

Approved by
the General Meeting of Shareholders of
Closed Joint-Stock Company
Pipe Metallurgical Company
Unnumbered Minutes dated 12.07.2004.

ARTICLES OF ASSOCIATION
of
Closed Joint-Stock Company
Pipe Metallurgical Company
(new version)

Moscow
2004

1. GENERAL

1.1. This version of the Articles of Association of Closed Joint-Stock Company Pipe Metallurgical Company (registered by the Moscow Registration Chamber on 17.04.2001 under Reg. No. 002.041.016, address: 125047, Moscow, ul. Alexandra Nevskogo, d. 19/25, str. 1, OKPO 56601059, INN 7710373095), hereinafter referred to as the “Company”, was developed pursuant to the Federal Joint-Stock Company Law (hereinafter referred to as the “FL”) and other regulations.

The sole shareholder of the Company shall be TMK STEEL LIMITED, a limited liability company incorporated and existing under the laws of the Republic of Cyprus (certificate of incorporation HE 140781 issued on 26.08.2003 by the Registrar of Companies of the Republic of Cyprus, with its registered office at Thessalonikis NICOLAOU PENTADROMOS CTR, 9th floor, Flat/Office 908, P.C. 3025, Limassol, Cyprus).

2. BUSINESS NAME AND ADDRESS

2.1. The full commercial name of the Company in Russian shall be **Закрытое акционерное общество «Трубная Металлургическая Компания»**.

The abbreviated commercial name of the Company in Russian shall be **ЗАО «ТМК»**.

The full commercial name in English shall be Pipe Metallurgical Company.

The abbreviated commercial name in English shall be PMC.

2.2 Address of the Company: Russian Federation, 125047, Moscow, ul. Alexandra Nevskogo, d. 19/25, str. 1.

The address of the Company shall be determined by the address of its sole executive body – General Director.

3. LEGAL STATUS

3.1. The Company shall be a legal entity and possess solitary property recorded in its independent balance sheet. It may in its own name acquire and exercise any property and personal non-property rights, incur obligations and bring or defend any action.

3.2. The Company shall be deemed incorporated as a legal entity from the time of its state registration under the federal law. The Company shall be a profit-making organisation.

3.3. The Company may duly open bank accounts both in the Russian Federation and abroad.

3.5 The Company shall have its round seal with its full commercial name in Russian and English and with its address. The seal may also specify the commercial name of the Company in any foreign language or language of any nation of the Russian Federation.

The Company may have its stamps and letterheads with its name, its emblem, duly registered trademark and any other means of visual identification.

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

4. LIABILITY

4.1. The Company shall be liable for its obligations with all its assets.

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

4.3. The shareholders shall not be liable for any obligations of the Company, and they shall bear the risk of losses in connection with its business to the extent of value of shares held by them.

Shareholders holding non-fully paid-up shares shall be jointly liable for obligations of the Company to the extent of unpaid value of shares held by them.

4.4. If insolvency (bankruptcy) of the Company is caused by any acts (omissions) of its shareholders or any other persons entitled to give instructions binding upon the Company or otherwise determine its activities, such shareholders or other persons may incur subsidiary liability for obligations of the Company in the event of insufficiency of the Company assets.

4.5. Government or its bodies shall not be liable for any obligations of the Company, nor shall the Company be liable for any obligations of the government or its bodies.

5. SUBSIDIARIES AND REPRESENTATIVE OFFICES. AFFILIATED AND ASSOCIATED COMPANIES

5.1. The Company may establish subsidiaries and open representative offices both in the Russian Federation and abroad subject to the applicable legislation.

No subsidiary or representative office shall be a legal entity. They shall operate under regulations approved by the Company. Any subsidiary or representative office shall be vested with property of the Company, which property shall be recorded in both their separate balance sheets and the balance sheet of the Company.

Manager of any subsidiary and head of any representative office shall be appointed by the Company and act on the basis of a power of attorney issued by the Company.

Any subsidiary or representative office shall operate on behalf of the Company. The Company shall be liable for activities of any such subsidiary or representative office.

The Company has a representative office in Yekaterinburg, Sverdlovsk region.

5.2. The Company may have affiliated and associated company with the rights of a legal entity both in the Russian Federation and abroad subject to the applicable legislation.

6. SCOPE AND TYPES OF ACTIVITIES

6.1. The Company shall be established for the purpose of profit-making.

6.2. The Company shall carry out any economic activities unless they are prohibited by law of the Russian Federation or in conflict with these Articles.

The following shall be the basic activities of the Company:

- to implement organisational, coordinating and administrative measures in the pipe metallurgical industry;

- to carry out scientific and technical activities;
- to perform marketing, engineering and consulting services;
- to promote implementation of scientific and technical achievements, inventions and innovation proposals;
- to carry out survey, research and development work;
- to render intermediary services with respect to engineering products;
- to carry out foreign economic activities;
- to render representative, management and advertising services;
- to analyse supply and demand for scientific and technical products, works and services in the domestic and foreign markets of the Russian Federation on behalf of any parties to the contract;
- to earn income from participation in joint ventures;
- to earn income from holding of securities;

6.3. The Company may perform certain activities listed in the federal legislation subject to special authorisation (licence). If any special authorisation (licence) stipulates exclusive engagement in a certain activity, the Company shall not carry out any other activities until expiration of such special authorisation (licence) except for the activities stipulated in such special authorisation (licence) and any attachments thereto.

7. AUTHORISED CAPITAL

7.1. The authorised capital of the Company shall be 10,000 (ten thousand) roubles divided into 1,000 (one thousand) ordinary registered shares of 10 (ten) roubles each (outstanding stock).

7.2. 100 % of the authorised capital of the Company is paid up in cash.

7.3. The Company may issue the maximum additional number of 873,000,000 (eight hundred and seventy-three million) ordinary registered shares of 10 (ten) roubles each (authorised shares).

7.4. The authorised capital of the Company may be increased by way of a share par value increase or issue of additional shares.

The authorised capital of the Company may be reduced by way of a share par value reduction or reduction of the total number of shares, including by way of acquisition and redemption of some shares, in cases provided for by the FL.

The authorised capital of the Company may be increased or reduced subject to the FL.

7.5. Information on shareholders shall be specified in the register of shareholders of the Company stating particulars of each registered person, number and classes (types) of shares registered in the name of each such registered person and any other data provided for by the RF legal instruments.

7.6. Any shareholder may sell or otherwise dispose of all or any of the shares held by him.

In the event of any sale (or other alienation for compensation) of shares to any third parties (other than shareholders of this Company), the other shareholders of the Company shall have the right of

pre-emption with respect to such shares in proportion with the number of shares held by each of them.

No right of pre-emption may be transferred to another party. No right of pre-emption shall apply:

- if the Company redeems any allocated shares;
- if any holders dispose of their shares without compensation (by way of a gift, inheritance or other transmission of any share).

Any shareholder intending to sell (or otherwise alienate for compensation) his shares to any third parties shall notify the Company thereof in writing. Such notice shall state:

- name, address and point of contact of the shareholder;
- class (type) and number of the shares offered for sale;
- price per share of each class (type);
- other material conditions, on which the shares are offered for sale.

The notice shall be signed by such shareholder or his proxy. If a proxy signs the notice, a power of attorney shall be attached. If such offer is made by a corporate shareholder, the signature of a representative of such corporate shareholder acting without power of attorney on the basis of its Articles of Association shall be certified with the seal of such corporate shareholder.

If such notice is signed by a representative of a corporate shareholder representing it on the basis of a power of attorney, such power of attorney shall be attached to such offer.

The notice shall be given to the Company address by post or delivered to the clerical office of the Company.

Within 10 business days upon receipt of such written notice from the shareholder intending to sell his shares stating all the particulars required, the Board of Directors of the Company shall give to the Company shareholders, at the expense of such selling shareholder, written notices of their right of pre-emption with respect to the shares stating all the particulars provided by these Articles of Association for the notice given by the selling shareholder and the name of the issuing Company, period of the exercise of such right of pre-emption with respect to the shares by shareholders and period, within which the shareholders giving written notices of exercise of their right of pre-emption shall enter into a contract of purchase and sale of the shares so acquired by them.

Such notice shall be given by a registered letter or served to the shareholder (his authorised representative) by hand against receipt.

The actual date of notification of any shareholder shall be determined based on the date of post-office stamp or the date of serving the notice to the shareholder (his authorised representative) by hand.

The duration of the shareholders' and Company's right of pre-emption with respect to the shares shall be calculated from the date of notifying the shareholders of the intention to sell such shares and last for 60 calendar days.

The right of pre-emption shall terminate if all shareholders of the Company give written statements of exercise or waiver of such right of pre-emption prior to the above deadline.

Statements of exercise of the right of pre-emption shall be accepted in proportion with shares in the Company held by the respective shareholder.

In the event of sale of any shares in contravention of the right of pre-emption, any shareholder of the Company may seek in court to transfer the rights and obligations of the buyer within 3 months from the time such contravention of the right came or should have come to his knowledge.

7.7 Procedure of exercise of the right of pre-emption with respect to additional shares and equity securities convertible into shares.

The list of persons possessing the right of pre-emption with respect to additional shares and equity securities convertible into shares shall be based on the data specified in the register of shareholders as of the date of resolution, pursuant to which such additional shares and equity securities convertible into shares are allocated (hereinafter referred to as the "pre-emptive right").

The Company shall notify the persons specified in the list of the pre-emptive right holders of the possibility to exercise their pre-emptive right subject to these Articles of Association.

At least 20 days, or, if the agenda of the General Meeting of Shareholders contains the question of the Company reorganisation, 30 days prior to the general meeting, the Board of Directors of the Company shall give a notice of the possibility to exercise their pre-emptive right to the shareholders specified in the list of persons possessing the pre-emptive right by registered letter or by hand against receipt.

Any notice of the possibility to exercise the pre-emptive right by shareholders shall state:

- full trade name of the Company;
- address of the Company;
- number of issued shares and equity securities convertible into shares;
- offering price of the issued shares and equity securities convertible into shares or the procedure of determining the offering price;
- offering price of the issued shares and equity securities convertible into shares or the procedure of determining the price of offering to the Company shareholders if they exercise such pre-emptive right;
- procedure of determining the number of securities that may be purchased by each shareholder;
- duration of the pre-emptive right;
- procedure of exercise of the pre-emptive right by each shareholder.

For exercise of his pre-emptive right with respect to the additional shares and equity securities convertible into shares, the person having such right shall submit the following documents to the Board of Directors within the period from commencement of allocation until the date specified in the resolution on the securities issue:

- application for purchase of shares and securities convertible into shares, in which the shareholder shall state the name of the shareholder; his (its) address; number of securities purchased by him (it); any other information required by resolution on the securities issue;
- document certifying payment for purchased shares and securities convertible into shares as defined by the resolution on securities issue.

The Board of Directors shall review the results of exercising the pre-emptive right with respect to additional shares and equity securities convertible into shares by shareholders within three business days upon expiration of the pre-emptive right effective period.

An application for acquisition of shares and securities convertible into shares shall constitute acceptance of the Company's offer to purchase shares and securities convertible into shares under the pre-emptive right.

The effective period of pre-emptive right shall be calculated from the time of giving (delivering) the notice of possibility to exercise the pre-emptive right and shall not be less than 45 days.

Before the end of the pre-emptive right effective period stipulated in the resolution on securities issue, the Company shall not issue any additional shares or securities convertible into shares to any persons, who are not included in the list of persons possessing the pre-emptive right to purchase additional shares and securities convertible into shares.

8. RIGHTS OF SHAREHOLDERS

8.1. Any ordinary share in the Company shall vest its holder with an equal scope of rights.

8.2. Holders of ordinary shares in the Company may, subject to the FL and these Articles of Association of the Company, attend and vote at the General Meeting of Shareholders on all items within the terms of its reference and draw dividends or receive a part of the Company's assets in the event of liquidation of the Company.

8.3. Any shareholder(s) holding in the aggregate at least 2 (two) per cent of voting shares of the Company may make proposals to the agenda of the annual General Meeting and nominate candidates to the managerial bodies of the Company, the Board of Directors and Audit Commission of the Company (internal auditor), and the number of such candidates shall not exceed the quantitative composition of the respective body, as well as the candidate General Director. Such proposals shall be received by the Company within 30 days after the end of the financial year.

8.4. Holders of voting shares may require redemption of all or any part of their shares by the Company in the following cases:

- reorganisation of the Company or entering into any material transaction, on which resolution shall be adopted by the General Meeting pursuant to par. 2, art. 79 of the FL, if they voted against such resolution on its reorganisation or approval of the said transaction, or failed to vote on those issues;
- introduction of modifications and amendments into these Articles or approval of any new version of these Articles if the same restrict their rights if they voted against such resolution or failed to vote on those issues.

8.5. Shareholders may also have other rights provided for by the FL and these Articles of Association.

9. DIVIDENDS

9.1. In accordance with the results of the first quarter, half year, nine months of any financial year and/or in accordance with the results of such financial year, the Company may resolve on (declare) dividends on outstanding shares unless otherwise stipulated in the FL. Resolution on payment (declaration) of dividends in accordance with the results of the first quarter, half year and nine months of any financial year may be adopted within three months upon expiration of the respective period.

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

9.2. Dividends shall be paid from net profit of the Company. Dividends on certain types of preferred shares may be paid from special funds of the Company previously formed for this purpose.

9.3. Resolutions on payment (declaration) of dividends, including resolutions on the amount of dividend and method of payment thereof on each category (type) of shares, shall be adopted by the General Meeting. The amount of such dividends shall not exceed the amount recommended by the Board of Directors.

9.4. The respective resolution of the General Meeting shall state terms and conditions of payment of dividends, and the period of payment thereof shall not exceed sixty days from the date of resolution on payment of such dividends.

9.5. The list of persons entitled to dividends shall be made as of the date of making the list of persons entitled to participate in the General Meeting, at which the resolution on payment of the respective dividends is adopted.

9.6. The Company shall not resolve on (declare) payment of dividends on any shares or pay the declared dividends on shares in cases stipulated in the FL or any other federal laws.

10. GENERAL MEETING OF SHAREHOLDERS

10.1. General Meeting shall be the superior managerial body of the Company.

The Company shall hold the annual General Meeting.

The annual General Meeting shall be held not later than in two months and not later than in six months after the end of every financial year.

Any general meetings held in addition to the annual General Meeting shall be deemed extraordinary.

An extraordinary General Meeting shall be convened in accordance with the procedure stipulated in article 55 of the FL.

10.2. The following shall fall within the terms of reference of the General Meeting:

- (1) introduction of amendments and modifications into these Articles of Association of the Company or approval of a new version of these Articles of Association of the Company;
- (2) reorganisation of the;
- (3) liquidation of the Company, appointment of the liquidation committee and approval of intermediate and closing liquidation balance-sheets;
- (4) fixing the quantitative composition of the Board of Directors, election of its members and early termination of their office;
- (5) fixing the number, par value, category (type) of authorised shares and rights attached to such shares;
- (6) increase of the authorised capital of the Company by way of increasing the par value of shares or issue of additional shares;
- (7) reduction of the authorised capital of the Company by way of reducing the par value of shares, by way of purchase of a part of shares by the Company for the purpose of reducing the total number thereof and by way of redemption of shares acquired or repurchased by the Company;
- (8) election of members of the Audit Commission of the Company and early termination of their office;
- (9) approval of the Company Auditor;
- (10) payment (declaration) of dividends in accordance with the results of the first quarter, half year or nine months of any financial year;
- (11) approval of annual statements, annual accounts, including profit and loss statements (profit and loss accounts) of the Company and distribution of profit (including payment (declaration) of dividends, except for the profit distributed as dividends in accordance with the results of the first quarter, half year or nine months of the financial year) and losses of the Company in accordance with the results of the financial year;

- (12) establishing the procedure of holding the General Meeting;
 - (13) approval of the quantitative composition of the Counting Commission, election of members of the Counting Commission and early termination of their office;
 - (14) resolutions on fractioning and consolidation of shares;
 - (15) resolutions on approval of transactions in cases stipulated in article 83 of the FL;
 - (16) resolutions on approval of material transactions in cases stipulated in article 79 of the FL;
 - (17) resolutions on acquisition of outstanding shares by the Company in cases stipulated in the FL;
 - (18) resolutions on membership in any holding companies, financial industrial groups, associations and any other unions of commercial organisations;
 - (19) approval of internal documents regulating activities of the managerial bodies of the Company;
 - (20) issue of shares (equity securities of the company convertible into shares) by private offering;
 - (20) resolutions on delegation of authorities of the General Director to a managing company or manager under contract;
 - (22) election and removal of the sole executive body of the Company;
 - (23) other matters coming within its exclusive terms of reference pursuant to the FL.
- 10.3. No matters falling within the exclusive competence of the General Meeting shall be referred to the General Director. Nor shall such matters be referred to the Board of Directors, except for the cases provided for by the FL.
- 10.4. Resolution of the General Meeting on any matter put to vote shall be adopted by the majority of votes of shareholders holding voting shares of the Company present at the General Meeting unless otherwise stipulated for adoption of resolutions in the FL.
- Resolutions on the matters specified in subparagraphs 2), 6) and 14) to 19) of clause 10.2 hereof shall be adopted by the General Meeting at the suggestion of the Board of Directors.
- Resolutions on the matters specified in subparagraphs 1) to 3), 5), 17) and 20) of clause 10.2 hereof shall be adopted by the General Meeting of Shareholders by a majority of three fourths of votes of holders of voting shares participating in the General Meeting.
- 10.5. The General Meeting shall not consider and adopt resolutions on any matters unless the FL refers them to its competence.
- The General Meeting shall not adopt any resolutions on any matters, which have not been included in the agenda of the General Meeting, or change the agenda.
- 10.6. Resolution of any General Meeting may be adopted by poll subject to all requirements of article 50 of the FL.

- 10.7. The procedure of the General Meeting, rules and any other points of order shall be established in the Regulations on the General Meeting, and in the absence of such Regulations they shall be solved as may be necessary in the course of the meeting itself by voting on a show of hands.
- 10.8. Any shareholder may appeal to a court with respect to any resolution adopted by the General Meeting in contravention of the FL, other legal instruments of the Russian Federation or these Articles of Association unless he did not participate in the respective General Meeting or voted against such resolution, and if the said resolution violates his rights and lawful interests. Such appeal may be filed to the court within six months after the date, when the adopted resolution became or should have become known to the shareholder.

11. PROCEDURE OF PREPARATION AND HOLDING OF GENERAL MEETING OF SHAREHOLDERS

11.1. The terms of reference of the Board of Directors of the Company shall include holding of the General Meeting of Shareholders and approval of its agenda.

11.2. The list of persons entitled to participate in the General Meeting shall be made on the basis of the register of the Company shareholders.

The date of such list of persons entitled to participate in the General Meeting shall not be earlier than the date of resolution on the General Meeting or more than 50 (fifty) days or, in the event stipulated in clause 2 of article 53 of the FL, not more than 65 days prior to the date of such General Meeting.

In the event of a General Meeting of Shareholders, at which voting papers received by the Company under clause 2 of article 58 of the FL participate in forming the quorum, the date of making the list of persons entitled to participate in the General Meeting of Shareholders shall be at least 45 days prior to the date of such meeting.

11.3. Notice of any General Meeting shall be given at least 20 days in advance, and notice of a General Meeting, of which the agenda contains an item with respect to reorganisation of the Company, shall be given at least 30 days before the scheduled date of such meeting.

In the cases stipulated in par. 2, art. 53 of the FL, notice of an extraordinary General Meeting shall be given at least 50 days in advance.

11.4. Within the specified period, any notice of the General Meeting of Shareholders shall be given to each of the persons specified in the list of persons entitled to attend the General Meeting of Members by registered letter, by fax or by hand against receipt.

11.5. Notice of any General Meeting shall comply with clause 2 of article 52 of the FL and requirements set by the federal securities market executive body.

11.6. The information (materials) to be presented during preparation of the General Meeting within 20 days or 30 days before such meeting in the event of a General Meeting of Members with the agenda including an item of reorganisation of the Company shall be available for inspection by the persons entitled to participate in the General Meeting in the office of the General Director and other places, of which addresses shall be specified in the notice of General Meeting of Shareholders. The said information (materials) shall be available to the persons participating in the General Meeting of Shareholders during such meeting.

11.7. When preparing the General Meeting, the Board of Directors shall fix:

- the form of holding the General Meeting (attendance or absent voting);

- date, place and time of the General Meeting, and, where filled-in voting papers may be sent to the Company under clause 3 of article 60 of the FL, postal address, to which such filled-in voting papers may be sent, or, in the event of holding a General Meeting in the form of absent voting, the final date of voting papers acceptance and postal address, to which such filled-in voting papers shall be sent;
- date of making the list of persons entitled to participate in the General Meeting;
- agenda of the General Meeting;
- procedure of notifying shareholders of the General Meeting;
- list of information (materials) to be provided to shareholders during preparation of the General Meeting and procedure of presentation thereof;
- form and text of voting paper in the event of absent voting;
- any other information necessary under requirements of the federal securities market executive body.

11.8. Any shareholder may exercise his right to participate in the General Meeting either in person or by proxy.

The shareholder may at any time substitute his proxy at the General Meeting or participate in the General Meeting in person.

11.9. The General Meeting shall be qualified (have a quorum) if shareholders holding more than a half of votes of outstanding voting shares of the Company participate in it.

11.10. Voting at any General Meeting shall be based on the principle “one share – one vote” except for cumulative voting in the event stipulated in the FL.

11.11. In accordance with the voting results, the Counting Commission of the Company shall execute minutes of voting results to be signed by the members of the Counting Commission or by the person acting as such Commission. Minutes of voting results shall be executed within fifteen days upon closing of the General Meeting or the deadline of voting papers acceptance in the event of holding the General Meeting in the form of absent voting.

Minutes of voting results shall be attached to the minutes of the General Meeting and comply with the requirements of the federal securities market executive body.

11.12. Resolutions adopted by the General Meeting and voting results shall be announced at the General Meeting, during which the voting took place, or made known to the persons entitled to participate in the General Meeting within 10 days upon executing the minutes on the voting results in the form of a report on the voting results subject to the requirements with respect to notification of a General Meeting.

11.13. Minutes of the General Meeting of Shareholders shall be executed within 15 days upon closing of the General Meeting in two copies. Both copies shall be signed by the Chairman of the General Meeting of Shareholders and Secretary of the General Meeting of Shareholders. Minutes of the General Meeting shall comply with requirements set forth in art. 63 of the FL and established by the federal securities market executive body.

12. BOARD OF DIRECTORS

12.1. The Board of Directors shall perform general management of the Company, except for the matters referred to the terms of reference of the General Meeting by the FL.

15.2. The following matters shall fall within the terms of reference of the Board of Directors:

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

12.3. No matters falling within the terms of reference of the Board of Directors shall be referred to the General Director or General Meeting.

12.4. Members of the Board of Directors shall annually be elected by the annual General Meeting subject to the procedure stipulated in the FL and these Articles until the next annual General Meeting of Shareholders. Unless the annual General Meeting of Shareholders is duly held, powers of the Board of Directors shall be terminated, except for their powers to prepare, convene and hold the annual General Meeting of Shareholders.

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

12.5. Only an individual may be a member of the Board of Directors. Member of the Board of Directors need not be a shareholder of the Company.

The General Director shall not simultaneously be the Chairman of the Board of Directors. The Board of Directors shall have 7 members.

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

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

The Chairman of the Board of Directors shall organise its work, convene meetings of the Board of Directors and establish their agenda, preside meetings of the Board of Directors, cause minutes to be kept at meetings of the Board of Directors and preside the General Meeting.

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

12.7. The Chairman of the Board of Directors may convene the meeting of the Board of Directors on his own initiative, on request of members of the Board of Directors, Audit Commission or Company Auditor or the executive body of the Company. These Articles and Regulations on the Board of Directors shall determine the procedure of convening and holding meetings of the Board of Directors.

A meeting of the Board of Directors may be held in the form of absent voting.

12.8. The quorum for holding a meeting of the Board of Directors shall constitute at least a half of elected members of the Board of Directors.

Should the number of members of the Board of Directors become less than the number forming the said quorum, the Board of Directors shall resolve on holding an extraordinary General Meeting for the purpose of election of new Board of Directors. The remaining members of the Board of Directors may only adopt the resolution on convening such extraordinary General Meeting.

12.9. Resolutions of the meeting of the Board of Directors shall be adopted by a majority of votes of members of the Board of Directors present at the meeting unless the FL stipulates otherwise. Each member of the Board of Directors shall have one vote when solving any questions at the meeting of the Board of Directors.

Resolutions of the Board of Directors on the matter specified in subparagraph 8) of clause 12.2. hereof shall be adopted unanimously by all elected members of the Board of Directors but no votes of resigned members of the Board of Directors shall be counted.

No transfer of the voting right by a member of the Board of Directors to any other person, including the other members of the Board of Directors, shall be allowed.

In the event of equality of votes, the Chairman of the Board of Directors shall not have the casting vote.

- 12.10. Minutes shall be kept at any meeting of the Board of Directors. Such minutes shall be executed within 3 days after such meeting and comply with requirements of clause 4 of article 68 of the FL.

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

13. GENERAL DIRECTOR

- 13.1. The sole executive body of the Company – the General Director – shall manage the day-to-day operations of the Company.

The General Director shall be accountable to the Board of Directors of the Company and General Meeting of Shareholders.

The General Director shall be elected for a period of 5 years.

- 13.2. The terms of reference of the General Director of the Company shall include all the matters of management of day-to-day operations of the Company, except for the matters falling within the terms of reference of the General Meeting or Board of Directors.

The General Director shall organise implementation of resolutions of the General Meeting and Board of Directors.

The General Director may act on behalf of the Company without power of attorney and do the following acts and things on behalf of the Company:

- to represent the Company before any third parties (individuals and legal entities of any form of incorporation, institutions, organisations, governmental and municipal authorities, local authorities, courts, arbitration courts and tribunals, etc.);
- to issue powers of attorney for presentation of the Company interests before any third parties. The General Director may transfer all or any part of his authorities to another person by his respective order;
- to enter into transactions on behalf of the Company;
- to open settlement and other accounts with banks;
- to adopt resolutions and issue orders on operational matters of the Company business;
- to approve the staffing table, engage (enter into contracts) and dismiss employees of the Company, encourage and impose penalties on them;
- to resolve on business trips of the Company employees;

- to organise accounting and bookkeeping of the Company;
- to resolve any other matters connected with the administration of the Company;
- to resolve any matters of management of legal entities, in which the Company holds shares, interests, etc.;
- to do any other acts and things stipulated in these Articles and applicable legislation of the Russian Federation.

13.3. Rights and obligations of the General Director shall be determined by the legislation of the Russian Federation, other legal instruments of the Russian Federation and the contract concluded by each of them with the Company. The Chairman of the Board of Directors or any person authorised by the Board of Directors shall sign such contract on behalf of the Company.

The General Director may not hold an office in any other organisation without consent of the Board of Directors.

13.4. The General Meeting may resolve on transferring authorities of the sole executive body of the Company to a commercial organisation (managing company) or individual entrepreneur (manager) under a contract. No resolution on transfer of authorities of the sole executive body of the Company to any managing company or manager may be adopted by the General Meeting without suggestion of the Board of Directors.

16.7. The Board of Directors may adopt a resolution to suspend the authorities of such managing company or manager. Together with the said resolution, the Board of Directors shall adopt a resolution on establishing a temporary sole executive body of the Company (General Director) and holding an extraordinary General Meeting for solving the question of cancellation of authorities of such managing company (manager) and transferring of authorities of the sole executive body of the company (director or General Director) to a managing company or manager.

Such resolution shall be adopted by a three-fourths majority of votes of members of the Board of Directors but no votes of resigned members of the Board of Directors shall be counted.

14. LIABILITY OF MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF THE BOARD AND GENERAL DIRECTOR MANAGING ORGANISATION OR MANAGER

14.1. When exercising their rights and performing their duties, members of the Board of Directors, General Director, temporary sole executive body and managing company or manager shall act in the best interests of the Company, exercise their rights and perform their duties with respect to the Company reasonably and in good faith.

14.2. Members of the Board of Directors, General Director, temporary sole executive body and managing company or manager shall be liable to the Company for any losses incurred by the Company through their faulty acts (omissions) unless the legislation of the Russian Federation stipulates any other grounds and amount of liability.

15. AUDIT COMMISSION (INTERNAL AUDITOR). AUDITOR

15.1. The Audit Commission shall be elected for by a majority of votes of the General Meeting for

the purpose of controlling financial and economic activities of the Company.

The Audit Commission shall consist of 3 members.

The term of appointment of the Audit Commission shall commence from the time of election thereof by the General Meeting and expire at the time of election (re-election) of the Audit Commission by the next annual General Meeting.

The Audit Commission consisting of 3 members shall be elected at the annual General Meeting of Shareholders.

The term of appointment of the Audit Commission shall commence from the time of election thereof by the General Meeting and expire at the time of election (re-election) of the Audit Commission by the next annual General Meeting.

Activities of the Audit Commission (Internal Auditor) of the Company shall be governed by the FL, these Articles of Association and internal document of the Company approved by the General Meeting of Shareholders.

Inspection (audit) of financial and economic operations of the Company shall be carried out in accordance with the results of the Company operations in a year or at any time on the initiative of the Audit Commission, resolution of the General Meeting, Board of Directors or on request of any shareholder(s) of the Company holding in the aggregate at least 10 per cent of voting shares in the Company.

On request of the Audit Commission, any persons holding offices in the managerial bodies of the Company shall present documents on financial and economic operations of the Company.

No member of the Audit Commission (Internal Auditor) may at the same time be a member of the Board of Directors or hold any other offices in the managerial bodies of the Company.

No shares held by any member of the Board of Directors or any other person holding an office in the managerial bodies of the Company may vote in election of members of the Audit Commission.

15.2. The Auditor (individual or Audit Company) of the Company shall carry out the audit of financial and economic operations of the Company under the laws of the Russian Federation on the basis of a contract concluded with it.

The General Meeting shall approve the Company Auditor. The Board of Directors of the Company shall determine the amount of its remuneration.

16. FUNDS AND NET ASSETS

16.1. The Company shall establish a reserve fund of 5 per cent of its authorised capital.

The reserve fund of the Company shall be formed by way of obligatory deductions of at least 5 per cent of the net profit until it achieves the established amount.

The reserve fund of the Company shall be used to cover its losses, redeem bonds of the Company and repurchase shares of the Company in the event of absence of any other funds. The reserve fund shall not be used for any other purpose.

- 16.2. The net asset value of the Company shall be assessed on the basis of accounting figures subject to the procedure established by the Ministry of Finance of the Russian Federation and federal securities market executive body.

17. FINANCIAL ACCOUNTING AND REPORTING

- 17.1. The Company shall maintain accounting and present financial statements subject to the procedure established by the legislation of the Russian Federation and other legal instruments of the Russian Federation as well as pursuant to the requirements of the International Accounting Standards.

The General Director shall be responsible for organisation, status and reliability of accounting in the Company, due presentation of the annual report and other financial statements to the relevant authorities as well as for information on the Company operations to be presented to shareholders, creditors and mass media subject to the Federal Joint-Stock Companies Act, other legal instruments of the Russian Federation and these Articles.

- 17.2. The Audit Commission shall confirm the reliability of data contained in the annual statement of the Company and annual accounts.

Prior to the Company's publishing of documents under article 92 of the FL, the Company shall engage an auditor, which is not privy in estate with the Company or its shareholders, for the purpose of annual audit and confirmation of annual accounts.

The annual statement of the Company shall be subject to a preliminary confirmation by the Board of Directors at least 30 (thirty) days prior to the date of holding the annual General Meeting.

- 17.3. The Company shall keep the following documents:

- contract of establishing the Company;
- Articles of Association of the Company, duly registered amendments to and modifications of the Articles of Association of the Company, resolution on incorporation of the Company and certificate of state incorporation of the Company;
- documents certifying rights of the Company to the property in its balance;
- internal documents of the Company;
- resolutions on subsidiaries or representative offices of the Company;
- annual statements;
- account forms;
- accounting statement documents;
- minutes of General Meetings (resolutions of the shareholder holding all voting shares of the Company), meetings of the Board of Directors and Audit Commission (Internal Auditor);

- voting papers and proxies (copies of proxies) for participation in the General Meeting;
- reports of independent appraisers;
- lists of the Company affiliates;
- lists of persons entitled to participate in the General Meeting, entitled to dividends and any other lists made by the Company for shareholders' exercising of their rights under the FL;
- conclusions of the Audit Commission, Company Auditor, governmental and municipal financial control authorities;
- prospectuses, quarterly issuer reports and any other documents containing any information, which is subject to publication or other disclosure under the FL or other laws of the Russian Federation;
- other documents stipulated in the FL, these Articles, internal documents of the Company, resolutions of the General Meeting, Board of Directors and managerial bodies of the company as well as documents stipulated in legal instruments of the Russian Federation.

The Company shall hold the said documents at the business address of the General Director subject to the terms and conditions stipulated by the federal securities market executive body;

- 17.4. The Company shall provide its shareholders with access to documents specified in clause 17.3. hereof pursuant to the applicable legislation. The above documents shall be presented by the Company within 7 days upon the respective request for the purpose of inspection at the office of the executive body. On request of any person having access to the above documents, the Company shall provide him with copies of the said documents. Payment charged by the Company for such copies shall not exceed the cost of production thereof.

18. REORGANISATION AND LIQUIDATION

- 18.1. The Company may be voluntarily reorganised subject to the procedure set forth in the FL.

The Civil Code of the Russian Federation and other federal laws shall determine other grounds and procedure of reorganisation of the Company.

- 18.2. The Company may be reorganised in the form of a merger, takeover, separation, split-off or transformation.

The property of companies established as a result of reorganisation shall be formed for the account of property of the reorganised companies.

The Company shall be deemed reorganised from the time of state registration of newly emerging legal entities, except for the case of reorganisation in the form of a takeover.

- 18.3. The Company may be liquidated on a voluntary basis in accordance with the procedure set forth in the Civil Code of the Russian Federation subject to the requirements of the FL and these Articles. The Company may be liquidated by resolution of the court on the grounds stipulated in the Civil Code of the Russian Federation.

Liquidation of the Company shall involve its termination without any transfer of rights and obligations to any third parties by way of succession.

- 18.4. The Company shall be reorganised and liquidated in accordance with the procedure stipulated by the applicable legislation of the Russian Federation.
- 22.5. In the event of the Company reorganisation, all its documents (administrative, financial, economic, personnel and other documents) shall be duly transferred to its legal successor.

In the event of the Company liquidation and in the absence of any legal successor, its permanent storage documents of a scientific and historical importance shall be transferred to the archives of Mosgorarchive association in governmental custody, and the personnel documents (orders, personal records, personal accounts, account cards, etc.) shall be transferred in custody of the archive of the administrative district, in which the Company is situated.

The transfer and graduation of documents shall be performed by the Company at its own expense pursuant to the requirements of archive authorities.

