

Approved by: Decision of AGM of
Kubanenergo JSC Minutes of meeting No.23
dated 6 June 2008 Chairperson of the
meeting
_____ Belonogov M.I.

**Regulations
on Management Board
of Open Joint Stock Company of Power industry and Electrification
of Kuban**

Krasnodar
2008

1. GENERAL PROVISIONS

1.1. The Regulations is an internal document of the Open Joint Stock Company of power industry and electrification of Kuban (hereinafter referred to as the Company) establishing the procedure for the Management Board formation, time and procedure for convocation and conduct of Management Board meetings as well as the procedure for the adoption of decisions by Management Board.

1.2. The Regulations have been developed in accordance with the Civil Code of the Russian Federation, the Federal Law “On Joint Stock Companies”, other regulatory legal acts of the Russian Federation and the Company’s Charter.

1.3. The Company’s Management Board being the collective executive body shall perform its activities for the benefit of the Company, be guided by the decisions of the General meeting of shareholders and the Company’s Board of Directors and shall act in accordance with the Russian Federation legislation, the Company’s Charter, other internal documents of the Company and the present Regulations.

1.4. The Company’s Management Board shall respond for the practical implementation of goals, development strategy and policy of the Company and shall provide guidance for the Company’s current activities within the competence stipulated by the Company’s Charter, decisions of the General meeting of shareholders and the Company’s Board of Directors.

The main tasks of the Company’s Management Board shall be as follows:

- ensuring the observance of rights and legal interests of the Company’s shareholders;
- elaboration of proposals on the development strategy of the Company;
- implementation of the Company’s financial-economic policy, proposing solutions on the most important issues of current economic activity hereof and coordination of hereof subdivisions operation;
- increasing the efficiency of internal control and risks monitoring systems;
- ensuring the achievement of high return level on the Company’s assets and maximum profit arising from the Company’s activity.

2. PROCEDURE FOR MANAGEMENT BOARD FORMATION

2.1. Election of the Management Board members and termination of their powers before the expiration of the term of office shall be carried out by a decision of the Company’s Board of Directors.

2.2. CEO of the Company shall propose the candidatures of the Management Board members for consideration of Board of Directors in the amount equal to the number of the Management Board members as provided for in the Charter or by a decision of the Company’s Board of Directors except for CEO’s own candidature.

In case of rejecting by the Company’s Board of Directors of the candidatures to the Company’s Management Board proposed by the CEO, the Company’s Board of Directors shall be authorized to elect to the Management Board the candidatures proposed by a member (members) of the Company’s Board of Directors.

2.3. The candidate is considered to be elected to the Management Board if the Board of Directors members participating in the meeting have voted for the candidate by a majority vote.

2.4. The Company shall conclude an employment contract with the members elected to the Management Board.

The employment contract in the Company's name shall be signed by the Chairman of the Company's Board of Directors or by a person authorized by the Company's Board of Directors.

The terms of the employment contract including those concerning the term of office shall be determined by the Company's Board of Directors or by a person authorized by the Company's Board of Directors to exercise the rights and duties of the employer in the Company's name in relation to the members of the Company's Management Board.

2.5. Board of Directors shall be authorized to terminate the powers of any member of the Management Board and cancel a contract at any time. This provision shall be an indispensable condition of the employment contract concluded between the Company and a member of the Management Board.

2.6. The termination of powers of the Management Board member shall not entail the dismissal from the established post to be held in the Company.

2.7. The dismissal of a person from the established post to be held in the Company shall not give grounds for the termination of the aforementioned person's authorities as a member of the Company's Management Board and for the abrogating of the corresponding employment contract with him/her.

2.8. If the number of the Management Board members is less than the amount making a quorum for holding the meeting stipulated by the present Regulations and the Company's Charter, the CEO shall propose the candidatures of new Management Board members instead of the excluded ones for consideration of the Board of Directors.

2.9. A member of the Management Board can disclaim the powers of a member of the Management Board filing an application in accordance with the legislation in the name of the Chairman of the Company's Board of Directors.

3. RIGHTS, DUTIES AND RESPONSIBILITY OF THE MANAGEMENT BOARD MEMBERS

3.1. MANAGEMENT BOARD MEMBERS

3.1.1. Rights and duties of the Management Board members are established by the Russian Federation legislation, the Company's Charter and the employment contract concluded by each of them with the Company.

3.1.2. Management Board members shall be entitled to:

- 1) decide the issues concerning the supervision over the Company's current activity being a part of the Company's collective executive body;
- 2) receive the information about the Company's activity in full, become familiar with the constituent, regulatory, accounting, accountable, contractual and other documents of the Company;
- 3) answer the inquiries, make the statements, submit the proposals on the agenda items of the Management Board meeting;
- 4) make written proposals on the formation of the plan of the Management Board operation, agenda of the Management Board meeting;
- 5) demand to convene a meeting of the Company's Management Board;
- 6) express disagreement with the Management Board decisions in writing and bring it to the notice of the Company's Board of Directors;
- 7) exercise other rights stipulated by the Russian Federation legislation, the Company's Charter and employment contract, concluded by each of them with the Company.

3.1.3. Management Board members shall be obliged to:

- participate in the meetings of the Company's Management Board;
- implement the decisions and orders of the General meeting of shareholders, the Board of Directors and the Company's Management Board, to adhere to the requirements of the Charter and the Company's internal documents;
- act for the benefit of the Company, to exercise the rights and perform the duties in point of the Company reasonably and in good faith;
- inform Board of Directors, Auditing Committee and Auditor of the Company in writing every three months within 15 days after the quarter beginning about data on:
 - a) legal entities where a member of the Management Board holds singly or jointly with the affiliated person (persons) 20 or more percent of the voting shares (fractions, interests);
 - b) legal entities in the management bodies of which a member of the Management Board holds a post;
 - c) concluded or prospective transactions about which a member of the Management Board knows and in which he/she can be recognized as interested.
- fifteen days before the moment of conclusion to inform the Company's CEO and the Company's Board of Directors on the prospective transactions in the conclusion of which a member of the Management Board can be recognized as interested;
- not to disclose information containing official secrecy and commercial secret of the Company.

3.1.3. Holding more than one office by the Management Board members in the management bodies of other organizations as well as other gainful occupations in other organizations shall be allowed only by approbation of the Company's Board of Directors.

3.1.4. Rights and duties of the employer in the Company's name in relation to the members of the Company's Management Board shall be performed by the Board of Directors or by a person authorized by the Company's Board of Directors.

3.1.5. Management Board members shall be responsible to the Company for the losses inflicted to the Company due to their faulty actions (failure to act) in accordance with the current legislation.

At the same time the Management Board members who have voted against the decision which has entailed the Company's losses or the members who have not participated in voting shall not bear responsibility.

3.2. CHAIRMAN OF THE MANAGEMENT BOARD

3.2.1. Management Board activity shall be organized by the Chairman of the Company's Management Board who is the Company's CEO by virtue of position.

3.2.2. Chairman of the Company's Management Board shall:

- 1) submit the proposals on the appointment to the post of the Management Board members for consideration of the Company's Board of Directors;
- 2) convene the Management Board meetings:
 - fix the date, place and time of holding the Management Board meeting,
 - adopt the agenda,
 - determine the list of persons invited to participate in the discussion of separate agenda items of the Management Board meeting;

- determine the list of information (materials) submitted to the Management Board members when preparing for a meeting of the Management Board;
- determine the text and wording of a questionnaire (at absentee voting),
- 3) preside over the Management Board meetings;
- 4) sign the minutes of Management Board meetings;
- 5) arrange Management Board operation and ensure the adherence to the requirements of the Russian Federation legislation, the Company's Charter, the present Regulations when the Management Board carries out its activity;
- 6) perform other actions specified in the present Regulations.

3.3. DEPUTY CHAIRMAN OF THE MANAGEMENT BOARD

3.3.1. If the Chairman is temporarily absent, his/her duties shall be performed by the Chairman of the Management Board.

3.3.2. Deputy Chairman of the Management Board shall be elected at the first meeting of the Management Board from among the Management Board members by a majority vote of the total number of elected members of the Company's Management Board and shall fulfill the duties till the expiration of the term of office as a member of the Management Board.

3.3.3. Management Board shall be authorized to reelect the Deputy Chairman of the Management Board at any time.

4. THE SECRETARY OF THE MANAGEMENT BOARD

4.1. Secretary of Management Board shall perform the duties related to the organizational and informational support of the operation of the Company's Management Board.

4.2. Secretary of Management Board shall be appointed by the Chairman of the Management Board from among the Company's workers. The Chairman of the Management Board shall be authorized to appoint a new Secretary of the Management Board at any time.

The position of the Secretary of the Management Board can be stipulated in the Company's staff list.

4.3. Secretary of the Management Board shall:

- 1) ensure the preparation of materials for consideration at the Management Board meetings;
- 2) draw up the draft plan of the Management Board operation no later than a month before the beginning of a quarter to be planned;
- 3) submit as the need arises the proposals on defining more precisely the plan of the Management Board operation;
- 4) inform the Management Board members on the holding of the Management Board meeting by submitting the notice, agenda of the meeting and materials for it;
- 5) cooperate with the Company's Corporate Secretary and the Secretaries of the Committees of the Company's Board of Directors with the aim of coordinating the activity of the Management Board, the Company's Board of Directors and the Committees of the Company's Board of Directors;
- 6) carry out organizational and technical maintenance of the Management Board meetings;
- 7) maintain the nomenclature of files of the Management Board;
- 8) exercise control over the implementation of the Management Board decisions and inform the Management Board on the implementation of the adopted decisions;

9) prepare the drafts of some documents and decisions of the Management Board on the instructions of the Chairman of the Management Board (Deputy Chairman of the Management Board);

10) draw up the minutes of the Management Board meetings;

11) bring the voting results and information on the adopted decisions to the notice of the Management Board members;

12) bring to execution the decisions approved by the Management Board by submitting the excerpts from the minutes of the Management Board meetings signed by the Management Board;

Secretary of the Management Board shall be obliged to perform other actions stipulated by the present Regulations.

4.4. Secretary of the Management Board shall bear responsibility for the quality of drawing up the excerpts from the Management Board minutes as well as for the discharging of other obligations specified in the present Regulations.

5. WORK ARRANGEMENT OF MANAGEMENT BOARD

5.1. Management Board meetings shall be held in accordance with the Plan of Operation and also when the need arises but at least once a month.

5.2. Plan of the Management Board operation shall include:

1) the issues subject to consideration at the meetings of the Company's Management Board in the current year (quarterly);

2) the schedule of the Management Board meetings;

3) the list of persons (Company's management bodies) responsible for the preparation of issues for consideration at the Management Board meetings.

5.3. Plan of the Management Board operation shall be drawn up and submitted for consideration of the Management Board by the Chairman of the Company's Management Board.

Plan of Operation shall be approved every three months by the Company's Management Board by a majority vote of the Management Board members participating in voting.

5.4. Plan of the Management Board operation shall be formed taking into account the decisions of the General meeting of shareholders, the Board of Directors, the Auditing Committee, the Auditor, the suggestions of the CEO, members of the Company's Management Board, heads of subdivisions and services of the Company.

5.5. On the proposal of the Chairman and the Management Board members the alterations and additions can be introduced in the approved Plan of the Management Board operation. Such alterations and additions shall be approved by the Company's Management Board.

5.6. Management Board meetings shall be convened by the Chairman and in case of his/her absence – by the Deputy Chairman of the Management Board:

- in accordance with the Plan of Operation of the Management Board;

- on the initiative of the Chairman of the Management Board or one of the Management Board members;

- by a decision of the Company's Board of Directors, the Auditing Committee, the Company's Auditor.

5.7. Agenda of the Management Board meeting shall be drawn up on the basis of the Plan of the Management Board operation as well as on the basis of decisions of the General meeting of

shareholders, the Board of Directors, the Auditing Committee, the Company's Auditor, the suggestions of the CEO and members of the Company's Management Board.

5.8. Competence of Management Board shall be specified in the Company's Charter.

5.9. Management Board meetings shall be held in the form of joint attendance of the Management Board members (on-site form) or in the form of absentee voting (off-site form).

By order of the Chairman of Management Board, visiting meetings of the Company's Management Board can be held.

5.10. Management Board shall be rendered competent if no less than a half of the elected members of the Management Board participate in the meeting (in the absentee voting).

5.11. All the decisions shall be taken by the Management Board by a simple majority of votes of the Management Board members who are present at the meeting (participating in the absentee voting).

5.12. When deciding the issues each member of the Management Board shall have one vote. The transfer of a vote from one member of the Management Board to any other member of the Management Board as well as to other persons shall not be allowed.

In case of equality of votes of the Management Board members the vote of the Chairman of the Management Board shall be the deciding one.

5.13. In case of disagreement with the adopted decision on the agenda item (items) of the Management Board meeting, a member of the Management Board participating in the meeting shall be entitled to set forth his/her position on this item (items) in writing. Such written opinion of the Management Board member shall be enclosed to the Minutes of the corresponding meeting of the Company's Management Board.

6. PROCEDURE FOR CONVENING AND HOLDING OF THE MANAGEMENT BOARD MEETINGS IN THE FORM OF JOINT ATTENDANCE

6.1. Notification of the Management Board members on the place, date, time and agenda of the Management Board meeting shall be submitted to the Management Board members 2 (Two) working days before holding the aforementioned meeting.

6.2. Notice of holding the Management Board meeting in the form of joint attendance shall contain:

- full company name and location;
- agenda of the Management Board meeting;
- date, time and place of holding the Management Board meeting;
- list of information (materials) submitted to the Management Board members in the course of preparation for the meeting.

6.3. Notice of holding the Management Board meeting shall be prepared by the Secretary of the Management Board and signed by the Chairman and in cases stipulated by the present Regulations the notice shall be signed by the Deputy Chairman of the Management Board.

Notice of holding the Management Board meeting shall be submitted to the Management Board members simultaneously with all necessary materials (information) and a draft decision on the agenda items of the meeting.

6.4. The issues included in the agenda of the Management Board meeting shall be examined at the Management Board meetings.

In exceptional cases at the Management Board meetings held in the form of joint attendance the issues that have not been included in the agenda can be examined if the consideration of this item

is unanimously approved by all the Management Board members present at the meeting and if the quorum is present.

6.5. Management Board meetings shall be chaired by the Chairman and if he/she is absent – the Deputy Chairman of the Management Board in accordance with item 3.3.1. of the present Regulations.

6.6. Secretary of Management Board shall determine whether the quorum necessary for holding the Management Board meeting is present, and the Chairman of the Management Board shall inform the present participants on the presence of the quorum and read out the agenda of the Management Board meeting.

6.7. Consideration of the agenda items of the Management Board meeting shall include the following stages:

- 1) making a report on the agenda item by a member of the Management Board (an invited person);
- 2) discussing of the agenda item;
- 3) proposals on the wording of a decision on the agenda item;
- 4) voting on the agenda item;
- 5) counting of votes, summarizing and reading out of preliminary voting results (without taking into account the written opinions of the Management Board members absent at the meeting).

At the Management Board meeting held in the form of joint attendance of hereof members the information of Secretary of the Management Board on the implementation of the Management Board decisions earlier adopted shall be heard without fail.

6.8. In case of presence of no less than a half of the Management Board members at a meeting the voting results on the agenda items shall be determined taking into account the written opinions of members of the Company's Management Board absent at the Management Board meeting according to the procedure stipulated by the present Regulations.

6.9. On a day of holding the Management Board meeting the Secretary of the Management Board shall draw up a questionnaire proceeding from the voting results at the meeting according to the form specified in Appendix 1 to the present Regulations signed by the Chairman of the Management Board (and if he/she is absent – by the Deputy Chairman of the Management Board) which shall be submitted in the original or by means of facsimile communication (with the ensuing submission of the original questionnaire at the address stated in the questionnaire) to the members of the Company's Management Board absent at the aforementioned meeting.

6.10. When filling in the questionnaire a member of the Management Board shall leave uncrossed only one possible voting variant ("for", "against", "abstained") on each draft decision on each item. The filled in questionnaire shall be signed by the Management Board member, his/her family name and initials shall be specified.

6.11. Filled in and signed questionnaire shall be submitted by a member of the Management Board no later than the day following the meeting holding to the Secretary of the Management Board in the original or by means of facsimile communication with the ensuing submission of the original questionnaire at the address stated in it.

6.12. Questionnaire the filling in of which fails to meet the requirements specified in item 6.10. of the present Regulations shall be nullified (in case of non-observance of the requirements for filling in the voting variants it shall be nullified only in relation to the corresponding issue) and shall not be taken into account in the vote count.

The questionnaire received by the Company upon the expiration of the term stated in it shall not be taken into account when counting the votes and summarizing the voting results.

6.13. On the basis of voting results of the meeting and questionnaires received from the Management Board members, the Secretary of the Management Board shall summarize the voting results on the agenda items and draw up the minutes of the Management Board according to the procedure established by the present Regulations.

7. PROCEDURE FOR TAKING DECISIONS BY ABSENTEE VOTING

7.1. Decision of the Company's Management Board on the issues that fall within its competence can be taken by absentee voting (by means of questionnaires).

7.2. To take a decision by the Management Board by absentee voting (by means of questionnaires) the notice of holding the absentee voting on the agenda items, materials (information) and draft decisions on the items included in the agenda shall be submitted to each member of the Management Board no later than 3 (Three) working days before the deadline for the receipt of questionnaires for absentee voting.

7.3. Notice of holding the absentee voting shall contain:

- full company name and location;
- agenda of the Management Board meeting;
- instruction that the absentee voting shall be held by filling in a questionnaire;
- date and time of the deadline for the receipt of questionnaires for absentee voting;
- list of information (materials) submitted to the Management Board members when preparing for the meeting.

7.4. Management Board members shall be entitled to submit their proposals and (or) comments concerning the suggested draft decisions of the Management Board on the issues put to the absentee vote no later than 2 (Two) working days before the deadline for voting questionnaires receipt specified in the notice of holding the absentee voting.

7.5. Secretary of Management Board shall draw up a questionnaire for absentee voting taking into account the proposals and (or) comments received in relation to the suggested draft decisions of the Management Board on the agenda items according to the form specified in Appendix 2 to the present Regulations. If a member (members) of the Management Board has (have) changed the wording of draft decisions on the agenda item (items), the Secretary of the Management Board shall be obliged to include in the questionnaire all the draft decisions on such item (items) suggested by a member (members) of the Management Board.

7.6. Secretary of the Management Board shall submit a questionnaire for absentee voting to the Management Board members at least 1 (One) working day before the deadline for the receipt of questionnaires specified in the notice of holding the absentee voting in the original or via facsimile communication.

7.7. Questionnaire shall contain:

- full company name and location;
- wording of the agenda items;
- voting variants;
- date and time of the deadline for questionnaires receipt;
- address to send the filled in questionnaires.

7.8. When filling in a questionnaire for absentee voting a member of the Management Board shall leave uncrossed only one possible voting variant on each draft decision on each item ("for", "against", "abstained"). A filled in questionnaire shall be signed by a member of the Management Board and shall include the family name and initials.

7.9. Questionnaire the filling in of which does not meet requirements specified in item 7.8. of the present Regulations shall be nullified (if the requirements for filling in the voting variants have not been satisfied, it shall be nullified only in relation to corresponding item) and shall not be taken into account when determining a quorum necessary for taking a decision by absentee voting and shall not be taken into account in votes count.

7.10. Filled in and signed questionnaire shall be handed over by a member of the Management Board to the Secretary of the Management Board within the period, specified in the questionnaire, or shall be submitted via facsimile communication with the subsequent submission of the original questionnaire to the address, specified in the questionnaire.

Management Board members whose questionnaires have been received by the Secretary of the Management Board prior to the deadline for the questionnaires receipt shall be regarded as members participating in absentee voting.

7.11. The presence of quorum necessary to take decisions by holding the absentee voting shall be determined on the basis of questionnaires filled in and signed by the Management Board members that have been received by the Company within the period specified in the notice of holding the absentee voting.

On the basis of the received questionnaires the Secretary of the Management Board shall summarize the results of absentee voting on the agenda items and draw up the minutes of the Management Board according to the procedure stipulated by the present Regulations.

8. MINUTES OF MANAGEMENT BOARD MEETING

8.1. The minutes of the meeting of the Company's Management Board drawn up on the basis of the results of the Management board meeting (absentee voting results) shall be prepared and signed during 2 (Two) working days after the meeting by the Chairman and the Secretary of the Management Board who bear responsibility for the accuracy of drawing up the minutes.

8.2. Minutes of the Management Board meeting shall contain:

- full company name;
- form of holding the meeting (joint attendance or absentee voting);
- place and time of holding the meeting (summarizing the voting results);
- list of the Management Board members present at the meeting (participating in the absentee voting) as well as the list of invited persons;
- information on the presence of quorum;
- agenda of the meeting;
- issues put to the vote and roll-call voting results;
- overview of reports and speeches of persons participating in the meeting (when holding the meeting in the form of joint attendance);
- adopted decisions.

8.3. Minutes of meetings of the Company's Management Board shall be available for each member of the Board of Directors, a member of the Auditing Committee (auditor), the Company's Auditor, the Company's CEO, shareholders (a shareholder) holding more than 25 percent of the Company's voting shares to become familiar with.

9. CONTROL OVER IMPLEMENTATION OF MANAGEMENT BOARD DECISIONS

9.1. Decisions adopted by the Management Board shall be brought to the notice of the Management Board members in written form by submitting the copy of the minutes of the

Management Board meeting no later than during 3 (Three) working days from the moment of signing the minutes.

9.2. Management Board decisions shall be brought to the notice of executing officers by extracts from the minutes of the Management Board meeting signed by the Secretary of the Management Board and certified by the Company's seal.

9.3. Control over the implementation of the Management Board decisions shall be exercised by the Secretary of the Management Board.

10. FINAL PROVISIONS

10.1. Regulations on the Management Board shall be approved by the General meeting of the Company's shareholders.

10.2. All alterations and additions shall be introduced to the present Regulations by the General meeting of the Company's shareholders.

10.3. If as a result of changing the legislation and regulatory acts of the Russian Federation some clauses of the present Regulations contradict it, these clauses shall be regarded as invalid, and the Management Board shall be guided by the legislation and regulatory acts of the Russian Federation till the moment of introducing the alterations in the Regulations.

**MANAGEMENT BOARD
of the Open Joint Stock Company
of power industry and electrification of Kuban**

**QUESTIONNAIRE
for voting on the agenda items of the meeting of the Management
Board of “Kubanenergo”, JSC
to be held in the form of joint attendance “ _____ ” 200_____**

Item:

1. _____

Decision (adopted at the meeting):

1. _____

FOR	AGAINST	ABSTAINED
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(leave Your variant uncrossed)

Item:

2. _____

Decision (adopted at the meeting):

FOR	AGAINST	ABSTAINED
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(leave Your variant uncrossed)

Filled in and signed questionnaire shall be submitted via fax _____ or in the original no
later than _____ .
/date, time/

Questionnaire received by the Company upon the expiration of the afore-specified term shall not be
taken into account in the vote count and in summarizing the voting results.

Please send the original of questionnaire to the address:

**Member of Management Board
of “Kubanenergo”, JSC _____ / _____**

**CHAIRMAN OF MANAGEMENT BOARD OF “Kubanenergo”, JSC
_____ / _____**

**QUESTIONNAIRE shall be considered invalid without signature of Chairman and a member
of Management Board**

**MANAGEMENT BOARD
of the Open Joint Stock Company
of power industry and electrification of Kuban**

**QUESTIONNAIRE
for absentee voting on the agenda items of the meeting of Management
Board of “Kubanenergo”, JSC**

Item 1:

Decision:

FOR	AGAINST	ABSTAINED
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(leave Your variant uncrossed)

Item 2:

Decision:

FOR	AGAINST	ABSTAINED
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(leave Your variant uncrossed)

Filled in and signed questionnaire shall be submitted via fax _____ or in the original no
later than _____ .
/date, time/

Questionnaire received by the Company upon the expiration of the afore-specified term shall not be
taken into account in the vote count and in summarizing the voting results.

Please send the original of questionnaire to the address:

Member of Management Board
of “Kubanenergo”, JSC _____ / _____

**QUESTIONNAIRE SHALL BE CONSIDERED INVALID WITHOUT SIGNATURE OF
MANAGEMENT BOARD MEMBER**

