

APPROVED

by the Resolution of the Annual General Meeting of  
Shareholders of “FGC UES”, JSC  
of June 26, 2015

(Minutes No. 16 of June 30, 2015)

Chairman of the Annual General Meeting of Shareholders  
of “FGC UES”, JSC

\_\_\_\_\_ (O.M. Budargin)

## **ARTICLES OF ASSOCIATION**

**OF**

**“FEDERAL GRID COMPANY OF UNIFIED ENERGY SYSTEM”  
PUBLIC JOINT-STOCK COMPANY**

Moscow

2015

## **Article 1. GENERAL PROVISIONS**

1.1. “Federal Grid Company of Unified Energy System”, Public Joint-Stock Company (hereinafter referred to as the “Company”) was established pursuant to Decree No. 526 of the Government of the Russian Federation of July 11, 2001 (the former name is “Federal Grid Company of Unified Energy System”, Open Joint Stock Company).

1.2. The Company was incorporated without limitation as to the period of its operation and shall operate in accordance with the Russian Civil Code, Federal Law No. 208-FZ “On Joint-Stock Companies” of December 26, 1995, Federal Law No. 35-FZ “On the Electric Power Industry” of March 26, 2003, other Russian normative legislative acts and the Articles of Association as an organization intended for managing the Unified National (All-Russian) Electric Grid – the UNEG.

1.3. The full corporate name of the Company in the Russian language is Публичное акционерное общество «Федеральная Сетевая Компания Единой Энергетической Системы»; the full corporate name of the Company in English is “Federal Grid Company of Unified Energy System”, PUBLIC JOINT-STOCK COMPANY.

The Company’s abbreviated corporate name (in Russian) is ПАО «ФСК ЕЭС»; the Company’s abbreviated corporate name in English is “FGC UES”, PJSC.

1.4. The Company’s registered office is located at 5A Akademika Chelomeya St., Moscow, Russia, 117630. Its postal address is 5A Akademika Chelomeya St., Moscow, Russia, 117630.

## **Article 2. LEGAL STATUS**

2.1. The Company’s legal status shall be determined by the Russian Civil Code, the Federal Law “On Joint-Stock Companies”, the Federal Law “On the Electric Power Industry”, other Russian normative legislative acts, and the Articles of Association.

2.2. The Company is a legal entity under the Russian Federation’s law.

2.3. The Company owns independent assets and is liable for obligations to the extent of all its assets. The Company shall be entitled to acquire and exercise civil rights in its own name, perform civil duties, and act both as a claimant and defendant in court.

2.4. Subject to established procedures, the Company shall be entitled to open bank accounts both in the territory of the Russian Federation and abroad.

2.5. The Company shall be held liable for its obligations to the full extent of its property. The Company shall not be held liable for obligations of the state or its authorities and its shareholders. The Company’s shareholders shall not be liable for the Company’s obligations, except for cases stipulated by the Russian law. The Company’s shareholders shall be entitled to dispose of their shares without the consent of the other shareholders. The Company’s shareholders shall bear risks related to operating losses to the extent of the value of their shares.

2.6. The Company has a round seal with its full corporate name (in Russian) and the address of its registered office. The Company is entitled to have its own stamps, letterhead stationery with its corporate name, its own logo and trademark registered according to the established procedure, and other means of visual identification.

2.7. The Company shall have civil rights and obligations required to perform any activities not

prohibited by federal laws.

2.8. The Company may establish branches and may open representative offices both in the territory of the Russian Federation and abroad. The Company's branches and representative offices shall not form legal entities; they shall operate on behalf of the Company in compliance with the regulations approved by the Company. The Company's branches and representative offices shall be vested with property accounted for on their independent balance sheets and the Company's balance sheet.

A director of the Company's branch or representative office shall be appointed by the Chairman of the Company's Management Board and act pursuant to a power of attorney issued by the Company. The Company shall be liable for the operation of its branches and representative offices. Information about the Company's branches and representative offices is given in the Appendix to the Articles of Association.

2.9. The Company may have subsidiaries with the rights of legal entities in the territory of the Russian Federation. Its subsidiaries in the territory of the Russian Federation shall be established in accordance with the Federal Law "On Joint-Stock Companies" and other federal laws. Unless otherwise stipulated in an international agreement of the Russian Federation, subsidiaries located abroad shall be established in accordance with the applicable law of the foreign state where the said subsidiary is located; and the Company shall own more than twenty (20) percent of voting shares (stakes) in other business companies (dependent companies).

### **Article 3. OBJECTIVES AND TYPES OF CORPORATIVE ACTIVITIES**

3.1. The Company is established to ensure long-term energy integrity (security) of the Russian Federation and reliable, high-quality and affordable energy supply for consumers in the Russian Federation, including:

- to ensure reliable operation and efficient upgrade and development of the UNEG, including isolated energy systems;
- to maintain and develop infrastructure (lines and transformers), which provides for power station output and electric energy transmission through the UNEG to distribution networks, entities of the wholesale market and other entities that own UNEG-connected electric energy facilities or operate them based on other grounds stipulated by federal laws. Services shall be provided based on commutative contracts;
- to create conditions for efficient functioning of the wholesale electric energy market;
- to assist with efficient management of and control over state-owned power grid facilities;
- to organize maintenance of the registry of UNEG power grid facilities and recording of UNEG-connected power grid facilities in the registry;
- to implement national policy in the electric power industry;
- to carry out efficient operation and centralized process management of power grids that comprise the Unified Energy System of Russia;
- to carry out operation and development of the telecommunications infrastructure of the electric energy market;
- to implement the unified development strategy for the power grid complex of the Russian Federation in the areas of investment and capital attraction in order to achieve systemic tasks of development of power grids and the Unified Energy System of Russia;

- to develop and implement an appropriate scientific and technical policy and to introduce innovative types of equipment and processes;
- to make profit.

3.2. The Company shall be entitled to carry out the following activities:

- to provide services involving transmission and distribution of electric energy;
- to provide services involving connection to power grids;
- to provide communication services;
- to offer services involving collection, transfer and processing of data, including measurement and metering data;
- to perform diagnostics, operation and repairs of power grids and other power grid facilities and to exercise process control over them;
- to conduct diagnostics, to operate and repair process communication networks, measurement and metering devices, protection relay equipment, emergency control automatic systems and other equipment related to the operation of power grid facilities, as well as equipment intended for management of Russia's UES;
- to develop long-term forecasts and future and current plans for power grid complex development, as well as for targeted, integrated scientific, technical, economic and social programs;
- to develop electric power grids and other power grid facilities, to carry out design, engineering surveys and perform construction, renovation, re-equipment, installation and adjustment work;
- to develop process communication networks, measuring and metering devices, protection relay equipment, emergency control automatic systems and other process equipment related to the operation of power grid facilities, as well as equipment intended for management of Russia's UES, to conduct design, engineering survey, and perform construction, renovation, re-equipment, installation and adjustment work.
- to provide services involving transmission and distribution of thermal energy using thermal networks owned by the Company and used for the Company's process needs;
- to operate hazardous production facilities connected with the operation of power grid facilities;
- to carry out activities aimed at preventing and extinguishing fires, to install, repair and maintain fire-safety equipment for buildings and structures connected with the operation of power grid facilities;
- to ensure process control and conduct expert evaluation of the industrial and labor safety situation at power grid facilities;
- to store oil products used for processing purposes;
- to carry out foreign economic activities in accordance with the common technical policy of the power grid complex within the scope of ensuring the Company's activities as stipulated by its Articles of Association for the purpose of integration into the global energy market;
- to perform educational activities for the purpose of training, retraining and educating personnel, including verifying personnel's awareness concerning the norms and rules related to the design and operation of electric installations, labor and fire safety, as well as other current normative documents;
- to engage in the transportation of cargoes and passengers by motor, railway and air transport;
- to operate, maintain and repair motor, railway and air transport vehicles and lifting devices used for

the said purposes;

- to implement organizational, practical and preventive measures to ensure integrated safety and security (anti-terrorism and crime protection, economic security, anti-corruption and information security);
- to organize and implement measures related to mobilization training, civil defense, emergency situations and protection of state secret data as stipulated by current laws;
- to engage in other activities that are not prohibited by current laws and aimed at achieving the objectives stipulated by the Articles of Association.

3.3. To the extent permitted by applicable law, the Company may engage in certain activities only on the basis of a special permit (license), membership in a self-regulatory organization or a certificate issued by a self-regulatory organization and authorizing the Company to perform a particular type of work.

The Company's right to engage in activities requiring a certificate issued by a self-regulatory organization and authorizing to perform a particular type of work arises upon receipt of such permit (license) or during a period specified therein or upon membership in the self-regulatory organization or issuance by the self-regulatory organization of a certificate of authorization for a certain type of work and shall expire upon expiration of the permit (license), termination of membership in the self-regulatory organization or expiration of the certificate issued by the self-regulatory organization for a particular type of work.

#### **Article 4. AUTHORIZED SHARE CAPITAL**

4.1. The Company's authorized share capital shall consist of the nominal value of its shares purchased by shareholders (outstanding shares).

The Company's authorized share capital is 637,332,661,531 (six hundred thirty-seven billion three hundred thirty-two million six hundred sixty-one thousand five hundred thirty-one) rubles 50 (fifty) kopecks.

4.2. The Company issued ordinary registered shares with a nominal value of 50 (fifty) kopecks per share. The number of shares issued is 1,274,665,323,063 (one trillion two hundred seventy-four billion six hundred sixty-five million three hundred twenty-three thousand sixty-three) shares with a total nominal value of 637,332,661,531 (six hundred thirty-seven billion three hundred thirty-two million six hundred sixty-one thousand five hundred thirty-one) rubles 50 (fifty) kopecks.

4.3. The Company's authorized share capital can be:

- increased by increasing the nominal value of shares or by issuing additional shares, or
- reduced by decreasing the nominal value of shares or reducing the total number of shares by purchasing and paying for some of the shares issued earlier as stipulated by the Articles of Association.

4.4. The authorized share capital can be increased only after it is paid-up in full. Payment for additional shares by means of set-off of claims against the Company shall be allowed in cases stipulated in the Federal Law "On Joint-Stock Companies."

4.5. Reduction of the Company's authorized share capital shall be prohibited if the resulting authorized share capital becomes less than the minimum authorized share capital required in accordance with the Federal Law "On Joint-Stock Companies" as of the date of submission of documents for state registration

of relevant changes to the Articles of Association or as of the date of state registration of the Company in cases when the Company is obligated to reduce its authorized share capital.

The Company shall reduce its authorized share capital in cases stipulated in the Federal Law “On Joint-Stock Companies.”

4.6. The Company shall be entitled to supplement its outstanding ordinary registered shares with additional 72,140,500,768 (seventy-two billion one hundred forty million five hundred thousand seven hundred sixty-eight) ordinary registered shares with a nominal value of 50 (fifty) kopecks per share for a total nominal value of 36,070,250,384 (thirty-six billion seventy million two hundred fifty thousand three hundred eighty-four) rubles 00 kopecks.

Authorized ordinary registered shares fully vest shareholders with the rights stipulated by clause 6.2, Article 6 of the Articles of Association.

#### **Article 5. SHARES, BONDS AND OTHER SECURITIES**

5.1. The Company shall issue ordinary shares and shall be entitled to issue one or several types of preference shares, bonds and other equity securities pursuant to the Russian law.

5.2. Converting ordinary shares into preference shares, bonds and other securities shall be prohibited.

5.3. In cases stipulated by Russian laws, the Company’s shareholders shall have the preemptive right to purchase additional shares issued via subscription and equity securities convertible into shares in an amount proportionate to the number of shares of this category (type) owned by shareholders.

5.4. If in the course of exercising the preemptive right to purchase additional shares and during the consolidation of shares it becomes impossible for a shareholder to purchase the total number of shares, fractional shares shall be created.

A fractional share vests its holder with all rights vested by a share of the corresponding category (type) in the scope that corresponds to the fraction representing a part of the whole share.

Fractional shares shall circulate on an equal basis with whole shares. If a shareholder purchases two or more fractional shares of the same category (type), these shares shall form one whole share and/or a fractional share equal to the sum of these fractional shares.

5.5. The Company shall be entitled to issue additional shares and other equity securities via subscription and conversion. In the event that the Company’s authorized share capital is increased through its property, the Company shall issue additional shares by distributing them among the Company’s shareholders.

5.6. The Company shall issue shares and other securities convertible to shares in accordance with the Russian law.

5.7. The form of payment for additional shares issued via subscription shall be determined by a resolution on their issue and shall comply with the requirements of the legislation of the Russian Federation.

Other equity securities may be paid for only in cash.

#### **Article 6. SHAREHOLDERS’ RIGHTS AND OBLIGATIONS**

6.1. A shareholder of the Company is a person who owns Company shares on the grounds stipulated by the Russian law and the Articles of Association.

6.2. Each ordinary registered share of the Company shall vest its owner with a similar scope of rights.

Shareholders who own the Company's ordinary shares shall be entitled to the following rights:

- 1) to participate either personally or via proxy in the General Meeting of Shareholders with a right to vote on all issues within the terms of reference of the General Meeting of Shareholders;
- 2) to propose items for the agenda of the General Meeting of Shareholders according to the procedure stipulated by the Russian law and the Articles of Association;
- 3) to be informed about the Company's activities and review its corporate documents in accordance with Article 91 of the Federal Law "On Joint-Stock Companies";
- 4) to receive dividends declared by the Company;
- 5) in cases stipulated by the Russian law, shareholders shall exercise the preemptive right to purchase shares issued via subscription and equity securities convertible into shares in an amount proportionate to the number of ordinary shares owned by shareholders;
- 6) to receive a part of the Company's property in case of its dissolution;
- 7) to appeal against decisions of the Company's management bodies entailing civil and legal consequences in the cases and in the manner provided for by the legislation of the Russian Federation;
- 8) to demand compensation for damages caused to the Company;
- 9) to challenge the Company's transactions on the grounds provided for by the legislation of the Russian Federation and claim application of the consequences of their invalidity, as well as application of the consequences of invalidity of void transactions of the Company;
- 10) conclude among themselves, with the Company's creditors and other third parties an agreement on implementation of corporate rights (Corporate Agreement);
- 11) to exercise other rights stipulated by the Russian law and the Articles of Association.

6.3. Shares owned by the Company's incorporator shall enfranchise their owner until they are paid up in full.

6.4. Shareholders who hold ordinary registered shares of the Company shall have the following obligations:

- 1) to participate in the formation of the Company's property in the required amount according to the procedures and on the terms provided for by the legislation of the Russian Federation or the Articles of Association of the Company;
- 2) not to disclose confidential information about the Company's activities;
- 3) to participate in corporate decision-making, without which the Company cannot continue its activities in accordance with the law, if their participation is necessary for making such decisions;
- 4) not to commit acts aimed at causing harm to the Company;
- 5) not to perform actions (inaction) that make it essentially difficult or impossible to achieve the objectives for which the Company was established;
- 6) to notify the Company of the fact of existence of the Corporate Agreement.

Members of the Company may have other obligations stipulated by the legislation of the Russian Federation or the Articles of Association.

#### **Article 7. DIVIDENDS**

7.1. The Company shall be entitled, based on the performance results of the first quarter, six months, nine months of the financial year and/or the performance results of the financial year, to make decisions

(declare) on payment of dividends on outstanding shares, unless otherwise stipulated by the law. Decisions to pay (declare) dividends according to the results of the first quarter, six months and nine months of the financial year may be made within three months following completion of the relevant period.

The Company shall pay declared dividends on shares of each category (type) unless otherwise provided for by the Federal Law “On Joint-Stock Companies.”

7.2. The Company shall not be entitled to pay dividends on shares in the following events:

- on the payment day, the Company is qualified for insolvency (bankruptcy) or dividend payment will result in the criteria for such qualification;
- on the payment day, the value of the Company’s net assets is less than its authorized share capital and reserve fund and exceeds the nominal value determined by the Articles of Association for the liquidation value of outstanding preference shares or becomes less than the set amount as a result of dividend payment;
- in other cases stipulated by federal laws.

Upon termination of the obligations set forth in this paragraph, the Company shall pay declared dividends to its shareholders.

7.3. Resolution on payment (declaration) of dividends shall be passed by the General Meeting of Shareholders. The said resolution shall determine the amount of dividends on shares of each category (type), the form of payment, the procedure for payment of dividends in kind, and the date when the persons entitled to dividends shall be determined. The resolution on the date when the persons entitled to dividends shall be determined shall be passed subject to proposal of the Company’s Board of Directors.

The amount of dividends shall not exceed the amount of dividends recommended by the Company’s Board of Directors.

7.4. The Company shall not be entitled to pass a resolution (declare) on payment of dividends on shares:

- until the Company’s authorized share capital has been paid up in full;
- until the Company has repurchased all shares to be bought back in accordance with Article 76 of the Federal Law “On Joint-Stock Companies”;
- if on the day of the said resolution the Company is qualified as insolvent (bankrupt) in accordance with the Russian insolvency (bankruptcy) legislation or if the above-mentioned qualification would follow, should dividends were paid by the Company;
- if on the day of the said resolution the value of the Company’s net assets is less than its authorized share capital or reserve fund or becomes less as a result of such resolution;
- in other cases stipulated by federal laws.

7.5. Dividends shall be paid out of the Company’s net profit.

7.6. The term for payment of dividends to the nominee shareholder and the trustee as professional participants of the securities market, who are registered in the Register of Shareholders, shall not exceed ten (10) business days; to other persons registered in the Register of Shareholders - 25 (twenty-five) business days from the date on which the persons entitled to dividends shall be determined. The date on which in accordance with the resolution on payment (declaration) of dividends the persons entitled to dividends shall be determined cannot be earlier than ten (10) days from the date of the resolution on



payment (declaration) of dividends and later than 20 (twenty) days from the date of such resolution. Dividends shall be paid to the persons who were owners of shares of the relevant category (type) or the persons who exercised the rights vested in shares in accordance with federal laws at the end of the trading day on the date when in accordance with the resolution on payment of dividends the persons entitled to dividends shall be determined.

Payment of dividends in cash shall be made by bank transfer by the Company or by the Registrar maintaining the Register of Shareholders on behalf of the Company or by a lending institution.

Payment of dividends in cash to the persons whose rights to shares are registered in the Register of Shareholders shall be made by postal remittance or, subject to an appropriate application from the said persons, by transfer of monetary funds to their bank accounts; payment to other persons whose rights to shares are registered in the Register of Company Shareholders - by transfer to their bank accounts. The Company's obligation to pay dividends to such persons shall be deemed fulfilled from the date of receipt of monetary funds by an organization of the federal postal service or from the date of receipt of monetary funds by the lending institution with which the bank account of the person entitled to such dividends is opened.

The persons who are entitled to dividends and whose rights to shares are registered with the nominee shareholder shall receive dividends in cash in accordance with the legislation of the Russian Federation on securities. The nominee shareholder to whom dividends were transferred and who did not fulfill the obligation to transfer dividends pursuant to the legislation of the Russian Federation for reasons beyond their control shall return them to the Company within 10 (ten) days after expiration of one month from the date of expiry of the term for payment of dividends.

7.7. A person who has not received declared dividends due to the fact that the Company or the Registrar had no accurate and appropriate address or bank details or due to a delay on the part of the creditor may claim payment of such dividends (unclaimed dividends) within three years from the date of the resolution on their payment. The time frame for submission of claims to declared and unclaimed dividends in case of failure to receive them cannot be extended, unless the person entitled to dividends has not filed the claim due to coercion or threats.

At the end of the period specified in this clause, the declared dividends that were not claimed by a shareholder shall be restored as part of the Company's retained earnings and the obligation to pay them shall be terminated.

## **Article 8. CORPORATE FUNDS**

8.1. The Company shall establish the Reserve Fund in the amount of 5 (five) percent of its authorized share capital.

Mandatory annual contributions to the Company's Reserve Fund shall equal 5 (five) percent of the Company's net profit until the Reserve Fund reaches an established level.

8.2. The Company's Reserve Fund shall be used to cover corporate losses and to redeem the Company's bonds and shares, if other means are unavailable.

The Company's Reserve Fund may not be used for other purposes.

8.3. In accordance with the requirements of current Russian laws, the Company shall be entitled to form other funds that provide for its economic and financial activities as a business entity.

## **Article 9. MANAGEMENT AND CONTROL BODIES**

9.1. The Company's management bodies shall include:

- The General Meeting of Shareholders;
- The Board of Directors;
- The Management Board;
- The Chairman of the Management Board.

9.2. The control body for the Company's economic and financial activities is the Internal Audit Committee.

## **Article 10. GENERAL MEETING OF SHAREHOLDERS**

10.1. The Company's supreme management body is the General Meeting of Shareholders.

10.2. The following issues shall be within the competence of the Company's General Meeting of Shareholders:

- 1) introducing amendments and/or additions to the Articles of Association or approving a new version of the Articles of Association;
- 2) reorganizing the Company;
- 3) liquidating the Company, appointing a liquidation commission and approving interim and final liquidation balances;
- 4) determining the quantity, nominal value, category (type) of authorized shares and the rights vested by such shares;
- 5) increasing the Company's authorized share capital by increasing the nominal value of shares or placing additional shares (the Company's issuable securities that are convertible into shares) in cases stipulated by the Federal Law "On Joint-Stock Companies";
- 6) reducing the Company's authorized share capital by decreasing the nominal value of shares;
- 7) reducing the Company's authorized share capital by acquiring a portion of shares to reduce their number, as well as by redeeming shares acquired or repurchased by the Company;
- 8) splitting and consolidating the Company's shares;
- 9) acquiring outstanding shares in cases stipulated by the Federal Law "On Joint-Stock Companies";
- 10) electing the Chairman of the Company's Management Board and terminating his powers;
- 11) electing members of the Company's Board of Directors and terminating their powers;
- 12) electing members of the Company's Internal Audit Committee and terminating their powers;
- 13) approving the Company's Auditor;
- 14) approving annual reports, annual financial statements, including the Company's profit and loss statements (profit and loss accounts), as well as income distribution (including payment (declaration) of dividends, except for income distributed in the form of dividends according to the results of the first quarter, the first six months and nine months of the financial year) and the Company's losses according to the financial year's results;
- 15) paying (declaring) dividends according to the results of the first quarter, the first six months and the first nine months of the financial year;
- 16) adopting resolutions on approval of major transactions in cases provided for in Article 79 of the Federal Law "On Joint-Stock Companies";

- 17) adopting resolutions on approval of transactions in cases provided for in Article 83 of the Federal Law “On Joint-Stock Companies”;
- 18) adopting resolution on participation in financial and industrial groups, associations and other amalgamations of commercial enterprises;
- 19) approving internal documents that regulate the activities of the Company’s management bodies;
- 20) adopting resolution on payment of remuneration and/or compensation to members of the Company’s Internal Audit Committee;
- 21) adopting resolution on payment of remuneration and/or compensation to members of the Company’s Board of Directors;
- 22) making a decision to delegate the authority of the sole executive body to a management company or manager;
- 23) making a decision on filing an application for delisting the Company’s shares and/or equity securities convertible into its shares;
- 24) deciding on other issues stipulated by the Federal Law “On Joint-Stock Companies.”

10.3. Matters that fall within the competence of the General Meeting of Shareholders shall not be referred to the Board of Directors, the Management Board or the Chairman of the Company’s Management Board.

10.4. The General Meeting of Shareholders shall not be entitled to consider and adopt resolutions on issues that do not fall within its competence according to the Federal Law “On Joint-Stock Companies.”

10.5. Resolution of the General Meeting of Shareholders on an agenda item put to a vote shall be adopted by a majority vote of shareholders who are owners of the Company’s voting shares and take part in the meeting, unless otherwise stipulated by the Federal Law “On Joint-Stock Companies.”

10.6. Resolutions on the issues set forth in sub-clauses 2, 5, 6, 8, 9, 16-19 and 22, clause 10.2 of the Articles of Association and on selection of the date on which the persons entitled to dividends shall be determined shall be adopted by the General Meeting of Shareholders only by proposal of the Company’s Board of Directors.

10.7. Resolutions of the Company’s General Meeting of Shareholders shall be adopted by a three-quarter vote of the shareholders, who are owners of the Company’s voting shares and take part in the Company’s General Meeting of Shareholders, on the following issues:

- introducing amendments and additions to the Articles of Association or approving a new version of the Articles of Association;
- reorganizing the Company;
- reducing the Company’s authorized share capital by decreasing the nominal value of shares;
- liquidating the Company, appointing a liquidation commission and approving interim and final liquidation balances;
- determining the quantity, nominal value, category (type) of authorized shares and the rights vested by such shares;
- acquiring outstanding shares in cases stipulated by the Federal Law “On Joint-Stock Companies”;
- placement of shares (the Company’s issuable securities that are convertible into shares) through private subscription according to a resolution passed by the General Meeting of Shareholders on

increasing the Company's authorized share capital by placing additional shares (on placement of the Company's equity securities that are convertible into shares);

- placement via public subscription of ordinary shares that comprise more than 25 (twenty-five) percent of ordinary shares issued earlier;
- placement via public subscription of equity securities that are convertible into ordinary shares, which may be converted into ordinary shares, that comprise more than 25 (twenty-five) percent of ordinary shares issued earlier;
- passing resolutions on approval of major transactions which constitute transactions with property valued at least at 50 (fifty) percent of the book value of the Company's assets;
- deciding on filing an application for delisting the Company's shares and/or equity securities convertible into its shares;
- deciding on other issues stipulated by the Federal Law "On Joint-Stock Companies."

Resolution on approval of a related party transaction in accordance with Article 81 of the Federal Law "On Joint-Stock Companies" shall be adopted by the Company's General Meeting of Shareholders in accordance with Article 83 of the Federal Law "On Joint-Stock Companies."

10.8. The Company's General Meeting of Shareholders shall not be entitled to pass resolutions on matters that are not included in the agenda of the Company's General Meeting of Shareholders or to change the agenda.

Resolutions of the General Meeting of Shareholders passed on matters not included in the agenda of the General Meeting of Shareholders (except when the meeting is attended by all shareholders of the Company) or passed in violation of the competence of the General Meeting of Shareholders, in the absence of a quorum required for the General Meeting of Shareholders or without the majority of votes of shareholders necessary for passing resolutions shall not be effective regardless of their appeal in court.

10.9. Voting at the General Meeting of Shareholders shall be exercised based on the principle of "one voting share - one vote," except for cumulative voting on the matter of electing members of the Company's Board of Directors.

In the event of cumulative voting, the number of votes belonging to each shareholder shall be multiplied by the number of persons to be elected to the Company's Board of Directors and the shareholder shall be entitled to cast votes received in this manner for one candidate or to distribute them between two or more candidates. Candidates who received necessary votes shall be considered elected to the Company's Board of Directors.

10.10. The Company's General Meeting of Shareholders may be held in the city of Moscow or in Moscow Region.

The venue for the Company's General Meeting of Shareholders shall be determined by the Board of Directors at deciding on issues related to preparation for the General Meeting of Shareholders.

10.11. The Chairman's duties at the General Meeting of Shareholders shall be performed by the Chairman of the Company's Board of Directors.

In case the Chairman is absent, the duties of the Chairman of the General Meeting of Shareholders shall be performed by the Deputy Chairman of the Board of Directors.

In case of absence of both the Chairman of the Board of Directors and the Deputy Chairman, the

duties of the Chairman of the General Meeting of Shareholders may be performed by any member of the Board of Directors according to a resolution passed by the members of the Board of Directors attending the General Meeting of Shareholders.

**Article 11. CONVOCAATION OF THE GENERAL MEETING OF SHAREHOLDERS IN THE FORM OF A MEETING (JOINT PRESENCE)**

11.1. The Company's Annual General Meeting of Shareholders shall be held no earlier than two months after and no later than six months prior to the end of the financial year.

At the Company's Annual General Meeting of Shareholders, matters related to election of the Board of Directors and the Internal Audit Committee, approval of the Company's Auditor and the Company's annual report submitted for approval by the Company's Board of Directors, annual financial statements, including the Company's profit and loss statements (profit and loss accounts), profit distribution (including payment (declaration) of dividends, except for profit distributed as dividends based on the results of the first quarter, the first six months and nine months of the financial year) and the Company's losses according to the results of the financial year shall be resolved.

11.2. The General Meeting of Shareholders may be conducted in the form of a meeting - joint presence of shareholders (shareholders' representatives) to discuss agenda items and adopt resolutions on the items put to a vote.

The General Meeting of Shareholders with the agenda including the following matters: election of the Company's Board of Directors, the Company's Internal Audit Committee and approval of the Company's Auditor, as well as matters stipulated by sub-clause 14, clause 10.2, Article 10 of the Articles of Association, shall be held only in the form of a meeting (joint presence).

Resolutions of the General Meeting of Shareholders may be passed by absentee voting (by polling) in accordance with Article 12 of the Articles of Association.

11.3. The list of persons entitled to participate in the General Meeting of Shareholders shall be prepared based on the Company's Register of Shareholders.

The date for compilation of the Company's list of persons entitled to participate in the General Meeting of Shareholders shall not be determined earlier than ten (10) days from the date of the resolution on convocation of the Company's General Meeting of Shareholders, as well as more than 50 (fifty) days prior to the date of convocation of the Company's General Meeting of Shareholders, except for the case stipulated by clause 14.9 of the Articles of Association.

Duties of the Counting Commission at the General Meeting of Shareholders shall be performed by a professional participant of the securities market who keeps the Company's Register of Shareholders (the Company's Registrar).

Information about the date of compilation of the list of persons entitled to participate in the General Meeting of Shareholders shall be disclosed in accordance with the legislation of the Russian Federation no later than seven (7) days prior to such date.

11.4. The notice of the General Meeting of Shareholders shall be made available on the Company's web site on the Internet (information and telecommunication network) at [www.fsk-ees.ru](http://www.fsk-ees.ru) no later than thirty (30) days prior to the date of the General Meeting of Shareholders.

Ballot papers for voting on the agenda shall be sent by registered mail to the address specified in the

list of persons entitled to participate in the General Meeting of Shareholders or delivered against signature to each person included in the list of persons entitled to participate in the General Meeting of Shareholders no later than 20 (twenty) days prior to the General Meeting of Shareholders.

Each person included in the list shall be provided with one copy of a ballot paper for voting on all items or one copy of two or more ballot papers for voting on different items on the agenda.

11.5. Within 30 (thirty) days prior to the General Meeting of Shareholders, information (materials) on agenda items of the General Meeting of Shareholders shall be available to persons entitled to participate in the General Meeting of Shareholders for their review on the premises of the Company's executive body or in other locations, with their addresses indicated in the notice of the General Meeting of Shareholders. The above information (materials) shall be made available to persons participating in the General Meeting of Shareholders during the meeting.

The procedure for introducing persons entitled to participate in the General Meeting of Shareholders to information (materials) on agenda items of the General Meeting of Shareholders and the list of such information (materials) shall be determined by the decision of the Company's Board of Directors.

Information (materials) on agenda items of the General Meeting of Shareholders shall be made available to the Company's shareholders on the corporate web site no later than 20 days prior to the Company's General Meeting of Shareholders and no later than 30 days prior to the General Meeting of Shareholders in case the agenda contains an item dealing with the Company's reorganization.

11.6. The right to participate in the General Meeting of Shareholders shall be exercised either by shareholders in person or through their representatives.

If the Company's share is jointly owned by several persons, they shall have one ballot paper for voting on all items or one copy of two or more ballot papers for voting on different items; voting powers at the General Meeting of Shareholders shall be exercised at their discretion by one of the co-owners or their joint representative.

Powers of each of the above persons shall be documented in due manner.

11.7. In the event of convening the General Meeting of Shareholders in the form of joint presence, the persons (or their representatives) included in the list of persons entitled to participate in the General Meeting of Shareholders shall be entitled to participate in such a meeting or send completed ballot papers to the Company.

11.8. The General Meeting of Shareholders shall have the authority (a quorum) when the participating shareholders hold a total of more than half the votes of the Company's outstanding voting shares.

The shareholders who registered to participate in the General Meeting of Shareholders or whose ballot papers were received no later than 2 (two) days before the General Meeting of Shareholders shall be deemed shareholders participating in the meeting.

If the agenda of the General Meeting of Shareholders includes items that require voting with a different composition of votes, a quorum for passing resolutions on such items shall be determined separately.

In case of absence of a quorum for passing a resolution on the items that require voting with one composition of a quorum, this shall not hinder passing a resolution on other items that shall be voted on by another composition of votes that represent a quorum for passing a resolution.

11.9. In case of absence of a quorum to convene the Company's Annual General Meeting of Shareholders, the Company's General Meeting of Shareholders shall be adjourned and held with the same agenda at a later time. In case of absence of a quorum to convene the Extraordinary General Meeting of Shareholders, the Company's General Meeting of Shareholders with the same agenda may be held.

The decision to convene a repeated General Meeting of Shareholders shall be made by the Company's Board of Directors.

The Company's General Meeting of Shareholders held instead of the adjourned one shall have the appropriate authority if shareholders possess a total of no less than 30 (thirty) percent of the Company's outstanding voting shares.

At the repeated General Meeting of Shareholders held in less than forty (40) days after the cancelled General Meeting of Shareholders, the persons entitled to participate in the General Meeting of Shareholders shall be determined in accordance with the list of persons entitled to participate in the cancelled General Meeting of Shareholders.

In case of absence of a quorum for holding the Annual General Meeting of Shareholders by virtue of a court judgment no later than in 60 (sixty) days the repeated General Meeting of Shareholders shall be convened with the same agenda. Thus, additional legal recourse shall not be required. The repeated General Meeting of Shareholders shall be convened and conducted by the person or body of the Company indicated in the court judgment. If such person or body did not convene the Annual General Meeting of Shareholders within the time specified in the judgment, the repeated General Meeting of Shareholders shall be convened and held by other persons or body of the Company that filed an action, provided that the person or body of the Company is indicated in the judgment.

In case of absence of a quorum for convening the Extraordinary General Meeting of Shareholders by virtue of a court judgment, the repeated General Meeting of Shareholders shall not be held.

11.10 Minutes of the General Meeting of Shareholders shall be executed in two counterparts no later than three business days after the General Meeting of Shareholders. Both copies shall be signed by the Chairman and the Secretary of the General Meeting of Shareholders.

Minutes of the General Meeting of Shareholders shall be made available on the Company's web site on the Internet (information and telecommunication network) within 1 (one) business day from the date of the minutes.

11.11 Resolutions adopted by the General Meeting of Shareholders and the voting results may be announced at the General Meeting of Shareholders at which the voting took place and should be brought to the attention of the persons included in the list of persons entitled to participate in the General Meeting of Shareholders in the form of a Report on the results of voting in the manner prescribed for notifying of the General Meeting of Shareholders no later than 4 (four) business days after the General Meeting of Shareholders.

If on the day of compilation of the list of persons entitled to participate in the General Meeting of Shareholders the person registered in the Register of the Company's Shareholders was the nominee shareholder, the Report on the results of voting shall be sent in electronic form (in the form of an electronic document with electronic signature) to the nominee shareholder. The nominee shareholder shall inform his depositors about the results of voting obtained in accordance with this clause of the

Articles of Associations in the manner and within the term established by the regulations of the Russian Federation or an agreement with the depositor.

11.12 Adoption by the General Meeting of Shareholders of a resolution and composition of the Company's shareholders present at the time shall be confirmed by the person who is in charge of the maintenance of the Company's Register of Shareholders and performs the duties of the Counting Commission at the General Meeting of Shareholders

## **Article 12. CONVOCAATION OF THE GENERAL MEETING OF SHAREHOLDERS IN THE FORM OF ABSENTEE VOTING**

12.1. A resolution of the General Meeting of Shareholders may be adopted without convening a meeting (without shareholders' physical presence to discuss agenda items and adopt resolutions on items put to a vote) by conducting absentee voting (by polling). Voting on agenda items of the General Meeting of Shareholders held in the form of absentee voting shall be conducted only via ballot papers.

12.2. If the agenda of the General Meeting of Shareholders includes matters related to election of the Company's Board of Directors, the Company's Internal Audit Committee, approval of the Company's Auditor or other matters stipulated by sub-clause 14, clause 10.2, Article 10 of the Articles of Association, the General Meeting of Shareholders may not be held in the form of absentee voting.

The new General Meeting of Shareholders instead of the cancelled General Meeting of Shareholders, which should have been held in the form of joint presence, may not be held by absentee voting (by polling).

12.3. The list of persons entitled to participate in absentee voting on agenda items of the General Meeting of Shareholders shall be prepared based on the data from the Company's Register of Shareholders.

The date for compilation of the list of persons entitled to participate in absentee voting on agenda items of the General Meeting of Shareholders may not be established earlier than 10 (ten) days from the date of the resolution on holding the Company's General Meeting of Shareholders and later than 50 (fifty) days prior to the final day of acceptance of ballot papers by the Company.

12.4. The notice of the General Meeting of Shareholders by absentee voting shall be made available on the Company's web site on the Internet (information and telecommunication network) at [www.fsk-ees.ru](http://www.fsk-ees.ru) in accordance with the procedure stipulated by clause 11.4 of the Articles of Association.

12.5. Ballot papers for voting on agenda items shall be sent via registered mail to the address from the Register of Shareholders or handed against signature to the person specified in the list of persons entitled to participate in the General Meeting of Shareholders no later than 20 (twenty) days prior to the date of the General Meeting of Shareholders.

Each person on the list of persons entitled to participate in the General Meeting of Shareholders shall be provided with one copy of a ballot paper for voting on all items or one copy of two or more ballot papers for voting on different items.

The procedure for introducing persons entitled to participate in the General Meeting of Shareholders to the information (materials) on agenda items of the General Meeting of Shareholders and the list of such information (materials) shall be determined by the decision of the Company's Board of Directors.



12.6. The General Meeting of Shareholders held in the form of absentee voting shall be qualified (shall have a quorum) if participating shareholders own a total of more than half the votes of the Company's outstanding voting shares.

Shareholders whose ballot papers were received no later than the final day of acceptance of ballot papers by the Company shall be considered to have taken part in the General Meeting of Shareholders by absentee voting.

12.7. Minutes on the results of voting shall be taken and signed by the Company's Registrar in two counterparts no later than 3 (three) business days from the final day of acceptance of ballot papers by the Company.

Minutes of the General Meeting of Shareholders shall be executed in two counterparts no later than 3 (three) business days from the final day of acceptance of ballot papers by the Company. Both copies shall be signed by the Chairman and the Secretary of the General Meeting of Shareholders.

Minutes of the General Meeting of Shareholders shall be made available on the Company's web site on the Internet (information and telecommunication network) within 1 (one) business day from the date of the minutes.

12.8. Resolutions adopted by the General Meeting of Shareholders and the voting results shall be brought to the attention of the persons included in the list of persons entitled to participate in the General Meeting of Shareholders in the form of a Report on the results of voting in the manner prescribed for notifying of the General Meeting of Shareholders no later than 4 (four) business days after the final day of receipt of ballot papers if the General Meeting of Shareholders is held in the form of absentee voting.

If on the date of compilation of the list of persons entitled to participate in the General Meeting of Shareholders the person registered in the Company's Register of Shareholders was the nominee shareholder, the Report on the results of voting shall be sent in electronic form (in the form of an electronic document with electronic signature) to the nominee shareholder. The nominee shareholder shall inform his depositors about the results of voting obtained in accordance with this clause of the Articles of Associations in the manner and within the term established by the regulations of the Russian Federation or an agreement with the depositor.

### **Article 13. PROPOSALS ON THE AGENDA OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**

13.1. Shareholder(s) who own in aggregate no less than 2 (two) percent of the Company's voting shares shall be entitled to submit items to be included in the agenda of the Company's Annual General Meeting of Shareholders, to nominate candidates for the Company's Board of Directors and the Company's Internal Audit Committee (their number may not exceed the total number of members of the relevant body) and a candidate for the position of the Company's sole executive body. Such proposals shall be submitted to the Company no later than 90 (ninety) days from the end of the financial year.

13.2. Proposals on including items in the agenda of the General Meeting of Shareholders as well as on nominating candidates shall be submitted in writing with indication of the name of the shareholder(s) who submitted them and the quantity and category (type) of shares held and shall be signed by the shareholder(s).

13.3. Proposals on including items in the agenda of the General Meeting of Shareholders shall contain a

statement of each proposed item; proposals on nominating candidates shall contain the name and data of the document that verifies the person's identity (document series and/or document number, date and place of its issue and its issuing agency) for each nominated candidate and the name of the body for which they are nominated.

13.4. The Company's Board of Directors shall consider the submitted proposals and make decisions to include them in the agenda of the Company's General Meeting of Shareholders or reject them as items of the above-mentioned agenda no later than 5 (five) days from the end of the term specified in clause 13.1 of these Articles of Association.

13.5. The Company's Board of Directors shall be entitled to reject items submitted by the shareholder(s) for the agenda of the General Meeting of Shareholders as well as reject candidates for the list of nominees for the relevant corporate body of the Company pursuant to the grounds stipulated by the Federal Law "On Joint-Stock Companies" and other Russian legislative acts.

13.6. A motivated decision of the Company's Board of Directors on rejection of items for the agenda of the Company's General Meeting of Shareholders or a candidate for the list of nominees for the relevant corporate body of the Company shall be sent to the shareholder(s) who submitted the item or nominated the candidate no later than 3 (three) days after the decision was made.

13.7. The Company's Board of Directors shall not be entitled to introduce changes to the wording of the items proposed for inclusion in the agenda of the General Meeting of Shareholders and (if available) to the wording of resolutions on the said items.

In addition to the items proposed by shareholders for inclusion in the agenda of the General Meeting of Shareholders as well as in case of absence of such proposals, absence or insufficient number of candidates proposed by shareholders for election to the relevant corporate body, the Company's Board of Directors shall be entitled to include items in the agenda of the General Meeting of Shareholders or candidates in the list of candidates at its own discretion.

#### **Article 14. CONVOCATION OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

14.1. The General Meeting of Shareholders held in addition to the annual meeting shall be considered extraordinary.

14.2. The Extraordinary General Meeting of Shareholders shall be held subject to a resolution of the Company's Board of Directors on its own initiative, a request from the Company's Internal Audit Committee or the Company's Auditor, as well as a shareholder(s) representing owners of no less than 10 (ten) percent of the Company's voting shares as of the date of the request.

14.3. Convocation of the Extraordinary General Meeting of Shareholders at the request of the Company's Internal Audit Committee, the Company's Auditor or a shareholder(s) representing no less than 10 (ten) percent of the Company's voting shares shall be carried out by the Company's Board of Directors.

Such General Meeting of Shareholders shall be held within 20 (fifty) days from the day the request to convene the Extraordinary General Meeting of Shareholders is submitted, except for the case stipulated by clause 14.9 of the Articles of Association.

14.4. The request to convene the Extraordinary General Meeting of Shareholders shall state issues to be

entered in the agenda of the meeting.

The person(s) requesting convocation of the Extraordinary General Meeting of Shareholders shall be entitled to submit a draft resolution of the Company's General Meeting of Shareholders and a proposal regarding the form of the General Meeting of Shareholders. If the request to convene the Extraordinary General Meeting of Shareholders contains a proposal on nominating candidates, appropriate provisions of Article 13 of the Articles of Association shall apply to such proposal.

The Company's Board of Directors shall not be entitled to introduce changes to the wording of items on the agenda, the wording of resolutions on such items or to change the proposed form for convening the Extraordinary General Meeting of Shareholders held at the request of the Company's Internal Audit Committee, the Company's Auditor or the shareholder(s) representing no less than 10 (ten) percent of the Company's voting shares.

14.5. If the request to convene the Extraordinary General Meeting of Shareholders is submitted by a shareholder(s), it shall contain the name of the shareholder(s) requesting convocation of the meeting with indication of the quantity and category (type) of shares owned.

The request to convene the Extraordinary General Meeting of Shareholders shall be signed by the person(s) requesting the Extraordinary General Meeting of Shareholders.

14.6. Within 5 (five) days from the date of submission of the request to the Company's Internal Audit Committee, the Company's Auditor or shareholder(s) representing no less than 10 (ten) percent of the Company's voting shares, the Board of Directors shall make a decision on convening the Extraordinary General Meeting of Shareholders or denying the request.

14.7. The decision of the Company's Board of Directors to convene the Extraordinary General Meeting of Shareholders or the motivated decision on denying the request shall be sent to the person requesting the meeting no later than 3 (three) days from its receipt.

14.8. If within the term stipulated by clause 14.6, Article 14 of the Articles of Association the Company's Board of Directors fails to make a decision on convening the Extraordinary General Meeting of Shareholders or makes a decision to deny the request, the Company's body or the persons requesting the meeting shall have the right to appeal to court for obligating the Company to convene the Extraordinary General Meeting of Shareholders.

The court's judgment on obligating the Company to convene the Extraordinary General Meeting of Shareholders shall contain the term and procedure for its holding. Enforcement of the judgment shall be assigned to the plaintiff or upon his application to the Company's body or any other person subject to their consent. The Company's Board of Directors cannot act as this body. The body of the Company or the person, who in accordance with the judgment will convene the Extraordinary General Meeting of Shareholders, shall have the powers provided for by the Federal Law "On Joint-Stock Companies" and necessary to convene and hold the meeting. If, in accordance with the court judgment, the Extraordinary General Meeting of Shareholders is held by the plaintiff, the expenses related to arrangement and holding of the meeting can be reimbursed by the Company subject to a resolution of the General Meeting of Shareholders.

14.9. If the proposed agenda of the Extraordinary General Meeting of Shareholders contains an item on electing members of the Company's Board of Directors:

14.9.1. The General Meeting of Shareholders shall be held within 95 (ninety-five) days from the time of the request to hold the Extraordinary General Meeting of Shareholders.

14.9.2. The Company's shareholder(s) representing no less than 2 (two) percent of the Company's voting shares shall be entitled to nominate candidates to be elected to the Company's Board of Directors; their number shall not exceed the total number of members of the Company's Board of Directors.

Such proposals shall be submitted to the Company no later than 30 (thirty) days prior to the date of the Extraordinary General Meeting of Shareholders.

The Company's Board of Directors shall review the submitted proposals and make decisions on including them in the agenda of the Extraordinary General Meeting of Shareholders or refusing to include them in the above-mentioned agenda no later than 5 (five) days from the expiry of the term specified in paragraph 2 of this sub-clause.

14.9.3. The date for compilation of the list of persons of the Company entitled to participate in the Company's General Meeting of Shareholders shall not be established earlier than 10 (ten) days from the date of the decision on convening the General Meeting of Shareholders and more than 80 (eighty) days prior to the date of convocation of the General Meeting of Shareholders.

14.9.4. The notice of convocation of the Extraordinary General Meeting of Shareholders shall be provided no later than 70 (seventy) days prior to the date of its holding.

#### **Article 15. BOARD OF DIRECTORS**

15.1. The Company's Board of Directors is a collegiate management body, which supervises the activities of the Sole Executive Body of the Company and performs other duties assigned by the law or the Company's Articles of Association. The Company's Board of Directors shall carry out general management of the Company's activities, except for issues referred by the Federal Law "On Joint-Stock Companies" and the Articles of Association to the competence of the General Meeting of Shareholders.

The competence of the Company's Board of Directors shall include the following matters:

- 1) identifying priority areas for the Company's activity, approving long-term programs for the Company's development (including approval of the Company's investment program), amendments and supplements thereto, consideration of the annual report of the sole executive body on their performance;
- 2) convening the General Meeting of Shareholders and Extraordinary General Meeting of Shareholders, except for cases stipulated by clause 14.8, Article 14 of the Articles of Association, announcing the date for a new General Meeting of Shareholders instead of the meeting that was adjourned due to the absence of a quorum;
- 3) approving the agenda for the Company's General Meeting of Shareholders;
- 4) electing the Secretary of the General Meeting of Shareholders;
- 5) determining the date for compilation of the list of persons entitled to participate in the General Meeting of Shareholders, approving the estimate of expenditures for holding the General Meeting of Shareholders and making decisions on other matters related to arrangement and convocation of the Company's General Meeting of Shareholders;
- 6) submission for approval by the General Meeting of Shareholders of the matters provided for in sub-clauses 2, 5, 6, 8, 9, 16-19, 22, clause 10.2, Article 10 of the Articles of Association, as well as establishment of the date for determining the list of persons entitled to dividends;

- 7) increasing the Company's authorized share capital by placing additional shares within the limits of the quantity and category (types) of authorized shares with regard to the restrictions stipulated by the Federal Law "On Joint-Stock Companies" and the Articles of Association;
- 8) placing additional shares that the preference shares of a certain type placed by the Company are convertible into (convertible into ordinary or preference shares of other types), if such placement is not associated with an increase in the Company's authorized share capital, as well as placing bonds and other equity securities, other than shares; issuing Eurobonds and determining the Company's policy regarding the issue of securities (other than shares) and Eurobonds;
- 9) determining the price (monetary value) of property, the placing price or the manner of its determination and the redemption price of equity securities in cases stipulated by the Federal Law "On Joint-Stock Companies," as well as making decisions on issues set forth in sub-clauses 19 and 28, clause 15.1 of the Articles of Association;
- 10) acquiring shares, bonds and other securities placed by the Company in cases stipulated by the Federal Law "On Joint-Stock Companies";
- 11) electing members of the Company's Management Board (except for the Chairman of the Company's Management Board), terminating their powers, including making a decision on termination of their employment agreements;
- 12) reselling the Company's shares that are at the Company's disposal as a result of their repurchase or buyback from the Company's shareholders, as well as in other cases stipulated by the Federal Law "On Joint-Stock Companies";
- 13) making recommendations to the Company's General Meeting of Shareholders on remuneration and compensation to be paid to members of the Company's Internal Audit Committee;
- 14) determining the amount of remuneration for the Auditor's services;
- 15) making recommendations on dividends per share and their payment procedure;
- 16) approving the Company's internal documents that stipulate the formation and use of corporate funds, making decisions on the use of the Company's funds;
- 17) approving the Company's internal documents, except for those internal documents whose approval falls within the competence of the General Meeting of Shareholders, as well as other internal documents whose approval falls within the competence of the Company's executive bodies;
- 18) establishing the Company's branches and opening representative offices, liquidating them, introducing to the Company's Articles of Association amendments related to establishment of corporate branches, opening representative offices (including amending information about the names and registered offices of corporate branches and representative offices), and liquidating them;
- 19) making decisions on the Company's participation in other organizations (including approval of constituent documents and candidates for the management bodies of newly established organizations), amending participation stakes (number of shares, size of stake, equity interest), encumbering shares and equity interests, and terminating the Company's participation in other organizations;
- 20) determining the Company's credit policy, including: the procedure for and volume of debt financing, procedures for issuing loans, obtaining bank guarantees, issuing warranties and pledging property on behalf of third parties, as well as:

- a) establishing the Company's total one-year limit of indebtedness to third parties and determining the maximum volume of the Company's actual debt under credits and loans at any specific time during a respective year;
  - b) making decisions on entering into transactions in cases provided for by the Company's credit policy;
  - c) making decisions on all of the above matters if the Company's credit policy is not determined by the Board of Directors;
  - d) approving transactions related to debt financing in cases where as a result of the said transactions the Company's accounts payable under credits and loans exceed the limit of the Company's indebtedness to third parties established by the Board of Directors for the current year;
  - e) making amendments to the Company's credit policy.
- 21) endorsing major transactions in cases stipulated by Chapter X of the Federal Law "On Joint-Stock Companies." If a certain transaction is a major transaction and at the same time a related party transaction, which in accordance with the applicable laws of the Russian Federation does not require approval as a related party transaction, such transaction shall be approved by the Board of Directors in accordance with the procedure established for approval of major transactions;
- 22) endorsing transactions stipulated by Chapter XI of the Federal Law "On Joint-Stock Companies";
- 23) approving the Company's Registrar, the terms and conditions of the agreement with the Registrar, as well as terminating the agreement with the Registrar;
- 24) electing and reelecting the Chairman and Deputy Chairman of the Company's Board of Directors;
- 25) approving the procedure for the Company's dealings with business entities in which the Company owns shares and equity interests;
- 26) determining the position of the Company (corporate representatives), instructing representatives either to take part or not to take part in voting on agenda items, vote "aye," "nay" or "abstained" on draft resolutions on the following agenda items of the General Meeting of Shareholders (participants) of subsidiaries and dependant business companies (hereinafter - "SDC") (except for cases when the duties of the General Meeting of Shareholders (SDC participants) are performed by the Company's Board of Directors) and meetings of the SDC's Board of Directors (except for approval of the agenda of the SDC's General Meeting of Shareholders (participants), when the duties of the SDC's General Meeting of Shareholders (participants) are performed by the Company's Board of Directors):
- a) on determining the agenda of the SDC's General Meeting of Shareholders (participants) (except for cases when discussing these issues is required in accordance with clause 1 Art. 47, Art. 53, Art.55 of the Federal Law "On Joint-Stock Companies");
  - b) on reorganizing and liquidating the SDC;
  - c) on determining the number of members on the SDC's Board of Directors, nominating and electing its members and terminating their powers;
  - d) on determining the quantity, nominal value and category (type) of SDC authorized shares and the rights vested by these shares;
  - e) on increasing the SDC authorized share capital by increasing the nominal value of shares or by placing additional shares;
  - f) on placing SDC securities;

- g) on splitting and consolidating SDC shares;
  - h) on endorsing major transactions made by the SDC;
  - i) on SDC participation in other organizations (on entering into an existing organization or incorporating a new organization), as well as on acquisition, sale and/or encumbrance of shares or equity interests in the authorized share capital of organizations in which the SDC acts as a participant, changes in the equity interest in the authorized share capital of an organization;
  - j) on SDC participation in transactions (including several related transactions) connected with disposal or potential disposal of property that represents fixed assets, intangible assets and construction in progress intended for producing, transferring, dispatching and distributing electric and thermal energy, with their book or market value exceeding RUB 15 million;
  - k) on SDC participation in transactions (including several related transactions) connected with disposal or potential disposal of property that represents fixed assets, intangible assets and construction in progress intended for producing, transferring, dispatching and distributing electric and thermal energy, with their book or market value exceeding RUB 30 million;
  - l) on making amendments and additions to SDC constituent documents (approval of their new version);
  - m) on paying remuneration and compensation to members of the SDC's Board of Directors and Internal Audit Committee;
  - n) on reduction of the authorized share capital of SDCs by reducing the nominal value of shares through acquisition by SDCs of shares for the purpose of reducing their total number and by redeeming shares acquired or bought out by SDCs;
- 27) determining the position of the Company (Company representatives) and the SDC on the following items on the agenda of the Board of Directors' meetings of the SDC's subsidiary and dependant companies (including instructions to either participate or not to participate in voting on agenda items, voting "aye," "nay" or "abstained" on draft resolutions);
- a) on determining the position of SDC representatives on agenda items of the General Meeting of Shareholders and meetings of the Board of Directors of the SDC's subsidiaries and dependent companies concerning carrying out (endorsing) transactions (including several interrelated transactions) connected with disposal or potential disposal of property representing fixed assets, intangible assets and construction in progress intended for producing, transferring, dispatching and distributing electric and thermal energy, with their book or market value exceeding RUB 15 million;
  - b) on determining the position of SDC representatives on agenda items of the General Meeting of Shareholders and meetings of the Board of Directors of the SDC's subsidiaries and dependent companies carrying out production, transfer, dispatch and distribution of electric and thermal energy; on reorganization, liquidation and increase of such companies' authorized share capital by increasing the nominal value of shares, by placing additional shares or by placing securities that are convertible into ordinary shares;
- 28) preliminarily approval of decisions made by the Company on:
- a) transactions in which the subject of the transaction is the Company's non-current assets exceeding 10 (ten) percent of the book value of the said assets as of the date of the decision to enter into the said transaction;

- b) transactions (including several related transactions) involving disposal or potential disposal of property comprising fixed assets, intangible assets and construction in progress intended for producing, transmitting, dispatching and distributing electric and thermal energy, with their book value exceeding RUB 75 million;
- c) transactions (including several related transactions) involving disposal or potential disposal of property comprising fixed assets, intangible assets and construction in progress intended for producing, transmitting, dispatching and distributing electric and thermal energy, with their book value exceeding RUB 150 million.
- 29) approving the decision on issuing securities (additional issue), the securities prospectus, the report on the issue (additional issue) of securities and notice of the results of the issue (additional issue) of securities; approving reports on the results of share acquisition by the Company, reports on the results of redemption of securities, reports on the results of submission by the Company's shareholders of requests to repurchase their shares;
- 30) preliminarily approving transactions that may incur obligations in a foreign currency and transactions with derivative financial instruments in cases and amounts determined by individual resolutions of the Company's Board of Directors, as well as if the above cases (amounts) are not determined by the Company's Board of Directors; determining the Company's policy regarding transactions with derivative financial instruments;
- 31) determining the Company's procurement policy, including approving the Regulations on the procedure for scheduled procurement of goods, work and services and approving the Company's Central Procurement Board, as well as making other decisions in accordance with the documents that are approved by the Company and regulate the Company's procurement policy;
- 32) holding the Chairman of the Board of Directors liable (in a disciplinary manner) and rewarding him in accordance with the Russian labor legislation, making a decision to recommend the Chairman of the Company's Management Board for government awards;
- 33) approving target values (adjusted values) for the Company's key performance indicators (KPI) and reports on their fulfillment;
- 34) approving the Company's business plan (adjusted business plan), including information on the planned amount of property (property rights) to be transferred to related parties free of charge, as well as reviewing reports on the Company's performance against its business plan;
- 35) forming committees of the Board of Directors, and approving regulations on committees of the Board of Directors;
- 36) electing the Corporate Secretary of the Company, terminating powers of the Corporate Secretary of the Company, and approving the Regulations on the Corporate Secretary of the Company;
- 37) approving terms and conditions of the agreement entered into with the Chairman of the Company's Management Board and other members of the Management Board, establishing remuneration and compensation to be paid to the Chairman of the Company's Management Board and other members of the Management Board or appointing a person authorized to approve terms and conditions of the agreement entered into with the Company's Chairman of the Management Board and other members of the Management Board and to establish remuneration and compensation to be paid to the Chairman of the



- Company's Management Board and members of the Management Board;
- 38) addressing the issue of concurrent service of the Chairman of the Company's Management Board and members of the Management Board in the management bodies of other organizations and other concurrent paid positions in other organizations;
  - 39) determining the Company's policy in the area of corporate insurance coverage;
  - 40) approving the procedure for selection of appraisers and/or candidates for the position of an appraiser(s) to determine the value of shares, property and other corporate assets in cases stipulated by the Federal Law "On Joint-Stock Companies" and the Articles of Association, as well as subject to separate resolutions of the Company's Board of Directors.
  - 41) endorsing the collective agreement and agreements signed by the Company with non-commercial organizations regarding benefits for the Company's employees;
  - 42) adopting the organizational structure of the Company's executive body (Chairman, Deputy Chairman of the Board, and departments) and making amendments thereto;
  - 43) adopting a resolution on termination of powers of the management company (manager);
  - 44) filing an application for listing the Company's shares and (or) the Company's equity securities convertible into the Company's shares;
  - 45) approving the internal audit policy (regulations on the internal audit);
  - 46) approving the plan of activities and the budget of the internal audit subdivision;
  - 47) agreeing upon candidates for the position of the Deputy Chairman of the Company's Management Board and the Chief Accountant;
  - 48) approving the candidate for the position of the Company's Head of the internal audit subdivision and terminating his powers;
  - 49) establishing the terms and conditions for remuneration of the Head of the internal audit subdivision and considering material limitations of the powers of the internal audit subdivision or other restrictions that could adversely affect the internal audit;
  - 50) other matters that fall within the competence of the Board of Directors pursuant to the Federal Law "On Joint-Stock Companies" and the Articles of Association.

15.2. Matters that fall within the competence of the Company's Board of Directors may not be delegated to the Chairman of the Company's Management Board and/or the Management Board.

#### **Article 16. ELECTION OF THE BOARD OF DIRECTORS**

16.1. The Company's Board of Directors shall include 11 (eleven) members.

16.2. Members of the Company's Board of Directors shall be elected at the Company's Annual General Meeting of Shareholders according to the procedure prescribed by the Articles of Association for a term of office until the next Annual General Meeting of Shareholders.

If the Company's Board of Directors is elected at the Extraordinary General Meeting of Shareholders, members of the Board of Directors shall be elected for a term of office until the Company's Annual General Meeting of Shareholders.

If the Annual General Meeting of Shareholders is not held within the period prescribed by clause 11.1, Article 11 of the Articles of Association, the powers of the Company's Board of Directors shall be terminated, except for the right to request convocation of the Extraordinary General Meeting of

Shareholders in accordance with the procedure prescribed by the Company's General Meeting of Shareholders.

16.3. Only a physical person may be a member of the Company's Board of Directors.

16.4. The Company's Board of Directors is required to include representatives of the Market Council, which is a non-commercial organization established as a non-commercial partnership and uniting (based on membership) entities of the electric power industry and major consumers of electric and thermal energy.

16.5. Persons elected to the Company's Board of Directors may be reelected an unlimited number of times.

16.6. Based on a resolution of the General Meeting of Shareholders, powers of all members of the Company's Board of Directors may be terminated.

16.7. While exercising their rights and performing their obligations, members of the Board of Directors shall act in the Company's best interests, exercising their rights and performing their obligations in relation to the Company in good faith and with reasonable care.

16.8. Members of the Company's Board of Directors shall disclose information on their ownership of the Company's securities as well as on their disposal and acquisition in accordance with the requirements of Russian laws.

16.9. Members of the Board of Directors shall be liable to the Company for damages inflicted to the Company by their guilty acts (failure to act), unless other grounds and scope of liability have been established by Federal laws.

#### **Article 17. CHAIRMAN OF THE BOARD OF DIRECTORS**

17.1. The Chairman of the Board of Directors shall be elected by members of the Company's Board of Directors by a majority vote of all elected members of the Company's Board of Directors.

The Company's Board of Directors shall be entitled at any time to re-elect their Chairman by a majority vote of all elected members of the Company's Board of Directors.

17.2. The Chairman of the Company's Board of Directors shall organize the activity of the Company's Board of Directors, convene its meetings, act as their chairman and arrange for execution of minutes of the meetings.

17.3. If the Chairman of the Board of Directors is absent, his duties shall be performed by the Deputy Chairman of the Board of Directors elected by a majority vote of all elected members of the Company's Board of Directors.

#### **Article 18. MEETINGS OF THE BOARD OF DIRECTORS**

18.1. Meetings of the Company's Board of Directors shall be held if and when necessary, but at least once every 2 (two) months.

A meeting of the Company's Board of Directors shall be convened by the Chairman of the Company's Board of Directors (or the Deputy Chairman of the Board of Directors in cases stipulated by clause 17.3, Article 17 of the Articles of Association) on his own initiative or based on a request from a member of the Board of Directors, the Internal Audit Committee, the Auditor, the Management Board or the Chairman of the Company's Management Board.

18.2. Matters pertaining to election of the Chairman of the Board of Directors, the Deputy Chairman

and the Corporate Secretary of the Company shall be resolved at the first meeting of the Company's Board of Directors following the election of new members.

The above-mentioned meeting of the Board of Directors shall be convened by one of members of the Company's Board of Directors in accordance with the internal document regulating the procedure for convening and holding meetings of the Company's Board of Directors.

18.3. A member of the Board of Directors who is absent from the meeting held in the form of joint presence shall be entitled to state his position on agenda items in accordance with the Regulations on the Board of Directors.

18.4. Resolution of the Board of Directors may be adopted by absentee voting (by polling).

In case of absentee voting, all members of the Board of Directors shall receive materials on agenda items and a polling form for voting, indicating a day when the completed and signed polling form shall be submitted to the Company's Board of Directors.

18.5. A member of the Company's Board of Directors cannot assign his right to vote to another person, including another member of the Board of Directors.

18.6. Resolutions shall be passed by a majority vote of the members of the Board of Directors participating in the meeting, except for cases stipulated by the Russian legislation and the Articles of Association.

In the event that a transaction has to be approved on multiple grounds (established by the Articles of Association and Chapter XI of the Federal Law "On Joint-Stock Companies"), provisions of the Federal Law "On Joint-Stock Companies" shall apply to the approval procedure.

18.7. The following matters shall be resolved by a unanimous vote of all members of the Board of Directors:

- increasing the Company's authorized share capital by placing additional shares;
- endorsing major transactions;
- placing corporate bonds and other equity securities that are convertible into shares.

When passing resolutions on the above-mentioned matters, votes of outgoing members of the Company's Board of Directors shall not be taken into account.

In this case, outgoing members of the Company's Board of Directors shall mean persons whose membership in the Board of Directors was discontinued due to their death or their recognition by court as incapable or missing.

18.8. Resolutions of the Company's Board of Directors on matters stipulated by sub-clauses 19, 20, 25 – 28, clause 15.1, Article 15 of the Articles of Association shall be adopted by a two-third vote of members of the Board of Directors who participated in the meeting.

18.9. Resolution on approval of a related party transaction shall be passed by a majority vote of independent members of the Company's Board of Directors who are not interested in the said transaction. If all members of the Company's Board of Directors are considered interested parties and/or are not independent directors, the General Meeting of Shareholders shall be entitled to approve the related party transaction.

18.10. When deciding on the matter specified by sub-clause 37, clause 15.1, Article 15 of the Articles of Association, votes of members of the Board of Directors who are also members of the Company's

executive bodies shall not be taken into account.

18.11. While passing resolution at a meeting of the Company's Board of Directors, each member of the Board of Directors shall have one vote. In case of equally divided votes, the Chairman of the Board of Directors shall have a casting vote.

18.12. A quorum for holding a meeting of the Company's Board of Directors shall constitute no less than half the total number of elected members of the Board of Directors.

If the total number of members of the Board of Directors happens to be below the number representing the above-mentioned quorum, the Company's Board of Directors shall pass a resolution on convening the Extraordinary General Meeting of Shareholders for electing new members of the Board of Directors. The remaining members of the Board of Directors shall be entitled to pass a resolution solely on convocation of the Extraordinary General Meeting of Shareholders. In this case, the quorum for holding a meeting of the Board of Directors shall constitute no less than half the remaining members of the Board of Directors.

18.13. Minutes shall be taken at meetings of the Company's Board of Directors. Minutes of the meeting of the Board of Directors shall be executed no later than 3 (three) days after the meeting and shall be signed by both the Chairman and the Secretary of the Company's Board of Directors who shall be responsible for the accuracy of the minutes. All materials pertaining to agenda items shall be enclosed with the minutes.

If the Company's Board of Directors passes a resolution by absentee voting, polling forms for voting signed by members of the Board of Directors shall be enclosed.

Resolutions of the Board of Directors adopted in violation of the authority of the Company's Board of Directors in the absence of a quorum required for the meeting of the Board of Directors or in the absence of the majority of votes required for adopting resolutions of the Board of Director shall be deemed invalid and shall not be appealed against in court.

18.14. The procedure for convening and holding meetings of the Company's Board of Directors shall be determined by an internal document approved by the Company's General Meeting of Shareholders.

#### **Article 19. COMMITTEES OF THE BOARD OF DIRECTORS**

19.1. Committees of the Board of Directors shall be formed based on a decision of the Company's Board of Directors.

19.2. Committees of the Board of Directors shall be created to work out issues that fall within the competence of the Board of Directors or that are reviewed by the Board of Directors to control the activity of the Company's executive body and to develop necessary recommendations for the Board of Directors and the Company's executive body.

19.3. The procedure for the activity and establishment of committees of the Board of Directors, their competence and powers shall be determined by the legislation of the Russian Federation, the Company's Articles of Association, the Regulations on the Board of Directors of the Company and the Regulations on the Committees of the Board of Directors approved by the Board of Directors.

#### **Article 20. EXECUTIVE BODIES**

20.1. Management of the Company's current activities shall be carried out by the sole executive body, which is the Chairman of the Company's Management Board, and by the collegial executive body, which

is the Company's Management Board.

20.2. The Management Board and the Chairman of the Company's Management Board shall be accountable to the Company's General Meeting of Shareholders and Board of Directors.

20.3. The Chairman and members of the Company's Management Board and the management organization (manager) shall on a regular basis report to the Board of Directors about implementation and operation of the effective risk management and internal control system and shall be held responsible for its effective operation.

20.4. Rights and obligations of both the Chairman of the Management Board and members of the Company's Management Board to manage the Company's current activity shall be determined by the Russian legislation and the agreement with the Company entered into by each of them individually.

20.5. Employment agreements with members of the Company's Management Board shall be signed for a three-year period by the Chairman of the Company's Management Board acting under the instructions of the Company's bodies.

20.6. The employment agreement with the Chairman of the Management Board effective for a period of five years shall be signed by a person acting on behalf of the Company's Board of Directors.

20.7. Powers of the Chairman of the Management Board and members of the Management Board shall be terminated on the grounds established by the Russian legislation and the agreement with the Company entered into by each of them individually.

20.8. The General Meeting of Shareholders shall be entitled at any time to pass a resolution on termination of powers of the Chairman of the Management Board.

20.9. Both the Chairman of the Company's Management Board and members of the Management Board, while exercising their rights and performing their duties, shall act in the Company's best interests, exercise their rights and perform their obligations to the Company in good faith and with reasonable care.

20.10. The Chairman of the Management Board and members of the Company's Management Board shall be liable to the Company for damages inflicted by their guilty acts (or their failure to act), unless other grounds and scope of liability are established by Federal laws.

The liability stipulated by this clause shall not apply to those members of the Company's Management Board who voted against the resolution that resulted in damages caused to the Company or who did not participate in the voting.

20.11. The Chairman of the Management Board and members of the Company's Management Board shall disclose information on their ownership of the Company's securities, their sale (disposal) and/or acquisition in accordance with the requirements of the Russian legislation.

#### **Article 21. MANAGEMENT BOARD**

21.1. The Company's Management Board shall act pursuant to the Articles of Association and the Regulations on the Management Board approved by the General Meeting of Shareholders, which establish the terms and procedure for convening and holding these meetings, as well as the procedure for passing resolutions.

21.2. The following matters shall fall within the competence of the Company's Management Board:

1) developing and submitting for review by the Board of Directors priority areas of the Company's development and future plans for their implementation;

- 2) preparing a report on fulfillment of resolutions adopted by the General Meeting of Shareholders and the Company's Board of Directors;
- 3) exercising powers (with regard to sub-clause 26, clause 15.1, Article 15 of the Articles of Association) of meetings of shareholders (participants) of subsidiaries, with all voting shares owned by the Company, in accordance with constituent documents or on other legal grounds;
- 4) appointing (with regard to sub-clause 26, clause 15.1, Article 15 of the Articles of Association) corporate representatives to take part in the management bodies of organizations with any business and legal structure where the Company is a participant, except for the Company's representatives for meetings of participants of the above-mentioned organizations;
- 5) nominating candidates to serve as the sole executive body of organizations with any business and legal structure that the Company participates in;
- 6) submitting for review by the Board of Directors reports on the financial and business activities of subsidiaries and dependent companies whose shares (equity interests) are owned by the Company, as well as submitting information about other organizations that the Company participates in;
- 7) hearing the reports of the Deputy Chairmen of the Company's Management Board and managers of the Company's structural units on performance results pertaining to approved plans, programs and instructions; reviewing reports, documents and other information related to the activities of the Company and its subsidiaries and dependent companies;
- 8) preliminarily approving decisions on transactions involving the Company's non-current assets in an amount ranging from 5 (five) to 10 (ten) percent of the book value of the said assets as of the date of the decision to carry out the said transaction;
- 9) approving the constituent documents of the Company's SDC , where the Company may dispose of more than 25 (twenty-five) percent of voting shares;
- 10) deciding on other management matters that relate to the Company's current activity in accordance with the resolutions of the General Meeting of Shareholders and the Company's Board of Directors, as well as on matters delegated to the Management Board by the Chairman of the Company's Management Board.

21.3. Members of the Company's Management Board shall be elected (appointed) by the Company's Board of Directors based on proposals by the Chairman of the Company's Management Board.

21.4. The Management Board shall be considered qualified if no less than half the elected members of the Management Board participate in the meeting (take part in absentee voting).

All resolutions passed by the Management Board shall be passed by a simple majority vote of members of the Management Board present at the meeting (or taking part via absentee voting).

In of the event of equally divided votes, the Chairman of the Company's Management Board shall have a casting vote.

21.5. A member of the Company's Management Board cannot assign his right to vote to another person, including to another member of the Management Board.

## **Article 22. CHAIRMAN OF THE MANAGEMENT BOARD**

22.1. All matters related to management of the Company's current activity, except for matters that fall within the competence of the General Meeting of Shareholders, the Board of Directors or the

Management Board, shall be referred to the competence of the Chairman of the Company's Management Board.

The Chairman of the Company's Management Board shall act on behalf of the Company without a power of attorney, including:

- 1) carry out transactions on behalf of the Company, issue powers of attorney and open the Company's settlement and other accounts with banks;
- 2) dispose of corporate property at his own discretion, with regard to restrictions stipulated by applicable legislation and the Articles of Association;
- 3) hire and dismiss the Company's employees, use incentives and impose disciplinary measures;
- 4) organize the activities of the Company's Management Board and chair its meetings;
- 5) put forward proposals on appointing and removing Management Board members for review by the Board of Directors;
- 6) approve the staffing schedule and salaries for corporate employees;
- 7) assign duties to Deputy Chairmen of the Management Board;
- 8) ensure implementation of the Company's plans of activities, which are necessary for achieving its objectives;
- 9) approve the Regulations on the Company's branches and representative offices;
- 10) approve corporate regulations on matters that fall within the competence of the Chairman of the Management Board;
- 11) organize the Company's accounting and reporting;
- 12) issue orders, approve instructions and other corporate internal documents and give the Company's employees mandatory instructions;
- 13) no later than 45 (forty-five) days prior to the date of the Annual General Meeting of Shareholders, submit for review by the Company's Board of Directors its annual report, balance sheet, profit and loss account and distribution of the Company's profit and losses;
- 14) on a quarterly basis, submit for review by the Company's Board of Directors the plans of activities of the Company's Management Board, as well as reports on fulfillment of the said plans;
- 15) appoint corporate representatives at meetings of business companies that the Company holds ownership shares and/or equity interests in;
- 16) make decisions on other matters pertaining to the Company's current activity, except for matters that fall within the competence of the General Meeting of Shareholders, the Board of Directors and/or the Company's Management Board.

22.2. The Chairman of the Company's Management Board shall be elected (appointed) by the Company's General Meeting of Shareholders.

22.3. The Chairman of the Company's Management Board shall manage the Company's current activity in accordance with resolutions of the Company's General Meeting of Shareholders, Board of Directors and Management Board adopted in accordance with their competence.

### **Article 23. INTERNAL AUDIT COMMITTEE AND AUDITOR**

23.1. The Internal Audit Committee shall be elected annually by the General Meeting of Shareholders to exercise control over the Company's financial and business activities.

The Internal Audit Committee shall have 5 (five) members.

23.2. Subject to a resolution of the Company's General Meeting of Shareholders, powers of all or individual members of the Company's Internal Audit Committee may be terminated.

If the Company's Internal Audit Committee or its individual members are elected at an Extraordinary General Meeting of Shareholders, the Internal Audit Committee shall be considered elected for a period until the Annual General Meeting of Shareholders.

23.3. The competence of the Company's Internal Audit Committee shall include the following:

- 1) verification of the data contained in the annual report and annual accounting (financial) statements of the Company;
- 2) analysis of the Company's financial situation, identification of reserves for improving the Company's financial situation and development of recommendations for the Company's management bodies;
- 3) organization and execution of an audit (inspection) of the Company's financial and economic activities, in particular:
  - auditing (inspecting) the Company's financial, accounting, payment and settlement and other documents related to its financial and business activities for their compliance with the Russian legislation, the Articles of Association and internal and other corporate documents;
  - controlling the integrity and use of fixed assets;
  - controlling the established procedure for writing off the debts of insolvent debtors;
  - controlling the Company's spending in accordance with the approved corporate business plan and budget;
  - controlling the formation and use of reserves and other corporate funds;
  - verifying the correctness and timeliness of dividend accrual and payment of dividends on corporate shares, coupons on bonds, and income on other securities;
  - controlling the fulfillment of orders issued to eliminate violations and drawbacks identified by previous audits (inspections);
  - performing other actions (measures) related to the audit of the Company's financial and business activities.

23.4. All resolutions on matters related to the competence of the Internal Audit Committee shall be adopted by a simple majority vote of all members of the Committee.

23.5. The procedures for the activities of the Company's Internal Audit Committee shall be determined by the Company's internal document approved by the General Meeting of Shareholders.

In accordance with the resolution on carrying out an audit (inspection), the Internal Audit Committee shall be entitled to carry out the audit and engage specialists in related spheres of law, economics, finance, accounting, management, economic security and others, including specialized organizations.

23.6. An audit (inspection) of the Company's financial and business activities in the current year may be carried out at any time on the initiative of the Company's Internal Audit Committee subject to a resolution of the General Meeting of Shareholders, the Company's Board of Directors or a request from the Company's shareholder(s) holding a total of no less than ten (10) percent of its voting shares.

23.7. Members of the Company's Internal Audit Committee may not simultaneously be members of the



Company's Board of Directors or hold any other offices in the Company's management bodies.

23.8. For the purpose of auditing and verifying the Company's annual financial reports, the General Meeting of Shareholders shall annually approve the Company's Auditor, who shall not be related to the Company or its shareholders through property interests.

23.9. The Auditor's remuneration shall be determined by the Company's Board of Directors.

23.10. The Company's Auditor shall audit its financial and business activities in accordance with the requirements of the Russian legislation and the agreement signed with the Company.

23.11. Based on the results of the audit of the Company's financial and business activities, the Internal Audit Committee and the Company's Auditor shall submit a report, which shall include the following:

- confirmation of reliability of the data contained in the financial statements and other corporate financial documents;
- information about the Company's violation of procedures for accounting and submitting financial reporting as established by Russian legislative acts, as well as violation of Russian legislative acts in its financial and business activities.

The procedure and time period for submission of the report on the results of the Company's audit of financial and business activities are prescribed by Russian legislative acts and the Company's internal documents.

#### **Article 24. ACCOUNTING AND FINANCIAL REPORTING**

24.1. The Company shall maintain accounting and submit financial statements according to the procedure stipulated by the Russian legislation and the Articles of Association.

24.2. Responsibility for organization, condition and reliability of corporate accounting, timely submission of the annual report and other financial statements to appropriate government agencies, as well as information about the Company's activity provided to corporate shareholders, creditors and mass media shall be borne by the Chairman of the Company's Management Board in accordance with the Russian legislation and the Articles of Association.

24.3. Reliability of the data contained in the Company's annual report and annual accounting statements shall be confirmed by the Company's Internal Audit Committee.

24.4. The Company's annual report shall be subject to preliminary approval by the Company's Board of Directors no later than 30 (thirty) days prior to the date of the Annual General Meeting of Shareholders.

#### **Article 25. KEEPING OF DOCUMENTS BY THE COMPANY. PROVISION OF INFORMATION BY THE COMPANY**

25.1. The Company shall keep the following documents:

- 1) the resolution on incorporation of the Company;
- 2) the Company's Articles of Association, amendments and additions to the Articles of Association registered in the established manner, the resolution on incorporation of the Company, the certificate of the Company's state registration;
- 3) documents that confirm the Company's rights to property on its balance sheet;
- 4) the Company's internal documents approved by its corporate management bodies;
- 5) regulations on the Company's branches and representative offices;
- 6) annual reports;

- 7) the securities prospectus, the Issuer's quarterly reports and other documents that contain information subject to publishing or disclosure in accordance with Federal laws;
- 8) accounting records;
- 9) accounting statements;
- 10) minutes of the Company's General Meeting of Shareholders executed in the prescribed manner (resolutions of the shareholder representing all voting shares of the Company), minutes of meetings of the Company's Board of Directors, Internal Audit Committee and Management Board;
- 11) reports of independent appraisers;
- 12) lists of the Company's affiliates;
- 13) lists of persons entitled to participate in the General Meeting of Shareholders, entitled to dividends, and other lists prepared by the Company for exercise of rights by shareholders in accordance with the requirements of the Federal Law "On Joint-Stock Companies";
- 14) reports of the Internal Audit Committee, the Company's Auditor and government and municipal agencies of financial control;
- 15) ballot papers, powers of attorney (copies of powers of attorney) for participating in the General Meeting of Shareholders;
- 16) notices of entering into shareholder agreements sent to the Company, lists of persons who have entered into such agreements;
- 17) court orders on disputes related to the Company's incorporation, its management or participation in it;
- 18) other documents stipulated by the Russian legislation, the Articles of Association, the Company's internal documents and resolutions of the Company's management bodies.

25.2. The Company shall keep the documents stipulated by clause 25.1 of the Articles of Association at the registered office of its executive body in the manner and for the time period established by the Bank of Russia.

25.3. In the event of the Company's reorganization all documents shall be delivered to the legal successor according to the established procedure.

25.4. In the event of the Company's liquidation, documents requiring permanent safekeeping and having scientific and historic value shall be delivered for government storage to the Russian Federal Archive Service; documents related to personnel (orders, employee personal files and employee data cards, employee earnings records, etc.) shall be delivered for storage to the appropriate archive of the Russian Federation's constituent territory.

Documents shall be sorted and delivered at the Company's expense in accordance with the requirements of archival agencies.

Corporate information shall be provided in accordance with the requirements of the Russian legislation.

25.5. The Company shall provide its shareholders with access to the documents stipulated by clause 25.1 of the Articles of Association.

A shareholder(s) holding a total of no less than 25 (twenty-five) percent of the Company's voting shares shall have the right of access to accounting documents and minutes of meetings of the

Management Board.

25.6 The documents stipulated by clause 25.1 of the Articles of Association shall be provided by the Company within 7 (seven) days from the date of an appropriate request for their review on the premises of the Company's executive body, except for the documents referred to in sub-clause 17, clause 25.1 of the Articles of Association and having a submission term of 3 (three) days from the date of the relevant request for their review at the office of the Company's executive body.

At the request of persons having the right of access to these documents, as stipulated by clause 25.1 of the Articles of Association, the Company shall provide them with their copies.

Fees collected by the Company for provision of copies shall be established by the Chairman of the Company's Management Board and shall not exceed the cost of such copies.

25.7 The Company shall provide its shareholders and employees with access to information subject to observance of the legislative requirements of state secrets protection.

### **Article 26. REORGANIZATION AND LIQUIDATION**

26.1. The Company may not undergo voluntary reorganization by way of merger, takeover, division, spin-off and transformation, as well as on the grounds and in the manner stipulated by the Russian Civil Code and Federal laws.

26.2. If the General Meeting of Shareholders passes a resolution on the Company's reorganization, an independent appraiser shall be engaged to determine the appropriate conversion ratio.

26.3. The Company may not be liquidated based on a court judgment or voluntarily according to the procedure stipulated by the Russian Civil Code, the Federal Law "On Joint-Stock Companies" and the Articles of Association.

26.4. In the event of corporate reorganization, liquidation or cessation of work that involve information on state secrets, the Company shall ensure safety of such information and its carriers by developing and implementing measures aimed at secrecy, information protection, security, and fire safety and countermeasures against foreign technical intelligence services.

**Appendix to the Articles of Association of “FGC UES”, PJSC**

1.	Affiliate of “FGC UES”, PJSC - Backbone Electric Grids of Centre	Unit B, 4 Belovezhskaya St., Moscow, 121353
2.	Affiliate of “FGC UES”, PJSC - Backbone Electric Grids of NorthWest	9A Pirogovskaya embankment, St. Petersburg, 194044
3.	Affiliate of “FGC UES”, PJSC - Backbone Electric Grids of Volga	226 Molodogvardeyskaya St., Samara, 443100
4.	Affiliate of “FGC UES”, PJSC - Backbone Electric Grids of South	2 Darnitsky per., Inozemtsevo village, Zheleznovodsk, Stavropol Territory, 357431
5.	Affiliate of “FGC UES”, PJSC - Backbone Electric Grids of Ural	10 Tolmacheva St., Ekaterinburg, 620075
6.	Affiliate of “FGC UES”, PJSC - Backbone Electric Grids of Siberia	117 Ady Lebedevoy St., Krasnoyarsk, 660099
7.	Affiliate of “FGC UES”, PJSC - Backbone Electric Grids of East	47 Dzerzhinskogo St., Khabarovsk, 680000
8.	Affiliate of “FGC UES”, PJSC - Nizhny Novgorod Enterprise of Backbone Electric Grids	30 Moskovskoe Highway, Nizhny Novgorod, 603950
9.	Affiliate of “FGC UES”, PJSC - Black Earth Region Enterprise of Backbone Electric Grids	Bldg. 1, Proezd SH-5, Site “Stroitel'naya”, industrial hub, Kotel station, Staryi Oskol, Belgorod Region, 309540
10.	Affiliate of “FGC UES”, PJSC - Volga-Oka Enterprise of Backbone Electric Grids	31 Energetikov St., Energetik village, Vladimir, 600902
11.	Affiliate of “FGC UES”, PJSC - Volga-Don Enterprise of Backbone Electric Grids	221a Lenin Ave., Volgograd, 400006
12.	Affiliate of “FGC UES”, PJSC - Vologda Enterprise of Backbone Electric Grids	18a Planernaya St., Vologda, 160023
13.	Affiliate of “FGC UES”, PJSC - Oka River Region Enterprise of Backbone Electric Grids	101A Timiryazeva St., Tula, 300012
14.	Affiliate of “FGC UES”, PJSC - Moscow Enterprise of Backbone Electric Grids	Bldg. 26, Estate 120, stl. Bely Rast, rural settlement Iksha, Dmitrovsky District, Moscow Region, 141870
15.	Affiliate of “FGC UES”, PJSC - Upper-Don Region Enterprise of Backbone Electric Grids	Komsomolets village, Tambov District, Tambov Region, 392543
16.	Affiliate of “FGC UES”, PJSC - Valdai Enterprise of Backbone Electric Grids	55 Kalinina St., Tver, 170001
17.	Affiliate of “FGC UES”, PJSC - Amur Enterprise of Backbone Electric Grids	101 Shatkovskogo St., Svobodny, Amur Region, 676400
18.	Affiliate of “FGC UES”, PJSC - Khabarovsk Enterprise of Backbone Electric Grids	3 Tselinnaya St., Khabarovsk, Khabarovsk Territory, 680032
19.	Affiliate of “FGC UES”, PJSC - Primorski Enterprise of Backbone Electric Grids	31 Grizodubovoy St., Vladivostok, 690016
20.	Affiliate of “FGC UES”, PJSC - Krasnoyarsk Enterprise of Backbone Electric Grids	Bldg. 5, 105 Pogranichnikov St., Krasnoyarsk, Krasnoyarsk Territory, Russia, 660111
21.	Affiliate of “FGC UES”, PJSC - Trans-Baikal Enterprise of Backbone Electric Grids	35 B Botanicheskaya St., Ulan-Ude, Republic of Buryatia, 670045
22.	Affiliate of “FGC UES”, PJSC - Kuzbass Enterprise of Backbone Electric Grids	25a Kirchanova St., Kemerovo, 650004
23.	Affiliate of “FGC UES”, PJSC - Omsk Enterprise of Backbone Electric Grids	4 Gubkina Ave., Omsk, 644035
24.	Affiliate of “FGC UES”, PJSC - West-Siberian Enterprise of Backbone Electric Grids	17 Kalinina alley, Barnaul, 656002
25.	Affiliate of “FGC UES”, PJSC - Khakass Enterprise of Backbone Electric Grids	39 Industrialnaya St., Sayanogorsk, Republic of Khakassia, 662793
26.	Affiliate of “FGC UES”, PJSC - Sverdlovsk Enterprise of Backbone Electric Grids	3 Malakhitovy side street, Ekaterinburg, Sverdlovsk Region, 620085
27.	Affiliate of “FGC UES”, PJSC - South-Ural Enterprise of Backbone Electric Grids	6a, 2 <sup>nd</sup> Zapadny alley, Chelyabinsk, 454008
28.	Affiliate of “FGC UES”, PJSC - Perm Enterprise of Backbone Electric Grids	34 Visherskaya St., Perm, Perm Region, 614058
29.	Affiliate of “FGC UES”, PJSC - Mid-Volga Region Enterprise of Backbone Electric Grids	83 Federatsii St., Ulyanovsk, 432071
30.	Affiliate of “FGC UES”, PJSC - Lower Volga Region Enterprise of	40 Sokolovaya gora, Saratov, 410038

	Backbone Electric Grids	
31.	Affiliate of "FGC UES", PJSC - Stavropol Enterprise of Backbone Electric Grids	Industrial zone of food enterprises, Zheleznovodsk, Stavropol Territory, 357400
32.	Affiliate of "FGC UES", PJSC - Kuban Enterprise of Backbone Electric Grids	5 Tramvainaya St., Krasnodar, 350021
33.	Affiliate of "FGC UES", PJSC - Rostov Enterprise of Backbone Electric Grids	54/1 Dnepropetrovskaya St., Pervomaysky District, Rostov-on-Don, 344093
34.	Affiliate of "FGC UES", PJSC - Bryansk Enterprise of Backbone Electric Grids	7 Novobryanskaya St., Vygonichi village, Bryansk Region, 243360
35.	Affiliate of "FGC UES", PJSC - Vyborg Enterprise of Backbone Electric Grids	Perovo village, Vyborg District, Leningrad Region, 188932
36.	Affiliate of "FGC UES", PJSC - Novgorod Enterprise of Backbone Electric Grids	7 Velikaya St., Veliki Novgorod, 173001
37.	Affiliate of "FGC UES", PJSC - Karelian Enterprise of Backbone Electric Grids	11 Veterinarny side street, Petrozavodsk, Republic of Karelia, 185013
38.	Affiliate of "FGC UES", PJSC - Specialized Production Base "Bely Rast"	120 stl. Bely Rast, rural settlement Iksha, Dmitrovsky District, Moscow Region, 141870
39.	Affiliate of "FGC UES", PJSC - Backbone Electric Grids of Western Siberia	4 Geologicheskaya St., Surgut, Khanty-Mansiysk Autonomous District, Tyumen Region, 628405
40.	Affiliate of "FGC UES", PJSC - Leningrad Enterprise of Backbone Electric Grids	1 Kurchatova St., St. Petersburg, 194223
41.	Affiliate of "FGC UES", PJSC - Tomsk Enterprise of Backbone Electric Grids	1 Energeticheskaya St., Tomsk, 634062
42.	Affiliate of "FGC UES", PJSC - Caspian Enterprise of Backbone Electric Grids	73a Dakhadayeva St., Makhachkala, Republic of Dagestan, 367012
43.	Affiliate of "FGC UES", PJSC - North Enterprise of Backbone Electric Grids	SS 220 kv "Syktyvkar", 112, 1 <sup>st</sup> Promyshlennaya St., Chovsky industrial hub, Syktyvkar, Komi Republic, 167000
44.	Affiliate of "FGC UES", PJSC - Orenburg Enterprise of Backbone Electric Grids	15 Avtomatiki alley, Orenburg, Orenburg Region, 460048
45.	Affiliate of "FGC UES", PJSC - Sochi Subsidiary of Backbone Electric Grids	6 Komarova St., Veseloye Village, Adler District, Sochi, Krasnodar Territory, 354375
46.	Affiliate of "FGC UES", PJSC - Samara Subsidiary of Backbone Electric Grids	130 Zubchaninovskoye Highway, Samara, 443109
47.	Affiliate of "FGC UES", PJSC - Central Subsidiary of Backbone Electric Grids	Bldg. 11, 7, Nizhnevartovskoye Highway, Surgut, Khanty-Mansiysk Autonomous District - Yugra, Tyumen Region, Russia, 628400
48.	Affiliate of "FGC UES", PJSC - South Subsidiary of Backbone Electric Grids	Bldg. 1, 256, Respubliki St., Tyumen, Tyumen Region, 625014
49.	Affiliate of "FGC UES", PJSC - East Subsidiary of Backbone Electric Grids	20 Industrialnaya St., Panel 20, West Industrial Hub, Nizhnevartovsk, Khanty-Mansiysk Autonomous District - Yugra, Tyumen Region, Russia, 628600
50.	Affiliate of "FGC UES", PJSC - Yamalo-Nenetsk Subsidiary of Backbone Electric Grids	10 Entusiastov St., Noyabrsk, Yamalo-Nenetsk Autonomous District, Tyumen Region, Russia, 629806
51.	Affiliate of "FGC UES", PJSC - Engineering Supervision Center	Unit B, 4, Belovezhskaya St., Moscow, 121353