a, Cooperative St, Azov. | | 54.1 | | 171763/12/12 dd 12/13/2012 | | Peshkov A. I., an employee of Rostovenergo Southern electric Grids, Production Association | Exeeding on 12/13/2017 | | P. 1.3. Renewal is stipulated for the same term, if one of the parties will not inform about the termination of agreement 3 months before the expiration of the agreement term | | |
| 72 | Residence house, 24 a, Cooperative St, Azov. | | 54.5 | | 171764/12/12/612 00000027627 dd 07/25/2013 | | Anferov A. V., an employee of Rostovenergo Southern electric Grids, Production Association | Exeeding on 07/25/2018 | | P. 1.3. Renewal is stipulated for the same term, if one of the parties will not inform about the termination of agreement 3 months before the expiration of the agreement term | | |
| Eastern Electric Grids | | | | | | | | | | | | |
| 73 | Part of the non-residential premises, with an area of 3 m², located at: 22, Grishina St, Tsimlyansk | | 3 | | 2-Ts/55079/07 dd 12/29/2006 | | Commercial Bank “Center-invest”, PJSC | 12/29/2006 -  31.10.2007. | | Unlimited renewal | | |
| 74 | Non-residential premises No. 1 with an area of 2.3 m²; No. 2 with an area of 18.3 m²; No. 6 with an area of 48.1 m², and a total area of 68.7 m²; located at: 39, Sovetskaya St, Progress settlement, Volgodonski District | | 68.7 | | 389/08/64660/08 dd 01/01/2008 | | Southern Telecommunications Company, PJSC | 01.01.2008,-  30.11.2008. | | Unlimited renewal | | |
| 75 | Non-residential premises No. 2 with an area of 10.7 m²; No. 3 with an area of 21.6 m² and a total area of 68.7 m²; located at: | | 32.2 | | 109440/11/10 dd 12/01/2010 | | Cherednyakova Sole Ent. | 01.12.2010 - 31.10.2011 | | Unlimited renewal | | |
|  | located at: 22, Grishina St, Tsimlyansk, Rostov Oblast | |  | |  | |  |  | |  | | |
| 76 | Premises of a total area of 31.9 m²; located at: 22, Grishina St, Apt 13, Tsimlyansk, Rostov Oblast | | 31.9 | | 0-11/73619 dd 04/01/2006 | | Mengel V. T. | 04/01/2006 -  04/30/2007 | | Unlimited renewal | | |
| 77 | Premises of a total area of 22,9 m²; located at: 22, Grishina St, Apt 3, Tsimlyansk, Rostov Oblast | | 22.9 | | 0-10/73618 dd 04/01/2006. | | Turichenko A. A. | 04/01/2006 -  04/30/2007 | | Unlimited renewal | | |
| 78 | Premises of a total area of 30,3 m²; located at: 22, Grishina St, room 6, Tsimlyansk, Rostov Oblast | | 30.3 | | 0-6/73613 dd 04/01/2006 | | Shlyakhtin O. N. | 04/01/2006 -  04/30/2007 | | Unlimited renewal | | |
| 79 | Premises of a total area of 30,5 m²; located at: 22, Grishina St, Room 10, Tsimlyansk, Rostov Oblast | | 30.5 | | 0-3/73611 dd 04/01/2006 | | Bezverkhova M. A. | 04/01/2006 -  04/30/2007 | | Unlimited renewal | | |
| 80 | Premises of a total area of 31,5 m²; located at: 22, Grishina St, Room 8, Tsimlyansk, Rostov Oblast | | 31.5 | | 0-2/73610 dd 04/01/2006 | | Kalmykov S. I. | 04/01/2006 -  04/30/2007 | | Unlimited renewal | | |
| 81 | Premises of a total area of 37,0 m²; located at: 22, Grishina St, Room 17, Tsimlyansk, Rostov Oblast | | 37.0 | | 0-9/73616 dd 05/05/2006. | | Ladygin S. V. | 05/05/2006 -  05/31/2007 | | Unlimited renewal | | |
| 82 | Premises of a total area of 23,0 m²; located at: 22, Grishina St, Room 7, Tsimlyansk, Rostov Oblast | | 23.0 | | 0-1/73576 dd 04/01/2006 | | Veresova Ye. G. | 04/01/2006 -  04/30/2007 | | Terminated on 10/01/2015 | | |
| 83 | Premises No. 4 with an area of 16.5 m²; No. 3 with an area of 12.5 m²; No. 5 with an area of 3.4 m²; No. 6 with an area of 1.5 m², and a total area of 33.9 m²; located at the 2nd floor of the maintenance building at: 22, Grishina St, Tsimlyansk, Rostov Oblast | | 33.9 | | 612014010009452 dd 07/01/2014 | | Ulyanov N. S. | 07/01/2014 -  31.05.2015 | | Unlimited renewal | | |
| 84 | Premises No. 7 with an area of 1.8 m²; No. 8 with an area of 3.9 m²; No. 10 with an area of 9.1 m²; No. 11 with an area of 10.7 m², and a total area of 25.5 m²; located at the 3rd floor of the maintenance building at: 22, Grishina St, Tsimlyansk, Rostov Oblast | | 22.5 | | 61201401009458 dd 07/01/2014 | | Kustovski  S. A. | 07/01/2014 -  31.05.2015 | | Unlimited renewal | | |
| Solar Electric Generating Station | | | | | | | | | | | | |
| 85 | Premises of a total area of 11.8 m²; located at: 34, Artilleriyskaya St, Millerovo, Rostov Oblast, Russia | | 11.8 | | 61201401004283 dd 05/06/2014 | | LLC  Insurance  Company  Soglasiye | 01.06.2014-  30.04.2015 | | Renewal is not stipulated | | |
| 86 | Premises of a total area of 49,67 m²; located at: 34, Artilleriyskaya St, Millerovo, Rostov Oblast, Russia | | 49.67 | | 61201401002103 dd 03/27/2014 | | Sole Ent.  Ilminskaya T. N. | 11.03.2014- 11.02.2015 | | Renewal is not stipulated | | |
| 87 | Premises of a total area of 49,67 m²; located at: 34, Artilleriyskaya St, Millerovo, Rostov Oblast, Russia | | 49.67 | | 61201501006574 dd 06/19/2015 | | Shcerbakova L. N., Sole Ent. | 08.06.2015-  07.05.2016 | | Renewal is not stipulated | | |
| South-Western Electric Grids | | | | | | | | | | | | |
| 88 | Building of canteen, located at: 144. Dzerzhinskogo St. Taganrog | | 179.6 | | 142617 dd 09/12/2011 | | Salen LLC | 09.12.2011-  09.11.2012 | | Renewal  stipulated  as of | | |
| 89 | Administrative building of Repair and Rental Center-3 type, South-Western Electric Grids, Production Association, bldg A, Taganrog, Dzerzhinsky St, 144 (ATM) | | 8 | | 142874 dd 07/01/2011 | | Commercial Bank  Center-  Invest, PJSC | 07/01/2011 -  01.06.2012 | | Renewal is stipulated | | |
| 90 | Building of gatehouse, located at: 144. Dzerzhinskogo St. Taganrog | | 24.8 | | 142874 dd 07/01/2011 | | Commercial Bank  Center-  Invest, PJSC | 07/01/2011 -  01.06.2012 | | Renewal is stipulated | | |
| Fixed assets transferred to operational management | | | | | | | | | | | | |
| No.  sub-cl | | Brief description of property | | | | Bases for the origin of encumbrance | | | Term (start and end dates) of the encumbrance | | | |
| Name | | Area, m² | |
| 1st | | The building of the production base of training and course center, building 65, located at: Astrakhan Oblast, Privolzhsky district, industrial hub at thermal plant-2 for the amount of 12,052,190.08 RUB. | | 1158.5 m² | | Source document Decision of the Board of Directors of Astrakhanenergo, OJSC dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo, JSC in Astrakhan Training Center, Non-Governmental Non-Profit Educational Institution, on the transfer of property under operational management), Agreement on the Operational Management Property No. 01-25-24/37 dated January 5, 2004, additional agreement No. 1 dd 03/24/2008 to Contract No. 01-25- 24/37 dd 01/05/2004, Certificate of State Registration of Right 30 SR No. 009108 dated May 12, 2004. | | | 05/12/2004  Not limited | | | |
| 2nd | | Movable assets in the amount of 100 units for the amount of 36,500.47 RUB. | |  | | Source document Decision of the Board of Directors of Astrakhanenergo, OJSC dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo, JSC in Astrakhan Training Center, Non-Governmental Non-Profit Educational Institution, on the transfer of property under operational management), Agreement on the Operational Management Property No. 01-25-24/35 dated January 5, 2004, additional agreement dd 12/20/2006 to Contract No. 01-25- 24/35 dd 01/05/2004, additional agreement No. 2 dd 03/24/2008 to Contract No. 01-25- 24/35 dd 01/05/2004. | | | 01/05/2004  Not limited | | | |
| 3 | | Movable assets in the amount of 4 units for the amount of 12,988.10 RUB. | |  | | Source document Decision of the Board of Directors of Astrakhanenergo, OJSC dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo, JSC in Astrakhan Training Center, Non-Governmental Non-Profit Educational Institution, on the transfer of property under operational management), Agreement on the Operational Management of Property No. 01-11/03-D117-1P dated June 29, 2004, additional agreement No. 3 dd 03/24/2008 to Contract No. 01-11/OE-D117-1P dd 06/29/2004. | | | 06/29/2004  Not limited | | | |
| 4 | | Movable assets in the amount of 2 units for the amount of 21,310.43 RUB. | |  | | Source document Decision of the Board of Directors of Astrakhanenergo, OJSC dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo, JSC in Astrakhan Training Center, Non-Governmental Non-Profit Educational Institution, on the transfer of property under operational management), Agreement on the Operational Management of Property No. 01-11/03-D117-1P dated August 13, 2004, additional agreement No. 4 dd 03/24/2008 to Contract No. 01-11/OZ-D117-1P dd 08/13/2004. | | | 08/13/2004  Not limited | | | |
| 5 | | Part of the basement premises, the 1st and 2nd floors of the immovable property object, Building, purpose: non-residential. Area: total area: 7001 m² Asset number of the building: 22069. Cadastral number of the building: 61:44:0072704:3706. Bldg A. Number of floors: 5. Number of underground floors: 1. Address (location): Russia, Rostov Oblast, Rostov-on-Don, Sovetskiy district, 2nd Krasnodar St, Bldg No. 147 | | 2894.6 | | Source document Extract from the minutes of the meeting of the Management Board of IDGC of the South, PJSC No. 164 dated August 28, 2015, Certificate of acceptance and transfer of part of non-residential building dd 09/01/2015. | | | From 09/01/2015, without term limit | | | |
| 6 | | Bldg A, address (location): Rostov Oblast, Rostov-on-Don, Sovetskiy District, 2nd Krasnodaraya St, 147/2 | | 4789.1 | | Source document Decision of the Board of Directors of JSC Rostovenergo on April 26, 2004, Minutes No. 22 (on the issue of Agenda No. 14 "On Assignment of Property to the Non-State Non-Profit Educational Institution" Training Center "Energetik" on the right of operational management). Certificate of State Registration of Right 61 AG No. 981623 dated August 26, 2008. | | | From 08/26/2008, without term limit | | | |
| 7 | | Movable assets in the amount of 9,203 units for the amount of 2,046,570.69 RUB. | | - | | Source document Decision of the Board of Directors of JSC Rostovenergo on April 26, 2004, Minutes No. 22 (on the issue of Agenda No. 14 "On Assignment of Property to the Non-State Non-Profit Educational Institution" Training Center "Energetik" on the right of operational management). | | | From 07/01/2004, without term limit | | | |

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| ***Information on the encumbrance of fixed assets of IDGC of the South, PJSC as of March 31, 2017.*** | | | | | | | | | |
| Fixed assets let on lease | | | | | | | | | |
| No.  item number | Brief description of property | | | Basis for the encumbrance (number and date of the lease agreement) | | Lessee | Term (start and end dates) of the encumbrance | | |
| Name and address | Area, m² | | Initial lease term under the contract | | Presence of extension in the contract |
| 1st | 2nd | 3 | | 4 | | 5 | 6 | | 7 |
| Astrakhanenergo, a branch of IDGC of the South, PJSC | | | | | | | | | |
| 1st | Non-residential premises (Ikryaninsky Distribution Zone Substation Zhitnoye, village Zhitnoe) | 6.0 | | No. 080-14-72 dd 12/30/2014 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 2nd | Non-residential premises (Ikryaninsky Distribution Zone Substation Ikryanoye, Chapayev St, village Ikryanoye) | 6.0 | | No. 080-14-73 dd 11/23/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 3 | Non-residential premises (Astrakhan oblast, Privolzhski region, Energetikov Highway, 1, Repair and Rental Center-2, bld А) | 6.5 | | No. 080-14-80 dd 12/11/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 4 | Place for the placing a container with equipment at Sovetskaya Substation | 140.0 | | No. 080-14-43 dd 12/31/2014, add. agreem. No. 4 dd 12/23/2016 | | MegaFon, PJSC | from 12/31/2014 to 12/29/2015, from 12/25/2016and is actual before 12/20/2017 | | no |
| 5 | Place for placing the container and place at a metal lighting tower for the placement of antenna feeder devices (Volodarsky Distribution Zone, Astrakhan Oblast, Volodarsky District, 39, Michurin St) | 10.81 | | No. 080-14-78 dd 11/27/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 6 | Place for placing the container and a place at the reinforced concrete support for the installation of antenna feeder devices (Ikryaninsky Distribution Zone), Ilinka settlement, 132, Zarechnaya St | 2.3х3.5 | | No. 080-14-74 dd 12/27/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 7 | Non-residential premises  1, B. Khmelnitskogo St, Astrakhan  Tsarevskaya Substation, Bldg S, substation control building | 15.85 | | No. 080-14-76 dd 11/27/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 8 | Place for the placing a container with equipment (Pervomayskaya Substation) | 10.4 | | 080-14-75 dd 11/27/2015 | | MegaFon, PJSC | from 12/29/2015 to 12/24/2016 | | yes |
| 9 | Place (part of the land plot) for the placement and operation of the equipment of cellular communication base station in Astrakhan, Sovetskiy district, 89, 1st Kotelnaya St, Substation 110/6 kV Sudostritelnaya | 40.5 | | 080-14-79 dd 09/12/2015 | | MegaFon, PJSC | from 12/31/2015 to 12/24/2016 | | yes |
| 10 | Non-residential premises, Enotayevsky Distribution Zone, village Zamyany, 33, Sadovaya St | 3.2 | | No. 080-14-64 dd 11/12/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | yes |
| 11 | Non-residential premises (Akhtubinski Distribution Zone, Akhtyubisk, St I. Franko, 18) | 26.1 | | No. 080-14-63 dd 11/12/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | yes |
| 12 | Place for placing the container and a place at the reinforced concrete tower for the installation of antenna feeder devices (Ikryaninsky Distribution Zone), Ikryanoye Village, 46, Chapayev St | 7.0 | | No. 080-14-71 dd 11/20/2015 | | JSC "National Tower Company" | from 12/26/2015 to 12/24/2016 | | yes |
| 13 | Place to install antenna feeder devises.  Oktyabrskaya Substation, 3 Gorny Side Street, Trusovski District, Astrakhan | 6.0 | | No. 080-14-66 dd 11/13/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | yes |
| 14 | Non-residential premises, Astrakhan  highway Energetikov, 1, Repair and Rental Center-2, part of premises 48 | 6.0 | | No. 080-14-68 dd 11/20/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | yes |
| 15 | OPlace for the installation of equipment and place at antenna tower construction (Neftebaza Substation) | 15.0 | | No. 080-14-67 dd 11/20/2015 | | JSC "National Tower Company" | from 12/26/2015 to 12/24/2016 | | yes |
| 16 | Place (a part of land plot) for the installation of equipment at: Sovetskaya Substation, Akhtubinski Region, Astrakhan Oblast | 20.0 | | No. 080-14-69 dd 11/20/2015 | | JSC "National Tower Company" | from 12/26/2015 to 12/24/2016 | | yes |
| 17 | Place (a part of land plot) for the installation of equipment at: 89, 1st Kotelnaya St, Astrakhan | 15.0 | | No. 080-14-70 dd 11/20/2015 | | VimpelCom, PJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 18 | A part of land plot located at: 204, Kramatorskaya St, Astrakhan | 9.2 | | No. 080-14-65 dd 11/12/2015 | | VimpelCom, PJSC | from 12/26/2015 to 12/24/2016 | | yes |
| 19 | Non-residential premises (Akhtubinski Distribution Zone, Akhtyubisk, St I. Franko, 18, administrative building, room 8) | 10.1 | | No. 080-14-83 dd 12/14/2015 | | Mobile TeleSystems, PJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 20 | Non-residential premises, Astrakhan  highway Energetikov, 1, Repair and Rental Center-2, premises 71 | 6.0 | | No. 080-14-81 dd 14/12/2015 | | Mobile TeleSystems, PJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 21 | Place for placing communication equipment (reinforced-concrete support SK-26 and container with the equipment for cellular base stations) Astrakhan, Sovetskiy district, 1st Kotelnaya St, 89 | 32.0 | | No. 080-14-82 dd 12/14/2015 | | Mobile TeleSystems, PJSC | from 12/31/2015 to 12/24/2016 | | yes |
| 22 | A part of land plot located at: 204, Kramatorskaya St, Astrakhan | 15.2 | | No. 080-14-84 dd 12/14/2015 | | Mobile TeleSystems, PJSC | from 12/30/2015 to 12/24/2016 | | yes |
| 23 | Place for the installation of equipment and place at antenna tower construction ( 89, 1st Kotelnaya St, Astrakhan) | 4.5 | | No. 080-14-84 dd 12/21/2015 | | Osnova TeleCom JSC | from 12/30/2015 to 12/24/2016 | | yes |
| 24 | Place for the installation of equipment and place at antenna tower construction ( 189, Staroverova St, Astrakhan) | 4.5 | | No. 080-14-86 dd 12/21/2015 | | Osnova TeleCom JSC | from 12/30/2015 to 12/24/2016 | | yes |
| 25 | Place for the installation of equipment and place at antenna tower construction ( 1, B. Khmelnitskogo St, Astrakhan) | 3.0 | | No. 080-14-89 dd 12/21/2015 | | Osnova TeleCom JSC | from 12/26/2015 to 12/24/2016 | | yes |
| 26 | Part of non-residential premises No. with the area of 44.0 m², located at: Astrakhan Oblast, Privolzhski Region, Kulakovski Industrial Hub, 1, Energetikov Highway | 1.0 | | No. 080-14-87 dd 12/21/2015 | | Osnova TeleCom JSC | from 12/30/2015 to 12/24/2016 | | yes |
| 27 | A place for placing a closed container (0.4 x 0.6 m) with telecommunication equipment for basic cellular radiotelephone communication inside and place at an antenna tower construction for the installation of a three-section antenna in Astrakhan, Trusovsky District, Lane  Gorny, 3 | 1.0 | | No. 080-14-90 dd 12/21/2015 | | Osnova TeleCom JSC | from 12/30/2015 to 12/24/2016 | | yes |
| 28 | Non-residential premises ( 75/69, Sun-Yat-Sen / Kulikov St, Astrakhan) | 11.9 | | No. 080-14-92 dd 12/29/2015 | | Real Medical Service LLC | from 12/30/2015 to 12/24/2016 | | yes |
| 29 | Non-residential premises, AstrakhanEnergo PJSC, highway Entergetikov, 1, utility room No. 1 | 189.1 | | No. 080-14-91 dd 12/25/2015 | | Mikhaylova, Aleksandra Vladimirovna (self-employed individual) | from 12/30/2015 to 12/24/2016 | | yes |
| Volgogradenergo, a branch of IDGC of the South, PJSC | | | | | | | | | |
| 30 | Administrative building (canteen) at: 1, Lenin Ave, Volgograd | 133.5 | | Agreement  No. 7/34001701002 663 dd 02/24/2017 | | Lotos LLC | from 02/24/2017 | | Yes |
| 31 | Administrative building (canteen) at: 1, Lenin Ave, Volgograd | 133.5 | | Agreement  No. 3470112310 dd 12/30/2011 | | Richetta LLC | from 01/16/2012 to 02/22/2017 | | agreement was cancelled on 02/22/2017 |
| 32 | Administrative building (room) at: 15, Lenin Ave, Volgograd | 6.4 | | Agreement dd 03/25/2016 No. 34001601003273 | | Airport-Service Air Service Agency, LLC | from 03/01/2016 | | Yes |
| 33 | Administrative building (room No. 202) at: 15, Lenin Ave, Volgograd | 8.6 | | Agreement  No. 3400160100518 6 dd 05/16/2016 | | Private security company "Cobalt-C" LLC | from 05/01/2016 | | yes |
| 34 | Administrative building (hall) at: 15, Lenin Ave, Volgograd | 1st | | Agreement  No. 3400170100335 0 dd 03/15/2017 | | Gazprombank JSC | 03/01/2017 | | yes |
| 35 | Administrative building (attic) at: 15, Lenin Ave, Volgograd | 5.2 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | yes |
| 36 | Radio engineering tower at: 139, Lenin Ave, , Uryupinsk, Volgograd Oblast | 11.0 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | yes |
| 37 | Radio engineering tower at: Archedinskaya Substation, Archedinskaya settlement, Mikhaylovka, Volgograd Oblast | 18.5 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | yes |
| 38 | Radio engineering tower at: Kotluban Substation, Samofalovka settlement, Volgograd Oblast | 18.5 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | yes |
| 39 | Radio engineering tower at: Zolotari Substation,  Pallasovski Region, Volgograd Oblast | 18.0 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | yes |
| 40 | Radio engineering tower at: Maksim Gorki Substation, Gorkovski settlement, Volgograd | 18.0 | | Agreement No. 877 dd 10/16/2006 | | T2 Mobile LLC | from 10/01/2006 | | yes |
| 41 | Part of non-residence premises ar administrative building (Bldg A) at: 52, 13-a Gvardeyskaya St, Nikolayevsk | 74.1 | | Agreement  No. 3400150100397 2 dd 01/04/2015 | | Gazprom Mezhregiongaz Volgograd, LLC | from 04/01/2015 | | yes |
| 42 | Area for placing a container  at a metal tower, located at: Volgograd Region, Petrov Val, Substation 220, bldg 8 | 11 | | Agreement No. 130 dd 07/11/2007 | | T2 Mobile LLC | from 09/01/2014 | | yes |
| 43 | Premises for canteen at cultural and sports center, Volgograd region, Mikhaylovka, Lenin St, 205 B | 224.7 | | Agreement  No. 3400160100899 5 dd 08/24/2016 | | Dyukova I. A., Sole Ent. | from 08/24/2016 to 07/23/2017 | | yes |
| Kalmenergo, a branch of IDGC of the South, PJSC | | | | | | | | | |
| 44 | Non-residential premises, Type (group) of fixed asset: buildings:  1) Ketchenerovski Distribution Zone;  2) Yashkulski Distribution Zone;  3) Priotnerski Distribution Zone;  4) Gorodovikovskie electric generating stations;  5) Sarpinskiye enterprise of electric grids  6) Elista (parking lots for cars, parking houses);  Movable property  1) Type (group) of fixed asset: machines and equipment:  refrigerator, fax, call center, etc. (total units: 12)  2) Type (group) of fixed asset: production and household equipment:  safe, office wall cabinet, etc. (total units: 10) | 72.26  57.3  66.5  79.9  157.4  172 | | Lease relationship continues. | | Kalmenergosbyt, PJSC | Lease contract No. 230 dd 01/01/2012 Validity term from 01/01/2012 to 11/01/2012  Additional agreement No. 08001501001432 dd 06/01/2015 | | yes |
| Rostovenergo, IDGC of the South, PJSC, branch | | | | | | | | | |
| 45 | Land plot at: 18D, Volkova St, Rostov-on-Don | 2124 | | 61201501000037 dd 12/30/2014 | | Vavilon LLC | 30.12.2014-  30.12.2063 | | Renewal is not stipulated |
| 46 | Non-residential premises located at the territory of Rostovenergo Production Association (Central Electric Grids, Eastern Electric Grids, Northern Electric Grids, South-Western Electric Grids). List of the premises is indicated in Appendix 1 to the Contract | 120.6 | | 194/01/12/155505 /25/12 dd 03/01/2012 | | TNS Energo Rostov-on-Don, PJSC | 01.03.2012-  01.02.2013 | | Renewal is stipulated |
| 47 | Parts of non-residential premises No. 19, No. 21- 22-23-24-25, No. 10-13-14, No. 10, No. 45, located on 1st and 2nd floors and in the basement of the building of "Energetik" cultural center at: 48, Semashko Side-street, Rostov-on-Don Parts of the premises are provided for dance lessons in accordance with schedule. | 238.6 | | 136732/25/11 dd 10/12/2011 | | Radchenko V. M. | 12.10.2011-  12.09.2012 | | Renewal is stipulated |
| 48 | Non-residential premises, Rooms No. 10- 13 - 14, located at 2nd Floor of Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for dance lessons in accordance with schedule. | 54.3 | | 61200130000588 dd 06/26/2013 | | Bardian S. V. | 26.06.2013-  26.05.2014 | | Renewal  was stipulated |
| 49 | Non-residential premises, Room No. 43 with the area of 17.9 m², located at Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for the performance of the counterparty's primary activity specified in the Charter. | 36.6 | | 163130/25/12 dd 07/01/2012 | | Uspekh Plus, LLC | 01.07.2012-  01.06.2013 | | Renewal is stipulated |
| 50 | Non-residential premises, Room No. 19, located at basement of Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for dance lessons in accordance with schedule. | 78.7 | | 141058/25/11 dd 11/01/2011 | | Sole Ent.  Krivosheina  M. S. | 01.11.2011-  01.10.2012 | | Renewal  was stipulated |
| 51 | Part of non-residential premises, Rooms No. 10- 11, located at 1st Floor of Energetik Cultural Center at: 48, Semashko Side-street, Rostov-on-Don. Premises are provided for English lessons in accordance with schedule. | 34.1 | | 111260/11 dd 02/03/2011 | | Ankudiniova N. V. | 01.01.2011 - 30.11.2011 | | Renewal is not stipulated |
| 52 | Non-residential premises, located at: Rostov-on-Don, B. Sadovaya St, 49, on the 1st floor, to install ATM | 12.12 | | 68895/08 dd 12/12/2008. | | Commercial Bank “Center-invest”, PJSC | 01.01.2009-  30.11.2009 | | Non-limited renewal |
| 53 | Non-residential premises, rooms No. No. 2- 15-16-17-18-19-20-22-23-24-25-26-27- 28-29-30-33-35-36-37-39-40-41-42-43- 44-45, 46-47-48-49-50, No. 21, No. 32, No. 38, No, 12B, located at 1st floor of non-residential building A located at: No. 1476, Krasnodarskaya St, Rostov-on-Don | 544.1 | | 61201501000037 dd 01/30/2014 | | Don-Restaurant-Service, LLC | 15 years from the date of signing the agreement | | Renewal is lacking |
| 54 | Appartment. Area: total area: 83 m² Floor: 3 Bldg: Agricultural Enterprise,  Rostov-on-Don, Kirovsky district, Krepostnoy Side Street, Bldg 35, apt. 1. | 83.0 | | 295 dd 01/05/2004 158918/25/12 dd 06/08/2012 | | Lapteva A. V. Nichayev A. A. | Not identified  5 years from the date of signing the agreement | | Renewal is not stipulated. Management and use of the property, as well as payment for the rent of residential facilities and utility bills are carried out by relevant natural person. The residents were sent the proposals on the purchase of the apartments in which they reside in accordance with the internal regulatory acts of the Company. |
| 55 | 31/100 share of ownership of the apartment. Area: total area: 68,5 m² Floor: 3. Bldg: Agricultural Enterprise,  Rostov-on-Don, Kirovsky district, Krepostnoy Side Street, Bldg 35, apt. 2. | 68.5 | | 296 dd 01/05/2004 | | Starchenko N. Yu. | Not identified | | Renewal is not stipulated.  Management and use of the property, as well as payment for the rent of residential facilities and utility bills are carried out by relevant natural person. The residents were sent the proposals on the purchase of the apartments in which they reside in accordance with the internal regulatory acts of the Company. |
| Central Electric Grids | | | | | | | | | |
| 56 | Non-residential premises with the area of 15 m², located at tower at the height of 50 m above ground level at:  54, Narodnaya St, Novocherkassk | 15.0 | | 63635/9/08/ AR- 12-N/97 dd 10/28/1997. | | Rostov Cellular Communication, CJSC | 28.10.1997 - 31.12.2012 | | For an indefinite period, in case of the absence of the refusal of the parties |
| North-Western Electric Grids | | | | | | | | | |
| 57 | Non-residential premises with the area of 46.9 m², located at: Kamensk-Shakhtinsky, 26, Geroyev Pionerov St, used for the catering of the employees of Solar Vacuum Power Plant of Rostovenergo, Production Association | 46.9 | | 135392/25/11 dd 09/27/2011 | | Galaktionov G. K., Sole Ent. | 09/27/2011-  27.07.2012 | | Unlimited renewal |
| 58 | Part of premises of the total area of 39.1 m², located at: | 39.1 | | - | | Baydakova N. I. resides | In accordance with the Register of non-core assets, approved by the Board | | |
|  | Serviceman's station at Chebotovskaya Substation. Area: total area: 100.7 m² Asset number: 5722. Bldg: Agricultural Enterprise, Number of floors: 1st  Rostov Oblast, Tarasovskiy District, Chebotovka, Central, Bldg 3. |  | |  | | from 1978, a pensioner. | Directors on October 29, 2010, "Sale" strategy was approved for this part of the object with the area of 39.1 m². | | |
| 59 | Premises of the area of 48.7 m², located at:  Building of serviceman's station at Alifanovskaya Substation. Area: total area: 115,9 m² Asset number: 8/580. Bldg: A, a, al. Number of floors: 1. Rostov Oblast, Tatsinskiy District, Alifanov, Lenin St, 12 | 48.7 | | - | | From 1980 the family of pensioner N. Bezrodnoy resides at this address. | In accordance with the Register of non-core assets, approved by the Board of Directors on October 29, 2010, "Sale" strategy was approved for this part of the object with the area of 48,7 m². | | |
| 60 | Serviceman's station. Area: total area: 105,3 m² Asset number: 5102. Bldg: А, а, а1. Number of floors: 1. 13, Vostochnaya St, Kashtanovski settlement, Oblivski District, Rostov Oblast. | 105.3 | | - | | From 1990 the family of an electrician Tkachenko N. V., consisting of 4 people resides at this address. | In accordance with the Register of non-core assets, approved by the Board of Directors on October 29, 2010, "Sale" strategy was approved for the whole object. | | |
| 61 | Premises of the total area of 122 m², located at:  Serviceman's station. Area: total area: 144 m² Asset number: 5102. Bldg: А, а, а1. Number of floors: 1.  6, Dachnaya St, Sosnovy settlement, Oblivskiy District, Rostov Oblast. | 122.0 | | - | | From 1981 the family of an electrician Motorkin F. A. resided at this address. | In accordance with the Register of non-core assets, approved by the Board of Directors on April 09, 2009, "Sale" strategy was approved for the whole object (144 m²). | | |
| Southern electric Grids | | | | | | | | | |
| 62 | Residence house, 24 a, Cooperative St, Azov. | 54.1 | | 171763/12/12 dd 12/13/2012 | | Peshkov A. I., an employee of Rostovenergo Southern electric Grids, Production Association  Rostovenergo | Exeeding on 12/13/2017 | | P. 1.3. Renewal is stipulated for the same term, if one of the parties will not inform about the termination of agreement 3 months before the expiration of the agreement term |
| 63 | Residence house, 24 a, Cooperative St, Azov. | 54.5 | | 171764/12/12/612 00000027627 dd 07/25/2013 | | Anferov A. V., an employee of Rostovenergo Southern electric Grids, Production Association  Rostovenergo | Exeeding on 07/25/2018 | | P. 1.3. Renewal is stipulated for the same term, if one of the parties will not inform about the termination of agreement 3 months before the expiration of the agreement term |
| Eastern Electric Grids | | | | | | | | | |
| 64 | Part of the non-residential premises, with an area of 3 m², located at: 22, Grishina St, Tsimlyansk | 3 | | 2-Ts/5 5079/07 dd 12/29/2006 | | Commercial Bank  “Center-invest”, PJSC | 12/29/2006 -  31.10.2007. | | Unlimited renewal |
| 65 | Non-residential premises No. 1 with an area of 2.3 m²; No. 2 with an area of 18.3 m²; No. 6 with an area of 48.1 m², and a total area of 68.7 m²; located at: Volgodonski District, Progress Settlement, Sovetskaya St, 39 | 68.7 | | 389/08/64660/08 dd 01/01/2008 | | Southern Telecommunications Company, PJSC | 01.01.2008. - 30.11.2008. | | Unlimited renewal |
| 66 | Non-residential premises No. 2 with an area of 10.7 m²; No. 3 with an area of 21.6 m², and a total area of 32.2 m²; located at: 22, Grishina St, Tsimlyansk, Rostov Oblast | 32.2 | | 109440/11/10 dd 12/01/2010 | | Cherednyakova Sole Ent. | 01.12.2010  31.10.2011 | | Unlimited renewal |
| 67 | Premises of a total area of 31.9 m²; located at: 22, Grishina St, Apt 13, Tsimlyansk, Rostov Oblast | 31.9 | | 0-11/73619 dd 04/01/2006 | | Mengel V. T. | 04/01/2006 -  04/30/2007 | | Unlimited renewal |
| 68 | Premises of a total area of 22,9 m²; located at: 22, Grishina St, Apt 3, Tsimlyansk, Rostov Oblast | 22.9 | | 0-10/73618 dd 04/01/2006. | | Turichenko  A. A. | 04/01/2006 -  04/30/2007 | | Unlimited renewal |
| 68 | Premises of a total area of 30,3 m²; located at: 22, Grishina St, room 6, Tsimlyansk, Rostov Oblast | 30.3 | | 0-6/73613 dd 04/01/2006 | | Shlyakhtin O. N. | 04/01/2006 -  04/30/2007 | | Unlimited renewal |
| 69 | Premises of a total area of 30,5 m²; located at: 22, Grishina St, Room 10, Tsimlyansk, Rostov Oblast | 30.5 | | 0-3/73611 dd 04/01/2006 | | Bezverkhova  M. A. | 04/01/2006 -  04/30/2007 | | Unlimited renewal |
| 70 | Premises of a total area of 31,5 m²; located at: 22, Grishina St, Room 8, Tsimlyansk, Rostov Oblast | 31.5 | | 0-2/73610 dd 04/01/2006 | | Kalmykov S. I. | 04/01/2006 -  04/30/2007 | | Unlimited renewal |
| 71 | Premises of a total area of 37,0 m²; located at: 22, Grishina St, Room 17, Tsimlyansk, Rostov Oblast | 37.0 | | 0-9/73616 dd 05/05/2006. | | Ladygin S. V. | 05/05/2006 -  05/31/2007 | | Unlimited renewal |
| 72 | Premises of a total area of 23,0 m²; located at: 22, Grishina St, Room 7, Tsimlyansk, Rostov Oblast | 23.0 | | 0-1/73576 dd 04/01/2006 | | Veresova Ye. G. | 04/01/2006 -  04/30/2007 | | Terminated on 10/01/2015 |
| 73 | Premises No. 4 with an area of 16.5 m²; No. 3 with an area of 12.5 m²; No. 5 with an area of 3.4 m²; No. 6 with an area of 1.5 m², and a total area of 33.9 m²; located at the 2nd floor of the maintenance building at: 22, Grishina St, Tsimlyansk, Rostov Oblast | 33.9 | | 612014010009452 dd 07/01/2014 | | Ulyanov N. S. | 07/01/2014 -  31.05.2015 | | Unlimited renewal |
| 74 | Premises No. 7 with an area of 1.8 m²; No. 8 with an area of 3.9 m²; No. 10 with an area of 9.1 m²; No. 11 with an area of 10.7 m², and a total area of 25.5 m²; located at the 3rd floor of the maintenance building at: 22, Grishina St, Tsimlyansk, Rostov Oblast | 22.5 | | 61201401009458 dd 07/01/2014 | | Kustovski S. A. | 07/01/2014 -  31.05.2015 | | Unlimited renewal |
| Solar Electric Generating Station | | | | | | | | | |
| 75 | Premises of a total area of 11.8 m²; located at: 34, Artilleriyskaya St, Millerovo, Rostov Oblast, Russia | 11.8 | | 61201401004283 dd 06/05/2014 | | SOGLASIE Insurance Company, LLC | 01.06.2014-  30.04.2015 | | Renewal is not stipulated |
| 76 | Premises of a total area of 49,67 m²; located at: 34, Artilleriyskaya St, Millerovo, Rostov Oblast, Russia | 49.67 | | 61201401002103 dd 03/27/2014 | | Sole Ent.  Ilminskaya T. N. | 11.03.2014-  11.02.2015 | | Renewal is not stipulated |
| 77 | Premises of a total area of 49,67 m²; located at: 34, Artilleriyskaya St, Millerovo, Rostov Oblast, Russia | 49.67 | | 61201501006574 dd 06/19/2015 | | Shcerbakova L. N., Sole Ent. | 08.06.2015-  07.05.2016 | | Renewal is not  was stipulated |
| South-Western Electric Grids | | | | | | | | | |
| 78 | Building of canteen, located at: 144. Dzerzhinskogo St. Taganrog | 179.6 | | 142617 dd 09/12/2011 | | Salen LLC | 09.12.2011-  09.11.2012 | | Renewal is stipulated |
| 79 | Administrative building of Repair and Rental Center-3 type, South-Western Electric Grids, Production Association, bldg A, Taganrog, Dzerzhinsky St, 144 (ATM) | 8 | | 142874 dd 07/01/2011 | | Commercial Bank “Center-invest”, PJSC | 07/01/2011 -  01.06.2012 | | Renewal is stipulated |
| 80 | Building of gatehouse, located at: 144. Dzerzhinskogo St. Taganrog | 24.8 | | 142874 dd 07/01/2011 | | Commercial Bank “Center-invest”, PJSC | 07/01/2011 -  01.06.2012 | | Renewal is stipulated |
| Fixed assets transferred to operational management | | | | | | | | | |
| No.  sub-cl | Brief description of property | | | | Bases for the origin of encumbrance | | | Term (start and end dates) of the encumbrance | |
| Name | | Area, m² | |
| 1st | The building of the production base of training and course center, building 65, located at: Astrakhan Oblast, Privolzhsky district, industrial hub at thermal plant-2 for the amount of 12,052,190.08 RUB. | | 1158.5  m² | | Source document Decision of the Board of Directors of Astrakhanenergo, OJSC dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo, JSC in Astrakhan Training Center, Non-Governmental Non-Profit Educational Institution, on the transfer of property under operational management), Agreement on the Operational Management Property No. 01-25-24/37 dated January 5, 2004, additional agreement No. 1 dd 03/24/2008 to Contract No. 01-25- 24/37 dd 01/05/2004, Certificate of State Registration of Right 30 SR No. 009108 dated May 12, 2004. | | | 05/12/2004  Not limited | |
| 2nd | Movable assets in the amount of 100 units for the amount of 36,500.47 RUB. | |  | | Source document Decision of the Board of Directors of Astrakhanenergo, OJSC dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo, JSC in Astrakhan Training Center, Non-Governmental Non-Profit Educational Institution, on the transfer of property under operational management), Agreement on the Operational Management Property No. 01-25-24/35 dated January 5, 2004, additional agreement dd 12/20/2006 to Contract No. 01-25- 24/35 dd 01/05/2004, additional agreement No. 2 dd 03/24/2008 to Contract No. 01-25- 24/35 dd 01/05/2004. | | | 01/05/2004  Not limited | |
| 3 | Movable assets in the amount of 4 units for the amount of 12,988.10 RUB. | |  | | Source document Decision of the Board of Directors of Astrakhanenergo, OJSC dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo, JSC in Astrakhan Training Center, Non-Governmental Non-Profit Educational Institution, on the transfer of property under operational management), Agreement on the Operational Management of Property No. 01-11/03-D117-1P dated June 29, 2004, additional agreement No. 3 dd 03/24/2008 to Contract No. 01-11/OE-D117-1P dd 06/29/2004. | | | 06/29/2004  Not limited | |
| 4 | Movable assets in the amount of 2 units for the amount of 21,310.43 RUB. | |  | | Source document Decision of the Board of Directors of Astrakhanenergo, OJSC dated April 29, 2003, Minutes No. 100 (on the agenda item "On the participation of Astrakhanenergo, JSC in Astrakhan Training Center, Non-Governmental Non-Profit Educational Institution, on the transfer of property under operational management), Agreement on the Operational Management of Property No. 01-11/03-D117-1P dated August 13, 2004, additional agreement No. 4 dd 03/24/2008 to Contract No. 01-11/OZ-D111-1P dd 08/13/2004. | | | 08/13/2004  Not limited | |
| 5 | Part of the basement premises, the 1st and 2nd floors of the immovable property object, Building, purpose: non-residential. Area: total area: 7001 m² Asset number of the building: 22069. Cadastral number of the building: 61:44:0072704:3706. Bldg A. Number of floors: 5. Number of underground floors: 1. Address (location): Russia, Rostov Oblast, Rostov-on-Don, Sovetskiy district, 2nd Krasnodar St, Bldg No. 147 | | 2894.6 | | Source document Extract from the minutes of the meeting of the Management Board of IDGC of the South, PJSC No. 164 dated August 28, 2015, Certificate of acceptance and transfer of part of non-residential building dd 09/01/2015. | | | From 09/01/2015, without term limit | |
| 6 | Bldg A, address (location): Rostov Oblast, Rostov-on-Don, Sovetskiy District, 2nd Krasnodaraya St, 147/2 | | 4789.1 | | Source document Decision of the Board of Directors of JSC Rostovenergo on April 26, 2004, Minutes No. 22 (on the issue of Agenda No. 14 "On Assignment of Property to the Non-State Non-Profit Educational Institution" Training Center "Energetik" on the right of operational management). Certificate of State Registration of Right 61 AG No. 981623 dated August 26, 2008. | | | From 08/26/2008, without term limit | |
| 7 | Movable assets in the amount of 9,203 units for the amount of 2,046,570.69 RUB. | | - | | Source document Decision of the Board of Directors of JSC Rostovenergo on April 26, 2004, Minutes No. 22 (on the issue of Agenda No. 14 "On Assignment of Property to the Non-State Non-Profit Educational Institution" Training Center "Energetik" on the right of operational management). | | | From 07/01/2004, without term limit | |

Section IV. Data on business and financial activity of the Issuer

4.1. Financial and operating results of the Issuer

The dynamics of the indicators of financial and operating results of the Issuer, including its profits and losses calculated based on the data of accounting reports (financial statements)

The indicators were calculated based on the accounting reports (financial statements) that were prepared in accordance with the following Standard (Rules): RAS

Unit of measurement for the sum of accumulated loss: thou RUB

|  |  |  |
| --- | --- | --- |
| Indicator name | 2015 | 2016 |
| Net profit margin, % | -0.6 | -3.2 |
| Asset turnover ratio, times | 0.7 | 0.7 |
| Return on assets, % | -0.44 | -2.26 |
| Return on equity, % | -13.4 | -22.8 |
| Accumulated loss as at the balance sheet date | 14,888,464 | 16,010,534 |
| Ratio of accumulated loss as at the balance sheet date to book value of assets, % | 34.71 | 35.72 |

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 3 months | 2017, 3 months |
| Net profit margin, % | -1.4 | 0.3 |
| Asset turnover ratio, times | 0.18 | 0.19 |
| Return on assets, % | -0.26 | 0.05 |
| Return on equity, % | -2.64 | 0.41 |
| Accumulated loss as at the balance sheet date | 14 651 370 | 15 986 666 |
| Ratio of accumulated loss as at the balance sheet date to book value of assets, % | 33.69 | 34.88 |

All indicators were calculated based on the recommended computation methodologies

Profit and loss analysis of the Issuer's activity based on the dynamics of the given indicators, as well as the reasons that, in the opinion of management bodies, led to losses/profits of the Issuer reported in the accounting reports (financial statements):

***Net profit margin shows the share of the net profit from the total amount of proceeds from sales that remains at the disposal of the Company. Compared to 2015, the net profit margin decreased from -0.6% to -3.2% due to a decline in net profit. Compared to Q1 2016, the net profit margin in Q1 2017 increased from -1.4% to 0.3% due to the increase in net profit.***

***Asset turnover ratio specifies how efficiently the Company's uses all available resources, regardless of the sources of their formation, i. e. shows how many times a complete cycle of production and circulation takes place during the analyzed period. This indicator in the electric power industry reflects the features of the production process. The value of the asset turnover ratio for 2016 compared to 2015 did not change. The asset turnover ratio for the first quarter 2017 remained practically unchanged compared to the first quarter 2016, increasing from 0.18 to 0.19 times.***

***Return on assets specifies the effectiveness of using funds owned by the Company, i. e. the effectiveness of managing the Issuer's assets through the return of each ruble invested in assets, and shows the generation of the Company's revenues. The value of the indicator declined compared to 2015 and amounted to -2.26% that is connected with a significant decline in net profit. The value of the indicator for the 1st quarter of 2017, compared to the 1st quarter of 2016 increased and amounted to 0.05% resulting connected with an increase in net profit.***

***Return on equity reflects the ratio of the Company's net profit to its own capital and characterizes the efficiency of using its own funds invested in the organization. Compared to 2015, the value of this indicator in 2016 decreased from -13.4% to -22.8%, compared to the 1st quarter of 2016, in the 1st quarter of 2017 the profitability of equity increased from -2.64% to 0.41%.***

Factors that have influenced the change in the amount of proceeds from the Issuer's sale of goods, products, work, services and profit (losses) of the Issuer from its primary activity, thousand RUB.

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 3 months | 2017, 3 months |
| Net proceeds from the sales of products (services), total | 7,955,202 | 8,617,942 |
| Production (services) costs, total, thousand rubles. | 7,072,184 | 7,604,885 |
| Gross profit, total | 883,018 | 1,013,057 |
| Net profit (loss) | -113,254 | 22,723 |
| ROE (return on equity, cumulative total), % | -2,64 | 0.41 |
| Profitability of sales, % | 9.3 | 9.6 |
| Coefficient of capital turnover | 0.2 | 0.2 |
| Indicator name | 2016 | 2017 |
| Net proceeds from the sales of products (services), total | 30 097 934 | 31,414,140 |
| Production (services) costs, total, thousand rubles. | 25 732 095 | 27 112 017 |
| Gross profit, total | 4 365 840 | 4 302 123 |
| Net profit (loss) | -188 505 | -1 011 268 |
| ROE (return on equity, cumulative total), % | -13,4 | -22,8 |
| Profitability of sales, % | 12.4 | 11.4 |
| Coefficient of capital turnover | 0.7 | 0.7 |

***Revenues for 2016 totalled in 31,441,440 thousand RUB, increasing by 4.2%, compared to 2015. Revenues for the 1st quarter of 2017 totalled in 8,617,942 thousand RUB, increasing by 7.7%, compared to the same period of the previous year. The main reason for the increase in revenue is the change in the structure of the productive supply of electric energy and the growth of tariffs.***

***Production cost for 2016 totalled in 27,112,017 thousand RUB, increasing by 4.2%, compared to 2015. Production cost for three months of 2017 totalled in 7,604,885 thousand RUB, increasing by 7.7%, compared to the same period of the previous year. The main reason for the increase in production cost is inflationary development.***

***Gross profit in the reported 2016 decreased to 4,302,123 thousand RUB, compared to the same period last year.***

***Gross profit in the first quarter of 2017 increased to 1,013,057 thousand RUB, compared to the same period last year.***

***Net profit for 2016 amounted to -1,011,268 thousand RUB that is lower than in the same period of the previous year.***

***Net profit for 3 months in 2017 amounted to 22,723 thousand RUB that is higher than in the same period of the previous year***

***Sales profitability ratio characterizes the efficiency of production and commercial activities, estimates the share of cost in sales, shows the amount of operating profit in the volume of sales of the Issuer. It is the most frequently mentioned key indicator of profitability. In other words, this ratio shows the amount of profit that remains in the Company after covering the cost of production. In 2016, it was 11.4% that is lower than the figure for the same period last year. For the 1st quarter of 2017 the sales profitability ratio is 9.6% that is higher than the corresponding indicator for the same period of 2016.***

***Capital turnover ratio reflects the rate of turnover of the Issuer's capital and for 2016 it is 0.7, and it is 0.2 at the balance sheet date of the 1st quarter of 2017.***

***The structure of the Issuer's revenue in the reported period was as follows: for 2016:***

* ***proceeds from electric energy transmission is -30,768,277 thousand RUB, or 97,9%;***
* ***proceeds from technological connection of consumers is -469,889 thousand RUB or 1.5%;***
* ***proceeds from other types of activity is -175,975 thousand RUB or 0.6% for the 1st quarter of 2017***
* ***proceeds from electric energy transmission - 8,339,070 thousand RUB or 99.3%;***
* ***proceeds from technological connection of consumers is -25,232 thousand RUB or 0,3%;***
* ***revenue from other activities is*** - ***35,054 thousand RUB or 0.4%.***

***Compared to the same period last year, the growth of the total revenue, including the growth of revenue from electric energy transmission services, the decline of revenues for technological connection services, and the decline of revenues from other activities are recorded.***

The opinions of the Issuer's management bodies regarding the reasons or the degree of their influence on the results of the Issuer's financial and economic activities do not coincide: No

A member of the Issuer's Board of Directors (Supervisory Board) or a member of the Issuer's executive collegial body has a special opinion relating to the reasons mentioned and/or the degree of their influence on the results of the Issuer's financial and economic activities that is reflected in the minutes of the meeting of the Issuer's Board of Directors (Supervisory Board) or executive collegial body that has discussed the relevant matters and insists on the reflection of such opinion in the quarterly report: No

4.2. Liquidity ratios of the Issuer, capital adequacy ratio and adequacy of net current assets

The dynamics of indicators of liquidity of the Issuer, calculated based on the accounting reports (financial statements)

The indicators were calculated based on the accounting reports (financial statements) that were prepared in accordance with the following Standard (Rules): RAS

Unit of measurement for net working capital: thou RUB

|  |  |  |
| --- | --- | --- |
| Indicator name | 2015 | 2016 |
| Net working capital | -10 699 190 | -7 184 498 |
| Current ratio | 0.56 | 0.68 |
| Quick ratio | 0.53 | 0.65 |

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016, 3 months | 2017, 3 months |
| Net working capital | -13 320 748 | -2 216 044 |
| Current ratio | 0.52 | 0.88 |
| Quick ratio | 0.49 | 0.84 |

The dynamics of indicators of liquidity of the Issuer, calculated based on the data of accounting reports (financial statements), included in the quarterly report is given additionally at the discretion of the Issuer: No

All indicators were calculated using recommended calculation methodologies Yes

Economic analysis of the Issuer's liquidity and solvency, the Issuer's capital adequacy to meet short-term liabilities and cover current operating expenses based on an economic analysis of the dynamics of the given indicators, describing the factors that, in the opinion of the Issuer's management bodies, had the most significant influence on the liquidity and solvency of the Issuer:

***Net working capital is the difference between the value of current assets and current liabilities.***

***This indicator characterizes the amount of working capital free of short-term (current) liabilities, i. e. the share of current assets of the company that is funded from long-term sources and shall not be used for debt redemption.***

***The value of the net working capital of the Issuer as of December 31, 2016 amounted to minus*** 7,184,498 ***thous. RUB. The increase of net working capital relative to 2015 is associated with a reduction of short-term liabilities.***

***The value of the Issuer's net working capital as of March 31, 2017 amounted to minus 2,216,044 thous. RUB. The increase of net working capital relative to the first quarter of 2016 is connected to the decrease of short-term debt.***

***The current ratio shows the extent to which current assets cover the short-term liabilities of the organization, and allows to measure the ruble amount of liquid assets available for each ruble of current liabilities. As of December 31, 2016 the current ratio is 0.68; as of March 31, 2017, the current ratio is -0.88. The recommended value of the current ratio shall not be less than 0.84.***

***The quick ratio shows the ability of the organization to meet its short-term obligations with its most liquid assets. As of December 31, 2016, the quick ratio was 0.65. As of March 31, 2017, the quick ratio was 0.84. The recommended value of the quick ratio shall not be less than 0.5.***

The opinions of the Issuer's management bodies regarding the reasons or the degree of their influence on the results of the Issuer's financial and economic activities do not coincide: No

A member of the Issuer's Board of Directors (Supervisory Board) or a member of the Issuer's executive collegial body has a special opinion relating to the reasons mentioned and/or the degree of their influence on the results of the Issuer's financial and economic activities that is reflected in the minutes of the meeting of the Issuer's Board of Directors (Supervisory Board) or executive collegial body that has discussed the relevant matters and insists on the reflection of such opinion in the quarterly report: No

4.3. Investments of the Issuer

As of 12/31/2016

List of the Issuer’s investments that amount to at least 5 percent of all financial investments as at the end of financial period

Investments in investment-grade securities

Type of securities: shares

Full legal name of the Issuer: ***Sokolovskoye Agricultural Sector Enterprise, Joint-Stock Company***

The Issuer's legal name in short form: Agricultural Sector Enterprise Sokolovskoye, JSC

Location of the Issuer: ***Russia, Novoshakhtinsk, Sokolovo-Kundryuchenskiy settlement, Kurskaya St, 32***

INN (Taxpayer Identification Number): ***6151011887***

OGRN (Primary State Registration Number): ***1036151002667***

|  |  |  |
| --- | --- | --- |
| Date of the official registration of the issue (issues) | Registration number: | Registering authority: |
| 15.01.2004 | 1-01-33839-Е | Regional Office of the Federal Commission for the Securities Market in the Southern Federal District |
| 14.12.2012 | 1-02-33839-Е | Regional Office of the Federal Service for the Financial Markets in the Southern Federal District |
| 09/01/2016 | 1-03-33839-Е | Regional Office of the Federal Service for the Financial Markets in the Southern Federal District |

Number of the securities held by the Issuer: 161,713,447

Total nominal value of the securities held by the Issuer: 129,370,758 RUB х 1

The total book value of the securities held by the Issuer: 178,640,453.77

Unit of measurement: RUB

***The issuer of the securities is a subsidiary and (or) dependent company of the Issuer that prepared this Quarterly Report***

The amount of the fixed interest rate or the yield on other bonds and other investment-grade debt securities or procedure for determining it, and payment deadline;

the amount of the dividend on preferred shares or the procedure for determining it, if it is specified in the charter of the Issuer, payment deadline;

the amount of the announced dividend on ordinary shares (if the data on the amount of the announced dividend on ordinary shares is not available for the current year, the amount of the dividend declared in the previous year is indicated for the current year), payment deadline;

***In 2013 the Company had accrued dividends in the amount of 7 thous. RUB, the dividends were paid in full in 2014.***

***The dividends were not announced for 2014-2015.***

Further details: N/A

Type of securities: shares

Full legal name of the Issuer: ***The A. A. Grechko Agricultural Enterprise, OJSC***

The Issuer's legal name in short form: A. A. Grechko Agricultural Enterprise, OJSC

Location of the Issuer: ***21, Teatralnaya St, Kuybyshevski District, Kuybyshevo village, Rostov Oblast, Russia***

INN (Taxpayer Identification Number): ***6117010611***

OGRN (Primary State Registration Number): ***1036117000798***

|  |  |  |
| --- | --- | --- |
| Date of the official registration of the issue (issues) | Registration number: | Registering authority: |
| 15.01.2004 | 1-01-33837-Е | Regional Office of the Federal Commission for the Securities Market in the Southern Federal District |

Number of the securities held by the Issuer: 77, 686,000

Total nominal value of the securities held by the Issuer: ***77***,686,000 RUB x 1

The total book value of the securities held by the Issuer: 79 972 216.44

Unit of measurement: RUB

***The issuer of the securities is a subsidiary and (or) dependent company of the Issuer that prepared this Quarterly Report***

The amount of the fixed interest rate or the yield on other bonds and other investment-grade debt securities or procedure for determining it, and payment deadline; the amount of the dividend on preferred shares or the procedure for determining it, if it is specified in the charter of the Issuer, payment deadline;

the amount of the announced dividend on ordinary shares (if the data on the amount of the announced dividend on ordinary shares is not available for the current year, the amount of the dividend declared in the previous year is indicated for the current year), payment deadline;

The dividends were not announced.

Further details:

***In accordance with the Resolution of the Arbitration Court of Rostov Oblast dated December 24, 2015, A. A. Grechko Agricultural Enterprise, OJSC Entered into bankruptcy proceedings, the Company was declared bankrupt.***

Type of securities: shares

Full legal name of the Issuer: Energetik Recreational Center, Joint Stock Company The Issuer's legal name in short form: Energetik Recreational Center, JSC

Location of the Issuer: Energetik Recreational Center, JSC

INN (Taxpayer Identification Number): ***2355016847***

OGRN (Primary State Registration Number): ***1032330762463***

|  |  |  |
| --- | --- | --- |
| Date of the official registration of the issue (issues) | Registration number: | Registering authority: |
| 15.01.2004 | 1-01-33856-Е | Regional Office of the Federal Commission for the Securities Market in the Southern Federal District |
| 26.05.2011 | 1-02-33856-Е | Regional Office of the Federal Service for the Financial Markets in the Southern Federal District |
| 17.01.2013 | 1-03-33856-Е | Regional Office of the Federal Service for the Financial Markets in the Southern Federal District |
| 06.10.2016 | 1-04-33856-Е | Regional Office of the Federal Service for the Financial Markets in the Southern Federal District |

Number of the securities held by the Issuer: 111,279,355

Total nominal value of the securities held by the Issuer: 50,075,710 RUB x 1000

The total book value of the securities held by the Issuer: 65,417,247.18

Unit of measurement: RUB

***The issuer of the securities is a subsidiary and (or) dependent company of the Issuer that prepared this Quarterly Report***

The amount of the fixed interest rate or the yield on other bonds and other investment-grade debt securities or procedure for determining it, and payment deadline;

the amount of the dividend on preferred shares or the procedure for determining it, if it is specified in the charter of the Issuer, payment deadline;

the amount of the announced dividend on ordinary shares (if the data on the amount of the announced dividend on ordinary shares is not available for the current year, the amount of the dividend declared in the previous year is indicated for the current year), payment deadline;

The dividends were not announced.

Further details: N/A

Investments in non-investment-grade securities

**The investments in non-investment grade securities that amount to at least 5 percent of all financial investments are not available**

***The Issuer created an impairment reserve for investments in securities***

The amount of the impairment reserve for the depreciation of securities at the beginning and end of the most recently completed fiscal year before the end date of the latest reported quarter:

***As of January 01, 2015, the impairment reserve for investments in securities was formed in the amount of 237,984,301.00 RUB, including the contributions to the authorized capitals of subsidiaries equal to*** 189***,721,068.31 RUB.***

***As of 31.12.2015, the impairment reserve for investments in securities is 234,082,854.71 RUB.***

* ***on contributions to the authorized capitals of subsidiaries - 185,819,622.02 RUB***
* ***on deposits in joint activities - 48,263,232.69 RUB.***

***As of December 31, 2016, the impairment reserve for investments in securities is 233,713,103.02 RUB, including:***

* ***on contributions to the authorized capitals of subsidiaries*** -***185,449,870.33 RUB***
* ***on deposits in joint activities - 48,263,232.69 RUB.***

Other financial investments

Object of financial investment Construction and operation of the Elista Combined Heat and Power Plant

Amount of investment expressed in terms of money 40,425,376.53

Unit of measurement: RUB

the income from the object of financial investment or the procedure for determining it, payment deadline: The profit is not received, because the construction is not completed.

Further details: N/A

Object of financial investment Construction and operation of the Kalmyk Wind Power Plant

Amount of investment expressed in terms of money 7,837,856.16

Unit of measurement: RUB

the income from the object of financial investment or the procedure for determining it, payment deadline: The profit is not received, because the construction is not completed.

Further details: N/A

Information on the amount of the potential losses related to the bankruptcy of the organizations (enterprises) that the investments were made with regard to each type of the named investments:

***In accordance with the Resolution of the Arbitration Court of Rostov Oblast dated December 24, 2015, A. A. Grechko Agricultural Enterprise, OJSC Entered into bankruptcy proceedings, the Company was declared bankrupt. Potential losses of IDGC of the South, PJSC may exceed 90 mln RUB.***

Information on losses is provided in the Issuer's assessment of financial investments reflected in the Issuer's financial statements for the period from the beginning of the reported year to the end date of the latest reported quarter

The Issuer has made the calculations reflected in this paragraph of the Quarterly Report in accordance with the following accounting standards (rules):

* ***The Federal Law "On Accounting" dated 06.12.2011 No. 402-FZ;***
* ***Accounting Regulations "Accounting Reporting of an Organization" RAS (Russian Accounting Standards) 4/99, confirmed by the Order of the Ministry of Finance of the Russian Federation dated July 6, 1999 No. 43n;***
* ***Accounting Regulations "Expenditure of an Organization" RAS (Russian Accounting Standards) 10/99, confirmed by the Order of the Ministry of Finance of the Russian Federation dated May 6, 1999 No. 33n;***
* ***Accounting Regulations "Accounting Policies of an Organization" RAS (Russian Accounting Standards) 1/2008, confirmed by the Order of the Ministry of Finance of the Russian Federation dated October 6, 2008 No. 106n;***
* ***Accounting Regulations "Revenue of an Organization" RAS (Russian Accounting Standards) 9/99, confirmed by the Order of the Ministry of Finance of the Russian Federation dated May 6, 1999 No. 32n;***
* ***Accounting Regulations "Accounting for Financial Investments" RAS (Russian Accounting Standards) 19/02, confirmed by the Order of the Ministry of Finance of the Russian Federation dated December 10, 2002 No. 126n;***

As of 03/31/2017

List of the Issuer’s investments that amount to at least 5 percent of all financial investments as at the end of financial period

Investments in investment-grade securities

Type of securities: shares

Full legal name of the Issuer: Sokolovskoye Agricultural Sector Enterprise, Joint-Stock Company

The Issuer's legal name in short form: Agricultural Sector Enterprise Sokolovskoye, JSC

Location of the Issuer: ***Russia, Novoshakhtinsk, Sokolovo-Kundryuchenskiy settlement, Kurskaya St, 32***

INN (Taxpayer Identification Number): ***6151011887***

OGRN (Primary State Registration Number): ***1036151002667***

|  |  |  |
| --- | --- | --- |
| Date of the official registration of the issue (issues) | Registration number: | Registering authority: |
| 15.01.2004 | 1-01-33839-Е | Regional Office of the Federal Commission for the Securities Market in the Southern Federal District |
| 14.12.2012 | 1-02-33839-Е | Regional Office of the Federal Service for the Financial Markets in the Southern Federal District |
| 09/01/2016 | 1-03-33839-Е | Regional Office of the Federal Service for the Financial Markets in the Southern Federal District |

Number of the securities held by the Issuer: 161,713,447

Total nominal value of the securities held by the Issuer: 129,370,758 RUB х 1

The total book value of the securities held by the Issuer: 178,640,453.77

Unit of measurement: RUB

The issuer of the securities is a subsidiary and (or) dependent company of the Issuer that prepared this Quarterly Report

The amount of the fixed interest rate or the yield on other bonds and other investment-grade debt securities or procedure for determining it, and payment deadline; the amount of the dividend on preferred shares or the procedure for determining it, if it is specified in the charter of the Issuer, payment deadline; the amount of the announced dividend on ordinary shares (if the data on the amount of the announced dividend on ordinary shares is not available for the current year, the amount of the dividend declared in the previous year is indicated for the current year), the repayment period

***In 2013 the Company had accrued dividends in the amount of 7 thous. RUB, the dividends were paid in full in 2014.***

***The dividends were not announced for 2014-2015.***

Further details: N/A

Type of securities: shares

Full legal name of the Issuer: The A. A. Grechko Agricultural Enterprise, OJSC

The Issuer's legal name in short form: A. A. Grechko Agricultural Enterprise, OJSC

Location of the Issuer: ***21, Teatralnaya St, Kuybyshevski District, Kuybyshevo village, Rostov Oblast, Russia***

INN (Taxpayer Identification Number): ***6117010611***

OGRN (Primary State Registration Number): ***1036117000798***

|  |  |  |
| --- | --- | --- |
| Date of the official registration of the issue (issues) | Registration number: | Registering authority: |
| 15.01.2004 | 1-01-33837-Е | Regional Office of the Federal Commission for the Securities Market in the Southern Federal District |

Number of the securities held by the Issuer: 77, 686,000

Total nominal value of the securities held by the Issuer: ***77,686,000 RUB x 1***

The total book value of the securities held by the Issuer: 79 972 216.44

Unit of measurement: RUB

***The issuer of the securities is a subsidiary and (or) dependent company of the Issuer that prepared this Quarterly Report***

The amount of the fixed interest rate or the yield on other bonds and other investment-grade debt securities or procedure for determining it, and payment deadline;

the amount of the dividend on preferred shares or the procedure for determining it, if it is specified in the charter of the Issuer, payment deadline;

the amount of the announced dividend on ordinary shares (if the data on the amount of the announced dividend on ordinary shares is not available for the current year, the amount of the dividend declared in the previous year is indicated for the current year), payment deadline;

The dividends were not announced.

Further details:

***In accordance with the Resolution of the Arbitration Court of Rostov Oblast dated December 24, 2015, A. A. Grechko Agricultural Enterprise, OJSC Entered into bankruptcy proceedings, the Company was declared bankrupt.***

Type of securities: shares

Full legal name of the Issuer: Energetik Recreational Center, Joint Stock Company The Issuer's legal name in short form: Energetik Recreational Center, JSC

Location of the Issuer: ***Energetik Recreational Center, JSC***

INN (Taxpayer Identification Number): ***2355016847***

OGRN (Primary State Registration Number): ***1032330762463***

|  |  |  |
| --- | --- | --- |
| Date of the official registration of the issue (issues) | Registration number: | Registering authority: |
| 15.01.2004 | 1-01-33856-Е | Regional Office of the Federal Commission for the Securities Market in the Southern Federal District |
| 26.05.2011 | 1-02-33856-Е | Regional Office of the Federal Service for the Financial Markets in the Southern Federal District |
| 17.01.2013 | 1-03-33856-Е | Regional Office of the Federal Service for the Financial Markets in the Southern Federal District |
| 06.10.2016 | 1-04-33856-Е | Regional Office of the Federal Service for the Financial Markets in the Southern Federal District |

Number of the securities held by the Issuer: 111,279,355

Total nominal value of the securities held by the Issuer: 50,075,710 RUB x 1000

The total book value of the securities held by the Issuer: 65,417,247.18

Unit of measurement: RUB

***The issuer of the securities is a subsidiary and (or) dependent company of the Issuer that prepared this Quarterly Report***

The amount of the fixed interest rate or the yield on other bonds and other investment-grade debt securities or procedure for determining it, and payment deadline;

the amount of the dividend on preferred shares or the procedure for determining it, if it is specified in the charter of the Issuer, payment deadline;

the amount of the announced dividend on ordinary shares (if the data on the amount of the announced dividend on ordinary shares is not available for the current year, the amount of the dividend declared in the previous year is indicated for the current year), payment deadline;

***The dividends were not announced.***

Further details:

***N/A***

Investments in non-investment-grade securities

**The investments in non-investment grade securities that amount to at least 5 percent of all financial investments are not available**

***The Issuer created an impairment reserve for investments in securities***

The amount of the impairment reserve for the depreciation of securities at the beginning and end of the most recently completed fiscal year before the end date of the latest reported quarter:

***As of January 01, 2016, the impairment reserve for investments in securities was formed in the amount of 234,082,854.71 RUB, including the contributions to the authorized capitals of subsidiaries equal to 185,819,622.02 RUB.***

***As of December 31, 2016, the impairment reserve for investments in securities is 233,713,103.02 RUB, including:***

* ***on contributions to the authorized capitals of subsidiaries*** -***185,449,870.33 RUB***
* ***on deposits in joint activities - 48,263,232.69 RUB.***

***As of March 31, 2017, the impairment reserve for investments in securities is 233,713,103.02 RUB, including:***

* ***on contributions to the authorized capitals of subsidiaries*** -***185,449,870.33 RUB***
* ***on deposits in joint activities - 48,263,232.69 RUB.***

Other financial investments

Object of financial investment ***Construction and operation of the Elista Combined Heat and Power Plant***

Amount of investment expressed in terms of money 40,425,376.53

Unit of measurement: RUB

the income from the object of financial investment or the procedure for determining it, payment deadline: The profit is not received, because the construction is not completed.

Further details: N/A

Object of financial investment ***Construction and operation of the Kalmyk Wind Power Plant***

Amount of investment expressed in terms of money 7,837,856.16

Unit of measurement: RUB

the income from the object of financial investment or the procedure for determining it, payment deadline:

The profit is not received, because the construction is not completed.

Further details: N/A

Information on the amount of the potential losses related to the bankruptcy of the organizations (enterprises) that the investments were made with regard to each type of the named investments:

***In accordance with the Resolution of the Arbitration Court of Rostov Oblast dated December 24, 2015, A. A. Grechko Agricultural Enterprise, OJSC Entered into bankruptcy proceedings, the Company was declared bankrupt. Potential losses of IDGC of the South, PJSC may exceed 90 mln RUB.***

Information on losses is provided in the Issuer's assessment of financial investments reflected in the Issuer's financial statements for the period from the beginning of the reported year to the end date of the latest reported quarter

The Issuer has made the calculations reflected in this paragraph of the Quarterly Report in accordance with the following accounting standards (rules):

* ***The Federal Law "On Accounting" dated 06.12.2011 No. 402-FZ;***
* ***Accounting Regulations "Accounting Reporting of an Organization" RAS (Russian Accounting Standards) 4/99, confirmed by the Order of the Ministry of Finance of the Russian Federation dated July 6, 1999 No. 43n;***
* ***Accounting Regulations "Expenditure of an Organization" RAS (Russian Accounting Standards) 10/99, confirmed by the Order of the Ministry of Finance of the Russian Federation dated May 6, 1999 No. 33n;***
* ***Accounting Regulations "Accounting Policies of an Organization" RAS (Russian Accounting Standards) 1/2008, confirmed by the Order of the Ministry of Finance of the Russian Federation dated October 6, 2008 No. 106n;***
* ***Accounting Regulations "Revenue of an Organization" RAS (Russian Accounting Standards) 9/99, confirmed by the Order of the Ministry of Finance of the Russian Federation dated May 6, 1999 No. 32n;***
* ***Accounting Regulations "Accounting for Financial Investments" RAS (Russian Accounting Standards) 19/02, confirmed by the Order of the Ministry of Finance of the Russian Federation dated December 10, 2002 No. 126n;***

4.4. Intangible assets of the Issuer

As of 12/31/2016

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Group of intangible assets | Asset acquisition (reinstatement) value | Depreciation charges amount |
| Trade mark | 24 | 21 |
| Device for electromagnetic locking of switching units | 2 905 | 1 219 |
| TOTAL | 2 929 | 1 240 |

The Issuer provides information on its intangible assets in accordance with the Accounting standards (rules), including:

***Accounting Regulations "Accounting of Intangible Assets" RAS (Russian Accounting Standards) 14/2007, confirmed by the Order of the Ministry of Finance of the Russian Federation dated December 27, 2007 No. 153n; Revaluation of intangible assets is not carried out. Amortization deductions for all types of intangible assets are carried out in accordance with straight line method.***

Balance sheet date: 12/31/2016

As of 03/31/2017 77

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Group of intangible assets | Asset acquisition (reinstatement) value | Depreciation charges amount |
| Trade mark | 24 | 21 |
| Device for electromagnetic locking of switching units | 2 905 | 1 289 |
| total | 2 929 | 1 310 |

The Issuer provides information on its intangible assets in accordance with the Accounting standards (rules), including:

***Accounting Regulations "Accounting of Intangible Assets" RAS (Russian Accounting Standards) 14/2007, confirmed by the Order of the Ministry of Finance of the Russian Federation dated December 27, 2007 No. 153n; Revaluation of intangible assets is not carried out. Amortization deductions for all types of intangible assets are carried out in accordance with straight line method.***

Balance sheet date: 03/31/2017

4.5. Information on the Issuer's policies and expenses in the field of scientific and technological development with regard to licenses and patents, and new developments and studies

***The Program of Innovative Development of IDGC of the South, PJSC for 2011-2016 (hereinafter referred to as the Program) was developed by IDGC of the South, PJSC in 2011, agreed by IDGC Holding, OJSC and approved at the meeting of the Board of Directors of IDGC of the South, PJSC held on July 29, 2011 (extract from the minutes of the meeting dated August 1, 2011, No. 69/2011).***

***A project of the Program of Innovative Development of IDGC of the South, PJSC for the period of 2016-2020 with a prospect to 2025 was developed by IDGC of the South, PJSC, because the above-mentioned Program lost its relevance, and for sake of transition to the distribution electric power grids with new qualitative characteristics of reliability, efficiency, availability, controllability and customer-oriented design of the integrated power grid, as well as in accordance with the requirements of the Order of Rosseti, PJSC On the plans concerning the implementation of the Innovative Development Program of Rosseti, PJSC dated February 7, 2017 No. 24. On March 28, 2017 this project was submitted for consideration at the meeting of the Board of Directors of IDGC of the South, PJSC, which was scheduled on April 20, 2017.***

***In accordance with the Program of Innovative Development of IDGC of the South, PJSC for the period of 2016-2020 with a prospect to 2025 the main areas of innovative development of IDGC of the South, JSC are as follows:***

* ***Transition to digital active-adaptive grids with distributed intelligent automation and control system;***
* ***Transition to the integrated effectiveness of business processes and automation of management systems;***
* ***Application of new technologies and materials in electric power industry;***
* ***Development of charging infrastructure for electric transport;***
* ***Development of the system of the support and implementation of innovative products and technologies, including the results of research, development and technological work (hereinafter referred to as R&D);***
* ***Development of human resource potential and partnership in the field of education.***

***As of March 31, 2017, IDGC of the South, PJSC have concluded 12 below listed agreements with the counterparties for a total amount of 160,994 mln RUB, including 10 completed agreements and 2 continuing agreements, while actual payment that IDGC of the South, PJSC shall pay to its counterparties for completed R&D stages is 126.87 mln RUB that includes the same amount of the working cost of electric energy (126.87 mln RUB), which is equal to the planned value of 126.87 mln RUB (actual performance is 100%).***

***The actual payment by IDGC of the South, JSC for the stages of R&D performed by counterparties in the first quarter of 2017 (including the running total for 12 months of 2016 and the first three months of 2017) is 10,478 mln RUB.***

***The following agreements are completed R&D agreements:***

***1. Agreement No. 743 dated September 19, 2011 for the R&D on The trial operation of a device for a short-term fault in zero line in 10 kV grid based on automatic circuit reclosers for the needs of Volgogradenergo, a branch of IDGC of the South, PJSC, concluded with Tavrida Electric Group of Companies, CJSC, and providing for implementing 3 stages of R&D, with an overall value of 3.142 mln RUB (including VAT).***

***As of March 31, 2017, all stages of R&D have been fully implemented.***

***The R&D performance actually resulted in the development and installation of a prototype of a device for a short-term fault in zero line in 10 kV grid based on automatic circuit reclosers on pole No. 310 between*** 10 kV ***OHTL (overhead transmission line) No. 17 at Substation Lebyazhye and*** 10 kV ***OHTL No. 4 at Substation Umet of the production department of Kamyshinskye Electric Grids of Volgogradenergo, as well as its commissioning.***

***2. Agreement No. No. 2-476L1u/742 dated September 19, 2011 for the R&D on The research and development of methodology for determining the indicators of the efficiency of electrical energy transport in relation to the flow of reactive power and indicators of the quality of electric energy in 110 kV electric grids, concluded with Tomsk National Research Polytechnic University, Federal State-Funded Educational Institution of Higher Professional Education, and providing for implementing 3 stages of R&D, with an overall value of 9.0 mln RUB (including VAT).***

***As of March 31, 2017, all stages of R&D have been fully implemented.***

***The R&D performance actually resulted in the acquisition of background knowledge and development of The methodology for determining the indicators of the efficiency of electrical energy transport in relation to the flow of reactive power and indicators of the quality of electric energy in 110 kV electric grids and the Manual for calculating the main and additional losses of electrical energy from asymmetry and distortions of the sinusoidal current in 110 kV grids, as well as their enforcement in Rostovenergo and Volgogradenergo, branches of IDGC of the South, PJSC, in accordance with the requirements of Order of IDGC of the South, PJSC, On commissioning of completed research and development work, dated June 11, 2013, No. 253.***

***At the same time, the actual payment for the counterparty execution of the stages of R&D was completed by IDGC of the South, PJSC, in full and amounted to 9.0 mln RUB because of the working cost of***

***electric energy.***

***3. Agreement No. 706 dated September 16, 2011 for the R&D on***

***The development of technical requirements and characteristics of the sources of DC control power, installed in the RP 6-10 kV, 35-110 kV SS, performed on a modern element base, with the development of type designs concluded with Technocomplekt Interregional Production Association of Technical Acquisition, CJSC and providing for implementing 5 stages of R&D, with an overall value of 3.15 mln RUB (including VAT).***

***As of March 31, 2017, all stages of R&D have been fully implemented.***

***The R&D performance actually resulted in the development of The type design 706-001-ТМ.011 The development of technical requirements and characteristics of the sources of DC control power installed in the 6-10 kV distribution center and 35-110 kV Substation and performed on a up-to-date element base with the development of type designs, as well as its confirmation and enforcement in the branches of IDGC of the South, PJSC, in accordance with the requirements of the Orders of IDGC of the South, PJSC, On commissioning of completed research and development work, and On the confirmation and commissioning of type design developed by Technocomplekt Interregional Production Association of Technical Acquisition, CJSC No. 101 dated March 07, 2013, to ensure its maximum use in the implementation of the actions of the Investment Program for the Development of IDGC of the South for 2013 and the coming years with mandatory binding to specific facilities of the distribution grid complex that are subject to reconstruction and technical re-equipment.***

***At the same time, the actual payment for the counterparty execution of the stages of R&D was completed by IDGC of the South, PJSC, in full and amounted to 3.15 mln RUB because of the working cost of electric energy.***

***4. Agreement for the R&D on The introduction of a modern system for early detection of ice formation on 35-110 kV OHTL (with regards to Volgogradenergo and Rostovenergo, branches of IDGC of the South, PJSC) No. 745 dated September 19, 2011, concluded with Instrument-micro Scientific and Technical Center, LLC, and providing for implementing 5 stages of R&D, with an overall value of 18.78 mln RUB (including VAT).***

***As of March 31, 2017, all stages of R&D have been fully implemented.***

***The R&D performance actually resulted in the development and installation of an equipment of up-to-date system for early detection of ice formation on poles, phase conductors and 35-110 kV overhead ground-wire cables at control posts of Rostovenergo*** and ***Volgogradenergo, the branches of IDGC of the South, PJSC, as well as in the premises at the operative dispatching services of their production departments and the dispatching services of control switches networks of command centers, as well as the commissioning of such equipment for trial operation on the basis of the requirements of the Orders of IDGC of the South, PJSC, including Order dated June 25, 2013, No 287 On commissioning the equipment of the early detection of ice formation on the phase conductors and 35-110 kV overhead ground-wire cables, Order dated August 12, 2013, No. 405 On Amendments to the Order of IDGC of the South, PJSC, dated June 25, 2013 No. 287 On commissioning of the equipment for the early detection of ice, and Order dated January 14, 2014 No. 5 On the trial operation of the equipment for early detection of ice formation, installed on the phase conductors and 35-110 kV overhead ground-wire cables of Rostovenergo and Volgogradenergo, the branches of IDGC of the South,PJSC, in order to improve the quality and reliability of the work of the named equipment entailing a drastic reduction in material costs of IDGC of the South, PJSC, spent for the repair, operation and maintenance of the equipment, and an increase of operational efficiency of preventive measures for the protection from glaze formation on the named elements of 35-110 kV OHTL, as well as a reduction of the under-supply of electricity to consumers.***

***At the same time, the actual payment for the counterparty execution of the stages of R&D was completed by IDGC of the South, PJSC, in full and amounted to 18,78 mln RUB because of the working cost of electric energy.***

***5. The R&D performance actually resulted in the acquisition of background knowledge and development of The methodology for The examination of the effect of traction and other non-linear loads of 110 kV electric grids on the quality and level of electric energy losses concluded with Tomsk National Research Polytechnic University, Federal State-Funded Educational Institution of Higher Professional Education, and the Manual for calculating the main and additional losses of electrical energy from asymmetry and distortions of the sinusoidal current in 110 kV electric grids, as well as their implementation in Rostovenergo and Volgogradenergo, branches of IDGC of the South, PJSC, in accordance with the requirements of Order of IDGC of the South, PJSC, On commissioning of completed research and development work, dated June 11, 2013, No. 253.***

***As of March 31, 2017, all stages of R&D have been fully implemented.***

***The R&D performance actually resulted in the acquisition of background knowledge and development of The methodology for The examination of the effect of traction and other non-linear loads of 110 kV electric grids on the quality and level of electric energy losses concluded with Tomsk National Research Polytechnic University, Federal State-Funded Educational Institution of Higher Professional Education, and the Manual for calculating the main and additional losses of electrical energy from asymmetry and distortions of the sinusoidal current in 110 kV electric grids, as well as their enforcement in Rostovenergo and Volgogradenergo, branches of IDGC of the South, PJSC, in accordance with the requirements of Order No. 253 dated June 11, 2013 of IDGC of the South, PJSC, On the implementation of completed research and development work.***

***At the same time, the actual payment for the counterparty execution of the stages of R&D was completed by IDGC of the South, PJSC, in full and amounted to 12,0 mln RUB because of the working cost of electric energy.***

***6. Agreement dated September 27, 2011 No. 727 for the R&D on Introducing new generation microprocessing blocking elements of 110 kV disconnecting devices (microelectronic and microprocessor electromagnetic locking system with installation of ab engineering prototype at a switchyard of one substation of Rostovenergo, a branch of IDGC of the South, PJSC), concluded with Research Institute of Energy Technologies, LLC, and providing for implementing 3 stages of R&D, with an overall value of 2.9 mln RUB (including VAT).***

***As of March 31, 2017, all stages of R&D have been fully implemented.***

***The completion of R&D actually resulted in the development and installation of the microelectronic and microprocessing interlocking electromagnet system at the electrically-powered equipment of 10 kV switchyard of 110/10 kV Nosovskaya substation of Rostovenergo, a branch of IDGC of the South, PJSC, as well as the introduction into trial operation of the named system in accordance with the requirements of the Orders of IDGC of the South, PJSC, such as Order No. 359 dated July 22, 2013, On the installation and introduction into trial operation of microprocessing and microelectronic interlocking electromagnet system at 110/35/10 kV Novikovskaya substation, Order No. 392 dated August 07, 2013, On making amendments in Order No. 359 dated July 22, 2013, On the installation and introduction into trial operation of microprocessing and microelectronic interlocking electromagnet system at 110/35/10 kV Novikovskaya substation, as well as Order No. 20 dated January 21, 2014, On the performance of the trial operation of microprocessing and microelectronic interlocking electromagnet system at 110/35/10 kV Nosovskaya substation to perform an objective assessment of the efficiency of its introduction and reliability of its operation, as well as to ensure the possibility of completing a comparative analysis of its technical characteristics and reliability of work with similar parameters of typical traditional technical solutions.***

***At the same time, the actual payment for the counterparty execution of the stages of R&D was completed by IDGC of the South, PJSC, in full and amounted to 2,9 mln RUB because of the working cost of electric energy.***

***7. Agreement No. 726 dated September 19, 2011 for the R&D on Developing costing standards database for determining the cost of the repair and maintenance of electrical installations (SNBro) in accordance with the price level as of January 1, 2012, concluded with Siberian Center for Pricing in Construction, Industry and Energy, CJSC and providing for implementing 4 stages of R&D, with an overall value of 12.057 mln RUB (including VAT).***

***As of March 31, 2017, all stages of R&D have been fully implemented.***

***The R & D performance actually resulted in the development of costing standards database for determining the cost of the repair and maintenance of electrical installations of Rostovenergo, a branch of IDGC of the South, PJSC, and the successful presentation of expert evidence by the Federal Autonomous Institution “Federal Center for Pricing in Construction and Construction Materials Industry, as well as their confirmation and enforcement in Rostovenergo, a branch of IDGC of the South, PJSC, in accordance with the requirements of Order No. 138 dated March 6, 2014 of IDGC of the South, PJSC, On the enforcement of costing standards database for determining the cost of the repair and maintenance of***

***electrical installations (SNBro) of Rostovenergo, a branch of IDGC of the South, PJSC, to ensure their use in the preparation (adjustment) of the Repair Program of Rostovenergo, a branch of IDGC of South, PJSC for 2015 and subsequent years, along with similar in their functional design developments and software products applied at IDGC of the South, PJSC.***

***At the same time, the actual payment for the counterparty execution of the stages of R&D was completed by IDGC of the South, PJSC, in full and amounted to 12,057 mln RUB because of the working cost of electric energy.***

***8. Agreement No. M17/12-K/897 dated October 10, 2012 for the Technical Regulations (TR) on The development of the normative documents system of IDGC of the South, PJSC, based on the requirements of the international standard ISO 50001: 2011, concluded with FINEX Quality, CJSC, and providing for implementing 5 stages of TR, with an overall value of 5.894 mln RUB (including VAT).***

***As of March 31, 2017, all stages of TR have been fully implemented.***

***The TR performance actually resulted in the development of Regulations on the energy management system of IDGC of the South, PJSC, and Regulations on the energy management system of the subsidiaries and dependent companies of Rosseti, PJSC, as well as their approval and implementation across the branches of IDGC of the South, PJSC based on the requirements of the following Orders of the IDGC of the South, PJSC: Order No. 732 dated December 26, 2013, On the approval and implementation of Regulation on the energy management system of IDGC of the South, PJSC, and Order No. 760 dated December 30, 2013, On the implementation of the Regulation on the energy management system in the SDCs of Rosseti, PJSC, in order to maximize their management in the future in the fields of energy management, conservation and efficiency.***

***At the same time, the actual payment for the counterparty execution of the stages of TR was completed by IDGC of the South, PJSC, in full and amounted to 5.894 mln RUB because of the working cost of electric energy.***

***9. Agreement No. 12/027/628 dated May 10, 2012 for the R&D on The creation of a set of discriminative protection against single-phase earth faults in compensated and uncompensated 6–35 kV grids based on the determination of single-phase earth fault on transient and steady-state processes concluded with Research Engineering Center of Interregional Distribution Grid Companies, OJSC, and providing for implementing 6 stages of R&D, with an overall value of 33.0 mln RUB (including VAT).***

***As of March 31, 2017, all stages of R&D have been fully implemented.***

***The R&D performance actually resulted in the development and installation of 3 engineering prototypes of an individual device for protection against single-phase earth fault (033) of TOR 110-IZN type and 2 engineering prototypes of 033 centralized device for selective signaling of single phase-to-ground fault protection of Bresler-0107. OPF type in 6 kV closed switchgear cells of 10/6 kV Olimpiyskaya Substation of the production department of Pravoberezhniye electric grids of Volgogradenergo, as well as their commissioning based on the requirements of Order No. 231 dated April 15, 2014 of IDGC of the South, PJSC, On commissioning of engineering prototypes of an individual device for protection from single phase-to-ground fault and a centralized device for selective signaling of single phase-to-ground fault at 110/6 kV Olimpiyskaya Substation and, in addition, Order and Resolution of Volgogradenergo, a branch of IDGC of the South, PJSC, Order No. 1400-P/463 dated May 20, 2014, On putting into operation of an engineering prototype of the individual device for protection from single-phase earth faults and the centralized selective signaling device for single-phase earth faults at 110/6 kV Olimpiyskaya Substation and Resolution No. 1400 / R / 17 dated January 31, 2014 On the trial operation of the samples of signaling selective detection of single-phase earth faults, respectively, in connection with the necessity to gain experience in their operation.***

***At the same time, the actual payment for the counterparty execution of the stages of R&D was completed by IDGC of the South, PJSC, in full and amounted to 33.0 mln RUB because of the working cost of electric energy.***

***10. Agreement No. 891 dated November 09, 2012 for the Development Work on The development of methodological materials for the training of electrical personnel on the equipment of switchgears using the simulator of switchgears of power systems concluded with Technocomplekt Interregional Production Association of Technical Acquisition, CJSC, and providing for implementing 5 stages of Development Work, with an overall value of 15.501 mln RUB (including VAT).***

***As of March 31, 2017, all stages of Development Work have been fully implemented.***

***The Development Work performance actually resulted in the development of electrically-powered equipment of the simulator of switchgears of power systems, its installation at educational auditoriums Nos. 116 and 116A of the administrative building of Energetik Educational Center, located at the address: Rostov Oblast, Rostov-on-Don, Sovetskiy District, 2nd Krasnodaraya St, 147, and the recognition of Rostovenergo, a branch of IDGC of the South, PJSC, as a fixed asset (recognition as a fixed asset element) based on the requirements of Order No. 853 dated December 11, 2014 of IDGC of the South, PJSC, On commissioning of the simulator of switchgears of power systems and methodological materials for the Electrical training courses for maintenance personnel on the equipment of switchgears of power systems, and Order М466-А dated December 16, 2014 of Rostovenergo, a branch of IDGC of the South, PJSC, On the commissioning of the simulator of switchgears for power systems and methodological materials for the training of maintenance personnel on the equipment of switchgears for power systems, as well as the development of methodological materials for the training of maintenance personnel on the equipment of switchgears using the above simulator (“Methodological Support VISP.9652283.05” Procedure Manual for practical work on the simulator of distributive devices for power systems) and its approval and implementation based on the requirements of the above order of IDGC of the South, PJSC.***

***At the same time, the actual payment for the counterparty execution of the stages of Development Work was completed by IDGC of the South, PJSC, in full and amounted to 15.501 mln RUB because of the working cost of electric energy.***

***The following agreements are continuing R&D agreements:***

***11. Agreement No. 10001501000041 dated March 27, 2015 for the R&D on Developing an integrated system of specialized monitoring, forecasting and support for making operational management decisions upon occurrence of hazardous weather impacts in the zone of operational responsibility of IDGC of the South, concluded with DonGIS Management Company, LLC, and providing for implementing 6 stages of R&D, with an overall value of 12.496 mln RUB (including VAT).***

***The R&D performance actually resulted in creating a modern integrated information system for specialized monitoring and forecasting of meteorological parameters of the environment in the territory of operational responsibility of IDGC of the South, PJSC, as well as timely informing the personnel of various structural subdivisions of the executive office of IDGC of the South, JSC and its branches on the unfavorable and dangerous values of meteorological parameters in order to ensure the possibility of making appropriate operative management decisions.***

***As of March 31, 2017, 1–4 stages of R&D have been fully implemented.***

***Additionally, the actual payment for counterparty execution of 1–4 stages of R&D was completed by IDGC of the South, PJSC, in full and amounted to 11.446 mln RUB because of the working cost of electric energy.***

***12. Agreement No. 10001601000088 dated June 23, 2012 for the implementation of the research, development and technological work concerning the Research and development of technology, instrumentation and analytical support for X-ray examination of high-voltage circuit breakers concluded with the Inspectorate for integrity monitoring of the technical condition of electric power facilities, JSC and providing for the implementation of 4 stages of research, development and technological work, totaled 33,074 mln RUB (including VAT).***

***The planned result of the implementation of the Research, Development and Technological Work is the creation of technology, instrumentation and analytical procurement for operational (in field) control of the technical condition of high-voltage low-oil-content circuit breakers of VMT 110 type without their expansion and opening, namely the creation of an instrumental and analytical complex for radiographic examination of the above switches.***

***As of March 31, 2017, the first stage of Research, Development and Technological Work was in the counterparty execution stage, while the intermediate results of its implementation are as follows:***

* ***Technical Certificate No. 1 on the progress of the Research, Development and Technological Work on The Research and development of technology and instrumental and analytical support for radiographic examination of high-voltage switches. Code: “Roentgen” (23.06.2016-30.09.2016);***
* ***Technical Certificate No. 2 on the progress of the Research, Development and Technological Work on The Research and development of technology and instrumentation and analytical support for radiographic examination of high-voltage switches. Code: “Roentgen” (23.06.2016-31.12.2016)***

***In accordance with the terms of the Agreement No. 745 dated September 19, 2011, that was concluded between IDGC of the South, JSC and Instrument-Micro Scientific and Technical Center, LLC, for the R&D on the Introduction of a modern system for early detection of ice cover on 35-110 kV OHTL (related to Volgogradenergo and Rostovenergo, the branches of IDGC of the South, PJSC), and completely fulfilled, while based on the application No. 2011148052/07 dated November 28, 2011, that was submitted to the Federal Institute of Industrial Property (FIPS), Federal Government Budgetary Institution, IDGC of the South, PJSC, was granted Patent for utility model No. 116705 “Device for detecting coatings on the wire of the constant tension section of overhead power line” in 2012. On May 27, 2012, the named patent was published and registered in the State Register of Utility Models of the Russian Federation (expires November 28, 2021), and the utility model was officially included in the Register of Innovative Solutions of Rosseti, PJSC, on September 26, 2016.***

***The named utility model formula is as follows: Device for the detection of coatings on the wire of constant tension of overhead power line (OHPL) that contains embedded to Y-shaped suspension clap for the string of insulators, detector element of ice coating with installed temperature-sensitive elements and a multi-channel controllers that are distinct in having an additional force-measuring sensor installed in this device in such a way that it forms a V-shaped suspension clap for the string of insulators with an available sensor of ice coating and its output is connected to the corresponding output of polling controller.***

***In accordance with the terms of the Agreement No. 727 dated September 27, 2011, that was concluded between IDGC of the South, PJSC and Research Institute of Energy Technologies, LLC, for the R&D on the Implementation of microprocessor interlocking of 110 kV disconnectors of a new generation (microelectronic and microprocessor electromagnetic locking system with the installation of an engineering prototype for the switchgear at a substation*** of ***Rostovenergo, a branch of IDGC of the South, PJSC, and completely fulfilled, while based on the application No. 2012155406/07 dated December 19, 2012, that was submitted to the Federal Institute of Industrial Property (FIPS), Federal Government Budgetary Institution, IDGC of the South, PJSC, was granted Patent for utility model No. 151377 “Device for electromagnetic locking of switching units” in 2015. On March 03, 2015, the named patent was published and registered in the State Register of Utility Models of the Russian Federation (expires December 19, 2022), and the utility model was officially included in the Register of Innovative Solutions of Rosseti, PJSC, on September 26, 2016.***

***The named utility model formula is as follows: Device for electromagnetic locking of switching units that contains a system of contactless signaling devices for the position of switching devices, block locks on drives of switching devices and an electromagnetic key, that are distinct because of the introduction of additional separate sensors of the switching devices, united with a data bus and consisting of an input unit, receiving information from contactless state sensors and transmitting it to a data processing unit that forms s or a blocking signal to block the input transducer and further to the electromagnetic locks of the lock, on the basis of data communication with the memory unit and data transmission unit that receives and transmits information using data bus.***

***In accordance with the terms of the Agreement No. 12/027/628 dated May 10, 2012, that was concluded between IDGC of the South, PJSC, and Research and Engineering Center of Interregional Distribution Grid Companies, JSC, for the R&D on The creation of a set of discriminative protection against single-phase earth faults in compensated and uncompensated 6–35 kV grids based on the determination of single-phase earth fault on transient and steady-state processes, and completely fulfilled, while based on the application No. 2013141284/07 dated September 10, 2013, that was submitted to the Federal Institute of Industrial Property (FIPS), Federal Government Budgetary Institution, IDGC of the South, PJSC, was granted Mechanical Patent No. 2550348 "Device for protection against single-phase earth faults of air and cable lines of 6-35 kV distribution grids” in 2015. On April 09, 2015, the named patent was published and registered in the State Register of Inventions of the Russian Federation (expires September 10, 2033), and the invention was officially included in the Register of Innovative Solutions of Rosseti, PJSC, on September 26, 2016.***

***The formula of invention is as follows: Device for protection from single-phase earth faults of OHTL and cable lines of 6-35 kV distribution grids that contain a directional element consisting of matching transformers of current and voltage of transformer type, two low frequency filters, two filters of emergency components, a scheme for comparing the signs of current and voltage, two univibrators, two inhibition elements and a starting organ consisting of an industrial frequency filter, one inhibit element, a voltage relay, and also containing an AND gate, a timig element, two output releys, in this case the transformer-type matching current converter is connected to the secondary circuits of the residual current of the protected line, and the output through the series-connected first filter of the emergency components and the first low-pass filter is connected to the first input of the current and voltage sign comparing circuit, the input of the matching voltage converter of the transformer type is connected to the secondary circuits of the residual voltage of the busbar section (system) to which it is connected by protection and the first output through the series connected second filter of the alarm components and the second low-pass filter is connected to the second input of the current and voltage sign comparing circuit, the second output of the transformer-type matching transformer through the frequency isolation filter is connected to the input of the voltage relay whose output is connected with the first input of the AND element and through the first inhibition element is connected to the inhibit input of the first one-shot, the first output of the current and voltage sign the output of which is connected to the input of the third inhibit element and the input of the first output relay, the output of which is connected to the input of the third inhibit element and the input of the first output relay, the output of the third inhibition element is connected to the inhibit input of the first univibrator, the output of the second inhibition element is connected to the inhibit input of the second univibrator, the output of the AND element is connected to the second input of the AND and through the time element with the input of the second output relay, characterized in that three threshold elements and three output relays, an industrial frequency filter, a comparison circuit, an AND gate, an OR gate and a timing element are additionally input, the input of the first additional output relay through an additional time element is connected with the output of an additional OR gate, the first input of which is connected to the output of the first additional threshold element, whose input is connected to the output of an additional filter of the industrial frequency, an input and a second input of the additional OR gate is connected to the output of the voltage relay, a second output of the matching converter of the voltage of the transformer type through the industrial frequency filter is connected to the first input of the additional comparison circuit whose second input is connected to the output of an additional industrial frequency filter, the first output of the additional comparison circuit through the second additional threshold organ is connected to the first input in addition and the second output of the additional comparator circuit via the third additional threshold element is connected to the second additional output relay, the output of the additional AND gate is connected to the first input of the additional AND element and to the third additional output relay, and the second input of the additional AND gate is connected to the output of voltage-response relay.***

***In addition to it, based on the application M2013141283/07 dated September 10, 2013, that was submitted to the Federal Institute of Industrial Property (FIPS), Federal Government Budgetary Institution, In 2015 IDGC of the South, PJSC, was granted Patent for invention No. 151377 "“Method of centralized discriminative protection against earth faults in electrical distribution grids”. On September 15, 2015, the named patent was published and registered in the State Register of Inventions of the Russian Federation (expires September 10, 2033), and the invention was officially included in the Register of Innovative Solutions of Rosseti, PJSC, on September 26, 2016.***

***The formula of invention is as follows: The method of centralized discriminative earth fault protection in the distribution grid, when the zero-sequence currents of all outgoing connections are measured, the connection currents exceeding the minimum set level are selected, the base signal is selected, the measured residual currents of all outgoing connections are compared with the base signal, if the current direction of one connection is close to the direction of the base signal, then a signal is generated on the damage of this outgoing signal second connection, that is distinct in the fact that if the directions of the currents of all electrical connections are close to the direction of the base signal, then the signal is formed on the damage to the tires or in the winding of the supply transformer.***

4.6. Analysis of the Development Trends in the Issuer’s Primary Activity

***The main trends in the development of the power grid company IDGC of the South, PJSC are connected with the solution of the following main strategic tasks for long-term period:***

***1. Promotion of the reliability of power supply input and consumer experience.***

***2. Further development of the electric power grid complex to support the growth of economies in the regions of its operation, the increase of energy efficiency, including through the introduction of "smart" electric networks that increase the capacity and stability of energy supply, reduce losses and costs for technical and commercial accounting for the consumer, politician and other tasks.***

***3. Within the framework of the unified technical policy IDGC of the South, PJSC, is challenged to overcome the aging trend of fixed production assets through their modernization and application of innovative technologies in the course of reconstruction, technical re-equipment and construction of electric networks, introduction of advanced operation technologies using modern diagnostics, monitoring, and information and measurement systems.***

***4. Increase of operational and investment efficiency of IDGC of the South, PJSC in terms of reducing specific operational and investment costs, increasing financial stability.***

***There are currently three levels of electric grid companies In the electric power industry of Russia that are formed according to technological and administrative-territorial features:***

***1st level. Federal Grid Company (FGC UES, PJSC) is an organization for the management of the unified national (all-Russian) electric grid (UNEG) that owns electric grids of 220kV and above voltage level, and operates in the territory of the Russian Federation (it has branches in all regions of Russia ).***

***2nd level. Interregional Distribution Grid Companies (IDGCs) formed as a result of reforming AO-Energo in the form of a spin-off according to the types of activities and subsequent merger of the DGC.***

***IDGCs own electric grids of 110 to 0.4 kV voltage levels, and provide services for transmission and distribution of electric power in the territories of the constituent entities of the Russian Federation, whose DGCs are included in their composition.***

***3 level. Local network organizations that are set up as municipal enterprises (serving consumers of one municipal entity) and prevalently own electric grids of 10-0.4 kV voltage levels.***

***In the process of restructuring a part of enterprises of this level consolidated: the local electric grid companies serve the consumers of several municipal entities, and some of the consumers that are within the territory of the constituent entity of the Russian Federation.***

***At present, IDGC of the South, PJSC, is an interregional distribution electric grid company of the 2nd level that has technological connections to the UNEG and occupies a dominant position in the market for the provision of electricity transmission services in the Southern Federal District of the Russian Federation.***

***At the same time, any other grid organization located in the service area of IDGC of the South, PJSC, is subordinate and, in order to carry out its activities shall conclude an agreement with IDGC of the South, PJSC for the provision of electric energy transmission services (it applies to the third-level organizations with technological connection to the electric grids of IDGC of the South, PJSC).***

***Consumers of the Company's services are mainly power supply companies, consumers are participants of wholesale and retail electricity markets and local electric power grid organizations.***

***A significant part of the electric energy supplied to consumers that are located in the territory of the service of IDGC of the South, PJSC, passes through the Company's electric power grids.***

4.7. Analysis of the factors and terms affecting the Issuer's activity

***Over the last few years, financial and economic activity has been complicated by the systematic growth of accounts receivable for electric energy transmission services, caused by non-fulfillment by counterparties, especially by last resort suppliers (LRS) and power supply companies, of their contractual obligations in terms of payment for services. As of year-end 2016, accounts receivable for services rendered by the Company amounted to 20.2 bln RUB, including 17.1 bln RUB for electric energy transmission services.***

***In addition, a large amount of necessary gross proceeds accumulated smoothing with regard to Company's branches regulated by the RAB approach, as a result of limiting the growth of tariffs for electric power transmission service had a significant impact on the financial and economic performance of the company in 2014-2016.***

***Also, over the last few years, a lack of a stable trend in the growth of electric energy consumption in the regions of the Company's operation, including due to the lack of growth in the amounts of connected capacity is on the rise .***

***On account of the impact of these factors, the Company is forced to attract significant amounts of borrowed funds that entails in significant expenses for their servicing (interests payable).***

***IDGC of the South, PJSC is a major power company of the Southern Federal District. The development of the infrastructure of the regions that are in the scope of responsibility of the Company, and the construction of various facilities is accompanied by an increase in electric energy consumption.***

***A situation is formed where the substantial risks of reliability of power supply to consumers and a threat to reliable and stable operation of the power system become obvious and are growing due to the overload of electric energy transmission lines and transformers in normal and post-emergency modes. The situation is complicated by the deterioration of power equipment.***

***The main factor affecting the Issuer's activity is the government regulation of tariff formation, as a part of the implementation of the regulated type of activity,.***

***Forecast for the duration of the named factors and conditions.***

***Under the conditions when the Issuer implements a monopoly activity (services for the transmission of electric power), the changes in the part of the authority to regulate tariffs for electric power transmission services are not expected in the near future. Relating to the indicator of the marginal levels of tariffs for electric energy transmission services, the Issuer does not forecast any sharp fluctuations, both increasing and decreasing, of this indicator in the near future.***

***Following significant events/factors may improve the Issuer's performance:***

* ***Growth in electric power consumption in the regions that are in the Company's area of responsibility;***
* ***Implementation of the financial restructuring program of the Company;***
* ***Introduction of energy-saving technologies.***

***Following significant events/factors may have the most negative impact on the possibility to receive the same or better results in the future compared to the results obtained for the most recent reported period:***

* ***Decrease in power consumption due to the recession of production and, as a consequence, the occurrence of shortfall in the incomes of the Company;***
* ***Depreciation of power equipment;***
* ***Growth of inflation (actual growth exceeds the forecasted one);***
* ***Adjustment of tariffs for rendering electric power transmission services;***
* ***Emergence of competing power grid companies, the disaggregation of the grid economy (the emergence of many small grid companies instead of several major ones);***
* ***Risk of cancellation of equipment sublease contracts of FGC UES, PJSC ("last mile" contracts);***
* ***Risk of subjectivity in the adoption of tariff-balance decisions, including decisions on the norm of losses of electric power by the Ministry of Energy, the Federal Tariff Service of Russia, the Republican Tariff Service;***
* ***Rise in the cost of credit resources.***
* ***The methods applied by the Issuer and the methods that the Issuer plans to use in the future to reduce the negative effect of factors and conditions affecting the Issuer's business are as follows:***
* ***Optimization of operation and maintenance charges structure.***
* ***Reconstruction of the existing and construction of new electric power grids.***
* ***Technical re-equipment of fixed assets.***
* ***Implementation of medium-term leasing programs.***
* ***Development and implementation of medium-term programs to reduce technological losses in the Company's electric power grids.***
* ***Introduction of new management methods based on the development of IT technologies.***
* ***Preservation of the tariff regulation method, based on the determination of return on invested capital (RAB regulation).***
* ***Consolidation of the power grid property of the territorial electric grid organizations of the third level in the regions of the presence of IDGC of the South, PJSC, in the framework of the implementation of the Electric Power Grid Complex Development Strategy of the Russian Federation approved by the Decree No. 511-r dated April 03, 2013, of the Russian Federation Government.***
* ***Thus, the timely implementation of investment programs that will positively affect the prospects for the development of the electric grid infrastructure of the regions that are a part of the Issuer's activity area is necessary to improve the results of the Issuer's activities. This development of electric power grids will increase the reliability of electric power supply to existing consumers and in the long term will make it possible to connect a number of new socially important applicants, and in the future to obtain additional sources of revenue from branches selling electric power transmission services.***

4.8. Competitors of the Issuer

***The Issuer carries out its activities on the rights of natural monopoly, because this type of activity is regulated by the government, and electric power consumers do not have the choice of a electric grid organization at the point of the connection of equipment.***

Section V. Detailed data on the members of the Issuer's management bodies, the Issuer's bodies supervising its financial and economic activities, and brief data on the Issuer's employees (workers)

5.1. Data on the structure and competence of the Issuer's management bodies

Full description of the structure of the Issuer's management bodies and their competence in accordance with the charter (constitutional documents) of the Issuer:

***In accordance with Clause 9.1., Article 9 of the Company Charter, the management of the Company includes the following management bodies:***

***General Meeting of the Shareholders of the Company***

***Board of Directors;***

***Management Board;***

***Director General.***

***The General Meeting of Shareholders of the Company is the supreme management body of the Company.***

***In accordance with Clause 10.2., Article 10 of the Company's Charter, the following issues are within the competence of the General Meeting of Shareholders:***

* ***making changes and additions to the Charter or approval of the Charter in a new edition;***
* ***reorganization of the Company;***
* ***liquidation of the Company, appointment of the Liquidation Committee and approval of the interim and final liquidation balance sheets;***
* ***determination of the number, nominal value, category (type) of authorized shares and the rights granted by these shares;***
* ***increase of the Company's authorized capital by increasing the nominal value of shares or by placing additional shares;***
* ***decrease of the Company's authorized capital by decreasing the nominal value of shares, by acquiring a part of shares by the Company in order to reduce their total number, as well as by paying off shares acquired or repurchased by the Company;***
* ***splitting and consolidation of the Company's shares;***
* ***taking a decision on placement of bonds by the Company convertible into shares and other equity securities convertible into shares;***
* ***determination of the number of members of the Board of Directors of the Company, election of its members and early termination of their powers;***
* ***election of members of the Company's Audit Committee and early termination of their powers;***
* ***approval of the Company's Auditor;***
* ***taking a decision on the transfer of powers of the sole executive body of the Company to the managing organization (manager) and on early termination of its powers;***
* ***confirmation of annual reports, annual financial statements, including profit and loss statements (profit and loss accounts) of the Company, as well as the distribution of profit (including payment (declaration) of dividends, except for the profits distributed as dividends based on the results of the first quarter, half year, nine months of the fiscal year) and losses of the Company based on the results of the fiscal year;***
* ***payment (declaration) of dividends based on the results of the first quarter, half year, nine months of the financial year;***
* ***determination of the rules of procedure of the General Meeting of Shareholders of the Company;***
* ***making decisions on the approval of transactions in cases provided for by Article 83 of the Federal Law "On Joint Stock Companies";***
* ***making decisions on approval of major transactions in cases provided for by Article 79 of the Federal Law "On Joint Stock Companies";***
* ***taking a decision on participation in financial and industrial groups, associations and other associations of commercial organizations;***
* ***approval of the internal documents regulating the activities of the Company's bodies;***
* ***taking a decision on payment of remuneration and (or) compensation to the members of the Company's Audit Committee;***
* ***taking a decision on payment of remuneration and (or) compensation to the members of the Company's Board of Directors;***
* ***taking a decision on the handling of an application for delisting shares of the Company and (or) equity securities of the Company convertible into its shares;***
* ***solving other issues provided for by the Federal Law “On Joint Stock Companies”.***

The issues referred to the competence of the General Meeting of Shareholders can not be transferred to the Board of Directors, the Management Board and the Director General of the Company.

The General Meeting of Shareholders is not entitled to consider and adopt decisions on issues not referred to its competence by the Federal Law “On Joint Stock Companies”.

***The Board of Directors of the Company is a collegial management body that controls the activities of the Sole Executive Body of the Company and performs other functions entrusted to it by the law or the Charter of the Company. The Board of Directors of the Company exercises general management of the Company's activities with the exception of resolving issues referred by the Federal Law “On Joint-Stock Companies” and the Charter to the competence of the General Meeting of Shareholders.***

***The following issues fall within the competence of the Board of Directors of the Company in accordance with Clause 15.1., Article 15 of the Company's Charter:***

***1) determination of priority directions of activity and development strategy of the Company;***

***2) convocation of the annual and extraordinary General Meetings of Shareholders of the Company, except for the cases provided for by Clause 14.8. of Article 14 of the Charter, as well as the announcement of the date of the new General Meeting of Shareholders instead of the failed due to the absence of a quorum;***

***3) approval of the agenda of the General Meeting of Shareholders of the Company;***

***4) election of the Secretary of the General Meeting of Shareholders of the Company;***

***5) determination of the date for compilation of the list of persons entitled to participate in the General Meeting of Shareholders of the Company, determination the date of drawing up the list of persons entitled to receive dividends, approval of the cost estimate for the General Meeting of Shareholders of the Company and resolution of other issues related to the preparation and conduction of the General Meeting of Shareholders of the Company;***

***6) submitting to the decision of the General Meeting of Shareholders of the Company the issues stipulated by subclauses 2, 5, 7, 8, 12-20 of Clause 10.2 of Article 10 of the Charter, on the reduction of the Company's charter capital by reducing the nominal value of shares, as well as setting the date on which the persons entitled to receive dividends are determined;***

***7) placement by the Company of additional shares that preference shares of a certain type placed by the Company may be converted into ordinary shares or preference shares of other types, if such placement is not related to an increase in the Company's authorized capital, and also placement of bonds or other equity securities; Issue of Eurobonds and determination of the Company's policy regarding the issue of equity securities (with the exception of shares) and Eurobonds;***

***8) approval of the decision on the issue (additional issue) of securities, securities prospectus and the report on the results of the issue (additional issue) of securities and the notice of the results of the issue (additional issue) of securities, approval of reports on the results of the acquisition of shares from the shareholders of the Company, reports on the results of the redemption of shares, reports on the results of presentation by shareholders of the Company of the requirements for redemption of shares owned by them;***

***9) determination of the price (monetary value) of the property, the placement price of equity securities or the procedure for determining it, and the price of redemption of equity securities in cases stipulated by the Federal Law “On Joint Stock Companies”, as well as in resolving the issues specified in subclauses 11, 22, 38 of Clause 15.1., Article 15 of the Charter;***

***10) acquisition of shares, bonds and other securities placed by the Company in cases stipulated by the Federal Law “On Joint Stock Companies”;***

***11) alienation (sale) of the Company's shares that were placed at the disposal of the Company as a result of their acquisition or repurchase from the Company's shareholders, as well as in other cases stipulated by the Federal Law “On Joint Stock Companies”;***

***12) election of the Director General of the Company and early termination of his powers, including the adoption of a decision on the early termination of the employment contract with him;***

***13) determination of the quantitative composition of the Management Board of the Company, election of members of the Management Board of the Company, establishment of remunerations and compensations paid to them, early termination of their powers;***

***14) recommendations to the General Meeting of Shareholders of the Company on the amount of remuneration and compensation paid to the members of the Company's Audit Committee and determining the amount of the remuneration paid for the services of the Auditor.***

***15) recommendations on the size of the dividend on shares and the procedure for its payment;***

***16) approval of internal documents of the Company that determine the procedure for the formation and use of the Company's funds;***

***17) taking a decision on the use of the Company's funds; approval of estimates of the use of funds for special purpose and consideration of the results of the implementation of estimates for the use of funds for special purpose;***

***18) approval of internal documents of the Company, except for internal documents the approval of which is attributed to the competence of the General Meeting of Shareholders, as well as other internal documents the approval of which is attributed to the competence of the executive bodies of the Company;***

***19) approval of the business plan (adjusted business plan), including the investment program and the quarterly report on the results of their implementation, as well as approval (adjustment) of the performance benchmarks for the cash flow of the Company;***

***20) the discussion of the investment program, including changes in it;***

***21) creation of the Company's branches and opening of the Company's representative offices, their liquidation, as well as making changes to the Company's Charter related to the establishment of branches, opening of the Company's representative offices (including changing information on the names and locations of branches and representative offices of the Company) and their liquidation;***

***22) taking a decision on the Company's participation in other organizations (on entering an existing organization or creating a new organization, including the approval of constitutional documents), as well as on the acquisition, alienation and encumbrance of shares of or portions in the authorized capitals of other organizations that the Company has a participation, on the change of an owned amount of the authorized shares of a relevant organization or a membership interest in other organization, and the termination of the Company's participation in other organizations;***

***23) determination of the credit policy of the Company regarding the issuance of loans by the Company, making credit and loan agreements, issue of guarantees, acceptance of the obligations under the bill (issuing of ordinary and transfer bill), transfer of property as collateral and making decisions on the Company's transactions in the cases when the procedure for taking decisions on them is not determined by the Company's credit policy, as well as taking decisions in accordance with the procedure provided for by the Company's credit policy to bring the Company's debt position into line with the limits established by the Company's credit policy;***

***24) approval of major transactions in the cases provided for by Chapter X of the Federal Law "On Joint Stock Companies";***

***25) approval of transactions stipulated by Chapter XI of the Federal Law "On Joint Stock Companies";***

***26) approval of the Company's registrar, the terms of the contract concluded with this person, as well as termination of the contract with him/her;***

***27) election of the Chairman of the Board of Directors of the Company and early termination of his powers;***

***28) election of the Deputy Chairman of the Board of Directors of the Company and early termination of his powers;***

***29) election of the Corporate Secretary of the Company and early termination of his powers;***

***30) preliminary approval of decisions on the Company's transactions related to the gratuitous transfer of the Company's property or property rights (claims) to itself or to a third party; transactions related to exemption from property obligations to themselves or to a third party; transactions related to gratuitous provision of services (performance of work) to third parties in cases (amounts) determined by separate decisions of the Board of Directors of the Company and making decisions on the Company's performance of these transactions in cases where the above cases (amounts) are not determined;***

***31) taking a decision on the suspension of the powers of the managing organization (manager);***

***32) taking a decision on the appointment of the Acting Director General of the Company in cases determined by separate decisions of the Board of Directors of the Company, as well as bringing him to disciplinary responsibility;***

***33) bringing the Director General and members of the Management Board of the Company to the disciplinary liability and their encouragement in accordance with the labor legislation of the Russian Federation;***

***34) consideration of the reports of the Director General on the activities of the Company (including on the performance of his official duties), on the implementation of decisions of the General Meeting of Shareholders and the Board of Directors of the Company;***

***35) approval of the procedure for interaction of the Company with organizations in which the Company participates;***

***36) determination of the position of the Company (representatives of the Company), including the instruction on participation or non-participation in voting on the agenda items, to vote on the draft decisions “for”, “against” or “abstained” on the following items of agendas of general meetings of shareholders (participants) of subsidiaries and dependent companies (hereinafter — SDCs), and meetings of the boards of directors of SDCs:***

***а) the determination of the agenda of the general meeting of shareholders (participants) of SDCs (with the exception of those SDCs 100 (One hundred) percent of the authorized capital of which belong to the Company);***

***b) the reorganization or liquidation of SDCs;***

***c) the determination of the quantitative composition of the management and control bodies of SDCs, nomination, and election of their members, as well as early termination of their powers, nomination, and election of the sole executive body of SDCs and early termination of its powers;***

***d) the determination of the amount, nominal value, category (type) of the declared shares of SDCs and the rights granted by these shares;***

***e) the increase of the authorized capital of SDCs by increasing the nominal value of shares or by placing additional shares;***

***f) the placement of the securities of SDCs convertible into ordinary shares;***

***g) the fragmentation, consolidation of shares of SDCs;***

***h) the approval of major transactions performed by SDCs;***

***i) the participation of SDCs in other organizations (on joining an operating organization or establishing a new organization), as well as on the acquisition, alienation and encumbrance of shares and stocks in the authorized capitals of organizations in which SDCs participate, the change of an owned amount of the authorized shares of or a membership interest in the corresponding organization;***

***j) the performance of transactions by SDCs (including several interrelated transactions) related to the acquisition, alienation or possible alienation of property constituting fixed assets, intangible assets, construction in progress, the purpose of which is the production, transmission, dispatching, distribution of electric and heat energy in cases (amounts) determined by the procedure for interaction of the Company with the organizations in which the Company participates, approved by the Board of Directors of the Company;***

***k) the introduction of amendments and additions to the constitutional documents of SDCs;***

***l) the determination of the procedure for paying remunerations to the members of the Board of Directors and the Audit Committee of SDCs;***

***m) the approval of target values of key performance indicators (adjusted target values of key performance indicators);***

***n) the approval of the report on the implementation of the planned values of annual and quarterly key performance indicators;***

***o) the approval of a business plan (adjusted business plan), including an investment program and a quarterly report on the results of their performance;***

***p) the approval (discussion) of the report on the implementation of the business plan;***

***q) the approval of the distribution of profits and losses based on the results of the fiscal year;***

***r) the recommendations on the amount of the dividend on shares and the procedure for its payment;***

***s) the payment (declaration) of dividends based on the results of the first quarter, six months, nine months of the fiscal year, as well as the results of the fiscal year;***

***t) the discussion of the investment program, including changes in it;***

***u) the approval (discussion) of the report on the implementation of the investment program;***

***v) the reduction of the authorized capital of SDCs by reducing the nominal value of shares, by acquiring by SDCs of a portion of shares in order to reduce their total number, as well as by paying off shares acquired or repurchased by SDCs;***

***w) the determination of the credit policy of SDCs in terms of issuing loans, concluding credit agreements and loan agreements, issuing guarantees, accepting obligations on a bill (issuing a simple and transfer bill), transferring property as collateral and taking decisions on the performance of SDCs of the specified transactions in cases when the procedure for taking decisions on them is not determined by the credit policy of SDCs, as well as the adoption of decisions on bringing the debt position of SDCs in line with the credit policy of SDCs, in accordance with the limits set by the SDC's credit policy, on approval of the SDC's credit plan, approval of the SDC's Long-term Development Plan, and an updated SDC Long-term Development Plan, reviewing the report on the implementation of the SDC's Long-term Development Plan.***

***37) determination of the position of the Company (representatives of the Company) on the following agenda issues of the meetings of the boards of directors of SDCs (including instructions to take part or not to take part in voting on agenda items, to vote on draft decisions “for”, “against” or “abstained”):***

***а) on the determination of the position of representatives of subsidiaries and dependent companies on the agenda of general meetings of shareholders (participants) and meetings of the boards of directors of subsidiaries and dependent companies in relation to SDCs related to the completion (approval) of transactions (including several interrelated transactions) related to the acquisition, alienation or possible alienation of property constituting fixed assets, intangible assets, objects of construction in progress, the purpose of which is the production, transmission, dispatching, distribution of electric and thermal energy in cases (amounts) determined by the procedure for interaction of the Company with the organizations in which the Company participates, approved by the Board of Directors of the Company;***

***b) on the determination of the position of representatives of SDCs on the agenda of general meetings of shareholders (participants) and meetings of the boards of directors of subsidiaries and dependent companies in relation to SDCs engaged in the production, transmission, dispatching, distribution and sale of electric and heat energy, on reorganization, liquidation, increase of the authorized capital of such companies by increasing the nominal value of shares or by placing additional shares, placement of securities convertible into ordinary shares;***

***38) preliminary approval of decisions on the committing by the Company of:***

***а) the approval of transactions related to the non-current assets of the Company in the amount of over 10 percent of the book value of these assets of the Company according to the accounting (financial) statements as of the latest reporting date;***

***the approval of the transactions (including several interrelated transactions) related to the acquisition, alienation or possible alienation of property constituting fixed assets, intangible assets, construction in progress, the purpose of which is the production, transmission, dispatching, distribution of electric and thermal energy in cases (amounts) determined by separate decisions of the Board of Directors of the Company, or if the specified cases (amounts) are not determined by the Board of Directors of the Company;***

***c) transactions (including several interrelated transactions) related to the acquisition, alienation or possible alienation of property constituting fixed assets, intangible assets, construction in progress, the purpose of which is not the production, transmission, dispatching, distribution of electric and thermal energy in cases (amounts) determined by separate decisions of the Board of Directors of the Company, or if the specified cases (amounts) are not determined by the Board of Directors of the Company;***

***d) preliminary approval of transactions the subject of which is the Company's immovable property, including land plots, as well as objects of unfinished construction in cases determined by separate decisions of the Board of Directors (for example, by determining the size and/or list), as well as any of the above transactions with real estate, including land, as well as objects of unfinished construction, if such cases (size, list) are not determined;***

***e) the transactions for a period of more than 5 years for the transfer to temporary possession and use or temporary use of real estate, electrical grid facilities or for temporary possession and use or temporary use of real property, in cases (amounts) determined by separate decisions of the Board of Directors of the Company or if the specified cases (amounts) are not determined by the Board of Directors of the Company;***

***39) the nomination by the Company of candidates for election to the position of the sole executive body, to other management bodies, control bodies, as well as candidatures of the auditor of organizations in which the Company participates in the production, transfer, dispatching, distribution and sale of electric and thermal energy, as well as repair and service*** activities;

***40) determination of the Company's policy in the field of insurance, exercising control over the provision of insurance coverage of the Company, including approval of candidatures of the Company's Insurers;***

***41) approval of the organizational structure of the executive body of the Company and introduction of changes into it;***

***42) approval of candidatures for certain positions of the executive body of the Company, determined by the Board of Directors of the Company;***

***43) approval of the provision on material incentives for the Director General, provisions on material incentives for the Company's top managers; approval of the list of top managers;***

***44) the preliminary approval of the collective contract, agreements concluded by the Company within the framework of regulation of social and labor relations, and approval of documents on non-state pension provision for employees of the Company;***

***45) creation of committees of the Board of Directors of the Company, election of members of the Committees of the Board of Directors of the Company and early termination of their powers, election and early termination of the powers of the chairmen of the Committees of the Board of Directors of the Company;***

***46) the approval of the appraiser (appraisers) to determine the value of the Company's shares, property and other assets in cases provided for by the Federal Law “On Joint-Stock Companies”, this Charter, as well as certain decisions of the Board of Directors of the Company;***

***47) the approval of nominees for th position of financial adviser engaged in compliance with the Federal Law “On the securities market”, as well as nominees for the positions of organizers of the issue of securities and consultants for transactions directly related to raising funds in the form of public borrowings;***

***48) preliminary approval of transactions that may entail the emergence of liabilities expressed in foreign currency (or liabilities whose value is linked to foreign currency), transactions with derivative financial instruments, in cases and amounts determined by separate decisions of the Board of Directors of the Company, and also if specified cases (amounts) by the Board of Directors of the Company are not defined; determination of the Company's policy with respect to transactions with derivative financial instruments;***

***49) the determination of procurement policy in the Company, including the approval of the Regulation on the procurement of goods, work, and services, the approval of the head of the Central Purchasing Body of the Company and its members, and approval of the purchase plan and other decisions in accordance with the documents approved by the Company that are regulating the procurement activities of the Company;***

***50) the adoption of a resolution on the nomination of the General Director of the Company for national awards;***

***51) approval of target values (adjusted values) of the Company's key performance indicators (KPI) and reports on their implementation;***

***52) the determination of the Company's policy aimed at improving reliability of the distribution complex of electric grids and other electric power grid facilities, including the approval of the Company's strategic programs to improve the reliability of the electric power grid complex, the development of the power grid complex and its security;***

***53) determination of the housing policy of the Company in terms of providing the company's employees with corporate support in improving housing conditions in the form of subsidies, compensation of expenses, interest-free loans and making decisions on the provision of the Company with this support in cases where the procedure for its provision is not determined by the housing policy of the Company;***

***54) application of listing of the Company's shares and (or) equity securities of the Company convertible into shares of the Company;***

***55) taking decisions on the Company's joining industry and inter-industry standards, regulations and other documents in the electric power industry in various areas of the Company's activities, including technical regulation;***

***56) the determination of principles and approaches to the organization of internal audit, risk management systems and internal control in the Company;***

***57) assessment of key operational risks (both financial and non-financial risks), as well as establishing an acceptable level of risks for the Company.***

***58) the organization of analysis and evaluation of the functioning of the system of risk management and internal control no less than once a year.***

***59) the discussion of the matters relating to the organization, functioning and efficiency of the risk management and internal control system in the Company held once a year.***

***60) the control and organization of the activities of the internal audit department, including the approval of the internal audit activity plan, the report on the implementation of the internal audit activity plan and the budget of the internal audit department, approval of decisions on appointment, dismissal, and determination of the remuneration of the head of the internal audit department;***

***61) exercising control over the compliance of the activities of the executive bodies of the company with the strategy approved by the Company; hearing reports of the Director General and members of the Management Board of the Company on the implementation of the strategy approved by the Company;***

***62) recommendations to the executive bodies of the Company on any issues of the Company's activities;***

***63) the preliminary approval of one or several interrelated transactions related to the acquisition or the possibility of purchasing by the Company options, bills, investment shares of a mutual investment fund and/or bonds for the amount of more than 1,000,000,000 (one billion) RUB;***

***64) the preliminary approval of one or several interrelated transactions of the Company related to the Company's transfer or the possibility of transfer some property in the amount of more than 1,000,000,000 (one billion) RUB under fiduciary management;***

***65) the preliminary approval of one or several interrelated transactions of the Company related to the acquisition or the possibility of obtaining by the Company of bank guarantees for which the Company is the principal for the amount of more than 1,000,000,000 (one billion) RUB;***

***66) the approval of the list of credit institutions where the Company may place its financial funds;***

***67) other issues referred to the competence of the Board of Directors by the Federal Law “On Joint Stock Companies” and the Charter.***

***Issues referred to the competence of the Board of Directors of the Company can not be transferred to the Director General and the Management Board of the Company.***

***The current activity of the Company is managed by the Director General, the sole executive body, and the Management Board of the Company, the collegial executive body. The Director General and the Management Board of the Company are accountable to the General Meeting of Shareholders and the Board of Directors of the Company.***

***In accordance with Clause 22.2., Article 22 of the Company's Charter, the following issues are within the competence of the Management Board of the Company:***

* ***the development and submission of the development strategy of the Company to the Board of Directors***
* ***of the Company;***
* ***the preparation of the annual (quarterly) business plan, including the investment program and the report on the results of their implementation, as well as the approval (adjustment) of the movement of cash (budget) flows of the Company;***
* ***preparation of the Company's annual report, report on the implementation of the decisions of the General Meeting of Shareholders and the Board of Directors of the Company by the Management Board;***
* ***review of reports of the Deputy Directors General of the Company, heads of the Company's separate structural divisions on the results of the implementation of approved plans, programs, instructions, consideration of reports, documents and other information on the activities of the Company and its subsidiaries and affiliates;***
* ***the decisions on the matters that are within the competence of the supreme management bodies of the business entities, 100 (one hundred) percent of the authorized capital of which is owned by the Company (taking into account subclauses 36 and 37 of Clause 15.1 of Article 15 of the Charter);***
* ***the preparation and submission for consideration by the Board of Directors of reports on financial and economic activities of business entities, 100 (one hundred) percent of the authorized capital is owned by the Company;***
* ***the decisions on the conclusion of transactions that relate to property, work and services, the value of which is 1−25 percent of the book value of the assets of the Company, according to the accounting reports (financial statements) for the latest reporting date (with the exception of the cases specified in subclause 38, Clause 15.1 of the Charter);***
* ***effective risk management within the current activities of the Company; approval of the budget for risk management activities in the Company within the limits agreed by the Board of Directors of the Company; the resolution of cross-functional (performed by several structural divisions) risk management task***
* ***resolving other issues related to the management of the Company's current activities in accordance with the decisions of the General Meeting of Shareholders, the Board of Directors of the Company, as well as issues submitted by the Director General of the Company to the Board for consideration.***

***The Director General shall manage the Company’s current activities in accordance with the decisions of the General Meeting of Shareholders of the Company, the Board of Directors and the Management Board of the Company adopted in accordance with their competence.***

***The competence of the Director General of the Company includes all issues related to the management of the Company's current activities, with the exception of matters falling within the competence of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company.***

***In accordance with clause 23.3., Clause 23 of the Company's Charter the Director General of the Company without a power of attorney acts on behalf of the Company, also, taking into account the restrictions provided for by the current legislation, this Charter and decisions of the Board of Directors of the Company:***

* ***ensures the implementation of the Company's business plans necessary for the solution of its tasks;***
* ***organizes accounting and reporting in the Company;***
* ***disposes of the Company's property, commits transactions on behalf of the Company, issues powers of attorney, opens settlement and other accounts of the Company in banks, other credit organizations (and*** also ***in cases provided by law in organizations that are professional participants of the securities market);***
* ***issues orders, approves (accepts) instructions, local normative acts and other internal documents of the Company on matters of its competence, gives instructions mandatory for execution by all employees of the Company;***
* ***approves the Regulations on the Company's branches and representative offices;***
* ***in accordance with the organizational structure of the executive body of the Company, approves the staffing and official salaries of the Company's employees;***
* ***carries out, in relation to the Company's employees, the rights and obligations of the employer provided for by labor law;***
* ***performs the functions of the Chairman of the Management Board of the Company;***
* ***distributes duties between the Deputy Directors General;***
* ***submits to the Board of Directors reports on the financial and economic activities of the subsidiaries and dependent companies provided the Company owns shares (interests) in these subsidiaries and dependent companies, as well as information on other organizations, if the Company participates in these organizations, except in cases stipulated by subclause 6), Clause 22.2, Article 22 of this Charter;***
* ***submits to the Board of Directors of the Company an annual report, annual accounting (financial) statements, distribution of profits and losses of the Company no later than 45 (forty-five) days prior to the date of the Annual General Meeting of Shareholders of the Company;***
* ***resolves other issues of the Company's current activities, with the exception of matters falling within the competence of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company.***

***The Issuer has approved (adopted) the Code of Corporate Governance or another similar document***

***Data on the corporate governance code or a similar document:***

***The Corporate Governance Code of Interregional Distribution Grid Company of the South, Open Joint-Stock Company (as amended) is approved by the resolution of the Board of Directors of the Company on March 6, 2013 (Minutes No. 105/2013 of 03/11/2013). The full text of the Code is freely available on the Web at:*** [***http://mrsk-yuga.ru/pages/show/inye-vnutrennie-dokumenty***](http://mrsk-yuga.ru/pages/show/inye-vnutrennie-dokumenty)***.***

5.2. Information on the persons that participate in the Issuer's management bodies

5.2.1 Members of the Issuer's Board of Directors (Supervisory Board)

Full name: ***Sergey A. Arkhipov***

***(Chairperson)***

Year of Birth: 1967

Education:

***Higher Candidate of economic sciences***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years

and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2010 | 2012 | IDGC of the South, OJSC | Director General |
| 2013 | 2013 | Rosseti, OJSC | Deputy Executive Director - Technical Director |
| 2013 | 2013 | Rosseti, OJSC | Deputy Director General - Technical Director |
| 2013 | 2014 | Rosseti, OJSC | Deputy Director General - Chief Engineer |
| 2014 | 2014 | Rosseti, OJSC | Deputy Director General for the North Caucasus and Southern Federal Districts |
| 2014 | currently | Rosseti, OJSC/Rosseti, PJSC | Chief Counselor |
| 2014 | currently | IDGC of the North Caucasus, OJSC/IDGC of the North Caucasus, PJSC | Chairman of the Board of Directors (BoD) |
| 2015 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Chairman of the Board of Directors (BoD) |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

***The member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Bogashov Aleksandr Evgenievich***

Year of Birth: 1989

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2011 | 2013 | Federal Agency for State Property Management | 1st grade expert, leading expert |
| 2015 | 2016 | Permneftegeofizika, PJSC | BoD Member |
| 2015 | 2016 | Central Geophysical Expedition, JSC | BoD Member |
| 2015 | 2016 | Nizhnevartovskneftegeofizika, OJSC | BoD Member |
| 2015 | 2016 | Volga Department of the Institute of Geology and Development of Fossil Fuels, Federal State Unitary Enterprise | BoD Member |
| 2015 | 2016 | Sibneftegeofizika, PJSC | BoD Member |
| 2013 | Currently | Ministry of Energy of the Russian Federation | Leading adviser, deputy head of department, head of department, Deputy Director of the Department of Corporate Governance, Price Conjuncture and Control and Audit in the Fuel and Energy Complex of the Ministry of Energy of Russia |
| 2016 | Currently | Kubanenergo, PJSC | BoD Member |
| 2016 | Currently | IDGC of Volga, PJSC | BoD Member |
| 2016 | Currently | IDGC of Center, PJSC | BoD Member |
| 2016 | Currently | IDGC of the South, PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

***This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Gvozdev Dmitry Borisovich***

Year of Birth: 1974

Education:

***Higher Candidate of Technical Sciences***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2011 | 2012 | Invest Holding, LLC | Expert Adviser to Director General |
| 2012 | 2013 | Moscow Power Engineering Institute (National Research University), Federal State Budgetary Institution of Higher Vocational Education | Deputy Director, Institute of Power Systems Engineering |
| 2013 | 2013 | Russian Telecom Equipment Company, CJSC | Deputy Director-General |
| 2013 | 2017 | Rosseti, PJSC | Director of Situational Analytical Center |
| 2014 | currently | Tyumenenergo, OJSC / Tyumenenergo, JSC | BoD Member |
| 2014 | currently | Roskartography, JSC | BoD Member |
| 2016 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | BoD Member |
| 2017 | Currently | Rosseti, PJSC | Chief Engineer |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

***This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Vladimir V. Dudchenko***

***Independent BoD Member***

Year of Birth: ***1973***

Education:

**Higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2007 | 2015 | Photographer.ru, LLC | Director General |
| 2008 | currently | Fund for supporting documentary photography, non-profit organisation | Director, founder member |
| 2010 | 2014 | "NCH Advisors, Inc.", Moscow office | Director |
| 2011 | currently | Greenberg Gallery, Ltd. | Director General |
| 2015 | currently | SoftBiCom, LLC | Finance director |
| 2015 | currently | SoftBComBerlin Gmbh | Finance director, procurist |
| 2015 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | No |
| Human Resources and Compensation Committee of the Board of Directors of IDGC of the South, OJSC | No |
| Committee for Strategy, Development, Investments and Reform of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

This person does not have the named family relationships

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Pankstyanov Yuri Nikolayevich***

Year of Birth: 1980

Education:

**Higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2008 | 2013 | IDGC Holding, OJSC | Head of Department of Tariffs Setting |
| 2013 | currently | Rosseti, OJSC/Rosseti, PJSC | Head of Department of Tariff Policy |
| 2015 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Filkin Roman Alekseevich***

Year of Birth: 1983

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2006 | 2014 | Territorial generating company - 6, OJSC | BoD Member |
| 2009 | 2015 | Representative Office of the Company "Prosperity Capital Management (RF) Ltd." | Co-director,  electric power industry,  mechanical engineering industry |
| 2009 | currently | IDGC of Center, OJSC/IDGC of Center, PJSC | BoD Member |
| 2009 | currently | IDGC of the Center and Volga Region, OJSC/IDGC of the Center and Volga Region, PJSC | BoD Member |
| 2011 | 2012 | Prokatmontazh, OJSC | Member of Audit Committee |
| 2011 | 2013 | IDGC of the North-West, OJSC/IDGC of the North-West, PJSC | BoD Member |
| 2012 | 2014 | Kurganmashzavod (Kurgan Machine Factory), OJSC |  |
| 2012 | 2014 | Prokatmontazh, OJSC | BoD Member |
| 2012 | 2014 | Noyabrskelektrosetstroy, OJSC | BoD Member |
| 2012 | 2015 | Urengoytruboprovodstroy, OJSC | BoD Member |
| 2012 | 2016 | Dalenergomontazh, OJSC | BoD Member |
| 2012 | currently | Smolensk Energy Repair Company, OJSC | BoD Member |
| 2013 | currently | Territorial generating company - 2, OJSC | BoD Member |
| 2014 | currently | IDGC of the North-West, OJSC/IDGC of the North-West, PJSC | BoD Member |
| 2015 | currently | Representative Office of the Company "Prosperity Capital Management (RF) Ltd." | Director, electric power industry, mechanical engineering |
| 2016 | currently | Kamensk-Uralsky plant for processing non-ferrous metals, OJSC | BoD Member |
| 2011 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | No |
| Human Resources and Compensation Committee of the Board of Directors of IDGC of the South, OJSC | No |
| Committee for Strategy, Development, Investments and Reform of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***He was a member of the Board of Directors of Urengoytruboprovodstroy, OJSC, that was subjected to bankruptcy proceedings.***

Full name: ***Kolyada Andrey Sergeevich***

Year of Birth: 1984

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2008 | 2013 | Federal Agency for State Property Management | Leading expert, expert, chief expert, Deputy Head of the Department of the Organizations of Fuel, Energy and Coal Industry at the Administration for Infrastructure Industries and Organizations of the Military-Industrial Complex, Head of the Department  of the Organizations of Fuel and Energy Industry at the Administration for Property Relations and Privatization of the Major Organizations |
| 2013 | 2017 | Rosseti, PJSC | Head of the Administration for Equity Capital at the Department  of corporate governance and interaction with shareholders and investors |
| 2014 | 2014 | Yargorelectroset, OJSC | BoD Member |
| 2014 | 2015 | Real Estate of the North-West Energy Engineering Center, OJSC | BoD Member |
| 2014 | 2016 | Uralenergotrans, LLC | BoD Member |
| 2014 | 2016 | Lenenergo, PJSC | BoD Member |
| 2014 | currently | Dagestan Energy Retail Company, PJSC | BoD Member |
| 2014 | currently | Yantarenergoservis, OJSC | BoD Member |
| 2016 | currently | IDGC of South, PJSC | BoD Member |
| 2017 | currently | Rosseti, PJSC | Head of Securities and disclosure of information division of Corporate Governance and Shareholder and Investor Relations Department of Rosseti PJSC |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Denis A. Spirin***

Year of Birth: 1980

Education:

**Higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2007 | currently | Representative Office of the Company "Prosperity Capital Management (RF) Ltd." | Director for Corporate Governance |
| 2010 | 2014 | Territorial generating company - 6, OJSC | BoD Member |
| 2012 | 2014 | Prokatmontazh, OJSC | Member of Audit Committee |
| 2011 | 2015 | Urengoytruboprovodstroy, OJSC | BoD Member |
| 2012 | currently | Territorial generating company - 2, OJSC | BoD Member |
| 2012 | currently | Smolensk Energy Repair Company, OJSC | BoD Member |
| 2016 | currently | IDGC of Center, OJSC/IDGC of Center, PJSC | BoD Member |
| 2016 | 2016 | Kamensk-Uralsky plant for processing non-ferrous metals, OJSC | BoD Member |
| 2016 | present  time | IDGC of South, OJSC / IDGC of the South, PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

***This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***He was a member of the Board of Directors of Urengoytruboprovodstroy, OJSC, that was subjected to procedure for bankruptcy administration.***

Full name: ***Aleksandr V. Shevchuk***

***Independent BoD Member***

Year of Birth: ***1983***

Education:

**Higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2004 | 2014 | Investor Protection Association (IPA) | Deputy  Director of Operations |
| 2011 | currently | IDGC of the North-West, OJSC/IDGC of the North-West, PJSC | BoD Member |
| 2011 | 2012 | IDGC of the North Caucasus, OJSC | BoD Member |
| 2011 | 2012 | Volgogradgorgaz, OJSC | BoD Member |
| 2011 | 2012 | Urengoytruboprovodstroy, OJSC | BoD Member |
| 2011 | currently | IDGC of Center, OJSC/IDGC of Center, PJSC | BoD Member |
| 2011 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | BoD Member |
| 2012 | 2016 | Mostotrest, PJSC | BoD Member |
| 2015 | currently | Wholesale generating company No. 2, PJSC | BoD Member |
| 2016 | currently | IDGC of Ural, OJSC | BoD Member |
| 2014 | currently | Investor Protection Association (IPA)/Association of Professional Investors | Director of Operations |
| 2014 | currently | IDGC of the Center and Volga Region, OJSC/IDGC of the Center and Volga Region, PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | Yes |
| Human Resources and Compensation Committee of the Board of Directors of IDGC of the South, OJSC | No |
| Committee for Strategy, Development, Investments and Reform of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name:  ***Fadeev Aleksandr Nikolayevich***

Year of Birth: 1949

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2011 | 2014 | FSK UES, OJSC | Deputy Chairperson of the Board of Security |
| 2014 | 2017 | Rosseti, OJSC/Rosseti, PJSC | Deputy General Director for Security |
| 2011 | 2012 | Tyumenenergo, OJSC | BoD Member |
| 2011 | 2012 | TsIUS, OJSC | BoD Member |
| 2012 | 2013 | Electrosetservice, OJSC | BoD Member |
| 2013 | 2014 | IDGC of Ural, OJSC | BoD Member |
| 2015 | currently | IDGC of the Center and Volga Region, OJSC/IDGC of the Center and Volga Region, PJSC | BoD Member |
| 2015 | currently | IDGC of Ural, OJSC | BoD Member |
| 2015 | currently | IDGC of Siberia, OJSC / IDGC of Siberia, PJSC | BoD Member |
| 2015 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | BoD Member |
| 2017 | currently | Rosseti, PJSC | Chief Counselor |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | No |
| Human Resources and Compensation Committee of the Board of Directors of IDGC of the South, OJSC | No |

Person's membership interests in the SDCs or an owned amount of the authorized shares of SDCs

of the issuer

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Boris Borisovich Ebzeyev***

Year of Birth: 1975

Education:

***Higher Candidate of Juridical Sciences***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2012 | 2014 | United Energy-Construction Corporation, OJSC | Expert Adviser to Director General |
| 2014 | 2014 | IDGC of the South, OJSC | First Deputy Director General |
| 2014 | currently | Donenergo, OJSC/Donenergo, JSC | BoD Member |
| 2014 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Chairman of the Management Board, Director General |
| 2015 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Data on participation in the Committees of the Board of Directors:

***This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Additional data on the members of the Board of Directors of the Company does not exist.

5.2.2. Information on the sole executive body of the Issuer

Full name: ***Boris Borisovich Ebzeyev***

Year of Birth: ***1975***

Education:

***Higher Candidate of Juridical Sciences***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2012 | 2014 | United Energy-Construction Corporation, OJSC | Expert Adviser to Director General |
| 2014 | 2014 | IDGC of the South, OJSC | First Deputy Director General |
| 2014 | currently | Donenergo, OJSC/Donenergo, JSC | BoD Member |
| 2014 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Chairman of the Management Board, Director General |
| 2015 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

5.2.3. Members of the collegial executive body of the issuer

Full name: ***Boris Borisovich Ebzeyev***

Year of Birth: ***1975***

Education:

**Higher Candidate of Juridical Sciences**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2012 | 2014 | United Energy-Construction Corporation, OJSC | Expert Adviser to Director General |
| 2014 | 2014 | “IDGC of the South” JSC | First Deputy Director General |
| 2014 | currently | Donenergo, OJSC/Donenergo, JSC | BoD Member |
| 2014 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Chairman of the Board, General Director |
| 2015 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Alaev Timur Uljumdzhievich***

Year of Birth: ***1971***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2008 | 2013 | “IDGC of the South” JSC | Deputy Director General, Director of Kalmenergo Branch |
| 2011 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Mamber of Management Board |
| 2013 | 2016 | IDGC of South, OJSC / IDGC of the South, PJSC | Deputy Director General, Director of Astrakhanenergo Branch |
| 2016 | currently | IDGC of the South, PJSC | Deputy Director General, Director of Kalmenergo Branch |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Goncharov Pavel Viktorovich***

Year of Birth: ***1966***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2010 | 2013 | “IDGC of the South” JSC | Deputy Director General, Director of Astrakhanenergo Branch |
| 2010 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Mamber of Management Board |
| 2011 | 2013 | Astrakhanelektrosetremont (Astrakhan electric power grid repair), OJSC | BoD Member |
| 2013 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Deputy Director General for Technical Affairs, Chief Engineer |
| 2013 | currently | Energy Service of South, OJSC/Energy Service of the South, JSC | Chairman of the Board of Directors (BoD) |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Rybin Aleksey Aleksandrovich***

Year of Birth: ***1972***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2011 | 2012 | FSK UES, OJSC | Deputy Director for Investment Activity Development and Services of Rostov Enterprise of Main Electric Power Transmission Lines, Branch |
| 2012 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Deputy Director General for Economic and Financial Affairs |
| 2013 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Mamber of Management Board |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Savin Grigory Grigoryevich***

Year of Birth: ***1952***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2008 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Chief Accountant – Head of Department of Financial Records, Accounts and Tax Returns |
| 2013 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Mamber of Management Board |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Chasovskoy Aleksandr Aleksandrovich***

Year of Birth: ***1957***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Timeframe | | | | Name of organization | Position |
| from | | to | |  |  |
| 2004 | | 2013 | | Military unit No. 2400 of Pyatigorsk | Deputy Head of Administration |
| 2013 | | 2013 | | “IDGC of the South” JSC | Head of Department of Security |
| 2013 | | currently | | IDGC of South, OJSC / IDGC of the South, PJSC | Deputy general director for security |
| 2014 | currently | | IDGC of South, OJSC / IDGC of the South, PJSC | | Mamber of Management Board |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Chekmaryov Sergey Alekseyevich***

Year of Birth: ***1976***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2011 | 2013 | IDGC of the South, OJSC | Deputy Director for Branch Technical ,Affairs, Chief Engineer of Kalmenergo, Branch |
| 2013 | 2014 | IDGC of the South, OJSC | Deputy Director General, Director of Kalmenergo Branch |
| 2014 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Deputy Director General, Director of Rostovenergo, a branch of IDGC of the South, PJSC |
| 2013 | currently | IDGC of South, OJSC / IDGC of the South, PJSC | Mamber of Management Board |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Dzhabrailova Yulianna Khasanovna***

Year of Birth: ***1981***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2007 | 2014 | “IDGC of the South” JSC | Head of Department of Administrative and Economic Support |
| 2014 | 2015 | IDGC of the North Caucasus, OJSC | Adviser |
| 2015 | 2016 | IDGC of South, OJSC / IDGC of the South, PJSC | Deputy Chief of Staff |
| 2016 | currently | IDGC of South, PJSC | Deputy Director General, Chief of Staff |
| 2016 | currently | IDGC of the South, PJSC | Mamber of Management Board |
| 2016 | currently | IDGC of the South, PJSC | Director of Kubanenergo, a branch of IDGC of the South, PJSC |
| 2016 | currently | Energetik Recreational Center, JSC | Chairman of the Board of Directors (BoD) |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

**This person did not hold the named positions Additional data on the members of the Management Board of the Company does not exist.**

5.3. Data on the amount of remuneration and/or reimbursement for expenses with regard to each management body of the Issuer

Data on the amount of remuneration with regard to each management body (except for a natural person exercising the functions of the Issuer's sole executive management body). All types of remuneration, including salaries, bonuses, commissions, benefits and (or) reimbursement for expenses, as well as other financial rewards and incentives shall be indicated below:

Remunerations

Board of Directors Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016 | 2017, 3 months |
| Remuneration for participation in the work of the management body | 8 238 | 0 |
| Salary | 0 | 0 |
| Bonuses | 0 | 0 |
| Commission fees | 0 | 0 |
| Other types of remuneration | 0 | 0 |
| TOTAL | 8 238 | 0 |

Data on existing agreements on such payments in the current financial year:

***Payment of remuneration to members of the Board of Directors is carried out in accordance with the Regulations on the payment of remuneration and compensation to the members of the Board of Directors of the Company in a new wording (hereinafter referred to as the Regulations) approved by the Company's Annual General Meeting held on June 19, 2015 (Minutes No. 13 dated June 22, 2015).***

***The effect of this provision does not apply to a member of the Board of Directors who is simultaneously a member of the collegial executive body of the Company or the sole executive body (Director General) of the Company.***

***In accordance with Clause 3. of the named Regulation in the wording of 2015, the remuneration and compensation to the Chairman and members of the BoD of the Company, who are subject to the provisions of the Federal Law on restriction or prohibition of any payments from commercial organizations, shall not be accrued or paid.***

***In accordance with Clause 4.1. of the Regulation in the wording of 2015, the remuneration to the members of the BoD of the Company shall be carried out based on the results of work during the period from the moment of the election of a nominee to the Company BoD members in new composition, pursuant thereto the payment of remuneration to the members of the BoD of the Company for 2015-2016 corporate year (period from June 19, 2015 to June 06, 2016) were performed in the second quarter of 2016. For the same reasons, payment of the remuneration to members of the Board of Directors elected by the Annual General Meeting of the Shareholders on June 06, 2016 (Minutes No. 15 dated June 9, 2016) was not performed as of December 31, 2016.***

Collegial executive body

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016 | 2017, 3 months |
| Remuneration for participation in the work of the management body | 1 603 | 399 |
| Salary | 34 186 | 6 505 |
| Bonuses | 31 286 | 0 |
| Commission fees | 0 | 0 |
| Other types of remuneration | 3 316 | 735 |
| TOTAL | 70 391 | 7 639 |

Data on existing agreements on such payments in the current financial year:

Members of the Management Board are included in the category of top managers of the Company.

***In the reporting period, the remuneration to a member of the Management Board was paid in the amount under the employment contracts concluded between the Company and the members of the Management Board and in accordance with the procedures established by the Regulation on Material Incentives and Social Package of Top Managers of IDGC of the South, OJSC, in a new wording approved by the resolution of the Board of Directors of the Company on June 16, 2011 (Minutes No. 67/2011 dated June 16, 2011).***

***Motivation of the members of the Management Board is carried out by the following means:***

* + ***establishing a personal allowance in the amount of up to 15% of the official salary established for a top manager by the order of the Director General of the Company;***
  + ***the payment of a quarterly and annual remuneration to the members of the Management Board as top managers for the performance of relevant key performance indicators.***

***The additional agreements to labor contracts on the exercise of the powers of a member of the Management Board, a collegial executive body of the Company, based on the decisions of the Company's Board of Directors on determining the quantitative composition of the Company's Management Board and electing members of the Company's Management Board, as well as in accordance with Article 21 of the Charter of IDGC of the South, PJSC and Articles 15 and 57 of the Labor Code of the Russian Federation.***

***The members of the Management Board of the Company were paid monthly remuneration in the amount of 5 (five) minimum monthly tariff rates of the first-class worker established by the sectoral tariff agreement in the electric power complex of the Russian Federation from the date of the creation of the Management Board of IDGC of Center, OJSC (May 19, 2008) to August 31, 2011.***

***For the exercise of authorities from September 1, 2011 the members of the Management Board of the Company are paid monthly remuneration in the amount of 11% of the salary set to the highest manager.***

Reimbursements

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Name of the management body | 2016 | 2017, 3 months |
| Board of Directors | 46 | 0 |
| Collegial executive body | 0 | 0 |

Further details:

***Payment of remuneration to members of the Board of Directors is carried out in accordance with the Regulations on the payment of remuneration and compensation to the members of the Board of Directors of the Company in a new wording (hereinafter referred to as the Regulations) approved by the Company's Annual General Meeting held on June 19, 2015 (Minutes No. 13 dated June 22, 2015).***

***The effect of this provision does not apply to a member of the Board of Directors who is simultaneously a member of the collegial executive body of the Company or the sole executive body (Director General) of the Company. In accordance with Clause 5.1. of the Provisions the member of the Board of Directors is compensated for expenses related to participation in the meeting of the Board of Directors, at the time of the meeting, the rates of the reimbursement for travel expenses established by the Company.***

***In accordance with Clause 5.2. of the Regulation the payment of reimbursements is made by the Company after the submission of documents confirming the expenses incurred.***

5.4. Information on the structure and competence of the bodies controlling the Issuer's financial and business operations, as well as on the organization of the risk management and internal control system

The following is a full description of the structure of the bodies controlling the Issuer's financial and economic activities and their competence in accordance with the Charter (constituent documents) and the Issuer's internal documents:

***In accordance with Clause 9.2 of the Issuer's Charter, the Audit Committee of the Company is the body controlling the financial and economic activities of the Issuer.***

***In accordance with Clause 24.1 of the Issuer's Charter, the Audit Committee of the Company shall be elected by the General Meeting of Shareholders for the purpose of exercising control over the financial and economic activities of the Company for the period until the next Annual General Meeting of Shareholders.***

***In case if the Audit Committee of the Company is elected at an extraordinary General Meeting of Shareholders, the members of the Audit Committee shall be deemed elected for the period up to the date of the annual General Meeting of Shareholders of the Company.***

***The number of members of the Audit Committee of the Company is 5 (Five) people.***

***The Members of the Company’s Audit Committee may not simultaneously be members of the Company’s Board of Directors, as well as hold other positions in the Company's management bodies.***

***By decision of the General Meeting of Shareholders, the powers of all or some members of the Company's Audit Committee may be terminated early.***

***In accordance with the decision to conduct an audit (audit), the Audit Committee has the right to engage experts in the relevant fields of law, economics, finance, accounting, management, economic security and others, including specialized organizations, in order to carry out an audit (audit).***

***In accordance with Clause 24.3, Article 24 of the Issuer's Charter, the following matters are within the competence of the Audit Committee:***

* ***the check (audit) of financial, accounting, payment, settlement and other documents of the Company related to the Company's financial and economic activities for their compliance with the laws of the Russian Federation, the Charter, internal and other documents of the Company;***
* ***checking and analyzing the financial condition of the Company, its solvency, the functioning of the internal control system and the risk management system, the liquidity of assets, the ratio of own and borrowed funds, the correctness and timeliness of accrual and payment of interest on bonds, income on other securities;***
* ***monitoring of spending the Company’s money according to the Company’s approved activity plan and budget;***
* ***monitoring over creation and use of the Company’s surplus and other special provisions;***
* ***the check of the timeliness and correctness of conducting settlement operations with counterparties and the budget, as well as settlement operations for labor remuneration, social insurance, accrual and payment of dividends and other settlement transactions;***
* ***monitoring compliance with the established procedure for writing off the debt of insolvent debtors for losses of the Company;***
* ***audit of the Company's economic transactions entered into according to the concluded contracts;***
* ***the check of compliance with the use of material, labor and financial resources in the financial and business activities of existing contracts, norms and standards, approved estimates and other documents regulating the activities of the Company;***
* ***monitoring of preservation and use of fixed assets;***
* ***audit of the Company’s cash and assets, the efficient use of the Company’s assets and other resources, identification of reasons for non-productive losses and costs, identifications of the reserves of improvement of the Company’s financial standing;***
* ***verification of compliance with the requirements to eliminate violations and faults previously identified by the Company's Audit Committee;***
* ***the working out of regulations for the Company's management bodies;***
* ***the implementation of other actions (measures) related to the audit of the financial and economic activities of the Company.***

***All decisions on issues within the competence of the Audit Committee are taken by a simple majority of votes of the total number of its members.***

***The Audit Committee of the Company is entitled and, in case of revealing serious violations in the financial and economic activities of the Company, obliged to demand the convocation of an extraordinary General Meeting of Shareholders of the Company.***

***The procedure for the activity of the Company's Audit Committee is determined by the internal document of the Company approved by the General Meeting of Shareholders of the Company.***

***The procedure for the activity of the Issuer's Audit Committee is defined by the Regulations on the Auditing Committee of IDGC of the South, PJSC, approved by the decision of the General Meeting of Shareholders of PJSC IDGC of the South (Minutes dated June 22, No. 13).***

***In accordance with the named Regulations the Audit Committee shall be held responsible for the following tasks:***

***1. exercising control over of the Company’s financial and economic operations;***

***2. independent confidence estimation of data contained in the Company’s annual report and annual financial statements.***

***The full text of the Regulations on the Audit Committee of IDGC of the South, PJSC is available on the corporate Web site of IDGC of the South, PJSC at:*** [***http://mrsk-yuga.ru***](http://mrsk-yuga.ru) ***in Corporate Governance section.***

***The check (audit) of the Company’s financial and economic activities shall be carried out based on the Company’s annual performance and may be initiated at any time by the Company’s Audit Committee, in accordance with the resolution of the General Shareholders’ Meeting, the Company’s Board of Directors or at the request of the Company’s shareholder(s) jointly holding at least 10 percent of the Company’s voting shares.***

***On the basis of the results of the audit of the Company's financial and economic activities, the Audit Committee of the Company is to draw up a conclusion that shall contain:***

* ***confirmation of the reliability of the data contained in the annual report of the Company, the annual accounting (financial) statements;***
* ***information on the facts of any violation of the procedure of accounting and presentation of financial statements, and also the implementation of financial and economic activities; Conclusions on the results of the audit of the Company's financial and economic activities shall be prepared no later than 10 working days from the date of the audit and signed by all members of the Audit Committee of the Company.***

***The Audit Committee of the Board of Directors was formed in the Company***

The Audit Committee of the Board of Directors shall have the following main functions:

***The Audit Committee of the Board of Directors of PJSC "IDGC of the South" was established and is functioning from December 1, 2009, in accordance with the decision of the Board of Directors of IDGC of the South, PJSC (Minutes No. 37/2009 dated December 04, 2009). The Committee shall be a subsidiary advisory body of the Board of Directors of the Company. The Committee shall not be the management and control body of the Company and shall have no right to act on behalf of the Company.***

***The Committee shall contribute to the effective performance of the functions of the Board of Directors of the Company with regard to the preliminary consideration of the matters related to control over the financial and economic activities of the Company.***

***The Audit Committee of the Board of Directors shall have the following main tasks:***

* ***consideration of the Company's accounting (financial) statements and supervision over the process of its preparation;***
* ***control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices;***
* ***control over the external audit and selection of the auditor;***
* ***provision of independence and objectivity of the internal audit function;***
* ***supervision of the effectiveness of the fraud counteraction system to the Company employees and third parties.***

***The Committee carried out its activities in accordance with the Regulations on the Audit Committee of the Board of Directors of IDGC of the South, PJSC approved by the decision of the Board of Directors of the Company on March 11, 2016 (Minutes No 180/206 dated March 14, 2016) and is available on the corporate Website of the Company.***

***The Committee is not intended to act as a guarantor for achieving the Company's purposes in providing the reliability of accounts and records, effectiveness of internal control systems, risk management, corporate governance practices, independence and objectivity of the internal audit function performance, and observance of the legislation, but shall perform the control over the fulfillment of the obligations of the executive bodies of the Company to ensure the fulfillment of named purposes of the Company.***

***The following matters shall be in the competence of the Committee: the matters relating to the Company's accounting reports (financial statements), the control over the reliability and effectiveness of functioning of internal control systems, risk management system, corporate governance practices, carrying out an external audit and election of an auditor, providing an independence and objectivity of the internal audit function performance, functioning of the system of counteraction to dishonest actions of the Company's employees and third parties, as well as other matters on the instruction of the Board of Directors of the Company. The Committee shall perform the following functions within the scope of its competence:***

***1. Functions concerning accounting reports (financial statements) of the Company***

* ***Control over the completeness, accuracy and reliability of annual and interim accounting reports (financial statements).***
* ***Analysis of significant aspects of the Company's accounting policies.***
* ***Participation in consideration of significant issues and judgments in respect of the Company's accounting reports (financial statements).***
* ***Analysis of the Company's press releases on financial matters, any public statements regarding the external and internal audit, the Company's risk management and internal control systems, as well as published financial information.***
* ***Consideration of the Company's interim accounting reports (financial statements), preliminary consideration of the Company's annual accounting (financial) statements carried out prior to the consideration by the Board of Directors of the Company.***

***2. Functions concerning control over the reliability and effectiveness of the internal control systems, risk management system, corporate governance practices.***

* ***Consideration of approaches to the organization of the internal control system, analysis and evaluation of the Company's policy relating to internal control prior to determination by the Board of Directors of the Company,***
* ***Control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices:***
* ***Control over compliance with the regulatory requirements by the Company:***

***3. Functions concerning monitoring of external audit and selection of an auditor***

* ***Consideration and development of recommendations for the Board of Directors of the Company that shall be provided to the shareholders for approval at the annual General Meeting of Shareholders of the Company with respect to the re-election and removal of the external auditor.***
* ***Development of recommendations on determining the terms for the external auditor rotation for the Board of Directors of the Company.***
* ***General supervision over selection of an external auditor.***
* ***Supervision over the external audit and assessment of the quality of audit and auditor's report.***
* ***Evaluation of the effectiveness of the external audit process at least once a year.***
* ***Development and submission of the Policy in the Provision of Non-audit Services by External Auditor to the Board of Directors of the Company for the Board's approval.***
* ***Provision of an effective interaction between the external and internal auditors of the Company.***

***4. Functions related to ensuring the independence and objectivity of the functions of internal audit.***

* ***Organization of the implementation of yjr functions of internal audit.***
* ***Ensuring the independence and objectivity of the internal audit.***
* ***Consideration of restrictions that may adversely affect the performance of the functions of internal audit.***
* ***Evaluation of effectiveness of the functions of internal audit.***

***5. Functions within the supervision of the effectiveness of the system for the opposition to unfair acts of the Company's employees and third parties.***

* ***Supervision over the implementation of measures taken by the Company with regards to the information on the potential cases of unfair acts*** and ***revealed violations of the employees, and results of investigations.***
* ***Development and submission of the draft documents relating to the organization of the Audit Committee of the Board of Directors of the Company.***

***In accordance with the decision of the Board of Directors of the Company, other matters related to its competence may be submitted for consideration by the Audit Committee of the Board of Directors.***

***Within the framework of exercise of its powers, the Committee cooperates with***

* ***the Board of Directors of the Company***
* ***The executive bodies of the Company***
* ***The Expert of the Committee***
* ***Internal audit***
* ***External auditor of the Company***
* ***The Audit Committee of the Company***

***In accordance with the Regulations on the Audit Committee of the Board of Directors of IDGC of the South, PJSC approved by the decision of the Board of Directors on March 14, 2016 (Minutes No. 180/2016), the number of members of the Committee is no less than 3 (three) persons. The Company's Board of Directors shall elect the personal composition out of the candidates proposed by the Company's Board of Directors Members. The Committee members shall be elected for a term until the election of the next Committee membership. The composition of the Committee elected at a meeting of the Board of Directors of the Company on 08.07.2016 (Minutes No. 193/2016 of 11.07.2016). The numerical composition of the Audit Committee of the Board of Directors of the Company is 6 people.***

Members of the Audit Committee of the Board of Directors

|  |  |
| --- | --- |
| Full name | Chairperson |
| Aleksandr V. Shevchuk | Yes |
| Yuri N. Pankstyanov | No |
| Vladimir V. Dudchenko | No |
| Kolyada Andrey Sergeevich | No |
| Filkin Roman Alekseevich | No |
| Fadeev Aleksandr Nikolayevich | No |

Information on the existence of a separate structural unit (units) of the Issuer for risk management and internal control (other than the audit committee (auditor), the body (structural subdivision) that exercises internal control over the Issuer's financial and economic activities), its tasks and functions:

***Ensuring the effective functioning of the internal control and risk management system in the Company is carried out by the Internal Control and Risk Management Department. In accordance with the organizational structure the Internal Control and Risk Management Department is directly subordinate to the Director General of the Company.***

***Main functions of the Internal Control and Risk Management Department:***

* ***Assistance to the management in the construction of a control environment, development of recommendations for describing and implementing in the processes (directions of activities) of control procedures and securing responsibility for officials;***
* ***Coordination of activities to maintain and monitor the target condition of the system of internal control;***
* ***Interaction with the governmental control and supervisory bodies with regard to internal control.***
* ***Organization of the unique system of internal control and risk management in the Company and SDCs, activities to improve and develop the system of risk-oriented internal control.***
* ***Participation in working groups, committees, collegial bodies, the provision of the conducting of analysis, the issue of opinions and preparation of expert opinions on the issues of conducting the additional procedures for ongoing control in key and high-risk business processes (with taking into account the necessity to observe the balance of participation in the monitoring and independence in the conduct of subsequent control).***
* ***Organization of activities for the improvement and development of a risk-oriented internal control system, the implementation of the standardization of internal audit in the Company, the organization of the activities of the audit committees of SDCs. Interaction with the executive bodies of the Issuer's management and the Board of Directors (supervisory board) of the Issuer is carried out in accordance with the Issuer's Regulation on Internal Control and Risk Management, the Internal Control Policy of IDGC of the South, PJSC and the Risk Management Policy in IDGC of the South, PJSC.***

Information on the Issuer of a separate structural unit (service) of internal audit, its tasks and functions:

***The function of internal audit in the Company is performed by the Department of Internal Audit.***

***The Internal Audit Department is reorganized and liquidated by an order of the Director General on the basis of a decision of the Board of Directors with a preliminary consideration by the Audit Committee of the Board of Directors.***

***The purpose of the internal audit is to assist the Board of Directors and the executive bodies of the Company in improving the management of the Company, improving its financial and economic activities, including through a systematic and consistent approach to the analysis and evaluation of risk management systems, internal control and corporate governance as the tools to provide reasonable assurance in achieving the goals set for the Company.***

***Within the framework of the organization of internal audit, the Internal Audit Department solves the following tasks:***

***1. Introduction and application of unified approaches to the construction, management and coordination of the function of internal audit in the Company;***

***2. Conducting internal audit, participation in other due diligence actions in the Company and SDCs;***

***3. Provision of independent and objective guarantees regarding the effectiveness of internal control systems, risk management and corporate governance, as well as assistance to the executive bodies and employees of the Company in developing and monitoring the implementation of procedures and arrangements to improve the Company's internal control, risk management and corporate governance systems;***

***4. Organization of efficient interaction of the Company with the external auditor of the Company, the Audit Committee of the Company, and other interested parties in matters within the competence of internal audit;***

***5. Preparation and submission of reports on the results of the activities of the Asset Recovery Department (including those that include information on significant risks, faults, results and effectiveness of measures to address revealed faults, results of the internal audit plan, assessment of the actual condition, reliability and effectiveness of internal control systems, risk management and corporate governance) to the Board of Directors, the Audit Committee of the Board of Directors and the Company's executive bodies.***

***To achieve the goals and solve the tasks, the internal audit of the Issuer performs the following functions:***

***1. With regard to the introduction and application of unified approaches to the construction, management and coordination of the function of internal audit in the Company and SDCs;***

* ***the development of proposals on the most optimal form of realization of the internal audit function in the Company and SDCs;***
* ***the activity to introduce in the Company common principles for building the internal audit function and assessing the implementation of the internal audit function established in the Rosseti Group of Companies;***
* ***the development and implementation of methodological documents regulating the activity of internal audit;***
* ***the creation of proposals for the development of documents that define common approaches and principles for the construction, management and coordination of the internal audit function, and the participation in working groups on the development of documents on the regulatory support of internal audit activities;***
* ***the organization and carrying in of arrangements on automation of the internal audit activities of the Company and SDCs.***

***2. With regard to conducting internal audit, participation in other due diligence actions in the Company and SDCs:***

* ***the planning, organization and conducting of internal audits of business processes, business functions, projects, plans, programs of structural and separate divisions and other objects of the issuer's audit to comply with the requirements of legislation, industry normative legal acts, regulations, standards, contractual obligations; the fulfillment of instructions of governmental bodies of the Russian Federation on the functioning and development of the power grid complex; the implementation of the decisions adopted by the Issuer's management bodies, the requirements of organizational and administrative documents; the efficiency, economy and efficiency of activities; the reliability, reliability, completeness and timeliness of the preparation of accounting reports (financial statements)*** and ***management reporting; the safety of assets.***
* ***the implementation of the practice of conducting thematic audits on a specific topic in accordance with a unified audit program;***
* ***the inspections, fulfillment of other tasks on the instructions of the Board of Directors (Audit Committee), and the Issuer's executive bodies with regard to the matters that are considered the competence of internal audit;***
* ***the organization, planning, and ensuring audits of SDCs, and the participation in the activities of the audit committees of SDCs;***
* ***the participation in specialized (official) investigations into the facts of abuse, infliction of damage to the Company and SDCs, the inappropriate, inefficient employment of resources, and other facts of unfair, unlawful acts of employees and third parties;***
* ***the provision of information to the Board of Directors (Audit Committee), the executive bodies of the Issuer on the results of audits, providing recommendations on eliminating violations and faults revealed during inspections, and proposals to improve the efficiency and effectiveness of internal control systems, risk management and corporate governance, to improve the Company's operations and SDCs;***
* ***the monitoring of the implementation of corrective action plans aimed at eliminating violations and faults revealed during inspections, and implementing recommendations and proposals for improving the activities of the Company and SDCs;***
* ***the organization and execution of post-audits in relation to business processes, business functions, projects, plans, programs of structural and separate subdivisions and other objects of verification.***

***3. Functions with regard to the provision of independent and objective guarantees concerning the effectiveness of internal control systems, risk management and corporate governance, as well as assistance to the executive bodies and employees of the Company in developing and monitoring the implementation of procedures and arrangements to improve the Company's internal control, risk management and corporate governance systems:***

* ***evaluation of the efficiency of internal control system,***
* ***evaluation of the efficiency of risk management system,***
* ***evaluation of corporate governance,***
* ***advising of the Issuer's executive bodies on internal control, risk management and corporate governance affairs.***

***4. The organization of the Issuer's interaction with the Board of Directors, the executive bodies of the Issuer, the external auditor, the Audit Committee, as well as with the persons providing consulting services in the field of risk management, internal control and corporate governance, internal audit of Rosseti, PJSC, a shareholder of the Company, governmental supervisory bodies, as well as with other interested parties in accordance with the procedure stipulated by the relevant laws of the Russian Federation and internal regulatory documents of the Issuer, on the matters related to the competence of internal audit.***

***5. The preparation and submission to the Board of Directors (Audit Committee) and executive bodies of the Issuer of reports on the results of internal audit activities.***

***Policy of the issuer in risk management and internal control is described by the Issuer in Clause 2.4 of this quarterly report***

***The Issuer confirmed (approved) the Issuer's internal document establishing rules for preventing the unlawful use of confidential and insider information.***

Data on the availability of the Issuer's internal document establishing rules for preventing the unlawful use of confidential and insider information:

***In order to implement the requirements of Federal Law No. 224-FZ dated July 27, 2010, On Countering the Illegal Use of Insider Information and Market Manipulation and on Amending Certain Legislative Acts of the Russian Federation (hereinafter referred to as FZ-224), on May 28, 2015, the Regulations on the Insider Information of IDGC of the South, PJSC (hereinafter referred to as the Regulations) were approved by the decision of the Board of Directors IDGC of the South, PJSC (Minutes No. 160/2015, item No. 4 dated May 29, 2015). The Regulations are in free access on the corporate Website of IDGC of the South, JSC in "Information for the Company's Insiders" section.***

***In accordance with Clause 5.5. of the Regulations, a report on the implementation of measures to comply with the requirements of the relevant laws on the control of insider information in IDGC of the South, PJSC is annually submitted to the BoD of the Company.***

***The full text of the Regullations is freely available on the Web at:*** [***http://www.mrsk-yuga.ru/pages/show/company\_insiders***](http://www.mrsk-yuga.ru/pages/show/company_insiders)

Further details: N/A

5.5. Information on the persons who are the members of the bodies controling the Issuer's financial and economic activities

Name of the body controlling the Issuer's financial and economic activities: Audit Committee

Full name: ***Slesareva Elena Yuriyevna***

Year of Birth: ***1970***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2009 | 2013 | IDGC of the South, OJSC | Chief specialist of the internal audit and control department |
| 2013 | currently | Rosseti, PJSC | Chief Expert of the Directorate of Internal Audit |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Artem Nikolaevich Kirillov***

Year of Birth: ***1984***

Education:

**Higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2009 | 2012 | FSK UES, OJSC | Chief Specialist of The Department of Control and Audits |
| 2013 | 2013 | FSK UES, OJSC | Chief Expert of the Department of Control and Audits |
| 2013 | currently | Rosseti, PJSC | Deputy Head of the Administration for Audit Activity of the Control and Audit Activity Department |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Medvedeva Oksana Alekseyevna***

Year of Birth: ***1978***

Education:

**Higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Timeframe | | Name of organization | | Position |
| from | to |  | |  |
| 2010 | 2011 | Baikal Service Transport company, LLC | | Head of sector for internal audit |
| 2011 | 2014 | FSK UES, OJSC | Head of the Department of Control and Audit | |
| 2014 | currently | Rosseti, PJSC | Chief Expert of the Administration for Audit Activity of the Control and Audit Activity Department | |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name: ***Lelekova Marina Alekseyevna***

Year of Birth: ***1961***

Education:

**Higher**

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2009 | 2013 | FSK UES, OJSC | Head of the Department of Control and Audit |
| 2013 | 2015 | Rosseti, OJSC | Director of the Internal Audit and Control Department |
| 2015 | currently | Rosseti, PJSC | Director of the Control and Audit Activity Department |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Full name:  ***Kabizskina Elena Aleksandrovna***

Year of Birth: 1964

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2005 | 2013 | FSK UES, OJSC | Deputy Head of the Department of Control and Audit |
| 2013 | 2014 | Moscow United Electric Grids. OJSC | Head of the Department of Methodological Support of the Internal Audit Department |
| 2014 | 2015 | Rosseti, OJSC | Deputy Head of the Administration for Audit Activity and Internal Audit of the Department of Internal Audit and Control |
| 2015 | currently | Rosseti, PJSC | Deputy Head of the Administration for Audit Activity of the Control and Audit Activity Department |

Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the SDCs or an owned amount of the authorized shares of SDCs

of the issuer

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

This person was never prosecuted

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name of the body controlling the Issuer's financial and economic activities: Other, Department of Internal Audit

Information on the head of a separate structural unit (body) of the Issuer

Name of the position of the head of a structural unit: ***Director for Internal Audit, Head of the Internal Audit Department***

Full name: ***Nikolay Vladimirovich Pechenkin***

Year of Birth: ***1983***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2012 | 2012 | IDGC of the South, OJSC | Head of the Internal Control and Risk Management Department of the Internal Audit and Risk Management Department |
| 2012 | 2013 | IDGC of the South, OJSC | Deputy Head of the Internal Audit and Risk Management Department |
| 2013 | 2016 | IDGC of the South, PJSC | Head of the Internal Audit and Control Department |
| 2016 | currently | IDGC of the South, PJSC | Director for Internal Audit, Head of the Internal Audit Department |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: the Issuer did not issue any options

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***This person does not have membership interests/owned amount of the authorized shares of SDCs***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***This person does not have the named family relationships***

Data on instituting an administrative action against such person for offenses in the field of finance, taxes and fees, the securities market or criminal liability (criminal records) for economic crimes or crimes against governmental authorities:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

5.6. Data on the amount of remuneration and (or) reimbursement for expenses with regard to the body controlling the Issuer's financial and economic activity

Remunerations

With regard to each body controlling the Issuer's financial and business operations (with the exception of the individual holding the position (performing the functions) of the Issuer's auditor), all types of remuneration, including salary of members of the bodies controlling the issuer's financial and economic activities, that are (are) its employees, including those who have (had) a second job, bonuses, commissions, fees, separately paid for participation in the work of the relevant body exercising control over the financial and economic activities of the Issuer, other types of remuneration that were paid by the Issuer during the relevant reporting period, and also describe the costs associated with the performance of the functions of the members of the bodies controling the Issuer's financial and economic activities compensated by the Issuer during the relevant reporting period.

Unit of measurement: thou RUB

Name of the body controlling the Issuer's financial and economic activities: Audit Committee of IDGC of the South, PJSC

Remuneration for participation in the work of control authority

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016 | 2017, 3 months |
| Remuneration for participation in the work of the body controling the financial activities of the Issuer | 782 | 0 |
| Salary |  |  |
| Bonuses |  |  |
| Commission fees |  |  |
| Other types of remuneration |  |  |
| TOTAL | 782 | 0 |

Data on existing agreements on such payments in the current financial year:

***Payment of remuneration to the members of the Audit Committee is carried out in accordance with the Regulations on the payment of remuneration and compensation to the members of the Audit Committee of Interregional Distribution Grid Company of the South, Open Joint Stock Company (hereinafter referred to as the Regulations), approved by the resolution of the AGM of the Shareholders of the Company on June 16, 2015, Minutes No.13 dated June 22, 2015.***

***In accordance with Clause 1.3., the Regulations apply to the members of the Audit Committee of the Company, who are not the persons who are subject to the federal laws that stipulate a restriction or a ban on the receipt of any payments from commercial organizations. Remunerations and compensations will not be paid to the members of the Audit Committee who are civil servants (Clause 3.3, Article 12.1 of the Federal Law No.279-FZ On Combating Corruption dated December 25, 2008). In accordance with Clause 2.1. of the Regulations, the remuneration shall be paid to the members of the Audit Committee on the results of the Company for the corporate year and depends on the degree of his/her participation in the work of the Audit Committee. For the purposes of the Regulations in order to determine the amount of remuneration payable to the members of the Audit Committee, "the corporate year" shall mean a period between the date of the election of the members of the Audit Committee at the General Meeting of Shareholders and the date of the subsequent General Meeting of Shareholders with the agenda item running: On the election of the members of the Audit Committee of the Company.***

***Any additional agreements with the members of the Audit Commission regarding payments, were not concluded by the Issuer.***

Name of the body controlling the Issuer's financial and economic activities:

***Department of Internal Audit***

Remuneration for participation in the work of control authority

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016 | 2017, 3 months |
| Remuneration for participation in the work of the body controling the financial activities of the Issuer | 0 | 0 |
| Salary | 4 182 | 1 001 |
| Bonuses | 2 616 | 522 |
| Commission fees | 0 | 0 |
| Other types of remuneration | 0 | 0 |
| TOTAL | 6 798 | 1 523 |

Data on existing agreements on such payments in the current financial year:

***Payments were made in accordance with work contracts concluded with employees of the Internal Audit and Control Department, the Internal Audit Department, and the Internal Control Section. The Issuer did not enter into additional agreements with employees of the internal audit and control department, the internal audit department, and the internal control Section.***

Reimbursements

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Name of the control body (structural subdivision) | 2016 | 2017, 3 months |
| Audit Committee of IDGC of the South, PJSC | 0 | 67 |
| Department of Internal Audit |  |  |

Further details:

***Calculation of compensation payable to the members of the Audit Committee in accordance with the Regulations on the payment of remunerations and compensations to the members of the Audit Committee of Interregional Distribution Grid Company of the South, Open Joint Stock Company (hereinafter referred to as the Regulations), approved by the resolution of the AGM of the Company on June 19, 2015, minutes No.13 dated June 22, 2015.***

***In accordance with Clause 3.1. of the Audit Committee members, who are not subject to the restrictions listed in Clause 1.3. of the Regulation, in case of visiting the Company's facilities, participation in the meetings of the Audit Committee held on the actual location of the Company, as well as other tasks of the Audit Committee of the Company, the Company compensates for documented expenses associated with the participation in the activities of the Audit Committee of the Company.***

***In accordance with Clause 3.2. of the Regulations, the amount of compensation for the expenses related to participation in the meetings of the Audit Committee and the audits shall be determined in the amount of actual expenses confirmed by the relevant documents, but not exceeding the rules set forth in section 3.4 of the Regulations.***

5.7. Data on the number and generalized data on the composition of the Issuer's employees (employees), as well as on the change in the number of the personnel (employees) of the Issuer

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Indicator name | 2016 | 2017, 3 months |
| Average number of employees, persons | 13 621.5 | 13 646.5 |
| Fund of the accrued wages of employees for the reporting period | 5 988 369.2 | 1 411 922.8 |
| Payments of social nature made to employees during the reported period | 25 701.3 | 4 350.7 |

***There were no significant changes in the number of employees (personnel) compared to the previous reporting period.***

***The executive apparatus of the Company established a trade union body (certificate of registration of the primary trade union organization No. 1610307 dated August 5, 2015).***

***Since October 17, 2016 an organizational structure of IDGC of the South, PJSC introduced and approved by the Board of Directors of IDGC of the South, PJSC (Minutes No.193/2016 dated July 11, 2016) came into force.***

***The organizational structure meets the main shareholder's requirements to the organizational structure of the operating company. The primary activities of the Company are divided into functional units that are managed by the Deputy General Directors of the Company:***

***Economy and finance, accounting and tax accounting and reporting;***

***Realization of services;***

***Development and technological connection;***

***Investment activity, capital construction, logistics and logistic support;***

***Technical block;***

***Corporate management, property management and legal support;***

***Personnel management, organizational design, organization of labor rating and remuneration, management of affairs, management of public relations;***

***Special Projects;***

***Security, protection of state secrets, mobilization training, civil defense, section of anti-corruption complex procedures.***

***The following independent structural subdivisions shall supervise separate directions of the Company activity and shall be directly subordinate to the Director General of the Company:***

***Department of Internal Audit;***

***Department of Corporate and Technological Automated Control Systems;***

***Department of internal control and risk management.***

***The Deputy General Directors, who are the directors of Astrakhanenergo, Volgogradenergo, Kalmenergo, Rostovenergo, branches of the Company, and the director of the Kubanenergo are represented in the organizational structure, and manage day-to-day activities of following branches of the Company established in accordance with the resolution of the Board of Directors of the Company (Minutes No. 6/2008 of January 11, 2008):***

* + ***Astrakhanenergo, IDGC of the South, PJSC, branch (32, Krasnaya Naberezhnaya St, Astrakhan, 414000, Russia);***
  + ***Volgogradenergo, IDGC of the South, PJSC, branch (15, Lenin Ave, Volgograd, 400066, Russia);***
  + ***Kalmykenergo, IDGC of the South, PJSC, branch (Northern industrial area, Elista, Republic of Kalmykia, 358007, Russia);***
  + ***Kubanenergo***, ***IDGC of the South, PJSC, branch (2, Stavropolskaya St, 350033, Russia);***
  + ***Rostovenergo, IDGC of the South, PJSC, branch (49, Bolshaya Sadovaya St, Rostov-on-Don, 344002, Russia).***

***The organizational chart of IDGC of the South, PJSC is in free access on the Company's corporate Website at:***

[***http://mrsk-yuga.ru/o-kompanu/struktura/***](http://mrsk-yuga.ru/o-kompanu/struktura/)***.***

5.8. Data on any commitments of the Issuer to the employees (personnel), concerning the possibility of their participation in the Authorized Capital (share fund, registered capital or nominal capital) of the Issuer

***The Issuer has no commitments to the employees (personnel), concerning the possibility of their participation in the Authorized (share) Capital of the Issuer***

Section VI. Data on the Issuer's Participants (Shareholders) and the related-party interest transactions conducted by the Issuer

6.1. Data on the total number of Shareholders (Participants) of the Issuer

Total number of persons registered in the Register of Shareholders of the Issuer as of the end date of the reported quarter: 9,238

Total number of nominee shareholders of the Issuer: 4

Total number of persons included in the most recently recorded list of persons who had (who have) the right to participate in the General Meeting of Shareholders of the Issuer (the nominal holders of the Issuer's shares represented data on the persons for the benefit of whom they owned (own) shares of the Issuer in order to create another list for recording the persons acting to execute (sell) rights on the shares of the Issuer): 11,158

Date of the preparation of the list of the persons included in the latest list of those who had (have) the right to participate In the General Meeting of the Shareholders of the Issuer (the date, when nominal holders of the Issuer's shares represent data on the persons for the benefit of whom they owned (own) shares of the issuer in order to create another list for recording the persons acting to execute (sell) rights on the shares of the Issuer): .03/13/2017

Holders of the ordinary shares of the Issuer that are subject to be inserted in the above list: 11,158

Information on the number of own shares possessed by the Issuer as at the reporting quarter

Own shares on the Issuer's balance sheet: none

Information on the number of Issuer's shares belonging to the organizations controlled by the IssuerIssuer's shares owned by the organizations under its control: none

6.2. Data on the Participants (Shareholders) of the Issuer holding no less than 5 percent of the Authorized Capital or no less than 5 percent of Ordinary Shares, as well as data on the Participants (Shareholders) of the Persons that control such Participants (Shareholders), and in case such persons are lacking, the data on such Participants (Shareholders) holding no less than 20 percent of Authorized (Share) Capital or no less than 20 percent of the Ordinary Shares

Participants (shareholders) of the Issuer holding no less than 5 percent of the Issuer’s Authorized Capital or no less than 5 percent of the Ordinary Shares

1.

Nominee holder

Information on nominee holder:

Full legal name: ***National Settlement Depository, Joint-Stock Company, Non-banking Credit Organization***

Legal name in short form: National Settlement Depository, JSC, NCO

Registered address

***12/8 S[artakovskaya St, Moscow, Russia, 105066***

INN (Taxpayer Identification Number): ***7702165310***

OGRN (Primary State Registration Number): ***1027739132563***

Tel: ***(495) 234-4827***

Fax: ***(495) 956-0938***

Email address: [***info@nsd.ru***](mailto:info@nsd.ru)

Data on license of professional participant of the securities market

No.: 177-12042-000100

Issue date: 02/19/2009

Expiry date: ***Not limited***

License issuing authority: Federal Securities Commission of Russia (Federal Financial Markets Service of Russia)

Number of the Issuer's Ordinary Shares registered in the Issuer's Shareholder Register in the name of the nominee shareholder: 22,492,075,743

Number of Preferred Shares of the issuer registered in the Issuer's Shareholder Register in the name of the nominee shareholder: 0

Other information specified by the Issuer at its own discretion: None

*2*.

Nominee holder

Information on nominee holder:

Full legal name: ***Depository and corporate technologies, Limited Liability Company***

Legal name in short form: Depository and corporate technologies, LLC

Registered address

***4/1, Stromynka, Moscow, Russia, 107014***

INN (Taxpayer Identification Number): ***7729520219***

OGRN (Primary State Registration Number): ***1057746181272***

Tel: ***(495) 641-3031***

Fax: ***(495) 641-3031***

Email address: [dki@depotech.ru](mailto:dki@depotech.ru)

Data on license of professional participant of the securities market

No.: 177-11151-000100

Issue date: 04/03/2008

Expiry date: ***Not limited***

License issuing authority: Federal Securities Commission of Russia (Federal Financial Markets Service of Russia)

Number of the Issuer's Ordinary Shares registered in the Issuer's Shareholder Register in the name of the nominee shareholder: 25 730 843 051

Number of Preferred Shares of the issuer registered in the Issuer's Shareholder Register in the name of the nominee shareholder: 0

Other information specified by the Issuer at its own discretion: None

6.3. Data on the Participating Interest of the federal government or municipal formation in the Authorized Capital of the Issuer, and the availability of a special right ("golden share")

Data on the managers of governmental and municipal portfolios of shares

Federal ownership

Name: ***Federal Agency for State Property Management***

Registered address: ***109012 9, Nikolski Ave, Moscow, Russia***

Participating Interest of the Issuer's Authorized Capital owned by the government (federal government or federal subjects of the Russian Federation) or a municipal formation: 0.1125

Persons who exercise the functions of a Participant (Shareholder) of the Issuer on behalf of the Russian Federation, a federal subject of the Russian Federation or a municipal formation

***None***

Availability of a special right for participation of the Russian Federation, federal subjects of the Russian Federation, municipal formations in management of the Issuer (Joint Stock Company) (“golden share”):

***Named right is not stipulated***

6.4. Data on restrictions on participation in Authorized Capital of the Issuer

**Restrictions on participation in the Authorized Capital of the Issuer: None**

6.5. Data on changes in composition and proportion of participation of the Shareholders (Participants) of the Issuer holding no less than 5 percent of Authorized Capital or at least 5 percent of the Ordinary Shares

Structure of the Issuer’s Shareholders (Participants) who held no less than 5 percent of the Issuer’s Authorized Capital, and for the issuers that are joint stock companies no less than 5 percent of the Issuer’s Ordinary Shares, as of the date of drawing up the list of the persons entitled to participate in each General Meeting of the Shareholders within the most recently completed fiscal year preceding the end date of the reported quarter, as well as for the period from the date of the beginning of the current date and to the end date of of the reported quarter in accordance with the data of the list of the persons who had a right to participate in each of such meetings.

Date of preparing the list of persons who are entitled to participate in the Issuer’s Shareholders (Participants) Meeting: 04/18/2016

List of Shareholders (Participants)

Full legal name: Russian Grids, Public Joint-Stock Company

Legal name in short form: Rosseti, PJSC

Registered address: ***4, Belovezhskaya St, Moscow, 121353***

INN (Taxpayer Identification Number): ***7728662669***

OGRN (Primary State Registration Number): ***1087760000019***

Person's share ownership in the Issuer's authorized capital, %: 51.66

Share of the Issuer's ordinary shares that is owned by the person, %: 51.66

Full legal name: Lancrenan Investments Limited

Legal name in short form: Issuer does not have any information

Registered address: ***065 Giannou Kranidioti, 9, 2nd floor, Flat/Office 210, 1065, Nicosia, Cyprus***

***It is not a resident of the Russian Federation***

Person's share ownership in the Issuer's authorized capital, %: 9.28

Share of the Issuer's ordinary shares that is owned by the person, %: 9.28

Full legal name: PROTSVETANIYE HOLDINGS LIMITED

Legal name in short form: Issuer does not have any information

Registered address: ***9 Giannou Kranidioti, 2nd floor, Office 210, 1065, Nicosia, Cyprus;***

***It is not a resident of the Russian Federation***

Person's share ownership in the Issuer's authorized capital, %: 6.96

Share of the Issuer's ordinary shares that is owned by the person, %: 6.96

Date of preparing the list of persons who are entitled to participate in the Issuer’s Shareholders (Participants) Meeting: .03/13/2017

List of Shareholders (Participants)

Full legal name: Russian Grids, Public Joint-Stock Company

Legal name in short form: Rosseti, PJSC

Registered address: ***4, Belovezhskaya St, Moscow, 121353***

INN (Taxpayer Identification Number): ***7728662669***

OGRN (Primary State Registration Number): ***1087760000019***

Person's share ownership in the Issuer's authorized capital, %: 60.64

Share of the Issuer's ordinary shares that is owned by the person, %: 60.64

Full legal name: PROTSVETANIYE HOLDINGS LIMITED

Legal name in short form: Issuer does not have any information

Registered address: ***9 Giannou Kranidioti, 2nd floor, Office 210, 1065, Nicosia, Cyprus;***

***It is not a resident of the Russian Federation***

Person's share ownership in the Issuer's authorized capital, %: 8.803

Share of the Issuer's ordinary shares that is owned by the person, %: 8.803

Further details: N/A

6.6. Data on the related-party interest transactions conducted by the Issuer

Data on the number and monetary value of transactions concluded by the Issuer that are recognized in accordance with the legislation of the Russian Federation as related-party interest transactions requiring approval by the authorized management body of the Issuer, based on the results of the most recently completed reported quarter

Unit of measurement: thou RUB

|  |  |  |
| --- | --- | --- |
| Indicator name | Gross amount, units | Total amount expressed in terms of money |
| Related-party interest transactions concluded by the Issuer in the reported period that require approval by the authorized management body of the Issuer | 1st | 0 |
| Related-party interest transactions concluded by the Issuer in the reported period that were approved by the General Meeting of the Participants (Shareholders) of the Issuer |  |  |
| Related-party interest transactions concluded by the Issuer in the reported period that were approved by the Board of Directors (supervisory board) of the Issuer | 1st | 0 |
| Related-party interest transactions concluded by the Issuer in the reported period that required approval, but were not were approved by the authorized management body of the Issuer |  |  |

Data on transactions (groups of interrelated transactions), if their price is no less than five percent of the book value of the Issuer's assets, determined according to its accounting reports for the last reported date before the transaction made by the Issuer for the last reported quarter

***Named transactions were not concluded***

Related-party interest transactions (groups of related transactions) when the resolution of their approval was not accepted by the Board of Directors (supervisory board) or the General Meeting of Shareholders (participants) of the Issuer, if such approval is mandatory in accordance with the legislation of the Russian Federation

***Named transactions were not concluded***

Further details: ***N/A***

6.7. Data on the amount of accounts receivable

As of 12/31/2016

Unit of measurement: thou RUB

|  |  |
| --- | --- |
| Indicator name | Indicator value |
| Buyer's and customer's accounts receivable | 11,407,742 |
| including overdue | 8,290,784 |
| Accounts receivable on bills receivable | 0 |
| including overdue | 0 |
| Receivables from the Participants (Founders) for their contributions to the Authorized Capital | 0 |
| including overdue | 0 |
| Other receivables | 1,556,297 |
| including overdue | 740,401 |
| Total amount of accounts payable | 12,992,602 |
| including the total amount of overdue accounts receivable | 9,035,446 |

Debitors having a share that is no less than 10% from the total sum of accounts receivable for the reported period

Full legal name: ***Volgograd Interregional Electric Power Grids, Municipal Unitary Production Enterprise***

Legal name in short form: ***Trans-regional Electric Power Grids, Volgograd***

Registered address: ***11, Admiral Ushalov St, Volgograd, 400017***

INN (Taxpayer Identification Number): ***3441010181***

OGRN (Primary State Registration Number): ***1023402460620***

Amount of accounts receivable: 2,293,121

Unit of measurement: thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue debt of this counterparty to IDGC of the South, PJSC is 2,075,101 thou RUB. Claim-related activities are carried on.***

Debtor is the Issuer's affiliated person: No

Full legal name: ***Astrakhan Energy Retail Company, Public Joint-Stock Company***

Legal name in short form: ***Astrakhan Energy Retail Company, PJSC***

Registered address: ***414000 3, John Reed Square, Astrakhan***

INN (Taxpayer Identification Number): ***3017041554***

OGRN (Primary State Registration Number): ***1053000000041***

Amount of accounts receivable: 1,970,376

Unit of measurement: thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue debt of this counterparty to IDGC of the South, PJSC is 1,540,515 thou RUB. Claim-related activities are carried on.***

Debtor is the Issuer's affiliated person: No

Full legal name: ***TNSenergo Rostov-on-Don, Public Joint Stock Company***

Legal name in short form: TNSenergo Rostov-on-Don, PJSC

Registered address: ***47. Zhuravlev St. Rostov-on-Don , Russia, 344022***

INN (Taxpayer Identification Number): ***6168002922***

OGRN (Primary State Registration Number): ***1056164000023***

Amount of accounts receivable: 2,107,418 Unit of measurement: thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue debt of this counterparty to IDGC of the South, PJSC is 1,052,910 thou RUB Claim-related activities are carried on.***

Debtor is the Issuer's affiliated person: No

Full legal name: ***Volgogradenergosbyt (Volgograd Energy Retail Company), Public Joint-Stock Company***

Legal name in short form: ***Volgogradenergosbyt, PJSC***

Registered address: ***14, Kozlovskaya St, Volgograd, Russian Federation, 400001***

INN (Taxpayer Identification Number): ***3445071523***

OGRN (Primary State Registration Number): ***1053444090028***

Amount of accounts receivable: 1,999,215

Unit of measurement: thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue debt of this counterparty to IDGC of the South, PJSC is 1,637,106 thou RUB Claim-related activities are carried on.***

Debtor is the Issuer's affiliated person: No

Full legal name: ***Donenergo, Joint-Stock Company***

Legal name in short form: Donenergo, JSC

Registered address: ***162, Pushkinskaya St, Rostov-on-Don, Rostov Oblast, 344006, Russia***

INN (Taxpayer Identification Number): ***6163089292***

OGRN (Primary State Registration Number): ***1076163010890***

Amount of accounts receivable: 1,489,933 Unit of measurement: thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue debt of this counterparty to IDGC of the South, PJSC is 1,099,486 thou RUB. Claim-related activities are carried on.***

Debtor is the Issuer's affiliated person: No

As of 03/31/2017

Unit of measurement: thou RUB

|  |  |
| --- | --- |
| Indicator name | Indicator  value |
| Buyer's and customer's accounts receivable | 13 533 167 |
| including overdue | 9 709 198 |
| Accounts receivable on bills receivable | 0 |
| including overdue | 0 |
| Receivables from the Participants (Founders) for their contributions to the Authorized Capital | 0 |
| including overdue | 0 |
| Other receivables | 1 588 931 |
| including overdue | 774 457 |
| Total amount of accounts payable | 13 533 167 |
| including the total amount of overdue accounts receivable | 9 709 198 |

Debtors having a share that is no less than 10% from the total sum of accounts receivable for the reported period

Full legal name: ***Volgograd Interregional Electric Power Grids, Municipal Unitary Production Enterprise***

Legal name in short form: ***Trans-regional Electric Power Grids, Volgograd***

Registered address: ***11, Admiral Ushalov St, Volgograd, 400017***

INN (Taxpayer Identification Number): ***3441010181***

OGRN (Primary State Registration Number): ***1023402460620***

Amount of accounts receivable: 2,878,679

Unit of measurement: thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue debt of this counterparty to IDGC of the South, PJSC is 2,658,263 thou RUB. Claim-related activities are carried on.***

Debtor is the Issuer's affiliated person: No

Full legal name: ***Astrakhan Energy Retail Company, Public Joint-Stock Company***

Legal name in short form: ***Astrakhan Energy Retail Company, PJSC***

Registered address: ***414000 3, John Reed Square, Astrakhan***

INN (Taxpayer Identification Number): ***3017041554***

OGRN (Primary State Registration Number): ***1053000000041***

Amount of accounts receivable: 1,418,481 Unit of measurement: thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue debt of this counterparty to IDGC of the South, PJSC is 1,019,532 thou RUB. Claim-related activities are carried on.***

Debtor is the Issuer's affiliated person: No

Full legal name: ***TNSenergo Rostov-on-Don, Public Joint Stock Company***

Legal name in short form: TNS Energo Rostov-on-Don, PJSC

Registered address: ***47. Zhuravlev St. Rostov-on-Don , Russia, 344022***

INN (Taxpayer Identification Number): ***6168002922***

OGRN (Primary State Registration Number): ***1056164000023***

Amount of accounts receivable: 2,218,950 Unit of measurement: thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue debt of this counterparty to IDGC of the South, PJSC is 1,279,103 thou RUB. Claim-related activities are carried on.***

Debtor is the Issuer's affiliated person: No

Full legal name: ***Volgogradenergosbyt (Volgograd Energy Retail Company), Public Joint-Stock Company*** The Issuer's legal name in short form: ***Volgogradenergosbyt, PJSC***

Registered address: ***14, Kozlovskaya St, Volgograd, Russian Federation, 400001***

INN (Taxpayer Identification Number): ***3445071523***

OGRN (Primary State Registration Number): ***1053444090028***

Amount of accounts receivable: 2,174,770 Unit of measurement: thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue debt of this counterparty to IDGC of the South, PJSC is 1,858,236 thou RUB. Claim-related activities are carried on.***

Debtor is the Issuer's affiliated person: No

Full legal name: ***Donenergo, Joint-Stock Company***

Legal name in short form: Donenergo, JSC

Registered address: ***162, Pushkinskaya St, Rostov-on-Don, Rostov Oblast, 344006, Russia***

INN (Taxpayer Identification Number): ***6163089292***

OGRN (Primary State Registration Number): ***1076163010890***

Amount of accounts receivable: 1,673,154 Unit of measurement: thou RUB

Amount and terms of the overdue accounts payable (interest rate, fixed penalties, fines):

***The overdue debt of this counterparty to IDGC of the South, PJSC is 1,370,496 thou RUB. Claim-related activities are carried on.***

Debtor is the Issuer's affiliated person: None, not available

Section VII. The issuer's accounting (financial) statements and other financial information

7.1. Annual accounting report (financial statements) of the Issuer

2016

***The information is given in Appendix No. 1 to this Quarterly Report***

Annual accounting report (financial statements) of the Issuer attached to the Quarterly Report includes:

* Auditor's certificate on the accounting reports of IDGC of the South, PJSC;
* Balance sheet of IDGC of the South, PJSC
* Profit and loss statement of IDGC of the South, PJSC for 12 months of 2016;
* Statement of changes in equity of IDGC of the South, PJSC
* Cash Flow Statements of IDGC of the South, PJSC
* Appendix to the balance sheet of IDGC of the South, PJSC for 2016
* Notes to the Balance sheet and Profit and loss statement of IDGC of the South, PJSC

7.2. Interim accounting report (financial statements) of the Issuer

Interim accounting report (financial statements) of the Issuer attached to the Quarterly Report includes:

* Balance sheet of IDGC of the South, PJSC, as of March 31, 2017;
* Profit and loss statement of IDGC of the South, PJSC for 3 months of 2017.

7.3. Consolidated financial statements

***Annual consolidated financial statements of the Issuer for the most recently completed fiscal year were compiled before the end date of the first quarter and included in the report for the first quarter of***

2016 - IFRS/GAAP

Reported period

Year: 2016

Quarter:

***The information is given in Appendix No. 3 to this Quarterly Report***

7.4. Data on the accounting policy of the Issuer

***Order No. 909 dated December 29, 2016 of IDGC of the South, PJSC confirmed the Accounting Policy of the Company for 2017. Order No. 932 dated December 30, 2016 of IDGC of the South, PJSC introduced alterations in the Accounting Policy of the Company for 2017. The wordings have been clarified, the provisions of the Accounting Policy of the Company and the "Unified Corporate Accounting Principles" Corporate Standard under the Russian Accounting Standards (RAS) have been unified. (Information is given in Annex No. 4 to this Quarterly Report).***

***Accounting Policy of the Company was formed based on the following assumptions:***

***Business entity assumption. This assumption means that the assets and liabilities of each of the Companies exist separately from the assets and liabilities of other entities. At the same time, only those assets are accounted on the Company's balance sheet that are controlled by it in accordance with the law or the contract. Going concern assumption. This assumption means that the Company will continue its activities in the foreseeable future and it has no intentions and the need to liquidate or significantly reduce its activity and, consequently, the liabilities of the Company will be repaid in accordance with the established procedure.***

***Consistency assumption. This assumption means that the accounting policy adopted by the Company is applied consistently from one reported year to another.***

***Accrual assumption. This assumption means that the facts of the Company's economic activity refer to the reported period, when they occurred, regardless of the actual time of receipt or payment of funds connected with these facts.***

***In forming the Accounting Policy with regard to a specific matter of accounting the Company selects one method among several methods allowed by the "Unified Corporate Accounting Principles" Corporate Standard, and in the event that this matter is not considered in the "Unified Corporate Accounting Principles" the Company may select one of several methods allowed by the legislation of the Russian Federation and (or) normative legal acts on accounting.***

***If methods of accounting are not established with regard to a specific matter in regulatory legal acts, as well as in the Unified Corporate Accounting Principles, then in developing the Accounting Policy the Company shall develop a corresponding method based on other provisions on accounting, as well as International Financial Reporting Standards.***

7.5. Data on the total amount of exports, as well as on the share of exports in total sales

***The Issuer does not export products (goods, services)***

7.6. Data on substantial changes that occurred in the composition of the Issuer's property after the end date of the most recently completed reported year

Data on substantial changes in the composition of the Issuer's property that occurred within 12 months before the end date of the reporting quarter

***Substantial changes in the composition of the Issuer's property that occurred within 12 months before the end date of the reporting quarter***

Further details: N/A

7.7. Data on the participation of the Issuer in judicial proceedings in the event that such participation may significantly affect the financial and economic activities of the Issuer

***1. Disputes between TNS energo Rostov-on-Don, PJSC, and the Company, related to the disagreements over the amount of losses in the grids of the adjacent grid company Taganrogenergo, Municipal Unitary Enterprise:***

* ***on collection of debts in order to compensate for energy losses for the period of January 2014, January-December 2015 under Case No. A53-26385/2016 in the amount of 235,308,868.90 RUB, as well as penalties in the amount of 79,911,531.06 RUB. The claims under the lawsuit were satisfied in full on the strength of the decision of Arbitration Court of Rostov Oblast dated February 2, 2017, that was upheld by court decision dated March 31, 2017, ofthe 15th Arbitration Court of Appeal.***

***2. Disputes between Astrakhan Energy Retail Company, PJSC, and the Company, related to debt collection to compensate for electric power losses in the Company's grids:***

* ***on collection of the value of electric energy losses in the amount of 6,288,643.34 RUB for the period January 2016 (case No. A06-7548/2016). Consideration of the case was suspended.***
* ***on collection of the value of electric energy losses in the amount of 16,427,034.95 RUB for the period February 2016 (case No. A06-7893/2016). Consideration of the case was suspended.***
* ***on collection of the value of electric energy losses in the amount of 19,553,457.25 RUB for the period February 2016 (case No. A06-8225/2016). Consideration of the case was suspended.***
* ***on collection of the value of electric energy losses in the amount of 19,904,491.41 RUB for the period April 2016 (case No. A06-8318/2016). Consideration of the case was suspended.***
* ***on collection of the value of electric energy losses in the amount of 10,123,400.58 RUB for the period May 2016 (case No. A06-8644/2016). Consideration of the case was suspended.***
* ***on collection of the value of electric energy losses in the amount of 38,019,307.09 RUB for the period June 2016 (case No. A06-12737/2016). Consideration of the case was appointed on May 4, 2017.***
* ***on collection of the value of electric energy losses in the amount of 62,497,602.63 RUB for the period July 2016 (case No. A06-12982/2016). Consideration of the case was appointed on May 15, 2017.***
* ***on collection of the value of electric energy losses in the amount of 32,028,793.75 RUB for the period August 2016 (case No. A06-1461/2017). Consideration of the case was appointed on May 18, 2017.***

***3. Disputes between Volgogradenergosbyt, PJSC, and the Company, related to the collection of the Company's debt for rendered services in the transmission of electric energy and the consideration of counter claims to yjr Company to compensate for electric power losses in the Company's grids:***

* ***IDGC of the South, PJSC filed a claim against Volgogradenergosbyt, PJSC on the collection of debts in order to compensate for energy losses for the period of December 2013-March 2014 in the amount of 115,545,544 RUB, and Volgogradenergosbyt, PJSC, filed a counter claim on the collection of the value of electric power losses in the Company's grids in the amount of 153,806,067 RUB (Case No. A12-1542/2013). 112,544,141.95 RUB were collected in favor of IDGC of South, PJSC, and 1,802,775.33 RUB were collected in favor of Volgogradenergosbyt, PJSC, on the strength of the Decision of Arbitration Court of Volgograd Oblast dated April 23, 2015, that was upheld by decision of the 12th Arbitration Court of Appeal dated June 06, 2016. Arbitration Court of Penza Oblast on October 20, 2016, based on the results of consideration of the cassation appeal of Volgogradenergosbyt PJSC, canceled the judicial acts, the case was sent for re-examination to the 12th Arbitration Court of Appeal. The decision dated December 26, 2016 was altered by the appellate judgement of the 12th Arbitration Court of Appeal: 350,210,532.05 RUB were collected in favor of IDGC of South, PJSC, and 35,390,845.53 RUB were collected in favor of Volgogradenergosbyt, PJSC, 314,819,686.52 RUB were collected in favor of the Company as a result of offsetting. In accordance with the decision of the Court of Arbitration of Penza Oblast of April 4, 2017, the decision of the 12th Arbitration Court of Appeal was left unchanged, cassation complaint of PJSC "IDGC of the South" was not satisfied.***
* ***IDGC of the South, PJSC filed a claim against Volgogradenergosbyt, PJSC on the collection of debts in order to compensate for energy losses in the period of July-August 2014 in the amount of 335,959,645 RUB, and Volgogradenergosbyt, PJSC, filed a counter claim on the collection of the value of electric power losses in the amount of 74,301,631 RUB (Case No. A12-37939/2014). 160,109,359.79 RUB were collected in favor of IDGC of South, PJSC, and 9,287,122.20 RUB were collected in favor of Volgogradenergosbyt, PJSC, on the strength of the Decision of Arbitration Court of Volgograd Oblast dated July 8, 2015. The decision was altered by the appellate judgement dated October 25, 2016 of the 12th Arbitration Court of Appeal: 105,225,087.76 RUB were collected in favor of IDGC of South, PJSC, and 55,618,029.13 RUB were collected in favor of Volgogradenergosbyt, PJSC, the Company submitted a cassation complaint on October 1, 2017. In accordance with the decision of the Court of Arbitration of Penza Oblast of March 20, 2017, the decision of the 12th Arbitration Court of Appeal was left unchanged, cassation complaint of PJSC "IDGC of the South" was not satisfied.***
* ***IDGC of the South, PJSC filed claim against Volgogradenergosbyt, PJSC on the collection of debts for the electric energy transmission services for the period of January, February, March 2015 in the amount of 94,130,008.36 RUB, and Volgogradenergosbyt, PJSC, filed counter claim on the collection of the value of electric energy losses for the same period in the amount of 93,045,365.44 RUB (Case No. A12-15676/2015). 69,346,162.09 RUB were collected in favor of IDGC of South, PJSC, and 26,573,546.33 RUB were collected in favor of Volgogradenergosbyt, PJSC, on the strength of the Decision of Arbitration Court of Volgograd Oblast dated March 2, 2016. 42,772,615.76 RUB were collected in favor of IDGC of South, PJSC, as a result of offsetting. In accordance with the decision dated February 7, 2017, of 12th Arbitration Court of Appeal the decision of the Arbitration Court of Volgograd Oblast was changed, 64,289,083.81 RUB were collected in favor of IDGC of South, PJSC, and 40,715,945.79 RUB were collected in favor of Volgogradenergosbyt, PJSC.***
* ***IDGC of the South, PJSC filed claim against Volgogradenergosbyt, PJSC on the collection of debts for the electric energy transmission services for the period of April-June 2015 in the amount of 521,469,525.83 RUB (Case No. A12-28642/2015). Volgogradenergosbyt, PJSC, presented counter claim on the collection of the value of electric power losses in the amount of 138,534,746.03 RUB. 115,027,680.37 RUB were collected in favor of IDGC of South, PJSC, and 115,027,680.37 RUB were collected in favor of Volgogradenergosbyt, PJSC, on the strength of the Decision of Arbitration Court of Volgograd Oblast dated March 11, 2016. In accordance with the decision dated February 27, 2017, of 12th Arbitration Court of Appeal the decision of the Arbitration Court of Volgograd Oblast was changed, 54,733,187.41 RUB were collected in favor of IDGC of South, PJSC, and 119,788,584.97 RUB were collected in favor of Volgogradenergosbyt, PJSC.***
* ***IDGC of the South, PJSC filed claim against Volgogradenergosbyt, PJSC on the collection of debts for the electric energy transmission services for the period of July-August 2015 in the amount of 83,696,483.58 RUB (Case No. A12-44580/2015). Volgogradenergosbyt, PJSC filed a counter claim against IDGC of the South, PJSC to collect the cost of losses in the amount of 37,427,290.74 RUB for the same period. By the decision of the Arbitration Court of Volgograd Oblast dated September 30, 2016, the requirements were partially satisfied, 53,040,109.93 RUB were collected from Volgogradenergosbyt, PJSC and 29,042,264.62 RUB were collected from IDGC of the South, PJSC. On the strength of the resolution of 12th Arbitration Court of Appeal dated April 13, 2017, the decision of the Arbitration Court of Volgograd Oblast was changed, 68,209,257.13 RUB was collected in favor of IDGC of the South, PJSC, and 16,981,591.03 RUB was collected in favor of Volgogradenergosbyt, PJSC.***
* ***IDGC of the South, PJSC filed a claim against Volgogradenergosbyt, PJSC for the collection of debts for electricity transmission services for the period September-November 2015 in the amount of 501,048,718 RUB (Case No. A12-890/2016). Volgogradenergosbyt, PJSC filed a counter claim against IDGC of the South, PJSC on recovering the cost of losses in the amount of 45,464,957 RUB for the same period. By the decision dated April 20, 2017 the proceedings were suspended until May 25, 2017 in connection with the examination.***
* ***IDGC of the South, PJSC filed claim against Volgogradenergosbyt, PJSC on the collection of debts for the electric energy transmission services for the period of April-June 2015 in the amount of 539,410,117.04 RUB (Case No. A12-46023/2016). Volgogradenergosbyt, PJSC filed a counter claim against IDGC of the South, PJSC to recover the cost of losses in the amount of 270,719,161.67 RUB for the same period. By the decision of October 27, 2017 the proceedings were suspended until December 29, 2016 because of the examination. On the strength of January 12, 2017 the period for carrying out the examination was extended to March 17, 2017. On the strength of March 30, 2017 the period for carrying out the examination was extended to April 28, 2017.***
* ***IDGC of the South, PJSC filed a claim against Volgogradenergosbyt, PJSC on the collection of debts for the electric energy transmission services for the period of July-August 2015 in the amount of 425,681,781.95 RUB (Case No. A12-65582/2016). Volgogradenergosbyt, PJSC filed a counter claim against IDGC of the South, PJSC on recovering the cost of losses in the amount of 123,890,458.84 RUB for the same period. By the decision of January 23, 2017 the proceedings were suspended until March 31, 2017 in connection with the examination.***
* ***IDGC of the South, PJSC filed a claim against Volgogradenergosbyt, PJSC on the collection of debts for electric energy transmission services for the period September-October 2016 in the amount of 506,254,720.17 RUB (case No. A12-858/2016). Volgogradenergosbyt, PJSC filed a counter claim against IDGC of the South, PJSC to recover the cost of losses in the amount of 98,874,601.74 RUB for the same period. By the decision of April 05, 2017 the proceedings were suspended until June 16, 2017 in connection with the examination.***

Section VIII. Additional data on the Issuer and on the placed securities issued by it

8.1. Additional data on the Issuer

8.1.1. Data on the amount and structure of the authorized capital of the Issuer

Amount of the Issuer's Authorized Capital as of the end date of the reported quarter, Rub: 4,981,109,606.4

Ordinary shares

Total nominal value: 4,981,109,606.4

Participating Interest of the Authorized Capital, %: 100

Preference shares

Total nominal value: 0

Participating Interest of the Authorized Capital, %: 0

Information on the compliance of the amount of the Authorized Capital specified in this Clause with the Issuer's constitutional documents is indicated below:

***The amount of the Authorized Capital specified in this Clause corresponds to the the Issuer's constitutional documents as of the date of compilation of this Quarterly Report of the Issuer, i.е. as of the end date of the reported quarter on March 31, 2017.***

***As of the date of disclosure (publication) of this Quarterly Report on the Issuer's equity securities the Issuer completed the placement of 11 367 043 353 shares of the follow-on offering (official registration number: 1-01-34956-Е dd 04.08.2016). The notice on the results of the additional issue of securities was filed with the Bank of Russia on April 26, 2017. In accordance with the amendments to the Charter that were duly registered on May 10, 2017 (Entry No. in the Unified State Register of Legal Entities 2176196447238), the amount of the Issuer's Authorized Capital (joint-stock capital) (mutual fund) (that is defined as a sum of the nominal values of outstanding shares) is equal to 6,117,813,941.70 RUB as of the date of disclosure (publication) of this Quarterly Report on the investment-grade securities.***

8.1.2. Data on the Alteration of the Issuer's Authorized Capital (nominal capital)

If within the most recently completed fiscal year preceding the end date of the reported quarter, as well as within the period from the beginning of the current year to the end date of the reporting quarter, there was an alteration in the amount of the issuer's authorized capital, the following data shall be indicated with regard to each fact of changes occurred:

Date of the alteration of the Authorized Capital: 05/10/2017

Amount of the Authorized Capital before its alteration (RUB): 4,981,109,606.4

Structure of the Authorized Capital before its alteration

Ordinary shares

Total nominal value: 4,981,109,606.4

Participating Interest of the Authorized Capital, %: 100

Preference shares

Total nominal value: 0

Participating Interest of the Authorized Capital, %: 0

Amount of the Authorized Capital after its alteration (RUB): 6,117,813,941.7

Structure of the Authorized Capital after its alteration

Ordinary shares

Total nominal value: 6,117,813,941.7

Participating Interest of the Authorized Capital, %: 100

Preference shares

Total nominal value: 0

Participating Interest of the Authorized Capital, %: 0

Name of the Issuer's management body that took a decision to change the amount of the Issuer's Authorized Capital: Annual General Meeting of Shareholders of the Company

Date of drawing up the Minutes of the Meeting (session) of the Issuer's management body, when the decision to change the amount of the Issuer's Authorized Capital was adopted: 06/09/2016

Minutes No. 15

8.1.3. Data on the procedure for convoking and holding a meeting (session) of the supreme management body of the Issuer

Name of the Issuer's supreme management body: General Meeting of Shareholders

The procedure for the notification of shareholders (participants) on holding a meeting (session) of the Issuer's supreme management body:

***In accordance with Clauses 11.5, 12.4, and 14.9.4 of the Issuer's Charter:***

***11.5. The notice of the General Meeting of Shareholders shall be published on the Company's website in Internet, the information and telecommunication network, at:*** [***www.mrsk-yuga.ru***](http://www.mrsk-yuga.ru) ***no later than 30 (thirty) days before the date of the meeting.***

***The notice of the General Meeting of Shareholders shall state:***

* ***the Company’s full corporate name and registered address;***
* ***form of the General Meeting of Shareholders (meeting or absentee voting);***
* ***date, place (including information on the premises), time of the General Meeting of Shareholders and the mailing address for sending completed ballots;***
* ***date of drawing up the list of the persons entitled to participate in the General Meeting of Shareholders; agenda of the General Meeting of Shareholders;***
* ***procedure for acquaintance with the information (materials) that is supposed be provided during the preparation for the General Meeting of Shareholders, and the address (addresses) on which it is available;***
* ***information on the documents that shall be presented for admission to the premises where the General Meeting of Shareholders will be held, in case the admission to the premises is not free;***

***12.4. The notice on holding the General Meeting of Shareholders by absentee voting shall be published on the Company's website in Internet, the information and telecommunication network at:*** [***www.mrsk-yuga.ru***](http://www.mrsk-yuga.ru) ***no later than 30 (thirty) days prior to the deadline for the receipt of ballots by the Company.***

***The notice of the General Meeting of Shareholders shall state:***

* ***the Company’s full corporate name and registered address;***
* ***form of the General Meeting of Shareholders (meeting or absentee voting);***
* ***deadline for the receipt of ballots for voting and the postal address to which the completed ballots should be sent;***
* ***date of drawing up the list of the persons entitled to participate in the General Meeting of Shareholders; agenda of the General Meeting of Shareholders;***
* ***procedure for becoming aware of the information (materials) that is subject to be provided during the preparation for the General Meeting of Shareholders, and the address (addresses) where it is available.***

***14.9.4. A notice on holding an extraordinary General Meeting of Shareholders shall be made no later than 70 (seventy) days before the date of its holding.***

***In accordance with Clause 2, Article 52 of the Federal Law "On Joint Stock Companies" (Federal Law No. 210-FZ in the wording of June 29, 2015):***

***The following data shall be indicated in the notice of the General Meeting of Shareholders:***

* ***the Company’s full corporate name and registered address;***
* ***form of the General Meeting of Shareholders (meeting or absentee voting);***
* ***date, place, time of the General Meeting of Shareholders and, in case when in accordance with Clause 3, Article 60 of the Federal Law the completed ballots can be sent to the company, the mailing address at which the completed ballots may be sent, or in the event of holding a general meeting of shareholders in the form of absentee voting, the deadline for the receipt of ballots for voting, and the mailing address at which the completed ballots should be sent;***
* ***date on which the persons entitled to participate in the General Meeting of Shareholders are determined (fixed);***
* ***agenda of the General Meeting of Shareholders;***
* ***procedure for acquaintance with the information (materials) that is supposed be provided during the preparation for the General Meeting of Shareholders, and the address (addresses) at which it is available;***
* ***e-mail address for sending completed ballots, and (or) address of the Website in Internet, the information and telecommunication network, where the electronic form of bulletins may be filled, if such methods of sending and (or) filling out the ballots are stipulated by the Company's Charter;***
* ***categories (types) of shares, whose owners have the right to vote on all or some items in the agenda of the General Meeting of Shareholders.***

Persons (bodies) that have the right to convoke (demand holding) an extraordinary meeting (session) of the Issuer's supreme management body, as well as the procedure for sending (presenting) such requests:

***In accordance with Clauses 14.2 to 14.5 of the Issuer's Charter:***

***14.2. The Extraordinary General Meeting of Shareholders of the Company is held by decision of the Board of Directors of the Company on the basis of its own initiative, requirement of the Company's Audit , the Company's Auditor, and shareholder (shareholders) owning at least 10 (Ten) percent of the Company's voting shares as of the date of the request.***

***14.3. The convocation of an extraordinary General Meeting of Shareholders on demand of the Company's Audit Committee, the Company's Auditor or shareholders (shareholder) owning at least 10 (Ten) percent of the Company's voting shares shall be carried out by the Board of Directors of the Company.***

***Such General Meeting of Shareholders shall be held within 50 (fifty) days from the moment of the submission of the request to hold an Extraordinary General Meeting of Shareholders of the Company, except for the case stipualted in Clause 14.9 of the Company Charter.***

***14.4. In the request to hold an extraordinary General Meeting of Shareholders of the Company, issues to be included in the agenda of the meeting should be formulated.***

***Persons (person) requiring convocation of an extraordinary General Meeting of Shareholders of the Company are entitled to submit a draft decision of the extraordinary General Meeting of Shareholders of the Company, a proposal on the form of holding the General Meeting of Shareholders. In case if the request to convene an extraordinary General Meeting of Shareholders contains a proposal to nominate candidates, such proposal shall be subject to the relevant provisions of Article 13 of the Charter.***

***The Board of Directors of the Company is not be entitled to amend the wording of the agenda items, the wording of decisions on such matters and change the proposed form of holding an extraordinary General Meeting of Shareholders convened on demand of the Company's Audit Committee, the Company's Auditor or shareholders (shareholder) owning at least 10 (Ten) percent of the Company's voting shares.***

***14.5. In case if the request to convene an extraordinary General Meeting of Shareholders of the Company comes from a shareholder (shareholders), it must contain the name of the shareholder (shareholders) requesting the convocation of the meeting, indicating the number, category (type) of shares of the Company.***

***The requirement to convoke an extraordinary General Meeting of Shareholders of the Company shall be signed by a person (persons) demanding the convocation of an extraordinary General Meeting of Shareholders of the Company.***

The procedure for determining the date of the meeting (session) of the Issuer's supreme management body:

In accordance with Clause 11.1. of the Issuer's Charter:

***11.1. The Annual General Meeting of Shareholders of the Company shall be held no earlier than two months after and no later than six months after the end of the fiscal year.***

***In accordance with Clause 2, Article 52 of the Federal Law "On Joint Stock Companies" (Federal Law No. 210-FZ in the wording of June 29, 2015):***

***«2. An extraordinary general meeting of shareholders convoked at the request of the Company's Audit Committee (auditor), the Company's auditor or shareholders (shareholder) owning at least 10 percent of the Company's voting shares, must be held within 40 days from the moment of the submission of the request to hold an extraordinary general meeting shareholders.***

***If the proposed agenda of an extraordinary general meeting of shareholders contains the issue of electing members of the Company's Board of Directors (supervisory board), such a General Meeting of Shareholders must be held within 75 days from the date of submission of the request to hold an extraordinary general meeting of shareholders, unless a shorter period is provided for by the Company's Charter. In this case, the Company's Board of Directors (supervisory board) shall determine the date until which proposals of shareholders on nominating candidates for election to the Company's Board of Directors (supervisory board), will be accepted.***

***3. In cases when in accordance with Articles 68 to 70 of this Federal Law, the Board of Directors (supervisory board) of a company is obliged to take a decision to hold an extraordinary general meeting of shareholders, such a general meeting of shareholders shall be held within 40 days from the date when the decision to hold itwas adopted by the board of directors (supervisory board) of the company, if a shorter period is not provided for by the charter of the company.***

***In cases when, in accordance with this Federal Law, the board of directors (supervisory board) of a company is obliged to take a decision to hold an extraordinary general meeting of shareholders to elect members of the company's board of directors (supervisory board), such a general meeting of shareholders must be held within 70 days from the moment when the decision on its conduct was adopted by the board of directors (supervisory board) of the company, if an earlier period is not provided for by the charter of the company."***

***In accordance with Clause 2.2. of the Regulations on the General Meeting of Shareholders (approved by the annual General Meeting of Shareholders of IDGC of the South, Minutes No. 13 dated June 22, 2015), the decision to determine the date of the General Meeting of Shareholders is adopted by the Issuer's Board of Directors (and in the cases provided for in Clause 3.1 of this Regulation, other persons) in preparation for the General Meeting of Shareholders.***

Persons who have the right to make motions for the agenda of the meeting (session) of the supreme management body of the issuer, as well as the procedure for making such motions:

***In accordance with Clauses 13.1 to 13.7 of the Issuer's Charter:***

***13.1. Shareholders (shareholder) of the Company who in aggregate own at least 2 (two) percent of the Company's voting shares within a period no later than 60 (sixty) days after the end of the reported year have the right to enter items into the agenda of the annual General Meeting of Shareholders and nominate candidates to the Board of Directors and the Audit Commission of the Company the number of which may not exceed the number of members of the corresponding body.***

***13.2. The motions to be included in the agenda of the General Meeting of Shareholders and the proposals to nominate candidates shall be submitted with the name of the shareholders (shareholder) submitting them, the number and category (type) of their shares and shall be signed by the shareholders (shareholder) or their representatives.***

***13.3. The proposal to include issues in the agenda of the General Meeting of Shareholders should contain the wording of each proposed issue, and the proposal for nominating candidates — the name and data of the identity document (series and (or) document number, date and place of issue, issuing authority) of each proposed candidate, the name of the body for which he is proposed to be elected.***

***13.4. The Board of Directors of the Company is obliged to consider the motions received and take decisions on their entry in the agenda of the General Meeting of Shareholders of the Company or on the refusal to include them in this agenda no later than 5 (five) days after the end of the period specified in Clause 13.1 of this Article.***

***13.5. The Board of Directors of the Company has the right to refuse to include items raised by the shareholder (shareholders) in the agenda of the General Meeting of Shareholders, as well as to include nominated candidates in the list of candidates for voting on elections to the relevant body of the Company on the grounds provided for by the Federal Law “On Joint Stock Companies” and other legal acts of the Russian Federation.***

***13.6. A motivated decision of the Board of Directors of the Company on the refusal to include the item in the agenda of the General Meeting of Shareholders of the Company or a candidate to the list of candidates for voting for election to the relevant body of the Company shall be sent to the shareholder (shareholders) who submitted the motion or nominated the candidate no later than 3 (three) days from the date of such decision.***

***13.7. The Board of Directors of the Company has no right to amend the wording of the issues proposed for inclusion in the agenda of the General Meeting of Shareholders, and (if any) in the wording of decisions on such matters.***

***In addition to the matters proposed for entry in the agenda of the General Meeting of Shareholders by shareholders, as well as in the lack of such proposals, the lack or insufficient number of candidates proposed by the shareholders for the formation of a relevant body, the Board of Directors of the Company is entitled to include matters or candidates in the agenda of the General Meeting of Shareholders at their discretion.***

***In accordance with Clause 3, Article 53 of the Federal Law "On Joint Stock Companies" (Federal Law No. 210-FZ in the wording of June 29, 2015):***

***«3. The motion to include items in the agenda of the General Meeting of Shareholders and the proposal to nominate candidates shall be introduced with the name of the shareholders (shareholder) submitting them, the number and category (type) of their shares and shall be signed by the shareholders (shareholder) or their representatives. Shareholders (shareholder) of the company who are not registered in the company's shareholder register have the right to submit proposals to the agenda of the general meeting of shareholders and proposals for nominating candidates also by giving appropriate instructions to a person who registering their rights to shares. Such instructions are given in accordance with the rules of the Russian Federation legislation on securities."***

persons who are entitled to becoming aware of the information (materials) provided (provided) for the preparation and holding of the meeting (session) of the Issuer's supreme management body, as well as the procedure for acquaintance with such information (materials):

***In accordance with Clauses 11.7 to 11.8 of the Issuer's Charter:***

***11.7. Information (materials) on the items of the agenda of the General Meeting of Shareholders within 20 (twenty) days, and in case of holding the General Meeting of Shareholders the agenda of which contains the item of reorganization of the Company — within 30 (thirty) days prior to the General Meeting of Shareholders, shall be available to the persons entitled to participate in the General Meeting of Shareholders for becoming familiar in the premises of the executive body of the Company and other places located at the addresses indicated in the notice on the convocation of the General Meeting of Shareholders, as well as on the Company's Website in Internet, the information and communication network at: www.mrsk-yuga.ru. Specified information (materials) should be available to persons participating in the General Meeting of Shareholders during its holding. At the same time, the Company seeks to ensure the availability of materials to the General Meeting of Shareholders not less than 30 days before the date of its holding.***

***11.8. The procedure for acquaintance of persons entitled to participate in the General Meeting of Shareholders with information (materials) on the agenda of the General Meeting of Shareholders and the list of such information (materials) shall be determined by a resolution of the Board of Directors of the Company.***

***In accordance with Clause 3, Article 52 of Federal Law No. 208-FZ of December 26, 1995 "On Joint-Stock Companies", the company is obliged, at the request of a person entitled to participate in a general meeting of shareholders, to provide him with copies of these documents. The fee charged by the company for the provision of these copies may not exceed the costs of their production.***

***In accordance with Clause 2, Article 52 of the Federal Law "On Joint Stock Companies" (Federal Law No. 210-FZ in the wording of June 29, 2015):***

***4. In case if a person registered in the register of shareholders is a nominal holder of shares, notification of the General Meeting of Shareholders and information (materials) to be provided to persons entitled to participate in the General Meeting of Shareholders in preparation for the General Meeting of Shareholders of the Company shall be provided in accordance with the rules of the Russian Federation legislation on securities for the provision of information and materials to persons exercising rights in securities.***

The procedure of announcing (informing the Issuer's shareholders (participants)) the decisions taken by the supreme management body of the Issuer, as well as the voting results shall be as follows:

***In accordance with Clauses 11.13 of the Issuer's Charter:***

***11.13. Decisions adopted by the General Meeting of Shareholders and the results of voting may be announced at the General Meeting of Shareholders during which the voting was conducted and also shall be brought to the attention of persons included in the list of persons entitled to participate in the General Meeting of Shareholders in the form of a Report on the results of voting in the procedure provided for the notice of the General Meeting of Shareholders no later than four work days after the closing date of the General Meeting of Shareholders.***

***If on the date of drawing up the list of the persons having right to participate in the General Meeting of Shareholders, the person registered as a nominal holder of shares registered in the register of shareholders of the Company, the Report on the results of voting shall be sent electronically (in the form of an electronic document signed by an electronic signature) to a nominal holder of the shares. A nominee shareholder is obliged to inform the beneficial (actual) owner of the relevant shares on the content of the Report on the voting results received by him/her in accordance with this clause of the Charter in the manner and within the time limits established by the laws and regulations of the Russian Federation or the contract with the beneficial (actual) owner.***

***In accordance with Clause 12. of the Issuer's Charter:***

***12.8. Decisions adopted by the General Meeting of Shareholders and the results of voting be brought to the attention of persons included in the list of persons entitled to participate in the General Meeting of Shareholders in the form of a Report on the results of voting in the procedure provided for the notice of the General Meeting of Shareholders no later than four work days after the deadline for the receipt of the ballots at the General Meeting of Shareholders in the form of absentee voting.***

***If on the date of drawing up the list of the persons having right to participate in the General Meeting of Shareholders the person registered as a nominal holder of the shares that are registered in the register of shareholders of the Company, the Report on the results of voting shall be sent electronically (in the form of an electronic document signed by an electronic signature) to a nominal holder of the shares. A nominee shareholder is obliged to inform the beneficial (actual) owner of the relevant shares on the content of the Report on the voting results received by him/her in accordance with this clause of the Charter in the manner and within the time limits established by the laws and regulations of the Russian Federation or the contract with the beneficial (actual) owner.***

***In accordance with Clause 4, Article 61 of the Federal Law "On Joint Stock Companies" (Federal Law No. 210-FZ in the wording of June 29, 2015):***

***4. Decisions adopted by the General Meeting of Shareholders and the results of voting may be announced at the General Meeting of Shareholders when the voting was conducted, as well as the persons included in the list of persons that have the right to participate in the General Meeting of Shareholders shall be informed on the above decisions and results of the voting in the form of the Report on the results of voting in accordance with the procedure provided for the notice of the convocation of the General Meeting of Shareholders no later than four business days after the date when the submission of the ballots is closed if the General Meeting of Shareholders shall be held in the form of absentee balloting.***

***If a nominal shareholder was registered in the register of shareholders of the Company as of the date when the persons authorized to participate in the General Meeting of Shareholders are determined, the information contained in the Report on the voting results is provided to the nominal shareholder in accordance with the rules established by the Russian Federation laws on securities for the provision of information and materials to the persons exercising their rights on securities."***

8.1.4. Information on the commercial organizations in which the Issuer owns no less than five percent of the authorized capital or at least five percent of ordinary shares

List of the commercial organizations in which the Issuer has participating interest (owns no less than five percent of the authorized (share) capital (share fund)) or no less than five percent of ordinary shares as of the end of the latest reported quarter

***1. Full legal name: The A. A. Grechko Agricultural Enterprise, OJSC***

Legal name in short form: A. A. Grechko Agricultural Enterprise, OJSC

Registered address

***21, Teatralnaya St, Kuybyshevski region, Kuybyshevo, Rostov Oblast, 346940, Russia***

INN (Taxpayer Identification Number): ***6117010611***

OGRN (Primary State Registration Number): ***1036117000798***

Issuer's share in the authorized capital of the for-profit organization: 100%

Share of ordinary shares owned by the Issuer: 100%

Person's share ownership in the Issuer's authorized capital: 0%

Share of the Issuer's ordinary shares that is owned by the Person: 0%

***2. Full legal name: Sokolovskoye Agricultural Sector Enterprise, Joint-Stock Company***

Legal name in short form: Agricultural Sector Enterprise Sokolovskoye, JSC

Registered address

***32, Kurskaya St, Novoshakhtinsk, Russia, 346930***

INN (Taxpayer Identification Number): ***6151011887***

OGRN (Primary State Registration Number): ***1036151002667***

Issuer's share in the authorized capital of the for-profit organization: 100%

Share of ordinary shares owned by the Issuer: 100%

Person's share ownership in the Issuer's authorized capital: 0%

Share of the Issuer's ordinary shares that is owned by the Person: 0%

***3. Full legal name: Energetik Recreation Center Joint- Stock Company***

Legal name in short form: ***Energetik Recreational Center, JSC***

Registered address

3, Shkolnaya street, village Shepsi, Tuapse district, Krasnodar region, Russia, 352815

INN (Taxpayer Identification Number): ***2355016847***

OGRN (Primary State Registration Number): ***1032330762463***

Issuer's share in the authorized capital of the for-profit organization: 100%

Share of ordinary shares owned by the Issuer: 100%

Person's share ownership in the Issuer's authorized capital: 0%

Share of the Issuer's ordinary shares that is owned by the Person: 0%

***4. Full legal name: Energoservis Yuga, Open Joint-Stock Company***

Legal name in short form: Energoservis Yuga, JSC

Registered address

49, Bolshaya Sadovaya St., Rostov-on-Don, Russia, 344002

INN (Taxpayer Identification Number): ***6164301167***

OGRN (Primary State Registration Number): ***1106164005750***

Issuer's share in the authorized capital of the for-profit organization: 100%

Share of ordinary shares owned by the Issuer: 100%

Person's share ownership in the Issuer's authorized capital: 0%

Share of the Issuer's ordinary shares that is owned by the Person: 0%

8.1.5. The most recently completed the most recently completed

***The named transactions were not concluded in this period***

8.1.6. Data on the Issuer's credit ratings

***The Issuer is not aware of any credit ratings***

8.2. Data on each class (type) of share of the Issuer

Classes of shares: ordinary

Nominal (par) value of each share (RUB): 0.1

Number of shares shares outstanding (number of shares that are not redeemed or canceled): 49 811 096 064

The number of additional shares that may be placed or are in the process of placement (the number of shares of the additional issue, the official registration of which was effected, but the official registration of the report on the results concerning this additional issue was not carried out or the notice on the results of the additional issue was not provided, if, according to the Federal Law "On the Securities Market", the official registration of the report on the results of the additional issue of shares is not carried out ): 11 615110154

Number of announced shares: 31 078 103 936

Number of shares placed at the disposal (on the balance sheet) of the Issuer: 0

The number of additional shares that may be placed as a result of conversion of placed securities convertible into shares or as a result of the fulfillment of obligations on the Issuer's options: 0

Issues of the shares of the given class (type):

|  |  |
| --- | --- |
| Date of state registration | Official registration number of the Issue |
| 20.09.2007 | No. 1-01-34956-Е |
| 04.08.2016 | No. 1-01-34956-Е |

Rights granted by shares to their owners:

***In accordance with Clause 6.1, Article 6 of the Charter of IDGC of the South, PJSC, a person owning shares of the Company pursuant to the laws of the Russian Federation and the Company's Charter is recognized as a shareholder of the Company.***

***In accordance Clause 6.2 of Article 6 of the Charter of IDGC of the South, PJSC, every ordinary registered share of the Company entitles its holder to the same scope of rights.***

***Shareholders-owners of the Company's ordinary registered shares have the right:***

* ***to participate personally or through representatives in the General Meeting of Shareholders of the Company with the right to vote on all issues within his competence;***
* ***to submit motions for the agenda of the General Meeting in accordance with the procedure stipulated by the legislation of the Russian Federation and the Charter;***
* ***to receive information on the activities of the Company and get familiar with the Company's documents in accordance with Article 91 of the Federal Law “On Joint-Stock Companies”, other laws and regulations of the Russian Federation and the Company Charter;***
* ***to receive dividends declared by the Company;***
* ***of the preferential purchase of additional shares and equity securities convertible into shares placed by subscription in an amount proportional to the number of ordinary shares they hold, in cases provided for by the legislation of the Russian Federation;***
* ***to receive a part of its property in case of liquidation of the Company***
* ***to challenge decisions of the Company's management bodies that entail civil and legal consequences in cases and in accordance with the procedure stipulated by the relevant laws of the Russian Federation;***
* ***to demand compensation for damages caused to the Company;***
* ***to challenge transactions made by the Company on the grounds stipulated by the legislation of the Russian Federation, and to demand the application of the consequences of their invalidity, as well as the application of the consequences of invalidity of insignificant transactions of the Company;***
* ***to make an agreement on the implementation of corporate rights (corporate agreement) with each other, as well as with the creditors of the Company and other third parties;***
* ***to exercise other rights provided for by the relevant laws of the Russian Federation and the Company Charter.***

***Preference shares of the Company: None.***

The Issuer's shares in the cross ownership of its subsidiaries and (or) dependent companies: None, the Issuer's subsidiaries and dependent companies do not own any of the Issuer's shares.

Other data concerning liabilities specified by the Issuer at its own discretion:

***In accordance with the notice of the Federal Financial Markets Service of Russia dated August 12, 2008 No. 08-EK-03/17099, the following individual numbers (codes) are canceled: 001D of the state registration number 1-01-34956-Е-001D dated March 20, 2008, 002D of the state registration number 1-01-34956-Е-002D dated March 20, 2008, 003D of the state registration number 1-01-34956-Е-003D dated March 20, 2008, 004D of the state registration number 1-01-34956-Е-004D dated March 20, 2008, 005D of the state registration number 1-01-34956-Е-005D dated March 20, 2008, 006D of the state registration number 1-01-34956- E-006D dated March 20, 2008.***

***As of the date of disclosure (publication) of this Quarterly Report on the Issuer's equity securities the Issuer completed the placement of 11 367 043 353 shares of the follow-on offering (official registration number: 1-01-34956-Е dd 08/04/2016). The notice on the results of the additional issue of securities was filed with the Bank of Russia on April 26, 2017. In accordance with the amendments to the Charter that were duly registered on May 10, 2017 (Entry No. in the Unified State Register of Legal Entities 2176196447238), the amount of the Issuer's Authorized Capital (joint-stock capital) (mutual fund) (that is defined as a sum of the nominal values of outstanding shares) is equal to 6,117,813,941.70 RUB as of the date of disclosure (publication) of this Quarterly Report on the investment-grade securities.***

8.3. Data on previous issues of securities of the Issuer except for the Issuer's shares

8.3.1. Information on the issues, all securities of which are redeemed

Type of security: bonds

Form of security: certificated bearer share

Series: 02

***non-convertible interest-bearing certificated bonds subject to mandatory deposit, interest-bearing***

Official registration number of the Issue: 4-02-34956-Е

Date of the state registrationof the Issue: 12/16/2008

Body that carried out the state registration of the Issue:

Additional issues of securities: No

Number of the securities of the issue: 6,000,000

Par value of each security, RUB: 1,000

Amount of the issue at par value: 6,000,000,000

Term (date) of the repayment of issue securities: 08/26/2014

Motive for the redemption of issued securities: ***Maturity on the bonds of 02 series.***

8.3.2. Data on the issues with non-redeemed securities

Type of security: ***exchange-listed/commercial bonds***

Form of security: ***certificated bearer share***

Series: ***BO-01***

Other identification characteristics of securities: ***certificated interest-bearing non-convertible bearer listed bonds of series BO-01 subject to mandatory deposit, and with the possibility of early repayment at the request of the owners and at the discretion of IDGC of the South, OJSC, publicly offered.***

Issue of the securities was not subject to the state registration: Yes

Identification Number of the Issue: 4В02-01-34956-Е

Date when this identification number was alloted: 09/04/2014

Organization that alloted the specific identification number to the securities issue: ***Closed Joint-Stock Company Stock MICEX Stock Exchange***

Number of the securities of the issue, pcs: ***5,000,000***

Amount of securities issue at par value, RUB: ***5***,000,000,000

Nominal, RUB: 1,000

In accordance with the relevant laws of the Russian Federation, the nominal value of this type of securities is not stipulated: No

State of the securities of the issue: are in circulation

The official registration of the report on the results of the issue was not carried out: Yes

The number of interest (coupon) periods for which the payment of income (coupons, interest) on the securities of the issue is made: 20

Term (date) of the repayment of issue securities: ***Bond expiry date is the 1,813th (one thousand eight hundred and thirteenth) day from the Exchange-listed bonds offering date.***

The following data shall be accurately indicated: No

URL address of the Web page where the text of the resolution on the issue of securities and the prospectus of securities was published: [www.mrsk-yuga.ru](http://www.mrsk-yuga.ru)

Additional issues of securities: No

***Unfulfilled obligations on the securities of the issue: None***

Type of security: ***exchange-listed/commercial bonds***

Form of security: ***certificated bearer share***

Series: ***BO-02***

Other identification characteristics of securities: ***certificated interest-bearing non-convertible bearer listed bonds of series BO-02 subject to mandatory deposit, and with the possibility of early repayment at the request of the owners and at the discretion of IDGC of the South, OJSC, publicly offered.***

Issue of the securities was not subject to the state registration: Yes

Identification Number of the Issue: 4В02-02-34956-E D

Date when this identification number was allocated: 09/04/2014

Organization that alloted the specific identification number to the securities issue: MICEX Stock Exchange, Close Joint-Stock Company

Number of the securities of the issue, pcs: 6,000,000

Amount of securities issue at par value, RUB: 6 000 000 000

Nominal, RUB: 1,000

In accordance with the relevant laws of the Russian Federation, the nominal value of this type of securities is not stipulated: No

State of the securities of the issue: placement has not yet started

The official registration of the report on the results of the issue was not carried out: Yes

The number of interest (coupon) periods for which the payment of income (coupons, interest) on the securities of the issue is made: 20

Term (date) of the repayment of issue securities: ***Bond expiry date is the 1,813th (one thousand eight hundred and thirteenth) day from the Exchange-listed bonds offering date.***

The following data shall be accurately indicated: No

URL address of the Web page where the text of the resolution on the issue of securities and the prospectus of securities was published: [www.mrsk-yuga.ru](http://www.mrsk-yuga.ru)

Additional issues of securities: No

***Unfulfilled obligations on the securities of the issue: None***

Type of security: ***exchange-listed/commercial bonds***

Form of security: ***certificated bearer share***

Series: ***001Р***

Other identification characteristics of securities: ***certificated interest-bearing non-convertible bearer listed bonds of series 001Р subject to mandatory deposit, with the repayment on the date that will occur no later than on the 10,920th day from the date when the placement of the issue of listed bonds will start within the frames of the program of publicly offered listed bonds.***

Issue of the securities was not subject to the state registration: Yes

Identification Number of the Issue: 4-34956-E-001Р-02E

Date when this identification number was alloted: 12/08/2016

Organization that alloted the specific identification number to the securities issue: MICEX Stock Exchange, Close Joint-Stock Company

Number of the securities of the issue, pcs:

Amount of securities issue at par value, RUB: 25,000,000,000 Nominal, RUB:

In accordance with the relevant laws of the Russian Federation, the nominal value of this type of securities is not stipulated: No

State of the securities of the issue:

The official registration of the report on the results of the issue was not carried out: Yes

The number of interest (coupon) periods for which the payment of income (coupons, interest) on the securities of the issue is made:

Term (date) of the repayment of issue securities:

The following data shall be accurately indicated: Yes

URL address of the Web page where the text of the resolution on the issue of securities and the prospectus of securities was published: [www.mrsk-yuga.ru](http://www.mrsk-yuga.ru)

Additional issues of securities: No

***Unfulfilled obligations on the securities of the issue: None***

8.4. Information on the person (persons) who provided (ensured) security under the Issuer's secured bonds, as well as on the security provided by the Issuer's secured bonds

***The issuer did not register the prospectus of secured bonds, the admission of secured listed bonds to exchange trades was not carried out***

8.4.1. Additional data on mortgage coverage on the Issuer's mortgage-backed bonds

***The Issuer did not place mortgage-backed bonds with the obligations that have not yet been fulfilled***

8.4.2. Additional data on the mortgage security of monetary claims on the Issuer's bonds with the mortgage security of monetary claims

**The Issuer did not place bonds with the mortgage security of monetary claims, the obligations on which have not yet been fulfilled**

8.5. Data on the organizations that record the rights to the Issuer's equity securities

Information on the registrar

Full legal name: ***R.O.S.T. Registrar, Joint-Stock Company***

Legal name in short form: R.O.S.T. Registrar, JSC

Registered address: ***18, Stromynka Street, Bldg 13, Moscow 13***

INN (Taxpayer Identification Number): ***7726030449***

OGRN (Primary State Registration Number): ***1027739216757***

Data on the securities holders’ register keeping license

No.: 10-000-1-00264

Issue date: 12/13/2002

Expiry date: ***Not limited***

License issuing authority: Federal Securities Commission of Russia (Federal Financial Markets Service of Russia)

Starting date of the registrar’s keeping of the Issuer’s securities holders register: 12/18/2010

***The Issuer's certificated securities subject to mandatory deposit are currently outstanding***

Depositary

Full legal name: ***National Settlement Depository, Joint-Stock Company, Non-banking Credit Organization***

Legal name in short form: National Settlement Depository, JSC, NCO

Registered address: ***12, Spartakovskaya St, Moscow, 105066, Russia***

INN (Taxpayer Identification Number): ***7702165310***

OGRN (Primary State Registration Number): ***1027739132563***

Data on the License on depository activities of stock market professional participant

No.: 177-12042-000100

Issue date: 02/19/2009

Expiry date: ***Not limited***

License issuing authority: Federal Securities Commission of Russia (Federal Financial Markets Service of Russia)

***Data on separate subdivisions of the Registrar nearest to the Company's location serving the shareholders of the Company:***

***Full legal name: Krasnodar branch of R.O.S.T. Registrar, Joint-Stock Company Location of the branch: 176, Krasnaya St, Krasnodar, Russia, 350020 e-mail address: krasnodar@rrost.ru Head of the Branch: Cherny V. P., tel: (861) 255-25-01***

***Full information on all the separate subdivisions of the Registrar is available on its website at wmv.rrost.ru***

8.6. Data on the legislative instruments regulating the matters of the import and export of the capital that may have influence on the payment of dividends, interests and other payments to non-residents

* + ***Civil Code of the Russian Federation (part one) No.51-FZ dated 11/30/1994 No. 51-FZ;***
  + ***Tax Code of the Russian Federation (part one) No. 146-FZ (Articles 11, 45) dated 07/31/1998;***
  + ***Tax Code of the Russian Federation (part two) No. 117-FZ (Articles 207, 208, 215, 224, 284, 310, 312) dated 08/05/2000;***
  + ***Federal Law “On Joint Stock Companies” No. 208-FZ (Articles 42, 43) dated 12/25/1995;***
  + ***Federal Law “On the Securities Market” No. 39-FZ dated 04/22/1996;***
  + ***Federal Law “On Protection of Investors' Rights and Legal Interests in the Securities Market” No. 46-FZ dated 03/05/1999;***
  + ***Federal Law “On the Legal Status of Foreign Nationals in the Russian Federation” No. 115-FZ dated 07/25/2002;***
  + ***Federal Law “On Insolvency (Bankruptcy)” No. 127-FZ dated 10/26/2002;***
  + ***Federal Law “On Currency Regulation and Currency Control” No. 173-FZ dated 12/10/2003;***
  + ***Federal Law “On counteraction to legalization (laundering) of proceeds of crime and terrorist financing” dated 08/07/2007;***
  + ***Resolution No. 27 dated 10/02/1997 “On the approval of the Regulations on the maintenance of the register of the owners of registered securities” of the Federal Securities Commission of Russia.***

8.7. Data on the declared (accrued) and (or) paid dividends on the Issuer's shares, as well as on income on the Issuer's bonds

8.7.1. Data on the declared (accrued) and (or) paid dividends on the Issuer's shares

Information for the last five completed reported years, or for each completed reported year, if the Issuer has been operating for less than five years, as well as for the period from the beginning of the current year to the end date of the reported quarter

|  |  |
| --- | --- |
| Indicator name | Index value for the reported period: 2011, full-year |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | |
|  | |
| Indicator name | Index value for the reported period: 2012, full-year |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | |
|  | |
| Indicator name | Index value for the reported period: 2013, full-year |
| The class of shares, type of shares in case of preference shares | ordinary |
| The Issuer's management body that made decision to declare dividends, the date of adoption of such decision, the date of drawing up and the number of the minutes of the meeting (session) of the Issuer's management body when the decision was adopted | Annual General Meeting of Shareholders of IDGC of the South, OJSC, 06/25/2014, minutes of meeting No. 11 dated 06/25/2014 |
| Amount of declared dividends per share, RUB | 0.00014 |
| Amount of declared dividends in aggregate for all shares of this class (type), RUB | 6,973,553.81 |
| Record Date (date on which persons having (who had) the right to receive dividends are (were) determined) | 14.07.2014 |
| The reported period (year, quarter) for which (as a result of which) declared dividends are (were) paid | 2013, full year |
| Deadline (date) for the payment of declared dividends | The term of the payment of dividends to a nominal holder and Fiduciary Manager, a professional participant of the securities market, is no more than 10 business days, to other shareholders registered in the register is 25 business days from the date of drawing up the list of persons eligible to receive dividends. |
| Form of the payment of declared dividends (monetary funds, other property) | Monetary funds |
| Source of the payment of declared dividends (net profit of the reported year, undistributed net profit of previous years, special fund) | Net profit of the reported year |
| Share of declared dividends in the net profit of the reported  year, % | 25.65 |
| Total amount of dividends paid on shares of this class (type), RUB | 6,881,169.07 |
| Share of dividends paid in the total amount of announced dividends on shares of this class (type), % | 98.68 |
| If the declared dividends are not paid or are not paid by the Issuer in full, the reasons for non-payment of declared dividends | The reason for the non-payment of the remainder of declared dividends is the lack of requisites for the transfer of monetary funds. |
| Other data on the declared and (or) paid dividends, specified by the Issuer at its own discretion | Payment of dividends for 2013 was made in the 3rd quarter of 2014. |
|  | |
| Indicator name | Index value for the reported period: 2014, full-year |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | |
|  | |
| Indicator name | Index value for the reported period: 2015, full-year |
| The class of shares, type of shares in case of preference shares | ordinary |
| The Issuer's management body that made decision to declare dividends, the date of adoption of such decision, the date of drawing up and the number of the minutes of the meeting (session) of the Issuer's management body when the decision was adopted | Annual General Meeting of Shareholders of IDGC of the South, PJSC, 06/06/2016, minutes of meeting No. 15 dated 06/09/2016 |
| Amount of declared dividends per share, RUB | 0.002852693 |
| Amount of declared dividends in aggregate for all shares of this class (type), RUB | 142,095,765.43 |
| Record Date (date on which persons having (who had) the right to receive dividends are (were) determined) | 06/24/2016 |
| The reported period (year, quarter) for which (as a result of which) declared dividends are (were) paid | 2015, full year |
| Deadline (date) for the payment of declared dividends | The term of the payment of dividends to a nominal holder and Fiduciary Manager, a professional participant of the securities market, is no more than 10 business days, to other shareholders registered in the register is 25 business days from the date of drawing up the list of persons eligible to receive dividends. |
| Form of the payment of declared dividends (monetary funds, other property) | Monetary funds |
| Source of the payment of declared dividends (net profit of the reported year, undistributed net profit of previous years, special fund) | Net profit of the reported year |
| Share of declared dividends in the net profit of the reported year, % | 95.00 |
| Total amount of dividends paid on shares of this class (type), RUB | 140 372 865.58 |
| Share of dividends paid in the total amount of announced dividends on shares of this class (type), % | 98.79 |
| If the declared dividends are not paid or are not paid by the Issuer in full, the reasons for non-payment of declared dividends | The reason for the non-payment of the remainder of declared dividends is the lack of requisites for the transfer of monetary funds. |
| Other data on the declared and (or) paid dividends, specified by the Issuer at its own discretion | Date of drawing up the list of persons eligible to receive dividends is June 24, 2016. |

8.7.2. Information on accrued and paid income on the Issuer's bonds

The information on each bond issue, if the income was paid with regard to it in the last five completed reported years, and, in case the Issuer has been operating less than five years for each completed reporting year, as well as for the period from the beginning of the current year to the end date of the reporting quarter, shall be indicated in this subclause.

Type of security: bonds

Form of security: ***certificated bearer share***

Series: ***02***

***non-convertible interest-bearing certificated bonds subject to mandatory deposit, interest-bearing***

Official registration number of the Issue: 4-02-34956-Е

Date of the state registrationof the Issue: 12/16/2008

Number of bonds in the issue, pcs: 6,000,000

Par value of each bond, RUB: 1,000

Amount of the issue at par value: 6 000 000 000

|  |  |
| --- | --- |
| Basic data on the incomes on the bonds of the issue:  Indicator name | Reported period |
| Type of securities (bonds), series, form and other identification features of the bond issue | certificated interest-bearing non-convertible bearer bonds of series 02 subject to mandatory deposit, |
| Official registration number of the bond issue and the date of its official registration (identification number of the bond issue and the date of its allotment in case the issue of bonds was not subject to official registration) | 4-02-34956-E dd December 16, 2008 |
| Type of income paid on bonds of the issue (nominal value, interest (coupon), other) | Nominal value and coupon |
| Amount of income payable on the bonds of the issue, expressed in terms of money, per one bond of the issue, RUB/foreign. currency | 1,040.39 RUB/28.80 USD |
| The amount of income that was payable on the bonds of the issue, in monetary terms in aggregate for all bonds of the issue, RUB / foreign. currency | 184,084,614.42 RUB/5,096, 459.16 USD |
| Established term (date) of the payment of income on bonds of the issue | 08/26/2014 |
| Form of the payment of income on the bonds of the issue (monetary funds, other property) | Monetary funds |
| Total amount of income paid on all bonds of the issue, Rub/foreign currency | 3,199,509,686.52 RUB/88,579,757.16 USD |
| Share of paid income on the bonds of the issue in the total amount of income due on the bonds of the issue, % | 100% |
| In the event that the incomes due to the bonds of the issue were not paid or were not paid out by the Issuer in full, the reasons for non-payment of such incomes |  |
| Other information on the incomes on the bonds of the issue, specified by the Issuer at its own discretion |  |

***Official registration of the report on the results of the issue was not carried out due to the fact that the issuer used the right to submit to the registering authority a notice on the results of the issue of securities with the simultaneous availability of the following conditions: a) the provision of securities placement services by broker under the contract concluded with the Issuer; b) the placement of securities by public offer; c) the listing of the placed securities. Notification of the results of the issue of bonds of non-convertible interest-bearing certificated bearer bonds subject to mandatory deposit of 02 series in the amount of 6,000,000 (six million) pieces with a par value of 1,000 (one thousand) RUB each with a maturity on the 1,820 (one thousand eight hundred and twentieth) day from the date of the beginning of placement, publicly offered, registration number 4-02-34956-E dated December 16, 2008, alloted at the Federal Financial Markets Service of Russia on September 8, 2009.***

Type of security: ***exchange-listed/commercial bonds***

Form of security: ***certificated bearer share***

Series: ***BO-01***

***certificated interest-bearing non-convertible bearer listed bonds of series BO-01 subject to mandatory deposit, and with the possibility of early repayment at the request of the owners and at the discretion of IDGC of the South, OJSC, publicly offered.***

Identification Number of the Issue: 4В02-01-34956-Е

Date when this identification number was alloted: 09/04/2014

Number of bonds in the issue, pcs: ***5***,000,000

Par value of each bond, RUB: 1,000

Amount of the issue at par value: ***5***,000,000,000

|  |  |
| --- | --- |
| Basic data on the incomes on the bonds of the issue:  Indicator name | Reported period |
| Type of securities (bonds), series, form and other identification features of the bond issue | certificated interest-baring non-convertible bearer listed bonds of series BO-01 subject to mandatory deposit, and with the possibility of early repayment at the request of the owners and at the discretion of IDGC of the South, OJSC, publicly offered. |
| Official registration number of the bond issue and the date of its official registration (identification number of the bond issue and the date of its allotment in case the issue of bonds was not subject to official registration) | 4В02-01-34956-Е dated September 4, 2014 |
| Type of income paid on bonds of the issue (nominal value, interest (coupon), other) | Seventh coupon |
| Amount of income payable on the bonds of the issue, expressed in terms of money, per one bond of the issue, RUB/foreign. currency | 33.66 RUB/0.57 USD |
| The amount of income that was payable on the bonds of the issue, in monetary terms in aggregate for all bonds of the issue, RUB / foreign. currency | 168,300,000 RUB/2,842,070.07 USD USD |
| Established term (date) of the payment of income on bonds of the issue | 13.03.2016 |
| Form of the payment of income on the bonds of the issue (monetary funds, other property) | Monetary funds |
| Total amount of income paid on all bonds of the issue, Rub/foreign currency | 1,165.150,000.00 RUB./18,441,823.62 USD USD |
| Share of paid income on the bonds of the issue in the total amount of income due on the bonds of the issue, % | 100% |
| In the event that the incomes due to the bonds of the issue were not paid or were not paid out by the Issuer in full, the reasons for non-payment of such incomes |  |
| Other information on the incomes on the bonds of the issue, specified by the Issuer at its own discretion | Number of bonds in the issue: 6 000 000 pcs; number of actually placed securities: 5 000 000 pcs. Payment of the seventh coupon income is indicated in USD at the rate of USD/RUB established by the Central Bank of the Russian Federation as of on March 13, 2017 |

***Coupon period for the Series 02 bonds is 182 days.***

***The interest rate on coupon income for coupons from the 1st to the 4th is 17.5 % per annum, from the 5th to the 10th is 8.1 % per annum.***

***In August 2011, the coupon rate for the fifth coupon period was confirmed at 8.1 (eight point one-tenth) percent per annum on the Issuer's 02 series bonds (non-convertible interest-bearing certificated bearer bonds subject to mandatory deposit). Rates of the sixth, seventh, eighth, ninth and tenth coupons are set equal to the rate for the fifth coupon period.***

***On the day of the offer, on September 1, 2011, at the MICEX Stock Exchange, during the submission of targeted applications for the sale of the Bonds, 2,112,589 bonds were presented and redeemed from the holders for the amount of 2,111,589,000 RUB. Out of 2,121,589 treasury bonds 670,267 bonds were sold on the secondary market on September 2.***

***In 2014, the coupon income was paid in the amount of 368,169,228.84 RUB.***

***Indicators additionally disclosed in accordance with the Regulations on the Information Policy of IDGC of the South, OJSC.***

***Bonds of the Issuer are allowed to circulation by the organizers of trade in the securities market from September 1, 2009 and included in the Quotation list "B" of the MICEX Stock Exchange. Bond issue was repaid on August 26, 2014.***

***Information on the persons that organized the trade and the quotation list, in which the Company's securities are included:***

***1. Full legal name: MICEX Stock Exchange, Close Joint-Stock Company***

***Legal name in short form: MICEX Stock Exchange, CJSC***

***Registered address: 13, Bolshoy Kislovski Side Street, Moscow, 125009***

***Web site:*** [***www.micex.ru***](http://www.micex.ru)***.***

***Stock Exchange License Number: No. 077-10489-000001***

***Date of issue of the Stock Exchange License: August 23 , 2007***

***Validity of the Stock Exchange License: Not limited***

***Authority that issued the Stock Exchange License: The Federal Service for the Financial Markets of Russia***

8.8. Other data

***None***

8.9. Data on the submitted securities and the Issuer of the presented securities, the ownership right for which is certified by Russian depositary receipts

***The Issuer is not the issuer of submitted securities, the ownership to which is certified by Russian depositary receipts***

Appendix No. 1 to this Quarterly Report. Annual accounting report (financial statements) of the Issuer

Appendix No. 2 to this Quarterly Report. Interim accounting report (financial statements) of the Issuer