

APPROVED
by the Annual general meeting of shareholders
of the open joint-stock company
Concern "KALINA"
Minutes # 1
dd. May 14, 2007
Chairman of
the General shareholders meeting
Mr. Johan Vreeman

BY-LAW ON THE BOARD OF DIRECTORS

of the Open Joint-Stock Company
Concern "KALINA"

Yekaterinburg
2007

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Article 1. General provisions

- 1.1. The present By-Law on the Board of Directors of the Open Joint-Stock Company Concern "KALINA" (hereinafter referred to as "the By-law") are made up in compliance with the current legislation of the Russian Federation, the Charter of the Open Joint-Stock Company Concern "KALINA" (hereinafter referred to as "the Company") and the Company Corporate Governance Code.
- 1.2. The present By-law determines the order of forming the Board of Directors, status, members, rights, obligations and responsibility of the Company Board of Directors and its members, organization of the Board of Directors work and cooperation with other managerial bodies of the Company as well as the order of prescheduled termination of powers of its members.
- 1.3. In its activity the Board of Directors shall follow the legislation of the Russian Federation, the Company Charter, the present By-law and the internal documents of the Company.
- 1.4. The relationships of the Board of Directors members, who are independent directors in accordance with the present By-law, with the Company shall be fixed by the civil contract to be signed by the person authorized by the General shareholders meeting (hereinafter referred to as "the GShM") in the name and on behalf of the Company.

Article 2. Powers of the Board of Directors

- 2.1. The Board of Directors is a managerial body of the Company. The powers of the Board of Directors include general management of the Company activity except for the issues which the Charter attributes to the powers of the GShM, as well as supervision for the activity of the Company Director General.
- 2.2. All issues referred to the powers of the Board of Directors cannot be transferred for decision by the Company Director General.
- 2.3. Powers of the Board of Director in the sphere of the Company strategic management:
 - 2.3.1. determination of priority directions of the Company activity;
 - 2.3.2. approval of the annual budgets and investments plan of the Company;
 - 2.3.3. establishment of subsidiaries and representative offices;

- 2.3.4. approval of deals aimed at participation of the company in other organizations if as a result of such deals the company has a right to dispose of more than 25% of the charter capital of an other organization: approval of decision on establishment of the company subsidiaries;
 - 2.3.5. approval of deals aimed at alienation of participant interest (shares) in other organizations if the participant interest to be alienated under one or several related deals exceeds 25% of the charter capital of an other organization;
 - 2.3.6. making up the report of the Company observation of the Corporate Governance Code.
- 2.4. Powers of the Board of Directors in holding the GShM:
- 2.4.1. to call annual and extraordinary GShM of the Company except for cases stipulated in clause 8 Article 55 of the Federal Law "On Joint-Stock Companies";
 - 2.4.2. to determine the date of making up the list of person having the right to participate in the GShM and other issues within the powers of the Company Board of Directors in compliance with the provisions of Chapter VII of the Federal Law "On Joint-Stock Companies" and connected with preparation and holding of the GShM;
 - 2.4.3. to approve the agenda of the GShM;
 - 2.4.4. to determine the way of the Company delivering materials (information) to the shareholders, including determination of the media in case of messaging in the form of a publication.
- 2.5. Powers of the Board of Directors in the sphere of management of securities and other property of the Company include:
- 2.5.1. to increase the charter capital of the Company by offering additional shares within the limits of the number of categories (types) of the declared shares;
 - 2.5.2. to acquire the shares, bonds and other securities offered by the Company in cases stipulated by the law;
 - 2.5.3. to offer bonds and other securities by the Company in cases stipulated in the Federal Law "On Joint-Stock Companies";
 - 2.5.4. to determine the price (pecuniary valuation) of the property, price of offering and repayment of the issued securities in the cases stipulated by the Federal Law "On Joint-Stock Companies";
 - 2.5.5. to recommend of the amount of dividends per share and the order of their payment;
 - 2.5.6. to use the reserve and other funds of the Company;
 - 2.5.7. to approve large deals in the cases stipulated by the Company Charter and federal laws of the Russian Federation;
 - 2.5.8. to approve deals in which the Company is interested (in compliance with article 81 of the Federal Law "On Joint-Stock Companies") in the case when the current legislation does not refer such deals to the powers of the Company GShM;
 - 2.5.9. to approve decisions on securities issue of the Company, prospectuses of securities issue of the Company furnished to the federal executive body for securities market (its territorial division) or any other state body in order to register securities issues of the Company in compliance with the existing legislation of the Russian Federation;
 - 2.5.10. to approve deals on leasing or renting fixed assets or production facilities if the depreciated cost of this property exceeds one million (1,000,000) US dollars and / or the said deals go beyond the limits of the approved annual investments plan or if leasing payments or future profits arising as a result of such leasing exceed one million (1,000,000) US dollars;

- 2.5.11. to approve deals on sale (exchange, grant, contribution to the charter capital) of any basic assets and intangible assets of the Company or if the amount of such a deal exceeds one million (1,000,000) US dollars;
 - 2.5.12. to approve deals connected with security or any other charges relating to the Company assets if the amount of the deals exceeds the sum indicated in the annual budget;
 - 2.5.13. to approve the deals on acquisition of shares, bonds, bills and other securities issued by the third parties except for financial instruments used by the Company for redemption of its usual financial obligations;
 - 2.5.14. to approve the loan agreements and credit contracts in the case if they exceed the limits of indebtedness approved by the Company annual budget;
 - 2.5.15. to approve decisions about issue of the Company securities, Company offering circulars; reports on the results of the Company securities issue presented in compliance with the current legislation of the Russian Federation to the Federal Commission of Securities Market (to its territorial division) or to any other state body for state registration of issues of the Company securities; and reports on the results of issues of the Company securities.
- 2.6. The powers of the Board of Directors in the sphere of its own activity arrangement and supervision of the activity of the Company bodies and Register keeper include:
- 2.6.1. to establish permanent and/or temporary committees under the Board of Directors;
 - 2.6.2. to control the activity of the Company executive bodies;
 - 2.6.3. to provide members of the Board of Directors with the power to sign contracts for and on behalf of the Company with the Company Director General and the Secretary of the Board of Directors;
 - 2.6.4. to form the sole executive body of the Company (General Director), terminate his powers ahead of time, approve terms of agreements and resolutions regarding engaging, removing and paying compensations to the General Director of the Company and to the secretary of the Board of Directors.;
 - 2.6.5. to give consent to General Director' s holding of more than one positions in managerial bodies of other Companies;
 - 2.6.6. to call the General Director to account for incomplete or untimely dividend payment and for refusal to furnish the Board of directors with documents and information in cases stipulated by the present By-Law;
 - 2.6.7. to recommend the amount of remunerations and / or compensation to be paid to members of the Company Inspection Commission as well as to determine the amount of payments to the auditor;
 - 2.6.8. to demand carrying out an extraordinary inspection of the Company business activity by the Inspection Commission ;
 - 2.6.9. to ask the Company General Director and other officials to present written or oral reports as well as any other documents and information necessary for fulfillment of their functions;
 - 2.6.10. to approve the Company registrar, terms and conditions of a contract with him/her as well as to dissolve a contract with him/her;
 - 2.6.11. to elect secretary of the Company Board of Directors and prescheduled termination of his/her powers;
 - 2.6.12. to approve the following By-laws:
 - 2.6.12.1. "On the Auditing Committee";
 - 2.6.12.2. "On the Information Policy";
 - 2.6.12.3. the list of information being of commercial and official secret;the procedure of internal control for the Company business activity;

- 2.6.12.4. other internal documents of the Company except for internal documents which approval the Charter refers to the powers of the Company GShM or the executive bodies.
- 2.7. Members of the Board of Directors shall have the right to receive information necessary for fulfillment of their functions from the Company executive bodies and managers of organization department.

Article 3. Duties of the Board of Directors and its members

3.1. The Board of Director shall:

- 3.1.1. regularly hold meetings according to the approved schedule and examine the issues within the powers of the Board of Directors;
- 3.1.2. to call an extraordinary GShM by demand of the Inspection Commission, Company auditor as well as shareholders holding in aggregate not less than 10 per cent of voting shares;
- 3.1.3. to consider the proposals of calling an extraordinary GShM and make a decision of its holding or refusal from holding within 5 days;
- 3.1.4. send decisions about calling an extraordinary GShM or a justified refusal from calling within 3 days from the moment of making such a decision to the interested persons;
- 3.1.5. if the number of the Board of Directors members becomes less than that stipulated by the Company Charter the rest of the Board of Directors members shall within 3 days after the Board of Directors meeting at which it became known of such a reduction in the number of the Board of Directors members make a decision about calling an extraordinary GShM for election of a new Board of Directors and determine the period of time for nomination of candidates for the Board of Directors;
- 3.1.6. to inform the shareholders before the nomination of candidates for the Board of Directors, Administrative Board, Inspection Commission about the requirements of the legislation, charter and internal documents of the Company:
 - 3.1.6.1. to the Board of Directors members;
 - 3.1.6.2. to the Inspection Commission;
 - 3.1.6.3. about the consequences of non-observation of such requirement.
- 3.1.7. to submit the list of property with which the securities will be paid and the reports on evaluation of this property to shareholders, if the agenda of the annual general meeting includes the issue of offering additional shares, payment for which will be made in no-monetary assets;
- 3.1.8. if the agenda of the general meeting includes an issue of the Company reorganization, to submit the shareholders the following documents in addition to the documents stipulated in the legislation: grounds for the Company reorganization; conclusion of a professional participant of the securities market; annual reports and annual balance sheets of all companies to be reorganized for the previous 3 fiscal year; quarterly reports made up not more than six months before the date of the meeting which is to examine the issues of reorganization if more than six months have passed since the previous fiscal year;
- 3.1.9. to provide the shareholders with the opportunity to learn the information meant for the shareholders when preparing to the general meeting;
- 3.1.10. if the persons having the right to nominate candidates to the Company managerial bodies did not recommend necessary number of candidates, the Board of Directors shall recommend candidates itself;
- 3.1.11. to submit full, exact and timely information about its activity and decision made to the Director General, Administrative Board, Inspection Commission.

3.2. The Board of Directors members shall:

- 3.2.1. act in the Company interests bona fide and with good faith when making its decisions. Bona fide means study of all available information and making cautious and reasonable decisions to be expected from a good leader in such circumstances;
- 3.2.2. participate in meetings and work of the Board of Directors committees to which they are elected;
- 3.2.3. to inform the Board of Directors beforehand about impossibility to participate in the Board of Directors meeting indicating reasons of his/her absence;
- 3.2.4. observe the following rules and requirements concerning the conflict of interests:
 - 3.2.4.1. immediately inform the Chairman of the Board of Directors in the written form about any personal commercial or any other interest (direct or indirect) in deals, contracts, projects connected with the Company including the intentions to conclude deals with the securities of the Company, whose members they are or its subsidiary (dependant) companies as well as disclose information about deals with such securities in the order stipulated in the Company internal documents;
 - 3.2.4.2. not to receive gifts, services or any other advantages from any individuals or legal entities which are considered or may be considered as remuneration for decisions made or actions done by any member of the Board of Directors within his/her official capacity besides symbolic attention in accordance with the common precept of politeness or souvenirs when holding official arrangement;
 - 3.2.4.3. not to disclose confidential, inside and other official information known to him/her when fulfilling duties of the Board of Directors member to persons not having access to such information as well as to use it in his/her own interest or in the interests of the third parties both during the fulfillment of duties of the Board of Directors member and during five years after leaving the job with the Company;
 - 3.2.4.4. observe all rules and procedures stipulated in the Company internal documents connected with the safety measures and safety of confidential information of the Company.
- 3.2.5. independent directors shall abstain from actions resulting to their loss of independence. If the independent director becomes dependent as a result of changes in the circumstances he/she shall inform the Board of Directors of this in the written form within ten days;

Article 4. Members of the Board of Directors

- 4.1. The Board of Directors shall consist of seven persons.
- 4.2. Only an individual, including a person not being a shareholder of the Company, can become a member of the Board of Directors.
- 4.3. Persons elected to the Board of Directors can be reelected unlimited number of times.
- 4.4. Any person who is a participant, director general (manager), member of the managerial body or employees of a legal entity being a rival of the Company cannot be elected to the Board of Directors.
- 4.5. A person found guilty of any crime in the sphere of economic activity or crimes against the state, interests of any state service and in the local authorities as well as persons to whom chastisement for offences in the sphere of business activity applied or in the sphere of finances, taxes and collections, and the securities market, cannot be elected to the Company Board of Directors.

- 4.6. Members of the Inspection Commission cannot be members of the Board of Directors simultaneously.
- 4.7. Chairman of the Board of Directors is the head of the Board of Directors.
- 4.8. Independent directors should be included into the Board of Directors to provide representation of interests of different groups of shareholders including minority shareholders.
- 4.9. According to the Company regulation the independent director should fit with the following:
 - 4.9.1. not be an official or an employee of the Company during the 3 previous years and at present;
 - 4.9.2. not be a shareholder – holder of 2 or more per cent of the Company voting shares, and / or an official (employee) of the shareholder – holder of 2 or more per cent of the Company voting shares;
 - 4.9.3. not be an official of another company in which any official of the Company is a member of the Board of Directors committee for personnel and remunerations;
 - 4.9.4. not be a close relative (the notion of *a close relative* here for the purposes of the present By-law includes spouses, parents, children and siblings) of the official and/or member of the Company Board of Directors;
 - 4.9.5. not be a party having a contract with the Company in compliance with the conditions of which he/she can acquire property (receive money) cost of which is 10 or more per cent of the total annual income of the said person besides the cases of remuneration for participation in the activity of the Board of Directors;
 - 4.9.6. not be an official of the Company counteragent with which total amount of deals is 10 or more per cent of the balance sheet value of the Company assets;
 - 4.9.7. not be a state's representative.
- 4.10. An independent director cannot be considered independent within 7 years after his fulfillment of his duties of the Board of Directors member.

Article 5. Term of office of the Board of Directors

- 5.1. The Board of Directors shall be elected for the period till the next annual GShM.
- 5.2. The elected Board of Directors shall come into power and the current Board of Directors shall abdicate their responsibility from the date of signing the minutes of the results of voting by the Accounting Commission.
- 5.3. If the annual GShM was not held in the time stipulated by the Charter, powers of the Board of Directors shall be ceased except for the powers to prepare and hold the GShM.

Article 6. Order for recommendation for the Board of Directors

- 6.1. The right of candidates' nomination for the Board of Directors shall be granted to the shareholders holding in aggregate not less than 2 per cent of voting shares as of the date of proposing the candidates.
- 6.2. The nominations by shareholders shall be filed to the Company within 30 calendar days after the end of the fiscal year.
- 6.3. The Board of Directors shall have the right to include their candidates into the list of candidates for the Board of Directors in case of lack of candidates nominated by shareholders.
- 6.4. The nomination of the candidate to the Board of Directors cannot contain more candidates than the number of the Board of Directors members stipulated by the Company Charter.

- 6.5. The nomination of candidates can be made by sending a letter by registered mail to the address: Russian Federation 620138, the city of Yekaterinburg, Komsomolskaya St., 80. Att.: Chairman of the Board of Directors of OJSC Concern "KALINA", or by handing it to the secretary of the Company Board of Directors on receipt.
- 6.6. The date of the Company reception of the nomination (in the case the nomination was sent by mail) or the date of handing it to the Company shall be the date of making a nomination.
- 6.7. The nomination of the candidate shall be made in the written form. Oral nominations shall not be considered.
- 6.8. The nomination of the candidate shall contain name (trade name) of the shareholders proposing the candidate as well as information of the quantity and category (type) of the shares belonging to each shareholder who signed the nomination.
- 6.9. Nominations of the candidates shall contain:
 - 6.9.1. Surname, name, patronymic of each nominated shareholder, his/her date of birth;
 - 6.9.2. information of education, including retraining courses (name of the educational institution, date of graduation, the qualification granted);
 - 6.9.3. place of work and a position(s) held during the 5 recent years, information of positions held by the candidate in the managerial bodies of other legal entities during the 5 recent years;
 - 6.9.4. list of legal entities where the candidate participates (which shareholder he/she is) with the amount of his stock, portions, shares in the charter (collective) capital of these legal entities;
 - 6.9.5. the list of persons to whom the candidate is an affiliated person showing the grounds for affiliation;
 - 6.9.6. name of the body to which he is elected;
 - 6.9.7. other information being of importance for electing this candidate to the corresponding body.
- 6.10. Such a nomination may also contain the candidate consent to be elected to the Company body and information of conformity of each candidate to the standards of the independent director stipulated by the Company Corporate Governance Code and in the present By-law.
- 6.11. The nomination shall be signed by the shareholder or his/her attorney on the basis of the enclosed power of attorney.
- 6.12. The Company Board of Directors shall consider the nominations filed and make a decision about their inclusion or refusal from inclusion into the list of candidates for the Board of Directors within 5 days after the end of the period fixed by clause 6.2. of the present article.
- 6.13. The reasoned decision of the Company Board of Directors concerning the refusal from inclusion into the list of candidates shall be sent to the shareholder(s) who nominated the candidate within 3 days from the date of making such a decision.
- 6.14. The candidates nominated shall be included into the list of candidates except for the following cases:
 - 6.14.1. if a shareholder(s) do(es) not observe the terms fixed in clause 6.2. of the present article;
 - 6.14.2. if a shareholder(s) do(es) not hold the amount of the Company voting shares as stipulated in clause 6.1. of the present article;
 - 6.14.3. the nomination does not correspond to the requirements stipulated by clauses 6.8 and 6.9. of the present article;
 - 6.14.4. the issue proposed for inclusion into the agenda of the annual general shareholders meeting is out of its powers and/or does not correspond to the requirements of legal acts of the Russian Federation.

- 6.15 The Board of Directors shall get consent of a person included in the list of candidates for election to the Board of Directors to declare in. In order to do this the Board of Directors of the Company sends to a candidate, included in the list of candidates for elections to the Board of directors, notification of his inclusion in the list of candidates and of a person (persons) having made this nomination. This notification shall contain a request to confirm consent of the candidate to stand for elections to the Board of Directors.
- 6.16 Candidates from the previously approved list of candidates, whom request for confirmation of consent for standing for elections to the Board of directors, were sent to and whose consent was not obtained, as well as candidates having withdrawn their candidatures by written notification thereof sent to the Company, are not included in the ballot papers for elections of the board of Directors.
- 6.17 Candidates to the Board of Directors shall have the right to withdraw their candidacy before his/her inclusion to the list of candidates by the Board of Directors.

Article 7. Election to the Board of Directors

- 7.1. Election to the Company Board of Directors shall be made by cumulative voting. Here the number of votes belonging to each shareholder shall be multiplied to the number of persons to be elected to the Company Board of Directors and the shareholder shall have the right to give his votes to one candidate or distribute them among several or all candidates. Fractional part of vote resulted from multiplying number of votes owned by a shareholder-owner of a fractional share, by number of persons to be elected to the Board of directors, can be used to vote only one candidate.
- 7.2. Candidates who received the most number of votes shall be considered elected to the Board of Directors.
- 7.3. For election to the Board of Directors, shareholders shall be given the following information:
- 7.3.1. shareholder (group of shareholders) who nominated the said candidate;
 - 7.3.2. name of the candidate;
 - 7.3.3. age and education of the candidate;
 - 7.3.4. positions held during the 5 recent years;
 - 7.3.5. positions held by the candidates as of the moment of his/her nomination;
 - 7.3.6. candidate relations with the Company;
 - 7.3.7. membership of the candidate in the Boards of Directors or holding other positions in other legal entities;
 - 7.3.8. nomination to the Board of Directors or for election (appointment) to other positions in other legal entities;
 - 7.3.9. relations of the candidate with the Company affiliated persons;
 - 7.3.10. relations of the candidate with other large counteragents of the Company;
 - 7.3.11. financial state of the candidate and other circumstances which can influence his/her fulfillment of the duties of the Board of Directors member; and
 - 7.3.12. candidate refusal from giving information asked by the Company.

Article 8. Prescheduled cessation of powers of the Board of Directors members

- 8.1. By decision of the GShM powers of the Board of Directors can be ceased prescheduled. The decision of the GShM of the prescheduled cessation of powers can be made in relation to all members of the Board of Directors only.

- 8.2. In the case of prescheduled cessation of powers of the Board of Directors, the powers of new members of the Board of Directors shall be valid till the moment of electing a new Board of Directors at the next annual GShM.
- 8.3. In the case of unilateral abdication of responsibility by one member of the Board of Directors he/she will be liable in compliance with the legislation of the Russian Federation. Such a member shall notify the Chairman of the Board of Directors of his intention to abdicate the responsibility of the Board of Directors member in the written form no more than 4 months before such an action.
- 8.4. In the case when the number of members of the Board of Directors become less than that being a quorum stipulated in clause 11.11. of the present By-law, the Board of Directors shall make a decision of holding an extraordinary GShM for election of the new Board of Directors. The remaining members of the Board of Directors shall have the only right to make a decision of calling such an extraordinary GShM.

Article 9. Chairman of the Board of Directors

- 9.1. Chairman of the Company Board of Directors shall be elected by the Board of Directors members by a majority vote of the total number of members of the Company Board of Directors.
- 9.2. The person fulfilling the functions of the Director General cannot be elected Chairman of the Board of Directors.
- 9.3. The Board of Directors shall have the right to reelect its Chairman at any time by a majority vote of the total number of members of the Board of Directors.
- 9.4. The Chairman of the Company Board of Directors shall:
 - 9.4.1. organize the work of the Board of Directors, create all conditions for members free expression of opinions and open discussion of the issues on the agenda;
 - 9.4.2. call meetings of the Board of Directors including preparation of the agenda for the meetings and preside at the meetings as well as organize absentee voting of the Board of Directors members in the cases stipulated by the Charter;
 - 9.4.3. organize keeping of minutes of the meetings and undersign them;
 - 9.4.4. within 2 days after nomination of the candidate for the positions of the Director General and members of the Administrative Board ask for information about administrative disqualification of the candidate;
 - 9.4.5. within 3 days after signing the minutes of the voting results by the counting commission sign on behalf of the Company labor contracts with the Director General, members of the Administrative Board if this right was not transferred to other persons by the Board of Directors;
 - 9.4.6. provide elaboration of the most effective decisions on issues on the agenda of the Board of Directors meeting;
 - 9.4.7. timely submit information to the Board of Directors members necessary for work at the meeting;
 - 9.4.8. organize work for establishing committees of the Board of Directors, nominations of members of the Board of Directors to these committees as well as coordinate activity of the committees with each other and with other bodies and officials of the Company;
 - 9.4.9. keep continuous contacts with other bodies and officials of the Company;
 - 9.4.10. accept written nominations from the shareholders concerning calling an extraordinary shareholders meeting and nominations of candidates to the Company managerial bodies;
 - 9.4.11. preside at the GShM except for cases when in compliance with the federal laws of the Russian Federation the persons and bodies calling an extraordinary GShM shall have the right to appoint the chairman of the GShM;

- 9.4.12. prepare a report with the Company annual activity assessment for its inclusion into the annual report.
- 9.5. In the case of the Board of Directors Chairman absence his/her functions shall be transferred to one of the Board of Directors members by decision of the Company Board of Directors made by a majority vote of the members participating in the meeting.

Article 10. Secretary of the Board of Directors

- 10.1. The secretary of the Board of Directors shall be appointed to organize the calling and holding the Board of Directors meetings.
- 10.2. The secretary of the Board of Directors shall be an employee of the company carrying out organizational work connected with the Board of Directors activity, preparing and sending the notifications and ballots, keeping minutes of the Board of Directors meetings, preparing the materials meant for the Board of Directors members, preparing the GShM, registration of all documents received by the Board of Directors as well as other secretarial work;
- 10.3. The secretary of the Board of Directors shall be appointed by the Chairman of the Board of Directors after agreement with other members of the Board of Directors and fulfill his/her functions on the basis of the contract concluded with him/her.
- 10.4. The secretary of the Board of Directors cannot be a member of the Board of Directors.

Article 11. Meetings of the Board of Directors

- 11.1. The Chairman of the Board of Directors shall call the Board of Directors meeting in compliance with the schedule of the Board of Directors meetings approved for the current year or at any other time at his/her own initiative as well as by request of:
- 11.1.1. a member of the Board of Directors;
 - 11.1.2. the Inspection Commission;
 - 11.1.3. the Company auditor;
 - 11.1.4. the Director General;
 - 11.1.5. a shareholder(s) holding in aggregate not less than 2 per cent of the Company voting shares. The shareholders shall have the right demand calling of the meeting only for the issues which can be offered for consideration of the GShM by the Board of Directors, issues of calling an annual and an extraordinary GShM as well as deals to be approved by the Board of Directors.
- 11.2. The demand of the initiator of calling the Board of Directors meeting shall be made in the written form by sending a letter by registered mail to the Company or handing to the secretary of the Company Board of Directors.
- 11.3. The date of demand of calling an extraordinary Board of Directors meeting shall be defined by the postmark or by the date of handing the letter to the secretary of the Company Board of Directors.
- 11.4. The demand shall be signed by a member of the Board of Directors – the initiator of the meeting or by the Director General, or Chairman of the Inspection Commission, or the auditor, or a person representing shareholders who demand the meeting to be called.
- 11.5. The demand shall contain:
- 11.5.1. name of the initiator of the meeting;
 - 11.5.2. items on the agenda;
 - 11.5.3. form of holding the meeting.

- 11.6. The Chairman of the Board of Directors shall within 30 days from the date of the demand submission call the Board of Directors meeting.
- 11.7. In the case of unreasoned refusal or the Chairman inability to call the Board of Directors meeting, it may be called by any member of the Board of Directors.
- 11.8. The notification of the date, place and time of the Board of Directors meeting as well as the agenda of the meeting and the order of familiarizing with the materials and information necessary for preparation to the meeting shall be sent by registered mail (with preliminary sending of the copy of the said documents by fax or scanned copy by e-mail) or given personally to each member of the Board of Directors and the initiator of the meeting if the said meeting is held by demand of the persons listed in clause 10.1. of the present article, 15 days before the meeting. The date of sending the notification shall be defined by the postmark or the date of handing the notification.
- 11.9. The first meeting of the Board of Directors shall be held within 3 months after forming of the Board of Directors.
- 11.10. The agenda of the first Board of Directors meeting shall include the following issues:
 - 11.10.1. election of the Chairman of the Board of Directors;
 - 11.10.2. priority directions of the Company activity;
 - 11.10.3. forming of committees of the Board of Directors.
- 11.11. The quorum for the meeting is four members of the Board of Directors.
- 11.12. When making decision at the Board of Directors meeting each member of the Board of Directors shall have one vote.
- 11.13. Transfer of vote by one Board of Directors member to another as well as transfer of this right to any other person by power of attorney is prohibited.
- 11.14. The decisions of the Board of Directors shall be made by a simple majority vote of the Board of Directors members participating in the voting including absentee voting but except for the cases stipulated in the present By-law and the Company Charter.
- 11.15. Decisions about increase of the authorized capital of the Company through additional shares placement, about approval of the large transaction, with the subject being property with the value from 25 to 50% of the book value of Company assets, approval of the Company's registrar, terms of agreement with him and dissolution of the agreement with the registrar are taken by all members of the Board of Directors unanimously without taking into account the leaving members of the Board of Directors. The leaving members of the Board are those members whose powers were terminated ahead of time by resolution of the general meeting of shareholders, and the deceased.
- 11.16. The resolution on formation of the sole executive body of the Company, termination of his powers ahead of time, approval of terms of any agreements and resolutions regarding hiring, dismissing and compensation payments to the General Director of the Company should be passed by the qualified majority of votes of all members of the company Board of Directors (6 from 7).
- 11.17. The decisions of the Board of Directors can be made at the meetings in the form of collective presence or collective presence taking into account written opinions of the absent members of the Board of Directors when defining a quorum and the results of the voting as well as by absentee voting.

Order of the Board of Directors meetings in the form of collective presence taking into account written opinions of the absent members of the Board of Directors when defining a quorum and the results of the voting.
- 11.18. The notification of the Board of Directors meeting shall be made in the order stipulated by clause 11.8. of the present article.

- 11.19. The notification of the meeting shall have two parts.
- 11.20. The first part of the notification shall contain:
 - 11.20.1. full trade name of the Company and its location;
 - 11.20.2. date, place and time of the meeting;
 - 11.20.3. the agenda of the meeting;
 - 11.20.4. information of the familiarization order with the materials and information necessary for preparation to the meeting or the list of materials enclosed to the notification;
- 11.21. The second part of the notification (the written opinion) shall contain:
 - 11.21.1. postal address to which the written opinion can be sent;
 - 11.21.2. date of the end of written opinions acceptance;
 - 11.21.3. wording of decisions on each issue on the agenda of the meeting;
 - 11.21.4. variants of voting on each issue: "for", "against", "abstained";
 - 11.21.5. place for the written opinion of a Board of Directors member for each issue on the agenda;
 - 11.21.6. place for the signature of a Board of Directors members with a notification that the signature is obligatory.
- 11.22. The second part of the notification may be sent to the Board of Directors by registered mail (with preliminary sending of the copy of the said documents by fax or scanned copy by e-mail), with a courier, or handed personally to the secretary of the Company Board of Directors by a Board of Directors member or his/her representative.
- 11.23. The decision of holding the Board of Directors meeting in the form absentee voting shall be made by the Chairman of the Board of Directors or the initiators of the extraordinary meeting.
- 11.24. Absentee voting cannot be made on the following issues:
 - 11.24.1. approval of the Company priority directions and business plan;
 - 11.24.2. calling of the annual general shareholders meeting and making decisions necessary for its calling and holding;
 - 11.24.3. preliminary approval of the Company annual report;
 - 11.24.4. calling or refusal from calling the regular general shareholders meeting;
 - 11.24.5. election and reelection of the Chairman of the Board of Directors;
 - 11.24.6. forming of executive bodies of the Company and prescheduled cessation of their powers, if the Company Charter refers it to the powers of the Board of Directors;
 - 11.24.7. proposals for discussion of the general shareholders meeting of offers concerning reorganization and liquidation of the Company.
- 11.25. Absentee ballot signed by the Chairman of the Board of Directors and information (materials) necessary for preparation to the meeting shall be sent by registered mail (with preliminary sending of the copy of the said documents by fax or scanned copy by e-mail) or handed personally to a Board of Directors member on receipt 7 days before the date of the meeting.
- 11.26. The date of receiving the ballot by a Board of Directors member shall be defined by postmark or the date of actual handing of the document.
- 11.27. The ballot shall contain:
 - 11.27.1. full trade name of the Company and its location;
 - 11.27.2. issues offered for voting and decisions on each issue;
 - 11.27.3. variants of voting on each issue: "for", "against", "abstained";
 - 11.27.4. information of the familiarization order with the materials and information necessary for preparation to the meeting or the list of materials enclosed to the ballot;
 - 11.27.5. postal address to which the filled out ballots should be sent;

- 11.27.6. final date of accepting ballot.
- 11.28. The date of receiving the ballot by a Board of Directors member shall be defined by postmark or the date of actual handing of the document.
- 11.29. The Board of Directors members whose ballots were handed not later than the final date of ballots acceptance shall be considered participating in the voting.
- 11.30. By the results of absentee voting the secretary of the Board of Directors shall make up the proper minutes.
- 11.31. The report of the results of voting shall be sent to the Board of Directors members by registered mail (with preliminary sending of the copy of the said documents by fax or scanned copy by e-mail), or handed personally to the Board of Directors members on receipt within 3 days after making up the minutes of the voting results.
- 11.32. Account of written opinions when defining a quorum and the results of voting cannot be applied when making decisions of approval of large deals and deals including interest.

Article 12. Minutes of the Board of Directors meetings

- 12.1. The secretary of the Board of Directors shall keep minutes of the Board of Directors meeting.
- 12.2. Minutes of the Board of Directors meeting shall be made up within three days after its holding. The minutes shall contain:
 - 12.2.1. full trade name and location of the Company;
 - 12.2.2. place (including the address) and time of the meeting;
 - 12.2.3. the agenda of the meeting;
 - 12.2.4. persons present at the meeting;
 - 12.2.5. members of the Board of Directors absent at the meeting but who submitted their written opinions;
 - 12.2.6. issues put to vote and the results of voting;
 - 12.2.7. the decisions made.
- 12.3. Minutes of the Company Board of Directors meeting shall be signed by the Chairman who is liable for correctness of making up the minutes and by the secretary of the Company Board of Directors.
- 12.4. Written opinions of the Board of Directors members shall be attached to the minutes.
- 12.5. Minutes by the results of absentee voting shall be made within three days after the last date of accepting the ballots and shall be signed by the Chairman of the Board of Directors and by the secretary of the Board of Directors. The minutes shall contain:
 - 12.5.1. issues put to absentee voting;
 - 12.5.2. wording of decisions on each issue;
 - 12.5.3. results of voting for each issue.
- 12.6. The Company shall submit minutes of the Board of Directors meetings by request of the Inspection Commission, Company auditor as well as copies of these documents to a shareholder for payment no more than the cost of expenses for making copies and postal expenses.
- 12.7. The Company shall keep minutes of the Board of Directors meetings at the place of location of its executive body.

Article 13. Committees of the Board of Directors

- 13.1. The Board of Directors may establish temporary and regular committees for preliminary study and consideration of the most important issues within the powers of the Board of Directors.
- 13.2. The Board of Directors shall without fail establish the Audit Committee.
- 13.3. One member of the Board of Directors cannot be a member of more than three committees.
- 13.4. The experts, specialists can be recruited to the work of the committees, their remuneration being determined by the Board of Directors.
- 13.5. Each committee shall submit preliminary opinion on the most important issues within the powers of the Board of Directors. The committee shall submit reports of the Board of Directors meeting after each meeting.
- 13.6. The chairman of the committee, any member of the committee and a decision of the Company Board of Directors shall call meetings of the committees.
- 13.7. The results of the issues consideration by the committee shall be executed in the written decision signed by all the members of the committee present at the meeting and be transferred to the Chairman of the Board of Directors.
- 13.8. The conclusions of the committee are recommendatory.

Article 14. Responsibility of the Board of Directors members

- 14.1. The Board of Directors members when fulfilling their rights and responsibilities shall act in the Company interest, fulfill their rights and responsibilities bona fide and with good faith.
- 14.2. The Board of Directors members shall be liable to the Company for losses incurred by the Company as a result of their actus reus (culpable omission) if other grounds and amount of responsibility are not stated by the federal laws.
- 14.3. The Board of Directors members who voted against the decision resulted in the losses to the Company or not participated in the voting shall not be liable to the Company.
- 14.4. When defining grounds and amount of responsibility of the Board of Directors members, ordinary conditions of business intercourse and other circumstances being of importance for the business shall be taken into account.
- 14.5. In the case when in compliance with clause 14.2. of the present article several members of the Board of Directors are liable to the Company, their responsibility to the Company shall be solidary.
- 14.6. If incapacity (bankruptcy) of the Company was caused by actus reus of the Board of Directors members, subsidiary responsibility may be imposed upon such members for the Company obligation in the case of deficiency of the Company property.
- 14.7. Incapacity of the Company shall be considered to be caused by the above said persons only in the case when such persons used their right to give obligatory instructions and possibility to determine the Company actions being fully aware that these actions would result in incapacity of the Company.

Article 15. Remuneration of the members of the Board of Directors and compensation of expenses, connected with execution of their duties

- 15.1. The members of the Board of Directors of the Company shall be remunerated for fulfilling their duties of the members of the Board of Directors. The Company shall bear expenses connected with activity of the Board of Directors including compensation of all document supported expenses of the members of the Board of Directors connected with fulfilling of their duties.
- 15.2. Remuneration of the members of the Board of Directors consists of quarterly and annual remuneration.
- 15.3. Remuneration to each member of the Board of Directors is set in the amount of 80,000 rubles for one meeting of the Board of Directors in form of presence. The

remuneration of the Chairman of the Board of Directors is set with x2 ratio. Remuneration of a member of the Board of Directors to be paid not later than 40 days after the date of respective meeting of the Board of Directors.

- 15.4. Annual remuneration for whole composition of the Board of Directors is set as 1% of a part of net profit of the Company for an accounting year to be paid as dividends. Annual remuneration to be allot to the members of the Board of Directors in equal shares. At that annual remuneration of the Chairman of the Board of Directors amount to two shares. Annual remuneration of a member of the Board of Directors to be reduced on 50% in case of his presence on less than one half of all meetings of the Board of Directors held during his membership in the Board of Directors. Annual remuneration of a member of the Board of Directors to be paid not later than 3 months after a date of the general meeting of shareholders approved an amount of dividends.
- 15.5. The members of the Board of Directors who at the same time are the members of a Committee of the Board of Directors of the Company shall be paid with rise in remuneration, connected with fulfilling of their duties of members of a Committee of the Board of Directors, in amount of 15,000 rubles per each meeting of a Committee of the Board of Directors in form of presence (but not more than for five meeting of a Committee per annum). At that a member of the Board of Directors may not be a member of more than 2 Committees of the Board of Directors. The Chairman of a Committee of the Board of Directors such rise to be paid with x1.25 ratio.