

**EXPLANATORY NOTE AND DRAFT RESOLUTION OF THE EXTRAORDINARY
GENERAL MEETING OF SHAREHOLDERS
IDGC OF SOUTH, PJSC**

QUESTION NO. 1: Determination of the quantity, par value, category (type) of authorized 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 IDGC of the South, PJSC Charter (hereinafter referred to as the Charter of the Company), the determination of the quantity, par value, category (type) of authorized shares and the rights provided by these shares is within the competence of the General Meeting of Shareholders of the Company.

The Board of Directors of IDGC of the South, PJSC (Protocol No. 336/2019 dated 04.10.2019) proposed to the General Meeting of Shareholders of the Company to adopt the following resolution:

"To increase the authorized capital of IDGC of the South, PJSC by placing additional ordinary registered uncertificated shares in the amount of 98,520,013,264 (ninety-eight billion five hundred and twenty million thirteen thousand two hundred and sixty four) shares with the par value of 10 (ten) kopecks each for the total amount of 9,852,001,326 (nine billion eight hundred and fifty-two million one thousand three hundred and twenty-six) roubles and 40 kopecks, under the following basic conditions:

- type of offering: public offering;
- placement price of one additional ordinary registered uncertificated share (including persons included in the list of persons having a preemptive right to purchase additional shares to be placed): 10 (Ten) kopecks;
- manner of payment: payment for additional ordinary registered uncertificated shares of the Company shall be made in rubles of the Russian Federation in non-cash form."

In accordance with clause 3 of Article 28 of the Federal Law "On Joint-Stock Companies", additional shares may be placed by the Company only within the limits of the number of authorized shares established by the Charter of the Company. At the same time, the issue of increasing the charter capital of the company by placing additional shares may be resolved by the general meeting of shareholders simultaneously with the decision to introduce into the charter of the company the provisions on the declared shares required in accordance with the Law

"On Joint Stock Companies" to adopt such a decision, or to change the provisions on the declared shares.

In accordance with the current version of the Company's Charter, the number of declared ordinary registered uncertificated shares is 19,963,551,259 (Nineteen billion nine hundred and sixty-three million five hundred and fifty-one thousand two hundred

and fifty-nine) shares with a par value of 10 (Ten) kopecks each for a total amount of 1,996,355,125 (One billion nine hundred and ninety-six million three hundred and fifty-five thousand one hundred and twenty-five thousand) rubles 90 kopecks.

The General Meeting of Shareholders of IDGC of the South, PJSC is proposed to adopt a resolution to increase the number of declared ordinary registered uncertified shares of the Company up to 98,520,013,264 (ninety-eight billion five hundred and twenty million thirteen thousand two hundred and sixty four) shares with a par value of 10 (ten) kopecks each. The rights granted by these authorized shares correspond to the rights of the shares owners provided for in clause 6.2. Company Charter.

According to the clause 4 of article 49 of the Federal Law "On Joint Stock Companies" and clause 10.5 of the Charter of IDGC of the South, PJSC, the decision on this issue shall be made by the majority of three quarters of the votes of the shareholders owning voting shares attending the General Meeting of Shareholders of the Company.

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

DRAFT RESOLUTION:

To determine that the number of declared ordinary registered uncertificated shares, which IDGC of the South, PJSC (hereinafter referred to as the Company) is entitled to place in addition to the placed ordinary registered shares, is 98,520,013,264 (ninety-eight billion five hundred and twenty million thirteen thousand two hundred and sixty four) ordinary registered uncertificated shares with a nominal value of 10 (Ten) kopecks each for a total amount of 9,852,001,326 (Nine billion eight hundred and fifty-two million one thousand three hundred and twenty-six) rubles 40 kopecks.

Ordinary registered shares declared by the Company to be placed shall entitle their holders to the rights provided for in clause 6.2. Company Charter.