

APPROVED
by the General Meeting of Shareholders
of the Open Joint-Stock Company
Federal Hydrogenerating Company
Minutes No. ____ " ____ " _____ 2005 pr/ ____

REGULATIONS

on the Audit Commission of the Open Joint-Stock Company Federal Hydrogenerating Company (JSC RusHydro)

1. General

- 1.1. These Regulations on the Audit Commission of the Open Joint-Stock Company Federal Hydrogenerating Company (hereinafter referred to as the Regulations), developed in compliance with the Federal Law on Joint-Stock Companies and the Articles of Association of the Open Joint-Stock Company Federal Hydrogenerating Company (hereinafter referred to as the Company), shall determine the goals of and the operating procedures for the Audit Commission, govern matters of its interaction with the Company's management bodies and structural units.
- 1.2. The Audit Commission shall be the Company's continuing internal control body that conducts regular audits of financial and business performance of the Company, its standalone subdivisions, officials of the Company's management bodies and structural units to ensure their compliance with Russian Federation law, the Company's Articles of Association and in-house documents.
- 1.3. The Audit Commission shall act in the interests of the Company's shareholders and shall be accountable to the General Meeting of Company Shareholders.
- 1.4. In its activities, the Audit Commission shall act independently of officials of the Company's management bodies and the Company's structural unit managers.
- 1.5. In its activities, the Audit Commission shall be guided by Russian Federation law, the Company's Articles of Association, these Regulations and other in-house documents of the Company approved by the General Meeting of Company Shareholders.

2. Goals of the Company's Audit Commission

- 2.1. Main goals of the Company's Audit Commission shall be:
 - (a) supervision of the Company's financial and business performance;
 - (b) monitoring compliance of the Company's financial and business transactions with Russian Federation law and the Company's Articles of Association;
 - (c) independent evaluation of information on the Company's financial condition.

3. Chairperson and Secretary of the Audit Commission

- 3.1. The Chairperson of the Audit Commission shall be elected by members of the Company's Audit Commission from among its members by a majority vote of the total number of elected members of the Company's Audit Commission. The members of the Company's Audit Commission shall be entitled to reelect the Chairperson of the Audit Commission at any time by a majority vote of the total number of elected members of the Company's Audit Commission.
- 3.2. The Secretary of the Company's Audit Commission shall be elected by members of the Company's Audit Commission from among its members by a majority vote of the total number of elected members of the Company's Audit Commission. The members of the Company's Audit Commission shall be entitled to reelect the Secretary of the Audit Commission at any time by a majority vote of the total number of elected members of the Company's Audit Commission.

4. Rights and obligations of the Audit Commission

- 4.1. In exercising its powers, the Company's Audit Commission shall only be governed by the requirements of Russian Federation law, the Company's Articles of Association and decisions of the General Meeting of Company Shareholders.
- 4.2. Powers of the Company's Audit Commission shall include:
 - (1) Free access to all office premises of the Company;
 - (2) Sealing of money vaults, stockrooms, archives and other office premises of the Company during safety inspection of valuables and documents stored therein;
 - (3) Withdrawal of individual documents from files (while leaving in the files withdrawal certificates and copies of withdrawn documents) in the event of any falsification, forgery or other wrongdoing revealed in the course of inspection;
 - (4) Getting explanatory notes from officials of the Company's management bodies, managers and employees of the Company's structural units on matters arising during inspection;
 - (5) Issuing orders to officials of the Company's management bodies and managers of the Company's structural units to take immediate action to correct the violations revealed, in the event that failure to take such action may lead to loss of valuables/documents or be conducive to further wrongdoings;
 - (6) Requesting convocation of an extraordinary General Meeting of Company Shareholders, meetings of the Board of Directors or the Audit Commission of the Company in accordance with the procedure provided for under Russian Federation law, the Company's Articles of Association or hereunder;
 - (7) Requesting officials of the Company's management bodies, managers of the Company's standalone subdivisions and structural units to provide documents and materials necessary for the Audit Commission's checkups of the Company's financial and business performance;
 - (8) Submitting for consideration by officials of the Company's management bodies matters of applying disciplinary and material liability to the Company employees, including officials of

the Company's management bodies, found guilty of violating the Company's Articles of Association or in-house documents.

4.3. The Chairperson of the Company's Audit Commission shall:

- (1) Convene and hold meetings of the Company's Audit Commission;
- (2) Approve the Company's Audit Commission meeting agenda and consider all essential matters involved in the preparations for and holding of a meeting of the Company's Audit Commission;
- (3) Manage everyday activities of the Company's Audit Commission;
- (4) Represent the Audit Commission at the General Meeting of Company Shareholders and meetings of the Company's Board of Directors;
- (5) Sign the Audit Commission meeting minutes and other documents issued on behalf of the Company's Audit Commission.

4.4. The Secretary of the Company's Audit Commission shall:

- (1) Ensure keeping of the Audit Commission meeting minutes;
- (2) Provide the Company's management bodies with timely information on the audit results and submit copies of the audit report to the Company's Audit Commission;
- (3) Execute and sign minutes of the Company's Audit Commission meetings;
- (4) Manage clerical work, the flow and storage of documents of the Company's Audit Commission;
- (5) Arrange for notification of the Company's Audit Commission members of the Audit Commission meetings, and scheduled and spot checks of Company performance;
- (6) Perform other functions provided for hereunder.

4.5. The members of the Company's Audit Commission shall:

- (1) Participate personally in the Audit Commission meetings and in audits of the Company's financial and business performance;
- (2) Provide for confidentiality of the information obtained and prevent unauthorized disclosure of information that has become known to them during audits;
- (3) Request, in accordance with the procedure provided for under the Company's Articles of Association, convocation of an extraordinary General Meeting of Company Shareholders in the event of a real threat to Company interests;
- (4) Report to the General Meeting of Company Shareholders on the results of scheduled and spot audits of the Company's financial and business performance, revealed facts of violation of Russian Federation law, the Company's Articles of Association and in-house documents by members of the Board of Directors or other officials of the Company's management bodies;

- (5) Submit, not later than 45 (forty five) days before the date of an annual General Meeting of Company Shareholders, to the Company's Board of Directors their annual audit opinion of the Company's performance, including their assessment of the Company's annual report.
- 4.6. The members of the Audit Commission may not at the same time be members of the Company's Board of Directors or hold offices in the management bodies of the Company.
- 4.7. The Audit Commission, based on the decision to carry out a check (audit), may engage experts in related areas (law, economics, finance, accounting, management, economic security, etc.), including specialized organizations, to carry out checks (audits).

5. Management of the Company's Audit Commission

- 5.1. Meetings of the Company's Audit Commission and Company performance audits shall be held in accordance with an approved annual Work Plan of the Audit Commission.
- 5.2. The Work Plan of the Company's Audit Commission shall be approved at the kick-off meeting of the Audit Commission to be held within 45 (forty five) days since the election of new members of the Audit Commission at the Annual General Meeting of Company Shareholders.
- 5.3. The Work Plan of the Company's Audit Commission shall include:
 - (1) Audit objects (lines of the Company's financial and business activities, individual areas of the Company's activities);
 - (2) Specification of the audit format for each of the objects (documentary audit, on-site (field) audit);
 - (3) Company audits schedule, approximate audits dates (annual/quarterly audits);
 - (4) Schedule of the Audit Commission meetings to consider matters involved in preparations for and conduct of the Company audits;
 - (5) List of financial and/or economic documentation required for auditing each of the audit objects;
 - (6) List of the Company's Audit Commission members responsible for audit preparations, collection of information and appropriate documents/materials;
 - (7) Other aspects of managing meetings of and conducting audits by the Company's Audit Commission.

6. Meetings of the Company's Audit Commission

- 6.1. Meetings of the Company's Audit Commission shall be held to discuss organizational aspects of the Audit Commission activities, and also every time before commencement of the audit, and after the audit to review its results.
- 6.2. The meeting of the Company's Audit Commission held before each audit shall review the following issues involved in preparations for and conduct of the upcoming audit:

- (1) Determination of the audit object (bookkeeping and statistical accounting, etc.);
- (2) Audit procedure, timelines and scope;
- (3) Determination of the list of information and materials required for conducting the audit, ways and sources of their acquisition;
- (4) Determination of the list of persons to be engaged in conducting the audit (to provide explanations and clarify some points);
- (5) Designation of the date of the Audit Commission meeting to sum up the audit results;
- (6) Assignment of the Audit Commission member responsible for preparation of the Audit Commission's draft audit report for the Audit Commission meeting to sum up the audit results;
- (7) Decision-making on other matters.

The meeting of the Audit Commission on matters involved in audit planning and conduct can be held without joint presence of the Audit Commission members, by way of an absentee vote (by polling).

6.3. The following items shall be on the agenda of the Company's Audit Commission meeting held to discuss the results of each audit:

- (1) Reviewing information obtained during the audit and the sources of information;
- (2) Summing up the audit results;
- (3) Drawing up conclusions and proposals based on the audit results;
- (4) Approving and signing the Audit Commission audit report based on the audit results;
- (5) Establishing and analyzing causes of violations of Russian Federation law and the Company's Articles of Association, and discussing possible ways for their elimination and prevention in the future;
- (6) Decision-making on notifying the Company's management bodies and their officials, and managers of the Company's structural units about the need to eliminate violations detected by the audit; on holding the wrongdoers liable;
- (7) Other matters associated with summing up of the audit results.

6.4. Meetings of the Company's Audit Commission shall be held as scheduled by the annual Work Plan of the Audit Commission, but at least once in three months.

6.5. The Chairperson of the Audit Commission shall call a meeting of the Company's Audit Commission on his/her own initiative or on the initiative of the Audit Commission member, or on the basis of a resolution of the General Meeting of Shareholders, the Company's Board of Directors or upon request of the Company shareholders (possessing at least 10 percent of the Company's voting shares) to carry out an audit of the Company's financial and business performance.

- 6.6. In preparation to the Audit Commission meeting, the Chairperson of the Company's Audit Commission shall:
- (1) Set the date, time and venue of the meeting (absentee vote counting);
 - (2) Establish the format of the meeting (joint presence, absentee voting);
 - (3) Approve the meeting agenda;
 - (4) Determine the list of materials and documents (information) required for considering the Audit Commission meeting agenda items;
 - (5) Determine the list of persons invited to attend the Audit Commission meeting (in case of joint presence);
 - (6) Consider other matters involved in preparing for the Company's Audit Commission meeting.
- 6.7. The notice of a meeting of the Company's Audit Commission shall be forwarded to members of the Audit Commission by registered mail not later than 10 (ten) days before the date of the meeting.
- In case of absentee voting provided for hereunder, the notice of absentee voting, as well as information on the agenda items and a questionnaire, shall be forwarded by registered mail not later than 15 (fifteen) days before the date of vote counting.
- 6.8. If violations of Russian Federation law, the Company's Articles of Association or other in-house documents are detected in the course of Company operations, the Chairperson of the Audit Commission shall convene an extraordinary meeting of the Audit Commission to decide whether an unscheduled audit is necessary.
- 6.9. On detection of violations provided for under clause 6.8 hereof, a member of the Audit Commission shall forward to the Chairperson of the Audit Commission a written statement describing the nature of violations and indicating guilty persons within 3 (three) working days since their detection.
- 6.10. In cases provided for under clauses 6.8 and 6.9 hereof, the Chairperson of the Audit Commission shall convene an extraordinary meeting of the Audit Commission in the form of joint presence within 10 (ten) days since the receipt of information on detected violations.
- 6.11. A meeting of the Audit Commission held in the form of joint presence shall include following stages:
- (1) Opening of the meeting by the Chairperson of the Audit Commission;
 - (2) Determination of a meeting quorum;
 - (3) Announcement of the meeting agenda;
 - (4) Comments, statements and reports on the meeting agenda items, and their consideration;
 - (5) Formulation of draft resolutions on the meeting agenda items by the Chairperson of the Audit Commission;

- (6) Voting on the meeting agenda items;
- (7) Summing up of the voting results;
- (8) Announcement of the Audit Commission resolutions on the meeting agenda items.

6.12. A meeting of the Company's Audit Commission held in the form of absentee voting shall include following stages:

- (1) Receipt and counting of questionnaires that came in from the Audit Commission members by the deadline set in the absentee voting questionnaire;
- (2) Determination of a quorum of the Audit Commission meeting;
- (3) Counting of votes cast in the questionnaires, and summing up of the voting results;
- (4) Drawing up the Audit Commission minutes.

6.13. The meeting of the Company's Audit Commission shall be effective (have a quorum), if the number of its participants is more than half the number of members of the Company's Audit Commission. If there is no quorum, the meeting of the Audit Commission shall be postponed until a later date, but not later than 10 (ten) days.

6.14. Agenda items of the Audit Commission meeting shall be carried by a majority vote of the Company's Audit Commission members. In decision-making at the Audit Commission meeting, each member of the Audit Commission shall have a single vote.

In the event of a tied vote, the Chairperson of the Audit Commission shall have a deciding vote.

6.15. At the meeting of the Audit Commission, the Secretary of the Audit Commission shall keep minutes.

6.16. Minutes of the Company's Audit Commission meeting shall include:

- (1) The date, time and venue of the meeting (vote counting);
- (2) List of the Audit Commission members and persons attending the meeting (participating in absentee voting);
- (3) Information on the meeting quorum;
- (4) Items included into the meeting agenda;
- (5) Summaries of comments, papers and reports on the meeting agenda items (only for meetings held in the form of joint presence);
- (6) Voting results;
- (7) Resolutions adopted by the Audit Commission.

6.17. Minutes of the Company's Audit Commission meeting shall be executed in two copies within 5 days after the meeting (summing up of the absentee voting results) and signed by the Chairperson and the Secretary of the Company's Audit Commission.

6.18. The Company shall provide for the storage of Audit Commission meeting minutes and their submittal to Company shareholders on request.

7. Audit procedure

7.1. Scheduled audits of the Company's financial and business performance shall be conducted in accordance with the approved annual Work Plan of the Audit Commission.

7.2. Spot audits of the Company's financial and business performance shall be conducted:

- (1) Based on a resolution of the Company's Audit Commission;
- (2) Based on a resolution of the General Meeting of Shareholders or the Board of Directors of the Company;
- (3) On request of the Company stockholder(s), possessing in aggregate at least 10 (ten) percent of the Company's voting shares.

7.3. Audits of the Company's financial and business performance shall include:

- (1) Determination of the regulatory and legal framework governing the audited area of the Company's activities;
- (2) Collection and analysis of the Company's financial and business documents, indices of bookkeeping and statistical accounts and other Company's documents, getting written and oral clarifications pertaining to the audited object;
- (3) Inspection of stockrooms, archives and other office premises of the Company;
- (4) Identification of signs of non-compliance with current Russian Federation law of the Company's financial and business operations, of distortion and unreliability of information on the Company's operations in bookkeeping and statistical accounts, and other records and documentation of the Company;
- (5) Taking other steps ensuring integrated and objective auditing of the Company's financial and business performance, within the scope of powers of the Audit Commission, provided for hereunder.

7.4. In the course of the audit, members of the Company's Audit Commission shall request necessary documents and materials from the Company's management bodies, managers of the Company's standalone subdivisions and structural units, and other persons possessing necessary documents/materials. Requested documents and materials shall be provided to the members of the Company's Audit Commission within 2 (two) working days since receipt of the request.

7.5. Any member of the Company's Audit Commission shall have access to books, records, business correspondence and other information related to the relevant audited object.

7.6. In the course of audits, members of the Company's Audit Commission shall properly scrutinize all received documents and materials pertaining to the audited object.

7.7. Officials of the Company's management bodies, managers of the Company's standalone subdivisions and structural units shall:

- (1) Create conditions for the auditors that ensure efficient auditing, provide members of the Audit Commission with all necessary information and documentation, and provide, at their request (oral or written), clarifications and explanations in oral and written form;
- (2) Promptly eliminate all violations revealed by the Audit Commission, including improper bookkeeping and accounting or other financial reporting;
- (3) In the course of the audit, prevent any actions intended to limit the range of questions to be clarified during the audit.

8. Audit report of the Company's Audit Commission

- 8.1. Based on the Company's financial and business performance audit results, the Audit Commission shall draw up an audit report constituting an internal control document of the Company.
- 8.2. The audit report of the Audit Commission shall consist of three parts, i.e. an introductory part, an analytical part and a summary part.
- 8.3. The introductory part of the audit report of the Audit Commission shall include:
 - (1) The name of the document as a whole – "Audit Report of the Audit Commission of the Open Joint-Stock Company Federal Hydrogenerating Company";
 - (2) The audit report execution date and place;
 - (3) Auditing date (period) and place;
 - (4) Ground for the audit (resolution of the Audit Commission, the General Meeting of Shareholders, the Board of Directors, the Company shareholder(s));
 - (5) Purpose of the audit (determination of legitimacy of the Company's activities, establishing authenticity of accounting and/or other documentation, and its compliance with Russian Federation law, etc.);
 - (6) The audit object (the Company's specific activities, financial and business documentation, including bookkeeping and statistical accounting, etc.);
 - (7) List of applicable regulatory and legal documents and other documents governing the Company's activity.
- 8.4. The analytical part shall provide an objective appraisal of the audited object condition and include:
 - (1) General results of auditing account forms and accounting reports, as well as other documentation relating to the Company's financial and business operations;
 - (2) General audit results on compliance with requirements of Russian Federation law in performing financial or business operations.
- 8.5. The summary part of the audit report of the Company's Audit Commission shall provide its reasoned conclusions and include:

- (1) Confirmation of the authenticity of information in statements and other financial documents of the Company;
 - (2) Information on violation of the bookkeeping and financial reporting procedure established by Russian Federation law and of RF legal acts in carrying out financial and business operations;
 - (3) Recommendations and proposals for eliminating the causes and consequences of violation of Russian Federation law, the Company's Articles of Association and in-house documents.
- 8.6. The audit report of the Company's Audit Commission shall be executed in 3 (three) copies within 10 (ten) days after the audit date and signed by all Audit Commission members at the meeting of the Audit Commission to finalize the audit results. One copy of the audit report shall be left in the files of the Audit Commission, and the other two forwarded to the Board of Directors and to the Chairperson of the Company's Management Board.
- 8.7. The Company shall store audit reports of the Audit Commission and provide access to them for the Company shareholders upon their request.