

APPROVED
By the Board of Directors
Open Joint-Stock Company
Concern "KALINA"
Minutes of the Meeting No. 3
dt. "27" July, 2006
Board of Directors, Chairman
JOHAN VREEMAN

BY-LAW ON DIVIDEND POLICY

Open Joint-Stock Company
Concern "KALINA"

Ekaterinburg,
2006

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Article 1. General provisions

- 1.1. The present By-Law on dividend policy of Concern "KALINA", the open joint-stock company, (hereinafter referred to as "By-Law" have been worked out according to legislation of the Russian Federation, the Charter of Concern "KALINA" ,the open joint-stock company, (hereinafter referred to as "Company"), Corporate Governance Code and other documents of the Company for inside use.
- 1.2. The purpose for adoption of these By-Law is determination of the strategy of the Board of Directors of the Company when working out recommendations on the share dividend size and the procedure for dividend payment.
- 1.3. The dividend policy of the Company is based on balancing the interests of the Company and those of the shareholders in the course of assessment of the dividend payment amount, on enhancement of investment attraction and capitalization of the Company, on respect and loyalty to the shareholders stipulated by the existing legislation of the Russian Federation, the Charter of the Company and its inside documents.
- 1.4. The Board of Directors of the Company shall approve the present By-Law, make any amendments and additions to them or cancel them.

Article 2. Basic conditions of Company on dividend payment

- 2.1. The Company is striving for not only enhancement of capitalization but also for increase of dividends paid to the shareholders reasoning from the net profit earned for the year and from the needs for development of the production and investment activities of the Company.
- 2.2. Conditions of the Company on dividend payment are as follows:
 - 2.2.1. availability of net profit in the Company for the accounting period assessed according to items 3.1. and 3.2. of the present By-Law;
 - 2.2.2. absence of restrictions for dividend payment which may be stipulated by legislation of the Russian Federation;
 - 2.2.3. recommendation of the Board of Directors on the dividend size;
 - 2.2.4. decision of the Company shareholders meeting.

Article 3. Assessment of dividend size

- 3.1. In accordance with the requirements of the Russian Federation legislation dividends to shareholders of the Company shall be paid from the net profit of the Company calculated on the base of accounts made in compliance with the Russian standards for accounting.

- 3.2. When framing a recommendation to the shareholders meeting about the dividend size (counting on one share) and a respective part of the net profit to be allocated for dividend payment the Board of Directors of the Company shall proceed from the assumption that allocated for dividend payment shall be not less than 20% of the net profit of the Company. At that the Board of Directors has a right to recommend to the shareholders meeting the dividend size less than above mentioned level in the following cases: (1) if any circumstances those are not assumed by the Company's annual budget and could have a material impact on financial results of the Company arise, (2) if there is a need to provide financing for strategic projects in the purpose of further development of the Company.
- 3.3. The recommended dividend size (counting on one share) of the Company is assessed proceeding from the amount of money allocated for dividend payment and numerically it equals the part of the annual net profit in rubles calculated according to item 3.2 of the present By-Law and divided by the number of the Company's shares placed or issued by the date of making the list of persons having the right to getting dividends.

Article 4. Procedure for taking a decision on dividend payment

- 4.1. The matter of possible dividend payment at the end of the accounting period shall be studied by the Board of Directors proceeding from the financial results obtained and proposals made by the executive bodies of the Company on distribution of the net profit. The Board of Directors shall consider the main directions of the profit distribution and determine the part of the profit which is advisable to be allocated for dividend payment. When taking their decision the Board of Directors shall follow article 3 of the present Provisions.
- 4.2. The decision on recommendation to the shareholders meeting concerning the dividend size shall be taken by a majority vote of the total number of the Board of Directors members.
- 4.3. The decision on recommendation concerning the dividend size on results of the first quarter, the first half-year, nine months shall be taken by the Board of Directors during three months on completion of the respective period and submitted for consideration of the shareholders so that they can take a final decision at the extra shareholders meeting.
- 4.4. The recommendation of the Board of Directors concerning the dividend size on results of the current year with account of dividends paid according to item 4.3 of the present By-Law shall be submitted to the shareholders in accordance with the existing legislation so that they can take a final decision at the annual shareholders meeting of the Company.
- 4.5. The decision on dividend payment and its size shall be taken by the shareholders meeting. The dividend size cannot be more than the amount recommended by the Board of Directors.

Article 5. Procedure for dividend payment

- 5.1. The Board of Directors of the Company shall fix a date for making up lists of persons having the right to participate at the shareholders meeting. The list of persons having the right to get dividends shall be compiled on the date when the list of persons participating at the shareholders meeting taking a decision on dividend payment is ready. For compiling the list of persons having the right to get dividends nominee shareholders shall give data on the persons whose interests they represent owning the Company's shares.

- 5.2. Dividends shall be paid to the shareholders in terms specified by the existing legislation of the Russian Federation, the Charter of the Company and the relevant decision of the shareholders meeting of the Company.
- 5.3. The Company and its executive bodies shall ensure timely and complete payment of dividends to the shareholders.
- 5.4. Considered as dividend payment are (i) transfer of respective money amounts from the Company's bank account (and if a paying agent is employed then from the bank account of this agent) to the bank account maintained at the Company's shareholders register system or (ii) cash payment to the shareholders who are natural persons through the Company cashier's office at their request according to the decision taken concerning the terms and procedure for dividend payment.
- 5.5. Dividends are paid in the declared size.
- 5.6. Dividends are paid in money only.
- 5.7. Taxation of the paid dividends is effected in the order estimated by the existing legislation of the Russian Federation.
- 5.8. For arrangement of regular and timely dividend payment the Company may recruit a paying agent and an operator.

Article 6. Information of shareholders about dividend policy of Company

- 6.1. The Company shall publish the By-Law on dividend policy and amendments to them at the Internet-site of the Company.
- 6.2. The materials to be submitted at the shareholders meeting for taking decisions, shall include all information telling about presence or absence of the conditions required for dividend payment.
- 6.3. The obligatory statement published by the Company about taking a decision on dividend payment, its size, terms, way and form of payment shall give an unambiguous and clear idea of the matter to the shareholders. At the same time the statement shall explain the shareholders' responsibility to inform the Company Registrar about changes in their bank details and mailing addresses as well as the possible consequences if they do not fulfill their commitments.

Article 7. Responsibility for incomplete or untimely dividend payment to shareholders

- 7.1. Responsibility for timely and accurate execution of decisions of the shareholders meetings about dividend payment is imposed on the Chief Executive Officer.
- 7.2. In case of incomplete and untimely dividend payment to the shareholders who have timely notified the Company Registrar about their bank details or mailing addresses or any changes therein the executive officers directly guilty of this incorrectness shall bear responsibility in accordance with the existing legislation of the Russian Federation.
- 7.3. According to item 5 of article 44 of the Federal Law of the Russian Federation "About joint-stock companies" the Company, the Registrar and the executive officers bear no responsibility for nonpayment of dividends to those shareholders who have not timely reported their exact bank details or mailing addresses or any changes therein to the Company Registrar.