

**APPROVED by the sole shareholder of
ZAO TMK
Unnumbered resolution dated 02.07.2004**

For and on behalf of the shareholder

_____ /I. B. Khmelevsky/

REGULATIONS ON THE BOARD OF DIRECTORS

Closed Joint-Stock Company Trubnaya Metallurgicheskaya Kompania (TMK)

These regulations have been developed in accordance with the Articles of Association of Closed Joint-Stock Company Trubnaya Metallurgicheskaya Kompania (its abbreviated name is ZAO TMK, hereinafter referred to as the "Company") Federal Limited Liability Company Law and other applicable legal instruments of the Russian Federation.

These regulations determine the procedure of formation of the Board of Directors of the Company, its functions, powers and operating procedure as well as fixes the procedure of interaction with the other managerial bodies of the Company.

1. General

1.1. The Board of Directors of Closed Joint-Stock Company TMK (hereinafter referred to as the "Company") shall be a managerial body of the Company and act on the basis of the Articles of Association of the Company and these Regulations.

1.2. The Board of Directors shall perform general management of the Company, except for the matters referred to the terms of reference of the General Meeting of Shareholders or General Director of the Company by the Federal Joint-Stock Companies Act and Articles of Association of the Company.

1.3. The Board of Directors of the Company shall be elected by the General Meeting of Shareholders in cumulative voting for a period until the next annual General Meeting. The Board of Directors shall consist of 7 members.

Persons elected to the Board of Directors may be re-elected for an unlimited number of times.

The Articles of Association of the Company determines the procedure of nominating candidates to the list for voting on election of the Board of Directors.

Only an individual may be a member of the Board of Directors.

The General Director shall not simultaneously be the Chairman of the Board of Directors.

Resolution of the General Meeting of Shareholders on early termination of the office may only be adopted with respect to all members of the Board of Directors of the Company.

1.4. Unless the annual General Meeting of Shareholders is duly held, powers of the Board of Directors shall be terminated, except for their powers to prepare, convene and hold the annual General Meeting of Shareholders.

1.5. The Chairman of the Board of Directors shall be elected by members of the Board of Directors from their number by a majority of votes of all members of the Board of Directors.

The Board of Directors may re-elect its Chairman at any time by a majority of votes of all members of the Board of Directors.

1.6. The Executive Secretary of the Board of Directors shall render technical (informational, documentary, minutes and secretarial) support of day-to-day activities of the Board of Directors acting on the basis of these Regulations and instructions of the Chairman of the Board of Directors.

2. Terms of reference of the Board of Directors of the Company

2.1. The terms of reference of the Board of Directors of the Company shall include dealing with problems of general management of the Company operations except for those coming within the terms of reference of the General Meeting of Shareholders pursuant to the Articles of Association of the Company.

2.2. The terms of reference of the Board of Directors of the Company shall include matters determined by the Articles of Association of the Company, in particular:

- 1) to determine business priorities of the Company;
- 2) to convene annual and extraordinary General Meetings, except for the cases stipulated in clause 8 of article 55 of the FL;
- 3) to approve agenda of the General Meeting of Shareholders;
- 4) to fix the date of making the list of persons entitled to participate in the General Meeting and other matters falling within the terms of reference of the Board of Directors under provisions of chapter VII of the FL and connected with preparation and holding of the General Meeting;
- 5) to issue bonds and other equity securities in cases provided for by the FL;
- 6) to fix the price of property, offering price and redemption price for equity securities in cases provided for by the FL;
- 7) to redeem shares, bonds and other securities issued by the Company in cases provided for by the FL;
- 8) any alienation of shares, interests (contributions), securities or other similar instruments by the Company;
- 9) to give recommendations on the amount of remunerations and compensations payable to members of the Audit Commission of the Company and fix the amount of remuneration of the Company Auditor;
- 10) to give recommendations on the amount of dividends on shares and payment procedure;
- 11) to utilise the reserve fund and other funds of the Company;
- 12) to approve internal documents of the Company, except for internal documents coming within the terms of reference of the General Meeting of Shareholders pursuant to the FL and any other internal documents of the Company coming within the terms of reference of the executive bodies of the Company pursuant to these Articles of Association of the Company;
- 13) to establish subsidiaries and open representative offices of the Company;
- 14) to approve material transactions in cases provided for by chapter X of the FL;
- 15) to approve transactions covered by chapter XI of the FL;
- 16) to approve the Registrar of the Company and terms and conditions of the contract with it as well as terminate the contract with it;
- 17) to redeem shares issued by the Company;
- 18) to resolve on membership (establishment, acquisition of shares/interests, etc.) in any legal entities;
- 19) to deal with other matters covered by the FL and the Articles of Association of the Company.

2.4. No matters falling within the terms of reference of the Board of Directors shall be referred to the executive bodies of the Company.

3. Rights, duties and liability of members of the Board of Directors of the Company

3.1. Subject to confidentiality requirements, members of the Board of Directors may:

- 1) attend meetings of the Board of Directors of the Company;
- 2) participate in activities of the Company;
- 3) obtain any technical, operative, economic and other information on the Company necessary for their functioning;
- 4) inspect documents of the Company, obtain copies thereof and copies of documents of subsidiaries and affiliated companies (SAC) available to the Company.

The information and documents specified in this paragraph shall be furnished to members of the Board of Directors of the Company within ten (10) calendar days upon receipt of the appropriate request by the Company in the name of the Chairman of the Board of Directors of the Company.

3.2. By resolution of the General Meeting of Shareholders, members of the Board of Directors of the Company may be remunerated and/or compensated for any expenses in connection with their acting as members of the Board of Directors of the Company during the period of their office. Amounts of such remunerations and compensations shall be determined by resolution of the General Meeting of Shareholders.

3.3. The Board of Directors of the Company shall be responsible for:

- fulfilment of resolutions of the General Meeting of Shareholders as related to the terms of reference of the Board of Directors;
- consequences of resolutions adopted on the matters coming within its terms of reference.

3.4. Members of the Board of Directors shall be loyal to the Company and act in good faith.

Any member of the Board of Directors shall:

- regularly attend meetings of the Board of Directors;
- fulfil resolutions adopted by the General Meeting of Shareholders and Board of Directors;
- notify the executive secretary of the Board of Directors of any modifications of his principal place of work (service, business, etc.);
- notify the Board of Directors, Audit Commission and Auditor of the Company of his interest in any transaction, of which the Company is or intends to be a party, and in the event of any other conflict of interests of such person and the Company with respect to any existing or proposed transaction.

3.5. During the period of their office, members of the Board of Directors shall notify the Board of Directors of their intention to establish or join any company competing with the Company.

3.6. Members of the Board of Directors shall not receive any direct or indirect remuneration for influencing the decision making process of the Board of Directors and/or General Meeting of Shareholders of the Company.

4. Rights, duties and liability of the Chairman of the Board of Directors of the Company

4.1. The Chairman of the Board of Directors shall:

- 1) be responsible for general arrangement of activities of the Board of Directors;
- 2) convene ordinary and extraordinary meetings of the Board of Directors and, in particular, ensure that members of the Board of Directors are notified of the following meeting of the Board of Directors in accordance with the procedure provided for by these Regulations, determine the agenda and form of meetings (voting in person or absent voting) unless the form of the meeting is previously determined by resolution of the Board of Directors or action plan of the

Board of Directors and oversee the proceedings at meetings of the Board of Directors with absent voting;

- 3) act as the chairman of meetings of the Board of Directors:
 - in accordance with the information furnished by the executive secretary of the Board of Directors, formally register presence or absence of the quorum at the meeting and notify members of the Board of Directors of presence of the quorum for adoption of resolution of the Board of Directors on the relevant matter,
 - point out the possibility of changing the sequence of dealing with any items on the agenda, changing the agenda of the meeting in general; if necessary, initiate discussion of possibility to change the sequence of dealing with scheduled items on the agenda;
 - ensure final approval of the agenda of any meeting of the Board of Directors and, based on the results of such approval, notify members of the Board of Directors of the official agenda of the meeting;
 - formally open the meeting or notifies the present members of the Board of Directors of ineligibility of the Board of Directors at the specific meeting;
 - take measures to adjourn the meeting with a specific agenda in the event of absence of the quorum and ensure that the absent members are notified of such resolution;
 - introduce the attendance to members of the Board of Directors and supervise participation of the attendance invited to the meeting with respect to particular items on the agenda strictly within the framework of work of the Board of Directors at such items or give the relevant instructions to the executive secretary of the Board of Directors;
 - supervise compliance with the meeting proceedings requirements as provided for by par. 9.4. of these Regulations;
 - call upon speakers and, if necessary, open a forum on the relevant item;
 - keep records of official proposals of members of the Board of Directors on the relevant draft resolution(s) of the Board of Directors;
 - put to vote draft resolution proposed by members of the Board of Directors at the meeting and/or during its preparation on the first-in basis;
 - organise voting on draft resolutions of the Board of Directors;
 - at any meeting of the Board of Directors held in presence, declare the adopted resolution of the Board of Directors (based on the voting results) or give a written notice of the resolution of the Board to all members of the Board of Directors after an absent voting;
 - formally close the meeting of the Board of Directors upon exhaustion of the agenda or based on resolution of the Board of Directors on early termination of the meeting;
 - arrange executing of minutes of the meeting of the Board of Directors;
 - supervise activities of the executive secretary of the Board of Directors;
 - sign minutes of the meeting of the Board of Directors as the chairman;
- 4) preside the General Meeting of Shareholders performing the relevant functions provided for by the Articles of Association of the Company and these Regulations;
- 5) personally supervise the process of preparation for annual and extraordinary meetings of shareholders of the Company;
- 6) organise and supervise the process of obtaining information on operations of the Company by members of the Board of Directors in accordance with these Regulations;
- 7) supervise implementation of the action plan of the Board of Directors as approved by the Board of Directors;
- 8) act on behalf of the Board of Directors in its relations with shareholders and the General Director of the Company;
- 9) on behalf of the Board of Directors arrange control over fulfilment of resolutions of the General Meeting of Shareholders and Board of Directors;
- 10) represent the Board in its relations with representative bodies of other organisations;

11) control official correspondence of the Board of Directors with shareholders, executive bodies and employees of the Company, sign letters and other documents on behalf of the Board of Directors;

12) taking into account opinion of the Board of Directors, make formal comments and interpretations of previously adopted resolutions of the Board of Directors and state the opinion of the Board of Directors on any items previously dealt with at meetings of the Board of Directors, but not realised in relevant resolutions of the Board of Directors;

13) take measures in connection with comprehensive notification of shareholders of any resolutions adopted by the Board of Directors;

14) arrange and control activities of committees and working groups of the Board of Directors;

15) commence and terminate supervision over fulfilment of resolutions of the Board of Directors;

16) supervise strict observance of requirements of these Regulations by members of the Board of Directors, executive secretary of the Board of Directors and General Director of the Company;

17) take measures to record opinion of every member of the Board of Directors with respect to the version of minutes of the relevant meeting of the Board of Directors;

18) answer questions and proposals of members of the Board of Directors within 7 days upon receipt thereof in writing;

19) in a systematic, enterprising and co-operative way, together with the Audit Commission of the Company, supervise activities of the General Director and administrative staff of the Company on behalf of the Board of Directors to prevent such bodies of the Company from attempts to adopt any resolutions coming within the terms of reference of the General Meeting of Shareholders, Board of Directors and Audit Commission of the Company pursuant to the applicable legislation, Articles of Association of the Company and internal documents of the Company;

20) exercise any other functions arising out of the powers (terms of reference) of the Board of Directors as provided for by the Articles of Association of the Company as well as powers provided for by the applicable legislation and Articles of Association of the Company.

4.2. In the absence of the Chairman of the Board of Directors, a member of the Board of Directors shall act as the Chairman by resolution of the Board of Directors.

5. Rights, duties and liability of the Executive Secretary of the Board of Directors of the Company

5.1. The Executive Secretary of the Board of Directors of the Company shall be appointed by resolution of the Board of Directors as advised by the Chairman of the Board of Directors.

5.2. The Executive Secretary of the Board of Directors shall:

1) provide organisational, informational and documentary support of activities of the Board of Directors both in connection with preparation and holding of meetings of the Board of Directors and between meetings, including:

– on request of the Chairman of the Board of Directors and on his own initiative, give a written notice of any future extraordinary and ordinary meetings of the Board of Directors to all members of the Board of Directors subject to these Regulations;

– furnish members of the Board of Directors with the relevant documents, materials and draft documents and materials necessary for meetings of the Board of Directors;

– record any correspondence addressed to the Board of Directors and/or its Chairman (including requests, demands and applications) and render organisational support for preparation of relevant answers, explanations, press releases and other responses of the Board of Directors to received correspondence;

- send official correspondence of the Board of Directors to members of the Board of Directors;
 - arrange for recording of speeches at meetings of the Board of Directors (keeping of minutes or shorthand report);
 - render every possible technical and organisational assistance to members of the Board of Directors responsible for preparation of the relevant item at any ordinary or extraordinary meeting of the Board of Directors;
 - arrange for printing, editing, duplication, translation and delivery of documents, draft documents and materials of the Board of Directors to relevant persons;
 - respond proposals (demands) of member(s) of the Board of Directors and ensure that the Chairman of the Board of Directors and, if necessary, other member(s) of the Board of Directors are notified of proposals of any member(s) of the Board of Directors on items on the agenda of any meeting of the Board of Directors, respective draft resolutions of the Board of Directors received prior to the meeting of the Board of Directors or of their fundamental point of view on the respective item;
 - in the framework of interaction with the executive body of the Company, ensure presence of invited persons at the meeting of the Board of Directors and control actual correspondence of participation of the invited person in the meeting of the Board of Directors with the respective item on the agenda;
 - in the framework of interaction with the executive body of the Company and administrative staff of the Company, render technical support for holding ordinary meetings of the Board of Directors with presence in person (premises, materials, unimpaired access of members of the Board of Directors and attendance to the relevant premises and furnish them with newly received materials, render secretarial services, etc.);
- 2) arrange for drawing-up and distribution of questionnaires (ballots) to members of the Board of Directors in the event of holding minutes of the Board of Directors with absent voting, summarising and processing thereof in accordance with these Regulations;
 - 3) render organisational support for voting at meetings of the Board of Directors;
 - 4) render organisational and technical support to making the minutes of any meeting of the Board of Directors and distribution thereof among all members of the Board of Directors within 3 days upon signature of the minutes of the meeting of the Board of Directors attaching exception reports of members of the Board of Directors voting against the respective draft resolution and addressing such exception reports in writing to the Chairman of the Board of Directors;
 - 5) based on a special resolution of the Board of Directors or instruction of the Chairman of the Board of Directors, render organisational and technical support to taking shorthand of the meeting proceedings of the Board of Directors or recording thereof on magnetic or other electronic media;
 - 6) arrange for interaction with the General Director and administrative staff of the Company, archiving and storage of all documents and materials related to activities of the Board of Directors;
 - 7) arrange for drawing-up, storage and due updating of questionnaires of members of the Board of Directors made for the purpose of efficient informational support of members of the Board of Directors;
 - 8) keep the register of official correspondence (incoming and outgoing documents) and, subject to the relevant instruction of the Chairman of the Board of Directors, the register of telephone and facsimile messages;
 - 9) render technical support to keeping the attributes and properties of the Board of Directors, office equipment, consumables and other inventories provided and/or transferred by the Company and some shareholders of the Company to the Board of Directors for supporting its activities;

10) render possible assistance to any committees, commissions and working groups of the Board of Directors;

11) in person, in the framework of fulfilment of instructions of the Chairman of the Board of Directors furnish them with official information of the executive body of the Company addressed to the Board of Directors;

12) render organisational support for preparation and holding of public events of the Board of Directors (press conferences, official presentation of statements and memoranda to mass media, interviewing members of the Board of Directors, participation of the Board of Directors and its representatives during proceedings of meetings of the Company employees, public participation meetings, etc.);

13) under the guidance of the Chairman of the Board of Directors, supervise strict observance of requirements of these Regulations;

14) execute specific orders of the Chairman of the Board of Directors;

15) perform other functions in accordance with the applicable legislation, Articles of Association of the Company, these Regulations and internal documents of the Company.

6. Meetings of the Board of Directors of the Company

6.1. Meeting of the Board of Directors may be convened on request of a member of the Board of Directors, Audit Commission or Company Auditor, Chairman of the Board of Directors of the Company or General Director of the Company. On the planimetric base, meetings of the Board of Directors shall be convened on the initiative of the Board of Directors in accordance with the action plan of the Board of Directors approved by it and subject to the date (deadlines) and agenda of the subsequent meeting determined by the Board of Directors at a preceding meeting.

6.2. Meetings of the Board of Directors shall be held as and when necessary, but at least once a quarter.

6.3. Resolutions of the Board of Directors of the Company will be effective (the quorum is present) if more than a half of all members of the Board of Directors of the Company vote on the specific item on the agenda.

When determining the presence of a quorum and results of voting on an item on the agenda of the meeting of the Board of Directors of the Company, written opinions of members of the Board of Directors of the Company received prior to opening of such meeting of the Board of Directors shall be taken into account. In these Regulations, written opinion of a member of the Board of Directors of the Company shall mean a document signed by it and:

– sent by post against acceptance slip or courier to the postal address of the Company or address specified in the agenda of the Board of Directors of the Company;

– served against signature to the Chairman of the Board of Directors of the Company or Secretary of the Board of Directors of the Company or persons acting for them;

– delivered by facsimile to the number specified in the agenda of the meeting of the Board of Directors of the Company;

– sent by e-mail using electronic digital signature to the address specified in the agenda of the meeting of the Board of Directors of the Company.

6.4. At meetings of the Board of Directors of the Company, resolutions shall be adopted by a majority of votes of members of the Board of Directors present at the meeting, except for resolutions on matters covered by the Federal Joint-Stock Companies Act and subparagraph 8 of clause 12.2 of the Articles of Association of the Company, which shall be adopted by all members of the Board of Directors present at the meeting or participating in absent voting unanimously.

6.5. Each member of the Board of Directors shall have one vote. No transfer of the voting right by a member of the Board of Directors to any other member of the Board of

Directors, shall be allowed pursuant to the applicable legislation. In the event of equality of votes, the Chairman of the Board of Directors shall not have the casting vote.

6.6. As a rule, meetings of the Board of Directors shall be held in person (joint presence of members of the Board of Directors for discussing items on the agenda and adoption of relevant resolutions).

In the event of absent voting, members of the Board of Directors shall be provided with questionnaires signed by the Secretary of the Board of Directors. Such questionnaires shall contain the following positions:

- 1) statement of the resolution of the Board of Directors, Chairman of the Board of Directors or paragraph of the action plan of the Board of Directors, pursuant to which such extramural meeting is held, and if the meeting is held on request of other persons or bodies – statement of the meeting initiators;
- 2) item wording (agenda);
- 3) wording of the draft resolution on each item on the agenda;
- 4) main voting positions (“for”, “against” and “abstained”);
- 5) statement of the need to duly fill in only one of the main voting positions for each item;
- 6) description of the filling-in technique of the respective voting position (underline, cross, outline, etc.);
- 7) statement of the need for the member of the Board of Directors to sign the questionnaire;
- 8) statement of the period, within which the filled-in questionnaire shall be delivered;
- 9) statement of the communication channels by which the filled-in questionnaire shall be sent;
- 10) “Exception report” heading (if the positions “against” or “abstained” and if the member of the Board of Directors found it impossible to determine his position).

The Secretary of the Board of Directors shall be responsible for processing of questionnaires received from members of the Board of Directors in accordance with the instructions of the Chairman of the Board of Directors.

When holding an extramural meeting of the Board of Directors, a resolution of the Board of Directors shall be deemed adopted if a majority (subject to provisions of par. 7.4. of these Regulations) of members of the Board of Directors participating in the absent voting voted for it.

6.7. The Board of Directors shall approve the List of basic issues to be dealt with at meetings of the Board of Directors of the Company for the period until the next annual General Meeting of Shareholders of the Company. Such list shall be made on the basis of proposals of shareholders, Chairman and members of the Board of Directors, Audit Commission and Management Board of the Company. The Board of Directors shall also approve the meeting schedule of the Board of Directors for the subsequent quarter.

Additional items may be introduced into the approved meeting schedule by resolution of the Board of Directors.

6.8. Notice of a formal meeting of the Board of Directors shall be given to each member of the Board of Directors in writing at least 14 days prior to the date of such meeting. Such notice shall state the proposed agenda of such meeting.

If necessary, a meeting of the Board of Directors may be adjourned subject to consent of all members of the Board of Directors present without adoption of any resolutions on items on the agenda.

6.9. For the purpose of operational efficiency, notice of an extramural meeting of the Board of Directors of the Company may be given to members of the Board of Directors together with voting ballots at least three (3) business days prior to such voting (section 8 of these Regulations shall not apply to extramural meetings of the Board of Directors of the Company).

Ballots shall be deemed to have voted if received by the Company before the deadline specified in the notice.

6.10. Meetings of the Board of Directors may be attended by members of the Management Board, Audit Commission and specialists included in the list approved by the Chairman of the Board of Directors.

7. Preparation of formal meetings of the Board of Directors

7.1. The executive Secretary shall draw and the Chairman of the Board of Directors shall approve the draft agenda of every ordinary meeting of the Board of Directors.

7.2. An item may be introduced into the agenda on request of the persons specified in paragraph 6.1. of these Regulations. The initiator shall furnish the Secretary of the Board of Directors of the Company for the care of the Chairman of the Board of Directors with a proposal on introduction of the item into the agenda at least 30 calendar days prior to the date of the meeting of the Board of Directors. The Chairman of the Board of Directors shall determine the set of people responsible for preparation of the following documents:

- explanatory note substantiating the need for examining the draft document (item) at the meeting of the Board of Directors;
- draft memorandum, report, presentation and other presentation documents;
- draft resolution of the Board of Directors on the relevant matter;
- accompanying materials.

7.3. Explanatory notes, draft resolutions of the Board of Directors and accompanying materials on items included in the draft agenda shall be submitted to the Executive Secretary of the Board of Directors at least 25 calendar days prior to the date of the meeting.

The explanatory note and draft resolution of the Board of Directors shall meet the information presentation standards (formats) approved by the Board of Directors.

7.4. The Executive Secretary of the Board of Directors of the Company shall control meeting of the deadlines of submitting proposals on introduction of items into the agenda of the Board of Directors (including explanatory note, presentation documents, draft resolution of the Board of Directors and accompanying materials) and compliance of the form of the explanatory note and draft resolution of the Board of Directors with the approved information presentation standards (formats).

The Executive Secretary shall inform the Chairman of the Board of Directors about any failure to meet the deadlines for submission of proposals on introduction of items into the agenda of the Board of Directors (including explanatory note, presentation materials, draft resolution of the Board of Directors and accompanying materials) and standards (formats) of presentation of the explanatory note and draft resolution of the Board of Directors for the Chairman of the Board of Directors to decide on approval of the draft agenda of the Board of Directors.

7.5. The Chairman of the Board of Directors of the Company shall notify the initiator of introducing the item into the agenda of the meeting of the Board of Directors of his resolution at least 20 calendar days prior to the date of the meeting.

7.5. Such draft agenda of the meeting of the Board of Directors, explanatory note, presentation materials, draft resolution of the Board of Directors and relevant accompanying materials substantiating the resolutions shall be submitted to members of the Board of Directors at least 14 business days prior to the date of such meeting.

7.6. Items prepared in violation of the deadlines for distribution of the draft agenda of the meeting of the Board of Directors, explanatory note and accompanying materials among members of the Board of Directors or in violation of standards (formats) of explanatory note and draft resolution of the Board of Directors may not be dealt with by resolution of the Board of Directors adopted by a majority of members of the Board of Directors present at the meeting.

7.7. At least 5 calendar days prior to the meeting, members of the Board of Directors shall present to the Executive Secretary of the Board of Directors their comments and proposals with respect to the relevant items.

7.8. Additional items may be introduced into the agenda of the Board of Directors at the meeting of the Board of Directors by resolution of the Board of Directors adopted by a majority of members of the Board of Directors present at the meeting.

8. Proceedings of meetings of the Board of Directors and executing of resolutions adopted

8.1. Meetings of the Board of Directors shall be attended by members of the Board of Directors of the Company and persons invited to the meeting in connection with each of the items discussed as per the list approved by the Chairman of the Board of Directors.

8.2. The Executive Secretary of the Board of Directors shall fix the quorum of the formal meeting of the Board of Directors in the draft minutes of the meeting of the Board of Directors.

In the absence of the quorum, the meeting shall be declared unqualified. In this case, the Chairman of the Board of Directors shall take one of the following decisions:

1) in consultations with the present members of the Board of Directors, he determines the time of the new meeting held instead of the unqualified one with the previously determined agenda taking measures for ensuring presence of members of the Board of Directors;

2) he personally determines the time of the new meeting held instead of the unqualified one with the previously determined agenda taking measures for ensuring presence of members of the Board of Directors;

3) he notifies members of the Board of Directors of the proposed time of informing them of the new meeting instead of the unqualified one subject to these Regulations;

4) he introduces the agenda of the unqualified meeting into the agenda of the ordinary scheduled meeting of the Board of Directors;

5) he may agree with members of the Board of Directors present at the meeting upon complete or partial exclusion of the agenda of the unqualified meeting from the list of questions to be dealt with at meetings of the Board of Directors (save as provided for by the applicable legislation).

A new meeting may be held instead of unqualified one not earlier than in an hour and not later than in 20 days after adoption of the relevant resolution of the Chairman of the Board of Directors on this matter.

The quorum of any meeting of the Board of Directors with the specific agenda recorded as specified above shall be determined once for the entire meeting of the Board of Directors with that agenda irrespective of the actual time of work of the Board within the framework of the meeting.

If in the course of any meeting of the Board of Directors, departure of any member(s) of the Board of Directors results in reduction of their number below the quorum, the Chairman of the Board of Directors may take one of the following decisions:

1) by virtue of impossibility to adopt any resolution due to the absence of a quorum for adoption of resolutions by the Board of Directors as per these Regulations (in the relevant case), to terminate the meeting of the Board of Directors upon completion of discussion of the last of the items discussed;

2) due to the absence of quorum for adoption of resolutions by the Board of Directors as per these Regulations, to continue the meeting of the Board of Directors without adoption of any resolutions for the purpose of determining the position of the remaining members of the Board of Directors and development of recommendations for the Board of Directors to consider at the next meeting of the Board of Directors.

Pursuant to these Regulations, determining of a quorum shall be deemed a preliminary procedure preceding any meeting of the Board of Directors. No voting on approval of the quorum (information from the Executive Secretary of the Board of Directors on the presence of quorum) shall be taken.

Determining of a quorum of the meeting shall be a closed procedure of the Board of Directors. No presence of invitees shall be permitted in this case.

8.3. Until and unless the agenda of the meeting is approved, the Chairman of the Board of Directors may in his own discretion exclude any items proposed for introduction into the draft agenda on the following grounds:

- absence of the initiator of the item at the meeting of the Board of Directors;
- oral or written application of the initiator for exclusion of the item from the agenda..

The list of grounds for exclusion of items from the draft agenda specified in this paragraph of the Regulations is limiting.

8.4. At meetings of the Board of Directors, the time for reports shall be limited by 10 minutes, by 5 minutes for co-reports and oral arguments and by 3 minutes for statements. If necessary, the chairman of the meeting may change the time for reporting.

Participants of the meeting and persons invited to the meeting may participate in the discussion, make proposals, comment and render information on items discussed. Discussion shall terminate at the suggestion of the chairman or members of the Board of Directors.

8.5. If necessary, a field meeting of the Board of Directors of the Company may be held.

8.6. For draft resolutions development and consideration of proposals and comments made at the meeting, working group may be established as agreed upon with the Chairman of the Management Board of the Company. Officials of the executive bodies of the Company may participate in such groups.

Persons in charge of such groups by resolution of the Board of Directors shall organise their work and ensure introduction of developed draft resolutions at the stated time. Unless such time is stated, the draft resolution development period shall be ten (10) business days.

8.7. The Executive Secretary of the Board of Directors shall keep minutes of any meeting of the Board of Directors. The audio recording of minutes of any meeting of the Board of Directors may be used as an auxiliary material in executing of such minutes. Minutes shall be executed within 3 days after the meeting and then delivered to all members of the Board of Directors of the Company.

Minutes of the meeting shall specify:

- time and place of the meeting;
- persons present at the meeting;
- agenda of the meeting;
- items put to vote and results of voting on them;
- resolutions adopted.

Resolutions of the Board of Directors of the Company adopted by absent voting shall be registered in separate minutes.

Minutes of meetings of the Board of Directors of the Company shall have consecutive numbers.

Minutes of any meeting of the Board of Directors of the Company shall be signed by the chairman of such meeting, who shall be responsible for the correctness of such minutes.

The Chairman of the Board of Directors and/or Executive Secretary of the Board of Directors shall be entitled to make and certify extracts from the minutes of any meeting of the Board of Directors on behalf of the Company (Board of Directors of the Company). The Executive Secretary of the Board of Directors shall keep a log of extracts from minutes of meetings of the Board of Directors.

8.8. Resolutions of the Board of Directors of the Company shall be binding upon the General Director of the Company, departments and employees of the Company.

8.9. Resolutions of the Board of Directors of the Company shall be communicated to executing persons in the form of extracts from the minutes of the meeting with respect to every particular item or by order of the General Director with a reference to the relevant resolution of the Board of Directors of the Company.

Extracts from any minutes of a meeting of the Board of Directors shall be executed by the Executive Secretary of the Board of Directors and served to executing persons against signature within 2 days after executing the minutes of such meeting.

8.10. Control over fulfilment of resolutions adopted at meetings of the Board of Directors shall be effected by the Chairman of the Board of Directors and, by his order, Executive Secretary of the Board of Directors.

8.11. During executive meetings of the Board of Directors, preparation of materials for such meetings, access to such meetings, executing of minutes and resolutions shall be subject to official, business and state secret.

9. Committees and working groups at the Board of Directors

9.1. Committees and working groups at the Board of Directors shall be established by resolution of the Board of Directors.

9.2. Committees and working groups at the Board of Directors shall be established for profound study of matters coming within the terms of reference of the Board of Directors or reviewed by the Board of Directors in the procedure of controlling activities of the General Director and administrative staff of the Company as well as draft resolution development under instructions of the Board of Directors and consideration of proposals and comments made at its meetings.

9.3. Committees of the Board of Directors shall be established for studying long-term problems of the Company operations and ensuring efficient implementation of managerial and supervisory functions of the Board of Directors that are of a special importance. Such committees shall consist of members of the Board of Directors and experts. A member of the Board of Directors shall be responsible for management of any committee of the Board of Directors. The Board of Directors may agree with the General Director upon establishment of joint committees of the Board of Directors and administrative staff of the Company.

9.4. Working groups at the Board of Directors shall be established for studying miscellaneous and non-recurrent questions of development and projects of the Company. Working groups at the Board of Directors may include members of the Board of Directors, administrative staff of the Company, members of the secretariat of the Board of Directors (if any) and experts, including those from other organisations.

9.5. The head of any working group at the Board of Directors shall be appointed by resolution of the Board of Directors. Heads of committees and working groups shall organise their work and ensure due presentation of developed draft resolutions of the Board of Directors at its meetings. If no deadline is agreed, the period for development of draft resolutions shall be ten (10) business days.

9.6. Regulations, terms of reference and terms of appointment of any working group or committee at the Board of Directors shall be determined by separate resolutions of the Board of Directors.

10. Storage and use of documents of the Board of Directors of the Company

10.1. Minutes of meetings of the Board of Directors of the Company shall be available for inspection by any shareholder of the Company, member of the Board of Directors, member of the Audit Commission, Auditor of the Company and Chairman of the Management Board.

10.2. As a result of activities of the Board of Directors, files (archives) of the Board of Directors shall be created.

Such files (archives) of the Board of Directors of the Company shall include:

1. minutes of meetings of the Board of Directors,
2. attachments to minutes of meetings of the Board of Directors,

3. other information materials for meetings of the Board of Directors,
4. minutes of General Meetings of Shareholders of the Company,
5. official correspondence register of the Board of Directors,
6. documents and materials of commissions, committees and working groups of the Board of Directors,
7. documents and materials required by the Board of Directors or its members subject to the special regulations approved by resolution of the Board of Directors,
8. inoperative attributes and properties of the Board of Directors,
9. questionnaires of members of the Board of Directors (filled in after election for convenience of delivery of notices and materials by the Secretary of the Board of Directors),
10. registers of extracts from minutes of meetings of the Board of Directors,
11. other materials and documents.

Documents included in the file of the Board of Directors shall be kept on a perpetual basis in the premises of the Company. The storage costs shall be paid by the Company.

The Executive Secretary of the Board of Directors shall be responsible for arrangement and archiving of documents and materials of the Board of Directors under the guidance of the Chairman of the Board of Directors. The Executive Secretary of the Board of Directors shall be responsible for making the list of all documents and materials of the files of the Board of Directors in hard and electronic copies.

Members of the Board of Directors shall have unrestricted access to materials and documents of the Board of Directors as well as the list of documents and materials of the Board of Directors with the right to copying. Pursuant to resolution of the Board of Directors, the Board of Directors may have its own attributes and properties – numbered letterheads, seals, stamps, signs, symbols, etc. The Chairman of the Board of Directors shall be responsible for making, storage, patenting and application thereof. Regulations on use of attributes and properties of the Board shall be determined by special resolution of the Board of Directors.

10.4. Members of the executive body of the Company having access to documents of the Board of Directors of the Company shall be liable for disclosure of any confidential information. Confidentiality of information shall be determined by the Board of Directors and recorded in the minutes of the relevant meeting.

10.5. In cases that are not covered by these Regulations, access to information on matters discussed by the Board of Directors of the Company may only be granted subject to consent of the Chairman of the Board of Directors or the person acting for him.

11. Procedure of approval and introduction of modifications into the Regulations on the Board of Directors of the company

11.1. Pursuant to subparagraph 19, paragraph 1, article 48 of the Federal Joint-Stock Companies Act, these Regulations on the Board of Directors of the Company and any modifications hereof shall be approved by the General Meeting of Shareholders of the Company.

11.2. Draft Regulations on the Board of Directors of the Company or any modifications hereof shall be submitted by the Board of Directors of the Company to the General Meeting of Shareholders of the Company.

11.3. Only members of the Board of Directors may initiate modifications of these Regulations on the Board of Directors subject to paragraph 7.2. hereof.

