

Approved by
General Meeting of Shareholders of
PIK Group

Minutes № 1 of March 31, 2008

**BYLAW ON
AUDIT COMMISSION of
PIK GROUP**

Moscow

1. GENERAL PROVISIONS

1.1. This Bylaw has been drafted in accordance with the Federal Law «About Joint Stock Companies» and the Charter of the Company.

1.2. The present Bylaw specifies the procedures of the Audit Commission, including the procedure of conducting meetings of the Audit Commission, the procedure of conducting audit, powers of the members of the Audit Commission, the procedure of interaction with management bodies of the Company.

1.3. The Audit Commission shall be elected by the General Meeting in accordance with the procedure provided for by the current legislation and the Charter of the Company, for a one year period, and shall consist of 3 persons.

1.4. The powers of the Audit Commission or its separate members may be terminated in accordance with the procedure provided for by the current legislation, the Charter of the Company and this Bylaw.

2. COMPETENCE OF THE AUDIT COMMISSION.

2.1. The Audit Commission effects control over financial-economic activity of the Company, including its branches and representative offices.

2.2. The Audit Commission, within its competence, effects control over activity of the Company in the following areas:

- audit of financial-economic documentation of the Company, including, if necessary, data of primary accounting;
- audit of legality of decisions and actions of executive bodies of the Company, including the contracts which were executed and transactions which were made;
- audit of conformity of terms and conditions of transactions made by the Company with terms and conditions of transactions to be made under comparable circumstances;
- analysis of compliance of accounting records maintenance and statistical recording with exiting regulations;
- analysis of financial standing of the Company, revelation of reserves for improvement of economic status of the Company;
- analysis of timeliness and correctness of settlements with contracting agents, budgets of various levels, shareholders and other creditors of the Company;
- analysis of settlements with debtors of the Company, including as for timeliness and completeness of steps taken by executive bodies;
- other areas of the Company's activity within the competence of the Audit Commission.

3. RIGHTS OF THE MEMBERS OF THE AUDIT COMMISSION

3.1. In course of its activity, the Audit Commission shall have the right to demand, and officials holding the positions in management bodies of the Company shall provide the documents relating to financial-economic activity of the Company, including confidential ones, in accordance with the following procedure:

3.1.1. demand to provide documents relating to financial-economic activity of the Company may be presented in an oral form or in a written form, whereas officials holding the positions in management bodies of the Company shall have the right to demand a written confirmation of the demand;

3.1.2. documents relating to financial-economic activity of the Company shall be provided immediately upon the demand of the Audit Commission, and if documents may not be provided immediately, due to objective factors, not later than on a business day following a date of submission of the demand;

3.1.3. the members of the Audit Commission shall have access to documents of the Company, including confidential ones, at any time during the working hours established in the Company, and, if necessary, after the end of the business day by written demand;

3.1.4. for the purpose of documenting the results of audits of activity of the Company, the Audit Commission shall have the right to demand to enclose duly certified copies of financial-economic documents of the Company to materials of audit;

3.1.5. in case of receipt of unauthentic documents, refusal to provide documents, breach of a term set out in paragraph 3.1.2 of this Bylaw, creation of other impediments to activity, the Audit Commission shall have the right to demand from executive bodies of the Company to take actions against persons guilty in such breach and immediately provide the required documents;

3.1.6. occasions of breaches of the requirements of subparagraphs 3.1.5 of this Bylaw by executive bodies of the Company, including, actions against persons guilty in such breaches, shall be brought to attention of the Board of Directors of the Company and reflected in the conclusion of the Audit Commission.

3.2. If breaches revealed in the activity of the Company create threat to its interests, the Audit Commission shall have the right:

3.2.1. to demand the convocation of meetings of the Management Board, the Board of Directors, Extraordinary General Meeting of Shareholders for settlement of issues within the competence of such management bodies of the Company;

3.2.2. The Audit Commission shall also have the right to demand the convocation of the Extraordinary General Meeting of Shareholders based on other grounds provided for by the legislation, the Charter of the Company and this Bylaw;

3.2.3. the procedure of convocation of meetings of the Management Board, the Board of Directors, Extraordinary General Meeting of Shareholders by demand of the Audit Commission shall be governed by the current legislation, the Charter of the Company and the Bylaw on the respective management body of the Company. If such procedure is not specified, a meeting shall be held within a reasonable time from a date of delivery of the demand.

3.3. The Audit Commission shall have the right to demand from officials of the Company to provide personal explanations relating to issues within the competence of the Audit Commission. The Audit Commission shall enclose such explanations to materials of audit.

3.4. The Audit Commission shall also have the right to demand from officials of the Company which competence includes specific issues of financial-economic and legal activity of the Company to provide written explanations relating to issues within their competence.

3.5. Explanations and conclusions made by demand of the Audit Commission shall be provided not later than next business day after a day of submission of the demand. In case of failure to provide explanations (conclusions) or willful submission of false explanations (conclusions), the Audit Commission shall act in accordance with the procedure analogous to the one provided for by paragraphs 3.1.5. and 3.1.6 of this Bylaw.

3.6. For the purpose of resolution of especially difficult issues in course of its activity, the Audit Commission shall have the right to retain outside specialists (individuals and legal entities).

3.7. In case of revelation of facts of breaches related to issues within its competence, the Audit Commission shall have the right to apply to management bodies of the Company and put the question of responsibility of an employee (an official) of the Company whose action or inaction caused such breach.

3.8. Management bodies of the Company shall advise the Audit Commission about actions taken under its applications.

4. RESPONSIBILITIES OF THE MEMBERS OF THE AUDIT COMMISSION. LIABILITY OF THE MEMBERS OF THE AUDIT COMMISSION

4.1. The members of the Audit Commission shall be responsible:

4.1.1. Not to disclose confidential information (keep commercial secret) which the members of the Audit Commission became aware of in course of performance of their powers.

4.1.2. To provide conclusions relating to the results of audit of the Company in accordance with the procedure specified by the Charter and this Bylaw.

4.1.3. To effect off-schedule audit of the Company not later than 30 days after issue of a respective resolution in accordance with the procedure specified by paragraph 5.3 of this Bylaw.

4.1.4. To effect obligatory audit of financial-economic activity of the Company under the results of annual operation and deliver the conclusion to the Board of Directors not later than two weeks prior to a date of a preliminary approval of the annual report of the Company by the Board of Directors.

4.1.5. To submit in proper time information to the Company as required by the legislation, including written notification of the Company about ownership of securities of the Company, the intention to make transactions with securities of the Company or its subsidiaries (dependent companies), and to disclose information about transactions with such securities made by the Company.

4.2. The members of the Audit Commission shall be liable for breaches made in course of performance of their responsibilities in accordance with the current legislation of the Russian Federation.

5. OPERATING PROCEDURE OF THE AUDIT COMMISSION.

5.1. Election of Chairman and Secretary of the Audit Commission and their powers.

5.1.1. The Chairman of the Audit Commission shall be in charge of activity of the Audit Commission, and such Chairman shall be elected by the majority of votes of the members of the Audit Commission taking part in voting at the first meeting of the Audit Commission. The Chairman of the Audit Commission may be reelected at any time by decision of the majority of the members of the Audit Commission.

5.1.2. The candidacy of the Chairman of the Audit Commission may be proposed by any member of the Audit Commission. A member of the Audit Commission may propose its own candidacy.

5.1.3. When the Chairman of the Audit Commission is being elected, all members of the Audit Commission shall participate in voting, including a person whose candidacy has been put to vote.

5.1.4. The Chairman of the Audit Commission shall make the Work Schedule of the Audit Commission, distribute responsibilities between its members and be in charge of their work. Instructions of the Chairman in the area of organizational issues (including the issue of necessity and timing of audit of financial-economic activity of the Company) shall be obligatory for the members of the Audit Commission. The Chairman shall not have the right to exert influence over conclusions of a member of the Audit Commission which are made in the result of the audit.

5.1.5. Organizational support of operation of the Audit Commission shall be effected by the Secretary of the Audit Commission to be elected at the first meeting of the Audit Commission. Election of the Secretary of the Audit Commission shall be effected in accordance with the procedure analogous to the one provided for the election of the Chairman of the Audit Commission.

5.1.6. The Secretary of the Audit Commission shall immediately upon his election notify the Company of the methods of transfer of documents, received to the address of the Audit Commission in accordance with paragraph 6.1 of this Bylaw, to him.

5.1.7. The Secretary of the Audit Commission shall keep minutes and ensure storage of documents relating to activity of the Audit Commission in accordance with section 6 of this Bylaw.

5.2. Meetings of the Audit Commission.

5.2.1. All issues of operation of the Audit Commission not delegated by this Bylaw to the competence of the Chairman of the Audit Commission shall be considered at meetings of the Audit Commission. Meetings of the Audit Commission shall be held when necessary.

5.2.2. *The first meeting of the Audit Commission shall be held not later than 15 days from a date of election of the Audit Commission.*

5.2.3. Meetings of the Audit Commission shall be chaired by the Chairman of the Audit Commission. In case of his absence, the members of the Audit Commission by majority of votes present at a meeting shall elect a person which will substitute the Chairman at the meeting.

5.2.4. The minutes shall be kept at a meeting of the Audit Commission. In case of absence of the Secretary at a meeting, a person which will substitute him shall be elected by majority of votes of the members of the Audit Commission present at the meeting. The minutes shall be signed by all participants of the meeting.

5.2.5. Meetings of the Audit Commission shall be held prior to and after audit of the Company.

5.2.6. Meetings of the Audit Commission may be held in a form of attendance or by absentee voting.

5.2.7. If a meeting is held by absentee voting, documents containing the agenda and voting ballot which will allow to precisely express a position relating to issues on the agenda shall be sent to the members of the Audit Commission. The Secretary of the Audit Commission, on the instructions of the Chairman of the Audit Commission, shall ensure preparation of documents for a meeting to be held by absentee voting and their delivery. The Chairman of the Audit Commission shall specify a term during which the members of the Audit Commission shall express their position relating to issues on the agenda.

5.2.8. A meeting of the Audit Commission shall be considered to be legally competent if not less than half of elected members of the Audit Commission are present at it. In case of a meeting by absentee voting, it is considered to be held if not less than half of elected members of the Audit Commission participated in voting.

5.2.9. Resolutions of the Audit Commission shall be adopted by the majority of votes of the members of the Audit Commission which participated in a meeting (participated in voting in case of a meeting held by absentee voting). Each member of the Audit Commission has one vote. In case of the equality of votes, a vote of the Chairman of the Audit Commission shall be decisive.

5.3. Audits to be made by the Audit Commission.

5.3.1. The Audit Commission effects audit of financial-economic activity of the Company under the results of operation for the year.

5.3.2. The Audit Commission shall have the right, in addition to audit set out in paragraph 5.3.1. of this Bylaw, to effect off-schedule audits at any time in accordance with this Bylaw.

5.3.3. Audit of financial-economic activity of the Company may also be effected at any time:

-on initiative of the Audit Commission of the Company.

- by resolution of the General Meeting of Shareholders of the Company.

-by resolution of the Board of Directors of the Company.

-by demand of a shareholder (shareholders) of the Company which hold in aggregate not less than 10 percent of voting shares of the Company, relating to all issues within the competence of the General Meeting of Shareholders as of a date of submission of demand.

5.3.4. The reason for audit on initiative of the General Meeting of Shareholders or the Board of Directors shall be the respective resolution of the management body of the Company. The Chairman of the Audit Commission shall arrange off-schedule audit not later than 30 days after a date of adoption of the respective resolution by the General Meeting of Shareholders or the Board of Directors.

5.3.5. The reason for audit on initiative of a shareholder shall be the respective written demand received by the Audit Commission. The Chairman of the Audit Commission shall arrange off-schedule audit not later than 30 days after the receipt of the demand.

5.3.6. If a member of the Audit Commission considers necessary to conduct off-schedule audit of activity of the Company, he shall apply with the respective proposal to the Chairman of the Audit Commission. The Chairman of the Audit Commission shall convene a meeting of the Audit Commission for the purpose of discussion of the necessity and a term of off-schedule audit. Off-schedule audit on the initiative of the Audit Commission shall be conducted, if the majority of the members of the Audit Commission votes for that.

5.3.7. Before the beginning of audit, the Chairman of the Audit Commission shall notify the Board of Directors and President of the Company (a person acting for him) in a written form of issues to be examined, a person initiating audit, presumable term of audit, the necessity to retain outside specialists for audit and other essential conditions of audit.

5.3.8. For the purpose of procuring activity of the Audit Commission, President of the Company (a person acting for him) shall nominate a team of employees of the Company responsible for interaction with the Audit Commission.

5.4. Procedure of involvement of outside specialists in specific audits conducted by the Audit Commission.

5.4.1. The Board of Directors and any member of the Audit Commission shall have the right at any time to apply to the Chairman of the Audit Commission with a proposal to retain outside specialists for audit. The resolution about involvement of outside specialists shall be adopted at a meeting of the Audit Commission.

5.4.2. If outside specialists may be retained only for a compensation, this shall be subject to preliminary approval of the Board of Directors of the Company. The Board of Directors in its resolution shall specify the payment procedure and other essential conditions of participation of outside specialists in audit to be conducted by the Audit Commission.

5.5. Registration of the results of audits conducted by the Audit Commission.

5.5.1. Based on the results of audit, the Certificate of Audit shall be made containing systematic summary of facts of breaches, evidenced by documents, in course of financial-economic activity of the Company revealed during audit or a mark of absence of such breaches, as well as conclusions and proposals of the Audit Commission aimed at elimination of revealed breaches.

5.5.2. Based on the Certificate of Audit, the Audit Commission shall make a conclusion and express its opinion in it, including reliability of data included in reports and other financial documents of the Company.

5.5.3. The conclusion shall include the following information:

- brief information about the company which was examined;
- information about the membership of the Audit Commission;
- a term of audit;
- a method of audit;
- conclusions of the Audit Commission about reliability of accounting reporting in general, its specific part or its unreliability.

5.5.4. The conclusion shall be signed by the Chairman of the Audit Commission and the members of the Audit Commission which participated in audit. All controversies arising at making the conclusion shall be solved by voting by majority of the votes. A member of the Audit Commission which is not in

agreement with findings included into the conclusion shall have the right to set forth his position in a written form.

5.5.5. The conclusion shall be made in three copies which shall be sent to the following addresses:

- the Board of Directors of the Company;
- President of the Company.

One copy shall be kept with files of the Audit Commission.

5.5.6. If audit was conducted on initiative of a shareholder or a group of shareholders, the conclusion shall be made in four copies one of which shall be sent to his/their address. Alternatively, familiarization of interested persons with the conclusion of the Audit Commission shall be effected in accordance with the procedure provided for by Article 91 of the Law «About Joint Stock Companies».

5.5.7. The conclusion of the Audit Commission shall be formed not later than 10 days after a date of completion of audit and represents the official standpoint of the Audit Commission relating to the examined issues. The conclusion shall be brought to attention of interested parties within five days from a date when it was made.

6. KEEPING OF DOCUMENTS OF THE AUDIT COMMISSION AND PRESENTATION OF SUCH DOCUMENTS TO THE INTERESTED PERSONS.

6.1. All documents addressed to the Audit Commission (in particular, requests to conduct audit) shall be sent by registered mail to the Company with a confirmation receipt or delivered to the secretariat (registry) of the Company. Executive bodies of the Company shall ensure delivery of incoming documents to the Chairman of the Audit Commission or the Secretary of the Audit Commission.

6.2. Conclusions of the Audit Commission shall be kept at the address of the executive body or at some other place which shareholders and other interested persons are aware of and may have access to.

6.3. Conclusions of the Audit Commission shall be presented to persons entitled to have access to such documents in accordance with the current legislation and the procedure provided for by the current legislation and the Charter of the Company.

6.4. Minutes of meetings of the Audit Commission and other documents related to activity of the Audit Commission (except for conclusions) shall be kept with the Secretary of the Audit Commission. When a new Secretary of the Audit Commission is elected, a previous Secretary shall transfer such documents to a newly elected Secretary of the Audit Commission.

7. FINANCIAL SUPPORT OF THE ACTIVITY OF THE AUDIT COMMISSION. FEE AND COMPENSATION TO THE MEMBERS OF THE AUDIT COMMISSION.

7.1. The Company shall provide the Audit Commission (amongst other purposes, for the purpose of holding meetings of the Audit Commission and for a term of audits) with the premises equipped with the office appliances (telephones, faxes, computers, printers and other office appliances upon reasonable demand of the Chairman of the Audit Commission). The premises shall be located in such a place which will not hamper the activity of the Audit Commission.

7.2. The Audit Commission shall be provided, at the expense of the Company, with the office supplies and other expandable supplies necessary for activity of the Audit Commission.

7.3. The members of the Audit Commission shall be compensated for all the evidenced expenses related to performance of their obligations as the members of the Audit Commission.

8. PRE-TERM TERMINATION OF POWERS.

8.1. The powers of any members or the entire Audit Commission can be terminated ahead of schedule by the resolution of the General Meeting of Shareholders.

8.2. A member of the Audit Commission shall have the right to withdraw on his own initiative at any time, having notified the Chairman of the Audit Commission and the Company in a written form. If so, the powers of a member of the Audit Commission shall be terminated on a date when the respective notice is sent.

8.3. In case of withdraw of the Chairman from the Audit Commission, the following procedure shall be observed:

- The Chairman of the Audit Commission shall inform the Company of his decision to withdraw from the Audit Commission;

- The Chairman of the Audit Commission shall convene a meeting of the Audit Commission;

- a new Chairman of the Audit Commission shall be elected at the meeting of the Audit Commission.

8.4. Powers and responsibilities of the Chairman of the Audit Commission shall be reserved till election of a new Chairman of the Audit Commission.

8.5. When the number of the members of the Audit Commission becomes less than half of the elected members of the Audit Commission, the Board of Directors shall convene the Extraordinary General Meeting of Shareholders for the purpose of election of a new membership of the Audit Commission. The remaining members of the Audit Commission shall perform their functions till election of the new Audit Commission at the Extraordinary General Meeting of Shareholders.

9. FINAL PROVISIONS.

9.1. The present Bylaw shall be approved by the General Meeting of Shareholders by majority of votes of shareholders – owners of voting shares of the Company taking part at the General Meeting of Shareholders.

9.2. Proposals on making amendments and addenda to this Bylaw shall be made in accordance with the procedure provided for by the Charter of the Company for making proposals to the agenda of the General Meeting of Shareholders. Proposals on making amendments and addenda to section “Fee and compensation to the members of the Audit Commission” of this Bylaw can be made only by the Board of Directors of the Company.

9.3. The resolution on making amendments and addenda to the Bylaw shall be adopted by the General Meeting by majority of votes of shareholders – owners of voting shares of the Company taking part at the General Meeting of Shareholders.

9.4. If due to change of the legislation of the Russian Federation or the Charter of the Company, some articles of the present Bylaw contradict them, such articles shall cease to be in force and the members of the Audit Commission shall be governed by the current legislation till the moment of making amendments to the Bylaw.