

THE TECHNOLOGICAL CONNECTION COMMITTEE

The Committee was established by the Board of Directors to examine items related to generation of proposals improving antimonopoly laws, fostering non-discriminatory access to connection services, updating Company's bylaws and standards stipulating non-discriminatory access to connection services as well as to evaluate Company's efficiency in connection of customers to the networks.

Guided by:

- The Regulations on the Board of Directors' Technological Connection Committee at IDGC of Urals⁷⁵
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Technological Connection Committee at IDGC of Urals⁷⁶

Primary Objectives:

- Generation of proposals to improve legislation with regard to antimonopoly regulation and provision of non-discriminatory access of consumers to connection services.
- Generation of proposals to improve Company's bylaws and standards with regard to provision of non-discriminatory access of consumers to connection services.

- Preparation of principles and criteria for evaluation of Company's connection efficiency.
- Evaluation of Company's connection efficiency.
- Analysis of current situation and generation of proposals for the Board of Directors in terms of connection to electric networks.

In July 2016 the composition of the Committee expanded from 6 to 10 members and underwent a significant re-shuffling: 7 out of 10 members have never ever served on the Committee. Despite this, the Committee has managed to smooth succession of oversight and evaluation of the Company's connection performance. In 2016 the Committee conducted 5 meetings: 2 in-absentia meetings and 3 in-presentia meetings (videoconferences).

Compositions of the Committee and members' attendance

Composition No. 1 (03.08.2015-01.07.2016)	Minutes, No.		Total	Composition No. 2 (01.07.2016-present day)	Minutes, No.			Total
	24	25			26	27	28	
N.A. Ozhe, the chair	+	+	2/2	N.A. Ozhe, the chair	+	+	+	3/3
Y.T. Belozertsev, member	+	-	1/2	D.V. Vyalkov, member	+	+	+	3/3
A.V. Mazikov, member	+	+	2/2	E.A. Smyk, member	+	+	+	3/3
D.D. Mikheev, member	-	+	1/2	A.L. Mikhailov, member	+	+	+	3/3
I.B. Masaleva, member	+	+	2/2	D.A. Ukrainsky, member	+	+	+	3/3
V.A. Davydkin, member	+	+	2/2	I.G. Polovnev, member	+	+	+	3/3
				N.S. Lobova, member	+	+	+	3/3
				I.B. Masaleva, member	+	+	+	3/3
				A.Y. Korneev, member	+	+	+	3/3
				V.A. Davydkin, member	+	+	+	3/3

The Committee examined the following important agenda items during its meetings, conducted in 2016

Evaluation of connection services

- examination of progress reports regarding connection of consumers to the networks (Minutes No.25 dated as of 02.06.2016, No.26 dated as of

22.07.2016, No.27 dated as of 25.08.2016, No.28 dated as of 21.12.2016)

Practical arrangements

- examination and adoption of drafts of the Committee budget (Minutes No.24 dated as of 25.03.2016, No.26 dated as of 22.07.2016);

- approval of the Deputy Chair and Secretary (Minutes No.26 dated as of 22.07.2016);
- adoption of the Committee's action plan for 2016-2017 (Minutes No.26 dated as of 22.07.2016).

GENERAL DIRECTOR AND EXECUTIVE BOARD

Collegiate executive body (CEB) or Executive Board operates under the charter and bylaw, adopted by the General Meeting (Regulations on the Executive Board). The Regulations stipulate terms and procedure for convention and conduct of meetings as well as mechanics of decision-taking. The Executive Board manages current operations of the Company and reports to the Board of Directors and General Meeting. The Board is a group of competent specialists with outstanding expertise in relevant spheres, able to fulfill their duties in a due manner to manage the Company. The Company's General Director is the Chair of the Executive Board in line with clause 2 Article 70 of the Federal Joint-Stock Companies' Law and clause 23.3 of the Company's Charter. The purview of the General Director covers all issues of the day-to-day operations of the Company, minus issues referred to the competence of the General Meeting of Stockholders, Board of Directors and Executive Board

The charter envisages that the membership of the Executive Board is approved by the Board of Directors.

The following directors* served on the Executive Board during 2016:**Sergey Georgievich DREGVAL**

Born in 1971.

General Director. Educational background: Kiev International Civil Aviation University, Tyumen State Oil&Gas University (graduate degrees).

Share in the charter capital/Common stock owned — 0.

No security transactions statements during 2016 were filed with the Company.

Yury Vyacheslavovich LEBEDEV

Born in 1963.

First Deputy General Director – Chief Operating Officer. Educational background: Ivanovo Energy Institute (graduate degree).

Share in the charter capital/Common stock owned — 0.

No security transactions statements during 2016 were filed with the Company.

Valentina Mikhailovna SHCHERBAKOVA

Born in 1966.

Deputy General Director for Economics and Finance. Educational background: Novosibirsk State University (graduate degree).

Share in the charter capital/Common stock owned — 0.

No security transactions statements during 2016 were filed with the Company.

Alla Aleksandrovna PETROVA

Born in 1976.

Deputy General Director for Corporate Governance. Educational background: Altay State University (graduate degree).

Share in the charter capital/Common stock owned — 0.

No security transactions statements during 2016 were filed with the Company.

Aleksandr Mikhailovich KRIVYAKOV

Born in 1952.

Deputy General Director for Security. Educational background: Kirov's Urals Polytechnic Institute (graduate degree).

Share in the charter capital/Common stock owned — 0.

No security transactions statements during 2016 were filed with the Company.

Olga Mikhailovna ABROSIMOVA

Born in 1953.

Chief Accountant. Educational background: Urals State Technical University (graduate degree).

Share in the charter capital/Common stock owned — 0,000947%.

No security transactions statements during 2016 were filed with the Company.

The Executive Board examines items during its meetings in a scheduled manner, factoring resolutions of the General Meeting of Stockholders and Board of Directors as well as items proposed by the General Director and Executive Board members. During the reported period the Executive Board conducted 37 meetings. The Board focused on specification of current plans and decisions to secure target achievement. Besides, the Executive Board regularly examined budget completion reports, progress reports with regard to implementation of risk management program. The Executive Board also worked strenuously on materials and items to be approved by the Board of Directors, going deep into the issues to ensure high quality of the decisions.

REMNERATION AND COMPENSATION POLICY

CALCULATION OF REMUNERATIONS DUE TO THE BOARD OF DIRECTORS

The Annual General Meeting of Stockholders, conducted 18.06.2015, adopted Amended and Restated Regulations of Remunerations and Compensations due to the Board of Directors at IDGC of Urals (OAO) . In compliance with the Regulations remunerations comprise a lump sum payment for participation in the Board activities and additional payment from the net profit if Company's market value increases during the Board's tenure.

The exact amount of remunerations due to each Board member for the service shall be calculated, factoring the total number of Board meetings conducted during the previous corporate year and number of attended meetings. The basic amount of remunerations (Rbase) shall be set upon the annual RAS revenues of the Company. The following increments shall be added to the remunerations: 30% for the

Board Chair, 20% for the Chair of a Board Committee, 10% for a membership in a Board Committee. Increments for the Chair and/or membership in a Board Committee shall not be paid in case there were less than three Board meetings during the corporate year. Overall remunerations and increments shall not exceed Rbase. Remunerations shall not be paid to a Board member, if such member missed more than 50% of Board meetings (conducted during his service).

Additional remunerations, due to each Board member, for the increased market value of the Company shall total 0.0175 per cent of increased market value of the Company (IMC), calculated for a period between his/her election and election of a new Board. IMC remunerations shall be paid only if average monthly traded value of the Company's common shares during the Board's tenure totals at least

* The directors consented disclosure of personal data in the report in a manner, consistent with laws of the Russian Federation.