**Corporate action statement**

**“On decisions adopted by the Issuer’s Board of Directors”**

**(disclosure of inside information)**

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| 1. General data | |
| 1.1 Issuer’s full name | Open joint-stock company of Power and Electrification of Kuban |
| 1.2. Issuer’s short name | “Kubanenergo”, JSC |
| 1.3. Issuer’s location | 2, Stavropolskaya str., Krasnodar, Russian federation, 350033 |
| 1.4. Issuer’s PSRN | 1022301427268 |
| 1.5. Issuer’s TIN | 2309001660 |
| 1.6. Issuer’s unique code given by registering authority | 00063-A |
| 1.7. Web-page | [www.kubanenergo.ru](http://www.kubanenergo.ru)  <http://www.e-disclosure.ru/portal/company.aspx?id=2827> |
| 2. Statement content | |
| **2.1 Quorum of meeting of issuer’s BoD and results of voting on the adopted decisions:**  Number of BoD members: 11 persons  Member participated in the meeting: 9 persons  Quorum necessary for holding the meeting of Kubanenergo JSC Board of Directors is present.  Voting results:   |  |  |  |  | | --- | --- | --- | --- | | No. | Votes | | | | FOR | AGAINST | ABSTAINED | | **1** | **9** |  |  | | **2** | **9** |  |  | | **3** | **9** |  |  | | **4** | **9** |  |  | | **5** | **9** |  |  | | **6** | **9** |  |  | | **7** | **9** |  |  | | **8** | **8** |  | **1** | | **9** | **6** |  | **1** | | Two members of the BoD did not vote on the 2nd item | | | | | |
| **Disclosure of insider information on item No. 1 “On priority activity of the Company: on ensuring the availability of energy infrastructure and quality of technological connection to Company’s networks”.** | |
| 2.2.1. Decision adopted by issuer’s Board of Directors:  1. To decide that availability of energy infrastructure and quality of technological connection to Company’s networks is Company’s priority activity.  2. To approve recommended practices on determining power reserve at the main substations of the Company in accordance with Appendix 1 to present decision of Company’s BoD.  3. To approve “Standard form of product requirements document on development of Complex programme of 35kV and higher electric grids development on the territory of Russian Federation for five years”.  4. To approve “Standard documents on technological connection” (hereafter – Standard documents) in accordance with Appendix 3-5 to present decision of Company’s BoD.  5. To instruct Director General of the Company:  5.1. to provide the preparation of projects of product requirements document on development of Complex programme of 35kV and higher electric grids development on the territory of Russian Federation for five years using standard documents specified in paragraph 3 of current decision of Company’s BoD;  5.2. to provide the preparation of projects of Agreements on coordination arrangements of parties to the moment of conclusion of Agreement on fulfillment of technological connection on individual project, projects of Agreements on fulfillment of technological connection to electric grids using standard documents approved by paragraph of current decision of Company’s BoD in accordance with current legislation (when concluding Agreements and Contracts specified in current paragraph). | |
| **Disclosure of insider information on item No. 2 “On priority activity of the Company: on sophisticating the system of internal control and risks management, development of functions of internal audit”.** | |
| 2.2.2. Decision adopted by issuer’s Board of Directors:  1. To determine the sophistication of system of internal control and risks management, development of functions of internal audit as priority activity of the Company.  2.1. To approve the redrafted policy of internal control of “Kubanenergo” JSC in accordance with Appendix 6 to present decision of Company’s BoD.  2.2. To instruct sole executive body of the Company:  - to provide the fulfill of requirements of Policy of internal control of “Kubanenergo” JSC.  - to provide the discussion of item: “On consideration of the Report on effectiveness of internal control system of the Company in 2014”.  By 31.03.2015.  - to provide the discussion of item: “On consideration of the Report on effectiveness of internal control system and risks management of the Company”.  Annually by March 31, as per report for 2015.  2.3. Consider as invalid paragraph 4.2 of decision of “Kubanenergo” JSC BoD dd. 02.08.2013 on item 17 (Minutes No. 168/2013 dd. 05.08.2013). | |
| **Disclosure of insider information on item No. 3 “On approving Policy of internal audit of Kubanenergo JSC”** | |
| 2.2.3. Decision adopted by issuer’s Board of Directors:  1. To approve the Policy of internal audit of “Kubanenergo” JSC in accordance with Appendix 7 to present decision of Company’s BoD.  2. To instruct sole executive body of the Company:  2.1. to provide the fulfillment of requirements of Policy of internal audit of “Kubanenergo” JSC.  2.2. to organize preparation and provide the discussion of results of performance evaluation of function of internal audit as part of consideration of Report in effectiveness of internal control system and risks management of the Company.  Annually by March 31, as per report for 2015. | |
| **Disclosure of insider information on item No. 4 “On approving restated Policy of risks management of Kubanenergo JSC”** | |
| 2.2.4. Decision adopted by issuer’s Board of Directors:  1. To approve the redrafted Policy of risks management of “Kubanenergo” JSC in accordance with Appendix 8 to present decision of Company’s BoD.  2. To instruct sole executive body of the Company:  2.1. To provide the fulfillment of requirements of Policy of risks management of “Kubanenergo” JSC.  2.2. To provide the inclusion in job descriptions of Company’s employees and (or) in organizational-administrative documents of the Company, determining the authorities of deputies of Company’s Director General and heads of Company’s structural subdivision, of immediate subordination to Company’s Director General the following functions:  - organization of effective control environment of oversee processes (Company’s activity area);  - providing of achieving of operational goals of oversee processes (Company’s activity area);  - providing of systematical risks condition monitoring of oversee processes (Company’s activity area);  - providing of timely update of risks of oversee processes (Company’s activity area);  - providing of fulfillment quarterly analysis and factors arranging, causing risks realization of oversee processes (Company’s activity area);  - organization of development and taking measures on risks management of oversee processes (Company’s activity area).  2.3. To provide the consideration by Company’s BoD the following item: “On approving Registry of key operational risks of the Company”, with appointment of risk owners (with preliminary consideration and approving of Registry at meeting of Committee on audit of Company’s BoD).  By 31.09.2014.  2.4. To provide the approving in the Company “Registry of operational risks of Company’s key business processes”, with appointment of risk owners that should occupy position not lower than deputy Director General and (or) head of structural subdivision of immediate subordination to Company’s Director General (with preliminary consideration and approving of Registry at meeting of Committee on audit of Company’s BoD).  By 31.09.2014.  2.5. To provide the approving in the Company “Registry of operational risks of Company’s other business processes”, with appointment of risk owners that should occupy position not lower than deputy Director General and (or) head of structural subdivision of immediate subordination to Company’s Director General (with preliminary consideration and approving of Registry at meeting of Committee on audit of Company’s BoD).  By 31.12.2014.  2.6. To organize the preparation and quarterly consideration by Company’s BoD the following item: “On consideration the Report of risks owners on managing operational risks of the Company”.  Deadline: Quarterly, by 30th of every month after reporting quarter.  2.7. To organize the preparation and provide consideration by the Audit Committee the item: “On taking into consideration the report of sole executive body on management of key risks pf the Company in the 1st half year”.  Term: annually by the 31th August.  2.8.To organize the preparation and provide consideration by the Audit Committee the item: “On taking into consideration the report of sole executive body on management of key risks pf the Company for reporting year”.  Term: annually by the 31th March.  2.9. To considerate as invalid paragraph 1.4 of the resolution taken by the BoD on 02.08.2013 on item 17 (minutes of meeting No.168/2013 dd 05.08.2013) | |
| **Disclosure of insider information on item No. 5 “On introducing changes to Regulations on placement of temporarily disposable monetary resources of the Company”** | |
| 2.2.5. Decision adopted by issuer’s Board of Directors:  1. To introduce changes to Regulations on placement of temporarily disposable monetary resources of “Kubanenergo” JSC, to put redrafted Annex 1 to Regulation in accordance with Appendix 9 to present decision of “Kubanenergo” JSC BoD.  2. To allow “Kubanenergo” JSC to allocate temporary free cash of “Kubanenergo” JSC (including allocating cash balance and allocation of temporary free cash on deposits) in Commercial bank “Rosenergobank” (JSC) by 31.12.2014 without increasing the volume of transactions.  To leave unchanged the use of storage and expenditure of funds (including the placement of cash balances, as well as placement of temporarily free funds on deposits) received by the Company from the federal budget, and the funds received as payment for additional shares of “Rossetti” JSC on financing of investment projects of the Company, detached from the other assets of the Company bank account opened solely in one of the backbone of the Russian banks listed in Annex 9 to this decision of the BoD. | |
| **Disclosure of insider information on item No. 6 “On electing candidates to particular positions determined by the BoD at executive body of the Company”** | |
| 2.2.6. Decision adopted by issuer’s Board of Directors:  To appoint Ryazantsev Dmitry Yurievich, chief engineer of “Kubanenergo” JSC for the position of deputy Director General in charge of technical issues. | |
| **Disclosure of insider information on item No. 7 “On approving Credit plan of Kubanenergo for the 4th quarter of 2014”** | |
| 2.2.7. Decision adopted by issuer’s Board of Directors:  1. To approve credit plan of Kubanenergo for the 4th quarter of 2014 in accordance with Appendix 10 to present decision of Company’s BoD.  2. To instruct Director General to provide the approving of credit funds attraction including selection of each particular tranche, and advanced repayment of credit funds with permanent purchasing committee on organization and selection of financial institutions for Company’s needs. | |
| **Disclosure of insider information on item No. 8 “On preliminary approval of decision to make a transaction related to free of charge transfer of movable property for production purposes, transfer, distribution of electric and heat energy – backup sources of energy supply”** | |
| 2.2.8. Decision adopted by issuer’s Board of Directors:  To approve free of charge transfer of movable property for production purposes, transfer, distribution of electric and heat energy – backup sources of energy supply at the following conditions:  - list and balance cost of alienated property are specified in Appendix 11 to present decision of Company’s BoD;  - method of alienation of property – under the contract of free of charge transfer of property to Black Sea Fleet of Department of Defense of Russian Federation to ownership of Krimea Republic and Sevastopol. | |
| **Disclosure of insider information on item No. 9 “On approving agency agreement between Kubanenergo JSC and Mobile GTS JSC as interested party transaction”** | |
| 2.2.9. Decision adopted by issuer’s Board of Directors:  1. To determine that agent’s fee on agency agreement concluded between “Kubanenergo” JSC and “Mobile GTS” JSC (hereafter - Contract) on the basis of documents submitted to Principal attached to Agency report amounts 5% from the amount of Agency’s expenses on fulfillment of Contract and cannot exceed 2 or more percent of Principal’s balance sheet assets according to its financial statements as of the last reporting date, preceding the adoption of this decision.  2. To approve the agreement as interested party transaction on the following conditions:  **Parties:**  Principal – “Kubanenergo” JSC  Agency – “Mobile GTS” JSC  **Subject of the Contract:**  Principal instructs, and the Agency undertakes to perform legal and other actions on behalf of and at the expense of the Principal, namely to conclude contracts on behalf of the Principal for the donation of the property of RISE for the ownership of users in the territory of the Republic of Crimea and Sevastopol, approved by the authorized authorities and administration of the Republic of Crimea, the city of Sevastopol and the federal Ministry of Defence and to transfer of RISE to specified users; and the Principal shall pay to the Agency the compensation for the performance of this order, and to compensate for costs incurred by the Agency when fulfilling the instructions of the Principal.  **Contract price:**  Remuneration of Agent determines on the basis of documents submitted to Principal attached to Agency report amounts 5% from the amount of Agency’s expenses on fulfillment of Contract.  **Terms of the Contract:**  Contract comes into force from the date of signing. The Contract is valid till October 31, 2014. Duration of the contract may be extended by written agreement of the parties. | |
| 2.3. Date of holding the meeting of Board of Directors: September 12, 2014  2.4. Date of making and number of minutes of meeting: September 12, 2014, minutes of meeting No.196/2014**.** | |
| 3. Signature | |

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| 3.1 Deputy director general in charge of corporate management (attorney dated 02.04.2014) |  |  | Konevets K.S. |  |
| (signature) |  |  |  |
| 3.2 Date: 15 September 2014 |  |  | | |
|  | seal |  | | |