

APPROVED BY
OJSC Territorial Generating Company No.9
Shareholders' Meeting
Minutes # _____
Dated _____ 2005

**REGULATIONS ON
OJSC TERRITORIAL GENERATING COMPANY No.9
AUDITING COMMITTEE**

Moscow, 2005

1. General Provisions

- 1.1. The present Regulations on OJSC Territorial Generating Company Auditing Committee (hereinafter referred to as Regulations), developed in accordance with Federal Law About Joint Stock Companies and the Charter of OJSC Territorial Generating Company (hereinafter referred to as Company), identifies objectives and the order of activity of the Auditing Committee, regulates the issues of interaction with the Company Management and the Company executive structural departments.
- 1.2. The Auditing Committee is the constant acting authority of the Company's internal control, providing the regular control under financial and economic activity of the Company, its isolated branches, Company authority officials and executive structural departments to reveal compliance to the Russian Federation legislation, Charter of the Company and Company's internal documentation.
- 1.3. The Auditing Committee acts in the interests of the Company's shareholders and reports to the Company General Shareholders' Meeting.
- 1.4. The Auditing Committee is independent from the Company's management officials and managers of the Company's executive structural departments.
- 1.5. In its activity the Auditing Committee follows the Russian Federation Legislation, the Charter of the Company, the present Regulations and other internal documents of the Company, approved by the Company's Shareholders' Meeting.

2. Auditing Committee Objectives

- 2.1. The key objectives of the Company's Auditing Committee are:
 - a) control the financing and economical activity of the Company
 - b) provide control over compliance of the performed Company's financing and economical operations to the Russian Federation legislation and the Charter of the Company
 - c) perform independent estimation of information concerning the finance status of the Company.

3. The Chairman and the Secretary of the Auditing Committee

- 3.1. The Chairman of the Auditing Committee is elected by the members of the Auditing Committee from its membership by a majority vote of the total amount of selected members of the Company's Auditing Committee. The members of the Auditing Committee have a right to reelect the Chairman of the Auditing Committee any time by a majority vote of the total amount of the selected members of the Company's Auditing Committee.
- 3.2. The Secretary of the Auditing Committee is elected by the members of the Company's Auditing Committee from its membership by a majority vote of the total amount of selected members of the Company's Auditing Committee. The members of the Auditing Committee have a right to reelect the Secretary of the Auditing Committee any time by a majority vote of the total amount of the selected members of the Company's Auditing Committee.
- 3.3. The Chairman and the Secretary of the Auditing Committee of the Company, newly elected, should be elected not later than 15 working days from the moment of the Company's Auditing Committee election.

4. Rights and Obligations of the Auditing Committee

- 4.1. When performing the activity the Auditing Committee follows only the requirements of the Russian Federation legislation, The Charter of the Company and decisions of the Company shareholders' meeting.
- 4.2. The Auditing Committee's authority activity includes:
 - 1) unimpeded access to all offices of the Company;
 - 2) sealing of cash depositories, warehouses, archives and other offices of the Company for the period of conducting the control over the valuables and documents safe in the above mentioned places;
 - 3) requisition of some documents from the files (in this case the acts of requisition and copies of the documents should be left in the files), if the falsifications, forgeries or other abuses are revealed in the process of the audit;
 - 4) obtaining of the explanations in the written form, on the issues appearing in the process of the audit, from the Company's management officials, managers and employees of the structural departments;
 - 5) giving instructions to the Company's officials, managers of the structural departments concerning the activity necessary to eliminate the revealed violations, if lack of counter measures can cause the loss of valuables, documents or promote the further abuses;
 - 6) demand the organization of the extraordinary Shareholders' meeting of the Company, Board of Directors meeting in the order established by the Russian Federation legislation, the Charter of the Company and the present Regulations;
 - 7) request the Company's officials, managers of the structural departments to present the documents and materials necessary for the Auditing Committee to conduct the audit of financial and economical activity of the Company;
 - 8) submit for consideration of the Company's officials the issue concerning the application of the measures of disciplinary and material liability toward the employees of the Company, including the Company's officials, if they have violated the Charter of the Company or internal documents of the Company.
- 4.3. The Chairman of the Auditing Committee:
 - 1) convenes and holds a meeting of the Auditing Committee of the Company;
 - 2) approves the agenda of the meeting of the Company's Auditing Committee, as well as solves all necessary issues, concerning the preparation and holding of a meeting of the Auditing Committee of the Company;
 - 3) organizes the current activity of the Auditing Committee of the Company;
 - 4) represents the Auditing Committee on the Company's Shareholders' meeting and Meetings of Board of Directors;
 - 5) signs the minutes of the Auditing Committee meeting and other documents, issued by the Auditing Committee of the Company;
- 4.4. The Secretary of the Auditing Committee of the Company:
 - 1) keeps the minutes of the Auditing Committee meetings;
 - 2) informs the Company's authorities on time regarding the results of the conducted audits; provides with the copies of the Company's Auditing Committee findings;
 - 3) process and signs the minutes of the Company's Auditing Committee;
 - 4) organizes the paper work, documents circulation and the Company's Auditing Committee documents keeping;
 - 5) organizes the informing of the Company's Auditing Committee members regarding the holding of the Auditing Committee meetings, planned and unplanned audits of the Company's activity;
 - 6) performs other functions, stipulated by the present Regulations.
- 4.5. The members of the Auditing Committee have to:
 - 1) participate personally in the meetings of the Auditing Committee, and the Company's financial and economical activity audits;

- 2) keep the confidentiality of the obtained data and exclude unauthorized disclosure of information, they get in the process of conducting the audits;
 - 3) demand the calling of an extraordinary Company's Shareholders' meetings, in accordance with the order stipulated by the Charter of the Company, if there occurs the real threat to the interests of the Company;
 - 4) report to the Company's Shareholders' meetings concerning the results of the planned and unplanned audits of the Company's financial and economical activity, revealed violations of the Russian Federation legislation, the Charter and the internal documents of the Company, made by the members of the Board of Directors and other Company's officials;
 - 5) submit to the Company's Board of Directors the final report on the annual audit of the Company's activity, including the estimation of the annual report of the Company, not later than 45 days before the date of holding the annual Shareholders' meeting of the Company.
- 4.6. The members of the Auditing Committee, participating in the meeting and having the opinion different from the accepted at the meeting, holding on the results of the audit, have the right to form their particular opinion. The particular opinion is an essential part of the minutes of the meeting of the Auditing Committee.
 - 4.7. The members of the Auditing Committee can neither be concurrently the members of the Board of Directors of the Company, nor take a position in the Company's authorities.
 - 4.8. In accordance with the decision to conduct an audit the Auditing Committee has a right to get the specialists in corresponding fields (law, economics, finance, accounting, management, economic security, etc.), as well as the specialized organizations, to take part in the audit.

5. The Organization of the Company's Auditing Committee Activity

- 5.1. Meetings of the Auditing Committee and the Audits of the Company are held according to the approved Plan of Work of the Auditing Committee, unless otherwise is stipulated by the present Regulations.
- 5.2. The Plan of Work of the Auditing Committee is approved by the Auditing Committee not later than 45 (forty five) days since the new membership of the Auditing Committee is elected by the Meeting of the Shareholders. The Chairman is the person responsible for the Company's Auditing Committee Plan of Work draft drawing up and submitting it to the Auditing Committee of the Company for approval.
- 5.3. The Plan of Work of the Auditing Committee should include:
 - 1) objects for audits (types of financial and economic activity of the Company, separate sections of the Company's activity);
 - 2) identification of the audits form for each object (documental, audits at the place of location);
 - 3) schedule of the audits of the Company's activity, approximate terms of audits (annual, quarterly);
 - 4) time schedule of the Auditing Committee meetings concerning preparation and holding of the audits of the Company's activity;
 - 5) list of financial and economic documentation, required for the audit for each object;
 - 6) determination of the members of the Auditing Committee, responsible for preparation of the audits, collection of the information and necessary documents;
 - 7) other issues, connected the organization of the meetings and audits of the Auditing Committee.

6. Meetings of the Auditing Committee of the Company.

6.1. The meetings of the Auditing Committee of the Company are held to solve the organizational issues of the activity of the Auditing Committee, as well as every time before the audits and on the results of the audits.

6.2. The following issues concerning preparation and holding of the coming audit are reviewed at the meetings of the Auditing Committee of the Company, conducted before the audits:

- 1) identification of the object of the audit (accounting and statistical reports, etc.)
- 2) the order, term and the volume of the audits;
- 3) list of information and documentation, required for the audit, ways and sources of acquisition;
- 4) list of persons, necessary for the audit (to clarify some issues);
- 5) determination of the date of holding the meeting of the Auditing Committee on the results of the audit;
- 6) assignment of the member of the Auditing Committee, responsible for preparation of the draft of the audit report for the meeting of the Auditing Committee on the results of the audit;
- 7) solution of other issues.

The meeting of the Auditing Committee on the issues concerning preparation and holding of the audit can be held by the absentee voting.

6.3. The following issues are reviewed on the meetings of the Auditing Committee on the results of each audit:

- 1) discussion of the information, obtained within the audit and its sources;
- 2) summing-up of the audit;
- 3) general conclusion and preparation of the proposals based on the results of the audit;
- 4) approval and signing of Report of the Auditing Committee on the results of the Audit;
- 5) investigation and analysis of the reasons of violations of the Russian Federation Legislation and the Charter of the Company; discussion of the possible alternatives to eliminate them and avoid in future;
- 6) making a solution to address to the Company's Administration, the Authorities and the Managers of the structural departments concerning the elimination of the violations, revealed within the audit; calling to account the persons, committed violations;
- 7) other issues, connected with the audit results summing-up.

6.4. The regular meetings of the Auditing Committee are held in accordance with the schedule stipulated by the Plan of Work of the Auditing Committee.

6.5. Extraordinary meetings of the Auditing Committee of the Company are called by the Chairman of the Auditing Committee on the personal initiative or the initiative of the other member of the Auditing Committee, as well as on the basis of the resolution of the Shareholders' meeting of the company, Board of Directors of the Company or the shareholders' demand (owning not less that 10% of the voting shares of the Company) to conduct the audit of the financial-economic activity of the Company.

6.6. When preparing for the meeting of the Auditing Committee the Chairman of the Auditing Committee should:

- 1) determine the date, time and place of the meeting (or summarizing of the results of absentee voting);
- 2) determine the form of the meeting (presence; absentee voting);
- 3) approve the agenda of the meeting;
- 4) determine the list of documents (information), required for the issues of agenda of the meeting;
- 5) determine the list of persons, invited for participation in the meeting of the Auditing Committee;
- 6) solves other issues connected with preparation for the meeting of the Auditing Committee.

6.7. Notification on holding the meeting of the Auditing Committee of the Company should be directed to the members of the Auditing Committee by the registered letter not later than 10 (ten) days before the meeting.

If a meeting has a form of absentee voting in cases, stipulated by the present Regulations, the notification on the voting with enclosed documents on the issues of agenda and the questionnaire should be sent by the registered letter to the members of the Auditing Committee not later than 15 (fifteen) days before the voting summing-up.

6.8. In case, any violations of the Russian Federation Legislation, the Charter of the Company or other internal documents of the Company are revealed the Chairman of the Auditing Committee should call an extraordinary meeting of the Auditing Committee to make a decision concerning the extraordinary audit.

6.9. In case, the member of the Auditing Committee reveals any violations stipulated by item 6.8 of the present Regulations, he should direct to the Chairman of the Auditing Committee the written application with description of the violations and the persons, allowed them, not later than 3 (three) working days since the moment of revealing.

6.10. In cases, stipulated by items 6.8 and 6.9 of the present Regulations, the Chairman of the Auditing Committee should call an extraordinary meeting of the Auditing Committee (in form of presence) within 10 (ten) days since getting the information on violations.

6.11. The meeting of the Auditing Committee held in form of presence includes the following stages:

- 1) opening of the meeting by the Chairman of the Auditing Committee;
- 2) identification of the quorum of the meeting;
- 3) announcement of the issues of agenda of the meeting;
- 4) reports on the issues of agenda; discussion;
- 5) formulation of draft of the resolutions on the issues of agenda, by the Chairman of the Auditing Committee;
- 6) voting on the issues of agenda;
- 7) voting summing-up;
- 8) announcement of resolutions of the Auditing Committee on the issues of agenda.

6.12. The meeting of the Auditing Committee held in a form of absentee voting includes the following stages:

- 1) acception and calculation of the questionnaires, submitted by the members of the Auditing Committee by the date fixed in the questionnaire for the absentee voting;
- 2) identification of quorum of the voting;
- 3) calculation of the voices, submitted by the questionnaires and summing-up of the voting;
- 4) drawing up of the protocol of the meeting (voting) of the Auditing Committee.

6.13. The meeting of the Auditing Committee reaches the quorum, if more the majority of members of the Auditing Committee of the Company take part in it. If the quorum is not reached the meeting of the Auditing Committee is put off for the later period, but not later than 10 (ten) days.

6.14. The voting on the issues of agenda of the meeting of the Auditing Committee is made by the majority of voices of the members of the Auditing Committee of the Company.

When making decisions at the meetings of the Auditing Committee each member of the Auditing Committee has one voice.

In case of tie vote, the voice of the Chairman of the Auditing Committee is decisive.

6.15. The protocol should be documented by the Secretary of the Auditing Committee at each meeting of the Auditing Committee.

6.16. The protocol of the Auditing Committee should include:

- 1) date, time and place of the meeting (or voting summing-up)
- 2) list of members of the Auditing Committee and persons, taking part at the meeting (or participating in the absentee voting);
- 3) information on the quorum of the meeting;
- 4) issues included in agenda of the meeting;
- 5) basic states of the reports on the issues of agenda (only for the meetings held in a form of presence)
- 6) results of voting;
- 7) resolutions made by the Auditing Committee.

6.17. The protocol of the meeting of the Auditing Committee is drawn up in two copies not later than 5 days after the meeting (or summing-up of the absentee voting) and is signed by the Chairman of the Auditing Committee and the Secretary of the Auditing Committee of the Company.

6.18. The Company should keep the protocols of the meetings of the Auditing Committee and ensure their availability on the first demand of the shareholders of the Company.

7. The Order of Conducting the Audits

7.1. The planned audits of the financial-economic activity of the Company are conducted in accordance with the approved annual Plan of Work of the Auditing Committee.

7.2. The extraordinary audits of the financial-economic activity of the Company are conducted:

- 1) on the basis of the resolution of the Auditing Committee of the Company;
- 2) on the basis of the resolution of the Shareholders' meeting, Board of Directors of the Company;
- 3) on the Company's shareholders' (shareholder's) demand, owning in aggregate not less than 10 (ten)% of the voting shares.

7.3. Unless otherwise is stipulated by the resolution of the Auditing Committee, Shareholders meeting or the Board of Directors of the Company concerning the extraordinary audits, the meeting of the Auditing Committee of the Company, stipulated by items 6.1 and 6.2 of the present Regulations, should be conducted not less 15 (fifteen) working days since:

- 1) the resolution on conducting of the extraordinary audit is accepted;
- 2) the resolution of the Shareholders' meeting, Board of Directors of the Company concerning the extraordinary audit is obtained by the Chairman of the Auditing Committee;

The meeting of the Auditing Committee, subjected to be held in accordance with items 6.1 and 6.2 of the present Regulations, on the basis of the shareholders' demand, owning not less than 10% of the voting shares of the Company, to conduct the extraordinary audit, should be conducted not later than 15 (fifteen) working days since the mentioned demand of the Company's shareholders is obtained.

7.4. The audit of the financial-economic activity of the Company includes:

- 1) identification of the standard-legal basis, regulating the audited section of the Company's activity;
- 2) collection and analysis of the financial and economic documents of the Company, accounting and statistical performance and other documents, acquisition of the written and verbal explanations, referred to the audited object;
- 3) revision of warehouses, archives and other service rooms of the Company;
- 4) revealing of nonconformances to the acting legislation of the Russian Federation of the financial and economic activity of the Company, falsification and incorrect representation of the activity of the Company in accounting, statistical and other data of the Company;

5) implementation of other actions, ensuring the integrated and objective auditing of the financial and economic activity of the Company within the limits of authority of the Auditing Committee, stipulated by the present Regulations.

7.5. During the Audit the members of the Auditing Committee of the Company request the required documents from the Company's Management, the Heads of the Isolated Departments, Structural Departments of the Company and other persons, at the disposal of whom there are the required documents and information.

The requested documents and information should be presented to the members of the Auditing Committee within 2 (two) working days since the request is obtained.

7.6. The member of the Auditing Committee of the Company should have an access to the books, accounts, business correspondence and other information, referred to the object of the audit.

7.7. During the Audits the members of the Auditing Committee of the Company should investigate all acquired documents and materials, referred to the object of the audit.

7.8. The Officials of the Company's Management Board, the Heads of Isolated Departments and the Company's Structural Departments should:

- 1) create the circumstances for the Auditors, ensuring the efficient conducting of the audit, present all necessary information and documentation to the members of the Auditing Committee, as well as give explanations in written and verbal form on their request;
- 2) eliminate actively the revealed by the Auditing Committee violations, including the ones concerning accounting and other financial reports;
- 3) to bar all the actions during the audit, directed to restriction of the number of questions, subjected to clarification within the audit.

8. The Final Report of the Auditing Committee

8.1. According to the results of the audit of financial and economic activity of the Company, the Auditing Committee makes a report, which is the document of the internal control of the Company.

8.2. The Final Report of the Auditing Committee should consist of three parts: introduction, analysis and conclusion.

8.3. The introduction of the Final Report of the Auditing Committee should include:

- 1) name of the document – The Final Report of the Auditing Committee of the Open Joint-Stock Company Territorial Generating Company No.9;
- 2) the date and place of report drawing up;
- 3) date (period) and place of the audit;
- 4) basis of the audit (resolution of the Auditing Committee, Shareholders' Meeting, Board of Directors, shareholders (shareholder) of the Company);
- 5) audit objective (determination of legality of the Company's activity, ascertainment of accounting and other documentation authenticity, its compliance with the Legislation of the Russian Federation, etc.);
- 6) the object of the audit (definite activity of the Company, financial and economic documentation, including accounting and statistical data, etc.);
- 7) list of standard legal and other documents, regulating the activity of the Company, which were used within the audit.

8.4. The analysis should contain the objective appraisal of the object status and should include:

- 1) general results of the audit of the documents on accounting and other data of the financial and economic activity of the Company;

2) general results of the audit concerning the compliance with the requirements of the Legislation of the Russian Federation when performing the financial and economic operations.

8.5. The conclusion of the Final Report of the Auditing Committee of the Company presents the reasoned conclusions of the Auditing Committee and should include:

- 1) confirmation of data reliability, contained in reports and other financial documents of the Company;
- 2) information about the facts of violations, stipulated by the Legislation of the Russian Federation of the order of keeping accounting and presentation of financial reports, as well as legal acts of RF within execution of financial and economic activity;
- 3) recommendations and proposals on elimination of reasons and consequences of violations of the Legislation of the Russian Federation, the Charter of the Company and the internal documents of the Company.

8.6. The Final Report of the Auditing Committee is made in three copies not later than 10 (ten) days since the audit is conducted and is signed at the meeting of the Auditing Committee on the results of the Audit by all members of the Auditing Committee and attracted experts. The Final Report should have a note, that the General Director and the Chief Accountant of the Company are aware of the document.

In case there are any disagreements between the members of the Auditing Committee on this or that issue, the Final Report of the Auditing Committee is signed with disagreements. The individual opinion signed by the member of the Auditing Committee or the expert should be enclosed to the Final Report of the Auditing Committee.

One copy of the Final Report is kept at the documentation of the Auditing Committee, the other two copies are presented to the Board of Directors and the General Director of the Company.

8.7. The Company should keep the Final Reports of the Auditing Committee and ensure the access to them on the request of the shareholders of the Company.