

KMPG

To shareholders
of Open joint stock company of power industry
and electrification of Kuban

**Auditor's opinion on
accounting statements of Open joint stock company of power industry
and electrification of Kuban for 2012**

Information on the auditor

Name: Closed joint-stock company “KMPG”
Address (legal address): 3035 office, 18/1 Olympiyskiy Prospekt, Moscow 129110
Postal address: Floor 31, building C, 10 Presnenskaya Naberezhnaya, Moscow 123317
State registration: Registered by Moscow registration chamber, certificate No.011585 fated 25.05.1992
Listed in Unified State Register of Legal Entities by district inspectorate of RF Ministry for taxes and levies No.39 in Moscow, No. 1027700125628 on 13.08.2002. Certificate series 77 No.005721432
Membership in self-regulatory organization of auditors: Member of NP “Audit Chamber of Russia”
Registration number in state registry of auditors and audit companies 10301000804

Information on audited entity

Name: Open joint stock company of power industry and electrification of Kuban (Kubanenergo JSC)
Address (legal address): 2 Stavropolskaya street, Krasnodar, Krasnodar region 350033
Postal address: 2 Stavropolskaya street, Krasnodar, Krasnodar region 350033
State registration: Registered by administration of Oktyabrskiy district of Krasnodar. Registration certificate dated Februraty 10 1993 No.127.
Listed in uniform state register of legal entities of Ministry of Russian Federation on taxes ad levies No.3 in Krasnodar No. 1022301427268 on September 17, 2001. Certificate series 23 No.001806938.

Auditor's report

To shareholders of Open joint stock company of power industry and electrification of Kuban (Kubanenergo JSC)

We have accomplished an audit of attached hereto accounting statements of Open joint stock company of power industry and electrification of Kuban (Kubanenergo JSC) (hereafter – the Company) for 2012:

- Accounting statements on 98 pages includes:
- Accounting balance as of December 31, 2012;
- Report on business results of 2012;
- Annex to accounting balance and report on business results , precisely:
 - statement of changes in equity in 2012
 - statement of cash flow in 2012
 - explanations to accounting balance and report on business results

Responsibility of the auditing entity for accounting report

Management of the Company bears responsibility for preparation and credibility of the accounting report in accordance with Russian rules of preparing the accounting report and for system of internal audit necessary for preparation of accounting report without material misstatements that can be caused by fraud or faults.

Responsibility of the auditor

The responsibility of the auditor consists in providing the opinion on credibility of the accounting report on the basis of the carried out audit. We have carried out the audit in accordance of federal standards of audit activities. These standards require the observance of code of ethics as well as planning and performing the audit the way to make sure that the accounting report does not content material misstatements.

The audit presupposed the audit procedures aimed to find the audit evidences proving the figures in accounting report and the disclosed information. The choice of the procedures is the subject-matter of our estimations that are based on the risk assessment of the material misstatements caused by fraud or faults. During the risk assessment we checked the system of internal audit (which provides preparation and credibility of accounting report) in order to choose the appropriate audit procedures, but not for evaluation of the effectiveness of internal audit system.

The audit also included the appraisal of the accounting policy and validity of estimated figures, as well as the appraisal of performance of accounting report in general.

We consider the proofs found during the audit to be enough to give qualified opinion on the credibility of the accounting report.

Reasons to give qualified opinion

In accordance with Company's accounting policy objects of fixed assets, except for land plots, are accounted in accounting report by current (replacement) costs. The Company did not reevaluate the fixed assets as of 31 December 2012 and the last reevaluation of fixed assets was carried out in 1 January 2008. As of 31 December 2012 there is possibility that current (replacement) costs may significantly differ from the cost specified in accounting report. It is not possibly to exactly evaluate the influence of misstatement on the accounting report.

Qualified opinion

We consider that except the influence of the fact specified above, the attached to the Auditor's report accounting balance truly depicts the financial state of the Company as of 31 December 2012, the results of business activity and cash flow in 2012, in accordance with Russian standards of preparing accounting statements.

Utmost importance

With leaving the same our opinion on the reliability of the accounting statements, we point out the information on corrections for 2011(specified in chapter 5 of explanations to the accounting statements) introduced by the Company to the accounting statements in 2012. During the audit of accounting report for 2012 the corresponding procedure have been performed in relation to the specified corrections.

Other information

The audit of accounting statements for 2011 was performed by other auditor, which in its auditor's opinion dated February 28, 2012 expressed unmodified opinion

Deputy director of "KMPG" CJSC
(attorney dated 28 October 2011 No.48/11)

Zaitsev S.V.

March 25, 2013