

APPROVED
by the decision of the Annual General
Meeting of Shareholders of
Joint-Stock Company
“Moscow United Electric Grid Company”
as of May 28th, 2008
(minutes No. 7 as of June 5th, 2008)

REGULATIONS
for the payment of remunerations and compensations to
members of the Board of Directors of
Joint-Stock Company
“Moscow United Electric Grid Company”

1. The present Regulations is worked out according to Federal Law “On Joint-Stock Companies” and sets amounts and payment procedure of remunerations and compensations to members of the Board of Directors of JSC “Moscow United Electric Grid Company” (hereinafter – the Company).

2. Remunerations and compensations to Chairman and members of the Company’s Board of Directors, being persons, in respect of which federal law provides limitation or prohibition on receipt of any payments from commercial organizations, are not accrued and not paid out.

3. Payment of remunerations and compensations is carried out by the Company in money terms.

4. Remunerations payment.

4.1. For participation in Meeting of the Board of Directors, held in absentee form (by filling in of questionnaire), member of the Company’s Board of Directors is paid remuneration in amount of sum, equal to 8 (eight) minimum monthly base salaries of first class worker, set by Sectoral Tariff Agreement in Electric Power Complex of RF (hereinafter – the Agreement) as of date of holding of Meeting of the Company’s Board of Directors, taking into account indexation, set by the Agreement, during one month after holding of Meeting of the Company’s Board of Directors.

For participation in the Board of Directors’ meeting, held in form of compresence, member of the Company’s Board of Directors is paid remuneration in amount of sum, equal to 10 (ten) minimum monthly base salaries of first class worker, set by Sectoral Tariff Agreement in Electric Power Complex of RF (hereinafter – the Agreement) as of date of holding of Meeting of the Company’s Board of Directors, taking into account indexation, set by the Agreement, during one month after holding of meeting of the Company’s Board of Directors.

Amount of remuneration, paid according to Clause 4.1. of the present Regulations to Chairman (Deputy Chairman) – for every Meeting, on which he performed functions of Chairman of the Board of Directors (hereinafter – performing of Chairman’s functions) increases 50%.

4.2. Members of the Board are paid additional remuneration for the Company’s net profit indicator according to data of annual accounting statements, approved by General Meeting of the Company’s Shareholders.

4.2.1. Amount of remuneration, paid out to member of the Board, is determined by formula (1):

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

where:

S – sum of additional remuneration of one member of the Board of Directors according to results of financial tear;

NP – approved by decision of Annual General Meeting of Shareholders amount of the Company’s net profit;

n – number of Meetings of the Company’s Board of Directors, in which member of the Board of Directors took part (irrespective of their holding form) for the year, according to results of activity in which the Company’s net profit is earned;

x – number of members of the Company’s Board of Directors according to Charter;

m – number of Meetings of the Company’s Board of Directors for financial year, according to results of activity in which the Company’s net profit is earned.

4.2.2. Amount of remuneration, paid out to Chairman (Deputy Chairman) – for performing of Chairman’s functions of the Company’s Board of Directors is determined by formula (2):

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

where:

P –sum of remuneration of Chairman (Deputy Chairman – for performing of Chairman’s functions) of the Company’s Board of Directors according to results of financial year;

n_f –number of Meetings of the Company’s Board of Directors, on which Chairman (Deputy Chairman) of the Board of Directors did not perform functions of Chairman of the Board of Directors (irrespective of their holding form) for the year, according to results of activity in which the Company’s net profit is earned;

NP – approved by decision of Annual General Meeting of Shareholders amount of net profit of the Company¹;

j - number of Meetings, on which Chairman (Deputy Chairman) of the Board of Directors performed functions of Chairman of the Company’s Board of Directors;

x –number of members of the Company’s Board of Directors according to Charter;

m –number of Meetings of the Company’s Board of Directors for the year, according to results of activity in which the Company’s net profit is earned.

4.2.3. In case, if in the year, according to results of activity in which the Company’s net profit is earned, the Board of Directors was elected in new membership, remuneration, mentioned in Clauses 4.2.1. – 4.2.2., is paid also to members of the Company’s Board of Directors of the preceding memberships. This rule does not cover periods before entering into force of the present Regulations, if decision on approval of the present Regulations does not provide the other.

4.2.4. In case, if as a result of reorganization the Company terminates its activity, then members of the Board of Directors are paid out remuneration for net profit indicator, fixed in accounting statements of the Company as of the last reporting date.

In case, if as a result of reorganization and termination of the Company’s activity after the end of calendar year accounting statements for the last calendar year are not approved by General Meeting of the Company’s Shareholders, then remuneration of the Company’s net profit indicator is paid according to data of annual accounting statements, accepted by tax authority as well as for net profit indicator for reporting periods, after mentioned financial year, fixed in the Company’s accounting statements as of the last reporting date.

4.2.5. In case, if the Company makes a reappraisal of assets, results of which will influence the Company’s net profit indicator, on the basis of which amount of remuneration to members of the Company’s Board of Directors is calculated, then calculation index of net profit is taken into account for payments of remunerations to members of the Board of Directors according to Clause 4.2 notwithstanding of influence of made reappraisal on it. Such index should be approved by decision of Annual General Meeting of Shareholders.

4.3. Additional remuneration is paid to members of the Board of Directors in case of increase of amount of the Company’s market capitalization for working period of the Board of Directors².

¹ In case if as a result of reorganization or termination of the Company’s activity accounting statements for the last calendar year are not approved by General Meeting of Shareholders of the Company, then remuneration for net profit indicator of the Company is paid according to data of annual accounting statements, accepted by tax authority.

4.3.1. Amount of additional remuneration of every member of the Board of Directors, paid out according to Clause 4.3., is 0.0175 per cent from growth of the Company's market value, calculated for the period from the moment of election of the Board of Directors' member till the moment of election of new membership of the Company's Board of Directors.

In order to determine amount of remuneration calculation of growth of the Company's market value is carried out in the following way³:

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

(3),

where:

ΔMC – is a growth of the Company's market value;

\overline{MC}_t – average chronological market capitalization of the Company for period (t);

\overline{MC}_{t-1} - average chronological market capitalization of the Company for period (t-)

Average chronological market capitalization of the Company is calculated by the following formula:

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

(4),

where:

P_{iMICEX} – volume-weighted average price of the Company's shares as of i-th trading day of corresponding period at MICEX;

d_{iMICEX} – quotation weight at MICEX, calculated as ratio of trading volume of the Company's shares at MICEX to summary trading volume of the Company's shares at RTS and MICEX (in pcs.) as of i-th trading day of corresponding period at MICEX;

P_{iRTS} - volume-weighted average price of the Company's shares as of i-th trading day of corresponding period at RTS

d_{iRTS} – quotation weight at RTS, calculated as ratio of trading volume of the Company's shares at RTS to summary trading volume of the Company's shares at RTS and MICEX (in pcs.) as of i-th trading day of corresponding period at RTS;

n – number of trading days, on which transactions on the Company's shares were carried out, from date of beginning till date of end of corresponding period (t) or (t-1),

Q – is a unitary figure for \overline{MC}_t and \overline{MC}_{t-1} equal to number of issued ordinary shares of the Company as of the first date of period (t-1).

4.3.2. Procedure of determination in formulas of periods (t) and (t-1):

- period (t)⁴ is calculated from date, coming after the date of termination of authorities of the Board of Directors' member and ends on the 30th working day;
- period (t-1) is determined as period consisting of 30 working days, the last day of which is date, preceding the date of election of the Board of Directors' member, and the first day – date, calculated (30 working days) in reverse chronological sequence.

² Is applied, if not less than six months have passed from the moment of admissibility of shares to trading at RTS and/or MICEX before termination of authorities of the Board of Director's member.

³ Source for exchange-listed index is corresponding Stock Exchange.

If as of the first day of period (t-1) determined in stipulated order 6 months have not passed from the moment of admissibility of shares to trading at RTS and/or MICEX, then period (t-1) is determined as period consisting of 30 working days, the first day of which is date, coming after expiration of mentioned six-month period.

4.3.3. Calculated figure of growth of the Company's market value by formula (3) is needed to be adjusted by growth of equity market, defined by indexes of exchange marketplaces of RTS and MICEX according to the following formula:

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

where:

$\overline{I_{RTS_t}}$ - average chronological index of RTS for period (t).

$\overline{I_{RTS_{t-1}}}$ - average chronological index of RTS for period (t-1).

d_{RTS} - quotation weight at RTS, calculated as ratio of trading volume of the Company's shares at RTS to summary trading volume of the Company's shares at RTS and MICEX (in pcs.) for periods (t) and (t-1);

$\overline{I_{MICEX_t}}$ - average chronological index of MICEX for period (t).

$\overline{I_{MICEX_{t-1}}}$ - average chronological index of MICEX for period (t-1).

d_{MICEX} - quotation weight at MICEX calculated as ratio of trading volume of the Company's shares at MICEX to summary trading volume of the Company's shares at RTS and MICEX (in pcs.) for period (t) and (t-1);

Average chronological index is calculated by the following formula:

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

where:

I_1 – value of index as of the 1st trading day of corresponding period;

I_n – value of index as of the last trading day of corresponding period;

n – number of trading days from date of beginning till date of end of corresponding period.

4.3.4. Final formula of calculation of base for determining of remuneration of the Board of Directors' member takes the form:

$$\Delta(SMV) = \frac{\Delta(MC) \times \left(\frac{MC_t}{MC_{t-1}} - (T_{market} - d_{Company}) \right)}{\left(\frac{MC_t}{MC_{t-1}} - 1 \right)}$$

(7),

where:

$d_{Company}$ – share of the estimated Company in rate of growth of equity market, which is calculated as:

$$d_{Company} = \left(\frac{Q_{Company}}{Q_{RTS_MICEX}} \right) \times \left(\frac{MC_t}{MC_{t-1}} - T_{market} \right)$$

(8),

where:

$Q_{COMPANY}$ – total trading volume of the Company's shares at RTS and MICEX for periods (t) and (t-1), (in RUR);

Q_{RTS_MICEX} - total trading volume at RTS and MICEX for periods (t) and (t-1), (in RUR);

4.3.5. If the Company issued not only ordinary, but also privileged shares, then when determining of remuneration amount according to Clause 4.3. only ordinary shares are taken into account.

4.3.6. Payment of remuneration for growth of the Company's market value is carried out only in case, if during term of powers of the remunerated Board of Directors' membership average monthly volume of transactions settled with the Company's ordinary shares at Stock Exchange⁵ is not less than RUR mln 1.5;

4.4. Remuneration, mentioned in Clause 4.2. is paid out during one month after date of holding of Annual General Meeting of the Company's Shareholders.

Remuneration, mentioned in Clause 4.3. is paid out during the second month after date of holding of Annual General Meeting of the Company's Shareholders.

4.5. Limitations for remunerations payment.

4.5.1. Remuneration, provided by Clauses 4.2. and 4.3. of the present Regulations is not paid if member of the Board of Directors did not take part in more than 50% of duly held (from the moment of his election till the moment of termination of authorities) Meetings.

4.5.2. Amount of remuneration, provided by Clause 4.2., cannot exceed salary of Director General stipulated by the Board of Directors in 2007:

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

4.5.3. Amount of remuneration of the Board of Directors' member, provided by Clause 4.3., cannot exceed salary of Director General stipulated by the Board of Directors in 2007 more than 5 (five) times.

4.6. Members of the Board of Directors have right to conclude with the Company Agreement of Purchase and Sale of the Company's shares with deferred fulfillment of obligations on transfer and payment of shares in framework of Employee Stock Option Plan, approved by the Company's Board of Directors. Maximum size of Agreement for Chairman of the Board of Directors is 0.15%, for Member of the Board of Directors – 0.10 % of total amount

⁵ Separately at sections of equity market CJSC "MICEX Stock Exchange" and separately in the amount of two marketplaces of OJSC "RTS Stock Exchange" (exchanging market and classical market).

of outstanding ordinary shares of the Company, Member of the Board of Directors, being at the same time Sole Executive Body or member of Collegial Executive Body of the Company – in amount, determined by Employee Stock Option Plan, being approved by the Board of Directors. Members of the Board of Directors, participating in Employee Stock Option Plan, do not have right to receive additional remuneration, provided by Clause 4.3. of the present Regulations.

Information on participation of members of the Board of Directors in Employee Stock Option Plan and individual size of Option Agreement is disclosed in materials to Annual Meeting of the Company's Shareholders⁶.

4.7. Member of the Company's Board of Directors can refuse from remuneration receipt, provided by the present Regulations fully or in a certain part by sending of corresponding Statement addressed to the Company's Director General.

At availability of corresponding written Statement of member of the Company's Board of Directors payment of all types of remunerations is carried out only at written consent of such member of the Company's Board of Directors. Herewith, at occurrence of grounds for payment of remuneration the Company should send to member of the Company's Board of Directors notice mentioning sum of payable remuneration. Such notice should be sent not later than corresponding term of remuneration payment, provided by the present Regulations.

At availability of written consent for receiving remuneration from member of the Company's Board of Directors corresponding remuneration is paid to him during one month from the moment of its receipt.

5. Payment of compensations.

5.1. To members of the Board of Directors, in case of being on business trip for visiting of the Company's facilities, meetings with shareholders and investors, participation in General Meetings of the Company's Shareholders, as well as execution of other tasks, connected with performing of functions of member of the Company's Board of Directors is made:

- payment of daily subsistence allowance in order, set for Sole Executive Body of the Company, or Sole Executive Body of the Company's Managing Organization;
- reimbursement of travel expenses to place of business trip and back to place of permanent work or residence (including insurance contribution on compulsory personal insurance of passengers on transport, payment of services on drawing up of travel documents etc.) – in amount of actual charges, confirmed by travel documents, but not more than cost of travel:

- by railway transport – in luxurious carriage of business-class (sleeper, composite compartment)
- by marine and river transport – according to tariffs, set by shipper, but not more than cost of travel in "suite" cabin with complex services to passengers;
- by air transport – according to business-class tariff;
- by car transport – in communal motor vehicle (except taxi and car rental);
- reimbursement of residential lease expenses – in amount of actual charges, confirmed by corresponding documents, but not more than three minimum monthly base salaries of first class worker, set by Sectoral Tariff Agreement in Electric Power Complex of RF as of day of reimbursement of expenses, taking into account indexation, set by the Agreement, for every day of accommodation.

5.2. Payment of compensations is carried out by the Company during one calendar day after submission of documents, confirming incurred expenses.

6. If the Company has undergone changes, or circumstances beyond the Company's control occurred, which do not allow to apply remuneration settlement terms, provided by the

present Regulations, then the Board of Directors should initiate making of necessary decision by General Meeting of the Company's Shareholders.