

APPROVED
MANAGEMENT BOARD OF RAO UES OF RUSSIA
Minutes of DECEMBER 30, 2005
No. 1377 PR

REGULATIONS
on the Internal Audit Commission
of Territorial Generation Company 4

(city/town) _____
2005

1. General Provisions

1.1. These Regulations on the Internal Audit Commission of Territorial Generation Company 4 (hereinafter the "Regulations"), prepared in accordance with Federal Law "On Joint-Stock Companies" and the Charter of Territorial Generation Company 4 (hereinafter the "Company"), shall define the objectives and procedure for the operation of the Internal Audit Commission, govern the issues of interaction with the management bodies of the Company and the functions of the executive office of the Company.

1.2. The Internal Audit Commission shall be a permanent internal control body of the Company exercising regular control over the financial and economic activities of the Company, its stand-alone subdivisions, executives of the management bodies of the Company and functions of the executive office of the Company with regard to compliance with the laws of the Russian Federation, the Charter of the Company and the internal documents of the Company.

1.3. The Internal Audit Commission shall act on behalf of the shareholders of the Company and report in its activity to the General Meeting of Shareholders of the Company.

1.4. The Internal Audit Commission shall be independent in its activity of executives of the management bodies of the Company and the heads of functions of the executive office of the Company.

1.5. The activity of the Internal Audit Commission shall be governed by the laws of the Russian Federation, the Charter of the Company, these Regulations and any other internal documents of the Company approved by the General Meeting of Shareholders of the Company.

2. Goals of the Internal Audit Commission of the Company

2.1. The principal goals of the Internal Audit Commission of the Company shall include:

- a) exercising control over the financial and economic activities of the Company;
- b) ensuring oversight of conformity of the financial and economic operations executed by the Company to the laws of the Russian Federation and the Charter of the Company;
- c) performing an independent evaluation of information related to the financial condition of the Company .

3. Chairman and Secretary of the Internal Audit Commission

3.1. The Chairman of the Internal Audit Commission shall be elected by members of the Internal Audit Commission of the Company from among such members by a majority vote of the total number of elected members of the Internal Audit Commission of the Company. Members of the Internal Audit Commission of the Company shall be entitled to re-elect the Chairman of the Internal Audit Commission at any time by a majority vote of the total number of elected members of the Internal Audit Commission of the Company.

3.2. The Secretary of the Internal Audit Commission of the Company shall be elected by members of the Internal Audit Commission of the Company by a majority vote of the total number of elected members of the Internal Audit Commission of the Company. Members of the Internal Audit Commission of the Company shall be entitled to re-elect the Secretary of the Internal Audit Commission at any time by a majority vote of the total number of elected members of the Internal Audit Commission of the Company.

3.3. The Chairman and the Secretary of the newly elected Internal Audit Commission of the Company shall be elected within 15 (fifteen) business days from the election of the respective membership of the Internal Audit Commission of the Company.

4. Rights and Duties of the Internal Audit Commission

4.1. In exercising its powers, the Internal Audit Commission of the Company shall be guided only by the requirements of laws of the Russian Federation, the Charter of the Company and

resolutions by the General Meeting of Shareholders of the Company.

4.2. The powers of the Internal Audit Commission of the Company shall be as follows:

1) unimpaired access to all office premises of the Company;

2) sealing of cash repositories, material warehouses, archives and other office premises of the Company during the period in which the safeguarding of the valuables and documents contained therein is verified;

3) withdrawal of certain documents (the deed of withdrawal and copies of withdrawn documents shall be kept), if any counterfeits, forgeries or other misuses are revealed during the audit;

4) obtainment from executives of the management bodies of the Company, heads and employees of functions of the executive office of the Company of written explanations in relation to any questions arising during the audits;

5) issuing instructions to the executives of the management bodies of the Company, heads of functions of the executive office of the Company requiring them to take immediate action in connection with identified violations, if the failure to take such action may lead to the loss of valuables, documents or contribute to further misuses;

6) requesting that an extraordinary General Meeting of Shareholders of the Company, a meeting of the Board of Directors of the Company be convened in accordance with the procedure established by the laws of the Russian Federation, the Charter of the Company and these Regulations;

7) requesting any documents and materials necessary for the Internal Audit Commission to audit the financial and economic activities of the Company from executives of the management bodies of the Company, heads of stand-alone subdivisions of the Company and functions of the executive office of the Company;

8) submission for consideration by the executives of the management bodies of the Company the issue of applying financial and disciplinary measures to the employees of the Company, including the executives of the management bodies of the Company, in the event that they breach the Charter of the Company and the internal documents of the Company;

4.3. The Chairman of the Internal Audit Commission of the Company shall:

1) convene and hold meetings of the Internal Audit Commission of the Company;

2) approve the agenda of the Company's Internal Audit Commission meeting and resolve all necessary issues related to the preparation and holding of the meeting of the Internal Audit Commission of the Company;

3) arrange for the daily operation of the Internal Audit Commission of the Company;

4) represent the Internal Audit Commission at the General Meeting of Shareholders of the Company and the meetings of the Board of Directors of the Company;

5) sign the minutes of the Internal Audit Commission meeting and any other documents from the Internal Audit Commission of the Company.

4.4. The Secretary of the Internal Audit Commission of the Company shall:

1) arrange for the taking of minutes of the Internal Audit Commission meetings;

2) ensure that the management bodies of the Company are informed in a timely manner of the outcome of conducted audits, provide the copies of reports (certificates) by the Internal Audit Commission of the Company;

3) execute and sign the minutes of the Company's Internal Audit Commission meetings;

4) arrange for the records management, workflow and storage of documents of the Internal Audit Commission of the Company;

5) arrange to notify members of the Internal Audit Commission of the Company of upcoming meetings of the Internal Audit Commission, scheduled and unscheduled audits of the Company's activities;

6) perform any other functions provided for by these Regulations.

4.5. Members of the Internal Audit Commission of the Company shall be obliged to:

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

2) ensure confidential treatment of received data and shall not permit the unauthorized disclosure of information which became known to them during the course of audits;

3) in accordance with the procedure established by the Charter of the Company require that the external General Meeting of Shareholders of the Company be convened in the event that the interests of the Company are really threatened;

4) report to the General Meeting of Shareholders of the Company the outcome of scheduled and unscheduled audits of financial and economic activities of the Company, revealed breaches of the laws of the Russian Federation, the Charter and internal documents of the Company by members of the Board of Directors and other executives of the management bodies of the Company;

5) submit the report (certificate) of the annual audit of the Company's activities, including the evaluation of the annual report of the Company, to the Board of Directors of the Company no later than 45 (Forty-five) days prior to the date of the annual General Meeting of Shareholders of the Company.

4.6. Members of the Internal Audit Commission may not simultaneously be members of the Board of Directors of the Company or occupy any positions in the management bodies of the Company.

4.7. Pursuant to a resolution on the upcoming audit (inspection), the Internal Audit Commission shall be entitled to retain specialists in respective fields (law, economics, finance, accounting, management, economic security, etc.) to conduct an audit (inspection), including specialized entities.

5. Organization of Work of the Internal Audit Commission of the Company

5.1. Meetings of the Internal Audit Commission of the Company and the audits of the Company's activities shall be in accordance with the approved Internal Audit Commission Action Plan, unless otherwise stated by these Regulations.

5.2. The Action Plan of the Internal Audit Commission of the Company shall be approved by the Internal Audit Commission within 45 (forty-five) days from the election of the new membership of the Internal Audit Commission at the General Meeting of Shareholders. The Chairman of the Company shall be responsible for the preparation of the draft Action Plan of the Internal Audit Commission of the Company and its submission for approval by the Internal Audit Commission of the Company.

5.3. The Action Plan of the Internal Audit Commission of the Company shall include:

1) subjects of audits (types of financial and economic activity of the Company, certain sections of the Company's activity);

2) defined form of audit for each subject (desk audit, audit at the location of the subject of audit (field audit));

3) time schedule of audits of the Company' activities, tentative timelines for audits (annual, quarterly);

4) time schedule of meetings of the Internal Audit Commission solving the issues of preparation and conducting of audits of the Company's activities;

5) the list of financial and/or economic documentation necessary to audit each subject of audit;

6) defined members of the Internal Audit Commission of the Company responsible for the preparation of audits, collection of data and necessary documents and materials;

7) any other issues related to arranging for the meetings and audits by the Internal Audit Commission of the Company.

6. Meetings of the Internal Audit Commission of the Company

6.1. Meetings of the Internal Audit Commission of the Company shall be held to resolve the organizational issues related to the activity of the Internal Audit Commission and every time prior to

the audit and upon completion of the audit.

6.2. The meeting of the Internal Audit Commission of the Company held prior to each audit shall consider the following issues related to the preparation and holding of the upcoming audit:

- 1) subject of audit (financial statements and statistical reports, etc.);
- 2) procedure, timelines and scope of audit;
- 3) defined list of information and materials necessary to conduct an audit, methods and sources of the obtainment thereof;
- 4) defined list of persons which need to be retained to conduct an audit (give explanations, comment on certain issues);
- 5) appointed date of the audit closing meeting of the Internal Audit Commission;
- 6) defined member of the Internal Audit Commission responsible for the preparation of the draft report (certificate) by the Internal Audit Commission by the audit closing meeting of the Internal Audit Commission;
- 7) solving any other issues.

The Internal Audit Commission meeting on issues related to the preparation and conducting of an audit may be conducted without the in-person presence of members of the Internal Audit Commission by absentee voting (by ballot).

6.3. The meeting of the Internal Audit Commission of the Company held upon completion of each audit shall consider the following issues:

- 1) discussion of information received during the course of audit and the sources from which it was obtained;
- 2) audit closing;
- 3) making general conclusions and proposals based on audit results;
- 4) approval and execution of the audit report (certificate) by the Internal Audit Commission;
- 5) identification and analysis of reasons for the violation of laws of the Russian Federation and the Charter of the Company and discussion of possible options for their elimination and prevention in the future;
- 6) adoption of the decision to write a message to the management bodies of the Company, their executives and heads of functions of the executive office requiring them to eliminate the violations identified by the audit; and imposing liability on persons which committed violations;
- 7) any other issues related to the audit closing.

6.4. The ordinary meetings of the Internal Audit Commission of the Company shall be held within the time limits set in the Internal Audit Commission Action Plan.

6.5. The extraordinary meetings of the Internal Audit Commission of the Company shall be convened by the Chairman of the Internal Audit Commission at the Chairman's sole discretion or at the discretion of a member of the Internal Audit Commission as well as pursuant to a resolution of the General Meeting of Shareholders, the Board of Directors of the Company or upon request for the audit of the financial and economic activities of the Company from the shareholders of the Company (owning no less than 10 percent of voting shares in the Company).

6.6. In the preparation for the Internal Audit Commission meeting, the Chairman of the Internal Audit Commission of the Company shall:

- 1) determine the date, time and location of the meeting (tally of absentee votes);
- 2) form in which the meeting shall be held (in-person presence, absentee voting);
- 3) approve the meeting agenda;
- 4) determine the list of materials and documents (information) necessary for considering the issues on the agenda of the Internal Audit Commission meeting;
- 5) prepare the list of persons invited to participate in the Internal Audit Commission meeting (in case of in-person presence);
- 6) resolve any other issues related to the preparation and holding of the meeting of the Internal Audit Commission of the Company.

6.7. Notice of the upcoming meeting of the Internal Audit Commission of the Company shall be given to members of the Internal Audit Commission by registered mail no later than 10 (Ten) days prior to the date of the meeting, and in the event that an audit closing meeting is held notice

shall be given no later than 2 (two) days prior to the date of the meeting.

In the event of absentee voting, in the instances provided for by these Regulations, notice of absentee voting shall be delivered with the materials related to agenda items and a ballot (prepared using the form provided in the Appendix) by registered mail no later than 15 (fifteen) days prior to the date of the tally of votes.

6.8. In the completion of the ballot for absentee voting by the member of the Internal Audit Commission only one of possible voting options ("For", "Against", "Abstained") shall be left uncrossed for each issue on the agenda.

The completed ballot shall be signed by the member of the Internal Audit Commission specifying his/her full name.

6.9. The completed and signed ballot shall be submitted by the member of the Internal Audit Commission within the time limits specified in the ballot to the Secretary of the Internal Audit Commission in the original form or via fax with the subsequent delivery of the original ballot at the address specified in the ballot.

6.10. Members of the Internal Audit Commission whose ballots were received by the Secretary of the Internal Audit Commission in the original form or via fax no later than the final ballot submission date specified in the ballot shall be deemed to have participated in the absentee voting.

6.11. Any unsigned ballot and any ballot received upon expiration of the term specified therein shall be deemed null and void and shall not participate in determining the quorum required for the adoption of resolutions by absentee voting and shall be ignored in the counting of votes and tally of absentee votes.

Any completed ballot breaching the requirements set forth in sub-paragraph one of paragraph 6.8. of these Regulations shall be deemed null and void and shall be ignored in the counting of votes only with regard to the respective issue.

6.12. Should any breaches of the laws of the Russian Federation, the Charter of the Company and other internal documents of the Company be identified during the course of operation of the Company, the Chairman of the Internal Audit Commission shall be obliged to convene an emergency meeting of the Internal Audit Commission to resolve the issue of conducting an unscheduled audit.

6.13. Should any breaches specified in paragraph 6.12. of these Regulations be identified, the Member of the Internal Audit Commission shall be obliged to send a written application to the Chairman of the Internal Audit Commission describing the nature of breaches and persons which committed them within 3 (three) business days from their identification.

6.14. In the instances provided for by paragraphs 6.12 and 6.13. of these Regulations, the Chairman of the Internal Audit Commission shall be obliged to convene an emergency meeting of the Internal Audit Commission in the form of in-person presence within 10 (Ten) days from the receipt of information on identified breaches.

6.15. The meeting of the Internal Audit Commission held in the form of in-person presence shall include the following phases:

- 1) opening of the meeting by the Chairman of the Internal Audit Commission;
- 2) determining if the meeting has a quorum;
- 3) announcing items on the meeting agenda;
- 4) making and discussing speeches, messages and reports on the meeting agenda items;
- 5) drafting of the resolution on the meeting agenda items by the Chairman of the Internal Audit Commission;
- 6) voting on the meeting agenda items;
- 7) tally of votes;
- 8) announcing the resolutions of the Internal Audit Commission on the meeting agenda items;

6.16. The meeting of the Internal Audit Commission of the Company held by ballot shall include the following phases:

- 1) receipt and counting of ballots submitted by members of the Internal Audit Commission within the time limits set in the absentee ballot;
- 2) determining if the Internal Audit Commission meeting has a quorum;

- 3) counting of votes cast by ballot and tally of votes;
- 4) execution of minutes of the Internal Audit Commission meeting.

6.17. The meeting of the Internal Audit Commission of the Company shall be eligible (have a quorum) if attended by more than half of members of the Internal Audit Commission of the Company. Unless a quorum is reached, the meeting of the Internal Audit Commission shall be postponed until a later date, yet no more than 10 (Ten) days.

6.18. Voting on items on the agenda of the Internal Audit Commission meeting shall be conducted by a majority vote of members of the Internal Audit Commission of the Company.

In the resolution of issues at the Internal Audit Commission meetings each member of the Internal Audit Commission shall have one vote.

In the event of tie vote the vote of the Chairman of the Internal Audit Commission shall be decisive.

6.19. The Secretary of the Internal Audit Commission shall take minutes of the Internal Audit Commission meeting.

6.20. The minutes of the meeting of the Internal Audit Commission of the Company shall contain:

- 1) date, time and location of the meeting (tally of votes);
- 2) the list of members of the Internal Audit Commission and persons present at the meeting (participating in absentee voting);
- 3) information on whether the meeting had a quorum;
- 4) items on the meeting agenda;
- 5) the principal provisions of speeches and reports on agenda items (only for an in-person meeting);
- 6) tally of votes;
- 7) resolutions adopted by the Internal Audit Commission.

6.21. The minutes of meeting of the Internal Audit Commission of the Company shall be prepared in two copies within 5 days from the meeting (tally of absentee votes) and signed by the Chairman and the Secretary of the Internal Audit Commission of the Company. The voting results and adopted resolutions shall be communicated by the Secretary of the Internal Audit Commission to members of the Internal Audit Commission within 3 days from the preparation of minutes.

6.22. The Company shall be obliged to keep the minutes of meetings of the Internal Audit Commission and ensure that they are provided upon request from the shareholders of the Company.

7. Procedure for Conducting Internal Audits

7.1. Scheduled audits of the financial and economic activities of the Company shall be conducted in accordance with the approved annual Action Plan of the Internal Audit Commission.

7.2. Unscheduled audits of the financial and economic activities of the Company shall be conducted:

- 1) pursuant to a resolution by the Internal Audit Commission of the Company;
- 2) pursuant to a resolution by the General Meeting of Shareholders or the Board of Directors of the Company;
- 3) upon request from the shareholder(s) of the Company owning in total no less than 10 (Ten) percent of the voting shares in the Company.

7.3. Unless otherwise stated by a resolution in relation to conducting an unscheduled audit adopted by the Internal Audit Commission, the General Meeting of Shareholders, the Board of Directors of the Company, the meeting of the Internal Audit Commission of the Company to be held in accordance with paragraph 6.2. of these Regulations shall be held within 15 (fifteen) business days from:

- 1) the adoption by the Internal Audit Commission of the resolution in relation to conducting an unscheduled audit;

2) the obtainment by the Chairman of the Internal Audit Commission of the resolution by the General Meeting of Shareholders or the Board of Directors of the Company in relation to conducting an unscheduled audit;

The Meeting of the Internal Audit Commission of the Company on the conducting of an unscheduled audit to be held in accordance with paragraph 6.2 of these Regulations as requested by the shareholder(s) of the Company owning in total no less than 10 (ten) percent of the voting shares in the Company shall be held within 20 (twenty) business days from the receipt of said request from the shareholder(s) of the Company.

7.4. The audit of the financial and economic activities of the Company shall include:

3) defining the regulatory framework governing the audited area of activity of the Company;
4) the collection and analysis of financial and economic documents of the Company, the indicators of financial statements and statistical reports or other documents of the Company, the receipt of written and oral explanations relating to the subject of audit;

5) the inspection of warehouses, archives and other office premises of the Company;

6) identifying the signs of non-conformity of the financial and economic activities of the Company to the existing laws of the Russian Federation, distorted and unreliable recognition of the Company's activities in the financial statements, statistical or any other reports and documentation of the Company;

7) performing any other actions ensuring a comprehensive and objective audit of the financial and economic activities of the Company within the powers of the Internal Audit Commission fixed in these Regulations.

7.5. During the course of audit members of the Internal Audit Commission of the Company shall request necessary documents and materials from the management bodies of the Company, heads of stand-alone subdivisions, functions of the executive office of the Company and other persons which have in place the necessary documents and materials.

Requested documents and materials shall be submitted to members of the Internal Audit Commission of the Company within 2 (two) business days from the receipt of request.

7.6. The member of the Internal Audit Commission of the Company shall have access to the books, records, business correspondence and other information related to the subject of audit concerned.

7.7. In conducting audits members of the Internal Audit Commission of the Company shall be obliged to duly study all received documents and materials related to the subject of audit.

7.8. Executives of the management bodies of the Company, heads of stand-alone subdivisions and functions of the executive office of the Company shall be obliged to:

1) create for auditors an environment ensuring that the audit is conducted efficiently, provide to members of the Internal Audit Commission all necessary information and documentation and give oral and written explanations upon their (oral or written) request;

2) promptly eliminate all breaches identified by the Internal Audit Commission, including breaches related to bookkeeping and the preparation of accounting and other financial statements;

3) prevent any actions during the course of audit aimed at restricting the range of issues to be clarified during the audit.

8. Report (Certificate) of the Internal Audit Commission of the Company

8.1. After considering the results of audit of the financial and economic activities of the Company the Internal Audit Commission shall prepare a report (certificate) which shall be an internal control document of the Company.

8.2. The report (certificate) of the Internal Audit Commission shall consist of three parts: the introductory clause, the analytical part and the final part.

8.3. The introductory clause of the report (certificate) of the Internal Audit Commission shall include:

1) the name of the document as a whole - "Report (Certificate) of the Internal Audit Commission of Territorial Generation Company 4".

- 2) the date and location on (in) which the report (certificate) was prepared;
- 3) the date (period) and location on (in) which the audit was conducted;
- 4) the grounds for audit (resolution by the Internal Audit Commission, the General Meeting of Shareholders, the Board of Directors, the shareholder(s) of the Company);
- 5) the goal of audit (determining whether the Company's activities are legal, identifying whether accounting or any other documentation is reliable and compliant with the laws of the Russian Federation, etc.);
- 6) the subject of audit (certain activities of the Company, financial and economic documentation, including financial statements and statistical reports, etc.);
- 7) the list of regulations or other documents governing the activities of the Company used in conducting the audit.

8.4. The analytical part shall contain the impartial evaluation of the condition of the subject of audit and include:

- 1) the general results of the audit of accounting documentation and financial statements or any other documentation about the financial and economic activities of the Company;
- 2) the general results of the audit of compliance with the requirements of laws of the Russian Federation during the course of financial and economic operations;

8.5. The final part of the report (certificate) of the Internal Audit Commission of the Company shall be the reasoned conclusions of the Internal Audit Commission and contain:

- 1) the confirmation of the reliability of data contained in the reports and other financial documents of the Company;
- 2) information about any violations of the procedure for bookkeeping and submission of financial statements established by the laws of the Russian Federation as well as the regulations of the Russian Federation during the course of financial and economic operations;
- 3) recommendations and proposals on the elimination of reasons and consequences of the violations of the laws of the Russian Federation, the Charter and internal documents of the Company.

8.6. The report (certificate) of the Internal Audit Commission of the Company shall be prepared in 3 (Three) copies within 2 (two) days from the completion of audit and shall be signed at the audit closing meeting of the Internal Audit Commission by all members of the Internal Audit Commission and retained specialists/experts. The report (certificate) shall include a note that it was reviewed by Director General and the Chief Accountant of the Company.

Should any controversies arise among the members of the Internal Audit Commission in relation to any issue, the report (certificate) of the Internal Audit Commission shall be signed with the controversies (comments) which may be set forth in the special opinion of the member of the Internal Audit Commission. The special opinion signed by the member of the Internal Audit Commission or a specialist/expert shall be attached to the report (certificate) of the Internal Audit Commission.

One copy of the report (certificate) shall be kept by the Secretary of the Internal Audit Commission, one copy shall be sent to the Chairman of the Board of Directors of the Company, one copy to Director General of the Company.

8.7. The Company shall be obliged to keep the reports (certificates) of the Internal Audit Commission and ensure access thereto upon request from the shareholders of the Company.

**INTERNAL AUDIT COMMISSION
of Territorial Generation Company 4**

B A L L O T

**for absentee voting on issues on the agenda of the TGC-4
Internal Audit Commission meeting**

Issue 1:

Resolution:

FOR

AGAINST

ABSTAINED

(leave your answer uncrossed)

Issue 2:

Resolution:

FOR

AGAINST

ABSTAINED

(leave your answer uncrossed)

The completed and signed ballot shall be sent via fax _____ or in the original form
no later than _____

/date, time/

Any ballot received by the Company upon the expiration of the aforesaid term shall not participate in
determining whether a quorum exists, shall be ignored in the counting of votes and tally of absentee votes.

Please send the original ballot at: _____

**Member of the Internal Audit Commission
TGC-4**

_____/_____
(signature) (full name)

**WITHOUT A SIGNATURE OF THE MEMBER OF THE INTERNAL AUDIT COMMISSION THE BALLOT SHALL BE
INVALID**