

Approved by  
Annual General Meeting of Kubanenergo JSC Shareholders  
Minutes No.23 dated 06.06.2008

Chairperson of the meeting  
\_\_\_\_\_ Belonogov M.I.

**Regulations**  
**On the Procedure for Preparing and Convening the General Meeting of Shareholders of**  
**Open joint stock company of power industry and electrification of Kuban**

Krasnodar 2008

## **1. General Provisions**

1.1. The present 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 Charter of Open Joint Stock Company “Interregional Distribution Grid Company of the South” (hereinafter referred to as the Company) and have established the procedure for preparing and convening of the General meeting of shareholders of the Company (hereinafter referred to as the General meeting of shareholders).

1.2. The General meeting of shareholders is the superior management body of the Company.

1.3. When performing its activities the General meeting of shareholders is guided by the Russian Federation legislation, the Company’s Charter and the present Regulations.

## **2. Convening of and Preparation for Holding of the General Meeting of Shareholders**

2.1. Decision about the convening of the General meeting of shareholders shall be adopted by the Company’s Board of Directors.

2.2. When preparing for the holding of the General meeting of shareholders the Board of Directors and in cases stipulated by item 3.1. of the present Regulations other persons shall adopt the following decisions:

a) about the convening and determination of the form of holding the General meeting of shareholders;

b) about fixing the date, place and time of holding the General meeting of shareholders, time of registration start concerning the persons participating in the General meeting of shareholders (in case of holding the General meeting of shareholders in the meeting form), or fixing the deadline of filled out voting ballots submission and the postal address at which the filled out voting ballots shall be sent (in case of holding the General meeting of shareholders in the postal form);

c) about the determination of agenda of the General meeting of shareholders;

d) about fixing the date of compiling the list of persons entitled to participate in the General meeting of shareholders;

e) about the determination of a type (types) of preference shares the owners of which have a voting right on the agenda items of the General meeting of shareholders;

f) about the determination of the list of information (materials) to be submitted to the shareholders in the course of preparation for the holding of the General meeting of shareholders, and the procedure for becoming familiar with the specified information;

g) about the approval of the form and text of voting ballots at the General meeting of shareholders;

h) about fixing the deadline of the voting ballots submission to the persons entitled to participate in the General meeting of shareholders (in case of holding the General meeting of shareholders in the postal form as well as in case of holding the General meeting of shareholders in the meeting form if in accordance with the FL “On Joint Stock Companies” or the Company’s Charter the voting ballots shall be submitted (given) to persons entitled to participate in the General meeting of shareholders, till the holding of the General meeting of shareholders);

i) about the determination of the procedure for informing the Company’s shareholders on the holding of the General meeting of shareholders including the approval of the form and text of the notice;

j) about the election of the Secretary of the General meeting of shareholders and also if the number of shareholders – the owners of the Company's voting shares is no more than 100 (One hundred) and the Counting Commission has not been set up in the Company, about the determination of persons performing the duties of the Counting Commission;

k) about the approval of the estimate of expenditures connected with the preparation and holding of the General meeting of shareholders.

2.3. The Company's sole executive body shall organize the execution of decisions of the Company's Board of Directors connected with the preparation and holding of the General meeting of shareholders, including:

- ensuring of timely submission to the Company's Registrar of the demand for the compiling of the list of persons entitled to participate in the General meeting of shareholders as of the date fixed by the Company's Board of Directors;

- ensuring of ballots issue in conformity with the form and wording approved by the Company's Board of Directors;

- ensuring of voting ballots submission to the shareholders and filled out voting ballots receipt in case of holding the General meeting of shareholders in the postal form or if the voting at the General meeting of shareholders to be held in a meeting form can be performed by submitting the filled out voting ballots to the Company;

- ensuring of shareholders informing on the holding of the General meeting of shareholders according to the procedure and terms established by the decision of the Board of Directors and the Company's Charter;

- ensuring of preparation of necessary materials (information) on the agenda items of the General meeting of shareholders and the possibility to become familiar with the aforementioned information (materials) in accordance with the decision of the Board of Directors.

- performing of other actions connected with the execution of decisions of the Company's Board of Directors.

### **3. Peculiarities of Convening of the Extraordinary General Meeting of Shareholders**

3.1. The extraordinary General meeting of shareholders can be convened by the Auditing Committee of the Company, the Company's Auditor or the Company's shareholders (a shareholder) who are/is the owner(s) of no less than 10 (Ten) percent of the Company's voting shares, in the event that within 5 (Five) days from the date of making a demand by them for convening of the General meeting of shareholders the Company's Board of Directors has not taken decision about the convening of the extraordinary General meeting of shareholders or has taken decision to refuse to convene it.

3.2. The persons who have convened the extraordinary General meeting of shareholders according to the procedure stipulated by item 3.1 of the present Regulations shall perform the actions connected with the preparation and holding of the extraordinary General meeting of shareholders without assistance.

### **4. Informational Support of Holding the General Meeting of Shareholders**

4.1. The notice of holding the General meeting of shareholders and informational materials on the agenda items of the General meeting of shareholders, besides other forms of submission to the Company's shareholders shall be placed on the Company's site in the Internet 10 days prior

to the deadline for the notification of the shareholders of holding the General meeting of shareholders.

It is recommended to place the aforementioned notice and materials in English as well.

4.2. The minutes of the General meeting of shareholders shall be placed on the Company's site in the Internet within 3 (three) days from the moment of making the minutes of meeting.

It is recommended to publish the minutes of the General meeting of shareholders in English as well.

4.3. When nominating the candidates for the Company's Board of Directors the Company's shareholders shall submit the following information about the nominated candidates:

4.3.1. Family name, Name, Patronymic;

4.3.2. Citizenship;

4.3.3. Place of residence;

4.3.4. Education;

4.3.5. Profession;

4.3.6. Principal place of business;

4.3.7. Information about the record of work for five years preceding the date of nomination;

4.3.8. Information about the holding of shares of the Company and hereof SAC (the number of shares to be possessed);

4.3.9. Whether the nominee is a member of the Board of Directors, a member of the collective executive body or other collective management body of other artificial person;

4.3.10. Whether the nominee is an official of other economic company any other official of which is also nominated as a candidate for the Company's Board of Directors;

4.3.11. Whether the nominee is a spouse, parent, son, daughter, brother, sister of officials (head) of the Company (officials of the Company's managing organization);

4.3.12. Whether the nominee is a party to an obligation with the Company in accordance with the conditions of which the candidate can acquire the property (receive cash resources), the value of which is ten or more percent of the candidate's total income, apart from the receipt of emolument for participation in the activities of the Company's Board of Directors.

4.3.13. Whether the nominee is (will be as a result of election to the Board of Directors) the representative of the state, that is a person who is (will be as a result of election to the Board of Directors) the representative of the Russian Federation or constituent territories of the Russian Federation in the Board of Directors of joint stock companies, in relation to whom the decision about the use of a special right ("golden share") has been taken, and persons who are obliged (will be obliged as a result of election to the Company's Board of Directors) to vote on the basis of written directives (instructions etc.) of a constituent territory of the Russian Federation or municipality;

4.4. The submission by the Company's shareholders of the information specified in items 4.3.2 – 4.3.13 of the Regulations is recommended. The non-representation of such information by the Company's shareholders cannot be the ground for refusal to include a corresponding candidate in the voting list of persons to be elected to the Company's Board of Directors.

4.5. The information about the candidates for the Company's Board of Directors specified in item 4.3 shall be available for the Company's shareholders to become familiar with along with

other informational materials on the agenda items of the General meeting of the Company's shareholders.

4.6. The Company's executive bodies during the period before the holding of the General meeting of shareholders shall implement the Company's informational policy in such a way that it aims at electing to the Company's Board of Directors of the candidates that meet the requirements of regulating authorities and the Russian Federation securities market makers.

## **5. Holding of the General Meeting of Shareholders in the Form of a Meeting**

The holding of the General meeting of shareholders in the form of a meeting presupposes the direct participation of the Company's shareholders in the General meeting of shareholders to discuss the agenda items and adopt the decisions on the issues put to the vote.

### **5.1. Registration of Persons Entitled to Participate in the General Meeting of Shareholders.**

5.1.1. Registration of persons entitled to participate in the General meeting of shareholders shall be performed by the Counting Commission or other person discharging the duties of the Counting Commission at the place of holding the General meeting of shareholders specified in the notice of meeting holding.

Registration of persons entitled to participate in the General meeting of shareholders shall start at the time specified in the notice of meeting holding.

5.1.2. The persons entitled to participate in the General meeting of shareholders shall be subject to registration for participation in the General meeting of shareholders to be held in the form of a meeting.

If the voting on the agenda items of the General meeting of shareholders that is held in the form of a meeting can be performed through submission to the Company of the filled out voting ballots the persons whose ballots have been received within two days before the date of holding of the General meeting of shareholders shall not be subject to registration.

5.1.3. During the registration a shareholder (the representative, legal successor) who came to the General meeting of shareholders shall show the passport or any other identifying document.

During the registration for participation in the General meeting of shareholders the legal successors as well as the representatives of persons to be included in the list of persons entitled to participate in the General meeting of shareholders shall also show the documents attesting their powers to the Counting Commission or a person discharging the duties of the counting commission.

The list of documents attesting the powers of representatives and legal successors of persons included in the list of persons entitled to participate in the General meeting of shareholders shall be determined in accordance with the current legislation.

If the aforementioned documents have not been submitted the legal successor as well as the shareholder's representative shall not be entitled to participate in the General meeting of shareholders.

5.1.4. The registration of persons entitled to participate in the General meeting of shareholders shall be performed on conditions that the identification of persons who have come to participate in the General meeting of shareholders has been fulfilled by comparing the data contained in the list of persons entitled to participate in the General meeting of shareholders with the data of documents shown by the aforementioned persons.

5.1.5. Upon registration a person participating in the General meeting of shareholders shall receive the voting ballots on the agenda items.

If the voting at the General meeting of shareholders can be performed by submission to the Company of filled out voting ballots, at the request of persons who are registered to participate in the General meeting of shareholders, whose ballots have not been received by the Company or have been received later than 2 (Two) days before the date of meeting holding, they shall receive the voting ballots having the record of their reissue.

5.1.6. The registration of persons entitled to participate in the General meeting of shareholders is considered to be terminated when the Chairperson at the General meeting of shareholders announces the termination of discussion of the last agenda item of the General meeting of the Company's shareholders that has a quorum.

## **5.2. Opening of the General meeting of shareholders.**

5.2.1. The representative of the Counting Commission or any other person performing the duties of the counting commission at the time that is the commencement time of holding the General meeting of shareholders in accordance with the notice of holding the General meeting of shareholders, shall announce the presence of the quorum on the agenda items of the General meeting of shareholders.

5.2.2. The General meeting of shareholders is considered to be authorized (has a quorum) if the shareholders possessing in aggregate more than half of votes of the Company's placed voting shares have participated in it.

In the event that the agenda of the General meeting of shareholders includes the issues the voting on which is performed by different voters the quorum necessary to take decisions on these items shall be determined separately.

At the same time the absence of a quorum necessary to take decisions on the items the voting on which is performed by one composition of voters shall not prevent from taking a decision on the items the voting on which is performed by the other composition of voters that has the quorum to be adopted.

To make decisions on the issue of approval of the transaction the conclusion of which reveals vested interest the quorum is determined by the shareholders – the owners of the Company's voting shares, who are not interested in the conclusion of the transaction by the Company having more than a half of votes of shareholders – the owners of the Company's voting shares, who are not interested in the conclusion of the transaction by the Company.

5.2.3. If the quorum is present on at least one of the items included in the agenda of the General meeting of the Company's shareholders, the Chairperson at the General meeting of shareholders announces the opening of the General meeting of shareholders.

5.2.4. The general meeting that has had the quorum only on separate agenda items by the moment of hereof opening cannot be closed if by the moment of registration termination the persons the registration of whom ensures the quorum necessary to adopt the decisions on other agenda items of the General meeting have been registered.

5.2.5. If by the time of start of the General meeting of shareholders the quorum is absent on all the items included in the agenda of the General meeting of shareholders of the Company, the Chairperson at the General meeting of shareholders announces that the opening of the General meeting of shareholders is carried over by 2 (Two) hours.

It is not allowed to carry over the opening of the General meeting of shareholders more than once.

If in 2 (Two) hours after the announcement of the carrying over of the opening of the General shareholders' meeting the persons ensuring the quorum on at least one of the items included in the agenda of the General meeting of shareholders have not been registered, the Chairperson at the General meeting of shareholders shall announce that the General meeting of shareholders has not taken place.

If in 2 (Two) hours after the announcement of the carrying over of the opening of the General shareholders' meeting the persons ensuring the quorum on at least one of the items included in the agenda of the General meeting of shareholders have been registered, the Chairperson at the General meeting of shareholders shall announce the opening of the General meeting of shareholders.

5.2.6. If the quorum necessary to hold the annual General meeting of shareholders is absent, the recurring General meeting of shareholders with the same agenda shall be held.

If the quorum necessary to hold the extraordinary General meeting of shareholders is absent, the recurring General meeting of shareholders with the same agenda can be held.

### **5.3. Discussing of agenda items of the General meeting of shareholders.**

5.3.1. Persons speaking at the General meeting of shareholders shall keep within the following time limit on speeches:

A report on the agenda items – no more than 30 minutes,

A joint report – no more than 20 minutes,

Closing arguments – no more than 5 minutes,

Speeches containing questions, references – 2 minutes for each question, reference.

The Chairperson at the General meeting of shareholders shall be authorized to increase the terms specified in the present item.

5.3.2. A shareholder willing to take part in a debate on the agenda items of the General meeting of shareholders shall submit a corresponding written request to the Secretary of the General meeting of shareholders.

A request shall contain a family name, name, patronymic (name) of a shareholder (the representative), the agenda item on which the shareholder wants to speak and shall be signed by the shareholder.

The item shall be submitted in writing to the Secretary of the General meeting of shareholders; besides the wording of a question to be asked a shareholder (shareholder's representative) shall state a family name, name, patronymic (name of a shareholder – an artificial person), and shall be signed by the shareholder.

5.3.3. The Secretary of the General meeting of shareholders shall refer the requests and questions received from the shareholders to the Chairperson presiding over the General meeting of shareholders.

If by the moment of opening of the General meeting of shareholders the quorum is present only on separate agenda items, upon the termination of discussion of the last item from the specified ones the representative of the Counting Commission or of any other person performing the duties of the Counting Commission shall announce that the quorum is presence/absence on other agenda items.

5.3.4. If the discussion of all the agenda items of the General meeting of shareholders that have a quorum has been terminated, the Chairperson presiding over the General meeting of shareholders

shall announce that the discussion of the agenda items and registration of persons participating in the General meeting of shareholders have been terminated.

#### **5.4. Voting at the General meeting of shareholders.**

5.4.1. Voting at the General meeting of shareholders to be held in the form of joint attendance shall be carried out according to the procedure stipulated by the Federal Law “On Joint Stock Companies”, other regulatory legal acts and the Company’s Charter, the present Regulations.

5.4.2. Voting on the agenda items of the general meeting shall be carried out by the voting ballots.

5.4.3. Persons registered for participation at the General meeting of shareholders, held in the form of meeting shall be entitled to vote on all the agenda items immediately upon the opening of the General meeting of shareholders and till the moment of vote count beginning.

5.4.4. When the discussion of the last agenda item of the General meeting of shareholders (the last item that has a quorum) is closed, the persons who have not voted by this moment shall have 30 (Thirty) minutes to vote.

5.4.5. When the afore-stated time has run out, the Chairperson shall announce the vote count beginning.

#### **5.5. Summarizing, announcing of voting results on agenda items of the General meeting of shareholders. Closing of the General meeting of shareholders.**

5.5.1. Counting of votes and summarizing of voting results on the agenda items of the General meeting of shareholders shall be performed by the Counting Commission or other person fulfilling the duties of the Counting Commission in accordance with the requirements of the current legislation.

5.5.2. Voting results and decisions adopted by the General meeting of shareholders of the Company can be announced at the General meeting of the Company’s shareholders.

5.5.3. If the voting results and decisions adopted by the General meeting of shareholders of the Company have not been announced at the General meeting, within 10 (Ten) days after the drawing up of the minutes on the voting results the decisions adopted by the General meeting of the Company’s shareholders as well as the voting results shall be brought to the notice of persons included in the list of persons entitled to participate in the General meeting of shareholders according to the procedure stipulated by the Company’s Charter concerning the notice of holding of the General meeting of shareholders unless otherwise is specified in the Company’s Charter.

5.5.4. After the announcement of the voting results on the agenda items of the General meeting of shareholders, in case they have been announced at the General meeting of shareholders, the Chairperson shall announce the closing of the General meeting of shareholders.

### **6. Holding of the General Meeting in the Form of Absentee Vote**

6.1. Voting on the agenda items of the General meeting of shareholders held in the form of absentee vote shall be conducted with the use of voting ballots.

6.2. Filled out voting ballots shall be submitted to the Company no later than a day which is the deadline for the submission of ballots in accordance with the decision about the convening and holding of the General meeting of shareholders adopted in conformity with the FZ “On Joint Stock Companies” and the present Regulations.



If the date of termination of the filled out voting ballots submission is a nonworking day, the date of termination of the filled out voting ballots submission shall be a working day following it.

The term of voting ballots receipt expires on the day of termination of voting ballots receipt at the hour when a working day finishes in the Company in accordance with the established rules.

6.3. The filled out voting ballots can be submitted to the Company by registered letter, be given under signed receipt to a person performing the duties of the Company's sole executive body, to a person authorized to receive correspondence addressed to the Company and be submitted to the Registrar of the Company (in case it fulfills the duties of the Counting Commission).

6.4. A person performing the functions of the Company's sole executive body shall organize the collection, safekeeping and submission of filled out voting ballots to the Counting Commission or to other person fulfilling the duties of the Counting Commission.

6.5. A shareholder – a natural person shall state the family name and initials when filling out the ballots; a shareholder – an artificial person shall state the full company name of the legal entity.

6.6. A representative of a shareholder – of a natural person shall state the family name and initials as well as the requisites for the power of attorney (or other document confirming the powers); A representative of a shareholder - an artificial person shall specify the family name and initials as well as the position or the requisites for the power of attorney (or other document confirming the powers).

6.7. A shareholder's representative shall enclose to the voting ballot the power of attorney (hereof notarially certified copy) or other document on the basis of which a person acts.

6.8. The General meeting of shareholders held in the form of absentee vote shall be authorized (has a quorum), if the ballots of shareholders possessing more than a half of votes of the Company's placed voting shares have been received no later than the deadline for the voting ballots submission to the Company.

To adopt the decision on the item on the approval of transaction the conclusion of which reveals vested interest the quorum shall be made up by the shareholders – owners of the Company's voting shares who are not interested in the conclusion of a transaction by the Company possessing more than a half of votes of shareholders – owners of the Company's voting shares who are not interested in the conclusion of a transaction by the Company.

## **7. Working Bodies of the General Meeting of the Company's Shareholders**

7.1. The working bodies of the General meeting of shareholders shall be as follows:

- a) The Chairperson of the General meeting of shareholders;
- b) The Counting Commission;
- c) The Secretary of the General meeting of shareholders.

7.2. The duties of the Chairperson at the General meeting of shareholders shall be performed by the Chairman of the Board of Directors.

If the Chairman of the Board of Directors is absent at the General meeting of shareholders the duties of the Chairperson at the General meeting of shareholders shall be performed by the Deputy Chairman of the Board of Directors.

If both the Chairman of the Board of Directors and the Deputy Chairman are absent the duties of the Chairperson at the General meeting of shareholders by a decision of the Board of Directors

members who are present at the General meeting of shareholders can be performed by any member of the Board of Directors.

7.3. The Chairperson at the General meeting of shareholders shall open and close the meeting, announce the agenda of the General meeting and the sequence of speeches and reports on the agenda items, the termination of agenda items discussion and vote count beginning, ensure the observance of the procedure for meeting holding established by the present Regulations, sign the minutes of the General meeting of shareholders.

7.4. The functions of the Company's Counting Commission at the General meeting shall be performed by a professional participant of a securities market who is a holder of the register of the Company's shareholders (the Company's Registrar).

7.5. The Counting Commission shall perform the following functions:

- a) checking of the powers and registering of the persons participating in the General meeting of shareholders (shareholders, the representatives);
- b) determining whether the quorum of the General meeting of shareholders is present;
- c) clarifying of the issues arising in connection with the exercise of the voting right by the Company's shareholders (the representatives) at the General meeting of shareholders;
- d) clarifying of the voting procedure concerning the items put to the vote;
- e) ensuring of the established voting procedure and the rights of the Company's shareholders for participation in voting;
- f) counting of votes and summarizing of the voting results;
- g) drawing up of the minutes on the voting results;
- h) bringing of the voting results to the notice of the Company's shareholders;
- i) transferring of the voting ballots to the archives;
- j) other functions stipulated by the Russian Federation legislation, the Company's Charter and the contract concluded between the Company and the Registrar (if it performs the duties of the Counting Commission).

7.6. The Secretary of the General meeting of shareholders is elected by Board of Directors when discussing issues related to preparation and holding the of General meeting of shareholders or by persons demanding the convocation of General meeting of shareholders in cases stipulated by legislation of Russian Federation.

7.7. The Secretary of the General meeting of shareholders shall perform the following duties:

- a) accepting of applications of persons participating in the General meeting of shareholders on the granting of rights for taking part in a debate on the agenda items of the meeting as well as receiving of issues;
- b) submitting of applications and issues received from the shareholders to the Chairman of the General meeting of shareholders;
- c) making a formal record of the course of holding of the General meeting of shareholders (basic provisions of speeches and reports);
- d) other duties specified in the present Regulations and the Company's Charter.

## **8. Financial Provision for Holding the General Meeting of the Company's Shareholders**

8.1. Expenses connected with the preparation and holding of the General meeting of shareholders shall be covered by the Company's funds in accordance with the estimate of expenditures approved by the Board of Directors and shall be included in the Company's budget.

8.2. The General Director shall file the report on expenditures connected with the preparation and holding of the General meeting of shareholders to the Board of Directors within two months after the holding of the General meeting of shareholders.

8.3. If the extraordinary General meeting of shareholders is held by persons demanding to convene it, the expenses on hereof preparation and holding shall be covered by these persons.

By a decision of the General meeting of shareholders the documentarily confirmed expenses of the aforementioned persons on the preparation and holding of the General meeting of shareholders can be reimbursed by the Company's funds.

## **9. Final Provisions**

9.1. If as a result of alteration of the legislation and regulatory documents of the Russian Federation some clauses of the present Regulations contradict it, these clauses become invalid and till the moment of introduction of alterations to the present Regulations the Company shall be guided by the legislation and regulatory documents of the Russian Federation.