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EXPLANATORY NOTE AND DRAFT DECISION OF AN EXTRAORDINARY GENERAL SHAREHOLDERS MEETING

PJSC "IDGC OF THE SOUTH"

**ISSUE 1:** The determination of the amount, nominal value, category (type) of the declared shares of IDGC of the South, PJSC and the rights granted by these shares;

In accordance with Article 48 of the Federal Law “On Joint-Stock Companies”, sub-clause 4 of clause 10.2 of the Charter of IDGC of South, PJSC (hereinafter referred to as the Company Charter), determining the quantity, nominal value, category (type) of authorized shares and the rights granted by these shares is within General Meeting of Shareholders of the Company.

The agenda of the extraordinary General Shareholders Meeting includes the issue “On increasing the authorized capital of IDGC of South, PJSC by offering additional shares”.­

The Board of Directors of IDGC of South, PJSC (Protocol No. 303/2019 of March 15, 2019) proposed that the General Meeting of Shareholders of the Company adopt the following decision

“To increase the authorized capital of IDGC of South, PJSC by offering additional ordinary registered uncertified stock in the amount of 19,963,551,259 (Nineteen billion nine hundred and sixty-three million five hundred fifty-one thousand two hundred and fifty-nine) shares, the nominal value of one share being 10 (ten) kopecks for the amount of the nominal value of 1 996 355 125 (One billion nine hundred ninety six million three hundred fifty five thousand one hundred twenty five) rubles 90 kopecks, on the following basic conditions:­­­

* method of placement: public offering;
* the placement price of one additional ordinary registered uncertificated shares (including to persons included in the list of persons having the preemptive right to purchase placed additional shares):­­ 10 (ten) kopecks;­
* form of payment : Payment for additional registered uncertified shares of the Company is carried out in Russian rubles in a non-cash form"­­

In accordance with paragraph 3 of article 28 of the Federal law "On joint stock companies" additional shares may be placed by the company only within the number of declared shares established by the Charter of the company. At the same time, the decision to increase the company authorized capital by placing additional shares may be taken by the general shareholders meeting simultaneously with the decision to include in the Company Charter provisions on authorized shares required by the Law on Joint Stock Companies to make such a decision, or to change announced provisions.­

The number of authorized registered ordinary stock in accordance with the current version of the Company Charter is 11,850,142,823 (Eleven billion eight hundred fifty million one hundred forty two thousand eight hundred twenty three) shares, the nominal value of one share being 10 (Ten) kopecks at a total amount of 1 185 014 282 (One billion one hundred eighty five million fourteen thousand two hundred eighty two) rubles 30 kopecks.

The General Shareholders Meeting of IDGC of South, PJSC is proposed to make a decision to increase the number of authorized ordinary registered stock of the Company to 19,963,551,259 (Nineteen billion nine hundred sixty-three million five hundred fifty-one thousand two hundred fifty-nine) shares, the nominal value of one share being 10 (ten) kopecks.­­ The rights granted by these authorized shares are consistent with the rights of shareholders, as provided for in clause 6.2. The Charter of the Company;

According to clause 4 of article 49 of the Federal Law “On Joint-Stock Companies” and clause 10.5 of the Charter of IDGC of South, PJSC, the decision on this matter is made by a three-fourths majority of shareholders who hold voting shares and participate in the General Meeting of Shareholders of the Company.

In accordance with clause 10.8 of Article 10 of the Charter of IDGC of South, JSC, the vote on this issue at the General Shareholders Meeting is carried out according to the principle “one voting share - one vote”.

In view of the above, the annual General Meeting of Shareholders of IDGC of South, PJSC is proposed to approve the Company Charter in a new edition.

**DRAFT DECISION:**

To determine that the number of authorized ordinary registered uncertified shares, which IDGC of South, PJSC (hereinafter referred to as the Company) has the right to place in addition to the ordinary placed registered stock, is 19,963,551,259 (Nineteen billion nine hundred sixty three million five hundred fifty one thousand two hundred nineteen) ordinary registered uncertified shares, the nominal value of one share being 10 (ten) kopecks at a total of 1,996,355,125 (one billion nine hundred ninety six million three hundred fifty five thousand one hundred twenty-five) rubles 90 kopecks.­­­

Ordinary registered shares declared by the Company for placement grant their owners the rights stipulated in Paragraph 6.2. of this Charter.­ The Charter of the Company;