

**Notification on the Exercisability of the Preemptive Right to Acquire
Additionally Issued Shares of Public Joint Stock Company “Interregional
Distribution Grid Company of the South”**

1. General information	
1.1 Full company name of the issuer	Public Joint Stock Company “Interregional Distribution Grid Company of the South”
1.2 Short company name of the issuer	“IDGC of the South” PJSC
1.3 Location of the issuer	Rostov-on-Don, the Russian Federation
1.4 PSRN of the issuer	1076164009096
1.5 TIN of the issuer	6164266561
1.6 Unique issuer’s code assigned by the registration authority	34956-E
1.7 Internet website address used by the issuer for information disclosure	http://www.mrsk-yuga.ru ; http://www.e-disclosure.ru/portal/company.aspx?id=11999
2. Statement content	
Dear Shareholder!	
<p>Public Joint Stock Company “Interregional Distribution Grid Company of the South” (hereinafter, the Company, IDGC of the South PJSC, the Issuer) notifies you that, on 4 August 2016, the Bank of Russia conducted the state registration of the additional issue of securities of IDGC of the South PJSC.</p> <p>The additional issue of the securities (uncertified registered ordinary shares) of IDGC of the South PJSC was assigned State Registration Number 1-01-34956-E.</p> <p>Quantity of securities of the additional issue – 11 615 110 154 (eleven billion six hundred fifteen million one hundred ten thousand one hundred fifty four) shares with nominal value 10 kopecks each.</p> <p>Method of placement of additional shares – public subscription.</p> <p>The offering price of one additional uncertified registered ordinary share (including with respect to the persons included on the list of the persons having the preemptive right to acquire the placed additional shares), is 10 (ten) kopecks.</p>	

In accordance with Articles 40 of the Federal Law “On Joint-Stock Companies,” the Issuer’s shareholders shall have the preemptive right to acquire the quantity of additional ordinary shares placed through a public offering proportional to the quantity of the Company’s ordinary shares that they hold.

Preemptive Right Period:

Duration of the of the preemptive right (the period during which the application for the acquisition of shares by using pre-emptive right, as well as the document on payment for the purchased shares must be received by the Issuer), is 65 (sixty five) days from the date of publication of the notification on the website of the issuer on the Internet at www.mrsk-yuga.ru.

Prior to the expiration of the preemptive right period with respect to the placed securities, the securities may not be placed otherwise than by virtue of the exercise of this preemptive right.

Date of the list of the persons having the preemptive right to acquire the placed Shares: 18.04.2016.

Procedure for determining the amount of additional securities for offering to every person with preemptive right:

The maximum quantity of the additional shares that may be acquired by a person through exercising the preemptive right to acquire the shares is proportional to the quantity of the Issuer’s registered ordinary shares held by such person as of 18 April 2016 (the date of compiling the list of persons entitled to participate in the Annual General Meeting of Shareholders, held on June 6, 2016, at which it was decided to increase the authorized capital by placing additional shares), and shall be calculated using the following formula:

$$V=A*(11\ 615\ 110\ 154 / 49\ 811\ 096\ 064),$$

V – is the maximum quantity of the additional shares of the additional issue of IDGC of the South PJSC, that may be acquired by the person having the preemptive right to acquire the placed additional shares,

A - is the quantity of the Issuer’s registered ordinary shares held by the person having the preemptive right to acquire the shares as of 18 April 2016 (the date of compiling

the list of persons entitled to participate in the Annual General Meeting of Shareholders, held on June 6, 2016, at which it was decided to increase the authorized capital by placing additional shares),

11 615 110 154 – is the quantity of the additional shares placed by the Issuer in accordance with the Resolution on issues of additional securities,

49 811 096 064 – is the quantity of the Issuer's placed ordinary shares as of 18 April 2016 (the date of compiling the list of persons entitled to participate in the Annual General Meeting of Shareholders, held on June 6, 2016, at which it was decided to increase the authorized capital by placing additional shares).

If the calculation of the quantity of the additional shares that may be acquired by any person having the preemptive right to acquire the additional shares by virtue of such person's preemptive right results in a fractional number, then such person shall be entitled to acquire the portion of a placed additional share (fractional share) corresponding to the fractional part of the calculated number. Any fractional share shall vest in the shareholder owning such share the rights attaching to the relevant category of shares within the scope equal to the portion of a whole share constituted by such fractional share. Fractional shares shall be traded on a par with whole shares. In the register maintenance system, fractional shares accounted for in registered persons' personal accounts shall not be subject to rounding up or down to the nearest whole share.

Procedure for exercising the preemptive right to acquire the placed additional shares:

Civil law contracts are concluded in accordance with the procedure described below in the process of implementation of preemptive rights of persons implementing such rights (hereinafter – the Applicants).

The person having the preemptive right to purchase additional shares of common stock shall be entitled to fully or partially exercise their preemptive right by sending to the Issuer of a written application to purchase shares of additional issue (hereinafter - the Application) and document(s) on payment for the number of shares specified in the Application.

The manner in which the statements must be submitted to the Company:

The recommended form of application is published by the Issuer on the Internet (<http://www.e-disclosure.ru/portal/company.aspx?id=11999> and <http://www.mrsk-yuga.ru/>).

The Application shall contain the following information:

- title: Application to acquire shares of Public Joint Stock Company “Interregional Distribution Grid Company of the South” through exercising the preemptive right;
- full name (full corporate name) of the person/entity with the preemptive right to purchase additional shares;
- place of residence (location) of the person/entity with the preemptive right to purchase additional shares;
- quantity of the shares acquired by such person.

It is recommended to provide the following information in the Application:

- individuals should indicate their passport details (date, year and place of birth, series, number and date of issue of the passport (or other identity document), issuing body, the period of validity of the passport (or other identity documents), if applicable);
- corporate entities should indicate information on state registration of legal entities and registration at the Unified State Register of Legal Entities (primary state registration number and/or other registration number if applicable, date, registering authority, number of the certificate);
- taxpayer identification number (INN) of the person having the preemptive right to acquire the additional shares (if any);
- number of the Applicant's personal account in the register of holders of the Issuer's registered securities;
- if the applicant is a client of a nominal holder and the shares shall be accounted in the register of holders of the Issuer's registered securities to the nominee account, then the following data on personal account of the nominal holder in the register of the Issuer's holders of securities shall be indicated: the full corporate name of the depository (hereinafter – the first level Depository. Under the First Level Depository

the Decision on the additional securities issue and the Securities Prospectus understands as well a central depository, which carries out its activities in accordance with the requirements of the Federal Law No.414-FZ “On the Central Depository” dated 07.12.2011), data on state registration (OGRN (Primary State Registration Number), the name of the state registration, the date of state registration and date of entering the depository to the Unified State Register of Legal Entities), the account number of the nominal holder in the register of holders of registered securities, number of the Applicant's custody account, number and date of the depository agreement concluded between the depository and the Applicant. If the Applicant's custody account is maintained by a nominee holder, that in its turn, is a depositor (Depository of the second level) of another nominee, the Application on each of depositor shall contain the following information:

full company name;

data on the state registration (OGRN, name of the body that conducted state registration, state registration date and entering the depository to the Unified State Register of Legal Entities) of the First Level Depository;

account number of the first level depository in the registry of holders of the Issuer's registered securities;

Applicant's custody account number;

number and date of the depository agreement concluded between the depository of the second level and the Applicant (in respect of securities);

number and date of inter-depository agreement concluded between the depositories.

This information is provided for all nominal holders, from the nominal holder, at which the Applicant has a custody account (in respect of securities), and to a nominal holder having a personal account in the registry of holders of the Issuer's registered securities;

- bank account details of the Applicant that can be used for refund purposes
- the Applicant's contact details (postal address, email address and fax number with city code);

- an indication on the attached to the Application document confirming the Applicant's payment for the placed securities.

The Application shall be signed by the Applicant (by an authorized person, provided that the Application is accompanied by the original or a notarized copy of the duly issued power of attorney or any other document confirming the representative's authority) and shall, in the case of a corporate entity, bear the corporate seal (if any).

Receipt of applications is carried out during the Term of the preemptive right daily during working days from 9 a.m. to 4 p.m. (Moscow time) at the issuer's address: 49 Bolshaya Sadovaya street, Rostov-on-Don, 344002, Russian Federation.

Address for sending Applications by port: IDGC of the South PJSC, 49 Bolshaya Sadovaya street, Rostov-on-Don, 344002, Russian Federation.

The Application shall be accompanied by a document confirming the payment for the purchased shares.

The Issuer shall be entitled to refuse the exercise of the preemptive right by the person submitting the Application in the following cases:

- the Application fails to satisfy the requirements of the RF legislation and paragraph 8.5 of the Resolution on the additional securities issue;
- the Application does not allow the person on whose behalf the Application is submitted to be identified as the person having the preemptive right to acquire the shares;
- the Application, submitted by a representative of person having the preemptive right to purchase the shares, fails to be accompanied by the original or a notarized copy of the duly issued power of attorney or any other document confirming the representative's authority;
- the Application fails to be accompanied by a document confirming the payment for the shares by the person having the preemptive right to acquire the shares;
- the Issuer receives the Application and/or a document confirming the payment for the Shares after the expiration of the preemptive right period.

In the event the Issuer refuses to provide the possibility of exercising the preemptive right to a persons that submitted the Application, the Issuer shall, in

not later than 10 (ten) business days, send to such person a notification with an indication of reasons why the implementation of pre-emptive rights is impossible.

In the case of receipt of notification on the impossibility of exercising the preemptive right to purchase additional shares, the person wishing to carry out the preemptive right, has the right to re-apply before the expiry of preemptive right period, by eliminating the errors because of which the implementation of preemptive rights is impossible.

The shares purchase agreement with persons exercising their preemptive right shall be deemed concluded at the time of receipt by the Issuer of a duly documented Application with the attached documents on payment for shares. If the statement was received by the Issuer prior to the date of commencement of placement of additional shares, the contract shall be concluded at the date of commencement of placement of shares.

During the term of the preemptive right, the person with the preemptive right can request a conclusion of contract on the purchase of shares in the form of a single document and signed by the parties. The contract can be signed daily during working days from 9 a.m. to 4 p.m. (Moscow time) at the issuer's address: 49 Bolshaya Sadovaya street, Rostov-on-Don, 344002, Russian Federation.

Procedure for payment for the additional shares:

Payment may be made in monetary funds.

Payment for additional ordinary registered uncertified shares of the Company are made in monetary funds in Russian rubles. The obligation to pay for the corresponding amount of shares shall be deemed fulfilled upon the moment of receipt of funds to the accounts specified in the Resolution on additional issue of securities.

Payment may not be made in cash.

Payment shall be made by bank transfer. Method of payment by bank transfer: payment instructions, bank transfer receipts.

Credit institution details

1) Full corporate name: Public Joint Stock Company “Sberbank of Russia” (Astrakhan branch No.8625 of Public Joint Stock Company “Sberbank of Russia”)

Short corporate name: “Sberbank of Russia” PJSC (Astrakhan branch No.8625 of “Sberbank of Russia” PJSC)

Location: Moscow, Russian Federation

Bank address: 19 Vavilova St., 117997 Moscow, Russia

(address of the Astrakhan branch No.8625 of “Sberbank of Russia” PJSC – 41 Kirova st., 414000 Astrakhan)

Account details:

Account number: 40702810405000003518

Account type: settlement account

BIC (Bank Identification Code): 041203602

Correspondent account: 30101810500000000602

Recipient: Public Joint Stock Company “Interregional Distribution Grid Company of the South” (TIN6164266561, tax registration reason code (KPP) 997450001)

2) For transfer of the federal budget payment for securities is carried out by transferring the money to the following account:

Full corporate name: Federal Treasury Department in Rostov Region

Short corporate name: FTD in Rostov Region

Location: 7/2 Svobody Square, 344019 Rostov-on-Don

Bank details of accounts to which the money received in payment for the securities shall be transferred:

TIN 6163030517

BIC (Bank Identification Code): 046015001

Account type: settlement account

Account number: 40501810260151000002

Recipient: Public Joint Stock Company “Interregional Distribution Grid Company of the South” (TIN6164266561, tax registration reason code (KPP) 997450001)

Non- monetary form of payment is not stipulated.

Payment terms:

When shareholders exercise their preemptive right to purchase additional shares, the payment for the acquired shares shall be made not later than the expiry of the preemptive right referred to in paragraph 8.5 of the Resolution on the additional issue of securities.

If the number of shares specified in the Application is less the number of shares, the Applicant has paid for, it is considered that the applicant had exercised the preemptive right in respect of the number of shares specified in the Application; along with it the Application is approved in respect of the number of shares specified in it. In this case the overpaid funds shall be returned to the Applicant in the manner and time stipulated by paragraph 8.5 of the Resolution on the additional issue of securities.

If the number of shares specified in the Application exceeds the number of shares, the Applicant has paid for, it is considered that the Applicant had exercised the preemptive right in respect of the number of shares the Applicant paid for.

If the number of shares specified in the Application exceeds the maximum number of shares that may be acquired by the Applicant and the number of shares that are paid for is not less than the maximum number of shares that the applicant has the right to acquire in the exercise of preemptive rights, it is considered that the Applicant exercised the preemptive right in respect of the maximum number of shares which may be acquired by the Applicant when exercising the preemptive right. In this case the overpaid funds shall be returned to the applicant in the manner and time stipulated by paragraph 8.5 of the Resolution on the additional issue of securities.

The procedure for return of funds overpaid by the Applicant when implementing the preemptive right to acquire additional shares

In the abovementioned cases, the overpaid money shall be returned by bank transfer not later than 30 (thirty) business days from the date of expiration of the preemptive right. Return of funds is made to the bank account specified in the Application and if the Application details are not specified, then the details specified in the request for refund shall be used. If the request for refund does not contain bank details for the refund, and the demand for the return of funds was received by the issuer within 30 (thirty) business days from the date of expiration of the preemptive right, a refund is

made to the bank account specified in the registry of holders of registered securities of the issuer. The costs of return of overpaid funds shall be incurred by a person/entity that transferred the excessive money.

Procedure and terms the transfer of additional shares to the persons exercising the preemptive right of purchase

The Issuer shall send to the registrar a transfer order which is the basis for entry in the registry of shareholders of a credit entry in the personal account of the person that implements preemptive right to acquire securities of the issuer or a nominal holder whose depositor is such person, not before the date of placement and no later than the day of summing up of the pre-emptive right to purchase the securities.

Additional information for shareholders of the Company. The texts of the Resolution on the Additional Securities Issue and the text of the Securities Prospectus with respect to the Shares are posted by the Issuer on the Internet: <http://www.e-disclosure.ru/portal/company.aspx?id=11999> and <http://www.mrsk-yuga.ru/>.

All interested persons may review the resolution on the additional issue of securities and the Securities Prospectus and obtain their copies at the following address: 49 Bolshaya Sadovaya street, Rostov-on-Don, 344002, Russian Federation.

Phone: +7 (863) 307-08-38

3. Signature

3.1. Director General of IDGC of the South PJSC _____ Ebzeev B.B.

3.2. Date: 9 August 2016