

APPROVED
*by the resolution of the Annual General Meeting of
RAO UES of Russia
dated June 28, 2002
as amended pursuant to the resolution
of the Annual General Meeting of
RAO UES of Russia
dated June 28, 2006*

1. GENERAL PROVISIONS

1.1. These Regulations are an internal document of Unified Energy System of Russia (hereinafter the "Company") which defines the timeline and procedure for convening and holding the Management Board meetings, the quorum for holding meetings as well as the procedure for the adoption and enforcement of decisions by the Management Board.

1.2. These Regulations for the Management Board of the Company are prepared in accordance with the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies" and the Charter of the Company.

1.3. The Management Board of the Company shall be a collegial executive body of RAO UES of Russia headed by the Chairman of the Management Board. The activity of the Management Board shall be governed by the laws of the Russian Federation, resolutions of the General Meeting of Shareholders and the Board of Directors of the Company and the Charter of the Company.

1.4. The Management Board of the Company shall direct the daily operations of the Company within its jurisdiction defined by the Charter of the Company, resolutions of the General Meeting of Shareholders and the Board of Directors of the Company and shall act on behalf of the Company.

1.5. All amendments and supplements to these Regulations shall be approved by the General Meeting of Shareholders of the Company.

2. COMPOSITION AND PROCEDURE FOR THE ESTABLISHMENT OF THE MANAGEMENT BOARD OF THE COMPANY

2.1. The Board of Directors of the Company shall determine the number of members of the Management Board as proposed by the Chairman of the Management Board.

2.2. Members of the Management Board of the Company, with the exception of the Chairman of the Management Board, shall be appointed for a period of Five (5) years and their powers may be terminated early by the Board of Directors of the Company as advised by the Chairman of the Management Board of the Company.

2.3. The Chairman of the Management Board and members of the Management Board of the Company shall be members of staff of the executive office of the Company.

2.4. Any member of the Management Board of the Company may abdicate his/her powers by submitting a respective application to the Chairman of the Management Board of the Company in compliance with the requirements of labor law.

If a member of the Management Board also holds any other full-time position in the Company the termination of his/her powers as member of the Management Board shall not lead to a dismissal from the occupied full-time position.

2.5. Agreement on behalf of the Company with the Chairman of the Management Board and members of the Management Board of the Company shall be executed by the Chairman of the Board of Directors of the Company or the person duly authorized by the Board of Directors. The Board of Directors of the Company shall approve the terms and conditions of agreements with the Chairman of the Management Board and members of the Management Board of the Company and determine the amount of remunerations and reimbursement allowances payable thereto.

3. RIGHTS, DUTIES AND LIABILITY OF MEMBERS OF THE MANAGEMENT BOARD

3.1. The rights and duties of members of the Management Board shall be defined by the laws of the Russian Federation, the Charter of the Company, the employment contract between each member and the Company and these Regulations.

3.2. The Chairman of the Management Board shall allocate duties among Deputy Chairmen of the Management Board and members of the Management Board.

3.3. Members of the Management Board shall be entitled to:

3.3.1. Within a collegial executive body resolve issues related to the daily operations of the Company;

3.3.2. Receive necessary information on the activities of the Company, familiarize themselves with the documents of incorporation, internal regulatory documents, accounting, reporting, administrative and other documents of the Company;

3.3.3. Submit to the Directorate for Organizational Support for the Management Board Activities written proposals concerning the formation of the Management Board action plan and the Management Board meeting agenda;

3.3.4. Request in writing that a meeting of the Management Board of the Company be convened;

3.3.5. Submit proposals, discuss and vote for issues on the agenda of the Management Board meeting;

3.3.6. Express written disagreement with the resolutions of the Management Board and communicate it to the Chairman of the Management Board and the Board of Directors of the Company;

3.3.7. Exercise any other rights provided for by the laws of the Russian Federation and the Charter of the Company.

3.4. Members of the Management Board shall be obliged to:

3.4.1. Participate in the meetings of the Management Board of the Company;

3.4.2. Implement the resolutions and fulfill the instructions of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company, comply with the requirements of the Charter and internal documents of the Company;

3.4.3. Control the preparation and timely provision of materials for the meeting of the Management Board for issues within their areas of responsibility;

3.4.4. Act for the benefit of the Company, exercise their rights and fulfill duties in relation to the Company reasonably and in good faith;

3.4.5. Not disclose information containing the Company's official secrecy and secrecy in business;

3.4.6. Communicate to the Board of Directors of the Company, the Internal Audit Commission of the Company and the Auditor of the Company information on:

- the legal entities in which members of the Management Board own by themselves or with their affiliate(s) 20 percent or more of voting shares (stakes, interests);
- the legal entities in whose management bodies a member of the Management Board occupies any positions;
- any transactions being executed or expected of which a member of the Management Board is aware and in which he may be recognized as having interest.

3.5. Members of the Management Board may hold positions in the management bodies of any other entities only with the consent of the Board of Directors of the Company.

3.6. Members of the Management Board shall be liable to the Company for any losses inflicted on the Company through their wrongful acts (failure to act), unless any other grounds and level of liability are established by the federal laws.

Members of the Management Board who did not participate in the voting or voted against a resolution of the Management Board which inflicted losses on the Company shall not assume any liability.

3.7. The position of the Management Board at the Board of Directors meetings and General Meetings of Shareholders of the Company shall be represented by the Chairman of the Management Board or any other person so instructed by the Chairman of the Management Board of the Company.

4. ORGANIZATION OF WORK OF THE MANAGEMENT BODY OF THE COMPANY

4.1. The work of the Management Board of the Company shall be organized by the Chairman of the Management Board.

4.2. Meetings of the Management Board shall be convened and conducted by the Chairman of the Management Board:

- in accordance with the Management Board action plan;
- at the initiative of the Chairman of the Management Board;
- at the initiative of any member of the Management Board;

- pursuant to a resolution of the Board of Directors.

4.3. The Chairman of the Management Board shall approve:

- the place, date and time of the Management Board meeting;
- the list of issues to be considered at the Management Board meeting;
- keynote speakers and co-speakers for each issue;
- the list of persons invited to participate in discussing the issues on the agenda of the Management Board meeting;

4.4. The Chairman of the Management Board shall chair the meetings. In the temporary absence of the Chairman, the Chairman's functions related to organizing the preparation and conducting the Management Board meeting shall be performed by a Deputy Chairman of the Management Board so instructed by the Chairman of the Management Board of the Company.

4.5. The person chairing the Management Board meeting shall sign the minutes of the Management Board meeting.

4.6. The Chairman of the Management Board shall ensure compliance with the requirements of laws of the Russian Federation, the Charter of the Company, these Regulations during the operation of the Management Board and perform any other actions provided for by these Regulations.

4.7. The Chairman of the Management Board of the Company shall appoint the Executive Secretary of the Management Board performing the functions related to organizational and information support for the operation of the Management Board of the Company.

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

4.8.1. Prepare the Management Board action plans based on the proposals submitted by members of the Management Board;

4.8.2. Draft the Management Board meeting agenda in accordance with the Management Board action plan for its approval by the Chairman of the Management Board;

4.8.3. Ensure that materials for consideration at the Management Board meetings are formed and executed;

4.8.4. Notify members of the Management Board of the upcoming Management Board meeting by sending the meeting agenda and appropriate materials;

4.8.5. Provide organizational and engineering support for the Management Board meetings;

4.8.6. Prepare the Management Board meeting minutes;

4.8.7. Sign and communicate to responsible persons the resolutions adopted by the Management Board in the form of extracts from the Management Board meeting minutes sealed by the Administration and General Service Department;

4.8.8. Prepare information for the Chairman of the Management Board pertaining to the accountable persons' failures to submit in due time proposals for the Management Board action plan and materials for the Management Board meetings as well as the implementation of resolutions of the Management Board.

4.8.9. Maintain a database of the Management Board meeting minutes;

4.8.10. Prepare a quarterly report on the activities of the Management Board of the Company;

4.8.11. Perform any other actions to ensure the operation of the Management Board provided for by these Regulations.

4.9. The Executive Secretary of the Management Board shall be entitled to:

4.9.1. Include in the draft agenda of the Management Board meeting issues defined in the approved plan and proposed by the Chairman of the Management Board;

4.9.2. Request that persons responsible for the preparation of materials for the Management Board meetings submit all necessary documents in due time;

4.9.3. Return for rework to responsible persons the draft resolutions and materials for the Management Board meetings which violate the preparation procedure established by these Regulations.

4.9.4. Request that responsible persons provide information on the implementation of a Management Board resolution.

5. PROCEDURE FOR CONVENING AND HOLDING THE MANAGEMENT BOARD MEETINGS

5.1. The Management Board meetings shall be held as needed, yet at least once a month.

5.2. The Management Board meetings shall be held and the meeting materials shall be prepared in accordance with the action plans approved by the Chairman of the Management Board.

5.3. The Management Board action plan shall be formed pursuant to the resolutions of the General Meeting of Shareholders, the Board of Directors, the Charter of the Company, proposals of the Chairman of the Management Board and members of the Management Board of the Company.

5.4. The Management Board action plan shall contain:

5.4.1. Issues to be considered at the Management Board meetings;

5.4.2. The date of the Management Board meeting;

5.4.3. The list of persons accountable for the preparation of issues for consideration at the Management Board meetings;

5.4.4. The date of provision of materials for consideration at the Management Board meetings;

5.4.5. Issues to be considered by absentee vote (by ballot).

5.5. The Management Board action plans shall be prepared in accordance with the following procedure:

5.5.1. One month prior to the planned date members of the Management Board shall submit to the Directorate for Organizational Support for the Management Board Activities issue-related proposals to be included in the Management Board action plan;

5.5.2. Two weeks prior to the planned date the prepared plan shall be submitted for approval by the Chairman of the Management Board;

5.5.3. The approved action plan of the Management Board shall be distributed among members of the Management Board and heads of functions of the executive office.

5.6. The quarterly actions plans of the Management Board and reports on their implementation shall be submitted for consideration by the Board of Directors.

5.7. The Management Board meeting agenda shall be prepared by the Executive Secretary of the Management Board and approved by the Chairman of the Management Board of the Company.

5.8. The Chairman of the Management Board may make amendments and supplements to the approved meeting agenda and action plan of the Management Board.

5.9. By decision of the Chairman of the Management Board, the Management Board meetings shall be held in the form of co-presence of members of the Management Board (in-person form) or by absentee vote (by ballot). Field meetings of the Management Board of the Company may also be held.

5.10. The Management Board shall have a quorum if at least half of all its members participate in a meeting (in-person voting).

5.11. All resolutions shall be adopted by the Management Board by a simple majority of votes cast by members of the Management Board attending a meeting.

5.12. In resolving issues each member of the Management Board shall have one vote.

One member of the Management Board shall not be entitled to assign his/her vote to another member of the Management Board or any other persons.

In the event of equality of votes cast by members of the Management Board the Chairman of the Management Board shall cast the decisive vote.

5.13. If a meeting of the Management Board is held in the form of co-presence the Executive Secretary of the Management Board no later than Two (2) business days prior to the day of the Management Board meeting shall send to members of the Management Board the meeting agenda

signed by the Chairman of the Management Board specifying the place, date and time of the meeting as well as materials for the meeting of the Management Board of the Company.

5.14. The Management Board meeting shall consider issues included in the agenda of the Management Board meeting.

In exceptional cases the in-person meetings of the Management Board may consider issues not included in the meeting agenda if they are approved by a majority of votes cast by members of the Management Board attending a meeting.

5.15. Persons invited to attend the Management Board meetings may participate in debates, put forward proposals, make comments on discussed materials, submit background reports on issues on the agenda of a meeting of the Management Board of the Company only with permission from the chairing person.

5.16. The person responsible for the preparation of an issue shall submit the following Management Board meeting materials:

- draft resolution of the Management Board agreed with:
- the heads of co-responsible functions,
- the heads of other interested functions selected by the Executive Secretary of the Management Board,
- the member of the Management Board in charge of the issue concerned,
- the member of the Management Board responsible for legal issues;
- presentation slides for a report created in compliance with the requirements of data representation system in the Management Board room and endorsed by the accountable person and co-speaker;
- an executive summary (background report) justifying, based on the analysis and aggregation of data received from co-responsible persons, the proposed draft resolution and forecast of expected engineering, economic, social and any other consequences of its implementation endorsed by the speaker;
- reference materials, including orders, directives and other regulatory documents revealing and justifying the adoption of a proposed resolution.

Materials for the Management Board meeting shall be submitted to the Executive Secretary of the Management Board as hardcopy and as electronic files.

5.17. Should any discrepancies arise, the accountable person shall hold a discussion with approving persons in search of a mutually acceptable decision. In the event of failure to adopt a mutually acceptable decision, the list of discrepancies and original comments signed by co-responsible persons and members of the Management Board in charge shall be attached to the draft resolution of the Management Board.

5.18. Prepared and agreed Management Board meeting materials shall be submitted to the Executive Secretary of the Management Board Four (4) business days prior to the date of the Management Board meeting.

5.19. Control of the timely submission of the Management Board meeting materials shall be exercised by the Directorate for Organizational Support for the Management Board Activities.

In the event of failure to submit the Management Board meeting materials in due time and/or violation of this procedure the Chairman of the Management Board may adopt a decision on removing the issue concerned from the Management Board meeting agenda and disciplinary sanctions may be imposed on accountable persons.

5.20. Issues on the agenda of the Management Board meeting shall be considered in the following order:

- report on an agenda issue by a member of the Management Board, head of a function of the executive office or a guest speaker;
- speaker's answering the questions of members of the Management Board;
- discussion of issues on the meeting agenda;
- proposals concerning the draft resolution on the issue under consideration;
- voting on the resolution to be adopted;
- counting of votes and vote tally;
- announcement of the voting results and the resolution adopted on a meeting agenda issue.

5.21. The time limit for speeches at a meeting of the Management Board of the Company shall be 10 minutes, co-speeches and debating in the discussion of an agenda issue, 5 minutes, for background reports, 3 minutes.

The duration of speeches, co-speeches, debating and submission of background reports may be changed as decided by the chairing person.

5.22. If a meeting of the Management Board is conducted by absentee vote (by ballot) the Executive Secretary of the Management Board of the Company shall provide to members of the Management Board, in addition to the Management Board meeting materials, the draft minutes of meeting of the Management Board of the Company and the ballot.

5.23. Whether a quorum exists for adopting resolutions by absentee vote (by ballot) shall be determined based on the ballot completed and signed by members of the Management Board received by the Executive Secretary of the Management Board.

5.24. Any ballot received from a member of the Management Board after due voting date shall be ignored in the counting of votes and absentee vote tally.

5.25. Based on the received ballot the Executive Secretary of the Management Board shall tally the absentee votes and submit the minutes to the Chairman of the Management Board for signature.

5.26. Materials provided at a meeting to the Management Board members and guest speakers shall be returned after the meeting to the Directorate for Organizational Support for the Management Board Activities or destroyed at the risk of the person who received such materials.

5.27 Materials for meetings of the Management Board of the Company and the minutes of meetings of the Management Board of the Company may provide confidential information or contain the Company's secrecy in business. In this case access to a meeting of the Management Board of the Company, the preparation of materials and execution of minutes shall comply with the requirements established by the Company with respect to the protection of information which constitutes the

Company's secrecy in business. Such materials and minutes of meetings of the Management Board of the Company (extracts therefrom) shall say "SECRECY IN BUSINESS".

5.28. Information concerning the resolutions of the Management Board of the Company may be provided to mass media by the Chairman of the Management Board of the Company or members of the Management Board of the Company as instructed by the Chairman of the Management Board of the Company.

6. MANAGEMENT BOARD MEETING MINUTES

6.1. The minutes of meeting of the Management Board of the Company shall be executed by the Executive Secretary of the Management Board of the Company using an established form, endorsed by the member of the Management Board of the Company in charge of the issue under consideration, the member of the Management Board of the Company responsible for legal issues, signed by the Executive Secretary and submitted to the Chairman of the Management Board for signature within Five (5) business days from the meeting of the Management Board of the Company.

6.2. The minutes of meeting of the Management Board shall contain:

- full name of the Company;
- information on the place, date, time and form of the meeting (co-presence or absentee vote);
- the list of members of the Management Board present at the meeting (participating in the absentee voting);
- the list of invited persons;
- the meeting agenda;
- issues put to a vote and voting results for such issues itemized by name (the results of vote shall not be specified in the minutes if a resolution is approved unanimously);
- the content of a special opinion expressed during the discussion of an issue shall be documented in the minutes after the text of a resolution adopted for such issue.

6.3. Upon signature by the Chairman of the Management Board the Management Board meeting meetings shall be registered with the Directorate for Organizational Support for the Management Board Activities and entered into the database.

6.4. The minutes of meetings of the Management Board of the Company shall be kept within two years by the Directorate for Organizational Support for the Management Board Activities and then transferred to the Archive of the Records Management Directorate for permanent storage.

6.5. Resolutions of the Management Board of the Company shall be communicated to accountable persons in the form of extracts from the minutes of meeting of the Management Board of the Company for individual issues signed by the Executive Secretary of the Management Board having the Management Board seal or (as appropriate) the Company seal affixed thereto.

6.6. The minutes of meetings of the Management Board may be provided to members of the Board of Directors, the Internal Audit Commission and the Auditor of the Company upon written request addressed to the Chairman of the Management Board.

6.7. The minutes of meetings of the Management Board of the Company shall be stored in the head office of the Company in compliance with the existing rules.

7. ENFORCEMENT OF RESOLUTIONS OF THE MANAGEMENT BOARD

7.1. The resolutions of the Management Board shall be enforced pursuant to the resolutions of the Management Board by the members of the Management Board assigned a task to exercise control.

7.2. The fulfillment of supervisory tasks assigned by the Management Board shall be monitored by the Directorate for Organizational Support for the Management Board Activities guided by the RAO UES of Russia Records Management Guidelines and performing the following functions:

- introduction of supervision and registration of tasks;
- recording of supervisory tasks;
- gathering and recording of task fulfillment reports;
- giving notice to responsible persons of the upcoming task fulfillment deadline;
- sending task fulfillment demands after the due date of fulfillment;
- aggregation of task fulfillment results.

7.3. Supervision of the tasks assigned by the Management Board shall be discontinued by the member of the Management Board assigned a task to enforce the Management Board resolution concerned.

7.4. The Chairman of the Management Board or the member of the Management Board entrusted to enforce the resolution of the Management Board shall be entitled to extend the period of fulfillment of a task assigned by the Management Board by submitting a reasoned request no later than 5 business days prior to the final date set for fulfilling the task.

7.5. The accountable person shall submit a written explanation to the Directorate for Organizational Support for the Management Board Activities at the end of the reporting quarter for each task assigned by the Management Board not fulfilled in due time.

7.6. The Directorate for Organizational Support for the Management Board Activities shall aggregate and summarize the implementation of resolutions of the Management Board by accountable persons and provide results to the management of the Company on a quarterly basis.