

Appendix 5 to the draft decision  
of the EGM of RAO UES of Russia

APPROVED  
by the decision of the Extraordinary General  
Meeting of Shareholders of RAO UES of Russia

\_\_\_\_\_ 2007 (Minutes No. \_\_\_\_)

ARTICLES OF ASSOCIATION  
of  
Joint Stock Company  
OGK-1 Holding

Moscow  
2007

## **Article 1. General**

1.1. Joint Stock Company OGK-1 Holding (hereinafter, the "Company") is established as a result of the reorganization of RAO UES of Russia through a spin-off in accordance with the decision of the Extraordinary General Meeting of Shareholders of RAO UES of Russia (Minutes No. \_\_\_\_\_ of \_\_\_\_\_ 2007).

1.2. The Company's activities shall be governed by the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies," the Federal Law "On the Electric Power Industry," the Federal Law "On Particular Issues of Functioning of the Electric Power Industry and on Amendments to Certain Legal Acts of the Russian Federation and Invalidation of Certain Legal Acts of the Russian Federation in Connection with the Enactment of the Federal Law 'On the Electric Power Industry'," other laws and regulations of the Russian Federation, and these Articles of Association.

1.3. The full corporate name of the Company is "Открытое акционерное общество «ОГК-1 Холдинг»" in the Russian language and "Joint Stock Company OGK-1 Holding" in the English language.

1.4. The short corporate name of the Company is "ОАО «ОГК-1 Холдинг»" in the Russian language and "JSC Gosudarstvennii OGK-1 Holding" in the English language.

The Company's registered address is 119526, Moscow, Prospekt Vernadskogo, 101, bldg. 3.

The period of the Company's duration shall be perpetual.

## **Article 2. Legal Status and Liability of the Company**

2.1. The legal status of the Company shall be subject to the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies," other laws and regulations of the Russian Federation, and these Articles of Association.

2.2. The Company is a corporate entity pursuant to the laws of the Russian Federation.

2.3. The Company is a legal successor to RAO UES of Russia in relation to the rights and obligations of RAO UES of Russia that have transferred to the Company in accordance with the separation balance sheet.

2.4. The Company shall hold legal title to its separate assets accounted for in its own balance sheet; it may, on its own behalf, acquire and exercise property rights and personal non-property rights, perform duties, act as a claimant and respondent in court.

2.5. The Company may open bank accounts within and outside the Russian Federation in accordance with the established procedure.

2.6. The Company shall be liable with respect to its liabilities with all of its property.

The Company shall not be liable with respect to any liabilities of the Russian Federation or its shareholders.

The shareholders of the Company shall not be liable with respect to any liabilities of the Company, except where otherwise provided for in the laws of the Russian Federation.

The shareholders may dispose of their shares without the consent of the other shareholders or the Company.

The shareholders of the Company shall bear the risk of loss associated with its activities to the extent of the value of their shareholdings.

2.7. The Company shall have a round seal bearing its full name in Russian and specifying its registered address.

The Company may have stamps, letterheads bearing its corporate name, its own corporate logo, and a duly registered trade mark and other visual identity means.

2.8. The Company shall have civil rights and obligations necessary to carry out any activities that are not forbidden by federal laws.

2.9. The Company may establish branch offices and open representative offices both within and outside the Russian Federation.

The Company's branch offices and representative offices are not corporate entities and act on behalf of the Company and pursuant to the regulations approved by the Company.

The Company's branch offices and representative offices are provided with property to be accounted for in their standalone balance sheets and in the balance sheet of the Company.

The manager of any branch office or representative office of the Company shall be appointed by the Director General of the Company and shall act under the power of attorney issued by the Company

The Company shall be responsible for the activities of its branch office and representative office.

The details of the Company's branch offices and representative offices (if any) are specified in the Appendix to these Articles of Association.

2.10. The Company may have subsidiaries and dependent companies vested with the rights of corporate entities established, if existing within the Russian Federation, in accordance with the Federal Law "On Joint-Stock Companies," other federal laws, and these Articles of Association or, if existing outside the Russian Federation, in accordance with the laws of the foreign country where a subsidiary or dependent company is domiciled, unless otherwise provided for in any international treaty to which the Russian Federation is a party.

### **Article 3. Purpose and Scope of Business of the Company**

3.1. The principal purpose of the Company's activities is profit making.

3.2. For the purposes of profit making, the Company may be engaged in any activities that are not forbidden by law, including:

- exercise of the authority vested in executive bodies of joint-stock companies and other business entities in accordance with the procedure provided for in law and agreements entered into by the Company;
- asset management;
- provision of advisory services;
- securities-related transactions in accordance with the procedure set forth in the applicable laws of the Russian Federation;
- agency activities;
- design and estimate, exploration, and research and development work;
- foreign economic activities;
- forwarding services;
- activities related to the supply (sale) of electricity and heat;
- activities related to the acquisition (purchase) of electricity and heat from the wholesale electricity (capacity) market;
- performance of work determining the conditions of synchronous operation in accordance with the Unified Power System of Russia modes under contracts;
- operation of energy facilities that are not owned by the Company under contracts with the owners of such facilities;
- activities related to work associated with environment protection;
- activities related to environmental impact, environment protection, the use of natural resources, and the recovery, storage, and removal of industrial waste;
- supervision over the safe maintenance of electric and heat-consuming equipment used by customers connected to the Company's thermal and electric networks;
- educational activities, including extended education;
- training and knowledge evaluation with respect to rules, regulations, and guidelines related to operational maintenance, occupational health and safety, industrial safety, and fire protection;
- organization and performance of defense activities in connection with mobilization training, civil defense, emergencies, and the protection of national security information in accordance with the

laws of the Russian Federation;

- safeguarding activities only for the purposes of the Company's own security within the Security Service of the Company whose operations shall be governed by the Law of the Russian Federation "On Private Detective and Safeguarding Activities in the Russian Federation" and the laws of the Russian Federation;

- electricity and heat generation;

- organization of energy-efficient operating modes for power plant equipment, compliance with energy supply modes under contracts;

- support for the operation of power equipment in accordance with the applicable regulations; timely and high quality repair of power equipment; technical upgrading and rehabilitation of power facilities;

- energy supply to customers connected to the Company's electricity and heat networks under contracts;

- mastering of new equipment and technology ensuring the efficient, safe, and environmentally acceptable operation of the Company's facilities;

- activities related to the operation of heat networks;

- development of communication equipment and the provision of communication services;

- storage of oil and its derived products;

- operation of explosion-hazardous production facilities;

- operation of fire-hazardous production facilities;

- operation and maintenance of facilities supervised by the Federal Committee for Mining and Industrial Supervision;

- operation of buildings and structures;

- metrological support for production;

- activities related to the treatment of hazardous waste;

- activities related to the operation of in-house gas networks;

- activities related to the repair of measuring instruments;

- other activities.

3.3. Certain activities, listed by federal laws, may only be available to the Company subject to a special permit (license).

The Company's right to pursue an activity requiring a license shall arise when such license is granted or on a date specified by such license and shall terminate upon expiration of the license term unless otherwise specified by law or any other regulations.

#### **Article 4. Authorized Capital and Shares of the Company**

4.1. The authorized capital of the Company is composed of the par value of the Company's shares purchased by its shareholders (outstanding shares).

The authorized capital of the Company is 139,462,724.41 rubles and consists of 13,946,272,441 shares.

4.2. The Company has placed shares of the following categories:

1) 1,429,906,060 preference shares, each with a par value of 0.01 rubles.

2) 12,516,366,381 ordinary shares, each with a par value of 0.01 rubles.

4.3. The authorized capital of the Company may be increased by raising the par value of the shares or by placing additional shares.

The authorized capital of the Company may be increased by placing additional shares against the Company's property. The Company's authorized capital may be increased by raising the par value of the shares only against the Company's property.

The amount of an increase in the authorized capital of the Company against the Company's property may not exceed the difference between the Company's net asset value and the sum of the Company's authorized capital and reserve fund.

Any decision to increase the authorized capital of the Company by raising the par value of the shares shall be adopted by the General Meeting of Shareholders of the Company.

The following may not be done unless by a decision of the Company's General Meeting of Shareholders on raising the Company's authorized capital, adopted by a majority of three fourths of the holders of voting shares participating in the General Meeting of Shareholders:

- place additional shares through a private offering;
- place, through a public offering, additional ordinary shares exceeding 25 percent of the previously placed ordinary shares.

In other cases, any decision to raise the authorized capital by placing additional shares shall be adopted by the Company's Board of Directors. Any decision of the Company's Board of Directors to raise the authorized capital by placing additional shares shall be adopted unanimously by all members of the Company's Board of Directors, disregarding the votes by retired members of the Company's Board of Directors. If there is no unanimity of the Board of Directors on raising the authorized capital by placing additional shares, the Board of Directors may decide to put such issue on the agenda of the General Meeting of Shareholders of the Company.

4.4. Payment for acquired shares may be in the form of money, securities, other property or property rights or any other rights having a money value.

4.5 The authorized capital of the Company may be increased only after it is paid for in full.

The authorized capital of the Company may not be increased for the purposes of recovering any losses incurred by the Company or discharging any overdue payables.

4.6. The authorized capital of the Company may be decreased by reducing the par value of the shares or by reducing their total quantity, including through the purchase and retirement of a part of the Company's outstanding shares in accordance with these Articles of Association.

4.7. The authorized capital of the Company shall be decreased in accordance with the procedure set forth in the laws of the Russian Federation and these Articles of Association.

The Company shall be obliged to decrease its authorized capital where provided for in the Federal Law "On Joint-Stock Companies."

4.8. The Company shall be entitled to purchase its outstanding shares pursuant to a decision adopted by the General Meeting of Shareholders to decrease the authorized capital of the Company by purchasing a part of the outstanding shares with a view to reducing their total quantity.

The General Meeting of Shareholders shall not have the right to adopt any decision to decrease the authorized capital of the Company by purchasing a part of the outstanding shares with a view to reducing their total quantity if, as a result of such decrease, the total par value of the outstanding shares will be less than the minimum size of the authorized capital specified in the Federal Law "On Joint-Stock Companies."

Any shares purchased by the Company in accordance with this paragraph shall be retired upon the purchase thereof.

Pursuant to a decision adopted by the General Meeting of Shareholders, payment for the

shares purchased in accordance with this paragraph may be made in cash and/or in kind.

## **Article 5. Rights and Obligations of Shareholders of the Company**

5.1. Each ordinary share of the Company shall have the same par value and provide its holder with the same scope of rights.

5.2. Any holders of the Company's ordinary shares shall have the following rights:

- take part in the Company's General Meeting of Shareholders with a right to vote on all issues falling within its competence in person or by proxy;
- dispose of the shares that they hold without the consent of the other shareholders or the Company;
- receive a portion of the net profit (dividends) to be distributed among shareholders in accordance with the procedure provided for in the laws of the Russian Federation and these Articles of Association;
- • access the Company's documents in accordance with the procedure provided for in the laws of the Russian Federation and these Articles of Association;
- require the Company's buy-out of all or some of the shares that they hold where specified by the laws of the Russian Federation;
- enjoy the preemptive right if the Company makes a public placement of additional shares or issue-grade securities convertible into shares in proportion to the quantity of shares of that category (type) that they hold;
- • receive some of the Company's property (liquidation value) in accordance with the procedure provided for in the laws of the Russian Federation and these Articles of Association;
- exercise other rights specified by the laws of the Russian Federation, these Articles of Association, and decisions adopted by the General Meeting of Shareholders within its competence.

Conversion of ordinary shares into preference shares, bonds or any other securities shall not be permitted.

5.3. Each preference share of the Company shall have the same par value and provide its holder with the same scope of rights.

Holders of preference shares shall be entitled to a fixed annual dividend. The total amount to be paid as a dividend on each preference share shall be equal to ten (10) percent of the Company's net profit for the financial year divided by the number of shares constituting twenty-five (25) percent of the Company's authorized capital. If the amount of dividends payable by the Company on each ordinary share in a certain year exceeds the amount payable as a dividend on each preference share, the size of the dividend payable on the latter shall be increased to the size of the dividend payable on ordinary shares.

Dividends shall be paid to preference share holders annually within time periods specified by the Company's General Meeting of Shareholders, but not later than the first (1st) day of May in the year following the year of the General Meeting of Shareholders which decided on dividend payment,

and, additionally, on the date of dividend payment for ordinary shares if, subject to this paragraph, the size of the dividend on preference shares shall be increased to the size of the dividend payable on ordinary shares.

5.4. The Company shall not be entitled to pay dividends on preference shares following a procedure different from the procedure provided for in these Articles of Association.

5.5. The Company shall not have the right to pay dividends on ordinary shares before it pays dividends on preference shares.

5.6. Holders of preference shares shall be entitled to attend General Meetings of Shareholders with a right to vote on all issues falling within its competence, starting from the meeting following the Annual General Meeting of Shareholders which, for any reason, does not decide to pay dividends or decides to pay partial dividends on preference shares. Preference share holders' right to attend General Meetings of Shareholders shall terminate from the date of the first full payment of dividends on such shares.

5.7. Preference share holders shall attend the Company's General Meeting of Shareholders with a right to vote in deciding issues pertaining to the Company's reorganization and liquidation.

Preference share holders shall acquire a right to vote when the Company's General Meeting of Shareholders discusses amendments to the Company's Articles of Association restricting the rights of holders of preference share of such type and providing holders of preference shares of other types with advantages in terms of dividend payment priority and/or liquidation value of shares. Any decision on such amendments shall be deemed adopted if supported by at least three fourths of the voting share holders' votes participating in the General Meeting of Shareholders, except for the votes of preference share holders, and three fourths of the votes of all preference share holders.

5.8. The Company's shareholders shall have the preemptive right to acquire publicly placed additional shares of the Company and issue-grade securities convertible into the Company's shares in proportion to the number of their shares of that category (type).

The Company's shareholders who vote against or do not participate in the voting on any private placement of the Company's shares or issue-grade securities convertible into the Company's shares shall have the preemptive right to acquire additional shares and issue-grade securities convertible into the Company's shares and placed privately in proportion to the number of their shares of that category (type). The said right shall not apply to the private placement of shares and other issue-grade securities convertible into shares among the existing shareholders only if the shareholders may acquire a whole number of such shares or any other issue-grade securities convertible into shares in proportion to the number of their shares of the relevant category (type).

5.9. In the event that the Company is liquidated, the Company's property remaining after the creditors' claims are met shall be used for payments in the following order of priority:

first, payments for shares which shall be bought out pursuant to Article 75 of the Federal Law "On Joint-Stock Companies";

second, payment of accrued and unpaid dividends on preference shares and the liquidation value payable in relation to preference shares as specified by the Articles of Association of the Company;

third, distribution of the property among ordinary share holders and holders of all types of preference shares.

## **Article 6. Bonds and Other Issue-Grade Securities of the Company**

6.1. The Company shall have the right to place bonds or any other issue-grade securities of the Company convertible into the Company's shares through a public or private offering.

6.2. Placement of issue-grade securities of the Company convertible into shares through a private offering shall require a decision of the Company's General Meeting of Shareholders adopted by a majority of three fourths of votes of the voting share holders participating in the General Meeting of Shareholders.

Placement of issue-grade securities convertible into ordinary shares exceeding 25 percent of the previously placed ordinary shares through a public offering shall require a decision by the Company's General Meeting of Shareholders adopted by a majority of three fourths of votes of voting share holders participating in the General Meeting of Shareholders.

In other cases, the decision to place bonds and other issue-grade securities of the Company convertible into the Company's shares shall be adopted by the Company's Board of Directors.

6.3. Additional shares and other issue-grade securities of the Company placed through a subscription shall be placed only if they are fully paid

## **Article 7. Funds of the Company**

7.1. The Company shall set up a reserve fund and, subject to a decision by the Board of Directors, other funds and reserves which are necessary for its activities.

7.2. The Company shall have a reserve fund equal to five (5) percent of its authorized capital.

The reserve fund of the Company shall be designed to cover its losses and redeem the Company's bonds and buy out the Company's shares if there are no other funds available for these purposes, and it may not be used for any other purposes.

7.3. The procedure of forming and using the Company's funds shall be defined by the Company's Board of Directors.

## **Article 8. Dividends of the Company**

8.1. The Company shall be entitled, based on the results of the first quarter, half, or nine months of the financial year and/or based on the results of the financial year, to decide on (declare) payment of dividends on the Company's outstanding shares, unless otherwise provided for in the Federal Law "On Joint-Stock Companies". Any decision to pay (declare) dividends based on the results of the first quarter, half, or nine months of the financial year may be adopted within three (3) months after the end of the relevant period.

The Company shall be obliged to pay the declared dividends on shares of each category (type).

8.2. The General Meeting of Shareholders shall be entitled to decide not to pay dividends on shares of a certain category and not to pay dividends on preference shares in full.



8.3. The Company may not decide on (declare) payment of dividends on shares:

- until the Company's authorized capital is paid in full;
- until all shares to be bought out under Article 76 of the Federal Law "On Joint-Stock Companies" have been bought out;
- if, on the date of such decision, the Company meets the insolvency (bankruptcy) criteria under the laws of the Russian Federation on insolvency (bankruptcy) or if said criteria are met as a result of dividend payment;
- if, on the date of such decision, the net asset value of the Company is less than its authorized capital and reserve fund and the excess of the liquidation value of outstanding preference shares specified in these Articles of Association over the par value or becomes so following such decision;
- otherwise as provided for in federal laws.

8.4. The Company may not pay declared dividends on shares:

- if, on the date of such decision, the Company meets the insolvency (bankruptcy) criteria under the laws of the Russian Federation on insolvency (bankruptcy) or if said criteria are met as a result of dividend payment;
- if, on the date of such decision, the net asset value of the Company is less than its authorized capital and reserve fund and the excess of the liquidation value of outstanding preference shares specified in these Articles of Association over the par value or becomes so following such decision;
- otherwise as provided for in federal laws.

Upon cessation of the circumstances specified in this paragraph, the Company shall pay the declared dividends to the shareholders.

8.5. Dividends shall be paid within the period and in accordance with the procedure established by a decision of the Company's General Meeting of Shareholders on dividend payment subject to the provisions contained in paragraph 5.3 of these Articles of Association. If the Company's General Meeting of Shareholders does not decide on the period for dividend payment, the payment period may not exceed sixty (60) days from the date of the decision to pay dividends.

The list of persons entitled to dividends shall be compiled as of the date of making the list of persons entitled to take part in the General Meeting of Shareholders deciding to pay the relevant dividends. For the list of persons entitled to receive dividends, any nominee shareholder shall provide information about the persons on whose behalf such nominee shareholder holds the shares.

## **Article 9. Management Bodies of the Company**

9.1. The Company's management bodies shall include:

- General Meeting of Shareholders;
- Board of Directors of the Company;

- Director General.

9.2. The Company's Internal Audit Commission shall control the Company's financial and economic activities.

## **Article 10. General Meeting of Shareholders**

10.1. The Company's highest management body is the General Meeting of Shareholders.

Once a year, the Annual General Meeting of Shareholders shall be held, not earlier than two months and not later than six months after the end of the financial year.

The Annual General Meeting of Shareholders shall elect the Company's Board of Directors, the Company's Internal Audit Commission, approve the Company's Auditor, resolve issues specified by paragraph 10.2.11 of these Articles of Association, and it may resolve other issues falling within the competence of the Company's General Meeting of Shareholders.

Any General Meeting of Shareholders other than the Annual General Meeting of Shareholders shall be extraordinary.

The date and procedure of the General Meeting of Shareholders, the list of materials (information) provided for shareholders during preparations for the General Meeting of Shareholders shall be established by the Company's Board of Directors in accordance with the provisions of the Federal Law "On Joint-Stock Companies," other laws and regulations, and these Articles of Association.

10.2. The competence of the General Meeting of Shareholders shall include the following issues:

1) amendments and supplements to the Company's Articles of Association or approval of a restated version of the Company's Articles of Association;

2) reorganization of the Company in accordance with the procedure provided for in federal law and these Articles of Association;

3) liquidation of the Company, appointment of a liquidation commission, and approval of an interim and final liquidation balance sheets;

4) election of members of the Company's Board of Directors and early termination of their powers, setting the size of remuneration and compensation for members of the Company's Board of Directors;

5) determination of the quantity, par value, category (type) of authorized shares and rights attaching thereto;

6) increase in the Company's authorized capital by raising the par value of the shares or by placing additional shares of the Company where specified by these Articles of Association;

7) decrease in the Company's authorized capital by reducing the par value of the shares, by the Company's purchase of some shares in order to reduce their total quantity, and by retirement of the shares acquired or bought out by the Company;

8) election of members of the Company's Internal Audit Commission and early termination of their powers, determination of the size of remuneration and compensation for members of the Company's Internal Audit Commission;

9) approval of the Company's Auditor;

10) approval of annual reports, annual financial statements, including profit and loss statements (profit and loss accounts) of the Company; distribution of profits, including payment (declaration) of dividends except for any profits distributed as dividends based on the results of the first quarter, half, or nine months of the financial year, and losses of the Company for the financial year;

11) establishment of the procedure for holding the General Meeting of Shareholders;

12) share splitting and consolidation;

13) decisions to authorize transactions as specified by Article 83 of the Federal Law "On Joint-Stock Companies";

14) decisions to authorize material transactions as specified by Article 79 of the Federal Law "On Joint-Stock Companies";

15) decisions on the Company's participation in financial industrial groups, associations, and other groupings of commercial entities;

16) approval of internal documents governing the activities of the Company's bodies;

17) payment (declaration) of dividends based on the results of the first quarter, half, or nine months of the financial year;

18) other issues specified by the Federal Law "On Joint-Stock Companies."

10.3. Issues falling within the competence of the General Meeting of Shareholders may not be delegated to the Board of Directors of the Company.

The General Meeting of Shareholders shall not be entitled to discuss or adopt decisions on any issues falling beyond its competence as specified by the Federal Law "On Joint-Stock Companies."

Decisions on the issues specified by subparagraphs 1–3, 5 and 14 of paragraph 10.2 of these Articles of Association in relation to the placement of additional shares exceeding twenty-five (25) percent of the previously placed ordinary shares through a private offering, in relation to a decrease in the authorized capital of the Company by reducing the par value of shares, and in relation to any other issues provided for in the Federal Law "On Joint-Stock Companies" and these Articles of Association shall be adopted by the General Meeting of Shareholders by a majority of three fourths of the holders of voting shares attending the General Meeting of Shareholders unless a different number of votes is specified by the Federal Law "On Joint-Stock Companies."

In other matters, decisions shall be adopted by a majority of votes of the Company's voting shareholders attending the General Meeting of Shareholders unless otherwise provided for in the Federal Law "On Joint-Stock Companies" or these Articles of Association.

Decisions on the issues specified by subparagraphs 2, 6, and 13–16 of paragraph 10.2 of the Company's Articles of Association and the issue in relation to a decrease in the authorized capital of the Company by reducing the par value of shares shall be adopted by the General Meeting of Shareholders only subject to a proposal by the Company's Board of Directors.

The General Meeting of Shareholders shall not be entitled to adopt any decisions on matters which are not included on the agenda or change the agenda.

A decision may be adopted by the General Meeting of Shareholders without holding a meeting (joint presence of shareholders for the purposes of discussing the agenda and adopting decisions on issues put to a vote) by absentee voting.

The General Meeting of Shareholders whose agenda includes the election of the Board of Directors and the Internal Audit Commission, the approval of the Company's Auditor, and the issues specified by paragraph 10.2.10 of these Articles of Association may not be held in absentee voting format.

The following persons shall have a right to vote on issues put to a vote at the General Meeting of Shareholders:

holders of the Company's ordinary shares;

holders of the Company's preference shares where specified by the Federal Law "On Joint-Stock Companies" and these Articles of Association.

10.4. The list of persons entitled to attend the General Meeting of Shareholders shall be made according to the information in the Company's shareholder register.

The date of compiling the list of persons entitled to attend the General Meeting of Shareholders may not be earlier than the date of adopting a decision to hold the General Meeting of Shareholders or more than fifty (50) days before the date of the General Meeting of Shareholders or, in the event specified by paragraph 10.6.2 of these Articles of Association, more than sixty-five (85) days before the date of the General Meeting of Shareholders.

At the request of persons included on the list and holding at least one (1) percent of the votes, the Company shall provide access to the list for persons entitled to attend the General Meeting of Shareholders. The document details and postal addresses of the individuals on that list shall be provided only with the consent of the persons concerned.

10.5. Notices of the General Meeting of Shareholders shall be published in the *Izvestia* newspaper not later than thirty (30) days before the date of the General Meeting of Shareholders.

In the instances specified by paragraph 10.6.2 of these Articles of Association and paragraphs 2 and 8 of Article 53 of the Federal Law "On Joint-Stock Companies," the date of the Extraordinary General Meeting of Shareholders shall be announced not later than seventy (70) days before the scheduled date.

Any notice of the General Meeting of Shareholders shall specify as follows:

- full corporate name of the Company and the registered address of the Company;
- format of the General Meeting of Shareholders (actual meeting or absentee voting);
- date, place, time of the General Meeting of Shareholders and the postal address to which completed ballots may be sent or, if the General Meeting of Shareholders is held in absentee voting format, the deadline for receipt of ballots and the postal address to which completed ballots shall be sent;
- date of the list of persons entitled to attend the General Meeting of Shareholders;
- agenda of the General Meeting of Shareholders;

- procedure of access to information (materials) to be provided during preparations for the General Meeting of Shareholders, and the address(es) where it is available.

#### 10.6. Proposals for the agenda of the Company's General Meeting of Shareholders.

10.6.1. Any shareholder(s) of the Company holding an aggregate of at least two (2) percent of the Company's voting shares shall have the right to include items on the agenda of the Annual General Meeting of Shareholders and nominate persons for the Board of Directors of the Company or the Internal Audit Commission of the Company, the number of such nominees not to exceed the number of members of the relevant body. Such proposals shall arrive at the Company not later than sixty (60) days after the end of the financial year.

10.6.2. If any proposed agenda of the Extraordinary General Meeting of Shareholders includes the election of the Company's Board of Directors, any shareholder(s) of the Company holding an aggregate of at least two (2) percent of the Company's voting shares shall be entitled to nominate up to as many directors as there are on the Board of Directors of the Company. Such proposals shall arrive at the Company not later than thirty (30) days before the date of the Extraordinary General Meeting of Shareholders.

10.6.3. Proposals to include any items on the agenda of the Company's General Meeting of Shareholders and nomination proposals shall be in writing, specifying the name of the proposal-making shareholder(s), the quantity and category (type) of shares that they hold, and shall be signed by the shareholder(s).

10.6.4. Any proposal to include items on the agenda of the Company's General Meeting of Shareholders shall contain the wording for each proposed item, and any nomination proposal shall contain the name of each nominee and the details of each nominee's identification document (document series and/or number, date and place of issue, issuing authority), as well as the name of the body for which such nominee is proposed. Any proposal to include items on the agenda of the Company's General Meeting of Shareholders may contain the wording of a decision on each proposed item.

10.6.5. The Company's Board of Directors shall consider any incoming proposals and decide either to include them on the agenda of the General Meeting of Shareholders or to refuse to do so not later than five (5) days after the end of the periods specified by paragraphs 10.6.1 and 10.6.2 of these Articles of Association. Any item proposed by the shareholder(s) shall be included on the agenda of the General Meeting of Shareholders, and nominees shall be included on the list of nominees for the relevant body of the Company to be put to a vote, unless:

- the deadlines specified by paragraphs 10.6.1 and 10.6.2 of these Articles of Association are not met by the shareholder(s);
- the shareholder(s) do not hold the required number of voting shares of the Company as specified by paragraphs 10.6.1 and 10.6.2 of these Articles of Association;
- the proposal does not satisfy the requirements specified by paragraphs 10.6.3 and 10.6.4 of these Articles of Association;
- the proposed item on the agenda for the Company's General Meeting of Shareholders falls beyond its competence and/or does not comply with the requirements of the Federal Law "On Joint-Stock Companies" or any other laws and regulations of the Russian Federation.

10.6.6. A substantiated decision of the Company's Board of Directors to refuse to include any proposed item on the agenda of the General Meeting of Shareholders or include any nominee on the

list of nominees for the Company's Board of Directors or Internal Audit Commission shall be sent to the proposing or nominating shareholder(s) within three (3) days from the date of the decision.

10.6.7. Apart from items proposed by shareholders for the agenda of the General Meeting of Shareholders, and if there are no such proposals, or none or an insufficient number of the nominees are proposed by shareholders for the relevant body of the Company, the Board of Directors shall be entitled to include items on the agenda of the Company's General Meeting of Shareholders or include nominees on the list of nominees at its discretion.

#### 10.7. Extraordinary General Meeting of Shareholders.

10.7.1. The Extraordinary General Meeting of Shareholders shall be held pursuant to a decision of the Board of Directors on its own initiative, a request by the Company's Internal Audit Commission, the Company's Auditor, and any shareholder(s) holding at least ten (10) percent of the Company's voting shares as of the date of the request.

The Extraordinary General Meeting of Shareholders requested by the Company's Internal Audit Commission, the Company's Auditor or any shareholder(s) holding at least ten (10) percent of the Company's voting shares shall be convened by the Company's Board of Directors.

10.7.2. The Extraordinary General Meeting of Shareholders requested by the Company's Internal Audit Commission, the Company's Auditor or any shareholder(s) holding at least ten (10) percent of the Company's voting shares shall be held within forty (40) days from the date of the request to hold the Extraordinary General Meeting of Shareholders.

If the proposed agenda of the Extraordinary General Meeting of Shareholders includes the election of the Company's Board of Directors:

Any shareholder(s) of the Company holding an aggregate of at least two (2) percent of the Company's voting shares shall be entitled to nominate up to as many directors as there are on the Board of Directors of the Company.

Such proposals shall arrive at the Company not later than thirty (30) days before the date of the Extraordinary General Meeting of Shareholders.

The Company's Board of Directors shall consider any incoming proposals and decide either to include them on the agenda of the Extraordinary General Meeting of Shareholders or to refuse to do so not later than five (5) days after the end of the period specified by the second subsubparagraph of this subparagraph.

Notice of the Extraordinary General Meeting of Shareholders shall be given not later than seventy (70) days before the date of such meeting.

10.7.3. In the event that the Company's Board of Directors shall be obliged to decide to hold the Extraordinary General Meeting of Shareholders to elect members of the Company's Board of Directors pursuant to the Federal Law "On Joint-Stock Companies," such General Meeting of Shareholders shall be held within ninety (90) days from the date of the relevant decision of the Company's Board of Directors.

10.7.4. Any request to hold the Extraordinary General Meeting of Shareholders shall contain the wording of the items to be included on the agenda. Any request to hold the Extraordinary General Meeting of Shareholders may contain the wording of decisions on each of the items and specify the proposed format of the General Meeting of Shareholders.

The Company's Board of Directors may not make any changes in the wording of any items on the agenda, any decisions on such items or change the proposed format of the Extraordinary General Meeting of Shareholders convened at the request of the Company's Internal Audit Commission, the Company's Auditor, or any shareholder(s) holding at least ten (10) percent of the Company's voting shares.

10.7.5. In the event that the convocation of the Extraordinary General Meeting of Shareholders is requested by any shareholder(s), the request shall contain the name(s) of the shareholder(s) requesting such convocation and specify the number and category (type) of shares that they hold.

Any request to convene the Extraordinary General Meeting of Shareholders shall be signed by the person(s) requesting the convocation of such Extraordinary General Meeting of Shareholders.

10.7.6. Within five (5) days from the date of the request by the Company's Internal Audit Commission, the Company's Auditor, or any shareholder(s) holding at least ten (10) percent of the Company's voting shares to convene the Extraordinary General Meeting of Shareholders, the Company's Board of Directors shall decide to convene the Extraordinary General Meeting of Shareholders or refuse to do so.

A decision to refuse to convene the Extraordinary General Meeting of Shareholders requested by the Company's Internal Audit Commission, the Company's Auditor, or any shareholder(s) holding at least ten (10) percent of the Company's voting shares may be adopted if:

- the submission of a request to convene the Extraordinary General Meeting of Shareholders fails to comply with the procedure established by this paragraph;
- the shareholder(s) requesting the Extraordinary General Meeting of Shareholders do not hold the number of the Company's voting shares as specified by paragraph 10.7.1 of these Articles of Association
- none of the items on the agenda proposed for the Extraordinary General Meeting of Shareholders falls within its competence and/or fails to comply with the requirements of the Federal Law "On Joint-Stock Companies" or any other laws and regulations of the Russian Federation.

10.7.7. Any decision of the Company's Board of Directors to convene the Extraordinary General Meeting of Shareholders or its substantiated refusal to convene it shall be communicated to the persons requesting such meeting within three (3) days from the date of such decision/refusal.

Any decision of the Company's Board of Directors to refuse to convene the Extraordinary General Meeting of Shareholders is subject to appeal in court.

10.7.8. In the event that the Board of Directors fails to adopt a decision to convene the Extraordinary General Meeting of Shareholders or refuses to convene it within the time period specified by these Articles of Association, the Extraordinary General Meeting of Shareholders may be convened by bodies and persons who request it. The bodies and persons convening the Extraordinary General Meeting of Shareholders shall have the powers necessary to convene and hold the Extraordinary General Meeting of Shareholders as specified by the Federal Law "On Joint-Stock Companies."

In such event, the costs of preparing and holding the General Meeting of Shareholders may be reimbursable at the Company's expense pursuant to a decision by the General Meeting of Shareholders.

10.8. Any shareholder may exercise the right to attend the General Meeting of Shareholders either in person or by proxy.

Any shareholder shall at any time be entitled to replace such shareholder's representative at the General Meeting of Shareholders or attend the General Meeting of Shareholders in person.

A shareholder's representative at the General Meeting of Shareholders shall act to the extent of the powers based on federal laws or regulations of authorized government bodies or under a written power of attorney. The power of attorney shall contain information about the represented person and the representative (in the case of an individual, the name, identification document details (series and/or number, date and place of issue, issuing authority); in the case of a corporate entity, the name and registered address). The proxy-voting card shall comply with paragraphs 4 and 5 of Article 185 of the Civil Code of the Russian Federation or shall be notarized.

In the event that any share is transferred after the date of the list of persons entitled to attend the General Meeting of Shareholders and before the date of the General Meeting of Shareholders, the person included on the list shall give to the transferee a proxy-voting card or vote at the General Meeting of Shareholders as instructed by such transferee. The said rule shall also apply to each subsequent transfer of the share.

In the event that any share of the Company is jointly owned by several persons, then the voting right shall be exercised at the General Meeting of Shareholders at their discretion either by one of the co-owners or by their joint representative. The powers of each of the said persons shall be properly formalized.

#### 10.9. Quorum of the General Meeting of Shareholders.

10.9.1. The General Meeting of Shareholders shall be legally qualified (shall have a quorum) if attended by shareholders holding an aggregate of more than half the votes of the Company's outstanding voting shares.

The shareholders who are registered as attendees of the General Meeting of Shareholders and the shareholders whose ballots are received not later than two (2) days before the date of the General Meeting of Shareholders shall be deemed to be attendees of the General Meeting of Shareholders. The shareholders whose ballots are received prior to the ballot receipt end date shall be deemed attendees in the General Meeting of Shareholders held in absentee voting format.

10.9.2. If the agenda of the General Meeting of Shareholders includes any items to be voted on by different sets of voters, the decision-making quorums for those items shall be defined separately. Lack of a quorum to resolve issues to be voted on by one set of voters shall not prevent decision-making on issues to be voted on by a different set of voters for which there is a quorum.

10.9.3. If any Annual General Meeting of Shareholders fails to have a quorum, the General Meeting of Shareholders shall be held again to discuss the same agenda. If any Extraordinary General Meeting of Shareholders fails to have a quorum, the General Meeting of Shareholders may be held again to discuss the same agenda.

The General Meeting of Shareholders held again shall be legally qualified (shall have a quorum) if attended by shareholders holding an aggregate of at least thirty (30) percent of votes of the Company's outstanding voting shares.

10.9.4. In the event that the General Meeting of Shareholders is held again less than 40 days after the failed General Meeting of Shareholders, the persons entitled to attend the General Meeting of Shareholders shall be defined in accordance with the list of persons entitled to attend the failed General Meeting of Shareholders.



10.10. Voting on items on the agenda of the General Meeting of Shareholders shall be only by ballot.

Any ballot shall be sent by registered mail or delivered, against a signed acknowledgement of receipt, to each person specified in the list of persons entitled to attend the General Meeting of Shareholders not later than twenty (20) days before the date of the General Meeting of Shareholders.

10.11. Voting at the General Meeting of Shareholders shall comply with the principle "one voting share equals one vote," except for cumulative voting related to the election of members of the Company's Board of Directors.

10.12. The functions of the counting commission at the General Meeting of Shareholders shall be performed by the Company's registrar.

10.13. The minutes of the General Meeting of Shareholders shall be made in two copies not later than fifteen (15) days after the adjournment of the General Meeting of Shareholders.

Both copies shall be signed by the chairman of the General Meeting of Shareholders and the secretary of the General Meeting of Shareholders.

A voting summary report shall be made and signed by the Company's registrar not later than fifteen (15) days after the adjournment of the General Meeting of Shareholders or the date of receipt of ballots if the General Meeting of Shareholders is held in absentee voting format.

The decisions adopted by the General Meeting of Shareholders and the vote results shall be announced at the General Meeting of Shareholders. The vote report shall be published in the *Izvestia* newspaper not later than ten (10) days after the voting summary report is made.

## **Article 11. Board of Directors of the Company**

11.1. The competence of the Company's Board of Directors shall include general management of the Company's activities except for any issues that, in accordance with the Articles of Association of the Company, fall within the competence of the General Meeting of Shareholders.

The competence of the Board of Directors shall include the following issues:

1. determine the priority areas of the Company's activities;
2. convene the Annual and Extraordinary General Meetings of Shareholders, except where otherwise specified in paragraph 10.7.8 of these Articles of Association;
3. approve the agenda of the General Meeting of Shareholders;
4. define the date of making the list of persons entitled to attend the General Meeting of Shareholders, and other matters falling within the competence of the Company's Board of Directors in accordance with the provisions of Chapter VII of the Federal Law "On Joint-Stock Companies" and associated with the preparation and holding of the General Meeting of Shareholders;
5. submit for review by the General Meeting of Shareholders the issues specified by subparagraphs 2, 6, and 12–16 of paragraph 10.2 of these Articles of Association and the issue related to a decrease in the authorized capital of the Company by reducing the par value of shares;

6. increase the authorized capital of the Company by means of the Company's placement of additional shares where specified by these Articles of Association;
7. approve decisions on the issue of securities, prospectuses, reports on the issue of securities; approve reports on the purchase of shares from the Company's shareholders, reports on the retirement of shares, and reports on the Company's shareholders' requests to purchase their shares;
8. make the Company's placement of bonds and other issue-grade securities where specified by the Federal Law "On Joint-Stock Companies" and these Articles of Association;
9. determine the value (money value) of the property, placement and buy-out price of issue-grade securities where specified by the Federal Law "On Joint-Stock Companies";
10. acquire shares, bonds, and other issue-grade securities placed by the Company where specified by the Federal Law "On Joint-Stock Companies";
11. approve the terms and conditions of the contract with the Company's Director General and set the size of remuneration and compensation payable to the Company's Director General, or define the person authorized to approve the terms and conditions of the contract with the Company's Director General and set the size of remuneration and compensation payable to the Company's Director General;
12. make recommendations concerning the size of remuneration and compensation payable to members of the Company's Internal Audit Commission and set the size of the Auditor's fees;
13. make recommendations as to the size of dividends on shares and the procedure for dividend payment;
14. establish the procedure of forming and using the Company's funds;
15. approve the Company's internal documents, except for internal documents that, in accordance with these Articles of Association, shall be approved by the General Meeting of Shareholders or the Company's Director General; approve the budget of the Company's executive staff, taking account of the Company's Board of Directors' staff costs;
16. set up (liquidate) branch offices and open (liquidate) representative offices of the Company; amend the Company's Articles of Association accordingly;
17. decide on the Company's participation in other organizations except for those specified by subparagraph 10.2.15 of these Articles of Association (on joining an operating organization or establishing a new organization), as well as the acquisition, disposal, and encumbrance of their shares and equities and change in the ownership interest in the said organizations;
18. authorize material transactions as specified by Chapter X of the Federal Law "On Joint-Stock Companies";
19. authorize transactions specified by Chapter XI of the Federal Law "On Joint-Stock Companies";
20. define a policy and adopt decisions concerning the obtaining and granting (extension) of loans, credits, guarantees, pledges and suretyship in accordance with the procedure defined by the Company's Board of Directors;

21. approve the procedure for the Company's cooperation with economic entities whose shares and equities are owned by the Company; adopt decisions falling within its competence in accordance therewith;

22. define the position of the Company (representatives of the Company), including instructions to participate or not participate in voting on items on the agenda, vote for or against or abstain from voting, on the following items on the agenda of general meetings of shareholders (members) of subsidiaries and dependent companies ("SDCs") (except where the functions of general meetings of shareholders of SDCs are performed by the Company's Board of Directors) and meetings of boards of directors of SDCs (except for approval of agendas of general meetings of shareholders of SDCs when the functions of general meetings of shareholders of SDCs are performed by the Company's Board of Directors), including for the purposes of the Company controlling the decisions adopted by subsidiaries and dependent companies of SDCs:

- a) define agendas of general meeting of shareholders (members) of SDCs;
- b) reorganize or liquidate SDCs;
- c) determine the number of members of the boards of directors of SDCs, nominate and elect such members and decide on early termination of their powers;
- d) determine the quantity, par value, category (type) of the authorized shares of SDCs and rights attaching thereto;
- e) increase the authorized capital of SDCs by increasing the par value of shares or placing additional shares;
- f) place SDCs' securities convertible into ordinary shares;
- g) decide on the splitting and consolidation of SDCs' shares;
- h) approve material transactions entered into by SDCs;
- i) decide on participation of SDCs in other organizations (on joining an operating organization or establishing a new organization) as well as (subject to the provisions of subparagraphs "j" and "k") the acquisition, disposal, and encumbrance of shares and equities in the authorized capital of organizations in which SDCs participate, and on the change in the ownership interest in the relevant organization;
- j) decide on entering into transactions by SDCs (including acquiring, disposing of, pledging or otherwise encumbering by entering into one or more associated transactions) in relation to shares and equities of subsidiaries and dependent companies of SDCs which are engaged in the generation, transmission, dispatching, distribution, and sale of electricity and heat, irrespective of the number of shares (amount of interests in the authorized capital) of such companies;
- k) decide on entering into transactions by SDCs (including acquiring, disposing of, pledging or otherwise encumbering by entering into one or more associated transactions) in relation to shares and equities of subsidiaries and dependent companies of SDCs which are not engaged in the generation, transmission, dispatching, distribution, or sale of electricity and heat;
- l) decide on entering into transactions by SDCs (including several associated transactions) in relation to the disposal or possible disposal of the property that constitutes fixed assets, intangible assets, and construction-in-progress intended for the generation, transmission, dispatching, and distribution of electricity and heat;

m) decide on entering into transactions by SDCs (including several associated transactions) in relation to the disposal or possible disposal of the property that constitutes fixed assets, intangible assets, and construction-in-progress not intended for the generation, transmission, dispatching, or distribution of electricity and heat;

n) define the position of SDCs' representatives on items on the agendas of general meeting of shareholders (members) and meetings of the boards of directors of subsidiaries and dependent companies of SDCs in relation to entering into (approving) transactions (including several associated transactions) connected with the disposal or possible disposal of the property that constitutes fixed assets, intangible assets, and construction-in-progress intended for the generation, transmission, dispatching, and distribution of electricity and heat;

o) define the position of SDCs' representatives on items on the agendas of general meetings of shareholders of (members) and meetings of the boards of directors of subsidiaries and dependent companies of SDCs engaged in the generation, transmission, dispatching, distribution, and sale of electricity and heat with respect to the reorganization of, liquidation of, and increase in the authorized capital of such companies by increasing the par value of the shares or by placing additional shares, and placing of securities convertible into ordinary shares.

The Board of Directors of the Company shall adopt decisions on issues provided for in subparagraphs "i," "k," "l," "m," and "n" of subparagraph 11.1.22 in the instances (to the extent) defined by the procedure for the Company's interaction with business companies whose shares and equities are held by the Company as approved by the Board of Directors of the Company in accordance with subparagraph 11.1.21 of these Articles of Association.

23. tentatively approve (in accordance with the procedure defined by the Regulations for Meetings of the Board of Directors) decisions to enter into transactions involving the Company's non-current assets constituting from ten (10) percent to twenty-five (25) percent of the book value of such assets as of the date of the decision to enter into such transaction;

24. tentatively approve (in accordance with the procedure defined by the Regulations for Meetings of the Board of Directors) decisions on the Company entering into transactions (including several associated transactions) in connection with the disposal or possible disposal of the property that constitutes fixed assets, intangible assets, and construction-in-progress intended for the generation, transmission, dispatching, and distribution of electricity and heat in the instances (to the extent) defined by a separate procedure established by the Board of Directors of the Company;

25. tentatively approve decisions on the Company entering into transactions (including several associated transactions) in connection with the disposal or possible disposal of the property that constitutes fixed assets, intangible assets, and construction-in-progress not intended for the generation, transmission, dispatching, or distribution of electricity and heat in the instances (to the extent) defined by a separate procedure established by the Board of Directors of the Company;

26. approve the Company's registrar and the terms and conditions of the contract therewith and the termination thereof;

27. decide on the election (appointment) of the Director General of the Company and early termination of his/her powers;

28. resolve other issues specified by the Federal Law "On Joint-Stock Companies" and the Company's Articles of Association.

Issues falling within the competence of the Company's Board of Directors may not be delegated to executive bodies. The Company's Board of Directors may establish the procedure and terms governing the exercise of the powers of the Company's Board of Directors and executive bodies in relation to entering into transactions and making individual decisions on the issues specified by paragraph 11.1 of these Articles of Association.

11.2. The Board of Directors shall consist of fifteen (15) members. Members of the Company's Board of Directors shall be elected by the General Meeting of Shareholders by cumulative vote for a term until the next Annual General Meeting of Shareholders. The General Meeting of Shareholders may decide on early termination of their powers only with regard to all members of the Board of Directors.

If any Annual General Meeting of Shareholders is not held within the period specified by paragraph 10.1 of these Articles of Association, the powers of the Company's Board of Directors shall terminate except for the powers to prepare, convene, and hold the Annual General Meeting of Shareholders.

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

Persons elected to the Board of Directors may be reelected for any number of successive terms.

The Chairman of the Board of Directors shall be elected by members of the Board of Directors from among themselves by a majority of votes of all members of the Board of Directors.

The Board of Directors shall be entitled to reelect its Chairman at any time by a majority of votes of all members of the Board of Directors.

11.3. Decisions by the Company's Board of Directors shall be legally qualified if their discussion involved at least half the members of the Company's Board of Directors.

Decisions at any meeting of the Company's Board of Directors shall be adopted by a majority of votes of the members of the Company's Board of Directors present at such meeting, except where otherwise provided for in the laws of the Russian Federation and these Articles of Association.

Decisions related to paragraphs 11.1.6 and 11.1.18 of these Articles of Association shall be adopted unanimously.

Decisions related to paragraphs 11.1.17, 11.1.20–11.1.23, and 11.1.25 of these Articles of Association shall be adopted by a majority of two thirds of votes (including where the relevant transactions meet the description of transactions defined by Chapter IX of the Federal Law "On Joint-Stock Companies").

In making decisions related to paragraphs 11.1.17 and 11.1.23 of these Articles of Association, the Board of Directors shall, pursuant to Article 77 of the Federal Law "On Joint-Stock Companies," also determine the value (money value) of the property that is the subject of such transactions.

Decisions of the Board of Directors may also be adopted by absentee voting (by ballot).

In determining a quorum and the vote results related to an item on the agenda of a meeting of the Board of Directors, written opinions of members of the Board of Directors who are absent from the meeting shall be taken into account, provided that such opinions are received before the vote results are obtained in relation to the relevant item on the agenda.

In the event of equality of votes, the Chairman of the Board of Directors shall have the decisive vote.

11.4. Meetings of the Board of Directors shall be held as often as necessary, but at least once a quarter.

11.5. The Chairman of the Company's Board of Directors shall organize the work of the Board of Directors, convene and chair meetings of the Company's Board of Directors, arrange for minutes of meetings of the Board of Directors to be kept, and chair the Company's General Meeting of Shareholders.

If the Chairman of the Company's Board of Directors is unavailable, his/her functions shall be performed by a member of the Board of Directors as decided by the Board of Directors.

11.6. Members of the Board of Directors shall act to the benefit of the Company, exercise their rights and perform their obligations in good faith, reasonably, and in the best way to the benefit of the Company.

Members of the Board of Directors shall be liable to the Company for losses incurred by the Company due to their faulty acts (omissions) unless any other grounds for or scope of liability is specified by federal laws.

## **Article 12. Executive Bodies of the Company**

12.1. The sole executive body, the Director General, shall be in charge of the Company's day-to-day activities.

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

12.3. Pursuant to a decision adopted by the General Meeting of Shareholders, the powers of the Company's sole executive body may be vested in a management organization or managing director under a contract.

The rights and obligations of the management organization (managing director) in relation to managing the Company's day-to-day activities shall be subject to the laws of the Russian Federation and the contract between the Company and the management organization (managing director).

The contract with the management organization (managing director) shall be signed on behalf of the Company by the Chairman of the Company's Board of Directors or the person authorized by the Company's Board of Directors.

The terms and conditions of the contract with the management organization (managing director), including with respect to the term of the powers, shall be defined by the Company's Board of Directors.

12.4. The rights and obligations of the Director General of the Company in relation to managing the Company's day-to-day activities shall be subject to the laws of the Russian Federation, these Articles of Association, and the employment contract between the Company and the Company's Director General.

The employment contract on behalf of the Company shall be signed by the Chairman of the Company's Board of Directors or the person authorized by the Company's Board of Directors.

The terms and conditions of the employment contract, including with respect to the term of the powers of the Company's Director General, shall be defined by the Company's Board of Directors or the person authorized by the Company's Board of Directors to sign the employment contract.

The employer's rights and obligations on behalf of the Company in relation to the Company's Director General shall be exercised and performed by the Company's Board of Directors or the person authorized by the Company's Board of Directors.

12.5. The Director General of the Company may not simultaneously hold office in other organizations' management bodies or have any other gainful employment at other organizations

without the consent of the Company's Board of Directors.

12.6. The powers of the Company's Director General shall be terminated for the reasons specified in the laws of the Russian Federation and the employment contract between the Company and the Company's Director General.

12.7. The Board of Directors of the company may at any time decide on the termination of the powers of the Company's Director General and establish a new executive body of the Company.

The General Meeting of Shareholders may at any time decide on the early termination of the powers of the management organization or the managing director.

12.8. In exercising their rights and performing their obligations, the Director General of the Company and the management organization (managing director) shall act to the benefit of the Company and exercise their rights and perform their obligations in relation to the Company in good faith and reasonably.

12.9. The Director General of the Company and the management organization (managing director) shall be liable to the Company for losses incurred by the Company due to their faulty acts (omissions) unless any other grounds for or scope of liability is specified by federal laws.

### **Article 13. Director General of the Company**

13.1. The Director General of the Company shall be in charge of the Company's day-to-day activities pursuant to decisions adopted by the General Meeting of Shareholders and the Board of Directors of the Company within their competence.

13.2. The competence of the Director General of the Company shall include all matters related to the management of the Company's day-to-day activities, except for any issues falling within the competence of the General Meeting of Shareholders and the Board of Directors of the Company

13.3. The Director General of the Company shall act on behalf of the Company without a power of attorney, including subject to the restrictions specified in the applicable laws, these Articles of Association, and decisions adopted by the Company's Board of Directors:

- 1) ensure the implementation of the Company's action plans necessary to attain its objectives;
- 2) arrange for keeping the Company's records and accounts;
- 3) dispose of the Company's property, enter into transactions on behalf of the Company, issue powers of attorney, and open the Company's settlement and other accounts with banks and other credit institutions (and, as provided for in law, with organizations that are professional participants in the securities market);
- 4) issue orders, approve directives, local regulatory documents, and other internal documents of the Company, give instructions which shall be binding upon all employees of the Company;
- 5) approve the Regulations for the Company's branch offices and representative offices;
- 6) approve the staffing table and official salaries of the Company's employees in accordance with the organizational structure of the Company's executive staff;
- 7) exercise the rights and perform the obligations of an employer in relation to the Company's employees as provided for in labor law;
- 8) distribute duties among the deputies of the Company's Director General;
- 9) submit for review by the Company's Board of Directors the reports on financial and economic activities of subsidiaries and dependent companies whose shares (equities) are owned by the Company, as well information about other organizations in which the Company participates;
- 10) not later than forty-five (45) days before the date of the Annual General Meeting of Shareholders of the Company, submit the Company's annual report, balance sheet, profit and loss statement (profit and loss account), and the distribution of the Company's profits and losses for review by the Company's Board of Directors;
- 11) develop the target values of key performance indicators (KPI) for the Company's business units (officers) and be responsible for their achievement;
- 12) submit for review by the Company's Board of Directors the reports on the approved target

values of key performance indicators (KPI) for the Company's business units (officers) and the results of their achievement;

13) resolve other issues related to the Company's day-to-day activities, except for any issues falling within the competence of the General Meeting of Shareholders and the Board of Directors of the Company.

13.4. The Director General shall be elected by the Company's Board of Directors. Any persons shall be nominated as the Director General of the Company in accordance with the procedure set forth in the internal document governing the convocation and holding of meetings of the Company's Board of Directors.

#### **Article 14. Control of the Company's Financial and Economic Activities**

14.1. The Company's Internal Audit Commission shall be elected annually by the General Meeting of Shareholders of the Company and shall consist of five (5) members. The Company's Internal Audit Commission shall adopt decisions by a majority of votes of its members.

The Company's Internal Audit Commission shall act within the limits of the powers specified by the Federal Law "On Joint-Stock Companies."

The Company's Internal Audit Commission shall act in accordance with the procedure established by an internal document of the Company approved by the General Meeting of Shareholders.

Audits of the financial and economic activities of the Company shall be carried out after the end of the Company's annual performance, and at any time on the initiative of the Company's Internal Audit Commission, following a decision by the General Meeting of Shareholders, the Company's Board of Directors, or at the request of the Company's shareholder(s) holding an aggregate of at least ten (10) percent of the Company's voting shares.

At the request of the Company's Internal Audit Commission, officers of the Company's management bodies shall provide documents about the Company's financial and economic activities.

The Company's Internal Audit Commission shall be entitled to request the convocation of the Extraordinary General Meeting of Shareholders in accordance with paragraph 10.7.1 of these Articles of Association.

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

Shares held by members of the Company's Board of Directors or officers of the Company's management bodies may not participate in voting on the election of members of the Company's Internal Audit Commission.

Pursuant to a decision by the General Meeting of Shareholders, remuneration and/or reimbursement for expenses associated with the performance of their duties may be paid to members of the Company's Internal Audit Commission during their office. The size of such remuneration and reimbursement shall be determined by the General Meeting of Shareholders.

14.2. The Company's Auditor (auditing organization) shall audit the Company's financial and economic activities in accordance with the laws and regulations of the Russian Federation under a contract with the Auditor.



The Auditor of the Company shall be recommended to the General Meeting of Shareholders by the Board of Directors of the Company according to the results of a competitive selection of the auditing organization for the mandatory audit of the Company, which selection is conducted in accordance with the procedure established by the Board of Directors of the Company.

The General Meeting of Shareholders shall approve the Auditor (auditing organization) of the Company. The size of the Auditor's fee shall be defined by the Company's Board of Directors.

## **Article 15. Accounting and Reporting. Documents of the Company. Information about the Company**

15.1. The Company shall keep accounts and submit financial statements in accordance with the procedure provided for in the Federal Law "On Joint-Stock Companies" and other laws and regulations of the Russian Federation.

The Director General of the Company shall be responsible for the organization, maintenance, and reliability of the Company's records and accounts, the timely submission of the annual report and other financial statements to the relevant authorities, and the provision of information about the Company's activities for shareholders, creditors and the mass media pursuant to the Federal Law "On Joint-Stock Companies," other laws and regulations of the Russian Federation, and the Company's Articles of Association.

The reliability of data contained in the Company's annual report and annual financial statements shall be confirmed by the Company's Internal Audit Commission.

Before making the above-mentioned documents public, the Company shall engage an auditing organization that does not share property interests with the Company or its shareholders to conduct an annual audit of and confirm the annual financial statements.

The Company's annual report shall be pre-approved by the Company's Board of Directors not later than thirty (30) days before the date of the General Meeting of Shareholders.

15.2. The Company shall keep the following documents:

- Articles of Association of the Company, amendments and supplements to the Articles of Association of the Company registered in accordance with the prescribed procedure, the decision to establish the Company, the certificate of the Company's state registration;
- documents confirming the Company's right to the property accounted for in its balance sheet;
- internal documents of the Company;
- regulations for the Company's branch offices and representative offices;
- annual reports;
- accounting documents;
- records and accounts;
- minutes of General Meetings of Shareholders, meetings of the Company's Board of Directors, and meetings of the Company's Internal Audit Commission;

- ballots for voting and powers of attorney (copies thereof) to participate in the General Meeting of Shareholders;
- independent appraisers' reports;
- lists of the Company's affiliates;
- lists of persons entitled to attend the General Meeting of Shareholders, receive dividends, and other lists made by the Company for the exercise by shareholders of their rights pursuant to the Federal Law "On Joint-Stock Companies";
- statements by the Company's Internal Audit Commission, the Company's Auditor, governmental and municipal financial supervision authorities;
- decisions on the issue of securities, prospectuses, reports on the issue of securities, quarterly reports of the issuer of securities, and other documents containing information to be published or otherwise disclosed pursuant to the Federal Law "On Joint-Stock Companies" and other federal laws;
- other documents required by the Federal Law "On Joint-Stock Companies," the Company's Articles of Association, the Company's internal documents, decisions of the General Meetings of Shareholders and the Board of Directors of the Company, and documents required by laws and regulations of the Russian Federation.

The Company shall keep the above-mentioned documents at the Company's registered address in accordance with the procedure and within the period required by the federal executive authority regulating the securities market.

15.3. Information about the Company shall be disclosed by the Company pursuant to the Federal Law "On Joint-Stock Companies" and other laws and regulations of the Russian Federation.

15.4. The Company shall provide shareholders with access to the documents specified by paragraph 15.2 of these Articles of Association. Accounting documents shall be made available to the shareholder(s) holding an aggregate of at least twenty-five (25) percent of the Company's voting shares.

## **Article 16. Liquidation and Reorganization of the Company**

16.1. The Company may be liquidated on a voluntary basis in accordance with the procedure set forth in the Civil Code of the Russian Federation and subject to the requirements of the Federal Law "On Joint-Stock Companies" and the Company's Articles of Association.

The Company may be liquidated pursuant to a court decision for the reasons set forth in the Civil Code of the Russian Federation.

The liquidation of the Company shall entail its dissolution without any transfer of its rights and obligations to legal successors.

16.2. The Company may be reorganized on a voluntary basis through a merger, takeover, split-up, spin-off, and transformation in accordance with the procedure provided for in the Federal Law "On Joint-Stock Companies."

16.3. The Company shall be deemed to be reorganized, except for the reorganization through a takeover, as of the state registration of the new legal entities. In the case if the Company's reorganization through its takeover of any other company, the Company shall be deemed to be

reorganized as of the time when the dissolution of the taken over company is registered on the Uniform State Register of Legal Entities.