

IDGC of Urals, OAO places a special emphasis on corporate governance assuming that high quality of corporate governance system plays a pivotal role in its activities and finally determines its reputation and investment attractiveness. To ensure top-quality corporate governance and understanding between us and our shareholders we have assumed obligations to adhere to the following fundamental principles of corporate governance in our operations:

- fairness (ensuring equal attitude to all shareholders and providing opportunities for efficient protection in case their rights are violated);
- management accountability (answering to the shareholders for efficient management and proper control over the Company's operations and performance according to the approved decision-taking system);
- transparency and timely information disclosure (disclosing reliable information on Company facts, including its financial status, social and ecological indicators, performance results, shareholding and governance structure as well as free access to information required for all interested parties).

The Company observes the requirements set forth by the Russian legislation on corporate governance. We strive to adhere to the recommendations of the Russian Corporate Governance Code (recommended for use by Russian Federal Securities Commission Decree #421/r dd. 04.04.2002) and the principles of corporate governance approved by the best international practices. For detailed information on the observation of our Corporate Governance Code, please, visit Section "Corporate Governance" at our corporate web-site at: <http://www.mrsk-ural.ru/en/685>.

To ensure shareholder rights for participation in management and decision-taking on vital operating issues there are the following internal documents regulating managing bodies:

- 1 The Charter of IDGC of Urals, OAO (approved by the AGSM on 25.06.2010, protocol #2 dd. 30.06.2010).
- 2 The Regulations on the Procedure for GSM Convention and Arrangement (approved by the GSM resolution, protocol #1829 pr/3 dd. 28.02.2008).
- 3 The Regulations on the Procedure for BoD Convention and Arrangement (approved by the GSM resolution, protocol #1829 pr/3 dd. 28.02.2008).
- 4 The Regulations on the Management Board (approved by the GSM resolution, protocol #1829 pr/3 dd. 28.02.2008).
- 5 The Regulations on the Audit Commission (approved by the GSM resolution, protocol #1865 pr/3).

The Charter and other internal documents regulating our management bodies can be found at Section "Internal Documents" at <http://www.mrsk-ural.ru/en/374>.

According to the Charter our management bodies are the General Shareholder Meeting, Board of Directors, Management Board and General Director. The Audit Commission is a body for controlling financial and operating activities of the Company.

GENERAL SHAREHOLDER MEETING

The supreme management body of IDGC of Urals, OAO is General Shareholder Meeting. The procedure for GSM convention and arrangement is stipulated by the Charter and the Regulations on the Procedure for GSM Convention and Arrangement. Our regular AGSM held on June 25, 2010 (Protocol #2) adopted resolutions on the approval of the Company's annual report, annual accounting statements (including profit and loss statement) and 2009 profit distribution; on the approval of the Charter in a new version; on the election of the BoD and AC members and the auditor. The full version of the AGSM resolution can be found at Section "Corporate Governance" at <http://www.mrsk-ural.ru/en/686>.

BOARD OF DIRECTORS

The BoD administers the Company's activities, except for the issues referred to the GSM competence by the Federal Law "On Joint-Stock Companies" and the Charter. The BoD ensures control over the executive bodies, efficient interaction among the bodies and observation and protection of rights and legitimate shareholder interests. The BoD competence includes decision-taking on the following key issues:

- Determination of priorities and development strategy of the Company;
- Convention of AGSMs and EGSMs as well as announcement of a new GSM date instead of a GSM that failed due to the lack of quorum;
- Approval of GSM agenda;
- Placement of bonds and other equity securities, except for the cases stipulated by the Russian legislation;
- Approval of an issue decision, prospectus, issue report, reports on buy-back, reports on share retirement and reports on buy-back demand;
- Determination of price (monetary appraisal) for property, placement and buy-back prices of issued equities in cases stipulated by the Federal Law "On Joint-Stock Companies";
- Election of the CEO and pre-term termination of the powers, including resolutions on pre-term cancellation of the CEO's labor contract;
- Determination of MB membership, election of MB members, remunerations and compensations paid to the MB members, pre-term termination of the powers, including pre-term termination of their labor contracts;
- Approval of business plans (adjusted business plans), including investment program and completion reports as well as approval (adjustment) of target cash flow indicators;
- Opening of branches and representative offices, their liquidation as well as introduction of amendments regarding opening of branches, representative offices (including alteration of their names and residence) and their liquidation into the Charter;
- Determination of policy aimed at increasing reliability of grids and other grid assets, including approval of strategic programs on increasing reliability of the grids, grid development and security.

The Board of Directors consists of 11 persons. The BoD that functioned prior to June 25, 2010 was elected by the AGSM on June 19, 2009 (protocol #1 dd. 25.06.2009). It consisted of 11 members:

1. Nikolai Nikolayevich SHVETS
Born in 1956
The BoD Chairperson
Education: Military Academy of General Staff (1997), profession: Military History and Strategy.
Since 2009 General Director at Holding IDGC, OAO.
2. Konstantin Vladimirovich SHEVCHENKO
Born in 1977
Education: Drexel University (USA, 1998), profession: Economy and Management.
Since 2006 Director of Moscow representative office of EDM Electricity Distribution Management (Cyprus) Limited.
3. Svetlana Andreevna MURAVYOVA
Born in 1973
Education: Moscow State University (2008), profession: Law.
Since 2006 Head of Corporate Section at Moscow representative office of EDM Electricity Distribution Management (Cyprus) Limited.

* all BoD positions are as of the election date. All BoD members gave written consent, as stipulated by the Russian legislation, on the use of personal information in the annual report.

4. Sergey Nikolayevich POPOVSKY
Born in 1971
Education: Krasnoyarsk Non-ferrous Metals Institute (1993), profession: Survey and Research, CAD software.
Since 2008 Deputy MB Chairperson at Market Council, NP.
5. Valery Mukhamedovich SHOGENOV
Born in 1981
Education: International University (Moscow, 2002), profession: Law.
Since 2008 Deputy Department Director at Russian Ministry for Energy.
6. Sergey Nikolayevich IVANOV
Born in 1961
Education: Moscow Engineer Physical Institute (1984), profession: Theoretical nucleonics.
Since 2008 First Deputy MB Chairperson at FSK UES, OAO.
7. Petr Mikhailovich EROKHIN
Born in 1946
Education: Urals Polytechnics University (1969), profession: Energy systems and grids.
Since 2002 General Director of the Urals ODM branch of SO UES, OAO.
8. Valery Nikolayevich RODIN
Born in 1952
Education: Urals Polytechnics Institute (1974), profession: Thermal Plants.
Since 2009 General Director at IDGC of Urals, OAO.
Share in the charter capital – 0.0081%.
9. Andrei Borisovich LUKIN
Born in 1970
Education: Saint Petersburg State Technical University (1994), profession: Electromechanics. Electric units.
Till 2009 Director (Head) of Strategy and Development Center at Holding IDGC, OAO.
10. Yuri Nikolayevich PANKSTYANOV
Born in 1980
Education: State University of Management (2002), profession: Management.
Since 2008 Head of Tariff Department at Holding IDGC, OAO.
11. Aleksey Vladimirovich DEMIDOV
Born in 1976
Education: Saint Petersburg Institute for Trading and Economics (1998), profession: Accounting and Audit.
Since 2009 Deputy General Director for Economics and Finance at Holding IDGC, OAO.

The AGSM, held on June 25, 2010, elected the following BoD consisting of 11 members:

1. Aleksey Vladimirovich DEMIDOV
Born in 1976
The BoD Chairperson
Education: Saint Petersburg Institute for Trading and Economics (1998), profession: Accounting and Audit.
Since 2009 Deputy General Director for Economics and Finance at Holding IDGC, OAO.
Share in the charter capital - none.
2. Valery Mukhamedovich SHOGENOV
Born in 1981
Education: International University (Moscow, 2002), profession: Law.
Since 2008 Deputy Department Director at Russian Ministry for Energy.
Share in the charter capital - none.
3. Petr Mikhailovich EROKHIN
Born in 1946
Education: Urals Polytechnics University (1969), profession: Energy systems and grids.
Since 2002 General Director of the Urals ODM branch of SO UES, OAO.
Share in the charter capital - none.

4. Valery Nikolayevich RODIN
Born in 1952
Education: Urals Polytechnics Institute (1974), profession: Thermal Plants.
Since 2009 up to present General Director at IDGC of Urals, OAO.
Share in the charter capital – 0.0081%.
5. Maksim Mikhailovich SAUKH
Born in 1979
Education: Saint Petersburg Humanitarian University of Trade Unions (2001), profession: Law.
Since 2008 Deputy Head of Corporate Governance and Shareholder Relations Department at IDGC Holding, OAO.
Share in the charter capital - none.
6. Sergey Sergeevich EZIMOV
Born in 1982
Education: Moscow State International Relations Institute (2004).
Since 2006 Portfolio advisor at the branch of Wermuth Asset Management GmbH, OOO.
Share in the charter capital – 0.003%.
7. Pavel Vladilenovich GOLUBEV
Born in 1962
Education: Omsk Polytechnic Institute (1984), profession: Electrician.
Since 2008 Head of Exploitation, Repairs and Maintenance Department at IDGC Holding, OAO
Share in the charter capital - none.
8. Mikhail Viktorovich AZOVTSEV
Born in 1978
Education: State University – High School of Economics (2002).
Since 2004 Head of M&A Department at Integrated Energy Systems, ZAO.
Share in the charter capital - none.
9. Aleksei Veniaminovich BELSKY
Born in 1976
Education: Udmurt State University (1998), profession: Law.
Since 2007 Head of Corporate Secretary Directorate at Integrated Energy Systems, ZAO.
Share in the charter capital - none.
10. Sergey Vyacheslavovich VASILYEV
Born in 1975
Education: Lomonosov Moscow State University (1997), profession: Law.
Since 2008 Director for Legal Affairs, Head of Legal Department at IDGC Holding, OAO.
Share in the charter capital - none.
11. Konstantin Yuryevich PETUKHOV
Born in 1971
Education: Altai State Technical University (1997).
Since 2008 Director for Strategy and Development at IDGC Holding, OAO.
Share in the charter capital - none.

The BoD members performed no transactions on share acquisition or alienation during the reported period. To ensure the objectivity of adopted resolutions and balance of interest expressed by different shareholder groups the Company strives to have at least 3 (Three) independent directors. The BoD sessions are arranged on a regular basis but no less than once a month.

In 2010 there were 16 BoD sessions. Among the most important resolutions adopted by the BoD in 2010 the following resolutions should be emphasized:

- Approval of our 2010 business plan, including investment program (Protocol #67 dd. 07.04.2010);
- Approval of the Company's Insurance Coverage Program for 2010 (Protocol #68 dd. 04.05.2010)
- Approval of the Company's collective agreement for 2010-2011 (Protocol #70 dd. 07.06.2010)
- Approval of the Risk Management Policy and Internal Control Policy (Protocol #70 dd. 07.06.2010)
- Election of new Committees' membership (Protocol #72 dd. 03.08.2010);
- Approval of the Regulations on Dividend Policy (Protocol #73 dd. 03.09.2010)
- Election of a new registrar (Protocol #77 dd. 29.11.2010)

* all BoD positions are as of the election date. All BoD members gave written consent, as stipulated by the Russian legislation, on the use of personal information in the annual report.

- Approval of participation in the Union of Energy Auditors and Energy Service Companies, NP (Protocol #75 dd. 22.10.2010) and Market council arranging effective system of energy wholesale and retail (Protocol #78 dd. 29.12.2010)
- Foundation of a 100% subsidiary – Energy Service Company of the Urals, OAO (Protocol #78 dd. 29.12.2010)

The BoD also regularly reviews CEO's reports on various issues and the execution of BoD resolutions. In 2010 the BoD approved 47 interested-party transactions. The review of such transactions is disclosed in the Appendix to the report. There were no transactions acknowledged by the Federal Law "On Joint-Stock Companies" as major as well as other transactions which are, under the Charter, subject to major transaction approval procedure in 2010.

Criteria determining the amount and payment frequency of the BoD remunerations as well as the amount of BoD-related expense compensation are determined by the Regulations on Remunerations and Compensations paid to the BoD members approved by the AGSM on 30.04.2008. According to the Regulations BoD remuneration consists of fixed and variable parts and includes 3 payment categories:

- 1 For each BoD session in which a BoD member participated (individual work). Participating in an extramural session, a BoD member earns 8 minimum monthly tariff rates of a 1st grade worker, stipulated by the sector tariff agreement, as of session date (intramural session - 10 tariff rates). The BoD Chairperson remuneration increases by 50%.
- 2 Additional remuneration for net profit according to RAS statements, approved by the AGSM.
- 3 Additional remuneration for capitalization increase, occurred during the BoD terms of office.

Total remunerations, paid to the BoD members in 2010, totaled RUR 4 885 656, including the BoD, active prior to the AGSM, held on June 25, 2010 – RUR 2 451 696 (13% personal income tax – RUR 318 720.48) and the BoD, active after June 25, 2010 – RUR 2 433 960 (13% personal income tax – RUR 316 414.8).

BOD COMMITTEES

The Committees are consultative bodies enabling efficient company governance by the BoD. The Committees act according to the Regulations stipulating their status, aims and goals, rights and liabilities, structure and membership. In their activities the Committees adhere to federal laws, other Russian regulatory documents, the Charter, the Regulations on the Procedure for BoD Convention and Arrangement and BoD resolutions.

As of 31.12.2010 IDGC of Urals, OAO has the Audit Committee, Personnel and Remuneration Committee, Strategy and Development Committee, Reliability Committee and Connection Committee.

The Audit Committee (the membership was elected on 03.08.2010)

It elaborates recommendations and proposals for the BoD that are related to arrangement of audit, revealing and prevention of situations enabling the occurrence of financial and operating risks. The Committee analyses the Company's financial statements and external audit results for compliance with the Russian legislation, Russian and international standards. The membership of the Committee is determined by a BoD resolution and totals 5 (Five) persons. In 2010 there were 3 sessions.

The current membership is as follows:

1. Aleksey Vladimirovich DEMIDOV
The Chairperson, a BoD member of IDGC of Urals, OAO, Deputy General Director for Economics and Finance at IDGC Holding, OAO
2. Maksim Mikhailovich SAUKH
a BoD member of IDGC of Urals, OAO, Deputy Head of Corporate Governance and Shareholder Relations Department at IDGC Holding, OAO
3. Konstantin Yuryevich PETUKHOV
a BoD member of IDGC of Urals, OAO, Director for Strategy and Development at IDGC Holding, OAO
4. Mikhail Viktorovich AZOVTSEV
a BoD member of IDGC of Urals, OAO, Head of M&A Department at Integrated Energy Systems, ZAO

5. Sergey Sergeevich EZIMOV
a BoD member of IDGC of Urals, OAO, Portfolio adviser at Wermuth Asset Management GmbH, OOO

Resolutions adopted by the Committee can be found at Section "Corporate Governance":
– <http://www.mrsk-ural.ru/en/689>.

The Personnel and Remuneration Committee (the membership was elected on 03.08.2010)

It assists the BoD in solving personnel, social and corporate governance issues. The key goal of the Committee is to involve highly-skilled workers in governance and create impetus required for best performance. The membership of the Committee is determined by a BoD resolution and totals 6 (Six) persons. In 2010 there were 6 sessions.

The current membership is as follows:

1. Andrey Valeryevich CHIGRIN
The Chairperson, Head of HR Department at IDGC Holding, OAO
2. Natalya Ilyinichna ERPSHER
Head of Organization Development Directorate at IDGC Holding, OAO
3. Aleksey Alekseevich KRASNIKOV
Deputy General Director for Security and Controlling at IDGC of Urals, OAO
4. Maksim Mikhailovich SAUKH
a BoD member of IDGC of Urals, OAO, Deputy Head of Corporate Governance and Shareholder Relations Department at IDGC Holding, OAO
5. Svetlana Andreevna MURAVYOVA
Head of Corporate Department at AKARI, OOO
6. Konstantin Mikhailovich YUSHKOV
Investment advisor at Wermuth Asset Management GmbH, OOO

Resolutions adopted by the Committee can be found at Section "Corporate Governance":
– <http://www.mrsk-ural.ru/en/689>.

The Strategy and Development Committee (the membership was elected on 03.08.2010)

It plays a leading role in the determination of strategic aims, priorities, evaluation of the Company's long-term efficiency and preparation of recommendations on strategy update. The membership of the Committee is determined by a BoD resolution and totals 8 (Eight) persons. In 2010 there were 10 sessions.

The current membership is as follows:

1. Konstantin Yuryevich PETUKHOV
The Chairperson, a BoD member of IDGC of Urals, OAO, Director for Strategy and Development at IDGC Holding, OAO
2. Svetlana Aleksandrovna BALAEVA
Head of Investment Department at IDGC Holding, OAO
3. Yury Veniaminovich ADLER
Head of Section for Standards and Methodology of Corporate Governance and Shareholder Relations Department at IDGC Holding, OAO
4. Svetlana Sergeevna SOLOMATINA
Leading expert of Strategy and Development Center at IDGC Holding, OAO
5. Valery Mukhamedovich SHOGENOV
Deputy Department Director at Russian Ministry of Energy
6. Valery Nikolayevich RODIN
General Director at IDGC of Urals, OAO
7. Dmitry Sergeevich FEDOROV
Investment analyst at Lider Infrastructura, OOO
8. Nikolai Vladimirovich GORSHKOV

General Director at Chelyabenergosetremont, OAO

Resolutions adopted by the Committee can be found at Section "Corporate Governance":
— <http://www.mrsk-ural.ru/en/689>

The Reliability Committee (the membership was elected on 03.08.2010)

It prepares and submits recommendations (conclusions) to the BoD and executive body on the evaluation of technical departments, completeness and adequacy of measures taken after incidents and large technological interruptions as well as control over their execution. The membership of the Committee is determined by a BoD resolution and totals 7 (Seven) persons. In 2010 there were 4 sessions.

The current membership is as follows:

1. Sergey Borisovich VASILYEV
The Chairperson, Deputy Head of Productive Control and Labor Protection Directorate at IDGC Holding, OAO
2. Yury Vyacheslavovich LEBEDEV
A MB member, Deputy General Director for Technical Issues - Chief Operating Officer at IDGC of Urals, OAO
3. Yulia Vladimirovna DOBAKHYANTS
Head of Section for Operating and Technological Management Development at Operating and Technological Management Department at IDGC Holding, OAO
4. Aleksandr Mikhailovich ERMAKOV
Head of Section for Grid Construction at Capital Construction Department at IDGC Holding, OAO
5. Dmitry Sergeevich FEDOROV
Investment analyst at Lider Infrastructura, OOO
6. Dmitry Valeryevich BELOSLUDTSEV
Engineer for EC Documentation Coordination at Gazpromneft-Chelyabinsk, OOO
7. Aleksandr Nikolayevich FILINKOV
Mode Management Director - Chief Dispatcher at SO UES ODM of Urals, OAO

Resolutions adopted by the Committee can be found at Section "Corporate Governance":
— <http://www.mrsk-ural.ru/en/689>

The Connection Committee (the membership was elected on 03.08.2010)

It ensures transparency and non-discriminatory access to connection services. The membership of the Committee is determined by a BoD resolution and totals 7 (Seven) persons. In 2010 there were 2 sessions.

The current membership is as follows:

1. Sergey Sergeevich EZIMOV
The Chairperson, a BoD member of IDGC of Urals, OAO, Portfolio adviser at Wermuth Asset Management GmbH, OOO
2. Sergey Mikhailovich ZOLOTAREV
Deputy General Director for Development and Sales at IDGC of Urals, OAO
3. Aleksey Vladimirovich SANIN
Head of Legal Department at IDGC of Urals, OAO
4. Sergey Aleksandrovich SEMERIKOV
Deputy General Director at IDGC Holding, OAO
5. Gennady Feliksovich BINKO
Deputy General Director at IDGC Holding, OAO
6. Dmitry Aleksandrovich IVANOV
Director for Technologies Development, Dispatcher Directorate, branch of SO UES ODM of Urals, OAO
7. Dmitry Sergeevich FEDOROV
Investment analyst at Lider Infrastructura, OOO

Resolutions adopted by the Committee can be found at Section "Corporate Governance":
— <http://www.mrsk-ural.ru/en/689>

MANAGEMENT BOARD

The collegiate executive body acts under the Charter and our internal document, approved by a GSM, the Regulations on the Management Board which stipulates the terms and procedure for MB convention and arrangement as well as decision-taking. The Management Board administers the current company operations and is responsible to the BoD and GSM. The Management Board consists of the most competent and experienced specialists able to properly perform their duties. The MB Chairperson is the General Director.

There were no changes in the MB membership during the reported period.

1. Valery Nikolayevich RODIN
Born in 1952
The Chairperson, General Director of IDGC of Urals, OAO.
Education: Urals Polytechnics Institute (1974), profession: Thermal Plants.
Share in the charter capital – 0.0081%.
2. Yury Vyacheslavovich LEBEDEV
Born in 1963
Deputy General Director for Technical Issues - Chief Operating Officer.
Education: Ivanov Energy Institute (1985), profession: Industrial and Transmission Automation.
Share in the charter capital - none.
3. Evgeny Gennadyevich POPOV
Born in 1959
Deputy General Director for Corporate Governance.
Education: Urals Polytechnics Institute (1983), profession: Technical Physics.
Share in the charter capital - none.
4. Olga Mikhailovna ABROSIMOVA
Born in 1953
Chief Accountant
Education: Urals Polytechnics Institute (1995), profession: Management and Economics in companies.
Share in the charter capital – 0.000947%.
5. Aleksey Alekseevich KRASNIKOV
Born in 1950
Deputy General Director for Security and Controlling.
Education: Sverdlovsk Law Institute (1972), MVD Academy.
Share in the charter capital - none.
6. Sergey Aleksandrovich SEMERIKOV
Born in 1979
Deputy General Director for Capital Construction.
Education: UGTU – UPI (2001), profession: Project Management.
Share in the charter capital - none.
7. Sergey Mikhailovich ZOLOTAREV
Born in 1966
Deputy General Director for Development and Sales.
Education: Chelyabinsk Polytechnics Institute (1988), profession: Energy supply of industrial companies, settlements and agriculture.
Share in the charter capital - none.
8. Oleg Borisovich MOSHINSKY
Born in 1969
Deputy General Director – Sverdlovenergo director.
Education: Urals Polytechnics Institute (1991), profession: Energy Systems.
Share in the charter capital – 0.00000128%.

* All MB members gave written consent, as stipulated by the Russian legislation, on the use of personal information in the annual report.

9. Oleg Mikhailovich ZHDANOV
Born in 1959
Deputy General Director – Permenergo director.
Education: Perm Polytechnics Institute (1981), profession: Chemical and Technological Processes Automation.
Share in the charter capital - none.

10. Igor Vladimirovich BUTAKOV
Born in 1961
Deputy General Director – Chelyabenergo director.
Education: Chelyabinsk Institute for Agricultural Automation and Electrification (1983).
Share in the charter capital - none.

The MB members performed no transactions on share acquisition or alienation during the reported period. According to the Charter, employer's rights and liabilities, on behalf of the Company, in regard to the MB members are performed by the BoD or a person authorized by the BoD. Conditions of labor contracts (including remuneration), concluded with the MB members in the name of the Board of Directors, are determined by Valery Nikolayevich RODIN. No remuneration is paid to the MB members for MB session participation.

GENERAL DIRECTOR

Operating control is administered by the sole executive body – the General Director. His competence includes all current operating issues, except for issues referred to the competence of the GSM, Board of Directors and Management Board.

Valery Nikolayevich RODIN, the General Director, entered the office on March 30, 2009 on the basis of the BoD resolution (Protocol #52 dd. 27.03.2009). His powers were prolonged and he was reappointed by the BoD resolution adopted on 29.03.2010 (Protocol #66 dd. 29.03.2010).

The CEO's remuneration, according to item 18.6. of the Charter, is determined by the contract concluded between him and the Company. The conditions of the labor contract are approved by the BoD. The CEO's share in the Charter capital totals 0.0081%. There were no transactions on acquisition or alienation of shares during the reported period.

AUDIT COMMISSION

Financial operations of IDGC of Urals, OAO are controlled by the Audit Commission, according to item 24.1 of the Charter. The membership is 5 (Five) persons.



During the reported period the membership of the Audit Commission, elected by the AGSM on June 25, 2010, was as follows:

1. Lyudmila Dmitrievna KORMUSHKINA
Head of Audit Section at Internal Audit Department at IDGC Holding, OAO
2. Izumrud Aligadzhievna ALIMURADOVA
Head of Internal Audit Department at IDGC Holding, OAO
3. Irina Aleksandrovna PHILIPPOVA
Leading expert of Audit Section at Internal Audit Department at IDGC Holding, OAO
4. Tatyana Aleksandrovna SELIVERSTOVA
Head of Equity Section at Corporate Governance and Shareholder Relations Department at IDGC Holding, OAO
5. Vladimir Nikolayevich ARKHIPOV
First Deputy Head of Security Department at IDGC Holding, OAO

The Audit Commission covers the following spheres:

- Audit of financial and operating documentation, including initial accounting documents (if required);
- Audit of the legality of resolutions and performance of the executive bodies, including concluded contracts and completed transactions;
- Audit of the compliance of transactions' conditions with the conditions of transactions made under the comparable circumstances;
- Analysis of the compliance of the accounting policy with the current regulatory documents;
- Analysis of the financial status and detection of reserves for improving economic situation;
- Analysis of timeliness and correctness of payments to contractors, various budgets, shareholders and other creditors;
- Analysis of payments of debtors, including timeliness and adequacy of measures taken by the executive bodies;
- Other activities under the AC competence.

AC remuneration and payment procedure are determined by the Regulations on Remunerations and Compensations paid to the AC members, approved by the Company's GSM.

EXTERNAL AUDITOR

In 2010 a nominee for an auditor position was selected by the Holding's audit tender commission. The commission recommended the following auditor company as our auditor – Fineart-Audit, OOO. Afterwards it was approved by the AGSM as the auditor for 2010. The cost of 2010 statement audit totaled RUR 1 921 429.4, including 18%VAT.

CONTROL OVER OUR SUBSIDIARY AND ASSOCIATED COMPANIES

While managing our subsidiary and associated companies, we strive to optimize our assets reducing stakes in non-core and inefficient businesses as well as businesses unable to be consolidated for further enterprise value growth. Thus, in 2010 we completed restructuring of Permenergotrans, OOO (in the form of its transformation into Uralenergotrans, OOO) and subsequent merger of Urals Transport Company, OOO, Chelyabinsk Autotransport Company, OOO and Perm Autotransport Company, OOO into it during the creation of the united autotransport company. Uralenergotrans, OOO in 2011 will develop according to the break-even plans of the merged company. In 2010 we also withdrew from Sverdlovenergozhystroi, OAO due to its liquidation. Our subsidiary and associated companies are as follows:

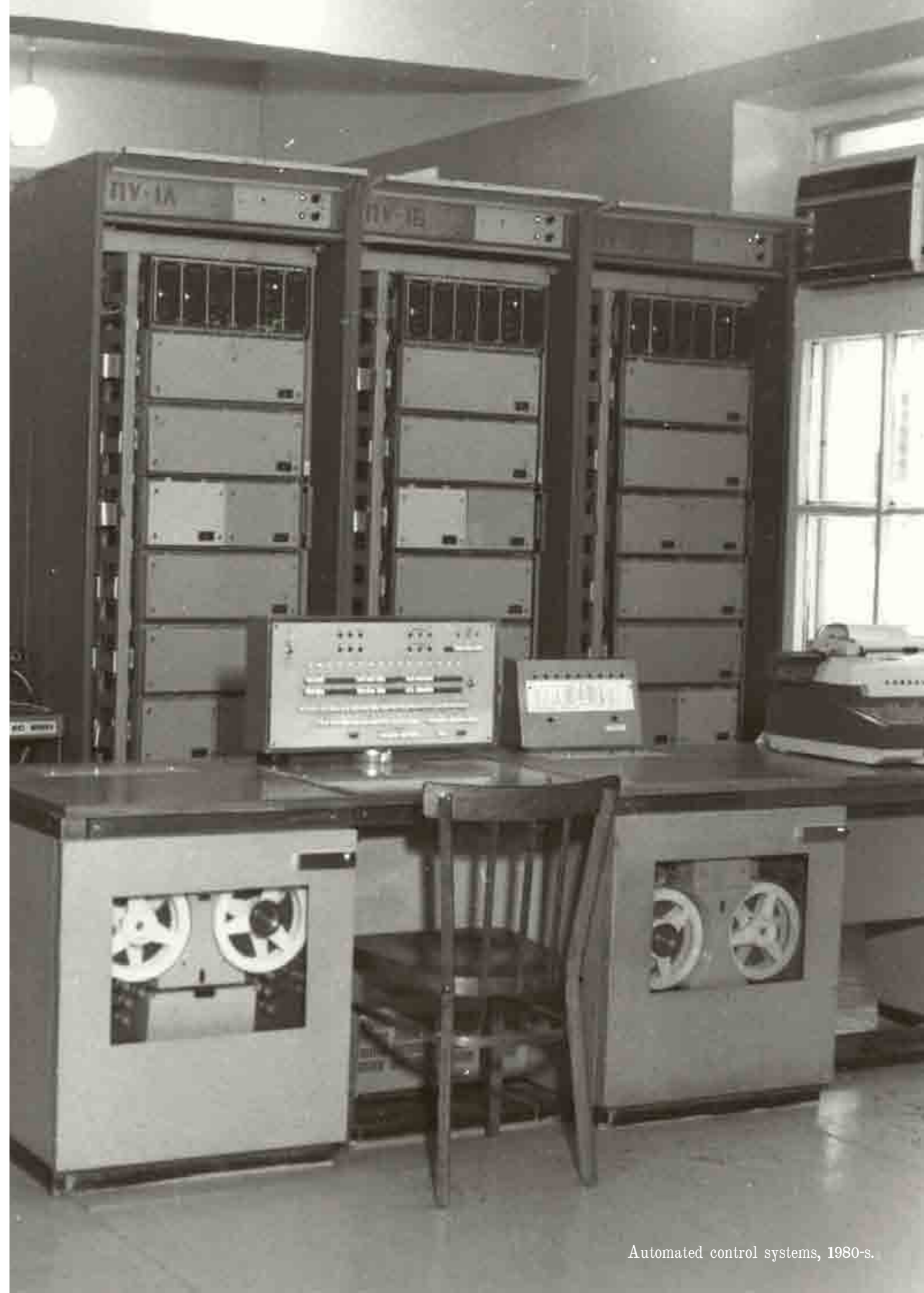
*All AC positions are as of the election date.

Our subsidiary and associated companies are as follows:

Name	Location	Main business lines	Share in the charter capital
Ekaterinburg Grid Company, OAO (EESK, OAO)	1 Ulitsa Borisa Eltsyna, Ekaterinburg	Energy transmission and distribution	91,04%
Ekaterinburgenergosbyt, OAO	48 Ulitsa Surikova, Ekaterinburg	Energy purchase of sales on wholesale and retail markets	91,04%
Uralenergotrans, OOO	140 Ulitsa Mamina Sibiryaka, Ekaterinburg	Transportation services	100%
Security Service Permenergo, OOO	3 Komsomolsky Prospect, Perm	Security services	100%
Permelektrosetremont, OAO	38 Ulitsa Geroev Hasana, Perm	Repair of electric equipment	100%
Insurance company Privat-Energostrakh, ZAO	48 Komsomolsky Prospect, Perm	Insurance services	99,87%
Kurganenergo, OAO	40 Ulitsa Lenina, Kurgan	Energy transmission and distribution	49%
Managing Company Energofinance, ZAO	2 Ulitsa Sibirskaya, Perm	<i>Under removal from the United State Register of Legal Services</i>	45%

Other financial investments are as follows:

Name	Location	Main business lines	Share in the charter capital
OGK-2, OAO	Solnechnodolsk, the Stavropol region	Thermal power and energy production	0,000567%
TGK-9, OAO	48 Komsomolsky Prospect, Perm	Thermal power and energy production	0,004150
Sverdlovenergosbyt, OAO	92 Ulitsa Kuznechnaya, Ekaterinburg	Energy purchase of sales on wholesale and retail markets	0,01738
FSK UES, OAO	5a Ulitsa Akademika Chalomeya, Moscow	Energy transmission and distribution	0,000054
Insurance company The Rings of the Urals, OOO	3 Ulitsa Marshala Zhukova, Ekaterinburg	Inactive	7,4037
Perm Airlines, OAO	47 Ulitsa Kuibysheva, Perm	Inactive	10
Uralenergostroi, OAO	97a Prospect Lenina, Ekaterinburg	Inactive, under bankruptcy process	5,73



Automated control systems, 1980-s.