

**APPROVED**

by the Extraordinary General Shareholders'  
Meeting of JSC "CZP" on August 18, 2006

(Minutes of the meeting dated August 18,  
2006)

# **CHARTER**

**OF JOINT-STOCK COMPANY  
"CHELYABINSK ZINC PLANT"  
(new version No. 2)**

**Chelyabinsk, 2006**

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## **1. General Provisions**

1.1. Joint-Stock Company Chelyabinsk Zinc Plant, hereinafter the "Company", is an open joint-stock company. The Company is incorporated as a legal entity and operates on the basis of the Charter and the laws of the Russian Federation.

The Company was established on the basis of Decision No. 38 of the Chelyabinsk Oblast Committee for State Property Management dated February 5, 1993 by way of the reorganization of the Chelyabinsk Electrolytic Zinc Plant state enterprise, registered in the Kurchatov District, Chelyabinsk (Certificate No. 208 of May 11, 1993) with the firm name Open Joint-Stock Company Chelyabinsk Electrolytic Zinc Plant, and has the rights and obligations of a legal entity from the moment of its registration.

On May 23, 2002 the annual general shareholders' meeting voted to change the name of Open Joint-Stock Company Chelyabinsk Electrolytic Zinc Plant to Joint-Stock Company Chelyabinsk Zinc Plant.

The Charter hereunder was prepared in accordance with the Civil Code of the Russian Federation (Part One), Federal Law No. 208-FZ dated December 26, 1995 on Joint Stock Companies, and Federal Law No. 160-FZ dated July 9, 1999 on Foreign Investment in the Russian Federation.

1.2. The provisions of the Charter hereunder shall be mandatory for all management bodies and shareholders of the Company.

1.3. The Company shall be established for an unlimited period.

## **2. The Company's Name and Location**

2.1. The Company's full firm name: Открытое акционерное общество «Челябинский цинковый завод».

The Company's short firm name: ОАО «ЧЦЗ».

The Company's name in English: Joint-Stock Company "Chelyabinsk Zinc Plant".

The Company's short firm name in English: JSC "CZP"

2.2. The Company's location (place of business): 24 Sverdlovsky Trakt, Chelyabinsk, 454008, Russian Federation.

2.3 The Company's postal address: 24 Sverdlovsky Trakt, Chelyabinsk, 454008, Russian Federation.

## **3. Purpose and Scope of Activities**

3.1. The purpose of the Company shall be to earn profit.

The Company's major activities shall be:

- purchase, sale and processing of zinc concentrates, semi-finished products, and recycled materials and waste containing non-ferrous metals;
- purchase, sale and processing of minerals containing precious metals to produce products containing precious metals, and use of precious metals in the production of zinc;
- processing of lead cake containing precious metals at own and other facilities;
- purchase, sale and processing of precious metals contained in blister copper, minerals, refined precious metals, and industrial products;
- any operations with precious metals envisaged under the laws of the RF;
- production, purchase and sale (trade) of consumer goods and agricultural produce;
- provision of paid services to legal entities and individuals on a contractual basis;
- scientific research, research and development, design and assembly work;
- collection and sale of recyclable waste from the Company's production;
- import-export and other foreign trade operations envisaged under the laws of the RF;
- recreational activities, cultural and sporting events;
- health and medical programs.

The Company may undertake any other types of commercial activities pursuant to the purpose of its activities, unless prohibited by law.

The Company shall enjoy civil rights and undertake obligations as required to perform any activities not prohibited by law.

The Company may only undertake certain activities as included in the law with special permission (under license). Should permission (license) to undertake a certain activity be subject to such activity being the sole activity, the Company may not undertake any types of activities other than that included in the license and attendant activities for the term of the license.

## **4. The Company's Legal Status**

4.1. The Company is a legal entity and owns separate property recorded on its separate balance sheet.

The Company may acquire and exercise property rights and personal non-property rights on its own behalf, incur liabilities and appear in court as a plaintiff or defendant.

4.2. The Company is entitled to open bank accounts in the Russian Federation and abroad under applicable procedures.

4.3. The Company has a round seal bearing its full legal name in Russian and its address.

The Company may have stamps and letterheads bearing its name, its own emblem as well as trade mark registered under applicable procedures and other means of visual identification.

4.4. The sale of products, performance of work and provision of services shall be undertaken at prices and rates established solely by the Company, with the exception of any cases provided by legislation.

4.5. The Company may take part in other legal and corporate entities as a founding member (participant, shareholder, member) within the RF and abroad.

4.6. The Company may form voluntary unions and associations governed by rules which shall not contravene anti-trust legislation in force in Russia, as envisaged under Russian statutory law or the law of any other country.

4.7. The Company may take part in and collaborate in other ways with international public cooperative and other organizations.

4.8. The Company may be a shareholder in another joint-stock Company.

## **5. Liability of the Company**

5.1. The Company shall be liable for its obligations to the extent of all of its property.

The Company shall not be liable for its shareholders' obligations.

5.2. The State and its agencies shall not be liable for the Company's obligations and the Company shall not be liable for the obligations of the State and its agencies.

## **6. Branches and Representative Offices**

6.1. The Company may establish branches and open representative offices both in the Russian Federation and abroad in compliance with existing Russian law as well as the laws of CIS countries and the relevant laws of foreign countries where the branches and representative offices may be established, unless otherwise prescribed by an international treaty.

The branches and representative offices shall carry out business on behalf of the Company, which shall be liable for their activities.

6.2. The Company's branch is a separate division located beyond the Company's place of business and carrying out all or a part of its activities, including the representation of the Company.

6.3. The Company's representative office is a separate division located beyond the Company's place of business and representing the Company and protecting its interests.

6.4. The branch and representative office are not legal entities, shall be vested with property by the Company and shall operate in accordance with regulations thereon. The property of a branch or representative office is recorded both on their separate balance sheets and the Company's balance sheet. Decisions to establish and to wind up branches and representative offices, approve provisions thereon and appoint managers shall be taken by the Company's Board of Directors pursuant to the laws of the country in which the branch or representative office is established.

The managers of branches and representative offices shall act under a power of attorney issued by the Company.

## **7. Charter Capital**

### **7.1. Placed and Authorized Shares**

7.1.1. The Company's charter capital is comprised of the nominal value of shares acquired by shareholders (placed and outstanding shares).

The Company's charter capital is comprised of 5,094,368 (five million ninety-four thousand three hundred sixty-eight) roubles and is divided into 5,094,368 (five million ninety-four thousand three hundred sixty-eight) ordinary registered shares with a nominal value of 1 (one) rouble each.

7.1.2. In addition to the placed shares the Company may place another 50,000,000 (fifty million) ordinary registered shares with a nominal value of 1 (one) rouble each (authorized shares).

7.1.3. The rights vested in the authorized shares shall be the same as those vested in the Company's outstanding ordinary registered shares in accordance with the Company Charter and the provisions of applicable Russian law.

### **7.2. Increase in Charter Capital**

7.2.1. The Company's charter capital may be increased by way of increasing nominal value of shares or by way of placing additional shares.

7.2.2. Decisions on increasing the Company's charter capital by way of increasing nominal value of shares shall be taken by the general shareholders' meeting.

7.2.3. Decisions on increasing the Company's charter capital by way of placing additional shares shall be taken by the Board of Directors, except in cases where federal law prescribes that such decision may only be made by the general shareholders' meeting.

Decisions by the Company's Board of Directors on increasing the Company's charter capital by way of placing additional shares shall be passed by unanimous vote of all members of the Company's Board of Directors, without regard to the votes of members of the Company's Board of Directors who have withdrawn.

7.2.4. In increasing charter capital the Company shall be governed by the restrictions laid down in federal laws.

### **7.3. Reduction of Charter Capital**

7.3.1. The general shareholders' meeting may decide to reduce the Company's charter capital by reducing

the nominal value of Company shares or by reducing the total number of shares, which may include acquiring and redeeming a portion of Company shares.

7.3.2. The Company may not reduce its charter capital if as a result of such reduction it falls below the minimum charter capital as laid down under existing legislation on the date when the relevant amendments to the Company's Charter are lodged for state registration, or if the Company is obliged to reduce its charter capital under the Federal Law On Joint-Stock Companies, on the date of state registration of the Company.

7.3.3. The Company shall within 30 days from the day when the resolution to reduce charter capital is passed notify its creditors in writing of the passing of the resolution and of the new charter capital amount, and shall publish a notice of the resolution in a publication intended for announcement of details of state registration of legal entities.

## **8. Company Shares. Placement of Shares and Other Securities.**

### ***8.1. Types of Shares Issued by the Company***

8.1.1. The Company may only issue ordinary shares.

8.1.2. All Company shares shall be registered.

8.1.3. No share shall carry voting rights until it is fully paid-up.

### ***8.2. Consolidation and Split of Shares***

8.2.1. The general shareholders' meeting may decide to consolidate the Company's placed shares by converting two or more Company shares into one new share of the same type. The Company Charter shall be amended to reflect the relevant changes in the nominal value and number of placed and authorized shares.

8.2.2. The general shareholders' meeting may decide to split the Company's placed shares by converting one Company share into two or more Company shares of the same type. The Company Charter shall be amended to reflect the relevant changes in the nominal value and number of placed and authorized shares.

### ***8.3. Procedure and Method for Placement of Shares and Other Issued Securities***

8.3.1. The Company shall issue shares upon:

- incorporation;
- placement of additional shares;
- conversion of convertible securities into shares.

8.3.2. The Company may place additional shares and other securities by way of open or closed subscription in accordance with the provisions of Article 7.2. of the Charter hereunder.

8.3.3. The way in which the Company is to place additional shares and other securities shall be established in the resolution on placement.

8.3.4. The procedure for conversion of Company bonds and other issued securities (with the exception of shares) into shares shall be established in the resolution on placement.

8.3.5. Placement of Company shares within the bounds of the maximum number of authorized shares required for conversion of convertible shares and other issued securities of the Company shall only be undertaken by way of such conversion.

8.3.6. Shareholders of the Company shall have pre-emptive rights in respect of additional shares and securities converted into shares that are publicly offered, in proportion to the number of shares they hold of that class (type).

Shareholders of the Company who vote against or who do not take part in the vote on a private offering of shares and securities converted into shares shall have pre-emptive rights in respect of additional shares and securities converted into shares that are privately offered, in proportion to the number of shares they hold of that class (type). This right shall not apply to private offerings of shares and other securities converted into shares that are limited to shareholders if the shareholders are able to acquire a whole number of offered shares and other securities converted into shares in proportion to the number of shares they hold of the respective class (type).

8.3.7. If the general shareholders' meeting of the Company adopts a resolution regarding the placement of additional shares and securities converted into shares, the list of persons with pre-emptive rights in respect of additional shares and securities converted into shares shall be compiled from the share register as of the date such list of persons entitled to take part in such general shareholders' meeting is compiled. In all other cases the list of persons with pre-emptive rights in respect of additional shares and securities converted into shares shall be compiled from the share register as of the date the decision is taken to offer additional shares and securities converted into shares.

8.3.8. Persons with pre-emptive rights in respect of additional shares and securities converted into shares must be informed of the opportunity to exercise their pre-emptive rights under paragraph 8.3.6. of the Company Charter.

The notice must contain the following information:

- number of shares and securities converted into shares being offered;
- the offer price or procedure for determining the offer price (including the offer price or procedure for determining the offer price when exercising pre-emptive rights);
- the procedure for determining the number of securities which each entity or individual with a pre-emptive right to acquire such may acquire;
- the procedure for lodgement with the Company of applications by such persons for the acquisition of

shares and securities converted into shares;

- the deadline by which such applications must reach the Company (the period during which pre-emptive rights may be exercised).

The Company may not prior to the expiration of this period offer additional shares or securities converted into shares to persons who do not have pre-emptive rights in respect of additional shares and securities converted into shares.

8.3.9. The period for the exercise of pre-emptive rights may not be less than 45 (forty-five) days from the date the notification is sent (delivered) or published, unless otherwise provided for in this Clause.

If the method for determining the offer price set forth in the resolution regarding the placement of additional shares and securities converted into shares provides for determination of the offer price after the expiration of the period for the exercise of pre-emptive rights, then such period may not be less than 20 (twenty) days from the date the notification is sent (delivered) or published. In this case the notification must contain details of the payment deadline for the securities, which must not be less than 5 (five) business days from the date of disclosure of details of the offer price.

8.3.10. A shareholder may exercise its pre-emptive right in respect of additional shares and securities converted into shares in full or in part by way of forwarding to the Company a written application to purchase additional shares and securities converted into shares. The application to purchase additional shares and securities converted into shares must include a document confirming payment thereof, except as provided for under the second paragraph of Article 8.3.9 of the Company Charter.

The application shall contain the following details:

- applicant's name in full;
- residential address (place of business) of applicant;
- number of securities being purchased.

8.3.11. In the event that the resolution to place additional shares and issued securities converted into shares specifies non-cash forms of payment, persons exercising pre-emptive rights to purchase may at their own discretion pay in cash.

#### **8.4. Payment Terms for Placed Shares and Other Placed Securities**

8.4.1. Payment for shares and other Company issued securities may be in the form of:

- cash;
- securities;
- other property;
- property and other rights having monetary value.

Payment terms for additional shares shall be established in the resolution on placement. Payment for other issued securities may only be in cash.

8.4.2. Additional Company shares to be placed by subscription shall be placed subject to being fully paid up.

8.4.3. The value of a payment for additional Company shares using non-cash means shall be assessed by the Company Board of Directors in the manner prescribed in Article 10.5. of the Charter, and may not be higher than the monetary value assessed by independent assessors.

8.4.4. Payment for additional Company shares to be placed by subscription shall be at a price determined by the Board of Directors in the manner prescribed in Article 10.5. of the Charter.

8.4.5. The placement price of additional shares and other issued securities converted into shares for shareholders exercising pre-emptive rights in respect of shares and other securities may be lower than the placement price for other persons, but not by more than 10 percent.

### **9. General Rights and Obligations of Shareholders**

9.1. Shareholders shall not be liable for the Company's obligations, but shall bear the risk of losses in connection with the Company's activities within the limits of the value of their shares.

9.2. Shareholders who have not paid for their shares in full shall bear joint and several liability for the Company's obligations to the limit of the unpaid portion of the value of their shares.

9.3. Shareholders shall:

- pay for shares on time and on the terms and conditions laid down in the Civil Code of the RF, the Federal Law on Joint-Stock Companies, the Company Charter and share purchase agreement;
- comply with the requirements of the Company Charter and decisions of its bodies;
- maintain confidentiality in respect of Company activities;
- undertake other obligations set forth hereunder and laid down by law, or as decided by the general shareholders' meeting in accordance with its terms of reference.

9.4. General rights of holders of all categories (types) of shares:

- dispose of one's shares without the consent of other Company shareholders and the Company;
- receive a portion of net profit (dividends) to be distributed among shareholders as specified hereunder;
- receive a portion of the monetary value of Company assets (liquidation value) remaining after liquidation of the Company, in proportion to the number of shares they hold;
- gain access to Company documents and availability of copies thereof for a fee as provided for hereunder;
- appoint a proxy by power of attorney with full or partial rights bestowed by the shares;
- initiate court action against a member of the Board of Directors, the General Director, or a member of the Management Board for compensation of losses as provided for in the second paragraph of Article 18.2

hereunder. A shareholder (shareholders) with an aggregate of not less than 1 percent of outstanding ordinary Company shares may initiate court action against a member of the Board of Directors of the Company, the General Director, or a member of the Management Board for compensation of losses incurred by the Company as provided for in the first paragraph of Article 18.2 hereunder.

- exercise other rights envisaged hereunder and by law and bestowed by resolution of the general shareholders' meeting in accordance with its terms of reference.

9.5. Holders of ordinary registered shares shall be entitled to:

- take part in voting at meetings or by absentee ballot at general meetings;
- nominate and vote for candidates to the management and auditing bodies of the Company on the terms and conditions set forth hereunder;
- propose agenda items for the annual meeting as set forth hereunder;
- elect the meeting's working bodies as prescribed hereunder;
- request that an extraordinary general shareholders' meeting be convened or extraordinary audit of the Company's activities be conducted by the internal audit commission or independent auditor as prescribed hereunder;
- request that the Company redeem all or part of his/its shares on the terms and conditions set forth in the Company Charter;
- exercise its pre-emptive rights in respect of additional shares and other Company issued securities offered by open subscription;
- exercise other rights envisaged hereunder and by law and bestowed by resolution of the general shareholders' meeting in accordance with its terms of reference.

## **10. Acquisition and Redemption by the Company of its Placed Shares**

### **10.1. Acquisition by the Company of Placed Shares for Cancellation Purposes**

10.1.1. The Company may purchase its placed shares in accordance with a resolution passed by the general shareholders' meeting for purposes of reducing the total number of shares.

Shares purchased by the Company on the basis of a resolution passed by the general shareholders' meeting to reduce charter capital for purposes of reducing the total number of shares shall be cancelled upon acquisition.

10.1.2. Payment for purchased shares may be in cash, securities, property, property rights or other rights having monetary value.

10.1.3. The resolution to purchase shares for subsequent cancellation is to specify:

- Category (type) of purchased shares;
- Number of shares of each category (type) to be purchased by the Company;
- Purchase price;
- Payment method and deadline;
- Period over the course of which the share purchase is to take place.

10.1.4. The period over the course of which the share purchase is to take place shall not be less than 30 days.

10.1.5. The Company's executive body shall not later than 30 days prior to the beginning of the period during which the share purchase is to take place notify all shareholders of the particular categories (types) of shares in relation to which the resolution to purchase shares was adopted of the share purchase. The notice shall contain the following information:

- Full name and place of business of the Company;
- Category (type) of purchased shares;
- Number of shares of each category (type) to be purchased by the Company;
- Purchase price;
- Payment method and deadline;
- Period over the course of which the share purchase is to take place;
- Addresses for lodgement of completed written shareholder applications for the sale of their shares.

The notice shall be accompanied by a special form to be used by the shareholder as the application for the buy-out of the shares of the relevant category (type) by the Company.

The notice shall be sent to the shareholder by registered mail to the address shown in the register or shall be handed personally to the shareholder.

10.1.6. Any shareholder shall be entitled to sell the shares in relation to which the resolution to purchase shares was adopted, and the Company shall be obliged to purchase them.

10.1.7. In the event that the total number of shares included in returned applications for the buy-out of shares by the Company exceeds the number of shares which the Company may purchase pursuant to the resolution passed by the general shareholders' meeting to reduce charter capital and any restrictions established by the Federal Law on Joint Stock Companies, shares shall be purchased from the shareholders in proportion to lodged requests.

10.1.8. Shareholders shall be entitled to forward completed applications to the Company for the buy-out of shares by the Company by the specified deadline.

The application shall be forwarded by mail or delivered personally to the addresses specified in the notice.

The date of lodgement of the application shall be the date on the postmark or the date of actual receipt by the Company body.

10.1.9. The application form completed by the shareholder for the buy-out by the Company of shares held by the shareholder shall be considered an acceptance of the Company's offer to purchase a certain number of such

shares and a transfer instruction to the registrar to amend the shareholder's client account in respect of those shares that are to be purchased by the Company.

10.1.10. The Company's executive body shall not later than 30 days from the deadline for lodgement of applications from shareholders for the sale of shares take a decision on the number of shares to be purchased from each shareholder, notify the registrar and transfer the payment amount due to the shareholder.

### **10.2. Acquisition by the Company of Placed Shares for Purposes not Related to Reduction of Charter Capital**

10.2.1. The Company may purchase its placed shares in accordance with a resolution passed by the Board of Directors.

Shares purchased by the Company shall not have voting rights or be included in the vote count at the general shareholders' meeting, and shall not earn dividends. Such shares are to be sold at a price not less than their market price not later than 12 months from the date of purchase, otherwise the general shareholders' meeting must pass a resolution on reducing the Company's charter capital by cancelling the aforementioned shares.

10.2.2. The procedure for purchase of shares in accordance with a decision by the Board of Directors shall be as prescribed in Article 10.1. of the Charter.

### **10.3. Limitations on Purchase of Placed Shares by the Company**

10.3.1. The Company may not purchase its ordinary placed shares for any purpose:

- Until the charter capital is fully paid up;
- In the event that at the time of the proposed purchase the Company is at risk of bankruptcy (insolvency) under Russian corporate bankruptcy (insolvency) laws or such risk may appear as a result of the share purchase;
- In the event that at the time of the proposed purchase the Company's net asset value is less than the charter capital or reserve fund, or will be as a result of the share purchase;
- Until all shares in respect of which applications for repurchase have been lodged in accordance with Article 10.4. of the Charter are repurchased.

10.3.2. The Company may not decide to purchase a portion of placed shares in order to reduce charter capital if the nominal value of shares remaining in circulation falls below the minimum charter capital laid down under existing law as of the date of registration of the relevant amendments to the Company Charter.

10.3.3. The Company may not decide on a Company share purchase if the nominal value of shares remaining in circulation will be less than 90 percent of the Company's charter capital.

### **10.4. Company Repurchase of Placed Shares at the Request of Shareholders**

10.4.1. Shareholders who hold voting shares may request that the Company repurchase all or part of their shares in the event that they did not take part in voting or voted against:

- Reorganization of the Company;
- Approval of a major transaction in the manner provided for in Article 21.5 of the Charter;
- Amendments or additions to the Company Charter or adoption of a new version of the Company Charter restricting their rights.

10.4.2. The list of persons entitled to request repurchase by the Company of shares held by the shareholder shall be compiled from the Company share register as of the date of compilation of the list of persons entitled to take part in the general shareholders' meeting at which the agenda included the item, voting on which may prompt a shareholder to exercise his rights to repurchase of shares pursuant to the Federal Law on Joint-Stock Companies.

10.4.3. The purchase of shares by the Company shall be undertaken at the price established by the Company's Board of Directors, which shall not be less than the market share price as determined by an independent assessor, without regard for any changes that may be brought about by the Company's actions leading to exercise of the right to request valuation and repurchase of the shares.

10.4.4. In the event that an item is included in the agenda, voting on which may pursuant to the Federal Law on Joint-Stock Companies lead to exercise by a shareholder of the right to request repurchase of shares by the Company, the notice of the forthcoming general meeting must also include the following information:

- Shareholders' right to request repurchase of their shares by the Company;
- Repurchase price of shares;
- Procedure and deadline for share purchase.

The notice of the general meeting shall be accompanied in this case by a special form to be used by the shareholder as the written request for repurchase of shares by the Company.

The request form shall be approved by the Board of Directors.

10.4.5. A shareholder's request to have its shares repurchased shall be forwarded to the Company in writing stating the home address (registered address) of the shareholder and the number of shares to be repurchased. A shareholder who is a natural person shall have his/her signature and/or the signature of his/her representative on the request for the repurchase of his/her shares certified by a notary or the Company share registrar.

Shareholders shall be entitled to forward completed written requests for repurchase of shares by the Company not later than 45 days from the date of the relevant resolution passed by the general shareholders' meeting.

The request shall be forwarded by mail or delivered personally to the addresses specified in the notice of the general meeting.

The date of lodgement of the request shall be the date on the postmark or the date of actual receipt.

From the time the Company receives the shareholder's request for repurchase of his/her shares and until a record is made in the Company share register of the transfer of title to the repurchased shares to the Company or until the shareholders withdraws his/her request for repurchase of these shares the shareholder may not undertake any transactions with third parties relating to the alienation or encumbrance of such shares, and a record of such condition shall be made by the share registrar in the Company share register. The withdrawal by a shareholder of his/her request for repurchase of his/her shares must be notified to the Company within the period stipulated in the second paragraph of this clause.

10.4.6. The request form completed by the shareholder for repurchase of its shares shall be considered an acceptance of the Company's offer to repurchase a certain number of such shares and a transfer instruction to the Company share registrar to amend the shareholder's client account in respect of those shares that are to be repurchased by the Company.

10.4.7. The total sum spent by the Company on repurchase of shares may not exceed 10 percent of the Company's net asset value on the date of the resolution which prompted a shareholder to exercise its rights to repurchase of its shares by the Company.

In the event that the total number of shares included in returned requests for repurchase of shares exceeds the number of shares which the Company may purchase pursuant to the above restriction, shares shall be purchased from the shareholders in proportion to lodged requests.

10.4.8. The Company's General Director shall not later than 30 days from the deadline for lodgement of written requests from shareholders for repurchase of shares take a decision on the number of shares to be repurchased from each shareholder, notify the Company share registrar and transfer the amount due to each shareholder.

The Company's Board of Directors shall not later than 50 days from the date of the relevant resolution by the general shareholders' meeting of the Company approve the report of the results of shareholder applications for repurchase of their shares.

The Company share registrar shall record the transfer of title to the shares repurchased by the Company in the register on the basis of the report of the results of shareholder applications for repurchase of their shares approved by the Board of Directors of the Company and on the basis of shareholder applications for repurchase of their shares, as well as documents confirming that the Company has discharged its obligations in respect of effecting payment to the shareholder or shareholders lodging requests for repurchase of their shares.

10.4.9. Shares redeemed by the Company shall be at the Company's disposal. The above-mentioned shares shall not bestow voting rights, shall not be taken into account when votes are counted, and shall not earn dividends. Such shares are to be sold at a price not lower than their market price not later than 12 months from the transfer of title to the repurchased shares to the Company, otherwise the general shareholders' meeting must pass a resolution on reducing the Company's charter capital by cancelling the aforementioned shares.

### **10.5. Determining the Market Price of Property**

10.5.1. If the price (monetary value) of property or the placement or repurchase price of issued Company securities is determined by decision of the Company's Board of Directors in accordance with the Federal Law on Joint-Stock Companies, it shall be determined on the basis of market price.

10.5.2. If a person who is an interested party to a transaction or a series of transactions in which the price (monetary value) of property is determined by the Company's Board of Directors is a member of the Company's Board of Directors, the price (monetary value) of the property shall be determined by independent Board members who are not interested parties to the transaction.

In the event that the number of Board members who are not interested parties to the transaction is less than that stipulated in the Charter to constitute a quorum for a meeting of the Board of Directors and/or none of the Board members qualify as independent directors, the price (monetary value) of the property may be determined by a resolution of the general shareholders' meeting adopted in the manner envisaged in Article 22.5 of the Charter.

10.5.3. An independent assessor may be engaged to determine the market price of property.

It is obligatory that an independent assessor be engaged to determine the market price of property in the event that the price at which the Company is to repurchase shares from shareholders is to be determined, and in other cases expressly stipulated in the Federal Law on Joint-Stock Companies.

## **11. Dividends**

11.1. Dividends are a part of the Company's net profit distributed among shareholders in proportion to the number of shares held by them.

11.2. The Company may decide on (declare) payment of dividends on placed shares upon the first quarter, half-year or nine-month results of the financial year and (or) upon results of the financial year. The decision (announcement) on the payment of dividends upon the first quarter, half-year or nine-month results of the financial year may be taken within three months after the corresponding period has expired.

11.3. Dividends shall be paid in cash or other assets having monetary value. Dividends are payable from Company after-tax profits (Company net profit). Company net profit shall be determined on the basis of the Company's financial statements.

11.4. The decision to pay dividends, including the dividend rate and method of payment, shall be taken by the general shareholders' meeting following a proposal by the Company's Board of Directors. The dividend rate may not exceed that recommended by the Board of Directors of the Company.

The general shareholders' meeting may decide not to pay dividends on shares.

11.5. Dividends shall not accrue or be paid on shares that are not outstanding, shares that are acquired by the Company pursuant to a decision of the Board of Directors or repurchased and at the disposal of the Company as a result of the failure of a buyer to perform its obligations following purchase.

11.6. Dividends shall accrue and be paid only on shares that are fully paid up.

11.7. No interest shall accrue on dividends that are not paid or received. A shareholder may demand payment of unreceived dividends before expiry of the statute of limitations in accordance with the Civil Code of the RF.

11.8. Procedure and terms of dividends payment shall be determined by the general shareholders' meeting in accordance with recommendation by the Board of Directors of the Company.

11.9. The list of persons entitled to receive dividends shall be compiled as of the date the list of persons entitled to take part in the general shareholders' meeting is compiled. To compile the list of persons entitled to receive dividends, the nominal shareholder shall submit details of persons in whose interest shares are held.

11.10. The Company may not decide to pay (declare) dividends on shares:

- Before the Company's charter capital is fully paid up;
- Before all shares to be redeemed under Article 10.4 of the Company Charter are redeemed;
- If on the date such decision is taken the Company is at risk of insolvency (bankruptcy) in accordance with the laws of the Russian Federation on insolvency (bankruptcy) of companies or will be as a result of payment of dividends;
- In the event that on the date of such decision the Company's net asset value is less than the charter capital or reserve fund, or will be as a result of such decision;
- In other cases prescribed by federal law.

11.11. The Company may not pay declared dividends on shares:

- If on the payment date Company is at risk of insolvency (bankruptcy) in accordance with the laws of the Russian Federation on insolvency (bankruptcy) of companies or will be as a result of payment of dividends;
- In the event that on the payment date the Company's net asset value is less than the charter capital or reserve fund, or will be as a result of payment of dividends;
- In other cases prescribed by federal law.

Upon cessation of the above circumstances the Company must pay shareholders the declared dividend.

## **12. Bonds and Other Issued Company Securities**

12.1. The Company shall be entitled to issue bonds and other issued securities as provided for by the laws of the Russian Federation on securities.

12.2. The Company shall place bonds and other issued securities based on a resolution of the Company's Board of Directors.

12.3. A bond shall certify the right of the holder to request that the bond be redeemed (nominal value or nominal value plus interest be paid) within the specified time.

The resolution on issue of the bonds shall specify the procedure and dates of issue, and the form, dates and other conditions of redemption of the bonds.

12.4. The Company may issue bonds subject to the Company charter capital being fully paid up.

12.5. The nominal value of all outstanding Company bonds may not exceed Company charter capital or security provided to the Company by third parties for issuance of the bonds.

12.6. The Company may issue bonds with a single maturity date or bonds to be redeemed by series and with differing maturity dates.

Bonds may be redeemed for cash or other property in accordance with the resolution on their issue.

The Company may allow for holders to cash in their bonds prior to maturity. In this case the resolution on issuance of the bonds must specify the cost of redeeming the bonds and the earliest date prior to maturity on which they may be redeemed.

12.7. The Company may issue bonds secured by a pledge of Company assets or security provided by third parties to the Company for purposes of issuing the bonds, or unsecured bonds.

12.8. Unsecured bonds may not be issued prior to the third year of existence of the Company and shall be subject to two annual balance sheets of the Company having been approved by this time.

12.9. Bonds may be registered or payable to bearer.

Upon issuance of registered bonds the Company shall be obliged to keep a bondholders' register.

In the event of loss of a bond, it may be replaced by the Company for a reasonable fee. The rights of a holder of a payable to bearer bond shall be restored by a court in the manner envisaged by Russian procedural law.

12.10. The Company may place bonds and other issued securities convertible into shares.

The Company shall place bonds convertible into shares and other issued securities convertible into shares based on a resolution of the Company's Board of Directors, except for cases provided for in Article 39 of the Federal Law on Joint-Stock Companies.

The terms and conditions of conversion of the Company's securities into shares shall be set forth in the decision on placement of such securities.

12.11. The Company may not place bonds or other securities convertible into Company shares if the number of authorized Company shares of a particular type or category is less than the number of shares of that type or category, to which such securities provide the right of purchase.

## **13. Structure of Management and Control Bodies**

13.1. The Company's management bodies are:

- general shareholders' meeting;
- Board of Directors;
- General Director (sole executive body);
- Management Board of the Company (collective executive body).

13.2. The body controlling the financial and commercial activities of the Company is the internal audit commission.

13.3. The Board of Directors and internal audit commission shall be elected by the general shareholders' meeting as prescribed hereunder.

The General Director and members of the Management Board shall be appointed by the Board of Directors.

13.4. The sole executive body (the General Director) shall perform the functions of chairman of the collective executive body (Management Board).

## **14. General Shareholders' Meeting**

### ***14.1. Competence of the general shareholders' meeting***

14.1.1. The general shareholders' meeting shall be the Company's highest managing body.

The general shareholders' meeting shall be authorised to take action on:

1. Amendments and additions to the Charter or approval of a new version of the Charter;
  2. Reorganization of the Company;
  3. Liquidation of the Company, appointment of a Liquidation Commission and approval of interim and final liquidation balance sheets;
  4. Determination of the number of members of the Board of Directors, and election and the early termination of the Board of Directors;
  5. Determination of the quantity, nominal value and categories (types) of authorized shares and the rights attaching to these shares;
  6. Reduction of the Company's charter capital by way of purchase by the Company of a portion of shares for the purpose of reducing the total number or by way of cancellation of shares purchased or redeemed by the Company;
  7. Reduction of the Company's charter capital by way of reducing the par value of shares;
  8. Increase of the Company's charter capital by way of increasing the par value of shares;
  9. Increase of charter capital by way of an additional share offering by closed subscription;
  10. Increase of charter capital by way of an offering by open subscription of ordinary shares constituting more than 25% of previously placed ordinary Company shares;
  11. Election of members of the Company's Internal Audit Commission (Internal Auditor) and early termination of their authority;
  12. Approval of the Company's Auditor;
  13. Effecting payment (declaring) dividends based on first quarter, half-year, and 3<sup>rd</sup> quarter results for the financial year;
  14. Approval of the Company's annual reports and annual financial statements, including profit and loss reports (profit and loss statements) of the Company, and the distribution of profits, including the payment (declaration) of dividends, with the exception of profits distributed as dividends based on first quarter, half-year, and 3<sup>rd</sup> quarter results for the financial year, and losses of the Company based on the results of the financial year;
  15. Setting the procedure for conducting general shareholders' meetings;
  16. Election of the Counting commission and early termination of their powers;
  17. Splitting and consolidation of shares;
  18. approval of transactions in cases provided for in Articles 22.5-22.7. of the Company Charter;
  19. approval of major transactions in cases provided for in Article 21.5. of the Company Charter;
  20. Purchase of placed shares by the Company in cases provided for in Article 10.1. of the Company Charter;
  21. Decisions on participation in financial and industrial groups, associations and other business groups;
  22. Adoption of Company by-laws governing the activities of bodies within the Company;
  23. Decisions on the Company bearing the costs of holding extraordinary general shareholders' meetings in cases provided for in the Federal Law on Joint-Stock Companies;
  24. Decisions on other matters in cases provided for in the Federal Law on Joint-Stock Companies and the Company Charter.
- 14.1.2. The general shareholders' meeting may not consider and vote on matters not referred to its competence by applicable law and the Company Charter.

### ***14.2. Decisions of the general shareholders' meeting***

14.2.1. The general meeting may not pass resolutions on items not included in the agenda of the meeting or amend the agenda.

14.2.2. Participating shareholders in a general shareholders' meeting shall be deemed to be those shareholders (or their proxies) that have registered as participants in the meeting and/or have submitted ballot papers to the Company by the specified deadline as provided for in Article 14.4.9 of the Charter.

Participating shareholders in a general meeting conducted by absentee ballot shall be deemed to be those shareholders that have submitted ballot papers to the Company by the deadline specified in the Charter hereunder.

14.2.3. Items of a general meeting that are put to the vote shall be passed by a majority of votes of shareholders taking part in the meeting and holding Company voting shares.

14.2.4. A resolution on the items specified in Sub-clauses 1-3, 5, 7, 9-10, 20 and of Article 14.1.1. of the Charter shall be passed by the general meeting by a three-quarters majority of votes of shareholders participating in the meeting and holding voting shares.

14.2.5. A resolution on the items specified in Sub-clauses 2, 7-9, 17-22 of Article 14.1.1. of the Charter shall be passed by the general meeting only following proposal by the Company's Board of Directors.

14.2.6. The procedure for conducting of general meetings, Rules of Procedure and other procedural matters shall be laid down in the Regulations on the General Shareholders' Meeting approved by the general shareholders' meeting. Amendments to the procedure for conducting of general meetings, Rules of Procedure and other procedural matters shall be made by amending or supplementing the Regulations on the General Shareholders' Meeting following a resolution of the general shareholders' meeting of the Company.

14.2.7. Resolutions passed by the general meeting shall be binding for all shareholders, those both present and absent from the respective meeting.

14.2.8. A shareholder may appeal against a resolution passed by the general shareholders' meeting in breach of the requirements of the Federal Law On Joint-Stock Companies, other statutes of the Russian Federation, and the Company Charter, in the event that it did not take part in the general shareholders' meeting or voted against such resolution, and its rights and legitimate interests were violated by the above-mentioned resolution. Such appeal may be filed with a court within six months from the date on which the shareholder learned or should have learned of the resolution.

The court may consider the case and let the resolution stand if the respective shareholder's vote could not have affected the vote, or the breach is not material in nature, or the resolution has not caused any losses to the respective shareholder.

### **14.3. Funding of preparation and conduct of general meetings**

14.3.1. Expenses relating to the preparation and conduct of the annual general meeting shall be borne by the Company pursuant to an estimate approved by the Board of Directors and shall be included in the Company's budget.

14.3.2. Expenses relating to the preparation and conduct of an extraordinary general shareholders' meeting called by members of the Board of Directors, internal audit commission (auditor) or the Company's auditor shall be borne by the Company pursuant to an estimate approved by the Board of Directors and shall be included in the Company's budget.

14.3.3. The Management Board shall submit a report to the Board of Directors on spending in connection with convening, preparing for and conducting the meeting not later than two months after the meeting.

14.3.4. Expenses relating to the preparation and conduct of an extraordinary meeting called by shareholders shall be borne by the shareholders calling the meeting prior to any actions being taken to convene the meeting pursuant to an estimate made available by the Management Board.

The general meeting may decide to charge these expenses to the Company, with the shareholders calling the extraordinary meeting being reimbursed by the Company.

### **14.4. Forms of general meeting**

14.4.1. The general meeting may be conducted in two forms:

- Meeting: the collective presence of shareholders and their proxies to consider items on the agenda and take decisions on matters put to the vote;
- Absentee Ballot: a general shareholders' meeting without the collective presence of shareholders to consider items on the agenda and take decisions on matters put to the vote is not required.

The form of general meeting shall be determined by those calling the meeting, except in cases where the form of meeting is prescribed by the Federal Law on Joint-Stock Companies.

The Board of Directors may not change the form of meeting called for by those calling an extraordinary meeting.

14.4.2. Those entitled to be present at a general meeting shall include shareholders on the list of persons entitled to take part in the general shareholders' meeting and their proxies, the Company's auditor, members of the Board of Directors and management bodies of the Company, members of the counting commission and internal audit commission, nominees for election (appointment) to management bodies and control bodies of the Company, and persons invited by the Company's Board of Directors.

14.4.3. Prior to holding a general shareholders' meeting the Board of Directors shall specify:

- The form of meeting to be held (meeting or meeting by absentee ballot);
- The date, place and time of the general shareholders' meeting and, in cases where pursuant to Art.

14.4.9 of the Company Charter completed ballots must be returned to the Company, the postal address to which completed ballot papers are to be forwarded or, in the case of a general shareholders' meeting held in the form of absentee voting, the deadline for return of ballot papers and the postal address to which completed ballot papers are to be forwarded;

• The date when the list of persons entitled to take part in the general shareholders' meeting was compiled;

- The agenda for the general meeting;
- Procedure for notifying shareholders of the forthcoming general shareholders' meeting;

- List of information (materials) provided to shareholders prior to the general shareholders' meeting and the procedure for making them available;

- Form and wording of ballot papers in the event that voting is to be by ballot.

14.4.4. In the event that items are included in the agenda which could pursuant to the Company Charter lead to the exercise by a shareholder of the right to request repurchase of shares by the Company, the Board of Directors shall include the following information in the notice of such general meeting:

- An announcement that shareholders are entitled to request repurchase of their shares by the Company;
- The price of redeemable shares;
- The method and timing of repurchase.

In this case a special form for the written request by shareholders for repurchase of their shares by the Company, which shall be approved by the Board of Directors, shall be enclosed with the notice of the meeting.

14.4.5. A general shareholders' meeting which includes agenda items on election of the Board of Directors of the Company or the internal audit commission of the Company, approval of the Company's auditor, or matters envisaged in sub-clause 13 of Article 14.1.1. of the Charter may not be conducted by absentee ballot.

14.4.6. The notice of a general meeting to be conducted in the form of an absentee ballot must contain the following information:

- Full firm name and place of business of the Company;
- The form of meeting to be held (meeting or meeting by absentee ballot);
- The deadline for return of ballot papers and the postal address to which completed ballot papers are to be forwarded;
- The date when the list of persons entitled to take part in the general shareholders' meeting was compiled;
- Agenda for the general shareholders' meeting;
- The procedure for making information (materials) presented to shareholders prior to the general shareholders' meeting available, and the address (addresses) where shareholders can gain access to them.

14.4.7. Notification of shareholders that a general meeting to be held by absentee ballot shall include:

- Notice of the meeting;
- Ballot paper;
- Information required to pass resolutions.

In the event that an item of the agenda relates to the reduction of charter capital by means of repurchase of a portion of outstanding shares for purposes of cancellation, shareholders shall receive a special form to be completed in writing requesting the Company to repurchase their shares.

14.4.8. The above documents shall be forwarded by registered mail or delivered personally against a signature to shareholders included in the list of persons entitled to take part in the meeting not later than the approved date for forwarding of ballot papers to shareholders.

The actual date of notification of shareholders shall be the date on the postmark or the date that the documents are delivered personally.

14.4.9. Should the number of shareholders with voting shares of the Company amount to 1,000 or more, in conducting a general shareholders' meeting voting ballots must be delivered or handed to each person included in the list of persons entitled to take part in the general shareholders' meeting against a personal signature.

In this case during any general shareholders' meeting except a general shareholders' meeting held in the form of an absentee ballot persons included in the list of persons entitled to take part in the general shareholders' meeting (their proxies) may take part in such meeting or forward their completed ballot papers to the Company. In determining whether a quorum is present and in tallying votes, the votes included in ballot papers received by the Company no later than 2 days prior to the general shareholders' meeting shall be taken into account.

14.4.10. Shareholders whose ballot papers are received not later than the established deadline for submission of ballots shall be deemed to have taken part in the general shareholders' meeting.

### **14.5. Annual General Meeting**

14.5.1. The Company must hold an annual general shareholders' meeting annually, but not before two months and not later than six months from the end of the fiscal year. The actual date of the annual general shareholders' meeting shall be set by the Board of Directors.

All meetings other than the annual meeting shall be extraordinary meetings.

14.5.2. The annual shareholders' meeting shall be convened by the Board of Directors. This decision shall be taken by a majority of members of the Board of Directors present at the meeting.

In deciding to convene an annual general shareholders' meeting the Board of Directors shall determine the form of meeting to be held and shall approve the matters set forth in Article 14.4.3. of the Company Charter.

14.5.3. The agenda of the annual general shareholders' meeting shall include:

1. election of the Company's Board of Directors;
2. approval of the Company's annual reports and annual financial statements, including Company profit and loss reports (profit and loss accounts), and the distribution of profits, including the payment (declaration) of dividends, and losses of the Company based on the results for the financial year.
3. election of the internal audit commission (auditor) of the Company;
4. approval of the Company's auditor.

Shareholders, members of the Board of Directors and internal audit commission, and the Company's auditor may propose other items to be included in the agenda of the annual general meeting as envisaged in the Company Charter.

**14.6. Extraordinary General Meeting**

14.6.1. An extraordinary general shareholders' meeting shall be held pursuant to a decision of the Board of Directors:

- on its own initiative;
- at the request of the internal audit commission (auditor) of the Company;
- at the request of the auditor;
- at the request of shareholders (a shareholder) holding not less than 10 (ten) percent of Company voting shares as of the date of the request.

An extraordinary general shareholders' meeting requested by Company's internal audit commission (auditor), the Company's independent auditor or shareholders (a shareholder) holding not less than 10 (ten) percent of the Company's voting shares shall be convened by the Board of Directors of the Company.

14.6.2. An extraordinary general shareholders' meeting convened at the request of the Company's internal audit commission (auditor), the Company's independent auditor or shareholders (a shareholder) holding not less than 10 (ten) percent of the Company's voting shares shall be held within 40 days from the date of the request to hold an extraordinary general shareholders' meeting.

Should the proposed agenda of an extraordinary general shareholders' meeting convened at the request of the Company's internal audit commission (auditor), the Company's independent auditor or shareholders (a shareholder) holding not less than 10 (ten) percent of the Company's voting shares contain an item on the election of the Company's Board of Directors, then such general shareholders' meeting must be held within 70 days from the date of the request to hold an extraordinary general shareholders' meeting.

14.6.3. Should the number of members of the Company's Board of Directors fall below the number envisaged hereunder for a quorum at meetings of the Board of Directors, the remaining members of the Company's Board of Directors must pass a decision on holding an extraordinary general shareholders' meeting to elect a new Board of Directors of the Company.

Such general shareholders' meeting shall be held within 70 days from the date of the respective Board of Directors decision to hold it.

14.6.4. The decision of the Board of Directors to convene an extraordinary shareholders' meeting shall be taken by a simple majority of votes of those present at the meeting of the Board of Directors. Such decision must specify:

- wording of agenda items;
- the rationale behind including the given agenda items;
- form of meeting to be held.

The decision shall be signed by those members of the Board of Directors who voted for it.

14.6.5. The decision of the internal audit commission to request that an extraordinary general shareholders' meeting be convened shall be passed by a simple majority of votes of those present at the meeting of the internal audit commission and forwarded to the Board of Directors of the Company. The decision shall be signed by those members of the internal audit commission who voted for it.

The request of the independent auditor to convene an extraordinary general meeting shall be signed by the independent auditor and forwarded to the Board of Directors of the Company.

The request of the internal audit commission (auditor) and independent auditor must specify:

- wording of agenda items;
- the rationale behind including the given agenda items;
- form of meeting to be held.

14.6.6. Shareholders holding not less than 10 percent of the Company's voting shares requesting that an extraordinary meeting be convened shall forward a written request to the Board of Directors.

The request must specify:

- wording of agenda items;
- the rationale behind including the given agenda items;
- form of meeting to be held;
- names (firm names) of shareholders, details of shareholdings (number, category, type).

The request may include nominations to the Presidium of the extraordinary general meeting, but not more than the number of current members of the Board of Directors.

The request shall be signed by the shareholder or its proxy. If the request is signed by a proxy, it shall be accompanied by a power of attorney.

If the request is from a shareholder who is a legal entity, the signature of a representative of a legal entity acting pursuant to its Charter without a power of attorney shall have the seal of the respective legal entity affixed. If the request is signed by a representative of a legal entity acting in its name on the basis of a power of attorney, the power of attorney shall be attached to the request.

14.6.7. A request to convene an extraordinary general meeting shall be lodged in writing by certified mail to the address of the Company with confirmation of receipt or delivered to the office of the Company.

The date of the request to convene an extraordinary general meeting shall be the date on the confirmation of receipt or the date of submission to the office of the Company.

14.6.8. The Board of Directors must make a decision to convene or not to convene an extraordinary general meeting within five days of receiving the request.

14.6.9. The Board of Directors may decide not to convene an extraordinary general shareholders' meeting or not to include certain items in the agenda proposed by those calling for a meeting to be convened in the following cases:

- none of the items proposed for the extraordinary general shareholders' meeting are within its competence and/or comply with the provisions of the Federal Law on Joint-Stock Companies and other statutes

of the Russian Federation;

- the shareholders calling for an extraordinary general shareholders' meeting to be convened do not hold the required number of Company voting shares as prescribed by Article 14.6.1.;
- matters that may under the Charter hereunder be decided by a general meeting only pursuant to a proposal from the Board of Directors have been proposed by others requesting that an extraordinary general meeting be convened;
- the agenda item contained in the request to convene an extraordinary general meeting has already been included in the agenda of an extraordinary or annual general meeting convened pursuant to a decision by the Company's Board of Directors prior to receipt of the abovementioned request;
- the request is not in accordance with the procedure prescribed by the Charter for requesting that an extraordinary general shareholders' meeting be convened.

14.6.10. Preparations to convene an extraordinary general shareholders' meeting called by the Company's internal audit commission (auditor), the Company's independent auditor or shareholders holding not less than 10 percent of the Company's voting shares shall be undertaken by the Board of Directors of the Company subject to the deadlines contemplated in Art. 14.6.2 of the Charter.

14.6.11. The date of the decision to convene an extraordinary general shareholders' meeting shall be the date on which compilation of the list of persons entitled to take part in the general shareholders' meeting is determined, established in the manner envisaged by the Charter hereunder.

14.6.12. Upon deciding to convene an extraordinary general meeting the Board of Directors shall depending on the form of meeting approve the items set forth in Articles 14.4.3. of the Company Charter for the respective form of general meeting.

14.6.13. A substantiated decision not to convene an extraordinary general meeting or not to include certain items in the agenda of a meeting shall be forwarded to those requesting that an extraordinary meeting be convened not later than 3 days from the date of the respective decision.

The decision of the Board of Directors of the Company not to convene an extraordinary general shareholders' meeting may be challenged in court.

14.6.14. In the event that the Board of Directors of the Company does not make the decision to convene or not to convene an extraordinary general shareholders' meeting within the period stipulated in the Charter hereunder, the extraordinary general shareholders' meeting may be convened by the bodies or persons requesting that it be convened. The bodies or persons convening the extraordinary general shareholders' meeting shall have the authority to convene and hold a general shareholders' meeting pursuant to the Charter.

In this case the cost of preparing and conducting the general shareholders' meeting may be reimbursed following a decision of the general shareholders' meeting and borne by the Company.

14.6.15. The Company's executive bodies shall begin preparations to convene, prepare for and hold the extraordinary general shareholders' meeting only after funding is secured as provided for in the Company Charter.

#### **14.7. Proposed agenda items for the general shareholders' meeting**

14.7.1. The agenda for a general shareholders' meeting shall be approved by the Company's Board of Directors. The procedure for proposing agenda items and approving the agenda of an extraordinary general shareholders' meeting is set forth in Article 14.6. of the Company Charter.

14.7.2. Shareholders (a shareholder) holding a total of not less than 2 percent of Company voting shares in respect of all matters within the competence of the general meeting as of the date of the proposal may not later than 60 calendar days after the end of the fiscal year propose agenda items for the annual general meeting and nominate candidates to the Board of Directors and internal audit commission.

14.7.3. Items proposed for the agenda shall be submitted in writing by registered mail to the address of the Company or lodged at the Company office.

The date of the proposal shall be the date on the postmark or the date received in the Company office.

14.7.4. A proposed agenda item must include:

- wording of the agenda items;
- clearly stated reasons for including the given agenda items;
- names (firm names) of the shareholders, details of shareholdings (number, category, type), numbers of shareholder client accounts in the register.

The proposal shall be signed by the shareholder or its proxy. If the request is signed by a proxy a power of attorney shall be attached.

If the request is from a shareholder who is a legal entity, the signature of a representative of a legal entity acting pursuant to its Charter without a power of attorney shall have the seal of the respective legal entity affixed. If the request is signed by a representative of a legal entity acting in its name on the basis of a power of attorney, the power of attorney shall be attached to the request.

14.7.5. The Board of Directors must consider the proposals received and make a decision to include or not to include them in the agenda of the general meeting within 5 days of the expiration of the deadline for submission of proposals set forth in the Company Charter.

14.7.6. The Board of Directors may decide not to include an item in the agenda of a general meeting in the following cases:

- the proposal was not submitted within the period stipulated in the Federal Law on Joint-Stock Companies and the Charter;
- the proposal does not contain full information and/or documents that must be attached pursuant to the Federal Law on Joint-Stock Companies and the Company Charter;
- the shareholders making the proposal do not hold the required number of voting shares as of the date of

the proposal;

- the proposals have been made by persons not registered in the shareholder register and/or who are not the proxies of the relevant shareholders;
- the proposed agenda item does not fall within the competence of the general meeting according to existing legislation and the Company Charter;
- the proposed agenda item does not comply with the provisions of the Federal Law on Joint-Stock Companies and other statutes of the Russian Federation;
- pursuant to the Charter hereunder the items may only be considered by the general meeting on the proposal of the Board of Directors;
- the procedure for submitting proposals on agenda items for the general meeting have not been followed.

14.7.7. The substantiated decision not to include the proposed item in the agenda of the general meeting shall be forwarded to the shareholders submitting the proposal not later than 3 days after the decision is made.

14.7.8. The Board of Directors of the Company may not make changes to the wording of agenda items proposed for a general shareholders' meeting, or the wording of resolutions on these items.

In addition to items proposed by shareholders for inclusion in the agenda for a general shareholders' meeting, and in the event of no such proposals being submitted or the absence or insufficient number of nominations from shareholders to form a respective body, the Board of Directors of the Company may on its own initiative include items in the agenda of the general shareholders' meeting or nominations to the list of candidates.

14.7.9. The agenda may not be amended after notice has been circulated to shareholders of the general meeting.

#### **14.8. Procedure for nominating candidates to the Company's management and control bodies**

14.8.1. Company shareholders (a Company shareholder) holding a total of not less than 2 percent of the Company's voting shares in respect of all matters falling within the competence of the general meeting as of the date of the nomination may nominate candidates to the Company's Board of Directors and internal audit commission annually but not later than 60 days after the end of the fiscal year.

In the event that the proposed agenda for an extraordinary general shareholders' meeting includes an item on election of the Board of Directors of the Company, Company shareholders (shareholders) holding not less than an aggregate total of 2 percent of the Company's voting shares may nominate candidates for election to the Board of Directors of the Company, such nominees not to exceed the total number of Company Board members. Such nominations must be received by the Company not less than 30 days prior to the date of the extraordinary general shareholders' meeting.

In the event that the proposed agenda for a general shareholders' meeting includes an item on restructuring of the Company in the form of a merger, spin-off or division, and an item on election of the Board of Directors of a Company restructured in the form of a merger, spin-off or division, Company shareholders (shareholders) holding not less than an aggregate total of 2 percent of the Company's voting shares may nominate candidates for election to the Board of Directors of the new company, its collective executive body, auditing committee or external auditor, such nominees not to exceed the total number of members of the respective body specified in the notice of the general shareholders' meeting in accordance with the draft charter of the new company, and may nominate candidates for the position of sole executive body of the new company. Such nominations must be received by the Company not less than 45 days prior to the date of the general shareholders' meeting of the Company.

In the event that the proposed agenda for a general shareholders' meeting includes an item on restructuring of the Company in the form of a merger, Company shareholders (shareholders) holding not less than an aggregate total of 2 percent of the Company's voting shares may nominate candidates for election to the Board of Directors of the Company being restructured in the form of a merger, such nominees not to exceed the total number of Company Board members being elected by the respective company and specified in the notice of the general shareholders' meeting in accordance with the merger agreement. Such nominations must be received by the Company not less than 45 days prior to the date of the general shareholders' meeting of the Company.

The decision on inclusion of the persons nominated by shareholders or the Board of Directors of the Company in the list of members of the collective executive body or auditing committee or decisions approving the external auditor and approving the person performing the duties of sole executive body of each company restructured in the form of a merger, spin-off or division, shall be taken by a three-quarters majority of votes of the Board of Directors of the Company. The votes of exiting members of the Board of Directors of the Company shall not be taken into account.

14.8.2. Nominations shall be submitted in writing by registered mail to the address of the Company or lodged at the Company office.

The date of lodgement of the nomination shall be the date on the postmark or the date of actual receipt at the Company office.

14.8.3. The nomination (including nomination of one's self) should indicate:

- the name of the candidate and details of the candidate's I.D. (passport series and/or number, date and place of issue, issuing authority) and, if the candidate is a Company shareholder, the number and category (type) of shares held by it;
- the names of the shareholders nominating the candidate, the number and category (type) of shares held by them, numbers of shareholder client accounts in the register.

The nomination shall be signed by the shareholder or its proxy. If the request is signed by a proxy a power of attorney shall be attached.

If the nominating shareholder is a legal entity the signature of the representative of such legal entity acting in accordance with its Charter without a power of attorney shall be certified by the stamp of such legal entity. If the request is signed by a representative of the legal entity acting on its behalf pursuant to a power of attorney such

power of attorney shall be attached to the request.

14.8.4. The Board of Directors must consider the nominations received and make a decision to include or not to include them in the list of candidates for election to the respective body of the Company within 5 days of expiration of the deadline for submission of nominations set forth in the Company Charter.

14.8.5. The Board of Directors may decide not to include the proposed nominations in the list of candidates for election in the following cases:

- the nomination was not submitted within the period stipulated in the Company Charter;
- the shareholders submitting the nomination do not hold the required number of voting shares as of the date of the nomination;
- the nomination was made by persons not registered in the shareholder register and/or who are not the authorized representatives of the relevant shareholders;
- the candidates listed in the nomination do not meet the requirements set forth in the Charter and Company by-laws for candidates to the respective Company management and control bodies;
- the nomination does not comply with the provisions of the Federal Law on Joint-Stock Companies and other statutes of the Russian Federation;
- the nominations procedure for candidates to the Company's management and control bodies laid down in the Charter hereunder has not been followed.

14.8.6. The substantiated decision not to include the proposed nominations in the list of candidates for election to the respective bodies shall be forwarded to the shareholder (shareholders) making the nomination not later than 3 days from the date of the decision.

14.8.7. The decision of the Board of Directors of the Company not to include the proposed nominations in the list of candidates for election to the respective bodies of the Company, as well as failure of the Board of Directors of the Company to come to a decision may be challenged in court.

#### **14.9. Notification of shareholders of general meetings**

14.9.1. Notice of a general shareholders' meeting shall be circulated not later than 30 days prior to the meeting.

In the event that the proposed agenda of an extraordinary shareholders' meeting contains an item on the election of the Board of Directors, or an item on restructuring of the Company in the form of a merger, spin-off or division, and an item on election of the Board of Directors of a Company restructured in the form of a merger, spin-off or division, notice of the extraordinary general meeting shall be circulated not later than 70 days prior to the meeting.

The notice of the general shareholders' meeting shall be forwarded to each person included in the list of persons entitled to take part in the general shareholders' meeting by registered mail or delivered personally to each person against a signature.

14.9.2. Shareholders shall be notified of a forthcoming general shareholders' meeting by circulation (distribution) to shareholders by registered mail or delivered personally to each person against a signature of the following documents:

- notice of the general meeting;
- ballot papers in cases provided for in Art. 14.4.9 of the Company Charter.

In the event that items are included in the agenda, voting on which could pursuant to the Charter hereunder lead to the exercise by a shareholder of the right to request repurchase of shares by the Company, shareholders shall receive a special form to be completed in writing requesting the Company to repurchase their shares.

In the event that an item of the agenda relates to the reduction of charter capital by means of repurchase of a portion of outstanding shares for purposes of cancellation, shareholders shall also receive a special form to be completed in writing requesting the Company to redeem their shares.

The date of notification of shareholders of a forthcoming general meeting shall be the date on the postmark or the date of actual receipt of the notice.

14.9.3. Shareholders shall be notified of a forthcoming general meeting to be held by absentee vote as prescribed in Articles 14.4.6 – 14.4.8 and Art. 14.13.3 of the Charter.

14.9.4. The Company may also notify shareholders of a forthcoming general shareholders' meeting using other mass media (newspapers, television, radio).

14.9.5. The notice of a forthcoming general shareholders meeting shall contain the following information:

- Full firm name and place of business of the Company;
- The form of meeting to be held (meeting or meeting by absentee ballot);
- The date, place and time of the general shareholders' meeting and, in cases where pursuant to Art. 14.4.9 of the Company Charter completed ballots must be returned to the Company, the postal address to which completed ballot papers are to be forwarded or, in the case of a general shareholders' meeting held in the form of absentee voting, the deadline for return of ballot papers and the postal address to which completed ballot papers are to be forwarded;
- The date when the list of persons entitled to take part in the general shareholders' meeting was compiled;
- Agenda for the general shareholders' meeting;
- The procedure for making information (materials) presented to shareholders prior to the general shareholders' meeting available, and the address (addresses) where shareholders can gain access to them
- date, place and time of start and end of registration of participants in the general meeting;
- request to bring ID of a participant of the general meeting and duly issued power of attorney for a proxy.

In the event that items are included in the agenda, voting on which could pursuant to the Charter hereunder lead to the exercise by a shareholder of the right to request repurchase of shares by the Company, the notice

should also contain the following:

- proof of shareholder entitlement to request repurchase of shares by the Company;
- price of redeemable shares;
- The method and timing of repurchase.

The Board of Directors may decide to include in the notice of a forthcoming general meeting other information in addition to the obligatory information listed above.

14.9.6. Materials to be made available to persons entitled to take part in the general shareholders' meeting in preparation for the general shareholders' meeting shall, *inter alia*, include:

- Annual financial statements;
- Reports of internal audit commission and independent auditor on the Company's annual financial statements;
- Details of nominees to the Board of Directors and internal audit commission;
- Details of proposed Company external auditor;
- Evaluation by the Auditing Committee of the Auditor's Report;
- Draft proposed amendments and additions to the Charter and Company by-laws and/or new draft wordings for the Charter and Company by-laws;
- Draft resolutions of the general shareholders' meeting.

14.9.7. Materials made available to shareholders in preparation for the general meeting shall not be forwarded to shareholders, except in the case of a meeting by absentee ballot. Shareholders may familiarize themselves with these materials at the addresses indicated in the notice.

14.9.8. In the event that a person registered in the Company shareholder register is a nominal shareholder, the notice of the general meeting shall be forwarded to the address of the nominal shareholder.

#### **14.10. Entitlement and methods of participation by shareholders in the general meeting**

14.10.1. The list of shareholders entitled to participate in the general shareholders' meeting shall be based on information in the Company's shareholders register on the date specified by the Company's Board of Directors.

14.10.2. The date for compiling the list of shareholders entitled to participate in the general shareholders' meeting may not be specified earlier than the date when the resolution to hold the general shareholders' meeting was passed and not more than 50 days prior to the meeting.

In the event that the proposed agenda of an extraordinary shareholders' meeting contains an item on election of the Board of Directors, the date for compiling the list of shareholders entitled to participate in the general shareholders' meeting may not be specified earlier than the date when the resolution to hold the general shareholders' meeting was passed and not more than 65 days prior to the meeting.

In the event of a general shareholders' meeting where ballot papers are circulated (forwarded) prior to the general shareholders' meeting, the date for compiling the list of shareholders entitled to participate in the general shareholders' meeting shall be set not less than 35 days prior to the general shareholders' meeting.

In all cases the date for compiling the list of shareholders entitled to participate in the general shareholders' meeting must precede the date of notification of shareholders of the forthcoming general meeting as laid down in the Company Charter.

14.10.3. The list of shareholders entitled to participate in the general shareholders' meeting shall contain the following information:

- Name of each shareholder;
- details of shareholder's ID document;
- postal address (place of business) of the shareholder in the Russian Federation;
- details of the number of voting shares held by the shareholder.

14.10.4. The list of persons entitled to participate in the general shareholders' meeting shall include holders of fully paid up ordinary shares of the Company of any issue.

14.10.5. Changes may only be made to the list of persons entitled to participate in the general shareholders' meeting if the injured rights of persons not entered in the above mentioned list on the date when it was made have been restored or mistakes made when the list was drawn up have been rectified.

14.10.6. The Company shall make available the list of persons entitled to participate in the general shareholders' meeting at the request of persons included in the list and holding not less than 1 (one) percent of votes. Details of personal documents and postal addresses of natural persons included in the list shall be made available only with the consent of such persons.

The request must contain:

- name of shareholder;
- information on shareholdings (number of shares, type);
- numbers of client accounts of such shareholders in the register.

The request shall be signed by the shareholder or its proxy. If the request is signed by a proxy a power of attorney shall be attached.

If the requesting shareholder is a legal entity the signature of the representative of such legal entity acting in accordance with its Charter without a power of attorney shall be certified by the stamp of such legal entity. If the request is signed by a representative of the legal entity acting on its behalf pursuant to a power of attorney such power of attorney shall be attached to the request.

The request shall be forwarded by registered mail to the address of the Company or lodged with the office of the Company.

The list of persons entitled to participate in the general shareholders' meeting shall only be made available to shareholders whose respective request is signed not earlier than the date of compilation of the list established by decision of the Board of Directors on convening the respective general meeting.

At the request of any interested party the Company must within three days provide such party with an extract from the list of persons entitled to participate in the general shareholders' meeting containing information about such person, or confirmation in writing that such person is not included in the list of persons entitled to participate in the general shareholders' meeting.

14.10.7. The Board of Directors may decide to deny a request to make the list of persons entitled to participate in the general shareholders' meeting available in the following cases:

- the shareholders making the proposal do not hold the required number of voting shares;
- the request has been made by persons not registered in the shareholder register and/or who are not the authorized representatives of the relevant shareholders;
- the request does not contain full details and/or documents that must be attached to the request pursuant to the Company Charter.

14.10.8. The substantiated decision to deny a request to make the list of persons entitled to participate in the general shareholders' meeting available giving reasons therefor shall be forwarded to the shareholders submitting the request not later than 3 days after the decision is made.

14.10.9. In the event of a transfer of shares after the date of compilation of the list of persons entitled to participate in the general shareholders' meeting and before the date of the meeting, the person included in the list must provide the purchaser with a proxy vote or vote at the general meeting pursuant to a power of attorney issued by the purchaser of the shares. This rule shall also apply to each and any subsequent transfer of shares.

14.10.10. A shareholder shall exercise its right to take part in a general shareholders' meeting both in person and by proxy.

A shareholder may take part in a meeting as follows:

- take part personally in consideration of and voting on agenda items;
- send a proxy to take part in consideration of and voting on agenda items;
- take part personally in consideration of and voting on agenda items together with a proxy;
- vote by absentee ballot;
- authorize a proxy to vote by absentee ballot.

14.10.11. Authority shall be assigned to a proxy by way of a written power of attorney/proxy card.

The proxy card shall contain details of the shareholder and proxy (for a natural person: name in full, details of the shareholder's I.D. (passport series and/or number, date and place of issue, issuing authority), for a legal entity: full name, place of business).

The proxy card shall be issued in accordance with the requirements set forth in sub-clauses 4 and 5 of Article 185 of the Russian Civil Code or duly notarized.

14.10.12. A shareholder shall be entitled at any time to change its proxy or personally exercise the rights bestowed by its shares by terminating the power of attorney/proxy card as prescribed by the law and complying with the legal consequences of termination of the power of attorney/proxy card.

14.10.13. If a Company share is in common equity ownership by several persons, voting powers at the general shareholders' meeting shall be exercised by one of the shareholders at their discretion or by their common proxy. The authority of each of the above mentioned persons shall be duly documented.

#### **14.11. Working bodies of the meeting**

14.11.1. The working bodies of the meeting shall be:

- the presidium;
- chairman;
- secretary;
- counting commission.

14.11.2. The Presidium of a meeting convened by the Board of Directors, internal audit commission or Company auditor shall consist of the members of the Board of Directors.

The Presidium of an extraordinary meeting convened by shareholders may include, in addition to members of the Board of Directors, shareholders elected at the meeting. The number of shareholders elected to the Presidium may not exceed the number of sitting members of the Board of Directors. Nominations to the Presidium of an extraordinary general meeting convened by shareholders shall be made as prescribed by Article 14.6. of the Company Charter.

Voting on these nominations shall proceed in the same manner as that for election of the Board of Directors.

14.11.3. The Chairman of the Board of Directors or one of the directors as appointed by the Board of Directors shall preside at the meeting. In the event that the directors are absent or refuse to chair the meeting, the meeting shall elect a Chairman from among the shareholders present. The election procedure for Chairman of the meeting in this case shall be established in the Regulations on the General Shareholders' Meeting.

14.11.4. The meeting secretary shall be a member of the counting commission or a person appointed by the Board of Directors of the Company.

14.11.5. The counting commission shall perform its duties as an independent permanent working body of the meeting.

14.11.6. The functions of the counting commission shall be undertaken by the Company registrar. The Company registrar shall:

- check the authority and register persons taking part in the general shareholders' meeting;
- determine a quorum of the general shareholders' meeting;
- clarify matters arising in connection with the exercise by shareholders (their proxies) of voting rights at the general meeting;
- clarify voting procedure for items put to the vote;
- ensure compliance with established voting procedure and the right of shareholders to take part in voting;

- tally the votes and announce the results of voting;
- draw up a report on the results of voting;
- submit all documents of the general meeting, including ballot papers, to the archive
- perform other duties specified in the Regulations on the General Shareholders' Meeting.

#### **14.12. Quorum of a general meeting. Convening a new meeting**

14.12.1. A general shareholders' meeting shall be legally competent (a quorum is present) if shareholders holding a total of more than half of the votes of all outstanding voting shares of the Company are present.

Shareholders who have registered as participants in the general shareholders' meeting and shareholders whose ballot papers were received not later than two days prior to the general shareholders' meeting shall be deemed to have taken part in the meeting as provided for in Article 14.4.9 of the Company Charter. Shareholders whose ballot papers have been received by the deadline for submission of ballots shall be deemed to have taken part in a meeting conducted by absentee vote.

14.12.2. If the agenda of the general shareholders' meeting includes items where the vote is composed in various different ways, a quorum for voting on these items shall be determined separately. Should a quorum not be present for voting on items where the vote is composed in a certain way, this shall not hinder the taking of a vote on items where the vote is composed in a different way and for which there is a quorum.

14.12.3. If there is no quorum for holding an annual general shareholders' meeting a new general shareholders' meeting must be convened with the same agenda.

If there is no quorum for holding an extraordinary general shareholders' meeting a new general shareholders' meeting may be convened with the same agenda.

The new general shareholders' meeting shall be legally competent (a quorum is present) if shareholders holding a total of not less than 30 percent of the votes of all outstanding voting shares of the Company are present.

14.12.4. Notice of a new general shareholders' meeting shall be circulated in accordance with Article 14.9 of the Company Charter for the respective type of meeting. The provisions of the second paragraph of clause 14.9.1. shall not apply. Ballot papers for a new general shareholders' meeting shall be delivered and/or forwarded in accordance with Article 14.4.8. of the Charter.

14.12.5. If a repeat general shareholders' meeting is held less than 40 days after the general shareholders' meeting that did not take place, the persons entitled to take part in the general shareholders' meeting shall be determined in accordance with the list of persons entitled to take part in the general shareholders' meeting that did not take place.

#### **14.13. Voting at the general meeting**

14.13.1. Voting at general shareholders' meetings shall be conducted according to the principle "one voting share, one vote", with the exception of cumulative voting.

14.13.2. Voting at the general shareholders' meeting on items of the agenda shall be conducted by personal ballot paper.

14.13.3. The form and text of a ballot paper shall be approved by the Company's Board of Directors.

For a general meeting conducted by absentee ballot or a general meeting (annual or extraordinary) conducted with the joint participation of shareholders and their proxies in cases provide for in Article 14.4.9 of the Company Charter. ballot papers shall be issued against a signature to each person included in the list of persons entitled to take part in the general shareholders' meeting, no later than 20 days before the general shareholders' meeting.

14.13.4. The ballot paper shall contain the following information:

- the Company's full name and place of business;
- The form of meeting to be held (meeting or meeting by absentee ballot);
- The date, place and time of the general shareholders' meeting and, in cases where pursuant to Art. 14.4.9 of the Company Charter completed ballots must be returned to the Company, the postal address to which completed ballot papers are to be forwarded or, in the case of a general shareholders' meeting held in the form of absentee voting, the deadline for return of ballot papers and the postal address to which completed ballot papers are to be forwarded;
- possible wordings for resolutions on each agenda item (name of candidate) included in the given ballot;
- possible voting on each agenda item, expressed as "for", "against", or "abstained";
- reminder that ballot papers must be signed by shareholders.

For cumulative voting the ballot paper must be marked to that effect and provide an explanation of the substance of cumulative voting.

For voting to elect (appoint) candidates to positions on management and control bodies, ballot papers must contain details of the candidates showing their name in full or firm name (for legal entities).

Ballot papers may contain one or more agenda items.

14.13.5. For voting conducted by ballot, only those votes shall be counted which show one option remaining on the ballot paper out of all available options.

In the event that the ballot paper contains a number of items put to the vote, non-compliance with the above requirement in respect of one or more items shall not invalidate the whole ballot paper.

A ballot paper shall be deemed invalid in full in the absence of a shareholder's signature or if the shareholder's client account number (registration number) or full name (firm name) are illegible.

Votes represented by such ballot papers shall not be taken into consideration in tallying the votes either on individual agenda items, or voting as a whole.

14.13.6. After the vote is taken the counting commission shall draw up a protocol on the results of voting signed by members of the counting commission. The protocol on the results of voting shall be drawn up no later than 15 days after the close of the general shareholders' meeting or the deadline for submission of ballot papers in the case of a general shareholders' meeting conducted by absentee ballot.

Protocols of the counting commission are not adopted by special resolution of the meeting but are noted.

The protocol on the results of voting shall be attached to the minutes of the general shareholders' meeting.

After the protocol on the results of voting is drawn up and the minutes of the general shareholders' meeting signed, ballot papers shall be sealed by the counting commission and filed in the Company archives.

14.13.7. Resolutions passed by the general shareholders' meeting and the results of voting shall be announced at the general shareholders' meeting in the course of which voting was carried out, or shall be made available to the persons included in the list of persons entitled to take part in the general shareholders' meeting not later than 10 days after the protocol on the results of voting was drawn up in the form of a report on the results of voting, in the manner prescribed for notification of the results of a general shareholders' meeting.

#### **14.14. Minutes of a general meeting**

14.14.1. The minutes of the general shareholders' meeting shall be drawn up in two copies not later than 15 days after the close of the general shareholders' meeting. Both copies shall be signed by the person presiding at the general shareholders' meeting and the secretary of the general shareholders' meeting.

14.14.2. The minutes of the general shareholders' meeting shall indicate:

- the place and time of the general meeting;
- total number of votes of holders of Company voting shares;
- number of votes of shareholders taking part in the meeting;
- chairman (presidium) and secretary of the meeting, agenda of the meeting.

The minutes of the general meeting shall include the major point of discussion, matters put to the vote and the results of the vote, and resolutions passed by the meeting.

### **15. Board of Directors of the Company**

#### **15.1. Competence of the Board of Directors**

15.1.1. The Company's Board of Directors shall undertake general management of the Company's business except for those matters which are referred by the Company Charter to the competence of the general shareholders' meeting.

The following matters, which may not be referred to the executive bodies of the Company, shall fall within the competence of the Company's Board of Directors:

1. Determination of priority areas in the Company's business;
2. Election of the Chairman of the Board of Directors of the Company and early termination of his/her authority;
3. Convening annual and extraordinary general shareholders' meetings, except in cases provided for by Article 14.6.14 of the Charter;
4. Approval of the agenda of a general shareholders' meeting;
5. Specifying the date when the list of shareholders entitled to participate in a general shareholders' meeting is to be made, and other matters referred to the competence of the Company's Board of Directors in accordance with the provisions of Article 14 of the Charter related to the preparation and conduct of a general shareholders' meeting;
6. increase of the Company's charter capital:
  - by way of placement of additional shares distributed among shareholders;
  - placement of ordinary shares by way of open subscription comprising not more than 25% of previously placed ordinary Company shares;
7. placement of bonds and other issued securities by the Company;
8. assessment of the price (monetary value) of property and the placement and repurchase price of issued securities as provided for in Article 10.5. of the Company Charter;
9. purchase of shares, bonds and other securities placed by the Company as provided for in the Company Charter;
10. appointment of the General Director, determination of the number of persons in the Company's Management Board and appointment of members of the Company's Management Board as proposed by the General Director, and early termination of their authority, and approval of the terms of the contract with the General Director and members of the Management Board, and setting the amount of their remuneration and compensation;
11. setting the independent auditor's fee;
12. recommendations on the dividend rate for shares and payment procedure thereof;
13. use of the Company's reserve fund and other funds;
14. approval of the Company's by-laws, with the exception of by-laws requiring the approval of the general shareholders' meeting as set forth in the Company Charter, as well as other Company by-laws requiring the approval of the Company's executive bodies (including approval of a document on the use of Company information and information on Company securities and transactions thereof not available to the public, the disclosure of which could have a material impact on the price of the Company's securities, a document establishing rules and approaches to disclosure of information about the Company, and a document setting forth internal procedures for control of the Company's financial and commercial activities, etc.);

15. establishment of branches and representative offices of the Company;
16. approval of major transactions in connection with the acquisition or alienation of property by the Company as provided for in Article 21.4. of the Company Charter;
17. approval of transactions as provided for in Article 22.3. of the Company Charter;
18. approval of the Company Registrar and terms of its contract with him, termination of the contract with the Registrar;
19. preliminary approval of the annual report of the Company;
20. endorsement of Company plans and budgets;
21. election of a Company Secretary;
22. determination of the Company's Secretary's additional remuneration based on Company results for the year;
23. decisions on participation by the Company and withdrawal from other organizations (with the exception of those in which decisions on participation fall within the competence of the general shareholders' meeting);
24. other matters and tasks envisaged by the Federal Law On Joint-Stock Companies, the Company Charter, and Regulations on the Board of Directors.

### **15.2. Election of the Board of Directors**

15.2.1. Members of the Company's Board of Directors shall be elected by the general shareholders' meeting as provided for in the Regulations on the Board of Directors for a term until the next annual general shareholders' meeting. If the annual general shareholders' meeting is not held within the time frame specified in Article 14.5.1. of the Charter, the authority of the Company's Board of Directors shall be withdrawn on all matters excepting the preparation, convening and holding of the annual general shareholders' meeting.

15.2.2. Persons elected to the Company's Board of Directors may be re-elected an unlimited number of times.

15.2.3. The powers of all members of the Company's Board of Directors may be revoked early by decision of the general shareholders' meeting.

In the event that the powers of the Board of Directors are revoked early, the authority of the newly elected Board of Directors shall be valid until election (re-election) at the next annual general shareholders' meeting of a new Board of Directors.

15.2.4. Should the number of members of the Board of Directors fall below the number required for a quorum, the Board of Directors of the Company must take a decision to convene an extraordinary shareholders' meeting to elect a new Board of Directors. The remaining members of the Board of Directors may only decide on convening such extraordinary general shareholders' meeting.

15.2.5. Management Board members (the collective executive body of the Company) may not constitute more than one-fourth of the Board of Directors of the Company. The person fulfilling the functions of the General Director (the sole executive body) may not simultaneously fill the post of chairman of the Board of Directors of the Company.

The additional requirements which must be met by persons elected to the Board of Directors of the Company may be established in the Regulations on the Board of Directors.

15.2.6. Members of the Board of Directors of the Company shall be elected by cumulative vote.

In cumulative voting the number of votes that each shareholder has is multiplied by the number of persons to be elected to the Board of Directors of the Company, and the shareholder may use all of the votes thus computed to vote for one candidate or may distribute the votes among two or more candidates.

Candidates who receive the most votes shall be deemed to be elected to the Board of Directors of the Company.

15.2.7. The number of Company Board members shall be determined by a decision of the general shareholders' meeting, but may not be less than 7 members.

### **15.3. Chairman of the Board of Directors of the Company**

15.3.1. The Chairman of the Company's Board of Directors shall be elected by members of the Company's Board of Directors from among their number by a majority of votes of the total number of members of the Company's Board of Directors.

15.3.2. The Company's Board of Directors may at any time re-elect its Chairman by a majority of votes of the total number of members of the Board of Directors.

15.3.3. The Chairman of the Company's Board of Directors shall:

- organize the work of the Board of Directors;
- convene meetings of the Company's Board of Directors or arrange meetings by absentee ballot;
- organize that minutes of meetings be taken.

15.3.4. In the absence of the Chairman of the Company's Board of Directors his/her duties shall be undertaken by one of the Company's Board members as decided by the Company's Board of Directors by a majority vote of members present at the meeting.

### **15.4. Meetings of the Board of Directors of the Company**

15.4.1. A meeting of the Company's Board of Directors shall be convened by the Chairman of the Company's Board of Directors on his own initiative, at the request of any member of the Board of Directors or the Company's internal audit commission, the Company's Auditor or executive bodies. The procedures for convening and conducting meetings of the Board of Directors shall be set forth in the Regulations on the Board of Directors.

15.4.2. Participation of no fewer than half of elected members of the Company's Board of Directors shall

make up a quorum for holding a meeting of the Company's Board of Directors.

15.4.3. In determining the presence of a quorum or the outcome of voting at a meeting of the Board of Directors, an absentee vote in writing of a member of the Company's Board of Directors not present at the meeting shall be taken into account.

Such absentee vote in writing of a member of the Company's Board of Directors not present at the meeting must be received by the Company at the place of business of the sole executive body as provided for in the Charter hereunder not later than the day preceding the day of the meeting by absentee vote of the Board of Directors of the Company.

15.4.4. In passing resolutions at the meeting of the Company's Board of Directors, each member of the Company's Board of Directors shall have one vote.

A member of the Company's Board of Directors may not give his or her vote to another person, including another member of the Company's Board of Directors.

15.4.5. Resolutions at meetings of the Company's Board of Directors shall be passed by a majority of votes of members of the Company's Board of Directors taking part in the meeting, with the exception of the following cases:

- matters set forth in sub-clauses 6 and 16 of Article 15.1.1. of the Charter shall be decided unanimously by all members of the Board of Directors present at the meeting;
- matters set forth in sub-clauses 3, 11, 13, 14 and 15 of Art. 15.1.1. of the Charter shall be decided by a three-quarters majority of votes of members of the Board of Directors present at the meeting;
- matters in connection with the election and re-election of the chairman of the Board of Directors shall be decided by a majority of votes of all members elected to the Board of Directors;
- matters in connection with entering into a transactions as provided for in Article 22.3. of the Charter shall be decided by a majority of votes of members of the Board of Directors who are not interested parties to the transaction.

15.4.6. Minutes shall be taken at meetings of the Company's Board of Directors. The Minutes of the meeting of the Company's Board of Directors shall be drawn up not later than 3 days after the meeting. The Minutes of the meeting shall include:

- time and place of the meeting;
- attendees;
- meeting agenda;
- items put to the vote and the results of voting;
- resolutions passed.

The Minutes of the meeting of the Company's Board of Directors shall be signed by the person presiding at the meeting and by the secretary of the Board of Directors, who shall be responsible for the proper taking of Minutes.

15.4.7. Remuneration and reimbursement of expenses incurred in performing the duties of a member of the Board of Directors shall be established in the Regulations on the Board of Directors.

### **15.5. Committees of the Company's Board of Directors**

15.5.1. The Board of Directors shall form a permanent Audit Committee to deal with various Company matters, whose sole functions shall be to:

- assess candidates for the position of Company external auditor;
- evaluate the Auditor's Report;
- assess the effectiveness of the issuer's internal control procedures and draw up proposals for the improvement thereof.

The Board of Directors may also form other committees, such as a Committee for Strategic Planning, Staffing, Remuneration and Social Policy Committee, etc.

15.5.2. The objectives of each committee, its formation and activities shall be set forth in the relevant Company by-laws, which shall be approved by the Board of Directors and must be observed by all subdivisions and officers of the Company.

15.5.3. The Audit Committee must only be comprised of members of the Board of Directors who are not the sole executive body and/or members of the collective executive body of the Company. The Committee Chairman must be an independent member of the Board of Directors.

The evaluation of the Auditor's report prepared by the Audit Committee shall be presented as part of the materials made available in preparation for the general shareholders' meeting of the Company.

### **16. Executive Bodies of the Company (Sole and Collective)**

16.1. The Company's General Director (sole executive body of the Company) and the Management Board (collective executive body of the Company) shall exercise control over the Company's day-to-day business. The executive bodies shall be responsible to the Company's Board of Directors and the general shareholders' meeting.

The General Director shall be chairman of the Management Board.

16.2. The rights and obligations and term and level of remuneration of the General Director and members of the Management Board shall be established in a contract signed by each with the Company. The contract shall be signed by the Chairman of the Board of Directors on behalf of the Company or by a person authorized by the Board of Directors of the Company.

16.3. All issues related to control of the Company's day-to-day business, except for issues referred to the exclusive competence of the Company's general shareholders' meeting and the Company's Board of Directors,

shall fall within the competence of the Company's executive bodies (sole and collective).

The Company's executive bodies (sole and collective) shall arrange for the implementation of resolutions passed by the Company's general shareholders' meeting and the Company's Board of Directors.

16.4. The General Director shall represent the Company and act on its behalf without a power of attorney, including:

- exercise of the day-to-day running of the Company;
- right of first signature on financial documents;
- management of the Company's property for the purpose of supporting its current business to the extent specified by the Charter;
- representing the interests of the Company in the Russian Federation and abroad;
- approval of personnel, signing of employment contracts with Company staff, providing incentives and imposing fines;
- presenting the point of view of the Company's executive bodies at meetings of the Board of Directors;
- supervision of the Management Board, presiding at its meetings, convening meetings and setting its agendas;
- tabling items in relation to the appointment of directors of various divisions of the Company and heads of Company departments as well as the termination of their appointment for collective discussion at meetings of the Management Board;
- recommending candidates to the Management Board for approval by the Board of Directors;
- entering into transactions on behalf of the Company except for cases provided for by the Federal Law On Joint-Stock Companies and the Company Charter;
- issuing powers of attorney on behalf of the Company;
- opening Company bank accounts;
- organizing the Company's financial accounting and reporting;
- issuing instructions and giving orders binding on all Company employees;
- approves the list of potentially classifiable information;
- undertaking any other duties and dealing with other issues relating to the Company's day-to-day financial and commercial operations required to achieve the Company's business objectives and to ensure its regular operation in accordance with existing Russian legislation and the Company Charter, except for duties vesting in the Company's other management bodies in accordance with the Federal Law of the Russian Federation on Joint-Stock Companies and the Company Charter.

16.5. The General Director shall be appointed by the Board of Directors for a term of 3 years.

The appointment of the General Director of the Company and early termination of his/her duties shall be undertaken by the Board of Directors in the manner prescribed in the Regulations on the General Director.

16.6. The Management Board is the collective executive body of the Company and shall under the General Director undertake decisions on matters relating to management of the immediate day-to-day business of the Company in between general meetings and meetings of the Board of Directors.

The Management Board shall adopt collective decisions on the following matters falling within its competence:

- operational management in all areas of Company operations, with the exception of matters falling within the competence of the general shareholders' meeting, Board of Directors or General Director;
- control and monitoring of budget performance as approved by the Board of Directors;
- determination and approval of the Company's organizational structure, and the number and status of its departments and divisions;
- appointment of directors of various divisions of the Company and heads of Company departments as well as the termination of their appointment;
- determination and approval of wage and salary levels for all Company employees, with the exception of members of the Management Board;
- loan applications by the Company;
- establishing financial reporting policy, controlling the movement of assets and monetary funds, preparation of the accounts and financial statements for subsequent consideration by the Company's Board of Directors;
- determination of the general strategy, criteria and principles for working with suppliers and customers under contract;
- insuring the Company's property;
- working with staff and ensuring the proper functioning of the Company office and archives;
- preparation for holding general shareholders' meetings and meetings of the Board of Directors.

16.7. The Management Board shall be made up as determined by the Board of Directors. Members of the Management Board shall be appointed by the Board of Directors on the recommendation of the General Director of the Company.

The Management Board shall act on the basis of the Company Charter, as well as the Regulations on the Management Board adopted by the general shareholders' meeting and other Company by-laws.

A quorum for a meeting of the Management Board shall consist of not less than half of all appointed members of the Management Board. Should the number of Management Board members fall below the number comprising such quorum, the Board of Directors must form a new Management Board.

16.8. The Management Board shall meet as necessary.

Meetings of the Management Board shall be organized by the General Director, who shall sign all documents on behalf of the Company and the minutes of Management Board meetings.

Minutes shall be drawn up at meetings of the Management Board and shall be submitted to the Board of

Directors, internal audit commission and the Company's auditor upon request.

A member of the Management Board may not transfer his voting rights to another person, including another member of the Management Board.

16.9. Additional requirements for persons appointed to the position of General Director and to the Management Board may be established in the Regulations on the General Director and Regulations on the Management Board.

16.10. Persons filling the position of General Director and members of the Management Board may only be appointed to the management bodies of other entities with the consent of the Company's Board of Directors.

## **17. Company Secretary**

17.1. The Company Secretary shall ensure that the various bodies and officers of the Company observe the rules and procedures of corporate governance guaranteeing the rights and interests of Company shareholders.

17.2. The Company Secretary shall be elected by a majority vote of members of the Board of Directors present at the meeting. Members of the Board of Directors and shareholders holding not less than 10 percent of Company shares shall be entitled to nominate candidates for the position of Company Secretary. The Company Secretary shall be subordinate to the Chairman of the Board of Directors and shall report to the Board of Directors.

17.3. The Company Secretary shall:

- prepare and make arrangements for the general shareholders' meeting in accordance with the Charter and other Company by-laws pursuant to a resolution on convening a general shareholders' meeting of the Company;
- prepare and make arrangements for the meeting of the Board of Directors in accordance with the Charter and other Company by-laws;
- assist members of the Board of Directors in undertaking their duties;
- arrange for disclosure of (access to) Company information and archiving of Company documents;
- arrange for communication between the Company and its shareholders;
- arrange for other matters and undertakes other duties provided for in the Regulations on the Company Secretary adopted by the Board of Directors of the Company.

## **18. Liability of Members of the Board of Directors and Members of the Executive Bodies of the Company**

18.1. Members of the Board of Directors of the Company, the General Director and members of the Management Board shall act in the interests of the Company when exercising their rights and fulfilling their obligations, and shall exercise their rights and fulfil their obligations prudently and in good faith.

18.2. Members of the Board of Directors of the Company, the General Director and members of the Management Board shall be liable to the Company for losses incurred by the Company through their wrongful acts (omissions), unless other grounds and extent of liability are specified by federal law.

Members of the Board of Directors of the Company, the General Director and members of the Management Board shall be liable to the Company for losses incurred by the Company through their wrongful acts (omissions) in breach of the procedure for the acquisition of Company shares envisaged in Chapter XI.1 of the Federal Law on Joint-Stock Companies.

Members of the Board of Directors and the Management Board who voted against passing the resolution which lead to losses for the Company or shareholder, or those that did not participate in voting, shall not bear any liability.

18.3. In determining the extent of liability of members of the Board of Directors, the General Director and members of the Management Board, normal business practices and other circumstances relevant to the case should be taken into account.

18.4. If under the provisions of this Article liability is borne by several persons, their liability to the Company shall be joint and several.

18.5 The Company or a shareholder (shareholders) holding in the aggregate not less than 1 percent of ordinary shares placed by the Company shall be entitled to bring an action for damages incurred by the Company against a member of the Company's Board of Directors, General Director or members of the Management Board in cases provided for by paragraph 1 of Art. 18.2. of the Company Charter.

The Company or a shareholder shall be entitled to bring an action for damages against a member of the Board of Directors of the Company, the General Director, or a member of the Management Board in cases provided for by paragraph 2 of Art. 18.2. of the Company Charter.

18.6. The General Director shall be personally liable for protection of information classified as state secret within the Company, as well as for breach of the restrictions established by law in respect of access to information classified as state secret.

## **19. Internal Audit Commission of the Company**

19.1. The internal audit commission shall undertake control of the financial and economic activities of the Company. Procedures used by the internal audit commission shall be established in the Company Regulations on Procedures to be Used by the Internal Audit Commission adopted by the general shareholders' meeting.

19.2. The general shareholders' meeting shall elect the Company's internal audit commission, comprised

of no fewer than 3 persons, for a term until the next annual general shareholders' meeting.

Should the annual general shareholders' meeting fail to elect the number of members of the internal audit commission required for a quorum at their meetings, as prescribed hereunder, the term of office the existing internal audit commission shall be extended until a new internal audit commission is elected.

Should the number of members of the internal audit commission fall below 3, the Board of Directors must convene an extraordinary general shareholders' meeting to elect the internal audit commission. The remaining members of the internal audit commission shall perform their functions until an internal audit commission is elected.

19.3. Individual members or the internal audit commission as a whole may have their authority revoked before the end of their term by decision of the general shareholders' meeting.

Should the authority of all members of the internal audit commission be revoked early, and should the extraordinary general shareholders' meeting not elect the number of members to the internal audit commission that are required to constitute a quorum for their meetings, as prescribed hereunder, the term of office the existing internal audit commission shall be extended until a new internal audit commission is elected.

A member of the internal audit commission may voluntarily withdraw from the commission at any time by giving written notice to the Company.

The authority of members of the internal audit commission shall automatically be withdrawn upon election to the Board of Directors, Management Board, liquidation or counting commission, or appointment to the post of General Director.

19.4. Members of the internal audit commission may include Company shareholders or any other person nominated by a shareholder. Members of the internal audit commission may not simultaneously be members of the Board of Directors of the Company or fill other positions in the Company's management bodies.

19.5. The internal audit commission shall elect a chairman and secretary from among its members.

19.6. The following matters shall fall within the competence of the internal audit commission:

- Analysis of the accuracy and completeness of financial, tax, management and statistical reporting;
- Monitoring of the Company's budget expenditure, approved by the Board of Director of the Company; monitoring of the distribution of Company profits for the financial reporting year as approved by the general shareholders meeting;
- Evaluation of the Company's financial status, creditworthiness, liquidity of assets, debt-to-equity ratio, net assets and charter capital, analyzing potential improvements in the Company's financial position, drawing up recommendations for the Company's management bodies;
- Confirmation of the accuracy of details contained in the Company's annual reports, annual financial statements, profit distribution and reporting to tax, statistical and other government authorities.

The internal audit commission may:

- Request an explanation in person from members of the Board of Directors of the Company or employees of the Company, including any officer, on matters falling within the competence of the internal audit commission;
- Submit information to management bodies in respect of the liability of employees of the Company, including any officer, in the event of a breach of the Charter, regulations, rules or instructions adopted by the Company;
- Retain experts under contract to assist in its work who are not staff members of the Company.

19.7. The Company's financial and economic activities shall be monitored (audited) on the basis of the Company's year-end results as well as at any other time on the initiative of the Company's internal audit commission, based on a resolution passed by the general shareholders' meeting, the Company's Board of Directors or at the request of a Company shareholder (shareholders) holding in the aggregate not less than 10 percent of Company voting shares.

19.8. At the request of the Company's internal audit commission persons holding management positions in the Company shall be obliged to submit documents on the Company's financial and economic activities.

Such documents must be submitted within three days from the date of the written request.

19.9. The Company's internal audit commission may request that an extraordinary general shareholders' meeting be convened as prescribed in Article 14.6. of the Company Charter.

19.10. The internal audit commission may request that a Board of Directors meeting be convened. The chairman of the Board of Directors may not refuse the request of the internal audit commission to convene a meeting of the Board of Directors.

19.11. A quorum for a meeting of the internal audit commission shall consist of not less than half of the members of the internal audit commission, as defined by the Company Charter.

Meetings of the internal audit commission shall be held in the form of the joint presence of members of the commission to consider items on the agenda and take decisions on items put to the vote.

In voting on items each member of the commission shall have one vote. A member of the internal audit commission of the Company may not transfer his voting rights to another person, including another member of the internal audit commission.

Decisions of the internal audit commission shall be taken and resolutions passed by a majority vote taken by a roll-call or a show of hands of those present at the meeting of the internal audit commission. If the vote is split the chairman of the internal audit commission shall cast the deciding vote.

## **20. Shareholder Register**

20.1. The Company shall engage a registrar to maintain and keep a shareholder register as prescribed under existing Russian legislation.

20.2. The shareholder register contains details of each registered person, the number and category (type) of shares entered against the name of each registered person, and other details envisaged in statutes of the

Russian Federation.

20.3. Upon retaining a registrar to maintain and keep a shareholder register the Company shall not be exempt from liability for maintaining and keeping the shareholder register.

20.4. A person registered in the Company's shareholder register must notify the registrar of the shareholder register in timely fashion of any changes to the details contained therein. In the event of failure to provide information on any changes, the Company and the registrar shall not be liable for any losses incurred as a result.

20.5. Entries to the Company's shareholders register shall be made at the request of a shareholder or nominal shareholder not later than three days submission of documents provided for by statutes of the Russian Federation.

20.6. The registrar may not refuse to make an entry to the Company's shareholder register except in cases provided for by statutes of the Russian Federation. In the event of a refusal to make an entry in the Company's shareholder register the registrar of the above mentioned register shall not later than five days from lodgement of the request that an entry be made to the Company's shareholder register forward to the person making the request for an entry notification of refusal to make the entry together with reasons therefor.

A refusal to make an entry in the Company's shareholder register may be challenged in court. The registrar must make a corresponding entry to the Company's shareholder register upon the court handing down its ruling.

20.7. Upon the request of a shareholder or nominal shareholder, the registrar of the Company's shareholder register must confirm the shareholder's right to shares by way of issuing an extract from the Company's shareholder register which shall not be deemed a security.

## **21. Major Transactions**

21.1. A major transaction shall be a transaction (including any credit, loan, mortgage, surety) or series of related transactions in connection with the acquisition, alienation or potential alienation by the Company, directly or indirectly, of assets, the value of which comprises 25 percent or more of the Company's asset value as determined from the Company's balance sheet as of the last date, except transactions concluded in the course of the Company's normal business, transactions relating to a placement of shares by subscription (sale) of ordinary Company shares, and transactions relating to the placement of issued securities convertible into ordinary Company shares.

21.2. The Board of Directors shall determine the value of assets that are the subject of a major transaction in accordance with Article 10.5 of the Company Charter.

21.3. A major transaction must be approved by the Board of Directors of the Company or general shareholders' meeting.

21.4. Decisions regarding approval of major transactions in relation to assets, the value of which comprises 25 to 50 percent of the book value of Company assets, shall be taken by all members of the Board of Directors of the Company unanimously, without regard to the votes of members of the Board of Directors who have withdrawn.

Should the Board of Directors of the Company fail to reach a unanimous decision on approval of the major transaction, the Board of Directors of the Company may decide to refer the matter of approving the major transaction to the general shareholders' meeting. In this case the matter of approving the major transaction shall be decided by a majority of votes of those shareholders at the general shareholders' meeting who hold voting shares and are present at the general shareholders' meeting.

21.5. Decisions regarding approval of major transactions in relation to assets, the value of which comprises more than 50 percent of the book value of Company assets, shall be taken by the general shareholders' meeting by a three-quarters majority of shareholders who hold voting shares and are present at the general shareholders' meeting.

21.6. The resolution on approval of a major transaction must state the person (persons) party to the transaction, the beneficiary (beneficiaries), price, subject of the transaction and other material details.

## **22. Interested Party Transactions**

22.1. Transactions (including any credit, loan, mortgage, surety) in which there is an interest on the part of a member of the Board of Directors of the Company, General Director, member of the Management Board or Company shareholder holding together with any affiliated persons 20 percent or more of Company voting shares, or of a person entitled to issue mandatory instructions to the Company, shall be undertaken by the Company in accordance with the provisions hereunder.

Such persons shall be deemed interested parties in the transaction in the event that they, their spouses, parents, children, blood or non-blood siblings, adoptive parents or children and/or affiliated persons:

- are a party, beneficiary, intermediary or agent in the transaction;
- hold (separately or in total) 20 percent or more of the shares (equity, participation) in a legal entity that is a party, beneficiary, intermediary or agent in the transaction;
- are employed in the management bodies of a legal entity that is a party, beneficiary, intermediary or agent in the transaction, or employed in the management bodies of the parent company of such legal entity.

22.2. Persons listed in Article 22.1. of the Company Charter must inform the Board of Directors of the Company, the internal audit commission (auditor) of the Company or the independent Company's auditor of:

- legal entities in which they hold independently or together with their affiliated person (persons) 20 percent or more of the voting shares (equity, participation);
- legal entities in whose management bodies they are employed;

- any transactions or potential transactions known to them in which they may be deemed interested parties.

22.3. The decision on approval by the Company of an interested party transaction shall be taken by the Board of Directors of the Company by a majority vote of independent directors who are not interested parties to the transaction. In the event that all members of the Board of Directors of the Company are deemed interested parties and/or are not independent directors, the transaction may be approved by decision of the general shareholders' meeting taken in the manner set forth in Article 22.5. of the Charter.

An independent director shall be deemed to be a member of the Board of Directors of the Company:

- who has not been in the past 3 years and is not currently an officer (manager) or employee of the Company, or an officer or employee of the managing organization of the Company;
- who is not an officer of another company in which any of the officers of the Company are members of the Board of Directors committee for staffing and remuneration;
- who is not a party to any obligation involving the Company whereby he/she could acquire property (receive monetary funds) for a value amounting to 10% or more of the aggregate annual income of such person, except remuneration for participating in the work of the Board of Directors of the Company;
- who is not a major supplier or customer of the Company (whose business with the Company is worth in the aggregate 10 percent or more of the net asset value of the Company);
- who is not a representative of the state, i.e. a person representing the Russian Federation or a constituent entity of the Russian Federation on the board of directors of any company in relation to which a decision is made to exercise special rights (a "golden share") or a person elected to the board of directors from among candidates nominated by the Russian Federation, a constituent entity of the Russian Federation, or a municipal entity, if such member of the board of directors is obliged to vote based on written orders (instructions) from a constituent entity of the Russian Federation, or a municipal entity, respectively;
- who is not a person whose spouse, parents, children, blood or non-blood siblings, adoptive parents or children are persons employed in the management bodies or managing organization of the Company or who are a manager of the Company;
- who is not an affiliate of the Company, except a member of the Board of Directors of the Company;
- who is not an affiliate of an officer (manager) of the Company (officer of the managing organization of the Company).

After a period of 7 years of filling the position of member of the Board of Directors of the Company an independent director is no longer deemed independent.

22.4. For a decision by the Board of Directors of the Company and general shareholders' meeting on approving an interested party transaction, the price of the assets or services to be alienated or acquired shall be determined by the Board of Directors in accordance with Article 10.5. of the Company Charter.

22.5. A decision on approval by the Company of an interested party transaction shall be taken by the general shareholders' meeting by a majority of votes of all holders of voting shares who are not interested parties to the transaction in the following cases:

- If the subject of the transaction or series of related transactions are assets with a Company book value (offer price) of 2 percent or more of the Company's asset value as determined from the Company's balance sheet and financial accounts as of the last reporting date;
- If the transaction or series of related transactions are offerings by subscription or sales of shares comprising more than 2 percent of ordinary shares previously placed by the Company and ordinary shares into which previously placed issued securities convertible into shares may be converted;
- If the transaction or series of related transactions are offerings by subscription of issued securities convertible into shares which may be converted into ordinary shares comprising more than 2 percent of ordinary shares previously placed by the Company and ordinary shares into which previously placed issued securities convertible into shares may be converted.

22.6. An interested party transaction shall not require approval by the general shareholders' meeting as provided for under Article 22.5. hereunder in the event that:

- the terms and conditions of such transaction do not differ in any material way from the terms and conditions of similar transactions undertaken between the Company and the interested party in the normal course of business conducted by the Company prior to the interested party having been deemed as being such.

This exception shall only apply to interested party transactions undertaken during the period from the date when the interested party is deemed as being such until the date of the next annual general shareholders' meeting.

22.7. The general shareholders' meeting may decide to approve a transaction (transactions) between the Company and an interested party that may be undertaken in the future in the normal course of business conducted by the Company. In this case the decision of the general shareholders' meeting must also stipulate the maximum amount for which such transaction (transactions) may be concluded. Such decision shall remain valid until the next annual general shareholders' meeting.

22.8. The decision on approval of an interested party transaction must state the person (persons) party to the transaction, the beneficiary (beneficiaries), price, subject of the transaction and other material details.

22.9. An interested party transaction concluded in breach of the requirements for transactions prescribed in Articles 22.3.-22.8. of the Company Charter may be declared null and void as a result of a lawsuit brought by the Company or a shareholder.

22.10. An interested party shall be liable in respect of the Company to the amount of any losses incurred by the Company through its fault. Should liability be borne by a number of persons, their liability to the Company shall be joint and several.

## **23. Affiliates of the Company**

23.1. A person shall be deemed an affiliate in accordance with Russian legislation.

23.2. Affiliates of the Company must notify the Company in writing if they own any shares in the Company, specifying number and category (type) thereof within 10 days after acquisition of such shares.

23.3. If the Company sustains damages due to failure to submit or untimely submission by an affiliate through its own fault of required information to the Company such affiliate shall indemnify the Company for such damages.

23.4. The Company shall keep a record of its affiliates and provide information thereon pursuant to Russian legislation.

## **24. Accounting and Reporting. Funds of the Company**

24.1. Profits (income) retained by the Company after payment of all taxes, other contributions and levies to the budget and non-budgetary funds shall be at the full disposal of the Company and used by the Company at its discretion.

The Company shall establish special purpose funds to cover its obligations and provide for its business and social development out of the profits (income) retained by the Company after payment of all taxes, other contributions and levies, and other proceeds.

24.2. The Company shall establish a reserve fund amounting to 5 percent of the Company's charter capital.

The reserve fund of the Company shall be formed by way of mandatory annual deductions until the value of the fund reaches the level set by the Company Charter. The annual deductions may not fall below 5 percent of the Company's net profit.

The purpose of the reserve fund shall be to cover losses of the Company and to redeem bonds of the Company and repurchase shares in the Company in the event of the absence of other funds.

The reserve fund may not be used for other purposes.

24.3. The Company shall create a special employee stock option fund out of net profit. The fund shall be used solely for purchase of shares sold by the shareholders of this Company for further offering to employees.

24.4. The Company shall keep accounts and submit financial statements in the manner established by the Federal Law of the Russian Federation on Joint-Stock Companies and other statutes of the Russian Federation.

24.5. The Company's General Director shall be responsible for organizing and maintaining true and fair accounts of the Company, timely submission of annual report and other financial statements to the relevant authorities and submission of information on the Company's business to the shareholders, creditors and the press in accordance with the Federal Law of the Russian Federation on Joint-Stock Companies, other statutes of the Russian Federation and the Company Charter.

24.6. Accounting policy and document flow of the Company and its branches and representative offices shall be established by order of the General Director.

24.7. The financial year shall start on January 1 and shall end on December 31.

24.8. The Company's Internal Audit Commission shall confirm that the information contained in the Company's annual report and annual financial statements is true and correct.

24.9. Prior to publication of documents referred to in this Clause pursuant to Article 25 of this Charter the Company shall retain an auditor not materially interested in respect of the Company or its shareholders to carry out an annual audit and endorse the annual financial statements.

24.10. The annual report of the Company shall be provisionally approved by the Company's Board of Directors at least 30 days before the date of the annual general shareholders' meeting.

## **25. Company Auditor**

25.1. The Company's Auditor (an individual or an accounting firm) shall audit the Company's financial and economic activities in accordance with statutes of the Russian Federation under an engagement agreement.

25.2. The Company's Auditor shall be subject to approval by the general shareholders' meeting.

The fee of the Auditor shall be determined by the Company's Board of Directors.

25.3. Based on the results of review of the Company's financial and economic activities, the Company's Auditor shall issue an opinion which shall include:

- Confirmation that the information contained in the Company's reports and other financial documents are true and correct;
- Information on breach of accounting procedure and procedure for submitting financial reports established by statutes of the Russian Federation as well as breach of statutes of the Russian Federation in the course of business operations.

25.4. Internal audit of the Company shall be performed by the Internal Audit Commission.

25.5. The Company shall be audited at any time on the request of any shareholder holding an aggregate 10 percent or more of the voting shares in the Company in respect of all matters within the competence of the general shareholders' meeting as of the date such request is made.

25.6. Shareholders requesting an audit shall submit a request in writing to the Board of Directors.

The request shall include:

- clearly stated reasons for such request;
- names of shareholders;
- information on shareholdings (number of shares, category, type);
- numbers of client accounts of such shareholders in the register.

The request shall be signed by the shareholder or its proxy. If the request is signed by a proxy a power of

attorney shall be attached.

If the requesting shareholder is a legal entity the signature of the representative of such legal entity acting in accordance with its Charter without a power of attorney shall be certified by the stamp of such legal entity. If the request is signed by a representative of the legal entity acting on its behalf pursuant to a power of attorney such power of attorney shall be attached to the request.

25.7. The request for an audit shall be sent by registered mail to the address of the Company with confirmation of delivery or delivered personally to the Company office.

The date of the delivery confirmation or date of delivery to the secretary of the Board of Directors shall be deemed to be the date of the request.

25.8. Within 10 business days after the request is made the Board of Directors shall adopt a decision to audit the Company's activities and determine the fee payable to the auditor or give reasons for refusal to carry out the audit.

25.9. The Chairman of the Board of Directors may deny a request for audit of Company activities if:

- the requesting shareholders do not hold a sufficient number of voting shares as of the date of the request;
- the requesting persons are not registered in the share register and/or are not authorized to represent respective shareholders;
- the request is incomplete;
- the requesting shareholders fail to pay expenses for performance of the audit.

25.10. Upon completion of the audit the Company's Auditor's report shall be approved at the next regular meeting of the Board of Directors and sent by registered mail to the persons requesting the audit.

25.11. The persons requesting the audit of Company activities may at any time prior to adoption of the decision by the Board of Directors to audit Company activities withdraw their request by notifying the Board of Directors in writing.

25.12. Expenses for performance of the audit requested by shareholders shall be paid by such requesting shareholders. The Board of Directors may adopt a resolution that such expenses shall be borne by the Company and the respective amount refunded to the requesting shareholders.

## **26. Company Information**

26.1. The Company shall ensure access by shareholders to the documents referred to in Article 27.1. of the Charter. The shareholder(s) holding an aggregate of at least 25 percent of the voting shares in the Company may have access to the accounting books and records and minutes of the meetings of the executive body of the Company.

The documents referred to in this clause shall be made available by the Company for inspection in the offices of the executive body of the Company within 7 days after a respective request being made.

The Company shall for a fee provide copies of documents referred to in this clause upon request by persons entitled to access thereto. The fee shall be determined by the executive bodies of the Company and shall not exceed the amount of expenses incurred to make such copies.

26.2. The Company shall disclose:

- Annual report of the Company, annual financial statements;
- Share issue prospectus of the Company as required by the statutes of the Russian Federation;
- Announcement of a general shareholders' meeting in the manner provided for by the Company Charter;
- Other information determined by the federal executive agency for the securities market.

26.3. Mandatory disclosure of information in the event of public placement of bonds or other securities by the Company shall be made by the Company to the extent and in the manner prescribed by the federal executive agency for the securities market.

## **27. Company Records**

27.1. The Company shall maintain the following records:

- Company Charter, amendments and additions duly registered and entered into the Company Charter, Resolution to establish the Company, the Company's Registration Certificate;
- Documents confirming the Company's title to the property recorded in its balance sheet;
- Company by-laws;
- Regulations on the Company's branch or representative offices;
- Annual reports;
- Company's share issue prospectus;
- accounting books and records;
- financial reporting documents;
- Minutes of the Company's general shareholders' meeting (decisions of the sole shareholder holding all voting shares in the Company), meetings of the Company's Board of Directors, the Company's Internal Audit Commission and the Company's collective executive body (Management Board);
- voting ballots and proxies (copies of proxies) for participation in the general shareholders' meeting;
- reports of independent appraisers;
- list of the Company's affiliates;
- list of persons entitled to participate in the general shareholders' meeting and entitled to receive

dividends and other lists made by the Company for the purpose of exercise by the shareholders of their rights pursuant to requirements of the Federal Law on Joint-Stock Companies;

- Opinions given by the Internal Company's Audit Commission, the Company's Auditor, and public and municipal authorities of financial control;
- prospectus, issuer's quarterly reports and other documents with information to be published or otherwise disclosed in compliance with the Federal Law on Joint-Stock Companies and other federal laws;
- Other documents provided for by the Federal Law On Joint-Stock Companies, the Company Charter, the Company by-laws, resolutions of the general shareholders' meeting, the Company's Board of Directors, the Company's executive bodies as well as documents provided for by statutes of the Russian Federation.

27.2. The Company shall maintain documents set forth in Article 27.1. of the Company Charter at the place of location of its executive body and keep same in the manner and during the period as prescribed by the federal executive agency for the securities market.

## **28. Reorganization of the Company**

28.1. The Company may be voluntarily reorganized by decision of the general shareholders' meeting. Other grounds and procedure for reorganizing the Company shall be determined by the Civil Code of the Russian Federation and other federal laws.

28.2. The Company may be reorganized by way of merger, takeover, division, spin-off and reformation into another organisational form as provided by the Federal Law on Joint-Stock Companies.

28.3. Property of entities created by reorganization shall comprise only the property of the reorganized companies.

28.4. The Company shall be deemed to have been reorganized, with the exception of takeover, from the moment when newly-emerged legal entities are registered with state authorities.

In the event of reorganizing the Company by way of takeover, the first Company shall be deemed to have been reorganized from the moment the entry is made into the Unified State Register of legal entities that the Company that was taken over has terminated its business.

28.5. To effect the reorganization of the Company, appropriate amendments shall be made to this Charter and a transfer act or separation balance sheet shall be made up.

The transfer act and the separation balance sheet shall provide for legal successors under all obligations of the Company in respect of all its creditors and debtors.

The transfer act and the separation balance sheet shall be subject to approval by the general shareholders' meeting by majority of votes of the shareholders present at the meeting who hold voting shares in the Company and/or their proxies.

28.5. To effect the reorganization of the Company, appropriate amendments shall be made to this Charter and a transfer act or separation balance sheet shall be made up.

The general shareholders' meeting shall adopt the resolution on reorganization of the Company, which shall include approval of the transfer act or the separation balance sheet.

The transfer act and the separation balance sheet shall provide for legal successors under all of the Company's obligations in respect of all creditors and debtors thereof, including disputed obligations, and the procedure for determining succession in connection with changes in the type, composition, and value of Company assets, and in connection with new, altered, or terminated rights and obligations of the Company that may arise after the date of the transfer act and separation balance sheet.

28.6. Within 30 days after the date when the resolution on reorganisation of the Company is passed, or in the event of reorganization of the Company by way of merger or takeover from the date of the resolution on such by the last of the companies taking part in the merger or takeover, the Company must notify its creditors in writing and publish a notice on the resolution in a printed media intended for public announcements on the state registration of legal entities.

State registration of Companies created pursuant to reorganization, and entries recording the liquidation of reorganized companies shall be made against proof of notification of creditors in the manner established by this Paragraph.

28.7. If the separation balance sheet or transfer act does not clearly indicate the successor to the reorganized Company, the legal entities created pursuant to the reorganization shall be liable jointly and severally under the obligations of the reorganized Company before its creditors.

## **29. Liquidation of the Company, Liquidation Commission**

29.1. The Company may be voluntarily wound up under procedures specified by Article 61.2 of the Civil Code of the Russian Federation subject to requirements of the Federal Law On Joint-Stock Companies and the Company Charter. The Company may be wound up based on a court decision for reasons provided for by Article 61.2 of the Civil Code of the Russian Federation.

Liquidation of the Company shall bring about its termination without transferring rights and obligations to other persons under the procedures for legal succession.

29.2. In the event of voluntary winding-up the Company's Board of Directors shall put the issue of winding up the Company and appointing the Liquidation Commission on the agenda of the general shareholders' meeting to be resolved.

The general shareholders' meeting of the Company to be voluntarily wound-up shall pass a resolution that the Company be wound up and the Liquidation Commission be appointed consisting of the same number of members as the Board of Directors as determined by this Charter.

Procedure for nomination to the Liquidation Commission and voting for election of its members shall be determined by the Regulations on the Liquidation Commission approved by the general shareholders' meeting when considering the issue of the Company liquidation.

In the event of forced liquidation the Liquidation Commission shall be appointed by the court (arbitration) which shall determine the number of its members.

29.3. From the moment the Liquidation Commission is appointed all powers concerning the Company administration shall be transferred to it. The Liquidation Commission shall appear in court on behalf of the Company.

The Liquidation Commission shall be liable for damages caused by it to the Company, its shareholders and third parties under the rules of civil legislation of the Russian Federation.

29.4. The Liquidation Commission shall publish information on winding up the Company, and the procedure and deadline for submitting demands by its creditors in the press where information on the registration of legal entities is published. The deadline for submitting demands by creditors shall not be less than two months from the date when information on winding-up was published.

29.5. If at the moment when the resolution on winding up the Company is passed the Company has no obligations to its creditors, its property shall be distributed between its shareholders pursuant to Articles 29.11-29.12. of the Company Charter.

29.6. The Liquidation Commission shall take measures to identify creditors and to receive accounts receivable as well as to notify the creditors in writing of winding up the Company.

29.7. When the deadline for submitting demands by creditors has passed, the Liquidation Commission shall draw up the interim liquidation balance sheet containing information on the property of the Company being wound up and demands submitted by creditors as well as results of consideration thereof. The interim liquidation balance sheet shall be approved by the general shareholders' meeting upon agreement with the state authority that registered the Company being wound up.

29.8. If the Company being wound up does not have sufficient cash to satisfy creditors' demands, the Liquidation Commission shall sell the Company's other property at auction under procedures established for the enforcement of court judgments.

29.9. Payments shall be made to creditors of the Company being wound up by the Liquidation Commission in the order of priority established by Article 64.1 of the Civil Code of the Russian Federation in accordance with the interim liquidation balance sheet, starting from the day it was approved, except for creditors which are fifth in the order of priorities, who are paid when a month has passed from the date when the interim liquidation balance sheet is approved.

29.10. Upon completion of settlements with creditors the Liquidation Commission shall draw up a liquidation balance sheet that shall be approved by the Shareholders' General Meeting upon agreement with the state authority that registered the Company being wound up.

29.11. The property remaining after settlements with creditors of the Company being wound up shall be distributed by the Liquidation Commission between shareholders in the following order of priority:

- Priority No. 1: payments for shares that are to be redeemed pursuant to Article 10.4 of the Company Charter shall be made;
- Priority No. 2: property of the Company being wound up shall be distributed between the shareholders holding ordinary shares.

29.12. For each order of priority, property must be distributed in full before passing to the next order of priority.

Property rendered by the Company to the shareholders for use shall be returned in kind without consideration at the time of liquidation.

29.13. The winding up of the Company shall be deemed to be complete, and the Company to have been liquidated, from the moment when the state registration authority makes the relevant entry in Unified State Register of Legal Entities.