

## NOTICE ON HOLDING A SPECIAL GENERAL MEETING OF JSC VSMPO SHAREHOLDERS

**Full Trade Name and Location of the Company:** Joint-Stock Company Verkhnyaya Salda Metallurgical Production Association (hereinafter referred to as the JSC VSMPO), 1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region, Russia.

JSC VSMPO hereby notifies that on August 5, 2004 the Board of Directors of JSC VSMPO took a decision to hold a Special General Meeting of Shareholders.

**Meeting Form:** joint attendance of the shareholders with prior forwarding of the voting slips in order to discuss the meeting agenda items and decide the issues under vote.

**Meeting Date:** September 21, 2004

**Meeting Site:** Conference Hall, 12, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Reg.

**Meeting Time:** 11.00am local time.

**Registration Time of the Meeting Members:** 9.00am on the Meeting date at the Meeting site.

**The list of people** entitled to take part in the Special General Meeting of Shareholders is made based on the Register of JSC VSMPO Registered Securities Holders as of **August 5, 2004**.

### SPECIAL GENERAL SHAREHOLDERS' MEETING AGENDA

1. Determination of the quantity, nominal value, category (type) of the declared shares and rights granted by such shares.
2. Amendment of the Company By-Law.
3. Reorganization of JSC VSMPO, 1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Reg., Russia, via affiliation of JSC AVISMA, Berezniki, Perm Region, Russia, to JSC VSMPO. Approval of the Affiliation Agreement.
4. Approval of the interest transaction.
5. Increase of the Company's authorized capital stock by floatation of additional shares.

The voting slips are to be forwarded to the people included in the List and entitled to take part in the Meeting not later than **August 21, 2004**.

The shareholders may send the completed voting slips to one of the below listed addresses:

- Central Moscow Depository, 22, Olkhovskaya Str., Moscow, 105066,  
or
- JSC VSMPO, 1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Reg., 624760.

The voting slips will be considered when summing up the voting results if they are received by Central Moscow Depository or JSC VSMPO at least two days prior the Meeting date, i.e. before **September 18, 2004** inclusive.

In order to get registered as the member of the Meeting the shareholder must produce its passport or any other identification document.

The shareholder's representative attending the Meeting must carry a letter of attorney prepared in accordance with Clause 1 Article 57 of the Federal Law "On Joint-Stock Companies" and Clause 4, 5 Article 185 of the Civil Code of the Russian Federation or certified by a notary public.

The executive body of the shareholder-legal person must also carry the documents certifying its authorities.

Please note that in the event you **either vote AGAINST on agenda item 3 or do not take part in voting** on this issue you will have the right to request that JSC VSMPO repurchase all or part of your shares.

The shares will be repurchased at the price determined by the JSC VSMPO Board of Directors in accordance with Clause 3 Article 75 of the Federal Law "On Joint-Stock Companies".

**The JSC VSMPO share repurchase price is 2 119 rubles 19 copecks per one ordinary share.**

The list of shareholders entitled to request repurchase of their shares by the Company is made based on the Company's Register of Shareholders as of **August 5, 2004**.

**Company's repurchase procedure:**

1. A shareholder entitled to request that JSC VSMPO repurchase all or part of its shares **must send a written request** to the Company that shall contain the shareholder's address as it is indicated in the Shareholder's Register and the quantity (category, type) of the shares to be repurchased (the request form is to be forwarded along with the voting slips).

2. In the event the rights of the nominal shareholder are considered, then the statement of the DEPO account shall be attached to the shareholder's request form.

The shareholder must send the request for repurchase via registered mail at the following address: JSC VSMPO, 1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Reg., 624760, or hand over the request to the person authorized to accept the correspondence addressed to JSC VSMPO and sign for.

3. The shareholder shall send the request for share repurchase to JSC VSMPO **not later than 45 days** from the date when the General Meeting of JSC Shareholders passes a resolution on JSC VSMPO reorganization (i.e. date when this General Meeting of Shareholders takes place), i.e. not later than **November 5, 2004**.

The requests sent to the Company after that date or containing incomplete or incorrect information will not be considered.

4. If a shareholder requests to repurchase more shares than owned by him/her, than all shares owned by him/her shall be repurchased.

5. In the event the aggregate value of the JSC VSMPO shares requested to be repurchased exceeds 10% of the value of the Company's net assets as of the date of passing the reorganization resolution by the General Meeting of JSC VSMPO Shareholders, the shares will be repurchased proportionate to the shareholders' requests (in accordance with Clause 5 Article 76 of the Federal Law "On Joint-Stock Companies").

In such event the number of the shares to be repurchased from each shareholder shall be determined by dividing the total number of the shares which can be repurchased taking into account the above-mentioned limitation by the total number of the shares requested to be repurchased; then the obtained number (conversion factor) shall be multiplied by the number of the shares requested to be repurchased.

The information on the conversion factor is available at JSC VSMPO or its registrar's, JSC Central Moscow Depository.

6. In the event the number of the shares to be repurchased is decreased proportionate to the requests and such decrease results in the fractional number of the shares to be repurchased, then the number of repurchased shares shall be rounded off to the whole number:

- 1) If the figure after the comma is 5 to 9 the unit shall be added to the whole number;
- 2) If the figure after the comma is 0 to 4 the whole number shall only be considered. .

7. If the number of the shares entered in the JSC VSMPO personal account exceeds the number of the shares to be repurchased, JSC VSMPO shall return the excess shares to the personal accounts of the registered shareholders from which the shares have been written off. These shares will not be repurchased.

**8. JSC VSMPO will repurchase the shares from those shareholders who will request that within 30 days after 45-day period since the date of passing the reorganization resolution by the General Meeting of JSC VSMPO Shareholders (i.e. till December 5, 2004 inclusive).**

9. The shareholder requested the repurchase of JSC VSMPO shares must ensure that the shares will be written off from his/her account and entered in the personal account of JSC VSMPO **not later than December 5, 2004**; this operation can be made:

- At the JSC VSMPO registrar's – JSC Central Moscow Depository: 22, Olkhovskaya Str., Moscow, 105066, Russia,
- At any branch office of Central Moscow Depository,

- At JSC VSMPO acting as the transfer-agent – JSC VSMPO, 1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Reg., 624760 (for natural persons only).
- At the depositary (depending on the place of registration of the rights for the shares to be repurchased).

Transfer of the rights for the shares is made at the expense of JSC VSMPO.

10. Payment of the shares to be repurchased is made at the expense of JSC VSMPO by one of the ways indicated by the shareholder in the request form within 30 days after the due date for submitting the requests:

- By cash payment in the Company's bank: JSC VSMPO, 1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Reg., 624760;
- By transfer of the repurchase sum to the bank account indicated by the shareholder in the request form;
- By postal transfer of the repurchase sum to the address indicated by the shareholder in the request form.

In the event no way of payment is indicated in the request form the money will be sent by post to the address stated in the Register of Shareholders.

Should you have any queries please call at: (34345) 5-28-00, 2-13-60.

The information to be provided to the shareholders in the course of preparation for the Special General Meeting of Shareholders is available within 30 days (**from August 20, 2004**) during the working hours at:

- Office of the Secretary of the JSC VSMPO Board of Directors, 1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Reg., 624760, Russia.
- Room 26, 1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Reg., 624760, Russia.

#### **JSC VSMPO Board of Directors**

The Notice was approved by the JSC VSMPO Board of Directors held on August 5, 2004.

Chairman of the JSC VSMPO Board of Directors

V.I. Brecht