

APPROVED by
General Meeting of Shareholders of
PIK Group of Companies, Open Joint
Stock Company

Minutes № 09
of March 10, 2006

**BYLAW on
BOARD OF DIRECTORS of
PIK Group of Companies,
Open Joint Stock Company**

Moscow

1. GENERAL PROVISIONS

1.1. According to the Civil Code of the Russian Federation, the Federal Law «On Joint Stock Companies» and the Charter of the Company, the present Bylaw on the Board of Directors (hereinafter referred to as «the Bylaw») defines the procedure for convocation and holding of meetings of the Board of Directors, a size and the procedure for payment of fee and reimbursements to members of the Board of Directors of the Company.

1.2. The Board of Directors is a collective body of governance of the Company effecting general governance of its activity, except for issues attributed by federal laws and the Charter of the Company to competence of the General Meeting of Shareholders of the Company.

2. PURPOSES AND PRINCIPLES OF ACTIVITY OF THE BOARD OF DIRECTORS

2.1. Purposes of activity of the Board of Directors are ensuring maximum profit and increase in assets of the Company, protection of rights and legal interests of shareholders, ensuring completeness, reliability and objectivity of public information about the Company.

2.2. In order to implement purposes of activity, the Board of Directors is to be governed by the following principles:

- taking decisions based on reliable information about activity of the Company;
- exclusion of limitations of shareholders' rights to participate in governance of the Company, receive dividends and information about the Company;
- achievement of balance of interest of various groups of shareholders and taking the most objective decisions by the Board of Directors for the benefit of all shareholders of the Company.

3. RIGHTS AND RESPONSIBILITIES OF A MEMBER OF THE BOARD OF DIRECTORS, PROCEDURE FOR THEIR FULFILMENT

3.1. A member of the Board of Directors is entitled:

3.1.1. to request officials of the Company to provide him (her) with any information about activity of the Company, as well as with documents stipulated by art. 89 of the Federal Law «On Joint Stock Companies», according to the procedure stipulated by the Bylaw;

3.1.2. to receive for fulfilment of his (her) responsibilities fee and reimbursement of expenses related to performance of functions of a member of the Board of Directors, in cases and in the amount stipulated by the present Bylaw;

3.1.3. to request to introduce his (her) specific opinion regarding issues on an agenda and resolutions to be taken into the minutes of a meeting of the Board of Directors.

3.2. A member of the Board of Directors is obliged:

3.2.1. to be loyal towards the Company, i.e. to restrain from using his (her) position in the Company in the interests of other persons;

3.2.2. to act within the framework of his (her) rights in accordance with purposes and principles of activity of the Board of Directors;

3.2.3. to act reasonably and in good faith with regards to the Company;

3.2.4. not to disclose confidential information about activity of the Company which becomes known to him (her);

3.2.5. to initiate the holding of meetings of the Board of Directors for settlement of urgent issues;

3.2.6. to participate in a decision-taking process by the Board of Directors by voting on issues on an agenda of its meetings;

3.2.7. to take reasonable decisions and, in order to do so, review all necessary information (materials);

3.2.8. when taking decisions, to evaluate risks and negative consequences;

3.2.9. to timely advise the Company of his (her) affiliation and changes in it;

3.2.10. to bring information about prospective transactions in conclusion of which he (she) may be considered to be interested to attention of the Board of Directors;

3.2.11. to notify in a written form the Board of Directors of a fact of ownership of securities of the Company, intention to conclude transactions with securities of the Company, its subsidiary and dependent Companies, as well as concluded transactions with such securities.

3.3. Activity of a member of the Board of Directors has a continuous nature and goes beyond participation in a decision-taking process of the Board of Directors.

3.4. On request of a member of the Board of Directors made in an oral or a written form, the Company is obliged to ensure his (her) access to information and documents stipulated by cl.3.1.1 of the present Bylaw.

Whereas requested information and documents are to be provided for review of a member of the Board of Directors within five days from presentation of an appropriate request.

On request of a member of the Board of Directors, the Company is obliged to provide him (her) with copies of documents necessary to him (her).

3.5. A contract may be concluded with members of the Board of Directors. Terms and conditions of a contract are to be approved by the Board of Directors. A contract with a member of the Board of Directors is to be signed by the Chairman of the Board of Directors, and a contract with the Chairman of the Board of Directors is to be signed by a member of the Board of Directors defined by a resolution of the Board of Directors.

4. CHAIRMAN OF THE BOARD OF DIRECTORS

4.1. The Chairman of the Board of Directors is elected by members of the Board of Directors out of them at a first meeting by majority of votes of members of the Board of Directors of the Company taking part at it.

4.2. A person effecting functions of an individual executive body of the Company can not at the same time be the Chairman of the Board of Directors.

4.3. The Board of Directors is entitled at any time to re-elect the Chairman of the Board of Directors.

4.4. Members of the Board of Directors are entitled to elect the Deputy Chairman. In case of absence of the Chairman of the Board of Directors, his (her) Deputy is to perform all his (her) functions (including the signatory authority). In case of absence of the Deputy, one of members of the Board of Directors is to do so in accordance with a resolution of the Board of Directors of the Company taken by majority of votes of its members participating at a meeting.

4.5. The Chairman of the Board of Directors arranges work of the Board of Directors, convokes its meetings and chairs them, arranges keeping minutes at meetings.

4.6. The Chairman of the Board of Directors is not entitled to entrust another person with fulfilment of his (her) functions.

5. SECRETARY OF THE BOARD OF DIRECTORS

5.1. The Secretary of the Board of Directors is elected by members of the Board of Directors at a first meeting by majority of votes of members of the Board of Directors participating at it.

5.2. The Board of Directors is entitled at any time to relieve the Secretary of the Board of Directors of his (her) post and appoint a new Secretary of the Board of Directors.

5.3. In case of absence of the Secretary of the Board of Directors, fulfilment of his (her) responsibilities is to be imposed on another person by majority of votes of members of the Board of Directors participating at a meeting.

Should the Board of Directors appoints the Corporate Secretary of the Company, the Corporate Secretary of the Company is to perform functions of the Secretary of the Board of Directors.

5.4. The Secretary of the Board of Directors is entitled:

5.4.1. to request officials of the Company to provide him (her) with information and documents necessary for preparation of materials related to issues on an agenda of meetings of the Board of Directors;

5.4.2. to receive for fulfilment of his (her) responsibilities fee and reimbursement of expenses related to performance of functions of the Secretary of the Board of Directors, in the amount and in the order stipulated by a decision of the Board of Directors.

5.5. The Secretary of the Board of Directors is obliged:

5.5.1. to keep and draw up minutes of meetings of the Board of Directors;

5.5.2. to take stock of and keep incoming documentation and copies of outgoing documentation of the Board of Directors;

5.5.3. to notify members of the Board of Directors of meetings of the Board of Directors in accordance with the procedure and in terms stipulated by the present Bylaw;

5.5.4. to distribute materials necessary for consideration of issues on an agenda of meetings of the Board of Directors to members of the Board of Directors in accordance with the procedure and in terms stipulated by the present Bylaw;

5.5.5. to perform other functions stipulated by the present Bylaw.

6. MEETING OF THE BOARD OF DIRECTORS

6.1. A meeting of the Board of Directors may be held in a form of joint attendance (including use of conference communications) or absentee voting.

6.2. Meetings of the Board of Directors are to be held on a regularly basis in accordance with a work schedule approved at a meeting of the Board of Directors. If necessary, the Board of Directors may consider issues not included into a work schedule.

6.3. A meeting of the Board of Directors is to be convened by the Chairman of the Board of Directors on his (her) own initiative, on request of a member of the Board of Directors, the Audit Commission, an auditor of the Company, an individual or collective executive body of the Company.

6.4. A request to convene a meeting of the Board of Directors shall contain the following information:

6.4.1. a name of an initiator of convocation or a name of a body or legal entity which made a request;

6.4.2. a form of holding a meeting (joint presence or absentee voting);

6.4.3. a date of holding a meeting in a form of joint attendance or, in case of holding a meeting in a form of absentee voting, a date of end of receipt of written opinions of members of the Board of Directors regarding issues on an agenda;

6.4.4. an agenda of a meeting;

6.4.5. a list of information (materials) to be distributed between members of the Board of Directors before a meeting.

In addition to that, a request to convene a meeting of the Board of Directors may contain the following information:

6.4.6. time and a venue of holding a meeting (if a meeting is held in a form of joint attendance);

6.4.7. draft decisions regarding issues on an agenda;

6.4.8. other information at discretion of an initiator of convocation of a meeting.

6.5. The notification about convocation of a meeting of the Board of Directors is to be sent to each member of the Board of Directors, jointly with necessary materials, not later than 5 business days before a meeting.

Should it appears necessary, in accordance with the current legislation, to hold a meeting of the Board of Directors in a quicker term, a term for sending the notification, jointly with necessary materials, is to be reduced.

All the above mentioned terms may also be reduced in case of necessity to urgently settle some issues, provided that no member of the Board of Directors objects to that.

The notification about convocation of a meeting is to be sent to members of the Board of Directors in a written form or in some other way convenient to them (including a post, a telegraph, a teletype, a telephone, an e-mail or other way of communication).

The notification about holding a meeting shall contain information indicated in subparagraphs 6.4.3.-6.4.7 of the present Bylaw, as well as reference to address to which members of the Board of Directors may send their written opinions.

Should circumstances appear which make holding a meeting of the Board of Directors at a venue and/or in time about which members of the Board of Directors have been notified impossible or difficult, a meeting devoted to a scheduled agenda may be held at some other venue and (or) in some other time.

All members of the Board of Directors are to be notified of change in a venue and (or) time of a meeting of the Board of Directors taking into consideration reasonable time necessary for arrival of members of the Board of Directors at a meeting. The notification of the stated changes may be sent to members of the Board of Directors in any form securing receipt of the notification by a member of the Board of Directors at the address of location of a member of the Board of Directors or at the address of receipt of his (her) correspondence.

The first meeting of the Board of Directors (of an organizational nature) is being held without a preliminary delivery of notifications on a day of a general meeting of shareholders at which the Board of Directors has been elected (in case if a decision regarding election of members of the Board of Directors, as well as voting results on this, have been revealed at a general meeting of shareholders in course of which voting was held).

6.6. A member of the Board of Directors is entitled to request the Company to provide him (her) with documents (information and explanations) on the merits of an issue on an agenda of a meeting of the Board of Directors. This inquiry is made by sending it to the Secretary of the Board of Directors. The requested documents (information and explanations) are to be presented to members of the Board of Directors before a meeting of the Board of Directors or in course of a meeting.

Members of the Board of Directors are to receive the same materials before a meeting of the Board of Directors.

6.7. In course of taking decisions by the Board of Directors, members of the Board of Directors present at a meeting are to express their opinions regarding issues on an agenda by voting.

6.8. Should a member of the Board of Directors fails to personally attend a meeting or a meeting is being held by absentee voting, a member of the Board of Directors is to express his (her) opinion regarding issues on an agenda in a written form.

In case when a written opinion of a member of the Board of Directors contains his (her) voting, it is to be taken into account when defining a quorum and voting results.

A member of the Board of Directors is to present his (her) written opinion to the Secretary of the Board of Directors before a meeting of the Board of Directors or, in case of holding a meeting by absentee voting, not later than on a date of end of receipt of written opinions of the Board of Directors.

6.9. The chairman is to read out a written opinion of a member of the Board of Directors absent at a meeting of the Board of Directors before the beginning of voting regarding an issue on an agenda to which this opinion is related.

Should a received written opinion contains a draft decision which differs significantly from the one which has been originally proposed for voting, the Secretary of the Board of Directors is to familiarize the remaining members of the Board of Directors with the stated opinion, having suggested to express their opinions on it by voting, in a written form or in some other way convenient to them (including a post, a telegraph, a teletype, a telephone, an e-mail or other way of communication).

6.10. Prior to taking a decision regarding an issue which has been preliminary considered by the committees of the Board of Directors, members of the Board of Directors shall have the possibility to beforehand familiarize themselves with conclusions (recommendations) of the appropriate committees.

6.11. Each member of the Board of Directors has one vote during a decision-taking process at a meeting.

Transfer of a vote by a member of the Board of Directors to another person, including another member of the Board of Directors, is inadmissible.

In case of equality of votes of members of the Board of Directors of the Company during a decision-taking process, the Chairman of the Board of Directors has a decisive vote.

6.12. The Secretary of the Board of Directors keeps the minutes at a meeting of the Board of Directors.

The minutes of a meeting of the Board of Directors is to be drawn up not later than 3 days after a meeting held in a form of joint attendance (end of receipt of written opinions in case of absentee voting).

The minutes shall contain the following information:

- a venue and time of its holding in a form of joint attendance or, in case of absentee voting, a venue of drawing up the minutes and a date of end of receipt of written opinions of members of the Board of Directors;
- persons present at a meeting (in case of holding a meeting in a form of joint attendance);
- persons who expressed written opinions regarding issues on an agenda;
- an agenda of a meeting;
- issues put to the vote and voting results on them;

- approved resolutions.

The minutes of a meeting of the Board of Directors is to be signed by the chair of a meeting.

Should a written opinion of a member of the Board of Directors is taken into consideration when defining a quorum and voting results regarding issues on an agenda, written opinions regarding issues on an agenda received from members of the Board of Directors are to be enclosed to the minutes.

The Company is obliged to keep the minutes of meetings of the Board of Directors at a location of its executive body according to the procedure and in terms stipulated by the federal executive agency on securities market. Should such terms are not stipulated, the Company is to permanently keep the minutes of meetings of the Board of Directors.

The Company is obliged to secure an access to the minutes of meetings of the Board Directors to shareholders, as well as to members of the Board of Directors, the Audit Commission, an auditor of the Company.

6.13. In cases when, in accordance with the Charter of the Company, a resolution is taken by majority of three fourths of votes or unanimously by all members of the Board of Directors, without taking into consideration votes of those members of the Board of Directors who have retired, retired members of the Board of Directors mean those who passed away, missing and were considered to be incapable.

7. FEE TO MEMBERS OF THE BOARD OF DIRECTORS AND REIMBURSEMENT OF EXPENSES RELATED TO FULFILLMENT OF THEIR DUTIES

7.1. Members of the Board of Directors in a period of fulfilment of their duties have fee paid and expenses related to performance of their functions of members of the Board of Directors reimbursed.

7.2. Fee to each member of the Board of Directors is fixed in the amount of 160 000 roubles per month.

Fee to the Chairman of the Board of Directors is fixed with a coefficient of 1,5.

Fee to the Chairman of a committee of the Board of Directors is fixed with a coefficient of 1,25.

Fee of a member of the Board of Directors is reduced by:

30% - in case of his (her) presence at less than half of meetings of the Board of Directors held in a form of joint attendance;

100% - in case of his (her) participation at less than half of all held meetings of the Board of Directors.

Fee to a member of the Board of Directors for a month in which the Board of Directors has been re-elected is paid proportionate to time during which this person has been effecting functions of a member of the Board of Directors that month.

8. PROCEDURE FOR APPROVAL OF THE BYLAW AND INTRODUCING AMENDMENTS TO IT

8.1. The present Bylaw is to be approved by the General Meeting of Shareholders by majority of votes of shareholders – owners of voting shares of the Company.

8.2. The present Bylaw may be supplemented and modified by the General Meeting of Shareholders by majority of votes of shareholders – owners of voting shares of the Company.

8.3. Should, in the result of change in the legislation of the Russian Federation or the Charter of the Company, some articles of the present Bylaw become contradictory with it, the Bylaw is to apply in its part, not contradictory with the current legislation and the Charter of the Company.