

Appendix 6 to the Minutes of the Meeting held
by the Management Board, OJSC RAO UES of
Russia
30 April 2008 No. 1865np/3

APPROVED:

Management Board of the Open Joint-Stock
Company of Energy and Electrification UES of
Russia
Minutes of the Management Board of OJSC RAO
UES of Russia 30 April 2008 No. 1865np/3

Chairman of the Board

_____ A.B. Chubais

R E G U L A T I O N S
on Remuneration and Compensation Paid to Board of
Directors' Members

Open Joint-Stock Company
"Interregional Distributive Grid Company of Urals"

Yekaterinburg
2008

1. The present Regulations have been developed pursuant to the Federal Law "On Joint-Stock Companies". It fixes the amount of remuneration and compensation as well as the manner of payment to the members of the Board of Directors of OJSC Interregional Distributive Grid Company of Urals (hereinafter referred to as Company).

2. Remuneration and compensation to the Chair and certain members of the Board of Directors are not calculated and paid if the Chair and such members are restricted or prohibited to receive any payment from commercial organizations pursuant to the Federal Law.

3. Remuneration and compensation are paid in money.

4. Remuneration payment.

4.1. For the participation in voting of the Board of Directors held as absentee ballot (poll) a member of the Board of Directors is paid a fee in the amount equal to 8 (eight) minimum monthly first-class worker base rates fixed by the tariff agreement in the RF electric power industry (further - Agreement) as of the date of the session adjusted according to the index specified in the Agreement. Such remuneration is paid within one month after the ballot is organized by the Board of Directors.

For the participation in meetings of the Board of Directors held in the form of compresence a member of the Board of Directors is paid a fee in the amount equal to 10 (ten) minimum monthly first-class worker base rates fixed by the tariff agreement in the RF electric power industry (further - Agreement) as of the date of the meeting adjusted according to the index specified in the Agreement. Such remuneration is paid within one month after the meeting is held by the Board of Directors.

The remuneration paid to the Chair (Vice Chair) for each meeting where she/he performs the function of the Chair of the Board of Directors pursuant to the para. 4.1. hereof is increased by 50%.

4.2. The members of the Board of Directors are paid extra remuneration for the net profit ratio of the Company based on the annual accounts ratified by the General Meeting of Shareholders.

4.2.1. Remuneration paid to a member of the Board of Directors is calculated according to the formula (1):

$$S = \frac{NP \times n}{300 \times x \times m} \quad (1),$$

where:

S is a sum of extra remuneration paid to a member of the Board of Directors at the end of the FY;

NP is the amount of net profit of the Company ratified by the General Meeting of Shareholders;

n is a number of meetings of the Board of Directors a member took part in (regardless of its type), per year for which the Company received such net profit;

x is the membership of the Board of Directors according to the Charter;

m is a number of meetings held during the FY for which the Company received net profit.

4.2.2. Remuneration paid to the Chair (Vice Chair) of the Board of Directors for performing the functions of the Chair is calculated according to the formula (2):

$$P = \frac{NP(n_f + 1.5j)}{300 \times x \times m} \quad (2),$$

where:

P is a sum of remuneration paid to the Chair (Vice Chair) of the Board of Directors for performing the functions of the Chair upon the results of the FY;

n_f is a number of meetings (regardless of their type) of the Board of Directors, where the Chair (Vice Chair) did not perform the functions of the Chair, per year for which the Company received its net profit;

NP is the amount of net profit of the Company¹ ratified by the General Meeting of Shareholders;

j is a number of meetings where the Chair (Vice Chair) performed the functions of the Chair;

x is the membership of the Board of Directors according to the Charter;

m is a number of meetings held during the FY for which the Company received net profit.

4.2.3. If the Board of Directors was reelected in a year for which the Company received its net profit, then remuneration specified in the subpara. 4.2.1. – 4.2.2. is also paid to the previous members of the Board of Directors. The present subparagraph does not apply to the periods before the present Provision becomes effective unless the resolution approving the present Provision provides otherwise.

4.2.4. If due to reorganization the Company goes out of business, the members of the Board of Directors are paid remuneration for the net profit ratio fixed in the accounting statements of the Company as of the last balance sheet date.

If due to reorganization and termination of the Company activity, the accounting statement for the last financial reporting year is not ratified by the General Meeting of Shareholders, remuneration for the net profit ratio is paid according to the data of the annual accounting statement approved by a taxation body as well as for the net profit ratio for reporting periods after the indicated FY fixed in the account books of the Company as of the last balance sheet date.

4.2.5. If the Company revalues its assets and such revaluation affects the net profit ratio of the Company which calculates remuneration to the members of the Board of Directors, then pursuant to the para. 4.2., remuneration will be calculated according to a specified net profit rate not taking into account the carried out asset revaluation. Such rate shall be approved by the annual General Meeting of Shareholders.

4.3. The members of the Board of Directors are paid extra remuneration for the increase of the market capitalization of the Company during their term of office².

¹ If due to reorganization and termination of the Company activity, the accounting statement for the last financial reporting year is not ratified by the General Meeting of Shareholders, remuneration for the net profit ratio is paid according to the data of the annual accounting statement approved by a taxation body.

² Applied if the period from the stock exchange introduction at RTS and/or MICEX up to the termination of power of a member of the Board of Directors lasted at least six months.

4.3.1. The sum of extra remuneration paid to each member of the Board of Directors pursuant to the para. 4.3. is 0.0175% of the increase in market value of the Company calculated during the period from the election of the Board of Directors up to the election of a new panel of the Board of Directors.

In order to determine remuneration, the increase in the market value of the Company is calculated as follows³:

$$\Delta(MC) = \overline{MC}_t - \overline{MC}_{t-1} \quad (3),$$

where:

ΔMC is the increase in market value of the Company;

MC_t is the average chronological market capitalization for the period (t);

MC_{t-1} is the average chronological market capitalization for the period (t-1);

The average chronological market capitalization is calculated according to the formula:

$$\overline{MC} = \frac{\sum_{i=1}^n (P_{iMICEX} \times d_{iMICEX} + P_{iRTS} \times d_{iRTS})}{n} \times Q \quad (4),$$

where:

P_{iMICEX} is a Volume-Weighted Average Price (VWAP) of the Company shares as of i-trading day of the corresponding period at MICEX;

d_{iMICEX} is a share price at MICEX calculated as a ratio of the Company share trading volume at MICEX to the total Company share trading volume at RTS and MICEX (in pcs.) as of i-trading day of the corresponding period at MICEX;

P_{iRTS} is a Volume-Weighted Average Price (VWAP) of the Company shares as of i-trading day of the corresponding period at RTS;

d_{iRTS} is a share price at RTS calculated as a ratio of the Company share trading volume at RTS to the total Company share trading volume at RTS and MICEX (in pcs.) as of i-trading day of the corresponding period at RTS;

n is a number of trading days when the shares of the Company were traded, from the beginning till the end of a corresponding period (t) or (t-1);

Q is a common value for MC_t and MC_{t-1} , equal to a number of issued common shares by the Company for the first date of the period (t-1).

4.3.2. Calculation of periods (t) and (t-1) in the formulas:

- period (t) starts from the last day of common shares trade of the Company at MICEX and/or RTS and finishes on the 30th business day calculated in the reverse time order;

- period (t-1) consists of 30 business days; the last day falls on a date before the election of a member of the Board of Directors, the first day falls on the date calculated in the reverse time order (30 business days).

If the period from the stock exchange introduction at RTS and/or MICEX up to the first day of the period (t-1) calculated in the reverse time order is less than six months, then the period (t-1) is calculated as that which consists of 30 business days the first day of which falls on the day after the expiration of 6-month period.

³ The source of the stock market indices is a corresponding stock market.

4.3.3. The calculated increase in market value of the Company according to the formula (3) should be adjusted by the increase of share price designated by RTS and MICEX stock indices as follows:

$$T_{\text{market}} = \left(\frac{\overline{I_{RTS_t}}}{\overline{I_{RTS_{t-1}}}} \times d_{RTS} \right) + \left(\frac{\overline{I_{MICEX_t}}}{\overline{I_{MICEX_{t-1}}}} \times d_{MICEX} \right) \quad (5),$$

where:

I_{RTSt} is RTS average chronological index for a period (t);

I_{RTSt-1} is RTS average chronological index for a period (t-1);

d_{RTS} is a share price at RTS calculated as a ratio of the Company share trading volume at RTS to the total Company share trading volume at RTS and MICEX (in pcs.) for the periods (t) and (t-1);

I_{MICEXt} is MICEX average chronological index for a period (t);

$I_{MICEXt-1}$ is MICEX average chronological index for a period (t-1);

d_{MICEX} is a share price at MICEX calculated as a ratio of the Company share trading volume at MICEX to the total Company share trading volume at RTS and MICEX (in pcs.) for the periods (t) and (t-1);

The time average index is calculated according to the following formula:

$$I = \frac{\frac{I_1}{2} + I_2 + I_3 \dots + \frac{I_n}{2}}{n-1} \quad (6),$$

where:

I_1 is the index weight on the 1st trading day of a corresponding period;

I_n is the index weight on the last trading day of a corresponding period;

n is a number of trading days from the beginning till the end of a corresponding period.

4.3.4. The final calculation formula of remuneration to the members of the Board of Directors is as follows:

$$\Delta(RBD) = \frac{\Delta(MC) \times \left(\frac{MC_t}{MC_{t-1}} - (T_{\text{market}} - S_{\text{comp}}) \right)}{\left(\frac{MC_t}{MC_{t-1}} - 1 \right)} \quad (7),$$

where:

S_{comp} is the Company share in the stock market growth which is calculated as follows:

$$d_{\text{comp}} = \left(\frac{Q_{\text{comp}}}{Q_{RTS_MICEX}} \right) \times \left(\frac{MC_t}{MC_{t-1}} - T_{\text{market}} \right) \quad (8),$$

where:

Q_{comp} is a total trading volume of the Company shares at RTS and MICEX for the periods (t) and (t-1) (in RUR);

Q_{RTS_MICEX} is a total trading volume at RTS and MICEX for the periods (t) and (t-1) (in RUR).

4.3.5. If the Company issued preferred shares besides common stock, only common shares are taken into account in the calculation of remuneration pursuant to the para. 4.3.

4.3.6. Remuneration for the increase in market value of the Company is paid only if the monthly average trading volume with the common shares of the Company at stock market⁴ is at least RUR1.5mln during the term of office of the remunerated Board of Directors.

4.4. Remuneration specified in the para.4.2. and 4.3. is paid by the Company's cessionary within one month after the Company terminates its business.

4.5. Remuneration restrictions.

4.5.1. Remuneration specified in the para.4.2. and 4.3. hereof is not paid if a member of the Board of Directors missed more than 50 % of held meetings (since she/he was elected till the end of her/his term of office).

4.5.2. Remuneration specified in the para.4.2 shall not exceed the fixed salary of the President:

- by more than 5 (five) times for a member of the Board of Directors;
- by more than 7 (seven) times for the Chair of the Board of Directors.

4.5.3. Remuneration specified in the para.4.3 paid to a member of the Board of Directors shall not exceed the fixed salary of the President of the Company by more than 5 (five) times.

4.6. The members of the Board of Directors are authorized to conclude option contracts with the Company to purchase and sell the Company shares under the Option program approved by the Board of Directors of the Company. The maximum amount of such contract for the Chair of the Board of Directors is 0.15 %, for a member of the Board of Directors – 0.10 % of the total placed common shares of the Company. For a member of the Board of Directors, who is a sole executive body of the Company at the same time or the collegial executive body of the Company, the amount is determined by the Option program approved by the Board of Directors. Members of the Board of Directors who participate in the Option program have no right to get extra remuneration as set out in the para. 4.3. hereof.

Information about members of the Board of Directors participating in the Option program and the amount of option contracts in each case are disclosed in the materials to the Annual Meeting of Shareholders.

4.7. A member of the Board of Directors can refuse to get remuneration stipulated herein in full or partly by notifying the President of the Company in writing.

After such written notification from a member of the Board of Directors is sent, all payments are effected upon the written consent given by such a member of the Board of Directors. If there are grounds for remuneration the Company shall notify a member of the Board of Directors indicating the sum of such remuneration. Such notification shall be sent by the corresponding date of remuneration payment stipulated herein.

⁴ Separately for MICEX stock market and separately for two RTS markets (T+0 and Classic market).

If there is written consent of a member of the Board of Directors to receive remuneration such remuneration is paid within one month.

5. If a member of the Board of Directors goes on a business trip in order to visit a facility of the Company, meet shareholders and investors, participate in the General Meetings of Shareholders and perform other duties connected with her/his functions as a member of the Board of Directors, the Company reimburses:

- daily allowance in the amount specified for the sole executive body of the Company or a sole executive body of the managing company;
- travel expenses to a trip destination and back to place of work or residence (including passenger's insurance, travel cards, etc.) in the amount of actual expenses confirmed by the tickets but up to the price of the tickets:
 - by railway – in lux business class compartments (sleeping car, seat compartment);
 - by sea and river transport - according to the tariffs charged by a carrier but up to the cost of the lux cabin (FB);
 - by airplane - C class;
 - by road transport in the common use (except taxi and car rent);
- flat rent in the amount of actual expenses confirmed by the corresponding documents but not higher than three minimum monthly first class worker base rates fixed by the tariff agreement in the RF electric power industry as of the day of reimbursement adjusted as specified herein for each day of rent.

5.2. Expenses are reimbursed by the Company within one calendar year after the documents confirming the incurred expenses are submitted.

6. In case of reorganization of the Company or force majeure which impedes to reimburse expenses as set out herein the Board of Directors shall offer the General Meeting of Shareholders to make the necessary decision.