

MINUTES
of the Meeting of the Board of Directors

December 28, 2009

No. 27

Moscow

Chairman of the Board of Directors of JSC IDGC Holding S. I. Shmatko

Present were:

- members of the Board of Directors: N. N. Shvets, G. F. Binko, V. M. Kravchenko, V. V. Kudryavy, S. Remes, S. V. Serebryannikov, V. V. Tatsiy, and D. V. Fedorov;

- members of the Board of Directors S. V. Maslov, O. V. Surikov, and V. N. Titov provided their written opinions on the items on the agenda of the meeting;

- responsible officers of JSC IDGC Holding:

A. V. Demidov, A. Yu. Perepyolkin, A. V. Sannikov, S. V. Vasilyev, A. V. Sergutin, O. V. Shilovskaya, A. A. Zakharov, I. N. Sukharnikova, and I. V. Yurova;

- Deputy Director General of OAO IDGC of the North Caucasus A. V. Danielyan.

Members of the Board of Directors of JSC IDGC Holding E. V. Dod, M. Yu. Kurbatov, and P. O. Shatsky did not participate in the voting.

Secretary of the Board of Directors S. I. Kozlov.

Of the 15 elected members of the Board of Directors of JSC IDGC Holding, nine attended the meeting.

Three members of the Board of Directors sent their written opinions.

The meeting of the Board of Directors of JSC IDGC Holding had a quorum.

Agenda

1. Review of the report of the Director General of JSC IDGC Holding on the Company's financial and economic activities based on the performance results for the nine months of 2009.

2. Report on the implementation of the JSC IDGC Holding Cost Budget for the nine months of 2009 with cost reduction measures taken into account.

3. Review of the report on the implementation of the consolidated investment program of JSC IDGC Holding for the nine months of 2009.

4. Approval of the expense budget of the JSC IDGC Holding executive arm for 2010.

5. Composition of the Management Board of JSC IDGC Holding.

6. Approval of the agreement for services in relation to access to the intranet to be entered into by and between JSC IDGC Holding and Energy Forecasting Agency Closed Joint-Stock Company, which is a related party transaction.

7. Support for the work of the Commission on the Development of the Concept for Enhancing Reliability in the Electric Power Industry.

8. Defining of the position of JSC IDGC Holding (representatives of JSC IDGC Holding) on the items on the agenda of a meeting of the Board of Directors OAO IDGC of the North Caucasus.

9. Review of the consolidated adjusted investment program of JSC IDGC Holding for 2009.

10. Approval of the List of Key Performance Indicators for the Director General of the Company.

1. THE FOLLOWING PERSON WAS HEARD:

N. N. Shvets

Review of the report of the Director General of JSC IDGC Holding on the Company's financial and economic activities based on the performance results for the nine months of 2009.

THE FOLLOWING PERSONS REPORTED:

S. I. Shmatko, V. V. Kudryavy, S. Remes, D. V. Fedorov, A. V. Demidov, S. Yu. Svetlitsky, G. F. Binko

Based on the performance results for the nine months of 2009, the subsidiaries and dependent companies of JSC IDGC Holding received total revenues (including connection fee revenues) of 314,772 million rubles, or 99.9% of the target figure.

The cost price of electricity transmission was 278,729 million rubles, or 94% of the target figure. Cost price-based cost saving totaled 18.6 billion rubles, including 6.9 billion rubles of deferred saving.

JSC IDGC Holding's aggregate net profit for the nine months of 2009 was 7.6 billion rubles, while a loss of 5.0 billion rubles had been planned. This amount includes the Company's operating loss of 0.1 billion rubles, with planned operating loss equal to 9.9 billion rubles. The better than planned result was primarily due to cost price-based saving through both cost reduction measures and the deferral of some costs to the 4th quarter.

The net profit margin for the nine months of 2009 reached 2.4%, with the target figure of minus 1.6%.

The Company's capital investments were seen to be unevenly distributed to different constituent entities of the Russian Federation.

The financial condition of JSC IDGC Holding's companies is moderately stable; it is necessary to reduce their receivables to payables ratio and optimize their debt portfolio.

IT WAS RESOLVED AS FOLLOWS:

1.1. The report of the Director General of JSC IDGC Holding on the Company's financial and economic activities based on the performance results for the nine months of 2009 shall be taken note of (Appendix 1).

1.2. Director General of JSC IDGC Holding N. N. Shvets shall:

1.2.1. As part of implementing Directive of the Government of the Russian Federation No. ISh-P9-7288 of December 11, 2009, submit to the Company's Board of Directors a draft strategy of JSC IDGC Holding including the defining of the Company's role and goals in the distribution grid sector, proposals regarding principles for enhancing the operating efficiency and regarding the optimization of current expenses and cost reduction for JSC IDGC Holding and its electric grid subsidiaries, and proposals for streamlining the management of JSC IDGC Holding and eliminating any possible overlapping functions of the holding company and its subsidiaries. While mapping out the strategy, work out and submit proposals for regional tariff design and alignment of electricity transmission tariffs.

1.2.2. Submit for review by a meeting of the Company's Board of Directors a report on the Company's financial and economic activities for 2009 with more detailed information about economic activities, including wear and tear of the Company's equipment and its primary risks associated therewith.

Approved unanimously.

2. THE FOLLOWING PERSON WAS HEARD:

A. V. Demidov

Report on the implementation of the JSC IDGC Holding Cost Budget for the nine months of 2009 with cost reduction measures taken into account.

THE FOLLOWING PERSONS REPORTED:

S. I. Shmatko, V. V. Kudryavy, S. Yu. Svetlitsky, S. Remes

IT WAS RESOLVED AS FOLLOWS:

The report on the implementation of the JSC IDGC Holding Cost Budget for the nine months of 2009 with cost reduction measures taken into account shall be taken note of (Appendix 2).

Approved unanimously.

The members of the Board of Directors present at the meeting agreed unanimously to the motion put forward by S. I. Shmatko that certain changes be made to the procedure for considering the items on the agenda of the meeting:

- since Items 2 and 4 and Items 3 and 9, respectively, are related to each other, these items shall be addressed accordingly.

3. THE FOLLOWING PERSON WAS HEARD:

A. V. Demidov

Approval of the expense budget of the JSC IDGC Holding executive arm for 2010

THE FOLLOWING PERSONS REPORTED:

V. M. Kravchenko, V. V. Kudryavy, G. F. Binko, S. Yu. Svetlitsky, S. Remes

IT WAS RESOLVED AS FOLLOWS:

3.1. The expense budget of the JSC IDGC Holding executive arm for 2010 shall be approved (Appendix 3).

3.2. Director General of JSC IDGC Holding N. N. Shvets shall:

3.2.1. Submit for consideration by an in-person meeting of the Company's Board of Directors the issue related to additional justification for expenses of consultancy services broken down into groups of services;

3.2.2. As part of implementing the JSC IDGC Holding program of long-term development, work on the issue related to the Company's dividend policy and submit it for consideration by a meeting of the Board of Directors of JSC IDGC Holding as it is prepared.

Approved unanimously.

On the motion put forward by Chairman of the Company's Board of Directors S. I. Shmatko, as it was not possible for him to be present at considering any further issues, with the consent of the members of the Company's Board of Directors, member of the Board of Directors V. V. Kudryavy continued to conduct and chair the meeting.

4. THE FOLLOWING PERSON WAS HEARD:

A. V. Sannikov

Review of the report on the implementation of the consolidated investment program of JSC IDGC Holding for the nine months of 2009.

THE FOLLOWING PERSONS REPORTED:

V. V. Kudryavy, V. M. Kravchenko, S. Yu. Svetlitsky, N. N. Shvets

The Company's consolidated investment program for 2009 and the scheduled periods of 2010–2011 was approved by the Board of Directors on August 31, 2009 (Minutes of the Meeting No. 22 dated August 31, 2009).

The capital investment amount planned to be spent under the consolidated investment program of JSC IDGC Holding in 2009 is 92,368 million rubles, inclusive of VAT; the amount spent for the nine months of 2009 was 51,695 million rubles, inclusive of VAT, or 56% of the annual target figure or 94.5% of the nine months' target figure.

The capital investment amount planned to be financed under the consolidated investment program of JSC IDGC Holding in 2009 is 83,160 million rubles, inclusive of VAT; the amount financed for the nine months of 2009 was 51,006 million rubles, inclusive of VAT, or 61.3% of the annual target figure or 91.4% of the nine months' target figure.

With the annual commissioning plan of 7,403 kilometers and 6,578 MVA, 4,483 kilometers and 2,787 MVA of capital assets were put into operation for the nine months of 2009, or 60.6% and 42.4% of the annual target figure respectively or 119.9% and 149.4% of the nine months' target figure respectively.

In addition, the 2009 consolidated investment program of JSC IDGC Holding contains:

- a program worth 2,921 million rubles financed from the federal budget to develop electric networks in the Sochi region for 2008–2014 to ensure the operation of Olympic Games facilities;
- work worth 1,343 million rubles financed from Transneft connection fees to supply electricity to booster stations of Baltic Pipeline System 2 (without Booster Station 5);
- work worth 16,000 million rubles financed from government-backed loans to provide connection services on preferential terms for small and medium-sized businesses.

The implementation of additional items of the investment program will take place in the 4th quarter of 2009 if the appropriate sources of financing are available for the performance of the work specified above.

In all, with the total capital investment amount of 112,632 million rubles, inclusive of VAT, planned for 2009 under the consolidated investment program of JSC IDGC Holding, the actual amount was 56% of the annual target figure (or 46% with additional investment work taken into account) and 94.5% of the 2009 nine months' target figure.

IT WAS RESOLVED AS FOLLOWS:

The report on the implementation of the consolidated investment program of JSC IDGC Holding for the nine months of 2009 (Appendix 4) shall be taken note of.

Approved unanimously.

5. THE FOLLOWING PERSON WAS HEARD:

A. V. Sannikov

Review of the consolidated adjusted investment program of JSC IDGC Holding for 2009.

THE FOLLOWING PERSONS REPORTED:

V. V. Kudryavy, V. M. Kravchenko, S. Yu. Svetlitsky, N. N. Shvets

Subparagraph 29 of paragraph 11.1 of the restated version of the JSC IDGC Holding Articles of Association specifies that the review of the Company's consolidated investment program falls within the competence of the Board of Directors.

Adjustments to the 2009 consolidated investment program of JSC IDGC Holding are mainly due to the changed economic environment. Primary reasons are late financing resulting from reduced net electricity delivery, nonpayments by power retailers and electricity consumers, and complicated borrowing for the JSC IDGC Holding subsidiaries and dependent companies that are heavily in debt.

In addition, adjusted (excluded) were the additional investment expenditures that were not backed by sources of financing:

- since no agreement was signed with Transneft for connection of booster stations of Baltic Pipeline System 2 (without Booster Station 5), this project was excluded from the consolidated investment program of JSC IDGC Holding for 2009;

- since no government backing was available for loans to be obtained by JSC IDGC Holding subsidiaries and dependent companies to finance the program of connection services on preferential terms for small and medium-sized businesses, this source of financing was excluded from the consolidated adjusted investment program of JSC IDGC Holding for 2009.

Details of the consolidated adjusted investment program of JSC IDGC Holding for 2009:

- capital investment of 86.7 billion rubles, inclusive of VAT, to be spent;
- capital investment of 70.4 billion rubles, inclusive of VAT, to be financed;
- commissioning of new facilities of 76.3 billion rubles;
 - 8,070 MVA;
 - 8,156 kilometers.

IT WAS RESOLVED AS FOLLOWS:

The information about the implementation of the consolidated investment program of JSC IDGC Holding for 2009 shall be taken note of without being

adjusted (Appendix 5). It shall be noted that there were objective reasons for the incomplete implementation of the consolidated investment program. The evaluation of achieving the Key Performance Indicators (KPI) of the Company's Director General shall take account of these circumstances as grounds for not reducing the bonus amount based on the implementation of the consolidated investment program.

Approved unanimously.

6. THE FOLLOWING PERSON WAS HEARD:

A. Yu. Perepyolkin

Composition of the Management Board of JSC IDGC Holding.

THE FOLLOWING PERSON REPORTED:

V. V. Kudryavy

IT WAS RESOLVED AS FOLLOWS:

6.1. The Management Board of JSC IDGC Holding shall be composed of seven members.

6.2. The following persons shall be elected to the Management Board of JSC IDGC Holding:

Nikolay Nikolayevich Shvets	Director General of JSC IDGC Holding, Chairman of the Management Board
Gennady Feliksovich Binko	Deputy Director General of JSC IDGC Holding
Aleksey Vladimirovich Demidov	Deputy Director General for Economic Affairs and Finance of JSC IDGC Holding
Pavel Ivanovich Okley	Deputy Director General and Technical Director of JSC IDGC Holding
Aleksey Yurievich Perepyolkin	Deputy Director General for Corporate Governance and Property of JSC IDGC Holding
Aleksey Baleryevich Sannikov	Deputy Director General of JSC IDGC Holding
Sergey Vyacheslavovich Vasilyev	Director for Legal Affairs of JSC IDGC Holding

Approved unanimously.

7. THE FOLLOWING PERSON WAS HEARD:

A. Yu. Perepyolkin

Approval of the agreement for services in relation to access to the intranet to be entered into by and between JSC IDGC Holding and Energy Forecasting Agency Closed Joint-Stock Company, which is a related party transaction.

THE FOLLOWING PERSONS REPORTED:

V. V. Kudryavy, S. Yu. Svetlitsky

IT WAS RESOLVED AS FOLLOWS:

7.1. The price of the agreement for services in relation to access to the intranet to be entered into by and between JSC IDGC Holding and Energy Forecasting Agency Closed Joint-Stock Company shall be one hundred nine thousand, thirty-two rubles and 00 kopecks (109,032.00), including 18% VAT of sixteen thousand, six hundred thirty-two rubles and 00 kopecks (16,632.00).

7.2. The agreement for services in relation to access to the intranet, which is a related party transaction, (hereinafter, the "Agreement"), shall be approved subject to the following material terms and conditions:

Parties to the Agreement:

JSC IDGC Holding (Services Consumer)

Energy Forecasting Agency Closed Joint-Stock Company (EFA)

Subject matter of the Agreement:

Under the Agreement, Energy Forecasting Agency Closed Joint-Stock Company agrees to provide JSC IDGC Holding with services in relation to access to the intranet of Energy Forecasting Agency Closed Joint-Stock Company, and JSC IDGC Holding agrees to accept and pay for such services.

The access services provided by Energy Forecasting Agency Closed Joint-Stock Company include:

Creating access keys.

Producing Access Key Certificates in the form of electronic keys.

Canceling (withdrawing), suspending, and/or renewing access keys.

Providing information as requested by JSC IDGC Holding about canceled (withdrawn) and/or suspended access keys.

Providing consultant support in relation to information furnished on the basis of authorization of access to the intranet of Energy Forecasting Agency Closed Joint-Stock Company.

Price of the Agreement:

The price of the services provided under the Agreement is one hundred nine thousand, thirty-two rubles and 00 kopecks (109,032.00), including 18% VAT of sixteen thousand, six hundred thirty-two rubles and 00 kopecks (16,632.00).

Performance period for the services:

Start date for providing the services: as of the execution of the Agreement.

End date for providing the services: one year after the execution of the Agreement.

Term of the Agreement:

The Agreement becomes effective as of its execution by the Parties and remains in force for a period of one year.

N. N. Shvets, failing to be an independent director, and G. F. Binko, failing to be an independent director, did not participate in the voting.

Approved unanimously by a majority of votes of independent directors who were not related parties to the transaction.

8. THE FOLLOWING PERSON WAS HEARD:

A. Yu. Perepyolkin

Support for the work of the Commission on the Development of the Concept for Enhancing Reliability in the Electric Power Industry.

THE FOLLOWING PERSON REPORTED:

V. V. Kudryavy

IT WAS RESOLVED AS FOLLOWS:

The Director General of JSC IDGC Holding shall cause support to be provided for the work of the Commission on the Development of the Concept for Enhancing Reliability in the Electric Power Industry, established by Order of the Minister of Energy of the Russian Federation No. 466 of October 29, 2009.

Approved unanimously.

9. THE FOLLOWING PERSON WAS HEARD:

A. Yu. Perepyolkin

Defining of the position of JSC IDGC Holding (representatives of JSC IDGC Holding) on the items on the agenda of a meeting of the Board of Directors OAO IDGC of the North Caucasus.

THE FOLLOWING PERSONS REPORTED:

D. V. Fedorov, V. M. Kravchenko, V. V. Kudryavy, G. F. Binko, S. Remes,

S. Yu. Svetlitsky, N. N. Shvets, V. V. Tatsiy

IT WAS RESOLVED AS FOLLOWS:

Concerning the item on the agenda of the meeting of the Board of Directors OAO IDGC of the North Caucasus "OAO IDGC of the North Caucasus's holding a stake in OAO Dagennergoset through establishment (incorporation)," representatives of JSC IDGC Holding on the Board of Directors of OAO IDGC of the North Caucasus shall be instructed to vote "For" OAO IDGC of the North Caucasus's holding a stake in another entity through the establishment (incorporation) of OAO Dagennergoset subject to the following terms and conditions:

- authorized capital of OAO Dagennergoset at the time of establishment: one hundred fifty thousand (150,000) rubles;

- OAO IDGC of the North Caucasus's stake in the authorized capital of OAO Dagennergoset: 100%;

- category, type, quantity, and par value of shares to be placed at the time of establishment: one hundred fifty thousand (150,000) registered ordinary shares, each with a par value of one (1) ruble;

- payment procedure (payment period) for shares: within one (1) month after the state registration of OAO Dagenergoset;

- method of payment for shares: cash.

Approved unanimously.

10. THE FOLLOWING PERSON WAS HEARD:

A. V. Demidov

Approval of the List of Key Performance Indicators for the Director General of the Company.

THE FOLLOWING PERSONS REPORTED:

V. V. Kudryavy, D. V. Fedorov, V. M. Kravchenko, S. Yu. Svetlitsky

IT WAS RESOLVED AS FOLLOWS:

The List of Key Performance Indicators (KPI) for the Director General of the Company shall be approved according to Appendix 6 to these Minutes of the Meeting of the Board of Directors.

Approved unanimously.

Appendices:

1. Report of the Director General of JSC IDGC Holding on the Company's financial and economic activities based on the performance results for the nine months of 2009 (Appendix 1).

2. Expense budget of the JSC IDGC Holding executive arm for the nine months of 2009 (Appendix 2).

3. Expense budget of the JSC IDGC Holding executive arm for 2010 (Appendix 3).

4. Report on the implementation of the consolidated investment program of JSC IDGC Holding for the nine months of 2009 (Appendix 4).

5. Information about the consolidated adjusted investment program of JSC IDGC Holding for 2009 (Appendix 5).

6. List of Key Performance Indicators for the Director General of JSC IDGC Holding (Appendix 6).

7. The directive of the Government of the Russian Federation on Item 6 on the agenda of the meeting attached hereto (Appendix 7).

8. Written opinion by member of the Board of Directors of JSC IDGC Holding S. V. Maslov on the items on the agenda of the meeting attached hereto (Appendix 8).

9. Written opinion by member of the Board of Directors of JSC IDGC Holding O. V. Surikov on the items on the agenda of the meeting attached hereto (Appendix 9).

10. Written opinion by member of the Board of Directors of JSC IDGC Holding V. N. Titov on the items on the agenda of the meeting attached hereto (Appendix 10).

Date of the Minutes of the Meeting: December 30, 2009.

S. I. Shmatko
Chairman of the Board of Directors

S. I. Kozlov
Secretary of the Board of Directors