

PROVISION
on the Audit Commission of JSC FGC UES

Moscow
2002

1. General provisions

1.1. This Provision specifies the composition, functions and powers of the Audit Commission of JSC FGC UES (hereinafter referred to as the Company), its work procedures and interaction with the Company's managing bodies.

1.2. Audit Commission is the permanent body for internal control within the Company, which shall exercise regular control of financial and business activities of the Company, including separate divisions thereof, officers of the managing authorities of the Company and structural divisions of the executive apparatus of the Company in terms of compliance with the Russian Federation law, the Company's Articles of Association and Company's internal documents.

1.3. The activities of the Audit Commission shall be carried out independently of any officers of the managing authorities of the Company and heads of the structural divisions of the executive apparatus of the Company. The Audit Commission shall only be subordinate to the General Meeting of the Company's shareholders and report to it on the annual basis simultaneously with the report of the Board of Directors on the key results of the Company's activities during the year.

1.4. In its activities the Audit Commission shall be guided by the current law, Company's Articles of Association and this Provision.

2. The election procedure and membership of the Audit Commission.

2.1. The Audit Commission shall be elected shall be elected by the General Meeting of the Shareholders for the period until the next annual General Meeting in accordance with the procedure contemplated by the Articles of Association.

2.2. In the event of election of the Company's Audit Commission or individual members thereof at the extraordinary General Meeting of the Company's Shareholders, the Audit Commission shall be deemed to be elected for the period until the date of the annual General Meeting of the Company's shareholders.

2.3. By the resolution of the General Meeting of the Shareholders the powers of any member (all members) of the Audit Commission may be terminated on an early basis.

2.4. Members of the Audit Commission may be re-elected unlimited number of times.

2.5. The number of members of the Audit Commission shall be 5 persons.

2.6. Only natural persons that need not be Company's shareholders may be members of the Audit Commission.

2.7. Members of the Company's Audit Commission may not simultaneously be members of the Company's Board of Directors, or occupy any other positions in the Company's managing bodies.

Shares that belong to the members of the Company's Board of Directors or persons occupying positions in the Company's managing bodies may not take part in the vote when electing members of the Company's Audit Commission.

3. Chairman and Secretary of the Audit Commission.

3.1. Chairman of the Audit Commission shall be elected by the members of the Company's Audit Commission among themselves by the majority of votes from the entire number of the elected the members of the Company's Audit Commission. Members of the Audit Commission may re-elect the Chairman of the Company's Audit Commission at any time by the majority of votes from the entire number of the elected the members of the Company's Audit Commission.

3.2. The Chairman of the Company's Audit Commission shall:

- 1) convene and facilitate the meetings of the Company's Audit Commission;
- 2) approve the agenda of the meeting of the Company's Audit Commission and solve all necessary matters related to the preparation for and holding of the meeting of the Company's Audit Commission;
- 3) organize current work of the Company's Audit Commission;
- 4) represent the Company's Audit Commission at the General Meeting of the Company's shareholders and meetings of the Company's Board of Directors;
- 5) sign the Minutes of the meeting of the Audit Commission and other documents on behalf of the Company's Audit Commission.

3.3. Secretary of the Company's Audit Commission shall be elected by the members of the Company's Audit Commission among themselves by the majority of votes from the entire number of the elected the members of the Company's Audit Commission. Members of the Audit Commission may re-elect the Secretary of the Company's Audit Commission by the majority of votes from the entire number of the elected the members of the Company's Audit Commission.

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

- 1) organize keeping the minutes of the meetings of the Audit Commission;
- 2) ensure timely notification of the Company's managing bodies of the results of audits conducted, submit copies of the statements of the Company's Audit Commission;
- 3) together with the Chairman of the Audit Commission execute and sign the minutes of the meetings of the Company's Audit Commission;
- 4) organize secretarial work, workflow and keeping of the documents of the Company's Audit Commission;

- 5) organize notification of the members of the Company's Audit Commission of the meetings of the Audit Commission, both regular and extraordinary ones and extraordinary of the Company's activities;
- 6) perform other functions contemplated herein.

4. Rights and responsibilities of the members of the Audit Commission

4.1. The Company's Audit Commission may:

- 1) enter any Company's offices without hindrance;
- 2) seal monetary depositaries, material warehouses, archives and other official premises of the Company for the period of the audit for the purpose of ensuring safety of the inventory and records kept therein;
- 3) withdraw individual documents from files (subject to leaving in the files a withdrawal deed and copies of withdrawn documents) provided the audit reveals any fraud, falsehood or other abuse;
- 4) require written explanation of any questions arising in the course of audits from the officials of the Company's managing bodies, heads and employees of structural divisions of the executive apparatus of the Company;
- 5) issue instructions to the officials of the Company's managing bodies, heads of structural divisions of the executive apparatus of the Company to take urgent measures as a result of detected violations, provided any failure to take such measures may entail loss of inventory, records, or promote further abuse;
- 6) demand convening of the extraordinary General Meeting of the Company's shareholders, meeting of the Board of Directors in accordance with the procedure contemplated by the Russian Federation law, Company's Articles of Association this Provision;
- 7) request documents and materials required for the audit of the Company's financial and business activities by the Audit Commission from the officials of the Company's managing bodies, heads of the Company's separate divisions and heads of structural divisions of the executive apparatus of the Company;
- 8) present for examination by the officers of the Company's managing bodies the matter on the use of disciplinary and material liability measures in respect of the Company's employees, including officers of the Company's managing bodies, in the event of violation by them of the Company's Articles of Association and Company's internal documents;
- 9) subject to the invitation of the Chairman of the Board of Directors attend meetings of the Company's Board of Directors;
- 10) if necessary, invite specialists in relevant spheres (law, economy, finances, accounting, management, economic security and others) to take part in the audit (check) including specialized organizations;

4.2. Members of the Company's Audit Commission shall:

- 1) attend the meetings of the Audit Commission in person, personally take part in the audits of the Company's financial and business activities;
- 2) ensure compliance with the confidentiality regime in respect of received information and prevent unauthorized disclosure of any information that may have come to their knowledge in the course of audits;

- 3) In accordance with the procedure contemplated by the Company's Articles of Association present the matter at the meeting of the Audit Commission with the requirement to call an extraordinary General Meeting of the Company's shareholders in the event of actual threat to the Company's interests;
- 4) report to the General Meeting of the Company's shareholders the results of regular and extraordinary audits of the Company's financial and business activities, of any detected facts of incompliance by the members of the Board of Directors and other officers of the Company's managing bodies with the Russian Federation law, Company's Articles of Association and Company's internal documents;
- 5) submit the statement on the results of the annual audit of the Company's activities, including the evaluation of the Company's annual statement to the Company's Board of Directors within 45 days before the date of the annual General Meeting of the Company's shareholders.
- 6) in the event of detection of any facts of abuse by officers of the powers conferred on them, embezzlements, thefts, shortages and illegal waste of money and inventory, draw up an interim deed, immediately inform the Board of Directors of what has happened and if necessary prepare materials on the audit for submission thereof subject to the decision of the Board of Directors to investigation authorities;
- 7) exercise control over elimination of the faults and flaws detected as a result of audits and checks and implementation of the commissions proposals on elimination of the same.

5. Organization of the work of the Company's Audit Commission

5.1. Holding meetings of the Company's Audit Commission and check of the Company's activities shall be subject to the approved annual Working Plan of the Audit Commission.

5.2. Working Plan of the Audit Commission shall be approved at the first organizational meeting of the Audit Commission, which meeting shall be held within 45 days from the date of election of the new members of the Audit Commission.

5.3. Working Plan of the Audit Commission shall include:

- 1) objects of audit (types of the Company's financial and business activities, individual areas of the Company's activities);
- 2) identification of the form of the audit for each object (documentary, on-sight audit);
- 3) schedule of audits of the Company's activities, approximate dates of audits (annual, quarterly);
- 4) schedule of the meetings of the Audit Commission on the solution of the matters on the preparation and carrying out of the audits of the Company's activities;
- 5) list of financial and/or business documentation required for the audit of each object;
- 6) appointment of the members of the Company's Audit Commission responsible for the preparation to the audits, collection of information and necessary documents and materials;
- 7) other matters concerned with organization of meetings and audits of the Company by the Audit Commission.

6. Meetings of the Company's Audit Commission

6.1. Meetings of the Company's Audit Commission shall be held on the dates contemplated by the Working Plan of the Audit Commission as well as each time before the beginning of the audit and subject to results thereof, but at least once in a quarter.

6.2. At the meeting of the Company's Audit Commission conducted before the beginning of the audit the following matters concerned with preparation and carrying out of the forthcoming audit shall be considered:

- 1) defining the object of the audit (accounting and statistical reporting, etc.);
- 2) procedure, dates and scope of the audit;
- 3) defining the list of information and materials required for the audit, ways and sources of obtaining thereof;
- 4) defining the list of persons which should be involved in the audit (for provision of explanations, clarifications on certain matters);
- 5) determining the date of the meeting of the Audit Commission on summarizing the results of the audit;
- 6) appointment of the member of the Audit Commission responsible for the preparation of the draft statement of the Audit Commission for the meeting of the Audit Commission on the audit results;
- 7) solution of other matters.

Meeting of the Audit Commission on preparation and carrying out the audit may be held without joint presence of the members of the Audit by absentee ballot (by survey).

6.3. The following matters shall be examined at the meeting of the Company's Audit Commission held on the results of each audit:

- 1) discussion of information obtained in the course of the audit and sources thereof;
- 2) summarizing audit results;
- 3) generalization of conclusions and generation of proposals based the audit results;
- 4) approval and signing of the Statement of the Audit Commission based the audit results;
- 5) detection and analysis of the causes of violation of the Russian Federation law and Company's Articles of Association and discussion of possible options of elimination thereof and prevention thereof in the future;
- 6) making a decision on requesting the Company's managing bodies, their officers and heads of structural divisions, the executive apparatus of the Company to eliminate the violations detected during the audit; administration of liability measures to the persons responsible for such violations;
- 7) other matters related to summarizing the audit results.

6.4. The Chairman of the Audit Commission shall convene the meeting of the Company's Audit Commission at his discretion or at the discretion of a member of the Audit Commission, or subject to the decision of the General Meeting of the Shareholders, of the Company's Board of Directors or claim of the Company's shareholders (holding at least 10 per cent of the voting shares of the Company) on the audit of the Company's financial and business activities.

6.5. During preparation for the meeting of the Audit Commission, the Chairman of the Company's Audit Commission shall:

- 1) determine the date, time and place of the meeting (summarizing the results of the absentee vote);
- 2) form of the meeting (joint presence, absentee vote);
- 3) approve the agenda of the meeting;
- 4) determine the list of materials and documents (information), required for examination of the items of the agenda of the meeting of the Audit Commission;
- 5) define the list of persons invited to participate in the meeting of the Audit Commission (in case of joint presence);
- 6) solve other matters related to the preparation for the meeting of the Company's Audit Commission.

6.6. Notification of the meeting of the Company's Audit Commission shall be sent to the members of the Audit Commission by registered letter within 10 days before the date of the meeting.

In the event of absentee vote in cases contemplated herein the notice of absentee vote shall be sent together with materials on the agenda and questionnaire by registered letter within 15 days before the date of summarizing the results of the vote.

6.7. In the event of detection of any violations of the Russian Federation law, the Company's Articles of Association and other internal documents of the Company in the course of the Company's activities, the Chairman of the Audit Commission shall convene the meeting of the Audit Commission in order to carry out an extraordinary audit.

6.8. In the event of detection of any violations specified in section 6.7. hereof the Member of the Audit Commission shall send to the Chairman of the Audit Commission a written statement describing the nature of the violations and persons responsible for the same within 3 working days after the date of detection of the above.

6.9. In cases contemplated by sections 6.7. and 6.8. hereof, the Chairman of the Audit Commission shall convene the meeting of the Audit Commission in the form of joint presence within 10 days after receipt of the information about the detected violations.

6.10. The meeting of the Audit Commission held in the form of joint presence shall include the following stages:

- 1) opening of the meeting by the Chairman of the Audit Commission;
- 2) qualification of the quorum of the meeting;
- 3) announcement of the items of the agenda of the meeting;
- 4) giving of the talks, making statements and reports on the items of the agenda of the meeting, discussion thereof;
- 5) formulation by the Chairman of the Audit Commission of the draft of the resolution on the items of the agenda of the meeting;
- 6) voting on the items of the agenda of the meeting;
- 7) summarizing the voting results;
- 8) announcement of the decisions of the Audit Commission on the items of the agenda of the meeting;

6.11. The meeting of the Company's Audit Commission conducted as a survey shall include the following stages:

- 1) acceptance and counting of questionnaires submitted by the members of the Audit Commission within the timeline contemplated by the questionnaire for the absentee vote;
- 2) qualification of the quorum of the meeting of the Audit Commission;
- 3) counting of the votes provided in questionnaires summarizing the voting results;
- 4) execution of the minutes of the meeting of the Audit Commission.

6.12. The meeting of the Company's Audit Commission shall qualify (have the quorum), provided over half of the members of the Company's Audit Commission take part therein. In the event of absence of the quorum the meeting of the Audit Commission shall be postponed for a later date, but no more than for a period of 10 days.

6.13. The voting on the items of the agenda of the meeting of the Audit Commission shall be accepted by the majority of votes of the members of the Company's Audit Commission. For the purpose of making decisions at the meeting of the Audit Commission each member of the Audit Commission shall have one vote. In the event of equal number of votes the Chairman of the Audit Commission shall have a casting vote.

6.14. The Secretary of the Audit Commission shall keep the minutes of the meeting of the Audit Commission. In the event of disagreement with the decision of the commission the members of the Audit Commission may record a special opinion in the Minutes of the meeting and communicate it to the Board of Directors and the General Meeting of the Shareholders.

6.15. The Minutes of the Meeting of the Company's Audit Commission shall contain:

- 1) date, time and place of the meeting (summarizing the voting results);
- 2) list of members of the Audit Commission and persons present at the meeting (taking part in the absentee vote);
- 3) information about the quorum of the meeting;
- 4) items included in the agenda;
- 5) key provisions of talks, statements and reports on the items of the agenda (only for the meeting in the form of joint presence);
- 6) voting results;
- 7) decisions made by the Audit Commission.

6.16. The minutes of the meeting of the Company's Audit Commission shall be made in two counterparts within 5 days after the date of the meeting (summarizing the results of the absentee vote) and signed by the Chairman and Secretary of the Company's Audit Commission.

6.17. The Company shall keep the minutes of the meetings of the Audit Commission and provide them to the Company's shareholders upon request.

7. Procedure for carrying out the audits.

7.1. Regular audit of the Company's financial and business activities shall be carried out in accordance with the approved annual Working Plan of the Audit Commission.

7.2. Extraordinary audit of the Company's financial and business activities shall be carried out:

- 1) subject to decision of the Company's Audit Commission;
- 2) subject to decision of the General Meeting of the Shareholders, of the Company's Board of Directors;
- 3) upon request of a shareholder (s) of the Company jointly holding at least 10 per cent of the voting shares of the Company.

7.3. The audit of the Company's financial and business activities shall include:

- 1) determination of the regulatory and legal basis governing the audited area of the Company's activities;
- 2) collection and analysis of financial and business documents of the Company, indicators of accounting and statistical reporting and other Company documents, obtaining written and oral explanations relevant to the audited object;
- 3) examination of warehouses, archives and other service premises of the Company;
- 4) detection of signs of incompliance with the current law of the Russian Federation in the Company's financial and business activities, distortions and inaccuracies in the reflection of the Company's activities in accounting, statistical and other reporting and documentation of the Company;
- 5) performance of other acts to ensure comprehensive and objective check of the Company's financial and business activities within the framework of the powers of the Audit Commission contemplated herein.

7.4. In the course of the audit the members of the Company's Audit Commission shall request the necessary documents and materials from Company managing authorities, heads of separate divisions, structural divisions of the Company's executive apparatus and other persons who have the necessary documents and materials at their disposal. The requested documents and materials shall be provided to the members of the Company's Audit Commission within two working days from the date of the request.

7.5. A member of the Company's Audit Commission may have access to the books, records, business correspondence and other information relevant to the object of audit in question.

7.6. During the audits the members of the Company's Audit Commission shall study all the obtained documents and materials relevant to the object of audit in due manner.

7.7. The officers of the Company's managing bodies, heads of separate divisions, and structural divisions of the Company's executive apparatus shall:

- 1) create for the auditors conditions to ensure the efficiency of the audit, provide all necessary information and documentation to the members of the Audit Commission and in response to their request (oral or written) provide clarifications in oral or written form;
- 2) quickly eliminate all violations detected by the Audit Commission, including those detected in book-keeping records and accounting and financial reporting documents;

3) exclude any actions during the audit aimed at limiting the scope of matters which are subject to clarification during the audit.

8. Statement of the Company's Audit Commission

8.1. Subject to the results of the audit of the Company's financial and business activities the Audit Commission shall draw up a statement which shall constitute the document of the Company's internal control.

8.2. The statement of the Audit Commission shall consist of three parts: introductory, analytical and final.

8.3. The introductory of the statement of the Audit Commission shall contain:

- 1) the name of the document as a whole - "Statement of f the Audit Commission of JSC FGC UES.
- 2) date and place when and where the statement is made;
- 3) date (period) and place of the audit;
- 4) grounds for the audit (resolution of the Audit Commission, of the General Meeting of the Shareholders, of the Board of Directors, Shareholder (s) of the Company);
- 5) purpose of the audit (determination of the legality of the Company's operations, checking the accuracy of accounts and other records, conformance thereof to the Russian Federation law, etc.);
- 6) object of the audit (certain activity of the Company, financial and business documentation, including accounting and statistical reports, etc.);
- 7) list of regulatory and legal and other documents governing the Company's activities used in the course of the audit.

8.4. The analytical part shall contain the objective evaluation of the condition of the audited object and include:

- 1) general results of the check of the documents of accounts and reporting and other financial and business records of the Company;
- 2) general results of the check of compliance with the Russian Federation law requirements in the course of financial and business operations;

8.5. The final part of the statement of the Company's Audit Commission shall contain justified conclusions of the Audit Commission and include:

- 1) confirmation of the accuracy of the data contained in the reports and other financial documents of the Company;
- 2) information on the facts of violation of the book-keeping procedure and submission of financial reporting contemplated by the Russian Federation law and legal acts of the Russian Federation in the course of financial and business activity;
- 3) recommendations and proposals on elimination of causes and consequences of the violations of the Russian Federation law, Articles of Association and internal documents of the Company.

8.6. Statement of the Company's Audit Commission shall be made in three counterparts within 10 days after the audit and shall be signed by all members of the Audit Commission at the meeting of the Audit Commission subject to the audit results.

One counterpart of the statement shall remain in the files of the Audit Commission, the rest two counterparts shall be sent to the Board of Directors and to the Chairman of the Management Board.

Those members of the Audit Commission who have a special opinion on certain provisions and conclusions of the Statement may set it out in the statement.

8.7. The Company shall keep the Statements of the Audit Commission and provide access thereof at the request of the Company's shareholders.

DRAFT

APPROVED

Resolution of General meeting
of shareholders in JSC FGC UES

June “30”, 2008

Protocol No. __ of July “__”, 2008

Chairman of General meeting
of shareholders in JSC FGC UES

PROVISION

**ON REMUNERATIONS AND EMOLUMENTS
FOR MEMEBERS OF AUDIT COMMISSION IN
OPEN JOINT STOCK COMPANY
“FEDERAL GRID COMPANY OF
UNIFIED ENERGY SYSTEM”**

MOSCOW
2008

This Provision is drawn up in accordance with the Federal law “On joint-stock companies” and fixes amounts and manner of payment for remunerations and emoluments for members of Audit Commission in JSC “Federal Grid Company of Unified Energy System” (hereinafter – the Company).

1. Payment of remunerations and emoluments is performed in Company in terms of money.

2. Payment of emoluments.

2.1. Expenses incidental to participation in a meeting of the Company Audit Commission and audit performance are repaid for a member of the Company Audit Commission according to standards for traveling expenses reimbursement applicable at the time of a meeting either audit in the Company.

2.2. Payment of emoluments is performed in the Company within three days after delivery of documents which confirm expenses.

3. Payment of remunerations.

3.1. Remuneration in a single payment in the amount equivalent to twenty minimum monthly base rates of the first rate worker established by the industrial tariff agreement in RF electric grid complex (hereinafter – the Agreement) for a period of audit (examination) with an allowance for indexation as specified in the Agreement will be paid to a member of the Company Audit Commission for participation in audit (examination) of the financial and economic activities.

Payment of the remuneration specified herein is performed in a week when a report on audit (examination) results is compiled.

3.2. Amount of remunerations to be paid to Chairman of the Company Audit Commission in accordance with p.3.1 in this Provision will increase by 50%.

4. Payment of remunerations and emoluments for specialists (experts) attracted by Audit Commission, those who are not members of the Company Audit Commission, is performed in the Company under contracts concluded with them by the Company. Terms in such contracts are approved by Board of Directors in the Company.

5. Effect of this Provision applies to individual categories of persons including government employees, members of the Company Audit Commission, with due consideration of restrictions and requirements established by the applicable laws for such categories.