

**APPROVED**

by the Annual General Meeting of the Shareholders  
of the Open Joint-Stock Company

North-West Telecom

Minutes No. 01-09 from 25.06.2009

Chairperson of the General Meeting of the Shareholders

\_\_\_\_\_ V.A. Akulich

**CHARTER (ARTICLES OF ASSOCIATION)**

of the Open Joint-Stock Company

North-West Telecom

(version 07-09)

## Article 1.

### General

1.1. The Open Joint Stock Company North-West Telecom (hereinafter referred to as “the Company”), previously named the Open Joint Stock Company Petersburg Telephone Network (the name was changed in accordance with the resolution of the General Meeting of the Shareholders dated 28.11.2001, Minutes No. 1), also known as the Open-Type Joint Stock Company Petersburg Telephone Network (the name was changed in accordance with the resolution of the General Meeting of the Shareholders dated 18.04.96, Minutes No. 1, to bring the name into line with the RF Civil Code and the Federal Law on Joint-Stock Companies) was established by the City Assets Management Committee of the Mayor’s Office of St. Petersburg – Territorial Agency of the State Committee of Public Properties of the Russian Federation in its Resolution of February 10<sup>th</sup>, 1993.

The Company has been founded as a result of re-organization of the state communication and information engineering enterprise “The Leningrad City Telephone Network” Awarded the Order of the Red Banner of Labour in compliance with the Decree of the President of the Russian Federation of 01.07.92 No. 721 “On Organizational Measures of Transforming State Enterprises and Voluntary Associations of State Enterprises into Stock Companies” and other legislative acts of the Russian Federation.

In accordance with the privatization plan approved by the Chairman of the City Assets Management Committee of the Mayor’s Office of Saint Petersburg of 10<sup>th</sup> February 1993 the Company is a legal successor of all the rights and obligations of the public communications and information company “Leningrad City Telephone Network Awarded the Order of Red Banner of Labour” in respect of all the obligations concerning all its creditors and debtors.

1.2. On the basis of resolution of the General Meeting of the Shareholders of the OJSC “Petersburg Telephone Network” dated 03 April 2000, the Company was reorganized by affiliating the St. Petersburg Long-Distance and International Telephone Open Joint Stock Company (OJSC “SPb LDIT”) and St. Petersburg Telegraph Open Joint Stock Company” (OJSC “SPT”).

In compliance with the:

- the statement of transfer approved by the General Meeting of the Shareholders of the OJSC “St. Petersburg Long-Distance and International Telephone” of 31<sup>st</sup> March 2000, Minutes No.1/2000,
- the statement of transfer approved by the General Meeting of the Shareholders of the OJSC “St.Petersburg Telegraph” of 30<sup>th</sup> March 2000, Minutes No.1-00,

The Company is the assignee of all rights and duties of OJSC St. Petersburg Long-Distance International Telephone and OJSC St. Petersburg Telegraph in respect of all liabilities relative to all their creditors and debtors.

1.3. On the basis of resolution of the General Meeting of the Shareholders of the OJSC “Petersburg Telephone Network” dated 28 November 2001 the Company was reorganized by affiliating the Open Joint Stock Company Arkhangelsk Oblast Artelecom (OJSC Artelecom), the Open Joint Stock Company Vologda Oblast Elektrosvyaz (OJSC Vologda Oblast Elektrosvyaz), the Open Joint Stock Company Kaliningrad Oblast Elektrosvyaz (OJSC Kaliningrad Oblast Elektrosvyaz), the Open Joint Stock Company Republic of Karelia Elektrosvyaz (OJSC Republic of Karelia Elektrosvyaz), the Open Joint Stock Company MurmanElektrosvyaz (OJSC MurmanElektrosvyaz), the Open Joint Stock Company Novgorodtelecom (OJSC Novgorodtelecom), the Open Joint Stock Company Pskov Oblast Elektrosvyaz (OJSC PskovElektrosvyaz), and the Open Joint Stock Company CherepovetsElektrosvyaz (OJSC CherepovetsElektrosvyaz).

In compliance with the:

- the statement of transfer dated 22<sup>nd</sup> November 2001, approved by the General Meeting of the Shareholders of OJSC Artelecom of 22<sup>nd</sup> November 2001, Minutes No.8,
- the statement of transfer dated 21<sup>st</sup> November 2001, approved by the General Meeting of the Shareholders of OJSC Vologda Oblast Elektrosvyaz of 21<sup>st</sup> November 2001, Minutes No.8,
- the statement of transfer dated 23<sup>rd</sup> November 2001, approved by the General Meeting of the Shareholders of OJSC Kaliningrad Oblast Elektrosvyaz of 23<sup>rd</sup> November 2001, Minutes No.1,
- statement of transfer dated 26<sup>th</sup> November 2001, approved by the General Meeting of the Shareholders of the OJSC Republic of Karelia Elektrosvyaz dated 26<sup>th</sup> November 2001, Minutes No.10,

- the statement of transfer dated 19<sup>th</sup> November 2001, approved by the General Meeting of the Shareholders of OJSC MurmanElektrosvyaz of 19<sup>th</sup> November 2001, Minutes No.8,
- the statement of transfer dated 21<sup>st</sup> November 2001, approved by the General Meeting of the Shareholders of OJSC Novgorodtelecom of 21<sup>st</sup> November 2001, Minutes No.8,
- the statement of transfer dated 22<sup>nd</sup> November 2001, approved by the General Meeting of the Shareholders of OJSC PskovElektrosvyaz of 22<sup>nd</sup> November 2001, Minutes No.2,
- the statement of transfer dated 20<sup>th</sup> November 2001, approved by the General Meeting of the Shareholders of OJSC CherepovetsElektrosvyaz of 20<sup>th</sup> November 2001, Minutes No.2,

the Company is the legal successor of all the rights and obligations of the OJSC Artelecom, OJSC Vologda Oblast Elektrosvyaz, OJSC Kaliningrad Oblast Elektrosvyaz, OJSC Republic of Karelia Elektrosvyaz, OJSC MurmanElektrosvyaz, OJSC Novgorodtelecom, OJSC PskovElektrosvyaz, OJSC CherepovetsElektrosvyaz under all the liabilities in respect of all their creditors and debtors.

1.4. On the basis of the decision of the extraordinary general meeting of shareholders of the Open Joint-Stock Company “North-West Telecom” of April 15, 2004, the Company was re-organized in the form of takeover with the Open Joint-Stock Company Lensvyaz (OJSC Lensvyaz), the Open Joint-Stock Company “Svyaz” of the Komi Republic (OJSC Svyaz of Komi).

In compliance with the:

- - the statement of transfer dated 10<sup>th</sup> March 2004, approved by the General Meeting of the Shareholders of OJSC Lensvyaz of 14<sup>th</sup> April 2004, Minutes No.01,
- - the statement of transfer dated 12<sup>th</sup> April 2004, approved by the General Meeting of the Shareholders of OJSC Svyaz of Komi of 12<sup>th</sup> April 2004, Minutes No.13,

The Company is the assignee of all rights and obligations of OJSC Lensvyaz and OJSC Svyaz of Komi in respect of all obligations regarding all their creditors and debtors.

Termination of the activity of the OJSC St. Petersburg Long-Distance and International Telephone was registered at the Registration Chamber of the Administration of Saint Petersburg by Resolution No.228239 of 28<sup>th</sup> December 2000 as a result of its reorganization in the form of affiliation with the OJSC Petersburg Telephone Network.

Termination of the activity of the OJSC St. Petersburg Telegraph was registered at the Registration Chamber of the Administration of Saint Petersburg by Resolution No.228240 of 28<sup>th</sup> December 2000 as a result of its reorganization in the form of affiliation with the OJSC Petersburg Telephone Network.

Termination of the activity of the OJSC Artelecom was registered at the Inspectorate of the Ministry of the Russian Federation on Taxes and Duties for the City of Arhkgangelsk on 31<sup>st</sup> October 2002 under the state registration No.2022900516747 as a result of its reorganization in the form of affiliation with the OJSC North-West Telecom.

Termination of the activity of the OJSC Vologda Oblast Elektrosvyaz was registered at the Inspectorate of the Ministry of the Russian Federation on Taxes and Duties for the City of Vologda on 31<sup>st</sup> October 2002 under the state registration No.2023500885384 as a result of its reorganization in the form of affiliation with the OJSC North-West Telecom.

Termination of the activity of the OJSC Kaliningrad Oblast Elektrosvyaz was registered at the Inspectorate of the Ministry of the Russian Federation on Taxes and Duties for Leningrad District of the City of Kaliningrad on 31<sup>st</sup> October 2002 under the state registration No.2023900996601 as a result of its reorganization in the form of affiliation with the OJSC North-West Telecom.

Termination of the activity of the OJSC Republic of Karelia Elektrosvyaz was registered at the Inspectorate of the Ministry of the Russian Federation on Taxes and Duties for the City of Petrozavodsk of the Republic of Karelia on 31<sup>st</sup> October 2002 under the state registration No. 2021000523652 as a result of its reorganization in the form of affiliation with the OJSC North-West Telecom.

Termination of the activity of the OJSC MurmanElektrosvyaz was registered at the Inspectorate of the Ministry of the Russian Federation on Taxes and Duties for the City of Murmansk of Murmansk Oblast on 31<sup>st</sup> October 2002 under the state registration No.2025100850784 as a result of its reorganization in the form of affiliation with the OJSC North-West Telecom.

Termination of the activity of the OJSC Novgorodtelecom was registered at the Inspectorate of the Ministry of the Russian Federation on Taxes and Duties for the City of Veliky Novgorod on 31<sup>st</sup>

October 2002 under the state registration No.2025300789050 as a result of its reorganization in the form of affiliation with the OJSC North-West Telecom.

Termination of the activity of the OJSC PskovElectrosvyaz was registered at the Inspectorate of the Ministry of the Russian Federation on Taxes and Duties for the City of Pskov of Pskov Oblast on 31<sup>st</sup> October 2002 under the state registration No.2026000965308 as a result of its reorganization in the form of affiliation with the OJSC North-West Telecom.

Termination of the activity of the OJSC CherepovetsElectrosvyaz was registered at the Inspectorate of the Ministry of the Russian Federation on Taxes and Duties for the City of Cherepovets of Vologda Oblast on 31<sup>st</sup> October 2002 under the state registration No.2023541236079 as a result of its reorganization in the form of affiliation with the OJSC North-West Telecom.

Termination of the activity of the OJSC Lensvyaz was registered at the Inter-district Inspectorate of the Ministry of the Russian Federation on Taxes and Duties No. 9 for Saint Petersburg on 01<sup>st</sup> October 2004 under the state registration No. 2047840000393 as a result of its reorganization in the form of affiliation with the OJSC North-West Telecom.

Termination of the activity of the OJSC Svyaz of Komi Republic was registered at the Inter-district Inspectorate of the Ministry of the Russian Federation on Taxes and Duties No. 9 for Saint Petersburg on 01<sup>st</sup> October 2004 under the state registration No. 2047840000382 as a result of its reorganization in the form of affiliation with the OJSC North-West Telecom.

## **Article 2.**

### **Name and Place of Business of the Company**

2.1. Full official name of the Company in Russian:

открытое акционерное общество «Северо-Западный Телеком».

2.2. Abbreviated official name of the Company in Russian:

ОАО «СЗТ».

2.3. Full official name of the Company in English:

OJSC North-West Telecom

2.4. Abbreviated official name of the Company in English:

OJSC N. W. Telecom.

2.5. Location of the Company: 14/26, ul. Gorokhovaya, St. Petersburg, 194191, Russia

2.6. Postal address of the Company: 14/26, ul. Gorokhovaya (26 ul. Bolshaya Morskaya), St. Petersburg, 191186. Telephone (812) 315 47 06; Fax (812) 710 62 77.

## **Article 3.**

### **Legal Status of the Company**

3.1. By its type, the Company is an open joint stock company. The Company was established for an unlimited period of activity.

The legal status of the Company, the procedures of its activity, restructuring and winding-up as well as the rights and duties of the Company's shareholders shall be determined by the Civil Code of the Russian Federation, the Federal Law on Joint-Stock Companies, other Federal laws and other legal acts of the Russian Federation approved by the relevant public bodies within their authority as well as by the present Articles of Association.

In case of subsequent changes in provisions of the current legislation of the Russian Federation the present Articles of Association shall be applied in the part that does not contradict the binding laws.

On issues that are not reflected in the present Articles of Association, the Company shall be guided by the current legislation of the Russian Federation as well as other legal acts adopted within the authority of the relevant state bodies.

3.2. The Company is a legal entity and owns a separate property recorded on its independent inventory. The Company may acquire and exercise vested interests and personal intangible rights, perform duties, and be a plaintiff or a defendant in court on its own behalf.

The Company shall have a round seal bearing its full corporate name in Russian and an indication to its place of business as well as other seals bearing officially approved lettering, stamps, and corporate letterhead forms with the Company's name, its own logo, trademark registered according to the official procedure and other instruments of visual identification.

The Company's branches and other structural divisions may have a round seal bearing the full names of the Company and the respective branch/structural division in Russian, and an indication to

the place of registration of the Company, as well as other seals bearing lettering approved according to the appropriate procedure, and necessary stamps and forms designed in a uniform corporate style. Information on round seals so provided shall be contained in the Provisions on appropriate branches and divisions.

The Company may, according to the legally established procedure, open bank accounts in and outside the Russian Federation.

3.3. The Company shall be held liable for its commitments to the extent of the value of property owned by it, which may be seized for recovery purposes under the laws of the Russian Federation. The shareholders shall not be held liable for the Company's commitments, and shall take the risk of losses related to its activities to the extent of the value of shares owned by them. Any shareholders who have not paid up their shares in full shall be jointly liable for the Company's commitments to the extent of the outstanding part of the value of shares owned by them.

3.4. The Company shall not be held liable for liabilities of the state and its bodies, or of its own shareholders. Equally, the state and its bodies and shareholders shall not be held liable for liabilities of the Company.

3.5. With a view to implementing the state, social, economic and tax policy the Company shall bear responsibility for the integrity of documents (managerial, financial and economic, on personnel etc.), ensure the transfer for state custody of the documents having scientific and historical value, keep and use the documents on personnel, as well as personal information on the Company's employees, in accordance with the established procedure.

3.6. The Company shall ensure preservation of the information constituting a state secret in case of a change in the Company's functions, its form of ownership, reorganization, winding-up or termination of operations using such information.

Access of the shareholders, members of the Company's managing bodies to the information constituting a state secret shall be effected in accordance with the current legislation.

3.7. The Company's controlling bodies are the general meeting of the shareholders, the Board of Directors of the Company, the Management Board of the Company, and the General Manager of the Company.

Members of the Board of Directors, members of the Management Board, and the General Manager shall be liable to the Company and its shareholders as provided by the federal laws.

The Company shall provide liability insurance of members of the Board of Directors, members of the Management Board, and the General Manager of the Company, and any persons that have held or may hold the said positions in the Company's controlling bodies.

#### **Article 4.**

##### **Purpose and activities of the Company**

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

4.2. The basic areas of the Company's business are:

4.2.1. local and intra-zone telephone communication services;

4.2.2. settlements with users for long-distance and international communication services on the basis of contracts on behalf and for the account of communication operator providing long-distance and international communication services;

4.2.3. **mobile radio telephone communication services;**

*(old version: provision of connections via the Licensee's mobile radio communication network in the range of 450 MHz for the reception (transmission) of voice and non-voice information with continuous communication in the service provision irrespective of subscriber's location, among other things, when he/she/it is in motion)*

4.2.4. Services of mobile radio communication in public communication networks;

4.2.5. **rendering communication services related to providing communication channels;**

*(old version: rendering communication services related to providing communication channels, ensuring that a subscriber and/or a user is provided with the technical opportunity of transferring data via channels and routes in analog and digital transmission systems of cable, aerial, radio relay and satellite communication lines)*

4.2.6. **telematic communication services;**

*(old version: telematic services (including e-mail, information resource access, facsimile message, information/inquiry, message handling, voice message, speech information transmission, audio conference, video conference, and Internet services))*

**4.2.7. communication services related to data transmission;**

*(old version: data transmission services)*

**4.2.8.** telegraph communication services (including the “Telegram” service and the AT/Telex network services);

**4.2.9. communication services for cable broadcasting;**

*(old version: services of TV and sound programmes delivery via a cable TV network)*

**4.2.10. services for wired broadcasting;**

*(old version: broadcasting of sound programmes over the wired radio network)*

**4.2.11. communication services for on-air broadcasting;**

*(old version: TV broadcasting services using transmitting facilities; broadcasting services using transmitting facilities)*

**4.2.12. local telephone communication services using payphones;**

**4.2.13. local telephone communication services using multi-access capabilities**

*(old version: none)*

**4.2.14.** carrying out work related to the use of data considered a state secret;

**4.2.15.** measures and/or services in the field of state secrets protection;

**4.2.16.** measures and/or services in the field of state secrets protection related to cryptographic device functioning;

**4.2.17.** measures and/or services in the field of state secrets protection related to engineering protection of information;

**4.2.18.** provision of cryptooperation services in respect of information not constituting a state secret;

**4.2.19.** maintenance of coding facilities intended for cryptographic protection of information not constituting a state secret;

**4.2.20.** distribution of coding facilities intended for cryptographic protection of information not constituting a state secret;

**4.2.21.** measures in the field of commercial secrets protection.

**4.2.22.** design of buildings and structures with special sections developed such as: construction organization, cost-estimate documentation and investment efficiency;

**4.2.23.** expert assessment of front-end and design documents;

**4.2.24.** building and operation of trunk, zonal, and local telecommunication networks, and development, implementation, and operation of the telecommunication network to provide data transmission of different types (speech data transmission, facsimile, telegraph, and other transmission);

**4.2.25.** general construction and construction & assembly work for construction of buildings and structures of Criticality Class II;

**4.2.26.** installation of internal utility piping and equipment, and process equipment assembly, adjustment, and start-up;

**4.2.27.** functions of general contractor and principal/developer; process and construction engineering;

**4.2.28.** construction, major repair, rebuilding, expansion, and updating of communication facilities;

**4.2.29.** construction, major repair, rebuilding, expansion, and updating of civil buildings;

**4.2.30.** geodetic survey and mapping;

**4.2.31.** maintenance, repair, and sale of metering and cash register machines;

**4.2.32.** maintenance, repair, and sale of communication facilities;

**4.2.33.** installation, repair, and maintenance of security alarms;

**4.2.34.** recovery of networks and communication facilities after failures and damage;

**4.2.35.** priority provision of communication services and facilities for the purposes of defense, governmental control, security, and law enforcement;

**4.2.36.** actions to provide communication services in emergency situations;

**4.2.37.** implementation, in the established procedure, of mobilization plans for communication networks and emergency prevention and control actions;

- 4.2.38. leasing out property;
  - 4.2.39. gas facilities operation;
  - 4.2.40. organization of warranty and post-warranty servicing, maintenance and after-sale servicing, as well as repair of various technical facilities, including the most sophisticated ones;
  - 4.2.41. testing, in particular for certification purposes. Metrology services;
  - 4.2.42. design, development, and implementation of advanced technologies;
  - 4.2.43. production and sales of components and spare parts for various systems, mechanisms and devices;
  - 4.2.44. design, construction, renovation, restoration and operation of production and non-production buildings and facilities, including housing;
  - 4.2.45. production of construction materials, parts and equipment, including structures of metal, concrete, wood and other materials;
  - 4.2.46. procurement, processing and sale of wood, production of joinery and furniture;
  - 4.2.47. design and development of software and dataware for automated systems of various applications;
  - 4.2.48. production, processing, and sale of animal and vegetal products;
  - 4.2.49. production and sale of consumer goods;
  - 4.2.50. purchasing and intermediary trade business;
  - 4.2.51. participation in establishment of stock, commodity, and other exchanges, and trading houses;
  - 4.2.52. professional training and education of employees in and outside the RF;
  - 4.2.53. creating a network of company shops in RF and abroad.
  - 4.2.54. providing services in the field of:
    - management of leisure, hotel, and medical services;
    - cargo and passenger carriages by motor road, railway, by water and by other modes of transport;
    - consulting, marketing and engineering;
    - information business in compliance with active laws;
    - production of advertising facilities; advertising services;
  - 4.2.55. sale and acquisition of patents, inventions and know-how's according to the procedure established by the law;
  - 4.2.56. organization of and participation in fairs, auctions and trade exhibitions according to the procedure established by the law;
  - 4.2.57. organization of cultural exchanges without currency payments.
- 4.3. Having the general legal capacity, the Company shall have civil rights and perform civil duties necessary to implement any kind of activity that is not prohibited by the federal laws.
- The Company may only pursue certain kinds of business (as listed by federal laws) on the basis of a special permit (license).

## **Article 5.**

### **Branches and Representative Offices of the Company**

5.1. The Company may establish its branches and open its representative offices both in and outside of the Russian Federation according to the officially established procedure. Such branches and offices shall not be considered as legal entities.

5.2. The Company has the following branches:

5.2.1. The Open Joint-Stock Company North-West Telecom, Arkhangelsk branch, located at the address:

45, Troitsky prospekt, Arkhangelsk, Arkhangelsk oblast, 163000, Russia;

5.2.2. The Open Joint-Stock Company North-West Telecom, Vologda branch, located at the address:

4, Sovetsky prospekt, Vologda, Vologda Oblast, Russia, 160000;

5.2.3. The Open Joint-Stock Company North-West Telecom, Kaliningrad branch, located at the address:

24, ul. Bolnichnaya, Kaliningrad, Kaliningrad oblast, Russia, 236006;

5.2.4. The Open Joint-Stock Company North-West Telecom, Karelia branch, located at the address:

4, ul. M. Gorkogo, Petrozavodsk, the Republic of Karelia, Russia, 185035;

5.2.5. The Open Joint-Stock Company North-West Telecom, Komi branch, located at the address:

60, ul Lenina, Syktyvkar, Komi Republic, Russia, 167981;

5.2.6. The Open Joint-Stock Company North-West Telecom, Leningrad Oblast branch, located at the address:

15, ul. Pochtamtskaya, St. Petersburg, 190000, Russia;

5.2.7. The Open Joint-Stock Company North-West Telecom, Murmansk branch, located at the address:

82-a, Lenina pr., Murmansk, Murmansk Oblast, 183038, Russia;

5.2.8. The Open Joint-Stock Company North-West Telecom, Novgorod branch, located at the address:

2, ul. Lyudogoshcha, Veliky Novgorod, Novgorod oblast, Russia, 173001;

5.2.9. The Open Joint-Stock Company North-West Telecom, Petersburg branch, located at the address:

24, ul. Bolshaya Morskaya, St. Petersburg, 191186, Russia;

5.2.10. The Open Joint-Stock Company North-West Telecom, Pskov branch, located at the address:

17, ul. Lenina, Pskov, Pskov Oblast, Russia, 180000

5.3. The subsidiaries and representative offices of the Company shall act in compliance 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 winding-up.

**Heads of branches and representative offices shall act on behalf of the Company on the basis of a power of attorney.**

By resolution of the Managing Board a collective executive body of a branch can be set up organizing the execution of decisions of the Company's bodies and acting on the basis of the Provisions approved by the Managing Board of the Company.

*(old version:*

*5.3. The subsidiaries and representative offices of the Company shall act in compliance 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 winding-up.*

*Heads of branches and representative offices shall be nominated and dismissed by the General Manager by preliminary agreement with the Board of Directors of the Company and shall act on behalf of the Company on the basis of a power of attorney.*

*By resolution of the Managing Board a collective executive body of a branch can be set up organizing the execution of decisions of the Company's bodies and acting on the basis of the Provisions approved by the Managing Board of the Company.)*

## **Article 6.**

### **Authorized Capital of the Company. Floated and Stated Shares**

6.1. The Authorized Capital of the Company is 1,131,414,770 (one billion one hundred thirty one million four hundred fourteen thousand seven hundred seventy) roubles.

6.2. The Authorized Capital of the Company shall consist of the nominal value of the shares issued in a non-documentary form and purchased by the Company's shareholders, including:

6.2.1. Common registered shares - 881,045,433 (eight hundred eighty one million forty five thousand four hundred thirty three). The face value of each common share is 1 (one) rouble.

6.2.2. Preferred registered shares, type A 250,369,337 (two hundred fifty million three hundred sixty nine thousand three hundred thirty seven). The face value of each preferred type A share is 1 (one) rouble.

6.3. The Company shall be entitled to float 6,098 (six thousand ninety eight) common registered nondocumentary shares (stated shares) in addition to the floated common shares. The face value of each stated common share shall be 1 (one) rouble.

The Company is entitled to float, in addition to the floated preferred shares, type A, 32,486 (thirty two thousand four hundred eighty six) preferred registered non-documentary shares, type A (stated shares). The face value of each stated preferred share, type A, shall be 1 (one) rouble.



6.4. Stated shares provided for under clause 6.3 of the present Articles of Association, in case of their floatation, shall grant all the rights specified by clauses 7, 8 of the Articles of Association for the Company's shares of the relevant category (type).

6.5. The Authorized Capital of the Company may be increased following the procedure provided for by the current legislation of the Russian Federation and the present Articles of Association as follows:

6.5.1. by increasing the share denomination of the Company;

6.5.2. by floating additional shares within the number of the stated shares specified under clause 6.3 of the present Articles of Association.

6.6. Increase of the Authorized Capital of the Company by increasing the nominal value of the shares shall be effected based on a resolution of the General Meeting of the Shareholders of the Company taken by the majority of votes of holders of the Company's voting shares attending the Meeting.

6.7. Increase of the Authorized Capital of the Company by floating additional shares by closed subscription is effected on the basis of a resolution of the General Meeting of the Shareholders of the Company taken by the majority of three quarters of holders of the Company's voting shares attending the Meeting.

6.8. The Authorized Capital of the Company may be increased by floating extra common shares through public subscription in case the number of extra shares floated through public subscription is more than 25 per cent of the common shares earlier floated by the Company, provided there has been a respective decision of the general meeting of the shareholders of the Company, taken by the majority of three quarters of the votes of the shareholders holding voting shares of the Company and taking part in the meeting.

6.9. Increase of the Authorized Capital of the Company by floating additional shares by open subscription, except for the cases specified under clause 6.8 of the present Articles of Association, is effected on the basis of a resolution of the Board of Directors of the Company taken unanimously by all the members of the Board of Directors without taking into account the votes of retired members of the Board of Directors.

6.10. Payment for additional shares floated by subscription can be effected by cash, securities, other objects or property or other rights having a monetary evaluation. Form of payment for additional shares shall be determined by the resolution on their floatation.

6.11. The Authorized Capital of the Company may be reduced by reducing the share denomination or reducing their total quantity, among other things, through buying a part of the shares in the cases provided for by the Federal Law on Joint-Stock Companies.

6.12. A resolution to reduce the Company's authorized capital by purchasing a part of the shares in order to reduce their total number, or by cancellation of any shares acquired or repurchased by the Company and not sold by the Company within one year from the date of their acquisition or repurchase, shall be passed by the general meeting of the shareholders by a majority of votes of the Company's voting shareholders attending the meeting.

A resolution to reduce the Company's authorized capital by reducing the face value of the Company's shares shall be passed by the general meeting of the shareholders by a majority of three quarters of votes of the Company's voting shareholders attending the meeting.

A resolution to reduce the Company's authorized capital if, by the results of an audit, the Company's net assets value is less than its authorized capital, shall be passed by the general meeting of the shareholders by a majority of votes of the Company's voting shareholders attending the meeting, except that in cases when such a reduction proposed by the Board of Directors to a size that is less than its net assets value, such resolution shall be passed by a majority of three quarters of votes of the Company's voting shareholders attending the meeting.

6.13. The Company has no right to reduce its Authorized Capital if as a result of such reduction its amount will be less than the 1,000-fold amount of the minimum salary determined by the federal law as of the date of submitting the documents for state registration of the relevant changes to the Company's Articles of Association, and when the Company, in accordance with requirements of the current legislation of the Russian Federation, has to reduce its Authorized Capital – as of the date of the Company's state registration.

6.14. If, upon expiry of the second and each subsequent fiscal year, in accordance with the annual balance sheet proposed for approval by the Company's shareholders, or with audit results, the cost of the Company's net assets appears to be less than its Authorized Capital, the Company shall reduce its Authorized Capital to a value not exceeding the cost of its net assets.

#### **Article 7.**

##### **Rights and Duties of Holders of Common Shares of the Company**

7.1. Each common share of the Company grants equal volumes of rights to the shareholders holding them.

7.2. Each shareholder – holder of common stock of the Company has the right to:

7.2.1. participate in the General Meeting of the Shareholders of the Company according to the procedure provided for by the effective legislation of the Russian Federation;

7.2.2. receive dividends according to the procedure provided for by the effective laws of the Russian Federation and the present Articles of Association, when the same are declared by the Company;

7.2.3. receive a part of the Company's property remaining after the winding-up thereof, in proportion to the number of shares held;

7.2.4. have access to documents provided for by clause 1 of Article 89 of the Federal Law on Joint-Stock Companies according to the procedure provided for by Article 91 of the said Law, and to obtain their copies for a compensation;

7.2.5. demand that the Company Registrar confirm shareholder's rights to shares by issuing to the shareholder an extract from the Company's Shareholders Register;

7.2.6. - to obtain from the Company's registrar information on all the records on its personal account and other information provided for by the statutory acts of the Russian Federation setting the procedure of keeping a register of shareholders;

7.2.7. alienating shares held by him without consent of other shareholders of the Company thereto;

7.2.8. in the cases provided for by the effective laws of the Russian Federation, defend his/her/its violated civil rights in court, and in particular, claim damages from the Company;

7.2.9. demand that the Company buy in all or part of the shares owned by such Shareholder, in the cases and according to the procedure provided for by the effective laws of the Russian Federation;

7.2.10. sell shares to the Company when the Company decides to buy such shares;

7.2.11. demand from the Company an extract from the list of persons authorized to participate in the General Meeting of the Shareholders containing data on the Shareholder;

7.2.12. Shareholders of the Company shall have pre-emptive right to purchase additional shares and issued convertible bonds that are floated by public subscription, in numbers proportionate to the number of shares of actually owned by them.

7.3. A shareholder holding more than 1 per cent of the Company's voting shares is entitled to demand that the Company's Registrar provide information on the names of shareholders listed in the register of shareholders, and on the number, category, and denomination of the shares owned by them (such information shall be provided omitting the shareholders' names).

7.4. Shareholder(s) holding in the aggregate at least 1 per cent of the Company's floated common shares are entitled to bring a lawsuit against a member of the Company's Board of Directors, against the one-person executive body of the Company, a member of the collegiate executive body of the Company or against its managing organization or its manager, claiming damages incurred by the Company as a result of culpable acts (omission) of the above persons, unless other grounds or extent of responsibility are provided for by the federal laws.

7.5. Shareholders holding at least 1 percent of votes at the General Meeting of Shareholders may demand that the Company provide the list of those authorized to participate in the Meeting. In this case, the data of the documents and the mail addresses of the individual shareholders on the list may only be provided by their consent.

7.6. The shareholder(s) holding in the aggregate at least 2 per cent of the Company's voting shares are entitled to include issues in the agenda of the Annual General Meeting of the Shareholders and to propose candidates to the management and control bodies of the Company, elected at the General Meeting of the Shareholders. In the preparation of an extraordinary general meeting of

shareholders with election of the Company's Board of Directors on its agenda, the said shareholder(s) may put forward nominations for the Company's Board of Directors.

7.7. The shareholder(s) holding in the aggregate at least 10 percent of the Company's voting shares are entitled to demand that the Company's Board of Directors should convoke an extraordinary general meeting of shareholders. If, within the time period provided for by the effective laws of the Russian Federation and by these Articles of Association, the Company's Board of Directors does not take a decision on convening an extraordinary General Meeting of the Shareholders or takes on a decision not to convene it, such extraordinary meeting may be convened by the said Shareholder(s).

7.8. Shareholder(s) holding in the aggregate at least 10 per cent of the Company's voting shares are entitled to demand an inspection of the Company's financial and economic operation at any time.

7.9. Shareholder(s) holding in the aggregate at least 25 per cent of the Company's voting shares are entitled to access to, and to receiving copies of accounting documents and session minutes of the collegiate executive body of the Company.

7.10. Holders of common shares of the Company shall have other rights provided for by the effective laws of the Russian Federation and by these Articles of Association.

7.11. Each holder of common shares of the Company shall:

- inform the keeper of the Company's Shareholders Register of any changes in his/her/its data;
- not disclose confidential information on Company's activities.

7.12. Holders of common shares of the Company shall have other obligations provided for by the effective laws of the Russian Federation and by these Articles of Association.

### **Article 8.**

#### **Rights and Duties of Holders of Type A Preferred Shares**

8.1. Each Type A preferred share of the Company shall grant its holder equal rights.

8.2. Holders of Type A preferred shares shall be entitled to an annual fixed dividend, unless otherwise provided for by these Articles of Association. The total amount paid as dividend on each preferred type A share is established as 10 per cent of the Company's net profit based on the results of the last fiscal year, divided by the number of shares that make 25 per cent of the Company's Authorized Capital. If the total amount of the dividend paid by the Company on each common share in a certain year exceeds the amount to be paid as dividend on each type A preferred share, then the amount of the dividend paid on preferred shares must be increased to the amount of the dividend paid on common shares.

8.3. The owners of type A preferred shares are entitled to participate in the general meeting of the shareholders with the right of vote on all issues of re-organization and liquidation of the Company and also on the issues of introducing additions and amendments to the Company's Articles of Association in the case such amendments restrict the rights of the said shareholders.

8.4. The owners of type A preferred shares are entitled to participate in the general meeting of the shareholders with the right of vote on all issues of the agenda of the meeting in the case when the meeting of shareholders, irrespective of the reasons, did not take a decision on dividend payment or took a decision on incomplete payment of the dividend under A type preferred shares. The owners of type A preferred shares will acquire this right starting from the Meeting next to the Annual General Meeting of Shareholders that did not pass a resolution on payment of the dividend, and shall lose this right from the moment of the first payment of dividend on such shares in full.

8.5. Holders of Type A preferred shares shall have the rights provided for under clauses 7.2.3, 7.2.4, 7.2.5, 7.2.6, 7.2.7, 7.2.8, 7.2.10, 7.2.11 and 7.2.12 of these Articles of Association for holders of the Company's common shares. These rights are granted to shareholders – the owners of type A preferred shares in the case when such shares are not voting.

8.6. Holders of Type A preferred shares shall have the rights provided for under clauses 7.3, 7.6, 7.7, 7.8, and 7.9 of these Articles of Association in cases when Type A preferred shares have the right to vote in respect of any item within the terms of reference of the General Meeting of the Shareholders.

8.7. The owners of type A preferred shares are entitled to demand redemption of all or a part of their shares by the Company in the cases and according to the procedure provided for by the active law of the Russian Federation.

8.8. The owners of type A preferred shares holding at least 1 percent of votes at the General Meeting of Shareholders may demand that the Company provide the list of those authorized to

participate in the Meeting. In this case, the data of the documents and the mail addresses of the shareholders on the list may only be provided by their consent.

8.9. Holders of Type A preferred shares shall have other rights provided for by the effective laws of the Russian Federation, other statutory acts of the Russian Federation, and by these Articles of Association.

8.10. Each holder of Type A preferred shares of the Company shall:

- inform the keeper of the Company's Shareholders Register of any changes in his/her/its data;
  - not disclose confidential information on Company's activities.

8.11. Holders of preferred shares of the Company shall have other obligations provided for by the effective laws of the Russian Federation and by these Articles of Association.

### **Article 9.**

#### **Funds of the Company**

9.1. The Company shall form a Reserve Fund to the amount of 5 percent of the Authorized Capital of the Company.

The Reserve Fund of the Company shall be formed by mandatory annual deductions of at least five percent of the Company's net profit until the Fund reaches the amount determined under the present clause.

The Reserve Fund is intended for covering the Company's losses, and for redemption of the bonds of the Company and buying in its shares, where no other resources are available.

The reserve shall not be used for other purposes.

9.2. The Company may, by a resolution passed by the General Meeting of the Shareholders in relation to the matter provided for by sub-clause 13, clause 12.2 of these Articles of Association, establish other funds, and in particular, an Equity Participation Fund for the Company's personnel.

The resources of the Equity Participation Fund shall be expended solely for buying in the Company's shares sold by the Company's Shareholders, for subsequent floatation of such shares with the said personnel.

When shares purchased at the expense of the Equity Participation Fund for the Company's personnel are sold to the Company's employees, the proceeds from such sale shall be allotted for setting-up the said Fund.

The procedure of forming and spending of the Fund's assets, and the purpose of the Fund shall be defined by the Provision on the Equity Participation Fund to be approved by the Company's Board of Directors.

### **Article 10.**

#### **Dividends of the Company**

10.1. The Company may, decide on (declare) the payment of dividend under the floated shares based on the results of the first quarter, half, the nine months of the fiscal year and (or) the results of the fiscal year. The decision on payment (statement) of dividend on the basis of the results of the 1<sup>st</sup> quarter, the half and the nine months of the fiscal year may be taken within three months upon expiry of the respective period.

Dividend shall be paid out of the Company's profit after taxes (Company's net profit). Company's net profit shall be determined based on the data of the Company's accounts and reports. Dividends on certain types of preferred shares may also be paid out of the Company's special funds previously built for such purposes.

In case of restructuring of the Company in the form of a takeover of other companies, the net profit of the Company shall be assessed by adding its net profit (loss) and the net profits (losses) of the merged companies calculated in compliance with regulations on accounting in the Profit and Loss Statement of such merged companies as of the latest report date (date of restructuring).

The decision on dividend payment, amount of the dividend, the form of its payment under shares of each category (type) shall be taken by General Meeting of the Shareholders. The amount of dividend shall not exceed the value recommended by the Company's Board of Directors.

The list of persons entitled to getting a dividend shall be made up as of the date of making up the list of persons entitled to participation in the general meeting of the shareholders at which the decision on payment of the appropriate dividend is taken. For the purpose of making up the list of parties entitled to getting a dividend, the nominal share holder shall provide data on the parties, in the interest of which he/she/it holds shares.

10.2. Annual dividends on shares of all categories (types) shall be paid out in cash between August 15 and December 15 of the fiscal year, in which the resolution on the dividend payment was passed.

10.3. Dividends on shares of all categories (types) by the results of the first quarter, first half, or nine months of the fiscal year shall be paid out within 60 days from the date of the resolution on dividend payment.

10.4. When taking the decision on payment of the dividends, the Company shall be governed by restrictions set by the federal laws.

### **Article 11.**

#### **Register of the Company's Shareholders. Registrar of the Company**

11.1. The Company shall ensure keeping and maintaining the Company's Shareholders Register in compliance with requirements of current legislation of the Russian Federation and other statutory acts of the Russian Federation.

11.2. The keeper of the Company's Shareholders Register shall be a specialist registrar exclusively busy with keeping the Shareholders Register and holding a license of an officially established type for such activity

Approval of the Company Registrar and of the terms of the contract therewith, and termination of the contract with the Registrar shall be based on a resolution of the Company's Board of Directors.

11.3. The Company shall not be relieved of the responsibility for maintaining and keeping of the Shareholders Register. Where any improper actions of the Registrar violate the civil rights of a shareholder or a nominee shareholder, such shareholder or nominee shareholder may, according to the procedure provided for by the effective laws of the Russian Federation, apply to a court with a claim that the Company should recover violated civil rights, including damages

11.4. The Company Registrar shall perform the functions of the Returning Board of the Company. As such, the Company Registrar shall verify authorization of, and register the persons attending the General Meeting of the Shareholders, qualify the quorum of the General Meeting of the Shareholders, explain controversial points raised in relation to the exercise by the Shareholders (or their representatives) of their voting rights at the General Meeting, clarify the procedure of voting on items put to the vote, maintain the prescribed procedure of voting and Shareholders' rights to participate in the voting, count the votes and sum up the voting, draft minutes on the voting results, and file the voting tickets in the archive.

When performing the functions of the Returning Board, the Registrar shall be guided by the effective legislation, the Company's Articles of Association (Charter) or other internal documents.

### **Article 12.**

#### **General Meeting of the Shareholders**

12.1. The general meeting of the shareholders shall be the supreme management body of the Company.

12.2. The terms of reference of the general meeting of the shareholders include the following issues that cannot be handed over for consideration to the Board of Directors, General Manager or Management Board of the Company:

1) introducing amendments and additions to the Articles of Association or approving the Articles of Association of the Company in a new version (except for the cases provided for by the Federal Law On Joint-Stock Companies), when decisions are taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting);

2) re-organization of the Company, when the decision is taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

3) liquidation of the Company, appointing the liquidation committee and approval of the intermediate and final balance sheets, when decisions are taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

4) electing members of the Board of Directors by cumulative voting;

5) early termination of the powers of Members of the Board of Directors, the decision being taken by the majority of votes of the shareholders holding the voting shares and taking part in the meeting;

6) determining the number, face value and category (type) of stated shares of the Company and the rights granted by such shares, the decisions being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

7) increasing the Company's authorized capital by increasing the face value of shares, the decision being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

8) increasing the authorized capital of the Company by floating extra common stock through public subscription in case the number of extra floated shares is more than 25 per cent of the common stock earlier floated by the Company, the decision being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

9) increasing the Company's authorized capital by floating extra shares through closed subscription, the decision being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

10) reducing the Company's authorized capital by purchasing a part of the shares in order to reduce their total number, or by cancellation of any shares acquired or repurchased by the Company and not sold by the Company within one year from the date of their acquisition or repurchase, the decision being taken by a majority of votes of the shareholders holding the Company's voting shares and taking part in the meeting.

10.1) reduction of the Company's authorized capital by reducing the face value of the Company's shares, where a resolution shall be passed by a majority of three quarters of votes of the Company's voting shareholders attending the meeting;

10.2) reduction of the Company's authorized capital if, by the results of an audit, the Company's net assets value is less than its authorized capital, shall be passed by the general meeting of the shareholders by a majority of votes of the Company's voting shareholders attending the meeting, except that in cases when such a reduction proposed by the Board of Directors to a size that is less than its net assets value, such resolution shall be passed by a majority of three quarters of votes of the Company's voting shareholders attending the meeting.

11) electing the members of the Auditing Committee of the Company and early termination of their powers, the decisions being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

12) approving the auditor of the Company, the decision being taken by the majority of votes of the shareholders holding the voting shares and taking part in the meeting;

13) approving annual reports, annual accounts of the Company, including profit and loss reports (profit and loss accounts) of the Company, as well as distribution of profit, (including payment (statement) of dividend except for the profit distributed as dividend on the basis of the results of the first quarter, half and the nine months of the fiscal year), and losses of the Company on the basis of the results of the fiscal year, the decisions being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

13.1) payment (statement) of dividend on the basis of the results of the 1<sup>st</sup> quarter, the half and the nine months of the fiscal year, the decisions being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

14) determining the procedure of holding the General Meeting of the Shareholders of the Company, the decision being taken by the majority of votes of the shareholders holding the voting shares of the Company and taking part in the meeting;

15) splitting and consolidating shares, the decisions being taken by the majority of votes of the shareholders holding the voting shares of the Company and taking part in the meeting;

16) taking a decision on approval of party-related transactions, the decision being taken in the cases and according to the procedure provided for by chapter XI of the Federal Law "On Joint-Stock Companies";

17) taking a decision on approval of big transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of any property, the value of which is more than 50% of the book value of the Company's assets as determined on the basis of its accounts as of the last reporting date, except for transactions performed in the course of normal economic operation of the Company, transactions related to floatation of common stock of the Company through subscription (realization), as well as transactions related to floatation of issued securities convertible

into the Company's common stock, the decision being taken by the majority of three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

18) taking a decision on participation in financial and industrial groups, associations and other unions of commercial organizations, the decision being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

19) approving by-laws regulating the operation of the Company's bodies, the decision being taken by the majority of votes of the shareholders holding the voting shares of the Company and taking part in the meeting;

20) floatation by the Company of bonds convertible into shares, and other issued securities convertible into shares, if the said bonds (or other issued securities) are floated through closed subscription or through public subscription, when in case of public subscription convertible bonds (or other issued securities) may be converted into common shares of the Company, which make more than 25 per cent of the earlier floated common shares, the decision being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

21) taking a decision on making up for the Company's account expenses for preparation and holding of an a extraordinary General Meeting of the Company's Shareholders in the case when, contrary to the requirements of the active law of the Russian Federation, the Board of Directors has not taken a decision on convoking an extraordinary meeting and the meeting is convoked by other parties. The decision is taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

22) taking a decision on transferring the powers of the one-person executive body of the Company to a managing organization or to a manager, the decision being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;

23) deciding other issues provided for by the Federal Law On Joint-Stock Companies and by the Articles of Association.

12.3. The general meeting of the shareholders may pass resolutions on matters provided by subclauses 2, 7, 8, 9, 10.1, 15-19, and 22 of Clause 12.2 of this Articles of Association exclusively by proposal of the Board of Directors. In these cases, other persons who are empowered, under the applicable laws of the Russian Federation, to put forward proposals for the agenda of an annual or extraordinary general meeting of the shareholders are not entitled to demand that the Board of Directors include the said issues in the agenda of the meeting.

The general meeting of the shareholders is not entitled to consider or pass resolutions on matters that are not within its frame of reference according to the Federal Law On Joint-Stock Companies.

The general meeting may not pass resolutions on matters that are not on the agenda, or revise the agenda.

12.4. When the General Meeting of the Shareholders resolves matters of revisions of, and amendments to this Articles of Association that restrict the rights of holders of a particular type of the Company's preferred shares, a resolution on such revisions or amendments shall be deemed passed if at least three quarters of votes of holders of the Company's common shares attending the Meeting, and three quarters of holders of holders of the said particular type of shares are for such resolution.

12.5. The Company shall hold an annual General Meeting of the Shareholders once a year.

An annual general meeting of the shareholders shall be held not earlier than four months and not later than six months upon expiry of the fiscal year.

The annual General Meeting of the Shareholders shall resolve the following matters:

- election of the Board of Directors of the Company,
- election of the Auditing Committee of the Company,
- approval of the Company Auditor,
- approval of annual reports, annual accounting including profit and loss statements (income statements) of the Company, approval of distribution of profits, and, in particular, payment (declaration) of dividends (except for any profit distributed as dividends by the results of the first quarter, half, or nine months of the fiscal year), and losses of the Company according to the fiscal year results, and

other matters within the frame of reference of the General Meeting of the Shareholders.

12.6. The shareholder(s) holding in the aggregate at least 2 per cent of the Company's voting shares are entitled to put forward motions to the agenda of the annual general meeting of the

shareholders and to propose candidates to the Board of Directors of the Company and to the Auditing Committee of the Company, the number of which may not exceed the number of members of the respective body as established by the Articles of Association. Such proposals must be received by the Company not later than 60 days after the expiry of the fiscal year.

Proposals on nominees for the Board of Directors of the Company and Auditing Committee of the Company shall contain the information provided for by Article 53 of the Federal Law on Joint-Stock Companies and the following data on nominees:

data on a nominee's date of birth, citizenship, education, and his position as of the moment of proposing,

data on availability of a nominee's consent to be elected to the appropriate body of the Company.

12.7. Any general meetings of the Shareholders held in addition to the annual meeting shall be extraordinary.

An extraordinary general meeting of the shareholders shall be held upon decision of the Board of Directors on the basis of its own initiative, a demand of the Company's Auditing Committee, Company's Auditor, or shareholder(s) holding at least 10 per cent of the Company's voting shares as of the date the demand is presented. An extraordinary general meeting of the shareholders demanded by the Auditing Committee of the Company, auditor of the Company or the shareholder(s) holding not less than 10 per cent of the voting shares of the Company must be convoked by the Company's Board of Directors.

12.8. An extraordinary general meeting of the shareholders convoked upon demand of the Auditing Committee of the Company, auditor of the Company or the shareholder(s) holding not less than 10 per cent of the voting shares of the Company must be held within 40 days from the moment the demand to hold an extraordinary general meeting of the shareholders is presented.

12.9. An extraordinary general meeting of the shareholders convoked upon demand of the Auditing Committee of the Company, auditor of the Company or the shareholder(s) holding not less than 10 per cent of the voting shares of the Company, the agenda of which contains the issue of electing the Company's Board of Directors, must be held within 70 days from the moment the demand to hold an extraordinary general meeting of the shareholders is presented.

Where the number of members of the Company's Board of Directors becomes less than the quorum for meetings of the Board of Directors, an extraordinary general meeting of the shareholders to be convoked by decision of the Board of Directors at its own initiative to decide on election of the Board of Directors shall be held within 90 days from the day when the Board of Directors decided to hold it.

12.10. During the preparation of the extraordinary General Meeting of the Shareholders with the item of election of the Board of Directors of the Company on the agenda, any shareholder(s) jointly owning at least two percent of the Company's voting shares, may make nominations to the Board of Directors, the number of which may not exceed the membership of the Board of Directors as defined by these Articles of Association. Such proposals shall be received by the Company at least 30 days before the date of the extraordinary General Meeting of the Shareholders.

Proposals on nominees for the Board of Directors of the Company shall contain the information provided for by Article 53 of the Federal Law on Joint-Stock Companies and by clause 12.6. of Article 12 of these Articles of Association.

12.11. The list of persons entitled to participation in the general meeting of the shareholders is made up on the basis of the data from the Company's shareholders register.

The date of drafting of the list of persons authorized to attend the General Meeting of the Shareholders shall be scheduled not earlier than the date of resolution on convening of the General Meeting of the Shareholders, not more than 50 days and not less than 35 days before holding it.

The date of drafting the list of persons authorized to attend an extraordinary General Meeting of the Shareholders with the item of election of the Board of Directors on the agenda shall be scheduled not earlier than the date of resolution on convening of an extraordinary General Meeting of the Shareholders, not more than **85** days before and not later than the date of informing on holding an extraordinary General Meeting of the Shareholders.

*(old version:*



*The date of drafting the list of persons authorized to attend an extraordinary General Meeting of the Shareholders with the item of election of the Board of Directors on the agenda shall be scheduled not earlier than the date of resolution on convening of an extraordinary General Meeting of the Shareholders, not more than 65 days before and not later than the date of informing on holding an extraordinary General Meeting of the Shareholders.)*

12.12. The notice on the general meeting of shareholders shall be sent at least 30 days in advance of its date, except for the case when an extraordinary meeting of shareholders is to be held within 40 days from the date of filing of the demand for its convening (or from the date of the resolution on its convening), with the notice on such meeting to be at least 20 days in advance of its date.

Within the time established, the notification on holding a general meeting of the shareholders must be sent to each person indicated in the list of those entitled to participation in the general meeting of the shareholders by registered mail or delivered to each of said persons against signature, or published in the Izvestiya newspaper.

12.13. The following information (materials) is provided to the persons entitled to participation in the general meeting of the shareholders according to the procedure and to the address(es) indicated in the notification on holding the general meeting of the shareholders:

annual accounting, including the Auditor's opinion and the Auditing Committee's report on the results of the audit of the annual accounts;

data on nominees for the Company's Board of Directors, Auditing Committee, provided for by clause 12.6. of Article 12 of these Articles of Association,

draft revisions and amendments made in the Company's Articles of Association or the draft Company's Articles of Association in the new wording;

draft internal documents of the Company;

drafts of other documents, adoption of which is provided for in draft resolutions of the General Meeting of the Shareholders;

draft resolutions of the General Meeting of the Shareholders;

other information (materials) to be submitted in accordance with the current legislation,

other information (materials) required for passing resolutions on agenda items of the General Meeting of the Shareholders and included by the Board of Directors in the list of information (materials) submitted to the Shareholders during the preparation of the General Meeting of the Shareholders.

12.14. The General Meeting of the Shareholders shall be deemed competent (having a quorum), if it is attended by the Shareholders jointly owning over half of the floated voting shares of the Company.

Participants to the General Meeting of the Shareholders shall be defined as Shareholders registered for participation therein, and Shareholders whose tickets are received not later than two days before the date of the General Meeting of the Shareholders. Participants to the General Meeting of the Shareholders held in the format of absentee voting shall be defined as Shareholders whose tickets are received before the ticket filing deadline.

12.15. If the agenda of the General Meeting of the Shareholders comprises items to be voted by different groups of voters, the quorum for resolutions on such matters shall be fixed separately. In this case, the lack of quorum for resolutions on matters voted by one group of voters shall not prevent passing a resolution on matters voted by another group of voters where a quorum is provided.

12.16. Where no quorum is available to hold the annual General Meeting of the Shareholders, a repeated annual General Meeting of the Shareholders shall be held with the same agenda. Where no quorum is available to hold an extraordinary General Meeting of the Shareholders, a repeated extraordinary General Meeting of the Shareholders shall be held with the same agenda. A repeated General Meeting of the Shareholders shall be deemed competent (having a quorum), if it is attended by Shareholders jointly owning at least 30 percent of votes of the floated voting shares of the Company.

The notice of holding a repeated General Meeting of the Shareholders and sending (handing) of voting tickets shall be completed at least 20 days before the date of holding such a repeated General Meeting of the Shareholders.

The notice of holding a repeated General Meeting of the Shareholders, the agenda of which contains the item of Company reorganization, shall be issued at least 30 days before date of holding a repeated General Meeting of the Shareholders.

When a repeated General Meeting of the Shareholders is held earlier than 40 days after the failed General Meeting of the Shareholders, the persons authorized to attend such General Meeting of the Shareholders shall be named in conformity with the list of persons who were authorized to attend the failed General Meeting of the Shareholders.

12.17. The General Meeting of the Shareholders shall be chaired by a person exercising the functions of the one-person executive body, unless determined otherwise by the Company's Board of Directors.

12.18. Other matters related to preparation and conduct of annual and extraordinary General Meetings of the Shareholders, and in particular, the rules of procedure of the General Meeting of the Shareholders, shall be regulated by the Provision on the General Meeting of the Shareholders of the Company to be approved by the General Meeting of the Shareholders.

### **Article 13.**

#### **The Board of Directors of the Company**

13.1. The Board of Directors is the Company's collegiate management body providing general supervision of the Company's activities.

13.2. The Company's Board of Directors is annually elected at the annual general meeting of shareholders by cumulative voting and consists of 11 persons.

13.3. The General Meeting of the Shareholders may pass a decision on premature termination of authority of members of the Board of Directors. In this case, such a decision may only be made in respect of all the members of the Board of Directors simultaneously.

In case of premature termination of authority of the Board of Directors, the authority of the new members of the Board of Directors shall remain valid until the next scheduled annual General Meeting.

13.4. The terms of reference of the Company's Board of Directors shall include the following issues:

1) definition of priority activities of the Company, including approval of annual budgets and medium-term and long-term budgets, strategies and programs of development of the Company, revision of the said documents, review of the results of their implementation, annual discussion of strategic issues of development of the Company, and review of other matters, decisions on which shall be made by the Board of Directors in accordance with the above documents;

2) preliminarily approving operations which are beyond the framework established by the annual budget of the Company;

3) convoking the annual and extraordinary general meetings of the shareholders, except for the cases provided for by clause 8 of article 55 of the Federal Law On Joint-Stock Companies;

4) approving the agenda of the general meeting of the shareholders;

5) setting the date for making up the list of the parties entitled to participation in the General Meeting of the Shareholders, and other issues included in the terms of reference of the Board of Directors in compliance with chapter VII of the Federal Law "On Joint-Stock Companies" and related to preparation and holding of the General Meeting of the Shareholders;

6) preliminarily approving the annual report of the Company;

7) increase of the Company's Authorized Capital by floating by the Company of additional shares within the number of declared shares as defined by these Articles of Association, except for the cases provided for under sub-clauses 8, 9, clause 12.2 of the present Articles of Association;

8) floatation by the Company of bonds and other issued securities in the case when, under the terms of floatation of such bonds and other issued securities, they are not convertible into Company's shares;

8.1) **deciding on the amount of interest (coupon) rate under the bonds issued by the Company, except for the amount of interest (coupon) rate to be determined during a bidding held by a stock exchange in the course of the bonds floatation;**

*(old version:*

*8.1.) deciding on the procedure of definition of the Company bonds' interest (coupon) rate).*

8.2) deciding on premature cancellation, at the Company's discretion, of bonds placed by the Company, where the resolution of their issue provides for such cancellation;

9) floatation by the Company of bonds convertible into shares, and other issued securities convertible into shares, if such bonds (other issued securities) are floated through public subscription

and the convertible bonds (other issued securities) can be converted into common stock of the Company making 25 or less per cent of earlier floated common stock;

10) determining the price (monetary valuation) of the property, floatation and redemption price of issued securities in the cases provided for by the Federal Law On Joint-Stock Companies;

11) approving decisions on the issue of securities, offering circulars of securities issue, reports on the results of Company's securities issue, reports on the results of Company's shares acquisition for the purpose of retiring them, reports on the results of the shares retirement, reports on the results of shareholders' demand for repurchase of shares held thereby;

12) acquisition of shares, bonds and other securities floated by the Company in the cases provided for by the Federal Law "On Joint-Stock Companies";

12.1) definition of the price of repurchase of bonds placed by the Company, and the procedure of its definition, where the price or the procedure of its definition are not stated in the resolution on the bonds issue registered by the federal executive authority for the securities market;

13) approval of the Company's registrar and the terms of the contract with him, as well as taking a decision on terminating the contract with him;

14) recommendations on distribution of the Company's profit, in particular on the rate of the dividend on the Company's shares and the procedure of its payment, and of the Company's losses;

14.1) approval of an internal document on dividends on the Company's shares, revisions of and amendments to such document, and its invalidation;

15) the use of the reserve and other funds of the Company;

16) approval of an internal document defining the procedures of internal control of the Company's business activity, revisions of and amendments to such document, and its invalidation;

17) recommendations on the amount of remunerations and reimbursements paid to the members of the Company's Auditing Committee, approval of the terms of the contract made with the auditor of the Company for auditing services, including the determination of the amount of remuneration for the auditing services;

18) approval of the Provisions on the Company's Internal Auditing Department, revisions of and amendments to such document, and its invalidation; pre-approval of nominees for the head of the Internal Auditing Department, and dismissal of such person from this position at the Company's initiative; and review of other matters where decisions shall be made by the Board of Directors in accordance with the Provisions on the Internal Auditing Department;

19) preliminary approval of a transaction or several interconnected transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of any property, the value of which is from 1 to 25 % of the book value of the Company's assets as determined on the basis of its accounts as of the last reporting date, except for transactions related to floatation of common stock of the Company through subscription (realization) and transactions related to floatation of issued securities convertible into the Company's common stock;

20) approval of transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of any property, the value of which is from 25 to 50 % of the book value of the Company's assets as determined on the basis of its accounts as of the last reporting date, except for transactions made in the course of normal economic operation of the Company, transactions related to floatation of common stock of the Company through subscription (realization) and transactions related to floatation of issued securities convertible into the Company's common stock;

21) approval of party-related transactions in the cases provided for by chapter XI of the Federal Law "On Joint-Stock Companies";

22) determining (changing) the functional units of the organizational structure and the key functions of the divisions included in the functional units of Company's organizational structure (except for the structure of Company's branches and representative offices);

23) establishment of branches, opening representative offices, their winding up, approval of provisions on branches and representative offices, revisions of and amendments to such provisions, and their invalidation;

24) preliminarily agreeing upon candidates for the positions of **deputy managers and deputy chief accountant**, managers or branches and representative offices and dismissal of the said officials upon the initiative of the Company;

*(old version:*

*24) preliminarily agreeing upon candidates for positions of branch and representative office managers and dismissal of such managers upon the initiative of the Company).*

25) forming the one-person executive authority (appointing General Manager), establishing the term of his/her office, and early termination of his/her powers;)

26) electing (re-electing) the Chairperson of the Board of Directors of the Company and his/her deputy;

27) forming the collegiate executive body (Management Board): establishing its term of office and the number of its members, appointing its members, and early termination of their powers;

28) preliminary approval of part-time employment of the person acting as the Company's one-person executive body, and of Management Board members in controlling bodies of other organizations;

29) permitting the person acting as the one-person executive **body to work on a part-time basis for another employer;**

*(old version:*

*29) permitting the person acting as the one-person executive body to work for and receive wages from other organizations;)*

30) forming standing or provisional (to resolve certain issues) committees of the Board of Directors, approving the provisions on such committees, revisions of and amendments to such provisions, and their invalidation;

31) appointing and dismissing the Corporate Secretary of the Company, approving the Provisions on the Corporate Secretary and the staff of the Corporate Secretary, revisions of and amendments to this document, and its invalidation;

32) approving terms of contracts (supplementary agreements) made with the General Manager, **Deputy General Managers, Chief Accountant**, Members of the Management Board (**regarding execution of their duties of members of the Management Board**), managers of branches and representative offices (**regarding execution of their duties of managers of branches and representative offices**), Director of the Internal Auditing Department, and the Corporate Secretary of the Company, and considering issues, the decisions on which must be taken by the Board of Directors in compliance with the said contracts (**agreements, supplementary agreements**);

*(old version:*

*32) approving terms of contracts (supplementary agreements) made with the General Manager, Members of the Management Board, managers of branches and representative offices, Director of the Internal Auditing Department, and the Corporate Secretary of the Company, and considering issues, the decisions on which must be taken by the Board of Directors in compliance with the said contracts).*

33) decisions on the Company's involvement in other business entities:

- on making an entity by establishment;
- on joining an entity as a shareholder;
- on termination of such involvement, except for cases of winding up of an organization where the Company is a member;

- on changing the interest or the face value of the interest, and on changing the number of shares or the face value of shares owned by the Company, except for cases when the said changes result from implementation of decisions of the entity where the Company is a shareholder, or from implementation of a judgment of court;

33.1) definition of the Company's opinion regarding the competence of general meetings of shareholders of business entities where the Company is a shareholder, when deciding matters involving termination of the Company's interest in such entities, a change in the interest or the face value of the interest, or a change in the number of shares or the face value of shares owned by the Company;

34) decisions on the Company's involvement in non-profit organizations, except for the cases provided by paragraph 18 of Clause 12.2 of this Articles of Association:

- on making an entity by establishment;
- on joining an organization as a member;
- on termination of such involvement, except for cases of winding up of an organization where the Company is a member;

- on additional subsidies (contributions) related to the Company's participation in non-profit organizations;

35) deciding issues included in the terms of reference of general meetings of shareholders of business entities where the Company is the only shareholder having the right of vote at the general meeting of the shareholders;

36) approving any bylaw(s) regulating the rules of and approaches to disclosure of information on the Company, and the procedure of use of information on the Company's activity or on the Company's securities and transactions involving them, which is not public information, and revisions of and amendments to such documents, and their invalidation;

37) approving the Company's bylaws other than those provided in Clause 13.4 of these Articles of Association, which regulate matters within the frame of reference of the Board of Directors of the Company, except for bylaws, approval of which shall be within the frame of reference of the general meeting of the shareholders or executive bodies of the Company in accordance with these Articles of Association, and revisions of and amendments to such documents, and their invalidation;

38) approving programmes (procedures, or other documents) for risk management in the Company, and review of other matters where decisions shall be made by the Board of Directors in accordance with the said documents;

38.1) preliminarily agreeing upon **a candidate to perform** for the Company the duties of organization and support of the Company's risk management process, and dismissal of such an **employee from performing such duties**, approving the terms of the **labor contract (agreements, supplementary agreements) on performing the duties of organization and support of the Company's risk management process**, and reviewing matters to be decided by the Board of Directors under the said contract, **(agreements, supplementary agreements)**;

*(old version:*

*38.1) pre-approval of appointing a person to the position in the Company whose function is organization and support of the Company's risk management process, and dismissal of such a person from the said position, approval of the terms of the labor contract (supplementary agreements) to be signed with such a person, and review of matters to be decided by the Board of Directors under the said contract;)*

39) approving the Company's Corporate Governance Code, revisions of and amendments to this document, and its invalidation;

40) preliminarily agreeing upon engaging on a paid basis external specialists for the audit of the operation of the Company carried out by the Auditing Committee;

41) establishing the procedure of remuneration and other essential conditions of participation of external specialists engaged on a paid basis in the audit carried out by the Auditing Committee;

42) approving the terms of liability insurance contracts of members of the Company's Board of Directors, Management Board, and General Manager, and persons who have held or are to hold the said positions in the Company's controlling bodies;

42) other issues provided for by the Federal Law On Joint-Stock Companies and by the Articles of Association.

13.5. Matters referred to frame of reference of the Board of Directors of the Company may not be delegated to a collegiate or one-person executive body of the Company.

13.6. Decisions on matters stipulated in sub-clauses 7, 9, and 20 of Clause 13.4, and on a proposal to the general meeting of the shareholders to reduce the Company's authorized capital to a size that is less than its net assets value, if, by the results of an audit, the Company's net assets value is less than its authorized capital, shall be made unanimously by all the members of the Company's Board of Directors, except for the votes of retired members of the Board of Directors.

Where unanimity of the Company's Board of Directors has not been achieved in the matter provided for by sub-clause 20 of clause 13.4 of these Articles of Association, such matter may be presented to the general meeting of shareholders for resolution by decision of the Board of Directors. The decision in such a case is taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting.

Decisions on the issues indicated in sub-clause 21 of clause 13.4 of these Articles of Association shall be taken by the majority of votes of independent directors who are not interested in making the transaction.

If all members of the Board of Directors of the Company are recognized as interested (related) parties and (or) are not independent directors, the transaction may be approved by a decision of the general meeting of the shareholders by the majority of votes of all shareholders holding voting shares who are not interested in the transaction.

13.7. Other matters defined by the Federal Law on Joint-Stock Companies and by these Articles of Association to be in the frame of reference of the Board of Directors and not listed under clause 13.6 hereabove, shall be passed by the majority of votes of members of the Board of Directors attending the meeting.

13.8. For the purpose of putting forward for decision by the Board of Directors the issue provided for by sub-clause 19, clause 13.4 of these Articles of Association, the price of the acquired of alienated property shall be juxtaposed with the book value of Company's assets:

- when property is acquired – the price of acquisition, taking into account the VAT and other indirect taxes and fees;

- when property is or may be alienated – the price of alienation, without taking into account the VAT or other indirect taxes and fees, determined by the parties to the transaction, or the book value of the property – depending on which of these amounts turns out to be greater.

13.9. The procedure of convening and holding meetings of the Board of Directors and the amount and procedure of paying remunerations and compensations to members of the Board of Directors shall be defined by the Provision on the Board of Directors to be approved by the General Meeting of the Shareholders.

13.10. A meeting of the Board of Directors shall be convoked by the Chairperson of the Board of Directors on his/her own initiative, by request of a member of the Board of Directors, a committee of the Board of Directors, the Auditing Committee, the one-person or collegiate executive body of the Company, head of the Internal Auditing Department, or by request of any shareholder(s) jointly owning at least 5 per cent of the Company's voting shares.

13.11. The quorum for a meeting of the Board of Directors of the Company shall be over half of elected members of the Board of Directors.

13.12. Meetings of the Board of Directors of the Company can be held in the form of joint presence (including the use of conference telecommunication facilities) or absentee voting.

13.13. When assessing the quorum and the results of voting at the meeting of the Board of Directors held in the form of joint presence account shall be taken of written opinions of any member of the Board of Directors absent at its meeting.

13.14. When deciding matters at a meeting of the Board of Directors, each member of the Board of Directors shall have one vote. In taking decisions by the Board of Directors, the Chairman of the Board of Directors shall have the right of the casting vote in case of parity of votes of members of the Board of Directors.

13.15. The Chairman of the Board of Directors shall organize its functioning, convene meetings of the Board of Directors and take chair at them, supervise the minute keeping at its meetings and ensure effective operation of committees of the Board of Directors.

13.16. The Board of Directors may appoint a deputy to the Chairman of the Board of Directors. When the Chairman of the Board of Directors is absent, his functions (including the right to sign documents) shall be performed by his deputy, and when the latter is not available, one of the members of the Board of Directors by a decision of the Board of Directors to be passed by the majority of votes of its members attending the meeting.

#### **Article 14.**

##### **The Management Board of the Company**

14.1. The Management Board is the Company's collegiate executive body ensuring the execution of decisions taken by the General Meeting of the Shareholders and by the Board of Directors of the Company.

14.2. The term of office and the number of members of the Company's Management Board shall be defined by the Board of Directors.

14.3. Members of the Company's Management Board, except for the Chairperson of the Management Board, shall be appointed by the Board of Directors. **In accordance with the Federal Law On Joint-Stock Companies, the powers of Chairperson of the Management Board shall be vested in the person performing the functions of General Manager.**

A nomination for the Company's Management Board shall contain each nominee's name, place of employment, position, and data on positions held in the controlling bodies of other organization.

By decision of the Company's Board of Directors, the powers of any or all members of the Management Board appointed by the Board of Directors may be terminated prematurely.

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.

14.4. The terms of reference of the Company's Management Board include the following issues of managing the current activities of the Company:

1) developing proposals on the priority areas of the Company's activities, including draft annual budgets, medium- and long-term budgets, strategies and programmes of the Company's development, proposals on introducing amendments to the said documents;

2) deciding the issues included in the terms of reference of supreme management bodies of nonprofit organizations, in which the Company is the only promoter (participant), except for nonprofit organizations, in which the supreme management body is formed without the participation of the promoter (participant);

3) determining the personnel and social policy of the Company;

4) considering and taking a decision on making collective agreements and covenants, and approving the bylaw regulating the general provisions on labor incentives, revisions of and amendments to such documents, and their invalidation;

5) preparing materials and draft decisions on issues to be considered by the Board of Directors, except for the issues provided for by paragraphs 24, 25, 26, 27, 30, 31, 32 of clause 13.4, article 13 of the Articles of Association, as well as issues initiated in compliance with the legislation of the Russian Federation and the Articles of Association of the Company and stating the exact timing of their consideration by the Board of Directors, which would make impossible a preliminary consideration of such issues by the Management Board of the Company;

6) preparing materials to be considered by committees of the Board of Directors;

7) working out the engineering, financial, economic and rate policy of the Company and its branches, working out strategies and programmes for development of branches;

8) working out the accounting policy, control over improvement of the methods of book-keeping and managerial accounting, as well as over the introduction of reporting according to international accounting standards in the Company and branches;

9) working out the methodology of planning, budgeting and controlling of the Company and its branches;

10) working out the policy of ensuring the Company's and branches' security;

11) determining the amount, form and procedure of endowing branches with property and withdrawing it from them;

12) defining the number of, and appointing members of collegiate executive bodies of subsidiaries, and premature termination of their office; Approval of the Provisions on the collegiate executive body of a subsidiary, revisions of and amendments to this document, and its invalidation;

13) preliminarily agreeing upon candidates for the positions of deputy managers, **managers of operational areas** and chief accountants or branches and representative offices and dismissal of the said officials upon the initiative of the Company;

14) approving terms of contracts (supplementary agreements) made with members of collective executive bodies of branches, with deputy managers, **managers of operational areas**, and chief accountants of branches and representative offices, and considering issues, the decisions on which are to be taken by the Management Board in compliance with the above agreements;

*(old version:*

*13) preliminarily agreeing upon candidates for the positions of deputy managers and chief accountants or branches and representative offices and dismissal of the said officials upon the initiative of the Company;*

*14) approving the terms of contracts (supplementary agreements) made with members of collegiate executive bodies of branches, with deputy managers, and chief accountants of branches and representative offices, and considering issues, the decisions on which are to be taken by the Management Board in compliance with the above agreements;)*

15) preliminary consideration of budgets of the branches and the results of fulfilling them;

16) analysis of the results of the operation of Company's structural divisions, including separate divisions, and working out obligatory instructions for improvement of their operation;

17) approval of internal documents regulating matters within the frame of reference of the Company's Management Board, except for documents to be approved by the general meeting of the shareholders and the Board of Directors of the Company, revisions of and amendments to such documents, and their invalidation;

18) approving (changing) the organizational structure of the Company, including the approval of the functions of organization departments (except for the structure and functions of representative offices and organization departments of branches located outside the addresses of branch locations).

14.5. The Management Board of the Company may also take decisions on other issues of managing the current activities of the Company upon instructions of the Board of Directors and upon proposals of Committees of the Board of Directors and the Company's General Manager.

14.6. The procedure of convening and holding the meetings of the Management Board and the procedure of decision-making by the Management Board shall be established in the Provision on the Company's Management Board to be approved by the General Meeting of the Company's Shareholders.

14.7. The rights, duties and responsibility of the Management Board members shall be defined in a contract to be signed between each of them and the Company.

The conditions of the contract shall provide for the right of a member of the Management Board to a compensation for proven expenses related to his/her discharging the functions of a member of the Management Board, as well as the right to the remuneration, the amount of which and the procedure of paying which are established by the Company's bylaw approved by the Company's Board of Directors.

#### **Article 15.**

##### **General Manager of the Company**

15.1. The General Manager is the one-person executive body managing the current operation of the Company. The General Manager shall be appointed by the Board of Directors of the Company.

A nomination for the Company's General Manager shall contain the nominee's name, place of employment, position, and data on positions held in the controlling bodies of other organizations.

15.2. General Manager shall take decisions on matters not assigned under these Articles of Association to the frame of reference of the General Meeting of the Shareholders, the Board of Directors, or the Managing Board of the Company.

15.3. The General Manager acts as the Chairperson of the Company's Management Board.

15.4. The General Manager acts without a power of attorney on behalf of the Company, including representation of its interests, making transactions on behalf of the Company, approving the manning table, issuing orders and instructions obligatory for execution by all employees of the Company.

The General Manager is responsible for managing any information constituting a state secret.

The rights, obligations, remuneration and liabilities of the General Manager shall be determined in the contract made between him and the Company. The contract with the General Manager shall be signed for the term of his office determined by the Company's Board of Directors.

15.5. The Company's Board of Directors shall be entitled at any time to take the decision on early termination of the powers of the Company's General Manager and on termination of the contract with him.

#### **Article 16.**

##### **Corporate Secretary of the Company.**

##### **Staff of Corporate Secretary of the Company**

16.1. By resolution of the Board of Directors a special person can be nominated, whose task would be to ensure observance of by the Company's bodies and officials of the procedure requirements guaranteeing the exercise of rights and interests of the Company's shareholders – Corporate Secretary of the Company.

16.2. The rights, duties, term of office, salary and responsibility of the Corporate Secretary of the Company shall be determined by internal documents of the Company as well as the agreement



concluded by him with the Company. On behalf of the Company the contract shall be signed by the Chairperson of the Company's Board of Directors.

16.3. To ensure an effective execution by the Corporate Secretary of the Company of his duties in the Company, staff of the Corporate Secretary of the Company can be set up, its membership, numbers, structure and duties of the employees to be determined by the internal document of the Company approved by the Board of Directors.

### **Article 17.**

#### **Control over the Financial and Economic Activity of the Company**

17.1. To exercise control over financial and economic operation, the Company creates an Auditing Committee, a special structural division exercising the internal control functions, and an independent auditor is engaged.

17.2. The Auditing Committee is an independent control body of the Company, elected at the annual general meeting of the shareholders for a period till the next annual general meeting of the shareholders, with 7 members.

The Auditing Committee will be deemed complete if at least one half of the number of its members as defined by these Articles of Association are elected.

17.2.1. The authority of individual members or all members of the Auditing Committee can be prematurely terminated by resolution of the General Meeting of the Shareholders.

In case of pre-schedule termination of the authority of members of the Auditing Committee the authority of the new members of the Auditing Committee shall be valid till the next annual General Meeting of the Shareholders.

If the actual number of the Auditing Committee becomes less than one half of its number as defined by this Charter, the Chairperson of the Auditing Committee shall, within 5 days from the date of such event, notify the Company's Board of Directors accordingly. The Board of Directors shall convoke an extraordinary general meeting of the shareholders to elect a new namelist of the Auditing Board.

17.2.2. The terms of reference of the Auditing Committee include:

- checking decisions and actions of the Company's executive bodies, including any contracts signed and transactions made, for compliance with statutory requirements;
- checking the procedure of bookkeeping and financial accounting and reporting for compliance with applicable regulatory documents;
- analysis of the Company's financial standing;
- analysis of timeliness and correctness of settlement of accounts with budgets of various levels and with the Company shareholders;
- evaluation of the economic efficiency of the Company's business activity.

17.2.3. Checks (revisions) of financial and economic activities of the Company by the Auditing Committee shall be carried out on the basis of the annual results of the Company's activity.

Checks (revisions) of financial and economic activities of the Company shall be also carried out at any time:

- on the initiative of the Auditing Committee proper of the Company;
- on resolution of the General Meeting of the Shareholders of the Company;
- on resolution of the Board of Directors of the Company;
- on request of shareholder(s) of the Company jointly owning at least 10 percent of voting shares of the Company on all matters within the terms of reference of the General Meeting of the Shareholders as of the date of making the request.

17.2.4. On request of the Auditing Committee, the persons holding posts in the managing bodies of the Company shall present documents on the financial and economic activity of the Company.

17.2.5. The procedure of activity of the Auditing Committee as well as the amount and procedure of paying remuneration to members of the Auditing Committee shall be determined by the Provision on the Auditing Committee of the Company approved by the General Meeting of the Shareholders.

17.3. To ensure constant internal control over the procedure of accomplishing all the economic operations at the Company, a special structural subdivision, independent of the Company's executive bodies, shall be set up, the activity of which shall be controlled directly by the Board of Directors of the Company.

Functions of the said structural subdivision, the procedure of its activity, the procedure of nominating the employees, the requirements to them shall be determined by the internal document approved by the Board of Directors of the Company.

17.4. To check and confirm the correctness of annual financial statements, the Company shall annually engage a professional auditor, not connected by property interests with the Company or its shareholders.

17.4.1. The Auditor shall check the financial and economic activity of the Company in accordance with legal acts of the Russian Federation on the basis of the contract concluded with him.

17.4.2. The General Meeting of the Shareholders shall approve the Company's Auditor. Terms of the contract concluded with the Auditor, including the amount of payment for his services shall be approved by the Board of Directors of the Company.

17.4.3. Auditing of the Company's activity shall be conducted at any time on request of the shareholders whose joint share in the Authorized Capital is 10 or more percent. The shareholders initiating the auditing shall submit to the Board of Directors a written request, which shall contain a motive for bringing up the request, name (title) of shareholders, number and category (type) of shares belonging to them, signature of a shareholder or of a person empowered to act for him. In case when the request is signed by the empowered person a power of attorney shall be enclosed to it.

#### **Article 18.**

##### **Reorganization of the Company**

18.1. The Company can be voluntarily reorganized by resolution of the General Meeting of the Shareholders. Other grounds and procedure for the Company's reorganization shall be determined by the current legislation of the Russian Federation.

18.2. Reorganization of the Company can be effected by merger, affiliation, split-off, detachment and transformation to a different organizational legal form in accordance with the procedure provided for by the Federal Law on Joint-Stock Companies.

#### **Article 19.**

##### **Winding-up of the Company**

19.1. The Company can be voluntarily liquidated by resolution of the General Meeting of the Shareholders or by court decision in the cases and following the procedure provided for by the current legislation.

19.2. In the cases provided for by the current legislation of the Russian Federation, the Company shall take a decision on its voluntary winding-up.

19.3. In the event that during voluntary winding-up of the Company its property is insufficient for making settlements with all the Company's creditors, the Chairperson of the Liquidation Commission of the Company nominated by the General Meeting of the Shareholders shall file an application with the Arbitration Tribunal on exercising a simplified bankruptcy procedure in respect of the Company.