

APPROVED
by the decision of the Annual General Meeting of
Shareholders of JSC ROSSETI
June 30, 2014

REGULATIONS
FOR THE BOARD OF DIRECTORS
OF JSC ROSSETI

(RESTATED VERSION)

Moscow
2014

1. General

1.1. These Regulations are formulated in accordance with the Federal Law "On Joint-Stock Companies," other legal regulations of the Russian Federation, and the Articles of Association of JSC ROSSETI (hereinafter, the "Company").

1.2. These Regulations are an internal document of the Company that defines the procedure for convening and holding meetings of the Board of Directors of the Company (hereinafter, the "Board of Directors").

1.3. The Board of Directors shall be the Company's management body in charge of the general management of the Company's activities except for any issues that, in accordance with the Federal Law "On Joint-Stock Companies" and the Articles of Association of the Company, fall within the competence of the General Meeting of Shareholders.

1.4. The principal objectives and tasks of the activities of the Board of Directors shall be as follows:

- define the Company's development strategy aiming to enhance its market capitalization and appeal to investors, achieve the maximum profit, and increase the Company's assets;
- ensure the exercise and protection of the rights and lawful interests of the Company's shareholders and contribute to resolving corporate conflicts;
- ensure that the information about the Company disclosed to shareholders and other stakeholders is complete, reliable, and unbiased;
- create efficient internal control mechanisms;
- evaluate the performance of the Company's executive bodies on a regular basis.

In order to achieve the objectives and fulfill the tasks specified above, the Board of Directors shall adhere to the following principles:

- make decisions based on reliable information about the Company's activities;
- ensure that shareholders' rights are observed with respect to participating in the management of the Company and receiving dividends and information about the Company;
- achieve the balance of the interests of different shareholder groups and ensure that the Board of Directors makes as unbiased decisions as possible to the benefit of all shareholders of the Company.

1.5. The activities of the Board of Directors shall be governed by the Federal Law "On Joint-Stock Companies," other legal regulations of the Russian Federation, the Articles of Association of the Company, and these Regulations.

2. Chairman of the Board of Directors

2.1. The work of the Board of Directors shall be organized by the Chairman of the Board of Directors of the Company (hereinafter, the "Chairman of the Board of Directors").

2.2. The Chairman of the Board of Directors shall be a member of the Board of Directors of the Company who is elected by a majority of votes of all members of the Board of Directors.

The person performing the functions of the sole executive body may not simultaneously hold office of the Chairman of the Board of Directors.

2.3. The Board of Directors may at any time reelect the Chairman of the Board of Directors by a majority of votes of all members of the Board of Directors of the Company.

2.4. The Chairman of the Board of Directors shall:

- 2.4.1. organize the work of the Board of Directors;
- 2.4.2. convene meetings of the Board of Directors;
- 2.4.3. determine the form of a meeting of the Board of Directors;
- 2.4.4. approve the agendas of meetings of the Board of Directors;
- 2.4.5. make a list of the materials (information) with respect to the items on the agenda of the meeting to be provided for the members of the Board of Directors;
- 2.4.6. make a list of the persons invited to take part in discussing specific issues on the agendas of meetings of the Board of Directors;
- 2.4.7. preside at meetings of the Board of Directors;
- 2.4.8. sign the minutes of meetings of the Board of Directors, requests to conduct audits

(inspections) of the Company's financial and economic activities, and other documents on behalf of the Board of Directors;

2.4.9. supervise the implementation of the Action Plan for the Board of Directors approved by the Board of Directors;

2.4.10. represent the Board of Directors before the Company's shareholders, governmental authorities, public organizations, and the mass media;

2.4.11. conduct correspondence of the Board of Directors with shareholders, executive bodies, and employees of the Company and with other organizations;

2.4.12. preside at the General Meeting of Shareholders of the Company, announce the agenda, announce the forthcoming reports and accounts, and perform other functions of the Chairman of the General Meeting of Shareholders of the Company as provided for in the Regulations for the Preparation and Holding Procedure for the General Meeting of Shareholders of the Company;

2.4.13. on behalf of the Board of Directors, organize supervision of the implementation of the decisions adopted by the General Meeting of Shareholders and the Board of Directors;

2.4.14. ensure that meetings of the Board of Directors comply with the requirements set forth in the laws of the Russian Federation, the Articles of Association of the Company, other internal documents of the Company, and these Regulations;

2.4.15. perform other functions provided for in the laws of the Russian Federation, the Articles of Association of the Company, and decisions of the Board of Directors.

2.5. If the Chairman of the Board of Directors is absent, the Chairman's functions shall be performed by a member of the Board of Directors.

3. Members of the Board of Directors, Their Rights, Obligations, and Liability

3.1. Within the competence of the Board of Directors, the members of the Board of Directors shall have the following rights:

- obtain information about the Company's activities, acquaint themselves with all constitutive documents, bylaws, accounts, reports, contracts, and other documents of the Company in accordance with the laws of the Russian Federation and internal documents of the Company;
- put forward written proposals for formulating the Action Plan for the Board of Directors;
- include items on the agenda of the meeting of the Board of Directors;
- request in writing that a meeting of the Board of Directors be convened;
- exercise other rights provided for in the laws of the Russian Federation, the Articles of Association of the Company, other internal documents of the Company, and these Regulations.

3.2. Any member of the Board of Directors may in writing request, whether directly or through the Secretary of the Board of Directors of the Company, that the Director General of the Company (or any other person performing the functions of the Company's sole executive body) provide the documents and information necessary to decide on the issues falling within the competence of the Board of Directors.

3.3. Such documents and information of the Company shall be made available to the members of the Board of Directors not later than five (5) business days after receipt of the request therefor.

3.4. The members of the Board of Directors may be entitled to remuneration and/or compensation for expenses in connection with the performance by the members of the Board of Directors of their functions in accordance with the procedure set forth in the Regulations for Remuneration and Compensation for Members of the Board of Directors to be approved by the General Meeting of Shareholders of the Company.

3.5. In exercising their rights and performing their obligations, the members of the Board of Directors shall act to the benefit of the Company and exercise their rights and perform their obligations to the Company in good faith and reasonably.

3.6. The members of the Board of Directors shall be liable to the Company for losses incurred by the Company due to their faulty acts (omissions) in accordance with the applicable laws.

However, the members of the Board of Directors who vote against any decision resulting in losses incurred by the Company or its shareholders or do not participate in voting shall not be held liable.

3.7. The members of the Board of Directors shall make available to the Board of Directors of

the Company, the Internal Audit Commission of the Company, and the Auditor of the Company the following information:

- about the corporate entities in which any member holds, whether independently or jointly with his/her affiliate(s), 20 or more percent of voting shares (interests, stakes);
- about the corporate entities in whose management bodies any member holds office;
- about the existing or contemplated transactions known to any member, which transactions may be deemed to be his/her related party transactions;
- other information in accordance with the requirements set forth in the laws of the Russian Federation.

4. Secretary of the Board of Directors

4.1. Technical (information, document, protocol, secretary) support for the day-to-day activities of the Board of Directors shall be provided by the Secretary of the Board of Directors of the Company (hereinafter, the "Secretary of the Board of Directors") acting in accordance with the Articles of Association of the Company, these Regulations, and other internal documents of the Company and on the instructions of the Chairman of the Board of Directors.

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

4.3. The Secretary of the Board of Directors shall be nominated by the Chairman of the Board of Directors. If any nominee is an employee of the Company, such nominee shall be agreed by the Director General of the Company.

4.4. The Board of Directors may at any time reelect the Secretary of the Board of Directors.

4.5. The Secretary of the Board of Directors shall perform the following functions:

1) develop and submit to the Chairman of the Board of Directors the draft of the agenda of the next meeting of the Board of Directors in accordance with the Action Plan for the Board of Directors and the proposals received from members of the Board of Directors, the Director General of the Company, the Internal Audit Commission, and the Auditor of the Company;

2) arrange for the preparation and distribution of the documents (materials) necessary to organize and hold the meeting of the Board of Directors (notice of the meeting, the drafts of the decisions related to the items on the agenda of the meeting, the drafts of the documents for preliminary familiarization, etc.);

3) provide organizational and technical support for the meeting of the Board of Directors;

4) arrange for the interaction of the Board of Directors with the Company's executive bodies, the Committees of the Board of Directors, the Company's Auditor, the Company's Internal Audit Commission, and the Company's divisions;

5) arrange for the preparation and provision of documents (information) at the request of any member of the Board of Directors;

6) prepare requests for information and replies to letters received by the Board of Directors to be signed by the Chairman of the Board of Directors;

7) collect ballots completed by members of the Board of Directors;

8) prepare the drafts of the minutes of meetings of the Board of Directors and extracts from the minutes of meetings of the Board of Directors;

9) distribute documents approved by the Board of Directors;

10) develop and keep administrative records of the Board of Directors;

11) systematize and archive documents and materials of the Board of Directors;

12) arrange for supervision of the implementation of the decisions adopted by the Board of Directors;

13) prepare requests for information (materials) with respect to the items on the agenda of the meeting of the Board of Directors to the Company's divisions;

14) verify the reliability of received information and the accuracy of documents submitted for review and approval by the Board of Directors;

15) as instructed by the Chairman of the Board of Directors, prepare the drafts of specific documents and decisions of the Board of Directors, including the draft of the Action Plan for the Board

of Directors;

16) arrange for the magnetic recording of meetings of the Board of Directors pursuant to the decision of the Chairman of the Board of Directors;

17) perform any other functions provided for in these Regulations and the instructions issued by the Chairman and members of the Board of Directors.

4.6. The Secretary of the Board of Directors shall ensure coordinated and operational relations of members of the Board of Directors with the Company's shareholders and their representatives, with the Company's executive body, with the heads and employees of the Company's divisions in order to ensure that the activities of the Board of Directors are efficient.

4.7. The Secretary of the Board of Directors shall have the right to request and obtain the information necessary for the activities of the Board of Directors, including at the request of any member of the Board of Directors, from the divisions of the Company's executive arm.

4.8. The Secretary of the Board of Directors shall be responsible:

- for the timely distribution of notices of meetings of the Board of Directors and materials related thereto to the members of the Board of Directors;

- for the preparation quality and reliability of information contained in the minutes of meetings of the Board of Directors;

- for the timely distribution of the minutes of meetings to the members of the Board of Directors.

5. Organization of the Work of the Board of Directors

5.1. Meetings of the Board of Directors shall be held in accordance with the approved Action Plan for the Board of Directors and as and when necessary, but at least once every six weeks.

5.2. If necessary, the Chairman of the Board of Directors may decide to hold an unscheduled meeting of the Board of Directors or reschedule a scheduled meeting of the Board of Directors.

5.3. Action Plan for the Board of Directors.

5.3.1. The Action Plan for the Board of Directors shall include:

1) the issues to be discussed at meetings of the Board of Directors in the current year (at least once every six weeks);

2) the schedule of meetings of the Board of Directors;

3) a list of the persons responsible for preparing issues for review by meetings of the Board of Directors (members of the Board of Directors, the Director General of the Company, the Chairman of the Internal Audit Commission of the Company, the Chairmen of the Committees of the Board of Directors of the Company and other persons).

5.3.2. The Action Plan of the Board of Directors shall be formulated at the suggestion of the Chairman and members of the Board of Directors, the Internal Audit Commission of the Company, the Director General of the Company, and the Auditor of the Company in accordance with the requirements set forth in the first and second subparagraphs of paragraph 6.4 of these Regulations.

Any such suggestion shall be in writing and sent to the Chairman of the Board of Directors with a copy thereof to be sent to the Secretary.

6. Convocation of Meetings of the Board of Directors

6.1. The first meeting of the new members of the Board of Directors shall be convened by one member of the Board of Directors by notice of the meeting to all of the other members of the Board of Directors and to the Company to be addressed to the Director General of the Company.

The Director General of the Company shall render assistance and provide all information necessary to organize the first meeting of the new members of the Board of Directors.

The first meeting of the Board of Directors shall obligatorily consider the following issues:

- election of the Chairman of the Board of Directors;

- election of the Secretary of the Board of Directors.

6.2. Subsequent meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors (except where otherwise provided for in paragraph 2.5 of these Regulations):

- in accordance with the schedule of meetings of the Board of Directors as approved by the Action Plan for the Board of Directors;

- at the discretion of the Chairman of the Board of Directors;
- at the written request of any member of the Board of Directors, the Internal Audit Commission of the Company, the Director General of the Company, or the Auditor of the Company.

6.3. Any request to convene the meeting of the Board of Directors shall state:

- 1) information about the convening person;
- 2) the text of the items on the agenda;
- 3) reasons to include the issues on the agenda;
- 4) the drafts of the decisions with respect to the items on the agenda.

Any such request shall be accompanied by information (materials) related to the items on the agenda.

6.4. Any request to convene a meeting of the Board of Directors shall be in writing and signed by the convening person.

Any request of the Internal Audit Commission of the Company to convene a meeting of the Board of Directors shall be signed by the Chairman of the Internal Audit Commission.

Any request to convene the meeting of the Board of Directors, accompanied by all necessary materials (information), shall be sent to the Chairman of the Board of Directors with a copy thereof to be sent to the Secretary of the Board of Directors. In this connection, proposals of members of the Company's Management Board sent to the Chairman of the Board of Directors shall be signed by the Director General of the Company.

Any request of the Director General of the Company to convene the meeting of the Board of Directors, which request contains the issues that shall be preliminarily reviewed by the management Board of the Company in accordance with the Company's internal document governing the operating procedure of the Management Board of the Company, shall be sent to the Board of Directors only upon its review by the Management Board of the Company and upon development of the recommendations in relation therewith.

6.5. The Chairman of the Board of Directors shall consider the received request to convene an extraordinary meeting of the Board of Directors and make the decision to convene such meeting, refuse to convene it, or include the issues contained in such request on the agenda of the scheduled meeting of the Board of Directors (in accordance with the approved Action Plan for the Board of Directors) not later than five (5) business days after receipt of such request.

The substantiated decision of the Chairman of the Board of Directors to refuse to convene an extraordinary meeting of the Board of Directors shall be sent to the person requesting such meeting within three (3) business days from the time when such decision is made.

Failure to comply with the requirements set forth in paragraphs 6.3 and 6.4 of these Regulations may be grounds to refuse to satisfy any request to convene a meeting of the Board of Directors.

6.6. Notice of the meeting of the Board of Directors shall be prepared by the Secretary of the Board of Directors and signed by the Chairman of the Board of Directors (where provided for in these Regulations).

6.6.1. Notice of the meeting of the Board of Directors shall be distributed by the Secretary of the Board of Directors to each member of the Board of Directors in writing at least ten (10) days prior to the date of the meeting of the Board of Directors (the deadline for receiving ballots).

6.7. Notice of the meeting of the Board of Directors to the members of the Board of Directors shall be accompanied by the materials (information) related to the items on the agenda of the meeting.

The materials (information) related to the items on the agenda of the meeting shall include:

- the drafts of the decisions of the Board of Directors with respect to the issues included on the agenda of the meeting of the Board of Directors;
- explanatory notes related to the drafts of the decisions of the Board of Directors with respect to the issues included on the agenda of the meeting of the Board of Directors;
- the drafts of the documents submitted for approval, agreement, or consent by the Board of Directors;
- the minutes of the meetings of management bodies, the decisions (recommendations) of the Management Board, the Committees of the Board of Directors, and other special bodies and commissions of the Company with respect to the preliminarily reviewed issues (if any);
- the materials in support to the information contained in the drafts of the decisions and explanatory notes;

- other information materials with respect to the issues included on the agenda of the meeting of the Board of Directors.

6.8. Materials (information) with respect to the items on the agenda of the meeting of the Board of Directors may be delivered to members of the Board of Directors in the form of the original or by facsimile transmission or electronic mail to be followed by delivery of the original.

6.9. Pursuant to the decision of the Chairman of the Board of Directors, the period for sending to the members of the Board of Directors notice of the meeting of the Board of Directors and for providing materials (information) may be reduced.

7. Procedure for Holding an In-Person Meeting of the Board of Directors

7.1. Any meeting of the Board of Directors shall be declared open by the Chairman of the Board of Directors.

7.2. The meetings of the Board of Directors shall be attended by members of the Board of Directors and the persons invited to the meeting with respect to each items on the agenda in accordance with the list approved by the Chairman of the Board of Directors.

7.3. The Secretary of the Board of Directors shall determine whether the meeting of the Board of Directors has a quorum.

The meeting of the Board of Directors shall have a quorum if attended by at least half of the members of the Board of Directors.

7.4. The Chairman of the Board of Directors informs the persons present at the meeting whether the meeting of the Board of Directors has a quorum and announces the agenda of the meeting of the Board of Directors.

7.5. If the meeting fails to have a quorum, it is declared legally unqualified. In such event, the Chairman of the Board of Directors shall make one of the following decisions:

1) through consultation with the members of the Board of Directors who are present at the meeting, determine the time until which the meeting shall be postponed, but not more than for a period of two hours;

2) set the date for a new meeting with the same agenda to replace the meeting that fails to take place;

3) include the items on the agenda of the meeting that fails to take place on the agenda of the next scheduled meeting of the Board of Directors.

7.6. Any meeting of the Board of Directors shall be held in the following order:

1) a member of the Board of Directors or an invitee reports on an item on the agenda;

2) the item on the agenda is discussed;

3) motions are put forward to formulate the decision with respect to the item on the agenda;

4) the item on the agenda is put to a vote;

5) the votes are counted, and the voting results are tabulated;

6) the voting results and the decision adopted with respect to the item on the agenda are announced.

7.7. The decisions of the meeting of the Board of Directors shall be adopted by a majority of votes of the members of the Board of Directors participating in the meeting except where otherwise provided for in the laws of the Russian Federation and the Articles of Association of the Company.

7.8. For the purposes of deciding on any issue at the meeting of the Board of Directors, each member of the Board of Directors shall have one vote.

In the event of any equality of votes of members of the Board of Directors, the Chairman of the Board of Directors shall have a casting vote.

No member of the Board of Directors may appoint any other person, including any other member of the Board of Directors, to vote on his/her behalf.

7.9. For the purposes of determining whether the meeting has a quorum and tabulating the voting results with respect to any item on the agenda of the meeting of the Company's Board of Directors, written opinions of the members of the Company's Board of Directors who are not present at the meeting shall be taken into account, provided that such opinions are received prior to tabulating the voting results with respect to the item on the agenda.

7.10. Based on the voting results relating to the meeting and on the written opinions received from members of the Board of Directors, the Secretary of the Board of Directors shall tabulate the

voting results with respect to the items on the agenda and draw up the minutes of the meeting of the Board of Directors in accordance with the procedure prescribed in these Regulations.

The written opinions of the members of the Company's Board of Directors who are not present at the meeting of the Board of Directors shall be attached as an appendix to the minutes of the meeting of the Board of Directors.

8. Procedure for Holding an Absentee Meeting of the Board of Directors

8.1. Any decision of the Board of Directors with respect to the items on the agenda may be adopted by absentee voting (by ballot).

8.2. For the purposes of adopting any decision of the Board of Directors through absentee voting (by ballot), notice of absentee voting on the items on the agenda, the drafts of the decisions related thereto, and materials (information) related to the issues included on the agenda shall be distributed to each member of the Board of Directors in accordance with the procedure and within the period set forth in paragraph 6.6.1 of these Regulations.

8.3. Any notice of a meeting with absentee voting shall contain:

- the full corporate name of the Company and its registered address;
- information that the meeting is held in absentia with voting by ballot;
- the date of absentee voting.

8.4. A ballot and a list of information (materials) distributed to the members of the Board of Directors shall be accompanied by notice of the absentee meeting.

8.5. The Secretary of the Board of Directors shall prepare a ballot as agreed by the Chairman of the Board of Directors.

8.6. When completing a ballot, a member of the Board of Directors shall leave only one possible variant of voting ("for," "against," or "abstained") uncrossed with respect to each draft of the decision on each issue. Each completed ballot shall be signed by the member of the Board of Directors, stating his/her initials and family name.

8.7. Any ballot completed in violation of the requirements set forth in paragraph 8.6 of these Regulations shall be deemed invalid (if such violation relates to completing the voting variants, such ballot shall be deemed invalid only with respect to the relevant item on the agenda), shall not be taken into account for the purposes of determining whether such meeting with absentee voting has a quorum, and shall not be taken into account for the purposes of counting the votes.

8.8. Any completed and signed ballot shall be delivered by a member of the Board of Directors to the Secretary of the Board of Directors within the period specified in the ballot in the form of the original or by facsimile transmission or electronic mail to be followed by delivery of the original at the address specified in the ballot.

The members of the Board of Directors shall be deemed to have taken part in absentee voting if their ballots are received by the Secretary of the Board of Directors not later than the deadline for receiving ballots as specified in the ballots.

Any ballot received by the Company after the expiration of the period specified in such ballot shall not be taken into account for the purposes of counting the votes and tabulating the absentee voting results.

8.9. The results of voting on the items on the agenda of any absentee meeting shall be tabulated based on the ballots completed and signed by members of the Board of Directors and received by the Company by the deadline specified in the ballots.

8.10. Based on the received ballots, the Secretary of the Board of Directors shall draw up the minutes of the meeting of the Board of Directors in accordance with the procedure set forth in these Regulations.

9. Minutes of the Meeting of the Board of Directors

9.1. The Secretary of the Board of Directors shall take the minutes of any meeting of the Board of Directors.

9.2. The minutes of the meeting of the Board of Directors shall be drawn up not later than three (3) days after the date of the meeting (tabulation of the absentee voting results).

9.3. The minutes of the meeting shall specify:

- the full corporate name of the Company;
- the form of the meeting;
- the place and time of the meeting (tabulation of the voting results);
- the members of the Board of Directors participating in voting (participating in absentee voting) and invitees;
- information about whether the meeting has a quorum;
- the agenda of the meeting;
- the issues put to a vote and the voting results with each voting member's votes to be specified;
- the adopted decisions.

The minutes of the meeting of the Board of Directors shall be signed by the Chairman of the Board of Directors and the Secretary of the Board of Directors, who shall be responsible for the accuracy of the minutes.

9.4. The decisions adopted by the Board of Directors shall be made known to the members of the Board of Directors in writing through the distribution of copies of the minutes of the meeting of the Board of Directors by the Secretary of the Board of Directors within three (3) days after the date when the minutes of the meeting of the Board of Directors are signed.

9.5. The minutes of the meetings of the Board of Directors shall be stored by the Company in the office of the Company's executive body or in any other place known and accessible to the persons concerned.

9.6. Any shareholder of the Company, members of the Board of Directors of the Company, members of the Internal Audit Commission of the Company, the Auditor of the Company, the Director General of the Company, official representatives of federal supervisory authorities shall have access to the minutes of the meetings of the Board of Directors in the office of the Company's executive body or in any other place determined by the Board of Directors.

10. Committees

10.1. In order to assist the Board of Directors of the Company in fulfilling its tasks, the Board of Directors may set up its Committees.

10.2. The Committees shall ensure the preliminary review of the most important issues falling within the competence of the Board of Directors.

10.3. Decisions of the Committees shall be deemed to be recommendations to the Board of Directors. The Board of Directors may take account of any decision of the Committee in relation to the relevant item on the agenda of the meeting.

10.4. The members, competence, and operating procedure of any Committee shall be determined by the decisions adopted by the Board of Directors of the Company in accordance with the requirements set forth in the applicable laws.

11. Final Provisions

11.1. These Regulations may be amended and supplemented by the General Meeting of Shareholders of the Company.

11.2. If, as a result of any change in the laws and regulations of the Russian Federation, any provisions of these Regulations come into conflict therewith, such provisions shall become null and void, and the activities of the Board of Directors shall, until these Regulations are amended, be governed by the laws and regulations of the Russian Federation and the Articles of Association of the Company.