

**Enclosure № 12
to the decision of the Board of Directors
of IDGC of Centre
Minutes № 18/10 of 03.09.2010**

**Chairman of the Board of Directors
of IDGC of Centre**

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**REGULATIONS
ON DIVIDEND POLICY
OF IDGC OF CENTRE
New edition**

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1 GENERAL PROVISIONS

1.1. This Regulation on Dividend Policy of Joint Stock Company "Interregional Distribution Grid Company of Centre" (hereinafter - Regulations) have been developed in accordance with the laws of the Russian Federation, the Charter of IDGC Center, JSC (hereinafter - the Company), as well as the recommendations of the Corporate Governance Code of IDGC of Center and other internal documents.

1.2. Company's dividend policy is a combination of principles and methods used by the Company to determine the ratio between the capitalized portion of the profit of the Company and part of the profit paid as dividends, as well as a system of relations and the principles for determining the procedure and time of payment of dividends, to establish the liability of the Company for breach of duty to pay dividends.

1.3. Company's dividend policy is based on balancing the interests of the Company and its shareholders in determining the rate of dividend payments, on respect and strict observance of the rights of shareholders under the current legislation of the Russian Federation, the Charter and internal documents, and is aimed at increasing investment attractiveness of the Company and its growth in market capitalization.

1.4. The Regulation defines the basic principles and approaches in making the Board of Directors decisions on the recommendations of the General Meeting of shareholders regarding rate of dividends in order to ensure transparent mechanism for determining the rate of dividends and their payment, as well as informing shareholders and other stakeholders about the Company's dividend policy and determines procedure for making a decision on payment (declaration) of dividends, terms of payment, the procedure for calculating the rate of dividends, including the timing, location, form of payment, as well as the responsibility of the Company for failure to pay dividends.

1.5. Terms and definitions used in these Regulations shall apply in the same sense in which they are used in Russian legislation on joint stock companies and securities, except as otherwise provided in these Regulations.

2 PRINCIPLES OF DIVIDEND POLICY OF THE COMPANY

2.1. Company's dividend policy is based on the following principles:

- calculation of dividends based on the profit excluding the effect of revaluation of financial investments;
- need to maintain the required level of financial and technical condition of the Company (investment program), ensuring the development prospects of the Company;
- compliance practices adopted by the Company and payment of dividends according to the Russian Federation legislation and best standards of corporate behavior;
- optimal combination of the interests of the Company and its shareholders;
- need to improve the investment attractiveness of the Company and its capitalization;
- ensuring mechanism of transparency (clarity) for determining the rate of dividends and their disbursement;
- dividends on ordinary shares are payable only in case of payment in full in accordance with the Charter of the Company regarding dividends on preferred shares (in case of placement of preferred shares).

2.2. The recommended rate of dividend payment is determined by the Board of Directors based on financial performance of the Company, while the Board of Directors will strive to ensure the positive dynamics of the value of dividend payment to shareholders from year to year.

3 TERMS OF DIVIDEND PAYMENTS

3.1. The Company may based on the results of the first quarter, nine months of the fiscal year and (or) for the fiscal year to make decisions (declare) on dividends on the outstanding shares. The decision on payment (declaration) of dividends for the first quarter, six and nine months of the fiscal year may be taken within three months after the end of a relevant period, subject to the adequacy of net profit to finance investment and development of the Company.

3.2. The Company aims at the increase of capitalization along with the increase of rate of dividends paid to shareholders on the basis of net profit for a reported financial period and needs to develop production and investment activities of the Company.

3.3. The Company may not make a decision (declaration) on dividends for shares:

- until full payment of the entire share capital of the Company;
- until all shares to be repurchased in accordance with Article 76 of the Federal Law “on Joint Stock Companies”;
- if on the date of such a decision there are signs of insolvency (bankruptcy) in accordance with the Russian legislation on insolvency (bankruptcy) or if such signs appear in the Company as a result of the payment of dividends;
- if on the date of such a decision the value of net assets of the company less than its charter capital and reserve fund and the excess over the nominal value determined by the charter liquidation value of outstanding preferred shares (in the case of placement of preferred shares of the Company) is or becomes less than their value as a result of this decision;
- in other cases stipulated by federal laws.

3.4. The Company may not make a decision (declaration) on dividends (including dividends for the first quarter and nine months of fiscal year) for ordinary shares and preferred shares, the rate of dividend of which is not defined (in the case of placement of preference shares) unless a decision to pay the full rate of dividends (including accrued dividends on cumulative preference shares) for all types of preferred stock dividends (including dividends for the first quarter and nine months of fiscal year) the value of which is determined by the company charter (in case of their placement).

3.5. The Company may not make a decision (declaration) on dividends for preferred shares of a certain type (in case of their placement), where the dividend is determined by the company charter, unless a decision to pay dividends (including the full payment of all accrued dividends on cumulative preference shares) for all types of preferred shares that provide an advantage in priority to receive dividends before preferred stocks of this type (in the case of the placement of such shares).

3.6. The Company may not pay declared dividends on the shares:

- if on the date there are signs of insolvency (bankruptcy) in accordance with the Russian legislation on insolvency (bankruptcy) or if such signs appear in the company as a result of the payment of dividends;
- if, on the date the of payment the net asset value is less than the sum of its charter capital and reserve fund and the excess over the nominal value determined by the company charter liquidation value of outstanding preferred shares (in case of placement of preferred shares) is or becomes less than the rate resulting from the payment of dividends;
- in other cases stipulated by federal laws.

Upon termination of these circumstances the Company shall pay declared dividends to shareholders.

3.7. In the allocation of profits and losses for the fiscal year (including payment (declaration) of dividends) income that distributed as dividends for the first quarter, six and nine months of fiscal year, is not considered.

4 RATE OF DIVIDENDS PAYMENT

4.1. The calculation of the rate of dividends for the fiscal period is as follows.

I. In the event that the conditions specified in Article 3 hereof, the decision on payment of dividends is made taking into account the following criteria followed at a time:

- availability of net profit for the fiscal period;
- availability of net profit for the fiscal period, excluding revaluation of financial investments;
- relationship between debt (in arrears) and EBITDA (calculation is based on the current status of the borrowing policy) is less than three – in the case of violation of this criterion the priority over the payment of dividends is the repayment of borrowed funds.

II. The calculation of the rate of dividends:

$TNP = NP - SCC - PPI - PPR$, where:

TNP – total net profit on dividends;

NP – net profit for the fiscal period (excluding revaluation of financial investments), received by taking into account the established long-term control parameters for the company;

SCC – sum of compulsory contributions to the reserve fund and other funds in accordance with the Charter, the ratio to total payments to the Fund corresponds to a profit share excluding revaluation of financial investments in the total net profit;

PPI – part of the profit directed to investment and development of the company;

PPR – part of the profit directed to repay the losses of previous years from operating activities, if any (*no more than $0,5*(NP - SCC - PPI)$*).

III. If during the financial year there have been significant technological disruption of equipment or the reliability index established as a key performance indicator of the Company underperformed (prevention of outages over the limit number of outages that fall under item 2.1. of Manual on investigation and registry of technological failures in operation of power systems, power plants, boilers, electrical and thermal networks, Regulating Document 153-34.0-20.801-2000, approved by Ministry of Energy 29/12/2000), and decisions have been approved and adopted by the Board of Directors of the Company to implement measures to improve reliability and service quality, then the rate of dividend is declared in consideration of such decisions.

5 SOURCES FOR DIVIDENDS PAYMENT

5.1. In accordance with the applicable legislation of the Russian Federation dividends are paid out of profit after tax (net profit), calculated in accordance with the rules of accounting and financial statements, and are distributed among shareholders in proportion to their existing shares in the relevant category (type). Also, the source may be special funds of the Company for the payment of dividends on preferred shares of the Company under the Company Charter.

5.2. The structure of the distribution of net profit for the fiscal year is allocated to mandatory deductions for the Company in accordance with the Russian legislation, the Charter and internal documents, as well as other areas of its expenditure, including the payment of dividends.

5.3. Members of the Board of Directors of the Company determine the recommended rate of dividends on shares of the Company. CEO of the Company has the right to submit to the Board of Directors his proposals on the distribution of profit of the Company, including dividend payments.

5.4. The rate of dividends paid on ordinary shares is determined by the General Meeting of shareholders on the recommendation of the Board of Directors and can not be larger than the rate recommended by the Board of Directors.

5.5. The rate of the dividend paid on one common share is computed by dividing the total dividend for the payment of common stock, the number of common shares, for which dividends may be assessed under the law.

5.6. The recommended by the Board of Directors rate of interim dividend (dividends declared before the end of the fiscal year based on the results of the first quarter, six months and nine months) is determined in accordance with the following conditions:

- dividends from the current year profit may not exceed the planned value of dividends at year end in accordance with the approved by the Company's Board of Directors business plan for the current year (determined by taking into account the mandatory deductions from income to the funds of the Company in accordance with the Russian legislation, the Charter and internal documents);
- dividends from the profit of past years can not exceed the rate of profit of previous years available to the company (according to the latest financial statements) in respect of which the general meeting of shareholders did not take any decision on its distribution.

6 PROCEDURE FOR DIVIDEND PAYMENT DECISION TAKING

6.1. The decision to declare, pay or no pay dividends, including a decision on the dividend rate, form, timing and manner of its payment for the shares of each category (type), adopted by the General Meeting of Shareholders in accordance with the Charter and on the basis of recommendations of the Board of Directors regarding the dividends. The rate of dividends can not exceed the rate recommended by the Board of Directors.

6.2. The decision to pay dividends on outstanding shares for the financial year is adopted by the Annual General Meeting of Shareholders as part of the decision on distribution of profit of the Company for the financial year.

6.3. The decision to pay dividends on outstanding shares for the first quarter, half year and nine months of fiscal year is adopted by the General Meeting of shareholders as a separate item on the agenda of the General Meeting of Shareholders.

6.4. The recommendations of the Board of Directors and the decision of the General Meeting regarding the payment of dividends shall define:

- category and type of shares on which dividends are declared;
- the dividend rate per share of a particular category and type;
- procedure and timing of dividends payment;
- form of dividends payment.

6.5. The decision on payment (declaration) may be taken in the absence of legally prescribed limits on payment (declaration) of dividends.

7. LIST OF PERSONS, WHO HAVE THE RIGHT TO RECEIVE DIVIDENDS

7.1. The Board of Directors determines the date of making the list of persons entitled to attend the General Meeting of Shareholders. The list of persons entitled to receive dividends shall be made on the date of the list of persons entitled to attend the General Meeting of shareholders at which a decision on dividend payment is taken.

7.2. The list of persons entitled to receive dividends is made by the Company's Registrar by the order of the Company.

7.3. The list of persons entitled to receive dividends includes the following persons:

— shareholders registered in the system of keeping the register of shareholders on the date of the list made;

— other persons (mortgagees, trustees, etc.), registered in the system of keeping the register of shareholders as of the date of the list made, which were transferred the rights to the shares, unless otherwise specified by an agreement of such a person with the shareholder;

— shareholders, in whose interests shares are owned by the nominal holder of securities registered in the system of keeping the register of shareholders on the date of the list made. To make the list of persons entitled to receive dividends, the nominal holder of shares shall submit data on persons on whose behalf he holds shares.

7.4. If the shares are in common ownership, a list of persons entitled to receive dividends, shall include all co-owners of the shares.

7.5. Information about how to receive dividends is contained in the form of the entered in the register person. Responsibility for provision of reliable data for making appropriate changes in the form of the entered in the register person is imposed on the owner of the shares.

7.6. In order to protect shareholders' rights to receive dividends the Company while arranging its relationship with the registrar will make all necessary efforts to establish responsible measures for compliance of the latter with the data submitted for the list of persons entitled to receive dividends, as well as information about how (form) to receive income with data of the register of shareholders of the Company.

7.7. In the case of changes in the list of persons entitled to receive dividends, the Company will require the registrar stating the reasons for making such changes.

7.8. Any shareholder may apply to the Company with a request for information to be included (not included) into the list of persons entitled to receive dividends.

7.9. The Company within five working days from the receipt of the request referred to in item 7.8., shall prepare and send a reply to the shareholder's mailing address if the request does not specify a way for receiving information.

8. PROCEDURES, TERMS AND FORM OF DIVIDENDS PAYMENT

8.1. Time and order of dividends payment is determined by Charter or by the General Meeting of Shareholders.

8.2. Dividends are paid exclusively in monetary assets.

8.3. If the last day of the period of dividend payment falls on a working day, the day of the closing period is considered to be the next working day.

- 8.4. The Company is to pay dividends before the end of the deadline.
- 8.5. The Company may perform the obligation to pay dividends on any day within the prescribed period of payment.
- 8.6. In accordance with Article 196 of the Civil Code of the Russian Federation the period of keeping the accrued but unpaid dividends is 3 years. This term is calculated from the date of termination of dividends payment for the relevant financial year.
- 8.7. Interest on unclaimed dividends is not charged.
- 8.8. Taxation of dividends paid shall be as prescribed by the legislation of the Russian Federation.
- 8.9. Dividend payment is the transfer of the sums of money from the account of the Company to the bank account (mailing address) contained in the system of keeping the register of shareholders of the Company.
- 8.10. The shareholder may at any time to amend the form of a registered person in terms of ways of receiving cash income on shares, specifying the postal address or bank details, which dividends shall be credited by giving the registrar of the company the profile of a registered person with an appropriate order. The registrar within the period of dividends payment provides the Company with updated information. The Company is not responsible for the transfer of dividends to the details of the shareholders, previously known to the Company, if exercised by the Company until it became aware of the updated information.

9. DISCLOSURE OF INFORMATION ON DIVIDEND POLICY

- 9.1. The Company makes the Dividend Policy of IDGC Center and all its amendments thereto constantly available on the Company's website at: <http://www.mrsk-1.ru/>
- 9.2. Information about the decision to pay dividends on the rate, timing, method and form of payment is disclosed in the manner prescribed by the legislation of the Russian Federation.
- 9.3. The materials to be submitted to shareholders for the decision to pay dividends for the general meeting of shareholders shall include information indicating the presence or absence of conditions necessary for the payment of dividends.
- 9.4. The Company shall publish a notice of the decision to pay dividends by placing information on the website of the Company not later than one day after the minutes of the General Meeting of shareholders are made at which an appropriate decision is taken.
- 9.5. The published by the Company notice of the decision to pay dividends, their rate, form, time and manner of payment shall unambiguously and clearly give shareholders representation on these issues. At the same time this notice shall explain shareholders their duty in case of change of bank details and addresses in the form of the entered person in the register of shareholders, as well as the consequences of failure to comply with this duty.

10. THE COMPANY LIABILITY FOR DIVIDENDS NON-PAYMENT

10.1. The Company is to pay dividends in the rate and the deadlines set by the General Meeting of Shareholders and the Company Charter. In case of breach by the Company of its obligations shareholders are entitled to demand payment of dividends declared in a judicial proceeding.

10.2. The Company is not liable for breach of obligations to pay dividends in the absence of correct and complete data on the registered person in the register of shareholders, required to pay (transfer) the dividends to him/her.

11. CLOSING PROVISIONS

11.1. Issues relating to the dividends payment to shareholders of the Company, unregulated by the existing legislation of the Russian Federation, the Charter and these Regulations shall be settled by ensuring the rights and legitimate interests of the shareholders of the Company.

11.2. The provisions are adopted, amended and supplemented by decisions of the Board of Directors of the Company. The decision is adopted in the manner provided by law and/or the Company Charter.

11.3. If as a result of changes to legislation or other regulations of the Russian Federation separate articles of these Regulations come into conflict with them, these articles are repealed, and until changes in the Regulations of the Company are made, they follow the requirements of legislative and regulatory acts of the Russian Federation.