

## 1. General Provisions

1.1. These Regulations have been developed for the purpose of ensuring that as far as possible all views of shareholders of RAO UES of Russia (hereinafter the "Company") are taken into account during the final phase of the reorganization of RAO UES of Russia. These Regulations define the procedure for the submission by shareholders and consideration by the Company of shareholder proposals concerning the establishment of special purpose holding companies during the course of the reorganization of the Company and the procedure for transferring the assets and liabilities of the Company to the balance sheets of such companies.

1.2. In drawing up the agenda of the General Shareholders' Meeting of the Company and preparing recommendations by the Board of Directors to the General Shareholders' Meeting of the Company on reorganization issues (including approval of the separation balance sheet of the Company), the Board of Directors of the Company may take into account proposals prepared and submitted by shareholders of the Company in accordance with the requirements of these Regulations (hereinafter the "Proposals") or may reject any Proposal at its sole discretion.

1.3. For the purposes of these Regulations, "special purpose holding company" means any company<sup>1</sup> established through a spin-off from the Company. The shares of such company are distributed only to the shareholder who has proposed that such company be established, and the balance sheet of such company comprises the following assets and liabilities to which such shareholder is entitled through holding shares in the Company:

1.3.1. shares in the companies listed in Appendix 1 to the resolution of the Board of Directors of RAO UES of Russia dated April 27, 2007 (hereinafter "thermal generation companies");

1.3.2. shares in FGC UES and HydroWGC;

1.3.3. any other assets and liabilities transferred to the balance sheets of minority holding companies in accordance with the separation balance sheet.

1.4. The following shares shall be distributed among shareholders whose proposals on the establishment of special purpose holding companies and redistribution of shares in thermal generation companies are accepted in the resolution on the reorganization of RAO UES of Russia adopted by the General Shareholders' Meeting of RAO UES of Russia:

1.4.1. shares in the special purpose holding company, the balance sheet of which comprises the property specified in paragraph 1.3 hereof;

1.4.2. shares in any other companies established as a result of the reorganization of RAO UES of Russia pursuant to a resolution of the General Shareholders' Meeting of RAO UES of Russia.

1.5. Shareholders of the Company who submit Proposals for the establishment of special purpose holding companies may submit to the Company a Preliminary Joint Proposal for the redistribution of shareholdings in thermal generation companies among special purpose holding companies (hereinafter "Preliminary Joint Proposal").

1.6. Shareholders shall specify in the Preliminary Joint Proposal the names of the thermal generation companies, the shares of which it is proposed to redistribute to the balance sheet of any other special

purpose holding company established on the proposal of any other shareholder participating in the redistribution.

1.7. Shareholders of the Company who submit a Proposal may submit Final Joint Proposals (hereinafter "Final Joint Proposal") in accordance with the procedure established by these Regulations, specifying the exact number of shares in each thermal generation company to be distributed to each special purpose holding company in accordance with the separation balance sheet of the Company.

1.8. The part of the Final Joint Proposal concerning the redistribution of shares in thermal generation companies that are on the balance sheets of the State Holding Company and the HydroWGC State Holding Company shall be considered provided that the Russian Federation gives its prior consent to the Final Joint Proposal (specifically, by issuing a directive to the persons representing the interests of the Russian Federation in the management bodies of RAO UES of Russia).

1.9. Requirements for the Proposals:

1.9.1. The property specified in paragraph 1.3 that is owned by the shareholder(s) of the Company must be sufficient to ensure compliance with the requirements of Russian law pertaining to the minimum authorized capital of a special purpose holding company established as an open joint-stock company;<sup>2</sup>

1.9.2. The shares in thermal generation companies shall be distributed among special purpose holding companies as part of the balance sheet of RAO UES of Russia in accordance with the Final Joint Proposals based on the redistribution ratios for such shares approved by the Board of Directors of RAO UES of Russia, calculated with due consideration of the valuation of the shares in the thermal generation companies and the ratios for conversion of shares in the companies to be spun off from RAO UES of Russia into the shares in the target companies as approved by the Board of Directors of RAO UES of Russia.

1.9.3. Any shareholder who submits a Proposal shall assume the obligation to maintain his/her stake (number of shares of each class and type) in the authorized capital of the Company as specified in Section 3 of these Regulations;

1.9.4. Any shareholder who submits a Proposal shall assume the obligation to approve the terms of the reorganization as specified in Section 3 of these Regulations;

1.9.5. The Final Joint Proposal from shareholders shall concern only the aggregate number of shares in the thermal generation companies held by the shareholders submitting the joint Proposal;

1.9.6. The Proposal shall be prepared in accordance with the requirements for the preparation thereof as specified in Section 2 of these Regulations.

## **2. Requirements for the Preparation of Shareholder Proposals**

2.1. The Proposal shall be in writing.

2.2. The Proposal shall be signed on behalf of the shareholder by:

- 2.2.1. the shareholder of RAO UES of Russia by his/her own hand; or
- 2.2.2. the person authorized in the constituent documents to act on behalf of the shareholder that is a corporate entity; or
- 2.2.3. the person acting on behalf of the shareholder under a power of attorney issued in accordance with the requirements of Russian law.
- 2.3. The signature of a shareholder who is an individual shall be certified by a notary public or the person maintaining the shareholder register of the Company.
- 2.4. If any proposal for redistribution made by a minority shareholder concerns thermal generation companies transferred to the balance sheets of the State Holding Company and the HydroWGC State Holding Company such proposal may be signed only by such minority shareholder.
- 2.5. The wishes of the Russian Federation with respect to the establishment of special purpose holding companies and redistribution of shares in thermal generation companies may be expressed in a form other than that set forth herein, including by way of issuing a directive to the persons representing the Russian Federation in the management bodies of RAO UES of Russia.
- 2.6. The following documents shall be appended to the Proposal:
- 2.6.1. a document confirming the number of shares in the Company beneficially owned by the shareholder on the date of submission of the Proposal (extracts from the shareholder register, custodian account statement);
- 2.6.2. a document prepared in accordance with the requirements of Section 3 of these Regulations confirming that the shareholder submitting the Proposal has assumed an obligation to maintain his/her stake (number of shares of each class and type) in the authorized capital of the Company in the period from the submission of the Proposal to completion of reorganization of the Company, unless otherwise provided for by these Regulations;
- 2.6.3. a document confirming that the person who signs the Proposal is authorized to act on behalf of the shareholder (power of attorney, articles of association, resolution of the management body of the corporate entity on the election/appointment of the chief executive officer of such corporate entity, or any other documents).
- 2.7. The Preliminary and Final Joint Proposals shall be prepared in accordance with these Regulations and submitted as a single document signed by the shareholders submitting such Proposals, unless otherwise provided for by these Regulations.
- 2.8. The Proposal and the documents specified in paragraphs 2.6.1 and 2.6.2 shall be dated as of the same day.

### **3. Obligation of the Shareholder to Maintain His/Her Stake in the Authorized Capital of the Company and Approval of the Terms of Reorganization**

3.1. The conditions for distributing the shares in special purpose holding companies among the shareholders in accordance with the submitted Proposals and observing the rights of other shareholders of the Company during the course of reorganization of the Company shall include the assumption by the shareholders of an obligation to keep unchanged their stake in the authorized capital of the Company from the date on which the Proposal is signed to the final date of reorganization of the Company.

3.2. Upon submission of a Proposal to the Company the shareholder must provide to the Company a legally sound and valid commitment that his/her stake in the authorized capital of the Company shall remain unchanged by way of:

3.2.1. Performing the following actions:

3.2.1.1. Transferring shares (if shares are recorded in a register) to the depositary (including the depositary authorized by RAO UES of Russia);

3.2.1.2. Blocking transactions for the above-mentioned shares on the custodian account;

3.2.1.3. Authorizing RAO UES of Russia to act as a custodian account operator entitled to unblock operations involving the above-mentioned shares on the custodian account (the shareholder shall not be entitled to unblock operations involving the above-mentioned shares on the custodian account) or transferring the right to block/unblock operations involving the above-mentioned shares on the custodian account to the custodian account manager authorized by RAO UES of Russia;

3.2.2. Blocking shareholder operations on the client account (custodian account) in the shareholder register of RAO UES of Russia and assuming the obligation to keep them blocked until the reorganization of RAO UES of Russia is completed;

3.2.3. Assuming any other obligations to maintain the stake held by the shareholder in the authorized capital of RAO UES of Russia as proposed by the shareholder for the consideration of the Board of Directors of the Company.

3.3. The shareholder's obligation to maintain his/her stake shall expire if the Board of Directors of RAO UES of Russia approves proposals made to the General Shareholders' Meeting for reorganization without taking into consideration the Proposal (Final Joint Proposal) submitted by the shareholder.

3.4. One copy of the document confirming that the shareholder has assumed the obligation to maintain his/her stake shall be provided to the registrar of the Company or the depositary if shares are recorded on a custodian account. The document confirming that the shareholder assumes the obligation to maintain his/her stake shall contain a note by the registrar of the Company or the appropriate depositary to the effect that the original of the above-mentioned document has been sighted and that the appropriate record has been made on the client account (custodian account) in the shareholder register of RAO UES of Russia.

3.5. In the event of any change in the stake held by the shareholder in the authorized capital of RAO UES of Russia (including for reasons beyond the control of the shareholder) in the period from the date of submission of the Proposal to completion of the reorganization of RAO UES of Russia, a special purpose holding company shall not be established and the shareholder shall receive shares in

the companies spun off from RAO UES of Russia on the same terms as shareholders who do not submit Proposals.

3.6. Shareholders who voted against reorganization of the Company at the General Shareholders' Meeting shall, in accordance with the laws of the Russian Federation, receive shares in all companies to be established by way of reorganization in proportion to their respective stakes in the authorized capital of the Company. In this regard, all shares in a special purpose holding company (as proposed by the shareholder) may not be distributed to that one shareholder if he/she votes against the resolution on reorganization.

3.7. Given that implementation of the terms and conditions of the reorganization of the Company proposed by shareholders who submit Proposals with regard to the establishment of special companies is only possible if they vote for reorganization of the Company at the General Shareholders' Meeting, shareholders submitting Proposals must voluntarily assume the obligations specified in paragraph 3.8.

3.8. Upon submission of their Proposals shareholders shall state therein that they support the structure of reorganization of the Company and, as specified in paragraphs 3.6 and 3.7, voluntarily commit to voting for reorganization of the Company at the General Shareholders' Meeting if the Board of Directors includes the terms and conditions of reorganization specified in the Proposal submitted by such shareholder (Final Joint Proposal) in the agenda of the General Shareholders' Meeting and the recommendations of the Board of Directors to the General Shareholders' Meeting .

#### **4. Procedure for the Submission and Consideration of Proposals**

4.1. The Proposal shall be submitted by the shareholder of the Company to the following address: Office 03-13 V, Prospekt Vernadskogo, 101, korp. 3, Moscow, 119526.

4.2. The proposal to establish a special purpose holding company, as well as the Preliminary Joint Proposal, may be forwarded to the Company by registered mail together with a list of contents, or delivered by the shareholder (or a representative thereof) in person, or by courier. Such Proposals must be received by the Company not later than 12:00PM (Moscow time) on May 21, 2007.

4.3. The Final Joint Proposal may be forwarded to the Company by registered mail together with a list of contents, or delivered by the shareholder (or a representative thereof) by personal delivery, or by courier. Such Proposal must be received by the Company not later than 12:00PM (Moscow time) ten (10) calendar days after the date of the meeting of the Board of Directors of RAO UES of Russia at which the valuation and redistribution ratios specified in paragraph 1.9.2 hereof were considered.

4.4. The Proposal shall be submitted in two original copies.

4.5. Any Proposals and Final Joint Proposals submitted to the Company later than the deadline specified in paragraphs 4.2 and 4.3 shall not be accepted for consideration.

4.6. If the shareholders submitting a Preliminary Joint Proposal fail to meet the deadline for submission of a Final Joint Proposal specified in paragraph 4.3, only Proposals submitted by the shareholders on the establishment of special purpose holding companies shall be accepted for consideration, while neither the Preliminary Joint Proposal nor the Final Joint Proposal shall be considered.

4.7. Within the period specified in paragraph 4.2 hereof shareholders may withdraw their proposal submitted to the Company for the establishment of a special purpose holding company. Withdrawals shall be filed in accordance with the procedure established for the submission of Proposals. Any withdrawal filed with the Company later than the deadline specified in this paragraph shall not be considered.

4.8. If any shareholder submitting a Final Joint Proposal withdraws such submitted proposal in accordance with these Regulations, any Final Joint Proposal shall be ineffective in relation to the remaining shareholders who have submitted such Final Joint Proposal and shall not be considered by the Board of Directors of the Company.

4.9. Should any error be discovered in the Final Joint Proposal, the Final Joint Proposal shall not be considered by the Board of Directors of the Company.

4.10. Withdrawal of the Final Joint Proposal and discovery of any error therein shall not entail the cancellation of Proposals for the establishment of special purpose holding companies.

4.11. Upon expiration of the deadline stipulated in paragraph 4.2 hereof, the Management Board of the Company shall table a summary of Proposals for the establishment of special purpose holding companies and Preliminary Joint Proposals submitted by shareholders for consideration at the next meeting of the Board of Directors of RAO UES of Russia.

4.12. Following consideration by the Board of Directors of RAO UES of Russia of the principal items of the separation balance sheet of the Company, the Company shall make available to shareholders details of the principal items of the separation balance sheet of the Company as they relate to the establishment of a special purpose holding company as specified in the Proposal submitted by such shareholder.

4.13. Following the meeting of the Board of Directors of RAO UES of Russia to consider the redistribution ratios set forth in paragraph 1.9.2 hereof, the Company shall, within three calendar days from the above-mentioned meeting of the Board of Directors, provide information on such ratios to shareholders who have submitted Proposals to allow preparation of Final Joint Proposals by such shareholders.

4.14. Following consideration by the Board of Directors of RAO UES of Russia of the separation balance sheet of the Company, taking into account the Final Joint Proposals, the Company shall make available to shareholders who have submitted Proposals and Final Joint Proposals a draft separation balance sheet of the Company that has been considered by the Board of Directors for tabling at the General Shareholders' Meeting of the Company as it relates to the special purpose holding companies to be established as proposed by such shareholders.

## **5. Final Provisions. Entry into Force of These Regulations**

5.1. These Regulations shall become effective as of the approval thereof by the Board of Directors of the Company and shall remain in force until completion of reorganization of the Company.

5.2. The provisions of these Regulations establishing the requirements for shareholder Proposals shall apply to all joint Proposals from shareholders, unless otherwise provided for by these Regulations.

**List of Thermal Generation companies, the Shares of Which May Be Redistributed Among Specially Spun Off Holding Companies Pursuant to Shareholder Proposals During the Course of Reorganization of RAO UES of Russia**

1. OAO OGK-1;
2. OAO OGK-2;
3. OAO OGK-3;
4. OAO OGK-4;
5. OAO OGK-6;
6. OAO TGK-1;
7. OAO TGK-2;
8. OAO Mosenergo (TGK-3);
9. OAO TGK-4;
10. OAO TGK-6;
11. OAO Volzhskaya TGK (TGK-7);
12. OAO YuGK TGK-8;
13. OAO TGK-9;
14. OAO TGK-10;
15. OAO TGK-11;
16. OAO Kuzbassenergo (TGK-12);
17. OAO Yeniseiskaya TGK (TGK-13);
18. OAO TGK-14;
19. OAO AGK (Arkhangelsk Generation Company is affiliated with OAO TGK-2);
20. OAO Murmanskaya CHPP (affiliated with OAO TGK-1);
21. OAO Kurgan Generation Company (affiliated with OAO TGK-10);
22. OAO Omsk Power Generation Company (affiliated with OAO TGK-11);
23. OAO Tomskenergo (affiliated with OAO TGK-11);
24. OAO Ulyanovskaya TGK (affiliated with OAO Volzhskaya TGK);
25. OAO Samara Territorial Generation Company (affiliated with OAO Volzhskaya TGK);
26. OAO Saratovskaya TGK (affiliated with OAO Volzhskaya TGK);
27. OAO Kuban Generation Company (affiliated with OAO YuGK TGK-8);

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<sup>1</sup> For the purposes of these Regulations, special purpose holding companies also include the State Holding Company and the HydroWGC State Holding Company.

<sup>2</sup> 100,000 rubles as of the date of adoption of the resolution on these Regulations.