

APPROVED

by resolution of the General Meeting of Shareholders
of Open Joint-Stock Company RusHydro

Minutes No. _____, dated 25 June, 2008

ARTICLES OF ASSOCIATION
of Open Joint-Stock Company RusHydro
(JSC RusHydro)
(version No. 5)

2008

Article 1. General Provisions

1.1. Open Joint Stock Company RusHydro (hereinafter the "Company") was established by a single founder – JSC RAO UES of Russia by Resolution of 24 December, 2004 pursuant to Resolution No. 526 of the Government of the Russian Federation of 11 July, 2001 "On Restructuring the Electric Power Industry of the Russian Federation" and directives No. 1254-r of 1 September, 2003 and No. 1367-r of 25 October, 2004 issued by the Government of the Russian Federation.

1.2. The Company is the legal successor of the following joint-stock companies, reorganised by affiliation to the Company:

- JSC Bureiskaya HPP (Principal State Registration Number 1022800873688);
- JSC Volzhskaya HPP (Principal State Registration Number 1023402009806);
- JSC Votkinskaya HPP (Principal State Registration Number 1025902029867);
- JSC Dagestanskaya Regional Generating Company (Principal State Registration Number 1050562009904);
- JSC Zhigulevskaya HPP (Principal State Registration Number 1026303244076);
- JSC Zagorskaya PSHPP (Principal State Registration Number 1057746555305);
- JSC Zeiskaya HPP (Principal State Registration Number 1022800926829);
- JSC Zelenchukskiye HPPs (Principal State Registration Number 1020900776423);
- JSC Kabardino-Balkarskaya Hydro-generating Company (Principal State Registration Number 1050700622170);
- JSC KabbalkHPP (Principal State Registration Number 1020700748441);
- JSC Kamskaya HPP (Principal State Registration Number 1025901508709);

- JSC Cascade of VV HPPs (Principal State Registration Number 1027601110063);
- JSC Nizhegorodskaya HPP (Principal State Registration Number 1035204746972);
- JSC Saratovskaya HPP (Principal State Registration Number 1036403913413);
- JSC Northern Ossetia HGC (Principal State Registration Number 1051500419189);
- JSC Stavropolskaya Electricity Generating Company (Principal State Registration Number 1052600222949);
- JSC Sulakenergo (Principal State Registration Number 1020501741589);
- JSC Neporozhniy SShHPP (Principal State Registration Number 1021900672364);
- JSC Cheboksarskaya HPP (Principal State Registration Number 1052128000077);
- CJSC EOZ (Principal State Registration Number 1067758897150).

1.3. The full corporate name of the Company in Russia: – Открытое акционерное общество "РусГидро".

Abbreviated corporate name of the Company in Russian – ОАО "РусГидро", in English – JSC RusHydro.

1.4. The previous full corporate name of the company – Открытое акционерное общество "Федеральная гидрогенерирующая компания"; the previous abbreviated corporate name of the Company – ОАО "ГидроОГК".

1.5. The Company's place of business is: 51, Respubliki St., Krasnoyarsk, Krasnoyarsk Territory.

The Company's postal address is: 51, Arkhitekтора Vlasova St., Moscow, 117393.

1.6. The term of the Company is open-ended.

Article 2. Legal status of the Company

2.1. The legal status of the Company shall be determined by the Civil Code of the Russian Federation, the Federal Law on Joint Stock Companies, Federal Law No. 35-FZ on the Electric Power Industry of March 26, 2003, Federal Law No. 36-FZ on the Specifics of Electric Power Industry Functioning During the Transition Period, Introduction of Amendments to Some Legislative Acts of the Russian Federation, and Repeal of Some Legislative Acts of the Russian Federation due to the Adoption of the Federal Law No. 36-FZ on the Electric Power Industry of March 26, 2003, other laws and regulations of the Russian Federation, and by these Articles of Association.

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

2.3. The Company shall own its separate assets accounted for in its independent balance sheet; it may, on its own behalf, acquire and exercise property rights and personal non-property rights, perform duties, sue and be sued.

2.4. The Company shall be entitled to open bank accounts within and outside the Russian Federation according to the established procedure

2.5. The Company shall be liable with respect to its liabilities with all of its property.

The Company shall not be liable with respect to obligations of the Russian Federation or its shareholders' liabilities.

Shareholders shall not be liable with respect to the Company's liabilities unless otherwise provided for in the laws of the Russian Federation.

Shareholders shall have the right to dispose of the shares held by them without consent of other shareholders and the Company.

Shareholders shall bear the risk of loss associated with its activities to the extent of the value of their shareholdings.

2.6. The Company shall have a round seal bearing its full corporate name in Russian and specifying its place of business.

The Company shall have stamps and letterheads bearing its corporate name, its own emblem (logo) and duly registered trademark, and other visual identification means.

2.7. The Company shall have civil rights and obligations necessary to carry out any activities that are not forbidden by federal laws.

2.8. The Company may establish affiliates and open representative offices both within and outside the Russian Federation.

The Company's affiliates and representative offices shall not form legal entities and shall operate on behalf of the Company and under regulations approved by the Company.

The Company's affiliates and representatives offices shall be endowed with property to be accounted for in both their respective balance sheets and the Company balance sheet.

The manager of an affiliate or a representative office of the Company shall be appointed by the Chairman of the Company Management Board and operate under a power of attorney issued by the Company.

The Company shall be liable for the operations of its affiliates and representative offices.

Information on the affiliates and representative offices of the Company is set out in Appendix 1 hereto.

2.9. The Company may have subsidiaries and dependent companies with legal entity rights within the Russian Federation founded pursuant to the Federal Law on Joint Stock Companies and other federal laws and outside the Russian Federation under the laws of the foreign state where a subsidiary or dependent company is located, unless otherwise provided for in an international agreement of the Russian Federation.

Article 3. Purpose and Scope of Business of the Company

3.1. The Company is established for the following purposes:

- implementing the national policy in the field of hydropower industry;

- creating adequate conditions for the effective functioning of the wholesale electric power market;
- exercising effective operation and centralised process management of the hydropower generating facilities;
- pursuing a uniform investment and capital attraction strategy to address system-wide tasks of hydropower industry development;
- developing and implementing research and technical policy and introducing new, advanced engineering facilities and technologies, including renewable energy sources development;
- generating profits.

3.2. In order to reach the set objectives the Company may engage in any lines of business that are not prohibited by law, including:

- electric power and/or capacity generation;
- electric power supply (sale);
- electric power procurement (purchase) on the electric power (capacity) wholesale market;
- operations that determine parallel operation regime in accordance with the Unified Energy System of Russia modes within the framework of contractual relationships;
- operation of power equipment according to current regulations and timely and high-quality repair, re-equipment and reconstruction of power-generating facilities;
- operation of power-generating facilities, that are not included in the Company balance sheet, under contracts with such power facility owners;

- training and checking the personnel's knowledge of rules, regulations and instructions on technical operation, occupational health and safety, and production and fire safety;
- ensuring power-saving mode of power plant equipment operation and compliance with the schedules of contractual power supply;
- introducing new plant and technologies that ensure effective, safe and environmentally friendly operation of the Company facilities;
- concentrating research, technological and production capacity on the development and introduction of new, advanced technologies, know-how and materials;
- designing and implementing renewable (non-conventional) energy sources introduction programs;
- exercising executive bodies' powers in shareholder and other business entities according to the legally established procedure and contracts concluded;
- investment activities;
- trust management;
- agency services;
- external economic activities;
- operations associated with conservation activities;
- operations associated with reducing environmental impact, and protection and use of natural resources;
- design and implementation of research and technical, economic and social programs;
- operation of buildings and facilities;

- organisation and holding of exercises in preparedness, civil defence, emergency response and protection of state secrets in compliance with the laws of the Russian Federation;
- protection of the Company by establishing its own Security Service, whose activities shall be governed by the Law of the Russian Federation on Private Detective and Security Services in the Russian Federation and the laws of the Russian Federation;
- other types of activity.

3.3. The Company may engage in certain activities as listed in federal laws under a special permit (licence) only.

The Company's right to engage in an activity requiring a licence shall arise when such licence is granted or on a date specified by such licence and terminate upon expiration of the licence term, unless otherwise provided for by law or other legal acts.

Article 4. Authorised Capital of the Company

4.1. The authorised capital of the Company comprises the par value of shares in the Company acquired by the shareholders (issued shares).

The authorised capital of the Company is 195,860,496,735 (one hundred and ninety five billion, eight hundred and sixty million, four hundred and ninety six thousand, seven hundred and thirty five) roubles.

4.2. The Company has placed 195,860,496,735 (one hundred and ninety five billion, eight hundred and sixty million, four hundred and ninety six thousand, seven hundred and thirty five) ordinary registered shares of 1 (one) rouble par value each to a total par value of 195,860,496,735 (one hundred and ninety five billion, eight hundred and sixty million, four hundred and ninety six thousand, seven hundred and thirty five) roubles.

4.3. The authorised capital of the Company may be:

- increased by way of raising the par value of shares or by placing additional shares;

- decreased by way of reducing the par value of shares or by reducing the total number thereof, including by acquiring or redeeming a part of outstanding shares in the Company under these Articles of Association.

4.4. The authorised capital of the Company may be increased only subject to payment therefore in full.

No increase of the authorised capital of the Company shall be permitted in order to cover any losses incurred by the Company.

4.5. Any decrease of the authorised capital of the Company shall be permitted only upon notification of all creditors according to a procedure established by the laws of the Russian Federation.

The Company shall be obliged to decrease its authorised capital as prescribed by the Federal Law on Joint Stock Companies.

4.6. The Company shall be entitled to acquire shares issued by it by decision of the General Meeting of Shareholders to decrease the authorised capital of the Company by way of purchasing a part of outstanding shares in order to decrease the total number thereof.

The General Meeting of Shareholders may not pass a resolution to reduce the authorised capital of the Company by way of acquiring a part of outstanding shares in order to decrease the total number thereof if the par value of the remaining outstanding shares would fall below the minimum amount of the authorised capital provided for by the Federal Law on Joint Stock Companies.

The shares acquired by the Company under this clause shall be redeemed upon the purchase thereof.

Payment for shares acquired under this clause may by resolution of the General Meeting of Shareholders be made in cash and (or) other assets.

4.7. In addition to the outstanding shares, the Company announces the offering of 191,003,877,041 (one hundred and ninety one billion, three million, eight hundred and seventy seven thousand, and forty one) ordinary registered shares of 1 (one) rouble par value each to a

total par value of 191,003,877,041 (one hundred and ninety one billion, three million, eight hundred and seventy seven thousand, and forty one) roubles.

Ordinary registered shares authorised by the Company to be issued shall provide the holders thereof with the rights as set out in Clause 6.2 hereof.

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

5.1. The Company shall place ordinary shares and may place one or more types of preference shares, bonds and other equity securities according to the procedure established by the laws of the Russian Federation.

5.2. Conversion of ordinary shares into preference shares, bonds or other securities shall not be permitted.

5.3. Placement of shares and other securities of the Company convertible into shares shall be made by the Company according to the laws and regulations of the Russian Federation.

5.4. The Company may place additional shares and other investment securities by way of distribution thereof among the Company shareholders, subscription or conversion.

5.5. Insofar as provided for by the laws of the Russian Federation, the Company shareholders shall have the preemption right to acquire additional shares and investment securities convertible into shares to be placed by way of subscription in proportion to the number of shares of the same class (type) held by them.

5.6. In the event that in exercising the preemption right to purchase additional shares or in the event of reverse split, purchase of an even number of shares by a shareholder is impossible, then split shares (fractional shares) arise.

A fractional share shall confer on its holder the amount of rights provided by a share of relevant class (type) in proportion to the part of the whole share it constitutes.

Fractional shares shall circulate on an equal basis with whole shares. In the event of acquisition by one person of one or more split shares of the same class (type) such shares shall form one whole share and (or) a split share equal to the sum of such split shares.

5.7. Payment for additional shares placed by way of subscription may be made in cash, securities, other things or property rights or other rights that can be evaluated in money terms.

The form of payment for additional shares shall be determined in the decision on placement thereof.

Payment for other investment securities may be made in cash only.

5.8. The Company may acquire shares placed by it by decision of the Company Board of Directors (pursuant to Clause 2 of Article 72 of the Federal Law on Joint Stock Companies).

The Board of Directors shall not have the right to pass a decision on acquisition of shares by the Company if the par value of outstanding Company shares would be below 90 per cent of the authorised capital of the Company.

The shares acquired by the Company under this paragraph shall not provide voting rights, they shall not be taken in account in counting of votes, and no dividends shall be paid thereon. Such shares have to be sold by decision of the Board of Directors at a price not lower than their market price within no more than one year of the date of purchase thereof. Otherwise the General Meeting of Shareholders should pass a resolution to decrease the authorised capital of the Company by way of redemption of the said shares.

Payment for shares acquired under this paragraph may by decision of the Board of Directors be made in cash and (or) other assets.

Article 6. Rights of Shareholders

6.1. A person holding shares in the Company shall be recognised as a shareholder of the Company on the grounds provided for by the law of the Russian Federation and these Articles of Association.

6.2. Each ordinary registered share in the Company shall provide the holder thereof with equal rights.

The holders of ordinary registered shares shall have the following rights:

- (1) to take part in the Company's General Meeting of Shareholders with a right to vote on all issues within its terms of reference in person or by proxy;
- (2) to propose items for the General Meeting of Shareholders agenda according to the procedure established by the laws of the Russian Federation and these Articles of Association;
- (3) to obtain information on the Company's operations and inspect documents of the Company pursuant to Article 91 of the Federal Law on Joint Stock Companies;
- (4) to receive dividends as declared by the Company;
- (5) preemption right to acquire additional shares and investment securities convertible into shares to be placed by subscription in proportion to the amount of shares of the same class (type) held by them;
- (6) in the event of the Company liquidation, to receive part of its assets;
- (7) to exercise other rights as provided for by the laws of the Russian Federation and these Articles of Association.

Article 7. Dividends

7.1. The Company may on the basis of performance results in the first three, six or nine months of the financial year and (or) on the basis of the financial year results to pass a decision on (declare) payment of dividends on the placed shares. The decision to pay (declare) dividends based on performance results in the first three, six or nine months of the financial year may be passed within three months of the end of a relevant period.

The Company shall be obliged to pay dividends declared on shares of each class (type).

7.2. Decisions to pay (declare) dividends, including decisions on the amount of the dividend and the form of payment with respect to shares of each class (type), shall be passed by the General Meeting of Shareholders.

The size of dividends may not be higher than that recommended by the Company's Board of Directors.

The General Meeting of Shareholders may decide not to pay dividends.

7.3. In cases provided for by the laws of the Russian Federation the Company may not decide on (declare) payment of dividends on shares.

7.4. Dividends shall be paid out of the Company's profit after tax (net profit of the Company). The Company's net profit shall be determined on the basis of financial statements. Dividends on preference shares of certain types may also be paid out of special funds of the Company formed for this purpose.

7.5. The time to pay dividends shall be determined by a resolution of the General Meeting of Shareholders on payment of dividends.

Article 8. The Company Funds

8.1. The Company shall set up a Reserve Fund in the amount of 5 (five) per cent of the Company authorised capital.

Mandatory annual allocations to the Reserve Fund of the Company shall be 5 (five) per cent of the Company's net profit until the amount set for the Reserve Fund is reached.

8.2. The Company Reserve Fund shall be designated to cover for losses incurred by the Company, and to redeem the Company's bonds and buy out Company shares if there are no other funds available for these purposes.

The Reserve Fund of the Company cannot be used for any other purposes.

8.3. The Company may form other funds to provide for its business and financial activities as a subject of civil circulation pursuant to the laws of the Russian Federation.

Article 9. Management and Control Bodies

9.1. The Company's management bodies shall be:

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

9.2. The Company's Internal Audit Commission shall exercise control over financial and economic activities of the Company.

Article 10. General Meeting of Shareholders

10.1. The General Meeting of Shareholders is the supreme managing body of the Company.

10.2. The General Meeting of Shareholders shall have the competence to:

- (1) amend the Company's Articles of Association or approve a restated version of the Articles of Association;
- (2) reorganise the Company;
- (3) liquidate the Company, appoint a liquidation commission, and approve an interim and final liquidation balance sheets;
- (4) determine the number, par value, class (type) of authorised shares and rights attaching thereto;
- (5) increase the Company's authorised capital by way of raising the par value of shares or by placing additional shares;
- (6) decrease the authorised capital of the Company by way of reducing the par value of shares, acquiring by the Company of part of the shares in order to reduce their total number, and by way of redeeming the shares acquired or bought out by the Company;

- (7) split and consolidate shares in the Company;
- (8) pass a resolution on placement by the Company of bonds convertible into shares and other investment securities convertible into shares;
- (9) elect directors of the Company and terminate their powers;
- (10) elect Internal Audit Commission members and terminate their powers;
- (11) approve the Company's Auditor;
- (12) approve annual reports, annual financial statements, including an income statement (profit and loss accounts) of the Company, as well as distribute profits (including pay (declare) dividends, with the exception of profits distributed as dividends for the first three, six or nine months of the financial year and losses the Company incurred in the financial year;
- (13) pay (declare) dividends for the first three, six or nine months of the financial year;
- (14) take decisions to approve material transactions as provided for by Article 79 of the Federal Law on Joint Stock Companies;
- (15) take decisions to approve transactions as provided for by Article 83 of the Federal Law on Joint Stock Companies;
- (16) take decisions to participate in financial-industrial groups, associations and other groups of commercial organisations;
- (17) approve internal documents governing the activities of the Company management and supervisory bodies;
- (18) pass resolutions on payment of remuneration and (or) compensation to Internal Audit Commission members;

(19) pass resolutions on payment of remuneration and (or) compensation to Directors;

(20) pass resolutions on other matters as provided for by the Federal Law on Joint Stock Companies.

10.3. Matters relegated to the terms of reference of the General Meeting of Shareholders may not be referred to the Board of Directors, Management Board or Chairman of the Management Board of the Company.

The General Meeting of the Company may not discuss and decide on any issues outside its terms of reference under the Federal Law on Joint Stock Companies.

10.4. Decisions on issues referred to in Subclauses 2, 5, 7, 8, 11-19 of Clause 10.2 of Article 10 hereof, as well as on the issue of decreasing the authorised capital of the Company by way of reducing the par value of shares shall be passed by the General Meeting of Shareholders only at the proposal by the Board of Directors of the Company.

10.5. The General Meeting of Shareholders shall pass resolutions by a majority of votes of the holders of voting shares participating in the meeting unless otherwise provided for by the Federal Law on Joint Stock Companies.

10.6. The General Meeting of Shareholders shall pass resolutions by a majority of three-fourths of the holders of voting shares attending the meeting on the following matters:

- amendments to the Articles of Association or approval of a restated version of the Articles of Association;
- reorganisation of the Company;
- liquidation of the Company, appointment of a liquidation commission, and approval of an interim and a final balance sheets;
- determination of the number, par value, class (type) of authorised shares and rights attaching thereto;

- decrease in the authorised capital of the Company by way of reducing the par value of the Company shares;
- placement of shares (investment securities of the Company convertible into shares) by way of private placement of shares by resolution of the General Meeting of Shareholders to increase the authorised capital of the Company by way of placement of additional shares (placement of investment securities of the Company convertible into shares);
- placement by way of public subscription of ordinary shares accounting for over 25 (twenty-five) per cent of previously placed ordinary shares;
- placement by way of public subscription of investment securities, convertible into ordinary shares, accounting for over 25 (twenty-five) per cent of previously placed ordinary shares;
- passing resolutions to approve a material transaction involving property the value of which is in excess of 50 (fifty) per cent of the book value of the Company's assets;
- other matters as specified in the Federal Law on Joint Stock Companies.

Resolutions to approve a transaction of interest to the Company shall be passed by the General Meeting of Shareholders in cases and according to a procedure provided for by Article 83 of the Federal Law on Joint Stock Companies.

10.7. The General Meeting of Shareholders shall be held within no less than two months and no more than six months after the end of the financial year.

The Annual General Meeting of Shareholders must decide matters concerning election of the Board of Directors, the Internal Audit Commission, approval of the Company's Auditor, approval of the Company's annual report, annual financial statements, including income statements (profit and loss accounts) of the Company, as well as distribution of profits (including payment (declaration) of dividends, with the exception of profits distributed as dividends for the first three, six or nine months of the financial year) and losses incurred by the Company in the financial year.

10.8. The General Meeting of Shareholders shall be held in the form of joint attendance by shareholders (authorised representatives of shareholders) to discuss matters on the agenda and pass decisions on issues put to the vote.

The General Meeting of Shareholders may be held at the place of the Company's location or in Moscow or the Moscow Region.

The address at which a General Meeting of Shareholders will be held shall be specified by the Board of Directors when passing decisions on other matters related to holding the General Meeting of Shareholders.

The General Meeting of Shareholders shall be chaired by the Chairman of the Board of Directors or in his absence by the deputy Chairman of the Board of Directors or a member of the Board of Directors.

The procedure for convening, preparing and holding the General Meeting of Shareholders shall be established in the Regulations on the Procedure for Preparing and Holding the General Meeting of Shareholders subject to approval by the General Meeting of Shareholders.

10.9. Decisions of the General Meeting of Shareholders can be passed without holding a meeting (joint attendance by shareholders) by absentee vote (polling vote).

10.10. The list of persons entitled to attend the General Meeting of Shareholders shall be made according to the information in the Company's shareholder register as of the date set by the Board of Directors in the decision on matters related to holding the General Meeting of Shareholders pursuant to Article 51 of the Federal Law on Joint Stock Companies.

10.11. Notice of the forthcoming General Meeting of Shareholders shall be published by the Company in the *Vedomosti* newspaper and placed on the Company's website in the Internet no less than 30 (thirty) days prior to the date thereof.

Notice of a forthcoming extraordinary General Meeting of Shareholders the proposed agenda of which contains election of Directors shall be published by the Company in the *Vedomosti* newspaper and placed on the Company's website in the Internet no less than 70 (seventy) days prior to the date thereof.

10.12. Information (material) concerning the General Meeting of Shareholders agenda items shall be within 20 (twenty) days, and in the event of a General Meeting of Shareholders the agenda of which includes an issue of reorganisation of the Company within 30 (thirty) days prior to the General Meeting of Shareholders made available to persons entitled to attend the General Meeting of Shareholders for familiarisation at addresses specified in the notice of the forthcoming General Meeting of Shareholders and also placed on the Company's website in the Internet.

The procedure for presenting to persons entitled to attend the General Meeting of Shareholders the information (material) on the agenda items of the General Meeting of Shareholders and the list of such information (material) shall be determined by decision of the Board of Directors of the Company.

10.13. Voting on agenda items of the General Meeting of Shareholders shall be held by ballot only.

The ballot should be sent by registered mail or served against receipt to each person put on the list of persons entitled to attend the General Meeting of Shareholders no less than 20 days prior to the date of the General Meeting of Shareholders.

10.14. The General Meeting of Shareholders shall be legally qualified (shall have a quorum) if attended by shareholders owning an aggregate of more than half the votes of the Company's outstanding voting shares.

Shareholders who are registered as attendees of the General Meeting of Shareholders and shareholders whose ballots have been received no later than two days prior to the date of the General Meeting of Shareholders shall be deemed to be attendees of the General Meeting of Shareholders.

Shareholders whose ballots have been received prior to the deadline of ballot acceptance by the Company specified therein shall be deemed attendees in the General Meeting of Shareholders held in an absentee voting format.

10.15. General Meetings of Shareholders held in addition to the Annual General Meeting of Shareholders shall be Extraordinary General Meetings of Shareholders.

10.15.1. The Extraordinary General Meeting of Shareholders shall be held pursuant to a decision of the Board of Directors on their own initiative, a request from the Company's Internal Audit Commission or the Company's Auditor or a shareholder(s) holding no less than 10 (ten) per cent of the Company's voting shares as of the date of the request.

10.15.2. The Extraordinary General Meeting of Shareholders requested by the Company's Internal Audit Commission or the Company's Auditor or a shareholder(s) holding no less than 10 (ten) per cent of the Company's voting shares as of the date of the request shall be convened by the Company Board of Directors and should be held within 40 (forty) days from the date of the request.

If the proposed agenda of the Extraordinary General Meeting of Shareholders includes election of the Company Board of Directors, such General Meeting of Shareholders should be held within 70 (seventy) days from the date of the request.

10.15.3. Within 5 (five) days from the date of the request to convene an Extraordinary General Meeting of Shareholders the Board of Directors should pass a decision to convene an Extraordinary General Meeting of Shareholder or to deny its convocation.

The decision of the Board of Directors to convene an Extraordinary General Meeting of Shareholders or a substantiated decision to deny its convocation shall be given to persons requesting its convocation within 3 (three) days from the time such decision is adopted.

10.15.4. In the event that within the period specified in Clause 10.15.3 of this article the Board of Directors fails to pass a decision to convene an Extraordinary General Meeting of Shareholders or passes a decision to deny such convocation the Extraordinary General Meeting of Shareholders may be convened by persons requesting convocation thereof.

And the bodies and persons convening the Extraordinary General Meeting of Shareholders shall have the powers provided for by the Federal Law on Joint Stock Companies and by these Articles of Association that are necessary to convene and hold a General Meeting of Shareholders.

10.16. The minutes of the General Meeting of Shareholders shall be made within no more than 15 (fifteen) days after the closure of the General Meeting of Shareholders held in the form of joint attendance or after the last date of acceptance by the Company of ballots if the General Meeting of Shareholders is held by absentee vote.

The minutes of the General Meeting of Shareholders shall be signed by the Chairman of the General Meeting of Shareholders (the person presiding at the General Meeting of Shareholders) and by the secretary of the General Meeting of Shareholders.

10.17. Voting results and resolutions passed by the General Meeting of Shareholders can be announced at the General Meeting of shareholders.

Resolutions passed by the General Meeting of Shareholders, as well as vote results in the form of a voting results report within no more than 10 (ten) days after the date of the voting results report has been compiled shall be published by the Company in the *Vedomosti* newspaper, and placed on the Company's website in the Internet.

Article 11. Proposals for the Agenda of the Annual General Meeting of Shareholders

11.1. Shareholder(s) holding in aggregate at least 2 (two) per cent of the Company's voting shares shall have the right to include items in the agenda of the Annual General Meeting of Shareholders and nominate persons for the Board of Directors and the Internal Audit Commission of the Company, with the number of such nominees not exceeding the number of members of the relevant body.

Such proposals shall be received by the Company no less than 90 (ninety) days after the end of the financial year.

11.2. A proposal to include items in the agenda of the General Meeting of Shareholders and a nomination proposal shall be in writing, specifying the name(s) of shareholder(s) making a proposal, the number and class (type) of shares held by such shareholder(s), and should be signed by the shareholder(s).

11.3. A proposal to include items in the agenda of the General Meeting of Shareholders shall contain the wording of each proposed item, and a nomination proposal shall specify the name and details of the identity document (series and (or) number of the document, time and place of issuance, and the authority that issued the document) of each nominee, and the name of the body for which a given person is nominated.

11.4. The Board of Directors shall consider all incoming proposals and decide either to put them on the agenda of the General Meeting of Shareholders or to refuse to do so within no more than 5 (five) days after the end of the term specified in Clause 11.1 hereof.

11.5. The Board of Directors shall have the right to deny inclusion of items proposed by the shareholder(s) in the agenda of the General Meeting of Shareholders and inclusion of nominees in the list of nominees to a relevant body of the Company on the grounds set out in the Federal Law on Joint Stock Companies and other laws and regulations of the Russian Federation.

A substantiated decision of the Board of Directors denying inclusion of any item in the agenda of the General Meeting of Shareholders or of a nominee on the list of the nominees to be put to vote for election to the relevant body of the Company shall be given to the shareholder(s) within no more than 3 (three) days from the date of such decision.

11.6. The Board of Directors may not change the wording of items proposed for inclusion on the agenda of the General Meeting of Shareholders and the wording of resolutions on such issues (if any).

11.7. In addition to items proposed for the agenda of the General Meeting of Shareholders, and in the event there are no such proposals or none or an insufficient number of nominees for the relevant body, the Board of Directors shall have the right to include items in the agenda or nominees in the list of nominees at its discretion.

Article 12. The Board of Directors

12.1. The Board of Directors of the Company shall exercise general management of the Company's activities except for the matters relegated to the terms of reference of the General Meeting of Shareholders by the Federal Law on Joint Stock Companies and these Articles of Association.

The Board of Directors shall have the competence to:

- (1) determine priority areas of the Company's activities and approve long-term programs of the Company development (including the Company's investment program);

- (2) convene annual and extraordinary General Meetings of Shareholders, and pass resolutions on issues related to the calling, preparing and holding General Meetings of Shareholders;
- (3) place the Company's bonds and other investment securities, unless otherwise provided for by the Federal Law on Joint Stock Companies and by these Articles of Association;
- (4) approve decisions on the issue of securities, prospectuses of securities, reports on acquisition of shares from the Company's shareholders, reports on redemption of shares, reports on the results of requests by the Company's shareholders concerning buyout of shares held by them;
- (5) assess the price (cash value) of property, placement and buyout price of investment securities as provided for by the Federal Law on Joint Stock Companies, as well as in addressing issues referred to in Subclauses 7, 20 and 21, Clause 12.1 hereof;
- (6) acquire shares, bonds and other securities issued by the Company as provided for by the Federal Law on Joint Stock Companies;
- (7) dispose (realise) the Company's shares acquired by the Company as a result of purchase or buyout of shares from the Company's shareholders or otherwise in accordance with laws and regulations of the Russian Federation;
- (8) determine the number of members in the Company Management Board, elect the Management Board members, determine remuneration and compensation payable to them, terminate their powers, including to pass a decision on termination of their contracts;
- (9) elect the Chairman of the Management Board of the Company and terminate his powers, including to pass a decision terminating their work contracts, apply disciplinary penalties and incentives to the Chairman of the Management Board in accordance with labour laws of the Russian Federation, pass decisions on nominating the Chairman of the Management Board for national awards;

- (10) authorise the Chairman of the Management Board and members of the Management Board holding posts in management bodies of other entities, as well as other paid positions in other entities;
- (11) elect the Chairman and deputy Chairman of the Board of Directors and terminate their powers;
- (12) form committees of the Company's Board of Directors, elect Board of Directors committee members, and approve regulations on the committees of the Company's Board of Directors;
- (13) elect and terminate powers of the Secretary of the Company's Board of Directors;
- (14) approve (adjust) the Company's key performance indicators, the business plan of the Company, and review reports on their implementation;
- (15) determine remuneration payable to the Auditor;
- (16) give recommendations to the General Meeting of Shareholders on the size of dividends on shares and the procedure for dividend payment;
- (17) approve internal documents of the Company establishing the procedure for the formation and use of the funds of the Company, and pass decisions on the use of the Company's funds;
- (18) approve internal documents of the Company, other than internal documents subject to the approval by the General Meeting of Shareholders or relegated to the terms of reference of executive bodies of the Company, and approve internal documents drafted for the purpose of compliance with the requirements of laws and regulations of the Russian Federation and securities market organiser's regulations for issuers whose shares are traded on the stock market;
- (19) establish affiliates and open representative offices of the Company, liquidate them, make amendments to the Company Articles of Association concerning the establishment of affiliates and opening of representative offices (including changes in

names and locations of affiliates and representative offices of the Company) and their liquidation;

- (20) participation by the Company in other entities, changes in ownership interests (number of shares, size of ownership interest or share), encumbrance of shares and interests, and termination of participation by the Company in other entities;
- (21) give prior approval of decisions on the Company entering into:
 - (a) transactions with non-circulating assets of the Company in excess of 10 (ten) per cent of the balance sheet value of such assets of the Company as of the date of the decision to enter into said transaction;
 - (b) transactions (several associated transactions) involving disposal or potential disposal of the Company's property consisting of fixed assets, intangible assets, and construction in progress in cases (amounts) and in a manner subject to individual resolutions to be passed by the Company Board of Directors;
- (22) determinate the Company's lending policy insofar as issue of loans by the Company, entering into credit agreements and loan agreements, issue of guarantees, assumption of liabilities under a bill (issue of promissory notes or bills of exchange) and pass decisions on the Company effecting the said transactions where the procedure for making decisions thereon is not defined in the lending policy of the Company, and pass decisions in accordance with the accepted lending policy;
- (23) give prior approval of decisions on the Company entering transactions related to gratuitous assignment of property (title) to third parties in cases (amounts) to be determined by an individual resolution of the Company's Board of Directors;
- (24) approve major transactions as specified in Chapter X of the Federal Law on Joint Stock Companies;
- (25) approve transactions as specified in Chapter XI of the Federal Law on Joint Stock Companies;

- (26) approve the Company's registrar and terms and conditions of the contract therewith, as well as early termination of such contract;
- (27) approve the procedure for the Company's relationships with business entities in which the Company owns shares or interests;
- (28) define the attitude of the Company (representatives of the Company), including instructions to participate or not to participate in voting on items on the agenda, vote for or against or abstain from voting with respect to the following items on the agenda of the management bodies of subsidiaries and dependent companies (hereinafter the SDC (SDCs)):
 - (a) determination of the agenda for a general Meeting of Shareholders (members) of an SDC (unless consideration of such matters is mandatory under Clause 1 of Article 47, Articles 53 and 55 of the Federal Law on Joint Stock Companies);
 - (b) reorganisation or liquidation of an SDC;
 - (c) determination of the number, par value, class (type) of authorised shares in SDCs and of rights attaching thereto;
 - (d) increase in the authorised capital of an SDC by way of augmenting the par value of shares or by way of placing additional shares;
 - (e) placement of SDC securities convertible into ordinary shares;
 - (f) splitting or consolidation of SDC shares;
 - (g) approval of major transactions to be entered into by SDCs;
 - (h) participation by an SDC in other entities (joining an existing entity or establishing a new one), and acquisition, disposal or encumbering of shares and interests in the authorised capital of entities in which an SDC participates, changing of interests in the authorised capital of the relevant entity;

- (i) SDC entering into transactions (including several associated transactions) that involve disposal or potential disposal of the SDC's property comprising fixed assets, intangible assets, and construction in progress designated for production, transmission, dispatching and distribution of electricity and heat in cases (amounts) subject to the manner of the relations between the Company and entities in which the Company is a member subject to approval by the Company's Board of Directors
- (29) determine the attitude of the Company (representatives of the Company) concerning the following items on the agenda of SDC Board of Directors meetings (including whether to vote on items on the agenda, vote for or against or abstain from voting):
- (a) determination of the attitude of SDC representatives on items on the agenda of management bodies of the SDC's subsidiaries and dependent companies with respect to entering into (approval of) transactions (including several associated transactions) involving disposal or potential disposal of property comprising fixed assets, intangible assets or construction in progress designated for production, transmission, dispatching and distribution of electricity and heat in cases (amounts) subject to the manner of relationship between the Company and entities in which the Company is a member that is subject to approval by the Company's Board of Directors;
 - (b) determination of the attitude of SDC representatives on items on the agenda of management bodies of the SDC's subsidiaries and dependent companies engaged in production, transmission, dispatching, distribution and sale of electricity and heat, relating to reorganisation, liquidation, increase of the authorised capital by way of augmenting the par value of shares or by way of placing additional shares or issuing securities convertible into ordinary shares;
- (30) determine the policy of the Company in the area of insurance coverage for the Company and approve the Insurer for the Company;
- (31) define the procurement policy of the Company, including the Regulations on the Procedure for the Regular Procurement of Goods, Works and Services, and take decisions in accordance with the approved Regulations;

- (32) approve the procedure for the selection of the appraisers and (or) candidate appraiser(s) to estimate the value of shares, property and other assets of the Company as provided for by the Federal Law on Joint Stock Companies, these Articles of Association, and individual resolutions of the Company's Board of Directors;
- (33) approve a collective bargaining agreement and agreements entered into by the Company with non-commercial organisations on aspects of social security for Company employees;
- (34) take decisions on other matters included in the terms of reference of the Board of Directors by the Federal Law on Joint Stock Companies and these Articles of Association.

12.2. Matters included in the terms of reference of the Company's Board of Directors may not be referred to the Chairman of the Management Board and the Management Board.

Article 13. Election of the Board of Directors

13.1. The Board of Directors shall consist of 13 (thirteen) members.

13.2. Members of the Company's Board of Directors shall be elected by the Annual General Meeting of Shareholders according to a procedure established by the Federal Law On Joint Stock Companies for the period up to the next Annual General Meeting of Shareholders.

In the event of the Company's Board of Directors election at an Extraordinary General Meeting of Shareholders the members thereof shall be deemed elected for a period up to the date of the Annual General Meeting of Shareholders.

If the Annual General Meeting of Shareholders is not held within the period specified in Clause 10.7 of Article 10 hereof the powers of the Company's Board of Directors shall be terminated with the exception of powers to prepare, convene and hold the Annual General Meeting of Shareholders according to a procedure established by the General Meeting of Shareholders.

13.3. Only an individual may be a member of the Board of Directors.

13.4. Persons elected to the Company's Board of Directors can be reelected for an unlimited number of successive terms.

13.5. The powers of all members of the Board of Directors may be terminated by decision of the General Meeting of Shareholders.

13.6. The members of the Board of Directors in exercising their rights and discharge of their duties should act in the interest of the Company, exercise their rights and discharge their duties in good faith and in a reasonable manner.

13.7. The members of the Board of Directors shall be liable to the Company for losses caused to the Company by their faulty actions (omissions) unless other grounds for liability is specified by federal laws.

Members of the Board of Directors shall not be liable for a decision associated with losses incurred by the Company if they voted against such decision or did not take part in such voting.

13.8. Members of the Board of Directors shall promptly inform the Company of:

- holding securities of the Company;
- sale and (or) purchase of securities of the Company.

The said information shall be disclosed by the Company in the quarterly report of the issuer of securities as part of information that may have material effect on the value of investment securities of the Company or otherwise as may be provided for by effective statutory regulations, requirements of the professional operator of the securities market where the Company's securities are quoted, as well as by the Company's internal documents.

Article 14. Chairman of the Board of Directors

14.1. The Chairman of the Company's Board of Directors shall be elected by the members of the Board of Directors from among themselves by a majority of votes of elected Directors of the Company.

The Board of Directors of the Company shall be entitled at any time to reelect the Chairman of the Board of Directors by a majority of votes of the Directors.

14.2. The Chairman of the Company's Board of Directors shall organise the work of the Board of Directors, call and chair its meetings and arrange for minutes of such meetings to be kept.

14.3. In the absence of the Chairman of the Board of Directors the deputy Chairman of the Board of Directors shall discharge the responsibilities thereof.

Article 15. Meetings of the Board of Directors

15.1. The Board of Directors shall hold meetings when necessary but not less than once every quarter.

The meeting of the Company's Board of Directors shall be called by the Chairman of the Board of Directors (or by deputy Chairman of the Board of Directors as provided for by Clause 14.3 of Article 14 hereof) of the Company on his own initiative or at the request by a member of the Board of Directors, the Internal Audit Commission, the Auditor, the Management Board or the Chairman of the Management Board.

15.2. A quorum for holding a meeting of the Board of Directors consists of at least half the total number of elected members of the Board of Directors of the Company.

In the event that the number of members of the Board of Director of the Company drops below the minimum constituting the given quorum, the Company shall hold a General Meeting of Shareholders to elect a new Board of Directors of the Company. The remaining members of the Board of Directors shall not be entitled to adopt resolutions on issues included in its terms of reference.

15.3. Decisions shall be passed at the Company's Board of Directors meeting by a majority vote of the Directors attending the meeting, except for cases stipulated by the laws of the Russian Federation and these Articles of Association.

In the event that a transaction is subject to approval for several reasons (as specified herein and as established by Chapter X or by Chapter XI of the Federal Law on Joint Stock Companies),

provisions of the Federal Law on Joint Stock Companies shall apply to the procedure of approval thereof.

15.4. Decisions of the Company's Board of Directors on approval of a material transaction shall be passed unanimously by all Directors, with votes of exiting Directors not being taken into consideration.

15.5. Decisions approving a transaction of interest to the Company shall be passed by the Board of Directors according to a procedure established by Article 83 of the Federal Law on Joint Stock Companies.

15.6. Decisions by the Company's Board of Directors on matters specified in Subclauses 20-22 and 27-29, clause 12.1, Article 12 hereof shall be passed by a majority of two-thirds of votes of Directors attending the meeting.

15.7. In passing decisions at the Board of Directors meeting each Director shall have one vote. In the event that votes split evenly the Chairman of the Board of Directors shall have the decisive vote

15.8. A Director who is not attending a meeting of the Board of Directors may set out his opinion on the agenda items in writing and present it to the given meeting.

A written statement of a Director who is not attending a meeting of the Board of Directors shall be taken into account when determining a quorum and the results of voting on items of the Board of Directors meeting.

15.9. Resolutions of the Company's Board of Directors may be passed by absentee vote (polling vote).

In absentee voting, all members of the Company's Board of Directors shall be issued materials relating to agenda items and a ballot paper specifying the deadline by which the ballot paper, filled in and signed by the Director, should be forwarded to the Board of Directors.

15.10. Minutes of the Board of Directors meeting shall be compiled within no more than 3 (three) days after the date of the meeting and shall be signed by the person that presided the

meeting and the secretary of the Board of Directors both of whom shall bear responsibility for the accuracy of such minutes.

15.11. The procedure for passing decisions by the Board of Directors shall be established by a Company bylaw approved by the General Meeting of Shareholders.

Article 16. Committees of the Board of Directors

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

16.2. Committees of the Board of Directors shall be formed to address matters relegated to the terms of reference of the Board of Directors or examined by the Board of Directors by way of monitoring the activities of the executive bodies of the Company and developing necessary recommendations for the Board of Directors and executive bodies of the Company.

16.3. Rules and regulations, formation procedure, terms of reference and term of powers of the committees of the Board of Directors shall be determined by individual decisions of the Board of Directors.

Article 17. Executive Bodies of the Company

17.1. Day-to-day operations of the Company shall be managed by the Chairman of the Management Board of the Company as a sole executive body and by the Management Board of the Company as a collective executive body.

17.2. The Management Board of the Company shall be accountable to the General Meeting of Shareholders and to the Board of Directors.

17.3. The rights and duties of the Management Board Chairman and members of the Management Board with respect to management of day-to-day operations of the Company shall be determined by the laws of the Russian Federation, the Regulations on the Management Board of the Company, as approved by the General Meeting of Shareholders, and a contract concluded by each of them with the Company.

17.4. Terms and conditions of a labor contract with the Chairman of the Management Board shall be established by the Board of Directors or by a person authorised by the Board of Directors to sign the contract.

The contract with the Chairman of the Management Board for a five-year term shall be signed on behalf of the Company by the Chairman of the Board of Directors or by a person authorised by the Company's Board of Directors.

17.5. Contracts with the members of the Management Board shall be signed by the Chairman of the Management Board.

17.6. Rights and duties of the employer in respect of the Chairman of the Management Board of the Company shall be exercised and discharged on behalf of the Company by the Board of Directors or by a person authorised by the Company's Board of Directors in a manner determined by decisions of the Board of Directors.

17.7. Termination of powers of the Chairman of the Management Board and members of the Management Board shall be effected on the grounds specified by the laws of the Russian Federation and the contract concluded by each of them with the Company.

17.8. The Chairman of the Management Board and members of the Management Board may concurrently hold office in managing bodies of other organisations, as well as other gainful occupation subject to the consent of the Company's Board of Directors.

17.9. The Chairman of the Management Board and members of the Management Board of the Company in exercising their rights and discharging their duties should act in the interest of the Company, exercise their rights and discharge their duties in respect of the Company in good faith and in a prudent manner.

17.10. The Chairman of the Management Board and members of the Management Board shall be liable to the Company for losses incurred by the Company as a result of their faulty actions (omissions) unless other grounds for liability are established by federal laws.

Members of the Management Board shall not be liable under this clause if they voted against the decision associated with losses incurred by the Company or did not take part in the voting.

17.11. The Chairman of the Management Board, as well as the managing organisation and its officers shall be liable under Clause 13.8 of Article 13 hereof pursuant to the internal documents of the Company.

Article 18. The Management Board

18.1. The Management Board shall operate on the basis of these Articles of Association and the Regulation on the Management Board approved by the General Meeting of Shareholders specifying the time and procedure for calling and holding its meetings, as well as the decision-making procedure.

18.2. Relegated to the terms of reference of the Management Board of the Company shall be the following matters:

- (1) development and submission to the Board of Directors of priority lines of the Company's activities and long-term implementation plans;
- (2) preparation of reports on the implementation of decisions passed by the General Meeting of shareholders and the Company's Board of Directors;
- (3) submission to the Company's Board of Directors of reports on reaching basic performance indicators by the Company and implementation of the Company's business plan;
- (4) approval (adjustment) of the Company's budget;
- (5) determination of the position of the Company (representatives of the Company), including instructions on whether or not to take part in voting on an agenda item, to vote for, against or abstain from voting on the following item on the agenda for the management bodies of subsidiaries and dependent companies (hereinafter the SDC (SDCs)):
 - approval (adjustment) of the key performance targets (KPT) of SDCs and consideration of reports on their fulfillment;

- (6) nomination by the Company of persons to be elected to the sole executive bodies, other management bodies, control bodies, and nomination of auditor for organisations in which the Company participates in cases and according to a procedure determined by the Company's Board of Directors;
- (7) passing decisions on matters relegated to the terms of reference of the top management bodies of business entities in which 100 (one hundred) percent of the authorised capital is held by the Company;
- (8) decisions on other issues of management of the Company's day-to-day operations pursuant to resolutions of the General Meeting of Shareholders and the Company's Board of Directors, and issues referred to the Management Board by the Chairman of the Management Board.

18.3. The Company's Management Board members shall be elected by the Board of Directors at the suggestion of the Chairman of the Management Board. The number of members of the Management Board shall be determined by decision of the Company's Board of Directors.

18.4. The Management Board shall be legally qualified if no less than a half of the elected members of the Management Board attend the meeting (participate in absentee vote).

18.5. All decisions shall be passed by the Management Board by a majority vote of the members of the Management Board attending the meeting (participating in absentee vote).

In the event that votes split evenly the Chairman of the Management Board shall have the decisive vote.

18.6. No transfer of vote by a member of the Management Board to another person, including another member of the Management Board, shall be permitted.

Article 19. Chairman of the Management Board

19.1. Relegated to the terms of reference of the Chairman of the Management Board shall be all matters related to the management of the Company's day-to-day operations with the exception of any issues falling within the terms of reference of the General Meeting of Shareholders, the Board of Directors or the Management Board of the Company.

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

- (1) enter into transactions on behalf of the Company, issue powers of attorney, and open the Company's settlement and other accounts with banks;
- (2) dispose of the Company's property at his discretion subject to restrictions stipulated by the effective laws and regulations and these Articles of Association;
- (3) hire and dismiss employees of the Company, and apply incentives and disciplinary penalties to them;
- (4) organise the work of the Company's Management Board and chair its meetings;
- (5) submit proposals to appoint or dismiss members of the Management Board for approval by the Board of Directors;
- (6) approve personnel arrangements and salaries of the Company's employees;
- (7) distribute duties among the deputies of the Chairman of the Management Board;
- (8) ensure the implementation of the Company's plans of action necessary to reach its objectives;
- (9) approve regulations for the Company's affiliates and representative offices, and appoint directors of the Company's affiliates and representative offices;
- (10) make arrangements for keeping the Company's records and accounts;
- (11) issue orders, approve directives and other internal documents of the Company related to matters relegated to the terms of reference of the Chairman of the Management Board, and give instructions binding upon all employees of the Company;
- (12) address other matters in the day-to-day operations of the Company with the exception of issues relegated to the terms of reference of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company.

19.2. The Chairman of the Management Board shall be elected by the Company's Board of Directors by a majority of votes of the Directors attending the meeting.

Article 20. The Internal Audit Commission and the Auditor of the Company

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

The Internal Audit Commission of the Company shall consist of 5 (five) members.

20.2. By decision of the General Meeting of Shareholders the powers of all and any members of the Internal Audit Commission of the Company may be early terminated.

In the event of the Company's Internal Audit Commission or any of its members being elected at an extraordinary General Meeting of Shareholders, the Internal Audit Commission shall be deemed elected for a period up to the date of the Annual General Meeting of Shareholders.

20.3. The Company's Internal Audit Commission shall have the competence to:

- (1) confirm the reliability of information contained in the annual report, balance sheet, and the profit and loss account of the Company;
- (2) analyse the financial condition of the Company, identify existing reserves for improving the financial condition of the Company, and develop recommendations for the management bodies of the Company;
- (3) organise and conduct audits of the financial and economic activities of the Company, in particular:

audits of financial, accounting, payment-and-settlement and other documents of the Company related to its financial and economic activities in respect of its compliance with the laws of the Russian Federation, these Articles of Association and internal documents of the Company;

control over the preservation and use of fixed assets;

control over compliance with the established procedure for charging insolvent debtors' liabilities to the losses of the Company;

control over the Company's expenditures in accordance with the approved financial documents of the Company;

control over formation and use of the reserve fund and other specialised funds of the Company;

checking if dividends on the Company's shares, interest on bonds and return on other securities are correctly and timely calculated and paid;

checking if earlier prescriptions to remedy violations or defects revealed by previous audits have been satisfied;

other actions (measures) related to the audits of financial and economic activities of the Company.

20.4. All decisions on matters relegated to the terms of reference of the Internal Audit Commission shall be passed by a majority vote of the total number of its members.

20.5. The rules and regulations on the work of the Internal Audit Commission shall be determined by a bylaw of the Company subject to approval by the General Meeting of Shareholders.

The Internal Audit Commission pursuant to a decision to do auditing shall be entitled to involve in auditing experts in the relevant fields of law, economics, finances, accounting, management, economic security and other experts, including specialised agencies.

20.6. Auditing of the financial and economic activities of the Company may be also carried out at any time on the initiative of the Internal Audit Commission of the Company, by decision of the General Meeting of Shareholders, the Board of Directors or at the request of the Company's shareholders.

20.7. For the purpose of auditing and confirmation of annual financial statements of the Company the General Meeting of Shareholders shall annually approve the Auditor of the Company not related to the Company or its shareholders by any property interest.

20.8. The Auditor's fees shall be determined by the Company's Board of Directors.

20.9. The Auditor of the Company shall audit the financial and economic activities of the Company according to requirements of the laws of the Russian Federation and on the basis of a contract to be signed therewith.

20.10. On the basis of the results of audit of the financial and economic activities of the Company the Internal Audit Commission and the Auditor of the Company shall compile a report which should contain:

- confirmation of the reliability of information set out in accounting reports and other financial statements of the Company;
- information on any violations by the Company of the rules of accounting and financial statement presentation established by the laws and regulations of the Russian Federation, and of laws and regulations of the Russian Federation in conducting its financial and economic activities.

The procedure and time limits for compiling the report on the results of audit of the financial and economic activities of the Company shall be determined by laws and regulations of the Russian Federation and Company's internal documents.

Article 21. Accounts and Records and Financial Statements

21.1. The Company shall keep accounts and submit financial statements in accordance with a procedure established by the laws of the Russian Federation and these Articles of Association.

21.2. The Chairman of the Management Board of the Company shall be responsible for the arrangement, condition and reliability of the Company's accounts and records, the timely submission of the annual report and other financial statements to the relevant authorities, and provision of information about the activities of the Company to the shareholders, creditors and the

mass media in accordance with the laws of the Russian Federation and these Articles of Association.

21.3. The reliability of information presented in the annual report of the Company and annual financial statements should be confirmed by the Internal Audit Commission and the Auditor of the Company.

21.4. The annual report, the balance sheet, the profit and loss account and distribution of the Company's profits and losses shall be subject to prior approval by the Board of Directors no less than 30 (thirty) days prior to the date of the Annual General Meeting of Shareholders.

Article 22. Safekeeping of Documents of the Company.

Disclosure of Information by the Company

22.1. The Company shall keep the following documents:

- (1) the resolution to establish the Company (Founding Order); the Company's state registration certificate;
- (2) these Articles of Association of the Company with amendments thereto registered in the established manner;
- (3) documents confirming the Company's title to the property accounted for in its balance sheet;
- (4) internal documents of the Company approved by the management bodies of the Company;
- (5) regulations on affiliates and representative offices of the Company;
- (6) annual statements;
- (7) prospectuses of investment securities, quarterly issuer reports and other documents containing information to be published or otherwise disclosed pursuant to federal laws;

- (8) accounts and records;
- (9) financial statements;
- (10) minutes of General Meetings of Shareholders, meetings of the Board of Directors, Internal Audit Commission and the Management Board of the Company;
- (11) reports by independent appraisers;
- (12) lists of affiliated persons of the Company;
- (13) lists of persons entitled to attend the General Meeting of Shareholders and persons entitled to receive dividends, and other lists compiled by the Company for the purpose of shareholders exercising their rights as required by the Federal Law on Joint Stock Companies;
- (14) statements by the Internal Audit Commission and the Auditor of the Company, and by government and municipal financial control authorities;
- (15) affiliation agreement, statements of transfer and acceptance and other documents connected with reorganisation of the Company;
- (16) other documents required by the laws of the Russian Federation, these Articles of Association, internal documents of the Company and decisions of the management bodies of the Company.

22.2. The Company shall keep documents required by Clause 22.1 hereof at the place of location of the executive body of the Company in a manner and within time limits as established by the federal executive authority regulating the securities market.

22.3. In the event of reorganisation of the Company all documents shall be transferred to its successor according to an established procedure.

22.4. In the event of liquidation of the Company the documents subject to permanent storage and documents of scientific and historical value shall be delivered for safekeeping to the Federal Archives of Russia, and personnel-related documents (orders, personal histories and

record cards, personal accounts, etc.) shall be delivered for safekeeping to the archives of a relevant constituent member of the Russian Federation.

Transfer and ordering of documents shall be effected by and at the expense of the Company as required by the archives authorities.

Information on the Company shall be provided by it as required by the laws of the Russian Federation.

22.5. The Company shall ensure that the Company's shareholders have access to documents referred to in Clause 22.1 hereof.

The right of access to accounts and records and to the minutes of Management Board meetings shall belong to shareholder(s) owning an aggregate of no less than 25 (twenty-five) percent of the Company's voting shares.

22.6. Documents referred to in Clause 22.1 hereof should be provided by the Company for familiarisation within 7 (seven) days from the date of a relevant request on the premises of the executive body of the Company.

The Company shall on demand from persons entitled to have access to the documents referred to in Clause 22.1 hereof provide them with copies of such documents.

Payment charged by the Company for the provision of such copies cannot exceed the cost of producing them.

22.7. The Company shall ensure that shareholders and employees of the Company have access to the information subject to requirements of state secret laws and regulations.

Article 23. Reorganisation and Liquidation

23.1. Voluntary reorganisation of the Company may be effected by way of merger, affiliation, division, splitup or transformation, as well as on the grounds and according to the procedure established by the Civil Code of the Russian Federation and federal laws.

23.2. The Company can be liquidated by a court ruling or wound up on a voluntary basis according to the procedure established by the Civil Code of the Russian Federation, the Federal Law on Joint Stock Companies and these Articles of Association.

23.3. In the event of reorganisation or liquidation of the Company or termination of operations involving information that constitutes state secret, the Company should ensure preservation of such information and carrier thereof by developing and implementing confidentiality, protection of information, technological counterintelligence, security and fire safety measures.

Appendix 1 to the Articles of Association
of Open Joint-Stock Company RusHydro

List of Affiliates and Representative Offices of JSC RusHydro

No.	Affiliate/Representative office	Location
1.	Bureiskaya HPP affiliate	Talakan, Bureiskiy District, Amur Region, Russian Federation
2.	Volzhskaya HPP affiliate	1a, Lenin Pr., Volzhskiy, Volgograd Region, Russian Federation
3.	Votkinskaya HPP affiliate	Tchaikovsky, Perm Territory, Russian Federation
4.	Dagestan affiliate	73a, Dahadaev St., Mahachkala, Republic of Dagestan, Russian Federation
5.	Zhigulevskaya HPP affiliate	Zhigulevsk, Samara Region, Russian Federation
6.	Zagorskaya PSHPP affiliate	100, Bogorodskoye, Sergievo-Posadskiy District, Moscow Region, Russian Federation
7.	Zeiskaya HPP affiliate	Zeiya, Amur Region, Russian Federation
8.	Irganaiskaya HPP affiliate	Shamilkala, Untsukul'skiy District, Republic of Dagestan, Russian Federation
9.	Kabardino-Balkarian affiliate	1a, Mechiev St., Kashhatau, Cherek District, Republic of Kabardino-Balkaria, Russian Federation
10.	Kamskaya HPP affiliate	Kamskaya HPP, Perm, Russian Federation
11.	Karachaevo-Cherkessian affiliate	Pravokubanskiy, Republic of Karachaevo-Cherkessia, Russian Federation
12.	Cascade of VV HPPs affiliate	Rybinsk, Yaroslavl Region, Russian Federation

13.	Cascade of Kubanskiye HPPs affiliate	360A, Vodoprovodnaya St., Nevinnomyssk, Stavropol Territory, Russian Federation
14.	Corporate Hydro-power University affiliate	8A, Pr. Vernadskogo, Moscow, Russian Federation
15.	Nizhegorodskaya HPP affiliate	Zavolzhye, Gorodestskiy District, Nizhny Novgorod Region, Russian Federation
16.	Novosibirskaya HPP affiliate	4, Novomorskaya St., Novosibirsk, 630056, Russian Federation
17.	Saratovskaya HPP affiliate	Saratovskaya HPP, Balakovo, Saratov Region, Russian Federation
18.	Neporozhniy Sayano-Shushenskaya HPP affiliate	Cheremushki, Sayanogorsk, Republic of Khakasia, Russian Federation
19.	Northern Ossetian affiliate	63, Vaso Abaev St., Vladikavkaz, Republic of Northern Ossetia-Alaniya, Russian Federation
20.	Cheboksarskaya HPP affiliate	34, Naberezhnaya St., Novocheboksarsk, Republic of Chuvashia, Russian Federation