

APPROVED  
by Annual General Meeting of Shareholders  
of Open Joint-Stock Company  
Federal Hydrogenerating Company  
(by the Board of Directors of JSC RAO UES of Russia)  
Minutes No. 254 of 22 June, 2007

## REGULATIONS

on Procedures for the Convocation and Holding  
of the Board of Directors Meetings  
of Open Joint-Stock Company  
Federal Hydrogenerating Company

(JSC RusHydro)

2007

## **1. General**

1.1. These Regulations were elaborated in accordance with the Russian Federation Civil Code, the Federal Law on Joint-Stock Companies, other laws and regulations of the Russian Federation, and Articles of Association of Open Joint-Stock Company Federal Hydrogenerating Company (hereinafter the Company).

1.2. These Regulations are an internal document of the Company regulating the procedures for the convocation and holding of the Company Board of Directors meetings.

1.3. The Board of Directors is the Company management body exercising general guidance of the Company's activity, controlling the fulfilment of decisions of the General Meeting of Shareholders of the Company and ensuring the rights and lawful interests of the Company shareholders in keeping with the requirements of the Russian Federation legislation.

1.4. The Board of Directors conducts its activity in accordance with the Federal Law on Joint-Stock Companies, other laws and regulations of the Russian Federation, the Company Articles of Association, and these Regulations.

## **2. Chairman and Deputy Chairman of the Company Board of Directors**

2.1. The work of the Board of Directors shall be organised by the Chairman of the Company Board of Directors.

2.2. The Board of Directors Chairman shall be elected by the Company Board of Directors from among its members by a majority vote of the total number of elected Board of Directors members.

The person performing the functions of the Management Board Chairman shall not simultaneously be the Chairman of the Company Board of Directors.

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

2.4. The Board of Directors Chairman shall:

- (1) organise the work of the Board of Directors;
- (2) convene the Board of Directors meetings;
- (3) determine the form of holding the Board of Directors meetings;
- (4) approve the agendas of the Board of Directors meetings;
- (5) preside over the Board of Directors meetings;
- (6) sign the minutes of the Board of Directors meetings, requests for conducting inspections (audits) of the Company financial and business activities and other documents on behalf of the Company Board of Directors;
- (7) preside over General Meetings of Shareholders of the Company, announce the agenda, inform about the upcoming statements and reports, and carry out other functions of Chairperson of the Company General Meeting of Shareholders envisaged by the Regulations on Procedures for the Preparation and Holding of the General Meeting of Shareholders of the Company;

- (8) in the process of holding the Board of Directors meeting, ensure the compliance with the requirements of the Russian Federation legislation, the Company Articles of Association, other in-house documents of the Company, and these Regulations;
- (9) perform other functions envisaged by the Russian Federation legislation, the Company Articles of Association, and decisions of the Company Board of Directors.

2.5. In the absence of the Board of Directors Chairman his/her functions shall be performed by Deputy Chairman of the Board of Directors elected from among the members of the Board of Directors by a majority vote of the total number of elected members of the Company Board of Directors.

A member of the Board of Directors who is the Chairman of the Company Management Board or a member of the Company Management Board shall not be elected the Board of Directors Chairman.

### **3. Members of the Board of Directors, Their Rights, Duties, and Responsibility**

3.1. Members of the Board of Directors, within the framework of the Board of Directors competence, may:

- (1) receive information on the Company's activities, including the information constituting commercial secret of the Company, familiarise themselves with all constitutive, regulatory, accounting, reporting, contractual and other documents of the Company, in keeping with the Russian Federation legislation and in-house documents of the Company;
- (2) submit written proposals on formation of the Board of Directors Plan of Activities;
- (3) in the prescribed manner, introduce items on the agenda of the Board of Directors meetings;
- (4) demand the convocation of a meeting of the Company Board of Directors;
- (5) exercise other rights envisaged by the Russian Federation legislation, the Company Articles of Association, other in-house documents of the Company, and these Regulations.

3.2. A member of the Board of Directors may submit written requests for documents and information necessary for taking decisions on issues within the competence of the Board of Directors either directly to the Company Management Board Chairman or through the Board of Directors Secretary.

The Company documents and information shall be presented to the Board of Directors member not later than 5 (five) working days from the moment of receipt of the request.

3.3. When necessary, the Company shall provide the Board of Directors members with a translation of draft decisions and materials on items on the agenda and ensure the presence of an interpreter at physical meetings of the Board of Directors. Relevant expenses shall be covered by the Company.

3.4. Members of the Board of Directors may receive remuneration and/or compensation for expenses connected with the discharge of the functions of the Board of Directors members in the manner prescribed by the Regulations on the payment of remuneration and compensation to the Board of Directors members approved by the General Meeting of Shareholders of the Company.

3.5. The Board of Directors members shall exercise their rights and fulfil their duties in the interests of the Company, exercise their rights and fulfil their duties with respect to the Company in good faith and reasonably.

3.6. Members of the Board of Directors shall be responsible to the Company for losses inflicted on the Company by their wrongful acts (omissions), unless other grounds for and amounts of responsibility are prescribed by federal laws.

The members of the Board of Directors who voted against the decision that inflicted losses on the Company or did not participate in the voting shall be exempted from responsibility.

#### **4. Secretary of the Board of Directors**

4.1. The Board of Directors Secretary shall perform the functions of organisational and information support of the activity of the Company Board of Directors.

4.2. The Board of Directors Secretary shall be elected by a majority vote of the Company Board of Directors members participating in the meeting.

The Board of Directors may at any time re-elect the Board of Directors Secretary.

The candidate for the Board of Directors Secretary shall be nominated by the Chairman of the Company Management Board in coordination with the Board of Directors Chairman.

4.3. The functions of the Board of Directors Secretary shall include:

- (1) the preparation and organisation of signing of the agenda of a regular meeting of the Board of Directors in accordance with the Board of Directors Plan of Activities and proposals submitted by members of the Board of Directors, the Audit Commission, the Company Auditor, the Management Board, and the Chairman of the Company Management Board;
- (2) ensuring the preparation and distribution of the documents (materials) necessary for the organisation and holding of the Board of Directors meeting (the notice of holding the meeting, draft decisions on items on the agenda, draft documents for preliminary familiarisation, etc.);
- (3) the organisation of preparation and presentation of documents (information) on requests of the Board of Directors members;
- (4) the preparation of requests and responses to letters on behalf of the Company Board of Directors;
- (5) collection of ballot sheets filled out by the Company Board of Directors members;
- (6) drawing up the minutes of the Board of Directors meetings and abstracts from the minutes of the Board of Directors meetings;
- (7) distribution of documents approved by the Board of Directors;
- (8) development and keeping of the Board of Directors file list;
- (9) organisation of control over the progress of fulfilment of decisions of the Company Board of Directors and the General Meeting of Shareholders of the Company;
- (10) the preparation of requests submitted to the Company departments for information (materials) on items on the agenda of the Board of Directors meetings;
- (11) control over the reliability of the presented information and correctness of execution of the documents submitted for the Board of Directors consideration and approval;
- (12) the organisation of keeping the record of the Board of Directors meetings, including, upon consent of the attending members, on magnetic media;

(13) the fulfilment of other functions envisaged by these Regulations, instructions of the Chairman and members of the Company Board of Directors.

4.4. The Board of Directors Secretary shall ensure coordinated and operative work of the Board of Directors members with the Company shareholders and their representatives, with the Company management bodies, heads and staff members of the Company departments for ensuring efficient performance of the Board of Directors.

## **5. Organising Work of the Board of Directors**

5.1. The Board of Directors meetings shall be held in accordance with the approved Board of Directors Plan of Activities and also as need may arise, but no less than once per quarter.

If necessary, the Board of Directors Chairman may take a decision to hold an extraordinary meeting of the Board of Directors.

5.2. The Board of Directors Plan of Activities.

5.2.1. The Board of Directors Plan of Activities shall be formed on the basis of proposals submitted by members of the Board of Directors, the Audit Commission, the Auditor, the Management Board, and Chairman of the Management Board of the Company in the following areas:

- strategic development of the Company;
- medium-term and current planning of the Company's activity;
- organisation of the Board of Directors activity;
- control over the fulfilment of decisions of the Board of Directors and the General Meeting of Shareholders.

5.2.2. The Board of Directors Plan of Activities shall include:

- (1) issues subject to consideration by the Company Board of Directors meetings in the current corporate year;
- (2) the schedule and form of holding the Board of Directors meetings;
- (3) the list of persons (the Company management bodies) responsible for the preparation of issues for consideration of the Board of Directors meetings.

5.3. The first meeting of a newly elected Board of Directors shall be convened by one of the Company Board of Directors members by sending a notification about the convocation of a meeting to all other members of the Board of Directors, as well as to the Company, addressed to the Chairman of the Management Board.

The Chairman of the Management Board shall render support and present all the information necessary for the organisation of the first meeting of the newly elected Board of Directors.

The first meeting of the Board of Directors shall address the following issues:

- election of Chairman of the Board of Directors;
- election of Deputy Chairman of the Board of Directors;
- approval of the Board of Directors Plan of Activities for a term until the next annual General Meeting of Shareholders of the Company.

5.4. The Board of Directors meeting shall be convened by the Board of Directors Chairman (or Deputy Chairman of the Board of Directors in cases envisaged by these Regulations) in accordance with the approved Board of Directors Plan of Activities on his/her initiative, on demand of a member of the Company Board of Directors, the Company Audit Commission, the Company Auditor, the Chairman of the Company Management Board, and the Company Management Board.

5.5. The request for the convocation of the Board of Directors meeting shall contain:

- (1) an indication of the initiator of holding the meeting;
- (2) wordings of items on the agenda;
- (3) motives for putting items on the agenda;
- (4) information (materials) on items on the agenda;
- (5) draft decisions on items on the agenda.

5.6. The request for the convocation of the Board of Directors meeting shall be executed in writing and signed by the person demanding its convocation. The request of the Audit Commission for the convocation of the Board of Directors meeting shall be signed by the Audit Commission Chairman, the request of the Management Board – by the Chairman of the Company Management Board.

The request for the convocation of the Board of Directors meeting with the attachment of all the necessary materials (information) shall be submitted to the Company administrative office, and the copies of all documents shall be sent to the Board of Directors Chairman and the Secretary of the Company Board of Directors.

5.7. Members of the Board of Directors, the Audit Commission, the Management Board, the Management Board Chairman or the Company Auditor may submit proposals on formation of the agenda of the Board of Directors meeting.

The said proposals shall be presented to the Board of Directors Chairman in writing with simultaneous forwarding of their facsimile copies to the Chairman of the Company Management Board and the Secretary of the Board of Directors.

The Board of Directors Chairman may place the submitted proposals on the agenda of a regular meeting of the Board of Directors or convene an extraordinary meeting.

5.8. Control over the timeframe of submitting proposals for placing items on the agenda of the Board of Directors meeting (including the draft decision of the Board of Directors and accompanying materials), as well as compliance of the form of the Board of Directors draft decision with the standards (formats) of information submission shall be exercised by the Secretary of the Company Board of Directors.

5.9. The Secretary shall inform the Board of Directors Chairman about the violation of the timeframe for the submission of proposals for placing items on the agenda of the Board of Directors meeting (including the draft decision of the Board of Directors and accompanying materials).

5.10. The notice of the Board of Directors meeting shall be prepared by the Board of Directors Secretary and signed by the Chairman or Deputy Chairman of the Board of Directors (in cases envisaged by these Regulations).

The notice of the Board of Directors meeting shall contain:

- the full business name of the Company;

- wordings of items on the agenda;
- the form of the meeting (collective meeting with attendance by the shareholders, absentee voting);
- the date and place of holding the meeting (the date and time of termination of receipt of ballot sheets used for absentee voting).

5.11. The notice of the Board of Directors meeting shall be sent by the Board of Directors Secretary to each member of the Board of Directors in writing not later than 11 (eleven) working days before the date of holding of the Board of Directors meeting (expiration of time of receipt of ballot sheets used for voting).

Materials (information), including draft decisions on items on the meeting agenda, shall be sent to the Board of Directors members simultaneously with the notice of the Board of Directors meeting.

5.12. The timeframe for sending the notice of the Board of Directors meeting and provision of materials (information) to the Board of Directors members may be reduced on decision of the Board of Directors Chairman.

## **6. Procedures for Holding the Board of Directors Meeting**

6.1. The meeting of the Board of Directors shall be opened by the Board of Directors Chairman.

6.2. The Board of Directors Secretary shall determine the presence of a quorum for holding the Board of Directors meeting.

The quorum for holding the Board of Directors meeting shall be no less than half of the number of elected members of the Company Board of Directors.

6.3. The Board of Directors Chairman shall inform the attendees of the presence of a quorum for holding the Board of Directors meeting and read the agenda of the Board of Directors meeting.

6.4. The Board of Directors meeting shall include the following stages:

- (1) a report of a Board of Directors member or an invited person on an item on the agenda;
- (2) discussion of the item on the agenda;
- (3) proposals on the wording of the decision on the item on the agenda;
- (4) voting on the item on the agenda;
- (5) vote count and summing up the voting results;
- (6) announcing the voting results and the decision taken on the item on the agenda.

6.5. Decisions at the Company Board of Directors meeting shall be passed by a majority vote of the Board of Directors members present at the meeting, except for cases envisaged by the Russian Federation legislation and the Company Articles of Association.

6.6. The results of the vote on items on the agenda shall be determined with account of the written opinion of the Company Board of Directors member absent from the Company Board of Directors meeting.

6.7. During the decision of issues at the Board of Directors meeting, each member of the Board of Directors shall have one vote.

If the votes spread evenly, the Chairman of the Board of Directors shall cast the decisive vote.

The transfer of a vote by one member of the Company Board of Directors to another member of the Company Board of Directors or another person shall not be permitted.

6.8. Members of the Audit Commission, the Company Auditor, the Company employees, as well as other persons may be invited to the Board of Directors meetings.

## **7. Procedures for Taking Decision by Absentee Voting**

7.1. A decision of the Company Board of Directors on matters within its competence may be taken by absentee voting (by poll).

7.2. For taking a decision by the Board of Directors by absentee voting (by poll), each member of the Board of Directors shall be sent a notice of the absentee voting on the items on the agenda, the draft decisions on them, and the materials (information) on the items placed on the agenda not later than 11 (eleven) working days before the expiration of time of receipt of ballot sheets for absentee voting.

7.3. The Board of Directors members may submit their proposals and/or remarks on the proposed draft decisions of the Board of Directors on items put to absentee voting not later than 5 (five) days before the expiration of the time of receipt of the ballot sheets indicated in the notice of the absentee voting.

7.4. The ballot sheet for absentee voting shall be drawn up by the Board of Directors Secretary with account of the submitted proposals and/or remarks on the proposed draft decisions of the Board of Directors on items put to absentee voting in the form compliant with the Attachment hereto.

7.5. The ballot sheet for absentee voting shall be sent to members of the Board of Directors not later than 2 (two) working days before the expiration of the time of receipt of the ballot sheets indicated in the notice of the absentee voting.

7.6. During the filling out of the ballot sheet for absentee voting, the Board of Directors member shall leave uncrossed only one of the possible voting options ("for," "against," "abstained"). The filled out ballot sheet shall be signed by the Board of Directors member with the indication of his/her name and initials.

A ballot sheet filled out with the violation of the above requirements shall be recognised invalid and shall not be taken into account during the determination of the quorum necessary for taking a decision by absentee voting, and shall not be taken into consideration during the vote count.

7.7. A filled out and signed ballot sheet shall be submitted by the Board of Directors member to the Board of Directors Secretary within the timeframe indicated in the ballot sheet in the original or by facsimile or e-mail (scanned ballot sheet) with subsequent sending of the original ballot sheet to the address indicated in the ballot sheet.

Members of the Board of Directors whose ballot sheets were received by the Board of Directors Secretary in the original or by fax or e-mail not later than the date of termination of receipt of the ballot sheets indicated in the notice shall be considered as having participated in the absentee voting.

A ballot sheet received by the Company after the expiration of the time indicated in the ballot sheet shall not be taken into consideration during the vote count and summing up the results of the absentee voting.

7.8. The results of the vote on items on the agenda conducted in absentia shall be summed up on the basis of the filled out ballot sheets signed by members of the Board of Directors and received by the Company within the timeframe indicated in the notice of the absentee voting.

7.9. On the basis of the ballot sheets received, the Board of Directors Secretary shall draw up the minutes of the Board of Directors meeting in the manner prescribed by these Regulations.

## **8. Minutes of the Meeting of the Company Board of Directors**

8.1. The Board of Directors Secretary shall keep the minutes of the Board of Directors meeting.

8.2. The minutes of the meeting of the Company Board of Directors shall be drawn up not later than 3 (three) days after its holding (summing up the results of the absentee voting).

8.3. The minutes shall indicate:

the full business name and location of the Company;

the form of holding the meeting;

the place and time of holding the meeting (summing up the voting results);

members of the Board of Directors present at the meeting (participating in the absentee voting), as well as invited persons;

the information about the presence of the meeting quorum;

the meeting agenda;

items put to the vote and results of roll call voting on them;

the summary of reports and statements of persons participating in the meeting;

decisions made.

The minutes of the meeting of the Company Board of Directors shall be signed by the meeting chairperson and the Board of Directors Secretary responsible for the correctness of the minutes' execution.

8.4. Decisions of the Company Board of Directors shall be brought to the notice of their executors in the form of abstracts of the meeting minutes, separately for each item.

The abstracts of the minutes of the Board of Directors meeting shall be performed by the Board of Directors Secretary and sent to the executors within 2 (two) days from the date of signing of the minutes.

8.5. The Company shall keep the minutes of the Board of Directors meetings at the location of the Company management body or at another place known and accessible to stakeholders.

**BOARD OF DIRECTORS  
of Open Joint-Stock Company  
Federal Hydrogenerating Company**

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**BALLOT SHEET**  
for absentee voting on items on the agenda of meeting  
of JSC RusHydro Board of Directors  
Date of termination of ballot sheets receipt \_\_\_\_\_

Item 1:

Decision:

<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAINED</b>
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*(leave uncrossed your voting option)*

Item 2:

Decision:

<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAINED</b>
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*(leave uncrossed your voting option)*

The filled out and signed ballot sheet shall be sent by fax \_\_\_\_\_  
or e-mail \_\_\_\_\_ /e-mail address/ or in the original within the period not  
later than \_\_\_\_\_ /date, time/.

A ballot sheet received by the Company after the expiration of the aforementioned deadline shall  
not be taken into consideration during the vote count and summing up the results of absentee  
voting.

Please send the original ballot sheet to the address: \_\_\_\_\_.

JSC RusHydro  
Board of Directors member

\_\_\_\_\_/\_\_\_\_\_  
(signature)

(full name)

**THE BALLOT SHEET IS INVALID WITHOUT THE SIGNATURE OF THE BOARD  
OF DIRECTORS MEMBER**