

Approved by  
The Board of Directors of JSC FEEC  
(Minutes dated 12.11.2007 № 29)



**REGULATIONS**  
**FOR DIVIDEND POLICY**  
Of the Open Joint Stock Company  
Far Eastern Energy Company

## CONTENT

	pages
1. General provisions	3
2. Principle conditions of the dividend payment to the Company's shareholders	3
3. Order of dividend rate estimation	4
4. Order of decision making about the dividend payment	4
5. Order of dividend payment	5
6. Information disclosure about the Company's dividend policy	6
7. Responsibility for the incomplete or untimely dividend payment of to the shareholders	6
8. Procedure of approval and making alterations to the Regulations	6

## **1. General provisions**

1.1. The present regulations for dividend policy of the JSC FEED ( hereinafter «Regulations») have been worked out in compliance with the Federal law as of 26.12.1995№ 208-FL "On joint stock companies", civil code of the Russian Federation, other legal acts of the Russian Federation, "Methodology of dividends calculation of the daughter and dependent joint stock companies of JSC RAO UES of Russia", as also the Charter of JSC FEED (hereinafter "the Company") and its internal documents.

1.2. Dividend policy of the Company - is purposeful and organized complex of actions on evaluation of the quantitative parameters of the rational allocation of the Company's net profit with the account of its investment requirements (allocation in surplus fund, accumulation and/or payment of losses of the previous years).

1.3. Dividend policy of the Company is based on the balance of the Company's and its shareholders' interests under evaluation of the rate of the dividend payment , on the improvement of the investment attractiveness of the Company and its capitalization, on respect for and strict observance of the shareholders' rights, stipulated by the acting legislation of the Russian Federation, charter of the Company and its internal documents, insures the transparency of the mechanisms of rate of dividend estimation and payment.

1.4. The aim of the present Regulation is the Company's declaration of the policy's principles for the future dividend payments to the shareholders of JSC FEED, announcement of the expectations in relation to the dividend rate and official confirmation of the basic strategy in the corporate policy of the Company – maximum satisfaction of the rights and interests of its shareholders through the shares rise in market value and the increase of the dividend payment.

1.5. The present Regulation sets the order of estimation the dividend rate under working our the recommendations for net profit allocation by the Board of Directors of the Company.

## **2. Principle conditions of the dividend payment to the Company's shareholders**

2.1. The Company is entitled by the results of the first quarter, half year, nine months of the fiscal year to make the decisions (to announce) about dividend payment on the placed shares. The decision about payment (announcement) of the dividends by the results of the first quarter, half year, nine months of the financial year can be made within 3 months upon termination of the corresponding period.

2.2. The Company shall strive along with the growth of capitalization to increase the rate of dividends paid to the shareholders on the assumption of the gained net profit as of the accounting financial period and the requirements of industrial and investment activity of the Company development.

The conditions of the dividend payment are:

- Lack of restrictions on dividend payment stipulated by the article 43 of the Federal Law "On joint stock companies";
- Net profit availability as of the financial accounting period;
- Meeting of the shareholders' interests;
- Maintenance of the required level of financial and material-and-technical status of the JSC FEEC, providing of the perspectives of the company's development ;
- Recommendation of the Board of Directors about the rate of dividends;
- Decision of the General Shareholders' meeting of the Company.

### **3. Order of dividend rate estimation**

3.1. In compliance with the requirements of the Russian legislation the dividends to the shareholders of the Company shall be paid from the net profit of the Company, accounted on the basis of the accounting statement, drawn up in compliance with the Russian standards of the accounting.

3.2. The Board of Directors of the JSC FEEC shall define for JSC FEEC the direction of the profit distribution, share of profit recommended for dividend payments and for formation of the surplus fund in compliance with the requirements of the legislation as also by other directions of its expenditure, including on implementation of the investment projects.

3.3. Under defining the rate of dividend (with the view to one share), recommended by the General shareholders' meeting and corresponding share of the Company's profit, directed at dividend payment, the Board of Directors shall take into account the main directions of profit distribution, offered by the Director General. The Director General shall present the argumentation for each of the directions of the offered distribution of the net profit gained by the results of the Company's activity as of the accounting period, so that the Board Directors work out recommendations on the rate of dividends.

### **4. Order of decision making about the dividend payment**

4.1. The Board of Directors of the Company shall estimate (define) the recommended rate of dividends on shares basing on the gained financial results and the provided by the Company's Director General offers on net profit distribution and shall bring the matter for consideration at the General shareholders' meeting.

4.2. The recommendations of the Company's Board of Directors shall be recorded in minutes, the access to which shall be provided for all shareholders of the Company.

4.3. The rate of dividends shall not be more the recommended one by the Company's Board of Directors.

4.4. General shareholders' meeting is entitled to make a decision about non payment of dividends on ordinary shares.

4.5. In the events stipulated by the legislation of the Russian Federation, the Company is not entitled to make decision (announce) about dividend payment on shares, as also is not entitled to pay the announced dividends on shares.

## **5. Order of dividend payment**

5.1. The Company's Board of Directors shall define the date of compiling the list of individuals entitled to participate at the General shareholders' meeting. The list of individuals, entitled to receive dividends, shall be compiled as of the date of compiling the list of individuals entitled to participate at the General Shareholders' meeting. To compile the list of individuals entitled to get dividends, a nominee shareholder shall provide the information about the individuals in whose interests he holds the shares.

5.2. The term of dividend payment shall be defined by the General Shareholders' meeting, but not later 60 (Sixty) days upon decision making about their payment.

5.3. The Company shall provide timely and complete payment of dividends to the shareholders. Under payment of dividends the Company shall not put a priority of one shareholders over any other one.

5.4. Dividends shall be paid at the announced rate.

5.5. If the closing date of the dividend payment term falls within non working day, the termination date shall be considered the nearest working day.

5.6. The Company is entitled to exercise its obligation on dividend payment at any date within the set term of payment.

5.7. In the event that the Company's shareholders have not been able to receive the dividends within the set term, the Company shall continue to pay off such unclaimed dividends.

Period of payment of unclaimed dividends shall not be less than 3 years as of the date of termination of the financial year, in which they have been charged. The interests on unclaimed dividends shall not be charged.

5.8. The imposition of taxes of the paid off dividends shall be exercised in the order stipulated by the acting legislation of the Russian Federation.

5.9. For regular and timely organization of the dividend payment the Company is entitled to engage a paying agent.

5.10. The payment of dividend shall be considered the transfer of the corresponding quantity of money from the account of the Company (and in the event of engagement of the paying agent - from the account of such agent) to a bank account (postal address), given in the system of register's maintenance of the Company's shareholders in compliance with the undertaken decision about the terms and order of dividend payment.

## **6. Information disclosure about the Company's dividend policy**

6.1. Shareholders of the Company and other interested individuals can familiarize with the Regulations and alterations to them at the location of the Executive body of the Company as also on the web-page of the Company in the Global Network Internet ([www.dvec.ru](http://www.dvec.ru)).

6.2. Information about decision making on dividend payment, rate, terms, means and form of their payment shall be disclosed in the order stipulated by the acting legislation.

6.3. The set of materials to be presented to the shareholders for decision making at the General shareholders' meeting shall include all necessary information about dividend payment by the results of the financial period, the information that an individual registered in the register of the Company's shareholders shall timely inform the holder of the Company's shareholders register about his data alteration, as also the information about consequences of non observance of these obligations by a shareholder.

## **7. Responsibility for incomplete or untimely dividend payment to the shareholders**

7.1. In compliance with the acting legislation the Company shall bear responsibility for the untimely and incomplete dividend payments to the shareholders.

7.2. The Company shall not bear responsibility for untimely dividend payment in the event of absence in the register of the correct and full data of a registered individual, necessary for dividend payment (transfer) or nonappearance of a shareholder at the place of dividend receiving in the event that the means of dividend receiving w has been defined "in person".

7.3. In the event of incomplete and untimely dividend payment to the shareholders, who have timely reported about alteration of their bank details or postal addresses to the registrar, the Company and its executives guilty of it, shall bear responsibility in compliance with the acting legislation of the Russian Federation.

## **8. Procedure of approval and making alterations to the Regulations**

8.1. The regulation shall be approved, altered and made additions to by the decision of the Board of Directors of the Company. The decision shall be made by a majority of votes of the Board of Directors' members, taking part in the meeting.

8.2. The proposals about making alterations and additions to the present Regulation shall be made in the order, stipulated by the Regulation for the order of convocation and holding the JSC FECC Board of Directors.

8.3. In the event that in the result of alterations of the legislation and regulatory acts of the Russian Federation several articles of the present Regulations contradict them, these articles cease to be in force and till the moment of making alterations into the present

Regulations the Company shall be governed by the legislation and regulatory acts of the Russian Federation.