

"APPROVED"  
by the Board of Directors of  
JSC RAO "UES of Russia"

Minutes #131, dated November 6, 2002

As amended on 27.11. 2002 (Minutes # 132 of the Board  
of Directors of JSC RAO "UES of Russia");  
on 28.06.2003 (Minutes # 144 of the Board of Directors  
of JSC RAO "UES of Russia");  
on 13.08.2003 (Minutes # 148 of the Board of Directors  
of JSC RAO "UES of Russia").

## **PROCEDURES AND REGULATIONS OF THE BOARD OF DIRECTORS**

**of Joint Stock Company  
"Federal Grid Company of the United Energy System"**

Moscow 2008

## **1. GENERALS**

1.1. These Procedures and Regulations are an internal document of Open joint-stock company “Federal Grid Company of United Energy System” (hereinafter referred to as the Company) governing a period, procedure for convening meetings of the Board of Directors and also a procedure for passing resolutions by the Board of Directors and control over their execution.

1.2. These Procedures and Regulations have been developed in accordance with the Civil Code of the Russian Federation, Federal Law “On joint-stock companies”, other statutory acts of the Russian Federation and the Company Articles of association.

1.3. The Board of Directors is the Company management body providing an overall leadership of the Company, exercising control over execution of resolutions passed by the general meeting of shareholders and ensuring the rights and legitimate interests of the Company shareholders in accordance with the legal requirements of the Russian Federation.

1.4. The Board of Directors in its activity is governed by the Federal Law “On joint-stock companies”, other statutory acts of the Russian Federation, the Company Articles of association and these Procedures and Regulations.

## **2. CHAIRMAN AND DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS**

2.1. The Board of Directors is headed by the Chairman of the Board of Directors.

2.2. The Chairman of the Board of Directors shall be elected by the members of the Board of Directors from among their number by a majority of the votes of the elected members of the Board of Directors.

The roles of chairman and chief executive shall not be exercised by the same individual.

2.3. The Board of Directors shall be entitled at any time to re-elect the Chairman of the Board of Directors by a majority of the votes of the elected members of the Board of Directors.

2.4. The Chairman of the Board of Directors shall:

1) convene regular and extraordinary meetings of the Board of Directors; in particular, ensures that the members of the Board of Directors are informed on the next meeting of the Board of Directors as set forth in these Procedures and Regulations, propose the agenda and form of holding meetings (voting in person or by proxy), oversee absent voting at meetings of the Board of Directors;

2) define a list of materials (information) relating to the agenda made available to the members of the Board of Directors;

3) set out a list of persons invited for discussions on separate items of the agenda of meetings of the Board of Directors;

4) chair meetings of the Board of Directors:

- based on information of the Board of Directors' secretary officially check that a quorum at a meeting is present or not, and inform the members of the Board of Directors on whether a quorum is present for passing a resolution of the Board of Directors on respective issues;

- open a meeting, or inform the Directors present at a meeting that decision-making at this meeting is not legitimate;

- ensure that the meeting with the proposed agenda is adjourned, if a quorum is not present and inform those who were absent on the decision taken;

- ensure that the procedural requirements in the course of a meeting are met as set forth in paragraph 8.5 of these Procedurals and Regulations;

- give floor to those who wish to speak and arrange discussions on a respective issue as required;

- put to the vote in order of priority draft resolutions proposed by the members of the Board of Directors at the meeting and/or in the course of preparation;

- arrange voting on the proposed draft resolution of the Board of Directors;

- announce at the meeting of the Board of Directors held in person on a passed resolution of the Board of Directors (based on the voting results), or inform in writing all members of the Board of Directors on a passed resolution based on absent voting;

- adjourn the meeting of the Board of Directors;

5) sign minutes of the Board of Directors, requests for auditing (inspecting) the financial and business activity of the Company and other documents on behalf of the Board of Directors;

6) ensure that the legal requirements of the Russian Federation, Articles of association, other Company internal documents and these Procedures and Regulations are complied with during the meeting;

7) exercise control over implementation of the Board of Directors' action plan approved by the Board of Directors;

8) represent the Board of Directors in relations with the Company executive bodies;

9) on behalf of the Board of Directors organize control over implementation of the resolutions passed by the general meeting of shareholders and the Board of Directors;

10) ensure that the shareholders are fully informed on resolutions passed by the Board of Directors (in particular, by placing minutes of the Board of Directors on the Company website);

11) organize and oversee the commissions, committees and working groups of the Board of Directors (if they are founded);

12) discharge any other duties as provided by the applicable legislation of the Russian Federation, Articles of association and resolutions of the Board of Directors.

2.5. In case the Chairman of the Board of Directors is not present, his duties shall be discharged by the deputy Chairman of the Board of Directors elected from among the members of the Board of Directors by a majority of the votes of the elected members of the Board of Directors.

In case the Chairman of the Board of Directors and his deputy are not present at the meeting, the functions of the Chairman of the Board of Directors shall be performed by one of the Directors elected from among their number by a majority of the votes of the elected members of the Board of Directors.

A member of the Board of Directors being at the same time chief executive or a member of the management board can not be elected deputy Chairman of the Board of Directors.

### **3. MEMBERS OF THE BOARD OF DIRECTORS, THEIR RIGHTS, OBLIGATIONS AND RESPONSIBILITIES**

3.1. The members of the Board of Directors within the scope of their purview shall be entitled to:

1) obtain information on the Company activity, including commercial secrets, familiarize themselves with all constituent, regulatory, accounting, reporting, contractual and any other Company documents in accordance with the applicable legislation of the Russian federation and the Company internal documents;

2) make written proposals to the Board of Directors' action plan;

3) according to the established procedure propose any business to be transacted at the meeting of the Board of Directors;

4) request convening a meeting of the Board of Directors;

5) exercise any other rights as provided by the legislation of the Russian Federation, Articles of association, other Company internal documents and these Procedures and Regulations.

3.2. The member of the Board of Directors shall be obliged to:

1) regularly attend meetings of the Board of Directors;

2) implement resolutions passed by the General meeting of shareholders and the Board of Directors;

3) inform the Board of Directors' secretary on holding another office and any changes in the permanent (main) place of employment (service, entrepreneurial activities etc.);

4) inform the Board of Directors, audit commission and the Company auditor on his interest in any transactions to which the Company is or may be the party and also in case of any other clash of interests between the said person and the Company with respect to any existent or expected transaction.

5) inform the Board of Directors on his intent to incorporate or participate in entities competing with the Company.

3.3. The members of Board of Directors shall be liable for:

1) executing the resolutions of the General meeting of shareholders within the scope of purview of the Board of Directors;

2) consequences of the passing of resolutions on matters relating to its purview;

3) losses incurred by the Company due to their guilty actions (omission) unless any other grounds and responsibilities are set forth in federal laws. The members of the Board of Directors who voted against a resolution which resulted in losses caused to the Company, or did not vote shall not be held liable.

3.4. By resolution of the General meeting of shareholders, members of the Board of Directors in the course of their duties in accordance with the legislation of the Russian Federation may be paid remuneration and/or compensation for expenses arising from the performance of their duties as members of the Board of Directors. The amount of such remuneration and compensations shall be set by resolution of the General meeting of shareholders.

3.5. The members of the Board of Directors in performing their rights and obligations shall act reasonably and in good faith in the interest of the Company.

#### **4. SECRETARY OF THE BOARD OF DIRECTORS**

4.1. The secretary of the Board of Directors shall be responsible for providing organizational and information support to the Board of Directors.

4.2. The secretary is elected by the members of the Board of Directors by a majority of the votes of the elected members of the Board of Directors. The Board of Directors shall be entitled at any time to re-elect the secretary of the Board of Directors.

The secretary nomination shall be approved by the Company chief executive, if a proposed candidate is a Company employee.

4.3. The secretary of the Board of Directors shall:

1) develop a draft agenda of the next meeting of the Board of Directors and submit it to the Chairman of the Board of Directors in accordance with the action plan of the Board of Directors and proposals made by the members of the Board of Directors, Audit commission, Management board, Company auditor and chief executive;

2) prepare and distribute documents (materials) necessary for organizing and holding the meeting of the Board of Directors (meeting notice, draft resolutions on the agenda, draft documents for an initial inspection etc.);

3) prepare and submit documents (information) at the request of the members of the Board of Directors;

4) prepare requests and answers to letters on behalf of the Board of Directors;

5) prepare and distribute questionnaires among the members of the Board of Directors, if meetings of the Board of Directors are held in a form of absent voting and summarize and process them in accordance with these Procedures and Regulations;

6) keep the minutes of the Board of Directors and excerpts from the minutes of the Board of Directors;

7) distribute documents approved by the Board of Directors;

8) develop and maintain nomenclature of files of the Board of Directors;

9) exercise control over the implementation of the resolutions of the Board of Directors and General meeting of shareholders;

10) prepare requests to the Company units for providing information (materials) on the agenda of meetings of the Board of Directors;

11) check that provided information is accurate and documents put forward for discussion and approval by the Board of Directors are properly executed;

12) on the instructions of the Chairman of the Board of Directors (deputy Chairman of the Board of Directors) prepare draft separate documents and resolutions of the Board of Directors, including a draft action plan of the Board of Directors;

13) tape recording of meetings of the Board of Directors with the consent of the members;

14) discharge any other duties as set forth in these Procedures and Regulations, instructions given by the Chairman and members of the Board of Directors.

4.4. The secretary of the Board of Directors shall ensure a coordinated and operational work of the members of the Board of Directors with the Company shareholders and their representatives with the chief executive, members of the Management board, heads and employees of the Company units for an effective operation of the Board of Directors.

## **5. COMMITTEES, COMMISSIONS OF THE BOARD OF DIRECTORS**

5.1. The committees and commissions of the Board of Directors are founded by resolution of the Board of Directors.

5.2 The committees and commissions of the Board of Directors are founded for a thorough study of matters relating to the purview of the Board of Directors, or examined by the Board of Directors as part of overseeing the activity of the executive body and administrative staff and development of necessary recommendations to the Board of Directors and the Company executive body.

5.3 The committees of the Board of Directors are established for studying long-term problems relating to the Company activity and for ensuring an effective implementation of specially important management and supervision functions of the Board of Directors. The committees include the members of the Board of Directors and experts. A committee is headed by a member of the Board of Director appointed by the Board of Directors. As agreed upon with executive authorities, the Board of Directors may establish joint committees of the Board of Directors and the company executive bodies.

5.4 The commissions of the Board of Directors are established for studying current development plans and projects. The commissions of the Board of Directors may include members of the Board of Directors, employees of the company management, secretariat of the Board of Directors (where there is one), experts including from other entities. The commission head is appointed by resolution of the Board of Directors.

5.5. Procedural rules, competence and tenure of the commissions and committees of the Board of Directors shall be determined by separate resolutions of the Board of Directors.

## **6. BOARD OF DIRECTORS**

6.1. The meeting of the Board of Directors is convened by the Chairman of the Board of Directors (or the deputy chairman of the Board of Directors as set forth in these Procedures and Regulations) on his own initiative, at the request of the member of the Board of Directors, Audit commission, the Company auditor, chief executive and the Management board.

6.2. Meetings of the Board of Directors are convened on a regular basis by the Chairman of the Board of Directors (or by the deputy Chairman of the Board of Directors as set forth in these Procedures and Regulations) in accordance with the action plan approved by the Board of Directors and based on the date of the next meeting set by the Board of Directors at the previous meeting.

6.3. The Board of Directors shall approve a List of business to be transacted at meetings of the Board of Directors for a half-year formed by proposals made the Chairman and members of the Board of Directors, Audit commission, the Company auditor, chief executive and the Company management

board and also a plan for meetings of the Board of Directors for next quarter.

6.4. Meetings of the Board of Directors are held as required, but not less than once in a quarter.

6.5. A request of the Board of Directors for convening a meeting of the Board of Directors shall be executed in writing and addressed to the Chairman of the Board of Directors and signed by a person requesting to convene a meeting. A request of the Audit commission for convening a meeting of the Board of Directors shall be signed by the Chairman of the Audit commission and a request of the Management board by the Chairman of the Management board.

A request for convening a meeting of the Board of Directors shall include:

- 1) wording of the agenda item;
- 2) explanatory note stating the necessity for considering a draft document (issue) at a meeting of the Board of Directors;
- 3) draft resolution of the Board of Directors on a respective issue;
- 4) accompanying materials (if any).

6.6. A request for convening a meeting of the Board of Directors with all necessary materials (information) attached shall be sent to the secretary of the Board of Directors.

6.7. The chairman of the Board of Directors shall be entitled to include such proposals in the agenda of the next meeting of the Board of directors, or convene an extraordinary meeting.

## **7. PREPARATION OF MEETINGS OF THE BOARD OF DIRECTORS**

7.1. The first meeting of a newly elected Board of Directors shall be convened by one of the members of the Board of Directors by giving notice to the other members of the Board of Directors and addressing such notice to the Company chief executive.

The chief executive shall be obliged to render assistance and provide all information necessary for holding the first meeting of the Board of Directors newly elected.

At the first meeting of the Board of Directors the following issues shall be under mandatory discussion:

- election of the Chairman of the Board of Directors;
- election of the deputy Chairman;
- election of the secretary of the Board of Directors.

7.2. The agenda of the next meeting of the Board of Directors shall be set by the secretary of the Board of Directors and approved by the Chairman of the Board of Directors.



7.3. Any item may be included in the agenda at the request of persons named in paragraph 6.1 hereof. Any proposal shall be included in the agenda as set forth in paragraph 6.5 hereof.

7.4. A draft resolution of the Board of Directors and accompanying materials shall be submitted to the secretary of the Board of Directors not later than 15 days prior to the meeting.

7.5. The secretary shall ensure that proposals for including items in the agenda of the Board of Directors (including a draft resolution of the Board of Directors, accompanying materials) are timely submitted and forms of a draft resolution of the Board of Directors comply with the information presentation standards (formats).

7.6. The secretary shall inform the Chairman of the Board of Directors of any failure to timely submit proposals for including items in the agenda of the Board of Directors (including a draft resolution, accompanying materials).

7.7. A notice of meeting of the Board of Directors shall be prepared by the secretary of the Board of Directors and signed by the Chairman or the deputy Chairman of the Board of Directors (as set forth in these Procedures and Regulations), or by the secretary of the Board of Directors on the instructions of the Chairman of the Board of Directors.

7.8. A notice of meeting of the Board of Directors shall be given in writing by the secretary to each member of the Board of Directors not later than 10 days prior to the date of holding a meeting of the Board of Directors, except as set forth herein. The notice shall include the agenda of the Board of Directors.

7.9. The agenda of the meeting of the Board of Directors, draft resolutions on the agenda items and respective accompanying materials supporting such resolutions shall be made available to the members of the Board of Directors not later than 5 working days before the date of its holding.

7.10. The members of the Board of Directors may submit their proposals and comments on the items under discussion to the secretary of the Board of Directors not later than 2 working days before the meeting.

7.11. By decision of the Chairman of the Board of Directors the period for giving notice of meeting of the Board of Directors and submitting materials (information) may be reduced.

## **8. PROCEDURE FOR HOLDING MEETINGS OF THE BOARD OF DIRECTORS**

8.1. A meeting of the Board of Directors shall be opened by the Chairman of the Board of Directors.

The secretary of the Board of Directors shall check whether a quorum for holding the

meeting is present.

8.2. Not less than a half of the number of the elected members of the Board of Directors shall constitute a quorum.

8.3. The Chairman of the Board of Directors shall inform those present at the meeting that a quorum is present and announce the agenda of the Board of Directors.

8.4. If a quorum is not present, the meeting of the Board of Directors shall not be allowed to be held. In such case the Chairman shall either:

1) by consultations with the present members of the Board of Directors set the date of a new meeting instead of one which was not held with the same agenda, ensuring the presence of the members of the Board of Directors;

2) personally set the date and the time of a new meeting instead of one which was not held with the same agenda, ensuring the presence of the members of the Board of Directors;

3) inform the members of the Board of Directors of the time when they will be informed on a new meeting instead of one which was not held as set forth herein;

4) include the agenda of the meeting which was not held in the agenda of the next scheduled meeting of the Board of Directors;

A quorum of the meeting of the Board of Directors with the given agenda determined as set forth above shall be determined one time during the meeting of the Board of Directors with the given agenda, irrespective of an actual duration of the meeting of the Board of Directors.

If in the course of the meeting of the Board of Directors a Director (directors) leaves and as a result of it, the number of Directors turns out to be less than a half of the total number of the elected members of the Board of Directors, the Chairman shall be entitled to either:

1) due to the impossibility of passing a resolution because of the absence of a quorum determined as set forth herein (if applicable) adjourn the meeting by drawing a line with respect to the last issue under discussion;

2) due to the absence of a quorum determined as set forth herein continue the meeting of the Board of Directors without passing any resolution in order to clarify the positions of the remaining members of the Board of Directors and work out recommendations to the Board of Directors subject to discussion at the next meeting of the Board of Directors.

The determination of a quorum by virtue of these Procedures and Regulations relates to the procedures preceding a meeting of the Board of Directors. The approval of a quorum is not subject to voting.

8.5. The meeting of the Board of Directors includes the following stages:

- 1) report by a member of the Board of Directors or any person invited to speak at such meeting on matters relating to the agenda;
- 2) discussion of the agenda items;
- 3) proposals to a resolution wording on the agenda;
- 4) voting on the agenda;
- 5) counting of votes and summing-up of the voting results;
- 6) announcement of the voting results and resolutions passed on the agenda.

8.6. Resolutions at meetings of the Board of Directors shall be passed by a majority of the votes of the members of the Board of Directors present at the meeting, except as provided by the applicable legislation of the Russian Federation and the Articles of association.

8.7. Each member of the Board of Directors shall be entitled to one vote.

In the case of an equality of votes, the chairman of the Board of Directors shall be entitled to a casting vote.

It is not allowed for any member of the Board of Directors to grant his right to vote to another member of the Board of Directors.

8.8. If necessary, the Chairman of the Board of Directors may decide to take into consideration written opinions of the Directors absent from the meeting of the Board of Directors in determining a quorum and results of voting on matters relating to the agenda.

8.8.1. For the purpose of accounting opinions of the members of the Board of Directors absent from the meeting, the secretary shall prepare a questionnaire to be sent in the original, or by fax (with a subsequent mailing of the original questionnaire to the contacting address indicated by the Director) to the members of the Board of Directors who stated that they would not be able to attend the meeting and/or were absent from the meeting.

8.8.2. A questionnaire for written opinions of the Directors absent from the meeting of the Board of Directors shall be executed in accordance with Attachment 1 hereto.

8.8.3. In filling up the questionnaire by the Director, only one out of the three possible options of voting shall not be ticked (“for”, “against”, “abstained”). The filled up questionnaire shall be signed by the member of the Board of Directors stating his full name.

In case the position of the member of the Board of Directors corresponds to an option “for” or “abstained” and if the Member of the Board of Directors has not defined his position, the member of the Board of Directors shall be entitled to express his special opinion which is to be attached to the minutes of the meeting of the Board of Directors.

8.8.4. The filled up and signed questionnaire shall be submitted by the member of the Board

of Directors not later than the date specified in the questionnaire to the secretary in the original, or by fax with a subsequent mailing of the original questionnaire to the address indicated in it.

Any questionnaire filled up not in compliance with the requirements described in the first sub-paragraph of paragraph 8.8.3 hereof shall be deemed invalid and not taken into consideration in counting the votes and summing up the results of voting.

Any questionnaire received by the Company upon expiration of the period specified in it, shall not be taken into consideration in counting the votes and summing up the results of voting.

8.8.5. Based on the results of voting during the meeting and questionnaires received from the Directors, the secretary shall execute the minutes of the Board of Directors as set forth herein.

The filled up questionnaires of the members of the Board of Directors absent from the meeting of the Board of Directors shall be attached to the minutes of the Board of Directors.

8.9. A member of the Board of Directors of OJSC RAO “UES of Russia” not being a member of the Board of Directors of JSC “FGS EUS”, or his permanent representative may attend the meeting with a right to discuss any items of the agenda of the Board of Directors.

8.10. The members of the Audit commission, the Company auditor, executive employees and any other persons may be invited to attend meetings of the Board of Directors.

## **9. ABSENT VOTING**

9.1. Any resolution of the Board of Directors relating to its purview may be passed by absent voting (on a poll).

9.2. To pass a resolution by absent voting (on a poll) a notice of absent voting, questionnaires on the agenda items, draft resolutions and explanatory notes to them and accompanying materials (if any) shall be sent to each member of the Board of Directors not later than 10 days before the deadline for accepting questionnaires for absent voting.

9.3. A notice of absent voting shall contain the following:

full firm name of the Company and its business address;

wording of the agenda items;

demand for absent voting by filling up a questionnaire;

deadline for accepting questionnaires for absent voting;

list of information (materials) made available to the members of the Board of Directors.

9.4. The questionnaire for absent voting shall be filled up on the basis of draft resolutions and agenda approved by the Chairman of the Board of Directors.

The questionnaire for absent voting shall be executed in accordance with Attachment 1

hereto.

9.5. In filling up the questionnaire by the Director only one out of the three possible options of voting shall not be ticked (“for”, “against”, “abstained”). The filled up questionnaire shall be signed by the member of the Board of Directors stating his full name.

In case the position of the member of the Board of Directors corresponds to an option “for” or “abstained” and if the Member of the Board of Directors has not defined his position, the member of the Board of Directors shall be entitled to express his special opinion which is to be attached to the minutes of the meeting of the Board of Directors.

9.6. The questionnaire filled up not in compliance with the requirements described in the first sub-paragraph of paragraph 9.5 hereof shall be deemed invalid and not taken into consideration in counting the votes.

9.7. The filled up and signed questionnaire shall be submitted by the member of the Board of Directors not later than the date specified in the questionnaire to the secretary in the original, or by fax with a subsequent mailing of the original questionnaire to address indicated in it.

The members of the Board of Directors whose questionnaires have been received by the secretary of the Board of Directors in the original, or by fax not later than the deadline for accepting questionnaires specified in the notice shall be deemed to have participated in absent voting.

Any questionnaire received by the Company upon expiration of the period specified in it, shall not be taken into consideration in counting the votes and summing up the results of voting.

9.9. The results of absent voting on the agenda items shall be summed up on the basis of questionnaires filed up and signed by the members of the Board of Directors received by the Company on the date as set in the notice of absent voting.

9.10. Based on the received questionnaires, the secretary of the Board of Directors shall execute the minutes of the Board of Directors as set forth herein.

## **10. MINUTES OF THE BOARD OF DIRECTORS**

10.1. The secretary shall keep the minutes of the Board of Directors.

10.2. The minutes of the Board of Directors shall be taken not later than 3 days after the meeting (summing-up of the results of absent voting).

10.3. The minutes shall contain:

full firm name of the Company;

form of a meeting;

place and time of a meeting (summing-up of the results of voting);

name of members of the Board of Directors present at the meeting (participating in absent voting) and invited persons;

information on presence of a quorum;

agenda;

issues put to the vote and the results of voting on such issues;

summary of reports and speeches made by persons attending the meeting  
passed resolutions.

The minutes of the Board of Directors shall be signed by a person presiding over the meeting and the secretary of the Board of Directors who are responsible for accurately keeping the minutes.

10.4. Resolutions passed by the Board of Directors shall be made available to the Directors in writing by sending a copy of the minutes of the Board of Directors.

Resolutions of the Board of Directors shall be made available to persons responsible for their implementation in a form of excerpts from the minutes on each separate issue.

Excerpts from the minutes of the Board of Directors shall be executed by the secretary of the Board of Directors and sent to persons responsible for implementing the resolutions within 2 days after signing the minutes.

The chairman of the Board of Directors and the secretary of the Board of Directors shall be entitled to certify the excerpts from the minutes of the Board of Directors on behalf of the Company (Board of Directors). The secretary of the Board of Directors shall keep an excerpt log book.

10.5. The Company shall be obliged to keep the minutes of the Board of Directors at the business address of the Company management board and also at any other place known and accessible to any persons concerned.

Attachment 1  
to Procedures and Regulations of the Board of Directors  
of JSC FGC UES

**BOARD OF DIRECTORS**  
**of Open joint-stock company "Federal grid company**  
**of United energy system"**

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**QUESTIONNAIRE**  
**for absent voting on the agenda items of the Board of Directors**  
**of JSC FGC UES**

**Item:**

1.

**Resolution:**

1.

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<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAINED</b>
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*(Do not tick your option)*

**Item:**

2.

**Resolution:**

2.

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<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAINED</b>
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*(Do not tick your option)*

Filled up and signed questionnaire shall be sent by fax \_\_\_\_\_ or in the original  
not later than \_\_\_\_\_.

\_\_\_\_\_  
/date, time/

Questionnaire received by the Company upon expiration of the above-mentioned period will not  
be taken into consideration in counting the votes and summing up the results of voting.

You are requested to send an original questionnaire to the following address: \_\_\_\_\_

**Member of the Board of  
Directors of JSC FGC  
UES**

(signature)

(Full name)

**Secretary of the Board of  
Directors of JSC FGC  
UES**

(signature)

(Full name)

**QUESTIONNAIRE NOT SIGNED BY THE SECRETARY AND THE MEMBER OF THE BOARD OF  
DIRECTORS IS INVALID**



**REGULATION ON THE EXECUTIVE BOARD  
of the Joint Stock Company  
"Federal Grid Company of the Unified Energy System"**

Moscow, 2002

**1. GENERAL PROVISIONS**

1.1. This Regulation is an internal document of the Joint Stock Company "Federal Grid Company of the Unified Energy System" (hereinafter the Company), which defines terms, procedure of convening and holding of the Executive Board's meetings, quorum for the meetings, as well as the order of the Executive Board's adopting resolutions and follow up procedures.

1.2. This Regulation on the Executive Board of the Company was drawn out in accordance with Civil Code of Russian Federation, Federal Law of the Russian Federation "On Joint Stock Companies" and the Charter of the Company.

1.3. The Executive Board of the Company is the collegial executive body of JSC FGC UES headed by the Chairman of the Executive Board, and all of its activities are regulated by applicable legislation of Russian Federation, resolutions of the General Meeting of Shareholders, the Board of Directors and the Charter of the Company.

1.4. The Executive Board of the Company manages current activities of the Company within the limits of its competence defined in the Charter of the Company, resolutions of the General Meeting of Shareholders, Board of Directors of the Company and operates in the interests of the Company.

1.5. All and any changes or amendments to this Regulation shall be approved by General Meeting of Shareholders of the Company.

**2. COMPOSITION AND FORMATION PROCEDURE OF THE EXECUTIVE BOARD OF THE COMPANY**

2.1. Members of the Executive Board shall be elected (appointed) by the Board of Directors of the Company as proposed by the Chairman of the Executive Board of the Company and with the consent given by the Board of Directors of the sole shareholder of the Company – RAO UES of Russia.

Quantitative composition of the Executive Board shall be defined by resolution of the Board of Directors of the Company.

2.2. The Company shall conclude employment contracts with the members of its Executive Board with validity term of 3 (three) years. The Board of Directors of the Company shall be entitled to dismiss any member of the Executive Board of the Company ahead of schedule if proposed by the Chairman of the Executive Board of the Company.

2.3. The Chairman of the Executive Board and members of the Executive Board of the Company shall be listed as full time employees of the executive body of the Company.

2.4. Any member of the Executive Board of the Company may resign by way of sending written statement to the Chairman of the Executive Board of the Company in accordance with Labor Code requirements.

In case such member of the Executive Board is occupying any other position in the Company, then such resignation as member of the Executive Board shall not entail dismissal from such other position.

### **3. RIGHTS, RESPONSIBILITIES AND LIABILITY OF MEMBERS OF THE EXECUTIVE BOARD**

3.1. Rights and responsibilities of members of the Executive Board shall be defined by applicable legislation of Russian Federation, the Charter of the Company and employment contract between such members and the Company.

3.2. Members of the Executive Board shall have the right to:

3.2.1. Resolve issues of the Company's current activities acting as officers of its collegial executive body;

3.2.2. Obtain necessary information on the Company's business, familiarize with constitutive, internal regulatory, accounting, reporting, organizational-administrative and other documents of the Company;

3.2.3. Make proposals to the Executive Board in writing pertaining to schedule of the Executive Board activities including agenda of the meetings of the Executive Board;

3.2.4. Make written requests for convening meetings of the Executive Board of the Company;

3.2.5. Make proposals, discuss and vote on issues put in the agenda of the meetings of the Executive Board;

3.2.6. Express written dissent with resolutions of the Executive Board and notify the Chairman of the Executive Board and the Board of Directors of the Company on the same;

3.2.7. Satisfy any other rights contemplated by applicable legislation of Russian Federation, the Charter of the Company and employment contract between each of them and the Company.

3.3. Members of the Executive Board shall be obliged to:

3.3.1. Participate in the meetings of the Executive Board of the Company;

3.3.2. Comply with resolutions and instructions of the General Meeting of Shareholders, the Board of Directors and the Executive Board of the Company; adhere to requirements of the Charter and internal documents of the Company;

3.3.3. Control preparation and timely presentation of materials for the meeting of the Executive Board pertaining to issues of their competence;

3.3.4. Act in the interests of the Company, satisfy their rights and perform duties in relation to the Company in good faith and prudently;

3.3.5. Abstain from disclosing information containing trade or corporate secrets of the Company;

3.3.6. Notify the Board of Directors of the Company, the Internal Audit Commission of the Company and the Auditor of the Company about:

- Any legal entities in which any member of the Executive Board owns directly or jointly with his/her affiliated person (persons) 20 or more percent of voting shares (equity stake or participation interest);

- Any legal entities, where any member of the Executive Board holds an executive position;

- Any interested party transaction concluded by or proposed to such member of the Executive Board.

3.4. Members of the Executive Board may hold executive positions in other companies only with prior consent of the Board of Directors of the Company.

3.5. Members of the Executive Board shall be liable to the Company for any damage caused to the Company due to their faulty action (omission), unless other grounds and scope of liability are prescribed by Federal Laws.

However, the members of the Executive Board, who did not participate in voting or those who voted against the resolution of the Executive Board, which resulted in damage to the Company, shall not be liable to the latter.

3.6. The Chairman of the Executive Board or any other person, acting at the instruction of the Chairman of the Executive Board of the Company, shall represent and maintain the attitude of the Executive Board at the meetings of the Board of Directors and at General Meetings of Shareholders of the Company.

#### **4. INTERNAL PROCEDURES OF THE EXECUTIVE BOARD OF THE COMPANY**

4.1. The Chairman of the Executive Board is in charge of organizing the activities of the Executive Board of the Company.

4.2. Meetings of the Executive Board shall be convened and held by the Chairman of the Executive Board:

- In accordance with the action plan of the Executive Board;
- On the initiative of the Chairman of the Executive Board;
- On the initiative of one of the members of the Executive Board; and
- Based on resolution of the Board of Directors.

4.3. The Chairman of the Executive Board shall approve the agenda of the meetings of the Executive Board, which shall specify:

- Venue and date of the meeting of the Executive Board;
- List of issues to be considered by the Executive Board, specifying the exact time of the meeting of the Executive Board;
- List of persons invited to the meeting of the Executive Board, including spokesmen and co-spokesmen.

4.4. The Chairman of the Executive Board shall preside at the meetings, or in case of his/her absence, the functions related to preparation and holding of meetings of the Executive Board shall be delegated to First Deputy of the Chairman of the Executive Board or any other Deputy Chairman of the Executive Board as instructed by the Chairman of the Executive Board of the Company.

4.5. The Chairman of the meeting of the Executive Board shall sign the minutes of the meeting.

4.6. For the purpose of the Executive Board's activities the Chairman of the Executive Board shall ensure observance of applicable legislation of Russian Federation, the Charter of the Company, this Regulation and perform any other acts contemplated by this Regulation.

4.7. The Chairman of the Executive Board of the Company shall appoint Executive Secretary of the Executive Board, who ensures organizational and informational support to the Executive Board of the Company.

4.8. The Executive Secretary of the Executive Board shall be obliged to:

4.8.1. Prepare drafts of action plans of the Executive Board based on proposals of members of the Executive Board;

4.8.2. Prepare draft of agenda of the meetings of the Executive Board in accordance with action plan of the Executive Board to be approved by the Chairman of the Executive Board;

4.8.3. Ensure preparation and issuance of materials to be considered at the meetings of the Executive Board;

4.8.4. Notify the members of the Executive Board about holding of meetings of the Executive Board by way of distributing the agenda of the meetings and enclosed materials;

4.8.5. Ensure organizational-technical support to the Executive Board's meetings;

4.8.6. Prepare minutes of the Executive Board's meetings;

4.8.7. Sign and inform the accountable officers about resolutions adopted by the Executive Board in form of abstracts from the minutes of the meeting of the Executive Board certified by the seal of the Administrative Department;

4.8.8. Prepare letters of information to the Chairman of the Executive Board in case of any delay in presenting proposals for the action plan of the Executive Board or materials for the meetings of the Executive Board from the part of accountable officers, as well as notices on fulfillment of resolutions of the Executive Board.

4.8.9. Maintain data base of the minutes of the Executive Board's meetings;

4.8.10. Prepare quarterly reports on performance of the Executive Board of the Company; and

4.8.11. Take any other actions supporting the activities of the Executive Board and foreseen by this Regulation.

4.9. The Executive Secretary of the Executive Board shall have the right to:

4.9.1. Demand timely presentation of all required documents from officers accountable for preparation of materials for the meetings of the Executive Board;

4.9.2. Return the drafts of resolutions or materials for the meetings of the Executive Board back to the accountable officers for refinement in case such documents were prepared in violation of procedures set forth in this Regulation; and

4.9.3. Demand strict fulfillment of resolutions of the Executive Board from the accountable officers.

## **5. PROCEDURE OF CONVENING AND HOLDING OF THE EXECUTIVE BOARD'S MEETINGS**

5.1. The meetings of the Executive Board shall be held as necessary but at least once per month.

5.2. The meetings of the Executive Board and preparation of materials for the meetings shall be carried out in accordance with quarterly action plans approved by the Chairman of the Executive Board.

5.3. The action plan of the Executive Board shall be prepared in accordance with resolutions of the General Meeting of Shareholders, the Board of Directors, the Charter of the Company, proposals of the Chairman of the Executive Board and members of the Executive Board of the Company.

5.4. The action plan of the Executive Board shall contain and specify:

5.4.1. Schedule of the Executive Board's meetings;

5.4.2. Issues to be considered at the meetings of the Executive Board;

5.4.3. List of officers accountable for preparation of issues to be considered at the meetings of the Executive Board; and

5.4.4. The form of the meeting of the Executive Board (joint presence or absent voting (by questionnaire)).

5.5. The action plans of the Executive Board shall be prepared as follows:

5.5.1. In one month before the beginning of each quarter the members of the Executive Board shall deliver proposals to the administration of the Executive Board related to issues to be included in the action plan of the Executive Board;

5.5.2. In two weeks before the beginning of each quarter the prepared action plan shall be furnished to the Chairman of the Executive Board for approval;

5.5.3. The approved action plan of the Executive Board shall be mailed to the members of the Executive Board and managers of structural departments of the executive body.

The quarterly action plans of the Executive Board, as well as reports on their fulfillment, shall be furnished to the Board of Directors of the Company for review.

5.6. The Chairman of the Executive Board may introduce changes and amendments to the approved agenda of the meeting and action plan of the Executive Board.

5.7. Based on resolution of the Chairman of the Executive Board the meetings of the Executive Board shall be held in form of joint presence of members of the Executive Board (live) or by way of absent voting (by questionnaire); field or on-site meetings of the Executive Board of the Company are also allowed.

5.8. The Executive Board shall be deemed as having quorum in case the meeting (absent voting) is attended by at least half of its elected members.

5.9. All resolutions shall be adopted by the Executive Board by simple majority of votes of the Executive Board members attending the meeting.

5.10. For the purpose of resolutions adoption each member of the Executive Board shall have one vote.

No member of the Executive Board may transfer its vote to the other member of the Executive Board or any third party.

In case of tied ballot between the members of the Executive Board, the vote cast by the Chairman of the Executive Board shall be the decisive one.

5.11. The meetings of the Executive Board may consider only issues included in the agenda of the meetings of the Executive Board.

In exceptional circumstances regular meetings of the Executive Board may consider issues, which were not included in the agenda, provided that the same are agreed upon by majority of attending members of the Executive Board.

5.12. The procedure of preparation of materials for the meeting of the Executive Board, as well as the procedure of resolving issues at the meeting of the Executive

Board shall be defined in relevant rules approved by the Chairman of the Executive Board of the Company.

## **6. MINUTES OF THE MEETINGS OF THE EXECUTIVE BOARD**

6.1. Minutes of meetings of the Executive Board of the Company shall be prepared by the Executive Secretary of the Executive Board of the Company on the corporate letterhead, and shall be signed by the member of the Executive Board of the Company in charge of the issue being resolved, by the member of the Executive Board of the Company in charge of legal compliance, and shall be signed by the Executive Secretary and thereafter shall be submitted to the Chairman of the Executive Board for final approval within 3 (three) working days after the meeting of the Executive Board of the Company.

6.2. Minutes of the meetings of the Executive Board shall contain and specify:

- Full corporate name of the Company;
- Information on the venue, date, time and form of the meeting (joint presence or absent voting);
- List of members of the Executive Board attending the meeting (participating in absent voting);
- List of invited persons;
- Agenda of the meeting;
- Issues put on vote and nominal results of votes (results of votes may not be specified in the minutes in case of unanimous vote);
- Resolutions adopted;
- Any dissenting opinions expressed during discussions shall be recorded in the minutes below the text of resolution adopted on relevant issue.

6.3. After signing by the Chairman of the Executive Board all minutes of the Executive Board's meetings shall be registered with administration of the Executive Board and entered into the data base.

6.4. Within 2 (two) days after signing of minutes of the meeting of the Executive Board, resolutions adopted by the Executive Board of the Company shall be advised to accountable officers in form of abstracts from the minutes related to specific issues, which shall be signed by the Executive Secretary of the Executive Board and certified, if appropriate, with the seal of the Company.

6.5. Minutes of the Executive Board's meetings may be made available to the members of the Board of Directors, Internal Audit Commission and the Auditor of the Company and other persons as foreseen by applicable legislation of Russian Federation upon their written requests addressed to the Chairman of the Executive Board.



6.6. Minutes of the Executive Board's meetings of the Company shall be kept for two years in the administration of the Executive Board, and thereafter shall be transferred to the Archive of the Company for permanent filing.

## **7. FOLLOW UP OF RESOLUTIONS OF THE EXECUTIVE BOARD**

7.1. Administration of the Executive Board shall be in charge of control over timely delivery of materials for the meeting of the Executive Board.

In case such materials for the meeting of the Executive Board are not delivered in time and (or) in case of failure to observe the adopted procedure, relevant issue shall be excluded from the agenda of the meeting of the Executive Board, and in this case relevant accountable officers may be subject to disciplinary liability.

7.2. Administration of the Executive Board shall be in charge of the follow up of resolutions adopted by the Executive Board of the Company, acting jointly with relevant department of the executive body of the Company authorized for accounting, control and verification of fulfillment and execution of the Company's documents.

7.3. Materials for the meetings of the Executive Board of the Company and minutes of the Executive Board's meetings of the Company may be classified as confidential information or may contain trade secrets of the Company. In such a case attendance at the meeting of the Executive Board of the Company, preparation of materials and issuance of minutes shall be in accordance with Company's requirements to protection of information containing trade secrets of the Company. All such materials and minutes of the Executive Board's meetings of the Company (abstracts) shall be marked as "confidential".

7.4. Information on resolutions of the Executive Board of the Company may be made available to mass media by the Chairman of the Executive Board of the Company or by the members of the Executive Board of the Company - as instructed by the Chairman of the Executive Board of the Company.

7.5. The results of fulfillment of resolutions adopted by the Executive Board shall be furnished by Administrative Department to the Chairman of the Executive Board of the Company.