

APPROVED:

Management Board of the Open Joint-Stock Company of
Energy and Electrification UES of Russia
Minutes _____ 2007 No. _____

REGULATIONS
on the Audit Commission

Open Joint-Stock Company
“Interregional Distributive Grid Company of Urals”

Yekaterinburg
2008

1. General Provisions

1.1. The present Regulations on the Audit Commission of the Open Joint-Stock Company Interregional Distributive Grid Company of Urals (hereinafter referred to as Provision) developed pursuant to the Federal Law "On Joint-Stock Companies" and the Charter of the Open Joint-Stock Company Interregional Distributive Grid Company of Urals (further - Company) set the objectives and govern the activity of the Audit Commission, control its cooperation with the executive bodies and structural units of the Company.

1.2. The Audit Commission is a standing internal audit body of the Company which supervises its financial and economic activity as well as the activity of its departments, CEOs of the Company and the executive structural units so that it complies with the Russian Federation legislature, the Charter and other in-house documents of the Company.

1.3. The Audit Commission acts for the benefit of the Company's shareholders and is accountable for its actions to the General Meeting of Shareholders.

1.4. The Audit Commission is independent from the CEOs of the Company and the heads of the Company's executive structural units.

1.5. The Audit Commission obeys the laws of the Russian Federation, the Charter of the Company, the present Provision and other in-house documents of the Company approved by the General Meeting of Shareholders.

2. Objectives of Audit Commission

2.1. The key objectives of the Audit Commission are:

- a) control of the financial and economic activity of the Company;
- б) supervision of the compliance of the financial and economic activity of the Company with the laws of the Russian Federation and the Charter;
- в) independent assessment of data about the financial status of the Company.

3. Chair and Secretary of Audit Commission

3.1. The Chair of the Audit Commission is elected by the members of the Audit Commission among themselves by a majority of vote. The members of the Audit Commission are authorized to re-elect the Chair of the Audit Commission by a majority of vote at anytime.

3.2. The Secretary of the Audit Commission is elected by the members of the Audit Commission among themselves by a majority of vote. The members of the Audit Commission are authorized to re-elect the Secretary of the Audit Commission by a majority of vote at anytime.

3.3. The Chair and the Secretary of the newly formed Audit Commission are to be elected not later than 15 (fifteen) business days after the Audit Commission is formed.

4. Rights and Obligations of Audit Commission

4.1. In its activity the Audit Commission of the Company follows the laws of the Russian Federation, the Charter of the Company and the resolutions adopted by the General Meeting of Shareholders.

4.2. The powers of the Audit Commission include the following:

- 1) access all the premises of the Company freely;
- 2) seal all money banks, inventory rooms, record-keeping offices and other premises of the Company for the period their valuables or documents are checked for intactness;
- 3) withdraw separate documents from the files (drawing up withdrawal deeds and attaching the copies of the withdrawn documents) if the course of audit will unearth forgery, fraud or other wrongdoings;
- 4) receive written explanatory notes of issues which arise during audit from the CEOs of the Company, heads and employees of the executive structural units;
- 5) instruct the CEOs of the Company, heads of the executive structural units to remedy the detected breach immediately if any delay in their remedy may cause loss of property, documents or may encourage further abuse;
- 6) demand the Extraordinary General Meeting of Shareholders Общества, meeting of the

Board of Directors as set out by the laws of the Russian Federation, the Charter of the Company and the present Provision;

7) request documents and files necessary to carry out the audit of the financial and economic activity of the Company performed by the Audit Commission from the CEOs of the Company, heads of separate units and executive structural units;

8) submit the issues for discussion to the CEOs of the Company about disciplinary measures and liability of the Company's employees including the CEOs of the Company if they happen to breach the Charter and other documents of the Company;

4.3. The Chair of the Audit Commission:

1) calls for and holds the meetings of the Audit Commission;

2) approves the agenda of the meeting of the Audit Commission as well as deals with other issues connected with the preparation and organization of meetings of the Audit Commission;

3) arranges day-to-day work of the Audit Commission;

4) represents the Audit Commission at the General Meeting of Shareholders and at the meetings of the Board of Directors;

5) signs the minutes of the meeting of the Audit Commission and other documents on behalf of the Audit Commission.

4.4. The Secretary of the Audit Commission:

1) arranges the minutes of the Audit Commission;

2) warrants that all the executive bodies of the Company are informed about the performed audit in time, submits the copies of the reports (deeds) of the Company's Audit Commission;

3) executes the minutes of the meetings of the Audit Commission;

4) conducts clerical work, processes and files the documents of the Audit Commission;

5) notifies the members of the Audit Commission about the meetings of the Audit Commission, special and scheduled audit of the Company's business;

6) performs other functions as set out herein.

4.5. The members of the Audit Commission shall:

1) participate in the meetings of the Audit Commission, audit of financial and economic activities of the Company in person;

2) keep the data they have access to in secret and prevent any unauthorized disclosure of information revealed in the course of audit;

3) call for an Extraordinary General Meeting of Shareholders as set out in the Charter of the Company if the Company's interests are at risk;

4) inform the General Meeting of Shareholders about the scheduled and special audit of the Company's financial and economic affairs, any detected facts that the members of the Board of Directors and other CEOs of the Company may violate the laws of the Russian Federation, the Charter and other in-house documents;

5) submit the certificate (deed) of the results of the annual audit of the Company's affairs, including the assessment of the annual statement, to the Board of Directors at least 45 (forty five) days prior to the Annual General Meeting of Shareholders.

4.6. The members of the Audit Commission are not allowed to be the members of the Board of Directors or hold any other managerial positions in the executive bodies of the Company.

4.7. The Audit Commission is authorized to recruit experts in the corresponding fields like law, economics, finances, accounting, management, economic security, etc. as well as companies as set out in the resolution to perform the audit (inspection).

5. Work Schedule of Audit Commission

5.1. The Audit Commission arranges its meetings and performs audit pursuant to the approved Work Schedule for the Audit Commission unless otherwise specified herein.

5.2. The Work Schedule of the Audit Commission shall be approved by the Audit Commission not later than 45 (forty five) days after the General Meeting of Shareholders elect new members of the Audit Commission. The Chair is responsible for drawing up the Work Schedule draft of the Audit Commission and shall submit it to the Commission for approval.

5.3. The Work Schedule of the Audit Commission includes:

1) audit subjects (types of the financial and economic affairs of the Company,

their separate parts);

- 2) choice of the audit type in each case (documents, field audit);
- 3) time-schedule of the audit, approximate deadlines for the audit (for annual, quarterly audit);
- 4) time-schedule of the meetings of the Audit Commission where the issues of the audit preparation and performance are discussed;
- 5) list of fiscal and (or) economic documents needed to perform the audit of each subject;
- 6) appointment of the members of the Audit Commission responsible for the arrangement, performance of audit, data compilation and necessary documents and materials;
- 7) other issues connected with the arrangement of the meetings and audit of the Audit Commission.

6. Meetings of Audit Commission

6.1. The meetings of the Audit Commission are held to deal with organization of the Audit Commission as well as each time prior to the audit and after it.

6.2. The meeting of the Audit Commission held prior to each audit deals with the following issues of its arrangement and performance. The members shall:

- 1) specify the audit subject (account books or statistical reports, etc);
- 2) determine ways, terms and volume of the audit;
- 3) specify the list of information and materials necessary to perform the audit, their retrieval methods and sources;
- 4) specify the list of persons necessary to be recruited for the audit (to explain some issues);
- 5) schedule the meeting of the Audit Commission to summarize the audit results;
- 6) appoint the member of the Audit Commission responsible for the certificate (deed) project arrangement for the meeting of the Audit Commission where the results of the audit are summarized;
- 7) deal with other issues.

The meeting of the Audit Commission for the arrangement and performance of the audit can be held by absentee ballot (polling).

6.3. The meeting of the Audit Commission which summarizes the results of each audit deals with the following issues:

- 1) discuss information received during the audit and its sources;
- 2) summarize the audit results;
- 3) sum up the conclusions and form offers based on the audit results;
- 4) approve and sign the certificate (deed) of the Audit Commission about the audit results;
- 5) detect and analyze the causes of the breach of the Russian Federation laws and the Company's Charter, discuss options for their elimination and prevention in the future;
- 6) make a decision to appeal to the executive bodies of the Company, their CEOs and the heads about the necessity to remedy the breach revealed in the audit as well as about punitive measures applied to offenders;
- 7) other issues belonging to the audit results.

6.4. Scheduled meetings of the Audit Commission of the Company are held in terms specified in the Work Schedule of the Audit Commission.

6.5. Special meetings of the Audit Commission are called by the Chair of the Audit Commission on her/his sole initiative or on behalf of a member of the Audit Commission as well as upon the resolution of the General Meeting of Shareholders, the Board of Directors or if the shareholders of the Company (who possess at least 10 percent of the Company's voting shares) demand the audit of the financial and economic affairs of the Company.

6.6. Arranging the meeting the Chair of the Audit Commission:

- 1) schedules the date, time and place of the meeting (summing-up the absentee ballot);
- 2) chooses the type of the meeting (compresence, absentee ballot);
- 3) approves the agenda of the meeting;
- 4) specifies the list of materials (information) necessary to deal with the agenda issues of the Audit Commission;
- 5) draws up a list of persons invited to attend the meeting of the Audit Commission (in case

of compresence);

6) deals with other issues connected with the arrangement of the meeting by the Audit Commission of the Company.

6.7. The members of the Audit Commission are notified about the meeting of the Audit Commission by registered mail at least 10 (ten) days prior to the meeting; in case of a meeting after the audit, the members are notified at least 2 (two) days prior to the meeting.

In case of absentee ballot in the instances stipulated herein, the notification of the absentee ballot is sent together with the agenda materials and the ballot form by registered mail at least 15 (fifteen) days prior to the ballot summing-up date.

6.8. The Chair of the Audit Commission shall call for a special session of the Audit Commission to perform unscheduled audit if the breach of the Russian Federation laws, the Company's Charter and other in-house documents of the Company has been traced.

6.9. A member of the Audit Commission shall notify the Chair in writing if she/he detects the breach specified in the para. 6.8. hereof describing the type of such breach as well as the persons who let it occur not later than 3 (three) business days after such breach is detected.

6.10. In the cases stipulated in the para. 6.8 and 6.9. hereof the Chair of the Audit Commission shall call a special session of the Audit Commission with all the members present within 10 (ten) days after she/he is informed about the breach.

6.11. The meeting of the Audit Commission in the form of compresence includes the following stages:

- 1) opening speech by the Chair of the Audit Commission;
- 2) constitution of the quorum of the meeting;
- 3) announcement of the agenda issues;
- 4) presentation of statements, messages and reports of the agenda, their discussion;
- 5) formation of the resolution draft of the agenda issues by the Chair of the Audit Commission;
- 6) agenda voting;
- 7) summary of the voting results;
- 8) announcement of the agenda issues resolution by the Audit Commission;

6.12. The meeting of the Audit Commission by absentee ballot includes the following stages:

1) acceptance and ballot count received from the members of the Audit Commission prior to the deadline specified in the ballot form;

- 2) constitution of the quorum of the Audit Commission meeting;
- 3) ballot count and summary of the ballot results;
- 4) drawing up the minutes of the meeting of the Audit Commission.

6.13. The meeting of the Audit Commission reaches the quorum if more than a half of the members of the Audit Commission participate in it. In case of a lack of quorum the meeting of the Audit Commission is postponed by not more than 10 (ten) days later.

6.14. The issues of the meeting agenda of the Audit Commission are accepted by a majority of vote of the Audit Commission members.

When voting at the meeting of the Audit Commission each member of the Commission has one vote.

In case of a tied ballot, the decisive vote shall be cast by the Chair of the Audit Commission.

6.15. The Secretary of the Audit Commission takes the minutes at the meeting.

6.16. The minutes of the Audit Commission shall contain:

- 1) date, time and place of the meeting (ballot results); the list of the Audit Commission members and persons present at the meeting (participating in the absentee ballot);
- 2) information about a quorum;
- 3) issues on the agenda;
- 4) basic provisions of the statements, reports about the agenda (if it is a meeting in the form of compresence);
- 5) ballot results;
- 6) resolutions adopted by the Audit Commission.

6.17. The minutes of the meeting of the Audit Commission is drawn up in two copies not later than 5 days after the meeting (absentee ballot results announcement) and is signed by the Chair and the Secretary of the Audit Commission.

6.18. The Company shall file the minutes of the Audit Commission meetings and submit them if

required by the shareholders.

7. Audit Procedure

7.1. The scheduled audit of the financial and economic affairs of the Company is performed pursuant to the approved annual Work Schedule of the Audit Commission.

7.2. Special audit of the financial and economic affairs of the Company is performed:

- 1) upon the resolution of the Audit Commission;
- 2) upon the resolution of the General Meeting of Shareholders, the Board of Directors;
- 3) if demanded by the shareholders (shareholder) of the Company possessing in total at least 10 (ten) percent of its voting shares.

7.3. If the Audit Commission, General Meeting of Shareholders, the Board of Directors do not provide otherwise concerning special audit, the meeting of the Audit Commission which is to be held as set out in the para. 6.2. hereof should be held not later than 15 (fifteen) business days after:

- 1) the Audit Commission decides to perform such special audit ;
- 2) the Chair of the Audit Commission receives the resolution adopted by the General Meeting of Shareholders, the Board of Directors to perform special audit;

The meeting of the Audit Commission which is to be held as set out in the para. 7.2. hereof upon the demand of the shareholders (shareholder) of the Company possessing in total at least 10 (ten) percent of its voting shares to perform special audit should be held not later than 20 (twenty) business days after such a demand is received.

7.4. The audit of the financial and economic affairs of the Company includes:

- 1) determination of regulatory and legal framework which regulates the activity of the Company under inspection;
- 2) retrieval and analysis of the fiscal and economic documents of the Company, account books, statistic reports and other documents of the Company, receipt of written and oral explanations about the subject under inspection;
- 3) inspection of warehouses, record-keeping rooms and other premises of the Company;
- 4) detection of the non-compliance of financial and economic affairs of the Company with the current laws of the Russian Federation, distorted and false data in the account books, statistic reports and other documents of the Company;
- 5) other actions of integrated and unbiased audit of financial and economic affairs of the Company in the scope of the Audit Commission fixed herein.

7.5. During audit the members of the Audit Commission ask the executive bodies of the Company, heads of separate units and executive bodies as well other persons who have documents and materials to supply them with necessary documents and materials.

The requested documents and materials are to be submitted to the Audit Commission members within 2 (two) business days after such request.

7.6. A member of the Audit Commission should have access to books, records, business letters and other information relevant for a particular audit subject.

7.7. During audit the members of the Audit Commission shall study the received documents and materials properly.

7.8. The CEOs of the Company, heads of separate units and executive structural bodies shall:

- 1) create conditions for the auditors that contribute to efficient audit, supply the Audit Commission with all necessary information and documents, give explanations upon the request (oral or written) orally or in writing;
- 2) promptly rectify all faults revealed by the Audit Commission including those in the account books, statements and other financial documents;
- 3) prevent any actions during the audit which aim at the restriction of issues under audit.

8. Certificate (Deed) of Audit Commission

8.1. At the end of the audit of the Company's financial and economic affairs, the Audit Commission draws up the certificate (deed) which is the internal control document.

8.2. The certificate (deed) of the Audit Commission shall consist of three parts: introduction, analysis and conclusion.

8.3. The introduction of the certificate (deed) of the Audit Commission shall include:

- 1) Document title - "Certificate (Deed) of Audit Commission, Open Joint-Stock Company Interregional Distributive Grid Company of Urals and the Volga".
- 2) Date and place of the certificate (deed) execution;
- 3) date (period) and place of audit;
- 4) audit reason (resolution of the Audit Commission, General Meeting of Shareholders, the Board of Directors, shareholders (shareholder) of the Company);
- 5) audit objective (to ascertain whether the Company's activity is legal, whether accounting books and other documents are true and comply with the laws of the Russian Federation, etc.);
- 6) audit subject (specific activity of the Company, financial and economic documents including account books and statistic reports, etc.);
- 7) list of legal documents and standards which regulate the Company' business and should be used during the audit.

8.4. The analysis shall contain the unbiased assessment of the subject and includes:

- 1) overall audit results of the account books and reports as well as other financial and economic documents of the Company;
- 2) overall audit results of the compliance with the Russian Federation requirements in financial and economic affairs;

8.5. The conclusion of the certificate (deed) of the Audit Commission includes sound conclusion of the Audit Commission and should contain:

- 1) confirmation that the data in the reports and other financial documents are true;
- 2) information about any violation in the procedure of accounting and financial statements which contradict the laws of the Russian Federation as well as the RF legal acts;
- 3) advice and offers to eliminate causes and consequences of the breach of the Russian Federation laws, the Charter and other in-house documents of the Company.

8.6. The certificate (deed) of the Audit Commission is drawn up in 3 (three) copies not later than 2 (two) days after the audit is completed and is signed at the meeting of the Audit Commission by all its members as well as by specialists and experts recruited for the audit. The certificate (deed) should have a note confirming that the President and the Chief Accountant have familiarized themselves with it.

If dispute arises among the members of the Audit Commission the certificate (deed) of the Audit Commission is signed with different opinions (remarks) which can be stated as special opinions of the Audit Commission members. Special opinions are attached to the certificate (deed) of the Audit Commission and are signed by the Audit Commission member or expert.

One copy of the certificate (deed) is filed by the Secretary of the Audit Commission, one is sent to the Chair of the Board of Directors, one – to the President of the Company.

8.7. The Company shall keep certificates (deeds) of the Audit Commission and warrant access to them upon the shareholders' request.