

APPROVED by:  
Annual General Shareholders Meeting of  
Open Joint-Stock Company  
“Moscow Region Electric Grid Company ”  
Minutes No. 3  
as of “ \_\_\_\_\_ ” \_\_\_\_\_ 2006

Chairman of the Annual General Shareholders  
Meeting

\_\_\_\_\_ E.F. Makarov

**REGULATION**  
**for Remuneration Payment to the members of the Board of Directors of**  
**Open Joint- Stock Company “Moscow Region Electric Grid Company”**

1. The present Regulations were developed in accordance with the Federal Law “On Joint Stock Companies” and establish the amount and procedure of payment of remunerations and compensations to the members of the Board of Directors of Open Joint-Stock Company “Moscow Region Electric Grid Company” (hereinafter referred to as the Company).

2. Operation of the given agreement is not extended to the members of the Company’s Board of Directors being sole executive body of the Company or a member of the collegial executive body of the Company.

Remuneration and compensation are not accrued and paid to the Chairman and members of the Board of Directors who are persons, in relation to whom restriction or interdiction for reception of profit from commercial organizations is stipulated by the federal laws.

3. Payment of remuneration and compensation is performed by the Company in the monetary form.

#### **4. Remuneration payment**

4.1. For participation in the Board of Directors meeting held in the absentee form (by filling in a questionnaire), a member of the Board of Directors receives payment equal to 5 (Five) minimum monthly wages of the first-class employee established by the industry wage agreement in the RF power complex (hereinafter referred to as the Agreement) at the date of holding the Company Board of Directors meeting, taking into account indexations established by the Agreement, within seven calendar days after holding the Company’s Board of Directors meeting.

For participation in the Board of Directors meeting held in the form of joint presence (by filling in a questionnaire), a member of the Board of Directors receives payment equal to 10 (Ten) minimum monthly wages of the first-class employee established by the industry wage agreement in the RF power complex (hereinafter referred to as the Agreement) at the date of holding the Company Board of Directors meeting, taking into account indexations established by the Agreement, within seven calendar days after holding the Company Board of Directors meeting.

The amount of remuneration paid out in accordance with paragraph 4.1. of the present Regulation to the Chairman (Deputy Chairman) increases by 50 % for every meeting, at which he/she performed functions of the Chairman of the Board of Directors (hereinafter referred to as exercise of functions of the Chairman).

4.2. Members of the Board of Directors receive additional remuneration for net profit index of the Company according to the data of the annual financial statements adopted by the general shareholders meeting of the Company.

4.2.1. The amount of remuneration paid to each member of the Board of Directors is calculated based on the following formula (1):

$$S = \frac{NP * n}{300 * x * m} \quad (1),$$

where

*S* – the sum of additional remuneration paid to one member of the Board of Directors, based on the results of the financial year;

*NP* – the Company’s net profit approved by the decision of the annual General meeting of shareholders;

*n* – the amount of the meetings of the Board of Directors of the Company, in which a member of the Board of Directors (regardless of their form) took part during the year in which the Company got the net profit following the results of its activity;

$x$  – the quantity of the members of the Board of Directors according to the Charter;  
 $m$  – the quantity of the meetings of the Board of Directors of the Company during the year in which the Company got the net profit on the results of its activity.

4.2.2. The amount of remuneration paid to the Chairman (Deputy Chairman) for performing functions of the Chairman of the Company Board of Directors is calculated based on the following formula (2):

$$B = S + \frac{NP * j * 1.5}{300 * x * m} \quad (2),$$

where

$B$  – the sum of remuneration to the Chairman (Deputy Chairman – for performing functions of the Chairman) of the Board of Directors of the Company on the results of the financial year;

$S$  – the sum of additional remuneration paid to the Chairman (Deputy Chairman) based on the results of the financial year for participation in the meetings of the Board of Directors where he/she fulfilled the functions of the Board of Directors Chairman;

$NP$  – the Company’s net profit approved by the decision of the annual General meeting of shareholders;

$j$  – the quantity of the meetings of the Board of Directors at which the Chairman (Deputy Chairman) functioned as the Chairman of the Board of Directors;

$x$  – the quantity of the members of the Board of Directors according to the Charter;

$m$  – the quantity of the meetings of the Board of Directors of the Company during the year in which the Company got the net profit on the results of its activity.

4.2.3. If in the year, in which the Company got the net profit on the results of its activity, the Board of Directors was elected in a new structure, remuneration specified in subparagraphs 4.2.1 4.2.2 shall be also paid to the members of the Board of Directors of the previous structures.

4.3. Additional remuneration is paid to the members of the Board of Directors in case of increasing the amount of the Company’s market capitalization during the period of work of the Board of Directors (that is the period since the moment of election of the member of the Board of Directors till the moment of the Board of Directors new structure election)<sup>1</sup>.

4.3.1. The amount of additional remuneration of each member of the Board of Directors, paid in accordance with subparagraph 4.3, makes up 0.0175% of the increase of the Company’s market value less the increase of the Company’s net assets, expected for the period from the moment of election of the members of the Board of Directors till the moment of election of a new structure of the Board of Directors of the Company.

To determine the amount of remuneration, the calculation of the increase of the Company’s market value is counted as follows :

$$\Delta (MVI) = (MC_t - NA_t) - (MC_{t-1} - NA_{t-1}) = \Delta MC - \Delta MA \quad (1),$$

where:

$\Delta (MVI)$  – the increase of the Company’s market value less the increase of the Company’s net assets;

$MC_t$  – the average chronological market capitalization of the Company for the period (t);

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<sup>1</sup> Shall be applied by the expiration of six months since the moment of the RTS and MICEX trading. Together with this, for the members of the Board of Directors who were elected earlier than the abovementioned period six-month period, but whose authority was terminated after the expiration of such a six-month term, the beginning of the period (paragraph 4.3.1) for the purposes of the remuneration calculation is the first day of RTS or MISEX trading following the expiration of the abovementioned six-month period

$NA_t$  – the amount of the net assets of the Company for the nearest date of the financial statement forming following the date of the authority termination of the Board of Directors members.

$MC_{t-1}$  – the average chronological market capitalization of the Company for the period;

$NA_{t-1}$  – the amount of the net assets of the Company for the nearest date of the financial statement forming following the date of the Board of Directors members' election.

The average chronological market capitalization of the Company is calculated based by the following formula (4):

$$\overline{MC} = \frac{\sum_{i=1}^n (P_{iMICEX} * d_{iMICEX} + P_{iRTS} * d_{iRTS}) * Q_i}{n} \quad (2),$$

where:

$P_{iMICEX}$  – the weighted average value of the Company's shares on i-th trading day of the respective period at MICEX;

$d_{iMICEX}$  – the weight of quotation at MICEX calculated by division of the volume of trades in the Company's shares at MICEX by the total volume of trades of the Company's shares at RTS and MICEX (in pieces) on the i-th trading day of the corresponding period at MICEX;

$P_{iRTS}$  – the weighted average value of the Company's shares on i-th trading day of the period at RTS;

$d_{iRTS}$  – the weight of quotation at RTS calculated by division of the volume of trades of the Company's shares at RTS to the total volume of trades of the Company's shares at RTS and MICEX (in pieces) on the i-th trading day of the period at RTS;

$n$  – the amount of trading days since the date of the period completion, together with this, the period for formulas (1) and (2):

- during the calculation of  $MC_t$  – these are the calendar days, since the date of the financial statement forming following the date of the member of the Board of Directors election and completing with the date of the financial statement forming following the date of the member of the Board of Directors authority termination. Together with this the amount of the calendar days between the dates of the financial statement forming are the continuity of the period;

- during the calculation of  $MC_{t-1}$  these are the calendar days beginning with the date preceding the date of the financial statement forming following the date of the member of the Board of Directors election for the amount of days of the period continuity determined earlier and ending with the date of the financial statement forming following the date of the member of the Board of Directors end.

$Q_i$  - the amount of the placed ordinary shares of the Company for the i-th date of the period).

The calculated amount of the increase of the Company's market value less the increase of the Company's net assets (1) should be corrected according to the growth of the equity market characterized by the indexes of the RTS and MICEX stocks under the following formula:

$$T_{market} = \frac{\overline{I_{RTS,t}}}{I_{RTS,t-1}} * d_{RTS} + \frac{\overline{I_{MICEX,t}}}{I_{MICEX,t-1}} * d_{MICEX} \quad (3),$$

where:

$I_{RTS,t}$  – the average chronological index of RTS for the period (t).

$I_{RTS\ t-1}$  – the average chronological index of RTS for the period (t-1).

$d_{RTS}$  – the weight of quotation at RTS calculated by division of the volume of trades of the Company's shares at RTS by the total volume of trades of the Company's shares at RTS and MICEX (in pieces) for the periods t and (t-1);

$I_{MICEX\ t}$  – the average chronological index of MICEX for the period (t).

$I_{MICEX\ t-1}$  – the average chronological index of MICEX for the period (t-1).

$d_{MICEX}$  – the weight of quotation at MICEX calculated by division of the volume of trades of the Company's shares at MICEX by the total volume of trades of the Company's shares at RTS and MICEX (in pieces) for the periods t and (t-1);

The final formula for calculating the base for determination of remuneration of a member of the Board of Directors ( $\Delta BDR$ ) is as follows:

$$\Delta (BDR) = \frac{\Delta (MV_I) * (MC_t/MC_{t-1} - (T_{market} - d_{comp}))}{(MC_t/MC_{t-1} - 1)} \quad (4)$$

where:

$d_{comp}$  – the share of the Company under evaluation in the rate of growth of the equity market, which is calculated as follows:

$$d_{comp} = (Q_{comp}/Q_{RTS\_MICEX}) * (MC_t/MC_{t-1} - T_{market}) \quad (5),$$

where:

$Q_{comp}$  – the total volume of trades of the company under evaluation at RTS and MICEX for the periods of t and t-1, RUR;

$Q_{RTS-MICEX}$  – the total volume of trades at RTS and MICEX for the periods of t and t-1, RUR.

4.4. Remuneration specified in subparagraph 4.2 and paid within one month after the annual General shareholder meeting of the Company.

Remuneration specified in subparagraph 4.3 is paid within one month after the date of the financial statement forming following the date of the member of the Board of Director sauthorities termination.

4.5. Remuneration specified in subparagraphs 4.2 and 4.3 of the present Regulation is not paid to a member of the Board of Directors if he/she did not take part in more than 50% of the meetings (from the moment of his/her election till the moment of termination of his/her authority).

4.6. A Board of Directors' member can refuse to receive remuneration provided by this Regulation in full or in part by sending the respective application addressed to General Director of the Company.

At presence of the corresponding written application of the Board of Directors' member, payment of all types of remuneration is made only under the written consent of this Board of Directors' member. Thus, at occurring of grounds for remuneration payment, the Company is obliged to send a notification to this Board of Directors member specifying amount of the remuneration. This notification shall be sent not later than the corresponding term of remuneration payment provided by these Regulations.

At presence of the written consent for reception of remuneration from the Company Board of Directors' member, the respective remuneration is paid within one month from the moment of its reception.

## **5. Compensation payment**

5.1. The member of the Company's Board of Director shall get the compensation for all the expenditures connected with the participation in the meeting of the Company's Board of Directors (transport, living, food and etc.) in the amounts determined in paragraph 5.2. of these Regulations (except for the daily allowances payment).

5.2. If the member of the Board of Directors being sent to a business trip for visiting of the Company's objects, having meetings with the shareholders and investors, participating in the General meeting of shareholders, and also for implementing other tasks, related to the functions of a member of the Board of Directors of the Company shall be the following:

- payment of daily allowances according to the procedure established for the sole executive body of the Company, or the sole executive body of the managing organization of the Company;

- reimbursement of expenses on travel to the place of a business trip and back to the place of permanent employment or residence (including insurance payment on the obligatory personal insurance of the passengers on transport, payment for the services on processing travel documents, and etc.) in the amount of actual expenses confirmed by the travel documents, but no more than the travel fare:

- by the railway transport - in the carriage of the heightened comfort of business-class (SV, S);

- by the marine and river transport - on the tariffs set by the transport company, but no more than the fare in a "de luxe" cabin with complex service for passengers;

- by an air transport - on the tariff of business-class;

- by a motor transport - in the vehicle of the common use (except for a taxi and car lease);

- reimbursement of expenses on an apartment rent in the amount of actual expenses confirmed by the corresponding documents, but no more than 3 (Three) minimum monthly tariff of a first-class worker, set by the branch tariff agreement in the electric power industry of the Russian Federation as at the day of compensation payment, taking into account the indexation, set by the Agreement, for each day of residence.

5.3. Payment of compensation is carried out by the Company within one calendar day after submitting the documents confirming the incurred expenses.