

APPROVED by  
Annual general meeting of  
OJSC VolgaTelecom stockholders

June 24, 2008.

Minutes № 8 of June 26, 2008.

Chairman of annual general meeting of  
stockholders

*signature*

S.V. Omelchenko

**Articles of association**  
**of**  
**Open Joint Stock Company VolgaTelecom**  
**(OJSC VolgaTelecom)**  
**Restated version**

Nizhny Novgorod city,  
2008

## **Article 1**

### **General provisions**

1.1. Open Joint Stock Company "Svyazinform" of Nizhny Novgorod oblast (OJSC "Nizhegorodsvyazinform") (hereinafter "The Company") is founded by the Committee for Management of the State Property of the Nizhny Novgorod oblast according to the Decree of the President of the Russian Federation of July 01, 1992 № 721 "On organizational measures for transformation of the state enterprises, voluntary associations of the state enterprises into joint stock companies", and also the regulation of the Government of the Russian Federation of December 22, 1992 № 1003 "On privatization of telecommunications enterprises" on the basis of state telecommunications and IT enterprise "Rossvyazinform" of the Nizhny Novgorod oblast and is the legal successor of all of its rights and obligations. The Company is registered by Order № 1605-r of December 15, 1993 of the Head of Nizhny Novgorod Administration. In accordance with Federal law № 129-ФЗ "On state registration of legal persons and individual entrepreneurs" of 08.08.2001 the Company was registered in the Uniform State Register of Legal Entities on August 1, 2002 with the basic state registration number 1025203014781.

The general meeting of stockholders of OJSC "Nizhegorodsvyazinform" of June 28, 2002 approved the Articles of association of the Company in restated version in which the name of the Company is changed to Open Joint Stock Company VolgaTelecom (OJSC VolgaTelecom).

1.2. Basing on the resolution of the general meeting of stockholders of OJSC "Nizhegorodsvyazinform" of November 09, 2001, the Company is reorganized by means of a take-over of Open Joint Stock Company "Kirovelectrosvyaz" (OJSC "Kirovelectrosvyaz"), location: Drelevsky street 43/1, Kirov city, TIN 4348002318; of Open Joint Stock Company "Martelcom" (OJSC "Martelcom"), location: Sovetskaya street 138, Ioshkar Ola town, the Republic of Mariy-El, TIN 1215011205; of Open Joint Stock Company "Svyazinform" of the Republic of Mordovia (OJSC "Svyazinform" of Mordovia), location: Bolshevistskaya street 13, Saransk town, the Republic of Mordovia, TIN 1300013059; of Open Joint Stock Company "Electrosvyaz of Orenburg oblast" (OJSC "Electrosvyaz of Orenburg oblast"), location: Volodarsky street 11, Orenburg city, TIN 5610005104; of Open Joint Stock Company "Svyazinform" of Penza oblast (OJSC "Svyazinform"), location: Kuprin street 1/3, Penza city, TIN 5800000136; of Open Joint Stock Company "Svyazinform" of Samara oblast (OJSC "Svyazinform" of Samara oblast), location: Leningradskaya street 24, Samara city, TIN 6317015857; of Open Joint Stock Company "Saratovelectrosvyaz" (OJSC "Saratovelectrosvyaz"), location: Kiselev street 40, Saratov city, TIN 6452016913; of Open Joint Stock Company "Telecommunications networks of the Udmurt Republic" (OJSC "Udmurt Telecom"), location: Pushkinskaya street 278, Izhevsk city, the Udmurt Republic, TIN 1831015632; of Open Joint Stock Company "Electrosvyaz" of Ulyanovsk oblast (OJSC "Ulyanovskelectrosvyaz"), location: L. Tolstoy street 60, Ulyanovsk city, TIN 7300000068; of Open Joint Stock Company "Svyazinform" of the Chuvash Republic

(OJSC “Svyazinform” of the Chuvash Republic), location: Lenin avenue, 2, Cheboksary town, the Chuvash Republic, TIN 2128000713.

In accordance with:

- The transfer act approved by the general meeting of stockholders of OJSC “Kirovelectrosvyaz” on October 22, 2001,
- The transfer act approved by the general meeting of stockholders of OJSC “Martelcom” on November 06, 2001,
- The transfer act approved by the general meeting of stockholders of OJSC “Svyazinform” of Mordovia on October 23, 2001,
- The transfer act approved by the general meeting of stockholders of OJSC “Electrosvyaz of Orenburg oblast” on October 30, 2001,
- The transfer act approved by the general meeting of stockholders of OJSC “Svyazinform” of Penza oblast on November 05, 2001,
- The transfer act approved by the general meeting of stockholders of OJSC “Svyazinform” of Samara oblast on October 31, 2001,
- The transfer act approved by the general meeting of stockholders of OJSC “Saratovelectrosvyaz” on November 02, 2001,
- The transfer act approved by the general meeting of stockholders of OJSC “Udmurt Telecom” on November 01, 2001,
- The transfer act approved by the general meeting of stockholders of OJSC “Ulyanovskelectrosvyaz” on October, 24, 2001,
- The transfer act approved by the extraordinary general meeting of stockholders of OJSC “Svyazinform” of the Chuvash Republic on November, 02, 2001, the Company is the legal successor of all rights and obligations of OJSC “Kirovelectrosvyaz”, OJSC “Martelcom”, OJSC “Svyazinform” of Mordovia, OJSC “Electrosvyaz of Orenburg oblast”, OJSC “Svyazinform” of Penza oblast, OJSC “Svyazinform” of Samara oblast, OJSC “Saratovelectrosvyaz”, OJSC “Udmurt Telecom”, OJSC “Ulyanovskelectrosvyaz”, OJSC “Svyazinform” of the Chuvash Republic in regard to all obligations concerning all their creditors and debtors.

Discontinuation of activities of OJSC “Kirovelectrosvyaz” by reorganization in the form of affiliation to OJSC VolgaTelecom is registered by the Inspection of the Ministry of Taxation of the Russian Federation in the city of Kirov of Kirov oblast on November 30 2002, state registration number is 2024341304645.

Discontinuation of activities of OJSC “Martelcom” by reorganization in the form of affiliation to OJSC VolgaTelecom is registered by the Inspection of the Ministry of Taxation of the Russian Federation in Ioshkar Ola town, the Republic of Mariy-El on November 30, 2002, state registration number is 2021200765452.

Discontinuation of activities of OJSC “Svyazinform” of Mordovia by reorganization in the form of affiliation to OJSC VolgaTelecom is registered by the Inspection of the Ministry of Taxation of the Russian Federation in Lenin district of Saransk town, the Republic of Mordovia on November 30, 2002, state registration number is 2021300982492.

Discontinuation of activities of OJSC “Electrosvyaz of Orenburg oblast” by reorganization in the form of affiliation to OJSC VolgaTelecom is registered by the Inspection of the Ministry of Taxation of the Russian Federation in Lenin district of

the city of Orenburg of Orenburg oblast on November 30, 2002, state registration number is 2025601032246.

Discontinuation of activities of OJSC “Svyazinform” of Penza oblast by reorganization in the form of affiliation to OJSC VolgaTelecom is registered by the Inspection of the Ministry of Taxation of the Russian Federation in Lenin district of Penza city on November 30, 2002, state registration number is 2025801362662.

Discontinuation of activities of OJSC “Svyazinform” of Samara oblast by reorganization in the form of affiliation to OJSC VolgaTelecom is registered by the Inspection of the Ministry of Taxation of the Russian Federation in Samara district of the city of Samara on November 30, 2002, state registration number is 2026301422080.

Discontinuation of activities of OJSC “Saratovelectrosvyaz” by reorganization in the form of affiliation to OJSC VolgaTelecom is registered by the Inspection of the Ministry of Taxation of the Russian Federation in Kirov district of Saratov city on November 30, 2002, state registration number is 2026402669104.

Discontinuation of activities of OJSC “Udmurt Telecom” by reorganization in the form of affiliation to OJSC VolgaTelecom is registered by the Inspection of the Ministry of Taxation of the Russian Federation in Oktyabrskiy district of Izhevsk city of the Udmurt Republic on November 30, 2002, state registration number is 2021801161810.

Discontinuation of activities of OJSC “Ulyanovskelectrosvyaz” by reorganization in the form of affiliation to OJSC VolgaTelecom is registered by the Inspection of the Ministry of Taxation of the Russian Federation in Lenin district of Ulyanovsk city on November 30, 2002, state registration number is 2027301173843.

Discontinuation of activities of OJSC “Svyazinform” of the Chuvash Republic by reorganization in the form of affiliation to OJSC VolgaTelecom is registered by the Inspection of the Ministry of Taxation of the Russian Federation in Lenin district of Cheboksary town of the Chuvash Republic on November 30, 2002, state registration number is 2022101144833.

## **Article 2**

### **The Company's name and location**

2.1. Full, brand name of the Company in Russian is Открытое акционерное общество "ВолгаТелеком".

2.2. Abbreviated, brand name of the Company in Russian is ОАО "ВолгаТелеком".

2.3. Full, brand name of the Company in English is Open Joint Stock Company VolgaTelecom.

2.4. Abbreviated, brand name of the Company in English is OJSC VolgaTelecom.

2.5. The Company's location: Dom Svyazi, M. Gorky square, Nizhny Novgorod city, 603000, the Russian Federation.

2.6. The Company's mailing address: Dom Svyazi, M. Gorky square, Nizhny Novgorod city, 603000.

## **Article 3**

### **The Company's legal status**

3.1. The Company is an open joint stock company. The Company is set up for an unlimited term of activities.

The Company's legal status, the procedure of its operations, reorganization and liquidation, and also the rights and obligations of the Company's stockholders are defined by the Civil Code of the Russian Federation, Federal Law "On joint stock companies", other Federal laws, other legal Acts of the Russian Federation adopted by the appropriate state bodies within the limits of their authorities, and also by the present Articles of association.

In case of the subsequent change of norms of the current legislation of the Russian Federation the present Articles of association are valid in the part not contradicting to their mandatory provisions.

As for the issues which were not defined by the present Articles of association, the Company is guided by the current legislation of the Russian Federation.

3.2. The Company is a legal entity and owns solitary property which is accounted for in its independent balance, it may acquire in its own name and exercise property and personal non-property rights, incur obligations, be a claimant and a defendant before the court.

The Company has a round stamp containing its full, brand name in Russian and the indication of its location, and also other seals containing inscriptions, defined by established norms, stamps and company's letterheads with the name of the

Company, its own logo, the trade mark registered as established by law and other means of visual identification.

The Company's regional subsidiaries and other structural sub-divisions are allowed to have a round stamp containing full names: of the Company, relevant regional subsidiary, structural sub-division in Russian and an indication of the place of registration of the Company, and also other seals containing inscriptions, defined by established norms, appropriate stamps and letterforms made in a uniform corporate style, and also the information on the existence of round stamps should be contained in the Regulation on relevant regional subsidiaries and structural sub-divisions.

The Company has the right to open as established by law the bank accounts in the Russian Federation and beyond its limits.

3.3. The Company is liable for its obligations within the limits of property belonging to it and this property can be recovered under the legislation of the Russian Federation. Stockholders are not liable for the obligations the Company and bear the risk of losses connected to its activities within the limits of stock value held by them. The stockholders, who have not paid the shares completely, bear joint liability for the Company's obligations within the limits of the outstanding part of the stock value held by them.

3.4. The Company is not responsible for the obligations of the state, governmental bodies and the Company's stockholders; likewise the state, its agencies and stockholders are not responsible for the Company's obligations.

3.5. The Company for the purpose of realization of state, social, economic and tax policy bears responsibility for the safety of the documents (administrative, financial and economic, staff, etc.), provides for the transfer of the documents having scientific and historical value to the state custody, keeps and uses in compliance with established regulations the documents of staff, and also the personal data of the Company's employees.

3.6. The Company's management bodies are general meeting of shareholders, the Board of directors, the Management board and the General Director of the Company.

Members of the Board of directors, members of the Management board and the General Director of the Company are liable to the Company and its shareholders on the grounds provided for by RF federal laws.

The Company carries liability insurance of the Board of directors' members, the Management board members and the General Director of the Company, as well as of persons who had held or will hold the said posts in the Company's management bodies.

## **Article 4**

### **The objective and kinds of the Company's activities**

- 4.1. The objective of the Company is to make profit.
- 4.2. The Company's core activities are the following:
  - 4.2.1. provision of local and intra-region telephony services;
  - 4.2.2. provision of local telephony services using payphones;
  - 4.2.3. provision of radiotelephony services in the frequency range of 900/1800 MHz and 450 MHz;
  - 4.2.4. provision of mobile radio services in PSTN;
  - 4.2.5. provision of mobile radio services;
  - 4.2.6. provision of communications channels lease services;
  - 4.2.7. provision of telematic services;
  - 4.2.8. provision of data transmission services, exclusive of communications services of data transmission for the purposes of voice data transmission;
  - 4.2.9. provision of telegraphy services;
  - 4.2.10. provision of communications services for the purposes of cablecasting;
  - 4.2.11. provision of communications services for the purposes of wire broadcasting;
  - 4.2.12. provision of communications services for the purposes of on-air broadcasting;
  - 4.2.13. provision of local telephony services using multiple access facilities;
  - 4.2.14. provision of data transmission services for the purposes of voice data transmission;
  - 4.2.15. performance of work related to the use of information classified as state secret;
  - 4.2.16. putting into effect the measures and (or) rendering of services in the area of protection of the state secret;
  - 4.2.17. putting into effect the measures and (or) rendering of services in the area of protection of the state secret as related to technical protection of information;
  - 4.2.18. arrangement and putting into effect the measures to ensure the protection of communications confidentiality and other secrets protected by the law;
  - 4.2.19. activities of construction of buildings and structures of I and II criticality ratings;
  - 4.2.20. survey and cartographic activities;
  - 4.2.21. educational activities in educational programs;
  - 4.2.22. maintenance, repair and sale of cash registers;
  - 4.2.23. maintenance, repair and sale of communications facilities;
  - 4.2.24. installation, repair and maintenance of security alarm systems;
  - 4.2.25. organization of recovery of networks and communications facilities in case of failures and damages;
  - 4.2.26. priority provision of telecommunications services and communications facilities in the interests of defense, state management, security, law and order;

- 4.2.27. putting into effect the measures for securing communications services in emergency situations;
- 4.2.28. putting into effect the plans of preparedness activity of communications network and the measures in emergency situations;
- 4.2.29. provision of consulting services;
- 4.2.30. provision of medical services;
- 4.2.31. sales and procurement activities;
- 4.2.32. prevention and fire fighting activities;
- 4.2.33. installation, repair and maintenance of facilities ensuring fire safety of buildings and constructions;
- 4.2.34. operation of electric power, heating and gas networks;
- 4.2.35. design and construction of buildings and structures of I and II criticality ratings;
- 4.2.36. engineering survey for the construction of buildings and structures of I and II criticality ratings;
- 4.2.37. underground survey;
- 4.2.38. maintenance of encryption devices, information encryption, distribution of encryption devices;
- 4.2.39. repair of measurement instrumentation;
- 4.2.40. activities of hazardous waste handling;
- 4.2.41. activities of subsurface resources use.

4.3. Possessing general legal capacity, the Company has its civil rights and incurs the obligations necessary for realization of any other kinds of activities not forbidden by federal laws.

The Company may be engaged in individual kinds of activities only on the basis of special permission (license); the list of these activities is defined by federal laws.

## **Article 5**

### **The Company's regional subsidiaries and representation offices**

5.1. The Company as established by law has the right to set up regional subsidiaries and to open representation offices both in territory of the Russian Federation and beyond its borders. The regional subsidiaries and representation offices are not legal entities.

5.2. OJSC VolgaTelecom has the following regional subsidiaries:

5.2.1. Kirov regional subsidiary located at: Drelevsky street 43/1, Kirov city, 610000;

5.2.2. Nizhny Novgorod regional subsidiary located at: Bolshaya Pokrovskaya street 56, Nizhny Novgorod city, 603000;

5.2.3. Orenburg regional subsidiary located at: Volodarsky street 11, Orenburg city, 460000;

5.2.4. Penza regional subsidiary located at: Kuprin street 1/3, Penza city, 440606;

5.2.5. Samara regional subsidiary located at: Krasnoarmeiskaya street 17, Samara city, 443010;

5.2.6. Saratov regional subsidiary located at: Kiselev street 40, Saratov city, 410012;

5.2.7. Ulyanovsk regional subsidiary located at: L.Tolstoy street 60, Ulyanovsk city, 432063;

5.2.8. Regional subsidiary in the Republic of Mariy-El located at: Sovetskaya street 138, Ioshkar Ola town, the Republic of Mariy-El, 424000;

5.2.9. Regional subsidiary in Mordovia Republic located at: Bolshevistskaya street 13, Saransk town, Mordovia Republic, 430005;

5.2.10. Regional subsidiary in Udmurt Republic located at: Pushkinskaya street 278, Izhevsk city, Udmurt Republic, 426008;

5.2.11. Regional subsidiary in Chuvash Republic located at: Lenin avenue 2, Cheboksary town, Chuvash Republic, 428000.

5.3. The Company's regional subsidiaries and representation offices operate according to the Provisions on them which are approved by the Board of directors. The Board of directors makes a decision on setting up regional subsidiaries, opening of representation offices and their liquidation.

The heads of regional subsidiaries and representation offices are appointed and dismissed by the General Director with an advanced approval with the Board of directors of the Company and act on behalf of the Company on the basis of the power of attorney.

The Management board may decide to set up a collegial executive body of a regional subsidiary which organizes the implementation of decisions of the Company's bodies and acts on the basis of the Regulation approved by the Company's Management board.

## **Article 6**

### **The Company's authorized capital. Outstanding and authorized shares**

6.1. The Company's authorized capital amounts to RUR 1 639 764 970.

6.2. The Company's authorized capital consists of the par value of uncertified shares and acquired by shareholders, including:

6.2.1. Ordinary registered shares – 245969590 shares. The par value of each ordinary share is RUR 5 (five).

6.2.2. Preferred registered A type shares – 81983404 shares. The par value of each preferred A type share is RUR 5 (five).

6.3. The Company has the right to place 1 299 093 ordinary, registered, uncertified shares (authorized shares) in addition to the outstanding ordinary shares. The par value of each authorized ordinary share is RUR 5 (five).

The Company has the right to place 531 496 preferred registered uncertified A type shares (authorized shares) in addition to the outstanding preferred A type shares. The par value of each authorized preferred A type share is RUR 5 (five).

6.4. The authorized shares statutory by item 6.3 of the present Articles of association, in case of their placement will have all the rights established by articles 7, 8 of the Articles of association for the Company's shares of the appropriate category (type).

6.5. The Company's authorized capital may be increased as per the procedure statutory by current legislation of the Russian Federation and the present Articles of association in the following ways:

6.5.1. By increasing the par value of the Company's shares;

6.5.2. By placing additional shares within the limits of the amount of authorized shares defined in item 6.3 of the present Articles of association.

6.6. The increase in the Company's authorized capital through the increase in the shares par value is carried out on the basis of resolution of general meeting of the Company's shareholders passed by a majority of vote of shareholders – owners of the Company's voting shares participating in the meeting.

6.7. The increase in the Company's authorized capital through the placement of additional shares by private offering is carried out on the basis of resolution of general meeting of the Company's shareholders passed by a majority of three quarters of votes of shareholders – owners of the Company's voting shares participating in the meeting.

6.8. The increase in the Company's authorized capital through the placement of additional ordinary shares by public offering in case, if the quantity of additional shares placed by public offering amounts to more than 25 percent of the shares placed earlier by the Company, is carried out on the basis of resolution of general meeting of the Company's shareholders passed by a majority of three quarters of votes of shareholders – owners of the Company's voting shares participating in the meeting.

6.9. The increase in the Company's authorized capital through the placement of additional shares by public offering, except for the cases specified in item 6.8 of the present Articles of association, is carried out on the basis of decision of the Company's Board of directors made unanimously by all members of the Company's Board of directors without regard to the votes of retired members of the Company's Board of directors.

6.10. Payment of additional shares placed by offering may be made by cash, securities, other items or property rights or other rights having a money value. The form of payment of additional shares is defined by the decision on their placement.

6.11. The Company's authorized capital may be reduced through the reduction in the par value of shares or reduction in their total quantity, including through the acquisition of a part of shares, in the cases statutory by Federal law "On joint-stock companies".

6.12. The resolution on the reduction in the Company's authorized capital through acquisition of a part of shares in order to reduce their total quantity, and also through pay off of shares acquired or redeemed by the Company, these shares were

not disposed of by the Company during a year since the time of their acquisition or redemption, is passed by general meeting of shareholders by a majority of vote of shareholders – owners of the Company’s voting shares participating in the meeting.

The resolution on the reduction in the Company’s authorized capital through the reduction in the par value of the Company’s shares is passed by general meeting of shareholders by a majority of three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting.

If basing on the audit results the Company’s net asset value turned out to be less than the Company’s authorized capital, the resolution on the reduction in the Company’s authorized capital proposed by the Board of directors to the amount which is less than its net asset value is passed by a majority of three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting.

6.13. The Company has no right to reduce its authorized capital, if as a result of such reduction its size becomes less than thousandfold amount of minimum wage as established by federal law as of the date of submission of documents for the state registration of relevant amendments in the Company’s Articles of association and in case if, the Company is obliged to reduce its authorized capital according to the requirements of current legislation of the Russian Federation – as of the date of the state registration of the Company.

6.14. If at the end of the second and each subsequent fiscal year according to the annual accounting balance to be approved by the Company’s shareholders, or according to the results of financial audit, the Company’s net asset value becomes less than its authorized capital, the Company is obliged to reduce its authorized capital up to the size not exceeding its net asset value.

## **Article 7**

### **Rights and duties of shareholders - owners of the Company’s ordinary shares**

7.1. Each ordinary share of the Company gives the shareholder – its owner similar measure of rights.

7.2. Each shareholder – the owner of the Company’s ordinary shares has the right:

7.2.1. To participate in the general meeting of shareholders of the Company in the manner required by current legislation of the Russian Federation;

7.2.2. To receive dividends in the manner required by current legislation of the Russian Federation and the present Articles of association, in case they are declared by the Company;

7.2.3. To receive a part of the Company’s property remaining after its liquidation which part is proportional to number of shares in the shareholder’s possession;

7.2.4. To get access to the documents statutory by item 1 of Article 89 of Federal law “On joint-stock companies”, in the manner required by Article 91 of the said law;

7.2.5. To demand confirmation of shareholder’s rights to the shares from the Company’s registrar by issuing an extract from the register of the Company’s shareholders;

7.2.6. To get information on all records on the shareholder’s personal account from the Company’s registrar, and also other information statutory by legal acts of the Russian Federation which establish the procedure of keeping the register of stockholders;

7.2.7. To dispose of shares belonging to the shareholder without consent of other shareholders and of the Company;

7.2.8. To protect the shareholder’s violated civil rights in the court in cases, statutory by current legislation of the Russian Federation, including claiming compensation for losses from the Company;

7.2.9. To demand the Company’s repurchase of all shares belonging to the shareholder or a part of them in cases and as per the procedure statutory by current legislation of the Russian Federation;

7.2.10. To sell shares to the Company in case if the Company passed the resolution to acquire the shares;

7.2.11. To demand from the Company an extract from the list of persons entitled to participate in the General meeting of shareholders, the said extract containing the information about the shareholder;

7.2.12. Priority in purchasing additional shares placed by public offering and issuing securities convertible into shares, in the amount proportional to the number of shares held by them.

7.3. Shareholder owning more than 1% of the Company’s voting shares has the right to demand from the Company’s registrar the information on the name (names) of shareholders registered in the register and the information on the quantity, the category and the par value of shares held by them (the said information is provided without indication of addresses of shareholders).

7.4. Shareholders (shareholder) owning in aggregate at least 1% of placed ordinary shares of the Company have (has) the right to apply to the court with a claim against a member of the Company’s Board of directors, single executive of the Company, a member of the Company’s collegial executive body, as well as against the management company or the manager about compensation for losses caused to the Company as a result of guilty activities (inactivity) of the said persons.

7.5. Shareholders possessing at least 1% of votes at general meeting of shareholders have the right to claim the Company’s provision of the list of persons entitled to participate in the meeting. However, the information from the documents and the mailing address of natural persons included in this list are provided only with the consent of these persons.

7.6. Shareholders (shareholder) being in aggregate the owners of at least 2% of the Company's voting shares have (has) the right to introduce issues into the agenda of annual general meeting of shareholders and to nominate candidates to the Company's management and controlling bodies elected by general meeting of shareholders. During preparation of an extraordinary general meeting of shareholders with the agenda of election of the Company's Board of directors, the said shareholders (shareholder) have (has) the right to nominate candidates for the election to the Company's Board of directors.

7.7. Shareholders (shareholder) who own (owns) in aggregate at least 10% of the Company's voting shares have (has) the right to require convocation of an extraordinary general meeting of shareholders from the Company's Board of directors. In case, if during the term established by current legislation of the Russian Federation and the present Articles of association, the Company's Board of directors does not make the decision on convocation of an extraordinary general meeting of shareholders or makes the decision to refuse its convocation, the extraordinary meeting can be convoked by the said shareholders (shareholder).

7.8. Shareholders (shareholder) who own (owns) in aggregate at least 10% of the Company's voting shares have (has) the right to demand an audit of financial and economic activities of the Company at any time.

7.9. Shareholders (shareholder) who own (owns) in aggregate at least 25% of the Company's voting shares have (has) the right of access, and also have (has) the right to receive the copies of accounting documents and of the minutes of meetings of the Company's collegial executive body.

7.10. Shareholders – owners of the Company's ordinary shares have other rights statutory by current legislation of the Russian Federation and by the present Articles of association.

7.11. Each shareholder – owner of the Company's ordinary shares is obliged:

- To inform the registrar of the Company's shareholders about the changes of his (her) personal data;
- Not to disclose confidential information about the Company's activities.

7.12. Shareholders – owners of the Company's ordinary shares incur other obligations statutory by current legislation of the Russian Federation and also by the present Articles of association.

## **Article 8**

### **Rights and duties of shareholders – owners of preferred A type shares**

8.1. Each preferred A type share of the Company gives the shareholder – its owner similar measure of rights.

8.2. Owners of preferred A type shares have the right to receive annual fixed dividend except for the cases statutory by the present Articles of association. The total amount paid as dividend on each preferred A type share is established at the rate of 10% of the Company's net profit according to the results of the last fiscal year, divided by the number of shares which amounts to 25% of the Company's authorized capital. Besides, if the amount of dividends paid by the Company on each ordinary share in a certain year exceeds the amount to be paid as dividends on each preferred A type share, the size of the dividends paid on the latter, should be increased up to the size of dividends paid on the ordinary shares.

8.3. Owners of preferred A type shares have the right to participate in general meeting of shareholders with the right of vote when solving the issues of reorganization and liquidation of the Company, and also to vote on introducing amendments and modifications into the Company's Articles of association, in case if the said modifications restrict the rights of the said shareholders.

8.4. Owners of preferred A type shares have the right to participate in general meeting of shareholders with the right of vote on all the issues of the agenda of the meeting in case if the meeting of shareholders, irrespective of the reasons, has not passed the resolution on the payment of dividends or if it has passed the resolution on incomplete payment of dividends on preferred A type shares. This right of owners of preferred A type shares arises since the meeting following the annual meeting of shareholders at which the resolution on the payment of dividends was not passed, and terminates since the date of the first payment of dividends on the said shares in full.

8.5. Owners of preferred A type shares have the rights statutory by item 7.2.3, item 7.2.4, item 7.2.5, item 7.2.6, item 7.2.7, item 7.2.8, item 7.2.10, item 7.2.11, and item 7.2.12 of the present Articles of association for the owners of the Company's ordinary shares. These rights are granted to shareholders – owners of preferred A type shares, including in case, when the said shares are not voting shares.

8.6. Owners of preferred A type shares have the rights statutory by item 7.3, item 7.6, item 7.7, item 7.8, and item 7.9 of the present Articles of association in case, if preferred A type shares have the right of vote on all the issues of the competencies of general meeting of shareholders of the Company.

8.7. Owners of preferred A type shares have the right to demand from the Company the repurchase of all shares held by the shareholder or of a part of them in cases and in the manner required by current legislation of the Russian Federation.

8.8. Owners of preferred A type shares possessing at least 1% of votes at general meeting of shareholders have the right to demand from the Company the provision of the list of the persons entitled to participate in the meeting. However, the documents data and the mail address of the shareholders included in this list are provided only with their consent.

8.9. Shareholders – owners of preferred A type shares have other rights statutory by current legislation of the Russian Federation and also by the present Articles of association.

8.10. Each shareholder – owner of preferred A type shares is obliged:

- To inform the registrar of the Company's shareholders about the changes of his (her) personal data;
- Not to disclose confidential information about the Company's activities.

8.11. Shareholders – owners of the Company's preferred shares incur other obligations statutory by current legislation of the Russian Federation and also by the present Articles of association.

## **Article 9**

### **The Company's funds**

9.1. The Company sets up required reserve at the rate of 5% of the Company's authorized capital.

The Company's required reserve consists of obligatory annual deductions amounting to at least 5% of the Company's net profit till the reserve achieves the size defined in the present item.

The required reserve is intended to cover the Company's losses, and also to repay the Company's bonds and to repurchase the Company's shares in case of absence of other money resources.

The required reserve may not be used for other purposes.

9.2. General meeting of the Company's shareholders on an issue statutory by sub-item 13 of item 12.2 of the present Articles of association may pass the resolution on setting up other funds, including the Company's employees' corporalization fund.

The facilities of corporalization fund are to be spent exclusively for the acquisition of the Company's shares sold by the Company's shareholders for the subsequent placement of shares with its employees.

If the Company sells the shares, acquired at the expense of Company's employees corporalization fund facilities, to its employees then the proceeds are allocated to the said fund.

The procedure of setting up, payout of the fund's facilities and its designation is defined by the Regulation on the Company's employees' corporalization fund to be approved by the Company's Board of directors.

## **Article 10**

### **The Company's dividends**

10.1. The Company has the right to pass the resolution (to declare) on the payment of dividends on outstanding shares based on the results of the first quarter, half year, nine months of a fiscal year and (or) the results of the fiscal year. The

resolution on the payment (declaration) of dividends based on the results of the first quarter, half year and nine months of a fiscal year may be passed during three months after the relevant period expiry.

The source of dividends payment is the Company's after-tax profit (the Company's net profit). The Company's net profit is defined by the Company's accounting statement data. Dividends on preferred shares of specific types may be also paid at the cost of the Company's funds specially set up earlier for these purposes.

In case of the Company's reorganization in the form of take-over of other companies by it, the Company's net profit is defined by summing up its net profit and the net profit (loss) of the affiliated companies calculated according to statutory regulations on bookkeeping in income statements of the affiliated companies as of the last reporting date (date of reorganization).

The resolution on dividends payment, dividend size and the form of its payment on the shares of each category (type) is passed by general meeting of shareholders. The size of dividends may not be more than it was recommended by the Company's Board of directors.

The list of persons/entities having the right to receive dividends is made up as of the date of drawing up of the list of persons/entities entitled to participate in the shareholders' general meeting, at which the resolution on the appropriate dividends payment is passed. For the purpose of making up the list of persons/entities having the right to receive dividends, nominee holder of shares provides the data on the persons/entities in which interests it holds the shares.

10.2. Dividends on preferred A type shares are paid on or before 60 days since the date of passing the resolution on dividends payment.

The size of annual dividends on preferred shares is defined in item 8.2 of the present Articles of association.

10.3. Annual dividends on ordinary shares are paid on or before December 31 of the fiscal year in which the resolution was passed on annual dividends payment. Dividends on ordinary shares based on the results of the first quarter, half year, nine months of the fiscal year are paid on or before 60 days since the day of passing the resolution on dividends payment, if a shorter term is not set by the shareholders' general meeting resolution.

10.4. Dividends declared by the Company may be paid both in cash and other property in case if general meeting of the Company's shareholders passed the resolution on the payment of dividends in non-monetary form.

The resolution of general meeting of shareholders on payment of the Company's dividends in non-monetary form is passed only on the basis of the proposal of the Company's Board of directors in which the Company's property allocated for the payment of dividends should be specified.

10.5. When passing the resolution (declaration) on the payment of dividends the Company is to be guided by the restrictions established by federal laws.

## **Article 11**

### **The registry of the Company's shareholders. The Company's registrar.**

11.1. The Company provides for maintenance and custody of the Company's shareholders registry in accordance with the requirements established by current legislation of the Russian Federation and other legal acts of the Russian Federation.

11.2. The holder of the Company's shareholders registry is a registrar who is carrying out the activities of maintenance of the shareholders' registry as its exclusive activity and has the license of standard pattern for realization of this activity.

The Company's registrar and the contract provisions with it are approved basing on the decision of the Company's Board of directors as well as the cancellation of the contract with the Company's registrar.

11.3. The Company is not free from the responsibility of maintenance and keeping the shareholders' registry. In case if some wrongful actions of the registrar infringe civil rights of a shareholder or of a nominee holder, such shareholder or the nominee holder has the right as established by current legislation of the Russian Federation to go to the law with the claim to the Company to reinstate the violated civil rights, including to pay the damages.

11.4. The Company's registrar acts as the Company's counting commission. The Company's registrar checks the authorities and registers the persons participating in general meeting of the Company's shareholders, determines the quorum of general meeting of shareholders, explains the issues arising in connection with voting by shareholders (their proxies) in general meeting, explains the voting procedure on the issues put to vote, ensures the established voting procedure and guarantees the rights of shareholders to participate in voting, counts votes and voting results, makes up the minutes of voting results, and submits voting ballots to the Company.

## **Article 12**

### **General meeting of shareholders**

12.1. General meeting of shareholders is the Company's supreme management body.

12.2. The competencies of general meeting of shareholders cover the following issues which may not be transferred for the solution to the Board of directors, the General Director or to the Management board of the Company:

1) introduction of modifications and amendments to the present Articles of association or approval of restated version of the Company's Articles of association

(except for the cases statutory by Federal law “On joint-stock companies”), the resolutions on which are passed by at least three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

2) the Company’s reorganization, the resolution on which is passed by at least three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

3) the Company’s liquidation, appointment of liquidation committee and approval of interim and final liquidation balance sheets, the resolutions on which are passed by at least three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

4) election of the members of the Board of directors by cumulative voting;

5) early termination of office of the members of the Board of directors, the resolution on which is passed by a majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

6) determination of the quantity, par value, category (type) of the Company’s authorized shares and the rights granted by these shares, the resolutions on which are passed by at least three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

7) increase in the Company’s authorized capital through the increase in the shares par value, the resolution on which is passed by a majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

8) increase in the Company’s authorized capital through placement of additional ordinary shares by public offering in case, if the quantity of additionally placed shares is more than 25% of ordinary shares placed earlier by the Company, the resolution on which is passed by at least three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

9) increase in the Company’s authorized capital through placement of additional shares by private offering, the resolution on which is passed by at least three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

10) reduction in the Company’s authorized capital through the Company’s acquisition of a part of shares in order to reduce their total quantity, and also through pay off of shares acquired or redeemed by the Company, the resolution on which is passed by a majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

11) reduction in the Company’s authorized capital through the reduction in the shares par value, the resolution on which is passed by a majority of three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

12) reduction in the Company’s authorized capital proposed by the Board of directors to the amount which is less than its net asset value, the resolution on which is passed by a majority of three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;

13) election of the Company’s Auditing committee members and early termination of their office, the resolutions on which are passed by a majority of votes

of shareholders – owners of the Company's voting shares participating in the meeting;

14) approval of the Company's auditor, the resolution on which is passed by a majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;

15) payment (declaration) of dividends based on the results of the first quarter, six months, nine months of the fiscal year, the resolutions on which are passed by a majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;

16) approval of annual reports, the Company's annual accounting statement, including the Company's income statements (profit and loss accounts), and also distribution of profit (including payment (declaration) of dividends, exclusive of profit distributed as dividends based on the results of the first quarter, six months, nine months of the fiscal year) and loss of the Company at the fiscal year-end; the resolutions on which are passed by a majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;

17) definition of the procedure of conducting the Company's shareholders general meeting, the resolution on which is passed by a majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;

18) splitting and consolidation of shares, the resolutions on which are passed by a majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;

19) passing the resolution on approval of related party transactions, the resolution on which is passed in cases and as per the procedure statutory by chapter XI of Federal law "On joint-stock companies";

20) passing the resolution on approval of large transactions related to acquisition, disposal or possibility of disposal by the Company directly or indirectly of property the cost of which is more than 50% of the Company's balance sheet assets defined by the data of its accounting statement at the last reporting date, except for the transactions made in the course of routine economic activities of the Company, the transactions related to the placement of the Company's ordinary shares by subscription (realization), and also transactions related to the placement of issuing securities convertible into the Company's ordinary shares, the resolution on which is passed by a majority of three quarters of votes of shareholders – owners of the Company's voting shares participating in the meeting;

21) passing the resolution on participation in financial-industrial groups, associations and other unions of business entities, the resolution is passed by a majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;

22) approval of internal documents regulating the Company's bodies activities, the resolution on which is passed by a majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;

23) the Company's placement of bonds convertible into shares and of other issuing securities convertible into shares, if the specified bonds (other issuing securities) are placed by private offering or by public offering, if in case of public offering convertible bonds (other issuing securities) may be converted into the

Company's ordinary shares amounting to more than 25% of earlier placed ordinary shares, the resolution on which is passed by at least three quarters of votes of shareholders – owners of the Company's voting shares participating in the meeting;

24) passing the resolution on reimbursement for the Company's account of the expenses for preparation and holding of extraordinary general meeting of the Company's shareholders in case, when contrary to the requirements of current legislation of the Russian Federation the Board of directors has not made the decision on convocation of an extraordinary meeting and this meeting has been convened by other persons. The resolution is passed by a majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;

25) passing the resolution on transfer of authorities of single executive body of the Company to managing organization or to a manager, the resolution on which is passed by a majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;

26) solution of other issues statutory by Federal law "On joint-stock companies" and by the present Articles of association.

12.3. General meeting of shareholders has the right to pass resolutions on the issues statutory by sub-items 2, 7, 8, 9, 11, 18 - 22, 25 of item 12.2 of the present Articles of association exclusively upon the proposal of the Board of directors. However, other persons entitled, according to current legislation of the Russian Federation, to make proposals for the agenda of annual or extraordinary general meeting of shareholders, have no right to demand from the Board of directors the inclusion of the listed issues into the agenda of the meeting.

General meeting of shareholders has no right to consider and pass resolutions on the issues which are beyond its competencies according to Federal law "On joint-stock companies".

General meeting has no right to pass resolutions on issues which are not on the agenda of the meeting, and also to change the agenda.

12.4. When solving the issues of introduction of modifications and amendments to the present Articles of association at general meeting of shareholders, and these are restricting the rights of shareholders – owners of the Company's preferred shares of a certain type, the resolution on such modifications and amendments is passed, if it gets in its favor at least three quarters of votes of shareholders – owners of the Company's ordinary shares participating in the meeting and three quarters of votes of all shareholders – owners of the Company's preferred shares of a certain type.

12.5. The Company is obliged to hold annual general meeting of shareholders annually.

Annual general meeting of shareholders is held not earlier than in four months and not later than in six months after the fiscal year expiry.

The following issues should be resolved by annual general meeting of shareholders:

- Election of the Company's Board of directors,
- Election of the Company's Auditing committee,

- Approval of the Company's auditor,
- Approval of annual report, annual accounting statement, including income statement (accounts of profits and losses) of the Company, and also distribution of profit (including payment (declaration) of dividends except for the profit distributed as dividends based on the results of the first quarter, half year, nine months of the fiscal year) and losses of the Company at the fiscal year-end,

General meeting of shareholders may also resolve other issues within its competencies.

12.6. Shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares have (has) the right to introduce issues in the agenda of annual general meeting of shareholders and to nominate candidates to the Company's Board of directors, the Company's Auditing committee, the number of which may not exceed the quantitative limits of the corresponding body established by the present Articles of association. Such proposals should be submitted to the Company not later than in 60 days after the expiry of fiscal year.

12.7. Other held general meetings of shareholders, other than annual general meeting of shareholders, are extraordinary meetings.

Extraordinary general meeting of shareholders is held by the decision of the Board of directors on the basis of its own initiative; upon a requisition of the Company's Auditing committee, the Company's auditor, and also shareholders (shareholder) holding at least 10% of the Company's voting shares as of the date of the demand. Extraordinary general meeting of shareholders upon the requisition of the Company's Auditing committee, the Company's auditor or shareholders (shareholder) holding at least 10% of the Company's voting shares is convoked by the Company's Board of directors.

12.8. Extraordinary general meeting of shareholders convoked upon the requisition of the Company's Auditing committee, the Company's auditor or shareholders (shareholder) holding at least 10% of the Company's voting shares should be held within 40 days since the date of the demand to hold extraordinary general meeting of shareholders.

12.9. Extraordinary general meeting of shareholders convoked upon the requisition of the Company's Auditing committee, the Company's auditor or shareholders (shareholder) holding at least 10% of the Company's voting shares the agenda of which contains the issue of election of members of the Company's Board of directors should be held within 70 days since the date of the demand to hold extraordinary general meeting of shareholders.

In case if the number of the members of the Company's Boards of directors becomes insufficient for making a quorum for holding the meetings of the Company's Board of directors, extraordinary general meeting of shareholders convoked by the decision of the Company's Board of directors on the basis of its own initiative for the solution of the issue of election of the Company's Board of directors, should be held within 90 days since the date of adopting the decision by the Company's Board of directors on its holding.

12.10. During the preparation of extraordinary general meeting of shareholders the agenda of which contains the issue of election of the Company's Board of directors, shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares have (has) the right to nominate candidates to the Company's Board of directors, the number of which may not exceed the quantitative limits of the Board of directors established by the present Articles of association. Such proposals should be submitted to the Company not later than 30 days prior to the date of holding extraordinary general meeting of shareholders.

12.11. The list of persons entitled to participate in general meeting of shareholders is made up on the basis of the data of the register of the Company's shareholders.

The date of drawing up the list of persons entitled to participate in annual general meeting of shareholders is set not earlier than the date of adopting the decision to hold annual general meeting of shareholders, but not more than 50 days and not less than 45 days prior to the date of the meeting holding.

The date of drawing up the list of persons entitled to participate in extraordinary general meeting of shareholders is set not earlier than the date of adopting the decision on holding extraordinary general meeting of shareholders, but not more than 50 days and not less than 35 days prior to the date of its holding.

The date of drawing up the list of persons entitled to participate in extraordinary general meeting of shareholders, the agenda of which contains the issue of election of the Company's Board of directors is set not earlier than the date of adopting the decision on holding extraordinary general meeting of shareholders, but not more than 65 days prior to and not later than the date of communication on holding extraordinary general meeting of shareholders.

12.12. Communication on holding general meeting of shareholders should be made public not later than 30 days prior to the date of its holding, except for the case when extraordinary shareholders general meeting is to be held within 40 days since the time of demand to hold it (since the time of adopting the decision on its holding) and the communication on the meeting holding is to be made not later than 20 days prior to the date of its holding.

Communication about holding general meeting of shareholders should be sent within established deadlines to each person indicated in the list of persons entitled to participate in general meeting of shareholders, by registered mail or served to each of the said persons with receipt acknowledgement and published in "Rossiiskaya gazeta" newspaper.

12.13. The following information (materials) is provided to the persons entitled to participate in general meeting of shareholders, in the procedure and at the address (addresses) specified in the communication about holding general meeting of shareholders:

Annual accounting statement, including audit opinion, opinion of the Company's Auditing committee based on the results of annual accounting statement audit,

Information about candidates to the Company's Board of directors and the Company's Auditing committee,

Draft of modifications and amendments to be introduced to the Company's Articles of association, or draft of the Company's Articles of association as restated,

Drafts of the Company's internal documents,

Drafts of other documents, the adoption of which is stipulated by the drafts of resolutions of general meeting of shareholders,

Drafts of resolutions of general meeting of shareholders,

Other information (materials) required for provision in accordance with current legislation,

Other information (materials) for passing the resolutions on the agenda issues of general meeting of shareholders included by the Board of directors in the list of information (materials) distributed among shareholders during the preparation of general meeting of shareholders.

12.14. General meeting of shareholders is competent (there is quorum) if shareholders possessing in aggregate more than half of votes of the Company's outstanding voting shares have participated in it.

Shareholders registered for participation in the meeting and shareholders whose ballots are received not later than two days prior to the date of general meeting of shareholders are considered to have participated in general meeting of shareholders. Shareholders whose ballots are received before the end date of ballot receipt are considered to have participated in general meeting of shareholders held in form of absentee voting.

12.15. If in the agenda of general meeting of shareholders there are issues the voting on which is carried out by different number of voters, the quorum for decision-making on these issues is determined separately. However, the absence of quorum for decision-making on issues the voting on which is carried out by one composition of voters does not interfere with decision-making on issues the voting on which is carried out by the other composition of voters and the quorum is available for passing the resolution.

12.16. If the quorum is not available for holding annual general meeting of shareholders, a repeated annual general meeting of shareholders with the same agenda should be held. If there is no quorum for holding extraordinary general meeting of shareholders, a repeated extraordinary general meeting of shareholders with the same agenda may be held.

A repeated general meeting of shareholders is competent (quorum is available) if shareholders possessing in aggregate at least 30% of votes of the Company's outstanding voting shares have participated in it.

Communication on holding a repeated general meeting of shareholders is released and voting ballots are forwarded (served) not later than 20 days prior to the date of holding a repeated general meeting of shareholders.

Communication on holding a repeated general meeting of shareholders the agenda of which contains the issue of the Company's reorganization is released not later than 30 days prior to the date of holding a repeated general meeting of shareholders.

When holding a repeated general meeting of shareholders in less than 40 days after the failed general meeting of shareholders, the persons entitled to participate in general meeting of shareholders are defined in accordance with the list of persons who had the right to participate in the failed general meeting of shareholders.

12.17. The person who is acting as a single executive is the chairman of general meeting of shareholders if the Company's Board of directors did not make other decision.

12.18. Other issues related to preparation and holding of annual and extraordinary general meetings of shareholders, including the procedure of conducting general meeting of shareholders are defined by the Regulation on the procedure of holding general meeting of the Company's shareholders to be approved by general meeting of shareholders.

### **Article 13**

#### **The Company's Board of directors**

13.1. The Board of directors is the Company's collegial management body performing corporate management of the Company's activities.

13.2. The Company's Board of directors consisting of 11 persons is elected annually by annual general meeting of shareholders by cumulative voting.

13.3. General meeting of shareholders has the right to pass the resolution on early termination of authorities of the members of the Board of directors. However, such a resolution may be passed only in regard to all members of the Board of directors concurrently.

In case of early termination of powers of the Board of directors the authorities of the new Board of directors are valid till the nearest annual general meeting.

13.4. The following issues are related to the competencies of the Company's Board of directors:

- 1) definition of priority trends of the Company's activities, including the approval of annual budget, the budgets for medium-term and long-term perspective, strategies and programs of the Company's development, introduction of modifications into the specified documents, consideration of the results of their fulfillment, and also consideration of other issues the decisions on which should be made by the Board of directors in accordance with the specified documents;

- 2) prior approval of operations which are beyond the scope established by the Company's annual budget;
- 3) convocation of annual and extraordinary general meetings of shareholders, excluding the cases statutory by item 8 of clause 55 of Federal law "On joint-stock companies";
- 4) approval of the agenda of general meeting of shareholders;
- 5) setting the date of drawing up the list of persons entitled to participate in general meeting of shareholders, and other issues within the competencies of the Company's Board of directors in accordance with the provisions of chapter VII of Federal law "On joint-stock companies" and related to the preparation and holding of general meeting of shareholders;
- 6) prior approval of the Company's annual report;
- 7) increase in the Company's authorized capital through the Company's placement of additional shares within the limits of authorized shares quantity, defined by the present Articles of association, excluding the cases statutory by sub-items 8,9 of item 12.2 of the present Articles of association;
- 8) the Company's placement of bonds and other issuing securities in case, when under the conditions of placement of the specified bonds and other issuing securities they are not convertible into the Company's shares;
- 9) decision making of establishing the procedure of determining interest (coupon) size on the Company's bonds;
- 10) decision making on early redemption, at the Company's discretion, of the bonds placed by the Company, the decision on their issue provides for the option of such redemption;
- 11) the Company's placement of bonds convertible into shares and of other issuing securities convertible into shares, if the specified bonds (other issuing securities) are placed by public offering and the convertible bonds (other issuing securities) may be converted into the Company's ordinary shares amounting to 25 and less percent of earlier placed ordinary shares;
- 12) determination of price (pecuniary valuation) of property, offering price and repurchase of issuing securities in cases statutory by Federal law "On joint-stock companies";
- 13) approval of decisions on issue of securities, prospectuses of securities, reports on the results of the Company's shares acquisition in order to pay them off, reports on the results of shares retirement, reports on the results of shareholders' demands of repurchase of shares held by them;
- 14) acquisition of shares, bonds and other securities placed by the Company;
- 15) determination of acquisition price of bonds placed by the Company or the procedure of its determination;
- 16) approval of the Company's registrar and terms and conditions of the contract with it, and also decision making on cancellation of the contract with it;
- 17) recommendations on profit distribution, including on the size of dividend on the Company's shares and the procedure of its payment and the Company's loss;
- 18) approval of internal document about dividends on the Company's shares, introduction of modifications and amendments into it, and also its acknowledgement as null and void;

- 19) the use of required reserve and other funds of the Company;
- 20) approval of internal document defining the procedures of internal control of the Company's financial and economic activities, introduction of modifications and amendments into the said document, and also its acknowledgement as null and void;
- 21) recommendations on the size of remuneration and compensations paid to the members of the Company's Auditing committee, approval of terms and conditions of audit services contract concluded with the Company's auditor, including determination of the amount of payment for audit services;
- 22) approval of Regulation on the Company's internal audit Department, introduction of modifications and amendments into the said document, and also its acknowledgement as null and void; prior approval of candidates for the post of the head of internal audit Department and release from office of the specified person on the Company's initiative, and also consideration of other issues the decisions on which should be made by the Board of directors in accordance with the Regulation on internal audit Department;
- 23) prior approval of a transaction or several interrelated transactions connected to acquisition, disposal or possibility of disposal by the Company directly or indirectly of property the cost of which is from 1 to 25% of the book value of the Company's assets defined by the data of its accounting statement at the last reporting date;
- 24) approval of transactions related to acquisition, disposal or possibility of disposal by the Company directly or indirectly of property the cost of which is from 25 to 50% of the book value of the Company's assets defined by the data of its accounting statement at the last reporting date, excluding the transactions made in the course of routine economic activities of the Company, the transactions related to the placement by subscription (realization) of the Company's ordinary shares and transactions related to the placement of issuing securities convertible into the Company's ordinary shares;
- 25) approval of related party transactions in cases statutory by chapter XI of Federal law "On joint-stock companies";
- 26) definition (change) of functional blocs of corporate structure and of basic functions of subdivisions comprising functional blocs of the Company's corporate structure (excluding the structure of regional subsidiaries and representation offices of the Company);
- 27) establishment of regional subsidiaries, opening of representation offices, their liquidation, approval of Provisions on regional subsidiaries and representation offices, introduction of modifications and amendments into them, and also acknowledgement of these Provisions as null and void;
- 28) prior approval of candidates for the post of heads of regional subsidiaries and representation offices, and dismissal of the specified persons from their posts on the Company's initiative;
- 29) appointment of single executive body (General Director), defining the term of his/her office, and also early termination of his/her office and conclusion of labor contract with him/her;
- 30) election (re-election) of the Chairman of the Company's Board of directors, of his/her deputy;

31) defining the term of office and numerical strength of collegial executive body (Management board), appointment of Management board members and early termination of their office;

32) prior approval of occupation by the person acting as the Company's single executive body, by members of the Company's Management board of the posts in management bodies of other entities;

33) permission to the person acting as single executive body to combine his/her functions with work in paid jobs in other entities;

34) establishment of permanent or provisional (for the solution of particular issues) committees of the Board of directors, approval of Provisions on committees, introduction of modifications and amendments into them, and also acknowledgement of such documents as null and void;

35) appointment and dismissal of the Company's corporate secretary, approval of the Regulation on corporate secretary and on the back office of corporate secretary, introduction of modifications and amendments into the said document, and also its acknowledgement as null and void;

36) approval of terms and conditions of contracts (supplementary agreements) concluded with General Director, members of the Management board, heads of regional subsidiaries and representation offices, director of internal audit Department, the Company's corporate secretary, and also consideration of issues the decisions on which should be made by the Board of directors in accordance with the specified contracts;

37) decisions making on the Company's participation in other business entities:

- on setting up an entity through incorporation;

- on joining as a member;

- on termination of membership, except for the cases of discontinuation of activities of an entity where the Company is a member;

- on the change of size of equity share, of par value of equity share, change of shares quantity or par value of shares belonging to the Company, except for the cases when the said changes result from abiding by decisions of authorized body of the entity where the Company is a member or the changes resulting from court enforcement action;

38) defining the Company's attitude on the issues of competencies of general meetings of members of business entities, where the Company is a member, in resolving the issues resulting in the Company's termination of membership in such entities, change of size of equity share, of par value of equity share, change of shares quantity or par value of shares belonging to the Company;

39) decisions making on the Company's participation in non-profit organizations, excluding the cases statutory by sub-item 21 of item 12.2 of the present Articles of association:

- on setting up an organization through incorporation;

- on joining as a member;

- on termination of membership, except for the cases of discontinuation of activities of organization where the Company is a member;

- on making additional contributions related to the Company's participation in non-profit organizations;

40) decisions making on the issues referred to the competencies of general meetings of members of business entities, where the Company is a sole member having the right of vote at general meetings of members;

41) approval of the Company's Corporate governance code, introduction of modifications and amendments into it;

42) approval of internal documents (document) defining the rules and approaches to disclosing the information about the Company, the procedure of using the information about the Company's activities, about the Company's securities and transactions with them, the information not being publicly accessible, introduction of modifications and amendments into the said documents, and also their acknowledgement as null and void;

43) approval of programs (procedures, other documents) of risks management in the Company, and also consideration of other issues the decisions on which should be made by the Board of directors in accordance with the said documents;

44) prior approval of appointment of a person in the Company whose functions comprise organization and maintenance of the process of risk management in the Company, and dismissal of this person from office on the Company's initiative, approval of terms and conditions of labor contract (supplementary agreements) with him/her, and consideration of issues the decision on which should be made by the Board of directors in accordance with the said contract;

45) approval of terms and conditions of liability insurance contracts of the Board of directors' members, the Management board members and the General Director of the Company, as well as of persons who had held or will hold the said posts in the Company's management bodies;

46) approval of other, in addition to those statutory by item 13.4 of the present Articles of association, internal documents of the Company regulating the issues comprising the competencies of the Company's Board of directors, excluding internal documents the approval of which as per the Company's Articles of association is referred to the competencies of shareholders' general meeting and the Company's executive bodies, introduction of modifications and amendments into the said documents, and also their acknowledgement as null and void;

47) prior approval of involving outside experts for value received to the audit of the Company's activities conducted by the Auditing committee;

determination of the procedure of payment and other material terms and conditions of participation of outside experts involved for value received to the audit conducted by the Auditing committee;

48) other issues statutory by Federal law "On joint-stock companies" and the present Articles of association.

13.5. The issues referred to the competencies of the Company's Board of directors may not be transferred for the solution to collegial or single executive body of the Company.

13.6. Decisions on the issues, specified in sub-item 7, 11, 24 of item 13.4 and also on the issue of proposing to general meeting of shareholders to reduce the Company's authorized capital to the amount which is less than its net asset value in

case, if based on the results of audit the Company's net asset value turned out to be less than the authorized capital, are adopted unanimously by all the members of the Company's Board of directors except for the votes of retired members of the Company's Board of directors.

Provided that undivided opinion of the members of the Company's Board of directors on the issue statutory by sub-item 24 of item 13.4 of the present Articles of association is not reached, following the decision of the Company's Board of directors the specified issue may be submitted to general meeting of shareholders for passing the resolution. However, the resolution on this issue is passed by a majority of votes of shareholders – owners of the Company's voting shares participating in the meeting.

Decisions on the issues specified in sub-item 25 of item 13.4 of the present Articles of association are adopted by a majority of votes of independent directors not related to settlement of transaction.

Provided that all the members of the Company's Board of directors are recognized to be persons concerned and (or) are not independent directors, the transaction may be approved by the resolution of general meeting of shareholders by a majority of votes of all shareholders – owners of voting shares not related to the transaction.

13.7. Other issues, besides those listed in item 13.6 of the present Articles of association, referred to the competencies of the Board of directors by Federal law "On joint-stock companies" and by the present Articles of association are adopted by a majority of votes of members of the Company's Board of directors participating in the meeting.

13.8. For the purposes of submitting the issue to the decision by the Board of directors, the issue being statutory by sub-item 23 of item 13.4 of the present Articles of association, the price of acquired or disposed of property (works, services) is compared with the book value of the Company's assets:

- when acquiring the property – acquisition price inclusive of VAT and other outlay taxes and dues;
- when disposing of or possibility of disposing of property – the price of property exclusive of VAT and other outlay taxes and dues, defined by parties to transaction, or book value of property – depending upon the fact what of these values will turn out to be more.

13.9. The procedure of convocation and holding of meetings of the Board of directors, the size and the procedure of payment of remunerations and compensations to the members of the Board of directors are defined by the Regulation on the Board of directors to be approved by general meeting of shareholders.

13.10. Meeting of the Board of directors is convoked by the Chairman of the Board of directors on his/her own initiative, upon a requisition of a member of the Board of directors, of a committee of the Board of directors, the Company's Auditing committee, the Company's auditor, single or collegial executive body of the

Company, and also upon a requisition of shareholders (shareholder) owning in aggregate at least 5% of the Company's voting shares.

13.11. The quorum for holding meetings of the Company's Board of directors is more than half of the number of elected members of the Board of directors.

13.12. Meetings of the Board of directors may be held in the form of compresence (including conference call) or absentee voting.

13.13. In determining the quorum and the results of voting at the Board of directors' meeting held in form of compresence, written opinion of a member of the Company's Board of directors absent at the meeting is taken into account.

13.14. In resolving the issues at a meeting of the Company's Board of directors, each member of the Board of directors has one vote. In adoption of decisions by the Board of directors, the Chairman of the Board of directors has the right of a casting vote in case of equality of votes of members of the Company's Board of directors.

13.15. The Chairman of the Company's Board of directors organizes its operation, convokes meetings of the Board of directors and presides over them, organizes taking of minutes at meetings, ensures effective operation of the committees of the Board of directors.

13.16. The Board of directors has the right to appoint a deputy to the Chairman of the Board of directors. In case of absence of the Chairman of the Company's Board of directors, his/her functions (including the right of signature of documents) are performed by his/her deputy, and in case of absence of the latter, by one of the members of the Board of directors by the decision of the Company's Board of directors adopted by a majority of votes of its members participating in the meeting.

## **Article 14**

### **The Company's Management board**

14.1. Management board is a collegial executive body organizing the performance of resolutions of shareholders' general meeting and decisions of the Company's Board of directors.

14.2. Term of office and numerical strength of the Company's Management board are defined by the Board of directors.

14.3. The Company's Management board members, except for the Company's Management board Chairman, are appointed by the Board of directors. In accordance with Federal law "On joint-stock companies" the person holding the post of General Director is vested with powers of Management board Chairman.

Proposal of nominating candidates to the Company's Management board should contain the name, place of employment, work status, information about holding posts in management bodies of other entities of each nominated candidate.

By the decision of the Company's Board of directors the authority of any member (all members) of the Company's Management board appointed by the Board of directors may be early terminated.

In case of an early termination of powers of separate members of Management board, the authority of reappointed members will be valid within the limits of the term for which the Company's Management board is formed.

14.4. The following issues of management of the Company's day-to-day operations are referred to the competencies of the Company's Management board:

1) elaboration of proposals on basic trends of the Company's activities, including the drafts of annual budget, budgets for medium-term and long-term perspective, strategies and programs of the Company's development, proposals on introducing modifications to the specified documents;

2) deciding the issues referred to the competencies of supreme management bodies of non-profit organizations where the Company is a sole promoter (member), excluding non-profit organizations where the supreme management body is formed without the promoter's (member's) involvement;

3) defining staff and social policy of the Company;

4) approval of internal document regulating general provisions of labor motivation, and also consideration and making decision on concluding collective bargaining contracts and agreements;

5) preparation of materials and drafts of resolutions on the issues subject to consideration by the Board of directors, excluding the issues statutory by sub-items 28, 29, 30, 31, 34, 36 of item 13.4 of article 13 of the present Articles of association and also the issues initiated in accordance with the Russian Federation legislation and the Company's Articles of association with indication of specific dates of their consideration by the Board of directors making it impossible to consider these issues by the Company's Management board in advance;

preparation of materials and drafts of resolutions on the issues subject to consideration by the committees of the Board of directors;

6) organizational-technical support of the Company's bodies activities;

7) defining technical, finance-economic and tariff policy of the Company and of regional subsidiaries;

8) defining accounting policy, control of perfection of the methods of bookkeeping and management accounting, and also of implementation of accounting of the Company and of regional subsidiaries as per international accounting standards;

9) defining the methods of planning, budgeting and controlling of the Company and of regional subsidiaries;

10) defining the policy of ensuring the security of the Company and of regional subsidiaries;

11) defining the procedure of vesting the property to regional subsidiaries and taking of property settled on regional subsidiaries;

12) defining the total number and appointment of members of collegial executive bodies of regional subsidiaries, and also early termination of their authority, approval of Regulation on collegial executive body of regional subsidiary;

13) prior approval of candidates for the posts of deputy heads, chief accountants of regional subsidiaries and representation offices and dismissal of the said persons from their posts on the Company's initiative;

14) approval of terms and conditions of contracts (supplementary agreements) concluded with the members of collegial executive bodies of regional subsidiaries, with deputy heads, chief accountants of regional subsidiaries and representation offices, and also consideration of issues the decisions on which should be made by Management board in accordance with the specified contracts;

15) analysis of the results of operation of the Company's structural subdivisions, including the separate ones, and the development of binding instructions on their operation improvement;

16) approval of internal documents regulating the issues within the competencies of the Company's Management board, excluding the documents approved by shareholders' general meeting and the Company's Board of directors;

17) approval (change) of the Company's corporate structure, including the approval of functions of structural subdivisions (excluding the structure and functions of representation offices and structural subdivisions of regional subsidiaries located outside the addresses of regional subsidiaries locations).

14.5. The Company's Management board also has the right to make decisions on other issues of the Company's day-to-day operations management on the instructions of the Company's Board of directors, at the proposals of the committees of the Company's Board of directors and the Company's General Director.

14.6. The procedure of convocation and holding of Management board meetings, and also the procedure of decision-making by Management board are established by the Regulation on the Company's Management board to be approved by general meeting of shareholders of the Company.

14.7. The rights, duties, and responsibility of the members of Management board are defined by Federal law "On joint-stock companies", by other legal acts of the Russian Federation and by the contract concluded by each of them with the Company.

The contract's terms and conditions should stipulate the right of Management board member for compensation of proven costs related to his/her performance of functions of Management board member and also the right to receive the remuneration, the size and the procedure of payment of which is defined by the Company's internal document to be approved by the Company's Board of directors.

## **Article 15**

### **The Company's General Director**

15.1. General Director is single executive body managing the Company's day-to-day operations. General Director is appointed by the Company's Board of directors.

Proposal of nominating a candidate to the post of the Company's General Director should contain the candidate's name, place of his/her employment, work status, information about holding posts in management bodies of other entities.

15.2. General Director makes decisions on the issues not referred by the present Articles of association to the competencies of shareholders' general meeting, of the Board of directors and Management board of the Company.

15.3. General Director acts as the Chairman of the Company's Management board.

15.4. General Director acts on behalf of the Company without the power of attorney, he/she represents the Company's interests, makes transactions on behalf of the Company, approves the staff, issues orders, and directions and gives instructions mandatory for execution by all employees of the Company.

The rights, duties, the size of labor remuneration and the responsibility of General Director are defined by the contract concluded by him/her with the Company. The contract with General Director is concluded for the term of his/her office defined by the Company's Board of directors.

15.5. The Company's Board of directors has the right at any time to make the decision on early termination of the authority of the Company's General Director and on cancellation of contract with him/her.

## **Article 16**

### **The Company's corporate secretary.**

#### **Back office of the Company's corporate secretary**

16.1. By the decision of the Board of directors, a special person may be appointed with the task to ensure the compliance with procedural requirements guaranteeing realization of rights and interests of the Company's shareholders by the Company's bodies and officials – the Company's corporate secretary.

16.2. The rights, duties, term of powers, size of remuneration of labor and responsibilities of the Company's corporate secretary are defined by the Company's internal documents, and also by the contract concluded by him/her with the

Company. The contract is signed on behalf of the Company by the Chairman of the Company's Board of directors.

16.3. With a view to ensuring efficient performance by the Company's corporate secretary of his/her duties the Company may set up a back office of the Company's corporate secretary; its composition, structure, headcount, and duties of employees are defined by the Company's internal document to be approved by the Board of directors.

## **Article 17**

### **Control of the Company's financial and economic activities**

17.1. To control its financial and economic activities the Company sets up Auditing committee, special structural subdivision – internal audit Department, as well as an independent auditor is involved.

17.2. Auditing committee is an independent controlling body of the Company, elected at annual general meeting of shareholders till the next annual general meeting of shareholders and consists of 5 persons.

Auditing committee is recognized as formed, if at least half of Auditing committee members, as defined by the present Articles of association, are elected to it.

17.2.1. The authority of separate members or of the entire Auditing committee may be early terminated by resolution of general meeting of shareholders.

In case of early termination of powers of the members of Auditing committee, the authority of the new Auditing committee shall be valid till the next annual general meeting of shareholders.

In case if actual headcount of Auditing committee is less than half of numerical strength of Auditing committee as defined by the present Articles of association, the Chairman of Auditing committee is to inform the Company's Board of directors within 5 days since the time of this event occurrence. The Board of directors is obliged to convoke extraordinary general meeting of shareholders to elect a new Auditing committee.

17.2.2. The competencies of Auditing committee comprise:

- verification of compliance of decisions and actions of the Company's executive bodies, including concluded contracts and made transactions, with the requirements of legal acts;

- verification of compliance of the procedure of bookkeeping and drawing up financial statements with existing regulatory documents;

- analysis of the Company's financial position;

- analysis of promptitude and accuracy of settlements with budgets of different levels and with the Company's shareholders;

- assessment of economic efficiency of financial and economic operations of the Company.

17.2.3. Audit of financial and economic activities of the Company by Auditing committee is conducted based on the results of the Company's operations for a year.

Audit of the Company's financial and economic activities is also conducted at any time:

- on the initiative of the Company's Auditing committee;
- by resolution of general meeting of shareholders of the Company;
- by decision of the Company's Board of directors;
- upon requisition of the Company's shareholder (shareholders) possessing in aggregate at least 10% of the Company's voting shares on all the issues of the competencies of general meeting of shareholders at the date of the requisition submitting.

17.2.4. Upon requisition of Auditing committee, the persons occupying posts in the Company's management bodies are obliged to present documents of financial and economic activities of the Company.

17.2.5. The procedure of Auditing committee operation and also the size and the procedure of payment of remuneration to Auditing committee members are defined by the Regulation on the Company's Auditing committee to be approved by general meeting of shareholders.

17.3. In order to secure constant internal control of all economic operations in the Company, internal audit Department – a special structural subdivision, independent of the Company's executive bodies is established in the Company. Its activities are supervised directly by the Company's Board of directors.

The functions of the specified structural subdivision, the procedure of its activities, the procedure of appointment of employees, requirements to them are defined by internal document to be approved by the Company's Board of directors.

17.4. To audit and verify the accuracy of annual financial statements, the Company annually employs a professional auditor not connected by property interests with the Company or its shareholders.

17.4.1. Auditor conducts auditing of the Company's financial and economic activities in accordance with legal acts of the Russian Federation on the basis of the contract concluded with it.

17.4.2. General meeting of shareholders approves the Company's auditor. Terms and conditions of the contract concluded with auditor, including the size of payment for its services are approved by the Company's Board of directors.

17.4.3. Audit of the Company's activities should be conducted at any time upon requisition of shareholders with cumulative share in the authorized capital of 10% or more. Shareholders – initiators of audit submit a written request to the Board of directors which should contain the cause of request, the name (names) of shareholders, quantity and category (type) of shares belonging to them, the signature of shareholder or of his/her authorized person. If the request is signed by authorized person, the document should have power of attorney enclosed.

## **Article 18**

### **Reorganization of the Company**

18.1. The Company may be voluntarily reorganized by resolution of general meeting of shareholders. Other grounds and the procedure of the Company's reorganization are defined by current legislation of the Russian Federation.

18.2. The Company may be reorganized in the form of merger, take-over, split-up, split-off and transformation to other form of incorporation in manner required by Federal law "On joint-stock companies".

## **Article 19**

### **Liquidation of the Company**

19.1. The Company may be liquidated voluntarily by resolution of general meeting of shareholders or upon court order, in cases and in manner required by current legislation.

19.2. In cases statutory by current legislation of the Russian Federation, the Company is obliged to pass the resolution on its voluntary liquidation.

19.3. In case if at voluntary liquidation of the Company, its property will be insufficient for settlement of debts with all creditors of the Company, the Chairman of the Company's liquidating committee appointed by general meeting of shareholders is obliged to apply to arbitration court with a petition to apply streamlined bankruptcy proceedings of the debtor to be dissolved in regard to the Company.