

PROJECT

APPROVED

By General Meeting of shareholders
of Open Joint-Stock Company “Far
East Telecommunications Company”
(protocol №__ of “__” _____2008)

**ARTICLES OF ASSOCIATION
of Closed Joint-Stock Company
«Cellular Communications of Northern Regions»**

Petropavlovsk-Kamchatskiy city
2008

**ARTICLE 1.
GENERAL PROVISIONS.**

1.1. Closed Joint-Stock Company “Cellular Communications of Northern Regions” (hereinafter referred to as “Company”) was established according to the Civil Code of the Russian Federation and the Russian Federation Law “On Joint-Stock Companies”.

In case of subsequent changes of existing legislation norms of the Russian Federation these Articles shall be valid to the extent not contradicting to the existing legislation of the Russian Federation.

Regarding issues not described in the present Articles the Company should refer to the existing legislation of the Russian Federation.

1.2. The sole shareholder of the Company possessing 100% of authorized capital is Open Joint-Stock Company “Far East Telecommunications Company” duly established in compliance with the Russian Federation legislation, Primary State Registration Number 1022501276159 of 06.09.2002, registered by the Vladivostok Administration on 12.05.1994, state registration number 5464, location – 57, Svetlanskaya St., Vladivostok 690950.

1.3. The Company is established via reorganization by assets allocation from Open Joint-Stock Company “Far East Telecommunications Company”. Decision of reorganization is taken by Extraordinary General Meeting of Shareholders of OJSC “Far East Telecom” on “___” _____ 200__ (protocol № ___).

According to the separation balance sheet approved by the General Meeting of Shareholders OJSC “Far East Telecommunications Company” on “___” _____ 200__, the Company is an assignee of all rights and obligations of OJSC “Far East Telecommunications Company” with all liabilities in relation to its creditors and debtors, stated in the separation balance sheet.

Reorganization of OJSC “Far Eastern Telecommunications Company” is registered in _____ on “___” _____ 200__.

**ARTICLE 2.
COMPANY’S NAME AND LOCATION:**

2.1. Company’s full corporate name in Russian shall be: Закрытое акционерное общество «Сотовая Связь Северных Регионов».

2.2. Company’s short corporate name in Russian shall be: ЗАО «Сотовая ССР».

2.3. Company’s full corporate name in English shall be: Closed Joint Stock Company “Cellular Communications of Northern Regions”

2.4. Company’s short corporate name in English shall be: CJSC “Cellular CNR”

2.5. Company’s location shall be: 56, Leninskaya St., Petropavlovsk-Kamchatskiy, the Russian Federation

2.6. Company’s mail address shall be: Российская Федерация, 683000, г. Петропавловск-Камчатский, ул. Ленинская, 56 (56, Leninskaya St., Petropavlovsk-Kamchatskiy, the Russian Federation 683000)

ARTICLE 3. COMPANY'S LEGAL STATUS

3.1. Company's organizational and legal form shall be close joint-stock company. Company was established for unlimited period.

Company's legal status, its business, reorganization and winding up procedures as well as rights and liabilities of Company's shareholders shall be set forth by the Civil Code of the Russian Federation, Federal Act "On Joint-Stock Companies", other Federal Laws, other Federal Acts adopted by relevant state authorities within their powers and these Articles of Association.

3.2. Company is a legal entity and owns certain assets, taken stock of in its own balance-sheet, it can *sui juris* buy and exercise proprietary and personal non-proprietary rights, bear obligations, be plaintiff and defendant in court.

The Company shall have a round seal, containing its full corporate name in Russian and its location as well as other seals containing duly determined wording, stamps and corporate letterheads with Company's name, own emblem, duly registered trademark and other means of visual identification.

3.3. The Company has the right to duly launch branches and establish representative offices both in the territory of the Russian Federation and outside it. These branches and representative offices do not act as legal bodies.

These branches and representative offices act in accordance with relevant Provisions approved by Company's Executive Committee. Company's Executive Committee makes decisions of braches launching, representative offices establishment or their liquidation.

Heads of branches and representative offices shall be appointed and dismissed by CEO by upon agreement with Company's Executive Committee and shall act on Company's behalf by virtue of Powers of Attorney

Company's branches and other structural divisions shall be entitled to have round seals containing Company's full corporate name, the name of relevant branch and other seals containing duly determined wording, stamps and letterheads under single corporate style, while information about the availability of round seals shall be included in Provisions for relevant branches and structural divisions.

Company has the right to duly open bank accounts in the territory of the Russian Federation and outside it.

3.4. Company shall be responsible for its obligations within all the assets belonging to it which can be charged in compliance with the laws of the Russian Federation. The sole shareholder shall not be liable for Company's obligations and bear the risk of losses in connection with its business activities within the value of shares belonging to it. If the sole shareholder has not paid its shares in full it shall bear joint liability for Company's obligations within the unpaid value of the shares belonging to it.

3.5. Company shall not be liable for state obligations, its authorities and own shareholder, while state, its authorities and own shareholder shall not be liable for Company's obligations.

3.6. Company, for the purposes of implementation of state, social, economic and tax policies shall be liable for safekeeping of documents (management, financial and business, staff, etc.), ensure transfer for safekeeping by state of the documents

having scientific and historical significance, shall keep and duly use staff documents and personal data of Company's staff members.

ARTICLE 4.
COMPANY'S OBJECTIVE AND KINDS OF BUSINESS ACTIVITIES

- 4.1. Company's objective shall be profit obtaining.
- 4.2. Company's basic kinds of business activities shall be as follows:
 - 4.2.1. cellular mobile communications GSM-900 and 1800;
 - 4.2.2. local telephone communication excluding local telephone communication via pay-phones and public access points;
 - 4.2.3. long-distance national and international communications;
 - 4.2.4. telephone communication via dedicated communication network;
 - 4.2.5. intra-zone communication;
 - 4.2.6. local communication via pay-phones;
 - 4.2.7. local communication via public access points;
 - 4.2.10. mobile radio communication in public network;
 - 4.2.11. mobile radio communication in dedicated network;
 - 4.2.12. mobile radiotelephone communication in public network;
 - 4.2.13. mobile satellite radio communication;
 - 4.2.14. communication channel lease;
 - 4.2.15. communication in data transfer network excluding voice traffic service;
 - 4.2.16. voice traffic service in data transfer network;
 - 4.2.17. telematic services;
 - 4.2.18. buildings and structures design including special sections: environment protection, fire safety, etc.;
 - 4.2.19. construction, capital repair, re-construction, extension, engineering re-equipment of communication infrastructure;
 - 4.2.20. engineering maintenance, repair and sale of communication devices;
 - 4.2.21. arrangements for restoration of communication networks and equipment when broken or damaged;
 - 4.2.22. priority communication services for the interests of defense, state administration, security and law enforcement;
 - 4.2.23. arrangements to provide communication services in emergency situations;
 - 4.2.24. consulting services;
 - 4.2.25. trading and procurement activities;
 - 4.2.26. other types of activity not prohibited by law.

All types of activity are carried on according to existing legislation of the Russian Federation. The Company may be engaged in some kinds of activities set forth by the federal acts only by special permit (license). If terms of obtaining such special permit (license) require this activity to be exclusive, the Company has no right to carry on other types of activity within the term of validity of this special permit (license) excluding activities described in special permit (license) or related to them.

4.2.1. Company's business is not limited by above named activities. Having general legal capability, Company has civil rights and bears liabilities required for engagement in any kinds of activities not prohibited by the existing legislation and

these Articles. The Company carries on any type of foreign economic activity not contradicting to the existing legislation.

4.2.2. There should be no interference in economic or other activity of the Company from state or other organization if it is not determined by their right to supervise Company's activity.

**ARTICLE 5.
COMPANY'S BRANCHES AND REPRESENTATIVE OFFICES:**

5.1. The Company shall have the following branches and representative offices:

5.1.1. Magadan branch - located to the address: 2-A prospect Lenina St.,
Magadan, 685000

**ARTICLE 6.
COMPANY'S SHARE CAPITAL.
ISSUED AND AUTHORIZED SHARES**

6.1. Company's Share Capital shall be 171 537 538 (one hundred seventy one million five hundred thirty seven thousand five hundred thirty eight) rubles.

Share Capital shall consist of ordinary registered shares amounting at 171 537 538 (one hundred seventy one million five hundred thirty seven thousand five hundred thirty eight) shares par value of 1 (one) rubles each.

The sole shareholder, possessing 100% of share capital, is Open Joint-Stock Company "Far Eastern Telecommunications Company".

6.2. The Company shall be entitled to place in addition to issued ordinary shares 15 000 000 (fifteen million) ordinary registered non-documentary shares (authorized shares). Par value of each authorized ordinary share shall be 1 (one) ruble.

6.3. Authorized shares, provided for by clause 6.2 of these Articles of Association in case of their placing shall enjoy all the rights set forth by these Articles of Association for Company's shares of the relevant rank (type).

6.4. Company's Share Capital may be increased as provided for by the current laws of the Russian Federation and these Articles of Association by the following methods:

6.4.1. by increase of the par value of Company's shares;

6.4.2. by placing of additional shares within the number of authorized shares set forth by clause 6.2 of these Articles of Association.

6.5. Increase of Company's Share Capital by increase of the par value of shares shall be made by decision of the Sole Shareholder of the Company.

The Company shall be entitled to issue preferred shares. Par value of placed preferred shares shall not exceed 25% of Company's Share Capital. After making a decision of issue and placement of preferred shares the Company shall introduce relevant changes into its constituent documents.

6.6. Increase of Company's Share Capital by placing of additional shares via closed subscription shall be made by decision of the Sole Shareholder of the Company.

6.7. The Company is not entitled to place its shares via open subscription.

6.8. Paying up of additional shares placed by subscription may be made by cash, securities, other assets or proprietary rights or other rights having monetary

valuation. The form for paying up of additional shares shall be determined by the decision on their placing.

6.9. Company's Share Capital may be decreased by decrease of the par value of shares or decrease of their total number including by purchase of part of shares in cases provided for by the Federal Law "On Joint-Stock Companies".

6.10. Decision on decrease of Company's Share Capital by decrease of the par value of shares or by purchase of part of shares shall be made by the Sole Shareholder of the Company.

6.11. Company shall not be entitled to decrease its Share Capital if after the said decrease its size to become less than the amount set forth by the federal law as on the date of submission of documents for state registration of the relevant amendments to Company's Articles of Association, and in case if the Company shall, in compliance with the provisions of the current laws of the Russian Federation decrease its Share Capital, - as on the date of Company's state registration.

6.12. If, upon the end of the second and each subsequent fiscal year, as per annual balance-sheet submitted for approval by Company's shareholders, or as per the auditor's report the value of Company's net assets to be less than its Share Capital, the Company shall decrease its Share Capital to the value not exceeding the value of its net assets.

ARTICLE 7. RIGHTS AND LIABILITIES OF COMPANY'S SOLE SHAREHOLDER.

7.1. Company's Sole Shareholder shall be entitled to:

7.1.1. make decisions in the order provided by the existing legislation of the Russian Federation and these Articles of Association;

7.1.2. receive dividends as provided for by the current laws of the Russian Federation and these Articles of Association should such dividends be declared by the Company;

7.1.3. receive part of Company's assets remaining upon its winding up;

7.1.4. get access to documents provided for by clause 1, article 89 of the Federal Law "On Joint-Stock Companies" as provided for by article 91 of the said Act;

7.1.5. require from Company's registrar confirmation of shareholder's right to shares by issuing him a statement from the Company shareholders register;

7.1.6. receive from Company's registrar information about all the statements in his personal account and other information provided for by regulations of the Russian Federation setting forth the procedure for keeping registers of shareholders;

7.1.7. in cases provided for by the current laws of the Russian Federation, defend his or her violated civil rights in court including claiming loss from the Company;

7.1.8. demand buy-back by the Company of shares belonging to him or her in cases and in the order provided for by the current legislation of the Russian Federation;

7.1.9. sell part of shares to the Company in case if the Company decided on buy-back of the said shares;

7.2. Company's Sole Shareholder shall be entitled to bring a lawsuit against any member of the Executive Committee, Company's sole executive body, as well as managing company or manager claiming compensation of loss caused to the Company as the result of guilty acts (omissions) of the said persons.

7.3. Company's Sole Shareholder shall be entitled to at any time demand inspection of Company's financial and business activities.

7.4. Company's Sole Shareholder shall have the right to access as well as receive copies of accounting documents of the Company

7.5. Company's Sole Shareholder shall

- inform the keeper of Company's shareholders register of any changes in his profile;

- not disclose confidential information related to Company's business activities.

ARTICLE 8. COMPANY'S FUNDS.

8.1. The Company shall establish reserve fund at the amount of 5 percent of Company's Share Capital.

Company's reserve fund shall be established from mandatory annual transfers of at least 5 percent of Company's net earnings till the moment of achieving by the fund of the size provided herein.

Reserve fund shall be used to cover Company's losses and redemption of Company's bonds and Company's shares should there be no other funds.

Reserve fund may not be used for other purposes.

8.2. The Company by decision of the Sole Shareholder may decide on establishment of other funds of the Company.

Procedure of establishment and spending fund's money, its purpose shall be determined by Provisions on Company's funds approved by Company's Executive Committee.

ARTICLE 9. COMPANY'S DIVIDENDS.

9.1. Company shall be entitled, based on the results of the first quarter, six months, nine months of any fiscal year and/or on the results of any fiscal year, to decide on (declare) payment of dividends on issued shares. Decision on (declaration of) dividends based on the results of the first quarter, six months, nine months of any fiscal year may be made within three months after ending of the respective period. The source for dividends shall be Company's earnings after taxation (Company's net earnings). Company's net earnings shall be based on Company's accounting data. In case of Company's reorganization in form of joining other companies to it, Company's net earnings shall be determined by adding its net earnings and net earnings (losses) of joining companies calculated in compliance with regulations on accounting in earnings and loss statements of joining companies as on the latest accounting date (date of reorganization).

Decision on payment of dividends, size of dividend and form of its payment on each rank (type) shares shall be made by General Meeting of shareholders.

The list of persons entitled to receive dividends shall be made up as on the date of making the list of persons entitled to attend General Meeting of shareholders at which the decision on payment of relevant dividends is to be made. To make up the list of persons entitled to receive dividends any nominal holder of shares shall submit information about persons on behalf of which shares are held.

9.2. Annual dividends on ordinary shares shall be paid before the 31st of December of the fiscal year in which the decision on payment of annual dividends

was made, unless an earlier period is provided for by annual General Meeting of shareholders. Dividends based on the results of the first quarter, six months, nine months of any fiscal year shall be paid within 60 days since the date of making the decision on payment of dividends unless an earlier period is provided for by General Meeting of shareholders.

9.3. Dividends declared by the Company may be paid both in money and in other assets if Company's Sole Shareholder decides to pay dividends in non-monetary form.

9.4. When deciding on (declaring) payment of dividends, the Company shall be governed by restrictions set forth by the federal laws.

**ARTICLE 10.
REGISTER OF COMPANY'S SHAREHOLDERS.
COMPANY'S REGISTRAR.**

10.1. Company shall ensure safekeeping of the register of Company's shareholders in compliance with the provisions set forth by the current legislation of the Russian Federation and other regulations of the Russian Federation

10.2. Holder of the register of Company's shareholders shall be the Company itself. By the decision of Company's Sole Shareholder register keeping can be transferred to specialized registrar performing activity of shareholders' register keeping as exclusive and having due license for engagement of the said business activity.

10.3. In case of register keeping by registrar, the Company shall not be exempted from liability for safekeeping of register of shareholders. Should registrar's wrongful acts violate civil rights of any shareholder or any nominal holder, such shareholder or nominal holder shall be entitled to bring a lawsuit in compliance with the current laws of the Russian Federation and claim that Company shall restore the violated civil rights including compensation of losses.

**ARTICLE 11.
УПРАВЛЕНИЕ ОБЩЕСТВОМ. ЕДИНСТВЕННЫЙ АКЦИОНЕР
ОБЩЕСТВА.**

11.1. Company's Sole Shareholder shall be Company's supreme managing body performing functions of General Meeting of Shareholders.

11.2. The following matters shall be the authority of Company's Sole Shareholder and may not be addressed for decision making to the Executive Committee or Company's CEO:

- 1) making amendments and changes to these Articles of Association or approval of any new version of Company's Articles of Association (except for cases provided for by the Federal Law "On Joint-Stock Companies");
- 2) Company's reorganization;
- 3) Company's winding up, appointment of winding up commission and approval of intermediate and final winding up balance sheets;
- 4) election of Company's Executive Committee members;
- 5) preterm dismissal from office of members of the Executive Committee;
- 6) determination of quantity, par value, rank (type) of Company's authorized shares and rights vested with those shares;

7) increase of Company's Share Capital by increasing par value of shares, by placing additional shares under closed subscription, by Company's placing additional shares within the amount of issued shares stated in these Articles;

9) decrease of Company's Share Capital by decreasing par value of shares, purchase of part of shares by the Company for the purpose of decreasing their total number and by redemption of shares purchased or bought back by the Company;

10) electing members of Company's inspection committee and their preterm dismissal from office;

11) approval of Company's auditor, as well as conditions of the contract concluded with an auditor including definition of payment for his or her services;

12) approval of annual reports, annual Company's accounting statements including Company's earnings and loss statements (reports) and distribution of earnings (including payment (declaring) of dividends except for the earnings distributed as dividends based on the results of the first quarter, six months, nine months of any fiscal year) and Company's losses based on the results of any fiscal year;

13) payment (declaring) of dividends based on the results of the first quarter, six months, nine months of any fiscal year

14) splitting-up and consolidation of shares;

15) decision on approval of transactions with interests;

16) decision on approval of transactions related to purchase, alienation or possible alienation by the Company of any assets of the value over 50 percent of the balance sheet value of Company's assets as per Company's accounting data as on the date of the latest accounting date except for transactions made in the course of Company's normal business activities, transactions related to offering Company's ordinary shares by subscription (sale) and transactions related to offering equity securities convertible into Company's ordinary shares

17) decision making on participation in holdings, financial and industrial groups, associations and other unions of commercial organizations;

18) approval of internal documents governing Company's bodies;

19) offering bonds by the Company, convertible into shares and other equity securities convertible into shares, if the said bonds (other equity securities) are placed by closed subscription, placement of bonds or other equity securities in case when in terms of subscription of these bonds or other equity securities they are not convertible into Company's ordinary shares;

20) decision on assignment of powers of Company's sole executive body to a managing company or a manager;

21) appointment of sole executive body (CEO), definition of term of his or her office as well as preterm dismissal from his or her office, approval for terms of contract (additional agreements) concluded with the CEO;

22) determination of priority ways for Company's activity including approval of annual budget, medium-term and long-term perspective budget, strategies and development programs of the Company, making amendments in named documents, consideration of their execution results;

23) evaluation (monetary evaluation) of assets, price of placement and purchase of equity securities in cases determined by the Federal Law "On Joint-Stock Company";

24) approval of decisions of securities issue, prospects of securities, reports of Company's securities issue results, reports of Company's shares purchase for their redemption;

25) purchase of placed shares, bonds and other securities by the Company;

26) approval of Company's registrar and terms of labour contract with him or her as well as decision on cancellation of this contract;

27) usage of reserve fund or any other funds of the Company;

28) approval of internal document defining the procedure of internal control of Company's financial and economic activity;

29) confirmation of Company's organizational structure;

30) branches establishment, representative offices launching, their winding up, approval of Provisions on them;

31) preliminary confirmation of candidates for the position of branches and representative offices heads and dismissal of their office;

32) approval of annual budgets, strategies and development programs of branches, making amendments in named documents, analysis of their execution results;

33) consideration if person performing functions of Company's sole executive body can combine offices in executive bodies of other organizations;

34) approval of contracts' terms (additional agreements) concluded with branches and representative offices heads as well as consideration of issues, decision on which shall be made by the Executive Committee according to the named contracts;

35) decisions making on Company's taking part in other organizations (acting as a participant, termination of participation, alteration of amount or par value of equity share, alteration of amount or par value of shares the Company holds) via purchase, sale or other alienation, of shares, equity share and/or its part as well as additional investment into share capitals of other organizations;

36) decisions making on Company's taking part in non-commercial organizations excluding cases described in subcl. 16 cl. 10.2 of these Articles via becoming their participant, termination of participation, making additional investment (contributions) connected with Company's participation in non-commercial organizations);

37) determination of procedure of Company's interaction with organizations where the Company participates;

38) other matters provided for by the Federal Law "On Joint-Stock Companies" and these Articles of Association.

11.3. Company's Sole Shareholder shall annually consider the following matters:

- electing Company's Executive Committee,
- electing Company's Inspection committee
- approval of Company's auditor,
- approval of Company's annual reports, annual accounting statements including earnings and loss statements (accounts) and distribution of earnings including payment (declaring) of dividends and Company's losses based on fiscal year's results.

ARTICLE 12. COMPANY'S EXECUTIVE COMMITTEE.

12.1. The Executive Committee shall be Company's collegial management body exercising overall supervision of Company's activities.

12.2. Company's Executive Committee shall be elected by Company's Sole Shareholder in number of 6 persons.

12.3. Company's Sole Shareholder shall be entitled to decide on early termination of the powers of the Executive Committee members. Meantime, such a decision may be made only with respect to all the Executive Committee members simultaneously.

12.4. The following matters shall be the authority of the Executive Committee:

1) determining priority directions of Company's business including approval of Company's annual budget, mid-term and long-term budgets, strategies and development programs, making amendments in the said documents;

2) approval of internal control procedures;

3) defining Company' staff and social policy;

4) approval of internal document regulating genera; provisions of labour incentive as well discussion and making decisions on collective contracts and agreements conclusion;

5) summoning annual and extraordinary General Meetings of shareholders except for cases provided for by clause 8, Article 55 of the Federal Law "On Joint-Stock Companies";

6) approval of the agenda of General Meeting of shareholders;

7) defining the date of making the list of persons entitled to attend General Meeting of shareholders and other matters in compliance with the provisions of Chapter VII of the Federal Law "On Joint-Stock Companies" and in connection with arrangements for and convening of General Meeting of shareholders;

8) support of organizational and technical activity of Company's bodies;

9) setting forth the technical, financial and economic and tariff policies of Company and its branches;

10) setting forth the accounting policy, control over improvement of accounting and management accounting methods and introduction of accounting in compliance with the international accounting standards in the Company and its branches and subsidiaries;

11) setting forth planning, budgeting and controlling methods in the Company and its branches;

12) setting forth the policy of safety ensuring in the Company and its branches;

13) setting forth the procedure for vesting any branch with assets and withdrawal of assets thereof;

14) setting forth the number of and appointment of the members of collegial executive bodies of branches and early termination of their powers, approval of Provisions on branch's collegial executive body;

15) preliminary approval of candidates for the position of deputy heads, chief accountants of branches and representative offices and dismissal of the said persons from office;

16) approval of the terms and conditions of contracts (additional agreements) with the members of collegial executive bodies of branches, deputy heads, chief accountants of branches and representative offices and considering the matters decisions thereon shall be made by the Executive Committee in compliance with the said contracts;

17) approval of quarter budget plans of branches, making amendments in the said documents;

18) approval of other documents except for those set forth in the clause 12.4 of these Articles, internal documents regulating the matters of Company Executive Committee' authority except for the documents that are to be approved by Company's sole Shareholder and CEO as of Company's Articles of Association;

19) other issues set forth by the Federal Law "On Joint-Stock Companies".

12.5. The matters related to the authority of Company's Executive Committee may not be delegated to Company's sole executive body.

12.6. The procedure of summoning and convening the Executive Committee meetings, the amount and payment procedure for awards and compensations to the members of the Executive Committee shall be set forth by Provisions on the Executive Committee approved by Company's Sole Shareholder.

12.7. The Executive Committee meetings shall be summoned by the Chairman of the Executive Committee by his own initiative, by request of any member of the Executive Committee, Company's Inspection committee, Company's auditor, Company's sole executive body and by request of Company's Sole Shareholder.

12.8. Quorum for holding meetings of Company's Executive Committee shall be over half the number of elected members of the Executive Committee.

12.9. The Executive Committee meetings may be held in form of joint attendance (including teleconference) or by absentee voting.

12.10. When checking for quorum and voting results at any meeting of the Executive Committee in form of joint attendance, the opinion in writing of any member of the Executive Committee absent at that meeting shall be considered.

12.11. When making decisions at any meeting of Company's Executive Committee each member of the Executive Committee shall have one vote. When making decisions by the Executive Committee, the Chairman of the Executive Committee shall have the casting vote in case if the votes of the Executive Committee members are equal.

12.12. The Chairman of the Executive Committee shall arrange its work, summon and chair at meetings of the Executive Committee, arrange minutes keeping at the meeting.

12.13. The Executive Committee shall be entitled to appoint a deputy Chairman of the Executive Committee. When the Chairman of the Executive Committee is absent, his functions (including signatory authority) shall be exercised by his deputy and if the latter is absent – by any member of the Executive Committee by decision of the Executive Committee made by a majority of votes of its members attending that meeting.

ARTICLE 13. COMPANY'S CHIEF EXECUTIVE OFFICER (CEO).

13.1. CEO shall be the sole executive body supervising Company's everyday business. CEO shall be appointed by Company's Sole Shareholder.

13.2. CEO shall make decisions on the matters not related by these Articles of the authority of Company' Sole Shareholder and Executive Committee.

13.3. CEO shall act on Company's behalf without Power of Attorney including representing Company, entering into transactions on Company's behalf, approving the

staff schedule, issuing orders and giving instructions mandatory for execution by all Company's employees.

Rights, duties, remuneration and liabilities of CEO shall be set forth by the contract concluded between him or her and the Company. The contract on the behalf of the Company is signed by Company's Board of Director Chairman.

13.4. Company's Sole Shareholder shall be entitled to at any time decide on early termination of Company's CEO's office and cancellation of the contract with him or her.

ARTICLE 14. CONTROL OVER COMPANY'S FINANCIAL AND BUSINESS ACTIVITIES

14.1. For exercising control over Company's financial and business activities, Inspection committee shall be established and an independent auditor may be invited.

14.2. Inspection committee shall be independent Company's body elected by the decision of Company's Sole Shareholder in the number of 3 persons.

14.2.1. Powers of any member or all of the members of Inspection committee may be early terminated by decision of Company's Sole Shareholder.

In case if the number of Inspection committee members becomes less than half the elected Inspection committee members, Company's Sole Shareholder shall elect a new Inspection committee. The remaining members of Inspection committee shall exercise their functions till the electing of a new Inspection committee.

14.2.2. The following matters shall be the authority of Inspection committee:

- checking reliability of information containing in Company's reports and other financial documents;
- finding out any facts of violations of the procedures for accounting and submission of financial reports set forth by the regulations of the Russian Federation;
- checking the compliance with the regulations when calculating and paying taxes;
- finding out any facts of violations of the regulations of the Russian Federation in compliance with which Company shall exercise its financial and business activities;
- assessment of economic feasibility of Company's financial and business operations.

14.2.3. Checking (inspection) of Company's financial and business activities by Inspection committee shall be exercised based on Company's annual results.

Checking (inspection) of Company's financial and business activities shall be exercised at any time:

- by initiative of Company's Inspection committee itself;
- by decision of Company's Sole Shareholder;
- by decision of Company's Executive Committee.

14.2.4. By demand of Inspection committee any persons occupying positions in Company's management bodies shall submit documents on Company's financial and business activities.

14.2.5. Inspection committee's procedures and remuneration to Inspection committee members shall be set forth by Provisions on Company's Inspection committee approved by Company's Sole Shareholder.

14.3. For the purpose of inspection and acknowledgement of its annual financial statements, the Company shall on annual basis invite a professional auditor having no proprietary interests in the Company and its shareholders.

14.3.1. Auditor shall inspect Company's financial and business activities in compliance with the regulations of the Russian Federation under the contract concluded with him or her.

14.3.2. Company's Sole Shareholder shall approve Company's auditor. The terms and conditions of the contract concluded with the auditor including his or her remuneration shall be approved by Company's Executive Committee.

14.3.3. Auditor's inspection of Company's business shall be done at any time by demand of Company's Sole Shareholder.

ARTICLE 15. COMPANY'S REORGANIZATION.

15.1. The Company may be reorganized by decision of Company's Sole Shareholder. Other reasons and procedures for Company's reorganization shall be set forth by the current legislation of the Russian Federation.

15.2. The Company may be reorganized in form of merger, joining, division, separation or transformation into another corporate and legal form in compliance with the procedures provided for by the Federal Law "On Joint-Stock Companies".

ARTICLE 16. COMPANY'S LIQUIDATION

16.1. The Company may be liquidated by decision of Company's Sole Shareholder or by court resolution in cases and in compliance with the procedures provided for by the current laws.

16.2. In cases provided for by the current legislation of the Russian Federation, the Company shall make decision on its voluntary liquidation.

16.3. In case if upon Company's liquidation its assets are not sufficient to make settlements with all the creditors, the Chairman of Winding-up Committee appointed by General Meeting of shareholders shall apply to arbitration court requesting for the Company the simplified bankruptcy procedure for the liquidated debtor.