

# QUARTERLY REPORT

**Public Joint-Stock Company  
of Power Industry and Electrification of Kuban,**

**Публичное акционерное общество  
энергетики и электрификации Кубани**

Issuer's code 00063-A

**Quarter 2, 2016**

Issuer's address: 2A Stavropolskaya str., Krasnodar, Russia 350033

Information contained in the quarterly report is subject to disclosure in accordance with the legislation of the Russian Federation on securities

Director general

Date: 12 August 2016

\_\_\_\_\_ Gavrilov A.I.  
signature

Chief accountant – head of Department of financial records, accounts and tax returns

Date: 12 August 2016

\_\_\_\_\_ Skiba I.V.  
signature

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Internet page(s) used for disclosure of information contained in this quarterly report:  
[www.kubanenergo.ru/stockholders/disclosure\\_of\\_information/amp\\_reports/](http://www.kubanenergo.ru/stockholders/disclosure_of_information/amp_reports/),  
<http://www.e-disclosure.ru/portal/company.aspx?id=2827>.

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Basis for the Issuer's obligation to disclose the information in the form of quarterly report:

**The Issuer has the securities Prospectus registered in respect of securities of the issuer; State registration of issue (additional issue) was followed by registration of prospectus on the issue of securities, along with it such securities were offered by public subscription or by private offering to persons which amount did not exceed 500.**

**The Issuer is a joint-stock company founded during privatization of state and/or municipally owned enterprises (subdivisions) under the privatization plan approved in accordance with the established procedure, representing Issuer's shares issuance prospectus as of its approval date and envisaging the possibility of the Issuer's shares alienation by more than 500 purchasers or by general public.**

Exchange-traded bonds of the issuer are admitted to trading on an organized exchange with the submission of bonds prospectus to stock exchange.

In the report the Public Joint-Stock Company of Power Industry and Electrification of Kuban is also referred to "Kubanenergo" PJSC, the Issuer and the Company, when referring to the events happened before 22.06.2015 (the date of changing the Company's name) – "Kubanenergo" JSC. "Rosseti" PJSC ("IDGC Holding" JSC until 04.04.2013, from 04.04.2013 until 17.07.2015 – "Rosseti" JSC) and the names of other legal entities are used here the way they were at the referring period (event).

The report contains additional information requirements for which disclosure are set by the restated Regulations on the Information Policy of the Company approved by the Board of Directors of "Kubanenergo" JSC on 15.08.2013, Minutes No. 170/20013 dated 16.08.2013. The full text of the Regulations on the Information Policy is available on the corporate website "Kubanenergo" PJSC and website of information agency "Interfax": [http://www.kubanenergo.ru/about/internal\\_documents/](http://www.kubanenergo.ru/about/internal_documents/), <http://www.e-disclosure.ru/portal/company.aspx?id=2827>.

The Issuer's activity is referred to the sphere of natural monopoly being controlled by the state, tariffs for services of electric energy transmission through distribution networks as well as the amount of payment for technological connection to electric power grids are established by the state body for tariff regulation – Regional Energy Commission - Price and Tariff Department for the Krasnodar Region.

Abbreviated DZO means affiliated and dependent companies in accordance with article 6 of the Federal law "On joint stock companies".

Information on the positions held by members of the management and control bodies of the issuer are specified in paragraphs 5.2.1 and 5.2.3 of this report in accordance with the data provided by the members. When disclosing information on the positions held by these persons at the moment, their positions are specified as of the date of the reporting quarter, except for their membership in the committees of the Board of Directors. Although the BoD elected to new members of the committee on 21.07.2016 (minutes of meeting No. 246/2016 dated 2.07.2016), information about the membership of these persons in the committees of the Board of Directors is specified in paragraphs 5.2.1 and 5.2.3 as of the date of this report.

The present quarterly report contains estimates and forecasts by the Issuer's authorized management bodies regarding the future events and/or actions, prospects for development of the economy branch wherein the Issuer carries out one's core activity and results of the Issuer's actions inclusive of the Issuer's plans, probability of occurring particular events and implementation of particular activities. Investors should not completely rely on the estimates and forecasts presented by the Management Bodies of the Issuer since actual results of the Issuer's activity in the future may vary from those forecast due to multiple reasons. Acquisition of the Issuer's securities is associated with risks described in the quarterly report.

**I. Information on bank accounts, auditor (auditing company), appraiser and financial consultant of the Issuer as well as other persons signed the quarterly report**

**1.1. Information on the Issuer's Bank Accounts**

Details of the credit institution

Full business name: **Public Joint Stock Company “Sberbank of Russia**

Abbreviated business name: **“Sberbank of Russia” JSC**

Location: **19 Vavilova street, Moscow 117997**

TIN: **7707083893**

BIC: **040349602**

Account number: **40702810330020101989**

Correspondent account: **30101810100000000602**

Account type: **Settlement account in rubles**

Details of the credit institution

Full business name: **Public Joint Stock Company “Sberbank of Russia**

Abbreviated business name: **“Sberbank of Russia” JSC**

Location: **19 Vavilova street, Moscow 117997**

TIN: **7707083893**

BIC: **040349602**

Account number: **40702810230020101076**

Correspondent account: **30101810100000000602**

Account type: **Settlement account in rubles**

Details of the credit institution

Full business name: **Branch “Gazprombank” (joint stock company)**

Abbreviated business name: **Bank GPB (JSC)**

Location: **16/1 Nametkina street, Moscow 117420**

TIN: **7744001497**

BIC: **040349781**

Account number: **40702810500070010191**

Correspondent account: **30101810500000000781**

Account type: **Settlement account in rubles**

**1.2. Information on Issuer’s auditor**

The following information is specified: information about the auditor(s), that exercises (exercised) an independent audit of accounting (financial) statements of the issuer and the consolidated financial statements of the issuer and (or) a group of organizations that are in relation to each other and are controlled by the controlling entities or are required to prepare a statement of other grounds and in the manner provided for by federal law, if at least one of these organizations is the issuer (hereinafter - the consolidated accounting (consolidated

financial) statements of the Issuer), which is part of the quarterly report, based on the contract concluded, as well as auditor (auditors) approved (elected) for auditing the annual financial (accounting) statements of the issuer, including its consolidated financial statements for the current and the last completed fiscal year.

Full business name: Limited Liability Company “RSM RUS”

Abbreviated business name: “RSM RUS”, LLC

Location: **4 Pudovkina street, Moscow, 119285**

TIN: **7722020834**

PSRN: **1027700257540**

Telephone: **+7 (495) 363-2848**

Fax: **+7 (495) 981-4121**

E-mail: **mail@rsmrus.ru**

Details of Auditor's membership in self-regulating auditor organizations

Name: **Self-regulatory organization of auditors Non-profit Partnership “Auditing Association “Sodruzhestvo”**

Location

**21/4 Michurinsky Prospekt, Moscow, Russia 11919**

Additional Information:

**The primary registration number of “RSM RUS” LLC in Self-regulatory organization of auditors Non-profit Partnership “Auditing Association “Sodruzhestvo” is 11306030308.**

Financial year(s) from among the last five financial years and the current year for which the Auditor carried out (will carry out) an independent audit of accounting (financial) statements of the Issuer

financial (accounting) statements, year	Consolidated financial report, year
2015	2015
2016	2016

Periods among the five financial last years and the current year for which the Auditor carried out (will carry out) an independent audit of accounting (financial) interim statements of the Issuer

financial (accounting) statements, year	Consolidated financial report, year
9 months of 2015	-
9 months of 2016	-

Factors that may affect the independence of the auditor (auditing organization) of the issuer, including specified information on any material interests between the auditor (or persons holding positions in the management bodies and the bodies of control over financial and economic activities of the audit organization) and the issuer (persons holding positions in the management and control bodies of financial and economic activities of the issuer):

**There are no factors that may affect the independence of the auditor (auditing organization) of the issuer, including specified information on any material interests between the auditor (or persons holding positions in the management bodies and the bodies of control over financial and economic activities of the audit organization) and the issuer (persons holding positions in the management and control bodies of financial and economic activities of the issuer)**

#### **Procedure for selection of the Issuer's Auditor:**

Existence of a tendering procedure for selection of Auditor and its basic conditions:

**On the basis of decision of the Tender committee of Rosseti on summing up the results of public competitive negotiations without prequalification of bidders for the right to conclude contracts on obligatory annual audit of reports of affiliated and depended companies of Rosseti for 2015-2017 (minutes of meeting No.5/552p dated 20.04.2015), the candidature of “RSM RUS”, LLC was pronounced the winner.**

Procedure for nominating auditor candidacies for approval by the Meeting of Shareholders (Participants), including indication of the management body making the decision:

**According to the Federal Law “On Joint-Stock Companies”, the Auditor of the Company is subject to approval by the General Meeting of Shareholders. However, the legislation fails to set forth the auditor candidacy nomination procedure: unspecified are the terms and the procedure of the auditor candidacy nomination for inclusion in the list for voting on the issue of approval of Auditor of the Company. In this regard, the candidature of an auditor for approval by the general meeting of shareholders shall be preliminary considered by the Audit Committee of the Board of Directors of the Company and, with the advice of the Audit Committee shall be determined by the Board of Directors of the Company in dealing with the issue of preparation and holding of the Annual General Meeting of Shareholders.**

Works performed by Auditor within the framework of special audit assignments were not performed.

Procedure for determining the remuneration of the auditor; actual amount of remuneration paid to the auditor by the results of the last completed financial year on which the auditor performed audit of accounting report; information on deferred and overdue payments for the services rendered by the auditor:

**The amount of payment for services of the Issuer’s Auditor approved by the General Meeting of Shareholders of the Issuer for compulsory annual review and validation of the Issuer’s annual financial statements is determined by decision of the Board of Directors.**

**The amount of payment for services of “RSM RUS”, LLC on compulsory audit of financial report of the Company for the year ended 31 December 2015, stipulated by federal Law dated 06.12.2011 No.402-FZ “On Accounting”, on audit of consolidated financial statements under IFRS for the year ended 31 December 2015 amounts 1 614 104 rubles 40 kopeks, including VAT. “RSM RUS”, LLC was selected at the AGM (10.06.2015) as company’s auditor for the first time.**

**There are no deferred or overdue payments for services provided by Auditor.**

Factors that may affect the independence of the auditor from the issuer as well as interests binding auditor (officials of the auditing company) with the issuer (officials of the issuer): no.

#### **1.3. Details of Appraiser(s) of the Issuer**

Appraisers were not engaged during 12 months up to the date of end reporting quarter.

#### 1.4. Details of consultants of the Issuer

Consultants were not engaged during 12 months up to the date of end reporting quarter.

#### 1.5 Details of other persons having signed the quarterly report

Name: **Gavrilov Aleksandr Ilich**

Year of birth: **1973**

Place of work: **Kubanenergo PJSC**

Position: **Director General**

Name: **SKiba Inna Viktorovna**

Year of birth: **1975**

Place of work: **Kubanenergo PJSC**

Position: **Chief accountant – head of Department of financial records, accounts and tax returns**

### II. Information on business activity of the Issuer

#### 2.1. Business performance of the issuer

Performance indicators that characterize issuer's activity shown according to the accounting report

Standards (rules) used for making the accounting report – RAS (Russian Accounting Standards)

Unit of measurement for index of performance: **rubles/employee**

Indicator	6 months of 2015	6 months of 2016
Workforce productivity	1 859 664.5	2 264 029
Debt-to-equity ratio	1.08	1.05
Leverage ratio	0.31	0.25
Debt coverage ratio (profit)	0.42	0.57
Rate of overdue repayment of debts, %		
Level of overdue receivables, %:	49.51	38.04
Level of overdue payables, %:	56.64	56.56

Analysis of the issuer's business activity on the basis of the abovementioned indicators:

The growth of indicator "Workforce productivity" by 21.7% in the 2<sup>nd</sup> quarter of 2016 in comparison with the same period of 2015 is explained by increase in revenue by 24.0% from selling the products (services).

The reduction of indicator "debt-to-equity ratio" in the 2<sup>nd</sup> quarter of 2016 by 0.03 points occurred as a result of reduction of accumulated loss that influenced the increase of shareholders' equity by 5.3%.

The "leverage ratio" has reduced by 0.06 points by the results of 6 months of 2016.

#### 2.2. Issuer's Market Capitalization

Market capitalization is calculated as the product of the quantity of shares of the corresponding

category (type) multiplied by the market price per one share disclosed by the securities market trade organizer.

in thousand rubles

Indicator	31.12.2015	30.06.2016
Market capitalization	17 226 669	20 819 094

Information on the securities market trade organizer that provided details based whereon calculation of market capitalization is carried out as well as other additional information on securities public circulation at the Issuer's discretion:

**Full business name: Closed Joint-Stock Company “MICEX Stock Exchange”**

**Abbreviated business name: CJSC “MICEX SE”**

**Location: 13 Bolshoy Kislovsky per., Moscow 125009**

**TIN: 7703507076**

**PSRN: 1037789012414**

**Telephone: (495) 363-32-32**

**Fax: (495) 705-9622**

**Licenses:**

**Stock Exchange License No. 077-10489-000001 dated 23.08.2007 issued by the Federal Service for Financial Markets,**

**License for organization of stock exchange trade within the territory of the Russian Federation in commodity sections: terminal transactions No. 146 dated 20.12.2005, issued by the Federal Service for Financial Markets**

**Webpage: <http://moex.com/>**

## 2.3. Issuer's Liabilities

### 2.3.1. Accounts payable

**Structure of the Issuer's borrowing**

**31.06.2016**

Structure of the Issuer's loan funds

Unit: thousand rubles

indicator	
Long-term loans	9 560 000
including:	
credits	2 560 000
loans, except bonded loans	0
bonded loan	7 000 000
Short-term loans	7 600 182

including:	
credits	7 528 836
loans, except bonded loans	0
bonded loan	71 346
Total sum of overdue loan	0
including:	
credits	0
loans, except bonded loans	0
bonded loan	0

#### Structure of the Issuer's accounts payable

Unit: thousand rubles

Indicator	
Total amount of accounts payable	12 628 396
overdue	6 784 532
including	
to budget and state non-budgetary funds	720 463
overdue	0
to suppliers and contractors	5 428 964
overdue	3 017 533
to staff	200 089
overdue	0
other	6 278 880
overdue	3 766 999

In case of existence of overdue accounts payable, including those under credit or loan contracts, as well as under debt securities issued by the Issuer (bonds, promissory notes and other) – indication of the causes of non-fulfilment and the consequences affecting the Issuer, which have occurred or potentially may occur in future due to the above liabilities non-fulfilment including sanctions imposed on the Issuer and the term (supposed term) of overdue accounts payable redemption.

**According to Kubanenergo business plan the redemption of overdue accounts payable is projected for 2016, including on debt restructuring arrangements.**

**Levies, penalties: no.**

**The main cause of overdue accounts payable - retail companies delay in fulfilling their obligations to the Company for services on electric energy transmission.**

Lenders, who account for at least 10 percent of the total amount of accounts payable, or at least 10 percent of the total debt (long and short term):

Full company name: **Joint Stock Company Gazprombank**

Short company name: **Bank GPB (JSC)**

Location: **16/1 Nametkina street, 117420**

TIN: **7744001497**

PSRN: **1027700167110**

Sum of credit: **2 560 000 thousand rubles**

Rate and terms of overdue accounts payable (interest rate, levies, penalties): **no.**

The credit is affiliated to the issuer: **no**

Full company name: **Public Joint Stock Company Sberbank of Russia**

Short company name: **Sberbank of Russia PJSC**

Location: **19 Vavilova str., Moscow 117997**

TIN: **7707083893**

PSRN: **1027700132195**

Sum of credit: **7 000 000 thousand rubles**

Rate and terms of overdue accounts payable (interest rate, levies, penalties): **no.**

The credit is affiliated to the issuer: **no**

Full company name: **Limited Liability Company “Gazprom Invest”**

Short company name: **“Gazprom Invest”, LLC**

Location: **6D Startovaya street,, Saint-Petersburg, 196210**

TIN: **7810483334**

PSRN: **1077847507759**

Sum of credit: **1 323 511.53 thousand rubles**

Rate and terms of overdue accounts payable (interest rate, levies, penalties):**no.**

The credit is affiliated to the issuer: **no**

Full company name: **Public Joint-Stock Company “Federal Grid Company of Unified Energy System”**

Short company name: **“FGC UES” PJSC**

Location: **5A, street named after Akademik Chelomei, Moscow 117630**

TIN: **4716016979**

PSRN: **1024701893336**

Sum of credit: **1 433 383.73 thousand rubles**

Rate and terms of overdue accounts payable (interest rate, levies, penalties):

**Overdue accounts payable amounts 1 433 383.73 thousand rubles.**

**Conditions of overdue amount (interest rate, levies, penalties): 1 433 383.73 thousand rubles.**

The credit is affiliated to the issuer: **yes**

The Issuer's share in the authorized (share) capital (mutual fund) of commercial organization: 0%

Portion of the Issuer's ordinary shares held by the person: 0%

Share in the authorized capital of the issuer: 0%

Share of the Issuer's ordinary shares: 0%

Full company name: **Joint-Stock Company "NESK-electric networks"**

Short company name: **"NESK-electric networks" JSC**

Location: **247 Severnaya str., Krasnodar, Krasnodar region, 350049**

TIN: **2308139496**

PSRN: **1072308013821**

Sum of credit: **1 504 348.26 thousand rubles**

Rate and terms of overdue accounts payable (interest rate, levies, penalties):

**Overdue accounts payable amounts 712 419.62 thousand rubles.**

The credit is affiliated to the issuer: **no**

### **2.3.2. Issuer's Credit History**

Fulfillment of liabilities by the Issuer under credit and/or loan contracts having been in effect during the last completed financial year and (or) loan agreements, including those concluded by issuing and selling bonds, the principal of which is 5% of the net value of the assets as of the date the last complete reporting period, consisting of 3, 6, 9 or 12 months preceding the conclusion of the respective agreement as well as other credit agreements and (or) loan agreements which the Issuer considers material.

<b>Type and details of obligation</b>	
<b>1. credit line, resolution to issue securities No. 4B02-02-00063-A-001P dated 10.11.2015</b>	
<b>Terms of obligations and information on its fulfillment</b>	
Business name, location or name of the creditor (lender)	Purchasers of securities
Sum of the debt as of the moment of occurring of obligation, RUR	3400000 RUR X 1000
Sum of the debt as of the end of reporting quarter, RUR	3400000 RUR X 1000
Sum of credit (loan), (years)	10
Average interest on credit (loan), % per annum	12.63
Number of interest (coupon) periods	20
Presence of overdue in interest payments, in case of presence – the total amount of overdue and their volume in days	no

Planned term (date) of credit (loan) payment	11.11.2025
Actual term (date) of credit (loan) payment	current
Other information on obligations, specified by the issuer at its discretion	no

<b>Type and details of obligation</b>	
<b>1. credit line, resolution to issue securities No. 4B02-01-00063-A-001P dated 10.11.2015</b>	
<b>Terms of obligations and information on its fulfillment</b>	
Business name, location or name of the creditor (lender)	Purchasers of securities
Sum of the debt as of the moment of occurring of obligation, RUR	3600000 RUR X 1000
Sum of the debt as of the end of reporting quarter, RUR	3600000 RUR X 1000
Sum of credit (loan), (years)	10
Average interest on credit (loan), % per annum	10.44
Number of interest (coupon) periods	20
Presence of overdue in interest payments, in case of presence – the total amount of overdue and their volume in days	no
Planned term (date) of credit (loan) payment	21.11.2025
Actual term (date) of credit (loan) payment	current
Other information on obligations, specified by the issuer at its discretion	no

### **2.3.3. Issuer's liabilities arising from guarantees provided to third persons**

The specified liabilities do not exist.

### **2.3.4. Issuer's other liabilities**

There are no other liabilities unrepresented in the balance sheet that may substantially affect the financial status of the Issuer, one's liquidity, sources of funding and conditions of their use, as well as the results of activity and expenses.

### **2.4. Risks related to acquisition of issue-grade securities being placed (placed)**

Issuer's risk management policy:

“Rosseti” JSC Board of Directors approved Strategy of development and improvement of internal control system of “Rosseti” JSC and subsidiaries and affiliates of “Rosseti” JSC (Minutes No. 143 dd. 13.02.2014), that determines current and target condition of internal control and risks management system of “Rosseti” PJSC and its subsidiaries and affiliates.

To implement this Strategy the Issuer's Board of Directors approved Policy of internal control and Policy of risks management of Kubanenergo PJSC (Minutes of meeting No. 233/2016 dd. 18.03.2016) that are aimed at timely revealing and providing of preventive actions on minimization of risk (control procedures) to decrease the possibility of financial and other losses that influence at reaching the goals of the Company. The Policy of the Issuer on risks management requires the necessity of compliance with the following principals:

- 1) establishment and protection of the Company's property (the System of Risks Management contributes to the achievement of goals and improvement of productivity, ensuring health and safety employees, ensuring that the safety of all the Company's activities comply with legal and regulatory requirements, environmental protection, improve service quality, operational efficiency, control and reputation);
- 2) Risk management is an integral part of all organizational processes (risk management is not a separate activity that is separate from the activities and processes in an organization; it is a part of management's commitment and an integral part of all organizational processes, including strategic planning and all project management processes and changes) ;
- 3) Risk management is part of the decision-making process;
- 4) Risk management is systematic, structured and well-timed;
- 5) Risk management is based on the best available information;
- 6) Risk management is transparent and takes into account the interests of stakeholders;
- 7) Risk management is dynamic, iterative (repetitive) and responsive to changes;
- 8) Risk management contributes to the continuous improvement of the organization;
- 9) responsibility for risk management – all participants of the System of Risks Management are responsible for the identification, assessment, analysis and continuous monitoring of risks in the framework of its activities, the development and implementation of the necessary measures for risk management, continuous monitoring of the effectiveness of risk management measures;
- 10) the principle of optimality (analysis of the ratio of expenses for implementation of measures for the risk and impact of the implementation of these measures, including correspondence between the level of complexity of the System of Risks Management and level of complexity and the degree of importance the object, the is analyzed in terms of risk);
- 11) the unity of the methodological framework. Risk management (identification, analysis, assessment and monitoring of risks, development and monitoring of the effectiveness of risk management) are carried out on the basis of approaches and standards, common to all structural units of the Issuer.

Every quarter the Issuer collects and analyses information on internal and external factors that can negatively affect at Issuer's goals achieving. For minimization of consequences from risks implementation the Issuer developed and carried out the events on prevention of negative consequences; at the same time there are political and economic factors that influence the activity of "Kubanenergo" PJSC in respect of which the Issuer cannot guarantee that events aimed to overriding of possible negative situations can change the situation for the better because these risks factors are out of Issuer's control.

#### **2.4.1. Industry Risks**

##### Tariff setting risks

Issuer carries out its activity in the power industry sector in Krasnodar region and the Republic of Adygea. Main types of Issuer's activities are rendering of services on electric energy transmission and technological connection to electric networks, regulated by the state including setting of tariffs. In such manner one of the Issuer's risks are tariff risks.

One of the most fundamental tariff risks for the Issuer is risk of approving by Regional Energy Commission of Department of prices and tariffs of Krasnodar region the necessary gross revenue on economically unreasonable level – under conditions of limited growth of network tariffs the adoption of decision by Regional Energy Commission of Department of prices and tariffs of

Krasnodar region that doesn't take into account in full amount economically feasible expenses of the Issuer, for example, recognition of part of expenses of purchase of electricity losses, interest on the credits, shortfall in income, uncovered previous losses and other. The possibility of this risk is high.

To prevent and mitigate the impacts from implementation of this risk the Company provides supporting materials to regulatory authorities, that confirm level of economically feasible expenses of the Issuer, upholds the position on necessity of outrunning growth of expenditures, as strategic Company, collective fund holder of Krasnodar region and Republic of Adygea, forms and send disputes to Federal Antimonopoly Service of the Russian Federation.

The Issuer is exposed to risks of reducing of revenues amount in connection with changing of structure of electric energy transmission relating to accepted one while tariffs were approved, and risks of changing of legislation in sphere of tariffs setting. The following events are implemented to minimize risks:

- 1) interaction with tariffs regulatory authorities concerning questions related to accounting of losses that were caused by determining at the federal level the sums of falling out income from applying non-regulated price at necessary gross revenue of the Issuer in the next period of tariff regulation;
- 2) forming and submission to authorities of state regulating of tariffs the propositions on technological electric energy/power consumption taking into account dynamics of productive supply for purposes of forming of consolidated balance forecast for production and delivery of electricity for the next year;
- 3) development and implementation of Programme of increasing of electric energy efficiency and its coordination with administration of regions;
- 4) development and implementation of Programme of cost management.

The issuer's sphere of influence in decision-making the bodies of tariff regulation is limited, and the issuer cannot guarantee that the measures aimed at minimizing the consequences will be as effective as possible.

The Issuer is exposed to risk of scarcities of source of funding of events on agreements on implementation of technological connection (hereafter – technological connection) due to approving by regulating authority of paying rate for technological connection lower of economically feasible level. One of the factors of this risks arising is introduction of amendments to legislation of the Russian Federation (Federal Law No. 35-FZ dd. 26.03.2003 “On power industry”) on excluding of power receivers of maximum capacity 150 kW from paying for technological connection of investment component for covering of charges for construction of power supply network facilities (from 1 October of 2015 – no more than 50% from amount of specified expenditures, from 1 October of 2017 – excluding this expenditures from paying for technological connection).

To minimize risk the Company cooperates with tariffs regulatory authorities, forms correct scope of obligation on technological connection agreements, develops project documents on scope of obligations on technological connection agreements, submits in regulatory authorities the additional supporting materials, and adopts economic feasibility of paying rate for technological connection.

Risk of antimonopoly legislation is evaluated by Company as medium.

The reason of risk implementation is non-fulfillment of obligations of the Issuer on technological connection on concluded agreement on technological connection (because of scarcity of funds and large number of agreements on technological connection), it may lead to paying of forfeit by the Company. To avoid the risk the Issuer plans to implement its obligations on technological connection agreement in full.

Risk of reducing the amount of services on electric energy transmission.

Risk of reducing the amount of services on electric energy transmission is industry risk. The

reducing of electric energy consumption can be the consequence of external factors influence such as: economy crisis and production decline, construction of electrical generation facilities by customers, extreme weather events, industrial accidents, and industrial disasters. Potential influence of these factors may influence on changing of revenue of the Issuer.

In connection with economic development of the region where the Issuer operates, there is a dynamic of increasing of amounts of electric energy consumption for the last few years. This risk is evaluated as medium. The Issuer implements monitoring of current and expected economic situation in region and in country, fulfills preparation works for appropriate work of power equipment in all seasons, carries out maintenance and repair of power facilities.

#### Operational risks

In the production process the Issuer is exposed to risks associated with physical deterioration, abuse and critical changes in the parameters of the equipment.

The main ones are:

- 1) deterioration of performance and economic indicators of electric equipment;
- 2) threat of failures with partial or full undersupply of electricity with corresponding negative social consequences;
- 3) failure to comply with the obligations under the contracts for the provision of electricity transmission services;
- 4) negative environmental effects.

In order to decrease the risk of the group the issuer takes the following steps:

- 1) scheduled repair and maintenance of equipment;
- 2) technical re-equipment, reconstruction and new construction;
- 3) regular optimization of structure and amount of components and spare parts in reserve and other;
- 4) providing of industrial security and manufacturing control.

Issuer assesses the level of risk above the average and believes that the negative factors will not materially affect its activities and performance of obligations on its securities.

#### Price risks

Provision of electricity transmission services includes as well the purchase of raw materials, services, equipment and other materials used by the Company in its operations. The price increase is mainly explained by inflationary pressures and the impact of macroeconomic factors. During the economic instability the risk of augmentation of cost for goods and services used by the Company increases.

In order to minimize these risks, the issuer uses the position of a large consumer and purchases the material and technical resources and selects the service providers through a competitive and regulated procurement of raw materials, production and other services.

#### 2.4.2. Country and regional risks

Risks associated with the political and economic situation in the country and region

The worsening of economic and political situation in the country and the region are main risk factors for the Company.

Because of the fact that the Issuer operates only on internal market, government of the Russian Federation develops programmes on import substitution including in regions where the Issuer operates, it leads to increasing of amount of electric energy consumption. Increasing of energy efficiency and adoption of energy-efficient technologies are development priorities of economics.

In the event of significant political instability, which can negatively affect the operations and earnings, the Issuer takes measures of crisis management, reduces as much as possible the expenses, and investment plans.

Additionally, there are risks associated with military conflicts, introduction of a state of emergency, natural disasters that may have consequences as follows:

- Deterioration of the whole national economy status and, consequently, of the Issuer's financial status;
- Detriment to the Issuer's properties that may negatively affect one's ability to timely and fully fulfil one's liabilities to consumers and counterparties.

The Company operates in the Krasnodar Territory and the Republic of Adygea. The regions where the Issuer carries out one's activity are politically stable with the risk of a military conflict or a state of emergency occurrence there due to internal causes being the minimum. At the same time, because of the proximity of the republics of the North Caucasus region, there is a considerable risk of terrorist acts; for its minimization, the Issuer actively cooperates with state bodies in charge and takes coordinated measures to ensure security of production.

The Issuer has elaborated and is carrying out target arrangements for protection of the Issuers' energy facilities against subversive or terrorist acts.

The Company established a permanent working group on combating terrorism in the power distribution facilities in the region. To compensate for damage of the effect of emergency circumstances associated, inter alia, with natural disasters, the Issuer concludes property insurance contracts.

Sharp regional scale changes (environmental, political, demographic, social) are unlikely, but their emergence will doubtlessly affect the Company's activity.

Taking into account the region transport infrastructure development level, the risks of interruption of transport communication due to difficulty of access or remoteness of location are minimal.

In the Issuer's opinion, the situation in the region will have a favourable effect on the Issuer's activity; there existing no reasons to expect that a change of the situation in the region will entail the Issuer's failure to fulfil one's liabilities.

### **2.4.3. Financial risks**

- Risk of interest rates change:

The Issuer attracts short- and long-term borrowings from the Russian financial market. A substantial increase of interest rates on credits and loans may entail appreciation of the Issuer's debt servicing. For optimization of the debt portfolio structure and reduction of its servicing costs, the Issuer strains after use of credits and loans with the fixed interest rate which results in significant reduction of the above risk. Issuer's supposed actions in the event of negative effect of interest rates change on one's activity: Attraction of longer-term credits to avoid negative effect of interest rates short-term fluctuations and diversify funding sources.

- Risk of changes of foreign currencies exchange rates:

Carrying out one's core business activity within the territory of the Russian Federation, the Issuer has neither investments into foreign companies value of net assets whereof is exposed to the risk of currency exchange rates fluctuations nor revenues or expenses expressed in terms of foreign currency. Risks connected with exchange rate fluctuations, are not factors of direct impact on the financial and economic activities of the Issuer, but may lead to augmentation of prices for energy equipment. Currently, this risk is assessed as medium. In order to reduce the risk, the Company is implementing a program of import substitution. In case of a further

weakening of the national currency the issuer plans to analyse the risks and make appropriate decisions in each particular situation

### **Risk of reducing the customer's prices**

Changes in the consumer price index to some extent affect the Issuer's rate of return and one's financial and business activity results, but their effect is not a direct dependence factor. Indirect dependence of the Issuer's rate of return on changes of the consumer price index is mainly conditioned by the fact that tariffs for services for transmission of electric energy cross electric power grids are established by state tariff bodies on the basis of justified expenses on their provision and fully or partially compensate for growth of the Issuer's expenses associated with inflation. However, during high inflation periods, risks of reduction of the tariff compensatory component amount and of solvency of the Issuer's major consumers grow up.

Taking into account the abovementioned information, there are no guarantees that possible increase of consumer prices will not lead to a drop of the Issuer's rate of return in future.

### **Inflation risks**

The current inflation level may have effect on the Issuer's financial status. For minimization of financial risks associated with inflation processes and affecting the financial results of activity, the Issuer is implementing an integrated program for analysis of financial risks, planning and appraisal of actual profitability of activity; one identifies return rate indices that are indicative of the Issuer's level of cost-efficiency, normative values of financial coefficients characterizing the Issuer's solvency and liquidity, which enable one to promptly detect drawbacks in the Issuer's work and take measures for their elimination.

As well as in accordance with RF Government Regulation No. 1178 dd. 29.12.2011 "On price formation in sphere of regulated prices (tariffs) in power industry" when regulating electricity tariffs inflation level should be taken into consideration (consumer price index), that was defined in the prognosis of social and economic development of the Russian Federation. Thus, the Issuer considers these risks as moderate.

The Issuer's financial reporting indices are most badly subject to changes resulting from the effect of the abovementioned financial risks including risks, the possibility of occurrence and character of changes in the report: The index of accounts receivable accruing due to counterparties' incapability to pay for the Issuer's services is most badly subject to change in the Issuer's reporting resulting from the abovementioned risks occurrence This risk occurrence probability is not high and is related to situation in the country in general, inflation and changes of currency exchange rates and their effect on the Russian economy as a whole. Deterioration of the economic situation in Russia may affect growth of costs of electric energy transmission across the Issuer's electric power grids, which will lead to profit reduction if the established tariffs remain in effect. In order to reduce this risk, the issuer carries out the work on receivables management aimed at optimization of its amount and repayment of debts.

#### **2.4.4. Legal risks**

The Issuer carries out one's activity only in the domestic market; consequently, the legal risks are considered only from the corresponding point of view.

Risks associated with tax and environmental legislation and customs and currency regulation.

Since no special taxation mode is applicable to the Issuer's activity and the Issuer has no overdue tax and levy indebtedness to budgets of all levels, the Issuer's tax risks are considered as the minimum within the framework of a conscientious taxpayer's activity.

In the shorter term, the Issuer does foresee emergence of any significant risks in one's financial and business activity associated with changes in tax and civil legislation.

Changes of currency and customs legislation of the Russian Federation are of no relevance for

the Issuer's activity and, consequently, do not entail emergence of legal risks.

In case of changes and/or launch of requirements for licensing the Issuer's core activity the Issuer will take all necessary measures for obtaining the licenses and permissions required.

The Issuer has licenses for carrying out other activity data whereon is given in Clause 3.2.5 of this report.

The Issuer carries out regular work for prolongation of the licenses necessary for conduction of its business activity.

The Issuer's exposure to the above risk may be considered insignificant. Risks connected with absence of possibility to extend the license of the Issuer are minimal and cannot influence on Issuer's fulfillment of obligations on placed securities.

#### **2.4.5. Reputational risks.**

The risk that the issuer of incurs losses due to such factors as a reduction in the number of customers (counterparties) because of the formation of negative image of financial stability, the financial position of the issuer, the quality of the work, is considered as minimal. The Issuer is a natural monopoly, there is an annual increase in the number of electricity consumers. In addition, the Issuer developed good practice for long-term cooperation with its partners.

#### **2.4.6. Strategy risks**

The Issuer, being a part of the single distribution grid complex of Russia, seeks to achieve the objectives defines at the national level. On 3 April 2013 the Russian Government approved the development strategy for the electric grid complex of the Russian Federation. Due to the fact that the Issuer is a subsidiary of Rosseti, the largest Russian backbone grid company, the Issuer is a participant in implementation of policies and programmes on activities (business processes) of Rosseti PJSC. The decision to start the implementation of a specific strategy (programme) in the activities of the Issuer's shall be accepted by the Board of Directors.

The probability of the risk of the Issuer losses arising from errors (defects) made in management decisions, defining the strategy and activities of the Issuer, is assessed as low.

Measures to prevent the occurrence of this risk are:

- continuous monitoring by the structural units of the Issuer's the ratio of the cost of implementing a specific strategy to the received profit and submission to the Board of Directors of the Issuer of the information for decision-making (including, by definition, the quantity and quality of resources);
- elaboration of proposals and scenarios to improve the implementation of specific policies and programmes;
- development and implementation of key performance indicators to achieve policies, linking them with bonuses of managers of the Issuer;
- analysis of the effectiveness.

#### **2.4.7. Risks connected with Issuer's activity**

Risks connected with current legal trials where the Issuer participates.

The Issuer participates in legal trials the results of which can influence at financial and operational activities of the Issuer. Enforcement proceeding is implemented in regard to accounts and loan receivables of the Issuer.

The Issuer carries out monitoring of judicial practice that allows to use this information for reaching positive judicial decision for the Issuer. Currently there are no changes in judicial practice that can negatively affect at results of current trials and thus on the results of business activity of the Company.

Risks connected with potential liability of the Issuer on debts of third parties including affiliates

of the Issuer. The Issuer has affiliate joint stock companies with owning of 100% shares in the authorized capital. As the parent Company for subsidiaries and affiliates, the Issuer can be responsible for their debts. These liabilities can negatively effect on results of financial and operational activities of the Issuer. The possibility of specified risks is evaluated as medium. Risks connected with possibility of loss of customers that constitute at least 10% of total revenue from sales of products (work, services) of the Issuer.

The Company cooperates with main customers and is monopolist in sphere of services rendering on electric energy transmission in the regions of the Issuer's activity. The possibility of loss of main customers is minimal. Risks in manufacturing activity of the Issuer:

- 1) systematic interruption of power supply of customers in the result of accidents and disturbances at grid sections and substation equipment;
- 2) violation of requirements of GOST 13109-97 on providing the quality of electric energy;
- 3) disturbance of regime of electric energy transmission and reducing of quality of rendered services;
- 4) non-implementation of maintenance (including diagnosis) and repair in time;
- 5) low quality of repair works implementation;
- 6) methodological mistakes while planning repair programme;
- 7) incorrect ranking of reparable facilities;
- 8) occurring of emergency situations in related networks, that can breakdown the equipment of the Issuer;
- 9) excessive losses of electric energy.

To reduce these risks the Issuer pays much attention to development of electric grid complex with using of science based engineering decisions and technologies, tested in operation, modern electric equipment.

Increasing of tariffs on rendered services by the Issuer, due to increasing of "external" expenses influence on risks: purchased electric energy on losses compensation, changing of amount of payment of services for electric energy transmission of "FGC UES" PJSC and other factors.

#### **Investment risk**

Implementation of investment programme of the Issuer demands fund raising both owned and loaned, on conditions satisfying the requirements of RAB-regulating.

One of the investment risks is risk of reduction of sources of financing of Company's investment programme. Currently this risk is rated as minimal and is determined by influence of the following factors: decline in the ruble, upturn in inflation, and rise in cost of debt capital.

To decrease the investment risk the investment programmes of the Issuer are planned taking into account following key criterions of efficiency:

- increasing of reliability and availability of network infrastructure;
- decreasing of amortization and modernization of facilities of power supply network system;
- reaching of high load of commissioned capacity;
- optimization of engineering solutions out of necessity of excluding the usage of imported equipment and materials, cost of which has high dependence from rate of exchange.

To minimize risk of untimely and incorrect implementation of investment programme, the Issuer approved several local document aimed to fulfillment of control of terms and quality of investment projects.

### **III. Detailed information on the Issuer**

#### **3.1. History of foundation and development of the Issuer**

##### **3.1.1. Information on the Issuer's business name (registered name)**

Issuer's full business name: **Public Joint-Stock Company of Power Industry and**

**Electrification of Kuban, Публичное акционерное общество энергетики и электрификации Кубани**

Date of introducing the current company name: **22.06.2015**

Short company name: **Kubanenergo PJSC, ПАО "Кубаньэнерго"**

Date of introducing the current company short name: **22.06.2015**

**Company's name (name of non-profit partnership) registered as trade mark or service mark**

Information on registered trademarks:

**On 30.01.2013 and 19.07.2013 (certificates No.479755 and No.4922215) the Federal Intellectual Property Service registered trademarks (service marks) in favour of the Company in Russian language – КУБАНЬЭНЕРГО. Duration of the registration of a mark ends on 27.12.2021.**

**Full company name: Акционерное общество открытого типа энергетики и электрификации Кубани, Kuban Open Joint-Stock Company of Power Industry and Electrification**

Short company name: **"Kubanenergo" JSC**

Date of introducing the name: **10.02.1993**

Ground of introducing the name: **State registration of the issuer's Charter (certificate of stage registration No.127 dated 10.02.1993)**

**Full company name: Открытое акционерное общество энергетики и электрификации Кубани, Open Joint-Stock Company of Power Industry and Electrification of Kuban**

Short company name: **"Kubanenergo" JSC**

Date of introducing the current company name: **29.05.1996**

Ground of introducing the name: **State registration of adjustment to the issuer's Charter , No.2858 dated 29.05.1996. The charter was approved at the AGM on 26.04.1996, minutes of meeting No.4**

**Full company name: Открытое акционерное общество энергетики и электрификации Кубани, Kuban Open Joint-Stock Company of Power Industry and Electrification**

Short company name: **"Kubanenergo" JSC**

Date of introducing the name: **30.06.1998**

Ground of introducing the name: **State registration of adjustment to the issuer's Charter , No.7316 dated 30.06.1998. The charter was approved at the AGM on 26.04.1996, minutes of meeting No.4**

**3.1.2. Data on the Issuer's State Registration**

Data on primary state registration

State registration number: **127**

State registration date: **10.02.1993**

Name of the body having carried out primary state registration: **Administration of the Oktyabrsky District of Krasnodar**

Data on legal entity registration;

Primary legal entity state registration number: **1022301427268**

Registration date: **17.09.2002**

Name of registering body: **Inspectorate No. 3 for Krasnodar of the Ministry of Taxation of the Russian Federation**

### **3.1.3 Information on establishment and development of the Issuer**

The Issuer has been founded for an indefinite period.

Brief description of the Issuer's foundation and development history: Issuer's establishment objective, mission (if any) and other information on the Issuer's activity required for taking decisions on acquisition of the Issuer's securities:

History of Kuban electrification began in the late 19th century with the commissioning of power plants intended for provision electric lighting of settlements, energy supply of Novorossiysk elevator and Ekaterinodar tramway. Until 1917 there were 353 plants with total capacity of 13.7 MW (the largest in Ekaterinodar, Novorossiysk, Armavir, Yeisk, Maikop, Sochi, Anapa, Labinsk, villages Starominskaya, Krymskaya and Tuapse harbour). With the establishment of Soviet power in the Kuban region in April 1921 the Kuban-Black Sea Economic Council established "Elektrootdel" which main tasks were management of facilities at existing power plants, as well as construction of new ones.

In 1922 association "Vodeltram" was founded in the capital of Kuban region, consisting of municipal and utility services for water supply, transport (tram) and electricity. The length of the transmission lines was 45 km, electric networks were designed for a voltage of 2 kV.

With the approval of electrification plan began the rapid construction of power plants, but interrupted by the Great Patriotic War. By 1940, the total electric capacity of power stations reached 100 MW, and electricity generation in 1940 totaled 394 million kWh

In 1942 - 1943 Kuban's territory was under occupation, the power base was almost destroyed.

In order to restore the ruined power network of the Kuban and for its further development, by the Order of the People's Commissar of the USSR from March 14, 1944 No.66 the Krasnodar district energy management "Krasnodarenergo" (REU) was organized. The principal activities of RG were the production, distribution and sale of electricity and thermal energy, recovery and development of energy systems, power control and supervision over the operation of power equipment on plants. The jurisdiction of the RG on the Rights of the independent self-supporting enterprises were power plants, substations, network areas, repair-mechanical plant, the central warehouse, planning and surveying offices, industrial and research laboratory.

By 1959 the installed capacity of Kuban power system was 337 MW (excluding diesel and isolated generating plants).

In the late 50s - early 60s we installed transmission networks of 110 kV and 220 necessary for connecting the power system of southern Russia and the Caucasus, railroad network was electrified, electricity distribution facilities were built, electrification of rural areas reached 86% . In 1963, in accordance with the order of USSR Council of Ministers dated 14.05.63, city and rural electric grids were transferred to regional electricity board.

The rapid growth of electricity consumption by the national economy of Kuban in 1970-1980 led to the construction of a large number of transmission lines and substations, switching to a higher voltage classes - 330 and 500 kV. The total length of transmission lines reached 90 thousand km and amount of substations of 35-500 kV exceeded 700.

On November 1, 1988, in accordance with the order of USSR Council of Ministers dated 02.07.87 # 812, Krasnodar district network "Krasnodarenergo" was discontinued, and on the basis of its subordinate enterprises and organizations Krasnodar Production Association of

Power industry and Electrification "Krasnodarenergo" was established.

In 1993, in accordance with Russian legislation on privatization of state and municipal enterprises Krasnodar Production Association of Power industry and Electrification "Krasnodarenergo" was reorganized into "Kubanenergo" JSC with the following branches Krasnodar TPP, "Energoadzor" repair and construction company, training center, recreation centre, summer camp. In accordance with Presidential Decree of 15.08.1992 # 923 "On control of the power industry of the Russian Federation in the context of privatization" 49% of the Company's shares were transferred as the payment of the authorized capital of RAO "UES of Russia" in 1993, while the remaining 51% stake of "Kubanenergo" were acquired via private subscription by employees of the Company and other persons/entities entitled to benefits under the State program of privatization.

In 2003-2006 "Kubanenergo" JSC, as well as power industry in general, has undergone large-scale reforms.

The main objective of the Russian electric power industry reformation is the increase of efficiency of the enterprises of the branch, creation of conditions for the latter development on the basis of investment process motivation and provision for reliable and uninterrupted supply of energy to consumers.

During the reformation "Kubanenergo" JSC got rid of service and non-core types of activity as well as dispatching functions by way of entrusting them to dedicated special entities:

- Operative dispatching management functions were transferred to Open Joint-Stock Company "System Operator of the Unified Energy System";
- Open Joint-Stock Company "Krasnodarenergoremont", "Krasnodarenergosetremont", "Recreation Centre "Energetik" and Recreation Centre "Plamya" were founded;
- Non-State Non-profit Educational Institution "Kubanenergo" Training Centre" was founded where workers of the Company and other power industry enterprises advance their qualifications and master new trades.

In 2006, as the result of reorganization of "Kubanenergo" JSC, the following open-end joint-stock companies appeared:

"Kuban Generating Company", with the generating capacities of the Company (Krasnodar CHP and minor-scale hydroelectric power plants) included in one's authorized capital;

"Kuban Trunk Grids", authorized capital whereof was composed of electric power grid facilities related to the Unified National Electric Power Grid (with voltage = 220 kV and higher);

"Kuban Energy Selling Company" discharging the functions of a guaranteeing electric energy supplier, additionally in charge of electric energy purchase in the wholesale market and supply to end consumers.

At present "Kubanenergo" PJSC is the biggest electric power grid company in the Krasnodar region and Republic of Adygea that transmits and distributes electric energy to consumers via 110 kV electric power grids with voltage or less between populated regions, rural settlements and cities and district centres of the Krasnodar region and Republic of Adygea including Sochi.

"Kubanenergo" JSC carries out its main activity under conditions of natural monopoly regulated by the state in the part of setting tariffs for electric energy transmission and provision for consumers a non-discriminatory access to electric power grids.

Since July 1, 2008 "Kubanenergo" has been a dependent company of "IDGC Holding" JSC (now "Russian Grids" JSC) having received a pack of the Company's voting shares through legal

succession under a dividing balance sheet as a result of reorganization of “RAO UES of Russia” in the form of separation.

The Company mission is reliable, efficient and safe transmission of electric energy to consumers and provision of shareholder with stable income.

Strategic objectives of the Company:

1. provision of quality, reliable and uninterrupted energy supply to consumers;
2. reduction of energy facilities wear;
3. bringing operational efficiency indices to the level of efficiency of distribution grid companies in advanced countries by 2020;
4. creation of a reserve of electric power grids carrying capacity to a volume outstripping the development of economy by 3 years;
5. adoption of innovative technologies corresponding to the world’s best standards in the field of electric energy distribution at all stages of the technological process;
6. provision of high rate of return on investments in the distribution grid sector at the level of cost-efficiency of companies operating under comparable market activity conditions in the Russian Federation.
7. Implementation of federal target programme “The social and economic development of the Republic of Crimea and the federal city of Sevastopol until 2020”, approved by RF Government on 11.08.2014 No. 790.

To achieve the stated objectives the Company:

- implements large-scale investment programs coordinated by the Ministry of Energy of the Russian Federation and considering prospects of development of the economies of the Krasnodar Territory and the Republic of Adygea;
- implements the Company’s Financial Recovery Programme;
- is determined to increase the portion of energy facilities repairs using own resources to reduce the cost of repair and ensure the proper level of quality control of repairs;
- seeks to carry out large-scale renovation of fixed assets;
- maintains a high level of professional competence of the Company’s workers through continuous personnel training (including in the sphere of quality, ecology, occupational safety and health);
- constructs the line and substation facilities in the process of grid connection if need.

#### **3.1.4. Contact information**

Location of the issuer:

**Krasnodar, Russian Federation**

Address of the issuer specified in the Unified State Register of Legal Entities:

**2A Stavropolskaya str., Krasnodar, Krasnodar region, Russia 350033**

Telephone: (861) 268-5913

Fax: (861) 268-2493

E-mail: telet@kuben.elektra.ru

Internet page (s) where information is available on the Issuer and on securities issued and/or being issued by the latter:

[www.kubanenergo.ru](http://www.kubanenergo.ru), <http://www.e-disclosure.ru/portal/company.aspx?id=2827>,  
<http://www.e-disclosure.ru/portal/company.aspx?id=2827>

Name of the Issuer's special subdivision for work with the Issuer's shareholders and investors:  
Department for Corporate Governance and Interaction with Shareholders

Subdivision location: 2A Stavropolskaya str., Krasnodar, Russia 350033

Telephone: (861) 212-24-09

Fax: (861) 212-27-08

E-mail: [podsvirovaiv@kuben.elektra.ru](mailto:podsvirovaiv@kuben.elektra.ru)

Internet page: [kubanenergo.ru/aktsioneram-i-investoram/](http://kubanenergo.ru/aktsioneram-i-investoram/)

### 3.1.5. Taxpayer Identification Number

**2309001660**

### 3.1.6. Branches and representative offices of the Issuer

No changes

## 3.2. Issuer's core business activity

### 3.2.1. Issuer's branch identity

Principal activity of the company

OKVED
40.10.2

OKVED codes [the Russian National Classifier of Economic Activity Types]
40.10.3
40.10.5
74.20.11
63.40
45.21
63.12.21
74.30.9

### 3.2.2. Issuer's core business activity

The Issuer's business activities (type of activities, type of goods (works, services) which made up not less than 10 percent of the Issuer's revenue (income).

Unit of measurement: thousand rubles

Type of activity: **Services on transmission of electric energy**

Indicator	6 months of 2015	6 months of 2016
Revenue from this business activity, thousand rub	15 120 721	17 910 935

Portion of revenue from this type of business activity in the total amount of revenue of the Issuer, %	98.4	94
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Information on changes of revenue (proceeds) from core business activity by 10 percent and more compared with the corresponding previous reporting period and causes of such changes:

No changes .

**Additional information disclosed in accordance with the Statement on informational policy of the Company:**

### **Electric energy transmission**

**The main indexes of electric energy transmission of Kubanenergo PJSC (thousand kW\*h):**

<b>Indicators</b>	<b>1<sup>st</sup> half of 2015</b>	<b>1<sup>st</sup> half of 2016</b>
Receipt of electric energy into the Company's grid for its transmission under service contracts	10 781 962,75	10 835 739,94
Electric supply	9 355 911,73	9 391 674,16
Productive supply of electric energy by the "boiler" method	8 505 907,83	8 562 988,21
per voltage levels		
- high voltage (110 kV and more)	1 876 593,76	1 841 209,88
- medium voltage 1 (35 kV)	549 092,13	529 017,24
- medium voltage 2 (1-20 kV)	2 580 735,33	2 553 351,01
- low voltage (0.4 kV and less)	3 499 486,63	3 639 410,08
Actual losses of electric energy	1 426 051,02	1 444 065,78
Saving (+) / loss (-) of electric energy from the allowed losses	-68 791,37	-18 531,89

### **Quarterly forecast for production results and comments**

The main purpose of Kubanenergo in 2016 is to pass trouble-free the winter and summer peak loads, the timely implementation of the activities of supervisory authorities to obtain a certificate of preparedness, the performance of investment and maintenance programmes that will create an opportunity for further connection of consumers to the networks of Kubanenergo PJSC and minimization of excessive losses.

To fulfill the targets of financial and economic activity of electricity transmission it is necessary: to implement the planned structure of productive supply by voltage levels; to eliminate the growth of costs on housekeeping overheads and uncontrolled expenses of the Issuer.

A significant risk in 2016 for electricity transmission is:

- imprecise planning of balances of electric energy and capacities by the regional market participants and Regional Energy Commission of the Krasnodar region
- approval of the mid-year of the electricity transmission tariffs for the newly formed network of related organizations, the emergence of uncompensated costs on them
- in case of transition to payments for network maintenance there increases economic responsibility of sales companies for non-compliance of the actual structure of productive supply to consumers from the planned, by voltage levels
- low payment discipline of energy selling companies, failure to comply with their contractual obligations.

### Technological connection of consumers to the Company's electric power grids

The company concluded 13 536 contracts for technological connection to the electric power grids with total capacity 290 MW in the first half of 2016. Cash collected amounts to 137 million rubles (VAT excluded), proceeds equal to 1 094 million rubles (VAT excluded). The volume of cash was received mostly from consumers having submitted applications for capacity in excess of 150 kW.

In fact, in the first half of 2016, 13 333 consumers with total capacity 240 MW were connected (generation considered).

The company concluded 5 992 contracts for technological connection to the electric power grids with total capacity of 119 MW in 1<sup>st</sup> quarter of 2016. Cash collected amounts to 36 million rubles (VAT excluded), proceeds equal to 1 026 million rubles. The volume of cash was received mostly from consumers having submitted applications for capacity in excess of 150 kW.

In fact, 6 724 consumers for total capacity of 124 MW were connected (generation considered) in the 1<sup>st</sup> quarter of 2015.

### Core production capacities of the Company (as of 01.01.2016):

Length of 110, 220 kV high voltage lines	110 kV overhead lines – 4 962.77 km (route) 110 kV overhead lines – 6 333.25 km (circuits) 220 kV overhead lines – 76.1 km 110 kV cable lines – 78.75 km
Length of medium voltage lines (6 - 35 kV)	Power lines 6-35 kV – 41152.67 km (route) Power lines 6-35 kV – 41983.55 km (route), including: Overhead-35 kV – 6932.52 km (route) Overhead -35 kV – 7763.4 km (circuit) Overhead - 6-10 kV – 32556.28 km Cable lines-35 kV – 0.46 km Cable lines- 6-10 kV – 1663.41 km
Length of 0.4 kV low voltage lines	04 kV – 41948.98 km, including: overhead lines – 41475.55 km cable lines – 473.43 km
Number/capacity of substations with high (110 kV) basic voltage	219 substations/7012.0 MVA
Number/capacity of substations with high (35/6-10 kV) basic voltage	496 substations/2420.7 MVA
Number/capacity of transformer substations (6-35/0.4 kV)	22508 substations/4556.52 MVA

### Additional information of Company's business activity

#### Economic indicators:

	Indicator	6 months of 2015	6 months of 2016
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1	Revenue from selling products (services), total,	15 358 969	19 045 487
2	Production (services) costs, total	14 746 769	17 399 052
3	Gross profit, total	612 200	1 687 020
4	Net profit, total	214 931	223 651

Changes in financial and economic activity of Kubanenergo in 6 months of 2016 compared with 6 months of 2015, are characterized by the following changes:

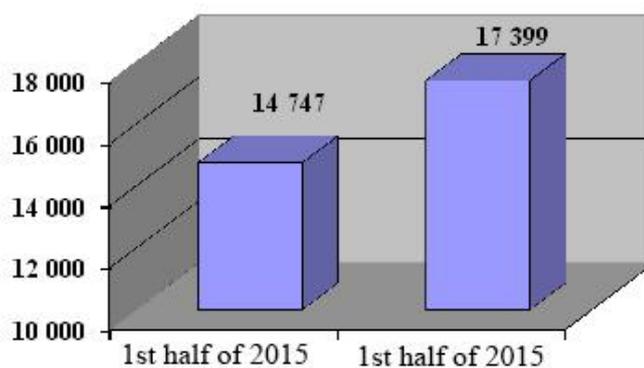
- increase in revenue from sales of products (services) in the reporting period by 3 687 million rubles or 24.0%, due to the increase in revenue from electricity transmission services by 18.5%;
- increase in revenues for services on technological connection by 894 million rubles or 447.3%%;
- increase in cost of sales by 2 652 million rubles or 18.0%;
- increase in net profit for the reporting period by 9 million rubles or 4.1%.

The accounting policy of the Company allows the structuring of revenue and cost of goods sold (services) business areas with access to the overall financial performance of the company.

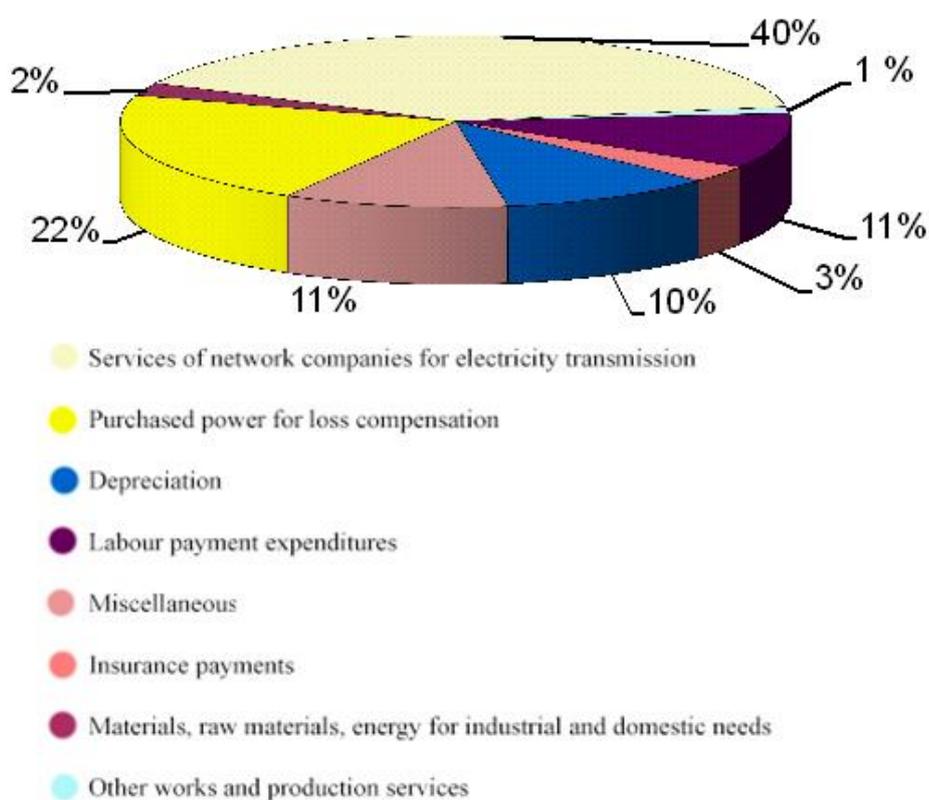
Expenditures structure, thousand rubles:

	<b>Expenditures</b>	<b>6 months of 2015</b>	<b>6 months of 2016</b>
1.	Material expenditures	3 365 105	4 174 852
	including		
1.1.	Purchased power for loss compensation	2 981 813	3 746 632
1.2.	Purchased energy for industrial and domestic needs	54 656	58 082
1.3.	Materials and supplies	328 636	370 138
2.	Work and production services	6 788 035	7 165 478
2.1.	Services of network companies for electricity transmission	6 586 290	6 953 445
2.2.	Other works and production services	201 745	212 033
3.	Labour payment expenditures	1 609 798	1 823 176
4.	Insurance payments	485 757	549 732
5.	Depreciation	1 545 282	1 804 042
6.	Misc.	952 792	1 881 772
	including		
6.1.	Payment of third party services	453 895	355 900
6.2.	Management services		
6.3.	Insurance expenses	44 404	44 346
6.4.	Taxes and levies	229 375	289 337
6.5.	Provision for estimated liabilities	133 888	1 023 337
6.6.	Provision for unutilized vacation	29 481	49 692
7.	Production and sales expenses	14 746 769	17 399 052

Cost of goods manufactured, million rubles



Expenses of Kubanenergo PJSC in the 1st half of 2016



Performance indicators

Indicator	6 months of 2015	6 months of 2016
ROE, %	0,72	0,71
ROA, %	0,35	0,35
ROTA, %	0,47	1,18

Debt to equity ratio

Indicator	6 months of 2015	6 months of 2016
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Debt to equity ratio, %	1,75	1,83
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The debt to equity ratio shows the share of borrowed funds in the capital structure of the company. By the results of 6 months of 2016 this index improved by 0.08 points and reached 1.83. There is a positive trend.

The dynamics of growth (falling) incomes, thousand rubles:

#	Indicator	6 months of 2015	6 months of 2016
1	Net proceeds from selling production, service, total, including	15 358 969	19 045 487
1.1.	from transmission and transit of electric energy through networks	15 120 721	17 910 935
1.2.	from grid connection services	199 810	1 093 549
1.3.	other products (services) of core activity	38 438	41 003

By the results of 6 months of 2016 revenues from sales of products, works and services amounted 19 045 million rubles, which is 3 687 million rubles or 24.0% higher than in the 2<sup>nd</sup> quarter of 2016. The main influence on the increase in this index had an increase in revenues for the electricity transmission services by 2 790 million rubles or 18.5% and increase in revenue from grid connection services by 894 million rubles or by 447.3%.

Expenditures:

#	Expenses for production and selling of products	mln rubles	Growth rate, %
			6 months of 2015/ 6 months of 2016
1	6 months of 2015	14 747	118.0
2	6 months of 2015	17 399	

Growth of the cost for production and sales in the 2<sup>nd</sup> quarter of 2016, compared with the same period of 2015, by 652 million rubles was due to increase in expenses for: purchased energy for losses, network services for electricity transmission companies, depreciation, taxes and levies. The cost of purchased energy to compensate losses grew by 765 million rubles due to the increase in the average prices for purchase of electricity losses.

The costs of network service companies for the transfer of power grew by 367 million rubles. It is due to increase in the actual balance of power flow with respect to the same period of the last year and an increase in the volume of electricity transmitted over networks of allied network organizations, as well as an increase in their number.

Increase in depreciation expenses by 259 million rubles is due to the commissioning of fixed assets of the electric grid complex in the framework of the approved investment programme of the Company.

Increase in costs on taxes and fees by 60 million rubles occurred because increasing of the size of the property tax as a result of the implementation of the approved investment programme of the Company.

Provision for estimated liabilities, that formed on disputed claims of electric energy suppliers for electricity transmission in accordance with PBU 8/2010, approved by Order of the Russian Finance Ministry No.167n on 13.10.2010, was charged in the 1<sup>st</sup> half of 2016 in the amount of 1

023 million rubles, including the differences in capacities with FGC UES PJSC in the amount of 429 million rubles.

The dynamics of other indicators is insignificant.

The structure of revenue and profit by type of activities, thousand rubles

#	Indicator	6 months of 2015	6 months of 2016
1	Net proceeds from selling production, service, total, including	15 358 969	19 045 487
1.1	Production (services) of core activity, total, including:	15 358 969	19 045 487
1.1.1.	сетевых услуг	15 320 531	19 004 484
1.1.1.1	from transmission and transit of electric energy through networks	15 120 721	17 910 935
1.1.1.2	from grid connection services	199 810	1 093 549
1.1.2.	electric energy to internal consumers	0	0
1.1.3.	heat energy	0	0
1.1.4.	other production (services) of core activity	38 438	41 003
1.2	Production (services) of non-core activity	0	0

By the results of 6 months of 2016 revenues from sales of products, works and services reached 19 045 million rubles, which is 24.0% higher than the corresponding figure of 6 months of 2015. The main influence on the increase of this indicator has had an increase in revenues for network services by 3 684 million rubles or 24.0%, including an increase in revenue from electricity transmission services by 2 790 million rubles or 18.5%, as well as increased revenue from technological connection by 894 million rubles or 443.7%.

Quarterly forecasting of financial results and comments:

The activities of the Company are planned on the basis of the following indicators:

- consolidated forecast balance of production and supply of electric energy within the Unified Energy System of Russia by subjects of the Russian Federation;
- forecast of growth in tariff on electricity transmission services;
- forecast of growth in consumer prices;
- forecast of growth in purchase of electricity to cover energy losses;
- amount of electricity losses, taking into account the depreciation of equipment, modes of loads on networks, business losses, etc.

Trends and changes in the structure of payables of the Company, thousand rubles:

Accounts payable	31.12.2015	30.06.2016	Dynamics, 2 <sup>nd</sup> quarter of 2016
Long-term liabilities, including	468 760	634 063	165 303

Other liabilities	468 760	634 063	165 303
Short-term liabilities, including	11 799 752	11 994 333	194 581
suppliers and contractors	4 343 657	5 428 964	1 085 307
salaries payable	181 165	200 089	18 924
payables to public non-budgetary funds	86 764	99 961	13 197
taxes payable	1 502 989	620 502	-882 487
advances received	3 860 085	2 549 045	-1 311 040
other accounts payable	-	1 144 797	1 144 797
Accounts payable, total	1 825 092	1 950 975	125 883

#### Accounts receivable, thousand rubles.

Indicator	31.12.2015	31.06.2016	Dynamics, 2 <sup>nd</sup> quarter of 2016
Trade debtors	4 601 989	6 309 745	1 707 756
including overdue	1 103 898	2 417 638	1 313 740
Notes payable	0	0	0
including overdue	0	0	0
Accounts receivable from founders (participants) on share capital payment	0	0	0
including overdue	0	0	0
Other accounts receivable	298 783	577 259	278 476
including overdue	197 510	202 184	4 674
Total amount of accounts receivable	4 900 772	6 887 004	1 986 232
Including total amount of overdue accounts receivable	1 301 408	2 619 822	1 318 414

The next table includes management expenses

#### General structure of the Issuer's prime cost

	6 months of 2015	6 months of 2016
Raw materials, %	2.2	2.1
Purchased component parts and semi-finished goods, %	0	0
Works and production-related services, performed by third parties, %	46	41.2
Fuel, %	0	0
Power, %	20.6	21.9
Salaries and wages, %	10.9	10.5

Interest on credit, %	0	0
Rent, %	0.1	0.5
Allocations for social needs, %	3.3	3.2
Depreciation of fixed assets, %	10.4	10.4
Taxes included in cost of sales, %	1.6	1.7
Other expenses (clarify)	4.9	8.5
Depreciation of intangible assets, %	0	0
Remunerations for rationalization proposals, %	0	0
Mandatory insurance payments, %	0	0
Expenses for representation, %	0	0
other, %	4.9	8.5
Total: Costs of production and sales of products (works, services) (prime cost), %	3.1	2
For reference: Proceeds from sales of products (works, services), %	0.9	5.9

New types of products (works, services) offered by the Issuer in one's core activity market that may be of substantial importance judging by the openly available information on such types of products (works, services). Specify the development condition of such types of products (works, services).

**There are no new types of products (works, services) that may be of substantial importance.**

Standards (rules) in accordance with which the Issuer prepared the accounting statements and carried out calculations presented in this paragraph of the quarterly report:

Russian standards of accounting reports.

### **3.2.3. Materials, goods (raw materials) and suppliers of issuer**

6 months of 2016

Name: **Limited Liability Company "Kamsky Cable"**

Location: 105 Gaivinskaya sterret, Perm, 614030

TIN: **5904184047**

PSRN: **1085904004779**

Purchase share, %: 25

Name: Limited Liability company "Ultraform Project"

Location: 8/1 Presnenskaya street, Moscow 123317

TIN: **7713312020**

PSRN: **1027739448660**

Purchase share, %: 17

Name: **Limited Liability company “KTS”**

Location: 183 Oktyabrskaya street, Krasnodar, 350000

TIN: **2310138475**

PSRN: **1092310001695**

Purchase share, %: 12

Name: **Limited Liability company “Energozhelezobetoninvest”**

Location: 20/2 Komintern str., Moscow 129327

TIN: **7716618190**

PSRN: **5087746319326**

Purchase share, %: 11

Information on changes in basic material and goods (raw material) prices for more than 10% within the corresponding reporting period compared to the corresponding reporting period of the previous year

- **self-supporting insulated conductor by 15.7%**
- **uninsulated wires AS 150/24 by 12%**

Portion of import in the material and goods supply, the forecast with respect to accessibility of import in the future and possible alternative sources of import

**Import supplies are not used.**

### **3.2.4. Target markets of the Issuer's products (works, services)**

Core markets wherein the Issuer carries out its activity:

The Company is the largest electric power grid company in the Krasnodar Territory and Republic of Adygea carrying out transmission and distribution of electric energy across electric power grids with voltage equal or below 110 kV among the populated localities, in rural settlements and individual cities and regional centres of the Krasnodar Territory and Republic of Adygea including Sochi.

The market share on services of energy transmission was 70.26% within 2015 and 70.01% within the 1<sup>st</sup> half of 2016.

“Kubanenergo” PJSC carries out its main activity under conditions of natural monopoly regulated by the state to the extent of establishment of tariffs for electric energy transmission and provision for non-discriminatory consumers’ access to electric power grids. Taking into account the growing demand for electric energy in the region, the Company pays great attention to development, reconstruction and increase of carrying capacity of electric power grid facilities, reckoning on increase of one’s services sales volume in future.

Since 01.07.2007 a “boiler” method of settlements for transmission of electric energy is in force in the region, with the “boiler holder” status reserved to “Kubanenergo” PJSC. This means that all energy selling companies marketing electric energy in the regional market pays to “Kubanenergo” PJSC for services for electric energy transmission across electric power grids of

the whole regional energy system within the framework of contracts for electric energy transmission while “Kubanenergo” PJSC pays for electric energy transmission services to territorial grid companies.

Since September 22, 2011 an individual calculation scheme based on the “boiler below” principle has been used in the Krasnodar region with regard to LLC “Maykop CHP” Grid Company. Within the framework of this scheme, “Kubanenergo” PJSC provides electric energy transmission services to LLC “Maykop CHP” grid company and receives payment as per the individual tariff established by REC-PTD KT.

In the reporting quarter, the core consumers of “Kubanenergo” PJSC energy transmission services were:

- guarantee suppliers (3) (“Kubanenergobyt” JSC, “NESK” JSC, “Oboronenergobyt” JSC),
- energy selling companies (23) (“MAREM+” CJSC, “Disage-M” LLC, “RUSENERGOSBYT” LLC, “REK” LLC, “RUSENERGORESURS” LLC, “Transservicenergo” CJSC, “RN-ENERGO” LLC, “Experstroy” LLC, “MK SBYT”, “KNAUF ENERGIYA” LLC, “Southern energy selling company” LLC, “MagnitEnergo” LLC, “Mosenergobyt” JSC, “KES” LLC, “Yugstroy-Energobyt” LLC, “Energoeffektivnost” LLC, “Pro-Energy LLC, “Kvant” LLC, “NSK” LLC, etc) – participants of wholesale and retail markets that carrying out its activity on selling of electric energy to final consumers, connected to power grids of the Company and power grids of other Companies;
- number of consumers (109) that concluded with Kubanenergo irect contracts for electricity transmission (“Novorostsement” JSC, “Tamaneftgaz” CJSC, “Kubanzheldormash” CJSC, “Euro Khim-Belorechenskie Minudobreniya” LLC, “Poultry farm “Primorskaya” LLC, “Fanagoria” APF, “Agrofirma stud farm “Pobeda” CJSC, “Kubanskiy bacon” LLC, “Sad-Gigant” CJSC, “Verkhnebakan cement factory” CJSC, “Abrau Durso” CJSC, “Pilot” CJSC, “Novorosselexport” JSC, “Stud farm “Leninskiy put” JSC, “Stud farm “Gulkevichskiy” CJSC, “RAMO-M” CJSC, “Novomol” LLC, “Uspenskiy sakharnik” CJSC, “Pioneer” CJSC, “Novorossiysk commercial seaport” JSC, “Formika-Yug” LLC, “Kanevskiy Gas fitting plant” LLC, “IPP” JSC), concluded Agreement for the transmission of electricity;
- grid company - transmission and distribution of electricity on the grid to consumers and related distribution companies (“Maikop CHP” LLC).

Factors that may affect the products (works, services) marketing by the Issuer and possible actions of the Issuer to reduce such effect:

Negative factors that may have a negative effect on “Kubanenergo” PJSC products marketing represent political risks associated with decisions of the Government of the Russian Federation on issues related to development of electric power branch and risks associated with relations with local bodies; economic risks associated with state regulation of prices for the Issuer's products; financial risks associated with the conditions and value of borrowed resources attraction; risks associated with operation of core equipment (electric energy transmission) as well as other risks. Currently, the Issuer does not forecast substantial deterioration of the branch situation. In case of substantial deterioration of the branch situation, the Issuer plans to make risks analysis and to take corresponding decision in each specific case.

### **3.2.5. Information on the Issuer’s licenses**

Name of the body issued the license: **Ministry of Natural Resources of the Russian Federation**

Number of licence or document evidencing the access to particular types of activities: **licence for the use of subsurface resources KRD No. 80383VE**

Type (types) of activity for performance of which the issuer obtained a licence or and access:

**Recovery of fresh subsurface waters for household, potable and process water supply in Krasnodar.**

Date of issue of licence or access to particular types of works of licence or access to particular types of works: **30.11.2015**

Expiry date of licence or access to particular types of works of licence or access to particular types of works of licence or access to particular types of works: **20.07.2034**

Name of the body issued the license: **Ministry of Natural Resources of Krasnodar region**

Number of licence or document evidencing the access to particular types of activities: **licence for the use of subsurface resources KRD No. 80380BЭ**

Type (types) of activity for performance of which the issuer obtained a licence or and access: **Recovery of fresh subsurface waters for household, potable and process water supply in Tverskaya village, Apsheronsiy district**

Date of issue of licence or access to particular types of works of licence or access to particular types of works: **26.10.2015**

C Expiry date of licence or access to particular types of works of licence or access to particular types of works of licence or access to particular types of works: **01.01.2035**

Name of the body issued the license: **North Caucasus Federal service on environmental, technological and nuclear supervision**

Number of licence or document evidencing the access to particular types of activities: **Licence BII-30-003995 series AB 087343**

Type (types) of activity for performance of which the issuer obtained a licence or and access: **operation at explosive/flammable facilities**

Date of issue of licence or access to particular types of works: **11.11.2011**

Expiry date of licence or access to particular types of works: **Perpetual**

Name of the body issued the license: **Self-Regulating Organization NP “Energostroy”**

Number of licence or document evidencing the access to particular types of activities: **0212.02-2010-2309001660-S-060**

**Type (types) of activity for performance of which the issuer obtained a licence or and access:** installation, strengthening and dismantle structural elements and protecting structures of buildings and structures; assembly and disassembly of valves and equipment of water supply systems; assembly and disassembly isolation valves and equipment of heating networks; the device of external electric networks and communication lines; commissioning works; work on the organization of construction, reconstruction and overhaul that affect the security of capital construction.

Date of issue of licence or access to particular types of works **06.08.2015**

Expiry date of licence or access to particular types of works: **Perpetual**

Name of the body issued the license: **Self-Regulating Organization NP “Energoproject”**

Number of licence or document evidencing the access to particular types of activities: **P-0263-01-2010-0274**

Type (types) of activity for performance of which the issuer obtained a licence or and access: access to works on preparation of design of external supply lines up to 35kV and their

constructions that affect the safety of capital facilities

Date of issue of licence or access to particular types of works **17.08.2015**

Expiry date of licence or access to particular types of works :

**Perpetual**

Name of the body issued the license: **The Federal Security Service of the Russian Federation in Krasnodar region**

Number of licence or document evidencing the access to particular types of activities: **GT 0083528, registration number 1504**

Type (types) of activity for performance of which the issuer obtained a licence or and access: **activities that involve usage of information constituting state secret**

Date of issue of licence or access to particular types of works **20.07.2015**

Expiry date of licence or access to particular types of works: **06.08.2018**

The Issuer's management takes all the actions required for timely obtainment, actualization and prolongation of licenses and minimization of the probability of the suspension, change or withdrawal. In this connection, the forecast of licenses prolongation probability is favourable.

At the same time, there is a risk related to changes in the legislation or with decisions of federal or regional bodies on licensing issues that is beyond the Issuer's control. Thus, the Issuer cannot guarantee that no future changes will take place that may have negative effect on one's activity. However, presently the Issuer's activity reveals no prerequisites of legal, economic or political character related to complication of the procedure or reduction of the licenses prolongation possibility.

### **3.2.6. Additional requirements to issuers being joint stock investment funds, insurance or lending institutions, mortgage agents**

Issuer is not joint stock investment fund, insurance or credit company, mortgage agency.

### **3.2.7. Additional requirements to issuers which main activity is the extraction of minerals**

Mining is not the core activities of the issuer

### **3.2.8. Additional requirements to issuers which main activity is the provision of telecommunications services**

Provision of telecommunications services is not the core activities of the issuer

### **3.3. Issuer's future activity plans**

Issuer's plans related to arrangement of new production capacity: Arrangement of new production capacity is not planned.

Issuer's plans related to extension and reduction of production capacity.

Development of the electric power grid sector of the Company is carried out in accordance with the approved scheme of prospective development of electric power grids and requirements of the technical specification for organization of technological connection of consumers to the Company's electric power grids.

It is planned to conclude over 30 thousand contracts for technological connection to the electric power grids with total capacity = 660 MW in 2016, the amount of cash fees (payment for technological connection) is projected to be 1 636.5 million rubles (excluding VAT).

It is expected that in 2020, due to the growth of power consumption in the region and the connecting of new customers, the amount of electricity transmission services rendered by the Company amount to 18 917 084 thousand kWh. (108% compared to 2015).

Issuer's plans related to development of new types of products:

Development of new types of products is not planned.

Issuer's plans related to modernization and reconstruction of fixed assets:

During the few coming years, “Kubanenergo” PJSC has scheduled construction and reconstruction of overhead lines, substations and other energy facilities, primarily – those oriented at provision for uninterrupted electric power supply of the Krasnodar Territory seaside areas (along the Black Sea and Azov Sea coasts), Krasnodar as a social and cultural centre and implementation of project of national standing on Taman peninsula: “Construction of Kerch strait bridge”, “Construction of dry-cargo zone of Taman seaport”.

#### **Plans of issuer’s investment activity:**

Kubanenergo PJSC carried out its investment activity in accordance with the approved by the BoD Investment programme for 2016-2020. The Investment programme was also approved by the Ministry of Energy of the Russian Federation (order No.1033 dated 25.12.2015).

Sources of funding the investment programme 2016:

- depreciation – 2 056.17 million rubles;
- VAT recovery – 167.80 mln. rubles,
- other internal funds – 44.82 mln. rubles,
- credit funds – 1 525.42 mln. rubles,
- advances on technological connection – 850.15 mln. rubles.

Implementation of investment programme includes the construction and reconstruction of 136.14 km of power lines and putting into operation the transformer capacity in amount of 172.80 MW.

Plans of the issuer related to possible changes in operating activities: the changing of operating activity is not planned.

#### **Future prospects in terms of sources of future income:**

Main elements of Company’s financial strategy:

- provision of qualitative, reliable and stable power supply;
- reduction of power equipment tear and wear;
- keeping of tariff sources of investment for the renewal and development of the network;
- improving the efficiency of operating costs;
- making of a reserve capacity of power grids in the volume advancing economic development for 3 years;
- introduction of innovative technologies that meet the highest international standards in the field of power distribution at all stages of the process;
- ensuring of the profitability of investments in the distribution grid complex at the level of profitability of companies with comparable market conditions in the Russian Federation

### **3.4. Issuer's participation in industrial, banking and financial groups, holdings, groups of**

## companies and associations

Name of the group, holding, corporate group or association: **“Rosseti” PJSC**

Term of issuer’s participation: **since July 1, 2008**

### Role (place) and functions of the issuer in organization:

Since July 1, 2008 the issuer was a dependent and then later affiliated company of “Rosseti” PJSC that received the portfolio of voting shares of the Company by the law of succession on dividing balance sheet in the results of reorganization of RAO “UES of Russia” JSC. Functions of the issuer in the Holding: formation of power sector of Russia in the sphere of distribution grid complex.

### 3.5. Subsidiary and dependent companies of the Issuer

The issuer does not have subsidiary and dependent companies of material significance

### 3.6. Composition, structure and value of the Issuer's fixed assets, information on plans for acquisition, replacement and retirement of fixed assets as well as all facts of encumbrance on the Issuer’s fixed assets

31.06.2016

Unit: thousand rub

Group of fixed assets	Acquisition cost (replacement cost)	Accumulated Depreciation
Fixed assets	99 958 137	50 042 600
Total	99 958 137	50 042 600

Information on depreciation calculation method for groups of fixed assets: Depreciation on fixed assets objects is charged in linear mode based on the terms of useful service of these objects

Reporting date: 31.06.2016

Results of last revaluation of fixed assets and leased assets, carried out during the last completed financial year, with the date of the revaluation, gross and net (net of depreciation) of the book value of fixed assets before revaluation and gross and net (net of amortization) of the replacement cost fixed assets to reflect current revaluation. The above information is provided for groups of fixed assets. The data are provided on methods of accrual of depreciation charges on groups of fixed assets.

Unit: thousand rub

Group of fixed assets	Total cost before revaluation	Net asset value (excluding amortization) before revaluation	Revaluation date	Full replacement cost after revaluation	Depreciated replacement cost (excluding amortization) after revaluation
Homogeneous groups of fixed assets (group 110, 420)	43 563 850	14 951 010	31.12.2015	47 548 686	16 175 206
Total	43 563 850	14 951 010		47 548 686	16 175 206

Method of revaluation of fixed assets (according to coefficient of federal executive body for statistics, market cost of fixed assets, supported by documents and experts' reviews. In case of presence of experts' review it is necessary to specify the method of evaluation):

Revaluation of fixed assets as of 31.12.2015 was carried out for the groups of fixed assets (code 110 "Industrial buildings", code 420 "Equipment for the conversion of electric power") by "ENPI Consult" JSC in accordance with the agreement No.2e392/15/407/30-933 dated 01.09.2015. The final results of the revaluation of homogeneous groups of fixed assets (code 110 "Industrial buildings", code 420 "Equipment for the conversion of electric power") not reflected in the financial statements for 2015 in accordance with legislation.

Contractor:

"NP Consult" Joint Stock Company (abbreviated name – "NP Consult" JSC)

Address: office 500, 65 Starokaluzhskoe highway, 117630, Moscow

Mailing address: office 500, 65 Starokaluzhskoe highway, 117630, Moscow

BIN 1027700283566 dated 07.10.2002,

Civil liability is insured by the Contractor:

"GSK "YUGORIA" JSC insured for the amount of 50 000 000 (fifty million) (insurance policy from 12 September 2013 to the supplementary agreement No. 3 from 12.09.2013 to the contract of compulsory insurance of appraiser's responsibility when exercising appraisal activity No. 59-000187-09/11 dated 05.08.2011, the insurance term: 9 March 2012 – 31 December 2017).

"Alpha Insurance" JSC: appraisers liability insurance contract No. 0991R/776/10004/5 dated 12.02.2015, on the basis of which was issued the certificate No.0991R/776/10004/5 on 18February 2015 with the term of the certificate: 9 March 2015 – 8 March 2016. The total insured sum is 500 000 000 (five hundred million) rubles. Franchise: 50 000 000 (fifty million) rubles.

"NP Consult" JSC is fully consistent with the requirements of paragraph 15.1 of the Federal Law No. 135-FZ dated 29.07.1998 "On Valuation Activities in the Russian Federation"

For the analyzed objects the current (replacement) value equals to the sum of expenses for creation of) new similar fixed assets..

Information on plans for the acquisition, replacement, retirement of fixed assets, the value of which is 10 or more percent from the total assets value, and other fixed assets at the discretion of the issuer, as well as all facts of encumbrance of the issuer (indicating the type of burden, the date of encumbrance, its validity and other conditions at the issuer's discretion):

The approved investments programme 2016 does not include modernization of facilities, cost of modernization of which is more than 10% of issuer's fixed assets

**Property of "Kubanenergo" PJSC encumbered by leases as of 30.06.2016:**

Fixed assets	Start-date	End date	Other conditions
Room 16 in Kubanenergo, building: 2A, Stavropolskaya str., Krasnodar. Place on communication mast, area: 5.84 sq. m	01.02.2004	31.08.2016	Prolongation is possible
Premises at 2A Stavropolskaya str., Krasnodar. area: 192.8 sq. m	01.02.2014	30.11.2016	Prolongation is possible
Premises at 2A Stavropolskaya str., Krasnodar. area: 1.2 sq. m	28.11.2006	30.06.2016	Prolongation is possible
Premises No. 211, 212, 213, 214, 214/1, 214/2 in the building of lit. D, located at: 2A Stavropolskaya str., Krasnodar; area: 54.2sq.m.	01.12.2007	indefinite term	Prolongation is possible

Part of non-residential premises No. 5 located at 2A, Stavropolskaya str., Krasnodar, Area: 1.2 sq. m	01.10.2007	31.03.2017	Prolongation is possible
Parts of non-residential premises for installation of communication equipment. Location: branches of Kubanenergo PJSC. Area: 21.6 sq.m.	31.07.2007	28.02.2017	Prolongation is possible
Premises for installation of metering devices. Location: branches of Kubanenergo PJSC. Area: 158 sq.m.	31.03.2010	31.08.2016	Prolongation is possible
Rooms: 18, 19 , 20 located at: 47 Novorossiyskaya str., Krasnodar. Area: 23.8 sq.m.	05.05.2011	05.11.2016	Prolongation is possible
Radio mast for installation of communication equipment, 30, Tabachnaya ul., Saratovskaya ul., area; 6 sq. m	01.04.2003	28.02.2017	Prolongation is possible
Site for installation of electric tower with antenna and feeder equipment, 74, Gagarina ul., Yablonovsky vill., area: 14.3 sq. m	20.07.2005	20.07.2016	Prolongation is possible
Premises No. 34 located at 131, Pashkovskaya street, Krasnodar. Total area 23 sq.m.	01.08.2013	01.05.2016	Prolongation is possible
Concrete flumes for holding 2 electrical lines, length 700 m, substation 110/35 "Naberezhnaya"	01.09.2009	01.05.2016	Prolongation is possible
Concrete flumes for holding 2 electrical lines, length 700 m, substation 110/35 "Naberezhnaya"	01.04.2010	31.10.2016	Prolongation is possible
Premises for installation of metering devices. Location: branches of Kubanenergo PJSC. Area: 5.2sq.m.	30.01.2010	31.07.2016	Prolongation is possible
Premises: 7, 7/1 Aerodromnaya str., Takhtamukai village, Adygea Area:7.6 sq.m.	01.01.2015	01.10.2016	Prolongation is possible
Wall of substation control building lit. B1 for installation of billboard	05.03.2015	05.01.2017	Prolongation is possible
Pylons of 35/10-0.4 kV high voltage lines for installation of fiber optic channel located at Takhtamukaiskiy district, area: 17 905 m	18.05.2015	Indefinite term	Prolongation is possible
Premises located at 358, Shovgenov street, Maikop. Area: 1 sq.m.	14.10.2013	14.06.2016	Prolongation is possible
Premises located at 358, Shovgenov street, Maikop. Area: 29.8 sq.m.	01.01.2014	30.09.2016	Prolongation is possible
Places for installation of communication equipment located at 110kV Apsheronksaya substation, Apsheronk, Krasnodar region. Area: 0.08 sq.m.	12.01.2015	12.10.2016	Prolongation is possible
Cash machine located at 334, Mira street, Labinsk, area: 1 sq.m.	04.09.2013	01.10.2016	Prolongation is possible
Premises located at: 334, Mira street, Labinsk. Area: 18.6 sq.m.	01.02.2014	31.10.2016	Prolongation is possible
Warehouse, located at: 173 Vladimirskaya street, Labinsk 36.6square meters	01.12.2015	31.05.2016	Prolongation is possible

			possible
Antenna and mast construction with platform located at: 1A, Lugovaya street Kurganinsk and 1, 50 years of VLKSM street, village Novoalekseevskaya, total square 19 sq. m	01.06.2008	30.09.2016	Prolongation is possible
Rooms No. 11 and 11a total area 23.1 sq.m, located at building lit. K, 6, 302 <sup>nd</sup> diviziya street, village Leningradskaya, Leningradskaya district, Krasnodar region	03.02.2014	03.10.2016	Prolongation is possible
Part of premises located at 41 Krupskoy street, Krylovskaya village	30.03.2016	28.02.2017	Prolongation is possible
0.4 kV high voltage line from complex transformer substation F5-509 (f1), 0.4 kV high voltage line from complex transformer substation KU9-107 (f1), 0.4 kV high voltage line from complex transformer substation KU3-65 (f1), 0.4 kV high voltage line from complex transformer substation TM2-193 (f1), 0.4 kV high voltage line from complex transformer substation RD1-446 (f1)	01.11.2012	20.10.2016	Prolongation is possible
Terminal located at: 49 Stroitel'naya str., Slavyansk-na-Kubani. Area: 1 sq.m.	26.12.2013	01.07.2016	Prolongation is possible
Room No.15 located at: 49 Stroitel'naya str., Slavyansk-na-Kubani. Area: 28 sq.m.	01.03.2014	01.12.2017	Prolongation is possible
Part of non-residential premises at office 104, 42, Konstitutsii street, Sochi, area: 1.2 sq. m	01.10.2007	01.12.2017	Prolongation is possible
Part of non-residential premises at: 42, Konstitutsiya USSR str., Sochi, area: 396.92 sq.m.	29.10.2013	28.08.2016	Prolongation is possible
Non-residential premises (lit. Z) located at 42, Konstitutsiya USSR str., Sochi, area: 7.47 sq.m.	01.10.2014	01.09.2016	Prolongation is possible
Non-residential premises (lit. B, building of substation control building and lock and seal device) located at 22 substation "Volkonka" of 110 kV, Kommunalnikov street, village Lazarevskoe, Sochi. Area: 1.2 sq.m.	01.08.2014	01.06.2016	Prolongation is possible
Places for the arrangement of reinforcement and fiber-optic cables on poles of power lines, Sochi	01.04.2011	31.10.2016	Prolongation is possible
Facilities and power transmission towers 0.4-10kW, the length of 67.8 km	29.04.2011	29.11.2016	Prolongation is possible
Singlemode optical fiber of fiber-optic transfer link "Sochi-Substation "Matsesta" 9.7 km	01.07.2013	01.03.2017	Prolongation is possible
Premises for dispatch centre, located at 42, Konstitutsiya USSR str., Sochi, area: 0.84 sq.m.	01.08.2014	01.06.2016	Prolongation is possible
Premises for installation of communication equipment: 147/B Kalarash str., Sochi, area: 0.12 sq.m.	01.06.2011	01.12.2017	Prolongation is possible
Sochi, substation "Golovinka", area: 28,6 km	01.06.2011	01.12.2017	Prolongation is possible
Pylons of power lines for installation located at Sochi, Area: 7.062 sq.m.	11.02.2015	30.11.2016	Prolongation is possible

Real estate, control room, lit A, office. 32, area 1.32 sq. m and repair production capacities lit A, Room 47, 147/B Kalarash str., Lazarevskiy district, area: 1.32 sq. m	01.06.2011	01.12.2017	Prolongation is possible
Terminal Box/ODF/: 42, Konstitutsiya USSR str., Sochi, area: 0.25 sq.m.	30.10.2012	31.06.2016	Prolongation is possible
Optical single-mode fiber optic cable FOL “Dzhubginskaya thermal plant - substation “Dzhubga 110kV”– access-feeder node of “Rostelekom” JSC No.15 and16. Sochi electrical networks	17.12.2013	17.09.2016	Prolongation is possible
10 kV high voltage lines on sectors village Georgievskoe – village Maloe Pseushko and village Maloe Pseushko – village Bolshoe Pseushko, total length: 14.24 km	01.07.2015	30.11.2016	Prolongation is possible
Non-residential premises located at 26 Vodopadnaya street, Krasnaya Polyana village, 12.8 square metres	01.10.2015	01.09.2016	Prolongation is possible
Rooms No. 19 and 21 in building lit. A located at: 62, Dzerzhinskiy street, Tikhoretsk. Area: 21 sq.m.	08.04.2015	16.11.2016	Prolongation is possible
Part of a corridor in administrative building, located at: 176 Lenina street, Timashevsk, Krasnodar region, 2 square metres.	01.06.2007	01.09.2016	Prolonged for an indefinite period
Premises No. 6 and 6’ located at the 2 <sup>nd</sup> floor in building lit. A, 45, Pobedy street, Timashevsk, Timashevsk district, Krasnodar region. Area: 25.8 sq.m.	21.03.2014	21.12.2017	Prolongation is possible
Premises No. 6 located at the 1st floor in building lit. A, located at: 17, Kirov street, village Olginskaya, Primorsko-Akhtarsk district, Krasnodar region. Area: 15.4 sq.m.	23.04.2015	19.10.2016	Prolongation is possible
Room 1 in dispatch office, located at: 19 Sacco and Vanzetti street, 10.54 sq.m.	20.09.2011	05.02.2017	Prolongation is possible
Building of control board and back rooms, lit. 2B located at 19, Sacco and Vanzetti street, Novorossiysk. Area: 1.98 sq.m.	05.08.2011	20.04.2016	Prolongation is possible
Premises No. 7 on the territory of Gelendzhik distribution zone in repair and production building lit. A at: 24a, Suvorov street, Gelendzhik, total area 0.72 sq.m.	01.04.2013	01.12.2017	Prolongation is possible
Rooms with communication equipment: a metal cabinet in a modular substation control building and two metal antennas located on the site lightning support at: Krasnodar, Gelendzhik, Praskoveevka, 0.54 sq.m.	10.07.2014	10.05.2016	Prolongation is possible
Premises with total area 1362.6 square meters, 4 Krasnodarskaya str., Ust-Labinsk, Krasnodar region, area: 31.7 square meters	04.02.2014	04.10.2016	Prolongation is possible
Facilities No.34, 35, 36, 37 Located at: 54 Vorovskogo str., Armavir, Krasnodar area: 46, 3 sq.m.	01.12.2014	01.10.2016	Prolongation is possible

#### IV. Information on issuer’s business activity

##### 4.1. Results of business activity

Dynamics of indicators showing the issuer’s business activity, including its profitability and loss

Standard (rules) applied for making the accounting report: RAS

Unit of measurement for the sum of uncovered loss: thousand rubles

Indicator	6 months of 2015	6months of 2016
Net Profit, %	1.4	1.17
Asset turnover ratio, times	0.25	0.3
Profitability of assets, %	0.35	0.35
Profitability of internal capital, %	0.72	0.71
Sum of non-covered loss as of reporting date	14 657 078	14 631 524
Ratio of non-covered loss as of reporting date and balance currency	23.66	22.29

All indicators are calculated on the basis of recommended methods of accounting

Economic analysis of the liquidity and solvency of the issuer, the issuer's capital adequacy for fulfillment of the short-term liabilities and to cover current operating expenses based on the economic analysis of the specified parameters describing the factors which, in the opinion of the issuer, had the most significant effect on the liquidity and solvency of the issuer:

Profitability and return on equity ratio by the results of the 2<sup>nd</sup> quarter 2016 is positive due to the presence of net profit for the reporting period. Return on equity increased in the 2<sup>nd</sup> quarter of 2016 by 0.0 points and amounted to 071%. Significant impact on the increase in this indicator in the reporting period was the increase in the Company's revenues from selling services by 24.0%..

Opinions of the issuer's management bodies on the causes or their effects on the financial and economic activities are not the same: **None**

Member of the Board of Directors (Supervisory Board) of the Issuer, or a member of the collegial executive body that has a special opinion on the reasons and/or their impact on the financial performance of the issuer, as reflected in the minutes of the meeting (session) of the Board of Directors (Supervisory Board) of the Issuer or the collective executive body, which considered the relevant issues, and insists on such a view in the quarterly report: **None**

#### 4.2. Liquidity of the Issuer, sufficiency of equity and current assets

Dynamics of indicators showing the issuer's liquidity

Standard (rules) applied for making the accounting report: RAS

Unit of measurement for the sum of net fixed assets index: thousand rubles

Indicator	6 months of 2015	6 months of 2016
Net fixed assets index	-6 208 898	-12 939 392
Current liquidity ratio	0.67	0.43
Quick liquidity ratio	0.59	0.37

By issuers decision the dynamics if indicators characterizing issuer's liquidity is additionally disclosed, the indicators are compiled on the basis of data of consolidated accounting report

which is included in the quarterly report: **no**

All indicators are calculated on the basis of recommended methods of accounting: **yes**

Economic analysis of the liquidity and solvency of the issuer, the issuer's capital adequacy for fulfillment of the short-term liabilities and to cover current operating expenses based on the economic analysis of the specified parameters describing the factors which, in the opinion of the issuer, had the most significant effect on the liquidity and solvency of the issuer:

The indicator "Net working capital" has decreased by the results of the 1<sup>st</sup> half of 2016 in comparison to 2015 s and amounts –12 939 392 thousand rubles. The optimum amount of net working capital (net working assets) is determined in accordance with the individual needs of each company and depends on the size and characteristics of its activities, the turnover period of inventories, receivables, and on the conditions of borrowings and loans, etc.

The current liquidity ratio allows to determine how many times current assets cover short-term liabilities. The current ratio decreased in comparison to the same period of 2015 by 0.24 points and made up 0.43.

The quick ratio shows how much the most liquid assets cover current liabilities of the organization.

By the results of the 1<sup>st</sup> half of 2016 the quick ratio has decreased by 0.22 points compared to 2015 and totaled 0.37.

The main reason for these changes is reduction in the level of funds, as well as an increase in short-term borrowings due to the transfer of the long-term to short-term portion of loans with maturities of less than 12 months.

Opinions of the issuer's management bodies on the causes or their effects on the financial and economic activities are not the same: None

Member of the Board of Directors (Supervisory Board) of the Issuer, or a member of the collegial executive body that has a special opinion on the reasons and/or their impact on the financial performance of the issuer, as reflected in the minutes of the meeting (session) of the Board of Directors (Supervisory Board) of the Issuer or the collective executive body, which considered the relevant issues, and insists on such a view in the quarterly report: None

#### **4.3. Financial investments of the Issuer**

31.06.2016

The list of the Issuer's financial investments, representing 5 or more percent of all financial investments as of the end of the reporting period

Investments in the securities

Form of securities: **shares**

The Issuer's full business name: **Recreation Centre Plamya Open Joint-Stock Company**

The Issuer's abbreviated business name: **RC Plamya, OJSC**

Issuer's location: **Novomikhailovsky-2 vill., Tuapse district, Krasnodar Territory, 352856**

TIN: **2365000589**

PSRN: **1042330761274**

Date of state registration of the issue (issues)	Registration number	Registering Authority
21.12.2004	1-01-34134-E	Direction of the Russian Federal Securities Commission for the Southern Federal District

30.01.2012	1-02-34134-E	Direction of the Russian Federal Securities Commission for the Southern Federal District
06.11.2012	1-03-34134-E	Direction of the Russian Federal Securities Commission for the Southern Federal District

Number of securities owned by the Issuer: **19 288 083**

The total nominal value of securities owned by the Issuer: **102226.84 RUR x 1**

The total book value of securities owned by the Issuer: **17 234.2**

Unit of measurement: **thousand rubles**

**The Issuer of securities is subsidiary and (or) affiliate Company in relation to the Issuer that drew up this quarterly report**

**By results of 2015 and 6 months of 2016 no dividends were declared or paid.**

The size of the fixed interest or other income on bonds and other promissory equity securities or the procedure for determining the payment deadline;

the amount of dividend on preferred shares or the procedure for determining when it is defined in the charter of the joint stock company - issuer, term of payment;

the size of declared dividend on ordinary shares (in the absence of data on the size of declared dividend on ordinary shares in the current year, the amount of dividends declared in the previous year), term of payment

**Additional information:**

On 09.02.2015 Arbitration Court of the Krasnodar region in its decision recognized Recreation Centre "Plamya" as insolvent (bankrupt), in respect of this company the bankruptcy proceedings were started. In accordance with the Federal Law "On Insolvency (Bankruptcy)" No.127-FZ dated 26.10.2002, from the date of the arbitration court's decision to declare the debtor as bankrupt and on opening bankruptcy proceedings the powers of the governing bodies of Recreation Centre "Plamya" are terminated.

Type of securities: **shares**

The full name of the Issuer: **"Recreation centre "Energetik", JSC**

Abbreviated name of the Issuer: **"R/c "Energetik"**

Address of the Issuer: **4, Pionerskaya street, village Divnomorskoe, Gelendzhik, Krasnodar region, 353490**

TIN: **2304041820**

PSRN: **1042301876495**

Date of state registration of the issue (issues)	Registration number	Registering Authority
21.12.2004	1-01-34134-E	Direction of the Russian Federal Securities Commission for the Southern Federal District

Number of securities owned by the Issuer: **39 845 257**

Total face value of the securities owned by the Issuer: **39845257 RUR x 1**

Total book value of the securities owned by the Issuer, RUR: **45 588.4**

Unit of measurement: **thousand rubles**

**The Issuer of securities is subsidiary and (or) affiliate Company in relation to the**

### **Issuer that drew up this quarterly report**

**By results of 2015 and 6 months of 2016 no dividends were declared or paid.**

The size of the fixed interest or other income on bonds and other promissory equity securities or the procedure for determining the payment deadline;

the amount of dividend on preferred shares or the procedure for determining when it is defined in the charter of the joint stock company - issuer, term of payment;

the size of declared dividend on ordinary shares (in the absence of data on the size of declared dividend on ordinary shares in the current year, the amount of dividends declared in the previous year), term of payment

Additional information:

In accordance with the decision of the Management Board of Kubanenergo PJSC, performing the functions of the Annual General Meeting of Shareholders of Recreation Centre "Energetik" on 30.06.2016 (minutes of meeting No.13/2016), it was decided to reduce the authorized capital of Recreation Centre "Energetik" to 34 665 373.59 rubles; this company has started the procedure of reduction of the authorized capital.

### **Investments in non-emission securities**

The issuer made a reserve for possible losses from investments in securities

The quantity of provision for impairment of securities at the beginning and end of the last completed fiscal year before the expiry date of the last reporting quarter:

In accordance with the Russian Accounting Standard (RAS) "Accounting of investments" RAS19/02 approved by the Ministry of Finance of the Russian Federation on 10.12.2002 No. 126n (hereinafter - RAS 19/02), Regulation on the accounting policy of Kubanenergo JSC in 2013 approved by Company's order on 29.12.2012 No. 1165, "Kubanenergo" carried out a check for impairment of financial investments as of 31 December 2015 and as of 31 March 2016 amounted 17 336 thousand rubles.

### **Other financial investments**

There are no other financial investments that make up more than 5 percent of all investments.

Information about the magnitude of potential losses associated with the bankruptcy of organizations (enterprises), in which investments were made, for each type of investment: **no**

Information about losses is provided in the evaluation of the issuer's financial investments, as reflected in the issuer's financial statements for the period from the beginning of the year to the end of the last reporting quarter.

Standards (rules) of accounting reports, under which the issuer made the calculations reflected in this paragraph of quarterly report:

**"Financial reports of the organization", approved by order of Ministry of Finance of Russian Federation, RAS 19/02, "Accounting of investments", approved by order of the Ministry of Finance of Russian Federation dated 10.12.2002 No. 126n.**

Contributions to the charter capital of other organizations are recognized as financial investments of the organization and are accounted at sum of actual costs of investor, i.e. at the value of contributed assets on which they are recorded in the balance sheet of the investor.

Financial investments, on which the current market value is not determined, are to be reflected in the accounting records and financial statements at the balance sheet at initial cost (paragraph 21 of Regulation on Accounting 19/02).

Financial investments, which make possible to determine the current market value are recognized in the financial statements at the end of the year at the current market value by

adjusting their estimates for the previous reporting date (paragraph 20 PBU 19/02).

Debt securities are accounted at the cost of purchase. The difference between the acquisition cost and the nominal value of the securities should be included in other income and expenses.

#### 4.4. Intangible assets

31.06.2016

Unit: **thousand rubles.**

Intangible assets	Initial (replacement) cost	Depreciation
Intangible assets	44 088	25 786
TOTAL	44 088	25 786

Standards (rules) of accounting, under which the issuer provides information on its intangible assets:

**Accounting of intangible assets in accordance with the Order of Ministry of Finance of Russian Federation dated 27.12.2007 No. 153n “About approval of accounting “Accounting of Intangible Assets” (RAS 14/2007).”**

Reporting date: **31.06.2016**

#### 4.5. Details of the Issuer’s policy and expenses in the field of scientific and technical development, with regard to licenses and patents, new researches and developments

Information on the Issuer's policy in the field of scientific and technical development for the reporting period including disclosure of costs in connection with scientific and technical activity carried out at the expense of the Issuer’s proprietary assets:

The Company’s policy in the field of scientific and technical development is aimed at increase of reliability of energy equipment operation, cost-effectiveness and environmental safety of the Company’s core energy facilities activity.

The Innovative Development Program of Kubanenergo PJSC was approved by the Board of Directors of Kubanenergo on 29.07.2011 (as amended on 15.06.2012).

The Company's research and development plan for 2016 contains 5 projects, 2 of them have commenced in 2016.

In accordance with the Company’s investment programme the limit for R&D projects is 9.63 million rubles.

In the 1<sup>st</sup> quarter of 2016 the company paid the state duty for the maintenance of the patent of the Russian Federation for useful model for the third year in the amount of 850 rubles. In the 2<sup>nd</sup> quarter the final third phase of development work was carried out and approved and payment of 2.2 million rubles on the project “Development of software for targeted recommendations and low-cost methods for reducing the technological losses in 6-10 kV networks of Kubanenergo JSC” was performed. Result of R&D: a software package RETP 6-10 kV.

Information on the creation and acquisition by the Issuer of legal protection of intellectual property rights (including the date of issue and the duration of patents for invention, utility model or industrial design, the state registration of trademarks and service marks, appellations of origin):

**On 19.02.2015 as a result of the R&D project the company obtained a certificate of state registration of the software programme “REPT 6-10kV” No.2016617748.**

**The main directions and results of use of main for the issuer intellectual property objects:**

In the reporting period the Company adopted the balance of the following intangible assets:

It was offered to use the following results of R&D projects received earlier:

- UV system diagnostics of insulation at Substation and overhead lines 35-110 kV - detection system on electrical insulation of crown discharge and electric arc in daylight at Substation and overhead lines 35-110 kV, allows to define status of the equipment, to identify the malfunction of a component and the possibility of failure, exact location of the source of the crown and specify necessity of equipment repair. This reduces time of detecting the defecting part and elimination of such defect.

- The scheme of perspective development of electric networks of 35 kV and above of “Kubanenergo” PJSC for the period 2012-2017 with prospect of up 2022. In the result of the activities schemes of the electric grids were determined and perspective directions of grids 35-110 kV development were explained with regard of strategical directions of economics development of Krasnodar region and Adygea Republic, determined amount of construction projects, modernization of electric grid facilities.

- Microprocessor adaptive fine protection of near and remote redundancy of transformers of tap-off and intermediate substations. The specified protection provides a high sensitivity to short circuits for transformers by detecting emergency operation against the background of a comparable level of current load, start-up (self-starting) of electric motors, the influence of transition resistance of the electric arc.

- System of monitoring insulation on power transformers by method partial discharge search. The system prevents accidents, speeds up search of insulation defects, reduces the maintenance work and monitors the quality of their performance.

Risk factors associated with the possible expiry of the basic patents, licenses for the use of trademarks:

There are no risks associated with the expiration of the patents and licenses for the use of trademarks in the Issuer.

#### **4.6. Analysis of development trends in the sphere of Issuer's core activity**

Implementation of investment programs elaborated by “Kubanenergo” JSC and providing for development, technical re-equipment and reconstruction of the electric power grid sector of the Company should provide reliable electric power supply to existing and future electric energy consumers in the next few years.

Positive factors and conditions affecting the Issuer’s activity include, in particular:

- Growth of energy consumption in the region
- Increase of payment discipline of energy selling companies
- Growth of capacities commissioned
- Power redistribution among consumers according to their needs (actual consumption).

Negative factors and conditions affecting the Issuer’s activity include, in particular:

- ageing of the Issuer's core equipment
- reduction of rate of uniform “boiler” tariffs for electricity transmission services
- inconsistency decisions taken in the sphere of establishment of electric energy transmission tariffs to the extent of the investment component inclusion
- necessity to provide meter reading because of the absence of automated system of remote control and accounting of electric energy
- increase in losses of active energy consumed for heating of wires due to the lack of compensation of reactive power.

General evaluation of the results of Issuer's activity in this particular sector; correspondence of

the results of the Issuer's activity to the trends in the sector development; reasons justifying the obtained results of the activity (satisfactory and unsatisfactory results, in the Issuer's opinion):  
The main result of the Issuer's activity in power industry consists in provision of reliable and uninterrupted power supply of consumers, consistent implementation of investment projects on construction and reconstruction of overhead lines, substations and power industry facilities, primarily oriented at provision for uninterrupted power supply of the of the Krasnodar Territory seaside areas (along the Black and Azov Seas coasts), especially Sochi district, Krasnodar as a social and cultural centre, as well as implementation of projects on Taman peninsula: "Construction of transport passage through the Kerch Strait", "Project on construction of dry cargo district in Taman port". Successful resolution of tasks set to the Company within the framework of the industry reform by efforts of "Kubanenergo" PJSC management contributes to it.

#### **4.7. Analysis of factors and conditions affecting the Issuer's activity**

The impact of inflation, changes in exchange rates, government decisions, economic, financial, political and other factors affecting the business activity of the issuer and which influenced the amount of revenue from sale of goods, products, services and income (loss) from core business.

Among the factors and conditions that directly influence the Issuer's activity is the economic stability of the region.

In the current macroeconomic conditions the core activity of the issuer is influenced by inflation, as well as increasing interest on loans by the creditor banks. In addition, the growth of productive supply and electricity transmission revenue due to the increase of energy consumption, including through the development of infrastructure of the Krasnodar region and the Republic of Adygea in the 1<sup>st</sup> half of 2016.

Prices (tariffs) for Company's services on energy transmission and grid connection are subject to tariff regulation, along with it, due to introduction of restriction to tariff growth, there is a risk that the Regional Energy Commission of the Krasnodar region approves tariffs that do not fully consider expenses of Kubanenergo PJSC.

Undeveloped networks in some districts of the Krasnodar region and the Republic of Adygea together with ever growing demand have led to overloading of power lines and transformers.

Reliability of power supply is reduced because of aged equipment, which means extra expenditures for keeping the equipment going.

In the part of power transmission services, the Issuer's activity is influenced by:

- due to the fact that calculation of technological losses is performed based on regular network scheme, all changes in its parameters and configurations influence the amount of energy losses (in order to prevent accidents in networks it is necessary to redistribute the loads). Such forced redistribution of loads and changes in operating network scheme lead to increase of actual technological losses both at the expense of losses in power transformers and losses of electric energy that occur because of transfer of extra reactive power from inoperative power transformers and increased load;
- shortage of record-keeping equipment makes impossible to analyze in due time the load on networks.

Measures taken by the issuer to efficiently use these factors and conditions:

The Company pays great attention to development of power grid facilities using scientifically grounded technical solutions and technologies tested during the operation of, modern equipment. In order to meet consumers' demand for more capacity, a reliable and uninterrupted electricity supply, the Company invested considerable funds for the reconstruction of electrical networks and the creation of new connection points.

The Company continuously interacts with the Department in order to establish reasonable tariffs.

In order to increase efficiency and improve the financial and economic condition of “Kubanenergo” PJSC and to ensure financial stability and achieve sustainable positive financial result of activity, “Kubanenergo” PJSC developed a plan to increase efficiency and improve the financial and economic condition of “Kubanenergo” PJSC.

The list of internal and external measures, taken to increase the efficiency of business processes in both “Kubanenergo” PJSC and the group of companies “Rossetti” PJSC in general, has been defined taking into account the prevailing macroeconomic conditions.

Methods used by the issuer and methods the issuer plans to use in the future to reduce the negative effect of factors and conditions influencing the issuer's activity:

Implementation of developed by Kubanenergo investment programmes that include the development, modernization and reconstruction of electric grid facilities of the Company. This should improve the state of power supply to consumers of electricity in the coming years.

Development of power grid facilities of the Company in accordance with the approved scheme of perspective development of electric networks and the technical requirements in the organization of technological connection of consumers to electric grids of the Company.

In addition, the issuer shall apply the following methods:

- implementation of measures aimed to improve the payment discipline and reduce the accounts receivable for electricity transmission services, including the elaboration of mechanisms of consolidation of transmission assets;
- optimization of the investment costs;
- providing cost savings through effective use of material resources, increase productivity, optimization of the organizational structure of the company (without loss of qualified personnel);
- imposition of limitations on power consumption in case of debts in payments for the electricity from the customers;
- carrying out work on the consolidation of property owned by territorial grid companies that do not meet the criteria of referring the owners to territorial grid companies, approved by the order of the RF Government No.184 dated 28.02.2015 “On attribution of owners of grid facilities to territorial grid companies”.

Significant events/factors that may have the most negative impact on the possibility gaining by the Issuer in the future the same or better results as compared to the results obtained for the last reporting period, as well as the likelihood of such events (factors):

There are risks to ensure the reliability of electricity supply to consumers and a threat to stable operation of the power system due to overload power lines and transformers (autotransformers) in normal and post-fault conditions.

The situation is worsened by the continued aging of the power equipment. The number of equipment, buildings and structures that are worn out and need replacement, reconstruction or modernization is continually increasing.

Significant events/factors that may improve the performance of the issuer, and the probability of their occurrence and their duration:

- the growth of energy consumption in the regions of the Company’s presence,
- implementation of the investment programme, which allows to increase operational efficiency,
- the solution of public authorities in setting tariffs for electricity transmission and to ensure non-discriminatory access of consumers to power grids,
- decrease in interest charged by banks on credit contracts due to changes in financial market conditions,

- reduction of operational costs of controlled will allow the Company to reduce the cost of servicing the unit of electrical equipment in 2019 by 5 .86 thousand rubles per unit (18.7)% compared to 2012, as well as reduction of operational expenses by at least 3% comparison to the previous year.

The Issuer sent a claim to the Federal Antimonopoly Service and the Federal Tariff Service of Russia (letter No. КЭ/1200/431 dd. 02.09.2015) on consideration of dispute with Regional energy Commission – Department of prices and tariffs of Krasnodar region on amount of expenses of “Kubanenergo” PJSC on purchasing of electric energy for compensation of losses, taking into account when establishing unified (boiler) tariffs on electric energy transmission services in 2015 to provide the including of economically feasible expenses in necessary gross revenue to compensate losses in 2015. FAS Russia made a decision on 18.02.2016 ТЩЮSP/9795/16 on partial satisfaction of the requirements of the PJSC "Kubanenergo" of the pre-trial examination of a dispute relating to the establishment and (or) application of prices (tariffs) in the regulation of tariffs for natural monopolies, with the Regional energy Commission – Department of prices and tariffs of Krasnodar region.

By letter dated 03.17.2016 No.KE/1200/78 the Company sent to the Federal Antimonopoly Service a statement of consideration of the dispute with the Regional Energy Commission – Department of prices and tariffs of the Krasnodar region on the recognition of costs incurred by “Kubanenergo” PJSC on grid connection as economically justifiable and to be considered as part of the necessary gross “Kubanenergo” PJSC. On 05.30.2016 FAS Russia adopted a decision No.SP/36275/16 to satisfy the claims of “Kubanenergo” PJSC.

Implementation of the developed by Kubanenergo investment programmes that ensure the development, modernization and reconstruction of electric grid facilities of the Company, will provide reliable power supply of existing and prospective consumers of electricity in the coming years.

The likelihood of such factors is estimated by the Company as considerable. To anticipate the duration of these events is not possible due to the uncertainty of the economic situation development in Russia and in the whole world.

#### **4.8. Issuer's Competitors**

No changes occurred during the reporting period in the information disclosed in this chapter.

### **V. Details on persons that are members of the Issuer’s management bodies, the Issuer’s bodies in charge of control of financial and business activity and brief details on the Issuer’s employees (workers)**

#### **5.1. Details of the structure and competence of the Management Bodies of the Issuer**

Full description of the structure of Management Bodies of the Issuer and their competences in accordance with the Issuer’s Charter (constituent documents):

In accordance with “Kubanenergo” PJSC Charter, the management bodies of the Company are:

- General Meeting of Shareholders;
- Board of Directors;
- Management Board (Collegial Executive Body of the Company);
- General Director (Sole Executive Body of the Company).

The General Meeting of Shareholders is the Supreme Management Body of the Company.

General management of the Company’s activity is carried out by the Board of Directors.

General Director and the Management Board of the Company carry out management of current activity of the Company.

Issues referred by the Company Charter to the competence of the General Meeting of

Shareholders of the Issuer:

**In accordance with “Kubanenergo” PJSC Charter, the following issues are referred to the competence of the General Meeting of Shareholders:**

- 1) Introduction of alterations and amendments to the Charter or approval of a new version of the Charter;
- 2) Reorganization of the Company;
- 3) Liquidation of the Company, appointment of liquidation commission and approval of intermediate and final liquidation balances;
- 4) Definition of number, nominal value, category (type) of declared shares and rights, vested in such shares;
- 5) Increase of charter capital of the Company through increase of nominal value of shares or placement of additional shares;
- 6) Reduction of charter capital of the Company through reduction of nominal value of shares, acquisition of a part of shares by the Company with the purpose of reducing of their total number and through redemption of shares acquired or bought out by the Company;
- 7) Splitting and consolidation of the Company shares;
- 8) Making decision on placement of the Company bonds convertible into shares and other issued securities convertible into shares;
- 9) Determination of the number of members of the Board of Directors of the Company, election of its members and early termination of their powers;
- 10) Election of members of the Auditing Commission of the Company and early termination of their powers;
- 11) Approval of external Auditor of the Company;
- 12) Approval of resolution on transfer of the power of the sole executive body of the Company to a management organization (manager) and on early termination of their powers;
- 13) Approval of annual reports, annual accounting statements, including profit and loss statements (profit and loss accounts) of the Company, and distribution of profit including payment (declaration) of dividends, except for the profit distributed in the form of dividends by the results of the first quarter, half-year, nine months of fiscal year, and losses of the Company by the results of fiscal year;
- 13.1) payment (declaration) of dividends by the results of the first quarter, half-year, nine months of fiscal year;
- 14) Determination of the proceedings of the General Meeting of the Company’s Shareholders;
- 15) Making decision on approval of transactions in the cases stipulated by Article 83 of the Federal Law “On Joint Stock Companies”;
- 16) Making decision on approval of major transactions in the cases stipulated by Article 79 of the Federal Law “On Joint Stock Companies”;
- 17) Approval of resolution on participation in financial and industrial groups, associations and other unions of commercial organizations;
- 18) Approval of internal documents regulating the activity of the Company’s bodies;
- 19) Making decision on payment of remuneration and (or) compensations to the members of Auditing Commission;

- 20) Making decision on payment of remuneration and (or) compensations to the members of the Board of Directors;
- 21) decisions on filing an application on delisting Company's shares or securities convertible to shares
- 22) Making decision on other matters, stipulated by the Federal Law "On Joint Stock Companies".

Issues referred by the Company Charter to the competence of the Board of Directors of the Issuer:

**The following issues fall within the competence of the Board of Directors:**

- 1) Determination of the priority domains of the Company activities;
- 2) Convening of the annual and extraordinary General Meetings of the Company Shareholders, with exception of the cases specified in Clause 14.8 of Article 14 hereof and declaration of the new General Meeting date to be held instead of a failed one due to absence of quorum;
- 3) Approval of the agenda of the General Meeting of the Company's Shareholders;
- 4) Election of the secretary of the General Meeting of the Company's Shareholders;
- 5) Determination of the date of record of the list of persons entitled to attend the General Meeting of the Company's Shareholders, fixing up the date of making the list of persons entitled to receive dividends, approving of costs estimated on holding general meeting and making decisions on other issues related to preparation and holding of the General Meeting of the Company's Shareholders;;
- 6) The decisions on issues specified in sub-items 2, 5, 7, 8, 12–20 of Clause 10.2 of Article 10 hereof, as well as reduction of charter capital of the Company, on fixing up the date of making the list of persons entitled to receive the dividends can be made by AGM only at the suggestion of the Board of Directors of the Company.
- 7) placement of additional shares, into which preferred shares placed by the Company of a certain type are converted, convertible into common shares or preferred shares of other types, if such a placement is not associated with an increase in the authorized capital of the Company, as well as placement of bonds or other equity securities other than shares; Eurobond issue and determining policy in the sphere of the issue of securities (except for shares) and Eurobonds;
- 8) Approval of resolution on issue (additional issue) of securities, securities issue prospect, and report on the results of the securities issue (additional issue), and notification on results of issue (additional issue) of securities, approval of reports on the results of acquisition of shares from the Company shareholders, reports on share redemption results, reports on the claims of the Company shareholders for repurchase of shares held by them;
- 9) Determination of the property price (pecuniary valuation), price of placement or procedure of fixing the price and redemption of issued securities in the cases stipulated by the Federal Law "On Joint Stock Companies" and upon making decisions on the issues specified in Items 11, 21, 38 of Clause 15.1 hereof;
- 10) Acquisition of the shares, bonds and other securities placed by the Company in the cases stipulated by the Federal Law "On Joint Stock Companies";
- 11) Alienation (realization) of the Company shares occurring at the Company's disposal as a result of their acquisition or repurchase from the shareholders of the Company and in other cases stipulated by the Federal Law "On Joint Stock Companies";
- 12) Election of General Director of the Company and early termination of his powers,

including resolution on early termination of the employment contract within him;

13) Determination of the number of members of the Management Board of the Company, election of members of the Management Board of the Company, fixing the remuneration and compensation to be paid to them, early termination of their powers;

14) Recommendations to the General Meeting of the Company's Shareholders concerning the size of remuneration and compensations paid to the members of the Auditing Commission and determination of the amount of fee to be paid for the Company's external Auditor's services;

15) Recommendations on the size of dividends on shares and the procedure of their payment;

16) Approval of internal documents of the Company determining the procedure of formation and use of the Company funds;

17) Approval of resolutions on the use of the Company funds; approval of the estimates for the use of the special purpose funds and consideration of the results of implementation of estimates of the special purpose funds;

18) Approval of internal documents of the Company, with exception of the internal documents, the approval of which falls within the competence of the General Meeting of Shareholders, and other internal documents the approval whereof falls within the competence of executive bodies of the Company;

19) Approval of business plan (adjusted business plan) including the investment program and quarterly report on the progress of their implementation, approval (adjustment) of the list and values of cash flow benchmarks of the Company;

19.1) On consideration of investment program, including amendments to the same;

20) Establishing of branches and opening of representative offices of the Company, their liquidation;

20.1) Introduction of alterations the Company Charter related to establishing of branches, opening of representative offices of the Company (including alteration of details of the names and locations of the Company branches and representative offices) and their liquidation;

21) Approval of resolutions on the Company's participation in other organization (joining an existing organization or establishment of a new organization, including approval of constituent documents) and on acquisition, alienation, and encumbrance of shares and shareholdings in the charter capital of the organizations in which the Company participates change of participatory interest in the charter capital of a corresponding organization and termination of the Company's participation in other organizations;

22) Determination of credit policy of the Company as regards the Company's granting loans, entering into credit agreements and loan agreements, issue of sureties, assuming liabilities on bills and notes (issue of promissory notes and bills of exchange), pledge of property, and passing resolutions on the Company's participation in such transactions in the cases when the decision-making procedure in their respect has not been determined by the credit policy of the Company, and the approval of resolutions on bringing the Company's debts in balance with the limits established by the credit policy of the Company in accordance with the procedure stipulated in the credit policy of the Company;

23) Approval of major transactions in the cases stipulated by chapter X of the Federal Law "On Joint Stock Companies";

24) Approval of transactions stipulated by chapter X of the Federal Law "On Joint Stock Companies";

25) Approval of the Company's Registrar, terms and conditions of an agreement with him, as well as termination of the agreement with him;

- 26) Election of the Chairman of the Board of Directors of the Company and early termination of his powers;
- 27) Election of the Deputy Chairman of the Board of Directors of the Company and early termination of his powers;
- 28) Election of Corporate Secretary of the Company and early termination of his powers;
- 29) Preliminary approval of resolutions on the Company's making transactions connected with gratuitous transfer of the Company property and property rights (claims) as regards itself or a third party; transactions connected with release from property liability towards itself or a third party; transactions connected with free of charge rendering of services (performance of work) by the Company to third parties in the cases (within the scopes) determined by specific resolutions of the Board of Directors of the Company, and approval of resolutions on the Company's making of such transactions in the cases when the above specified cases (scopes) are not determined;
- 30) Approval of organizational structure of the executive authority of the Company and alterations to the same;
- 31) Making decision on suspension of the powers of the managing company (manager);
- 32) Making decision on appointment of an acting General Director of the Company in the cases determined by specific resolutions of the Board of Directors of the Company, and his bringing to disciplinary responsibility;
- 33) Bringing the General Director of the Company and members of the Management Board of the Company to disciplinary responsibility, and their reward pursuant to the labor law of the Russian Federation;
- 34) Consideration of reports of the General Director on the Company's activity (including the discharge of his duties), on implementation of the resolutions of the General Meeting of Shareholders and the Board of Directors of the Company;
- 35) Approval of the procedure of relations of the Company with the organizations, in which the Company is a participant;
- 36) Determination of the opinion of the Company (representatives of the Company) on the following issues of the agenda of the General Meetings of Shareholders (participants) and meetings of the boards of directors of affiliated and dependent companies), including the authorization to participate or not to participate in the voting on the agenda issues, voting on the draft resolutions in favor, against or abstained:
  - a) On determination of agenda of a general meeting of shareholders (participants) of affiliated and subsidiary companies (except those where the Company owns 100% of authorized capital);
  - c) On determination of the number of members in the supervisory and control bodies of affiliated and dependent companies, nomination, election of their members and early termination of their powers; nomination, election of sole executive body of affiliated and dependent companies and early termination of its powers;
  - d) On definition of number, nominal value, category (type) of declared by affiliated and dependent companies shares and rights, vested in such shares;
  - e) On increase of charter capital of affiliated and dependent companies through increase of nominal value of the shares or through placement of additional shares;
  - f) On placement of securities of affiliated and dependent companies convertible into ordinary shares;
  - g) On splitting, consolidation of shares of affiliated and dependent companies;

- h) On approval of major transactions made by affiliated and dependent companies;
- i) On affiliated and dependent companies' participation in other organizations (on joining an existing organization or establishing of a new organization), and on acquisition, alienation or encumbrance of shares and interest in charter capitals of the organizations in which affiliated and dependent companies, change of participatory interest in the charter capital of a respective organization;
- j) On affiliated and dependent companies entering into transactions (including interrelated transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, facilities under construction, the purpose of use whereof is generation, transmission, dispatching, distribution of electric and thermal energy in the cases (within the scopes) determined by the procedure of the Company's interaction with the organizations, in which the Company participates, to be approved by the Board of Directors of the Company;
- k) On introduction of alterations and amendments to the constituent documents of affiliated and dependent companies;
- l) Determination of the procedure of remuneration payment to the members of the Board of Directors and Auditing Commission of affiliated and dependent companies;
- m) On approval of business plan (adjusted business plan) including the investment program, and quarterly report on the progress of their implementation;
- n) On consideration of investment program, including amendments to the same;
- o) On approval of target values of key performance indicators (adjusted target values of key performance indicators);
- p) On approval of report on compliance with the planed values of annual and quarterly key performance indicators;
- q) On approval (consideration) of report on fulfilment of business plan;
- r) On approval of profit and loss distribution by the results of fiscal year;
- s) On recommendations as regards size of dividends on shares and their payment procedure;
- t) On payment (declaration) of dividends by the results of the first quarter, semiyear, nine months of fiscal year, and by results of the fiscal year;
- u) On approval (consideration) of report on the implementation of the investment program;
- v) on reduction of the authorized capital of subsidiaries and affiliates by reducing the nominal value of shares through the acquisition of subsidiaries and affiliates' shares in order to reduce their total number, as well as by redemption of repurchased shares of subsidiaries and affiliates
- w) determination of the credit policy of the affiliated and subsidiary companies in respect of provision of loans, making credit contracts and loan agreements, issue of guarantees, commitments on bills (issuing of ordinary and transfer bill), property mortgage and making decisions about the subsidiaries and affiliates of such transactions when the procedure for making decisions on them is not determined by the credit policy of subsidiaries and affiliates, as well as the adoption in the manner prescribed by the credit policy of affiliated and subsidiary companies on bringing the debt position of affiliated and subsidiary companies in line with the limits established by the credit policy of the SDC report on the review of the credit policy of subsidiaries and affiliates, the approval of the loan plan of affiliated and subsidiary companies on the approval of the plan of development of subsidiaries and affiliates, the adjusted plan of development of subsidiaries and affiliates, on the consideration of the report on the implementation of the plan of development of affiliated and subsidiary companies;

37) Determination of the opinion of the Company (representatives of the Company) on the following issues of the agenda of the meetings of the boards of directors of subsidiaries and affiliates (including the authorization to participate or not to participate in the voting on the agenda issues, voting on the draft resolutions in favor, against or abstained):

a) On determination of the opinion of subsidiaries and affiliates representatives on the issues of the agenda of the general meetings of shareholders (participants) and meetings of the boards of directors of societies affiliated and associated in respect of subsidiaries and affiliates, related to making (approval of) transactions (including several interrelated transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, facilities under construction, the purpose of use whereof is generation, transmission, dispatching, distribution of electric and thermal energy in the cases (within the scopes) determined by the procedure of the Company's interaction with the organizations, in which the Company participates, to be approved by the Board of Directors of the Company;

b) Determination of the opinion of subsidiaries and affiliates representatives on the issues of the agenda of general meetings of shareholders (participants) and meetings of the boards of directors of societies affiliated and associated in respect of subsidiaries and affiliates, engaged in generation, transmission, dispatching, distribution and sale of electric and thermal energy, on reorganization, liquidation, increase of charter capitals of such societies through increase of nominal value shares or through placement of additional shares, placement of securities convertible into ordinary shares;

38) Preliminary approval of resolutions on the Company's entering into:

a) Transactions the subject matter whereof is noncurrent assets of the Company comprising over 10 percent of book value of such assets according to the accounting statements of the Company as of the latest reporting date;

b) Transactions (including several interrelated transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, facilities under construction, the purpose of use whereof is generation, transmission, dispatching, distribution of electric and thermal energy in the cases (within the scopes) determined by specific resolutions of the Board of Directors of the Company, or if the specified cases (amounts) were not determined by the BoD;

c) Transactions (including several interrelated transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, facilities under construction, the purpose of use whereof is not generation, transmission, dispatching, distribution of electric and thermal energy in the cases (within the scopes) determined by specific resolutions of the Board of Directors of the Company, or if the specified cases were not determined by the BoD;

d) transactions for receiving or transferring of fixed assets for temporary possession and use or for temporary use for a period of more than 5 years, in cases (amounts) determined by separate decisions of the Board of Directors

39) Appointment of Company representatives for participation in supreme governance bodies of organizations with any legal form of incorporation, in which the Company participates;

40) Approval of resolutions on nominating of persons to the position of sole executive body, to other governance bodies, control bodies, and nominees to the position of external auditor of the organizations of organizations of any legal form of incorporation, in which the Company is a participant;

41) definition of the Company's policy in the field of insurance, control of insurance coverage for the Company, including the approval of the Company's nominees Insurers;

42) Approval of external appraiser (appraisers) for determination of the value of shares,

property and other assets of the Company in the cases stipulated by the Federal Law “On Joint Stock Companies”, this Charter, and specific resolutions of the Board of Directors of the Company;

43) Preliminary approval of collective agreement, contracts entered into by the Company within the scope of regulation of social and labor relations, and approval of documents on non-state pension schemes for the Company employees;

44) Approval of financial adviser engaged pursuant to the Federal Law “On Securities Market”, and organizers of securities issue, and advisors on transactions directly connected with raising funds in the form of public borrowings;

45) Preliminary approval of transactions which may entail origination of currency liabilities (or liabilities the amount whereof is linked with foreign currency), transactions with derivative financial instruments, in the cases and in the amounts to be determined by specific resolutions of the Board of Directors of the Company, and when such cases (amounts) have not been determined by the Board of Directors of the Company; determination of Company’s policy in the sphere of conclusion of transactions with derivative financial instruments;

46) Determination of procurement policy of the Company, including approval of Regulations on purchase of goods, works, services, approval of the head of Central procurement body of the Company and its members, and approval of procurement plan, and passing of other resolutions in accordance with the approved documents of the Company regulating the procurement activity of the Company;

47) Approval of target values (adjusted values) of key performance indicators (KPI) of the Company and reports on their fulfillment;

48) Approval of resolution on nominating the General Director of the Company a deserving to be decorated with state awards;

49) Determination of housing policy of Company in terms of providing the Company participants with corporate assistance in improving their housing conditions in the form of subsidies, compensation of expenses, interest free loans and approval of resolutions on rendering the above support by the Company in the cases when the procedure of such support is not defined in the housing policy of the Company;

50) Determination of the Company policy as regards the enhancement of reliability of the distribution facilities of electric mains and other power grid facilities, including approval of strategic programs of the Company on enhancement of reliability of the power grid facilities, development and safety of power grid facilities;

51) Forming committees of the Company Boards of Directors, election of members of the committees of the Company Boards of Directors, and early termination of their powers, election and early termination of powers of the chairmen of the committees of the Company Boards of Directors;

52) Approval of regulations on material incentives of the General Director, regulations on material incentives of top managers of the Company; approval of the list of top managers;

53) Approval of nominees to certain positions in the Company’s executive body, determined by the Company’s Board of Directors;

54) filing an application for listing of Company’s shares and (or) securities of the Company convertible into shares

55) decision on joining the Company to industry and inter-industry standards, regulations and other documents in the electricity sector in various areas of the Company’s activities, including the technical regulation.

- 56) determination of the principles and approaches to risk management and internal control in the Company;
- 57) assessment of key operational risks (both financial and non-financial risks), as well as the establishment of an acceptable amount of risk for the Company;
- 58) organization of at least once a year of analysis and evaluation of the system of risk management and internal control;
- 59) the annual review of questions of arrangement, functioning and effectiveness of the risk management and internal control in the Company;
- 60) the control and organization of the internal audit unit, including the approval of a plan of internal audit activities, report on the implementation plan of the internal audit and the internal audit unit of the budget, approval of resolutions on the appointment, removal from office and the definition of remuneration of the head of the internal audit;
- 61) monitoring the compliance of the company's executive bodies approved by the Company's strategy; hearing of reports of General Director and members of Company's Management Board on the implementation of the approved the Company of strategy;
- 62) recommendations to the executive bodies of the Company on any matters of the Company;
- 63) other issues, referred to the competence of the Board of Directors by the Federal Law "On Joint Stock Companies".

**The following issues fall within the competence of the Management Board of the Company:**

- 1) Approval of resolutions on the issues falling within the competence of the supreme governance bodies of economic societies in which 100 (one hundred) percent of charter capital or all voting shares are held by the Company (taking into account Item 36 of Clause 15.1 of Article 15 hereof);
- 2) Preparation and submission to the Board of Directors of the reports on financial and business activities of economic societies, in which 100 (one hundred) percent of charter capital or all voting shares are held by the Company;
- 3) Elaboration and submission to the Board of Directors of prospective plans for implementation of the principal areas of Company activities;
- 4) Preparation of business plan (adjusted business plan), and reports on the progress of its implementation, approval and adjustment of cash flow in accordance with the list and values of benchmarks of Company's cash flow approved by the Board of Directors (with obligatory further submission to the Board of Directors of the Company);
- 5) Preparation of report on financial and business activities of the Company, on implementation of the resolutions of the General Meeting of Shareholders and Board of Directors by the Management Board;
- 6) Approval of plans and arrangements for training and skill development of the Company employee;
- 7) Establishing social benefits and guarantees for the Company employees;
- 8) Approval of resolutions on entering into transactions the subject matter whereof is the property, works and services, the value of which makes from 1 to 25 percent of the book value of the Company's assets according to the accounting statements as of the latest reporting date (except for the cases specified in Item 38 of Clause 15.1 of Article 15 hereof);
- 9) Consideration of reports of the Deputies General Director of the Company, heads of structural divisions of the Company on the results of implementation of the adopted plans,

programs, instructions, consideration of reports, documents and other information on the activities of the Company and its affiliated and associated companies;

10) effective risk management within the framework of the current activities of the Company; approval of the budget for the risk management activities within the limits agreed by the Board of Directors of the Company; the resolution of cross-functional (performed by several structural divisions) objectives for risk management;

11) Solving of other issues of management of day to day operations of the Company in compliance with the resolutions of the General Meeting of Shareholders, Board of Directors of the Company, and other issued submitted by the General Director to the Management Board for consideration.

### **Items related by Company Charter to the competence of the Director General of the Issuer:**

The competence of Kubanenergo, PJSC Director General includes all matters pertaining to management of the company's day-to-day activities, with the exception of those matters, which are referred to the competence of the Company's General Shareholders Meeting, of the Board of Directors or of the Management Board.

The Director General of the Company acts on behalf of the Company without a power of attorney, including subject to the restrictions imposed by the law of the Russian Federation in force, the Charter and the decisions of the Board of Directors of the Company:

- Ensures fulfillment of Company's plans of activity necessary for achievement of the goals of the Company;
- Organizes accounting and statements recording in the Company;
- Disposes Company's property, makes transactions on behalf of the Company, issues powers of attorney, opens settlement accounts and other accounts in banks and other credit institutions (as well as in organizations of securities market professionals, in cases stipulated in laws);
- Issues orders, approves (adopts) instructions, local normative acts and other internal documents of the Company related to the matters assigned to his competence, and gives instructions binding upon all employees of the Company;
- Approves Regulation on branches and representative offices of the Company;
- Adopts general structure of Company executive mechanism;
- Approves staff schedule and official salaries of Company employees, in accordance with the general structure of executive mechanism of the Company;
- Exercises rights and bears duties of the employer in respect of Company's employees in accordance with the labour legislation;
- Performs the functions of the Chairman of the Management Board of the Company;
- Assigns responsibilities among Deputy Directors General;
- Submits to the Board of Directors reports on financial and business activity of affiliated and dependent companies, which shares (participation interest) are owned by the Company, as well as information on other organizations wherein the Company participates, excluding the cases provided in sub-clause 2) of Clause 22.2 of Article 22 of this Charter;
- Submits Annual Report, Balance Sheet, Profit and Loss Account, Report on Distribution of Profit and Losses of the Company to the Board of Directors not later than Forty Five (45) days prior to the date of annual General Shareholders Meeting of the Company;

- Resolves other questions concerning current activities of the Company, excluding the matters assigned to the competence of the General Shareholders Meeting, of the Board of Directors and of the Management Board of the Company;
- Is personally liable for ensuring secrecy order in the Company, including in case of organization of cipher communications;
- Is personally liable for selection of persons having access to the information representing state secret, as well as for organization of conditions in which Company employees get acquainted only with such information representing state secret, and in such amounts which, in compliance with the legislation of the Russian Federation on state secret, are necessary for execution of their job content (functions).

The Issuer has adopted (accepted) the Corporate Governance Code or any other similar document.

The information on corporate governance code or similar document: For the purpose of Issuer's management transparency, observance of standards of due corporate governance, the Board of Directors adopted Corporate Governance Code on 30.10.2006. Redrafted document dd. 06.03.2013 approved by Company's BoD (Minutes No. 154/2013 dd. 07.03.2013). Full text of the Corporate Governance Code is available on the Company's website at: [http://www.kubanenergo.ru/about/internal\\_documents/](http://www.kubanenergo.ru/about/internal_documents/).

During the last reporting period, changes were made to the charter (constitutive documents) of the issuer, or in the internal documents regulating the activities of the issuer's bodies

Details included in the last reporting period in the statute of the issuer and the internal documents regulating the activities of the issuer:

On 24.06.2016 the Annual General Meeting of the Issuer's shareholders approved the restated Regulations for the Board of Directors.

The most significant changes of the Regulations for the Board of Directors of Kubanenergo PJSC are:

- annual evaluation of the Board of Directors performance: self-esteem, or with the assistance of an independent external organization;
- availability of provisions that prevent the occurrence of conflicts of interest of members of the Board of Directors.

## 5.2. Information on persons-members of the Issuer's Management Bodies

### 5.2.1. Composition of the Board of Directors of the Issuer (Supervisory Board)

Name: **Mangarov Yuri Nikolaevich**

(chairperson)

Year of birth: **1956**

Education:

**Higher. Moscow Institute of economy named after Plekhanov G.V. (1978), Economic cybernetics.**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2010	2013	FGC UES JSC	Deputy Chairperson of management board, member of management board; deputy Chairperson of management board – chief of staff
2012	2013	Rosseti JSC (before 04.04.2013 -	Deputy executive director – chief of

		Holding IDGC JSC)	staff (External secondary employment)
2013	Now	Rosseti JSC (Rosseti PJSC)	Deputy Director General – chief of staff; advisor; chief advisor
2013	2014	Kubanenergo JSC	Chairperson of Personnel and Remuneration Committee of BoD
2014	Now	Yantarenergo JSC, IDGC of the Centre JSC (IDGC of the Centre PJSC),	Member of the Board of Directors
2014	2016	IDGC of the Northern Caucasus JSC (IDGC of the Northern Caucasus PJSC), MOESK JSC (MOESK PJSC)	Member of the Board of Directors
2015	2016	Sevkavkazenergo JSC, Kabbalkenergo JSC, Degestan energy selling company JSC, Karachaevo-Cherkasskenergo JSC, Kalmenergosbyt JSC, Tyvaenergosbyt JSC	Member of the Board of Directors
2015	Now	Kubanenergo PJSC	Chairperson of the Board of Directors
2015	Now	Kubanenergo PJSC	Chairperson of Personnel and Remuneration Committee of BoD
2015	Now	Lenenergo PJSC	Advisor to Director general, acting head of general affairs department (part-time job)
20160	Now	IDGC of the North-West PJSC	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Personnel and remuneration committee	yes

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Bobkov Dmitry Alexeyevich**

Year of birth: **1982**

Education:

**Higher. Lomonosov Moscow State University: Philology;  
Post graduate study at Institute of social and political studies  
Ph.D. in Economics**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2011	2012	Public affairs office of Ministry of Agriculture of the Russian Federation	Director
2012	2012	Ministry of Agriculture of the Russian Federation	Head of Department of State Policy for Agriculture and Information
2012	2013	Kubanenergo JSC	Deputy Director General for Media Government Agencies Relations
2013	Now	Rosseti JSC (Rosseti PJSC)	Head of Department of Communications Policy and PR
2016	Now	Kubanenergo PJSC	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

**Member of the BoD (supervisory body) does not participate in committees' activities.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Bogashov Alexandr Yevgenievich**

Year of birth: **1989**

Education:

**Higher. The State University of Management, specialization: "Corporate management" (2011)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	to		
2011	2013	The Federal Agency for State Property Management	The 1 <sup>st</sup> category specialist, then acting advisor at management department
2013	Now	RF Ministry of Energy	Head of the Corporate Governance Section within the Department of Corporate Governance, Pricing Environment and

			Control&Audit Activities in fuel-and-power sectors controlled by the Ministry of Energy of the Russian Federation
2012	2013	VNIKTI oil and petrochemical equipment JSC, Stavropolneftegeofizika JSC, VNIPI Neft JSC, VNIMI JSC, TsNIEIugol JSC, NC VostNII JSC, Nefteproduktkomplekt JSC, Russian Institute for Oil Refining JSC, NIITeplopribor JSC, Soyuzmorgeo JSC, SPC Supermetall named after Rytvin Ye.I.	Member of the Audit Committee
2012	2014	Kubanenergo JSC, Moscow Oil plant, Volgogradneftegeofizika JSC, Permneftegeofizika JSC, CGE JSC	Member of the Board of Directors
2013	2014	Samaraneftegeofizika JSC	Member of the Audit Committee
2013	2014	Kubanenergo JSC	Committee for strategy, development, investments and reforming
2015	2016	Rosseti PJSC	Member of the Audit Committee
2016	Now	IDGC of Centre PJSC, IDGC of Volga PJSC, IDGC of the South PJSC, Kubanenergo PJSC	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities: no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Varvarin Alexandr Viktorovich**

Year of birth: **1975**

Education:

**Higher. Institute of International Law and Economics named after Griboedov A.S. (1998), Legal studies**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period	Company	Position
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from	to		
2005	Now	the Russian Union of Industrialists and Entrepreneurs	Head of Legal department, director of department of corporate relationships, after – managing director on corporate relationships and legal groundwork.
2006	Now	Central checkup committee of distribution zone Non-profit organization	Director General, member of the Board
2006	2014	Russian union of self-regulatory organization of arbitration managers	Deputy chairperson of Board
2008	Now	MSOPAU Non-profit partnership	Chairperson of the Management Board
2009	Now	VTsiOm JSC	Member of the Board of Directors
2009	Now	VNIPINeft JSC	Board of Directors Chairperson
2009	2012	Rosdorleasing JSC	Member of the Board of Directors
2011	Now	TNITI JSC	Chairperson of Board of Directors
2011	Now	IDGC of Volga JSC (IDGC of Volga PJSC)	Member of the Board of Directors
2012	2013	TransTeleCom Company CJSC	Member of the Board of Directors
2012	Now	Russian Railway JSC	Chairperson of Revision Committee
2013	2015	Production and scientific centre JSC, TsNIIMashdeta JSC, TsNIIKP JSC, TsNIIILKA JSC, TsNIIPIK JSC	Board of Directors Chairperson
2013	2015	GTLK JSC; IDGC of North Caucasus JSC	Member of the Board of Directors
2013	Now	Kubanenergo JSC (Kubanenergo PJSC)	Member of the Board of Directors
2014	Now	Kubanenergo JSC (Kubanenergo PJSC)	Chairperson of the committee for technological connection; Member of the personnel and remuneration committee
2016	Now	VNII NP JSC	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Committee for technological connection	yes
Personnel and remuneration committee	no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business

activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Full name: **Gavrilov Aleksandr Ilich**

Year of birth: **1973**

Education:

**Higher:**

**State Kuban University, specialty – Accounting and audit (1995)**

**State Kuban Polytechnic University, specialty – Exploitation and operation of oil-and-gas-field (2006)**

**Conferred a degree on Doctor of Economics (2010)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
From	To		
2010	2012	Institute of Economics, Law and Humanities	Professor of Economic theory chair, Economics and Management of Faculty of Economics
2013	2013	FGC UES, JSC	Chief Advisor to the Chairman of Board
2013	Now	Kubanenergo JSC (Kubanenergo PJSC)	Director General, chairperson of Management Board
2014	Now	Kubanenergo JSC (Kubanenergo PJSC)	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

**Member of the BoD (supervisory body) does not participate in committees' activities.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations

in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

**The person did not hold such offices**

Name: **Gritsenko Vladimir Fyodorovich**

Independent member of the BoD

Year of birth: **1965**

Education: higher education. **Russian State University for the Humanities – “Law studies”**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2010	2012	Unitel Grupp LLC	Business Development Director
2012	now	Unitel Engineering LLC	Business Development Director
	now	OPORA RUSSIA Non-profit Partnership	Presidium member
2016	now	Kubanenergo PJSC	Member of the BoD
21.07.2016	now	Kubanenergo PJSC	Member of the Committee for Strategy. Development, Investments and Reform under the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Committee for strategy, investments, reform and development	no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Yefimov Alexandr Leonidovich**

Independent member of the BoD

Year of birth: **1982**

Education: higher education. **Moscow Law Enforcement Academy – “Law studies”**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period	Company	Position
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From	To		
2009	2013	FGC UES JSC	Head of department for protocol functions; then director in charge of protocol function – head of department for protocol functions
2013	now	Rosseti JSC (Rosseti PJSC)	Head of department for protocol functions; then Head of department for protocol functions and administrative services; then Head of administrative department
2016	now	Kubanenergo PJSC	Member of the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities: no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Serov Alexey Yurievich**

Year of birth: **1979**

Education: higher education.

- **Lomonosov Moscow State University – “Applied mathematics”, 2001**
- **New Economic School – “Finances”, 2009**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2009	2012	TKB Kapital CJSC	Chief analyst in the sphere of power industry at sector for shares market analysis
2012	2013	Delovaya Sreda CJSC	Chief business development analyst
2013	now	Rosseti JSC (Rosseti PJSC)	Acting head of Finance department , head of sector for capital market and strategic investments
2015	now	Scientific and Research centre YES PJSC, Ingushenergo JSC	Member of the BoD
2016	now	Kubanenergo PJSC, TRK PJSC	Member of the BoD
21.07.2016	now	Kubanenergo PJSC	Member of the Audit committee

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Audit committee	no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Spfyin Vladimir Vladimirovich**

Year of birth: **1969**

Education: higher education. **Ural Federal University named after Kirov S.M. – “Electrical power systems and networks”, 1992**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2010	2013	Murmansk Region Government	First deputy minister
2012	2013	FGC UES JSC	Innovation development director
2013	now	Rosseti JSC (Rosseti PJSC)	Head of technological development and innovations department
2014	2015	VNIPInergoprom JSC	Member of the BoD
2015	2016	Lenenergo PJSC	Member of the BoD
2015	now	Federal experimentation centre FITs PJSC, Power engineering university “ENIN”,	Member of the BoD
2016	now	Kubanenergo PJSC, IDGC of Ural PJSC, FOCL directorate JSC	Member of the BoD
21.07.2016	now	Kubanenergo PJSC	Chairperson of the Audit committee

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Audit committee	yes

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Khokholkova Kseniya Valerievna**

Year of birth: **1970**

Education:

**Higher education.**

**State academy of management named after Sergo Ordzhonikidze, specialization Organization of management in the sphere of fuel and energy complex (1993).**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2008	2013	Rosseti JSC	Head of sector at Department of Corporate Governance and Interaction with Shareholders
2013	Now	Rosseti JSC (Rosseti PJSC)	Deputy Head of Directorate of Share Capital Issues, Head of Division of Shareholders' Rights Protection at Department of Corporate Governance and Interaction with Shareholders
2009	2013	SZEUK JSC	Member of Board of Directors
2009	2014	Ingushenergo JSC	Member of Board of Directors
2010	2014	Engineering centre of Power Industry of Volga region JSC	Member of the Board of Directors
2013	2014	IDGC of Volga JSC	Member of Auditing Committee
2013	2014	IDGC of Siberia JSC	Member of the Committee for Strategy, Development, Investments and Reforming attached to the BoD
2014	Now	Lenenergospetsremont JSC, Recreation Centre Energetik JSC, Energoservis JSC, Research and development centre of Volga region, Kubanenergo JSC	Member of Board of Directors

		(Kubanenergo PJSC)	
2014	Now	Kubanenergo JSC (Kubanenergo PJSC)	Member of the Audit committee
2014	2016	Kubanenergo JSC (Kubanenergo PJSC)	Committee for strategy, investments, reform and development attached to the BoD
2015	Now	Power engineering institute named after G.M. Krzhizhanovskiy JSC	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Audit committee	no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Shmakov Igor Vladimirovich**

Year of birth: **1974**

Education: **Higher. Kuban State University - "Economic and social planning", 1996**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	till		
2008	2012	IDGC of the South JSC	Head of department for internal audit and risks management
2012	2013	Federal Grid Company of Unified Energy System JSC	Head of department for internal control
2013	Now	Rosseti JSC (Rosseti PJSC)	Head of division for control and risks department for internal audit and control
2013	2014	"MUS Energetiki" JSC	Member of the Auditing Committee

2013	Now	Kubanenergo JSC, IDGC of the South JSC, Yantarenergo JSC, MUS Energetika JSC, Scientific and Research Centre of the South JSC	Member of the Auditing Committee
2015	2016	Kubanenergo PJSC, IDGC of Ural PJSC	Member of the Auditing Committee
2015	2016	TRK PJSC	Chairperson of the Auditing Committee
2015	2016	Rosseti PJSC, MOESK PJSC	Member of the Auditing Committee
2015	Now	Kubanenergo PJSC	Deputy director general in charge of controlling, member of the BoD
2016	Now	FGC UES PJSC, IDGC of the North Caucasus PJSC	Member of the Auditing Committee
21.07.2016	Now	Kubanenergo PJSC	Member of the Committee for Strategy. Development, Investments and Reform under the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Committee for strategy, investments, reform and development	no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Additional information:

**All members of Kubanenergo PJSC Board of Directors are citizens of Russian Federation**

Information on transactions between the issuer and members of the Board of Directors: **such transactions were not concluded during the reporting quarter**

**Details on committees attached to the Board of Directors of the Issuer<sup>1</sup>:**

**In order to provide for by the Board of Directors of "Kubanenergo" PJSC the efficiently**

**fulfilment of its functions as a general management of Company's activity the Board of Directors has established the following Committees representing advisory and consultative bodies:**

**Reliability Committee** established by decision of the Board of Directors dated 18.09.2006, Minutes No. 21/2006.

The Committee tasks consist in elaboration of recommendations on the following issues and their submittal to the Board of Directors:

- expertise of investment programs and plans for repair of energy facilities, analysis of their execution regarding provision for compliance with integrated reliability requirements;
- estimation of completeness and sufficiency of activities following the results of incidents in accordance with the Rules of investigation of causes of accidents in the power industry, approved by Resolution of the Russian Government No. 846 dated 28.10.2009) as well as control of their performance;
- control and evaluation of activity of the Company's technical services
- examination of the quality of investigations of the causes of technological breakdowns (accidents);
- examination of the Company's activities in the field of emergency work (preparedness, organization and conduct of rescue and recovery operations at the network facilities);
- examination of prevention programmes and reducing the risk of injury to personnel of the Company and third parties at facilities of the Company, as well as monitoring their implementation;
- monitoring and evaluation of the technical services of the Company in terms of ensuring reliable operation of electrical networks and industrial safety;
- examination of internal technical control system in the Company;
- expertise of the OSH management system in the Company;
- examination of the implementation of environmental policy programme;
- expertise in fire and safety systems.

The composition of Reliability Committee of "Kubanenergo" PJSC as of the reporting period:

**Members of the Reliability Committee as of the end of the reporting quarter:**

#	Name	Position
1	Magadeyev Ruslan Raisovich	Deputy director of situational and analytical centre of Russian Grids PJSC
2	Ryazantsev Dmitriy Yurievich	Deputy director general in charge of technical issues – chief engineer, Kubanenergo PJSC
3	Ocheredko Olga Vyacheslavovna	Deputy General Director for Economics and Finance, "Kubanenergo" PJSC
4	Armaganyan Edgar Garrievich	Deputy General Director in charge of selling of services
5	Smaga Mikhail Vladimirovich	Deputy director of Centre for engineering supervision, branch of Russian Grids PJSC
6	Shpilevoy Sergey Vladimirovich	Deputy head of sector for accident analysis at Directorate for accident analysis and methodology of emergency recovery work, Situation and analytical centre of Russian Grids PJSC
7	Mikheyev Dmitriy Dmitrievich	Head of sector at Department for electric power industry development, RF Ministry of Energy

On 21.07.2016 the Company's BoD elected new Reliability Committee:

#	Name	Position
1	Leonov Andrey Nikolayevich	Head of Directorate for production activity at Department of process management, Rosseti PJSC
2	Matyushin Alexandr Yuriyevich	Head of maintenance and repair division of Directorate for production activity at Department of process management, Rosseti PJSC
3	Smaga Mikjhail Vladimirovich	Deputy head of Centre of engineering supervision, branch of Rosseti PJSC
4	Ryazantsev Dmitry Yurievich	Deputy Director general in charge of technical issues – chief engineer of Kubanenergo PJSC.
5	Ocheredko Olga Vyacheslavovna	Deputy general director for economics and finance, "Kubanenergo" PJSC
6	Armaganyan Edgar Garrievich	Director of Sochi Electric Networks, branch of "Kubanenergo" PJSC, Deputy general director for selling of services, "Kubanenergo" PJSC
7	Shabalin Sergey Alexandrovich	Leading advisor at division for pricing environment and control over industry infrastructure at Department of development of power industry, RF Ministry of Energy

**Audit Committee** established on October 16, 2009 by decision of the Board of Directors (Minutes No. 80/2009 from 16.10.2009).

The main objective of establishment of the Audit Committee consists in provision for efficient work of the Board of Directors of the Company in resolution of issues referred to its competence. The task of the Committee consists in elaboration of recommendations (conclusions) on the Company audit and reporting and their submittal to the Board of Directors, in particular – on the following issues:

- consideration of the accounting (financial) statements of the Company and control over the process of its preparation;
- control over the reliability and efficiency of the internal control systems, risk management, corporate governance practices;
- supervising the external audit and the selection of the auditor;
- ensuring the independence and objectivity of the internal audit function;
- supervision of the efficiency of functioning of system of counteraction to fraud by the Company's employees and third parties.

Composition of the Audit Committee under the Board of Directors of “Kubanenergo” JSC valid as of the end of the reporting quarter:

1	Lavrova Marina Alexandrovna (chairperson)	Head of Directorate of Economy of Affiliates at Department for economic planning and budgeting of Russian Grids JSC
2	Khokholkova Kseniya Valerievna	Deputy Head of Directorate of Share Capital Issues, Head of Division of Shareholders' Rights Protection at Department of Corporate Governance and Interaction with Shareholders, Rosseti JSC

3	Kislyakov Anton Mikhailovich	Head of Directorate for arrangement of daily operations at Legal department, Rosseti PJSC, member of the BoD of Kubanenergo PJSC
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On 21.07.2016 the Company's BoD elected new Audit Committee:

#	Name	Position
1	Sofyin Vladimir Vladimirovich	Director of the Department for technological development and innovation, Rosseti PJSC
2	Khokholkova Kseniya Valerievna	Deputy Head of Directorate of Share Capital Issues at Department of Corporate Governance and Interaction with Shareholders, Rosseti PJSC
3	Serov Alexey Yurievich	Acting Director of the Department of finances, Head of sector for capital market and strategic investments, Rosseti PJSC

**Committee for Strategy, Development, Investment and Reforms** under the Board of Directors established by decision of the Board of Directors of "Kubanenergo" JSC, Minutes No. 84/2010 dated 05.02.2010, for elaboration of recommendations (conclusions) on the following aspects of activity of the Board of Directors and their submittal to the Board of Directors:

- Determination of priority aspects, strategic objectives and the core principles of the Company strategic development;
- Evaluation of the Company activity efficiency;
- Increase of investment attractiveness of the Company, improvement of investment activity and taking justified investment decisions;
- Correction of the existing Company development strategy;
- Control of the process of implementation of adopted programs, projects and the Company reform process;
- Elaboration of recommendations on the dividend policy.

Composition of the Committee for Strategy, Development, Investment and Reforms under the Board of Directors of "Kubanenergo" JSC valid as of the end of the reporting quarter (30.06.2016):

#	Name	Position
1	Pavlov Alexey Igorevich	Head of Financial department, Начальник Управления финансов
2	Pankstiyanov Yuriy Borisovich	Head of Tariff policy department, Russian Grids PJSC
3	Podlutskiy Sergey Vladimirovich	Head of Sector of consolidated planning and reporting at Investment activity department, Russian Grids PJSC
4	Lavrova Marina Alexandrovna	Head of Directorate of Economy of Affiliates at Department for economic planning and budgeting of Russian Grids JSC, member of Kubanenergo BoD
5	Balaban Fyodor	Head of Research and information service, Russian Grids PJSC

	Nikolaevich	
6	Goncharov Alexey Nikolaevich	Head of Directorate for interaction with wholesale and retail market entities in the sphere of power industry, Russian Grids PJSC
7	Khokholkova Kseniya Valerievna	Deputy Head of Directorate of share capital issues, head of division of shareholders' rights protection at Department of corporate governance and interaction with shareholders, Russian Grids PJSC, member of Kubanenergo BoD
8	Snikkars Pavel Nikolaevich	Head of Department for development of electrical energy industry, RF Ministry of Energy
9	Ocheredko Olga Vyacheslavovna	Deputy General Director for Economics and Finance, Kubanenergo, PJSC, member of Kubanenergo BoD

On 21.07.2016 the Company's BoD elected new Committee for Strategy, Development, Investment and Reforms:

#	Name	Position
1	Pavlov Alexey Igorevich	Head of Treasury department, Rosseti PJSC
2	Pankstiyarov Yuriy Borisovich	Head of Tariff policy department, Rosseti PJSC
3	Podlutskiy Sergey Vladimirovich	Head of Sector of consolidated planning and reporting at Investment activity department, Rosseti PJSC
4	Lavrova Marina Alexandrovna	Head of Economics of affiliated companies division at Department of economic planning and allocation of funds, Rosseti PJSC
5	Balaban Fyodor Nikolaevich	Deputy head of Strategic projects divisions, at Department of strategic development, Rosseti PJSC
6	Goncharov Alexey Nikolaevich	Head of Directorate for interaction with wholesale and retail market entities in the sphere of power industry, Rosseti PJSC
7	Ocheredko Olga Vyacheslavovna	Deputy General Director for Economics and Finance, "Kubanenergo" PJSC
8	Shmakov Igor Vladimirovich	Deputy director general in charge of controlling, Kubanenergo PJSC
9	Zobkova Tatiana Valentinovna	Head of sector at Department of corporate governance, pricing environment and control-and-auditing activity in fuel-power complex, RF Ministry of Energy
10	Gritsenko Vladimir Fyodorovich	Director of business development, Yunitel Engineering LLC

**Personnel and Remuneration Committee** under the Board of Directors established by decision of the Board of Directors of "Kubanenergo" JSC, Minutes No. 94/2010 dated 06.08.2010 for elaboration of recommendations (conclusions) on the following aspects of activity of the Board

of Directors and their submittal to the Board of Directors:

- Amount of reward payable to members of Board of Directors of the Company;
- Elaboration of principles and criteria for determination of the amount of reward payable to members of the Board of Directors, members of the Collegial Executive Body and the person discharging the functions of Sole Executive Body of the Company including a management organization or general manager;
- Working out of proposals on determination of substantial conditions of contracts with the members of the Board of Directors, members of the Collegial Executive Body and the person discharging the functions of Sole Executive Body of the Company;
- Determination of criteria for selection of candidates for membership in the Board of Directors, in the Collegial Executive Body and for the office of Sole Executive Body of the Company as well as preliminary evaluation of such candidates;
- Regular evaluation of activity of the person discharging the functions of Sole Executive Body of the Company (management organization, general manager) and members of the Company's the Collegial Executive Body and preparation of proposals on the possibility of their reappointment for the Board of Directors.

Composition of the **Personnel and Remuneration Committee** under the Board of Directors of "Kubanenergo" valid as of the end of the reporting quarter (30.06.2016):

#	Name	Position
1	Mangarov Yuriy Nikolaevich (chairperson)	Chief advisor, Russian Grids PJSC
2	Chevkin Dmitriy Aleksandrovich	Head of Personnel and organization development department, Russian Grids PJSC
3	Erpsher Nataliya Ilinichna	Head of Head of Directorate organization development under Department of HR policy and organization development, Russian Grids PJSC
4	Shumakher Nataliya Alexeyevna	Chief specialist at Directorate for enforcement of the property right at Department for property management, IDGC of Centre PJSC
5	Varvarin Aleksandr Viktorovich	Managing director in charge of corporate relations and legal support, RSPP, member of Kubanenergo BoD
#	Name	Position
1	Pavlov Alexey Igorevich	Head of Treasury department, Rosseti PJSC
2	Pankstiyarov Yuriy Borisovich	Head of Tariff policy department, Rosseti PJSC
3	Podlutskiy Sergey Vladimirovich	Head of Sector of consolidated planning and reporting at Investment activity department, Rosseti PJSC
4	Lavrova Marina	Head of Economics of affiliated companies division at Department of economic planning and allocation of funds,

	Alexandrovna	Rosseti PJSC
5	Balaban Fyodor Nikolaevich	Deputy head of Strategic projects divisions, at Department of strategic development, Rosseti PJSC
6	Goncharov Alexey Nikolaevich	Head of Directorate for interaction with wholesale and retail market entities in the sphere of power industry, Rosseti PJSC
7	Ocheredko Olga Vyacheslavovna	Deputy General Director for Economics and Finance, "Kubanenergo" PJSC
8	Shmakov Igor Vladimirovich	Deputy director general in charge of controlling, Kubanenergo PJSC
9	Zobkova Tatiana Valentinovna	Head of sector at Department of corporate governance, pricing environment and control-and-auditing activity in fuel-power complex, RF Ministry of Energy
10	Gritsenko Vladimir Fyodorovich	Director of business development, Yunitel Engineering LLC

On 21.07.2016 the Company's BoD elected new Personnel and Remuneration Committee:

#	Name	Position
1	Mangarov Yuriy Nikolaevich	Chief advisor, Rosseti PJSC
2	Chevkin Dmitriy Aleksandrovich	Head of Personnel and organization development department, Rosseti PJSC
3	Erpsheer Nataliya Ilinichna	Head of Head of Directorate organization development under Department of HR policy and organization development, Rosseti PJSC
4	Zobkova Tatiana Valentinovna	Head of sector at Department of corporate governance, pricing environment and control-and-auditing activity in fuel-power complex, RF Ministry of Energy
5	Varvarin Aleksandr Viktorovich	Vice-president in charge of corporate relations and legal support, RSPB; member of Kubanenergo BoD

**Committee for technological connection attached to Board of Directors** was organized by the decision of "Kubanenergo" BoD, minutes of meeting No.119/2011 dated 11.10.2011, for the purpose of elaboration and provision of recommendation to Board of Directors on the following activities of the BoD:

- sophistication of legal base of antimonopoly control and provision of non-discriminatory access to services on technological connection of consumers to electric grids;
- sophistication of internal regulations and proprietary standards on provision of non-discriminatory access to services on technological connection of consumers to electric grids
- elaboration of principles and criteria of evaluation of Company's activity in

technological connection of consumers to electric grids

- evaluation of efficiency of Company's activity in technological connection of consumers to electric grids
- analysis of current situation in the Company and preparation of propositions to the BoD on technological connection of consumers to electric grids

**Current as of the end of the reporting quarter (30.06.2016) composition of the Committee technological connection attached to "Kubanenergo" Board of Directors:**

**Personnel composition of the Committee for Technological Connection**

#	Name	Position
1	Varvarin Aleksandr Viktorovich (chairperson)	Managing director in charge of corporate relations and legal support, RSPP
2	Mikheyev Dmitry Dmitrievich	Head of sector at Department for development of electrical energy industry, RF Ministry of Energy
3	Masalyova Irina Borisovna	Head of Department for perspective development for the grid and technological connection, Russian Grids PJSC
4	Korneyev Alexandr Yurievich	Head of sector for scheduling the technological connection at Department of perspective development of grids and technological connection, Kubanenergo PJSC
5	Bashmakov Daniel Maratovich	Chairperson of Krasnodar regional department of Russian public organization of small and medium business "OPORY Russia"
6	Kosteskiy Vyacheslav Yurievich	Deputy director general in charge of development and selling of services of Kubanenergo PJSC, member of Kubanenergo BoD
7	Soltan Yelena Leonidovna	Head of Department for technological connection, Kubanenergo PJSC, member of Kubanenergo BoD

On 21.07.2016 the Company's BoD elected new Committee for Technological Connection:

#	Name	Position
1	Varvarin Aleksandr Viktorovich	Managing director in charge of corporate relations and legal support, RSPP, member of Kubanenergo BoD
2	Kosteskiy Vyacheslav Yurievich	Deputy director general in charge of development and technological connection, Kubanenergo PJSC
3	Soltan Yelena Leonidovna	Head of Department for technological connection, Kubanenergo PJSC

4	Masalyova Irina Borisovna	Head of Department for perspective development for the grid and technological connection, Rosseti PJSC
5	Korneyev Alexandr Yurievich	Head of sector for scheduling the technological connection at Department of perspective development of grids and technological connection, Kubanenergo PJSC
6	Sokolov Denis Yevgenievich	Chief expert at Directorate for regulation of technological connection at Department of perspective development of network and technological connection, Rosseti PJSC

### 5.2.2. Information on the Sole Executive Body of the Issuer

Full name: **Gavrilov Aleksandr Ilich**

**(chairperson)**

Year of birth: **1973**

Education:

Higher: State Kuban University, specialty – “Accounting and audit” (1995)

State Kuban Polytechnic University, specialty – “Exploitation and operation of oil-and-gas-field” (2006)

Doctor of Economics (2010)

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Organization	Position
from	till		
2010	2012	Institute of Economics, Law and Humanities	Professor of Economic theory chair, Economics and Management of Faculty of Economics
2013	2013	FGC UES, JSC	Chief Advisor to the Chairman of Board
2013	now	Kubanenergo JSC (Kubanenergo PJSC) (Kubanenergo PJSC)	Acting Director General, then Director General, chairperson of the Management Board
2014	now	Kubanenergo JSC(Kubanenergo PJSC)	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

**The person did not hold such offices**

### 5.2.3. Composition of the Collegial Executive Body of the Issuer

Full name: **Gavrilov Aleksandr Ilich**

**(chairperson)**

Year of birth: **1973**

Education:

Higher: State Kuban University, specialty – “Accounting and audit” (1995)

State Kuban Polytechnic University, specialty – “Exploitation and operation of oil-and-gas-field” (2006)

Doctor of Economics (2010)

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Organization	Position
from	till		
2010	2012	Institute of Economics, Law and Humanities	Professor of Economic theory chair, Economics and Management of Faculty of Economics
2013	2013	FGC UES, JSC	Chief Advisor to the Chairman of Board
2013	now	Kubanenergo JSC (Kubanenergo PJSC) (Kubanenergo PJSC)	Acting Director General, then Director General, chairperson of the Management Board
2014	now	Kubanenergo JSC(Kubanenergo PJSC)	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of

criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

**The person did not hold such offices**

Name: **Armaganyan Edgar Garriyevich**

Year of birth: **1984**

Education:

Higher, graduated from Kuban State Agrarian University in 2008, speciality – “Electrification and Automation”, conferred qualification “engineer”.

Course of professional retraining at BMSTU on the basis of “Training centre “Kubanenergo”, speciality “Management of organization” (2014)

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Organization	Position
from	till		
2009	now	Kubanenergo JSC (Kubanenergo PJSC)	Kubanenergo branch Sochi electrical grids: head of sector for selling of services on energy transmission; head of sector for technological connection; head of sector for electricity transport; deputy director in charge of development and selling of services; advisor to director general of Kubanenergo JSC, acting first deputy director general of the Company ; head of Kubanenergo branch Sochi electrical grids (main job), acting first deputy director general (part-time job); after – director of branch Sochi power grids
2014	now	Kubanenergo JSC (Kubanenergo PJSC)	Member of the Management Board
2015	now	Kubanenergo PJSC	Member of Reliability Committee

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

Name: **Golov Andrei Valerievich**

Year of birth: **1980**

Education:

Higher. Graduated in 2002 from Orenburg state university, specialization – “Finance and credit”. In 2008 was conferred a degree of Candidate of Sciences (Economics).

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Organization	Position
from	till		
2010	2011	“InterPress” LLC	Financial Director
2011	2012	“AGRIUS XXI” LLC	Financial Director
2012	2012	“Prompostavka” CJSC	Business Director
2012	Now	Kubanenergo JSC (Kubanenergo PJSC)	Adviser of Director General; after – acting deputy Director General in charge of logistics and inventory without discharge from the main job; after – deputy Director General in charge of logistics and inventory; acting deputy Director General on investment activity (part time job)
2013	now	Kubanenergo JSC (Kubanenergo PJSC)	Member of the Management Board

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

**The person did not hold such offices**

Name: **Golovakha Dmitriy Nikolaevich**

Year of birth: **1977**

Education:

Higher. Graduated in 1997 from Krasnodar technical college, specialization –

“Installation and maintenance of electrical equipment of agricultural companies”. Graduated in 2002 Kuban State Agrarian University, specialization – “Electrification and automation of agricultural industry”.

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Organization	Position
from	till		
2008	2012	“IDGC of the South” JSC	Head of department of perspective development
2012	2013	Department on issues of fuel and energy complex of Krasnodar region (from 01.07.2012 – Industry and Energy Ministry of Krasnodar region)	First deputy head of department, after – deputy Minister
2013	Now	Kubanenergo JSC (Kubanenergo PJSC)	Director of branch South-Western power grids, Member of the Management Board

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**Son Member of the Management Board - Golovakha Lyudmila Alekseevna.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

**The person did not hold such offices**

Name: **Golovakha Lyudmila Alekseevna**

Year of birth: **1955**

Education:

Higher. Graduated in 1974 from Krasnodar College of the sugar industry, specialization – “Electrical equipment of industrial enterprises and facilities”. Graduated in 2007 from Kuban State University, specialization “Law” and “State and municipal management”.

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Organization	Position
from	till		
2011	2012	“NESK-electric grids” JSC	Director in charge of general issues
2013	Now	Kubanenergo JSC (Kubanenergo PJSC)	Director General Adviser, after – deputy Director General –chief of staff; Member of the Management Board

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**Mother of Member of the Management Board – Golovakha Dmitriy Nikolaevich.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

**The person did not hold such offices**

Name: **Kostetskiy Vyacheslav Yurievich**

Year of birth: **1974**

Education:

Higher. Graduated in 1999 from The Institute of Economics, Law and natural specialties, specialization – “Law”. Graduated in 2009 from Kuban State Technological University, specialization “Electric power supply”.

The course of retraining “Management” in Moscow State Technical University named after Bauman on the basis of Non-state non-profit educational institution “Educational centre “Kubanenergo”, 2008.

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Organization	Position
from	till		
2010	2011	“Krasniy Proletariy” JSC	Executive director

2011	2012	Territorial board of Federal Agency for the Administration of State Property in Krasnodar region	Head of division of commercial organization and privatization, after – deputy head
2013	now	Kubanenergo JSC	Adviser of Director General, after – deputy Director General in charge of development and realization of services; Member of the Management Board
2013	now	Energoservis of Kuban JSC	Chairperson of Board of Directors
2013	2015	Kubanenergo JSC (Kubanenergo PJSC)	Member of Committee for Strategy, Development, Investments and Reforming under the BoD
2013	now	Kubanenergo JSC (Kubanenergo PJSC)	Member of Committee for Technological Connection under the BoD

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

**The person did not hold such offices**

Name: **Mikhailov Vladimir Alexandrovich**

Year of birth: 1982

Education:

In 2014: South-Russian State Polytechnic University (Novocherkassk Polytechnic University) – “Electric systems and networks”;

Advanced training:

- South-Russian State Polytechnic University (Novocherkassk Polytechnic University) – “Safety at technological processes and production in the sphere of power industry and power supply” (2004);
- affiliate of Bauman Moscow State Technical University at Educational Centre of Kubanenergo – “Corporate Governance” (2013);
- Educational centre “Innovative Technologies”, programme “Internal auditors of environment management systems” (2008);
- Institute of supplementary vocational education, programme “Environmental safety for heads and specialists of departments general economic management systems” (2010).

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Organization	Position
from	till		
2006	2011	FGC UES JSC	Filed work engineer at Krymsky bulk power systems - branch of Kuban enterprises of the main power networks; Head of Krymsky bulk power systems- branch of Kuban enterprises of the main power networks; head of Krymsky sector for substation maintenance - branch of Kuban enterprises of the main power networks
2011	now	Kubanenergo JSC (Kubanenergo PJSC)	Deputy head in charge of technical issues – chief engineer of Slavyanskiye electric networks; head of Slavyanskiye electric networks; head of Krasnodarskiye electric networks
2016	now	Kubanenergo PJSC	Member of the Management Board

**The person holds no participatory stake in the Issuer’s authorized capital or the Issuer’s ordinary shares.**

The person’s participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer’s subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer’s financial and business activity:

**Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

**The person did not hold such offices**

Name: **Ocheredko Olga Vyacheslavovna**

Year of birth: 1972

Education:

Higher, graduated from Kuban state university, specialization “Economic and social planning”, qualification “economist”.

University of International Relations of the Ministry of Foreign Affairs of the Russian Federation, qualification “Master of business administration”

Advanced retraining at BMSTU on the basis of “Training centre “Kubanenergo”, speciality “Management of organization”

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Organization	Position
from	till		
2008	now	Kubanenergo JSC (Kubanenergo PJSC)	Head of financial department under financial directorate, head of directorate – head of division at financial department, head of financial division on construction of Olympic facilities, deputy head of department – head of financial division at financial department, head of financial department, head of division for construction of Olympic facilities at department of property and legal support of construction of Olympic facilities, deputy director general in charge of economics and finances
2014	2015	“Recreation centre “Plamya” JSC	Chairperson of the Board of Directors
2014	now	“Recreation centre “Energetik” JSC	Chairperson of the Board of Directors
2014	now	Kubanenergo JSC (Kubanenergo PJSC)	Member of the Management Board
2015	now	Kubanenergo PJSC	Member of Committee for Strategy, Development, Investments and Reforming under the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

**The person did not hold such offices**

The person was member of the BoD of Recreation centre “Plamya” when bankruptcy case was initiated in relation to the company, in accordance with order of Commercial court of Krasnodar region on 03.03.2015 and when Recreation centre “Plamya” was considered by the Commercial

Court of Krasnodar region as insolvent on 02.09.2015.

Name: **Ryazantsev Dmitriy Yuriyevich**

Year of birth: **1973**

Education:

Secondary technical school. In 1992 graduated from Krasnodar sugar industry training college, specialization “Electrical equipment of industrial enterprises and installations”, qualification “electrical technician”.

Higher in 1997 graduated from Kuban state Technological University, specialization “Energy supply”, qualification “electrical engineer”.

2007 - Kuban state Technological University, specialization “Economy and management of organization”, qualification “manager economist”.

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Orgnaization	Position
from	till		
2010	now	Kubanenergo JSC (Kubanenergo PJSC)	Deputy chief engineer in charge of operation and maintenance control – head of grid control center; deputy chief engineer – head of department of operation and maintenance control; acting director of South-Western electric grids, head of Timashevskiy electric grids, deputy director general in charge of technical issues – chief engineer; then first deputy general director - chief engineer; then deputy general director for technical issues - chief engineer
2012	2013	Kubanenergo JSC	Member of Reliability Committee under the BoD
2014	now	Kubanenergo JSC (Kubanenergo PJSC)	Member of the Management Board
2014	2015	Energoservis Kuban JSC	Member of the Board of Directors
2015	now	Kubanenergo PJSC	Member of Reliability Committee under the BoD

**The person holds no participatory stake in the Issuer’s authorized capital or the Issuer’s ordinary shares.**

The person’s participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer’s subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer’s financial and business activity:

**Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations

in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

**The person did not hold such offices**

Name: **Statuyev Vladislav Andreyevich**

Year of birth: **1956**

Education:

Higher. Graduated in 1978 from Navy engineering academy named after Drezhinskiy F.E. (Saint-Petersburg), specialization “physics and power engineering”. In 2012 graduated from the Financial University under the Government of the Russian Federation, specialization “enterprise management”

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
2009	2013	Federal state unitary enterprise “FT-Centre”	Director of Krasnodar branch
2013	Now	Kubanenergo JSC (Kubanenergo PJSC)	Advisor of director general with duties of deputy director general in charge of security, without discharge from primary employment, then deputy director general in charge of security
2013	Now	Kubanenergo JSC (Kubanenergo PJSC)	Member of the Management Board

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

**Additional information disclosed in accordance with the Regulations on insider information of Kubanenergo PJSC:** All members of Management Board are citizens of Russian Federation. Information on transactions concluded in the reporting quarter between the Company and Member of the Management Board: during the reporting quarter such transactions were not concluded

### **5.3. Information on the amounts of reward, benefits and/or compensation for expenses due to each of the Issuer's management bodies**

Information on the amount of reward payable to each management body (except for the natural

person discharging the functions of Sole Executive Body of the Issuer). Indication of all types of rewards including wages, bonuses, commission fees, benefits and/or compensations for expenses as well as other pecuniary rewards paid by the Issuer for the last completed financial year:

Unit of measurement: **thousand rubles**

Board of Directors

Indicator	6 months of 2016
Remuneration for participation in activity of the management body	0
Salary	
Bonuses	
Commission fees	
Other remunerations	
Total	0

**Details on current agreements on such payments in the current financial year: In accordance with Regulations on payment of remuneration to members of the Board of Directors of Kubanenergo PJSC (approved by the AGM, minutes of meeting No.36 dated 11.06.2015), remuneration to members of the Board of Directors shall be paid as lump sum payment by the results of their activity during the period from their election to the Board of Directors until the election of new members of the Board of Directors of the Company.**

Amount of remuneration paid to each member of the Board of Directors of the Company is calculated with regard of the total number of meetings of the Board of Directors in the previous corporate year and the number of meetings in which such member of the Board of Directors takes part. The amount of remuneration base shall be based on the revenues calculated in accordance with Russian Accounting Standards and received by the Company in the financial year.

Additionally to the remuneration the following premiums shall be paid:

- 30% payable to the Chairman of the Board of Directors of the Company;
- 20% payable to the chairman of a specialized committee of the Board of Directors of the Company;
- 10% payable to a member of a specialized committee of the Board of Directors of the Company.

Additional remuneration is paid to the members of the Board of Directors in case of increasing the amount of the Company's market capitalization during the period of work of the Board of Directors

#### **Collegiate executive body**

Unit of measurement: **thousand rubles**

Indicator	6 months of 2016
Remuneration for participation in activity of the management body	861
Wages	16 463
Bonuses	7 815
Commission fees	0
Fringe benefits	0

Other remunerations	1 582
Total	26 721

Details of current agreements on such payments in the financial year:

Information on current agreements on such payments in the financial year:

In accordance with decision adopted by the Company's BoD on 24.02.2015 (minutes of meeting No. 203/2015 dated 25.02.2015) "On approving the list of offices included in the category of top managers of Kubanenergo JSC", Members of the Management Board of are considered as top-managers of first category.

According the Regulation on motivation and social benefits set for Top managers of Kubanenergo, approved by the Company's BoD (minutes of meeting No.207/2015 dated 17.04.2015) the labour contracts with members of Management Board stipulates that the payment is performed monthly for fulfillment of obligations of member of collegiate executive body of the Company – Management Board of the Issuer.

Compensations

Unit of measurement: **thousand rubles.**

Management body	6 months of 2016
The Board of Directors	0
Collegiate executive body	342

Until 10.06.2015 a member of the BoD was paid compensation for expenses related to participation in the meeting of the BoD (travelling expenses, accommodation, meal, etc.).

Starting 10.06.2015 a member of the BoD will be paid compensation for expenses related to participation in the meeting of the BoD in accordance with current company's rules for reimbursement of travel expenses.

In accordance with Regulations on procedure of compensating for expenses on house rent, approved by the Company on 27 March 2015, order No.262, members of the Management Board will be paid compensation for renting residential premises.

#### **5.4. Details on structure and competence of bodies for control of the Issuer's financial and business activity**

Full description of the structure of bodies for control of the Issuer's financial and business activity and their competences in accordance with the Issuer's Charter (constituent documents):

For control of the financial and business activity of the Issuer, the General Meeting of Shareholders elects the Auditing Commission of the Issuer for the period until arrangement of the next General Meeting of Shareholders.

The number of members of the Auditing Commission of the Issuer is 5 (Five) persons. Referred to the competence of the Auditing Commission of the Issuer are the following issues:

- validation of consistency of data contained in the annual report, accounting balance sheet, profit and loss account of the Issuer;
- analysis of the Issuer's financial status, discovery of reserves for improvement of the Issuer's financial status and elaboration of recommendations for the Issuer's Management Bodies;
- organization and performance of review (revision) of the Issuer's financial and business activity, in particular:
  - review (revision) of the Issuer's financial, accounting, payment-and-settlement and other documentation related to the Issuer carrying out financial and business activity for such

documentation compliance with the Russian Federation legislation, the Charter, in-house and other documents of the Issuer;

- control of integrity and use of fixed assets;
- control of compliance of the established procedure for charging insolvent borrowers' indebtedness to the Issuer's loss;
- control of spending the Issuer's cash in accordance with the approved Business Plan and budget of the Issuer;
- control of accumulation and use of the reserve and other special funds of the Issuer;
- review of correctness and timeliness accrual and payment of dividend on the Issuer's shares, interest on bonds, income from other securities;
- review of fulfilment of previously issued prescriptions for elimination of violations and inconsistencies detected in the course of previous reviews (revisions);
- recommendations for Company's management bodies
- other actions (arrangements) related to review of the Issuer's financial and business activity.

For review and validation of the Company's annual financial statements, the General Meeting of Shareholders annually approves of Auditor of the Company.

The Issuer's Auditor carries out an audit of the Issuer's financial and business activities in accordance with the requirements of the Russian Federation legislation and under the contract concluded with one.

Following the results of review of the Issuer's financial and business activity, the Company's Auditing Commission or Auditor draws up a conclusion that shall contain:

- statement of validation of consistency of data contained in reports/statements and other financial documents of the Issuer;
- information on facts of the Issuer having violated the procedures of accounting records keeping and financial reporting, as established by legal instruments of the Russian Federation, as well as on other violations of legal instruments of the Russian Federation, or legal instruments of the Russian Federation in the course of the Issuer's financial and business activity.

The procedure and terms for drawing a conclusion following the results of review of the Issuer's financial and business activity are determined by legal instruments of the Russian Federation and the Issuer's internal documents.

The Issuer has established an internal control service.

The Board of Directors' competence:

- control of the annual independent audit of the accounting and financial statements of the Company,
- selection of candidates for auditors of the Company, evaluation of their qualifications, performance and compliance with the requirements of independence, nominations of auditors to the Board of Directors, drawing conclusions about the candidature of an auditor submitted by third parties,
- assessment of the effectiveness of internal control procedures and preparation of proposals for their improvement,
- other issues on behalf of the Board of Directors.

**The members of the Audit Committee of the Board of Directors**

Name	chairperson
Sofyin Vladimir Vladimirovich	yes
Khokholkova Kseniya Valerievna	no
Serov Alexey Yurievich	no

Information on the availability of a separate structural unit(s) for the risk management and internal control (other than the Audit Commission (Auditor), body (structural unit) in charge of internal control of financial and economic activities of the issuer), its tasks and functions:

Before April, 2008, functions of the Issuer's internal control service were discharged by the Controlling and Internal Audit Service established in August, 2004.

From April, 2008 till November, 30, 2010, under Contract No. 407/30-1143/26 "On transfer of powers of Sole Executive Body" between the Issuer and OJSC "IDGC of South" dated 14.09.2007, discharge of functions aimed at provision for efficient functioning of the internal control system in the Issuer was carried out by the Department for Internal Control and Audit of OJSC "IDGC of South".

In accordance with Decision of the Board of Directors of the Issuer dated 05.08.2010 (Minutes No. 94.2010 dated 06.08.2010), an Administration for Internal Audit and Risk Management was established within the Issuer's organizational structure.

The Audit Committee of the Board of Directors (Minutes No.25/2015 dated 27.02.2015) agreed the establishment of directorate for internal audit and risks as a unit of the Department of Internal Audit and Control, Regulations on the Department of Internal Audit and Control were approved by the General Director on 24.03.2015.

The main tasks of the internal control and risks include:

- arrangement of effective interaction and support of the Audit Committee of the Company;
- organization of the system of internal control and risk management;
- implementation of preventive procedures and monitoring;
- interaction with state regulatory authorities on internal control.

The main functions of the internal control and risks include:

- arrangement of the system of internal control and risk management;
- arrangement of activities for the implementation, improvement and development of common approaches to risk-oriented internal control system in the Company;
- interaction with the external auditor on the evaluation of the effectiveness of internal control and risk management;
- assessment of the efficiency of internal control, risk management and corporate governance;
- ensuring awareness of the Company's management on the results of risk management, trends and status of the risk management system;
- interaction with the Audit Committee of the Board of Directors on the issues related to internal control, risk management and corporate governance;
- organization of the development of corrective actions based on the results of audits of the Company, aimed at eliminating deficiencies and implement the recommendations issued by the Audit Committee of the Company, control over their execution;
- keeping records of inspections conducted by external bodies control (supervision), and their results.

Information on the Issuer's separate structural unit of internal audit, its tasks and functions:

**The Audit Committee of the Board of Directors (Minutes No.25/2015 dated 27.02.2015) agreed to the establishment of the directorate of internal audit as a part of the Department of Internal Audit and Control, the Regulations on the Department of Internal Audit and Control were approved by the Director general on 24.03.2015.**

Information on the Issuer's separate structural unit of internal audit, its tasks and functions:

The main tasks of the Internal Audit are:

- arrangement, planning and implementation of procedures for follow-up activities of the Company and its subsidiaries;
- arrangement of activities of the Audit Commission of Company's subsidiaries and affiliates;
- cooperation with the Audit Committee of the Board of Directors of the Company within the functional subordination.

The main functions of the Internal Audit are:

- planning, arrangement and conducting of internal audits;
- evaluation of the reliability and efficiency of the internal control and risk management, detection of drawbacks in internal control system;
- preparation of proposals and recommendations by the results of the internal audits and evaluations;
- monitoring the elimination of violations and deficiencies detected by the results of internal audits;
- preparation of reports to inform authorities on the results of the Company's internal audit function;
- preparation of plan and programmes for audits of subsidiaries and affiliates;
- organization of record keeping of audit commissions of subsidiaries and affiliates (including preparation of notifications, reports, etc.);
- conducting the audits of financial and economic activities of subsidiaries and affiliates preparing opinions (acts);
- implementation of post-control and control of subsidiaries and affiliates for elimination of violations and implementation of recommendations and instructions given by the Audit Commission;
- interaction with the Audit Committee of the Board of Directors on internal audit.

The Issuer's policy in the sphere of risk management and internal control systems is described in paragraph 2.4 of this quarterly report

The issuer has ratified (approved) an internal document of the issuer which establishes the rules for preventing the misuse of confidential and insider information.

Data on the issuer's internal document establishing rules aimed at preventing the misuse of confidential and insider information:

In 2013, the Company adopted a single strategy document – Anti-corruption policy of Rossetti PJSC and affiliated companies of Rossetti (approved by the Board of Directors (Minutes of meeting No.201 dated 12.30.2014) (hereinafter –the anti-corruption policy), which defined a common approach to the implementation of requirements of article13.3 of the Federal Law No. 273-FZ of 25.12.2008 “On combating corruption” (hereinafter – the Law on counteraction to corruption), relating to the Issuer's obligations to develop and adopt measures to prevent and fight against corruption: identification and subsequent elimination of the causes of corruption (prevention of corruption); detection, prevention and suppression of corruption and other

offenses; minimization and (or) liquidation of the consequences of corruption and other offenses, including those described in the article 19.28 of Administrative Code “the responsibility for the illegal remuneration on behalf of the legal entity”

Anti-corruption policy is a fundamental document of Rossetti PJSC and its affiliated companies in the field of anti-corruption and contains: a set of interrelated principles and procedures for activities under the act of the official interpretation – Methodical recommendations of the Ministry of Labour, approved on 11.08.2013.

Main directions of anticorruption policy:

- definition of units responsible for the prevention of corruption offenses and the fight against corruption
- assessment of corruption risks
- identifying and resolving conflicts of interest
- development and introduction of standards and procedures designed to ensure fair work
- review and approval of information on possible cases of corruption
- consulting and training of employees
- internal control and audit
- the adoption of measures to combat and prevention of corruption in cooperation with organizations of contractors
- interaction with public authorities exercising control and supervisory functions
- cooperation with law enforcement authorities in fighting corruption
- participation in collective initiatives for combating and preventing corruption.

The Issuer developed and approved a list of anti-corruption measures for Kubanenergo, providing for the implementation of activities and procedures and the procedure for their implementation.

All of this imposes a special obligation on the Issuer at forming a single vertically-integrated system of implementation of anti-corruption policies within the Group Rossetti, which controlling shareholder is the state.

In this connection, the Issuer is not only self-implementing measures to prevent and fight against corruption, but also takes part in the collective anti-corruption initiatives:

- On September 24, 2015 Kubanenergo PJSC acceded to the Anti-Corruption Charter of Russian Business (certificate No.2319 dd 24.09.2015);
- It uses standard contractual anti-corruption clauses.

Much attention Kubanenergo PJSC pays to the formation of transparent business standards. The automated system – “Analysis and collection of information on the beneficiaries” was created. The system allows collecting data from multiple sources into a single information space, providing test data on legal entities and individuals, identifying signs of affiliation, conflict of interest, pre-conflict situations, and other abuses.

The structural unit of the Company responsible for the prevention and fight against corruption performs the following functions:

- Carries out activities aimed at the implementation of the principles and requirements of the Anti-Corruption Policy;
- Develops anti-corruption programs for the implementation of anti-corruption policy directions;
- Carries out monitoring of activities aimed at identifying corruption and other offenses;
- Discusses reports of possible facts of committing corruption and other offenses by employees, contractors of Rossetti PJSC and its affiliated companies or other persons/entities;
- Organizes the completion and review of declarations of conflict of interest;
- Organizes training activities for the prevention and combating of corruption and individual consultation of employees;

- Evaluates the results of anti-corruption work and reporting materials management organization;
- Carries out activities to prevent and counter corruption and other offenses, conflicts of interest;
- Develops anti-corruption standards and provides technical assistance in the implementation of measures for combating and preventing corruption and legal education of employees;
- Coordinates the activities of the structural units in the sphere of implementation of anti-corruption policy;
- Organizes and monitors the Russian, applicable foreign and international anti-corruption legislation and track changes to them as well as the relevant jurisprudence;
- Prepares documents in the sphere of combating and prevention of corruption and initiates the updating of documents in connection with changes in the anti-corruption laws of the Russian Federation.

The Issuer, in particular, approved procedure for receiving, considering and resolving the applicant's requests (employees, contractors Kubanenergo PJSC and other natural and legal persons) of the possible cases of corruption, the Regulations for the Commission of Kubanenergo for Compliance of corporate ethics and conflicts of interest, the Regulation for the settlement of the conflicts of interest in Kubanenergo PJSC.

Issuer updated the Commission on compliance with the rules of conduct and conflict of interest in Kubanenergo PJSC, organized work on the prevention of corruption, provided legal education and formation of the foundations of law-abiding behavior among employees of the electric grid complex and many other anti-corruption procedures, introduced an interactive channel of communication with applicants through the corporate web -site, the “hotline” for reporting on corruption.

Information about the activity of Kubanenergo PJSC in the field of preventing and combating corruption is available on the Company's web site at: <http://kubanenergo.ru/o-kompanii/antikorrupsionnaya-politika/>

Details of availability of a document for prevention of use of proprietary (insider) information:

In accordance with requirements of Federal law No. 224-Φ3 dated 27.07.2010 “On prevention of illegal usage of insider information and market manipulation and on introduction of changes to particular legislative acts of Russian Federation” the Issuer has accomplished the following activities:

- by the decision of the BoD (minutes of meeting No.168/2013 dd 02.08.2013) a restated version of Regulations on insider information of “Kubanenergo” JSC was approved;
- the list of insider information was formed;
- the list of persons regarded as insiders was made;
- the notifications on inclusion of particular persons to the list of insiders were sent;
- the list of insiders was sent to organizer of trade on the securities market.

The issuer plans to continue on the events aimed at organization and development of mechanisms of control over observance of insider information legislation.

## **5.5. Information on persons that are members of bodies for control of the Issuer's financial and business activity**

The body controlling business activity of the issuer – **Auditing Commission**

Name: **Kim Svetalana Anatolievna**  
(chairperson)

Year of birth: **1981**

Education:

**Higher. Moscow State University of Railway Engineering (MIIT), specialty “Trading business” (2004).**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from			
2008	2013	FGC UES JSC	Leading expert at Directorate for financial control and internal audit; chief expert at Department for control and inspections; chief expert at Department for control and inspections, head of sector for control over investments
2013	now	Rosseti JSC (Rosseti PJSC)	Head of Directorate for auditing activity and internal audit at Department for internal audit and control; head of Directorate for supervisory activity at Department for supervisory activity
2015	now	Kubanenergo PJSC, IDGC of North Caucasus PJSC, IDGC of Centre PJSC, IDGC of Ural JSC, Yantarenergo JSC, IDGC of Volga PJSC, IDGC of Siberia PJSC, MOESK PJSC, Scientific and Research Centre of IDGC JSC	Member of the Auditing Commission
2015	2016	IDGC of the South PJSC	Member of the Auditing Commission
2016	Now	Lenenergo PJSC, FOCL directorate JSC, Scientific and research centre UES JSC	Member of the Auditing Commission

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Kabizskina Yelena Alexandrovna**

Year of birth: **1964**

Education:

**Higher. Far Eastern State Technical Fisheries University, engineering and financial**

**faculty.**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	till		
2005	2013	FGC UES JSC	Head of Department for internal control and risks management, deputy head of Department for control and inspections
2013	2014	MOESK JSC	Head of Directorate for methodological support at Department of internal audit
2014	now	Rosseti JSC (Rosseti PJSC)	Deputy head of Directorate for auditing activity at Department of supervisory activity; then deputy head of division for auditing activity at department of control and auditing activity
2015	now	Kubanenergo PJSC, IDGC of North Caucasus PJSC, Lenenergo PJSC, TRK PJSC, IDGC of North-West PJSC, Yantarenergo JSC, IDGC of Siberia JSC (PJSC), Sevkavkazenergo JSC, Kabbalkenergo JSC, Karachaevo-Cherkesskenergo JSC, Tyvaenergoby JSC, Scientific and research centre of UES, Chechenenergo JSC, Dagestan energy selling company JSC, Kalmenergoby JSC, "Ingushenergo" JSC	Member of the Auditing Commission
2016	now	North-West power industry managing company PJSC, IDGC of Volga PJSC, IDGC of the South PJSC, IDGC of Ural PJSC, MOESK PJSC	Member of the Auditing Commission

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Kirillov Artyom Nikolayevich**

Year of birth: **1984**

Education:

**Higher. Moscow Power Industry Institute – “Engineer-electrical fitter”.**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	to		
2009	2013	FGC UES PJSC	Chief specialist, later – chief expert at department of control and audits
2013	now	Rosseti JSC (Rosseti {JSC)	Head of sector for investment audit at directorate auditing activity and internal audit at debarment of internal audit and control; later – deputy head of directorate auditing activity and internal audit at debarment of internal audit and control
2013	2014	Kubanenergo JSC	Member of the Auditing Commission
2016	now	Kubanenergo PJSC, MOESK PJSC, IDGC of Ural PJSC, “TRK PJSC, IDGC of the South PJSC, IDGC of Volga PJSC, IDGC of the North Caucasus PJSC, IDGC North-West PJSC, Lenenergo PJSC, North-Western power industry managing company PJSC, Sevkavkazenergo JSC, Ingushenergo JSC, NIITs IDGC JSC, Kalmenergosbyt JSC, VNIPIenergoprom JSC, FOCL-Management JSC, Scientific and Reseach Cnetre of UES JSC, Nurenergo JSC, Power engineering university ENIN JSC	Member of the Auditing Commission

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Malyshev Sergey Vladimirovich**

Year of birth: **1965**

Education:

**Higher, Higher military financial college in Yaroslavl (1986)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	to		
2011	2012	Gazpromneft-Aero CJSC	Chief expert at capital construction department
2013	2013	FGC UES JSC	Head of department from investments audit at department for internal control and risks management
2013	now	Rosseti JSC (Rosseti PJSC)	Chief expert at directorate for auditing activity at department for control activity; leading specialist at directorate for auditing activity at department for control and auditing activity
2014	2015	Lenenergo JSC, Tyumenenergo JSC, , IDGC of Centre and Volga region JSC (IDGC of Centre and Volga region PJSC), IDGC of Ural JSC, Kalmenergosbyt JSC, Sientific and research centre of Ural JSC	Member of the Auditing Commission
2014	now	IDGC of Volga JSC (IDGC of Volga PJSC), IDGC of Centre JSC (IDGC of Centre JSC), IDGC of Siberia JSC (IDGC of Siberia PJSC), IDGC of North-West JSC (North-West PJSC), Sevkavenergo JSC, Kubanenergo JSC (Kubanenergo PJSC), Yantarenergo JSC, Karachaevo-Cherkesskenergo JSC, Tyvaenergosbyt JSC, Dagestan energy selling company JSC, Ingushenergo JSC, SZEUK JSC, Scientific and research centre of IDGC JSC	Member of the Auditing Commission
2015	now	Kabbalknergo PJSC, IDGC of North Caucasus PJSC, Chechenenergo JSC, Scientific and research centre of IDGC JSC, VNIPIenergoprom Association JSC, VNIPIenergoprom real property JSC, Its UES real property JSC, Real property of the Southern centre of power industry”	Member of the Auditing Commission
2016	now	Lenenergo PJSC, Tyumenenergo JSC	Member of the Auditing

			Commission
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**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Slesareva Yelena Yurievna**

Year of birth: **1970**

Education:

**Higher. Academy of Labor and Social Relations, Moscow**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	till		
2009	2013	IDGC of the South	Chief specialist at department of internal audit and risks management
2013	now	Rosseti JSC (Rosseti PJSC)	Leading specialist at sector of investments audit, auditing activity and internal audit at department of internal audit and control; then – chief expert at internal audit directorate
2014	2015	IDGC of Volga JSC, Tyumenenergo JSC, IDGC of Centre JSC, IDGC of Siberia JSC, IDGC North-West JSC, IDGC of the North Caucasus JSC, MOESK JSC, Sevkavkazenergo JSC,	Member of the Auditing Commission

		Kubanenergo JSC	
2014	now	IDGC of the South JSC ( IDGC of the South PJSC)	Member of the Auditing Commission
2015	2016	IDGC of the North Caucasus PJSC, Tyumenenergo JSC, "Tyvaenergosbyt JSC, Association VNIPIenergoprom JSC	Member of the Auditing Commission
2015	now	IDGC of Center and Volga Region PJSC, Chechenenergo JSC, Dagestan Energy Retail Company JSC, Kalmenergosbyt JSC	Member of the Auditing Commission
2016	now	Kubanenergo PJSC	Member of the Auditing Commission

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

**Internal control and risks management department**

Name: **Yatsenko Ivan Alexandrovich**

Year of birth: **1978**

Education:

**Higher education.**

**Kuban State University – “Accounting and audit”, 2001**

**Kuban State Technological University – “Business evaluation”. 2002**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period	Company	Position
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From	To		
2007	2012	Promsvyazbank JSC	Head of group for support of transactions performed using payment cards, Krasnodar branch; later – head of subsidiary office of Krasnodar back office, Southern branch
2013	2013	Vozrozhdenie Bank JSC	Head of group for retail product promotion
2013	2013	RGS-Life	Manager of agency group, Krasnodar office
2014	Now	Kubanenergo JSC (Kubanenergo PJSC)	Deputy head of department for internal audit and control, later – acting head of department for internal audit and control

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies:

**The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State:

**The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

## **5.6. Information on the amount of rewards, benefits and/or compensation for expenses due to members of bodies for control of the Issuer's financial and business activity**

### Remunerations

For each body of control over financial and economic activities of the issuer (except for a natural person holding the position (exercising functions) of the issuer's auditor) are described with the indication of the size of all types of remuneration, including salaries of members of bodies supervising financial and economic activities of the issuer, who are (were) its employees, including existing part-time employees (part-time employees who worked), bonuses, commissions, fees, separately paid for participation in the relevant body of control over financial and economic activities of the issuer, other types of remuneration that were paid by the issuer during the reporting period, and the costs, the issuer compensated during the relevant reporting period, associated with the performance of functions of members of bodies supervising financial and economic activities of the issuer are described indicating the size.

Unit: **rubles**

Name of the body for control of the Issuer's financial and business activity:

**Auditing Commission**

Indicator	6 months of 2016
Reward for participation in control body	793
Salary	
Bonuses	
Commission fees	
Other remunerations	
Total	793

Details of current agreements on such payments in the financial year:

In accordance with Regulations on payments of remunerations and compensations to members of Auditing Commission approved by annual General meeting of shareholders (minutes of meeting No.36 dd 11.06.2015) the remuneration shall be paid as a lump-sum by the results of activity in the corporate year.

The remuneration shall be paid to the members of the Auditing Commission of the Company depending on the degree of their participation in the activity of the Committee on the basis of base amount of remuneration with application of a coefficient of participation of the committee member in the Committee's activity by the results of a corporate year.

The Base amount of remuneration is determined on the basis of Company's revenue calculated in accordance with Russian Accounting Standards.

**Body controlling Issuer's business activity:**

**Internal Audit and Risks Management Department**

Remuneration for participation in the work of the inspection body

unit of measure: **thousand rubles**

indicator	6 months of 2016
Reward for participation in control body	
Salary	4 853
Bonuses	1 387
Commission fees	
Other remunerations	288
Total	6 528

Details on the effective agreements on such payments in the current financial year:

**Payments to the employees of the Department of internal audit and control were carried out in accordance with the "Regulation on material incentives for the top managers of Kubanenergo" approved by Order of the Company dated 29.12.2012 # 1166 and the Collective Agreement of Kubanenergo for the 2016-2018, introduced by the Order of the**

**Company dated 31.12.2015 No.1149.**

## Compensations

Unit of measurement: **thousand rubles.**

Control body	6 months of 2016
Auditing Committee	0
Department of internal audit and control	60

Additional information:

In accordance with the Regulations for payment of remunerations and compensations to the members of the Auditing Committee of Kubanenergo PJSC approved by the Annual General Meeting of Shareholders (Minutes of meeting No.36 dated 11.06.2015), compensation of the costs of members of the Auditing Committee associated with their participation in the activities of the Auditing Committee shall be determined on the basis of the established standards.

To help improve the living conditions of employees of the Department of internal audit and control of the issuer provides financial assistance in obtaining a mortgage loan (p.6.2.4 of the Collective Agreement).

**5.7. Information on the number of employees (workers) and summary data on their education and staff composition as well as changes in the number of employees (workers) of the Issuer**

Unit of measurement: thousand rubles

Indicator	6 months of 2016
Average number of employees	8 412
Volume of cash allocated for payment of wages	2 049 356
Volume of cash allocated for social welfare	14 546

There are no employees substantially affecting financial and business activity of the Issuer in Kubanenergo.

A trade union body has been founded by employers (workers) of the Issuer.

**5.8. Details of any other liabilities of the Issuer to one's employees (workers) related to possibility of their participation in authorized (pooled) capital (co-op share fund) of the Issuer**

The Issuer has no liabilities to one's employees (workers) related to possibility of their participation in authorized (pooled) capital (co-op share fund) of the Issuer

**VI. Details on the Issuer's participants (shareholders) and of interested-party transactions effected by the Issuer****6.1. Details of the total number of the Issuer's shareholders (participants)**

Total number of persons registered in the Issuer's Register of Shareholders as of the expiry date of the last reporting quarter: **1 809**

Total number of the Issuer's nominal shareholders: **2**

Total amount of persons included in the list of shareholders with right to participate in general meeting of shareholders (or other lists compiled for the purpose of observing the rights of shareholders): **2 756**

Date of making the list of persons include the last in the list of those entitled to participate in general meeting of shareholders: **060.05.2016**

Holders of ordinary shares of the issuer subject to inclusion in the list: **2 7856**

Information on the number of own shares possessed by the issuer as at the reporting quarter

Own shares possessed by the issuer: no

Information on the number of shares belonging to the organizations controlled by the issuer

**There are no shares belonging to organizations under issuer's control**

**6.2. Details on participants (shareholders) of the Issuer holding no less than 5% of the Issuer's authorized (pooled) capital (co-op share fund) or no less than 5% of one's ordinary shares as well as details of participants (shareholders) of such persons holding no less than 20% of their authorized (pooled) capitals (co-op share funds) or no less than 20% of their ordinary shares**

**1.**

Full business name: **Russian Federation represented by the Federal Agency for Management of State Property**

Abbreviated business name: **RF in the person of the Federal Agency for Management of State Property**

Location

**9 Nikolsky lane, Moscow, Russia, 109012**

TIN: **7710723134**

PSRN: **1087746829994**

Participatory interest of the person in the authorized capital of the Issuer, %: **7.36**

Portion of the Issuer's ordinary shares held by the person, %: **7.36**

Persons who control member (shareholder) of the Issuer

**No such persons**

Participants (shareholders) of the person holding no less than 20 percent of their authorized (pooled) capitals (co-op share funds) or no less than 20 percent of their ordinary shares.

**No such persons**

**2.**

Full business name: **Public Joint-Stock Company "Russian Grids"**

Abbreviated business name: **"Rosseti" JSC**

Address: Moscow, Russia

TIN: **7728662669**

PSRN: **1087760000019**

Participatory interest of the person in the authorized capital of the Issuer, %: **92.24**

Portion of the Issuer's ordinary shares held by the person, %: **92.24**

**2.1.**

Full business name: **Russian Federation represented by the Federal Agency for Management of State Property**

Abbreviated business name: **RF in the person of the Federal Agency for Management of State Property**

Location

**9 Nikolsky lane, Moscow, Russia, 109012**

TIN: **7710723134**

PSRN: **1087746829994**

The reason whereby the entity that controls the participant (shareholder) of the Issuer exercises such control (participation in a legal entity being a participant (shareholder) of the Issuer, the conclusion of a simple partnership agreement, agency contract, the conclusion of the shareholders' agreement, the conclusion of other agreements, the subject of which is the exercise of rights certified by shares (interests) of the legal entity that is a participant (shareholder) of the issuer): **RF is a shareholder of Rossetti PJSC.**

The sign of the entity controlling the participant (shareholder) of the issuer of such control: the right to dispose of more than 50 percent of the votes in the supreme governing body of the legal entity that is a participant (shareholder) of the Issuer

Type of control: **direct control**

The share of such entity in the authorized (share) capital (mutual fund) of the participant (shareholder) of the Issuer, %: **87.9**

The share of this entity in the ordinary shares (shareholder) of the Issuer, %: **88.75**

Other information provided by the issuer at its own discretion: **no.**

**6.3. Details of participatory stake of the State or a municipal unit in the authorized (pooled) capital (co-op share fund) of the Issuer and of availability of a special right ("Golden Share")**

Information about the controllers of state, municipal shares.

**There are no such persons**

Persons who, on behalf of the Russian Federation, subject of Russian Federation or municipal entity shall perform the functions participant (shareholder) of the Issuer.

**Federal property**

Name: **Federal Agency of State Property Management**

Address: **9, Nikolskiy lane, Moscow, 109012**

The size of the authorized (share) capital (share fund) of the Issuer of municipal property, located in the state (federal, subjects of Russian Federation): **7.36**

### **Property of subjects of Russian Federation**

Full business name: **Regional state specialized agency "State Property Fund of Krasnodar region"**

Address: **176, Krasnaya street, Krasnodar, 350063**

The size of the authorized (share) capital (share fund) of the Issuer of municipal property, located in the state (federal, subjects of Russian Federation): **0.0002**

The presence of a special right of the Russian Federation, subjects of Russian Federation, municipalities in the management of the issuer - a joint stock company ("golden share"), the validity of a special right ("golden share")

**This right is not provided.**

#### **6.4. Details of restrictions on participation in the Issuer's authorized (pooled) capital (co-op share fund)**

There are no restrictions on participation in the Issuer's authorized

#### **6.5. Details of changes in the composition and the amount of participation of shareholders (participants) of the Issuer holding no less than 5% of the Issuer's authorized (pooled) capital (co-op share fund) or no less than 5% of one's ordinary shares**

Compositions of shareholders (participants) of the Issuer holding no less than 5% of the Issuer's authorized (pooled) capital (co-op share fund), for joint-stock company issuers – also those holding no less than 5% of one's ordinary shares as determined as of the generation date of the list of persons having the right to participate in each General Meeting of Shareholders (Participants) of the Issuer having been arranged during the 5 last completed financial years preceding the reporting quarter expiry date or, if the Issuer has carried out one's activity for less than 5 years, for each completed financial year preceding the reporting quarter expiry date as well for the last quarter according to data contained in the list of persons having the right to participate in each such meeting.

Date of making the list of persons having the right to participate in the General Meeting of Shareholders (Participants) of the Issuer: **07.05.2015**

List of Shareholders (Participants):

Full business name: **Russian Federation represented by Federal Agency for the Administration of State Property**

Abbreviated business name: **Federal Property Management Agency**

Address: 9, Nikolskiy lane, Moscow 109012

TIN: 7710723134

PSRN: 1087746829994

Participatory interest of the person in the authorized capital of the Issuer, %: **7.36**

Portion of the Issuer's ordinary shares held by the person, %: **7.36**

Full business name: **Open Joint-Stock Company "Russian Grids"**

Abbreviated business name: **"Rosseti" JSC**

Address: 26, Ulanskiy lane, Moscow

TIN: **7728662669**

PSRN: **1087760000019**

Participatory interest of the person in the authorized capital of the Issuer, %: **92.24**

Portion of the Issuer's ordinary shares held by the person, %: **92.24**

Additional information: **No.**

#### **6.6. Details of interested-party transactions effected by the Issuer**

The number and volume in terms of money made by the issuer transactions recognized in accordance with the laws of the Russian Federation party transactions which had an interest

requiring approval by the governing body of the issuer, for the most recent reporting quarter

Unit: thousand rub.

Indicator	Total amount, pieces	Total amount in monetary assets
Transactions of interest concluded by the issuer during the reporting period which require the approval by the governing body of the Issuer	12	117 559 294
Transactions of interest concluded by the issuer during the reporting period which have been approved by the general meeting of members (shareholders) of the Issuer	0	0
Transactions of interest concluded by the issuer during the reporting period which have been approved by the board of directors (supervisory board of the issuer)	12	117 559 294
Transactions of interest concluded by the issuer during the reporting period which require approval, but have not been approved by the authorized body of the issuer	0	0

Transactions (groups of related transactions), the price of which is 5 percent or more of the book value of assets of the issuer as defined according to its financial statements for the last reporting date before the transaction, the issuer of the last reporting quarter

These transactions has not been performed

Transactions (groups of related transactions) in the commission of which there was an interest and which is subject to the board of directors (supervisory board) or a general meeting of shareholders (members) of the Issuer was not taken in cases where such approval is required under the legislation of the Russian Federation

These transactions has not been performed

Additional Information:

## 6.7. Details on the amount of accounts receivable

31.06.2016

Unit of measure: **thousand rubles**

Indicator	Amount of indicator
Accounts receivable from buyers and customers	6 309 745
including overdue	2 417 638
Accounts receivable under promissory notes receivable	0
including overdue	0
Accounts receivable from participants (founders) by way of contributions to the authorized capital	0
including overdue	0

Other accounts receivable	577 259
including overdue	202 184
Total	6 887 004
including overdue	2 619 822

Debtors accounting for no less than 10 percent of the total sum of accounts receivable for the specified reporting period:

Full business name: **Joint Stock Company “Kuban Energy Selling Company”**

Abbreviated business name: **“Kubanenergoby” JSC**

Location: **55 Gimnazicheskaya str., Krasnodar 350000, Krasnodar region**

TIN: **2308119595**

PSRN: **1062309019794**

Sum of accounts receivable: **2 881 063.3**

Unit of measurement: **thousand rubles**

Amount and conditions of overdue accounts receivable (interest rate, penalty sanctions): overdue accounts receivable: **663 040.19** thousand rub.

Penalty, sanctions: **no**

The debtor is the Issuer’s affiliate: **No**

Full business name: **Joint Stock Company “Independent energy selling company of Krasnodar region”**

Abbreviated business name: **“NESK” JSC**

Location: **247 Severnaya str., Krasnodar, Krasnodar region, 350049**

TIN: **2308091759**

PSRN: **1032304155102**

Sum of accounts receivable: **2 537 447.76**

Unit of measurement: **thousand rubles**

Amount and conditions of overdue accounts receivable (interest rate, penalty sanctions):

Overdue accounts receivable: **1 181 793.24 thousand rubles**

Interest rate, penalty sanctions: **No**

The debtor is the Issuer’s affiliate: **No**

## **VII. Issuer’s accounting (financial) statements and other financial information**

### **7.1. Issuer’s annual accounting (financial) statements**

Annual accounting (financial) statements are not disclosed in the report for this period

### **7.2. Interim accounting statements of the Issuer**

## Balance sheet

**30.06.2016**

		Codes
Form No. 1 as per OKUD [Russian National Classifier of Management Documentation]		<b>0710001</b>
	Date	<b>30.06.2016</b>
Organization: <b>Public Joint Stock Company of Power Industry and Electrification of Kuban</b>	As per OKPO [Russian National Classifier of Businesses and Organizations]	<b>00104604</b>
Taxpayer Identification Number	TIN	<b>2309001660</b>
Type of activity: <b>transmission of electricity</b>	as per OKVED [Russian National Classifier of Types of Economic Activity]	<b>40.10.2</b>
Organizational legal form/ownership form <b>public joint-stock company/mixed Russian ownership with a share of federal ownership</b>	As per OKOPF [Russian National Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership]	<b>12247 / 16</b>
Unit: <b>thousand rubles</b>	As per OKEI [Russian National Classifier of Measurement Units]	<b>384</b>
Address: <b>2A Stavropolskaya street, Krasnodar, Krasnodar region, Russia 350033</b>		

notes	ASSETS	Line code	as of 31.06.2016	as of 31.12.2015	as of 31.12.2014
1	2	3			4
	<b>I. NON-CURRENT ASSETS</b>				
	Intangible assets	1110	18 302	13 233	13 473
	Results of researches and developments	1120	26 885	32 385	28 687
	Intangible development assets	1130	0	0	0
	Tangible development assets	1140	0	0	0
	Fixed assets	1150	53 735 774	53 710 490	47 499 351
	Income-bearing investments in tangible valuables	1160	0	0	0
	Financial investments	1170	45 588	45 588	45 588
	Deferred tax assets	1180	882 576	972 310	1 110 920
	Other non-current assets	1190	49 966	59 480	85 276
	<b>TOTAL Section I</b>	<b>1100</b>	<b>54 759 091</b>	<b>54 833 486</b>	<b>48 783 295</b>
	<b>II. CURRENT ASSETS</b>				
	Stock	1210	1 392 297	1 292 106	1 467 262

	Value added tax on valuables acquired	1220	6 187	6 198	7 896
	Accounts receivable	1230	6 887 004	4 900 772	3 830 295
	Financial investments	1240	0	0	0
	Cash and equivalents	1250	820 806	2 577 455	7 070 974
	Other current assets	1260	560 764	708 381	554 863
	TOTAL Section II	1200	9 667 058	9 484 912	12 931 290
	BALANCE	1600	64 426 149	64 318 398	61 714 585

	LIABILITIES	Line	as of 30.06.2016	as of 31.12.2015	as of 31.12.2014
1	2	3		4	5
	<b>III. CAPITAL AND RESERVES</b>				
	Authorized capital (reserve capital, statutory find and partners' contributions)	1310	28 286 813	28 286 813	28 286 813
	Treasury stock bought out at from the shareholders	1320	0	0	0
	Revaluation of non-current assets	1340	10 840 220	10 851 166	9 642 200
	Additional capital (without revaluation)	1350	6 481 916	6 481 916	6 481 916
	Reserve capital	1360	161 971	89 347	89 347
	Unallocated profit (uncovered loss)	1370	-14 361 524	-13 378 700	-14 879 177
	TOTAL Section III	1300	31 409 396	32 330 542	29 621 099
	<b>IV. LONG-TERM LIABILITIES</b>				
	Borrowed funds	1410	9 560 000	10 000 000	14 900 000
	Deferred tax liabilities	1420	121 831	122 951	124 789
	Contingent liabilities	1430	0	0	0
	Other liabilities	1450	634 063	468 760	1 021 770
	TOTAL Section IV	1400	10 315 894	10 591 711	16 046 559
	<b>V. SHORT-TERM LIABILITIES</b>				
	Borrowed funds	1510	7 600 182	7 071 346	2 517 000
	Payables	1520	11 994 333	11 799 752	10 619 876
	Income of future periods	1530	108 914	115 298	122 763
	Estimated liabilities	1540	2 997 430	2 409 749	2 787 288
	Other liabilities	1550	0	0	0
	TOTAL Section V	1500	22 700 859	21 396 145	16 046 927
	BALANCE (assets)	1700	64 426 149	64 318 398	61 714 585

**Profit and loss statement**

**January – June 2016**

		Codes
Form No. 2 as per OKUD [Russian National Classifier of Management Documentation]		<b>0710002</b>
	Date	<b>31.03.2016</b>
Organization: <b>Public Joint Stock Company of Power Industry and Electrification of Kuban</b>	As per OKPO [Russian National Classifier of Businesses and Organizations]	<b>00104604</b>
Taxpayer Identification Number	INN [Taxpayer Identification Number]	<b>2309001660</b>
Type of activity	as per OKVED [Russian National Classifier of Economic Activities]	<b>40.10.2</b>
Organizational legal form/ownership form <b>public joint-stock company/mixed Russian ownership with a share of federal ownership</b>	As per OKOPF [Russian National Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership]	<b>12247 / 16</b>
Unit: <b>thousand rubles</b>	As per OKEI [Russian National Classifier of Measurement Units]	<b>384</b>
Location (address): <b>2, Stavropolskaya str., Krasnodar, 350033 Russia</b>		

	Indicator	Line	6 months of 2016	6 months of 2015
1	2	3	4	5
	Proceeds	2110	19 045 487	15 358 969
	Cost of sales	2120	-17 358 467	-14 746 769
	Gross profit (loss)	2100	1 687 020	612 200
	Commercial expenses	2210	0	0
	Administrative expenses	2220	-40 585	0
	Sales profit (loss)	2200	1 646 435	612 200
	Participation incomes	2310	0	3
	Interest receivable	2320	61 419	356 033
	Interest payable	2330	-916 908	-1 176 571
	Other incomes	2340	1 052 770	1 373 597

Other expenses	2350	-1 085 022	-874 094
Profit (loss) before tax	2300	758 694	291 168
Current profit tax	2410	-415 500	0
Including constant tax liabilities (assets)	2421	349 338	-17 695
Changes in deferred tax liabilities	2430	1 112	3 629
Changes in deferred tax assets	2450	-86 689	-44 168
Other	2460	-33 966	-35 698
Net profit (loss)	2400	223 651	214 931
FOR REFERENCE:			
Results of revaluation of non-current assets not included into net profit (loss) of the period	2510	0	0
Results of other operations not included into net profit (loss) of the period	2520	0	0
Aggregate financial result of the period	2500	223 651	214 931
Basis profit (loss) per share	2900	0.791	0.76
Diluted profit (loss) per share	2910	0.791	0.76

### 7.3. Consolidated accounting statements of the Issuer

2015 - IFRS / GAAP

Reporting period

Year:

Quarter:

Standards (rules) according to which the compiled consolidated financial statements is disclosed in this paragraph of the quarterly report:

IFRS

**Information is specified in the annex to the report**

### 7.4. Information on the accounting policy of the Issuer

No change occurred during the reporting period

### 7.5. Details of the total sum of export and of the portion of export in the total volume of sales

The issuer does not export the products (goods, services, works)

### 7.6. Details of value of the Issuer's real property and material changes having occurred in the composition of the Issuer's real property after the last completed financial year expiry date

Details of substantial changes in the Issuer's real property composition having occurred within 12 months before the reporting quarter expiry date

Changes: **Purchase of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's

property: **Constructions**

Brief description of alienated (purchased) property: **power line 110 kV “Slavyanskaya 110 - Tsentralnaya”**

Ground for changing: commissioning into operation

Date of occurrence of changes: **28.12.2015**

Balance cost of alienated property: **287 394.577**

Unit of measurement: thousand rubles

Changes: **Purchase of property**

Type of property (immovable property) that was alienated (purchased) from Issuer’s property: **Constructions**

Brief description of alienated (purchased) property: **power line 110 kV “Pig farm - Compressor Station”**

Ground for changing: commissioning into operation

Date of occurrence of changes: **31.12.2015**

Balance cost of alienated property: **907 143.099**

Unit of measurement: thousand rubles

Changes: **Purchase of property**

Type of property (immovable property) that was alienated (purchased) from Issuer’s property: **Constructions**

Brief description of alienated (purchased) property: **power line 110 kV “KPGES - Khosta”, sector of power lines KPGES – pylons No.1-209 with branch line to substation “Kepsha”**

Ground for changing: commissioning into operation

Date of occurrence of changes: **30.11.2015**

Balance cost of alienated property: **1 963 743.22**

Unit of measurement: thousand rubles

Changes: **Purchase of property**

Type of property (immovable property) that was alienated (purchased) from Issuer’s property: **Constructions**

Brief description of alienated (purchased) property: **power line 110 kV “KPGES - Bykhta”, sector of power lines KPGES – pylons No.1-209**

Ground for changing: commissioning into operation

Date of occurrence of changes: **30.11.2015**

Balance cost of alienated property: **366 209.788**

Unit of measurement: thousand rubles

Changes: **Purchase of property**

Type of property (immovable property) that was alienated (purchased) from Issuer’s property: **Constructions**

Brief description of alienated (purchased) property: **power line 110 kV – 25.41 kl. Cable line 110kV “Krymskaya -Kazachiya”**

Ground for changing: commissioning into operation

Date of occurrence of changes: **28.12.2015**

Balance cost of alienated property: **774 988.893**

Unit of measurement: thousand rubles

Additional Information: None

### **7.1. Details on the Issuer's participation in judicial trials that may substantially affect the Issuer's financial and business activity**

In 12 months of 2015 the Company participated in 27 cases:

- the claims of "Kubanenergo" PJSC to "Maikopskiy thermal power station" LLC on collection of debt in amount of 51 523 840 rubles under service contract for electric energy transmission. By the decision of Commercial Court of the Republic of Adygea dd. 17.02.2015 the claims were satisfied, "Maikopskiy thermal power station" LLC was charged 1 213 840 rubles 00 kopecks.
- the claims of "Kubanenergo" PJSC to "Maikopskiy thermal power station" LLC on collection of debt in amount of 68 193 190 rubles under service contract for electric energy transmission. By the decision of Commercial Court of the Republic of Adygea dd. 04.03.2015 the claims were satisfied, "Maikopskiy thermal power station" LLC was charged 68 193 190 rubles 00 kopecks.
- the claims of "Kubanenergo" PJSC to "Oboronenergosbyt" JSC on collection of debt in amount of 76 299 013 rubles 28 kopecks under service contract for electric energy transmission. By the decision of Commercial Court of the Krasnodar region dd. 16.03.2015 the claims were satisfied, "Oboronenergosbyt" JSC was charged 76 299 013 rubles 28 kopecks.
- Claim "MK "EnergoSeti" LLC to "Kubanenergo" PJSC for the recovery of the debt in the amount of 178 270 237 rubles 56 kopecks under the contract for services on electric power transmission. On 02.06.2015 Commercial Court of the Krasnodar region satisfied the claim, Kubanenergo was to pay funds in the amount of 178 270 237 rubles 56 kopecks. Decision of the Fifteenth arbitration appeal court on 08.31.2015, canceled the decision of the Commercial Court of 02.26.2015 Krasnodar territory, claims stated by "MK "EnergoSeti" LLC were rejected. Resolution of the Commercial Court of the North Caucasus region dated 08.12.2015 cancelled the decision of the Commercial Court of the Krasnodar region from 02.26.2015 and the decision of the Fifteenth arbitration appeal court on 08.31.2015, the case was sent for retrial to the Commercial Court of Krasnodar region.
- the claims of "FGC UES" PJSC to "Kubanenergo" PJSC on collection of penalty for failure to timely pay under the contract on technological connection in amount of 143 434 395 rubles 21 kopecks. By the decision of Commercial Court of the Krasnodar region dd. 20.04.2015 the claims were satisfied, "Kubanenergo" PJSC was charged 143 434 395 rubles 21 kopecks. By the decision of Fifteenth Commercial Court dd. 14.08.2015, the decision of Commercial Court of Krasnodar region dd. 20.04.2015 was affirmed. The cassation appeal was filed.
- the claims of "FGC UES" JSC to "Kubanenergo" PJSC on collection of debt in amount of 212 007 400 rubles under service contract for electric energy transmission.
- the claims of "Kubanenergo" PJSC to "Artisan" LLC on collection of cost of unauthorized electric energy consumption in amount of 55 709 140 rubles. By the decision of Commercial Court of the Krasnodar region dd. 18.12.2014 that was affirmed by the decision of Fifteenth Commercial Court dd. 10.06.2015 and by the decision of Commercial Court of the North-Caucasus district dd. 24.09.2015, the claims were satisfied, 55 709 140 rubles were collected for "Kubanenergo" PJSC.
- the claims of "Kubanenergo" PJSC to "Svyaztransneft" LLC on collection of cost of unauthorized electric energy consumption in amount of 239 607 260 rubles. By the decision of Commercial Court of the Krasnodar region dd. 12.03.2015 that was affirmed by the decision of Fifteenth Commercial Court dd. 26.06.2015, the claims were satisfied, 239 607 260 rubles were collected for "Kubanenergo" PJSC.
- the claims of "Lenenergo" PJSC to "Kubanenergo" PJSC on collection of cost of debt on work and labour contract in amount of 26 706 124 rubles 40 kopecks. By the decision of Commercial

Court of Krasnodar region dd. 15.05.2015 the claims were satisfied. By the decision of the Fifteenth Commercial Appeal Court dd. 04.09.2015 both parties accepted amicable agreement, whereunder “Kubanenergo” PJSC will pay debt in the amount of 28 051 873 rubles 91 kopecks.

- the claims of “Plant Kubanprovod” LLC to “Kubanenergo” PJSC on collection of cost of debt on contract in amount of 30 569 223 rubles 97 kopecks. By the decision of Commercial Court of Krasnodar region dd. 06.08.2015 both parties accepted amicable agreement, whereunder “Kubanenergo” PJSC will pay debt in the amount of 27 641 363 rubles 02 kopecks.

- the claims of “Kubanenergo” PJSC to “Lukoil-Kubanenergo” LLC on collection of unreasonable gains in amount of 48 435 825 rubles 85 kopecks.

- the claims of “Aksoi” LLC to “Kubanenergo” PJSC on collection of debt on service contract for electric energy transmission in amount of 49 755 484 rubles 55 kopecks.

- the claims of “Kubanenergo” PJSC to “Kubanenergobyt” JSC on collection of debt on service contract for electric energy transmission in amount of 41 258 375 rubles 80 kopecks.

- the claims of “Kubanenergo” PJSC to “Kubanenergobyt” JSC on collection of debt on service contract for electric energy transmission in amount of 212 615 192 rubles 49 kopecks. By the decision of Commercial Court of the Krasnodar region dd. 02.10.2015 the claims were satisfied, 378 543 765 rubles 30 kopecks were collected for “Kubanenergo” PJSC.

- the claims of “Kubanenergo” PJSC to “Southern energy selling Company” LLC on collection of debt on service contract for electric energy transmission in amount of 29 678 959 rubles 97 kopecks. By the decision of Commercial Court of Krasnodar region dd. 30.06.2015 in the result of set-off the claims were satisfied, 2 879 010 rubles were collected for “Kubanenergo” PJSC.

- the claims of “Kubanenergo” PJSC to “Kubanenergobyt” JSC on collection of debt on service contract for electric energy transmission in amount of 34 239 960 rubles 00 kopecks. By the decision of Commercial Court of the Krasnodar region dd. 21.09.2015 the claims were satisfied, 34 239 960 rubles 00 kopecks were collected for “Kubanenergo” PJSC.

- the claims of “Kubanenergo” PJSC to “Maikopskiy thermal power station” LLC on collection of debt on service contract for electric energy transmission in amount of 111 980 720 rubles 00 kopecks.

- the claims of “Kubanenergo” PJSC to “Oboronenergobyt” JSC on collection of debt on service contract for electric energy transmission in amount of 111 659 410 rubles 00 kopecks.

- the claims of “Kubanenergo” PJSC to “Lukoil- Energo” LLC on recovery of unjust enrichment in amount of 180 138 010 rubles.

- the claims of “Kubanenergo” PJSC to “Lukoil- Energo” LLC on recovery of unjust enrichment in amount of 180 138 010 rubles.

- the claims of “Kubanenergobyt” JSC to “Kubanenergo” PJSC on collection of debt (electricity losses) in amount of 155 395 380 rubles.

- the claims of “Glavstroy-Ust-Labinsk” LLC to “Kubanenergo” PJSC on recovery of unjust enrichment in amount of 61 980 470 rubles.

- the claims of “Kubanenergo” PJSC to “SKERK” JSC on collection of forfeit under the contract in amount of 67 636 800 rubles. Commercial court of Stavropol region partially approved claims on 22.10.2015 in favour of Kubanenergo, the sum of claimed forfeit 33 583 040 rubles.

- the claims of “Kubanenergo” PJSC to “RZhd” JSC on debt recovery under the service contract in amount of 4 340 221 360 rubles.

- the claims of “Kubanenergo” PJSC to “Kubanenergobyt” JSC on collection of interest on third-party money in amount of 82 706 920 rubles.

In the 1<sup>st</sup> half of 2016 the Company participated in 17 cases:

- the claim of EnergoSeti LLC to Kubanenergo PJSC on collection of debt in amount of 178 270 237 rubles 56 kopecks on service contract for electric energy transmission. On 26.02.2015 the Arbitration Court of the Krasnodar region satisfied the claim, Kubanenergo was charged 178 270 237 rubles 56 kopecks. Decision of the Fifteenth arbitration appeal court on 31.08.2015 cancelled the the decision of the Arbitration Court of 26.02.2015 and the requirements of “MK

Energoset” were denied. On 08.12.2015 resolution of the Arbitration Court of the North Caucasus region cancelled the decision of the Arbitration Court of Krasnodar region from 26.02.2015 and the decision of the Fifteenth arbitration appeal court on 31.08.2015, the case was sent for retrial to the Arbitration Court of the Krasnodar region.

- the claim of FGC UES PJSC to Kubanenergo PJSC on collection of debt on service contract for electric energy transmission in amount of 338 622 360 rubles.

- the claim of Kubanenergo PJSC to Lukoil-Kubanenergo LLC on recovery of unjust enrichment in amount of 48 435 825 rubles 85 kopecks.

- the claim of Akcoi LLC to Kubanenergo PJSC on collection of debt on service contract for electric energy transmission in amount of 49 755 484 rubles 55 kopecks.

- the claim of Kubanenergo PJSC to Kubanenergobyt JSC on recovery of costs for electric energy (losses) in amount of 41 258 375 rubles 80 kopecks on service contract for electric energy transmission.

- the claim of Kubanenergo PJSC to Maikopskaya HPP LLC for the recovery of debt in the amount of 111 980 720 rubles 00 kopecks under the contract for services on electric power transmission.

- the claim of Kubanenergo PJSC to Oboronenergobyt JSC for the recovery of debt in the amount of 111 659 410 rubles 00 kopecks under the contract for services on electric power transmission.

- the claim of Kubanenergo PJSC to Lukoil-Ekoenergo LLC for the collection of unjust enrichment in the amount of 180 138 010 rubles. By the decision of the Arbitration Court of the Rostov Region on 01.25.2016 the requirements of Kubanenergo PJSC were denied. On 11.07.2016 by decision of the Fifteenth arbitration appeal court the claims were partially met, in favour of Kubanenergo PJSC to recover the amount of unjust enrichment in the amount of 67 995 498 rubles.

- the claim of Kubanenergobyt JSC to Kubanenergo PJSC on collection of debt (compensation for electricity losses) in amount of 580 792 580 rubles 81 kopecks.

- the claim of Kubanenergobyt to Kubanenergo PJSC on collection of debt (compensation for electricity losses) in amount of 1 376 411 190 рубль 59 копеек.

- the claim of GlavstroyUst-Labinsk LLC to Kubanenergo PJSC on recovery of unjust enrichment in amount of 83 378 770 rubles.

- the claim of Kubanenergo PJSC to SKERK JSC for recovery of the penalty under contract in the amount of 67 636 800 rubles. The decision of the Arbitration Court of Stavropol region was upheld by the Sixteenth Appellate Court dated 24.02.2016, the claim is partially satisfied in favour of Kubanenergo PJSC to recover the penalty in the amount of 33 583 040 rubles. Resolution of the Arbitration Court of the North Caucasus region cancelled the decision of the Arbitration Court of Stavropol region dated 22.10.2015 and the decision of the Sixteenth Arbitration Appeal Court dated 24.02.2016, the case was sent for retrial to the Arbitration Court of Stavropol region.

- the claim of Kubanenergo PJSC to RZhD JSC on collection of debt on debt recovery under the service contract in amount of 4 340 221 360 rubles 92 kopecks.

- the claim of Kubanenergo PJSC to Oboronenergobyt JSC on collection of debt on service contract for electric energy transmission in amount of 124 425 740 rubles.

- the claim of Kubanenergo PJSC to “Maikopskiy thermal power station” LLC on collection of debt in amount of 318 198 950 rubles on service contract for electric energy transmission.

- the claim of Kubanenergo PJSC to SOGAZ JSC for the recovery of the amount owed under the insured event 113 150 450 rubles.

- the claim of NESK - voltage power lines JSC to Kubanenergo PJSC for the recovery of debt in the amount of 48 193 million rubles under the contract for services on electric power transmission.

## VIII. Additional information on the Issuer and on securities issued

### 8.1. Additional information on the Issuer

#### 8.1.1. Information on the amount and structure of authorized (reserve) capital (share fund) of the Issuer

The amount of authorized (reserve) capital (share fund) of the Issuer as of the date of termination of the last accounting period, rubles: **28 286 813 000**

Ordinary shares

Total nominal cost: **28 286 813 000**

Share in the AC, %: **100**

Privileged:

Total nominal cost: **0**

Amount of share in the AC, %: **0**

The information is specified on correspondence of the sum authorized capital mentioned in this document to constituent documents of the issuer:

**The sum authorized capital mentioned in this paragraph corresponds to issuer's Charter.**

#### 8.1.2. Information on changes in the authorized (reserve) capital (share fund) of the Issuer

The amount of authorized capital did not change during the reporting quarter

#### 8.1.3. Information on convocation and holding meetings (sessions) of the supreme management body of the Issuer

Name of the supreme management body of the Issuer: **General Shareholders Meeting**

Order of notification of shareholders (participants) on holding of a meeting (session) of the supreme management body of the Issuer:

Notification about holding of the General Shareholders Meeting is placed on Company web-site in Internet: [www.kubanenergo.ru](http://www.kubanenergo.ru) , not later than 30 (thirty) days before its holding.

Voting ballots on items on the agenda shall be sent by registered mail at the address specified in the list of persons entitled to participate in the General Meeting of Shareholders or handed out against signature to each person specified in the list of persons entitled to participate in the General Meeting of Shareholders within 20 (twenty) days before the date of holding General Meeting of Shareholders.

Persons (bodies) entitled to convoke (claim for convocation) of and extraordinary meeting (session) of the Issuer's supreme management body, as well as the order of forwarding (presentation) of such claims:

According to cl. 14 of Kubanenergo PJSC Charter, an extraordinary General Shareholders Meeting shall be held by the decision of the Company Board of Directors on its own initiative, upon demand of the Auditing Commission of the Company or the Auditor of the Company, or by request of a shareholder(s) representing at least 10 (ten) per cent of the Company's voting shares as of the date of such request.

A request on an extraordinary General Shareholders Meeting shall word those matters subject to be included in the meeting's agenda. Person (persons) requesting the convention of the Extraordinary General Shareholders Meeting of the Company shall be entitled to submit a wording of the decision by the General Shareholders Meeting and a proposal on the form of holding of the General Meeting of Shareholders. If the request for convocation of an

extraordinary General Shareholders Meeting is made by a Shareholder(s), such request shall identify such shareholder(s) claiming for convocation of the meeting and indicate number and categories (types) of Company shares in the latter's ownership. The request for an extraordinary General Shareholders Meeting of the Company shall be signed by the person (persons) requesting the convention of such Extraordinary General Shareholders Meeting of the Company.

Within 5 (five) days from the date of the request submitted by the Company's Auditing Commission, Company's Auditor or a shareholder(s) representing at least ten (10) percent of the Company's voting shares for convocation of an extraordinary General Shareholders Meeting, the Board of Directors of the Company shall decide to convene of an extraordinary General Shareholders Meeting or to reject the request.

The decision of the Board of Directors of the Company on convocation of an extraordinary General Shareholders Meeting or a substantiated rejection shall be sent to the persons demanding convocation of such a meeting not later than 3 (three) days from the moment of the corresponding decision.

The procedure of defining the date of holding of the meeting (session) of the Issuer's supreme management body:

In accordance with the Statement on the order of preparation and holding of the General Shareholders Meeting of Kubanenergo, PJSC, the date of the General Shareholders Meeting of the Issuer is determined by Company Board of Directors.

An extraordinary General Shareholders Meeting of the Company may be convoked by the Auditing Commission, by the Auditor or by shareholder(s) being the owner of not less than 10% of Company's voting shares in case if within 5 (five) days from the moment of presentation of demand for convocation of an extraordinary General Shareholders Meeting Company Board of Directors has not made a decision on convocation of the extraordinary meeting, or has rejected the demand for convocation.

Persons entitled to make proposals to the agenda of the meeting (session) of the Issuer's supreme body, as well as the order of making such proposals:

Shareholder (shareholders) of the Company who holds a total of at least two (2) percent of voting shares of the Company is entitled to put forward suggestions for the agenda of the annual General Shareholders Meeting and to nominate candidates for the Board of Directors and the Auditing Commission of the Company in the number not exceeding the number of members of the bodies in question within the period of not later than Sixty (60) days from the end date of financial year.

The proposal on inclusion of issues into the agenda of General Shareholders Meeting and proposals on nomination of candidates shall be presented in writing stating names (institutional names) of shareholders (shareholder) initiating such proposal, the amount and category (type) of shares owned by them and shall be signed by shareholders (shareholder).

The proposal on introduction of issues into the agenda of the General Shareholders Meeting shall contain wording of each proposed issue, and the proposal on nomination of candidates shall contain the name and the data of issue of the identity document (series and (or) number of the document, date and place of issue and the name of issuing body) of each nominated candidate and the name of the body for which the candidate is nominated.

Persons entitled to be familiarized with the information (materials) presented for preparation and holding of the Issuer's supreme management body meeting (session), as well as the order of familiarization with such information (materials):

Information on matters of the agenda of the General Shareholders Meeting shall be made

available to the persons entitled to participate in the General Shareholders Meeting at the office of Executive Body of the Company or other places at addresses stated in the notice on holding the General Shareholders Meeting within the period of 20 (Twenty) days, or, in case of holding the General Shareholders Meeting to discuss the matter on reorganization of the Company, within 30 (Thirty) days prior to the holding the General Meeting of Shareholders.

The information (materials) on the questions of the agenda of the General Shareholders Meeting is placed at Company Internet-site not later than 10 (ten) days before the date of the General Shareholders Meeting: [www.kubanenergo.ru](http://www.kubanenergo.ru).

The mentioned information (materials) shall be available to the persons participating in the General Shareholders Meeting during the Meeting. Familiarization procedure for persons entitled to attend the General Shareholders Meeting with information (materials) on the agenda of the General Shareholders Meeting and the list of such information (materials) are determined by the Board of Directors of the Company.

The order of announcement (communication to the Issuer's shareholders (participants) of the decisions taken by the Issuer's supreme management body, as well as of the ballots:

Resolutions adopted by the General Shareholders Meeting and the voting results may be announced at the General Meeting of Shareholders at which the voting took place, and shall be also communicated to the persons included in the list of persons entitled to attend the General Meeting of Shareholders, in the form of the Voting Report in the manner prescribed for the notice of the General Meeting of Shareholders not later than four working days after the closing date of the General Meeting of Shareholders.

If on the record date of the list of persons entitled to attend the General Meeting of Shareholders in the register of shareholders of the Company the person is a nominee shareholder, the Voting Report shall be sent in electronic form (in the form of an electronic document signed by electronic signature) to the nominal holder of shares. The nominee shareholder shall inform his depositors about the Voting Report obtained by him in the manner and within the time established by regulations of the Russian Federation or a contract with the depositor.

#### **8.1.4. Information on commercial organizations in which the Issuer owns not less than five percent of the authorized (reserve) capital (share fund), or not less than five percent of ordinary shares**

List of commercial organizations in which the Issuer, as of the date of the last accounting quarter, owns not less than five percent of the authorized (reserve) capital (share fund), or not less than five percent of ordinary shares

1. Full business name: **Recreation Centre "Plamya", Joint-Stock Company**

Abbreviated business name: **Recreation Centre "Plamya" JSC**

Location

**2, Novomikhailovsky village, Tuapse district, Krasnodar Territory, 352856, Russia**

INN (Tax Payer ID): **2365000589**

OGRN (Primary State Registration Number): **1042330761274**

Share of the Issuer in the authorized capital of the person, %: **100**

Person's portion of ordinary shares of the Issuer, %: **100**

Share of person's participation in the authorized capital of the Issuer, %: **0**

Person's portion of ordinary shares of the Issuer, %: **0**

2. Full business name: **Energoservis Kuban Joint-Stock Company**

Abbreviated business name: **Energoservis Kuban JSC**

Location

**47, Novorossiyskaya ul., Krasnodar, 350080, Russia**

INN (Tax Payer ID): **2312178191**

OGRN (Primary State Registration Number): **1112312000536**

Share of the Issuer in the authorized capital of the person, %: **100**

Person's portion of ordinary shares of the Issuer, %: **100**

Share of person's participation in the authorized capital of the Issuer, %: **0**

Person's portion of ordinary shares of the Issuer, %: **0**

3. Full business name: **Recreation Centre "Energetik", Joint-Stock Company**

Abbreviated business name: **Recreation Centre "Energetik", JSC**

Location

**4, Pionerskaya ul., Divnomorskoye village, Ghelendjik, Krasnodar Territory, 353490**

INN (Tax Payer ID): **2304041820**

OGRN (Primary State Registration Number): **1042301876495**

Share of the Issuer in the authorized capital of the person, %: **100**

Person's portion of ordinary shares of the Issuer, %: **100**

Share of person's participation in the authorized capital of the Issuer, %: **0**

Person's portion of ordinary shares of the Issuer, %: **0**

#### **8.1.5. Information on material deals effected by the Issuer**

The specified transaction were not concluded during the reporting quarter

#### **8.1.6. Information about credit ratings of the Issuer**

During the last completed financial year as well as from the beginning of the current year till the end of the reporting period the issuer did not obtain any credit ratings.

#### **8.2. Details on each category (type) of the Issuer's shares**

Shares category: **Ordinary**

Nominal value of each share (rubles): **100**

Amount of shares in circulation (shares that were not cancelled or discharged): **282 868 130**

Quantity of additional shares placement whereof is in progress (quantity of additional issue shares in respect of which the state registration of the report on their issue has not been carried out or the notification on the results of additional issue was not provided, if in accordance with federal law "On securities market" the state registration of report is not necessary): **0**

Quantity of declared shares: **194 439 107**

Quantity of shares on the Issuer's balance sheet: **0**

Quantity of additional shares that may be placed as a result of conversion of placed securities

convertible into shares or as a result of fulfilment of liabilities under the Issuer's options: 0

Issues of shares of the said category (type):

State registration date:	Registration number
08.07.2003	1-02-00063-A

Rights granted to holders of the shares:

In accordance with Clause 6.2 of the Issuer's Charter, an equal scope of rights shall be granted to the holder of each ordinary share of the Company.

Shareholders holding registered ordinary shares of the Company have the right to:

1) participate in the General Meeting of Shareholders (personally or by proxy) with right of vote on all issue referred to the Meeting competence;

2) propose the agenda of the General Meeting of Shareholders in accordance with the procedure stipulated by the Russian Federation legislation and the Charter;

3) obtain information on the Company's activity and access the Company's documents in accordance with Article 91 of Federal Law "On Joint-Stock Companies", other regulatory legal instruments and the Charter;

4) receive dividend announced by the Company;

5) on a preferential basis acquire shares and issue-grade securities convertible into shares that are being placed by way of subscription in amounts proportional to the quantity of ordinary shares one holds in cases stipulated by the Russian Federation legislation;

6) receive a part of the Company's properties in case of the Company liquidation;

7) appeal against decisions of managing bodies of the Company causing civil law consequences in case and in manner provided by Legislation of Russian Federation;

8) claim compensation for losses caused to the Company;

9) challenge transactions implemented by the Company on the grounds provided by Legislation of Russian Federation and invoke consequences of their nullity, and invoke consequences of nullity of void transactions of the Company;

10) conclude between themselves and with Credit Companies, and other third Parties the Contract on implementation of corporate laws (corporate agreement);

11) exercise other rights stipulated by the Russian Federation legislation and the Charter.

Other details of the shares indicated by the Issuer at one's sole discretion: no.

### **8.3. Data on previous issues of the Issuer's issuable securities, except Issuer's shares**

#### **8.3.1. Details of issues all securities that have been redeemed**

Changes did not occur during the reporting quarter

#### **8.3.2 Information on issues of securities that were not redeemed**

Kind of securities: bonds

Form of security: certificated, bearer

Series: **001P-02**

Other identification characteristic of securities: **subject to mandatory deposit**

The issue of securities is not subject to state registration: **No**

State registration number of the issue: **4B02-02-00063-A-001P dated 10.11.2015**

Date of state registration: **10.11.2015**

Authority that registered the issue: **trade organizer**

Number of securities issued: **3 400 000**

The amount of securities issue at par value, rubles: **3 400 000 000**

Par value, rubles: **1 000**

In accordance with the legislation of the Russian Federation the presence of par value of this type of securities is not provided: **No**

State of securities: **completed**

State registration of the report on the issue has not been performed: **Yes**

The amount of interest (coupon) periods over which the payment of interest (coupons, interest) on securities is made: **20**

Time (date) issue securities repayment: **11.11.2025**

Exact dates: **Yes**

Address of the website, which published the text of the decision to issue securities and the securities prospectus:

**[www.e-disclosure.ru/portal/company.aspx?id=2827](http://www.e-disclosure.ru/portal/company.aspx?id=2827); <http://kubanenergo.ru/aktsioneram-i-investoram/emissiya-obligatsiy/emissiya-2015-g/emissionnaia-dokumentazia/>**

There are no unfulfilled obligations on bonds

Kind of securities: **bonds**

Form of security: **certificated, bearer**

Series: **001P-01**

Other identification characteristic of securities: **subject to mandatory deposit**

The issue of securities is not subject to state registration: **No**

State registration number of the issue: **4B02-01-00063-A-001P dated 10.11.2015**

Date of state registration: **10.11.2015**

Authority that registered the issue: **trade organizer**

Number of securities issued: **3 600 000**

The amount of securities issue at par value, rubles: **3 600 000 000**

Par value, rubles: **1 000**

In accordance with the legislation of the Russian Federation the presence of par value of this type of securities is not provided: **No**

State of securities: **completed**

State registration of the report on the issue has not been performed: **Yes**

The amount of interest (coupon) periods over which the payment of interest (coupons, interest) on securities is made: **20**

Time (date) issue securities repayment: **21.11.2025**

Exact dates: **Yes**

Address of the website, which published the text of the decision to issue securities and the securities prospectus: **[www.e-](http://www.e-disclosure.ru/portal/company.aspx?id=2827)**

**[disclosure.ru/portal/company.aspx?id=2827](http://kubanenergo.ru/aktsioneram-i-investoram/emissiya-obligatsiy/emissiya-2015-g/emissionnaia-dokumentazia/); <http://kubanenergo.ru/aktsioneram-i-investoram/emissiya-obligatsiy/emissiya-2015-g/emissionnaia-dokumentazia/>**

There are no unfulfilled obligations on bonds

**8.4. Information of person(s) that provided security on bonds of the issue as well as on the terms and conditions of the security to perform obligations on the collateralized bonds of the issuer**

The issuer did not register the prospectus of bonds with security, admission to trading at stock exchange was not stipulated

**8.4.1. Additional data on conditions of implementation obligations on mortgage-backed securities**

The issuer did not distributed mortgage-backed securities, obligations for which were not implemented

**8.4.2. Additional data on security with cash claims under the issuer's secured-bonds with cash claims**

The issuer did not place secured-bonds with cash claims, liabilities on which have not been fulfilled yet.

**8.5. Information on organizations controlling the implementation of rights on issuer's securities**

Entity in charge of keeping the register of issuer's securities holders: **registrar**

Information on the Registrar

Full business name: **Joint-Stock Company "Registrar R.O.S.T."**

Abbreviated business name: **"Registrar R.O.S.T." JSC**

Location: Block 13, 18, Stromynka str., Moscow

TIN: **7726030449**

PSRN: **1027739216757**

Details of license for engagement in activity for maintenance of a register of securities holders

No.: **10-000-1-00264**

Date of issue **03.12.2002**

Expiry date:

**Unlimited**

Body issuing the license: **Russian Federal Securities and Exchange Commission**

Date of starting the registry keeping: **16.12.2010**

Depository

Full business name: National Settlement Depository

Short name: NSD

Address: 12, Spartakovskaya St., Moscow, Russia

Taxpayer Identification Numbe: 7702165310

Primary State Registration Number: 1027739132563

License of a professional participant of the equity market for performing of depository activities.

No.: **177-12042-000100**

Date of issue: **19.02.2009**

Expiry date:

**Unlimited**

Body issuing the license: **Bank of Russia**

## **8.6. Information on legislative instruments regulating the issues of capital import and export that may affect payment of dividend, interests and other charges due to non-residents**

1. Tax Code of the Russian Federation (Part One dd 31.07.1998 No. 146-FZ, the second part of 05.08.2000 No.117-FZ).
2. Federal Law “On Joint Stock Companies” No.208-FZ dated 26.12.1995.
3. The Federal Law “On Currency Regulation and Currency Control” No.173-FZ dated 10.12.2003.
4. Federal Law “On the Securities Market” No.39-FZ 22.04.1996.
5. Federal Law “On the Central Bank of Russian Federation (Bank of Russia)” No.86-FZ dated 10.7.02.
6. Federal Law “On counteraction to legalization (laundering) of proceeds from crime and terrorist financing” No.115-FZ dated 07.08.2001.
7. Federal Law “On Foreign Investments in the Russian Federation” No. 160-FZ dated July 9, 1999.
8. Federal Law “On Investment Activity in the Russian Federation in the form of capital foreign investments” No. 39-FZ ated 25.02.1999.
9. The Federal Law “On the Procedure for Foreign Investment in Business Entities of Strategic Importance for National Defense and State Security” No.57-FZ dated 29.04.2008.
10. The Federal Law “On Protection of Rights and Lawful Interests of Investors on the Securities Market” No. 46-FZ dated 05.03.1999.
11. “On improvement of the Russian banking system” Presidential Decree No.1184 dated 10.06.1994.
12. Presidential Decree “On the activity of foreign banks and cooperative banks with non-residents on the territory of the Russian Federation” No.1924 dated 17.11.1993,.
13. The Regulations for opening of the Bank of Russia bank accounts for non-residents in the Russian Federation currency and carrying out of approved operations on those accounts CBR No.269-P 04.05.2005.
14. International treaties of the Russian Federation for the avoidance of double taxation.
15. CBR Instruction “On the procedure for submission by the residents and non-residents to authorized banks of documents and information related to the conduct of foreign exchange operations, the order of registration of transactions passports, as well as the accounting for the authorized banks foreign currency transactions and control over their conduct” No.138 –I dated 04.06.2012.
16. Other legislative acts of the Russian Federation.

## **8.7. Information on announced (accrued) and paid dividend on the Issuer’s shares as well as of incomes from the Issuer’s bonds**

### **8.7.1. Information on announced (accrued) and paid dividend on the Issuer’s shares**

Indicator	Indicator value for reporting period – 2006, full year
Shares category, for preferred shares- type	Ordinary
Issuer’s management body that made decision on announcing the dividends, date of such decision, date and number of minute of meeting of Issuer’s management body on which the decision was made	Annual General Meeting of shareholders dd. 01.06.2007, minutes of meeting No. 20 dd. 05.06.2007

Amount of announced dividends per one share, rubles	1,2535927
Total amount of announced dividends on all the shares of the specific category (type), rubles	22401000
Date on which the persons who have (had) right on receiving dividends are (were) defined	26.04.2007
Reporting period (year, quarter), for which (by the results) the announced dividends are (were) paid	2006, full year
Term (date) of payment of announced dividends	60 days
Form of payment of announced dividend (monetary funds, other property)	Monetary funds
Source of payment of declared dividends (net profit for the accounting year, undistributed net profits of past years, special fund)	Net profit
Share of declared dividends in net revenue of reporting year, %	33.77
Total amount of dividend paid on all the shares of the specific category (type), rubles	22 303 192.2
Share of paid out dividends from total volume of declared dividends on shares of the type (category), %	99.56
In case if announced dividends were not paid or not paid in full amount – causes of nonpayment of announced dividends	Failure to submit by persons registered in Registry of Company's shareholders the information on changing their data. In accordance with legislation of Russian Federation, as well as with paragraph 8.6 of dividend policy of Kubanenergo, declared and unclaimed within three years upon the end of payout dividends will be included in accounting line 84 "Undistributed profit (uncovered loss)".
Other information on announced and (or) paid dividends, specified by the Issuer in its sole discretion	No

Indicator name	Indicator value for reporting period – 2007, full year
Shares category, for preferred shares- type	обыкновенные
Issuer's management body that made decision on announcing the dividends, date of such decision, date and number of minute of meeting of Issuer's management body on which the decision was made	Annual General Meeting of shareholders dd. 29.05.2008, minutes of meeting No. 23 dd. 06.06.2008
Amount of announced dividends per one share, rubles	1,67884388
Total amount of announced dividends on all the shares of the specific category (type), rubles	30000000
Date on which the persons who have (had) right on receiving dividends are (were) defined	17.04.2008
Reporting period (year, quarter), for which (by the results) the announced dividends are (were) paid	2007, full year
Term (date) of payment of announced dividends	15 days
Form of payment of announced dividend (monetary funds, other property)	Monetary funds

Source of payment of declared dividends (net profit for the accounting year, undistributed net profits of past years, special fund)	Net profit
Share of declared dividends in net revenue of reporting year, %	8.2
Total amount of dividend paid on all the shares of the specific category (type), rubles	29 873 068.07
Share of paid out dividends from total volume of declared dividends on shares of the type (category), %	99.58
In case if announced dividends were not paid or not paid in full amount – causes of nonpayment of announced dividends	Failure to submit by persons registered in Registry of Company's shareholders the information on changing their data. In accordance with legislation of Russian Federation, as well as with paragraph 8.6 of dividend policy of Kubanenergo, declared and unclaimed within three years upon the end of payout dividends will be included in accounting line 84 "Undistributed profit (uncovered loss)".
Other information on announced and (or) paid dividends, specified by the Issuer in its sole discretion	No

Indicator name	Indicator value for reporting period – 2008, full year
In this year period divides were not declared	

Indicator name	Indicator value for reporting period – 2009, full year
In this year period divides were not declared	

Indicator name	Indicator value for reporting period – 2010, full year
In this year period divides were not declared	

Indicator name	Indicator value for reporting period – 2011, full year
In this year period divides were not declared	

Indicator name	Indicator value for reporting period – 2011, full year
In this year period divides were not declared	

Indicator name	Indicator value for reporting period – 2012, full year
In this year period divides were not declared	

Indicator name	Indicator value for reporting period – 2013, full year
In this year period divides were not declared	

Indicator name	Indicator value for reporting period – 2014, full year
In this year period divides were not declared	

Indicator name	Indicator value for reporting period – 2015, full year
Shares category, for preferred shares- type	Ordinary
Issuer's management body that made decision on announcing the dividends, date of such decision, date and number of minute of meeting of Issuer's management body on which the decision was made	Annual General Meeting of shareholders dd. 24.06.2016, minutes of meeting No.37 or 27.06.2016
Amount of announced dividends per one share, rubles	4,047105
Total amount of announced dividends on all the shares of the specific category (type), rubles	1144797000
Date on which the persons who have (had) right on receiving dividends are (were) defined	13.07.2016
Reporting period (year, quarter), for which (by the results) the announced dividends are (were) paid	2015, full year
Term (date) of payment of announced dividends	Term of payment to a nominal holder and a trustee that is a market participant: within maximum 10 business days, to other shareholders from the register: within maximum 25 business days from the date of compiling the list of persons entitled to receive dividends
Form of payment of announced dividend (monetary funds, other property)	Monetary funds
Source of payment of declared dividends (net profit for the accounting year, undistributed net profits of past years, special fund)	Net profit
Share of declared dividends in net revenue of reporting year, %	78.82
Total amount of dividend paid on all the shares of the specific category (type), rubles	0
Share of paid out dividends from total volume of declared dividends on shares of the type (category), %	0
In case if announced dividends were not paid or not paid in full amount – causes of nonpayment of announced dividends	At the end of the reporting quarter, the Company does not have any obligations to pay dividends
Other information on announced and (or) paid dividends, specified by the Issuer in its sole discretion	no

According to the Regulations for the Company's Information Policy, information on dividends declared and paid shall be specified for the last 10 completed fiscal years.

Additional information disclosed in accordance with the Regulations for Information Policy:

Dividend policy is a system of relations and principles for determining the amount of dividends, the procedure and terms of their payment, as well as the establishment of the Company's liability for failure to fulfill obligations on payment of dividends.

The dividend policy is based on balancing the interests of the Issuer and its shareholders when

determining the amount of dividend payments in respect for and strict observance of shareholders' rights stipulated by current legislation of the Russian Federation, the Charter and internal documents of the issuer, and is aimed at improving the investment attractiveness of the Issuer, its capitalization and shareholder value.

The Company strives, along with the growth of capitalization, to increase the amount of dividends paid to shareholders, based on the amount of net profit for the financial period and the needs of production and investment activities of the Company.

In order to ensure the transparency of the mechanism for determining the amount of dividends and their payment, as well as informing the shareholders and other interested parties about the Company's dividend policy, on December 3, 2006 Kubanenergo Board of Directors approved the Regulations for the Dividend Policy (Minutes of meeting No.25/2006). On August 31, 2010 the Board of Directors of Kubanenergo approved this Regulation in the new edition (Minutes of meeting No.95/2010), which further contains provisions that improve the procedure for disclosure of information to shareholders and other stakeholders on the calculation and payment of dividends and the procedure for determining the amount of dividends.

### **8.7.2. Information on accrued and paid income on Bonds**

Information shall be specified for each issue of bonds, under which for the five last complete reporting years, and if the issuer has been active for less than five years, for each complete reporting year, plus for a period from the date of the current year beginning till the date of the reporting quarter ending, income was paid.

Type of security: **listed/commercial bonds**

Form of security: **documentary to bearer**

Series: **001P-02**

**non-convertible bonds with the compulsory centralized storage**

State registration number of the issue: **4B02-01-00063-A-001P**

Date of assignment of identification number: **10.11.2015**

Agency that assigned identification number to the issue: **Closed Joint-Stock Company MICEX**

Number of bonds in the issue, pcs: **3 400 000**

Par value of each bond of the issue, rubles: **1 000**

Volume of the issue at the par value: **3 400 000 000**

Key information on income from bonds in the issue:

#### **Certificated interest-bearing non-convertible bonds in bearer form of series 001P-02 with the compulsory centralized storage**

Indicator	Its value for the corresponding reporting periods
Type of income paid on the bonds of the issue (par value, interest (coupon), other)	coupon
Amount of income on bonds of the issue to be paid in money as per one bond of the issue rubles/foreign currency	<b>62.98 rubles</b>
Amount of income on bonds of the issue to be paid in money for all bonds of the issue rubles /foreign currency	<b>214 132 000.00 rubles</b>

Term (date) of payment of income on bonds of the issue	<b>24.05.2016</b>
Form of payment of income on bonds of the issue (moneys, other property)	money
Total income paid on all bonds of the issue, rubles/foreign currency	<b>214 132 000.00 rubles</b>
Share of income paid on bonds of the issue in the full amount of the income to be paid on bonds of the issue, %	<b>100%</b>
If the income on bonds of the issue have not been paid or paid not in full by the issuer, reasons for such failure	-
Other information on income on bonds of the issue to be specified by the issuer at their discretion	-

Type of security: **listed/commercial bonds**

Form of security: **documentary to bearer**

Series: **001P-01**

**non-convertible bonds with the compulsory centralized storage**

State registration number of the issue: **4B02-02-00063-A-0**

Date of assignment of identification number: **10.11.2015**

Agency that assigned identification number to the issue: **Closed Joint-Stock Company MICEX**

Number of bonds in the issue, pcs: **3 600 000**

Par value of each bond of the issue, rubles: **1 000**

Volume of the issue at the par value: **3 600 000 000**

Key information on income from bonds in the issue:

**Certificated interest-bearing non-convertible bonds in bearer form of series 001P-02 with the compulsory centralized storage**

Indicator	Its value for the corresponding reporting periods
Type of income paid on the bonds of the issue (par value, interest (coupon), other)	<b>coupon</b>
Amount of income on bonds of the issue to be paid in money as per one bond of the issue rubles/foreign currency	<b>52.06 rubles</b>
Amount of income on bonds of the issue to be paid in money for all bonds of the issue rubles /foreign currency	<b>187 416 000.00 rubles</b>
Term (date) of payment of income on bonds of the issue	<b>03.06.2016</b>
Form of payment of income on bonds of the issue (moneys, other property)	<b>money</b>
Total income paid on all bonds of the issue, rubles/foreign currency	<b>187 416 000.00 rubles</b>
Share of income paid on bonds of the issue in the full amount of the income to be paid on bonds of the issue, %	<b>100%</b>
If the income on bonds of the issue have not been paid or paid not in full by the issuer, reasons for such failure	-

Other information on income on bonds of the issue to be specified by the issuer at their discretion	-
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Indicator	Its value for the corresponding reporting periods
Series, form and other identification characteristics of the bond issue	<b>Certificated interest-bearing non-convertible bonds in bearer form of series 001P-02 with the compulsory centralized storage</b>
State registration number of the bond issue and the date of its state registration (identification number of bond issue and date of its award if the bond issue was not subject to state registration)	<b>No.4B02-01-00063-A-001P dated 10.11.2015</b>
Type of income paid on the bonds of the issue (par value, interest (coupon), other)	<b>coupon</b>
Amount of income on bonds of the issue to be paid in money as per one bond of the issue rubles/foreign currency	<b>62.98 rubles</b>
Amount of income on bonds of the issue to be paid in money for all bonds of the issue rubles /foreign currency	<b>214 132 000.00 rubles</b>
Term (date) of payment of income on bonds of the issue	<b>24.05.2016</b>
Form of payment of income on bonds of the issue (moneys, other property)	<b>money</b>
Total income paid on all bonds of the issue, rubles/foreign currency	<b>214 132 000.00 rubles</b>
Share of income paid on bonds of the issue in the full amount of the income to be paid on bonds of the issue,%	<b>100%</b>
If the income on bonds of the issue have not been paid or paid not in full by the issuer, reasons for such failure	-
Other information on income on bonds of the issue to be specified by the issuer at their discretion	-

Indicator	Its value for the corresponding reporting periods
Series, form and other identification characteristics of the bond issue	<b>Certificated interest-bearing non-convertible bonds in bearer form of series 001P-01 with the compulsory centralized storage</b>
State registration number of the bond issue and the date of its state registration (identification number of bond issue and date of its award if the bond issue was not subject to state registration)	<b>No.4B02-02-00063-A-001P dated 10.11.2015</b>

Type of income paid on the bonds of the issue (par value, interest (coupon), other)	<b>coupon</b>
Amount of income on bonds of the issue to be paid in money as per one bond of the issue rubles/foreign currency	<b>52.06 rubles</b>
Amount of income on bonds of the issue to be paid in money for all bonds of the issue rubles /foreign currency	<b>187 416 000.00 rubles</b>
Term (date) of payment of income on bonds of the issue	<b>03.06.2016</b>
Form of payment of income on bonds of the issue (moneys, other property)	<b>money</b>
Total income paid on all bonds of the issue, rubles/foreign currency	<b>187 416 000.00 rubles</b>
Share of income paid on bonds of the issue in the full amount of the income to be paid on bonds of the issue,%	<b>100%</b>
If the income on bonds of the issue have not been paid or paid not in full by the issuer, reasons for such failure	-
Other information on income on bonds of the issue to be specified by the issuer at their discretion	-

## 8.8. Other details

### 8.8.1. Information on transactions concluded by the Issuer with state companies and quarterly review of such transactions

Transactions with state companies:

In the reporting quarter, the Company has concluded 287 transactions with state and municipal companies for a total sum of 8.26 million rubles.

The state and municipal companies provided the following services to the Company:

- lease of land plots;
- technical inventory of real property;
- employees' training
- medical examination of the Company employees;
- formalization of legal land and town planning documents;
- information and advertisement servicing;
- subscription for printed periodicals and post services;
- state expert valuation of design and cost estimate documentation for construction and
- reconstruction of energy facilities;
- security;
- public and other services.

The Company provided to the state and municipal companies services for transmission and distribution of electric energy, repair and maintenance of energy facilities, technological connection of electrical units to electric power grids of "Kubanenergo" PJSC.

#### 8.8.1.2 Intragroup transactions

#	Contractor	Subject of the contract	Sum in rubles
1.	Recreation Centre "Energetik" JSC	purchase of trips	11 156 000,00

2.	Recreation Centre “Energetik” JSC	debt restructuring agreement under the rent contract	775 245,00
3.	Energoservis Kuban JSC	Analysis of data on electricity consumption by customers connected to networks of Ust-Labinskiye electric networks	486 000,00
4.	Energoservis Kuban JSC	Analysis of data on electricity consumption by customers connected to networks of Armavirskiye electric networks	486 000,00
5.	Energoservis Kuban JSC	Analysis of data on electricity consumption by customers connected to networks of Leningradskiye electric networks	486 000,00
6.	Energoservis Kuban JSC	Analysis of data on electricity consumption by customers connected to networks of Slavyanskiye electric networks	486 000,00

### 8.8.1.3 Interested party transactions

#	Contractor	Contract	Sum of the contract, in rubles
1	Recreation Centre “Energetik” JSC	purchase of trips	11 156 000,00
2	Recreation Centre “Energetik” JSC	debt restructuring agreement under the rent contract	775 245,00
3	FOCL Directorate JSC	referenced data support	7 491 297,45
4	FOCL Directorate JSC	provision of antivirus software	2 889 250,00
5	Scientific and research centre of IDGC	construction supervision services at facilities of Kubanenergo PJSC	1 924 565,44
6	IDGC of the South PJSC	rectification of the consequences of accidents at grid facilities	1 274 227,28
7	IDGC of Volga PJSC	debt restructuring agreement under the contract on maintenance and repair of Company’s facilities	87 784 708,41
8	Lenenergo PJSC	arrangement and hosting of completions among electric fitters	2 320 000,00
9	Energoservis Kuban JSC	Analysis of data on electricity consumption by customers connected to networks of Ust-Labinskiye electric networks	486 000,00
10	Energoservis Kuban JSC	Analysis of data on electricity consumption by customers connected to networks of Armavirskiye electric networks	486 000,00
11	Energoservis Kuban JSC	Analysis of data on electricity consumption by customers connected to networks of Leningradskiye electric networks	486 000,00
12	Energoservis Kuban JSC	Analysis of data on electricity consumption by customers connected to networks of Slavyanskiye electric networks	486 000,00

Total:

117 559 293,58

### 8.8.1.4 Material transactions concluded by Company’s affiliates

In the reporting period subsidiaries and affiliates did not enter into the transaction with liabilities

of more than 10% of the net value of their assets.

<b>Subsidiaries and affiliates</b>	<b>Contract</b>	<b>Sum of the contract, in rubles</b>
Recreation centre “Energetik” JSC	Purchase of trips	11 156 000,00

**8.9. Data on the securities distributed and on the Issuer of the distributed securities, the property right certified by Russian depository receipts**

The Issuer is not the Issuer of the securities, the property right of which is to be certified by Russian depository receipts.