

APPROVED by:
The Board of Directors of IDGC of North-West
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**Regulation
on Dividend Policy of
“Interregional Distribution Grid Company of North-West”,
Joint Stock Company**

Gatchina,
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1. GENERAL PROVISIONS

1.1. The present Regulation on Dividend Policy of “Interregional Distribution Grid Company of North-West”, Joint Stock Company (hereinafter referred to as Regulation) was drawn up in accordance with the Civil Code of the Russian Federation, Federal Law “On Joint-Stock Companies” normative and legal acts of the Russian Federation, Charter of IDGC of North-West (hereinafter referred to as the Company) and the Code of corporate governance of IDGC of North-West and other internal documents.

1.2. Dividend policy of the Company is defined by the Company as a system of activities directed to the determination of the quantitative parameters of the Company’s net profit distribution between the dividends payment to shareholders and its retaining in the possession of the Company (by means of directing to the reserves fund for accrual and/or redemption of losses of the past years). It is also the system of relations and principles for determining rates of the dividends, procedures and terms of payment and for fixing the Company’s responsibility for failing to meet obligations concerning dividend payment.

1.3. Dividend policy of the Company is based on the balance of interests of the Company and its shareholders determined by the present legislation of the Russian Federation, Charter and internal documents of the Company and is aimed at increasing of the investment inflow to the Company, its capitalization and maximum satisfaction of rights and interests of their shareholders through the growth of market value of shares and dividends payment increase.

1.4. The Regulation is drawn up to provide a clear mechanism of determining the rates of the dividends and their payment, as well as to inform shareholders and other interested parties on the dividend policy of the Company and to determine general conditions for dividend payment, procedure for determining the rates of the dividends, dividends amount payment conditions including terms, place, and form of their payment and as well as Company’s responsibility for dividends payment.

1.5. Terms and definitions used in the present Regulation shall be used in the same meaning as they are used in the legislation of the Russian Federation on joint stock companies and equity securities if other is not determined hereof.

2. PRINCIPLES OF THE COMPANY’S DIVIDEND POLICY

2.1. Dividend policy of the Company is based on the following principles:

- correspondence of the practice of charge and payment of the dividends to the legislation of the Russian Federation and the best standards of the corporate governance determined in the company;
- meeting of the interests of the shareholders;
- support of the required level of financial and technical condition of the Company, promotion of the Company’s perspective development;
- necessity to increase the investment attractiveness of the Company and its capitalisation;
- provision of transparency (clearance) of the mechanism determining the amount of dividends payment for shareholders and managers.

2.2. Recommended amount of dividends payment is determined by the Board of Directors on the basis of the financial results of the Company’s activity, together with this, the Board of Directors will be aimed at providing, together with other equal conditions, the stable amount of dividends payment at the level, meeting the interests of shareholders.

3. TERMS FOR DIVIDEND PAYMENT

3.1. The Company has a right based on the results of the first quarter, half-year, nine months of the fiscal year and (or) the whole fiscal year to resolve on (declare) placed share dividends payment. The decision on dividend payment (declaration) on the results of the first quarter, half-year or nine months of the fiscal year may be made within three months after the corresponding period.

3.2. Apart from growth of capitalization the Company aims at increasing dividends being paid out based on the net profit value of the accounting financial period and the need for development of production and investment activities of the Company.

3.3. The terms for dividend payment to the Company’s shareholders are:

- presence of the reporting determined by the financial data of the Company in accordance with Russian Accounting Standards (hereinafter referred to as RAS) of profit after taxation (net profit of the Company)

for the reporting year and/or undistributed profit of the previous year, in case the decision on its distribution was not taken by the meeting of shareholders;

- absence of restrictions on dividend payment (declaration), stipulated by the valid RF legislation and by the present Regulation ;

- correspondent resolution of the General meeting of the Company's shareholders.

3.4. In the process of profits and costs distribution by the results of the fiscal year (including dividend payment (declaration)) the profit distributed as dividends by the results of the first quarter, half-year and nine months of the fiscal year is not taken into account.

4. SOURCES OF MEANS DIRECTED TO DIVIDEND PAYMENT

4.1. In accordance with the requirements of the valid RF legislation the dividends must be paid from the net profit of the Company, accounted for with observance of the valid rules of accounting and reporting and must be distributed among shareholders pro rata of the number of shares of the corresponding category (type).

4.2. In the process of distributing the net profit of the fiscal year the Company distributes assets to the obligatory deductions in accordance with the valid RF legislation, the Charter and internal documents of the Company and to other expenses including dividend payment.

4.3. The Company's Board of Directors members determine the recommended rates of share dividends based on dividend rates suggested by the General Director of the Company considering the financial results of the fiscal period. The General Director of the Company possesses the right to present for the consideration of the Board of Directors of the Company their suggestions concerning the distribution of profit of the Company including dividends payment.

4.4. Rates of the dividends for common shares are determined by recommendation of the Board of Directors and can not exceed the rate recommended by the Board of Directors.

4.5. Rate of the dividend per one common share is accounted according to the present legislation of the Russian Federation and the Charter of the Company.

4.6. Rates of interim dividends (dividends declared before the end of the fiscal year - by the results of the first quarter, half-year, nine months) shall be determined according to the following conditions:

- amount of the dividends of the current year profit can not exceed the amount of the dividends by the results of the year planned in accordance with the Business plan approved by the results of the year (determined in accordance with the mandatory allocations from the profit to the funds of the Company in accordance with the current legislation for the Russian Federation);

- the amount of dividends out of the profit of past years can not exceed the amount of the past years profit being at the possession of the Company (according to the data of the financial statement) if the general meeting of shareholders did not take the decision concerning their distribution.

4.7. Dividends are declared without taking into account the taxes, paid by shareholders.

5. DECISION MAKING PROCEDURE FOR DIVIDENDS PAYMENT

5.1. The decisions on dividend payment (declaration) including the decision on dividend rates and mode of payment for shares of each category (type), terms and procedures of dividend payment is made by a resolution of the General meeting of the Company's shareholders in accordance with the Company's Charter and on the recommendations of the Company's Board of Directors on the rate of dividends.

5.2. The decision of dividends payment by the placed shares by the results of the financial year shall be taken by the annual general shareholders meeting as a constituent part of the decision on Company's profit distribution by the results of the financial year.

5.3. The decision on dividends payment by the placed shares by the results of the first quarter, half year, nine months of the financial year shall be taken by the General Meeting of Company's shareholders as a separate issue of the agenda for the General shareholders meeting.

5.4. The recommendations of the Board of Directors and decision of the General Shareholders meeting on dividends payment the following shall be mentioned:

- category and type of shares for dividend payment;

- dividend rate per one share of a certain category (type);

- terms of payment;

- mode of payment.

5.5. Decision on dividend payment (declaration) may be made in case of absence of restrictions on dividend payment stipulated by the RF legislation

6. LIST OF PERSONS POSSESSING THE RIGHT TO GET DIVIDENDS

6.1. Board of Directors of the Company suggests the date for the compiling of the list of persons possessing the right to take part in the General Shareholders meeting. List of persons possessing the right to get dividends is compiled for the date of the list of persons compiling possessing the right to take part in the General Shareholders meeting.

6.2. List of persons possessing the right to get dividends is compiled by the Registrar of the Company.

6.3. The list of persons possessing the right to get dividends shall consist of the following persons:

- shareholders registered in the system of the register of shareholders keeping for the date of the list compiling;

- other persons (bailholders, trustee managers and others), registered in the system of the shareholders register keeping for the date of list compiling which gives them the rights for shares if the other is not determined by the agreement of such a person with the shareholder;

- shareholders in whose interests the shares are in the possession of the nominal holder of the securities registered in the system of the shareholders register keeping for the date of the list compiling. To compile the list of persons possessing the right to get dividends, the nominal holder of the shares presents all information about the persons in whose interests he/she possesses the shares.

6.4. In case the shares are in equity ownership, the list of persons possessing the right to get dividends shall include all the co-owners of shares.

6.5. Information about the way to get dividends is contained in the questionnaire of the person registered in the register. The responsibility for the presentation of the reliable data for inclusion of the correspondent changes to the questionnaire of the person registered in the register is laid upon the shares holder.

6.6. For the purposes of the shareholders right protection to get dividends the Company during the organization of its relations with the holder of the register will take all the necessary actions to determine the boundaries of responsibility of the latter for the reliability of information presented in the list of persons possessing the right to get dividends as well as information about the way (form) of the revenue acquisition with the data of the Company's shareholders register.

6.7. In case of changes introduction to the list of persons possessing the right to get dividends, the Company will require from the register holder the determination of reasons of such changes introduction.

6.8. Any shareholder is entitled to address to the Company with the demand for information presentation which concerns his/her inclusion (non-inclusion) to the list of persons possessing the right to get dividends.

6.9. The company during seven days since the moment of the request acquisition determined in paragraph 6.8. prepares and addresses the reply to the shareholder to his/her postal address if the other way was not determined in the request.

7. ORDER, TERM AND FORM OF DIVIDENDS PAYMENT

7.1. Term and form of dividends payment is determined by the Charter and/or General meeting of shareholders of the Company.

7.2. If the last day of the dividends payment term is the day off, the day of the term end is the first working day following it.

7.3. The Company is obliged to pay the declared dividends before the end of the determined term.

7.4. The Company is obliged to fulfill the obligations concerning the dividends payment at any day during the established term of payment.

7.5. The Company does not determine the deadline of acquisition and does not terminate the payment of dividends relating to shares which shareholders did not get the accrued dividends during the determined term (unclaimed dividends).

7.6. Penalties for the use of the unclaimed dividends are not charged.

7.7. The taxation of the paid out dividends is carried out in the order determined by the present legislation of the Russian Federation.

7.8. The Company is the tax agent during the payment of dividends to shareholders concerning the shares belonging to them. The Company carries out the account, retention and transition of the tax amounts from the dividends to the budget in the order and terms determined by the present legislation. The dividends shall be transited to shareholders except the deductions of taxes amounts.

7.9. The shareholder who shall not experience the standard taxation rates is obliged to present to the Company or its paying agent the correspondent documents determined by the current legislation of the Russian Federation. In case when information concerning the tax benefits was acquired by the Company after dividends payments the return of the payed taxes does not carried out by the Company.

7.10. Dividend payment is the transition of the correspondent money means from the account of the Company to the bank account (postal address), contained in the system of the register keeping of the shareholders of the Company or the transition of the other property to the sharegolder on account of dividends payment if such form of payment was determined by the Charter and/or General Shareholders meeting. Besides, the dividends payment by the physical person can be carried out by the cash through the cash desk of the Company.

7.11. The Company is obliged to carry out the dividends payment independently through its branches, thruough the registrar of the Company or attract on the agreed basis the third party-agent by payments to the aims of the organization and dividends payment. The attraction of the paying agent by the Company does not free the Company from the responsibility to the shareholders for payment of the dividends. The Company is entitled to inform its shareholders about the involvement of the paying agent, his/her change or the termination of his/ her powers.

7.12. The shares owner is entitled at any time to introduce changes to the questionnaire of the registered person concerning the part of determined shares profit getting, determination of the postal address or bank detailes the dividends shall be transfered to, presenting to the registrar of the company the questionnaire of the registered person with the correspondent order. The register holder during the term of dividends payment shall present to the Company the renewd data. The Company does not bear the responsibility for the transfer of dividends to the address of the shareholders by the details the Company is aware of; if such was carried out by the company till the moment it got information of the new data.

7.13. To get the dividends as a result of heritage the heir is obliged to present to the registrar the notarized certificate concerning the right for the inheritance by the place of the dividends acquisition.

7.14. The expenditures concerning the dividends payment shall be carried out at the expence of the Company.

8. RESTRICTIONS FOR DIVIDEND PAYMENTS

8.1. The Company is not entitled to resolve on (declare) share dividend payment:

- before complete payment of the total authorized capital;
- before repayment of all the shares, which must be bought out in accordance with 76FL “On Joint-Stock Companies”;
- if on the date of making a decision on dividend payments the Company is insolvent (bankrupt) according to the legislation of the Russian Federation on insolvency (bankruptcy) or if dividend payment may result in the Company’s insolvency;
- if on the date of making a decision on dividend payments the cost of the Company’s net assets is less than its authorized capital and reserve fund or if it may become less after such a decision;
- in other cases stipulated by the valid RF legislation.

8.2. The Company does not have a right to pay share dividends:

- if on the date of dividend payment the Company is insolvent (bankrupt) according to the legislation of the Russian Federation on insolvency (bankruptcy) or if dividend payment may result in the Company’s insolvency;
- if on the date of making a decision on dividend payment the cost of the Company’s net assets is less than its authorized capital and reserve fund or if it may become less after such a decision;
- in other cases stipulated by the valid RF legislation.

If the stated above circumstances change the Company is obliged to pay the declared dividends to the shareholders.

9. DISCLOSURE OF INFORMATION CONCERNING DIVIDEND POLICY

9.1. The Regulation on dividend policy of “IDGC of North-West” together with amendments is available on the Company’s website in the Internet at www.mrsksevzap.ru.

9.2. Information on reaching a decision on dividend payments, on the rates, terms, procedures and mode of payment is disclosed according to the procedures stipulated by the valid RF legislation.

9.3. Materials, presented to the shareholders for passing resolutions at the general shareholders meetings must contain all the necessary information on presence or absence of conditions necessary for dividends payment.

9.4. The Company publishes notification on decision payment by means of placement of information on the web-site of the Company on the Internet, the address is as follows: www.mrsksevzap.ru not later than five days since the moment of the minutes compiling of the General shareholders meeting where such a decision was taken.

9.5. Notification published by the Company concerning the decision taking on the payment of dividends in the amount, form, term and order of payment shall strictly and clearly give the shareholders the information concerning these issues. Together with this notification the shareholders shall get the explanation of their responsibility in case of changes of the bank data and postal addresses to make changes to the questionnaire of the person registered in the Company’s shareholders register as well as consequences of such obligation misconduct.

10. COMPANY’S RESPONSIBILITY FOR DIVIDENDS PAYMENT

10.1. The Company is obliged to pay declared dividends in the amount and term determined by the decision of the General Shareholders meeting and the Charter of the Company.

10.2. In case of the Company’s obligations non-fulfilment the shareholders are entitled to require the dividends payment by judicial process.

10.3. The Company does not bear the responsibility for the undue dividends payment in case of absence of correct and full data of the registered person in the register of shareholders which is necessary for payment (transfer) of dividends to him/her or in case the shareholder did not come to the place of dividends acquisition if the type of acquisition was determined by him/her as “personal” (in cash).

10.4. In case of incomplete and (or) untimely dividends payment to shareholders, who properly announced about the change of their bank details and postal addresses to the register holder, the officials are directly responsible for this shall bear the responsibility in accordance with the current legislation of the Russian Federation.

11. FINAL PROVISIONS

11.1. Issues concerning dividend payments to the Company’s shareholders, not settled by valid RF legislation, the Charter of the Company and the present Regulation must be settled proceeding from providing the rights and legal interests of the shareholders of the Company.

11.2. The Regulation can be approved, changed and amended by the resolution of the Company’s Board of Directors. The resolution is made in the order determined by the legislation and/or the Charter of the Company.

11.3. Certain items of the present Regulation may lose their force, if they become contrary to legal or other normative acts of the Russian Federation after being amended; in such cases before making amendments to the Regulation the Company must follow the requirements of the legal or other normative acts of the Russian Federation.