

APPROVED
by General Shareholders' Meeting
of JSC OGK-5
Minutes no. 1
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REGULATION
ON PAYMENT OF REMUNERATIONS AND
COMPENSATIONS
TO MEMBERS OF BOARD OF DIRECTORS
OF OPEN JOINT-STOCK COMPANY
"THE FIFTH POWER GENERATION COMPANY"

Moscow
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1. The present Regulation has been developed in accordance with the Federal Law "On Joint-Stock Companies" and sets the size and procedure for the payment of remunerations and compensations to members of the Board of Directors of JSC OGC-5 (hereinafter referred to as the 'Company').
2. The present Regulation shall not apply to those members of the Board of Directors of the Company who are the sole executive body of the Company or a member of the collegiate executive body of the Company.

Remunerations and compensations shall not be accrued and paid to the Chairman and members of the Board of Directors if they are individuals prohibited from, or limited in receiving payments from commercial organisations by federal legislation.

3. The payment of remunerations and compensations is made in cash by the Company.
4. Payment of remunerations.
 - 4.1. For participation in a meeting of the Board of Directors held in form of absentee voting (by filling a voting ballot), a member of the Board of Directors shall be paid remuneration in the amount equal to seven minimum monthly base salaries of a first-class worker set by the industry collective agreement in the power sector of the Russian Federation (hereinafter referred to as the 'Agreement') as of the date of the meeting of the Board of Directors of the Company, taking into account the indexation rates set by the Agreement, within seven calendar days after the date of the meeting of the Board of Directors of the Company.

For participation in a meeting of the Board of Directors held in form of joint presence, a member of the Board of Directors shall be paid remuneration in the amount equal to ten minimum monthly base salaries of a first-class worker set by the industry collective agreement in the power sector of the Russian Federation (hereinafter referred to as the 'Agreement') as of the date of the meeting of the Board of Directors of the Company, taking into account the indexation rates set by the Agreement, within seven calendar days after the date of the meeting of the Board of Directors of the Company.

The size of the remuneration paid in accordance with Article 4.1 of the present Regulation to the Chairman (Deputy Chairman) for each meeting where he performed the functions of the Chairman of the Board of Directors (hereinafter referred to as the 'performance of the Chairman's functions'), shall increase by 50%.

- 4.2. Members of the Board of Directors shall be paid additional remuneration for the net profit indicator of the Company based on the data in the annual financial statements approved by the General Shareholders' Meeting of the Company.
 - 4.2.1. The size of the remuneration paid to each Board member, shall be calculated in accordance with the following formula:

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

"S" is the amount of additional remuneration to one member of the Board of Directors based on the results of the Company's activities in a fiscal year;

"NP" is the amount of the Company's net profit approved by the resolution of the General Shareholders' Meeting;

"n" is the number of the meetings of the Board of Directors, at which the member of the Board of Directors participated (not depending on the form of such meetings) during the year when the net profit was received by the Company;

"x" is the amount of members of the Board of Directors pursuant to the Articles of Association;

"m" is the number of meetings of the Board of Directors of the Company during the year when the net profit was received by the Company.

- 4.2.2. The size of the remuneration paid in accordance with Article 4.2.1 of the present Regulation to the Chairman (Deputy Chairman) for the performance of the Chairman's functions, shall be calculated in accordance with the following formula:

$$V = S + \frac{NP * j * 1.5}{400 * x * m}, \text{ where}$$

"V" is the amount of the remuneration of the Chairman (or Deputy Chairman for the performance of the Chairman's functions) of the Board of Directors of the Company;

"S" is the amount of additional remuneration of the Chairman (or Deputy Chairman for the performance of the Chairman's functions) of the Board of Directors based on the results of the Company's activities in a fiscal year, for participation in the meetings of the Board of Directors, at which he/she did not perform the functions of the Chairman of the Board of Directors;

"NP" is the amount of the Company's net profit approved by the resolution of the General Shareholders' Meeting;

"j" is the number of the meetings at which the Chairman (Deputy Chairman) of the Board of Directors performed the functions of the Chairman of the Board of Directors of the Company;

"x" is the amount of members of the Board of Directors pursuant to the Articles of Association;

"m" is the number of meetings of the Board of Directors of the Company during the year when the net profit was received by the Company.

- 4.2.3. If a new Board of Directors was elected during the year when the net profit was received by the Company, the remuneration indicated in Articles 4.2.1-4.2.2, shall be also paid to the members of the former Boards of Directors of the Company.

- 4.3. Members of the Board of Directors shall be entitled to additional remuneration if the market capitalisation of the Company increases during the year of operation of the Board of Directors (period from the election of a member of the Board of Directors until the election of a new Board of Directors of the Company)¹.

- 4.3.1. The size of the additional remuneration of each member of the Board of Directors paid under Article 4.3 shall be 0.0175 percent of the increase of the market value of the Company net of the increase of the Company's net assets, calculated for the period from the election of a member of the Board of Directors until the election of a new Board of Directors of the Company.

¹ Applied after the expiry of six months following the admission of the Company's shares to trading on MICEX and RTS. At the same time, for those members of the Board of Directors who were elected before the expiry of the said six-month period, yet whose office was terminated after the expiry of such six-month period, the start of the period (Article 4.3.1), for the purpose of the calculation of remuneration, shall be the first trading day on RTS or MICEX following the expiry of the said six-month period.

In order to determine the size of the remuneration, the increase of the market value of the Company net of the increase of the Company's net assets shall be calculated as follows:

$$\Delta(DMV_t) = (\overline{MC}_t - NA_t) - (\overline{MC}_{t-1} - NA_{t-1}) = \Delta MC - \Delta NA \quad (1), \text{ where}$$

" $\Delta(DMV_t)$ " is the increase of the Company's market value net of the increase of net assets;

" \overline{MC}_t " is the period-average 'chronologic' market capitalisation of the Company;

" NA_t " is the value of the net assets of the Company as of the closest date for the preparation of the financial statements following the date of the termination of the office of the Board member;

" \overline{MC}_{t-1} " is the period-average 'chronologic' market capitalisation of the Company;

" NA_{t-1} " is the value of the net assets of the Company as of the closest date for the preparation of the financial statements following the date of the termination of the office of the Board member.

The average 'chronologic' market capitalisation of the Company shall be calculated in accordance with the following formula:

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

" P_{iMICEX} " is the weighted-average price of the Company's shares on the 'i' trading day of the period on MICEX;

" d_{iMICEX} " is the weight of MICEX quotation calculated as the relation of the volume of trading in the Company's shares on MICEX to the total volume of trading in the Company's shares on MICEX and RTS (expressed in shares) on the 'i' trading day on MICEX;

" P_{iRTS} " is the weighted-average price of the Company's shares on the 'i' trading day of the period on RTS;

" d_{iRTS} " is the weight of RTS quotation calculated as the relation of the volume of trading in the Company's shares on RTS to the total volume of trading in the Company's shares on MICEX and RTS (expressed in shares) on the 'i' trading day on RTS;

"n" is the calculation of trading days from the period start date until the period end date, while for Formulas (1) and (2) the period is:

- During the calculation of MC_t – calendar days starting from the date of the issue of the financial statements following the date of the election of a member of the Board of Directors and ending on the date of the issue of the financial statements following the date of the termination of the office of the member of the Board of Directors. The number of calendar days between the dates of the issue of financial statements is the duration of the period.

- During the calculation of MC_{t-1} – calendar days starting from the date, which is later than the date for the issue of the financial statements following the date of the election of a member of the Board of Directors by the amount of days of the period duration set before, and ending on the date for the issue of the financial statements following the date of the election of the member of the Board of Directors.

" Q_i " is the number of issued ordinary shares of the Company as of the 'i' date of the period.

The calculated value of the increase of the Company's market capitalisation net of the increase of the Company's net assets (1) must be adjusted by the growth of the stock market characterised by MICEX and RTS indices:

$$T_{market} = \frac{\overline{I_{RTS_t}}}{I_{RTS_{t-1}}} * d_{RTS} + \frac{\overline{I_{MICEX_t}}}{I_{MICEX_{t-1}}} * d_{MICEX} \quad (3), \text{ where:}$$

" I_{RTS_t} " – average 'chronologic' index of RTS over 't' period

" $I_{RTS_{t-1}}$ " – average 'chronologic' index of RTS over 't-1' period.

" d_{RTS} " – weight of RTS quotation, calculated as the relation of the volume of trading in the Company's shares on RTS to the total volume of trading in the Company's shares on MICEX and RTS (expressed in shares) during the 't' and 't-1' periods;

" I_{MICEX_t} " – average 'chronologic' index of MICEX over 't' period

" $I_{MICEX_{t-1}}$ " – average 'chronologic' index of MICEX over 't-1' period.

" d_{MICEX} " – weight of MICEX quotation, calculated as the relation of the volume of trading in the Company's shares on MICEX to the total volume of trading in the Company's shares on MICEX and RTS (expressed in shares) during the 't' and 't-1' periods.

The average 'chronologic' index is calculated in accordance with the following formula:

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

" I_1 " is the index value as of the first trading day of the period;

" I_n " is the index value as of the last trading day of the period;

"n" is the number of trading days in the period.

The final formula for the calculation of the base for determining remuneration to a member of the Board of Directors is as follows:

$$\Delta(DMV_t) = \Delta(DMV_t) * \left(\frac{MC_t}{MC_{t-1}} - (T_{market} - d_{comp}) \right) / \left(\frac{MC_t}{MC_{t-1}} - 1 \right) \quad (4), \text{ where:}$$

" d_{comp} " is the share of the evaluated company in the stock market growth rates, calculated as follows:

$$d_{comp} = \frac{Q_{comp}}{Q_{RTS_MICEX}} * \left(\frac{MC_t}{MC_{t-1}} - T_{market} \right) \quad (5), \text{ where:}$$

" Q_{comp} " is the total trading volume of the evaluated company on RTS and MICEX during the 't' and 't-1' periods, RUB;

" Q_{RTS_MICEX} " is the total trading volume of RTS and MICEX during the 't' and 't-1' periods.

- 4.4. The remuneration indicated in Article 4.2, shall be paid within one month after the date of the Annual General Shareholders' Meeting of the Company.

The remuneration indicated in Article 4.3, shall be paid within one month after the date of the issue of the financial statements following the date of the termination of the office of a Board member.

- 4.5. The remuneration envisaged in Article 4.2-3 of the present Regulation shall not be paid if a member of the Board of Directors has not participated in more than 50% of meetings (held within the period from his/her election until the termination of his/her office).

- 4.6. A member of the Board of Directors can refuse to receive remuneration stipulated by the present Regulation, fully or in part, by sending a corresponding notice to the Director General of the Company.

In case of the corresponding written notice of a member of the Board of Directors of the Company, the payment of all types of remuneration shall be made only with the written consent of such Board member. In this case, if the grounds for the payment of remuneration arise, the Company shall send the Board member a notice indicating the amount of due remuneration. Such notice shall be sent not later than the corresponding deadline for the payment of the remuneration stipulated by the present Regulation.

If a written consent for the receipt of remuneration is received from a member of the Board of Directors of the Company, the corresponding remuneration shall be paid to him within seven days after the receipt of the written consent.

- 4.7. Members of the Board of Directors have the right to enter into a share purchase agreement with the Company with the suspended performance of obligations to transfer and pay for the shares within the framework of the Option Programme ratified by the Board of Directors of the Company. The maximum value of the contract for the Chairman of the Board of Directors of the Company is 0.15%, a member of the Board of Directors – 10% of the total amount of outstanding ordinary shares of the Company. The members of the Board of Directors participating in the Option Programme, do not have the right to receive additional remuneration stipulated by Article 4.3 of the present Regulation.

- 4.8. Information about the participation of Board members in the Option Programme, and the individual value of option agreements shall be disclosed in the materials to the Annual General Shareholders' Meetings of the Company.

5. Payment of compensations.

- 5.1. A member of the Board of Directors of the Company shall be compensated for all actually borne expenses related to participation in a meeting of the Board of Directors of the Company (travelling, accommodation, food etc.) in the amount indicated in Article 5.2 of the present Regulation (except for the payment of per diem allowances).

- 5.2. In case members of the Board of Directors are sent to the Company's facilities, meetings with shareholders and investors, participation in General Shareholders' Meetings or performance of other tasks related to the performance of functions of a member of the Board of Directors, the following compensations are paid:

- Per diem allowances in order set for the sole executive body of the Company, or the sole executive body of the managing organisation of the Company;
- Compensation of expenses related to travelling to the destination point and back to the place of work or residence (including insurance fees for mandatory personal insurance of passengers, payment of services related to the issue of travel documents etc.), in the amount of actual expenses confirmed by travel documents, but not higher than travel costs (fares):
 - o by train – in a business-class carriage (SV, S grades);
 - o by sea or river – in accordance with the tariffs set by the carrier but not higher than the price of a deluxe suite with a complete service package;
 - o by car – in public transport (excluding taxis or car rental);
- Compensation of expenses related to residential lease (except when a member of the Board of Directors is provided with free residence) – in the amount of

actual expenses confirmed by the corresponding documents but not more than three minimum monthly base salaries of a first-class worker set by the industry collective agreement in the power sector of the Russian Federation as of the date for the compensation for the said expenses, taking into account the indexation rates set by the Agreement, for each overnight stay.

- 5.3. The payment of compensations shall be made by the company within one calendar day after the provision of documents confirming expenses borne.