

APPROVED by the  
Board of Directors of  
Joint-Stock Company “Moscow  
United Electric Grid Company”  
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**REGULATIONS**  
**ON DIVIDEND POLICY**  
**of Joint-Stock Company “Moscow United Electric Grid Company”**

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## **1 GENERAL PROVISIONS**

1.1. The current Dividend policy regulations of Joint-Stock Company “Moscow United Electric Grid Company” (hereinafter referred to as Regulations) were developed in accordance with the applicable law of the Russian Federation, Charter of JSC “MOESK” (hereinafter referred to as Company) as well as recommendations of the Corporate Governance Code of JSC “MOESK” and other internal documents of the Company.

1.2. Company’s dividend policy is the set of principles and methods used by the company and directed to determination of proportions between the capitalized part of the Company’s profit and profit paid in the form of dividends, as well as the system of relations and principles directed to the determination of order and terms of dividends payment in accordance with the Company’s determined responsibility for the non-fulfillment of dividends payment obligation.

1.3. Company’s dividend policy is based on the balance of the Company’s and shareholders’ interests during the determination of dividend payment amount, on respect and strict observance of the shareholder rights provided by the current legislation of the Russian Federation, the Charter and internal documents of the Company, and is directed to the increase of investment appeal of the Company as well as the growth of its market capitalization.

1.4. The regulations determine main principles and approaches during the process of decisions taking by the Board of directors of the Company regarding the recommendations to General Shareholders’ Meeting concerning the amount of dividends and their payments, as well as informs shareholders and other interested parties on dividend policy of the Company and the decision making order regarding payment (announcement) of dividends, conditions of their payment, a procedure of payments of dividends amount, including the terms, place, and form of their payment, as well as the Company’s responsibility for nonpayment of dividends.

1.5. Terms and definitions used in the present Regulations are applied in the same value in which they are used in the legislation of the Russian Federation on joint stock companies and securities unless otherwise provided by the present Regulations.

## **2 PRINCIPLES OF THE COMPANY’S DIVIDEND POLICY**

2.1. Dividend policy of the Company is based on the following principles:

- Calculation of dividends is based on use of profit without financial investments revaluation influence;
- Necessity of maintenance of required level of financial and technical condition of the Company (implementation of the investment program), and provision of the Company’s development trends;
- Conformity of the practice of dividends charge and payment accepted in the Company to the legislation of the Russian Federation and the best standards of corporate conduct;
- An optimal combination of the Company’s and shareholders’ interests;
- Necessity to increase the investment appeal of the Company and its capitalization;

- Provision of a transparency (clearness) of the mechanism regarding the determination of dividends amount and their payment;

- Ordinary shares dividends are paid only in case of full payment of preferred shares dividends according to the Charter of the Company (in case of placement of preferred shares of the Company).

2.2. The recommended amount of dividend payments is determined by the Board of directors on the basis of financial results of the Company's activity together with this the Board of directors will intend to provide positive dynamics of shareholders dividend payments amount from year to year.

### **3 DIVIDENDS PAYMENT CONDITIONS**

3.1. The Company has the right by results of the first quarter, the half-year, nine months of fiscal year and (or) by results of a fiscal year to make decisions on (declare) dividend payment of the placed shares. The decision on payment (announcement) of dividends by results of the first quarter, half-year and nine months of fiscal year can be taken within three months after the termination of the corresponding period, under condition of sufficiency of the net profit directed on investment financing and Company's development.

3.2. The Company aims at increasing (together with the capitalization growth) the amount of dividends paid to shareholders, proceeding from the amount of the received net profit for the reporting financial period and requirements of the Company's production and investment activity development.

3.3. The Company is not entitled to make decision on (declare) shares dividend payment :

- Before complete payment of all authorized capital of the Company;

- Before the redemption of all shares which should be redeemed according to Federal Law 76 «On Joint-Stock Companies»;

- If as of the date of such decisions accepting the Company shows the signs of an inconsistency (bankruptcy) according to the legislation of the Russian Federation on an inconsistency (bankruptcy) or if the specified signs appear at a Company as a result of dividend payment;

- If as of the date of such decisions taking the net assets value of a Company is less than its authorized capital, a reserve fund, and excess over nominal value of the liquidation value of the placed preferred shares determined by the charter (in case of placing of preferred shares of the Company) or becomes less than their amount as a result of such decisions taking;

- In other cases provided by federal laws.

3.4. The Company is not entitled to make decision on (declare) dividend payment (including dividends by results of the first quarter, half-year, nine months of fiscal year) regarding ordinary and preferred shares which dividends amount isn't specified (in case of Company's preferred shares placement) if the decision regarding the payment of the complete amount of dividends is not taken (including the cumulative preference shares accrued dividends) regarding all types of preferred shares, the amount of which dividends (including dividends by results of the first quarter, the half-year, nine months of fiscal year) was determined the Company charter (in case of their placing).

3.5. The Company is not entitled to take the decision on (declare) dividend payment

regarding preferred shares of certain type (in case of their placement) which amount of the dividends was determined by the Company's charter if the decision was not taken regarding the complete dividend payment (including the complete payment of all cumulative preference shares accrued dividends) of all types of preferred shares presenting the advantage in sequence of dividends acquisition before preferred shares of this type (in case of placing of such shares).

3.6. The Company is not entitled to pay the shares declared dividends:

- If as of the date of payment the Company shows signs of an inconsistency (bankruptcy) according to the legislation of the Russian Federation on an inconsistency (bankruptcy) or if the specified signs appear in the Company as a result of dividend payment ;
- If as of the date of such decisions taking the net assets value of a Company is less than its authorized capital, reserve fund, and excess over nominal value of the liquidation value of the placed preferred shares determined by the charter (in case of placing of preferred shares of the Company) or becomes less than their amount as a result of such dividends payment;
- In other cases provided by federal laws.

After the termination of the specified circumstances the Company is obliged to pay the declared dividends to shareholders.

3.7. During the profit and losses distribution by results of a fiscal year (including payment (announcement) of dividends) they should not take into consideration the profit allocated as dividends by results of the first quarter, half-year and nine months of fiscal year.

#### **4 DIVIDENDS PAYMENT AMOUNT**

4.1. Calculation of the dividends amount following the results of the financial period is carried out as follows.

I. In case of observance of the conditions specified in article 3 of the present Regulations, the decision on dividend payment is taken during the simultaneous implementation of the following criteria:

- Availability of net profit following the results of the financial period;
- Availability of net profit following the results of the financial period without revaluation of financial investments;
- If a ratio of a debt (as of the period end) and indicator EBITDA (indicator calculation is carried out on the basis of a valid regulation on credit policy) is less than three – in case on non-implementation of the given criterion the priority to dividend payment is the redemption of borrowed funds.

II. Dividends amount calculation:

$DIV = NP - R_{Fall}' - PP - PL$ , where:

DIV – total amount of net profit directed to dividends;

NP – net profit by the results of the financial period (not taking into the account of the financial investments revaluation), acquired on the basis of the long term regulation parameters determined in the company;

R<sub>Fall'</sub>– amount of the obligatory allocation to the reserve fund and other funds in accordance with the Company's charter. The ratio of the total amount of allocations to the funds corresponds to the share profit not taking into account the reassessment of the financial investments in the total amount of the net profit;

PP – part of the profit allocated to the investments and development of the company;

PL – part of the profit directed to redemption of the past years losses from operation

activity, if any (*no more than*  $0,5*(NP - RFall' - PP)$ ).

III. If during the accounting year there were essential technological failures in work of the equipment or in case of failure of the reliability indicator which had been established as a key performance indicator of the Company (non-admission of accidents over the ceiling level of accidents pertaining to those explained in article 2.1. Guidelines regarding the investigation and accounting of technological failure in work of power supply systems, power stations, boilers, electric and thermal grids, RD 153-34.0-20.801-2000, approved by the Ministry of Power of the Russian Federation as of 29.12.2000), and decisions approved by the Company's Board of Directors regarding the realization of reliability and service quality increase activities, dividends amount shall be determined taking into account such decisions.

## **5 MEANS SOURCES DIRECTED TO DIVIDENDS PAYMENT**

5.1. According to requirements of the current legislation of the Russian Federation the dividends are paid from profit of a Company after the taxation (Company's net profit), calculated according to valid rules of accounting and accounting reports drawing up, and are allocated among shareholders in proportion to the number of shares of a corresponding category (type) available for them. Also, the source may be the special funds of the Company provided for preferred shares dividend payment and determined by the Charter of the Company.

5.2. In the structure of net profit distribution for reporting fiscal year they provide the means for allocations obligatory to the Company according to the current legislation of the Russian Federation, the Charter and internal documents of the Company, and also in other directions of its spending, including the dividend payment.

5.3. Members of the Board of Directors of the Company determine the recommended amount of dividends concerning the Company's shares. The General Director of the Company has the right to submit the suggestions regarding Company's profit distribution to the Board of Directors, including those regarding dividend payment.

5.4. The amount of the dividends paid on ordinary shares is determined by General Shareholders' Meeting by the recommendation of the Board of directors and cannot exceed the amount recommended by the Board of directors.

5.5. The amount of the dividend paid for one common share, is determined by division of a total sum of the dividends directed to Company's ordinary shares payment, by the number of ordinary shares of the Company on which the dividends can be accrued according to the legislation.

5.6. The amount of intermediate dividends recommended by the Board of directors (the dividends declared before the termination of fiscal year - by results of the first quarter, half-year, nine months) is determined according to following conditions:

- The amount of dividends from current year profit cannot exceed the planned one according to the Business plan of the Company approved by the Board of directors following the results of a year (determined taking into account the obligatory deductions from profit to the Company's funds according to the current legislation of the Russian Federation, the Charter and internal documents of the Company);

- The amount of dividends from profit of past years cannot exceed the amount of profit of past years the Company has (according to latest accounting reporting data) in relation to which the General Shareholders' Meeting did not take any decision regarding the distribution.

## **6 ORDER OF DIVIDENDS PAYMENT DECISION TAKING**

6.1. The decision on the announcement, payment or nonpayment of dividends, including the decision on the amount of the dividend, form, terms and an order of its payment regarding the shares of each category (type), is accepted by Company's General Shareholders' Meeting according to the Charter of the Company and on the guidelines of the Board of directors of the Company concerning the amount of dividends. The amount of dividends cannot be more than the one recommended by the Company's Board of directors.

6.2. The decision on placed shares dividend payment by results of a fiscal year is taken by annual General Shareholders' Meeting as a component of the profit distribution decision of the Company by results of a fiscal year.

6.3. The decision on placed shares dividend payment by results of the first quarter, half-year, nine months of fiscal year is accepted by General Shareholders' Meeting as a separate question of General Shareholders' Meeting agenda.

6.4. Guidelines of the Board of directors and the decision of General meeting regarding the dividend payment shall specify:

- A category and type of shares the dividends were declared;
- The amount of the dividend accounting per one share of a certain category and type;
- An order and dividend payment term;
- The dividend payment form.

6.5. The decision on payment (announcement) of dividends can be taken under condition of absence of legislatively provided restrictions on payment (announcement) of dividends.

## **7 LIST OF PERSONS POSSESSING THE RIGHT TO GET DIVIDENDS**

7.1. The Company board of directors determines the date of drawing up of the list of the persons having the right to participate in the Company's Shareholders general meeting. The list of persons having the right to get the dividends is compiled for the date of drawing up of the list of the persons having the right to participate in General Shareholders' Meeting where they take the decision on dividend payment.

7.2. The list of the person having the right to get the dividends is compiled by the Registrar of the Company by the Company's order.

7.3. The list of the persons having the right to get the dividends includes the following persons:

- Shareholders registered in the system of the shareholder register keeping as of the date of the list drawing up;
- Other persons (pawnbrokers, confidential managing directors, etc.) registered in the system of shareholder register keeping as of the date of drawing up of the list by which they transited the shares rights unless the other was established by the agreement of such a person with the shareholder;
- Shareholders on behalf of whom the nominee holder of securities registered in the system of the shareholder register keeping possess the shares as of the date of the owners list drawing up. To draw up the list of the persons having the right to get the dividends, the nominee holder of shares submits data on persons on behalf of whom he/she owns shares.

7.4. If shares are in the share property, the list of persons having the right to get dividends shall include all co-owners of shares.

7.5. The information on a method of dividends acquisition is contained in the questionnaire of the person registered in the register. The responsibility for granting of the authentic data for respective alterations making into the questionnaire of the person registered in the register is assigned to the shares owner.

7.6. To protect the shareholder rights to get the dividends the Company during the organization of the relations with a registry holder will make all necessary efforts for an establishment of responsibility activities of the latter for conformity of the data presented in the list of persons having the right to get the dividend, and also data on a method (form) of income acquisition with the data of the shareholder register of the Company.

7.7. In case of changes of the list of the persons having the right to get the dividends, the Company will demand from a registry holder the explanation of the reasons of such an alteration.

7.8. Any shareholder has the right to address to the Company with the inquiry to get information regarding inclusion (non-inclusion) it in the list of the persons having the right to get dividends.

7.9. Within five working days from the moment of the inquiry acquisition determined in paragraph 7.8, a Company prepares and directs the answer to the postal address of shareholder if the inquiry does not determine the different way of information acquisition.

## **8. ORDER, TERMS AND FORM OF DIVIDENDS PAYMENT**

8.1. Term and order of the dividend payment is determined by the Charter or the decision of General Shareholders' Meeting of the Company.

8.2. The dividends shall be paid exclusively by money funds.

8.3. If the last day of dividends payment is a nonworking day, the day of the term end is considered to be the next working day which follows it.

8.4. The Company is obliged to pay the declared dividends before the fixed term end.

8.5. The Company has the right to fulfill the obligation on dividend payment in any day during fixed term of payment.

8.6. According to article 196 of the Civil Code of the Russian Federation the term of storage of accrued, but not paid out dividends, makes up 3 years. The specified term is estimated since the expiry date of term of dividend payment over the corresponding fiscal year.

8.7. Percent on unclaimed dividends is not charged.

8.8. The taxation of paid dividends is performed in an order provided by the current legislation of the Russian Federation.

8.9. Dividend payment is considered the transfer of corresponding money amounts from the Company account to the bank account (postal address) contained in system of the Company's shareholder register keeping.

8.10. The shares owner has the right at any moment to make changes to the questionnaire of the registered person regarding a method of acquisition of incomes concerning the shares, postal address or bank details to which the dividends should be listed, having given to the registrar of a Company the questionnaire of the registered person with the corresponding order. The registry holder during the dividend payment term gives to the Company the renewed data. The Company doesn't bear the responsibility for the dividends sending to the shareholder using the requisites, earlier known to the Company if that is performed by the Company prior to the moment when the renewed data became available to it.

## **9 DIVIDEND POLICY INFORMATION DISCLOSURE**

9.1. The Company provides the Regulations on dividend policy of JSC “MOESK” and all amendments to it in the Company’s web site which is constantly available in the Internet: [www.moesk.ru](http://www.moesk.ru).

9.2. Information on decision making on dividend payment, amount, terms, method and form of their payment is revealed in an order provided by the current legislation of the Russian Federation.

9.3. Materials represented to shareholders for decision taking regarding dividend payment at Shareholders general meeting, shall contain information proving the availability or absence of conditions, necessary for dividend payment.

9.4. The Company publishes the notification on decision making regarding the dividend payment by means of information placement on a web site of the Company not later than one day since the moment of drawing up of the minutes of General Shareholders’ Meeting where they took the relevant decision.

9.5. The notification published by the Company regarding the decision taking on dividends payment, their amount, form, term and payment order should give clear answer to shareholders regarding these questions. Simultaneously this notification explain shareholders their obligation in case of change of bank details and postal addresses to make changes to the questionnaire of the person registered in the shareholders register of the Company, and also the consequences of non-observance of this obligation.

## **10. COMPANY'S RESPONSIBILITY FOR DIVIDENDS NON-PAYMENT**

10.1. The Company is obliged to pay the declared dividends in the amount and according to the terms established by the decision of General Shareholders’ Meeting and the Charter of the Company. In case of the Company’s non-execution of its obligations the shareholders have the right to demand payment of the declared dividends judicially.

10.2. The Company does not bear the liability of infringement of obligations on dividend payment in case of absence in the shareholder register of the correct and complete data regarding the registered person which is necessary for payment (transfer) of dividends.

## **11. FINAL PROVISIONS**

11.1 The questions connected with dividend payment to shareholders of the Company, not settled by norms of the current legislation of the Russian Federation, the Charter of the Company and the present Regulations should be solved, proceeding from necessity of meeting the rights and legitimate interests of shareholders of the Company.

11.2. Regulations shall be approved, changed and supplemented by the decision of the Board of directors of the Company. The decision is taken in an order provided by the legislation and/or the Charter of the Company.

11.3. If as a result of change of legislative or other normative acts of the Russian Federation the individual articles of the present Regulations come into contradiction with them, these articles become invalid and till the moment of Regulations alteration the Company shall be guided by requirements of legislative and regulatory acts of the Russian Federation.