

APPROVED
By the General shareholders' meeting
JSC " FEEC"
Dated of 08.06.2007
Minutes № 1



REGULATIONS

About remuneration and compensation of the members of
the Board of Directors of the
Open Joint Stock company
« Far Eastern Energy Managing Company »

1. The present Regulations are worked out in compliance with the Federal Law "On the joint stock companies" and establishes the rate and order of remunerations and compensations to the Members of the Board of Directors of the JSC FEEC (hereinafter – the Company).

2. The present Regulations shall not extend to the members of the Board of Directors who are the sole executive body of the Company or the members of the collegial executive body of the Company at the exception of the paragraph 4.7. of the present Regulations.

The remunerations and compensations to the Chairman and to the members of the Board of Directors of the Company shall not be awarded if in relation to the latter the Federal Law stipulates limitations and prohibition on payments from the commercial companies.

3. Payment of remunerations and compensations shall be made by the Company in the form of money.

4. Payment of remunerations.

4.1. For participation at the meeting of the Board of Directors held in the form of absentee voting the member of the Board of Directors shall be paid remuneration at the rate of the sum equal to seven minimal monthly tariff rates of a first-rate worker, established by the tariff agreement in the electric energy complex of Russian Federation (hereinafter Agreement) as of the period of the meeting of the Board of Directors with the account of indexation established by the Agreement within seven days upon holding the meeting of the Board of Directors.

For participation at the Board of Directors held in the form of simultaneous attendance, the member of the Board of Directors of the Company shall be paid the remuneration at the rate of the sum equal to ten minimal monthly tariff rates of a first-rate worker, established by the tariff agreement in the electric energy complex of Russian Federation (hereinafter Agreement) as of the day of the meeting of the Board of Directors with the account of indexation established by the Agreement within seven calendar days upon holding the meeting of the Board of Directors

The rate of remunerations to the Chairman (Vice- Chairman) paid in compliance with the paragraph 4.1. of the present Regulations for each meeting at which he has executed the functions of the Chairman of the Board of Directors (further execution of the functions of the Chairman) shall be increased by 50%.

4.2. Members of the Board of Directors shall be paid the additional remuneration for the net profit index of the Company according to the data of the annual financial statements approved by the General shareholders' meeting.

4.2.1. The rate of remuneration paid to each member of the Board of Directors shall be determined from the formula:

$$S = \frac{NP * n}{400 * x * m}$$

S – sum of the additional remuneration of one member of the Board of Directors by the result of the financial year;

NP – the rate of the net profit of the Company, approved by the decision of the annual general shareholders' meeting;

n – number of the meetings of the Board of Directors, at which the member of the Board of Directors has taken part (irrespectively from the form of their holding) for the year, subsequent to the results of which the net profit of the Company has been received;

x – number of the members of the Board of Directors in compliance with the Charter;

m – number of the meetings of the Board of Directors of the Company for a year, subsequent to the results of which the net profit of the Company has been received.

4.2.2. The rate of the remuneration paid in compliance with the paragraph 4.2.1. of the present Regulations to the Chairman (Vice Chairman) shall be determined from the formula:

$$B = S + \frac{NP * j * 1.5}{400 * x * m}$$

B – sum of remuneration of the Chairman (Vice Chairman) of the Board of Directors subsequent to the results of the fiscal year;

S – sum of the additional remuneration of the Chairman (Vice-Chairman) of the Board of Directors subsequent to the results of the financial year for the participation at the meetings of the Board of Directors at which he has not executed the functions of the Chairman of the Board of Directors;

NP – the rate of the net profit approved by the decision of the annual general shareholders' meeting of the Company;

j - number of the meetings at which the Chairman (Vice Chairman) of the Board of Directors has exercised functions of the Chairman of the Board of Directors;

x – number of the members of the Board of Directors in compliance with the Charter;

m – number of the meetings of the Board of Directors for the year, subsequent to the results of which the net profit of the Company has been received.

4.2.3. In the event that in the year, subsequent to the results of which the net profit of the Company has been received, the Board of Directors has been elected in new membership, the remunerations said in the paragraphs 4.2.1. – 4.2.2. shall be also paid to the members of the Board of Directors of the former membership.

4.3. The members of the Board of Directors shall be paid additional remuneration in the event of the increase of the market capitalization of the Company for the period of work of the Board of Directors (period from the moment of election of the member of the Board of Directors till the moment of election the new membership of the Board of Directors)¹.

4.3.1. The amount of the additional remuneration of each member of the Board of Directors paid in compliance with the paragraph 4.3., is 0,0175 per cent from the increase of the market value of the Company with the deduction of the increase of the net assets of the Company counted for the period from the moment of election of the member of the Board of Directors till the moment of election the new membership of the Board of Directors.

For the purpose of defining the rate of remuneration the calculation of the increase of the market value of the Company at the deduction of the increase of the net assets of the Company shall be done in the following way:

$$\Delta(\overline{DPC}_t) = (\overline{PK}_t - NA_t) - (\overline{PK}_{t-1} - NA_{t-1}) = \Delta PK - \Delta NA \quad (1)$$

$\Delta(\overline{DPC}_t)$ – increase of the market value of the company with the deduction of the increase of the net assets;

\overline{PK}_t – average chronological market capitalization of the company for the said period;

NA_t – amount of the net assets of the company as of the nearest date of making financial statements following the date of termination of powers of the member of the Board of Directors;

\overline{PK}_{t-1} - average chronological market capitalization of the company for the said period ;

NA_{t-1} – rate of the net assets of the company as of the nearest date of making financial statements following the date of election of the member of the Board of Directors.

The average chronological market capitalization shall be determined from the following formula:

¹ Is applied upon expiry of the six months from the moment of admission of the shares on the Russian Trading System or on Moscow Interbank Currency Exchange. At that for the members of the Board of Directors who had been elected earlier the expiration of the six month period, but the powers of whom have been terminated after expiration of such a six month term, the beginning of the period (p.4.3.1.) for the purposes of calculation of the remuneration shall be as of the first day of trades on RTS and MICE following upon expiration of the said six month period.

Average chronological market capitalization shall be determined from the formula:

$$\overline{PK} = \frac{\sum_{i=1}^n (P_{iMMB5} * d_{iMMB5} + P_{iPTC} * d_{iPTC}) * Q_i}{n} \quad (2),$$

P_{iMMB5} – weighted average price of the Company's shares as of the i-st trading day of the said period on MICE;

d_{iMMB5} – weight of quotation on MICE calculated as a relation of the volume of trades of the Company's shares on MICE to the total volume of trades of the Company's shares on MICE and RTS (in pieces) as of i-st trading day of the said period on MICE;

P_{iPTC} - weighted average price of the Company's shares as of the i-st trading day of the said period on RTS;

d_{iPTC} – weight of quotation on RTS calculated as a relation of the trading volume of the Company's shares on MICE to the total trading volume of the Company's shares on MICE and RTS (in pieces) as of i-st trading day of the said period on RTS;

n – number of the trading days from the date of beginning till the day of the end of the period, at that the period of the formulas (1) and (2):

- Under calculation of PK_t the calendar days shall start from the date of making financial statements following the date of election of the member of the Board of Directors and finishing with the date of making financial statements following the date of termination of the powers of a member of the Board of Directors. At that the number of the calendar days between the dates of making financial statements shall be *extended period*.
- Under calculation of PK_{t-1} the calendar days shall start from the date of making financial statements following the date of election of the member of the Board of Directors for the number of days of the extended period, defined beforehand and finishing with the date of making financial statements following the date of election the member of the Board of Directors.

Q_i – number of the issued ordinary shares of the Company as of i-st date of the period.

Estimated amount of the increase of the market value of the Company with the deduction of the growth of the net assets of the Company (1) shall be corrected in compliance with the growth of the equity market, characterized by the indexes of the trading floors of RTS and MICE:

$$T_{market} = \frac{I_{PTC_t}}{I_{PTC_{t-1}}} * d_{PTC} + \frac{I_{MMB5_t}}{I_{MMB5_{t-1}}} * d_{MMB5} \quad (3):$$

I_{PTC_t} - average chronological index of RTS for the period t.

$I_{PTC_{t-1}}$ - average chronological index RTS for the t-1.

d_{PTC} – weight of the quotation on RTS calculated as a relation of the trading volume of Company's shares on RTS to the total trading volume of Company's shares on RTS and MICE (in pieces) for the periods t and (t-1);

I_{MMB5_t} - average chronological index of MICE for the period t.

$I_{MMB5_{t-1}}$ - average chronological index of MICE for the period t-1.

d_{MMBB} – weight of the quotations on MICE, calculated as a relation of trading volume of the Company's shares to the total trading volume of Company's shares on RTS and MICE (in pieces) for the periods t and $(t-1)$;

Average chronological index shall be determined from the following formula:

$$\bar{I} = \frac{\frac{I_1}{2} + I_2 + I_3 + \dots + \frac{I_n}{2}}{n - 1}$$

I_1 – index weight for the 1st trading day of the period;

I_n – index weight for the last trading day of the period;

n – number of the trading days from the day of beginning till the day of the closing of the period t (period $t-1$)

The total formula of the calculating the base of defining the remuneration of the member of the Board of Directors is the following:

$$\Delta(\text{ДРС}_t) = \Delta(\text{ДРС}_t) * \left(\frac{PK_t}{PK_{t-1}} - (T_{\text{рынка}} - d_{\text{комп.}}) \right) / \left(\frac{PK_t}{PK_{t-1}} - 1 \right) \quad (4), \text{ где:}$$

$d_{\text{комп.}}$ – share of the company estimated from the growth rate of the equity market, that is calculated as:

$$d_{\text{комп.}} = \frac{Q_{\text{комп.}}}{Q_{\text{ртс_ммвб}}} * \left(\frac{PK_t}{PK_{t-1}} - T_{\text{рынка}} \right) \quad (5):$$

$Q_{\text{комп.}}$ – total trading volume of the estimated company on RTS and MICE for the periods t и $t-1$, rubbles;

$Q_{\text{ртс_ммвб}}$ – total trading volume on RTS and MICE for the periods t и $t-1$, rubles;

4.4. Remuneration, said in the p.4.2. shall be paid within one month upon holding the annual General shareholders' meeting.

Remuneration said in the p.4.3. shall be paid within one month from the date of making financial statement following the date of termination of powers of the member of the Board of Directors.

4.5. Remuneration said in the pp. 4.2. and 4.3. of the present Regulations shall not be paid if the member of the Board of Directors has not taken part in more than 50% of the rest (from the moment of his election till the moment of termination his powers) meetings.

4.6. The member of the Board of Directors may waive the right of receiving the remuneration, stipulated by the present Regulations, in full value or partially through the forwarding of the corresponding statement at the address of the Director General of the Company.

In the presence of the corresponding written statement of the member of the Board of Directors of the Company the payment of all types of remunerations shall be made only with the written consent of such a member of the Board of Directors. At that under arising of the grounds for remuneration payments the Company shall forward to the member of the Board of Directors of the Company the notification with indication of the sum of the dew remuneration.

Such notification shall be forwarded not later the corresponding term of remuneration payment, stipulated by the present Regulations.

In the presence of the written consent of the member of the Board of Directors for receiving the remuneration, such a remuneration shall be paid to him within seven calendar days from the moment of receiving such a consent.

4.7. The members of the Board of Directors have right to conclude the contract of purchase and sale of the Company's shares with the postponed fulfillment of obligations of transfer and payment of shares within the framework of the Optional program, approved by the Board of Directors of the Company.

Maximum rate of the contract for the Chairman of the Board of Directors is 0,15%, member of the Board of directors is 0,10% from the total number of the placed ordinary shares in the Company. Members of the Board of Directors, participating in the Optional Program have no right to receive the additional remuneration, stipulated by the paragraph 4.3. of the present Regulations.

4.8. Information about participation in the Optional program of the members of the Board of Directors and individual rate of the optional contract shall be disclosed in the materials for the annual General shareholders' meeting of the Company.

5. Compensations payment.

5.1. Member of the Board of Directors of the Company shall be compensated for actually incurred expenditures connected with participation at the meeting of the Board of Directors (travel expenses, living expenses and meals expenses etc) at the rate of the paragraph 5.2. of the present Regulations (at the exception per diem expenses).

5.2. Members of the Board of Directors in the event of forwarding on a business trip to visit the facilities of the Company, to meet with the shareholders and investors, to participate at the General shareholders' meeting, as also implementation of other tasks, connected with execution of the functions of the Board of Directors the following remunerations shall be made:

- Payment of the per diem in the order set for the sole executive body of the Company, or executive body of the managing organization of the Company;

- Reimbursement of the expenditures connected with the travel to the place of the permanent work or living (including the insurance contribution for the obligatory personal insurance of the passengers traveling by transport, payment for the services of the execution of the travel documents etc.) at the amount of the actual expenditures, proved by the travel documents, but no higher the cost of traveling by:

 - Railroad transport - in the wagon of enhanced comfort of the business class (CB, C);

 - Marine or river transport –according to the tariff set by the carrier but not higher the cost of traveling in the suite of the class "lux" with the end-to-end servicing of the passengers;

 - Air transport - as per tariff of business class;

 - Automobile transport - in the auto transport of the common use (except taxi and rent of automobile);

- Reimbursement of the expenses for rent of living premises (at the exception of the case when the member of the Board of Directors is accommodated on free of charge basis) at the rate of the actually incurred expenses but no more than three minimal monthly tariff rates of a first-rate worker, established by the tariff agreement in the electric energy complex of Russian Federation (hereinafter Agreement) as of the day of reimbursement of the expenses with the account of indexation set by the Agreement for each day of living.

5.3. the payment of the compensations shall be made by the Company during one calendar day upon presentation of the documents that prove the production expenses.