

**APPROVED**

as restated

by OJSC Acron Annual General Shareholder  
Meeting

on May 27, 2005

**CHARTER OF  
OPEN JOINT STOCK COMPANY  
ACRON**

**2005**

Open Joint Stock Company Acron (OGRN (Primary State Registration Number) 1025300786610), hereinafter referred to as “the Company,” was established in accordance with Decree No. 721 of the President of the Russian Federation “On Organizational Measures to Reorganize State Enterprises and Voluntary Associations of State Enterprises into Joint-Stock Companies” dated July 1, 1992, by reorganization of Novgorod Production Association Azot registered by a resolution of the Novgorod administration No. 99pg dated December 9, 1991. Acron is Azot’s legal successor in terms of all rights and obligations.

Open Joint Stock Company Acron was registered and entered into the state register of the Russian Agency of International Cooperation and Development on August 16, 1993 (certificate No. P-1814.16).

## **Article 1. Name and location of the Company**

1.1. The full official name of the Company in Russian:

**Открытое акционерное общество «Акрон».**

The abbreviated official name of the Company in Russian:

**ОАО «Акрон».**

The full official name of the Company in English:

**Joint Stock Company Acron.**

The abbreviated official name of the Company in English:

**JSC Acron.**

1.2. The Company is domiciled at Veliky Novgorod, the Russian Federation, 173012.

## **Article 2. Legal status of the Company**

2.1. The Company is a legal entity, owning solitary property, which is accounted for in its autonomous balance sheet; the Company may acquire and exercise on its own behalf property and personal non-property rights, perform obligations, act as plaintiff and defendant in court.

The Company shall have round seals containing its name, trademark and indication of domicile.

The Company shall have stamps and letterheads with its name, its emblem, a trademark registered in accordance with established procedure, and other means of visual identification.

The Company shall be entitled to open bank accounts in accordance with the established procedure in the Russian Federation and abroad.

2.2. The Company shall be liable for its obligations with all its property.

The Company shall not be liable for its shareholders’ obligations. Shareholders shall not be liable for the Company’s obligations and their risk of losses related to the Company’s activity shall be limited to the cost of shares belonging to them.

A subsidiary responsibility may be imposed upon shareholders for the Company’s obligations only in the instances and under the procedure determined by current legislation of the Russian Federation.

The state and its authorities shall not be responsible for the Company’s obligations; likewise, the Company shall not be liable for the obligations of the state and its authorities.

2.3. The Company has representative offices and an affiliated branch.

2.3.1 The Company's representative offices are domiciled at:

- 8 Jianguomen jiedao, Beijing, People's Republic of China, 100005; room 918, 9<sup>th</sup> floor, building B, COFCO Plaza;
- office 218, 12 Voiskovy per., Minsk, the Republic of Belarus, 220034.

2.3.2. The Odintsovo affiliated branch of the Company is located at Riding-hall, Gorki-X settlement, Odintsovo district, Moscow region, 143030.

2.4. Information on the Company's activity is published in *Novgorod*, *Novgorodskie Vedomosti*, and *Khimik* newspapers. In addition, the Company is entitled to publish a notification of a general shareholder meeting in the said print media in order to provide notification of an upcoming general shareholder meeting for the persons indicated in the list of persons entitled to participate in a general shareholder meeting.

### **Article 3. The Company's goals and the nature of its business**

3.1. The main goal of the Company is profit earning.

3.2. The main types (objects) of the Company's activity are:

- production and sale of mineral fertilizers, chemical products, consumer goods and other products;
- rendering remunerated services;
- representation of the interests of foreign companies in the Russian Federation and the interests of Russian-based companies abroad in accordance with the procedure stipulated by the current legislation of the Russian Federation;
- telecommunication services and broadcasting audio programmes over the Company's network;
- arranging advertisement and rendering marketing, barter and intermediary services, including in the sphere of foreign economic activity, including export, import, customs clearance and forwarding of import cargoes, translation of foreign documents;
- organization of meals and other social services for the Company's employees; creation of and providing for the operation of cafes, restaurants and other commercial eating establishments;
- servicing for users of the Company's products, as well as products of other enterprises and organizations;
- leasing services in the Russian Federation and abroad;
- protection of its own property;
- construction;
- holding exhibitions, trade fairs, auctions, sales, contests; their arrangement and technical support;
- receipt, analysis, processing and distribution of commercial, science and technology information, supply and demand analysis for certain types of products;
- printing and publishing;
- repair of chemical and technological systems and manufacture of the equipment for repair and exploitation needs; design, construction and repair and construction work, including facilities posing fire and explosion hazards;
- development and sale of software products for technical and ecological control of production;
- development of ecologically safe technologies, their use and sale;
- development of the means for environmental monitoring; providing biological testing of

- the environment in the regions of industrial enterprises' location;
- leasing premises and equipment;
- serial, non-serial, recurrent and piece production of boiler inspection facilities; manufacture of detachable load-handling mechanisms and containers;
- legal protection of industrial property;
- operation, reconstruction, modernization, capital repair and expert testing of the safety of elevators and boiler inspection facilities;
- operation of chemical, flammable, explosive and harmful production and facilities;
- operation of elevators; fault detection, including non-destructive testing methods; engineering certification of boiler inspection facilities;
- disease prevention measures; sanatorium and resort therapy; sports and cultural events (services).

3.3. The Company may carry out any other types of economic activity not prohibited by federal law.

The Company may engage in certain types of activity specified by federal laws, provided it has obtained special authorization (license).

#### **Article 4. Charter capital and shares of the Company**

4.1. The Company has charter capital of 238,438,000 (two hundred and thirty-eight million four hundred and thirty-eight thousand) roubles.

4.2. The Company issued (placed) 8,222 common registered shares at a par value of 29,000 roubles each in the form of account records.

4.3. The Company shall provide for retention and storage of the Company's shareholder register in accordance with the legal acts of the Russian Federation.

4.4. The holder of the Company's shareholder register may be the Company or a professional securities market participant that maintains the register of the registered securities holders (registrar).

4.5. The holder of the Company's shareholder register, upon demand of a shareholder or a registered securities holder, shall be obliged to confirm its rights to shares by issuing an excerpt from the Company's shareholder register, which is not a security.

4.6. A person registered in the Company's shareholder register shall be obliged to inform the holder of the Company's shareholder register in a timely fashion of a change in his/her contact details. Should he/she fail to provide information about a change in his/her contact details, the Company and the registrar shall not be liable for any related losses incurred.

4.7. The Company shall be entitled to acquire shares placed by it by a resolution of a general shareholder meeting to decrease the Company's charter capital by acquiring a portion of placed shares for the purposes of reducing their total number.

Shares acquired by the Company on the basis of a resolution adopted by a general shareholder meeting to decrease the Company's charter capital by acquiring shares for the purpose of reducing their total number shall be cancelled upon their acquisition.

Other grounds for acquisition by the Company of its shares, as well as the procedure for adopting

such decisions shall be regulated by the current legislation of the Russian Federation. Payment for shares acquired by the Company shall be effected with money and (or) other property having a monetary value.

4.8. The Company's charter capital may be increased by increasing the face value of shares or placing additional shares.

The Company may increase its charter capital by placing additional shares by means of a public or private offering.

The procedure for increasing the Company's charter capital shall be regulated by this Charter and the current legislation of the Russian Federation.

4.9. The Company shall be entitled to place 5,550 (five thousand five hundred and fifty) common registered shares at a face value of 29,000 roubles each (declared shares) in addition to shares that have been already allocated.

The owners of declared shares, in case of their placement (shares to be additionally placed), shall enjoy the same rights as holders of common shares placed earlier: in accordance with the law in force and this Charter, to participate in a general shareholder meeting with the right to vote on all issues within its competence, the right to receive dividends, and, in case of the Company's liquidation, the right to receive a part of its property. After the placement of declared shares, their owners shall have the right to sell shares belonging to them without other shareholders' consent.

## **Article 5. Shareholders' rights, dividends**

5.1. Rights of shareholders holding common shares. Each common share of the Company shall provide the shareholder, its owner, with equal rights.

Shareholders holding the Company's ordinary shares can, in accordance with the current legislation of the Russian Federation and this Charter, participate in a general shareholder meeting with the right to vote on all issues within its competence, shall have the right to receive dividends, and, in case of the Company's liquidation, the right to receive a part of its property.

5.2. Shareholders shall be entitled to transfer their shares without consent of other shareholders and the Company.

5.3. The Company shall be entitled to adopt resolutions (declare) to pay dividends on placed shares according to the results of the first three, six and nine months of the fiscal year and/or according to the results of a fiscal year, unless otherwise provided for by the Federal law On Joint Stock Companies. A resolution to pay (declare) dividends based on the results of the first three, six and nine months of the fiscal year may be adopted within three months of the end of the corresponding period.

A list of persons entitled to receive dividends shall be compiled as of the date of the list of persons entitled to participate in the general shareholder meeting at which the resolution to pay such dividends is to be adopted. To compile the list of persons entitled to receive dividends, a nominal holder shall provide data on the persons on whose behalf it holds the shares.

The term of dividend payment should not exceed 180 days upon the adoption of the resolution to pay dividends.

5.4. Dividends shall be paid in cash and/or other property when stipulated by the resolution of a general shareholder meeting of the Company.

## **Article 6. Management bodies of the Company**

The Company's management bodies are:

- General shareholder meeting;
- Board of Directors;
- Managing Board, a collegial executive body;
- President (General Director), a one-member executive body.

## **Article 7. Shareholder Meeting**

7.1. The Company's highest management body is the general shareholder meeting. The Company shall convene an annual general shareholder meeting each year, not earlier than two months and not later than six months after the end of the fiscal year.

7.2. Any general shareholder meetings held in addition to annual meetings are extraordinary. An extraordinary general shareholder meeting shall be convened by resolution of the Board of Directors of the Company on its own initiative, or by request of the Company's audit commission, the Company's auditor, and any shareholder(s) holding not less than ten per cent of the Company's voting shares as of the request date.

7.3. In the course preparation for a general shareholder meeting, the Board of Directors of the Company shall determine:

- the form of the general shareholder meeting (meeting or absentee vote);
- the date, place and time of the general shareholder meeting; if the Federal Law "On Joint Stock Companies" provides for sending completed ballots to the Company, the postal address at which completed ballots may be forwarded; if a general shareholder meeting is to be held in the form of an absentee vote, the deadline for admission of voting ballots and the postal address to which completed ballots should be sent;
- the date on which the list of persons entitled to participate in the general shareholder meeting is compiled;
- the agenda of the general shareholder meeting;
- the procedure for notifying shareholders of the general shareholder meeting;
- a list of the information (materials) provided to shareholders in the course of preparation for the general shareholder meeting and the procedure of its provision;
- the form and text of the voting ballot if voting is carried out by ballot.

Shareholder(s) whose total ownership is not less than two per cent of the Company's voting shares shall be entitled to include items into the agenda of an annual general shareholder meeting and nominate candidates to the Board of Directors of the Company, the audit commission of the Company and the counting commission of the Company, whose number may not exceed the quantity of members of the corresponding body. Such proposals must be received by the Company not later than thirty days after the end of the fiscal year.

7.4. Notification of a general shareholder meeting must be forwarded to each person indicated in the list of persons entitled to participate in the general shareholder meeting by registered letter not later than twenty days in advance; notification of a general shareholder meeting for which the agenda contains an item on reorganization of the Company must be forwarded not later than

thirty days prior to the date of its holding.

7.5. A general shareholder meeting is duly constituted (has quorum), if shareholders possessing in total more than half of the Company's placed voting shares participated in it.

Shareholders registered to participate in a general shareholder meeting and shareholders whose ballots were received not later than two days before the date of the general shareholder meeting shall be deemed to have participated in the general shareholder meeting. Shareholders whose ballots were received before the deadline for the admission of ballots shall be deemed to have participated in a general shareholder meeting held in the form of absentee vote.

The procedure for holding a general shareholder meeting shall be determined by internal Company documents approved by a general shareholder meeting.

7.6. The following issues shall be within the competence of a general shareholder meeting:

- 1) making changes and amendments to the Company's charter or approval of a restated charter;
- 2) reorganization of the Company;
- 3) liquidation of the Company, appointment of a liquidation commission, approval of interim and final liquidation balances;
- 4) election of members to the Board of Directors and early termination of their powers;
- 5) definition of the quantity, par value, category (type) of declared shares and rights provided by these shares;
- 6) increase of the Company's charter capital by increasing the par value of shares or by placing additional shares;
- 7) decrease of the Company's charter capital by decreasing the par value of shares, by acquiring a portion of shares by the Company for the purpose of reducing their total number as well as by cancelling shares acquired or redeemed by the Company;
- 8) election of members of the Company's audit commission and early termination of their powers;
- 9) approval of the Company's auditor;
- 10) payment (declaration) of dividends according to the results of the first three, six and nine months of the fiscal year;
- 11) approval of annual reports and annual accounting statements, including profit and loss statements (profit and loss accounts) of the Company, as well as the profit distribution (including payment (declaration) of dividends, except for profit distributed as dividends according to the results of the first three, six or nine months of the fiscal year) and losses of the Company according to the results of the fiscal year;
- 12) definition of the procedure for convening a general shareholder meeting;
- 13) election of members to the counting commission and early termination of their powers;
- 14) split and consolidation of shares;
- 15) adoption of resolutions on approval of transactions, in the settlement of which there is an interest, in cases stipulated by the Federal Law "On Joint Stock Companies;"
- 16) adoption of resolutions on approval of major transactions in cases stipulated by the Federal Law "On Joint Stock Companies;"
- 17) acquisition of placed shares by the Company in cases stipulated by the Federal law "On Joint Stock Companies;"
- 18) adoption of a resolution on participation in holding companies, financial and industrial groups, associations and other unions of commercial organizations;
- 19) approval of internal documents regulating the activity of the Company's bodies;
- 20) settlement of other issues stipulated by the Federal Law "On Joint Stock Companies."

7.7. Issues referred to the competence of a general shareholder meeting may not be delegated to

the executive body of the Company.

Issues referred to the competence of a general shareholder meeting may not be delegated to the Board of Directors of the Company, except for the issues stipulated by the Federal Law “On Joint Stock Companies.”

7.8. A general shareholder meeting shall not be entitled to discuss and adopt resolutions on issues not referred to its competence by the Federal Law “On Joint Stock Companies.”

A general shareholder meeting shall not be entitled to adopt resolutions on issues not included in the agenda of the meeting or to change the agenda.

7.9. A resolution on the issues indicated in Sub-clauses 2, 6, 14 to 19 of Clause 7.6 of this Charter shall be adopted by a general shareholder meeting only upon the proposal of the Board of Directors of the Company.

7.10. Resolution of a general shareholder meeting on the issues indicated in Sub-clauses 1 to 3, 5 and 17 of Clause 7.6 of this Charter shall be adopted by a general shareholder meeting by a majority of three-fourths of the votes of shareholders holding voting shares and participating in the general shareholder meeting.

A resolution of a general shareholder meeting on other issues put to vote shall be adopted by a majority of votes of shareholders holding voting shares of the Company and participating in the general shareholder meeting, unless the adoption of such resolution is otherwise provided for by the Federal Law “On Joint Stock Companies.”

7.11. A resolution of a general shareholder meeting may be adopted without convening a meeting (joint presence of shareholders for discussing agenda items and adopting resolutions on the items put to vote) by means of an absentee vote.

A general shareholder meeting whose agenda includes items on election of the Board of Directors of the Company, the audit commission of the Company, approval of the Company’s auditor, as well as the issues stipulated by Sub-clause 11 of Clause 7.6 of this Charter, may not be held in the form of an absentee vote.

7.12. The Chair of the Board of Directors presides over a general shareholder meeting. Upon his/her written statement, the Board of Directors may appoint another chair at a general shareholder meeting, including a person who is not a member of the Board of Directors.

7.13. Resolutions of a general shareholder meeting shall be binding upon the Board of Directors, the Managing Board, and the President (General Director), as well as all the Company’s employees.

## **Article 8. Board of Directors**

8.1. The Board of Directors of the Company shall carry out general management of the Company’s activity.

8.2. Resolution of issues concerning the general management of the Company’s activity shall be within the competence of the Board of Directors of the Company, except for issues referred to the competence of a general shareholder meeting by the current legislation of the Russian Federation.



8.3. The following issues shall be referred to the competence of the Board of Directors of the Company:

- 1) determining the Company's priority activities;
- 2) convening annual and extraordinary general shareholder meetings of the Company, except for cases stipulated by the current legislation of the Russian Federation;
- 3) approving the agendas of general shareholder meetings;
- 4) determining the date for compiling the list of persons entitled to participate in a general shareholder meeting and other issues referred to the competence of the Board of Directors of the Company by the current legislation of the Russian Federation and related to the preparation and holding of general shareholder meetings;
- 5) delegating issues stipulated by Sub-clauses 2,6,14 to 19 of Clause 7.6 of this Charter to a general shareholder meeting;
- 6) placing bonds and other issue-grade securities by the Company in cases stipulated by the current legislation of the Russian Federation;
- 7) determining the price (monetary value) of property and the offering and redemption price of issue-grade securities in cases stipulated by the current legislation of the Russian Federation;
- 8) acquiring shares, bonds and other securities placed by the Company in cases stipulated by the current legislation of the Russian Federation;
- 9) forming executive bodies of the Company and early termination of their powers;
- 10) providing recommendations on the amount of remuneration and compensation paid to members of the audit commission of the Company and determining the amount of the auditor's fee;
- 11) providing recommendations on the amount of a dividend on shares and the procedure for its payment;
- 12) using the reserve fund and other funds of the Company;
- 13) approving internal documents of the Company, except for internal documents for which approval is referred to the competence of a general shareholder meeting by the Federal Law "On Joint Stock Companies," as well as other internal documents of the Company, the approval of which is referred to the competence of the Company's executive bodies by this Charter;
- 14) establishing subsidiaries and opening the Company's representative offices;
- 15) approving major transactions in cases stipulated by the current legislation of the Russian Federation;
- 16) approving related-party transactions in cases stipulated by the current legislation of the Russian Federation;
- 17) approving the Company's Registrar and the terms and conditions of the agreement therewith, as well as the termination of the agreement with it;
- 18) other issues stipulated by the current legislation of the Russian Federation.

8.4. Issues referred to the competence of the Board of Directors of the Company cannot be remitted to the executive body of the Company.

8.5. The Board of Directors shall be elected by a general shareholder meeting for the term until the next annual general shareholder meeting and consists of five members.

8.6. Meetings of the Board of Directors shall be held when necessary.

Meetings of the Board of Directors of the Company shall be convened by the Chair of the Board of Directors of the Company by its own initiative, upon demand of a member of the Board of Directors, the Company's audit commission, the Company's auditor or the Company's executive bodies.

The procedure of convening and holding meetings of the Board of Directors of the Company shall be determined by the Regulations for the Board of Directors, which is approved by a general shareholder meeting of the Company.

The Board of Directors of the Company can adopt resolutions by absentee vote.

The procedure of holding absentee vote shall be regulated by the Regulations for the Board of Directors.

The Board of Directors meeting is duly constituted (has quorum), if not less than half of the elected members of the Board of Directors participate in it.

When calculating the quorum and voting results on agenda items at the meeting of the Board of Directors, the written opinion of a member of the Board of Directors of the Company who is absent from the meeting of the Board of Directors shall be taken into account.

8.7. Resolutions at meetings of the Board of Directors of the Company shall be adopted by a majority of the votes of members of the Board of Directors of the Company participating in such meetings of the Board of Directors, unless otherwise stipulated by the current legislation of the Russian Federation and this Charter.

When deciding issues at a meeting of the Board of Directors, each member of the Board of Directors shall have one vote.

When adopting resolutions by the Board of Directors, if there is a tie between the votes of members of the Board of Directors, the Chair of the Board of Directors shall cast the deciding vote.

8.8. Resolutions of the Board of Directors shall be binding for the President (General Director) and the Managing Board, as well all the Company's employees.

8.9. Minutes shall be taken at meetings of the Board of Directors.

The minutes of a meeting of the Board of Directors of the Company shall be compiled not later than three days after its holding and must contain data stipulated by the current legislation of the Russian Federation.

8.10. The Chair of the Board of Directors of the Company shall be elected by members of the Board of Directors of the Company from among its members by a majority of votes of the total number of members of the Board of Directors.

8.11. The Chair of the Board of Directors of the Company shall:

- convene meetings of the Board of Directors of the Company and preside over them, organize the keeping of minutes at meetings, and preside over a general shareholder meeting except for in cases stipulated by this Charter;
- be entitled to act on behalf of the Company without a Power of Attorney, issue instructions and orders binding for all the Company's employees;
- have the primary authority to sign bank documents;

- exercise other functions and bear obligations in accordance with the assignment of responsibilities between members of the Board of Directors.

8.12. One or several Deputy Chairs of the Board of Directors shall be elected from among members of the Board of Directors by a majority of votes of the total number of members of the Board of Directors.

If more than one Deputy Chair of the Board of Directors is elected, one of them shall be elected First Deputy Chair of the Board of Directors.

8.13. Should the Chair of the Board of Directors temporarily fail to exercise his/her duties, the acting Chair of the Board of Directors shall fulfil those duties.

The Acting Chair of the Board of Directors shall be appointed by an order of the Chair of the Board of Directors from among Deputy Chairs of the Board of Directors and shall act within the term and limits of powers determined by order of the Chair of the Board of Directors and the Power of Attorney issued on behalf of the Company by the Chair of the Board of Directors.

In the event that it is impossible for the Chair of the Board of Directors to appoint an acting Chair of the Board of Directors, an acting Chair of the Board of Directors shall be appointed by resolution of the Board of Directors and shall act on behalf of the Company within the term and limits of powers determined by resolution of the Board of Directors.

## **Article 9. Managing Board**

9.1. The Managing Board is a collegial executive body of the Company carrying out day-to-day management of the Company's activity.

9.2. The Managing Board shall act in accordance with the legislation of the Russian Federation, this Charter and the Regulations for the Managing Board of the Company approved by a general shareholder meeting of the Company.

9.3. The Managing Board of the Company consists of five (5) members (the Chair and members of the Managing Board). Members of the Managing Board shall be elected by the Board of Directors as advised by the President (General Director) in accordance with the procedure stipulated by this Charter and the Regulations for the Managing Board of the Company.

9.4. The persons elected members of the Managing Board may be re-elected an unlimited number of times.

9.5. A member of the Managing Board can only be an individual. A member of the Managing Board cannot be a shareholder of the Company.

9.6. Persons elected members of the Managing Board shall acquire their powers upon the adoption by the Board of Directors of a resolution on election of members of the Managing Board.

9.7. In case of early termination of the powers of a member of the Managing Board, his/her powers shall be deemed terminated upon the adoption by the Board of Directors of a resolution on early termination of powers of a member (members) of the Managing Board.

9.8. The following issues shall lie within the competence of the Managing Board of the Company:

- 1) considering and making recommendations on key issues of the Company's day-to-day business;
- 2) coordinating the implementation of resolutions passed by a general shareholder meeting and the Board of Directors of the Company;
- 3) preparing information, materials and proposals on issues proposed for consideration of the Board of Directors and a general shareholder meeting;
- 4) approving forward-looking plans for the Company's operations, including business plans of the Company;
- 5) drawing up a production programme and setting production volumes;
- 6) considering and drawing up recommendations on organizing new production units, revamping and technical upgrading;
- 7) considering and drawing up recommendations on implementing the Company's social development programme;
- 8) ensuring systematic improvement of labour conditions, living conditions, leisure facilities and medical services for the Company's employees and their families and improvement of the Company's social development in general;
- 9) coordinating the work of organization departments and their effective interaction;
- 10) controlling product quality and improvement;
- 11) recruitment;
- 12) adopting resolutions in accordance with its competence on other issues proposed to the Managing Board by the President (General Director) or other members of the Managing Board.

9.9. The Managing Board shall adopt resolutions on issues within its competence at its meetings or by absentee vote. When determining the presence of quorum and the voting results at a meeting of the Managing Board, the written opinion on agenda items of a member of the Managing Board who is absent from the meeting shall be taken into account.

9.10. The President (General Director) or acting President (General Director) shall exercise the functions of Chair of the Managing Board. One or several Deputy Chairmen of the Managing Board shall be appointed from among the members of the Managing Board by the Chair of the Managing Board.

In the event that more than one Deputy Chair is appointed for the Managing Board, one of them shall be elected First Deputy Chair of the Managing Board.

9.11. Meetings of the Managing Board shall be convened by the President (General Director) or acting President (General Director) when necessary.

9.12. A meeting of the Managing Board is duly constituted (has quorum) if not less than one-half of the elected members of the Managing Board participate in it. In the event that the number of members of the Managing Board is less than the number required for quorum, the powers of members of the Managing Board shall terminate.

9.13. Resolutions at a meeting of the Managing Board shall be adopted by a majority of votes of the members of the Managing Board participating in a meeting of the Managing Board. In the event that there is a tie between the votes of members of the Managing Board, the Chair of the Managing Board shall cast the deciding vote.

9.14. When voting at meetings of the Managing Board, each member of the Managing Board shall have one vote. A member of the Managing Board may not transfer his/her voting right to

another member or other persons.

9.15. The rights and obligations of the Managing Board's members with respect to management of the Company's day-to-day activity shall be determined by the current legislation of the Russian Federation, the Regulations for the Managing Board and the agreement concluded between each of them and the Company. The agreement on behalf of the Company shall be signed by the Chair of the Board of Directors or a person authorized by the Board of Directors.

The Board of Directors shall be entitled to terminate at any time this agreement with a member (members) of the Managing Board and terminate his/her (their) powers.

### **Article 10. President (General Director)**

10.1. Management of the day-to-day activity of the Company shall be effected by the President (General Director), being the sole executive body of the Company.

10.2. In outgoing and internal documents of the Company, the sole executive body of the Company shall be referred to as:

- the President (General Director);
- the President;
- the General Director.

The said denominations of the sole executive body shall be equivalent.

10.3. The President (General Director) shall be appointed and dismissed by the Board of Directors.

10.4. The rights and obligations of the President (General Director) shall be determined by the legislation of the Russian Federation, this Charter, the Regulations for the Managing Board of the Company and the agreement entered into between the Company and the President (General Director). The Board of Directors shall be entitled to terminate at any time the agreement with the President (General Director).

10.5. Issues relating to the management of the day-to-day activity of the Company shall be referred to the competence of the President (General Director), except for issues referred to the competence of a general shareholder meeting, the Board of Directors and the Managing Board of the Company.

10.6. In particular, within his/her competence the President (General Director) shall:

- 1) represent the Company's interests and act without a Power of Attorney on behalf of the Company;
- 2) dispose of monetary funds and other property of the Company, taking into account the provisions of legislation in force and this Charter;
- 3) have the primary authority to sign financial and payment documents;
- 4) make transactions on behalf of the Company, taking into account the provisions of legislation in force and this Charter;
- 5) carry out effective management of production and direct management of the Managing Board;
- 6) organize the work and effective interaction of the Company's organization departments;
- 7) issue Powers of Attorney;
- 8) organize book-keeping and accounting of the Company;
- 9) approve job descriptions, issue orders and give instructions that are binding for all the Company's employees, except in cases stipulated by this Charter;

- 10) approve the staff, hire and dismiss the Company's employees, enter into employment agreements with the Company's employees, and apply incentive measures and impose penalties upon them;
- 11) organize and provide for the implementation of resolutions passed by a general shareholder meeting, the Board of Directors and the Managing Board of the Company;
- 12) provide for timely publication of data on the Company's activity in accordance with the requirements of the current legislation of the Russian Federation;
- 13) provide for information disclosure in accordance with the requirements of legal acts of the Russian Federation;
- 14) ensure provision of information upon request by members of the Board of Directors, the Managing Board and shareholders of the Company;
- 15) propose to the Board of Directors candidates for their appointment as members of the Managing Board;
- 16) appoint Deputy Chairmen of the Managing Board;
- 17) organize record management of the Managing Board meetings;
- 18) perform other actions necessary for achieving the Company's goals and its normal operation, in accordance with the legislation in force and the Company's present Charter except the issues referred to the competence of a general shareholder meeting, the Board of Directors and the Managing Board of the Company.

10.7. The powers of the President (General Director) shall commence upon adoption by the Board of Directors of the Company of a resolution to appoint the President (General Director) and shall terminate upon adoption by the Board of Directors of the Company of a resolution to terminate the powers of the President (General Director).

10.8. Should the President (General Director) temporarily fail to exercise his/her functions, the person appointed acting President (General Director) of the Company shall exercise his/her functions.

An Acting President (General Director) shall be appointed by order of the President (General Director) and shall act on behalf of the Company within the term and limits of the powers determined by the corresponding order of the President (General Director) and a Power of Attorney issued by the President (General Director) on behalf of the Company.

In the event that it is impossible for the President (General Director) to appoint an acting President (General Director), an acting President (General Director) shall be appointed by a resolution of the Board of Directors and act on behalf of the Company within the term and limits of the powers determined by the corresponding resolution of the Board of Directors.

### **Article 11. Book-keeping and Accounting of the Company**

11.1. The Company shall keep accounting and present financial statements under the procedure stipulated by the current legislation of the Russian Federation.

11.2. The balance sheet and profit and loss statement of the Company shall be executed in roubles, unless otherwise provided for by the current legislation of the Russian Federation.

11.3. The fiscal year of the Company corresponds to a calendar year.

### **Article 12. Reserve Fund**

12.1. The Company shall maintain a reserve fund in the amount of 15% of the Company's

charter capital.

12.2. The Company shall make annual allocations to the reserve fund in the amount of not less than five per cent of the Company's net profit until the reserve fund achieves a determined amount.

12.3. The Company's reserve fund shall serve to cover the Company's losses as well as redeem bonds of the Company and redeem the Company's shares in the event that there is no other source.

### **Article 13. Bonds and Other Issue-grade Securities of the Company**

13.1. The Company shall be entitled to place bonds and other issue-grade securities envisaged by legal acts of the Russian Federation on securities.

13.2. Bonds and other issuing securities shall be placed by the Company by resolution of the Board of Directors of the Company.

### **Article 14. Audit Commission**

14.1. To control the financial and economic activities of the Company, a general shareholder meeting shall elect an audit commission of the Company. The audit commission of the Company shall consist of five persons.

14.2. The operation of the Company's audit commission shall be determined by the Audit Commission Regulations approved by a general shareholder meeting.

14.3. Members of the Company's audit commission may not be members of the Board of Directors of the Company or occupy other positions in the management bodies of the Company.

### **Article 15. Dissolution and Reorganization of the Company**

15.1. The Company may be voluntarily reorganized following the procedure stipulated by the Federal law "On Joint Stock Companies." Other grounds and the Company's reorganization procedure shall be determined by the Civil Code of the Russian Federation and other federal laws.

The Company may be reorganized through merger, consolidation, demerger, split-off or conversion.

15.2. The Company may be dissolved voluntarily under the procedure determined by the Civil Code of the Russian Federation, taking into account the requirements of other legislative acts and this Charter.

The Company may be dissolved by court resolution based on the grounds stipulated by the Civil Code of the Russian Federation. The Company's dissolution shall result in its termination without any assignment of rights and obligations to other persons under the procedure of legal succession.

15.3. Upon appointment of the liquidation commission of the Company, all powers related to the Company's management shall transfer to it.

The liquidation commission shall publish a statement on the dissolution of the Company and the procedure by which its creditors may submit demands in print media that publish data on state registration of legal entities. The term for submitting demands by creditors may not be less than two months following the date of publication of the statement on the Company's dissolution.

15.4. If, on the date that the resolution on its dissolution is adopted, the Company has no credit obligations, its property shall be distributed among shareholders under the procedure determined by the current legislation of the Russian Federation.

15.5. The liquidation commission shall take measures to find creditors and receive accounts receivable, as well as notify creditors in writing of the Company's dissolution.

Upon expiration of the term for creditors to submit demands, the liquidation commission shall draw up an interim liquidation balance sheet containing a description of the Company's property, demands submitted by creditors and the results of their consideration.

15.6. The interim liquidation balance sheet shall be approved by a general shareholder meeting of the Company.

If funds owned by the Company under dissolution are insufficient to satisfy creditors' demands, the liquidation commission shall sell other property of the Company at a public auction under the procedure determined for enforcement of court resolutions.

15.7. Funds shall be paid to creditors of the Company under dissolution by the liquidation commission according to the priority order determined by the Civil Code of the Russian Federation and in accordance with the interim liquidation balance sheet, starting on the date of its approval, except for creditors of the fifth priority, payments to whom shall be made upon the expiration of one month following the date the interim liquidation balance sheet was approved.

15.8. Upon the conclusion of creditor settlements, the liquidation commission shall draw up a liquidation balance sheet to be approved by a general shareholder meeting.

15.9. Company property remaining after creditor settlements shall be distributed by the liquidation commission among shareholders under the procedure determined by the Federal Law "On Joint Stock Companies."

15.10. The Company's dissolution shall be deemed completed, and the Company shall be deemed terminated when the state registration authority makes a corresponding entry in the Uniform State Registry of Legal Entities.

15.11. The liquidation commission shall bear property responsibility for any damage caused by it to the Company, shareholders and third parties in accordance with the current legislation of the Russian Federation.