

Approved by the Board of Directors
of JSC "INTER RAO UES"
dated April 29, 2011
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**REGULATION ON THE DISPOSAL OF
NON-CORE ASSETS OF
JSC "INTER RAO UES"**

**The city of Moscow
2011**

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1. Terms and Definitions

Term/Abbreviation	Definition
Company	JSC "INTER RAO UES".
Non-Core Assets	a) Assets of the Company comprising real estate, intellectual property objects, construction in progress, which are not used in the core and associated activities; b) Shares, securities convertible into shares, interest in the authorized capital of legal entities whose business/activity is not related to the core and associated activities.
Core Activities	Production, transfer, distribution, dispatching ¹ , as well as purchase and sale of electricity and heat energy.
Associated Activities	Repair, engineering, design, construction, service, administrative and managerial activities in the area of energy development, including asset management.
RNCA	The Register of the Company's Non-Core Assets – a document approved by the Board of Directors of the Company on the basis of which the Company's non-core assets are disposed of.
Independent Appraiser	A subject of appraisal activities - an individual, member of one of self-regulated organizations of appraisers, who has insured its liability in accordance with the requirements of the Federal Law On Appraisal Activity in the Russian Federation, and conducts his/her professional activity aimed at establishing the market, cadastral or other value of appraisal objects.

2. Purpose and Scope

2.1. This Regulation on Disposal of Non-Core Assets of JSC "INTER RAO UES" (hereinafter referred to as the Regulation) defines the general principles and procedures of the Company for the disposal of the Company's non-core assets.

3. Regulatory References

- 3.1. The Civil Code of the Russian Federation;
- 3.2. Federal Law "On State Registration of Rights to Immovable Property and Transactions therewith"
- 3.3. Federal Law "On Joint Stock Companies"
- 3.4. Federal Law "On Limited Liability Companies"
- 3.5. Federal Law "On Securities Market"
- 3.6. Federal Law "On Power Engineering"
- 3.7. Federal Law "On specific features of functioning of electric power industry during the transitional period and on introduction of amendments into certain legislative acts of the Russian Federation and on recognizing certain legislative acts of the Russian Federation and on the invalidation of certain legislative acts of the Russian Federation due to the adoption of Federal Law On Power Engineering";

¹ Transfer, distribution and dispatching of electricity - only when the combination of these activities with the electricity production, purchase and sale is not prohibited in accordance with the laws of the Russian Federation or other state of the Company's presence.

3.8. The Articles of Association of JSC "INTER RAO UES"

3.9. The Regulation for Preparing the Materials to the Meetings of the Board of Directors of JSC "INTER RAO UES".

3.10. The Regulation on Convening and Holding the Board of Directors of JSC "INTER RAO UES".

4. Operations Related to Non-Core Assets

4.1. The Company shall have the right to conduct the following management activities with respect to the non-core assets:

4.1.1. Activities aimed at retaining control over the non-core asset, including:

a) **Retention** – retention of the Company's rights to a non-core asset in its existing form;

b) **Separation** – establishment of a new legal entity with or without participation of other individuals and/or legal entities; reorganization through spin-off and transfer of the respective non-core asset to a new legal entity; reorganization through the division and transfer of the respective non-core asset to a new legal entity; transfer of the non-core asset as payment of the authorized capital (additional shares) of an existing legal entity;

c) **Lease** – leasing out a non-core asset;

d) **Development** – development of an asset by way of implementing projects on its basis with a positive economic effect.

4.1.2. Activities aimed at termination of control over the non-core asset, including:

a) **Sale** – paid alienation of a non-core asset or ownership interest in the non-core asset;

b) **Exchange** – paid alienation of a non-core asset or ownership interest in the non-core asset in exchange for any other asset;

c) **Gratuitous transfer** – gratuitous alienation of a non-core asset;

d) **Liquidation** – liquidation (disassembling, writing off, destruction etc.) of a non-core asset, including subsequent possibility of sale of its components; liquidation of legal entity.

4.2. The Company shall be entitled to conduct only those activities with respect to non-core asset, which are provided for in clause 4.1 hereof, unless otherwise provided for by this Regulation or by decisions of the management bodies of the Company (General Meeting of Shareholders of the Company and the Board of Directors of the Company).

4.3. The following criteria (in the descending order of significance) shall be taken into account when deciding on the need to take a certain action with respect to a non-core asset:

– A real opportunity to perform a certain action with respect to the non-core asset (taking into account, among other things, the degree of non-core asset engagement in the production process and in the Company's activities; possibility to implement the production program, and to implement technology processes supporting the Company's operation without using the non-core asset; availability of potential buyers, lessees, gratuitous acquirers and other counterparties to the transactions; negative consequences that unambiguously exclude the possibility to perform a certain action; legislative restrictions and others);

– Economic expediency of the action, including the possibility to earn income from owning/using/disposing of the non-core asset, the possibility to implement projects on the basis of the non-core asset, which provide for a positive economic effect for

the Company, costs (if any) of the maintenance and performance of a certain action with respect to the non-core asset;

- The possibility to optimize the non-core asset management as a result of performing or non-performing actions with respect to it (management factors);

- Other factors (apart from the management and economic ones) associated with the possession/use/disposal of the non-core asset or with the termination of possession/use/disposal of the non-core asset.

4.4. Decision on the need to perform the necessary actions with respect to the non-core asset shall be made in accordance with the requirements of section 5 hereof.

4.5. If, in accordance with the requirements of the laws of the Russian Federation, the Articles of Association of the Company, or in accordance with the requirements of certain resolutions of the Board of Directors of the Company, a transaction related to the non-core asset requires performing of any corporate procedures (approval of the transaction by the Board of Directors of the Company or by the General Meeting of Shareholders of the Company), such corporate procedures shall be completed before the respective transaction.

5. Register of Non-Core Assets. Procedure for the disposal of Non-Core Assets

5.1. The following types of assets shall be subject to inclusion in the RNCA:

- Objects of intellectual property;
- Shares, issued securities convertible into shares;
- Shares in authorized capital stock of legal entities;
- Real estate objects, including land plots and construction in progress.

5.2. RNCA includes the basic information about non-core assets, their description, book (depreciation) value, expected operation with respect to the non-core asset, estimated date of such an operation and other necessary information.

5.3. RNCA shall be created on the basis of the forms provided in Appendices No. 1-3 hereto.

5.4. RNCA shall be submitted for approval to the Board of Directors of the Company in accordance with the established procedure: in 2011 – before or on June 30, 2011, and later on, for each following year – before or on December 31 of the year preceding the scheduled year. RNCA shall be adjusted, when necessary, in the manner similar to the procedure for RNCA approval.

5.5. Operations with respect to non-core assets, that are to be included in the RNCA, shall be performed on the RNCA basis only.

5.6. Operations approved in the RNCA shall be the target ones for the disposal of non-core assets. If in the process of the target operation circumstances arise that entail the impossibility or inexpediency of its further performance, the Board of Directors of the Company may decide on performing a different operation in accordance with the procedure established for the RNCA adjustment.

5.7. The Management Board of the Company shall inform the Board of Directors of the Company about the progress of the RNCA fulfillment at least once a year.

6. Principles and Procedure for Organizing the Sale of Non-Core Assets

6.1. The market value of a non-core asset for the purpose of paid alienation or separation, or in other cases provided for by the law of the Russian Federation or

local regulations of the Company, shall be determined on the basis of its appraisal by an independent appraiser.

6.2. For the purpose of ensuring the competitive nature of paid alienation of the non-core assets, they shall be sold by means of tenders, unless otherwise provided for by law of the Russian Federation (for example, preemptive right of purchase and others).

6.3. The tender procedures for selling the Company's property assets shall be established by the Company's local regulations.

6.4. A non-core asset can be sold without the tender process to a subsidiary company, where the Company owns 100 % of the authorized capital. In certain cases, non-core assets can be sold without the tender procedure only if the respective decision of the Board of Directors of the Company is made (inter alia, by way of indicating the sale of a specific non-core asset without the tender procedure stipulated in the approved RNCA).

6.5. If the non-core asset being sold has limited circulation, it shall be sold with the participation of a limited circle of potential buyers.

6.6. Non-core assets shall be sold by performing the following procedures:

- Selling at auction with the starting price no less than the market value of the asset (with the open or closed form of filing a bid);
- Selling by means of a public offering with the initial offer price no less than the market value of the asset, and the minimum offer price no less than 60 per cent of the initial offer price;
- Selling without the announcement of price when the non-core asset may be sold at the maximum of the declared prices.

6.7. The non-core asset shall be initially sold at auction.

6.8. If the auction is recognized void because there has been only one participant, this participant may be offered to purchase this non-core asset:

- If the auction is held through the open form of filing the bid – at the initial auction price;
- If the auction is held through the closed form of filing the bid, and the sole participant has offered the price no less than the initial offer price – at the price offered by the participant.

6.9. In case if:

- The auction is recognized void for other reasons, or
- The sole participant has refused to purchase the non-core asset on conditions set forth before, or
- The sole participant at the auction with the closed form of filing the bid offers the price below the initial auction price

The non-core asset may be sold by means of public offering, provided that there are no grounds to hold another tender.

6.10. If the sale by means of public offering has failed and there are no grounds for another sale by means of the public offering, the decision to sell the non-core asset without announcing its price shall be additionally made by the Board of Directors as part of the earliest upcoming approval or adjustment of the RNCA.

6.11. The repeated tender procedure (auction, sale by means of the public offering) shall be held:

- If there have been any violations in the initial tender procedure – in any case of such violations;
- In case of poor information support of the initial tender procedure or in case there is an information about possible buyers who have been late for taking part in the initial tender procedure (upon receiving a notice from such potential buyer with information about all material conditions of the deal) - in the absence of buyers based on the results of the tender procedure;
- In cases provided for by the law of the Russian Federation.

7. Specifics of Other Operations related to Non-Core Assets

7.1. If the Board of Directors of the Company decides to retain the Company's rights to the non-core asset in the existing form, no operations shall be performed with respect to the non-core asset.

7.2. If the Board of Directors of the Company decides to develop the non-core asset by means of implementing a project with a positive economic effect on its basis, the general principle of the possibility to earn income from owning/using/disposing of the non-core asset under the project shall be applied. In this case, the result of operations with respect to the non-core asset shall provide for the biggest positive economic effect from the operation with respect to such assets, including the increase in its value. The procedure for the activities under the projects shall be determined by the Company's local regulations.

7.3. If the Board of Directors of the Company decides to perform other actions, such actions shall be performed in accordance with the requirements of the Company's local regulations.

Appendix 1. Register of the Company's Non-Core Assets (Real Estate) – Sample Form

N o.	Object name (non-core asset)	Inventory number of the object	Object characteristics (short description, specifications)	Object address (location)	Depreciation value of the object as of the end of the last reporting period, thousands of Rubles.	Market value of the object, excl. VAT (if measured), thousands of Rubles.	Name and details of the document of title for the object	Right to the land plot under the object with the details of the documents of title	Operation with respect to non- core asset	Operation deadline (quarter, year)	Short substantiation of the operation and its deadlines

Appendix 2. Register of the Company's Non-Core Assets (Shares, Stakes) – Sample Form

No.	Legal entity name	Number of shares, pieces	Percent of the authorized capital stock, %	Nominal value of shares/stakes, thousands of Rubles	Book value of shares/stakes, thousands of Rubles	Market value of shares/stakes, thousands of Rubles (if measured)	Operation with respect to non-core asset	Operation deadline (quarter, year)	Short substantiation of the operation and its deadlines

Appendix 3. Register of the Company's Non-Core Assets (Intellectual Property Objects) – Sample Form

No.	Object name (non-core asset)	Object characteristics (short description, intended use)	Depreciation value of the object as of the end of the last reporting period, thousands of Rubles.	Market value of the object, excl. VAT (if measured), thousands of Rubles.	Legal protection (state registration) information about the object of intellectual property	Operation with respect to non- core asset	Operation deadline (quarter, year)	Short substantiation of the operation and its deadlines