

## **APPROVED BY**

Resolution of the annual General Shareholders Meeting of OAO "Gazprom" held 28 June 2002, minutes No. 1, with amendments and supplements introduced by resolution No. 494 dated 5 September 2003 of the Board of Directors of OAO "Gazprom", resolution of extraordinary General Shareholders Meeting of OAO "Gazprom" held 16 November 2004, minutes No. 2, resolution of the annual General Shareholders Meeting held 24 June 2005, minutes No. 1, resolutions No. 801 dated 10 February 2006 and No. 829 dated 21 April 2006 of the Board of Directors of OAO "Gazprom", resolution of the annual General Shareholders Meeting of OAO "Gazprom" held 30 June 2006, minutes No. 1, resolution No. 988 dated 6 April 2007 of the Board of Directors of OAO "Gazprom", resolution of the annual General Shareholders Meeting held 27 June 2007, minutes No. 1, resolutions No. 1137 dated 6 March 2008, No. 1223 dated 5 June 2008, No. 1224 dated 5 June 2008 of the Board of Directors of OAO "Gazprom", resolution of the annual General Shareholders Meeting held 27 June 2008, minutes No. 1, resolutions No. 1252 dated 12 August 2008, No. 1270 dated 22 September 2008, No. 1344 dated 27 January 2009, No. 1436 dated 11 June 2009 of the Board of Directors of OAO "Gazprom", resolution of the annual General Shareholders Meeting of OAO "Gazprom" held 25 June 2010, minutes No. 1, resolution No. 1663 dated 27 October 2010 of the Board of Directors of OAO "Gazprom", resolution of the annual General Shareholders Meeting of OAO "Gazprom" held 30 June 2011, minutes No. 1.

## **ARTICLES OF ASSOCIATION OPEN JOINT-STOCK COMPANY "GAZPROM"**

### **CHAPTER I**

#### **General provisions. Legal status of the Company.**

##### **Article 1. General provisions.**

1.1. Open Joint-stock company "Gazprom" (further referred to as "the Company") is an open joint-stock company.

The Company, together with its subsidiary business entities (further referred to as subsidiary companies), conducting activities aimed at effective functioning and development of the Unified Gas Supply System to provide a reliable gas supply source to consumers, acts as a unified complex.

1.2. Founder of the Company is the Government of the Russian Federation.

1.3. The Company is established under the RF President's Decree No. 1333 "Transformation of State Gas Concern "Gazprom" into Russian joint-stock company "Gazprom" dated 5 November 1992, Council of Ministers' and RF Government's ordinance No. 138 "Foundation of Russian joint-stock company "Gazprom" dated 17 February 1993.

1.4. Legal status of the Company, shareholders' rights and duties are stipulated by these Articles of Association in accordance with the Civil Code of the Russian Federation, the Federal Law " On Joint-stock companies" and the Federal Law "Supply of gas in the Russian Federation".

The specifics of the Company's legal status as a company established after privatization of a state-owned enterprise with 25% equity owned by the state are determined by the Federal Law on privatization of state-owned and municipality-owned enterprises.

1.5. The Company is established for an indefinite period of time.

## **Article 2. Corporate name and location of the Company.**

2.1. Full corporate name of the Company in Russian language is открытое акционерное общество «Газпром».

Abridged corporate name of the Company in Russian language is ОАО «Газпром».

Abridged corporate name of the Company in English language is ОАО "GAZPROM".

2.2. Company location: Russian Federation, Moscow, 16 Nametkina St.

2.3. The Company has a round seal, stamps and blank forms with its full and/or abridged name, logo and information about the location; the Company can have a trademark (service mark) registered in accordance with the established procedure, as well as any other visual identifications.

## **Article 3. Purpose, objectives and nature of business of the Company.**

3.1. The Company is a commercial organization whose principal purpose is to achieve effective operations and secure profits in the sphere of supplying to domestic and foreign consumers gas, gas condensate, oil and refined products on the basis of direct contracts, as well as in the sphere of supplying gas outside Russia under interstate and intergovernment agreements.

The Company provides:

A uniform R&D and investment policy with regard to reconstruction and development of the Unified Gas Supply System;

Construction and financing high-pressure gas pipelines and branch lines for providing gas to villages;

Performance monitoring of the Unified Gas Supply System;

Short- and long-term forecasts, dedicated R&D, economical, social and other programs aimed at development of the System;

Obtaining licenses for exploration and subsoil use in the Russian Federation, as well as in the RF continental shelf and within the exclusive economic zone, as well as abroad;

Non-discriminating access of any organizations conducting business in the Russian Federation to free capacities of gas transportation and distribution networks owned by the Company in accordance with the procedure established by the Russian Federation Government;

Improvement in operating the Unified Gas Supply System, as well as improvement of forms and methods of managing this sphere;

Development and implementation of measures aimed at protecting the environment, protecting primordial living environment and traditional way of life of ethnic minorities, as well as rational use of energy-saving and environmentally-friendly technologies and power-saving equipment used for field development, production, transportation and processing of hydrocarbons or conducting any other business operations;

Protection of rights and lawful interests of the Company, provision of legal aid to its subsidiary companies.

### 3.2. Core business activities of the Company are:

Overall development of the gas supply system with maximum integration of economic capabilities and gas, oil and condensate production capabilities, manufacturing refined products and other products at minimum cost;

Performing investment activities under the law, including emission of securities (including shares, bonds and derivatives), buying and selling securities, providing investment services, creating investment institutions for securing the interests of the Company and its subsidiaries;

Supporting engineering design and field development, well construction, construction of gas pipelines and other gas supply facilities as well as social infrastructure facilities;

Management of the gas supply system, providing reliability and safety of operating gas facilities in accordance with the applicable standards and regulations;

Concentration of scientific and production potential for development and introduction of new advanced equipment, technologies and materials;

Carrying out prospecting, evaluation and exploration operations, development of gas, gas condensate, oil and oil/gas condensate fields with integrated development of gas, oil and gas condensate resources and introduction of advanced prospecting, exploration and production techniques and advanced technologies of extracting valuable components contained in produced stream while observing the requirements on rational use and conservation of the subsoil and environmental enhancement;

Creating an economically viable complex for offshore gas, gas condensate and oil production where converted enterprises and fleet will be involved; using seabed for construction, operating and maintenance of the offshore oil and gas production facilities;

Development and operation of gas transportation systems and underground gas storages;

Design and expert evaluation of field development plans, well drilling operations, construction of new facilities, expansion, de-bottlenecking and technical upgrade of the existing facilities, commissioning of completed facilities according to the established procedure;

Production of natural gas, condensate, oil; natural gas, condensate, oil pipeline transportation services; natural gas storage;

Supplying (selling) natural gas, condensate, oil;

Participation in supplying gas to meet the uniform technical requirements on consumer gas supply;

Ensuring that subsidiary companies meet standards and regulations for construction, reconstruction and operation of the UGSS facilities;

Participation in addressing issues of manufacturing new gas-operated equipment, providing recommendations to subsidiary companies on decommissioning of inefficient gas-operated equipment;

Signing contracts and export of gas, condensate, oil and refined products under international agreements and direct contracts with foreign buyers in accordance with the established procedure of foreign economic activities;

Carrying out transactions related to export, import of goods and R&D services, developing new forms of mutually beneficial foreign economic relations, commercial and scientific cooperation with foreign companies;

Development of social sphere, strengthening its material base, providing on-site supplies and trade;

Create a safe work environment, development and approval of safety standards, norms and generic instructions; introduction of new means and methods of accident, fire, blowout prevention;

Development of a continuous personnel training and re-training system, setting up long-term training requirement plans, providing scientific and methodology framework for personnel training;

In conjunction with appropriate government agencies, prepare and take actions to provide mobilization and civil defense training;

Provide security for Company facilities and personnel, maintain economic security.

3.3. The Company is involved in foreign economic relations according to the established procedure, including:

Export and import operations;

Participates in design, construction and operation of gas facilities abroad on a contract basis;

Cooperates with foreign countries in R&D to achieve dynamic development of the country's gas industry;

Hires foreign organizations and companies for construction of gas industry facilities in the Russian Federation and abroad;

As per the established procedure, creates in the Russian Federation and abroad joint organizations with foreign partners, hires foreign companies for providing services related to signing and executing foreign economic contracts, establishes abroad technical and technical-commercial centers (bureaus), representative offices, maintenance and service organizations, bases and warehouses;

Uses loans accommodated by Russian and foreign banks and commercial loans in foreign currency, buys currency in accordance with the procedure established by the law.

3.4. The Company has the right to conduct any other activities not prohibited by the Federal Laws.

#### **Article 4. Legal status of the Company.**

4.1. The Company is a legal entity, it enjoys civil rights and bears duties required for carrying out any business activities not prohibited by the Federal Laws.

Some types of activities, according to the list determined by the Federal Laws, shall only be carried out by the Company under a special permit (license).

4.2. The Company has a segregated property accounted in its own balance sheets (the Company balance sheet).

The Company is a proprietor of the property it was assigned as contributions to the charter capital by its shareholders, including the Russian Federation, and of the property generated as result of business activity, as well as of the property acquired on any other grounds authorized under law.

The Company is also a proprietor of the funds it received from selling securities owned by the Company.

4.3. The Company, in its own name, is entitled to buy, exercise property rights and personal non-property rights, bear responsibilities, act as claimant or respondent at the court of law.

4.4. The Company, according to the established procedure, is entitled to participate in establishing other organizations in the Russian Federation and abroad, buy interest (equity) in their charter capital, buildings, facilities, land, natural resource rights, securities as well as any other property which under law may be an object of property rights. The Company, according to the established procedure, is entitled to obtain subsoil use licenses and carry out licensed operations.

4.5. For the purpose of attracting extra funds, the Company is entitled to issue various types of securities whose circulation is authorized by the Federal Laws and international treaties of the Russian Federation, including registered shares, bonds and other securities, and determine issue and placing conditions according to the law and these Articles of Association.

4.6. At its own discretion, the Company makes plans for its operations depending on demand for products. For settlements between the organizations included in the Unified Gas Supply System, the Company shall determine internal settlement prices for gas and internal settlement tariffs for gas transportation services, as well as payment procedure for supplies of gas or any other products and gas transportation services.

4.7. The Company shall manage gas streams, provide flexible planning of gas production and supplies on a quarterly and monthly basis, depending on actual demand for gas in regions and individual consumers with proper consideration of production capabilities of the Company and its subsidiary companies.

The Company provides continuous dispatcher control over the functioning of the UGSS facilities as well as any gas supply facilities connected to the System at the tie-in points, centralized technical and dispatcher management of the connected facilities regardless of their owners. The Company provides gas suppliers and consumers with mandatory instructions on gas supply and gas consumption regimes in accordance with the legal acts applicable to this subject.

4.8. The Company shall assist the appropriate government agencies in preparing draft legal acts pertaining to subsoil use and gas industry matters, the Company shall prepare drafts and submit them for approval according to the established procedure.

4.9. With regard to gas, gas condensate and liquefied gases production, processing, transportation and storage facilities, as well as with regard to using gas as motor fuel for transport carriers, the Company shall:

Participate in developing construction standards and regulations approved in accordance with the established procedure;

Participate in developing and submits for approval in accordance with the established procedure state and industry design regulations as well as industry construction standards;

Participates in developing and submits for approval in accordance with the established procedure safety regulations for operating the above facilities.

4.10. By resolution of appropriate government agencies, Company representatives have the right to participate in negotiations for signing interstate and intergovernmental agreements on supplies of gas and condensate (oil) by the Company.

4.11. Interaction between the Company and government or local authorities in the territories where the Company operates shall be governed by treaties and agreements which honor interests of the Company and population of such territories.

4.12. The Company has the right, in accordance with the established procedure, to open bank accounts in the Russian Federation and abroad.

4.13. The Company shall be liable against its obligations within all the property it holds. The Company shall not be liable against obligations of the Russian Federation and other shareholders. The Company shareholders, including the Russian Federation, shall not be liable against the Company obligations and carry the risk of loss in connection with Company operations within the cost of their shares, except as provided by p. 3, Article 3 Federal Law "On Joint-stock companies" and other Federal Laws.

4.14. In accordance with the established procedure, the Company has the right to establish branch offices and representative offices acting under regulations on such offices, both in the Russian Federation and abroad.

Branch offices and representative offices are not legal entities, their managers act on behalf of the Company on the basis of letters of attorney. The Company has branch offices "Avtopredpriyatiye OAO Gazprom" in Moscow, "Auxiliary buildings management branch office of OAO Gazprom" in Moscow; branch offices "Bogorodskoye Reception House", "Morozovka Resort" and "Soyuz Resort" in Moscow Region, "Corporate security service of OAO Gazprom" in Moscow, "Central inter-regional security department of OAO Gazprom" in Moscow Region, "North-West inter-regional security department of OAO Gazprom" in St. Petersburg, "South inter-regional security department of OAO Gazprom" in Krasnodar, "Provolzhskoye inter-regional security department of OAO Gazprom" in Samara, "North-Urals inter-regional security department of OAO Gazprom" in Novy Urengoy, South-Urals inter-regional security department of OAO Gazprom" in Yekaterinburg, "Siberian inter-regional security department of OAO Gazprom" in Tomsk, "Far-East inter-regional security department of OAO Gazprom" in Khabarovsk; representative offices: in Ukraine in Kiev, in Yuzhno-Sakhalinskaya Region in Yuzhno-Sakhalinsk, in People's Democratic Republic of Algeria in Algiers, in Islamic Republic of Iran in Tehran, in Republic of Turkey in Ankara, in PRC in Beijing, in India in New Deli, in Federative Republic of Brazil in Rio-de-Janeiro, in State of Qatar in Doha, in Turkmenistan in Ashgabat, in Latvian Republic in Riga, in Republic of Kazakhstan in Astana, in Republic of Moldova in Chisinau, in Republic of Kyrgyzstan in Bishkek, in Republic of Belarus in Minsk.

Amendments to these Articles of Association, in connection with establishment of branch offices or opening representative offices as well as their liquidation, shall be made by the decision of the Company's Board of Directors. The said amendments shall come into effect for third parties from the moment when a notification is served to a body in charge of state registration of legal entities.

The Company also has the right, under law, to have equity in other joint-stock or any other business companies or partnership, including the right to have subsidiary and associated companies in the Russian Federation and abroad.

4.15. Subsidiary and associated companies are legal entities.

The Company shall not be liable against obligations of subsidiary and associated companies, subsidiary and associated companies shall not be liable against obligations of the Company, except as provided by the law.

4.16. The Company has the right to provide its employees with additional vacations, short hours and other social benefits. The Company may determine the part of net profit to be allocated among the Company employees, including when employees are retiring, as well as in the form of a cash remuneration, and can hand over to employees Company shares that the Company has on its balance sheet free of charge or at a discount.

## **CHAPTER II**

### **Charter capital of the Company.**

#### **Shares, bonds and other issued securities of the Company.**

#### **Net assets of the Company.**

#### **Article 5. Charter capital of the Company.**

5.1. The charter capital of the Company is 118367564500 rubles. The charter capital of the Company is divided into 23673512900 registered ordinary shares with par value 5 rubles each, bought by the shareholders.

5.1. The charter capital of the Company was established under law as contribution of the Company's founder by transferring 100 percent capital of the Company's enterprises, controlling blocks of shares (at least 51 percent) of subsidiary joint-stock companies established in accordance with Annex 2 to Decree #1333 dated 5 November 1992 of the RF President and interest (blocks of shares) owned by the State Gas Concern "Gazprom" in property of Russian and foreign enterprises, associations and organizations and other property owned by the aforementioned Concern whose privatization was not prohibited by the law.

The first issue of shares was placed in accordance with p. 4 of Decree #1333 dated 5 November 1992 of the RF President and p. 4 and 5 of Order #58-rp dated 26 January 1993 of the RF President.

5.3. When necessary, the charter capital of the Company can be:

Increased by increasing the par value of shares of issuing additional shares;

Reduced by reducing the par value of shares or reducing the number of shares, including by buying or redemption of part of the Company's placed shares in accordance with these Articles of Association.

Decision to increase the charter capital by increasing the par value of shares is made by the General Shareholders Meeting.

Additional shares may be placed by the Company only within the number of declared shares specified by the Company's Articles of Association.

Decision to increase the Company's charter capital by placing additional shares is made by the Company's Board of Directors, provided the Federal Law "On Joint-stock companies" does not specify that this matter is in the competence of the General Shareholders Meeting. Such decision should be made by all members of the Board of Directors unanimously, without votes of exiting members of the Company's Board of Directors.

Increasing the charter capital of the Company by issuing additional shares must comply with the requirements set out by Article 28, Federal Law "On Joint-stock companies". Decision to reduce the charter capital of the Company and to make relevant changes to the Company's Articles of Association is made by the General Shareholders Meeting according to the requirements set out by Articles 29 and 30, Federal Law "On Joint-stock companies".

#### **Article 6. Shares, bonds and other issued securities of the Company.**

6.1. All shares issued and placed by the Company are registered ordinary uncertified shares of equal par value.

Cost of share is expressed in rubles, regardless of form or method of payment.

6.2. If a share belongs to several persons, the Company shall treat all such persons as a single shareholder, they exercise their rights through one of them or through a common representative. Co-owners of one share are collectively liable against shareholder's obligations.

6.3. Shareholder's rights with regard to the Company shall be determined by the category and type of shares owned by shareholder.

6.4. Shareholders with Company's ordinary shares have the right to:

a) under the Articles of Association, take part at the General Shareholders Meeting with the right to vote on any issues within the purview of the General meeting;

b) receive dividends;

c) receive part of the Company's property in the event of liquidation.

Ordinary shares shall not be converted into privileged shares, bonds and other securities.

Each ordinary share of the Company gives the shareholder who owns such share the same scope of rights.

Company shareholders are entitled to alienate the shares they own without consent of other shareholders and the Company.

The rights of a Company's shareholder shall be exercised in accordance with the law, these Articles of Association and resolutions passed by the Company's management bodies within their purview as provided by these Articles of Association.

6.5. Shareholders are entitled to exercise their rights directly as well as through representatives who can be any third party, including other shareholders and Company's officers.

Shareholders may appoint their representatives as provided by the Civil Code of the Russian Federation and Federal Law "On Joint-stock companies".

6.6. The Company may issue and place bonds and other securities as provided by the legal acts of the Russian Federation on securities.

Bonds and other securities are placed by decision of the Board of Directors, except if placed by decision of the General Shareholders Meeting according to Article 39, Federal Law "On Joint-stock companies".

6.7. The Company provides security buyers with complete information about conditions specified by these Article of Association and other conditions of issue, placement and circulation of Company securities.

#### **Article 7. Funds and net assets of the Company.**

7.1. The Company shall create a reserve fund 7.3 percent of the charter capital. The reserve fund is made by mandatory annual deductions in the amount of 7.3 percent of the Company's net profit until the fund reaches the aforementioned value.

The reserve fund shall be used solely for covering Company's losses as well as for redemption of bonds and shares of the Company if no other funds are available.

7.2. The Company shall create an employee share ownership fund from net profit. This fund shall be used solely for buying shares of the Company sold by its shareholders for placement of such shares among Company employees.

In case if the Company shares bought from the employee share ownership fund are sold to employees at profit, the proceeds shall be allocated to the employee share ownership fund. Regulations of the employee share ownership fund shall be approved by the Board of Directors.

7.3. With a view to securing obligations of the Company, providing industrial and social development of the Company, appropriate designated funds shall be created from Company's profit or any other receipts.

7.4. Cost of the Company's net assets is based on the accounting data as specified by the law.

### **CHAPTER III**

#### **Placement by the Company of shares and other securities. Shares acquisition and buy-back.**

##### **Article 8. Placement by the Company of shares and other securities.**

8.1. The Company shall place shares and other securities in accordance with the requirements set out by Federal Law "On Joint-stock companies", Federal Law "Securities market" and other legal acts.

8.2. The Company is entitled to place additional shares and other securities by subscription or by other methods as provided by Federal Law "On Joint-stock companies".

8.3. The Company is entitled to place shares and other securities of the Company converted into shares by decision of the Company's Board of Directors, unless Federal Law "On Joint-stock companies" does not specify that such decisions fall within the purview of the General Shareholders Meeting. Decisions to place shares and securities converted into shares within the purview of the General Shareholders Meeting under Article 39, Federal Law "On Joint-stock companies", shall be made by three quarters majority of the shareholders, who own voting stock, participating in the General Shareholders Meeting.

8.4. Payment for additional shares of the Company placed by subscription is made at market value determined by the Company's Board of Directors under Federal Law "On Joint-stock companies", but not lower than par value, unless otherwise provided by Federal Law "On Joint-stock companies".

8.5. The shareholder's pre-emptive right to buy new issue of shares is exercised under Articles 40 and 41, Federal Law "On Joint-stock companies".

##### **Article 9. Acquisition by the Company of placed shares.**

9.1. The Company is entitled to buy the shares it placed by decision of the General Shareholders Meeting to reduce the charter capital of the Company by acquisition of part of the placed shares in order to reduce the total number of shares. The decision to reduce the charter capital by the aforementioned method shall not be made if par values of the shares remaining in circulation become lower than the minimum amount of the charter capital specified by Federal Law "On Joint-stock companies".

The shares bought by decision of the General Shareholders Meeting to reduce the charter capital are paid off after acquisition.

9.2. The Company is entitled to buy the shares it placed by decision of the Board of Directors. Such decision can be made if par value of the Company shares remaining in circulation is at least 90 percent of the Company's charter capital.

The acquired shares do not grant the right to vote, they are not included into the vote count, they do not generate any dividends. Such shares shall be sold for not less than their market value not later than within one year from their purchase date. Otherwise, the General Shareholders Meeting shall make a decision to reduce the charter capital by paying off the said shares.



9.3. Decision to buy shares should specify the categories (types) of shares to be bought, number of shares to be bought in each category (type), purchase price, form and method of payment, and the period during which the shares shall be bought.

Payment for the shares as they are bought is made in cash or other property of the Company. Purchase price is determined under Article 77, Federal Law "On Joint-stock companies". The period during which shares are bought shall not be less than 30 days.

9.4. Each shareholder who owns shares of certain categories (types), for which a decision to buy is made, is entitled to sell the said shares and the Company must buy such shares. If the total number of shares for which the nomination to buy was made is more than the number of shares which the Company is entitled to buy, the shares are bought from the shareholders proportionally to the declared demand to buy.

9.5. Not later than within 30 days before the beginning of the period during which shares will be bought, the Company shall notify its shareholders owning shares of certain categories (types) for which the decision to buy was made. Notification should contain details provided in the first paragraph of p. 9.3. of these Articles of Association.

9.6. Shares shall not be bought under circumstances specified by Article 73, Federal Law "On Joint-stock companies".

#### **Article 10. Share consolidation and split.**

10.1. Consolidation of the placed shares resulting in conversion of two or more shares of the Company into a single new share of the same category (type) may be carried out by decision of the General Shareholders Meeting. In this case, the Articles of Association shall be amended to set forth the par value and number of Company's placed and declared shares of certain category (type). If shareholder cannot buy a whole number of shares after consolidation, split shares (fractional shares) are created.

A fractional share grants shareholder who owns such share the rights granted by a share of certain category (type) in the scope equal to the fraction of the whole share it comprises.

10.2. By decision of the General Shareholders Meeting, the Company is entitled to fractionate the placed shares of the Company resulting in one share of the Company being split into two or more Company's shares of the same category (type). In this case, the Articles of Association shall be amended to set forth the par value and number of Company's placed and declared shares of certain category (type).

#### **Article 11. Redemption of shares by order of shareholders**

11.1. Shareholders who own voting stock have the right to order the Company to buy back all or part of the shares they own in the following cases:

Reorganization of the Company or making a major transaction for which approval decision is made by the General Shareholders Meeting in accordance with p. 3, Article 79, Federal Law "On Joint-stock companies";

Making amendments and supplements to the Articles of Association or approval of a new revision of the Articles of Association limiting their rights.

This order may be made by the shareholders who voted against the decisions the Company made or by those who did not take part in voting on these issues.

11.2. The list of shareholders having the right to order share redemption is made on the basis of the Company's Shareholder Register on the date when the list was made of persons who had the right to participate at the General Shareholders Meeting with agenda that included such items that could ensue the right to order share redemption.

11.3. Notification on holding the General Shareholders Meeting with agenda that includes the issues specified in p. 11.1. of this Article must include information about the right to order share redemption, price and procedure of share redemption.

11.4. Shareholder's order to buy back the shares he/she owns is sent in writing to the Company; it must contain information about shareholder's residence (location) and the number of shares that the shareholder orders to buy back. Shareholder signature on the redemption order, regardless whether it is of an individual or a representative, must be authenticated by either a notary or by the keeper of the Company's Shareholder Register.

Shareholders' orders to buy back their shares shall be presented to the Company not later than within 45 days from the date when the decision was made by the General Shareholders Meeting. Within 30 days upon expiry of the aforementioned period when shareholders can order redemption, the Company shall buy shares from the shareholders who ordered redemption.

11.5. The Company buys back shares at a price determined by the Company's Board of Directors, but not below the market price which must be determined by an independent assessor, without any price variations resulted from actions of the Company which caused the emergence of the right to order share assessment and redemption.

11.6. The total sum of funds allocated by the Company to buy back shares cannot exceed 10% of the Company's net assets cost on the date when the decision was made which resulted in the shareholders' right to order share redemption.

In case if the total number of shares ordered to be bought back exceeds the number of shares which can be bought by the Company, considering the above limitation, the shares are bought from the shareholders proportionally to the number of shares ordered to be bought back.

11.7. The shares bought back by the Company shall be at the disposal of the Company. These shares shall not grant the right to vote, not included into vote count, not generate dividends. These shares can be sold at a price not below their market price not later than within one year since the transfer of the ownership right for the shares to the Company, otherwise the General Shareholders Meeting shall make a decision to reduce the Company's charter capital by retirement of the said shares.

## **CHAPTER IV.**

### **Company dividends**

#### **Article 12. Dividends.**

12.1. The Company is entitled to pay dividends depending on performance during the first quarter, 6 months, 9 months of a fiscal year and/or performance of the fiscal year. Dividends are paid in cash.

12.2. Decision to pay dividends, including decision regarding the sum of dividends on shares of each category (type) is made by the General shareholder meeting upon the recommendation of the Board of Directors. The sum of dividends cannot exceed the sum recommended by the Board of Directors. The General Shareholders Meeting may decide not to pay dividends.

12.3. The Company cannot make decision (declare) to pay dividends on the shares:

Until full payment of the Company's charter capital;

Until redemption of all shares that must be bought back under Article 11 of these Articles of Association;

If, on the date when such decision is made, the Company has indications of insolvency (bankruptcy) in accordance with the RF laws on insolvency (bankruptcy) or if the said indications will result from payment by the Company of dividends;

If, on the date when such decision is made, the Company's net assets cost is less than its charter capital and the reserve fund, and if disposal value of the placed privileged shares exceeds the par value determined by the Articles of Association or becomes less as result of making such decision;

In other cases as provided for by the Federal Law.

12.4. The Company is obliged to pay the declared dividends on shares of each category (type). Dividends are paid from the Company's net profit. Dividends shall not be paid on the Company's shares which are on the balance sheet.

12.5. Dividend payment period and procedure are determined by the General Shareholders Meeting. Dividend payment period shall not exceed 60 days since the date when the decision to pay dividends is made. If dividend payment period is not determined by the General Shareholders Meeting, it is considered to be 60 days from the date when the decision to pay dividends is made. The Company has no right to provide preferential treatment in terms of dividend payment period to any specific owners of shares of a specific category (type). Payments of the declared dividends on shares of each category (type) must be made simultaneously to all owners of this category (type) of shares.

The list of persons having the right to receive dividends is made on the same date when the list of persons is made who have the right to participate at the General Shareholders Meeting where decision to pay such dividends is made. In order to prepare a list of persons having the right to receive dividends, the nominee shareholder provides information about the persons whose interests in owning shares he/she represents.

12.6. The Company has no right to pay declared dividends on shares:

If, on the date of payment, the Company has indications of insolvency (bankruptcy) in accordance with the RF laws on insolvency (bankruptcy) or if the said indications will result from payment by the Company of dividends;

If, on the date of payment, the Company's net assets cost is less than its charter capital and the reserve fund, and if disposal value of the placed privileged shares exceeds the par value determined by the Articles of Association or becomes less as result of making such decision;

In other cases as provided for by the Federal Law.

In case if the circumstances specified in this clause cease to exist, the Company is obliged to pay shareholders the declared dividends.

12.7. If, during the dividend payment period, the declared dividends are not paid to the person included in the list of persons entitled to receive dividends, such person has the right to request the Company to pay dividends within 3 years upon expiry of the aforementioned period.

The period when request can be made to pay declared dividends, in case it is omitted, shall not be restored, unless the person entitled to receive dividends did not make such request under the influence of violence or threat.

Upon expiry of the period specified in this clause, the dividends declared and not collected by shareholder are included into unallocated profit of the Company.

## **CHAPTER V**

### **Register of the Company Shareholders**

#### **Article 13. Register of the Company Shareholders.**

13.1. The Register of the Company Shareholders contains information about each registered person, number and categories (types) of shares registered by name of such person, other information as provided for by legal acts of the Russian Federation.

13.2. The Register of the Company Shareholders is kept and maintained by a designated registrar. The Register of the Company Shareholders shall be stored in the Russian Federation.

13.3. The keeping and maintaining of the Register of the Company Shareholders shall not relieve the Company from responsibility for keeping and maintaining the Register. The Company is responsible for timely registration, for completeness, accuracy and safety of the information contained in the Register of the Company Shareholders.

13.4. The person registered in the Register of the Company Shareholders shall timely inform the Register keeper about any changes of his/her personal details. In the event of failure to advise of any changes of his/her personal details, the Company and the registrar shall not bear responsibility for any loss resulted in this connection.

13.5. Entry is made into the Register of the Company Shareholders by order of a shareholder, a nominee shareholder or, in cases specified by Federal Law "On Joint-stock companies", by other persons not later than within three days from the moment when the documents specified by the RF legal acts are presented. The RF legal acts may stipulate a shorter period for making entries into the Register of the Company Shareholders.

13.6. Any denial to make entry into the Register of the Company Shareholders is not acceptable, unless as provided for by the laws of the Russian Federation. In case of denial to make entry into the Register of the Company Shareholders, the keeper of the Register, not later than within five days from the moment when request is given to make entry into the Register of the Company Shareholders, shall send to the person who ordered to make entry a reasoned notification of denial to make entry. Denial to make entry into the Register of the Company Shareholders can be appealed against at court. By court decision, the keeper of the Register must make the appropriate entry into the Register of the Company Shareholders.

13.7. By order of a shareholder or a nominee shareholder, the keeper of the Register must confirm such shareholder's rights for shares by providing an excerpt from the Register of the Company Shareholders. Such excerpt from the Register of the Company Shareholders is not a valuable security.

## **CHAPTER VI**

### **General Shareholders Meeting.**

#### **Article 14. General Shareholders Meeting.**

14.1. The supreme management body of the Company is the General Shareholders Meeting. The Company is obliged to hold the annual General Shareholders Meeting each year.

The annual General Shareholders Meeting is held not earlier than in two months and not later than in six months after the end of a fiscal year. The annual General Shareholders Meeting shall cover the issues pertaining to electing the Board of Directors of the Company, electing the Company's Audit Commission, approval of the Company's auditor, approval of annual reports, annual accounting statements, including profit and loss statements (profit and loss account) of the Company, as well as profit allocation, including payment (declaring) of dividends, and losses of the Company at the end of the fiscal year.

The annual General Shareholders Meeting can address other issues which fall within the purview of the Company's General Shareholders Meeting.

Other shareholders meetings held in addition to the General Shareholders Meeting are extraordinary/special shareholders meetings.

14.2. Any matters pertaining to preparations, convening and holding the Company's General Shareholders Meeting are subject to the requirements set out by Federal Law "On Joint-stock companies", these Articles of Association and Company by-laws.

In addition to the requirements set out by Federal Law "On Joint-stock companies" pertaining to preparations, convening and holding the Company's General Shareholders Meeting, the federal executive body in charge of securities market may set out extra requirements.

### **Article 15. Competence of the General Shareholders Meeting.**

15.1. The following falls within the purview of the General Shareholders Meeting:

- 1) Making amendments and supplements to these Articles of Association or approval of a new revision of the Articles of Association;
- 2) Reorganization of the Company;
- 3) Liquidation of the Company, appointment of a liquidation committee and approval of an interim or final liquidation balance sheets;
- 4) Determining the number of the Board of Directors members, election of the Board of Directors and termination of their authorities;
- 5) Determining the number, par value, category (type) of declared shares and rights such shares grant;
- 6) Increase of the charter capital of the Company by increasing shares par value as well as by placing additional shares by private subscription and in other cases when under Federal Law "On Joint-stock companies" making such decision falls within the purview of the General Shareholders Meeting.
- 7) Reduction of the charter capital by reducing share par value, by Company buying back part of the shares to reduce their total number, as well as by redemption of the shares acquired or bought back by the Company;
- 8) Electing members of the Company's Audit Commission and termination of their authorities;
- 9) approval of the Company's auditor;
- 9.1) Payment (declaring) of dividends at the end of the first quarter, 6 months or 9 months of a fiscal year;
- 10) Approval of annual reports, annual accounting statements, including profit and loss statement (profit and loss account) of the Company, as well as allocation of profit (including payment (declaration) of dividends, except for the profit allocated as dividends at the end of the first quarter, 6 months or 9 months of a fiscal year) and losses of the Company at the end of the fiscal year;
- 11) Determining the procedure of holding a General Shareholders Meeting;
- 12) Share split and consolidation;
- 13) Making decisions to approve deals as provided for by Article 83, Federal Law "On Joint-stock companies";
- 14) Making decisions to approve major transactions as provided for by Article 79, Federal Law "On Joint-stock companies";
- 15) Purchase by the Company of the placed shares as provided for by Federal Law "On Joint-stock companies";
- 16) Making decisions to participate in financial-industrial groups, associations and other amalgamations of commercial organizations;
- 17) Approval of by-laws regulating the Company's bodies;
- 18) Other issues as provided for by Federal Law "On Joint-stock companies".

15.2. Issues within the purview of the General Shareholders Meeting cannot be passed for handling to the Company's executive body.

Issues within the purview of the General Shareholders Meeting cannot be passed for handling to the Board of Directors, except the issues specified by Federal Law "On Joint-stock companies".

15.3. The General Shareholders Meeting does not have the right to consider and make decisions on issues not within its competence under Federal Law "On Joint-stock companies".

### **Article 16. Resolution of the General Shareholders Meeting.**

16.1. Except otherwise provided by the Federal Laws, the following shareholders have the right to vote at the General Shareholders Meeting on issues brought up to vote:

Shareholders who own ordinary shares of the Company;

Shareholders who own privileged shares of the Company as provided for by Federal Law "On Joint-stock companies".

A voting share of the Company is an ordinary share or privileged share granting the shareholder who owns it a right to vote on an issue brought up for vote.

16.2. Resolution of the General Shareholders Meeting on an issue brought up for vote is passed by majority of votes of the shareholders who own voting shares of the Company and take part in the General Shareholders Meeting, unless otherwise is provided for by Federal Law "On Joint-stock companies".

16.3. Resolution on issues specified in pp. 2, 6, 12-17 of p. 15.1. of these Articles of Association is made by the General Shareholders Meeting only at the suggestion of the Company's Board of Directors.

16.4. Resolution on issues specified in pp. 1-3, 5 and 15 of p. 15.1. of these Articles of Association is made by the General Shareholders Meeting majority of three quarter votes of the shareholders who own voting shares and take part in the General Shareholders Meeting.

16.5. The procedure of adopting by the General Shareholders Meeting of a decision related to the procedure of holding the General Shareholders Meeting is stipulated by an internal document approved by the General Shareholders Meeting.

16.6. The General Shareholders Meeting has no right to make decisions on issues not included in the agenda or change the agenda.

#### **Article 17. General Shareholders Meeting by absentee voting.**

17.1. Resolution of the General Shareholders Meeting can be adopted without holding a meeting (as a joint presence of the shareholders for discussing agenda items and adopting resolutions on issues brought up for vote) by way of absentee voting.

17.2. The General Shareholders Meeting cannot be held by absentee voting if the agenda includes the following items:

Election of the Board of Directors;

Election of the Company's Audit Commission;

Approval of the Company's Auditor;

Approval of annual reports, annual accounting statements, including profit and loss statements (profit and loss account of the Company) of the Company, as well as allocation of profit, including payment (declaring) of dividends, losses of the Company at the end of the fiscal year.

#### **Article 18. Vote count at the General Shareholders Meeting.**

18.1. Votes at the General Shareholders Meeting on the issue brought up for voting, where the right to vote belongs to the shareholders who own ordinary and privileged share of the Company, are counted for all voting shares in aggregate, unless otherwise is provided for by Federal Law "On Joint-stock companies".

#### **Article 19. Appealing against resolution of the General Shareholders Meeting.**

19.1. Shareholder has the right to appeal at court against a resolution adopted by the General Shareholders Meeting with contradictions to Federal Law "On Joint-stock companies", other legal acts of the Russian Federation, these Articles of Association, in case if such shareholder did not participate at the General Shareholders Meeting or voted against such resolution and such resolution infringes shareholder's rights and/or lawful interests.

Appeal to invalidate resolution of the General Shareholders Meeting can be submitted to court within three months from the date when the shareholder became or ought to become aware of the adopted resolution and of the circumstances that constitute the grounds for invalidating such resolution. Considering all circumstances, court may sustain the resolution appealed, if the vote of the shareholder could not influence voting results, infringements are not substantial and the resolution did not result in inflicting losses to such shareholder.

**Article 20. The right to participate in the General Shareholders Meeting.**

20.1. The list of persons who have the right to participate at the General Shareholders Meeting is made on the basis of the data contained in the Register of the Company Shareholders.

20.2. The date when the list of persons is made who have the right to participate at the General Shareholders Meeting cannot be determined earlier than the date when the decision was made to hold a General Shareholders Meeting and more than 50 days, and in the case provided for by Article 53, Federal Law "On Joint-stock companies" – more than 85 days prior to the date of the General Shareholders Meeting.

In case the General Shareholders Meeting is held where quorum and voting includes the ballots received by the Company according to paragraph 2, p. 1, Article 58, Federal Law "On Joint-stock companies", the date for making the list of persons having the right to participate at the General Shareholders Meeting shall be at least 35 days prior to the date of the General Shareholders Meeting.

20.3. For preparing the list of persons having the right to participate at the General Shareholders Meeting, nominee shareholder shall present data on the persons whose interests he/she represents as of the date when the list is made.

20.4. The list of persons having the right to participate at the General Shareholders Meeting contains the name (company name) of each person and details necessary for identification, the number and category (type) of shares with the right to vote, mailing address in the Russian Federation where notification about the General Shareholders Meeting, voting ballots and vote count report should be sent.

20.5. The list of persons having the right to participate at the General Shareholders Meeting is presented by the Company for familiarization by request of persons who are included in this list and have at least 1 percent of votes. In this case, documents details and mailing addresses of the individuals included in this list are disclosed with consent of these individuals.

By request of any interested person, the Company within three days shall provide an excerpt from the list of persons having the right to participate at the General Shareholders Meeting containing details of such person, or a statement that such person is not included in the list of shareholders having the right to participate at the General Shareholders Meeting.

20.6. Changes to the list of persons having the right to participate at the General Shareholders Meeting can only be made in case of restoration of infringed right of the persons not included in the list on the date it was made, or correcting errors made when the list was prepared.

**Article 21. Information about holding the General Shareholders Meeting.**

21.1. Notification about holding the General Shareholders Meeting shall be made not less than within 30 prior to the date of the General Shareholders Meeting.

In cases provided for by p. 2 and 8, Article 53, Federal Law "On Joint-stock companies", notification about holding an extraordinary General Shareholders Meeting shall be made not later than 70 days prior to the date of the extraordinary General Shareholders Meeting.

Within the time specified above, a message about holding the General Shareholders Meeting shall be published in newspapers "Russiyskaya Gazeta" and/or "Tribuna".

The Company is entitled to provide shareholders with additional information about holding the General Shareholders Meeting by other media (TV, radio).

21.2. The notification about holding the General Shareholders Meeting shall contain the following:

Full corporate name and location of the Company;

Form of holding the General Shareholders Meeting (joint presence or by absentee voting);

Date, location and time of the General Shareholders Meeting and, if under p. 2, Article 60, Federal Law "On Joint-stock companies", the filled out ballots can be sent to the Company, mailing address at which the filled ballots can be sent or, in case of absentee voting, the ballot receiving deadline and the mailing address at which the filled ballots should be sent;

The date when the list was made of the persons having the right to participate at the General Shareholders Meeting;

Agenda of the General Shareholders Meeting;

Procedure of familiarization with information (materials) subject to disclosure during preparation for the General Shareholders Meeting, and address (addresses) where familiarization can take place.

21.3. The information (materials) subject to disclosure to the persons having the right to participate at the General Shareholders Meeting during preparation for the General Shareholders Meeting comprises of annual accounting statements, including auditor's opinion, opinion of the Audit Commission of the Company after checking the annual accounting statements, information about candidate (candidates) to the Company's Board of Directors, Audit Commission, or draft amendments and supplements to the Articles of Association, or draft revision of the Articles of Association, draft internal documents of the Company, draft resolutions of the General Shareholders Meeting, information about shareholders agreements signed during the year prior to the date of the General Shareholders Meeting as specified by p.5, Article 32.1., Federal Law "On Joint-stock companies".

The list of additional information (materials) subject to mandatory disclosure to the persons having the right to participate at the General Shareholders Meeting during preparation for the General Shareholders Meeting can be specified by the federal executive body in charge of securities market.

The information (materials) specified in p. 21.2. and 21.3. of these Articles of Association shall be made available within 20 days or, if the General Shareholders Meeting agenda has reorganization item, within 30 days prior to holding the General Shareholders Meeting to the persons having the right to participate at the General Shareholders Meeting, for familiarization at the Company's executive body building or at any other locations addresses of which are indicated in the notification about holding the General Shareholders Meeting. The said information (materials) shall be made available to the persons participating at the General Shareholders Meeting when it is held.

By request of the person having the right to participate at the General Shareholders Meeting, the Company is obliged to provide copies of the aforementioned documents. Payment charged by the Company for such copies shall not exceed copying costs.

21.4. If the person registered in the Company's Register of Shareholders is a nominee shareholder, notification about holding the General Shareholders Meeting is sent at the address of the nominee shareholder, unless another mailing address where the notification about holding the General Shareholders Meeting should be sent is specified in the list of persons having the right to participate at the General Shareholders Meeting. In case if the notification about holding the General Shareholders Meeting is sent to the nominee shareholder, the nominee shareholder shall notify all clients according to the procedure and within the time specified by the legal acts of the Russian Federation or by an agreement with client.

## **Article 22. Proposals to the agenda of the General Shareholders Meeting.**

22.1. Shareholders (shareholder) owning, in aggregate, not less than 2 percent of the voting shares of the Company have (has) the right to add items to the agenda of the General Shareholders Meeting and nominate candidates to the Company's Board of Directors and the Audit Commission, the number of



candidates must not exceed the size of these bodies. Such proposals must arrive at the Company not later than 30 days after the end of a fiscal year.

22.2. In case if the proposed agenda of an extraordinary General Shareholders Meeting have an item on election of the Company's Board of Directors, shareholders (shareholder) owing, in aggregate, not less than 2 percent of the voting shares of the Company have (has) the right to nominate candidates to the Company's Board of Directors, the number of candidates must not exceed the size of the Company's Board of Directors. Such proposals must arrive at the Company not later than 30 days prior the date of holding an extraordinary General Shareholders Meeting.

22.3. Proposals to add items to the agenda of the General Shareholders Meeting and proposals to nominate candidates are made in writing, specifying the name (corporate name) of the shareholders (shareholder) making the proposal, the number and category (type) of the shares he/she owns, the proposals must be signed by the shareholders (shareholder).

22.4. The proposals to add items to the agenda of the General Shareholders Meeting must contain a wording of each proposed item; candidate nomination proposals must contain name and details of the identification document (series and/or number of document, date and place of issue, authority issued the document) of each nominated candidate, name of the body where the candidate is nominated, as well as any other information about the candidate provided for by the internal documents of the Company. A proposal to add items to the agenda of the General Shareholders Meeting must contain a wording of each proposed item.

22.5. The Company's Board of Directors is obliged to review the submitted proposals and make decision to include the proposed items into the agenda of the General Shareholders Meeting or to refuse to include the proposed items into the said agenda not later than within five days after expiry of the periods specified in p. 22.1. and 22.2. of these Articles of Association. The item proposed by the shareholders (shareholder) is subject to inclusion into the agenda of the General Shareholders Meeting as well as the nominated candidates are subject to inclusion into the list of candidates for voting, except in the below cases:

If shareholders (shareholder) exceeded the period specified in p. 22.1. 22.2. of this Article;

If shareholders (shareholder) are (is) not owners (owner) of the number of voting shares as specified in p. 22.1. 22.2. of this Article;

If the proposal does not meet the requirements set out in p. 22.3. and 22.4. of this Article;

If the item proposed to be put on the agenda of the Company's General Shareholders Meeting is not within the purview of the General Shareholders Meeting and/or does not meet the requirements set out by Federal Law "On Joint-stock companies" or other legal acts of the Russian Federation.

22.6. A motivated resolution of the Company's Board of Directors to refuse to include the proposed item into the agenda of the General Shareholders Meeting or proposed candidate into the list of candidates for voting is sent to the shareholders (shareholder) who proposed the item or nominated a candidate not less than within 3 days from the date of receipt.

Resolution of the Company's Board of Directors not to include the item into the agenda of the Company's General Shareholders Meeting or not to include the candidate into the list for voting, as well as evasion by the Board of Directors to make decision can be appealed against at court.

22.7. Besides issues proposed by shareholders to be included into the agenda of the Company's General Shareholders Meeting, as well as in case of absence of any such proposals, absence or insufficient number of candidates proposed by shareholders for creation of a management body, the Company's Board of Directors has the right to add to the agenda of the General Shareholders Meeting items or nominate candidates into the list of candidates at the discretion of the Board of Directors.

### **Article 23. Preparation for the General Shareholders Meeting**

23.1. During the preparation for the General Shareholders Meeting, the Board of Directors shall:

Determine the form in which the General Shareholders Meeting will be conducted (physical attendance or absentee voting);

Set the date, venue and time for the General Shareholders Meeting, and the postal address to which completed ballots should be sent, if those are allowed to be sent to the Company pursuant to the Clause 3 of the Article 60 of the Federal Law "On Joint-Stock Companies"; or, in case of absentee voting, set the deadline for acceptance of ballots and the postal address to which such ballots should be sent;

Set the deadline for making the list of persons entitled to participate in the General Shareholders Meeting;

Determine the agenda of the General Shareholders Meeting;

Determine the procedure for notifying the shareholders of the General Meeting;

Determine the list of information (materials) to be provided to the shareholders in preparation for the General Meeting, and the procedure for providing such information;

Determine the form and wording of the voting ballot in case of vote by polls.

23.2. The agenda of the annual General Shareholders Meeting must contain items concerning the election of the Company's Board of Directors and Audit Commission members, approval of the Company's auditor nomination, approval of annual statements and annual accounting reports, including Company's profit and loss statements (profit and loss accounts) as well as profit distribution, including payment (declaration) of the Company's dividends, and loss distribution based on the Company performance during the fiscal year.

#### **Article 24. Extraordinary General Shareholders Meeting**

24.1. An extraordinary General Shareholders Meeting can be held by resolution of the Board of Directors at its own initiative, or at the request of the Company's Audit Commission or the Company's Auditor, or shareholders (a shareholder) who own(s) not less than 10% of the Company's voting shares as of the date of the request.

An extraordinary General Shareholders Meeting at the request of the Company's Audit Commission, or the Company's Auditor or its shareholder(s) owning not less than 10 per cent of the Company's voting shares shall be convened by the Company's Board of Directors.

24.2. An extraordinary General Shareholders Meeting called at the request of the Company's Audit Commission, or the Company's Auditor, or its shareholder(s) owning not less than 10 per cent of the Company's voting shares shall be held within 40 days of the date the corresponding request is presented.

If the proposed agenda of the extraordinary General Shareholders Meeting contains an item regarding the election of the Company's Board of Directors' members, such extraordinary meeting shall be held within 70 days the corresponding request is presented.

24.3. Where, in accordance with provisions of the Articles 68-70 of the Federal Law "On Joint-Stock Companies", the Company's Board of Directors should make a decision about holding an extraordinary General Shareholders Meeting, such General Shareholders Meeting shall be held within 40 days the corresponding decision is made by the Company's Board of Directors.

Where, in accordance with provisions of the Federal Law "On Joint-Stock Companies", the Company's Board of Directors shall make a decision about holding an extraordinary General Shareholders Meeting in order to elect members of the Company's Board of Directors, such General Shareholders Meeting should be held within 90 days the corresponding decision is made by the Company's Board of Directors.

24.4. The request for holding an extraordinary General Shareholders Meeting shall specify items to be included into the Meeting's agenda. Such request may contain wordings of draft resolutions on each of the items along with a proposal on the form in which the General Shareholders Meeting should be conducted. If the request for holding an extraordinary General Shareholders Meeting contains a proposal

on nominations to the Board, such proposal shall be subject to relevant provisions of the Article 53 of the Federal Law “On Joint-Stock Companies”.

The Board of Directors shall have no right to amend either wordings of the proposed items on the agenda or draft resolutions, nor shall it change the proposed form for conducting an extraordinary General Shareholders Meeting if requested by the Company’s Audit Commission, the Company’s Auditor or shareholders (a shareholder) owning not less than 10% of the Company’s voting shares.

24.5. Where an extraordinary General Shareholders Meeting is requested by a shareholder (shareholders), the corresponding request shall specify the name(s) of the shareholder(s) making the request for such convocation, and shall give details of the number and category (type) of shares owned by them.

The request for an extraordinary General Shareholders Meeting shall be signed by those requesting it.

24.6. Within 5 days of the date a request for convocation of an extraordinary General Shareholders Meeting is presented by the Company’s Audit Commission, the Company’s Auditor or its shareholders (a shareholder) owning not less than 10% of the Company’s voting shares, the Company’s Board of Directors shall make a resolution on calling an extraordinary General Shareholders Meeting or a resolution with a refusal to do so.

The decision with a refusal to convene an extraordinary General Shareholders Meeting requested by the Company’s Audit Commission, the Company’s Auditor or shareholders (a shareholder) owning not less than 10% of the Company’s voting shares, may be taken if:

the procedure for presenting the request to convene an extraordinary General Shareholders Meeting specified herein has not been complied with;

the shareholders requesting the meeting do not own the number of Company’s voting shares specified by the Clause 24.1 herein;

neither item proposed for an inclusion into the agenda of the extraordinary General Shareholders Meeting falls within the Meeting’s competence and (or) meets the requirements of the Federal Law “On Joint-Stock Companies” or other statutes of the Russian Federation.

24.7. The decision of the Company’s Board of Directors on calling an extraordinary General Shareholders Meeting or a well-founded decision with a refusal to do so, shall be delivered to the persons who have requested the meeting, no later than 3 days after such a decision is made.

The Company’s Board of Director’s decision refusing to convene an extraordinary General Shareholders Meeting may be challenged in court.

24.8. Should the Company’s Board of Directors, within the timeframe set forth in the Clause 24.6 herein, fail to take a decision on calling an extraordinary General Shareholders Meeting or a resolution with a refusal to convene it, such Meeting may be called by the bodies and persons requesting it. In such a case, the bodies and persons that convene the extraordinary General Shareholders Meeting shall have powers and authorities as per the Federal Law “On Joint-Stock Companies” adequate for convocation and holding a General Shareholders Meeting.

In this situation, all costs associated with a preparation and holding the General Shareholders Meeting may be reimbursed at the expense of the Company by resolution of the General Shareholders Meeting.

## **Article 25. Counting Board.**

25.1. Pursuant to Federal Law “On Joint-Stock Companies”, the duties of the Company’s Counting Board shall be carried out by the Company’s registrar.

25.2. The Counting Board shall verify the authority and register persons participating in the General Shareholders Meeting, determine the quorum of the General Shareholders Meeting, clarify matters arising in connection with the exercise of shareholders’ (or their representatives’) rights to vote at the General

Meeting, clarify the voting procedure on items put to the vote, enforce the established voting procedure and the rights of shareholders to participate in the voting, count votes and sum up the results of the vote, draft a report on the results of the vote and hand over voting ballots to the records repository.

**Article 26. Procedure for shareholders' participation in the General Shareholders Meeting.**

26.1. The right to participate in the General Shareholders Meeting shall be exercised by the shareholder in person or via his/her representative.

The shareholder may at any time replace his/her representative at the General Shareholders Meeting or take part in the Meeting in person.

A shareholder's representative at the General Shareholders Meeting shall act in accordance with powers based on provisions of Federal Laws, or statutes of duly authorized state bodies or local government bodies, or the power of attorney made up in writing. A proxy card shall contain personal data of the represented entity and the representative (for the individual: name, details of the identity document (series and (or) reference number, date and place of issue, authority issued the document), for the legal entity: name of the entity, details of its location). The proxy card shall be completed in accordance with the requirements of Clauses 4 and 5 of the Article 185 of the Russian Federation's Civil Code or shall be notarized.

26.2. Where a share is transferred after the date on which a list of persons authorized to participate in the General Shareholders Meeting is issued, and prior to the date of the General Shareholders Meeting, a person included into such list should issue a proxy card in favour of the transferee or vote at the General Meeting following instructions received from the transferee. Such procedure shall be applicable to any further transfer of the share.

26.3. Where a Company's share is in joint shared ownership by several entities (persons), powers to vote at the General Shareholders Meeting shall be exercised at their discretion by one of the co-owners or by their common representative. Authorities of each of specified entities (persons) shall be duly recorded.

**Article 27. Quorum for the General Shareholders Meeting.**

27.1. A General Shareholders Meeting shall be deemed to be legally constituted (having the quorum) if it is attended by shareholders owning more than a half of the Company's placed voting shares in the aggregate.

Such shareholders who have registered for the Meeting, and whose ballots were received at least two days prior to the date of the meeting shall be deemed to have participated in the General Shareholders Meeting. Such shareholders whose ballots had been received by the deadline for accepting ballots shall be deemed to have taken part in the General Shareholders Meeting conducted in the form of absentee voting.

27.2. If the agenda of the Meeting includes items to be voted on by different groups of voters, the quorum for voting on these items shall be determined separately. In this case, the absence of a quorum for making resolutions on items to be voted on by one group of voters shall not prevent resolutions from being made on items to be voted on by another group of voters for which a quorum is present.

27.3. Should there be no quorum for an annual General Shareholders Meeting, a new General Shareholders Meeting shall be held with the same agenda. In the absence of a quorum for an extraordinary General Shareholders Meeting, a new General Shareholders Meeting may be held with the same agenda.

The repeat General Meeting shall be deemed to be legally constituted (having a quorum) if it is attended by shareholders owning at least 30 per cent of the Company's placed voting shares.

A notification of the repeat General Shareholders Meeting shall be made in accordance with the requirements of the Article 52 of the Federal Law "On Joint-Stock Companies". In such case, provisions of the second paragraph of the Clause 1 of the Article 52 of the Federal Law "On Joint-Stock Companies" shall not apply. A handover, submission and release of voting ballots for the repeat General Shareholders

Meeting shall be performed in accordance with the requirements of the Article 60 of the Federal Law "On Joint-Stock Companies".

27.4. If the new General Shareholders Meeting is held less than 40 days after the failed General Meeting, persons to be granted the right to participate in the new General Meeting shall be determined in accordance with the list of persons who had the right to participate in the failed meeting.

#### **Article 28. Voting at the General Shareholders Meeting.**

28.1. Voting at the General Shareholders Meeting shall be conducted according to the principle of "one voting share of the Company = one vote", except for the cases of cumulative voting as provided in the Federal Law "On Joint-Stock Companies".

#### **Article 29. Voting ballot.**

29.1. Voting at the General Shareholders Meeting on the items of the agenda, including voting on the items of the agenda of the General Shareholders Meeting conducted in the form of absentee voting, shall be carried out by ballots.

29.2. If the General Shareholders Meeting is undertaken including by absentee voting, ballot forms shall be sent to shareholders by ordinary mail or handed over against signature to each person listed among those who have the right to participate in the General Shareholders Meeting no later than 20 days prior to the date of the General Shareholders Meeting.

29.3. When a General Shareholders Meeting is conducted except for General Meetings in the form of absentee voting, persons (or their representatives) listed among those who have the right to participate in the General Shareholders Meeting may take part in such Meeting or submit completed ballots to the Company. In such case, in determining a quorum and summing up voting results, only votes presented by voting ballots that have been received by the Company no later than two days prior to the date of the General Shareholders Meeting shall be counted.

29.4. The voting ballot shall contain:

the full official name and address of the Company;

indication of the format of the meeting (physical attendance or absentee voting);

the date, venue and time of the General Shareholders Meeting, and the postal address for sending completed ballot forms, if completed ballots may be sent to the Company in accordance with Clause 29.3 of this Articles of Association, or, in case of absentee voting, the deadline for accepting the ballots and the postal address for sending completed ballot forms;

draft resolutions on each item (name of each nominee) to be voted on by this specific ballot;

voting options on each item of the agenda expressed as 'in favor', 'against' or 'abstained';

a mention that the voting ballot must be signed by the shareholder.

In case of a cumulative voting, the voting ballot shall contain the respective note and an explanation of the essence of the cumulative voting procedure.

#### **Article 30. Procedure for counting votes when voting by ballots.**

30.1. In voting by ballots, only such votes shall be counted where a voter has chosen exclusively one option for a voted item. Completed ballots that do not meet this requirement shall be declared invalid and the votes contained therein shall not be counted.

If a ballot form contains several items voted on, the non-compliance with the above requirement in respect of one or several items shall not invalidate the entire ballot.

#### **Article 31. Minutes and report on the voting results.**

31.1. On completion of the voting, the registrar performing Counting Board duties shall make up minutes of the voting results and sign it. The minutes shall be drawn up within three business days of the close of the General Shareholders Meeting or the deadline for accepting ballots in case of a Meeting undertaken in the form of absentee voting.

31.2. After the minutes of the voting results is drawn up, and the minutes of the General Shareholders Meeting are signed, the ballots shall be sealed by the registrar and handed over to the Company's archives for safe-keeping.

31.3. The minutes on the voting results shall be attached to the minutes of the General Shareholders Meeting.

31.4. Resolutions adopted by the General Shareholders Meeting, together with the results of the voting, shall be announced thereat, and shall also be communicated to the persons entitled to participate in a General Shareholders Meeting, no later than 10 days after completing minutes on the voting results, in the form of a report on the voting results, as per the procedure provided for notification of the General Shareholders Meeting.

### **Article 32. Minutes of the General Shareholders Meeting.**

32.1. The minutes of the General Shareholders Meeting shall be drawn up no later than 3 business days after the close of the meeting in two counterparts. Both counterparts shall be signed by the Chairman of the Meeting and the Secretary of the Meeting.

32.2. The minutes of the General Shareholders Meeting shall indicate:  
the venue and time of the General Shareholders Meeting;  
total number of votes belonging to shareholders, owners of the Company's voting shares;  
the number of votes belonging to shareholders who attend the General Shareholders Meeting;  
the name of the chairman (names of the presidium) and the secretary of the General Shareholders Meeting, agenda of the Meeting.

The minutes of the General Shareholders Meeting shall contain summaries of the speakers' presentations, items put to the vote and the voting results on those as well as resolutions adopted by the General Shareholders Meeting.

## **CHAPTER VII**

### **Company's Board of Directors and Executive Bodies**

#### **Article 33. Company's Board of Directors.**

33.1. The Company's Board of Directors shall carry out an overall management of the Company activities except for such matters that have been referred to the competence of the General Shareholders Meeting by the Federal Law "On Joint-Stock Companies".

33.2. By resolution of the General Shareholders Meeting, members of the Company's Board of Directors may receive remunerations and (or) compensations towards expenses incurred in connection with performance of their duties as members of the Company's Board of Directors in the period of such duties performance. The amount of such remunerations and compensations shall be established by the resolution of the General Shareholders Meeting.

#### **Article 34. Competence of the Company's Board of Directors.**

34.1. The competence of the Company's Board of Directors shall include a resolution of issues associated with the overall management of the Company activities, except for such issues that have been

referred to the competence of the General Shareholders Meeting by the Federal Law "On Joint-Stock Companies".

The following matters fall within the competence of the Company's Board of Directors:

- 1) determining the priority lines of the Company's business, approval of long-term plans and main programs of the Company's business, including annual budget and investment programs of the Company;
- 2) convocation of annual and extraordinary General Shareholders Meetings, except for the cases stipulated by the Clause 8 of the Article 55 of the Federal Law "On Joint-Stock Companies";
- 3) approval of the agenda for the General Meeting of Shareholders;
- 4) determining the date to issue the list of persons entitled to attend the General Meeting of Shareholders, preliminary approval of the Company's annual statement and other matters referred to the competence of the Company's Board of Directors in accordance with provisions of Chapter VII and other provisions of the Federal Law "On Joint-Stock Companies" and connected with preparation and holding of the General Meeting of Shareholders;
- 5) making resolutions on increasing the Charter Capital of the Company by placement of additional shares within the number and categories (types) of shares, unless such resolution falls within the competence of the General Shareholders Meeting pursuant to the Federal Law "On Joint-Stock Companies";
- 6) placement of the Company bonds and other equity securities in cases stipulated by the Federal Law "On Joint-Stock Companies";
- 7) determining the price (monetary value) of the property, placing and repurchase price for equity securities in cases stipulated by the Federal "On Joint-Stock Companies";
- 8) acquisition of outstanding shares, bonds and other securities in cases stipulated by the Federal Law "On Joint-Stock Companies";
- 9) establishing executive bodies of the Company and early termination of their powers, determining the amount of the remuneration and compensations payable to the Chairman of the Company Management Committee and members of the Company Management Committee, approval as to overlapping their positions with these in the management bodies of other organizations;
- 10) approval of nominations to the post of the Vice-Chairman of the Company Management Committee and dismissals from this post;
- 11) recommendations as to the amount of the remuneration and compensations payable to the Company's Audit Commission and determining the amount of payment for the Company's internal auditor services
- 12) recommendations as to the amount of the dividend payable on shares and its payment procedure;
- 13) use of the reserve fund and other funds of the Company;
- 14) approval of internal documents/by-laws of the Company, except for such internal documents/by-laws approval of which falls within the competence of the General Shareholders Meeting pursuant to the Federal Law "On Joint-Stock Companies", as well as other internal documents of the Company approval of which falls within the competence of executive bodies of the Company pursuant to the provisions of these Articles of Association;
- 15) establishment of branches and opening of representative offices of the Company and liquidation thereof, amending Company's Articles of Association accordingly;
- 16) approval of major transactions in cases stipulated by Chapter X of the Federal Law "On Joint-Stock Companies";
- 17) approval of transactions specified in Chapter XI of the Federal Law "On Joint-Stock Companies";
- 18) determining the procedures for settlement of transactions;
- 19) determining the procedures for interaction with business entities and organizations in which the Company owns certain shares and interests, and making resolutions on matters that fall within the competence of the Company's Board of Directors pursuant to the procedure;

20) approval of the Company's registrar nomination and terms of agreement with him/her, as well as termination of the agreement;

21) establishing committees and commissions under the Company's Board of Directors, approval of their memberships and corresponding regulations;

22) making resolutions with regard to the Company's participation and withdrawal from participation in other organizations (except for such organizations that are indicated in the sub-clause 18 of the Clause 1 of the Article 48 of the Federal Law "On Joint-Stock Companies";

23) other matters of the Company's business activities.

26) other issues stipulated by the Federal Act "On Joint -Stock Companies".

34.2. Matters referred to the competence of the Company's Board of Directors may not be transferred for resolution to the Company's executive body.

### **Article 35. Election of the Company's Board of Directors.**

35.1. Members of the Company's Board of Directors shall be elected at the General Shareholders Meeting per the procedure specified by the Federal Law "On Joint-Stock Companies" and these Articles of Association for a period until the next annual General Shareholders Meeting. If the annual General Shareholders Meeting was not conducted within the period specified by the Clause 1 of the Article 47 of the Federal Law "On Joint-Stock Companies", powers of the Company's Board of Directors shall terminate except for powers related to the preparation, convocation and conduct of the annual General Shareholders Meeting.

35.2. Persons elected to the Company's Board of Directors may be re-elected an unlimited number of times.

By resolution of the General Shareholders Meeting, powers of all members of the Company's Board of Directors may be terminated ahead of time.

35.3. Only an individual may be elected to the Board of Directors. A non-shareholder may be elected to the Company's Board of Directors.

Members of the collective executive body of the Company may not constitute more than one fourth of the Board. A person performing duties of the sole executive body may not at the same time be elected as a chairman of the Company's Board of Directors.

35.4. The size of the Company's Board of Directors shall be determined at the General Shareholders Meeting but may not be less than 9 members.

35.5. Members of the Company's Board of Directors shall be elected by a cumulative voting. For the cumulative voting, number of votes belonging to each shareholder shall be multiplied by the number of persons to be elected to the Company's Board of Directors. A shareholder may give votes thus obtained entirely for one nominee or distribute votes amongst two or more nominees.

Nominees with the greatest number of votes gained shall be deemed to have been elected to the Company's Board of Directors.

### **Article 36. Chairman of the Company's Board of Directors.**

36.1. The Chairman of the Company's Board of Directors shall be elected by members of the Company's Board of Directors from among them by the majority of the total number of votes cast by members of the Board of Directors of the Company.

The Company's Board of Directors shall elect a vice-chairman of the Board from amongst them by the majority of the total number of votes cast by members of the Board of Directors.

The Company's Board of Directors may at any time re-elect its chairman and/or its vice-chairman by the supermajority comprising of at least two thirds of the votes cast by members of the Board of Directors.

36.2. By resolution of the Company's Board of Directors, the General Shareholders Meeting may be



chaired either by the Chairman of the Board of Directors, or the Vice-Chairman, or the Chairman of the Company Management Committee.

36.3. It is the responsibility of the Chairman of the Company's Board of Directors to manage the Board's operations, convene meetings of the Company's Board of Directors and chair them, and make necessary arrangements for the minutes to be maintained during sessions.

36.5. In absence of the Chairman of the Company's Board of Directors, his/her duties shall be performed by the Vice-Chairman of the Board of Directors, and if the Chairman and Vice-Chairman are absent, by any member of the Company's Board of Directors on the resolution of the Company's Board of Directors.

### **Article 37. Meetings of the Company's Board of Directors.**

37.1. Meetings of the Company's Board of Directors shall be convened by the Chairman of the Company's Board of Directors at his/her own initiative, as well as at the request of a member of the Board of Directors, Company Management Committee, Chairman of the Company Management Committee, Audit Commission or the Company's auditor.

37.2. A quorum for the Company's Board-of-Directors' meeting on items of the agenda that require the majority of the votes of the Board's members attending the meeting shall make up more than half the number of elected members of the Board of Directors.

In the event that the number of the Company's Board-of-Directors' members is less than the stated quorum, the Company's Board of Directors shall make a resolution to conduct an extraordinary General Shareholders Meeting in order to elect new members to the Company's Board of Directors.

37.3. At the Company's Board-of-Directors' meeting, resolutions shall be made by the majority of the votes of the Board's members attending the meeting (simple majority of votes) unless otherwise provided by the Federal Law "On Joint-Stock Companies" or these Articles of Association.

In determining a quorum and results of voting on the agenda items decisions on which are made by the simple majority of votes, a written opinion of the Board's member who is absent at the meeting may be taken into account in cases and subject to the Company's Board-of-Directors Regulation which is adopted by the General Shareholders Meeting.

37.4. Resolutions of the Company's Board of Directors shall be passed in a unanimous vote, i.e. by all members of the Board of Directors, for the following issues:

- submission for consideration at the General Shareholders Meeting as well as inclusion into the General Shareholders Meeting's agenda of issues related to the Company reorganization or winding-up and appointment of the liquidation committee;

- consummation of the major transaction aimed at the property items with values from 25 to 50 per cent of the net book value of the Company assets at the date on which a decision to make such transaction is made;

- placing of the Company's bonds convertible to shares and other equity securities convertible to shares;

- increasing the Company's charter capital by placing additional shares within the number of shares.

When the Company's Board of Directors makes decisions requiring a unanimous vote, votes of retired members of the Board shall not be taken into account.

37.5. The following resolutions shall be made by the supermajority of votes, at least two thirds of the Board-of-Directors votes:

- concerning a refusal to convene an extraordinary General Shareholders Meeting;

- concerning a refusal to include any item into the General Shareholders Meeting agenda, or to include a nominee into the list of nominees for election to the Company's Board of Directors or Audit Commission in cases stipulated by the Clause 6 of the Article 55 and Clause 5 of the Article 53 of the Federal Law "On Joint-Stock Companies", respectively;

concerning a re-election of the Chairman of the Company's Board of Directors and/or its Vice-Chairman ahead of time.

When the Company's Board of Directors makes decisions requiring the supermajority of votes, votes of retired members of the Board shall not be taken into account.

37.6. Such resolutions of the Company's Board of Directors that require a unanimous vote or the supermajority of votes shall be adopted solely at the Company's Board-of-Directors' meetings in physical presence of the Board-of-Directors' members by voting in person.

Other resolutions may be adopted by absentee voting (by way of circulation).

37.7. The procedure for convocation and conduct of the Company's Board-of-Directors' meetings, as well as passing resolutions by absentee voting by the Company's Board of Directors shall be determined by the Board-of-Directors Regulation to be adopted at the General Shareholders Meeting.

37.8. Members of the Company's Board of Directors shall personally perform their duties associated with their membership in the Board of Directors. Neither appointments of representatives by members of the Board of Directors to attend Board-of-Directors' meetings nor delegation of powers to any other persons including other members of the Board to sign voting ballots if decisions are taken by way of circulation should be allowed.

37.9. Each member of the Company's Board of Directors shall have one vote unless otherwise provided by the Article 77 and Clause 3 of the Article 83 of the Federal Law "On Joint-Stock Companies".

No assignment of the right to vote by any member of the Board of Directors to any other person, including other member of the Board should be allowed.

In case of equality of votes cast by members of the Company's Board of Directors, the chairman of the Board of Directors shall have a casting vote.

Neither the vice-chairman nor any other member of the Board of Directors performing the Board's chairman's duties in the absence of the latter shall have a casting vote at the Board-of-Directors' meetings.

37.10. Minutes shall be kept during meetings of the Board of Directors of the Company. Minutes of a meeting of the Board of Directors of the Company shall be completed no later than three days after holding thereof.

The minutes of the meeting shall indicate:

venue and time of the meeting;

list of attendance;

agenda of the meeting;

issues put to vote and voting results in respect of each issue;

resolutions adopted.

Minutes of a meeting of the Company's Board of Directors shall be signed by the chairperson who is responsible for the proper and accurate execution of the minutes.

37.11. If resolutions of the Company's Board of Directors are to be adopted by absentee voting, the following details shall be indicated in the minutes of the meeting (absentee voting):

date of the meeting (a date of submission of the completed ballot to the Board of Directors indicated on the ballot or, if all ballots were received prior to such date, a date on which the Board receives the last signed ballot);

members of the Board of Directors who submitted their signed ballot papers before the date of the meeting;

agenda;

issues put to vote and voting results in respect of each issue;

resolutions adopted.

Minutes of the meeting (absentee voting) shall be completed within 3 days of the meeting date.

Minutes of the meeting (absentee voting) shall be signed by the Chairman of the Company's Board of Directors. Ballots signed by members of the Company's Board of Directors shall be attached to the minutes.

37.12. Such member of the Company's Board of Directors who did not take part in the voting or who voted against the resolution adopted by the Company's Board of Directors in breach of the procedure established by the Federal Law "On Joint-Stock Companies", other statutes of the Russian Federation or these Articles of Association may appeal such resolution in courts if he/she believes that it violates his/her rights and lawful interests. The corresponding petition may be submitted to the court within one month of the date on which the member of the Board of Directors in question became aware or should have become aware of the adopted resolution.

**Article 38. Executive bodies of the Company. Sole executive body of the Company.**

38.1. Executive bodies of the Company comprise of the Chairman of the Company Management Committee (sole executive body) and Company Management Committee (collective executive body). Executive bodies shall report to the Company's Board of Directors and General Shareholders Meeting.

38.2. The competence of executive bodies of the Company includes all issues of everyday business of the Company, except for the issues referred to the competence of the General Shareholders Meeting or the Board of Directors of the Company.

The executive bodies of the Company shall facilitate the performance of resolutions adopted by the General Shareholders Meeting and the Company's Board of Directors.

38.3. The Chairman of the Company Management Committee shall have a right to resolve all issues associated with the management of the Company's everyday business except for such issues that have been referred to the competence of the General Shareholders Meeting, Board of Directors or the Company Management Committee.

The Chairman of the Company Management Committee, without a power of attorney, shall act on behalf of the Company, such as represent its interests, carry out transactions on behalf of the Company, approve staffing plans, issue orders and decrees, give instructions binding on all employees, sign all documents on behalf of the Company, approve the Company's internal documents/by-laws governing its everyday business except for such internal documents associated with the Company's activities that have been referred to the competence of the General Shareholders Meeting, Board of Directors and Company Management Committee pursuant to these Articles of Association.

The Chairman of the Company Management Committee is entitled, by agreement with the Company's Board of Directors, to appoint his/her deputies who shall perform their duties within terms of reference distributed between him/her and the Chairman of the Company Management Committee.

For the period of his/her absence and in other circumstances, the Chairman of the Company Management Committee may appoint a person from among the Company's officials to replace him/her as the Chairman on a temporary basis.

38.4. The Chairman of the Company Management Committee shall represent the Management Committee at Board-of-Directors meetings and General Shareholders Meetings.

38.5. The Chairman and members of the Company Management Committee shall be elected by the Company's Board of Directors for a term of 5 years.

The Company's Board of Directors may, at any time, take a decision to terminate powers of the Chairman of the Company Management Committee and members of the Management Committee ahead of time and establish new executive bodies.

38.6. Rights and obligations of the Chairman of the Company Management Committee and its members related to the management of the Company's everyday business shall be determined by the Federal Law "On Joint-Stock Companies", other statutes of the Russian Federation and by agreement which each of them signs with the Company.

The agreement, on behalf of the Company, shall be signed by the Chairman of the Company's Board of Directors or by a person duly authorized by the Board of Directors.

Relationships between the Company and the Chairman/members of the Company Management Committee shall be subject to the Russian Federation Labor Laws to the extent where it is not at variance with provisions of the Federal Law "On Joint-Stock Companies".

A person performing duties of the Chairman/members of the Company Management Committee may assume positions in management bodies of other organizations only if permitted by the Company's Board of Directors.

### **Article 39. Collective executive body of the Company.**

39.1. The Company Management Committee shall act on the basis of the Company's Articles of Association and the Regulation on the Management Committee approved by the General Shareholders Meeting which establishes timeframes, procedure for convocation and conduct of the Company Management Committee meetings as well as a procedure for making resolutions. 26.2. The Management Board shall be responsible for management of the Company's everyday business.

39.2. The competence of the Company Management Committee includes:

1) working out, for submitting to the Company's Board of Directors of the Company, long-term plans and mainline programs of the Company's business, including annual budget and investment programs of the Company, preparation of reports on performance thereof, as well as working out and approval of short-term plans of the Company's business;

2) facilitating management of gas streams, its transportation and sales and maintaining control over performance of the Unified Gas Supply System of the Russian Federation;

3) approval of internal estimated prices for gas and internal estimated rates for gas transportation services, establishing a procedure of settlements for gas and other product supplies and for provision of gas transportation services;

4) maintaining control over performance of long-term and short-term plans and programs of the Company, implementation of investment, financial and other projects of the Company;

5) approval of rules ensuring proper management and reliability of the accounting system in the Company and timely submission of annual reports and other financial statements to the relevant authorities, as well as providing information on the Company's business to shareholders, creditors and mass media;

6) establishing a procedure for communicating information about the Company business to shareholders;

7) establishing a procedure for maintaining records of the Company subsidiaries;

8) approval of the Company internal documents/by-laws on issues referred to the competence of the Company Management Committee;

9) resolution of other issues of the Company everyday business brought up by the Chairman of the Company Management Committee.

39.3. A meeting of the Company Management Committee shall be deemed legally constituted (having a quorum) if it is attended by at least half the number of elected members of the Company Management Committee.

39.4. If the number of Company Management Committee's members becomes less than the quorum specified in Clause 39.3 herein, the Company's Board of Directors should establish a Management Committee legally capable of making resolutions.

39.5. Minutes shall be maintained at meetings of the Company Management Committee. The minutes of the Company Management Committee meetings shall be provided to members of the Board of Directors, Audit Commission and Company's auditor upon their request.

It is the responsibility of the Chairman of the Company Management Committee to make necessary arrangements for meetings to be held.

No assignment of any rights to vote by any member of the Company Management Committee to any other person, including other member of the Company Management Committee should be allowed.

**Article 40. Responsibility of members of the Company's Board of Directors,  
Chairman and members of the Company Management Committee.**

40.1. In exercising their rights and performing their duties, members of the Company's Board of Directors, Chairman/members of the Company Management Committee shall act for the benefit of the Company, exercise their rights and perform their duties in respect of the Company reasonably and in good faith, meet confidentiality requirements in respect of information about Company business that considered official and proprietary secrets.

40.2. Members of the Company's Board of Directors, Chairman/members of the Company Management Committee shall assume liability to the Company for any loss caused to the Company by their wrongful acts (omissions to act) unless otherwise stipulated by the Federal Laws in respect of the basis and extent of responsibility.

Members of the Company's Board of Directors, Chairman/members of the Company Management Committee shall assume liability to the Company or its shareholders for any loss caused by their wrongful acts (omissions to act) that violate the procedure for the acquisition of Company shares provided in the Chapter XI.1 of the Federal Law "On Joint-Stock Companies".

In this case, such members of the Company's Board of Directors and Company Management Committee who votes against the resolution that entailed loss to the Company or who did not take part in the voting shall not be held liable.

40.3. In determining the basis and extent of the liability of members of the Company's Board of Directors, Chairman/members of the Company Management Committee, normal business practices and other circumstances significant for the matter shall be taken into account.

40.4. If, in accordance with provisions of this Article, several persons bear liability, their liability to the Company, and in case stipulated by the second paragraph of Clause 40.2 of this Article, their liability to the shareholder shall be solidary.

40.5. The Company or a shareholder (shareholders) owning 1 per cent or more of outstanding common shares of the Company in the aggregate shall have a right to appeal to a court with a law suit against a member of the Company's Board of Directors, Chairman/member of the Company Management Committee for recovery of damages caused to the Company in case stipulated by the first paragraph of Clause 40.2 of these Articles of Association.

The Company or a shareholder shall have a right to appeal to a court with a law suit against a member of the Company's Board of Directors, Chairman/member of the Company Management Committee for recovery of damages caused to it/him/her in case stipulated by the second paragraph of Clause 40.2 of these Articles of Association.

40.6. Representatives of the Government in the Company's Board of Directors shall assume liability stipulated by this Article equal with other members of the Company's Board of Directors.

**CHAPTER VIII  
Major transactions**

**Article 41. Major transaction.**

41.1. A transaction (including loan, credit, pledge, surety) or a series of associated transactions shall be deemed major if it involves either directly or indirectly the purchase, disposal or possible disposal by the Company of assets with value exceeding 25 per cent of the net book value of the Company assets as estimated per its financial statements at the closing date, except for transactions made in the ordinary

course of the Company business, transactions related to placement of the Company equity shares by subscription (distribution), those related to placement of equity securities convertible to equity stock of the Company and transactions that the Company is required to make in accordance with Federal Laws and (or) other statutes of the Russian Federation and settlements for which are carried out at the prices determined per the procedure established by the Russian Federation Government or at the prices and rates established by the federal executive body duly authorized by the Russian Federation Government.

In the event of disposal or possible disposal of the property, the value of such property determined per balance sheet data shall be compared against the net book value of Company assets; and in the event of the property purchase, the purchase value shall be compared against the net book value of Company assets.

41.2. In order for the Company's Board of Directors and the General Shareholders Meeting to adopt a resolution approving a major transaction, the value of disposed or purchased property (services) shall be determined by the Company's Board of Directors in accordance with the Article 77 of the Federal Law "On Joint-Stock Companies".

#### **Article 42. Procedure for major transaction approval.**

42.1. A major transaction shall be approved by the Company's Board of Directors or by the General Shareholders Meeting as prescribed by this Article.

42.2. A major transaction which involves property constituting from 25 to 50 per cent of the net book value of Company assets shall be approved by all members of the Company's Board of Directors in a unanimous vote provided, however, that votes of retired members of the Company's Board of Directors should not be taken into account.

Should the Company's Board of Directors fail to pass a unanimous resolution in respect of a major transaction, such issue may be put to vote at the General Shareholders Meeting following the appropriate resolution of the Board of Directors. In this event, a resolution to approve such major transaction shall be passed by the majority of votes belonging to voting share holders present at the General Shareholders Meeting.

42.3. A major transaction which involves property constituting over 50 per cent of the net book value of Company assets shall be passed at the General Shareholders Meeting by the majority of three fourths of votes belonging to voting share holders present at the General Meeting.

42.4. A resolution approving a major transaction shall specify a person (persons) who is (are) a party (parties) to such transaction and its beneficiary, price, subject of the transaction and other material terms and conditions of the transaction.

42.5. In the event that a major transaction equally involves interest from the Company, the provisions of Chapter XI of the Federal Law "On Joint-Stock Companies" shall only apply.

42.6. A major transaction made in violation of this Article's requirements may be declared invalid if so claimed by the Company or a shareholder.

#### **Article 43. Acquisition of more than 30 per cent of the Company shares.**

An acquisition of more than 30 per cent of the Company shares shall be carried out in accordance with provisions of the Chapter XI.1 of the Federal Law "On Joint-Stock Companies".

### **CHAPTER IX Related-party transactions**

#### **Article 44. Related-party transactions.**

44.1. If a member of the Company's Board of Directors, Chairman/member of the Company Management Committee or a shareholder who hold jointly with its subsidiaries 20 or more per cent of the voting shares as well as a person entitled to issue instructions binding on the Company, is interested in a transaction (including loan, credit, pledge, surety), such transactions shall be consummated by the Company in accordance with provisions of this Article of the Company Articles of Association.

The said persons shall be deemed interested in a transaction, if they, their spouses, parents, children, siblings, half-brothers and half-sisters, adoptive parents, adopted children and (or) their subsidiaries:

are a party to such transaction or involved in it as an agent, beneficiary or representative;

hold (separately or collectively) 20 or more per cent of the shares (interests, equities) in the legal entity who is a party to the transaction or involved in it as a representative, beneficiary or agent;

hold managerial positions in a legal entity who is a party to the transaction or involved in it as a representative, beneficiary or agent, or hold managerial position in a holding company of such legal entity.

44.2. Provisions of approval of related-party transactions shall not apply to certain categories of transactions specified by the Federal Law "On Joint-Stock Companies".

#### **Article 45. Information of related-party transactions.**

45.1. Persons listed in the Article 44 of these Articles of Association shall communicate to the Company's Board of Directors, Audit Commission and Company's auditor the information concerning:

legal entities in which they separately or collectively with subsidiaries hold 20 or more per cent of voting shares (interests, equities);

legal entities in which they hold managerial positions;

transactions being consummated or proposed to be consummated known to them in which they may be recognized as related parties.

#### **Article 46. Procedure for related-party transaction approval.**

46.1. A related-party transaction shall be approved by the Company's Board of Directors or the General Shareholders Meeting prior to its consummation in accordance with this Article.

46.2. A resolution on approval of the related-party transaction shall be passed by the majority of votes of non-related directors in the Company's Board of Directors. Should all members of the Board of Directors be recognized related parties and (or) not independent directors, the transaction may be approved by a resolution of the General Shareholders Meeting adopted as prescribed by the Clause 46.3 of these Articles of Association.

Any member of the Company's Board of Directors who is not and was not, during one year before passing the resolution, any of the following, is recognized as an independent director:

a person performing duties of the sole executive body of the Company such as executive manager, a member of the collective executive body, a person holding managerial positions in the managing organization;

a person whose spouse, parents, children, siblings, half-brothers and half-sisters, adoptive parents, adopted children hold positions in the above-mentioned managing bodies of the Company and managing organizations of the Company or are executive managers of the Company;

a subsidiary of the Company other than members of the Company's Board of Directors.

46.3. A resolution to approve a related-party transaction shall be passed at the General Shareholders Meeting by the majority of the vote of all voting share holders not related to such transaction in the following cases:

If such transaction or several related transactions involve property with the value per accounting data (offer price of purchased property) exceeding 2 per cent or more of the net book value of Company

assets as per data contained in the Company financial statements at the closing date except for transactions specified by the third and fourth paragraphs in this Clause;

If such transaction or several related transactions involve placement by subscription (distribution) of shares constituting more than 2 per cent of equity shares earlier placed by the Company and equity shares convertible from earlier placed equity securities convertible to shares;

If such transaction or several related transactions involve placement by subscription of equity securities convertible to shares that can be converted to equity shares constituting more than 2 per cent of equity shares earlier placed by the Company and equity shares convertible from earlier placed equity securities convertible to shares.

46.4. Where conditions of a related-party transaction do not materially differ from these of equivalent transactions made in the ordinary course of the Company business between the Company and a related party which had occurred before the related party was recognized as such, such related-party transaction may be made without obtaining the relevant resolution from the General Shareholders Meeting prescribed by the Clause 46.3 herein. This exemption shall apply only to related-party transactions made within a period after the party is recognized as related and until the next annual General Shareholders Meeting.

46.5. A resolution to approve a related-party transaction shall specify the person (persons) who is (are) the party to such transaction, its beneficiary (beneficiaries), price, subject of the transaction and other material terms and conditions thereof.

The General Shareholders Meeting may pass a resolution to approve a transaction(s) between the Company and a related party which can be made in future in the ordinary course of the Company business. The resolution of the General Shareholders Meeting shall also specify the maximum amount of the transaction(s). This resolution shall be valid until the next annual General Shareholders Meeting.

46.6. For the Company's Board of Directors and General Shareholders Meeting to approve a related-party transaction, the Company's Board of Directors shall determine the price of assets or services to be purchased or sold in accordance with the Article 77 of the Federal Law "On Joint-Stock Companies".

46.7. Additional requirements to consummation of a related-party transaction may be established by the federal executive body responsible for the stock market.

#### **Article 47. Non-compliance with related-party transaction requirements and its consequences.**

47.1. A related-party transaction consummated in violation of requirements to the transaction prescribed by the Federal Law "On Joint-Stock Companies" may be recognized invalid if so claimed by the Company or a shareholder.

47.2. A related party shall bear liability to the Company to the extent of the damage caused. If several persons bear liability to the Company, their liability shall be considered solidary.

### **CHAPTER X**

#### **Control over the Company's financial and business activities**

#### **Article 48. Company Audit Commission.**

48.1. In order to exercise control over the financial and business activities of the Company, the General Shareholders Meeting shall elect the Company Audit Commission.

By resolution of the General Shareholders Meeting, members of the Company Audit Commission may be paid, during their term of office, remunerations and/or compensations for the expenses incurred while performing their duties. The amount of such remunerations and compensations shall be established by a resolution of the General Shareholders Meeting.

28.2. The competence of the Company Audit Commission shall include, along with matters



stipulated by the Federal Law "On Joint-Stock Companies":

- inspection and review of the Company financial standing, its solvency, performance of the internal control system and financial/operational risks management system, assets liquidity, debt ratio;
- inspection of maintenance of timely and accurate settlements with contractors and budget contributions as well as settlements in respect of labor remunerations, social insurance, accrual and payment of dividends and other types of settlements;
- inspection of whether, during the use of material, labor and financial resources in industrial and financial/business activities, applicable regulations and standards, approved estimates and other documents governing the Company's business are complied with, and whether resolutions of the General Shareholders Meeting are adhered to;
- inspection of Company's business operations under agreements and transactions entered into on behalf of the Company for compliance with the law;
- inspection of cash and property of the Company, use of assets and other resources of the Company for efficiency, identification of causes of overheads and expenses;
- inspection of whether non-compliances earlier revealed by the Audit Commission and stated in the notices of non-compliance have been rectified;
- inspection of resolutions on the issues related to financial and business activities made by the Management Committee and the Company's Board of Directors for compliance with the Articles of Association of the Company and resolutions of the General Shareholders Meeting.

Activities of the Company Audit Commission shall be governed by the Regulation on the Audit Commission approved by the General Shareholders Meeting.

48.3. An inspection (audit) of financial and business activities of the Company shall be performed at the end of the business year and at any time at the initiative of the Company Audit Commission by resolution of the General Shareholders Meeting, Company's Board of Directors or at the request of a shareholder (shareholders) of the Company holding, in the aggregate, at least 10 per cent of voting shares of the Company.

48.4. At the request of the Company Audit Commission, persons holding positions in the management bodies of the Company shall submit documents related to financial and business activities of the Company.

48.5. The Company Audit Commission shall be entitled to request the convocation of an extraordinary General Shareholders Meeting in accordance with the Article 55 of the Federal Law "On Joint-Stock Companies".

48.6. Members of the Company Audit Commission may not be in the Company's Board of Directors and, at the same time, hold any other positions in the management bodies of the Company. The shares owned by members of the Company's Board of Directors or the persons holding any positions in the management bodies of the Company may not vote in the election of members of the Company Audit Commission.

#### **Article 49. Company's auditor.**

49.1. The auditor (audit organization) of the Company shall inspect the financial and business activities of the Company in accordance with statutes of the Russian Federation under agreement concluded with him/her.

49.2. The nomination of the Company's auditor shall be approved by the General Shareholders Meeting. The amount of payment for his/her services shall be determined by the Company's Board of Directors.

#### **Article 50. Opinion of the Company Audit Commission or the Company's auditor.**

50.1. On completion of the Company financial and business activities audit, the Company Audit Commission shall make up an opinion which shall contain:

evidence of reliability of data contained in reports and other financial statements of the Company;  
information of non-compliances with statutes of the Russian Federation established in respect of financial accounting procedure and provision of financial statements and other statutes of the Russian Federation in the course of financial and business activities.

## **CHAPTER XI Company's Arbitration Court**

### **Article 51. Company's Arbitration Court.**

51.1. The Company shall set up a permanent Arbitration Court for resolution of business disputes.

51.2. The competence and procedure for establishing the Arbitration Court of the Company shall be determined by the corresponding regulation approved by the Company's Board of Directors in accordance with the law.

The Arbitration Court shall develop and adopt rules for dispute examination procedure.

## **CHAPTER XII Accounting and reporting, Company documents. Company details**

### **Article 52. Financial accounting and financial statements of the Company.**

52.1. The Company shall maintain financial accounting records and submit financial statements in the manner prescribed by the Federal Law "On Joint-Stock Companies" and other statutes of the Russian Federation.

The Company shall draw up and submit consolidated financial statements in the prescribed manner.

52.2. The Chairman of the Company Management Committee shall be responsible for managing financial accounting system operations, status and adequacy of records in the Company, timely submission of the annual financial report and other financial statement to relevant authorities, and timely submission of data of the Company's business activities to shareholders, lenders and mass media, subject to the Federal Law "On Joint-Stock Companies", other statutes of the Russian Federation and these Articles.

52.3. The reliability of data contained in annual accounting statements of the Company shall be verified by the Company Audit Commission.

Prior to release of documents mentioned in this Clause in accordance with the Article 92 of the Federal Law "On Joint-Stock Companies", the Company shall retain an auditor not linked with the Company or its shareholders by any valuable interests to carry out an annual inspection and validation of its annual financial statements.

52.4. The annual report of the Company shall be first adopted by the Company's Board of Directors no later than 30 days before the annual General Shareholders Meeting's date.

### **Article 53. Safekeeping of Company documents.**

53.1. The Company must maintain on safe storage the following documents:  
Company's Articles of Association with all duly registered amendments and supplements,  
resolution on incorporation of the Company, document confirming the state registration of the Company;  
documents confirming the Company's title to the property it holds in the books;

internal documents/by-laws of the Company;  
 regulations on branches or representative offices of the Company;  
 annual reports;  
 financial accounting documents;  
 financial statements;  
 minutes of the General Shareholders Meetings, meetings of the Board of Directors, Audit Commission and Management Committee of the Company;  
 ballot papers, as well as powers of attorney (copies thereof) for participation in the General Meeting of Shareholders;  
 reports of independent appraisers;  
 lists of Company subsidiaries;  
 lists of persons entitled to attend the General Meeting of Shareholders and persons entitled to receive dividends, as well as other lists drawn up by the Company to enable shareholders exercise their rights in accordance with the requirements of the Federal Law "On Joint-Stock Companies";  
 opinions of the Company Audit Commission, Company auditor, state and municipal financial control authorities;  
 prospectuses of securities, quarterly reports of the issuer and other documents containing information to be released to the public or otherwise disclosed in accordance with the Federal Law "On Joint-Stock Companies" and other Federal Laws;  
 notices on conclusion of shareholders' agreements submitted to the Company and lists of persons entered into such agreements;  
 court decisions on any disputes related to incorporation of the Company, its management or participation in it;  
 other documents stipulated by the Federal Law "On Joint-Stock Companies", these Articles, internal documents/by-laws of the Company, resolutions of the General Shareholders Meeting, Board of Directors, Chairman of the Company Management Committee, Company Management Committee as well as documents stipulated by statutes of the Russian Federation.

30.6. The Company shall keep the documents specified in the Clause 53.1 hereof at the location of its Management Committee in a manner and during periods stipulated by the federal executive authority responsible for the stock market.

#### **Article 54. Provision of information by the Company.**

54.1. Information of the Company shall be provided by it in accordance with the requirements of the Federal Law "On Joint-Stock Companies" and other statutes of the Russian Federation.

#### **Article 55. Provision of information to shareholders.**

55.1. The Company shall provide access to shareholders to documents specified by Clause 1 of the Article 89 of the Federal Law "On Joint-Stock Companies". An access to financial accounting documents and minutes of the Company Management Committee's meetings may be provided to a shareholder(s) holding 25 or more per cent of the Company voting shares in the aggregate.

55.2. Documents specified in the Clause 55.1 of these Articles shall be provided by the Company within seven days of presenting a corresponding request for review at the Management Committee premises. At the request of persons entitled to access documents specified by the Clause 55.1 of these Articles, the Company must provide them with copies of the said documents. A fee charged by the Company for provision of these copies may not exceed expenses incurred for their production. Additional requirements to the procedure for provision of documents specified herein and to the procedure for

provision of copies thereof shall be established by the regulatory instruments of the federal executive authority responsible for the stock market.

55.3. The Company must provide access to shareholders to judicial documents held by it in respect of the dispute associated with the Company incorporation, its management or participation in it, including notices of arbitration proceedings and receipt of arbitration request or application for the change of the cause of action or subject of earlier submitted action. Within three days of presenting a corresponding request by a shareholder, the said documents shall be provided by the Company for review at the Company's executive body premises. At the request of the shareholder, the Company shall provide him/her with copies of mentioned documents. A fee charged by the Company for provision of these copies may not exceed expenses incurred to produce them.

#### **Article 56. Mandatory disclosure of information by the Company.**

56.1. The Company must disclose the following information:  
 annual report of the Company, annual financial statements;  
 prospectus of Company securities in cases stipulated by the statutes of the Russian Federation;  
 notice of the General Shareholders Meeting to be held in a manner prescribed by the Federal Law "On Joint-Stock Companies";  
 other information such as determined by the federal executive authority responsible for the stock market.

56.2. Mandatory disclosure of information in case of public offering of bonds or other securities shall be carried out by the Company to the extent and in a manner established by the federal executive authority responsible for the stock market.

#### **Article 57. Information of Company affiliated parties.**

57.1. An entity (person) shall be recognized an affiliated party in accordance with the requirements of the Russian Federation legislation.

57.2. Company affiliated parties shall notify the Company in writing of Company shares held by them with indication of their number and categories (types) within 10 days of the shares acquisition.

57.3. If failure to provide the said information by the affiliated party or delay in its provision to the Company caused material damages to the property, such affiliated party shall bear liability to the Company to the extent of the damage caused.

57.4. The Company shall maintain records of its affiliated parties and provide corresponding reports in accordance with the requirements of the Russian Federation legislation.

### **CHAPTER XIII**

#### **Re-organization and liquidation of the Company**

#### **Article 58. Re-organization of the Company.**

58.1. The Company may be reorganized voluntarily by way of a merger, takeover, division, segregation or transformation in a manner prescribed by the Federal Law "On Joint-Stock Companies". Other re-organization causes and procedures shall be determined by the Civil Code of the Russian Federation and other Federal Laws.

58.2. The Company shall be deemed to have been reorganized, except where it involves a takeover, from the date of the state registration of the newly established legal entities. In case of a takeover by the other company, the Company shall be deemed to have been reorganized from the date the respective entry is made in the Unified State Register for Legal Entities on the termination of the Company's activity.

**Article 59. Liquidation of the Company.**

59.1. The Company may be liquidated voluntarily in a manner prescribed by Federal Laws and these Articles and subject to requirements of the Federal Law 'Supply of gas in the Russian Federation'. A liquidation of the Company by the court resolution shall be carried out on the grounds stipulated by the Civil Code of the Russian Federation.

59.2. In case of the Company liquidation, the Board of Directors shall bring up to the General Shareholders Meeting an issue of the Company liquidation and appointment of the liquidation committee in compliance with the requirements of the Clause 4 of the Article 21 of the Federal Law "On Joint-Stock Companies".

From the time of its appointment, the liquidation committee shall assume all the powers relating to management of the Company's affairs. The liquidation committee shall act in the courts on behalf of the Company.

59.3. The procedure of the Company liquidation and distribution of the property remaining after completion of settlements with lenders shall be determined by the Federal Law "On Joint-Stock Companies".

59.4. The Company liquidation shall be deemed to have been completed, and the Company to have ceased to exist from the date the respective entry is made in the Unified State Register for Legal Entities.