

QUARTERLY REPORT

“Open Joint Stock Company of Power Industry and Electrification of Kuban
Issuer’s code: 00063-A

For quarter I, 2010

Location of the Issuer: 2 Stavropolskaya St, Krasnodar,
Russian Federation, 350033

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

Deputy General Director “IDGC of the South”, JSC
– Managing Director of “Kubanenergo”, JSC

Date: 13 May 2010

_____ Marichev D. V.
signature

Chief Accountant

Date: 13 May 2010

_____ Savin G. G.
signature

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Internet website used by the Issuer for the information disclosure:
www.kubanenergo.ru/rus/stockholders/otchet/index.shtml

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Introduction

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

State registration of issue (additional issue) of Issuer's securities was attended by offering prospectus of securities, along with it the placement of the securities was carried out by means of public subscription or by means of private placement among in-crowd the number of which does not exceed 500.

The issuer is the Joint Stock Company formed by means of privatization of state and/or municipal entities (the subdivisions); the possibility was provided to carve-out of the Issuer's shares to more than 500 acquirers or to unlimited number of persons according to privatization plan approved according to the established procedure and representing the Prospectus of shares issue of such the issuer as for the date of the approval.

The report contains additional information to be disclosed as per requirements of "Regulations on Information Policy of Kuban Open Joint Stock Company of Power Industry and Electrification" approved by decision of Board of Directors of "Kubanenergo", JSC on 03.10.2006 (Minutes No.22/2006 dated 03.10.2006). Complete text of Regulations on Information Policy of Kuban Open Joint Stock Company of Power Industry and Electrification of can be reviewed at the Internet corporate website of "Kubanenergo", JSC at: <http://kubanenergo.ru/rus/management/documents/index.shtml>.

The present quarterly report contains estimates and forecasts of the authorized management authorities of the Issuer concerning future events and/or actions, prospects of development of the economy sector in which the Issuer carries out the principle activity, and results of the Issuer's activity, including plans of the Issuer, probability of occurrence of certain events and fulfillment of certain actions. Investors should not fully rely on estimates and forecasts of management authorities of the Issuer as actual results of the Issuer's activity in future can differ dated those predicted for many reasons. Acquisition the Issuer's securities is fraught with risks described in the present quarterly report.

I. Brief Data on the Persons Forming Management Authorities of the Issuer, Data on Bank Accounts, Auditor, Appraiser and Financial Adviser of the Issuer, as well as other Individuals Signed the Quarterly Report.

1.1. Persons forming management authorities of the Issuer

List of Board of Directors of the Issuer:

Surname, Name, Patronymic	Year of birth
Airapetyan Arman Mushegovich	1978
Guryanov Denis Lvovich	1977
Zimin Aleksey Vladimirovich	1976
Katina Anna Yuryevna	1982
Kosarev Sergey Borisovich (chairman)	1960
Kravchenko Vyacheslav Mikhailovich	1967
Pestov Dmitry Vladimirovich	1967
Petukhov Konstantin Yuryevich	1971
Pukhalskiy Aleksander Andreyevich	1957
Saukh Maksim Mikhailovich	1979
Stavskiy Mikhail Efimovich	1961

Sole Executive Body of the Issuer

Authorities of Sole Executive Body of the Issuer are delegated to the Management Company.

Data on the Management Company which was delegated the Authorities of Sole Executive Body of the Issuer.

Full Company name: Open Joint Stock Company "Interregional Distribution Grid Company of the South", JSC

Short Company name: "IDGC of the South", JSC

Data on the license for carrying out of activity related to management of investment funds, mutual investment funds and non-state pension funds.

The license is absent.

List of Board of Directors of the Management Company:

Surname, first name, patronymic	Year of birth
Okley Pavel Ivanovich (Chairman)	1970
Vasilyev Sergey Vyacheslavovich	1975

Gavrilov Aleksander Ilyich	1973
Ivanov Maksim Sergeevich	1976
Ilyenko Vladimir Vasilyevich	1950
Maslov Aleksey Viktorovich	1975
Mikhaylov Sergey Anatolyevich	1957
Perepyolkin Aleksey Yuryevich	1970
Popovskiy Sergey Nikolaevich	1971
Ptysin Igor Vasilyevich	1968
Shogenov Valeriy Mukhamedovich	1981

Sole Executive Body of the Management Company

Surname, first name, patronymic	Year of birth
Gavrilov Aleksander Ilyich	1973

Collegiate Executive Body of the Management Company

Surname, first name, patronymic	Year of birth
Gavrilov Aleksander Ilyich (Chairman)	1973
Brizhan Vitaliy Vasilyevich	1974
Golovakha Lyudmila Alekseevna	1955
Pestov Dmitriy Vladimirovich	1967
Savin Grigoriy Grigoryevich	1952
Alayev Timur Ulyumdzhievich	1971
Kopanev Vladimir Nikolayevich	1954
Kostetskiy Vyacheslav Yuryevich	1974
Lunev Igor Anatolyevich	1969
Sultanov Georgiy Akhmedovich	1954
Skorikov Sergey Vladimirovich	1976
Trunin Vitaliy Nikolaevich	1976

Structure of Collegiate Executive Body of the Issuer

Surname, first name, patronymic	Year of birth
Gavrilov Aleksander Ilyich (Chairman)	1973
Boyko Nikolay Ivanovich	1947
Galyaev Aleksander Nikolaevich	1972
Kocherga Vitaliy Aleksandrovich	1977
Lyashko Andrey Vladimirovich	1978
Manukalo Aleksander Vasilyevich	1950
Marichev Aleksander Anatolyevich	1950
Natkho Inver Yusufovich	1958
Pestov Dmitriy Vladimirovich	1967
Brizhan Aleksey Vasilyevich	1978
Savin Grigoriy Grigoryevich	1952
Tertishnikov Konstantin Yuryevich	1969
Golovakha Lyudmila Alekseevna	1955

1.2. Data on Bank Accounts of the Issuer

Data on credit organization

Full company name: Krasnodar (Krasnodarskiy) bank branch No.8619 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Krasnodar (Krasnodarskiy) bank branch No.8619 of South-Western bank of Sberbank of Russia (JSC)

Location: 65 Gimnazicheskaya st, Krasnodar

TIN: 7707083893

RCBIC: 040349602

Number of the bank account: 40702810330020101989

Correspondent account number: 30101810100000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Krasnodar (Krasnodarskiy) bank branch No.8619 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Krasnodar (Krasnodarskiy) bank branch No.8619 of South-Western bank of Sberbank of Russia (JSC)

Location: 65 Gimnazicheskaya st, Krasnodar

TIN: 7707083893

RCBIC: 040349602

Number of the bank account: 40702810230020101076

Correspondent account number: 30101810100000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Krasnodar (Krasnodarskiy) bank branch No.8619 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Krasnodar (Krasnodarskiy) bank branch No.8619 of South-Western bank of Sberbank of Russia (JSC)

Location: 65 Gimnazicheskaya st, Krasnodar

TIN: 7707083893

RCBIC: 040349602

Number of the bank account: 40702810630000001699

Correspondent account number: 30101810100000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: "Gazprombank" branch (Joint Stock Company) in Krasnodar

Short company name: GPB branch (JSC) in Krasnodar

Location: 302 Golovatogo st, Krasnodar

TIN: 7744001497

RCBIC: 040349781

Number of the bank account: 40702810060070000191

Correspondent account number: 30101810500000000781

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Central branch of Joint Stock Commercial Bank "Uralsib-Yugbank", Open Joint Stock Company

Short company name: Central branch of JSCB "Uralsib-Yugbank", JSC

Location: 152 Krasnaya st, Krasnodar

TIN: 2310042974

RCBIC: 040349713

Number of the bank account: 40702810300000001229

Correspondent account number: 30101810400000000713

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: "Krasnodarskiy" Operating Office in Krasnodar of "Rostovskiy" branch in Rostov-on-Don of "ALFABANK", Open Joint Stock Company

Short company name: "Krasnodarskiy" Operating Office in Krasnodar of "Rostovskiy" branch in Rostov-on-Don of "ALFABANK", JSC

Location: Letter D, 525 Red Partisans st, Krasnodar

TIN: 7728168971

RCBIC: 046015207

Number of the bank account: 40702810326020000822

Correspondent account number: 30101810500000000207

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Branch of Joint Stock Commercial Bank "Banque Societe Generale Vostok" (Closed joint Stock Company) in Krasnodar

Short company name: Branch of "BSGV", CJSC in Krasnodar

Location: 8/135/1 Olimpiyskaya st/Turgeneva st, Krasnodar

TIN: 7703023935

RCBIC: 040349744

Number of the bank account: 40702810189810000363

Correspondent account number: 30101810000000000744

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Southern Branch of Closed Joint Stock Company "Raiffeisenbank"

Short company name: Southern Branch of "Raiffeisenbank", CJSC

Location: 311/1 Severnaya st, Krasnodar

TIN: 7744000302

RCBIC: 040349556

Number of the bank account: 40702810426100402027

Correspondent account number: 30101810900000000556

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Closed Joint Stock Company "UniCreditBank"

Short company name: "UniCreditBank", CJSC

Location: 41 Stavropolskaya st, Krasnodar

TIN: 7710030411

RCBIC: 040349548

Number of the bank account: 40702810800233277313

Correspondent account number: 30101810400000000548

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Adigeiskiy Branch No.8620 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Adigeiskiy Branch No.8620 of South-Western Bank of Sberbank of Russia, JSC

Location: 4 Dimitrova st, building 2, Maykop

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810001000100242

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Adigeiskiy Branch No.8620 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Adigeiskiy Branch No.8620 of South-Western Bank of Sberbank of Russia, JSC

Location: 4 Dimitrova st, building 2, Maykop

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810901000101451

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: "Armavirskiy" Branch of Joint Stock Commercial Bank "Uralsib-Yugbank", Open Joint Stock Company

Short company name: "Armavirskiy" Branch of JSCB "Uralsib-Yugbank", JSC

Location: 87/1 Lenina st, Armavir

TIN: 2310042974

RCBIC: 040349713

Number of the bank account: 40702810200040011191

Correspondent account number: 30101810400000000713

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: "Armavirskiy" Branch of Joint Stock Commercial Bank "Uralsib-Yugbank", Open Joint Stock Company

Short company name: "Armavirskiy" Branch of JSCB "Uralsib-Yugbank", JSC

Location: 87/1 Lenina st, Armavir

TIN: 2310042974

RCBIC: 040349713

Number of the bank account: 40702810200040012899

Correspondent account number: 30101810400000000713

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Krasnodarskiy (Krasnodar) bank branch No.8619 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Krasnodarskiy (Krasnodar) bank branch No.8619 of South-Western Bank of Sberbank of Russia, JSC

Location: 65 Gimnazicheskaya st, Krasnodar

TIN: 7707083893

RCBIC: 040349602

Number of the bank account: 40702810030000130319

Correspondent account number: 30101810100000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Krasnodarskiy (Krasnodar) bank branch No.8619 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Krasnodarskiy (Krasnodar) bank branch No.8619 of South-Western Bank of Sberbank of Russia, JSC

Location: 65 Gimnazicheskaya st, Krasnodar

TIN: 7707083893

RCBIC: 040349602

Number of the bank account: 40702810430000130320

Correspondent account number: 30101810100000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Labinskiy bank branch No.1851 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Labinskiy bank branch No.1851 of South-Western Bank of Sberbank of Russia, JSC

Location: 86 Konstantinova st, Labinsk

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810930290100233

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Labinskiy bank branch No.1851 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Labinskiy bank branch No.8651 of South-Western Bank of Sberbank of

Russia, JSC

Location: 86 Konstantinova st, Labinsk

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810430290101839

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Ust-Labinskiy bank branch No.1815 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Ust-Labinskiy bank branch No.1815 of South-Western Bank of Sberbank of Russia, JSC

Location: 287-A Krasnaya st, Ust-Labinsk

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810630151000101

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Korenovskiy office of the Central bank branch of Joint Stock Commercial Bank "Uralsib-Yugbank", Open Joint Stock Company

Short company name: Korenovskiy office of the Central branch of JSCB "Uralsib-Yugbank", JSC

Location: 152 Krasnaya st, Korenovsk

TIN: 2310042974

RCBIC: 040349713

Number of the bank account: 40702810664000000377

Correspondent account number: 30101810400000000713

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Leningradskiy bank branch No.5174 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Leningradskiy bank branch No.5174 of South-Western Bank of Sberbank of Russia (JSC)

Location: 94 Naberezhnaya st, Leningradskaya settlement

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810730390101691

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Leningradskiy bank branch No.5174 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Leningradskiy bank branch No.5174 of South-Western Bank of Sberbank of Russia (JSC)

Location: 94 Naberezhnaya st, Leningradskaya settlement

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810130390100111

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Slavyanskiy bank branch No.1818 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Slavyanskiy bank branch No.1818 of South-Western Bank of Sberbank of Russia (JSC)

Location: 68 Krasnaya st, Slavyansk-on-Kuban

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810230180100166

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Slavyanskiy bank branch No.1818 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Slavyanskiy bank branch No.1818 of South-Western Bank of Sberbank of Russia (JSC)

Location: 68 Krasnaya st, Slavyansk-on-Kuban

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810330180101450

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Central bank branch No.1806 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Central bank branch No.1806 of South-Western Bank of Sberbank of Russia (JSC)

Location: 36-A Chebrikova st, Sochi

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810730060100061

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Central bank branch No.1806 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Central bank branch No.1806 of South-Western Bank of Sberbank of Russia (JSC)

Location: 36-A Chebrikova st, Sochi

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810830060100356

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Timashevsk bank branch No.1816 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Timashevsk bank branch No.1816 of South-Western Bank of Sberbank of Russia (JSC)

Location: 153 Lenina st, Timashevsk

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40602810530160100041

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Timashevsk bank branch No.1816 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Timashevsk bank branch No.1816 of South-Western Bank of Sberbank of Russia (JSC)

Location: 153 Lenina st, Timashevsk

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810630160100498

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Tikhoretsk bank branch No.1802 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Tikhoretsk bank branch No.1802 of South-Western Bank of Sberbank of Russia (JSC)

Location: 22-A Oktyabrskaya st, Tikhoretsk

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810330120100068

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Tikhoretsk bank branch No.1802 of South-Western Bank of Joint Stock Commercial Savings Bank of the Russian Federation (Open Joint Stock Company)

Short company name: Tikhoretsk bank branch No.1802 of South-Western Bank of Sberbank of Russia (JSC)

Location: 22-A Oktyabrskaya st, Tikhoretsk

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40702810930120101441

Correspondent account number: 30101810600000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: "Primorskiy" branch of Joint Stock Commercial Bank "Uralsib-Yugbank", Open Joint Stock Company

Short company name: "Primorskiy" branch of JSCB "Uralsib-Yugbank", JSC

Location: 2B Suvorovskaya st, Novorossiysk

TIN: 2310042974

RCBIC: 040349713

Number of the bank account: 40702810400180007577

Correspondent account number: 30101810400000000713

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: "Primorskiy" branch of Joint Stock Commercial Bank "Uralsib-Yugbank", Open Joint Stock Company

Short company name: "Primorskiy" branch of JSCB "Uralsib-Yugbank", JSC

Location: 2B Suvorovskaya st, Novorossiysk

TIN: 2310042974

RCBIC: 040349713

Number of the bank account: 40702810800180008956

Correspondent account number: 30101810400000000713

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Astrakhanskiy branch No.8625 of Sberbank of Russia

Short company name: Astrakhan branch No.8625 of Sberbank of Russia, JSC

Location: 41 Kirova st, Astrakhan

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40702810705000003519

Correspondent account number: 30101810500000000602

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Krasnodar branch of Joint Stock Commercial Bank "Bank of Moscow" (Open joint Stock Company)

Short company name: Krasnodar branch of "Bank of Moscow", JSC

Location: 28 Oktyabrskaya st, Krasnodar

TIN: 7702000406

RCBIC: 040349978

Number of the bank account: 40702810600440005470

Correspondent account number: 30101810300000000978

Type of the bank account: settlement, RUB

Data on credit organization

Full company name: Astrakhanskiy branch No.8625 of Sberbank of Russia

Short company name: Astrakhan branch No.8625 of Sberbank of Russia, JSC

Location: 41 Kirova st, Astrakhan

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40702810705000003593

Correspondent account number: 30101810500000000602

Type of the bank account: settlement, RUB

1.3. .Data on the Auditor (auditors) of the Issuer

Auditor (auditors) who performs independent audit of financial statements and financial (accounting) reports of the Issuer on contractual basis, and auditor (auditors) approved (selected) for auditing annual financial (accounting) reports of the Issuer for the completed accounting year.

Full company name: "Nexia Pacioli" Limited Liability Company

Short Company name: "Nexia Pacioli", LLC

Location: 2 Malaya Polyanka, Moscow, 119118

TIN: 7729142599

PSRN: 1027739428716

Telephone: (495) 785-9476

Fax: (495) 785-9461

E-mail address: pacioli@pacioli.ru

Data on license for audit activity performance

Name of the authority responsible for license issue: Ministry of Finance of Russian Federation

Number: E 000733

Date of issue: 25.06.2002

License validity period: up to June 25, 2012.

Data on auditor's membership in self-regulatory auditors' organizations:

Full organization name: Non-profit partnership "Institution of Professional Auditors"

Location

Building 1, office 812, 14 Nametkina st, Moscow, Russia, 117420

Additional information:

E-mail address: ipar@e-ipar.ru

Data on auditor's membership in collegiate bodies, associations or other professional unions (entities):

- Member of International Association of Nexia International Auditor Companies;
- Member of Institute of Professional Auditors of Russia (RSA);
- Member of Russian Society of Appraisers;
- Member of Partnership of Appraisers activity cooperation licensed by Russian Society of Appraisers (NPO "Partnership of RSA");
- Member of Self-regulating Interregional Appraisers Association (SMAO);
- Member of Non-profit partnership "Interregional Union of Tariff Experts" (NPO MSTE);
- Member of National Gild of Insurance Officials;
- Member of Russian Association of Industrialists and Entrepreneurs.

Accounting year (years) followed by social audit of the Issuer's financial statements and financial (accounting) reports carried out by the auditor

Year
2009

Factors that can influence the auditor independence from the Issuer, including information about substantial interests connecting the auditor (the auditor's executives) with the Issuer (the Issuer's executives)

The amount of factors that can influence the auditor independence from the Issuer, including information about substantial interests connecting the auditor (the auditor's executives) with the Issuer (the Issuer's executives): none

Procedure of selecting auditor for the Issuer

Tender procedure of auditor selection and the main terms:

No tender was held to select the auditor.

Procedure of nominating the candidate auditor for Shareholders (Participants) Meeting approval

and the Management Body taking the respective decision;

Federal Law “On Joint Stock Companies” determines that auditor of the Company is approved by General Shareholders Meeting. Although the auditor nomination procedure is not formalized in legislation yet – terms and auditor nomination process for enlisting in voting list relating the issue of candidate approval are not determined. Thus, the candidate auditor proposed for approval at General Shareholders Meeting is determined by the Company’s Board of Directors within the framework of issues solving relating the preparation and conveying of Annual General Shareholders Meeting. Auditor of the Issuer carries out audit of finance and business activity of the Issuer in conformity with requirements of the legislation of the Russian Federation on the basis of the signed contract on rendering auditor services.

Information on the works held by the auditor within the frameworks of special auditor tasks:

Such works were not held by the auditor within the frameworks of special auditor tasks in the accounting period

The procedure of auditor remuneration estimation is described, including the actual remuneration amount paid to the auditor by the Company followed by the results of each of five last completed financial years ended with independent audit of financial statements and financial (accounting) reports of the Issuer.

The procedure and the amount of remuneration in money to audit organizations and individual auditors for auditing process (including compulsory audit) and rendering of related services are determined by provisions of the audit services contract and cannot be contingent upon fulfillment of any requirements of the audited entities relating the conclusions of the audit.

The remuneration amount paid to the auditor of the Issuer approved by general Shareholders Meeting of the Issuer for compulsory annual audit and confirmation of financial statements is determined by the decision of Board of Directors.

The above mentioned auditor company was first-time approved as the auditor of the Issuer by Annual General Shareholders Meeting in June 29, 2009. The remuneration amount of Nexia Pacioli, LLC for rendering services in accounting (financial) statements audit of the Company for the year of 2009 is determined by the decision of Board of Directors of “Kubanenergo”, JSC (Minutes No.78/2009 dd.17.09.2009) and equals RUB 1 321 600 including VAT.

The information relating deferred and overdue payments for the services rendered by the auditor.

There are no deferred and overdue payments for the services rendered by the auditor.

Additional information

Due to the fact that Russian Federation is a shareholder of at least 25% issued shares of “Kubanenergo” JSC dated 29 of December 2009 the procedure of choosing the auditor of the Issuer is now regulated by Federal Law dated 21 of July 2005 No. 94 FZ “On placement of order on delivery, works, services for state and municipal needs”.

Actual remuneration amount paid to the auditors by the Issuer following the results of each of five last completed financial years for performance of social audit of financial and accounting statements of the Issuer.

Year of financial audit	Auditor name	Remuneration (including VAT), RUB
2005	Audit Company “Femida-Audit”, LLC	584 100
2006	Audit Company “Femida-Audit”, LLC	584 100
2007	“Fineart-Audit”, LLC	1 551 700

2008	"Fineart-Audit", LLC	1 728 700
2009	"Nexia Pacioli", LLC	1 321 600

1.4. Data on the Appraiser (appraisers) of the Issuer

Surname, name, patronymic: Shablya Egor Yaroslavovich

The appraiser carries out the activity on the basis of labour agreement with the legal entity

Telephone: (812) 703-4090

Fax: (812) 703-3008

E-mail address: mail@ipp.spd.ru

Data on the legal entity which concluded labour agreement with the appraiser

Full company name: Limited Liability Company "Institute for Enterprise Issues"

Short company name: "Institute for Enterprise Issues", LLC

Location: Room 3-N, 11 Twelve line, Vasilyevsky Island, St-Petersburg, 199178

TIN: 7801017111

PSRN: 1027800561458

Data on appraiser's membership in self-regulatory auditors' entities:

Full entity name: All-Russian Public Entity "The Russian Society of Appraisers"

Location 21-1 Novaya Basmannaya st, Moscow, Russia, 107078

Date of appraiser registration in the Register of self-regulatory entity of appraisers:

10.01.2008

Registration Number: 02794

Information on the evaluation services rendered by the appraiser

Revaluation of fixed assets of "Kubanenergo", JSC for the purpose of transfer to RAB-based rate policy.

Surname, name, patronymic: Morina Natalya Aleksandrovna

The appraiser carries out the activity on the basis of labour agreement with the legal entity

Telephone: (495) 789-6586

Fax: (495) 789-6586

E-mail address: info@otsenka.ru

Data on the legal entity which concluded labour agreement with the appraiser

Full company name: Closed Jointed Stock Company "Otsenka-Consulting"

Short company name: "Otsenka-Consulting", CJSC

Location: 35 Myasnitskaya st, Moscow, Russia

TIN: 7701130890

PSRN: 1027739538287

Data on appraiser's membership in self-regulatory auditors' entities:

Full entity name: Non-profit partnership "Self-regulatory Interregional Association of Appraisers-Specialists"

Location Building 4, ___ Leningradskiy prospect, Moscow, Russia 125315

Date of appraiser registration in the Register of self-regulatory entity of appraisers

14.01.2008

Registration Number: 1456

Information on the evaluation services rendered by the appraiser

Revaluation of fixed assets of "Kubanenergo", JSC for the purpose of transfer to RAB-based rate policy.

1.5. Data on the Advisors of the Issuer

The Issuer did not engage advisors.

1.6. Data on other individuals signed the Quarterly Report.

There are no other individuals who signed the quarterly report.

II. Basic Information on Financial and Economic Conditions of the Issuer

2.1. Financial and Economic Performance Indicators of the Issuer

Unit of measurement: thousands of rubles

Name of activities	2005	2006	2007	2008	2009	2010, 3 months
Cost of net wealth of the Issuer	10 015 382	7 123 293	8 467 850	10 575 741	8 390 935	7 612 850
Correlation of obtained funds to assets and provisions, %	29.74	44.49	86.6	124.09	280.78	300.61
Correlation of sum of current liabilities to assets and provisions, %	10.89	34.79	37.09	57.94	155.02	170.98
Cover of debt service payments, %	7.88	11.09	12.63	17.42		
Level of arrear payments, %	6.76	2.35	2.59	8.79	7.96	13.5
Accounts receivable turnover, number of times	7.76	5.39	5.33	3.57	4.22	1.31
Part of profits dividends, %	17.51	33.77	0.08	0	0	0
Working efficiency, thousands of rubles/person	1 395 046	1 430 542	2 429 364	2 866 338	3 010 036	3 138 316
Amortization of receipts amount, %	4.35	4.77	4.6	4.77	5.22	4.86

Note: The value of rate “Average annual working efficiency, rubles/person” for I quarter of the year 2010 is accustomed to annual value.

Alteration of showings dated 31st of March 2010 of financial and economic activity of “Kubanenergo” JSC” in comparison with showings dated 31 December 2009 is conditioned by the facts that:

- cost of net wealth of the Company was reduced during the 1st quarter of the year 2010 by 9.3% . The reason of negative dynamics of net wealth is the loss resulted by financial and economic activity during the accounting period;
- the growth of rate of “correlation of obtained funds to assets and provisions” occurred as a result of reduction of equity capital of Company (the loss during the accounting period) in relation with loan capital;
- the growth of receipts allowed to increase the working efficiency and also taking into account the decrease of total volume of accounts receivable of the Company permitted to improve the coefficient of accounts receivable turnover;
- the growth of level of arrear payments was a result of equity deficit of Company for financing operating activities, the deficit was caused by excess of obligatory expenses (for maintenance of security of network system) over the income.

Additional information disclosed according to Statute of data policy of the Company.

Income growth (fall) dynamics, millions of rubles:

No.	Sales proceeds	millions of rubles	Growth rate, %	
			2008/2007	2009/2008
1	2007	14 712,1	121,3	111,8
2	2008	17 840,1		
3	2009	19 947,5		

Dynamics of the results forming the financial performance of the Company, millions of rubles:

Name of rate	2005	2006	2007	2008	2009	I quarter 2010
Sales proceeds	14 488,6	11 485,8	14 712,1	17 840,1	19 947,5	5 875,7
Cost price	13 551,2	10 687,7	13 341,8	15 113,1	18 849,6	6 448,2
Sales income	937,4	798,1	1 370,3	2 727,0	1 097,9	-572,5
Re-tax profit	430,0	311,9	664,2	1 149,7	-2 203,2	-935,0
Net income	456,9	66,3	365,7	601,9	-2 182,6	-777,7

Efficiency index (calculated as annual), %:

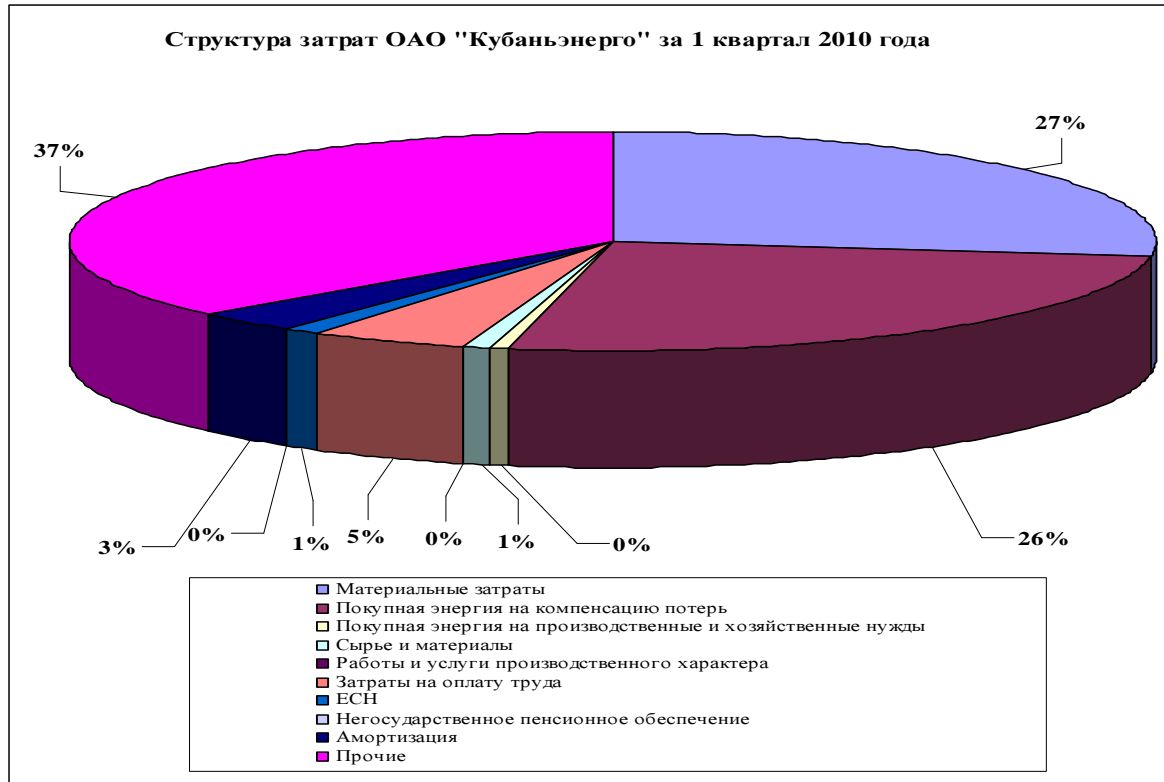
Name of rate	2005	2006	2007	2008	2009	1 quart er 2010
ROE, return on equity	4.57	0.93	4.18	5.90	-21.71	-9.39
ROA, return on assets	3.52	0.64	2.31	2.54	-6.85	-2.56
ROTA, income dated total assets	3.31	3.03	4.20	4.85	-6.91	-3.07

Correlation of equity and loan proceeds in the accounting period is 0.33

Structure of costs, thousands of rubles:

No.	Types of costs	2005	2006	2007	2008	2009	1 quarter 2010
1.	Material costs, including	6 175 580.4	5 855 560.7	3 785 381.2	4 597 367.1	4 997 002.8	2 410 551.4
1.1.	Purchased energy for allowance for waste	5 877 903.0	5 524 574.4	3 379 251.8	4 130 121.0	4 528 936.4	2 287 065.1
1.2.	Purchased energy for industrial and economic needs	24 024.0	25 996.7	40 447.8	53 897.4	65 683.9	41 047.8
1.3.	Raw materials and materials	273 653.4	304 989.6	365 681.5	413 348.7	402 382.5	82 438.6
2.	Works and services of industrial type	1 369 824.8	1 985 490.2	6 669 236.2	6 609 731.7	9 223 673.6	2 932 729.8
2.1.	Service of network companies of electric power transmission	598 054.6	1 524 697.5	5 930 001.3	5 742 469.7	8 409 513.9	2 925 923.2
2.2.	Service for commercial calculation of electric power		70 000.0	346 813.9	442 631.7	335 580.2	
3.	Labour costs	1 244 584.5	1 266 940.9	1 085 743.1	1 254 870.3	1 481 179.2	403 465.0
4.	UST (Unified Social Tax)	295 415.3	291 935.9	253 753.9	312 122.0	359 347.1	104 785.3
5.	Private pension system	6 000.0	16 980.0	103 461.0	102 561.9	15 400.0	0.0
6.	Depreciation	630 442.6	548 320.0	676 084.6	850 138.5	1 042 023.9	285 468.0
7.	Other costs, including	3 829 383.0	722 459.0	768 134.0	1 386 263.6	1 730 977.1	311 181.7
7.1.	Payment for services of third party	1 037 511.4	544 101.4	273 535.8	468 135.6	459 436.4	93 733.7

	organizations						
7.2.	Management services	0.0	0.0	67 065.2	150 103.0	393 870.0	0.0
7.3.	Insurance costs	63 827.4	22 017.8	78 981.2	143 656.6	143 904.5	32 016.9
7.4.	Taxes-and-duties	267 455.3	102 983.2	90 491.3	138 101.3	135 548.8	28 991.8
8.	Production and sales costs	13 551 230.6	10 687 686.7	13 341 794.2	15 113 055.2	18 849 603.6	6 448 181.2



Cost behavior:

No .	Production and sales costs	Millions of rubles	Growth rate, %			
			2009/2005	2009/2006	2009/2007	2009/2008
1	2005	13 551.2	139.1	176.4	141.3	124.7
2	2006	10 687.7				
3	2007	13 341.8				
4	2008	15 113.1				
5	2009	18 849.6				

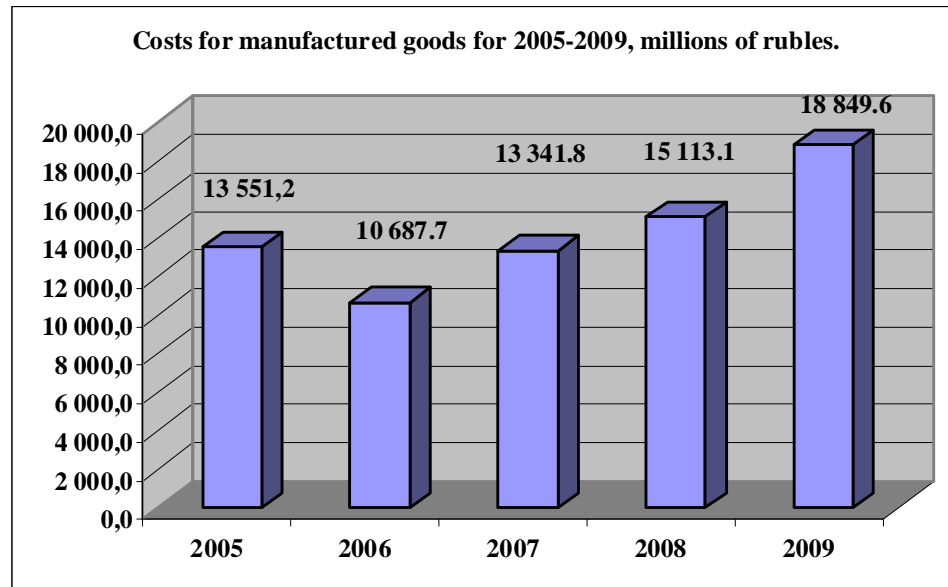
Costs increase for production and sales in 2009 in comparison with the previous period can be explained by the growth of expenses for “service of grid companies of electric power transmission”, labour costs and depreciation costs.

The growth of the expenses for “service of grid companies of electric power transmission” in 2009 in comparison with 2008 is explained by essential increase of the

amount of third-part organizations.

Actual expenses for remuneration of labour were 1 481.2 millions of rubles in 2009 which is 18% more than in previous period. The growth accounts for the increase of average headcount of staff starting dated the 1st of October 2009 in connection with exercise of the function of electric power records by accounting.

The growth of expenses for capital allowances in 2009 is explained by the essential volume of depreciation charge of fixed assets placed in operation in December 2008 during the adaptation to the investment plan.



Structure of receipts and gain from the following business directions.

No.	Name	Unit of measure	2005	2006	2007	2008	2009	1 st quarter 2010
1	Receipts(net) from sales of products (services), total	thousands of rubles.	14 488 603	11 485 822	14 712 096	17 840 087	19 947 511	5 875 712
	Including	thousands of rubles.						
1.1	Products (services) of principal activity, total	thousands of rubles.	14 486 386	11 483 624	14 709 808	17 837 746	19 944 970	5 874 908
	among which:	thousands of rubles.						
1.1.1	network services	thousands of rubles.	166 461	3 545 387	14 638 446	17 754 905	19 880 395	5 859 522

1.1.1.1	transmission and transit of electric power through network	thousands of rubles.	136 882	3 029 831	13 475 758	14 884 828	17 609 651	5 707 101
1.1.1.2	technological connection services	Thousands of rubles.	29 579	515 556	1 162 688	2 870 077	270 744	152 421
1.1.2.	Electric power for internal consumers	thousands of rubles.	13 936 094	7 698 742	0	0	0	0
1.1.3.	thermal energy	thousands of rubles.	293 621	0	0	0	0	0
1.1.4.	Other products (services) of the principal activity	thousands of rubles.	90 210	239 495	71 362	82 841	64 575	15 386
1.2	Products (services) of the non principal activity	thousands of rubles.	2 217	2 198	2 288	2 341	2 541	804

Account policy allows carrying out the receipts structuring and cost price of sold products (services) in business directions with the access to total financial result of company activity (net income).

Dynamics of accounts payable as for 2009, thousands of rubles

Structure of accounts payable	for 31.12.2008	for 31.12.2009	Dynamics for 2009
Loans and credits	6 801 416	10 367 102	3 565 686
including:			
redeemable bank credits,			
more than in 12 months before the reporting date,	6 523 663	10 163 400	3 639 737
more than in 12 months after the reporting date	277 753	203 702	-74 051
Deferred tax liabilities	161 609	162 178	569

Loans and credits	958 060	2 052 261	1 094 201
including:			
bank credits redeemable during			
12 months after the reporting date	958 060	500 000	-458 060
loans redeemable during			
12 months after the reporting date	-	1 552 261	1 552 261
Accounts payable	5 169 869	10 907 232	5 737 363
including:			
suppliers and contractors	2 586 474	3 155 618	569 144
among them:			
construction organization	816 903	816 959	56
repair organization	42 529	128 983	86 454
other suppliers and contractors	1 727 042	2 209 676	482 634
Arrears of payments for staff	26 255	90 850	64 595
including:			
current	26 255	90 850	64 595
overdue	-	-	
debt to state and off-budget funds	33 593	40 192	6 599
including:			
Pension fund of Russian Federation	23 451	30 025	6 574
Obligatory medical insurance fund	3 758	4 397	639
Social insurance fund	1 054	4 618	3 564

finances and penalties to state off-budget funds	5 330	1 152	-4 178
tax and dues debts to	556 848	45 731	-511 117
budget, current	556 848	45 731	-511 117
including:			
federal budget	264 553	192	-264 361
budgets of subjects of Russian Federation	266 780	26 284	-240 496
local budgets	25 515	19 255	-6 260
advances received	1 733 244	1 739 981	6 737
other creditors	233 455	5 834 860	5 601 405
Arrears to participants (founders) in gains distribution	-	-	
Total accounts payable	13 090 954	23 488 773	10 397 819

Dynamics of accounts payable for 1st quarter 2010, thousands of rubles

Structure of accounts payable	For 31.12.2009	for 31.03.2010	Dynamics for 1 st quarter 2010
Loans and credits	10 367 102	9 680 799	-686 303
including:			
redeemable bank credits,			
more than in 12 months before the reporting date,	10 163 400	9 494 696	-668 704
more than in 12 months after the reporting date	203 702	186 103	-17 599
Deferred tax liabilities	162 178	163 100	922
Loans and credits	2 052	1 522	-529 677

	261	584	
including:			
bank credits redeemable during			
12 months after the reporting date	500 000	-	-500 000
loans redeemable during			
12 months after the reporting date	1 552 261	1 522 584	-29 677
Accounts payable	10 907 232	11 444 129	536 897
including:			
suppliers and contractors	3 155 618	3 689 234	533 616
among them:			
construction organization	816 959	938 855	121 896
repair organization	128 983	53 998	-74 985
other suppliers and contractors	2 209 676	2 696 381	486 705
Arrears of payments for staff	90 850	99 091	8 241
including:			
current	90 850	99 091	8 241
overdue	-	-	
debt to state and off-budget funds	40 192	41 279	1 087
including:			
Pension fund of Russian Federation	30 025	33 012	2 987
Obligatory medical insurance fund	4 397	5 004	607
Social insurance fund	4 618	2 112	-2 506
finances and penalties to state	1	1	-1

off-budget funds	152	151	
tax and dues debts to	45 731	54 345	8 614
budget, current	45 731	54 345	8 614
including:			
federal budget	192	161	-31
budgets of subjects of Russian Federation	26 284	33 852	7 568
local budgets	19 255	20 332	1 077
advances received	1 739 981	1 722 121	-17 860
other creditors	5 834 860	5 838 059	3 199
Arrears to participants (founders) in gains distribution	-	-	
Total accounts payable	23 488 773	22 810 612	-678 161

Dynamics of Company's accounts receivable for 12 months 2009, thousands of rubles

Structure of accounts receivable	Accounts receivable for 31 December 2008	Accounts receivable for 31 December 2009	Dynamics of accounts receivable for 12 months 2009
1. Long-term accounts receivable	32 243	28 300	- 3 943
2. Short-term accounts receivable, including:	4 971 611	4 697 298	-274 313
2.1 Customers and clients	1 879 041	1 847 921	-31 120
2.2 Given advances to, including	597 309	1 619 181	1 021 872
2.2.1. materials supplier	34 334	24 327	-10 007
2.2.2 construction organizations	276 586	1 066 048	789 462
2.2.3 repair organizations	1 069	827	- 242
2.2.4 service provider	150 251	137 030	-13 221
2.2.5. other given advances	135 069	390 949	255 880
3. Other debtors. including	2 495 261	1 230 196	-1 265 065

3.1. tax overpayment to federal budget	6 563	154 300	147 737
3.2. tax overpayment to budgets of subjects of RF	16 777	204 487	187 710
3.3 tax overpayment to local budgets	32 851	21 494	-11 357
3.4. tax overpayment to state off-budget funds	6 093	6 050	- 43
3.5 other debtors	2 432 977	843 865	-1 589 112
Total:	5 003 854	4 725 598	-278 256

Dynamics of Company's accounts receivable for 1st quarter 2010, thousands of rubles:

Structure of accounts receivable	Accounts receivable for 31 December 2009	Accounts receivable for 31 December 2010	Dynamics of accounts receivable for 1st quarter 2010
1. Long-term accounts receivable	28 300	27 292	-1 008
2. Short-term accounts receivable, including:	4 697 298	4 472 565	-224 733
2.1 Customers and clients	1 847 921	1 842 567	-5 354
2.2 Given advances to, including	1 619 181	1 198 041	-421 140
2.2.1. materials supplier	24 327	44 765	20 438
2.2.2 construction organizations	1 066 048	718 526	-347 522
2.2.3 repair organizations	827	820	-7
2.2.4 service provider	137 030	144 687	7 657
2.2.5. other given advances	390 949	289 243	101 706
3. Other debtors. including	1 230 196	1 431 957	201 761
3.1. tax overpayment to federal budget	154 300	138 691	-15 609
3.2. tax overpayment to budgets of subjects of RF	204 487	273 266	68 779
3.3 tax overpayment to local budgets	21 494	24 314	2 820
3.4. tax overpayment to state off-budget funds	6 050	1 733	-4 317

3.5 other debtors	843 865	993 953	150 088
Total:	4 725 598	4 499 857	- 225 741

2.2. Market Capitalization of the Issuer

Market capitalization is calculated by way of multiplying the corresponding category (class) shares amount by a share market price disclosed by Securities Market Maker and fixed in conformity with “Order of Issue Securities and Investment Units of Investment Funds Listed by Stock Market Organizers Market Price Valuation” admitted to circulation by the decision No.03-52/ps of FSEC (Federal Securities and Exchange Commission) as of December 24, 2003.

Indicator	2005	2006	2007	2008	2009	1 st quarter 2010
Market capitalization, RUB	4 467 360 000	14 003 207 961.6	16 036 035 456	1 396 139 347.2	2 335 535 808	3 335 688 364.8

Information on Securities Market Maker providing the data for market capitalization calculation, and other additional information on securities public circulation at the Issuer's discretion:

Full company name: Closed Joint Stock Company “Stock exchange MICEX”

Short company name: “SE MICEX”, CJSC

Location: 13 Bolshoy Kislovskiy pereulok, Moscow, 125009

TIN: 7703507076

PSRN: 1037789012414

Telephone: (495) 234-4811, (495) 705-9616

Fax: (495) 705-9622

Licenses:

Stock Market license No.077-10489-000001 issued on 23.08.2007 by Federal Financial Markets Service.

License on Exchange Trade Administration on the territory of Russian Federation in goods sector: future contracts No.146 dd. 20.12.2005 issued by Federal Financial Markets Service.

Additional information regarding public circulation of the Issuer's securities:

Shares of “Kubanenergo”, JSC are admitted to circulation (but not listed) by the Securities Market Makers:

- by Open Joint Stock Company “Stock Exchange RTS” (hereinafter “RTS”) (38 Dolgorykovskaya Street. Moscow, 12009) - without the listing procedure on two floors - “T+0” (ticker tape KUBEG) and “RTS Classica” (ticket tape KUBE);
- by “SE MICEX”, CJSC (hereinafter MICEX) (13 Bolshoy Kislovskiy pereulok, Moscow, 125009) – without the listing procedure; code ISIN: RU0009046767.

Company's securities do not circulate on foreign markets.

“Kubanenergo”, JSC has no contractual obligations with Market Maker.

Data on market capitalization of the Issuer during last five completed financial years

Period, year/	RTS (USD)	RTS (RUB) “T+0”	MICEX (RUB)
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quarter	(RTS Classica)					
	Capitalization	Commentary	Capitalization	Commentary	Capitalization	Commentary
2005	281 443 680.00	Calculated by the Company	5 121 381 504.00	Calculated by the Company	4 467 360 000.00	Calculated by Company
2006	553 952 640.00	Calculated by the Company	13 164 260 447.79	Calculated by Market Maker	14 003 207 961.60	Calculated by Market Maker
2007	665 636 640.00	Calculated by Market Maker	16 447 984 838.00	Calculated by Market Maker	16 036 035 456.00	Calculated by Market Maker
2008	44 673 600.00	Calculated by Market Maker	1 912 030 080.00	Calculated by Market Maker	1 396 139 347.20	Calculated by Market Maker
2009	74 158 176.00	Calculated by Market Maker	1 554 641 280.00	Calculated by Market Maker	2 335 535 808.00	Calculated by Market Maker
1 st quarter 2010	98 281 920.00	Calculated by Market Maker	3 037 804 800,00	Calculated by Market Maker	3 335 688 364,80	Calculated by Market Maker

Information on total amount and total cost of exchange transactions closed with the Company securities during 2009 and 1st quarter 2010

Total amount of transactions closed				Total value of transactions closed			
2009	RTS (USD) "RTS Classica"	Period	RTS (USD) "RTS Classica"	Period	RTS (USD) "RTS Classica"	Period	MICEX
January	0	January	0	January	0	January	604 567,00
February	1	February	1	February	1	February	1 473 141,00
March	1	March	1	March	1	March	2 899 004,00
Total in the first quarter	2	Total in the first quarter	2	Total in the first quarter	2	Total in the first quarter	4 976 712,00
April	4	April	4	April	4	April	73 912 475,00
May	1	May	1	May	1	May	12 369 713,00
June	2	June	2	June	2	June	26 297 760,00
Total in the second quarter	7	Total in the second quarter	7	Total in the second quarter	7	Total in the second quarter	112 579 948,00

July	1	July	1	July	1	July	14 849 818,00
August	0	August	0	August	0	August	30 066 687,00
September	0	September	0	September	0	September	96 389 532,00
Total in the third quarter	0	Total in the third quarter	0	Total in the third quarter	0	Total in the third quarter	141 306 037,00
October	0	October	0	October	0	October	222 303 698,00
November	0	November	0	November	0	November	68 619 961,74
December	0	December	0	December	0	December	66 954 685,65
Total in the fourth quarter	0	Total in the fourth quarter	0	Total in the fourth quarter	0	Total in the fourth quarter	357 878 345,39
Grand total	9	Grand total	9	Grand total	9	Grand total	616 741 042,49
Total amount of transactions closed				Total value of transactions closed			
2010	RTS (USD) "RTS Classica"	Period	RTS (USD) "RTS Classica"	Period	RTS (USD) "RTS Classica"	Period	RTS (USD) "RTS Classica"
January	5	0	8 210	January	2 659 314,85	0	154 175 060, 08
February	1	0	4 872	February	282 716,2 8	0	66 725 509,2 2
March	16	1	11 311	March	5 194 517 ,6	8 840	290 086 099, 09
Total in the first quarter	22	1	24 393	Total in the first quarter	8 136 548,73	8 840	510 986 669, 30
Total:	22	1	24 393		8 136 548,73	8 840	510 986 669, 30

2.3. Obligations of the Issuer

2.3.1. Accounts payable

Structure of Issuer's accounts payable

For 2009

Unit of measurement: thousands of rubles

Type of the accounts payable	Payment occurrence date
------------------------------	-------------------------

	less than 1 year	more than one year
Accounts payable to suppliers and contractors	3 155 618	0
including overdue	1 717 577	x
Accounts payable to staff	90 850	0
including overdue		x
Accounts payable to budget and state off-budget funds	85 923	0
Including overdue	129	x
Credits	500 000	10 163 400
Including overdue		x
Loans, total	1 552 261	203 702
including overdue total		x
including bonded loans	1 552 261	0
including overdue bonded loans		x
Other accounts payable	7 574 841	162 178
including overdue	151 959	x
Total	12 959 493	10 529 280
Including overdue	1 869 665	x

In the presence of accounts payable, including credit contract and contract of loan and also issued by Issuer debt securities (bond, bills, etc), should be indicated the reasons of failure to perform and consequences that took place or will take place for the Issuer because of the above mentioned non fulfilled liabilities, including sanctions imposed on the Issuer and term (prospective term) of discharge of overdue accounts payable:

In compliance with business plan of “Kubanenergo” JSC discharge of overdue accounts payable is provided for 4th quarter 2010 including workout agreements.

Creditors to whose share falls less than 10 percents of total sum of accounts payable

Full company name: Department of Energy of Russian Federation

Short company name: Minenergo of Russia

Location: 7 Kitaigorodskiy proezd Moscow, 109074

TIN: 7705596339

PSRN: 1087746777205

Sum of accounts payable, rubles: 2 629 696 000

Amount and conditions of overdue accounts payable (interest rate, vindictive damages, fine)

Liabilities are not overdue.

Creditor is an affiliated person of Issuer: no

For 3rd month 2010

Unit of measurement: thousands of rubles

Type of the accounts payable	Payment occurrence date	
	less than 1 year	less than 1 year
Accounts payable to suppliers and contractors	3 689 234	0
including overdue	2 798 051	x
Accounts payable to staff	99 091	0
including overdue	0	x
Accounts payable to budget and state off-budget funds	95 624	0
including overdue	20	x
Credits	0	9 494 696
Including overdue	0	x
Loans, total	1 552 584	186 103
including overdue total	0	x
including bonded loans	1 552 584	0
including overdue bonded loans	0	x
Other accounts payable	7 560 180	163 100
including overdue	281 180	x
Total	12 966 713	9 843 899
including overdue	3 079 251	x

In the presence of accounts payable, including credit contract and contract of loan and also issued by Issuer debt securities (bond, bills, etc), should be indicated the reasons of failure to perform and consequences that took place or will take place for the Issuer because of the above mentioned non fulfilled liabilities, including sanctions imposed on the Issuer and term (prospective term) of discharge of overdue accounts payable:

In compliance with business plan of “Kubanenergo” JSC discharge of overdue accounts payable is provided for 4th quarter 2010 including workout agreements.

Creditors to whose share falls less than 10 percents of total sum of accounts payable

Full company name: Department of Energy of Russian Federation

Short company name: Minenergo of Russia

Location: 7 Kitaigorodskiy proezd Moscow, 109074

TIN: 7705596339

PSRN: 1087746777205

Sum of accounts payable, rubles: 2 629 696 000

Amount and conditions of overdue accounts payable (interest rate, vindictive damages, fine)

Liabilities are not overdue.

Creditor is an affiliated person of Issuer: no

2.3.2. Credit History of the Issuer.

Issuer's performance of obligations on credit and/ or loan agreements valid in the course of the last 5 completed financial years or for each completed financial year if the Issuer has been operating less than 5 years, and on current agreements as of the end date of the accounting quarter, with principal debt amount of at least 5 percent of the Issuer's balance sheet assets as of the last completed reporting quarter date preceding the corresponding agreement date, and on other credit and/ or loan agreements essential for the Issuer.

In case if the Issuer issued bonds, the Issuer's obligations performance on each bond issue is to be described, for bonds with total nominal value of at least 5 percent of the Issuer's balance sheet assets, as of the end date of the last completed quarter preceding state registration of report on bond issue results, in case if bond placement was not completed or if other factors prevented state registration of report on bond issue results – as of the end date of the last completed quarter preceding state registration of bond issue.

Obligation	Name of creditor (lender)	Principal debt amount	Currency	Credit (loan) term / maturity	Overdue obligation performance on principal debt and/ or fixed interest payment overdue time period, in days
Long-term loan (current agreement indebtedness dated 01.09.2006 was transferred to the balance of "Kuban transmission grids", JSC followed by restructuring of "Kubanenergo", JSC	"UES FGC", JSC (Federal Grid Company of the Unified Energy System of Russia)	887 671 300	RUB	01.11.2005/ 21.11.2007	no
Bank credit line	"Krasnodarskiy" branch of "ALFA-BANK", JSC	850 000 000	RUB	28.09.2006/ 28.06.2007	no
Bank credit line	"Krasnodarskiy" branch of "ALFA-BANK",	2 000 000 000	RUB	31.05.2007/ 30.11.2007	no

	JSC				
Bonded loan		3 000 000 000	RUB	25.07.2007/ 21.07.2010	no
Bank credit line	Kuban branch of "Raiffeisenbank", ZAO	700 000 000	RUB	18.09.2007/ 15.01.2010	no
Bank credit line	"Krasnodarskiy" branch of "ALFABANK", JSC	3 300 000 000	RUB	21.02.2008/ 21.03.2009	no
Bank credit line	Kuban branch of "Raiffeisenbank", ZAO	500 000 000	RUB	28.04.2008/ 28.07.2009	no
Bank credit line	"Uralsib", JSC	500 000 000	RUB	28.03.2008/ 27.03.2009	no
Bank credit line	Astrakhan bank branch of No.8625 of SB of RF	1 600 000 000	RUB	29.08.2008/ 26.08.2011	no
Bank credit line	"UniCreditBank", CJSC	500 000 000	RUB	10.12.2008/12.02 .2009	no
Bank credit line	"Rostovskiy" branch of "ALFA-BANK", JSC	3 300 000 000	RUB	26.02.2009/31.03 .2010	no
Bank credit line	Kuban branch of "Raiffeisenbank", ZAO	700 000 000	RUB	18.09.2007/ 15.01.2010	no
Bank credit line	"Krasnodarskiy" branch of "ALFABANK", JSC	3 300 000 000	RUB	21.02.2008/ 21.03.2009	no
Bank credit line	Kuban branch of "Raiffeisenbank", ZAO	500 000 000	RUB	28.04.2008/ 28.07.2009	no
Bank credit line	"Uralsib", JSC	500 000 000	RUB	28.03.2008/ 27.03.2009	no
Bank credit line	"BSGV", CJSC	800 000 000	RUB	22.03.2010/21.09 .2012	no

Until the fourth quarter of the year 2005 the Issuer had no credit agreements and/or loan

agreements with the principal debt amount exceeding 5 per cents of the Issuer's balance sheet assets.

2.3.3. The Issuer's Obligations dated Collateral Furnished to Third Parties

Unit of measurement: RUB

Indicator	2005	2006	2007	2008	2009	2010, 3 month
Total amount of the Issuer's obligations dated securities provided	0	0	0	80 000 000	0	0
Including total amount of third parties' obligations secured by the Issuer (in the form of pledge or surety, among the others)	0	0	0	80 000 000	0	0

The Issuer's obligations form collateral furnished to third parties for the period dated the beginning date of the current financial year and to the end date of the accounting period (in the form of pledge or surety, among the others), making at least 5 percent of the Issuer's balance sheet assets as of the end date of the last completed accounting period prior to providing securities

Specified obligations did not arise in the accounting period

2.3.4. Other Obligations of the Issuer

Other obligations (not presented in the accounting balance) which can seriously influence the Issuer's financial condition, liquidity, sources of funds and terms of their use, performance results and expenses are absent.

2.4. Purposes of Issue and Lines for Application of Finances Obtained as a Result of Issue Securities Placement

New (additional) shares issue is aimed to attract investments.

Monetary assets obtained in the result of new shares placement will be used for investments projects implementation in construction, reconstruction and technical re-equipment of the distribution power grid facilities providing the development of Sochi as the mountain climate resort and the objects functioning of Winter Olympic Games 2014.

The purpose of issue the Issuer's bonds was financing investment program of 2007 "Kubanenergo" JSC.

2.5. Risks Connected with Purchase of Equity Securities Placed or in the Process of Placement

Issuer's policy in the sphere of risk management:

Investments to the Issuer securities are associated with certain risk degree, therefore potential investors should thoroughly consider the hereinbelow risk factors prior to take any investment decision. Each of the factors can have a negative effect on the Issuer's financial status and securities value.

In the present section the detailed analysis of the risk factors is reviewed relating to the acquisition of equity securities placed and in the process of placement, and in particular:

- Industry risks
- Country and regional risks

- Financial risks
- Legal risks
- Risks connected with the Issuer's activity

The Issuer's policy regarding risk management is based on the following generally acknowledged principles of risk management:

1. Data accumulation.
2. Risks analysis in terms of objective (statistics, probability degree formulas) and subjective (personal experience, intuition) criteria.
3. Losses probability evaluation and comparison of the potential losses amount with expected profit.
4. Development of measures directed towards favourable opportunities increase and losses thread decrease.
5. Monitoring of risks that exist out of the Issuer's competence and control of new risks

In case one or several of hereinbelow risks come to force, "Kubanenergo", JSC will take reasonable measures to minimize adverse consequences. To eliminate a part of risks the Issuer took a number of protective measures mainly connected to the implementation of the Issuer's production plan and developed the possible actions if any risk occurs. Although it should be noted that preliminary development of adequate and occurrences-driven actions will mainly depend on every other situation peculiarities.

"Kubanenergo" cannot guarantee that the actions focused on the emerged negative changes could lead to situation improvement, as far as the most part of the hereinbelow described risk factors exist out of the Issuer competence.

2.5.1. Industry Risks

Power industry is the economic sector of the Russian Federation including economic relations emerging (happening, occurring) in the process of production (including the production in the form of combined generation of electric and thermal energy), power transmission, operational-dispatching management in power industry; sales and consumption of electric energy using production and property facilities (also reckoned among Unified Energy System of Russia), belonging to power engineering entities or other persons on the basis of the right of ownership or other rights stipulated by Federal Laws. Power industry is the foundation of economic performance and life necessities. Reliable and effective functioning of power industry and uninterrupted consumer supply is the basis of progressive advance of the economy of the country and the essential factor providing civilized conditions of life for all the citizens.

Electric power industry development must outrun growth rates of other economy branches of the Russian Federation, forming reserve and acting as a kind of driving force for further progressive advance.

As at present the Company only operates at the internal market of the Russian Federation the risks specified further are characterized singularly dated the point of view of the domestic market.

The following industry risks can be distinguished:

1. Price formation. The price for the services rendered by the Company is subject to tariff regulation whereas there exist risks of confirmation of REC PRD of Krasnodar region (Regional Energy Commission of Prices and Rates Department of Krasnodar Region) tariffs that do not respect necessary expenses of "Kubanenergo", JSC to full extent.

Constant consultations are carried on with REC PRD KR specialists regarding approval of economically justified tariff rates.

In order to decrease expenditures the Company has elaborated and is implementing Cost Control program.

2. Risks relating to incorporation of small grid cooperating enterprises with year-to-year increasing amount.

To eliminate the hereinabove risks and to accumulate the financial assets the Company has been implementing the target strategy on abandoned grids redemption.

3. Industry risks relating to depreciation, maintenance conditions violation and critical characteristic variation of the equipment facilities. The key points are as follows:
- thread of fair fulfillment of agreements provisions on power transmission services rendering;
 - degradation of economic indexes and performance criteria of power grid facilities;
 - adverse ecological impact;
 - accident thread followed by complete or partial shortfalls in power delivery with sequential negative social consequences
 - risk of occurrence of employees industrial injuries .

In order to manage the present risks group the Company brings into action the strategies for equipment and facilities reliability control at a proper level, namely:

- accomplishment of repair programs indicators;
- implementation of technical re-equipment, reconstruction and modern construction program;
- constant optimization of structure and amount of spare parts and others.

Although the industrial risks management is carried out by means of Federal Law compliance in the field of industrial security and is functioning on the basis of industrial control management over industrial safety enforcement within the industry facilities.

The Issuer estimates the hereinabove risks as moderate and considers that negative change occurring in the industry cannot significantly influence upon the Issuer's operation and execution of obligations under securities.

2.5.2. Country and Regional Risks

Country and regional risks can occur as a result of legislation changes of Russian Federation, tax policy changes, conditions of government regulation that can lead to changes in conditions of investments and disposition of profits and also it may have other consequences for Company's activity.

Failing to appear serious political instability in Russian Federation, including Krasnodar region and Adigeyskaya Republic, which can negatively influence the activity and income of the Issuer "Kubanenergo" JSC implies to make arrangements for anti-crisis management:

- prompt adaptation its activity and documentation according to new requirements of legislative power of Russian Federation.
- revise the terms and procedures of profits distribution.

Apart dated it there exist risks of connected with military conflicts and announcement of the state of emergency, natural disasters that can have the following consequences:

- backset of all national economics and a result financial backset of Issuer;
- waste of Company's property that can negatively influence its possibility to meet liabilities in front of consumers contractors promptly and fully.

For reparation of influence of force-majeure connected with natural disasters Company signs a contract of property insurance.

Rapid changes within the region (ecological, political, demographic, social) are of low probability but their occurrence will undoubtedly affect the functioning of the Company.

Judging by the level of development of the region's transport infrastructure there are no risks of transport services interruption due to the inaccessibility and remoteness of the region.

Following the Issuer's opinion the situation in the region will have an advantageous impact on the Issuer's activity and it's groundless to expect that the regional changes will lead to default on Company's obligations.

2.5.3. Financial Risks

Susceptibility of the Issuer to the risks caused by interest rates, exchange rate variation in connection with the Issuer's operation or hedging practiced by the Issuer for mitigation of negative consequences of the specified risks' effects:

Risk of interest rate change:

"Kubanenergo", JSC uses short-term and long-term borrowings of the Russian financial market. The significant increase of the interest rates on credits and borrowings can result in appreciation of the Company's debt service. To improve the structure of debt portfolio and reduction of debt service charge the Company aspires to use fixed-rate credits and borrowings that will lead to significant reduction of the mentioned risk. The development of inflation in Russian Federation can lead to common interest rate development including Issuer's ruble interest rates that can force the Issuer to increase the issued bonds rates.

Risk of exchange rate shift:

Taking into consideration the fact that the Issuer fulfills the main activities on the territory of the Russian Federation, does not have investments to foreign companies whose net cost assets is at risk of exchange rate shift, has no receipts or expenditure expressed in foreign currency, the risks based on exchange rate variations are not the factors of direct influence on the Issuer's financial and economic performance and are estimated by the Issuer as unimportant. The Issuer does not resort to hedging in order to decrease the negative consequences of shift of interest rate, exchange rate. The susceptibility of the Issuer's financial situation, performance results, etc to shifts in exchange rate (exchange risks).

Expected actions of the Issuer in case of negative impact of exchange and interest rate shifts on the Issuer's activity. Whereas the Issuer now carries out the activity on the domestic market and the Issuer's activity does not directly depend on the foreign currencies variations, the exchange rates can be defined as inconspicuous.

Expected actions of the Issuer in case of negative impact of interest rate shifts on the Issuer's activity: to make long-term oriented credits in order to avoid negative influence of the short-term interest rate variations, financial sources diversification. In case of negative influence of exchange rate shift, the Issuer plans to analyze risks and take proper decision in each separate case. Influence of inflation on security interest payments and inflation levels considered critical by the Issuer, and the Issuer's expected actions on the specified risk's mitigation: The Issuer carries out the activity within the territory of the Russian Federation, inflation development in Russian Federation will lead to common interest rate development that can force the Issuer to increase on issued bonds rates.

The shift of consumer prices indicator has a definite influence on the Issuer's profitability level and the results of finance and economic activity of the Issuer, although the mentioned influence does not represent the factor of direct dependence. Indirect dependence of the Issuer's profitability on the shift of consumer prices indicator is conditioned the fact that tariffs on the power transmission services through the power grids are established by State Tariff Authorities in terms of justified transmission expenses and in whole or in part cover the expenditure increase of the Issuer caused by inflation. Although during the high inflation -rate periods the risks of compensational component reduction of the tariff and reduction of paying capacity of the Issuer's main consumers increase.

Taking into consideration everything above mentioned, no guarantees exist that the possible increase of consumer prices will lead to the Issuer profitability recession in the future. It is not possible to estimate the critical inflation rate for the Issuer because apart dated consumer prices rate it is necessary to take into account the change in ruble purchasing power, Russian and international energy markets conditions and the future state policy relating power and heat energy tariffs.

The present inflation rate does not bear significant influence on the Issuer's financial condition. Inflation values as they are predicted must not have critical influence on the Issuer's solvency, including security interest payments. In order to mitigate the financial risks, inflation -related risks and risks influencing the financial activity results, the Issuer carries out the comprehensive program to analyze the financial risks, to schedule and evaluate the profitability of work already

gained, to determine profitability indicators showing the Issuer's rate of return, regulation values of the financial ratios characterizing the Company solvency and liquidity that ensures the opportunity for prompt defects detection and take the elimination measures. Financial reporting indicators which are most of all exposed to change under the influence of the specified financial risks, including risks, the probability and pattern of change in the reporting:

Accounts receivable indicator of the Issuer's reporting is most of all subject to the risks specified, it occurs as a result of contractors' economic incapacity to pay for the Issuer's services. Probability of occurrence of the risk is low and originates dated overall situation in the country, inflation, exchange rate variations, and the effect of these factors on Russia's economy in general. Deterioration of the national operating environment can cause electric power transmission via the Issuer's grid expense increase, which (on retention of the present schedule charge) will lead to reduction in profits. The occurrence of low probability is the shortage of own sources of finance that may result in borrowings increase in order to implement the elaborated investment program. The influence results of currency exchange shift risk on the financial reporting indicators of the Company are not described, because all the expenses and liabilities of the Issuer are ruble-nominated.

Interest rate alteration primarily affects the balance sheet items indicators reflecting the credits and borrowings indebtedness.

The ongoing inflation development resulting in appreciation of the material and technical resources used in the main activity can influence the increase of balance currency rate and on the Issuer's net profit.

2.5.4. Legal Risks

Legal risks are among others determined deficiencies peculiar to Russian legal system and Russian legislation that leads to creation of atmosphere of uncertainty regarding investments and commercial activities. Russia is in the process of development of the legal base essential for the market economy support.

The following main risks related to Russian legal system and for the majority of them not existing in the countries with more developed market economy bring the uncertainty regarding legal and business decisions carried out:

- discrepancies existing among laws, decrees of the President and orders of government, ministers and local authorities; decisions, resolutions and other statements;
- contradictions among local, regional and federal procedures and regulations.

To mitigate the effect of the hereinabove negative factors the Issuer should bring all reasonable efforts to fulfill each existing obligation to full extent and in case of necessity should use all legitimate efforts for protection of own interests including court appeals to Russian and international judicial authorities

Risks connected with:

- currency legislation changes:

Currency legislation changes of the Russian Federation do not affect the Issuer's activity as the Issuer does not operate outside the Russian Federation and consequently the risks related to the currency regulation are absent.

- tax legislation changes:

Currently the government of Russia carries out the tax deduction policy for Russian taxpayers; in this connection no changes to the tax legislation regarding tax rates increase are expected. The present risk is considered as minor.

In case of making amendments to the existing procedure and terms of taxation the Issuer is intended to plan own activities taking into consideration the present amendments.

To minimize the risks of improper tax assessment and/ or payment caused by ambiguous treatment of tax legislation, the Company continuously works on optimizing the patterns of taxation base calculation in strict adherence to the current legislation of the Russian Federation.

- changes in the rules of customs control and duties:

The Issuer carries out main activity on the territory of the Russian Federation and exports no services, works or goods outside the Russian Federation in the current year.

The legal risks related to changes in the rules of customs control and duties are estimated as minimal.

- change of requirements on the Issuer's main activity licensing or licensing the rights for objects use with limited recourse (including natural resources)

According to "On Licensing the Certain Types of Activities" Federal Law No.128-FZ dated 08.08.2001; the activity on power grids operation being the main activity for "Kubanenergo", JSC is not subject to licensing.

In case of change and/or claim of requirements of "Kubanenergo", JSC main activity licensing, the Issuer will take all reasonable measures to obtain the respective licenses and permissions.

The Issuer has licenses for carrying out other types of activity which are mentioned in the cl.3.2.5 of the present Report.

The Issuer conducts regular procedures for prolongation of the licenses necessary for carrying out of economic activity. "Kubanenergo", JSC comply with all requirements of the licenses, takes all necessary measures for obtaining, keeping licenses in force and mitigating the possibility of suspension, alteration or withdrawal of licenses. The Issuer's susceptibility to the present risk may be considered as inessential.

- changes in law on matters that concern the Issuer's activity (including license regulation) which can have negative impact on the Issuer's performance, as well as the results of the current litigations of the Issuer

Taking part in the lawsuits as a complainant and as a defendant, "Kubanenergo", JSC is subject to the influence of the risks related to the changes of the court practice in the issues related to the Issuer's activity. The Company carries out the claim-related work on a permanent basis. Executive production is mainly carried out regarding accounts payable and receivable of "Kubanenergo", JSC. The court practice regarding similar issues where "Kubanenergo", JSC is involved, is relatively stable and did not suffer significant changes of some kind.

"Kubanenergo", JSC is carrying out constant monitoring of the court practice that enables to use the information to obtain the favourable court decisions for the Company when the latter acts either as a compliant or as a defender. Currently no changes have been detected in the court practice that can negatively affect the results of the ongoing lawsuits with the Issuer taking part in, and consequently the results of the Issuer economic activity.

2.5.5. Risks Connected with the Issuer Activity

The issuer leads the economic activity only on the territory of Russian Federation.

The Issuer's principal economic activity has a non-seasonal nature.

The principal activity of "Kubanenergo" JSC is electric-power transmission.

Risks related to production activity of the Company:

- insufficient development of electric grids in particular districts of Krasnodar region and Adygeya Republic at break-neck growth of electric energy consumption that leads to overload of transmission facilities and of substation's transformers;
- the aging of the equipment that decreases safety of power supply and leads to additional material costs for maintenance its functionality.

To minimize such kind of risks Company pays attention to development of grid complex applying scientifically grounded technical solutions and technologies tested while operating modern electrical equipment.

Over a particular period the increase of receipt dated goods is seen which is the consequence of an annual growth of electric power consumption in the region and also the growth of tariffs on provided services by the Company. By-turn the growth of tariffs is conditioned by the growth of "external" (in respect to the company) expenses: purchase of the electric power for reparation; by changes in payments of "FSK" JSC service for transmission of electric energy and by other factors.

Risks connected with current juridical disputes the issuer is taking part in:

In the 1st quarter of 2010 “Kubanenergo” JSC participated in six suits the results of which could seriously influence the financial and economical activity of the Company:

- lawsuit of “Kubanenergobyty”, JSC to “Kubanenergo”, JSC for collection of unjust enrichment amounted 49 335 441.08 rubles.
- lawsuit of “Stroyenergokompleks”, LLC to “Kubanenergo”, JSC for indebtedness and damages recovery amounted 46 713 500 rubles according to independent work contracts.
- lawsuit of “Kubanenergo”, JSC to “NESK”, JSC for indebtedness recovery amounted 468 641 193.75 rubles according to the contract of rendering services in power transmission.
- lawsuit of “Kubanenergo”, JSC to “Nemetskaya Derevnnya (German Village)”, JSC for indebtedness recovery amounted 41 153 750 rubles according to the paid services agreement on technological connection.
- lawsuit of “Kubanenergo”, JSC to “Imperial”, LLC for indebtedness collection amounted 68 444 699.64 rubles according to the paid services agreement on technological connection.
- lawsuit of “Kubanenergo”, JSC to “Kubankapstroy”, CJSC for indebtedness collection amounted 202 608 550 rubles according to the paid services agreement on technological connection.

Risks connected with lack of opportunity to extend the license validity term of the Issuer for carrying out certain type of activity or for using the objects with limited recourse (including natural resources):

Licenses validity term is extended in strictly fixed period. The Company observes all the requirements necessary for obtaining/extension license validity term. Risks related to the absence of opportunity to extend the license validity term of the Issuer are minimal and cannot significantly influence on fulfilling obligations on securities placed.

Risks connected with possible responsibility of the Issuer for the Third parties indebtedness including Issuer's Subsidiary Companies (“Kubanenergo”, JSC has Joint Stock Subsidiary Companies with 100% participation in the Authorized capital.

The Civil Code of the Russian Federation and the Federal Law “On Joint Stock Companies” No.208-FZ dated 26.12.1995 stipulates that shareholders of Russian Joint Stock Company carry no responsibility for liabilities of the companies and bear the risk related to the companies' activities loss in the frameworks of own shares value that means they risk to loose own investments only. Although the present regulations cannot be applied when a company (“The Parent Company”) is entitled to give instructions to the other company (“The Subsidiary Company”) that are subject to compulsory implementation. Under certain circumstances the Parent Company carries joint and several liability on the Subsidiary Company's liabilities occurred in the result of such instructions fulfillment, and shall such instructions fulfillment causes the Subsidiary Company insolvency and the direct intention can be traced in the actions of the Parent Company, the responsibility of such circumstances is imposed on the Parent Company that carries the subsidiary liability for the indebtedness. Consequently as the Parent Company for the Subsidiaries with more than 50% of the Carter capital belonging to the “Kubanenergo”, JSC the Company can carry the responsibility for the Subsidiaries' indebtedness. The abovementioned liabilities can have a definite negative influence on the results of finance and economic activity of the Issuer.

Risks related to the possibility of loss with the turnover of more then 10% of total production (works, service) sale revenue of the Issuer:

The Issuer has the long-term partnership with the main customers. The possibility of the main customers' loss is minimal

III. Detailed Information on the Issuer

3.1. Incorporation History and Development of the Issuer

3.1.1. Data on Company Name of the Issuer

Full company name of the Issuer: Open Joint Stock Company of Power Industry and Electrification of Kuban.

Short company name of the Issuer: “Kubanenergo”, JSC

All previous company names of the Issuer throughout the Company's lifetime

The Issuer's company name has not been changed throughout the Company's lifetime.

3.1.2. Data on State Registration of the Issuer

Data on Primary State Registration:

State Registration Number: 127

Date of registration: 10.02.1993

Name of authority effectuated State Registration: Administration Office of Oktyabrskiy district, Krasnodar

Data on registration of juridical entity:

Main State Registration Number of juridical entity: 1022301427268

Date of registration: 17.09.2002

Name of registering authority: Tax Inspectorate of the MTL (Ministry of Taxation) No.3 of Krasnodar

3.1.3. Data on the Issuer's Incorporation and Development

The Issuer's lifetime dated the date of state registration, and the term of the Issuer's existence (in case it was established for a certain term and for certain purpose):

As the Joint Stock Company the Issuer exists 17 years. The Issuer was established without restriction to a time-limit.

Brief establishment and development history of the Issuer. Goals of the Issuer establishment, the Issuer mission (if any), and other information on the Issuer's activity which is important for taking decision on the Issuer's securities acquisition:

End of XIX century – launching of some power stations for electric lightening of places, power supply of Novorossiyskiy elevator and Ekaterinodar tram service.

Year: 1921 – establishment of Electricity Department of Kubano-Chernomorskiy Council of National Economy; the principal duties were technical management of existing power stations and the construction of the new ones.

Year: 1922 – foundation of “Vodel'tram” association consisting of municipal and community facilities on water supply, transportation (tram) and power supply.

Year: 1940 – the aggregate capacity of Kuban power stations equaled 100 MW as a result of construction of new stations following the GOERLO (State Commission on Electrification of Russia) general plan, meantime the state substations capacity equaled 35MWt and power production for the year of 1940 amounted 394 million kWh.

Year: 1944 – following the Decree of People's Committee for Power Stations of the USSR No.66 dated March, 14 1944 Krasnodar District Energy Administration “Krasnodarenergo” (REU) was established; the principal areas of responsibility were production, distribution and sales of electric and heat energy, recovery and development of electric power system, control over power consumption and supervision over the operation of power facilities of Kuban entities

November 1, 1988 – according to Decree of the Council of Ministers of the USSR No.812 dated 02.07.87 Krasnodar District Energy Administration “Krasnodarenergo” was abolished and Krasnodar Production Association of Power Industry and Electrification “Krasnodarenergo” (POEE) was incorporated based on the subordinate enterprises

1993 – according to the legislation of the Russian Federation on Privatization of State and Municipal Enterprises POEE “Krasnodarenergo” was reorganized to Open Joint Stock Company of Power Industry and Electrification of Kuban (“Kubanenergo”, JSC) that included except for

power grids entities also Krasnodar HPP (Heating Power Plant), “Energonadzor”, repair and construction enterprises, training center, recreation center, pioneer camp in the form of affiliated companies. According to the Decree of the President of the Russian Federation “On Organization of Electric Energy Complex Management of the Russian Federation in the frameworks of privatization” No.923 dated 15.08.1992 49% of Company’s shares in 1993 were delegated in the form of payment for the Authorized capital of RAO “UES of Russia”, JSC and the remaining 51% of “Kubanenergo”, JSC shares were purchased in the form private subscription by the Company employees and other individuals entitled to benefits according to the State Privatization Program.

“Kubanenergo”, was incorporated for the purpose of profit making gained dated rendering services in power supply to customers in Krasnodar region and the Republic of Adigeya (as of own production so acquired dated other producers), in heat energy of own production to customers of the city of Krasnodar.

During last five years “Kubanenergo”, JSC as well as whole power industry experienced large scale reforms.

Main goal of Russian electric energy reforming is increase of enterprise efficiency within the division, arrangement of conditions for the development of the division based on the investment encouragement, providing uninterrupted power supply of the customers.

The reform of electric energy was to solve the following problems:

- division differentiation to the natural monopoly types of activity (power transmission and distribution, operational dispatch management) and competitive types of activity (power production and sales);
- development of the system of effective market relations in the competitive types of activity;
- providing non-discriminatory access to the natural monopolies services;
- efficient and reasonable state regulation of natural monopolies creating incentives for costs reduction and providing investment attractiveness of natural monopolies.

In the reform process “Kubanenergo”, JSC escaped dated the service-oriented and non-specialized types of activity and dated dispatch management by isolating:

- the functions of operational dispatch management were transferred to Open Joint Stock Company “System operator of the Unified Energy System”;
- Open Joint Stock Companies “Krasnodarenergoremont”, “Recreation Centre “Energetik”, “Health Resort “Plamya” have been established;
- Non-state non-profit educational institution “Training Centre “Kubanenergo” have been established, intended for the employees of the Company and other entities to upgrade the qualification and master new professions;
- In 2006 as a result of reorganization of “Kubanenergo”, JSC the following Open Joint Stock companies were separated:
 - “Kuban Generating Company” with the Authorized capital including generating capacities of the Company (Krasnodar HPP and small hydroelectric power plants);
 - “Kuban Transmission Grids” with the Authorized capital formed by power grid facilities subordinate to the Unified National Electric Grid (voltage 220 kW and higher);
 - “Kuban Energy Sale Company” discharging functions of the trusted power supplier and the acquisition of the power on the wholesale market and delivery to final consumers.

The main activity of the Company is currently the transmission and distribution of power via 110 kW and lower power grids to power consumers of Krasnodar region and the republic of Adigeya. “Kubanenergo”, JSC operation on power transmission is subject to state regulation in terms of establishing tariffs for power transmission and rates for technological connection, and also providing non-discriminatory access of consumers to the power grids.

Dated 14.09.2007 according to the decision of Extraordinary Shareholders Meeting (Minutes

No.21 dd.31.08.2007) “IDGC of the South”, JSC fulfills the functions of the functions of Sole Executive Body (General Director) of the Company on the basis of the agreement on delegation of authority.

Dated July 1, 2008 “Kubanenergo”, JSC is the Affiliated Company of “IDGC Holding”, the latter obtained 49% of voting shares of the Company in terms of legal succession of RAO “UES of Russia”, JSC following the reorganization of the latter.

Mission of the Issuer.

Providing the shareholders with the regular income; reliable, effective and safe power supply of the customers based on the improvement and development of the power grid complex.

The strategic goal of the Company policy consists in effective management of the Company assets, determination of optimal conditions and basic technology paths for reliable and safe power supply of the customers.

To attain the stated goal the Company meets the main challenges:

- improvement of process control of the grids and implementation of modern methods of power grids capacity expansion planning;
- renewal of fixed assets and power grid facilities through increase of efforts volume on their reconstruction and technical re-equipment;
- arrangement of conditions for implementation of new engineering solutions and innovate technologies in service, control, safety systems, information transfer and communication systems, power fiscal metering systems (including automated grid control systems);
- development of operating procedures using up-to-date diagnostic tools, technical and information-and-measuring systems;
- providing of modern high-technology level of grids by means of implementation of new engineering solutions and innovate technologies;
- enhancement of functioning efficiency of grid facilities, operation costs reduction and actual energy losses in power grids;
- improvement of Regulatory and Engineering and Procedural Provisions of the Company activity;
- investments generating for accomplishment of main line of power grids development.

3.1.4. Contact Information

Location: 2 Stavropolskaya St, Krasnodar, Russia, 350033

Location of permanent executive body 49 Bolshaya Sadovaya St, Rostov-on-Don, Russia, 344002

Postal address 2 Stavropolskaya St, Krasnodar, Russia, 350033

Telephone: (861) 268-5913

Fax: (861) 268-2493

E-mail: telet@kuben.elektra.ru

Internet website address (addresses) for information disclosure on the Issuer, the securities issued and/ or in the process of issuance: www.kubanenergo.ru

Name of the Issuer's specialized division for shareholders and investors: Sector of Corporate Relations

Location of the division: 2 Stavropolskaya st, Krasnodar, Russia, 350033

Telephone: (861) 212-24-09

Fax: (861) 212-27-08

E-mail: gurauu@kuben.elektra.ru

3.1.5. Taxpayer Identification Number

2309001660

3.1.6. Branches and Regional Offices of the Issuer

Branches and regional offices of the Issuer according to its organization Charter (articles of association)

Full company name: **Adigeyskiye Electrical Grids**

Location: 358 Shovgenova Street, Maykop 385000

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Natkho Inver Yusuphovich

Term of power of attorney: September, 12 2010

Full company name: **Armavirskiy Electrical Grids**

Location: 54 Vorovskogo Street, Armavir 352900

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Magdeev Ruslan Khaydarovich

Term of power of attorney: September, 12 2010

Full company name: **Leningradskiy Electrical Grids**

Location: 6 of 302nd Division Street Leningradskaya village 353740

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Pron` Valeriy Evgenievich

Term of power of attorney: September, 12 2010

Full company name: **Labinskiy Electrical Grids**

Location: 334 Mira Street, Labinsk 352510

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Geras`ko Andrey Leonidovich

Term of power of attorney: September, 12 2010

Full company name: **Krasnodarskiye Electrical Grids**

Location: 131 Pashkovskaya Street, Krasnodar 350000

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Natkho Inver Yusuphovich

Term of power of attorney: September, 12 2010

Full company name: **Slavyanskiye Electrical Grids**

Location: 49 Stroiteley Street, Slavyansk-on-Kuban 353840

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Natkho Azamat Inverovich

Term of power of attorney: September, 12 2010

Full company name: **Sochinskiye Electrical Grids**

Location: 42 Konstitutsii Street. Sochi 354000

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Brigian` Aleksey Vasilievich

Term of power of attorney: September, 12 2010

Full company name: **Timashevskiye Electrical Grids**

Location: 174 Lenina Street, Timashevsk 353760

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Sobolev Sergey Viktorovich

Term of power of attorney: September, 12 2010

Full company name: **Tikhoretskiye Electrical Grids**

Location: 62 Dzerzhinskogo Street, Tikhoretsk 352100

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Plujnik Sergey Nikolaevich

Term of power of attorney: September, 12 2010

Full company name: **Ust-Labinskiye Electrical Grids**

Location: 4 Krasnodarskaya Street, Ust-Labinsk 352300

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Rabinovich Mark Borisovich

Term of power of attorney: September, 12 2010

Full company name: **South-Western Electrical Grids**

Location: 1Vostochniy Mol, Novorossiysk 353902

Date of opening: March, 1 1993

Head of the branch (regional office)

Surname Name Patronymic

Manukalo Aleksander Vasilievich

Term of power of attorney: September, 12 2010

3.2. Main Economic Activity of the Issuer

3.2.1. Company's Industry of the Issuer

OKVED codes
40.10.2
40.10.3
40.10.4
74.20.11
63.40
45.21
63.12.21

3.2.2. Ordinary Economic Activity of the Issuer

Economic activities (activities, production (works, services)) provided not less than 10% of receipt (revenue) to Issuer during the last accounting period.

Unit of measurement: thousands of rubles

Production (works, service): Services of selling electric power to consumers.

Indicator	2005	2006	2007	2008	2009	2010, 3 months
Receipt (revenue) capacity of this type of activity, thousands of rubles	13 734 752.4	7 698 742	0	0	0	0

Part dated receipt (revenue) capacity of this type of economic activity in total capacity of Issuers receipts (revenues), %	94.8	67.03	0	0	0	0
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Changes in receipt (revenues) of the Issuer dated principal economic activity with 10 and more percents in comparison with the corresponding accounting period and the reasons of these changes.

Considering the rearrangement of Issuer by means of allotment dated the issuer "Kubanenergosbyt" JSC, "Kuban Generating Company" JSC and "Kuban Long-Haul Network" starting dated July, 1 2006 "Kubanenergo" JSC principal activity of transmission and distribution of electric power with voltage 110 kW and lower.

Production (works, service): Services of selling electric power to consumers.

Indicator	2005	2006	2007	2008	2009	2010, 3 months
Receipt (revenue) capacity of this type of activity, thousands of rubles	194 648	3 029 831	13 475 758	14 884 828	17 609 651	5 707 101
Part dated receipt (revenue) capacity of this type of economic activity in total capacity of Issuers receipts (revenues), %	1.4	26.38	91.6	83.43	88.27	97.13

Changes in receipt (revenues) of the Issuer dated principal economic activity with 10 and more percents in comparison with the corresponding accounting period and the reasons of these changes.

Considering the rearrangement of Issuer by means of allotment dated the issuer "Kubanenergosbyt" JSC, "Kuban Generating Company" JSC and "Kuban Long-Haul Network" starting dated July, 1 2006 "Kubanenergo" JSC principal activity of transmission and distribution of electric power with voltage 110 kW and lower.

Lines with power 110 kW and more

Production (works, service): Service of technological connection

Indicator	2005	2006	2007	2008	2009	2010, 3 months
Receipt (revenue) capacity of this type of activity, thousands of rubles	0	0	0	2 870 077	2 270 744	152 421
Part dated receipt (revenue) capacity of this type of economic activity in total capacity	0	0	0	16.09	11.38	2.59

of Issuers receipts (revenues), %						
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Changes in receipt (revenues) of the Issuer dated principal economic activity with 10 and more percents in comparison with the corresponding accounting period and the reasons of these changes.

Mentioned changes did not occur.

Additional information disclosed according to Statute of Informational policy of the Company

Determined electric power of Issuer's power objects as of March, 31 2010:

110, 220 kW high-voltage lines length	HV line – 4736,0 km (on route) HV line -110 kW – 6076,0 km (in circuits) HV line -220 kW – 76,1 km
6, 10. 35 kW medium voltage lines length	40422,1 km (on route) 41253,1 km (in circuits), including: HV line -35 kW – 6933km (on route) HV line -35 kW – 7764, km (in circuits) HV line -10 kW – 31086,0 km Cable Line -35 kW – 0,5 km Cable Line -10 kW – 680,2 km HV line -6 kW – 1263,0 km Cable Line -6 kW – 459,4 km
0,4 kW low-voltage lines length	41545,6 km, including: HV line – 41073,0 km Cable Line – 472,6 km
amount/power of 110 kW substations with main high voltage	211 pieces./5929,6 MVA
amount/power of 35/6-10 kW substations with main high voltage	499 pieces./2324,1 MVA
amount/power TS (6-35/0,4kW)	21874 pieces./4140,67 MVA

Technological connection of consumers to electric lines of the Company

In the 1st quarter of 2010 2935 contracts of technological connection to grids with 142.77 MW power were made, 211.81 million rubles was collected, receipts gained 152/42 millions rubles. The main part of the receipts was gained dated consumers submitted an application for more than 200 kW power.

In fact in the 1st quarter of 2010 2007 consumers were connected (considering generation) for 24.96 MW power, the gain was 57.27 millions of rubles.

Main rates of electric energy transmission by “Kubanenergo” JSC in the first quarter of 2010.

Electric energy reception to Company’s network for transmission according to the contracts of service in the 1st quarter of 2010 was 5 015 035,6 thousands of kW per hour.

Electric energy distribution dated “Kubanenergo” JSC network was 4 223 176.2 thousands of kW per hour.

Effective electric energy distribution by “uniform” method with division on voltage levels for the 1st quarter 2010 was 3 713 332.3 kW per hour, including:

- high voltage (110 kW and more) - 921 658,8 kW per hour
- medium voltage 1 (35kW) – 181 529.6 kW per hour
- medium voltage 2 (1-20kW) – 1 133 782.1 kW per hour
- low voltage (0.4 and less) – 1 476 271.8 kW per hour

Factual loss of electric energy distributed were 15.79% while the standard of loss is 15.10%. Overexpenditure of electric energy of standard of loss in the 1st quarter was 34 423.9 thousands of kW per hour.

Electric energy transmission tariffs and technological connection to distributive grids information.

Prices (tariffs) for Company’s service are fixed by Regional Energetic Committee

Uniform tariffs for electric power transmission via grids of “Kubanenergo” JSC actual dated 1st of January 2010 are approved by REC (Regional Energy Commission) Order No.39/2009-e dd 12 of December 2009 “On fixing uniform tariffs of electric power transmission through grids of Krasnodar region and Adigeya republic”.

Voltage level	Grids maintenance rate (excluding VAT)	Rate (tariff) of technological expenditure (loss) of electric energy supposed for transmission (including VAT)	One-part tariff (excluding VAT)
	rub./MW./month	rub./MW per hour	rub./MW per hour
High voltage (110 kW and more)	276 015,20	217,31	867,44
Medium voltage 1 (35kW)	314 075,53	226,31	1 009,34
Medium voltage 2 (20-1 kW)	393 887,12	232,83	1 565,46
Low voltage (0.4 kW and less)	555 815,43	849,41	2 157,38

Payment for technological connection of consumers to grids is approved by decision of REC.

In 2010 there are actual tariffs on technological connection to “Kubanenergo” JSC grids approved by REC DCT decision dated July 20 2006 No.25/2006-e (with alternations introduced by REC DCT orders dated October 18 2007 No.7/2007-e, Mat 7 2008 No.18/2008, dated March 3 2009 No.2/2009-e,) dated August 7 2006 No.26/2006-e (with alternations introduced by REC dated August 10 2007 No.33/2007-e, dated October 19 2007 No. 7/2007-э, dated May 7 2008 1No.8/2008-e, dated November 24 2008 No. 37/2008-e, dated March 25 2009 No.5/2009-e

Customer	Fee, rubles/kW		Date of tariffs approval
	Fee, rubles/kW (excluding VAT)	Fee, rubles/kW (including VAT)	
Power less than 35 kW with added power less than 10000 kW			
Customers interested in technological connection with added power do not exceeding 15 kW, inclusive;		550,0 (for one connection)	REC decision dated 20 th of July 2006 No. 25/2006-e
Legal and physical persons at added power from 15 to 30 kW inclusive;	1 695,00	2 000,10	
Legal and physical persons at added power from 30 to 100 kW inclusive;	2 000,00	2 360,00	
Legal and physical persons at added power from 100 to 750 kW inclusive;	1 890,30	2 230,55	
Legal and physical persons at added power more than 750 kW	1 488,20	1 756,08	
Legal and physical persons with no criteria of available technical feasibility of connection except the following customers: § Physical persons, electric power consumption for domestic purposes in living space with added power do not exceeding 15 kW inclusive; § Legal persons – noncommercial organizations for electric power supply of citizens-members of the organization for domestic purposes without profit extraction, calculated by common meter at switching over, as per requirements of fee determination of technological connection to grids approved by Federal tariff department § Business entities, municipal institutions, state structures with purpose of street lightning in limits of center of population, except external lightning of property objects; § Business entities, municipal institutions, state structures with purpose of providing of traffic lights to control the traffic.	11 000,00	12 980,0	REC decision dated 7 th of August 2006 No.26/2006-6-e
Power 35 kW and more with added power not less than 10000 kW			

Customer s that need 35 kW electrical power and more with added power at least 10000 kW.	The payment is fixed individually on each particular connection	REC decision dated 20 th of July 2006 No. 25/2006-e
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Seasonal nature of principal activity of the issuer

Issuer's principal activity has non seasonal nature

Structure of cost price of the issuer

Indicator	2009	2010, 3 month
Raw materials and materials, %	2.13	1.28
Purchased components and intermediates, %	0	0
Production works and services dated third part organizations, %	48.93	45.48
Fuel, %	0	0
Power, %	24.38	36.1
Labour costs, %	7.86	6.26
Interest on credits, %	0	0
Rent, %	0.14	0.18
Social needs expenses, %	1.91	1.63
Depreciation of fixed assets, %	5.53	4.43
Taxes included in cost price of production, %	0.72	0.45
Other expenses (define)	8.4	4.2
Depreciation of intangible assets, %	0	0
Remuneration for innovations, %	0	0
Obligatory insurance payments, %	0.76	0.5
Expenses on representation, %	0.1	0.2
Other, %	7.54	3.5
Total: production and sales-related costs (works, service), (cost price), %	100	100
Notes: sales receipt (works, service) to cost price ratio, %	105.82	91.12

Total: production and sales-related costs (works, service), (cost price), %	100	100
Notes: sales receipt (works, service) to cost price ratio, %		

A quite significant new productions (works, service) provided by the Issuer on the market of the Issuer's principal activity at the extent satisfying information available on such types of production (works, services). The status of production (works, services) development should be mentioned.

There are no new types of production (works, services) having considerable importance.

Standards (rules) as per the accounting report and calculation were made reflected in the point of the quarterly report:

Accounting report on which basis the calculations were made confirms the current accountancy requirements of the Russian Federation:

- **Federal Law of the Russian Federation "On Accounting" dated 21.11.1996 No129-FZ;**
- **Regulations on accounting "Account Policy of Organization" RBK 1/2008 approved by the order of the Ministry of Finance of Russian Federation as of 29th of June.1998 No.34n;**
- **Regulations on accounting conducting and accounting reporting in the Russian Federation approved by order of the Ministry of Finance of Russian Federation as of 29 of June 1998 No.34n;**
- **Standards on accounting and reporting approved by order of the Ministry of Finance of Russian Federation as of 22nd of July 2003 No.67 n "On forms of accounting reports of organization"**

3.2.3. Materials, Goods (raw materials) and Suppliers of the Issuer

For 2009

The Issuer's supplier who performed at least 10 percent of total supply of materials and goods (raw materials)

Full company name: **"Plant of Energo-Building Constructions", CJSC**

Location: **2B Sovietskaya Street, Yuzhnouralsk, Chelyabinsk region 457040**

TIN: **7424025932**

RCBIK: **1087424000828**

Share in total volume of delivery, %: **30.9**

Full company name: **"Novations and Business in Energetic", CJSC**

Location: **1 Zavodskaya Street, Yuzhnouralsk, Chelyabinsk region 457040**

TIN: **7424022191**

RCBIK: **1057436009531**

Share in total volume of delivery, %: **28.4**

Full company name: **Joint Stock Company "Smart"**

Location: **112 Nekrasova Street, Anapa, Anapa district, Krasnodar region 353440**

TIN: **2301045640**

RCBIK: **1022300508229**

Share in total volume of delivery, %: **14.5**

Information on more than 10 % price changes for main materials and goods (raw materials) for the accounting period in comparison with the corresponding accounting period of the previous

year.

Price fall for reinforced-concrete pole for 11%, for metal towers for 13%.

Percent of import of material and goods supplies, availability of import sources projection and possible alternative sources.

No arrivals

For accounting period

Issuer's suppliers that perform not less than 10 percents of all goods and materials (raw materials) supply.

Issuer's suppliers that perform less than 10 percents of all goods and materials (raw materials) supply.

Full company name: **“ASP Group Yug”, CJSC**

Location: **89 Kozhevennaya Street Krasnodar, Krasnodar region 350000**

TIN: **2308151292**

RCBIK: **1082308012049**

Share in total volume of delivery, %: **71.9**

Information on more than 10 % price changes for main materials and goods (raw materials) for the accounting period in comparison with the corresponding accounting period of the previous year.

Price for polymer isolator increased for 30.15% and reduced for wall tubes and rigid isolators for 18%.

Import share in materials and goods supply, analysis of availability of import sources in future and possible alternative sources.

No arrivals

3.2.4. Commodity Markets of Products (works, services) of the Issuer

Basic markets of the Issuer's operation:

The Company is the biggest power grid company operating on the territory of Krasnodar region and the Adigeya Republic and rendering the transmission and distribution of electric power through 110 kW and lower power grids among centres of population, rural settlements and certain towns and regional centres of Krasnodar region and the Republic of Adigeya including the city of Sochi.

“Kubanenergo”, JSC carries out the principal activity natural monopoly conditions, state regulated in terms of tariffs setting for rendering services of electric power transmission and providing non-discriminatory access for consumers to the power grids. With regard to growing demand for electric power in the configuration areas, the Issuer pays special attention to development, reconstruction and enhancement of transmission capacity of the power grid facilities, expecting future sales volume increase of rendered services.

Dated 1st of January 2007 “uniform” payment method for power transmission was implemented in the region, and “Kubanenergo”, JSC was delivered into the charge of “the boiler holder”. That implies that all power supply companies selling electric energy on the local market pay to “Kubanenergo”, JSC for the services of power transmission via the grids throughout whole regional electric power system in the frameworks of power transmission agreements, and meantime “Kubanenergo”, JSC is paying to regional grid companies for power transmission services.

In the accounting period the main consumers of “Kubanenergo”, JSC services of power

transmission were as follows:

- power supply companies – that sale or retail markets entities, carrying out the business on selling of electric energy to the final customers connected to the power grids of the Company and of other grid organizations (“Kubanenergosbyt”, JSC, “Nizhnovatomenergosbyt”, JSC, “Dizazh M”, LLC, “NESK”, JSC, “MAEREM +”, CJSC, “Rusenergosbyt”, LLC, “Rusenergoresurs”, LLC, MUE (Municipal Unitary Enterprise) “Maykopskiye GES”, “Kubanresurs”, LLC, “RN-Energo”, LLC);
- number of independent regional power producers (isolated generating plants).

The consumers of “Kubanenergo”, JSC services for technological connection to the power grids are legal persons and individuals interested in technological connection to “Kubanenergo”, JSC power grids and applied for the issuance of the technical requirements for technological connection.

Factors may have negative impact on the Issuer’s product (works, services) sales and probable actions of the Issuer on mitigation of such impact:

Factors of possible negative impact on “Kubanenergo”, JSC production distribution represent political risks related to the Government Decrees on the development of electric power industry in the post-transition period in terms of electric energy reforming (dated July 1, 2008), and the risks related to the interrelations with local authorities, economic risks related to the government price control over the Issuer’s production, financial risks related to the terms and cost of the involvement of the borrowed funds, risks related to the main equipment operation (power transmission), and other risks. Currently the Issuer does not expect the substantial deterioration of the situation in the industry. In case of substantial deterioration of the situation in the industry the Issuer is planning to analyze risks and take necessary solution in each particular situation.

3.2.5. Data on the Issuer’s Licenses

License issuing authority: Federal Service for Supervision in the Sphere of Communications

Number: 40946

Name of activity (activities): Services of local telephone communication, except for services of local telephone communication via public telephones and network-sharing technologies.

Date of issue: 05.04.2006

Valid until: 05.04.2011

License issuing authority: Russian Federation Ministry of Natural Resources

Number: **КРД** No. 03378

Name of activity (activities): License for the right of ground waters extraction (fresh ground waters extraction for utility-and-drinking and process water supply in Krasnodar)

Date of issue: 17.07.2007

Valid until: 20.07.2014

License issuing authority: Administration of FSB (Federal Security Service) of Russia in Krasnodar region

Number: 735

Name of activity (activities): Implementation of works using the information classified as State Secret

Date of issue: 04.03.2008

Valid until: 04.03.2013

License issuing authority: Administration of FSB (Federal Security Service) of Russia in Krasnodar region

Number: 203

Name of activity (activities): Implementation of activities and (or) rendering services for State Secret Protection

Date of issue: 16.02.2000

Valid until: 31.10.2011

License issuing authority: Administration of FSB (Federal Security Service) of Russia in Krasnodar region

Number: 735/1

Name of activity (activities): Implementation of activities and (or) rendering services regarding State Secret Protection related to the functioning of cryptographic center. The license competence covers the operation of encryption equipment assigned for protection of the information classified as State Secret

Date of issue: 20.03.2008

Valid until: 20.03.2013

License issuing authority: Ministry of Regional Development of the Russian Federation

Number: CU-3-23-02-1027-0-2309001660-020237-5 serial number K No. 037229

Name of activity (activities): Construction and installation works and performing the owner/developer functions

Date of issue: 26.11.2008

Valid until: 20.08.2012

The Issuer fulfills license requirements.

Issuer's management takes all the necessary actions to obtain, keep in force and renew licenses, as well as minimize the probability of license suspension, change or withdrawal. In this context projection of possibility of license renewal is positive.

At the same time there exists a risk related to alternations in legislation law or to decisions of federal and regional authorities on licensing matters which are beyond the Issuer's control. Thereby the issuer cannot guarantee that in future no alternations will take place that can negatively influence Issuer's activity. Though, at present economical, legal or political backgrounds connected with complication of the procedure or decrease of possibility license prolongation by Issuer are not found.

3.2.6. Joint Activity of the Issuer

The information on joint activity that Issuer leads with other organizations for the last 5 financial years and last terminated accounting period until the date of securities prospectus approval :

Joint activity participant	Investments amount (thousands of rubles)						Investment purpose	Financial result of the Last financial and accounting period
	for Decem ber 31, 2005	for Decem ber 31, 2006	for Decem ber 31, 2007	for Decem ber 31, 2008	for Decem ber 31, 2009	for Decem ber 31, 2010		

"Kuban", JSC	20403	20403	20403	20403	20403	20403	Construction of stoneware production plant on brick and tile manufacture with subsequent profit gaining	Construction was not completed. The profit was not gained during last completed fiscal year and last completed accounting period
"Ritek-Souz", JSC	19143	19639	19911	-	-	-	Production basis construction in Krasnodar (Demusa Street)	Construction was not completed. The profit was not gained during last completed fiscal year and last completed accounting period
"Sfera Zhiliya", investment fund of house building development	672	672	672	-	-	-	60-apartment house building (Krasnodar)	Construction was completed. The profit was not gained during last completed fiscal year and last completed accounting period

3.3. Future Activity Plans of the Issuer

Plans of the Issuer regarding new production organization: The Issuer does not plan to organize new production.

Plans of the Issuer regarding expansion and decrease in production:

Development of power grid facilities of the Company is carried out as per the approved schedule of prospective development of power grids and to the requirements of technical conditions for arrangement of technical connection of consumers to the Company's power grids.

In 2010 it is planned to make 8399 contracts of technological connection of the total power 150.4 MW; 1 031.19 millions of rubles (VAT excluding) of volume of fee (from the connections) are expected.

Plans of the Issuer regarding the elaboration of new production items: the Issuer does not plan the elaboration of new production items.

Plans of the Issuer regarding modernization and fixed assets reconstruction:

For the ahead years “Kubanenergo” JSC is expecting the construction and reconstruction of the overhead cable lines, substations and other power facilities principally aimed at constant power supply of the customers in the Krasnodar region coast of Black Sea and Azov Sea, in Krasnodar being the social and cultural centre and especially in Sochi power district being the mountain climate resort of the future Winter Olympic Games 2014.

Issuer's investment plans:

The investment program of “Kubanenergo”, JSC was sent for Board of Directors` adoption for 2010 presupposes realization of 254 investment projects (including 23 large projects, 8 medium and 233 small ones) with total amount 8 354.760 millions of rubles. The program provides reconstruction, extension, technical reequipment of production objects of the Company. Participating in the process of electric power transmission and technological connection of new customers (11 investment projects).

Funding sources of the investment program are:

amortization - 1 228.568 million of rubles, additional securities issue for Olympic objects construction - 5 916.978 millions of rubles, directed funds for energy saving and energy efficiency improvement arrangements – 146.551 millions of rubles, payment for technological connection - 1 062.663 million of rubles (excluding VAT)

Issuer's plans dealing with possible changes of the principal activity: **changes are not planned.**

Issuer's strategic plans presuppose:

- **excessive energy waste reduction;**
- **providing of reconstruction expansion, modernization and technical reequipment of Kuban energy objects for account of new customers payment for technological connection on fixed tariffs REC DCT;**
- **internal costs control;**
- **bringing the correlation between bills payable and receivable to optimal value.**

3.4. Participation of the Issuer in Industrial, Bank and Financial Groups, Holdings, Concerns and Associations.

Name of group, holding, concern or association: “IDGC Holding”, JSC

Year of participation beginning: 2008

Role (place) and functions of the Issuer in the entity:

Dated July 1, 2008 “Kubanenergo”, JSC is the affiliated company of “IDGC Holding”, JSC and the latter obtained 49% of the Company voting shares from RAO “UES of Russia”, JSC as a successor in the result of reorganization of the latter.

Functions of the Issuer in the specified holding: carrying out of power industry in Russia in terms of distribution grid complex.

Results of the Issuer's finance and economic activity depend considerably on other participants of industrial, bank, finance group, holding, concern, associations.

Detailed description of dependence type of the Issuer's finance and economic activity on other participants of industrial, bank, finance group, holding, concern, associations:

Results of the Issuer's finance and economic activity depend on the policy carried out by “IDGC Holding”, JSC controlled by the Government of the Russian Federation.

The Issuer's activity is considered to be naturally monopolistic, state-controlled; tariffs on services in electric power transmission through distribution grids as well as fee amount for technological connection to electrical grids are regulated by State Tariff Body – Regional Energy Commission of Prices and Rates Department of Krasnodar region – REK DCT of Krasnodar region.

3.5. The Issuer's Subsidiaries and Affiliated Companies

Full company name: Open Joint Stock Company "Health Complex "Plamya"

Short company name: "Health Complex "Plamya", JSC

Location: 2 Novomikhaylovskaya village, Tuapse District, Krasnodar region, 352856

TIN: 2365000589

PSRN: 1042330761274

Subsidiary: Yes

Affiliated company: Yes

Basis for company's recognition as the Issuer's subsidiary or affiliated company: Prevailing participation of the Issuer in the Company's Authorized capital

Stake held by the Issuer in the Authorized capital of the subsidiary, %: 100

Percentage of ordinary shares of the subsidiary owned by the Issuer, %: 100

Stake held by the subsidiary in the Authorized capital of the Issuer, %: 0

Percentage of ordinary shares of the Issuer owned by the subsidiary, %: 0

Company's main activity description. The company's importance for the Issuer's activity:

Organization of Recreation and health center for children and adults providing accommodation, food, health improvement, holding of training practice sessions and sport teams competitions of high and average grade of sportsmanship, arrangement and holding of seminars and conferences.

Structure of the company's Board of Directors

Surname, name, patronymics	Year of birth	Share of the subsidiary's participation in the Issuer's Authorized capital, %	Share of the Issuer's ordinary shares held by the subsidiary, %
Golovakha Lyudmila Alekseevna (Chairman)	1955	0	0
Pestov Dmitriy Vladimirovich	1967	0	0
Kocherga Vitaliy Aleksandrovich	1977	0	0
Chekalian Sarkis Mikhailovich	1949	0.0002	0.0002
Storchay Margarita Aleksandrovna	1982	0	0

Sole executive authority of the company

Surname, name, patronymics	Year of Birth	Share of the subsidiary's participation in the Issuer's Authorized capital, %	Share of the Issuer's ordinary shares held by the subsidiary, %

Chekalyan Sarkis Mikhailovich	1949	0.0002	0.0002
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Structure of collegiate executive authority of the company

Collegiate executive authority is not stipulated

Additional information disclosed in as per Statue of Company's Information Policy.
Quarterly review of the transaction conducted by "Health Complex "Plamya", JSC in the 1st quarter 2010.

N o.	Subject of transaction	Partner	Price, VAT including, rubles.
<u>1. Settled transactions (groups of transactions which liability is 10 and more percents of assets book cost of "Health Complex "Plamya", JSC as per the accounting data for previous completed period:</u>			
1	no		
<u>2. Transactions settled by "Health Complex "Plamya", JSC with "Kubanenergo", JSC or with shareholder of more than 5% of "Kubanenergo", JSC ("IDGC Holding", JSC, "Neft-Activ", CJSC) :</u>			
1	no	no	no
<u>3. Transactions settled by "Health Complex "Plamya", JSC with associated companies of "Kubanenergo", JSC ("Krasnodarebergosetremont".JSC, "Energetik", JSC):</u>			
1	no	no	no

"Kubanenergo", JSC is a client of "Health Complex "Plamya", JSC at the rate of 42.4% of the affiliate's gain.

To supervise and control the day-to-day operation, in accordance with current business policy regulations of affiliated and dependent companies of "Kubanenergo", JSC, the Company establishes tasks on net income and current liquidity coefficient in concordance to which business plans of the companies are approved.

Financial and economical showings of "Health Complex "Plamya" activities

No.	Name	2007	2008	2009	1 st quarter 2010
1	Gain, thousands of rubles	13 115	20 368	16 980	0
2	Cost price, thousands of rubles	14 741	19 039	18 358	1 751
3	Gross profit, thousands of rubles	-1 626	1 329	-1 378	-1 751
4	Net income, thousands of rubles	-1 700	-496	-2 250	-1 761
5	Profit margin, %	-12,40	6,52	-8,12	0,0
6	ROE (return on equity capital), %	-9,05	-2,71	-14,03	-12,34
7	current liquidity coefficient	0,47	0,26	0,16	0,15
8	Autonomy coefficient	0,85	0,88	0,80	0,71

9	Accounts receivable turnover, days	6,5	2,0	1,6	0,0
10	Accounts payable turnover, days	89,5	42,9	85,9	0,0

Full company name: Open Joint Stock Company "Recreation Centre "Energetik"

Short company name: "Recreation Centre "Energetik", JSC

Location

4 Pionerskaya, Divnomorskoye village, Gelendzhik, Krasnodar region, 352815

TIN: 2304041820

PSRN: 1042301876495

Subsidiary: Yes

Affiliated company: Yes

Basis for company's recognition as the Issuer's subsidiary or affiliated company: Prevailing participation of the Issuer in the Company's Authorized capital

Stake held by the Issuer in the Authorized capital of the subsidiary, %: 100

Percentage of ordinary shares of the subsidiary owned by the Issuer, %: 100

Stake held by the subsidiary in the Authorized capital of the Issuer, %: 0

Percentage of ordinary shares of the Issuer owned by the subsidiary, %: 0

Description the company's main activity. The company's importance for the Issuer's activity:

Recreation and health improvement arrangements for children providing accommodation, food, health improvement, holding of training practice sessions and sport teams competitions of high and average grade of sportsmanship, arrangement and holding of seminars and conferences..

Structure of the company's Board of Directors

Surname, name, patronymics	Year of birth	Share of the subsidiary's participation in the Issuer's Authorized capital, %	Share of the Issuer's ordinary shares held by the subsidiary, %
Golovakha Lyudmila Alekseevna (Chairman)	1955	0	0
Pestov Dmitriy Vladimirovich	1967	0	0
Kocherga Vitaliy Aleksandrovich	1977	0	0
Kuryshkin Konstantin Mikhaylovich	1980	0	0
Lebedev Aleksandr Borisovich	1956	0	0

Sole executive authority of the company

	Year of Birth	Share of the subsidiary's	Share of the Issuer's
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Surname, name, patronymics		participation in the Issuer's Authorized capital, %	ordinary shares held by the subsidiary, %
Lebedev Aleksandr Borisovich	1949	0	0

Structure of collegiate executive authority of the company

Collegiate executive authority is not stipulated

Additional information disclosed in as per Statue of Company's Information Policy.
Quarterly review of the transaction conducted by "Recreation Centre "Energetik", JSC in the 1st quarter 2010.

N o.	Subject of transaction	Partner	Price, VAT including, rubles.
<u>1. Settled transactions (groups of transactions which liability is 10 and more percents of assets book cost of "Recreation Centre "Energetik", JSC as per the accounting data for previous completed period:</u>			
1	Trips sale	"Kubanenergo", JSC	9 998 780
<u>2. Transactions settled by "Recreation Centre "Energetik", JSC with "Kubanenergo",JSC or with shareholder of more than 5% of "Kubanenergo", JSC ("IDGC Holding", JSC, "Neft-Actif", CJSC):</u>			
1	Trips sale	"Kubanenergo", JSC	9 998 780
<u>3. Transactions settled by "Energetik", JSC with associated companies of "Kubanenergo",JSC ("Krasnodarebergosetremont".JSC, "Health Complex "Plamya", JSC):</u>			
1	no	No	no

"Kubanenergo", JSC is a client of "Recreation Centre "Energetik", JSC at the rate of 28.2% of the affiliate's gain.

To supervise and control the day-to-day operation, in accordance with current business policy regulations of affiliated and dependent companies of "Kubanenergo", JSC, the Company establishes tasks on net income and current liquidity coefficient in concordance to which business plans of the companies are approved.

Financial and economical showings of "Recreation Centre "Energetik", JSC activities:

No.	Name	2007	2008	2009	1 st quarter 2010
1	Gain, thousands of rubles	47 662	52 120	42 538	146
2	Cost price, thousands of rubles	42 136	47 730	44 459	5 419
3	Gross profit, thousands of rubles	5 526	4 390	-1 921	-5 273

4	Net income, thousands of rubles	2 448	1 655	-2 621	-4 376
5	Profit margin, %	11,59	8,42	-4,52	-3 611,6
6	ROE (return on equity capital), %	5,16	3,37	-5,64	-10,40
7	Current liquidity coefficient	1,66	2,12	0,88	0,58
8	Autonomy coefficient	0,88	0,93	0,90	0,79
9	Accounts receivable turnover, days	19,2	14,9	27,9	1 529,4
10	Accounts payable turnover, days	47,9	24,4	43,0	7 076,3

Full company name: in Russian: Open Joint Stock Company “Krasnodarelektrosetremont”

Short company name: “Krasnodarelektrosetremont”, JSC

Location

47 Novorossiyskaya St, Krasnodar, Russia 350080

TIN: 2312118241

PSRN: 1052307175876

Subsidiary: Yes

Affiliated company: Yes

Basis for company's recognition as the Issuer's subsidiary or affiliated company: Prevailing participation of the Issuer in the Company's Authorized capital

Stake held by the Issuer in the Authorized capital of the subsidiary, %: 100

Percentage of ordinary shares of the subsidiary owned by the Issuer, %: 100

Stake held by the subsidiary in the Authorized capital of the Issuer, %: 0

Percentage of ordinary shares of the Issuer owned by the subsidiary, %: 0

Description the company's main activity. The company's importance for the Issuer's activity:

Activities on design, assembly, adjustment, routine maintenance and operation of equipment, buildings and facilities of power and heat supply grids, lifting devices, primarily power grid facilities of the Issuer.

Structure of the company's Board of Directors

Company's Board of Directors is not stipulated

Sole executive authority of the company

Surname, name, patronymics	Year of Birth	Stake of the subsidiary's participation in the Issuer's Authorized capital, %	Stake of the Issuer's ordinary shares held by the subsidiary, %
Dunaevskiy Sergey Mikhaylovich	1956	0	0

Structure of collegiate executive authority of the company

Collegiate executive authority is not stipulated

Additional information

As “Krasnodarelektrosetremont”, JSC was declared a bankrupt, the bankruptcy proceedings were opened and administrative receiver was appointed, Shareholders meeting and Board of “Krasnodarelektrosetremont”, JSC directors terminated its power (except the authority of common participants meeting of debtor, owner of property of debtor to make decisions on concluding a deal on loan terms by third part for discharge of obligations) as per Federal Law No.127-FZ “On bankruptcy” dated 26th of May 2002 (with successive changes and add-ins).

By Arbitrage 22nd of January Dunaevskiy Sergey Mikhaylovich was appointed the administrative receiver of “Krasnodarelektrosetremont”, JSC.

Collegiate body of “Krasnodarelektrosetremont”, JSC was not appointed (was not formed) as the presence of this kind of body is not provided by the affiliated company Charter

Additional information disclosed in as per Statue of Company’s Information Policy.

Quarterly review of the transaction conducted by “Recreation Centre “Energetik”, JSC in the 1st quarter 2010.

N o.	Subject of transaction	Partner	Price, VAT including, rubles.
<u>1. Settled transactions (groups of transactions which liability is 10 and more percents of assets book cost of “Krasnodarelektrosetremont”, JSC as per the accounting data for previous completed period:</u>			
1	no	no	no
<u>2. Transactions settled by “Krasnodarelektrosetremont”, JSC with “Kubanenergo”,JSC or with shareholder of more than 5% of “Kubanenergo”, JSC (“IDGC Holding”, JSC, “Neft-Actif”, CJSC):</u>			
1	no	no	no
<u>3. Transactions settled by “Krasnodarelektrosetremont”, JSC with associated companies of “Kubanenergo”,JSC (“Health Complex “Plamya”.JSC, “Energetik”, JSC):</u>			
1	no	No	no

Financial and economical showings of “Krasnodarelektrosetremont”, JSC activities:

No.	Name	2007	2008	2009	1 st quarter 2010
1	Gain, thousands of rubles	226 622	10 682	76	0
2	Cost price, thousands of rubles	278 292	72 007	10 215	1 385
3	Gross profit, thousands of rubles	-51 670	-61 325	-10 139	-1 385
4	Net income, thousands of rubles	-49 488	-45 366	41 882	156
5	Profit margin, %	-22,80	-574,10	-13 340,79	0,00
6	ROE (return on equity capital), %	-107,07	-224,13	345,87	-1,30
7	current liquidity coefficient	0,60	0,28	0,57	0,46
8	Autonomy coefficient	-0,02	-0,32	-0,24	-0,34

9	Accounts receivable turnover, days	70,7	738,6	154 937,7	0,0
10	Accounts payable turnover, days	232,8	5 251,6	300 659,1	0,0

3.6. Composition, Structure and Cost of the Issuer's Fixed Assets, Information on Plans for Fixed Assets Purchase, Replacement, Retirement, as well as on all Facts of the Issuer's Fixed Assets Charging

3.6.1. Fixed Assets

For 2009

Unit of measurement: thousands of rubles.

Groups of objects of fixed assets	Original (replacement) cost	Accrued depreciation
Buildings	4 590 880	2 349 766
Constructions	15 250 260	9 777 019
Machinery and equipment	27 107 672	21 181 918
Transportation	201 308	137 545
Production and house hold equipment	70 350	37 937
Lands		

Data on depreciation charges in groups of objects of fixed asset:

Amortization on objects of fixed assets is carried put by linear method on the assumption of terms of efficient usage of the objects.

Reporting date: 31st of December 2009

By the end of accounting period

Unit of measurement: thousands of rubles:

Groups of objects of fixed assets	Original (replacement) cost	Accrued depreciation
Fixed assets	47 276 150	33 763 249

Data on depreciation charges in groups of objects of fixed asset:

Amortization on objects of fixed assets is carried put by linear method on the assumption of terms of efficient usage of the objects.

Reporting date: 31st of March 2010

Results of the last revaluation of fixed assets fulfilled for past 5 financial years preceding the quarterly report or for each completed financial year preceding the accounting period if the

Issuer undertakes the activity during than 5 years and for reporting quarterly.

Unit of measurement: thousands of rubles.

Groups of objects of fixed assets	Overall cost before the revaluation	Depreciated cost before the revaluation	Revaluation date	Overall cost after the revaluation	Depreciated cost after the revaluation
Equipment	19 580 459		01.01.2008	22 788 345	
Production building	1 134 416		01.01.2008	4 055 603	

The way of carrying out the revaluation of fixed asset is to be mentioned (by means of coefficients of State Statistics Committee of Russian Federation, by market value of fixed assets confirmed by documents and expert's report. In the presence of expert's report the methods of evaluation should be mentioned):

In pursuance of "IDGC Holding", JSC order "On Revaluation of Fixed Assets" No. 99 dated 6th of March 2008 value as per Russian Standards of Accounting Report in RGC for adoption of tariffs formation on the basis of RAB" and order of "Kubanenergo", JSC "On Revaluation of Fixed Assets" No.69-A dated 22nd of February 2008 the revaluation of fixed assets as of 1st of January 2008 was fulfilled.

For revaluating an agency contract was concluded between RAO "UES of Russia" and Valuer's Consortium Composed of "Deloitte and Tush CIS" CJSC, "The Institute of Enterprise Issues" JSC.

The value was carried out as per Standards of evaluation obligatory to apply by subjects of evaluation activity (approved by decision of RF government No. 519 dated 6th of June 2001 with successive add-ins and changes) and by International standards of evaluation.

Information on future plans of purchase, change, retirement of fixed assets which value is 10 or more percents dated value of fixed assets of the Issuer and other fixed assets at the Issuer's discretion and also data on charged Issuer's fixed assets (indicating the type of charge, time of charge, term of charge and other conditions) exciting by the time of termination of the last completed accounting period:

By the Company's Investment program 2010 the acquisition of fixed assets which value is 10 or more percents of the value of Issuer's fixed assets is not stipulated.

List of the rented property by "Kubanenergo", JSC as for 31st of March 2010:

Type of fixed assets	Type of rent	Date of rent	Rent deadline	Other conditions
Cabinet No. 16 in the premises of "Kubanenergo", JSC. 2 Stavropolskaya St., Krasnodar. 5.84 sq.m	Lease contract No.83-18/1/107/30-644 dated 01.02.2004	01.02.2004	30.06.2010	Prolongation is provided
Premises 2 Stavropolskaya St. Krasnodar.	Lease contract No.010-2/119/82 dated 07.04.2003,	01.04.2003	Until termination	

As per appendix to the contract. 941 sq.m	additional agreement No.010-66/107/30-450 dated 31.12.2003, additional agreement No.010/2/107/30-513 dated 26.01.2004, additional agreement No.107/30-195-PCK dated 01.01.2006, additional agreement No. 407/30-434-IDGC dated 28.01.2008, additional agreement No. 407/30-282 dated 08.04.2009, additional agreement No.407/30-187 dated 01.03.2010			
Premises Address:2 Stavropolskaya St. Krasnodar 192.8 sq.m	Lease contract No.407/30-13 dated 19.01.2009	19.01.2009	19.11.2010	Prolongation is provided
Premises Address: 2 Stavropolskaya St. Krasnodar 1.2 sq.m	Lease contract No.107/30-1017 dated 28.11.2006	01.11.2006	31.07.2010	Prolongation is provided
Places of installation of electrical energy recording devices PES	Lease contract No.407/30-334 dated 31.03.2010	01.04.2009	28.02.2011	Prolongation is provided
Premises Address: 25 liter A Tramvaynaya Street, Krasnodar	Lease contract No.407/30-1004 dated 25.07.2008, additional agreement No.407/30-1502 dated 12.12.2008, additional agreement	21.01.2009	21.01.2012	Prolongation is provided

	No.407/30-722 dated 20.08.2009			
Part of nonresidential premises Address: 2 liter A Stavropolskaya Street, Krasnodar. 1.2 sq.m	Lease contract No.407/30-45 dated 13.11.2006, additional agreement No. 407/30-348 dated 10.05.2007, additional agreement No.407/30-1489-IDGC dated 01.10.2007	01.01.2007	01.09.2010	Prolongation is provided
Part of nonresidential premises Address: 42 Konstitutsiya Street Sochi 1.2 sq.m	Lease contract No.407/30-46 dated 29.12.2006, additional agreement No. 407/30-316 dated 10.05.2007, additional agreement No.407/30-1490-IDGC dated 01.10.2007	01.01.2007	01.09.2010	Prolongation is provided
Cabinets No. 211, 212, 213, 214, 214/1, 214/2 in the premises liter B korpus 4 2 Stavropolskaya Street, Krasnodar 87,1 sq.m	Lease contract No.407/30-1626- IDGC dated 27.12.2007	01.12.2007	01.09.2010	Prolongation is provided
Premises Address: 358 Shovgenova Street Maykop, Adigeya Republic 31.5 sq.m	Lease contract No.407/30-423 dated 04.06.2007	04.06.2007	04.02.2011	Prolongation is provided
Cabinets No. 34,35,36,37 Address: 54 liter A Vorovskogo Street, Armavir 46.3 sq.m.	Lease contract No.407/30-429 dated 05.06.2007	05.06.2007	05.02.2011	Prolongation is provided
Maintenance shop premises No. 11,	Lease contract No.407/30-387 dated	28.05.2007	28.01.2011	Prolongation is provided

No. 11a Address: 302 the 6 th Division Street, Leningradsкая village, Leningradskiy district, Krasnodar region 23.1 sq.m .	28.05.2007			
Production building Address: 49 Stroitel'naya Street , Slavyansk-on- Kuban 28 sq.m	Lease contract No.407/30-483 dated 01.06.2007	01.06.2007	01.02.2011	Prolongation is provided
Cabinets No. 40, 41, 42 –A Konstitutsiya St., Sochi 28,1 sq.m.	Lease contract No.407/30-427 dated 04.06.2007	04.06.2007	04.02.2011	Prolongation is provided
Cabinets No. 19,21, 62 –A Dzerzhinskogo St., Tikhoretsk 21 sq.m.	Lease contract No.407/30-388 dated 28.05.2007	28.05.2007	28.01.2011	Prolongation is provided
Cabinet No. 6 in the premise of principal production building of Timashevskiy Distribution Electric Grids District, 43 Pobedy St., Timashevsk 26,1 sq.m.	Lease contract No.407/30-389 dated 28.05.2007	28.05.2007	28.01.2011	Prolongation is provided
Premises 137a K.Marksa St., Temriyk; 49 Stroitel'naya St., Slavaynsk-on- Kuban 29,3 sq.m.	Lease contract No.78/407/30- 175 dated 11.01.2010	01.01.2010	30.11.2010	Prolongation is provided
Nonresidental remises Slav ES, 30,4 sq.m.	Lease contract No.407/30-737- IDGC dated 05.05.2008	05.05.2008	05.02.2011	Prolongation is provided
Ground for placing bearing with antenna-feeding device, 74 Gagarina St.,	Lease contract No.107/30-646 dated 20.07.2005	20.07.2005	20.01.2011	Prolongation is provided

Yablonovskiy village, 14,3 sq.m.				
Radio mast 30 Tabachnaya St. Saraovskaya village, 6 sq.m.	Lease contract No.66-22-1 dated 01.04.2003	01.04.2003	Until termination	Prolongation is provided
Parts of the premises as per the appendix to the contract	Lease contract No.407/30-1074 dated 31.07.2007	31.07.2007	31.05.2010	Prolongation is provided
Premises, 1a Industrialnaya St., Apsheronsk 12,5 sq.m.	Lease contract No.79/407/30-176 dated 11.01.2010	01.01.2010	30.11.2010	Prolongation is provided
Antenna mast construction with ground, 1a Lugovaya St., Kurganinsk; 50 years of VLKSM St., Novoalekseevskaya village 19 sq.m.	Lease contract No.407/30-910-IDGC dated 01.06.2008	01.06.2008	31.03.2010	Prolongation is provided
Premises, 358 Shovgenova ST., Maykop 64,7 sq.m.	Lease contract No.407/30-1002- IDGC dated 28.07.2008	01.01.2008	30.09.2010	Prolongation is provided
Premises of DEGD Lab,ES as per the appendix to the 64 sq.m.	Lease contract No.407/30-853-IDGC dated 08.07.2008	08.07.2008	08.05.2010	Prolongation is provided
Nonresidential premises Yu-ZES , 91,9 sq.m.	Lease contract No.407/30-738-IDGC dated 05.05.2008	05.05.2008	05.02.2011	Prolongation is provided
Part of a passage 3 No. 1 address: 71 Sovetskaya St., lit A, Pavlovskaya village 61,6 sq.m.	Lease contract No.407/30-467 dated 18.06.2007	01.09.2006	01.05.2010	Prolongation is provided
Nonresidential premises Len.ES, 64,5 sq.m.	Lease contract No.407/30-1162- IDGC dated 23.09.2008	23.09.2008	23.07.2010	Prolongation is provided

Premises, 4 Krasnodarskay St., Ust-Labinsk 31,7 sq.m.	Lease contract No.407/30- 1000 dated 12.09.2007	12.09.2007	12.06.2010	Prolongation is provided
Cabinet No. 34, 131 Pashkovskaay St., Krasnodar, 23 sq.m.	Lease contract No.407/30- 1205- IDGC dated 01.10.2007	01.10.2007	01.07.2010	Prolongation is provided
Premises ARM ES 101,9 sq.m.	Lease contract No.407/30- 1206- IDGC dated 01.10.2007	01.10.2007	01.07.2010	Prolongation is provided
Cabinet No. 6, 1 Vostochniy mol, Novorossiysk, 2,5 sq.m.	Lease contract No.407/30-266 dated 19.04.2009	02.11.2008	19.02.2011	Prolongation is provided
Nonresidential premises Krasn.ES, 75,7 sq.m.	Lease contract No.407/30-191- IDGC dated 28.02.2008	28.02.2008	30.11.2010	Prolongation is provided
Nonresidential premises Krasn.ES, 47,66 sq.m.	Lease contract No.407/30-192- IDGC dated 28.02.2008	28.02.2008	30.11.2010	Prolongation is provided
Nonresidential premises Ad.ES 72,2 sq.m.	Lease contract No.407/30-4- IDGC dated 01.01.2008	01.01.2008	01.10.2010	Prolongation is provided
Nonresidential premises Ad.ES 41,4 sq.m.	Lease contract No.407/30-195- IDGC dated 28.02.2008	28.02.2008	30.11.2010	Prolongation is provided
Nonresidential premises Tim.ES, 81,84 sq.m.	Lease contract No.407/30-193- IDGC dated 28.02.2008	28.02.2008	30.11.2010	Prolongation is provided
Nonresidential premises Tikh.ES, 122,54 sq.m.	Lease contract No.407/30- 1070- IDGC dated 19.08.2008	19.08.2008	19.06.2010	Prolongation is provided
Garage 176B Lenina St., Timashevsk, 30,1 sq.m.	Lease contract No.407/30- 1215- IDGC dated 04.09.2008	01.08.2008	31.05.2010	Prolongation is provided

Nonresidential premises Ust-Lab ES 39,2 sq.m.	Lease contract No.407/30-854- IDGC dated 08.07.2008	08.07.2008	08.05.2010	Prolongation is provided
Nonresidential premises Soch.ES, 91,2 sq.m.	Lease contract No.407/30- 1200-IDGC dated 01.10.2008	01.10.2008	01.08.2010	Prolongation is provided
Nonresidential premises, 1 Vostochniy mol, Novorossiysk,34,3 sq.m.	Lease contract No.407/30- 1199- IDGC dated 01.10.2008	01.10.2008	01.08.2010	Prolongation is provided
Premises, 5 Stroitelny preulok, Anapa, 9,2 sq.km	Lease contract No.407/30- 1362 dated 30.09.2008	30.09.2008	31.07.2010	Prolongation is provided
Nonresidential premises 11 Geroev Artilleristov St., Shaumayn village, Tuapse district. 12 sq.m.	Lease contract No.407/30-578 dated 21.07.2009	21.07.2009	21.06.2010	Prolongation is provided
Ferroconcrete trays	Lease contract No.407/30-978 dated 01.09.2009	01.09.2009	31.07.2010	Prolongation is provided
Movable property as per the appendix to the contract.	Lease contract No.407/30-188 dated 01.03.2010	01.01.2010	31.12.2010	Prolongation is not provided
Transport	Lease contract No.407/30- 1334 dated 29.10.2008, Additional agreement No.407/30- 1154 dated 09.12.2009	10.11.2008	11.11.2010	Prolongation is not provided
Means of transportation with crew	Lease contract No.407/30- 1371 dated 29.10.2008, Additional agreement No.407/30- 1144 dated 09.12.2009	10.11.2008	11.11.2010	Prolongation is not provided

Equipment for mixed fodder production	Lease contract No.107/30-205 dated 11.09.2003	11.09.2003	Until termination	
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IV. Data on Financial and Economic Activities of the Issuer

4.1. Results of Financial and Economic Activities of the Issuer

4.1.1. Profit and Loss

Unit of measurement: thousands of rubles

Index description	2005	2006	2007	2008	2009	2010, 3 months
Revenue	14 488 603	11 485 822	14 712 096	17 840 087	19 947 511	5 875 712
Gross profit,	937 372	798 135	1 370 302	2 727 033	1 097 907	-572 469
Net profit (undistributed profit) uncovered loss,	456 935	66 331	365 699	601 938	-2 182 592	-777 742
ROE, return on equity, %	4.56	0.93	4.18	5.9	-21.71	-9.39
ROA, return on assets, %	3.52	0.64	2.31	2.54	-6.85	-2.56
Net profit ratio, %	3.15	0.58	2.49	3.37	-10.94	-13.24
Profitability of products (sales), %	6.47	6.95	9.31	15.29	5.5	-9.74
Capital turnover,	1.22	1.48	1.16	1.02	1.06	0.34
Amount of uncovered loss as of accounting	454 768	481 889	438 084	154 123	2 182 595	2 490 315
Ratio between uncovered loss as of accounting date and the balance sheet total	0.03	0.05	0.03	0.01	0.07	0.08

Economic analysis of profitability/unprofitability of the Issuer on the basis of the given indicators' behaviors. Among other data, the information is specified on factors that, as per the Issuer's management authorities, caused the Issuer's loss/profit presented in financial statements as of the end of accounting quarter in comparison with a similar period of previous year (years):

4.1.2. Factors Influenced on Change of the Issuer's Sales Revenue from Goods, Products, Works, Services and the Change of the Issuer's Profit (Loss) on Main Activity.

Changes in financial indicators of "Kubanenergo", JSC main activity for 1st quarter 2010 in comparison with indicators of 1st quarter of 2009 are characterized by the following dynamics:

growth of revenue from realization of grid services on 1 002.8 millions of rubles at the expense of increase of revenue from transmission of electric energy for 1 029.5 millions of rubles at the simultaneous revenue reduction from technological connection services for 26.7 millions of rubles.

Here are the main factors influenced the growth of revenue from electric energy transmission services for the accounting period:

- 1) growth of average lease tariff in comparison with the same period of the previous year. The influence of this factor on receipts was resulted in 1 218.0 millions of rubles;
 - 2) decrease of effective lease – minus 188.5 millions of rubles;
 - 3) decrease of gross profit for 335.7 millions of rubles because of the leading growth of cost price in respect of gain. The growth of cost price on principal activity in the accounting period was 1 338.5 millions of rubles, including the seasonal costs :
- 1) growth of purchased energy for losses compensation on 776.8 millions of rubles;
 - 2) growth of costs on grid companies' services on 682 .9 millions of rubles.

4.2. Issuer's Liquidity, Capital and current Assets Adequacy

Unit of measurement: thousands of rubles

Index description	2005	2006	2007	2008	2009	2010, 3 rd month
Working capital	107 117	-175 784	-2 890 534	-5 722 485	-10 641 589	-11 649 356
Permanent asset index	0.99	1.03	1.35	1.54	2.27	2.53
Current liquidity ratio	2.79	1.19	1.4	1.2	0.99	0.86
Rapid liquidity ratio	2.01	0.88	1.07	0.97	0.87	0.74
Equity assets ratio	0.77	0.69	0.53	0.44	0.26	0.25

Economic analysis of the Issuer's liquidity and solvency on the basis of economic analysis of the indicator's dynamics:

The indicator "equity assets" for the accounting period of the previous year has negative value; moreover the dependence of the Company on attractions of loan proceeds has increased.

Permanent assets index for the accounting period was 2.53 millions which is 0.84 more than for the 1st quarter of 2009, it occurred due to the growth of non-negotiable assets produced by the growth works on investing volume.

The indicators of the liquidity for the end of the accounting period reduced because of the leading growth of the accounts payable over the accounts receivable.

The equity assets index reduced on 0.16% or 39.6% in comparison with the same period of the previous year.

4.3. Issuer's Capital and current Assets Amount and Structure

4.3.1. Issuer's Capital and current Assets Amount and Structure

Unit of measurement: thousands of rubles.

Index description	2005	2006	2007	2008	2009	2010, 3 months
Authorized amount	1 786 944	1 786 944	1 786 944	1 786 944	1 786 944	1 786 944
Total costs of Issuer's stock (share) purchased by the Issuer for resale (transfer)	0	0	0	0	0	0
Percentage of stocks (share) purchased by the Issuer for resale (transfer) from placed stocks (Authorized capital) of the Issuer	0	0	0	0	0	0
Issuer's reserve capital amount, formed at the expense of operating surplus.	89 347	89 347	89 347	89 347	89 347	89 347
Amount of surplus of the issuer reflecting the increase of assets value revealed by the results of revaluation and also reflecting the sum of margin.	7 641 195	5 645 350	6 643 193	8 231 968	8 208 395	8 208 395
Amount of Issuer's surplus earnings	483 866	-415 558	-72 385	447 815	-1 712 573	-2 490 315
Total equity of the Issuer	10 001 352	7 106 083	8 447 099	10 556 074	8 372 113	7 594 371

The amount of Authorized capital, showed in the present point, corresponds the Issuer's constituent documents.

Structure and amount of the Issuer's current assets according to Issuer's accounting.

Index description	2005	2006	2007	2008	2009	2010, 3 months
Current assets TOTAL	3 085 735	2 993 687	4 443 000	7 400 785	12 847 184	11 161 256
Inventory	621 220	674 649	976 494	1 404 168	1 534 831	1 452 741
VAT on purchased goods	232 938	84 063	68 599	49 028	27 877	25 235

Accounts receivables (payments planned over more than 12 months after the reporting date)	43 603	42 288	36 194	32 243	28 300	27 292
Accounts receivables (payments planned within 12 months after the reporting date)	1 822 964	2 087 471	2 722 575	4 971 611	4 697 298	4 472 565
Short-term investments	5 520	3 637	0	0	0	0
Cash assets	359 490	101 579	639 138	943 735	6 293 149	4 920 721
Other current assets	0	0	0	0	265 729	262 702

Sources of financing current assets of the Issuer (equity, loans, credits):

Sources of financing current assets of “Kubanenergo”, JSC are equity and loan proceeds and accounts payable.

Issuer’s policy on financing current assets and factors that can result in changes in policy of current assets financing and evaluation of the possibility of that happening:

“Kubanenergo”, JSC policy regarding current assets financing includes activities on the following types:

- optimization of the volume and structure of financing sources considering efficient usage of equity and sufficient financial stability;
- increase of the share of long-term loans in Company’s loan portfolio.

The following factors can influence policy of financing the current assets:

1. Notable decrease or increase of current assets volume necessary for providing activity of the Issuer. There is low possibility of the factor appearing.
2. Creditors’ requirement toughening. In this case the Issuer has to discharge the accounts payable by involving paid loan proceeds, replacing accounts payable to suppliers and contractors by loans from banks and credit agencies. To Issuer’s point of view the chances of that happening are low.

4.3.2. Financial Investments of the Issuer

For 2009

Financial investments of the Issuer that made up 10 and more percents of total financial investments by the end of accounting period.

Investments to issue securities

Type of securities: **shares**

Full name of the Issuer: **Joint-Stock Company “Health Complex “Plamya”**

Short name of the Issuer: **“Plamya”, JSC**

Location: **Novomikhaylovskiy -2 village, Tuapse district 352856**

Date of state registration (issue)	Registration number	Registry
21.12.2004	1-01-34134-E	Regional department of FFMS in Southern

		Federal district
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Amount of securities held by Issuer: **19 288 083**

Principal value of securities held by the Issuer: **19 288 083**

Currency: **RUB**

Total balance sheet value of securities held by Issuer, rubles: **17 234 214**

Dividends by the end of 2009 were not declared and paid.

Type of securities: **shares**

Full name of the Issuer: **Open Joint-Stock Company “Krasnodarenergosetremont”**

Short name of the Issuer: **“Krasnodarenergosetremont”, JSC**

Location: **47 Novorossyiskaya St., Krasnodar 350080**

Date of state registration (issue)	Registration number	Registry
22.08.2005	1-01-34359-E	Regional department of FFMS in Southern Federal district

Amount of securities held by Issuer: **603 674**

Principal value of securities held by the Issuer: **60 367 400**

Currency: **RUB**

Total balance sheet value of securities held by Issuer, rubles: **44 436 357**

Dividends by the end of 2009 were not declared and paid.

Type of securities: **shares**

Full name of the Issuer: **Open Joint-Stock Company “Recreation centre “Energetik”**

Short company name: **“Energetik”, JSC**

Location: **4 Pionerskaya St., Divnomorskaya village, Gelendzhik, Krasnodar region, 353490**

Date of state registration (issue)	Registration number	Registry
27.12.2004	1-01-34137-E	Regional department of FFMS in Southern Federal district

Amount of securities held by Issuer: **39 845 257**

Principal value of securities held by the Issuer: **39 845 257**

Currency: **RUB**

Total balance sheet value of securities held by Issuer, rubles: **45 586 704.13**

Dividends by the end of 2009 were not declared and paid.

Investments in non-equity securities

Investments in non-equity securities that make up 10 and more percents of all financial investments are absent.

Other financial investments

Object of investment: investment in cooperate activity on construction of pottery plant of brick and tile production with further profit extraction.

Extent of investments, in terms of money: **20 402 829.68**

Currency: **RUB**

The income from the object of financial investment or the order of its valuation, payout period:
As the construction by the time of its ending 2009 was not finished the income from the object of financing was not received by the Issuer.

Information on the potential losses connected with the bankruptcy of the organizations (enterprises) in which investments were made on each type of mentioned investments:

The potential losses connected with bankruptcy of the organizations (enterprises) in which investments were made do not exceed net value of the investments.

The information on losses is provided in Issuer's evaluation on financial investments mentioned in accounting of the Issuer for the period from the beginning of the reporting year till the end of the last reporting quarter

Standards (rules) of the accounting according to which the Issuer had done the calculations, reflected in the present point of quarterly report:

Regulations on the accounting 4/99 "Accounting report of the organization" approved by the order of Minister of Finances of Russian Federation dated July 6, 1999 No.43n; regulations on the accounting 19/2 "Method of accounting financial investments" approved by the order of Minister of Finances of Russian Federation dated December 10, 2002 No.126n.

By the end of reporting quarter

List of Issuer's investments that make up 10 and more percents of its total investments by the end of accounting period.

Investments in equity securities

Type of securities: shares

Joint-Stock Company "Health Complex "Plamya"

Short name of the Issuer: **"Plamya", JSC**

Location: **Novomikhaylovskiy -2 village, Tuapse district, 352856**

Date of state registration (issue)	Registration number	Registry
21.12.2004	1-01-34134-E	Regional department of FFMS in Southern Federal district

Amount of securities held by Issuer: **19 288 083**

Principal value of securities held by the Issuer: **19 288 083**

Currency: **RUB**

Total balance sheet value of securities held by Issuer, rubles: **17 234 214**

Dividends by the end of the 1st quarter of 2010 were not declared and paid.

Type of securities: **shares**

Full name of the Issuer: **Open Joint-Stock Company "Krasnodarenergosetremont"**

Short name of the Issuer: **"Krasnodarenergosetremon", JSC**
Location: **47 Novorossyiskaya St., Krasnodar, 350080**

Date of state registration (issue)	Registration number	Registry
22.08.2005	1-01-34359-E	Regional department of FFMS in Southern Federal district

Amount of securities held by Issuer: **603 674**
Principal value of securities held by the Issuer: **60 367 400**
Currency: **RUB**
Total balance sheet value of securities held by Issuer, rubles: **44 436 357**
Dividends by the end of the 1st quarter of 2010 were not declared and paid.

Type of securities: **shares**
Full name of the Issuer: **Open Joint-Stock Company "Recreation centre "Energetik"**
Short company name: **"Energetik", JSC**
Location: **4 Pionerskaya St., Divnomorskaya village, Gelendzhik, Krasnodar region, 353490**

Date of state registration (issue)	Registration number	Registry
27.12.2004	1-01-34137-E	Regional department of FFMS in Southern Federal district

Amount of securities held by Issuer: **39 845 257**
Principal value of securities held by the Issuer: **39 845 257**
Currency: **RUB**
Total balance sheet value of securities held by Issuer, rubles: **45 586 704.13**
Dividends by the end of the 1st quarter of 2010 were not declared and paid.

Investments in non-equity securities
Investments in non-equity securities that make up 10 and more percents of all financial investments are absent.

Other financial investments

Object of investment: investment in cooperate activity on construction of pottery plant of brick and tile production with further profit extraction.

Extent of investments, in terms of money: **20 402 829.68**

Currency: **RUB**

The income from the object of financial investment or the order of its valuation, payout period:
As the construction by the time of its ending 2009 was not finished the income from the object of financing was not received by the Issuer.

Information on the potential losses connected with the bankruptcy of the organizations (enterprises) in which investments were made on each type of mentioned investments:

The potential losses connected with bankruptcy of the organizations (enterprises) in which investments were made do not exceed net value of the investments.

The information on losses is provided in Issuer's evaluation on financial investments mentioned in accounting of the Issuer for the period from the beginning of the reporting year till the end of the last reporting quarter

Standards (rules) of the accounting according to which the Issuer had done the calculations, reflected in the present point of quarterly report:

Regulations on the accounting 4/99 "Accounting report of the organization" approved by the order of Minister of Finances of Russian Federation dated July 6, 1999 No.43n; regulations on the accounting 19/2 "Method of accounting financial investments" approved by the order of Minister of Finances of Russian Federation dated December 10, 2002 No.126n.

4.3.3. Intangible Assets of the Issuer

For 2009

No intangible assets

By the time of termination of accounting period

Intangible assets are absent.

4.4. Data on Policy and Expenditures of the Issuer in the Field of Scientific and Technical Development, Concerning Licenses and Patents, New Development and Research

Information on the Issuer's policy in the field of scientific and technical development for the accounting period including disclosure of the expenses for carrying out of scientific and technical activity on the Issuer's expenses:

During the fourth accounting period "Kubanenergo", JSC did not carry out large scale Research and Development works. The Company's policy regarding scientific and technical development is directed to the increase of reliability of power equipment operation, economic efficiency, environmental safety in terms of basic power facilities of the Company.

Data on the Issuer's establishment and receipt of legal protection of main objects of intellectual property (including the information on issuance date and validity terms of patents for invention, for useful model and for design; information on state registration of trademarks and service marks, the place of goods origin.

The Issuer did not carry out legal protection of intellectual property objects.

Basic areas and the results of implementation of main objects of the Issuer's intellectual property:

The Issuer does not implement the intellectual property objects.

Risk factors related to the possible expiration of validity terms for the Issuer's main patents and trademark licenses:

There are no risks related to the expiration of the validity terms for the Issuer's main patents and trademark licenses.

4.5. Analysis of Development Trends Related to the Issuer's Principal Activity

The realization of development by "Kubanenergo", JSC Investment programs providing technical reequipment and reconstruction of electric grid enterprise of the company should permit to provide safe power supply for existing and potential electric energy consumers during nearest several years.

The question of enhancing the stability of Kuban energetic system should be solved by realization of Federal Program of development of Sochi as a resort and programs related to Olympic Games that are to take place in 2014 in Sochi.

The positive factors and conditions influencing the Issuer's activity can be referred to:

- increase of power consumption;
- payment discipline increase carried out by power supply companies;
- increase of capacities and service objects brought into operation.

The negative factors and conditions influencing the Issuer's activity can be referred to:

- issuer's capital equipment deterioration;
- controversy in the decisions taken regarding tariffs setting in power transmission in terms of investment component.

Energetic reforming can be considered as a factor of ambiguity at forecasting the possible variants of development of the Issuer.

As for realization of services of energy transmission there are the following conditions influencing the Issuer's activity:

- underdeclaration of volumes of technological waste mentioned in tariff as a waste according the norm in comparison with the waste determined by industrial calculation;
- judging by the fact that the calculation of electrical energy waste is developed for standard grid scheme (i.e. to fixed operating conditions) all the alternations of the parameters and configurations are reflected on the value of real waste of electric energy (the necessity of redistribution of load is aimed to prevent emergency operation of grid both of "Kubanenergo", JSC and adjacent power industry subjects as per the order of regional monitoring).

Forced alterations of regular grid layout lead to significant increase of actual processing loss of power both at the expense of power loss occurring in power transformers and occurring in the result of transmission of extra power generated by launched spare power transformers and therefore increased grid receipt;

- enhanced (extra) reactive energy consumption by users;
- lack of sufficient amount of technical calculation devices does not provide the possibility to analyze network modes with adequate efficiency for the purpose of mitigating of power technical loss;
- increase of active power loss spent on cable lines heating due to absence of correct adjustment of reactive power to the consumers.

General estimate of the Issuer's activity results in the industry; conformity assessment of the Issuer's activity results to the trends of industry development; the reasons justifying the actual activity results of the Issuer (satisfactory or non-satisfactory results on the Issuer's discretion):

Basic result of the Issuer's activity in power industry is ensuring the reliable and uninterrupted power supply of consumers, stage-by-stage implementation of investment projects on construction and reconstruction of overhead cable lines, substations and other power facilities primarily oriented for the providing of uninterrupted power supply of Krasnodar region shore of Azov Sea and Black Sea, of the city of Krasnodar as a social and cultural centre and especially of Sochi power district as a mountain resort in terms of Winter Olympic Games 2014.

Successful solution of the problems set for the Company in the frameworks of industry reforming by the efforts of "Kubanenergo", JSC management contributes to achieve the hereinabove results.

Views of the Issuer's Management Authorities regarding the stated information coincide.

Board of Directors members and Collegiate Executive Body (management Board) members has no special opinion regarding the information stated in the Minutes of meeting of Board of Directors reviewing the respective issues.

4.5.1. Analysis of Factors and Conditions Influencing the Issuer's Activity

Factors and conditions influencing the Issuer's activity and results of such activity, the projection regarding the duration of the influence of mentioned factors and conditions.

Economic stability of the region belongs to factors and conditions influencing the

activity of the Issuer.

As the price for the social services is a subject of tariff regulation there exist a risk of approval of REC DCT tariffs that do not take into account the necessary costs of “Kubanenergo”, JSC. The Company constantly collaborates with REC DCT with the purpose of approval of appropriate level of tariffs.

Insufficient development of grids in particular districts of Krasnodar region and Adigeya Republic within the break-neck growth of energy consuming leads to overloading of transmission facilities and transformers on substations.

The stability of electric power supply decreases because of deterioration of equipment that leads to extra expenses for maintaining its functionality.

The actions that the Issuers planes to undertake in future for efficient using of the factors and conditions:

To supply customers with additional power, safe and pure electric power transmission the Company is investing a lot in grid reconstruction and creating of new outlets to new levels of power supply.

The Company pays great attention to development of grid complex using technically grounded solutions and technologies tested while operation, modern equipment.

The Company attracts short-and0long-term loans from Russian financial market. The significant increase of interest rate on credits and loans could lead to rise in debt service price. That is why to optimize the structure of debt portfolio and cutting cost for its service the Company tries to use fixed rate credits and loans and as a result the mentioned above risk decreases.

Changes in consumer prices index in some way influence the level of efficiency of “Kubanenergo”, JSC and the results of financial and economic activity of the Company, but the influence is not the direct relation factor. The dependence of Company’s efficiency on change of consumer price index is conditioned by the fact that tariffs on electric power transmission services are fixated by state tariffs bodies on the basis of economically grounded inputs of “Kubanenergo”, JSC for fulfilling the services and completely or partially compensate the growth of Company’s costs connected with inflation. But at large-scale inflation risks of decreasing level compensation and consumer solvency grow up.

The ways (and potential ways) of reducing negative effect of factors and conditions influencing the Issuer’s activity:

Realization of developed by “Kubanenergo”, JSC in vestment programs that provide development, technical reequipment and reconstruction of grid economy of the Company can provide with safe power supply of current and future consumers for the nearest few years.

Mainly the problem of increasing the Kuban grids system stability should be solved by the realization of Federal target program of development of Sochi as climatic health resort and by the realization of programs related to Olympic Games held in Sochi in 2014.

“Program of Cost Management” is developed and brought to life to decrease Company’s costs.

The Company adopted a target strategy on redemption ownerless grids in order to increase assets and eliminate risks connected with appearance of small grid organizations the number of which grows each year.

Significant events/facts that can negatively influence the possibility of the Issuer getting in future the same or higher results obtained during the last accounting period and also the chances of the events/factors happening:

In the forthcoming periods there is a possibility of reduction of income in the following cases:

- deterioration of Issuer equipment;
- disagreements in making decisions in the sphere of regulation of tariffs in electric power transmission on the question of including/excluding the investments, underdeclaration of technological losses that are included in tariff as standard losses in comparison with losses determined by production losses.

Energy sector reform can also be taken as a factor of ambiguity in prognosis of possible ways of Issuer's development.

Significant events/factors that can improve the results of Issuer's activity and possibility of them happening and also duration of the activity:

Development of electric grids economy is carried out according approved scheme of promising development of grids and requirements of technical conditions while making technological connection of consumers to Company's grids.

4.5.2. Issuer's Competitors.

"Kubanenergo", JSC is a natural monopoly holder transmitting electric power to consumers connected to grids of the related branches. Risk of competition for "Kubanenergo", JSC is possible in case "FGS UES", JSC makes independent contracts on electric power transmission services with consumers territorially belonging to "Kubanenergo", JSC which objects are connected to "FGS UES" grids.

V. Detailed Data on Members of Management Authorities of the Issuer, Authorities of the Issuer Undertaking Control over Financial and Economic Activities, and Brief Data on the Staff (Employees) of the Issuer

5.1. Data on Structure and Competence of the Issuer's Management Authorities

Full description of the structure of the Issuer's Management Authorities and the competence according to the Charter (articles of association) of the Issuer:

According to the Charter of "Kubanenergo", JSC Management Authorities of the Company are as follows:

- **General Shareholders meeting;**
- **Board of Directors;**
- **Management Board (Collegiate and Executive Body of the Company);**
- **General Director (Sole Executive Body of the Company).**

General Shareholders Meeting is the Supreme Management Authority.

Board of Directors carries out general management of the Company's activities.

General Director and Management Board administrate day-to-day operations of the Company.

According to the decisions of Company's Extraordinary General Shareholders Meeting (Minutes No.21 dd. 31.08.2007) and Company's Board of Directors (Minutes No.43/2007 dd.10.09.2007), the Company and "IDGC of the South", JSC concluded the agreement on delegation of authority of Sole Executive Body (General Director) of "Kubanenergo", JSC to the Management company "IDGC of the South", JSC. Further more according to the agreement, such conclusion is not followed by the change of the Charter of the Company in terms regarding the Sole Executive Body powers, and the term "Sole Executive Body" definition providing that the Provisions of the Charter of the Company assigned to Sole Executive Body (General Director) can be applied only towards the Management company during the agreement validity term.

The principal goal of the Management company is the Company's receiving of profit.

The main problems of the Management company are achievement and implementation of key performance indicators by the Company and carrying out the activity types, determined by the Charter of the Company

In the process of performing all rights and obligations the Management company is acting to the benefit of the Company to fulfill all rights and obligations regarding the Company honestly and reasonably. The Management company is functioning on behalf of the Company without power of attorney. Herewith the Management company exercises the rights and discharges functions for the management of Company date-to-date operations through the Sole Executive Body (General Director). Other individuals act on behalf of the Company only on the basis of powers of attorney issued by the General Director of the management company according to the

provisions of cl.185 of Civil Code of the Russian Federation within the power specified in the powers of attorney.

Issues related to the competence of General Shareholders Meeting of the Company according to the Charter:

According to the Charter of “Kubanenergo”, JSC the following issues are within the competence of General Shareholders Meeting:

- 1) making amendments and annexes to the Charter or approval the restated Charter;
- 2) Company reorganization;
- 3) Company liquidation, assignment of liquidation commission and approval of liquidation interim and balance-sheet closing;
- 4) determination of amount, principal value, category (type) of the authorized shares and the rights provided by the shares;
- 5) increase of the Authorized capital of the Company by means of increase of share principal value or by means of additional shares issuance;
- 6) reduction of the Authorized capital of the Company by means of reduction of share principal value, by means of acquisition of the Company a portion of shares for the purpose of total amount decrease, and by means of retirement of acquired or bought out shares by the Company;
- 7) split-up and consolidation of the Company shares;
- 8) decision taking on convertible bonds placement by the Company and other convertible securities;
- 9) election of Board of Directors members and early termination of the powers;
- 10) election of Audit Committee members and early termination of the powers;
- 11) approval of the Company's auditor;
- 12) decision taking on delegation of authority of sole executive body of the Company to the Management company (to Executive Director);
- 13) approval of Annual Reports; Annual financial statements, including Profit and Loss reports (profits and losses accounts) of the Company, and distribution of profit (including the payment (declaration) of dividends, except the profit distributed as dividends following the results of the first accounting quarter, six-month, nine-month of the fiscal year) and loss of the Company following the results of the fiscal year;
- 13.1) payment (declaration) of dividends following the results of the first accounting quarter, half-year, nine months of the fiscal year;
- 14) determination of the procedures of General Shareholders Meeting holding;
- 15) decisions taking on transactions approval in cases stipulated by cl.83 of the Federal Law “On Joint Stock Companies”;
- 16) decisions taking on major transactions approval in cases stipulated by cl.79 of the Russian Law “On Joint Stock Companies”;
- 17) decision taking on participation in financial and industrial groups, associations and other unions of commercial entities;
- 18) approval of internal documents regulating the functioning of the Company authorities;
- 19) decision taking on the payment of remunerations and (or) compensations to the members of Auditing Committee of the Company;
- 20) decision taking on the payment of remunerations and (or) compensations to the members of Board of Directors of the Company;
- 21) other problems solution stipulated by the Federal Law “On Joint-Stock Companies”.

Issues related to the competence of Board of Directors of the Company according to the Charter of the Issuer:

According to the Charter of “Kubanenergo”, JSC the following issues are within the competence of Company Board of Directors:

- 1) determination of priority areas of Company activity;
- 2) convocation of Annual and Extraordinary General Shareholders Meetings of the Company except for the cases stipulated by cl.14.8 of article 14 of the Charter, and the announcement of the convocation date of new General Shareholders Meeting in substitution of the cancelled in the absence thereof quorum;
- 3) agenda approval of the General Shareholders Meeting;
- 4) election of the Secretary of the General Shareholders Meeting;
- 5) determination of persons listing date eligible to the participation in the General Shareholders Meeting; estimated charges adoption for the holding of General Shareholders Meeting and other issues solution related to preparation and convocation of General Shareholders Meeting;
- 6) introducing issues stipulated by cl.2,5,7,8,12-20 of item 10.2 of article 10 of the Charter for the debates of General Shareholders Meeting, and reduction of the Share capital by means of reduction of shares principal value;
- 7) placement of bonds and other issued securities of the Company, except for the cases specified in Federal Law “On Joint Stock Companies” and in Charter;
- 8) approval the decision on securities issue, the Prospectus issue and securities issue report, approval of reports of shares acquisition dated the Company shareholders, report of retirement of shares, reports of submitting by the Company shareholders the request of redemption of owned shares;
- 9) evaluation the price (monetary value) of property, placement and redemption of issued securities in cases stipulated by the Federal Law “On Joint Stock Companies”, also in issues solving specified in cl.21,38 of item 15.1 of the Charter;
- 10) acquisition of the shares placed by the Company, bonds and other securities in cases stipulated by the Federal Law “On Joint Stock Companies”;
- 11) carve-out (off-load) of Company shares transferred to Company’s ownership in the result of acquisition or redemption dated the Company shareholders, and in other cases stipulated by the Federal Law “On Joint Stock Companies”;
- 12) election of General Director of the Company and early termination of the powers including the decision taking on early termination of the labor contract;
- 13) election of Board of Management members, determination of the amount of remunerations and benefits, early termination of the powers including the decision taking on early termination of the labour contracts;
- 14) recommendations to the General Shareholders Meeting regarding the amount of the remunerations and compensations paid to the members of Auditing Committee of the Company and determination of the amount payable to the Auditor
- 15) recommendations on the amount of shares dividends and the terms of payment.
- 16) approval of the Company internal documents specifying the procedure of organization and use the Company’s funds;
- 17) decision taking on the use of Company funds; approval of estimates for the use of assets for special-purpose funds and consideration the results of fulfillment of estimates for the use of assets for special-purpose funds;
- 18) approval of the Company internal documents except for Internal Documents considered by the General Shareholders Meeting, also of any other documents referred to the competence of the Company executive authorities;
- 19) approval of business-plan (checked business-plan) and the results of completion report, the

approval (amendment) of the list and values of check indicators of cash Flow s movement of the Company, and consideration of the corrections of cash Flow s movement of the Company revised by the Company Management Board;

- 20) company subsidiaries incorporation and start-up of representation offices, and the liquidation;
- 20.1) amendments to the Charter of the Company related to the Company subsidiaries incorporation, start-up of representation offices (including the alteration of names and locations of the Company subsidiaries and representation offices) and the liquidation;
- 21) Company's participation in other entities (including the coordination of the Articles of Association); change of participation stake (amount of shares, scale of interests, stakes), charge of shares (stakes) and suspension of Company's participation in other entities, including the following regulations:
 - decision taking on one or several interrelated carve-out transactions closed by the Company, pledge deposit or other charge over shares and stakes of Subsidiary and Affiliated Companies. Herewith the latter shall not be occupied in production, transmission, dispatching, distribution and sales of power and heat energy in the event that the amount of shares or stake in Authorized capital exceed 25% of the shares total amount or Authorized capital of the Subsidiary and Affiliated Company, or the market value of negotiable shares or stakes determined according to the independent appraiser evaluation, exceeds 15 million rubles, and in other cases (amount) specified by certain decisions of Board of Directors.
- 22) elaboration of Company credit policy in terms of Company lending, credit and loan agreements conclusion, warrantees issuance, acceptance the obligations ensuing dated the bill (ordinary bill and bill of exchange); putting the property into the pledge and the decisions taking on the specified transactions closed in the cases when the decision-making procedure is not stipulated by the Company credit policy, and taking the decisions in terms stipulated by the credit policy of the Company regarding bringing the debt position in line with the limits stated by the Company credit policy;
- 23) approval of major transactions stipulated by chapter XI of the Federal Law "On Joint Stock Companies";
- 24) transactions approval specified in chapter XI of the Federal Law "On Joint Stock Companies";
- 25) assignment of the Company registrar, terms and conditions of the agreement, and termination of the agreement;
- 26) election of the Chairman of the Company Board of Directors and early termination of the powers;
- 27) election of the Deputy Chairman of Board of Directors of the Company and the early termination of the powers;
- 28) election of Corporate Secretary of the Company and the early termination of the powers;
- 29) preliminary approval of the decisions on the transactions closed by the Company related to the transfer without compensation of the Company property or property rights to the Company or Third party; related to the deliverance dated the property liability against the Company or Third Party; related to the voluntary rendering of services (carrying out of works) to Third party in cases (in the amount) stipulated by certain decisions by Board of Directors of the Company, and the decisions taking on the transactions closed by the Company providing that the hereinabove cases (amounts) are not specified;
- 30) amendments making to the general structure of the executive authorities of the Company
- 31) decision making on the powers suspension of the Management company (Administrator);
- 32) decision making on the assignment of the acting General Director of the Company and bringing to the disciplinary responsibility;
- 33) bringing to the disciplinary responsibility of the members of the Management Board of the

Company and the remuneration according to the labour legislation of the Russian Federation;

34) considering the reports of the General Director of the Company regarding the Company functioning (particularly on the fulfillment of the administrative duties by General Director); regarding the implementation of the decisions of General Shareholders Meeting and Board of Directors of the Company;

35) approval of the cooperation procedures between the Company and the entities related to the Company's activities;

36) determination a stand of the Company (Company's representatives) on the following matters of the agenda for General Shareholders Meetings (participants) and the Meetings of Board of Directors of the Subsidiary and Affiliated Companies (hereinafter referred to as SAC) particularly the instructions of possible participation in the voting regarding the matters of the agenda, whether to vote affirmatively, negatively, or abstain in terms of voting for:

- a) determination of the agenda for General Shareholders Meeting (participants) of SAC;
- b) reorganization, liquidation of SAC;
- c) determination of the numerical composition of Board of Directors of SAC, nomination and election the members, early termination of the powers;
- d) determination of the amount, principal value, category (type) of the declared SAC shares and the rights provided by the shares;
- e) increase of Authorized capital of SAC by means of increase of shares principal value or placement of additional shares;
- f) placement of SAC securities convertible to ordinary shares;
- g) split-up and consolidation of SAC shares;
- h) approval of major transactions closed by SAC;
- i) participation of SAC in other entities (entering to the operating company or new company incorporation) and further acquisition, carve-out and charge over shares and stakes in Authorized capitals of the entities related to SAC functioning; change of participation stake in the Authorized capital of the respective entities;
- j) transactions closed by SAC (including several interrelated transactions) related to the property alienation or the probability of property alienation consisting of fixed assets, intangible assets, facilities under the process of construction, with the purpose of exploitation to be production, transmission, dispatching, distribution of power and heat energy in cases (in the amount) stipulated by approved by Board of Directors interaction procedures between the Company and the entities related to the Company activity;
- k) making of amendments and alterations to the Articles of Association of SAC;
- l) determination of terms and conditions of remuneration payments to the members of Board of Directors and Auditing Committee of SAC;

37) determination a stand of the Company (Company's representatives) on the following matters of the agenda for the Meetings of Board of Directors of SAC (particularly the instructions of possible participation in the voting regarding the matters of the agenda, whether to vote affirmatively, negatively, or abstain in terms of voting for:

- a) determination a stand of the SAC representatives on the following matters of the agenda for General Shareholders Meetings (participants) and Meetings of Board of Directors of the entities being Subsidiary and Affiliated with regard to SAC, on the issues of transactions closing (approval) or several interrelated transactions related to the property alienation or the probability of property alienation consisting of fixed assets, intangible assets, facilities under the process of construction, with the purpose of exploitation to be production, transmission, dispatching, distribution of power and heat energy in cases (in the amount) stipulated by approved by Board of Directors interaction procedures between the Company and the entities related to the Company activity;
- b) determination a stand of the SAC representatives on the following matters of the agenda

for General Shareholders Meetings (participants) and Meetings of Board of Directors of the entities being Subsidiary and Affiliated with regard to SAC carrying out production, transmission, dispatching, distribution and sales of power and heat energy; reorganization, liquidation, increase of Authorized capital of such entities by means of increase of shares principal value or placement of additional shares, placement of securities converted to ordinary shares.

38) preliminary approval of transaction decisions by the Company with regard to:

- a) transactions of Company non-current assets in the amount exceeding 10 (ten) percent of the balance-sheet value of the Company non-current assets as per date of taking decision on such transaction;
- b) transactions (including several interrelated transactions) related to the property alienation or the probability of property alienation consisting of fixed assets, intangible assets, facilities under the process of construction, with the purpose of exploitation to be production, transmission, dispatching, distribution of power energy in cases (in the amount) stipulated by the certain decisions of the Company Board of Directors;

39) assignment of the Company representatives to participation in the Supreme Management Authorities of the entities of either form of legal incorporation where the Company is involved;

40) decisions taking on the Company's nominating of the candidates for election to the position of Sole Executive Body, to other Management and Control Bodies, and further the Auditor candidature to the entities of either form of legal incorporation where the Company is involved;

41) determination of issues with regard to providing the insurance coverage of the Company particularly the assignment of Company's Insurer;

42) approval of the candidature of the independent appraiser (appraisers) for value determination of shares, property and other Company assets in cases stipulated by the Federal Law "On Joint Stock Companies", by the present Charter and likewise by certain decisions of Company Board of Directors;

43) preliminary approval of labor contract, agreements concluded by the Company in the frameworks of regulating of social and labour relations;

44) candidature approval of the financial advisor invited according to the Federal Law "On Securities Market" and likewise the candidatures approval of Securities Issuance Makers and transactions advisors directly associated with the obtaining of funds in the form of public borrowings;

45) preliminary approval of transactions which may result in occurrence of liabilities in the form of foreign currency (or liabilities with the amount depending on the foreign currency) in cases and in the amount stipulated by certain decisions of Company Board of Directors and likewise when the mentioned cases (the amount) are not specified by the Company Board of Directors.;

46) determination of the Procurement Policy in the Company particularly the approval of Regulations on the procedure of regulated purchases of goods, works, services; the assignment of the Head of Central Procurement Authority of the Company and the members; approval of the yearly procurement comprehensive program and other decisions taking according to the existing documents regulating the procurement activity;

47) approval of the target values (revised values) of key efficiency indicators (KEI) of the Company and the completion reports;

48) decision taking on bringing the General Director of the Company for the nomination for state reward;

49) preliminary approval of transactions related to the property alienation or the probability of property alienation consisting of fixed assets, intangible assets, facilities under the process of construction, with the purpose of exploitation not to be transmission, dispatching, distribution of power energy in cases (in the amount) stipulated by the certain decision of Company Board of Directors by means of approval of the respective property assets registry

50) determination of the housing policy of the Company in terms of providing the corporate support to the Company's employees with regard to improvement of living conditions in the form

of a subsidy, recovery of expenses, interest-free loans and the decision taking on providing the mentioned support by the Company in the cases determined by the housing policy of the Company;

51) determination of the Company policy in terms of increase of reliability of distribution power grid complex and other power facilities, particularly the approval of Company strategic programs on the increase of reliability, development and security of power grid complex.

52) other issues related to the competence of Board of Directors according to the Federal Law "On Joint Stock Companies" and the Charter.

Issues related to the competence of Management Board of the Issuer as per Charter of the Company:

According to the Charter of "Kubanenergo", JSC the following issues are within the competence of Company Management Board:

- 1) problems solutions related to the competence of the Supreme Management Authorities of the economic companies with either 100 (one hundred) percent of Authorized capital or all voting shares belonging to the Company (considering cl.36 of item 15.1 of article 15 of the Charter);
- 2) preparation and carrying over for consideration of Board of Directors the reports regarding financial and economic activities of the economic entities with either 100 (one hundred) percent of Authorized capital or all voting shares belonging to the Company;
- 3) development and submission for consideration of Board of Directors the prospective plans for implementation of Company's main areas of business;
- 4) preparation of business-plan (business-plan as amended) and the completion results report, the approval and amendment of cash Flow s movement according to approved by Board of Directors list and values of check indicators of cash Flow s movement of the Company (with mandatory further submit to Company Board of Directors);
- 5) preparation of the report of financial and economic activities of the Company, of implementing by the members of Management Board the decisions of General Shareholders Meeting and Board of Directors;
- 6) approval the schedules and activities on education and qualification development for the Company employees;
- 7) determination of social benefits and guarantees to the Company's employees;
- 8) taking the transaction decisions relating to property, services and works with total cost dated 1 to 25 percent of the balance-sheet asset value of the Company as per the date of transaction decision (except for the cases stipulated by cl.38 item 15.1 article 15 of the Charter);
- 9) consideration the reports of Deputies General Director of the Company, Heads of Structural Subdivision of the Company concerning the results of fulfillment of plans, programs, instructions; consideration of the reports, documents and other information related to the activity of the Company and the Subsidiary and Affiliated Companies;
- 10) other issues solving related to the management of Company's current activities according to the decisions of General Shareholders Meeting, Board of Directors of the Company and likewise the issues submitted for consideration of Management Board by General Director of the Company.

Issues related to the competence General Director of the Issuer as per the Charter of the Company:

According to the Charter of "Kubanenergo", JSC the competence of General Director of the Company includes all Management issues of the current activities of the Company, except for the matters related to the competence of General Shareholders Meeting, Board of Directors and Management Board.

General Director of the Company is acting on behalf of Company without power of attorney particularly considering the restrictions stipulated by the existing legislation, by the Charter and by the decisions of Board of Directors of the Company:

- provides the fulfillment of business operation plans of the Company that are essential for solving Company's main problems;
- arranges the accounting records maintenance and the financial statements in the Company;
- is in charge of the Company's property, makes transactions on behalf of the Company, issues powers of attorney, opens settlement and other accounts of the Company in banks, other credit institutions (and likewise in the cases stipulated by law – in entities acting as professional participants of the Securities Market);
- issues the decrees, approves (takes) instructions, local regulatory acts and other internal documents of the Company in terms of the competence, gives the instructions of compulsory implementation by every employee of the Company;
- approves Regulations on Subsidiaries and Representation offices of the Company;
- approves the general structure of the Company Executive Authorities;
- approves the personnel schedule and the official salary of the Company employees according to the general structure of the Company Executive Authorities
- carries out rights and obligations of the employer towards the Company employees according to the labour legislation;
- performs functions of the Chairman of Management Board;
- distributes the duties among Deputies of General Director;
- submits for consideration of Board of Directors the completion reports of financial and economic activity of the Subsidiary and Affiliated Companies with the shares (stakes) owned by the Company, and likewise the data on the other entities where the Company takes part in, except for the cases stipulated by cl.2 of item 22.2 of article 22 of the Charter;
- carries over for consideration the Annual Report, accounting balance sheet, profit and loss account of the Company, distribution of profits and losses of the Company - not later than 45 (Forty five) days prior to the holding of Annual General Shareholders Meeting of the Company;
- administrates other issues related to the current Company's activity, except for the matters related to the competence of General Shareholders Meeting, Board of Directors and Management Board;
- bears the responsibility for providing the secrecy order throughout the Company, particularly for enciphered communication arrangement;
- bears personal responsibility for selection of individuals admitted for the Information classified as State Secret and likewise for arrangement of conditions providing that the Company employees only concern the Information classified as State Secret and to the extent which is necessary to perform the duties (administrative duties) according to the legislation of the Russian Federation.

The Issuer has approved (adopted) the Corporate Conduct Code or other similar document.

The data on Corporate Conduct Code or any other similar document:

For the purpose of transparency of the Issuer's Management, compliance of Appropriate Corporate Management standards, Board of Directors of the Company approved the Corporate Management Code on 30.10.2006

Webpage address where full text is available in free access:
kubanenergo.ru/rus/management/documents/index.shtml.

Webpage address where full text of the Issuer's Charter (current revision) and internal documents regulating activity of the Issuer's bodies are available in free access: www.kubanenergo.ru/rus/management/documents/index.shtml

5.2. Data on Members of the Issuer's Management Authorities

5.2.1. List of Members of Board of Directors (Supervisory Body) of the Issuer

Surname, name, patronymics: Airapetyan Arman Mushegovich

Year of birth: 1978

Education

Higher Education: Rostov State Economical Academy, Rostov State University;

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2002	2005	"Rostovenergo", JSC	Leading legal adviser of the Section for Project Implementation of Power System Reorganization; Head of Section for Joint Stock Activity Reformation and Capital Management; Head of Reform Control Centre
2005	2005	"FGC UES", JSC	Head of Section for Organizational Development and Corporate Management
2006	2006	"FGC UES", JSC	Head for Division of Organizational Development and Regulatory Support
2007	2008	"FGC UES", JSC	Head for Division of Reformation and Regulatory Support Management
2007	now	"Tyumenenergo", JSC; "Yantarenergo", JSC	Member of Board of Directors
2008	2009	"IDGC" Holding", JSC	Deputy Head for Strategy and Development Centre
2008	2009	"IDGC of the Northern Caucasus	Member of Board of Directors
2009	now	"TDC"(Tomsk Distribution Company), JSC; "Kubanenergo", JSC; "Chechenenergo", JSC	Member of Board of Directors
2009	now	"Olympstroy", State Committee	Head of Department for Interaction with Executors in Charge

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Issuer did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Guryanov Denis Lvovich

Year of birth: 1977

Education

Higher Education: Peoples' Friendship University of Russia

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2001	2006	RAO "UES of Russia", JSC	Chief specialist of the Corporate Policy Department; Head of Section for Organization and Control of Representatives Activity in Management Bodies of Subsidiary and Affiliated Companies of Corporate Relations Management of Business Item 1; Deputy Head of Division for Corporate Events Management of Business Item 1
2006	2008	"FGC UES", JSC	Head of Division for IDGC Corporate Relations
2008	now	"IDGC" Holding", JSC	Head of Department; First Deputy Head of Department for Corporate Management and Shareholders interaction
2008	now	"Yantarenergo", JSC; "Bureyagesstroy", JSC; "Real Estate of Southern	Member of Board of Directors

		Power Investment Centre”, JSC	
2009	now	“Kubanenergo”, JSC; “Sevkavkazenergo”, JSC	Member of Board of Directors

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person.

The Issuer did not issue options

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person holds no such stakes

Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Zimin Aleksey Vladimirovich

Year of birth: 1976

Education

Higher Education: Moscow State Law Academy

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2002	2008	RAO “UES of Russia”, JSC	Deputy Head of Juridical Department
2008	now	“IDGC” Holding”, JSC	Deputy Head of Legal Support Department
2009	now	“Kubanenergo”, JSC, “RDC (Research and Development Centre) of Volga Region”, JSC; “IDGC of Northern Caucasus”, JSC	Member of Board of Directors

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person.

The Issuer did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person holds no such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Katina Anna Yuryevna

Year of birth: 1982

Education

Higher Education: Moscow University of Humanitarian Sciences

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2004	2004	"Nevinomysskaya SPDS (State Power District Station)", JSC	Specialist, II category, Corporate Management Section
2004	2005	"Vladimirskaya Power Supply Company", JSC	Member of Board of Directors
2004	2005	"Yuzhnouralskaya SPDS (State Power District Station)", JSC	Member of Board of Directors
2004	2008	RAO "UES of Russia", JSC	Leading Specialist, Chief Specialist, Leading Expert, Chief expert of Department for Corporate Management and Interaction with Corporate Centre Shareholders
2005	2006	"Ryazan Power Supply Company", JSC; High-Voltage Company of Khakassiya", JSC; "Siberian Research Centre", JSC	Member of Board of Directors
2006	2008	"Yarenergoremont-holding",	Member of Board of Directors

		JSC	
2007	2008	“Novgorod Power Supply Company”, JSC; Research and Development Centre of Power Energy	Member of Board of Directors
2008	now	“IDGC” Holding”, JSC	Head of Department for Corporate Management and Interaction with Shareholders
2008	2008	“Real Estate of Southern Power IC (Investment Centre)”, JSC	Member of Board of Directors
2009	now	“Kubanenergo”, JSC; “Real Estate of Investment Centre of UES”, JSC; “Kalmenergosbyt”, JSC; “VNIPlenergoprom”, JSC; “IDGC of Volga Region”, JSC; “Ekaterinburgenergosbyt”, JSC	Member of Board of Directors

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person.

The Issuer did not issue options

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Kosarev Sergey Borisovich

(Chairman)

Year of birth: 1960

Education

Higher Education: Nekrasov State Teachers’ Training Institute of Kostroma;

Doctorate Candidacy: International University, Postgraduate study of Yaroslavl State University;

Degree: Candidate of Science (History)/ Ph.D. in History

All positions held by the person at the Issuer Company and other entities within the last five

years and now, including part-time job

Period		Entity	Position
from	up to		
2004	2008	RAO "UES of Russia", JSC	Head of Department for Property Issues Management
2008	2009	"IDGC" Holding", JSC	Member of Board of Directors, Deputy General Director for Corporate Management and Property Issues
2009	now	"IDGC of Siberia", JSC; "Real Estate Investment Centre of Volga Region Power Industry", JSC "IDGC" of Center", JSC	Member of Board of Directors
2009	now	"Kubanenergo", JSC	Member of Board of Directors
2009	2009	"IDGC" Holding", JSC	Adviser of General Director
2009	now	State Corporation "Rosnanotech"	Director of Legal Support Department

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Issuer did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Kravchenko Vyacheslav Mikhaylovich

Year of birth: 1967

Education

Higher Education: Lomonosov Moscow State University;

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2004	2006	Ministry of Industry and Energy of Russia	Deputy Director of Department for Structural and Investment Policy in Industry and Power Sector,
2006	2007	Ministry of Industry and Energy of Russia	Director of Department for Structural and Tariff Policy in Natural Monopoly Holders
2007	2008	Ministry of Industry and Energy of Russia	Director of Power Industry Department
2008	now	“RN- Energo”, LLC	General Director
2009	now	“IDGC Holding”, JSC; “TSC (Tomsk Distribution Company)”, JSC; “Kubanenergo”, JSC; “Kubanenergobyt”, JSC; “Kuban High-Voltage Grids”, JSC; “Kuban Generating Company”, JSC; “Tomskenergobyt”, JSC; “Tomsk high-Voltage Grids”, JSC; “Tomskenergoremont”, JSC; “Tomskenergoretremont”, JSC; “Irkutskenergo”, JSC; “Rostoprom”, JSC	Member of Board of Directors
2009	now	Non-Profit Partnership “Administrator for Trade System of Wholesale Power market of Unified Energy System”	Representative of Russian Federation Government in Supervisory Board

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person.

The Issuer did not issue options

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Pestov Dmitriy Vladimirovich

Year of birth: 1967

Education:

Higher Education: Kuban State University of Technology

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2005	2006	“Adygeya Power Grids” branch of “Kubanenergo”, JSC	Managing Director of “Republic of Adygeya” territory – Director for “Adygeya Electric Grids”
2006	2007	“Timashevsk Electric Grids” branch of “Kubanenergo”, JSC	Branch Director
2007	now	“IDGC of the South”, JSC	Deputy CEO of “IDGC of the South”, JSC – Managing Director
2007	now	“Kubanenergo”, JSC	Deputy CEO - Managing Director
2008	2009	“Krasnodarenergosetremont”, JSC	Member of Board of Directors
2008	now	“Kubanenergo” branch of “IDGC of the South”, JSC	Deputy CEO of “IDGC of the South”, JSC – Branch Director
2008	now	“Kubanenergo”, JSC	Member of Board of Directors, member of Management Board
2008	now	“OK “Plamya” JSC, “Recreation centre” Energetik” JSC	Member of Board of Directors
2008	now	“IDGC of the South”, JSC	Member of Management Board

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person.

The Company did not issue options

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person held the position of member of Board of Directors of "Krasnodarenergosetremont", JSC in the period of adjudication order by the decision of Arbitration Court of Krasnodar Region followed by the warrant in bankruptcy proceedings on 22.01.2009.

Surname, name, patronymics: Petukhov Konstantin Yuryevich

Year of birth: 1971

Education:

Higher Education:

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2002	2006	"IDGC of Center and Northern Caucasus", JSC	Head of Section for Analysis and Optimization of Power Losses of Department for Market Entities Interaction
2006	2008	"IDGC of Siberia", JSC	Head of Transportation and Power Industry Department; Deputy CEO for Development and Service Sales Department; member of Management Board
2008	now	"IDGC Holding", JSC	Director for Development and Service Sales
2008	2008	"Tyvaenergoby", JSC	General Director (part-time)
2009	now	"Kubanenergo", JSC; "TDC (Tomsk Distribution Company", JSC; "Vnpienergoprom", JSC	Member of Board of Directors

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Issuer did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Pukhalskiy Aleksander Andreevich

Year of birth: 1957

Education:

Higher Education: Northern-Caucasus Mining and Metallurgical Institute

Post graduate Course of Omsk State Technological University, Academy of National Economy of the Russian Federation Government

Degree: Candidate of Science (Engineering)/ Ph.D. in Technical Sciences

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2003	2006	"Samotlorneftegaz", JSC	Head of Chief Power Engineer Section
2006	2008	"TNK-VR Management", JSC	Regional Manager of Power Industry management; Director for Production Department
2008	now	"NK "Rosneft", JSC	Director for Power Industry Development
2009	now	"Kubanenergo", JSC; "Kubanenergobyt", JSC; Kuban High-Voltage Grids", JSC; "Kuban Generating Company", JSC; "RN-Energo", LLC; "Tomskenergozemont", JSC; "Tomskenergozemont", JSC; "Tomsk High-Voltage Grids", JSC; "Tomsk Power Supply Company", JSC	Member of Board of Directors

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Issuer did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Saukh Maksim Mikhaylovich

Year of birth: 1979

Education:

Higher Education: Saint-Petersburg Trade-Unions University of Humanitarian Sciences

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job;

Period		Entity	Position
from	up to		
2004	2008	RAO "EUS of Russia", JSC	Leading Expert, Chief Expert, Head of Department of Corporate Management and Interaction with Shareholders
2008	now	"IDGC Holding", JSC	Senior Project Manager of the Rights Enforcement Group of Shareholders of Project Centre for Restructure Completion of RAO "UES of Russia", JSC; First Deputy Head of Department for Corporate Management and Interaction with Shareholders
2008	now	"Real Estate of UES Investment Centre", JSC	Member of Board of Directors
2009	now	"Kubanenergo", JSC; "IDGC of Volga", JSC; "NWPMC (North-West Power managing Company)", JSC; "Enin", JSC; "Kabbalkenergo", JSC; "Svet", CJSC; "TDC (Tomsk Distributional company)", JSC	Member of Board of Directors

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on

fulfilling rights on the companies' options held by the person.

The Issuer did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Stavskiy Mikhail Efimovich

Year of birth: 1961

Education:

Higher Education: Ufa Oil Institute

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job;

Period		Entity	Position
from	up to		
2004	2004	"Siberian Oil Company", JSC	Vice-President for Production
2008	2005	"Sibneft-Noyabrskneftegaz", JSC	General Director, Vice-President (part-time)
2005	now	"Oil Company "Rosneft", JSC	Vice-President
2009	now	"Kubanenergo", JSC; "Kubanenergobyt", JSC; Kuban High-Voltage Grids", JSC; "Kuban Generating Company", JSC;	Member of Board of Directors

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Issuer did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Additional data disclosed according to Regulations of the Information Policy of “Kubanenergo”, JSC

All members of Board of Directors of “Kubanenergo”, JSC are citizens of the Russian federation.

Data on transactions closed in the accounting period between the Issuer and persons forming the structure of Management Authorities of the Issuer in the accounting period: **such transactions were not closed in the accounting period.**

Data on education of members of Board of Directors at the Issuer’s expense in the accounting period: **members of Board of Directors did not have education at the company’s expense.**

Data on the structure of the Committees attached to Board of Directors of the Issuer:

To ensure effective functioning of “Kubanenergo”, JSC Board of Directors advisory bodies were formed.

Reliability Committee of Board of Directors of “Kubanenergo”, JSC was established in September, 18 2006 (Minutes of Meeting No. 21/2006 dd.18.09.2006) for drawing up and introducing recommendation to Board of Directors on the issues:

- appraisal of investment programs and plans for power facilities repair, analysis of the implementation in terms of complex reliability ensuring;
- examination of fullness and completeness of elimination measures following the accidents and large technological violations; and likewise the execution supervision;
- control and activity evaluation of technical Support Service of the Company
- analysis of measures on fulfillment of commercial and economic mechanisms of reliability management.

Quantity of Reliability Committee members is defined by the decision of Board of Directors by not less than three and no more than 7 persons.

Members of Reliability Committee are elected by Board of Directors among the candidates represented by Company’s Board of Directors along with it each member of Board of Directors is allowed to introduce no more than 3 candidates.

Members of Reliability Committee are elected until the first meeting of Board of Directors elected in new membership. Only individual can become a member of Reliability Committee. Member of Reliability Committee cannot be Board of Directors member.

By the present Board of Directors of “Kubanenergo”, JSC list of members of Reliability Committee was not formed

Audit Committee of Board of Directors of “Kubanenergo”, JSC dd. October, 16 2009, Minutes of meeting No.80/2009

The main purpose of establishing the Committee is providing the effectual work of Board of Directors dealing with questions of the competence. The goal of Committee is elaboration and recommendations (conclusions) to Board of Directors regarding audit and accounting of the Company, i.e.:

- ensuring supervision over carrying out of Annual Independent Audit of accounting and financial statements of the Company,

- estimate of efficiency of internal control procedures of the Company and offering the suggestions for the improvement,

- other issues following the order by Board of Directors of the Company.

According to Regulation on Audit Committee of “Kubanenergo”, JSC Board of Directors the number of the members in Committee is determined by Board of Directors and should be less than 3 persons.

The composition of Audit Committee elected during the Board of Directors meeting dd. October 16, 2009, (Minutes of meeting No.80/2009):

- Kosarev Sergey Borisovich, Director of Legal Support Department State Corporation “Rosnanotech”, chairman of Audit Committee,

- Guryanov Denis Lvovich, First Deputy Head of Department for Corporate management and Interaction with “IDGC Holding”, JSC Shareholders, member of Board of Directors,

- Petukhov Konstantin Yuryevich, Director of Development and Service Sales of “IDGC Holding”, JSC, member of Board of Directors.

February 4, 2010 by the “Kubanenergo”, JSC Board of Directors decision (Minutes of meeting No. 84/2010) was formed Committee of strategy, development, investments and reforming of Board of Directors on the following activities of Board of Directors:

- determination of priority activities, strategic goals and basic principals of Company’s strategic development;

- evaluation of efficiency of company activity;

- increase of the investment prospects of the Company, perfection of the investment activity and making deliberate decisions;

- Company’s present strategy correction;

- control of the realization of adopted programs, projects and process of reforming the Company;

- elaboration of recommendations on dividends policy.

The quantitative structure of the Committee of strategy, development, investments and reforming of Board of Directors is determined by the decision of Company’s Board of Directors numbering from 3 to 7 persons.

Personnel staff of Committee of strategy, development, investments and reforming of Board of Directors is elected by the Board of Directors among the nominees introduced by Members of Board of Directors, along with it each member of Board of Directors has a right to propose maximum three nominees

Current personnel of Committee of strategy, development, investments and reforming of Board of Directors:

- Kuznetsov Vladimir Vasilievich (Chairman), director of strategy and development centre of “IDGC Holding”, JSC

- Guryanov Denis Lvovich, First Deputy Head of Department for Corporate management and Interaction with “IDGC Holding”, JSC Shareholders, member of Board of Directors,

- Kolyago Denis Stanislavovich – deputy head of Department of Finance, head of corporate finances of “IDGC Holding”, JSC

- Khodakov Aleksey Ivanovich – head of the Department of Investment projects and estimate and head of Department of Capital construction of “IDGC Holding”,

- Kravchenko Vyacheslav Mikhaylovich – General Director of “Rosneft-Energo”, CJSC

- Galayayev Aleksander Nikolaevich – Deputy General Director of economics and finances of «Kubanenergo», JSC ,

- Lunev Igor Anatolyevich – Deputy general Director of economics and finances «IDGC of the South», JSC .

Members of Committee of strategy, development, investments and reforming of Board of Directors are elected up to the date of holding the first meeting of Board of Directors, elected in new staff. Members of Committee of strategy, development, investments and reforming of Board of Directors could be only private persons. A member of Committee of strategy, development, investments and reforming of Board of Directors cannot be a member of Company's Board of Directors.

Minutes of meeting of Committee of Board of Directors are available on the webpage of the Company: www.kubanenergo.ru.

5.2.2. Information on Sole Executive Body of the Issuer

Authorities of Sole Executive Body of the Issuer are delegated to the Management Company

Data on the Management Company which was delegated the Authorities of Executive Body of the Issuer

Full company name of the Issuer: Open Joint Stock Company "Interregional Distribution Grid Company of the South"

Short company name of the Issuer: "IDGC of the South", JSC

Reasons for delegation the Authorities: Decision of General Shareholders Meeting of the Company (Minutes No.21 dd.31.08.2007) on Authorities Delegation of Sole Executive Body of "Kubanenergo", JSC to the Management Company "IDGC of the South", JSC; decision of Board of Directors of the Company (Minutes No.43/2007 dd. 10.09.2007), agreement No.407/30-1143/26 dd.14.09.2007 between the Company and "IDGC of the South", JSC.

Location: 49 Bolshaya Sadovaya st., Rostov-on-Don, Russia, 344002

Postal address

49 Bolshaya Sadovaya st, Rostov-on-Don, 344002

TIN: 6164266561

PRSN: 1076164009096

Telephone: (861) 279-8777

Fax: (861)279-88-09

E-mail: office@mnsk-yuga.ru

Data on the license for carrying out the activity for management of investment funds, mutual investment funds and non-State investment funds

The mentioned license is absent

List of members of Board of Directors of the Management Company:

Surname, name, patronymics: Okley Pavel Ivanovich

(Chairman)

Year of birth: 1970

Education

Omsk Engineering Institute of Railroad Transportation;

Professional retraining according to program "Company development management" in the Academy of National Economy under the Government of the Russian Federation

Moscow Power Engineering Institute, post-graduate course

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2005	2008	“FGC UES”, JSC	Deputy Director of Management Center of IDGC, Director of Management Center of IDGC
2007	now	“IDGC of the South”, JSC	Member of Board of Directors
2007	now	“Tyumenenergo”, JSC	Member of Board of Directors
2008	now	“IDGC Holding”, JSC	Member of Board of Directors
2009	now	“IDGC of Centre and Volga Region”; JSC “IDGC of Siberia”; JSC; “IDGC of Volga”, JSC	Member of Board of Directors
2009	now	“Energy Forecasting Agency” (EFA), CJSC	Member of Board of Directors
2009	now	“MOESK”, JSC	Chairman of Reliability Committee under Board of Directors
2009	now	“INVEL” Non-profit Partnership	Member of Supervisory Board
2009	now	“Lenenergo”, JSC	Member of Board of Directors, Member of Audit Committee, Member of Reliability Committee, Member of Personnel and Remuneration Committee attached to Board of Directors
2009	now	“IDGC Holding”, JSC	Member of Management Board

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person: **the Company did not issue options**

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breaking the law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes

in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymic: Vasilyev Sergey Vyacheslavovich

Year of birth: 1975

Education:

Lomonosov Moscow State University

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2003	2008	RAO "UES of Russia", JSC	Head of Legal Department
2007	now	"IDGC of the South", JSC	Member of Board of Directors
2008	now	"IDGC Holding", JSC	Director for Legal Issues, Head of Legal Department
2009	now	"Tyumenenergo", JSC	Member of Board of Directors
2009	now	"IDGC Holding", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Gavrilov Aleksander Ilyich

Year of birth: 1973

Education:

Kuban State University;

Kuban State University of Technology;

Degree: Candidate of Science (Economics)/ Ph.D. in Economics

Applicant for the Degree of Doctor of Science, Economics at the Chair of World Economics of Kuban State University

Additional Education: State Educational Institution: "State Academy of Professional Retraining and Development"

All positions held by the person within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2004	2005	Krasnodar Region Administration	Deputy Head for Industry, Transport and Energy of Krasnodar Region Administration, third class actual state councilor of Krasnodar Region
2005	2005	"Krasnodargazstroy", JSC	Deputy CEO for Prospective Development
2005	2006	"Kubanenergo", JSC	Executive Director
2006	2007	"Kubanenergo", JSC	Director General
2006	2009	"Kubanenergo", JSC	Member of Board of Directors
2006	now	"Kubanenergo", JSC	Chairman of Management Board
2007	2008	"OK "Plamya", JSC "Rostovenergo", JSC, "Krasnodarenergosetremont", JSC	Chairman of Board of Directors
2007	2008	"Volgogradenergo", JSC	Member of Board of Directors
2007	now	"IDGC of the South", JSC	CEO, Member of Board of Directors
2008	now	"IDGC of the South", JSC	Chairman of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on

fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Ivanov Maksim Sergeevich

Year of birth: 1976

Education:

Sergo Ordzhonikidze State Academy

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity Name	Position
from	Up to		
2004	2006	"Moscow Distillery Cristal", JSC	Adviser of CEO
2006	2007	"SGC – TGC-8", JSC	Adviser of CEO, Director for Internal Audit Department
2006	2009	"Promregion Holding", CJSC	Adviser of CEO
2009	now	"Management Consulting" LLC	Adviser of CEO
2009	now	"IDGC of the South", JSC	Member of Board of Directors, Member of Personnel and Remuneration Committee, Member of Committee for Strategy, Development, Investments and Reform attached to Board of Directors

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue**

options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Ilyenko Vladimir Vasilyevich

Year of birth: 1950

Education:

Krasnodar Institute of Technology

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2002	now	"SO UES", JSC branch of UDC of the South	CEO
2008	now	"IDGC of the South", JSC	Member of Board of Directors

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in

conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Maslov Aleksey Viktorovich

Year of birth: 1975

Education:

Bauman Moscow State Technical University;

Finance Academy under Government of the Russian Federation

Degree: Candidate of Science (Economics)/ Ph.D. in Economics

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2003	2006	“Sevzapelektrosetstroy”, JSC; “Septsetstroy”, JSC	Member of Board of Directors
2005	2007	“FGC UES”, JSC	Member of Management Board, Director for Assets and Investments Management
2005	2007	“UES Energosetstroysnabkomplekt”, JSC	Member of Board of Directors
2007	2008	“IDGC of the South”, JSC	Member of Board of Directors
2007	2008	“FGC UES”, JSC	Member of Management Board, Director for Engineering and Construction Management, Manager for Centre of Engineering and Construction Management
2008	now	“CECM UES”, JSC	Director General
2008	now	“FGC UES”, JSC	Member of Management Board
2009	now	JSC “IDGC of the North Caucasus”, “CECM UES”, JSC	Member of Board of Directors
2009	now	“IDGC of the South”, JSC	Member of Board of Directors
2010	now	“RusHydro”, JSC	Managing Director for Capital Construction

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person: **the Company did not issue**

options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Mikhaylov Sergey Anatolyevich

Year of birth: 1957

Education:

Dzerzhinsky Military Academy;

Leninsk branch of Moscow Aviation Institute;

Post graduate military course of Dzerzhinsky Military Academy;

Degree: Candidate of Science (Engineering)/ Ph.D. in Technical Sciences.

Additional Professional Education: Interindustry Institution of Advanced Training and Development for Executives and Experts of Plekhanov Russian Academy of Economics

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2001	now	"Management-Consulting" Limited Liability Company	CEO
2002	now	"Consulting Group", Close Joint Stock Company	CEO
2003	2007	Non-State pension fund "First Pension Fund", non-profit partnership "Non-State Pension Fund " Pension Capital"	Chairman of the Fund
2003	2008	"RosT.S" Close Joint Stock Company	Member of Board of Directors
2003	2008	"Management Group" CJSC	Chairman of Board of Directors
2003	2009	"Managing company "Management Centre", CJSC	Chairman of Board of Directors

2003	now	"Management Group" CJSC; "ASVT" JSC, Oil Company "LUKOIL" JSC	Member of Board of Directors
2003	now	"National League of Managers" Non-profit Partnership	Chairman of Board of Directors
2004	2005	"TV-express" . JSC	Member of Board of Directors
2004	2006	"IFD Kapital Unified Sales System", Limited Liability Company ("IFD Kapital USS", LLC)	Member of Board of Directors
2004	2009	Joint Stock Company "Oil Fund of Industrial Reconstruction and Development"	Member of Supervisory Board
2004	now	"Football Club "Spartak-Moscow" JSC, Bank "Petrocommerce", JSC	Member of Board of Directors
2004	now	"Russian Mediagroup" CJSC, "Kapital" Managing Company, Unit Investment Funds", LLC	Member of Board of Directors
2005	2006	"Southern Generating Company – TKG-8", JSC ("SGC TKG-8", JSC)	Chairman of Board of Directors
2005	2008	"Promregion Holding", Close Joint Stock Company	Member of Board of Directors
2005	now	"IFD Kapital" CJSC, "Izvestiya" Newspaper Office", JSC	Executive Director
2006	2009	Reserve Invest Holding (Cyprus) Limited	Chairman of Board of Directors
2008	2009	"Kapital" Investment group", CJSC	Chairman of Board of Directors
2008	now	"Globalstroy-Engineering" JSC, "GSE" JSC, "Oktyabr" Training Sport and Health-Improving Complex" JSC, "Kapital" Managing Company", LLC"	Member of Board of Directors
2008	now	Formation Fund of Specific Capital for Social Programs Support.	Member of Board of the Fund
2008	now	"Kapital" Asset Management", CJSC	Chairman of Board of Directors
2009	now	"All-Russian Research, Design-and-Engineering Institute of Economy, Information and Automated Systems Control for Fishing Industry", Open Joint Stock Company"	Independent Director

2009	now	“Finpol” Publishing-and-Polygraphic Centre” JSC, “Prosvescheniye Publishing Office” LLC, Interregional Public Entity “The Russian Managers Association”	Member of Board of Directors
2009	now	“Radio Alliance” Limited Liability Company	Chairman of Board of Directors
2009	now	“IDGC of the South”, JSC	Member of Board of Directors

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person: **the Company did not issue options**

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Perepelkin Aleksey Yuryevich

Year of birth: 1970

Education:

Bauman Moscow State Technical University

Moscow State Law Academy

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2005	2006	“Gazoil”, LLC	Deputy CEO for Legal Issues
2006	2007	Federal Tax Service of Russia	Head of Consolidated Analytical Management
2007	2009	Ministry of Defense of Russian	Adviser of Minister, Head

		Federation	of Chief Legal Department
2009	2009	"IDGC Holding", JSC	Director, Corporate Policy
2009	now	"IDGC Holding", JSC	Deputy CEO for Property and Corporate Management
2009	now	"Lenenergo" JSC, "MOESK" LSC	Member of Committee for Strategy and Development attached to Board of Directors
2009	now	"IDGC Holding", JSC	Member of Management Board
2009	now	"IDGC of the South", JSC	Member of Board of Directors

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Popovskiy Sergey Nikolaevich

Year of birth: 1971

Education:

Krasnoyarsk Institute of Nonferrous Metals

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2005	2006	"Administrator of Trading System	Head of the Financial

		for wholesale electric energy market of Unified Power System”, Non-Profit Partnership (“ATS”, NP)	Estimates Department
2006	2007	“Administrator of Trading System for wholesale electric energy market of Unified Power System”, Non-Profit Partnership (“ATS”, NP)	Deputy Chairman of Management Board for Finance and Estimates
2007	2008	“Administrator of Trading System for wholesale electric energy market of Unified Power System”, Non-Profit Partnership (“ATS”, NP)	Deputy Chairman of Management Board for Financial Estimates for wholesale electric energy (capacity) market.
2008	2008	“Administrator of Trading System”, JSC (“ATS”, JSC)	Member of Management Board – Deputy Chairman of Management Board for Financial Estimates for wholesale electric energy (capacity) market.
2009	now	“Market Council”, Non-Profit Partnership	Member of Management Board - Deputy Chairman of Management Board
2009	now	“IDGC of Centre” JSC, “IDGC of the North-West” JSC, “IDGC of Urals” JSC, “IDGC of Centre and Volga Region” JSC, “IDGC of the North Caucasus” JSC, “IDGC of Volga”, JSC	Member of Board of Directors
2009	now	“IDGC of the South”, JSC	Member of Board of Directors

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person: **the Company did not issue options**

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Ptitsyn Igor Vasilyevich

Year of birth: 1968

Education:

“Sign of Honor” Order Saratov Economy Institute

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2004	2004	“Tolyatti Transformator”, LLC	First Deputy General Director
2004	now	“Tolyatti Transformator”, LLC	General Director
2009	now	“IDGC of the South”, JSC	Member of Board of Directors

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person: **the Company did not issue options**

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Shogenov Valeriy Mukhamedovich

Year of birth: 1981

Education:

Moscow International University;

Degree: Candidate of Science (Economics)/ Ph.D. in Economics

Additional Education: Russian Academy of the Public Administration under the President of the Russian Federation

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity Name	Position
from	up to		
2004	2008	Federal Energy Agency	Deputy Head of Division, Head of Division
2008	now	Ministry of Energy of the Russian Federation	Deputy Director for Department of Economic Regulation and Property Relations in Fuel-and-Energy Complex
2008	now	JSC "Real Estate Engineering Centre of Volga", JSC "North-West Real Estate Engineering Centre", "Real Estate Engineering Centre of South", JSC "Real Estate Engineering Centre of Siberia", JSC " VNIPlenergoprom Real Estate", JSC "Real Estate Engineering Centre of Urals", JSC "Real Estate Engineering Centre of UES" "	Member of Board of Directors
2009	now	"IDGC of the Urals" JSC, "IDGC of North-West" JSC, "IDGC of Siberia" JSC, "Glavsetservis" of Unified National Electric Grids" JSC, "DESP" JSC, "IDGC of Northern Caucasus" JSC, "Moscow United Electric Grid Company" JSC, "IDGC of Centre and Volga Region" JSC, "Russian Fuel Company "Rostoprom" JSC, "Stavropolneftegeofizika" JSC, "Krasnodarneftegeofizika" JSC, "Mobile Energy" JSC, "Altayenergosbyt" JSC, "Central geophysical expeditions" JSC , "Moscow neftemaslozavod", JSC	Member of Board of Directors
2009	now	"Moscow United Electric Grid Company", JSC	Member of Reliability Committee
2009	now	"IDGC of the South", JSC	Member of Board of Directors

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Sole Executive Body of the Management Company

Surname, name, patronymics: Gavrilov Aleksander Ilyich

Year of birth: 1973

Education:

Kuban State University;

Kuban State University of Technology;

Degree: Candidate of Science (Economics)/ Ph.D. in Economics

Applicant for the degree of Doctor of Science, Economics at the chair of World Economics of Kuban State University

Additional Education: State Educational Institution: "State Academy of Professional Retraining and Development"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2004	2005	Krasnodar Region Administration	Deputy Head for Industry, Transport and Energy of Krasnodar Region Administration, third class actual state councilor of Krasnodar Region
2005	2005	"Krasnodargazstroy", JSC	Deputy CEO for Prospective Development
2005	2006	"Kubanenergo", JSC	Executive Director
2006	2007	"Kubanenergo", JSC	Director General
2006	2009	"Kubanenergo", JSC	Member of Board of Directors

2006	now	"Kubanenergo", JSC	Chairman of Management Board
2007	2008	"OK "Plamya" JSC, "Rostovenergo" JSC, "Krasnodarenergosetremont", JSC	Chairman of Board of Directors
2007	2008	"Volgogradenergo", JSC	Member of Board of Directors
2007	now	"IDGC of the South", JSC	CEO, Member of Board of Directors
2008	now	"IDGC of the South", JSC	Chairman of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Collegiate Executive Body of the Management Company

Surname, name, patronymics: Gavrilov Aleksander Ilyich
(Chairman)

Year of birth: 1973

Education:

Kuban State University;

Kuban State University of Technology;

Degree: Candidate of Science (Economics)/ Ph.D. in Economics

Applicant for the degree of Doctor of Science, Economics at the chair of World Economics of Kuban State University

Additional Education: State Educational Institution: "State Academy of Professional Retraining and Development"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period	Entity name	Position
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from	up to		
2004	2005	Krasnodar Region Administration	Deputy Head for Industry, Transport and Energy of Krasnodar Region Administration, third class actual state councilor of Krasnodar Region
2005	2005	"Krasnodargazstroy", JSC	Deputy CEO for Prospective Development
2005	2006	"Kubanenergo", JSC	Executive Director
2006	2007	"Kubanenergo", JSC	Director General
2006	2009	"Kubanenergo", JSC	Member of Board of Directors
2006	now	"Kubanenergo", JSC	Chairman of Management Board
2007	2008	"OK "Plamya" JSC, "Rostovenergo" JSC, "Krasnodarenergosetremont" JSC	Chairman of Board of Directors
2007	2008	"Volgogradenergo", JSC	Member of Board of Directors
2007	now	"IDGC of the South", JSC	CEO, Member of Board of Directors
2008	now	"IDGC of the South", JSC	Chairman of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Brizhan Vitaliy Vasilyevich

Year of birth: 1974

Education:

Kuban State University: Department of Law and Department of Economics

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
From	up to		
2004	2006	"Regional Gas Sale Company of Krasnodar", LLC	Deputy CEO for Customers Services, Head of Gas Record Department
2006	2006	"Krasnodargorgaz", JSC	Deputy CEO for Gas Sales and Customer Service
2006	2007	"Kubanenergo", JSC	Deputy CEO for Law Support and Corporate Relations
2006	2008	"Kubanenergo", JSC	Member of Management Board
2007	2008	"Rostovenergo", JSC	Member of Board of Directors
2007	now	"IDGC of the South", JSC	Deputy CEO for Corporate Management
2008	2009	"Kubanenergo", JSC	Member of Board of Directors
2008	now	"IDGC of the South", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of

finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Golovakha Lyudmila Alekseevna

Year of birth: 1955

Education:

Kuban State University – Professional Advanced Training in the sphere of Higher Professional Education according to the programs: Jurisprudence, State and Municipal Management.

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2002	2006	“Regional Gas Sale Company of Krasnodar”, LLC.	Chief engineer for administrative services
2006	2006	“Kubanenergo”, JSC	Head of Administrative Procurement Service
2006	2007	“Kubanenergo”, JSC	Director, General Issues
2007	2009	“IDGC of the South”, JSC	Business Manager
2007	now	“Kubanenergo”, JSC	Business Manager
2007	now	“OK “Plamya” JSC, “Recreation centre “Energetik” JSC	Chairman of Board of Directors
2007	now	“Kubanenergo”, JSC	Member of Management Board
2008	now	“IDGC of the South”, JSC	Member of Management Board
2009	now	“IDGC of the South”, JSC	Deputy CEO for Administrative Issues

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person: **the Company did not issue options**

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other

members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Pestov Dmitriy Vladimirovich

Year of birth: 1967

Education:

Kuban State University of Technology

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2005	2006	"Adygeya Electric Grids" branch of "Kubanenergo", JSC	Managing Director of "Republic of Adygeya" territory – Director of "Adygeya Electric Grids"
2006	2007	"Timashevsk Electric Grids" branch of "Kubanenergo", JSC	Branch Director
2007	now	"IDGC of the South", JSC	Deputy CEO of "IDGC of the South", JSC – Managing Director
2007	now	"Kubanenergo", JSC	Deputy CEO - Managing Director
2008	2009	"Krasnodarenergosetremont", JSC	Member of Board of Directors
2008	now	"Kubanenergo" branch of "IDGC of the South", JSC	Deputy CEO of "IDGC of the South", JSC – Branch Director
2008	now	"Kubanenergo", JSC	Member of Board of Directors, member of Management Board
2008	now	"OK "Plamya" JSC, "Recreation centre" Energetik" JSC	Member of Board of Directors
2008	now	"IDGC of the South", JSC	Member of Management

			Board
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Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Savin Grigoriy Grigoryevich

Year of birth: 1952

Education:

All-Union Distance Learning Institute of Finance and Economics of Moscow

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2003	2006	Department of Fuel and Energy Complex of Krasnodar Region	Head of Division of Economic Analysis, Accounting and Information Support, third class State Councilor of Krasnodar Region
2006	2006	Department of Fuel and Energy Complex of Krasnodar Region	Head of Department of Economy, Fuel and Energy Complex Branches Development, Head of Economic Analysis and Accounting Section
2006	now	"Kubanenergo", JSC	Chief Accountant
2006	now	"Kubanenergo", JSC	Member of Management Board

2007	2008	“OK “Plamya” JSC, “Recreation centre “Energetik”, JSC	Member of Board of Directors
2007	2008	“IDGC of the South”, JSC	Chief Accountant
2008	now	“IDGC of the South”, JSC	Chief Accountant - Head of Accounting and Tax Department
2008	now	“IDGC of the South”, JSC	Member of Management Board

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person: **the Company did not issue options**

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Alayev Timur Ulyumdzhinovich

Year of birth: 1971

Education:

“Red Banner of Labour” Order Sergo Ordzhonikidze Polytechnical Institute of Novocherkassk;
All-Union Institute for Advanced Training of Electric Power Industry Specialists.

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2005	2006	“Energosbyt” branch of “Kalmenergo”, JSC	Deputy Director for Technical Issues
2006	2006	“Kalmenergosbyt”, JSC	Deputy CEO for Technical Issues
2006	2006	“Kalmenergo”, JSC	First Deputy CEO –

			Chief Engineer
2006	2007	"Kalmenergo", JSC	First Deputy Managing Director – Chief Engineer
2007	2008	"Kalmenergo", JSC	Deputy CEO for Technical Issues- Chief Engineer
2008	2008	"Kalmenergo" branch of "IDGC of the South", JSC	Deputy Director for Technical Issues – Chief Engineer
2008	now	"Kalmenergo" branch of "IDGC of the South", JSC	Deputy CEO - Director of branch
2009	now	"IDGC of the South", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Kopanov Vladimir Nikolayevich

Year of birth: 1954

Education:

Kuban State University

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity Name	Position
form	up to		

2002	2005	Krasnodar Region Administration	Assistant for Deputy Head of Krasnodar Region, achieved qualification category of third-class councilor of Krasnodar Region Administration
2005	2005	Krasnodar Region Chief Department of "RGS-Yug" branch, LLC	Director for Corporate Sales Management
2005	2007	"Kubanenergo", JSC	Adviser of CEO - Deputy CEO for Human Resources, Authorities and Mass Media Relations
2006	2008	"Kubanenergo", JSC	Member of Management Board
2007	2008	"Kalmenergo" JSC, "Kalmenergosbyt", JSC	Chairman of Board of Directors
2007	now	"IDGC of the South", JSC	Deputy CEO for Security and Controlling
2008	now	"IDGC of the South", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Kostetskiy Vyacheslav Yuryevich

Year of birth: 1974

Education:

Institute of the Economy, Law and Natural Specialties of Kuban State University

Period		Entity name	Position
from	up to		
2004	2005	Krasnodar Region Administration	Assistant of Deputy Head of Krasnodar Region Administration, achieved qualification category of third-class State Councilor of Krasnodar Region
2005	2005	"Krasnodargazstroy", JSC	Deputy Head of Law Division of Department for Property Management and Legal Support
2005	2006	"Kubanenergo", JSC	Director of Prospective Development
2006	2007	"Kubanenergo", JSC	Deputy CEO for Prospective Development - Deputy CEO for Prospective Development and Technological Connection
2006	2008	"Kubanenergo", JSC	Member of Management Board
2007	now	"IDGC of the South", JSC	Deputy CEO for Development and Service Sales
2008	2009	"Kubanenergo", JSC	Member of Board of Directors
2008	now	"IDGC of the South", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold thementioned positions

Surname, name, patronymics: Lunev Igor Anatolyevich

Year of birth: 1969

Education:

Kuban State University;

Open University of Great Britain;

Degree: Doctor of Science, Economics

Additional Education: Accelerated course under The Academy of National Economy (Moscow) and Carnegie Mellon University (USA) according to program "Industrial Administrating"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2005	2005	"Independent Power Distribution Company", JSC	Deputy CEO for Economy and Finance
2005	2005	"Gelios", LLC	Deputy CEO for Economy and Finance
2005	2005	"KubanInvest", LLC	Financial Director
2005	2006	"Kubanenergosbyt", JSC	Deputy Director for Sales, Deputy CEO for Sales
2006	2007	"Kubanenergo", JSC	Deputy CEO for Economy and Finance
2006	2008	"Kubanenergo", JSC	Member of Management Board
2007	2008	"Astrakhanenrgo" JSC	Member of Board of Directors, Chairman of Board of Directors
2007	now	"IDGC of the South", JSC	Deputy CEO for Economy and Finance
2008	2009	"Kubanenergo", JSC	Member of Board of Directors
2008	now	"IDGC of the South", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold thementioned positions

Surname, name, patronymics: Sultanov Georgiy Akhmedovich

Year of birth: 1954

Education:

Krasnodar Polytechnic Institute

Degree: Doctor of Engineering

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2002	2005	"Municipal Electric Grids Entity "Krasnodarelektro", JSC	CEO
2005	2005	UPK YUGENERGO", LLC	CEO, Managing Director in Management Department
2006	2006	"Krasnodar Municipal Grids" branch of "Independent Power Distributing Company of Krasnodar Region, JSC"	Branch Director
2006	2007	"Kubanenergo", JSC	Technical Director
2007	2008	"IDGC of the South", JSC	Deputy CEO for Technical Issues
2007	2008	"Rostovenergo JSC, "Volgogradenergo", JSC	Member of Board of Directors
2007	2008	"Kubanenergo", JSC	Member of Management Board
2008	2009	"Kubanenergo", JSC	Member of Board of Directors

2008	now	“Volgogradsetremont”, JSC	Chairman of Board of Directors
2008	now	“IDGC of the South”, JSC	Deputy CEO for Technical Issues – Chief Engineer
2008	now	“IDGC of the South”, JSC	Member of Management Board

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person: **the Company did not issue options**

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Skorikov Sergey Vladimirovich

Year of birth: 1976

Education:

Novocherkassk State University of Technology

Professional retraining at the State Educational Institution of Higher Professional Education “The Academy of National Economy under the RF Government”

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2003	2007	“Donelektrosetstroy”, JSC	Deputy CEO
2007	2007	“Southern Power Construction Company”, CJSC	CEO
2007	2008	“Rostovenergo”, JSC	Deputy CEO of “IDGC of the South”, JSC – Managing Director

2008	23.11.2009	"Rostovenergo" branch of "IDGC of the South", JSC	Deputy CEO –Director of Branch
23.11.2009	now	"Rostovenergo" branch of "IDGC of the South", JSC	First Deputy Branch Director – Deputy Director for Capital Construction
2008	03.02.2010	"IDGC of the South", JSC	Member of Board of Management

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold thementioned positions

Surname, name, patronymics: Trunin Vitaliy Nikolaevich

Year of birth: 1976

Education

Volgograd State University

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2003	2007	"Volgogradenergосervіs", Open Joint Stock Company"	Deputy CEO for Economy and Finance
2007	2007	Branch of Closed Joint Stock Company "Vitkor"	Deputy Director for Economy and Finance
2007	2009	Branch of Closed Joint Stock Company "Vitkor"	Branch Director

07.10.2009	now	"Volgogradenergo" branch of "IDGC of the South", JSC	Deputy CEO – Director of Branch
25.12.2009	now	"IDGC of the South", JSC	Member of Board of Management

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

5.2.3. List of Members of Collegiate Executive Body of the Issuer

Surname, name, patronymics: Gavrilov Aleksander Ilyich

(Chairman)

Year of birth: 1973

Education:

Kuban State University;

Kuban State University of Technology;

Degree: Candidate of Science (Economics)/ Ph.D. in Economics

Applicant for the degree of Doctor of Science, Economics at the chair of World Economics of Kuban State University

Additional Education: State Educational Institution: "State Academy of Professional Retraining and Development"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2004	2005	Krasnodar Region Administration	Deputy Head for Industry, Transport and Energy of Krasnodar Region Administration, third class

			actual state councilor of Krasnodar Region
2005	2005	“Krasnodargazstroy”, JSC	Deputy CEO for Prospective Development
2005	2006	“Kubanenergo”, JSC	Executive Director
2006	2007	“Kubanenergo”, JSC	Director General
2006	2009	“Kubanenergo”, JSC	Member of Board of Directors
2006	now	“Kubanenergo”, JSC	Chairman of Management Board
2007	2008	“OK “Plamya” JSC, “Rostovenergo” JSC, “Krasnodarenergosetremont” JSC	Chairman of Board of Directors
2007	2008	“Volgogradenergo”, JSC	Member of Board of Directors
2007	now	“IDGC of the South”, JSC	CEO, Member of Board of Directors
2008	now	“IDGC of the South”, JSC	Chairman of Management Board

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person: **the Company did not issue options**

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Boyko Nikolay Ivanovich

Year of birth: 1947

Education:

Higher Education: State Teachers’ training University, Kuban State University

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
1971	2007	State Service in International Affairs Agencies	
2007	now	"Kubanenergo", JSC	Deputy General Director for Security and Controlling
2008	2009	"Krasnodarenergosetremont", JSC	Member of Board of Directors
2008	now	"Kubanenergo", JSC	Chairman of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person was member of Board of Directors of "Krasnodarenergosetremont" at the moment of acknowledging the company a bankrupt and commencing regarding it the bankruptcy proceeding by the decision of Arbitrage of Krasnodar region dd. January 22, 2009.

Surname, name, patronymics: Galyaev Aleksander Nikolaevich

Year of birth: 1972

Education:

Higher Education: Kuban State University

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		

2000	2005	"Alfa-Bank", JSC	Chief economist of "Krasnodarskiy" branch of "Alfa-bank", JSC
2005	2008	"Southern Construction and communication Company", LLC	Chief Securities Specialist; Deputy General Director for Financial Markets and Investments
2008	2009	"Kubanenergo", JSC	Deputy General Director for Economy and Finance
2008	now	"Kubanenergo", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Kocherga Vitaliy Aleksandrovich

Year of birth: 1977

Education:

Higher Education: Kuban State University

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2002	2006	State inspection of Krasnodar Region for Supervision over Technical Condition of Mechanical Vehicles and other types of machines	I Category Specialist, Leading Specialist; Head of Section for Legal and Personnel Support

2006	now	"Kubanenergo", JSC	Chief Legal Adviser, Head of Legal Section; Deputy General Director for Corporate Management
2008	now	"Kubanenergo", JSC	Member of Management Board
2008	2009	"Krasnodarenergosetremont", JSC	Member of Board of Directors
2008	now	"Health Complex "Plamya", JSC; "Recreation Centre "Energetik", JSC	Member of Board of Directors

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person: **the Company did not issue options**

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person was member of Board of Directors of "Krasnodarenergosetremont" at the moment of acknowledging the company a bankrupt and commencing regarding it the bankruptcy proceeding by the decision of Arbitrage of Krasnodar region dd. January 22, 2009.

Surname, name, patronymics: Lyashko Andrey Vladimirovich

Year of birth: 1978

Education:

Higher Education: Kuban State University of Agriculture

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2001	2005	"Krasnodarelektro", CJSC thereupon "Krasnodarelektro", JSC	Engineer for Power Service Sales
2005	now	"Kubanenergo", JSC	Head of Section for

			Technological Connections Agreements Support, thereupon Deputy Head of Section – Head of Sector of Section for Technological Connection Agreements of TA (Territorial Administration) branch “Energosbyt”; Deputy Head of Section – Head of Sector of Section for Technological Connection Agreements; Head of Prospective Development Department – Head of Prospective Development Service; Deputy General Director for Development and Service Sales
2008	now	“Kubanenergo”, JSC	Member of Management Board

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person: **the Company did not issue options**

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Manukalo Aleksander Vasilyevich

Year of birth: 1950

Education:

Higher Education: Krasnodar Polytechnic Institute

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
1980	now	“Kubanenergo”, JSC	Deputy Director for General

			Issues; Deputy Director – Director of “South-Western Power Grids” branch
2006	now	“Kubanenergo”, JSC	Member of Management Board

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person.

The Company did not issue options

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Marichev Aleksander Anatolyevich

Year of birth: 1950

Education:

Higher Education: “Red Banner of Labour” Order Sergo Ordzhonikidze Polytechnical Institute of Novocherkassk

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
1997	now	“Kubanenergo”, JSC	Engineer, Head of Substations and Power Stations Sector; Head of Electro technical Service; Director of Power Grids and Stations Maintenance Directorate, Deputy Director of Grids Maintenance; Deputy Chief Engineer for Electro technical Issues; Deputy Chief Engineer for Maintenance and Repair Services; Deputy General Director for Engineering

			Issues – Chief Engineer
2006	now	“Kubanenergo”, JSC	Member of Management Board

Stakes in the Issuer’s Authorized capital/ ordinary shares held: no

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person.

The Company did not issue options

Stake of the person in the Issuer’s SAC authorized (share) capital (share fund).

The person does not hold n such stakes

Data on character of any family relations with other members of the Issuer’s management authorities and /or authorities auditing the Issuer’s financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold thementioned positions

Surname, name, patronymics: Natkho Inver Yusufovich

Year of birth: 1958

Education:

Higher Education: “Red Banner of Labour” Order Kuban Institute

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
1998	2005	“Kubanenergo”, JSC	Director of “Adygeiskiye Power Grids” branch, First Deputy General Director – Technical Director
2005	2005	“FGC UES”, JSC	Adviser of general Director
2005	now	“Kubanenergo”, JSC	Branch Director of Krasnodar Power Grids, Director of “Adygeiskiye Power Grids” branch
2006	now	“Kubanenergo”, JSC	Member of Management Board

Stakes in the Issuer’s Authorized capital/ ordinary shares held: 0.001%

Amount of the Issuer’s shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies’ options held by the person.

The Company did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Lyashko Andrey Vladimirovich

Year of birth: 1978

Education:

Higher Education: Kuban State University of Agriculture

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2001	2005	"Krasnodarelektro", CJSC thereupon "Krasnodarelektro", JSC	Engineer for Power Service Sales
2005	now	"Kubanenergo", JSC	Head of Section for Technological Connections Agreements Support, thereupon Deputy Head of Section – Head of Sector of Section for Technological Connection Agreements of TA (Territorial Administration) branch "Energosbyt"; Deputy Head of Section – Head of Sector of Section for Technological Connection Agreements; Head of Prospective Development Department – Head of Prospective Development Service; Deputy General Director for Development and Service Sales
2008	now	"Kubanenergo", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Company did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Manukalo Aleksander Vasilyevich

Year of birth: 1950

Education:

Higher Education: Krasnodar Polytechnic Institute

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
1980	now	"Kubanenergo", JSC	Deputy Director for General Issues; Deputy Director – Director of "South-Western Power Grids" branch
2006	now	"Kubanenergo", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Company did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Marichev Aleksander Anatolyevich

Year of birth: 1950

Education:

Higher Education: "Red Banner of Labour" Order Sergo Ordzhonikidze Polytechnical Institute of Novocherkassk

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
1997	now	"Kubanenergo", JSC	Engineer, Head of Substations and Power Stations Sector; Head of Electrotechnical Service; Director of Power Grids and Stations Maintenance Directorate, Deputy Director of Grids Maintenance; Deputy Chief Engineer for Electrotechnical Issues; Deputy Chief Engineer for Maintenance and Repair Services; Deputy General Director for Engineering Issues – Chief Engineer
2006	now	"Kubanenergo", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Company did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has no such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: Natkho Inver Yusufovich

Year of birth: 1958

Education:

Higher Education: "Red Banner of Labour" Order Kuban Institute

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
1998	2005	"Kubanenergo", JSC	Director of "Adygeiskiye Power Grids" branch, First Deputy General Director – Technical Director
2005	2005	"FGC UES", JSC	Adviser of general Director
2005	now	"Kubanenergo", JSC	Branch Director of Krasnodar Power Grids, Director of "Adygeiskiye Power Grids" branch
2006	now	"Kubanenergo", JSC	Member of Management Board

Stakes in the Issuer's Authorized capital/ ordinary shares held: 0.001%

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Company did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has not such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

5.3. Data on amount of Remuneration, Benefits and/ or Reimbursement of Expenses of each Management Authority of the Issuer

Data on the amount of remuneration to each management authority of the Issuer (except for the physical person functioning as sole executive authority of the Issuer). All kinds of remuneration are specified, including wages, bonuses, awards, benefits and (or) reimbursement of expenses, and other property advancements discharged by the Issuer for the last completed financial year:

Unit of measurement: rubles

Board of Directors

Remuneration,	1 819 852
Wages	0
Bonuses	0
Awards	0
Benefits	0
Reimbursement for expenses	0
Other property advancements	0
Other	0
TOTAL	1 819 852

According to the Regulations on Payments to Members of Board of Directors remunerations and compensations approved by decision of Annual General Shareholders Meeting (Minutes dd. 06.06.2008) is counted by the following way:

- for participation in meeting by correspondence (by filling in a questionnaire), a member of Board of Directors is paid the remuneration equivalent to eight minimum tariff rates of 1st category worker established by the sectoral tariff agreement of the RF electric energy complex (further referred to as Agreement) as of the date of Board of Directors meeting, indexed in conformity with the Agreement, within one month from the date of Board of Directors meeting.

- for participating in Board of Directors meeting in the form of joint presence, a member of the Company's Board of Directors is paid the remuneration equivalent to ten minimum tariff rates of 1st category worker fixed in the sectoral tariff agreement of the RF electric energy complex (further referred to as Agreement) by the date of Board of Directors meeting, indexed in conformity with the Agreement, within one month from the date of Board of Directors meeting.

-additional remuneration is paid to members of Board of Directors of "Kubanenergo", JSC are paid extra remunerations for net profit indicator of the Company on the annual balance sheet approved by the Company's General Shareholders Meeting.

Besides the member of Board of Directors should be paid a compensation for incurred expenses related to participation in Company's Board of Directors meeting (trip, residence, meals, etc).

Amount of remuneration to hereinabove body following the results for the last completed financial year, set (approved) by the Issuer's authorized management body but not actually paid as of the end of the accounting period:

Facts specified are absent

Management Company

Remuneration,	1 312 127 927
Wages	0
Bonuses	0
Awards	0
Benefits	0
Reimbursement for expenses	0

Other property advancements	0
Other	0
TOTAL	1 312 127 927

Data on existing agreements related such kinds of payments in current financial year:

Remuneration of managing organization of the Company is determined and paid out as per the order set forth in contract dd. September 14, 2007 on delegation of "Kubanenergo", JSC authorities "IDGC of the South", JSC

According to the order the remuneration is summed up from the following components: constant monthly payable-, variable payable at reaching by the Company of high indicators of quick liquidity, net profit, profitability of the equity capital, safety of energetic system and also at fulfilling the plan of electric power losses distributed via grids of the Company (by the results of the year) .

Amount of remuneration to hereinabove body following the results for the last completed financial year, set (approved) by the Issuer's authorized management body but not actually paid as of the end of the accounting period:

Facts specified are absent

Collegiate executive authority:

Remuneration	0
Wages	0
Bonuses	0
Awards	0
Benefits	0
Reimbursement for expenses	0
Other property advancements	0
Other	0
TOTAL	0

Data on existing agreements related such kinds of payments in current financial year: member of the Board of the Company are regarded as top managers of the 1st category. According to work contracts concluded between Company and members of Board, the motivation of members of Board is carried out as per the "Regulation on financial stimulating of top managers of "Kubanenergo", JSC" **approved by the Board of Directors (Minutes of meeting No 48/2007 dd. December 24 2007)**

According to targeted order of general director, fixed salaries are set up for members of the Board For fulfilling individual key indicators of top manager's effectiveness quarterly and annual remunerations are paid provided by "Regulation on financial stimulation of top managers of «Kubanenergo», JSC". Additional remunerations for participating in Board's work are not charged.

Amount of remuneration to hereinabove body following the results for the last completed financial year, set (approved) by the Issuer's authorized management body but not actually paid as of the end of the accounting period:

Facts specified are absent

5.4. Data on Structure and Competence of Authorities Undertaking Control over the Issuer's Financial and Economic Activities

Full description of structure and competence of authorities undertaking control over the Issuer's financial and economic activities is provided hereinbelow according to the Charter (constituent documents) of the Issuer:

For auditing financial and economic activity of the Company, Auditing Committee of the Company is elected by General Shareholders Meeting of "Kubanenergo", JSC for the period until the following Annual General Shareholders Meeting.

Should Auditing Committee is elected by Extraordinary General Shareholders Meeting, members of Auditing Committee are considered to be elected for the period until the date of Annual General Shareholders Meeting of the Company.

Quantitative structure of Auditing Committee of the Company includes 5 (five) persons.

Auditing Committee's competence includes the following:

- confirmation of reliability of data contained in the annual report, annual accounting statements, profit-and-loss account of the Company;
- analysis of financial condition of the Company, revelation of reserves improving the financial condition of the Company and working-out of recommendations for the Company's management bodies;
- development and implementation of a check (audit) of financial and economic activity of the Company, namely:
- check (audit) of the financial, accounting, payment-and-calculation and other documents of the Company related to execution of the Company's finance and business activities concerning the compliance to the legislation of the Russian Federation, the Charter, internal and other documents of the Company;
- control over safety and handling of fixed assets;
- control over observing of the established order of writing-off debts of insolvent debtors on the Company's losses;
- control over expenditure of monetary assets of the Company, according to the approved business plan and the Company's budget;
- control over developing and utilizing reserve and other special funds of the Company;
- check of accuracy and timeliness of distribution and payments of dividends on Company's equity issues, percentage on bonds and income under other securities;
- check of existing instructions fulfillment on elimination of violations and drawbacks revealed during previous checks (audits);
- accomplishment of other actions (activities) regarding check of the Company's financial and economic activities.

For check and confirmation of annual financial report of the Company, the General meeting of shareholders yearly elects the Auditing Committee.

The Auditing Committee carries out an inspection of financial and economic activity of the Company according to requirements of Russian Federation legislation and on the basis of the contract concluded with Committee.

On the basis of check results of the Company's financial and economic activity, Auditing Committee is making a report that should include:

- confirmation of reliability of the information contained in reports and other financial documents of the Company;

- information on facts of the Company's violation of accounting order and financial reporting stated in the legal acts of the Russian Federation, and also violation of legal acts of the Russian Federation on performing the Company's financial and economic activity.

Order and terms of drawing up the conclusion based on Company's financial and economic activity check results are defined by legal acts of Russian Federation and internal documents of the Company.

The Issuer has established Internal Audit Service

Operation term of internal audit/ internal control service and the key specialists:

Up to April 2008 Controlling and Internal Audit Service (formed in 2004) was fulfilling functions of internal control.

On the basis of agreement No. 407/30-1143/26 dd. September 14, 2007 between «Kubanenergo», JSC and «IDGC of the South», JSC “On delegation of sole executer’s authorities” starting from 2008 functions aimed to provide effective functioning of internal control system in the Company fulfills Department of Internal Control and Audit “IDGC of the South” JSC .

Principal functions of internal audit; accountability of internal audit service, interaction with executive bodies of Issuer’s management and Board of Directors (supervisory board) of the Issuer:

System of internal control of the Company presupposes the following procedures:

- to control of budgeting and performance of budget approved by Board of Directors;
- to conduct complex audit and check, monitoring and analysis of the results after auditing of Company’s and its branches` activity;
- to carry out preventive work on breach prevention by informing all organization departments of the Company on drawbacks and irregularities;
- to control the neutralization of the revealed drawbacks;
- to reveal and analyze financial and economical risks of the Company’s activity;
- to develop measures on minimization of the risks connected with financial and economical activity;
- to organize the collection, processing and transfer of operational, financial and other information on Company’s activity, and also setting new channel and means of communication that provide hierarchical and horizontal communication;
- to determine and set forth to personnel of the Company the duties in the sphere of internal control;
- to provide fulfillment of approved by the Company procedures of internal control;
- to carry properly documentation of procedures of internal control;
- to conduct preventive procedures control via the system of contract negotiation, carrying out tenders, auctions, commissions on writing-off the assets, harmonization of standards and other internal legal document.

Interaction of internal audit service and external audit of the Company:
Interaction of internal audit service and external audit of the Company is not regulated.

The Issuer has approved (confirmed) the internal document, establishing rules aimed to prevent the usage of internal (inside) information.

Data on presence of a document aimed to prevent the usage of internal (inside) information:
“Regulation on inside information” approved by Board of Directors August 18, 2006 working in the Company is aimed to:

- protect the rights and interests of shareholders and persons concluding contracts with securities of the Company and branches and dependable branches;
- provide economical security of the Company;
- control insider's activity by placing limitations for using and distribution inside information;
- establish general standards on security of data belonging to inside information of the Company;
- regulate the order of periodic reporting for insiders of the Company;
- inform on sanctions applied for breaking requests approved by the regulation.

The full text of the regulation is available on the webpage

kubanenergo.ru/rus/management/documents/index.shtml.

5.5 Data on Members of Authorities Undertaking Control over the Issuer's Financial and Economic Activities

Name of authority undertaking control over the Issuer's financial and economic activities: Auditing Committee

Surname, name, patronymics: **Bedrydinova Elena Sergeevna**

Year of birth: **1959**

Education

Higher economic education

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2004	2008	RAO "UES of Russia", JSC	Senior expert of Audit of Internal Audit Department CC (Coordination Centre)
2008	now	"IDGC Holding", JSC	Senior expert of Audit of Internal Audit Department
2009	now	"NIIIE" JSC (Scientific Institute of Economy and Energy); "Tyumenenergo", JSC; "Tomskaya Distribution Company", JSC; "Dagestanskaya Power Supply Company", JSC; "Ingushenergo", JSC; "Kabbalenergo", JSC; "Kalmenergosbyt", JSC; "Lenenergo", JSC; "IDGC of Volga", JSC; "Sevkavenergo", JSC; "Tyvaenergosbyt", JSC.	Member of Audit Committee

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Company did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has no such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

Surname, name, patronymics: **Kuryshkin Konstantin Mikhaylovich**

Year of birth: **1980**

Education:

Higher legal education

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
form	up to		
2006	2008	"DKT", CJSC	Chief of interaction with registers
2006	2008	RAO "UES of Russia", JSC	Specialist of the Department of Corporate Management and Interaction with Shareholders (second job)
2008	now	"IDGC Holding", JSC	Senior expert of analysis and control of corporate management sector of Department of corporate management and Interaction with Shareholders
2009	now	"Health Centre "Energetik", JSC	Member of the Board of Directors

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Company did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has no such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of

finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold thementioned positions

Surname, name, patronymics: Romanenko Anna Vladimirovna

Year of birth: 1965

Education

Higher economic

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2004	2007	Branch of "Yu TK", JSC "Kubanelectrisvyaz"	Head of Internal Audit Service
2007	now	"IDGC of the South", JSC	Deputy Chief of the Internal Control and Audit Department, chief of internal audit service

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Company did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has no such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold thementioned positions

Surname, name, patronymics: Rokhlina Olga Vladimirovna

Year of birth: **1974**

Education:

Higher

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	from		
2003	2004	Fund "Institute of professional Directors"	Revision Committee Adviser
2004	2008	RAO "UES of Russia", JSC	Senior expert of sector of methodological supply of revisions of the Internal Audit Department of Corporate Centre
2008	now	"IDGC Holding", JSC	Senior expert of Internal Audit Department
2009	now	"IDGC of Centre", JSC; "IDGC of Volga" JSC; "IDGC of Siberia", JSC; "IDGC of Ural", JSC; "IDGC of Centre and Privolzhie", JSC; "Yantarenergo", JSC; "Sevkavkazenergo", JSC; "Tyvaenergosbyt", JSC; "TDC (Tomsk Distribution Company", "Karachayevo-Cherkessskenergo ", JSC; "Aviaenergo", JSC; "Volga Region Energy Engineering", JSC; "Ingushenergo", JSC; " Nedvizhimost of the United Power System Engineering Center", JSC; "Kalmenergosbyt ", JSC.	Member of Auditing Committee

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Company did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has no such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold thementioned positions

Surname, name, patronymics: **Sidorov Sergey Borisovich (Chairman)**

Year of birth: **1952**

Education:

Higher economic education

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
1999	2008	RAO "UES of Russia", JSC	Head of Financial Audit Department; then Head of Internal Audit Department CC (Coordination Centre)
2008	2009	"IDGC" Holding", JSC	Head of Internal Audit Department
2009	now	"IDGC" Holding", JSC	General Director Adviser
2009	now	"Karachayevo-Cherkessskenergo", JSC; "Lenenergo", JSC; "IDGC of Volga" JSC; "IDGC of Ural" JSC; "IDGC of North Caucasus", JSC; "Yantarenergo", JSC.	Member of Revision Committee

Stakes in the Issuer's Authorized capital/ ordinary shares held: no

Amount of the Issuer's shares of each category (kind) that can be acquired by the person on fulfilling rights on the companies' options held by the person.

The Company did not issue options

Stake of the person in the Issuer's SAC authorized (share) capital (share fund).

The person does not hold such stakes

Data on character of any family relations with other members of the Issuer's management authorities and /or authorities auditing the Issuer's financial and economic activities.

The person has no such relations

Data on bringing the person to administrative responsibility for breach of law in the fields of finance, taxes and duties, securities market, or to criminal responsibility (conviction) for crimes in the sphere of economy or crimes against the state:

The person was not brought to such kinds of responsibility

Positions held by the person in management authorities of commercial entities in periods when the entities were prosecuted for insolvency and/ or /insolvency proceedings were started in conformity with legislation of the RF:

The person did not hold the mentioned positions

5.6. Data on Amount of Remuneration, Benefits and/ or Reimbursement of Expenses of Authority Undertaking Control over the Issuer's Financial and Economic Activities

Data on the amount of remuneration to each authority undertaking control over financial and economic activity. All kinds of remuneration are specified, including wages, bonuses, awards, benefits and (or) reimbursement of expenses, and other property advancements discharged by the Issuer for the last completed financial year:

Unit of measurement: RUB

Name of the authority undertaking control over the Issuer's financial and economic activity:
Auditing Committee

Remuneration	533 100
Wages	0
Bonuses	0
Awards	0
Benefits	0
Reimbursement for expenses	0
Other property advancements	0
Other	0
TOTAL	533 100

Data on current agreements about such payments in the financial year:

According to Regulations on Payment of Remuneration and Compensation to Members of Auditing Committee of “**Kubanenergo**”, JSC (approved by annual General Shareholders meeting, minutes of meeting No.23 dd.June 6, 2008) the remuneration of Audit Committee members at the present moment is defined as twenty minimum tariff rates of first-class worker, including indexation fixed by industrial tariff agreement in electro energetic complex of Russian Federation.

Amount of remuneration to hereinabove mentioned authority following performance indicators for the last completed financial year stated (approved) by the authorized management authority of the Issuer but not actually paid as of the end of the accounting period:

Facts specified are absent

5.7. Data on Headcount and Generalized Data on Education and Structure of the Issuer's Employees (staff members), and also on Headcount Change of the Issuer

Unit of measurement: **thousands of rubles**

Index name	2009	1 st quarter 2010
Average number of employees, persons	6 627	7 489
Part of Issuer's employees with higher education, %	36.3	38.5
Amount of money for labour remuneration	1 630 566	445 512.5
Amount of money for social security	69 145	6 218.4
Total amount of expended money	1 699 710.3	451 730.9

VI. Data on Participants (Shareholders) of the Issuer and on the Issuer's Interested Parties Transactions

6.1. Data on the Total Amount of Shareholders (Participants) of the Issuer

Total number of persons indicated in the register of shareholders of the Issuer as of the expiration date of the last accounting quarter: 1 832

Total number of nominee shareholders of the Issuer: 8

6.2. Data on Participants (Shareholders) of the Issuer Holding at least 5 percent of Authorized (Share) Capital (Share Fund) or at least 5 percent of Ordinary Shares, as well as Data on Participants (Shareholders) of the Bodies Holding at least 20 percent of Authorized (Share) Capital (Share Fund) or at least 20 percent of Ordinary Shares

Participants (shareholders) of the Issuer holding at least 5 percent of the Issuer's authorized (share) capital (share fund) or at least 5 percent of ordinary shares

Nominee holder

Information on nominee holder:

Full company name: Limited Liability Company "Depository and Corporate Technologies"

Full company name: "DCT", LLC

Location

Building 1, 17 Ramenki st, Moscow, 119607

TIN: 7729520219

PSRN: 1057746181272

Telephone: (495) 641-3031

Fax: (495) 641-3031

E-mail address: dkt@depotech.ru

Data on license of professional participant of the securities market

Number: 177-11151-000100

Date of issue: 03.04.2008

Valid until:

Without limitation of validity period

License issuing authority: FSEC (FFMS) of Russia

Number of ordinary shares of the Issuer registered in the Issuer's list of shareholders under the name of the nominal holder: 15 627 392

Nominee holder

Information on nominee holder:

Full company name: Closed Joint Stock Company "Investment Company Rikon"

Short company name: "Investment Company "Rikon", CJSC

Location

60 Bolshaya Gruzinskaya st, building 1, Moscow, Russian Federation 123056

TIN: 7710429492

PSRN: 1027739255060

Telephone: (495) 226-5464

Fax: (499) 230-1729

E-mail address: n/a

Data on license of professional participant of the securities market

Number: 077-08734-000100

Date of issue: 22.11.2005

Valid until:

Without limitation of validity period

License issuing authority: FSEC (FFMS) of Russia

Number of ordinary shares of the Issuer registered in the Issuer's list of shareholders under the name of the nominal holder: 20 314 211

Full company name: the Russian Federation represented by Federal Agency for State Property Management

Short company name: __ (Rosimuschestvo)

Location

9 Nikolskiy Pereulok, Moscow, Russian Federation, 109012

TIN: 7710723134

PSRN: 1087746829994

Stake in the Authorized capital of the participant (shareholder), %: 0

Stake of the ordinary shares of the participant (shareholder) held, %: 33.88

Shareholders (participants) of this person holding at least 20 percent of the authorized (share) capital or at least 20 percent of ordinary shares: the mentioned persons are absent

Specified stake is absent

Stake of the Issuer's authorized (share) capital (fund) owned by constituent entities of the Russian Federation, %:

0.0025

Person managing the stake

Full company name: Regional State Specialized Agency "State Property Fund of Krasnodar Region"

Stake of the Issuer's authorized (share) capital (fund) in municipal ownership:

Specified stake is absent

Availability of special right for participation of the Russian Federation, constituent entities of the Russian Federation, municipal units in management of the Issuer - Joint Stock Company ("golden share"), validity term of the special right ("golden share")

Specified right is not stipulated

6.4. Data on Restrictions for Participation in the Authorized (Share) Capital (Share Fund) of the Issuer

There are no restrictions to participation in authorized (share) capital (share fund) of the Issuer.

6.5. Data on Changes in Composition and Amount of Participation of Shareholders (participants) of the Issuer Holding at least 5 percent of Authorized (Share) Capital (Share Fund) or at least 5 percent of Ordinary Shares

Structure of the Issuer's shareholders (participants) holding at least 5 percent of the Issuer's authorized (share) capital (at least 5 percent of the Issuer's ordinary shares – for Issuers representing joint stock companies) as of the date of drawing up the list of the persons entitled to participate in each General Shareholders Meeting for the 5 latest completed financial years prior to the termination date of the accounting period, or for each completed financial year preceding the termination date of the accounting period in case the Issuer has been functioning less than 5 years; and for the last quarter according to the list of the persons who had a right to participate in each of such meetings.

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 19.04.2005

List of shareholders (participants)

Full company name: Russian Joint Stock Company of Power and Electrification "UES of Russia"

Short company name: RAO "UES of Russia", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Open Joint Stock Company "Oil Company "Yukos"

Short company name: "Oil Company "Yukos", JSC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Full company name: Craftex LTD

Short company name: Craftex LTD

Stake of the person in the Issuer's Authorized capital, %: 14.6

Stake of the Issuer's ordinary shares held by the person, %: 14.6

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 16.09.2005

List of shareholders (participants)

Full company name: Russian Joint Stock Company of Power and Electrification "UES of Russia"

Short company name: RAO "UES of Russia", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Open Joint Stock Company "Oil Company "Yukos"

Short company name: "Oil Company "Yukos", JSC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Full company name: Craftex LTD

Short company name: Craftex LTD

Stake of the person in the Issuer's Authorized capital, %: 16.35

Stake of the Issuer's ordinary shares held by the person, %: 16.35

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 15.11.2005

List of shareholders (participants)

Full company name: Russian Joint Stock Company of Power and Electrification "UES of Russia"

Short company name: RAO "UES of Russia", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Open Joint Stock Company "Oil Company "Yukos"

Short company name: "Oil Company "Yukos", JSC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Full company name: Craftex LTD

Short company name: Craftex LTD

Stake of the person in the Issuer's Authorized capital, %: 16.35

Stake of the Issuer's ordinary shares held by the person, %: 16.35

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 12.04.2006

List of shareholders (participants)

Full company name: Russian Joint Stock Company of Power and Electrification "UES of Russia"

Short company name: RAO "UES of Russia", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Open Joint Stock Company "Oil Company "Yukos"

Short company name: "Oil Company "Yukos", JSC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Full company name: Craftex LTD

Short company name: Craftex LTD

Stake of the person in the Issuer's Authorized capital, %: 16.35

Stake of the Issuer's ordinary shares held by the person, %: 16.35

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 16.08.2006

List of shareholders (participants)

Full company name: Russian Joint Stock Company of Power and Electrification "UES of Russia"

Short company name: RAO "UES of Russia", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Open Joint Stock Company "Oil Company "Yukos"

Short company name: "Oil Company "Yukos", JSC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 26.04.2007

List of shareholders (participants)

Full company name: Russian Joint Stock Company of Power and Electrification "UES of Russia"

Short company name: RAO "UES of Russia", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Open Joint Stock Company "Oil Company "Yukos"

Short company name: "Oil Company "Yukos", JSC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 17.07.2007

List of shareholders (participants)

Full company name: Russian Joint Stock Company of Power and Electrification "UES of Russia"

Short company name: RAO "UES of Russia", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Limited Liability Company "Neft-Aktiv"

Short company name: "Neft-Aktiv", LLC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 10.12.2007

List of shareholders (participants)

Full company name: Russian Joint Stock Company of Power and Electrification "UES of Russia"

Short company name: RAO "UES of Russia", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Limited Liability Company "Neft-Aktiv"

Short company name: "Neft-Aktiv", LLC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 17.04.2008

List of shareholders (participants)

Full company name: Russian Joint Stock Company of Power and Electrification "UES of Russia"

Short company name: RAO "UES of Russia", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Limited Liability Company "Neft-Aktiv"

Short company name: "Neft-Aktiv", LLC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 17.12.2008

List of shareholders (participants)

Full company name: Open Joint Stock Company "Interregional Distribution Grid Companies Holding"

Short company name: "IDGC Holding", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Limited Liability Company "Neft-Aktiv"

Short company name: "Neft-Aktiv", LLC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 20.05.2009

List of shareholders (participants)

Full company name: Open Joint Stock Company "Interregional Distribution Grid Companies Holding"

Short company name: "IDGC Holding", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Limited Liability Company "Neft-Aktiv"

Short company name: "Neft-Aktiv", LLC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

Date of drawing up the list of persons eligible to participate in the Issuer's Shareholders (participants) Meeting: 17.06.2009

List of shareholders (participants)

Full company name: Open Joint Stock Company "Interregional Distribution Grid Companies Holding"

Short company name: "IDGC Holding", JSC

Stake of the person in the Issuer's Authorized capital, %: 49

Stake of the Issuer's ordinary shares held by the person, %: 49

Full company name: Limited Liability Company "Neft-Aktiv"

Short company name: "Neft-Aktiv", LLC

Stake of the person in the Issuer's Authorized capital, %: 26.26

Stake of the Issuer's ordinary shares held by the person, %: 26.26

6.6. Data on the Issuer's Interested Parties Transactions

Data on number and monetary volume of the Issuer's closed transactions considered to be interested party transactions which required approval by the authorized management body of the Issuer according to legislation of the Russian Federation and concluded in the last accounting period.

Unit of measurement: RUB

Index description	Total number	Total volume in monetary terms
Interested parties transactions closed in the accounting period which required approval by the authorized management body of the Issuer	8	18 413 868
Interested parties transactions concluded in the accounting period and approved by General Meeting of participants (shareholders)	0	0
Interested parties transactions concluded for the accounting period and approved by Board of Directors (supervisory board) of the Issuer	8	18 413 868
Interested parties transactions for the accounting period which required approval yet were not approved by the authorized management body of the Issuer	0	0

Transactions (groups of associated transactions) concluded by the Issuer in the accounting period making of at least 5 (five) percent of the balance sheet cost of the Issuer's funds as of the last accounting date before the transaction

No such transactions were made.

Total amount (in money terms) of the interested parties transactions for the last accounting quarter, rubles: 18 413 868

Such transactions were not made.

Total amount (in money terms) of the interested parties transactions for the last accounting

quarter, rubles: 18 413 868

Interested parties transactions (a group of associated transactions) decision on approval of which was not taken by Board of Directors (Supervisory Board) or the Issuer's General Shareholders (participants) Meeting if such approval is mandatory according to the legislation of the Russian Federation

Such transactions were not made.

Additional information:

Review of transactions with interest concluded by the Company in 1st quarter 2010

No	Contactor	Subject of an agreement	Sum of the agreement, rubles, including VAT
1	"Glavsetservis" of Unified National Electric Grids", JSC	Dissolution of treaty on compensation of expenditures No.1-4/5-08 GSS/407/30-919-idgc dd 13.05.2008	0
2	"SO (System Operator) of Unified National Electric Grids", JSC	compensation of expenditures connected with using nonresidential premises as per lease of real estate treaty	845139,72
3	"SO (System Operator) of Unified National Electric Grids", JSC	Prolongation of treaty No.A-1/11/407/30-54 dd. 01.01.2009	0
4	"SO (System Operator) of Unified National Electric Grids", JSC	Increase of rental cost as per lease of real estate treaty No.a-IV/11/407/30-187 dd. 01.03.2010	7556280
5	"SO (System Operator) of Unified National Electric Grids", JSC	Movable property lease	13668,00
6	"Health Centre "Energetik", JSC	Purchase of tourist vouchers	9998780,00
7	"Kubanenergosbyt", JSC	Changes in order of determination of services volume as per the treaty No. 109 dd 11.01. 2009 on compensation of expenditures on communal services and guarding of premises of Uspenskogo Distribution Electric Grids District	0
8	"Kubanenergosbyt", JSC	Changes in order of determination of services volume as per the treaty No. 110 dd 11.01. 2009 on compensation of expenditures on communal services and guarding of premises of "Armavirskye grids" in Gulkievichy	0

6.7. Data on the Amount of Accounts Receivable

For 2009

Unit of measurement: thousands of rubles

Type of accounts receivable	Date of payment	
	Up to 1 year	More than 1 year
Accounts receivable of customers and clients	1 847 921	
including overdue	659 842	x
Accounts receivable on debts for receipt	0	0
including overdue	0	x
Accounts receivable of members (founders) on dues in Authorized capital	0	
including overdue	0	x
Accounts receivable advances paid out	1 619 181	
including overdue	196 830	x
Other bills receivable	1 230 196	28 300
including overdue	258 192	x
Total	4 697 298	28 300
including overdue	1 114 864	x

Debtors whose share in accounts receivable is at least 10% from the total sum of the debt from the mentioned accounting period

Full company name: **Open Joint-Stock Company "Independent Energy Supply Company of Krasnodar region"**

Short company name: **"NESK", JSC**

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

Amount of accounts receivable, rubles: **929 288 000**

Amount on terms of overdue accounts receivable (interest rate, vindictive damages, fines):

The overdue debt is 9 920 000 rubles, is paid put in 1st quarter 2010.

Debtor is affiliated person of the Issuer: **No**

Full company name: **Open Joint-Stock Company "Interregional Distributive Grid Company of the South"**

Short company name: **«IDGC of the South», JSC**

Location: **49 Bolshaya Sadovaya St., Rostov-on-Don 44002**

Amount of accounts receivable, rubles: **800 000 000**

Amount an terms of overdue accounts receivable (interest rate, vindictive damages, fines):

The debt is not overdue.

Debtor is affiliated person of the Issuer: **Yes**

Issuer's stake in Authorized capital of the person, %: **0**

Person's stake of ordinary shares belonging to Issuer, %: **0**

Person's stake in authorizes capital of the Issuer, %: **0**

Person's ordinary shares of the Issuer, %: **0**

Full company name: **Open Joint-Stock Company "Kubanenergosbyt"**

Short company name: **"Kubanenergosbyt", JSC**

Location: **55 Gimnazicheskaya St/. Krasnodar, Krasnodar region 350000**

Amount of accounts receivable, rubles: **304 993 000**

Amount an terms of overdue accounts receivable (interest rate, vindictive damages, fines):

The debt is not overdue.

Debtor is affiliated person of the Issuer: **No**

According to Regulation on informational policy, issuer should disclose information on debtors whose debts` share is at least 5% from the total sum of the debt

For the end of accounting period

Unit of measurement: **thousands of rubles**

Type of accounts receivable	Date of payment	
	Up to 1 year	Up to 1 year
Accounts receivable of customers and clients	1 842 567	
including overdue	398 372	x
Accounts receivable on debts for receipt	0	0
including overdue	0	x
Accounts receivable of members (founders) on dues in Authorized capital	0	
including overdue	0	x
Accounts receivable advances paid out	1 198 041	
including overdue	375 907	x
Other bills receivable	1 431 957	27 292
including overdue	174 859	x
Total	4 472 565	27 292
including overdue	949 139	x

Debtors whose share in accounts receivable is at least 10% from the total sum of the debt from

the mentioned accounting period

Full company name: **Open Joint-Stock Company “Independent Energy Supply Company of Krasnodar region”**

Short company name: **“NESK”, JSC**

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

Amount of accounts receivable, rubles: **692 671 000**

Amount an terms of overdue accounts receivable (interest rate, vindictive damages, fines):

The debt is not overdue.

Debtor is affiliated person of the Issuer: **No**

Full company name: **Open Joint-Stock Company “Kubanenergosbyt”**

Short company name: **“Kubanenergosbyt”, JSC**

Location: **55 Gimnazicheskaya St/. Krasnodar, Krasnodar region 350000**

Amount of accounts receivable, rubles: **798 375 000**

Amount an terms of overdue accounts receivable (interest rate, vindictive damages, fines):

The debt is not overdue.

Debtor is affiliated person of the Issuer: **No**

Full company name: **Closed Open Joint-Stock Company “Group of Companies EFESk”**

Short company name: **“Group of Companies EFESk”, CJSC**

Location: **4 Malaya Grazhdanskaya St., Kingisep, Leningrad region**

Amount of accounts receivable, rubles: **450 600 000**

Amount an terms of overdue accounts receivable (interest rate, vindictive damages, fines):

The debt is not overdue.

Debtor is affiliated person of the Issuer: **No**

According to Regulation on informational policy, issuer should disclose information on debtors whose debts` share is at least 5% from the total sum of the debt

VII. Accounting Reports of the Issuer and Other Financial Information

7.1. Annual Accounting Reports of the Issuer

2009

Accounting balance for December 31, 2009

		Codes
	Form No. 1 as per ARCMD	0710001
	Date	31.12.2009
Organization: Open Joint-Stock Company of Energetics and electrification of Kuban	as per RNNBO	00104604
Taxpayer Identification Number	TIN	2309001660
Activity	as per OKVED	40.10.2
Form of legal entities incorporation/form of ownership: Open Joint Stock company	as per ARCFI/ARC FO	

Unit of measurement: **thousands of rubles**

as per
ARCMU

384

Location (address): 2 **Stavropolskaya St., Krasnodar
Russia 350033**

ASSETS	Indicator code	For the beginning of the accounting period	For the end of the accounting period
1	2	3	4
I. INTANGIBLE ASSETS			
Intangible assets	110		
Fixed assets	120	12 679 163	13 749 216
Construction-in-progress	130	3 287 619	4 980 789
Interest bearing investments in material values	135		
Long-term financial investment	140	128 873	128 842
Deferred tax assets	145	168 810	173 677
Other noncurrent assets	150		
TOTAL section I	190	16 264 465	19 032 524
II. CURRENT ASSETS			
Inventories	210	1 404 168	1 534 831
raw materials, materials and other similar values	211	1 024 390	1 049 096
animals at breeding and fattening	212		
expenses for production in process (distribution cost)	213		
finished products and goods for resale	214	0	0
goods loaded	215		
expenditure for future period	216	379 778	485 735
other stocks and expenditures	217		
Value Added Tax on purchased values	220	49 028	27 877
Accounts receivable payments planned over more than 12 months upon the balance sheet date	230	32 243	28 300

buyers and customers(62, 76, 82)	231		
Accounts receivable (planned over more than 12 months upon the balance sheet date)	240	4 971 611	4 697 298
buyers and customers (62, 76, 82)	241	1 879 041	1 847 921
Short-term financial investments(56,58,82)	250		
Cash assets	260	943 735	6 293 149
Other current assets	270		265 729
TOTAL section II	290	7 400 785	12 847 184
BALANCE	300	23 665 250	31 879 708

LIABILITIES	Indicator code	For the beginning of the accounting period	For the end of the accounting period
1	2	3	4
III. CAPITAL AND RESERVES			
Authorized capital	410	1 786 944	1 786 944
Own shares reacquired from shareholders	411		
Additional fund	420	8 231 968	8 208 395
Reserve capital	430	89 347	89 347
reserves formed in conformity with legislation	431	89 347	89 347
reserves formed in conformity with the constituent documents	432		
Undistributed profit (unsecured loss)	470	446 370	-1 712 573
TOTAL section III	490	10 554 629	8 372 113
IV. LONG-TERM LIABILITIES			
Loans and credits	510	6 801 416	10 367 102
Deffered tax liabilities	515	161 609	162 178
Other long-term liabilities	520		
TOTAL section IV	590	6 963 025	10 529 280
V. SHORT-TERM LIABILITIES			

Loans and credits	610	958 060	2 052 261
Accounts payable	620	5 169 869	10 907 232
suppliers and contractors	621	2 586 474	3 155 618
amounts owned to the company staff	624	26 255	90 850
amounts owned to off-budget funds	625	33 593	40 192
tax and duties debt	626	556 848	45 731
other creditors	628	1 966 699	7 574 841
Amounts owned to participants (founders) as dividends	630		
Profit for future period	640	19 667	18 822
Reserves for future expenses	650		
Other current liabilities	660		
TOTAL section V	690	6 147 596	12 978 315
BALANCE	700	23 665 250	31 879 708

CERTIFICATE OF PRESENCE OF VALUES ACCOUNTABLE IN OFF-BALANCE ACCOUNTS			
Item name	Indicator code	For the beginning of the accounting period	For the end of the accounting period
1	2	3	4
Rented fixed assets	910	902 839	1 057 345
including leasing	911	846 943	976 427
Inventory holdings received for responsible storage	920	86 381	36 311
Goods for commission	930		
Declared as loss liabilities of insolvent debtors	940	178 708	274 151
Securities for obligations and payments received	950	4 000 000	4 000 000
Securities for obligations and payments given	960	80 000	
Housing facilities deterioration	970	4 824	7 022
Deterioration of objects of beautification and	980		

other similar objects			
Intangible assets, received for usage	990		

PROFITS AND LOSS STATEMENT
for 2009

	Codes
Form No. 2 as per ARCMO	0710002
Date	31.12.2009
Organization: Open Joint-Stock Company of Energetics and electrification of Kuban	as per RNNBO 00104604
Taxpayer Identification Number	TIN 2309001660
Activity	as per OKVED 40.10.2
Form of legal entities incorporation/form of ownership: Open Joint Stock company	as per ARCFI/ARCFI FO
Unit of measurement: thousands of rubles	as per ARCMU 384

Location (address): 2 **Stavropolskaya St., Krasnodar**
Russia 350033

Item name	Indicator code	For the accounting period	For the same period of the previous year
1	2	3	4
Receipts and expenditures on principal activity			
Receipts (net) from sale of goods, products, works and services (net of VAT excluding and similar obligatory payments)	010	19 947 511	17 840 087
Production cost of the goods, products, works, services purchased	020	-18 849 604	-15 113 054
Gross profit	029	1 097 907	2 727 033
Business expenses	030		
Management expenses	040		
Profit (loss) from sales	050	1 097 907	2 727 033
Operational receipts and expenditures			
Interests receivable	060	14 619	170
Interests payable	070	-1 426 948	-745 881

Profits from share in other companies	080	580	284
Other operational profits	090	252 567	148 636
Other operational expenses	100	-2 141 876	-980 528
Profit (loss) from taxation	140	-2 203 151	1 149 714
Deferred tax assets	143	20 250	21 441
Deffered tax liabilities	144	-836	-15 746
Current profit tax	145		-551 402
Other similar obligatory payments	146	1 145	-2 069
Net profit (loss) of the accounting period	190	-2 182 592	601 938
FOR REFERENCE:			
Permanent tax liabilities (assets)	200	421 216	269 776
Base profit (loss) per share	201	-122.141	33.6853
Watered profit (loss) per share	202	-122.141	33.6853

Item name	Indic ator code	For the accounting period		For the same period of the previous year	
		profit	loss	profit	loss
1	2	3	4	5	6
Fines, penalties or forfeits admitted or payable by court(Arbitrage) decision	230		63 486	4	2 060
Profit (loss) of previous years	240	133 666	1 448 526	16 021	508 857
Compensation paid caused by non-fulfillment or improper fulfillment of obligations	250				
Exchange rates differences for operations in foreign currency	260				
Deductions to valuation reserves	270				
Write-off bills receivable and payable with exceeded period of limitation	280	2 912	97 672	1 462	149

Report on cash changes

	Code
Form No. 3 as per ARCMD	0710003
Date	31.12.2009
Organization: Open Joint-Stock Company of Energetics and electrification of Kuban	as per RNNBO 00104604
Taxpayer Identification Number	TIN 2309001660
Activity	as per OKVED 40.10.2
Form of legal entities incorporation/form of ownership: Open Joint Stock company	as per ARCFI/ARCFI FO
Unit of measurement: thousands of rubles	as per ARCMU 384
Location (address): 2 Stavropolskaya St., Krasnodar Russia 350033	

I. Changes in capital						
Item name	Indicator code	Authorized capital	Additional fund	Reserve capital	Undistributed profit (unsecured loss)	Total
1	2	3	4	5	6	7
Balance for December 31 of the years receding the previous one	010	1 786 944	6 643 193	89 347	-72 385	8 447 099
Changes in account policy						
Results of fixed assets revaluation			1 588 775		-51 738	1 537 037
Balance for January 1 of the previous year	020	1 786 944	8 231 968	89 347	-124 123	9 984 136
Foreign currency translation balance						
Net profit	025				601 938	601 938
Dividends	026				-30 000	-30 000

Deductions to reserve fund						
Enlargement of capital by:						
additional issue of shares						
increase in nominal value of shares						
reorganization of legal entity						
Reduction of capital value by:	050					
decrease of nominal value of shares						
reduction of shares number						
reorganization of legal entity						
other	054					
Balance for December 31 of the previous year	060	1 786 944	8 231 968	89 347	447 815	10 556 074
Changes in accounting policy						
Results of fixed assets revaluation	062					
Changing of rules in accounting					-1 445	-1 445
Balance for January 1 of the reporting year	100	1 786 944	8 231 968	89 347	446 370	10 554 629
Foreign currency translation balance	102					
Net profit	105				-2 182 592	-2 182 592
Dividends	106					
Deductions to reserve fund						
Enlargement of capital by:						

additional issue of shares			76			76
increase in nominal value of shares						
reorganization of legal entity						
I. Changes in capital						
Reduction of capital value by:						
decrease of nominal value of shares			-23 649		23 649	
reduction of shares number						
reorganization of legal entity						
other			-23 649		23 649	
Balance for December 31 of the accounting period	140	1 786 944	8 208 395	89 347	-1 712 573	8 372 113

II. Reserves						
Item name	Indicator code	Balance for the beginning of the accounting period	Received in the reporting year	Spent (used) in the reporting year	Balance for the end of the accounting period	
1	2	3	4	5	6	
Reserves formed in conformity with legislation:						
data of the previous year	150	89 347			89 347	
data of the reporting year	151	89 347			89 347	
Reserves formed in conformity with the constituent documents:						
data of the previous year						

data of the reporting year					
Valuation reserves					
data of the previous year					
data of the reporting year					

Reference					
Item name	Код	Balance for the beginning of the accounting period		Balance for the end of the accounting period	
1	2	3		4	
1) Net wealth	200				
		From budget		From off-budget funds	
		For the reporting year	For the previous year	For the reporting year	For the previous year
		3	4	5	6
2) Received for:					
Expenses for principal activities, total:	210		125		
including:					
for payments Chernobyl veterans	211		125		
Capital investments in fixed assets	220				
including:					

**Report on cash Flow
for 2009**

	Code
Form No. 4 as per ARCMD	0710004
Date	31.12.2009
Organization: Open Joint-Stock Company of Energetics and electrification of Kuban	as per RNNBO 00104604
Taxpayer Identification Number	TIN 2309001660
Activity	as per OKVED 40.10.2
Form of legal entities incorporation/form of ownership: Open Joint Stock company	as per ARCFI/ARCFO
Unit of measurement: thousands of rubles	as per ARCMU 384
Location (address): 2 Stavropolskaya St., Krasnodar Russia 350033	

Item name	Indicator code	For the accounting period	For the same period of the previous year
1	2	3	4
Demand balance for the beginning of the reporting year	010	943 547	638 979
Cash Flow according to current activity			
Receipts from buyers, customers	020	23 357 850	20 235 070
Other profits	050	5 625 681	3 955 025
Cash assets, meant for:			
payment for purchased goods, services, raw materials and other current assets	150	-16 901 383	-15 449 391
remuneration of payment	160	-1 366 205	-1 216 145
payment for dividends, interests	170	-1 357 133	-889 471
settlements of taxes and dues	180	-1 581 138	-1 019 391
other expenses	190	-7 054 109	-4 591 483

Net cash from current activity	200	723 563	1 024 214
Cash Flow in investment activity			
Receipts from sale fixed assets and non-current assets	210	3 089	9 059
Receipt from sale of securities and other financial investments	220		
Dividends received	230	580	127
Interests received	240	14 619	170
Receipts from redemption of loans	250		
Acquisition of subsidiary	280		
Acquisition of foxed assets, interest bearing investments in material assets and intangible assets	290	-4 812 540	-3 331 700
Acquisition of securities and other financial investments	300		
Loans granted to other entities	310		
Other expenses		-71	
Net cash from investment activity	340	-4 794 323	-3 322 344
Cash Flow in financial activities			
Receipts from issue of equity and other shares	350	5 505 462	
Receipts from loans and credits granted to other entities	360	19 450 313	9 198 985
Redemption of loans and credits (excluding interest)	390	-14 954 695	-5 987 460
Redemption of financial lease debts	400	-540 894	-591 738
Other expenses		-39 912	-17 089
Net cash from financial activities	410	9 420 274	2 602 698
Net growth (loss) of cash and the equivalents	420	5 349 514	304 568
Cash balance for the accounting period	430	6 293 061	943 547
Influence of foreign currency change with respect to ruble			

Notes to accounting balance
for 2009

	Code
Form No. 5 as per ARCMD	0710005
Date	31.12.2009
Organization: Open Joint-Stock Company of Energetics and electrification of Kuban	as per RNNBO 00104604
Taxpayer Identification Number	TIN 2309001660
Activity	as per OKVED 40.10.2
Form of legal entities incorporation/form of ownership: Open Joint Stock company	as per ARCFI/ARCFI FO
Unit of measurement: thousands of rubles	as per ARCMU 384
Location (address): 2 Stavropolskaya St., Krasnodar Russia 350033	

Intangible assets					
Item	Indicator code	Presense for the beginning of the accounting period	Received	Retired	Balance for the end of the accounting period
1	2	3	4	5	6
Items of intellectual property (exclusive rights for results of intellectual property)	010				
including exclusive right of:					
patent holder for invention, industrial prototype, useful model	011				
rightholder for PC programs, database	012				
rightholder for topography of integrated circuit chips	013				
proprietor for trade mark and service mark, name of the place	014				

of products production					
patentholder for selection	015				
Organizational expenses					
Professional reputation of the organization					
Other	040				

Item	Indicator code	For the beginning of the accounting period	For the end of the accounting period
1	2	3	4
Depreciation of intangible assets			

Fixed assets					
Item	Indicator code	Presense for the beginning of the accounting period	Received	Retired	Balance for the end of the accounting period
1	2	3	4	5	6
Buildings	110	4 379 728	246 054	-34 902	4 590 880
Installations and transmission facilities	111	14 794 223	501 491	-45 454	15 250 260
Machinery and equipment	112	25 965 610	1 450 720	-308 658	27 107 672
Transport	113	186 469	18 734	-3 895	201 308
Production and economic inventory	114	53 038	2 023	-2 875	52 186
Work animals	115				
Productive animals	116				
Perennial plantings	117				

Other type of fixed assets	118	18 303		-139	18 164
Land parcels and and objects of nature management	119	6 997	5 934		12 931
Investments in significant improvement of lands	120				
Total	130	45 404 368	2 224 956	-395 923	47 233 401

Item	Indicator code	For the beginning of the accounting period	For the end of the accounting period
1	2	3	4
Amortization of fixed assets, total	140	32 725 205	33 484 185
including:			
buildings and constructions	141	11 764 408	12 126 785
machinery, equipment, vehicles	142	20 930 249	21 319 463
other	143	30 548	37 937
Fixed assets object leased, total	150	87 478	42 170
including:			
buildings and constructions	151	82 419	29 859
machinery, equipment, vehicles	152	4 472	12 258
other	153	587	53
Objects of fixed assets for temporary closing - down	155	8 581	6 652
Received from lease fixed assets objects, total	160	906 562	1 057 345
including:			
buildings and constructions	161	1 095	291 701
machinery, equipment,	162	905 467	765 644
	163		
Real estate taken for operation and being in status of registration	165	8 720	8 733

FOR REFERENCE.			
Results of fixed assets revaluation:	170		1 537 037
Original (replacement) cost	171		6 129 074
amortizations	172		4 592 037
Change in value of fixed assets objects because of finishing building, equipment, reconstruction and partial liquidation	180		5 170 805

Interest bearing investments in wealth					
Item name	Indicator code	presence for the beginning of the accounting period	received	Retired	balance for the end of the accounting period
1	2	3	4	5	6
Property for leasing	210				
Property granted as per hire contract	220				
other	230				
Total	240				
Amortization of interest bearing investments in wealth	250				

Expenses for scientific research experimental and technological works.					
Type of works	Indicator code	presence for the beginning of the accounting period	received	Retired	balance for the end of the accounting period
1	2	3	4	5	6
Total	310				
including:					

Item	Indicator code	For the beginning of the accounting period	For the end of the accounting period
1	2	3	4
FOR REFERENCE. Sum of expenses on incomplete scientific and research, research and development and technological works	320		
Item	Indicator code	For the accounting period	For the same period of the previous year
1	2	3	4
Sum of expenses on incomplete scientific and research, research and development and technological works with no positive effect, which are accounted for as extraordinary expenses	330		

Expenses on natural resource development					
Type of works	Indicator code	Balance for the beginning of the accounting period	received	retired	balance for the end of the accounting period
1	2	3	4	5	6
Expenses on natural resource development - total	410				
including:					
Item name	Indicator code	For the beginning of the accounting period	For the end of the accounting period		
1	2	3	4		
Total expenditure on mineral wealth fields with not completed finding and deposit evaluation, exploration and (or) hydrogeological investigation and other similar works	420				

Total expenditure on development of natural resource development, registered in the accounting period as extraordinary expenditure as on-effective	430		
--	-----	--	--

Financial investments					
Item	Indicator code	Long-term		Short-term	
		For the beginning of the accounting period	For the end of the accounting period	For the beginning of the accounting period	For the end of the accounting period
1	2	3	4	5	6
Investments into Authorized (share) capitals of other entities, total	510	108 470	108 439		
including subsidiary and affiliated companies	511	107 257	107 257		
State and municipal securities	515				
Securities of other entities - total	520				
including debt securities (bonds, notes)					
Loans received	525				
Deposits	530				
Other	535	20 403	20 403		
Total	540	128 873	128 842		
From financial investments which have current market value:					
Investments into Authorized (share) capitals of other entities					
including subsidiary and affiliated companies					

State and municipal securities					
Securities of other entities - total					
including debt securities (bonds, notes)					
Other					
Total					
FOR REFERENCE.					
For financial investments with market value, change in cost as a consequence of revaluation adjustment	580				
For debt securities, difference between initial cost and nominal value is registered as financial results of the accounting period	590				

Accounts payable and accounts payable			
Item	Indicator code	Balance for the beginning of the accounting period	Balance for the end of the accounting period
1	2	3	4
Accounts receivable			
short-term, total	610	4 971 611	4 697 298
including:			
settlements with buyers and customers	611	1 879 041	1 847 921
advances made	612	597 309	1 619 181
other	613	2 495 261	1 230 196
long-term, total	620	32 243	28 300
including:			
settlements with buyers and customers	621		
advances made	622		
other	623	32 243	28 300

Total	630	5 003 854	4 725 598
Accounts payable:			
short-term, total	640	6 127 929	12 959 493
including:			
settlements with suppliers and contractors	641	2 586 474	3 155 618
advances received	642	1 733 244	1 739 981
settlements of taxes and dues	643	556 848	45 731
credits	644	958 060	500 000
loans	645		1 552 261
other	646	293 303	5 965 902
long-term, total	650	6 801 416	10 367 102
including:			
credits	653	6 523 663	10 163 400
loans	654	277 753	203 702
settlements of taxes and dues	655		
TOTAL	660	12 929 345	23 326 595

Expenditures on ordinary activities (by cost elements)			
Item	Indicator code	For the accounting year	For the previous year
1	2	3	4
Material expenses	710	4 981 031	4 597 366
Labour costs	720	1 481 178	1 254 869
Fringe benefit expenses	730	359 348	312 121
Depreciation	740	1 041 729	849 683
Other expenses	750	10 986 318	8 099 015

Total for cost elements	760	18 849 604	15 113 054
Balance change (growth [+], loss [-]):			
production in progress			
expenses of future periods			
reserves for future expenses	766	105 957	125 452
Material expenses			

Securities			
Item name	Indicator code	Balance for the beginning of the accounting period	Balance for the end of the accounting period
1	2	3	4
Received - total	810	4 000 000	4 000 000
including:			
bills	811		
Pledged property	820	4 000 000	
of which:			
fixed assets	821		
securities and other financial investments	822		
other	823	4 000 000	
Issued - total	830	80 000	
including:			
bills	831		
Property let as pledge	840	80 000	
of which:			
fixed assets			
securities and other financial investments			
other		80 000	

National assistance					
Item name		Indicator code	For the accounting period		For the same period of the previous year
1		2	3		4
Budget funds received in the accounting year - total		910			125
including:					
including: Compensations for Chernobyl veterans, military dues		911			125
Targeted grants, other					
		For the beginning of the accounting period	Received for the accounting period	Returned for the accounting period	For the end of the accounting period
1	2	3	4	5	6
Budget credits, total	920				
including:					

Explanatory note

EXPLANATORY NOTE

«Kubanenergo», JSC

**to accounting balance on profits and loss
for 2009**

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1. General data

Full company name: Open Joint-Stock Company “Energetics and Electrification of Kuban”

Short company name: «Kubanenergo», JSC .

Information about the foundation of the Company and state registration:

In 1994 according the people`s commissar’s order No. on electric power stations of USSR dd March 14, 1944 Krasnodar regional energetic department “Kubanenergo” was formed on the base of electric stations and grids of Krasnodar and Novorossiysk detached from Azovo-Chernomorskye energetic systems

November the 1st, 1988 as per the regulation f Board of Ministers of USSR No. 812 dd. July 2, 1987 Krasnodar regional energetic department was cancelled and on the basis of its dependent enterprises and organizations “Krasnodarenergo”, Krasnodar association of energetics and electrification, was formed.

In 1993 as per the Russian legislation law on privatization of state and municipal establishments, the Krasnodar association of energetics and electrification “Krasnodarenergo” was reorganized to «Kubanenergo», JSC .

The Company is registered by Administration of Oktyabrskiy district of Krasnodar city at February the 10th, 1993, number of state registration 127.

In 17.09.2002 by the Russian Ministry of Taxation No. 3 of Krasnodar «Kubanenergo», JSC was included in Common list of legal persons with conferment to the Company the state registry number of legal person (PSRN): 1022301427268.

The principal shareholders of «Kubanenergo», JSC at present moment are “IDGC Holding”, JSC and “Neft-Activ” which possess 49.0 % and 26.26 % (respectively) of authorized capital of the Company.

The core activity of the Company at present moment is: transmission and distribution of electric power via grids with power 110 kilovolt and lower to consumers of electric power in Krasnodar region and Adygeya Republic.

Location of «Kubanenergo», JSC: 2 Stavropolskaya, Krasnodar, Russian Federation 350033.

As of 31.12.2009 the Company has 11 branches:

No	Name	Location
1.	Krasnodarskiye Electrical Grids	131 Pashkovskaya Street, Krasnodar 350000
2.	Sochinskiye Electrical Grids	42 Konstitutsii Street. Sochi 354000
3.	Armavirskiye Electrical Grids	54 Vorovskogo Street, Armavir 352900
4.	Adygeiskiye Electrical Grids	358 Shovgenova Street, Maykop 385000
5.	Timashevskiye Electrical Grids	174 Lenina Street, Timashevsk 353760
6.	Tikhoretskiye Electrical Grids	62 Dzerzhinskogo Street, Tikhoretsk 352100
7.	Leningradskiye Electrical Grids	6 of 302 nd Division Street Leningradskaya village 353740
8.	Slavyanskiye Electrical Grids	49 Stroiteley Street, Slavyansk-on-Kuban 353840
9.	South-Western Electrical Grids	1Vostochniy Mol, Novorossiysk 353902
10.	Labinskiye Electrical Grids	334 Mira St., Labinsk, 352510
11.	Ust-Labinskiye Electrical Grids	4 Krasnodarskaya Street, Ust-Labinsk 352300

The Company’s headcount as of December 31, 2009 was 7548 persons (as of December 31 2008– 6401 persons).

Securities issued by «Kubanenergo», JSC are allowed to circulation (but are not included in quotation list) by market maker of securities market:

- by closed joint stock company "Moscow Interbank Currency Exchange" (MICEX) (ticker tape KUBE),
- by open joint stock company The Russian Trading System ("RTS", JSC on two trading floors - «T+0» (ticker KUBEG) and «RTS Classica» (ticker tape KUBE).

«Kubanenergo», JSC has three associated companies

Machinery of government are:

- Shareholders meeting;
- Company's Board of Directors;
- Administration (collegiate executive body of the Company);
- CEO (sole executive body of the Company).

The superior administrative body is shareholders meeting. The general management of the Company carries put the Board of Directors. Director general and board of administration guide the current activity of the Company.

According to the decision of the extraordinary shareholders meeting (minutes of meeting No.21 dd 31.08.2007) and of Company's Board of Directors (minutes of meeting No.43/2007 dd. 10.09.2007) in September 14, 2007 between the Company and «IDGC of the South», JSC was concluded a treaty on delegation of authority of sole executive body (director general) «Kubanenergo», JSC to management organization «IDGC of the South», JSC . along with it as per the treaty its conclusion does not entail any changes in Company's Charter concerning authorities of sole executive body of the Company as well as the term itself " sole executive body". But the regulations of the Company`s Charter concerning the sole executive body (director general) for the period of the treaty validity are used regarding the managing organization.

Structure of Company's Board of Directors (as of 31.12.2009):

N o.	Name, surname, patronymic	Place of work and the status	Status in Board of Directors
1	Kosarev Sergey Borisovich	Head of legal Department Groups of Companies "Rosanne"	Chairman of board of directors
2	Airapetyan Arman Mushegovich	Head of department of interaction with responsible executors of SC "Olimpstroy"	Member of board of directors
3	Guryanov Denis Lvovich	First deputy head of Department of corporate management and interaction with shareholders "IDGC Holding", JSC	Member of board of directors
4	Zimin Aleksey Vladimirovich	Deputy head of Department of legal groundwork "IDGC Holding», JSC	Member of board of directors
5	Katina Anna Yuryevna	Head of Department section of corporate management and interaction with	Member of board of

		shareholders "IDGC Holding" JSC	directors
6	Kravchenko Vyacheslav Mikhaylovich	General director "Rosneft Energo", CJSC	Member of board of directors
7	Pestov Dmitriy Vladimirovich	Deputy general director of «IDGC of the South», JSC - Chief executer «Kubanenergo», JSC	Member of board of directors
8	Petukhov Konstantin Yuryevich	Development and realization services director of "IDGC Holding", JSC	Member of board of directors
9	Pukhalskiy Aleksander Andreevich	Director of power engineering department of "Oil Company Rosneft", JSC	Member of board of directors
10	Saukh Maksim Mikhaylovich	First deputy head of Department of corporate management and interaction with shareholders of "IDGC Holding", JSC	Member of board of directors
11	Stavskiy Mikhail Efimovich	Vice president of "Oil Company Rosneft", JSC	Member of board of directors

Structure of Company's Management (as of 31.12.2009):

N o.	Name, surname, patronymic	Place of work and the work status	Status in Managem ent
1	Gavrilov Aleksander Ilich	General director of "IDGC of the South", JSC .	Chairman of administrat ion
2	Boyko Nikolay Ivanovich	Deputy general director of security and controlling of "Kubanenergo", JSC	Member of administrat ion
3	Galyaev Aleksander Nikolaevich	Deputy general director, economy and finances of "Kubanenergo", JSC	Member of administrat ion
4	Golovakha Lyudmila Alekseevna	Deputy general director, administrative questions of «IDGC of the South», JSC	Member of administrat ion
5	Kocherga Vitaliy Aleksandrovich	Deputy general director, corporate management of "Kubanenergo", JSC	Member of administrat ion

6	Lyashko Andrey Vladimirovich	Deputy general director, development and realization services of "Kubanenergo", JSC	Member of administration
7	Manukalo Aleksander Vasilievich	Director of branch "South-western energy grids" "Kubanenergo", JSC .	Member of administration
8	Marichev Aleksander Anatolyevich	Deputy general director, technical questions – chief engineer "Kubanenergo", JSC	Member of administration
9	Natkho Inver Yusufovich	Director of branch "Krasnodar energy grids" "Kubanenergo", JSC	Member of administration
10	Pestov Dmitriy Vladimirovich	Deputy general director of «IDGC of the South», JSC - Chief executer «Kubanenergo», JSC	Deputy chairman of administration
11	Brizhan Aleksey Vasilievich	Director of branch "Sochi energy grids" "Kubanenergo", JSC	Member of administration
12	Savin Grigoriy Grigoryevich	Chief accountant – head of department of accounting and taxing and reporting of "IDGC of the South", JSC	Member of administration
13	Tertishnikov Konstantin Yuryevich	First deputy general director of "Kubanenergo", JSC	Member of administration

The authority of the sole executive body of the Company is carried out by managing Company.:

Full company name: Open Joint-Stock Company "Interregional Distribution Grid Company of the South".

Short company name: «IDGC of the South», JSC .

The reason of delegation the authorities is the decision of the extraordinary shareholders meeting (minutes of meeting No.21 dd 31.08.2007) and of Company's Board of Directors (minutes of meeting No.43/2007 dd. 10.09.2007) in September 14, 2007 treaty between the Company and «IDGC of the South», JSC.

Location: 49 Bolshaya Sadovaya St., Rostov-on-Don 344002

Mailing address: 327 Severanaya St., Krasnodar 350015

Date of delegation the authorities: 14.09.2007.

General director «IDGC of the South», JSC: Gavrilov Aleksander Ilyich

Chief executer of «Kubanenergo», JSC :

Deputy general director of «IDGC of the South», JSC - Chief executer of «Kubanenergo», JSC : Pestov Dmitriy Vladimirovich.

Structure of the Auditing Committee (as of 31.12.2009):

N o.	Name, surname, patronymic	Place of work and work status	Status in Auditing Commission
1	Sidorov Sergey Borisovich	Adviser of general director of "IDGC Holding", JSC	Chairman of auditing commission
2	Bedrydinova Elena Sergeevna	Leading expert of Department of internal audition of "IDGC Holding", JSC	Member of auditing commission
3	Kuryshkin Konstantin Mikhaylovich	Head expert of section of analysis and corporate management control of Department of corporate management and interaction with shareholders of "IDGC Holding", JSC	Member of auditing commission
4	Romanenko Anna Vladimirovna	Deputy Head of Department of internal control and audition – head of service of internal audition of "IDGC of the South", JSC .	Member of auditing commission
5	Rokhlina Olga Vladimirovna	Head expert of Department of internal audition of «IDGC of the South», JSC	Member of auditing commission

Financial condition of the Company

Financial condition of "Kubanenergo", JSC in 2009 is characterized by the following key performance indicators:

growth of volumes of products realization;

growth of costs for production and realization of products;

decrease of profitability of economic activity .

millions of rubles.

No.	Indicators	2008 fact	2009 fact	Growth rate %
1	Goods loaded out, rendering services (without VAT)	17 840,1	19 947,5	111,8%
2	Accounts receivable as of the year end	5 003,9	4 725,6	94,4%

3	Accounts payable as of the year end	5 169,9	10 907,2	211,0%
4	Expenditure for 1 ruble of products sold (kopecks)	84,7	94,5	111,5%
5	Sales profit	2 727,0	1 097,9	40,3%
6	Profitability of sales, %	15,3	5,5	36,0%
7	Interest receivable and payable	-745,7	-1 412,3	52,8%
8	Other income and expenditure	-831,9	-1 889,3	44,0%
9	Profit (loss) before tax	1 149,7	-2 203,1	-
10	Income tax and other similar payments	-547,8	20,6	-
11	Net profit (loss)	601,7	-2 182,6	-

In 2009 the Company sold products for 19 947,5 millions of rubles, which is for 2 107,4 millions of rubles or 11,8 % more in comparison with 2008.

During the reporting period there was a growth of expenses per rubles of sale proceeds, in comparison with 2008 for 9.8 rubles. Profitability of sale judging by the results reporting period is 5.5 %.

Sales profit was gained in the amount of 1 097,9 millions of rubles which is for 1 629,1 millions of rubles less than in previous year. .

During the reporting period a account receivable has decreased for 278.3 millions of rubles, accounts payable has increased for 5 737. 3 millions of rubles, among which 5 505.6 3 millions of rubles are cash assets, gained from placement of Company's shares.

No.	Item name	2008 fact	2009 fact
	Absolute liquidity ratio	0,13	0,49
	Quick liquidity ratio	0,96	0,87
	Current liquidity ratio	1,21	0,99
	Equity ratio	-0,78	-0,83
	Coefficient of financial independence	0,45	0,26

Profit (loss) per share

Base profit (loss) per share presents part of profit (loss) for the accounting period to be paid to shareholders – holders of ordinary shares. Base profit (loss) is calculated as ratio of base profit (loss) for the accounting year to weighted average number of ordinary shares in circulation during the accounting year.

Item name	2008	2009
Base profit (loss) for the accounting year, rubles in thousands	601 938	-2 182 592
Weighted average number of ordinary shares in circulation during the accounting year, shares in thousands	17 869,44	17 869,44
Base profit (loss) per share, rubles	33,68	-122,14

“Kubanenergo”, JSC did not issue convertible bonds, diluted profit of the accounting year equals to base profit of the accounting year.

“Kubanenergo”, JSC is the largest grid company on the territory of Krasnodar region and Adygeya Republic that carried out three electric power transmission and distribution via electric lines with power 110 kV and lower in settlements, villages and particular cities of Krasnodar region and Adygeya Republic, including Sochi.

“Kubanenergo”, JSC carries out the principal activity natural monopoly conditions, state regulated in terms of tariffs setting for rendering services of electric power transmission and providing non-discriminatory access for consumers to the power grids. With regard to growing demand for electric power in the configuration areas, the Issuer pays special attention to development, reconstruction and enhancement of transmission capacity of the power grid facilities, expecting future sales volume increase of rendered services.

Dated 1st of January 2007 “uniform” payment method for power transmission was implemented in the region, and “Kubanenergo”, JSC was delivered into the charge of “the boiler holder”. That implies that all power supply companies selling electric energy on the local market pay to “Kubanenergo”, JSC for the services of power transmission via the grids throughout whole regional electric power system in the frameworks of power transmission agreements, and meantime “Kubanenergo”, JSC is paying to regional grid companies for power transmission services.

In the accounting period the main consumers of “Kubanenergo”, JSC services of power transmission were as follows:

- power supply companies – that sale or retail markets entities, carrying out the business on selling of electric energy to the final customers connected to the power grids of the Company and of other grid organizations (“Kubanenergosbyt”, JSC, “Nizhnovatomenergosbyt”, JSC, “Dizazh M”, LLC, “NESK”, JSC, “MAEREM +”, CJSC, “Rusenergosbyt”, LLC, “Rusenergoresurs”, LLC, MUE (Municipal Unitary Enterprise) “Maykopskiy GES”, “Kubanresurs”, LLC, “RN-Energo”, LLC);
- number of independent regional power producers (isolated generating plants).

The consumers of “Kubanenergo”, JSC services for technological connection to the power grids are legal persons and individuals interested in technological connection to “Kubanenergo”, JSC power grids and applied for the issuance of the technical requirements for technological connection.

Prices (tariffs) for Company’s services are determined by REC (Regional Energetic Commission) of Krasnodar region. Uniform (boiler) tariffs for electric power transmission via grids of “Kubanenergo”, JSC actual from January 1, 2009 are

approved by the order No. 41/2008-e of REC of Krasnodar region dd. 17.12.2008
 "On determination of tariffs for electric power"

Voltage level	Grids maintenance rate (excluding VAT)	Rate (tariff) of technological expenditure (loss) of electric energy supposed for transmission (including VAT)	One-part tariff (excluding VAT)
	rub./MW./month	rub./MW per hour	rub./MW per hour
High voltage (110 kW and more)	156 375,54	342,06	616,89
Medium voltage 1 (35kW)	219 468,38	356,67	736,89
Medium voltage 2 (20-1 kW)	456 572,13	451,88	1 206,89
Low voltage (0.4 kW and less)	635 387,54	634,23	1 706,89

In 2009 there are actual tariffs on technological connection to "Kubanenergo" JSC grids approved by REC DCT decision dated July 20 2006 No.25/2006-e

Payment for technological connection of consumers to grids is approved by decision of REC DCT of Krasnodar region.

In 2009 there are actual tariffs on technological connection to "Kubanenergo" JSC grids approved by REC DCT decision dated July 20 2006 No.25/2006-e (with alternations introduced by REC DCT orders dated October 18 2007 No.7/2007-e, Mat 7 2008 No.18/2008, dated March 3 2009 No.2/2009-e,) dated August 7 2006 No.26/2006-e (with alternations introduced by REC dated August 10 2007 No.33/2007-e, dated October 19 2007 No. 7/2007-a, dated May 7 2008 1No.8/2008-e, dated November 24 2008 No. 37/2008-e, dated March 25 2009 No.5/2009-e

Customer	Fee, rubles/kW		Date of tariffs approval
	Fee, rubles/kW (excluding VAT)	Fee, rubles/kW (including VAT)	
Power less than 35 kW with added power less than 10000 kW			

Customers interested in technological connection with added power do not exceeding 15 kW, inclusive; (till March 17, 2009)		550,0 (for one connection)	REC decision dated 20 th of July 2006 No. 25/2006-e
Declarants interested in technological connection to maximum 15 kW lines, including (dd. March 17 2009)		550,0 (for one connection)	REC decision dated 20 th of July 2006 No. 25/2006-e
Legal and physical persons with lines up to 30 kW including, except legal persons interested in technological connection for domestic purposes with electric power maximum 15 kW including (until March 17, 2009)	1 695,0	2 000,10	
Legal and physical persons at added power from 15 to 30 kW inclusive; (from March 17, 2009)	1 695,00	2 000,10	
Legal and physical persons at added power from 30 to 100 kW inclusive; (till March 17, 2009)	2 000,00	2 360,00	
Legal and physical persons at added power from 100 to 750 kW inclusive; (till March 17, 2009)	1 890,30	2 230,55	
Legal and physical persons at added power more than 750 kW	1 488,20	1 756,08	
<p>Legal and physical persons with no criteria of available technical feasibility of connection except the following customers:</p> <p>Physical persons, electric power consumption for domestic purposes in living space with added power do not exceeding 15 kW inclusive;</p> <p>Legal persons – noncommercial organizations for electric power supply of citizens-members of the organization for domestic purposes without profit extraction, calculated by common meter at switching over, as per requirements of fee determination of technological connection to grids approved by Federal tariff department</p> <p>Business entities, municipal institutions, state structures with purpose of street lightning in limits of center of population, except external lightning of property objects;</p> <p>Business entities, municipal institutions, state</p>	11 000,00	12 980,0	REC decision dated 20 th of July 2006 No. 25/2006-e

structures with purpose of providing of traffic lights to control the traffic.			
Power 35 kW and more with added power not less than 10000 kW			
Customer s that need 35 kW electrical power and more with added power at least 10000 kW.	Customer s that need 35 kW electrical power and more with added power at least 10000 kW.	Customer s that need 35 kW electrical power and more with added power at least 10000 kW.	Customer s that need 35 kW electrical power and more with added power at least 10000 kW.

* the decision of REC of Krasnodar region No. 24 /2006-e dd.20.07. 2006 "On determination of tariffs on technological connection to electric grids" became invalid because of the order of REC of Krasnodar region No.2/2009-e dd. 3.03,2009

2. Regulation Policy

The present Company's accounting report is made up on the basis of the following regulation policy.

2.1. Accounting basis

The Company's accounting policy was developed in accordance with Federal law No.129-FZ (Federal law) dated November 21, 1996 "On Accounting" ; Regulations on accounting "Accounting Policy of Organization" RB (regulations on Accounting)1/98 approved by order of the RF Ministry of Finance No.60n dated December 09, 1998; Regulations on accounting and reporting in Russian Federation approved by order No.34n of Ministry of Finances dd. 29.071998; by the orders on procedure of compilation and presenting the accounting approved by Ministry of Finances of FR No.67n dd. 22.07.2003 "About standards of accounting report in organization"

Assets and liabilities of the Company are valued in the report by actual expenses for their purchase.

2.2 Assets and liabilities in foreign currency

Beginning from 2009 the Company did not carry operations in foreign currency
For the beginning and the end of reporting period the Company did not hold any foreign currency.

2.3. Long-term obligations and short term accounts payable

In the accounting assets and liabilities are regarded as short-term if the period of circulation does not exceed 12 months from the day after the reporting period. All other assets and liabilities are reproduced in report as long-term.

2.4. Intangible assets.

The Company does not have any intangible assets in its balance.

2.5. Fixed Assets

Fixed assets in the respect of which a recording is carried out according to Regulations on Accounting 6/01 approved by the order No. 26 of Minister of Finances of RF dd.30.03.01 regarding which conditions of article 4 of the regulation are fulfilled and the value of which does not exceed 20000 rubles per unit are took into consideration in accounting as a part of inventory reserves.

Fixed assets include buildings, constructions, machinery, equipment, transport and other corresponding objects with lifetime more than 12 month.

Objects of fixed assets are taken for recording of actual expenses for acquisition and construction. The primary cost of fixed assets received in exchange for goods and wealth differing from cash assets is determined as cost delivered or meant for delivery assets. Along with it the cost of delivered or meant for delivery assets was determined on basis of price by which the Company on similar circumstances usually defined the price of goods, wealth. The costs on received loans and credits connected with forming of investment assets (fixed assets objects, property complexes and other similar assets demanding great deal of time and costs for purchasing and (or) construction) are included in price of only damped assets.

Loans and credit costs for purchasing investment assets and at cessation of works connected with forming of investment assets during the term exceeding 3 months are regarded as current costs, belong to other costs and to be included in financial report of the Company. In report fixed assets are presented by its primary cost excluding amortization accumulated during the operating time

Amortization of objects of fixed assets is counted by linear way on the basis of its useful lifetime. For fixed assets taken for accounting before January 1, 2002 amortization was accumulated on the basis of the useful lifetime, on the basis of norms approved by decision of USSR Government No. 1072 dd. 22.10.1990 "On unified norms of depreciation charges for the complete recovery of fixed assets of national economy of USSR" that were used for the date of bringing into operation of particular objects of fixed assets:

For the fixed assets taken for operation starting from January 1, 2002 the useful lifetime of fixed assets for accumulation of depreciation was determined according the Decision No. 1 of RF Government January 1, 2002 "On classification of fixed assets that are included in depreciation groups".

Accrued deterioration made up:

Buildings	67 712
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Constructions and transfer units	349 315
Machinery and equipment	600 992
Transportation and other fixed assets	24 416

For completely depreciated (deteriorated) objects of fixed assets depreciation was not accumulated.

Revenues and expenses from discontinuation, writing-off, gratuitous assignment of fixed assets are mentioned in from No. 2 "The report on profits and losses" within other expenses and revenues. The value of fixed assets was not supposed to be changed, except the cases of additional building, modernization and reconstruction of the objects. costs for restoration of an object of fixed assets are specified in accounting report of the reporting year to which they refer.

Accounting of estate received from lease contracts is carried out as per the Federal law No. 164-FZ (Federal law) dd. 29.10.1998 "On finance leasing".

The list of main fixed assets of the Company is showed in explanation 3.1.

2.6. Investments in shares

Accounting calculation of financial investments is carried put as per Accounting Principles 19/02, approved by the order of Ministry of Finance dd. 10.12.2002 No.126.

Investments in authorized assets of other organizations are considered as financial investments of organizations and are mentioned in accounting report as a sum of actual expenses of the investor, i.e. by the cost of included in account of assets holding.

The list of affiliated and dependable companies is showed in explanation 3.12.

2.7. Debt instruments.

Debt securities are divided by the cost of purchasing. The difference between the nominal price and securities price is included in other revenues and expenses.

2.8. Inventory reserves.

Accounting report of inventory reserves is to be carried out according Regulation on Accounting 5/01, approved by the order No. 44n of the Minister of Finances dd. 09.06.2001.

Inventory reserves are estimated in sum of actual costs for purchasing.

Working clothes are counted (before bringing into usage) by account 10 "Materials" at the separate subaccount "Special equipment and working clothes in storehouse" the cost of working clothes with lifetime more than 12 months is discharged by linear way on the base of useful usage of the working clothes provided in typical industrial norms of free giving out of clothes, footwear and individual protection equipment as well as in rules of Supporting workers with special clothes, footwear and individual protection equipment approved by Regulation of Labour and Social Development Ministry of RF No. 51 dd 18.12.1998.

The recording of one-phased electricity supply meter of type Energy Meter -1.12 and Energy Meter-1.15, installed on the basis of program of energy supply, is carried out as per the methodological instructions on accounting of special instruments, equipment and special clothes approved by the order No.135 dd. 26.12.2002 of the Minister of Finances of RF by the article "special instrument and special equipment" with considering deterioration by equal part during 5 years from the date of starting the operation.

Write-off from the balance the mentioned electricity supply meters is carried out after warranty life indicated in passport – five years after production including the storage life.

At releasing inventory reserves (except the goods recorded by the sale value) in production the valuation of its productions is carried out by average price cost of each type of reserve. Average valuation of actual price cost of materials put into production or written-off for other purposes is carried out by means of determining the actual price cost of material at the moment of its release (sliding valuation).

Costs for paying put the interests on loaned assets for purchasing inventory carried out before taking the mentioned goods into consideration are included in cost of inventory and after taking are determined as other costs.

2.9. Construction-in-Progress.

Construction-in-progress is evaluated by factual production price.

2.10. Expense for Future Periods.

Expenses of the Company in the reporting period but dealing with next reporting period are determined as the expenses of future periods and are to be written-off partially during the period to which they belong. Duration of such period is determined at the moment of considering the expenses of future periods to accounting.

Reserves for the forthcoming payment of employee's vacations, for payment of annual remuneration for seniority, for payments for the results of the year, for repair and other reserves for supporting other unpredictable costs are not to be formed

2.11. Liabilities of buyers and customers

Liabilities of buyers and customers are defined judging by the tariffs for services of electric power transmission determined by the decision of regional energetic commission of Krasnodar region and Adygeya republic and prices set up by contracts between Company and buyers.

Debts impossible to be collected are to be written-off the balance as accepting it such. In 2009 reserve of doubtful debts was not formed in the Company.

2.12. Reserves for future expenses.

In 2009 the Company did not form reserves of forthcoming expenses and payments.

2.13. Acknowledgement of the profit.

The revenue from production and services were acknowledged for purposes of accounting as being shipped by the buyer and presentation of accounting documents. It is mentioned in form No. "Report on profits and losses" excluding VAT.

The revenue from production and services was acknowledged for taxation purposes in the reporting period in which it took place notwithstanding the actual Flow of the cash assets or other property (works, services), property rights (method of charge).

Other proceeds of the Company are inpayments connected with participation in Authorized capitals of other organizations; inpayments from selling of fixed assets and other assets; revenue received from the contract of society partnership and other inpayments as per article 7 of Regulations of Accounting 9/99, penalties, fines, forfeits for dearangements of contracts conditions; gratuitous receive of assets; revenue form the previous years, sums of bliss receivable and payable on which the limitation period had run our; exchange gains and other revenues as per article 8 of Regulations on Accounting 9/99.

Regular revenues from leasing the property that are mentioned in accounting and reporting a revenue form realization according the line 010 of accounting on profits and losses are recognized with the purpose taxation of revenues for realization.

2.14. Additional and reserve capital.

Additional fund was formed at the expense for the growth of fixed assets cost determined at revaluation.

The Company forms reserve capital meant for supporting the losses that are though not determined but can occur in commerce. Reserve capital is formed due to the net profit of the Company. The amount of reserve fund corresponds the founding documents and makes up 5% of Authorized capital.

2.15. Changes in accounting policy.

Changes in account policy of the Company in 2009 did not occur.

2.16. Comparative data.

In opening balance of 2009 results of updating deferred tax assets and liabilities is mentioned according to Federal law No.224-FZ dd. 26.11.2008 N 224-Φ3.the amount of deferred taxes and liabilities was recalculated with appropriation of occurred as a result of recalculation difference to the account of undistributed profit (unsupported loss).

Significant changes of indicators according accounting lines for 2009.

Accounting balance

thousands of rubles

Item name	pag e	As per the balance for 31.12.2008	As per balance 01.01.2009	Discrepanc y	Notes
Deferred tax assets	148	202 571	168 810	- 33 761	Correction of deferred assets and liabilities
Total section I	190	16 298 226	16 264 465	- 33 761	
Balance	300	23 699 011	23 665 250	- 33 761	

Retained surplus of previous years	460	0	600 493	+600 493	Correction of deferred assets and liabilities
Retained surplus of reporting year	470	601 938	0	-601 938	Correction of deferred assets and liabilities
Total section III	490	10 556 074	10 554 629	-1 445	
Deffered tax liabilities	515	193 925	161 609	-32 316	Correction of deferred assets and liabilities
Total section IV	590	6 995 341	6 963 025	-32 316	
BALANCE	700	23 699 011	23 665 250	-33761	

Report on capital changes

Thousands of rubles

Item name	Indicator code	Additional fund	Undistributed profit (unsecured loss).
Balance for 31 December of previous year	060	8 231 968	447 815
Changes in rules of accounting	063		-1445

Balance for the 1 st January of the reporting period	100	8 231 968	446 370
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3. Disclosure of essential reporting indicators

3.1. Fixed assets (line 120 of Accounting balance)

As per 01.01.2009 the revaluating of fixed assets of the Company was not carried out. At making up the decision on absence the necessity of revaluation of fixed assets of Company were taken into account data of price level.

The full balance cost of fixed assets of the Company as per 31.12.2009 made up 47 233 401 thousands of rubles (for 31.12.2008 - 45 404 368 thousands of rubles). The depreciated cost of fixed assets for 31.12.2008 made up 12 679 163 thousands of rubles, for 31.12.09.-13 749 216 thousands.

Decoding of fixed assets of the Company

thousands of rubles

No.	Fixed assets group	Current value as of 31.12.2008	Net value as of 31.12.2008	In percent to total
1.	Buildings	4 379 728	4 590 880	9,7
2.	Structures and transmission equipment	14 794 223	15 250 260	32,3
3.	Machinery and equipment	25 965 610	27 107 672	57 ,4
4.	Transport	186 469	201 308	0,4
5	Other fixed assets	78 338	83 281	0,2
	TOTAL:	45 404 368	47 233 401	100,0

In the accounting period accumulated depreciation was 1 042 435 thousands of rubles

Including following groups (thousands of rubles):

Buildings	67 712
Constructions	349 315
Machinery and equipment	600 992
Transport	16 270
Other types of fixed assets	8 146

The accumulated depreciation for the whole year of operating is (thousands of rubles):

For the beginning of the year	32 725 205
For the end of the year	33 484 185
or 72 ,07 % and 70,89 % of fixed assets	

The Company provided lease of fixed assets to different entities for the amount of 42 170 thousand rubles or 0,09% of total fixed assets value, including buildings, structures, cars and equipment, vehicles and other fixed asset.

Depreciation of leased fixed assets is accrued by the lesser

3.2. Construction-in-progress (line 130 of Accounting balance)

«Kubanenergo», JSC is carrying out the construction and reconstruction of energetic objects in full correspondence with approved investment program of 2009. For the beginning of 2009 the expenses on construction-in-progress were 3 287 619,18 thousands of rubles, during the year the fulfillment was 3 510 837,72 thousands of rubles, set in operation for the amount 2 140 358,07 thousands of rubles. The volume of construction-in-progress as 31.12.2009 was 4 980 789.41 thousands of rubles

Decoding of objects of construction in progress

Items	Net value as of the end by the accounting year (rubles in thousands)
Construction of double circuit HVL110 kV "Samurskaya – Lago-Naki" substation with approaches to substations	15 487
Construction of single circuit HVL 110 kV "Apsherinskaya – Samurskaya substation (L=35 km)	100 322
Reconstruction of 110 kV line adjoining to "Yablonovskaya" 220 kV substation (length 0,5 km)	11 214
Construction of double circuit HVL 110 kV "Vyshesteblievskaya 220- Volna" substation	179 045
Construction of 110/10/6kV "Vyshnevaya" substation with two transformers 2*25 mega volt-ampere, Switchgear-110 kV, Indoor Switchgear 4 SSh (2-10 kV, 2-6 kV) with approach	38 376
Construction of 110 kV "Bykhta" substation with transformers 2*40 mega volt-ampere, Switchgear -110 kV, with double circuit line for 110 kV	169 375
Construction of 110/10/6kV "Praskoveevka" substation with installation of transformer with 10 megavolt-ampere and approach to 110 kV HVL with 24 km length	1 048 860

Construction of 110/10/6kV "Palmoviy Bereg" substation with 2*25 megavolt-ampere transformers of type TRDN-25000/110/10 with approach to substation of double-circuit 110kV HVL L=6 km, section 240 mm ²	37 839
Construction of 110/10/6 kV "Tuapse-Terminal" substation with two 2*40 mega-volt ampere transformers, 110 kV Sulfur Insulated Switchgear, 2-10 kV, 2-6 kV Indoor Switchgear SSh 4, two double-circuit approaches from Cable HVL 110kV "Shepsi-Tuapse- traction 1 (2)"	218 746
Reconstruction of 10 kV HVL "Nebug-Agoy" with installation of 10 kV Distribution Point (10kV HVL10 form 110/10kV "Nebug" substation to 10/0.4 kV transforming Station No.188 in Agoy village, Tuapse district)	30 403
Reconstruction of 6kV Cable Line F-S7 Sochinskiye Distribution Electric Grids District	53 913
Stability Control Schemes of South-Western Power district	7 791
Reconstruction of Dispatching Control Room of Sochinskye Federal Power System. Operating Department	67 924
Storage facilities construction of Sochinskye Federal Power System in Dagomys settlement	54 729
Other industrial and economic objects	2 460 788
Total of industrial and economic objects	1 337 071
Equipment out of buildings estimate	30 460
Equipment for installation	1 152 470
TOTAL Construction-in-progress	4 980 789

Financial sources of capital investments in 2009 were:

- § depreciation charges;
- § additional issue of shares for Olympic objects;
- signed with consumers acts on Transforming Station;
- capitalization;
- advances for technological connections;
- energy saving fund.

3.3. Long-term financial investment (line 140 of Accounting balance).

Long-term financial investment «Kubanenergo», JSC for the end of reporting period made up 128.842 millions of rubles, that were presented as deposits in shares of economical organizations (108,439 millions of rubles or 84,16 %). Shares of the

economical organizations of market makers to circulation on market of securities were not admitted.

For the 2009 the amount of long-term financial investments reduced for 0,031 millions of rubles, it is connected with writing-off package of share of "Aksy-3", JSC because of making a note in a Uniform State Register of legal persons on dissolution of this Company.

3.4. Inventories (line 210 of Accounting Balance).

Inventories were estimated according to actual expenditure amount for acquisition. Their value as of the year end is 1 049 096 thousand rubles, 8.2% of the Company's current assets or 3.3% of all Company's assets.

Balances for inventories.

Thousands of rubles

Item	Balance a of 01.01.09	Balance as of 31.12.09
Raw materials and materials and other similar values	1 024 390	1 049 096
TOTAL:	1 024 390	1 049 096
Finished products and goods for resale	0	0

3.5. Cash assets (line 260 of Accounting balance)

As of beginning of the year, cash balance on settlement and special accounts, and cash on hand made up 943 547 thousands of rubles

Cash funds structure is represented in the following table:

thousands of rubles

Indicator	2008	2009	Percentage growth by 2008
1	2	3	4
Cash funds received, total including:	33 398 139	53 957 594	61,56
- revenue on sale of electric power transmission services			

- revenue on sale of technological connection to power grid services	16 123 839	13 806 723	-14,37
- revenue on sale of other products, works, services	466 835	101 695	-78,22
- revenue on sale of fixed assets and other property	81 608	1 168 387	1331,71
- advances received from buyers	9 059	3 089	-65,91
- budget. Fund allocations and other special-purpose financing	-	-	-
- credits received			
- revenue on sale of securities and other financial investments	3 562 788	8 281 045	132,44
- dividends	9 102 000	18 006 000	97,83
- loans repaid	96 985	1 444 313	1389,22
- other receipts	3 955 025	11 146 342	181,83
Cash assets allocated, total	33 093 571	48 608 080	46,88
Including:			
- payment for purchased products, works, services, raw materials and other current assets	15 449 391	16 901 383	9,40
- labour compensation			
- acquisition of fixed assets, income-bearing investments and intangible assets, construction and installation operations, design and development, etc	3 331 700	4 812 540	44,45
	1 216 145	1 366 205	12,34
	1 019 391	1 581 138	55,11
- budget settlements			
- dividends and interest payment	6 841 712	16 311 828	138,42
- repayment of credits and loans	591 738	540 894	-8,60
- repayment on lease contracts	4 643 494	7 094 092	52,78
- other expenditure			

For the accounting period, cash assets turnover on the Company's internal accounts made up thousands of rubles

Cash assets balance as of the year end made up 6 293 061 thousands of rubles

3.6. Debt of buyers and customers (lines 230 and 240 of accounting balance)

Long-term accounts receivable for 2009 decreased for 3 943 thousands rubles, that is connected with long-term paid out.

Bills receivable breakdown (line 230 of accounting balance) as of **31.12.2009**
thousands rubles

Item No.	Item	Amount
230	Total:	28 300
235	Including Other debtors, Among them private persons (loans, debts on sale contracts of apartments with payment by installments)	28 300

Short-term liabilities decreased in comparison with 2009 for 274 313 thousands of rubles

Bills receivable breakdown (line 240 of accounting balance) **as of 31.12.2009**

No.	Item	Amount, thousands of rubles.
1.	Other buyers and customers including: “NESK”, JSC “NESK-elektrosety”, JSC “Egida-Invest”, LTD “Kubanenergосervіs”, LTD “Evropa Invest”, LTD “Nemetskaya Derevnnya”, CJSC “Storyinvest” LTD “Interstroy”, Ltd “Kristall”, CJSC “Krasnodarteploset” JSC “Rencapstroy” LTD “Parus” LTD “Kuban river steamship lines”, LTD “Development-Yug”, LTD “M-Industry” Building Company Other	1 847 921 929 288 131 107 134 572 64 599 168 480 38 940 38 940 36 785 28 556 23 960 24 528 11 682 9 076 7 788 8 956 190 664
2.	Advances paid out, including: Suppliers of the materials	1 619 181 24 327

among them:	
“SMART” LTD	3 968
“SEDA-STAR”, LTD	3 245
“KOMP Energostroy-kt”, LTD	1 000
“Krasnodarglasnab KKPK”, LTD	4 275
other	11 839
Developers	1 066
Among them:	048
“KubanGRES”, JSC	
“Yugregionenergouchet”, LTD	37 573
“Yugenergomontazh”, LTD	16 619
“PMF “Energostroy”, LTD	20 712
“Kubanstroyenergo”, LTD	26 020
Firm “Avtoban-Story”, LTD	88 907
CC “Energiya”	10 915
“Krasnodarenergomontazh”, LTD	9 253
“Ritek Soyuz”, JSC	8 711
other	6 871
Repair organizations	840 467
Among them	827
“StroyElectroGroup”, LTD	
Other	384
Service providers	443
Among them:	137 030
“Geodesy and organization of the use of land”, LTD	
“Agency of service of orders”, LTD	18 723
“GEO Invest-Inform”, LTD	11 464
“TIB, organization of the use of land, valuation ”, LTD	64 928
other	7 699
Other advances paid out	34 216
Among them:	390 949
“Kuban energy sale company”, JSC	
“IDGC of the South”, JSC	141 318
“Energovolt”, LTD	166 146
“YugEnergoProject-Kuban”, LTD	32 072
“Zemledelec Tamani”, LTD	24 777
	7 000

	other	19 636
3.	Other debtors, including:	1 230 196
	tax overpayment to federal budget	154 300
	tax overpayment to RF territorial subject's budgets	204 487
	tax overpayment to local budgets	21 494
	overpayment in government and off-budget funds	6 050
	Other debtors	
	Among them:	843 865
	"Fuel and energy leasing company", LTD	
	"Kuban Generative Company", JSC	56 201
	"Krasnodarenergoremont", JSC	34 655
	"Engineering-Building Company Soyuz-Sety", CJSC	9 873
	"Neftegaztehnologiya-Energiya", JSC	11 924
	"Kuban Energy sale company", JSC	9 945
	"TIB, organization of the use of land, valuation", LTD	15 172
	"FESK", JSC	14 268
	"Magistralnie sety", JSC	165 595
	FSUE Concern "Rosenergoatom"	27 511
	Branch "FGC UES "Kuban BLDEN", JSC	31 381
	"Org Leasing", JSC	7 925
	Other	49 665
		409 750
	Total:	4 697 298

As of 31.12.2009 bills receivable of other customers and buyers made up 1 847 921 thousands of rubles

Advances paid out for 2009 decreased for 31 120 thousands of rubles, among them:

- § for building organizations increased for 789 462 thousands of rubles;
- § for service provided decreased for 13 221 thousands of rubles;
- § other advances paid out increased for 255 080 thousands of rubles

Regarding line 246 occurred an increase of liability for 1 265 065 thousands of rubles, including:

- tax overpayment in budgets of all levels increased for 324 090 thousands of rubles,
- concerning other debtors the liability decreased for 1 589 112 thousands of rubles

In 2009 impossible to be paid put accounts payable for the sum of 97 672 thousands of rubles was retired because of expired term of limitation period. impossible to pay out.

Thousands of rubles

	31.12.2008	31.12.2009	Growth (+) Decrease (-)
Total accounts payable			
Line230	32 243	28 300	
Line240	4 971 611	4 697 298	
Total:	5 003 854	4 725 598	-278 256
Including:			
Buyers and customers			
Line 231			
Line 241	1 879 041	1 847 921	
Total:	1 879 041	1 847 921	-31 120
Advances paid out			
Line 234			
Line 245	597 309	1 619 181	
Total:	597 309	1 619 181	+1 021 872
Other debtors			
Line235	32 243	28 300	
Line246	2 495 261	1 230 196	
Total:	2 527 504	1 258 496	-1 269 008

3.7. Short-term accounts payable (Line 620) as of 31.12.2009

Short-term accounts payable make up	10 907 232
Including:	
Suppliers and contractors (Balance sheet line 621)	3 155 618
Among them:	
“Neftegazotekhnologia-Energia”, JSC	34 569
“NESK-eleckrosety”,JSC	207 737
“Energovolt”, LTD	13 240

"United National Electric Grid Company", JSC	918 093
"Yugoelectrogazstroy", LTD	33 424
"Armavirenergoinvest", JSC	58 279
"Kubanenrgosbyt", JSC	183 999
"Energiya", JSC	18 604
«IDGC of the South», JSC	298 234
Production Association "Spetszaschita", LTD	32 742
"Orbita", CJSC	11 365
"Stroyenergoservis-Kuban", LTD	38 827
"LC Group", LTD	14 483
"Energokomplekt", LTD	156 973
"Kubanychetenergo", LTD	37 640
"SVAROG", LTD	102 357
"South Centre of Power Engineering", JSC	343 793
"Energoservis", LTD	23 155
Production and Technical Company "Donenrgoremont", JSC	16 292
"Krasnodarenergomontazh", LTD	9 255
"Energolespromstroy", LTD	9 965
"Yugenergomontazh", LTD	33 547
"Mari", LTD	13 011
"MG-Story", LTD	29 663
"Srednevolzhskselelectrostroy", JSC	75 295
"Torgovyi Dom "Kamenergostroy", LSTD	24 243
Project and Assembly Company "Energostroy", LTD	10 395
Engineering and Technical Company "Sistemy y Technologyi", JSC	13 268
"Avtoban-Stroy", LTD	49 134
"Stroyenergoservis", JSC	56 648
other	287 388
Labour payment liability (Balance sheet line 624)	90 850
Liability to off-budget funds (Balance sheet line 625)	40 192
Among them:	
Unified Social Tax:	
Pension Fund of RF	30 025
Compulsory Health Insurance Fund	4 397
Social Insurance Fund	4 618
Fines and penalties to state off-budget funds	1 152
Liability to budget (Balance sheet line 626)	45 731

Among them:	
Federal budget	192
Territorial subjects of RF budget	26 284
Local budget	19 255
Advances received	1 739 981
Other creditors, total (Balance sheet line 628)	5 834 860
Among themx:	
Other creditors	5 834 860
including:	
Ministry of Energetic of RF	2 629 695
“Neft-Aktiv”, JSC	1 972 436
“IDGC Holding”, JSC	867 579
“AlfaStrakhovanie”, JSC	131 364
Roinko Enterprises Limited	26 199
INGOSSTRAKH, JSIC, branch	12 071
“Snaiper”, LTD	13 826
«IDGC of the South», JSC	11 447
other	170 243

Accounts payable excluding loans and credits (lines 520+620) increased for 5 737 363 thousands of rubles and as of 31.12.2009 made up 10 907 232 thousands of rubles.

The increase of accounts payable for 5 737 363 thousands of rubles or for 210.98 % occurred because of the following factors:

- increase of accounts payable to repair organizations for 86 454 thousands of rubles;
- increase of accounts payable to construction organizations for 56 thousands of rubles;
- increase of accounts payable to other suppliers and contractors for 482 634 thousands of rubles;
- increase of accounts payable for advance received for 6 737 thousands of rubles;
- increase of other accounts payable for 5 601 405 thousands of rubles;

In the line 628 of accounting balance the cost of paid out shares issued in additional issue before the state registration of new Authorized capital is indicated 5 505 462 thousands of rubles..

Additional and reserve capital (lines 420 of Accounting balance)

Additional fund of the Company was formed by way of summing up fixed assets value defined while revaluation.

As of 01.01.2009 additional fund made up 8 231 968 thousands of rubles

Because of the retirement of assets in 2009, additional fund as of 31.12.2009 made up 8 208 395 thousands of rubles

3.9. Loans and credits .

Short-term borrowed assets (line 610 of Accounting balance)

To finance the current activity, defrayment of cash deficiency, payments to “FGC UES”, JSC, for purchased electric energy in regulated and free wholesale market areas and other payments, «Kubanenergo», JSC concluded contracts in 2009 of short-term credits with “Raiffeisenbank”, JSC, “YRALSIB”, JSCB “URAL Sib-YUG BANK”, JSCB, “BSGV”, CJSC. The attraction of credit sources was carried out according the Company’s credit policy approved by decision of «Kubanenergo», JSC Board of Directors dated April 20, 2007 (minutes of meeting No. 34/2007 dd 23.04.07)

For 2009 «Kubanenergo», JSC has attracted short-term credits for 3 020 000 thousands of rubles. The discharge for the reporting period was 3 470 000 thousands of rubles

The volume of attraction and discharging of short-term source from the part of credits is as follows:

Name of creditor	Amount of credits, loans received thousands of rubles	Role, %	Amount of credits, loans paid out, thousands of rubles	Role, %
“Raiffeisenbank”, CJSC	410 000	14	410 000	12
“Uralsib”, JSC	170 000	6	620 000	18
“Uralsib-Yugbank”, JSC	940 000	30	940 000	27
“BSGV”, CJSC	1 500 000	50	1 500 000	43
TOTAL:	3 020 000	100,0	3 470 000	100,0

«Kubanenergo», JSC has no overdue liabilities on credit contracts.

Short-term credit sources in 2009 were attracted without pledge..

Credit resources received in 2009 were allocated in the following way:

- payments to energy selling companies – 966 236, 94 thousands of rubles;
- salary – 575 763, 06 thousands of rubles;
- raw materials and materials expenditures – 38 000, 00 thousands of rubles;
- refinancing– 1 207 000, 00 thousands of rubles;
- tax payment – 233 000, thousands of rubles.

For using credit resources in 2009 interests in amount of 157 117 thousands of rubles were accumulated , which is in comparison with the previous year is 12% less. Interests paid: 165 177 thousands of rubles (the similar indicator for 2008 was 170 363 thousands of rubles).

For 01.01.09 the short-term liability was 950 000 thousands of rubles. For 01.01.10 short-term liability was 500 000 thousands of rubles. Interest liability for 01.01.09 was 8 060 thousands of rubles and by the end of the year it was paid out.

Long-term borrowed assets (line 510 of Accounting balance)

The total long-term and loan liability as of 31.12.2009 (line 510 Accounting balance) was 11 919 363 thousands of rubles.

In 2009 Company received long-term permanent loan for engineering and technical events of reducing losses from State Organization “Centre of energy supply and new technologies” in amount 100 817 thousands of rubles . During the 2009 loan of existing and newly concluded treaties of credit was paid out in amount 112 606 thousands of rubles, balance for 01.01.2010 is 203 702 thousands of rubles

The volume of attracting and discharging as well as loan liability as of 01.01.2010 for long-term credits and loans are presented in the table:

Total	16 993 468	100 %	11 894 695	100%	11 894 695	100%
Name of credit institution, creditor	Sum of credits and loans received, thousands of rubles	Ratio, %	Sum of paid credits, loans, thousands of rubles	Ratio, %	11 894 695 indebtness (main credit) as of 01.01.2010, thousands of rubles	Ratio,, %
			Total			
«Alfa-Bank”, JSC	8 066 000	47	8 832 000	74	2 534 000	21
“Raiffeisenbank” JCS	410 000	2	820 000	7	700 000	6
State organization “Centre of energy saving and new technologies”	100 817	1	112 606	1	203 702	2
“Sberbank” JSC	4 000 000	24	1 600 000	13	4 000 000	33
“YuniCredit”, CJSC	1 000 000	6	500 000	4	1 000 000	8
“ORGESBANK”, JSC (Nordea)	420 000	2	0	0	420 000	4
“Bank of Moscow”, JSC	1 500 000	9	0	0	1 500 000	13
Bond agreement	1 496 651	9	30 089	1	1 500 000	13

It is necessary to mention that in "Sberbank", JSC in 2008 was attracted a credit for the amount of 1 600 000 thousands of rubles for investment activity. In this connection percents for investment objects in 2009 were added as per Regulations on Accounting 15/01. the percent liability of attracted short-term credits and loans as of 01.01.2010 is 61 661 thousands of rubles.

By the results of financial activity for 2009 at «Kubanenergo», JSC balance is recorded one debt on credit to "YuniCredit Bank", CJSC as per the contract No. 023/0021L/09/407/30-41-k dd. 04.08.2009 in amount of 1 000 000 000,00 rubles, the term of discharge up to 06.08.2010.

In accounting balance (form No. 1) for 31.12.2009 the sum of the indebtedness is indicated in line 510 «Loans and credits » Part "Long-term liabilities in respect of the following circumstances:

- by the results of negotiations with "YuniCredit Bank", CJSC the Company reached an agreement on extension the credit terms for 30 months. The agreement is to be signed in June 2010, the possibility of its signing is estimated as 100%.

Providing obligations and payments received (line 950 of Accounting balance)

As of 31.12.2009 the amount of received obligations for «Kubanenergo», JSC from third parties was 4 000 000 thousands of rubles (guarantee "Krasnodarenergosetremont", JSC of providing of executing obligations of the Company of placed obligation loan

Providing obligations and payments issued (line 960 accounting balance)

As of 31.12.2009 issued by «Kubanenergo», JSC guarantees are absent.

3.10. Settlements with budget

thousands of rubles

	Debt for		Accrued	paid	Debt	
					for	
INDICATOR	01.01.2009		for 2009	for 2009	01.01.2010	
	Debit	Credit			Debit	Credit
Value added tax	3	171 072	-45 460	239 555	113 960	14
Property tax	10 687	11 880	66 226	52 831	270	14 858
Income tax	17 424	342 485	-26 555	539 509	241 003	
Land tax	15 146	21 500	97 529	110 843	17 434	10 474
Personal income tax	1 819	6 495	210 698	196 778	200	18 796
Transport tax	14	1 334	5 077	5 151	12	1 258
Effluent charge	346	333	1 769	1 732	306	330

Other taxes and levies	250	3	167	-80		
Total taxes:	45 689	555 102	309 451	1 146 319	373 185	45 730
Total taxes:	1 480	635	1 180	1 523	1 188	
Fine on taxes	9 022	1 111	11 744	9 740	5 908	1
Late fees on taxes	56 191	556 848	322 375	1 157 582	380 281	45 731

Accounts receivable for profit tax concerning results of 2009 in amount 241 003 thousands of rubles was formed up as a result of payment formed by results of tax payment for 9 months 2009 in amount 112 340 thousands of rubles, as well as advances for the 4th quarter of the reporting period. Besides the bill received on the profit tax was formed due to decrease of tax obligation for 2006 in amount 31 782 thousands of rubles. Legality of such decrease is fully confirmed by tax authority by the result additional tax audit.

In 2009 cash assets were returned from budget on property tax in amount of 4 425 thousands of rubles because of the specifications of the obligations for 2001.

Accounts receivable on VAT reflects the sum of the tax to be compensated from budget according tax declaration for 4th quarter 2009.

Calculations on unified social tax

thousands of rubles

	Debt as of		Accrued	Paid	Debt as of	
INDICATOR	01.01.2009		For 2009	for 2009	01.01.2010	
	receivable	payable			receivable	payable
Unified social tax, total	6 035	28 263	383 124	372 330	6 018	39 040
Penalties, total	0	0	4	4	0	0
Fines, total:	58	5 330	528	4 680	32	1 152
TOTAL:	6 093	33 593	383 656	377 014	6 050	40 192

Breakdown of taxes, fines and late fees on budget levels

thousands of rubles

	Debt as of	Accrued	Paid	Debt as of
INDICATOR	01.01.2009	for 2009	for 2009	01.01.2010

	receivable	payable			receivable	payable
Taxes, total	45 689	555 102	309 451	1 146 319	373 185	45 730
Federal budget	5 091	264 519	-41 947	366 316	149 027	192
Regional, republican	13 092	266 773	173 742	605 581	204 441	26 283
Municipal	27 506	23 810	177 656	174 422	19 717	19 255
Fines, total:	1 480	635	1 180	1 523	1 188	0
Federal budget	1	34	691	724		
Regional, republican	658	0	283	-338	37	
Municipal	821	601	206	1 137	1151	
Fines - TOTAL:	9 022	1 111	11 744	9 740	5 908	1
Federal budget	1 471	0	10229	14031	5 273	0
Regional, republican	3 027	7	138	-2 874	9	1
Municipal	4 524	1 104	1 377	-1 417	626	
Total:	56 191	556 848	322 375	1 157 582	380 281	45 731

Accounts receivable to corresponding levels of budget was formed mainly as results of tax liabilities for the last tax period.

3.11. The Company's Shares. Branches of the «Kubanenergo», JSC .

Authorized capital «Kubanenergo», JSC :

As of 31.12.2009, the Company's Authorized capital is fully paid and makes up 1 786 944 000 and consists of 17 869 440 of ordinary shares with nominal price 100 rubles for share.

Declared shares of «Kubanenergo», JSC

July 23, 2009 extraordinary Shareholders Meeting of «Kubanenergo», JSC adopted a decision:

- on determination of limit amount of declared ordinary inscribed shares in amount of 59 493 882,
- on making changes in Company's Charter in part of adding to placed nominal shares another 59 493 882 of ordinary shares;
- on increase of Authorized capital of the Company by placing 59 493 882 additional ordinary nominal shares.

September 1 2009 by FCSM of Russia was fulfilled a state registration of additional issue of shares and prospectus «Kubanenergo», JSC .

Type of shares placement – public subscription. .

Price of placing one share, including persons having prior right of acquisition the placing additional shares, was determined by the decision of «Kubanenergo», JSC Board of Directors (minutes of meeting dd 30.07.2009 No.76/2009) according to the article 36 and 77 of Federal law “On joint stock companies” on the basis of data of average price of one ordinary share of «Kubanenergo», JSC , formed during the auction of MICEX, CJSC for the period from 01.12.2008 to 31.05.2009 in amount 126 rubles 26 kopecks.

Form of payment for shares: cash in rubles by noncash payment via transfer to settlement account of «Kubanenergo», JSC .

Date of starting the placement of shares – 19.09.2009.

During the period from 12.09.2009 to 26.10.2009 «Kubanenergo», JSC shareholders implemented the prior right of additional shares acquisition. During this term 2 776 539 (twenty two millions seven hundred seventy six thousands five hundred thirty nine) of whole additional shares and 3 839 424 / 17 869 440 of fractional part of additional share were placed.

Starting from 5 November 2009 and up to 16 August 2010 offers for purchasing of placed shares are accepted , including the Company's invitation addressed to undefined number of persons to make offers of purchasing additional shares of «Kubanenergo», JSC.

Date of the end of placing of the last share is no later than 01.09.2010.

Subsidiaries and affiliated companies_ of «Kubanenergo», JSC :

As of 31.12.2009, «Kubanenergo», JSC has three subsidiaries and owns 100% of their placed ordinary shares constituting 100% of subsidiaries' Authorized capitals.

Name of subsidiary		Location	Stake of Kubanenergo», JSC in Authorized capital	Activity of the subsidiaries and its importance for the Issuer`s activity
Full	Short			
Open Joint-Stock Company “Health Complex “Plamya”	DSJ “Plamya”	Novomikhailovskiy-2 settlement, Tuapse District, Krasnodar region 352856	Share has not changed from the date of establishing the affiliated company – from 2004	Rest organization for children and adults and their health improvement, in first place for employees of the Company and their children, providing accommodation, meals, health improvement; educational and training meetings, sport competitions; seminars and conferences organization and holding
Open Joint-Stock Company “Krasnodarenerg oset-Remont”	“Krasnodarenerg oset-Remont”, JSC	47 Novorossiyskaya St., Krasnodar 350080,	Share has not changed from the date of establishing the affiliated company – from 2005	Projection, assembly, adjustment, operating and repair of equipment, buildings and construction electric grids and heating systems, lifting machines
Open Joint-Stock Company “Recreation Centre	“RC Energetik”, JSC	4 Pionerskaya St., Divnomorskoe settlement, Gelendzhik,	From the date of establishing the affiliated company in 2004 up to 2006 the share of	Rest organization for children and adults and their health improvement, providing accommodation, meals, health improvement; educational and training meetings, sport

"Energetik"		Krasnodar region 353490	<p>"Kubanenergo", JSC was 100 %.</p> <p>In 2006 100 % shares of affiliated company were sold to "Atlantis", CJSC.</p> <p>According to agreement dd. 17.01.2007 between "Kubanenergo", JSC and "Atlantis", CJSC contracting partners of the agreement were returned to the original status existing before the contract.</p> <p>To fulfill the agreement the Company returned to buyer cash assets and received 100% of "RC Energetik", JSC shares.</p> <p>From 2007 "Kubanenergo" did not change , JSC.</p>	competitions; seminars and conferences organization and holding
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3.12. Trade barter operations.

In 2009 part of the sales of inventory holdings, fixed assets, rendered services was fulfilled on the terms of barter conditions. The amount of them is so small that it cannot be considered as a significant fact influence d the whole volume of the revenue for the reporting year.

3.13. Revenues and expenses of principal activities

Revenues and expenses for the last reporting period are disclosed in profit and loss report separately for principal activities (regulated and nonregulated), for other revenues and expenses with explanations on each type and figure and comparisons with previous year.

For the reporting period the revenue in comparison with the previous year increased for 11,81 % and made up 19 947 511 thousands of rubles

	2008	2009	Payroll variance
Revenue, total (line 010 form No.2)	17 840 087	19 947 511	+2 107 424
including:			
Services of electric power transportation	14 884 828	17 609 651	+2 724 823
Technological connection	2 870 077	2 270 744	-599 333

Lease	24 195	20 159	-4 036
other	60 987	46 957	-14 030

Growth of revenue in the reporting year in comparison with the previous was 2107424 thousands of rubles which is connected with increase of number of services on electric power transportation for 18.31%.

3.14. Other profits.

Other revenues are formed of the following groups

thousands of rubles

	2008	2009
Other profits	148 636	252567
including:		
From realization of fixed assets	5 088	1 125
From realization of apartments	2 272	
From realization of inventory	11 090	9 828
From realization of other assets	1 573	37 790
Revenue of the previous years revealed in the reporting period	16 021	133 666
Fines and forfeits recognized or obliged to be paid out by the court	4	
Accounts payable for more than 3 years	1 462	2 912
Excess property by the results of inventory	39 809	3 986
Revenue from gratuitously received fixed assets	1 352	1 415
Other	69 965	61 845

The growth of other profits in 2009 made up 103 931 thousands of rubles. It is connected with the growth of volumes of other assets realization for 36 217 thousands of rubles. Received profit of the previous years - 117 645 thousands of rubles.

3.15. Other expenses.

Other expenses form the following groups:

	2008	2009
--	------	------

Other expenses	980 528	2 141 876
including:		
From realization of fixed assets	6 357	118
From realization of apartments	3 153	
From realization of inventory	6 707	7 203
From realization of other assets	23 123	41 444
Bank services	13 310	52 385
Retirement of assets from profits	7 690	308
Loss of the previous years revealed in the reporting period	508 857	1 448 526
Fines and forfeits recognized or obliged to be paid out by the court	2 060	63 486
Accounts receivable of more than 3 years	149	97 672
Paying off the cost of apartments for the employees	1 337	
State duty on economic treaty	174	1 952
Legal costs	6 334	3 948
Stealing , shortages	0	1 110
Costs of executive production	3 308	
Expenses for holding sport events	4 493	2 640
Expenses for holding cultural events	2 049	2 498
Charity costs	42 610	
Losses from retirement because of emergency cases.	12 179	
Other	336 638	418 586

The growth of other expenses in 2009 made up 1 161 348 thousands of rubles in comparison with 2008. It is connected with the growth expenses for other assets realization for 18 321 thousands of rubles. The loss of the previous years - 939 669 thousands of rubles, writing-off the accounts receivable for 97 523 thousand rubles.

3.16. Result of emergencies

During 2009, a number of natural catastrophes, thefts and illegal acts of third parties

took place on the territory of Krasnodar region and Adygeya Republic, which caused damage to power objects of “Kubanenergo”, JSC.

The largest compensations were received from contracts of voluntary insurance of the property from insurance company “AlfaStrakhovanie”, JSC on the following events:

- in April 2009 because of tearing away the bank of the river Belaya (branch of «Kubanenergo», JSC Adygeiskiye Nuclear Power Plant) appeared a risk of collapse of the support of 35 kV High voltage lines. A compensation in amount 857,54 thousands of rubles was received;

- in June 2009 because of gale-force wind with thunderstorm 10, 0,4 and 110 kV high voltage lines were damaged: lines were broken, break of cross arm, supports damage and the fall of supports as a result «Kubanenergo», JSC property Armavirskye Nuclear Power Plants was damaged. The insurance company paid compensation in amount 971,77 thousands of rubles

«Kubanenergo», JSC property is insured by insurance contracts. According to the conditions of the contracts to “AlfaStrakhovanie”, JSC all cases were declared.

Total in insurance company were reported 85 insured events. 22 cases of all declared we re were decided in favour to «Kubanenergo», JSC and the Company received compensations.

Thus, fir 2009 the Company received compensation in amount 16 701,83 thousands of rubles

3.17. Profit (loss) per share

Base profit (loss) per share presents part of profit (loss) for the accounting period to be paid to shareholders – holders of ordinary shares. Base profit (loss) is calculated as ratio of base profit (loss) for the accounting year to weighted average number of ordinary shares in circulation during the accounting year.

	2008	2009
Base profit (loss) for the accounting year, rubles in thousands	601 938	-2 182 592
Weighted average number of ordinary shares in circulation during the accounting year, shares in thousands	17 869,44	17 869,44
Base profit (loss) per share, rubles	33,68	-122,14

“Kubanenergo”, JSC did not issue convertible bonds, diluted profit of the accounting year equals to base profit of the accounting year.

3.18. Affiliated parties.

Here are the following affiliated persons influencing the activity of «Kubanenergo», JSC :

- largest shareholders of the Company - “IDGC Holding”, JSC and “Neft-Aktiv”, CJSC that possess 49,0% and 26,26% of Authorized capital of «Kubanenergo», JSC respectively;

- members of the Company's management Board.

-

«Kubanenergo», JSC controls the activity of the affiliated branches

According to the article XI of Federal Law No. 208-FZ (Federal Law) dd 26.12.1995 "On Joint Stock Companies" transactions concluded between the abovementioned persons should be regarded as interest bearing transactions.

In 2009 «Kubanenergo», JSC concluded 56 transactions which had the interest:

N o.	Contractor	Agreement	Sum of agreement, rubles	Subject of agreement
1	"IDGC of the South", JSC	Additional agreement No. 420.1/407/30-94dd. 30.10.2008 to contract 407/30-1143/26dd. 17.09.2007	4 565 701,93	Change of constant cost of managing organization services
2	"IDGC of the South", JSC	Additional agreement No. 1.473.1/407/30-124dd. 25.12.2008 to contract No.407/30-1064dd. 21.08.2008	after the event	restricted purchases and agency remuneration 0,01% from sum
3	"IDGC of the South", JSC	No.407/30-24dd. 01.01.2009	200 000,00	building inspection
4	SO UPS, branch "Kuban RDC", JSC	Additional agreement No. a-1/11/407/30-80dd. 04.02.2009 to contract No.407/30-5-IDGC-010/01dd. 16.01.2008	30 000,00	Changing sum of agreement
5	SO UPS branch "Kuban RDC", JSC	No.A-1/11/407/30-54dd. 01.01.2009	564749,93 per year	Rendering refundable services of access mode and recovery of expenses for guarding, servicing of security and firealarm of CCTV and system of control and access managing
6	SO UPS, branch "Kuban RDC", JSC	No.407/30-28dd. 31.12.2008 (rearrangement)	56 198,87	On order recovery of expenses related to using of nonresidential premises leased by contract No.010-2/119/82dd. 07.04.2003

7	SO UPS, JSC branch "Kuban RDC"	No.A-IV/407/30- 64dd. 02.02.2009	14 928,00	Rent of movables
8	"RC Energetic", JSC	No.407/30-177dd. 02.03.2009	12 014 787,00	Providing the rest
9	"Southern engineering energy center", JSC	No.192.08.21/407/30 -22dd. 23.01.2009	16 392 000,68	Reconstruction of 110kW grid, adjacent to 220kW "Vyshesteblievskaya" substation
10	"Southern engineering energy center", JSC	No.196.08.28/407/30 -16dd. 23.01.2009	4 330 210,60	Project amendment "Reconstruction of switchgear-110kW 110/35kW "Eisk 1" substation
11	"Southern engineering energy center", JSC	No.198.08.25/40730- 17dd. 23.01.2009	4 135 549,54	Reconstruction of overhead transmission line 10 kW Dagomys AEDN
12	"Southern engineering energy center", JSC	No.194.08.25/407/30 -19dd. 23.01.2009	2 468 700,00	Reconstruction of 6kW Sochi Cable power line AEDN
13	"Southern engineering energy center", JSC	No.197.08.25/407/30 -18dd. 23.01.2009	1 929 119,46	Reconstruction of overhead transmission line -10kW transformer substation H107- transformer substation H 117 Tuapse AEDN
14	"Yuzhenergosetproje ct", branch JSC SEEC	No.6798-AH/407/30- 53dd. 22.01.2009	997 277,00	Author's supervision of object "External power supply of special objects of substations FSB (Federal Security Service) of Russia, Praskoveevka village, Gelendzhik"
15	"Kuban backbone networks", JSC	No.407/30-216dd. 10.04.2009	333 003,01	compensation of expenditure agreement
16	"Kuban generating company", JSC	No.407/30-261dd. 23.12.2008	On the basis of reconciliation report	compensation of expenditure
17	"IDGC of the South", JSC	No.174/407/30- 301dd. 13.04.2009	10 000,00	Storage of inventory holdings
18	Administration of municipal settlement Otradsenskiy district "Kubanenergosbyt",	No.2300002247/407/ 30-365dd. 26.11.2008 No.2300002247/407/ 30-365dd.	336 960,00	Lease of land

	JSC	26.11.2008		
19	"FGC UES", JSC	No.407/30-401dd. 30.04.2009 expenses recovery	3 064 000,00	costs compensation
20	"Southern engineering energy center", JSC	Additional agreement No. 407/30-407dd. 28.05.2009	-	New edition of enclosure No.2-a
21	"Southern engineering energy center", JSC	Additional agreement No. 407/30-408dd. 28.05.2009	-	New edition of enclosure No.2-a
22	"Southern engineering energy center", JSC	Additional agreement No. 407/30-409dd. 28.05.2009	-	New edition of enclosure No.2-a
23	"Southern engineering energy center", JSC	Additional agreement No. 3/407/30-410dd. 28.05.2009	-	New edition of enclosure No.2-b
24	"Southern engineering energy center", JSC	Additional agreement No. 1/407/30-411dd. 28.05.2009	-	New edition of enclosure No.2-a
25	"Southern engineering energy center", JSC	Additional agreement No. 1/407/30-412dd. 28.05.2009	-	New edition of enclosure No.2-a
26	"Southern engineering energy center", JSC	Additional agreement No. 1/407/30-465dd. 10.06.2009 to contract No.194.08.25/407/30 -19dd. 23.01.2009	342 850,18	Invoice No.KRD- 000798dd. 30.04.2009 Providing for using intrazone analogue channels for April 2009
27	"Southern engineering energy center", JSC	Additional agreement No. 1/407/30-466dd. 10.06.2009 to contract No.198.08.25/40730- 17dd. 23.01.2009	2 254 590,60	Changing of volume of works grounded by exclusion from total amount of design and survey works
28	"Southern engineering energy center", JSC	Additional agreement No. 1/407/30-467dd. 21.04.2009 to contract No.184.08.25/407/30 -1562dd. 25.12.2008	682 073,04	Changing of volume and term of works grounded by exclusion from total amount of design and survey works
29	"FGC UES", JSC (branch Backbone networks of South)	No.407/30-545dd. 13.07.2009	5 780 600,10	Fulfilling some of functions of customer of design and survey works

30	"Southern engineering energy center", JSC	Additional agreement No. 2/407/30-571dd. 21.07.2009 to contract No.182.07.28/407/30-1585dd. 29.12.2007	0,00	extension of agreement terms without increasing sum of agreement
31	"FGC UES", JSC	No.07/5-30/407/30-576dd. 20.10.2008	27500 rubles per quarter	Sublease of land
32	"Southern engineering energy center", JSC	No.079.09.25/407/30-712dd. 28.08.2009	50 437 400,00	Design and survey works
33	"Southern engineering energy center", JSC	080.09.25./407/30-713dd. 28.08.2009	190 489 205,00	Design and survey works
34	"Southern engineering energy center", JSC	078.09.25./407/30-714dd. 28.08.2009	91 997 520,00	Design and survey works
35	"Southern engineering energy center", JSC	021.09.21/407/30-717dd. 28.08.2009	28 836 461,22	Design and survey works
36	"Southern engineering energy center", JSC	Additional agreement No. 1/407/30-718dd. 28.08.2009 to contract No.150.08.21/407/30-1418dd. 12.11.2008	3 894 000,00	Changing of contract price
37	"Glavsetservis INES" (branch Kuban PMaR)	No.3-1/7-09 GSS/407/30-729dd. 24.08.2009	38051 rubles per month	Rent of non-residential premises
38	"Southern engineering energy center", JSC	No.053.09.21/407/30-777dd. 14.09.2009	4 163 554,48	Works on object "Construction of 110 kV single-circuit "Vishestevlievskaya-220-Volna" overhead transmission line with optical fiber transmission line (OFTL) 02.12.01
39	"Southern engineering energy center", JSC	No.047.09.28/407/30-778dd. 14.09.2009	22 923 074,12	Works on object "Reconstruction and technical reequipment of 110/10kV "Alpyiskaya" substation
40	SO UPS branch "Kuban RDC", JSC	Additional agreement No. a-IV/60/407/30-788dd. 21.09.2009 to contract No.407/30-28dd. 31.12.2008	63629,27 rubles per month	Accounting of expenses for services of electric power supplying for 2009

		(rearrangement)		
41	"Southern engineering energy center", JSC	No.098.09.28/407/30-1036dd. 11.12.2009	6 687 259,42	Works on object "Reconstruction of 10kV closed switchgear of 110/10kV "Lermontovo" substation"
42	"Southern engineering energy center", JSC	No.039.09.21/407/30-956dd. 12.09.2009	19 792 624,98	Works on object "Reconstruction of 35/10 "Shapsug" substation
43	"Southern engineering energy center", JSC	No.077.09.28/407/30-954dd. 12.09.2009	23 597 640,00	Works on object "Reconstruction of 110/35/10 kV "Khadzhok" substation
44	"Southern engineering energy center", JSC	Additional agreement No. 1/407/30-910dd. 08.09.2009 to contract No.195.08.25/407/30-1575dd. 16.12.2008	6 299 748,32	Terms extension of works fulfillment and increase of cost
45	"IDGC Holding", JSC	Additional agreement No. 1/407/30-1109dd. 01.12.2009 to contract No.612/407/30-833dd. 01.10.2009	-	Holding of competition and regulated out-of-competition procedures of purchasing inventory and equipment, works and services inventory and equipment
46	"IDGC Holding" JSC	No.612/407/30-833dd. 01.10.2009	7 500 000,00	rendering services of functioning and development of united energy system of Russia in part of distributing power grid complex
47	FT of Krasnodar region (Territorial Directorate of Federal Agency Kuban energy sale company, JSC)	No.7700001275/407/30-975dd. 10.06.2009 No.7700001275/407/30-975dd. 10.06.2009	189,28	Lease of land
48	FT of Krasnodar region (Territorial Directorate of Federal Agency Kuban energy sale company, JSC)	No.7700001274/407/30-976dd. 01.06.2009 No.7700001274/407/30-976dd. 01.06.2009	84 360,00	Lease of land

49	SO CC UPS, branch "Regional control center of Kuban power system" (up to 06.02.2008)	Additional agreement No. 407/30-819dd. 09.09.2009 to contract No.407/30-5-idgc dd. 16.01.2008	-	decision on cancellation the contract
50	SO UPS, JSC branch "Kuban RDC"	No.407/30-1038dd. 30.06.2009	-	On making changes and add-ins to contract of real estate rent dd. 07.04.2003 No.010-2/11/82
51	"RC Plamya", JSC	No.407/30-1170dd. 31.12.2009 With crew	5 780 000,00	Trips for children
52	"IDGC of the South", JSC	Additional agreement No. 407/30-1154dd. 09.12.2009 to contract No.407/30-1334dd. 29.10.2008 Rent of transport without crew	1 460 628,00	On extension and making alternations in contract of rent of transport with crew
53	«IDGC of the South», JSC	Additional agreement No. 407/30-1144dd. 09.12.2009 to contract No.407/30-1371dd. 29.10.2008 Rent of transport with crew	6 049 740,00	On extension duration of agreement with increasing sum of agreement
54	«IDGC of the South», JSC	Additional agreement No. 4/407/30-970dd. 03.06.2009 to contract 407/30-1143/26dd. 14.09.2007	389 902 938,48	Additional agreement about service price changing according to agreement of fulfilling function of sole executive body "Kubanenergo", JSC
55	Administration of Municipal Settlement "Adigeysk" "Kubanenergosbyt", JSC	No.107/30-974dd. 01.04.2009	119 164,38	Lease of land
56	"Southern engineering energy center", JSC	No. 189dd. 13.08.2009	455 999,2	Construction of 110/10kV "Aeroport" substation with 110kV feeding Cable Router- "Pashkovskaya-Aeroport' substation

57	"Neft-Activ", LTD	Offer for question of shares dd. 09.11.2009, acceptance of offer dd. 10.12.2009	99,13	acquisition of additional shares of "Kubanenergo", JSC , registered by FSFM of Russia 01.09.2009 with serial number 1-02-00063-A-001D, by public subscription after implementation of exclusive right to acquire such shares
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3.19. Information on segments

Primary information – operational segments

The company operates in the following segments:

- electric power transmission
- services of technological connection to Company's grids
- carrying out works and rendering services of industrial character.

Other kinds of the Company's economic activity include maintenance and operational servicing, utilizing UNEG objects and other production services. Not a single of them conforms to conditions of singling out reporting segments specified in RA 12/2000 "Information on Segments".

thousands of rubles

	electric power transmission	technological connection to Company's grids	Other services	Total for the company
2008				
Segment revenue	14 884 828	2 870 077	85 182	17 840 087
Segment profit (loss)	12 671 521	1 097 162	65 399	2 727 033
Expenditure not distributed among the segments	-		-	11 107 049
Capital investments	3 588 126	691 859	20 534	4 300 519
Depreciation deduction on fixed assets for the accounting year	709 118	136 731	4 059	849 908
Depreciation deduction on intangible assets for the accounting year	-		-	-

2009				
Segment revenue	17 609 651	2 270 744	67 116	19 947 511
Segment profit (loss)	969 231	124 981	4 195	1 097 907
Expenditure not distributed among the segments	-		-	14 544 447
Capital investments	3 099 364	399 660	11 814	3 510 838
Depreciation deduction on fixed assets for the accounting year	920 260	118 667	3 508	1 042 435
Depreciation deduction on intangible assets for the accounting year	-		-	-
As of December 31, 2008				
Segment's assets	21 452 486	1 834 660	31 393	23 318 539
Assets not distributed among the segments	-	-	-	380 472
Assets, total	-		-	23 699 011
Segment's liabilities	6 312 940	1 036 657	28 509	7 378 106
Liabilities not distributed among the segments	-		-	16 320 905
Liabilities, total	-		-	23 699 011
Segment's assets	27 851 675	3 591 444	106 163	31 549 282
Assets not distributed among the segments	-	-	-	330 426
Assets, total	-		-	31 879 708
Segment's liabilities	18 514 481	2 387 423	70 572	20 972 476
Liabilities not distributed among the segments	-		-	10 907 232
Liabilities, total	-		-	31 879 708

Segment revenue (profit) is formed as a result of operations with outside buyers. Operations with other segments are not being carried out. Balanced financial result on segments differs from the entity's sales profit represented in line "Total for the Company", line "Segment profit (loss)" by the amount of general economic and other Company's overall expenditure not distributed among the segments. The costs on VAT and other obligatory payments, interests payable and receivable, incomes from other companies sharing as well as extraordinary revenues and costs are not included in accounting of profit (loss) of the segment. Other profit and loss was not distributed among the segments, for it does not make economic sense and has no basis required. Assets of the segment include mainly fixed assets, intangible assets, construction-in-progress, inventory, accounts payable, cash assets and other current assets. Financial investments are not included in segment's assets. Liabilities of the segments are: mainly, short-term liabilities, except budget liabilities for profit tax and liabilities of credits and loans received for financing Company's activity in general. Capital investments of segments include capital investments in fixed assets and intangible assets.

Share in total net income of dependable companies, general amount of investments in the companies are not to be disclosed in this section, because the analysis of the information on segments is referred to Company's activity, not to Group's one.

Secondary information – geographical segments

The Company carries out the activity in Krasnodar region and Adygeya Republic, Russian Federation

thousands of rubles

	Revenue for 2009	Assets as of 31.12.2009	Capital investments as of 31.12.2009
Krasnodar region	19 925 844	31 845 087	3 507 025
Adygeya Republic	21 667	34 621	3 813
TOTAL:	19 947 511	31 879 708	3 510 838

3.20. Claim-related work

Claim related work is carried out on the basis of Regulation "On the order of carrying the claim related work in «Kubanenergo», JSC" approved by managing Director of the Company that sets a common order of examination and filling a claims in «Kubanenergo», JSC .

Claims to «Kubanenergo», JSC

For the accounting period «Kubanenergo», JSC advanced 90 claims with total amount 1 217 929 000,17 rubles, specifically:

- 39 claims were satisfied for the amount of 98 256 000.00 rubles;

- actual penalty by court decision 51 376 678.,00 rubles;
- 12 claims are refused and stopped without consideration for the amount 428 744 367.58 rubles.

(mainly because of the receiving payment by the moment of getting a claim or because of making an agreement of restructuring);

- 39 claims are under consideration 39 for the amount of 690 928 632.59 rubles;

Claims brought to “Kubanenergo”, JSC

For the accounting period 63 claimes were sued to “Kubanenrgo”, JSC for total amount 197 642 185.4 rubles, among which:

- 21 claims were satisfied for the amount of 70 255 370,00 rubles;
- actual penalty by court decision 19 493 028,51 rubles;
- 5 claims are refused and stopped without consideration for the amount of 9 278 330.00 rubles;
- 37 claims are under consideration for the amount of 118 108 485.40 rubles.

Claims brought to “Kubanenrgo”, JSC.

For 12 months 2009 “Kubanenrgo”, JSC had sued 59 claims for the amount of 3 697 527 693,00 rubles, among wich:

- 25 claims were satisfied for the amount of 47 863 840,00 rubles;
- 12 claims are refused and stopped without consideration for the amount of 3 465 040,00 rubles;
- 22 claims are under consideration for the amount of 3 646 198 813.00 rubles.

Claims brought to “Kubanenergo”, JSC.

During 12 months of 2009 69 claims were sued to «Kubanenergo», JSC for the amount of 646 390 507.5 rubles connected with nonfulfillment by «Kubanenergo», JSC obligations of paying for the delivered goods or rendered services, among which:

- claims satisfied - 0;
- 40 claims are refused and stopped without consideration for the amount of 537 300 756.00 rubles.
- 29 claims are under consideration 29 for the amount of 109 089 751.50 rubles.

3.21. Events after the accounting date

Facts of economic activity which influence or can influence financial condition and results of the Company's activity in the future, and which take place within the period between the accounting date (December 31) and the date of financial reports signing are absent.

3.22. Contingent liabilities.

At the present moment «Kubanenergo», JSC participate in the following law suits:

No	Claimant	Respondent	Volume of claims	Matter in contest	Notes	Risks
1.	«Kubanenergo», JSC	”Imperial”, CJSC	68 444 699,64 rubles	Recovery of debt according the paid service contract	Court of the first instance satisfied the claims, the case is under consideration in 15 th court of appeal	There is possibility of reversal of a judgment of first instance and a possible court order against the Company
2.	«Kubanenergo», JSC	“Kubancapstroy”, JSC	202 608 550 rubles	Recovery of debt according the paid service contract	The case in under consideration of the court of first instance The case in under consideration of the court of first instance	The possibility of negative adjudication for the Company is low
3.	«Kubanenergo», JSC	“Nemetskaya Derevnnya”, CJSC	41 153 750 rubles	Recovery of debt according the paid service contract	Court of the first instance satisfied the claims, the case is under consideration in 15 th court of appeal	The possibility of negative adjudication for the Company is low

4.	“Stroyenergokompleks”, CJSC	“Kubanenergo”, JSC	46 713 500 rubles	Collection of debt of contractor treaties	The case in under consideration of the court of first instance, legal expertise was set.	The possibility of penalty is estimated as possible
5.	“Kubanenergobyt”, JSC	«Kubanenergo», JSC	49 335 400 rubles	Recovery of sum of unjust enrichment	The case in under consideration of the court of first instance	The possibility of penalty is estimated as low.
6.	«Kubanenergo», JSC	“NESK”, JSC	468 641 193,75 rubles	Debt recovery as per the contract of rendering services	The case in under consideration of the court of first instance	Because of discharge by the respondent the sum of debt, the possibility of exaction is law
7.	“Ural energetic managing company”, JSC	«Kubanenergo», JSC	10 873 840 rubles	Debt recovery as per agency contract	The case in under consideration of the court of first instance	Taking into considerations signed by the Company acts of fulfilling works the possibility of exaction is estimated as high one.

Chief executer

«Kubanenergo», JSC

D.V. Pestov

Chief accountant

G.G.Savin

Auditor's conclusion

Auditor's conclusion on accounting (financial) report.

To Shareholders

Of Open Joint Stock Company of energetics and electrification of Kuban

Dated February 24, 2010

Moscow

“Nexia Pacioli”, CJSC

Auditor's conclusion on accounting (financial) reporting of «Kubanenergo», JSC for 2009

Auditing person	Open Joint-Stock Company of Energetics and Electrification of Kuban (“Kubanenergo”, JSC)
Location	2, Stavropolskaya St., Krasnodar RF 350033
Postal address	2, Stavropolskaya St., Krasnodar RF 350033
Contacts	phone (861) 212 60 07, phone/fax (861) 212 6007
State registration	Certificate of state registration number 23 No.00I806938 dd. 17 September 2002 issued by Regional Tax Inspectorate No. 3 of Krasnodar region. Is included in Uniform State Register of legal persons with main state register number 1022301417168.
Auditor	Limited Liability Company “Nexia Pacioli ” (“Nexia Pacioli”, Ltd)
Location	2 Malaya Polyanka St., Moscow 119180
Postal address	2 Malaya Polyanka St., Moscow 119180
Contacts	Phone (495) 785 94 76, fax (495) 785 94 61. e-mail: pacioli@pacioli.ru
State registration	Certificate on state registration No 856.235 dd 23 June 1995, issued by Moscow registration chamber; Certificate on state registration with serial number 77 No. 005390060 dd October 22, 2002 issued by Inter-district Tax Inspectorate of Russia No. 39 of Moscow; Is included in Uniform State Register of legal persons with main state register number 1027739428716
Membership self-regulating Auditors organization	in Is a member of self-regulating Auditors organization Noncommercial partnership “Institute of Professional Auditors” Is included in register list of auditing organization of mentioned self-regulating auditing organization in October 30, 2009 with

main state register number 10202000073.

Quality certificate of auditing services No.172, issued by Noncommercial partnership "Institute of Professional Auditors" with duration from September 16, 2008 to September 16, 2011

The audit was carried out for the given accounting (financial) report of "Kubanenergo", JSC for the period from January the 1st to December 31 2009 inclusive. The accounting (financial) report consists of:

- accounting balance of December 31, 2009;
- profit and loss report for 2009;
- appendix to accounting balance and to profit and loss report;
- explanatory note.

The responsibility for preparing the accounting (financial) report bears Executive body of managing Company «IDGC of the South», JSC represented by CEO Gavrilov Aleksander Ilyich.

Our duty is to form an opinion, on the basis of the auditing, of credibility of the accounting report.

The audit of accounting report in 2008 was carried out by "Fineart-Audit", Ltd. According to the results of previous audit indicated in audit conclusion of March 18, 2009 the doubtless positive opinion on the credibility of the accounting (financial) report was represented.

We have carried out audit according to:
1. Federal Law "On audit activity";
2. Federal Policy (Standards) of audit activity.

The audit was planned and carried out by way of receiving grounded confidence in fact that the accounting (financial) report does not contain significant misrepresentations. The audit was held on simple basis and included the examination of based on tests proofs confirming figures of accounting (financial) report and the information disclosure of financial and economic activity, evaluation of observance of principals and rules of accounting report used at preparing the report, examination of main estimated figures received by the authority of auditing person, as well as appraisal of the representation of accounting (financial) report. We suppose that the carried out audit gives good cause to express our opinion on credibility of accounting (financial) report.

To our point of view the accounting (financial) report of «Kubanenergo», JSC indicates for certain by all means the financial situation as of **December 31, 2009** and the results of Company's financial and economic activity for the period from **January 1 to December 31, 2009 (inclusive)** correspond the requirements of legislative law of Russian Federation in part of preparing accounting (financial) report.

24th of February 2010

Executive director

"Nexia Pacioli", Ltd.

Goryacheva O.V.

Audit manager

Serova E.A

(certificate of competency No.K030606

dd 30th of October 2009,

in auditing, unlimited)

Is included in register list of auditors and auditing organizations "Institute of Professional Auditors" (IPAR) 18th February 2010 wit main state register number 21002003550)

Place of Signature

7.2. Quarter accounting report of issuer for the last completed reporting quarter

Accounting balance for March 31, 2010

	Form No.1as per ARCMD	Code
		0710001
	Date	31.03.2010
Organization: Open Joint-Stock Company of Energetics and electrification of Kuban	as per RNNBO	00104604
Taxpayer Identification Number	TIN	2309001660
Activity	as per OKVED	40.10.2
Form of legal entities incorporation/form of ownership: Open Joint Stock company	as per ARCFI/ARCFI	
Unit of measurement: thousands of rubles	as per ARCMU	384

Location (address): 2 **Stavropolskaya St., Krasnodar Russia 350033**

ASSETS	Indicator	For the beginning of	For the end of the
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	code	the accounting period	accounting period
1	2	3	4
I. Noncurrent assets			
Intangible assets	110		
Fixed assets	120	13 749 216	13 512 901
Construction in progress	130	4 980 789	5 288 872
Interest bearing investments in wealth	135		
Long-term financial investment	140	128 842	128 592
Deferred tax assets	145	173 677	331 841
Other noncurrent assets	150		
TOTAL section I	190	19 032 524	19 262 206
II. CURRENT ASSETS			
Inventories	210	1 534 831	1 452 741
raw materials, materials and other similar values	211	1 049 096	1 036 532
animals at breeding and fattening	212		
expenses for production in process (distribution cost)	213		
finished products and goods for resale	214	0	0
goods loaded	215		
expenditure for future period	216	485 735	416 209
other stocks and expenditures	217		
Value Added Tax on purchased values	220	27 877	25 235
Accounts receivable payments planned over more than 12 months upon the balance sheet date	230	28 300	27 292
buyers and customers(62, 76, 82)	231		
Accounts receivable (payments planned during 12 months upon the balance sheet date)	240	4 697 298	4 472 565

buyers and customers(62, 76, 82)	241	1 847 921	1 842 567
Short-term financial investments(56,58,82)	250		
Cash assets	260	6 293 149	4 920 721
Other current assets	270	265 729	262 702
TOTAL section II	290	12 847 184	11 161 256
BALANCE	300	31 879 708	30 423 462

LIABILITIES	Indicator code	For the beginning of the accounting period	For the end of the accounting period
1	2	3	4
III. CAPITAL AND RESERVES			
Authorized capital	410	1 786 944	1 786 944
Own shares reacquired from shareholders	411		
Additional fund	420	8 208 395	8 208 395
Reserve capital	430	89 347	89 347
including:		89 347	89 347
reserves formed in conformity with legislation	431		
reserves formed in conformity with the constituent documents	432		
Undistributed profit (unsecured loss)	470	-1 712 573	-2 490 315
TOTAL section III	490	8 372 113	7 594 371
IV. LONG-TERM LIABILITIES			
Loans and credits	510	10 367 102	9 680 799
Deffered tax liabilities	515	162 178	163 100
Other long-term liabilities	520		
TOTAL section IV	590	10 529 280	9 843 899

V. SHORT-TERM LIABILITIES			
Loans and credits	610	2 052 261	1 522 584
Accounts payable	620	10 907 232	11 444 129
including:		3 155 618	3 689 234
suppliers and contractors	621		
amounts owned to the company staff	624	90 850	99 091
amounts owned to off-budget funds	625	40 192	41 279
tax and duties debt	626	45 731	54 345
other creditors	628	7 574 841	7 560 180
Amounts owned to participants (founders) as dividends	630		
Profit for future period	640	18 822	18 479
Reserves for future expenses	650		
Other current liabilities	660		
TOTAL section V	690	12 978 315	12 985 192
BALANCE	700	31 879 708	30 423 462

CERTIFICATE OF PRESENCE OF VALUES ACCOUNTABLE IN OFF-BALANCE ACCOUNTS			
Item name	Indicator code	For the beginning of the accounting period	For the end of the accounting period
1	2	3	4
Rented fixed assets	910	1 057 345	1 294 453
including leasing	911	976 427	1 197 830
Inventory holdings received for responsible storage	920	36 311	62 437
Goods for commission	930		

Declared as loss liabilities of insolvent debtors	940	274 151	274 115
Securities for obligations and payments received	950	4 000 000	4 000 000
Securities for obligations and payments given	960		
Housing facilities deterioration	970	7 022	7 032
Deterioration of objects of beautification and other similar objects	980		
Intangible assets, received for usage	990		

**PROFITS AND LOSS STATEMENT
for 3 months of 2010**

		Codes
Form No.2as per ARCMD		0710002
Data		31.03.2010
Organization: Open Joint-Stock Company of Energetics and electrification of Kuban	as per RNNBO	00104604
Taxpayer Identification Number	TIN	2309001660
Activity	as per OKVED	40.10.2
Form of legal entities incorporation/form of ownership: Open Joint Stock company	as per ARCFI/ARCF O	
Unit of measurement: thousands of rubles	as per ARCMU	384
Location (address): 2 Stavropolskaya St., Krasnodar Russia 350033		

Item name	Indicator code	For the accounting period	For the same period of the previous year
1	2	3	4

Revenues and expenses for principal activities			
Receipts (net) from sale of goods, products, works and services (net of VAT excluding and similar obligatory payments)	010	5 875 712	4 872 867
Production cost of the goods, products, works, services purchased	020	-6 448 181	-5 109 648
Gross profit	029	-572 469	-236 781
Business expenses	030		
Management expenses	040		
Profit (loss) from sales	050	-572 469	-236 781
Operational receipts and expenditures			
Interests receivable	060	29 648	2
Interests payable	070	-341 006	-318 322
Profits from share in other companies	080		
Other operational profits	090	24 883	65 706
Other operational expenses	100	-76 037	-303 000
Non-operating income	120		
Non-operating expenses	130		
Profit (loss) from taxation	140	-934 981	-792 395
Deferred tax assets	143	158 270	97 564
Deferred tax liabilities	144	-929	-1 278
Current profit tax	145		
Other similar compulsory payments	146	-102	-112
Net profit (loss) of the accounting period	190	-777 742	-696 221
FOR REFERENCE:			
Permanent tax liabilities (assets)	200	29 655	62 193
Base profit (loss) per share	201		
Watered profit (loss) per share	202		

Item name	Indicator code	For the accounting period		For the same period of the previous year	
		Loss	Profit	Loss	Profit
1	2	3	4	5	6
Fines, penalties or forfeits admitted or payable by court(Arbitrage) decision	230	39	10		10
Profit (loss) of previous years	240	10 967	7 582	20 420	181 210
Compensation paid caused by non-fulfillment or improper fulfillment of obligations	250			19	3 548
Exchange rates differences for operations in foreign currency	260				
Deductions to valuation reserves	270				
Write-off bills receivable and payable with exceeded period of limitation	280				

7.3. Summary accounting report of the Issuer for the last completed year

Is not to be indicated in this quarterly report.

7.4. Information on regulation policy of the Issuer.

The accounting report of the Company is formed as per the order of «Kubanenergo», JSC dd. 30.12.2009 No. 721 "On regulation Policy of «Kubanenergo», JSC for 2010»

Regulations on Accounting Policy Of Open Joint-Stock Company «Kubanenergo»

General Provisions

1.1 The present Regulations have been developed according to requirements of accounting standard acts and also in consideration of requirements of tax and legal legislation in the Russian Federation.

1.2 «Kubanenergo», JSC (hereinafter referred to as «Company») organizes and holds the books, prepares accounting statements in accordance with the Federal law No.129-FZ (Federal Law) dated November 21, 1996 "On Accounting", Regulations on accounting and financial reporting procedure in the RF, approved by the order of the Ministry of Finance of the RF dated 29.07.98 No. 34n; Chart of accounts of business accounting approved by the order of the Ministry of Finance No.94n dated 31.10.2000 or other standard acts in the field of accounting.

1.3 The present Regulations should be applied to the Company, hereof branches and other territorially separate structural subdivisions. All persons connected with solving the questions determined by the Regulation policy should follow the present Regulation.

1.4 Branches of «Kubanenergo», JSC are not legal persons, should act regarding the Regulation, acts ex parte of legal person and their leaders act on the basis of power authority.

1.5. All associated joint stock companies of «Kubanenergo», JSC should keep separate accounts, prepare complete accounting reports and tax accounts, be taxpayers, respond for timely and complete settling with the budget in relation to all types of taxes, dues and fees.

1.6. Other order documents of the Company should not contradict the present Regulations.

ORGANIZATIONAL AND TECHNICAL ASPECTS OF ACCOUNTING POLICY.

2.1 PRINCIPLES OF ACCOUNTING ORGANIZATION AND ACCOUNTING OBJECTIVES.

Accounting and tax records in the Company are maintained by the structural subdivision – Accounting and Tax Department led by the head of department – the Chief Accountant.

The Chief Accountant should report directly to the head of the Company and respond for accounting policy determination, Accounting and timely accounts reporting. The requirements of the Chief Accountant in relation to documenting of business transactions and submission of necessary documents and data to the Accounting and Tax Department shall be obligatory for all employees of the Company.

The structure of "Kubanenergo", JSC includes executive body and branches.

Branches have internal accounting services headed by chief accountants of branches, who shall make up a separate balance with incomplete financial result and other accounting statements according to forms established by the Company.

A branch should prepare accounting and tax reports.

The functions of central accounting department are to be performed by the Executive bodies of the Company that form accounting statements concerning the Company including the data of all branches.

The composition and hierarchy, division of powers and responsibility, structure, functions and tasks of "Kubanenergo", JSC performing functions related to primary accounting and information processing for further registration hereof in accounting should be stipulated by the Regulations "On Accounting and Tax Department".

The degree of responsibility for completeness and accuracy of accounting and tax records maintenance and also the completeness of authorities of branches' chief accountants is determined by the Regulations "About Branches".

The head of the Company as well as directors of branches bear responsibility for accounting organization in the Company, in compliance with the legislation in the course of business transactions effecting pursuant to "Regulations on Branches".

Taking into account the functions performed by Chief Accountants of branches should report to the Chief Accountant of the Company and from the position of organization to the heads of branches

The Chief Accountant of the Company and Chief Accountants of branches should be appointed to the post and dismissed by the order of the General Accountant of the Company.

Branches are financed according to the centralized order in compliance with the indices approved by the planned budget of cash Flow s and "Procedure rules of executing and producing of reports on the Company's consolidated budget implementation"..

PROCEDURE FOR ACCOUNTING POLICY DETERMINATION, APPROVAL AND CHANGE

Means of accounting elected while the present accounting policy determination should be applied from the first of January of the year following the year when the document was approved.

Any change in accounting policy should be approved by organizational-order documentation of the Company.

The changes in should take place in cases of changes in legislative law in Russian Federation or standard acts of accounting and should be disclosed by the Company in an explanatory note attached to accounting statements for the year preceding the year when they were made.

In case of revealing in Company's economic activity of new facts of economic activity for which the means of accounting have not been determined by the accounting policy, addition to the accounting policy should be made up.

STANDARD WORKING CHART OF ACCOUNTS, TECHNOLOGY OF ACCOUNTING INFORMATION PROCESSING.

The documents of the Company's accounting policy should include the present regulations, the regulations on accounting policy for taxation purposes, standard working chart of accounts of business accounting, the schedule (rules) of document circulation, the list of forms of source accounting documents, the list of forms of working source accounting documents. The procedure of revenues and expenses generation in respect of all controlled activities should be approved by relevant order documents of the Company.

Working chart of accounts of the Company should be a target one and should be drawn up in accordance with the Chart of Accounts of business accounting approved by the order of the Ministry of Finance of the Russian Federation No.94n dated October 31, 2000 in consideration of functionality of integrated configuration of software suite to be introduced, used for keeping the records of the Company.

Registers of the Company should be prepared in format maintained by the software suite on the basis of which accounting is carried out in the Company.

Processing of source accounting documents irrespective of areas of business accounting should be carried out with the use of computer technology means.

Accounting records should be made on the basis of source documents recording the fact of business transactions performance and also on the basis of calculations (certificates, sheets) of the Accounting and Tax Department.

The rules of documents circulation in the Company are determined by the schedule of documents circulation for the purposes of keeping accounting and tax report..

The schedule of documents circulation determines deadlines and volume of representing basic reporting and other documents to Account Department of Executive body by sectors and services of the Company, its branches. Deadlines and volumes of representing accounting and tax reports in particular state controlling bodies are not defined by the schedule of the document circulation and are regulated by present legislation.

For forming the fact of economic activity the Company uses model forms of basic documents fixed by State Committee of FR of statistics, Ministry of Finances and other authorized bodies of state executive power, as well as forms of basic report and other documents fixed by corresponding executive orders of the Company.

Basic accounting documents drawn up in foreign languages should have line-by-line translation into Russian language.

The Flow of basic documents in the Company (drawing up or receipt from other enterprises, institutions or organizations, the Flow between structural subdivisions of the Company, including for business and tax purposes, processing, transfer to the archives) should be regulated by the Regulations on the Accounting and Tax Department and by a schedule of document circulation.

Corrections in basic report documents should be made only with agreement of participants of economic operations and only with the strict order, the exceptions are cash and bank documents which are not supposed to be corrected.

The Company should keep the basic accounting documents, accounting certificate containing information on the corrections made in accounting and reporting, registers and tax ledgers, accounting and tax statements within the terms specified in internal organizational and order documents of the Company but no less than 5 years.

The responsibility for organization of the custody of accounting documents and registers should be imposed on the head of the Company.

Basic rules of keeping accounting report and documentation of economic operations correspond the Regulation on keeping accounting report and accounts in Russian Federation with the regard of separate industrial peculiarities adopted and indicated in the present document and other order documents.

The Company has a right to develop internal standards of accounting. The standards of accounting are the requirements, detailed instructive material of keeping accounting and organization of documentation and methods of particular accounting area.

The content of register of accounting and tax report, forms of internal accounting report is a commercial secret. Persons who obtained admittance to the information from the documents are obliged to keep the commercial secret. Persons bear for disclosure of secret information responsibility determined by internal orders of the Company and legislative of Russian Federation.

The power to sign basic report documents have deputy chief executive according to their functional responsibilities with the authorization of chief executive of the Company that should be conformed with general accountant. The heads of branches and subdivisions have power to sign basic documents on the basis of authority granted by the Company or on the basis of order documents of the Company, heads of branches also have a right to sign other internal documents of the Company if it is prescribed to their duties.

Documents of economical operations that presuppose Flow of cash assets (on bank accounts and in cash of organization) should be signed by chief executor of the Company and by general account and also by persons authorized by the latter in compliance with authorizations or order documents.

The executive body and branches for the purpose of speeding-up cash circulation can make payments for other branches with their suppliers, contractors and other partners with the subsequent indicating the mentioned payments in balance account 79 "In-house settlements", also is possible data transfer to branches on current liabilities of customers and clients for the branches to take corresponding measures (control of punctual payments).

Payment for technological connection is to be accounted separately in gross receipts for each regulated type of activity. Analytical accounting of payment for technological connection from the part of contracts, juridical and private persons are to be [performed by «Kubanenergo», JSC and Executive body. Money, received from persons interested in technological connection hit the special settlement account «Kubanenergo», JSC indicated in contracts for technological connection. The money received from the services of technological connection, are directed for financing of contract agreements, contract of purchase of materials, fixed assets concluded under "Program of reconstruction of grids of "Kubanenergo", JSC with lack of power".

Documents of fixed assets, its rental and payment for rental with billing the invoice, Authorized capital record, surplus record, long- and short-term deposits, construction in progress, joint activity are directed to accounting department, where they are

checked for grounds and corresponding signatures and visa of departments and services and are to be indicated in accounting and in report.

Cash documents should be daily passed by the cashier of cash reports to account department for controlling and transferring in report.

Documents giving an occasion to put payroll calculation, vacation allowances and other types of payments are to be passed to accounting department by the personnel administration department (abstracts of acceptance for work, dismiss from work, vacation), by labour organization and payment department (schedule, orders of awarding, etc), by services and sectors (tables, sick-lists, etc), advances report confirming travel expenses and economical expenses are handed in by executors.

Documents giving an occasion for settlements with different organizations for services of liabilities and contracts are passed to account department, where they should be checked for correspondence with contracts, for presence of acts of receiving goods, rendered services and works, invoices, signatures of responsible persons and approval of administration, after that it all should be indicated in receivable and payable bills calculations as well as in expenses and other sources.

Documents of invoices for transport services , communications and other credit orders and bills of landing, requirements, acts for writing-off the inventory, fixed assets, on recording of vehicles, recording of fixed assets, materials for repair, office supplies, as well as recording of capital construction, construction-in-progress, capital and current repair, etc should be directed to accounting department that fulfills the control of having grounds and signatures of responsible persons, of correct making up of the mentioned documents and transfers the notes into accounting report.

Exchequer carries out the recording of cash assets circulation on settlement accounts, special, currency account established in landing agencies. The exchequer daily on the basis of filed application for payments accepted by the heads of corresponding services and sections prepares bank letters of transfer and processed bank accounts statement. Control of correctness and credibility of filled application for payments fulfills accounting department and exchequer. Exchequer fulfills accounts with debtors and creditors via bills, keeps book of securities recording.

Daily presents to accounting department processed bank accounts statements; monthly – accounting register of cash assets, securities flow ; quarterly – report on cash assets flow .

Financial department carries out recording of cash assets Flow on credit account established in credit organizations, settles contracts for procurement of loan assets and controls and records accrued interests.

Monthly presents accounting registers of credit and loans Flow , quarterly report of consolidated financial statement.

Accounting of property, liabilities and business transactions of the Company should be carried out on the basis of natural measures in money terms (in rubles and kopecks) by their detailed, continuous, documentary and interrelated representation using double-entry accounting.

Signing report, Head of Company and Chief Accountant bear responsibility for correctness of report. The original of basic documents and other documents of economic operations carried in branches and in separated subdivisions are accounted and kept in placing of dwelling of the subdivisions.

The responsibility for organization of the custody of accounting documents and

registers should be imposed on the head of the Company.

PROCEDURE AND TERMS OF ACCOUNTING STATEMENTS PREPARATION

Accounting statements preparation should be based on the data of registers. For the purpose of ensuring individual responsibility of the personnel the registers should be monthly unsealed and signed by the persons who have prepared them. The persons should respond for adequate recording of business transactions in storage registers.

Branches should submit accounting and other financial statements concerning the internal forms of accounting to the executive bodies to produce reports on the Company in tote. The responsibility for completeness and adequacy of figures of a branch's reported statements should be imposed on the head and chief accountant who have signed the statement. Control over the correctness of accounting statement preparation should be exercised by the Account department, by the Finance Department of the executive bodies.

Internal calculations should not be presented in Company's reporting prepared for external persons concerned.

The accounts of the Company should be drawn up in thousands of rubles for a month, a quarter and a year with accrual character from the beginning of reporting year, if the diverse procedure is not stipulated by the RF legislation, in the amount and pursuant to forms specified in the Order of the Ministry of Finance of Russia No.67n dated 22.07.2003. The Company's accounts should be signed by the head and the chief accountant. Monthly and quarterly accounts should be regarded as interim statement.

Annual accounts of the Company should be examined and approved by the decision of the annual General meeting of shareholders of the Company and be submitted within the time limits and to addresses specified in art.15 of the Federal Law "On Accounting». No. 129-FZ (Federal law) dated November 21, 1996.

The accounts should include

Balance Sheet (form No.1);

Profit and Loss Account (form No.2);

Statement of Changes in Equity (form No.3);

Cash Flow Statement (form No.4);

Appendix to Balance Sheet (form No.5);

Auditor's Report;

Explanatory Note.

The financial report of the on IAS is formed on the basis of consolidated tables with interpretations developed for each period and filled by Principal body, branches.

Annual Company's account should be published no later than June 1 of the year following the reporting one.

Decision adopted by the annual meeting of Company's shareholders on the distribution of earnings of the reporting year should be recorded in the accounts in the period when the meeting was held, i.e. in the year following the reporting one.

PROCEDURE OF MAKING INVENTORY OF PROPERTY AND OBLIGATIONS

Inventory of property and obligations should be carried out by the Company in accordance with art.12 of the Federal law dated No.129-FZ (Federal law) 21.11.1996 "On Accounting" and Methodological instructions on taking inventory of property and liabilities approved by the order of the Ministry of Finance of the RF No.49 dated 13.06.1995 for the purpose of ensuring the adequacy of accounting and reporting data.

All types of assets and obligations of the Company, including the property (irrespective of location), possessed by the Company pursuant to the right of property, amounts of work in progress, investments in progress in current and non-current assets, accounts payable and asset items, property that is not owned by the Company but recorded in books on off-balance accounts (being on responsible storage, obtained for selling by contract of commission agency, rented etc.).

The procedure for taking inventories (number of inventories in the reporting year, dates of taking hereof, list of property and obligations subject to check during each of them) should be stipulated by orders of the "Kubanenergo", JSC.

Inventory of fixed assets should be carried out annually by the Company, library stocks – once in 5 years. The way and terms of inventory are determined by the order of executive director.

For the purpose of taking inventory working inventory commissions should be set up, the composition of which should be approved by the Company's Order, and for the branches – by the order covering the branch) of the Company.

The making inventory is obligatory in cases stipulated by law.

The discrepancy between the factual presence of property and accounting data revealed in the course of taking inventory should be recorded in the accounts in accordance with itm.28 of the Regulations on Accounting and Reporting of the RF approved by the order of the Ministry of Finance of the RF No.34n dated 29.07.1998.

The results of property and obligations inventory (minutes of meetings of branches' central inventory commissions) should be submitted by the branches to the Company's executive bodies for consideration of the Central Inventory Commission of the Company. The Central Inventory Commission of the Company should be set up by the order of the General Director of the Company.

METHODOLOGICAL ASPECTES OF ACCOUNTING POLICY

The present section ways of the adopted manners of accounting, substantially influencing the assessment and decision-making of the users of Company's accounting.

GENERAL APPROACHES TO QUALIFICATION OF ACCOUNTING ENTITIES

Company's assets are divided into the assets proper and costs (non-complete investments in the formation of assets).

Costs are divided into capital (noncurrent) and current (circulating) costs.

The Company recognizes those costs capital which aim is the formation of noncurrent assets, including the costs on the purchase of new entities, development, expansion, reconstruction, modernization and technical retooling. All other costs should be recognized by the Company as current costs.

The cost estimate of used recourses – costs – should be preliminarily calculated on calculation accounts:

- the costs on output of products, works, services (current) – account 20, 25;
- the costs of auxiliary production facilities – account 23;
- general economic costs – account 26;
- the costs of service production facilities and sectors – account 29;
- the costs on purchase (formation) of non-current assets (capital investments) - account 08.

On the accounts recording the costs on the purchase (formation) of noncurrent assets cost accounting should be carried out in relation to items.

On the accounts recording the purchased current assets cost-accounting should be carried out in relation to nomenclature numbers, lots, homogeneous groups of inventories.

At termination of the cost accrual period the Company states that carrying out of costs entails the formation of assets if the item of property has been formed, the usage or retirement of which is to provide a future economic benefit. Only the items of property owned on the basis of the right of ownership (assumption of separate entity) should be recognized as assets by the Company

To take an item of property on discount, hereof value should be measured with sufficient degree of reliability. The Company recognizes the valuation reliable enough when the item of property is ready to be used according to the planned targets, and all the costs related to bringing hereof in this condition are accepted in the accounting statement and are evaluated on the basis of accounting documents, contractual or market quotations and tariffs.

If the cost performance has not led to asset formation, at the termination of the cost accrual period the Company should recognize the costs. Decreasing of economic benefits being the result of retirement of assets (cash assets, other property) and (or) assumed obligations causing capital decrease (except for the decrease in investments of participants) should be also recognized as expenses.

The Company should recognize the costs only in the event that the retirement of assets is carried out on unconditional basis. If under certain conditions the retired assets are returned to the Company, accounts receivable or other asset formation should be recorded in business accounting.

Cash assets or other property transferred on condition of possible or obligatory further return (granted loans, advance payments, transfer of property to be sold by a commission agent or attorney, sums of current taxes, represented in a separate line in accounting documents with suppliers etc.) should not be regarded as costs.

Receipt of cash assets or other property, obtained on condition of possible or obligatory further transfer to other participants of economic turnover (received loans, advance payments and prepayments, sums of current taxes represented in a separate line in accounting documents with buyers etc.) should not be regarded as incomings.

GENERAL APPROACHES TO VALUATION OF ACCOUNTING ENTITIES

For the purpose of taking the property and obligations on discount the Company should carry out the valuation in money terms. The valuation of property should be performed as follows:

property, purchased for payment should be evaluated according to the sum of actually incurred charges on hereof acquisition;

property produced by the subdivisions of the Company should be evaluated according to the manufacturing costs (actual costs connected with the production of property item);

tangibles left after the write-off of fixed assets that are impossible to be restored or be used at a later date, spare parts coming out of restoring (reconstruction, modernization, repairing) of the fixed assets should be evaluated according to current market value on the date of fixed assets write-off or on the date of taking the spare parts on discount;

property received without return or property revealed in the course of inventory of assets and obligations should be evaluated according to current market value on the date of taking the property on discount.

Current market value should be regarded as the sum of cash assets which can be received as a result of purchase of specified asset on the date of hereof including for accounting purposes.

Current market value should be calculated in consideration of prices established for this or similar type of property. At the same time the data on the established price should be documented or confirmed by the expert's report. The report of an independent expert or an authorized specialist (specialists) of the Company possessing special knowledge and skills should be understood as the expert's report. These specialists should be appointed by the order of the head of the Company or by persons authorized by the head as the members of the permanently operating commission that deals with including for accounting purposes or writing-off the property.

The property received by the Company under the contract prescribing the fulfillment of obligations (payment) carried out by non-monetary assets (exchange contract in particular), should be estimated according to the cost of values transferred or subject to transfer by the Company. The cost of values transferred or subject to transfer by the Company should be calculated in consideration of the price according to which the Company usually calculates the cost of similar values under comparable circumstances.

In the course of estimation of property acquired by any reasons, the actual cost hereof should be calculated with the addition of costs incurred by the Company in relation to bringing the property in condition suitable for usage. State registration expenses of purchased property items and transportation facilities should be included in the actual cost of property item if they have been carried out prior to the moment of taking the item on discount as a fixed asset, they should be regarded by the Company as sundry expenses of the current term.

Fixed assets evaluation the cost of which when purchased has been expressed in foreign currency should be carried out in rubles by means of conversion of sums in foreign currency at the Central Bank of Russia rate on the date of including the item for accounting purposes as investments in non-current assets.

The value of property, in which they are included for accounting purposes, should be no subject of alternation with the exception of cases stipulated by the Russian Federation legislation.

It is allowed for noncurrent assets (except for intangible assets) in case of completion, providing with additional equipment, reconstruction, modernization, partial liquidation and revaluation of items of fixed assets.

It is allowed for current assets in the event that inventories have been obsolescent,

have lost completely or partially their initial quality.

The adjustment of net value to market one should be made for financial investments on the basis of which it is possible to determine current market value pursuant to the established procedure.

If the documents representing the cost of received items are not available by the moment of property receipt (fixed assets, inventories etc.) they should be taken on discount in a conditional judgment in consideration of agreed cost, delivery expenses determined according to the data of motor waybills and railway bills of lading and other transport documents.

RECORDING OF CAPITAL INVESTMENTS IN NONCURRENT ASSETS

Capital costs are connected with:

capital construction carried out in the form of development as well as reconstruction, expansion and technical retooling (hereinafter referred to as construction);

acquisition of buildings, developments, equipment, transport facilities and other separate items (or the parts) of fixed assets;

acquisition of plots of land and facilities of nature management;

acquisition and formation of assets having non-physical nature.

ENGAGEMENT OF EXTERNAL CONTRACTORS IN CAPITAL CONSTRUCTION AND IN-HOUSE CAPITAL CONSTRUCTION.

In the course of regarding an item of immovable property as an item of fixed assets the sum of actual expenses on the formation hereof recorded as capital investments in this item should determine the initial value of a fixed assets item for:

- the items of immovable property purchased from previous owners by the sale contract, exchange contract, lease contract and others, – upon the registration of ownership to the item transfer at the body for the state registration of real estate activities;

- the items of immovable property constructed by the Company and the subdivisions hereof using non-contractual or contractual construction forms, - upon the submission of the package of documents necessary for ownership to the item registration;

- fixed assets included in the construction estimates (to be used in projects under construction), - upon setting the building project in operation;

- fixed assets that need assembly, - upon the assembly termination;

- fixed assets that do not need assembly, - upon the arrival of the item from the supplying subdivision into the exploiting subdivision. At the same time if the exploiting subdivision puts the received item in storage, it should be recorded in accounting as the fixed assets item in stock (in reserve).

Recording of investments in non-current assets should be kept regarding the construction in general, separate investment items, technological structure of costs on the building project.

Recording of costs connected with the building project should be kept with accrual character from the item construction commencement on the data of accounting

periods till the setting of items in operation or complete performance of corresponding works. The developer (client) of the construction should maintain the records of costs in the account "Investments in Noncurrent Assets".

Capital investments made in the form of construction (reconstruction, modernization) of items carried out on non-contractual basis should be recorded monthly in an accounting statement, as far as they have been formed. At the same time the subdivision (branch, operating development), that carries out capital investments, should record them monthly in the account "Investments in Noncurrent Assets".

Current expenses connected with maintenance MSC, directorate of Sochinsky energetic district of "Kubanenergo", JSC development, branches performing controlling and current activity on objects construction in contractual and non-contractual manner, should be included monthly in the value of items being subject to capital investments in proportion to the amount of planned capital expenses related to this item in the reporting year according to the plan of investments (investment program). In case the adjustment to the plan of investments has been made during the year, redistribution of costs of previous months should not be carried out.

Distribution of current costs should be carried out only between the open items of capital investments in new construction, expansion, reconstruction and modernization.

Item-by-item distribution in percentage terms should be carried out monthly between the branches, is signed by deputy director for branch's direction and is to be submitted to the accounting service of branch.

The following should be meant by the current costs specified in itm.3.3.7: salary including all types of bonuses, emoluments, remunerations; salary UST; voluntary insurance and staff training costs; traveling expenses. The list of costs should be exhaustive. The costs on maintenance of the afore-specified subdivisions that have not been included in the list should make the list of sundry expenses of the accounting period.

Investments made during works of capital character performed for the Company by third part organizations are to be mentioned as the work advances.

RECORDING OF LOAN CHARGES AND INTERESTS ON CREDITS OBTAINED TO PURCHASE AND/OR FORM NON-CURRENT ASSETS

For the purpose of establishment of the procedure for capitalizable costs accounting concerning the charges on obtained loans and credits the Company should assign investment assets among the investment items. Investment assets are defined as investment items the preparation of which for the intended use requires a great amount of time as well as great costs on acquisition and (or) construction (property complexes and other similar assets).

Interests that are due to the loaner (creditors) on received loans and credits directly connected with the acquisition, construction and (or) manufacturing of the investment asset should be regularly included in the asset cost on the following conditions:

- expenses on the acquisition, construction and (or) manufacturing of the investment asset should be recognized in business accounting;
- expenses on loans connected with acquisition, construction and (or) manufacturing of the investment asset should be recognized in business accounting;
- the works on the acquisition, construction and (or) manufacturing of the investment

asset have commenced.

The costs connected with the received loans and credits incurred before the commencement of works on the investment asset formation should not be included in the cost of investments in non-current assets but should be referred to sundry expenses.

RECORDING OF FIXED ASSETS

Recording of Company's fixed assets should be maintained in accordance with the Regulations on accounting "Recording of Fixed Assets" (RAS 6/01) approved by the Order of the Ministry of Finance of Russia No.26n dated 30.03.2001 with the ensuing changes and additions.

The Company should recognize as fixed assets the assets in connection of which the following conditions should be satisfied at a time:

- it is expected to use the output in the production, in the course of works performance or rendering the services or for administrative needs over a long period of time (useful life of more than 12 months duration or usual operating cycle if it exceeds 12 months);
- the capacity to provide economic benefits (profit) at a later date, and also the on-selling of these assets is not planned by the organization hereafter.

If in the moment of asset qualification the decision about hereof retirement for benefit of other persons has been taken – on-selling, exchange etc. is planned, the item should be qualified as a commodity.

The assets, in relation to which the aforementioned conditions are applied to, at the cost of no more than 20000 rubles per unit, should be recorded as a part of inventories. For the purposes of safekeeping of these items when they are produced or while operation the quantitative record should be organized on off-balance account 002 "On Inventory Holdings received for responsible storage" at prices specified in the acceptance statement.

By the degree of usage the Company divides the fixed assets in storage on:

fixed assets in reserve meant for permanent supplying of technological process in case of failure of equipment;

fixed assets not demanding assembly purchased for future usage.

An inventory item should be regarded as an accounting unit of fixed assets. An inventory item of fixed assets should be understood as an item with all attachments and accessories or a structurally separate item meant for the performance of certain functions of its own. For the purpose of accession record of fixed assets the ledger card (FA-6) should be used. Records in ledger cards should be kept in electronic form and be printed out on paper as of the date of taking the item on discount.

Data on reconstruction, modernization, repair should be entered in the inventory card (FA-6) on the basis of act on the basis of acceptance report of repaired, reconstructed, modernized objects of fixed assets (FA-3).

To keep the uniqueness of inventory numbers inside the Company it is not allowed to give one inventory number to a group of similar fixed assets items, even if they have been acquired from one supplier in the scope of one delivery.

If one or several objects used for the same or different purposes represent a separate complex of contractually linked objects having common implements and accessories, general management, assembled on the same foundation and as a

result each object can perform the functions only being the part of the complex, the whole complex as a single entity should be taken on discount as an inventory item.

In the event that one inventory item has several parts having substantially different useful life period, each such part should be recorded as an independent inventory item irrespective of the fact whether the specified part of the item can or cannot fulfill an independent function.

The following should be accepted as independent inventory items:

- capital investments in rented items of fixed assets;
- capital investments intended for radical improvement of lands (drainage, irrigation and other reclamation works);
- shares of fixed assets items, being in shared ownership of the Company and other owners.

Fixed assets should be included for accounting purposes in consideration of original cost determined depending on the way of receipt – acquisition for payment, in-house asset formation (construction), gratis receipt etc.

Accounting record of immovable property registered as a part of one manufacturing complex of electric station or electric grids complex is carried out on one article (on balance of Executive body or branch's balance).

While defining market price different data and information could be used, such as prices for similar production received in written form from the organization-manufacturer, data on price level published in mass media and special literature expert's opinion on cost of the objects of fixed assets.

The transfer of fixed assets items between the branches of the Company and between the operating developments inside the branch of the Company should be recorded in subaccounts of account 79 "In-House Settlements". In this case accounting entries representing the replacement cost of fixed assets and the sum of cumulative amortization should be made.

The notice (aviso), the statement of transfer and acceptance of fixed assets between the branches, the plan-record card (f.FA-6) is considered to be the ground for taking the fixed assets received from branches (operating developments) on discount.

Fixed assets items taken for materially responsible storage should be recorded in the off-balance account 002 "Inventory Holdings Taken for Responsible Storage" at prices specified in the acceptance statement.

If the Company makes a decision to cease the operation of separate items of basic funds, the accounting statement should reflect proceeding from the situation:

- laying-up of specified items – in this case the items should be separated in analytical accounting;
- write-off of items that are not used permanently (functional and/or physical depreciation) - in this case the Company should recognize sundry expenses.

The costs related to the fulfillment of all types of repairs of fixed assets (current and capital) should be included in the expenses on ordinary types of activities in the period in which repair works (stages of repair works) have been completed and accepted. Provision for basic funds repairing or repair fund should not be made.

Revaluation of objects of fixed assets is carried out by means of direct reappraisal by documented market prices and on the basis of corresponding order document of the Company.

Recovery of the object of fixed assets is carried out by :

- repair;
- modernization;
- reconstruction;
- technical reequipment.

Costs for recovery of the object of fixed assets are indicated in accounting report of the corresponding reporting period.

At writing-off of fixed assets material values that could be used further in economic activity are accepted by current market cost according to debit of account 91 "Revenues and expenses" as other revenues. Information on accepted materials is indicated in act of writing-off the fixed assets (form No.FA-4).

Fixed assets the rights for which are to be state registered according to legislative of Russian Federation and for which capital investments are completed, the basic documents of acceptance and transmission are drawn up, documents are passed for state registration and are in fact in operation, are accepted for accounting as fixed assets on the account of fixed assets. For such objects depreciation is charged on general terms for n the first day of the month following the month of putting the object into operation.

Accounting of property received from lease contracts is carried out according to Federal Law "On Finance lease" No.164-FZ (Federal Law) dd 29 October 1998.

CHANGE OF FIXED ASSETS VALUE

The change of original cost of fixed assets at which they have been included for accounting purposes should be allowed in cases of completion, providing with additional equipment, reconstruction, modernization, partial liquidation and revaluation of fixed assets items.

In case of partial liquidation of fixed assets items the amortization accumulated on them should be written off in the same ratio.

The acceptance of fixed assets after reconstruction and modernization should be formalized by the statement of acceptance of reconstructed and modernized items (form FA-3) on the basis of act of provided repair works (form CA-2), on the basis of which the certificate of the cost of performed works and other expenses (form CA-3). When performing the works related to reconstruction and modernization using non-contractual manner, forms CA-2 and CA-3 should not be applied to, the Company should elaborate a separate statement form.

LIFETIME OF FIXED ASSETS ITEMS

Useful life of fixed assets items should be determined in consideration of expected physical deterioration, proceeding from operation conditions, natural conditions and corrosive medium influence , the system of carrying out repairs. Useful life of fixed assets items should be determined within the limits stipulated by the decree of the Russian Federation Government No. 1 dated 01.01.2002, according to the list approved by the head of the Company or by an authorized person.

Useful life of fixed assets items should be determined when taking them on discount

on the basis of item certificate, other technical documents or on the basis of appraisal made by Company's technical services by a decision of permanently active commission. Useful life period should be recorded in the inventory card (FA-6).

Useful life of fixed assets items should be reconsidered in case of improvement (increase) of primarily accepted standard indices of item functioning as a result of completion, providing with additional equipment, reconstruction or modernization. In this case the increase of useful life period is allowed to be carried out within the terms stipulated for amortization group in which this fixed asset has been included.

Useful life period of a modernized item should be calculated as a difference between the re-determined useful life period of an item after the restoration and the operation life by the moment of modernization completion.

Useful life of FA, received by the Company as a result of reorganization in the form of affiliation should be fixed as the difference between the useful life period of FA determined by an affiliated company and the amount of months of practical FA operation till the moment of affiliation.

Useful life of fixed assets items should be reconsidered in case of improvement (increase) of primarily accepted standard indices of item functioning as a result of completion, providing with additional equipment, reconstruction or modernization. In this case the increase of useful life period is allowed to be carried out within the terms stipulated for amortization group in which this fixed asset has been included.

Useful life period of a modernized item should be calculated as a difference between the re-determined useful life period of an item after the restoration and the operation life by the moment of modernization completion.

Useful life of FA, received by the Company as a result of reorganization in the form of affiliation should be fixed as the difference between the useful life period of FA determined by an affiliated company and the amount of months of practical FA operation till the moment of affiliation.

Useful life period of a fixed assets item previously used by some other organization should be determined proceeding from the remaining service life period of fixed assets or any other supposed useful life period in the Company which should be determined taking into account:

- expected useful life period of the item being in operation in accordance with expected productivity and power;
- expected physical depreciation depending on operation conditions; natural conditions of corrosive medium influence , system of carrying out repairs;
- normative legal and other restrictions of using the item.

The expected useful life period of fixed assets on the basis of documentary confirmation of hereof importance should be fixed by a commission and be approved by the head of the Company, a corresponding branch or an operating development of the branch in which the item will be in operation when taking the item on discount as fixed assets.

AMORTIZATION OF FIXED ASSETS

Amortization on each inventory item should be accrued monthly by means of appliance of established norms fixed depending on useful life period of the item.

Regarding the fixed assets, received for accounting purposes prior to 01.01.2002, amortization should carried out according to standards in conformity with the Decree

of the Council of Ministers of the USSR No.1072 dated 22.10.1990 "On Standard Norms of Amortized Deductions for Complete Restoration of Basic Funds of National Economy of the USSR".

Regarding the fixed assets, received for accounting purposes starting from 01.01.2002 amortization should be carried out according to standards in conformity with the Decree of RF Government dd. 01.01.2002 No.1 "On classification of fixed assets included in amortization groups"

The accrual of amortization of the property received by the Company under a lease contract and entered in hereof balance sheet should be carried out using the method stipulated by the contract.

Monthly amount of amortized deductions should be calculated according to the formula:

$$C_i = (D_{Cost} + C_m) / C^*$$

Where C_i – monthly amount of amortization,

D_{Cost} - depreciated cost of a fixed asset,

C_m – modernization costs,

C^* - remaining useful life period after the increase hereof.

This formula should be applied in calculation of the amount of the modernized item amortization starting from the 1st date of the month following the month when the works related to modernization are completed.

In the process of amortization accrual on gratuitously received fixed assets as well as on fixed assets acquired with the attraction of funds of target financing, simultaneously with the amortization write-off the part of deferred revenues of the same amount should be regarded as other revenues of the Company. Amortization should not be accrued:

- in relation to units of housing facilities acquired during the period from 01.01.2002 till 01.01.2006 (that do not make profit);

- in relation to fixed assets items the consumer properties of which do not change in the course of time (plots of land; nature management facilities; objects related to museum pieces and museum collections etc.).

The accrual of amortization should be suspended:

- in relation to the fixed assets transferred for laying-up. The Company should recognize the temporary cessation of item operation for the period of more than three months as laying-up. Expenses connected with laying-up of items (check-up, lubrication, booting, enclosing etc.) as well as concerning the temporary cessation of item operation for the period of less than three months should be regarded as sundry expenses;

- for the period of reconstruction and modernization, capital repairs of fixed assets items if the duration of works exceeds 12 months

In relation to the specified items the accrual of amortization should be stopped from the month following the month when they were transferred and should start from the month following the month when these items were brought into operation.

Depreciation of fixed assets in reserve meant for permanent technological operation in case of equipment failure is indicated in report in the same way the depreciation of operational equipment does.

Depreciation of fixed assets without assembly purchased for future usage is indicated in the report as a part of expenses on principal activities that do not reduce taxable income.

In 2010 depreciation is accrued by means of using decreasing coefficient for objects of fixed assets in respect of which up to January 1, 2002 as per the regulation policy and present legislation were employed decreasing coefficients.

RECORDING OF RENTAL OF FIXED ASSETS

Leased fixed assets should be recorded in the account 01 "Fixed Assets", but be separated in analytical accounting.

Leased fixed assets should be recorded in the account 01 "Fixed Assets", but be separated in analytical accounting.

Fixed assets received on lease should be recorded in the off-balance account 001 "Rented Fixed Assets" according to inventory numbers of the lesser.

Obligations related to carrying out of current capital repair of the property rented by the Company or let on lease to third-party organizations by the Company should be stipulated by the terms of lease contract.

Revenues from leasing fixed assets are to be disposed in the account 90 "Sale"

RECORDING OF EQUIPMENT THAT NEEDS ASSEMBLY

Equipment that is brought into operation only after the assembly of the parts and attachment to the foundation or bearings, to the floor, to the inserted floors and other supporting structures of buildings and constructions and also sets of spare parts of this equipment should be referred to installation equipment. This equipment should include control instrumentation and other instruments intended for being mounted in the installed equipment.

Installation equipment should be taken on discount in the account 07 according to the actual cost of acquisition which is made up of the cost at the acquisition prices and the expenses on acquisition and delivery of this equipment to the Company's storehouses. The account 15 "Preparation and Procurement of Material Values" should not be used in case of equipment receipt.

INTANGIBLE ASSETS AND THEIR AMORTIZATION

The recording of intangible assets of the Company should be kept in accordance with the Regulations on accounting "Recording of Intangible Assets" (RA 14/2007) approved by the Order of the Ministry of Finance of the RF No.153n dated 27.12.2007.

An accounting unit of intangible assets is considered to be an inventory item. An inventory item of intangible assets should be recognized as a collection of rights arising from a patent, certificate, contract on the forfeiture of the exclusive right to intellectual activity result or to the individualization means, or according to the diverse procedure stipulated by the law, intended for the performance of certain functions of their own.

An intangible asset should be included for accounting purposes according to actual (original) cost determined as of the date of including hereof for accounting purposes.

The actual (original) cost of an intangible asset acquired by the contract specifying the execution of obligations (payment) by non-monetary funds, should be determined on the basis of assets value, transferred or being subject to transfer by the Company. Assets value, transferred or being subject to transfer by the Company, should be fixed proceeding from the price at which under comparable conditions the organization usually determines the value of similar assets.

In the event it is impossible to determine the value of assets, transferred or being subject to transfer by an organization according to such contracts, the value of intangible asset, received by the organization should be stipulated on the basis of the price at which under comparable conditions similar intangible assets are acquired.

The actual (original) cost of an intangible asset at which it has been included for accounting purposes should not be changed.

The revaluation of intangible assets should not be performed.

Amortized deductions related to all types of intangible assets should be made based on the straight-line method.

The term of useful usage of intangible assets is defined by the commission approved by the order of the Company at accepting the object for accounting report.

The definition of useful usage terms and other deadlines of usage of objects of intellectual property as per the legislative of Russian Federation are carried out in respect of:

- term of patent, certificate and other deadlines of using objects of intellectual property as per the legislation of Russia Federation;

- expected useful life of the object during which the Company can gain profit (revenue).

For separate groups of intangible assets the lifetime indicator of volume of works expected to be received after using the object.

For intangible assets the useful life time of which is impossible to be defined the standards of depreciation charges are set for 20 years (but no longer of the Company's activity).

The depreciated deductions related to intangible assets should be recorded in accounting statements of the reporting year that they refer to and should be accrued irrespective of the results of organization's activities in the accounting period. The accrual of amortization should be carried out monthly in a special account 05 "Amortization of Intangible Assets".

The value of an intangible asset which retires or is not capable to provide an organization with economic benefits at a later date should be written off. The sum of cumulated amortized deductions on the intangible assets should be written off simultaneously with the intangible value write off.

Intangibles received in use should be recorded by the Company in the off-balance account 012 "ITA received in use" having the valuation determined proceeding from the amount of emolument specified in the contract. The Company regards nonexclusive rights to software usage granted on the basis of license agreements etc. as such assets.

Revenues and expenses received from the intangible assets write-off should be recorded in accounting in the accounting period that they refer to. Revenues and

expenses received from the intangible assets write-off should be referred to the financial results of an organization as other revenues and expenses.

RECORDING OF FINANCIL INVESTMENTS

Accounting recording of financial investments was carried out as per the Accounting regulations 19/02, approved by the order of Minister of Finances of RF No. 126n dd. 10.12.2002.

The Company regards as financial investments the assets that do not have a physical nature and are capable to provide economic benefits (return) in the period ahead as interests, dividends or increment of value (as difference between the selling price (paying off) and the cost) as a result of their exchange, usage in repayment of obligations, increase of current market value.

As financial investments are regarded:

- Securities (state, municipal, securities of other organizations, including bills and bonds);

- Investments in authorized capitals of other organizations (including affiliated and subsidiary companies);

- Investments in partnership (joint activity);

- Loans granted to other organizations;

- Deposits in credit organizations;

- Accounts receivable acquired on the basis of assiment of right of demand, etc..

The value of financial investments is formed of actual costs directly connected with its acquisition.

Recording of financial investments of the Company should be carried out based on centralized direction of Account department of the executive body of the Company.

Analytical recording of financial investments should be performed in relation to short-term and long-term financial investments. Investments made with the intention to earn revenue from them in the period of more than a year should be referred to long-term financial investments. Other financial investments should be regarded as short-term ones.

Accounting of long-term investments in shares of joint stock companies is performed by the department of corporate relations. accounting of long-term financial investments as per the contracts of joint activities, the contracts of investments fulfills account department according to contracts of and accepted by approved by the corporate management department and by capital development department contracts and accepted basic documents.

Records in accounting report on increase or disposal investments in shares of dependent joint stock companies are indicated on the basis of documents provided by department of corporate relations. Records in accounting report on disposal of investments of joint activity are indicated on the basis of corresponding documents on cancellation of indicated documents composed by corresponding sections and services responsible for keeping the contract.

Analytical accounting of financial investments recording is carried out on financial investments and objects in which the investments were made (sellers of shares, other organizations). Forming up the accounting report should provide the possibility of getting data on short-term and long-term assets. Along with it the accounting

financial investments within a group of interrelated organizations (the activity of which is to be accounted) the accounting report is carried out separately on account 58 "Financial investments". The organization collects in analytical accounting information about financial investments in independently developed format of accounting register "Securities ledger".

Unit of accounting financial investments depending on the type, order of acquisition and usage, is serial or other homogeneous unit of financial investments.

For the purpose of ensuing evaluation the financial investments are subdivided into:

investments which make it possible to determine the current market value;

investments which do not make it possible to determine the current market value.

Adjustment of valuation of financial investments, by which it is possible to define current market value, is carried out annually.

Debt securities are evaluated according to current market value.

Evaluation of financial investments for the end of reporting period is carried out by primary cost of each unit of accounting of financial report.

At retirement of assets regarded for accounting report as financial investments, cost of the assets is determined judging by primary cost of each unit of accounting the financial investments.

The Company forms a reserve of depreciation of financial investments if their price is permanently lowering. Reserve is formed by the last date of reporting period according the order of Accounting Regulation 19/02 and to accounting presented by corporate relations department.

Deposits in Authorized (share) capitals of other organizations are regarded as financial investments in organizations and are indicated in accounting report as sum of actual expenses of investor, i.e. by cost of (regarded as investments assets) according to which they were indicated in investor's accounting balance.

Price of shares received by shareholders of newly appeared organizations separated while reorganizing is determined in accounting by the order set for tax accounting in cl. 4.7.

All inputs directly connected with assets acquisition in form of financial investments notwithstanding the amount are included in price cost of financial investments.

Interests (coupon yield, discount) from securities are accrued each reporting period in accordance with conditions of contract and are disposed as other revenues (expenses)

RECORDING OF INVENTORY RECEIPT

Accounting of material assets is carried out as per the Accounting Regulation 5/01, approved by the order No. 44n of Ministry of Finances of Russian Federation dd. 09.06.01.

Inventory include:

raw materials, basic and auxiliary materials, purchased intermediate products and complementary articles, fuel, tare, spare parts, building and other types of materials as well as special instrument, special implements, special equipment, working clothes should be referred to materials.

Working clothes before the giving out for usage is accounted by account 10 "Materials" on the special subaccount "Special equipment and working clothes on stock".

Giving out for usage the working clothes is indicated in accounting in debit side "Materials" and subaccount "Special Equipment, Working Clothes in usage".

The cost of working clothes the service life of which do not exceed 12 months according to the allocation norm should be written off to debit of corresponding accounts of expenses recording from the moment of bringing into operation (operation start) to employees of the Company.

The cost of working clothes having service life of more than 12 months should be repaid with the use of the straight-line method taking into account the useful life period defined in conformity with the standards of free giving out of special clothes, shoes and other individual protective devices as well as the Rules of providing the employees with special clothes, footwear and other individual protective devices approved by Regulation of Ministry of Labour and social development of Russian Federation No. 51 dd. December 18 1998.

Writing-off into operation of working clothes and other individual protection equipment is carried out on the basis of act of writing-off as per form MV-8 with following drawing up a requisition for release to production as per form MV-11.

working clothes and other individual protection equipment meant for long usage are giving out to employee against signature in personal profile of the employee (form MB2) and in accounting register of issue of working clothes, other individual protection equipment, etc (form MB-7).

Equipment, tools, economic fixings with lifetime less than one year included in inventory on account 10 "Materials".

Goods purchased from other organizations and private persons or meant for sale/resale without additional processing. The accounting is carried out on account 41 "Goods".

The recording of one-phased electricity supply meter of type Energy Meter -1.12 and Energy Meter-1.15, installed on the basis of program of energy supply, is carried out as per the methodological instructions on accounting of special instruments, equipment and special clothes approved by the order No.135 dd. 26.12.2002 of the Minister of Finances of RF by the article "special instrument and special equipment" with considering deterioration by equal part during 5 years from the date of starting the operation.

Write-off from the balance the mentioned electricity supply meters is carried out after warranty life indicated in passport – five years after production including the storage life.

Taking for accounting the inventory, the evaluation is carried out by following ways:

at acquisition for fee – in sum of actual expenditures for purchasing except the value added tax and other refundable from budget taxes determined by paragraph 6, 11 Accounting Regulation 5/01 (Order of Ministry of Finance of RF No. 44n dd 9 June 2001) and considering regulations "Recording of Loans and Credits and Expenses for its Servicing" paragraph 15 of Accounting Regulation 15/01 at recording the interests and other expenses for borrowed assets;

in domestic production – on the basis of actual expenses related to production of the given inventory. Recording and forming the expenses for production of inventory is carried out on order set for defining the production cost of corresponding types of products (paragraph 7 of Accounting Regulation);

invested in Authorized capital on the basis of pecuniary evaluation, accorded with founders (participants), if other is not stipulated by legislative of Russian Federation, taking into account actual expenses for delivery of inventory and fitting it to state proper for usage , as per paragraph 6 of Accounting Regulation 5/01 (paragraph 8, 11 of Accounting Regulation 5/01);

received free of charge or by the contract gifts and also left from disposal fixed assets and other property the posting of inventory revealed as surpluses by the results of inventory – on the basis of current market price of for the date of posting including actual costs for delivery the inventory and fitting it to state proper for usage (paragraph 9, 11 Accounting Regulation 5/01);

received by contract, stipulated the fulfillment of obligations (liability) by cash assets - by the cost of inventory transferred or supposed to be transferred to the Company fixed on the basis of price by which in similar circumstances the Company usually determines the cost of similar inventory. When impossible to set the cost of assets transferred or supposed to be transferred to the Company, the cost of inventory is received by organization from the contract stipulating the fulfillment of obligations (liabilities) by non-monetary means is fixed on the basis of price by which in such circumstances similar inventories are usually purchased. Actual production cost of the inventory also include costs for delivery the inventory and fitting it to state proper for usage as per paragraph 6, 10, 11 of Accounting Regulation 5/01;

the cost of inventory received by exchange contracts in which the contract price of exchangeable property was fixed, is accepted a fixed contract price.

The evaluation of inventory in current accounting report is carried according to accounting price on the account 16 "Cost difference of inventory", the calculation of average interest for one reporting month is carried out according to information of previous reporting period.

In accounting sheet balance present by the end of the reporting period differences of actual expenses for purchasing inventory form the accounting price is added to the cost of remains of inventory recorded on the account 10 "Materials".

At trading activity the expenditures for procurement and delivery the goods from warehouses (storehouse) carried out before selling, are included in expenses for selling.

Goods purchased for selling are valuated by the cost the purchase. At retail trade the record of goods is carried out by the selling-price on the account 42 "Trade Margin".

At release of inventory (except goods recorded by the selling-price) in operation, usage in capital construction and other disposal for repair-and-renewal operations and other kinds of disposal, the valuation is carried out by average cost price of each type of inventory.

The average valuation of actual price cost of materials should be carried out by defining the actual prime cost of the material at the moment of hereof issue (rolling valuation).

The release of inventory in operation is carried out on the basis of basic document - "the Statement of Writing-Off the Used Up Inventory" form M-37.

The transfer of inventory to other organization for processing and remaking, fulfillment of works, production works on the customer's materials is indicated in balance sheet account on subaccount 10 "Materials Transferred for Processing" (form M-15). On the basis of received from the processor report on expended materials and statement of fulfilling the works is carried out the writing-off the materials on the accounts of expenditures.

The writing-off the inventory, transferred by the gift contract or free of charge, is carried out according to basic documents of release the materials (bill of release the materials to the part of M-15, direction for release the materials or the order of release and "Statement of Free of Charge Receive-Transfer of Inventory". The cost of transferred for free materials and occurring expenses for release of the materials are referred to other expenses (paragraph 12 of Accounting Regulation 10/99 No. 33n «Expenses of Organization" dd 06.05.1999; paragraph 132 No. 119n "Methodological Guidance of Accounting of Inventory" dd. 28.12.2001).

Expenses for payment the interests from borrowed assets for purchasing the inventory carried out before the accepting mentioned inventories to accounting, are included in inventory cost, and after accepting for accounting they are referred to other expenses and are supposed to be included in financial result of the Company.

In case when the organization uses assets received from loans and credits for the purpose of prepayment for inventory, other values or payment of advances and deposits in payment for it, the expenses for servicing the mentioned loans and credits are referred to increase of account receivable occurred in the result of prepayment with further referring to other expenses of the current period.

Recording the expenses of future periods

Here are the following expenses of the current reporting period but used by the Company for its activity during a particular period of time:

- subscription for periodical;
- voluntary insurance of property and employees;
- expenses for software products;
- expenses for getting licences for particular activities;
- payments for vacation referred to future reporting periods;
- other expenses referred to future reporting periods.

Expenditures for future period are written-off gradually during the reporting period they are referred to. As documented approval of term of writing-off the value of an object of expenses of future periods can be taken a term indicated in contract (of works, services, software) or in document (for licences, permissions).

Expenditure for future period should be written-off monthly gradually during the reporting period they are referred to. Along with it the accounting of monthly discharging of insurance expenditures is carried out by days.

Balance of the expenses of future periods as per the cl. 5 of Accounting Regulation and reports in Russian Federation is indicated in balance sheet in separate line. Accounting of future periods expenses is carried out according to the types on the account 97 "Expenses for future period".

If the term of useful usage is not determined, commission should fix it.

Reserves for the future payments for vacation, monthly remuneration for long service, remunerations for the results of the year, for repair and other reserves for securing the unexpected expenses are not to be formed.

Recording of accountings, other assets and liabilities

Account receivable of the customers is taken into consideration in sum of invoice presented for payment by set price and tariffs. Payments to other debtors and payments of claim settlements are indicated in accounting and report depending on prices fixed in contracts.

Accounts receivable are regarded as short-term if the period of circulation does not exceed 12 months from the day after the reporting period. All other accounts receivable are considered in report as long-term. And the calculation of the mentioned term is carried out from the first day of the month following the month when the assets were accepted for accounting.

Other assets are valued by actual expenses for the moment of accepting for accounting.

Accounts payable for received credits and loans are accounted and indicated in report taking into consideration interests calculated for the reporting period.

Accounts payable to suppliers and creditors in sum of accepted for payment accounts and amount of accrued liabilities.

Additional expenses directly connected with getting loans and credits, placing borrowed assets are included in expenses of the reporting period at which they occurred.

The presence of owed revenues (interests, discounts) for borrowed assets is indicated in reporting periods to which refer the accruals as per the concluded contracts.

Accounting of calculations, other assets and liabilities.

Accounting of operations related to issue of bonds on the account 67 "Payments for long-term loans and credits".

Liability (secured by bills) of the organization to creditors is accounted:

on the account 66 "Payments for short-term loans and credits" - short-term;

on the account 67 "Payments for long-term loans and credits" – long-term.

At issuing the bill for receiving loan in cash and payment for products, works and services by bill the sum owing to billholder for interests payment or discount is included in other expenditures monthly using the 97 "Expenditure for future period".

Notes in accounting report of currency account as well as of operations in currency are carried out in rubles in amounts of determined by translation of currency by course of Central Bank of RF actual for the date of operation.

RECORDING OF FINANCIAL INVESTMENTS

Recording of financial investments is carried out separately on the following activities:

electric power transmission;

technological connection to grids of "Kubanenergo", JSC;

granting property on lease;
other activities.

Revenues from the principal activities are:

revenues from rendering services of electric power transmission via Company's grids;

revenues from services of technological connection to grids;

revenues from services of equipment maintenance;

revenues from building and assembly jobs;

revenues from granting property on lease;

revenues from realization of other works and services.

Revenues from electric-power transmission services include all revenues from transmission of energy consumed by market entities in regions of Company's servicing. The electric-power transmission is considered to be a regulated kind of activity.

Revenues from services related to technological connection to electricity networks include the Company's revenues earned hereby in consequence of performance of a set of operations (events) of organizational and technical character aimed at ensuring the possibility of electric-power transmission to power receivers of artificial and natural persons in accordance with the parameters stated by them as well as at ensuring the power provided by electric substations. Revenues from technological connection should be classified into groups according to voltage level, power connected and power stated by the consumer. To revenues from other works and services belong all revenues connected with realization of other services and works of Company except electric power transmission services and technological connection).

These revenues are subdivided according to types of works and services:

revenues from selling of other works and services of "industrial" character: transportation services; communication services; other works and services of "industrial" character, of granting the property on lease;

revenues from selling of other works and services of "non-industrial" character: catering services; services of medical health-improving institutions; other works and services of "non-industrial" character.

The sum is regarded as significant if its relation to common result of corresponding data is no less than 5% (as per the general report on profits and losses).

Profit from principal activities is determined as difference between income (VAT excluding) from electric power transmission services and expenses for the supply.

Other revenues are payments related to sharing in other organization's Authorized capital; earnings from selling fixed assets; revenues received from partnership agreement and other earnings as per cl.7 of Accounting Regulation 9/99, fines, penalties, forfeits for violation of contracts; revenue from previous years; receiving assets for free; sums from account payable; exchange rate fluctuations and other revenues as per cl. 8 of Accounting Regulation 9/99.

Sum differences appeared in current reporting year between sale of products, goods, works and services and fixed assets purchase are adjusted correspondingly, the revenues and actual cost of assets before the accepting the object for accounting.

The following is not considered a profit (revenue) in Company:

Payments from other private and legal persons:

sums of VAT tax, assets, export duties and other similar payments;

contracts of commissions, agency contract and other similar contracts in favour of committent, principal, etc;

in order of prepayment for products, works, services, goods;

advances towards the payment of products, goods, works, services;

deposit;

in pledge if the contract presupposes transfer of pledged property to pawnbroker;

in credit, loan gave to debtor payment.

The cost of capital and minor repair, capital construction, rendering services of personnel training, rendering other services and works by one branch to another.

Branches take into account costs for fulfilling works (services) for debit of account of production costs recording and are writing-off by credit to debit accounting 79 "Internal economic accounts". Branches for which the works (services) above mentioned costs reflect in production costs from credit of the accounting 79 "Internal economic accounts".

Costs of delivery –take-over of fixed assets and current assets, intangible assets, inventory, equipment, goods and other property between the branches are considered as internal handling of the property of legal person with using 79 accounting "Internal economic accounts" .

Revenues and expenses are recognized in accounting by reference to the accrual principle assumption what presuppose indication in accounting facts of economic activity of the Company in the reporting period in which they took place notwithstanding the actual time of payments connected with the facts.

The formation of costs for principal activities is carried out on the following accounts:

accounting 20 "Mainline production" is meant for summarizing the information about production costs , the fulfillment (works, services) of which was a reason of organizing the Company;

accounting 23 "Auxiliary process" is meant for summarizing the information about costs for production that is an auxiliary process for mainline production and also information about costs of other types of works, services of industrial character. If needed the costs for service of production can be recorded on the accounting 23 "Auxiliary process" (without accumulation on accounting 25 "General production costs");

accounting 25 "General production costs" is meant for summarizing the information about costs for servicing of mainline and auxiliary productions of the Company;

accounting 26 "General business expenses" is meant for summarizing the information about costs for managing needs that are not directly connected with production process;

accounting 29 "Servicing production and economy" is meant for summarizing information about costs for production output, rendering services and implementation

of works by servicing production and economy. On the account costs for housing and communal service, canteens, buffet, etc are indicated;

accounting 44 "Sale expenses" is meant for summarizing information about costs (expenses of circulation) of organization departments leading commercial activity.

Accounting of full production cost of electric power transmission is fulfilled centralized by summation expenses indicated by branches of the Company. Every month branches via accounting 79 "Internal organization settlements" by issuing aviso (notification) inform Executive body of "Kubanenergo", JSC about sums of actual expenditures that are reflected in debit account 20 "principal production". The order of formation expenditures for abovementioned types of activities is set according to approved order of cost assignment.

Repair fund of the Company should not be established. Actual expenditures for repair of fixed assets are included in expenditures of current reporting period.

Costs for labour remuneration (with deductions in Unified Social Tax) preserved at vacation time, falling to days of month following the reporting one, are indicated on account 97 "Expenditure for future period" with next attribution to expenditures by fact of appearing.

The basis of accounting norms of representation expenses is the sum of expenditures for labour remuneration in general for the Company.

Administrative and general economic needs in Company are accounted on account 26 "General economic expenses". Along with it the expenses are considered by production cost of products and services fully in reporting period, the division on types of activities is carried out pro rata the revenue and is written-off in debit of accounts 20 "Fixed assets", 23 "Auxiliary productions", 29 "Service productions and economy".

Expenses connected with sale of products, goods, services and accounted by account 44 "Sale Expenditures" are written-off completely in reporting period on account 90 "Sales".

Final financial result for the reporting period of the Company's activity is summed up from financial result of principal activities as well as other revenues and expenditures and is indicated in free form No. 2 "Report on profits and losses" on the basis of Executive body data and data presented by branches in the following way:

On the account 90 "Sales" is accumulated information about profits and losses belonging to principal types of activity, like: electric power transmission, other goods, products, works, services of industrial and non-industrial type. Monthly by comparison combined debit turnover of account 90 "Sales" by control account "Production cost", "VAT" credit turnover by control account "Revenue" is determined the financial result (profit or loss) of sales. The financial result is monthly written-off from the control account "Sales profit/loss" on account 99 "Profits and losses", control account "Profits and losses form principal activity".

On control accounts of account 91 "Other revenues and expenses" within the reporting year is accumulated and summarized information about other expenses and revenues of the reporting period. Monthly by comparison debit turnover with control accounts of credit turnover on account 91 "Other revenues and expenditures" balance of other revenues and expenses of the reporting period is determined. The balance is monthly written-off from control account "Balance of other revenues and expenses" on account 99 "Profits and losses" of corresponding control account.

The control accounts 90 "Sales" and 91 "Other revenues and expenses" has no balance for the reporting date. By the end of the reporting year all control accounts open to accounts 90 "Sales" and 91 "Other revenues and expenses" (except control accounts "Profit/loss form sales" and "Balance of other revenues and expenses") should be closed by internal register into control accounts "Profit/loss form sales" and "Balance of other revenues and expenses".

On the account 99 «Profits and losses» in Executive body and in branches during the reporting year is formed a financial result of principal activities, other revenues and expenses accumulated profit taxes as well as sums meant for tax sanction. The comparison of debit and credit turnover for the reporting period shows the final financial result of the reporting period. By the end of reporting year while comparing account 99 «Profits and losses» should be closed by December notes in credit (debit) of the account 84 "Undistributed profit (unsecured loss)".

Balance of branches on account 84 "Undistributed profit" (unsecured loss) should be notified via account 79 "Internal economic accounting" to Executive body for making up summary financial result of economic activity.

Translation into rubles of expressed in foreign currency profits and losses, making up financial results, are made according to rate of Central Bank of Russian Federation actual for the time of fulfilling the transactions in foreign currency.

Using of net profit of the Company is approved by general meeting of shareholders. Composition and purpose of funds forming of net profit, is determined by order documents of the Company.

Expenditures for social purposes: health improving, sport and cultural events, financing of social institutions, additional payment to pension and other similar expenditures are referred to account 91 "other revenues and expenditures" and are included in other expenditures.

Costs for research and development (R&D)

Accounting recording of scientific research costs, development works is carried out as per the Regulations of accounting 17/02, approved by the order of Minister of Finances of RF No.115n dd 19.11.2002.

The recording of costs for scientific research and development works which results are already used in production (fulfilling works, rendering services) or managing purposes is carried out by account 04 "Intangible assets" in corresponds with credit account 08 "investments in noncurrent assets"..

Analytical recording is carried out for each inventory object: finished scientific research or development work or technological work the results of which are separately used in production.

Write-off costs of each object of R&D is carried put by linear way.

The deadline of writing-off costs of objects of R&D that have given positive results is fixed by Company's commissions and the branches on the basis of possible term of usage R&D during which the Company can gain economically, but no less that 5 years.

Profit for future period

Accounting of profits for future periods is carried out according to the following items:
granted fixed assets;

other granted material assets;
forthcoming payments of liabilities on shortfalls revealed during last years;
the difference between the sum callable from the culpable persons and values included for accounting purposes when revealing the shortage;
other profits for future period.

Profit for future period on granted property should be written-off to the account of other profits proportionally to cost of granted property accepted as revenue: from fixed assets in amount of charged depreciation, from current assets - at a the moment of writing-off as expenditures the cost of materials or writing-off for the account of recording the products costs.

In case of writing off the gratuitously received items of fixed assets based on any reasons before the term of their complete amortization the unamortized part of deferred revenues should be recognized by the Company as other revenues at the moment of writing off the fixed assets items.

The cost of gratuitously received items of fixed assets, on which in accordance with the established procedure the amortization is not accrued, should not be recognized as deferred revenues. For such items at the moment of their inclusion for accounting purposes the entries of the record account of investments in non-current assets (account 08 "Investments in non-current assets") should be made and other revenues (account 91 "Other revenues and expenses") should be recognized.

In case of gratuitous receipt of incomplete construction objects by the Company the deferred income writing off to the accounts of other revenues should start simultaneously with the amortization of specified projects, i.e. upon their taking on discount as fixed assets. If these objects are not taken on discount as fixed assets items, the deferred income should be recognized as other revenues at the moment of the incomplete construction objects writing off based on any grounds.

PECULIARITIES OF IN-HOUSE SETTLEMENTS RECORDING

Making entries of accounting transactions concerning the settlements with separate subdivisions entered on a separate balance sheet should be carried out in account "In-house Expenses" based on the information about the analytic groups. In this case the primary allotment of a branch with balance indices should be presented in a separate subaccount "Calculations Related to Assigned Property" of account 79 "In-House Calculations".

The allotment of some balance indices to branches' operating subdivisions should also be performed with appliance to account 79 "In-House Expenses" in a special subaccount "Settlements with Operating Developments of a Branch".

The reconciliation of data on in-house settlements reflected in accounting records should be carried out monthly between the branches' account departments and accounting department of the Company's executive bodies. The Statement of reciprocal payments reconciliation should be drawn up on the last date of reporting month.

Accounting statements prepared as per the results of recorded business transactions as well as that related to internal forms of accounting should be submitted monthly, quarterly, annually by the branches to the accounting departments of the Company's executive bodies within the terms stipulated for presenting the accounts.

Responsibility for the presented accounts accuracy should be entrusted to the branch's chief accountant and director of the branch.

All types of in-house settlements between the Company's branches should be shown in books of the Company's executive bodies. The notice of reciprocal payments changes of account 79 should be regarded as an internal document – aviso.

Aviso should be submitted by the party transferring the assets (liabilities) in triplicate with enclosed copies of accounting documents (bills, statements etc.) confirming the transaction when the settlement is carried out between two branches through executive bodies and in duplicate when the in-house settlements are performed between a branch and executive bodies.

Aviso submission concerning all transactions of cash assets receipts and expenditure in settlement and special accounts of the Company's executive bodies on behalf of branches should be carried out by the Treasury of the Company's executive bodies.

ADOPTED MANNERS OF INTERNAL FUNDS (CAPITAL) RECORDING

The Company should not reduce the amount of Authorized capital recorded in hereof accounting statements, by the unpaid capital amount: the Authorized capital and founders' actual liabilities related to investments in the Authorized capital should be recorded in accounting statements separately.

All changes of the Authorized capital amount (including the forwarding of surplus funds to increase the Authorized capital) should be recorded in the Company's accounting statements only after making the corresponding adjustments to hereof articles of association.

Capital reserves should be made by the Company from hereof income on the basis of constituent documents and founders' (shareholders') decision.

Company's surplus should consist of the increment of value of hereof property received from hereof revaluation and from additional paid-in capital.

Surplus expending should be carried out separately. The increment of property value received from revaluation should be used to write down those property items which have been earlier written up and only within the sums accumulated on each separate inventory item. At the moment of taking the item off the books (for any reasons) the writing up sums accumulated on the item should be attached to the account of Company's retained income. Additional paid-in capital should be used by a shareholders' meeting decision (at the year termination).

Following a rationality principle, recording of the surplus part made from the increment of property value should be carried out by the Company's branch in the balance of which this property is included.

Retained earnings should be expended to achieve the following purposes:

- writing down of the Company's non-current assets above the sums of surplus (accumulated on this written-down inventory item);

- goals defined by the Company's founders (shareholders) including the payment of dividends, financial provision of production development and other analogous activities aimed at acquisition (producing) of new property etc.

ADOPTED MANNERS OF LIABILITIES RECORDING

Bills payable to suppliers of products, works, and services should be entered in the sum of accepted accounts and the amount of accrued liabilities according to the

settlement documents.

Bills payable in relation to non-invoiced deliveries should be entered in the sum of received values calculated proceeding from the price and conditions stipulated by the contracts.

As a separate type of liabilities recorded in independent accounts the liability related to received borrowed current assets (loans and credits) should be recognized. Recording of interest and borrowing charges should be kept in accordance with RA 15/2008

Interest and borrowing charges should be recognized as other expenses of the corresponding accounting period. Loan charges and interests on credit that are subject to being included in the investment assets cost should be treated as the exception to the procedure.

Charges on loans and credits attracted to purchase the items of fixed assets and intangible assets which cannot be recognized as investment assets should be recorded along with other Company's expenses according to the general procedure

Costs (interests) on loans and credits for the purposes of collecting information on geographic segments (subjects of RF on the territory of which tariffs are determined) are distributed between branches of the Company according to methodics developed by Company.

Extra interest and borrowing charges should be included in other expenses in the accounting period in which they have been incurred (without preliminary recording as deferrals and straight-line write-off to other expenses during the period of repaying a loan obligation).

Bills payable when attracting the borrowed current assets by issuing the Company's own bill or bond placement should be made up in the following way:

- when attracting borrowed current assets by issuing the Company's own bill (bond), at par value of a security. The interests accrued afterwards are entered separately as accounts payable till the moment of their payment to a lender;
- when attracting an interest-free loan by issuing the Company's own bill - at par value of a security. During the life of a loan the amount of accounts payable does not change;
- when attracting borrowed current assets by issuing the Company's own discount bond – in the sum of discount and owing sum that equals the par value of a security. During the life of a loan the amount of accounts payable does not change as well.

When issuing the bonds to make cash loan the sum of interests due to be paid to a bondholder or a discount should be included in sundry expenses. These sundry expenses should be recognized by the Company at the moment of their accrual. The total sum of interests due to be paid should be charged for the past month on the last working day of each month. The Company should not recognize these expenses as deferrals.

Norms of living expenses during the business trip are determined by local regulations of the Company – “regulations on employee's business trips”.

RECORDING OF PROFIT TAX ACCOUNTS

Producing information about profit tax accounts in accounting statements and the procedure for disclosure of information about profit tax accounts in accounting statements should be specified as per RA 18//02 “Recording of Profit Tax Accounts”.

The difference between accounting profit (loss) and taxable income (loss) of reporting year made as a result of applying different rules of profit and loss

recognition which are stipulated by regulatory legal acts on accounting and by the RF legislation on taxes-and-duties should consist of permanent and temporary differences.

Information on permanent and temporary differences subject to being entered in the accounts should be produced on the basis of basic accounting documents and tax ledgers. In analytical accounting temporary differences should be recorded differentially according to the types of assets and liabilities in the evaluation of which temporary difference has occurred.

Permanent differences (PD) should be regarded as receipts and expenditures that:

- generate accounting profit (loss) of the reporting year and are excluded from the tax base computation of the accounting period as well as of the following period and lead to occurrence of permanent tax liability (PTL) which is calculated as the product of permanent difference that has occurred in the accounting period and profit tax rate of the accounting period;

- are recorded when calculating the tax base on tax profit of the accounting period, but are not recognized for accounting purposes of accounting period as well as of ensuing accounting periods and result in formation of permanent tax asset (PTA) which is calculated as the product of permanent difference that has occurred in the accounting period and profit tax rate of the accounting period.

Recording of permanent tax differences should be carried out by centralized manner, by an accounting department of the Company's executive bodies on the basis of data of tax ledgers that are submitted by the Company's branches quarterly.

Temporary differences (TD) - receipts and expenditures generating accounting profit (loss) in one accounting period and the profit tax base – in the other or some other tax periods.

Temporary differences depending on the character of the influence on taxable profit should be subdivided into:

- deductible temporary differences (DTD) which lead to the formation of deferred tax asset (DTA) reducing the tax profit that is to be paid at the budget during the ensuing accounting periods;

- taxable temporary differences (TTD) which lead to the formation of deferred tax liability (DTL) increasing the tax profit that is to be paid during the ensuing accounting periods.

Accounting of deferred tax liabilities and deferred tax assets should be carried out by the executive bodies and Company's branches in relation to each accounting item. Temporary differences formed during the accounting period should be accrued and recorded in the Company's branches in the accounts 09 "Deferred Tax Assets" and 77 "Deferred Tax Liabilities" in a developed form in correspondence with the account 68 "Profit Tax Calculation". At the end of each accounting period the data on the occurred temporary differences should be submitted by the branches through the subaccount of account 79 "In-House Settlements" in correspondence with the account 68 "Profit Tax Calculation" to the Company's executive bodies to compile the summary data on the Company and compute the profit tax of the Company in general, as well as in hard-copy form, signed by the chief accountant of a branch and an executive according to the form approved by the Company. The date of submitting the specified documents to the accounting department of the Company's executive bodies should be considered to be the date of record of receipt made by a corresponding specialist of an accounting department.

A detailed sum of a deferred tax asset and deferred tax liability should be recorded in accounting statements.

Records of tax profit calculations as per RA 18/02 should be maintained on the basis

of a software suite 1C: Enterprise and that is the reason why the Company has elaborated the chart of accounts of tax accounting and set up hereof correspondence to the chart of accounts of business accounting. Business transactions included for accounting purposes should be simultaneously recorded as tax accounting entries. Monthly reconciliation of data of account and tax ledgers should be carried out to confirm the equality:

BA data = data of TA + PD + TD

Till the moment of inclusion of the software 1C: Enterprise 8.1 by the Company's branches, the branches should ensure the calculation recording as per RA 18/02 by means of used software and prepare the tax ledgers according to forms, developed by the Company.

Information on segments

According Accounting Regulation 12/2000, approved by the order of Ministry of Finance No 11 dd 27 January 2000 the Company discloses in annual account reporting information on operational and geographical segments. The primary information is information on operational segments, secondary – geographical segments.

Operational segments consist of: (1) electric power transmission; (2) technological connection to Company's grids; (3) other activities.

The following information is disclosed for the operational segments:

Revenue from sale:

For segment (1) revenue is a transmission of electric energy;

For segment (2) revenue is technological connection to Company's grids;

For segment (3) revenue is fulfillment of works and rendering services of industrial character, other goods, products, works, services of nonproductive sphere

Financial result:

For segment (1) financial result equals to segment's revenue minus production cost of electric power transmission (including amortization) indicated in Report on profits and losses;

For segment (2) financial result equals to segment's revenue minus production cost of rendering services on technological connection indicated in Report on profits and losses;

For segment (3) financial result equals to segment's revenue minus costs for other goods, products, works, services of nonproductive sphere;

general business expenses of the Company should not be divided into segments.

General balance sheet amount of assets:

assets of segment (1) are fixed assets and construction in progress accounted in Company's balance sheet, except included in segment (3), account receivable;

assets of segment (2) – account receivable;

assets of segment (3) - fixed assets and construction-in-progress of Company that are participating directly in production of other products, goods, works, services of industrial character and account receivable;

sum of long-term investments of the Company should not be distributed on operating segments;

sum of other undistributed assets is distributed on operating segments proportionately to segments` revenue.

Total amount of liabilities:

liabilities of segment (1) are debts to contractors for building electric grids;

liabilities of segment (2) are debts to contractors for reconstruction, modernization and building of objects;

VAT and turnover taxes are assessed upon particular operating segments proportionately to account receivable;

other liabilities are distributed on particular operating segments proportionately to revenue of a segment.

Total amount of capital investments in fixed assets and intangible assets:

segment (1): capital construction, except those included in segment (2);

segment (3): the indicator was not specified.

Total amount of depreciation deductions of fixed assets and intangible assets:

segment (1) depreciation fixed assets and intangible assets, except those included in segment (3).

Geographical segments include: (1) Krasnodar region; (2) Adygeya Republic.

The revenue is distributed according to location of its origin.

Balance sheet amount of assets is distributed by geographical segments proportionally to revenue.

The amount of capital investments in fixed assets and intangible is distributed by geographical segments proportionally to revenue.

EVENTS AFTER THE REPORTING DATE

According to RA 7/98 "Events After the Reporting Date" the Company should record in the accounting statements the events after the reporting date which have exerted or can exert influence on the financial condition, cash Flow or on the results of company's functioning and which took place in the period between the reporting date and the date of signing the accounts of a reporting year.

Events after the reporting date should be recorded in accounting statements by means of ascertainment of data on corresponding assets, liabilities, capital, receipts and expenditures of the Company and the corresponding information should be disclosed in the explanatory note.

To evaluate in money terms the consequences of an event after the reporting date the corresponding computation should be carried out and the evidence of such computation should be ensured. The calculation should be executed by a structural subdivision (department, service, section) to which, in accordance with the functions performed, this event refers.

CONTINGENT FACTS OF BUSINESS ACTIVITIES

The Company's accounting statements should represent contingent facts of business activities in relation to the consequences and future probability of which uncertainty occurs.

The following facts should be referred to the contingent facts:

- proceedings not completed on the reporting date in which an enterprise is a plaintiff and decisions on which can be taken only in the ensuring accounting periods;

- disagreements with tax authorities concerning payments in budget not resolved on the reporting date;

- issued before the reporting date guarantees, warranties and other means of liability confirmation issued for benefit of third parties the date of performance according to which has not come;

- recorded (discounted) before the reporting date bills the payment date according to which has come before the reporting date;

- other similar facts according to RA 8/01 "Contingent Facts of Business Activities" approved by the order of the RF Ministry of Finance No.96n dd. 28.11.2001

Contingent liabilities (losses) should be recorded in synthetic and analytic accounting as summary turnovers of the accounting period prior to the approval of the annual accounting report by building up the reserves.

Contingent assets should not be recorded in accounting but the information about them should be disclosed in the explanatory note. Disclosure in the accounts of information on contingent facts should be carried out on the basis of computation made by department (service) to which as per the performed functions this event refers.

INFORMATION ON DISCONTINUED OPERATION

The procedure for disclosure of information on discontinued operation including the information produced in consequence of Company's reorganization should be carried out in accounting statements as per RA 16/02 "Information on Discontinued Operation", approved by the order of the RF Ministry of Finance No.66n dated 02.07.2002 and order No.44n dated 20.05.2003.

For regulation of responsibilities arising as a result of cessation of activity the Company builds up reserve.

INFORMATION ON RELATED PARTIES

According to RA 11/2008 "Information on Related Parties" the Company should include information on related parties as a separate section in the explanatory note which is a part of accounting statements. Along with it the specified data should not be taken into account when preparing the accounts for internal purposes as well as accounts drawn up for the state statistical observation and for a lending agency or for other special purposes.

The list of related parties the information on which is disclosed in the accounting statements should be determined by the Company on an independent basis proceeding from the substance of relations between the Company and a related party in consideration of the substance over form requirement.

Recording of public support

According to Accounting Regulation 13/2000 "Recording of public support" "the Company collects information on receiving and using public support in form grants, subvention, credit from budget and in other forms. The budgetary funds are divided into funds for financing capital expenditure and funds for financing current expenditures.

Tax Accounting

Organization of Tax Accounting

The Company shall calculate and pay taxes and dues in accordance with the laws of the Russian Federation on taxes and dues and the laws of the constituent entities of the Russian Federation on taxes and dues.

The formation of tax base, keeping of register (forms) of tax accounting, compilation of tax and duties report for taxes in respect of taxes and duties (paid centralized by the executive body) carries out accounting department on the basis of data presented by branches and other departments of the Company.

Calculation and compilation of the tax report of profit tax of private persons, payments in non-budget funds, payments in compulsory insurance form industrial accidents and industrial diseases, paid by Executive body, is carried out by accounting department of Executive body.

Regarding taxes and dues of subjects of Russian Federation and local taxes and dues charged and paid by separated subdivisions of the Company by the location the formation of tax base report is carried out directly by corresponding branches and separated subdivisions.

Branches carry out the tax accounting, respond for correctness of tax and dues charges present in limits fixed by the law tax declaration signed by director and chief accountant.

The order of compilation of tax accounts, form of register tax accounting and the order of keeping, the order of tax base formation, calculation and discharge of particular taxes and dues are regulated by the present Statue of regulation policy as well as internal documents of the order of calculation and discharge of taxes and dues.

Registers of tax accounting could be kept as special hard-copy forms, e-publishing and/ or in other machine-readable medium.

The procedure of documents circulation related to tax accounting, deadlines of composing and presenting documents (register lists, references) necessary for collection of tax base and calculation of tax and dues as well the responsibility for correct and well-timed preparation of the mentioned documents is regulated by special internal documents of order of Company approved in accordance with established procedure.

Registers of tax accounting, other documents necessary for calculation and discharge of taxes , including the documents approving the presence of profit and expenses are stored for 4 years according to the rules of fixed in subcl. 8 article 23 Tax of RF.

Changes in taxation part of Company's regulative policy are introduced if occurred an alternation of order of recording particular economic operations and (or) objects with purpose of taxation in case of changing legislating law or using new methods of recording as well as if the Company has started bringing to life new type of activities.

Tax part in Regulation policy is compulsory for branches and separated subdivisions of the Company.

Inventory of liabilities related to tax and dues accountings and verification of liabilities with tax authorities is fulfilled by Executive body, branches and separate subdivisions of Company respectively, regarding payments at the place of fulfillment taxpayer duties.

Responsibility for taxation keeping and compilation of tax accounting.

Chief accountant of the Company bears the responsibility for correct accounting of taxes and dues, profit tax of private person, unified social tax, tax for obligatory insurance of accidents calculated and paid by Executive body.

The heads of corresponding departments bear responsibility for correct accounting of taxes and dues calculated and paid by branches and separated subdivisions.

To provide correct and full formation of tax payable bases of all taxes and dues, subdivisions should present the necessary information in terms fixed by the schedule of documents circulation, in forms and amounts approved by internal order documents.

Budget settlements

Recording of accountings of tax and dues is fulfilled on accounts permanently by progressive total separately for each tax and due in the context of levels of budget (federal, budget of territorial subjects of RF, local budget), and also on the context of type of liability (arrears of the basic sum of tax or due, fines, penalties, repackaged tax, due, fine, penalty).

The accounting of taxes and dues paid centralized by Executive body into budgets of subdivisions' locations is carried out in Executive body in the context of separated subdivisions, levels of budget and types of liability.

RECORDING OF PROFIT TAX ACCOUNTS

General information

The Company calculated the tax base by the results of each reporting (tax) period on the basis of data of tax accounting, if the chapter 25 of Tax Code of RF stipulates the order of classification and recording of economic operations for the purposes of taxation different from the order of classification and indicating in accounting.

The Company admits specifications and broadening of principals, order and forms of keeping the tax accounting stated in accounting policy for the purposes of taxation during tax period by means of making additional analytics, registers and principals of summarizing of information, that should promote more correct way of forming the tax base.

The basic documents for taxation purposes are the basic documents of accounting that could be transformed in tax registers on the basis of which the calculation of taxable base is carried out.

The difference between accounting profit (loss) and taxable income (loss) of reporting year appeared as a result of applying different rules of profit and loss recognition which are stipulated by regulatory

legal acts on accounting and by the RF legislation on taxes-and-duties should consist of permanent and temporary differences.

Information on permanent and temporary differences subject to being entered in the accounts should be produced on the basis of basic accounting documents and tax ledgers. In analytical accounting temporary differences should be recorded differentially according to the types of assets and liabilities in the evaluation of which temporary difference has occurred

At forming up the accounting report the Company indicates in details in Balance Sheet the sum of deferred tax assets and deferred tax liabilities (paragraph 19 of the Accounting Regulation 18/02).

The Company determines the amount of current profit tax on the basis of information formed in accounting report as per the paragraphs 20 and 21 of Accounting Regulation 18/02.

The order of revenue and expenditure recognition

For the purposes of taxation is used an order of recognition revenues and expenditures by the method of charging (article 271 and 272 Tax Code of RF)

Recording of expenses connected with production and realization of goods, works and services

Fixed assets and intangible assets

Depreciable property is the property, results of intellectual activity and other objects of intellectual property that taxpayer possesses and uses for deriving an income and cost of which is discharged by means of depreciation. Depreciable property is the property with useful lifetime more than 12 months and primary cost more than 20 000 rubles.

Expenses for purchasing the objects of fixed assets with price no more than 20 000 rubles per unit and also with price of purchased editions (books, booklets and other similar objects) are indicated as other expenditures related to production and sale in full amount by the moment of purchasing the mentioned objects.

Depreciable property are capital investments in rented objects of fixed assets in form of inseparable improvements made by leaser with the approval of lesser, as well as capital investments granted by the contract of free of charge usage objects of fixed assets in form of inseparable improvements made by organization-borrower with the consent of lender.

Primary cost of fixed assets is determined as sum of expenditures for its acquisition, construction, delivery and assembly, except the VAT tax and excise apart from case provided by Tax Code of RF.

For the purposes of taxation is provided a separate record of expenditures included in primary cost of objects of depreciable property in accounting and tax accounting, and expenditures that does not participate in forming of primary cost of objects of depreciable property as per the rules of tax accounting of:

- interests of borrowed assets (should be included in extraordinary charges);

- payments for register of rights for real estate

- and land, contacts with mentioned objects, payments for providing with information about registered rights, payments for services of authorized bodies and special organizations of valuation of property, forming documents of cadastral and

technical record (inventory) of real estate objects (should be included in other expenditures related to production and sale);

foreign currency exchange difference (paragraph 5; subparagraph 5.1 article 265 Tax Code of RF) .

Primary cost of fixed assets in case if the fixed asset is received free of charge or revealed in the result of inventory, is determined as sum the property was evaluated by (but not lower than depreciated costs) as per paragraph 8 and 20 article 250 of Tax Code of RF, construction, production, delivery and assembly except sums of taxes subjected to be paid out or accounted as expenditures in accordance with Tax Code of RF. Information about prices should be documented or approved by means of independent valuation.

Primary cost of the property received as object of concession agreement, is determined as market cost of such property defined by the moment of its receiving and multiplied for the sum of expenses for finishing construction, reequipment, reconstruction, modernization, technical reequipment and improving the property up to condition proper for usage, except sums of taxes payable or accounting in expenses as per the Tax Code of RF.

Primary cost of fixed assets in case of reequipment, reconstruction, modernization, technical reequipment, partial liquidation of existing objects and by other similar reasons.

Primary cost fixed assets received as an investments in Authorized capital is evaluated as residual tax value according to data of transmitting side for the moment of transfer.

Primary cost of fixed assets objects of in-house production is determined as cost of final product calculated according to paragraph 2 article 319 of Tax Code of RF.

Fixed assets the rights for which are to be registered in accordance with legislative of Russian Federation, are included in depreciated property of the corresponding group from the moment of documented fact of document feed for registration of the rights.

Useful lifetime of fixed assets is determined independently by the date of putting into operation the object on the basis of classification of fixed assets fixed by the Regulation of Government of Russian Federation No. 1 "On Classification of Fixed Assets Included in Amortization Group" dd. 01.01.02.

For all types of fixed assets that are not mentioned in amortization groups in accordance with Regulation of Government of Russian Federation No. 1 "On Classification of Fixed Assets Included in Amortization Group" dd. 01.01.02, useful lifetime is defined considering the technical conditions or recommendations of organization-producer.

When purchasing the used objects of fixed assets the useful lifetime is reduced for the amount of years (months) of using the property by previous proprietors. Such objects of fixed assets are included in the amortization group (subgroup) to which they included by the previous proprietor.

If the date of actual using the purchased objects of fixed assets by previous proprietor turns out to be equal to or exceeding the useful lifetime (fixed by classification of fixed assets approved by Government of RF) the useful lifetime is set independently on the basis of safety requirements and other factors.

For all objects of objects of fixed assets is used a linear method of calculating the depreciation on the basis of standards, calculated according to terms of useful

lifetime as per the article 259 of Tax Code of RF and Regulation of Russian Federation No. 1 "On Classification of Fixed Assets Included in Amortization Group" dd. 01.01.02.

For depreciated objects of fixed assets used for work in conditions of high interchangeability to main norm of depreciation is used a special coefficient 2.

To basic norm of depreciation of fixed assets objects being a subject of contract of financial rent (lease) a special coefficient 3 is used, with exception of fixed assets referring to 1-3 groups.

For depreciated objects of fixed assets used for work in conditions of aggressive environment to basic norm of depreciation coefficient 2 is used.

Referring the objects of fixed assets to used for work conditions of aggressive environment and high interchangeability is carried out in accordance with legislative acts and normative documents of corresponding ministries and departments regulating the mentioned problems, and at absence of such documents – by agreement with services of the Company responsible for operation, construction, purchasing, technical condition, technical reequipment and reconstruction of fixed assets .

For motorcars and minibuses with primary cost more than 600 thousands of rubles and 800 thousands of rubles respectively the basic norm of depreciation with special lowering coefficient 0.5 is not valid since 01.01.2009.

In case if after reconstruction, modernization or technical reequipment of the object of fixed assets the price and lifetime period have increased then depreciation is calculated in usual order and the useful lifetime increases on the basis of Company's order documents within the terms of fixed for the group in which it was previously included such fixed asset.

Capital investments in rented objects of fixed assets listed in first paragraph item 1 article 256 of chapter 25 of Tax Code of RF are depreciated in the following order:

capital investments, which cost is compensated by lessee to lesser, should be depreciated in order set by the chapter 25 of Tax Code of RF;

capital investments made by lessee with agreement of lesser which costs is not to be returned by lesser is depreciated by lessee during the term of rent contract on the basis of sum of depreciation calculated with consideration of useful lifetime determined for rented objects fixed assets as per the Classification of fixed assets (approved by Government of Russian Federation).

Expenses for selling the depreciated property are fixed as per the article 268 of Tax Code of RF. If the residual value of depreciated property exceeds the revenue from its selling than the difference between the two values is recognized as loss in the following way: the loss is included in expenses in equal shares during the term defined as difference between term of useful lifetime and actual term of operation before the moment of selling. In case if for the moment of selling of fixed assets the actual term of object operation exceeds the set time-limit of usage, the loss from selling of such fixed assets is included in other expenses at a time directly at the moment of selling the object.

Intangible assets are purchased and (or) created by taxpayer results of intellectual activity and other objects of intellectual property (exclusive rights for it) used in production (fulfilling works, rendering services) or for managing needs of organization during the long period of time (more than 12 months).

Primary cost of depreciated intangible assets is determined as sum of actual expenses for the purchasing (creation) and fitting to the state proper for usage minus the value added tax and excises except case stipulated by Tax Code of RF (paragraph 3 article. 257 of Tax Code of RF).

Useful lifetime of intangible assets objects is set in the basis of term of patent, certificate and other limitations of term of usage of intellectual property objects as per the legislative of Russian Federation or applicable legislative of foreign country, as well as on the basis of useful lifetime of intangible assets determined by corresponding contracts.

For intangible assets which useful lifetime is impossible to determine norms of depreciations (but not charges) are fixed per useful lifetime equal to 10 years more than term of taxpayer's activity.

To all objects of intangible assets a linear method of charging depreciation is used.

Tax Accounting for Production and Sale-Related Expenses

Production-related expenses shall be divided into direct and indirect.

Direct expenses include:

- financial expenses provided for by paragraphs 1 and 4 of Article 254 of the Tax

Code of the Russian Federation;

- expenses in connection with the compensation of the personnel involved in the process of production of goods, performance of work, provision of services and the amount of unified social tax and retirement insurance meant for financing of insurance and accumulative pension accrued for mentioned sums of expenses for labour payment;

- depreciation of fixed assets used in the production of goods (work, services).

The Company does not include in the expenses of the reporting (tax) period expenses for capital investments amounting to not more than 10 percent of the original value of fixed assets (with the exception of fixed assets received free of charge) and/or any expenses incurred in the event of completion, retrofit, rehabilitation, upgrading, re-equipment, partial liquidation of fixed assets the amounts of which are determined in accordance with Article 257 of this Code.

To determine the amount of material costs at writing-off all types of holdings used in production, fulfilling works, rendering services is applied a method of average cost evaluation of each type of holdings, like method of writing-off inventories in accounting. The date of mentioned expenditures is the date of the transfer in production considering the distribution to construction-in-progress.

The cost of inventory, other property in from of surplus revealed during making the inventory and (or) other property received at disassembly or dismantling of putting into operation objects of fixed assets, as well as during repair of fixed assets, is determined as sum of revenues accounted in order of stipulated by items 13 and 20 of 2nd part article 250 of Tax Code RF.

Expenses for labour remuneration include any payments to employees in cash or in-kind benefits, additional incentives, compensatory payments related to routine of work and conditions of work, bonuses and lump-sum bonuses, expenses connected

with upkeeping of personnel stipulated by norms of legislative of Russian Federation, employment contract conclude between employee and (or) collective contract as per requirements determined by article 255 of Tax Code RF and paragraphs 21-29, 37-38 article 270 of Tax Code of RF.

Expenses for vacation payments are accounted for purposes of taxation in the period to which refer the payable days of vacation. Thus, by the moment of indicating the expenses for labour payments accounting report, they are recognized such in tax accounting as well.

For taxation purposes the expenses for labour remuneration are accounted on the basis of accounting data, with the exception of sums of contributions by the contracts of compulsory and voluntary insurance of employees. The amount of indicated contributions accepted for taxation, is accounted in registers of tax accounting.

Reserve of future expenses for payments of vacations and annual remuneration for seniority and by the results of works for the year is not to be created.

All expenses connected with production and selling that are not included in direct expenses are considered as indirect expenses, with the exception of costs defined as extraordinary expenses as per the article 265 of Tax Code of Russian Federation. Indirect expenses include expenses fixed assets repair, expenses R&D, expenses for compulsory and voluntary insurance of property and other expenses in accordance with Tax Code off Russian Federation.

Expenses for property insurance are recognized in accordance with the order stipulated by article 263, paragraph 6 of article 272 Tax Code of RF.

If the terms of insurance contract stipulate insurance fee as onetime payment then according to contracts concluded for the term for more than one reporting period the expenses are recognized gradually during the whole term of contract proportionally to amount of calendar days of contract in reporting period.

At prolongation the insurance contract stipulating bonus as onetime payment and/or making changes in such contract that stipulate alternations of the amount of insurance, such alternation for the taxation purposes are recorded by the following way: reappraisal of previous periods for which was presented a report of expended sums for insurance is not be carried out. From the beginning of the validity of contract with new conditions, the sum of insurance fee to be paid for the rest period of validity of contract is calculated as difference between sum of payment according to new terms and payable sum for the previous contract with prior terms.

If according to conditions of insurance contract (non-state pension provision) insurance bonus is stipulated to be paid by installment, then according to the contracts concluded for the time of more than one reporting period, expenses for each payment are acknowledged gradually during the term corresponding the term of payment of contributions (year, half-year, quarter, month) proportionally to amount of calendar days of contract validity in the reporting periods. Expenses related to providing for temporal use and (or) possession Company's property are considered expenses from selling (expenses related to production and selling).

Representation expenses are acknowledged for the purposes of taxation considering requirements subparagraph 22 paragraph 1, paragraph 2 article 264 of Tax Code of RF; paragraph 42 article 270 Tax Code RF; subparagraph 5 paragraph 7 article 272 Tax Code of RF and Regulation on representation expenses.

Representation expenses during reporting (tax) period are included in other expenses in amount that does not exceed 4% from expenses of taxpayer for the labour remuneration for the reporting (tax) period.

Expenses for publicity for taxation purposes with consideration of requirements subparagraph 28, paragraph 1, 4 article 264 of Tax Code of RF, subparagraph 5, paragraph 7, paragraph 2 article 272 Tax Code of RF.

Expenses for purchasing (producing) the prizes handed to winners of victories held at promotional campaigns, expenses for producing souvenirs holding the samplings of promoted products, as well as expenses for other types of promotion that are not mentioned in paragraphs 2-4 as per 4 article 264 of Tax Code of RF carried out during the reporting (tax) period for purposes of taxation are recognized in amount that does not exceed 1% from sale revenue determinable according to article 249 of Tax Code of RF.

Expenses for repair of fixed assets are recognized for purposes of taxation in sum of actual expenses in that reporting (tax) period in which they were carried out. Expenses for repair of fixed assets are recognized on the basis of information indicated in registers of accounting balance. The repair fund is not stipulated.

Expenses for purchasing parts of land being in state or municipal property, as well as expenses for acquisition of right for concluding a lease contract of lands, are included in other expenses connected with production and sale in the following order:

are recognized as expenses of the reporting (tax) period gradually during 5 years from the moment of documented fact of filing documents for state registration of mentioned right;

are recognized as expenses of the reporting (tax) period gradually during the term of fixed by the contract, in case of acquisition of lands in credit with term exceeding 5 years from the moment of documented fact of filing documents for state registration of mentioned right;

are recognized as expenses of the reporting (tax) period gradually during the term of fixed by the lease contract or contract of land rent in accordance with legislative of RF should not be state registered.

Direct expenses are not distributed for tax accounting by types of activities, but are fully written-off to lessen profits of the reporting period.

Direct expenses are written-off during the current month for fulfilled services in full volume.

At selling the purchased goods the revenues from such actions reduce for the cost of purchasing the goods that is determined by method of evaluation by average product costs.

For taxation purposes a separate recording of profits and losses of servicing productions (housing and social and cultural sphere) is carried out in accordance with article 275.1 of Tax Code of RF.

Tax Account of Other Revenues and Expenditures

For taxation are taken into consideration differences of currency accounted according the principle of accounting and indicated in registers of accounting with the regard of regulations of item 11 cl. 250 and subitem 5 cl. 265 of Tax Code of RF.

Revenues and expenditures from currency purchase and sale are accounted for taxation on the basis of accounting report.

For taxation purposes, expenditures in form of interests of credit and other similar contracts are accounted within limits of refinancing rate (increased as per the legislation) of Central Bank of Russian Federation.

Additional expenditures directly connected with receiving and servicing loans and credits, placing loan assets, are included in expenditures of the reporting period in which the expenditures occurred.

Reserve of doubtful debts is not to be found.

Expenditures for conversion (disposal) of securities

To expenditures related to acquisition and conversion (disposal) of securities belong:

- expenditures for payment for services of specialized bodies and other persons for consulting, informational and registration services;

- remunerations paid to intermediary (including payment for depositary services related to transfer of property right) and compensations paid to organizations providing contract conclusion and fulfillment;

- other documented expenditures directly connected with acquisition and conversion of securities.

Expenditures for conversion (or disposal) of securities are determined on the basis of price of security acquisition, expenditures for acquisition, expenses for selling (other disposal), realization of sum of accumulated interest (coupon) rate paid by the Company to seller of the securities. Along with it sums of accumulated interest (coupon) yield are not included in expenses previously accounted at taxation.

Expenses for selling (or other disposal) of securities are determined on the basis of price of purchasing the security, expenses for acquisition and realization.

At selling or other disposal of securities the Company writes-off for expenses the cost of disposed securities on the basis of one security price.

At selling or other disposal of securities the expenses related to the acquisition are recorded for taxation purposes in share meant for sold (disposed) securities.

Determination of securities price non-circulating in equity market is carried out in accordance with the order of determined by paragraph 6 of article 280 of Tax Code of RF. At the same time settlement price of a share can be determined independently or using the valuer's services. While defining the settlement price independently the Company uses method of evaluation of net assets price of the Issuer meant for one share.

The order of recognition expenditures and revenues from sale.

Revenues from sale of goods (works, services) are accepted at the day of transfer right of property for goods to buyers, results of fulfilled works or rendering services to customers determined in accordance with conditions of concluded contracts.

In case of selling goods via agent, revenues from sale are accepted at the date of sale indicated in agent's notice on sale or (and) agent's report.

For taxation purposes of revenues from sale of fixed assets and other property (except securities, the revenues from which is determined by the order set by Tax Code of RF) are accounted on the basis of data of accounting report minus tax.

Revenues from sale of goods (works, services) are accepted in the context of types of activities.

Revenues from rent property are indicated in tax accounting in sum supposed for payment for the reporting (tax) period in accordance with conditions of concluded contract, considering principle of gradual proportional forming of revenues and expenses. The mentioned revenues are accepted in tax accounting at the day of the indicating in accounting report, but not later than the last day of the month to which they refer.

At receiving revenues during several reporting (tax) periods and when the connection between revenues and expenses cannot be determined directly or is determined by implication, the expenses should be distributed considering principle of gradual recognition of revenues and expenses. Expenses related not only to revenues of the reporting period but also to revenues of the following periods are distributed between the reporting and following periods. Particularly to such expenditures refer:

- buying a licence for using software programs and data base by contracts with rightholder (by licence agreements) ;

- expenses for purchasing sole rights for PC software on the amount not less than 20 000 rubles and software and data base update;

- subscription for periodicals;

- expenses for software products;

- payments for vacation referred to future reporting periods;

- other expenses referred to future reporting periods.

Distribution of expenses is carried out as a rule in order used for accounting report on the basis of terms stated in special associated documentation, and in case of absence such the term is fixed the organization itself by act of special commission and is approved by the chief.

Expense in form of rent (lease) payments for rented property and other similar expenses are indicated in tax accounting according to the date of signing of acts of rendering such services, in case if the contract does not stipulate the formation of mentioned acts than by the date of drawing up the invoice.

The order of accounting the profit tax.

The Company calculates and pays out the quarterly advance payments in sum of tierce of actually paid payment from actually received revenue for the quarter previous to quarter in which the payment of advance payments is carried out in order stipulated by articles 286, 287 of Tax Code of RF.

The payment of advances and also taxes meant for accounting to revenues of the budget of territorial subjects of Russian Federation, is carried out via one selected responsible subdivision of the Company in each territorial subject of RF from the combined profit share accounted for separate subdivisions on the books in each territorial subject of RF. Profit share of each separated subdivision is determined as

average value of percentage of average number of employees and percentage of depreciated cost of property of the separated subdivision accordingly to average number of employees and depreciated cost of property.

Value Added Tax

General provisions

The Company considers the following documents at value added tax charging and discharging:

Tax Code of Russian Federation part 1 No.146-FZ dd July 31 1998 No.146-FZ (Federal Law) and part 2 No.146-FZ 117-FZ (Federal Law) dd 5 August 2000;

Tax Code of Russian Federation No. 61-FZ (Federal Law) dd 23 May 2003, (with alternation dd 23 December, 2003, 29 June, 20 August, 11 November 2004; 18 July 2005);

Federal Law No.119 -FZ (Federal Law) dd 22 June, 2005 “On making alternations to item 21 of Tax Code of RF and on acknowledgment invalid particular regulations of legislative law on taxes and dues” with the subsequent additions;

Federal Law No.172 -FZ (Federal Law) dd 13 October 2008 “On alternation to the article 174 of part 2 of Tax Code RF”;

Federal Law No.224-FZ (Federal Law) dd 26 November 2008 “On alternations in item, item 2 of tax Code of RF and certain legislative acts of RF”;

approved by Russian Federation Government No.914 dd December 12, 2000 Orders of keeping the register of received and submitted invoice, sales books while accounting value added tax (with alternation sand additions);

other regulations.

Objects of taxation.

The following operations are considered as objects of taxation on VAT:

selling of goods (works, services) on the territory of Russian Federation including selling of objects of pledge and transfer of goods (works, services) according to agreements on providing compensation and innovation, as well as transfer of property rights. Transfer of property right for goods, results of fulfilled works, services gratuitously is regarded as realization of goods and services;

transfer on the territory of Russian Federation of goods (works, services) for home needs expenses for which are not supposed for deduction (including via depreciation charges) at accumulating profit tax;

building and assembly works for in-house usage;

import of goods on the custom territory of Russian Federation.

Determination of tax base for realization of products (works, services)

While determining the tax base income from realization of products (works, services), transmission of property rights is estimated on the basis of all incomes connected with payments for mentioned products (works, services), property rights granted in cash and (or) in-kind payment, including payment in securities.

Tax base at realization of products (works, services) as per item 1 cl. 154 of Tax Code of Russian Federation is determined as cost of the products (works, services) calculated on the basis of prices fixed in accordance with cl. 40 Tax Code of Russian Federation and considering excise (for excisable goods) excluding VAT.

According to item 1 cl. 154 of Tax Code of Russian Federation while realizing products (works, services) by gratuitous barter transactions the tax base is determined as cost of indicated products (works, services) on the basis of prices fixed in accordance with item 40 Tax Code of Russian Federation and considering excise (for excisable goods) excluding VAT.

Gratuitous transfer of property is regarded as non-sale expenses that is why the sum of accumulated VAT is indicated as well in non-sale expenses.

Receiving payment in account of future supplies of goods (fulfilling works, rendering services) are included in tax base by VAT (paragraph 1 article 167 Tax of RF).

During five calendar days after receiving from customer in front money (partial or full) seller had to invoice to customer for this sum (item 3 cl. 168 Tax Code) of RF, along with VAT is calculated according to rate (cl. 1 article 168 Tax Code of RF). In conformity with item 5.1 cl. 169 Tax Code of RF in invoice should be mentioned:

- serial number and date of invoice statement;
- name, address and TIN of customer and seller;
- number of payment and accounts documents;
- description of goods and property rights, description of works, services;
- sum of upfront money;
- tax rate;
- amount of tax determined with consideration of tax rate.

By the time of shipment of goods (fulfilling of works, rendering services, transfer of property rights) the invoice is issued by seller for the total sum, VAT is accumulated in budget form the total sum of shipment, and the previously paid tax deducts.

Along with it securities (shares, bonds, bills, including third part's bills as well as right to demand accounts receivable) received by supplier as in front money do not increase the tax base of the tax report in which the securities were taken to account. In case if before the shipping of products (fulfillment works, services) the organization received cash assets in bonds, bills as in payment period for bills (retirement of bonds) and so its prepayment the taxable base of that period, in which the cash assets were received, increases

The obligation to calculate and pay VAT also in cases:

if the supplier of goods (works, services) insured the risk in part of non payment (late payment) by customer of loaded goods (works, services) and received for the insurance company the sum of insurance because of insure event happening then from the mentioned sum it is necessary to calculate and pay VAT, if the operation of shipment of the goods (works, services) is accepted as an object of taxation by VAT (article 146; subparagraph 4 paragraph 1; article 162 Tax Code of RF);

receiving of cash as interest (discount) for received in account of payment for sold goods (works, services), bonds and bills or interest for goods credit. From the mentioned sum is necessary to reckon and pay VAT if the sum amount exceeds the

interest rate calculated in accordance with refinance rates actual during periods for which the calculation was carried out. Tax should be reckoned only from the excess sum, at the same time invoice should be drawn up and registered in sales book. If the interests from bill are not connected with accountings for delivered goods (works, services) then the taxable VAT does not occur. (subparagraph 3 paragraph 1 article 162 Tax Code of RF);

receiving cash assets as a financial help, renewal of fund of special purposes and other similar inpayments, if the inpayments are related to transfer of works, rendering services and fulfilling of works. If the goods, works are fulfilled, services rendered afterwards then they received cash assets should be recognized as advances (prepayment) (paragraph 2, paragraph 1 article 162 of Tax Code of RF);

at reassignment of monetary claim exceeding the price of the purchasing, if the process of selling the goods (works, services) is recognized as an object of taxation by VAT.

Determination of tax base at transfer of goods (fulfilling works, rendering services) for domestic purposes.

According to article 159 Tax Code of RF the tax base from part of operations of transfer of goods (fulfilling works, rendering services) for domestic purposes, which expenses are not to be charged-off, is determined as cost of received goods (works, services) , reckoned on the basis of prices of selling similar goods (similar works and services) actual in previous tax period and at the absence of latter – on the basis market costs with consideration of excise (for excisable goods) minus tax.

In case of absence of information about market prices the cost of transferred goods, works, services is valued from the cost in accounting report.

Tax base for fulfilling construction and assembly works for internal consumption.

At fulfilling construction and assembly works for internal consumption the tax base is determined as cost of finished works calculated on the basis of all actual expenses of the Company for the fulfillment. In the cost are included depreciation, wages, unified social tax in part of wages, and also payments for accidents insurance, obligatory retirement insurance expenses of the section of capital construction (at fulfilling works in economic or mixed way), other corresponding expenses.

Tax base for fulfilling construction and assembly works for internal consumption is determined in the following order:

In the part of CAR (Construction All Risks) fulfilled till January the 1st of 2005 the tax is calculated by the moment of accepting for the account the object of finished capital construction (fixed assets) for the whole volume of actual costs fulfilled till 01.01.2005 included in tax base.

In the part of CAR fulfilled after 01.01.2006 the tax is calculated at the end of each tax period (paragraph 10 article 167; section 2 paragraph 5 article 172 of Tax Code of RF) for the whole volume of actual costs included in tax base of fulfilled during the period.

From 01.01.2009 VAT sums calculated at fulfilling of construction and assembly works for internal consumption are received for takeout at the moment of determination of tax base as per the data of CAR, i.e. for the last date of each tax period, last day of quarter (paragraph 10 article 167; section 2 paragraph 5 article 172 of Tax Code of RF). In that way, VAT accrual for payment by CAR for internal consumption and accepting the sums for takeout should be fulfilled in one and the same tax period.

The sums of tax that were not accepted for takeout, calculated by CAR for internal consumption fulfilled during the period from January, 1 2006 to January, 1 2009 are accepted to takeout in previously actual order. I.e. the tax accrued in the first quarter of 2008 should be accepted for takeout in first quarter of 2009, and VAT calculated in first quarter of 2009 should be accepted for takeout in the same tax period.

VAT sum accrued from the total of construction and assembly works for internal consumption are indicated as per the credit of account 68 in correspondence with account 19 in case if the objects of construction should be used in future for the operations taxable by VAT. If the object of finished construction should not be used in future for operations taxable by VAT the sum of VAT should be directed to debit of account 08.

The moment of determining the tax base.

The moments of determining the tax base are the following dates:

- day of shipment (transfer) of goods (works, services), rights of property (in cases if the goods are not to be transported, but the transfer of rights of property is required);

- the day of payment, partial payment towards the future supplies of goods (fulfilling of works, rendering services), transfer of property rights;

- at transfer of goods (results of works, services) on free of charge basis, and also transfer for internal purposes – the day of shipment (transfer) of goods (works, services).

In accordance with the paragraph 14 article 167 of Tax Code of RF, in case if the moment of determination of tax base was the day of payment, partial payment of future supplies of goods (fulfilling of works, rendering services), transfer of property rights, then for the day of shipment of goods (fulfilling of works, rendering services) or transfer of property rights towards the previous payment also appears the moment of determination of tax base.

Calculations and payment of VAT to one tax agency

According to article 161 of Tax Code of RF while selling goods (works, services), which place of selling is territory of RF by the taxpayers – foreign persons that are not in books of Tax bodies as taxpayers, the tax base is determined by tax agent –

¹ exceptions are stipulated by article 167 of Tax Code of RF for sale of goods transferred by the contract of storage warehouse with issuing the storage certificate for transferring the property rights for sale, taxable by 0% rate for **CMP**, fulfilled works for domestic consumption as well as transfer of goods and rendering services for domestic purposes expenses for which are not accepted while accounting the tax base of profit tax.

the buyer of goods (works, services) as sum of revenue from selling the goods (works, services) including tax.

According to paragraph 4 article 174 of Tax Code of RF in cases of selling works (services), which place of selling is territory of Russian Federation by the taxpayers – foreign persons that are not in books of Tax bodies as taxpayers the tax payment is carried out by the Company appearing for tax agent, simultaneously with payment (transfer) cash assets by the taxpayer. At partial payment of liability the sum of VAT should be paid in budget in sum corresponding the carried out partial payment.

The liability of payment in budget the sum of tax occurs at the moment of discharging the liability to foreign supplier and for this day should be made a notification on transfer of the corresponding sum of payment of the part of liability from the account 60 (76) to account 68.2 according the rate of Central Bank for this date.

By the moment of accepting for recording the goods (works, services) the Company participating as tax agent makes up an invoice in one copy for the whole sum of revenue meant for to be transferred to foreign person as per the conditions of contract with minusing the sum of tax. Along with it in the invoice should be done a note “Payment for Foreign Person”. The invoice is registered in sales ledger for each date of discharging the liability to foreign supplier. In purchase ledger of invoice made by the Company payments of corresponding sum of tax in budget are registered

The sum of input VAT first is indicated according to rate of the date accepting to account the goods (works, services). The deduction is made for the sum transferred to budget (currency equivalent of the tax paid is accounted by the rate of the date of appearance the liability to budget). This is the reason why the currency difference appears that in part corresponding the input VAT for the date of indicating the report, should correct the sum of indicated by debit of account 19 tax in correspondence with account 91

At providing on the territory of Russian Federation by bodies of state administration and government of local government the rent of federal property, property of territorial subjects of Russian Federation and municipal property the tax base is determined by the Company lesser of the property (tax agent) separately for each object of property as sum of rent fee plus tax. The Company is obliged to calculate, keep form the revenues paid to lesser and pay into budget the corresponding sum of tax.

Along with it the obligation of payment of tax into budget appears by the and of the tax period in generally established terms (20th day of the following month).

The usage of tax withholding

The Company has a right to lessen the total sum of tax canalculated according to requirements of Tax Code of RF for allowed by Code tax withholdings.

The following sums of VAT can be kept (the list of allowed payment s is determined by article 171 of Tax Code of RF):

Produced to suppliers(contractors) at purchasing goods (works, services) and property rights on the territory of RF either paid at import to custom territory of RF in custom treatment of release for domestic consumption temporal import of goods on the territory of Russian Federation and processing out of custom territory or at import of goods through the customs border of RF without customs control and customs clearance in respect of

goods (works, services) and also property rights acquired for fulfilling the operations that are recognized as object of taxation in accordance with Tax Code of RF except the goods provided by paragraph 2 article 170 of Tax Code;

goods (works, services) purchased for resale.

Paid by the rules of tax agency for the supplier (contractor) at fulfilling the duties of taxpayer as per the article 161 of Tax Code of RF:

when renting the federal property, property of territorial subjects of RF and municipal property at government body and local self-government;

when paying for goods, works, services sold on the territory of RF by foreign organizations that are not on books in tax authorities as taxpayers.

Presented to customers and paid into budget at selling goods in case of return of such goods (including if the guarantee warrant is still valid) by customer or refusal from goods. Sums of taxes subjected to deductions paid while fulfilling works (rendering services) in case of refusal from such works (services)

Sums supposed to deduction are the sums of VAT from prepayment (full or partial) at receiving from the seller the invoice, paragraph 12 article 171 of Tax Code of RF. Reasons for reckoning according to paragraph 9 article 172 Tax Code of RF is the presence of:

invoice;

documents confirming the prepayment;

contract stipulating the transfer of mentioned sums.

Along with it, the customer obtains the liability to recover the sum of tax in that tax period in which the sum of tax for purchased goods (works, services), property rights are subjected to deduction in order fixed by present Code or in that tax period, in which the alternations of terms or cancellation of contract took place and return of corresponding sums of payment, partial payment received by taxpayer for the future supply of goods (fulfilling works, rendering services), transfer of property rights.

Produced by contractors (construction customer) at making a capital construction, assembly, installation of fixed assets, as well as produced goods (works, services) purchased for fulfilling construction and assembly works at objects of capital construction-in-progress.

Paid business trips (back and forth journey to the location of the business trip, including expenses for using in trains the beddings, expenses for renting a place of dwell) and representation expenses subjected to deduction at calculation the profit tax of organizations.

Sums of tax that were recovered by the shareholder (participant, partner) for the property, intangible assets and property rights at transfer of them to taxpayer as an investment (contribution) in Authorized (share) capital (fund) in case of the usage for operations accepted as object of taxation of VAT.

According to requirement of Tax Code of RF the deduction is possible in general case at the moment of placing goods, works, services (including purchased for fixed assets) in property at producing the sum of tax by supplier (contractor) and presence of invoice.

In the event of the barter transactions, cross-charges, payments by securities are carried out from 01.01.2009 but goods (works, services, property rights) were accepted to accounting, but the goods (works, services, property rights) were

accepted to accounting before the date, VAT is reckoned on accordance with previously actual order, i.e. VAT is reckoned from sums transferred by separate payment instructions.

VAT paid within the frameworks of one tax agency at import of goods to customs territory of RF.

According to paragraph 4 article of 170 Tax Code, VAT sums from goods, works and services purchased for nontaxable operations are not included in cost of the goods, works, services.

Sums of tax indicated at purchasing goods (works, services) or actually paid at import to the territory of RF are recorded in the cost of such goods (works, services) in cases of:

- purchasing (import) of goods (works, services) used for operations for production and /or selling (as well as transfer, fulfilling, rendering for domestic purposes) of goods (works, services) nontaxable (free for taxation);

- purchasing (import) of goods (works, services) used for operations for production and /or selling of goods (works, services) which place of selling is not a territory of RF;

- purchasing (import) of goods (works, services), property rights for production and /or selling (transfer) of goods (works, services) which selling (transfer) operations are not recognized as selling of goods (works, services) as per paragraph 2 article 146 of Tax Code of RF.

Tax sums presented by sellers of goods (works, services) used for both taxable operations and nontaxable are accepted for reckoning or recorded in the cost in the proportion they are used for production and/or selling of goods (works, services), property rights which operations of selling are taxable – goods, works, services and property rights used for fulfilling both taxable and nontaxable operations in order set by regulation policy for taxation purposes.

The proportion is determined on the basis of cost of goods (works, services) loaded, property rights which selling operations are taxable (nontaxable) in general costs of goods (works, services) property rights loaded during the tax period.

In the event of expenses share of preferential types of activities does not exceed 5% of total revenue of the Company, then total VAT is to be reckoned meeting the conditions of stated in article 172 of Tax Code of RF.

When purchasing the goods, other property (except fixed assets , intangible assets) that are supposed for operation both taxable by VAT and not or at the moment of collecting information about inventory holdings, it is not possible to say for sure with which operations they should be connected: with operations taxable by VAT or nontaxable by VAT, in this case the sum of input VAT is indicated in purchase book and is reckoned in full volume at the end of reporting period.

Then at the end of reporting period is determined the share of expenses occurred at nontaxable by VAT operations in total sum of expenses for the reporting period. If the share of total field cost for operations nontaxable by VAT is more than 5% from the total volume of aggregate expenses for manufacturing, then should be calculated the coefficients by which sum of VAT subjected for recovery by all corresponding purchases should be defined.

Recovery of previously reckoned VAT

According to paragraph 3 article 170 and paragraph 6 article 171 of Tax Code of RF the recovery of previously reckoned sums of VAT is carried out in following cases:

transfer of property, intangible assets and property rights as a contribution in Authorized (share) capital of economic organizations and partnerships or shares in mutual funds of cooperatives (month of transfer);

transfer to simplified system of taxation or system of taxation as a unified tax for imputed profit (in month previous to transfer to mentioned systems);

further usage of such goods (works, services) including fixed assets and intangible assets and property rights for nontaxable operations (month of transfer);

receiving from customer prepayment (full or partial) in the order fixed by Tax Code of RF paragraph 11.5.3 subparagraph 6 of regulation policy.

Recovery of VAT of goods, materials, works and services is indicated at the transfer in case mentioned above in full sum for the moment of transfer.

In general case at transfer of fixed assets for nontaxable by VAT operations in Authorized capital to legal successor when reorganizing or at transfer to simplified tax system or to unified tax for inputted revenue the recovery of VAT is carried out proportionally to residual (balance) value without revaluation.

Sums of VAT for intangible assets and fixed assets subjected to recovery (except the real estate objects with lifetime up to 15 years of operation) at transfer for operations nontaxable by VAT, is calculated by the following way:

$$НДС_{восст} = НДС_{зачтенный} \times \frac{Ост.Стоимость}{Перв.(восст.)Стоимость}$$

where:

VAT_{recovered} – sum of VAT subjected for recovery.

VAT_{reckoned} – sum of VAT reckoned from the object.

Residual value – residual value of fixed assets (intangible assets) considering revaluation.

Original (recovery) value - original (recovery on the event of revaluation) value of fixed assets.

Sums of tax produced to suppliers at purchasing real estate (except aircraft, sea craft and inland waterways craft) at holding by contractors capital construction of objects of real estate recorded in fixed assets reckoned at fulfilling of construction and assembly works for domestic purposes are subjected to recovery while transferring the objects real estate to usage in nontaxable VAT operations in specific order (except fixed assets that were fully depreciated or from the moment putting into operation has passes not less than 15 years): sums of VAT should be recovered gradually during 10 years - at each last month of each year is recovered 1/10 of VAT sum multiplied by correlation of costs of loaded goods (fulfilled works, rendered services) nontaxable in accordance with paragraph 2 article 170 of Tax Code of RF to total costs of loaded goods (fulfilled works, rendered services) for given calendar year.

VAT sums subjected to recovery by real estate objects with operating time less than 15 years produced to suppliers while purchasing real estate (except aircraft, sea craft and inland waterways craft) at holding by contractors capital construction of objects

of real estate recorded, reckoned at fulfilling of construction and assembly works for domestic purposes are calculated by the following way:

$$НДС_{восст}(i) = \frac{НДС_{зачтенный}}{10} \times \frac{Отгрузка_{БезНДС}(i)}{Отгрузка_{Всего}(i)}$$

where:

VAT_{recovered} – sum of VAT subjected for recovery in last month of i-th calendar year.

VAT_{reckoned} – sum of VAT reckoned from the object.

ShipmentWithoutVAT_(i) – cost of loaded goods, fulfilled works and/or rendered services nontaxable by VAT for the i-th calendar year.

ShipmentTotal_(i) - cost of loaded goods, fulfilled works and/or rendered services total for the i-th calendar year.

The sum of recovered VAT is recorded to debit of account of other expenses (by fixed assets and intangible assets) or to debit of accounting expenses (for account of financial expenditures) for other inventory depending on the way of the writing-off.

If the property, by which the reckon was made on the basis of supposition that it is meant for operations taxable with VAT, is transferred in future for synchronous usage in operations taxable with VAT and operations nontaxable by VAT then the proportion is determined according to rules mentioned above, but with consideration of share of participating of property in nontaxable with VAT operations.

Making corrections revealed in current tax period, in tax declaration of the previous years.

The corrections revealed in current tax period indicated in the accounting and referring to previous tax periods are indicated in specified tax declarations of VAT for the corresponding periods.

Changes into calculation of tax are formed in the way of additional calculation to corresponding tax period. At the same time should be formed and presented additional sheets to sales and purchase books, tax declaration with alternations, aviso, copies of basic documents, copies of invoices, memorandums, explanatory note on the reasons of changes certified in by the signature of chief accountant of the branch (separated subdivision); in part of information about Executive body by the head of the accounting department in which a particular accounting is carried put. On the basis of presented additional calculations in accounting department of the Executive body, the specified tax declaration of VAT for the corresponding period is formed..

Taxation period. The order of VAT tax payment.

The tax period for VAT tax payment is considered as a quarter. The tax payment to budget is fulfilled by equal parts during three months following the past tax period. Deadline for tax payment no later than 20th day of each month (paragraph 1 article 174 IRC RF).

Accounting department of the executive body carries out a centralized payment of both VAT and tax of fulfilling functions of fiscal agent (in general for enterprise, including all territorially separated structural units) by the location of the enterprise.

The order of calculating VAT, compiling and execution of invoices, bought day book, sale book

Invoices, registers of received and submitted invoices are kept directly in places submitted by customers and received from suppliers, invoices, i.e. correspondingly to location of Executive body, branches or separated subdivisions of the Company.

Sales and purchase books of “Kubanenergo”, JSC are kept by branches and separated subdivisions in form of chapters of one book of purchase and sale. Quarterly in accordance with the Schedule of document circulation branches and separated subdivisions pass to Executive body originals of the chapters of purchase and sale books, VAT tax declaration with filled information about branch and attested by signature of chief accountant of the branch (separated subdivision)..

Calculation of value added tax sum subjected for payment into budget for the tax period is carried out centralized by the accounting department of the Executive body.

Numbers of invoice submitted to customers of Executive body and each separated subdivision present the following combination:

Adygeiskiye Electrical Grids	1/n
Armavirskiye Electrical Grids	2/n
Executive body	3/n
Krasnodarskiye Electrical Grids	4/n
Labinskiye Electrical Grids	8/n
Leningradskiye Electrical Grids	9/n
Bulk power systems	10/n
Slavyanskiye Electrical Grids	11/n
Sochinskiye Electrical Grids	12/n
Timashevskiye Electrical Grids	13/n
Tikhoretskiye Electrical Grids	14/n
Ust-Labinskiye Electrical Grids	15/n
South-Western Electrical Grids	17/n

Where n has solid numbering both in Executive body and in every branch.

Property tax

Tax accounting of property levy is carried out by decentralized way on the basis of article 30 of Tax Code “Corporate Property Tax” and the law of territorial subject of Russian Federation that determines the tax tariff of Tax Code of RF “Tax for organization’s property” and law of territorial subject of Russian Federation that

determines the tax rate, deadlines, form of reporting, additional tax remissions and reasons for the usage.

Sum of property tax (advance payment of tax) is indicated in expenses for principal types of activities using financial accounting of expenses depending on the usage of taxable property.

Average annual cost of taxable property is determined on the basis of its balance cost for the 1st day of each month of the tax period and for the last day of the last month of tax period (paragraph 4 article 376 of Tax Code of RF).

The tax base is determined by the results of tax or reporting period on the basis of average annual cost of the property that refers to objects of taxation.

All branches have a separate balance and liability to pay the property tax.

Calculating, providing declaration and discharge of property tax form the part of Company by the attorney carries out the branch at which balance the property is by the location of mentioned branch.

Calculating, providing declaration and discharge of real estate tax situated out of location of branch at which balance it is, carries out the corresponding branch by the location of each mentioned objects of real state, considering the tax remissions (article 381 of Tax Code of RF, paragraph 3 article 383, article 384, 385 of Tax Code of RF).

In tax base by the location of branch is included the cost of fixed assets referring both to real estate of branch's location and personal estate the branch is provided with.

Tax declarations are signed by head of branch – an authorized representative of the Company.

Division of property in real estate and personal estate is carried out according to principles of article 130 Civil Code of RF.

To properly use the tax remissions a special recording of property subjected to be granted preferences as per the present legislative of property tax is kept.

Insurance fees in Pension Fund of Russian Federation , Social Security of Russian Federation, Federal Fund of Compulsory Health Insurance and territorial funds of compulsory health insurance.

Calculation and payment of insurance fees in abovementioned funds are carried out in accordance with Federal Law of Russian Federation No.212-FZ (Federal LAW) dd. 24.07.2009.

The objects of insurance fee are payments and other remunerations paid to favour of private persons (citizens of RF) by labour and civil law contracts which subject is fulfilling of works, rendering services and also other remunerations and payments to insurable private persons in accordance with federal law on particular types of compulsory social insurance.

Accounting period for insurance fee is a calendar year. Reporting period is first quarter, half-year, nine months of calendar year, calendar year.

Usage of rate for calculating the insurance fee to each non-budget fund for every private person is regulated by paragraph 4 article 8 and 57 of Federal Law No.212-FZ (Federal Law).

Accounting and payment of insurance fee to each non-budget fund as well as compilation and presentation of corresponding report is carried out by executive body of the Company and branches with separate balance, settlement account and reckoning payments and other remunerations to private persons. Calculations are presented to non-budget funds of location of separate subdivision.

Other taxes

Calculating and payment of tax private persons, land tax, transport tax and also other taxes and dues is carried out by the Executive body and branches in accordance with tax code regulating the order of calculating and payment of taxes and dues to budgets of corresponding levels of the territory at which the Company functions.

7.5. Data on Total Export Amount and on Export Share in Total Amount of Sales

The issuer does not export products (goods, works, services)

7.6. Data on Cost of Real Estate of the Issuer and Essential Changes which Occurred in Structure of the Issuer Following the End date of the last Completed Financial Year

Total cost of real estate as of termination date of the accounting period, rub: **457 912 427**

Value of accumulated depreciation of termination date of the accounting period, rub: **5 832 785 475**

Data on significant changes in the structure of the Issuer's real estate within 12 months prior to termination date of the accounting period

There were no significant changes in the structure of the Issuer's real estate within 12 months prior to termination date of the accounting period

Data on any acquisitions or retirements on any basis of any Issuer's property with balance sheet cost exceeding 5 percent of balance sheet cost of the Issuer's assets, as well as any other changes (which are significant for the Issuer) in the structure of other property of the Issuer following the end date of last completed accounting year and prior to the end date of the accounting quarter:

No significant changes were made

7.7. Information about Issuer's Participation in Law Suits in case such Participation could Influence the Economical and Financial Activity of the Issuer.

In 2007 «Kubanenergo», JSC sued to Arbitrage of Krasnodar region a claim on admission the IFTS No. 3 of Krasnodar decision on bringing to book the Company for tax violation committing tax as illegal, (IFTS No. 3 of Krasnodar added taxes, fines and penalties for total amount of 184 595 803 rubles). By the court decision dd. 07.07.2008, remained in force decision 15th Arbitrage Court of Appeal dd. 15 September 2208 were satisfied the demands of the Company on cancellation decision dd 28.09.2007 of tax agency on additional charge of tax for total sum 184 595 803 rubles. By the Order of Federal Antimonopoly Service (FAS) of North Caucasian district the decision of court of first instance and of appeal made in favour of Company were left without changes and cassation of Federal Tax Agency Inspectorate was not allowed.

In 2008 Arbitrage of Moscow was leading one process, in result of its consideration was adopted a court decision that determined the future functioning of the Issuer as a independent legal person: "Neft-Aktiv", CJSC that was possessing 26.26 % of Authorized capital of the Company filed a claim on accepting invalid decisions of extraordinary Shareholders meeting of "Kubanenergo", JSC on joining to «IDGC of the South», JSC , accepting invalid the contract of joining "Kubanenergo", JSC to «IDGC of the South», JSC , cancellation the transfer act. By the decision of Moscow Arbitrage remained in force by statements of appeal court and court of review the lawsuits were satisfied. The decision of Supreme Arbitrage Court of RF dd. 03.06.2009 "Kubanenergo", JSC was refused in transferring the case to Presidium of Supreme Arbitrage Court on the supervisory appeal, the decision cannot be appealed..

In 2008 "Kubanenergo", JSC suited in Arbitrage of Krasnodar region on cancellation the decision of Federal Tax Agency Inspectorate No. 3 of Krasnodar on additional charging the taxes and bringing the Company to responsibility for committing a tax violation (Federal Tax Agency Inspectorate of RF No. 3 Krasnodar added taxes, fines and penalty for the amount of 63 703 591.7 rubles). The case was closed in favour of the Company. By the decision of court of first instance remained in power by statements of appeal court and court of review, claims of "Kubanenergo", JSC were satisfied, the decision of tax policy was invalidate.

In the 1st quarter of 2010 "Kubanenergo", JSC participates in six suits results of which can seriously influence financial and economic activity of the Company:

- "Kubanenergobyt", JSC sue to «Kubanenergo», JSC on unjust enrichment for the amount of 49 335 441.08 rubles.
- "Stroyenergokompleks", CJSC to «Kubanenergo», JSC on recovery of debt and damages as per the contractor agreement for the amount of 46 713 500 rubles.
- «Kubanenergo», JSC sue to "NESK", JSC on recovery debt for amount of 468 641 193.75 rubles as per the service contract on electric power transmission.
- «Kubanenergo», JSC sue to "Nemetskaya Derevnnya", JSC on recovery of debt for the amount of 41 153 750 rubles as per the services for a fee contract of technological connection.
- "Kubanenergo", JSC sue to "Imperial", CJSC on recovery of debt for amount of 68 444 699,64 rubles as per the services for a fee contract of technological connection.
- "Kubanenergo", JSC sue to "Kubancaostroy", CJSC to "Kubankapstroy", CJSC on recovery of debt for the amount of 202 608 550 rubles as per the services for a fee contract of technological connection.

VIII. Additional Data on the Issuer and on the Issuer's Equity Securities Placed

8.1. Additional Data on the Issuer

8.1.1. Data on Amount and Structure of the Issuer's Authorized (Share) Capital (Share Fund)

Amount of the Issuer's authorized (share) capital (share fund) as of termination date of the last accounting period, rub: **1 786 944 000**

Ordinary shares

Total nominal value: **1 786 944 000**

Stake in Authorized capital, %: **100**

Preferred

Total nominal value: **0**

Stake in Authorized capital, %: **0**

8.1.2. Data on Amount of the Issuer's Authorized (Share) Capital (Share Fund) Change

Authorized capital was not changed in the accounting period

8.1.3. Data on Formation and Use of Reserve and other Funds of the Issuer

For 2005

Data on formation and use of reserve fund and other funds of the Issuer accumulated from net profit

Name of the fund: **Reserve Fund**

Amount of the fund formed by constituent documents: 5 percent of the Company's Authorized capital

Amount of the fund in monetary terms as of termination date of the accounting period, rub.: **89 347 000**

Amount of the fund in percent from the authorized (share) capital (share fund): **4.99**

Amount of deductions to the Fund within the accounting period: **59 261 000**

Amount of fund assets used within the accounting period: **0**

Directions of using the assets:

According to the current legislation the Reserve Fund can only be used to cover losses of the Company and for redemption of Company's bonds and shares in case of absence of other funds.

For 2006

Data on formation and use of reserve fund and other funds of the Issuer accumulated from net profit

Name of the fund: **Reserve Fund**

Amount of the fund formed by constituent documents: 5 percent of the Company's Authorized capital

Amount of the fund in monetary terms as of termination date of the accounting period, rub.: **89 347 000**

Amount of the fund in percent from the authorized (share) capital (share fund): **4.99**

Amount of deductions to the Fund within the accounting period: **0**

Amount of fund assets used within the accounting period: **0**

Directions of using the assets:

According to the current legislation the Reserve Fund can only be used to cover losses of the Company and for redemption of Company's bonds and shares in case of absence of other funds.

For 2007

Data on formation and use of reserve fund and other funds of the Issuer accumulated from net profit

Name of the fund: **Reserve Fund**

Amount of the fund formed by constituent documents: 5 percent of the Company's Authorized capital

Amount of the fund in monetary terms as of termination date of the accounting period, rub.: **89 347 000**

Amount of the fund in percent from the authorized (share) capital (share fund): **4.99**

Amount of deductions to the Fund within the accounting period: **0**

Amount of fund assets used within the accounting period: **0**

Directions of using the assets:

According to the current legislation the Reserve Fund can only be used to cover losses of the Company and for redemption of Company's bonds and shares in case of absence of other funds.

For 2008

Data on formation and use of reserve fund and other funds of the Issuer accumulated from net profit

Name of the fund: **Reserve Fund:**

Amount of the fund formed by constituent documents: 5 percent of the Company's Authorized capital

Amount of the fund in monetary terms as of termination date of the accounting period, rub.: **89 347 000**

Amount of the fund in percent from the authorized (share) capital (share fund): **4.99**

Amount of deductions to the Fund within the accounting period: **0**

Amount of fund assets used within the accounting period: **0**

Directions of using the assets:

According to the current legislation the Reserve Fund can only be used to cover losses of the Company and for redemption of Company's bonds and shares in case of absence of other funds.

For 2009

Data on formation and use of reserve fund and other funds of the Issuer accumulated from net profit

Name of the fund: **Reserve Fund**

Amount of fund fixed by charter documents: **5,00**

Amount of the fund in monetary terms as of termination date of the accounting period, rub.: **89 347 000**

Amount of the fund in percent from the authorized (share) capital (share fund): **4.99**

Amount of deductions to the Fund within the accounting period: **0**

Amount of fund assets used within the accounting period: **0**

Directions of using the assets:

According to the current legislation the Reserve Fund can only be used to cover losses of the Company and for redemption of Company's bonds and shares in case of absence of other funds.

For the accounting period

Data on formation and use of reserve fund and other funds of the Issuer accumulated from net profit

Name of the fund: **Reserve Fund**

Amount of the fund formed by constituent documents: 5 percent of the Company's Authorized capital

Amount of the fund in monetary terms as of termination date of the accounting period, rub.: **89 347 000**

Amount of the fund in percent from the authorized (share) capital (share fund): **4.99**

Amount of deductions to the Fund within the accounting period: **0**

Amount of fund assets used within the accounting period: **0**

Directions of using the assets:

According to the current legislation the Reserve Fund can only be used to cover losses of the Company and for redemption of Company's bonds and shares in case of absence of other funds.

8.1.4. Information Concerning the Procedure for Convening and Holding the Meeting (Session) of the Issuer's Supreme Management Body

Supreme management body of the issuer: Stockholder's meeting

Procedure for notifying shareholders (participants) of the upcoming meeting (session) of the supreme management body of the issuer:

The information about the upcoming General Meeting of Shareholders is sent (or handed in) to every person mentioned in the list and having the right to take part in the meeting, it also is published in "Kubanskye Novosti" and in "Sovetskaya Adygeya" and uploaded on the webpage: www.kubanenergo.ru , not later than 30 (thirty) days prior to the date of the meeting.

In case the registered in shareholders list person is a nominee shareholder the note on arranging a meeting of shareholders is sent to address of nominee, if in the list of shareholders the address is not mentioned any other address of which the note should be sent.

Persons (bodies) who have a right to insist on the extraordinary meeting (session) of

superior executive body as well as the order of presentation of such demands:

According to the article 14 of Charter of «Kubanenergo», JSC the extraordinary meeting of Company's shareholder should be hold by the decision of Board of Directors on the basis of its own initiative, the demands of Audit Committee, of Auditor of the Company and of shareholders possessing not less than 10% (ten) of shares by the date of presenting the demand.

The demand of holding the extraordinary Shareholders Meeting should content the formulated questions meant to be discussed on agenda. Persons (person) demanding the extraordinary meeting of shareholders of the Company has a right to introduce a project of decision of the extraordinary meeting of the shareholders of the Company, propositions on the way of holding the meeting. In case the demand of extraordinary meeting is from the part of shareholder (shareholders) it should content name of the shareholder, number and type of shares possessed by the shareholder. The demand on arranging the extraordinary shareholders meeting is to be signed by the person that demands the extraordinary shareholders meeting.

Within 5 (five) days starting from date of making the demand of the Audit Committee of the Company, the Company's Audit or shareholder(s) (possessing at least 10% (ten) of shares) to arrange the extraordinary shareholders meeting a decision should be made by the Board of Directors on arranging or not the extraordinary shareholders meeting

Decision of the Board of Directors on arranging the extraordinary shareholders meeting or grounded decision on refusal to hold the meeting is to be sent to persons demanding the meeting no later than 3 (three) days from the moment of making the decision.

The order of determining the date of holding the meeting (session) of the superior executive body of the Issuer:

According the regulation on the order of preparing and holding the Shareholders Meeting of "Kubanenergo" shareholders, the Board of Directors is to determine the date of holding the Shareholders Meeting.

Extraordinary Shareholders Meeting should be called by Auditing Committee, Auditor of the Company and shareholder(s) (possessing at least 10 (ten)% of the shares) in case within 5 days from the date of making a demand of arranging the meeting the Board of Directors did not made a decision regarding extraordinary shareholders meeting or decided to refuse the meeting.

Persons that have a right to make suggestions to agenda of the meeting (session) of the superior managing body of the Issuer as well as the order of proposing such suggestions: Shareholder(s) of the Company possessing in aggregate at least 2 (two) % of voting shares in terms no longer than 60 (sixty) days after the end of the financial year have a right to bring in questions for agenda of Annual shareholders meeting and field a candidate in Board of Directors and Auditing Committee, the number of which should not exceed the quantitative number of corresponding body.

Suggestions on bringing-in the questions on agenda of the Shareholders meeting and proposals to file a candidate are submitted in written form with indication name of the representing shareholder(s), quantity and category (type) of shares possessed and should be signed by the shareholder(s).

The proposal of entering questions for agenda of Shareholders meeting should

contain a wording of each question, and the suggestion on fielding a candidate should contain name and documents id data (serial number or number of the document, date and place of, the body issued the document) of each nominee, name of the body to which nominee is supposed (article 13 of "Kubanenergo", JSC Charter).

Persons have right to study the information (materials) presented for preparation and holding of meeting (session) Issuer`s Supreme body of administration, as well as the order of examining with such information (materials):

Information (materials) on questions for agenda of Shareholders meeting within 20 (twenty) days, and in case of holding Shareholders meeting within 30 (thirty) days before the Shareholders meeting should be available (for persons having the right to participate in Shareholders meeting) for studying in premises of Company's Executive body or in other places which addresses are indicated in announce of holding Shareholders meeting.

Information (materials) on questions for agenda of Shareholders meeting no later than 10 (ten) days before the date of holding Shareholders meeting is published on webpage of the Company: www.kubanenergo.ru .

The indicated information (materials) should be available for persons participating in Company Shareholders meeting during it. The order of examination (for persons having the right to participate in Shareholders meeting) information (materials) on questions for agenda of Shareholders meeting and list of such information (materials) are determined by the Company's Board of Directors.

The order of announcing the decisions adopted by Supreme body of Issuer's administration as well the results of voting: the results of voting and decisions adopted by Shareholders meeting of the Company can be announced at Company's Shareholders meeting.

In case if the results of voting and decisions adopted by Shareholders meeting of the Company were not announced at the Meeting, no later than 10 (ten) days after compilation of the minutes of voting results the decisions adopted at Shareholders meeting of the Company as well as other results of voting should be presented in form of report on the results of voting in order fixed for announcing on holding the Shareholders meeting.

8.1.5. Data on the Commercial Entities in which the Issuer Holds at least 5 percent of Authorized (Share) Capital (Share Fund) or at least 5 percent of Ordinary shares

List of commercial entities in which the Issuer holds at least 5 percent of authorized (share) capital (share) fund or at least 5 percent of ordinary shares as per end date of the last completed accounting period

Full company name: Open Joint Stock Company "Health Complex "Plamya"

Short company name: "Health Complex "Plamya", JSC

2 Novomikhaylovskiy settlement, Tuapse District, Krasnodar region, 352856

TIN: 2365000589

PSRN: 1042330761274

Issuer's stake in the Authorized capital: 100 %

Issuer's stake of the ordinary shares: 100 %

Stake of the commercial entity in the Issuer's Authorized capital: 100%
Stake of the Issuer's ordinary shares held by the commercial entity: 100%

Full company name: Open Joint Stock Company "Krasnodarenergosetremont"
Short company name: "Krasnodarenergosetremont", JSC
Location: 47 Novorossyiskaya st, Russia, 350080
TIN: 2312118241
PRSN: 1052307175876

Issuer's stake in the Authorized capital: 100.00%.
Stake of the commercial entity in the Issuer's Authorized capital: 0%.
Stake of the Issuer's ordinary shares held by the commercial entity: 0%.

Full company name: Open Joint Stock Company "Recreation Centre "Energetik";
Short company name: "Recreation Centre "Energetik"; JSC
Location: 4 Pionerskaya st, Divnomorskoe settlement, Gelendzhik, Russia 353490
TIN: 2304041820
PSRN: 1042301876495

Issuer's stake in the Authorized capital: 100.00%
Issuer's stake of ordinary shares: 100.00%
Stake of the commercial entity in the Issuer's Authorized capital: 0
Stake of the Issuer's ordinary shares held by the commercial entity: 0

8.1.6. Data Concerning Transactions Executed by the Issuer

For 2005

None of transactions were executed during this period.

For 2006

None of transactions were executed during this period.

For 2007

Large transactions (numbers of transactions) which value is 10% and more of book cost of assets as per the data of the accounting for the last reporting period proceeding the date of executing the transaction.

Date of executing the transaction: **31.05.2007**

Type and object of transaction:

Credit contract

The content of the transaction, including civil rights and obligations, for determination, changing or cessation of which is aimed the executed transaction:

Getting a credit on the conditions of interest payment for usage and return of the credit in regulated terms.

Terms of fulfillments of liabilities as per the transaction: **30.11.2007**

Parties and beneficiary parties from the transaction: **Creditor: "Alfa-Bank", JSC
«Alfa-Bank", JSC. Debtor: "Kubanenergo", JSC**

Amount of transaction in money terms: **2 000 000 000**

Currency: **RUB**

Amount of transaction in percents from the Issuer's assets value Amount of transaction in percents from the Issuer's assets value: **16.64**

Value of Issuer's assets by the date of ending the account period (quarter, year) preceding the transaction and in respect of which the accounting was formed as per the legislation of RF: **12 016 076**

Date of executing the transaction: **18.09.2007**

Type and object of transaction :

Contract of credit in Russian rubles

The content of the transaction, including civil rights and obligations, for determination, changing or cessation of which is aimed the executed transaction :

Getting of a credit on conditions of interest payment for usage and return of a credit in fixed terms.

Terms of fulfillments of liabilities as per the transaction : **15.01.2010**

Parties and beneficiary parties from the transaction :

Creditor: Krasnodar branch of "Raiffeisenbank Austria", JSC.

Debtor: «Kubanenergo», JSC

Amount of transaction in money terms : **700 000 000**

Currency: **RUB**

Amount of transaction in percents from the Issuer's assets value : **5.21**

Value of Issuer's assets by the date of ending the account period (quarter, year) preceding the transaction and in respect of which the accounting was formed as per the legislation of RF: **12 599 394**

Note. According to Regulation on informational policy of the Issuer transactions which value is 10% and more of net cost of assets as per the data of the accounting for the last reporting period proceeding the date of executing the transaction should be disclosed.

For 2008

Large transactions (numbers of transactions) which value is 10% and more of net cost of assets as per the data of the accounting for the last reporting period proceeding the date of executing the transaction.

Date of executing the transaction : **03.06.2008**

Type and object of transaction :

Credit contract

The content of the transaction, including civil rights and obligations, for determination, hanging or cessation of which is aimed the executed transaction :

Getting of a credit on conditions of interest payment for usage and return of a

credit in fixed terms.

Terms of fulfillments of liabilities as per the transaction : **21.03.2009**

Parties and beneficiary parties from the transaction : **Creditor: «Alfa-Bank», JSC .
Debtor: «Kubanenergo», JSC**

Amount of transaction in money terms : **3 300 000**

Currency: **RUB**

Amount of transaction in percents from the Issuer's assets value : **18.03**

Value of Issuer's assets by the date of ending the account period (quarter, year) preceding the transaction and in respect of which the accounting was formed as per the legislation of RF: **18 298 107**

Date of executing the transaction : **29.08.2008**

Type and object of transaction :

Credit contract

The content of the transaction, including civil rights and obligations, for determination, changing or cessation of which is aimed the executed transaction :

Getting of a credit on conditions of interest payment for usage and return of a credit in fixed terms.

Terms of fulfillments of liabilities as per the transaction : **26.08.2011**

Parties and beneficiary parties from the transaction :

Creditor: Astrakhan branch No.8625 Sberbank of Russia

Debtor: «Kubanenergo», JSC

Amount of transaction in money terms : **1 600 000 000**

Currency: **RUB**

Amount of transaction in percents from the Issuer's assets value : **9.35**

Value of Issuer's assets by the date of ending the account period (quarter, year) preceding the transaction and in respect of which the accounting was formed as per the legislation of RF: **19 123 322**

Note. According to Regulation on informational policy of the Issuer transactions which value is 10% and more of net cost of assets as per the data of the accounting for the last reporting period proceeding the date of executing the transaction should be disclosed.

For 2009

Large transactions (numbers of transactions) which value is 10% and more of net cost of assets as per the data of the accounting for the last reporting period proceeding the date of executing the transaction.

Date of executing the transaction : **26.02.2009**

Type and object of transaction :

Credit contract

The content of the transaction, including civil rights and obligations, for determination, changing or cessation of which is aimed the executed transaction :

Getting of a credit on conditions of interest payment for usage and return of a

credit in fixed terms.

Terms of fulfillments of liabilities as per the transaction : **31.03.2010**

Parties and beneficiary parties from the transaction : **Creditor: Rostov branch of «ALFA-BANK», JSC Debtor: «Kubanenergo», JSC .**

Amount of transaction in money terms : **3 300 000 000**

Currency: **RUB**

Amount of transaction in percents from the Issuer's assets value : **13.6**

Value of Issuer's assets by the date of ending the account period (quarter, year) preceding the transaction and in respect of which the accounting was formed as per the legislation of RF: **10 575 741**

Date of executing the transaction : **21.12.2009**

Type and object of transaction:

Acquisition of additional shares of "Kubanenergo", JSC registered by FFMS of Russia on **01.09.2009 under state number 1-02-00063-A-001D and placed by public subscription.**

The content of the transaction, including civil rights and obligations, for determination, changing or cessation of which is aimed the executed transaction :

"Kubanenergo", JSC gives and Russian federation receives in federal property and pays for 23 131 633 of ordinary shares of the Company placed while public subscription..

Terms of fulfillments of liabilities as per the transaction: **till the complete fulfillment of the liabilities of both parties.**

Parties and beneficiary parties from the transaction : **Issuer of additional shares: Open Joint-Stock Company of Energetics and Electrification of Kuban. Buyer of additional shares: Russian federation represented by Federal agency of managing of state property and by Ministry of Energetics**

Amount of transaction in money terms: **2 920 599 982.58**

Currency: **RUB**

Amount of transaction in percents from the Issuer's assets value : **12.02**

Value of Issuer's assets by the date of ending the account period (quarter, year) preceding the transaction and in respect of which the accounting was formed as per the legislation of RF: **24 300 218 000**

Date of executing the transaction : **31.12.2009**

Type and object of transaction :

Credit contract

The content of the transaction, including civil rights and obligations, for determination, changing or cessation of which is aimed the executed transaction :

Astrakhan branch No 8625 of Sberbank of Russia, JSC grant a credit to «Kubanenergo», JSC with limit of 2 400 000 000.00 (two milliards four hundred millions) rubles. During the term of validity of the agreement the total amount of the debt should not exceed the sum of the limit. The debtor engages to pay out the credit and the interest to the creditor. Terms of fulfillments of liabilities as

per the transaction : **25.10.2012**

Parties and beneficiary parties from the transaction : **Debtor: Open Joint-Stock Company of Energetics and Electrification of Kuban**

Creditor: Astrakhan branch of Sberbank of Russia

Amount of transaction in money terms : **2 400 000 000**

Currency: **RUB**

Amount of transaction in percents from the Issuer's assets value : **9.88**

Value of Issuer's assets by the date of ending the account period (quarter, year) preceding the transaction and in respect of which the accounting was formed as per the legislation of RF: **24 300 218 000**

Note. According to Regulation on informational policy of the Issuer transactions which value is 10% and more of net cost of assets as per the data of the accounting for the last reporting period proceeding the date of executing the transaction should be disclosed.

For the reporting period

None of the mentioned transactions were executed during this period.

8.1.7. Data on Credit Ratings of the Issuer

Issuer-informed credit ratings for the last 5 completed financial years, in case the Issuer carries out the activity less then 5 years – for each completed financial year.

Commercial Entity to be rated: the Issuer

Credit Rating Institution

Full company name: Limited Liability Company "National Rating Agency"

Short company name: "National Rating Agency", LLC

Location: building 1, 35-b Vorontsovskaya st, Moscow, 109147

Short description of the procedure of Credit Rating or web page address where the information of the procedure of Credit Rating is available in full access:

www.ra-national.ru

The Value of Credit Rating as per the end date of the accounting period: "BBB+" means sufficient credit capacity, the first level

History of values range of Credit Rating for 5 last completed financial years preceding the deadline of the accounting period and in case the Issuer carries out the activity less then 5 years, then for each completed financial year preceding the deadline of the accounting period with reference to Credit Rating Value and the rating (change) date of Credit Rating Value.

Rating date	Credit Rating Value
20.08.2009	"VVV+" - sufficient credit capacity, the first level

8.2. Data on each Category (Type) of the Issuer's Shares

Category of shares: ordinary

Nominal value of each share (RUB): **100**

Number of shares in circulation (amount of shares which are not redeemed or cancelled): **17 869 440**

Number of additional shares in the process of placement (number of shares of additional issue, the report on the results of the issue on which has not been registered by state authorities): **59 493 882**

Number of declared shares: **59 493 882**

Number of additional shares which can be placed after converting placed securities to shares or as the result of executing liabilities on the Issuer's options: **0**

Number of shares on the Issuer's balance: **0**

Issues of shares of the category (kind):

Date of state registration	Registration Number
08.07.2003	1-02-00063-A
01.09.2009	1-02-00063-A-001D

Rights granted to shareholders by the shares

According to the cl.6.2 of the Charter of the Issuer each ordinary registered share of the Company gives equal rights to the shareholder (the owner).

Shareholders-owners of ordinary registered shares of the Company have the following rights:

- 1) to participate personally or through representatives in General Shareholders Meeting of the Company with a vote on all issues of the competence;**
- 2) to enter proposals to General Meeting's agenda in the order stipulated by legislation of the Russian Federation and the Charter;**
- 3) to get information on the Company's activity and study the Company's documents according to article 91 of Federal Law "On Joint Stock Companies", other regulatory acts and the Charter;**
- 4) to get dividends declared by the Company;**
- 5) primary acquisition of additional shares placed by means of subscription and issue securities converted to shares in the number proportional to the number of ordinary shares belonging to them, in cases provided in legislation of the Russian Federation;**
- 6) to receive part of the property in case of the Company's liquidation;**
- 7) to carry out other rights provided by legislation of the Russian Federation and the Company's Charter.**

Other data on the shares disclosed by the Issuer at own discretion:

Other data on the shares disclosed by the Issuer at own discretion:

1. Following the decree of FCSM of the Russian Federation No.03-1378/r dated 08.07.2003 "Kubanenergo", JSC carried out the consolidation the issues of

common nominal non-certified shares resulting the cancellation of the following state registration numbers 18-1-P-0320 dated 01.02.1993, 18-1-1502 dated 21.12.1995, 1-03-00063-A dated 30.11.1998 related to common nominal non-certified shares of the Issuer.

The registration number 1-02-00063-A dd. 08.07.2003 has been assigned to the abovementioned common nominal non-certified shares

- 2 According to the decision of Extraordinary Shareholders Meeting of “Kubanenergo”, JSC that took place on 23.07.2009 (Minutes No.26 dd.24.07.2009) on Authorized capital increase by means of placement of additional shares, “Kubanenergo”, JSC carries out the subscription of additional shares , registration number 1-02-00063-A-001D was submitted to FFMS of Russia on 01.09.2009.

Securities placement terms: beginning – September, 19 2009; end – placement of last additional issue share, not later then September 1, 2010.

During the period from September, 12 to October, 26 the Company Shareholders had the possibility to implement the preferential right to acquire the additional shares.

During the period from November 5, 2009 to 16 August 2010 additional shares lefts unplaced can be bought at price of 126.26 rubles per share by introducing to Company offers for purchase of Shares. The invitation to make an offer of purchasing «Kubanenergo», JSC shares and recommended forms of offers are published in news of information agency “Interfax”, CJSC, in “Kubanskye novosti” newspaper and in “Sovetskaay Adygeya” and also on webpage of the Company: <http://www.kubanenergo.ru/rus/stockholders/raskrytie/index.shtml>.

12.04.2010 «Kubanenergo», JSC Board of Directors (minutes of meeting No.87/2010 dd. 15.04.2010) has made a decision to introduce changes in Resolution of additional issue of shares and prospectus with state number 1-02-00063-A-001D, in respect of excluding from the documents regulation on impossibility of placement of fractional shares left unplaced after selling by shareholders exclusive right of acquisition additional shares.

Changes in the above mentioned documents do not touch upon the conditions of determined by decision of extraordinary Company’s Shareholders meeting (minutes No. 26 dd. 24.07.2009) and are meant for protection shareholders` rights and elimination of problems related to recording of fractional shares and selling the right for the latter.

From 15.04.2010 the placement of additional shares of «Kubanenergo», JSC was suspended up to the moment of registration in Federal Service of Financial Market of Russia alternations in Decision on additional placement of securities and Prospectus of «Kubanenergo», JSC or making a decision by Federal Service of Financial Market of Russia on rejection to register such alternations and disclosing information about recommencement of placing securities.

8.3. Data on Previous Issues of Securities of the Issuer Except for Shares

8.3.1. Data on Issues all Securities of which were Paid (cancelled)

Type of security: **bonds**

Form of security: **certificated, bearer**

Series: **02**

Nonconvertible interest-bearing certificated bonds with obligatory centralized deposit, maturity on 1820th (One thousand eight hundred and twentieth) day from the date of placement beginning

State registration number of the issue: **4-002-00063-A**

Date of state registration of the issue: **18.09.2008**

License issuing authority: FSEC (FFMS) of Russia

Additional issue securities **No**

Number of issue securities: **4 000 000**

Nominal value per issue security, rub: **1 000**

Issue volume at nominal value: **4 000 000 000**

Terms (data) of issue securities redemption: **29.10.2009**

Reason for issue securities redemption: **The securities issue was declared void by the decision of FSEC of Russia dated 29.10.2009 caused by non-placement of a single issue security.**

8.3.2. Data on Issues Securities which are in Circulation

Type of security: **bonds**

Form of security: **certificated, bearer**

Series: **01**

Nonconvertible interest-bearing certificated bonds with obligatory centralized deposit with maturity term on 21.07.2010

Issue securities obligatory centralized deposit is stipulated

Data on depository carrying out centralized deposit of the issue securities

Full company name: **The National Depository Center (Closed Joint Stock Company)**

Short company name: **“NDC”, JSC**

Location: **Building 4, 1/13 Sredniy Kislovskiy per., Moscow**

Data on license for depository activity

Number: **117-03431-000100**

Date of issue: **04.12.2000**

Valid until:

Without limitation of validity term

License issuing authority: **FSEC (FFMS) of Russia**

Number of issue securities: **3 000 000**

Nominal value per issue security, rub: **1 000**

Issue volume at nominal value: **3 000 000 000**

State registration number of the issue: **4-01-00063-A**

Date of state registration of the issue: **05.06.2007**

State registering authority of the issue: **FSEC of Russia**

Data on State registration of report on issue results: **28.08.2007**

Authority registered the report on the issue results: **FSEC (FFMS) of Russia**

Additional issue securities: **No**

Rules fixed for each security:
Holders of bonds have right to receive:

- **50 % from nominal cost of bonds in 546 calendar day from the date of placing the bonds;**

- **50 % from nominal cost of bonds in 1 092 calendar day from the date of placing the bonds;**

- **interest from undercharged by Issuer for the moment of validity of corresponding coupon period part of principal value of bonds (coupon yield),**

- **principal value (undischarged part of principal value) while reorganization, liquidation or bankruptcy of the Issuer in order set by current legislative of Russian Federation.**

Bondholders have a right to demand acquisition of bonds by the issuer in cases or under circumstances provided by decision on issue and prospectus of securities.

In case of nonfulfillment by the Issuer of liabilities connected with payment of coupon yield and/or corresponding part of bonds principal value (including default, technical default) bondholders and/or nominee bondholder, if the latter are authorized by bondholders, have rights to address to Issuer with the demand of payment coupon yield and/or correspondent part of principal price of the bonds ad interests as per article 811 Civil Code of Russian Federation, also bondholder can go to court (Arbitrage).

In case of nonfulfillment or improper fulfillment by the Issuer the duties on responsibilities for bonds the bondholders have right to apply to a person who provided bonds issue in order fixed by decision of issue and prospectus.

All Issuer`s liabilities on bonds of the present issue should be juridical equal and in compulsory to be fulfilled regarding all bondholders.

The person acquiring bonds at the same time accrues all rights following proving security in the same amount. While purchasing bonds the buyer of bonds receives all rights that were actual before the purchase. Transfer of rights occurred from the provided security without transfer of rights for bond is nor valid.

The Issuer bear responsibility for provide bondholders return of assets in case of admitting in accordance with legislative of Russian Federation the issue of bonds failed or invalid.

Besides the enlisted rights the bondholder has a right to use other property

rights presupposed by present legislation of RF.

Securities of the issue are placed: **No**

Order and condition of issue securities redemption

Bond redemption is performed by transfer agent on behalf and at the expense of the Issuer by non-cash transfer in monetary terms in rubles of the Russian Federation. Bond redemption in other forms is not stipulated.

Date of discharge:

- 21.01.2009 – discharge of 50% from principle value of bonds;

- 21.07.2010 - discharge of 50% from principle value of bonds.

Discharge of each part of principal cost of bonds is carried out by paying agent at the expense and by order of the Issuer. Functions of paying agents at discharging bonds carries out «ALFA-BANK», JSC , data on which are presented in decision of issue and in prospectus of securities. The Issuer can set other paying agents and annul such assignments. The official report of the Issuer on mentioned actions is published in news as well as in “Kubanskye novosti” newspaper within 5 (five) days from the date of such actions. Along with it publishing in newspaper “Kubanskye Novosti” is issued after the publishing in news.

Discharge of each part of principal cost of bonds is carried out by cash assets in currency of Russian Federation in cashless way in benefit to bondholder.

When discharging each part of principal cost of bonds the payable agent transfers necessary cash assets to bank accounts of persons authorized for receiving sums of discharging each part of principal cost of bonds indicated in the list of bondholders and/or nominee bondholders.

In case a person authorized for receiving sums of discharging each part of principal cost of bonds from the several holders then to such person the sum is transferred without separation for each bondholder.

After the settlement for persons authorized to receive sums of discharge of each part of principal cost of bonds indicated in list of bondholders and/or nominee bondholders, the paying agent informs “NDC”, CJSC (National Depository Centre) which in by-turn after discharging the part of principal cost of bonds in corpore transfers the discharged bonds to account of discharged bonds of the Issuer.

If the date of discharging each part of principal cost of bonds is a day off (regardless it is an official day off or a day off for clearing transactions) then the payment is made in the first working day following the day off. Bondholder has no right to demand calculation of interests or any other indemnities for such delay in payment.

The amount of interest coupon yield on securities, procedures, terms and conditions for the payment:

Coupon yield is accrued on the outstanding amount of the principal value;

- the first, the second and the third coupon term – the outstanding amount of the principal value amounts 1000 RUB**

- **the fourth, the fifth and the sixth coupon term – the outstanding amount of the principal value amounts 500 RUB**

Coupon (interest) terms		Amount of coupon (interest) yield
Beginning date	End date	

1. Coupon: First coupon interest rate C(1) can be determined during the Stock Exchange Contest among potential bond buyers by the time of bond placement beginning. Contest procedure is specified in item 8.3 of Decision on Securities Issue and item 2.7 of the Prospectus.

Beginning date of bond placement is considered to be beginning date of the first coupon period	182nd (one hundred and eighty-second) day from beginning date of bond placement is considered to termination date of the first coupon period	<p>Calculation of first coupon payment amount per bond shall be made according to the formula:</p> $CI = C1 * Nom * (D1 - D0) / (365 * 100\%),$ <p>where</p> <p>Coupon Income – amount of coupon income per bond;</p> <p>Nom – nominal bond value;</p> <p>C1 – amount of first coupon interest rate, annual interest;</p> <p>D0 – first coupon period beginning date;</p> <p>D1 – first coupon period termination date.</p>
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2. Coupon: interest rate on the second coupon (C2) is determined in conformance with procedure stipulated in item 9.3.1 of Decision on Securities Issue and item 9.1.2 of the Prospectus

182nd (one hundred and eighty-second) day from the beginning date of bond placement is considered to be beginning date of the first coupon period	364th (three hundred and sixty-fourth) day from beginning date of bond placement is considered to termination date of the second coupon period	<p>Calculation of second coupon payment amount per bond shall be made according to the formula:</p> $CI = C2 * Nom * (D2 - D1) / (365 * 100\%),$ <p>where</p> <p>Coupon Income – amount of coupon income per bond;</p> <p>Nom – nominal bond value;</p> <p>C2 – amount of first coupon interest rate, annual interest;</p> <p>D1 – second coupon period beginning date;</p> <p>D2 – first coupon period termination date.</p>
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3. Coupon: interest rate on the third coupon (C3) is determined in conformance with

procedure stipulated in item 9.3.1 of Decision on Securities Issue and item 9.1.2 of the Prospectus.

364th (three hundred and sixty-fourth) day from beginning date of bond placement is considered to beginning date of the third coupon period	546th (five hundred and forty-sixth) day from beginning date of bond placement is considered to termination date of the third coupon period	<p>Calculation of third coupon payment amount per bond shall be made according to the formula:</p> $CI = C3 * Nom * (D3 - D2) / (365 * 100\%),$ <p>where</p> <p>Coupon Income – amount of coupon income per bond;</p> <p>Nom – nominal bond value;</p> <p>C3 – amount of first coupon interest rate, annual interest;</p> <p>D2 – third coupon period beginning date;</p> <p>D3 – third coupon period termination date.</p>
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4. Coupon: interest rate on the fourth coupon (C4) is determined in conformance with procedure stipulated in item 9.3.1 of Decision on Securities Issue and item 9.1.2 of the Prospectus.

546th (five hundred and forty-sixth) day from beginning date of bond placement is considered to beginning date of the fourth coupon period	728th (seven hundred and twenty-eight) day from beginning date of bond placement is considered to be termination date of the fourth coupon period	<p>Calculation of fourth coupon payment amount per bond shall be made according to the formula:</p> $CI = C4 * Nom * (D4 - D3) / (365 * 100\%),$ <p>where</p> <p>Coupon Income – amount of coupon income per bond;</p> <p>Nom – nominal bond value;</p> <p>C4 – amount of fourth coupon interest rate, annual interest;</p> <p>D3 – fourth coupon period beginning date;</p> <p>D4 – fourth coupon period termination date.</p>
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5. Coupon: interest rate on the fifth coupon (C5) is determined in conformance with procedure stipulated in item 9.3.1 of Decision on Securities Issue and item 9.1.2 of the Prospectus

728th (seven hundred and twenty-eight) day from beginning date of bond placement is	910th (nine hundred and tenth) day from beginning date of bond placement is considered to be	<p>Calculation of fifth coupon payment amount per bond shall be made according to the formula:</p> $CI = C5 * Nom * (D5 - D4) / (365 * 100\%),$
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considered to be beginning date of the fifth coupon period.	termination date of the fifth coupon period	<p>where</p> <p>Coupon Income – amount of coupon income per bond;</p> <p>Nom – nominal bond value;</p> <p>C5 – amount of fifth coupon interest rate, annual interest;</p> <p>D4 – fifth coupon period beginning date;</p> <p>D5 – fifth coupon period termination date.</p>
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6. Coupon: interest rate on the sixth coupon (C6) is determined in conformance with procedure stipulated in item 9.3.1 of Decision on Securities Issue and item 9.1.2 of the Prospectus

910th (nine hundred and tenth) day from beginning date of bond placement is considered to be beginning date of the sixth coupon period	1092nd (one thousand and ninety-second) day from beginning date of bond placement is considered to be termination date of the sixth coupon period	<p>Calculation of sixth coupon payment amount per bond shall be made according to the formula:</p> $CI = C6 * Nom * (D6 - D5) / (365 * 100\%),$ <p>where</p> <p>Coupon Income – amount of coupon income per bond;</p> <p>Nom – nominal bond value;</p> <p>C6 – amount of sixth coupon interest rate, annual interest;</p> <p>D5 – sixth coupon period beginning date;</p> <p>D6 – sixth coupon period termination date.</p>
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Amount of any accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding. Along with it the rounding-off rule should be regarded as method of rounding-off at which value of solid kopeck (solid kopecks) does not change if the first after rounded-off figure is 0 -4 and it will change for 1 if the first after rounded-off figure equals 5-9.

The rule of defining the interest rate of coupon:

1) the interest rate of first coupon is defined by means of competition among potential buyers of Bonds at the date of placing Bonds. Terms and conditions of competition are given in clause 2.7 of Prospectus.

2) At the moment of fixing the date of beginning of bond placement date, the Issuer can adopt decision on repurchase of bonds from the holders within 5 (five) days of the j-th coupon period (j=1,...,9). Interest rates on all bond coupons with ordinal number less than value of j or equal to value of j are fixed as equal to first coupon interest rate, as well as ordinal number of coupon period (j) during which the Bondholders can request the acquisition of Bonds are given to potential buyers of Bonds by disclosing information on as per the order of approved by Federal Law "On

Securities market” and standard acts of Federal body of executive power of securities market, indicated in cl. 11 of Decisions of securities issue.

In case if simultaneously with defining the term of beginning of placing the Bonds, the Issuer has not made a decision yet on acquisition the Bonds, the interest rates for all the coupons starting from second one are fixed equal to interest rate of first coupon.

3) The coupon interest rate the value (order of determining) of which was not fixed by the Issuer before the date of beginning of Bonds ($i=(j+1), \dots, 6$) is determined by the Issuer in numbers after state registration of Report on results of securities issue at the Date of setting the $(i-1)$ -th coupon. The Issuer has a right to determine the Date of setting the i -th coupon rates of any amount of following the i -th coupon undetermined coupons (where k is a serial number of one of the last coupons). Amount of interest rate of i -th coupon is should be announced by the Issuer to Bondholders in order and terms set by paragraph 11 of Decision of securities issue.

The Issuer forms Stock accepted decisions including on particular rates no longer than 10 (ten) days before the date of ending $(j-1)$ -th coupon period (period at which an interest rate is determined by j -th and the following coupons)

In case if after the announcement the coupon rates, the Bonds are left with undetermined rates at least with one of the subsequent coupons, then simultaneously with announcement on rates of i -th coupon and other determinate coupon of Bonds, the Issuer has to provide a right of Bondholders to demand from Issuer the acquisition of Bonds within last 5 (five) days of k -th coupon period (in case if the Issuer determined the rate of only one i -th coupon, $i=k$). the given information including serial numbers of coupons, interest rate of which is determined at the Date of setting the i -th coupon, and also the serial number of coupon period (k) in which the acquisition of Bonds should take place, is announced to potential buyers of Bonds by means of publishing the information in terms and in order fixed by paragraph 11 Decisions on securities issuing.

Sum of payment for any of coupon per one Bond is determined with accuracy to one kopeck (rounding is made considering the rules of mathematical rounding. Along with it the rounding-off rule should be regarded as method of rounding-off at which value of solid kopeck (solid kopecks) does not change if the first after rounded-off figure is 0 -4 and it will change for 1 if the first after rounded-off figure equals 5-9)

The order of payment of Bond yield including the order and terms of bond yield payment of each coupon:

Coupon (interest) terms		Date of payment of coupon (interest) yield	Date of forming the list of bondholders for payment of coupon (interest) yield
Beginning date	End date		

1. Coupon: First coupon interest rate $C(1)$ can be determined during the Stock

Exchange Contest among potential bond buyers by the time of bond placement beginning. Contest procedure is specified in item 8.3 of Decision on Securities Issue and item 2.7 of the Prospectus.

Beginning date of bond placement is considered to be beginning date of the first coupon period	182nd (one hundred and eighty-second) day from beginning date of bond placement is considered to termination date of the first coupon period	The date of payment the coupon yield for the 1 st coupon of Bond is 182nd (one hundred and eighty-second) day from beginning date of Bond placement	The payment of coupon yield from Bonds is carried out in favour of bondholders being such as of the end of NDC trading day, previous to 6 th working date up to the date of payment the coupon yield from Bonds.
<p>The order of payment of coupon (interest) yield:</p> <p>The payment coupon yield from Bonds is carried out by Paying agent at the expense and by order of the Issuer.</p> <p>If the date of payment of coupon yield is a day off (regardless it is an official day off or a day off for clearing transactions) then the payment is made in the first working day following the day off. . Bondholder has no right to demand calculation of interests or any other indemnities for such delay in payment.</p> <p>The payment of coupon yield is carried out in rubles of RF in cashless settlement in favor of Bondholders. It is supposed that nominal holders-depositors of Depository authorized to receive sums of coupon yield from Bonds.</p> <p>It is supposed that nominal holders-depositors of National Deposit Center (Depository) are authorized to perceive sums of coupon yield from Bonds. Depositor of NDC who is not authorized by its clients to receive sums of coupon yield from Bonds, no later than 1 a.m. (Moscow time) of 5 (fifth) working day up to the day of payment the coupon yield from Bonds, transfer to NDC the list of Bondholders that should contain all the requisite elements mentioned below in the list of holders and/or nominee holders of Bonds.</p> <p>The payment of coupon yield from Bonds is carried out in favor of Bondholders being such as of the end of trading day of NDC previous to the 6 (sixth) working day up to the end of payment of coupon yield from Bonds (later in text – “The date of compiling the list of holders and/or nominee holders of Bond”).</p> <p>In case if holder’s rights for Bonds are recorded by nominee holder and nominee holder is authorized to receive the sum of coupon yield from Bonds then by the person authorized to receive sums coupon yield from Bonds is meant a nominee holder.</p> <p>In case if holder’s rights for Bonds are not recorded by nominee holder and nominee holder is not authorized to receive the sum of coupon yield from Bonds then by the person authorized to receive sums coupon yield from Bonds is meant a Bondholder.</p> <p>The fulfillment of liabilities in respect of Bondholder included in the list of holders or/and nominee holders of Bonds is accepted as proper, including the case carve-out of Bonds after the date of compiling the list of holders and/or nominee holders of Bonds.</p> <p>No later than at 3 (third) working day before the date of payment of coupon yield of Bonds, NDC presents to Issuer and/or to Paying agent the List of holders and/or nominee holders of Bonds compiled by the date of forming of the list of holders and/or nominee holders of Bonds, including the following information:</p>			

- a) full name of the person authorized to receive sums of coupon yield from Bonds;
- b) amount of Bonds recorded on accounts of deposit of person authorized to receive sums of coupon yield from Bonds;
- c) location and postal address authorized to receive sums of coupon yield from Bonds;
- d) requisites of bank account of person authorized to receive sums of coupon yield from Bonds, precisely:
 - account number;
 - name of the bank in which the account was established;
 - correspondent account of bank in which the account was established;
 - bank ID code of bank in which the account was established.
- e) TIN of the person authorized to receive sums of coupon yield from Bonds.
- f) Information about the tax position of the person authorized to receive sums of coupon yield from Bonds (resident, non-resident with permanent representing in RF, non-resident without permanent representing in RF).

Additionally to the given information the nominee holder is obliged to present in NDC, and NDC is obliged to include in the list of holders and/or nominee holders of Bonds for payment of sums of coupon yield, the following information about private and legal persons non-residence of Russian Federation being Bondholders notwithstanding the fact if nominee holder is authorized to receive sums of coupon yield from Bonds or not:

a) in case if the Bondholder is a legal person non-resident:

- PIN – if any;

b) in case if the Bondholder is private person:

- type, serial number, date and place of issuing of document identifying the holder, name of the body issued of the document;
- date of holder's birth;
- place of registration and postal address including index;
- tax position of holder;
- certificate of state pension insurance (if any);
- TIN (if any).

Bondholders and the authorized persons including depositors of NDC personally check the completeness and up-to-dateness of bank account requisites and other data presented to NDC. In case of failure to provide or late provision NDC with mentioned requisites and other data, the fulfillment of Issuer's liabilities of payment the coupon yield from Bond is carried out for person produced the demand of fulfilling liabilities and being the Bondholder for the date of making a demand. Along with it the fulfilling by Issuer Bonds liabilities is carried out on the basis of NDC data. In this case Issuer's liabilities are considered to be fulfilled in full-services. In case if the presented by holder or nominee holder or kept in Depositary requisites of bank account or other information necessary for fulfillment Issuer's Bond liabilities do not allow the Paying agent timely transfer the cash assets, then such a delay cannot be considered as failure to pay, and Bondholder has no rights to demand the interest or any other compensation for such delay in payment. In the above mentioned case the Issuer as well as Paying agent does not bear responsibility for delay in Bonds payments.

No later then in second working day before the date of payment of Bond coupon yield the

Issuer transfers necessary cash to the account of Paying agent.

On the basis of List of holders and/or nominee holders of Bonds produced by NDC, the Paying agent calculated sums of cash assets payable to each of persons authorized to receive sums of coupon yield from Bonds.

At the date of payment the coupon yield the Paying agent transfers the necessary cash assets to bank accounts of persons authorized for receiving sums of coupon yield from Bonds in favour of Bondholders.

In the event of one person is authorized to get a coupon yield from Bonds from several Bondholders then to such person should be transferred a total sum without separation by each Bondholder.

2. Coupon: interest rate on the second coupon (C2) is determined in conformance with procedure stipulated in item 9.3.1 of Decision on Securities Issue and item 9.1.2 of the Prospectus

Date of beginning of 2 nd coupon period is the date of ending the coupon period of 1 st coupon.	364th (three hundred and sixty-fourth) day from beginning date of bond placement is considered to termination date of the second coupon period	The date of payment the coupon yield for the 2 nd coupon of Bond is 364th (three hundred and sixty-fourth) day from beginning date of Bond placement.	The payment of coupon yield from Bonds is carried out in favour of bondholders being such as of the end of NDC trading day, previous to 6 th working date up to the date of payment the coupon yield from Bonds.
The order of payment of coupon (interest) yield: The order of payment of coupon (interest) yield for the second coupon from Bonds is similar to the order of payment of coupon (interest) yield of the first Bond coupon.			

3. Coupon: interest rate on the third coupon (C3) is determined in conformance with procedure stipulated in item 9.3.1 of Decision on Securities Issue and item 9.1.2 of the Prospectus.

Date of beginning of 3 rd coupon period is the date of ending the coupon period of 2 nd coupon.	546th (five hundred and forty-sixth) day from beginning date of bond placement is considered to termination date of the third coupon period	The date of payment the coupon yield for the 3 rd coupon of Bond is 546th (five hundred and forty-sixth) day from beginning date of Bond placement.	The payment of coupon yield from Bonds is carried out in favour of bondholders being such as of the end of NDC trading day, previous to 6 th working date up to the date of payment the coupon yield from Bonds.
The order of payment of coupon (interest) yield: The order of payment of coupon (interest) yield for the third coupon from Bonds is similar to the order of payment of coupon (interest) yield of the second Bond coupon.. For the purposes of payment by the third coupon List of holders and/or nominee holder of Bonds, compiled for discharging the part of nominal cost of Bonds, is used The yield from third coupon is paid simultaneously with discharging the part of Bonds			

nominal cost.

4. Coupon: interest rate on the fourth coupon (C4) is determined in conformance with procedure stipulated in item 9.3.1 of Decision on Securities Issue and item 9.1.2 of the Prospectus.

Date of beginning of 4 th coupon period is the date of ending the coupon period of 3 rd coupon.	728th (seven hundred and twenty-eight) day from beginning date of bond placement is considered to be termination date of the fourth coupon period	The date of payment the coupon yield for the 4 th coupon of Bond is 728th (seven hundred and twenty-eight) day from beginning date of Bond placement.	The payment of coupon yield from Bonds is carried out in favour of bondholders being such as of the end of NDC trading day, previous to 6 th working date up to the date of payment the coupon yield from Bonds.
The order of payment of coupon (interest) yield: The order of payment of coupon (interest) yield for the forth coupon from Bonds is similar to the order of payment of coupon (interest) yield of the third Bond coupon.			

5. Coupon: interest rate on the fifth coupon (C5) is determined in conformance with procedure stipulated in item 9.3.1 of Decision on Securities Issue and item 9.1.2 of the Prospectus

Date of beginning of 5 th coupon period is the date of ending the coupon period of 4 th coupon.	910th (nine hundred and tenth) day from beginning date of bond placement is considered to be termination date of the fifth coupon period	The date of payment the coupon yield for the 5 th coupon of Bond is 910th (nine hundred and tenth) day from beginning date of Bond placement.	The payment of coupon yield from Bonds is carried out in favour of bondholders being such as of the end of NDC trading day, previous to 6 th working date up to the date of payment the coupon yield from Bonds.
The order of payment of coupon (interest) yield: The order of payment of coupon (interest) yield for the fifth coupon from Bonds is similar to the order of payment of coupon (interest) yield of the forth Bond coupon.			

6. Coupon: interest rate on the sixth coupon (C6) is determined in conformance with procedure stipulated in item 9.3.1 of Decision on Securities Issue and item 9.1.2 of the Prospectus

Date of beginning of 6 th coupon period is the date of ending the coupon period of 5 th coupon.	1092nd (one thousand and ninety-second) day from beginning date of bond placement is considered to be termination date of the sixth	The date of payment the coupon yield for the 6 th coupon of Bond is 1092nd (one thousand and ninety-second) day from beginning date	The payment of coupon yield from Bonds is carried out in favour of bondholders being such as of the end of NDC trading day, previous to 6 th working date up to the date of payment the coupon
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	coupon period	of Bond placement.	yield from Bonds.
<p>The order of payment of coupon (interest) yield:</p> <p>The order of payment of coupon (interest) yield for the sixth coupon from Bonds is similar to the order of payment of coupon (interest) yield of the fifth Bond coupon.</p> <p>For the purposes of payment by the sixth coupon List of holders and/or nominee holder of Bonds, compiled for discharging the part of nominal cost of Bonds, is used</p> <p>The yield from third coupon is paid simultaneously with discharging the part of Bonds nominal cost.</p>			

Decision of emission, prospectus as well as other documents and information connected with emission, placement, circulation and discharge of Issuer`s bonds could be found on webpage of the Company:
<http://www.kubanenergo.ru>.

Data on providing:

Type of securing provision: guarantee (offer of securing provision in form of guarantee for the purpose of issue of Bonds); the limit of provision is 4 milliards rubles

8.3.3. Data on Issues in which the Issuer Did Not Fulfill Obligations on the Securities (Default)

Issues specified are absent

8.4. Information about the Person (persons) who Provided Security for Issued Bonds

State registration number of bond issue: 4-01-00063-A

Date on the person who provided security

Full company name: **Open Joint Stock Company “Krasnodarenergosetremont”**

Short company name: **“Krasnodarenergosetremont”, JSC**

Location

47 Novorossyiskaya st, Krasnodar, Krasnodar region, Russia, 350080

TIN: **2312118241**

PSRN: **1052307175876**

8.5. Conditions of Fulfillment of Obligations on Issued Bonds

Way of ensuring bond liabilities performance: **guarantee (an offer of securing provision in form of guarantee for the purposes of issuing bonds).**

Responsibility the guarantee bears in front of bondholders (provided with guaranty) in case of nonfulfillment or improper fulfillment of bond obligations by the Issuer.

The guarantee bears responsibility for fulfilling thy the issuer its duty on payments to bondholders the nominal price of the bonds and the interests (profit form coupon) payable as well as on acquisition bonds by the request of the holders in accordance with the decision of issue and prospectus.

The limit volume of the responsibility of the guarantee on liabilities of the Issuer is restricted by limit sum – 4 milliards of rubles.

The guarantee bears responsibility for Issuer`s actions of fulfilling obligations from sphere in which the latter has not fulfilled.

The following cases admit that the Issuer had not fulfilled or improperly fulfilled its responsibilities:

- **the Issuer did not pay of paid but not in full amount the coupon yield(i.e. interests from corresponding part of principal price of bond) to bondholders in fixed terms,**
- **the Issuer did not pay of paid but not in full amount the basic sum of debt at discharging corresponding part of principal price of bond in set by the bondholder terms,**
- **the Issuer did not fulfill or fulfilled improperly bondholder`s demand to acquire bonds in terms and under the conditions of decision of issue and prospectus of securities.**

The order of presenting by bondholders demands to garantator:

The demand of fulfilling obligations should be presented to garantator in written form and signed by the bondholder (private person or director or chief accountant of legal person and sealed by legal person) or nominee holder of bonds (in case if the bonds granted in nominee possession and the nominee is authorized to receive sums discharge and /or other bond profits and/or demand from the Issuer to fulfill the duties and give possibility to acquire bonds).

Amount of the Issuer`s net assets value as of the last accounting date before security provision makes up: **7 935 746 thousands of rubles**

Amount of net assets value of the juridical person providing security by the end of 1st quarter of 2010 is: **- 72 324 thousands of rubles.**

Way of security provision (pledge, guarantee, bank guarantee, state or municipal guarantee, other).

For bonds under pledge, the following is specified:

subject to pledge:

for securities under pledge - Type, category (kind), series (if any), name of the Issuer, form, securities issue state registration number and date, state registering authority of the securities issue, securities nominal value (if securities pledged have nominal value according to legislation of he Russian Federation), number of securities, other obligatory securities requisites stipulated by legislation of the Russian Federation, rights of securities holders, information on name, location, postal address and telephone of the registrar or depository registering securities rights, information on securities pledge beginning date on the register of securities holders, and if the securities are bearer-specified and subject to obligatory centralized deposit, - in the system of depository record of rights (for depository performing such deposit), information on any current charge for securities pledged;

for real estate under pledge – pledger`s right for property pledged (property right or economic management right), number of property right certificate, date of issue and authority issuing certificate for pledged property right, number of property right

certificate, date of issue and authority issuing certificate for pledged real estate property right, cadastre (conventional) number of the real estate object or statement about absence of cadastre (conventional) number, and reasons of the fact, registration number (state registration of property right or economic management right and transactions with real estate object in the Unified State Real Estate Property Right Register), or statement on absence of state registration of property right or economic management right and transactions with real estate object in the Unified State Real Estate Property Right Register, and reasons of the fact, registration number (state registration of property right pledge and transactions with real estate object in the Unified State Real Estate Property Right Register on behalf of issued bonds holders), date of pledge state registration, kind and location of property pledged (including sphere of real estate use, total and productive area of the real estate, year of appearance (construction) of real estate, if renovation or repairs of real estate took place – additionally, the date of performing the last renovation or repairs), data on any current charges of real estate under pledge (including data on charge registration);

statement of pledged property cost;

statement of pledged property cost as estimated by appraiser, including the date of estimation, full name (surname, name, patronymics), license number, location, postal address and telephone of the Appraiser who performed pledged property estimate;

volume of bond holders' demands ensured by pledge (repayment of nominal value (other material equivalent), bond interest (coupon income) payment, discharge of other property rights under bonds);

data on pledge subject insurance (name of insurer and beneficiary, their location, size of policy, insured accident description, validity term of insurance contract, date of contract signing), if the abovementioned took place; procedure of application for pledge recovery;

other pledge conditions.

For bonds provided by security, the following is specified:

volume of the guarantor's liability to bond holders in case of nonperformance or improper performance of bond liabilities by the Issuer (nominal value payment (other material equivalent), payment of bond interest (coupon) income, discharge of other property rights on bonds);

procedure of applying claims by bond holders to the guarantor.

In case if guarantee is provided by juridical person, the following data is specified:

amount of the Issuer's net assets value as of the last accounting date before provision of security;

amount of net assets value of the juridical person providing security as of the last accounting date before security provision;

amount of net assets value of the juridical person providing security as of the termination date of the accounting quarter.

For bonds secured through bank guarantee, the following is specified:

date of bank guarantee issue;

bank guarantee amount;

bank guarantee content;
term of bank guarantee;
procedure of applying claims by bond holders to bank guarantee
other significant conditions of bank guarantee.

For bonds provided by state of municipal guarantee, the following is specified:

authority who took the decision on ensuring bond liabilities performance on behalf of the Russian Federation (subject of the Russian Federation, municipal unit), and the date of such decision;

data on Guarantor, including the name (the Russian Federation, subject of the Russian Federation, municipal unit) and name of the authority who issued guarantee in the name of the Guarantor;

date of guarantee issue;

volume of liabilities on guarantee;

guarantee term;

procedure of applying claims by bond holders guarantee on guarantee performance;

other conditions of guarantee provision.

8.5.1. Conditions of fulfillment of obligations on mortgage-backed bonds

Issuer did not place mortgage-backed bonds liabilities on which were not executed

8.6. Information on Entities Controlling the Rights to the Issued Securities of the Issuer.

Entity keeping the register of the Issuer's bearer securities holders: Registrar

Information on the Registrar

Full company name: Open Joint Stock Company "Central Moscow Depositary"

Short company name: "CMD" , JSC

Location: Building 8, 34 Bolshaya Pochtovaya st, Moscow, 105082

TIN: 7708047457

PSRN: 1027700095730

Data on the license for keeping the register of securities holders

Number: 10-000-1-00255

Issuing date: 13.09.2002

License validity term:

Without limitation of the period of validity

License issuing authority: FCSM (FFMS) of Russia

Date of commencement of keeping the register of the Issuer's bearer securities holders by the Registrar: 19.09.2000

The Issuer's certificated securities subject to compulsory centralized storage are in

circulation.

Depositories

Full company name: Closed Joint Stock Company "The National Depository Center"

Sort company name: "NDC", CJSC

Location: Building 4, 1/13 Sredniy Kislovskiy per., Moscow 125009

TIN: 7703394070

PSRN: 1097799013256

Data on the license for carrying out the depository activity in the securities market

Number: 177-03431-000100

Issuing date: 04.12.2000

License validity term:

Without limitation of the validity term

Name of the license issuing authority: FCSM (FFMS) of Russia

Additional information disclosed as per the Regulation on Information Policy of "Kubanenergo", JSC

Data on transfer-agent of the register:

Transfer-agent "CMD" (Central Moscow Depository), JSC that can provide services on listing the shareholders of "Kubanenergo", JSC : "register DonFAO", CJSC (100 Pushlinskaya St., Rostov-on-Don; phone (863) 269-88-02).

Data on amount of remuneration:

In 2009 the Company's register was paid remuneration for rendered services in amount 1 891 947.31 rubles, 237 865,80 rubles of them were paid for rendering services for keeping and supporting register of securities holders; 216 249,78 rubles were paid for supporting and keeping history of payments of revenue from securities; 15 280,00 rubles – for preparation and presentation of information from the system of keeping the shareholders register; 819 453,20 rubles – for making and sending materials to shareholders meetings; 408 411,53 rubles were paid for fulfilling functions of returning board at shareholders meetings; 150 555,00 rubles – for making and sending the information about possibility to fulfill by the shareholder the right of acquisition of additional inscribed shares of the Company; 30 708,00 rubles - for compilation the lists of persons having a senior right of acquisition additional inscribed shares of the Company; 13 424,00 were paid for making operations in register of shareholders on transmission inscribed shares of additional issue.

In the 1st quarter of 2010 the Company's register was paid remuneration for rendered services in amount 92 433 rubles, among which: 47 568 rubles for rendering services of keeping and supporting register of inscribed share holders ; 42 000 rubles were paid for supporting and keeping history of payments of revenue from securities; 2 865 for preparation and presentation of information from the system of keeping the shareholders register.

8.7. Data on the Acts Regulating Issues of Import and Export of Capital that Can

Influence Distribution of Dividends, Interest and other Payments to Nonresidents

1. Tax Code of the Russian Federation (part I)” dd 31.07.1998 N 146-Φ3 (revised and amended as of 01.01.2009);
2. Tax Code of the Russian Federation (part II)” dd 05.08.2000 N 117-Φ3;
3. RSFSR (Russian Soviet Federative Socialist Republic) Law dd. 26.06.1991 “On investment activity in the USSR”
4. Federal Law dd 09.07.1999 N 160-Φ3 “On Foreign Investment in the Russian Federation” (further amended and revised);
5. Federal Law dd 22.04.1996. N 39-Φ3 “On Securities Market”;
6. Federal Law dd 10.12.2003 N173-Φ3 “On Currency Regulation and Currency Control” (further amended and revised);
7. Federal Law dd 10.07.02 N 86-Φ3 “On the Central Bank of the Russian Federation (Bank of Russia)” (revised and amended as of 10.01.2009);
8. Federal Law dd 07.08.2001 N 115-Φ3 “On Counteraction of Legitimization (Laundering) Proceeds of Crime and Financing of Terrorism”;
9. Federal Law dd 25.02.1999 N 39-Φ3 “On Investment Activities in the Russian Federation Performed in the Form of Capital Investments” (further amended and revised);
10. International agreements of the Russian Federation for avoidance of double taxation.

8.8. Description of Taxation Scheme for the Revenue on the Issuer’s Securities that Were Replaced and Are in the Process of Placement

11. Tax Code of the Russian Federation (part I)” dd 31.07.1998 N 146-Φ3 (revised and amended as of 01.01.2009);
12. Tax Code of the Russian Federation (part II)” dd 05.08.2000 N 117-Φ3;
13. RSFSR (Russian Soviet Federative Socialist Republic) Law dd. 26.06.1991 “On investment activity in the USSR”
14. Federal Law dd 09.07.1999 N 160-Φ3 “On Foreign Investment in the Russian Federation” (further amended and revised);
15. Federal Law dd 22.04.1996. N 39-Φ3 “On Securities Market”;
16. Federal Law dd 10.12.2003 N173-Φ3 “On Currency Regulation and Currency Control” (further amended and revised);
17. Federal Law dd 10.07.02 N 86-Φ3 “On the Central Bank of the Russian Federation (Bank of Russia)” (revised and amended as of 10.01.2009);
18. Federal Law dd 07.08.2001 N 115-Φ3 “On Counteraction of Legitimization (Laundering) Proceeds of Crime and Financing of Terrorism”;
19. Federal Law dd 25.02.1999 N 39-Φ3 “On Investment Activities in the Russian Federation Performed in the Form of Capital Investments” (further amended and revised);
20. International agreements of the Russian Federation for avoidance of double taxation;

8.8. Description of Taxation Scheme for the Revenue on the Issuer's Securities that Were Replaced and Are in the Process of Placement

I. Taxation of juridical bodies' income from securities placed in the form of dividends

1. Name of the income on the placed securities: dividends.

2. Name of the income tax: legal persons' income tax.

3. Tax rate:

9% - for legal persons, tax residents of the Russian Federation

15% - for foreign legal persons (non-tax residents) making profit from sources situated in the Russian Federation

4. Order and terms of tax payment: Taxes from income in the form of dividends are collected from the source of this income and transferred to the budget by the tax agent who performed payment within ten days from the day of the income payment

5. Legal and standard acts that stipulate the taxation order of this income: Tax Code of the Russian Federation, chapter 25 "Tax on income of organizations"

II. Taxation of physical persons' income from securities placed in the form of dividends

1. Name of the income on the placed securities: dividends.

2. Name of the income tax: legal persons' income tax.

3. Tax rate:

9% - for physical persons, tax residents of the Russian Federation

15% - for physical persons (non-tax residents) making profit from sources situated in the Russian Federation.

4. Order and terms of tax payment: The duty to subtract the sum of the tax from the income of the tax bearer and to discharge it to the corresponding budget is imposed to a Russian organization which is a source of income of the tax bearer in the form of dividends (tax agent). The accrued sum of the tax is subtracted directly from the income of the tax bearer at their actual payment. Tax agents are obliged to list the sums of the calculated and retained tax not later than the day of actual receipt of cash money resources in the bank for income payment, and also the day of the income transfer from the accounts of tax agents in bank into the accounts of the tax bearer or, under the commission, into the accounts of the third parties in banks.

5. Legal and standard acts that stipulate the taxation order of this income: Tax Code of the Russian Federation, chapter 23 Tax on income of physical persons (revised and amended).

III. Taxation of incomes of juridical persons under the placed securities conversion.

1. Categories of security holders: Juridical bodies – tax residents of the RF.

1.1. Name of the income on the placed securities: Income from security conversion operations.

1.2. Name of the securities income tax: Income tax

1.3. Tax rate: 20%

1.4. Order and terms of tax payment: Sum of the tax by the results of the tax period is calculated by the tax bearer independently. The tax that is subject to payment after the tax period is paid not later than March 28 of the year following the expired tax period. Quarterly advance payments are paid no later than 28 days from the date of termination of the quarter. Monthly advance payments are paid in time no later than the 28th day of each month of this accounting period. Tax bearers who pay monthly advance payments on actually received profit pay advance payments no later than the 28th day of the month following the month by results of which tax calculation is made. According to the results of the accounting period, sums of monthly advance payments are set off at payment of quarterly advance payments. Quarterly payments are set off on account of payment of the tax according the results of the tax period.

1.5. Legal and standard acts that stipulate the taxation order of this income: Tax Code of the Russian Federation, chapter 25 "Tax on income of organizations"

2. Foreign juridical bodies (non-residents) making profit from sources situated in RF

2.1. Name of the income on the placed securities: Income from sale of shares of Russian organizations, more than 50% of whose assets consist of real estate situated on the territory of the RF

2.2. Name of the securities income tax: Income tax

2.3. Tax rate: 20%

2.4. Order and terms of tax payment: The obligation of determining the sum of the tax, deduction of this sum from the incomes of the tax bearer and tax transfer in the budget is imposed to a Russian organization or a foreign organization that performs activity in the Russian Federation through permanent establishment and pays the specified income to the tax bearer

2.5. Legal and standard acts that stipulate the taxation order of this income: Tax Code of the Russian Federation, chapter 25 "Tax on income of organizations"

IV. Taxation of incomes of physical persons under the placed securities conversion

1. Name of the income on the placed securities: Income (loss) from securities conversion calculated as a difference between the sums received from securities conversion and costs for acquisition, use and storage of securities made by the tax bearer and presented in the documents

2. Name of the securities income tax: Taxes on incomes of physical persons

3. Tax rate:

13% - Physical persons – RF tax residents;

30% - Physical persons (non RF tax residents) making profit from sources situated in the Russian Federation.

4. Order and terms of tax payment: Total sum of the tax to be paid in the budget is calculated on the basis of the tax declaration and paid to the residential place of the tax bearer no later than 15 July of the year following the past tax period

5. Legal and standard acts that stipulate the taxation order of this income: Tax Code of the Russian Federation Chapter 23 "Tax on income of physical persons

New provisions will come to force in case of changing of the taxation and revenue legislation of the Russian Federation:

Shall legal and standard acts of tax legislation, other executive and governmental orders of State authorities significantly changing or amending the current taxation legislation on Income and placed securities (unknown and therefore not published for the present moment), the Issue carries no responsibility for the consequences which cannot be stipulated due to above mentioned reasons.

8.9. Data on the Declared (Accrued) and Paid Dividends Under the Issuer's Shares and Also on Revenue Under the Issuer's Bonds

8.9.1. Data on the Declared (Accrued) and Paid Dividends Under the Issuer's Shares for 5 Last Completed Financial Years or for each Complete Financial Year if the Issuer Carries Out the Activity less than 5 years.

Dividend period

Year: 2000

Period: full year

Name of Issuer Authority decided (declared) of payment of dividends on the Issuer's shares: General Shareholders (participants) Meeting

Date of Meeting (Session) of Issuer Management Authority when the decision was taken of payment (declaration) of dividends: 15.06.2001

Date of drawing up the list of members entitled to collecting dividends for current dividend period: 01.05.2001

Date of Minutes: 15.06.2001

Minutes number: 9

Category (type) of shares: ordinary

Amount of declared (accrued) dividends on shares of the above mentioned category (type) per share, RUB: 1.57

Aggregate amount of declared (accrued) dividends on all shares of the above mentioned category (type), RUB: 28 055 021

Total amount of dividends paid on all Issuer shares of a certain category (type), RUB: 28 055 021

Period assigned for payment of declared dividends on the Issuer shares: 60 days

Form and other terms and conditions of payment of declared dividends on the Issuer shares: **monetary funds**

Dividend period

Year: **2001**

Period: full year

Name of Issuer Authority decided (declared) of payment of dividends on the Issuer's shares: **General Shareholders (participants) Meeting**

Date of Meeting (Session) of Issuer Management Authority when the decision was taken of payment (declaration) of dividends: **14.06.2002**

Date of drawing up the list of members entitled to collecting dividends for current dividend period: **22.08.2002**

Date of Minutes: **14.06.2002**

Minutes number: **11**

Category (type) of shares: **ordinary**

Amount of declared (accrued) dividends on shares of the above mentioned category (type) per share, RUB: **2.44**

Aggregate amount of declared (accrued) dividends on all shares of the above mentioned category (type), RUB: **43 708 650**

Total amount of dividends paid on all Issuer shares of a certain category (type), RUB: **43 708 650**

Period assigned for payment of declared dividends on the Issuer shares: **60 days**

Form and other terms and conditions of payment of declared dividends on the Issuer shares: **monetary funds**

Dividend period

Year: **2002**

Period: **full year**

Name of Issuer Authority decided (declared) of payment of dividends on the Issuer's shares: **General Shareholders (participants) Meeting**

Date of Meeting (Session) of Issuer Management Authority when the decision was taken of payment (declaration) of dividends: **11.06.2003**

Date of drawing up the list of members entitled to collecting dividends for current dividend period: **27.04.2003**

Date of Minutes: **11.06.2003**

Minutes number: **12**

Category (type) of shares: **ordinary**

Amount of declared (accrued) dividends on shares of the above mentioned category (type) per share, RUB: **0.56**

Aggregate amount of declared (accrued) dividends on all shares of the above mentioned category (type), RUB: **10 007 000**

Total amount of dividends paid on all Issuer shares of a certain category (type), RUB:
10 007 000

Period assigned for payment of declared dividends on the Issuer shares: **60 days**

Form and other terms and conditions of payment of declared dividends on the Issuer shares: monetary funds

Dividend period

Year: **2005**

Period: **full year**

Name of Issuer Authority decided (declared) of payment of dividends on the Issuer's shares: **General Shareholders (participants) Meeting**

Date of Meeting (Session) of Issuer Management Authority when the decision was taken of payment (declaration) of dividends: **29.05.2006**

Date of drawing up the list of members entitled to collecting dividends for current dividend period: **12.04.2006**

Date of Minutes: **11.06.2006**

Minutes number: **18**

Category (type) of shares: **ordinary**

Amount of declared (accrued) dividends on shares of the above mentioned category (type) per share, RUB: **4.476917**

Aggregate amount of declared (accrued) dividends on all shares of the above mentioned category (type), RUB: **80 000 000**

Total amount of dividends paid on all Issuer shares of a certain category (type), RUB:
79 650 339.71

Period assigned for payment of declared dividends on the Issuer shares: **60 days**

Form and other terms and conditions of payment of declared dividends on the Issuer shares: **monetary funds**

Declared dividends on the Issuer shares were not fully paid by the Issuer

Reasons of non-payment of the declared dividends:

Failure to submit the information on data amendment by the members enrolled to the Company's shareholders register

Dividend period

Year: **2006**

Period: **full year**

Name of Issuer Authority decided (declared) of payment of dividends on the Issuer's shares: **General Shareholders (participants) Meeting**

Date of Meeting (Session) of Issuer Management Authority when the decision was taken of payment (declaration) of dividends: **01.06.2006**

Date of drawing up the list of members entitled to collecting dividends for current dividend period: **26.04.2006**

Date of Minutes: **05.06.2007**

Minutes number: **20**

Category (type) of shares: **ordinary**

Amount of declared (accrued) dividends on shares of the above mentioned category (type) per share, RUB: **1.253593**

Aggregate amount of declared (accrued) dividends on all shares of the above mentioned category (type), RUB: **22 401 000**

Total amount of dividends paid on all Issuer shares of a certain category (type), RUB: **22 298 739.5**

Period assigned for payment of declared dividends on the Issuer shares: **60 days**

Form and other terms and conditions of payment of declared dividends on the Issuer shares: **monetary funds**

Declared dividends on the Issuer shares were not fully paid by the Issuer

Reasons of non-payment of the declared dividends:

Failure to submit the information on data amendment by the members enrolled to the Company's shareholders register

Dividend period

Year: **2007**

Period: **full year**

Name of Issuer Authority decided (declared) of payment of dividends on the Issuer's shares: **General Shareholders (participants) Meeting**

Date of Meeting (Session) of Issuer Management Authority when the decision was taken of payment (declaration) of dividends: **29.05.2008**

Date of drawing up the list of members entitled to collecting dividends for current dividend period: **17.04.2008**

Date of Minutes: **06.06.2008**

Minutes number: **23**

Category (type) of shares: **ordinary**

Amount of declared (accrued) dividends on shares of the above mentioned category (type) per share, RUB: **1.678844**

Aggregate amount of declared (accrued) dividends on all shares of the above mentioned category (type), RUB: **30 000**

Total amount of dividends paid on all Issuer shares of a certain category (type), RUB: **29 861 099.64**

Period assigned for payment of declared dividends on the Issuer shares: **15 days**

Form and other terms and conditions of payment of declared dividends on the Issuer shares: **monetary funds**

Declared dividends on the Issuer shares were not fully paid by the Issuer

Reasons of non-payment of the declared dividends:

Failure to submit the information on data amendment by the members enrolled to the Company's shareholders register

According to the Regulations of the Information Policy of the Company the information regarding declared and paid dividends is indicated for last 10 completed financial years.

For the financial years 2003, 2004, 2008 General Shareholders Meeting too the decision not to pay dividends

Additional information disclosed according to the Regulations on the Information Policy:

Dividend policy is the system of relations and principles of determination of dividend amount, procedure and terms of payment, and likewise of establishment the responsibility of the Company for non-fulfillment of the obligations for payment of dividends.

Dividend policy of "Kubanenergo", JSC is based on the balance of interests of the Issuer and the shareholders while determinating the amount of dividend payments, respect and strict adherence the shareholders rights stipulated by current legislation of the Russian Federation, the Charter and internal documents of the Issuer and intended for the increase of investment attractiveness, capitalization and shareholder value of the Issuer. The Company is striving along with capitalization growth to increase the amount of paid dividends on the basis of gained net profit for the accounting financial year and the necessities of development of production and investment activity of the Company. On December 3, 2006 Board of Directors of "Kubanenergo", JSC approved Regulations on Dividend Policy (Minutes No.25/2006) for the purpose to provide the transparency of the procedure of determination of dividends amount and payment, and likewise the informing of shareholders and other interested parties of the Company dividend policy.

8.9.2. Issue of Yield Bonds for 5 last Completed Financial Years Preceding the Deadline of Last Accounting Period and if the Issuer Carries Out the Activity Less than 5 Years – for Each Completed Financial Year Preceding the Termination Date of the Last Accounting Period

Type of the securities: **bonds**

Form of securities: **certified, bearer**

Series: **01**

No

State registration number of the issue: **4-01-00063-A**

Date of state registration of the issue: **05.06.2007**

State registering authority of the issue: **FSEC of Russia**

Date of state registration of report on issue results: **28.08.2007**

State registering authority of report on issue results: **FSEC of Russia**

Number of issue bonds: **3 000 000**

Nominal value per issue bond, RUB: 1 000

Issue volume at nominal value: 3 000 000 000

Coupon period: 1

Beginning date of the coupon period: 25.07.2007

End date of the coupon period: 23.01.2008

Coupon period duration (days): 182

Amount of coupon yield per bond (in percents and in rubles): 7.85% per annum, 39 rubles 14 kopeks

Amount of coupon yield subject to interest payment on all issue bonds/ paid for the interest on all issue bonds (RUB): 117 420 000/117 420 000

Date of interest payment on coupon: 23.01.2008

Record date of holders list: 14.01.2008

Coupon period: 2

Beginning date of the coupon period: 23.01.2008

End date of the coupon period: 23.07.2008

Coupon period duration (days): 182

Amount of coupon yield per bond (in percents and in rubles): 7.85% per annum, 39 rubles 14 kopeks

Amount of coupon yield subject to interest payment on all issue bonds/ paid for the interest on all issue bonds (RUB): 2 355 366.92/2 355 366.92

Date of interest payment on coupon: 23.07.2008

Record date of holders list: 14.07.2008

Coupon period: 3

Beginning date of the coupon period: 23.07.2008

End date of the coupon period: 21.01.2009

Coupon period duration (days): 182

Amount of coupon yield per bond (in percents and in rubles): 7.85% per annum, 39 rubles 14 kopeks

Amount of coupon yield subject to interest payment on all issue bonds/ paid for the interest on all issue bonds (RUB): 2 355 366.92/2 355 366.92

Date of interest payment on coupon: 21.01.2009

Record date of holders list: 21.01.2009

Coupon period: 4

Beginning date of the coupon period: 21.01.2009

End date of the coupon period: 22.07.2009

Coupon period duration (days): 182

Amount of coupon yield per bond (in percents and in rubles): 7.85% per annum, 39 rubles 14 kopeks

Amount of coupon yield subject to interest payment on all issue bonds/ paid for the interest on all issue bonds (RUB): 35 476 887.40/35 476 887.40

Date of interest payment on coupon: 22.07.2009

Record date of holders list: 17.07.2009

Coupon period: 5

Beginning date of the coupon period: 22.01.2010

End date of the coupon period: 20.07.2009

Coupon period duration (days): 182

Amount of coupon yield per bond (in percents and in rubles): 7.85% per annum, 19 rubles 57 kopeks

Amount of coupon yield subject to interest payment on all issue bonds/ paid for the interest on all issue bonds (RUB): 58 687 416.41/58 687 416.41

Date of interest payment on coupon: 20.01.2010

Record date of holders list: 14.01.2010

Payment of coupon yield from bonds is made in favour of bondholders actual by the end of trading day in National Deposit Centre previous to 6th (sixth) working day before the date of payment of coupon yield form Bonds.

In first quarter 2008 the extraordinary "Kubanenergo", JSC General shareholders meeting made a decision to reorganize the Company by joining to "IDGC of the South", JSC (minutes of meeting No. 22 dd. 22.01.2008), as per the article 60 "On Joint Stock Companies" of Civil Code of Russian Federation in this connection the Company bought bonds in the amount of 2 939.8 millions of rubles (by the demand of holders of the bonds).

8.10. Other Data

Additional information disclosed by the Issuer in the quarterly report according to the requirements of Regulations on the Information Policy

8.10.1. Statistic Information on the Company's Shareholders Including the Amount of Shareholders, the Balance of Amount and Stake of Residents and Non-residents, Legal Persons and Individuals in the Authorized capital

	Company's shareholders amount as per 01.01.2010	Shares amount, items	Share fraction in Authorized capital, %
Individuals	2 436	588 277	3.2921
Legal persons	119	17 281 163	96.7079

Including nominee holders who did not provide information on the clients	2	3 606	0.0202
TOTAL	2 555	17 869 440	100
Including non-residents	50	3 353 492	18.7666

The data are actual for 17.06.2009 as the last date of making the list eligible to participate in Extraordinary General Shareholders Meeting

Data on the Issuer's shares cross-held:

Cross-held shares of the Issuer are absent.

8.10.2 Description of the Issuer's Organizational Structure and Basic Functional Relations between the Key Operational Divisions.

Centralized Management of Power Grid Subsidiaries is carrying out management authorities by taking control and providing the supervision for the following fields of activity:

- 1. Technical Issues; including equipment maintenance and repair, dispatching, reliability, industrial control, labour safety, quality management; calculations and metrology.**
- 2. Development and Service Sales, including prospective development, technological connections, power energy transportation, power supply accounting, customer service**
- 3. Investments, including investment management and capital construction.**
- 4. Logistics and Procurement Supply, including resource management, competitive procurement, buildings and facilities maintenance, administration support.**
- 5. Economics and Finance, including business-planning, tariffs formation, cash Flow s management.**
- 6. Accounting Issues, including accounting, tax accounting, management accounts.**
- 7. Corporate Management, including legal support, corporate relations; mass media relations.**
- 8. Administrative Issues, including documents support, electronic records management, control and audit of documents execution, mechanization and transport issues.**
- 9. Personal Management, including organization design and labour measurement, labour motivation, personnel inventory, recruiting and personnel development, development of corporate social programs.**
- 10. Information Technologies, including management of automated control systems, development of DOCS (Dispatcher Operation Control System), customer relations, services.**

11. Security and Controlling, including economic security, controlling and internal audit, special directorate

12. Development of Sochi Power Region, including interaction with FSUE (Federal State Unitary Enterprise) “Unified Direction of Development of Sochi” (State Company “Olympstroy”), investments management and capital construction in Sochi Power Region.

8.10.3. Core events and news of the Company.

No.	Date	News
-	12.01.2010	«Kubanenergo», JSC participate in Olympic objects building that are meant to maintain the services for the Olympic Games 2014. Among 30 objects meant to maintain the services for the Olympic Games 2014 3 objects are in the sphere of «Kubanenergo», JSC. These are 110 kV “Bykhta”, “Rodnikovaya” and “Vyshnevaya” substations.
-	18.01.2010	«Kubanenergo», JSC specialists had placed in operation new transformer on “Cheriomushky” 110/35/6-10 kV substation in Maykop, Adygeya Republic. The first stage of “Cheriomushky” substation reconstruction was finished – 25 mega-volt-ampere transformer was replaced by 40 mega-volt-ampere transformer.
-	22.01.2010	«Kubanenergo», JSC specialists are finishing reconstruction of “Yuzhnaya” substation that in future should provide safe electric power supply of Olympic object and infrastructure of health resort Sochi.
-	26.01.2010	«Kubanenergo», JSC defined volume of works for 2010 in Company’s branches. One of the main event to take place is the realization of repair program - repair of main and subsidiary electric technical equipment of substations of high voltage lines.
-	08.02.2010	«Kubanenergo», JSC specialists had finished the 1 st stage of reconstruction of “Mostovskaya” 110/35/10 kV substation, located in Mostovskoy district of Krasnodar region.
-	15.02.2010	In «Kubanenergo», JSC branches was defined volume of works and made a schedule of energetic equipment repair for 2010. Thus Tikhoretskiye grids are in schedule. In this year capital repair is to be done by Kuban energy specialists on the 10 following substations: “Atamanovskaya” and “Ternovskaya” 110 kV substation as well as “Veselovskaya”, “Staroleushkovskaya”, “Yuzhnaya”, “Otradnaya”, “Khoperskaya”, “Kugoeiskaya”, “Zarechnaya” and “Myasosovkhoz” 35 kV substations.
-	10.03.2010	In the current year «Kubanenergo», JSC continues the work of satisfying the growing needs in electric power supply on the territory of Temryukskiy district of Krasnodar region. With the

		purpose of providing safe and high- quality supply of sea port “Taman” and th whole Taman peninsula Kuban energetic specialists are fulfilling the construction of two single circuit lines with 110 kV power – “Vyshesteblievskaya -200 - Volna”.
-	22.03.2010	«Kubanenergo», JSC finishes environmental survey works close to Verkhne-Bakanskiy village in Novorossiysk, Krasnodar region. It is planned to build here new substation “Pervomaiskaya” with power 110kV.
-	23.03.2010	«Kubanenergo», JSC approved the correspondence of its system of management with international standards in the sphere of quality management, health care, industrial safety and ecological management.
-	24.03.2010	Energetic specialists of Sochinskye grids («Kubanenergo», JSC branch) has finished works on one of the olympic objects - “Rodnikovaya” 110 kV substation.
-	26.03.2010	«Kubanenergo», JSC specialists carried out repair works on the “Psebay” 110/10 kV substation that provides with electric energy Andryuky village, Solenoe settlement, Psebay settlement, Perevalka and Burnyi village of Mostovskoy district of Krasnodar region.

8.10.4. Information on Participation of the Company in Exhibitions and Conferences, International Entities Activity.

The Company did not participate in exhibitions and conferences, international entities activity in the fourth accounting period.

8.10.5. Brief Description of the Company's Main Internal Regulations

Certain structures, procedures, and corporate management practice are regulated by the Charter and internal documents of the Company, including:

Item No.	Name of the internal document	Description	Data on the approval of the internal regulations by management bodies of the Company
1	Regulations on the procedure for preparation and convening of a General Shareholders Meeting of «Kubanenergo», JSC	The document specifies the order of convening, preparation, holding of the shareholders' meetings and also interaction of the operating bodies of the meetings.	Approved as amended by decision of Annual General Shareholders Meeting (Minutes of No.23 dd. 06.06.2008).
2	Regulations on the order of convening	The document specifies the order of convening and	Approved as amended by decision of Annual

	and holding the meetings of Board of Directors of «Kubanenergo», JSC	holding of Board of Directors meetings, and rights, duties and responsibilities of the members and the company's Corporate secretary.	General Shareholders Meeting (Minutes of No.23 dd. 06.06.2008).
3	Regulations of Management Board of the Company	The document regulates the order of forming the Management Board, convening and holding the meetings, taking decisions, and rights, duties and responsibilities of the members	Approved as amended by decision of Annual General Shareholders Meeting (Minutes of No.23 dd. 06.06.2008).
4	Regulations on «Kubanenergo», JSC Auditing Committee	The document specifies the objectives, the terms of activity of the Audit committee, regulates the issues of the interaction with the Company's management authorities, also schedules the rights and duties of the members of the Audit committee.	Approved as amended by decision of Annual General Shareholders Meeting (Minutes of No.23 dd. 06.06.2008).
5	Regulations on paying remunerations and compensations to «Kubanenergo», JSC members of Board of Directors (new revision)	The document specifies the amount and the order of payments and compensations to the members of Board of Directors (except for the members of Board of Directors holding simultaneously positions of CEO and/or members of Management Board).	Approved as amended by decision of Annual General Shareholders Meeting (Minutes of No.23 dd. 06.06.2008).
6	Regulations on paying remunerations and compensations to the members of the «Kubanenergo», JSC Auditing Committee (new revision)	The document specifies the amount and order of paying remunerations and compensations to the members of Auditing Committee.	Approved by decision of annual General Shareholders Meeting of «Kubanenergo», JSC dd 30.05.2008 (Minutes No.1 dd 04.06.2008)
7	Regulations on Reliability Committee attached to Board of Directors of the	The document determines the procedure of Committee meeting, rights and obligations of	Approved by decision of Board of Directors of «Kubanenergo», JSC (Minutes No.21/2006 dd.

	Company”	Committee members and the order of drawing up recommendations (conclusions) regarding issues of the competence	18.09.2006)
8	Code of Corporate Management of «Kubanenergo», JSC	The document specifies the Company's assumed liabilities in the sphere of ensuring transparency of the Company's management and conforming to standards of proper corporate management	Approved by decision of Board of Directors of «Kubanenergo», JSC (Minutes No.23/2006 dd. 01.11.2006)
9	Regulations on Information Policy of the Company	The document determines rules and regulations of information disclosure, the list of information sources and documents subject to disclosure to shareholders, creditors, investors-to-be and other persons, as well as specifies the order, terms of disclosure and presentation of the specified information.	Approved by decision of Board of Directors (Minutes No.22/2006 dd.03.10.2006).
10	Regulations on «Kubanenergo», JSC insider information	The document defines the concepts of “insider”, “insider information” of the Company, determines the order of protection, use and distribution of insider information.	Approved by decision of Board of Directors (Minutes No.18/2006 dd 18.06.2006)
11	Regulations on dividend policy of “Kubanenergo”, JSC	The document determines the system of relations and principles for calculating dividends, order and terms of their payment, and the Company's responsibility for failure to carry out liabilities of paying dividends.	Approved by decision of Board of Directors of “Kubanenergo”, JSC (Minutes No.25/2006 dd 03.12.2006).
12	Regulations on the Corporate Secretary of Board of Directors of “Kubanenergo”, JSC	The document determines the status, competence, rights and obligations of the Corporate Secretary of Board of Directors of the Company and likewise	Approved by decision of Board of Directors of «Kubanenergo», JSC (Minutes No.38/2007 dd 27.06.2007).

		specifies the election procedure and remuneration scheme.	
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Mentioned above internal documents of the Company are worked out according to the legislation of the Russian Federation and the Company's Charter and consider basic regulations of Corporate conduct code recommended to implementation by FSEC (Executive order of FSEC dd 04.04.02 No.421/r).

Internal regulations on the Issuer's management and audit authorities are made available on the Company's corporate Internet website at: <http://www.kubanenergo.ru/rus/stockholders/documents/index.shtml>.

8.10.6. Data on the Procedures of the Candidates Nomination to Board of Directors, of the Stating the Requests to Board of Directors of the Company. Brief Review of the Activity of Management Authorities of the Company in the Accounting Period.

The Procedure of nominating the candidatures to the Company Board of Directors:

Shareholders (shareholder) being in aggregate the holders of not less than 2 (Two) percents of voting shares of the Company are eligible to put the issues to the Agenda of Annual General Shareholders Meeting and nominee candidatures to Board of Directors of the Company and to the Auditing Committee of the Company, with the shareholders number not exceeding the quantitative amount of the corresponding Authority. Such proposals shall be handled to the Company not later then 60 (Sixty) days after the end of the financial year.

The nomination proposal is put in written form indicating the name (title) of proposing shareholders (shareholder), amount and type of shares belonging to them (him), and shall be signed by the shareholders (shareholder).

The nomination proposal should contain the name of every nominee, the Authority name of the proposed election. When nominating the candidatures by the shareholders for the election to Board of Directors they are recommended likewise to provide the following information to the Issuer regarding the nominees: citizenship, residency, education, occupation, work experience for the five years preceding the nomination date including the primary employment and the occupied positions in Management Authorities of other legal entities, holding the Company shares and the Subsidiary and Affiliated Companies shares, the existence of ties of relation with Company Authorities (its Management Company); existence of contractual relations with the Company regarding the acquisition of the property (monetary funds) with the value totaling more than 10 % of the aggregate annual income of the candidate. The above mentioned information is provided for the Company shareholders along with other documents related to the issues of the Agenda for the General Shareholders Meeting. Failure to provide the hereinabove information does not lead to refusal of including the respective candidate to the voting list for election to Board of Directors.

Board of Directors of the Company is obliged to consider the provided proposals and take a decision on including to the Agenda of the General Shareholders Meeting of the Company or on refusal to the mentioned Agenda not later than 5 (Five) days after the expiration of 60 (Sixty) days of the end of the financial year.

Board of Directors of the Company has a right to deny the including the nominee candidates to the voting list of elections to the respective Authority of the Company

on the basis stipulated by the Federal Law “On Joint Stock Companies” and other legal acts of the Russian Federation.

Motivated decision of the Board of Directors regarding the refusal of including of the nominee candidate to the voting list of elections to the respective Authority of the Company is sent to the shareholder (shareholders) submitted the question or introduced the candidate, not later than 3 (Three) days form the moment of the acceptance.

Board of Directors of the Company has no right to alter the wordings of the issues proposed for the Agenda of General Shareholders Meeting, and (if any exist) the wordings of the decisions upon such issues.

Except for the issues proposed by the shareholders for the Agenda of General Shareholders Meeting, and also in case of absence of such proposals, absence or insufficient amount of the nominees proposed by the shareholders to form the respective Body, Board of Directors of the Company is entitled to include the issues to the Agenda of General Shareholders Meeting or nominees to the voting list at own discretion.

Procedure of submitting the proposals to Board of Directors of the Company:

Members of Board of Directors, members of Auditing Committee, General Director and members of Management Board are entitled to make demands on convocation of General Shareholders Meeting of the Company. The above mentioned demands are sent to the Chairman of Board of Directors of the Company in written form along with a copy to the Corporate Secretary of the Company.

The Chairman of Board of Directors is obliged to consider the arrived demand on the convocation of Extraordinary Meeting of Board of Directors and take a decision on the convocation of such a Meeting, on the refusal of the convocation or on the including of the issues contained in the demand in the Agenda of the scheduled Meeting of Board of Directors not later than 5 business days from the moment of acceptance of the corresponding demand. Meeting of Board of Directors for the consideration of the issue (issues) contained in the demand shall be held not later than 30 calendar days following the acceptance of the respective demand by the Chairman of Board of Directors of the Company

Short review of the activity of Management Authorities of the Company in the accounting period:

General Shareholders Meetings of “Kubanenergo”, JSC were not held in the accounting period.

Board of Directors of the Company had 3 sessions in the accounting period, 28 decisions were taken, including as follows:

- **Committee of strategy, development, investments and reforming of Board of Directors was formed, regulation on Committee of strategy, development, investments and reforming of Board of Directors was approved and its personal structure was formed;**
- **a regulation on remuneration and compensations to Committee members of auditing «Kubanenergo», JSC board of directors was approved,**
- **a structure of executive body of «Kubanenergo», JSC was approved (instead of previous),**

- decisions on proposals of shareholders to include questions in agenda of annual Shareholders Meeting and recommendation of candidates for managing and controlling bodies of the Company were approved;
- Decisions on transactions of interest that have been made according to the chapter XI of "On Joint Stock Companies" Federal Law;
- Reports of the Sole Executive Body of the Company have been considered related finance and economic activity of the Company, etc.

Minutes of General Shareholders Meetings and sessions of Board of Directors of "Kubanenergo", JSC are available on the Company's website at <http://www.kubanenergo.ru/rus/management/info2/index.shtml>.

In the reporting period a session of Committee of strategy, development, investments and reforming of Board of Directors of «Kubanenergo», JSC was held, at the session Chairman and Secretary of the Committee of strategy, development, investments and reforming of Board of Directors were elected, work schedule was approved and indicators of annual and quarterly figures of Company's activity in 2009 were corrected.

8.10.7. Brief Review of Activity of Auditing Commission in the Accounting Period.

In the accounting period the Auditing Commission of "Kubanenergo", JSC had no meetings. Minutes of Meetings of the Auditing Commission for the entire period of the Issuer's activity are available on the corporate website of the Company in the Internet.

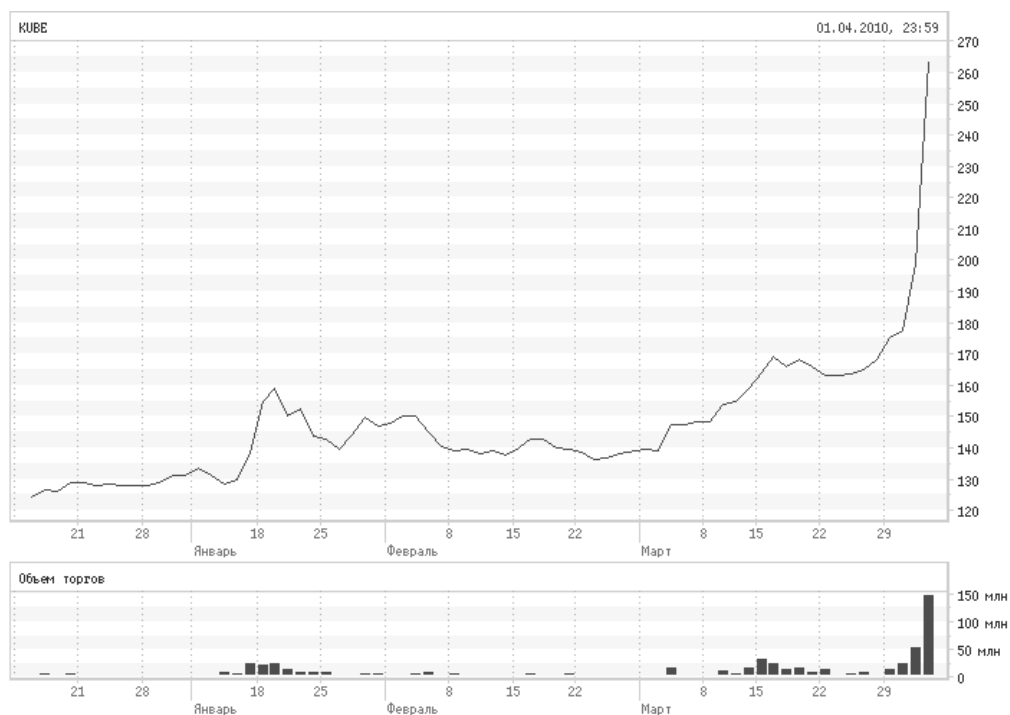
8.10.8. Dynamics of Price of Shares and other Securities of the Company.

Dynamics of share price of "Kubanenergo", JSC in 2009 presented by MICEX Stock Exchange was characterized by stable growth in the first half year and insignificant fluctuations in the second half of 2009.

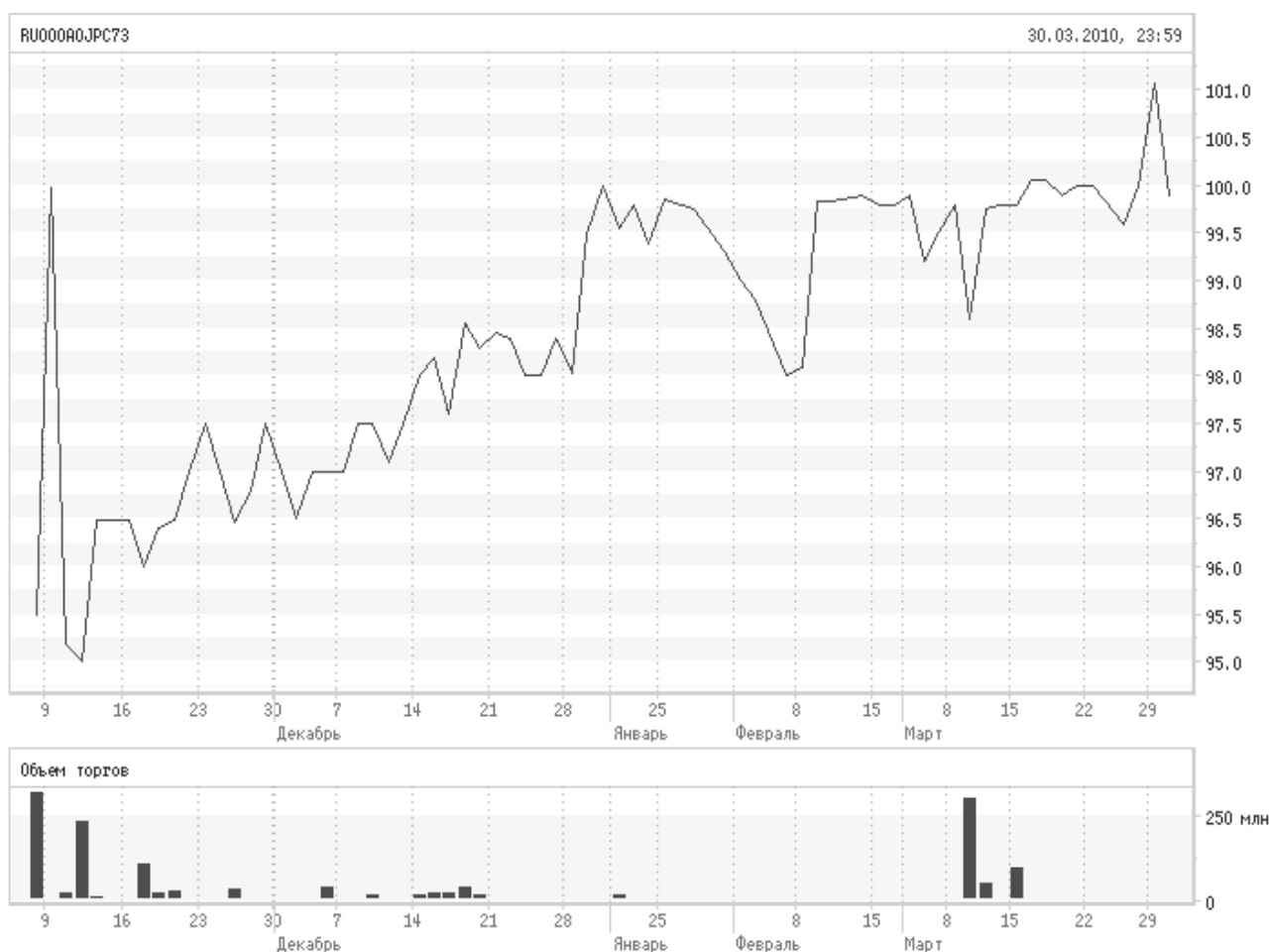


Growth of price per 1 share in 2009 was 66.86%.

Dynamics of stock prices of «Kubanenergo», JSC in 1st quarter of 2010 according to data of “MMFS”, CJSC
(<http://www.micex.ru/marketdata/analysis>):



Dynamics of securities price of the Issuer (bonds):
(<http://www.micex.ru>)



8.10.9. Evaluation assets methods

According to the Accounting Regulations "Organization Accounting Policy" RAS 1/2008, approved by Decree of Finance Ministry of Russian Federation No.106n dated 06.10.2008, "Kubanenergo", JSC has formed the Accounting Policy of the Company that contains the approved evaluation methods of assets (fixed, financial, material, etc). On elaboration of evaluation assets methods the Accounting Regulations in the Russian Federation regulating Financial Accounting and Reporting issues were used. Assets and liabilities of the Company were evaluated in the Reporting on the basis of actual acquisition costs

8.10.10. Forecast of Production and Finance Results of the Company Activity.

Main tasks of "Kubanenergo", JSC in 2010 are as follows: accident-free operation during winter and summer maximum load period, timely fulfillment of Regulatory Authorities activities to obtain the Certificate of readiness in time, realization of investment and repair programs to ensure the possibility of the further connection of consumers to "Kubanenergo", JSC grids, and likewise the minimization of excessive loss.

Scheduling of Company's activity is carried out considering the following indicators:

- **summary prognosis balance of production and supplies of electric energy in frameworks of common energy system of Russia Federation**

subjects;

- prognosis of growth of tariff for electric power transmission services;
- prognosis of growth of consumer prices;
- prognosis of growth of price purchase of negative profit with consideration of average share of liberalization of wholesale market;
- volume of losses of electric power transmitted into grids taking in account deterioration of equipment, load duty in grids, commercial losses, etc.

Quarterly prognosis of financial results and comments

No.	Name	total 2009	Including per quarter				Quarter I, 2010
			quarter I	quarter II	quarter III	quarter IV	
1	Revenue (net) from realization of products (services), total	19 947 511	4 872 867	4 245 889	5 824 298	5 004 458	5 875 712
2	Production cost of products (services), total	-18 849 604	-5 109 648	-4 262 278	-4 200 745	-5 276 932	-6 448 181
3	Gross profit, total	1 097 908	- 236 781	-16 389	1 623 552	- 272 474	-572 469
4	Net profit (loss)	-2 182 591	- 696 221	-1 192 668	462 428	- 756 129	-777 742
5	ROE (Return on equity)	- 21,71%	-6,75%	- 11,98%	4,27%	-7,25%	-9,39%

Changes in financial and economic indicators of «Kubanenergo», JSC for the quarter I, 2010 in comparison with indicators of quarter IV are characterized by the following dynamics:

- growth of revenue from realization of products (services) during the reporting period for 871.3 millions of rubles or for 17.4%. The main part of exceeding the actual proceeds of quarter I, 2010 summed up due to the increase of revenue from services on electric power transmission for 1 079.1 millions of rubles;

- growth of rice cost in quarter I, 2010 1 171.3 millions of rubles or 22.2% (reasons are mentioned in 2.1);

- growth of actual loss judging by the results of the reporting period for 21.6 millions of rubles;

- decrease of the profitability of equity capital up to “minus” 9.39%.

8.10.16. Information on the Transactions Closed between the Issuer and State Companies and Quarterly Review of such Transactions; Quarterly Review of the

Transactions Closed between the Issuer and the Shareholders of the Issuer Holding at least 5% of the Voting Shares of the Issuer; Quarterly Review of Intercorporate Transactions

Transactions with State Companies:

During the accounting period the Company closed 439 transactions with State and Municipal companies totaling 26 977.5 rubles.

State and Municipal Companies provide the following services for the Company:

- education and qualification development for the personnel;
- lease and sales of lands;
- technical inventory of the real estate;
- medical examinations of the Company's employees;
- preparation of land-and-legal and town-planning documents;
- public relations service,
- subscription for periodical print publications;
- state expertise of construction documents for building and reconstruction of power facilities;
- Olympic power facilities construction;
- guarding of objects;
- communal-general services, etc..

The Company rendered services for State and municipal companies in electric power transmission, power facilities repair, technological connection of electrical installations to the power grids of "Kubanenergo", JSC.

The company closed 1 transaction in the accounting period with an affiliated branch.

Item No.	Contractor	Subject of transaction	Cost of transaction, RUB, including VAT
1	"Health Resort "Energetik", JSC	purchase of tourist vouchers	9998780,00

The accounting quarter did not contain:

- transactions between Issuer and shareholders with no less than 5% of Company's shares;
- transactions between Subsidiary and Associated Companies;
- transactions closed between the Issuer and members of Management Authorities of Subsidiary and Associated Companies

8.10.12. Information on Corporate Management Evaluation

January 15, 2007 the Consortium of Russian Institute of Directors and the "Expert RA" Rating Agency (RID – Expert RA) made the report on the practice of Corporate Management of "Kubanenergo", JSC. According to the report the level of Corporate Management of the Company was evaluated as average, it was rated "B+".

“RID – Expert RA” claims that in general the Company satisfies the requirements of Russian Federation legislation regarding the Corporate Management.

8.10.13. Annotations to the cl.6.2 “Data on participants (shareholders) of the Issuer holding at least 5 percent of authorized (share) capital (share fund) or at least 5 percent of ordinary shares, as well as data on participants (shareholders) of the bodies holding at least 20 percent of authorized (share) capital (share fund) or at least 20 percent of ordinary shares” and to the cl.6.3 “Data on state or municipal unit stake in authorized (share) capital (share fund) of the Issuer, availability of special right (“golden share”)”.

Due to placement of additional shares registered on 01.09.2009 in FFMS of the Russian Federation with State registration number 1-02-00063-A-001D in the present moment, cl.6.2. of the Quarterly Report contains the quantity of shares owned by the Issuer shareholders or by the Issuer shareholders enrolled to the register as nominee holders taking into account the additional issue shares.

Stakes of shareholders participation in the Authorized capital of the Issuer in cl.6.2 and 6.3 of the Quarterly Report are indicated without consideration additional issues shares whereas the Authorized capital of “Kubanenergo”, JSC did not increase in the accounting quarter.

8.11 Data on Securities Placed and on the Issuer of Securities Placed with the Property Right Certified by Russian Depositary Receipts

The Issuer is not the Issuer of the securities placed, the property right of which is certified with Russian depositary receipts.