

**APPROVED**

**by the Resolution of the Annual General meeting  
of JSC FGC UES shareholders  
(Board of Directors of JSC RAO “UES of Russia”)  
“\_\_” \_\_\_\_\_2007 (Minutes No\_\_)**

**PROVISION**

**On the procedure of preparation and holding  
a General meeting of shareholders of  
Open Joint Stock Company  
“Federal Grid Company of the Unified energy system”**

## **1. General Provisions<sup>1</sup>**

- 1.1. The present Provision is developed in accordance with the current legislation of Russian Federation, the Federal Law “On joint stock companies”, other regulatory legal acts of the Russian Federation and the Charter of Open Joint Stock company “Federal Grid Company of the Unified Energy System” (hereinafter – the Company) and defines the procedure of preparation and holding a general meeting of shareholders (hereinafter – the Annual general meeting).
- 1.2. The Annual general meeting is the supreme management body of the Company.
- 1.3. In its activity the Annual general meeting is governed by the legislation of the Russian Federation, the Charter of the Company and the present Provision.

## **2. Convening and preparation of the Annual general meeting**

- 2.1. A decision on convening the Annual general meeting is made by the Board of Directors of the Company.
- 2.2. In preparation for holding the Annual general meeting the Board of Directors, and in cases provided for in para 3.1. of the present Provision, other individuals, make the following decisions on the following:
  - a) convening and defining the form of holding the Annual general meeting;
  - b) setting the date, month and time of the Annual general meeting, start time of registration of individuals participating in the Annual general meeting (in case when the Annual general meeting is held in the form of an assembly), or setting the date of close of completed voting bulletins and mail address to which completed voting bulletins should be sent (in case when the Annual general meeting is held in the form of vote in absentia);
  - c) determining of an agenda of the Annual general meeting;
  - d) setting the date of preparing the list of individuals having the right to participate in the Annual general meeting;
  - e) determining type (types) of preferential stock providing voting rights to their holders at the Annual general meeting;
  - f) determining list of information (materials) to be submitted by shareholders in preparation to the Annual general meeting and the procedure for shareholders to get acquainted with the information;
  - g) approving format and wording for voting bulletins;
  - h) determining the date of sending voting bulletins for individuals having the right to participate in the Annual general meeting held in the vote of absentia as well as in the event of holding the Annual general meeting in the form of an assembly, if the Federal Law “On joint stock companies” or the Charter of the Company does not specify that voting bulletins to be sent to (served on) individuals having the right to participate in the Annual general meeting in advance to the Annual general meeting;
  - i) define the procedure of notifying shareholders of the Company about the Annual general meeting, including approving the format and wording of proxy statement;
  - g) electing the Secretary of the Annual general meeting and, if number of shareholders holding voting shares of the Company is less than 100 (one hundred) and the Counting commission of the Company is not established, determining an individual who will act as the Counting commission of the Company;
  - k) approving budget for preparation and holding of the Annual general meeting.
- 2.3. The single executive body of the Company organizes execution of resolutions of the Board of Directors of the Company related to preparation and holding of the Annual general meeting; including:
  - provides for timely request to be sent to the Company’s Registrar to make a list of individuals having the right to participate in the Annual general meeting as of the date specified by the Board of Directors of the Company;

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<sup>1</sup> The present Provision is not applicable during a period when all stock of the Company is owned by one stockholder.

- provides for printing bulletins in accordance with the form and wording approved by the Board of Directors of the Company;
- provides for sending voting bulletins to shareholders and accepting of completed voting bulletins in case then the Annual general meeting is held in the form of vote in absentia, or in case when voting procedure in the Annual general meeting held in the form of an assembly provides for sending completed voting bulletins to the Company;
- provides for notifying the Company's shareholders about holding of the Annual general meeting in accordance with the procedure and within the period specified by the Board of Directors of the Company;
- provides for preparing the necessary materials (information) on the agenda of the Annual general meeting in accordance with resolutions of the Board of Directors;
- carries out other activity to execute resolutions of the Board of Directors.

### **3. Details of convening of an extraordinary General meeting of the shareholders**

- 3.1. An extraordinary General meeting of shareholders is held following the request of the Audit committee of the Company (the Internal Auditor) of the Company, the Auditor of the Company, or shareholders (a shareholder) who own at least 10 (ten) percent of voting shares of the Company in case when the Board of Directors of the Company has not decided on convening an extraordinary General meeting of shareholders within 5 (five) days from the date of submitting request to convene an extraordinary General meeting of shareholders, or has decided not to convene it.
- 3.2. Individuals requested an extraordinary General meeting of shareholders in accordance with the procedure stipulated in para 3.1 of the present Provision, are to prepare for and hold an extraordinary General meeting of shareholders independently.

### **4. Information support for the Annual general meeting**

- 4.1. In addition to other ways of notifying shareholders of the Company about the Annual general meeting, the proxy statement and informational materials under issues on the agenda of the Annual general meeting must be published on the Web-site of the Company not later the date of expiring the proxy statement.  
It is advised to publish the above mentioned proxy statement and materials in English as well.
- 4.2. Minutes of the Annual general meeting must be published on the Web-site of the Company not later than twenty five days after the date of the Annual general meeting.  
It is advised to publish the above mentioned Minutes of the Annual general meeting in English as well.
- 4.3. When nominating candidates to the Board of Directors of the Company, shareholders of the Company submits the following information about the nominees:
  - 4.3.1. Last name, first and middle names;
  - 4.3.2. Details of a document proving identity of a nominee (series and (or) number, date and place of issue, issuing authority);
  - 4.3.3. Citizenship;
  - 4.3.4. Place of residence (country, city/town);
  - 4.3.5. Education;
  - 4.3.6. Employment;
  - 4.3.7. Primary place of work;
  - 4.3.8. Information about labor experience for the period of five years prior to nomination;
  - 4.3.9. Information about holding of shares of the Company and its subsidiary and affiliated companies (number of shares in holding);
  - 4.3.10. Information whether a nominee is member of the Board of Directors, member of collegial executive body or any other collegial body of other legal entity;
  - 4.3.11. Information whether a nominee is an officer of other economic society of which another officer is also nominated to the Board of Directors;

- 4.3.12. Information on whether a nominee is a spouse, parent, son, daughter, brother, sister to the officers (executive officer) of the Company (to the officers of the Company's management organization);
- 4.3.13. Information on whether a nominee is a party in obligations of the Company under terms of which the nominee may obtain assets (received cash) of value amounting to ten and more per cent of total annual income of the nominee in addition to compensation for acting as a member of the Board of Directors of the Company;
- 4.3.14. Information on whether a nominee is (will be in the result of his election to the Board of Directors of the Company) the state representative, i.e. a person that is (will be in the result of his election to the Board of Directors of the Company) a representative of the Russian Federation or entities of the Russian Federation in the board of directors of joint stock companies in relation to which a decision was made to use a special right ("golden share"), or persons who are obliged (will be obliged in the result of their election to the Board of Directors of the Company) voting on the basis of written directives (instructions, etc.) of an entity of the Russian Federation or a municipal formation;
- 4.4. Shareholders of the Company submit information specified in paras 4.3.2 – 4.3.13 of the present Provision on voluntary basis. Non submission of such information can not be used as the ground to refuse inclusion of a respective nominee into voting list to be elected to the Board of Directors of the Company.
- 4.5. Information about nominees to the Board of Directors specified in para 4.3 should be available to all shareholders of the Company together with other informational materials under the agenda of the Annual general meeting of the Company.
- 4.6. during the period prior to holding the Annual general meeting, executive bodies of the Company should realize informational policy of the Company aiming it to electing candidates to the Board of Directors of the Company who complies with respective requirements of the regulatory bodies and institutors of trade on security market of the Russian Federation.

## **5. Holding of the Annual general meeting in the form of an assembly**

Holding of the Annual general meeting constitutes direct participation of the shareholders in the Annual general meeting for the purpose of discussing issues on the agenda and making decisions on issues put to the vote

- 5.1. Registration of persons having the right to participate in the Annual general meeting.**
- 5.1.1. Registration of persons having the right to participate in the Annual general meeting should be made by the Counting commission or other person acting as the counting commission at a location of holding the Annual general meeting specified in the proxy statement. Registration of persons having the right to participate in the Annual general meeting starts in time specified in the proxy statement.
- 5.1.2. Persons having the right to participate in the Annual general meeting are subject to registration for the Annual general meeting held in the form of an assembly. In case when voting on issues from the agenda of the Annual general meeting could be conducted via sending completed voting bulletins to the Company, persons whose bulletins are received not later than two days in advance of the date of the Annual general meeting are not registered for participation in the Annual general meeting.
- 5.1.3. Upon registration, a shareholder (his representative, successor) arrived at the Annual general meeting should present his passport or other document proving his identity. Legal successors as well as representative of persons included in the list of persons having the right to participate in the Annual general meeting, upon registration for participating in the Annual general meeting should also present to the Counting commission or a person acting as the counting commission documents proving their authority. List of documents proving authorities of representatives and legal successors of persons included in the list as having the right to participate in the Annual general meeting should be determined in accordance with the effective legislation. In case of non-presenting the above mentioned documents a successor as well as a representative of a shareholder has no right to participate in the Annual general meeting.

5.1.4. Registration of persons having the right to participate in the Annual general meeting is conducted under condition that persons arrived to participate in the Annual general meeting are identified through comparing data from the list of persons having the right to participate in the Annual general meeting to documents presented by those persons.

5.1.5. When registered a person participating in the Annual general meeting is given a voting bulletin on the issues from the agenda.

In case when voting at the Annual general meeting can be conducted by sending to the Company completed voting bulletins, upon request from persons registered for participation in the Annual general meeting whose bulletins are not received or were received later than 2 (two) days in advance of the date of the meeting, should receive voting bulleting marked as duplicates.

5.1.6. Registration of persons having the right to participate in the Annual general meeting stops at the moment of announcement made by the chairing the Annual general meeting of the completion of discussing the last issue from the agenda of the Annual general meeting that has a quorum.

## **5.2. Opening of the Annual general meeting**

5.2.1. At the time considered as the time of the start of the Annual general meeting in accordance with the proxy statement, a representative of the Counting commission or of other person acting as the counting commission announces the existence of quorum on issues on the agenda of the Annual general meeting.

5.2.2. The Annual general meeting is legally qualified (has quorum) if it is attended by shareholders having over a half of all placed voting shares of the Company in the aggregate.

If the agenda of the Annual general meeting includes issues to be voted under different voting structures, quorum to decide on such issues should be determined separately.

At that the lack of quorum to decide on issues to be voted under one voting structure does not prevent from deciding on issues to be voted under another voting structure if it has quorum.

In order to approve a related party truncation, quorum is made by shareholders – owners of voting shares of the Company who are neutral to the transaction to be made by the Company and have over a half of votes of shareholders – owners of voting shares of the Company neutral to the transaction to be made by the Company.

5.2.3. in case when at least one issue on the agenda of the Annual general meeting of the Company has quorum, the Chairing the Annual general meeting announces opening of the Annual general meeting.

5.2.4. In case when only separate issues on the agenda of the Annual general meeting have quorum, the Annual general meeting can not be closed if be the moment of close up of the registration persons have been registered whose registration provides for quorum for decisions to be made on other issues on the agenda of the general meeting.

5.2.5. In case when by the time of the beginning of the Annual general meeting none of the issues on the agenda of the Annual general meeting has quorum, the Chairing the Annual general meeting announces postponement of opening the general meeting for 2 (two) hours.

Opening of the Annual general meeting is allowed only once.

In case when in 2 (two) hours after the announcement of postponement of the Annual general meeting no persons are registered which provide for quorum for at least one issue from the agenda of the meeting, the Chairing the Annual general meeting makes an announcement that the Annual general meeting was not held.

In case when in 2 (two) hours after the announcement of postponement of the Annual general meeting persons are registered who provide for quorum for at least one issue from the agenda of the meeting, the Chairing the Annual general meeting makes an announcement on the opening of the Annual general meeting.

5.2.6. In case of lacking quorum o hold the Annual general meeting, the repeated Annual general meeting with the same agenda should be held.

In case there is no quorum to hold an extraordinary General meeting of shareholders, the repeated General meeting of shareholders with the same agenda could be held.

## **5.3. Discussing of issues on the agenda of the Annual general meeting**

- 5.3.1. Persons addressing the Annual general meeting should comply with the following time limit for the address:
  - a report on issues on the agenda – up to 30 minutes;
  - joint report – up to 20 minutes;
  - oral argument – 5 minutes;
  - presentation with questions, reference information – 2 minutes each.Chairing the Annual general meeting is authorized to increase the time limit.
- 5.3.2. A shareholder who wishes to participate in oral argument on issues on the agenda of the Annual general meeting should send a respective written application to the Secretary of the Annual general meeting.

The application should contain last name, first and middle names (name) of a shareholder (his representative), the issue from the agenda in respect of which the shareholder wish to make a presentation; the application should be signed by the shareholder.

The issue should be submitted to the Secretary of the Annual general meeting in written; in addition to question wording the shareholder (his representative) should indicate his last name, first and middle name (name of the shareholder – legal entity); the question should be signed by the shareholder.
- 5.3.3. The Secretary of the Annual general meeting passes applications and questions received from shareholders to the Chairing the Annual general meeting.

In case when by the moment of opening the Annual general meeting there is quorum on separate issues of the agenda of the Annual general meeting, upon completion of discussing of the last of the mentioned issue, a representative of the Counting commission or any other person acting as the counting commission, announces quorum or lack of quorum in respect of other issues of the agenda.
- 5.3.4. In case when discussion of all the issues on the agenda of the Annual general meeting having quorum is completed, the Chairing at the Annual general meeting announces completion of discussion of the issues on the agenda and close up registration of persons participating in the Annual general meeting.
- 5.4. Voting at the Annual general meeting**
- 5.4.1. Voting on issues of the agenda of the Annual general meeting held in the form of an assembly (joint presence of shareholders) is conducted in accordance with the procedure stipulated by the Federal Law “On joint stock companies”, other legal normative acts and the Charter of the Company, the present Provision.
- 5.4.2. Voting on the issues in the agenda of the Annual general meeting is conducted by voting bulletins.
- 5.4.3. Persons registered for participation in the Annual general meeting held in the form of an assembly have the right to vote on all the issues in the agenda from the moment of opening of the Annual general meeting and till the moment when counting of votes is started.
- 5.4.4. upon completion of discussion of the last issue on the agenda of the Annual general meeting (the last issue that has quorum), persons who did not vote prior to this moment are given 30 (thirty) minutes to vote.
- 5.5. Conducting of voting, announcing of voting results on issues of the agenda of the Annual general meeting. Closure of the Annual general meeting.**
- 5.5.1. Counting of votes and tallying of voting on the issues on the agenda of the Annual general meeting is conducted by the Counting commission or other person acting as the counting commission, in accordance with the requirements of the effective legislation.
- 5.5.2. Voting results and resolutions made by the Annual general meeting of the Company could be announced at the Annual general meeting of the Company.
- 5.5.3. In case when the results of voting and resolutions made at the Annual general meeting of the Company were not announced at the Annual general meeting then within 10 (ten) days after the date of the Protocol on the voting results, all resolutions made by the Annual general meeting of the Company together with voting results should be communicated to the persons included in the list of persons having the right to participate in the Annual general meeting, in accordance with the procedure provided for by the Charter of the Company to notify about

holding of the Annual general meeting, if the Charter of the Company does not specify otherwise.

- 5.5.4. Upon announcing the voting results on the issues on the agenda of the Annual general meeting, in case when the results are announced at the Annual general meeting, the Chairing announces the closure of the Annual general meeting.

## **6. Holding of the Annual general meeting in the form of vote in absentia**

- 6.1. Voting on the issues in the agenda of the Annual general meeting held in the form of vote in absentia is conducted by voting bulletins.
- 6.2. Completed voting bulletins must be received by the Company not later than the day considered the day of conclusion of voting bulletins in accordance with the resolution on convening and holding of the Annual general meeting made in accordance with the Federal Law "On joint stock companies" and the present Provision.  
In case when the date of conclusion of voting bulletins falls on a non-working day, then the date of conclusion of voting bulletins is the next working day after the non-working day.  
Term of accepting voting bulletins expires on the day of conclusion of voting bulletins at the moment when working day of the Company is finished in accordance with the established rules.
- 6.3. Completed voting bulletins could be mailed to the Company in registered letter, presented against receipt to a person acting as the single executive body of the Company, a person authorized to accept correspondence addressed to the Company as well as to the Registrar of the Company (in case when the Registrar acts as the Counting commission).
- 6.4. A person acting as the single executive body of the Company organizes collecting, safety and transfer of completed voting bulletins to the Counting commission or other person acting as the counting commission.
- 6.5. When completing a voting bulletin, a shareholder – an individual specifies full trade name of a legal entity.
- 6.6. When completing a voting bulletin a representative of a shareholder – an individual specifies his last name and initials as well as his job position or details of a proxy confirming his authority).
- 6.7. A representative of a shareholder attaches to the voting bulletin his proxy (its notarized copy) or other document on the basis of which he is acting.
- 6.8. The Annual general meeting held in the form of vote in absentia is competent (has a quorum) in case when not later than the date of conclusion of voting bulletins the Company has received voting bulletins of shareholders who have over a half of all votes under placed voting shares of the Company in the aggregate.  
In order to decide on a related party transaction approval, quorum is made of shareholders – owners of voting shares of the Company who are neutral to the transaction and have more than a half of votes of shareholders – owners of the voting shares of the Company neutral to the transaction.

## **7. Operating bodies of the Annual general meeting of the Company**

- 7.1. Operating bodies of the Annual general meeting of the Company are:  
a) The Chairing the Annual general meeting of the Company;  
b) The Counting commission;  
c) The Secretary of the Annual general meeting.
- 7.2. The Chairman of the Board of Directors acts as the Chairing the Annual general meeting.  
In case when the Chairman of the Board of Directors is absent at the Annual general meeting, Deputy Chairman of the Board of Directors acts as the Chairing of the Annual general meeting.  
In case when the Chairman of the Board of Directors and his deputy are absent at the Annual general meeting, the functions of the Chairing of the Annual general meeting could be executed by any member of the Board of Directors, based on the decision of shareholders – members of the Board of Directors attending the Annual general meeting.

- 7.3. The Chairing of the Annual general meeting announces opening and closing of the meeting, announces the agenda of the Annual general meeting and order of priority of speeches and reports on the issues on the agenda, announces closing of discussions on the issues of the agenda and opening of tallying votes, provides for maintenance of the order of the meeting stipulated by the present Provision and signs Minutes of the Annual general meeting.
- 7.4. A professional participant of the securities market who holds the Shareholder Register of the Company (the Registrar of the Company) executes functions of the Counting commission at the Annual general meeting.  
In case when number of shareholders – owners of voting shares of the Company is less than 100 (one hundred), a person authorized by the Board of Directors of the Company can act as the Counting commission of the Annual general meeting.
- 7.5. The counting commission executes the following functions:
- a) verification of authorities and registration of persons participating in the Annual general meeting (shareholders, their representatives);
  - b) determination of the existence of a quorum of the Annual general meeting;
  - c) advisement on questions arising in connection with realization of the voting right at the Annual general meeting by the shareholders of the Company (their representatives);
  - d) advisement on the procedure of voting on issues submitted for vote;
  - e) ensurance of the established voting procedure and the rights of shareholders of the Company to participate in vote;
  - f) counting and tallying of votes;
  - g) preparation of the Protocol on the results of the vote;
  - h) communicating voting results to the shareholders of the Company;
  - i) delivering of voting bulletins to archive;
  - j) other functions provided for by the legislation of the Russian Federation and the Charter of the company, and the contract concluded between the Company and the Registrar (in case when it acts as the Counting commission).
- 7.6. The Secretary of the Annual general meeting is elected by the Board of Directors for resolving issues of preparation to the Annual general meeting, or by persons requiring convening of the Annual general meeting in cases stipulated by the legislation of the Russian Federation.
- 7.7. The Secretary of the Annual general meeting executes the following functions:
- a) acceptance from persons participating in the Annual general meeting of applications on granting the right to participate in disputes on the issues of the agenda of the meeting, as well as acceptance of questions;
  - b) passing to the Chairman of the Annual general meeting of applications and questions received from shareholders;
  - c) recording of the progress of the Annual general meeting (executive summary of speeches and reports);
  - d) other functions provided for by the present Provision and the Charter of the Company.

## **8. Financial support of holding of the Annual general meeting of the Company**

- 8.1. Expenses related to preparation and holding of the Annual general meeting are made on account of the Company in accordance with the budget approved by the Board of Directors and are included in the budget of the Company.
- 8.2. The Chairman of the Management Committee submit to the Board of Directors a report on expenses incurred on preparation and holding of the Annual general meeting not later than two months after the date of the Annual general meeting.
- 8.3. In case when an extraordinary General meeting of the shareholders is held upon the request from persons, expenses for preparation and holding of such meeting are paid by those persons.  
In accordance with the resolution of the general meeting, expenses of the abovementioned persons supported by documents and related to preparation and holding of the general meeting of shareholders could be reimbursed out of funds of the Company.

## **9. Final provisions**

- 9.1. In case when changes in the legislation and normative acts of the Russian Federation result in contradiction between separate articles of the present Provision and the legislations, these articles cease to be in force and prior to introducing changes to the present Provision the Company should be governed by the legislation and normative acts of the Russian Federation.
- 9.2. In case when all voting shares of the Company are owned by one shareholder, the present Provision does not apply, resolutions on issues within the authority of the Annual general meeting of the Company are made by such stakeholders (an authorized management body of the shareholder), are finalized in written and communicated to the Company.