

APPROVED BY
General Meeting of Shareholders
of PJSC "RAO Energy System of East"
Minutes No. 11 dated 18.06.2015

Chairman of the General Meeting of Shareholders:

_____ / _____

**ARTICLES OF ASSOCIATION
of Public Joint Stock Company
"RAO Energy System of East"**

Article 1. General Provisions

1.1. Public Joint Stock Company "RAO Energy System of East" (hereinafter – the "Company") was established as a result of reorganization of OJSC RAO UES of Russia through a spin-off in accordance with the decision approved by the Extraordinary General Meeting of Shareholders of OJSC RAO UES of Russia dated October 26, 2007 (the Minutes of October 30, 2007), and the Company's activities shall be governed by the legislation of the Russian Federation and these Articles of Association.

1.2. The full corporate name of the Company is Публичное акционерное общество «РАО Энергетические системы Востока» in the Russian language, and Public Joint Stock Company "RAO Energy System of the East" in the English language.

1.3. The short corporate name of the Company is ПАО «РАО ЭС Востока» in the Russian language, and RAO ES EAST, PJSC in the English language.

1.4. The Company's registered address is Khabarovsk Territory, Khabarovsk.

1.5. The period of the Company's duration shall be perpetual.

Article 2. Legal Status of the Company

2.1. Legal status of the Company shall be subject to the Civil Code of the Russian Federation, Federal Law *On Joint-Stock Companies*, other laws and regulations of the Russian Federation, and these Articles of Association.

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

2.3. The Company has independent assets and its liability is limited by such assets; it may, on its own behalf, acquire and exercise civil rights and assume civil obligations, act as a claimant and a respondent in court.

2.4. The Company shall be entitled to open bank accounts within and outside the territory of the Russian Federation, in accordance with the established procedure.

2.5. The Company shall be liable with respect to its liabilities with all the property it possesses.

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

The shareholders of the Company shall not be liable with respect to any liabilities of the Company, except where otherwise provided for by the Civil Code of the Russian Federation or any other law.

The shareholders may dispose of their shares without the consent of the other shareholders or the Company.

The shareholders of the Company 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 name in Russian and specifying its registered address.

The Company may have stamps and letterheads bearing its corporate name, its own corporate logo, and a duly registered trade mark and other identity 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 branch offices and open representative offices both within and outside the territory of the Russian Federation.

The Company's branch offices and representative offices are not corporate entities and act on behalf of the Company and pursuant to the regulations approved by the Company.

The Company's branch offices and representative offices shall be provided with property to be accounted for on their standalone balance sheets and on the balance sheet of the Company.

The manager of any branch office or representative office of the Company shall be appointed by the Director General of the Company and shall act under the Power of Attorney issued by the Company.

The Company shall be responsible for the activities of its branch office and representative office.

The details of the Company's branch offices and representative offices shall be specified in the Unified State Register of Corporate Entities.

2.9. The Company may have subsidiaries vested with the rights of corporate entities established, if existing within the Russian Federation, in accordance with Federal Law *On Joint-Stock Companies*, other federal laws, and these Articles of Association or, if existing outside the Russian

Federation, in accordance with the laws of the foreign state where a subsidiary is domiciled, unless otherwise provided for in any international treaty to which the Russian Federation is a party.

Article 3. The Company Objectives and Activities

3.1. The Company's main objective is profit making.

3.2. For the purpose of profit making, the Company may be engaged in any activities that are not forbidden by the Russian Federation law, including:

- generation of electric power and/or capacity;
- supply (sale) and/or purchase of electric power to/from the wholesale electric power and capacity market;
- supply (sale) and/or purchase of capacity to/from the wholesale electric power and capacity market;
- supply (sale) and/or purchase of electric power and/or capacity to/from commodity exchanges admitted to organization of exchange trading of electric power and capacity in the wholesale market, as well as conclusion of treaties being derivative financial instruments which underlying assets are the specified commodities;
- supply (purchase) of electric power (capacity) to/from the retail electric power (capacity) markets;
- rendering services aimed at ensuring system reliability and other services related to marketing of electric power and/or capacity in the wholesale and retail electric power (capacity) markets;
- performance of work determining the conditions of synchronous operation in accordance with the United Power System of Russia modes under the contracts;
- operation of power-generating equipment in accordance with the applicable regulatory requirements, conducting timely and quality repair thereof, retrofitting and reconstruction of energy facilities;
- operation of energy facilities that are not owned by the Company under the contracts with the owners of such facilities;
- training and knowledge evaluation with respect to rules, regulations, and guidelines related to operational maintenance, occupational health and safety, industrial safety, and fire protection;
- organization of energy-efficient operating modes for power plant equipment, compliance with energy supply modes under the contracts;
- mastering of new equipment and technology ensuring efficient, safe, and environmentally acceptable operation of the Company's facilities;
- focusing of scientific-technical and production capacity on development and implementation of new advanced equipment, technologies and materials;
- development and implementation of programs for development of renewable (non-traditional) sources of electric power;
- exercising the powers of executive bodies in joint-stock companies and other business companies according to the procedure provided for by law and the contracts signed;
- investment activities;
- asset management;
- agency activities;
- foreign economic activities;
- activities related to work associated with environment protection;
- activities related to environmental impact, environment protection, and use of natural resources;
- development and implementation of scientific and technical, economic and social programs;
- operation of buildings and structures;
- organization and performance of activities aimed at mobilization training, civil defense, protection of population and territories against emergencies, protection of national security information in accordance with the laws of the Russian Federation;
- other activities.

3.3. Certain activities, listed by federal laws, may only be available to the Company subject to a special permit (license), membership in a self-regulatory organization or a certificate of admission to a certain type of work issued by the self-regulatory organization.

The Company's right to pursue an activity requiring special permit (license), membership in a self-regulatory organization or obtaining a certificate of admission to a certain type of work issued by the self-regulatory organization shall arise when such permit (license) is granted or on a date specified therein or since the Company's joining the self-regulatory organization or issue by the self-regulatory organization of the certificate of admission to a certain type of work, and shall terminate upon expiration of the permit (license), membership in the self-regulatory organization or the certificate of admission to a certain type of work issued by the self-regulatory organization, unless otherwise specified by law or any other regulations of the Russian Federation.

Article 4. Authorized Capital of the Company

4.1. The authorized capital of the Company shall be composed of the par value of the Company's shares purchased by its shareholders (outstanding shares).

The authorized capital of the Company is twenty-two billion, seven hundred sixteen million, nine hundred eighty-six thousand, one hundred forty-nine (22,716,986,149) rubles and consists of forty-five billion, four hundred thirty-three million, nine hundred seventy-two thousand, two hundred ninety-eight (45,433,972,298) shares.

4.2. The Company has placed shares of the following categories:

1) two billion, seventy-five million, one hundred forty-nine thousand, three hundred eighty-four (2,075,149,384) preference shares, each with a par value of zero point five (0.5) rubles.

2) forty-three billion, three hundred fifty-eight million, eight hundred twenty-two thousand, nine hundred fourteen (43,358,822,914) ordinary shares, each with a par value of zero point five (0.5) rubles.

4.3. The Company's authorized capital may be:

- increased by raising the par value of the shares or by placing additional shares;
- decreased by reducing the par value of shares or by reducing their total quantity, including through the purchase and retirement of a part of the Company's outstanding shares in accordance with these Articles of Association.

4.4. Increase in the authorized capital of the Company is only allowed following payment thereof in full.

4.5. The authorized capital of the Company shall be decreased in accordance with the procedure set forth in the laws of the Russian Federation and these Articles of Association.

The Company shall be obliged to decrease its authorized capital where provided for in Federal Law *On Joint-Stock Companies*.

4.6. The Company announces addition to the shares placed, seventeen million, six hundred eighty-two million, nine hundred thirty-one thousand seventy (17,682,931,070) ordinary registered shares each with a par value of zero point five (0.5) rubles for a total amount at par of eight billion, eight hundred forty-one million, four hundred sixty-five thousand, five hundred thirty-five (8,841,465,535) rubles.

Ordinary registered and preference shares announced by the Company for placement give their shareholders all the rights set forth in Article 6.3 of these Articles of Association.

Article 5. The Company Shares, Bonds and other Securities

5.1. The Company places ordinary shares and shall be entitled to place one or several types of preference shares, bonds and other equities in accordance with the procedure established by laws of the Russian Federation.

5.2. Conversion of ordinary shares into preference shares, bonds and other securities is not allowed.

5.3. Placement by the Company of its shares and other securities convertible into shares shall be performed in accordance with laws of the Russian Federation.

5.4. The Company shall be entitled to place additional shares and other equities by distributing them among the Company shareholders, by subscription and conversion.

5.5. In the cases stipulated by Federal Law *On Joint-Stock Companies*, the Company shareholders shall have the preferential right to purchase additional shares distributed by subscription and equities convertible into shares in the number proportional to the number of their shares of this category (class).

5.6. If in exercising the preferential right to purchase additional shares, as well as in case of consolidation of shares, purchase by the shareholder of the whole number of shares is impossible, then parts of shares (fractional shares) are created.

A fractional share provides to its owner - the shareholder the rights to be granted by a share of the relevant category (class) in the scope proportional to the part of the whole share.

Fractional shares rank *pari passu* with the whole shares. If one person purchases two or more fractional shares of one category (class), these shares shall form one whole and (or) a fractional share equal to the sum of these fractional shares.

5.7. Payment for additional shares distributed by subscription may be in the form of money, property, shares (stakes) in the authorized (joint-stock) capital of other business partnerships and companies, government and municipal bonds, exclusive or other intellectual rights and rights under licensing contracts which rights are subject to monetary evaluation, unless otherwise provided for by laws of the Russian Federation.

The form of payment for such additional shares shall be specified in the resolution on placement thereof.

Payment of other equities may only be made in cash.

Article 6. Rights of the Company Shareholders

6.1. The Company shareholder shall be a person owning the Company shares on the grounds provided for by laws of the Russian Federation and these Articles of Association.

6.2. Each ordinary registered share of the Company endows the shareholder, its owner, with the same scope of rights.

6.3. Shareholders-owners of the Company's ordinary shares shall be entitled to:

- participate personally or by proxy in the General Meeting of the Company Shareholders with a voting right on all the issues of the owner's remit;
- make proposals on the agenda of the General Meeting of Shareholders in accordance with the procedure set forth in the laws of the Russian Federation and these Articles of Association;
- receive information on the Company activities and become acquainted with the Company documents in accordance with Article 91 of Federal Law *On Joint-Stock Companies*, other laws and regulations of the Russian Federation and these Articles of Association;
- receive dividends declared by the Company;
- have the preferential right to purchase additional shares distributed by subscription and equities convertible into shares in the number proportional to the number of their shares of this category (class) in accordance with Article 91 of Federal Law *On Joint-Stock Companies*;
- receive a part of the Company's assets in case of its liquidation;
- exercise other rights stipulated by the laws of the Russian Federation, the Articles of Association, and resolutions of the General Meeting of Shareholders in accordance with his/her remit.

Conversion of ordinary shares into preference shares, bonds and other securities is not allowed.

6.4. Preference shares of the Company shall have equal par value and grant to their owners equal scope of rights.

Shareholders-owners of preference shares shall be entitled to receive annual fixed dividends. The total amount paid as dividends on each preference share shall be set in the amount of ten (10%) percent of the Company's net profit for the fiscal year, divided by the number of shares which account for twenty five (25%) percent of the authorized capital of the Company as of the date of the state registration of the Company as a corporate entity. However, if the amount of dividends paid by the Company on each ordinary share in a given year exceeds the sum payable as dividends on each preference share, the dividends payable on the latter shall be increased up to the amount of dividends paid on ordinary shares.

6.5. The Company shall have no right to pay dividends on preference shares otherwise than in accordance with the procedure established hereby.

6.6. Shareholders - owners of preference shares shall be entitled to participate in the General Meeting of Shareholders with the right to vote on all matters within their remit, starting with the meeting following the annual meeting of shareholders at which regardless of reasons there was adopted no decision on payment of dividends or the decision on incomplete payment of dividends on preference shares. The right of shareholders-owners of preference shares to participate in the

General Meeting of Shareholders shall cease as from the date of the first payment of dividends on the specified shares in full.

6.7. Shareholders - owners of preference shares shall participate in the General Meeting of the Company Shareholders with the right to vote on the matters concerning reorganization and liquidation of the Company.

Shareholders - owners of preference shares shall be entitled to vote at the General Meeting of Shareholders on the matters regarding making amendments and additions to the Articles of Association restricting the rights of shareholders-owners of preference shares; a decision on making such amendments and additions shall be deemed adopted if it is given not less than three fourths of votes of shareholders-owners of voting shares taking part in the General Meeting of Shareholders, excluding the votes of shareholders-owners of preference shares, and three quarters of votes of shareholders-owners of preference shares.

6.8. The Company shareholders shall have the preferential right to purchase the Company's additional shares distributed by public subscription and equities convertible into the Company's shares in the number proportional to the number of their shares of this category (class).

The Company shareholders who did not participate in the voting or voted against placing of the shares and equities convertible into the Company's shares by means of private subscription shall have the preferential right to purchase the Company's additional shares distributed by private subscription and equities convertible into the Company's shares in the number proportional to the number of their shares of this category (class). This right shall not apply to placement of shares and other equities convertible into shares carried out by private subscription only among the shareholders if at the same time the shareholders have the opportunity to purchase the whole number of shares and other equities convertible into shares proportional to the number of their shares of this category (class).

6.9. In case of the Company liquidation, the assets remaining after satisfaction of the creditors' claims shall be used to make payments in the following order:

first, payments shall be made on the shares that must be repurchased in accordance with Article 75 of Federal Law *On Joint-Stock Companies*;

second, accrued and unpaid dividends on preference shares shall be paid at the liquidation value of preference shares established by the Company's Articles of Association;

third, assets shall be distributed among the shareholders owning ordinary shares and preference shares of all types.

Clause 7. Dividends

7.1. The Company shall have the right to make decision (declare) to pay dividends on the shares placed according to the results of the first quarter, half-year, nine months of a fiscal year and/or according to the results of a fiscal year. Resolution on payment (declaration) of dividends based on the results of the first quarter, half-year and nine months of a fiscal year may be adopted within three (3) months after the end of the respective period.

The Company shall pay dividends declared on shares of each category (class).

7.2. Decisions to pay (declare) dividends, including on the amount of dividends on shares of each category (class), the form of payment, the procedure of payment of dividends in kind, the date by which the persons entitled to receive dividends are determined, shall be approved by the General Meeting of Shareholders.

A part of the resolution pertaining to establishment of the date by which the persons entitled to receive dividends are determined shall be adopted only on the proposal of the Board of Directors of the Company.

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

General Meeting of Shareholders shall be entitled to take a decision on non-payment of dividends.

7.3. In cases envisaged by Federal Law *On Joint-Stock Companies*, the Company shall have no right to decide on paying dividends on shares and may not pay the declared dividends on shares.

7.4. The source of dividend payment shall be the Company profit after tax (net profit of the Company). Net profit of the Company shall be determined according to the accounting records (financial statements) of the Company.

Article 8. The Company Funds

8.1. The Company shall have a Reserve Fund equal to five (5%) percent of its authorized capital.

The size of obligatory annual contributions to the Reserve Fund shall be at least 5% of the Company's net profit until the Reserve Fund becomes equal to the size specified herein.

8.2. The Company's Reserve Fund shall be intended for cover of its losses, repayment of its bonds and repurchase of its shares should any other means be unavailable.

The Company's Reserve Fund may not be used for any other purposes.

8.3. The Company shall have the right to set up, in accordance with the laws of the Russian Federation, other funds securing its economic and financial activities as a business entity.

Article 9. The Company Management and Control Bodies

9.1. The Company's management bodies include:

- General Meeting of Shareholders;
- Board of Directors;
- Management Board;
- Director General.

9.2. Financial and economic activities of the Company shall be controlled by the Internal Audit Commission.

Article 10. General Meeting of the Company Shareholders

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

10.2. Competence of the General Meeting of Shareholders shall include the following items:

1) making amendments and supplements to the Company's Articles of Association or approval of a restated version of the Company's Articles of Association;

2) reorganization of the Company;

3) liquidation of the Company, appointment of a liquidation commission, and approval of an interim and final liquidation balance sheets;

4) determination of quantity, par value, category (class) of authorized shares and rights provided by these shares;

5) increase in the Company's authorized capital by raising the par value of the shares or by placing additional shares of the Company where specified by these Articles of Association;

6) decrease in the Company's authorized capital by reducing the par value of the shares or by partial acquisition of the shares by the Company in order to reduce their total amount, and by redemption of shares so acquired or repurchased by the Company;

7) splitting and consolidation of the Company shares;

8) decisions on placement of bonds convertible into shares and other equities convertible into shares;

9) election of the Director General of the Company and early termination of his/her powers;

10) election of members of the Company Board of Directors and termination of their powers;

11) election of members of the Company's Internal Audit Commission and termination of their powers;

12) appointment of the Company's Auditor;

13) Approval of annual reports, annual accounting (financial) statements including the profit and loss statement of the Company, allocation of profits (including payment (declaration) of dividends with exception of the profit distributed as dividends according to the results of the first quarter, half-year, nine months of a financial year) and losses of the Company according to the results of a financial year;

14) payment (declaration) of dividends according to the results of the first quarter, half-year, nine months of a fiscal year;

15) making decisions on approval of large-scale transactions provided for by Article 79 of Federal Law *On Joint-Stock Companies*;

16) making decisions on approval of transactions provided for by Article 83 of Federal Law *On Joint-Stock Companies*;

17) making decisions with respect to the Company's participation in financial and industrial groups, associations and other unions of commercial organizations;

18) approval of internal regulations and other internal documents that regulate work of the Company's management bodies;

19) decision-making on payment to the members of the Internal Audit Commission of remunerations and/or compensations;

20) decision-making on payment to the members of the Company's Board of Directors of remunerations and/or compensations;

21) decision-making on declaration of delisting of the Company's shares and (or) equities convertible into its shares;

22) amending the earlier decision of the General Meeting of the Company Shareholders and (or) canceling its previous decision;

23) solving other issues provided for by the Civil Code of the Russian Federation, Federal Law *On Joint-Stock Companies*.

10.3. Issues related to the General Meeting competence may not be delegated to approval by the Board of Directors and executive bodies of the Company.

General Meeting of Shareholders may not deal with and make decisions on the issues that according to the Civil Code of the Russian Federation and Federal Law *On Joint-Stock Companies* are out of its remit.

10.4. Decisions on issues specified in Subparagraphs 2, 5, 7, 8, 11-21 of Paragraph 10.2 of Article 10 hereof, as well as on reduction of the authorized capital of the Company by reducing the par value of the shares, shall be approved by the General Meeting of Shareholders only on the proposal of the Board of Directors.

10.5. Resolution of the General Meeting of Shareholders as to the issue put to vote shall be made by the majority of shareholders - owners of the voting shares of the Company and participating in the meeting, unless otherwise specified by Federal Law *On Joint-Stock Companies*.

10.6. Resolution of the General Meeting of Shareholders shall be made by three fourths majority of shareholders having the voting shares and participating in the General Meeting of Shareholders on the following issues:

- making amendments and additions to the Company's Articles of Associations or approval of the Company's restated version of the Articles of Association;

- reorganization of the Company;

- liquidation of the Company, appointment of the liquidation commission and approval of intermediate and final liquidation balances;

- determination of the quantity, par value, category (class) of authorized shares and rights provided by these shares;

- decrease in the Company's authorized capital by way of reducing the par value of the Company shares;

- placement of shares (equities convertible into shares of the Company) by private subscription, by decision of the General Meeting of Shareholders on increasing in the authorized capital of the Company by way of placement of additional shares (on placement of the Company equities convertible into shares);

- placement by public subscription of ordinary shares amounting to more than twenty five (25%) percent of the previously placed ordinary shares;

- placement by public subscription of equities convertible into ordinary shares which can be converted into ordinary shares amounting to more than twenty five (25%) percent of the previously placed ordinary shares;

- decision-making on approval of a large-scale transaction, the subject of which is the property whose cost totals more than 50% of the Company assets' book value;

- on declaration of delisting of the Company's ordinary shares and (or) equities convertible into its shares;

- in other cases stipulated by Federal Law *On Joint-Stock Companies*;

Decision on approval of interested party transactions shall be adopted by the General Meeting of Shareholders in the cases and according to the procedure provided for by Article 83 of Federal Law *On Joint-Stock Companies*.

Decision on dealing with the statement on delisting of the Company's preference shares shall be adopted by the General Meeting of Shareholders according to the procedure provided for by Article 32

of Federal Law *On Joint-Stock Companies*.

Decision on payment (declaration) of dividends on the Company preference shares shall be made by the majority of shareholders having the voting shares of the Company and participating in the Meeting. The votes of shareholders-owners of preference shares given for voting options expressed by the wording "against" and "abstain" shall not be included in counting of votes, as well as in determining the quorum for making decision on the above matter.

10.7. The annual General Meeting of the Company Shareholders shall not be held earlier than two (2) months and later than six (6) months after the end of a fiscal year.

The Annual General Meeting of the Company Shareholders must make decisions on election of the Board of Directors, the Internal Audit Commission, approval of annual reports, annual accounting (financial) statements including the profit and loss statement of the Company, allocation of profits (including payment (declaration) of dividends with exception of the profit distributed as dividends according to the results of the first quarter, half-year, nine months of a financial year) and losses of the Company according to the results of a financial year.

10.8. The General Meeting of Shareholders shall be conducted in the form of joint presence of the Company's shareholders (their representatives) for discussion of the agenda and decision-making on the matters put to vote.

The General Meeting of Shareholders may be held at the location of the Company either in Moscow, the Moscow region, in Khabarovsk, and at the location of the Company branch offices.

Particular address of the venue of the General Meeting of Shareholders shall be determined by the Board of Directors when deciding on the matters related to holding of the General Meeting of the Company Shareholders.

Chairman of the Board of Directors, or in his absence, Deputy Chairman of the Board of Directors or one of the members of the Board of Directors of the Company shall preside at the General Meeting of Shareholders.

Procedure for convocation, preparation of and conducting the General Meeting of the Company Shareholders shall be established by the Regulations on the Procedure for the General Meeting of the Company Shareholders Preparation and Conducting to be approved by the General Meeting of Shareholders.

10.9. Decisions of the General Meeting of the Company Shareholders may be made without a meeting (joint presence of shareholders) by absentee voting (by poll).

10.10. List of the persons entitled to participate in the General Meeting of Shareholders shall be made based on the data of the Company Shareholders Register as of the date determined by the Board of Directors but not earlier than in ten (10) days after the date of the decision on holding the General Meeting of Shareholders, in accordance with Article 51 of Federal Law *On Joint-Stock Companies*.

10.11. The announcement of holding the General Meeting of Shareholders shall be posted on the Company's web-site www.rao-esv.ru on the Internet no later than thirty (30) days prior to the date of holding thereof.

The announcement of holding the Extraordinary General Meeting of Shareholders, the proposed agenda which includes the issue on election of the Board of Directors members, shall be posted on the Company's web-site www.rao-esv.ru on the Internet no later than seventy (70) days prior to the date of holding thereof.

10.12. The said information (materials) on the items on the agenda of the General Meeting of Shareholders shall be available to the persons entitled to participate in the General Meeting of Shareholders within twenty (20) days (or thirty (30) days in the case when the General Meeting agenda contains an item on reorganization of the Company) prior to the General Meeting of Shareholders for acquaintance at the places that may be specified in the notification of the General Meeting of Shareholders, and it shall be posted on the Company's web-site www.rao-esv.ru on the Internet.

The procedure for acquaintance by the persons entitled to participate in the General Meeting of Shareholders with the information (materials) on the agenda of the General Meeting of Shareholders, and the list of such information (materials) shall be determined by the decision of the Board of Directors.

10.13. Voting on the issues on the agenda of the General Meeting of Shareholders shall be only conducted by poll (voting ballots).

A voting ballot shall be sent to each person specified in the list of persons entitled to participate in the General Meeting of Shareholders by registered mail or serviced personally against signing no

later than twenty (20) days before the date of the General Meeting of Shareholders.

10.14. The General Meeting of Shareholders shall be considered qualified (having a quorum) when shareholders holding more than a half of placed voting shares of the Company have participated in the same.

Participating shareholders are those who were registered for participation in the General Meeting of Shareholders conducted in the form of joint presence, and the shareholders whose voting ballots were received no later than two (2) days prior to such General Meeting of Shareholders.

Shareholders participated in the General Meeting of Shareholders conducted in the form of absentee voting are the shareholders whose voting ballots were received prior to the deadline of ballots acceptance by the Company.

10.15. The General Meetings held apart from the Annual General Meeting shall be extraordinary meetings.

10.15.1. The Extraordinary General Meeting of Shareholders shall be conducted upon resolution of the Company's Board of Directors based on its own initiative, demand of the Company's Internal Audit Commission, the Auditor, and a shareholder (shareholders) holding no less than ten (10%) percent of the voting shares in the Company as of the date of such demand presentation.

10.15.2. The Extraordinary General Meeting of Shareholders under the demand of the Company's Internal Audit Commission, the Auditor, and a shareholder (shareholders) holding no less than ten (10%) percent of the voting shares in the Company as of the date of such demand presentation, shall be convened by the Company's Board of Directors and held within fifty (50) days since the date of such demand presentation.

If the proposed agenda of the Extraordinary General Meeting contains an issue on election of the Board of Directors' members, such General Meeting of Shareholders shall be held within ninety-five (95) days since the date of such demand presentation.

10.15.3. The Board of Directors shall make a decision with respect to convocation or non-convocation of the Extraordinary General Meeting of Shareholders within 5 days from the date of the demand of the Extraordinary General Meeting of Shareholders.

The Board of Directors' decision on convocation of the Extraordinary General Meeting of Shareholders or reasoned refusal to convoke the same shall be sent to the persons demanding convocation thereof no later than three (3) days since the date of such a decision making.

10.15.4. If within the time frames established in Subparagraph 10.15.3 of this Article hereof the Board of Directors does not make a decision on convening the Extraordinary General Meeting of Shareholders or a decision on refusal to convene the same, the Company's body or persons demanding convocation may apply to court with a demand for compulsion of the Company to hold the Extraordinary General Meeting of Shareholders.

10.16. Minutes of the General Meeting of Shareholders shall be made no later than three (3) days after the General Meeting of Shareholders closing in case of the General Meeting of Shareholders in the form of joint presence or after the deadline of ballots acceptance in case of the General Meeting of Shareholders in the form of absentee voting.

Minutes of the General Meeting of Shareholders shall be signed by the Chairman of the General Meeting of Shareholders (the person presiding at the same) and by the Secretary of the General Meeting of Shareholders.

Minutes of the General Meeting of Shareholders shall be posted on the Company's web-site www.rao-esv.ru on the Internet on the next business day after signing thereof.

10.17. Disclosure and/or bringing to the attention of the persons included in the list of persons having the right to participate in the General Meeting of Shareholders, of the results of voting, and the decisions adopted by the General Meeting of Shareholders, shall be done subject to the procedure and in the time limits stipulated by Federal Law On Joint Stock Companies.

Article 11. Proposals to the Agenda of the General Meeting of the Company Shareholders

11.1. Shareholder(s) jointly owning more than 2% (two percent) of the voting shares may propose issues for the agenda of the annual General Meeting of Shareholders and nominate candidates for the Board of Directors and the Internal Audit Commission of the Company, provided that the number of so proposed candidates does not exceed the number of seats on the Board or Commission concerned.

Such proposals shall be presented to the Company no later than sixty (60) days after the end of a fiscal year.

11.2. Proposals with respect to introduction of issues to the General Meeting of Shareholders agenda and nomination of candidates shall be introduced in the written form specifying the name (designation) of shareholders (shareholder) submitted such proposals and the number of shares they hold and be signed by shareholders (shareholder).

11.3. Proposals with respect to introduction of issues to the General Meeting of Shareholders agenda shall contain the subject-matter of each issue so proposed, while the proposal of nomination shall contain the name and data of identity document (series and (or) number of the document, date and place of issue, the authority which issued the document) of each candidate so nominated, designation of body for which he/she is nominated.

11.4. The Board of Directors shall review the proposals and make a decision on including or non-including thereof in the General Meeting agenda no later than five (5) days after expiration of the time limits set forth in Paragraph 11.1 hereinabove.

11.5. The Board of Directors shall have the right to refuse inclusion of the issues proposed by a shareholder (shareholders) in the agenda of the General Meeting of Shareholders, as well as inclusion of the nominated candidates in the list of candidates to be elected to the relevant body of the Company, based on the grounds stipulated by Federal Law *On Joint-Stock Companies*, and other laws and regulations of the Russian Federation.

11.6. The reasoned decision of the Company's Board of Directors not to include any item on the General Meeting agenda or candidate in the list of candidates to be elected for the relevant bodies shall be sent to the shareholder (shareholders), who introduced such item or nominated such candidate in no later than three (3) days from the date of such decision making.

11.7. The Board of Directors is not entitled to amend the items proposed to be included on the General Meeting of Shareholders' agenda, as well as the wordings (if any) of the resolutions on such items.

Apart from the items proposed by shareholders to be included on the General Meeting agenda, and also in case of such proposals absence, absence or insufficient quantity of candidates proposed by shareholders to form any body, the Company Board of Directors has right to include items in the General Meeting agenda or candidates in the list of candidates at its own discretion.

Article 12. The Company's Board of Directors

12.1. The Company's Board of Directors exercises general management of the Company's activities with exception of the issues that in accordance with the Civil Code of the Russian Federation, Federal Law *On Joint-Stock Companies*, and these Articles of Association, relate to the competence of the General Meeting of Shareholders.

The competence of the Board of Directors shall include the following issues:

1) determination of priority areas of the Company activities, approval of the long-term programs of the Company development;

2) convocation of the Annual and Extraordinary General Meetings of Shareholders, as well as adoption of decisions on the issues related to convening, preparation, and holding of the General Meetings of Shareholders;

3) placement of additional shares, which are convertible into outstanding preference shares of the Company of a particular type, convertible into ordinary shares or preference shares of other types, if such placement is not associated with increase in the authorized capital of the Company, as well as placement of bonds and other equities except shares;

4) determination of the property price (pecuniary valuation), offering price and procedure for determination of equities placement price and repurchase price of the Company shares in the cases provided for by Federal Law *On Joint-Stock Companies*, as well as when addressing the issues specified in Subparagraphs 15, 23, 24 of Paragraph 12.1 of this Article;

5) purchase of shares, bonds and other securities placed by the Company in the cases provided for by Federal Law *On Joint-Stock Companies* or other federal laws;

6) increase in the Company's authorized capital by offering of additional ordinary shares of the Company by public subscription within the limits and categories (classes) of authorized shares that make less than twenty five (25%) percent of the outstanding ordinary shares;

7) determination of the Auditor's fee;

- 8) recommendations to the General Meeting of Shareholders regarding the amount of dividends on shares, the procedure for payment thereof, the date by which the persons who have the right to receive dividends are determined;
- 9) deciding on establishment of the Company's funds and on use of the Reserve Fund and other funds of the Company, approval of internal documents of the Company determining the procedure for formation and use of the Company funds;
- 10) approval of internal documents of the Company, with exception of internal documents, which approval subject to Federal Law *On Joint-Stock Companies* is within the competence of the General Meeting of Shareholders, as well as other internal documents of the Company, which approval is within the competence of executive bodies of the Company;
- 11) creation of branch offices, opening of representative offices of the Company, including changing information about their names and locations, and liquidation thereof;
- 12) approval of large-scale transactions in the cases provided for by Chapter X of Federal Law *On Joint-Stock Companies*;
- 13) approval of transactions provided for by Chapter XI of Federal Law *On Joint-Stock Companies*;
- 14) appointment of the Company's Registrar and approval of agreement therewith and termination of the same;
- 15) decisions on the Company's participation in other organizations (joining the existing organization or setting up a new organization), as well as on acquisition, disposal and encumbrance of shares and stakes in authorized capitals of the organizations in which the Company participates, changing the amount of share in the authorized capital of the organization concerned (except for the entities referred to in Subparagraph 17 of Paragraph 10.2 of Article 10 hereof);
- 16) adoption of the decision on issue (additional issue) of securities, the prospectus, reports on the results of acquisition of shares from the Company shareholders, reports on the results of redemption of shares, reports on the results of the Company shareholders demands of redemption of their shares;
- 17) adoption (adjustment) of the business plan, inter alia, adoption (adjustment) of the Company's investment program as part of the business plan, and the report on implementation of the business plan;
 - 17.1) approval of the Company's investment entities' cash flows, and the reports on implementation thereof;
- 18) approval of the target values (adjusted values) of the key performance indicators (KPIs) of the Company, and the reports on implementation thereof;
- 19) determination of the Company's credit policy in terms of raising borrowings, entering into credit agreements and loan agreements, issuing guarantees, incurrence of liabilities on the bills (issue of promissory notes and bills of exchange), transfer of property in pledge and making decisions on the specified Company's transactions, except in the cases stipulated by the Company's credit policy;
- 20) approval of the internal document regulating the Company's activities in the area of procurement of goods, work and services, and adoption of decisions in accordance with the approved internal document;
- 21) prior approval of a collective agreement, as well as agreements concluded by the Company with the organizations regarding social security of the Company's employees;
- 22) determination of the areas for ensuring insurance of the Company, and adoption of other decisions in the cases stipulated by internal documents of the Company governing organization of the Company's insurance (including approval of the Company's insurer);
- 23) decision on alienation (disposal) of the Company's shares transferred to the Company resulting from acquisition or redemption thereof from the Company's shareholders, as well as in other cases stipulated by Federal Law *On Joint-Stock Companies*;
- 24) decisions on entering into transactions by the Company (including several associated transactions) in relation to the disposal or possible disposal of the property that constitutes fixed assets, intangible assets, and construction-in-progress not intended for generation, transmission, dispatching, or distribution of electricity and heat, except in the cases prescribed by separate decision of the Board of Directors;
- 25) decisions on entering into transactions by the Company involving donation of the Company's property or property rights (claims) to itself or to a third party; transactions relating to exemption from property obligation to itself or to a third party; transactions involving gratuitous provision of services

by the Company (performance of work) to third parties, except in the cases prescribed by separate decision of the Board of Directors;

26) decisions on entering into transactions by the Company that could give rise to liabilities denominated in a foreign currency (or obligations, the value of which is tied to a foreign currency), except in the cases prescribed by separate decision of the Board of Directors;

27) approval of the procedure for the Company's interaction with organizations on which the Company participates;

28) approval of internal documents of the Company governing the Company's internal control and risk management, as well as decision making under such internal documents;

29) amending the earlier decision of the Company's Board of Directors and (or) canceling its previous decision;

30) election of the Chairman of the Board of Directors and early termination of his/her powers;

31) election of the Deputy Chairman of the Board of Directors and early termination of his/her powers;

32) election of the Secretary of the Board of Directors and early termination of his/her powers;

33) suspension of powers of the Director General, managing organization (Manager) and setting up an interim sole executive body of the Company (Director General) in the cases referred to in Paragraphs 19.10 and 19.11 of Article 19 hereof;

34) consideration of the reports of the Director General (of the Management Board) on the Company's activities, on implementation of the decisions of the General Meeting of Shareholders and of the Board of Directors;

35) bringing the Director General to disciplinary responsibility and his promotion in accordance with the labor legislation of the Russian Federation, nomination of the Director General for the state decoration;

36) approval of the Company's organizational structure and making changes to the Company's organizational structure;

37) determination of the number of members of the Management Board of the Company, election of members of the Board of Directors, termination of their powers, including a decision on early termination of contracts with them;

38) establishment of committees of the Board of Directors, formation of their structure, approval of the regulations on the committees of the Board of Directors of the Company;

39) decision-making on declaration of delisting of the Company's shares and (or) equities convertible into its shares;

40) approval of the Regulations for Remuneration (Financial Incentives) and Compensation (Social Benefits) for Members of the Management Board of the Company, and adoption of the decisions under such Regulations;

41) other issues referred to the competence of the Board of Directors by Federal Law *On Joint-Stock Companies* and these Articles of Association.

12.2. Issues related to the competence of the Company's Board of Directors may not be remitted to executive bodies of the Company.

12.3. In exercising of their rights and obligations members of the Board of Directors shall act bona fide and reasonably in the best interests of the Company.

12.4. Members of the Board of Directors shall be responsible to the Company for damages inflicted to the Company, in accordance with the laws of the Russian Federation.

Article 13. Election of the Board of Directors

13.1. Membership of the Board of Directors shall be determined in the amount of nine (9) members.

13.2. Members of the Board of Directors shall be elected by cumulative vote at the General Meeting of Shareholders to serve until the next General Meeting of Shareholders.

In case of election of the Board of Directors members at the Extraordinary General Meeting of Shareholders, the Board of Directors members shall be deemed elected for the period till the date of the Annual General Meeting of Shareholders.

Should the Annual General Meeting failed to be held in the time limit stipulated in Paragraph 10.7 of Article 10 hereof, then powers of the Board of Directors shall be terminated with exception of powers on preparation, convocation and conducting the Annual General Meeting of Shareholders.

13.3. Only a natural person may be a member of the Company's Board of Directors. Members

of the Management Board shall not exceed one fourth of the Board of Directors.

13.4. Persons elected for the Board of Directors may be re-elected for unlimited number of times.

13.5. Powers of members of the Board of Directors may be terminated earlier at any time upon decision of the General Meeting of Shareholders.

13.6. Upon decision of the General Meeting of the Company Shareholders, members of the Board of Directors may during their office draw rewards and/or compensation against the expenditures connected with execution of their responsibilities as members of the Board of Directors.

Article 14. Chairman of the Board of Directors

14.1. Chairman of the Board of Directors shall be elected from among its members by a majority vote of the whole elected members of the Board of Directors.

The Company's Board of Directors may at any time re-elect its Chairman by majority of the Board of Directors votes.

14.2. Chairman of the Company's Board of Directors shall organize its work, convoke meetings of the Board of Directors and preside at these meetings, organize taking minutes at the meetings, and preside at the General Meeting of Shareholders.

14.3. Should the Chairman of the Board of Directors be absent, his functions are to be vested in the Deputy Chairman of the Board of Directors to be elected from among the members of the Board of directors by a majority vote of their total number.

Article 15. The Company's Board of Directors Meetings

15.1. The procedure for convening and conducting meetings of the Board of Directors shall be determined by the Regulations for the Convening and Holding Procedure for Meetings of the Board of Directors (hereinafter - the Regulation of the Board of Directors), as approved by the General Meeting of shareholders.

15.2. Meetings of the Board of Directors shall be held as needed but not less than once per quarter.

The Company's Board of Directors meeting shall be convoked by its Chairman (or by the Deputy Chairman of the Board of Directors in the cases envisaged by Paragraph 14.3 of Article 14 hereof) either upon his own initiative, or on demand of any Board of Directors member, the Internal Audit Commission, the Company's Auditor or the Director General.

15.3. At its first meeting the newly elected Board of Directors must adopt a decision on election of the Chairman of the Board of Directors, Deputy Chairman of the Board of Directors, and the Secretary of the Board of Directors.

Such meeting of the Board of Directors shall be convened by one of the members of the Board of Directors in accordance with the Regulation of the Board of Directors.

15.4. A decision of the Board of Directors may be taken by absentee voting (by poll). In case of absentee voting, all members of the Board of Directors shall be sent materials on the agenda items and a questionnaire for voting with indication of the date by which a the questionnaire completed and signed by a member of the Board of Directors shall be submitted to the Board of Directors.

15.5. It is not allowed to transfer voting rights from any member of the Board of Directors to other persons including other member of the Board of Directors.

15.6. Decisions at a meeting of the Board of Directors shall be adopted by a majority of members of the Board of Directors attending the meeting, except in the cases provided for by the laws of the Russian Federation and these Articles of Association.

15.7. Decisions of the Board of Directors shall be adopted by a majority of three-fourths (3/4) of votes of the members of the Board of Directors of their total number on the following issues:

- suspension of powers of the Director General, managing organization (Manager) and on appointment of an interim sole executive body of the Company (Director General) in the cases referred to in Paragraphs 19.10 and 19.11 of Article 19 hereof;

- convocation of the Extraordinary General Meeting of Shareholders in the cases referred to in Paragraphs 19.10 and 19.11 of Article 19 hereof.

15.8. Decisions of the Board of Directors stipulated in Subparagraphs 14, 18, 23, 26 of Paragraph 12.1 of Article 12 hereof shall be adopted by a majority of 2/3 of votes of members of the Board of Directors attending the meeting.

15.9. A decision of the Board of Directors on approval of a large-scale transaction, the authorized capital increase by way of placement of additional shares, shall be accepted unanimously by all

members of the Board of Directors. If unanimity of the Company's Board of Directors on approval of a large-scale transaction and on the authorized capital increase by way of placement of additional shares is not achieved, the Board of Directors may decide to submit any of the issue concerned for decision by the General Meeting of Shareholders.

A decision on approval of interested party transactions shall be adopted by the Board of Directors in accordance with Article 83 of Federal Law *On Joint-Stock Companies*.

In cases where a transaction must be approved by the Board of Directors both on the grounds established by these Articles of Association and on the grounds established by Federal Law *On Joint-Stock Companies* (Chapters X or XI), its approval shall be carried out in accordance with the provisions of Federal Law *On Joint-Stock Companies*.

15.10. When addressing the issues at the Board of Directors meeting, each member of the Board of Directors shall have one (1) vote. In case of the equality of votes, the Chairman of the Board of Directors shall have the casting vote.

15.11. The Board of Directors meeting shall be deemed quorate, when it is attended by not less than half of the elected members of the Board of Directors.

15.12. Minutes shall be taken at any meeting of the Board of Directors. Minutes of the Board of Directors meeting shall be made and signed no later than three (3) days after the vote by the Chairperson of the meeting and the Secretary of the Board of Directors, who are responsible for the accuracy thereof. The documents approved by the Board of Directors shall be attached to the Minutes.

In making by the Board of Directors of the decisions by absentee voting, the questionnaires for vote signed by the members of the Board of Directors shall be attached to the Minutes.

Article 16. Committees of the Board of Directors of the Company

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

16.2. Committees of the Board of Directors shall be established in order to address the issues falling within the competence of the Board of Directors or reviewed by the Board of Directors to control the activities of the Company's executive bodies and in order to develop the necessary recommendations for the Board of Directors and executive bodies of the Company.

16.3. The activities, formation procedure, competence, and term of office of committees of the Board of Directors shall be governed by the Regulations for such committees approved by the Board of Directors.

Article 17. Executive Bodies of the Company

17.1. Current operations of the Company shall be managed by the sole executive body — Director General of the Company, and a collegial executive body — the Management Board.

17.2. The Management Board and the Director General of the Company account to the Board of Directors and the General Meeting of Shareholders.

17.3. Rights and liabilities of the Director General, members of the Management Board with respect to management of the Company's current activities shall be determined by the laws of the Russian Federation, the Regulations on the Management Board to be approved by the General Meeting of Shareholders, and the agreement concluded between each of them and the Company.

Article 18. Management Board of the Company

18.1. The Management Board of the Company shall be the Company's collegial executive body headed by the Director General of the Company. The members of the Company's Management Board shall be elected by the Company's Board of Directors for a term of five (5) years.

The number of the members of the Management Board shall be determined by the Company's Board of Directors based on the proposal of the Company's Director General.

The time, procedure for convening and holding meetings of the Management Board, a quorum of meetings of the Management Board, as well as the procedure for adopting the Management Board's decisions, shall be governed by the Company's internal document to be approved by the General Meeting of Shareholders.

Agreements with members of the Management Board shall be signed on behalf of the Company

by the Chairman of the Board of Directors or by a person authorized by the Board of Directors of the Company, under the terms and conditions to be determined by the Board of Directors or by a person authorized by the Board of Directors to sign an employment agreement.

Members of the Management Board may hold managerial offices in any other organizations only subject to consent of the Board of Directors.

18.2. The competence of the Management Board shall include the following issues:

1) development and submission to the Board of Directors of the Company's priorities and plans for their implementation;

2) preparation of the reports on implementation of the decisions of the General Meeting of Shareholders and of the Board of Directors;

3) submission to the Board of Directors of the reports on implementation of the key performance indicators (KPIs) of the Company, the business plan of the Company;

4) approval (adjustment) of the Company's budget;

5) determination of the position of the Company (the Company's representatives), including giving instructions to take or not to take part in the voting on the agenda items, to vote "for", "against" or "abstain" on the draft decisions of the agendas of the management bodies of subsidiary companies (hereinafter referred to as SC):

a) on approval of the target values (adjusted values) of the key performance indicators (KPIs) of SCs, and on review of the reports on implementation thereof;

b) on approval (adjustment) of SCs' business plans, as well as the reports on implementation thereof;

c) on reorganization, liquidation of SCs;

d) on determination of the quantity, par value, category (class) of authorized shares of SC, and the rights provided by these shares;

e) on increase in SCs' authorized capital by way of raising the par value of shares or by way of placement of additional shares;

f) on placement of SCs' securities convertible into ordinary shares;

g) on splitting, consolidation of SCs' shares;

h) on approval of large-scale transactions of SCs;

i) on SCs' participation in other organizations (joining the existing organization or setting up a new organization), as well as on acquisition, disposal and encumbrance of shares and stakes in authorized capitals of the organizations in which SCs participates, changing the amount of share in the authorized capital of the organization concerned;

j) on determination of the procedure for payment of remuneration to members of the Board of Directors and the Internal Audit Commission of SCs;

k) on determining the position of SCs' representatives on the items on the agendas of general meetings of shareholders (members) and meetings of the boards of directors of subsidiaries of SCs in relation to: reorganization and liquidation, raising the authorized capital of such companies by increasing in the par value of shares or by way of placement of additional shares and securities convertible into ordinary shares;

6) make decisions on the issues within the competence of the supreme management bodies of business companies, one hundred (100%) percent of the authorized capital of which is owned by the Company;

7) nomination by the Company of the candidates for election to the post of the sole executive body, to other management bodies and control bodies of the organizations, in which the Company participates;

8) approval of the principles of establishment and calculation of the quarterly and annual key performance indicators (KPIs) for the Company employees;

9) consideration of reports of the Deputy Directors General, the Management Board members, heads of structural subdivisions, on the results of implementation of the approved plans, programs, consideration of reports and other information on activities of the Company and subsidiaries;

10) defining the principles of determination of social benefits and guarantees for the Company employees, defining the housing policy of the Company;

11) approval of the development strategy of subsidiaries (hereinafter referred to as SC), as well as key projects of the Company's SCs;

12) approval of reports on the results of additional issue of securities;

13) preliminary consideration of the issues to be considered by the Board of Directors of the Company;

14) addressing other issues of management of the Company's current activities in accordance with the decisions of the General Meeting of Shareholders, the Board of Directors, as well as the issues referred by the Chairman of the Management Board to consideration by the Management Board.

18.3. Decision of the Management Board shall be documented as minutes to be signed by the Director General.

18.4. In exercising of their rights and obligations members of the Management Board shall act bona fide and reasonably in the best interests of the Company.

Members of the Management Board shall be responsible to the Company for damages caused to the Company through their actions (omissions), unless other grounds for and the amount of liability are established by federal laws.

Article 19. Director General of the Company

19.1. Management of the Company's activities shall be carried out by its sole executive body which is Director General.

19.2. The competence of the Director General of the Company shall include all matters related to the management of the Company's day-to-day activities, except for any issues falling within the competence of the General Meeting of Shareholders, the Board of Directors, or the Management Board of the Company.

19.3. The Director General of the Company shall act on behalf of the Company without a power of attorney, including subject to the restrictions specified in the applicable laws of the Russian Federation, these Articles of Association, and decisions adopted by the Company's Board of Directors, and shall:

- ensure implementation of the Company's action plans necessary to attain its objectives;
- arrange for keeping the Company's records and accounts;
- dispose of the Company's property, enter into transactions on behalf of the Company, issue powers of attorney, and open the Company's settlement and other accounts with banks and other credit institutions (and, as provided for in law, with organizations that are professional participants in the securities market);
- issue orders, approve directives, and other internal documents of the Company, give instructions within its competence, which shall be binding upon all employees of the Company;
- approve the Regulations on the Company's branch offices and representative offices;
- approve the staffing table and official salaries of the Company's employees;
- exercise the rights and perform the obligations of an employer in relation to the Company's employees as provided for in labor law;
- distribute duties among the deputies of the Company's Director General and members of the Company's Management Board;
- submit for review by the Board of Directors the proposals for nomination and dismissal of members of the Management Board;
- submit for review by the Company's Board of Directors the reports on financial and economic activities of the subsidiaries whose shares (stakes) are owned by the Company, and information concerning other organizations in which the Company participates;
- no later than forty-five (45) days before the date of the Annual General Meeting of Shareholders of the Company, submit for review by the Company's Board of Directors the Company's annual report, balance sheet, profit and loss statement, and distribution of the Company's profits and losses;
- organize work of the Company's Management Board and preside at its meetings;
- resolve other issues related to the Company's day-to-day activities, except for any issues falling within the competence of the General Meeting of Shareholders, the Board of Directors, and the Management Board of the Company.

19.4. Rights and liabilities of the Director General with respect to management of the Company's day-to-day activities shall be determined by the laws of the Russian Federation, these Articles of Association, and the agreement concluded between him and the Company.

An employment agreement shall be signed on behalf of the Company by the Chairman of the Board of Directors or by a person authorized by the Board of Directors of the Company, under the terms and conditions (including those pertaining to the term of office) determined by the Board of Directors or by a person authorized by the Board of Directors to sign an employment agreement.

19.5. Except as set forth in these Articles of Association, the rights and obligations of the employer on behalf of the Company in respect of the Director General shall be carried out by the Board of Directors or by a person authorized by the Board of Directors, in accordance with the procedure determined by the decisions of the Board of Directors.

19.6. The Director General may hold managerial offices in any other organizations, as well as other paid offices in any other organizations, only subject to consent of the Board of Directors.

19.7. The Board of Directors may at any time decide to suspend the powers of the Director General, on establishment of an interim sole executive body (Director General) and to hold the Extraordinary General Meeting of Shareholders to decide on termination of the powers of the Director General and formation of a new executive body.

The General Meeting of Shareholders shall have the right at any time to terminate the powers of the Director General and elect a new Director General.

Termination of the powers of the Director General shall be on the grounds established by the laws of the Russian Federation and the employment agreement concluded with the Company.

19.8. By decision of the General Meeting of Shareholders, powers of the sole executive body of the Company may be delegated under the contract to the managing company or to the Manager.

19.9. Rights and liabilities of the managing company (Manager) with respect to management of the Company's day-to-day activities shall be determined by the laws of the Russian Federation, and the agreement concluded with the Company.

Such agreement shall be signed on behalf of the Company by the Chairman of the Board of Directors Chairman or by a person authorized by the Board of Directors.

Terms and conditions of the agreement with the managing company (Manager), including those pertaining to the term of office, shall be determined by the Board of Directors or by a person authorized by the Board of Directors.

19.10. The General Meeting of Shareholders shall have the right at any time to early terminate the powers of the managing company (Manager).

The Board of Directors shall have the right to suspend the powers of the managing company (Manager). Along with the specified decision, the Board of Directors shall make a decision on establishment of an interim sole executive body (Director General) and on holding the Extraordinary General Meeting of Shareholders to decide on early termination of the powers of the managing company (Manager) and on formation of a new sole executive body of the Company or on delegation of the powers of the sole executive body of the Company to the managing company (Manager).

19.11. In case the Director General or the managing company (Manager) are not able to discharge their duties, the Board of Directors shall be entitled to make a decision on establishment of an interim sole executive body (Director General) and on holding the Extraordinary General Meeting of Shareholders to decide on early termination of the powers of the Director General or the managing company (Manager) and on formation of a new executive body of the Company or on delegation of the powers of the sole executive body of the Company to other managing company or Manager.

19.12. An interim sole executive body (Director General) shall manage the Company's day-to-day activities within the competence of the sole executive body of the Company.

19.13. In exercising of their rights and obligations the Director General, the interim sole executive body (Director General), as well as the managing company (Manager) shall act bona fide and reasonably in the best interests of the Company.

19.14. The Director General, the interim sole executive body (Director General), as well as the managing company (Manager) shall be responsible to the Company for damages caused to the Company through their actions (omissions), unless other grounds for and the amount of liability are established by federal laws.

19.15. The Director General of the Company shall be personally responsible for organization of work with information classified as state secret, as well as for creation of conditions for protection of state secrets and for compliance with the restrictions on dealing with information classified as state secret.

Article 20. Internal Audit Commission and Auditor of the Company

20.1. In order to control financial and economic activities of the Company, the General Meeting of Shareholders shall elect the Internal Audit Commission for a term until the next Annual General Meeting of Shareholders.

In case of election of the Internal Audit Commission at the Extraordinary General Meeting of Shareholders, the Internal Audit Commission shall be deemed elected for the period till the date of the Annual General Meeting of Shareholders.

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

20.2. Powers of all or some members of the Internal Audit Commission may be terminated earlier upon a decision of the General Meeting of Shareholders.

20.3. The competence of the Internal Audit Commission includes the following issues:

- assurance of accuracy of data contained in the Company's annual report, the balance sheet, the profit and loss statement;

- analysis of the Company's financial condition, identification of reserves to improve the financial condition of the Company, and making recommendations to the management bodies of the Company;

- organization and implementation of the audit of financial and economic activities of the Company, in particular:

- revision (audit) of financial, accounting, payment and settlement and other documents of the Company related to the Company's financial and economic activities in terms of compliance thereof with the laws of the Russian Federation, these Articles of Association, internal and other documents of the Company;

- control over safe-keeping and use of fixed assets;

- control over compliance with the established procedure for allocation to Company's losses of debts of insolvent debtors;

- control over expenditure of the Company's funds in accordance with the approved business plan and the budget of the Company;

- control over creation and use of the reserve and other special-purpose funds of the Company;

- audit of accuracy and timeliness of accrual and payment of dividends on the Company's shares, interest on bonds, income on other securities;

- audit of previously issued orders to eliminate violations and shortcomings identified in the course of previous audits;

- implementation of other actions associated with financial and economic activities of the Company.

20.4. Decisions on the issues within the competence of the Internal Audit Commission shall be taken by a simple majority of votes of the total number of its members, except as provided for by the Regulations for the Internal Audit Commission of the Company.

20.5. The Internal Audit Commission shall be entitled to, and in the event of serious violations of financial and economic activities of the Company, must require convening of the Extraordinary General Meeting of Shareholders of the Company.

20.6. The Internal Audit Commission's procedure shall be determined by the Company's internal document to be approved by the General Meeting of Shareholders.

In accordance with the resolution on the audit (inspection), for this purpose the Internal Audit Commission shall have the right to involve experts in the relevant areas (law, economics, finance, accounting, management, economic security, etc.), including specialized organizations.

20.7. Audit of financial and business operations of the Company may be conducted also at any time when initiated by the Internal Audit Commission, resolved by the General Meeting of Shareholders, by the Board of Directors or requested by a shareholder (shareholders) owning in aggregate at least ten percent (10%) of voting shares of the Company.

20.8. Upon decision of the General Meeting of Shareholders, members of the Internal Audit Commission of the Company may be paid remuneration and (or) compensation against the costs connected with execution of their responsibilities.

20.9. For checking and confirmation of the annual accounting (financial) statements of the Company, the General Meeting of Shareholders shall annually approve the Company's Auditor not linked by property interests with the Company or its shareholders.

20.10. Auditor of the Company shall conduct audit of financial and economic activities of the Company according to the requirements of the laws of the Russian Federation and on the basis of an agreement concluded with him.

The Auditor's remuneration shall be determined by the Board of Directors.

20.11. Upon the results of audit with respect to the Company's financial and economic activities, the Internal Audit Commission, the Auditor of the Company shall make their opinion that should contain the following:

- assurance of accuracy of data contained in reports and other financial documents of the Company;
- information on the Company's non-compliance with the laws and regulations for business accounting and presentation of accounting (financial) statements applicable in the Russian Federation, and the laws and regulations of the Russian Federation governing financial and business operations of the Company.

Procedure and deadlines for making the opinion following the audit of financial and business operations of the Company shall be determined by the laws and regulations of the Russian Federation, and by the internal documents of the Company.

Article 21. Accounting and Financial Statements of the Company

21.1. The Company must maintain books of account and submit financial statements in the manner set forth by the laws of the Russian Federation and these Articles of Association.

21.2. Responsibility for organization, status and accuracy of the Company's books of account, timely submission of the annual report, financial statements, and other financial records to the appropriate public authorities, as well as information about the Company's activities to be presented to the Company's shareholders, creditors and mass media, shall be borne by the Company's Director General in accordance with the laws of the Russian Federation, and these Articles of Association.

21.3. Accuracy of data contained in the Company's annual report and annual financial statement shall be confirmed by the Internal Audit Commission and the Auditor of the Company.

21.4. The Company's annual report, the balance sheet, the profit and loss statement, the profit and loss allocation statement, shall be preliminary approved by the Board of Directors no later than 30 days prior to the date of the Annual General Meeting of Shareholders.

Article 22. Keeping the Company's Documents. Presentation of Information by the Company.

22.1. The Company shall keep the following documents:

- 1) The Articles of Association with all duly registered amendments and additions thereto, the Certificate of State Registration of the Company;
- 2) the documents confirming the Company's ownership with respect to the property being on the books;
- 3) the internal documents of the Company to be approved by the management bodies of the Company;
- 4) the regulations on the Company's branches and representative offices;
- 5) the annual reports;
- 6) the decision on securities issue;
- 7) prospectuses, quarterly issuer's reports, and other documents containing information to be published or otherwise disclosed in accordance with the federal laws;
- 8) the account forms;
- 9) the accounting (financial) statements;
- 10) minutes of the General Meetings of Shareholders, meetings of the Board of Directors, the Internal Audit Commission, and the Management Board;
- 11) voting ballots, proxies (or copies of proxies) for participation in the General Meeting of Shareholders;
- 12) reports of independent appraisers;
- 13) lists of the Company's affiliates;
- 14) lists of persons entitled to participate in the General Meeting of Shareholders and collect dividends, and other lists made by the Company to exercise its shareholders' rights in accordance with Federal Law *On Joint-Stock Companies*;
- 15) reports of the Company's Internal Audit Commission, the Auditor, public and municipal authorities for financial control;
- 16) notifications to the Company on the shareholders' agreements, as well as lists of persons

who have concluded such agreements;

17) judicial acts on disputes connected with incorporation of the Company, management thereof or participation therein;

18) other documents stipulated by the laws of the Russian Federation, these Articles of Association, and the decisions of the management bodies of the Company.

22.2. The Company shall keep the documents stipulated in Paragraph 22.1 hereof at the Company executive body's registered address in accordance with the procedure and within the period established by the laws of the Russian Federation.

22.3. In case of reorganization of the Company, all the documents shall be transferred to the successor in due course.

Upon liquidation of the Company, permanent records of scientific and historic importance shall be transferred to the state custody to the Federal Archive Service of Russia; personal data sheets (orders, personal files and stock record cards, personal accounts, etc.) shall be transferred to the respective custody of the archive of the constituent entity of the Russian Federation.

Transfer and ranking of records shall be performed in compliance with the requirements of archive authorities.

Information about the Company shall be submitted to such authorities in accordance with the laws of the Russian Federation.

22.4. The Company shall provide the shareholders with the access to the Company's documents referred to in Paragraph 22.1 of this Article hereof, subject to the restrictions established by the laws of the Russian Federation.

22.5. The documents specified in Paragraph 22.1. of this Article hereof shall be provided by the Company within seven (7) days upon submission of the respective request for inspection, on the premises of the Company's executive body.

The Company shall, upon demand of the persons entitled to access to the documents stipulated in Paragraph 22.1 of this Article hereof, provide them with copies of such documents.

The amount of the fee shall be established by the Director General and may not exceed the cost of making copies of the documents.

The Company shall provide its shareholders and employees with the access to information in compliance with the statutory requirements of the laws of the Russian Federation on state secrets.

Article 23. Reorganization and liquidation of the Company.

23.1. The Company may be reorganized on a voluntary basis through a merger, takeover, split-up, spin-off, and transformation, as well as on the grounds and subject to the procedure set forth by the Civil Code of the Russian Federation and Federal Law *On Joint-Stock Companies*.

23.2. The Company may be liquidated pursuant to a court decision or on a voluntary basis in accordance with the procedure set forth in the Civil Code of the Russian Federation and Federal Law *On Joint-Stock Companies*.

23.3. In case of reorganization, liquidation or cessation of work containing information classified as state secret, the Company must ensure safety of such information and the media thereof through development and implementation of the procedures for privacy, information protection, counteracting technical intelligence, security, and fire protection.