

Approved by
the General Meeting of
Shareholders
OAO Severstal-auto
December 24th, 2004

Minutes No. _____
December _____th, 2004
President of the Board

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ARTICLES OF ASSOCIATION

of Open Joint-Stock Company

OAO Severstal-auto

(REVISED VERSION)

Cherepovets
2004

The open joint-stock company **Severstal-auto** has been incorporated in accordance with the RF Legislation and has been acting pursuant to the effective legislation and these Articles of Association.

ARTICLE 1. FOUNDERS OF THE COMPANY

1.1. The Company was founded by the Open Joint-Stock Company Severstal (registered by the resolution of the Cherepovets City Council of September 24, 1993, registration number 1150, located at 30, Mira Street, Cherepovets, Vologodsky Region, 162600).

ARTICLE 2 BRAND NAME AND LOCATION OF THE COMPANY

2.1. The full brand name of the Company is **Open Joint-Stock Company Severstal-auto**; the abbreviated brand name of the Company is **OAO Severstal-auto**; in English **OAO Severstal-auto**

2.2. The Company is located at:

The Russian Federation, Cherepovets, Vologodsky Region.

The location of the Company is defined by the place of its state registration as well as by the location of the one-man executive body of the Company.

2.3. The Company postal address is

33, Pobedy Prospect, Cherepovets, Vologodsky Region, the Russian Federation, 162614.

2.4. The Company has an affiliation which is located at 2/3, Klary Tsetkin Street, Moscow, 127299

2.5. The Company has an affiliation which is located at 1a, Sovetskaya Street, Zavolzhie, Nizhegorodsky Region, 606522.

2.6. The Company has an affiliation which is located at 8, Moskovskoe Shosse, Ulyanovsk, Ulyanovsky Region, 432008.

ARTICLE 3 THE COMPANY LEGAL STATUS

3.1. The Company is a legal entity which acts according to the RF Legislation and these Articles of Association.

3.2. The Company acquires rights and responsibilities of a legal entity starting from the date of its state registration performed according to the procedure defined in the RF Legislation.

3.3. The Company possesses solitary property, reflected in its independent balance, including the property transferred to it by its shareholders as payment for the shares. According to the ownership rights the Company owns, uses and disposes of its property. The Company's property cannot be confiscated or brought into requisition according to administrative procedures except for the situations stipulated in the RF Legislation.

3.4. The Company has the right in its own name to enter into transactions, to acquire property rights or any other rights, to incur obligations and to act both as claimant and as defendant in court.

3.5. The Company has the right to set up affiliations and to open representative offices on the territory of the RF and abroad.

3.6. The Company has the right to set up enterprises, institutions and organizations stipulated by the effective legislation of the RF and the legislation of foreign countries both on the territory of the RF and abroad as well as to participate in their activity.

3.7. The Company has the right of its own accord to become a member of unions, associations and other alliances in accordance with the RF Legislation.

3.8. The Company is not liable for its shareholders' obligations. The shareholders are not liable for the Company's obligations and bear the risk of losses connected with its activity limited by the cost of the shares that they hold, unless the RF Legislation stipulates otherwise. The shareholders that have not fully paid for their shares have a joint responsibility for the Company's liabilities limited by the cost of the shares that they hold.

3.9. The state and its bodies are not liable for the Company's obligations, likewise the Company is not liable for obligations of the state and its bodies.

3.10 If the Company is declared insolvent (a bankrupt), the shareholders are liable for its obligations only in the situations and according to the procedure stipulated by the RF Legislation.

3.11. The Company owns a round seal that bears its full brand name and indicates its location. The seal can also bear the abbreviated brand name of the Company written in any foreign language or in any language of the RF nationalities.

The Company is also entitled to own stamps and letterhead forms bearing its name, its own emblem and a trademark that should be registered in accordance with the established regulations as well as to own other means of visual identification.

3.12. The Company has a right to open rouble and foreign currency accounts as well as other types of accounts in accordance with the established regulations both on the RF territory and abroad.

3.13. The Company has a right to carry out any foreign economic activity in accordance with the RF Legislation.

3.14. The property and activities of the Company can be insured in accordance with the RF Legislation.

3.15. The employees of the Company should be provided with a health insurance and social benefits in accordance with the provisions stipulated by the RF Legislation. The Company carries out all the necessary activities in the area of mobilization preparation and civil defence in accordance with the RF Legislation as well as provides for keeping an inventory and guaranteeing safety of the human resources documents and for their timely delivery to the state storage in case of reorganizing or winding up of the Company.

3.16. The Company has other rights and responsibilities in accordance with the RF Legislation.

3.17 The Company has no time limits as to its activity.

ARTICLE 4 SUBJECT AND AIMS OF THE COMPANY ACTIVITY.

4.1. The main aim of the Company is obtaining profit and using it in the interests of the Company.

4.2. The Company is entitled to being involved in any economic activity except the ones that are prohibited by the RF Legislation.

The Company may be involved in some specific activities, determined by the RF Legislation, only after a special permission (license) is obtained.

4.3. The Company of its own accord organizes protection of the confidential data containing commercial secrets. The structure and the volume of the data containing commercial secrets and

their protection procedure are defined by the Board of Director and the Director General of the Company in accordance with the RF Legislation.

The Director General, the members of the Board of Directors and other employees of the Company shall stringently protect and keep commercial secrets of the Company.

ARTICLE 5 THE COMPANY AUTHORIZED CAPITAL

5.1. The authorized capital of the Company constitutes 372 501 987.5 (Three hundred and seventy two million five hundred and one thousand nine hundred and eighty seven and a half) roubles.

The authorized capital of the Company is divided into 29 800 159 ordinary registered shares each having a nominal value of 12.5 roubles (100% of the authorized capital).

In addition to its outstanding stock the Company has the right to place additional registered shares in the amount of 52 274 033 (Fifty two million two hundred and seventy four thousand and thirty three) items each having a nominal value of 12.5 roubles (authorised shares). The rights given by the additional shares correspond to the rights given by the outstanding stock of the Company.

5.2. The authorised capital defines the minimum amount of the Company property that is guaranteed for the interests of its creditors.

5.3. The size of the authorised capital can be changed in accordance with the procedure stipulated by the RF Legislation and these Articles of Association.

5.4. The authorized capital of the Company may be increased by means of increasing the nominal value of the shares or by means of placing additional shares.

5.5. The resolution to increase the authorized capital of the Company by means of increasing the nominal value of the shares should be passed by the General Meeting of Shareholders.

The resolution to increase the authorized capital of the Company by means of placing additional shares is passed by the Board of Directors of the Company except for such situations of the authorized capital increase that fall into the General Meeting of Shareholders competence.

The resolution of the Board of Directors to increase the authorized capital of the Company by means of placing additional shares should be approved unanimously by the Board of the Directors of the Company. The votes of those members who have withdrawn from the Board of Directors of the Company do not count.

5.6. The Company can place additional shares only within the limit of the authorized shares amount stated in the Articles of Association of the Company.

The resolution on the issue of increasing the authorized capital of the Company by means of placing additional shares may be passed by the General Meeting of Shareholders simultaneously with the resolution on including the necessary for this resolution provisions on the authorized shares in the Articles of Association of the Company or on amending provisions on the authorized shares.

5.7. The resolution concerning the Company authorized capital increase by means of placing additional shares shall determine the amount of the placed additional ordinary and privileged shares of each type staying within the limit of the amount of the authorized shares of this category (type), the way of placing them, the cost of placing additional shares that are placed by means of subscription, or the procedure of defining the cost, as well as the cost of placing or the procedure of defining the additional shares cost for those shareholders who have the preemptive right of purchase for the placed shares, the way of payment for those additional shares that are placed by means of subscription, and it may also determine other placement conditions.

5.8. The Company authorized capital increase by means of placing additional shares may be done at the expense of the Company property. The Company authorized capital increase by means

of increasing the nominal value of shares shall be done exclusively at the expense of the Company property.

The sum of money constituting the authorized capital increase carried out at the expense of the Company property shall not be larger than the difference between the Company net assets cost and the sum of the authorized capital and the contingency fund of the Company.

If the authorized capital is increased at the expense of the Company property by means of placing additional shares, these shares shall be distributed among all the shareholders. At that each shareholder will receive shares of the same category (type) that he already holds, pro rata the amount of the shares that he already holds. The authorized capital increase at the expense of the Company property by means of placing additional shares which results in producing fractional shares is not allowed.

5.9. The Company has the right to reduce its authorized capital or even has to do so in the situations stipulated by the legislation.

The authorized capital of the Company may be reduced by means of reducing the nominal value of shares or by reducing their number including acquisition and retirement of a part of shares in the situations stipulated by the Federal Law “On Joint-Stock Companies”.

The Company cannot reduce its authorized capital if such reduction results in the fact that its amount becomes less than the minimum amount of the authorized capital as it is determined in the effective legislation as of the date of presenting the documents for state registration of corresponding changes in the Articles of Association of the Company, and in the situations when in accordance with the effective legislation the Company has to reduce its authorized capital as of the date of the state registration of the Company.

5.10. The resolution on reducing the authorized capital of the Company by means of reducing the shares nominal value or by means of acquiring a part of shares with the aim of reducing their general number is passed by the General Meeting of Shareholders.

5.11. Within 30 days as from the date of passing the resolution on reducing its authorized capital the Company has to notify its creditors in writing about the authorized capital reduction and about its new amount as well as publish the announcement about the resolution in the printed publication that publishes the information concerning legal entities state registration. At that the Company creditors have the right to demand in writing pre-term termination or fulfillment of the corresponding obligations of the Company and indemnification of their losses sent within 30 days as from the date of sending them the notice or within 30 days as from publishing the announcement concerning the resolution passed.

5.12. The state registration of amendments in the Articles of Association connected with the authorized capital reduction can be performed only if there is evidence of notifying the creditors according to the procedure stipulated by the effective legislation.

ARTICLE 6. SHARES, BONDS AND OTHER SECURITIES OF THE COMPANY.

6.1. The Company shall provide for keeping and storing the Company Shareholders Register in accordance with the RF legislation acts as of the date of the Company state registration.

6.2. The Company Shareholders Register is kept by a professional member of the securities market who carries out the activity of keeping the register of registered securities holders (further on the Registrar).

6.3. Upon the request of a shareholder or of a nominee shareholder the Company Registrar shall confirm his/her right to the shares by means of providing an extract from the Company Shareholders Register, such extract is not considered a valuable security.

The Company Shares

6.4. The Company places ordinary shares and also has the right to place one type or several types of privileged shares.

All shares of the Company are registered and are issued as uncertified.

6.5. The nominal value of all the ordinary shares shall be the same.

6.6. The privileged shares may differ in their type. The nominal value of the outstanding privileged shares shall not exceed 25 per cent of the Company authorized capital.

The procedure of shares issuing (emission) and their registration is stipulated by the effective legislation of the RF.

The Company Bonds.

6.7. The Company may place bonds and issue other securities stipulated by the effective legislation of the RF.

6.8. The Company may place bonds and issue other securities by the resolution of the Board of Directors of the Company, except for the situations provided for in the Federal Law “On Joint-Stock Companies”.

The resolution on issuing bonds shall determine their form, the terms and other conditions of redemption of bonds.

6.9. A bond shall have a nominal value. The nominal value of all the bonds issued by the Company cannot exceed the authorized capital of the Company or the amount of the collateral given to the Company by third parties with the aim of issuing the bonds.

The Company may place the bonds only after a complete payment for the Company authorized capital.

The bond redemption may be carried out either by money or by other property in accordance with the resolution on their issuing.

6.10. The bonds may be either registered or payable to the bearer.

Payment for shares and other securities issued by the Company.

6.11. The shares placed by means of subscription may be paid for either by money or by securities, other objects or property rights or by any other rights that have some money value.

6.12. Additional shares and other issued securities of the Company that are placed by means of subscription are placed only if they are paid for in full.

The Company methods of placing shares and other securities of the Company.

6.13. The Company has the right to place additional shares and other issued securities by means of subscription and conversion. If the authorized capital of the Company increases at the expense of its property, the Company shall place additional shares by means of distributing them among the shareholders.

6.14. The Company has the right to place shares and issued securities of the Company, including the ones that are convertible into shares, by means of both public and private offering.

6.15. The placement of shares (the issued securities of the Company that are convertible into shares) by means of private offering shall be carried out by the General Meeting of Shareholders

resolution concerning the authorized capital increase by means of placing additional shares (on placing the issued securities convertible into shares of the Company) passed by the three-quarters majority votes of those shareholders who are the holders of the voting shares and participate in the General Meeting of Shareholders.

6.16. The placement of ordinary shares that constitute more than 25% of the earlier placed ordinary shares by means of public offering shall be carried out exclusively by the General Meeting of Shareholders resolution passed by the three-quarters majority votes of those shareholders who are the holders of the voting shares and participate in the General Meeting of Shareholders.

6.17. The placement of issued securities that are convertible into ordinary shares and constitute more than 25% of the earlier placed ordinary shares shall be carried out exclusively by the General Meeting of Shareholders resolution passed by the three-quarters majority votes of those shareholders who are the holders of the voting shares and participate in the General Meeting of Shareholders, unless the larger amount of votes necessary for passing such a resolution is stipulated in the Articles of Association of the Company.

ARTICLE 7. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES.

7.1. Each ordinary share gives its holder the right for one vote at the General Meeting of Shareholders, except for cumulative vote.

The conversion of ordinary shares into privileged shares, bonds and other securities is not allowed.

7.2. The holders of ordinary shares have the right to:

- participate in managing the Company activities according to the procedure stipulated by these Articles of Association;
- participate in the General Meeting of Shareholders with the voting right for all the issues falling within his/her competence;
- receive a part of the profit (the dividends) generated by the Company activities;
- receive a part of the Company property in case of the Company winding up.

7.3. The shareholders have to:

- observe the regulations of these Articles of Association;
- refrain from the activities that may inflict harm to the Company;
- pay for the shares in accordance with the procedure stipulated by the effective legislation of the RF and these Articles of Association;
- keep confidential information about the Company activities and commercial secrets;
- timely inform the Company about the address changes and other changes of the data entered in the Shareholders Register. If the shareholders fail to present the information about such changes, the Company and the Registrar are not liable for the losses incurred in connection with this fact.

7.4. The shareholders owning voting shares have the right to demand redemption for all or for some part of their shares by the Company in the following situations:

if the Company reorganization or a high finance transaction takes place, and such transaction has been approved by the General Meeting of Shareholders but they voted against this reorganization or this transaction or did not participate in the voting at all;

if the Articles of Association of the Company are amended or supplemented or if a revised version of the Articles of Association has been approved and these changes limit their rights so they voted against such resolution or did not participate in the voting at all.

The Company shall redeem the shares at the cost defined by the Board of Directors of the Company and this cost cannot be lower than its market value as it estimates by an independent auditor without taking into consideration the cost changes resulting from the Company activities that have caused the right of demanding the estimate and redemption of these shares.

7.5. A person who has acquired either independently or together with its affiliated person (persons) 30 or more per cent of the placed ordinary shares of the Company does not have to offer the shareholders to sell him either ordinary shares held by them or issued securities convertible into ordinary shares.

7.6. When purchasing every 5 per cent of the placed ordinary shares over the 30 per cent of the placed ordinary shares of the Company the person who independently or together with its affiliated person (persons) purchases the above-mentioned block of shares does not have to offer the shareholders to sell him either ordinary shares held by them or issued securities convertible into ordinary shares.

ARTICLE 8. PROPERTY, FUNDS, PROFIT AND INDEMNIFICATION.

8.1. The property owned by the Company is constituted by the following:

- property which is included in the financial statement of the Company by the right of ownership excluding the property assigned to the Company due to other legal grounds;
- inflow generated by issuing and placing shares and other securities;
- income generated by sale of goods, products, the work done and the services provided;
- other kinds of inflow not prohibited by the RF legislation.

8.2. The shareholder bears risks of accidental loss or harm of the property which he has passed to the Company for usage.

8.3. The Company sets up a contingency fund that equals 5 per cent of the authorized capital.

The contingency fund is created by means of annually allocating money for it until the fund reaches the indicated amount.

The Company contingency fund is intended for covering its losses and for redemption of the Company bonds and shares if there is no other means available.

The contingency fund cannot be used for other purposes.

The Company may set up other funds necessary for its activity.

The purpose and the procedure of forming the funds, their size and their means allocation are determined by the corresponding regulations approved by the Board of Directors of the Company.

8.4. The pre-tax profit and the net profit of the Company are defined according to the procedure stipulated by the RF legislation.

8.5. The profit obtained by the Company as a result of its business activity and remaining at its disposal after paying taxes (the net profit) is used for setting up the Company funds and by the resolution falling within the competence of the General Meeting of Shareholders and the Board of Directors it can be allocated to the development of the Company and paying dividends on the shares.

8.6. According to the results of the first quarter of the fiscal year, half a year of it, nine months of it and/or the results of the fiscal year the Company has the right to announce (declare) dividend payment on the outstanding stock unless the Federal Law "On Joint-Stock Companies" and other legal acts stipulate otherwise.

The Company shall pay the dividends declared for shares of each category (type). The dividends are paid by money and/or other property. The form of dividend payment is defined by the General Meeting of Shareholders. The dividends are paid out of the net profit of the Company.

The resolution on dividend payment, their amount and the form of their payment for the shares of each category (type) is passed by the General Meeting of Shareholders. The amount of dividends as it is defined by the resolution of the General Meeting of Shareholders according to the results of the first quarter of the fiscal year, half a year of it, nine months of it and/or the results of the fiscal year cannot exceed the amount recommended by the Board of Directors of the Company.

The procedure of dividend payment is defined by the resolution of the General Meeting of Shareholders.

The dividend payout period cannot exceed 730 (Seven hundred and thirty) days starting with the day when the resolution on dividend payment has been passed.

The list of the people entitled to receive dividends is compiled as of the date of compiling the list of people entitled to take part in the General Meeting of Shareholders where the resolution on the payment of the relevant dividends is to be passed. In order to compile the list of the people entitled to receive dividends a nominal shareholder submits the data on those people on behalf of whom he holds the shares.

ARTICLE 9. STRUCTURE OF MANAGING AND SUPERVISING BODIES OF THE COMPANY.

9.1. The managing bodies of the Company shall be as follows:

- The General Meeting of Shareholders;
- The Board of Directors;
- The Director General, a one-man executive body.

9.2. The rights, the competence and the working schedule of the Company managing bodies shall be stipulated by the RF legislation, these Articles of Association and in-house documents of the Company.

9.3. The supervising body for the financial and economic activities of the Company is the Auditing Committee of the Company.

ARTICLE 10. GENERAL MEETING OF SHAREHOLDERS.

Competence of the General Meeting of Shareholders

10.1. The General Meeting of Shareholders shall be the supreme body of the Company. The Company holds the General Meeting of Shareholders annually. The Annual Meeting is held not earlier than two months and not later than six months after the end of the fiscal year. The annual meeting is convened by the Board of Directors.

The annual General Meeting discusses the issues connected with electing the Board of Directors, the Auditing Committee of the Company, approving the Auditor of the Company, approving annual reports, annual accounting statements, including profit-and-loss statement of the Company, as well as allocation of profit including dividends payment (declaring) and deciding upon the losses of the Company according to the fiscal year results. The annual Meeting cannot be held by absent vote.

All meetings except the annual one are extraordinary. The extraordinary meetings are convened according to the procedure stipulated by the Federal Law “On Joint-Stock Companies”, these Articles of Association and the Statute on holding the General Meeting of Shareholders.

10.2. The General Meeting of Shareholders is competent in the following matters:

- 10.2.1. Introducing amendments and additions to the Articles of Association of the Company or approving the revised version of the Articles of Association of the Company;
- 10.2.2. Reorganizing the Company;
- 10.2.3. Winding up the Company, appointing the liquidation committee and approving the interim and final liquidation balance sheets;
- 10.2.4. Defining the number of people in the Board of Directors, electing its members and pre-term termination of their office;
- 10.2.5. Defining the amount of authorized shares, their nominal value, their category (type) and the rights granted by these shares;
- 10.2.6. Increasing the Company authorized capital by means of increasing the nominal value of shares;
- 10.2.7. Decreasing the Company authorized capital by means of decreasing the nominal value of shares or by acquiring a part of shares by the Company with the aim of reducing their amount or by retirement of the shares acquired or bought out by the Company;
- 10.2.8. Electing the Auditing Committee members and pre-term termination of their Office;
- 10.2.9. Approving the Company Auditor;
- 10.2.10. Approving annual reports, annual accounting statements, including profit-and-loss statements (loss and gain accounts) of the Company as well as allocating the profit, including dividends payment (declaring), except for the profit allocated as dividends according to the results of the first quarter of the fiscal year, half a year of it, nine months of it, and deciding upon the losses of the Company according to the fiscal year results;
- 10.2.11. Defining the procedure of the General Meeting of Shareholders;
- 10.2.12. Splitting and consolidation of shares;
- 10.2.13. Passing resolutions on approving transactions in the situations stipulated by Article 83 of the Federal Law “On Joint-Stock Companies”;
- 10.2.14. Passing resolutions on approving high finance transactions in the situations stipulated by Article 79 of the Federal Law “On Joint-Stock Companies”;
- 10.2.15. Purchasing outstanding stock by the Company in the situations stipulated by the Federal Law “On Joint-Stock Companies”;
- 10.2.16. Passing resolutions on participating in holding companies, financial and industrial groups, associations and other alliances of commercial organizations;
- 10.2.17. Approving in-house documents that regulate activities of the Company bodies;
- 10.2.18. Increasing the authorized capital by private offering of shares;
- 10.2.19. Increasing the authorized capital by public offering of ordinary shares that constitute more than 25 per cent of the earlier placed ordinary shares;
- 10.2.20. Passing resolutions on public offering of issued securities convertible into ordinary shares that constitute more than 25 per cent of the earlier placed ordinary shares;
- 10.2.21. Passing resolutions on private offering of issued securities convertible into shares;
- 10.2.22. Dividend payment (declaring) by the results of the first quarter of the fiscal year, half a year of it, nine months of it;
- 10.2.23. Other issues stipulated by the Federal Law “On joint-stock companies”.
- 10.3. The matters that fall into the competence of the General Meeting of Shareholders cannot be decided by the executive body of the Company.

The matters that fall into the competence of the General Meeting of Shareholders cannot be decided by the Board of Directors of the Company, except for the matters stipulated by the Federal Law “On Joint-Stock Companies”.

10.4. Resolution on the issues described in paragraphs 10.2.1., 10.2.2., 10.2.3., 10.2.5., 10.2.14, 10.2.15.,10.2.18,10.2.19,10.2.20, 10.2.21 are passed by the majority of the three quarters of votes of the shareholders who hold the voting shares and participate in the General Meeting of Shareholders unless the legislation stipulates otherwise.

All other resolutions are passed by a simple majority of vote of the shareholders who hold the voting shares and participate in the General Meeting of Shareholders unless the legislation stipulates otherwise.

Resolutions on the issues described in paragraphs 10.2.2., 10.2.6., 10.2.12 – 10.2.17, 10.2.22. are passed by the General Meeting of Shareholders only at the suggestion of the Board of Directors of the Company.

Information on convening the General Meeting of Shareholders

10.5. The notice of convening the General Meeting of Shareholders shall be given not later than 30 days before the date of the meeting.

If the suggested agenda of the extraordinary General Meeting of Shareholders contains an item on electing the Board of Directors members, the notice of convening such extraordinary General Meeting of Shareholders shall be given not later than 50 days before the date of the meeting.

Within the indicated time limit the notice of convening the General Meeting of Shareholders shall be published in the newspapers *Cherepovetsky Metallurg* (the city of Cherepovest) and *Rossiskaya Gazeta*.

The Company has the right to use additional means of informing its shareholders about the General Meeting of Shareholders.

When the General Meeting of Shareholders (annual and extraordinary) is held, the voting bulletins shall be sent or handed over personally to every person whose name is included in the list of people having the right to participate in the General Meeting of Shareholders not later than 20 days before the date of the meeting.

The voting bulletins are sent by a registered letter.

Quorum of the General Meeting of Shareholders

10.6. The General Meeting of Shareholders is authorized (has a quorum), if it was attended by the shareholders who cumulatively possess more than a half of votes granted by the outstanding voting stock of the Company.

The shareholders are deemed to have attended the General Meeting of Shareholders if they registered to participate in it or if their voting bulletins were received not later than two days before the date of the General Meeting of Shareholders. The starting dates of the registration for participation in the General Meeting of Shareholders are defined by the Board of Directors of the Company and are stated in the notice on convening the meeting.

If the General Meeting of Shareholders was conducted in the form of absent vote, the shareholders are deemed to have attended it, if their voting bulletins were received earlier than the ending date of bulletins acceptance.

If the agenda of the General Meeting of Shareholders includes issues that are put to vote for different groups of voters, the quorum for these issues should be defined separately. At that the absence of quorum for the issues intended for one group of voters does not mean that no resolution can be passed concerning the issues intended for another group of votes which has a quorum.

10.7. If there is no quorum at the annual General Meeting of Shareholders, another General Meeting of Shareholders with the same agenda shall be convened. If there is no quorum at an extraordinary General Meeting of Shareholders, it will be adjourned and another General Meeting of Shareholders with the same agenda may be reconvened.

The reconvened adjourned General Meeting of Shareholders is authorized (has a quorum), if it was attended by the shareholders who cumulatively possess not less than 30 per cent of votes granted by the outstanding voting stock of the Company.

If the reconvened adjourned General Meeting of Shareholders is reconvened not later than 40 days after the one that did not take place, the persons who have the right to participate in the General Meeting of Shareholders are defined in accordance with the list of people who had the right to participate in the General Meeting of Shareholders that was adjourned.

Items for the agenda of the General Meeting of Shareholders

10.8. Shareholders (a shareholder) who cumulatively hold not less than 2 per cent of the voting shares of the Company are entitled to introduce items for the agenda of the annual General Meeting of Shareholders and to recommend candidates for the Board of Directors of the Company, the Auditing Committee of the Company, the number of such candidates cannot exceed the number of members of the corresponding body. Such proposals shall be handed over to the Company not later than 60 days after the fiscal year end.

If the suggested agenda of an extraordinary General Meeting of Shareholders contains an item on electing the members of the Board of Directors of the Company, shareholders (a shareholder) of the Company who cumulatively hold not less than 2 per cent of the voting shares of the Company are entitled to recommend candidates for the Board of Directors of the Company and the number of such candidates cannot exceed the number of members of the Board of Directors. Such proposals shall be handed over to the Company not later than 30 days prior to the date of the extraordinary General Meeting of Shareholders.

10.9. The proposal for introducing items to the agenda of the General Meeting of Shareholders and the proposal for recommending candidates shall be submitted in writing indicating the name (the title) of the shareholders (the shareholder) who have submitted it, the amount and the category (type) of the shares held by them and shall be signed by the shareholders (the shareholder).

The proposal for introducing items to the agenda of the General Meeting of Shareholders shall contain the wording of each proposed item and the proposal for recommending candidates shall contain the name of each recommended candidate, the name of the body for which he is recommended for election as well as other information about the candidate stipulated by the Articles of Association or by the Company in-house documents. The proposal for introducing items to the agenda of the General Meeting of Shareholders may also contain the wording of the resolution for each proposed item.

The Meeting of Shareholders is not authorized to pass resolutions for the items that have not been included in the agenda.

Extraordinary General Meeting of Shareholders

10.10. All the meetings except the annual one are deemed extraordinary.

The extraordinary General Meeting of Shareholders shall be held on the grounds of the resolution of the Board of Directors on its own initiative, the request of the Auditing Committee of the

Company, of the auditor of the Company, or of shareholders (a shareholder) who hold not less than 10 per cent of the voting shares of the Company as of the date of such request.

10.11. The extraordinary General Meeting is convened by the Board of Directors of the Company on the grounds of the request of the Auditing Committee of the Company, of the auditor of the Company, or of shareholders (a shareholder) who hold not less than 10 per cent of the voting shares of the Company.

10.12. The extraordinary General Meeting of Shareholders that is convened on the grounds of the request of the Auditing Committee of the Company, of the auditor of the Company, or of shareholders (a shareholder) who hold not less than 10 per cent of the voting shares of the Company shall be held within 40 days from the date of submitting the request to hold the extraordinary General Meeting of Shareholders.

10.13. If the proposed agenda for the extraordinary General Meeting of Shareholders contains an item on electing members of the Board of Directors of the Company, such General Meeting of Shareholders shall be held within 70 days from the date of submitting the request to hold the extraordinary General Meeting of Shareholders.

10.14. If the Board of Directors has to make a decision on holding the extraordinary General Meeting of Shareholders in accordance with Articles 68-70 of the Federal Law "On Joint-Stock Companies", such General Meeting of Shareholders shall be held within 40 days from the date when the decision on holding it was made by the Board of Directors of the Company.

If the Board of Directors has to make a decision on holding the extraordinary General Meeting of Shareholders for electing members of the Board of Directors of the Company in accordance with the Federal Law "On Joint-Stock Companies", such General Meeting of Shareholders shall be held within 70 days from the date when the decision on holding it was made by the Board of Directors of the Company.

10.15. The request to hold the extraordinary General Meeting of Shareholders shall contain those items that are to be included in the agenda of the meeting. The request to hold the extraordinary General Meeting of Shareholders may include the wording of resolutions for each item as well as a proposal for the form of holding the General Meeting of Shareholders. If the request to hold an extraordinary General Meeting of Shareholders contains a proposal for recommending candidates, such request falls under relevant provisions of Article 53 of the Federal Law "On Joint-Stock Companies".

The Board of Directors of the Company is not entitled to introduce amendments in the wording of the agenda items or in the wording of the resolutions for these items or to change the proposed form of holding the extraordinary General Meeting of Shareholders convened at the request of the Auditing Committee, the Auditor of the Company or the shareholders (shareholder) who hold not less than 10 per cent of the voting shares of the Company.

If the request to convene the extraordinary General Meeting of Shareholder is submitted by shareholders (a shareholder), it shall contain the name (the title) of the shareholders (the shareholder) who have requested convening of the meeting and indicate the amount and the category (type) of the shares held by them.

The request of convening an extraordinary General Meeting of Shareholders is signed by the persons (the person) who request convening the extraordinary General Meeting of Shareholders.

The Board of Directors of the Company shall make a decision to convene the extraordinary meeting of Shareholders or to refuse to convene it within five days from the date of submitting the request of the Auditing Committee of the Company, of the auditor of the Company, or of shareholders (a shareholder) who hold not less than 10 per cent of the voting shares of the Company.

10.16. The Board of Directors may refuse to convene the extraordinary General Meeting of Shareholders at the request of the Auditing Committee of the Company, of the auditor of the Company, or of shareholders (a shareholder) who hold not less than 10 per cent of the voting shares of the Company if:

the procedure stipulated by these Articles of Association for submitting the request for convening the extraordinary General Meeting of Shareholders has not been followed;

the shareholders (shareholder) who request convening the extraordinary General Meeting of Shareholders do not hold the number of voting shares stipulated in paragraph 10.4 of the Articles of Association;

neither of the items proposed for the agenda of the extraordinary General Meeting of Shareholders falls within its competence and/or does not correspond to the provisions of the Federal Law "On Joint-Stock Companies" and other legislative acts of the RF..

The decision of the Board of Directors to convene the extraordinary General Meeting of Shareholders or their motivated refusal to convene it shall be sent to the people who requested its convening within three days from the date when this decision was made.

The refusal of the Board of Directors of the Company to convene an extraordinary General Meeting of Shareholders may be appealed to a court.

10.17. If within the time limit stipulated by these Articles of Association the Board of Directors has not made any decision to convene the extraordinary General Meeting of Shareholders or has refused to convene it, the extraordinary General Meeting of Shareholders may be convened by the bodies and the persons who have requested this meeting. At that the bodies and the persons who convene the extraordinary General Meeting of Shareholders shall have the authority necessary for convening and holding the General Meeting of Shareholders as it is stipulated by the Federal Law "On Joint-Stock Companies" and by this Regulation.

In this situation the expenses incurred while preparing for the General Meeting of Shareholders and convening it may be reimbursed at the expense of the Company in accordance with the resolution of the General Meeting of Shareholders.

Forms of convening the General Meeting

10.18. A resolution of the General Meeting of Shareholders may be passed by means of holding a meeting (joined presence of the shareholders aimed at discussing the agenda items and passing resolutions for the issues put to vote with a preliminary submission of voting bulletins prior to holding the General Meeting of Shareholders).

10.19. A resolution of the General Meeting of Shareholders may be passed without holding a meeting (joined presence of the shareholders aimed at discussing the agenda items and passing resolutions for the issues put to vote) by means of absent vote.

The shareholders are considered to have participated in the General Meeting of the Shareholders conducted by absent vote if their voting bulletins have been received before the deadline set for accepting the bulletins.

If the agenda of a General Meeting of Shareholders includes items on electing the Board of Directors of the Company, the Auditing Committee of the Company, approving the Auditor of the Company as well as the matters stipulated by sub-paragraph 11 of paragraph 1 of article 48 of the Federal Law "On Joint-Stock Companies", such meeting cannot be held by absent vote.

Procedure of shareholders participation in the General Meeting

10.20. The number of votes a shareholder is entitled to is defined by the amount of shares that are held by him, when one voting outstanding share means one vote, except for the situations of cumulative voting while electing the members of the Board of Directors of the Company.

10.21. A shareholder representative shall act at the General Meeting in accordance with the powers vested in him by regulations of federal bodies or by acts of competent local authorities or by a written proxy. The proxy shall contain the data about the person represented and the representative (the name or the title, the place of dwelling or location, passport information). The proxy shall be executed in accordance with the provisions of paragraphs 4 and 5 of article 185, the Civil Code of the RF or notarized.

10.22. The General Meeting of Shareholders is presided by the Chairman of the Board of Directors. If the Chairman of the Board of Directors is absent, his functions are carried out by one of the members of the Board of Directors of the Company in accordance with the decision of the Board of Directors of the Company.

10.23. If a share has been transferred after the date of compiling the list of participants and before the date of holding the General Meeting of Shareholders, the person included in the list of shareholders who are authorized to participate in the General Meeting of Shareholders has to issue a proxy to the transferee or to vote at the General Meeting of Shareholders in accordance with the transferee's instructions. This rule also applies to any subsequent situation of shares transfer.

10.24. Voting for the agenda items at the General Meeting of Shareholders is done by means of voting bulletins.

Counting board (the Company registrar)

10.25. The counting board functions are performed by the registrar.

10.26. The registrar verifies the rights and registers people who participate in the General Meeting of Shareholders, defines the quorum of the General Meeting of Shareholders, clarifies the questions arising in connection with implementing the voting rights of the shareholders (their representatives) at the General Meeting, clarifies the voting procedure for the issues put to vote, provides for the established voting procedure and for the shareholders' right to take part in voting, calculates votes and sums up the voting results, writes up the minutes on the voting results and passes voting bulletins to the record-keeping office.

Resolutions of the General Meeting of Shareholders as well as the results of voting are announced at the General Meeting of Shareholders where this voting has taken place or are brought to notice to the people who had the right to participate in the General Meeting of Shareholders according to the procedure stipulated for notifying shareholders about the General Meeting of Shareholders within 10 days from the date of writing up the minutes of the meeting.

10.27. The minutes of the General Meeting of Shareholders are written up in two copies within 15 days from the date of bringing the General Meeting of Shareholders to a close. Both copies shall be signed by the chairman of the General Meeting of Shareholders and by the secretary of the General Meeting of Shareholders.

ARTICLE 11. THE BOARD OF DIRECTORS OF THE COMPANY

11.1. General Provisions.

11.1.1. The Board of Directors manages the activities of the Company in general, except for the issues that fall within the competence of the General Meeting of Shareholders.

The Board of Directors reports to the General Meeting of Shareholders and organizes implementation of its resolutions.

11.1.2. The Chairman of the Board of Directors of the Company is elected by the members of the Board of Directors from amongst the members of the Board by a majority of vote based on the total number of the members of the Board of Directors of the Company.

The Chairman of the Board of Directors of the Company organizes the activities of the Board, convenes its meetings and chairs them, provides for keeping the minutes and presides at the General Meeting of Shareholders.

The Chairman of the Board of Directors of the Company or another person authorized to do so by the Board of Directors enters on behalf of the Company into a five years' contract with the Director General. This contract specifies his rights and responsibilities in managing the operating activities of the Company.

The Chairman of the Board of Directors (chairing a meeting) signs the minutes of the meeting of the Board of Directors and bears responsibility for their correctness.

If the Chairman of the Board of Directors of the Company is absent, his functions are carried out by one of the members of the Board of Directors of the Company in accordance with the decision of the Board of Directors of the Company.

If the Chairman of the Board of Directors of the Company cannot fulfill his functions or abdicates his office of his own accord, the Board of Directors makes a decision to elect a new Chairman of the Board of Directors of the Company.

11.1.3. The members of the Board of Directors are elected by the General Meeting of Shareholders by cumulative vote for a term lasting until the next annual General Meeting of Shareholders. If the annual General Meeting of Shareholders is not held within the period stipulated by paragraph 1 of article 47 of the Federal Law "On Joint-Stock Companies", the authority of the Board of Directors is terminated except for its authority to prepare, convene and hold the annual General Meeting of Shareholders.

Only a physical body can be a member of the Board of Directors of the Company. A member of the Board of Directors of the Company does not have to be a shareholder. Persons elected members of the Board of Directors of the Company can be re-elected an unlimited number of times.

A person who fulfills the functions of the one-man executive body cannot simultaneously act as the Chairman of the Board of Directors Общества.

11.1.4. The members of the Board of Directors are elected by cumulative vote. The cumulative vote means that the number of votes belonging to each shareholder is multiplied by the number of people to be elected to the Board of Directors of the Company and the shareholder may use all the votes obtained like this for voting for one candidate only or to divide them between two or more candidates. The candidates who have got the biggest amount of votes are deemed to be elected to the Board of Directors of the Company.

The resolution of the General Meeting of Shareholders concerning pre-term termination of the Board of Directors office can be passed only with reference to all the members of the Board of Directors.

11.1.5. According to the resolution of the General Meeting of Shareholders of the Company the members of the Board of Directors of the Company while being in office may receive remuneration and/or reimbursement for the expenses connected with their activities in the capacity of the members of the Board of Directors of the Company. The amount of such remuneration and reimbursement is defined by a resolution of the General Meeting of Shareholders.

11.2. The following matters fall within the competence of the Board of Directors of the Company:

- 11.2.1. Defining priority directions of the Company activities;
 - 11.2.2. Convening annual and extraordinary General Meetings of Shareholders except for the situations stipulated by paragraph 8 of article 55 of the Federal Law "On Joint-Stock Companies";
 - 11.2.3. Approving the agenda for the General Meeting of Shareholders;
 - 11.2.4. Defining the date of complying the list of those people who are entitled to participate in the General Meeting of Shareholders as well as dealing with other matters falling within the competence of the Board of Directors of the Company in accordance with Chapter VII of the Federal Law "On Joint-Stock Companies";
 - 11.2.5. Increasing the authorized capital of the Company by means of placing additional shares within the limits of the amount and categories (types) of the authorized shares, except for the situations of the authorized capital increase falling within the competence of the General Meeting of Shareholders and introducing corresponding amendments and additions in the Articles of Association of the Company;
 - 11.2.6. Placing bonds and other issued securities by the Company in the situations stipulated by the Federal Law "On Joint-Stock Companies";
 - 11.2.7. Defining the cost (the money value) of property, the cost of placing and redemption of issued securities in the situations stipulated by the Federal Law "On Joint-Stock Companies";
 - 11.2.8. Purchasing the shares, bonds and other issued securities placed by the Company in the situations stipulated by the Federal Law "On Joint-Stock Companies";
 - 11.2.9. Electing the Director General of the Company and pre-term termination of his office;
 - 11.2.10. Giving recommendations concerning the amount of remuneration and compensation for the members of the Auditing Committee and the amount of fee for the Auditor services;
 - 11.2.11. Giving recommendations concerning the amount of dividend on the shares and the procedure of its payment;
 - 11.2.12. Using the contingency fund and other funds of the Company;
 - 11.2.13. Approving in-house documents of the Company except for such in-house documents the approval of which falls into the competence of the General Meeting of Shareholders in accordance with the Federal Law "On Joint-Stock Companies", as well as other in-house documents of the Company the approval of which falls into the competence of the executive bodies of the Company in accordance with the Articles of Association of the Company;
 - 11.2.14. Setting up affiliations and opening representative offices, their winding up and introducing relevant amendments and additions to the Articles of Association of the Company;
 - 11.2.15. Approving high finance transactions in the situations stipulated by Chapter X of the Federal Law "On Joint-Stock Companies";
 - 11.2.16. Approving transactions stipulated by Chapter XI of the Federal Law "On Joint-Stock Companies";
 - 11.2.17. Approving the registrar of the Company and the terms and conditions of his agreement as well as dissolving this agreement;
 - 11.2.18. Approving drafts of the documents and programs that are presented for consideration to the Director General of the Company;
 - 11.2.19. Approving the candidates suggested by the Director General for the position of his proxy;
 - 11.2.20. Solving other matters stipulated by the Federal Law "On Joint-Stock Companies" and the Articles of Association of the Company.
- 11.3. The Board of Directors meetings.
 - 11.3.1. The number of the members of the Board of Directors is 9 (nine) people.

11.3.2. The terms and the procedure of convening and holding the meetings as well as the procedure of passing resolutions by the Board of Directors of the Company are defined by the Statute on the Board of Directors of the Company.

11.3.3. The quorum for holding a meeting of the Board of Directors is deemed to be the presence of not less than a half of the elected members of the Board of Directors. If the number of the members of the Board of Directors becomes less than the number that constitutes the above-mentioned quorum, the Board of Directors is bound to pass a resolution to hold an extraordinary General Meeting for electing new members of the Board of Directors. The remaining members are entitled to pass no other resolution but the one on convening this extraordinary General Meeting of Shareholders.

A written opinion of a member of the Board of Directors on the agenda items can be taken into account when defining the quorum and the ballot.

In the situations when in accordance with the Articles of Association of the Company a resolution shall be passed by a three-fourths majority vote or unanimously by all the members of the Board of Directors but without taking into consideration withdrawn members of the Board of Directors, the members are considered withdrawn if::

- they have died, are missing or deemed insane;
- they have retired from the Board of Directors of their own accord due to their health, a conflict of interests and in other situations and submitted a written notice about it. In this situation the notice shall be discussed by the members of the Board of Directors at the next meeting of the Board of Directors. The day of retirement is the date on which the Board of Directors shall pass the resolution on it;
- their authority as members of the Board of Directors has been stopped or suspended by the resolutions of law authorities that have come into effect.

11.3.4. Resolutions on the issues indicated in paragraphs 11.2.5, 11.2.15 of these Articles of Association shall be passed unanimously and the votes of the withdrawn members of the Board of Directors are not taken into consideration.

Resolutions on the issue indicated in 11.2.16. of the Articles of Association of the Company are passed by a majority of vote of those directors who are not interested in concluding the transaction.

Resolutions on all the other issues are passed by a simple majority of vote of the members of the Board of Directors unless the Federal Law "On Joint-Stock Companies" stipulates otherwise. Each member of the Board of Director has one vote when voting at the meeting of the Board of Directors.

Transfer of the right to vote by a member of the Board of Directors to another person, including another member of the Board of Directors, is not allowed.

The Chairman of the Board of Directors has the right of a casting vote in case of equality of votes of the Board of Directors members who are present at the meeting.

11.3.5. The Board of Directors of the Company appoints a secretary of the Board of Directors who provides for taking minutes at the Meetings of Shareholders and the meetings of the Board of Directors.

11.3.6. Resolutions of the Board of Directors may be passed by absent vote (on a poll).

The decision to hold absent vote is made by the Chairman of the Board of Directors or by those people who initiate the Board of Directors meeting.

Those members of the Board of Directors whose voting bulletins (written opinions) have been submitted not later than the set ending date of accepting the bulletins are considered having taken part in the absent vote.

11.4. The issues that fall into the competence of the Board of Directors of the Company cannot be passed over for making a decision to the executive body of the Company.

11.5. The Board of Directors Committees for discussing separate issues may be created by the Board of Directors resolution. The functions of such committees, the procedure of organizing them and their working schedule are stated for each committee separately in a statute approved by the Board of Directors.

ARTICLE 12. ONE-MAN EXECUTIVE BODY OF THE COMPANY

12.1. The one-man executive body of the Company is the Director General.

12.2. The Director General is appointed by the Board of Directors of the Company for the term of five years and can be re-elected unlimited numbers of times. The Board of Directors can decide upon pre-term termination of the Director General office.

12.3. The Director General acts on behalf of the Company without any power of attorney, represents its interests, enters into transactions on behalf of the Company, approves the staff schedule, issues regulations and gives instructions that are binding for all the employees of the Company.

12.4. All the matters connected with managing the current activities of the Company fall within the competence of the Director General excluding the matters that fall within the competence of the General Meeting of Shareholders and the Board of Directors of the Company.

The Director General of the Company:

- carries out the operative management of the Company activities;
- has the right of signature for financial documents;
- represents the interests of the Company without any power of attorney both in the Russian Federation and abroad;
- approves the staff schedule, on behalf of the Company enters into labour agreements with the Company employees, decides upon bonuses and charges for the Company employees;
- enters into transactions on behalf of the Company without any power of attorney;
- issues powers of attorney on behalf of the Company;
- provides for book-keeping and accounting of the Company;
- issues regulations and gives instructions binding for all the employees of the Company;
- represents the interests of the Company as a shareholder (a member) of other legal entities and makes all decisions connected with this membership;
- approves and signs instruments of incorporation of enterprises, organizations and institutions of which the Company is a founder, as well as signs documents of re-organization of enterprises, organizations and institutions of which the Company is a shareholder (a member);
- makes decisions of purchasing and alienation of shares (interest) of organizations and institutions of which the Company is a shareholder (a member);
- fulfils other functions in accordance with the effective legislation of the RF and the Articles of Association of the Company.

12.5. The Director General shall coordinate with the Board of Directors the candidate for the acting Director General who will hold the office during his vacation leave and in case of his long absence from the office (more than three days).

ARTICLE 13. LIABILITY OF THE BOARD OF DIRECTORS MEMBERS AND THE DIRECTOR GENERAL OF THE COMPANY

13.1. While executing their rights and responsibilities the members of the Board of Directors of the Company and the Director General of the Company shall act in the interests of the Company, execute their rights and responsibilities in relation to the Company reasonably and in good faith.

13.2. The members of the Board of Directors of the Company, the Director General of the Company are liable to the Company for losses incurred by their culpable activity (absence of activity) unless other reasons and the amount of liability are stipulated by Federal Laws.

At that the members of the Board of Directors of the Company are not liable if they voted against the resolution that has caused the losses for the Company or did not participate in the voting.

13.3. Regular business practices and other circumstances relevant for the situation shall be taken into account when defining the grounds for the liability of the members of the Board of Directors and the Director General and the amount of such liability.

13.4. If in accordance with the provisions of this Article several people are liable, their liability for the Company is joint.

ARTICLE 14. REPRESENTATIVE OFFICES AND AFFILIATIONS OF THE COMPANY

14.1. The Company is entitled to set up affiliations and to establish representative offices both on the territory of the RF and abroad complying with the requirements stipulated by the effective legislation of the RF and the relevant legislation of foreign countries effective at the location of such affiliations and representative offices if the international legislation of the RF does not stipulate otherwise.

14.2. The affiliation and the representative office are not considered to be legal entities, they act on the ground of the statute approved by the Company. The affiliation and the representative office are provided with the property by the Company, this property is registered both in separate balance sheets and in the balance sheet of the Company.

The head of the affiliation and the head of the representative office are appointed by the Company and act on the grounds of a power of attorney issued by the Company.

Foreign citizens have the right to be appointed heads of affiliations and representative offices both on the territory of the RF and abroad.

14.3. The affiliation and the representative office act on behalf of the Company that has set them up. The Company is liable for the activities of the affiliation and the representative office set up by it.

Notices of amendments in the Articles of Association connected with changes in the data concerning its affiliations and representative offices are submitted for notification to the state registration body responsible for legal entities. These amendments become effective for third parties from the moment of notifying the body that carries out state registration of legal entities.

ARTICLE 15. AUDITING COMMITTEE, AUDIT

15.1. The General Meeting of Shareholders shall elect the Auditing Committee of the Company consisting of three people. The Committee shall supervise the financial and economic activities of the Company. The members of the Auditing Committee are elected by the General Meeting of Shareholders to hold office until the next annual General Meeting of Shareholders.

In accordance with the resolution of the General Meeting of Shareholders the members of the Auditing Committee may receive remuneration and/or reimbursement of their expenses connected with the realization of their responsibilities. The amount of the reimbursement and the remuneration is defined by a resolution of the General Meeting of Shareholders.

15.2. The operating procedures of the Company Auditing Committee are defined by the Statute on the Auditing Committee of the Company approved by the General Meeting of Shareholders.

15.3. The inspection (audit) of financial and economic activities of the Company is carried out for the annual results of the Company activity as well as at any other time on the initiative of the Auditing Committee of the Company, of the resolution of the General Meeting of Shareholders, the Board of Directors of the Company or on request of the shareholders (a shareholder) who cumulatively hold not less than 10 per cent of the Company voting shares.

15.4. On request of the Auditing Committee the people holding office in managing bodies of the Company shall present documents on the financial and economic activity of the Company.

15.5. The Auditing Committee of the Company is entitled to demand convening an extraordinary General Meeting of Shareholders in accordance with Article 55 of the Federal Law "On Joint-Stock Companies".

15.6. The members of the Auditing Committee of the Company cannot simultaneously be members of the Board of Directors of the Company or hold other offices in managing bodies of the Company.

Those shares that belong to the members of the Board of Directors of the Company or to the people who hold office in managing bodies of the Company cannot vote during the procedure of electing the Auditing Committee members.

15.7. An Auditor (an individual or an auditing company) of the Company examines the financial and economic activities of the Company in accordance with the legislative acts of the RF on the ground of the concluded contract.

15.8. The General Meeting of Shareholders appoints the auditor of the Company. The amount of his/her fee is determined by the Board of Directors of the Company.

According to the inspection results for the financial and economic activity of the Company the Auditing Committee of the Company or the Auditor of the Company shall comply a report containing the following information:

validation of accuracy for the data of the reports and other financial documents of the Company;

facts of violating the procedures of bookkeeping and of presenting financial reports stipulated by the legislative acts of the RF as well as facts of violating the norms of the legislative acts of the RF in the process of the financial and economic activity.

15.9. The financial and economic activity of the Company is inspected by fiscal control bodies, auditing bodies and, if it proves necessary, by other competent state authorities.

Inspection and audit shall not interfere with the regular procedure of the Company activities.

15.10. Prior to publishing the annual report and the annual accounting statement the Company shall invite an auditor not connected with the property interests of the Company or with its shareholders for conducting the annual inspection.

ARTICLE 16. FINANCIAL ACCOUNTING AND REPORTING OF THE COMPANY

16.1. The Company shall keep accounting record and present financial reports in accordance with the procedure stipulated by the Federal Law "On Joint-Stock Companies" and other legislative acts of the RF.

16.2. The accuracy of the data included in the annual report of the Company and the annual accounting statement shall be confirmed by the Auditing Committee of the Company.

16.3. The annual report of the Company shall be preliminary approved by the Board of Directors of the Company not later than 30 days before the date of the annual General Meeting of Shareholders.

16.4. A fiscal year of the Company lasts from January 1 to December 31 inclusive. The first fiscal year ends on December 31 of the Company registration year.

16.5. The Company shall present its annual report and other financial reports to the State Tax Inspection not later than 90 days after the end of a fiscal year.

16.6. The Company shall provide for the safe custody of the documents the list of which is determined by the effective legislation of the RF. The Company stores these documents at the location of its executive body in accordance with the terms and conditions stipulated by the Federal Executive Body for the securities market. Financial accounting documents and minutes of the collegial executive body meetings are accessible to those shareholders (a shareholder) who cumulatively hold not less than 25 per cent of the Company voting shares.

The Company shall provide its shareholders with access to these documents within seven days as of the date of presenting a proper request for inspecting these documents on the premises of the Company executive body.

16.7. The Company shall make public the following documents:

Company annual report, annual accounting statement;
prospectus for the Company shares issue in the situations stipulated by the legislative acts of the Russian Federation;

notice of convening the General Meeting of Shareholders according to the procedure stipulated by these Articles of Association;

other information determined by the Federal Executive Body for the securities market.

ARTICLE 17. REORGANIZATION AND WINDING UP OF THE COMPANY

17.1. The Company may be reorganized in the form of merging, takeover, split-off, spin-off and transformation conducted in accordance with the procedure stipulated by the Federal Law "On Joint-Stock Companies".

17.2. The Company shall be deemed reorganized as of the moment of the newly established legal entities state registration, except for reorganizing in the form of takeover.

In case of the Company reorganization in the form of takeover by another Company, the former of them shall be deemed reorganized as of the moment when the state registration body records winding up the activities of the taken over Company in the state register of legal entities.

17.3 The property of the companies formed as a result of reorganizing can be built up only at the cost of the property of the reorganized companies.

17.4. A transfer act and a separation balance sheet shall be executed in case of reorganizing the Company.

17.5. The Company may wind up its activities of its own accord following the procedure stipulated by the RF Civil Code, while taking into consideration the regulations of these Articles of Association. The Company may be wound up in accordance with the court decision made on the grounds stipulated by the Civil Code of the RF.

The winding up of the Company causes the end of its activity without any transfer of rights and responsibilities to other persons by the law of succession.

17.6. If the Company has wound up of its own accord, the Board of Directors of the liquidated Company submits for discussion at the General Meeting of Shareholders the issue of the Company liquidation and of appointing a liquidation committee.

The General Meeting of Shareholders of the Company that is liquidated of its own accord passes a resolution on the liquidation of the Company and on appointing a liquidation committee.

17.7. As soon as the liquidation committee is appointed, all the authority for managing the activities of the Company passes to it. The liquidation committee appears in court on behalf of the liquidated Company.

The liquidation committee submits for the press that publishes information on legal entities registration a notice of the Company liquidation, stating the procedure and the time period for its creditors' claims. The time period for making creditors' claims cannot be less than two months starting with the date when the notice of liquidation was published.

17.8. When the time period for making creditors' claims expires, the liquidation committee compiles an interim liquidation balance sheet which contains information about the property composition of the liquidated Company, the claims made by its creditors and the results of their consideration. The interim liquidation balance sheet is approved by the General Meeting of Shareholders as agreed with the body that has performed the state registration of the liquidated Company.

Money payments to the creditors of the liquidated Company are made in the order of priority stipulated by the Civil Code of the RF and by the interim liquidation balance sheet starting from the date of its approval, except for the creditors of the fifth priority for whom payments start at the end of a month from the date of the interim liquidation balance sheet approval.

The property of the liquidated Company that has remained after the settlement of the creditors' claims is divided among its shareholders by the liquidation committee according to the following procedure:

the first priority is the payoff for the shares that are to be redeemed in accordance with article 75 of the Federal Law "On Joint-Stock Companies";

the second priority is the payoff for the accrued but not paid dividends on privileged shares and the liquidation cost of privileged shares as it is defined by the Articles of Association of the Company;

the third priority is the division of the liquidated Company property amongst the shareholders who hold ordinary shares and all types of privileged shares.

The property division of each priority is carried out after a complete division of property for the previous priority.

17.9. The liquidation of the Company shall be deemed completed and the Company shall be deemed liquidated as of the moment of entering relevant information in the united state registry of legal entities by a state registration body.

17.10. Conditions and procedure of reorganization and liquidation that are not stipulated by these Articles of Association are regulated by the effective legislation of the RF.

17.11. Relevant provisions of the effective legislation of the RF are applied to all the situations that are not stipulated by these Articles of Association.

If the regulations of these Articles of Association contradict the regulations of the effective legislation of the RF, the regulations of the effective legislation of the RF shall apply.