

APPROVED  
by IDGC of Urals' BoD resolution  
Protocol # \_\_\_\_\_ dd. July \_\_\_, 2010

**REGULATIONS ON  
THE PERSONNEL AND REMUNERATION COMMITTEE  
OF THE BOARD OF DIRECTORS**

**Open Joint-Stock Company  
“Interregional Distributive Grid Company of Urals”**

(new version)

Ekaterinburg  
2010

## **1. GENERAL PROVISIONS**

1.1. Regulations on the Personnel and Remuneration Committee of the Board of Directors of Open Joint-Stock Company "Interregional Distributive Grid Company of Urals" (further referred to as the Regulations) are prepared pursuant to the Russian legislation, the Charter of OAO "IDGC of Urals" (further referred to as the Company), Regulations on the Procedure for Convention and Arrangement of the Company's BoD sessions.

1.2. The Company's BoD Personnel and Remuneration Committee (further referred to as the Committee) shall be formed by a Company's BoD resolution. It shall be a consultative body enabling the Board of Directors to perform its managing functions effectively.

1.3. The Committee shall not be a Company's body and shall be able to act on behalf of the Company.

1.4. The Committee resolutions shall be of advisory and recommendatory character to the Company's BoD.

1.5. The Committee shall perform in accordance with the present Regulations stipulating a legal status, aim and goals, rights, liabilities, structure and membership of the Committee. In its activities the Committee shall strictly adhere to the federal legislation, other Russian normative legal acts, the Company's Charter, Regulations on the Procedure for Convention and Arrangement of the Company's BoD sessions as well as BoD resolutions.

## **2. AIMS AND GOALS OF THE COMMITTEE**

2.1. The Committee shall be aimed at ensuring effective performance of the Company's BoD in solving issues under its competence.

2.2. The Committee's goal shall be to elaborate and submit recommendations (conclusions) to the Company's BoD on the following BoD directions:

- 1) Elaboration of recommendations on amount of remunerations paid to the BoD members;
- 2) Elaborating principles and criteria of remuneration for BoD members, members of collegiate executive body and person acting as a sole executive body, including managing company or managing director;
- 3) Elaboration of proposals determining significant conditions of contracts concluded with the BoD members, members of collegiate executive body and person acting as a sole executive body of the Company;
- 4) Defining criteria on the selection of nominees for the membership in the Board of Directors and collegiate executive body as well as sole executive body as well as preliminary evaluation of the candidates;
- 5) Regular evaluation of the person functioning as the sole executive body (managing company, managing director) and members of collegiate executive body and preparation of proposals for the BoD on the possibility of their repetitive nomination.

## **3. THE COMMITTEE COMPETENCE**

3.1. The Committee's competence shall include a preliminary consideration, analysis and elaboration of recommendations (conclusions) on the following issues:

3.1.1. Elaboration of principles and criteria in remuneration and financial stimulation of:

- BoD members, BoD Chairperson;
- Management Board members, CEO;
- Audit Commission members, Audit Commission Chairperson.

3.1.2. Preparation of recommendations on approval (adjustment) of internal documents regulating stimulation of BoD members;

3.1.3. Defining criteria on the selection of nominees for BoD membership and CEO position as well as preliminary evaluation of the candidates;

3.1.4. Regular evaluation of the CEO's activities and development of proposals and recommendations for the Company's BoD, including recommendations on possibilities of his subsequent election;

3.1.5. introduction for GSM's review and decision-taking of an issue on transferring authorities of the sole executive body to a managing company (a managing director) and pre-term termination of authorities executed by a managing company (a managing director);

3.1.6. elaboration of proposals determining significant conditions in the CEO's contract;

3.1.7. Approval of employment contracts (including terms of office and amount of paid remunerations and compensations) concluded with the Company's CEO, MB members, managing company (managing director) and change of the contracts;

3.1.8. Decision-taking on suspension of managing company's (managing director's) powers;

3.1.9. Decision-taking on appointment of an Acting CEO, except for the cases disclosed in item 21.16, Article 21 of the Charter;

3.1.10. evaluation of top manager reserve;

3.1.11. Other issues on the Company's BoD instruction.

## **4. THE COMMITTEE'S RIGHTS**

- 4.1. To fulfill its functions the Committee shall be entitled:  
To research issues under its competence;
- 1) To request and obtain information and documents required for its activities from the Company's CEO and MB members as well as shall be entitled to request information from external companies through the Company's CEO and BoD Chairperson;
  - 2) To obtain professional services from external agencies or engage (including conclusion of contracts) third parties as experts (advisers) with special knowledge and skills on the issues referred to the competence of the Committee within its budget. Contracts with persons, involved by the Committee for consulting services shall be concluded on the basis of a corresponding Committee resolution by an authorized person as advised by the Committee Chairperson, or the Committee Chairperson acting according to the proxy issued by the sole executive body of the Company;
  - 3) To involve the Company's personnel, members of other BoD Committees as well as other persons to participate in in-praesentia meetings;
  - 4) If required, to develop and present drafts containing alterations and supplements to the present Regulations for BoD's review.
- 4.2. The Committee shall enjoy other rights disclosed in the present Regulations.

## **5. THE COMMITTEE'S DUTIES**

- 5.1. The Committee shall be obliged:
- 1) To honestly reach the goals entrusted onto the Committee and conduct its activities pursuant to the present Regulations, requirements of the Russian legislation, the Charter and internal documents;
  - 2) To submit to the Board of Directors economically effective and legally grounded recommendations (conclusions) on the issues under the Committee's competence;
  - 3) To timely inform the BoD over the risks that can be incurred by the Company;
  - 4) To observe confidentiality requirements and not to disclose commercial and/or official secret information on the Company.

## **6. THE COMMITTEE MEMBERSHIP AND THE ORDER OF ITS ESTABLISHMENT, THE RIGHTS AND DUTIES OF THE COMMITTEE MEMBERS**

- 6.1. The Committee membership shall be determined by a BoD resolution and shall not exceed 3 (Three) persons.
- 6.2. Personal composition of the Committee shall be elected by the BoD from among the nominees presented by the BoD members.
- 6.3. Each BoD member shall be entitled to offer no more than 3 (Three) nominees for the Committee membership.
- 6.4. The Committee members shall be natural persons only. A Committee member shall not be a BoD member.
- Proposals of the BoD members on the nominees for election to the Committee shall be submitted to the BoD Chairperson in a written form within 5 (Five) days prior to a BoD session date (the final date for questionnaire receipt for absentee voting), which agenda shall contain an issue on the election of Committee members.
- 6.5. While promoting the Committee nominees there shall be a written consent of the promoted nominee and information on him alongside with the promoting proposal.  
The nominee (nominees) promoting proposal shall contain the following:  
Nominee's name;  
Place of work and nominee position at the moment of proposal submission.  
The nominee (nominees) promoting proposal shall be signed by the BoD member who submitted it.
- 6.6. When Committee members are elected, their education, professional skills, and experience in this sphere of the Committee's activities and other special skills required for Committee members to perform their functions shall be taken into account.
- 6.7. The Committee members shall be elected in accordance with the present Regulations for the period up to the first BoD meeting in a new membership.
- 6.8. A BoD resolution shall be able to early terminate the powers of any Committee member.
- 6.9. The Committee Chairperson as well as Committee members shall be able to vacate their seats sending applications for it to the BoD and Committee Chairpersons.
- 6.10. In case when a quantitative membership of the Committee becomes less than quorum for Committee sessions, set forth by the Regulations, the BoD Chairperson shall be obliged to convene an extraordinary BoD meeting for election of Committee members or put the election issue onto the agenda of the nearest planned BoD session.
- 6.11. The Committee members within the Committee competence shall be entitled:

1) To request documents and information required for decision-taking on the issues under the Committee's competence from the Company's General Director and Management Board. The request shall be forwarded in a written form signed by the Committee Chairperson;

2) To introduce written proposals when a Committee's working plan is being drafted;

3) To introduce issues onto a session agenda in the order stipulated by the Regulations;

4) To demand convening of a Committee session;

5) To execute other rights disclosed by the Regulations.

6.12. The Committee members shall be obliged to elaborate on materials submitted for the Committee session and to possess own position on each agenda issue.

6.13. Executing their rights and duties the Committee members shall act for the benefit of the Company; they shall honestly and reasonably perform their rights and duties regarding the Company.

6.14. While deciding on listing the Company's shares into Quotation list A<sup>1</sup> (Russian stock exchanges) the following requirements set forth for Committee members shall be fulfilled:

Not to be the Company's executive persons or employees at the moment of election and during one year prior to the election;

Not to be executive persons of another company in which any of this company's executive persons shall be a member of the BoD Personnel and Remuneration Committee;

Not to be spouses, parents, children, brothers and sisters of executive persons of the Company (executive person of the Issuer's managing company);

Not to be affiliated persons, except for being a BoD member;

Not to be parties on the Issuer's liabilities according to the conditions of which they shall be able to obtain property (acquire cash) with the cost of 10 percent or more of total annual income of the persons, except for receiving remuneration for the BoD participation;

Not to be state representatives, i.e. persons being representatives of federal, regional and local authorities at Board of Directors of joint-stock companies regarding which there shall be a decision of special right ("golden share"), and persons elected to the BoD from the nominees promoted by federal, regional and local authorities, if such BoD members vote on the basis of written directives (instructions, etc.) of the correspondent federal, regional and local authority.

In case the requirements are impossible to fulfill in regard to all Committee members due to objective causes, the Committee membership shall contain only those BoD members who comply with the above-mentioned requirements and who are not the sole executive body and/or members of a collegiate executive body.

## **7. THE COMMITTEE CHAIRPERSON AND CHAIRPERSON ELECTION PROCESS**

7.1. The Committee shall be managed by the Committee Chairperson.

7.2. The Chairperson shall be elected by the majority of BoD members' votes participating in a BoD meeting from the elected Committee members.

7.3. The Company's BoD shall be entitled to re-elect the Committee Chairperson anytime.

7.4. In case the Committee Chairperson is absent, his Deputy shall be in charge of his duties. The Deputy shall be elected by the Committee members among themselves by the majority of elected members' votes.

7.5. The Committee Chairperson shall:

1) Convene Committee sessions and preside during them;

2) Define the form of a session and approve its agenda;

3) Define the list of persons invited for participation in an in-praesentia session. Invitation to an in-praesentia session (consideration of certain agenda issues) for executive persons and/or personnel shall be done by forwarding the corresponding invitation to the Company's General Director. The Company's General Director shall be obliged to ensure participation of the invited to the session (consideration of certain agenda issues) executive persons and/or personnel or other persons possessing powers, information and qualifications required for effective participation in the session (consideration of the agenda, information submission, participation in discussions, decision-taking, etc.);

4) Organize keeping records and sign session protocols;

5) Represent the Committee while interacting with the Company's BoD, other BoD Committees, Company's executive bodies, Auditor, Audit Commission and other bodies and persons;

6) Maintain official correspondence of the Committee, sign requests, letters and documents on behalf of the Committee;

7) Distribute duties among the Committee members;

8) Elaborate on a Committee working plan and introduce it for the Committee's approval, as well as control execution of Committee resolutions and working plans;

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<sup>1</sup> For Quotation list A (Level 2) assumption of obligation to observe requirements set forth onto the Committee membership by item 6.15, Section 6 "The Committee Membership and the Order of its Establishment, the Rights and Duties of the Committee members", defining the Committee membership and the order of its establishment following 1 year since the listing, is admitted.

9) Ensure the Committee's activity to meet the requirements set forth by the Russian legislation, Company's Charter, other internal documents and present Regulations;

10) Execute other functions stipulated by the current legislation, Company's Charter, present Regulations and other internal documents.

## **8. THE COMMITTEE SECRETARY**

8.1. Functions of the Committee Secretary shall be executed by the Corporate Secretary unless otherwise stated by the Committee resolution. In case the Committee takes a decision to elect other person as a Committee Secretary, the Secretary shall be elected by the majority of elected members' votes. In case a nominee for the position is a Company employee, the nominee shall be approved by the Company's General Director.

8.2. The Secretary shall ensure technical (informational, documentary, legal, secretary) facilities for the Committee activities, including:

- 1) Providing session arrangement;
- 2) Collecting and arranging materials for sessions;
- 3) Ensuring timely submission to the Committee members and persons, invited for participation in the Committee session, of notifications on a session convention, agenda, materials and questionnaires;
- 4) Keeping records during the sessions, arranging and preparing the Committee's resolution drafts;
- 5) Maintaining keeping records of the correspondence sent to the Committee and/or its members (including requests, claims and petitions), ensuring receipt of all required information by the Committee members;
- 6) Ensuring storage of protocols, other documents and materials regarding the Committee's activities in compliance with the storage policy of the Company;
- 7) Executing the Committee Chairperson's errands within his powers;
- 8) Executing other functions pursuant to the present Regulations.

The Secretary shall have remuneration and compensation of expenses for executing his duties.

Remuneration and expenses for executing his duties shall be provided at the Company's budget..

## **9. THE COMMITTEE SESSIONS**

9.1. The Committee sessions shall be convoked by the Chairperson in accordance with a working plan (planned sessions) approved on a Committee session as well as in other cases set forth by the Regulations (extraordinary sessions).

9.2. A working plan shall be formed by the Chairperson taking into account a BoD working plan and proposals of the BoD Chairperson, Committee members and BoD resolutions.

9.3. A Committee working plan shall be approved on a Committee session following a BoD session which approved the BoD working plan.

9.4. While convoking a Committee session the Chairperson shall define date, time, place and form of a session, agenda as well as list of persons invited for participation in an in-praesentia session.

9.5. The agenda of a planned session shall be formed by the Committee Chairperson in accordance with the approved Committee working plan, BoD resolutions and proposals of BoD Chairperson.

9.6. The Committee members shall be entitled to submit proposals when a planned session agenda is being drafted.

9.7. The Committee Chairperson shall be entitled to include submitted proposals onto a planned session agenda or convoke an extraordinary session.

9.8. Extraordinary sessions shall be convened:

– According to a Corporate Secretary's notification on a BoD session which agenda shall contain an issue (issues) under the Committee competence as set forth by the Regulations;

– On a Committee Chairperson's initiative;

– On BoD or Committee resolutions;

– On demands of the BoD Chairperson, Committee member, Audit Commission and external Auditor.

9.9. A demand of the BoD Chairperson, Committee member, Audit Commission and Auditor to convene a Committee session shall be forwarded to the Committee Chairperson in a written form within 7 (Seven) working days prior to a session date and shall contain issue wording, reasons for considering the issue, a resolution draft as well as supporting documents and information.

A demand on a session convention shall be signed by the person who submitted the demand (Audit Commission demand on session convention shall be signed by its Chairperson; Auditor's demand shall be signed by the person authorized by the Auditor). A copy of the demand including all appendices shall be simultaneously forwarded to the Committee Secretary.

9.10. During 1 (One) working day since submission date of the demand on an extraordinary session convention the Committee Chairperson shall take a decision on holding an extraordinary session, shall define date, time and place of the session (the final date and time for questionnaire receipt at absentee vote), or shall take a decision to reject an extraordinary session convention. Such reasoned rejection decision shall be submitted to the

person or body of the Company that demanded such session within the next day following the day when the Committee Chairperson took a decision to reject a session convention.

9.11. A Committee Chairperson's decision to reject an extraordinary session convention shall be taken when:

1) Issue (issues), offered for session agenda, is not referred to the Committee competence by the Regulations;

2) An agenda issue, contained in an extraordinary convention demand, has already been included onto the agenda of the nearest session, convoked according to the Committee Chairperson decision taken prior to receipt of the above-mentioned claim;

3) The form, order and terms of a submitted demand do not observe requirements of item 9.8. of the Regulations.

9.12. The Committee Chairperson shall be entitled to include issues, contained in an extraordinary convention demand onto the agenda of the nearest planned session.

9.13. The notification shall contain a session agenda as well as the form, date, place and time (the final date and time for questionnaire receipt for voting on session agenda). The notification shall be prepared by the Committee Secretary and shall be signed by the Committee Chairperson or his Deputy (in cases set forth by the present Regulations). The notification shall be forwarded to the Committee members and persons invited for participation in a Committee in-praesentia session within 5 (Five) working days prior to the session day (the final day for receiving questionnaires at absentia sessions). Materials and information on agenda shall be forwarded to the Committee members and persons invited for participation in a Committee in-praesentia session within 3 (Three) working days prior to a session day (the final day for questionnaire receipt at absentia sessions), including resolutions (recommendations) of the Company's Management Board in cases stipulated in item 9.15. of the present Regulations.

Materials on a session agenda shall obligingly include resolution drafts on the issues. Preparation of resolution drafts shall be managed by the Committee Chairperson, except for the cases when the Committee considers issues on the demand of persons stipulated in item 9.8. of the Regulations.

Persons, invited for participation in an in-praesentia session, shall receive materials on those agenda issues which they will supposedly discuss.

9.14. A session notification and agenda material (information) shall be submitted (forwarded) to the Committee members and persons invited for participation in an in-praesentia session personally, by fax or e-mail.

9.15. In case issues submitted for extraordinary session are of urgent character, terms for an extraordinary session convention and agenda material forwarding shall be reduced by a Committee Chairperson decision.

During session, held in the form of joint presence, with the consent of all present members there shall be consideration of the issues not being on the session agenda.

9.16. Following a Corporate Secretary's notification on a BoD session, which agenda shall contain issues referred to the Committee competence by the Regulations, the Committee Chairperson shall take all measures ensuring a timely arrangement of Committee sessions for elaboration of recommendations (resolutions) on BoD agenda issues and their submission to the Company's BoD according to the Regulations on the Procedure for Convention and Arrangement of the Company's BoD sessions.

9.17. Following a Corporate Secretary's notification on a BoD session, which agenda shall contain issues referred to the Committee competence and subject to preliminary consideration by the Company's Management Board pursuant to the Regulations on the Company's Management Board, a Committee session shall be held following preliminary consideration of the issues at a MB session. In this case, corresponding MB resolutions (recommendations) shall be forwarded to the Committee members before the session.

The above-mentioned cases shall not include cases when the terms of the mentioned MB session and resolution (recommendation) forwarding, that are set forth by the Regulations on the Company's Management Board, are not observed.

## **10. THE PROCEDURE OF HOLDING A COMMITTEE SESSION**

10.1. Sessions shall be held in the form of joint presence (in-praesentia session) or of absentee voting (absentia session).

10.2. An in-praesentia session shall open by a presiding person - the Chairperson, in case he is absent, it shall open by his Deputy.

10.2.1. The Committee members as well as invited persons shall take part in an in-praesentia session.

10.2.2. The Committee Secretary shall define quorum for holding an in-praesentia session.

A person presiding on an in-praesentia session shall inform the attending participants on quorum for holding the session and announce its agenda.

10.2.3. In case there is no quorum reached, the session shall be announced void. The presiding person shall take one of the following decisions:

1) After consulting the attending participants he shall define a transferred starting time;

2) He shall define a date for a repeated session with the same agenda;

- 3) He shall include the issues that should have been considered on the void session onto the agenda of the following planned session.
- 10.2.4. An in-praesentia session shall be valid (has quorum) when no less than half of the elected Committee members attend the session.
- 10.2.5. At defining voting results on the issues of an in-praesentia session agenda written opinions of the Committee members, absent from the session shall be considered. These opinions shall be made and received in the order pursuant to the present Regulations.
- 10.2.6. Written opinions of the Committee members absent from an in-praesentia session shall be made by filling in the questionnaire.
- 10.2.7. On an in-praesentia session day the Committee Secretary shall prepare a questionnaire following agenda discussion and voting of the attending members according to Appendix 1 to the Regulations, signed by the Committee Chairperson, and shall forward the original by e-mail or by fax to the members absent from the session.
- 10.2.8. When a Committee member fills in the questionnaire, each of the issues for voting shall have only one non-crossed possible voting variant ("For", "Against", "Abstain").  
A filled-in questionnaire shall be signed by a Committee member, his surname and name indicated.  
A filled-in and signed questionnaire shall be submitted by a member to the Secretary within the following day after a session in original by e-mail or fax, original questionnaire being subsequently sent to the address disclosed in the questionnaire.
- 10.2.9. A questionnaire filled in with the infringements of requirements, specified in the 1<sup>st</sup> paragraph, sub item 10.2.8. of the present Regulations, shall not be taken into consideration at vote calculation regarding the corresponding issue.  
A non-signed questionnaire as well as a questionnaire submitted with the infringements of terms set forth by the sub item 10.2.8. of the Regulations shall be acknowledged invalid and shall not be taken into consideration in vote calculation and vote results definition.
- 10.2.10. Vote results on an in-praesentia session agenda issues shall be defined (calculated) on the basis of the voting results of the Committee members, attending the session, and filled-in and signed questionnaires received by the Committee Secretary in time. Vote results shall be calculated following the final date for questionnaire receipt.
- 10.3. A decision on holding a session in the form of absentee voting shall be taken by the Chairperson.
- 10.3.1. To hold an absentee session the Committee members shall simultaneously receive materials (information) on the session agenda and questionnaires for voting on agenda issues created pursuant to Appendix #2 to the present Regulations.
- 10.3.2. While a Committee member fills in the questionnaire for absentee voting, each of the issues for voting shall have only one non-crossed possible voting variant ("For", "Against", "Abstain").  
A filled-in questionnaire shall be signed by a Committee member, his surname and name indicated.  
A filled-in and signed questionnaire shall be submitted by a member to the Secretary within the date and time for questionnaire receipt, contained in the questionnaire, in original by e-mail or fax, original questionnaire being subsequently sent to the address in the questionnaire.
- 10.3.3. A questionnaire filled in with the infringements of requirements, specified in the 1<sup>st</sup> paragraph, sub item 10.3.2. of the present Regulations, shall be not taken into consideration at vote calculation regarding corresponding issue.  
A non-signed questionnaire as well as a questionnaire submitted with the infringements of terms set forth by the sub item 10.3.2. of the Regulations, shall be acknowledged void and shall not be taken into consideration in calculation of quorum required for taking decision by absentee voting and vote results definition.
- 10.3.4. An absentia session shall be acknowledged valid (has quorum) when no less than half of the elected members took part in it.
- 10.3.5. The Committee members shall be considered as those who took part in an absentia session if questionnaires were received by the Committee Secretary within the date and time for questionnaire receipt.
- 10.4. Resolutions on Committee sessions shall be adopted by the majority of votes of elected Committee members.
- 10.5. At the process of decision-taking over session issues each Committee member shall possess one vote. In case of vote equality the Chairperson vote shall be casting.  
A vote transfer from one member to another one or other person shall not be permitted.
- 10.6. Within 2 (Two) working days since a Committee session, the Secretary shall prepare a session protocol.
- 10.7. A session protocol shall be signed by a presiding person and Secretary. The protocol shall be made in 2 original copies, one of which within 1 (One) working day following its signing shall be forwarded by the Secretary to the BoD, prepared materials and recommendations coming alongside; the other one shall remain at the Committee's archives. Copies of protocols, prepared materials and recommendations shall be forwarded to all Committee members.

10.8. The presiding person and Secretary shall be responsible for protocol correctness. The Secretary shall be responsible for protocol, questionnaires, materials and recommendation keeping.

10.9. The Committee Protocol shall contain:

The form of a session

The data, place and time of a session (the final date and time for questionnaire receipt);

The list of members who took part in agenda issue consideration, vote form indicated (in-praesentia or by sending questionnaire) as well as the list of other persons attending the session;

The agenda;

The proposals of the Committee members on agenda issues;

The issues for voting, voting results, with the voting form of each member indicated;

adopted resolutions.

10.10. If a Committee member wishes, a session protocol shall include a short summary of his opinion over agenda. Such opinion shall be prepared by a Committee member and shall be submitted to the Committee Secretary.

## **11. INTERACTION WITH THE COMPANY'S BODIES AND OTHER PERSONS**

11.1. While executing its duties the Committee shall maintain effective relations with the Company's management and control bodies, departments, other organizations and persons.

11.2. The Committee Chairperson and Secretary shall ensure informational, technical and coordinated interaction between the Committee and the Company's BoD, executive and control bodies and departments as well as other Committees.

11.3. The Company's General Director and Management Board shall be obliged to disclose information and material, required by the Committee members for decision-taking over the issues being the competence of the Committee, upon a request signed by the Committee Chairperson.

These information and materials shall be submitted within 3 (Three) working days since a request receipt unless the request states a larger term.

In case of submitting incomplete or unreliable information (materials) the Committee members shall be entitled to request additional information (materials).

11.4. The Chairperson shall submit recommendations (conclusions) prepared (elaborated) by the Committee to the Company's BoD, copies of the recommendations (conclusions) simultaneously submitted to the Company's General Director.

## **12. CONFIDENTIALITY**

12.1. During Committee members' terms of office as well as one year following termination of terms of office, persons which are (were) members, the Secretary and third parties involved into the Committee's activities, shall be obliged to meet requirements of confidentiality regarding non-public information gained during their activities in the Committee. The notion of information being non-public regarding the Company's operations and its content, shall be set forth by a resolution of the Company's authorized management body.

12.2. The Committee members, Secretary and other persons involved into the Committee activities shall be entitled to receive the information in case they concluded contracts on usage of such information (Appendix #3 to the Regulations).

12.3. All the documents related to the Committee activity shall be kept at the Company's residence according to the storage policy of the Company. The Secretary shall be responsible for storage of these documents.

## **13. THE COMMITTEE ACTIVITIES SUPPORT**

13.1. To ensure the Committee activities, a separate expense budget item shall be provided during drafting expenses in the Company's budget. The Committee's expenses, in particular, shall include remunerations and compensations of the Committee Chairperson, members and Secretary, expenses for external advisers, administrative personnel and other expenses.

13.2. According to a BoD resolution, the Committee members and Secretary shall be able to have remunerations and compensations of expenses for their duties. The amount of such remunerations and compensations, order and terms of payments shall be stipulated by a separate BoD resolution.

13.3. The proposal on the Committee budget size (item-by-item expense disclosure included) shall be formed on a Committee session and submitted to the Company's BoD.

The Committee budget draft shall include a CEO's conclusion on the possibility to finance the budget within its planned limits during the Company's operations in the corresponding planned period.

13.4. With a view to holding Committee sessions, the Company's General Director, upon the Committee Chairperson petition, shall be obliged to provide the Committee with a room, unhindered access to it for persons stated in the petition as well as take other measures for holding Committee sessions.

## **14. FINAL PROVISIONS**

14.1. The Company's BoD shall be entitled to request a report on the current Committee activity anytime. Terms for report drafting and submission shall be defined by a BoD resolution.

14.2. The Committee Chairperson shall be entitled to provide the Company's BoD with separate reports on the issues referred to the Committee competence.

14.3. Information on certain Committee resolutions shall be published on the corporate Internet website. The necessity to publish the information shall be defined by the BoD Chairperson.

14.4. Information on the Committee activities shall be included into the Company's annual report.

14.5. The Regulations as well as all supplements and alterations to it shall be approved by the Company's BoD.

14.6. Issues non-stipulated by the Regulations shall be regulated by the Charter, the Regulations on the Procedure for Convention and Arrangement of the Company's BoD sessions and other internal documents, current legislation and BoD resolutions.

14.7. In case the legislation or normative act of the Russian Federation change and separate articles of the Regulations contradict them, these articles shall become void, Committee members shall adhere to RF laws and normative legal documents until alterations are made to the Regulations.

**THE BOARD OF DIRECTORS COMMITTEE**  
**Of Open Joint-Stock Company "Interregional Distributive Grid Company of**  
**Urals"**

**For voting on agenda issues of the in-praesentia session of Personnel and**  
**Remuneration BoD Committee**  
**Of OAO "IDGC of Urals",**  
**held " \_\_\_\_ " \_\_\_\_\_ 200\_\_.**

**Issue:**

1. \_\_\_\_\_

**Resolution (adopted at the session):**

1. \_\_\_\_\_

FOR

AGAINST

ABSTAIN

*(leave your variant non-crossed)*

**Issue:**

2. \_\_\_\_\_

**Resolution (adopted at the session):**

2. \_\_\_\_\_

FOR

AGAINST

ABSTAIN

*(leave your variant non-crossed)*

The filled-in and signed questionnaire should be sent by fax \_\_\_\_\_ or in original within  
 \_\_\_\_\_  
 /date, time/

The questionnaire received by the Company after the final date and time for questionnaire receipt is void and not taken into consideration at quorum definition and vote counting.

Please, send the questionnaire original to: \_\_\_\_\_

**Committee member**  
**Of the Board of Directors at OAO "IDGC of Urals"**

\_\_\_\_\_/\_\_\_\_\_  
 (signature) (Name)

**Committee Chairperson**  
**Of the Board of Directors at OAO "IDGC of Urals"**

\_\_\_\_\_/\_\_\_\_\_  
 (signature) (Name)

**The questionnaire without BoD's Committee Chairperson and member signatures is void**

**THE BOARD OF DIRECTORS COMMITTEE  
Of Open Joint-Stock Company "Interregional Distributive Grid Company of  
Urals"**

**QUESTIONNAIRE**

**For voting on agenda issues of the absentia session of Personnel and Remuneration  
BoD Committee  
Of OAO "IDGC of Urals",  
held " \_\_\_\_ " \_\_\_\_\_ 200\_\_.**

**Issue:**

1. \_\_\_\_\_

**Resolution (adopted at the session):**

1.

\_\_\_\_\_

FOR

AGAINST

ABSTAIN

*(leave your variant non-crossed)*

**Issue:**

2. \_\_\_\_\_

**Resolution (adopted at the session):**

2.

\_\_\_\_\_

FOR

AGAINST

ABSTAIN

*(leave your variant non-crossed)*

The filled-in and signed questionnaire should be sent by fax \_\_\_\_\_ or in original within  
\_\_\_\_\_  
/date, time/

The questionnaire received by the Company after the final date and time for questionnaire receipt is void and not taken into consideration at quorum definition and vote counting.

Please, send the questionnaire original to: \_\_\_\_\_

Committee member  
Of the Board of Director at OAO "IDGC of Urals"

\_\_\_\_\_/\_\_\_\_\_  
(signature) (Name)

**The questionnaire without a BoD's Committee member signature is void**

## CONFIDENTIALITY AGREEMENT

«    »        200\_.

\_\_\_\_\_ IDGC of Urals, OAO, in the name of V.N. Rodin, acting according to the Charter, and \_\_\_\_\_, hereinafter referred to as the Contractor, jointly referred to as the Parties, concluded agreement on the following:

### PREAMBLE

To ensure assistance to the Company's BoD in fulfilling its duties the BoD shall create the Personnel and Remuneration Committee, acting as a consultative body pursuant to the Regulations on the Personnel and Remuneration BoD Committee at IDGC of Urals, OAO.

With reference to executing the rights and discharging liabilities the Contractor shall have an access to confidential information. Within the present Agreement the Parties shall stipulate the conditions related to usage limits and further divulge of such information.

#### Confidentiality and limited usage

1. For the purpose hereof the notion "Confidential Information", on the whole and in particular, shall be all or any information of any kind, presented in oral, written or electronic form, related to IDGC of Urals, OAO (hereinafter referred to as the Informing Party) and its financial and commercial operations, technologies, clients and/or suppliers, possessing actual or potential commercial value owing to its non-accessibility to third persons, and which is submitted by the Informing Party to the Contractor pursuant to the present Agreement, alongside with all archive records, copies or excerpts from such information recorded on data carriers of any kind.

The Contractor shall be obliged to store Confidential Information using the same level of care used for storing own confidential information, being the Contractor's property, and this Confidential Information shall not be used or displayed as well as there shall be no references, done by the Contractor, for any purposes. Confidential information shall not be disclosed by the Contractor to any third party, be it an individual or legal entity.

2. The Contractor shall not be entitled to submit Confidential Information to other parties (by "counseling" or other means), using or able to use it for purposes, having lead or able to lead to its compromise or any other illegal or prohibited usage stipulated by the current legislation or Agreement, including usage of such information for personal gain or enabling other parties' gain, despite the fact whether such entity is affiliated with the Contractor or not.

In case of the usage of Confidential Information for the purposes stated above, the Contractor shall be obliged to cease such activities, and IDGC of Urals, OAO shall be entitled to claim damages according to the present legislation.

The Contractor shall be obliged to notify the Committee on all planned and/or accomplished transactions with securities of IDGC of Urals, OAO and its SACs.

3. The Contractor shall bear responsibility, pursuant to the present legislation, for activities of its affiliated entities, including but not limited to spouse, parents, children, siblings and half- brothers and sisters and adoptive parents and adoptees, other persons acknowledged by the present legislation as affiliated ones in regard to Confidential Information received from the Contractor, having lead or able to lead to its compromise or any illegal usage, including usage of such information for personal gain or enabling other parties' gain or having lead to losses incurred by IDGC of Urals, OAO.

4. The present Confidential Agreement shall not be viewed as a document providing the Contractor with any license rights or any other rights related to Confidential Information and its further usage.

All Confidential Information shall be the property possessed by the Informing Party, unless otherwise stated in a separate written agreement signed between the Parties.

The Parties' liabilities arising from the Agreement shall not be a barrier for the Informing Party regarding the transfer of any Confidential Information to its financial, legal and other consultants and third parties, that, from time to time, may work for the Informing Party and that are obliged to know such Confidential information and that have concluded the corresponding confidentiality agreement in writing.

Confidential Information, received by the Contractor from the Informing Party, shall be possibly submitted to third parties in case when liability for such submission is set forth by the requirements of the Russian legislation or possibility of such disclosure is stipulated by the present or other written agreement concluded by the Parties.

Submission of Confidential Information by the Contractor to state authorities, other state bodies and local authorities shall be possible only pursuant to a reasoned request signed by an authorized official, containing purposes and legal grounds for submission of such information. In case of receiving such or any other request on submission of Confidential Information, the Contractor shall be obliged to immediately notify the Informing Party on it in writing.

Return of confidential information

6. Pursuant to request of the Informing Party or at the sole discretion of the Informing Party all and any Confidential information in any form, received by the Contractor from or for the Informing Party, shall be obligatory returned or, in case it is impossible, destroyed with 14 (Fourteen) days since the receipt of such request, and no copy of such information or data regarding such information or excerpts (of any kind), shall remain at the Contractor's possession and the Contractor shall not use or display such information on the whole or partially for any purposes.

Duration and termination of the agreement

7. The present Confidentiality Agreement shall come into force since signing and shall be in force during 360 (three hundred and sixty) days since the conclusion date. Despite the above-mentioned, the present Agreement may be terminated by the Informing Party at any moment following a preliminary written notification forwarded to the Contractor within 7 days prior to the termination of the Agreement. Termination or expiry of the Confidentiality Agreement shall not discharge any Parties from liabilities, imposed by the present Confidentiality Agreement with regard to Confidential Information submitted or acquired prior to the termination or expiry of the Agreement, and such liabilities shall be in force within 2 (two) years since the termination or expiry of the Agreement.

Regulating legislation

8. The present Confidentiality Agreement shall be regulated pursuant to the Russian legislation.

Any claims or disagreements arising from the Agreement or pursuant to the Agreement or with regard to the present Agreement or legal relations set forth by the Agreement shall be forwarded to the corresponding court where IDGC of Urals, OAO is located.

Other conditions

9. Starting from the signing date, the present Confidentiality Agreement shall be a complete agreement between the Parties regarding the subject viewed in it and, following its execution, shall substitute and cancel any previous agreements, documents, protocols and contacts, both in written and oral form, between the Parties related to the subject of the present Agreement.

Any amendments and/or supplements to the present Confidentiality Agreement shall be in force only in case they are in writing and signed by the Parties.

The present Agreement shall be signed in 2 copies, one for each Party.

***Signing date, requisites and signatures of the Parties***