

Registered on 30 November 1998
by the Federal Commission for the Securities Market of RF
Deputy Chairperson of
the Federal Commission for the Securities Market of RF

Kolesnikov A.S.
(full name, authorized signature)

Decision on Issue of Securities
Ordinary Registered Shares of
Open Joint Stock Company “Power Industry and Electrification of Kuban”

State registration number: 1-03-00063-A

Deputy Chairperson of
the Federal Commission for the Securities Market of RF

Kolesnikov A.S.
(authorized signature)

The Decision is approved by the Board of Directors of “Power Industry and Electrification of Kuban” JSC (minutes #1 dated 16 June 1998) on the basis of resolution of the general meeting of shareholders of “Power Industry and Electrification of Kuban” JSC (minutes #6 dated 22 May 1998)

“Power Industry and Electrification of Kuban” JSC
2 Stavropolskaya street, Krasnodar, 350033
Phone: 33-34-06

The Resolution on the issue of securities was registered on 21 December 1995.

Director General of
“Power Industry and Electrification of Kuban” JSC

Reva I.S.

15.07.98

1. Type of securities: ordinary registered shares.
2. Form of securities: non-documentary.
3. The Decision on the issue does not stipulate the issue of documentary securities, that is why mandatory centralized custody is not considered.
4. Nominal value of each ordinary share – 100 (one hundred) rubles.
Rights granted to owners by one ordinary share:
Each ordinary share of the Company provides a shareholder – its owner, equal rights.

A shareholder-owner of an ordinary share is entitled to participate in the general meeting of shareholders with the right to vote on all issues of his/her competence, as well as receive dividends, and in case of dissolution of the Company shareholders are entitled to receive part of the Company's property.

In accordance with article 14.7 of the Charter, the Company's shareholders have an access to: the Charter of the Company, changes and additions to it, registered in due order; resolution on establishment of the Company; certificate of state registration of the Company; documents that confirm the Company's ownership of property on the balance; in-house documents of the Company that are to be approved by the general meeting of shareholders and other management bodies of the Company; regulations on branches or representative office of the Company; annual financial reports; securities prospectus; financial statements submitted to certain bodies; minutes of general meetings; lists of affiliated persons of the Company with specification of the amount and types of shares owned by them; inspector's reports; auditor's reports; reports of state and municipal bodies of financial control.

In accordance with article 10.4 of the Company's Charter, upon the request from a shareholder the Company shall provide information on his/her inclusion to the list of shareholder that have right to participate in the general meetings of shareholders.

In accordance with article 10.9.5 of the Company's Charter, each ordinary share provides one vote when passing resolutions at shareholder meetings. In case of cumulative voting each voting share contains the number of votes equal to the general amount of members of the Board of Directors. These votes could be given to one candidate or distributed among several candidates.

5. Amount of issuable securities in this particular issue:
14 295 552 (fourteen million two hundred ninety five thousand five hundred fifty two) ordinary registered shares.
6. Total amount of placed ordinary registered shares: 3 573 888 shares for the sum of 357 388 800 rubles (three hundred fifty seven million three hundred eighty eight thousand eight hundred rubles).
7. Procedure for placement of issuable securities:
 - a) Distribution of additional shares will be carried out on the 10th day after the state registration of the issue in accordance with the data of the registry as of this day.

- b) Placement method: distribution among the shareholders of the joint stock company; additional shares are distributed among all shareholders-owners of ordinary shares, while the following conditions are observed:
- the amount of additional ordinary registered shares shall be proportional to the amount of placed ordinary registered shares;
 - each shareholder-owner of ordinary registered shares receives whole number of ordinary registered shares proportional to the amount of ordinary registered shares he/she owns.

Each placed ordinary registered share with par value of 100 rubles receives four additional ordinary registered shares with par value 100 rubles.

- c) and d) due to the fact that attraction of own funds of shareholders as payment for the shares of this issue is not carried out, the price of placement, term and procedure of payment are not determined by the Company.

The authorized capital is increased from the funds received after revaluation of the fixed assets of the Company in amount of 1 429 555 200 rubles (one billion four hundred twenty nine million fifty five thousand two hundred rubles).

8. The issuer "Power Industry and Electrification of Kuban" JSC undertakes to ensure rights of each owner of shares of this issue on condition that the owner should observe the procedure of exercising these rights determined by the legislation of the Russian Federation.
9. Standards for issue of shares of joint stock companies upon their establishment, issue of additional shares, bonds and prospectuses do not stipulate disclosure of other information.