

Draft amendments and additions to the Charter of "Southern Telecommunications Company" PJSC

| № of the amendment | Current wording | Proposed wording | |
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| 1. | Amendments to be made with a view to meet the requirements of the Federal law "On Joint –Stock Companies" that were not reflected in the current version of the Charter | | |
| 1.1 | 10.2. Dividends on preferred Class A shares shall be paid out no later than 60 days after adopting the decision to pay the dividends, provided a shorter period is not set by the resolution of the General Shareholders Meeting. Size of dividends on preferred shares is determined in item 8.2 herein.. | Item 10.2 of Article 10 of the Charter shall be stated as follows: "10.2. Dividends on preferred shares of Class A shall be paid out no later than 60 days after adopting the decision to pay the dividends. Size of annual dividends on preferred shares is determined in item 8.2 herein." | Item 4 of Article 42 requiring unambiguous definition of the procedure for determination of the date of dividend payment (presence of such date in the charter or its determination by the decision of a General Shareholders' Meeting). With a view of the proposed amendments, dates of dividend payments will be set forth in the charters (amendments №№ 1.1, 1.2) |
| 1.2 | 10.3. Annual dividends on ordinary shares shall be paid out no later than 31 st December of the fiscal year in which the resolution on annual dividend payment was adopted, if earlier time period is not set by the resolution of the General Shareholders Meeting. Dividends on ordinary shares on the basis of the results of the first quarter, half, nine months of the financial year shall be paid out no later than 60 days after adopting the decision to pay the dividends, provided a shorter period is not set by the resolution of the General Shareholders Meeting. | Item 10.3 of Article 10 of the Charter shall be stated as follows: "10.3. Annual dividends on ordinary shares shall be paid out no later than 31 st December of the fiscal year in which the resolution on annual dividend payment was adopted. Dividends on ordinary shares on the basis of the results of the first quarter, half-year, nine months of the financial year shall be paid out no later than 60 days after adopting the decision to pay the dividends." | |
| 1.3 | 6.12. Resolution on reducing the authorized capital of the Company by decreasing the nominal value of the Company's shares or by buying a part of the shares for reducing their total number shall be taken by the General Shareholders Meeting <u>by a majority of votes</u> of holders of the Company's voting shares attending the Meeting. | Item 6.12 of Article 6 of the Charter shall be stated as follows: "6.12. The decision to decrease the charter capital of the Company by acquisition of a part of the shares with a view to diminish their total quantity, as well as by redemption of the acquired or bought out shares if they have not been sold by the Company within one year from the date of their acquisition or redemption , shall be taken by the General Shareholders Meeting <u>by a majority of votes</u> of holders of the Company's voting shares attending the Meeting. The decision to decrease the charter capital of the Company by reducing the par value of the shares shall be taken by the General Shareholders Meeting of the Company <u>by a majority of three quarters of holders of the Company's voting shares</u> attending the Meeting. The decision to decrease the charter capital of the Company, if in accordance with the audit results the Company's net assets value appears to be less than its | Item 3 of Article 29 and item 7 of Articles 35 regulating the procedure for submitting the issues on decrease of the charter capital of the Company by reducing the par value of the shares as well as in cases when in accordance with the audit results the Company's net assets value appears to be less than its authorized capital, to a General Shareholders' Meeting and for their approving by the Meeting (amendments №№ 1.3-1.8) |

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| | | <p>authorized capital, shall be taken by the General Shareholders Meeting by a majority of votes of holders of the Company's voting shares attending the Meeting, except when upon proposal of the Board of Directors of the Company the charter capital is to be decreased to the value not exceeding the cost of net assets. Then the decision shall be taken by the General Shareholders Meeting of the Company by a majority of three quarters of holders of the Company's voting shares attending the Meeting.”</p> | |
| 1.4 | <p>12.2 The following matters, the resolution of which may not be delegated to the Board of Directors, General Director, or Management Board of the Company, shall be in the frame of reference of the General Meeting of the Shareholders:</p> <p>10) reduction of the Company's authorized capital by decrease of the shares' nominal value, repurchase of the part of the Company's shares in order to reduce their total number as well as cancellation of the shares acquired or redeemed by the Company that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;;</p> | <p>Sub-item 10 of item 12.2 of Article 12 of the Charter shall be stated as follows:</p> <p>10) decrease of the Company's authorized capital by acquisition of a part of the shares with a view to diminish their total quantity, as well as by redemption of the acquired or bought out shares if they have not been sold by the Company within one year from the date of their acquisition or redemption, that shall be voted in favor of it by a simple majority of shareholders votes - owners of the Company's voting shares attending the Meeting;</p> | |
| 1.5 | <p>12.2. The following matters, the resolution of which may not be delegated to the Board of Directors, General Director, or Management Board of the Company, shall be in the frame of reference of the General Meeting of the Shareholders:</p> <p>absent</p> | <p>The following paragraph shall be added to sub-item 10 of item 12.2 of Article 12 of the Charter:</p> <p>“10.1) decrease of the Company's authorized capital by reducing the par value of the shares of the Company, decision on which shall be taken by qualified majority (three fourth) of shareholders votes – owners of voting shares of the Company attending the General Shareholders' Meeting;”</p> | |
| 1.6 | <p>12.2. The following matters, the resolution of which may not be delegated to the Board of Directors, General Director, or Management Board of the Company, shall be in the frame of reference of the General Meeting of the Shareholders:</p> <p>absent</p> | <p>The following paragraph shall be added to sub-item 10 of item 12.2 of Article 12 of the Charter:</p> <p>“10.2) decrease of the Company's authorized capital if in accordance with the audit results the Company's net assets value appears to be less than its authorized capital, that shall be voted in favor of it by simple majority of shareholders votes - owners of the</p> | |

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| | | <p>Company’s voting shares attending the Meeting, except when upon proposal of the Board of Directors of the Company the charter capital is to be decreased to the value not exceeding the cost of net assets. Then the decision shall be taken by qualified majority (three fourth) of shareholders votes – owners of voting shares of the Company attending the General Shareholders’ Meeting;”</p> | |
| 1.7 | <p>12.3. General Shareholders’ Meeting shall have the right to take decision on issues specified in subparagraphs 2,7,8,9,15-19,22 of paragraph 12.2 hereof exclusively when presented by the Board of Directors. In this case, other persons authorized under the effective laws of the Russia Federation to enter items on the agenda of the annual or extraordinary General Shareholders Meeting shall not demand that the Board of Directors enter the above matters on the agenda of the meeting.</p> <p>The General Shareholders Meeting may not review or make decisions on matters that are outside its frame of reference as defined by the Federal Law “On Joint Stock Companies”.</p> <p>The General Meeting is not authorized to pass resolutions on matters not on the agenda, or revise the agenda.</p> | <p>Item 12.3 of Article 12 of the Charter shall be stated as follows: “12.3. General Shareholders’ Meeting shall have the right to take decision on issues specified in subparagraphs 2, 7, 8, 9, 10.1, 15-19,22 of paragraph 12.2 hereof exclusively upon proposal of the Board of Directors. In this case, other persons authorized under the effective laws of the Russia Federation to enter items on the agenda of the annual or extraordinary General Shareholders Meeting shall not demand that the Board of Directors enter the above matters on the agenda of the meeting.</p> <p>General Shareholders Meeting may not consider or take decisions on issues not related to its terms of reference as defined by the Federal Law “On Joint Stock Companies”.</p> <p>General Shareholders’ Meeting shall not be entitled to take decisions on issues not included in the agenda of the meeting, as well as to modify the agenda.”</p> | |
| 1.8 | <p>13.6. Resolutions on matters described under paragraphs 7, 9, 20 of item 13.4 of this Charter shall be passed by a solid vote by all the members of the Board of Directors, except for the votes of retiring members of the Board of Directors.</p> <p>Where a solid vote of the Board of Directors on matters provided under paragraph 20 of item 13.4 of this Charter cannot be reached, this matter may, by decision of the Board of Directors, be introduced for resolution by the General Shareholders Meeting. In this case, a decision shall be passed by a majority of votes of holders</p> | <p>Item 13.6 of Article 13 of the Charter shall be stated as follows: “13.6. Decisions on matters described in paragraphs 7, 9, 20 of item 13.4 hereof as well as on the proposal to decrease the charter capital to the value not exceeding the cost of the Company’s net assets, when in accordance with the audit results the Company’s net assets value appeared to be less than its authorized capital, shall be taken unanimously by all members of the Board of Directors. The votes of retired Board Members are not taken into account.</p> <p>Where unanimity of the Board of Directors on the matter provided under paragraph 20 of item 13.4 of this Charter is not reached, this matter may, upon decision of the Board of</p> | |

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| | <p>of the Company's voting shares attending the meeting. Resolution on matters described under paragraph 21 of item 13.4 hereof shall be passed by a majority of votes of independent directors not interested in effecting the transaction.</p> <p>Should all the members of the Company's Board of Directors be recognized as the related parties and (or) are not independent directors, the transaction can be approved by resolution of the General Meeting of the Shareholders by a majority of votes of all holders of voting shares not interested in the transaction.</p> | <p>Directors, be delegated for decision to the General Shareholders Meeting. In this case, the decision on this issue shall be passed by a majority of votes of holders of the Company's voting shares attending the meeting.</p> <p>Decision on matters described under sub-item 21 of item 13.4 hereof shall be passed by a majority of votes of independent directors who are not a related party with respect to such transaction.</p> <p>Should all the members of the Company's Board of Directors be recognized as the related parties and (or) are not independent directors, the transaction can be approved by resolution of the General Meeting of the Shareholders by a majority of votes of all holders of voting shares who are not the related parties with respect to such transaction."</p> | |
| 1.9 | <p>12.9. Should the agenda of Extraordinary General Shareholders' Meeting to be convened upon the request of the Auditing Committee, the Company's auditor as well as of any shareholder or group of shareholders owning at least ten percent of the Company's voting shares include the issue on election of the Board of Directors, the Extraordinary General Shareholders' Meeting shall be held within a 70-days period from the date of making the request on its convening.</p> <p>When the number of the Board of Directors members becomes less than the number making the quorum for meetings of the Board of Directors, an Extraordinary General Shareholders' Meeting convened by decision of the Board of Directors on the basis of its own initiative to decide on election of the Board of Directors of the Company, shall be held within 70 days after taking the resolution on its holding by the Board of Directors of the Company.</p> | <p>Item 12.9 of Article 12 of the Charter shall be stated as follows: "12.9. Should the agenda of Extraordinary General Shareholders' Meeting to be convened upon the request of the Auditing Committee, the Company's Auditor as well as of any shareholder or group of shareholders owning at least ten percent of the Company's voting shares include the issue on election of the Board of Directors, the Extraordinary General Shareholders' Meeting shall be held within a 70-days period from the date of making the request on its convening.</p> <p>Should the number of members of the Board of Directors of the Company become less than the number constituting the quorum required to hold meetings of the Board of Directors, the Extraordinary General Shareholders' Meeting convened by decision of the Board of Directors on the basis of its own initiative in order to elect a new membership of the Board of Directors of the Company, shall be held within 90 days after taking the resolution on its holding by the Board of Directors of the Company."</p> | Item 3 of Article 55 regulating the time period for taking a decision on holding of an extraordinary General Shareholders' Meeting for election of members of the Board of Directors. |
| 2. | Amendments providing for liability insurance of members of the Board of Directors, members of the Management Board and the General Director of the Company as well as of the persons who held or will hold the mentioned positions in the governing bodies of the Company (amendments № 2.1, 2.2) | | |
| 2.1 | Absent | The following item shall be added to Article 3 of the | |

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| | | Charter: “3.7. General Shareholders' Meeting, Board of Directors, Management Board and General Director are the governing bodies of the Company. Members of the Board of Directors, members of the Management Board and the General Director of the Company are liable to the Company and its shareholders for the matters stipulated by the federal laws. The Company guarantees liability insurance of members of the Board of Directors, members of the Management Board and the General Director of the Company as well as of the persons who held or will hold the mentioned positions in the governing bodies of the Company.” | |
| 2.2 | 13.4. The Board of Directors’ terms of reference shall cover the following issues: absent | The following sub-item shall be added to item 13.4 of Article 13 of the Charter: “47) approval of the terms and conditions of the contracts of liability insurance of members of the Board of Directors, members of the Management Board and the General Director of the Company as well as of the persons who held or will hold the mentioned positions in the governing bodies of the Company.” | |
| 3. | Amendments related to distribution of profits (recommendations on the profit distribution) on the basis of the results of a fiscal year, as well as to payment of dividend (recommendations on the dividend payment) on the basis of the results of the first quarter, half year, nine months of a fiscal year (amendments №№ 3.1-3.3) | | |
| 3.1 | 12.5. The Company shall hold an annual General Shareholders Meeting once a year. The annual General Shareholders Meeting shall not be held earlier than four months, or later than six months after the end of a fiscal year. The annual General Shareholders Meeting may resolve the following matters: <ul style="list-style-type: none"> • election of the Board of Directors, • election of the Company’s Auditing Commission, • appointment of the Company’s Auditor, • Approval of annual reports, balance sheets, income statements and distribution of profits and losses including dividend payment (declaration) based on the results of the reporting | Item 12.5 of Article 12 of the Charter shall be stated as follows: “12.5. The Company is obliged to hold an annual General Shareholders Meeting once a year. The annual General Shareholders Meeting shall not be held earlier than four months, or later than six months after the end of a fiscal year. The annual General Shareholders Meeting shall take decisions on the following issues: <ul style="list-style-type: none"> • election of the Board of Directors of the Company, • election of the Auditing Commission of the Company, • appointment of the Company’s Auditor, • Approval of annual report, annual financial statements including profit and loss statement (profit and loss accounts) and distribution of profits | |

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| | fiscal year, and other issues falling within the exclusive competence of the General Shareholders' Meeting. | (including dividend payment (declaration), except for the profit distributed to payment of dividends based on the results of the first quarter, half-year and nine months of a financial year) and losses on the basis of the fiscal year results, and other issues falling within the terms of reference of General Shareholders' Meeting." | |
| 3.2 | 13.4. The Board of Directors' terms of reference shall cover the following issues: 14) recommendations on distribution of profits, including on size and procedure of dividend payment, and losses of the Company on the basis of results of the financial year; | Sub-item 14 of item 13.4 of Article 13 of the Charter shall be stated as follows: "14) recommendations on distribution of profits, including on the amount of dividend on the shares of the Company and on its payment procedure, and losses of the Company;," | |
| 3.3 | 13.4. The Board of Directors' terms of reference shall cover the following issues: absent | The following paragraph shall be added to sub-item 14 of item 13.4 of Article 13 of the Charter: «14.1) approval of an internal document (by-law) regulating payment of dividend on shares of the Company, introduction of amendments and additions into it, as well as declaring it null and void;» | |
| 4. | Additions to and more precise definitions of the terms of reference of the Board of Directors of the Company set forth in the current versions of the Charter | | |
| 4.1 | 13.4. The Board of Directors' terms of reference shall cover the following issues: absent | The following paragraph shall be added to sub-item 8 of item 13.4 of Article 13 of the Charter: “8.1) taking decision on fixing the procedure for determination of the interest rate (coupon rate) on the bonds of the Company; “ | Matters related to issue and placement of bonds to be added to the terms of reference of the Board of Directors (amendments №№ 4.1-4.3) |
| 4.2 | 13.4. The Board of Directors' terms of reference shall cover the following issues: absent | The following paragraph shall be added to sub-item 8 of item 13.4 of Article 13 of the Charter: “8.2) taking decision on early redemption at the Company's own discretion of its placed bonds, the decision on which issue provides for their early redemption;” | |
| 4.3 | 13.4. The Board of Directors' terms of reference shall cover the following issues: absent | The following paragraph shall be added to sub-item 12 of item 13.4 of Article 13 of the Charter: “12.1) definition of the acquisition price of the bonds placed by the Company or the procedure for its determination;” | |
| 4.4 | 13.4. The Board of Directors' terms of | Sub-item 46 of item 13.4 of Article 13 shall be | Matters related to pre- |

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| | reference shall cover the following issues: absent | considered sub-item 48, the following sub-item shall be added to item 13.4 of Article 13 of the Charter: “46) pre-agreeing on the appointment of the Company’s official responsible for organization and support of the risk management process in the Company, and dismissal of the said person from his/her position upon the initiative of the Company, approval of the terms and conditions of his/her employment contract (additional agreements) as well as consideration of other issues, decisions on which shall be taken by the Board of Directors in compliance with the said contract; ” | agreeing on the appointment (dismissal) of the Company’s risk manager and to approval of the terms and conditions of his/her employment contract to be added to the terms of reference of the Board of Directors (amendments № 4.4)) |
| 4.5 | 13.4. The Board of Directors’ terms of reference shall cover the following issues: 16) approval of the internal document of the Company regulating the procedures for internal control over its financial and business operations; | Sub-item 16 of item 13.4 of Article 13 of the Charter shall be stated as follows: “16) approval of an internal document of the Company regulating the procedures for internal control over its financial and business operations, introduction of amendments and additions into it, as well as declaring it null and void; ” | More precise wording of the terms of reference related to approval of the internal documents of the Company so that the Board of Directors can amend the approved documents and declare them null and void (amendments №№ 4.5-4.11)) |
| 4.6 | 13.4. The Board of Directors’ terms of reference shall cover the following issues: 18) approval of the Provisions on the Internal Audit Department and consideration of other matters, decisions on which shall be taken by the Board of Directors in accordance with such Provisions; | Sub-item 18 of item 13.4 of Article 13 of the Charter shall be stated as follows: “18) approval of the Provisions on the Internal Audit Department of the Company, introduction of amendments and additions into them, as well as declaring them null and void; preliminarily agreeing upon candidates for the position of the head of the Internal Audit Department and dismissal of the said person from his/her position upon the initiative of the Company, as well as consideration of other issues, decisions on which shall be taken by the Board of Directors in accordance with the Provisions on the Internal Audit Department. ” | |
| 4.7 | 13.4. The Board of Directors’ terms of reference shall cover the following issues: 23) setting-up subsidiaries, opening representative agencies, their liquidation and approval of the Provisions on them; | Sub-item 23 of item 13.4 of Article 13 of the Charter shall be stated as follows: “23) establishment of branches, opening of representative offices, their liquidation, approval of the provisions on branches and representative offices, introduction of amendments and additions into them, as well as declaring these Provisions null and void; ” | |
| 4.8 | 13.4. The Board of Directors’ terms of reference shall cover the following issues: 31) formation of standing or temporary (for resolving certain matters) committees of the | Sub-item 31 of item 13.4 of Article 13 of the Charter shall be stated as follows: “31) formation of standing or provisional (for resolving certain matters) committees of the Board of Directors, | |

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| | Board of Directors, approval of Provisions thereon; | approval of Provisions on the committees, introduction of amendments and additions into them, as well as declaring these Provisions null and void; " | |
| 4.9 | <p>13.4. The Board of Directors' terms of reference shall cover the following issues:</p> <p>32) appointment and dismissal of the Company's Corporate Secretary, approval of the Provisions on the Corporate Secretary and the office of the Company's Corporate Secretary;</p> | <p>Sub-item 32 of item 13.4 of Article 13 of the Charter shall be stated as follows:</p> <p>"32) appointment and dismissal of the Company's Corporate Secretary, approval of the Provisions on the Corporate Secretary and the office of the Company's Corporate Secretary, introduction of amendments and additions into the said Provisions, as well as declaring them null and void;"</p> | |
| 4.10 | <p>13.4. The Board of Directors' terms of reference shall cover the following issues:</p> <p>38) approval of the internal documents (document) regulating principles of information disclosure about the Company, procedures for using confidential information about the Company's operations and transactions;</p> | <p>Sub-item 38 of item 13.4 of Article 13 of the Charter shall be stated as follows:</p> <p>"38) approval of internal documents (document) establishing the rules of and approaches to disclosing information on the Company, the procedure of using information on the Company's operations, on the Company's securities and transactions with them, which is not publicly available, introduction of amendments and additions into the said documents, as well as declaring them null and void;"</p> | |
| 4.11 | <p>13.4. The Board of Directors' terms of reference shall cover the following issues:</p> <p>40) approval of other internal documents of the Company, in addition to those provided for under paragraph 13.4 of the present Charter, regulating matters within the competence of the Board of Directors of the Company, except for internal documents, the approval of which is assigned by the Company's Charter to the competence of the General Shareholders meeting and executive bodies of the Company;</p> | <p>Sub-item 40 of item 13.4 of Article 13 of the Charter shall be stated as follows:</p> <p>"40) approval of other internal documents of the Company, in addition to those provided for under paragraph 13.4 of the present Charter, regulating matters included in the terms of reference of the Board of Directors of the Company, except for internal documents, the approval of which is assigned by the Company's Charter to the terms of reference of the General Shareholders' Meeting and executive bodies of the Company, introduction of amendments and additions into the said documents, as well as declaring them null and void;"</p> | |
| 4.12 | <p>13.4. The Board of Directors' terms of reference shall cover the following issues:</p> <p>1) setting of priorities in the activity of the Company, and in particular, approval of the annual budget, budgets for medium- and long-term periods, strategies, and development programs of the Company, making changes in</p> | <p>Sub-item 1 of item 13.4 of Article 13 of the Charter shall be stated as follows:</p> <p>"1) determination of the priority directions of the Company's activities, including approval of the annual budget, medium- and long-term budgets, strategies and programs of the Company's development, introduction of amendments into the said documents, analysis of the results</p> | <p>More precise wording of the terms of reference related to approval of programs (procedures, etc.) of the Company so that the Board of Directors can consider the issues, decisions on which shall</p> |

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| | the indicated documents, consideration of the results of their implementation; | of their implementation as well as consideration of other issues, decisions on which shall be taken by the Board of Directors in accordance with the said documents; " | be taken by the Board of Directors in accordance with the said programs (amendments №№ 4.12-4.13) |
| 4.13 | 13.4. The Board of Directors' terms of reference shall cover the following issues: 41) approval of the procedure for risk management in the Company»; | Sub-item 41 of item 13.4 of Article 13 of the Charter shall be stated as follows: "41) approval of the programs (procedures, other documents) on risk management in the Company, as well as consideration of other issues, decisions on which shall be taken by the Board of Directors in accordance with the said documents; " | |
| 4.14 | 13.4 The Board of Directors' terms of reference shall cover the following issues: 34) taking decisions on participation of the Company in other commercial organizations (joining as a participant, termination of participation, change in participating share, change in the nominal value of participating share, change in number of shares or nominal value of shares owned by the Company); | Sub-item 34 of item 13.4 of Article 13 of the Charter shall be stated as follows: "34) taking decisions on participation of the Company in other commercial organizations: - establishing an organization; - joining as a participant, - termination of participation, except for winding-up of the functioning of the organization in which the Company is a participant; - change in participating share, change in the nominal value of participating share, change in number of shares or nominal value of shares owned by the Company except when such changes have been caused by resolution of an authorized body of the organization or by court decision; " | More precise wording of the issues related to participation of the Company in other organizations (amendments №№ 4.14-4.16) |
| 4.15 | 13.4 The Board of Directors' terms of reference shall cover the following issues: absent | The following paragraph shall be added to sub-item 34 of item 13.4. of Article 13 of the Charter: "34.1) defining the Company's position on the issues being within the terms of reference of the General Meetings of the participants of the commercial organizations in which the Company is a participant, when taking decisions on termination of the Company's participation in these organizations, changes in the amount or the par value of the stake, changes in the number of shares or the par value of shares held by the Company; " | |
| 4.16 | 13.4. The Board of Directors' terms of reference shall cover the following issues: 35) taking decisions on participation of the Company in non-profit organizations, except for | Sub-item 35 of item 13.4 of Article 13 of the Charter shall be stated as follows: "35) taking decisions on participation of the Company in non-profit organizations, except for the cases provided for | |

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| | the cases provided for under sub-paragraph 18, paragraph.12.2 of the present Charter, by joining as a participant, termination of participation, making additional contributions (installments) related to the Company's participation in non-profit organizations; | under sub-paragraph 18, paragraph.12.2 hereof: - establishing an organization; - joining as a participant, - termination of participation, except for winding-up of the functioning of the organization in which the Company is a participant; - making additional contributions (fees) related to the Company's participation in non-profit organizations;" | |
| 4.17 | 13.4. The Board of Directors' terms of reference shall cover the following issues: 28) forming a collegiate executive body (Management Board) , determination of its term of office as well as appointment of the members of the Management Board and early termination of their authority; | Sub-item 28 of item 13.4 of Article 13 of the Charter shall be stated as follows: "28) determination of a numerical structure of the collegiate executive body (Management Board) and its term of office as well as appointment of the members of the Management Board and early termination of their powers;" | More precise wording of the issues related to formation of the collegiate executive body (Management Board) of the Company. |
| 4.18 | 13.4. The Board of Directors' terms of reference shall cover the following issues: 33) approval of the terms of the contracts (additional agreements), concluded with the General Director, members of the Management Board, directors of branches and representative offices, head of the Internal Audit Department, Corporate Secretary of the Company as well as consideration of matters, resolutions on which shall be taken by the Board of Directors in accordance with the abovementioned contracts; | Sub-item 33 of item 13.4 of Article 13 of the Charter shall be stated as follows: "33) approval of the terms and conditions of the employment contracts (additional agreements) to be concluded with the General Director, members of the Management Board, directors of branches and representative offices, Director of the Internal Audit Department , Corporate Secretary of the Company as well as consideration of the issues, decisions on which shall be taken by the Board of Directors in accordance with the said contracts;" | More precise wording of the issues related to approval of the terms and conditions of employment contracts. |
| 4.19 | 13.10. Meetings of the Company's Board of Directors shall be convened by the Chairman of the Board of Directors on his own initiative, or by request of a member of the Board of Directors, of the Company's Auditing Committee, the Company Auditor, individual or collegiate executive body of the Company as well as on request of shareholder(s) jointly owning at least five percent of the Company's voting shares. | Item 13.10 of Article 13 of the Charter shall be stated as follows: "13.10. Meetings of the Company's Board of Directors shall be convened by the Chairman of the Board of Directors on his own initiative, upon request of a member of the Board of Directors, a Committee of the Board of Directors , the Auditing Commission, the Company's Auditor, individual or collegiate executive body of the Company, head of the Internal Audit Department as well as upon request of shareholder(s) jointly owning at least five percent of the Company's voting shares." | More precise wording of the issues related to convening of meetings of the Board of Directors. |

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| 5. | Amendments to be made with a view to ensure effective resolution of conflicts which have arisen during formation and functioning of different bodies of associated companies, | | |
| 5.1 | <p>13.4 The Board of Directors' terms of reference shall cover the following issues:</p> <p>29) agreement on combination by the person performing the functions of the individual executive body of the Company, members of the Management Board of the Company of the posts at the managing bodies of other organizations;</p> | <p>Sub-item 29 of item 13.4 of Article 13 of the Charter shall be stated as follows:</p> <p>“29) preliminary agreeing on combining positions in management bodies of other organizations by the person acting as the individual executive body of the Company and by the, members of the Management Board of the Company;”</p> | <p>Management Board and General Director (amendments №№ 5.1-5.4)</p> |
| 5.2 | <p>14.2. Quantitative membership, personal structure of the Management Board shall be determined by the Board of Directors' resolution subject to presentation by the General Director and the members of the Company's Board of Directors.</p> | <p>Item 14.2 of Article 14 of the Charter shall be stated as follows:</p> <p>“14.2. The numerical structure of the Management Board and its term of office shall be established by the Board of Directors of the Company.”</p> | |
| 5.3 | <p>14.3. Term of office of the Management Board shall be determined by the Board of Directors when appointing its members.</p> <p>The Board of Director shall have the right to adopt resolution on early termination of powers of any member (all members) of the Management Board.</p> <p>In case of early termination of powers of several members of the Management Board, authority of the newly-appointed members of the Management Board shall be valid within the time period for which the Managing Board of the Company was formed.</p> | <p>Item 14.3 of Article 14 of the Charter shall be stated as follows:</p> <p>“14.3. Members of the Management Board of the Company except for the Chairman of the Management Board shall be appointed by the Board of Directors of the Company. Pursuant to the Federal Law “On Joint – Stock Companies” the person acting as the General Director of the Company shall be vested with the powers of the Chairman of the Management Board.</p> <p>Proposal on nomination of the candidates to the Management Board of the Company shall include full name, place of employment, position held by each candidate as well information about his/her posts held in the governing bodies of other organizations.</p> <p>Upon decision of the Company's Board of Directors, the powers of any member (all members) of the Company's Management Board appointed by the Board of Directors, may be terminated earlier than planned.</p> <p>In case of early termination of the powers of individual Members of the Management Board, the powers of newly appointed members shall have a duration limited by the period, for which the Company's Management Board has been formed. »</p> | |
| 5.4 | 15.1. The General Director is the individual executive body exercising management of the | Item 15.1 of Article 15 of the Charter shall be stated as follows: | |

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| | <p>Company's current activity. The General Director shall be appointed by the Board of Directors of the Company.</p> | <p>«15.1. The General Director is the individual executive body exercising everyday management of the Company's activity. The General Director shall be appointed by the Board of Directors of the Company.</p> <p>Proposal on nomination of the candidate to the post of the General Director of the Company shall include full name, place of employment, position held by the candidate as well information about his/her posts held in the governing bodies of other organizations.»</p> | |
| <p>5.5</p> | <p>17.2. Auditing Commission is an independent control body of the Company elected at the annual General Shareholders Meeting for the period till the next annual General Shareholders meeting and comprises 5 persons.</p> <p>17.2.1. The authority of individual members or all members of the Auditing Commission can be prematurely terminated by resolution of the General Shareholders Meeting.</p> <p>In case of early termination of the authority of members of the Auditing Commission the authority of the new members of the Auditing Commission shall be valid till the next annual General Shareholders Meeting.</p> <p>If the number of members of the Auditing Commission becomes less than one half of the number of elected members of the Auditing Commission, the Board of Directors shall convene an extraordinary General Shareholders Meeting for electing new members of the Auditing Commission. The remaining members of the Auditing Commission shall exercise their functions till election of the new members of the Auditing Commission at the extraordinary General Shareholders Meeting.</p> <p>17.2.2. The following matters fall within the competence of the Auditing Commission:</p> <ul style="list-style-type: none"> - check of the reliability of data contained in the statements and other financial | <p>Paragraph 1 of item 17.2 and sub-items 17.2.1, 17.2.2 of Article 17 of the Charter shall be stated as follows:</p> <p>“17.2. Auditing Commission is an independent control body of the Company elected at the annual General Shareholders Meeting for the period till the next annual General Shareholders meeting, constituted of 5 persons.</p> <p>The Auditing Commission shall be deemed formed if not less than a half of the numerical structure of the Auditing Commission determined by the present Charter, has been elected.</p> <p>17.2.1. The authority of individual members or all members of the Auditing Commission can be prematurely terminated by resolution of the General Shareholders Meeting.</p> <p>In case of early termination of the authority of members of the Auditing Commission the authority of the new members of the Auditing Commission shall be valid till the next annual General Shareholders Meeting.</p> <p>If the actual number of the members of the Auditing Commission becomes less than half the official number of the Auditing Commission as established hereof, the Chairman of the Auditing Commission shall inform the Board of Directors about it within 5 days from the moment of the commencement of the said event. The Board of Directors shall be obliged to convoke an extraordinary General Shareholders' Meeting for election of the new members of the Auditing Commission.</p> <p>17.2.2. The terms of reference of the Auditing Committee include:</p> <ul style="list-style-type: none"> - checking the compliance of decisions and actions of the executive bodies of the Company including the concluded agreements and effected transactions, with | <p>Auditing Commission (amendments № 5.5)</p> |

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| | <p>documents of the Company;</p> <ul style="list-style-type: none"> - revealing facts of infringements of accounting standards and procedures for presentation of financial statements determined by legal acts of the Russian Federation; - checking the observance of legal norms when calculating and paying taxes; - revealing facts of violation of legal acts of the Russian Federation, in accordance with which the Company conducts the financial and economic activities; - assessment of the economic reasonability of financial and economic operations of the Company. | <p>the requirements of legal acts;</p> <ul style="list-style-type: none"> - checking the observance by the Company of normative and legal acts in its bookkeeping practice and preparation of financial statements; - analysis of the financial position of the Company; - checking the timeliness and correctness of payments to budgets of different levels and to shareholders of the Company; - evaluating the economic advisability of financial and economic operations of the Company.” | |
| 6. | Amendment related to increase to 1 % of the lower limit of transactions dealing with purchase, disposal or possible disposal by the Company, directly or indirectly, of its assets, to be approved by the Board of Directors (amendment № 6.1). | | |
| 6.1 | <p>13.4. The Board of Directors’ terms of reference shall cover the following issues:</p> <p>19) prior approval of a single transaction or a number of related transactions dealing with purchase, disposal or possible disposal by the Company, directly or indirectly, of its assets, the value whereof ranges from 0.5 to 25 percent of the book value of the Company’s assets as of the latest reporting date determined from its accounting data;</p> | <p>Sub-item 19 of item 13.4 of Article 13 of the Charter shall be stated as follows:</p> <p>“19) prior approval of a single transaction or a number of related transactions dealing with purchase, disposal or possible disposal by the Company, directly or indirectly, of its assets, the value whereof ranges from 1 to 25 percent of the book value of the Company’s assets as of the latest reporting date determined from its accounting data;”</p> | |
| 7. | Amendments stipulated by the current version of the Charter related to the terms of reference of the Management Board of the Company | | |
| 7.1 | <p>14.4 The following matters of the Company’s current activities shall fall within the competence of the Management Board:</p> <p>5) preparation of materials and draft resolutions on the issues to be considered by the Company’s Board of Directors, except for those specified in paragraphs 24, 26, 27, 28, 31, 32, 33 of item 13.4 of Article 13 hereof and those</p> | <p>Sub-item 5 of item 14.4 of Article 14 of the Charter shall be stated as follows:</p> <p>“5) preparation of materials and draft resolutions on the issues to be considered by the Company’s Board of Directors, except for the issues specified in paragraphs 24, 26, 27, 28, 31, 32, 33 of item 13.4 of Article 13 hereof and those initiated in compliance with the legislation of the Russian Federation and the Company’s Charter stating the exact timing of their consideration by the Board of Directors, which would make impossible a preliminary consideration of</p> | <p>With a view to consider issues more quickly.</p> |

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| | <p>initiated in compliance with the legislation of the Russian Federation and the Company's Charter with indication of the fixed time for their consideration by the Board of Directors making impossible their prior examination by the Company's Management Board;</p> <p>preparation of materials to be considered by the Committees of the Board of Directors, except for the materials to be prepared by the Internal Audit Department for the Audit Committee of the Board of Directors so that the Audit Committee can estimate the Company's internal control procedures and give recommendations on their improvement;</p> | such issues by the Management Board of the Company;" | |
| 7.2 | <p>14.4. The following matters of the Company's current activities shall fall within the competence of the Management Board:</p> <p>6) organizational and technical support of the activity of the Company bodies;</p> | Sub-item 6 of item 14.4. of Article 14 of the Charter shall be deleted | Not used in practice |
| 7.3 | <p>14.4. The following matters of the Company's current activities shall fall within the competence of the Management Board:</p> <p>7) developing technical, economic, financial and tariff policy of the Company and its branches;</p> | <p>Sub-item 7 of item 14.4 of Article 14 of the Charter shall be stated as follows:</p> <p>"7) developing technical, economic, financial and marketing policy of the Company and its branches."</p> | Making terms of reference of the Management Board more precise. |
| 7.4 | <p>14.4. The following matters of the Company's current activities shall fall within the competence of the Management Board:</p> <p>12) determining the quantitative structure of the branches' collegiate executive bodies, appointing their members, early termination of their powers, approving The Provisions on the collegiate executive body of a branch;</p> | Sub-item 12 of item 14.4. of Article 14 of the Charter shall be deleted | There is no need in taking a collegiate decision |
| 7.4.1. | 5.3. The Company's branches and representative offices shall operate in | Item 5.3 of Article 5 of the Charter shall be stated as follows: | See amendment 7.5. |

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| | <p>accordance with the Provisions thereon to be approved by the Board of Directors. The Board of Directors shall adopt resolutions on establishment of branches, representative offices and on their liquidation.</p> <p>Branches of the Company have multilevel structure including structural subdivisions situated outside registered location addresses of the branches indicated in item 5.2 hereof.</p> <p>Heads of branch establishments and representative offices shall be nominated and relieved of their posts by the Company's General Director by preliminary agreement with the Board of Directors. Heads of branches and representative offices shall act on behalf of the Company on the basis of the Power of Attorney. By resolution of the Management Board a collegiate executive body of the branch can be set up for organizing the execution of decisions of the Company's bodies and acting on the basis of the Provisions approved by the Management Board of the Company.</p> | <p>“5.3. Branches and representative offices of the Company shall operate in accordance with the Provisions thereon to be approved by the Board of Directors. The Board of Directors shall take decisions on establishing branches and opening representative offices, and on their liquidation.</p> <p>Branches of the Company have multilevel structure including structural subdivisions situated outside registered location addresses of the branches indicated in item 5.2 hereof.</p> <p>Heads of branches and representative offices shall be nominated to and relieved of their posts by the Company's General Director by preliminary agreement with the Board of Directors, and shall act on behalf of the Company on the basis of the Power of Attorney.</p> <p>A collegiate executive body of the branch can be set up in the Company for organizing the execution of decisions of the Company's bodies and acting on the basis of the Provisions approved by the Company.”</p> | |
| 7.5 | <p>14.4. The following matters of the Company's current activities shall fall within the competence of the Management Board:</p> <p>13) preliminary approval of the candidates to be appointed deputy directors, chief accountants of branches and representative offices as well as relieving the aforesaid persons of their positions at the Company's initiative;</p> | <p>Sub-item 13 of item 14.4. of Article 14 of the Charter shall be deleted</p> | <p>With a view to consider issues more quickly.</p> |
| 7.6 | <p>14.4. The following matters of the Company's current activities shall fall within the competence of the Management Board:</p> <p>14) approving terms of contracts (additional agreements), concluded with the members of the collegiate executive bodies of the branches, deputy directors, chief accountants</p> | <p>Sub-item 14 of item 14.4. of Article 14 of the Charter shall be deleted</p> | <p>There is no need in taking a collegiate decision.</p> <p>With a view to consider issues more quickly.</p> |

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| | of the branches and representative offices, as well as examining issues to be approved by the Management Board in accordance with the aforesaid contracts; | | |
| 7.7 | <p>14.4. The following matters of the Company's current activities shall fall within the competence of the Management Board:</p> <p>15) preliminary consideration of the branches' budgets and reports on their implementation;</p> | Sub-item 15 of item 14.4. of Article 14 of the Charter shall be deleted | According to the Regulations on planning, approval, execution and control of the budget of the Company to be approved by the Management Board, consideration of the budget of the Company does not require consideration of budgets of the branches. This issue is within the terms of reference of the Coordination Board and Operational Conference of the Company. |
| 7.8 | <p>14.4. The following matters of the Company's current activities shall fall within the competence of the Management Board:</p> <p>16) analysis of operation of structural divisions of the Company, detached units included, and development of mandatory guidelines for improvement of their operation;</p> | Sub-item 16 of item 14.4. of Article 14 of the Charter shall be deleted | With a view to consider issues more quickly. |
| 7.9 | <p>14.4. The following matters of the Company's current activities shall fall within the competence of the Management Board:</p> <p>18) determination (change) of the Company's organizational structure including determination of the main functions of structural subdivisions (except for structures and functions of the Company's representative offices and branches' structural subdivisions situated not at the branches' location addresses;</p> | <p>Sub-item 18 of item 14.4. of Article 14 of the Charter shall be deleted</p> <p>Sub-items 7, 8, 9, 10, 11 of item 14.4. of Article 14 of the Charter shall be considered sub-items 6, 7, 8, 9, 10, accordingly.</p> <p>Sub-items 17, 19, 20 of item 14.4. of Article 14 of the Charter shall be considered sub-items 11, 12, 13, accordingly.</p> | With a view to consider issues more quickly. |