

APPROVED
by IDGC of Urals' BoD resolution
dated June 23, 2008
Protocol #43

**REGULATIONS ON
THE RELIABILITY COMMITTEE
OF THE BOARD OF DIRECTORS
Open Joint-Stock Company
“Interregional Distributive Grid Company of Urals”**

Ekaterinburg
2008

1. GENERAL PROVISIONS

1.1. Regulations on the Reliability 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 Board of Directors of OAO “IDGC of Urals”.

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

The Committee shall not be a Company’s body and shall not act on behalf of the Company.

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

1.3. In its activities the Committee shall adhere to the federal laws, other normative legal acts of the Russian Federation, the Charter, Regulations on the Procedure for Convention and Arrangement of the Company’s BoD, BoD resolutions and present Regulations.

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 Committees goals shall be:

2.2.1. Elaboration and submission of recommendations (conclusions) to the Company’s BoD on the following BoD directions:

- 1) Expertise of investment programs and repair plans, fulfillment review from the viewpoint of satisfying requirements for complete reliability;
- 2) Evaluation of completeness and sufficiency of measures taken as a result of incidents and various technological violations as well as control over their results;
- 3) Control and evaluation of the Company’s technical services, particularly, in:
 - Complete reliability of network equipment and constructions;
 - Providing operating conditions for main assets as well as informing on the forecasted reliability risks;
- 4) Review of measures taken to fulfill contractual and economic mechanisms for reliability management.

2.2.2. A quarterly reporting to the Board of Directors, including reporting on the technological conditions of the Company’s energy assets.

3. THE COMMITTEE COMPETENCE

The Committee shall include a preliminary consideration, analysis and elaboration of recommendations (conclusions) on the following directions reviewed by the Company’s BoD within the issue “On priorities of the Company”:

- 1) Analysis of production in terms of:
 - The Company’s readiness for proper performance during autumn and winter periods;
 - Organizing labor protection system;

- Organizing productive security management system;
 - Level of exploitation maintenance of energy objects;
 - Organizing operating dispatcher services;
 - Execution of orders by controlling and inspecting bodies;
 - Current situation with contractual (economic) mechanisms of reliability management.
- 2) Evaluation of technical condition, level of energy object exploitation and repair, in terms of:
 - Fulfilling repair plans on the Company’s energy objects;
 - Taking measures for increasing the exploitation level of the energy objects.
 - 3) Planning and analysis of measure taken to renew energy objects of the Company.
 - 4) Evaluation of the Company’s technical teams and their directors.
 - 5) Other issues closely related to the above-mentioned ones (except for the issues being under the competence of other BoD Committees).

4. THE COMMITTEE’S RIGHTS

4.1. To fulfill its functions the Committee shall be entitled:

- To research issues under its competence;
- To request and obtain information and documents required for its activities from executive persons of the Company as well as shall be entitled to request information from external companies through the Company’s CEO and BoD Chairperson;
- To obtain professional services from external companies, or engage (including conclusion of contracts) third parties as experts (advisers) possessing special knowledge skills on the issues referred to the competence of the Committee within the Committee’s budget;
- To engage the Company’s personnel, management, other Committees’ members as well as other persons to participate in Committee sessions;
- 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 fulfill functions entrusted onto the Committee in accordance with the present Regulations, requirements of the Russian legislation, the Charter and internal documents of the Company;
- 2) To submit to the Company’s BoD economically effective and legally grounded recommendations (conclusions) on the issues put onto a BoD’s agenda, referred to the Committee’s competence;
- 3) To timely inform the Company’s BoD on technical risks for the Company;
- 4) Not to disclose commercial and/or official secret information on the Company.

6. THE COMMITTEE ACTIVITIES SUPPORT

6.1. The Committee's activities shall be financed according to the Committee's budget for the corresponding year, approved by the Company's BoD upon the Chairperson's presentation. The budget draft shall be accompanied with a conclusion of the sole executive body of the Company on the possibility to finance the budget draft within its planned limits.

6.2. To ensure the Committee activities, a separate expense budget item shall be provided during drafting expenses at the Company's budget. The Committee expenses, in particular, shall include remunerations of the Committee Chairperson, members and Secretary, including those who are not the Company's BoD members.

6.3. With a view to holding Committee sessions, the Company's sole executive body, upon the Committee Chairperson's 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 a Committee session.

7. THE COMMITTEE MEMBERSHIP AND THE ORDER OF ITS ESTABLISHMENT, RIGHTS OF THE COMMITTEE MEMBERS

7.1. The Committee membership shall be determined by a BoD resolution and shall be no less than 3 (Three) and shall not exceed 7 (Seven) persons.

7.2. Personal composition of the Committee shall be elected by the BoD from among the nominees presented by the BoD members.

7.3. Each BoD member shall be entitled to offer no more than 3 (Three) nominees for Committee membership.

7.4. The Committee members shall be elected for the period up to the first BoD meeting in a new membership.

7.5. The Committee members shall be natural persons only. A Committee member shall not be a BoD member.

7.6. A BoD resolution shall be able to early terminate the powers of any Committee member.

The Committee Chairperson as well as Committee members shall be able to vacate their seats sending applications for it to the Company's BoD Chairperson and Committee within 15 (Fifteen) days prior to supposed termination of powers.

A Committee member's powers shall be considered as terminated, his vote shall not be taken into account when defining quorum and vote counting since the date disclosed in the application; in case the date is not disclosed, since the date when the BoD Chairperson receives the application.

7.7. In case when quantitative membership of the Committee becomes less than the one approved by the BoD resolution, the Company's BoD shall elect Committee members up to the required quantitative membership.

7.8. The Committee members within the Committee's competence shall be entitled:

1) To request in writing documents and information required for decision-taking on the issues under the Committee's competence, with obligatory notification of the Committee Chairperson, from both collegiate and/or sole executive body, heads of the Company's departments and the Committee Secretary;

2) To introduce written proposals when a Committee working plan is being

drafted;

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

4) To demand convention of a Committee session;

7.9. The Committee members, while executing their rights and duties, shall act for the benefit of the Company; shall honestly and reasonably perform their rights and duties regarding the Company.

8. THE COMMITTEE CHAIRPERSON

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

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

8.3. The Committee Chairperson shall not be a person fulfilling functions of the sole executive body, persons being members of collegiate executive body as well as persons occupying positions in management bodies of the IDGC of Ural's managing company.

8.4. The Company's BoD shall be entitled to re-elect the Committee Chairperson any time.

8.5. 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. A nominee for a Deputy Chairperson position shall be subject to restrictions stipulated by item 8.3. of the present Regulations.

8.6. The Committee Chairperson shall:

8.6.1. Convene planned and extraordinary Committee sessions, in particular, ensure notification of Committee members on the nearest session in the order set forth in the present Regulations, define agenda and form of sessions (in-praesentia or absentia voting), if session form is not set forth by a Committee's resolution or its working plan, supervise the process of holding Committee sessions organized in the form of absentee voting.

8.6.2. Fulfil the functions of a presiding person on Committee sessions:

1) According to the information provided by the Committee Secretary, he shall define quorum or no quorum during a session, including decision-taking on the correspondent issue;

2) Shall take measures to transfer a session in case when quorum is not reached, and organize informing of absent Committee members on the decision;

3) Shall arrange resolution drafts, proposed by Committee members during a session and/or its preparation, for voting on the first-come basis; organize voting on a proposed resolution draft;

4) Shall announce a taken Committee resolution (following voting results) during an in-praesentia session;

5) Shall arrange a Committee session protocol;

6) Shall arrange the Committee Secretary's activities;

7) Shall sign a Committee protocol as a presiding person.

8.6.3. Shall control the fulfillment of a Committee working plan.

8.6.4. Shall represent the Committee interacting with the Company's BoD, executive bodies, other bodies, companies and persons.

8.6.5. Shall arrange official correspondence of the Committee, sign letters, information requests and other documents on behalf of the Committee, taking into consideration the rights entrusted onto Committee members.

8.6.6. Shall control observance of the present Regulation requirements.

8.6.7. Shall take a decision on involvement of external companies for providing professional services or third parties as experts (advisers) possessing special knowledge and skills on the issues under the Committee's competence within the Committee budget.

The disclosed powers shall be executed by the Committee Chairperson only on the basis of a proxy issued according to the current Russian legislation.

8.6.8. Shall execute other powers in accordance to the present Regulations.

9. THE COMMITTEE SECRETARY

9.1. The Committee Secretary shall be appointed by the Committee upon the Committee Chairperson's proposal. The Secretary shall report to the Chairperson, shall not be a Committee member and shall fulfill the following functions:

9.1.1. Shall execute organizational, informational and documentary facilitation of the Committee's activities both regarding arrangement of sessions and between sessions, including:

1) Upon a Committee Chairperson's instruction shall inform all Committee members on coming extraordinary and planned sessions;

2) Shall forward documents and materials required for holding a Committee session to Committee members;

3) Shall maintain keeping records of correspondence addressed to the Committee or Committee members (including requests, claims, petitions) and arrange correspondent responses, explanations as well as reaction of the Committee to incoming correspondence in other forms; Shall forward to Committee members their correspondence, if required, as well as shall help Committee members prepare responses to letters, requests, petitions, etc.;

4) Shall arrange a report recording during Committee sessions (protocol or verbatim records);

5) Shall provide technical and organizational facilitation to Committee members, responsible for preparation of the corresponding issue on a planned and extraordinary Committee session;

6) Shall provide printing, copying, translation and forwarding to corresponding persons documents, materials, including editing Committee document and material drafts;

7) Shall provide attendance of the persons invited to a Committee session as well as control real participation of an invited person in the considered item of the agenda;

8) Shall provide preparation and arrangement of Committee in-praesentia sessions (premises, materials, unhindered access to the premises for Committee members and invited persons, provision with materials, secretary functions, etc.).

9.1.2. Shall arrange preparation and forwarding of questionnaires to Committee members as well as questionnaire consolidation and processing.

9.1.3. Shall arrange voting during a Committee session.

9.2.4. Shall arrange a Committee session protocol within 2 (Two) working days following the session.

9.1.5. Shall arrange interaction with the sole executive body and managing body of the Company with a view to archivation and preservation of all documents and materials regarding the Committee's activities.

9.1.6. Shall execute the Committee Chairperson's instructions within the competence of the Chairperson.

9.1.7. Shall execute other powers according to the present Regulations.

10. THE COMMITTEE SESSIONS

10.1. Committee sessions shall be convened by the Committee Chairperson according to a working plan approved on a Committee session (planned sessions) as well as in other cases disclosed in the present Regulations.

10.2. A Committee working plan shall be formed by the Committee Chairperson taking into consideration an approved BoD working plan and proposals of BoD Chairperson, Committee members and BoD resolutions.

10.3. The Committee working plan shall be approved on a Committee session which shall be held within 20 (Twenty) days following the BoD session which approved the BoD working plan, or within a month following the Committee creation.

10.4. When convening a Committee session the Committee Chairperson shall define date, time, place and form of session as well as the list of persons invited to participate in the session.

10.5. The agenda of the planned session shall be formed by the Committee Chairperson according to the approved Committee working plan, BoD resolutions, and proposals of BoD Chairperson.

10.6. Extraordinary Committee sessions shall be held:

- In accordance with a BoD Secretary's notification on a BoD session which agenda includes issue (issues) referred to the Committee's competence by the present Regulations;

- Upon a Committee Chairperson's initiative;

- Upon a BoD or Committee resolution;

- Upon request of the BoD Chairperson, a Committee member.

10.7. A demand of the BoD Chairperson or a Committee member on a Committee session convention 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 at the session, 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. A copy of the demand including all appendices shall be simultaneously forwarded to the Committee Secretary.

10.8. 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 a 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 session convention.

10.9. A Committee Chairperson decision to reject 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 a Committee Chairperson's decision taken prior to receipt of the above-mentioned claim, or was considered by the Committee earlier;

3) The form, order and terms of submitted demand do not observe requirements of item 10.8. of the present Regulation.

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

10.11. Issues proposed by Committee members shall be included onto agenda of a planned or an extraordinary Committee session according to a Committee Chairperson's decision.

10.12. A notification on a Committee session alongside with its agenda shall be prepared by the Committee Secretary and forwarded to the persons participating in a session within 5 (Five) working days prior to a session date. Materials and information on agenda issues shall be forwarded to the persons participating in a session within 3 (Three) working days prior to a session date.

10.13. Materials (information) on agenda issues shall be submitted to Committee members personally, by fax or e-mail; herewith, a notification on a Committee session shall be submitted to Committee members by fax or in original.

10.14. 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's decision.

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

10.15. Following a BoD Secretary's notification on a BoD session, which agenda shall contain issues referred to the Committee's competence by the Regulations, the Committee Chairperson shall take all measures ensuring timely arrangement of Committee sessions for elaboration of recommendations (resolutions) on the BoD 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.

11. THE PROCEDURE OF HOLDING A COMMITTEE SESSION

11.1. A Committee session shall open by the Committee Chairperson, in case when the Chairperson is absent, it shall open by his Deputy.

11.2. Committee members as well as persons invited for a session according to the list approved by the Committee Chairperson shall take part in a Committee session.

11.3. The Committee Secretary shall define quorum for holding a Committee session.

A presiding person shall inform the attending participants on quorum for holding a session and announce its agenda.

11.4. A Committee session shall be valid (has quorum) when no less than half of the elected Committee members attend the session.

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 present participants he shall define a transferred starting time;

2) He shall define date of 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.

11.5. Decisions on Committee sessions shall be taken by the majority of votes from overall elected Committee members.

For a session decision-taking each Committee member shall have one vote. In case of vote equality the Committee Chairperson's vote shall be casting.

Transfer of votes from one Committee member to another one or other person shall not be permitted.

11.6. Committee sessions shall be held in the form of joint presence or absentee voting.

Information on a Committee session form shall be in a session notification.

11.7. While holding an in-praesentia session, in case when less than half of Committee members are present, definition of voting results on agenda issues shall take into consideration written opinions of Committee members absent at the session in order disclosed by the present Regulations.

11.7.1. On a session day, upon voting results, the Committee Secretary shall prepare a questionnaire signed by the Committee Chairperson which shall be forwarded in original or by fax to Committee members absent at the session.

11.7.2. 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 the session in original or fax, original questionnaire being subsequently sent to the address in the questionnaire.

11.7.3. A questionnaire filled in and forwarded with the infringements of requirements and terms set forth by item 10.8.2. of the present Regulations shall be void and shall not be taken into account at vote counting.

11.7.4. Vote results on agenda issues shall be defined on the basis of session voting results and filled-in and signed questionnaires of the Committee members received by the Committee Secretary in time.

11.8. A decision on holding a Committee session in the form of absentee voting shall be taken by the Committee Chairperson.

11.8.1. While holding an in-absentia session Committee members shall be entitled to submit their proposals and (or) comments on the proposed Committee

resolution draft on issues for absentee voting within 2 (Two) working days prior to the final date for questionnaire receipt disclosed in an in-absentia session notification.

11.8.2. The Committee Secretary shall prepare a questionnaire for absentee voting taking into account received proposals (new wordings) and/or comments on the proposed Committee resolution drafts on agenda issues.

Alterations on resolution draft wording contained in questionnaire shall be conformed to all Committee members.

11.8.3. A questionnaire for absentee voting shall be forwarded to Committee members within 1 (One) working day prior to the final date for questionnaire receipt disclosed in an in-absentia session notification.

11.8.4. 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 term disclosed in the questionnaire in original or fax, original questionnaire being subsequently sent to the address in the questionnaire.

11.8.5. Results of voting on agenda issues held in in-absentia form shall be defined on the basis of filled-in and signed questionnaires of Committee members received by the Committee Secretary. A questionnaire received by the Secretary with the infringements of requirements and terms disclosed in item 11.8.4 of the present Regulations shall not be taken into account at defining quorum and vote counting.

11.9. Within 2 (Two) working days following a Committee session in the form of joint presence or absentee voting, the Committee Secretary shall prepare a session protocol.

11.10. A Committee session protocol shall be signed by the Committee Chairperson and Secretary. A protocol shall be made in two original copies, one of which within 1 (One) working day following the signing date shall be forwarded by the Committee Secretary to the Company’s BoD, prepared materials and recommendations coming alongside, the other ones shall remain at the Committee’s archives. Copies of protocols, prepared materials and recommendations shall be forwarded to all members.

11.11. The Committee Chairperson and Secretary shall be responsible for protocol correctness. The Secretary shall be responsible for a protocol, questionnaires, materials and recommendation keeping.

11.12. The Committee Protocol shall contain:

- 1) The date, place and time of a session (or date of absentee voting);
- 2) The list of Committee members who took part in considering agenda issues, form of voting indicated (in-praesentia or by forwarding questionnaire) as well as the list of other persons present at the session;
- 3) The agenda;
- 4) The proposals from Committee members on agenda issues;
- 5) The issues for voting and voting results on them, type of voting by each Committee member indicated;
- 6) The taken resolutions.

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 membership, shall be set forth by a resolution of the Company's authorized management body

During terms of office of the Committee Chairperson, Secretary, member and third parties involved into the Committee's activities as well as within 1 (One) year following termination of terms of office, the named persons shall be obliged to observe confidentiality requirements regarding non-public information gained during their activities in the Committee. The notion of information being non-public regarding the Company's operations and content, shall be set forth by the Company's BoD.

13. STORAGE AND USAGE OF THE COMMITTEE DOCUMENTS

13.1. Committee session protocols shall be available for review to any Committee member, BoD member.

13.2. The Committee's activities shall result in the Committee's history.

13.3. The Committee's history shall include:

- 1) Committee session protocols;
- 2) Appendices to Committee session protocols;
- 3) Other information materials to Committee sessions;
- 4) Questionnaires
- 5) Session notifications
- 6) Other materials and documents.

13.4. Documents included in the Committee's history shall be subjects to storage in the Company's premises (at the location of the Company's sole executive body) alongside with BoD documents. The storage shall be maintained at the Company's expense.

13.5. Arrangement and archivation of Committee's documents and materials shall be ensured by the Committee Secretary under supervision of the Committee Chairperson. The Secretary shall draw up an inventory of all documents and materials of the Committee's history in hard copies and electronic format.

13.6. Committee members shall have an unhindered access to materials and documents of the Committee's history with a right to make copies of them.

13.7. In cases which are not stipulated by the present Regulations, access to information on issues discussed by the Committee shall be given only upon permission of the Committee, its Chairperson or person substituting him.