

APPROVED

By resolution of the Annual General Meeting  
of Shareholders of the RusHydro  
Open Joint-Stock Company  
Minutes of 25 June, 2008 No. \_\_\_\_\_

REGULATIONS  
on the Management Board  
of the RusHydro Open Joint-Stock Company

2008

## **1. GENERAL PROVISIONS**

1.1. These Regulations are an internal document of the RusHydro Open Joint-Stock Company (hereinafter referred to as the Company), determining the procedure for electing the Management Board, the timing and procedure for convening and holding meetings of the Management Board, as well as its decision-making procedure.

1.2. The Regulations have been drawn up in accordance with the Civil Code of the Russian Federation, the Federal Law on Joint-Stock Companies, other regulatory and legal acts of the Russian Federation and the Articles of Association of the Company.

1.3. The Management Board of the Company as a collegial executive body performs its activities for the benefit of the Company, being governed by resolutions of the General Meeting of Shareholders and of the Board of Directors of the Company and acting in accordance with the legislation of the Russian Federation, the Articles of Association of the Company, other internal documents of the Company and these Regulations.

1.4. The Company Management Board is responsible for practical implementation of the goals, development strategy and policy of the Company and manages the day-to-day activities of the Company within the scope of its terms of reference, as determined by the Articles of Association of the Company, by resolutions of the General Meeting of Shareholders and of the Board of Directors of the Company.

The main responsibilities of the Company Management Board are:

- To ensure observance of the rights and legitimate interests of the Company shareholders;
- To draft proposals on the development strategy of the Company;
- To implement the Company's financial and business policy, elaborate resolutions on key aspects of its day-to-day operations and co-ordinate the work of its subdivisions;
- To raise the effectiveness of the compliance and risk monitoring systems;
- To achieve a high yield of the Company's assets and maximum profits from the Company's activities.

## **2. PROCEDURE FOR ELECTING THE MANAGEMENT BOARD**

2.1. Election of the Management Board members and termination of their powers shall be subject to resolution of the Company Board of Directors.

2.2. Proposals concerning the numerical strength of the Management Board and nomination of candidates for the Management Board shall be put forward by the Chairman of the Company Management Board for consideration by the Board of Directors.

2.3. A candidate shall be deemed elected a member of the Management Board if a majority of the members of the Board of Directors attending the meeting vote for him.

2.4. A contract shall be concluded by the Company with elected members of the Management Board.

The contracts with members of the Company Management Board shall be signed by the Chairman of the Company Management Board.

The remuneration and compensation payable to the members of the Management Board of the Company shall be determined by the Board of Directors of the Company.

2.5. In the event that the number of the members of the Management Board falls below the number stipulated by these Regulations and the Articles of Association of the Company as a quorum for holding a meeting, the Chairman of the Management Board shall propose new candidate members for the Management Board for consideration by the Board of Directors to replace those who have withdrawn.

2.6. A member of the Management Board may resign as a member of the Management Board by submitting an application to this effect in accordance with the legislation in the name of the Chairman of the Management Board and the Chairman of the Board of Directors of the Company. The date on which the powers of a Member of the Management Board terminate shall be that of the meeting of the Company Board of Directors at which a resolution is adopted to terminate the powers of the Member of the Management Board, unless some other date is envisaged by resolution of the Board of Directors.

### **3. RIGHTS, DUTIES AND LIABILITIES OF THE MANAGEMENT BOARD MEMBERS**

#### **3.1. MEMBERS OF THE MANAGEMENT BOARD**

3.1.1. The rights and duties of the members of the Company Management Board shall be determined by the legislation of the Russian Federation, these Regulations and the agreement concluded by the Company with each of them.

3.1.2. Members of the Management Board shall have the right to:

- (1) Decide on issues relating to management of the day-to-day activities of the Company, acting as members of the collegial executive body of the Company;

- (2) Receive full information about the activities of the Company, have access to the constituent, regulatory, accounting, reporting, contractual and other documents of the Company;
- (3) Provide information, make declarations and introduce proposals on agenda items for a meeting of the Management Board;
- (4) Make written proposals for drawing up a plan of action for the Management Board and the agenda for a meeting of the Management Board;
- (5) Initiate convening a meeting of the Company Management Board;
- (6) Receive remuneration and compensation in the manner and the amounts determined by resolutions of the Company Board of Directors;
- (7) Express in writing their disagreement with resolutions of the Management Board and apprise the chairman of the Management Board and the Board of Directors of the Company to this effect ;
- (8) Exercise other rights envisaged by the legislation of the Russian Federation, the Articles of Association of the Company and the contract concluded by the Company with each of them.

3.1.3. Members of the Management Board shall:

- (1) Participate in meetings of the Company Management Board;
- (2) Fulfil resolutions and instructions of the General Meeting of Shareholders, of the Board of Directors and of the Management Board of the Company, and observe the requirements of the Articles of Association and of the internal documents of the Company;
- (3) Act in the interests of the Company, exercise their rights and fulfil their obligations to the Company reasonably and in good faith;
- (4) Advise in writing on a quarterly basis, before the 15th day of the quarter, the Company, the Board of Directors of the Company, the Internal Audit Commission of the Company and the Auditor of the Company about:
  - (a) Legal entities in which the member of the Management Board holds independently or in conjunction with an affiliated person(s) 20 or more per cent of the voting shares (ownership interests, stakes);
  - (b) Legal entities on whose management bodies the member of the Management Board holds positions;

- (c) Concluded or proposed transactions of which the member of the Management Board is aware and in which he may be recognised as an interested party;
- (5) Fifteen days before the conclusion of a transaction, notify the Chairman of the Management Board of the Company and the Board of Directors of the Company on proposed transactions in which the member of the Management Board may be recognised as an interested party;
- (6) Not disclose information containing official or commercial secrets of the Company and observe the requirements of the Company Regulations on insider information.

3.1.4. Members of the Management Board shall be permitted to hold positions on the management bodies of other organisations as well as paid positions in other organisations only with the consent of the Company Board of Directors.

3.1.5. Members of the Company Management Board shall be liable to the Company for losses caused to the Company by their culpable actions (omissions) unless other grounds of liability are established by federal laws.

At the same time, members of the Management Board that voted against a resolution that caused losses to the Company or did not take part in the voting shall not be held liable.

## **3.2. CHAIRMAN OF THE MANAGEMENT BOARD**

3.2.1. The work of the Company Management Board shall be organised by the Chairman of the Company Management Board, who is the sole executive body of the Company.

3.2.2. The Chairman of the Management Board of the Company:

- (1) Presents for consideration by the Company Board of Directors proposals regarding the numerical strength of the Management Board and election of members of the Management Board;
- (2) Convenes meetings of the Management Board:
  - Decides on the date, time and place for holding a meeting of the Management Board;
  - Approves the agenda for the meeting;
  - Determines the list of persons invited to take part in the discussion of individual agenda issues at the meeting of the Management Board;

- Determines the list of information (materials) to be issued to the members of the Management Board in preparation for a meeting of the Management Board;
  - Decides on the format and wording of the ballot sheet (in the event of in absentia voting).
- (3) Chairs meetings of the Management Board;
  - (4) Signs the Minutes of the meeting of the Management Board;
  - (5) Organises the work of the Management Board and ensures observance of the requirements of the Russian Federation legislation, the Company Articles of Association and of these Regulations in the Management Board's activities;
  - (6) Carries out other actions envisaged these Regulations.

3.2.3. In the event of temporary absence of the Chairman, his functions shall be fulfilled by the Deputy Chairman of the Management Board.

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

- 4.1. The Management Board Secretary provides organisational and information support for the work of the Company Management Board.
- 4.2. The Management Board Secretary is appointed by the Chairman of the Management Board from among the Company's employees.
- 4.3. The Secretary of the Management Board shall:
  - (1) Organise preparation of materials for consideration at the Management Board meetings;
  - (2) Draw up a draft plan of action for the Management Board at least one month before the beginning of the upcoming quarter;
  - (3) Make proposals for adjustment of the plan of action of the Management Board as required;
  - (4) Notify the members of the Management Board of the holding of a meeting of the Management Board by forwarding announcements and materials on the agenda for the meeting of the Management Board;
  - (5) Liaise with the Secretary of the Company Board of Directors and the secretaries of the Committees of the Board of Directors for the purpose of co-ordinating the activities of the

Management Board, the Company Board of Directors and the Committees of the Board of Directors;

- (6) Provide organisational and technical support for meetings of the Management Board;
- (7) Maintain a list of matters dealt with by the Management Board;
- (8) Exercise control over fulfilment of resolutions of the Management Board and advise the Management Board on fulfilment of resolutions adopted thereby ;
- (9) Prepare, on the instruction of the Management Board Chairman (Deputy Chairman of the Management Board), drafts of individual documents and resolutions of the Management Board;
- (10) Keep the minutes of the Management Board meetings, execute the Minutes of the Management Board meetings, effect their agreement, and signing, execute, at request, extracts from the Minutes of the Management Board meetings;
- (11) Apprise members of the Management Board of the voting results and information on resolutions adopted;
- (12) Apprise the persons in charge of executing the resolutions adopted by the Management Board by sending them signed excerpts from the minutes of the Management Board meeting.

The Management Board Secretary shall perform other actions envisaged by these Regulations.

4.4. The Management Board Secretary shall be responsible for the quality and timeliness of excerpts drawn up from the Minutes of meetings of the Management Board, as well as for fulfilment of other duties envisaged by these Regulations.

## **5. ORGANISATION OF THE WORK OF THE MANAGEMENT BOARD**

5.1. Meetings of the Management Board shall be held in accordance with the Action Plan or as required, but at least once a month.

5.2. The Action Plan of the Management Board shall include:

- (1) Matters subject to consideration at meetings of the Company Management Board in the current year (quarterly);
- (2) The timetable for holding meetings of the Management Board;

(3) The list of persons responsible for preparing issues to be considered at meetings of the Management Board.

5.3. The Action Plan shall be approved on a quarterly basis by the Company Management Board.

5.4. The Action Plan of the Management Board shall be drawn up subject to resolutions of the General Meeting of Shareholders, the Board of Directors, the Internal Audit Commission and the Auditor, and proposals from the Chairman of the Management Board, members of the Management Board of the Company, and divisional heads of the Company.

5.5. Meetings of the Management Board shall be convened by the Chairman and, in his absence, by the Deputy Chairman of the Management Board:

- In accordance with the Action Plan of the Management Board;
- On the initiative of the Chairman of the Management Board or one of the members of the Management Board;
- By resolution of the Company Board of Directors, the Internal Audit Commission, or the Auditor of the Company.

5.6. The agenda for the meeting of the Management Board shall be drawn up on the basis of the Action Plan of the Management Board and proceeding from resolutions of the General Meeting of Shareholders, the Board of Directors, the Internal Audit Commission, and the Auditor of the Company, and proposals from the Chairman of the Management Board and members of the Management Board of the Company.

5.7. Meetings of the Management Board shall be held in the form of joint presence of the members of the Management Board (in presentio) or by ballot sheet voting (in absentia).

On the instructions by the Management Board Chairman, off-site meetings of the Management Board may be held.

5.8. The Management Board is legally competent if at least half the elected members of the Management Board attend the meeting (take part in the in absentia voting).

5.9. All resolutions shall be adopted by the Management Board by a simple majority of the votes of the Management Board members present at the meeting (taking part in the in absentia voting).

5.10. In deciding issues, each member of the Management Board shall have a single vote. Transfer by one member of the Management Board of his vote to another member of the Management Board or to other persons is prohibited.

In the event of equal votes being cast by the members of the Management Board, the Chairman of the Management Board shall have the deciding vote.

5.11. In the event that a member of the Management Board participating in a meeting of the Management Board disagrees with a resolution adopted on an agenda issue(s) for the meeting, he shall be entitled to set out his position on this issue(s) in writing. Such a written opinion of a member of the Management Board shall be attached to the Minutes of the corresponding meeting of the Company Management Board.

## **6. PROCEDURE FOR CONVENING AND HOLDING IN PRESENTIO MEETINGS OF THE MANAGEMENT BOARD**

6.1. Notification of the members of the Management Board of the date, time and place of a meeting of the Management Board shall be forwarded to the members of the Management Board 2 (two) business days before the said meeting is to be held.

6.2. The notification of the holding of an in presentio meeting of the Management Board shall contain:

- The full corporate name of the Company and its location;
- The agenda for the meeting of the Management Board;
- The date, time and place of the Management Board meeting;
- A list of information (materials) provided to the members of the Management Board in preparation for the meeting.

6.3. The notification on the holding of a Management Board meeting is drawn up by the Management Board Secretary and signed by the Chairman and, in cases envisaged by these Regulations, the notification shall be signed by the Deputy Chairman of the Management Board.

Together with the notification about the meeting, all necessary materials (information) and draft resolutions on the issues on the agenda for the meeting shall be sent to the members of the Management Board.

6.4. Meetings of the Management Board shall consider issues included on the agenda for the meeting of the Management Board.

In extraordinary cases, in presentio meetings of the Management Board may consider issues not included on the agenda for the meeting if consideration of the such issue is unanimously approved by all the members of the Management Board attending the meeting.

6.5. Meetings of the Management Board shall be presided over by the Chairman and, in his absence, by the Deputy Chairman of the Management Board.

6.6. The Management Board Secretary determines the presence of a quorum for holding the meeting of the Management Board, the Chairman of the Management Board informs those present of the existence of a quorum and announces the agenda for the meeting of the Management Board.

6.7. Consideration of agenda items at a meeting of the Management Board includes the following stages:

- (1) Report by a member of the Management Board (guest) on the agenda item;
- (2) Discussion of the agenda item;
- (3) Proposals for the wording of the resolution on the agenda item;
- (4) Voting on the agenda item;
- (5) Counting of the votes, summing up and announcement of the preliminary results of the voting (exclusive of the written opinions of members of the Management Board absent from the meeting).

6.8. On the basis of the returns of the voting at the Management Board meeting, the Management Board Secretary sums up the returns of voting on the agenda items and draws up Minutes of the Management Board in the manner established by these Regulations.

## **7. IN ABSENTIA DECISION-MAKING PROCEDURE**

7.1. A resolution of the Company Management Board on matters falling within its terms of reference may be adopted by voting in absentia (ballot sheet).

7.2. For resolutions to be adopted by the Management Board by in absentia (ballot sheet) voting, each member of the Management Board shall be sent a notification of the holding of in absentia voting on the agenda items, materials (information) and draft resolutions on the issues included on the agenda at least 3 (three) business days before the deadline for acceptance of the ballot sheets for in absentia voting.

7.3. The notification of the holding of in absentia voting shall contain:

- The full corporate name of the Company and its location;
- The agenda for the meeting of the Management Board;

- Indication of the holding of in absentia voting by completion of a ballot sheet;
- The date and time deadline for acceptance of completed ballot sheets for the in absentia voting;
- The list of information (materials) provided to the members of the Management Board in preparation for the meeting.

7.4. Members of the Management Board are entitled to submit proposals and (or) comments on the proposed draft resolutions of the Management Board on the issues raised for in absentia voting no later than 2 (two) business days before the deadline for acceptance of the ballot sheets as indicated in the notification on the holding of the in absentia voting.

7.5. The Secretary of the Management Board shall draft the ballot sheet for in absentia voting on agenda items in the format cited in the Appendix to these Regulations.

7.6. The ballot sheet for in absentia voting shall be forwarded by the Secretary of the Management Board to the members of the Management Board at least 1 (one) business day before expiry of the deadline for acceptance of ballot sheets, as indicated in the notification of the holding of the in absentia voting, in the original or by fax or by email.

7.7. The ballot sheet shall contain:

- The full corporate name of the Company;
- The wording of the agenda items;
- Voting options;
- The date and time deadline for acceptance of completed ballot sheets;
- The address to which the completed ballot sheets should be sent.

7.8. When completing a ballot sheet for in absentia voting, the member of the Management Board shall cross out all but one of the possible voting options for each of the draft resolutions on each of the items ("for", "against", "abstain"). The completed ballot sheet shall be signed by the member of the Management Board and his surname and initials indicated.

7.9. A ballot sheet completed in violation of the requirements indicated in clause 7.8 of these Regulations shall be recognised as invalid (in the event of violation of the requirements on completing the voting options, only the part relating to the corresponding item is recognised as invalid) and shall not participate in determining the quorum necessary for adopting resolution by in absentia voting and shall not be taken into consideration in tallying the votes.

7.10. A completed and signed ballot sheet shall be forwarded by the member of the Management Board by the deadline indicated on the ballot sheet to the Secretary of the Management Board in the original or by fax or by email (scanned ballot sheet), with the original ballot sheet being subsequently forwarded to the address indicated in the ballot sheet.

Members of the Management Board shall be recognised as having participated in the in absentia voting if their ballot sheets are received by the Secretary of the Management Board no later than the deadline for acceptance of ballot sheets.

7.11. The existence of a quorum for adopting resolutions by in absentia voting shall be determined on the basis of the ballot sheets completed and signed by members of the Management Board and received by the Company by the deadline set in the notification of the holding of in absentia voting.

On the basis of the ballot sheets received, the Secretary of the Management Board sums up the results of the in absentia voting on the agenda items and draws up Minutes of the Management Board in the manner established by these Regulations.

## **8. MINUTES OF A MEETING OF THE MANAGEMENT BOARD**

8.1. The Minutes of a meeting of the Company Management Board on the results of the meeting of the Management Board (results of in absentia voting) shall be drawn up and signed within 2 (two) business days of the meeting by the Chairman and the Secretary of the Management Board, who shall be liable for the correct drafting of the Minutes.

8.2. Minutes of a meeting of the Management Board shall contain:

- The full corporate name of the Company;
- The form in which the meeting was held (in presentio or in absentia);
- The time and place of the meeting (returns of the voting determined);
- A list of the members of the Management Board present at the meeting (participating in in absentia voting), as well as a list of guests;
- Information regarding the existence of a quorum at the meeting;
- The agenda of the meeting;
- The issues raised to the vote and the returns of individual voting thereon;

- A generalised summary of the reports and speeches made by participants in the meeting (for an in presentio meeting);
- The resolutions adopted.

8.3. The Company shall keep the minutes of the Management Board meetings at the location of the executive body of the Company. Responsibility for safekeeping of the minutes of the Management Board meetings shall be borne by the Management Board Chairman.

Minutes of meetings of the Company Management Board shall be accessible to any member of the Board of Directors, member of the Internal Audit Commission, the Auditor of the Company, and shareholder(s) holding over 25 per cent of the voting shares in the Company.

## **9. CONTROL OVER FULFILMENT OF MANAGEMENT BOARD RESOLUTIONS**

9.1. Members of the Management Board shall be apprised in writing of resolutions adopted by the Management Board in the form of copies of the Minutes of the Company Management Board meeting forwarded within 3 (three) days of the minutes being signed.

9.2. Executive officers shall be apprised by the Secretary of the Management Board of resolutions adopted by the Management Board in the form of written excerpts on individual issues from the Minutes of the Company Management Board meeting, signed by the Secretary of the Management Board and bearing the seal of the Company.

9.3. Control over fulfilment of the resolutions of the Management Board shall be exercised by of the Management Board Secretary.

## **10. FINAL PROVISIONS**

10.1 The Regulations on the Management Board shall be approved by the General Meeting of the Company Shareholders.

10.2 Amendments and addenda to these Regulations shall be introduced by the General Meeting of the Company Shareholders.

10.3 If, as a result of changes in the legislation and regulatory acts of the Russian Federation and/or to the Articles of Association of the Company, certain articles of these Regulations come into conflict therewith, these articles shall be vitiated and, until amendments are introduced into the Regulations, the Management Board shall be governed by the legislation, regulatory acts of the Russian Federation and the Articles of Association of the Company.

