

Stocks and Dividends



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"In the reporting year:
 • a significant Company capital gain was reported;
 • according to the Decision of the General Meeting of Shareholders on the increase of the Company authorized capital, the measures were taken to issue additional Company shares by the end of 2016, an opportunity for shareholders to exercise their preemptive right when acquiring the shares was given."

Shares of Kubanenergo PJSC

	At the beginning of 2016	At the end of 2016
Securities type, class, character, form of issuance	Uncertified registered common shares	
Nominal value per share	RUB 100	
Number of outstanding securities	282,868,130	
State registration number of the issue and registration date	No. 1-02-00063-A as of 7/8/2003	
Presence / absence of special right of the Russian Federation to participate in the management of the Company ("golden share")	No special right of the Russian Federation to participate in the management of the Company ("golden share")	
Number of authorized shares which may be placed by the Company in addition to outstanding shares	194,439,107 in common stocks with a total nominal value of RUB 19,443.9 mln	

No preferred shares have been issued.

The Company does not keep and does not intend to purchase any shares on the balance sheet.

No subsidiaries or affiliates of Kubanenergo PJSC own shares in the Company.

In accordance with the Articles of Association of Kubanenergo PJSC, each registered common share of the Company grants equal scope of rights to its owner.

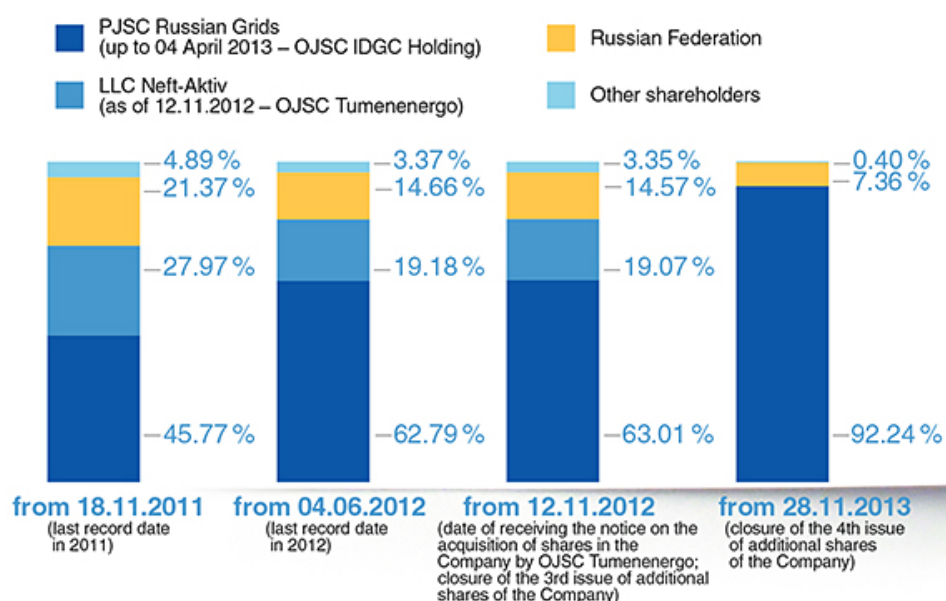
Ordinary registered shareholders of the Company are entitled to:

- 1) participate in person or through representatives in the General Meeting of Company Shareholders having a right to vote on all issues within their competence;
- 2) make suggestions for the inclusion of issues in the agenda of the General Meeting in the manner prescribed by the laws of the Russian Federation and these Articles of Association;

- 3) obtain all information on the Company activities and study Company documents in accordance with Article 91 of the Federal Law “On Joint-Stock Companies”, as well as with other regulatory legal acts of the Russian Federation and these Articles of Association;
- 4) receive dividends declared by the Company;
- 5) preemptively purchase additional shares and issuance securities placed by means of public offering, converted into shares in a quantity which is proportional to the number of ordinary shares which belong to them in cases covered by the laws of the Russian Federation;
- 6) get a part of the Company assets in case it is liquidated;
- 7) appeal against the decisions of the Company governing bodies resulting in civil law consequences subject to the laws of the Russian Federation;
- 8) demand compensation of the losses caused to the Company;
- 9) challenge transactions carried out by the Company on the grounds stipulated by the laws of the Russian Federation and demand enforcement of implications of invalidated transactions as well as enforcement of implications of void transactions of the Company;
- 10) sign an agreement on implementation of the corporate rights (the corporate agreement) among themselves as well as with creditors of the Company and other third parties ;
- 11) exercise other rights stipulated by the legislation of the Russian Federation and these Articles of Association.

Rights of shareholders are also stipulated in Company Articles of Association.

Structure of the share capital



There were no changes in the structure of the share capital of the Company during the reporting year.

Statistics on the shareholders of Kubanenergo PJSC as of 12/31/2016:

Item No.	Registered persons	Number of persons	Number of shares	% of the total number of shares
1	Individuals	1,776	341,162	0.1206
	including non-residents	2	485	0.0002
2	Legal entities, including nominal shareholders (total)	19	282,520,148	99.8770

	<i>including owners (nominal shareholders) of more than 5% of shares</i>	2	281,749,537	99.6046
	<i>including non-residents</i>	1	325	0.0001
3	Trustees	0	0	0
4	Shares in joint ownership	14	6,820	0.0024
Total according to the register:		1,809	282,868,130	100

Issue additional Company shares

On 9/19/2016 a Decision was adopted at the extraordinary General Meeting of Shareholders (Minutes No. 38 of 9/21/2016) to increase the authorized capital of Kubanenergo PJSC through placement of 57,457,846 of additional shares by public offering.

On 12/15/2016 the Bank of Russia adopted a Decision on the State registration of the additional issue and on the registration of Prospectus of uncertified registered common shares of Kubanenergo PJSC. The additional issue of shares was assigned a State Registration Number 1-02-00063-A.

The total number of shares issued is 57 mln. 457 thou. 846 of shares.

The maximum amount of money receivable upon placement of all the shares of the additional issue totals to RUB 5.75 bln.

Objectives of the issue: raising investments, enhancing financial stability of Kubanenergo PJSC.

Issue of additional shares of Kubanenergo PJSC is aimed, particularly, at raising investments for consolidation of electric grid facilities within the Company business area on the basis of Kubanenergo PJSC through their purchase from owners for a total amount of up to RUB 3.2 bln, that enables the Company to increase:

- the length of power transmission lines by 2.6 thou. km;
- total substation capacity by 857 MVA;
- number of conditional units of electric grid assets by 39.9 thou.

Offer price (including individuals on the list of people holding the preemption right) per additional common share is RUB 100.

The payment of additional shares shall be performed in cash.

From 12/20/2016 to 10/16/2017 the accepts the shareholders' requests for acquisition of the Company additional shares in the exercise of the preemption right. In the reporting year more than RUB 2 bln was raised in return for the shares placed.

Placement of additional shares of the Company shall be finished on 12/15/2017.

Information on the current issue of additional shares of Kubanenergo PJSC is published on the Company website: [Home page / For Shareholders and Investors / Information Disclosure / Disclosure of information at specific stages of the securities issue procedure / Additional issue of shares of Kubanenergo PJSC \(state registration number 1-02-00063-A of 12/15/2016\).](#)

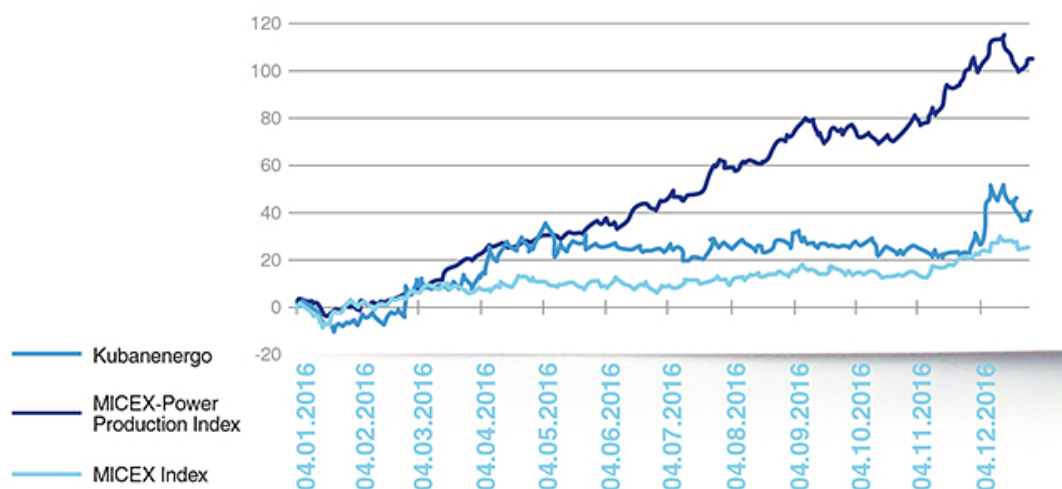
Stock Market and Capitalization of Kubanenergo PJSC

In 2016, shares of Kubanenergo PJSC were traded at PJSC Moscow Exchange as non-listed stocks, ticker symbol – KUBE, ISIN code: RU0009046767.

Information on current quotations and prices of transactions is available in both Russian and English:

- <http://moex.com>
- <http://kubanenergo.ru>

Fluctuation of price of one Kubanenergo PJSC share



Capitalization of the Company at the beginning of 2016 has reached RUB 16.92 bln and amounted to RUB 24.69 bln at the end of the year.

The capitalization maximum in 2016 amounted to RUB 25.5 bln, with the lowest drop at RUB 15.3 bln. The market price per shares in the reporting year was in the upward trend and by the end of the year increased by nearly 46% following the growth of MICEX index by nearly 29% and of the MICEX-Power Index by over 108%.

Fluctuation of price of one Kubanenergo PJSC share in 2016, RUB:

Weighted Average Price (Beginning of the Year)	Minimum Price	Maximum Price	Weighted Average Price (End of the Year)	Relative price increase over the year, %
59.8	54	90	87.3	45.99

Quotations and Trade Volumes of Stocks of Kubanenergo PJSC in 2014–2016:

Indicator	2014	2015	2016	2016/2015 (relative increase, %)
Weighted Average Share Price in the End of the Year	40.1	59.3	87.3	47.21
Trade volume, pcs.	234,200	796,480	1,675,440	110.36
Trade volume, RUB	14,301,266.5	49,070,335	124,397,570	153.51

Trade volume of the Company shares at MICEX Stock Exchange in 2016 significantly exceeded the level of 2015 and amounted to RUB 124.4 mln / 1.7 mln shares.

Low trading activity is partly caused by the consolidation of a block of shares by the Company majority shareholder (PJSC ROSSETI).

Dynamics of Trade Volume of the Company Shares

In 1Q of 2016 a relatively low trading activity was observed; the trade volume amounted to 283 thou shares. In 2Q and 3Q the trade volume increased by an average of 50%. Improved activity was observed in 4Q of the reporting year, with the trade volume amounting to approx. 543 thou shares.

Profit Distribution and Dividend Policy

The dividend policy of Kubanenergo PJSC is a total of principles and methods used by the Company to work out the correlation between the profit that goes towards capitalization and the profit that goes towards the dividends, as well as to decide on the procedure and timing of paying out the dividends, and to decide on the responsibility of the Company for failing to deliver the stated amount in dividends.

Our dividend policy is aimed at increasing the investment appeal of Kubanenergo PJSC and the growth of its market capitalization.

While increasing the capitalization, we also aim at increasing the amounts paid out as dividends to the shareholders based on the amount of profit attained in the financial year and investment requirements in relation to the development of the Company.

The Dividend Policy of the Company is determined by the Regulation on Dividend Policy of Kubanenergo PJSC established by the decision of the Board of Directors (Minutes No. 95/2010 of 9/3/2010) and published on the corporate website of the Company www.kubanenergo.ru — section [About the Company / Constituent and in-house documents](#).

Basic Principles of Kubanenergo PJSC Dividend Policy

- Ensuring a balanced approach to the interests of the Company and its shareholders while settling the volume of dividends to be paid.
- Respect and strict compliance with the rights of shareholders set forth by the applicable laws of the Russian Federation, the Articles of Association and internal documents of the Company.

Data sheet on dividends paid by Kubanenergo PJSC

Dividend Period, Year	Number and date of the Minutes of the annual General Meeting of Shareholders of Kubanenergo PJSC where the decision on the dividends payment was made	Date of drafting the list of shareholders entitled to receive dividends in the dividend period	Amount of dividends announced (accrued) on the shares of the given tier (type) per share, RUB	Total amount of dividends announced (accrued) on the total number of outstanding shares of the given tier (type), RUB	Total amount of funds paid in dividends on the company's shares of the given tier (type), RUB	Period of time set to pay out the announced dividends on the Company's shares	Means and other terms of payment of the announced dividends on the Company's shares	Reasons for default on the announced dividend payments
2005	No. 18 of 6/11/2006	4/12/2006	4.476917	80,000,000	79,662,676.97	60 days	Monetary means	Failure to provide updates on the changes in personal data by the persons registered in the list of shareholders
2006	No. 20 of 6/5/2007	4/26/2007	1.253593	22,401,000	22,303,192.20			
2007	No. 23 of 6/6/2008	4/17/2008	1.678844	30,000,000	29,873,068.07	15 days		
2015	No. 37 of 6/27/2016	7/13/2016	4.047105	1,144,797,000	1,144,067,054.17	10 working days and 25 working days ³⁹		

Following the results of 2008–2014 financial years, the General Meeting of Shareholders of the Company decided not to pay dividends.

Following the results of 2015 financial year, the decision was made to pay dividends in the amount of RUB 4.047105 per one ordinary share of the Company in cash.

According to the Company's Articles of Association, the decision on profit distribution following the results of 2016 will be taken following the results of the annual General Meeting of Shareholders.

³⁹ 10 working days for a nominee holder and a trustee who is a professional participant of the securities market shall be no more than, and 25 working days for other registered shareholders from the date of drawing up the list of persons entitled to receive dividends.