

QUARTERLY REPORT

Kuban Open Joint-Stock Company
of Power Industry and Electrification

Issuer's code 00063-A

Quarter 3, 2014

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

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

Director general

Date: November 12, 2014

_____ Gavrilov A.I.
signature

Chief accountant – head of Department of accounting
and tax reporting

Date: November 11, 2014.

_____ Skiba I.V.
signature

Contact person: Kruglova Svetlana Ivanovna, Chief Specialist of the Department for
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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.e-disclosure.ru/portal/company.aspx?id=2827>.

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Introduction

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

The Issuer had the securities Prospectus registered;

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.

In the report Kuban Open Joint-Stock Company of Power Industry and Electrification is also referred to "Kubanenergo" JSC, the Issuer and the Company.

Open Joint Stock Company "Holding of Interregional Distribution Companies" (JSC "IDGC Holding") referred to in this report, April 4, 2013 renamed Open Joint Stock Company "Russian Grids" (JSC "Rosseti").

The report contains additional information requirements for which disclosure are set by the restated Regulations on the Information Policy of Kuban Open Joint-Stock Company of Power Industry and Electrification 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 of Kuban Open Joint-Stock Company of Power Industry and Electrification (further in the text of the report referred to as the "Regulation on the Information Policy") is available at the "Kubanenergo" JSC corporate website in the Internet at:

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 for electric energy transmission across distribution grids 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 Federal law "On joint stock companies".

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. Brief data on members of the Issuer's management bodies, data on bank accounts, auditor, appraiser and the financial consultant of the Issuer as well as other persons signed the quarterly report

1.1. Members of the Issuer's management bodies

Members of Issuer's Board of Directors

Name	Year of birth
Varvarin Aleksandr Viktorovich	1975
Gavrilov Aleksandr Ilyich	1973
Kobelyan Ashot Mikhailovich	1980
Lavrova Marina Aleksanrdovna	1982
Mezhevich Valentin Yefimovich	1947
Sergeyev Sergei Vladimirovich	1976
Sukhov Oleg Aleksandrovich	1974
Kharin Andrei Nikolayevich	
Khokholkova Kseniya Valerievna	1970
Chermenteyeva Yulia Petrovna	1972
Shatokhin Arseniy Grigorievich	1976

Sole executive body

Name	Year of Birth
Gavrilov Aleksandr Ilich	1973

Composition of the Collegial Executive Body of the Issuer

Name	Year of Birth
Gavrilov Aleksandr Ilich (chairperson)	1973
Armaganyan Edgar Garriyevich	1984
Golov Andrei Valrievich	1980
Golovakha Dmitriy Nikolaevich	1977
Golovakha Lyudmila Alexeyevna	1955
Konevets Kirill Sergeyeovich	1983
Kostetskiy Vyacheslav Yurievich	1974
Ocheredko Olga Vyacheslavovna	1958
Rud Ewegeniy Viktotrovich	1967
Ryazantsev Dmitriy Yuriyevich	1973
Statuev Vladislav Andreyevich	1956
Tyrtysnyi Ruslan Viktorovich	1978

1.2. Details on the Issuer's Bank Accounts

Details of the credit institution

Full business name: **Open Joint Stock Company “Sberbank of Russia”, Krasnodar Outlet No. 8619**

Abbreviated business name: **“Sberbank of Russia” JSC, Krasnodar branch No. 8619**
Location: **34 Krasnoarmeyskaya str., Krasnodar**
TIN: **7707083893**
BIC: **040349602**
Account number: **40702810330020101989**
Correspondent account: **30101810100000000602**
Account type: **Settlement account in rubles**

Details of the credit institution

Full business name: **Open Joint Stock Company “Sberbank of Russia”, Krasnodar Outlet No. 8619**
Abbreviated business name: **“Sberbank of Russia” JSC, Krasnodar branch No. 8619**
Location: **34 Krasnoarmeyskaya str., Krasnodar**
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” (open joint stock company) in Krasnodar**
Abbreviated business name: **Branch of GPB (JSC) in Krasnodar**
Location: **11 Dmitrievskaya damba str., Krasnodar**
TIN: **7744001497**
BIC: **040349781**
Account number: **40702810500070010191**
Correspondent account: **30101810500000000781**
Account type: **Settlement account in rubles**

1.3. Information on Issuer’s auditor

Auditor(s) carrying out independent audit of accounting records and financial (accounting) statements of the Issuer under a contract concluded with the latter as well as Auditor(s) approved (selected) for audit of the Issuer's annual financial (accounting) statements following the results of the current or the closed financial year.

Full business name: **Closed Joint-Stock Company “KPMG”**
Abbreviated business name: **“KPMG” CJSC**
Location: **office 3035, 18/1 Olimpiyskiy prospect, Moscow 129110**
Postal address: **31 floor, block C, building 10, Presnenskaya naberezhnaya, Moscow 123317**
TIN: **7702019950**
PSRN: **1027700125628**
Telephone: **(495) 937-4477**
Fax: **(495) 937-4499**
E-mail: **moscow@kpmg.ru**

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

Name: **Self-regulatory organization of auditors Non-profit Partnership “Auditor Chamber of Russia”**

Location

Building 3, 3rd Syromyarnicheskiy lane, Moscow, Russia 105120

Additional Information:

The primary registration number of “KPMG” CJSC in Self-regulatory organization of auditors Non-profit Partnership “Auditor Chamber of Russia” is 10301000804.

Financial year(s) for which the Auditor carried out an independent audit of accounting records and financial (accounting) statements of the Issuer

financial (accounting) statements, year	Consolidated accounting report, year	Consolidated financial report, year
2012		2012
2013		2013

Periods for which the Auditor carried out an independent audit of accounting records and financial (accounting) statements of the Issuer

financial (accounting) statements, year	Consolidated accounting report, year	Consolidated financial report, year
9 months of 2012		
9 months of 2013		

Factors that can affect the Auditor's independence from the Issuer including information on existence of substantial interests connecting the Auditor (officers of the Auditor) with the Issuer (officers of the Issuer):

There are no factors that can affect the Auditor's independence of the Issuer or substantial interests connecting the Auditor (officers of Auditor) with the Issuer (officers 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 decisions of:

- Commission for the selection of organizations carrying out audit activities that will be recommended to “Holding IDGC” JSC for approval by the management bodies of subsidiaries and affiliates as auditor of accounting (financial) statements) for 2013, prepared in accordance with RAS,

-Tender Committee of “Holding IDGC” JSC

candidature “KPMG” JSC recommended by the Board of Directors of “Kubanenergo” JSC for approval as an auditor to audit the accounting (financial) statements for 2013 at the Annual General Meeting of Shareholders.

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. Due to the above, the auditor candidacy for approval at the General Meeting of Shareholders is specified by the Board of Directors of the Company within the framework of solution of issues related to preparation for and arrangement of the annual General Meeting of Shareholders.

Indication of information on works performed by Auditor within the framework of special audit

assignments:

In the reporting quarter audit was not carried out.

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 "KPMG" JSC on audit of financial report of the Company drafted in accordance with "RSA" CJSC for 2013 amounted 654 689 rubles. The amount of payment for services of "KPMG" JSC on review of consolidated intermediate condensed financial reports drafted in accordance with IFRS for six months of 2013 and audit of consolidated financial reports of the Company drafted in accordance with IFRS for 2013 amounts 2 953 894 rubles including VAT.

"KPMG" CJSC was appointed as Company's auditor by annual general meeting of shareholders on 21.06.2012.

Indication of information on existence of deferred or overdue payments for services provided by Auditor:

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

Factors that may affect the independence of the auditor from the issuer and the essential interests connecting the auditor (the auditor) to the Issuer (the Issuer): no.

Full business name: Limited Liability Company "Ernst and Young"

Abbreviated business name: "Ernst and Young", LLC

Location: 77/1 Sadovnicheskaya Naberezhnaya, Moscow, Russian 115035

TIN: 7709383532

PSRN: 1027739707203

Telephone: (495) 755-97-00

Fax: (495) 755-97-01

E-mail: moscow@ru.ey.com

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

Name: **Self-regulatory organization of auditors Non-profit Partnership "Auditor Chamber of Russia"**

Location

Building 3, 3rd Syromyarnicheskiy lane, Moscow, Russia 105120

Additional Information:

The primary registration number of "KPMG" CJSC in Self-regulatory organization of auditors Non-profit Partnership "Auditor Chamber of Russia" is 10301000804.

Financial year(s) for which the Auditor carried out an independent audit of accounting records and financial (accounting) statements of the Issuer

financial (accounting) statements, year	Consolidated accounting report, year	Consolidated financial report, year
2014		2014

Periods for which the Auditor carried out an independent audit of accounting records and

financial (accounting) statements of the Issuer

financial (accounting) statements, year	Consolidated accounting report, year	Consolidated financial report, year
30.09.2014		
31.12.2014		31.12.2014

Factors that can affect the Auditor's independence from the Issuer including information on existence of substantial interests connecting the Auditor (officers of the Auditor) with the Issuer (officers of the Issuer):

There are no factors that can affect the Auditor's independence of the Issuer or substantial interests connecting the Auditor (officers of Auditor) with the Issuer (officers 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 Tender committee of Rosseti on summing up the results of public competitive negotiations without prequalification of bidders for the right to conclude contracts on audit of accounting report under RAS, audit of interim consolidated financial statements and audit of IFRS of affiliated and dependent companies of Rosseti JSC in 2014 (minutes No.5/39678 dd 09.04.2014), at AGM the Board of Directors recommended the candidature of “Ernst and Young”, LLC for approval as the auditor in 2014.

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. Due to the above, the auditor candidacy for approval at the General Meeting of Shareholders is specified by the Board of Directors of the Company within the framework of solution of issues related to preparation for and arrangement of the annual General Meeting of Shareholders.

Indication of information on works performed by Auditor within the framework of special audit assignments:

Such works 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 “Ernst and Young”, LLC on compulsory audit of financial report of the Company for the year ended 31.12.2014, stipulated by federal Law dated 06.12.2011 No.402-FZ “On Accounting” and on audit of financial statements amounted 2 624 476 rubles 48 kopeks, including VAT.

“KPMG” CJSC was appointed as Company’s auditor by annual general meeting of shareholders on 23.06.2014.

Indication of information on existence of deferred or overdue payments for services provided by Auditor:

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

Factors that may affect the independence of the auditor from the issuer and the essential interests connecting the auditor (the auditor) to the Issuer (the Issuer): no.

1.4. Details of Appraiser(s) of the Issuer

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

1.5. Details of consultants of the Issuer

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

1.6. Details of other persons having signed the quarterly report

No other signatures

II. Basic information on business activity of the Issuer

2.1. Indices of the Issuer's business activity

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	9 months of 2013	9 months of 2013
Workforce productivity	2 869 430.8	2 579 800.9
Debt-to-equity ratio	3.07	0.87
Leverage ratio	0.44	0.34
Debt coverage ratio (profit)	-24.6	-28.5
Rate of overdue repayment of debts, %		
- receivables, %:	17.7	29.3
- payable, %:	13.7	55.5

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

Decrease of indicator "Workforce productivity" by 10.1% in the reporting quarter in comparison with 9 months of 2013 is explained by reduction in revenue from the core activity (electricity transmission) because of changes in tariffs on electricity transmission.

The decline of indicator "debt-to-equity ratio" by 2.2 points occurred as a result of reduction of short-term obligations by 66.7%.

The increase in "leverage ratio" remained the same.

The "debt coverage ratio" is negative due to a loss in the reporting period.

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 and determined in compliance with the Procedure for Calculation of the Market Price of Issue-Grade Securities, accounting price of securities as well as upper limit of fluctuations of market, according to article 23 of the Tax of Core of Russian Federation approved by Federal Service for Financial Markets (FSFM Russia) dated 09.11.2010 No. 10-65/ПЗ-Н.

in thousand rubles

Indicator	2013	3 rd quarter of 2014
Market capitalization	10 879 379	15 874 559

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

2.3. Issuer's Liabilities

2.3.1. Accounts payable

Structure of the Issuer's borrowing

for 6 months of 2014

unit of measurement: thousand rubles

Indicator	Value
Long-term borrowings	15 417 000
including:	
Credits	15 417 000
Loans, except bonded loans	0
bonded loans	0
Short-term borrowings	2 000 000
including:	
Credits	2 000 000
Loans, except bonded loans	0
bonded loans	0
Total amount of overdue loan debt	0
including:	
credits	0
Loans, except bonded loans	0
bonded loans	0

Accounts payable
unit of measurement: thousand rubles

Indicator	Value
Total for accounts payable	9 957 518
overdue	4 860 736
including	
Payable to budget and state off-budget funds	166 433
overdue	0
payable to suppliers and contractors	5 724 058
overdue	3 935 923
payable to staff	149 240
overdue	0
other	3 917 787
overdue	924 812

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 2014, including on debt restructuring arrangements.

Levies, penalties: no.

The main cause of overdue accounts payable - delayed fulfillment by retail companies their obligations to the Company for services on electric energy transmission.

Creditors accounting for no less than 10 percent of the total sum of accounts receivable for the specified reporting period:

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

Short company name: **“FGC UES” JSC**

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

TIN: **4716016979**

PSRN: **1024701893336**

Sum of credit: **3 189 819.39 thousand rubles**

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

Overdue accounts payable amounts 2 475 000.00 thousand rubles. Interest rate, levies, penalties – no.

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: **branch of open joint stock company Gazprombank in Krasnodar**

Short company name: **branch of Gazprombank JSC in Krasnodar**

Location: **11 Dmitrievskaya Damba, Krasnodar 350033**

TIN: **7744001497**

PSRN: **1027700167110**

Sum of credit: **8 417 000 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: **Open joint stock company Sberbank of Russia**

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

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

TIN: **7707083893**

PSRN: **1027700132195**

Sum of credit: **8 600 000 thousand rubles**

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

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

2.3.2. Issuer's Credit History

Fulfilment of liabilities by the Issuer under credit and/or loan contracts having been in effect during the 5 last completed financial years (or per each closed financial year, if the Issuer has carried out one's activity for less than 5 years), or are in effect as of the reporting quarter expiry date, the sum of principal debt thereunder is equal to or in excess of 5 percent of the Issuer's assets book value of as of the date of last completed reporting quarter preceding conclusion of the corresponding contract as well as under other credit and/or loan contracts that the Issuer, at one's own discretion, deems substantial.

Type and details of obligation	
1. credit line, date of gaining credit 27.12.2010	
Terms of obligations and information on its fulfillment	
Business name, location or name of the creditor (lender)	Branch of "Gazprombank" (Open joint stock company) in Krasnodar. Address: 11 Dmitrievskaya Damba, Krasnodar 350033
Sum of the debt as of the moment of occurring of obligation, RUR	2000000 RUR 1000
Sum of the debt as of the end of reporting quarter, RUR	2000000 RUR 1000
Sum of credit (loan), (years)	3
Average interest on credit (loan), % per annum	11
Number of interest (coupon) periods	36
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	27.12.2013
Actual term (date) of credit (loan)	03.12.2013

payment	
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:

Issuer's policy in the sphere of risks management is aimed at timeous detection and prevention of risks in order to reduce the possibility of financial and other losses that influence the strategic goals of the Company.

The Issuer's risk management policy relies on generally accepted core risk management principles:

1. Systematic approach: risk management is carried out for all the key activity fields at all the management levels of the Issuer.
2. Reference to objectives: risk management is carried out proceeding from the objectives set at the Issuer's Strategy level as well as objectives of business- processes and functions.
3. Flow of information on risks for decision-taking purposes proceeds bottom-up. Propagation of risk minimization decisions as well as risk management control proceed top-down.
4. Economic efficiency of risk management. The risk management system provides for economic efficiency of risk management arrangements. Reduction of risks is carried out proceeding from economic feasibility.
5. Control of risk management efficiency. Risk management efficiency is ensured through monitoring of key risk indicators elaborated for each priority risk management field.

For minimization of consequences during realization of the risks listed below the Issuer has elaborated and is taking an array of protective measures related mostly to implementation of the Issuer's production program. However, one ought to note that elaboration of risk management arrangements is complicated by unpredictability of the situation development, actions greatly dependent on peculiarities of the current situation in each specific case. The Issuer cannot guarantee that arrangements aimed at overcoming possible negative situations will be able to result in the situation rectification since most of the risk factors described below are beyond the Issuer's reasonable control.

2.4.1. Industry Risks

Issuer carries out its activity in the power industry sector in Krasnodar region and the Republic of Adygea.

In the region of the Issuer's responsibility a growing demand for electricity is observed due to the intensive development of resort and recreation areas, construction of Olympic and other important social and industrial facilities. In order to ensure sales growth Issuer has made significant investments in reconstruction, modernization and new construction of transmission facilities.

Due to the fact that the Issuer's activity is focused only on the domestic market, a description of

the industry risks is made for the domestic market.

Risks associated with government regulation of the services provided by the Company.

The Issuer is a subject of natural monopoly and its activity is governed by the state. Due to the limited growth of tariffs for consumers at the level of the RF Government the probability of establishing tariffs below economically grounded levels is rated as high.

In addition, the issuer is subject to the risks of reduction in revenues due to changes in the actual structure of the transmission of electric energy relatively to the one adopted during setting the tariffs, as well as risks of legislative changes in the sphere of pricing. The Company is subject to these risks in the same way as the rest participants of the monopoly.

In order to reduce these risks the following activities were chosen:

- work with the authorities regulating tariffs on accounting costs that occurred in the results of fixing at the federal level the sums of lost income after the non-regulated prices were applied, in the necessary gross proceeds of the Issuer in the next regulatory period;
- development and submission to regulatory agencies the tariff proposals for technological energy consumption with the actual trend in net supply in order to create a consolidated forecasted balance of production and supply of electricity in the next year;
- development of Energy Efficiency Program and its approval by regional administrations;
- development and implementation of cost management program;

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. In accordance with the order of RF government dated 30.06.2012 No. 663 "Kubanenergo" JSC passed the "reset" of long-term parameters of tariff regulation. The Federal Tariff Service of Russia has agreed to switch to the regulation of tariffs for the transmission of electric energy using the method of return on invested capital. The use of RAB-regulation should help to attract long-term investment in the sector and reduce the influence of subjective factors on the adoption of tariff decisions.

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:

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

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

- performs full maintenance programs;
- implements the program of modernization, renovation and reconstruction;
- regularly optimizes the structure and volume of spare parts in stock, etc.
- follows legislation of the Russian Federation in the field of industrial safety and performance based on this system of production control of industrial safety in the Issuer.

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.

Risk of reducing electricity consumption (risk reduction of demand)

The decline in revenue from transmission is due to increased number of network companies and related reduction in electricity consumption by end users was due to the economic crisis and the

decline in production of goods, reduction of the demand for products in the domestic market, consumers constructing own generation facilities, weather anomalies, industrial accidents, man-made disasters. These factors can affect the change in the Issuer's revenues.

To reduce the consequences of this risk, the Issuer implements programmes and activities related to the monitoring of the current and forecasted economic situation in the Russian Federation, the preparatory work for the proper functioning of power equipment, maintenance and repair of power equipment. Due to the economic development of the region in which the issuer operates, there is a dynamic increase in the volume of electricity consumption over the past few years.

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.

At this stage some positive trends are observed in the economic development and as one of the development priorities the energy efficiency and energy-saving technologies were chosen.

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

Issuer's exposure to risks associated with change of interest rates and foreign currencies exchange rates due to the Issuer's activity or due to hedging carried out by the Issuer for reduction of unfavourable consequences of the risks effect:

- 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 associated with currency rates fluctuations are no factors of direct effect on the results of financial and business activity of the Issuer and are estimated by the Issuer as insignificant. The Issuer does not carry out hedging for reduction of unfavourable consequences of interest rates and foreign currencies exchange rates fluctuations. Exposure of the Issuer's financial status, liquidity, sources of funding, results of activity etc., to changes of currency exchange rates is estimated by the Issuer as insignificant.

Thus, the Issuer's currency risks may be defined as insignificant. In case of negative effect of currency exchange rate changes, the Issuer plans to carry out risks analysis and to make a corresponding decision in each specific 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

Estimate of the inflation level critical for the Issuer appears impossible since, apart from the consumer prices level, one needs to account for changes in the rubles real purchasing power, Russian and international energy carrier markets environment and further state policy regarding tariffs for electric and thermal energy.

The current inflation level does not have any substantial effect on the Issuer's financial status. According to inflation forecast values, inflation is not to substantially affect the Issuer's solvency, in particular, regarding payments on securities. 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.

The Issuer's financial reporting indices 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.

2.4.4. Legal risks

The Issuer carries out one's activity solely in the domestic market; consequently, one's 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 one's business activity.

The Issuer complies with the licenses requirements, takes all necessary measures for obtainment and actualization of licenses and minimization of the probability of licenses suspension, change or revocation. The Issuer's exposure to the above risk may be considered insignificant.

Judicial practice of cases similar to those the Issuer participates in is relatively stable and has not undergone any substantial changes during the recent few years.

The Issuer carries out constant monitoring of judicial practice which allows using this information to secure positive judicial decisions in favour of the Issuer.

At present, no changes have been revealed in judicial practice that may negatively affect the results of the current judicial trials the Issuer participates in and, therefore, on the results of the Company's business activity.

Risks associated with current judicial trials the Issuer participates in:

The Issuer participates in judicial trials consideration results whereof may seriously affect the Issuer's financial and business activity. Enforcement trials mainly deal with the Issuer's accounts payable and receivable.

Risks associated with impossibility of prolongation of the Issuer's licenses for conduction a certain type activity or use of restricted circulation items (including natural resources):

prolongation of licenses is carried out strictly within the terms established. The Issuer fulfils all the requirements necessary for obtainment /prolongation of licenses. Risks associated with impossibility of prolongation of the Issuer's licenses are the minimum and cannot substantially affect the Issuer's fulfilment of liabilities under securities placed.

Risks associated with the Issuer's eventually possible responsibility for debts of third parties including the Issuer's

The Issuer has subsidiary companies with 100% participation in their authorized capitals.

Being a parent company for the subsidiary companies wherein the Issuer holds more than 50% of the authorized capital, the Issuer may incur responsibility for their debts. Such liabilities may have a certain negative effect on the results of financial and business activity of the Issuer. The above risks probability is estimated as moderate. The Issuer takes measures for reduction of these risks, inter alia providing for reorganization of subsidiary companies' activity.

Risks associated with the possibility of loss of consumer turnover wherewith accounts for not less than 10% of total proceeds from sales of Issuer's products (works, services):

The Issuer has cooperated with one's major consumers for a long time. The possibility of major consumer loss is the minimum.

2.4.5. Risks associated with the Issuer's activity

The Issuer's core activity is the electric energy transmission.

Risks of the Issuer's production activity:

- Systematic interruptions of consumer power supply as a result of accidents and abnormal conditions of grid sections and substation equipment;
- Violation of GOST 13109-97 requirements to provision for electric energy quality;
- Violation of electric energy transmission modes and reduction of provided services quality
- Failure to timely carry out maintenance (including diagnostics) and repairs
- Low quality of repair works performance
- Methodological errors during repairs work planning
- Incorrect rating of facilities to be repaired
- Emergence of accidental situations in interfacing grids resulting in the Issuer's equipment breakdown

For the risks reduction the Issuer pays much attention to development of the electric power grid sector applying scientifically justified technical solutions and technologies approved in operation, as well as state-of-the-art power engineering equipment.

The abovementioned risks are additionally influenced by tariffs growth, in its turn, conditioned by growth of costs "external" for the Issuer, such as: purchase of electric energy to compensate for losses, changes in payment for FGC UES JSC electric energy transmission services and other factors.

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: Kuban Open Joint-Stock Company of Power Industry and Electrification

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

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

Date of introducing the current company short name: **30.06.1998**

Previous company names

Full company name: 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**

Full company name: Kuban Open Joint-Stock Company of Power Industry and Electrification

Short company name: **“Kubanenergo” JSC**

Date of introducing the name: **29.05.1996**

Ground of introducing the name: **State registration of the issuer’s restated Charter**

Full company name: 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**

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:

The history of foundation of the Kuban energy system started in the 19th century with construction of small-scale electric power plants.

Starting from 1930, the Kuban energy facilities management was carried out by North-Caucasian Energy Administration – “Sevkavenergo”, with headquarters in Rostov-on-Don, which in 1934 was subdivided in two independent administrations: “Azcherenergo” (Rostov-on-Don) and “Sevkavenergo” (Pyatigorsk).

For recovery of destroyed power industry of Kuban and its further development, Krasnodar District Energy Administration (DEA) “Krasnodarenergo” was founded by way of further subdivision of “Azchernenergo” administration by Order No. 66 of USSR People’s Commissar for Electric Power Plants dated March 14, 1944. The core kinds of DEA activity were

production, distribution and marketing of electric and thermal energy, recovery and development of the energy system, control of energy consumption and supervision over operation of power installations at Kuban enterprises. DEA had under one's supervision (as independent self-financing enterprises) electric power plants, substations, district electric power grids, energy selling entities, a mechanical repair plant, a central warehouse, a design and survey bureau and a production and research laboratory.

In late 1950s – early 1960s, 100 and 220 kV trunk transmission lines were constructed in Kuban necessary for connection of energy systems of Southern Russia and Transcaucasia; the territorial railway network was electrified, electric power grid separation facilities were constructed, electrification rate of rural settlements reaching 86%.

In 1963, in accordance with Resolution of the RSFSR Council of Ministers dated 14.05.1963, enterprises of Kuban rural and urban electric power grids were withdrawn from the responsibility scope of the Territorial Committee for Economy and became a part of DEA.

In 1972, a 100 MW a gas turbine plant (GTP) was installed at Krasnodar CHP (for the first time in the USSR history); after that, in 1975, a second 100 MW GTP (GTU-100) was installed. Total capacity of CHP, the power unit part and the 2 GTPs made 959 MW.

Boosting growth of energy consumption by Kuban national economy in 1970-1980s necessitated construction of a large number of electric energy transmission lines and substations and switchover to higher voltage classes (330 and 500 kV). Total length of electric energy transmission lines of all voltage classes made about 90 thousand km while the number of 35 – 500 kV substations exceeded 700.

On November 1, 1988, in accordance with Resolution No. 812 of the USSR Council of Ministers of dated 02.07.1987, Krasnodar District Energy Administration “Krasnodarenergo” was wound up with Krasnodar Production Association for Power Industry and Electrification “Krasnodarenergo” founded based of one's formerly subject enterprises and organizations.

In 1993, in accordance with the Russian legislation on privatization of state and municipal enterprises, PAPI&E “Krasnodarenergo” was transformed into OJSC “Kubanenergo” incorporating, apart from electric power grid enterprises, Krasnodar CHP, “Energonadzor”, repair and construction enterprises, an integrated training centre, a rest home and a summer children's recreation centre as branches.

“Kubanenergo” JSC was founded to receive profits from provision of services for supply of electric energy (both independently produced and purchased from other producers) to consumers within the Krasnodar Territory and Republic of Adygea and supply of thermal energy of own produce to consumers within Krasnodar City.

In accordance with Order No. 923 of President of the Russian Federation “On organization of management of the electric power industry sector of the Russian Federation under privatization conditions” dated 15.08.1992, 49% of the Company's shares were in 1993 transferred by way of payment for the authorized capital of “RAO UES of Russia” JSC with the remaining 51% of OJSC “Kubanenergo” shares acquired through private subscription by members of the Company staff and other persons having the right to benefits in accordance with the State Privatization Program.

During the 5 last years “Kubanenergo” JSC, as well as power industry as a whole, has undergone through 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” JSC 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 tear and 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.

To achieve the stated objectives the Company:

- implements large-scale investment programmes coordinated by the Ministry of Energy of the Russian Federation and considers prospects of development of the economies of the Krasnodar Territory and the Republic of Adygea;

- strives to maintain the RAB system with specification of its parameters, as well as improve the transparency of tariffs and investment programmes (in terms of attention to the electric power industry and limit the growth of electricity tariffs by the Government of the Russian Federation, RAB method should allow “Kubanenergo” in the future to improve and stabilize the financial state, as well as reduce the loan portfolio, increase their own sources of financing of the investment programme and gradually solve the problem of deterioration of the distribution grid complex, take the company to break-even level, to compensate for the "problem" expenses of "Kubanenergo" at the expense of return on investment);
- pays considerable attention to the problems of non-payments from the side of energy selling companies by strengthening of responsibility of their owners, the ordering system of contracts with from the part of “Kubanenergo”;
- optimizes the cost of repairs, maintenance, operational and technological management and auxiliary functions through the implementation of the management costs programme, improves productivity;
- 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).

3.1.4. Contact information

Location of a permanently operating executive body

2 Stavropolskaya str., Krasnodar, 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.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: 2 Stavropolskaya str., Krasnodar, Russia 350033

Telephone: (861) 212-24-09

Fax: (861) 212-27-08

E-mail: podsvirovaiv@kuben.elektra.ru

Internet page:

www.kubanenergo.ru/stockholders/

3.1.5. Taxpayer Identification Number

2309001660

3.1.6. Branches and representative offices of the Issuer

The following changes occurred in information regarding the affiliated companies and branches. New heads were appointed at the following branches:

Branch	Name of the head of branch as of 30.09.2014	Term of office valid
Slavyanskiye electrical grids	Mkhailov Vladimir Alexandrovich	till 31.12.2014
Labinskiye electrical grids	Gerasko ANdrey Leonidovich	till 31.12.2014
Leningradskiye electrical grids	Podushko Vitaliy Valeriyevich	till 31.12.2014
Timashevskiye electrical grids	Sobolev Sergey Viktorovich	till 31.12.2014

3.2. Issuer's core business activity

3.2.1. Issuer's branch identity

Principal activity of the company by 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	9 months of 2013	9 months of 2014
Revenue from this business activity, thousand rub	22 263.7	20 927.4
Portion of revenue from this type of business activity in the total amount of revenue of the Issuer, %	99.1	98.7

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:

The main activity of "Kubanenergo" JSC is the transmission of electrical energy. The share of this kind of activity in the total value of revenue by the results of 9 months of 2014 amounted to 98.7%.

Revenue for electricity transmission services by the results of 9 months of 2014 reduced by 1 336.6 million rubles in comparison to the same period of 2013 and amounted to 20 927.4 million rubles due to decrease of tariff for electricity transmission.

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

Electric energy transmission

The main indexes of electric energy transmission by Kubanenergo, JSC during the 9 months of 2014:

Receipt of electric energy into the Company's grid for its transmission under service contracts made up 15 795 853.546 thousand kWh

Supply of electric energy from Kubanenergo JSC grid made 13 778 054.910 thousand kW*h.

Productive supply of electric energy by the "boiler" method with breakdown per voltage levels made 12 450 871.130 thousand kW*h, including:

- High voltage (110 kV and more) – 2 765 251.333 thousand kW*h,
- Medium voltage 1 (35 kV) – 838 209.482 thousand kW*h,
- Medium voltage 2 (1-20 kV) – 3 840 629.027 thousand kW*h,
- Low voltage (0.4 kV and less) – 5 097 781.289 thousand kW*h.

Actual losses of electric energy scaled to supply into the grid made 12.77% with standard losses allowance 12.31%.

Excess expenditure of electric energy in excess of the standard losses allowance by the results of 9 months of 2014 is 74 033.4 thousand kW*h.

The main indexes of electric energy transmission by Kubanenergo, JSC in the 3rd quarter of 2014:

Receipt of electric energy into the Company's grid for its transmission under service contracts made 5 434 201.415 thousand kWh

Supply of electric energy from Kubanenergo JSC grid made 4 839 505.230 thousand kW*h.

Productive supply of electric energy by the "boiler" method with breakdown per voltage levels made 4 374 633.12 thousand kW*h, including:

- High voltage (110 kV and more) – 940 811.30 thousand kW*h,
- Medium voltage 1 (35 kV) – 295 715.28 thousand kW*h,
- Medium voltage 2 (1-20 kV) – 1 345 299.54 thousand kW*h,
- Low voltage (0.4 kV and less) – 1 792 807.00 thousand kW*h.

Actual losses of electric energy scaled to supply into the grid made 10.94% with standard losses allowance 10.90%.

Excess expenditure of electric energy in excess of the standard losses allowance in the 3rd quarter of 2014 is 2 171.2 thousand kW*h.

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

8 568 contracts for technological connection to the electric power grids were concluded with total capacity 162 MW in the 3rd quarter of 2014. Cash is collected in the amount of 384.3 million rubles (VAT excluded), proceeds equal to 29 million rubles. The volume of cash was received mostly from consumers having submitted applications for capacity in excess of 150 kW. In the 3rd quarter of 2014, 4 966 consumers with total capacity 89 MW were connected.

Core production capacities of the Company (as of 01.01.2014):

Length of 110, 220 kV high voltage lines	110 kV overhead lines – 4 649.95 km (route) 110 kV overhead lines – 5 827.49 km (circuits) 220 kV overhead lines – 76.1 km 110 kV cable lines – 10.2 km
Length of medium voltage lines (6, 10, 35 kV)	40 582.98 km (route) 41 413.87 km (circuits), including: 35 kV overhead lines – 6 937.25 km (route) 35 kV overhead lines – 7 768.14 km (circuits) 10 kV overhead lines – 3 2403.52 km 35 kV cable lines – 0.5 km 6-10 kV cable lines – 1 241.72 km
Length of 0.4 kV low voltage lines	04 kV - 41698.52 km, including:

	overhead lines – 41232.86 km cable lines – 465.66 km
Number/capacity of substations with high (110 kV) basic voltage	217 substations/6706 MVA
Number/capacity of substations with high (35/6-10 kV) basic voltage	496 substations/2373.7 MVA
Number/capacity of transformer substations (6-35/0.4 kV)	22062 substations/4260 MVA

Information on tariffs for electric energy transmission and payment for technological connection to distribution grids

By order of Regional Energy Commission – Tariff Department of Krasnodar region dated 27.12.2013 No.102/2013-э with changes introduced on 26.03.2014 No. 14/2013-э, 14.05.2014 No.19/2014-э, 16.07.2014 No.33/2014-э and 17.09.2014 No.47/2014-э the tariffs for services of electric energy transmission via grids of Kubanenergo in 2014 are as follows:

Unified (boiler) tariffs for services of electric energy transmission via grids of Krasnodar region and the Republic of Adygea for 2014 (VAT excluded):

#	Indicator	Unit of measurement	1 st half of 2014				2 nd half of 2014			
			Voltage range				Voltage range			
			High voltage (110kV and higher)	Middle voltage 1 (35kV)	Middle voltage 2 (1-20kV)	Low voltage (0,4kV and lower)	High voltage (110kV and higher)	Middle voltage 1 (35kV)	Middle voltage 2 (1-20kV)	Low voltage (0,4kV and lower)
1	2	3	4	5	6	7	8	9	10	11
1	Other consumers (VAT excluding)									
1.1	Flat-rate tariff	rub./kWh	1,30501	1,51855	2,35520	3,23179	1,30501	1,51855	2,35520	3,23179
1.2	Two-rate tariff									
1.2.1	Payment of maintenance of electric grids	rub./kWh	384,50622	308,00297	458,92444	664,06554	384,50622	308,00297	458,92444	664,06554
1.2.2	Rate of payment for technological expenses (losses) in grids	rub./kWh	0,65254	0,65301	0,65323	1,26127	0,65254	0,65301	0,65323	1,26127
2	Population and consumers considered as population (VAT excluded)									
2.1	Population except consumers mentioned in paragraphs 2.2 and 2.3									
2.1.1	Flat-rate tariff	rub./kWh	1,75479				1,88206			
2.1.2	Flat-rate tariff with day and night differentiation 1									
	Day (peak and intermediate) zone	rub./kWh	1,83106				1,95833			
	Night zone	rub./kWh	0,44123				0,51765			
2.1.3	Flat-rate tariff with 24-hour period divided into three zones 1									
	Peak zone	rub./kWh	1,83954				1,96680			
	Intermediate zone	rub./kWh	1,75479				1,88206			
	Night zone	rub./kWh	0,44123				0,51765			
2.2	Population from urban area residing in houses equipped with electric ovens and/or electric heaters									
2.2.1	Flat-rate tariff	rub./kWh	0,83106				0,92443			
2.2.2	Flat-rate tariff with day and night differentiation 1									
	Day (peak and intermediate) zone	rub./kWh	0,88191				0,97528			

	Night zone	rub./kW h	0,01000	0,01000
2.2.3	Flat-rate tariff with 24-hour period divided into three zones 1			
	Peak zone	rub./kW h	0,89038	0,98375
	Intermediate zone	rub./kW h	0,83106	0,92443
	Night zone	rub./kW h	0,01000	0,01000
2.3	Population from rural settlement			
2.3.1	Flat-rate tariff	rub./kW h	0,83106	0,92443
2.3.2	Flat-rate tariff with day and night differentiation 1			
	Day (peak and intermediate) zone	rub./kW h	0,88191	0,97528
	Night zone	rub./kW h	0,01000	0,01000
2.3.3	Flat-rate tariff with 24-hour period divided into three zones 1			
	Peak zone	rub./kW h	0,89038	0,98375
	Intermediate zone	rub./kW h	0,83106	0,92443
	Night zone	rub./kW h	0,01000	0,01000
2.4	Consumers equalled to population (VAT excluded)			
2.4.1	Flat-rate tariff	rub./kW h	1.75479	1,88206
2.4.2	Flat-rate tariff with day and night differentiation 1			
	Day (peak and intermediate) zone	rub./kW h	1,83106	1,95833
	Night zone	rub./kW h	0,44123	0,51765
2.4.3	Flat-rate tariff with 24-hour period divided into three zones 1			
	Peak zone	rub./kW h	1,83954	1,96680
	Intermediate zone	rub./kW h	1,75479	1,88206
	Night zone	rub./kW h	0,44123	0,51765

Notes:

1. Tariff day zones for calculation of tariffs with specification of day zones are determined in accordance with documents of Federal Tariff Service.

2. List of consumers category that are equal to population and to which electric energy (capacity) is delivered under regulated prices (tariffs):

a) companies that render public services (house owners, development companies, housing or other specialized consumer cooperatives or management companies), landlord (or their authorized persons) that provide to citizens premises of specialized housing facilities, including accommodation in hostels, temporary public housing, houses provided by social services, accommodation for temporary settlement of IDPs, for the temporary settlement of people recognized as refugees, as well as living quarters for the social protection of certain categories of citizens who purchase electric energy (power) for domestic consumption in volumes of actual power consumption and the volume of electricity consumed for the common areas;

b) horticultural, market-gardening and dacha non-commercial associations of citizens founded on a voluntary basis to assist its members in dealing with general socio-economic

problems of gardening and dacha farming;

c) legal persons/entities purchasing electricity (capacity) for consumption on the premises condemned for their contents, subject to availability of separate electricity meters for the premises;

d) legal and natural persons purchasing electricity (capacity) for the household needs in settlements, residential areas at military units, under a power supply contract metering electricity from common electricity meters;

d) religious organizations supported by congregation;

e) guaranteeing suppliers, energy distribution, energy suppliers, which purchase electric energy (power) for its further sale to the public and consumers equaled to public and in volumes of actual consumption by the population and population equivalents and volumes of electricity consumed by the common areas for the household needs of citizens, which is not used for commercial (professional) activities;

g) associations of citizens who purchase electric energy (capacity) for use at their farm buildings (cellars, barns);

h) non-profit associations of citizens (garage-building, garage cooperatives) and citizens owning detached garages, purchasing electric energy (capacity) for the domestic needs, and not for commercial activities.

3. When calculating the categories of consumer that are equaled to the public provided for in paragraphs "a", "d" and "e" of the present application, we apply the tariffs for electricity stipulated in clauses 2.1, 2.2 and 2.3 of the table, in case of purchase of electrical energy for respective needs.

In accordance with the Federal Law of 26.03.2003 # 35-FZ "On Electric Power Industry", Rules of grid connection of electricity consumers, facilities for electric power generation, and transmission facilities owned by network organizations and other persons, to power grids, approved by the Government of the Russian Federation dated 27.12.2004 # 861, Order of the FTS of Russia from 11.09.2012 # 209-e/1 "On approval of guidelines for determining the amount of payment for technological connection to electric networks", based on expert judgment and decisions of the Board of REC - DCT KK, standardized tariff rates and the rate per unit of maximum capacity for technological connection to electric networks "Kubanenergo" were for established 2014 (REC-order DCT KK from 30.12.2013 # 108/2013-e with amendments dated 02.12.2014 7/2014-e).

The payment for technological connection of consumers, transmission facilities owned by grid organizations and other entities (except for applicants referred to in paragraph 1 of the Order) to power distribution grids of "Kubanenergo" in 2014, not including the construction of and reconstruction of transmission facilities at the voltage level below 35 kW and a maximum capacity of less than 8,900 kW:

	activity	Rate, RUR/MW (VAT excluded)
1.	Payment rate	512.24
1*	Standardized tariff rate, including:	512.11
Including		
1.1	Preparation and issue of technical specifications (TSS) by the grid organization and such TSS coordination	143,87
1.2	Elaboration of design documentation by the grid organization in accordance with one's liabilities under TSS	-
1.3	Fulfilment of TSS by the grid organization including the grid organization carrying out arrangements for connection of the Devices as subject to emergency and performance automation hardware in accordance with TSS (capital investments not included)	44,97
1.4	Grid organization reviewing fulfilment of TSS by the applicant	151,63
1.5	Participation in inspection of the Devices being connected by an	0,13

	officer of the Russian Federation Federal Service for Environmental, Technical and Nuclear Supervision	
1.6	Actual actions for connection of the Devices to the electric power grid and provision for their work	171,64
<p>Note.* These expenses are not into account when determining the payment for technological connection: of applicants with energy receiving devices of maximum capacity up to 150 kW inclusive (with regard of previously connected capacity); of applicants for temporal technological connection of energy receiving devices of 3rd reliability category with voltage level lower than 35 kV; for applicants that are legal entities of individual entrepreneurs for technological connection of energy receiving devices of 3rd reliability category maximum capacity of which is higher than 150 kW and lower than 670 kW to electric grids of 10 kV inclusive.</p>		
<p>Charges for technological connection of energy receiving devices of consumers, facilities owned by grid organizations and other entities (except for applicants referred to in paragraph 1 of the Order) to distribution grids of “Kubanenergo” JSC in 2014 to cover the cost of construction of transmission facilities per 1 kW of maximum power:</p>		
Capacity, kW1		Payment, (rubles./kW, VAT excluded)
Overhead power lines		
Voltage level 0,4kV		
0 - 11,7(120,2)		8 945.98
11,73(120,24) – 32.88 (234.31)*		18 045.95
Voltage level 6 (10)kV**		
0 – 2478.63 (2867.24)		16 237.70
0 – 4778.73 (6885.08)		
2 478.63 (2867.24) – 5549.49 (5797.47)		12 346.67
4778.73 (6885.08) – 9249.15 (16104.10)		
Cable lines 6 (10) kV in settlement***		
0 – 3903.14; (0 – 6505.24)		6203.95
3903.14 – 7214.34; (6505.24 – 12023.9)		15 180.77
Cable lines 6 (10) kV in non-residential area***		
0 – 3903.14; (0 – 6505.24)		4897.86
3903.14 – 7214.34; (6505.24 – 12023.9)		12 976.07
<p>Note: All maximum values in specified in the table ranges of capacity are accounted inclusively. * - outside the brackets we specify maximum values for connection calculated according to conditions of voltage dip on the distance from 50 m to 1000 m (inclusive), in brackets – on the distance up to 50 meters inclusive; ** - outside the brackets we specify maximum values for connection calculated according to conditions of voltage dip on the distance from 50 m to 1000 m (inclusive), in brackets – on the distance up to 50 meters inclusive, in italics – 10 kV; *** - outside the brackets we specify maximum values for connection calculated according to continuous current for voltage level 6 kV, in brackets – 10 kV</p>		

Standardized tariff rates for technological connection to power grids of “Kubanenergo” JSC for 2014 on coverage of expenses on construction of power grid facilities in terms of 2001 prices:

	List of construction facilities	Average tariff rates
1	2	3
1.	Voltage level - 10(6) kV	
1.1.1.1	Installation of 1 km of cable line using the conductor of type APvPu2g - 10 (АПвПу2r-10) with wire cross section from (3Ч185) to (3Ч240)	599331

1.1.1.2	Installation of 1 km of cable line using the conductor of type APvPu2g - 10 (АПвПу2г-10) with cross sectional area of conductor up to (3Ч240) in populated area	759979
1.1.2.1	Installation of 1 km of cable line using the conductor of type АПвПу2г-10 with cross sectional area of conductor up to 3Ч (1Ч300)	639186
1.1.2.2	Installation of 1 km of cable line using the conductor of type АПвПу2г-10 with cross sectional area of conductor up to 3Ч (1Ч300) in populated area	799834
1.1.3.1	Installation of 1 km of cable line using the conductor of type АПвПу2г-10 with cross sectional area of conductor up to 3Ч (1Ч500)	718362
1.1.3.2	Installation of 1 km of cable line using the conductor of type АПвПу2г-10 with cross sectional area of conductor up to 3Ч (1Ч500) in populated area	879009
1.1.4.1	Installation of 1 km of cable line using the conductor of type АПвПу2г-10 with cross sectional area of conductor from 3 x (1 x 300) to 3Ч(1Ч500)	1377573
1.1.4.2	Installation of 1 km of cable line using the conductor of type АПвПу2г-10 with cross sectional area of conductor from 3 x (1 x 300) to 3Ч(1Ч500) on cable structures in populated area	1566309
1.1.5.1	Installation of 1 km of cable line using the conductor of type АПвПу2г-10 with cross sectional area of conductor 3Ч (1Ч630/70)	833818
1.1.5.2	Installation of 1 km of cable line using the conductor of type АПвПу with cross sectional area of conductor 2г-10 3Ч (1Ч630/70) in populated area	994466
1.1.6.1	Installation of 1 km of cable line using the conductor of type АПвПу2г-10 with cross sectional area of conductor 3Ч (1Ч800/50)	1022352
1.1.6.2	Installation of 1 km of cable line using the conductor of type АПвПу2г-10 with cross sectional area of conductor 3Ч(1Ч800/50) in populated area	1183000
1.1.7.1	Installation of 1 km of cable line using the conductor of type АСБ-10 with cross sectional area of conductor (3Ч120)	298040
1.1.7.2	Installation of 1 km of cable line using the conductor of type АСБ-10 with cross sectional area of conductor (3Ч120) in populated area	488530
1.1.8.1	Installation of 1 km of cable line using the conductor of type АСБ-10 with cross sectional area of conductor from (3Ч150) to (3 x 240)	383661
1.1.8.2	Installation of 1 km of cable line using the conductor of type АСБ-10 with cross sectional area of conductor from (3Ч150) to (3 x 240) in populated area	549778
1.1.9.1	Installation of 1 km of cable line-10kV (two cables in trench) using the conductor of type АСБ-10kV with cross sectional area of conductor up to (3Ч240)	716537
1.1.9.2	Installation of 1 km of cable line-10kV (two cables in trench) using the conductor of type АСБ-10kV with cross sectional area of conductor up to (3Ч240) in populated area	924947
1.2	Installation of cable line-0.4kV	
1.2.1.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБ6Шнг-1 with cross sectional area of conductor up to (4Ч16)	138667
1.2.1.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБ6Шнг-1 with cross sectional area of conductor up to (4Ч16) in populated area	223803
1.2.2.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБ6Шнг-1 with cross sectional area of conductor up to (4Ч25)	147999
1.2.2.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБ6Шнг-1 with cross sectional area of conductor up to (4Ч25) in populated area	233135
1.2.3.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБ6Шнг-1 with cross sectional area of conductor up to (4Ч35)	167829
1.2.3.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБ6Шнг-1 with cross sectional area of conductor up to (4Ч35) in populated area	252965
1.2.4.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБ6Шнг-1 with cross sectional area of conductor up to (4Ч50)	170409
1.2.4.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБ6Шнг-1 with cross sectional area of conductor up to (4Ч50) in populated area	255545
1.2.5.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБ6Шнг-1 with	182834

	cross sectional area of conductor up to (4Ч70)	
1.2.5.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч70) in populated area	267969
1.2.6.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч95)	194580
1.2.6.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч95) in populated area	279716
1.2.7.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч120)	194477
1.2.7.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч120) in populated area	290378
1.2.8.1	Installation of 1 km of cable line-0.4 using the conductor of type АВвБбШнг-1 (two cables in trench) 4Ч120	325303
1.2.8.2	Installation of 1 km of cable line-0.4 using the conductor of type АВвБбШнг-1 (two cables in trench) 4Ч120 in populated area	446899
1.2.9.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч150)	225182
1.2.9.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч150) in populated area	326920
1.2.10.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч185)	253791
1.2.10.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч185) in populated area	349693
1.2.11.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч240)	302109
1.2.11.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч240) in populated area	415005
1.2.12.1	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч240) (two cables in trench)	540571
1.2.12.2	Installation of 1 km of cable line-0.4 using the conductor of type АПвБбШнг-1 with cross sectional area of conductor up to (4Ч240) (two cables in trench) in populated area	676792
1.3	Pipes system for cable lines	
1.3.1	Installation of four pipes d=225 millimeters by horizontal directional drilling (km)	2606648
1.3.2	Installation of three pipes d=225 millimeters by horizontal directional drilling (km)	2330937
2.1	Insulated power line (3)-10 (6)kV	
2.1.1.	Installation of 1 km of protected power line-10kV with wire's cross section 70 mm ²	366802
2.1.2	Installation of 1 km of protected power line-10kV with wire's cross section from 95 mm ² to 120 mm ²	376286
2.1.3.1	Installation of 1 km of insulated power line-10kV with self-supporting double-twisted insulated conductor of type АПвПгТ(п) with wire's cross section 50 mm ²	513494
2.1.3.2	Installation of 1 km of insulated power line-10kV with self-supporting insulated conductor (SIP-3), cross section 50 mm ²	396731
2.1.4.1	Installation of 1 km of insulated power line-10kV with self-supporting double-twisted insulated conductor of type АПвПгТ(п) with wire's cross section 70 mm ²	540185
2.1.4.2	Installation of 1 km of insulated power line-10kV with self-supporting insulated conductor (SIP-3), cross section 70 mm ²	412276
2.1.5.1	Installation of 1 km of insulated power line-10kV with self-supporting double-twisted insulated conductor of type АПвПгТ(п), cross section 95 mm ²	578187
2.1.5.2	Installation of 1 km of insulated power line-10kV with self-supporting insulated conductor (SIP-3), cross section 95 mm ²	437024
2.1.6.1	Installation of 1 km of insulated power line-10kV with self-supporting double-twisted insulated conductor of type АПвПгТ(п) 120 mm ²	615525
2.1.6.2	Installation of 1 km of insulated power line-10kV with self-supporting insulated	476816

	conductor (SIP-3), cross section 120 mm ²	
2.1.7.1	Installation of 1 km of insulated power line-10kV with universal cable АПВІІгТ(п), cross section 150 mm ²	650006
2.1.7.2	Installation of 1 km of insulated power line-10kV with self-supporting insulated conductor (SIP-3), cross section 150 mm ²	498187
2.1.8	Installation of 1 km of insulated power line-10kV with self-supporting double-twisted insulated conductor of type АПВІІгТ(п), cross section 185 mm ² - 240 mm ²	694053
2.1.8.2	Installation of 1 km of insulated power line-10kV with self-supporting insulated conductor (SIP-3), cross section 185-240 mm ²	543377
2.2	Construction of insulated power lanes (0.4 kV)	
2.2.1.1	Installation of 1 km of insulated power line-0.4kV with self-supporting insulated conductor -4 (SIP-4) with cross sectional area of conductor up to 4Ч25 mm ²	73772
2.2.1.2	Installation of 1 km of insulated power line-0.4kV with self-supporting insulated conductor -4 (SIP-4)with cross sectional area of conductor up to 4Ч25 mm ² in populated area	81595
2.2.2.1	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A) with cross sectional area of conductor 3Ч50+54,6 mm ²	226399
2.2.2.2	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A) with cross sectional area of conductor 3Ч50+54,6 mm ² in populated area	251697
2.2.3.1	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A)with cross sectional area of conductor от 3Ч70+54,6 mm ² до 3Ч95+54,6 mm ²	275481
2.2.3.2	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A)with cross sectional area of conductor from 3Ч70+54,6 mm ² to 3Ч95+54,6 mm ² in populated area	304645
2.2.4.1	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A) with cross sectional area of conductor 3Ч95+70 mm ²	277842
2.2.4.2	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A) with cross sectional area of conductor 3Ч95+70 mm ² in populated area	306964
2.2.5.1	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A) with cross sectional area of conductor from 3Ч120+70 mm ² to 3Ч150+70 mm ²	310316
2.2.5.2	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A)with cross sectional area of conductor from 3Ч120+70 mm ² to 3Ч150+70 mm ² in populated area	338858
2.2.6.1	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A)3Ч50+54,6 mm ²	71371
2.2.6.2	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A), cross-section 3Ч50+54,6 mm ² , installed at 10kVpower line on existing transmission towers	78234
2.2.7.1	Installation of 1 km of insulated power line-0.4kV проводом СИП-2А сечением от 3Ч70+54,6 mm ² до 3Ч150+70 mm ² , installed at 10kVpower line on existing transmission towers	155288
2.2.7.2	Installation of 1 km of insulated power line-0.4kV self-supporting insulated conductor -2A (SIP-2A) with cross sectional area of conductor from 3Ч70+54,6 mm ² to 3Ч150+70 mm ² , installed at 10kVpower line on existing transmission towers	165396

Note: The assignment of the grid connection facilities to the conditions of the construction of "Settlement" is defined by location of the main facility construction

Standard tariffs for technological connection to electric networks of "Kubanenergo" JSC in 2014 to cover the cost of construction of transmission facilities per unit of maximum power at prices of 2001:

Capacity, kW	Standard rate, (rubles./kW, VAT excluded)
Modular package transformer substation	
Up to 222,5	1 775,89
From 222,5 to 356	1 212,27
From 356 to 560,7	810,71
From 560,7 to 890	557,56
From 890	477,39
Package transformer substation	
Up to 22,25	2 975,87
From 22,25 to 35,6	1 903,12
From 35,6 to 56,07	1 273,62
From 56,07 to 89	823,52
From 89 to 142,4	549,51
From 142,4 to 222,5	476,93
From 222,5 to 356	341,47
From 356 to 560,7	259,11
Pillar Packaged Transformer Substation	
Up to 22,25	1 802,29
From 22,25 to 35,6	1 179,27
From 35,6 to 56,07	785,32

Note: all the maximum values in the specified in the table power levels are taken into account inclusively.

Economic indicators:

Revenue in 2014, thousand rubles

	Indicator	2 nd quarter of 2014	3 rd quarter of 2014
1	Revenue from selling products (services), total, including	6 475,0	7 450,1
1.1	Products (services) of core activity, total, including	6 475,0	7 450,1
1.1.1.	Network services	6 455,9	7 429,2
1.1.1.1	From transfer and transmission of electric	6 404,3	7 399,7
1.1.1.2	From services on technological connection	51,6	29,4
1.1.2.	Electric energy to domestic consumers	0	0
1.1.3.	Heat energy	0	0
1.1.4.	Other products (services) of core activity	19,1	20,9
1.2	Products (services) of non-core activity	0	0

The accounting policy of the Company allows the structuring of revenue and cost of sales (services) by business area with access to the general financial performance of the company.

Expenses structure, thousand rubles (9 months of 2013-2014; in thousand rubles):

	Expenditure	9 months of 2013	9 months of 2014
1.	Material expenditures	5 920,1	4 483,0
	including		
1.1.	Purchased power for loss compensation	5 324,8	3 799,8
1.2.	Purchased energy for industrial and domestic needs	49,7	57,6
1.3.	Materials and supplies	545,7	625,7

2.	Work and production services	11 251,2	9 946,7
2.1.	Services of network companies for electricity transmission	10 834,9	9 510,5
2.2.	Services of commercial account of electric energy	0,0	0,0
2.3.	Other works and production services	416,2	436,2
3.	Labour payment expenditures	2 106,1	2 535,1
4.	Insurance payments	629,2	748,1
5.	Other works and production services	0,0	0,0
6.	Depreciation	1 282,6	1 746,9
7	Miscellaneous	1 103,9	1 380,6
	including		
7.1.	Payment of third party services	285,9	547,5
7.2.	Management services		
7.3.	Insurance expenses	55,6	52,3
7.4.	Taxes and levies	122,6	184,3
7.5.	Provision for estimated liabilities		39,3
8.	Production and sales expences	22 293,0	20 840,5

Expenses of Kubanenergo, 9 months of 2014, in %



Purchased power for loss compensation –18%

Materials, raw materials, energy for industrial and domestic needs – 3%

Services of network companies for electricity transmission – 46%

Other works and production services – 1%

Labour payment expenditures – 12%
 Insurance payments – 4%
 Depreciation – 8%
 Miscellaneous – 7%

Expenditures:

	Expenses for production and selling of products	mln rubles	Growth rate, %
			9 months of 2013/9 months of 2014
1	9 months of 2013	22 293.0	93.5
2	9 months of 2014	20 840.5	

Reduction in expenses for production and sales of goods during 9 months of 2014 in comparison to the previous period was due to decreased expenses on:

- services of network companies on electricity transmission for the amount of 1 324.4 million rubles purchased energy for compensation of losses, expenses related to services of grid companies for electricity transmission. .

- purchased electricity for losses compensation for the total amount of 1 524.9 million rubles due to reduction of average price

Expenses increased on:

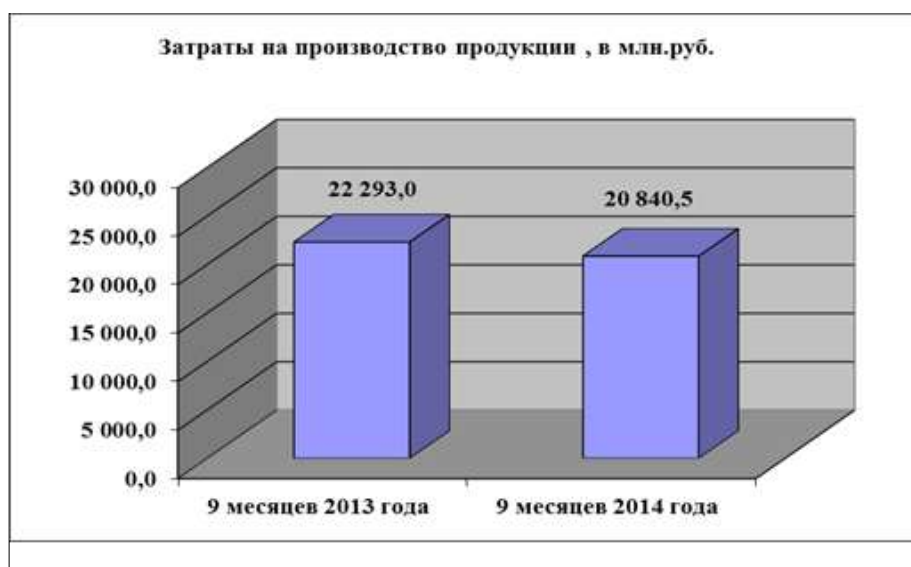
- labour payment by 429.0 million rubles and insurance payments by 118.9 million rubles due to the following reasons: 1. Increase of remuneration to employees involved in technical maintenance and repair of distribution grid, as well as management of production staff in distribution zone of Sochi district due to the necessity of providing reliable and safe electricity during Winter Olympic and Paralympic Games; 2. Lump sum payments to employees involved in certification network equipment and revealing unaccounted consumption of electric energy.

- depreciation by the amount of 464.3 million rubles due to implementation of the investment programme and commissioning of fixed assets in grid complex of Sochi district

- miscellaneous by 276.8 million rubles due to the following factors: 1. Services of Rosseti JSC on technical, emergency maintenance and repair of facilities of Sochi electrical networks for provision of reliable and safe electricity during Winter Olympic and Paralympic Games (154.7 million rubles); 2. expenses on property tax paid for 9 months of 2014 were higher in comparison with the same period of 2013 by 63.0 million rubles because of commission new fixed assets under the Company's investments programme; 3.reserve of estimated liabilities formed on litigious claims of electric energy suppliers on compensation for losses and electric energy transmission services in accordance with RAS 8/2010 approved by Order of Ministry of Finance of Russia No. 167 Н dd. 13.10.2010 amounted 39.3 million rubles.

Dynamics of other indicators is insignificant.

Expenses for production, in million rubles



9 months of 2013

9 months of 2014

Performance indicators

Indicator	9 months of 2014
ROE, %	-2,84
ROA, %	-1,52
ROTA, %	-1,66

Seasonal nature of the Issuer's business activity

The Issuer's core business activity is not of seasonal nature

General structure of the Issuer's prime cost

	2014, 9 months
Raw materials, %	2
Purchased component parts and semi-finished goods, %	0
Works and production-related services, performed by third parties, %	47.7
Fuel, %	1
Power, %	18.5
Salaries and wages, %	12.2
Interest on credit, %	0
Rent, %	0.3
Allocations for social needs, %	3.6
Depreciation of fixed assets, %	8.4
Taxes included in cost of sales, %	0.9
Other expenses (clarify)	
Depreciation of intangible assets, %	0
Remunerations for rationalization proposals, %	0
Mandatory insurance payments, %	0
Expenses for representation, %	1.4

other, %	4
Total: Costs of production and sales of products (works, services) (prime cost), %	100
For reference: Proceeds from sales of products (works, services), %	101.7

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 2014

Suppliers of the issuer, whose share of all supplies of materials and goods (raw materials) makes at least 10%

Full business name: **“KubanTorgSnab” Limited Liability Company**

Office: **443, Severnaya str., Krasnodar 350000**

TIN: **2310138475**

PSRN: **1092310001695**

Share in the total volume of supplies, %: **32.8**

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

Reduction of price for:

Stand CB 110-5 - 22%

Stand CB 95-3 - 24%

ИОС-20-2000 М УХЛ1 pin type insulator - 28%

ИОС-35-2000 М УХЛ1 pin type insulator - 20%

ИОС-35-500-01 М УХЛ1 pin type insulator - 27%

ШФ-20Г porcelain insulator - 29%

A 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.

A 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 carried out one's 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 is 66.58% during 9 months of 2013 and 67.98% in the 3rd quarter of 2014.

“Kubanenergo” JSC 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” JSC. This means that all energy selling companies marketing electric energy in the regional market pays to “Kubanenergo” JSC 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” JSC 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” JSC provides electric energy transmission services to LLC “Maykop CHP” grid company and receives payment as per the individual tariff established by REC-PTD KT for 2014 by Order No. 94/2013-e dd. 24.12.2013 “On establishment of tariffs for organizations providing electric energy transmission services”:

	Double-rate tariff		Single-rate tariff
	Rate for maintenance of electric power grids	Rate for technological consumption (losses)	
	RUR/MWA*month	RUR/MW*h	RUR/MW*h
“Maykop TPS” LLC – “Kubanenergo” JSC	01.01.2014 – 30.06.2014		
	55 016,33	456,86	905.66
	01.07.2014 – 31.08.2014		
	60 039.47	532.43	1 010.58
	01.09.2014 – 31.12.2014		
	67,46008	0,53243	1,01058

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

- **guarantee suppliers** (“Kubanenergoby” JSC, “NESK” JSC, “Oboronenergoby” JSC), energy selling companies (“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, “Mosenergoby” JSC, “KES” LLC, “Yugstroy-Energoby” LLC, “Energoeffektivnost” LLC, “Kvant” LLC) – 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;
- a number of consumers (143) that concluded with Kubanenergo irect contracts for electricity transmission (“Novorostsement” JSC, “Tamanneftegaz” 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, “Novoroslesexport” 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 - provide 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 OJSC “Kubanenergo” products marketing represent political risks associated with decisions of the Government of the Russian Federation on issues related to development of electric power branch in the post-transition period of electric power industry reform 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**

No.: licence for the use of subsurface resources KDR No.03378 БЭ, additions to the licence dated 07.07.2014 to prolong the validity period till 20.07.2034 inclusive.

Name of activity type(s): **License for the subsurface use right (recovery of fresh subsurface waters for household, potable and technical water supply in Krasnodar).**

Date of issue **17.07.2007**

Expiry date: **20.07.2034**

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

No.: **KRD No. 03813 VE**

Name of activity type(s): **License for the subsurface use right (recovery of fresh subsurface waters for household, potable and process water supply in Tverskaya Stanitsa).**

Date of issue **17.12.2009**

Expiry date: **01.01.2015**

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

No.: **BII-30-003995 series AB 087343**

Name of activity type(s): **operation at explosive/flammable facilities**

Date of issue: **11.11.2011**

Expiry date:

Perpetual

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

No.: **0212.02-2010-2309001660-S-060**

Name of activity type(s): **On permission for construction, modernization and capital repair works**

Date of issue **16.12.2013**

Expiry date:

Perpetual

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

No.: **P-0263-01-2010-0274**

Name of activity type(s): **On permission for works on preparation of design documentation for capital construction facilities**

Date of issue **03.02.2014**

Expiry date:

Perpetual

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

No.: **GT 0062143, registration number 1223**

Name of activity type(s): **activities that involve usage of information constituting state secret**

Date of issue **06.08.2013**

Expiry date: **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 13 354 contracts for technological connection to the electric power grids with total capacity = 534 MW in 2014, the amount of cash fees (payment for technological connection) is projected to be 1 034 mln rubles (excluding VAT).

It is expected that in 2018, 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 18 751 331 thousand kWh. (113.8% compared to 2013).

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" JSC 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.

Plans of issuer's investment activity:

"Kubanenergo" JSC carries out its investment activity in accordance with the investment program for the period of 2012-2017 taken as the basis by the BoD (Minutes No. 164/2013 dd. 31.05.2013), as well the program is approved by order of the RF Ministry of Energy dated 19.12.2012 No.630.

The sources of financing of the investment program adjustments are: amortization – 500.00 million rubles, R&D – 2.5 million rubles.

Adjustment of the investment program includes the input of electrical networks with total length of 0.50 km and substations with a total capacity 25.00 MVA.

The Adjusted investment programme of Kubanenergo for the period 2014-2017 was approved by the Investments Commission of Rosseti JSC on 16.06.2014 (Minutes No.193 dated 16.06.2014) and directed the Russian Ministry for approval in accordance with the RF Government Decree No.977 dated 01.12.2009.

Funding sources for the development of adjusted investment programme in 2014 are the following: depreciation – 412.23 million rubles; additional issue of shares - 8 558.12 million rubles; other equity - 30.00 million rubles; other borrowed funds – 804.16 million rubles; bank loans – 42.51 million rubles.

The investment programme provides the input of power lines with total length of 997.13 km and substation transformer capacity of 426.30 MVA

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

Future prospects in terms of sources of future income:

Main goals of Company's business strategy:

- Management of internal costs;
- Optimization of fixed and working assets;
- Efficient use of financial sources;

- Reduction of power equipment tear and wear;
- Save tariff sources of investment for the renewal and development of the network;
- Improving the efficiency of operating costs;
- Creation 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;
- Ensure 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” JSC**

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

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

Since July 1, 2008 “Kubanenergo” JSC is dependent and then later affiliated company of Holding IDGC JSC (from 04.04.2013 “Russian grids” JSC) 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

Full business name: **Open Joint-Stock Company “Recreation Centre “Plamya”**

Abbreviated business name: **“Recreation Centre “Plamya” JSC**

Location

Novomikhailovskiy-2 village, Tuapse district, Krasnodar region, Russia 352856,

TIN: 2365000589

PSRN: 1042330761274

Ground (grounds) giving the issuer right to control the affiliated company (participation in affiliated company, conclusion of trust management contract, engagement agreement, conclusion of shareholders' agreement, or other agreement which subject is fulfillment of rights provide by shares:

Participation in affiliated company

Grounds for the company to be qualified as subsidiary of or dependent on the Issuer:

Dominant participation of the Issuer in the Company’s authorized capital

Type of control: direct

Interest of the Issuer in the authorized capital of the person, %: **100**

Portion of the person’s ordinary shares held by the Issuer, %: **100**

Participatory interest of the person in the authorized capital of the Issuer, %: **0**

Portion of the Issuer’s ordinary shares held by the person, %: **0**

Description of the company core activity: Description of the company significance for the Issuer's activity:

Organization of vacation and recreation for children and adults involving services for providing accommodation, meals and recreation; arrangement of training and exercise camp sessions and competitions of senior and medium sportsmanship teams; organization and arrangement of seminars and conferences.

Composition of the Board of Directors (Supervisory Board) of the Company

Name	Participation stake of the person in the authorized capital of the Issuer, %:	Portion of ordinary shares of the Issuer held by the person, %:
Belik Vyacheslav Aleksandrovich (chairperson)	0	0
Konevets Kirill Sergeevich	0	0
Ocheredko Olga Vyacheslavovna	0	0
Ren Yelena Viktorovna	0	0
Rodin Yegor Yegorovich	0	0

Sole Executive Body of the company

Name	Participatory stake of the person in the authorized capital of the Issuer, %:	Portion of ordinary shares of the Issuer held by the person, %:
Konevets Kirill Sergeevich	0	0

Composition of the Collegial Executive Body of the company

Collegial Executive Body is not stipulated

Additional information disclosed in accordance with the Regulations on the Information Policy of the Company.

Quarterly review of transactions concluded by “Recreation Centre Plamya” JSC in the 3rd quarter of 2014

	Subject of transactions	Transaction counterparty	Transaction price, VAT included rub
1. Concluded transactions (groups of interrelated transactions) which amount of liabilities is equal to or exceeds 10 per cent of the net value of “Recreation Centre Plamya” JSC assets according to the company’s accounting statements data for the previous completed reporting period:			
1	No		
2. Transactions concluded by “Recreation Centre Plamya” JSC with “Kubanenergo” JSC or with the holders of more than 5% of shares of “Kubanenergo” JSC (Russian Federation, “Russian grids” JSC):			
1	No	No	No
3. Transactions concluded by “Recreation Centre Plamya” with “Kubanenergo” JSC subsidiary companies (“Energoservice of Kuban” JSC, “PO Energetik” JSC):			
1	No	No	No

Business results of “Recreation Centre Plamya” JSC:

	Indicator	9 months of 2014

1	Revenue, thousand rub	1 210
2	Gross profit, thousand rub	-387
3	Net profit (uncovered profit (loss), thousand rub	-329
4	ROE (return on equity),%	0,0
5	Return on Total Assets ROTA, %	-1,7
6	Profitability ratio, %	-27,2
7	Product profitability, %	-32,0
8	Capital turnover	0,1
9	Sum of uncovered loss as of the reporting date на отчетную дату, thousand rub.	-
10	Uncovered loss and monetary assets balance ratio as of the reporting date ,%	-

Company did not use services of “Recreation Centre Plamya” JSC in 2014.

Full business name: **Open Joint-Stock Company “Recreation centre “Energetik”**,

Abbreviated business name: **“Recreation centre Energetik” JSC**

Location

**4 Pionerskaya str, Divnomorskoye village, Gelendzhik, Krasnodar region, Russia
353490**

TIN: **2304041820**

PSRN: **1042301876495**

Ground (grounds) giving the issuer right to control the affiliated company (participation in affiliated company, conclusion of trust management contract, engagement agreement, conclusion of shareholders' agreement, or other agreement which subject is fulfillment of rights provide by shares:

Participation in affiliated company

Grounds for the company to be qualified as subsidiary of or dependent on the Issuer:

Dominant participation of the Issuer in the Company’s authorized capital

Type of control: direct

Interest of the Issuer in the authorized capital of the person, %: **100**

Portion of the person’s ordinary shares held by the Issuer, %: **100**

Participatory interest of the person in the authorized capital of the Issuer, %: **0**

Portion of the Issuer’s ordinary shares held by the person, %: **0**

Description of the company core activity: Description of the company significance for the Issuer's activity:

Organization of vacation and recreation for children and adults involving services for providing accommodation, meals and recreation; arrangement of training and exercise camp sessions and competitions of senior and medium sportsmanship teams; organization and arrangement of seminars and conferences.

Composition of the Board of Directors (Supervisory Board) of the Company

Name	Participatory stake of the person in the authorized capital of the Issuer, %:	Portion of ordinary shares of the Issuer held by the person, %:

Avtonoshkina Maria Aleksandrovna	0	0
Belik Vyacheslav Aleksandrovich	0	0
Konevets Kirill Sergeevich	0	0
Ocheredko Olga Vyacheslavovna	0	0
Rodin Yegor Yegorovich	0	0

Sole Executive Body of the company

Name	Participatory stake of the person in the authorized capital of the Issuer, %:	Portion of ordinary shares of the Issuer held by the person, %:
Lebedev Aleksandr Borisovich	0	0

Composition of the Collegial Executive Body of the company

Collegial Executive Body is not stipulated

Additional information disclosed in accordance with the Regulations on the Information Policy:

Quarterly review of transactions concluded by “Recreation centre Energetik” JSC in the 3rd quarter of 2014.

	Subject of transactions	Transaction counterparty	Transaction price, VAT included rub
1. Concluded transactions (groups of interrelated transactions) which amount of liabilities is equal to or exceeds 10 per cent of the net value of “Recreation centre Energetik” JSC assets according to the company’s accounting statements data for the previous completed reporting period:			
1	no	no	no
2. Transactions concluded by “Recreation centre Energetik” JSC with “Kubanenergo” JSC or with the holders of more than 5% of shares of “Kubanenergo” JSC (Russian Federation, “Russian grids” JSC):			
1	no	no	no
3. Transactions concluded by “Recreation centre Energetik” JSC with “Kubanenergo” JSC subsidiary companies (“Energoservice of Kuban” JSC, “Recreation centre Plamya” JSC):			
1	no	no	no

Business results of “Recreation Centre “Energetik” JSC:

	Indicator	9 months of 2014
1	Revenue, thousand rub	62 588
2	Gross profit, thousand rub	7 937
3	Net profit (uncovered profit (loss), thousand rub	5 887
4	ROE (return on equity),%	13,2
5	Return on Total Assets ROTA, %	10,8
6	Profitability ratio, %	9,4

7	Product profitability, %	12,7
8	Capital turnover	1,4
9	Sum of uncovered loss as of the reporting date на отчетную дату, thousand rub.	-
10	Uncovered loss and monetary assets balance ratio as of the reporting date \,%	-

“Kubanenergo” JSC is a customer of “Recreation Centre “Energetik”, making 5.0% of company’s income for 2014.

Full business name: **Open Joint-Stock Company “Energoservice of Kuban”**

Abbreviated business name: **“Energoservice of Kuban” JSC**

Location

47 Novorossiyskaya str, Krasnodar, Russia 350080

TIN: 2312178191

PSRN: 1112312000536

Ground (grounds) giving the issuer right to control the affiliated company (participation in affiliated company, conclusion of trust management contract, engagement agreement, conclusion of shareholders' agreement, or other agreement which subject is fulfillment of rights provide by shares:

Participation in affiliated company

Grounds for the company to be qualified as subsidiary of or dependent on the Issuer:

Dominant participation of the Issuer in the Company’s authorized capital

Type of control: direct

Interest of the Issuer in the authorized capital of the person, %: **100**

Portion of the person’s ordinary shares held by the Issuer, %: **100**

Participatory interest of the person in the authorized capital of the Issuer, %: **0**

Portion of the Issuer’s ordinary shares held by the person, %: **0**

Description of the company core activity: Description of the company significance for the Issuer's activity:

Estimate and reduction of losses of energy resources in power supply systems of residential houses, industrial enterprises and public sector organizations. Financial engineering of energy saving projects and programs. Implementation of turnkey energy saving projects. It is planned that the Issuer will be one of the main customers of OJSC “Energoservice of Kuban”.

Composition of the Board of Directors (Supervisory Board) of the Company

Name	Participation stake of the person in the authorized capital of the Issuer, %:	Portion of ordinary shares of the Issuer held by the person, %:
Gorbachyov Sergey Ivanovich	0	0
Zinchenko Pavel Vasilyevich	0	0
Konevets Kirill Sergeevich	0	0
Kostetskiy Vyacheslav Yurievich	0	0
Nekhaev Sergey Viktorovich	0	0

Ozhereliev Aleksei Aleksandrovich	0	0
Tsyba Irina Aleksandrovna	0	0

Sole Executive Body of the company

Name	Participatory stake of the person in the authorized capital of the Issuer, %:	Portion of ordinary shares of the Issuer held by the person, %:
Gorbachyov Sergey Ivanovich	0	0

Composition of the Collegial Executive Body of the company

Collegial Executive Body is not stipulated

Additional information disclosed in accordance with the Regulations on the Information Policy of the Company

Quarterly review of transactions concluded by “Energосervice of Kuban” in the 3rd quarter of 2014

	Subject of transactions	Transaction counterparty	Transaction price, VAT included RUR
1. Concluded transactions (groups of interrelated transactions) which amount of liabilities is equal to or exceeds 10 per cent of the net value of “Energосervice of Kuban” JSC assets according to the company’s accounting statements data for the previous completed reporting period:			
1	no	no	no
2. Transactions concluded by “Energосervice of Kuban” JSC with “Kubanenergo” JSC or with the holders of more than 5% of shares of “Kubanenergo” JSC (Russian Federation, “Russian grids” JSC):			
1	Overhauling facilities of Kubanenergo JSC	Kubanenergo JSC	488 183.02
3. Transactions concluded by “Energосervice of Kuban” JSC with “Kubanenergo” JSC subsidiary companies (“Recreation centre Plamya” JSC, “Recreation centre Energetik” JSC):			
1	no	no	no

Business results of “Energосervice of Kuban” JSC:

	Indicator	9 months of 2014
1	Revenue, thousand rub	1 589,3
2	Gross profit, thousand rub	-828,1
3	Net profit (uncovered profit (loss), thousand rub	-3 865,1
4	ROE (return on equity),%	2 273,5
5	Return on Total Assets ROTA, %	-84,4
6	Profitability ratio, %	-243,2
7	Product profitability, %	-301,6
8	Capital turnover	-9,3

9	Sum of uncovered loss as of the reporting date, thousand rub.	-275
10	Uncovered loss and monetary assets balance ratio as of the reporting date \,%	-6,0

Company did not use services of “Energoservice of Kuban” JSC in 2014.

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

3.6.1. Fixed assets

For 2013

Unit: thousand rub

Group of fixed assets	Acquisition cost (replacement cost)	Accumulated Depreciation
Fixed assets	84 330 453	41 868 490
TOTAL	84 330 453	41 868 490

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: **30.09.2014**

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
Production buildings (group 110)	4 059 752	1 959 829	31.12.2013	6 974 391	3 101 318
Facilities on power conversion (group 420)	29 353 351	7 435 066	31.12.2013	30 842 642	8 158 644
Total	33 413 103	9 394 895		37 817 033	11 259 962

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):

The Company carried out revaluation of homogenous groups of fixed assets as of 31.12.2013 on the basis of final results of revaluation carried out by "ENPI Consult" CJSC under the treaty number 2e315/13/407/3-1921.

"NP Consult" CJSC located at: 14, Dukhovskoi lane, Moscow, 115191

PSRN 1027700283566 dd. 07.10.2002, TIN 7737017200, Tax registration reason code 772501001

Civil responsibility of contractor is insured for the sum of 150 000 000 rubles in "UGORIA Insurance Company" JSC (certificate of insurance dd. 31.01.2013 to additional agreement No. 3 dd. 31.01.2013 to agreement No. 59-000130-09/11 dd. 03.03.2011, insurance period from 09.03.2013 to 08.03.2014).

Accreditation: Russian Federal Property Fund (1999, 2006), Federal Agency for financial recovery and bankruptcy (2001), Agency for the Restructuring of Credit Organizations (2003), The Moscow City Property Department (2004, 2006), Distribution Company of Moscow (2010), RAO "UES of Russia" JSC (1997), "Gazprom" JSC (2001, 2010), RAO "Russian Railways" (2004), "Lukoil" JSC (2005, 2008), "RKS" JSC (2006), "Holding IDGC" JSC (2008), "RAO Power grids of East" JSC (2009), "TGC-1" JSC (2009), "RusHydro" JSC (2009), "IDGC of North-West" JSC (2008), "Atomenergoprom" JSC (2009), "Mosenergo" JSC (2001), "First republican bank" JSC (2007), Sberbank RF JSC (2011), "Russian Bank for Small and Medium Enterprises Support" JSC (2006), Non-profit self-regulated organization "Multiregional centre of specialists and professional managers" (2010) and others.

Replacement Asset Value (RAV) was defined in accordance with requirements of Federal Law No. 402-FZ dated 06.12.2011 "Concerning Accounting", "Regulations on Accounting "Accounting of Fixed Assets" Accounting Rules 6/01" (approved by Order of RF Ministry of Finances dated 30.04.2001 No.26H) and "Requirements on accounting of fixed assets" (approved by Order of RF Ministry of Finances dated 13.10.2003 No.91H).

Due to the fact that the Contractor during the performance of works used approaches and techniques, which are covered by the legislation on valuation activities the following orders and standards were taken into account: the requirements of the Federal Law "On Valuation Activities in the Russian Federation" dated 29.07.98 No. 135-FZ, with amendments; Federal assessment standards FSO No. 1-3, approved by Order of the Ministry of Economic Development on July 20, 2007 No. 254-256; Standards and rules for valuation activities of Russian public organization "Russian Society of Appraisers", approved by the Board of the Russian Society of Appraisers from 18.12.2009 No. 284.

As the defined the type of value is not provided by FSO № 1-3, these standards were applied so that no to contradict to Accounting Rules 6/01 and the "The Guidelines ..."

Appraisers collected information on quantitative and qualitative characteristics of the property-the part of the Object, which has allowed for the calculation of the cost of improvements to apply the method of generalized indicators aggregated value (method of comparative units) within the calculation of the cost of replacement.

Methods for determining the expenses for creating improvements

Unit prices approach is meant to develop a estimates for construction of evaluated object using unit prices or the analysis and processing of existing estimates for the building. The basis for the application of the method is the detailed summary of construction and installation works. There are several variations of this method: the resource, the base-index, as well as their types. For this method reference books of type State Itemized Cost Estimate Standards-2001 are used and developed on the basis of these Standards itemized territorial building codes.

Method of enlarged itemized cost indexes is expenses for creation as the sum of the costs of construction of the main building elements: foundations, walls, floors, roofs, plumbing equipment, etc. For this method reference book of type Consolidated Index of Construction

Cost and Aggregated Estimate Standards are used.

The method of generalized aggregated indicators of value (comparative unit method) is based on a comparison of the unit cost of consumer properties of the evaluated object to the cost of similar units of the model structure. The units can be one parking place in the garage, 1 square meter, 1 cubic meter, etc. This method uses data on contracts for the construction of such buildings, reference books of type consolidated index of construction cost and consolidated index replacement cost, reference books of Appraiser “CO-INVEST” edition.

Method of comparable objects is similar to the previous with the only difference that it determines expenses on creation of object of evaluation by direct comparison with comparable objects from database with necessary adjustments.

The amount of additional indirect expenses that are not accounted by the abovementioned methods is determined with reference to the prevailing market rates for services and activities relevant to particular items cost.

When determining the replacement cost of new buildings and structures Evaluators should, whenever possible, rely on the analysis of prices of the local construction market, as well as consider the actual costs of a particular company on the acquisition (construction) buildings.

Evaluators used in their calculations data from Appraiser Handbooks published by “CO-INVEST”.

Thus, the information collected by Appraisers on quantitative and qualitative characteristics of improvements allowed for the calculation of the replacement cost of buildings and structures to apply the method of generalized indicators of value with application of series of Handbooks.

Determination of the cost of replacing by the method of generalized aggregated indicators of value

The method of generalized aggregated indicators of value implies calculation of expenses on creation of an object by selecting the comparable analogue closest to the object by its characteristics. Expenses on improvements are defined as expense on creation of comparable analogue at prices as of the revaluation date. As a comparable analogue should be considered a typical building or structure with the same as that of the estimated object, functional purpose, similar space planning and design solution.

The general formula for calculating the expenses on improvements:

$$ЗСУ = O \times Y_{3i} \times K_k \times I_i \times K_{CH\bar{b}} \times (100\% + \%KI) \times (100\% + \%ПП), \quad (11.1)$$

where $ЗСУ$ – cost of improvements in current prices, in rubles;

O – building volume or other physical unit;

Y_{3i} – enlarged indicator of the costs of improvements to the unit of building indicator at basic prices, rubles;

K_k – correction factor taking into account the difference of the reference object from the comparable object;

I_i – index of revaluated cost of construction from basic level of prices to the price as of the date of calculation;

$K_{CH\bar{b}}$ – correction factor that takes into account differences of estimate and regulatory framework directory from estimate and regulatory framework of period of designing and constructing the facility;

$\%KI$ – additional indirect costs, %;

$\%ПП$ – profit of entrepreneur (developer), %

Expenses on comparable analogue are taken from data on aggregated indicators of expenses on construction, published in handbooks of Appraiser “CO-INVEST”: “Industrial buildings” (2010), “Storage Buildings and Structures” (2010), “Public Buildings” (2010), “Backbone network and transport” (2010) “Urban Infrastructure Facilities” (2010). Adjustment of indicators of costs per units was made in accordance with the instructions and explanations on

the use of these handbooks.

Algorithm for calculating the replacement cost of buildings and structures

As comparable analogues we selected standardized buildings and constructions of similar functionality provided in the aforementioned Handbooks of Appraiser.

When calculating the cost of improvements of a particular object the Handbooks provide the opportunity to make adjustments of reference indicator, taking into account the partial compliance of the object with comparable analogue for space planning, design parameters, quality of materials, designs, types of engineering systems, regional, economic, climatic and local conditions of the construction.

Corrections are introduced both in absolute terms and in the form of correction factors, which allows to correct the amount of expenses for creation as a whole on the project, and in the context of the main structural elements, types of work and engineering systems.

To determine the necessary adjustments Appraisers compared the main characteristics of fixed assets and comparable analogues. On the basis of the differences Appraisers can introduce adjustments in the consolidated figures of the costs of buildings and structures.

In the first place, if necessary, amendments expressed in 1 cubic meter of the object are introduced, and then - amendments expressed as correction factors to the expenses on improvement of the entire facility.

In this paper we applied the following amendments.

Adjustment for differences in construction volume.

If the estimated volume of construction differs significantly from the construction of an analogue, the correction factor is introduced to the unit cost of creating the analogue. Size of the adjustment is determined based on the data in Table 2.4 of Handbooks of Appraiser.

Inflation adjustments (adjusting for price changes).

Since the unit cost indicators in Handbooks of Appraiser (published in 2010) are presented in basic prices (as of 01.01.2010), in order to move to the level of prices on the settlement date an inflationary factor was introduced. Prices Ref. determined depending on the type of structural system of buildings and structures (base: Interregional information-analytical bulletin "Price indices in construction" edition "CO-INVEST" (MIAB "CO-INVEST"), section 2.2 "Price indices for construction and installation works on the characteristic structural systems of buildings and structures in the regional context")

To move to the level of prices as of the date of revaluation, the following coefficients are applied:

- adjusting factor of the cost of construction from the base level (01.01.2010) until October 2013, determined according MIAB "KO-INVEST" (# 85, section 2.2.2) for the Krasnodar regions and the Republic of Adygeya;

- forecasted changes in cost on construction as of the revaluation date.

Ksnb - downward adjustment due to the fact that a major part of buildings was built in the 50ies - 80ies at an estimated cost of construction was determined based on the old estimates and regulatory frameworks, while specific price indices are taken from modern Handbooks of Appraiser 2010.

Price indices contained in the Handbooks are calculated in accordance with the price level and the flow of resources reflected in the new estimate and regulatory framework in 2001.

For objects, the cost of the creation of which was determined on the basis of the previous estimates and regulatory framework of 1984 and earlier, the specialists of "KO-INVEST" determined downward adjustments Ksnb equal to $1/1.373 = 0.728$ for buildings and $1/1.254 = 0.797$ for structures. (Report on grounding the adjustment factors to the index on the construction of industrial buildings, KO-INVEST, reg. # 303/07, June 2007). This work (report) was commissioned by the Consortium for the valuation of assets of RAO "UES of Russia" as part of "Ernst&Young", "International Centre for Assessment", "ENPI Consult" in

the framework of evaluation of energy assets owned by subsidiary of RAO "UES Russia" for the purposes of IFRS as of 01.01.2007. This amendment was applied to the objects constructed before 2000.

Rise in the cost of construction in connection with the introduction of the new estimate and regulatory framework is related to several factors:

- for the period from 1984 to 2005, new design standards were put into effect increasing the cost of building, raising the requirements for fire safety of buildings and structures, thermal protection of buildings, heating systems, ventilation, air conditioning, accessibility to buildings and facilities for mobile populations, and others;
- new sanitary rules and regulations governing the working conditions of people in the buildings of various functionalities appeared; consumer demands for exterior and interior design, comfort constructed facilities increased.

It is evident that the facilities constructed in the period before the introduction of the new estimate and regulatory framework (2000), fails to meet many of these requirements and the cost of replacing them, calculated in accordance with the Handbook of "KO-INVEST" will be overstated in relation to their actual cost of reproduction. Thus, the use of downward adjustments described above is one of the ways to make the replacement cost similar to cost of construction.

Determination of the additional indirect costs

Costs for construction of buildings and structures in the frameworks of the cost approach should take into account the cost of: receiving and approval of initial documents, design and survey work, project coordination and supervision, construction work (including profit contractors); costs associated with the financing of construction, etc.

Series of Appraiser Handbooks, used by appraisers in this case, describes almost full circle of costs for construction. In particular, the aggregated value figures take into account the direct costs of construction, overhead costs and profits of development company, as well as additional related costs, such as costs for temporary buildings and structures; winter appreciation; land payments, other taxes, fees and other payments; costs of design and survey works; technical and designer supervision; examination of the projects; unforeseen expenses and the costs; organization and conduct of tenders; management expenses, etc.

According to section 2 of Appraiser's Handbooks "Considered in this handbook costs" average amount of additional charges on 7 chapters of summary calculation was accounted in amount of 20% (of total direct costs, overhead and profit), which takes into account the costs of 8-12 chapters of summary estimate, unforeseen works and the costs and taxes.

In accordance with Guidance Documents in Construction 81-35.2004 (approved by decision of State Committee for Construction of Russian Federation No. 15/1 dd. 05.03.2004) as part of article 12 of Summary Cost Estimate "Research and development works, designer supervision" took into account the following types of expenses:

- design and survey works (services);
- field supervision of construction project organizations;
- expertise and project documentation;
- test of piles conducted by contracting organizations during the development of project documentation for the construction according to the customer's specifications;
- preparation of tender documentation.

Additional indirect costs are costs that are necessary for organizing and tracking the construction process and which are not included in the estimated norms based on which calculations are made. Depending on the applied estimate and regulatory framework additional indirect costs may include:

- payments to architects and engineers for the design, examination of projects, exploration of conditions at the construction site;

- the cost of pre-investment studies and preliminary design (business plan, feasibility studies, etc.);
- all types of insurance, taxes and mandatory contributions;
- interest on loans and other financing costs;
- payment for consulting, marketing and advertising services;
- payments to the developer and others

The amount of additional indirect costs is mainly determined with regard of the prevailing local market rates and prices for works and services.

Determination of the cost of the movable property construction

Costs for production of machinery and equipment were determined by Appraisers on the basis of current prices for similar properties from the price lists of manufacturers or organizations available on the Internet, with regard of the data provided by the Customer on the actual procurement of certain equipment (KTP and power transformers of high power) in recent years.

In all appropriate cases, references to the source data were made.

Then to the price of acquisition of equipment costs of transportation and installation of equipment were added, in some cases - the cost of installation of foundations.

The average sum of these costs (in % from the purchase price) was determined based on section 9.1 of MIAB “KO-INVEST” – “Accounting of the full range of costs when assessing the cost of the equipment as a part of fixed assets”. Determining the cost of production of fixed assets by basis-index method

Besides the methods described above for individual revalued objects for which there was insufficient background information when calculating the cost of reproduction Appraisers used the base-index method.

Basa-index method involves calculation of the cost objects that are part of a revalued property, by indexing the full balance (initial) value of these objects. The basic formula for the calculation is:

$$3CO = ПБС \times КИ,$$

where $3CO$ – costs for production in prices as of the date of revaluation, in rubles;

$ПБС$ - full book (initial) cost in the price level as of the date of registration or of the last revaluation, in rubles;

$КИ$ - coefficient taking into account the change in value of object during the evaluation of the object from the time of registration or of the last revaluation.

As an indicator of price changes Appraisers used data on the dynamics of change in the index for construction and installation work and technical equipment in capital investments, which are published monthly by MIAB “Price indices in construction” “KO-INVEST” edition (section I). Values of these indices are based on data from the Federal Agency of State Statistics (Rosstat), and differentiated by types of economic activity. When calculating the cost of fixed assets “Kubanenergo” JSC appraisers used indices for economic activity “production, transmission and distribution of electricity, gas, steam and hot water”.

For indexing the complete balance sheet cost of power transformers Appraisers used “Price indices for a representative sample of types of technological equipment”. These indices are calculated and published by “KO-INVEST” (section 9.2) on the basis of chain indices of the Federal Agency of State Statistics (Rosstat).

Index of recalculation of full book value to the current (replacement) value of the object as of the date of revaluation was determined as follows.

$$КИ = ИД.О. / ИД.В.$$

where: $КИ$ – conversion ratio of full book value as of the date of the revaluation;

$ИД.О.$ - index for this type of property as of the date of revaluation carried out in relation to baseline prices (Source: MIAB “KO-INVEST. Price indices in construction”);

$ИД.В.$ - index for this type of property on the date of commissioning (date of the last

reevaluation) relative to the base price level.

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 2014 does not include modernization of facilities, cost of modernization of which is more than 10% of issuer's fixed assets.

Property Register "Kubanenergo" JSC encumbered by leases as of September 30, 2014:

fixed assets	Type of encumbrance	Start-date	End-date	Other conditions
Room 16 in Kubanenergo, building: 2, Stavropolskaya str., Krasnodar. Place on communication mast, area: 5.84 sq. m	Rent	01.02.2004	30.10.2014	Prolongation is possible
Premises at 2 Stavropolskaya str., Krasnodar. area: 192.8 sq. m	Rent	15.03.2013	31.12.2014	Valid for 11 months
Premises at 2 Stavropolskaya str., Krasnodar. area: 1.2 sq. m	Rent	28.11.2006	31.08.2014	Prolongation is possible
Premises located at 42, Konstitutsii street, Sochi, total area 396.92 sq.m	Rent	29.10.2013	28.10.2014	Rent duration amounts 364 days
Premises in Lit. A, 25, Tramvainaya str., Krasnodar, area: 202.8 sq. m	Rent	28.02.2012	For 3 years	
Part of non-residential premises in Lit. A, 2, Stavropolskaya str., Krasnodar, Area: 1.2 sq. m	Rent	01.10.2007	30.07.2014	Prolongation is possible
Part of non-residential premises at office 104, 42, Konstitutsii street, Sochi, area: 1.2 sq. m	Rent	01.10.2007	01.05.2014	Prolongation is possible
Part of non-residential premises at: 42, Konstitutsiya USSR str., Sochi, 147 Kalarash str., Lazarevskoe village, Sochi, area:	Rent	01.06.2011	30.10.2014	Prolongation is possible

Providing services for the arrangement of reinforcement and fiber-optic cables on poles of power lines, Sochi	Rent	01.04.2011	28.02.2014	Prolongation is possible
Facilities and power transmission towers 0.4-10kW, the length of 67.8 km	Rent	01.09.2011	30.06.2014	Prolongation is possible
Part of the non-residential premises at office 32, letter A, 42, Constitution of the USSR str., control room, area 0.36 sq. m	Rent	01.06.2011	01.02.2015	Prolongation is possible
Providing services for the provision of fiber in a fiber-optic. cable transmission line and substation Golovinka - substation Volkonka – substation Lazarevskiy RES	Rent	01.06.2011	01.02.2015	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	Rent	01.06.2011	01.02.2015	Prolongation is possible
Part of non-residential premises at 42, Konstitutsii pl., Sochi, area: 1.2 sq. m	Rent	01.09.2011	01.06.2014	Prolongation is possible
Singlemode optical fiber of fiber-optic transfer link “Sochi-Substation “Matsesta” 9.7 km	Rent	01.07.2013	01.06.2014	Prolongation is possible
Rooms Nos. 211, 212, 213, 214, 214/1, 214/2 in building: D, Stavropolskaya str., Krasnodar, Block 4, area: 54.2 sq. m	Rent	27.12.2007	30.09.2014	Prolongation is possible
Premises on the territory of substation “Rodnikovaya” and substation “Vereshaginskaya”, total square 1.2 sq. m	Rent	23.11.2010	31.08.2014	Prolongation is possible
Premises at: 358, Shovgenev str., Maikop, RA, area 21.9 sq. m	Rent	31.12.2010	31.08.2014	Prolongation is possible

Premises at: letter A, 49, Stroitel'naya str., Slavyansk-na-Kubani, area 12.2 and at 137a, Street named after K. Marks, Temryuk, area 17.1 sq. m	Rent	02.02.2013	01.12.2015	Prolongation is possible
Site for installation of electric tower with antenna and feeder equipment, 74, Gagarina ul., Yablonovsky vill., area: 14.3 sq. m	Rent	19.07.2005	30.05.2014	Prolongation is possible
Radio mast, 30, Tabachnaya ul., Saratovskaya ul., area; 6 sq. m	Rent	01.04.2003	Till termination	Prolongation is possible
Part of premises according to contract, area 21.6 sq. m	Rent	31.07.2007	31.07.2014	Prolongation is possible
Fiber rent No. 15, 16	Rent	17.12.2013	17.11.2014	Prolongation is 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	Rent	01.06.2008	31.07.2014	Prolongation is possible
Premises No. 6 located at: 1, Eastern spillway, Novorossiysk, total square 2,5 sq. m	Rent	19.04.2009	19.12.2014	Prolongation is possible
Garage-premises located at: 176B, Lenin street, Timashevsk, Krasnodar region, total square 30.1 sq. m	Rent	04.09.2008	30.06.2014	Prolongated without date
Energy accounting meter installation sites according to appendix, total square 5.2 sq. M	Rent	30.01.2010	31.09.2014	Prolongation is possible
Premises located at: 176, Lenin street, Timashevsk, total square 2 sq. m	Rent	01.06.2007	30.04.2014	Prolongated without date
The building of control room and outbuildings lit.2B, 19, Street named after Sakko and Vanzetti, Novorossiysk, area, 1.98 sq. m	Rent	05.08.2011	05.05.2014	Prolongation is possible
Premises No. 1 in building of control room,	Rent	20.09.2011	30.06.2014	Prolongation is possible

lit. B, 19, Street named after Sakko and Vanzetti, Novorossiysk, area 10.54 sq. m				
Nonresidential premises located at: 91, Shirokaya street, Dinskaya village, Krasnodar region, total square 7 sq. m	Rent	15.03.2013	30.10.2014	Prolongation is possible
Premises No. 18, 19, 20 located at: 47, Novorossiyskaya streetm Krasnodar, total square 23.8 sq. m	Rent	05.05.2011	05.01.2015	Prolongation is possible
Concrete flumes for holding 2 electrical lines, length 700 m, substation 110/35 "Naberezhnaya"	Rent	01.09.2009	30.06.2014	Prolongation is possible
Concrete flumes for holding 2 electrical lines, length 700 m, substation 110/35 "Naberezhnaya"	Rent	01.04.2010	31.12.2014	Prolongation is possible
Cash machine located at 334, Mira street, Labinsk	Rent	04.09.2013	01.01.2015	Prolongation is possible
Toilet room of hotel facilities of Recreation centre "Energetik" located at 4, Pionerskaya street, village Divnomorskoe, Krasnodar region, total area 156 and 28.1 sq. m.	Rent	03.09.2012	На 3 года	
Overhead line 0,4 kV from Packaged Transformer Substation $\Phi 5-509$ ($\phi 1$), overhead line 0,4 kV from Packaged Transformer Substation KY9-107 ($\phi 1$), overhead line 0,4 kV from Packaged Transformer Substation KY9-107 ($\phi 2$), overhead line 0,4 kV from Packaged Transformer Substation KY3-65 ($\phi 1$), overhead line 0,4 kV from Packaged Transformer Substation TM2-193 ($\phi 1$), overhead line 0,4 kV from Packaged Transformer Substation ПД1-446 ($\phi 1$)	Rent	01.11.2012	01.09.2014	Prolongation is possible
Service on installation of	Rent	30.10.2012	31.08.2014	Prolongation is possible

ODF box				
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.	Rent	1.04.2013	01.02.2015	Prolongation is possible
Premises No. 34 located at 131, Pashkovskaya street, Krasnodar. Total area 23 sq.m.	Rent	31.07.2013	30.11.2014	Prolongation is possible
Installation site of metering equipment – 158 sq.m	Rent	31.03.2010	30.11.2014	Prolongation is possible
Premises located at 358, Shovgenov street, Maikop	Rent	14.10.2013	14.09.2014	Prolongation is possible
Premises located at 358, Shovgenov street, Maikop	Rent	01.01.2014	30.11.2014	Prolongation is possible
Rooms No. 11 and 11a total area 23.1 sq.m, located at building lit. K, 6, 302 nd diviziya street, village Leningradskaya, Leningradskaya district, Krasnodar region	Rent	03.02.2014	03.01.2015	Prolongation is possible
Premises located at: 334, Mira street, Labinsk	Rent	01.02.2014	31.12.2014	Prolongation is possible
Premises No. 6 and 6 ⁷ located at the 2 nd floor in building lit. A, 45, Pobedy street, Timashevsk, Timashevsk district, Krasnodar region	Rent	21.03.2014	30.07.2014	Prolongation is possible
Premises in non-domestic building lit. G total area 1 362.6 sq. m located at 4, Krasnodarskaya street, Ust-Labinsk	Rent	04.02.2014	04.01.2015	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	2013, 9 months	2014, 9 months
Net Profit, %	-8.06	-4.33
Asset turnover ratio, times	0.37	0.35
Profitability of assets, %	-3.01	-1.52
Profitability of internal capital, %	-12.27	-2.84
Sum of non-covered loss as of reporting date	11 283.3	12 177
Ratio of non-covered loss as of reporting date and balance currency	18.78	20.17

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:

Actual revenue for transmission of electric energy minus the cost of load 515.2.04 million rubles (7.5%) is higher than planned revenue (6 884.6 million rubles, excluding VAT), and lower than the actual revenue for the 3rd quarter of 2013 - (8 123.2 million rubles) or 8.9%.

The actual average tariff for electricity transmission services after deducting load losses in the 3rd quarter of 2014 amounted to 169.15 kopecks/kWh., which is by 12.59 kopecks/kWh lower than the actual average tariff for electricity transmission services, taking into account deduction of load losses in the same period of 2013 – 181.74 kopecks/kWh, reduction rate was (6.9%).

The main reasons of deviations:

1. Reduction of costs for production and selling of goods by 6.5% in comparison to the same period of 2013, it is explained by changes in volume of uncontrolled costs occurred in the result of reduction of averaged tariff for services of electricity transmission via networks of local grid companies.
2. Interest expenses by the results of 9 months of 2014 amounted to 1 312,7 million rubles, which are caused by the existence of the loan portfolio in the amount of 17.417 million rubles, as well as increase in creditor banks interest rates on loans because of the deteriorating situation financial market;
3. Reflection in the Company's cost of losses from previous years, identified in the reporting period as a result of a disagreement with “Kubanenergoby” JSC on revenue from electricity transmission services in the amount of 348.9 million rubles;
4. In order to ensure reliable power supply during the preparation and holding of the XXII Olympic Winter Games and XI Paralympic Winter Games of 2014 in Sochi the Company reflected additional labor costs on employees invited to bring the appearance of Sochi distribution grid complex to a single architectural unit and conduct pre-shift, the current medical examinations of operational staff of Sochi branch of electrical networks in the amount of 319.5 million rubles.

Return on assets and equity by the results of 9 months of 2013 and 9 months in 2014 are negative due to the presence of a net loss for the reporting period. Return on equity has increased during 9 months of 2014 by 9.43 points compared to the same period of last year and amounted to a "minus" of 2.84%. Significant impact on the growth of this indicator in the reporting period was the increase in capital and reserves by 118.9%, as a result of the issuance of additional shares by Kubanenergo.

Asset turnover ratio for the 9 months of 2014, compared to the same period in 2013 decreased by 0.02 points and was 0.35.

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	2013, 9 months	2014, 9 months
Net fixed assets index	-12 972 556	1 562 070
Current liquidity ratio	0.62	1.14
Quick liquidity ratio	0.56	0.95

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 increased by the results of 9 months of 2014 in comparison to 2013. The optimum amount of net working capital (net working capital) is determined in accordance with the individual needs of each company and depends on the extent and characteristics of its activities, the turnover period of inventories, receivables, and the conditions of borrowings and loans, etc.

The current liquidity ratio increased in comparison with the same period in 2013 and amounted to 1.14.

Quick ratio shows how the most liquid assets cover current liabilities of the organization.

By the results of 9 months of 2014 the quick ratio has increased by 0.39 points compared with the previous year and amounted to 0.95.

The main reason for these changes is a reduction short-term loans and payables in comparison with 2013.

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

For the date of ending of reporting quarter

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 emissive 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.	1-01-34134-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: **17 236**

Unit: **rubles**

The issuer of the securities is a child, and (or) dependent company of the issuer, that have drawn up this quarterly report.

By results of 2013 no dividends were declared and paid.

Additional information:

08.02.2013 Federal Financial Markets Service of Russia in the PO OL registered the report about the issue of securities of "RC "Plamya" - uncertificated registered ordinary shares of nominal value 0.053 ruble each, the method of placement: conversion into shares of smaller nominal value. 03.04.2013 there are currently state registration of amendments to the charter of the "RC "Plamya" JSC, associated with a decreasing of share capital.

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

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

Total face value of the securities owned by the Issuer: **39 845 257**

Currency: **RUR**

Total book value of the securities owned by the Issuer, RUR: **45 586 704.13**

Currency: **RUR**

The issuer of securities is affiliated and (or) dependent company of the issuer that prepared the report

By the results of 2013, the dividends were not declared and paid.

Additional information:

No

Investments in non-emission securities

No

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 2012 amounted 17 236 thousand rubles, and as of December 31, 2013 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

Unit of measurement: thousand rubles

Intangible assets	Initial (replacement) cost	Depreciation
Automated system of business support, information disclosure	1 770	885
Microprocessing adaptive protection of local and remote backup of transformers at tapping and transmission substations	2 351	980
Schemes of advanced development of electric grids 35kV and more	19 661	9 831
Trademark 1	96	15
Trademark 2	96	10
TOTAL	23 974	11 721

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: **30.06.2014**

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" JSC was approved by decision of the Board of Directors of "Kubanenergo" JSC on 29.07.2011 (with following changes dd. 15.06.2012).

The Business Plan 2014 has no limits on funding for the implementation of R&D activities.

In the reporting period, funding R&RD programmes for 2014 amounted 4 843 rubles, it includes completion of works and payment to the state annual fee for the patent of the Russian Federation for useful model for the second year.

Expense by the results of R&D for the reporting period amounted to 5 162 million rubles, VAT excluded.

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 10.08.2013 the Federal Institute of Industrial Property (FIPS) approved the application for a patent for utility model of the Russian Federation: “Device of adaptive backup protection of transformers of tapping stations”. A utility model patent is put the balance of the Company.

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

A part from it the following results of R&D works received earlier the reporting quarter are still use:

- 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” JSC 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 Adyghea Republic, determined amount of construction projects, modernization of electric grid facilities.

- Microprocessor adaptive fine protection for near and remote backup of transformers of tap-and intermediate substations. The indicated protection ensures high sensitivity to short-circuiting of the transformer due to the recognition of emergency operation on a background comparable to the level of load currents, start of motors, influence of transition resistance on the electric arc.

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.

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

- Ageing of the Issuer's core equipment;
- Inconsistency decisions taken in the sphere of establishment of electric energy transmission tariffs to the extent of the investment component inclusion.

To the extent of electric energy transmission services marketing, the following circumstances additionally affect the Issuer's activity:

- Due to the fact that electric energy technological losses calculation is carried out for normal

scheme of the grid (i.e., in the steady working mode), all changes of its parameters and configuration affect the amount of actual losses of electric energy (necessity of redistribution of loads connected with prevention of occurrence of emergency grid working modes both in OJSC “Kubanenergo” grids and those of interfacing power industry actors; technological necessity upon assignment of the regional dispatching administration).

Forced changes in the normal grid scheme lead to a significant growth of actual technological losses of electric energy, both due to losses in power transformers proper and to electric energy losses occurring because of transmission of additional reactive power of line transformers taken out of reserve, as well as increase of receipt into the grid due to the above causes;

- Increased (in excess of values accounted for in calculations) consumption of reactive energy by users;
- Unavailability of a sufficient number of technical accounting devices prevents prompt performance of grid modes analysis for minimization of electric energy technological losses;
- Increase of losses of active energy spent on wire heating due to unavailability of compensation for reactive power by consumers.

General appraisal 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), Krasnodar as a social and cultural centre and especially – the Sochi power district. Successful resolution of tasks set to the Company within the framework of the industry reform by efforts of “Kubanenergo” JSC management contributes to it.

Opinions of the Management Bodies of the Issuer of the information provided are in accord.

4.6.1. 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.

Factors and conditions immediately affecting the Issuer's activity include economic stability in the region.

There are risks on ensuring the reliability of power supply and a threat to stable operation of the power system due to an overload of transmission lines and transformers (auto-transformers) in normal and post-accident steady-state conditions.

The situation is complicated by the continued aging of the power equipment. Amount of equipment, buildings and structures that are worn out and are to be replaced, renovated or modernized is increasing.

The implementation of developed in “Kubanenergo” JSC investment programmes that provide development, modernization and reconstruction of power grid facilities of the Company will improve the supply of electricity consumers in the nearest years.

In order to meet the needs of consumers in additional capacity, reliable and uninterrupted electricity consumption, the Company spends significant funds for the reconstruction of electric networks and the creation of new points of connection to the created facilities.

The Company pays great attention to the development of power grid facilities using science-based technical solutions and technologies tested in the operation of modern electrical

equipment.

Due to the fact that price for the Company's services is subject to tariff regulation, there is the risk of REC-DTP KR¹ approving of tariffs failing to fully take into account the necessary expenses of "Kubanenergo" JSC. The Company is constantly working with REC-DTP KR on approval of a justified level of tariffs.

Insufficient development of electric grids in certain areas of Krasnodar region and the Republic of Adygea in the rapid growth of electricity consumption, leads to overload of transmission lines and transformer substations.

Reliability of power supply is reduced due to the high level of equipment deterioration, leading to additional financial costs to maintain its efficiency.

To the extent of electric energy transmission services marketing, the following circumstances additionally affect the Issuer's activity:

- Due to the fact that electric energy technological losses calculation is carried out for normal scheme of the grid (i.e., in the steady working mode), all changes of its parameters and configuration affect the amount of actual losses of electric energy (necessity of redistribution of loads connected with prevention of occurrence of emergency grid working modes both in OJSC "Kubanenergo" grids and those of interfacing power industry actors; technological necessity upon assignment of the regional dispatching administration).

Forced changes in the normal grid scheme lead to a significant growth of actual technological losses of electric energy, both due to losses in power transformers proper and to electric energy losses occurring because of transmission of additional reactive power of line transformers taken out of reserve as well as increase of receipt into the grid due to the above causes;

- Increased (in excess of values accounted for in calculations) consumption of reactive energy by users;
- Unavailability of a sufficient number of technical accounting devices prevents prompt performance of grid modes analysis for minimization of electric energy technological losses;
- Increase of losses of active energy spent on wire heating due to unavailability of compensation for reactive power by consumers.

Actions the Issuer plans to undertake in future for efficient use of these factors and conditions:

To satisfy consumers' demand for additional power, to provide for reliable and uninterrupted electric energy consumption the Company invests much in reconstruction of electric power grids and establishment of new points of connection to newly launched capacities.

The Company pays much attention to development of the electric power grid sector, applying scientifically justified technical solutions and technologies approved in operation, as well as state-of-the-art power engineering equipment.

The Company attracts short-and long-term borrowings from the Russian financial market. Significant 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.

Changes in the consumer price index to some extent affect "Kubanenergo" JSC rate of return and the Company's financial and business activity results, but their effect is not a direct dependence factor. Dependence of the Company'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 are established by state tariff bodies on the basis of economically justified expenses on their provision and fully or partially compensate for growth of the Company's expenses associated with inflation. However, during high inflation periods, risks of reduction of the tariff compensatory component amount and of solvency of the Company's major consumers grow up.

¹ REC DTP KT - Regional Energy Commission of Department of Tariff and Prices at Krasnodar region

Methods applied by the Issuer and the methods the Issuer is planning to use in future to reduce negative effect of factors and conditions affecting the Issuer's 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 will allow provision for reliable electric power supply to existing and prospective electric energy consumers in the next few years.

Development of grid complex is performed in accordance with approved schedule of future development of electric grids and technical requirements for technological connection to of consumers to Company's grids.

Also by the end of 2014, it is planned to implement the projects on increasing the reliability of facilities of electric grid complex of Black sea area, Krasnodar region.

For reduction of costs, an Expenditure Management Program has been elaborated and is being implemented by the Company.

The Company has adopted a target strategy for abandoned grids buyout to increase one's assets and elimination risks associated with establishment of interfacing minor grid organizations the number whereof steadily increases every year.

Substantial events/factors that may most negatively affect the possibility of the Issuer achieving in future the same or higher results as compared to those achieved in the last reporting period, as well as probability of occurrence of such events (emergence of such factors):

In the future periods, reduction of the Issuer's incomes is possible in the following cases:

- Ageing of the Issuer's core equipment;
- Changes in tariffs on electricity transmitting;
- Growth of inflation (actual growth exceeding the forecast);
- The Issuer incurring uncompensated costs in connection with translation of electric energy losses purchase price;
- Appreciation of credit resources.

Substantial events/factors that may improve the results of Issuer's activity and the probability of their occurrence as well as their duration:

- Growth of power consumptions in the regions within the Company's responsibility zone.
- Implementation of the investment program allowing increase of operational efficiency of the activity.

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.

4.6.2. Issuer's Competitors

Information in the paragraph was not changed during reporting quarter.

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” JSC Charter, the management bodies of the Company are:

- The General Meeting of Shareholders;
- The Board of Directors;
- The 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" JSC Charter, the following issues are referred to the competence of the General Meeting of Shareholders:

- 1) Introduction of amendments and additions to the Charter or approval of restated Charter;
- 2) The Company reorganization;
- 3) The Company liquidation, appointment of a liquidation commission and approval of the provisional and final liquidation balance-sheets;
- 4) Determination of the quantity, nominal value and category (type) of declared shares and rights granted under such shares;
- 5) Increase of the authorized capital of the Company by way of increase of the nominal value of shares or by way of placement of additional shares;
- 6) Decrease of the authorized capital of the Company by way of decrease of the nominal value of shares, by way of partial acquisition of shares by the Company in view of their total quantity reduction as well as by way of redemption of shares having been acquired or bought out by the Company;
- 7) The Company's shares stock split or consolidation;
- 8) Taking decision on the Company's placement of bonds convertible into shares or other issue-grade securities convertible to shares;
- 9) Election of members of the Board of Directors of the Company 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 Auditor of the Company;
- 12) Taking decision on transfer of powers of Sole Management Body of the Company to a management organization (general manager);
- 13) Approval of annual reports, annual accounting statements including profit and loss statements (profit and loss account) of the Company as well as allocation of profit (including dividend payment (announcement, except for profit allocated as dividend following the results of the first quarter, half or nine months of a financial year) and loss of the Company following the results of financial year;
- 13.1) Payment (announcement) of dividend following the results of the first quarter, half or nine months of a financial year;
- 14) Determination of the arrangement procedure the General Meeting of Shareholders of the Company;
- 15) Taking decision on approval of transactions in cases stipulated by Article 83 of Federal Law "On Joint-Stock Companies";
- 16) Taking decision on approval of major transactions in cases stipulated by Article 79 of Federal Law "On Joint-Stock Companies";
- 17) Taking decision on participation in financial-and-industrial groups, associations or other unions of commercial organizations;
- 18) Approval of in-house documents regulating activity of the Company's bodies;
- 19) Taking decision on payment of rewards and/or compensations to the members of the Auditing Commission of the Company;

- 20) Taking decision on payment of rewards and/or compensations to the members of the Board of Directors of the Company;
- 21) adoption of resolutions related to applications on delisting Company's shares and (or) securities convertible to shares;
- 22) Resolution of other issuers stipulated by Federal Law "On Joint-Stock Companies".

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

In accordance with "Kubanenergo" JSC Charter, the following issues are referred to the competence of the Board of Directors of the Company:

- 1) Identification of priority aspects of the Company's activities and the Company development strategy;
- 2) Convention of the annual and extraordinary General Meetings of Shareholders of the Company except for cases stipulated by Clause 14.8 Article 14 of the Charter as well as announcement of the date of the General Meeting of Shareholders newly arranged in place of a meeting having failed to take place due to absence of quorum;
- 3) Approval of the agenda of General Meeting of Shareholders of the Company;
- 4) Election of Secretary of the General Meeting of Shareholders;
- 5) Determination of the date of generation of the list of persons having the right to participate in the General Meeting of Shareholders, approval of the estimate of costs of arrangement of the General Meeting of Shareholders of the Company and resolution of other issues related to preparation for and arrangement of the General Meeting of Shareholders of the Company;
- 6) Submittal of issues stipulated by sub-clauses 2, 5, 7, 8, 12-20 Clause 10.2 Article 10 of the Charter for decision by the General Meeting of Shareholders of the Company as well as decrease of the authorized capital by way of decrease of the nominal value of shares;
- 7) Placement of bonds and other issue-grade securities by the Company except for cases stipulated by Federal Law "On Joint-Stock Companies" and the Charter of the Company;
- 8) Approval of decision on issue (additional issue) of securities, a securities prospectus and a report on results of issue (additional issue) of securities, approval of reports on results of acquisition of shares from shareholders of the Company, reports on results of redemption of shares and reports on results of claims having been launched by shareholders of the Company for buyout of shares as may be held by them;
- 9) Determination of the price (monetary estimate) of property, price of placement and buyout of issue-grade securities in cases stipulated by Federal Law "On Joint-Stock Companies" as well as during resolution of issue specified in sub-clauses 21 and 38 Clause 15.1 of the Charter;
- 10) Acquisition of shares, bonds and other securities placed by the Company in cases stipulated by Federal Law "On Joint-Stock Companies";
- 11) Alienation (marketing) of shares of the Company which have come into the disposal of the Company as a result of their acquisition or buyout from shareholders of the Company as well as in other cases stipulated by Federal Law "On Joint-Stock Companies";
- 12) Election of General Director of the Company and early termination of one's powers including taking decision on early termination of a labour contract with General Director;
- 13) Determination of the number of members of the Management Board of the Company, election of members of the Management Board of the Company, establishment of the amounts of rewards and compensations payable to them and early termination of their powers;
- 14) Recommendations to the General Meeting of Shareholders of the Company on the amounts of rewards and compensations payable to members of the Auditing Commission of the Company and determination of the amount of payment for Auditor's services;
- 15) Recommendation on the amount of dividend on shares and on its payment procedure;
- 16) Approval of in-house documents of the Company determining the procedure of the Company's funds accumulation and use;

- 17) Taking decision on use of Company's assets; approval of estimates of use of special purpose funds assets and consideration of the results of fulfilment of the estimates of use of special purpose funds assets;
- 18) Approval of in-house documents of the Company except for the in-house documents approval whereof is referred to the competence of the General Meeting of Shareholders as well as other in-house documents approval whereof is referred to the competence of the executive bodies of the Company;
- 19) Approval of the Business Plan (corrected Business Plan) including the investment program and a report on their fulfilment, approval (correction) of the list and values of the Company's cash flow benchmarks;
- 19.1) On consideration of the investment program, including amendments thereto;
- 20) Establishment and opening of the Company's branches and representative offices and their liquidation;
- 20.1) Introduction of amendments to the Company Charter related to foundation of branches, opening of the Company's representative offices (including amendments to details of names and locations of branches and representative offices of the Company) and their liquidation;
- 21) Taking decision on the Company's participation of in other organizations (on joining an existing organization or establishing a new one including coordination of constituent documents) as well as on acquisition, alienation and encumbrance on shares or stakes in authorized capitals of organizations wherein the Company participates, change of the participatory stake in the authorized capital of the corresponding organization and termination of the Company's participation in other organizations;
- 22) Determination of the credit policy of the Company to the extent of the Company providing accommodations, concluding credit and loan contracts, granting sureties, assuming liabilities under a promissory note (issue of simple or exchangeable promissory notes), pledging property and taking decisions on the Company effecting the mentioned transactions in cases when the procedure for taking decisions thereon is not determined by credit policy of the Company as well as taking decisions on bringing the Company debt position in accordance with the limits established by credit policy of the Company in compliance with the procedure determined by credit policy of the Company;
- 23) Approval of major transactions in cases stipulated by Chapter X of Federal Law "On Joint-Stock Companies";
- 24) Approval of transactions stipulated by Chapter XI of Federal Law "On Joint-Stock Companies";
- 25) Approval of the Registrar of the Company, terms and conditions of the contract with one as well as termination of such contract;
- 26) Election of Chairman of the Board of Directors of the Company and early termination of one's powers;
- 27) Election of Deputy Chairman of the Board of Directors of the Company and early termination of one's powers;
- 28) Election of Corporate Secretary of the Company and early termination of one's powers;
- 29) Preliminary endorsement of decisions on the Company effecting transactions dealing with gratuitous transfer of Company's property or transfer of property rights (claims) to oneself or to a third party; transactions dealing with release from property liability to oneself or to a third party; transactions dealing with gratuitous provision of services (performance of works) to third parties in cases (in the amount) as determined by individual decisions of the Board of Directors of the Company, as well as taking decisions on the Company effecting such transactions when the abovementioned cases (amounts) are not determined;
- 30) Introduction of changes into the general structure of the Company's Executive Staff;
- 31) Taking decision on suspension of powers of a management organization (general manager);
- 32) Taking decision on appointment of Acting General Director of the Company as well as bringing one to disciplinary responsibility;

33) Bringing General Director of the Company and members of the Management Board to disciplinary responsibility and their encouragement as required by the labour legislation of the Russian Federation;

34) Consideration of General Director's reports on the Company's activity (including to the extent of one discharging one's official obligations), on fulfilment of decisions of the General Meeting of Shareholders and of the Board of Directors of the Company;

35) Approval of the procedure of the Company's interaction with organizations wherein the Company participates;

36) Determination of the opinion of the Company (representatives of the Company) of the following issues as may be on agendas of General Meetings of Shareholders (Participants) and sessions of Boards of Directors of subsidiary and dependent companies (hereinafter referred to as "SDCs") including instruction to participate or not to participate in voting on agenda issue or to vote as "FOR", "AGAINST" or "ABSTAINED" on draft decisions):

a) On determination of the agenda of a general meeting of shareholders (participants) of SDC;

b) On reorganization or liquidation of SDC;

c) On determination of the number of members of the board of directors of SDC, nomination and election of members of such board of directors and early termination of their powers;

d) On determination of quantity, nominal value, category (type) of announced shares of SDC and rights thereunder;

e) On increase of the authorized capital of SDC by way of increase of the nominal value of shares or by way of additional shares placement;

f) On placement of SDC securities convertible into ordinary shares;

g) On split or consolidation of SDC shares stock;

h) On approval of major transactions effected by SDCs;

i) On SDC participation in other organizations (joining an existing organization or founding a new one) as well as on acquisition, alienation and encumbrance of shares or stakes in authorized capitals of organizations wherein SDC participates, change of the participatory stake in the authorized capital of the corresponding organization;

j) On SDC effecting transactions (including multiple associated transactions) dealing with alienation or possible alienation of properties representing fixed assets, intangible assets, facilities under construction the purpose of use whereof consists in production, transmission, dispatching or distribution of electric or thermal energy in cases (in the amount) determined by the procedure of the Company's interaction with organizations wherein the Company participates as approved by the Board of Directors of the Company;

k) On introduction of amendments and additions to constituent documents of ADC;

l) On approval of the procedure for payment of rewards to members of the board of directors and auditing commissions of SDC;

m) On approval of the Business Plan (corrected Business Plan) including the investment plan and quarterly report on their fulfilment;

n) on consideration of the investment program including amendments thereto;

o) on approval of target values of key performance indicators (corrected target values of key performance indicators);

p) On approval of the report on achievement of target annual and quarterly values of key performance indicators;

q) On approval (consideration) of the Business Plan fulfilment report;

r) On approval of allocation of profit and loss following the financial year results;

s) On recommendations on the amount of dividend on shares and dividend payout procedure;

t) On payment (announcement) of dividend following the results of the first quarter, half or nine months of a financial year as well following the results of a financial year;

u) On approval (consideration) of the investment program performance report.

37) Determination of the opinion of the Company (representatives of the Company) of the following issues as may be on agendas of sessions of Boards of Directors of SDCs (including

instruction to participate or not to participate in voting on agenda issue or to vote as “FOR”, “AGAINST” or “ABSTAINED” on draft decisions):

a) On determination of the opinion of SDC representatives of issues as may be on agendas of General Meetings of Shareholders (Participants) and sessions of Boards of Directors of SDC subsidiary and dependent companies related to effecting (approval) of transactions (including multiple associated transactions) dealing with alienation or possible alienation of properties representing fixed assets, intangible assets, facilities under construction the purpose of use whereof consists in production, transmission, dispatching or distribution of electric or thermal energy in cases (in the amount) determined by the procedure of the Company’s interaction with organizations wherein the Company participates as approved by the Board of Directors of the Company;

b) On determination of the opinion of SDC representatives of issues as may be on agendas of General Meetings of Shareholders (Participants) and sessions of Boards of Directors of SDC subsidiary and dependent companies engaged in production, transmission, dispatching or distribution of electric or thermal energy as related to their reorganization, liquidation, increase of authorized capitals of such companies by way of increasing the nominal value of shares or by way of placement of additional shares or securities convertible into ordinary shares;

38) Preliminary endorsement of decisions on the Company’ effecting the following transactions:

a) Transactions dealing with non-current assets of the Company in an amount of more than 10 per cent of the book value of such assets of the Company according to data of accounting statements as of the last reporting date;

b) transactions (including multiple associated transactions) related to acquisition, alienation or possible alienation of property representing fixed assets, intangible assets, facilities under construction the purpose of use whereof consists in production, transmission, dispatching or distribution of electric or thermal energy in cases (in the amount) determined by individual decisions of the Board of Directors of the Company;

c) transactions (including multiple associated transactions) related to acquisition, alienation or possible alienation of property representing fixed assets, intangible assets, facilities under construction the purpose of use whereof consists in other than production, transmission, dispatching or distribution of electric or thermal energy in cases (in the amount) determined by individual decisions of the Board of Directors of the Company;

39) Appointment of the Company representatives for participation in supreme management bodies of organizations of any organizational legal form wherein the Company participates;

40) Taking decision on the Company’s nominating candidacies for election to the office of Sole Executive Body, to offices with other management and control bodies as well as the candidacy of Auditor of organizations of any organizational legal form wherein the Company participates;

- Determination of the Company insurance protection provision aspects including approval of Insurer of the Company;

42) Approval of independent appraiser(s) candidacies for determination of the value of shares, property and other assets of the Company in cases stipulated by Federal Law “On Joint-Stock Companies”, this Charter as well as individual decisions of the Board of Directors of the Company;

43) Preliminary approval of the collective contract, contracts concluded by the Company within the framework of regulation of social and labour relations as well as approval of documents related to the Company workers state and non-state pension provision;

44) Approval of the candidacy of a financial consultant engaged in compliance with Federal Law “On Securities Market” as well of candidacies of securities issue organizers and consultants on transactions directly related to attraction of assets by way of public borrowing;

45) Preliminary endorsement of transactions that may result in emergence of liabilities expressed in terms of a foreign currency (or liabilities the amount whereof is referenced to a foreign currency) in cases and in the amount determined by individual decisions of the Board of Directors of the Company as well as if such cases (amounts) are not determined by the Board of

Directors of the Company;

46) Determination of the procurement policy of the Company including approval of the Regulation on the Procedure for Carrying Out Scheduled Procurement of Commodities, Works and Services, approval of Chief and members of the Central Procurement Body as well as approval of the Annual Integrated Procurement Program and taking other decisions in accordance with the approved documents of the Company regulating procurement activity of the Company;

47) Approval of target values (corrected values) of key performance indicators (KPIs) of the Company and reports on their achievement;

48) Taking decision on nominating General Director of the Company for decoration with State Awards;

49) Determination of the housing policy of the Company to the extent of provision of corporate support in housing conditions improvement to the Company workers in the form of subsidies, compensation for costs, non-interest bearing loans and taking decision on the Company providing such support in cases when such support provision procedure is not defined in the Company's housing policy;

50) Determination of the Company policy to the extent of improvement of reliability of the distribution electric power grid sector and other electric power grid facilities including approval of strategic programs of the Company for improvement of reliability of the distribution electric power grid sector, the distribution electric power grid sector development and safety;

51) Establishment of Committees under the Board of Directors of the Company, election of members of Committees under the Board of Directors of the Company and early termination of their powers, election of Chairmen of Committees under the Board of Directors of the Company and early termination of their powers;

52) Approval of the Regulations on Material Incentives for General Director, Regulations on Material Incentives for Top Managers of the Company; approval of the top managers list;

53) Coordination of candidacies for individual offices within the Company Executive Staff determined by the Board of Directors of the Company;

54) application on listing Company's shares and (or) securities convertible into shares;

55) adoption of resolutions on using by the Company industry and inter-industry standards, regulations and other documents in the sphere of power industry;

56) Other issues referred to the competence of the Board of Directors by Federal Law "On Joint-Stock Companies" and this Charter.

Items related by the Company Charter to the competence of the Management Board the Issuer:

In accordance with Kubanenergo, OJSC Charter, the following issuers are referred to the competence of the Management Board:

1) making decisions on the matters assigned to the competence of Supreme Management Bodies of economic organizations in which the Company owns one hundred (100) percent of authorized capital, or all voting shares of which belong to the Company (subject to sub-clauses 36 and of Clause 15.1 of Article 15 of the Charter);

2) preparation of reports on financial and business performance of economic organizations in which the Company owns one hundred (100) percent of authorized capital or all voting shares, and presentation of these reports for consideration by the Board of Directors;

3) Development and presentation for consideration of the Board of Directors of perspective plans on realization of the main directions of Company activity;

4) Preparation of business plan (corrected business plan) and report on the results of its fulfillment, as well as approval and correction of cash flows movement in compliance with the list and control values for Company cash flows movement adopted by the Board of Directors (with mandatory further forwarding to Company Board of Directors);

- 5) preparation of the report on financial and business performance of the Company and the report on execution by the Management Board of the decisions of the General Shareholders Meeting and of the Board of Directors of the Company;
- 6) Adoption of plans and steps for organization of training and professional development of Company personnel;
- 7) Establishment of social privileges and guarantees for Company personnel;
- 8) Decision making on effecting transactions with assets, works and services the value of which makes up from 1 to 25 percent of the balance sheet value of the Company's assets estimated as of the date of decision on making the transaction (excluding the cases provided by sub-clause 38 of Clause 15.1 of this Charter);
- 9) Analysis of the reports of Deputy Directors General of the Company and of the heads of business subdivisions of the Company on the results of execution of the approved plans, programs and orders; analysis of reports, documents and other information on the activity of the Company and its affiliated and dependent companies;
- 10) Decision making on other matters related to the management of day-to-day activity of the Company in accordance with the decisions of the General Shareholders Meeting, meetings of the Board of Directors of the Company, as well as matters brought for consideration of the Management Board by the General Director of the Company.

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

The competence of Kubanenergo, OJSC 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 on 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/.

During the last reporting period it was performed the amend to statute (constituent documents) of the Issuer or to the internal documents regulating activity of bodies of the issuer

Information on amendments for the last reporting period in the issuer's Statute, as well as internal documents regulating activity of bodies of the issuer:

23.06.2014 Annual General Meeting of Shareholders of the Issuer's decided to approve the new version of the Charter, the Regulations on the procedure for the preparation and holding of the General Shareholders' Meeting, the Regulations on the Audit Commission of Kubanenergo JSC.

The new edition of the Charter includes:

- all changes made from 12.07.2011 - date of state registration of the Charter in the previous edition,
- novelties, related to changes in the legislation of the Russian Federation on joint stock companies (in terms of the order and payment of dividends, the General Meeting of Shareholders and the Board of Directors, the order of sending notifications to the General Meeting of Shareholders and its decisions to shareholders), and adopted in order to improve the efficiency of the process corporate governance.

State registration of a new edition of the Charter was carried on 22.07.2014.

Regulations on the procedure of preparation and holding the General Meeting of Shareholders of Kubanenergo JSC were drafted in the new version in order to accommodate the changing requirements of the law on joint stock companies, in particular, changes in the order and timing of sending to shareholders resolutions of the General Meeting of Shareholders).

In the new edition of the Regulations on the Audit Committee of the Company refined the powers, duties and responsibilities of the Audit Commission, functions of its secretary, the procedure for convening, preparation and conduct of its meetings, etc.

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: **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
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 Board
2006	now	Russian union of self-regulatory organization of arbitration managers	Deputy chairperson of Board
2008	now	“MSOPAU” Non-profit partnership	Chairperson of Board
2009	now	“VTsiOm” JSC	Board of Directors Member
2009	now	“VNIPINeft” JSC	Board of Directors Member
2009	2012	“Rosdorleasing” JSC	Board of Directors Member
2011	now	“TNITI” JSC	Chairperson of Board of Directors s
2011	now	“IDGC of Volga” JSC	Board of Directors Member
2012	2013	“TransTeleCom Company” CJSC	Board of Directors Member
2012	now	“Russian Railway” JSC	Deputy Chairperson of Revision Committee
2013	Now	“Production and scientific centre” JSC, “TsNIIMashdetal” JSC, “TsNIIKP” JSC, “TsNIILKA” JSC, “TsNIIPIK” JSC	Chairperson of Board of Directors
2013	2014	“GTLK” JSC	Board of Directors Member
2013	now	“IDGC of North Caucasus” JSC, “Kubanenergo” JSC	Board of Directors Member

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

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	Name of organization	Office
from	to		
2006	2009	Kubanenergo JSC	Member of Board of Directors
2006	2010	Kubanenergo JSC	Chairperson of BoD
2007	2010	IDGC of the South, JSC	Member of Board of Directors, Director General, Chairperson of BoD
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	Present day	Kubanenergo JSC	Acting Director General, then Director General, chairperson of Management Board
2014	Present day	Kubanenergo JSC	Member of 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: **Kobleyan Ashot Mikhailovich**

Year of birth: **1980**

Education:

Higher education. Graduated:

- **Military aviation university, specialization “Operation of aircraft and engines” (2002),**
- **The Russian Presidential Academy of National Economy and Public Administration, specialization “Company management” (2012)**

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		
2007	2013	FGC UES JSC	Head of section for organizing procedures of picking the contractors, inventory and equipment for department of methodology and organization of procurement
2013	now	Rosseti JSC	Head of directorate for planning, regulation and organization of procurement at department of procurement
2014	now	Kubanenergo JSC	Member of 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: **Lavrova Marina Aleksandrovna**

Year of birth: **1982**

Education:

Higher. State University of management, specialization – “Management in Power industry” and “Financial academy affiliated to the government of Russian Federation”, specialization- “Finances and credit”.

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	Now	“Rosseti” JSC	Head of economical board of department of economic planning and allocation of funds
2009	Now	Energy selling company of Dagestan JSC	Board of Directors Member
2013	Now	“Kubanenergo” JSC, “YeESK” JSC	Board of Directors Member

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: **Mezhevich Valentin Yefimovich**

Year of birth: **1947**

Education:

**Higher education. Irkutsk Polytechnic institute, specialization “Thermal stations” (1970)
Doctor of Science**

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		
2001	2013	The Council of Federation of the Federal Assembly of the Russian Federation	Member of The Council of Federation of the Federal Assembly of the Russian Federation; first deputy chairperson of Committee for economic policy
2013	now	Rosseti JSC	Deputy Director General in charge of Strategic Communications
2014	now	IDGC of Siberia JSC, “North Caucasus” JSC, Kubanenergo JSC	Member of 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: **Sergeyev Sergey Vladimirovich**

Year of birth: **1976**

Education:

Higher education. Graduated:

- 1. Novocherkassk state technical university, specialization “Industrial civil construction”.**
- 2. Institution of advanced training for managers and specialists in Fuel and Energy Complex.**
- 3. Inter-industry regional centre for advanced training IrGTU.**
- 4. Professional retraining at Academy of National Economy under the Government of the**

Russian Federation, specialization “Economics, management, finances and legal concepts of joint stock companies”.

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 JSC	Deputy chairperson of Management Board; Company's management
2013	now	Rosseti JSC	Deputy Director General in charge of Capital Construction
2012	2013	FGC UES JSC	Member of Management Board
2012	2014	ESSK UES JSC; Centre of Engineering and Construction Management UES JSC	Member of Board of Directors
2014	now	IDGC of Urals JSC, Tyumenenergo JSC	Member of Board of Directors
2014	now	Kubanenergo JSC, Scientific and Research Centre IDGC JSC	Chairperson of 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:

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: **Sukhov Oleg Alexandrovich**

Year of birth: **1974**

Education:

Higher education.

North-Caucasian state technological university, specialization “Electric motor drive and automation of production plants and technological complexes”

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	now	Rosseti JSC	Head of Situation Management and Analytical Centre, then deputy head of department for operative and technological management – head of situation management centre
2014	now	Kubanenergo JSC	Member of 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: **Kharin Anndrey Nikolayevich**

Year of birth:

Education:

Information was not provided

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		
	now	RF Ministry of Energy	Deputy Head of Department of Corporate Governance, Price Environment and Auditing Activity in spheres of Fuel & Energy Complex
	now	IDGC of Centre and Volga region JSC	Member of Board of

			Directors
2014	now	Kubanenergo JSC	Member of 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: **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	till		
2008	2013	Rosseti JSC	Head of sector at Department of Corporate Governance and Interaction with Shareholders
2013	now	Rosseti JSC	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
2012	2013	SZEUK JSC	Member of Board of Directors
2013	2014	Ingushenergo JSC	Member of Board of Directors
2013	2014	IDGC of Volga JSC	Member of the 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, ITsE Povolzhye JSC, Recreation centre “Energetik” JSC, Energoservis JSC, Nits PovolzhyeKubanenergo JSC	Member of Board of Directors
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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: **Chermentieva Yuliya Petrovna**

Year of birth: **1972**

Education:

Higher education. Moscow state legal academy, specialization “Jurisprudence”

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	now	Rosseti JSC	Head of Directorate of Laws and Regulations Issues at Legal Department
2013	2014	IDGC of North-West JSC	Member of Board of Directors
2014	now	Sevkavkazenergo JSC, Kubanenergo JSC	Member of 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: **Shatokhin Arseniy Grigorievich**

Year of birth: **1976**

Education:

Higher education. Окончил:

- **Kuban state technological University, specialization “Management”,**

- **Russian Academy of Civil Service , specialization “State and municipal management, ecology and environmental 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
from	to		
2007	2010	Rostorg LLC	Executive director
2010	2011	Assosiation Ekospezobrazovaniye	Deputy director general
2011	2013	Nortgaz JSC	Deputy director general по сбыту, Member of Management Board
2013	now	Rosseti JSC	Head of Directorate for Special Projects Implementation
2014	now	Kubanenergo JSC	Member of 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**

Additional information:

All members of the 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

Members of the Board of Directors of "Kubanenergo", JSC were not trained at Company's expense in the reporting quarter.

Details on committees attached to the Board of Directors of the Issuer¹:

In order to provide for by the Board of Directors of OJSC "Kubanenergo" 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.

According to the Regulations on the Reliability Committee under the Board of Directors of "Kubanenergo" JSC approved by the Board of Directors on 05.08.2010 (Minutes No. 94.2010 dated 06.08.2010), as restated, 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 arrangements following the results of incidents and major technological violations as well as control of their performance;
- Control and evaluation of activity of the Company's technical services to the extent of:
- Provision for integrated reliability of grid equipment and structures work;
- Provision for normal condition of fixed assets and communication of information on forecast risks for their functioning reliability;
- Analysis of arrangements for execution of contracted and economic mechanisms of reliability management;
- Informing the Board of Directors of the Company of the condition of fixed assets of the Company's energy facilities on a quarterly basis.

The composition of Reliability Committee of "Kubanenergo" JSC Board of Directors valid after 17.06.2013 – date of re-election of Company's BoD in new composition:

	Name	Position
1	Magadeyev Ruslan Raisovich (chairperson)	Deputy director of Situational and Analytical centre of Russian Grids JSC
2	Zinchenko, Pavel Vasilyevich-	Deputy General Director for Technical Issues – Chief Engineer of Kubanenergo JSC
3	Chebakov Andrey Vasilievich	Deputy chief engineer in charge of operation –

		head of Department of operation and technical servicing and repair, Kubanenergo JSC
4	Kovtun Sergey Vladimirovich	Chief expert of sector for core equipment at Department of production assets management, Rosseti JSC

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:

- Control of annual independent audit of accounting record-keeping and financial (accounting) statements of the Company;
- Estimate of efficiency of the Company internal control procedures and preparation of proposals on their improvement;
- Other issues, upon instruction of the Board of Directors of the Company.

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

	Name	Position
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	Shatokhin Arseniy Grigorievich	Head of Department for implementation of target projects, Russian Grids JSC

Committee for Strategy, Development, Investment and Reforms under the Board of Directors established by decision of the Board of Directors of OJSC “Kubanenergo”, 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:

	Name	Position
1.	Isaeyev Valeriy Ivanovich (chairperson)	Chief of finances at Department of corporate finances , Russian Grids JSC
2	Lisavin Andrey	Head of directorate for implementation of strategies at Department

	Vladimirovich	of strategic development of Russian Grids JSC
3.	Sedykh Nadezhda Vitalievna	Leading expert at Directorate of economics in affiliated and dependent companies at department of strategic development, Russian Grids JSC
4.	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
5.	Podlutskiy Sergey Vasilievich	Head of sector of consolidated planning and reporting at Investment activity department, Russian Grids JSC
6.	Antimenko Yuriy Leonidovich	Head of directorate of advanced development, Russian Grids JSC
7.	Iordanindi Kirill Alexandrovich	Leading expert of sector for strategic planning at Department of economic planning and budgeting at Russian Grids JSC
8.	Kosteskiy Vyacheslav Yurievich	Deputy director general in charge of development and selling of services of Kubanenergo JSC

Personnel and Remuneration Committee under the Board of Directors established by decision of the Board of Directors of OJSC “Kubanenergo”, 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 Rewards Committee under the Board of Directors of OJSC "Kubanenergo" valid as of the end of the reporting quarter:

	Name	Office⁴
1	Zholnerchik Svetlana Semyonovna (Chairperson of the Committee)	Deputy director general of Russian Grids JSC
2	Varvarin Aleksandr Viktorovich	Managing director in charge of corporate relations and legal support, RSPP
3	Erpsheer Nataliya Ilinichna	Head of Head of Directorate organization development under Department of HR policy and organization development, Russian Grids JSC

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 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	Kosteskiy VyacheslavYurievich	Deputy director general in charge of development and selling of services of Kubanenergo JSC
3	Konevets Kirill Sergeyeovich	Deputy director general in charge of corporate management of Kubanenergo JSC
4	Korneyev AlexandrYurievich	Head of sector for scheduling the technological connection at Department of perspective development of grids and technological connection, Kubanenergo JSC
5	Bashmakov Daniel Maratovich	Chairperson of Krasnodar regional department of Russian public organization of small and medium business “OPORA Russia”

5.2.2. Information on the Sole Executive Body of the Issuer

Full name: **Gavrilov Aleksandr Ilich**

Year of birth: **1973**

Education:

Higher:

State Kuban University, specialty – “Accounting and audit”. State Kuban Polytechnic

University, specialty – “Exploitation and operation of oil-and-gas-field”.

Conferred a degree on Doctor of 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		Name of organization	Office
from	to		
2006	2009	Kubanenergo JSC	Member of Board of Directors
2006	2010	Kubanenergo JSC	Chairperson of BoD
2007	2010	IDGC of the South, JSC	Member of Board of Directors, Director General, Chairperson of BoD
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	Present day	Kubanenergo JSC	Acting Director General, Director General, chairperson of Board
2014	Present day	“Kubanenergo” JSC	Member of Board of Directors

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

Quantity of the Issuer's shares of each category (type) that can be acquired by the person as a result of one exercising one's rights under the Issuer's options as may be held by one: **The Issuer has not issued options.**

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

Information on Management Board members

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)

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	Organization	Position	
	from	till		
	2006	2009	Kubanenergo JSC	Member of Board of Directors
	2006	2010	Kubanenergo JSC	Chairperson of BoD
	2007	2010	IDGC of the South, JSC	Member of Board of Directors, Director General, Chairperson of BoD
	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	Acting Director General, then Director General, chairperson of Management Board
	2014	now	Kubanenergo JSC	Member of 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: **Armaganian 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”

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 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	Member of 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:

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		
2007	2010	“Moscow United Electric Grid Company” JSC (Moscow region)	Director of Department in charge of logistics and purchasing; after – deputy Director of Department in charge of logistics and purchasing; after – Director of Department in charge of logistics and purchasing; after - deputy Director of Department in charge of logistics and purchasing; deputy Director in charge of economics and finances of branch “Northern power grids”
2010	2011	“InterPress” LLC	Financial Director
2011	2012	“AGRIUS XXI” LLC	Financial Director
2012	2012	“Prompostavka” CJSC	Business Director
2012	Now	“Kubanenergo” JSC	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	Member of 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	Director of branch South-Western power grids, member of 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 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		
2006	2010	“Kubanenergo” JSC	Head of service of administrative support; after – Director in charge of general issues, after - office manager
2006	2010	“Kubanenergo” JSC	member of Management Board
2007	2010	“Recreation centre “Energetik” JSC, “Recreation centre “Plamya” JSC	Member of BoD, then chairman of BoD
2007	2010	“IDGC of the South” JSC	Office manager , after – deputy Director General in charge of administrative Issues
2007	2010	“IDGC of the South” JSC	member of Management Board
2011	2012	“NESK-electric grids” JSC	Director in charge of general issues
2013	Now	“Kubanenergo” JSC	Director General Adviser, after – deputy Director General –chief of staff; member of 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 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: **Konevets Kirill Sergeyevich**

Year of birth: **1983**

Education:

Higher. Graduated in 2005 from Kuban agrarian state university, specialization – “Jurisprudence”.

Advanced retraining at BMSTU, specialization “Management” in the sphere “Control of organization”, Moscow, 2008

Candidate of legal science

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
2005	now	Kubanenergo JSC	In-house lawyer, leading in-house lawyer at legal department, Chief specialist at legal support directorate, Deputy head of legal support directorate, Head of legal support directorate, Head of legal department, Deputy director general in charge of corporate governance
2012	now	Recreation Centre “Plamya” (affiliate of Kubanenergo JSC)	Acting director general, director general (part-time)
2013	now	Recreation Centre “Plamya” (affiliate of Kubanenergo JSC)	Member of Board of Directors
2013	now	Recreation Centre “Energetik” (affiliate of Kubanenergo JSC)	Member of Board of Directors
2011	now	Recreation Centre “Energetik” (affiliate of Kubanenergo JSC)	Member of Board of Directors
2007	2008	IDGC of the South JSC	Chief speciality at division for claim-related work at legal department (external secondary job)
2014	now	Kubanenergo JSC	Member of Management Board, member of Committee for Technological Connection

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 sole executive body and member of the BoD of Recreation Centre "Plamya" during the initiation of a bankruptcy case in relation to the company in accordance with Commercial court of Krasnodar region dated 23.01.2013. By resolution of Commercial court of Krasnodar region on 16.12.2013 the bankruptcy case was terminated due to meeting of requirement of the creditor.

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		
2007	2010	"IDGC of the South" JSC	Deputy Director General in charge of services development and selling
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 Management Board
2013	now	Energoservis of Kuban JSC	Member of Board of Directors
2013	now	Kubanenergo JSC	Member of Committee for Strategy, Development, Investments and Reforming under the BoD, 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: **Ocheredko Olga Vyacheslavovna**

Year of birth:

1972 Education:

Higher, graduated from Kuban state university, specialization “Economic and social planning”, qualification “economist”.

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	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	now	“Recreation centre “Plamya” JSC	Member of Board of Directors
2014	now	“Kubanenergo” JSC	Member of 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: **Rud Evgeniy Viktorovich**

Year of birth: **1967**

Education:

Higher, graduated from Kuban state university, specialization “Geography”, qualification “teacher of geography” (1995)

Kuban state technological university, specialization “energy supply”, qualification “electrical engineer” (2000)

Advanced retraining at BMSTU on the basis of “Training centre “Kubanenergo”, speciality “Management of organization” (2003)

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
2007	now	Kubanenergo JSC	Deputy director in charge of general

			issues at Krasnodar electric grids, Head of department for electricity transmission at Kubanenergo branch Slavyanskiye electric grids, Head of Kubanenergo branch Slavyanskiye electric grids, Head of Kubanenergo branch Krasnodarskiye electric grids
2014	now	Kubanenergo JSC	Member of the Management Board

Participatory interest of the person in the authorized capital of the Issuer, %: **0.000001**

Portion of the Issuer's ordinary shares held by the person, %: **0.000001**

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: **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		
2007	2010	FGC UES JSC	Federal grid Company of Unified Energy System – Kuban main power transmission lines
2010	now	Kubanenergo JSC	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
2012	2013	Kubanenergo JSC	Member of Reliability Committee under the BoD
2014	now	Kubanenergo JSC	Member of 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: **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
2006	2009	YuTK, JSC	Deputy director general – director in charge of property management and general issues
2009	2013	Federal state unitary enterprise “FT-Centre”	Director of Krasnodar branch

2013	Now	Kubanenergo JSC	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	Member of 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.

Name: **Tyrtyshtniy Ruslan Viktorovich**

Year of birth: **1978**

Education: **Higher. In 2001 graduated from Kuban state university, specialization "Global economy"**

In 2011 graduated from Russian Presidential Academy of National Economy and Public Administration in Moscow, specialization "Global economy"

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
2008	2010	Administration of Krasnodar Territory	Leading advisor of division for economic analysis and finances; advisor of state civil service of Krasnodar territory at department of industry of Krasnodar region
2011	now	Kubanenergo JSC	Head of investments management division, Head of directorate for investments management, Deputy director general in charge of capital construction
2014	now	Kubanenergo JSC	Member of 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.

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. Details of the amounts of reward, benefits and/or compensation for expenses due to each of the Issuer's management bodies

Details of 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	2014, 9 months
Reward	2 910
Wages	
Bonuses	
Commission fees	
Benefits	
Compensation for expenses	
Other pecuniary awards	
Other	2 910

Details on current agreements on such payments in the current financial year:

In accordance with the Regulation on Payments of Rewards and Compensations to Members of the Board of Directors approved by the annual General Meeting of Shareholders (Minutes dated 06.06.2008, No. 23), reward payable to members of the Board of Directors is currently calculated as follows:

- For participation in a session of the Board of Directors arranged in the form of absentee voting, a reward is payable to a member of the Board of Directors of the Company in an amount of the sum equivalent to three minimum monthly tariff rates of Grade 1 worker established by the branch tariff agreement in the electric power sector of the Russian Federation as of the arrangement date of the session of the Board of Directors of the Company with account for indexation established by the Agreement, within one month upon arrangement of the session of the Board of Directors of the Company;

- For participation in a session of the Board of Directors arranged in the form of joint attendance, a reward is payable to a member of the Board of Directors of the Company in an amount of the sum equivalent to five minimum monthly tariff rates of Grade 1 worker established by the branch tariff agreement in the electric power sector of the Russian Federation as of the arrangement date of the session of the Board of Directors of the Company with account for indexation established by the Agreement, within one month upon arrangement of the session of the Board of Directors of the Company;

- An additional reward is payable to members of the Board of Directors per the Company net profit index based on data of annual accounting statement approved by General Meeting of Shareholders of the Company;- An additional reward is payable to members of the Board of Directors in case of increase of the amount of the Company market capitalization during the period of the Board of Directors work.

Additionally, a member of the Board of Directors is compensated for expenses actually incurred by one in connection with participation in a session of the Board of Directors of the Company (travel expenses, accommodation per diem, meals, etc.).

Collegiate executive body

Unit of measurement: thousand rubles

Indicator	2014, 9 months
Reward	1 198
Wages	
Bonuses	
Commission fees	
Benefits	
Compensation for expenses	
Other pecuniary awards	
Other	1 198

Details of current agreements on such payments in the financial year:

In accordance with decision adopted by the Company's BoD on 29.07.2011 (minutes of meeting No. 115/2011 dd01.08.2011) with changes dd. 27.12.2012 (Minutes of meeting No. 150 dd. 29.12.2012) on approval of list of positions regarded as top-managers of Kubanenergo, Members of the Management Board of considered as top-managers of first rate.

According the Regulation on motivation and social benefits set for Top managers of Kubanenergo, approved by the Company's BoD (minutes of meeting No.158/2013 dated 12.04.2013) 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 Kubanenergo.

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);
 - 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.

Term of work of the internal audit / internal control service and its key employees:

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. In the first quarter of 2011 core

employees of the Administration were recruited with Regulations on the Administration. Golubova Irma Aleksandrovna was appointed for the position of head of department of internal audit and risks management.

Management board of internal control and risks management transformed into department of internal control and audit by the decision of Issuer's Board of Directors (Minutes No. 195/2014 dd. 29.08.2014). Number of department members – 9. Number of management board members – 9.

Fadeev Mikhail Yurievich is acting head of department of internal control and audit.

The quantitative composition of management board: 15 people.

Fadeev Mikhail Yurievich appointed to the position of acting Head of Internal Audit and Risk Management.

Core functions of the internal audit service, accountability of the internal audit service, interaction with the Issuer's executive management bodies and the Board of Directors of the Issuer (Supervisory Board):

In accordance with tasks and aims the Board of internal audit and risks management implements the following functions:

- inspection and assessment of the effectiveness of internal control system;
- inspection of presence and implementation of procedures of internal control;
- monitoring of systems of internal control;
- control of compliance of internal procedures to local normative documents, nature of activity and significance of taken risks;
- verification of authenticity and objectivity of management report of the Company and information on financial and economic activity of the Company;
- evaluation of the economic viability and efficiency of business transactions made by the Company;
- verification the accuracy, completeness, objectivity and reliability of the accounting and reporting, their testing and verification of timeliness of collecting and reporting information on Company's activity and reports;
- control of timely and complete elimination of violations and disadvantages;
- control of usage effectiveness and safeguarding of assets (property) of the Company;
- organization of system of risks management functioning, coordination of activity of risks management system participants;
- control of process of risks management system operating including action of management on risks management;
- improvement of risks management system, providing the participants of system with information on risks, found in result of inspection of Company's activity;
- verification the completeness of the application and effectiveness of risk assessment methodology and procedures;
- evaluation of the effectiveness of risks management system, the provision of a report on the evaluation to Audit Committee of the Company's Board of Directors;
- analysis and evaluation of management proposals to eliminate violations and minimize the risks discovered by the Board, development of recommendations on these proposals;
- control of usage of insider information.

For solution of specialists management tasks one carries out review of financial and business activity of both individual structural subdivisions and business processes as a whole per the

Issuer's activity aspects. Review materials with proposals and recommendations are submitted to the Auditing Committee and the Audit Committee (upon request).

Interaction with executive bodies and Issuer's Board of Directors

Department of internal control and audit reports to Director General and functionally reports to Committee on Audit of Board of Directors.

The interaction is implemented in accordance with Regulation on department and documents approved by Issuer's Board of Directors (Minutes No. 196/2014 dd. 12.09.2014):

- risk management policy;
- internal control policy;
- internal audit policy.

Audit Committee attached to Board of Directors of "Kubanenergo", JSC has been established on October 16, 2009 by the decision of Board of Directors (Minutes No.80/2009 dated 16.10.2009). The main purpose of the Committee establishment shall be ensuring of efficient activity of the Company's Board of Directors when deciding the issues within its competence

Interaction of internal audit committee (other auditor) and external auditor of the issuer:
Interaction of internal audit committee (other auditor) and external auditor of the issuer is regulated by current legislation on audit activity.

The Issuer has approved (endorsed) an in-house document establishing the rules for prevention of use of proprietary (insider) information.

Details of availability of a document for prevention of use of proprietary (insider) information:

In accordance with requirements of Federal law No. 224-ФЗ 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 RTS-MICEX.

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

Information on members of the Auditing Commission of Kubanenergo JSC

The body controlling business activity of the issuer – Auditing Commission

Information on members of the Auditing Commission of Kubanenergo JSC

The body controlling business activity of the issuer – Auditing Commission

Name: **Shmakov Igor Vladimirovich**

Year of birth: **1974**

Education:

Higher. Kuban State University (1996), 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	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	Russian Grids JSC	Head of division for control and risks department for internal audit and control
2013	2014	“MUS Energetiki” JSC	Member of 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 Auditing 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:

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: **Bunyaeva Mariya Viktorovna**

Year of birth:

Education:

Kuban State Technological University, specialization “Accounting, analysis, audit”.

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	2010	Administration of Krasnodar region	Chief expert and specialist of expertise and analytical sector for construction of Olympic venues
2010	2012	Kubanenergo JSC	Chief specialist of sector for economic security at security department
2012	now	Rosseti JSC	Leading expert for economic security at security department, then leading expert of sector for general audit and expertise at department of internal audit and risks management, then leading expert of sector for general audit and auditing inspections at directorate of auditing activity and internal audit
	now	IDGC of Centre and Volga region, IDGC of North Caucasus, Sevkavenergo JSC	Member of Auditing Commission
2014	now	Kubanenergo JSC	Member of 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: **no information on this matter.**

NAME: **Guseva Yelea Yurievna**

Year of birth: **1970**

Education:

Higher economic education

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	to		
2009	2013	IDGC of the South JSC	Leading expert of department of internal audit and risks management
2013	now	Rosseti JSC	Leading expert of division for investments audit at directorate of auditing activity and internal audit at department of internal audit and control
	now	IDGC of Volga JSC, Tyumenenergo JSC, IDGC of the South JSC, IDGC of Centre JSC, IDGC of Siberia JSC, IDGC of North-West JSC, IDGC of North Caucasus JSC, MOESK JSC, Sevkavenergo JSC	Member of Auditing Commission
2014	now	Kubanenergo JSC	Member of 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, Yaroslavskoye higher military financial college (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		
2009	2011	Ministry of Defence of the Russian Federation	Contract military service, then chief consultant of financial inspection
2011	2012	Gazpromneft-Aero CJSC	Chief expert
2013	2013	FGC UES JSC	Head of department from investments audit
2013	now	Rosseti JSC	Chief expert
	now	IDGC of Volga JSC, Tyumenenergo JSC, IDGC of the South JSC, IDGC of Centre JSC, IDGC of Siberia JSC, IDGC of North-West JSC, IDGC of North Caucasus JSC, MOESK SJC, Sevkavenergo JSC, IDGC of Centre, Lenenergo JSC	Member of Auditing Commission
2014	now	Kubanenergo JSC	Member of 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: **Udod Alexandr Nikolaevich**

Year of birth: **1975**

Education:

Higher.

Saint-Petersburg military institute of Internal Troops of the Ministry for Internal Affairs (1997).

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		
1997	2009	Service at Ministry of Internal Affairs of the Russian Federation	
2011	now	Federal Agency for State Property Management (Rosimushchestvo), Krasnodar region	Head of division, deputy head of division
2014	now	Kubanenergo JSC	Member of 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: **no information on this matter.**

Management Board of internal control and risks management

Name: **Fadeev Mikhail Yurievich (chairperson)**

Year of birth: **1974**

Education:

Higher. Kuban State Agrarian University, Krasnodar. Specialization – legal studies.

Qualification – lawyer.

Krasnodar Law Institute of the Ministry of Internal Affairs, post graduate.

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	2012	“IDGC of the South” JSC	Head of Department of property management
2013	Now	“Kubanenergo” JSC	Head of department of material, financial and legal coverage of Olympic facilities construction; after Deputy head of department of internal control and risks management

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: **Varchenko Nataliya Viktorovna**

Year of birth: **1968**

Education:

Higher. 1. Russian Distance Institute of Finance and Economics (Moscow), specialization “Accounting, audit and analysis of business activity”, qualification – economist, 2005. Auditor's qualification certificate, RF Ministry of Finances, general audit license, 2007

2. The Kuban State Technological University (Krasnodar), specialization “Technology and catering arrangement”, qualification – “process engineer”, 1991

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	2011	Vladelets LLC	Chief accountant
2011	now	Kubanenergo JSC	Leading specialist, then head of directorate for internal control and risks management

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: **Gaidar Dmitri Viktorovich**

Year of birth: **1971**

Education:

Higher. Kuban State Agrarian University, Krasnodar, specialization – “Accounting, analyses and audit”, qualification – 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		Company	Position
From	To		
2008	2014	Inter-District Office of the Federal Tax Service of Russia on major taxpayer of Krasnodar region	Head of department of analysis and tax inspection planning
2014	Now	“Kubanenergo” JSC	Head specialist of department of internal control and risks management

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: **Golub Andrei Aleksandrovich**

Year of birth: **1972**

Education:

Higher.

1. Kuban State Technological University, Krasnodar. Specialization – management.

Qualification – engineer-economist.

2. Belgorod University of Consumer cooperation, Belgorod. Specialization – legal studies.

Qualification - lawyer.

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		
2006	2013	Inspection of Federal Service for Taxes No. 1 in Krasnodar	Head of legal department
2013	2013	Directorate of Federal Service for Supervision of Natural Resource Usage in Krasnodar region and Republic of Adyghea	Head of Issues and Media Department
2013	2014	Ministry of Strategic Development of investments and international economic activity of Krasnodar region	Head of department of state support
2014	Now	“Kubanenergo” JSC	Head specialist of department of internal control and risks management

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: **Zemlyanaya Yelena Gennadievna**

Year of birth: **1979**

Education:

Higher.

1. Kuban State Agrarian University, Krasnodar. Specialization – Land planning.

Qualification – engineer-land planner. And specialization - legal studies, qualification – lawyer.

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		
2006	2012	Federal government agency “Administration of federal highways in Krasnodar region of Federal Road Agency”	Deputy head of legal department, after – head of department of building preparation
2013	Now	“Kubanenergo” JSC	Deputy head of department of material, financial and legal coverage of Olympic facilities construction; after lead expert of department of internal control and risks management

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: **Telnykh Maksim Aleksandrovich**

Year of birth: **1980**

Education:

Higher.

1. Kuban State Technological University, Armavir. Specialization – Finance and credit.

Qualification – 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		Company	Position
From	To		
2006	2011	Inspection of Federal Service for Taxes in Surgut	State tax inspector
2011	2012	Inspection of Federal Service for Taxes No. 5 in Krasnodar	Chief state tax inspector
2012	2014	Interregional inspection on major taxpayers in Krasnodar region	Chief state tax inspector
2014	Now	“Kubanenergo” JSC	Lead expert of department of internal control and risks management

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: **Udalova Tatiana Alexandrovna**

Year of birth: **1982**

Education:

Higher. Moscow State Social University, specialization “Finances and credit”, qualification- 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		Company	Position
from	till		
2008	now	Kubanenergo JSC	Engineer of division for capital construction of Krasnodar electric grids branch; then leading economist of division for tenders on construction of Olympic venues; then leading specialist of directorate for internal control and risks management; then lead expert of department of internal control and risks management

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: **Khazikova Zanda Ivanovna**

Year of birth: **1980**

Education:

Higher. 1. Saratov State Law Academy, specialization “Legal studies”, qualification- lawyer.

2. Kalmykia State University, Elista, specialization – “historian, history teacher”

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	2012	Zheleznovodsk City Court, Stavropol region, Zheleznovodsk	Deputy judge, amicus curiae
2012	2014	Branch – “Gazprombank” JSC in Krasnodar	Underwriter of department of retail lending
2014	Now	“Kubanenergo” JSC	Deputy head of department of internal control and risks management

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: **Chernyshenko Nikolay Gennadievich**

Year of birth: **1986**

Education:

Higher. Kuban State Agrarian University, “Accounting, audit and analysis of business activity”, qualification – economist

Kuban State Agrarian University, post-graduate education “Accounting and statistics”

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	2011	Tander CJSC	Chief specialist of sector for audit and reporting on international standards
2008	2011	Magnit JSC	Chief specialist of sector for internal audit
2011	now	Kubanenergo JSC	Chief specialist of directorate for internal control and risks management

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: **Yatsenko Ivan Aleksandrovich**

Year of birth: **1978**

Education:

Higher.

1. Kuban State University, Krasnodar, specialization – “Accounting and audit”.

Qualification – economist.

2. Kuban State Technological University, Krasnodar, specialization – “Business valuation”, qualification – evaluator.

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	2012	“Promsvyazbank” JSC	Head of department of cards of Krasnodar branch, after manager of group of operations with payment cards of Krasnodar branch, after Manager of operational office “Cheryomushki” of Southern branch
2013	2013	Bank “Vozrozhdenie” JSC	Head of group of promotion of retail products of Krasnodar branch
2014	Now	“Kubanenergo” JSC	Chief specialist of directorate of internal control and risks management

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**

In the case of the issuer's internal audit service or other authority of control of its financial and economic activities other than the Audit Committee of the issuer, which is composed of more than 10 persons, the information required by this paragraph, indicated by at least 10 persons which are members of the corresponding issuer's authority on control over its financial and economic activities, including the head of such a body.

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

Details of the amount of reward per each body for control of the Issuer's financial and business activity. 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: **rubles**

Name of the body for control of the Issuer's financial and business activity: **Auditing Commission**

Indicator	2014, 9 months
Remuneration for participation in activity of the managing body	1 598
Salary	
Bonuses	
Commission	
Benefits	
Reimbursement of expenses	
Other remuneration	
Total	1 598

Details of current agreements on such payments in the financial year:

In accordance with the Regulation on Payments of remuneration and compensations to Members of the Audit committee attached to the Board of Directors of JSC "Kubanenergo", as the

Company approved by the annual General Meeting of Shareholders (Minutes dated 06.06.2008, No. 23), the reward payable to members of the Auditing Commission is currently determined as a twentyfold sum of minimum monthly tariff rate of Grade 1 worker with account for indexation established by the branch tariff agreement in the electric power sector of the Russian Federation. Remuneration paid to the Chairperson increase by 50%.

Apart from it the member of Auditing Committee is compensated all the expenses related to participation in the meeting of Audit Committee and performing audit.

Body controlling Issuer’s business activity: Board of internal audit and risks management

Remuneration for participation in the work of the inspection body
unit of measure: **thousand rubles**

indicator	2014, 9 months
Reward	0
Salary	8 057
Bonuses	996
Commission fees	0
Benefits	0
Compensation for expenses	0
Other pecuniary awards	828
Total	9 881

Details on the effective agreements on such payments in the current financial year:

Employees of Board of internal audit and risks management receive all types of payments that are included in salary determined by labour relations and by Regulations on labour payment in “Kubanenergo” JSC.

5.7. Details of 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	2014, 9 months
Average number of employees	8 433
Volume of cash allocated for payment of wages	3 022 278.2
Volume of cash allocated for social welfare	30 055

There are no employees substantially affecting financial and business activity of the Issuer. 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): **2 828**

Date of making the list of persons include the last in the list of those entitled to participate in general meeting of shareholders: **19.05.2014**

Holders of ordinary shares of the issuer subject to inclusion in the list: **2 828**

6.2. Details on participants (shareholders) of the Issuer holding no less than 5 percent of the Issuer's authorized (pooled) capital (co-op share fund) or no less than 5 percent of one's ordinary shares as well as details of participants (shareholders) of such persons 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

Participants (shareholders) of the Issuer holding no less than 5 percent of the Issuer's authorized (pooled) capital (co-op share fund) or no less than 5 percent of one's 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

Russia, 109012, Moscow, Nikolsky per., 9

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.

Nominal Shareholder

Information on nominal shareholder:

Full business name: **Non-bank credit company National Settlement Depository Closed Joint-Stock Company**

Abbreviated business name: **NSD CJSC**

Location

1/13, bldg. 8, Sredny Kislovsky Pereulok, Moscow 125009, Russia

TIN: **7702165310**

PSRN: **1027739132563**

Telephone: **(495) 234-4827**

Fax: **(495) 232-0275**

Fax: **info@nsd.ru**

Details on license of securities market professional participant

No.: **177-12042-000100**

Date of issue: **19.02.2009**

Expiry date:

Perpetual

Name of the body having issued the license: **Federal Commission for the Securities Market (Federal Financial Markets Service) of Russia**

Quantity of the Issuer's ordinary shares registered in the Issuer's Shareholder Register in the name of the nominal shareholder: **261 684 508**

Quantity of the Issuer's privileged shares registered in the Issuer's Shareholder Register in the name of the nominal shareholder: **0**

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: **08.02.2013**

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, %: **14.57**

Portion of the Issuer's ordinary shares held by the person, %: **14.57**

Full business name: **Open Joint-Stock Company "Holding of Interregional Distribution Grid Company"**

Abbreviated business name: **"Holding IDGC" JSC**

Address: 26, Ulanskiy lane, Moscow

TIN: **7728662669**

PSRN: **1087760000019**

Participatory interest of the person in the authorized capital of the Issuer, %: **63.01**

Portion of the Issuer's ordinary shares held by the person, %: **63.01**

Full business name: **Joint-Stock Company of Power Industry and electrification "Tyumenenergo"**

Abbreviated business name: **"Tyumenenergo" JSC**

Address: **4, Universitetskaya street, Surgut, Tyumen district, Khanty-Mansi Autonomous Okrug 628412**

TIN: **8602060185**

PSRN: **1028600587399**

Participatory interest of the person in the authorized capital of the Issuer, %: **19.07**

Portion of the Issuer's ordinary shares held by the person, %: **19.07**

Date of making the list of persons having the right to participate in the General Meeting of Shareholders (Participants) of the Issuer: **29.04.2013**

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, %: **14.57**

Portion of the Issuer's ordinary shares held by the person, %: **14.57**

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, %: **63.01**

Portion of the Issuer's ordinary shares held by the person, %: **63.01**

Full business name: **Joint-Stock Company of Power Industry and electrification "Tyumenenergo"**

Abbreviated business name: **"Tyumenenergo" JSC**

Address: **4, Universitetskaya street, Surgut, Tyumen district, Khanty-Mansi Autonomous Okrug 628412**

TIN: **8602060185**

PSRN: **1028600587399**

Participatory interest of the person in the authorized capital of the Issuer, %: **21.64**

Portion of the Issuer's ordinary shares held by the person, %: **21.64**

Date of making the list of persons having the right to participate in the General Meeting of Shareholders (Participants) of the Issuer: **19.05.2014**

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: **108776000019**

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: 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	8	4 328 183
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)	8	4 328 183
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:

Review of transactions of interest concluded by "Kubanenergo" in the 3rd quarter of 2014

#	Contractor	Contract	Sum of the contract, in rubles
1	Mobile GTES JSC	Additional agreement to the rent contract on recalculation of rent fee	1 440 000,00
2	IDGC of Volga JSC	Organization and holding of activities at training sites of IDGC of Volga JSC	2 400 000,00
3	IDGC of Volga JSC	Agreement on cooperation for prevention and elimination of consequences of accidents at power facilities	-
4	IDGC of Ural JSC	Agreement on cooperation for prevention and elimination of consequences of accidents at power facilities	-
5	IDGC of Centre and Volga region JSC	Agreement on cooperation for prevention and elimination of consequences of accidents at power facilities	-
6	IDGC of the South JSC	Agreement on cooperation for prevention and elimination of consequences of accidents at power facilities	-
7	Tyumenenergo JSC	Agreement on cooperation for prevention and elimination of consequences of accidents at power facilities	-
8	Energoservis of Kuban JSC	Overhaul of Company's facilities	488 183,02

Total:

4 328 183,02

6.7. Details on the amount of accounts receivable

As of the end of reporting quarter

Unit of measurement: thousand rubles

Indicators	Indicator value
Accounts receivable from buyers and customers	1 398 229
including overdue	265 658
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	504 736
including overdue	292 524
Total	1 902 965
including overdue	558 182

Debtors accounting for no less than 10 percent of the total sum of accounts receivable for the specified reporting period:

Full business name: **Open Joint Stock Company “Kuban Energy Selling Company”**

Abbreviated business name: **OJSC “Kubanenergobyt”**

Location: **350000, Krasnodar Territory, Krasnodar, Gimnazicheskaya str., 55**

TIN: **2308119595**

PSRN: **1062309019794**

Sum of accounts receivable: **713 012.77**

Unit of measurement: thousand rubles

Amount and conditions of overdue accounts receivable (interest rate, penalty sanctions): **No**

The debtor is the Issuer’s affiliate: **No**

Full business name: **Branch “Yuzhniy” Open Joint-Stock Company “Oboronenergobyt”**

Abbreviated business name: **Branch “Yuzhniy” JSC “Oboronenergobyt”**

Location: **183/326 Oktyabrskaya/Severnaya street, Krasnodar, Krasnodar region, 350000**

TIN: **7704731218**

PSRN: **1097746448315**

Sum of accounts receivable: **109 214.38**

Unit of measurement: thousand rubles

Amount and conditions of overdue accounts receivable (interest rate, 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 street, Krasnodar, Krasnodar region, 350049**

TIN: **2308091759**

PSRN: **1032304155102**

Sum of accounts receivable: **211.001.46**

Unit of measurement: thousand rubles

Amount and conditions of overdue accounts receivable (interest rate, penalty sanctions): **No**

The debtor is the Issuer’s affiliate: **No**

Dynamics and changing of structure of accounts receivable

Unit of measurement: **thousand rubles.**

Indicator	For 31.12.2013	For 30.09.2014	Dynamics for 9 months of 2014
Trade debtors	3 955 924	1 398 229	-2 557 695
including overdue	1 787 238	265 658	-1 521 580
Notes payable	0	0	0
including overdue	0	0	0
Accounts receivable of participants (founders) on share capital payment	0	0	0
including overdue	0	0	0
Other accounts receivable	1 167 613	504 736	-662 877

including overdue	137 088	292 524	155 436
Total accounts receivable	5 123 537	1 902 965	-3 220 572
Including total overdue accounts receivable	1 924 326	558 182	-1 366 144

VII. Issuer's accounting statements and other financial information

7.1. Issuer's annual accounting statements

Information is not specified for this reporting quarter

7.2. Quarterly accounting statements of the Issuer for the last completed accounting quarter

Balance sheet 30 September 2014

Form No. 1 as per OKUD [Russian National Classifier of Management Documentation]	Codes	
	0710001	
Date	30.09.2014	
Organization: Kuban Open-End Joint-Stock Company of Power Industry and Electrification As per OKPO [Russian National Classifier of Businesses and Organizations]	00104604	
Taxpayer Identification Number TIN	2309001660	
Type of activity as per OKVED [Russian National Classifier of Types of Economic Activity]	40.10.2/40.10.3	
Organizational legal form/ownership form As per OKOPF [Russian National Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership]	1 22 47 / 16	
Unit: thousand rubles As per OKEI [Russian National Classifier of Measurement Units]	384	

no tes	ASSETS	Line code	as of 30 September 2014 (1)	as of 31 December 2013 (2)	as of 31 December 2012 (3)
1	2	3			4
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	10 325	16 110	19 715
	Results of researches and developments	1120	28 692	25 059	17 091

	Intangible development assets	1130			
	Tangible development assets	1140			
	Fixed assets	1150	46 069 735	42 610 826	31 207 441
	Income-bearing investments in tangible valuables	1160			
	Property for leasing	1161			
	Financial investments	1170	45 588	45 588	45 688
	Deferred tax assets	1180	1 089 739	1 032 232	1 006 530
	Other non-current assets	1190	268 472	283 045	269 657
	TOTAL Section I	1100	47 512 551	44 012 860	32 566 122
	II. CURRENT ASSETS				
	Stock	1210	2 107 165	2 050 130	1 914 210
	Value added tax on valuables acquired	1220	9 097	21 337	10 232
	Accounts receivable	1230	1 902 965	5 123 537	3 218 957
	Financial investments	1240			
	Cash and equivalents	1250	8 280 376	12 622 500	4 292 452
	Other current assets	1260	566 923	706 815	972 097
	TOTAL Section II	1200	12 866 526	20 524 319	10 407 948
	BALANCE	1600	60 379 077	64 537 179	42 974 070

	LIABILITIES	Line	as of 30 September 2014	as of 31 December 2013	as of 31 December 2012
1	2	3	4	5	6
	III. CAPITAL AND RESERVES				
	Authorized capital (reserve capital, statutory fund and partners' contributions)	1310	28 286 813	28 286 813	14 294 283
	Treasury stock bought out at from the shareholders	1320			
	Revaluation of non-current assets	1340	9 653 972	9 755 180	8 250 871
	Additional capital (without revaluation)	1350	6 481 916	6 481 916	3 428 746
	Reserve capital	1360	89 347	89 347	89 347
	Unallocated profit (uncovered loss)	1370	-12 176 982	-11 359 824	-9 481 984
	TOTAL Section III	1300	32 335 066	33 253 432	16 581 263
	IV. LONG-TERM LIABILITIES				
	Borrowed funds	1410	15 417 000	17 237 000	5 917 000

Deferred tax liabilities	1420	123 957	126 441	138 702
Reserve for contingent liabilities	1430			
Other liabilities	1450	1 201 844	595 374	265 752
TOTAL Section IV	1400	16 742 801	17 958 815	6 321 454
V. SHORT-TERM LIABILITIES				
Borrowed funds	1510	2 000 000	400 000	10 027 267
Payables	1520	8 755 674	11 651 767	8 278 698
Reserves for future expenses	1530	11 883	11 474	12 598
Estimated liabilities	1540	533 653	1 261 691	1 752 790
Other liabilities	1550			
TOTAL Section V	1500	11 301 210	13 324 932	20 071 353
BALANCE (assets)	1700	60 379 077	64 537 179	42 974 070

**Profit and loss statement
9 months of 2014**

Form No. 2 as per OKUD [Russian National Classifier of Management Documentation]		Codes
		0710002
Date		30.09.2014
Organization: Open Joint-Stock Company of Kuban Power Engineering and Electrification	As per OKPO [Russian National Classifier of Businesses and Organizations]	00104604
Taxpayer Identification Number	INN [Taxpayer Identification Number]	2309001660
Type of activity	as per OKVED [Russian National Classifier of Economic Activities]	40.10.2/40.10.3
Organizational legal form/ownership form Open Joint-Stock Company	As per OKOPF [Russian National Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership]	1 22 47 / 16
Unit: thousand RUR	As per OKEI [Russian National Classifier of Measurement Units]	384

	Indicator	Line	9 months of	9 months of
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			2014 (1)	2013 (2)
1	2	3	4	5
	Proceeds	2110	21 194 784	22 470 895
	Cost of sales	2120	-20 840 475	-22 293 034
	Gross profit (loss)	2100	354 309	177 861
	Commercial expenses	2210		
	Administrative expenses	2220		
	Sales profit (loss)	2200	354 309	177 861
	Participation incomes	2310	5	3
	Interest receivable	2320	485 590	281 945
	Interest payable	2330	-1 312 716	-1 152 954
	Other incomes	2340	1 807 348	544 240
	Other expenses	2350	-2 336 501	-1 969 260
	Profit (loss) before tax	2300	-1 001 965	-2 118 165
	Current profit tax	2410		
	Including constant tax liabilities (assets)	2421	274 309	175 866
	Changes in deferred tax liabilities	2430	2 144	8 022
	Changes in deferred tax assets	2450	-76 060	239 745
	Other	2460	157 515	58 884
	Net profit (loss)	2400	-918 366	-1 811 514
	FOR REFERENCE:			
	Results of revaluation of non-current assets not included into net profit (loss) of the period	2510	-	-
	Results of other operations not included into net profit (loss) of the period	2520	-	-
	Aggregate financial result of the period	2500	-918 366	-1 811 514
	Basis profit (loss) per share	2900	-3,2470	-10,0800
	Diluted profit (loss) per share	2910	-3,2470	-10,0800

7.3. Consolidated accounting statements of the Issuer for the last closed financial year

7.4. Information on the accounting policy of the Issuer

No changes occurred in the information during the reporting quarter

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: **Alienation of Issuer's property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "Yuzhnaya-Adler"**

Ground for changing: **write-off**

Date of occurrence of changes: **20.11.2013**

Balance cost of alienated property: **33 052.45**

Unit of measurement: **thousand rubles**

Price of alienated property:

Unit of measurement: **thousand rubles**

Changes: **Alienation of Issuer's property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "Golovinka-Volkonka"**

Ground for changing: **write-off**

Date of occurrence of changes: **20.11.2013**

Balance cost of alienated property: **12 405.123**

Unit of measurement: **thousand rubles**

Price of alienated property:

Unit of measurement: **thousand rubles**

Changes: **Alienation of Issuer's property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "Lermontovo-Dzhubga"**

Ground for changing: **write-off**

Date of occurrence of changes: **20.11.2013**

Balance cost of alienated property: **12 405.123**

Unit of measurement: **thousand rubles**

Price of alienated property:

Unit of measurement: **thousand rubles**

Changes: **Alienation of Issuer's property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "substation Dzhubga-substation Arkhipo-Osipovka"**

Ground for changing: **purchase**
Date of occurrence of changes: **31.12.2013**
Balance cost of alienated property: **267 383.728**
Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "thermal electric power station "Dzhubginskaya"-substation Arkhipo-Osipovka"**

Ground for changing: **purchase**
Date of occurrence of changes: **31.12.2013**
Balance cost of alienated property: **267 383.728**
Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "thermal electric power station "Dzhubginskaya"-substation Dzhubga"**

Ground for changing: **purchase**
Date of occurrence of changes: **31.12.2013**
Balance cost of alienated property: **363 680.978**
Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "Dagomys traction substation-Pasechnaya" (substation "Dagomys traction")**

Ground for changing: **purchase**
Date of occurrence of changes: **31.12.2013**
Balance cost of alienated property: **151 711.448**
Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "Dagomys-Rodnikovaya" (op.46a-substation "Rodnikovaya")**

Ground for changing: **purchase**
Date of occurrence of changes: **31.12.2013**
Balance cost of alienated property: **96 157.568**
Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's

property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV “Dzubginskaya thermal electric power station - Lermontovo”**

Ground for changing: **purchase**

Date of occurrence of changes: **31.12.2013**

Balance cost of alienated property: **659 238.429**

Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV “Dagomys 220 kV – substation Rodnikovaya” (cable line section support No. 14a – support No. 46a)**

Ground for changing: **putting into operation**

Date of occurrence of changes: **30.09.2014**

Balance cost of alienated property: **560143.69**

Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV Substation “Bocharov rucheï – substation Sochi” (Section: cable line of substation “Bocharov rucheï” - support No. 46a)**

Ground for changing: **putting into operation**

Date of occurrence of changes: **30.09.2014**

Balance cost of alienated property: **374238.04**

Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV “Dagomys 220 kV – substation Vereschagibskaya” (Section of cable line of substation “Vereschaginskaya” support No. 3a)**

Ground for changing: **putting into operation**

Date of occurrence of changes: **30.09.2014**

Balance cost of alienated property: **307762.69**

Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV “Adlerskaya thermal electric power station – substation “Adler” (section: support No. 26a – substation “Adler”)**

Ground for changing: **putting into operation**

Date of occurrence of changes: **30.09.2014**

Balance cost of alienated property: **375321.206**

Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "Khosta-Adler"**

Ground for changing: **putting into operation**

Date of occurrence of changes: **30.09.2014**

Balance cost of alienated property: **445371.929**

Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "Adler-Psou"**

Ground for changing: **putting into operation**

Date of occurrence of changes: **30.09.2014**

Balance cost of alienated property: **627591.402**

Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "Volkonka – Magri" Section of cable line 110 kV from substation "Magri" to long-span support No. 54 (included supports No. 102/1 – step down substation No. 54)**

Ground for changing: **putting into operation**

Date of occurrence of changes: **30.09.2014**

Balance cost of alienated property: **339 069.048**

Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "Volkonka – Golovinka" (support 4g – Substation Volkonka)**

Ground for changing: **putting into operation**

Date of occurrence of changes: **30.09.2014**

Balance cost of alienated property: **316 458.542**

Unit of measurement: **thousand rubles**

Changes: **Purchasing of property**

Type of property (immovable property) that was alienated (purchased) from Issuer's property: **Transmitting facilities**

Brief description of alienated (purchased) property: **power line 110 kV "Volkonka – Yakornaya schel"**

Ground for changing: **putting into operation**

Date of occurrence of changes: **30.09.2014**
Balance cost of alienated property: **438 159.484**
Unit of measurement: **thousand rubles**

Additional Information: None

7.7. Details on the Issuer's participation in judicial trials that may substantially affect the Issuer's financial and business activity

In 2013 "Kubanenergo" participated in nine trials, the results of the consideration of which may significantly affect business activity of the Company:

- The claim of "Kubanenergo" JSC to "Kubanenergoby" JSC to recover the debt in the amount of 167 195 180 rubles under a service contract for the transfer of electrical energy. Decision of the Arbitration Court of Krasnodar region denied the claims of "Kubanenergo" JSC.
- The claim of "Kubanenergo" JSC to "Nizhnovatomenergoby" JSC to recover the debt in the amount of 107 540 490 rubles under a service contract for the transfer of electrical energy. By the resolution of the Fifteenth Appellate Court on 26.06.2012 claim was satisfied in the amount of 41 386 550 rubles.
- The claim of "Kubanenergo" JSC to "Nizhnovatomenergoby" to recover the debt in the amount of 266 967 430 rubles under a service contract for the transfer of electrical energy. By the resolution of the Commercial Court of Krasnodar region on 26.09.2013 claims were satisfied.

- The claim of "Kubanenergo" JSC to "Nizhnovatomenergoby" JSC to recover the debt in the amount of 135 292 970 rubles under a service contract for the transfer of electrical energy. By the resolution of the Commercial Court of Krasnodar region on 10.09.2013 claims were satisfied
- The claim of "Kubanenergo" JSC to "Armavirenergoinvest" JSC to recover the debt in the amount of 22 044 360 rubles under a service contract for the transfer of electrical energy. The Arbitration Court of Krasnodar Region on 26.10.2012 denied the claim. Resolution of the Fifteenth Appellate Court on 12.02.2013 denied the claim of "Kubanenergo" JSC.
- The claim of "Kubanenergo" JSC to JSC "Rusenergoresurs" to recover the amount of debt in the amount of 17,543,840 rubles under a service contract for the transfer of electrical energy. The Arbitration Court of Krasnodar Region on 13.02.2013 in meeting the demands denied.
- The claim of "Kubanenergo" JSC to "Maikop CHP" LLC to recover the debt in the amount of 45 626 400 rubles under a service contract for the transfer of electrical energy. By the resolution of the Commercial Court of Krasnodar region on 04.06.2012 claims were satisfied.
- The claim of "Kubanenergo" JSC to "Rusenergoby" LLC to recover the debt in the amount of 74 704 330 rubles under a service contract for the transfer of electrical energy. The Arbitration Court of Moscow on 19.12.2012 denied the claim.
- The claim of "Kubanenergo" JSC to "Kubanenergoby" JSC to recover the disputed sum in the amount of 1 681 049 950 rubles under a service contract for the transfer of electrical energy. The Arbitration Court of Krasnodar Region on 04.03.2013 denied the claim.
- The claim of "Kubanenergo" JSC to "Maikop CHP" LLC to recover the debt in the amount of 55 165 020 rubles under a service contract for the transfer of electrical energy. By decision of Commercial court of Krasnodar region claims were satisfied on 03.07.2013.
- The claim of "Kubanenergo" JSC to "Maikop CHP" LLC to recover the debt in the amount of 15 833 340 rubles under a service contract for the transfer of electrical energy. By decision of Commercial court of Republic of Adygea claims were satisfied on 13.12.2013.

9 months of 2014: Company participated in 16 cases:

- The claim of “Kubanenergo” JSC to “Kubanenergoby” JSC to recover of the debt in the amount of 41 211 490 rubles under a service contract for the transfer of electrical energy. By the resolution of the Commercial Court of Krasnodar region on 09.04.2014 claim was left undecided in accordance with paragraph 11 of the Agreement.
- The claim of “Kubanenergo” JSC to “Kubanenergoby” JSC to recover of the debt in the amount of 73 533 580 rubles under a service contract for the transfer of electrical energy. By the resolution of the Commercial Court of Krasnodar region on 08.04.2014 claim was left undecided in accordance with paragraph 11 of the Agreement.
- The claim of “Kubanenergo” JSC to “Kubanenergoby” JSC to recover of the debt in the amount of 197 693 350 rubles under a service contract for the transfer of electrical energy.
- The claim of “Kubanenergo” JSC to “Kubanenergoby” JSC to recover of the debt in the amount of 314 107 240 rubles under a service contract for the transfer of electrical energy. By the resolution of the Commercial Court of Krasnodar region on 08.04.2014 claim was left undecided in accordance with paragraph 11 of the Agreement.
- The claim of “Kubanenergo” JSC to “Kubanenergoby” JSC to recover of the debt in the amount of 24 308 850 rubles under a service contract for the transfer of electrical energy.
- The claim of “Kubanenergo” JSC to “Kubanenergoby” JSC to recover of the debt in the amount of 32 851 270 rubles under a service contract for the transfer of electrical energy.
- The claim of “Kubanenergo” JSC to “Oboronenergoby” JSC to recover of the debt in the amount of 18 592 430 rubles under a service contract for the transfer of electrical energy. By the decision of the Commercial Court of Krasnodar region dd.19.03.2014 the claims were satisfied in amount of 14 188 280 rubles.
- The claim of “Kubanenergoby” JSC to “Kubanenergo” JSC to recover of the debt in the amount of 1 253 596 260 rubles under a service contract for the transfer of electrical energy. By the resolution of the Court on 28.03.2014 claim was left undecided in accordance with paragraph 11 of the Agreement.
- The claim of “Kubanenergo” JSC to “Maikop CHP” LLC to recover of the debt in the amount of 69 087 050 rubles under a service contract for the transfer of electrical energy. By decision of Commercial court of Republic of Adygea claims were satisfied on 18.03.2014.
- The claims of “Kubanenergo” JSC to “Maikop CHP” LLC on recover of the debt in the amount of 57 067 550 rubles under a service contract for the transfer of electrical energy.
- The claims of “Kubanenergo” JSC to “Oboronenergoby” JSC on recover of the debt in the amount of 101 335 700 rubles under a service contract for the transfer of electrical energy.
- The claims of “FGC UES” JSC to “Kubanenergo” JSC on recover of the debt in the amount of 4 152 055 411 rubles 68 kopecks under a service contract for the transfer of electrical energy.
- Application of “Kubanenergo” JSC to include in list of creditors of “Nizhnovatomenergoby” JSC in the amount of 390 828 652.40.
- The claims of “INTER RAO – Electric Power Plants” to “Kubanenergo” JSC on recover of the debt in the amount of 19 566 956 rubles 27 kopecks by the Decision of Commercial Court of Moscow claims were satisfied on 26.09.
- The claims of “Kubanenergo” JSC to “Oboronenergoby” JSC on recover of the debt in the amount of 101 335 700 rubles under a service contract for the transfer of electrical energy. By the decision of the Commercial Court of Krasnodar region dd. 30.09.2014 the claims were satisfied in amount of 56 335 706 rubles 30 kopecks due to partial ex gratia payment.
- The claims of “Kubanenergo” JSC to MK “EnergoSeti” LLC on recover of the debt in the amount of 178 270 237 rubles 56 kopecks under a service contract for the transfer of electrical energy.

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

Information about changes of the amount of authorized (reserve) capital (share fund) of the Issuer for last five completed financial years prior to the date of termination of the accounting period, as well as in the accounting quarter

Date of changes of the AC: **17.01.2014**

Amount of the AC before changes (RUR): **14 294 283 000**

Structure of the AC before changes

Ordinary shares

Total nominal cost: **14 294 283 000**

Amount of share in the AC, %: **100**

Privileged:

Total nominal cost: **0**

Amount of share in the AC, %: **0**

Amount of the AC after changes (RUR): **28 286 813 000**

Structure of the AC after changes

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**

Name of the management body of the Issuer having taken the decision on changes of the Issuer's authorized (reserve) capital (share fund): **General Shareholders Meeting**

Date of the minutes of meeting (session) of the management body of the Issuer, having taken the decision on changes of the Issuer's authorized (reserve) capital (share fund):

20.03.2013

Minutes No.: **33**

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 sent (or handed) to each person indicated in the list of persons entitled for participation in the General Shareholders Meeting, is published by the Company in Kuban News and Soviet Adygea newspapers, as well as is placed on Company web-site in Internet: www.kubanenergo.ru , not later than 30 (thirty) days before its holding.

In case a nominal shareholder is registered in Company shareholders register, the notification on holding of the General Shareholders Meeting is sent to the address of the nominal shareholder, if the list of persons entitled for participation in the General Shareholders Meeting does not contain another address, at which the notification on holding of the General Shareholders Meeting should be sent.

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 JSC 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) percent 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 order of definition of 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, OJSC, 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.

The 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 (Art. 13 of the Charter of Kubanenergo, JSC).

The 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.

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:

Voting results and decisions made by the General Shareholders Meeting of the Company may be announced at the General Shareholders Meeting of the Company.

Should the ballot and the decisions made by the Company General Shareholders Meeting not be announced at such General Meeting of Shareholders, not later than 10 (ten) days after drawing up of the ballot minutes, the decisions made by the General Shareholders Meeting, as well as the ballot, shall be brought to the notice of the persons on the list of those entitled to participate in the General Shareholders Meeting, in the form of a ballot report, in the order foreseen for communication on the fact of holding of the General Shareholders Meeting.

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: **Plamya Health Complex Open Joint-Stock Company**
Abbreviated business name: **OK Plamya, JSC**

Location

2, Novomikhailovsky vill., 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: **Kuban Energoservice Open Joint-Stock Company**
Abbreviated business name: **Kuban Energoservice, OJSC**

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: **Energetic Rest Home, Open Joint-Stock Company**
Abbreviated business name: **P/o Energetic, OJSC**

Location

4, Pionerskaya ul., Divnomorskoye vill, 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 (RUR): **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) 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

Such issues do not exist

8.3.2 Information on issues of securities that were not redeemed

Such issues do not exist

8.4. Information of persons that provided security on bonds of the issue

The issuer did not register the prospectus of bonds with security, admission to trading at stock exchange was not stipulated

8.4.1. Conditions of implementation obligations on mortgage-backed securities

The issuer did not distributed mortgage-backed securities, obligations for which were not implemented

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: **Open 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**

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 1, No. 146-FZ dated July 31, 1998.
2. Tax Code of the Russian Federation, Part 2, No. 117-FZ dated August 05, 2000.
3. Law of the Russian Soviet Federal Socialist Republic (RSFSR) "On investment activity in the RSFSR" dated June 26, 1991.
4. Federal Law No. 160-FZ "On foreign investments in the Russian Federation" dated July 9, 1999.
5. Federal Law No. 39-FZ "On securities market" dated April 22, 1996.

6. Federal Law No. 173-FZ “On exchange regulation and exchange control” dated December 10, 2003 .
7. Federal Law No. 86-FZ “On the Central Bank of the Russian Federation (Bank of Russia)” dated July 10, 2002.
8. Federal Law No. 115-FZ “On countermeasures against legalization (laundering) of incomes received in a criminal way and against terrorism funding” dated August 07, 2001.
9. Federal Law No. 39-FZ “On investment activity in the Russian Federation carried out in the form of foreign capital investments” dated February 25, 1999.
10. International treaties of the Russian Federation on avoidance of double taxation.

8.7. Description of the procedure for the taxation of income from placed and placing issue securities of the Issuer

In accordance with articles 43 of the Tax Code, any income received by a shareholder of the organization, while the distribution of profits, remaining after taxes, on shares held by the shareholder in proportion to the shareholders in the share capital of the organization is recognized as dividend.

As dividends are not recognized:

- 1) payment to shareholder during the liquidation of the organization in cash or in natural form, not exceeding the contribution from the shareholder to the share capital of the organization;
 - 2) payments to shareholders in the form of transfer of shares of the same organization
- Peculiarities of the personal income tax in respect of income from equity organizations are described in article 214 of the Tax Code of the Russian Federation.

Tax on the income of natural persons (hereinafter – the tax) in respect of income from equity participation in the organization received in the form of dividends is determined by considering the following points: as a source of income of the taxpayer received in the form of dividends is a Russian organization, then this organization is recognized by tax agent and determines the amount of tax for each taxpayer in respect of each payment of the income at the rate provided for in paragraph 4 of article 224 of the Tax Code of the Russian Federation, in the manner prescribed by article 275 of the Tax Code of the Russian Federation.

Article 224 of the Tax Code specifies that in respect of proceeds from the equity in organizations, in the form of dividends received by individuals that are residents of the Russian Federation, the tax rate is set at 9%.

The tax rate of 15% is set in respect of income in form of dividends from participation in Russian companies, received by individuals that are not tax residents of the Russian Federation.

In relation to legal persons to the tax base determined by income received in the form of dividends, the following rates are used:

- 1) 9% - income received as dividends from Russian organizations by Russian organizations and individuals - tax residents of the Russian Federation;
- 2) 15 per cent - on income received as dividends from Russian entities by foreign organizations if there is no agreement on the avoidance of double taxation between the Russian Federation and the State receiving the dividend or if such agreement provides other conditions.

Along with it, the tax is calculated with the specifications specified in Article 275 of the Tax Code of the Russian Federation:

- 1) as the issuer is a Russian company then it is recognized a tax agent and determines the amount of the tax;
- 2) the sum of tax for retention from the income of the taxpayer - recipient of the dividend is calculated by the tax agent on the basis of the total amount of tax calculated in the manner prescribed by article 275 of the Tax Code, and the share of each taxpayer in the total amount of

dividends.

The total amount of tax is determined as the multiplication of the tax rate established in subparagraph 1 of paragraph 3 of article 284 of the Tax Code, and the difference between the amount of dividends to be distributed to the shareholders (participants) in the current tax period reduced by the amount of dividends to be paid by the tax agent in accordance with paragraph 3 of the same article in the current tax period, and the amount of dividends received by the tax agent in the current reporting (tax) period and the previous reporting (tax) period, if such dividend amount have not been involved in the calculation for determining taxable income as dividends. If the difference is negative the liability to pay the tax does not arise and refund of the budget is not performed.

8.8. Information on announced (accrued) and paid dividend on the Issuer's shares as well as of incomes from the Issuer's bonds

8.8.1. Information on announced (accrued) and paid dividend on the Issuer's shares

Dividend period

Year: **2005**

Period: **Full year**

Name of the Issuer's management body having taken decision on (announced) payment of dividend on the Issuer's shares: **General Meeting of Shareholders (Participants)**

Arrangement date of the meeting (session) of the Issuer's management body whereat decision was taken on payment (announcement) of dividend: **29.05.2006**

Date as whereof the list of persons having the right to receive dividend for the specific dividend period was generated: **12.04.2006**

Minutes generation date: **11.06.2006**

Minutes No.: **18**

Shares category (type): **Ordinary**

Amount of announced (accrued) dividend on shares of the specific category (type) per one share, RUR: **4.476917**

Aggregate amount of announced (accrued) dividend on all the shares of the specific category (type), RUR: **80,000,000**

Total amount of dividend paid on all the shares of the specific category (type), rubles: **79 662 676.97**

Source of payment of declared dividends: **net profit**

Share of declared dividends in net revenue of reporting year, %: **17.51**

Share of paid out dividends from total volume of declared dividends on shares of the type (category), %: **99.58**

Term assigned for payment of announced dividend on the Issuer's shares: **60 days**

Form and other conditions of payment of announced dividend on the Issuer's shares: **Cash**

Announced dividend on the Issuer's shares was not paid in full

Causes of non-payment of announced dividend:

Causes of non-payment of announced dividend: if persons registered as Company's shareholders did not provide information on changes in their personal 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)".

Dividend period

Year: **2006**

Period: **Full year**

Name of the Issuer's management body having taken decision on (announced) payment of dividend on the Issuer's shares: **General Meeting of Shareholders (Participants)**

Arrangement date of the meeting (session) of the Issuer's management body whereat decision was taken on payment (announcement) of dividend: **01.06.2007**

Date as whereof the list of persons having the right to receive dividend for the specific dividend period was generated: **26.04.2007**

Minutes generation date: **05.06.2007**

Minutes No.: **20**

Shares category (type): **Ordinary**

Amount of announced (accrued) dividend on shares of the specific category (type) per one share, RUR: **1.253593**

Aggregate amount of announced (accrued) dividend on all the shares of the specific category (type), RUR: **22,401,000**

Total amount of dividend paid on all the shares of the specific category (type), rubles: **22 303 192.2**

Source of payment of declared dividends: **net profit**

Share of declared dividends in net revenue of reporting year, %: **37.77**

Share of paid out dividends from total volume of declared dividends on shares of the type (category), %: **99.56**

Term assigned for payment of announced dividend on the Issuer's shares:

60 days

Form and other conditions of payment of announced dividend on the Issuer's shares:

Cash

Announced dividend on the Issuer's shares was not paid in full

Causes of non-payment of announced dividend:

Causes of non-payment of announced dividend: if persons registered as Company's shareholders did not provide information on changes in their personal 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)".

Dividend period

Year: **2007**

Period: **Full year**

Name of the Issuer's management body having taken decision on (announced) payment of dividend on the Issuer's shares: **General Meeting of Shareholders (Participants)**

Arrangement date of the meeting (session) of the Issuer's management body whereat decision was taken on payment (announcement) of dividend: **29.05.2008**

Date as whereof the list of persons having the right to receive dividend for the specific

dividend period was generated: **17.04.2008**

Minutes generation date: **06.06.2008**

Minutes No.: **23**

Shares category (type): **Ordinary**

Amount of announced (accrued) dividend on shares of the specific category (type) per one share, RUR: **1.678844**

Aggregate amount of announced (accrued) dividend on all the shares of the specific category (type), RUR: **30,000,000**

Total amount of dividend paid on all the shares of the specific category (type), rubles: **29 873 068.07**

Source of payment of declared dividends: **net profit**

Share of declared dividends in net revenue of reporting year, %: **8.2**

Share of paid out dividends from total volume of declared dividends on shares of the type (category), %: **99.58**

Term assigned for payment of announced dividend on the Issuer's shares:

15 days

Form and other conditions of payment of announced dividend on the Issuer's shares:

Cash

Announced dividend on the Issuer's shares was not paid in full

Causes of non-payment of announced dividend:

Causes of non-payment of announced dividend: if persons registered as Company's shareholders did not provide information on changes in their personal 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)".

According to the Regulations on the Information Policy of the Company, information on announced and paid dividend is indicated for the last 10 completed financial years.

For 2003, 2004, 2008-2011, 2012 financial years, the General Meeting of Shareholders of the Issuer took the decision not to pay dividend.

Additional information disclosed in accordance with the Regulations on the Information Policy:

The dividend policy is a system of relations and principles for determination of the amount of dividend, procedure and terms of its payment as well as establishment of the Company's responsibility for failure to fulfil one's dividend payment liabilities.

The dividend policy of OJSC "Kubanenergo" is based on a balance of interest of the Issuer and shareholders in the course of dividend payment amounts determination, on respect and strict observation of shareholders' rights stipulated by the acting legislation of the Russian Federation, the Charter and in-house documents of the Issuer, and is aimed at enhancement of the Issuer investment attractiveness, capitalization and shareholder value.

Apart from capitalization growth, the Company strives to increase the amount of dividend paid to shareholders proceeding from the amount of profit derived in the reporting financial period and the needs for the Company production and investment activity development.

On December 3, 2006, for the purposes of ensuring transparency of the dividend amount determination and payment mechanism and informing

shareholders and other stakeholders of the Company dividend policy, the Board of Directors of OJSC “Kubanenergo” approved restated Regulations on the Dividend Policy (Minutes No. 25/2006).

On August, 31, 2010, the Board of Directors of OJSC “Kubanenergo” approved the Regulation as restated (Minutes No. 95/2010), additionally containing provisions improving the procedure of disclosure of information on issues related to calculation and payment of dividend and the dividend amount determination procedure for shareholders and other stakeholders.

8.8.2. Information on accrued and paid income on Bonds

Contains information on each bond issue, which for the last 5 completed financial years, if the issuer carries out its activity for less than 5 years - for each completed fiscal year, and for the period from the date of the beginning of the year to the end of the reporting quarter, the income was paid.

Kind of securities: **Bonds**

Form of securities: **Documentary pay-to bearer**

Series: **01**

Inconvertible interest-bearing securities with mandatory centralized storage

State registration number of the issue: **4-01-00063-A**

Date of state registration of the issue: **05.06.2007**

Body having carried out issue state registration: **Federal Financial Markets Service of Russia**

Date of state registration of the report on the results of issue: **28.08.2007**

Body having carried out issue state registration of the report on the results of issue: **Federal Financial Markets Service of Russia**

Quantity of bonds in the issue: **3 000 000**

Nominal value of each bond in the issue, RUR: **1 000**

Volume of issue at nominal value: **3 000 000 000**

Basic details on incomes from the issue bonds:

Type of income paid on the bonds: coupon

Amount of interest (coupon) income from the bonds, its payment procedure and conditions:

Coupon period: 1

Coupon period commencement date: 25.07.2007

Coupon period expiry date: 23.01.2008

Coupon period duration (days): 182

Amount of income per a single bond coupon (in % and in rubles): 7.85% annual, 39 rubles 14 kopecks.

Amount of income per a coupon payable on all the bonds in the issue/paid on all the bonds in the issue (rubles): 117,420,000/117,420,000

Date of payment on the coupon: 23.01.2008

Holders list record date: 14.01.2008

Coupon period: 2

Coupon period commencement date: 23.01.2008
Coupon period expiry date: 23.07.2008
Coupon period duration (days): 182
Amount of income per a single bond coupon (in % and in rubles): 7.85% annual, 39 rubles 14 kopecks.
Amount of income per a coupon payable on all the bonds in the issue/paid on all the bonds in the issue (rubles): 2,355,366.92/2,355,366,92
Date of payment on the coupon: 23.07.2008
Holders list record date: 14.07.2008

Coupon period: 3

Coupon period commencement date: 23.07.2008
Coupon period expiry date: 21.01.2009
Coupon period duration (days): 182
Amount of income per a single bond coupon (in % and in rubles): 7.85% annual, 39 rubles 14 kopecks.
Amount of income per a coupon payable on all the bonds in the issue/paid on all the bonds in the issue (rubles): 2,355,366.92/2,355,366,92
Date of payment on the coupon: 21.01.2009
Holders list record date: 21.01.2009

Coupon period: 4

Coupon period commencement date: 21.01.2009
Coupon period expiry date: 22.07.2009
Coupon period duration (days): 182
Amount of income per a single bond coupon (in % and in rubles): 7.85% annual, 19 rubles 57 kopecks.
Amount of income per a coupon payable on all the bonds in the issue/paid on all the bonds in the issue (rubles): 35,476,887.40/35,476,887.40
Date of payment on the coupon: 22.07.2009
Holders list record date: 17.07.2009

Coupon period: 5

Coupon period commencement date: 22.07.2009
Coupon period expiry date: 20.01.2010
Coupon period duration (days): 182
Amount of income per a single bond coupon (in % and in rubles): 7.85% annual, 19 rubles 57 kopecks.
Amount of income per a coupon payable on all the bonds in the issue/paid on all the bonds in the issue (rubles): 58,687,416.41/58,687,416,41
Date of payment on the coupon: 20.01.2010
Holders list record date: 14.01.2010

Coupon period: 6

Coupon period commencement date: 20.01.2010
Coupon period expiry date: 21.07.2010
Coupon period duration (days): 182
Amount of income per a single bond coupon (in % and in rubles): 7.85% annual, 19 rubles 57 kopecks.
Amount of income per a coupon payable on all the bonds in the issue/paid on all the bonds in the issue (rubles): 275,027,621.24/275,027,621.24
Date of payment on the coupon: 21.07.2010

Holders list record date: 15.07.2010

Payment of coupon income from the Bonds was effected in terms of Russian Federation rubles in non-cash form for the benefit of the Bonds holders. Payment of coupon income from the Bonds was effected for the benefit of the Bonds holders thus qualified as of expiry of the operational day of CJSC "NDC"(carrying out centralized storage of the issue securities) preceding the 6th (sixth) working day from the date of payment of coupon income from the Bonds.

In the first quarter of 2008, due to the extraordinary General Meeting of Shareholders of OJSC "Kubanenergo" having taken decision on the Company reorganization in the form of takeover by OJSC "IDGC of South"(Minutes No. 22 dated 22.01.2008.), in accordance with Article 60 of the Civil Code of the Russian Federation and Article 15 of Federal Law "On Joint-Stock Companies", the Company carried out buyout of 2 939.822 bonds in the amount of 2 939.8 mln RUR (upon such bonds holders' request).

8.9. Other details

8.9.1. Assets evaluation methods.

In accordance with the Accountancy Decree "Accounting Policy of Organization" PBU 1/2008, adopted by Order of the Ministry of Finances of the Russian Federation dated 06.10.2008 No. 106n, Kubanenergo JSC drawn up its accounting policy confirming methods of valuation of assets (fixed assets, financial investments, material stocks, etc.). In course of working out of methods of assets valuation, Accountancy Decree of the Russian Federation (PBU) regulating issues of accountancy and reporting were used. Assets and liabilities of the Company are evaluated in the accountancy by actual expenditures for their acquisition.

8.9.2. Prediction of production and financial results of the Company's activity.

The main purpose of "Kubanenergo" in 2014 is accident-free winter and summer season of peak loads, timely implementation of measures by the control bodies for obtaining in time certificates of preparedness, performance of investment and maintenance programs that will create an opportunity for further connection of customers to the network of "Kubanenergo", minimization of excessive losses.

To achieve the target indicators of financial and economic activity on electricity transmission is necessary: implementation of the planned structure of the productive supply, absence of growth in the cost of the system and non- controlled cost items of the Issuer.

Significant risk in 2014 for the transfer of power is:

- inaccurate planning of balances of power and capacity by the regional market participants and Regional Energy Commission of Krasnodar Region;
- approval of the mid-year of electricity transmission tariffs for the newly formed network of related organizations, the emergence of uncompensated costs on them;
- during the transfer to the calculations for the content of network capacity increases the economic responsibility of sales companies for non-compliance of the actual structure of the useful output of the target consumers, for stress (as during the settlements with the network company the actual capacity will not be measured, the planned / contractual values will be used);
- low payment discipline of energy-selling companies, non-compliance with contractual obligations.

Planning of Company's activities shall be performed with the following parameters:

- consolidated forecast balance of production and supply of electric power within the Unified Energy System of Russia on subjects of Russian Federation;
- forecast of tariff growth on electricity transmission services;
- forecast of growth of consumer prices;
- forecast of growth of losses purchase price;

· amount of losses of electric energy on input to grid including depreciation of equipment, load modes in networks, commercial losses and other.

Quarterly financial results, thousand rubles

		2 nd quarter of 2014	3 rd quarter of 2014
1	Revenues (nett) from sales of production (services), total	6 475,0	7 450,1
2	Production price (services), total	6 516,1	6 988,0
3	Total profit, total	-41,2	462,0
4	Net profit (loss)	-753,4	533,9

Changing of indicators of financial and economic activity of “Kubanenergo” JSC in 3rd quarter of 2014, in comparison with the 2nd quarter of 2014 characterizes by the following dynamics:

- revenue increasing from sale of production (services) in the reporting quarter for 975.1 million rubles or for 15.1% because of increase in revenue for services on electric energy transmitting for 15.5%
- reduction in revenue for services on technological connection for 43%;
- production cost increasing for 471.9 mln. rubles or for 7.2%;
- increasing of net profit by the results of reporting period for 1 287.3 mln. rubles.

8.9.3. Information on transactions concluded by the Issuer with state companies and quarterly review of such transactions; quarterly review of transactions between the Issuer and the Issuer’s shareholders holding no less than 5% of the Issuer's voting shares; quarterly review of intra-group transactions

Transactions with state companies:

During the reporting quarter, the Company has concluded 233 transactions with state and municipal companies for a total sum of 78.5 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” JSC.

One transaction was concluded with Company’s affiliate:

Contractor	Subject of the contract	Price, in rubles
Energoservis Kubani JSC	Overhaul of Company’s facilities	488 183.02

In the reporting quarter, transactions between

- the issuer and Rosseti JSC owning more than 5% of Kubanenergo shares
- members of management bodies of subsidiary and dependent companies
- subsidiary and dependent companies of the issuer

were not concluded

8.10. Data on the securities distributed and on the Issuer of the distributed securities, the property right certified by Russian depositary receipts

The Issuer is not the Issuer of the securities, the property right of which is to be certified by Russian depositary receipts.