

APPROVED
by the Sole Shareholder
of the Closed Joint Stock Company
"Trubnaya Metallurgicheskaya Kompaniya"
Resolution no/number dated 14.06.2005

Representative of the Sole Shareholder
_____ I.B.Khmelevsky

CHARTER
of the open joint stock company
"Trubnaya Metallurgicheskaya Kompaniya"

(new version)

Moscow, 2005

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1 GENERAL PROVISIONS

- 1.1 Open Joint Stock Company "Trubnaya Metallurgicheskaya Kompaniya" (registered by the Moscow Registration Chamber on 17.04.2001 under registered number 002.041.016, OKPO 56601059, INN 7710373095) (the "**Company**"), a commercial organisation created in accordance with the requirements of the Civil Code of the Russian Federation, Federal Law of 26 December 1995 No. 208-FZ "On Joint Stock Companies" (as amended) and other legal acts of the Russian Federation, with the object of deriving profits.
- 1.2 The Company is a legal entity and acts on the basis of this charter (the "**Charter**") and legislation of the Russian Federation.

2 TRADE NAME AND LOCATION

- 2.1 Full trade name of the Company in Russian: **Открытое акционерное общество «Трубная Металлургическая Компания»**.
Abbreviated trade name in Russian: **ОАО «ТМК»**.
Full trade name in English: OAO "TMK".
Abbreviated trade name in English: TMK.
- 2.2 Location of the Company: Russian Federation, 125047, Moscow, ul. Alexandra Nevskogo, 19/25, bld. 1.

3 LEGAL STATUS

- 3.1 The Company is a legal entity and owns property accounted on its separate balance sheet, is entitled to acquire and exercise in its name proprietary and personal non-proprietary rights, to have obligations and to be a plaintiff and a defendant in court.
- 3.2 The Company shall be deemed to be established as a legal entity as of the date of its state registration in the manner prescribed by federal laws and shall exist in perpetuity.
- 3.3 The Company shall have civil rights and obligations as required in order to conduct any activities that are not prohibited by the law, and shall enjoy full economic independence.

To carry out its activities, the Company shall have all rights available to it under the applicable laws of the Russian Federation, including the right:

- (a) enter into contractual relationship and perform transactions and other legal actions including those involving loans and promissory notes, with both Russian and foreign legal entities and individuals;
- (b) purchase shares including purchasing thereof from its shareholders with a view to resell them to other shareholders or third parties within one (1) year from the date of acquisition thereof;
- (c) participate in other joint stock companies and limited liability companies, create, under an agreement with other legal entities, associations and unions participate in the activities thereof and, on an arm's length basis,

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invest monies therein, and set up enterprises with Russian and foreign partners in the Russian Federation and abroad;

- (d) issue securities and perform operations therewith in accordance with the applicable laws of the Russian Federation;
- (e) increase its charter capital in the manner and in accordance with the conditions prescribed by the General Meeting of the Company's Shareholders (the "**General Meeting of Shareholders**") or the Company's Board of Directors (the "**Board of Directors**") in accordance with the applicable laws of the Russian Federation and this Charter;
- (f) participate in auctions and, in the prescribed manner, enter into license agreements in the Russian Federation and abroad with the object of acquiring raw materials and selling products;
- (g) engage specialists including foreign specialists;
- (h) to determine independently the form, amount and type of remuneration, including remuneration in kind and, in a number of instances provided by the legislation, in foreign currency;
- (i) enter into exchange dealings in the manner prescribed by the applicable laws of the Russian Federation;
- (j) to lease, or sublease, or provide free of charge for temporary use, buildings, structures, equipment, means of transport and other assets owned or leased by it that do not lose their physical properties in the course of operation thereof;
- (k) carry out any other activities not prohibited under the applicable laws of the Russian Federation.

3.4 The Company may open bank accounts inside or outside the Russian Federation in the prescribed manner.

3.5 The Company shall have a round seal bearing its full trade name in Russian and in English and the indication of its location. The seal may also bear the Company's trade name in any foreign language or the language of any ethnic group of the Russian Federation.

The Company may have its own stamps and letterheads bearing its name, a proprietary logo, a duly registered trademark, and other means of visual identification.

3.6 Any interference in the Company's business activities by any government, non-government or other organisations shall be prohibited, unless the same is allowed pursuant to their rights to exercise control and audit under the applicable laws of the Russian Federation.

4 LIABILITY

4.1 The Company shall be liable for its obligations to the full extent of its property.

4.2 The Company shall not be liable for the obligations of its shareholders.

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- 4.3** Shareholders are not liable for the obligations of the Company and bear the risk of losses related to its activity within the value of the shares they are holding.

Shareholders who have not fully paid up their shares shall bear joint and several liability for the obligations of the Company within the value of the outstanding part of shares they are holding.

- 4.4** If the insolvency (bankruptcy) of the Company is caused by the actions (or inactions) of its shareholders or other parties who have the right to issue binding instructions to the Company or otherwise have the opportunity to direct its activities, then, in the event that the Company does not have sufficient property, such shareholders or other parties may bear vicarious liability for its obligations.

- 4.5** The government and its agencies shall not be liable for the obligations of the Company and the Company shall not be liable for the obligations of the government and its agencies.

5 BRANCHES AND REPRESENTATIVE OFFICES. SUBSIDIARY AND DEPENDENT COMPANIES

- 5.1** The Company shall have the right to set up branches and representative offices inside and outside the Russian Federation in accordance with applicable laws of the relevant jurisdiction at the location of such a branch or representative office, unless otherwise provided for by an international treaty to which the Russian Federation is the party.

Branch and representative office shall not be legal entities and shall operate on the basis of their by-laws approved by the Company. Branch and representative office shall receive their property from the Company and such property shall be recorded both on their separate balance sheets and on the Company's balance sheet.

The head of a branch or a representative office shall be appointed by the Company and act pursuant to a power of attorney issued by the Company.

Branch and representative office shall carry out their activities on behalf of the Company. The Company shall be liable for activities of its branch or representative office.

- 5.2** The Company has a representative office in the city of Yekaterinburg, the Sverdlovsk region.

- 5.3** The Company shall have the right to have incorporated subsidiary and dependent companies within and outside the Russian Federation in accordance with applicable laws of the relevant jurisdiction at the location of such subsidiary and dependent companies, unless otherwise provided for by international treaties.

6 OBJECTIVES AND ACTIVITIES

- 6.1** The Company is established with the object of profit-making.
- 6.2** The Company shall carry out any business activities not prohibited by the applicable laws of the Russian Federation and this Charter.

The Company's key activities shall include:

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- (a) measures of arrangement, coordination and management nature in the industrial field;
- (b) research and technology activities;
- (c) marketing, engineering and consulting services;
- (d) enhancement of implementation of research and technology achievements, inventions and innovative proposals;
- (e) research and development work;
- (f) intermediary services for purchase and sale of technical products;
- (g) foreign economic activities, as well as any other business activities not prohibited under the applicable laws of the Russian Federation or other applicable laws;
- (h) representation, management and promotion services;
- (i) market research in respect of scientific and technical products, works and services in the domestic and overseas markets of the Russian Federation for the benefit of counterparties;
- (j) benefiting from participation in joint-venture activities;
- (k) benefiting from holding of securities;
- (l) any other activities not prohibited under the applicable laws of the Russian Federation.

6.3 The Company may engage in certain activities, the list of which is set forth in federal laws, solely on the basis of a special permit (licence). If the terms of issuance of a special permit (licence) authorising the performance of a specific type of activity stipulate the requirement that such activity be performed exclusively, then for the term of validity of the special permit (licence) the Company may not engage in any activity other than that set forth in the special permit (licence) or associated therewith.

7 CHARTER CAPITAL

7.1 The charter capital of the Company is 8,730,010,000 (eight billion seven hundred and thirty million ten thousand) roubles and comprises 873,001,000 (eight hundred and seventy-three million one thousand) ordinary registered shares with the nominal value of 10 (ten) roubles each (placed shares).

7.2 The cap number of shares the Company may place additionally to the placed shares shall amount to 436,500,500 (four hundred and thirty-six million five hundred thousand five hundred) ordinary registered shares with the nominal value of 10 (ten) roubles each (authorised shares).

7.3 The charter capital of the Company can be increased through an increase of the nominal value of the shares or a placement of additional shares. Increase of the Company's charter capital through placement of additional shares may be made at the cost of the Company's assets. Increase of the Company's charter capital through an increase of the nominal value of the shares shall be made solely at the cost of the Company's assets.

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- 7.4** The charter capital of the Company may be reduced by decreasing the nominal value of shares or by decreasing their total number, including through the repurchase and redemption of a portion of the shares.
- 7.5** Increase and reduction of the Company's charter capital shall be made in accordance with the applicable laws of the Russian Federation.
- 7.6** The Company's shares may be paid in roubles or in foreign currencies in accordance with the applicable laws of the Russian Federation or by way of transfer to the Company of buildings, structures, facilities and other material valuables, securities, rights of use of buildings, structures and land plots, and mineral resources, proprietary rights or any other rights having a money value.
- 7.7** No release of a shareholder from the liability of payment of the Company's shares shall be allowed, including a release from the same through offsetting counterclaims to the Company.

8 PURCHASE OF PLACED SHARES BY THE COMPANY

- 8.1** The Company may, based on the resolution of the General Meeting of Shareholders to decrease the charter capital, purchase the shares it has placed to reduce their total number (redemption). Shares purchased by the Company based on the resolution of the General Meeting of Shareholders to decrease the charter capital shall be redeemed upon the purchase thereof.
- 8.2** A resolution of the General Meeting of Shareholders to purchase the shares shall determine the categories (types) of the shares to be purchased, the number of the shares of each category (type) to be purchased, the purchase price, the form of and the deadline for purchasing the shares.
- 8.3** The payment for the shares purchased by the Company shall be in cash.
- 8.4** The period of time within which the shares are to be purchased may not be less than 30 (thirty) days.
- 8.5** No later than 30 (thirty) days before the commencement of the period within which the shares are to be purchased, the Company's sole executive body (the "**General Director**") shall notify accordingly all the shareholders owning the shares of those categories (types) a resolution to purchase which has been adopted.

Such notice shall contain the following information: the trade name and location of the Company, categories (types) of the shares to be purchased, the number of shares of each category (type) to be purchased by the Company, the purchase price, the form of payment and the due date thereof, the official date of commencement of the purchase of shares, the official date of closing of the purchase of shares, the addresses at which the completed written applications of shareholders to sell the shares owned by them could be given back.

A special form of a written application to sell the shares owned by the shareholders shall be attached to such notice.

Such notice shall be sent to the shareholder by registered mail at the address set out in the register of the Company's shareholders or delivered personally against signature.

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- 8.6** Each shareholder owning the shares of the category (type) a resolution to purchase which has been adopted, shall have the right to sell them, and Company shall purchase such shares.
- 8.7** In the event that the total number of shares in respect of which applications to sell have been received, exceeds the number of shares which can be purchased by the Company under the applicable laws of the Russian Federation and in accordance with the relevant resolution of the General Meeting of Shareholders, the shares shall be purchased from the shareholders pro rata the number of shares offered for purchase in the applications.
- 8.8** The shareholder owning the shares of the category (type) a resolution to purchase which has been adopted, shall have the right, within the stated period, furnish the Company with a written application to sell its shares to the Company. Such application shall be sent by mail or delivered personally at the addresses set out in the relevant notice. The date of submission of the application shall be the date of dispatch or the date of its delivery.
- 8.9** The form of the written application to sell shares completed by the shareholder shall constitute the acceptance of the Company's offer to purchase a certain number of such shares. Concurrently with the application to sell shares the shareholder shall complete a transfer order to be furnished to the registrar (depository) so as to debit such shareholder's personal account (depo account) by the number of shares to be purchased by the Company.
- 8.10** Within not more than 30 (thirty) working days from the last date of receiving the applications from the shareholders to sell shares, the Company's General Director shall take a decision as to the number of shares to be purchased from each of the shareholders, notify the registrar accordingly and pay each shareholder the amount due.
- 8.11** The Company may, based on a resolution of the General Meeting of Shareholders, purchase the placed shares with a view to subsequent circulation thereof. Such shares shall be purchased based on a resolution of the General Meeting of Shareholders in manner set out in Clauses 8.2 through 8.10 of this Charter.

The Company may not adopt a resolution to purchase shares if the nominal value of the Company's shares in circulation falls below 90 (ninety) percent of the Company's charter capital.

9 BUY-BACK OF PLACED SHARES BY THE COMPANY

- 9.1** Shareholders owning the Company's voting shares shall have the right to demand a buy-back by the Company of all or part of the shares owned by them in the event of:
- (a) reorganisation of the Company or entering into a major transaction, the decision on approval of which is adopted by a General Meeting of Shareholders, if the shareholders voted against the decision on its reorganisation or approval of that transaction, or did not participate in voting on such matters;

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- (b) introduction of amendments and additions into the Company's Charter or approval of a new version of the Company's Charter that limit their rights, if they voted against a relevant decision or did not participate in voting.

9.2 The list of shareholders having the right to demand a buy-back of shares owned by them by the Company shall be compiled based on the information contained in the register of the Company's shareholders as of the date of preparation of the list of persons having the right to vote at the General Meeting of Shareholders which agenda includes matters voting on which, under the Federal Law "On Joint Stock Companies" may give rise to the right to demand a buy-back of shares.

9.3 A buy-back of shares by the Company shall be made at a price determined by the Board of Directors under the applicable laws of the Russian Federation without taking into account its variation as a result of the Company's actions that have given rise to the right of demand to appraise and buy back the shares.

10 REGISTER OF SHAREHOLDERS

10.1 Details of the shareholders shall be contained in the Company's register of shareholders which shall set out information regarding each registered person, the number and categories (types) of the shares recorded in the name of each such registered person and other information as set forth in legal acts of the Russian Federation.

10.2 The Company provides maintenance and keeping of the register of Company's shareholders in accordance with the Legislation of the Russian Federation from the moment of Company's state registration.

10.3 The register of shareholders may be kept the Company itself or by a professional participant of the securities market engaged in the activities related to keeping of registers of registered securities (a registrar). Once the number of the Company's shareholders exceeds 50 (fifty) persons, the Company shall assign keeping of the register to a registrar.

10.4 A persons registered in the Company's register of shareholders shall in due time notify the Company's registrar of any changes in its details. In the event of failure to notify of such changes, neither the Company, nor the registrar shall be liable for any losses caused in this connection.

11 COMPANY'S SHAREHOLDERS. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

11.1 The Company's shareholders may include individuals and legal entities including foreign individuals and legal entities that have purchased the Company's shares and recognise and comply with the provisions of this Charter.

11.2 Each ordinary share of the Company grants its owner the equal scope of rights.

Shareholders of the Company - holders of the ordinary registered shares in the Company may:

- 1) participate in managing the Company in the manner prescribed by this Charter and the applicable laws of the Russian Federation, as well as

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participate in the General Meeting of Shareholders with the right to vote on any of the reserved matters thereof;

- 2) elect and be elected in the Company's management and supervising bodies;
- 3) receive a portion of profits (dividends) to be distributed among the shareholders pro rata to the number of shares held by them;
- 4) receive a portion of the Company's property left after settlement of creditors' claims in the event of its liquidation;
- 5) put forward proposals to the agenda of the annual General Meeting of Shareholders and nominate candidates to the Company's management bodies pursuant to Clause 11.4 of this Charter and the applicable laws of the Russian Federation;
- 6) receive from the Company's management bodies any information regarding the Company's activities, review accounting and reporting data and other documents, receive copies of constitutional and other documents of the Company;
- 7) alienate any shares they hold or any portion thereof to the Company's shareholders and/or third parties without any consent of any of the Company's shareholders or of the Company itself;
- 8) exercise pre-emption rights in respect of purchasing additional shares and issue securities convertible into shares placed through public or private offering in the events and in the manner set out in Clause 11.5 of this Charter and the applicable laws of the Russian Federation;
- 9) authorise third parties, through execution of powers of attorney or relevant agreements, to exercise all or any rights conferred by the shares;
- 10) demand buy-back by the Company of all or any of the shares they hold, in the events and in the manner set out in Clause 9 of this Charter and the applicable laws of the Russian Federation.

11.3 The shareholders may also have any other rights provided by this Charter and the applicable laws of the Russian Federation.

11.4 The procedure of submission of proposals for the agenda of the annual General Meeting of Shareholders and nomination of candidates to the Company's management bodies:

A shareholder or shareholders owning in total no less than 2 per cent of the Company's voting shares, may put forward proposals for the agenda of the annual General Meeting of Shareholders and nominate candidates to the Company's management bodies.

A shareholder or shareholders may nominate candidates to the Company's Board of Directors, Internal Audit Commission (the "**Internal Audit Commission**") and Counting Commission (the "**Counting Commission**") with the number of candidates so proposed not to exceed the total number of members of the relevant body.

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Proposals for the agenda of the annual General Meeting of Shareholders and nomination of candidates shall be submitted to the Company in writing no later than 30 (thirty) days after the end of the relevant financial year and shall include:

- (a) name of the shareholder(s) who submitted relevant proposals and nomination;
- (b) the number and the category (type) of shares owned by such shareholders;
- (c) the wording of each proposed matter, and a proposal on candidates shall specify the name of each proposed candidate, the name of the body for which such candidate is nominated and other information about such candidate provided by this Charter or the Company's internal regulations;
- (d) proposal for the agenda of the General Meeting of Shareholders may contain wording of resolution on each proposed matter;
- (e) signature(s) of the shareholder(s).

11.5 Procedure for exercising the pre-emptive right to purchase additional shares and issue securities convertible into shares:

The Company's shareholders shall have a pre-emptive right to acquire additional shares and issue securities convertible into shares placed by way of an open subscription, in the amount pro rata to the number of shares owned by them.

Shareholders of the Company that voted against or did not participate in the voting on a matter for the placement through a closed subscription of shares and issue securities convertible into shares shall have a pre-emptive right to acquire additional shares and issue securities convertible into shares placed through the closed subscription, in an amount pro rata to the number of shares owned thereby. This right shall not extend to the placement of shares and other issue securities convertible into shares through closed subscription only among shareholders if the shareholders have the opportunity to purchase, pro rata to the number of shares owned by them, a whole number of shares and other issue securities convertible into shares being placed.

The list of persons having the pre-emptive right (the "**the pre-emptive right**") to purchase additional shares and issue securities convertible into shares shall be made on the basis of the information set forth in the register of shareholders on the date on which a resolution is adopted constituting the basis for the placement of the additional shares and issue securities convertible into shares.

The Company shall notify the persons included in the list of persons having the pre-emptive right of the opportunity to exercise the pre-emptive right by a registered letter or deliver such notice to each of such persons with receipt acknowledged by personal signature.

A notice of the opportunity for shareholders to exercise the pre-emptive right shall be furnished upon the state registration of the issue of securities but before placement thereof and shall contain the following information:

- (a) the Company's full trade name;
- (b) the Company's location;

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- (c) number of shares to be placed and issue securities convertible into shares;
- (d) price of placement of shares and issue securities convertible into shares, which are to be placed, or the procedure for the placement pricing;
- (e) price of placement of shares and issue securities convertible into shares, which are to be placed, or the procedure for pricing of placement in favour of the Company's shareholders if they exercise their pre-emptive right;
- (f) the procedure for determining the number of shares and issue securities convertible into shares, that each shareholder is entitled to purchase;
- (g) validity of the pre-emptive right;
- (h) the procedure for exercise of the pre-emptive right by the shareholder.

In order to exercise its pre-emptive right in full or in part, a person having such right, shall submit the following to the Company's Board of Directors not earlier than the commencement date of placement and not later than the expiration of the period of effectiveness of the pre-emptive right:

- an application to purchase shares and issue securities convertible into shares specifying: its name, place of residence (location), number of securities to be purchased, any other information as required by the resolution to issue securities;
- a document certifying payment for the shares and issue securities convertible into shares to be purchased as set out in the resolution to issue securities.

Within 5 (five) business days of the termination date of the pre-emptive right as set out in the resolution to issue securities, the Board of Directors shall sum up the results of the exercise by the shareholders of their pre-emptive right.

An application to purchase shares and issue securities convertible into shares shall constitute acceptance of the Company's offer to buy shares and issue securities convertible into shares pursuant to the pre-emptive right.

The pre-emptive right validity shall commence upon sending (delivery) of a notice of the opportunity to exercise the pre-emptive right and may not be less than 45 (forty-five) days.

Prior to termination of the pre-emptive right validity as set out in the resolution to issue securities, the Company may not place additional shares and issue securities convertible into shares in favour of persons not included in the list of persons having the pre-emptive right to purchase additional shares and issue securities convertible into shares.

11.6 Irrespective of the number and type of shares held, the Company's shareholders shall:

- 1) pay for the shares within the period, in the manner and form provided for by the Civil Code of the Russian Federation, Federal Law "On Joint Stock Companies", this Charter and the Share Purchase Agreement;
- 2) comply with the provisions of this Charter;

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- 3) keep confidential any information about the Company's activities and Company's securities and transactions therewith which is not public and disclosure of which may have a material adverse effect on the Company's activities;
- 4) not take perform any actions that may cause harm to the Company's interests, its officials or shareholders or hindering the activities of the Company, its officials or shareholders;
- 5) where the Company has over 1,000 holders of ordinary shares, the shareholders shall offer such holders of the Company's ordinary shares the opportunity to sell to the Company's ordinary shares (issue securities convertible into ordinary shares) they hold if such shareholders purchase (or intend to purchase) 30 (thirty) or more percent of the Company's ordinary shares, in accordance with the requirements of Article 80 of the Federal Law "On Joint Stock Companies";
- 6) inform the Company's registrar of any changes in their details;
- 7) perform any other obligations provided for by the applicable laws of the Russian Federation.

11.7 A person who either on his own or jointly with his affiliated person(s), intends to purchase 30 and more per cent of the placed ordinary shares of the Company, which has over 1,000 shareholders owners of ordinary shares, with account of ordinary shares already owned by such person shall, no earlier than 90 days and no later than 30 days prior to the date of purchase of such shares, send to the Company a written notice of its intent to purchase such shares.

11.8 Where the Company has more than 1,000 holders of ordinary shares, any person that purchases, either independently or jointly with an affiliated parties (the "**Purchaser**"), 30 (thirty) or more percent of the placed common shares of the Company as a result of one or a number of transactions (the date of purchase of 30 (thirty) or more percent of the placed ordinary shares of the Company shall hereinafter be referred to as the "**Purchase Date**"), shall offer the shareholders and owners of issue securities convertible into ordinary shares an opportunity to sell to such person their ordinary shares in the Company and/or issue securities convertible into ordinary shares (the "**Offer**") at a price no lower than the average weighted price of acquisition of such shares, taking into account purchase price on the stock exchange or over-the-counter market where ordinary shares (or depositary receipts thereto) and/or issue securities convertible into the Company's ordinary shares, are traded, over the six months preceding the Purchase Date (the "**Price**").

Within 10 (ten) calendar days of the Purchase Date, the Purchaser shall submit the Offer to the Company for the attention of the General Director, and within 20 (twenty) calendar days of the receipt of the Offer from the Purchaser, the Company shall submit the Offer to each shareholder, nominal holder of ordinary shares or owner or nominal holder of issue securities convertible into the Company's ordinary shares set out in the Company's shareholders register and/or register of owners of issue securities convertible into Company's ordinary shares as of the Purchase Date. The Offer shall contain the following information:

- (a) full name, address and contact details of the Purchaser;

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- (b) date of the Offer (such date being the date of submission of the Offer to the Company);
- (c) the number of ordinary shares purchased by the Purchaser;
- (d) the price determined as described in this Clause 11.8 above, and the statement saying that payments shall be by wire transfers in roubles;
- (e) the offering period which may not exceed 30 (thirty) calendar days from the date of submission of the Offer by the Company to the owners of ordinary shares and issue securities convertible into ordinary shares, in accordance with this Clause (the “Offering Period”);
- (f) the period for purchasing and paying of ordinary shares and issue securities convertible into ordinary shares; and
- (g) the address in Moscow (Russia) at which a notice of acceptance of the Offer shall be sent (and the address at which a notice of acceptance of the Offer may be sent by registered mail or delivered personally).

Each shareholder or holder of issue securities convertible into the Company's ordinary shares may accept the Offer in respect to all or part of ordinary shares or issue securities convertible into the Company's ordinary shares, held by such shareholder, by giving the Purchaser a written notice of acceptance of the Offer in accordance with the terms and conditions of the Offer. Such notice shall contain the name of such shareholder or holder of issue securities convertible into the Company's ordinary shares, the number of ordinary shares or issue securities convertible into the Company's ordinary shares to be sold to the Purchaser and the details of the bank account of the shareholder or the holder of issue securities convertible into the Company's ordinary shares. The Purchaser shall make a full payment for the shares or issue securities convertible into the Company's ordinary shares being purchased in accordance with this Clause, within 15 (fifteen) calendar days from the date of acceptance of the relevant Offer by the shareholder or the holder of issue securities convertible into the Company's ordinary shares.

The provisions of this Clause 11.8 shall apply to the purchase of each 5 (five) percent of the placed ordinary shares in excess of 30 percent of the placed ordinary shares of the Company.

11.9 Legislation of the Russian Federation may provide for other obligations of the Company's shareholders.

11.10 Foreign shareholders shall have rights, privileges and guarantees provided to foreign investors by the Federal Law No. 160-FZ of 9 July 1999 “On Foreign Investments in the Russian Federation” (as amended) and of the laws of the Russian Federation.

12 DIVIDENDS

12.1 Based on the results of the first quarter, six months, nine months of the financial year, and/or based on the results of the financial year, the Company shall have the right to adopt a resolution (declaration) on the payment of dividends on its placed shares unless otherwise established by the applicable laws of the Russian Federation. A resolution (declaration) on the payment of dividends based on the

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results of the first quarter, six months, nine months of the financial year, may be adopted within 3 (three) months upon the expiry of a respective period.

The Company shall be obliged to pay dividends declared on shares of each category (type). Dividends shall be paid in cash.

- 12.2** Dividends shall be paid from the Company's net profit. Dividends on preference shares of certain types may be paid at the expense of the Company's funds specially created to this effect.
- 12.3** A resolution (declaration) on the payment of dividends, including a resolution on the amount of a dividend and the form of its payment on the shares of each category (type), shall be adopted by the Company's General Meeting. The amount of dividends may not exceed the amount recommended by the Company's Board of Directors.
- 12.4** The Company shall declare the amount of dividends without deducting the relevant tax amounts.
- 12.5** The period and procedure of payment of dividends shall be determined by resolution of the General Meeting of Shareholders. Such period shall not exceed 60 (sixty) days from the date of the resolution to pay the dividends.

No interest shall be accrued on unpaid or underpaid dividends other than in the events expressly provided for by the applicable laws of the Russian Federation.

- 12.6** The list of persons entitled to receive dividends shall be compiled as of the date of compiling the list of persons entitled to participate in the General Meeting of Shareholders which is to adopt a decision on the payment of respective dividends.
- 12.7** The Company may not adopt a resolution (declaration) on the payment of dividends on shares or pay declared dividends on shares in the events set out in the applicable laws of the Russian Federation.

13 GENERAL MEETING OF SHAREHOLDERS

- 13.1** The General Meeting of Shareholders shall be the highest management body of the Company.

The Company shall be obliged to hold annually an annual General Meeting of Shareholders. The annual General Meeting of Shareholders shall be held not earlier than 2 (two) and not later than 6 (six) months after the end of the financial year.

General meetings of shareholders that are held apart from an annual General Meeting of Shareholders are extraordinary. The extraordinary General Meeting of Shareholders shall be convened in the manner prescribed by Article 55 of the Federal Law "On Joint Stock Companies".

- 13.2** The following matters shall fall within the competence of the General Meeting of Shareholders:
- 1) the introduction of amendments to the Company's Charter or approval of a new version of the Company's Charter;
 - 2) reorganisation of the Company, unless the Company is transformed into a non-profit partnership;

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- 3) liquidation of the Company, appointment of a liquidation commission and approval of interim and final liquidation balance sheets;
- 4) determination of the size of the Company's Board of Directors, election of its members, and early termination of their authority;
- 5) determination of the amount, nominal value, category (type) of authorised shares and the rights attached to them;
- 6) increase of the Company's charter capital by increasing the nominal value of shares;
- 7) increase of the Company's charter capital by placement of shares through a private offering or by placement of ordinary shares through a public offering that constitute over 25 percent of the previously placed shares;
- 8) placement of the Company's issue securities convertible into shares, save for placement through a public offering of issue securities convertible into preference shares or ordinary shares that constitute 25 or less percent of the previously placed ordinary shares;
- 9) decrease in the charter capital of the Company by decreasing their nominal value, by way of acquisition by the Company of a portion of the shares for the purpose of reduction of the total number of shares, and by way of cancellation of the shares acquired and bought by the Company;
- 10) election of the members of the Internal Audit Commission and early termination of their authority;
- 11) approval of the Company's auditor;
- 12) payment (declaration) of dividends based on the results of the first three months, six months, nine months of a financial year;
- 13) approval of annual statements, annual accounting reports including income statements (profit and loss accounts) of the Company, and distribution of the profits (including the payment (declaration) of dividends, except for the profits distributed by paying dividends by the results of first three months, six months, nine months of a financial year) and losses of the Company based on the results of the financial year;
- 14) the procedure for conducting General Meetings of Shareholders;
- 15) determination of the size of the Counting Commission, election of members of the Counting Commission and early termination of their authority;
- 16) adoption of resolutions on split up and consolidation of shares;
- 17) approval of transactions in the events set out in Article 83 of the Federal Law "On Joint Stock Companies";
- 18) approval of major transactions involving property which value comprises from 25 (twenty-five) to 50 (fifty) percent of the book value of the Company's assets in the events set out in Article 79 of the Federal Law "On Joint Stock Companies";

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- 19) approval of major transactions involving property which value exceeds 50 (fifty) percent of the book value of the Company's assets;
- 20) resolutions on participation in holding companies and finance-industrial groups;
- 21) resolutions on participation in associations and any other units of commercial organisations;
- 22) approval of internal documents which regulate the operation of the Company's management bodies;
- 23) adoption of resolutions to transfer powers of the General Director to a management company or a manager under agreement;
- 24) adoption of resolutions on purchasing by the Company of the placed shares in the events set out in Clauses 8.1 and 8.11 of this Charter;
- 25) reorganisation of the Company in the form of transformation into a non-profit partnership;
- 26) decisions on other matters that are referred to its reserved matters under the Federal Law "On Joint Stock Companies".

13.3 Matters falling within the competence of the General Meeting of Shareholders may not be delegated to the Board of Directors, the General Director or the Management Board.

13.4 The General Meeting of Shareholders shall adopt resolutions on items put to a vote by a majority vote of the shareholders owning voting shares in the Company which are participating in the meeting, except where the Federal Law "On Joint Stock Companies" requires otherwise in order for such a resolution to be adopted.

Resolutions on the matters set out in paragraphs 1) - 3), 5), 7), 8), 19) and 24) of Clause 13.2 hereof shall only be adopted by the General Meeting of Shareholders by a three-fourth majority of votes of the shareholders owning voting shares in the Company and participating in the General Meeting of Shareholders.

Resolutions with regard to the matter set out in paragraph 25) of Clause 13.2 of this Charter shall be adopted by a unanimous vote of all of the Company's shareholders.

Resolutions with regard to matters set out in paragraphs 4), 10), 11) and 13) of Clause 13.2 of this Charter shall be adopted only by the General Meeting of Shareholders held in the form a meeting.

Resolutions with regard to matters set out in paragraphs 2), 3), 6) – 8), 16) – 22) and 24) of Clause 13.2 of this Charter shall be adopted by the General Meeting of Shareholders either pursuant to a proposal of the Company's Board of Directors or pursuant to a proposal of the shareholder(s) holding in aggregate no less than 2 (two) percent of the Company's voting shares.

Resolutions with regard to the matter set out in paragraph 23) of Clause 13.2 of this Charter shall be adopted by the General Meeting of Shareholders only pursuant to a proposal of the Company's Board of Directors.

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13.5 The General Meeting of Shareholders shall not be entitled to consider and take decisions on the matters not falling within its competence in accordance with this Charter and the applicable laws of the Russian Federation.

The General Meeting of Shareholders shall not be entitled to take decisions on matters not included on its agenda, and to change the agenda.

13.6 A decision of the General Meeting of Shareholders may be taken by means of an absentee vote subject to the requirements of Article 50 of the Federal Law "On Joint Stock Companies".

13.7 The procedure of holding the General Meeting of Shareholders, its rules and other procedural matters shall be set out in the Regulations on the General Meeting of Shareholders, or, in the event of absence of the latter, shall be resolved as required in the course of the meeting by open voting.

13.8 A shareholder may file a court appeal against a resolution approved by the General Meeting of Shareholders in violation of the requirements of the applicable laws of the Russian Federation or the Company's Charter if that shareholder did not participate in the General Meeting of Shareholders or voted against the approval of such resolution and such resolution violates the shareholder's rights and legitimate interests. Such appeal may be filed with a court within six months of the date on which the shareholder became or should have become aware of the approved resolution.

14 PROCEDURE FOR PREPARATION AND HOLDING OF GENERAL MEETING OF SHAREHOLDERS

14.1 The General Meeting of Shareholders shall be convened based on a resolution of the Board of Directors adopted by it by its own discretion or by a discretion of persons authorised thereto by this Charter.

The Company's Board of Directors shall adopt a resolution which determines the form of the General Meeting of Shareholders; the date, place and hour of the General Meeting of Shareholders; wording of the items of the agenda of the General Meeting of Shareholders; the list of information (materials) submitted to the shareholders in preparation for the General Meeting of Shareholders and the procedure for such submission; the date of preparation of the list of shareholders having the right to participate in the General Meeting of Shareholders; the procedure for informing the shareholders that the General Meeting of Shareholders is being convened.

If the agenda of the General Meeting of Shareholders includes matters as a result of voting on which there may arise, under the Federal Law "On Joint Stock Companies", the right of the shareholders to demand a buy-back by the Company of the shares owned by such shareholders, the Company's Board of Directors shall determine the price of shares to be purchased and the procedure and the period of such purchase.

A resolution of the Company's Board of Directors to hold a General Meeting of Shareholders in the form of a meeting, shall set out the date, place and hours of registration of participants of the General Meeting of Shareholders.

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A resolution of the Company's Board of Directors to hold a General Meeting of Shareholders in absentia shall contain the form and the wording of the voting ballot, the dates of the beginning and closing of acceptance of the voting ballots by the Company, the postal address at which the completed voting ballots shall be sent. The date for submission of voting ballots to the Company's shareholders may not occur later than 20 (twenty) days prior to such General Meeting of Shareholders.

- 14.2** A notice of a General Meeting of Shareholders shall be given not later than 30 (thirty) days, and a notice that an extraordinary General Meeting of Shareholders is being convened when its agenda contains a matter on election of the members of the Board of Directors shall be given no later than 50 (fifty) days in advance of the date of such meeting.

Notice that a General Meeting of Shareholders is being convened shall be issued within the specified time to each person indicated in the list of persons having the right to participate in the General Meeting of Shareholders by registered mail or delivered personally to each of these persons with receipt acknowledged by personal signature.

Voting ballots and materials required for adopting resolutions by the shareholders shall be distributed together with the notice, unless otherwise provided for in the relevant resolution of the Company's Board of Directors, namely that at each shareholder's request voting ballots and materials shall be delivered at the Company's location or such other address as may be specified by the Company's Board of Directors.

A notice of a General Meeting of Shareholders shall comply with the requirements of Article 52(2) and Article 76(2) of the Federal Law "On Joint Stock Companies" and the requirements of the federal executive authority for securities markets.

- 14.3** In preparation for a General Meeting of Shareholders the Company's Board of Directors shall determine:

- (a) the form of the General Meeting of Shareholders (meeting or absentee voting);
- (b) the date, place and hour of the General Meeting of Shareholders and, where under Article 60(3) of the Federal Law "On Joint Stock Companies" completed ballots may be sent to the Company, the postal address to which the completed ballots may be sent, or where the General Meeting of Shareholders is held by absentee voting, the end date for receiving the voting ballots and the postal address to which the completed ballots shall be sent;
- (c) the date of compilation of the list of persons having the right to participate in the General Meeting of Shareholders;
- (d) the agenda of the General Meeting of Shareholders;
- (e) the procedure for notifying the shareholders of a General Meeting of Shareholders;
- (f) the list of information (materials) to be provided to the shareholders in preparation for the General Meeting of Shareholders and the procedure of its provision;

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- (g) the form and text of a voting ballot in the event of voting by ballot;
- (h) any other information that may be required under the requirements of the federal executive authority for securities markets.

14.4 The list of persons eligible to participate in the General Meeting of Shareholders shall be compiled based on the information set out in the register of the Company's shareholders.

The date of compilation of the list of persons having right to participate in the General Meeting of Shareholders may not precede the date of adoption of decision on conducting of the General Meeting of Shareholders and precede the date of the General Meeting of Shareholders by more than 50 (fifty) days and in the event provided by Article 53(2) of the Federal Law "On Joint Stock Companies" - by more than 65 (sixty-five) days.

In the event of holding of the General Meeting of Shareholders with the ballots participating in quorum determination and voting at such meeting which ballots have been received by the Company in accordance with Article 58(2) and Article 60(3) of the Federal Law "On Joint Stock Companies", the date of compilation of the list of persons having right to participate in the General Meeting of Shareholders shall be fixed not later than 45 (forty-five) days before the date of the General Meeting of Shareholders.

At the request of a shareholder included in the list of persons eligible to participate in the General Meeting of Shareholders and holding no less than 1 (one) percent of votes, the Company shall furnish such shareholder with a list of persons eligible to participate in the General Meeting of Shareholders, for examination. The list of persons eligible to participate in the General Meeting of Shareholders shall be available from the date of announcement of convening a General Meeting of Shareholders till the date of closing of the General Meeting of Shareholders held in the form of a meeting, and in case of the General Meeting of Shareholders held in the form of absentee voting – till the last date set for receiving voting ballots.

At the request of a shareholder, the Company shall furnish such shareholder with the information on his/her inclusion in the list of persons eligible to participate in the General Meeting of Shareholders.

14.5 The information (material) to be provided to persons eligible to participate in the General Meeting of Shareholders in the course of preparation for the General Meeting of Shareholders, shall include annual accounts, including the opinion of the Company's auditor, opinion of the Company's Internal Audit Commission upon the audit of the Company's annual accounts, information on the candidates to the Company's Board of Directors, Internal Audit Commission, Counting Commission, draft amendments and supplements to this Charter or draft new version of this Charter, draft internal regulations of the Company, draft resolutions of the General Meeting of Shareholders, annual reports of the Appointments and Remuneration Committee of the Board of Directors, Audit Committee of the Board of Directors and the Strategic Development Committee of the Board of Directors, save for any confidential information, as well as any information (materials) required by the federal executive authority regulating the securities market.

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- 14.6** The information (materials) required for the purpose of preparation for a General Meeting of Shareholders shall, within 30 (thirty) days in advance of the General Meeting of Shareholders, be available for review to persons having the right to participate in the General Meeting of Shareholders, at the premises of General Director, the Management Board and in other places the addresses of which shall be indicated in the notice on convening the General Meeting of Shareholders. Such information (materials) must be available to persons participating in the General Meeting of Shareholders in the course of the meeting.

At the request of a person eligible to participate in the General Meeting of Shareholders, the Company shall provide such person with copies of the said documents.

- 14.7** The annual General Meeting of Shareholders shall be held at such time as determined by a resolution of the Company's Board of Directors, but no earlier than 2 (two) months and no later than 6 (six) month after the end of the financial year.

An extraordinary General Meeting of Shareholders shall be held by resolution of the Company's Board of Directors at the initiative of the latter, or at the request of the Internal Audit Commission, the Company's external auditor, or shareholders (shareholder) that own(s) at least 10 (ten) percent of the voting shares in the Company as of the date such request is filed.

- 14.8** The procedure for submission of proposals and approval of the agenda of the General Meeting of Shareholders shall be determined by this Charter and the applicable laws of the Russian Federation. Proposals for the agenda of the annual General Meeting of Shareholders shall be submitted to the Company no later than 30 (thirty) days after the end of the relevant financial year.

- 14.9** The right to participate in the General Meeting of Shareholders may be exercised by a shareholder either in person or through a proxy.

A shareholder may at any time replace their proxies at the General Meeting of Shareholders or participate in person at the General Meeting of Shareholders.

- 14.10** A General Meeting of Shareholders is valid (has a quorum), if shareholders holding in aggregate more than half of the votes of the Company's placed voting shares have taken part in such meeting.

- 14.11** The bodies of the General Meeting of Shareholders shall be its Chairman and the secretary. Functions of the Chairman of the General Meeting of Shareholders shall be performed by the Chairman of the Board of Directors and in the event of absence of the later by any member of the Broad of Directors, subject to a resolution of the Board of Directors.

- 14.12** Functions of the secretary of the General Meeting of Shareholders shall be performed by any person having professional skills for keeping records of the General Meeting of Shareholders with the use of shorthand techniques or technical recording (audio and video devices), that is appointed by the Chairman of the General Meeting of Shareholders for each such meeting.

- 14.13** Voting at a General Meeting of Shareholders shall be conducted according to the principle that one voting share in the Company represents one vote, except where

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cumulative voting is conducted in the case provided by the Federal Law "On Joint Stock Companies".

14.14 Based on the outcome of voting, if the Company has set up the Counting Commission pursuant to this Charter, the Counting Commission shall prepare minutes of voting that will be signed by the members of the Counting Commission. If no Counting Commission has been set up, the functions of the Counting Commission required under the applicable laws shall be performed by persons (person) authorised by the Company, including the Company's registrar. Once minutes of voting have been prepared and minutes of the General Meeting of Shareholders have been signed, voting ballots shall be sealed up by the Counting Commission and submitted to the Company's archive.

14.15 The minutes on the results of voting shall be made no later than 15 (fifteen) days after the closing of the General Meeting of Shareholders or, where the General Meeting of Shareholders is held by absentee voting, after the end date for the receipt of ballots.

The minutes on results of voting shall be attached to the minutes of the General Meeting of Shareholders and shall comply with the requirements of the federal executive authority for securities markets.

14.16 The resolutions adopted by the General Meeting of Shareholders and the results of voting shall be announced at the General Meeting of Shareholders during which such voting was conducted or shall be communicated to persons included in the list of persons having the right to participate in the General Meeting of Shareholders, not later than 10 days (ten) after the compilation of the minutes of the results of voting in the form of the report on the results of voting, in accordance with the procedure provided by the Federal Law "On Joint Stock Companies" and the requirements set by the federal executive authority regulating the securities market for notifying about the holding of a General Meeting of Shareholders.

14.17 The minutes of the General Meeting of Shareholders shall be drawn up in counterparts no later than 15 (fifteen) days after the conclusion of the General Meeting of Shareholders. Both counterparts shall be signed by the chairman and secretary of the General Meeting of Shareholders. The minutes of the General Meeting of Shareholders shall comply with the requirements of the Federal Law "On Joint Stock Companies" and the requirements of the federal executive authority for securities market.

15 BOARD OF DIRECTORS

15.1 The Board of Directors shall carry out general management of the Company's activities, save for the issues referred by the applicable laws of the Russian Federation and this Charter to the competence of the General Meeting of Shareholders.

The Board of Directors shall act based on this Charter and the Regulations of the Board of Directors approved by the General Meeting of Shareholders.

15.2 The following matters shall be referred to the competence of the Board of Directors:

- 1) determining the Company's principal areas of activities;

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- 2) convening annual and extraordinary General Meetings of Shareholders, except for instances referred to in Article 55(8) of the Federal Law "On Joint Stock Companies";
- 3) approving the agenda of the General Meeting of Shareholders;
- 4) fixing a date of preparation of a list of persons having the right to participate in the General Meeting of Shareholders, and other issues referred to the competence of the Board of Directors in accordance with the provisions of Chapter VII of the Federal Law "On Joint Stock Companies" and related to preparation and holding of General Meetings of Shareholders;
- 5) put matters provided by Clause 13.2 of this Charter on the agenda of the General Meeting of Shareholders;
- 6) increase of the charter capital by (i) placement of preference shares or ordinary shares through a public offering, in the amount not exceeding 25 percent of the already placed shares, or (ii) by distribution of shares among the Company's shareholders at the cost of the company's assets ;
- 7) placement, by way of an open subscription, of issue securities convertible in preference or ordinary shares in the amount not exceeding 25 percent of the already placed ordinary shares;
- 8) adoption of resolutions on placement by the Company of bonds and other issue securities in the instances set out in this Charter and the Federal Law "On Joint Stock Companies";
- 9) determination of the price (money value) of assets, the price of placement and buy-out of issue securities in the instances set out in the Federal Law "On Joint Stock Companies";
- 10) adoption of resolutions on participation (increase of participatory interest) in other organisations, save for holding companies, financial industrial groups, associations and other unions of commercial organisations, as well as adoption of resolutions on termination of participation (decrease of participatory interest) in such organisations, as well as approving any other disposal (including encumbrance) of shares of and/or participatory interests in other organisations held by the Company;
- 11) recommendations on the amount of remuneration and compensation paid to the members of the Company's Internal Audit Commission and determining the amount of payment for the services of the Company's external auditor;
- 12) recommendations on the amount of dividends payable on shares and the procedure of payment thereof;
- 13) use of the Company's reserve fund and other funds;
- 14) approval of regulations on branches, representative offices and other structural subdivisions (services) of the Company, approval of internal regulations that define the legal status of standing collective units of intracompany relations (save for the Company's bodies), including committees, commissions, structural subdivisions, including the Company's

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branches and representative offices, as well as the Company's internal corporate regulations containing general provisions on organisation and realisation of processes within the Company;

- 15) approval of major transactions involving property which value comprises from 25 (twenty-five) to 50 (fifty) percent of the book value of the Company's assets in the events set out in Article 79 of the Federal Law "On Joint Stock Companies";
- 16) approval of transactions (or a series of related transactions) entered into in the ordinary course of business and involving property which value comprises from 50 (fifty) to 100 (one hundred) percent of the book value of the Company's assets as determined based on the Company's accounts as of the latest reporting date;
- 17) approval of transactions (or a series of related transactions) entered into in the ordinary course of business and involving property which value comprises from 25 (twenty-five) to 50 (fifty) percent of the book value of the Company's assets as determined based on the Company's accounts as of the latest reporting date;
- 18) approval of interested-party transactions in the events referred to in Article 83 of the Federal Law "On Joint Stock Companies";
- 19) approval of the Company's registrar and the terms and conditions of the agreement with such registrar, as well as termination of the agreement therewith;
- 20) setting the amount of remuneration and compensations payable to the General Director and members of the Company's Management Board and approval of terms of employment agreements concluded with them;
- 21) election of the Company's General Director and setting up the Company's collegial executive body (Management Board) (including determination of the size the Management Board and approval candidates to the Management Board as recommended by the Company's General Director) early termination of the powers of the General Director and members of the Management Board;
- 22) approval of one or a series of related transactions entered into by the Company (except for transactions entered into in the ordinary course of business), including any acquisition, sale, encumbrance over assets, lease or other disposal of assets, including cash assets, with a transaction value or a value of leased assets equal to or exceeding 10 percent of the book value of the Company's assets according to the Company's financial statements as of the most recent reporting date, or equal to or exceeding US\$10 million (or the Rouble equivalent thereof calculated in accordance with the Central Bank of Russia's rate of exchange as of the date of approval);
- 23) adoption of resolutions on lending loans of a value exceeding US\$2,000,000 (or the Rouble equivalent thereof calculated in accordance with the Central Bank of Russia's rate of exchange as of the date of approval);

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- 24) adoption of resolutions on borrowing of loans and credits in excess of US\$15,000,000 (or the Rouble equivalent thereof calculated in accordance with the Central Bank of Russia's rate of exchange as of the date of approval);
- 25) adoption of resolutions on the issue by the Company of any guarantees (including suretyship and any obligations encumbering the Company's assets), to secure third parties' obligations in excess of US\$15,000,000 (or the Rouble equivalent thereof calculated in accordance with the Central Bank of Russia's rate of exchange as of the date of approval);
- 26) election of the Board of Directors' Secretary;
- 27) approval of the timetables of the Board of Directors' meetings;
- 28) recommendations to the General Meeting of Shareholders regarding approval of decisions set out in paragraphs 2), 3), 6) – 8), 16) – 24) of Clause 13.2 of this Charter;
- 29) assignment of exclusive rights to a trade mark, patent, entering into a license agreement for the use thereof or for the use of a trade mark;
- 30) initiation or settlement of any legal or arbitration proceedings which are material for the Company or of a value exceeding US\$10 million (or the Rouble equivalent thereof calculated in accordance with the Central Bank of Russia's rate of exchange as of the date of approval);
- 31) approval of any transactions (whether one or a series of related transactions) entered into by the Company (irrespective of the amount of a transaction) related to acquisition, sale, pledge, hire purchase or other disposal of immovable assets;
- 32) decisions on exercise by the Company of its powers of a shareholder or participant of other organisations, including voting at meetings of shareholders/participants of organisations and nomination of candidates to the boards of directors (supervisory boards), collective executive bodies, internal audit commissions (auditors), counting commissions, as well as candidates for the position of the sole executive body;
- 33) any transactions involving promissory notes (issue of promissory notes of the Company or third parties and avalising of promissory notes of the third parties) of a value exceeding US\$3,000,000 million (or the Rouble equivalent thereof calculated in accordance with the Central Bank of Russia's rate of exchange as of the date of approval) If, during a 30-day period the Company has performed the above transactions with promissory notes the aggregate value of which exceeds US\$15,000,000 million (or the Rouble equivalent thereof calculated in accordance with the Central Bank of Russia's rate of exchange as of the date of approval), any subsequent transactions involving promissory notes within the same period shall only be performed based on an approval of the Company's Board of Directors;
- 34) adoption of resolutions on conclusion of depository agreements (depo account agreements), amendments and supplements thereto, approval of documents related to cancellation or termination of depository agreements,

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in accordance with which registration of shares in joint stock companies owned by the Company is provided;

- 35) approval of issue and revocation of the powers of attorney authorising the Company's representatives to dispose or otherwise act in relation to the shares in joint stock companies owned by the Company;
- 36) approval of and amending regulations governing the Board of Directors' Audit Committee, the Board of Directors' Strategic Development Committee and the Board of Directors' Appointments and Remuneration Committee;
- 37) appointment of members of the Board of Directors' Audit Committee, the Board of Directors' Appointments and Remuneration Committee and the Board of Directors' Strategic Development Committee, and early termination of their powers;
- 38) adoption of resolutions on buy-back of the Company's bonds and issue securities that are not convertible into the Company's shares;
- 39) approval of the annual budget, strategic development plan and finance and business plan of the Company;
- 40) other issues provided for by the Federal Law "On Joint Stock Companies".

15.3 Matters falling within the competence of the Company's Board of Directors may not be delegated to the Company's General Director, the Management Board or the General Meeting of Shareholders.

15.4 Members of the Board of Directors shall be elected by an annual General Meeting of Shareholders in accordance with the procedure set out in this Charter. Members of the Board of Directors shall be elected by cumulative voting. When cumulative voting is conducted, the number of votes held by each shareholder shall be multiplied by the number of persons who must be elected to the Company's Board of Directors, and a shareholder may cast all votes derived in this manner in favour of one candidate or split them among two or more candidates. Candidates who have received most votes shall be deemed elected to the Company's Board of Directors.

The term of authorities of the members of the Board of Directors starts from the moment of election of such members by the General Meeting of Shareholders and end at the moment of election of a new Board of Directors.

Persons elected into the Board of Directors may be re-elected an unlimited number of times. By resolution of the General Meeting of Shareholders, powers of the all of the members of the Board of Directors may be prematurely terminated.

In the event of premature termination of the Company's Board of Directors the powers of the newly elected Board of Directors shall be effective till the election (re-election) of the new Board of Directors at the next annual General Meeting of Shareholders.

15.5 Any member of the Board of Directors may resign voluntarily by giving a 45 calendar days prior written notice to the Company. The powers of the such member of the Board of Directors shall be deemed terminated from the date of election of the new Board of Directors at an extraordinary General Meeting of Shareholders.

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- 15.6** Only an individual may be a member of the Board of Directors of the Company. Member of the Board of Directors may or may not be the Company's shareholder.

Members of the Company's Management Board may not comprise more than one-fourth of the membership of the Board of Directors of the Company.

- 15.7** The Company's Board of Directors shall have 10 (ten) members.

- 15.8** The Chairman of the Board of Directors shall be elected by the members of the Board of Directors from among themselves by a majority vote of all members of the Board of Directors participating in the vote. The General Director may not simultaneously hold the office of a Chairman of the Company's Board of Directors.

The Board of Directors shall have the right at any time to re-elect its Chairman by a majority vote of the members of the Board of Directors participating in the voting.

The Chairman of the Board of Directors shall organise its work, convene meetings of the Board of Directors and forms their agendas, and preside over them, organise keeping of minutes at the Board of Directors' meetings and preside over the General Meetings of Shareholders.

- 15.9** In the event of absence of the Chairman of the Board of Directors, his functions shall be carried out by one of the members of the Board of Directors subject to a resolution by the Board of Directors adopted by a majority of votes of the members of the Board of Directors participating in such voting.

- 15.10** A meeting of the Company's Board of Directors shall be convened by the Chairman of the Board of Directors at his own initiative, at the demand of a member of the Board of Directors, of the Internal Audit Commission of the Company or the Company's external auditor, a shareholder owning 2 (two) or more percent of the Company's voting shares, the Management Board or the Company's General Director. The procedure for convening and conducting meetings of the Board of Directors is established by this Charter and the Regulations on the Board of Directors.

If the Chairman of the Board of Directors for any good reason including an illness or a business trip, is unable to convene the Board of Directors, the said meeting of the Board of Directors shall be convened by the Secretary of the Board of Directors at the demand of persons listed in paragraph 1 of Clause 15.10 of this Charter.

Based on a decision of the Chairman of the Board of Directors, a meeting of the Company's Board of Directors may be held by means of absentee voting (voting by absentee ballot).

- 15.11** Meetings of the Board of Directors shall be held regularly in accordance with the plan approved at such meeting, but no less than once in a quarter.

The first meeting of a newly elected Board of Directors after holding the General Meeting of Shareholders shall be held right after the end of the General Meeting of Shareholders, if such meeting is attended by the majority of the elected Board of Directors. Otherwise, the first meeting of a newly elected Board of Directors after holding the General Meeting of Shareholders shall be convened by the General Director within five (5) business days of the date of the General Meeting of Shareholders at which members of the Company's Board of Directors have been elected.

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If, within the said period, the Company's General Director fails, regardless of the reasons thereof, to convene a meeting of the Company's Board of Directors, a meeting of the Company's Board of Directors shall be convened by any member of the Board of Directors. The agenda of such meeting of the Board of Directors shall include election of the Chairman and the Secretary of the Board of Directors. The initiator of the first meeting of the newly elected Board of Directors shall notify all members of the Board of Directors in writing of convening the first meeting, and such notice shall propose participation in the meeting on elections of the Chairman and the Secretary of the Board of Directors.

- 15.12** No less than fourteen (14) days before the date of a Board of Directors' meeting, a notice on convening the meeting shall be sent to each member of the Board of Directors, by registered mail or by any other means of communication (including telegraph, telex, telephone, e-mail or otherwise) at such address or number of which such member has notified the Company.

Each such notice shall, inter alia, contain the agenda of the Board of Directors' meeting and description of issues to be discussed at such meeting. All materials required for preparation for a Board of Directors' meeting shall be sent to each member of the Company's Board of Directors by registered mail or by any other means of communication (including telegraph, telex, telephone, e-mail or otherwise) no later than fourteen (14) days before the date of the meeting of the Board of Directors.

If, under the applicable laws of the Russian Federation, a meeting of the Board of Directors should be held within a shorter period of time, the period for giving a notice shall be shortened accordingly. Such period may also be shortened if any matters should be solved urgently.

A member of the Company's Board of Directors receiving a notice described in the first paragraph of Clause 15.12 of the Charter, shall, no later than 7 (seven) calendar days prior to the date of the meeting, notify the Secretary of the Board of Directors whether he or she participates in the meeting of the Board of Directors.

- 15.13** A quorum for holding a meeting of the Board of Directors shall be no less than six (6) elected members of the Board of Directors. The quorum shall be determined by the Chairman of the Board of Directors before the opening of the meeting. To determine the quorum and results of voting, a written opinion of the absent member of the Board of Directors with regard to the meeting's agenda shall be taken into account. In the event of absence of a quorum, the meeting of the Board of Directors shall not open.

If the number of members of the Board of Directors is less than the number constituting the specified quorum, the Board of Directors shall adopt a resolution to convene an extraordinary General Meeting of Shareholders to elect a new Board of Directors of the Company. The remaining members of the Board of Directors may adopt only a resolution to convene such extraordinary General Meeting of Shareholders.

- 15.14** A Board of Directors meeting's agenda shall include issues proposed by members of the Board of Directors, members of the Company's Internal Audit Commission or the external auditor, shareholders holding 2 (two) and more percent of the voting shares

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of the Company as well as by the Company's General Director or the Management Board.

- 15.15** Meetings of the Company's Board of Directors shall be held by way of a personal presence of members of the Board of Directors or, in exceptional circumstances, by way of a conference call between members of the Board of Directors any or all of whom are in different locations provided that each participant of such conference call is able to communicate with the rest of participants of such conference call.

Such meeting of the Board of Directors held by way of a conference call shall be deemed to have taken place at a location where the majority of the Board of Directors' members are present. If a meeting of the Board of Directors is held by way of a conference call, each member of the Board of Directors shall, within one (1) day after the close of such meeting, submit his completed voting ballot with results of the voting to the Chairman of the Board of Directors or to a person presiding over such meetings in accordance with Clause 15.9 of this Charter, at such fax number as set out in a notice on a Board of Directors' meeting.

Resolutions at such meetings of the Board of Directors taken by way of voting by absentee ballots, and quorum and results of voting at such meetings of the Board of Directors shall be determined based on the received ballots.

Any member of the Board of Directors who has not attended a meeting or has not taken part in a conference call, shall have the right to send a written opinion to the Company (including, without limitation, by fax). Such written opinion shall be taken into account for the purposes of determining the voting results at the meeting of the Board of Directors if delivered by registered mail with return receipt required (or if delivered by international courier service against acknowledgement of receipt) at the Company's postal address (addressed to Chairman of the Board of Directors) or given by fax at such fax number as set out in a notice of the Board of Directors' meeting, or if given personally to the Secretary of the Board of Directors against acknowledgement of receipt.

- 15.16** Resolutions at a meeting of the Board of Directors shall be adopted by a majority vote of the members of the Board of Directors attending the meeting, unless otherwise provided in the Federal Law "On Joint Stock Company", this Charter and the Regulations on the Board of Directors. When adopting resolutions at a meeting of the Board of Directors, each member of the Board of Directors shall have one vote.

Resolutions of the Board of Directors with regard to the matters 6), 7), 15) and 16) of Clause 15.2 of the Charter, shall be adopted by a unanimous vote of all elected members of the Board of Directors, and no votes of exiting members of the Board of Directors shall be taken into account.

No member of the Company's Board of Directors shall transfer his right to vote to any other person, including another member of the Company's Board of Directors.

In the event of an even number of votes of the members of the Board of Directors, the Chairman of the Board shall have a casting vote. If functions of the Chairman of the Board are performed by the any member of the Board of Directors pursuant to Clause 15.9 hereof, the latter shall not have a casting vote.

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- 15.17** The proceedings of any meeting of the Company's Board of Directors shall be recorded in the minutes of such meeting which shall be prepared within three (3) days after the meeting (following the last day of acceptance of written opinions in the event of absentee voting) and shall meet the requirements of Article 68(4) of the Federal Law "On Joint Stock Companies".

The minutes of the meeting of the Board of Directors shall be signed by the person presiding at the meeting who is liable for the accuracy of such minutes, and by the Secretary of the Board of Directors.

Minutes of the meetings of the Board of Directors shall be available for examination to each shareholder, member of the Board of Directors or his representative at the Company's legal address or at any other location defined by the Board of Directors in accordance with the provisions of this Charter.

- 15.18** Each member of the Board of Directors shall have the right to obtain any information in respect of the Company and in respect of any of its subsidiaries and legal entities directly or indirectly controlled by the Company, through the Secretary of the Board of Directors in the event he/she considers such information as required to him/her for the purpose of exercise of his functions of the member of the Board of Directors. The Company's officials including the General Director of the Company shall be obliged to provide the Secretary of the Board of Directors with the information requested by him/her within 5 (five) business days or give him/her a written reasoned explanation indicating the ground for inability to provide information within the specified period. The Secretary of the Board of Directors shall provide the information to a member of the board of Directors requesting such information within 3 (three) business days.

Each member of the Board of Directors shall not disclose any confidential information on the Company that he has learnt as the result of his exercise of his rights and performance of his duties as the member of the Board of Directors, and shall disclose all the information about his/her affiliates before being elected in the Board of Directors, and, within 15 (fifteen) business days of the date of occurrence any changes among such affiliates. A member of the Board of Directors who did not participate in voting or voted against a resolution adopted by the Board of Directors in breach of this Charter or the applicable laws of the Russian Federation, shall have the right to appeal against such resolution in court, if such resolution violate such member's lawful rights and interests. Such appeal may be brought to court within 1 (one) month from the date such member of the Board of Directors has become aware or should have become aware of such resolution.

16 EXECUTIVE BODIES OF THE COMPANY

- 16.1** Day-to-day activities of the Company shall be managed by the individual executive body (the General Director of the Company) and by the collegial executive body of the Company (the Management Board).

The Company's Management Board shall be determined based on a resolution of the Board of Directors but shall not have less than seven or more than fifteen members. Members of the Company's Management Board are appointed by the Company's Board of Directors for a period of one (1) year.

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The General Director shall , within 5 (five) days from the date of his/her election by the Board of Directors, provide the Board of Directors with the list of candidates to the Company's Management Board for appointment. The Board of Directors may reject any of the candidates to the Company's Management Board.

Members of the Company's Management Board may not be necessarily employed by the Company and may occupy the positions of executive officers with the Company's subsidiaries.

The executive bodies are accountable to the Company's Board of Directors and General Meeting of Shareholders.

The Company's General Director shall also act as the Chairman of the Management Board.

The Company's Management Board shall be appointed and its powers shall be prematurely terminated by a resolution of the Company's Board of Directors.

The Company's General Director shall be elected by the Board of Directors for a period of one (1) year. The Company's Board of Directors shall have the right to take, at any time, a resolution on premature termination of the powers of the Company's General Director.

The Company's General Director shall act on the basis of this Charter and the Regulations on the Company's General Director approved by the General Meeting of Shareholders.

- 16.2** All issues related to day-to-day management of the Company shall fall within the competence of the Company's executive bodies, save for the issues falling within the competence of the General Meeting of Shareholders or the Board of Directors of the Company.

Executive bodies of the Company shall secure implementation of resolutions of the General Meeting of Shareholders and the Board of Directors of the Company.

The Company's Management Board shall act based on this Charter and the Regulations on the Company's Management Board approved by the General Meeting of Shareholders.

The following matters shall be referred to the competence of the Management Board:

- 1) approval of any transactions involving promissory notes (including issue of the Company's own promissory notes; use of promissory notes issued by third parties; guaranteeing of third parties' promissory notes) if the value of a promissory note exceeds US\$1,000,000 million (or the Rouble equivalent thereof calculated in accordance with the Central Bank of Russia's rate of exchange as of the date of approval) If, during a 30-day period the Company has performed the above transactions with promissory notes the aggregate value of which exceeds US\$5,000,000 million (or the Rouble equivalent thereof calculated in accordance with the Central Bank of Russia's rate of exchange as of the date of approval), any subsequent transactions involving promissory notes within the same period shall only be performed based on an approval of the Company's Management Board, and if, during the same period, the Company has performed the above

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transactions with promissory notes the aggregate value of which exceeds US\$15,000,000 million, any subsequent transactions involving promissory notes within the same period shall only be performed based on an approval of the Company's Board of Directors pursuant to paragraph 33) of Clause 15.2 of this Charter;

- 2) development and implementation of the general strategy of development of the Company's subsidiaries, including development and implementation of the uniform production, technological, financial, pricing, marketing, social security and human resources policies and coordination of activities of the Company's subsidiaries;
- 3) arranging efficient management of the Company's day-to-day activities, including:
 - 3.1 development of the consolidated opinion of the Company's management, development and implementation of the Company's current policies with regard to the key areas of the Company's activities: sales and marketing, manufacturing, investments and innovations, economics and finance, personnel and social security programs;
 - 3.2 approval of and control over the performance of monthly and quarterly plans of production and shipment of products (in the context of the annual performance benchmarks approved by the Board of Directors as part of the Company's annual budget) for the Company and its subsidiaries and dependent entities;
 - 3.3 approval of and control over the performance of the Company's quarterly income and expense budgets and monthly cash flow budgets of the Company (within annual control figures approved by the Board of Directors as part of the Company's annual budget);
 - 3.4 approval of and control over the performance of the budget of the Company's subsidiaries and affiliates;
- 4) approval of reports of the Company's executive officers with regard to performance of the Production and Shipment Programme, financial performance and performance of budgets and investment programmes of the Company and its subsidiaries and affiliates.
- 5) appointment and dismissal of heads of the Company's structural subdivisions (services). The list of such executive positions in the Company's staff list shall be approved by a decision of the Company's Management Board;
- 6) development and approval, based on the Company's business plan, of production programmes for the Company's structural subdivisions;
- 7) approval of reports of the Company's executive employees on implementation of production programmes by the Company's structural subdivisions which are managed by such employees;

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- 8) regular provision of information to the Board of Directors on the Company's financial standing, implementation of higher-priority programmes, deals and decisions that may have material effect on the Company's state of affairs;
- 9) provision of the required funding and organisational and technical support to the Company's General Meeting of Shareholders, Board of Directors, Internal Audit Commission;
- 10) analysis and summary of performance of the Company's structural subdivisions, and recommendations to improve performance of the Company's structural subdivisions and the Company's performance in general;
- 11) proposals with regard to the basic terms and conditions of the offering of issue securities, dividend policy;
- 12) decisions with regard to other matters of the Company's financial and business activities before such issues are submitted for the approval by the Company's Board of Directors;
- 13) engagement of external consultants including tax and legal advisers and insurance risk managers.

A quorum for holding a meeting of the Company's Management Board shall be no less than a half of elected members of the Management Board. Resolutions at a meeting of the Management Board shall be adopted by a majority vote of the members of the Management Board attending the meeting, unless otherwise provided by the Company's Charter. When adopting resolutions at a meeting of the Management Board, each member of the Management Board shall have one vote.

If the number of members of the Company's Management Board is reduced to less than the number constituting the specified quorum, the Board of Directors shall adopt a resolution to appoint a new Management Board of the Company.

16.3 Meetings of the Management Board shall be convened by the Company's General Director acting at his own initiative, with a regularity determined by the General Director, but no less than one time a month. Meetings of the Management Board shall be chaired by the Company's General Director or, in the event of absence of the Company's General Director, by any member of the Management Board elected by a majority of votes of the Management Board members attending the meeting.

A notice of the meeting of the Management Board shall be given to each member of the Management Board and shall, inter alia, contain the agenda of the meeting and description of issues to be discussed at such meeting. All materials which are required for preparation for a meeting of the Management Board and are to be discussed at this meeting shall be furnished to each member of the Management Board.

No member of the Management Board shall transfer his right to vote to another person, including another member of the Management Board.

16.4 The Company's General Director shall be the chairman of the Company's Management Board, shall manage its activities, convene meetings of the Management Board and determine the agenda of each meeting.

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At General Meetings of Shareholders and meetings of the Board of Directors, the General Director shall express the position of the Company's Management Board.

The General Director shall act, without any power of attorney, for and on behalf of the Company in accordance with the resolutions of the Company's Management Board and shall:

- 1) represent the Company in its relationship with any third parties (individuals or legal entities of any legal form, institutions, organisations, state and municipal authorities, local self-government authorities, courts, courts of arbitration and tribunals, etc.);
- 2) issue powers of attorney to represent the Company in its relationship with any third parties, subject to the provisions of paragraph 35) of Clause 15.2 of this Charter. Transfer of all or a part of his/her authorities to any other person shall be effected by way of issuing a relevant order by the General Director;
- 3) enter into transactions for and behalf of the Company in accordance with the applicable laws of the Russian Federation and this Charter;
- 4) have primary authority to sign financial documents;
- 5) take decisions and issue orders related to the Company's day-to-day activities;
- 6) approve the Company's personnel list, to employ (enter into labour agreements) and dismiss the Company's employees, encourage them or bring them to disciplinary and material responsibility in accordance with the applicable laws of the Russian Federation and this Charter;
- 7) take decisions related to business trips of the Company's employees;
- 8) arrange the Company's accounting and reporting procedures;
- 9) arrange keeping of the register of the Company's shareholders;
- 10) submit the Company's annual report and balance sheet for approval of the Board of Directors and the General Meeting of Shareholders;
- 11) arrange disclosure of information by the Company under the applicable securities market laws of the Russian Federation and publications of information required to be published in mass media sources by the Federal Law and other legal acts;
- 12) dispose of the Company's assets to secure its day-to-day operation to the extent allowed under the applicable laws of the Russian Federation and this Charter;
- 13) submit the list of members of the Company's Management Board for approval of the Company's Board of Directors;
- 14) adopt resolutions with regard to other matter related to administrative and business management of the Company;
- 15) take other actions provided for by this Charter and the applicable laws of the Russian Federation.

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16.5 The rights and duties of the Company's General Director and members of the Company's Management Board shall be established by the applicable laws of the Russian Federation, other legal acts of the Russian Federation and an agreement entered into by each of them and the Company. Chairman of the Board of Directors or a person authorised by the Company's Board of Directors shall execute such agreement on behalf of the Company.

The Company's General Director and members of the Company's Management Board may simultaneously hold a position in another organisation only subject to a consent of the Company's Board of Directors.

A person that is a participant, an official or any other employee of any legal entity that is the Company's competitor, other than the Company's subsidiaries and legal entities directly or indirectly controlled by the Company, may not be appointed the Company's General Director or a member of the Company's Management Board.

16.6 Based on a resolution of the General Meeting of Shareholders, the authorities of the sole executive body of the Company may, subject to a contract, be delegated to a business entity (external managing organisation) or an individual entrepreneur (external manager). A resolution to delegate the authorities of the sole executive body of the Company to an external managing organisation or the external manager shall be taken only at the proposal of the Company's Board of Directors.

16.7 The Company's Board of Directors shall have the right to resolve on suspending the authorities of the external managing organisation or the external manager. Simultaneously with the aforementioned resolutions, the Board of Directors shall adopt a resolution to form a temporary sole executive body of the Company (General Director) and to hold an extraordinary General Meeting of Shareholders in order to decide on the early termination of the authorities of the external managing organisation or the external manager and to form a new sole executive body of the company.

The said resolution shall be taken by three-fourth majority of votes of members of the Company's Board of Directors, without taking into account the votes of those members of the Board of Directors who left the Board.

17 LIABILITY OF THE GENERAL DIRECTOR, MEMBERS OF THE BOARD OF DIRECTORS, AN EXTERNAL MANAGING ORGANISATION AND AN EXTERNAL MANAGER

17.1 As members of the Board of Directors, the General Director, the temporary sole executive body, as well as the external managing organisation or the external manager exercise their rights and perform their obligations, they shall act in the interests of the Company and shall exercise their rights and perform their obligations in respect of the Company in a conscientious and reasonable manner.

17.2 Members of the Board of Directors, the General Director of the Company, the temporary sole executive body, as well as the external managing organisation or the external manager shall be liable to the Company for losses incurred by the Company due to their wrongful acts (or omission), unless the applicable laws of the Russian Federation provide for other grounds for or extent of such liability.

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18 CONTROL OVER THE COMPANY'S ACTIVITIES

- 18.1** To control the Company's financial and economic activities and to ensure the Company's compliance with the laws of the Russian Federation, the General Meeting of Shareholders elects the Internal Audit Commission by a majority vote.

The activities and competence of the Internal Audit Commission shall be determined in accordance with the Federal Law "On Joint Stock Companies", this Charter and the Regulations on the Internal Audit Commission approved by the General Meeting of Shareholders.

The Company's Internal Audit Commission shall consist of 3 members to be elected at an annual General Meeting of Shareholders. The term of appointment of the Internal Audit Commission shall commence upon its election by an annual General Meeting of Shareholders and end till election (re-election) of the Internal Audit Commission by a next annual General Meeting of Shareholders.

Members of the Internal Audit Commission may not simultaneously be members of the Company's Board of Directors or hold any other positions in the Company's management bodies.

An examination (audit) of the Company's financial and economic activities shall be carried out based on the results of the Company's activities for the year, or at any time at the initiative of the Internal Audit Commission (internal auditor), by a decision of the General Meeting of Shareholders, the Board of Directors, or at the demand of the shareholders (shareholder) of the Company owning in total at least 10 per cent of the Company's voting shares.

Subject to a request of the Internal Audit Commission, persons holding other positions in the Company's management bodies shall provide documents with regard to the Company's financial and business activities.

No shares owned by members of the Company's Board of Directors or persons holding positions in the Company's management bodies may participate in voting to elect members of the Company's Internal Audit Commission.

Based on a resolution of the General Meeting of Shareholders, members of the Internal Audit Commission may, during the period of performance of their duties, receive remuneration and/or compensation of their expenses in relation to the performance of their duties. The amounts of such remuneration and compensation shall be determined by a resolution of the General Meeting of Shareholders.

- 18.2** The Internal Audit Commission may demand convocation of an extraordinary General Meeting of Shareholders pursuant to Article 55 of the Federal Law "On Joint Stock Companies".

- 18.3** The external auditor (an individual or an audit organisation) of the Company shall examine the Company's financial and economic activities in accordance with the applicable laws of the Russian Federation on the basis of an agreement entered into with such auditor.

The Company's external auditor may only be an independent audit firm.

The Company's external auditor shall be appointed by the General Meeting of Shareholders.

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The amount of the external auditor's fees shall be determined by the Board of Directors.

Audit of the Company's operations may be made at any time upon demand of the Company's shareholders whose total share in the Company's charter capital amounts to or exceeds 10 (ten) per cent. In the event of such demand, the Company's General Director shall within two weeks enter into an agreement with the Company's external auditor to make an audit. The Company's external auditor's opinion (report) on the results of the Company's audit shall be sent to all shareholders of the Company by registered mail or delivered personally to each of the shareholders with receipt acknowledged by personal signature.

- 18.4** Upon the audit of the Company's financial and business activities, the internal Audit Commission and the external auditor shall prepare a report that complies with the requirements set out in Article 87 of the Federal Law "On Joint Stock Companies".

19 COUNTING COMMISSION

- 19.1** If the number of holders of the Company's voting shares exceeds 100 (one hundred) persons, the Company shall set up a Counting Commission which size and members shall be approved by the General Meeting of Shareholders. Performance of the functions of the Counting Commission may be assigned to the Company's registrar. If the number of holders of the Company's voting shares exceeds 500 (five hundred) persons, performance of the functions of the Counting Commission shall be assigned to the Company's registrar.

If no Counting Commission has been set up, functions of the Counting Commission required under the applicable laws shall be performed by persons (person) authorised by the Company to this effect, including the Company's registrar.

- 19.2** The Counting Commission shall be elected until the next annual General Meeting of Shareholders. The Company's Counting Commission shall consist of no less than 3 (three) members. Members of the Company's Board of Directors, the Internal Audit Commission, the General Director, members of the Company's Management Board, as well as an external manager or a management company, including any persons nominated for the aforementioned positions, may not be members of the Company's Counting Commission.
- 19.3** Once the Counting Commission's term expires or the number of its members is reduced to less than 3 (three) persons, or if less than 3 (three) members of the Counting Commission appear to perform their duties, the Company's registrar may be engaged to act as the Counting Commission.
- 19.4** The Counting Commission shall verify the powers and register participants of the General Meeting of Shareholders, determine a quorum of the General Meeting of Shareholders, clarify issues arising in connection with the exercise of voting rights by the Company's shareholders (or their representatives) at the General Meeting of Shareholders, and clarify the procedure of voting on issues put to a vote, secure the prescribed procedure of voting and the rights of the shareholders to participate in voting, count the votes and summarise results of voting, prepares minutes of voting and submits voting ballots to the Company's archive.

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20 FUNDS AND NET ASSETS

- 20.1** The Company shall establish a reserve fund in the amount of 5 (five) per cent of its charter capital.

The reserve fund shall be formed by obligatory yearly allocations that shall be not less than 5 (five) per cent of the Company's net profit up to the attainment of 5 (five) per cent of the Company's charter capital.

The reserve fund of the Company is intended for covering losses and redemption of bonds and buy-out of shares of the Company in the absence of other funds.

The reserve fund may not be used for any other purposes.

- 20.2** The procedure of establishment of other funds, the amount of allocations thereto and the procedure of using thereof shall be determined by the Board of Directors.

- 20.3** The value of the Company's net assets shall be appraised according to accounting data in the manner to be determined by the Ministry of Finance of the Russian Federation and the federal body of executive authority for the securities market.

21 ACCOUNTING AND REPORTING

- 21.1** The Company shall keep accounting and submit financial reports in accordance in the manner established by the applicable laws of the Russian Federation and other legal acts of the Russian Federation, as well as pursuant to the requirements of the International Financial Reporting Standards. .

Responsibility for the organisation, condition and accuracy of the Company's accounting, for the timely submission of the annual report and other financial reports to the relevant authorities, and for the timely submission of information regarding the activities of the Company to be provided to its shareholders, creditors and the mass media shall be borne by General Director in accordance with the Federal Law "On Joint Stock Companies", other legal acts of the Russian Federation and this Charter.

The Company's' financial year shall be form 1 January till 31 December inclusively.

- 21.2** The accuracy of data contained in the Company's' Annual Report and in annual accounting reports shall be confirmed by the Company's' Internal Audit Commission.

Prior to publication of the documents under Article 92 of the Federal Law "On Joint Stock Companies", the Company shall engage an external auditor that has no ownership interest in the Company or its shareholders, to carry out an annual audit and to confirm its annual financial reports.

- 21.3** Any annual report with regard to the Company's operations and a balance sheet with the attached opinion of the Internal Audit Commission or the Company's external auditor shall be submitted for approval by the General Meeting of Shareholders.

Any annual report of the Company is subject to a preliminary approval by the Company's Board of Directors not later than 30 (thirty) days prior to the date of the annual General Meeting of Shareholders.

- 21.4** The Company shall retain the following documents in safe keeping:

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- (a) the agreement on the establishment of the Company;
- (b) the Charter of the Company, the amendments and supplements to the Company's Charter registered in the prescribed manner, the decision on the establishment of the Company, the certificate of state registration of the Company;
- (c) documents confirming the rights of the Company to property registered on its balance sheet;
- (d) internal documents of the Company;
- (e) regulations on branches and representative offices of the Company;
- (f) annual reports of the Company;
- (g) accounting documents;
- (h) accounting reports;
- (i) minutes of General Meetings of Shareholders (decisions of the shareholder holding all voting shares of the Company), meetings of the Board of Directors, the Internal Audit Commission (internal auditor) and the Management Board;
- (j) voting ballots and powers of attorney (copies of powers of attorney) authorising to participate in General Meetings of Shareholders;
- (k) reports of independent appraisers;
- (l) lists of affiliated parties of the Company;
- (m) lists of persons having the right to participate in General Meetings of Shareholders, the right to receive dividends, as well as other lists compiled by the Company in order for the shareholders to exercise their rights in accordance with the Federal Law "On Joint Stock Companies";
- (n) opinions of the Internal Audit Commission and the external auditor of the Company, and the state and municipal bodies of financial control;
- (o) issue prospectuses, quarterly issuer reports and other documents containing information required to be published or otherwise disclosed in accordance with the applicable laws of the Russian Federation;
- (p) such other documents as set forth in the Federal Law "On Joint Stock Companies", this Charter, the Company's internal documents, any resolutions of the General Meetings of Shareholders, the Board of Directors, the General Director or the Management Board, as well as documents as set forth in the legal acts of the Russian Federation.

The Company shall retain the above documents in safe keeping at the location of General Director and the Management Board in such manner and for such periods as prescribed by the federal body of the executive authority for the securities market.

- 21.5** The Company shall ensure that its shareholders have access to the documents set forth in Clause 21.4 of this Charter in accordance with applicable laws. Accounting documents and minutes of meetings of the Management Board shall be made accessible to a shareholder(s) holding in aggregate not less than 25 per cent of the

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Company's voting shares. The above documents shall be provided by the Company within 7 (seven) days of the relevant request to review the same in the premises of the General Director. At the request of the persons having access to the above documents, the Company shall provide such persons with copies of the said documents. The amount of fees chargeable by the Company for provision of such copies may not exceed the cost of reproducing such documents.

22 REORGANISATION AND LIQUIDATION

22.1 The Company may be voluntarily reorganised in the manner prescribed by the Federal Law "On Joint Stock Companies".

Other grounds and procedure for reorganisation of the Company shall be determined by the applicable laws of the Russian Federation.

22.2 The Company may be reorganised through merger, consolidation, dissociation, spin-off or transformation.

Formation of the property of companies to be established as a result of reorganisation shall be made only at the expense of the property of the companies' to be reorganised.

The Company shall be deemed reorganised, except when reorganised through consolidation, upon state registration of the newly established legal entities.

The Company shall be reorganised based on a resolution of the General Meeting of Shareholders.

22.3 The Company may be liquidated voluntarily in the manner prescribed by the Civil Code of the Russian Federation, subject to the requirements of the Federal Law "On Joint Stock Companies" and this Charter. The Company may be liquidated by a court order on the grounds set forth in the Civil Code of the Russian Federation.

The liquidation of the Company shall result in the cessation of the Company's activities without succession of its rights or obligations to other parties.

22.4 Reorganisation and liquidation of the Company shall be made in the manner prescribed by applicable laws of the Russian Federation.

22.5 In the event of the Company's reorganisation, all the documents (management, financial, personnel and other documents) shall be handed over to the successor in accordance with established rules.

If the Company is liquidated and there is no successor, permanently stored documents of scientific and historical importance shall be handed over to state archives of the Association "Mosgorarkhiv", personnel documents (orders, personal records, personal accounts and other records) shall be handed over for keeping to the archive of the administrative district where the Company is located.

The Company shall hand over and arrange documents on its own and at its own expense in accordance with requirements of archive bodies.

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