

APPROVED  
by the Annual General Meeting of Shareholders  
of JSC “Lenenergo” on "21" June, 2011

Minutes No. 1/2011 dated "21" June, 2011

Chairman of the Meeting

\_\_\_\_\_ /A.I. Sergeev

**ARTICLES OF ASSOCIATION**  
**“Lenenergo” Open Joint-Stock Company**  
**of the Power Industry and Electrification**  
(new edition)

## **Article 1. General Provisions**

1.1. "Lenenergo" Open Joint-Stock Company (hereinafter referred to as the Company) is established by the Decree of the Russian Federation President dated August 14, 1992 No. 922 "On the reorganization of state fuel-and-power sector enterprises and organizations into joint-stock companies", the Decree of the Russian Federation President dated August 15, 1992 No. 923 "On the organization of the Russian Federation power sector management in the privatization conditions", the Decree of the Russian Federation president dated November 05, 1992 No.1334 "On the implementation of the Russian Federation President's Decree dated August 14, 1992 No. 922 "On the reorganization of state fuel-and-power sector enterprises and organizations into joint-stock companies".

The founder of the Company is the City Property Management Committee of the St.-Petersburg City Administration – the Territorial Agency of the Russian Federation State Property Committee. The Company was registered by the Registration Chamber of the St.-Petersburg City Administration on January 22, 1993, resolution No. 2518.

The Company is the legal successor to the rights and obligations of the state enterprise "Lenenergo" Leningrad Power Production and Electrification Enterprise awarded the October Revolution Order and the 1<sup>st</sup> Grade Patriotic War Order to the extent specified in the Privatization Plan of "Lenenergo" State Power Production and Electrification Enterprise, approved by the Chairman of the City Property Management Committee of the St.-Petersburg City Administration on December 22, 1992.

1.2. The full corporate name of the Company in the Russian language is Открытое акционерное общество энергетики и электрификации "Ленэнерго", in English – "LENENERGO" JOINT-STOCK COMPANY.

The short corporate name of the Company in Russian is ОАО "Ленэнерго", in English – JSC "Lenenergo".

Location of the Company: 196247, St.-Petersburg, Constitution Square, 1.

The postal address of the Company: 196247, St.-Petersburg, Constitution Square, 1.

1.3. The Company has been founded for an unlimited period of activity.

## **Article 2. Legal Status of the Company**

2.1. The legal status of the Company shall be regulated by the Russian Federation Civil Code, the Federal Law dated 26.12.1995 No. 208-FL, "On Joint-Stock Companies" (hereinafter referred to as the Federal Law "On Joint-Stock Companies"), other regulations of the Russian Federation, as well as these Articles.

2.2. The Company is a legal entity under the laws of the Russian Federation.

2.3. The Company shall own separate property to be taken into account on its independent balance; it may, on its own behalf, acquire and exercise property and private non-property rights, act as a plaintiff and defendant in court.

2.4. The Company may open banking accounts in the Russian Federation and abroad according to an established order.

2.5. The Company is liable for its obligations with all property belonging to it.

The Company is not liable for the obligations of the state and its bodies, as well as the obligations of its shareholders.

Shareholders of the Company are not liable for the obligations of the Company, except for the cases stipulated by the legislation of the Russian Federation.

Shareholders are entitled to sell their shares without the consent of other shareholders and the Company. Shareholders of the Company shall bear the risk of losses related to its activities within the value of their shares.

2.6. The Company shall have a round seal with its full official name in Russian, logotype, emblem, state registration number and indication of the place of its location.

The Company may have stamps and letterheads with its official name, own emblem, logotype, as well as a trademark registered according to an established order, and other means of visual identification

2.7. The Company shall have civil rights and perform duties required to carry on any activities not prohibited by federal laws.

2.8. The Company may found branches and open representative offices both within and without the Russian Federation.

Branches and representative offices of the Company shall not be legal entities; they shall act on the Company's behalf and by virtue of their Rules approved by the Company.

Branches and representative offices of the Company shall be provided with property, which shall be taken into account both on their separate balances, and on the Company's balance.

The head of a Company's branch or representative office shall be appointed by the Director General of the Company, and shall act by virtue of a power of attorney issued by the Company.

The Company shall bear responsibility for activity of its branches and representative offices.

The Company consists of the branches listed in the Appendix hereto, which is an integral part of the present Articles.

The Company may have subsidiaries and affiliates, being legal entities under the laws of the Russian Federation and founded according to the Federal Law "On Joint-Stock Companies", other federal laws and these

Articles, and outside the Russian Federation - according to the laws of the foreign state where a subsidiary or an affiliate is located, unless otherwise provided by an international treaty entered into by the Russian Federation.

2.9. If the Company arranges work with information constituting a state secret, the laws of the Russian Federation shall unconditionally prevail.

Proceedings as to any matters relating to a state secret shall be carried out within the Russian Federation according to the laws of the Russian Federation.

### **Article 3. Objective and Types of Activity of the Company**

3.1. The main objectives of the Company's activity are as follows:

- 1) to obtain profits;
- 2) to implement effective and reliable operation of the objects of distribution power grid complex;
- 3) to ensure sustainable development of the distribution power grid complex;
- 4) to provide reliable and quality power supply to consumers (in terms of delivery and transmission of electricity).

3.2. In order to obtain profits the Company shall have the right to carry out the following activities:

- 1) provision of electricity transmission services and other services going hand in hand with the delivery of electric power to consumers;
- 2) connection of power-consuming devices (power units) of legal entities and individuals to electricity networks;
- 3) acquiring (purchasing) electric power from the wholesale market of electric power (capacity), from participants of retail markets and producers;
- 4) acquiring (purchasing) heat from producers;
- 5) production of electric power for in-house needs;
- 6) production of heat, supply (sale) of heat at the statutory rates in accordance with dispatcher schedules of heat loads, including – to retail consumers;
- 7) designing, installation and adjustment at the site, operating and metrological support of the operations of electric power metering units;
- 8) transmission of electric power and transfer of heat;
- 9) electricity network maintenance operations;
- 10) heat supply network maintenance operations;
- 11) gas supply network maintenance operations;
- 12) engineering survey for the construction of 1st and 2nd responsibility level buildings and constructions in accordance with the state standards;
- 13) preparation of design documents for capital construction;
- 14) implementation of the construction, reconstruction and repair;
- 15) provide guaranteed power supply, supply electric power across its area of operations;
- 16) geodesic operations;
- 17) carriage of passengers on motor vehicles designed for carriage of 8 (Eight) persons and more;
- 18) carriage of cargoes by railway vehicles;
- 19) loading/unloading operations to/from railway vehicles;
- 20) carriage of hazardous cargoes;
- 21) development of communications facilities and provision of communications services;
- 22) educational activities;
- 23) storage of oil, gas and their derivatives;
- 24) sale of oil, gas and their derivatives;
- 25) medical activities;
- 26) export/import operations;
- 27) operation of inflammable production facilities;
- 28) scrap non-ferrous metal collection, processing and selling;
- 29) scrap iron collection, processing and selling;
- 30) arrangement and holding of mobilization training, civil defense and emergency situation elimination activities;
- 31) activities and services for the protection of information constituting commercial and state secrets;
- 32) activities in the field of energy conservation and energy efficiency;
- 33) development of schedules on emergency restrictions of consumption mode;
- 34) execution of control measurements of flow, load and voltage levels in electrical networks of power supply;
- 35) services for the certification of workplaces on working conditions;
- 36) recreation and general health of children, sale of vouchers for children's summer camp;
- 37) other activities not prohibited by the legislation of the Russian Federation.

3.3. The Company may carry on certain activities, a list of which shall be regulated by federal laws, only

upon obtaining a special permission (license).

The Company shall acquire the right to carry on activities subject to licensing upon the obtaining of such a permission or during the period indicated therein; such right shall cease upon expiration of the term of validity of a license, unless otherwise provided by law or by other legal acts.

#### **Article 4. Authorized Capital of the Company**

4.1. The Authorized Capital of the Company shall be formed from the nominal value of the shares in the Company purchased by the Shareholders (allotted shares).

The Authorized Capital of the Company is equal to 1,019,285,990 (One billion nineteen million two hundred eighty five thousand nine hundred and ninety) rubles 04 kopecks.

4.2. The Company has allotted the following uncertified registered shares with the same par value of 1 (One) ruble:

1) A-type preferred shares:

- 93,264,311 (Ninety three million two hundred sixty four thousand three hundred and eleven) pieces to the total amount at the par value of 93,264,311 (Ninety three million two hundred sixty four thousand three hundred and eleven) rubles;

2) Ordinary shares:

- 926, 021,679 (Nine hundred twenty six million twenty one thousand six hundred and seventy nine) and 4/100 (Four hundredths) pieces to the total amount at the par value of 926, 021,679 (Nine hundred twenty six million twenty one thousand six hundred and seventy nine) rubles 04 kopecks.

The Authorized Capital of the Company may be:

- increased by increasing the nominal value of the shares or by issuing additional shares;

- reduced by reducing the nominal value of the shares or by reducing their quantity, including through purchase and cancellation of a part of the allotted shares in the Company according to these Articles.

The Company is entitled to allot, in addition to the allotted shares (authorized shares), common shares in the amount of 157,089,160 (one hundred fifty seven million eighty nine thousand one hundred and sixty) pieces of the par value of 1 (One) ruble.

4.3. Increase in the share capital of the Company shall be permitted only after its full payment.

Payment of additional shares placed by offsetting claims against the Company is permitted in cases stipulated by the Federal Law "On Joint-Stock Companies".

4.4. Reduction of the Authorized Capital of the Company may be carried out according to an order stipulated by the laws of the Russian Federation and these Articles.

The Company cannot reduce the authorized capital if the amount of the Company's authorized capital resulting from that reduction is less than the minimum authorized capital size specified in the Federal Law "On Joint-Stock Companies" as of the date of applying for the state registration of the corresponding amendments to the present Articles, and in those cases when the Company must reduce its authorized capital in accordance with the Federal Law "On Joint-Stock Companies" – as of the Company state registration date.

The Company must reduce its Authorized Capital in the cases provided for by the Federal Law "On Joint-Stock Companies".

#### **Article 5. Shares, Bonds and Other Securities of the Company**

5.1. The Company shall allot ordinary shares and may allot one or several types of preferred shares, bonds and other securities according to the procedure established by the laws of the Russian Federation.

5.2. The Company cannot convert common share into preferred share, bonds or other securities.

5.3. Allotment by the Company of the Company's shares and other securities convertible into shares shall be carried out according to legal acts of the Russian Federation.

5.4. In the cases provided for by the laws of the Russian Federation, the Shareholders of the Company shall have the priority right for purchase of additional shares being allotted by open subscription and emission securities convertible into shares, in the quantity pro rata to the quantity of their shares of such category (type).

5.5. If in the course of exercise of the priority right for purchase of additional shares, as well as in the course of consolidation of shares, purchase by a Shareholder of a whole number of shares is impossible, parts of shares (fractional shares) shall be formed.

A fractional share shall give the holder thereof the rights conferred upon a share of the appropriate category (type) in the scope corresponding to the part of a whole share it is equal to.

Fractional shares shall circulate along with whole shares. If one person acquires two and more fractional shares of the same category (type), these shares shall form one whole and (or) a fractional share equal to the sum of such fractional shares.

5.6. The Company may decide on allotment of additional shares within the limit of the authorized share.

The form and procedure of payment for Company shares shall be specified in the decision on allotment.

Additional shares allotted by subscription may be paid in cash, by securities, other things or property rights or other rights which may be evaluated.

When additional shares are paid in non-cash form, the evaluation of the property contributed as the payment for shares shall be performed by the Board of Directors of the Company as set forth in article 77 of the Federal Law "On Joint-Stock Companies", and in any other cases covered by the laws of the Russian Federation – by an independent appraiser (auditor). When additional shares are paid in non-cash form, the payment of shares shall be performed in accordance with the allotment decision.

Other emission securities shall be paid in cash only.

5.7. An additional share does not confer any voting rights until the share is fully paid up.

In case of non-payment or partial payment of a share within the given period, the share goes to the Company.

Shares purchased by the Company according to this clause shall give no right to vote, shall not be taken into account for the purpose of counting votes, and no dividends shall be paid thereupon. Such shares shall be sold by decision of the Board of Directors at their fair value not later than within one year from the date of purchase thereof.

Otherwise, the General Meeting of Shareholders shall decide on reduction of the Authorized Capital of the Company by cancellation of the indicated shares.

## **Article 6. Rights of Shareholders of the Company**

6.1. A person who holds shares in the Company for the reasons provided for by the laws of the Russian Federation and these Articles shall be recognized a Shareholder of the Company.

6.2. Each ordinary registered share in the Company shall give the Shareholder the equal rights.

The Shareholders - owners of ordinary registered shares in the Company shall have the right:

1) To participate in the General Meeting of Shareholders of the Company personally or by proxy, with the right to vote on all issues referred to its competence;

2) To make proposals to the agenda of the General Meeting of Shareholders according to the procedure stipulated by the laws of the Russian Federation and these Articles;

3) To receive information on the Company's activity, and to check the Company's documents according to Section 91 of the Federal Law "On Joint-Stock Companies", other regulating legal acts and these Articles;

4) To receive dividends declared by the Company;

5) Priority right for purchase of additional shares being allotted by subscription and emission securities convertible into shares, in the quantity pro rata to the quantity of their ordinary shares, where the laws of the Russian Federation provide for that;

6) To receive a part of the Company's property in case of its liquidation;

7) To exercise other rights stipulated by the laws of the Russian Federation and these Articles.

6.3. The Company cannot pay dividends on ordinary shares until it has paid dividends on A-type preferred shares.

6.4. A-type preferred shares of the Company shall confer equal rights to Shareholders owning them, and they have the same nominal value.

Holders of A-type preferred shares have the right to:

1) Receive dividends declared by the Company.

If the amount of annual dividends paid by the Company - in this case by each ordinary share in a reporting year exceeds the amount to be paid by each A-type preferred share, the size of dividends on the latter must be increased to the size of dividends on ordinary shares.

The Company cannot pay dividends on ordinary shares until it has paid dividends on A-type preferred shares.

2) Have a priority in purchasing additional shares or emission securities, convertible into shares, allotted by open subscription in the quantity pro rata to the quantity of their preferred shares of that type;

3) Attend the General Meeting of Shareholders and have the right to vote on Company reorganization or liquidation issues;

4) Attend the General Meeting of Shareholders and have the right to vote on amendments or supplements hereto limiting the rights of holders of A-type preferred shares.

A resolution on proposed amendments or supplements shall be deemed adopted provided no less than three-fourths of the voting share holders who attended the General Meeting of Shareholders, excluding the votes of the series A share holders, and three-fourths of all the A-type preferred share holders have agreed with them.

5) Attend the General Meeting of Shareholders and have the right to vote on any issues within his/her competence beginning from the meeting following the annual meeting of Shareholders which failed, whatever the reason, to decide on dividends or which decided on partial payment of dividends on A-type preferred shares.

The right of holders of A-type preferred shares to attend the General Meeting of Shareholders shall terminate from the date of first full payment of dividends on the indicated shares.

6.5. The Company cannot pay dividends on A-type preferred shares in any other manner except as set forth herein.

6.6. In the case of the liquidation of the Company, the Company's property remaining after settlements with creditors shall be distributed by the liquidation commission between the Shareholders in the following order:

- first, payments on shares that must be repurchased under article 75 of the Federal Law “On Joint-Stock companies” shall be made;
- second, the accrued but un paid dividends on series A preferred shares and the nominal (liquidation) price of A-type preferred shares shall be paid to their holders;
- third, the property of the Company shall be distributed between holders of ordinary shares and A-type preferred share.

If the Company does not have enough property to pay the accrued but unpaid dividends and the liquidation price specified herein to all holders of A-type preferred shares, the property shall be distributed between holders of A-type preferred shares pro rata the quantity of shares of that type they own.

## **Article 7. Dividends**

7.1. The Company may, proceeding from the results of the first quarter, six months, nine months of a fiscal year, and (or) proceeding from the results of a fiscal year, decide on (declare) payment of dividends upon allotted shares. Decision on payment (declaration) of dividends proceeding from the results of the first quarter, six months and nine months of a fiscal year may be made within three months upon expiration of an appropriate period.

The Company must pay dividends declared upon shares of each category (type).

7.2. Decision of payment (declaration) of dividends, including the size of dividends and form of payment thereof upon shares of each category (type) shall be made by the General Meeting of Shareholders of the Company.

The size of dividends shall not exceed that recommended by the Board of Directors of the Company.

The General Meeting of Shareholders of the Company shall have the right to decide not to pay dividends upon shares of a certain categories (types), as well as to decide on partial payment of dividends on preferred shares the size of dividends thereon is set forth in clause 6.4 of article 6 hereof.

7.3. The total amount of dividends on each preferred share shall be 1 (One) percent of the net profit of the Company gained in the last financial year, determined pro rata to the quantity of sold A-Type preferred shares.

7.4. The Company cannot decide on (declare) payment of dividends on shares:

- until the Company’s authorized capital is fully paid;
- until the Company has repurchased all shares that must be repurchased under article 76 of the Federal Law “On Joint-Stock Companies”;
- if on the day when the decision is made the Company meets the insolvency (bankruptcy) criteria set forth by the laws of the Russian Federation or if the Company will meet those criteria as a result of paying the dividends;
- if on the day when the decision is made the cost of the net assets of the Company is less than its authorized capital and the Reserve Fund and the excess of the nominal price set forth herein over the liquidation price of the allotted preferred shares, or it will become less than those figures as a result of such decision.

- when otherwise specified in the federal laws.

7.5. The Company cannot pay the declared dividends on shares:

- if on the payment date the Company meets the insolvency (bankruptcy) criteria set forth by the laws of the Russian Federation or if the Company will meet those criteria as a result of paying the dividends;
- if on the payment date the cost of the net assets of the Company is less than its authorized capital and the Reserve Fund and the excess of the nominal price set forth herein over the liquidation price of the allotted preferred shares, or it will become less than those figures as a result of paying the dividends;
- when otherwise specified in the federal laws.

Upon termination of the Company’s obligations specified herein, the Company must pay the declared dividends to Shareholders.

7.6. Dividends shall be paid from the net profit of the Company.

7.7. Date and procedure for payment of dividends are determined by the decision of the General Meeting of Shareholders on the payment of dividends. Payment of dividends should not exceed 60 (sixty) days from the date of the decision on their payment. If the date on the payment of dividends is not defined by the decision of the General Meeting of Shareholders on their payment, it is assumed to be 60 (sixty) days from the date of the decision to pay dividends. The Company is not entitled to provide an advantage in the terms of dividend payments to individual owners of shares of one category (type). Payment of dividends declared on shares of each category (type) is carried out simultaneously to all holders of shares of this category (type). The list of persons entitled to receive dividends shall be made on the date of the list of persons entitled to attend the General Meeting of Shareholders at which the decision on payment of the dividends is approved. For the list of persons entitled to receive dividends, the nominal holder of shares represents the data on the persons on whose behalf he/she holds shares.

7.8. If during the term of payment of dividends, as defined in paragraph 7.7 of the present Articles of Association, declared dividends are not paid to the person included in the list of persons entitled to receive dividends, such person shall be entitled to address to the Company demanding payment of dividends declared to him for the period of three years after the expiration of that period. The term to refer with the requirement of payment of dividends declared in case it passes is beyond restoration, except if the person entitled to receive dividends, did not apply the requirement under the influence of violence or threats. On the expiry of the term specified in this paragraph, dividends declared and unclaimed by a shareholder are recovered in retained profit of the Company.

## **Article 8. Funds of the Company**

8.1. The Company shall form the Reserve Fund in the amount equal to 15 (Fifteen) percent of the Authorized Capital of the Company.

The amount of obligatory annual allocations to the Reserve Fund of the Company shall be equal to at least 5 (Five) percent of the Company's net profits, till the Reserve Fund reaches the fixed value.

8.2. The Reserve Fund of the Company is intended for covering the Company's losses, as well as for redeeming the Company's bonds and re-purchasing shares in the Company, should other funds be unavailable.

The Reserve Fund of the Company shall not be used for any other purpose.

8.3. The Company shall have the right to form from net profits a special Employee Share Ownership Fund. The funds of the Employee Share Ownership Fund shall be spent for the sole purpose of purchasing Company's shares that are sold to Company's Shareholders for further allotment by employees.

Any funds gained by Company's employees from the sale of shares that were purchased at the expense of the Employee Share Ownership Fund shall be directed to the said Fund.

8.4. The Company shall have the right to form other funds which ensure its economic and financial activity as a subject of civil laws according to the requirements of the laws of the Russian Federation.

## **Article 9. Management and Control Bodies of the Company**

9.1. The management bodies of the Company are as follows:

- General Meeting of Shareholders of the Company (hereinafter referred to as the General Meeting);
- Board of Directors of the Company (hereinafter referred to as the Board of Directors);
- Director General of the Company (hereinafter referred to as the Director General).

9.2. The Internal Audit Commission of the Company (hereinafter referred to as the Internal Audit Commission) is the body of control of the Company's financial and economic activity.

## **Article 10. General Meeting**

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

10.2. The following matters are referred to the competence of the General Meeting:

1) making alterations and amendments to these Articles, or approval of the Articles, except as otherwise provided for by the Federal Law "On Joint-Stock Companies", and except the issues concerning the establishment, reorganization, liquidation and operations of branch offices and representative offices;

2) reorganization of the Company;

3) liquidation of the Company; appointment of the Liquidating Commission and approval of an interim and a final liquidation balance sheets;

4) elections of members of the Board of Directors and pre-term termination of their powers;

5) fixing the quantity, nominal value, category (type) of declared shares and rights conferred upon such shares;

6) increase of the size of the Authorized Capital of the Company by increasing the nominal value of the shares or by allotting additional shares;

7) reduction of the size of the Authorized Capital of the Company by reducing the nominal value of the shares; by purchase by the Company of a part of the shares with the purpose of reduction of their total number, as well as by cancellation of shares purchased or re-purchased by the Company;

8) elections of members of the Internal Audit Commission and pre-term termination of their powers;

9) approval of the Auditor of the Company;

10) determination of the procedure of the General Meeting;

11) approval of the Company's annual reports, annual accounts, including reports on profits and losses (profit and loss accounts); as well as distribution of the Company's profits (including payment (declaration) of dividends, except for profits distributed as dividends proceeding from the results of the first quarter, six months, nine months of a fiscal year) and losses proceeding from the results of a fiscal year;

12) payment (declaration) of dividends proceeding from the results of the first quarter, six months, nine months of a fiscal year;

13) split and consolidation of shares in the Company;

14) decision-making on allotment by the Company of bonds convertible into shares, and other emission securities convertible into shares;

15) decision-making on approval of transactions in the cases stipulated by Article 83 of the Federal Law "On Joint-Stock Companies";

16) decision-making on approval of large-scale transactions in the cases stipulated by Article 79 of the Federal Law "On Joint-Stock Companies";

17) decision-making on participation in holding companies, financial and industrial groups, associations and other unions of profit-making organizations;

- 18) approval of internal documents regulating activity of the Company's bodies;
- 19) decision-making on payment of remuneration and (or) compensations to members of the Internal Audit Commission of the Company;
- 20) decision-making on payment of remuneration and (or) compensations to members of the Board of Directors of the Company;
- 21) decision-making of other matters stipulated by the Federal Law "On Joint-Stock Companies".

10.3. The powers to make decisions on the matters referred to the exclusive competence of the General Meeting cannot be delegated to the Board of Directors, Management and the Director General of the Company.

The General Meeting of Shareholders shall have no right to consider and decide on any matters not referred to its competence of the Federal Law "On Joint-Stock Companies".

10.4 Decision of the General Meeting on a matter put on voting shall be made by a majority of votes of the Shareholders – owners of voting shares in the Company present at the Meeting, unless otherwise provided by the Federal Law "On Joint-Stock Companies".

10.5 Decisions of the General Meeting on the following matters require a  $\frac{3}{4}$  majority of votes of the Shareholders – owners of voting shares, present at the General Meeting of Shareholders:

- making alterations and amendments to these Articles, or approval of a new wording of the Articles;
- reorganization of the Company;
- liquidation of the Company; appointment of the Liquidating Commission and approval of an interim and a final liquidation balance sheets;
- fixing the quantity, nominal value, category (type) of declared shares and rights conferred upon such shares;
- reduction of the authorized capital of the Company by decreasing the nominal value of shares;
- allotment of shares by closed subscription by decision of the General Meeting on increase of the Authorized Capital of the Company by allotting additional shares;
- allotment, by open subscription, of ordinary shares constituting more than twenty five percents (25%) of the previously allotted ordinary shares;
- decision-making on approval of a large-scale transaction in respect to property the value of which exceeds 50 (Fifty) percent of the book value of the Company's assets;
- in other cases provided for by the Federal Law "On Joint-Stock Companies".

Decisions on approval of a related party transaction shall be made by the General Meeting in accordance with the Federal Law "On Joint-Stock Companies"

10.6 Decisions on the matters mentioned in sub-clause 2, 5, 8, 12 - 20 clause 10.2 article 10 hereof, as well decisions on authorized capital reduction by decreasing the nominal value of shares shall be made by the General Meeting of Shareholders only on proposal of the Board of Directors of the Company.

10.7 The General Meeting shall have no right to make decisions on any matters not included in the agenda of the General Meeting, nor to change the agenda.

Decisions of the General Meeting, approved on issues not included into the agenda of the General Meeting (except of the case it is attended by all shareholders of the Company), or in violation of powers of the General Meeting, in the absence of a quorum for the General Meeting or without the necessary for a decision of the majority of shareholders' votes, are void regardless of their appeal in the court.

10.8 Voting at the General Meeting shall be carried out according to the principle "one voting share – one vote", except for cumulative voting on elections of the Board of Directors.

10.9. The General Meeting of Shareholders of the Company may be held at the place of location of the Company, or in Moscow.

An exact address of holding of the General Meeting of Shareholders of the Company shall be determined by the Board of Directors in the course of solving questions connected with holding of the General Meeting of Shareholders.

## **Articles 11. Holding of the General Meeting**

11.1. An Annual General Meeting shall be held not earlier than after two months and not later than within six months upon expiration of a fiscal year.

An Annual General Meeting of Shareholders shall obligatory make decisions on the matters of elections of the Board of Directors, the Internal Audit Commission, approval of the Auditor of the Company, approval of the Company's annual reports, annual accounts, including reports on profits and losses (profit & loss accounts), as well as distribution of the Company's profits (including payment (declaration) of dividends, except for profits distributed as dividends proceeding from the results of the first quarter, six months, and nine months of a fiscal year) and losses proceeding from the results of a fiscal year, presented by the Board of Directors of the Company.

11.2. The General Meeting shall be held in the form of joint presence of the Shareholders (representatives of the Shareholders) for discussion of the matters of the agenda and for decision-making on the matters put on voting, or, if necessary, in the form of absentee voting (polling).

A General Meeting the agenda of which includes the matters specified in sub-clause 13 clause 10.2 article 10 hereof shall not be held in the form of joint presence.



The General Meeting procedures shall be subject to approval by the General Meeting.

11.3. The functions of the Counting Commission at the General Meeting shall be performed by a professional participant of the securities market, being the holder of the Register of Shareholders of the Company (the Registrar of the Company).

11.4. A list of the persons entitled to participate in the General Meeting shall be compiled proceeding from the data of the Register of Shareholders of the Company.

The date of compilation of the list of persons of the Company entitled to participate in the General Meeting shall not be fixed before the date of the decision on holding a General Meeting and later than fifty (50) days prior to the date of the Meeting.

As specified in clause 14.7 article 14 hereof, the date of compilation of the list of persons entitled to participate in the General Meeting shall not be fixed more than 65 (Sixty five) days prior to the General Meeting date.

In case a General Meeting is held in such a manner that ballots received by the Company in accordance with clause 2 article 58 of the Federal Law "On Joint-Stock Companies" are counted in determining the quorum, the date of compilation of the list of persons entitled to participate in the General Meeting shall be fixed no less than forty five (45) days prior to the General Meeting date.

11.5. A notice on convocation of a General Meeting shall be sent, together with voting ballots, to each person indicated in a list of persons entitled to participation in the General Meeting of Shareholders, as well as shall be published by the Company not later than 30 (Thirty) days prior to the date of the Meeting in the "Neva Time" daily and notification shall be posted at the Company's official web-site.

As specified in clause 14.7 of article 14 hereof, a notice on convocation of an extraordinary General Meeting shall be sent not later than 50 (Fifty) days prior to the meeting date.

11.6. Voting ballots for voting on matters of the agenda shall be sent to the Shareholders, entitled to participation in the General Meeting of Shareholders, by registered mail to the address indicated in the Register of Shareholders or presented to him on obtaining his personal signature not later than 20 (Twenty) days prior to the date of the General Meeting.

11.7. Information (materials) on the matters of the agenda of a General Meeting shall, during 20 (Twenty) days (and in the case of a General Meeting the agenda of which contains the matter of reorganization of the Company - during 30 (Thirty) days) prior to the General Meeting, be open for checking by the persons entitled to participation in the General Meeting in the premises of the executive body of the Company and in other places the addresses of which shall be indicated in a notice on convocation of the General Meeting. The said information (materials) is also posted at the Company's official web-site in the internet not later than 10 (Ten) days prior to the date of the General Meeting. The said information (materials) shall be open for the persons who participate in the General Meeting of Shareholders throughout the Meeting.

The said information (materials) shall be open for the persons who participate in the General Meeting throughout the Meeting.

The procedure of checking the information (materials) on the matters of the agenda of the General Meeting by the persons entitled to participation in the General Meeting, and a list of such information (materials) shall be determined by decision of the Board of Directors.

11.8. A Shareholder shall have the right to participate in the General Meeting either personally, or by proxy. If a share is transferred after the date of compilation of the list and prior to the date of the General Meeting, a person included in the list of persons entitled to participate in the General Meeting must issue to a transferee a power of attorney to vote, or must vote at the General Meeting according to the instructions of a transferee of the shares. This rule shall also apply to every consequent transfer of a share.

If a share in the Company is joint property of several persons, they obtain one ballot for voting on all the issues or one ballot for each of them, for voting on miscellaneous issues, the rights to vote at the General Meeting shall be exercised at their discretion by one of the co-holders or through their common representative.

The powers of each of the said persons shall be duly certified.

11.9. If a General Meeting is held in the form of joint presence, the persons included in the list of persons entitled to participate in the General Meeting (their representatives) shall have the right to send filled in ballots to the Company.

For a vote represented by a voting ballot to be counted in determining the quorum or summing up the results of voting, it shall be received by the Company not later than 2 (Two) days prior the General Meeting date.

11.10. A General Meeting shall be deemed competent (quorum is present), if Shareholders (their representatives) holding in total more than a half of the votes of the allotted voting shares in the Company have been registered at the moment of closure of registration for participation in the Meeting.

The Shareholders who have been registered for participation in a General Meeting, and the Shareholders whose voting ballots have been received not later than 2 (Two) days prior to a General Meeting of Shareholders shall be considered participating in the Meeting.

The Shareholders whose ballots have been received before the final date set for receipt of ballots shall be considered participating in the General Meeting held in the form of absentee voting

If the agenda of a General Meeting includes matters to be voted by different classes of voters, quorum for decision-making on such matters shall be counted separately. Absence of quorum for decision-making on any

matters to be voted by one structure of voters shall not affect decision-making on any other matters voting upon, which shall be carried out by another group of voters, quorum for which is present.

11.11. In the absence of a quorum for the Annual General Meeting of Shareholders, second General Meeting of Shareholders of the Company should be held with the same agenda. In the absence of a quorum for the Extraordinary General Meeting of Shareholders, second General Meeting of shareholders of the Company may be held with the same agenda.

The decision to convene second General Meeting of Shareholders shall be approved by the Board of Directors of the Company.

Second General Meeting of Shareholders convened to replace the failed one shall be competent if attended by shareholders holding in aggregate not less than 30 percent of the voting shares of the Company.

During the second General Meeting of less than 40 (forty) days after the failed General Meeting, the persons entitled to attend the General Meeting shall be determined in accordance with the list of persons eligible for participation in general meeting.

In the absence of a quorum for a court decision of the Annual General Meeting of Shareholders, second General Meeting of Shareholders must be held with the same agenda no later than 60 days. In this case an additional appeal to the court is not required. Second General Meeting of Shareholders is convened and held by a person or body of the Company set forth in the court's decision and, if such person or body of the Company have not called the Annual General Meeting of Shareholders in a particular court term, the next meeting shall be convened and held by other persons or body of the Company applied to the court, provided that such person or body of the Company are listed in the court's decision.

In the absence of a quorum for a court decision of the Extraordinary General Meeting of Shareholders, second General Meeting of Shareholders is not performed.

Minutes of a General Meeting shall be executed in duplicate not later than within 3 (Three) working days after close of the General Meeting. Both copies shall be signed by the Chairman of the General Meeting and the Secretary of the General Meeting.

11.12. Results of voting and decisions made at a General Meeting of Shareholders of the Company may be announced at the General Meeting of Shareholders of the Company.

If results of voting and decisions made at a General Meeting of Shareholders of the Company have not been announced at the General Meeting, then decisions made at the General Meeting of Shareholders of the Company, as well as results of voting shall, not later than within 10 (Ten) days upon execution of a statement on results of voting, be published by the Company in "Neva Time" in the form of a report on the voting results.

## **Article 12. Holding of a General Meeting of Shareholders in the Form of Absentee Voting**

12.1. Decision of a General Meeting of Shareholders may be made without a meeting (joint presence of Shareholders for discussion of matters of the agenda and decision-making on matters put on voting) in the form of absentee voting (by polling).

Voting on matters of the agenda of a General Meeting of Shareholders held in the form of absentee voting shall be carried out by voting ballots only.

12.2. A General Meeting of Shareholders, the agenda of which includes matters related to elections of the Board of Directors of the Company, Internal Audit Commission of the Company, approval of the Auditor of the Company, as well as matters provided for by sub-clause 13 clause 10.2 Article 10 hereof, shall not be held in the form of absentee voting.

A new General Meeting of Shareholders instead of a failed General Meeting of Shareholders shall not be held in the form of absentee voting (by polling), if the failed Meeting was to be held in the form of joint presence.

12.3. A list of persons entitled to participation in absentee voting on matters of the agenda of a General Meeting of Shareholders shall be compiled proceeding from data of the Shareholders Register of the Company.

The date of compilation of a list of persons entitled to participation in absentee voting on matters of the agenda of a General Meeting of Shareholders shall not be fixed earlier than the date of decision on convocation of the General Meeting of Shareholders of the Company and later than 50 (Fifty) days prior to the last date of receipt of voting ballots by the Company.

12.4. A notice on convocation of a General Meeting of Shareholders in the form of absentee voting shall be published in "Nevskoe Vremya", as well as shall be placed at the Company's Internet web-site not later than 30 (Thirty) days prior to the last date of receipt of voting ballots by the Company.

12.5. Ballots for voting on matters of the agenda shall either be sent by registered letter to the address indicated in a list of persons entitled to participation in a General Meeting of Shareholders, or delivered against signature to a person indicated a list of persons entitled to participation in a General Meeting of Shareholders not later than 20 (Twenty) days prior to the last date of receipt of voting ballots by the Company.

Each person included in a list of persons entitled to participation in a General Meeting of Shareholders shall be given one voting ballot for voting on all matters or two or more ballots for voting on different matters.

The procedure of checking the information (materials) on matters of the agenda of a General Meeting of Shareholders by the persons entitled to participation in a General Meeting of Shareholders, as well as a list of such

information (materials) shall be determined by decision of the Board of Directors of the Company.

12.6. A General Meeting of Shareholders to be held in the form of absentee voting shall be deemed competent (quorum is present), if Shareholders who hold in total more than a half of the allotted voting shares in the Company have taken part in such Meeting.

Shareholders whose voting ballots have been received not later than by the last date of receipt of ballots by the Company shall be considered to have taken part in a General Meeting of Shareholders held in the form of absentee voting.

12.7. A statement on results of voting shall be executed and signed by the Registrar of the Company in duplicate not later than within 3 (Three) working days after the last date of receipt of ballots by the Company.

Minutes of a General Meeting of Shareholders shall be executed in duplicate not later than within 3 (Three) working days after the last date of receipt of ballots by the Company. Both counterparts shall be signed by the chairman of the General Meeting of Shareholders and by the Corporate Secretary of the Company.

12.8. Decisions approved at the General Meeting of Shareholders, as well as results of voting in the form of a statement on results of voting, shall be published in "Neva Time" not later than within 10 (Ten) days upon execution of the statement on results of a voting.

### **Article 13. Proposals to the Agenda of an Annual General Meeting**

13.1. Shareholder(s) of the Company holding in total at least 2 (Two) percent of the voting shares in the Company shall have the right, not later than within 60 (Sixty) days upon expiration of a fiscal year, to propose matters to the agenda of an Annual General Meeting and to nominate candidates to the Board of Directors of the Company and the Internal Audit Commission, the number of whom cannot exceed the number of members of an appropriate body.

13.2. A proposal on matters to be included in the agenda of a General Meeting, and a proposal on candidates shall be made in writing, with indication of the name (business name) of the Shareholder(s) who has (have) put such proposals, the quantity and category (type) of their shares, and shall be signed by the Shareholder(s).

A proposal on matters to be included in the agenda of a General Meeting shall contain the wording of each matter proposed; and a proposal on candidates shall contain the full name and the details of the identity document (series and (or) number of the document, date and place of issue, name of the issuing body) of each proposed candidate and the name of the body he/she is proposed to be elected to.

A proposal on matters to be included to the agenda of a General Meeting may contain a wording of decision on each of the proposed matters.

13.3. The Board of Directors must consider the proposals received and decide on inclusion thereof in the agenda of a General Meeting or on refusal to include the same in the said agenda not later than within five days upon expiration of the term provided for by clause 13.1 hereof.

The Board of Directors may refuse to include matters proposed by Shareholder(s) to the agenda of a General Meeting, and to include candidates nominated in a list of candidatures for elections to an appropriate body of the Company for the reasons provided for by the Federal Law "On Joint-Stock Companies" and other legal acts of the Russian Federation.

Grounded decision of the Board of Directors on refusal to include a matter in the agenda of a General Meeting, or to include a candidate in a list of candidatures for voting on elections to an appropriate body of the Company, shall be sent to the Shareholders (Shareholder) who have (has) proposed such matter or nominated such candidate, not later than within 3(Three) days from the date of such decision.

13.4. Apart from the matters proposed for inclusion in the agenda of a General Meeting by Shareholders, as well as in the case of absence of such proposals, absence or insufficient number of candidates proposed by Shareholders for formation of an appropriate body, the Board of Directors shall have the right to include matters in the agenda of a General Meeting or candidates in a list of candidatures at its own discretion.

### **Article 14. Convocation of an Extraordinary General Meeting**

14.1. An Extraordinary General Meeting shall be held by decision of the Board of Directors on its own initiative, at request of the Internal Audit Commission, the Auditor of the Company, as well as at request of Shareholders (a Shareholder) holding in total at least 10 (Ten) percent of the voting shares of the Company at the date of such request.

14.2. A request on convocation of a General Meeting shall contain wordings of matters to be included in the agenda of a General Meeting.

The persons (person) who have (has) requested convocation of an Extraordinary General Meeting shall have the right to present a draft decision of an Extraordinary General Meeting, proposal on the form of holding thereof, as well as proposals on candidates to bodies of the Company, the number of which cannot exceed the number of members in those bodies.

14.3. If a request on convocation of an Extraordinary Meeting is produced by Shareholders (a Shareholder), it

must contain the names (business names) of the Shareholders (the Shareholder) who request(s) convocation of such Meeting, and the quantity and category (type) of their(his) shares of the Company.

A request on convocation of an Extraordinary Meeting shall be signed by the persons (person) who request(s) convocation of an Extraordinary General Meeting.

14.4. The Board of Directors shall on convocation of an Extraordinary General Meeting of Shareholders, decide on convocation of an Extraordinary General Meeting or on refusal to convene it within 5 (Five) days from the date of a request of the Internal Audit Commission, the Auditor of the Company or Shareholders (a Shareholder) holding at least 10 (Ten) percent of the voting shares of the Company.

14.5. Decision of the Board of Directors on convocation of an Extraordinary General Meeting or grounded decision on refusal to convene it shall be sent to the persons who request its convocation not later than within 3 (Three) days from the moment of such decision.

14.6. In the event that, within the time specified in paragraph 14.4 Of Article 14 of the present Articles of Association, the Board of Directors decided not to convene an Extraordinary General Meeting of Shareholders or approved the decision to refuse to convene it, the body of the Company or person who request its convocation, are entitled to appeal to court with a demand to compel the Company to hold an Extraordinary General Meeting of Shareholders . The decision of the court to compel the Company to hold an Extraordinary General Meeting of Shareholders indicates the dates and procedure for its holding. Execution of the court decision shall be entrusted to the claimant or on his/her application to the authority of the Company, or any other person with their consent. This body cannot be the Board of Directors. At the same time, this body of the Company or a person who, in accordance with the decision of the court, shall hold an Extraordinary General Meeting of Shareholders has all the powers stipulated by the Federal Law "On Joint-Stock Companies" necessary to convene and hold the meeting. If in accordance with the decision of the court the claimant shall hold an Extraordinary General Meeting of Shareholders, the costs of preparing and holding this meeting can be reimbursed by the decision of the General Meeting of Shareholders at the expense of the Company.

14.7. If the proposed agenda of an Extraordinary General Meeting contains the matter on elections of members of the Board of Directors:

14.7.1. Shareholders (Shareholder) of the Company holding in total at least 2 (Two) percent of the voting shares in the Company, shall have the right to propose candidates for elections to the Board of Directors, whose number cannot exceed the number of members of the Board of Directors.

Such proposals must be received by the Company not later than 30 (Thirty) days prior to the date of the Extraordinary General Meeting.

The Board of Directors must consider the proposals received and decide on their inclusion in the agenda of the Extraordinary General Meeting or on refusal in inclusion thereof in the said agenda not later than within 5 (Five) days upon expiration of the term specified in paragraph 2 of these sub-clause.

14.7.2. A notice on convocation of an Extraordinary General Meeting shall be sent not later than 70 (Seventy) days prior to the date of the Meeting.

## **Article 15. Board of Directors**

15.1. The Board of Directors shall carry out general management of the Company's activity, except for decision-making on the matters referred to the competence of the General Meeting of Shareholders by these Articles and the Federal Law "On Joint-Stock Companies".

The powers of the Board of Directors of the Company shall include the following:

1) determination of priority activities of the Company;  
2) convocation of an Annual and Extraordinary General Meetings, except for the cases stipulated by clause 14.6. Article 14 hereof, as well as announcement of the date of a new General Meeting instead of a Meeting which has failed due to absence of quorum;

3) approval of the agenda of a General Meeting;  
4) fixing the date of compilation of a list of persons entitled to participate in the General Meeting of Shareholders; approval of the estimate of General Meeting costs and decision-making on other matters connected with preparation to, and holding of, the General Meeting;

5) election of the Secretary of the Company;  
6) submission of the matters provided for by sub-clauses 2, 5, 8, 12 - 20 clause 10.2. Article 10 hereof for consideration by the General Meeting of Shareholders, as well as of the matter of reduction of the Company's authorized capital by decreasing the nominal value of shares;

7) allotment of bonds and other emission securities by the Company in the cases stipulated by the Federal Law "On Joint-Stock Companies";

8) approval of the decision on the issue (additional issue) of securities, the securities prospectus and report on the issue (additional issue) of securities, reports on the acquisition of shares from shareholders, reports on redemption of shares, reports on the presentation requirements of the Company's shareholders on redemption of shares held by them;

9) fixing the price (value) of property, the price of allotment and repurchase of emission securities in the

cases stipulated by the Federal Law "On Joint-Stock Companies", as well as when making decisions on the matters specified in sub-clauses 22, 35 clause 15.1. hereof;

10) purchase of shares, bonds and other securities allotted by the Company, in the cases stipulated by the Federal Law "On Joint-Stock Companies";

11) transfer (sale) of shares in the Company which have come at the Company's disposal as a result of their purchase or repurchase from Shareholders of the Company or in other cases stipulated by the Federal Law "On Joint Stock Companies";

12) recommendations to the General Meeting on the size of remuneration and compensations to be paid to members of the Internal Audit Commission; fixing the size of remuneration to the Auditor of the Company;

13) recommendations on the size of a dividend upon shares and the procedure of payment thereof;

14) use of the Company's Reserve fund and other funds; approval of internal documents of the Company regulating the procedure of formation and use of the Company's funds; approval of estimates of costs of the Company's special funds, and consideration of the results of implementation of estimates of costs of the Company's special funds;

15) approval of the Company's internal documents, except for internal documents which shall be approved by the General Meeting of Shareholders, as well as other internal documents which shall be approved by other executive bodies of the Company;

16) considering of investment program, including alterations to it;

17) approval of a business-plan (revised business plan), including investment program and a quarterly report on the results of implementation thereof, as well as approval (correction) of the list and values of Company's cash flow targets;

18) preliminary approval of annual reports, balance sheet, profit and loss statement (profit and loss account), prior-year-base distribution of profits and losses in the Company;

19) foundation of branch offices and representative offices of the Company, reorganization and liquidation of them;

20) making amendments to the Articles of the Company, connected with foundation of branches and opening of representative offices of the Company (including changes in the data on the names and locations of branches and representative offices of the Company) and their ;

21) decision-making on the Company participating in other organizations (including approval of the constituent documents), change of interest (quantity of shares, size of shares, interests), charge over shares (shares of share) and termination of participation of the Company in other organizations, taking into consideration the following provision:

- decision-making on the Company effecting one or several interconnected transactions on transfer, pledge or other encumbrance of shares and interests in subsidiaries and affiliates (SAs) not engaged in manufacture, transmission, control, distribution and sale of electric and heat power, if the fair value of shares or interests, being the subject of a transaction, determined by an independent appraiser, exceeds 30 (Thirty) million rubles, as well as in other cases (sizes) determined by separate decisions of the Board of Directors of the Company;

22) determination of the Company's credit policy in respect to provision by the Company of loans, entering into credit and loan agreements, issue of guarantees, undertaking obligations under a bill (issue of a promissory note and draft), pledge of property and decision-making on the Company effecting the said transactions in the cases provided for by the Company's credit policy, as well as decision-making, in accordance with the procedure provided for by the credit policy of the Company, on bringing the debt position of the Company in conformity with the limits set forth by the credit policy;

23) approval of large-scale transactions in the cases stipulated by Chapter X of the Federal Law "On Joint-Stock Companies";

24) approval of transactions stipulated by Chapter XI of the Federal Law "On Joint-Stock Companies";

25) approval of the Registrar of the Company, the terms of an agreement with him, as well as termination of an agreement with him;

26) election of the Chairman of the Board of Directors and his/her removal from the office;

27) election of the Deputy Chairman of the Board of Directors and the Secretary of the Board of Directors and their removal from the office;

28) election of the Secretary of the Board of Directors, Corporate Secretary of the Company and pre-term termination of their powers;

29) decision-making on suspension of the powers of the managing organization (Manager);

30) decision-making on appointment of an Acting Director General of the Company in cases determined by separate decisions of the Board of Directors, as well as on making him/her disciplinarily liable;

31) consideration of the Director General's annual (quarterly) reports on the Company's activity (including on execution by the Director General of his/her duties) and on implementation of decision of the General Meeting and the Board of Directors;

32) approval of the procedure of interaction of the Company with entities, where the Company holds interests;

33) determination of position of the Company (representatives of the Company) on the following matters of

the agenda of general meetings of Shareholders (participants) of subsidiaries and affiliates (hereon SAs) (except those cases when the Board of Directors of the Company performs the functions of general meetings of Shareholders of SAs) and meetings of boards of directors of SAs (except those agenda matters of general meeting of Shareholders of SAs when the Board of Directors of the Company performs the functions of general meetings of Shareholders of SAs), including instructions to take or not to take part in voting on matters of the agenda, or to vote on draft decisions "for", "against" and "abstention":

- a) determination of the agenda of a general meeting of Shareholders (participants) of SAs;
- b) reorganization and liquidation of SAs;
- c) fixing the number of members of management bodies and control of SAs, nomination and election of their members and early termination of their powers; nomination, election of the sole executive body of SAs and early termination of his/her powers;
- d) fixing the quantity, nominal value, category (type) of declared shares in SAs and the rights conferred upon such shares;
- e) increase of the size of the authorized capital of SAs by increasing the nominal value of shares or by allotting additional shares;
- f) allotment of securities of SAs convertible into ordinary shares;
- g) split and consolidation of shares in SAs;
- h) approval of large-scale transactions effected by SAs;
- i) participation of SAs in other organizations (joining an existing, or foundation of a new, organization), as well as purchase, transfer and encumbrance of shares and shares in the authorized capitals of organizations where SAs have interests, changing the share in the authorized capital of an appropriate organization;
- j) SAs' effecting transactions (including several interconnected transactions) connected with acquisition, transfer or the possibility of transfer of property constituting fixed assets, intangible assets, objects of construction in progress, which are intended for generation, transmission, control and distribution of electric and heat power, in the cases (scope) determined by the procedure of interaction of the Company with organizations where the Company has interests, which procedure shall be approved by the Board of Directors of the Company;
- k) making amendments and alterations to the constituent documents of SAs;
- l) determination of the procedure of payment of remuneration to members of the board of directors and the Internal Audit Commission of SAs;

34) determination of position of the Company (representatives of the Company) on the following matters of the agenda of meetings of the boards of directors of subsidiaries and affiliates (including instructions to take or not to take part in voting on matters of the agenda, or to vote on draft decisions "for", "against" and "abstention":

- a) determination of position of representatives of SAs on matters of the agenda of general meetings of Shareholders (participants) and meetings of the boards of directors of subsidiaries and affiliates of SAs, relating to effecting (approval of) transactions (including several interconnected transactions) connected with acquisition, transfer or the possibility of transfer of property constituting fixed assets, intangible assets, objects of construction in progress, which are intended for generation, transmission, control and distribution of electric and heat power, in the cases (scope) determined by the procedure of interaction of the Company with organizations where the Company has interests, which procedure shall be approved by the Board of Directors of the Company;
- b) determination of position of representatives of SAs on matters of the agenda of general meetings of Shareholders (participants) and meetings of the boards of directors of subsidiaries and affiliates of SAs engaged in generation, transmission, control, distribution and sale of electric and heat power, concerning reorganization, liquidation, increase of the size of the authorized capital of such companies by increasing the nominal value of shares or by allotting additional shares or securities convertible into ordinary shares;

35) preliminary approval of decisions on making:

- a) transactions on non-current assets of the Company in amount of over 10 (Ten) percent of the book cost of the non-current assets of the Company according to accounting statements on the last reporting date;
- b) transactions (including several interconnected transactions) connected with acquisition, transfer or a possibility of transfer of the Company's property that constitutes permanent assets, intangible assets and the objects of unfinished building engaged in manufacture, transmission, control, distribution and sale of electric and heat power in the cases (scope) to be determined by special decisions of the Board of Directors of the Company;
- c) transactions (including several interconnected transactions) connected with acquisition, transfer or a possibility of transfer of the Company's property that constitutes permanent assets, intangible assets and the objects of unfinished building that are not engaged in manufacture, transmission, control, distribution and sale of electric and heat power in the cases (scope) to be determined by special decisions of the Board of Directors of the Company;

36) decision-making on appointment of an Acting Director General of the Company, as well as on making him/her disciplinarily liable;

37) nominating candidates for election as the individual executive body or members of other management and supervision bodies, as well as the auditor of organizations in which the Company holds interest and which produce, transfer, control, distribute and sell heat and electric power, as well as repair and service operations;

38) approval of approval of a candidature of an independent appraiser (appraisers) for fixing the value of shares, property and other assets of the Company in the cases stipulated by the Federal Law "On Joint-Stock Companies", these Articles, as well as by separate decisions of the Board of Directors of the Company;

39) determination of the housing policy of the Company in respect to provision to employees of the Company of corporate support in improving their housing conditions in the form of subsidies, reimbursement of costs, interest free loans and decision-making on provision by the Company of the said support in those cases when the procedure for its provision is not set forth in the housing policy of the Company;

40) preliminary approval of a collective agreement and agreements to be entered into by the Company within the frameworks of regulation of social and labor relations, and approval of documents by non-state pension support of employees of the Company;

41) approval of a candidature of a financial adviser who shall be involved according to the Federal Law "On Securities Market", as well as candidatures of securities issue managers and advisors on transactions directly connection with fund raising through public loans;

42) elections of the Director Generals of the Company and pre-term termination of his/her powers, including decision-making on pre-term termination of the labor contract with the Director General;

43) preliminary approval of transactions connected with free of charge transfer of Company's property or property rights (claims) to the Company or to a third party; transactions connected with release from property obligations to the Company or a third party; transactions connected with free of charge provision of services(performance of work) by the Company in favor of third parties, in the cases (scope) to be determined by special decisions of the Board of Directors of the Company, and decision-making on the Company's effecting such transactions in the cases where such cases (scope) are not determined;

44) preliminary approval of transactions that give rise to obligations in a foreign currency (or obligations the value of which is quoted in a foreign currency), in cases and in sizes determined by separate decision of the Board of Directors, as well as when the said cases (sizes) are not determined by the Board of Directors;

45) determination of the procurement policy in the Company, including approval of the Provisions on the Procedure for Regulated Procurement of Goods, Works, Services, approval of the head of the Central Procurement Body of the Company and its members, as well as approval of the annual complex procurement program and decision making on other related matters in accordance with the approved documents regulating the procurement operations of the Company;

46) approval of target values (adjusted values) of key performance indicators (KPI) of the Company and reports on implementation of them;

47) decision-making on decoration of the Director General of the Company with state awards;

48) determination of the Company's policy with regard to improving the reliability of the distribution facilities of the electric networks and other electricity network facilities, including approval of Company's strategic program for improvement of electricity network facilities reliability, development and protection;

49) determination the size of the Management Board, election of members of the Management Board of the Company, the establishment of remuneration and compensation paid to them, early termination of their powers.

50) approval of the organizational structure of the executive office of the Company and changes in it;

51) approval of Regulations on the material promoting of the Director General, Regulations on the material promoting of top managers of the Company, confirming the list of top managers;

52) attraction to disciplinary action of the Director General of the Company and members of the Management Board of the Company and their promotion in accordance with labor legislation;

53) approval of candidates for various positions of the executive office of the Company, determined by the Board of Directors of the Company;

54) other matters referred to the competence of the Board of Directors by the Federal Law "On Joint-Stock Companies" and these Articles.

15.2. The powers to make decisions on the matters referred to the competence of the Board of Directors shall not be delegated to the Director General of the Company.

15.3. The members of the Board of Directors, when exercising their rights and fulfilling their duties, shall act in the best interests of the Company, and shall exercise their rights and fulfill their duties in respect to the Company honestly and reasonably.

15.4. The members of the Board of Directors shall be responsible to the Company for any losses caused to the Company by their guilty actions (omissions), unless other grounds and limits of responsibility provided for by federal laws.

The members of the Board of Directors who voted against a decision, which has caused losses to the Company, or did not take part in voting, shall bear no responsibility.

## **Article 16. Election of the Board of Directors**

16.1. The number of members of the Board of Directors of the Company shall be 11 (Eleven).

16.2. The members of the Board of Directors shall be elected at the General Meeting of Shareholders of the Company in accordance with the procedures provided for by the Federal Law "On Joint-Stock Companies" and these Articles for the period till the next Annual General Meeting.

If the annual General Meeting has not been held within the terms specified in clause 11.1. article 11 hereof,

the powers of the Board of Directors shall be terminated, except for the powers to prepare, convene and hold the annual General Meeting.

16.3. Elections of members of Board of Directors shall be made by cumulative voting.

In that case the number of votes each Shareholder has shall be multiplied by the number of persons nominated for election into the Board of Directors, and the Shareholder shall have the right to give all the votes obtained in that manner for a single candidate or distribute them between two or more candidates.

The nominees who get a majority of votes shall be considered elected members of the Board of Directors.

16.4. An individual only may be elected a member of the Board of Directors of the Company.

16.5. Persons elected to the Board of Directors of the Company may be re-elected an unlimited number of times.

16.6. By decision of the General Meeting of Shareholders of the Company, the power of all members of the Board of Directors of the Company may be terminated prematurely. In case the Board of Directors is elected on an extraordinary General Meeting, the members of the Board of Directors shall be considered elected for the period till the date of holding the annual General Meeting.

### **Article 17. Chairman of the Board of Directors**

17.1. The Chairman of the Board of Directors shall be elected by members of the Board of Directors among themselves by a majority of votes of the total number of members of the Board of Directors.

The Board of Directors may at any time re-elect its Chairman by a majority of votes of the total number of votes of members of the Board of Directors.

17.2. The Chairman of the Board of Directors Company shall organize work of the Board of Directors, convoke its meetings and preside thereat, arrange maintenance of minutes at meetings, and preside over the General Meeting.

17.3. Should the Chairman of the Board of Directors of the Company be absent, his functions shall be fulfilled by the Deputy Chairman of the Board of Directors to be elected from the members of the Board of Directors by a majority of votes of the total number of members of the Board of Directors of the Company or by another members of the Board.

### **Article 18. Meetings of the Board of Directors**

18.1. Meetings of the Board of Directors shall be held as necessary, but at least once in six weeks. A meeting of the Board of Directors shall be convoked by the Chairman of the Board of Directors (or by the Deputy Chairman of the Board of Directors in the cases stipulated by clause 17.3. Article 17 hereof) of the Company on his/her own initiative, at request of any member of the Board of Directors, the Internal Audit Commission, the Auditor, or the Director General of the Company.

18.2. A member of the Board of Directors who is absent at a meeting of the Board of Directors of the Company shall have the right to express his opinion on matters included in the agenda in written form.

The written opinion of a member of the Board of Directors who is absent at a meeting of the Board of Directors shall be counted in determining the quorum and results of voting on agenda matters according to the procedure established by the Procedure of the Board of Directors of the Company to be approved by the General Meeting of Shareholders of the Company.

18.3. Decisions of the Board of Directors may be made by absentee voting (polling). In the case of absentee voting, all members of the Board of Directors shall be provided with materials on the matters of the agenda and questionnaires for voting, with indication of the date by which a questionnaire filled in and signed by the member of the Board shall have been submitted to the Board of Directors of the Company.

18.4. No transfer of the right to vote by any member of the Board of Directors of the Company to another person, including another member of the Board of Directors of the Company, shall be allowed.

18.5. Decisions at meetings of the Board of Directors shall be made by a majority of votes of the members of the Board of Directors who take part in the meeting, except otherwise stipulated by the Federal Law "On Joint-Stock Companies" and these Articles.

Should there be several reasons for approval of a transactions (in accordance with these Articles and those specified in chapter X or XI of the Federal Law "On Joint-Stock Companies"), only the Federal Law "On Joint-Stock Companies" shall apply.

18.6. Decisions of the Board of Directors of the Company on the following matters shall be made unanimously by all members of the Board of Directors (in which case the votes of retiring members of the Board of Directors shall not be counted):

- purchase of shares, bonds or other securities allotted by the Company in the cases provided for by the Federal Law "On Joint-Stock Companies";
- on approval of a large-scale transaction.

Decisions of the Board of Directors of the Company on the following matters shall be made by a three



fourths majority of votes of the total number of members of the Board of Directors (in which case the votes of retiring members of the Board of Directors shall not be counted):

- determination of the Company's credit policy in respect to provision by the Company of loans, entering into credit and loan agreements, issue of guarantees, undertaking obligations under a bill (issue of a promissory note and draft), pledge of property and decision-making on the Company effecting the said transactions in the cases provided for by the Company's credit policy, as well as decision-making, in accordance with the procedure provided for by the credit policy of the Company, on bringing the debt position of the Company in conformity with the limits set forth by the credit policy;

- suspension of the powers of the managing organization (Manager), and appointment of an Acting Director General of the Company;

- convocation of an Extraordinary General Meeting of Shareholders of the Company in the cases stipulated by clauses 21.13, 21.14 and article 21 hereof.

Decisions on approval of a related party transaction shall be made by the Board of Directors in accordance with section 83 of the Federal Law "On Joint-Stock Company".

18.7. Decisions of the Board of Directors on the matters stipulated in sub-clauses 20, 30-33 of clause 15.1. article 15 hereof shall be made by a two thirds majority of votes of the members of the Board of Directors of the Company, present at the meeting.

18.8. When decision-making at meetings of the Board of Directors, each member of the Board of Directors shall possess one vote. In the case of equality of votes, the vote of the Chairman of the Board of Directors shall be decisive.

18.9. Quorum for a meeting of the Board of Directors for consideration of matters which require a simple majority of the votes of members of the Board of Directors shall be constituted by at least a half of the number of the elected members of the Board of Directors.

If the number of members of the Board of Directors becomes less than the number which constitutes the said quorum, the Board of Directors must decide on convocation of an Extraordinary General Meeting for elections of a new Board of Directors. The continuing members of the Board of Directors may only decide on convocation of such

Extraordinary General Meeting of Shareholders. In that case, quorum for a meeting of the Board of Directors shall be constituted by at least a half of the continuing members of the Board of Directors.

18.10. Minutes shall be maintained at meetings of the Board of Directors of the Company. Minutes of a meeting of the Board of Directors shall be executed not later than within three (3) days upon closure of such meeting, and shall be signed by the chairman of the meeting and the Secretary of the Board of Directors of the Company, who shall be responsible for correct execution thereof. Minutes shall be accompanied with all materials concerning the agenda of the meeting and documents approved by the Board of Directors.

If the Board of Directors makes decisions by absentee voting, minutes shall be accompanied with questionnaires for voting, signed by members of the Board of Directors.

18.11. The decision-making procedure of the Board of Directors shall be specified by the Procedure of the Board of Directors approved by the General Meeting.

18.12. Decisions of the Board of Directors approved in violation of powers of the Board of Directors of the Company, in the absence of a quorum for meetings of the Board of Directors of the Company or without the need for a decision of the majority vote of the members of the Board of Directors of the Company are void, regardless of their appeal in the courts.

#### **Article 19. Committees of the Board of Directors of the Company**

19.1. Committees of the Board of Directors shall be formed by decision of the Board of Directors.

19.2. Committees of the Board of Directors shall be founded for studying matters included in the competence of the Board of Directors and for development of recommendations to the Board of Directors and the executive body of the Company.

19.3. Procedure of formation and activity, competence and term of powers of committees of the Board of Directors shall be determined by separate decisions of the Board of Directors.

#### **Article 20. Corporate Secretary of the Company**

20.1. The Corporate secretary of the Company may be elected by the Board of Directors of the Company in order to observe the procedure of preparation and holding of the General Meeting of Shareholders, functioning of the Board of Directors.

20.2. The labor agreement with the Corporate secretary of the Company shall be signed by the Chairman of the Board of Directors or a person authorized by the Board of Directors of the Company.

20.3. The definition of terms and conditions of a labor contract with the Corporate secretary of the Company, including a remuneration rate is determined by the Board of Directors of the Company or a person authorized by the Board of Directors of the Company.

20.4. The Corporate secretary of the Company shall participate in preparation and holding of the General Meeting of Shareholders, meetings of the Board of Directors of the Company within the limits of his/her competence in compliance with the legislation of the Russian Federation, these Articles and other internal documents of the Company.

20.5. Members of governing bodies and officials of the Company shall contribute to the Corporate Secretary of the Company in carrying out its functions. The Corporate Secretary is accountable to the Board of Directors of the Company.

20.6. Regulation of activity, appointment and termination of the term of office, the rights and responsibilities of the Corporate Secretary of the Company shall be defined by the Regulations on the Corporate Secretary, approved by the Board of Directors of the Company.

## **Article 21. Executive Bodies**

21.1. Management of the Company's day-to-day activities shall be carried out by the sole executive body of the Company - the Director General and collegial executive body – the Management Board of the Company.

21.2. The Director General and the Management Board shall report to the General Meeting of Shareholders and the Board of Directors of the Company.

21.3. The Director General, without a power of attorney, shall act on behalf of the Company, including, taking into consideration the limitations specified by the current applicable legislation, these Articles and decisions of the Board of Directors and the Management Board approved in accordance with their powers.

The powers of the Director General shall include all issues of day-to-day operations of the Company, except for issues that are referred to the competence of the General Meeting, the Board of Directors and the Management Board:

1) ensures the implementation of the Company's business operations plans required for achievement of its goals;

2) organizes the maintenance of accounting statements in the Company;

3) manages the property of the Company, makes transactions on behalf of the Company, issues powers of attorney, opens in banks or other credit organizations (as well as, when this is prescribed by applicable law, – in organization which professionally operate at the securities market) settlement accounts or other accounts of the Company;

4) issues orders, approves (adopts) instructions, local regulations or other internal documents of the Company with regard on the issues that are referred to his/her competence, gives instructions that are mandatory for execution by all employees of the Company;

5) approves Provisions on Branch Offices and Representative Offices of the Company;

6) approves Provisions on Remuneration to Employees of the Company;

7) approve the general structure of the Company's management;

8) in accordance with the general structure of the Company's management, approves the personnel list and official salaries of employees of the Company;

9) exercises the rights and fulfils the obligations of an employer as prescribed by law;

10) allocates responsibilities between Deputy Director Generals;

11) prepares a business plan (corrections to the business plan) and a report on its implementation results, as well as approves and adjusts the cash flows in accordance with the list and target values of cash flow figures approved by the Board of Directors (with mandatory submission of them to the Board of Directors);

12) submits for consideration to the Board of Directors reports on financial and business operations of the Company, as well as reports on implementation of decisions of the General Meeting and the Board of Directors;

13) not later than 45 (Forty five) days prior to the holding of the annual General Meeting, submits for consideration to the Board of Directors an annual report, annual balance sheet, profit and loss statement of the Company, allocation of profits and losses of the Company;

14) submits for consideration to the Board of Directors reports on financial and business operations of affiliates shares (shares of shares) thereof are in ownership of the Company, as well as information on other organizations in which the Company holds interest;

15) bears responsibility for handling information constituting state secrets, as well as for ensuring protection of state secrets;

16) resolves other issues arising out from day-to-day operations of the Company, except for the issues referred to the competence of the General Meeting and the Board of Directors.

21.4. The Director General shall be elected by the Board of Directors of the Company by a majority of votes of the present members of the Board of Directors.

21.5. The Management Board operates under the present Articles and the Regulations on the Management Board approved by the General Meeting, which sets out the terms and procedure for convening and holding its meetings and decision-making procedures.

21.6. The following issues are related to the competence of the Management Board of the Company:

- 1) the development and submission to the Board of Directors of exciting plans for realization of the main activities of the Company;
- 2) preparing a report on the implementation of the Management Board of decisions of the General Meeting of Shareholders and the Board of Directors of the Company;
- 3) consideration of reports by the Deputy General Director, heads of departments of the Company on the results of the approved plans, programs, guidance, review of records, documents and other information about the Company and its SACs;
- 4) establishment of social benefits and guarantees to employees of the Company;
- 5) making decisions on issues within the competence of senior management bodies of business entities, 100 (one hundred) percent of the share capital of which belongs to the Company (subject to paragraphs 33 and 34, clause 15.1. Article 15 of the present Articles of Association);
- 6) preparation and submission for consideration by the Board of Directors reports on the financial and economic activities of business entities, 100 (one hundred) percent of the share capital of which belongs to the Company;
- 7) decision on the conclusion of transactions involving property, works and services, which cost constitutes from 5 to 25 percent of book value of assets of the Company according to the accounting statements of the last reporting date (except the cases stipulated by subparagraph 35 of item 15.1 of the present Articles of Association);
- 8) other issues on the management of the present activity of the Company in accordance with the decisions of the General Meeting of Shareholders, the Board of Directors of the Company, as well as the issues presented to the Management Board by the Director General of the Company.

21.7. The quantitative composition of the Management Board may not be less than 3 (Three) persons, and it is determined by the decision of the Board of Directors.

The Management Board members are elected by the Board of Directors of the Company on the proposal of the Director General.

If rejected by the Board of Directors of candidates to the Management Board of the Company, proposed by the Director General, the Board of Directors of the Company may elect to the Management Board nominees proposed by the member (s) of the Board of Directors of the Company.

21.8 The Management Board is authorized, if in the meeting (in the absentee voting) there are involved at least half of the elected members of the Management Board.

21.9. All decisions are approved by the Management Board by a simple majority of votes of the Management Board members present at the meeting (participating in the absentee voting). In the case of equality of votes, the deciding vote is the one of the Chairman of the Management Board.

21.10. Transfer of the right to vote by a member of the Management Board of the Company to another person, including another member of the Management Board is not allowed.

21.11. Rights and duties of the Director General relating to management of the Company's day-to-day activity shall be regulated by the laws of the Russian Federation, these Articles and a labor agreement to be entered into by him/her with the Company.

21.12. Combination by the Director General and the members of the Management Board of offices in management bodies of other organizations, as well as other pay offices in other organizations, shall only be allowed on consent of the Board of Directors of the Company.

21.13. A labor agreement with the Director General and the members of the Management Board shall be signed on behalf of the Company by the Chairman of the Board of Directors or a person authorized by the Board of Directors.

21.14. The terms of the labor agreement, including those concerning the term of powers, shall be determined by the Board of Directors of the Company or a person authorized by the Board of Directors to sign the labor contract in accordance with clause 21.13. hereof.

21.15. The rights and duties of the employer in respect to the Director General and the members of the Management Board shall be exercised by the Board of Directors or a person authorized by the Board of Directors in accordance with the procedure determined by decisions of the Board of Directors.

21.16. The Board of Directors may at any time decide on termination of the powers of the Director General of the Company and the members of the Management Board, and decide on forming of the new executive bodies.

The powers of the Director General of the Company and the members of the Management Board shall be terminated for the reasons established by the laws of the Russian Federation and an agreement to be entered into by him/her with the Company.

21.17. The General Meeting of Shareholders may at any time decide on transfer of the powers of the individual executive body of the Company to a managing organization or manager on a contractual basis.

21.18. The rights and duties of a managing organization (manager) in respect to managing day-to-day operations of the Company shall be regulated by the laws of the Russian Federation and a contract it enters into with the Company.

The contract on behalf of the Company shall be signed by the Chairman of the Board of Directors or a person authorized by the Board of Directors.

The terms of the agreement, including those concerning the term of powers, shall be determined by the Board of Directors of the Company or a person authorized by the Board of Directors.

21.19. The Board of Directors may at any time decide on termination of the powers of the managing organization (manager) .

The Board of Directors may decide on suspension of the powers of the managing organization (manager). Simultaneously with the said decision, the Board of Directors must decide on appointment of an Acting Director General and on convocation of an Extraordinary General Meeting of Shareholders for consideration of the matter on termination of the powers of the managing organization (Manager) and, unless otherwise decided by the Board of Directors, on transfer of the powers of the individual executive body of the Company to the managing organization (manager).

21.20. If the managing organization (Manager) is unable to fulfill its duties, the Board of Directors of the Company may decide on appointment of an Acting Director General and on convocation of an Extraordinary General Meeting for consideration of the matter on termination of the powers of the managing organization (Manager) and, unless otherwise decided by the Board of Directors, on transfer of the powers of the individual executive body of the Company to another managing organization (manager).

21.22. An Acting Director General of the Company shall carry out management of the Company's day-to-day activity within the competence of the executive bodies of the Company, unless otherwise decided by the Board of Directors of the Company.

21.23. The Director General, acting as the Director General of the Company, the members of the Management Board and the managing organization (Manager), when exercising their rights and fulfilling their duties, shall act in the best interests of the Company, and shall exercise their rights and fulfill their duties in respect to the Company in good faith and reasonable.

21.24. The Director General, acting as the Director General of the Company, the members of the Management Board and the managing organization (Manager) shall be responsible to the Company for any losses caused to the Company by their guilty actions (omissions), unless other reasons and limits of responsibility established by federal laws.

21.25. Appointments providing admission to the data related to the state secret is possible only after registration of such admission by way of established legislative and other normative documents of the Russian Federation.

21.25. In the temporary absence of the Director General (due to illness, business trip, vacation) the execution of his obligations under the decree of the Director General of the Company may be assigned to one of his deputies, only in case of absence of action of the decision of the Board of Directors on the appointment of the Acting Director General of the Company.

## **Article 22. Internal Audit Commission and Auditor of the Company**

22.1. To control the Company's financial and economic activity the General Meeting of Shareholders shall elect the Internal Audit Commission for the period of 1 (One) year (till the next Annual General Meeting of Shareholders).

The number of members of the Internal Audit Commission shall be 5 (Five).

22.2. By decision of the General Meeting of Shareholders of the Company, the powers of all or certain members of the Internal Audit Commission may be terminated. If the Internal Audit Commission of the Company is elected at an Extraordinary General Meeting of Shareholders, the members of the Internal Audit Commission shall be considered elected for the period till the date of the next Annual General Meeting.

22.3. The competence of the Internal Audit Commission of the Company includes:

1) confirmation of authenticity of data contained in the Company's annual report, balance sheet, profit & loss account;

2) analysis of the Company's financial position, identification of reserves of improvement of the Company's financial position, and development of recommendations for management bodies of the Company;

3) arrangement and conduct of a check (audit) of the Company's financial and economic activity, in particular:

checks (audits) of the Company's financial, accounting, payment, settlement and other documentation connected with the Company's financial and economic activity, for its conformity with the laws of the Russian Federation, the Articles, internal and other documents of the Company;

control of safety and use of fixed assets;

control of observance of the established order of writing-off debts of insolvent debtors to the Company's losses;

control of use of the Company's funds according to the Company's approved business-plan and budget;

control of formation and use of the Reserve Fund and other funds of the Company;

checks of correctness and promptness of calculation and payment of dividends upon shares in the Company, interests upon bonds, incomes upon other securities;

checks of carrying out the instructions on removal of infringements and drawbacks as revealed by the previous checks (revisions);

taking other actions (measures) connected with auditing the Company's financial and economic activity.

22.4. The Internal Audit Commission may request convocation of an Extraordinary General Meeting of Shareholders of the Company.

The Internal Audit Commission must request convocation of an Extraordinary General Meeting in case it have revealed gross violations in the Company's financial and economic activity.

22.5. Procedure of the Internal Audit Commission shall be regulated by an internal document of the Company to be approved by the General Meeting.

The Internal Audit Commission, according to the decision on a check (audit), shall have the right to invite experts in corresponding fields of law, economics, finance, accounting, management, economic safety and others, including specialized organizations, for conduct of a check (audit).

22.6. An audit (check) of the Company's financial and business activities may be carried out at any time on initiative of the Internal Audit Commission of the Company, by decision of the General Meeting of Shareholders, the Board of Directors of the Company, or at request of a Shareholder (Shareholders) of the Company holding in total at least 10 per cents of the voting shares in the Company.

22.7. For an annual audit and confirmation of the Company's annual financial accounts, the General Meeting shall annually approve the Auditor of the Company (hereinafter referred to as the Auditor).

The auditor shall be annually approved at an annual General Meeting.

22.8. The size of remuneration for the Auditor's services shall be determined by the Board of Directors.

22.9. The Auditor of the Company shall conduct audits of the Company's financial and economic activity according to the requirements of the laws of the Russian Federation and by virtue of an agreement to be entered into with him.

22.10. Proceeding from the results of audits of the Company's financial and economic activity, the Internal Audit Commission and the Auditor shall prepare a statement which shall contain:

- confirmation of authenticity of data contained in the Company's reports and other financial documents;
- information on facts of violation by the Company of the procedure of accounting and financial reporting established by legal acts of the Russian Federation, as well as of legal acts of the Russian Federation in the course of the Company financial and economic activity.

Procedure and terms of execution of a statement on the results of an audit of the Company's financial and economic activity shall be regulated by agreements, legal acts of the Russian Federation and the Company's internal documents.

### **Article 23. Accounting and Financial Reporting in the Company**

23.1. The Company must maintain accounting and submit financial reports according to the order established by the laws of the Russian Federation and these Articles.

23.2. The Director General of the Company shall bear responsibility according to the laws of the Russian Federation and these Articles for organization, state and authenticity of accounting in the Company, prompt submission of annual reports and other financial reports to appropriate public authorities, as well as data on the Company's activity to be presented to the Shareholders, creditors and mass media.

23.3. Authenticity of data contained in the Company's annual report and annual accounts shall be certified by the Internal Audit Commission.

23.4. An annual report, balance sheet, profit & loss account, distribution of the Company's profits and losses Company shall be subject to preliminary approval by the Board of Directors of the Company not later than 30 (Thirty) days prior to the date of an Annual General Meeting.

### **Article 24. Keeping Documents by the Company. Provision of Information by the Company**

24.1. The Company must keep the following documents:

- 1) Decision on foundation of the Company;
- 2) Articles of the Company; amendments and alterations to the Articles of the Company registered according to an established order; Certificate of State Registration of the Company;
- 3) documents certifying the Company's title to the property on its balance sheet;
- 4) internal documents of the Company to be approved by management bodies of the Company;
- 5) rules of branches and representative offices of the Company;
- 6) annual financial reports;
- 7) prospectus, quarterly reports of the issuer and other documents containing information to be published or disclosed by other means in accordance with federal laws;
- 8) accounting documents;
- 9) accounts;
- 10) minutes of meetings of the Board of Directors and the Internal Audit Commission;
- 11) voting ballots as well as powers of attorney (copies thereof) issued for participation in the Meeting;
- 12) reports of independent appraisers;

13) lists of the Company's affiliates;

14) lists of persons entitled to participation in the General Meeting of Shareholders and persons entitled to receive dividends, as well as other lists to be compiled by the Company for the Shareholders to exercise their rights according to the requirements of the Federal Law "On Joint-Stock Companies";

15) statements of the Internal Audit Commission of the Company, the Auditor of the Company, governmental and municipal bodies of financial supervision;

16) notifications on the conclusion of shareholders' agreements, directed to the Company, as well as lists of persons who have signed such agreements;

17) judicial decisions on disputes related to the creation of the Company, its management or participation;

18) other documents provided for by the laws of the Russian Federation, these Articles, internal documents of the Company and decisions of the management bodies of the Company.

24.2. The Company shall keep the documents stipulated by clause 24.1 hereof in the place of location of its executive body.

24.3. In the case of reorganization of the Company, all documents shall be transferred to its successor according to an established order.

24.4. In the case of liquidation of the Company, documents of permanent keeping, which have scientific and historical value, shall be transferred for keeping to the Federal Archival Service of Russia; documents relating to its personnel (orders, personal files and registration cards, personal accounts, etc.) shall be transferred for keeping to the Saint-Petersburg State Archive.

Transfer and systematization of documents shall be carried out by force and at the expense of the Company, according to the requirements of archival authorities.

Information on the Company shall be provided by it according to the requirements of the laws of the Russian Federation.

24.5. The Company shall provide the Shareholders of the Company with access to the documents stipulated by clause 24.1. hereof, taking into account the restrictions provided for by the laws of the Russian Federation.

Shareholders (a Shareholder) holding in total at least twenty five percents (25%) of the voting shares in the Company shall have the right of access to accounting documents.

24.6. The documents provided for in clause 24.1. hereof shall be presented by the Company for checking in the premises of the executive body of the Company except of the documents mentioned in paragraph 17, clause 24.1. for which the submission deadline is within 3 (Three) days, within 7 (Seven) days from the date of an appropriate request.

The Company must, at request of persons entitled to access to the documents stipulated by clause 24.1. hereof, provide them with copies of the said documents.

The size of payment shall be fixed by the Director General, and shall not exceed the cost of production of copies of documents.

24.7. The Company provides shareholders and employees of the Company with the access to information in compliance with the requirements of laws on state and commercial secrets.

## **Article 25. Reorganization and Liquidation of the Company**

25.1. The Company may be reorganized in a voluntary way in the form of merger, joining, dividing, separation and transformation, as well as for the reasons and according to the procedure established by the Russian Federation Civil Code and federal laws.

25.2. The Company shall have the right to reorganize itself into a limited liability company or a production cooperative.

25.3. The Company shall be considered reorganized, except for the cases of reorganization in the form of a merger, from the date of state registration of the newly founded legal entities.

Upon reorganization of the Company by way of joining another company, the Company shall be considered reorganized from the date of entering an entry on the termination of the Company's activity into the unified state register of legal entities.

The formation of the property of the companies that are created as a result of the reorganization shall be performed only at the expense of the property of the companies to be reorganized.

25.4. A proposal on reorganization of the Company shall be made by the Board of Directors. A decision on the reorganization of the Company shall be made by the General Meeting.

No later than 30 (Thirty) days from the date of the decision on reorganization of the company, and, when the Company is reorganized in the form of a merger or joining – from the date of decision-making on that by the last of the Companies involved in the merger or joining, the Company must notify the creditors of the Company of that in written form and publish a notice on the decision made in a printed publication that is intended for publication of information on state registration of legal entities. In that case, the creditors of the Company may request in written form pre-term termination or fulfillment of the appropriate obligations of the Company and reimbursement of losses within thirty (30) days from the publication of the notice of the made decision.

25.5. In case of reorganization of the Company, except for reorganization in the form of separation, all its rights and obligations shall be transferred to a successor (successors). In case of reorganization of the Company in

the form of separation, the newly founded entity (entities) shall be transferred part of rights and obligations of the obligations of the Company to be reorganized.

25.6. The Board of Directors of the Company shall decide on the matters connected with preparation to, and holding of, general meetings of Shareholders of Companies founded as a result of reorganization of the Company in the form of separation or dividing (hereinafter referred to as newly founded companies), including:

- determine the form, date, place and time of a general meeting of Shareholders of a newly founded company and the post address where filled in ballots shall be sent to;
- determine the agenda of a general meeting of Shareholders of a newly founded company; determine the date of compilation of a list of persons entitled to participation in a general meeting of Shareholders of a newly founded company;
- determine the procedure of notification of Shareholders on convocation of a general meeting of Shareholders of a newly founded company;
- determine a list of information (materials) to be presented to Shareholders in the course of preparation to a general meeting of Shareholders of a newly founded company, and the procedure of presentation thereof;
- consider proposals of Shareholders of newly founded companies on inclusion of candidates nominated by them in a list of persons for voting on elections to bodies of each of the newly founded companies. Procedure of submission of such proposals, as well as procedure of consideration thereof by the Board of Directors of the Company shall be established by the decision of the General Meeting of Shareholders of the Company on reorganization;
- submit draft articles of a newly founded company for consideration by a general meeting of Shareholders of each of the newly founded companies;
- approve the form and text of a voting ballots in the case of voting by ballots;
- form working bodies of a general meeting of Shareholders of a newly founded company;
- fix the time of commencement of registration of persons participating in a general meeting of Shareholders of a newly founded company, held in the form of joint presence;

25.7. If quorum at a general meeting of Shareholders of a newly founded company is absent, a repeated general meeting of Shareholders of a newly founded company with the same agenda shall be held within 40 days from the date of a failed general meeting of Shareholders of a newly founded company. Repeated general meetings of Shareholders of newly founded companies shall be deemed competent (quorum is present) if Shareholders of newly founded companies holding in total at least 30 percents of the votes of ordinary shares in a newly founded company subject to distribution have taken part therein.

25.8. In the case of holding a repeated general meeting of Shareholders of a newly founded company after a failed general meeting of Shareholders of a newly founded company, the persons entitled to participation in the general meeting of Shareholders of the newly founded company shall be determined proceeding from a list of persons entitled to participation in the failed general meeting of Shareholders of the newly founded company.

25.9. Notices on convocation of a repeated general meeting of Shareholders of newly founded companies and voting ballots shall be sent to the Shareholders of newly founded companies by registered mail not later than 20 days prior to the date of a repeated general meeting of Shareholders of newly founded companies. Notices shall also be published in a print edition provided for by the Articles of the Company for publication of notices on convocation of General Meetings of Shareholders of the Company.

25.10 If decision on one or several matters of the agenda of a general meeting of Shareholders of a newly founded company has not been made, then a repeated general meeting of Shareholders of a newly founded company shall be held not later than within 40 (Forty) days from the date of the general meeting of Shareholders of a newly founded company at which decisions on one or several matters have not been made. In that case, the agenda of a general meeting of Shareholders of a newly founded company shall include those matters only, decision upon which have not been made by a general meeting of Shareholders of a newly founded company. When holding such repeated general meeting of Shareholders, the persons entitled to participation in a general meeting of Shareholders of a newly founded company shall be determined according to Article 51 of the Federal Law "On Joint-Stock Companies".

25.11. A notice on convocation of a repeated general meeting of Shareholders of newly founded companies and voting ballots shall be sent to the Shareholders of newly founded companies by registered mail not later than 20 (Twenty) days prior to the date of a repeated general meeting of Shareholders of newly founded companies. A notice shall also be published in a print edition provided for by the Articles of the Company for publication of notices on convocation of General Meetings of Shareholders of the Company.

25.12. The duties on preparation to a repeated general meeting of Shareholders of all newly founded companies shall be performed by the Board of Directors of the Company.

25.13. Other matters connected with preparation to, and holding of, a repeated general meeting of Shareholders of newly founded companies shall be solved by the General Meeting of Shareholders of the Company within the framework of the matter on reorganization of the Company in the form of separation or dividing.

25.14. Liquidation of the Company shall entail termination of its operations without transfer of any rights or obligations in accordance with the succession procedure to other persons.

25.15. The Company may be liquidated by court decision or in a voluntary way according to the procedure

stipulated by the Russian Federation Civil Code, the Federal Law "On Joint-Stock Companies" and these Articles.

25.16. In case of voluntary liquidation of the Company the General Meeting, on proposal of the Board of Directors, decides on liquidation of the Company and appointment of a Liquidation Commission.

Candidates to members of the liquidation commissions shall be nominated by the Board of Directors. A decision on appointment of the liquidation commission shall be made by the General Meeting by three-fourth of votes of holders of voting shares of the Company participating in the General Meeting.

25.17. Once a liquidation commissions has been appointed, it shall get all powers connected with management of Company's day-to-day operations.

The liquidation commission shall be held liable for any harm caused by it to Shareholders or third parties.

25.18. The procedure of liquidation of the Company and allocation of the property remaining after settlements with creditors shall comply with the Civil Code of the Russian Federation and the Federal Law "On Joint-Stock Companies".

25.19. Liquidation of the Company shall be considered completed, and the Company – ceased to exist from adding an entry on that to the unified state register of legal entities.

25.20. In the organization, the Company's liquidation or termination of works containing the information containing state and commercial secrets, the Company shall ensure safekeeping of such information and its carriers through the development and implementation of secrecy, data protection, technical intelligence resistance, security and fire protection.



**List of Branch Offices  
of "Lenenergo" Open Joint-Stock Company of the Power Industry and Electrification**

No.	Name	Address
1	Vyborg Power Networks	188800, Vyborg, Severny Val, 5
2	Gatchina Power Networks	188300, Gatchina, Karl Marx str., 73-a
3	Cable Network	197022, Saint-Petersburg, Akademika Pavlova str., 5, lit.B
4	Kingisepp Power Networks	188480, Kingisepp, K. Marx pr., 64
5	Lodeynoe Pole Power Networks	187700, Lodeynoe Pole, Energetikov str., 4
6	Luga Power Networks	188230, Luga, Leningradskoe Shosse, 6
7	Novaya Ladoga Power Networks	187453, Novaya Ladoga, Sadovaya str., 25
8	Suburban Power Networks	196601, Saint-Petersburg, Pushkin, 2nd Proezd, 20/5
9	Tikhvin Power Networks	187500, Tikhvin, PS-143.
10	Directorate of Construction in Progress	196247, Saint-Petersburg, Leninskiy pr., 160, office 214