**Corporate action statement**

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

**(disclosure of inside information)**

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| 1. General data
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| 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 personsMember participated in the meeting: 8 persons Quorum necessary for holding the meeting of Kubanenergo JSC Board of Directors is present.Voting results:

|  |  |
| --- | --- |
| No. | Votes |
| FOR | AGAINST | ABSTAINED |
|  | 8 |  |  |
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Magadeyev R.R. was considered as interested person in adoption of decision on item 10 |
| **Disclosure of insider information on item No.1 “On determining Company's priority activities: on certification of equipment, materials and systems installed at facilities of the Company”** |
| 2.2.1. Decision adopted by issuer’s Board of Directors:1. To determine certification of equipment, materials and systems installed at facilities of the Company as one of Company's priority activities. 2. To instruct director general to organize activity on certification of equipment, materials and systems and create Commission on approval of equipment, materials and systems, as well as to prepare and approve an internal document: “Regulations on activity of Commission on approval of equipment, materials and systems”. |
| **Disclosure of insider information on item No.2 “On introducing changes to the Charter of Kubanenergo concerning information about the locations of the Company’s branches”** |
| 2.2.2. Decision adopted by issuer’s Board of Directors:1. To introduce the following changes to Company’s Charter:Annex 1 to the Charter should be amended as follows:

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| --- | --- | --- |
| # | Branch name | Location |
|  | Krasnodar Electric Grids | 131 Pashkovskaya Str., Krasnodar, Russia 350000 |
|  | Sochi Electric Grids | 42 Konstitutsii Str., Sochi, , Krasnodar region Russia  |
|  | Armavirskiye Electric Grids | 54 Vorovskogo Str., Armavir, , Krasnodar region Russia  |
|  | Adygeya Electric Grids | 358 Shovgenova Str., Maykop, Adygeya Republic, Russia  |
|  | Timashevskiye Electric Grids | 176 Lenina Str., Timashevsk, Krasnodar region, Russia  |
|  | Tikhoretskiye Electric Grids | 62 Dzerzhinskogo Str., Tikhoretsk, Krasnodar region, Russia  |
|  | Leningradskiye Electric Grids | 6 302oy Divisii Str., Leningradskaya village, Krasnodar region, Russia |
|  | Slavyanskiye Electric Grids | 49 Stroiteley Str., SlavyanskonKuban, Krasnodar region, |
|  | South-Western Electric Grids | 1 Vostochniy Mol, Novorossiysk, Krasnodar region, Russia |
|  | Labinskiye Electric Grids | 334 Mira Str., Labinsk, Krasnodar region, Russia |
|  | Ust-Labinskiye Electric Grids | 4 Krasnodarskaya Str., Ust-Labinsk, Krasnodar region, Russia |

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| **Disclosure of insider information on item No.3 “On taking into consideration the information of the Director General on the reliability and quality of services that are subject to rate regulation based on long-term control parameters of activity for 2013”** |
| 2.2.3. Decision adopted by issuer’s Board of Directors:1. To take into consideration the information of the Director General on the reliability and quality of services that are subject to rate regulation based on long-term control parameters of activity for 2013, in accordance of annex 1 to the decision of the BoD.2. To instruct director general to send actual indicators of reliability and quality of rendered services in 2013 (annex 1 to the decision) to government authority of territorial subject of RF responsible for state reregulation of tariffs. |
| **Disclosure of insider information on item No.4 “On expressing Company’s opinion on the agendas of meetings of the Boards of Directors of Kubanenergo subsidiaries and affiliates”** |
| 2.2.4. Decision adopted by issuer’s Board of Directors:1. To instruct representatives of Kubanenergo JSC in Board of Directors of “Energoservis of Kuban” JSC to vote “for” the approval of decision on item “Approval of business-plan of “Energoservis of Kuban” JSC for 2014”:- to approve business-plan of “Energoservis of Kuban” JSC for 2014;- to note that the item was brought to the BoD later than it should be.2. To instruct representatives of Kubanenergo JSC in Board of Directors of “Recreation Centre “Energetik” JSC to vote “for” the approval of decision on item “Approval of business-plan of “Recreation Centre “Energetik” JSC for 2014”:- to approve business-plan of “Recreation Centre “Energetik” JSC for 2014;- to note that the item was brought to the BoD later than it should be |
| **Disclosure of insider information on item No.5 “On expressing Company’s opinion on the agenda of the annual general meetings of shareholders of Recreation Centre “Energetik” JSC, Recreation centre “Plamya” JSC and “Energoservis of Kuban” JSC”** |
| 2.2.45. Decision adopted by issuer’s Board of Directors:1. To instruct representatives of Kubanenergo JSC at Annual General Meeting of “Recreation Centre “Energetik” JSC shareholders:1.1. on agenda item “On election of Company’s Board of Directors” to vote “for” the approval of decision:To elect the following persons to the Board of Directors

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| --- | --- | --- |
| # | Name | Position |
|  | Konevets Kirill Sergeyevich | Acting Deputy Director General in charge of Corporate Management, head of Department for Legal Support at Kubanenergo JSC |
|  | Ocheredko Olga Vyacheslavovona | Acting Deputy Director General in charge of Economic and Finance, Head of Finance Department  |
|  | Belik Vyacheslav Alexandrovich | Head of Personnel Management and Organization Design Department of Kubanenergo JSC |
|  | Rodin Yegor Yegorovich | Deputy Head of Security Department of Kubanenergo JSC |
|  | Avtonoshkina Mariya Alexandrovna | Leading Expert at Sector of Safeguards for Shareholders Rights at Shareholders Equity Administration under Department of Corporate Management and Interaction of Shareholders of Russian Grids JSC |

1.2 on agenda item “On election of Company’s Auditing Committee” to vote “for” the approval of decision:To elect the following persons to the Auditing Committee

|  |  |  |
| --- | --- | --- |
| # | Name | Position |
|  | Pivnenko Valeriy Mikhailovich | Deputy Head of Internal Control Directorate and Risks Management, Kubanenergo JSC |
|  | Varchenko Nataiya Viktorovna | Head of Section for Control of Insider Information under Internal Control Directorate and Risks Management, Kubanenergo JSC |
|  | Konova Nataliya Vladimirovna | Chief Specialist of Insider Information under Internal Control Directorate and Risks Management, Kubanenergo JSC |

1.3 on agenda item “On distribution of profit (as well as on payment of dividends) and loss of the company by results of 2013 fiscal year” to vote “for” the approval of decision:- to approve the following distribution of profit and loss of the company by results of 2013 fiscal year:

|  |  |
| --- | --- |
|  | in thousand rubles |
| Net profit | (3 174) |
| Distribute to: Reserve fund | - |
|  Profit for development | - |
|  Dividends | - |
|  Discharge of losses of past years | - |

* To decide not to pay dividends from ordinary shares of “Recreation Centre “Energetik” JSC by the results of 2013 fiscal year.

2. To instruct representatives of Kubanenergo JSC at Annual General Meeting of “Recreation Centre “Plamya” JSC shareholders:2.1. on agenda item “On election of Company’s Board of Directors” to vote “for” the approval of decision:To elect the following persons to the Board of Directors

|  |  |  |
| --- | --- | --- |
| # | Name | Position |
|  | Konevets Kirill Sergeyevich | Acting Deputy Director General in charge of Corporate Management, head of Department for Legal Support at Kubanenergo JSC |
|  | Ocheredko Olga Vyacheslavovona | Acting Deputy Director General in charge of Economic and Finance, Head of Finance Department  |
|  | Belik Vyacheslav Alexandrovich | Head of Personnel Management and Organization Design Department of Kubanenergo JSC |
|  | Rodin Yegor Yegorovich | Deputy Head of Security Department of Kubanenergo JSC |
|  | Ren Yelena Viktorovna | Leading Expert at Sector of Safeguards for Shareholders Rights at Shareholders Equity Administration under Department of Corporate Management and Interaction of Shareholders of Russian Grids JSC |

2.2 on agenda item “On election of Company’s Auditing Committee” to vote “for” the approval of decision:To elect the following persons to the Auditing Committee

|  |  |  |
| --- | --- | --- |
| # | Name | Position |
|  | Pivnenko Valeriy Mikhailovich | Deputy Head of Internal Control Directorate and Risks Management, Kubanenergo JSC |
|  | Varchenko Nataiya Viktorovna | Head of Section for Control of Insider Information under Internal Control Directorate and Risks Management, Kubanenergo JSC |
|  | Konova Nataliya Vladimirovna | Chief Specialist of Insider Information under Internal Control Directorate and Risks Management, Kubanenergo JSC |

1.3 on agenda item “On distribution of profit (as well as on payment of dividends) and loss of the company by results of 2013 fiscal year” to vote “for” the approval of decision:- to approve the following distribution of profit and loss of the company by results of 2013 fiscal year:

|  |  |
| --- | --- |
|  | in thousand rubles |
| Net profit | (1 025) |
| Distribute to: Reserve fund | - |
|  Profit for development | - |
|  Dividends | - |
|  Discharge of losses of past years | - |

* To decide not to pay dividends from ordinary shares of “Recreation Centre “Plamya” JSC by the results of 2013 fiscal year.

3. To instruct representatives of Kubanenergo JSC at Annual General Meeting of “Energoservis of Kuban” JSC shareholders:3.1. on agenda item “On election of Company’s Board of Directors” to vote “for” the approval of decision:To elect the following persons to the Board of Directors

|  |  |  |
| --- | --- | --- |
| # | Name | Position |
|  | **Kostetskiy Vyacheslav Yurievich** | Deputy Director General in charge of Development and Selling of Services Kubanenergo JSC |
|  | Zinchenko, Pavel Vasilyevich | Deputy General Director for Technical Issues – Chief EngineerKubanenergo JSC |
|  | Koneevts Kirill Sergeyevich | Acting Deputy Director General in charge of Corporate Management, head of Department for Legal Support at Kubanenergo JSC |
|  | Tsyba Irina Alexandrovna | Head of Department for Economic of Kubanenergo JSC |
|  | Gorbachyov Sergey Ivanovich | Acting Director General of “Energoservis of Kuban” JSC |
|  | Ozhereliyev Alexey Alexandrovich | Head of Directorate for Organization of Management Bodies Activity of Russian Grids JSC |
|  | Nekhayev Sergey Viktorovich | Chief Expert at Directorate for Development and Accounting of Electric Energy and Services at Department of Balance and Accounting of Electric Energy of Russian Grids JSC |

3.2 on agenda item “On election of Company’s Auditing Committee” to vote “for” the approval of decision:To elect the following persons to the Auditing Committee

|  |  |  |
| --- | --- | --- |
| # | Name | Position |
| 1. | Pivnenko Valeriy Mikhailovich | Deputy Head of Internal Control Directorate and Risks Management, Kubanenergo JSC |
| 2. | Varchenko Nataiya Viktorovna | Head of Section for Control of Insider Information under Internal Control Directorate and Risks Management, Kubanenergo JSC |
| 3. | Konova Nataliya Vladimirovna | Chief Specialist of Insider Information under Internal Control Directorate and Risks Management, Kubanenergo JSC |

3.3 on agenda item “On distribution of profit (as well as on payment of dividends) and loss of the company by results of 2013 fiscal year” to vote “for” the approval of decision:- to approve the following distribution of profit and loss of the company by results of 2013 fiscal year:

|  |  |
| --- | --- |
|  | in thousand rubles |
| Net profit | (4 359) |
| Distribute to: Reserve fund | - |
|  Profit for development | - |
|  Dividends | - |
|  Discharge of losses of past years | - |

* To decide not to pay dividends from ordinary shares of “Energoservis of Kuban” JSC by the results of 2013 fiscal year.
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| **Disclosure of insider information on item No.6 “On nomination of candidates among auditors organizations in which Kubanenergo participates”** |
| 2.2.6. Decision adopted by issuer’s Board of Directors:1. To propose for approval as auditor of “Recreation Centre “Energetik” JSC at AGM the following candidate: “ Centre of audit, consult and expertise”, LLC (5/1 Neftyannikov str., Krasnodar, Krasnodar region, 350000).2. To propose for approval as auditor of “Recreation Centre “Plamya” JSC at AGM the following candidate: Auditing company “Bona Dea”, LLC (13 Garazhnaya str.,, Krasnodar, Krasnodar region, 350000).3. To propose for approval as auditor of “Energoservis of Kuban” JSC at AGM the following candidate: “Prestizh Audit”, CJSC (88 Krasnoarmeiskaya str., Krasnodar, Krasnodar region, 350000) |
| **Disclosure of insider information on item No.7 “On approval of the Company's insurer”** |
| 2.2.7. Decision adopted by issuer’s Board of Directors:To approve as Company’s Insurer that following companies:

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| --- | --- | --- |
| Insurance type | Insurance company | Coverage period |
| Voluntary Health Insurance | Alfa-Strakhovanie Group | 01.04.2014 - 31.12.2016 |
| Accident and Illness Insurance | “SOGAZ” JSC | 01.04.2014 - 31.12.2016 |

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| **Disclosure of insider information on item No.8 “On taking into consideration the Director General's report on the insurance coverage of the Company in the 1st quarter of 2014”** |
| 2.2.8. Decision adopted by issuer’s Board of Directors:To take into consideration the Director General's report on the insurance coverage of the Company in the 1st quarter of 2014, in accordance with annex 2 to the present decision of the BoD. |
| **Disclosure of insider information on item No.9 “On taking into consideration the report of the Director on credit policy in the 4th quarter 2013”** |
| 2.2.9. Decision adopted by issuer’s Board of Directors:1. To take into consideration the report of the Director on credit policy in the 4th quarter 2013, in accordance with annex 3 to the present decision of the BoD.2. To point out that violation took place in the acceptable limit of cover for a debt and debt service.3. To point out that the Plan of advanced development, approved by the BoD, was not carried out at full extent in part of maximum acceptable limits on debts.4. To instruct director general to ensure the implementation of requirements of Regulations on credit policy, approved by the Company’s BoD. |
| **Disclosure of insider information on item No.10 “On approval of supplementary agreement to the contract dated 21.01.2014 # 13-14725/407/30-27 to perform maintenance and repair of electricity facilities of Sochi electric grids between Kubanenergo JSC and Lenenergo JSC as interested party transaction”** |
| 2.2.10. Decision adopted by issuer’s Board of Directors:To approve supplementary agreement to the contract dated 21.01.2014 # 13-14725/407/30-27 to perform maintenance and repair of electricity facilities of Sochi electric grids between Kubanenergo JSC and Lenenergo JSC as interested party transaction, in accordance with annex 4 to the present decision of the BoD. |
| **Disclosure of insider information on item No.11 “On introducing amendments to the Schedule of activities for introduction of asset management system in “Kubanenergo”** |
| 2.2.11. Decision adopted by issuer’s Board of Directors:To defer the discussion to a later date |
| **Disclosure of insider information on item No.12 “On reducing administrative and management expenses”** |
| 2.2.12. Decision adopted by issuer’s Board of Directors:1. Ensure reduction in 2014 administrative and management costs of the Company by not less than 15% of their actual value in 2013, taking into account the implementation of agreements in the field of social partnership, including through: - Reducing the level of differentiation in wages in the Company in the event that it exceeds the differentiation wage levels on average in the Russian Federation; - Optimization of the number of management personnel and improving the remuneration system linking the achievement of indicators characterizing the activities of the Company; - Reconsideration of contracts establishing the distribution of control functions and coordination in certain areas of financial and economic activities between the Company and its subsidiaries and affiliated organizations; - Reduction of the list and the cost of services rendered by third party contractors, including by taking the necessary work by staff (consulting and information services, legal services, advertising and marketing, etc.). Reduction of administrative and management costs in terms of quantitative indicators should not be consolidated with other orders on the reduction of costs and the cost of procurement. 2. To instruct the sole executive body to introduce for consideration of the amended business-plan for 2014-2018, which includes reduction in the 2014 administrative and management costs of the Company by not less than 15% of their actual value in 2013 in accordance with paragraph 1 of this decision within 30 calendar days after the approval of the investment programme in the manner prescribed by RF Government Decree dated 01.12.2009 No.977, not later than 01.09.2014. 3. To instruct the sole executive body of the Company to ensure discussion by the Board of Directors of subsidiaries and affiliates “Kubanenergo” JSC (the Company's share, which is more than 50% of capital) the issue of reducing administrative and management costs within two weeks from the date of adoption of this resolution. |
| 2.3. Date of holding the meeting of Board of Directors: 4 June 20142.4. Date of making and number of minutes of meeting: 6 June 2014, minutes of meeting No.190/2014**.** |
| 3. Signature |

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| --- | --- | --- | --- | --- |
| 3.1 Acting deputy director general in charge of corporate management (attorney dated 02.04.2014) |  |  | Konevets K.S. |  |
| (signature) |  |  |  |
| 3.2 Date: 6 June 2014 |  |  |
|  | seal  |  |